



2014-2015

ANNUAL REPORT

SEPTEMBER 2015

OFFICE OF THE CITY MANAGER

2014-2015 ANNUAL REPORT

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

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

The financial information used in this report represents final, unaudited 2014-2015 year-end closing figures as of June 30, 2015.

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2014-2015

ANNUAL

REPORT

TRANSMITTAL

MEMORANDUM

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Norberto Dueñas

SUBJECT: 2014-2015 ANNUAL REPORT

DATE: September 30, 2015

RECOMMENDATION

It is recommended that the City Council:

- (a) Accept the 2014-2015 City Manager's Annual Report of the Finances of the City of San José in compliance with City Charter Section 701 (F).
- (b) Adopt Appropriation Ordinance and Funding Sources Resolution amendments in various operating and capital funds to implement the 2014-2015 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions.
- (c) Adopt a resolution amending the Fiscal Year 2015-2016 Schedule of Fees and Charges (Resolution 72737, as amended) to decrease the Minor Development Signal Design: Traffic Controller Fee from \$6,041 to \$5,083 per controller.

OUTCOME

In accordance with Section 701 (F) of the San José City Charter, the 2014-2015 Annual Report describes the financial status of the City at the end of the 2014-2015 fiscal year. As specified in the City Charter, the focus of the City Manager's Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the City's budget. This will provide the City Council with the information necessary to review the financial performance of all City funds. In addition, this report provides a comparison of the actual 2014-2015 Ending Fund Balance for each fund to the estimate used in the development of the 2015-2016 Adopted Budget as well as information on the status of the year-end reserve levels for each of the City's budgeted funds.

Approval of the recommended budget actions will implement required fund balance reconciliations as well as necessary rebudget and clean-up adjustments based on the final 2014-2015 financial performance (unaudited). The document also includes actions that are necessary to revise the 2015-2016 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust existing grant, reimbursement or fee activity revenues and expenditures, fund a very limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

EXECUTIVE SUMMARY

The Administration proactively managed the City's over 100 budgeted funds in 2014-2015. Budget actions were brought forward during the year to ensure that revenues and expenditures remained in alignment with actual performance. Through this careful management, the various City funds generally ended the year with revenues close to the budgeted estimates and expenditures below the budgeted allocations.

As the local economy continued to grow at a moderate pace and as expenditures were closely forecasted and monitored, the City's budget remained stable in 2014-2015. Accordingly, the City was fortunate to allocate a small surplus as opposed to addressing the severe shortfalls often seen in the recent past. However, with a surplus of only \$2.5 million, the 2014-2015 Adopted Budget continued to hold the line with a limited number of new actions in strategically important areas, avoided service cuts, allowed for incremental increases in employee compensation, and continued to identify service delivery efficiencies and cost savings that could be obtained while maintaining service levels. As always, the City will maintain its focus on rebuilding services within available resources to meet the needs of the San José community.

In the General Fund, both the revenues and expenditures ended the year very close to budgeted expectations. At the end of 2014-2015, there was \$12.7 million (0.5% of the 2014-2015 Modified Budget total sources and uses) in additional General Fund 2014-2015 Ending Fund Balance above the level assumed in the development of the 2015-2016 Adopted Budget. These funds are recommended to be allocated in the 2014-2015 Annual Report as shown below.

PROPOSED 2015-2016 GENERAL FUND ADJUSTMENTS (\$000s)

Additional 2014-2015 Ending Fund Balance for Annual Report	\$ 12,694
Clean-Up Actions	
Development Fee Programs Reconciliation	(213)
Rebudgets/Clean-Up Adjustments	(2,520)
Sub-total Clean-Up Actions	\$ (2,733)
Fund Balance Available After Clean-up Actions	\$ 9,961
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	(9,646)
Grants/Reimbursements/Fee Activities (\$4.1 million in net-zero adjustments)	0
Urgent Fiscal/Program Needs	(315)
Sub-total Recommended Budget Adjustments	\$ (9,961)
Remaining Balance After Clean-ups/Recommended Adjustments	\$ 0

EXECUTIVE SUMMARY

When bringing forward recommendations for the use of the additional 2014-2015 Ending Fund Balance, the Administration considers clean-up actions associated with the close-out of the 2014-2015 fiscal year to be essentially non-discretionary and the highest priority. These clean-up actions result in a net decrease to the available fund balance of \$2.7 million and are broken down into two categories: changes to the Development Fee Programs reserves to reconcile actual 2014-2015 performance (-\$213,000); and adjustments to rebudget amounts that were carried over to 2015-2016 to complete projects and technical adjustments to other revenue and expenditure line items (\$2.5 million). After accounting for those clean-up actions, the additional General Fund 2014-2015 Ending Fund Balance was within \$9.96 million (0.3%) of the 2014-2015 Modified Budget (sources and uses). This fund balance was generated from slightly higher revenues (\$1.3 million) and net expenditure savings (\$8.8 million), partially offset by lower than estimated liquidation of prior year encumbrances (\$131,000). The remaining General Fund balance of \$9.96 million is recommended to fund various required technical/rebalancing actions (\$9.6 million) and a very small number of recommended actions to address urgent fiscal/program needs (\$315,000).

The largest actions include a \$9.8 million revenue decrease to reflect the one-time loss of reimbursement revenue from the Successor Agency to the Redevelopment Agency associated with the City's advance of funds for the Convention Center debt service payment, an allocation of \$2.5 million to purchase radios that can operate on the Silicon Valley Regional Communications System (SVRCS) and communicate with neighboring agencies during Super Bowl 50, and an increase of \$500,000 to maintain a 3% Contingency Reserve. In addition, \$4.1 million in net-zero adjustments to various grants, reimbursements and fee activities are also included.

While the recommended General Fund budget actions address required current year needs, insufficient ending fund balance remains to allocate resources per the Operating Budget and Capital Improvement Program City Council Policy (1-18). Under this policy, any additional fund balance after the necessary clean-up adjustments are typically to be allocated 50% to unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit for the following year. Because a deficit is not projected for 2016-2017, these funds would have been recommended to be allocated to unmet/deferred infrastructure needs such as the Silicon Valley Regional Communications System or pavement maintenance.

As we move forward, the Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2014-2015 will also be factored into the development of the 2017-2021 General Fund Five-Year Forecast that will be released in February 2016.

BACKGROUND

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

- **Transmittal Memorandum** – This section provides an overall summary of the 2014-2015 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section provides a comparison of the 2014-2015 budget to actual revenues received and expenditures incurred by fund as well as a discussion of revenue and/or expenditure variances of \$100,000 and 5% or greater to the budget. This section also provides a comparison of the year-end actual 2014-2015 Ending Fund Balance by fund to the 2014-2015 Ending Fund Balance/2015-2016 Beginning Fund Balance estimate used in the development of the 2015-2016 Adopted Budget. In addition, a listing of the Earmarked and Contingency Reserves that were available at the end of 2014-2015 by fund is included.
- **Section II: General Fund Financial Performance** – This section provides a summary of the General Fund performance in 2014-2015, including the following: Results of Operations in the General Fund; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2014-2015 year-end performance for selected special and capital funds that represent major City operations. It includes a discussion of variances between actual and budgeted revenues and expenditures as well as a comparison between the actual ending fund balance and the fund balance estimated for 2014-2015 in the development of the 2015-2016 Adopted Budget.
- **Section IV: Recommended Budget Adjustments and Clean-Up/Rebudget Actions** – This section provides a description of the recommended budget adjustments and clean-up actions for City Council consideration. The proposed actions generally fall into three categories: (1) adjustments to the 2015-2016 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2014-2015; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2015-2016 to complete projects; and (3) actions based on more recent information that are necessary to revise the 2015-2016 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust grant, reimbursement or fee activity revenues and expenditures, fund a limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

BACKGROUND

- **Section V: Financial Statements** – This section provides the financial results (unaudited), prepared by the Finance Department, for all budgeted fund groups for 2014-2015. It should be noted that audited financial results will be released later in the fall as part of the 2015 Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2015. Final fund balance reconciliations to the CAFR will be conducted for all funds and, while very few adjustments are typically necessary, any final adjustments will be brought forward for City Council consideration as part of the 2015-2016 Mid-Year Budget Review.
- **Section VI: Appendix** – This section includes the “2014-2015 Fire Department Vacancy and Absence Rates and Their Impact on Overtime” Information Memorandum. This report is prepared annually by the Fire Department in response to the City Auditor’s April 2001 “Audit of the City of San Jose Fire Department’s Overtime Expenditures”. Through 2011-2012, this report was presented to the Public Safety, Finance, and Strategic Support Committee (PSFSS). At the PSFSS Committee meeting on March 21, 2013, the Administration’s recommendation to incorporate the Fire Department’s annual vacancy and absence rates and their impact on overtime into the Annual Report was approved.

ANALYSIS

This Analysis section includes the following:

- an overview of the economic environment;
- a discussion of the 2014-2015 budget performance of all City funds;
- a discussion of the 2014-2015 budget performance for the General Fund;
- a discussion of the components of the 2014-2015 General Fund ending fund balance;
- an analysis of the impact of the General Fund performance on the 2015-2016 Adopted Budget; and
- a discussion of the 2014-2015 budget performance of selected special and capital funds.

Economic Environment

When the 2014-2015 Adopted Budget was developed, solid economic growth was expected to continue in 2014-2015. This assumption has proven true, with continued improvement in economic indicators and actual revenue performance during 2014-2015. Employment indicators, residential and industrial permit activity, median single-family home prices and days on market have all improved.

ANALYSIS

Economic Environment



The June 2015 employment level in the San José – Sunnyvale - Santa Clara Metropolitan Statistical Area (MSA) of 1.1 million was 5.5% above the June 2014 level of 1.0 million. This employment level is now above the pre-recession peak of 930,500 experienced in December 2007. This represents the fifth consecutive year of sustained growth from June to June. The growth is underscored by the current low unemployment that the San José – Sunnyvale – Santa Clara MSA is experiencing.

Unemployment Rate (Unadjusted)

The unemployment rate in the San José metropolitan area also improved in 2014-2015, dropping from 5.3% in June 2014 to 4.0% in June 2015. These rates remain well below the double digit levels that had been experienced in recent years. The June 2014 unemployment rate in this region is less than the unadjusted rate for the State (6.2%) and the nation (5.5%).

	June 2013	June 2014	June 2015
SJ Metropolitan Statistical Area*	6.9%	5.3%	4.0%
State of California	9.2 %	7.4%	6.2%
United States	7.5%	6.3%	5.5%

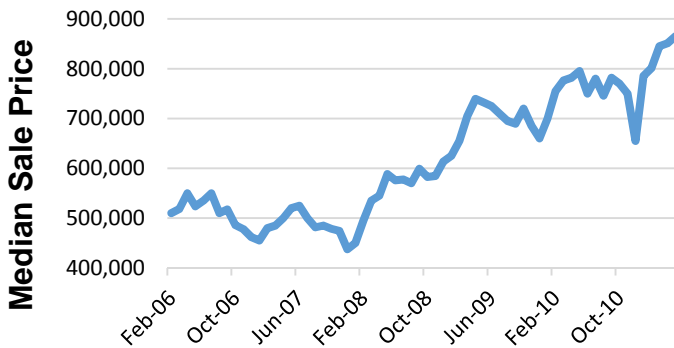
* San Benito and Santa Clara Counties
 Source: California Employment Development

Construction activity was moderate in 2014-2015, with total fiscal year end valuation of \$1.3 billion, a 22% decrease from the prior year of \$1.7 billion but still well above the 2012-2013 level of \$1.0 billion. The 3,241 permits for new residential units issued through June 2015 was below the prior year level of 4,724 by 32%. Residential valuation of \$580.9 million in 2014-2015 was significantly lower than the 2013-2014 level of \$835.6 million. Commercial valuation of \$380.0 million was lower than the prior year level of \$398.5 million, and industrial activity of \$359.9 million also fell below last year’s level of \$457.4 million. Major projects contributing to the tax receipts in 2014-2015 were Westfield Valley Fair Parking Garage, Century Center Towers, Lexington Luxury Apartments, and a new office building at Santana Row. Overall, this construction activity drives the revenue collection in several construction tax categories and is an indicator of future activity for categories such as storm and sanitary sewer system fees.

ANALYSIS

Economic Environment

Median Price - Single Family Homes



The housing market also continued to improve in 2014-2015. The median price for single family homes increased in value, with a median home price in June 2015 of \$865,000, up 8.75% from the June 2014 price of \$795,400. In addition, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has decreased in the past year from 20 days in June 2014 to 17 days in June 2015, a 17.5% decrease. The June 2015 figure reflects the fewest

days on market since June 2005. The number of home sales (single-family and multi-family dwelling units), has also increased over the past year (2.2%) from 7,824 sales in 2013-2014 to 7,992 sales in 2014-2015, but is still below the 2012-2013 level of 8,091 sales.

2014-2015 Budget Performance (All Funds)

As shown in Section I of this document, City revenues (excluding Beginning Fund Balances) totaled \$2.58 billion in 2014-2015 and an additional \$61.5 million was rebudgeted from 2014-2015 to 2015-2016. In several funds, grants and expenditure-related reimbursements were not received in 2014-2015 and were rebudgeted since they are now expected to be received in 2015-2016. Together, the actual revenues and rebudgets of \$2.64 billion were 0.9% (\$23.4 million) below the budgeted estimate of \$2.62 billion.

In 2014-2015, expenditures (excluding Reserves and Ending Fund Balances) totaled \$2.75 billion and an additional \$379.2 million was rebudgeted from 2014-2015 to 2015-2016. The combined expenditures and rebudgets of \$3.13 billion, which was \$151.9 million (4.6%) below the modified budget of \$3.28 billion. At the end of 2014-2015, the Contingency and Earmarked Reserves for all City funds totaled \$680.9 million, which represented 16.2% of the total 2014-2015 Modified Budget of \$4.19 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$192.3 million.

The financial performance in 2014-2015 is used as the starting point for 2015-2016. The collective 2014-2015 Ending Fund Balances for all City funds totaled \$1.49 billion, which was \$133.7 million above the 2014-2015 Ending Fund Balance estimates of \$1.36 billion used in the development of the 2015-2016 Adopted Budget. After adjusting for additional rebudgets of \$17.7 million recommended in this report, the adjusted 2014-2015 Ending Fund Balance variance for all funds falls to \$116.1 million, or 2.8% of the 2014-2015 Modified Budget. The adjusted fund balance variance totaled \$10.0 million in the General Fund, \$36.9 million in the special funds, and \$69.2 million in the capital funds.

ANALYSIS

2014-2015 General Fund Budget Performance

The City's General Fund ended the 2014-2015 fiscal year within budgeted levels. As shown in the chart below, the General Fund Ending Fund Balance of \$265.5 million was \$12.7 million (0.5% of the 2014-2015 Modified Budget total sources and uses) above the fund balance estimate assumed when the 2015-2016 Adopted Budget was developed. The following table summarizes the General Fund performance in 2014-2015, comparing the actual results to the modified budget and the estimates used to develop the 2015-2016 Adopted Budget.

**Table 1
 General Fund Year-End Status
 For the Year Ended June 30, 2015
 (\$000s)**

	2014-2015 Modified Budget	2014-2015 Year-end Estimate	2014-2015 Budgetary Basis Actual	Actual to Budget Variance	Actual to Estimate Variance
Sources					
<i>Beginning Fund Balance</i>	270,638	270,638	270,637	(1)	(1)
<i>Carryover Encumbrances</i>	39,408	39,408	39,408	-	-
<i>Liquidation of Carry- over Encumbrances</i>	-	1,500	1,369	1,369	(131)
<i>Revenue</i>	<u>1,066,876</u>	<u>1,066,876</u>	<u>1,048,677</u>	<u>(18,199)</u>	<u>(18,199)</u>
<i>Total Sources</i>	<u>1,376,922</u>	<u>1,378,422</u>	<u>1,360,091</u>	<u>(16,831)</u>	<u>(18,331)</u>
Uses					
<i>Expenditures/Transfers</i>	1,184,635	1,125,812	1,094,571	(90,064)	(31,241)
<i>Reserves</i>	<u>192,287</u>	<u>(216)</u>	<u>-</u>	<u>(192,287)</u>	<u>216</u>
<i>Total Uses</i>	<u>1,376,922</u>	<u>1,125,596</u>	<u>1,094,571</u>	<u>(282,351)</u>	<u>(31,025)</u>
<i>Ending Fund Balance</i>	<u>-</u>	<u>252,826</u>	<u>265,520</u>	<u>265,520</u>	<u>12,694</u>

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund and the Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2014-2015 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

In 2014-2015, General Fund revenues of \$1.1 billion ended the year \$18.2 million (1.7%) below both the modified budget and the estimate used to develop the 2015-2016 Adopted Budget. Other funding sources included the liquidation of prior year carryover encumbrances totaling \$1.4 million, which fell \$131,000 below the estimate of \$1.5 million used to develop the 2015-2016 Adopted Budget. General Fund expenditures/transfers of \$1.09 billion were \$90.1 million (7.6%) below the modified budget of \$1.2 billion and \$31.2 million (2.8%) below the estimate used to develop the 2015-2016 Adopted Budget. Budgeted reserves of \$192.3 million remain unexpended at year-end.

ANALYSIS

2014-2015 General Fund Budget Performance

When comparing the actual revenue and expenditure performance to the estimates used to develop the 2015-2016 Adopted Budget, a portion of these variances is related to various grants and reimbursements that were not received in 2014-2015, but are expected to be received in 2015-2016. A total of \$16.9 million of grant and reimbursement revenues and expenditures were rebudgeted to 2015-2016 in the 2015-2016 Adopted Budget. This resulted in lower actual revenues and expenditures in 2014-2015, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, revenues fell slightly below the estimate by \$1.3 million (0.1%), expenditures savings totaled \$14.1 million (1.2%, excluding reserves), and a \$131,000 shortfall from the liquidation of carryover encumbrances when compared to year-end estimated levels. Further adjustments to these figures are necessary to account for the recommended rebudget and clean-up actions in the Annual Report.

In this Annual Report document, budget actions are recommended to distribute the additional fund balance of \$12.7 million. Per City Council Policy 1-18, when determining the proposed distribution of these funds, the first priority is to complete clean-up actions associated with the final reconciliation of 2014-2015. Recommended clean-up actions of a net \$2.7 million primarily reflect an adjustment of \$213,000 to reconcile the actual performance of the Development Fee Programs for 2014-2015. After accounting for these actions and \$2.5 million in required expenditure rebudgets and other clean-up adjustments to close-out 2014-2015, \$9.96 million (0.4%) in additional ending fund balance is available. This fund balance was generated from net additional revenues of \$1.3 million and net expenditure savings of \$8.8 million, slightly offset by lower than estimated liquidation of prior year encumbrances (\$131,000).

The additional General Fund balance of \$9.96 million (0.4%) available for distribution is recommended to be allocated to address various required technical and rebalancing actions (\$9.6 million), and a very limited number of recommended urgent fiscal/program needs (\$315,000), which are described later in this transmittal memorandum.

To identify revenue and expenditure trends, the actual 2014-2015 revenues and expenditures are compared to the prior year. Table 2 below compares the City's financial performance in 2014-2015 with the financial performance of the prior year.

ANALYSIS

2014-2015 General Fund Budget Performance

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

	2013-2014 Actuals	2014-2015 Actuals	Change	% Change
Source of Funds				
Beginning Fund Balance	234,831	311,414	76,583	32.6%
Revenues	1,008,010	1,048,677	40,667	4.0%
Total Source of Funds	1,242,841	1,360,091	117,250	9.4%
Use of Funds				
Personal Services	604,436	649,086	44,650	7.4%
Non-Personal/Equipment/Other	110,804	115,085	4,281	3.9%
City-Wide Expenses	224,597	264,174	39,577	17.6%
Capital Contributions	7,495	29,470	21,975	293.2%
Transfers	24,882	36,756	11,874	47.7%
Reserves	-	-	-	N/A
Total Use of Funds	972,214	1,094,571	122,357	12.6%

As shown in Table 2, 2014-2015 General Fund revenues of \$1.05 billion represent an increase of 4.0% from the 2013-2014 collection level of \$1.0 billion. The categories that experienced the largest increases included: Property Tax, Sales Tax, Transient Occupancy Tax, Business Taxes, and Other Revenue categories. The largest declines from the prior year were experienced in the Utility Tax, Licenses and Permits, Fines, Forfeitures & Penalties, and Revenue from Local Agencies categories.

General Fund expenditures of \$1.09 billion in 2014-2015 were 12.6% above (\$122.4 million) prior year expenditure levels of \$972.2 million. This increase is due to higher Personal Services (\$44.7 million), City-Wide Expenses (\$39.6 million), Capital Improvements (\$22.0 million), and Transfers (\$11.9 million), and Non-Personal/Equipment (\$4.3 million).

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

ANALYSIS

2014-2015 General Fund Ending Fund Balance

The current budgeting practice of the City is to use the projected level of fund balance expected to remain in the General Fund at the end of any fiscal year as a funding source for the following year. The Ending Fund Balance estimate always contains two components: the portion of the fund balance that needs to be rebudgeted for completing projects or retaining reserves; and the portion which is undesignated and available as a general funding source in the coming year. In the 2015-2016 Adopted Budget, a total fund balance estimate of \$252.8 million was included as a funding source. As discussed earlier, the 2014-2015 General Fund Ending Fund Balance of \$265.5 million was \$12.7 million above this estimate.

The components of the 2014-2015 General Fund Ending Fund Balance include additional funding sources, expenditure/transfer savings, and unexpended reserves as described below:

**2014-2015 General Fund
 Ending Fund Balance Components**

Fund Balance Component	\$ Amount (\$ in 000s)
Additional Funding Sources	\$ (16,831)
Expenditure/Transfer Savings	90,064
Unexpended Reserves	192,287
TOTAL	\$ 265,520

The total Sources of Funds ended the year \$16.8 million below the modified budget as a result of lower revenues (\$18.2 million), which were partially offset by the liquidation of carryover encumbrances (\$1.4 million). After net-zero revenue rebudgets and additional rebudget and clean-up actions recommended in the Annual Report, there is an adjusted revenue surplus of \$1.3 million (0.1%) from the modified budget. Major adjustments include the rebudget of \$2.0 million in federal government revenue for the United States Patent and Trademark Office – Tenant Improvements Project.

For the Uses of Funds, expenditure and transfer savings totaled \$90.1 million, while unexpended reserves totaled \$192.3 million, representing the largest component of the 2014-2015 Ending Fund Balance. Of the \$90.1 million in expenditure/transfer savings, almost 85% of these savings (\$75.7 million) was assumed as savings in the development of the 2015-2016 budget or rebudgeted to 2015-2016 to complete projects. Clean-up expenditure actions of \$5.4 million are recommended in this document to reconcile the Development Fee Programs for 2014-2015 (\$1.3 million) and to adjust various rebudget amounts and clean up appropriations (\$4.1 million). After accounting for these technical adjustments, the remaining General Fund expenditures and transfer savings totaled \$8.8 million, or 0.6% of the modified budget (excluding reserves).

ANALYSIS

2014-2015 General Fund Ending Fund Balance

General Fund Reserves, totaling \$192.3 million at the end of 2014-2015, include three categories: Earmarked Reserves (\$138.9 million) established to address specific needs per City Council direction; the Ending Fund Balance Reserve (\$19.8 million) established during 2014-2015 from excess revenues and expenditure savings that are programmed for use in the 2015-2016 Adopted Budget; and the Contingency Reserve (\$33.6 million) set at a minimum of 3% of expenditures per City Council policy.

The 2015-2016 Adopted Budget assumed that \$192.5 million would be available at year-end to be carried over to 2015-2016, with reserves either re-established or used as a funding source as part of the 2015-2016 Adopted Budget. This exceeded the estimated fund balance by approximately \$216,000 due to an over-rebudget of development fee program reserves (\$211,000), the General Plan Update Reserve (\$413,000), and the Fiscal Reform Plan Implementation Reserve (\$150,000), offset by savings in the Employee Market Competitive Reserve (\$500,000), Salary and Benefit Reserve (\$51,000) and Wellness Program Reserve (\$7,700). Downward rebudget adjustments are recommended in the Annual Report to reconcile the final reserves.

Following is additional information regarding the three reserve categories.

- ***Earmarked Reserves (\$138.9 million)*** – At the end of 2014-2015, the most significant reserves included the following: Building Development Fee Program Reserve (\$28.3 million); Police Department Staffing/Operations Reserve (\$18.0 million); Workers’ Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Fire Development Fee Program Reserve (\$6.6 million); Retiree Healthcare Solutions Reserve (\$6.2 million); Public Works Development Fee Program Reserve (\$6.0 million); Sick Leave Upon Retirement Reserve (\$6.0 million); and Salaries and Benefits Reserve (\$5.3 million). The majority of the Earmarked Reserves were either approved for rebudget or used as a funding source in the 2015-2016 Adopted Budget. As referenced above, downward rebudget adjustments are recommended in the Annual Report to reconcile reserves that were over-rebudgeted.
- ***Ending Fund Balance Reserve (\$19.8 million)*** – Annually, as part of the General Fund Forecast and during the development of the Proposed Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year’s budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. To ensure a majority portion of the 2014-2015 ending fund balance was available for use as assumed in the development of the 2015-2016 Adopted Budget, funding of \$19.8 million was proactively set aside during 2014-2015.

ANALYSIS

Impacts on the 2015-2016 General Fund Budget

- **Contingency Reserve (\$33.6 million)** – The City Council has established a budget policy of maintaining a minimum 3% Contingency Reserve in the General Fund. At the end of 2014-2015, the Contingency Reserve Balance was \$33.6 million. As part of the 2015-2016 Adopted Budget, the full Contingency Reserve was rebudgeted and additional funding of \$400,000 was included in order to comply with the Council Policy of maintaining a 3.0% Contingency Reserve in the General Fund. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San José. Based on the Annual Report actions, an increase to the Contingency Reserve of \$500,000 (from \$34.0 million to \$34.5 million) is recommended in this document to maintain the 3% Contingency Reserve Policy.

As discussed above, it was assumed that \$252.8 million would remain at the end of 2014-2015 and would be carried over to 2015-2016 as Beginning Fund Balance as part of the adoption of the 2015-2016 General Fund Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2015-2016, expenditure savings and the liquidation of carryover encumbrances, were programmed for use in the 2015-2016 Adopted Budget. The actual General Fund Ending Fund Balance was above the estimate used in the 2015-2016 Adopted Budget by \$12.7 million, due to excess revenues and additional expenditure savings.

The following chart details the recommended uses of the \$12.7 million additional fund balance as well as other budget adjustments that are recommended as part of this report. Recommended clean-up actions will result in a decrease to the available fund balance by \$2.7 million, reflecting a downward adjustment of \$213,000 to reconcile the actual performance of the Development Fee Programs in 2014-2015 as well as a net downward adjustment of \$2.5 million to account for additional rebudget and clean-up actions to close-out 2014-2015. Once these adjustments have been accounted for, the net available fund balance available for allocation totals \$9.96 million. This additional fund balance is proposed to be allocated to address required technical/rebalancing needs as well as a very limited number of urgent fiscal/program needs in the current year.

ANALYSIS

Impacts on the 2015-2016 General Fund Budget

PROPOSED 2015-2016 GENERAL FUND ADJUSTMENTS (\$000s)

Additional 2014-2015 Ending Fund Balance	\$ 12,694
Clean-Up Actions	
Development Fee Programs Reconciliation	(213)
Rebudgets/Clean-Up Adjustments	(2,520)
Sub-total Clean-Up Actions	(2,733)
Fund Balance Available After Clean-Up Actions	\$ 9,961
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	
- Revenue from Local Agencies (SARA Reimbursement - Convention Center)	(9,800)
- Contingency Reserve (3% Policy)	(500)
- PRNS, Library, PW Personal Svcs (Part-Time Unbenefited Sick Leave Payments)	(175)
- PBCE Non-Pers/Equip (Solid Waste/Multiple Housing Fee Programs - Vehicles)	(120)
- Air Service Incentive Program Reserve/Transfers and Reimbursements	(79)
- Finance Non-Personal/Equipment (Lien Program)	(60)
- Transfer to the Downtown Property and Business Improvement District Fund	(4)
- Fire Pers. Svcs./Non-Pers/Equip (Fire Communications Consultant Services)	0
- HR Pers. Svcs./Non-Pers/Equip (Physician Services)	0
- Police Department Overtime (\$8.5M from Salaries and Benefits to Overtime)	0
- Transfer from San José Arena Enhancement Fund (Fund Close-Out)	50
- Voluntary Furlough/Reduced Work Week Program	92
- Transfer from Convention and Cultural Affairs Fund (Broadway SJ Ticket Revenue)	112
- Police Personal Services (Retiree Healthcare Rate Correction)	838
Sub-total Required Technical/Rebalancing Actions	\$ (9,646)
Grants/Reimbursements/Fees (\$4.1 million in net-zero adjustments)	\$ 0
Urgent Fiscal/Program Needs	
- Super Bowl 50 - Silicon Valley Regional Communications System-Radios (Police)	(2,500)
- Super Bowl 50 - Police Department Staffing/Operations Reserve	2,500
- Super Bowl 50 - DOT-Palms/Turf Paint, SJ Mus. of Art Sign, PRNS-Rangers/Trail	(365)
- Super Bowl 50 - Cultural Facilities Capital Maintenance Reserve	150
- Minimum Wage Study	(100)
Sub-total Urgent Fiscal/Program Needs	\$ (315)
Total Recommended Budget Adjustments	\$ (9,961)
Remaining Balance After Recommended Adjustments	\$ 0

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Impacts on the 2015-2016 General Fund Budget

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

Clean-Up Actions (-\$2.7 Million)

- **Development Fee Programs Reconciliation (-\$0.21 million)** – Consistent with the budget policy enacted several years ago, year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in Development Fee Program Reserves. Based on 2014-2015 results, \$213,000 is recommended to be added to the Development Program Fee Reserves (Building, Fire, Planning, and Public Works), preserving any net savings between revenues and expenditures in these programs.
- **Rebudgets/Clean-Up Adjustments (-\$2.52 million)** – A series of adjustments are recommended to complete existing projects in 2015-2016 and to reflect any necessary technical budget adjustments. The Annual Report is the point in the budget process where action is required to rebudget unexpended funds from the prior year that were not anticipated when the Adopted Budget was approved, but are required to complete a project in the current year. Also recommended are actions that actually reduce previous rebudgets to reflect instances where expenditures, for which rebudgets were approved, actually occurred in 2014-2015, therefore, the funds are not available for rebudget to 2015-2016. Other technical adjustments include the reconciliation of restricted program funding (e.g. General Plan Update, 4th Street Garage Banquet Facility Maintenance and Operations, Public, Education, and Government Access activities) and the repayment of previous contributions for Leland Sports Fields to the Council District 10 Construction and Conveyance Tax Fund.

Recommended Budget Adjustments (-\$10.0 million)

A number of General Fund budget adjustments are recommended to address current year funding needs that have emerged since the 2015-2016 budget was approved or to correct 2015-2016 budget amounts. These adjustments total \$10.0 million and can be classified under three categories: 1) Required Technical/Rebalancing Actions that align budgeted revenue and expenditures with the most current information or correct technical problems in the budget with a net General Fund cost of \$9.6 million; 2) Grants/Reimbursement/Fee Activities that have a net-zero impact totaling \$4.1 million and recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes; and 3) Urgent Fiscal/Program Needs that recommend additional funding to comply with actions recently authorized by the City Council or that the Administration has deemed cannot or should not wait until later in the year with a net cost of \$315,000.

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Impacts on the 2015-2016 General Fund Budget

A summary of these adjustments include:

- **Required Technical/Rebalancing Actions (\$-9.65 million)**
 - This action decreases the estimate for *Revenue from Local Agencies* by \$9.8 million to reflect the one-time loss of reimbursement revenue from the *Successor Agency to the Redevelopment Agency of San José (SARA)* associated with the City's advance of funds for the Convention Center debt service payment. Because of cash flow issues due to the timing of when SARA's debt service payments are required to be paid, the General Fund has been advancing funds to SARA since 2012-2013 to pay the debt service on certain City-backed debt. Accordingly, 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 year's 2012-2013 through 2014-2015. However, due to the recent passage of California 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 has been disallowed. Consequently, the City will not receive reimbursement for the 2015-2016 loan from the General Fund of approximately \$9.8 million to SARA made 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. Based on 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 that SARA will be able to pay all of its debt service going forward without an advance from the City, therefore, this is considered a one-time loss for the General Fund. However, this may change if property tax revenues decrease in the future. The City Administration, in conjunction with the City Attorney's Office, will pursue any and all remedies to reverse the loss of the SARA reimbursement and the City Council will be updated as appropriate. (-\$9.8 million)
 - Per City Council Policy I-18, Operating Budget and Capital Improvement Program Policy, the General Fund *Contingency Reserve* is to be set at a minimum of 3% of the operating budget. This action increases the Contingency Reserve from \$34.0 million to \$34.5 million to ensure compliance with the 3% funding requirement for the 2015-2016 Adopted Budget. (-\$500,000)

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Impacts on the 2015-2016 General Fund Budget

- This action increases the *Parks, Recreation, and Neighborhood Services* (\$100,000), *Library* (\$60,000), and *Public Works* (\$15,000) *Departments' Personal Services* appropriations to reflect the estimated costs related to part-time unbenefited *Sick Leave Payments* as a result of the new Healthy Workplace Healthy Family Act of 2014. Effective July 1, 2015, California employers are required to provide paid sick leave to their employees, including part-time, per diem, and temporary employees who work at least 30 days within a year in California with some specific exceptions. Employees will earn at least one hour of paid leave for every 30 hours worked and will be paid at their regular hourly rate. Although the City of San José has always provided sick leave for its full-time and part-time benefited employees (20 hours or more per week), the City has previously not done so for its part-time unbenefited (19 hours or less per week) and temporary employees. This adjustment will bring the City into compliance with the new law. (-\$175,000)
- This action increases the *Planning, Building and Code Enforcement Department's Non-Personal/Equipment* appropriation by \$120,000 for the replacement of two trucks for the *Solid Waste Enforcement Fee Program* (\$90,000) and one sedan for the *Multiple Housing Fee Program* (\$30,000). Fee revenues received in 2014-2015 were higher than estimated in the two programs and will offset this action. (-\$120,000)
- This action eliminates the *Air Service Incentive Program Reserve* of \$400,000 and reduces the *Overhead Reimbursement* from the Airport Maintenance and Operation Fund to the General Fund by \$478,753. The Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007, requires that should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage and that funding shall be paid to the airlines. For 2012-2013 and 2013-2014, a total of \$1.362 million in reduced General Fund overhead reimbursements has resulted from this program. In 2014-2015, the percentage growth in annual enplanements at the Airport was 5.5% which exceeded the FAA's projection of 2.6% for national enplanement growth. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund will be reduced by 2.9% (from the Adopted Budget overhead rate of 24.24% to 21.34%), or \$478,753, in 2015-2016 bringing the three-year total for this program to \$1.84 million. In anticipation of this reduction, the 2015-2016 Adopted Budget included an Air Service Incentive Program Reserve of \$400,000 to offset the projected loss in General Fund overhead revenue. Because the actual overhead reduction was slightly above the estimate incorporated into the 2015-2016 Adopted Budget, this action results in net overage of \$78,753 to be absorbed by the General Fund. (-\$79,000)

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Impacts on the 2015-2016 General Fund Budget

- This action increases the ***Finance Department's Non-Personal/Equipment*** appropriation by \$60,000 to account for the costs associated with administering ***Lien Program*** releases for two lien programs which existed previously: (Sidewalk Lien and Administrative Remedies Lien) and three new lien programs added in 2015-2016: (Tree Lien, Abatement Lien, and Neglected Vacant House Lien) for which the costs were inadvertently not budgeted. The City pays the County of Santa Clara a fee when liens are filed and when liens are released. This action reflects the funding needed to pay the County based on estimated activity levels in 2015-2016. Any necessary ongoing adjustments will be brought forward as part of the 2016-2017 budget process as appropriate. (-\$60,000)
- This action increases the ***Transfer from the General Fund to the Downtown Property and Business Improvement District (PBID)*** by \$4,442 (from \$705,320 to \$709,762) to align the assessment rates used to calculate the transfer amount with the assessment rates adopted in April 2015. The 2015-2016 Adopted Operating Budget assumed an approximate 3% assessment rate increase based on the most recent Consumer Price Index (CPI) and other program costs, however a 5% rate increase was approved by the PBID Board in April 2015. The General Fund pays the assessment for City-owned facilities and a contractually determined amount for the downtown transit mall. (-\$4,000)
- This action increases the ***Fire Department's Non-Personal/Equipment*** and decreases their ***Personal Services*** appropriation by \$50,000, reallocating savings associated with a part-time Dispatcher position that has been vacant for one year and a temporary reduction in Fire Communications overtime to fund ***Fire Communications Consultant Services***. This action funds a consultant agreement for the performance of call review for Medical Priority Dispatch System (MPDS) and Fire Priority Dispatch System (FPDS) calls. Due to high vacancies in the Senior Public Safety Dispatcher position (4 of 11), current staff perform minimum levels of call review on MPDS calls and have temporarily ceased call review on FDPS calls. This reduction in service may jeopardize the Fire Department's Accredited Center of Excellence accreditation by the National/International Academies of Emergency Dispatch (ACE). The consultant will also review other emergency dispatch areas and recommend targeted training to improve performance, recommend updates to protocols, software, and quality assurance scoring standards, provide feedback to Dispatchers and review and support ACE accreditation activities as needed. (\$0)
- This action increases the ***Human Resources Department's Non-Personal/Equipment*** and decreases the Human Resources Departments Personal Services appropriation by \$100,000 to provide funding for contractual ***Physician Services*** for Employee Health Services. Due

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Impacts on the 2015-2016 General Fund Budget

to the recent vacancy of the in-house physician position, contractual services funding is needed to continue this service on a temporary basis while the permanent service delivery model is determined. A service delivery evaluation is currently underway for Employee Health Services, and the Administration anticipates returning to the City Council with a recommendation on the service delivery model as part of the 2016-2017 Budget process. (\$0)

- This action increases ***Police Department Overtime*** funding in 2015-2016 by \$8.5 million (from \$18.8 million to \$27.3 million). This funding will primarily be used to continue to backfill for vacant sworn and civilian positions and continue the expanded targeted enforcement levels of high crime activity as well as provide resources for various activities associated with the upcoming 2016 Super Bowl in conjunction with the City of Santa Clara. This action reallocates \$8.5 million in anticipated 2015-2016 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. (\$0)
- This action establishes a ***Transfer from the San José Arena Enhancement Fund*** in the amount of \$50,388. The San José Arena Enhancement Fund provides for debt service repayment for SAP Arena Enhancements under the existing agreement with Sharks Sports Entertainment (SSE), and revenues to the fund include General Fund payments and interest. A year-end reconciliation has identified \$50,388 of excess General Fund payments that were deposited into the San José Arena Enhancement Fund. These funds are no longer necessary to retire debt and are recommended to be transferred to the General Fund, the originating funding source, in order to close out the fund. (\$50,000)
- Adjustments to various departments' Personal Services appropriations reflect implementation of the ***Voluntary Furlough/Reduced Work Week Program*** in 2015-2016. Savings in the General Fund (\$242,000) will be generated from employees voluntarily taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings of \$150,000 were assumed in the development of the 2015-2016 Adopted Budget and this amount was temporarily funded from the General Fund Salaries and Benefits Earmarked Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Earmarked Reserve (\$150,000). The remaining savings of \$92,000 are recommended to offset other budget actions in this report. (\$92,000)

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Impacts on the 2015-2016 General Fund Budget

- This action increases the *Transfers from the Convention and Cultural Affairs Fund* by \$111,533. Team San Jose collects \$1 for every ticket sold for a Broadway San José show and then remits these payments to the City for repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1.0 million. In 2014-2015, \$131,533 was generated from these payments, which was \$71,533 above the \$60,000 assumed in the budget. To account for this actual year-end performance, an increase to the transfer from the Convention and Cultural Affairs Fund to the General Fund is recommended. Given last year's activity, the ticket surcharge revenue estimate for 2015-2016 is anticipated to increase by \$40,000, from \$60,000 to \$100,000. These funds are also recommended to be transferred to the General Fund, the originating funding source of the AMT loan. In total, as of June 2015, payments of \$345,215 have been made towards the original \$1.0 million loan, leaving a remaining balance of \$654,785. Corresponding actions in the Convention and Cultural Affairs Fund are included elsewhere in this report. (\$112,000)
- This action decreases the *Police Department Personal Services* appropriation in the amount of \$838,000 to recognize retirement savings from a *Correction to the City's Retiree Healthcare Rate* for positions represented by the San Jose Police Officer's Association (POA). On September 23, 2014, the POA filed a grievance regarding the interpretation of the retiree healthcare ramp up related to annual required contribution rates for retiree healthcare and believed that the contribution rate should remain at 9.51%, which was established by the Retirement Board on May 1, 2014. While the City maintained its interpretation of the retiree healthcare funding methodology, the City and POA agreed on February 24, 2015 to roll back the contribution rate from 10% to 9.51% for POA members. As a result, the City rate was also lowered from 11% to 10.31% to maintain previously agreed upon funding splits. In 2014-2015, the City pre-paid these contributions to the Police and Fire Retirement Fund, and a subsequent credit for the slightly higher pre-payment is expected to be reflected in the next valuation. Given the timing of the grievance settlement and the Measure B settlement discussions that were ongoing through July 2015, the City continued to carry the slightly higher retiree healthcare rates in the development of the 2015-2016 budget not knowing the final outcome of the issue. Because the final 2015-2016 City contribution rate for retiree healthcare costs will remain at the 10.31% level for employees represented by the POA, a reduction to the Police Department personal services budget is recommended to reflect this change. (\$838,000)

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Impacts on the 2015-2016 General Fund Budget

- **Grants/Reimbursements/Fees (\$0)**

- A series of net-zero adjustments totaling \$4.1 million are recommended to reflect new or updated revenues and expenditures for **Grants, Reimbursements, and/or Fees** for the following Departments: Parks, Recreation and Neighborhood Services (\$2.1 million), Fire (\$1.1 million), Planning, Building, and Code Enforcement (\$422,000), Police (\$247,000), Library (\$206,000), and Mayor and City Council (\$17,000). These adjustments are described in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

- **Urgent Fiscal/Program Needs (-\$0.32 million)**

- This action establishes a **Silicon Valley Regional Communications System – Radios (Police)** appropriation in the Communications Capital Improvement Program to purchase radios that are necessary for Super Bowl 50 held during the week of January 31, 2016. These funds, in addition to funds of \$500,000 already budgeted in the Communications Construction and Conveyance Tax Fund, will purchase 500 portable (handheld) radios for the Police Department to ensure Patrol and Special Operations officers are able to connect to the Silicon Valley Regional Communications System (SVRCS). With the purchase of these 500 portable radios, the current number of radios purchased for the Police Department will total 1,145 out of the 1,666 radios anticipated to be needed to connect to the SVRCS in the near future. Due to the level of participation the City is expected to contribute for Super Bowl 50, it is required that all Patrol and Special Operations officers are readily available and able to communicate with the City of Santa Clara and other neighboring jurisdictions for coordination and in the event of an emergency. A reduction to the Police Department Staffing/Operations Reserve is recommended to offset this action. (-\$2.5 million)
- This action decreases the **Police Department Staffing/Operations Reserve** by \$2.5 million, and when combined with other actions described elsewhere in this report, brings the reserve to \$2.3 million for the purchase of public safety portable (handheld) radios for the Police Department that are necessary to ensure the Patrol and Special Operations officers are able to connect to the Silicon Valley Regional Communications System. Due to the level of participation the City is expected to contribute for Super Bowl 50 held during the week of January 31, 2016, it is required that all Patrol and Special Operations officers are readily available and able to communicate with the City of Santa Clara and other neighboring jurisdictions for coordination and in the event of an emergency. An increase to the Silicon Valley Regional Valley Regional Communications System - Radios appropriation is recommended elsewhere in this report to offset this action. (\$2.5 million)

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Impacts on the 2015-2016 General Fund Budget

- These actions provide funding in preparation for events and visitors in downtown San José for **Super Bowl 50** the week of January 31, 2016. In the **Transportation Department**, a total of \$160,000 for **Palm Tree Maintenance and Turf Painting** is recommended. The department will prune, spray, and fertilize palm trees in the downtown area to improve the trees' overall health and condition, and will paint turf along South Almaden Boulevard and Park Avenue with a green color treatment that sustains its color for 10 to 14 weeks. The establishment of a **San José Museum of Art Sign Replacement** project in the amount of \$150,000 to replace the museum's banner sign on the south side of the building is also recommended. Installed 25 years ago, the sign is faded, tearing, detaching from the building's rock face. Replacing the sign in the next few months will prevent potential rapid deterioration of the sign during the winter months and preserve the building's aesthetic value in preparation of the crowds expected downtown for Super Bowl 50. A reduction to the Cultural Facilities Capital Maintenance Reserve is recommended below to offset this action. Finally, in the **Parks, Recreation, and Neighborhood Services Department**, funding of \$55,000 is recommended for Park Ranger coverage at all downtown parks and trails from 11AM to 11PM for the two week period prior to and the day of the Super Bowl, and for two maintenance teams, each with a Groundswoker and a Maintenance Assistant, to maintain **Parks and Trails** daily at the Guadalupe River Park and throughout the downtown area. (-\$365,000)
- This action decreases the **Cultural Facilities Capital Maintenance Reserve** from \$3.64 million to \$3.49 million to establish the San José Museum of Art Sign Replacement project in the amount of \$150,000 as described above. The museum's banner sign located on the south side of the building is 25 years old and is faded, tearing, and detaching from the building's rock face. Replacing the sign in the next few months will prevent potential rapid deterioration of the sign during the winter months and preserve the building's aesthetic value in preparation of the crowds expected downtown for Super Bowl 50 the week of January 31, 2016. An offsetting action to fund the sign replacement is recommended above. (-\$150,000)
- This action establishes a **Minimum Wage Study** appropriation to the Office of Economic Development in the amount of \$100,000. This funding will provide for a study, approved by the City Council on Sept. 15, 2015, to assess the economic benefit, as well as the impact on businesses and employment rates, that would result from a change to the minimum wage. The study will also consider regional impacts, consistency, and the state-wide initiative to increase California's minimum wage currently under consideration for 2021. (-\$100,000)

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Impacts on the 2015-2016 General Fund Budget

- **Other Adjustments (\$0)**

- Decrease the Minor Development Signal Design: Traffic Controller Fee, from \$6,041 per controller to \$5,083 per controller to correct an inadvertent error in the 2015-2016 Fees and Charges Report. The fee is charged to developers for City labor costs associated with plan and specification preparation, review, and approval of both Residential and Non-Residential design or modification of traffic signals as well as the time needed to field test and activate those signals.

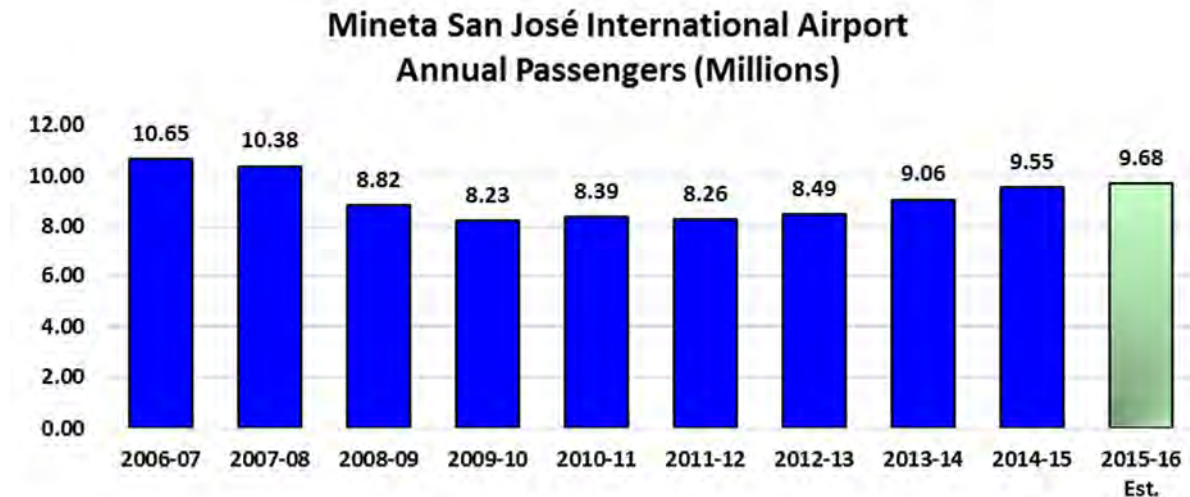
2014-2015 Selected Special/Capital Funds Budget Performance

Airport Operating Funds

The Airport served 9.55 million passengers in 2014-2015, which was an overall increase of 5.4% from 2013-2014. Moreover, the percentage growth in annual enplanements at the Airport in 2014-2015 was 5.5%, which exceeded the Federal Aviation Administration's projection of 2.6% for national enplanement growth for 2014-2015. This increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the forecasted growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. Budget actions are recommended in this report to reduce the 2015-2016 overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by \$479,000 to reflect a reduction of the overhead rate by 2.9% (from the adopted overhead rate of 24.24% to 21.34%) and return those funds to the airlines. A reserve of \$400,000 was established in the 2015-2016 Adopted Budget to address this anticipated General Fund overhead reduction and budget actions are recommended in this report to allocate funds for the payment to the airlines. Additional airport activity categories that demonstrated growth as compared to 2013-2014 include parking exits, pounds of mail/freight/cargo, traffic operations, gallons of aviation fuel sold, taxicab operations, and landed weights. For 2015-2016, passenger growth is anticipated to increase by 2.0% over the 2014-2015 estimate of 9.49 million passengers.

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2014-2015 Selected Special/Capital Funds Budget Performance



Overall, revenue performance exceeded the budget by \$1.9 million (1.6%). Airline Rates and Charges (combined total of landing fees and terminal rents) and all other operating categories, including transfers, ended the year at \$125.6 million, which was \$1.9 million above the budget of \$123.7 million. This positive variance is mainly attributed to the parking and roadways revenue category, which was above the budgeted estimate by \$1.9 million (4.3%) due to higher revenues from parking and rental car concession fees associated with increased passenger activity.

The Airport Customer Facility and Transportation Fee Fund and Airport Maintenance and Operational Fund had a combined year-end expenditure savings of \$6.9 million (7.1%) compared to the budgeted levels of \$97.4 million. The \$2.6 million in personal services savings was the result of position vacancies experienced during the year. The non-personal/equipment expenditure savings of \$3.2 million resulted from adhering to strict cost controls, prioritizing needs and deferring purchases. Savings were also realized from the transition to cashierless parking lot operations, lower Letter of Credit fees for the Commercial Paper Program, and lower costs from the shuttle bus operator agreement.

These savings resulted in a lower than anticipated operating expense transfer from the Airport Revenue Fund to the Airport Maintenance and Operating Fund and higher year-end fund balance in the Airport Revenue Fund. The additional fund balance in the Airport Revenue Fund will contribute towards the development of the 2016-2017 budget.

ANALYSIS

2014-2015 Selected Special/Capital Funds Budget Performance

Convention and Cultural Affairs Fund/Convention Facilities District Revenue Fund

Strong activity at the Convention Center and other cultural facilities managed by Team San Jose continued in 2014-2015, as did the historically large transfers from the Transient Occupancy Tax (TOT) Fund. After accounting for additional revenues and savings related to various unexpended capital and operating appropriations (\$296,000) and the additional transfer from the TOT Fund due to higher than anticipated TOT receipts in 2014-2015 as discussed in greater detail below (\$442,000), the 2015-2016 Ending Fund Balance will grow by approximately \$738,000 to \$2.2 million. Similarly, the Convention Center Facilities District Revenue (CCFD) Fund received record amounts of hotel tax revenue in 2014-2015, increasing the available fund balance in 2015-2016 from \$7.5 million to \$8.7 million. Taken together, these two funds provide significant resources for capital rehabilitation at the Convention Center and cultural facilities now and in the future.

Actions are recommended as part of the Annual Report to increase capital investments at these facilities by approximately \$3.5 million to address critical rehabilitation and preventative maintenance needs, such as lighting and electrical controls, boilers, kick plates/corner guards, escalators, exterior rehabilitation, and point of sale systems. In the Convention and Cultural Affairs Fund, additional funding of \$2.3 million is recommended to fund a portion of costs, with the CCFD funding the remaining balance. In addition, a reduction of \$3.1 million in existing capital project funding in the Convention and Cultural Affairs Fund is recommended with a corresponding increase in the CCFD Fund to shift some of the current capital projects to the CCFD Fund given the increased resources in that fund due to the strong performance of the hotel tax.

With the recommended Annual Report actions, the unrestricted ending fund balance in the Convention and Cultural Affairs Fund will increase from \$1.5 million to \$2.9 million, while the CCFD Fund unrestricted ending fund balance will decrease from \$7.5 million to \$4.4 million.

Low and Moderate Income Housing Asset Fund

The Low and Moderate Income Housing Asset Fund manages a multifamily loan portfolio of approximately \$600 million. Due to low interest rates and other economic factors, a number of developers refinanced their projects and pre-paid their City loans last fiscal year and in the early part of this year.

In 2014-2015, the Low and Moderate Income Housing Asset Fund received total revenue in excess of \$34.1 million, which exceeded the 2014-2015 estimated revenue amount of \$20.4 million by \$13.7 million. This variance was largely the result of loan repayments exceeding estimated amounts by \$13.6 million. The bulk of these loan repayments were received from projects including Monte Vista Gardens, Parkview Family, and The Met. Additionally, total expenditures in 2014-2015 were \$10.7 million, or \$2.9 million less than the 2014-2015 estimated expenditures

ANALYSIS

2014-2015 Selected Special/Capital Funds Budget Performance

of \$13.6 million. These savings were largely due the Vermont House project beginning construction this year rather than last year.

At the beginning of 2015-2016, eight multifamily project loan repayments totaling \$32.1 million were received that were not included in the Low and Moderate Income Housing Asset Fund's 2015-2016 Adopted Budget. As a result, total revenue in 2015-2016 is recommended to increase from \$7.0 million to \$39.1 million. This revenue, along with the additional funding from the 2014-2015 reconciliation, will generate additional resources of \$47.8 million. It is recommended that these funds be allocated to the Housing Projects Reserve (increase of \$40.9 million, from \$24.0 million to \$64.9 million), the Housing Loans and Grants appropriation (increase of \$6.6 million, from \$1.3 million to \$7.9 million), Housing Predevelopment Activity (\$200,000), and Housing Dept. Non-Personal/Equipment rebudget (\$190,000).

Once the Housing Department works through its list of proposed developments with prior funding commitments to ensure adequate funding, a Notice of Funding Availability (NOFA) for new multifamily and homeless unit developments will be issued in the spring of 2016. It is important to note that the Department must accumulate significant funds prior to issuing a NOFA so that developers can be assured that funds will be available when committed to projects by the City. Within the next two months, the Housing Department will provide the City Council with a memorandum detailing its development funding strategy through 2016-2017.

Transient Occupancy Tax Fund

Transient Occupancy Tax (TOT) receipts totaled \$22.4 million, \$4.5 million (25.2%) above 2013-2014 record collections of \$17.9 million. Total collections in 2014-2015 also exceeded the modified budget estimate of \$21.5 million. This collection level marks the fifth consecutive year of improved collections. The strong revenue performance is reflective of the steadily increasing hotel occupancy, which grew from 70.6% to 75.8%, as well as the increase in average room rates, from \$154 to \$174, for the City's 14 largest hotels. The 2015-2016 Adopted Budget revenue estimate is currently budgeted at \$22.1 million. Should the upward trend in revenue collections continue, an adjustment to the 2015-2016 budgeted revenue estimate will be brought forward for City Council consideration later this year.

As part of the reconciliation of year-end actual TOT receipts to projections used in the development of the 2015-2016 Adopted Budget, this report recommends allocating the additional \$884,000 in 2015-2016 to the following categories according to the City Council approved distribution formula: Cultural Development (\$221,000), Convention and Visitor's Bureau (\$221,000), and Transfer to the Convention and Cultural Affairs Fund (\$442,000).

ANALYSIS

2014-2015 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

A number of taxes and fees levied on construction and property resale (conveyance) activity provide a large source of revenue to the City’s Capital program. The 2014-2015 actual collections in nearly all major capital revenue categories ended the year close to budgeted estimates. The chart below provides a comparison of estimated revenues to actual revenues for these types of revenues, and a discussion of the three largest revenue sources follows.

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

	2014-2015 Estimate*	2014-2015 Actuals	% Variance
Construction and Conveyance Tax	\$35,000	\$41,223	17.8%
Building and Structure Construction Tax	\$17,000	\$16,561	(2.6%)
Construction Excise Tax	\$22,000	\$21,671	(1.5%)
Municipal Water System Fees	\$225	\$294	30.7%
Residential Construction Tax	\$325	\$266	(18.2%)
Sanitary Sewer Connection Fee	\$950	\$895	(5.8%)
Storm Drainage Connection Fee	\$200	\$187	(6.5%)

* Revenue estimate used in the development of the 2015-2016 Adopted Capital Budget.

• **Construction and Conveyance Tax**

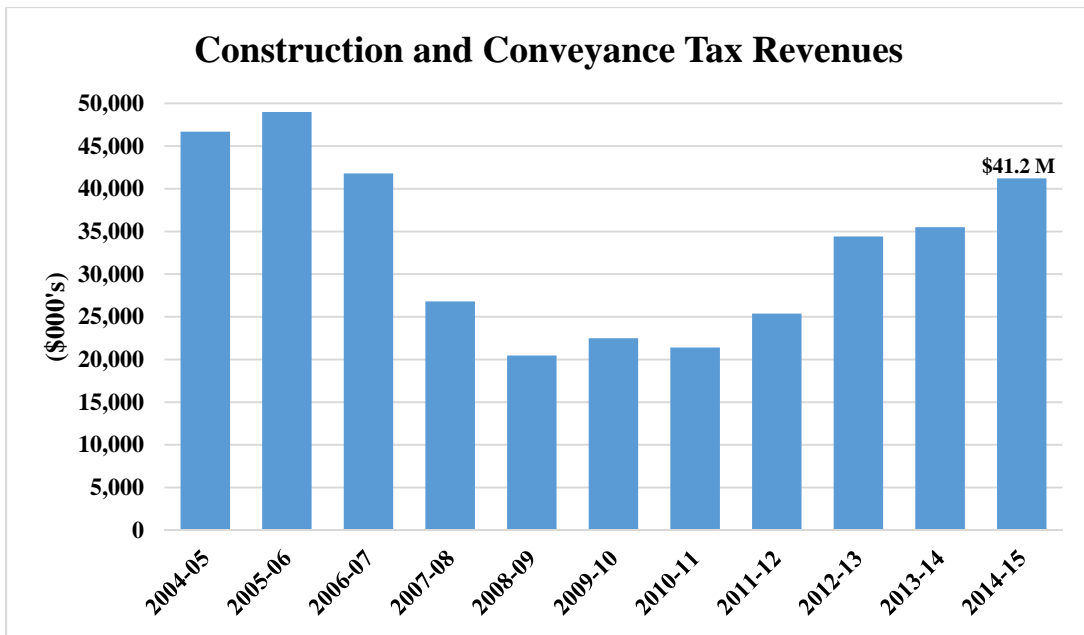
Real estate activity (primarily housing re-sales) determines the collection level of one of the major capital revenue sources, the Construction & Conveyance (C&C) Tax. Approximately 99% of C&C Tax is derived from a tax imposed upon each transfer of real property, with the remaining 1% generated from a construction tax levied on most types of construction. C&C Tax revenues, which are a significant source of funds for the Parks and Community Facilities Development, Library, Fire, Service Yards, and Communications capital programs, totaled \$41.2 million in 2014-2015. This collection level was \$5.7 million (16.1%) above 2013-2014 collections of \$35.5 million, \$2.2 million (5.7%) above the budget estimate of \$39.0 million, and \$6.2 million (17.8%) above the estimate of \$35.0 million that was assumed in the development of the 2015-2016 Adopted Capital Budget.

ANALYSIS

2014-2015 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

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



The 2014-2015 tax receipts represent the highest collection level since the peak years of 2004-2005 through 2006-2007 (when annual collections exceeded \$41.0 million in each of those years, peaking at \$49.0 million in 2005-2006) as a result of the recovering real estate market. Changes in home prices and the number of sales are major drivers of C&C Tax receipts. The median home price for single family homes within the City increased from \$795,400 in June 2014 to an unprecedented high of \$865,000 in June 2015, which represents an 8.8% increase. In addition, the number of home sales (single-family and multi-dwelling units) have increased over the past year, with a significant portion of the activity occurring in the last four months of the fiscal year. The number of sales in 2014-2015 totaled 7,992, which is a 2.1% increase from the 2013-2014 level of 7,824. Of the total number of 2014-2015 sales, 3,164 sales (39.6%) occurred in March-June 2015, which represents a 12.2% increase from the same period of time in 2013-2014. Finally, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has dropped in the past year from 20 days in June 2014 to 17 days in June 2015. The June 2015 figure represents the shortest duration of time homes have stayed on the market since June 2005, when it took only 15 days to sell a home.

ANALYSIS

2014-2015 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

The 2014-2015 C&C Tax revenue estimate of \$39.0 million was built on the assumption that collections would remain strong and that there would be a 5% growth over projected total collections of \$37.0 million in 2013-2014. However, because actual receipts in 2013-2014 of \$35.5 million fell below the estimate, growth of 9.9% was needed in 2014-2015 to meet the budgeted estimate. Beginning in November 2014, collection levels began to significantly decline. Therefore, the 2015-2016 Adopted Capital Budget was developed with the assumption that C&C 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 of \$41.2 million. This collection level exceeded the 2014-2015 Modified Budget by \$2.2 million and the 2014-2015 estimate by \$6.2 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% drop from the 2014-2015 actual tax collection. Receipts in 2015-2016 will be closely monitored, and an upward adjustment to the estimated revenue may be recommended at a later date, with corresponding adjustments to fund balances as appropriate.

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

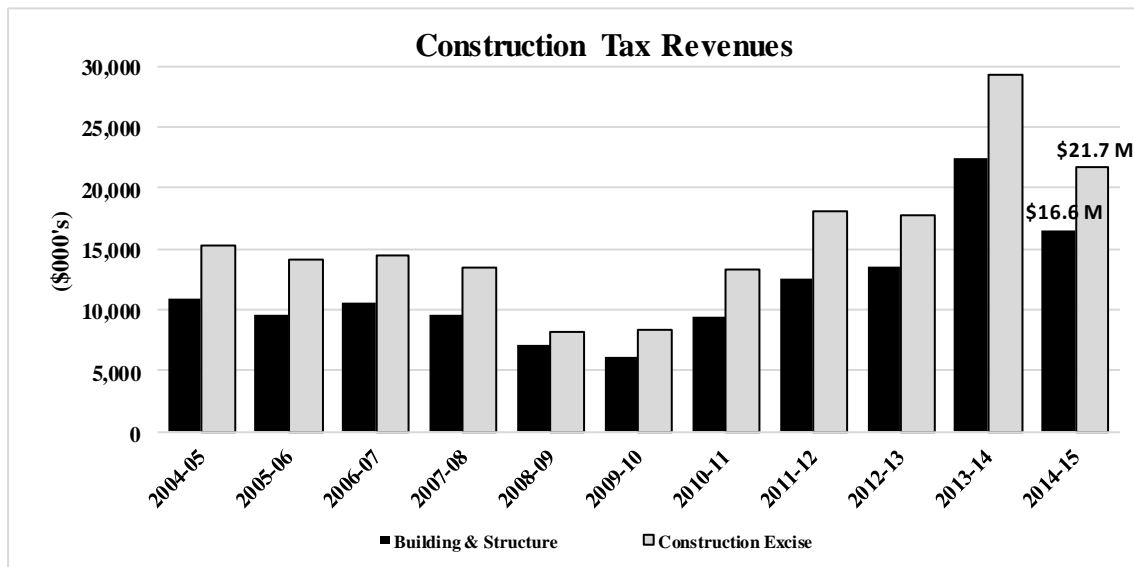
The Building and Structure Construction Tax and the Construction Excise Tax are major sources of funding for the Traffic Capital Program. Year-end collections in the Building and Structure Construction Tax category totaled \$16.6 million in 2014-2015. This collection level was 2.6% (\$439,000) below the revenue estimate of \$17.0 million used to develop the 2015-2016 Adopted Capital Budget, and represents a 26.3% (\$5.9 million) decrease from 2013-2014 collections of \$22.5 million. Construction Excise Tax receipts for 2014-2015 totaled \$21.7 million, 1.5% (\$329,000) below the revenue estimate of \$22.0 million used to develop the 2015-2016 Adopted Capital Budget, and represents a 25.9% (\$7.6 million) decrease from 2013-2014 collections of \$29.3 million.

The graph on the following page displays the collection history of both the Building and Structure and Construction Excise Tax receipts. While down from last year's historically high level, revenue growth has continued its upward trend from the low in 2009-2010. Notable developments that contributed to Building and Structure Construction Tax and Construction Excise Tax revenues included the Century Center Towers and the Lexington Luxury Apartments residential developments, the Westfield Valley Fair parking garage, and a new office building at Santana Row.

ANALYSIS

2014-2015 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues



With the anticipation that revenue collections will continue to moderate from the 2013-2014 peaks, the 2015-2016 Adopted Budget estimate for the Building and Structure Construction Tax allows for a 16% decrease from actual 2014-2015 collections, and the estimate for the Construction Excise Tax now allows for a 12% decrease. Given the volatile nature of these taxes and the pace of projects in the development pipeline, staff will continue to carefully monitor these revenue sources.

Special and Capital Funds Budget Adjustments

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

Actions are recommended in the Federal Drug Forfeiture Fund to establish a Body Worn Cameras (BWC) appropriation to the Police Department in the amount of \$1.2 million to purchase approximately 600 BWCs, and associated evidence management services, for sworn field personnel once the BWC pilot program is concluded and the results are evaluated. While the intent is to ultimately supply all sworn field personnel with BWCs, because the number of cameras purchased with this initial funding may differ due to the procurement process and selected vendor, the Patrol Division and Special Operations are designated as the highest priority and will be the first to receive the BWCs. The Police Department had applied for federal grant funds of \$600,000 to cover a portion of the cost of the BWCs and the 2015-2016 budget currently includes \$613,000

ANALYSIS

in grant matching funds in the State Drug Forfeiture Fund. Since the City was notified in September 2015 that the grant was not awarded, this action funds the purchase and implementation of the BWCs and, when combined with the \$500,000 also set aside in the Supplemental Law Enforcement Services Fund, enables a total of \$1.7 million for the procurement process in 2015-2016 with the rollout tentatively scheduled for spring 2016. As part of the BWC pilot program evaluation, staff will analyze the need for additional ongoing costs, such as data storage and staffing, which will be brought forward as part of the 2016-2017 Proposed Budget, as appropriate. As the grant was not awarded, the match of \$613,000 in the State Drug Forfeiture Fund is no longer needed and is recommended to be eliminated.

Aside from the capital investments at the Convention Center and other cultural facilities managed by Team San Jose as described above, the most notable recommended adjustments are in the Park and Community Facilities Development Capital Program. Some of the recommended adjustments include the allocation of planning and design funds for St. James Park Capital Vision (\$500,000), design review and inspection costs related to the Communications Hill II Hillsdale Fitness Staircase (\$300,000) and Communications Hill II Turnkey Park (\$279,000), Happy Hollow Park and Zoo Enhancements (\$195,000) for the purchase and installation of the new Dragon's Flyers ride, and Super Bowl 50 - Strategic Capital Replacement and Maintenance Needs (\$150,000) for the replacement of the existing turf at Cesar Chavez Park.

In the Traffic Capital Program, the notable recommended adjustments increase funding for the Pavement Maintenance – State Gas Tax project (\$1.1 million) to allocate final gas taxes collected in excess of the 2014-2015 State Gas Tax revenue estimate, and increase to the Local Transportation Policy and Planning allocation (\$125,000) for consultant services to define San José's transportation impact review policies and ensure the City's compliance with California Senate Bill 743 for the revised California Environmental Quality Act (CEQA).

Finally, the rebudget of unexpended funds for projects and programs extending into 2015-2016 is recommended in this report. Details of these adjustments can be found in Section IV of this report.

NEXT STEPS

The results of the 2014-2015 Annual Report will provide an updated starting point for monitoring 2015-2016 financial performance. The revenue and expenditure trends will be factored into the analysis of the General Fund and the numerous special and capital funds. Information on the City's budget for 2015-2016 will be provided in Bi-Monthly Financial Reports and the 2015-2016 Mid-Year Budget Review. These reports will also provide information on the current economic environment and its impact on the City's revenue collections.

The 2014-2015 Annual Report results will also be factored into the 2016-2017 budget development process. The General Fund Five-Year Forecast is scheduled to be released in late February 2016. The 2016-2017 Proposed Capital and Operating Budgets are scheduled to be released in late April 2016 and May 1, 2016, respectively.

PUBLIC OUTREACH/INTEREST

This document is posted on the City's website for the October 20, 2015, City Council agenda.

COORDINATION

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

CONCLUSION

Through careful fiscal management, the revenues for the various City funds ended the year close to the estimated levels and expenditures were below the budgeted allocations. When the 2014-2015 Adopted Budget was developed, it was assumed that economic growth would continue in 2014-2015. Economic indicators and actual revenue performance supported this general assumption, with a number of revenue categories, such as Property Tax, Sales Tax, Transient Occupancy Tax, and Construction and Conveyance Tax experiencing strong growth. Those revenue categories associated with private development and construction projects, such as development-related fees and taxes, moderated from the peak activity levels of 2013-2014.

In the General Fund, the additional fund balance at the end of 2014-2015 after considering clean-up adjustments totaled \$9.96 million. Recommendations are included in this report to allocate those funds to various required technical and rebalancing actions (\$9.6 million) and to address urgent fiscal/program needs (\$315,000). The largest actions include a \$9.8 million revenue decrease to reflect the one-time loss of reimbursement revenue from the Successor Agency to the Redevelopment Agency associated with the City's advance of funds for the Convention Center debt service payment, an allocation of \$2.5 million to purchase Police Department radios that can operate on the Silicon Valley Regional Communications System (SVRCS) and communicate with neighboring agencies during Super Bowl 50, and an increase of \$500,000 to maintain a 3% Contingency Reserve.

The Administration will continue to monitor and report on the City's budget performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2014-2015, as well as the actual performance in 2015-2016, will be factored into the development of the 2016-2017 budget. The 2017-2021 General Fund Five-Year Forecast will be released in February 2016 for budget planning purposes.



Norberto Dueñas
City Manager

CERTIFICATION OF FUNDS

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

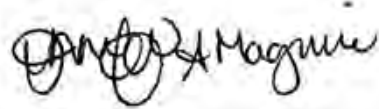
General Fund	\$8,911,497
Airport Capital Improvement Fund	\$2,384,843
Airport Customer Facility & Transportation Fee Fund	\$653,650
Airport Fiscal Agent Fund	\$1,472,061
Airport Passenger Facility Charge Fund	\$661,947
Airport Renewal and Replacement Fund	\$811,444
Airport Revenue Fund	\$7,165,707
Airport Surplus Revenue Fund	\$32,851
Building and Structure Construction Tax Fund	\$6,080,042
Branch Libraries Bond Projects Fund	\$2,468,709
Cash Reserve Fund	\$1
City Hall Debt Service Fund	\$75,942
Civic Center Construction Fund	\$29
Community Development Block Grant Fund	\$1,382,969
Community Facilities Revenue Fund	\$1,369,587
Community Facilities District Fund #1	\$47,533
Community Facilities District Fund #2 and #3	\$184,782
Community Facilities District Fund #8	\$172,940
Community Facilities District Fund #11	\$23,988
Community Facilities District Fund #12	\$69,291
Community Facilities District Fund #13	\$28,819
Community Facilities District Fund #14	\$62,378
Construction and Conveyance Tax – Central Fund	\$127,804
Construction and Conveyance Tax – Communications	\$359,117
Construction and Conveyance Tax – Fire	\$1,467,082
Construction and Conveyance Tax – Library	\$1,077,194
Construction and Conveyance Tax – Council District 1	\$264,981
Construction and Conveyance Tax – Council District 2	\$121,041
Construction and Conveyance Tax – Council District 3	\$303,681
Construction and Conveyance Tax – Council District 4	\$277,537
Construction and Conveyance Tax – Council District 5	\$131,744
Construction and Conveyance Tax – Council District 6	\$42,838
Construction and Conveyance Tax – Council District 7	\$972,974
Construction and Conveyance Tax – Council District 8	\$260,382
Construction and Conveyance Tax – Council District 9	\$490,533
Construction and Conveyance Tax – Council District 10	\$282,155
Construction and Conveyance Tax – City-Wide	\$4,747,967
Construction and Conveyance Tax – Parks Yards	\$168,744
Construction and Conveyance Tax – Service Yards	\$756,048

CERTIFICATION OF FUNDS

Construction Excise Tax Fund	\$12,511,316
Contingent Lien District Fund	\$107,896
Convention and Cultural Affairs Fund	\$1,613,921
Convention Center Facilities District Project Fund	\$105,371
Convention Center Facilities District Revenue Fund	\$1,145,458
Dental Insurance Fund	\$233,868
Downtown Property and Business	
Improvement District Fund	\$89,909
Edward Byrne Memorial Justice Assistance	
Grant Trust Fund	\$4,440
General Purpose Parking Fund	\$1,727,992
Gift Trust Fund	\$448,165
Housing Trust Fund	\$285,607
Ice Centre Revenue Fund	\$1,026,198
Improvement District Fund	\$1,999,554
Library Parcel Tax Fund	\$1,534,036
Life Insurance Fund	\$13,765
Low and Moderate Income Housing Asset Fund	\$47,830,596
Maintenance District Fund #1	\$88,995
Maintenance District Fund #2	\$19,061
Maintenance District Fund #5	\$59,145
Maintenance District Fund #8	\$129,574
Maintenance District Fund #9	\$50,060
Maintenance District Fund #11	\$8,613
Maintenance District Fund #13	\$7,371
Maintenance District Fund #15	\$267,307
Maintenance District Fund #18	\$44,450
Maintenance District Fund #19	\$137,910
Maintenance District Fund #20	\$19,801
Maintenance District Fund #21	\$96,420
Maintenance District Fund #22	\$41,097
Major Collectors and Arterials Fund	\$71,904
Major Facilities Fund	\$249,527
Multi-Source Housing Fund	\$1,680,533
Municipal Golf Course Fund	\$28,532
Neighborhood Security Bond	\$442,182
Parks and Recreation Bond Projects Fund	\$49,084
Public Works Program Support Fund	\$496,908
San José Arena Capital Reserve Fund	\$1,400,384
Sewer Service and Use Charge Fund	\$1,278,765
Sewer Service and Use Charge Capital	
Improvement Fund	\$10,527,808
San Jose-Santa Clara Treatment Plant Capital Fund	\$28,258,446

CERTIFICATION OF FUNDS

San Jose-Santa Clara Treatment Plant Operating Fund	\$3,254,998
San Jose-Santa Clara Treatment Plant Income Fund	\$17
Sewage Treatment Plant Connection Fee Fund	\$75,965
Storm Drainage Fee	\$97,680
Storm Sewer Capital Fund	\$8,206,177
Storm Sewer Operating Fund	\$1,654,292
Subdivision Park Trust Fund	\$598,103
Supplemental Law Enforcement Services Fund	\$324,492
Transient Occupancy Tax Fund	\$3,478,542
Underground Utility Fund	\$1,535,516
Unemployment Insurance Fund	\$174,859
Vehicle Maintenance and Operations Fund	\$258,998
Water Utility Fund	\$683,248
Water Utility Capital Fund	\$173,996
Workforce Investment Act Fund	\$3,667,346



Jennifer A. Maguire
Senior Deputy City Manager / Budget Director

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2014-2015

ANNUAL

REPORT

DEFINITIONS/

GLOSSARY OF **T**ERMS/

FUND **D**ESCRPTIONS

DEFINITIONS

- **Actuals vs. Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2014-2015 actual revenues/expenditures and either the 2014-2015 Modified Budget or 2014-2015 estimates.
 - "Actuals" represent unaudited year-end close figures as of June 30, 2015.
 - "Budget" reflects the original 2014-2015 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
 - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2015. These estimates were used in projecting the year-end fund balance, and consequently, the 2015-2016 Adopted Budget beginning fund balance.

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

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

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GLOSSARY OF TERMS

Appropriation

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

Base Budget

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

Capital Budget

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

Capital Funds

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

Capital Improvement Program (Five-Year)

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

Carryover

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

Contingency Reserve

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

Contractual Services

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

Debt Service

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

Encumbrance

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

Fiscal Year

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

Fund

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

Fund Balance

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

General Fund

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

Non-Personal/Equipment Expenses

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

Operating Budget

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

Personal Services

Salary and fringe benefit costs of City employees.

Rebudget

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

Reserve

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

Special Funds

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

Transfers

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

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FUND DESCRIPTIONS

Airport Capital Funds

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

Airport Operating Funds

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

Benefit Funds

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

Branch Libraries Bond Projects Fund

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

Building and Structure Construction Tax Fund

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

Business Improvement District Fund

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

Cash Reserve Fund

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

City Hall Debt Service Fund

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

FUND DESCRIPTIONS

Civic Center Construction Fund

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

Community Development Block Grant Fund

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

Community Facilities and Maintenance Districts Funds

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

Community Facilities Revenue Fund

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

Construction and Conveyance Tax Funds

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

Construction Excise Tax Fund

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

Convention and Cultural Affairs Fund

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

Convention Center Facilities District Project Fund

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

Convention Center Facilities District Revenue Fund

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

FUND DESCRIPTIONS

Downtown Property and Business Improvement District Fund

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

Economic Development Administration Loan Fund

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

Economic Development Enhancement Fund

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

Edward Byrne Memorial Justice Assistance Grant Trust Fund

This Special Revenue Fund accounts for the City's portion of funding from the U.S. Department of Justice through the County of Santa Clara as a fiscal agent. Funds are restricted to law enforcement, prevention and education programs, and planning, evaluation, and technology improvements for front line law enforcement. The Justice Assistance Grant process replaces the Local Law Enforcement Block Grant (LLEBG) process.

Emergency Reserve Fund

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

Emma Prusch Memorial Park Fund

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

Federal Drug Forfeiture Fund

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

FUND DESCRIPTIONS

Gas Tax Maintenance and Construction Fund

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

General Purpose Parking Fund

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

Gift Trust Fund

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

Home Investment Partnership Program Trust Fund

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

Housing Trust Fund

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

Ice Centre Revenue Fund

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

Improvement District Fund

Accounts for revenues and expenditures related to the acquisition and construction of a variety of public infrastructure projects for which individual improvement districts were formed.

Integrated Waste Management Fund

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

Interim City Facilities Improvement Fund

This Capital Fund accounts for expenditures related to programming, relocation services, technology, furniture and equipment, and improvements to existing facilities to complete the City's interim space plan.

FUND DESCRIPTIONS

Lake Cunningham Fund

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

Library Parcel Tax Fund

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

Low and Moderate Income Housing Asset Fund (Affordable Housing Investment Fund)

This Special Revenue Fund accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City. This fund was established on February 1, 2012 with the dissolution of the former Redevelopment Agency through recognition of loan repayments and other sources to provide funding for the administrative costs associated with managing the Successor Housing Agency assets and the continuation of affordable housing programs in the future. This fund was previously named Affordable Housing Investment Fund, but the name was changed, on October 16, 2012, to the Low and Moderate Income Housing Asset Fund.

Major Collectors and Arterial Fund

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

Major Facilities Fund

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

Multi-Source Housing Fund

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

Municipal Golf Course Fund

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

Neighborhood Security Act Bond Fund

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

FUND DESCRIPTIONS

Parks and Recreation Bond Projects Fund

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

Public Works Program Support Fund

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

Residential Construction Tax Contribution Fund

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

San José Arena Capital Reserve Fund

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

San José Arena Enhancement Fund

This Special Revenue Fund accounts for the payback of an \$8.25 million loan under the 2007 Amended and Restated San José Arena Management Agreement for capital improvements at the San José Arena (SAP Center). This fund is recommended to be closed as part of this report.

San José Municipal Stadium Capital Fund

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

San José-Santa Clara Treatment Plant Capital Fund

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

FUND DESCRIPTIONS

San José-Santa Clara Treatment Plant Income Fund

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

San José-Santa Clara Treatment Plant Operating Fund

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

Sanitary Sewer Connection Fee Fund

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

Sewage Treatment Plant Connection Fee Fund

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

Sewer Service and Use Charge Fund

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

Sewer Service and Use Charge Capital Improvement Fund

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

State Drug Forfeiture Fund

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

Storm Drainage Fee Fund

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

Storm Sewer Capital Fund

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

FUND DESCRIPTIONS

Storm Sewer Operating Fund

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

Subdivision Park Trust Fund

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

Supplemental Law Enforcement Services Fund

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

Transient Occupancy Tax Fund

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

Vehicle Maintenance and Operations Fund

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

Water Utility Capital Fund

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

FUND DESCRIPTIONS

Water Utility Fund

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

Workforce Development Fund

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

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2014-2015

**ANNUAL
REPORT**

I. BUDGET

PERFORMANCE

SUMMARY (ALL FUNDS)

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I. BUDGET PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2014-2015 financial performance in the General Fund, Special Funds, and Capital Funds, with the following tables provided for reference.

Comparison of Budget to Actual Revenues and Expenditures – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2014-2015 Budgeted and Actual revenues as well as the 2014-2015 Budgeted and Actual expenditures, with the dollar and percent variance for each City fund. The revenue figures exclude the Beginning Fund Balance and Reserves and the expenditure figures exclude the Reserves and Ending Fund Balance.

As shown in the Comparison of Budget to Actual Revenues and Expenditures table, actual 2014-2015 revenues across all funds, after rebudgets, totaled \$2.64 billion, which was 0.9% (\$23.4 million) above the budgeted estimate of \$2.62 billion. In 2014-2015, expenditures totaled \$3.13 billion, after rebudgets, which was 4.8% (\$157.5 million) below the modified budget of \$3.28 billion. The *Discussion of Significant Variances by Fund* section that follows includes a description of revenue or expenditure variances to the modified budget of greater than both 5.0% and \$100,000 by fund.

Comparison of Estimated to Actual 2014-2015 Ending Fund Balance – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2014-2015 Modified Budget for each fund, followed by the estimated 2014-2015 Ending Fund Balance that was used in the development of the 2015-2016 Adopted Budget, the Actual 2014-2015 Ending Fund Balance, the variance between the Estimated and Actual Ending Fund Balance, the value of additional rebudgets recommended in this report, and the revised 2014-2015 Ending Fund Balance variance should the recommended rebudgets be approved. The table then displays the percentage of the Modified Budget that the revised Ending Fund Balance represents. It is important to note that the dollar amount for the Modified Budget is not adjusted for transfers, loans, and contributions between funds, and therefore, overstates the total funding that was available between the combined funds.

The financial performance in 2014-2015 is used as the starting point for 2015-2016. The collective 2014-2015 Ending Fund Balances for all City funds totaled \$1.49 billion, which was \$133.7 million above the 2014-2015 Ending Fund Balance estimates of \$1.36 billion used in the development of the 2015-2016 Adopted Budget. After adjusting for additional rebudgets of \$17.7 million recommended in this report, the adjusted 2014-2015 Ending Fund Balance variance for all funds falls to \$116.1 million, or 2.8% of the 2014-2015 Modified Budget. The adjusted fund balance variance totaled \$10.0 million in the General Fund, \$36.9 million in the special funds, and \$69.2 million in the capital funds.

2014-2015 ANNUAL REPORT

I. BUDGET PERFORMANCE SUMMARY

For most funds, the Actual 2014-2015 Ending Fund Balance was above the estimate used in the development of the 2015-2016 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2014-2015 Annual Report actions. For the few funds where the 2014-2015 actual Ending Fund Balance was below the estimate used in the development of the 2015-2016 Adopted Budget, actions are recommended in this report to bring the fund into balance with the lower starting point. In some instances, the variance is the result of the timing of revenues and/or expenditures and the reconciling actions will adjust for those timing differences.

Summary of 2014-2015 Year-End Reserves by Fund – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2014-2015 Contingency and Earmarked Reserves balances for each fund.

At the end of 2014-2015, the Contingency and Earmarked Reserves for all City funds totaled \$680.9 million, which represented 16.2% of the total 2014-2015 Modified Budget of \$4.19 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$192.3 million.

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2014-2015 Budget Revenues	2014-2015 Actual Revenues	2015-2016 Rebudget	Revenue Variance After Rebud	% Variance	2014-2015 Budget Expenditures	2014-2015 Actual Expenditures	2015-2016 Rebudget	Expense Variance After Rebud	% Variance
General Fund	1,066,876,318	1,048,677,277	15,580,426	(2,618,615)	-0.2%	1,184,635,868	1,094,571,610	71,565,857	(18,498,401)	-1.6%
Special Funds										
Airport Customer Facility and Transportation Fee Fund	19,857,141	21,208,033	0	1,350,892	6.8%	19,943,817	19,689,497	0	(254,320)	-1.3%
Airport Fiscal Agent Fund	242,509,836	241,144,678	0	(1,365,158)	-0.6%	247,153,800	244,980,125	0	(2,173,675)	-0.9%
Airport Maintenance and Operation Fund	77,997,931	67,916,170	0	(10,081,761)	-12.9%	77,436,166	70,815,326	0	(6,620,840)	-8.6%
Airport Revenue Fund	123,705,020	125,626,373	0	1,921,353	1.6%	131,481,151	120,670,733	0	(10,810,418)	-8.2%
Airport Surplus Revenue Fund	10,614,968	10,643,194	0	28,226	0.3%	7,314,968	7,310,343	0	(4,625)	-0.1%
Benefit Funds	67,808,400	66,426,942	0	(1,381,458)	-2.0%	70,058,239	68,114,060	0	(1,944,179)	-2.8%
Business Improvement District Fund	5,273,000	4,137,131	0	(1,135,869)	-21.5%	6,252,005	5,360,643	0	(891,362)	-14.3%
Cash Reserve Fund	22	23	0	1	4.5%	0	0	0	0	0.0%
City Hall Debt Service Fund	23,785,795	23,796,815	0	11,020	0.0%	23,891,250	23,826,328	0	(64,922)	-0.3%
Community Development Block Grant Fund	9,266,778	8,582,005	0	(684,773)	-7.4%	12,680,100	7,812,107	1,650,921	(3,217,072)	-25.4%
Community Facilities Revenue Fund	8,090,759	8,673,328	0	582,569	7.2%	10,310,405	8,202,112	1,000,000	(1,108,293)	-10.7%
Convention and Cultural Affairs Fund	9,622,780	9,835,518	0	212,738	2.2%	11,255,597	8,928,847	765,072	(1,561,678)	-13.9%
Convention Center Facilities District Revenue Fund	13,553,000	14,690,361	0	1,137,361	8.4%	11,776,688	11,768,589	0	(8,099)	-0.1%
Downtown Property and Business Improvement District Fund	2,643,943	2,694,309	0	50,366	1.9%	2,674,022	2,619,958	0	(54,064)	-2.0%
Economic Development Administration Loan Fund	171,100	170,049	0	(1,051)	-0.6%	240,000	240,000	0	0	0.0%
Economic Development Enhancement Fund	126	126	0	0	0.0%	126	126	0	0	0.0%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	291,503	292,395	0	892	0.3%	513,099	348,813	160,763	(3,523)	-0.7%
Emergency Reserve Fund	15,500	13,869	0	(1,631)	-10.5%	15,500	13,869	0	(1,631)	-10.5%
Federal Drug Forfeiture Fund	265,000	22,635	0	(242,365)	-91.5%	663,848	120,447	33,174	(510,227)	-76.9%
Gas Tax Maintenance and Construction Funds	17,837,948	17,837,948	0	0	0.0%	17,837,948	17,837,948	0	0	0.0%
General Purpose Parking Fund	17,607,951	17,423,066	0	(184,885)	-1.1%	20,098,340	15,769,400	1,504,738	(2,824,202)	-14.1%
Gift Trust Fund	61,171	649,963	0	588,792	962.5%	4,013,288	529,493	3,483,795	0	0.0%

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2014-2015 Budget Revenues	2014-2015 Actual Revenues	2015-2016 Rebudget	Revenue Variance After Rebud	% Variance	2014-2015 Budget Expenditures	2014-2015 Actual Expenditures	2015-2016 Rebudget	Expense Variance After Rebud	% Variance
<i>Special Funds</i>										
Home Investment Partnership Program Trust Fund	13,088,017	8,259,544	0	(4,828,473)	-36.9%	13,219,638	9,003,949	2,370,000	(1,845,689)	-14.0%
Housing Trust Fund	5,417,000	3,072,011	0	(2,344,989)	-43.3%	6,722,906	2,009,598	4,456,000	(257,308)	-3.8%
Ice Centre Revenue Fund	5,240,717	5,235,370	0	(5,347)	-0.1%	3,148,389	2,113,844	0	(1,034,545)	-32.9%
Integrated Waste Management Fund	128,601,644	125,608,908	1,500,000	(1,492,736)	-1.2%	131,367,606	127,257,427	2,198,225	(1,911,954)	-1.5%
Library Parcel Tax Fund	8,125,000	8,199,773	0	74,773	0.9%	8,497,465	6,803,707	436,000	(1,257,758)	-14.8%
Low and Moderate Income Housing Asset Fund	20,027,620	34,115,962	0	14,088,342	70.3%	26,422,024	12,682,494	140,000	(13,599,530)	-51.5%
Multi-Source Housing Fund	12,463,909	12,320,886	0	(143,023)	-1.1%	27,703,919	19,266,711	400,000	(8,037,208)	-29.0%
Municipal Golf Course Fund	2,687,000	2,664,212	0	(22,788)	-0.8%	2,892,000	2,784,179	0	(107,821)	-3.7%
Public Works Program Support Fund	14,583,000	14,404,615	0	(178,385)	-1.2%	14,297,973	13,610,800	0	(687,173)	-4.8%
San Jose Arena Capital Reserve Fund	4,319,000	4,319,385	0	385	0.0%	5,102,932	388,933	3,514,000	(1,199,999)	-23.5%
San Jose Arena Enhancement Fund	1,002,200	1,003,945	0	1,745	0.2%	1,027,000	981,117	0	(45,883)	-4.5%
San Jose Diridon Development Authority Fund	0	0	0	0	0.0%	0	0	0	0	0.0%
San Jose Municipal Stadium Capital Fund	35,000	31,299	0	(3,701)	-10.6%	35,000	31,299	0	(3,701)	-10.6%
San José-Santa Clara Treatment Plant Operating Funds	227,677,234	228,690,434	0	1,013,200	0.4%	256,849,283	247,143,539	1,583,000	(8,122,744)	-3.2%
Special Assessment Maintenance District Funds	5,184,923	5,164,618	0	(20,305)	-0.4%	8,172,464	5,953,249	0	(2,219,215)	-27.2%
State Drug Forfeiture Fund	205,000	(178,373)	0	(383,373)	-187.0%	139,067	96,559	0	(42,508)	-30.6%
Stores Fund	0	0	0	0	0.0%	0	0	0	0	0.0%
Storm Sewer Operating Fund	32,163,343	32,705,315	0	541,972	1.7%	38,807,899	35,635,093	413,000	(2,759,806)	-7.1%
Supplemental Law Enforcement Services Fund	1,309,756	1,764,947	0	455,191	34.8%	2,663,719	1,996,857	666,862	0	0.0%
Transient Occupancy Tax Fund	21,523,000	22,419,703	0	896,703	4.2%	21,927,618	19,345,815	2,581,803	0	0.0%
Vehicle Maintenance and Operations Fund	21,978,750	20,301,848	0	(1,676,902)	-7.6%	24,847,254	22,938,685	200,000	(1,708,569)	-6.9%
Workforce Development Fund	14,273,182	10,575,948	3,415,518	(281,716)	-2.0%	14,830,827	10,882,601	3,415,518	(532,708)	-3.6%
Water Utility Fund	36,894,260	36,832,930	0	(61,330)	-0.2%	38,445,026	35,509,409	130,000	(2,805,617)	-7.3%
Sub-Total Special Funds	1,227,779,227	1,219,298,210	4,915,518	(3,565,499)	-0.3%	1,322,730,366	1,211,394,629	31,102,871	(80,232,866)	-6.1%

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2014-2015 Budget Revenues	2014-2015 Actual Revenues	2015-2016 Rebudget	Revenue Variance After Rebud	% Variance	2014-2015 Budget Expenditures	2014-2015 Actual Expenditures	2015-2016 Rebudget	Expense Variance After Rebud	% Variance
<i>Capital Funds</i>										
Airport Capital Funds	26,954,000	24,864,644	2,977,000	887,644	3.3%	62,426,451	49,411,005	11,640,000	(1,375,446)	-2.2%
Branch Libraries Bond Projects Fund	701,000	730,886	0	29,886	4.3%	11,089,906	7,349,177	3,973,000	232,271	2.1%
Building and Structure Construction Tax Fund	29,434,000	19,635,768	9,016,000	(782,232)	-2.7%	52,398,364	21,016,726	28,304,561	(3,077,077)	-5.9%
Civic Center Construction Fund	0	29	0	29	0.0%	17,615	17,615	0	0	0.0%
Construction and Conveyance Tax Funds	57,779,906	60,624,938	1,832,000	4,677,032	8.1%	93,929,861	63,862,312	28,726,000	(1,341,549)	-1.4%
Construction Excise Tax Fund	80,115,045	55,889,599	25,386,000	1,160,554	1.4%	147,823,176	81,902,313	62,984,230	(2,936,633)	-2.0%
Contingent Lien District Fund	0	27,416	0	27,416	0.0%	487,018	20,962	434,000	(32,056)	-6.6%
Convention Center Facilities District Project Fund	0	87,423	0	87,423	0.0%	277,259	69,312	207,948	1	0.0%
Emma Prusch Park Fund	82,000	82,059	0	59	0.1%	70,000	51,506	18,000	(494)	-0.7%
Improvement District Fund	2,000	1,080	0	(920)	-46.0%	2,000,000	0	1,999,554	(446)	0.0%
Lake Cunningham Fund	814,000	830,573	0	16,573	2.0%	1,171,485	693,009	459,000	(19,476)	-1.7%
Major Collectors and Arterials Fund	4,000	4,500	0	500	12.5%	172,623	128,260	42,000	(2,363)	-1.4%
Major Facilities Fund	12,000	369,527	0	357,527	2979.4%	205,000	0	175,000	(30,000)	-14.6%
Neighborhood Security Bond Fund	1,190,414	1,184,577	0	(5,837)	-0.5%	6,475,540	6,165,395	310,000	(145)	0.0%
Parks and Recreation Bond Projects Fund	20,000	78,281	0	58,281	291.4%	14,283,358	12,291,197	1,924,000	(68,161)	-0.5%
Residential Construction Tax Contribution Fund	232,000	272,967	0	40,967	17.7%	243,000	30,774	210,000	(2,226)	-0.9%
San José-Santa Clara Treatment Plant Capital Fund	76,229,000	73,808,825	0	(2,420,175)	-3.2%	176,660,630	99,860,379	45,562,000	(31,238,251)	-17.7%
Sanitary Sewer Connection Fee Fund	1,211,000	905,535	0	(305,465)	-25.2%	9,967,729	4,011,753	5,693,000	(262,976)	-2.6%
Sewer Service and Use Charge Capital Improvement Fund	24,065,000	23,856,639	0	(208,361)	-0.9%	110,303,725	48,887,831	55,518,000	(5,897,894)	-5.3%
Storm Drainage Fee Fund	158,000	301,674	0	143,674	90.9%	429,407	399,993	0	(29,414)	-6.8%
Storm Sewer Capital Fund	13,801,000	12,066,064	1,804,000	69,064	0.5%	22,879,196	9,955,887	3,925,000	(8,998,309)	-39.3%
Subdivision Park Trust Fund	3,321,000	29,330,150	0	26,009,150	783.2%	54,029,203	28,823,327	23,285,000	(1,920,876)	-3.6%
Underground Utility Fund	811,000	467,699	0	(343,301)	-42.3%	2,097,000	374,183	0	(1,722,817)	-82.2%
Water Utility Capital Fund	3,659,000	3,717,516	0	58,516	1.6%	6,523,733	5,279,519	1,174,000	(70,214)	-1.1%
Sub-Total Capital Funds	320,595,365	309,138,369	41,015,000	29,558,004	9.2%	775,961,279	440,602,435	276,564,293	(58,794,551)	-7.6%
TOTAL ALL FUNDS	2,615,250,910	2,577,113,856	61,510,944	23,373,890	0.9%	3,283,327,513	2,746,568,674	379,233,021	(157,525,818)	-4.8%

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND (Revenue and/or Expenditure Variances of 5% or greater)

GENERAL FUND

General Fund – Total revenues of \$1.0 billion were slightly below the 2014-2015 Modified Budget level by \$18.1 million (1.7%). This negative variance was partially due to lower collections from various grants and reimbursements that were not received in 2014-2015, but that were rebudgeted to 2015-2016 in the 2015-2016 Adopted Budget (\$16.9 million). After adjusting for grant- and reimbursement-related revenues not received in 2014-2015 but rebudgeted to 2015-2016, revenues for the over 450 revenue accounts budgeted and monitored annually ended the year \$2.6 million (0.25%) below budgeted estimates. Once adjusted for the Development Fee Programs, which ended the year slightly below the estimate and is a reconciling item for the Development Fee Program Reserves, and other revenue-related adjustments required to close out 2014-2015, there was a net positive revenue variance of \$1.3 million (0.12%) for 2014-2015.

Total expenditures and encumbrances of \$1.1 billion were \$90.1 million below (7.6%) the modified budget of \$1.2 billion (when excluding \$192.3 million in reserves). A majority of these savings were anticipated and assumed as savings or rebudget adjustments in the 2015-2016 Adopted Budget or are recommended for rebudget in the Annual Report (\$71.6 million). The resulting expenditure savings after rebudgets totaled \$18.5 million. After adjusting for 2014- 2015 expenditure cleanup adjustments and assumed savings, expenditure savings totaled \$8.8 million (0.6%). Detailed information on the General Fund revenues and expenditures can be found in *Section II. General Fund Performance*.

SPECIAL REVENUE FUNDS

Airport Customer Facility and Transportation Fee Fund – Total revenues were above budget by \$1.4 million (6.8%), due to higher than anticipated car rental activity at the Airport. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Airport Maintenance and Operation Fund – Total revenues were below the budgeted estimate by \$10.1 million (12.9%), due to lower than anticipated Transfers from the Airport Revenue Fund. Total expenditures were below budgeted estimate by \$6.6 million (8.6%), which were due to savings targets implemented in personal services and non-personal/equipment appropriations. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Business Improvement District Fund – Total revenues were \$1.1 million (21.5%) lower than the budget as a result of a reduction in the collection of 2014-2015 district assessments made possible due to the distribution of available fund balances in each district. Total expenditures of \$5.4 million were below budget by \$891,000 (14.3%). The negative variance is a result of reduced district disbursements and the timing and processing of incoming cash during the fourth quarter. Payments received during the fourth quarter of 2014-2015 will be dispersed during the first quarter of 2015-2016.

Community Development Block Grant Fund – Total revenues of \$8.6 million were \$685,000 (7.4%) lower than budgeted, due to the receipt of fewer housing loan rehabilitation payments (\$327,000) and other loan repayments (\$190,000). Additionally, no developer payments were collected, which contributed to \$225,000 of the revenue variance. Higher than budgeted miscellaneous revenue (\$58,000) partially offset this revenue variance. After rebudgets, total expenditures were lower than the budgeted level by \$3.2 million (25.4%), primarily due to unexpended funds in the Community Development Improvements - Capital Projects appropriation (\$1.9 million) and the Housing Rehabilitation Loans and Grants appropriation (\$1.3 million).

Community Facilities Revenue Fund – Total revenues of \$8.7 million were higher than budgeted by \$583,000 (7.2%). This variance is due primarily to higher than anticipated revenues from the Hayes Center for Debt Expenses (\$344,000), as a payment was received in 2014-2015 for debt payments in 2013-2014, and Capital Improvement (\$95,000) for a reimbursement received from Wyndham for prior year software upgrades not fully expended. After rebudgets, expenditures ended the year below budget by \$1.1 million (10.7%), due to savings in Operating/Debt Subsidy (\$600,000), which was due to better performance at the Hayes Mansion; Debt Service Payments for the Hayes Phase III (\$344,000), which was due to lower debt payments; and Hayes Repair and Improvements (\$200,000), which was due to project delays.

Convention and Cultural Affairs Fund – Expenditures totaled \$8.9 million and consisted primarily of the City's contribution to operate, maintain, and market the Convention Center and other cultural facilities managed by Team San Jose (\$5.0 million); several capital improvement projects for these facilities (\$2.8 million); and a Transfer to the General Fund (\$1.1 million), which includes City overhead, Team San Jose contract oversight, Broadway San José ticket revenue, and cultural facility cost-sharing. After accounting for rebudgets, total expenditures ended the year with \$1.6 million (13.9% of the modified budget) in savings, primarily attributed to capital project savings of \$749,000 and a lower than anticipated subsidy to Team San José (\$682,000) for facility operations due to higher activity levels. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Convention Center Facilities District Revenue Fund – Total revenues of \$14.7 million were above budget by \$1.1 million (8.4%), due to higher special tax revenues received from hotels belonging to the Convention Center Facilities District (CCFD). Revenues in this fund are first used to meet all Convention Center bond covenants, including full funding of the Debt Service Reserve and the Revenue Stabilization Reserve, to protect against any economic downturn. Secondly, any additional funds in the CCFD Fund are to be used to pay debt service expenses associated with the Convention Center Expansion/Renovation project and/or other capital expenses at the Convention Center. Budget actions are recommended in this report to allocate fund balance in this fund to capital investments in the Convention Center.

Federal Drug Forfeiture Fund – Total revenues of \$23,000 were below budget by \$242,000 (91.5%), due to lower than budgeted Federal Drug Forfeiture receipts. The expenditure savings of \$510,000 (76.9%) are the result of unexpended funds for non-personal/equipment and personal services.

General Purpose Parking Fund – After rebudgets, expenditures ended the year \$2.8 million (14.1%) below the budget, primarily due to lower than budgeted debt service payments for the 4th and San Fernando garage (\$1.7 million), with the remaining debt service payment balance paid directly by the Successor Agency to the Redevelopment Agency, savings in contractual services for parking operations (\$492,000), various capital projects (\$292,000), and Department of Transportation position vacancies (\$162,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Gift Trust Fund – The positive revenue variance of \$589,000 (962.5%) is due to the receipt of unanticipated gifts and the accumulation of unbudgeted interest earnings at the end of 2014-2015. These funds are allocated to specific gifts elsewhere in this report.

Home Investment Partnership Program Trust Fund – Total revenues of \$8.3 million were \$4.8 million (36.9%) lower than budgeted, due to the timing of federal grant reimbursements for construction of the Donner Lofts Apartments project. Federal grant revenue reimbursements will be received in 2015-2016, as the project is expected to be completed in summer 2016. After rebudgets, total expenditures were lower than budgeted by \$1.8 million (14.0%), primarily due to lower expenditures in Tenant Based Rental Assistance housing coupons (\$1.4 million).

Housing Trust Fund – Total revenues of \$3.1 million were \$2.3 million (43.3%) lower than budgeted largely because revenue from a development agreement (\$2.6 million) was inadvertently deposited to the Multi-Source Housing Fund (448) in 2014-2015. Included in this report is a recommendation to transfer \$2.6 million from the Multi-Source Housing Fund (448) to the Housing Trust Fund (440) to more accurately align revenues.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Ice Centre Revenue Fund – Total expenditures of \$2.1 million ended the year \$1.0 million (32.9%) below budget, due to savings in reimbursements for previously approved repairs at the Sharks Ice at San José (\$850,000) and lower than budgeted debt service payments (\$185,000). A majority of the unexpended funds is recommended to be allocated to the Previously Approved Repairs Reserve.

Library Parcel Tax Fund – After rebudgets, total expenditures ended the year below budget by \$1.3 million (14.8%), due primarily to a high number of vacancies. The vacancies contributed to lower than anticipated personal services expenditures (\$1.0 million).

Low and Moderate Income Housing Asset Fund – Total revenue of \$34.1 million exceeded the budget by \$14.1 million (70.3%) mainly due to a number of developers refinancing their projects and pre-paying their City loans at the end of 2014-2015 as a result of low interest rates and other economic factors. Loan repayments were received from projects, including Monte Vista Gardens (\$6.1 million), Parkview Family (\$4.9 million), and other Housing Department projects (\$2.8 million).

Total expenditures ended the year \$13.6 million (51.5%) below budget, largely due to financing the construction for the Metropolitan Apartments project from the Federal HOME Investment Partnership Program Fund (445) rather than the Low and Moderate Income Housing Asset Fund (346). As a result, the Housing Loans and Grants appropriation experienced \$12.5 million in savings. The Housing Department's Non-Personal/Equipment appropriation savings of \$223,000 and Loan Management appropriation savings of \$188,000 also contributed to the variance to the budget. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Multi-Source Housing Fund – Total expenditures, including rebudgets, of \$19.7 million were \$8.0 million (29.0%) below budget, primarily due to project savings in the Capital Grant Program appropriation (\$4.8 million) resulting from project delays. In addition, savings in the CalHome (Rehab) Program (\$1.4 million) and CalHome (BEGIN) Program (\$900,000) also contributed to the variance to the budget, due to lower than anticipated program activity.

San José Arena Capital Reserve Fund – After rebudgets, total expenditures were \$1.2 million (23.5%) below the budget due to savings in reimbursements for previously approved repairs at the SAP Center. The unexpended funds are recommended to be allocated to the Previously Approved Repairs Reserve elsewhere in this report.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Special Assessment Maintenance District Funds – The combined expenditures ended the year \$2.2 million (27.2%) below budget primarily as the result of lower than budgeted expenditures in Community Facilities District #8 (Communications Hill) (\$322,000), Maintenance District #15 (Silver Creek Valley) (\$303,000), Maintenance District #1 (Los Paseos) (\$223,000), Maintenance District #21 (Gateway Place-Airport Parkway) (\$186,000), Maintenance District #19 (River Oaks Area Landscaping) (\$136,000), and Maintenance District #8 (Zanker - Montague) (\$130,000). The remaining savings of \$920,000 were generated across the other Special Assessment Maintenance District Funds, all with variances below \$130,000. Expenditure variances were primarily the result of delays in planned rehabilitation work due to competing workload demands and contractual award delays.

State Drug Forfeiture Fund – Total revenues of -\$178,000 were below budget by \$383,000 (187.0%), due to lower than budgeted revenues from grants and a refund of funds that the City received in error from the County of Santa Clara District Attorney's Office.

Storm Sewer Operating Fund – Total expenditures, including rebudgets, of \$36.0 million ended the year \$2.8 million (7.1%) below the budget due primarily to Environmental Services Department personal services (\$862,000) and non-personal/equipment (\$703,000) cost savings, Department of Transportation non-personal/equipment (\$436,000) and personal services (\$247,000) cost savings, and savings related to Yard Trimmings/Street Sweeping (\$298,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Supplemental Law Enforcement Services Fund – Total revenues of \$1.8 million were higher than budgeted by \$455,000 (34.8%), due to higher than anticipated revenues from Supplemental Law Enforcement Services grants.

Vehicle Maintenance and Operations Fund – Total revenues of \$20.3 million were \$1.7 million (7.6%) below budget, due primarily to lower than anticipated Transfers in Departmental Charges (M&O) (\$1.1 million) and Transfers in Replacement Charges: Police (\$600,000). Total expenditure savings of \$1.7 million (6.9%) were primarily due to lower than budgeted project expenditures in Inventory Purchase (\$767,000), Diesel Retrofit Program (\$281,000), and Vehicle Replacement – General Fleet (\$200,000).

Water Utility Fund – The negative expenditure variance of \$2.8 million (7.3%) is due to primarily to Environmental Services Department non-personal/equipment cost savings (\$2.7 million), which were largely a result of fewer potable and recycled water purchases. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Building and Structure Construction Tax Fund – After rebudgets, total expenditures of \$49.3 million ended the year below budget by \$3.1 million (5.9%), due to savings in Capital Program and Public Works Department Support Costs (\$337,000), CIP Delivery Management costs (\$337,000), and the Traffic Forecasting and Analysis project (\$305,000), as well as savings in other capital projects.

Construction and Conveyance Tax Funds – The C&C Tax Funds revenue collection was \$2.8 million higher than the budgeted estimate of \$57.8 million, primarily due to higher than budgeted C&C Tax revenue (\$2.2 million), transfers between funds (\$1.2 million), and grant revenues (\$292,000), partially offset by lower than budgeted developer contributions and miscellaneous revenue (\$888,000). This report includes a recommendation to rebudget \$1.8 million from the 2006 Tax Allocation Bond for the Dr. Martin Luther King, Jr. Library Capital Improvements that was not received in 2014-2015, but is anticipated to be received in 2015-2016. After accounting for this rebudget, the revised revenue variance increases to \$4.7 million.

Major Facilities Fund – Total revenues of \$370,000 were \$358,000 (2,979.4%) above the budgeted estimate due to the collection of Major Facilities Developer Fees (\$351,000) and higher interest earnings (\$6,000). Major facilities fees are budgeted as actual collections occur due to the volatile nature of these revenues. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

San José/Santa Clara Treatment Plant Capital Fund – The expenditure savings of \$31.2 million (17.7%) after rebudgets are due primarily to savings in numerous projects. Projects with the largest savings were Energy Generation Improvements (\$6.4 million), Plant Electrical Reliability (\$6.1 million), Plant Instrument Air System Upgrade (\$3.7 million), Program Management (\$3.0 million), Equipment Replacement (\$2.2 million), Plant Infrastructure Improvements (\$2.0 million), Urgent and Unscheduled Treatment Plant Rehabilitation (\$1.8 million), and Secondary and Nitrification Clarifier Rehabilitation (\$1.8 million). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Sanitary Sewer Connection Fee Fund – The negative revenue variance of \$305,000 (25.2%) is due primarily to lower connection fees (\$124,000) and lower joint participation revenue (\$207,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Sewer Service and Use Charge Capital Improvement Fund - The negative expenditure variance of \$5.9 million (5.3%) is due primarily to savings in numerous projects. Projects with the largest savings were Urgent Rehabilitation and Repair Projects (\$1.2 million), Trimble Road Sanitary Sewer Improvements (\$749,000), Cast Iron Pipe Replacement - West (\$661,000), South White Road Sanitary Sewer Improvements (\$500,000), and Reinforced Concrete Pipe Rehabilitation Program (\$500,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Storm Drainage Fee Fund – The positive revenue variance of \$144,000 (90.9%) is due primarily to the collection of higher storm drainage fees (\$144,000) from developers. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Storm Sewer Capital Fund – The negative expenditure variance of \$9.0 million (39.3%), after rebudgets, is due primarily to savings in several projects. Projects with the largest savings were Large Trash Capture Devices (\$3.3 million), Willow Glen-Guadalupe, Phase III (\$1.4 million), and Charcot Storm Pump Station at Coyote Creek (\$1.0 million), which is recommended in this report to be placed into a reserve for future use. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Subdivision Park Trust Fund – The positive revenue variance of \$26.0 million (783.2%) is mainly attributed to higher than anticipated in-lieu fees (\$20.3 million) and grant revenue (\$5.4 million). Due to the uncertainty of when in-lieu fees are paid by the developer, historically these funds are not included in the budget for the Subdivision Park Trust Fund until they are received.

Underground Utility Fund – The negative revenue variance of \$343,000 (42.3%) reflects lower than budgeted developer contributions (\$349,000) partially offset by higher than budgeted interest earnings (\$3,000) and miscellaneous revenues (\$3,000). The expenditure savings of \$1.7 million (82.2%) primarily reflects unexpended project funds, including Underground Utility Program (\$1.5 million), Underground Utility Program 20A (\$70,000), and Underground Utility Administration (\$58,000).

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COMPARISON OF ESTIMATED TO ACTUAL 2014-2015 ENDING FUND BALANCE

Fund	2014-2015 Modified Budget	2014-2015 Est. Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
General Fund	1,376,923,185	252,826,392	265,520,448	12,694,056	(2,732,911)	9,961,145	0.7%
Special Funds							
Airport Customer Facility and Transportation Fee Fund	28,508,497	9,517,680	10,171,330	653,650	0	653,650	2.3%
Airport Fiscal Agent Fund	328,586,824	80,769,480	82,241,541	1,472,061	0	1,472,061	0.4%
Airport Maintenance and Operation Fund	110,953,417	33,348,765	30,303,328	(3,045,437)	0	(3,045,437)	-2.7%
Airport Revenue Fund	185,506,487	59,591,400	66,757,107	7,165,707	0	7,165,707	3.9%
Airport Surplus Revenue Fund	23,328,429	16,000,000	16,000,000	0	0	0	0.0%
Benefit Funds	7,869,354	8,423,015	8,432,779	9,764	0	9,764	0.1%
Business Improvement District Fund	6,742,676	487,413	246,164	(241,249)	0	(241,249)	-3.6%
Cash Reserve Fund	5,609	5,609	5,610	1	0	1	0.0%
City Hall Debt Service Fund	23,900,380	9,130	85,072	75,942	0	75,942	0.3%
Community Development Block Grant Fund	18,776,948	8,897,069	10,280,038	1,382,969	22,859	1,405,828	7.5%
Community Facilities Revenue Fund	10,904,879	1,915,748	3,285,335	1,369,587	0	1,369,587	12.6%
Convention and Cultural Affairs Fund	15,632,833	5,856,236	6,916,723	1,060,487	(765,072)	295,415	1.9%
Convention Center Facilities District Revenue Fund	38,442,696	26,666,008	27,811,466	1,145,458	0	1,145,458	3.0%
Downtown Property and Business Improvement District	3,692,697	1,134,883	1,220,350	85,467	0	85,467	2.3%
Economic Development Administration Loan Fund	246,793	6,793	5,742	(1,051)	0	(1,051)	-0.4%
Economic Development Enhancement Fund	126	0	0	0	0	0	0.0%
Edward Byrne Memorial Justice Assistance Grant Trust	513,099	160,763	165,178	4,415	(3,342)	1,073	0.2%
Emergency Reserve Fund	3,397,032	3,381,532	3,381,532	0	0	0	0.0%
Federal Drug Forfeiture Fund	3,651,188	3,353,362	3,288,376	(64,986)	0	(64,986)	-1.8%
Gas Tax Maintenance and Construction Funds	17,837,948	0	0	0	0	0	0.0%
General Purpose Parking Fund	32,735,402	14,656,575	16,939,567	2,282,992	(554,738)	1,728,254	5.3%
Gift Trust Fund	4,013,288	3,773,915	4,072,586	298,671	(298,671)	0	0.0%
Home Investment Partnership Program Trust Fund	14,850,320	3,962,148	1,691,560	(2,270,588)	0	(2,270,588)	-15.3%
Housing Trust Fund	7,886,775	5,863,290	3,532,188	(2,331,102)	0	(2,331,102)	-29.6%
Ice Centre Revenue Fund	10,178,943	7,033,554	8,059,752	1,026,198	0	1,026,198	10.1%
Integrated Waste Management Fund	142,761,455	16,031,851	13,631,659	(2,400,192)	1,056,775	(1,343,417)	-0.9%
Library Parcel Tax Fund	18,098,010	9,836,545	11,370,581	1,534,036	(210,000)	1,324,036	7.3%

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COMPARISON OF ESTIMATED TO ACTUAL 2014-2015 ENDING FUND BALANCE

Fund	2014-2015 Modified Budget	2014-2015 Est. Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Special Funds</i>							
Low and Moderate Income Housing Asset Fund	50,879,601	36,658,644	52,480,731	15,822,087	0	15,822,087	31.1%
Multi-Source Housing Fund	40,396,127	20,095,700	21,708,233	1,612,533	0	1,612,533	4.0%
Municipal Golf Course Fund	3,229,442	393,942	422,474	28,532	0	28,532	0.9%
Public Works Program Support Fund	17,105,436	2,841,126	3,338,034	496,908	0	496,908	2.9%
San José Arena Capital Reserve Fund	5,111,853	3,522,921	4,723,305	1,200,384	0	1,200,384	23.5%
San José Arena Enhancement Fund	1,029,787	92,587	50,388	(42,199)	0	(42,199)	-4.1%
San José Diridon Development Authority Fund	0	0	0	0	0	0	0.0%
San José Municipal Stadium Capital Fund	0	0	0	0	0	0	0.0%
San José-Santa Clara Treatment Plant Operating Funds	329,825,796	80,709,592	85,319,337	4,609,745	(1,083,000)	3,526,745	1.1%
Special Assessment Maintenance District Funds	22,430,874	14,916,893	16,474,785	1,557,892	0	1,557,892	6.9%
State Drug Forfeiture Fund	1,198,470	1,098,470	718,538	(379,932)	0	(379,932)	-31.7%
Stores Fund	0	0	0	0	0	0	0.0%
Storm Sewer Operating Fund	51,027,738	14,425,659	16,079,951	1,654,292	(63,000)	1,591,292	3.1%
Supplemental Law Enforcement Services Fund	2,663,719	1,262,826	1,122,053	(140,773)	148,957	8,184	0.3%
Transient Occupancy Tax Fund	27,232,703	5,305,085	8,783,627	3,478,542	(2,581,803)	896,739	3.3%
Vehicle Maintenance and Operations Fund	26,407,277	1,290,280	1,549,278	258,998	(200,000)	58,998	0.2%
Water Utility Fund	48,683,896	10,705,867	13,142,865	2,436,998	(30,000)	2,406,998	4.9%
Workforce Investment Act Fund	15,344,243	1,076,558	769,921	(306,637)	0	(306,637)	-2.0%
Sub-Total Special Funds	1,701,589,067	515,078,914	556,579,084	41,500,170	(4,561,035)	36,939,135	2.2%

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COMPARISON OF ESTIMATED TO ACTUAL 2014-2015 ENDING FUND BALANCE

Fund	2014-2015 Modified Budget	2014-2015 Est. Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Capital Funds</i>							
Airport Capital Funds	144,656,210	92,424,680	93,273,319	848,639	1,950,000	2,798,639	1.9%
Branch Libraries Bond Projects Fund	11,089,906	1,306,406	3,775,115	2,468,709	(109,000)	2,359,709	21.3%
Building and Structure Construction Tax Funds	64,641,857	29,190,623	34,118,665	4,928,042	(3,924,000)	1,004,042	1.6%
Civic Center Construction Fund	17,615	0	29	29	0	29	0.2%
Construction and Conveyance Tax Fund	143,062,387	72,370,602	82,266,321	9,895,719	(505,000)	9,390,719	6.6%
Construction Excise Tax Fund	181,132,712	73,022,976	74,825,292	1,802,316	1,037,138	2,839,454	1.6%
Contingent Lien District Fund	427,993	2,424,539	2,532,435	107,896	(64,000)	43,896	10.3%
Convention Center Facilities District Project Fund	277,259	245,707	351,078	105,371	(17,948)	87,423	31.5%
Emma Prusch Park Fund	470,800	420,800	419,353	(1,447)	2,000	553	0.1%
Improvement District Fund	2,950,239	950,239	2,949,793	1,999,554	(1,999,554)	0	0.0%
Lake Cunningham Fund	2,173,114	1,537,115	1,496,679	(40,436)	(2,000)	(42,436)	-2.0%
Major Collectors and Arterials Fund	1,079,350	906,350	978,254	71,904	(42,000)	29,904	2.8%
Major Facilities Fund	4,270,331	4,378,331	4,627,858	249,527	0	249,527	5.8%
Neighborhood Security Bond Fund	6,854,576	525,104	967,286	442,182	47,000	489,182	7.1%
Parks and Recreation Bond Projects Fund	31,412,468	19,154,106	19,203,190	49,084	61,000	110,084	0.4%
Residential Construction Tax Contribution Fund	1,661,698	1,728,698	1,671,891	(56,807)	0	(56,807)	-3.4%
San José-Santa Clara Treatment Plant Capital Fund	256,522,070	126,559,357	154,817,803	28,258,446	(362,000)	27,896,446	10.9%
Sanitary Sewer Connection Fee Fund	14,473,426	10,565,676	10,303,458	(262,218)	546,000	283,782	2.0%
Sewer Service and Use Charge Capital Improvement Fund	116,682,280	58,593,592	69,121,400	10,527,808	(3,643,000)	6,884,808	5.9%
Storm Drainage Fee Fund	642,147	294,175	391,855	97,680	0	97,680	15.2%
Storm Sewer Capital Fund	37,638,865	17,753,491	25,959,668	8,206,177	(1,316,000)	6,890,177	18.3%
Subdivision Park Trust Fund	79,767,473	68,847,135	76,965,958	8,118,823	(1,906,000)	6,212,823	7.8%
Underground Utility Fund	4,602,144	2,349,144	3,884,660	1,535,516	0	1,535,516	33.4%
Water Utility Capital Fund	9,413,413	4,018,448	4,192,444	173,996	(122,000)	51,996	0.6%
Sub-Total Capital Funds	1,115,920,333	589,567,294	669,093,804	79,526,510	(10,369,364)	69,157,146	6.2%
TOTAL ALL FUNDS	4,194,432,585	1,357,472,600	1,491,193,336	133,720,736	(17,663,310)	116,057,426	2.8%

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SUMMARY OF 2014-2015 YEAR-END RESERVES BY FUND

Fund	2014-2015 Contingency and Earmarked Reserves Balance
General Fund	\$192,287,317
Special Funds	
Airport Customer Facility and Transportation Fee Fund	10,171,330
Airport Fiscal Agent Fund	82,241,541
Airport Maintenance and Operation Fund	30,303,328
Airport Revenue Fund	66,757,107
Airport Surplus Revenue Fund	16,000,000
Benefit Funds	4,101,975
Business Improvement District Fund	0
Cash Reserve Fund	0
City Hall Debt Service Fund	0
Community Development Block Grant Fund	5,342,301
Community Facilities Revenue Fund	0
Convention and Cultural Affairs Fund	3,322,000
Convention Center Facilities District Revenue Fund	20,761,500
Downtown Property and Business Improvement District Fund	0
Economic Development Administration Loan Fund	0
Economic Development Enhancement Fund	0
Edward Byrne Memorial Justice Assistance Grant Trust Fund	0
Emergency Reserve Fund	0
Federal Drug Forfeiture Fund	750,000
Gas Tax Maintenance and Construction Funds	0
General Purpose Parking Fund	12,170,968
Gift Trust Fund	0
Home Investment Partnership Program Trust Fund	15,312
Housing Trust Fund	16,709
Ice Centre Revenue Fund	2,276,466
Integrated Waste Management Fund	11,224,187
Library Parcel Tax Fund	1,076,141
Low and Moderate Income Housing Asset Fund	19,841,769
Municipal Golf Course Fund	0
Multi-Source Housing Fund	9,515,649
Public Works Program Support Fund	133,879
San José Arena Enhancement Fund	0
San José Diridon Development Authority Fund	0
San José Municipal Stadium Capital Fund	0
San José-Santa Clara Treatment Plant Operating Funds	45,558,076
San José Arena Capital Reserve Fund	0
Special Assessment Maintenance District Funds	13,247
State Drug Forfeiture Fund	0
Stores Fund	0
Storm Sewer Operating Fund	8,801,749
Supplemental Law Enforcement Services Fund	0
Transient Occupancy Tax Fund	1,953,642
Vehicle Maintenance and Operations Fund	200,646
Water Utility Fund	8,116,362
Workforce Investment Act Fund	96,637
Sub-Total Special Funds	\$360,762,521

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SUMMARY OF 2014-2015 YEAR-END RESERVES BY FUND

Fund	2014-2015 Contingency and Earmarked Reserves Balance
<i>Capital Funds</i>	
Airport Capital Funds	0
Branch Libraries Bond Projects Fund	0
Building and Structure Construction Tax Fund	11,384,000
Civic Center Construction Fund	0
Construction and Conveyance Tax Funds	18,808,000
Construction Excise Tax Fund	31,669,231
Convention Center Facilities District Project Fund	0
Contingent Lien District Fund	2,054,505
Emma Prusch Park Fund	98,000
Improvement District Fund	0
Lake Cunningham Fund	300,000
Major Collectors and Arterials Fund	0
Major Facilities Fund	1,600,000
Neighborhood Security Bond Fund	0
Parks and Recreation Bond Projects Fund	16,878,111
Residential Construction Tax Contribution Fund	0
San José-Santa Clara Treatment Plant Capital Fund	5,000,000
Sanitary Sewer Connection Fee Fund	0
Sewer Service and Use Charge Capital Improvement Fund	0
Storm Drainage Fee Fund	0
Storm Sewer Capital Fund	12,000,000
Subdivision Park Trust Fund	25,738,270
Underground Utility Fund	0
Water Utility Capital Fund	2,341,000
Sub-Total Capital Funds	\$127,871,117
TOTAL ALL FUNDS	\$680,920,955

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**II. GENERAL FUND
BUDGET
PERFORMANCE**

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II. GENERAL FUND BUDGET PERFORMANCE

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

General Fund Year-End Performance – This section provides data on the overall status of the General Fund at the end of 2014-2015. It includes a chart that compares the General Fund modified budget and actuals for sources, uses, and available fund balance as well as a chart that compares the General Fund actuals to the estimates used in developing the 2015-2016 Adopted Budget.

General Fund Revenue Performance – This section provides detail on the actual 2014-2015 General Fund revenue collections. This section includes a chart that compares the 2014-2015 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from the modified budget, any resulting current year implications for revenue estimates, and a comparison of the actual revenues to prior year collections to indicate collection trends and provide a historical perspective.

General Fund Expenditure Performance – This section provides detail on the actual 2014-2015 General Fund expenditures. This section includes charts that compare the 2014-2015 modified budget to actuals as well as the 2014-2015 year-end estimates to actuals for the major expenditure categories. The review of the General Fund expenditure performance also includes a chart that provides additional detail on the 2014-2015 modified budget, any resulting current year implications for expenditure estimates, and a discussion of the actual expenditures compared to prior year levels by department and the non-departmental categories. In addition, this section includes a discussion of significant departmental variances and highlights of non-departmental expenditures and variances.

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2014-2015 ANNUAL REPORT

GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with a final available ending fund balance (unaudited) of \$265.5 million, as reflected in the following table:

**GENERAL FUND
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2015
(\$000s)**

	Modified Budget	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	270,638	270,637	(1)
Carryover Encumbrances	39,408	39,408	-
Liquidated			
Carryover Encumbrances		1,369	1,369
<i>Subtotal</i>	<i>310,046</i>	<i>311,414</i>	<i>1,368</i>
Revenues	1,066,876	1,048,677	(18,199)
Total Sources	1,376,922	1,360,091	(16,831)
Uses			
Personal Services	660,457	649,086	(11,371)
Non-Personal/Equipment/Other	127,613	115,085	(12,528)
City-Wide Expenses	298,924	264,174	(34,750)
Capital Contributions	60,834	29,470	(31,364)
Transfers	36,807	36,756	(51)
Reserves	192,287	-	(192,287)
Total Uses	1,376,922	1,094,571	(282,351)
Available Ending Fund Balance		265,520	265,520

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2014-2015 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

2014-2015 ANNUAL REPORT
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GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$265.5 million exceeded the estimated ending fund balance level used in the development of the 2015-2016 Adopted Budget by \$12.7 million (0.5% of the 2014-2015 Modified Budget total sources and uses). However, once adjusted for clean-up actions recommended in this report associated with the close-out of 2014-2015, a true ending fund balance of \$10.0 million (0.4% of the 2014-2015 Modified Budget total sources and uses) remains in 2014-2015 and is available for allocation in 2015-2016. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

	Estimate	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	270,638	270,637	(1)
Carryover Encumbrance	39,408	39,408	-
Liquidated Carryover Encumbrances	1,500	1,369	(131)
<i>Subtotal</i>	311,546	311,414	(132)
Revenues	1,066,876	1,048,677	(18,199) ¹
Total Sources	1,378,422	1,360,091	(18,331)
Uses			
Expenditures	1,125,596	1,094,571	(31,025) ¹
Ending Fund Balance	252,826	265,520	12,694

¹ In 2014-2015, \$16.9 million in grant and reimbursement-related revenues and expenditures were not expected to be received in 2014-2015 and were rebudgeted to 2015-2016 (\$10.1 million for City-Wide Expenses, \$6.5 million for Capital Improvements, and \$261,000 for Departmental expenditures). This resulted in lower actual revenues and expenditures in 2014-2015, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenues variance actually resulted in a shortfall of \$1.3 million (0.1%), rather than \$18.2 million, and the expenditures variance actually resulted in savings of \$14.1 million (1.0%).

Note: In the chart above, the General Fund excludes the Emergency Reserve Funds and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2014-2015 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

**2014-2015
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GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the significant variances between the 2014-2015 Modified Budget and actuals for revenues, expenditures, transfers, and reserves is provided in the following section. The actual 2014-2015 liquidation of carryover encumbrances was \$1.4 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2013-2014 financial statements and the end of 2014-2015. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The actual liquidations in 2014-2015 of \$1.4 million were \$131,000 below the estimate of \$1.5 million used in the development of the 2015-2016 Adopted Budget.

As noted on the chart on the previous page, after adjusting for \$16.9 million in grants and reimbursements that were not received or expended in 2014-2015, the final General Fund ending fund balance represents a positive variance of \$12.7 million (0.5% of the 2014-2015 Modified Budget total sources and uses), which includes higher than estimated expenditures savings (\$14.1 million), offset by slightly lower revenues (\$1.3 million), and liquidation of carryover encumbrances (\$131,000). After accounting for revenue and expenditure adjustments recommended in the Annual Report, including required rebudgets to close-out 2014-2015, \$10.0 million (0.4% of total sources and uses) in additional ending fund balance is available. The \$10.0 million positive fund balance variance is comprised of net additional revenues of \$1.3 million (0.1%), net expenditure savings of \$8.8 million (0.6%), slightly offset by lower than estimated liquidation of prior year encumbrances \$131,000. Recommendations for the allocation of these additional funds are provided elsewhere in this document.

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GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2014-2015 General Fund revenue collections as compared with the modified budget estimates:

**TABLE A
2014-2015 GENERAL FUND REVENUE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(\$000s)**

Category	Modified Budget	Budgetary Basis Actual	Variance	% Variance
Property Tax	\$ 247,573	\$ 247,258	\$ (315)	(0.1%)
Sales Tax	180,024	180,407	383	0.2%
Transient Occupancy Tax	14,185	14,734	549	3.9%
Franchise Fees	46,597	46,908	311	0.7%
Utility Tax	93,425	91,548	(1,877)	(2.0%)
Telephone Line Tax	20,700	21,097	397	1.9%
Business Taxes	46,350	47,345	995	2.1%
Licenses and Permits	48,895	47,509	(1,386)	(2.8%)
Fines, Forfeitures, and Penalties	14,205	14,491	286	2.0%
Rev. from the Use of Money/Property	2,914	3,581	667	22.9%
Revenue from Local Agencies	39,615	39,859	244	0.6%
Revenue from the State of California	12,538	12,024	(514)	(4.1%)
Revenue from Federal Government	17,445	10,627	(6,818)	(39.1%)
Departmental Charges	41,367	41,705	338	0.8%
Other Revenue	165,961	154,598	(11,363)	(6.8%)
Subtotal	991,794	973,691	(18,103)	(1.8%)
Overhead Reimbursements	37,841	37,491	(350)	(0.9%)
Transfers	19,116	19,045	(71)	(0.4%)
Reimbursements for Services	18,125	18,450	325	1.8%
Subtotal	75,082	74,986	(96)	(0.1%)
TOTALS¹	\$ 1,066,876	\$ 1,048,677	\$ (18,199)	(1.7%)

¹ Excludes Beginning Fund Balance.

The General Fund revenue performance for 2014-2015 is discussed in detail in this section. The 2014-2015 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances and resulting implications for current year revenue estimates are described. In addition, comparisons with prior fiscal year collection levels are included to indicate collection trends and to provide a historical perspective.

2014-2015 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

As shown in Table A, total revenue received in the General Fund in 2014-2015 was \$1.05 billion. This collection level was below the 2014-2015 Modified Budget level by \$18.1 million, (1.7%). After adjusting for rebudgets included as part of the 2015-2016 Adopted Budget (\$16.9 million) and rebudgets recommended in this report (\$2.2 million), revenues for the over 450 accounts budgeted and monitored annually ended the year \$878,000, or 0.1% above the 2014-2015 estimated budget level. This small positive variance primarily reflects higher than expected Gas Tax, Sales Tax and Business Tax, Cardroom and Marijuana Tax revenues. Once adjusted for the Development Fee Programs, which ended the year slightly below the estimate and is a reconciling item for the Development Fee Program Reserves, and other revenue-related adjustments required to close out 2014-2015, there was a net positive revenue variance of \$1.3 million (0.1%) for 2014-2015.

The 2014-2015 collection level of \$1.05 billion was up \$40.7 million (4.0%) from the actual 2013-2014 collections (\$1.01 billion). The categories that experienced the largest increases included: Property Tax, Sales Tax, Transient Occupancy Tax, Transfers, and Other Revenue. The largest declines from the prior year were experienced in the Licenses and Permits, Revenue from Local Agencies, Revenue from Federal Government, and Utility Tax categories.

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

Property Tax

Property Tax	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Secured Property Tax	224,506,240	224,365,932	(140,308)	-0.06%
Unsecured	13,200,000	13,200,229	229	0.00%
SB 813 Property Tax	6,500,000	6,325,552	(174,448)	-2.68%
Airplane In-Lieu Tax	2,335,000	2,334,744	(256)	-0.01%
Homeowners Property Tax Relief	1,032,000	1,031,689	(311)	-0.03%
Total	247,573,240	247,258,146	(315,094)	-0.13%

The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, and Homeowner's Property Tax Relief (HOPTR). Property Tax receipts for the 2014-2015 fiscal year totaled \$247.3 million. This collection level was \$315,000 (0.13%) below the budgeted estimate of \$247.6 million, and represented an increase of 10.6% from 2013-2014 actuals of \$223.6 million.

This is the fourth year of positive growth in this category after two years of declines (2009-2010 and 2010-2011), and exceeds last year's peak.

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GENERAL FUND REVENUE PERFORMANCE

Property Tax

Secured Property Tax receipts were the largest source of revenue in this category (\$224.4 million), which came in 0.06% (\$140,000) below the 2014-2015 Modified Budget estimate of \$224.5 million. This represents growth of over 10.5% from 2013-2014, and includes a one-time payment to the City as a result of excess Educational Revenue Augmentation Fund (ERAF) revenues. The one-time ERAF payment of \$6 million accounts for approximately 3% of the growth in the Secured Property Tax.



With the continued recovery in the real estate market, approximately 8,250 of the properties in San José that were valued at less than their purchase price in 2013-2014 were adjusted upwards in 2014-2015, restoring \$771.0 million in assessed value. Under Proposition 13, assessed values of all real property adjusted with the Consumer Price Index (CPI), with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The CPI adjustment for the 2014-2015 tax roll was an increase of only 0.45%. This adjustment increased to 2.0% in 2015-2016.

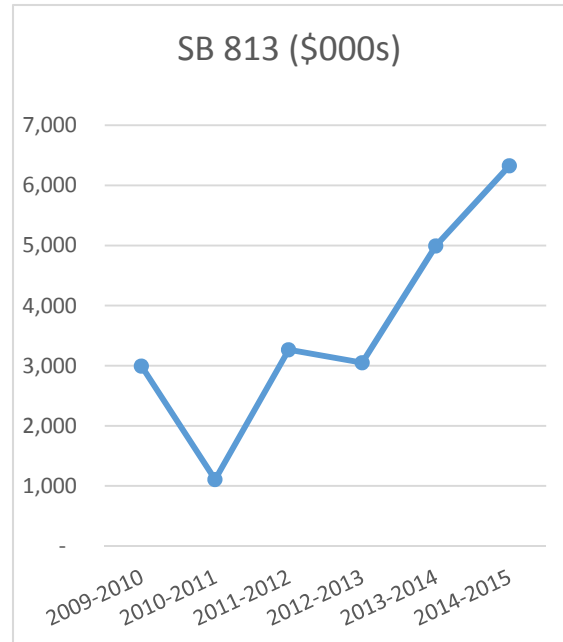
The SB 813 Property Tax component represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Assessor formally revalues the property. In 2014-2015, growth of 26.7% was experienced in this category with receipts of \$6.3 million. This was due to both improvement in the real estate market and the continued resolution of a backlog of reassessments by the County that had significantly reduced collections in recent years. In 2015-2016, collections in this category are projected to decrease due to a change in methodology for the SB 813 distribution.

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GENERAL FUND REVENUE PERFORMANCE

Property Tax

The City's Property Tax performance will be closely monitored in 2015-2016, however with the actual performance in 2014-2015 so close to estimated levels, and based on recent conversations with the County, 2015-2016 Property Tax revenue estimates appear to be appropriate at this time. Staff will continue to regularly meet with representatives from the offices of the County Assessor, the County Controller-Treasurer, and the County Tax Collector for any update information that may affect collection levels.



Sales Tax

Sales Tax Category	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
General Sales Tax	174,200,000	174,664,197	464,197	0.27%
Prop 172 Sales Tax	5,824,000	5,742,713	(81,287)	(1.40%)
Total	180,024,000	180,406,910	382,910	0.21%

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall, Sales Tax collections in 2014-2015 of \$180.4 million were slightly above the 2014-2015 Modified Budget by 0.21% (\$383,000) and reflects a 4.0% (\$7.0 million) increase from collections in 2013-2014 (\$173.4 million). Following is a discussion of the two Sales Tax components:

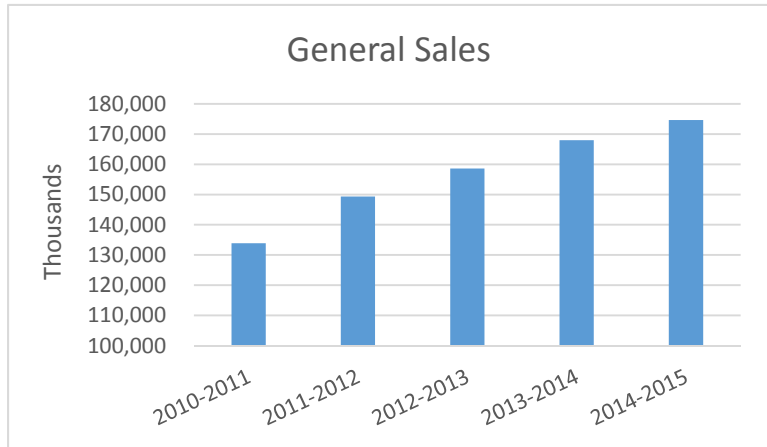
- **General Sales Tax** – In the General Sales Tax category, collections of \$174.7 million reflect growth of 4.0% above 2013-2014 collection levels of \$168.0 million. This marks the fifth year of growth in this category, with receipts exceeding last year's peak.

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GENERAL FUND REVENUE PERFORMANCE

Sales Tax

The 2014-2015 actual General Sales Tax figure of \$174.7 million reflects performance for the four quarters of 2014-2015, during which growth of 6.34% (1st quarter), 2.35% (2nd quarter), 8.55% (3rd quarter), and .04% (4th quarter), was experienced. Because a three-month lag exists between the period of sales activity and when the City receives its quarterly Sales Tax allocation, the fourth quarter (April through June) is accrued to 2014-2015 each year based on estimated performance. Actual Sales Tax results for the fourth quarter were available, and the accrual reflects the actual increase of 0.04%. Details by economic sector for the last quarter's performance, however, are not yet available. In total, collections of \$174.7 million were \$464,000 above the budgeted estimate.



The City's Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the four quarters ending March 2015, as displayed in the following chart. This analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. During this period, economic growth of 5.1% was realized.

Sales Tax Revenue Economic Performance April 2014 – March 2015

Economic Sector	% of Total Revenue	% Change from April 2014 – March 2015
General Retail	26.0%	3.7%
Transportation	22.6%	1.4%
Business-to-Business	23.3%	6.2%
Food Products	16.3%	6.9%
Construction	11.1%	7.2%
Miscellaneous	0.7%	5.2%
Total	100.0%	5.1%

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GENERAL FUND REVENUE PERFORMANCE

Sales Tax

The 2015-2016 Adopted Budget revenue projection was developed based on actual 2014-2015 data for the first two quarters, and assumed growth of 3.5% to be realized in the last two quarters of 2014-2015 when compared to the same quarters in the prior year, followed by a 4.0% growth in 2015-2016. However, as discussed above, actual increases in the last two quarters of 2014-2015 were 8.55% and 0.04%, respectively. These actual growth rates generated slightly less revenue than the assumed rates. However, one-time Sales Tax adjustments anticipated in 2015-2016 will more than offset this slightly lower collection level in 2014-2015.

In 2015-2016, the wind down of the “Triple Flip”¹ 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, actual 2014-2015 receipts and 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 \$190.3 million by approximately \$13.0 million based on estimated accruals that will be brought forward at the end of 2015-2016. Adjustments based on these one-time payments, as well as any others based upon actual 2015-2016 performance, will be brought forward during 2015-2016 and will provide a one-time funding source for the 2016-2017 budget process. Data for the first quarter of 2015-2016 (July – September activity) will not be available until December 2015.

- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$5.7 million were slightly below (1.4%) the budgeted estimate of \$5.8 million, but were up 5.5% when compared to the 2012-2013 collection level of \$5.4 million. This performance reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

Telephone Line Tax

In 2014-2015, Telephone Line Tax collections of \$21.1 million were \$397,000 (1.9%) above the budgeted estimate and slightly above the 2013-2014 collection level of \$20.7 million.

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.

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GENERAL FUND REVENUE PERFORMANCE

Transient Occupancy Tax

In 2014-2015, receipts of \$14.7 million for the General Fund's portion (4.0%) of the City's Transient Occupancy Tax (TOT) were slightly above (3.9%) the 2014-2015 Modified Budget estimate of \$14.2 million. This performance level sets a new peak, reflecting a 24.1% increase from 2013-2014 TOT receipts of \$11.9 million. The higher collection levels are attributable to increased hotel occupancy and room rates. In 2014-2015, the average occupancy rate for the City's 14 largest hotels climbed from 70.6% to 75.8%, and the average room rate for these same hotels increased by \$20 (from \$154 to \$174). As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the growth in TOT receipts over the 2013-2014 actual collection level are to be set aside in a Cultural and Arts Facilities Capital Replacement and Maintenance Reserve. In accordance with the City Council direction, a budget action is recommended in this report to allocate the additional TOT revenues above the estimate to this reserve (\$550,000).

The 2015-2016 Adopted Budget Estimate of \$14.7 million was built assuming approximately 4% growth in TOT collections over 2014-2015 estimated receipts; that growth was achieved in 2014-2015. Should TOT receipts continue to grow in 2015-2016, an adjustment to the budgeted revenue estimate will be brought forward for future City Council consideration.

Franchise Fees

Franchise Fees	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Electric	19,813,700	19,813,468	(232)	(0.00%)
Gas	4,650,000	4,667,840	17,840	0.38%
Commercial Solid Waste	11,171,917	11,174,546	2,629	0.02%
Cable	9,800,000	10,004,282	204,282	2.08%
Tow	800,000	909,666	109,666	13.71%
Nitrogen	66,262	67,046	784	1.18%
Great Oaks Water	295,000	271,706	(23,294)	(7.90%)
Total	46,596,879	46,908,554	311,675	0.67%

Franchise Fee collections of \$46.9 million were slightly above (0.7%) the 2014-2015 Modified Budget level of \$46.6 million and were \$1.2 million, or 2.5%, above the 2013-2014 collection level of \$45.7 million. Following is a discussion of the major Franchise Fee components:

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GENERAL FUND REVENUE PERFORMANCE

Franchise Fees

- ***Electric and Gas Franchise Fees*** – For 2014-2015, collections were based on activity that occurred during calendar year 2014. Electric Franchise Fee collections of \$19.8 million were 2.9% above the 2013-2014 collection level of \$19.3 million. Gas Franchise Fees of \$4.7 million ended the year at the budget estimate and 2.2% below the 2013-2014 collection level of \$4.8 million. Combined, the Gas and Electric Franchise Fees collections of \$24.5 million were at the budgeted estimate.
- ***Commercial Solid Waste Franchise Fee (CSW)*** – Collections of \$11.174 million ended the year slightly above the budgeted estimate of \$11.171 million and 1.3% above the prior year collection level of \$11.03 million. Starting in 2012-2013, the CSW fee methodology changed to a fee for franchises based on geographic collection districts rather than volume. The new fee is set at \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and the South District. The payment in 2013-2014 reflects the \$11.0 million under this new structure plus an additional \$10,000 from a few small haulers that deal with non-garbage related materials (construction and demolition materials and residential clean-up materials). Under the revised fee structure, there is a provision for an annual increase based on the percentage change in the annual CPI rate during the prior two calendar years, subject to City Council approval. The first CPI-based adjustment of 1.46% was brought forward in 2014-2015. The 2015-2016 budget estimate of \$11.36 million includes an additional 1.62% CPI-based adjustment.
- ***Cable Television Franchise Fees*** – For 2014-2015, collections of \$10.0 million ended the year \$204,000, or 2.1% above the budget estimate and 6.4% above the 2013-2014 collection level of \$9.4 million.
- ***City-Generated Tow, Water, and Nitrogen Gas Pipeline Franchise Fees*** – Receipts in these categories were consistent with the budgeted estimates and reflected a slight drop (\$30,000, or 2.4%) from 2013-2014 collection levels. City-Generated Tow Franchise Fee receipts of \$910,000 were \$110,000, or 13.7% above the budget estimate and were 0.7% below the prior year collection level of \$916,000. This collection level, however, continues to remain below historical levels ranging between \$1.0 million to \$1.8 million. Water Franchise Fee collections of \$272,000 were \$23,000, or 7.9% below the budget estimate and 6.3% below the prior year collection level of \$290,000. Nitrogen Gas and Jet Fuel Pipeline Franchise Fee receipts of \$67,000 were \$800 or 1.2% above the budget estimate and 7.1% below the prior year levels of \$72,000.

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GENERAL FUND REVENUE PERFORMANCE

Utility Tax

Utility Tax	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Electricity	42,700,000	42,248,806	(451,194)	-1.06%
Gas	8,650,000	8,478,138	(171,862)	-1.99%
Water	11,400,000	11,543,505	143,505	1.26%
Telephone	30,675,000	29,277,221	(1,397,779)	-4.72%
Total	93,425,000	91,547,670	(1,877,330)	-2.01%

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$91.5 million were 2.0% below the 2014-2015 Modified Budget level and 2.4% below the 2013-2014 actual level of \$93.8 million. A description of the individual performance of each of the four utilities grouped into this revenue category follows below.

- Electric and Gas Utility Tax** – Electric Utility Tax receipts of \$42.2 million were slightly below the modified budget estimate of \$42.7 million for 2014-2015, but 3.3% (\$1.4 million) above the 2013-2014 level of \$40.9 million. The growth from prior year levels is partially due to rate cases approved by the California Public Utilities Commission (CPUC) in both October 2014 and January 2015. The 2015-2016 Adopted Budget estimate of \$43.8 million requires growth of 3.6% from 2014-2015 actual collections in Electricity Utility Taxes.

Gas Utility Tax collections of \$8.5 million were slightly below the 2014-2015 Modified Budget estimate of \$8.7 million, and 3.3% (\$288,000) below the 2013-2014 collection level of \$8.8 million. This decrease from prior year levels reflects actual collection trends, which are subject to significant fluctuations from the impact of weather conditions and/or rate changes. At the end of 2014-2015, the California Public Utilities Commission approved rate cases that may increase the revenues collected in 2015-2016. The 2015-2016 Adopted Budget estimate of \$8.9 million requires growth of 5.0% from 2014-2015 actual collections in Gas Utility Taxes.

- Water Utility Tax** – Receipts in this category of \$11.5 million were slightly above the modified budget level of \$11.4 million and 1.4% (\$161,000) above the 2013-2014 collection level of \$11.4 million primarily reflecting the rising wholesale price of water, partially offset by changing consumption levels as a result of the drought. The 2015-2016 Adopted Budget estimate of \$11.6 million assumed growth of 1.8% based on continued rising wholesale price of water, however, with slightly higher 2014-2015 actual collections, growth of only 0.4% is necessary to meet the budgeted estimate.

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Utility Tax

- Telephone Utility Tax** – Collections of \$29.2 million in this category were 4.6% (\$1.4 million) below the 2014-2015 Modified Budget level of \$30.7 million and 10.6% (\$3.5 million) below the prior year actual collection level of \$32.8 million. This negative variance to budget is primarily due to lower telephone and cell phone receipts. In 2015-2016, the budgeted estimate of \$29.6 million requires growth of less than 1.0% from prior year collections, since this category has fluctuated in recent years. Collection levels will continue to be monitored and adjustments will be brought forward as necessary during the year.

Business Taxes

Business Tax	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Cardroom Tax	16,900,000	17,016,282	116,282	0.7%
Business Tax	11,750,000	11,853,300	103,300	0.9%
Disposal Facility Tax	12,500,000	12,880,977	380,977	3.0%
Marijuana Business Tax	5,200,000	5,594,264	394,264	7.6%
Total:	46,350,000	47,344,824	994,824	2.1%

Revenues in this category include the Cardroom Tax, Business Tax, Disposal Facility Tax, and Marijuana Business Tax. Overall, collections of \$47.34 million were 2.1% above the 2014-2015 Modified Budget Estimate of \$46.35 million, and 4.1% (\$1.9 million) above the 2013-2014 collection level of \$45.5 million. Following is a discussion of the major Business Tax components:

- Cardroom Tax** – Collections in this category reflect the gross receipts tax collected from the two cardrooms located in San José. Receipts of \$17.0 million ended the year 0.7% above the Modified Budget estimate of \$16.9 million and 4.2% above the 2013-2014 collection level of \$16.3 million. It is anticipated that receipts in 2015-2016 will be similar to the level of 2014-2015.
- Business Tax** – Collections of \$11.85 million in this category are 0.9% (\$103,000) above the Modified Budget Estimate of \$11.75 million and 9.2% (\$995,000) above the 2013-2014 collection level. Much of the increase from the prior year can be attributed to the conclusion of the Business Tax Amnesty Program. Collections in 2015-2016 are expected to remain consistent with 2014-2015.

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Business Taxes

- **Disposal Facility Tax** - Collections of \$12.88 million ended the year 3.0% above the budgeted estimate of \$12.5 million and 5.3% above the prior year collection level of \$12.23 million. Revenue from the Disposal Facility Tax (DFT) is impacted by the economy, waste exports, and waste diversion activities from San José and other municipalities and members of the public that use landfills within the City. During 2014-2015, receipts increased alongside an increase in construction and demolition waste as a result of the strong economy within Santa Clara County and beyond. The 2015-2016 Adopted Budget estimate totals \$11.9 million, however, because of an expected decline in DFT collections due to improvements in the processing of waste for the commercial program in San José and increased recycling in neighboring jurisdictions.

- **Marijuana Business Tax** – Collections of \$5.6 million were 7.6% (\$394,000) above the 2014-2015 Modified Budget level of \$5.2 million, but 7.7% (\$467,000) below the 2013-2014 collection of \$6.1 million. The decrease from 2013-2014 to 2014-2015 was primarily due to regulatory compliance efforts by the City to close dispensaries that are located adjacent to residential property and/or sensitive uses such as day cares and churches. Additional decreases are also a result of the new Zoning Verification Certification and Registration processes set forth by the City. There continues to be uncertainty regarding revenues associated with this program, and the revenue category will continue to be closely monitored.

Licenses and Permits

Licenses and Permits	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Building Permits	28,600,000	27,437,791	(1,162,209)	(4.06%)
Fire Permits	10,649,504	10,403,890	(245,614)	(2.31%)
Other Licenses and Permits	9,645,789	9,667,194	21,405	0.22%
Total	48,895,293	47,508,875	(1,386,418)	(2.84%)

Revenues in this category include the Fire Permits, Building Permits, and various other health and public safety permits and licenses. Overall, Licenses and Permits collections of \$47.5 million were 2.8% (\$1.4 million) below the 2014-2015 Modified Budget level of \$48.9 million and 8.7% below (\$4.5 million) the 2013-2014 collection level of \$52.0 million. Following is a discussion of the major Licenses and Permits components:

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Licenses and Permits

- **Fire Permits** – Fire Fee receipts of \$10.4 million were 2.3% below the 2014-2015 Modified Budget estimate of \$10.6 million and 6.2% below the prior year’s revenue of \$11.1 million. The 2015-2016 Adopted Budget estimate of \$10.6 million allowed for a 0.2% decrease in activity levels from the 2014-2015 actual receipts. Following is a discussion of Development and Non-Development revenues in this category.

Development revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and miscellaneous revenues ended the year at \$6.2 million, which was 4.8% below the 2014-2015 Modified Budget estimate of \$6.5 million. Year-end collections were lower than the modified budget estimate by approximately \$308,000; however, when combined with the Fire Development Fee Program expenditure savings (\$342,000) overhead reimbursement savings (\$81,000), and interest earnings (\$28,000), the Fire Development Fee Program Earmarked Reserve is recommended to be increased by a total of \$143,000. This action will increase the reserve from \$5.9 million to \$6.0 million.

Non-Development revenue of \$4.2 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other miscellaneous activities slightly exceeded the modified budget estimate of \$4.1 million. Annual Renewable Permits revenue of \$3.7 million was \$72,000 (2.0%) above estimated levels and \$185,000 (5.3%) higher than the collections in the prior year. Combined revenues of \$501,000 from non-renewable permit and inspection activities (such as after-hours inspections for fire regulatory enforcement and hazardous materials) and permits for pyrotechnics, tents, canopies, and temporary membrane structures were \$23,000 (4.3%) lower than budgeted levels of \$524,000 and \$11,000 (2.2%) lower than last year’s year-end revenue of \$512,000.

Building Permits – Receipts of \$27.4 million ended the year 4.1% (\$1.2 million) below the modified budget estimate of \$28.6 million, and 15.5% (\$5.0 million) below the prior year’s peak level of \$32.5 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Building Permit revenue throughout 2014-2015 had been tracking above anticipated levels due to a continued high level of development activity. In recognition of increased permit revenues, the budget estimate was increased by \$3.0 million at the end of 2014-2015. Although permit revenues were strong through the end of the year, actual collections came in \$1.2 million under the revised estimate because a surge of activity anticipated to occur in May and June 2015 based on historical trends for construction activity leading into the summer months did not happen. Permit revenues continued into the summer at a steady level as indicated by revenues received for July and August 2015.

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Licenses and Permits

The total valuation of projects submitted in 2014-2015 was \$1.3 billion, 32.1% above the revised estimate of \$1.0 billion, but 21.9% below the \$1.7 billion valuation of projects that were received in 2013-2014. Total construction valuation in all of the three land use categories, residential, commercial, and industrial, ended the year above estimates. A total of 3,241 new residential units received permits in 2014-2015 compared to an estimate of 3,000 units and 2013-2014 actuals of 4,724 units. Residential valuation of \$580.9 million in 2014-2015 was significantly lower than the 2013-2014 level of \$835.6 million, but exceeded the estimate of \$475.0 million. Commercial valuation of \$380.0 million also tracked above the estimate of \$300.0 million, but was lower than the prior year level (\$398.5 million). Industrial activity of \$359.9 million surpassed the forecasted level of \$225.0 million, but fell below last year's level of \$457.4 million. The number of projects requiring plan check was 7,600 in 2014-2015, a decrease of approximately 5.3% from 8,000 in the prior year. The total number of building inspections conducted in 2014-2015 was 245,000, an increase of 11.3% compared to the 220,000 inspections during the previous year.

A recommendation to decrease the Building Development Fee Program Earmarked Reserve by \$1.1 million (from \$22.29 million to \$21.14 million) is included as part of this report to reconcile actual 2014-2015 performance and to fund a recommended action in this report. This reflects lower than estimated 2014-2015 revenues, a negative rebudget adjustment, and the proposed addition of resources for peak staffing (\$750,000), partially offset by expenditure savings.

- ***Miscellaneous Other Licenses and Permits*** – Collections of \$9.7 million were 0.2% (\$21,000) above the 2014-2015 Modified Budget and above the prior year collections of \$8.5 million by 14.3% (\$1.2 million).

Animal Care and Services collections of \$1.5 million ended the year 14.1% above the 2014-2015 Modified Budget estimate of \$1.32 million and 14.8% above prior year collections of \$1.31 million.

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Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Parking Fines	10,380,734	10,612,896	232,162	2.24%
Vehicle Code Fines	2,050,000	1,771,172	(278,828)	(13.60%)
Administrative Citation Fines	300,000	630,413	330,413	110.14%
False Alarm Fines	55,000	30,354	(24,646)	(44.81%)
Other Fines	100,000	460,167	360,167	360.17%
Penalties	1,319,600	986,421	(333,179)	(25.25%)
Total	14,205,334	14,491,423	286,089	2.01%

The primary sources of revenue in this category are Parking, Vehicle Code, and Municipal Code Fines, and Business and Cardroom Tax Penalties. Collections of \$14.5 million in this category were 2.0% above the 2014-2015 modified budget estimate of \$14.2 million and down 2.3% (\$344,000) from the prior year collection level of \$14.8 million.

Parking fines, the largest component of this revenue category, ended the year at \$10.6 million. This collection level was slightly above the modified estimate of \$10.4 million (\$232,000 or 2.2%) but continue to remain below levels experienced a few years ago (\$11.3 million in 2010-2011 and \$11.8 million in 2011-2012). The 2015-2016 Adopted Budget estimate of \$11.5 million assumes that revenue collections will increase \$862,000 (8.1%) above the 2014-2015 budget estimated levels due to increases in parking citation fines that had last been adjusted in 2011.

Vehicle Code and Municipal Code Fines ended the year at \$1.8 million, which was 13.6% below the modified budget estimate of \$2.1 million and 22.3% below the 2013-2014 collections of \$2.3 million. The City also received \$954,000 from Business Tax Penalties which was 19.3% above the modified budget estimate of \$800,000 and 29.3% below the prior year collections of \$738,000.

Revenue from Use of Money and Property

The Use of Money and Property category includes interest income earned in the General Fund, rental income from various City properties, and subrogation recovery revenues. Collections of \$3.6 million ended the year above the modified budget level of \$2.9 million (22.9%), and above (3.1%) the prior year collection level of \$3.5 million.

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Revenue from Local Agencies

Rental income (\$2.55 million) was above the budgeted estimate of \$2.01 million and below (2.8%) prior year collections of \$2.62 million. Interest income of \$848,000 was above budgeted levels of \$550,000, and above the prior year levels of \$759,000; however, revenues continue to track below historic levels prior to the implementation of the prefunding of retirement contributions and the significant decline in interest rates. Subrogation recovery revenues of \$186,000 ending the year below the budgeted estimate of \$350,000. The positive variance from the modified budget was primarily due to higher rental income and general interest earnings for the General Fund.

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

Revenue collections of \$39.9 million ended the year \$243,000 (0.6%) above the budgeted estimate of \$39.6 million. This collection level was \$6.8 million (14.6%) below the 2013-2014 collections of \$46.7 million.

Reimbursement from the Successor Agency of \$28.0 million was above the 2014-2015 Modified Budget of \$27.7 million. This reimbursement includes two payments: the Convention Center debt service payment reimbursement of \$15.3 million, and the reimbursement for intra-year loans (“cash flow loans”) provided by the City to the Successor Agency in 2014-2015 of \$12.7 million.

In 2014-2015, the Central Fire District payment of \$5.7 million ended the year at the modified budget estimate and above the prior year collection of \$5.1 million (12.2%). These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The year-over-year increase of payments is due to the change in Property Tax valuation in those areas.

The payment of \$1.99 million from the County of Santa Clara for the City’s Paramedic Program was slightly above the modified budget of \$1.93 million by \$63,000 (3.3%). Beginning in 2013-2014, the County of Santa Clara began withholding payments for the first responder advanced life support program (Paramedic Program) because the City had not met the response time performance standards set forth in the agreement with the County. In 2014, the City and the County continued to negotiate regarding this issue and executed a Second Amendment to the 911 Emergency Medical Services (EMS) Provider Agreement in December 2014 that will expire in December 2015. Under this agreement, Annex B, Category A funds from prior years through 2014-2015 were paid. These payments are associated with EMS Resources Management and do not include any performance based payments (Annex B, Category B funds).

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Revenue from Local Agencies

Animal Care and Services collections of \$950,000 ended the year 2.2% above the modified budget estimate of \$930,000 and 5.7% above prior year collections of \$899,000.

Rebudget actions to adjust revenues and expenditure budgets for various grants based on actual 2014-2015 performance are recommended as well as budget actions to recognize new grants and reimbursements, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Revenue from the State of California

Revenue from the State of California	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Other State Revenue	10,075,000	10,526,280	451,280	4.48%
State Grants	2,028,099	1,078,568	(949,531)	(46.82%)
Motor Vehicle In-Lieu Tax	435,000	419,267	(15,733)	(3.62%)
Total	12,538,099	12,024,115	(513,984)	(4.10%)

The major State revenues include the Tobacco Settlement Revenue and State Grants. Revenue from the State of California of \$12.0 million ended the year 4.1% below the 2014-2015 Modified Budget estimate of \$12.5 million, but 0.8% (\$92,000) above the prior year actual level of \$11.9 million.

Within the Other State Revenue category, the Tobacco Settlement revenues of \$9.4 million were 4.2% (\$380,000) above the 2014-2015 Modified Budget estimate of \$9.0 million and 7.2% above the prior year level of \$8.8 million.

State grants and other reimbursements totaled \$1.1 million, which was \$950,000, or 46.8%, below the modified budget estimate of \$2.0 million. This was the result of a timing difference of many grants (and their associated expenditures). The 2015-2016 Adopted Budget includes the rebudget of a revenues and associated expenditures for various State grants in the amount of \$673,000, and another \$41,000 in rebudgets are recommended in this report to account for the anticipated receipt in 2015-2016 of revenues that were not received in 2014-2015. Included in this report are recommendations to adjust previous rebudgets based on actual year-end performance, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

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Revenue from the Federal Government

The revenue in this category is generated by various federal grants and reimbursements. In 2014-2015, Revenue from the Federal Government of \$10.6 million was 39.1% (\$6.8 million) below the modified budget estimate of \$17.4 million and 21.2% (\$2.9 million) below the 2013-2014 collection level of \$13.5 million. This negative variance from the modified budget estimate was the result of various grants (and their associated expenditures) falling below the budgeted estimates.

Included in the 2015-2016 Adopted Budget was the rebudget of a portion of the revenues and associated expenditures for various federal grants in the amount of \$4.0 million, and \$2.5 million in rebudgets are recommended in this report to account for the anticipated receipt in 2015-2016 of revenues that were not received in 2014-2015. Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Departmental Charges

Departmental Charges	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
PRNS	17,496,381	18,014,043	517,662	2.96%
Public Works Fees	9,604,000	9,332,376	(271,624)	(2.83%)
Planning Fees	4,600,000	4,937,432	337,432	7.34%
Police	1,181,987	1,100,245	(81,742)	(6.92%)
Transportation Fees	1,463,495	1,067,336	(396,159)	(27.07%)
Library	1,050,000	979,416	(70,584)	(6.72%)
Miscellaneous	5,970,572	6,273,683	303,111	5.08%
Total	41,366,435	41,704,531	338,096	0.82%

- Parks, Recreation, and Neighborhood Services (PRNS) Departmental Fees*** – Collections of \$18.0 million ended the year 3.0% above the modified budget estimate of \$17.5 million and 8.5% above the prior year level of \$16.6 million, due primarily to increased activity. Rentals and Reservations (facility rentals, picnic and sports fields’ reservations) revenues of \$2.6 million are up from the prior year levels of \$2.3 million and exceeded the 2014-2015 modified budget estimate of \$2.2 million. Happy Hollow Park & Zoo exceeded its modified budget estimate by 4.1% or \$229,000 and ended the year at \$5.8 million, consistent with 2013-2014 levels. The department’s aquatics revenues also ended the year above the modified budget estimate by 42.3% or \$53,000. In addition, Lake Cunningham Skate Park and Park Permits

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Departmental Charges

fee categories also exceeded their budgeted estimates. The higher receipts in these categories were partially offset by lower than estimated collections in a number of categories, including, but not limited to, Family Camp and Parking.

- **Public Works Departmental Fees** – Collections of \$9.3 million ended the year 2.8% below the modified budget estimate of \$9.6 million and 4.1% below the \$9.7 million collected in 2013-2014. The 2014-2015 collections are comprised of \$6.6 million from the Development Services Program and \$2.7 from the Utility Fee Program. Revenues in most residential categories were below estimated levels due to fewer single-family and multi-family residential projects that were received. Non-residential revenues performed at or slightly above anticipated levels. Revenues in utility excavations, record retention fees, erosion and sediment control, planned development rezonings/rezonings, planned development permits, parcel maps residential, traffic reports, utilities, side sewer inside city, geological control applications fees, and grading permit categories all performed at higher than estimated levels. In 2014-2015, the lower revenues in this program were more than offset by expenditure savings of \$534,000 in the Public Works Fee Program and interest earnings attributed to the program of \$24,000, resulting in a recommendation in this report to increase the Public Works Development Fee Program Earmarked Reserve by \$116,000 from \$5.05 million to \$5.16 million.
- **Planning Departmental Fees** – Collections of \$4.9 million ended the year 7.3% above the modified budget estimate of \$4.6 million and 4.2% above the prior year level of \$4.7 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenues throughout 2014-2015 were above anticipated levels. In recognition of increased revenues, the budget estimate was increased by \$1.0 million at the end of 2014-2015. Actual receipts, however, were above the revised budget estimate as a result of higher than anticipated permit issuance for April and June 2015. Higher actual collections were experienced primarily in the following fee categories: Non-Residential Tentative Maps, Public Noticing, Non-Residential and Residential Rezoning/Rezoning, Non-Residential Environmental Clearance, Non-Residential and Residential Site Development Permits, and Non-Residential Development Permit Adjustments.

A recommendation to increase the Planning Development Fee Program Earmarked Reserve by \$423,000 is included as part of this report. This funding was derived from a combination of a revenue surplus of \$277,000, expenditure savings of \$139,000, and interest earnings attributed to the program of \$7,000. With the recommended adjustment, the Reserve will increase from \$1.26 million to \$1.69 million.

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Departmental Charges

- ***Police Departmental Fees*** – Collections of \$1.1 million ended the year 6.9% below the modified budget estimate of \$1.2 million and 8.6% (\$103,000) below the prior year collection of \$1.2 million. The variance from the modified budget estimate is primarily due to lower Police Officer Standards Training (POST) reimbursements which were \$64,000 below the modified estimate of \$100,000 and Vehicle Impound Fees, which were \$40,000 below the modified estimate of \$593,000. Vehicle Impound Fees continue to drop year-over-year since the January 2011 change in the tow policy that reduced the number of vehicles being towed and impounded.
- ***Transportation Departmental Fees*** – Collections of \$1.1 million ended the year \$396,000 or 27.0% lower than the modified budget estimate of \$1.5 million, and 11.3% (\$136,000) below the \$1.2 million collected in 2013-2014. Collections ended the year below the modified level due primarily to a reduction in miscellaneous traffic repairs (\$486,000), partially offset by higher sidewalk repair fees (up \$126,000). Other categories ended the year with slight positive or negative variances.
- ***Library Departmental Fees*** – Collections of \$980,000 ended the year 6.7% below the modified budget estimate of \$1.05 million, and 8.4% below the 2013-2014 receipts of \$1.07 million. Fines revenues accounted for \$861,000 of the total receipts for 2014-2015 and were down from \$924,000 in the prior year. The decrease in Fine revenues is primarily the result of a 6% decrease in overall circulation experienced in 2014-2015. Revenues related to lost and damaged and collection agency fees totaled \$21,000 in 2014-2015, below the modified budget estimate of \$25,000 and 2013-2014 levels of \$31,000. Community room rental revenues continue to show growth; rental revenue collected in 2014-2015 totaled \$33,000, 31.3% above the modified budget estimate and 29.4% above 2013-2014 levels.
- ***Miscellaneous Departmental Fees and Charges*** – Collections of \$6.3 million ended the year 5.1% above the modified budget estimate of \$6.0 million, but 12.1% (\$864,000) below the prior year actual level of \$7.1 million. The Solid Waste Enforcement fee, which is the largest component of this category, ended the year at \$4.7 million, which was 9.8% (\$422,000) above the modified budget estimate (\$4.3 million), but 5.8% (\$293,000) below the prior year collection level of \$5.0 million. The 2015-2016 Adopted Budget estimate of \$4.2 million allows for a decline in revenues of 12.1%. Collections are expected to decline due to a rate decrease of 6.9% in the 2015-2016 Adopted Budget.

Animal Care and Services collections of \$617,000 ended the year 5.4% (\$35,000) below the modified budget estimate of \$652,000 and 0.6% (\$3,700) below prior year collections of \$620,000.

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Other Revenue

The Other Revenue category contains a number of unrelated revenue sources and totaled \$154.6 million in 2014-2015. As was the case in 2013-2014, Tax Revenue Anticipation Notes (TRANs) accounted for \$100 million of the receipts in this category and have an offsetting expenditure to repay the TRANs. Total collections of \$154.6 million were 6.9% (\$11.4 million) below the budgeted estimate of \$166.0 million, but 12.5% (\$17.2 million) above the 2013-2014 collection level of \$137.4 million.

Included in the 2015-2016 Adopted Budget was the rebudget of revenues and associated expenditures for various grants and reimbursements in the amount of \$11.8 million and \$7,500 in rebudgets is recommended in this report to account for the anticipated receipt in 2015-2016 of revenues that were not received in 2014-2015. Additional adjustments of \$79,000 are recommended in this report to adjust revenue and corresponding expenditure budgets to recognize various grants and reimbursements in 2015-2016, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Transfers and Reimbursements

Overhead, Transfers , and Reimbursements	2014-2015 Budget (\$)	2014-2015 Actuals (\$)	2014-2015 Variance (\$)	2014-2015 Variance %
Overhead Reimbursements	37,840,300	37,491,697	(348,603)	(0.92%)
Transfers	19,116,321	19,044,624	(71,697)	(0.38%)
Reimbursements for Services	18,125,406	18,449,674	324,268	1.79%
Total	75,082,027	74,985,995	(96,032)	(0.13%)

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall, collections of \$75.0 million ended the year 0.1%, or \$96,000 below the 2014-2015 Modified Budget estimate of \$75.1 million. The 2014-2015 collection level of \$75.0 million was 4.4% (\$3.1 million) above the prior year due primarily to increased overhead reimbursements (\$1.0 million) and transfers (\$2.1 million), partially offset by lower than budgeted reimbursements (\$31,000).

- **Overhead Reimbursements** – Payments from other funds for overhead costs of \$37.5 million ended the year \$349,000 (0.9%) below the modified budget estimate of \$37.8 million. This variance represents the net result of a series of over- and under-budgeted performances from over 50 special and capital funds that reimburse the General Fund.

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GENERAL FUND REVENUE PERFORMANCE

Transfers and Reimbursements

- **Transfers** – Revenue from the Transfers category of \$19.0 million ended the year \$72,000 (0.4%) below the modified budget level of \$19.1 million. The transfer from the Construction and Conveyance Tax Fund to the General Fund of \$4.0 million was \$609,000 higher than estimated based on higher Construction and Conveyance (C&C) Tax receipts. The General Fund receives 15% of the Parks C&C Tax receipts to support parks maintenance activities. A transfer from expired special assessment districts that had been budgeted at \$750,000 did not occur by year-end. The Budget Office will work with the Finance Department to determine the remaining allocations in the 50 expired assessment districts that are available to be transferred to the General Fund. In addition, there were a number of other small positive and negative variances in this category. In this report, budget actions are recommended to transfer \$112,000 from the Convention and Cultural Affairs Fund to the General Fund to account for ticket proceeds that were deposited into the Convention and Cultural Affairs Fund that were to be used for the repayment of the \$1.0 million loan from the General Fund to the American Musical Theater (AMT). These funds are generated through the collection by Team San Jose of \$1 per every Broadway San José ticket sold. In 2014-2015, \$131,533 was generated from these payments, which was \$71,533 above the \$60,000 assumed in the budget. To account for this actual year-end performance, an increase to the transfer from the Convention and Cultural Affairs Fund to the General Fund is recommended in this report. Given last year’s activity, the ticket surcharge revenue estimate for 2015-2016 is anticipated to increase by \$40,000, from \$60,000 to \$100,000. These funds are also recommended to be transferred to the General Fund, the originating funding source of the AMT loan. In total as of June 2015, payments of \$345,215 have been made towards the original \$1.0 million loan, leaving a remaining balance of \$654,785. Additional details on these actions are described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.
- **Reimbursement for Services** – Collections of \$18.5 million in the Reimbursement for Services category were 1.8%, or \$324,000, above the modified budget level of \$18.1 million. The positive variance is due to higher than estimated Gas Tax reimbursements of \$488,000 that exceeded the budgeted estimate of \$17.4 million. The 2015-2016 Adopted Budget, includes a \$16.9 million estimate for Gas Tax revenue allowing for a 5.3% decline in reimbursements compared to the actual 2014-2015 collections. Assessment District Fund Reimbursements of \$160,000 were not received in 2014-2015 but are anticipated to be received in 2015-2016.

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GENERAL FUND REVENUE PERFORMANCE

Summary

In 2014-2015, total revenues received by the General Fund of \$1.0 billion were lower than the modified budget level by \$18.2 million (1.7%). After adjusting for \$16.9 million in grant and reimbursement-related revenues not received in 2014-2015, but rebudgeted to 2015-2016 as part of the 2015-2016 Adopted Budget as well as additional rebudget and clean-up adjustments recommended in this report, revenues actually ended the year \$1.3 million (0.1%) above the budgeted estimate. This is an extremely small variance given the diversity of over 450 City revenues and the overall size of the General Fund.

The 2014-2015 collection level of \$1.05 billion was up \$40.7 million (4.0%) from the actual 2013-2014 collections (\$1.00 billion). The 2014-2015 revenue estimates were built on the assumption that the economically-sensitive revenues would continue to experience growth. Actual performance in 2014-2015 was generally consistent with this assumption. A number of economically-sensitive revenue categories, such as Property Tax, Sales Tax, and Transient Occupancy Tax, continued to experience solid growth.

Continued positive revenue performance is expected to again be experienced in 2015-2016. The Administration will actively monitor economic indicators and revenues in 2015-2016 through the Bi-Monthly Financial Report and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions, if necessary.

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GENERAL FUND EXPENDITURE PERFORMANCE

The General Fund expenditure performance for 2014-2015 is discussed in detail in this section. This includes an overview of the General Fund expenditure performance, a discussion of significant departmental variances, and highlights of the non-departmental expenditures.

Overview

The following table details actual 2014-2015 General Fund expenditures as compared with the modified budget estimates:

**TABLE B
2014-2015 GENERAL FUND EXPENDITURE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(In \$000s)**

Category	Modified Budget*	Actual**	Variance	% Variance
Personal Services	\$ 660,457	\$ 649,086	\$ (11,371)	(1.7%)
Non-Personal/Equipment/Other	127,613	115,085	(12,528)	(9.8%)
City-Wide Expenses	298,924	264,174	(34,750)	(11.6%)
Capital Contributions	60,834	29,470	(31,364)	(51.6%)
Transfers	36,807	36,756	(51)	(0.1%)
Reserves	192,287	-	(192,287)	(100.0%)
TOTAL GENERAL FUND	\$ 1,376,922	\$ 1,094,571	\$ (282,351)	(20.5%)

* 2014-2015 appropriations as modified by Council through June 30, 2015, and 2013-2014 carryover encumbrances.

** Actual 2014-2015 expenses plus encumbrances.

General Fund expenditures and encumbrances through June 30, 2015 of \$1.1 billion were \$282.4 million below (20.5%) the modified budget total of \$1.4 billion. Approximately 68.1% of this savings was generated from unspent reserves (\$192.3 million), with the remaining savings generated from expenditure appropriations. Total 2014-2015 expenditures and encumbrances were \$122.4 million (12.6%) above the June 2014 level of \$972.2 million. This increase is due to higher Personal Services (\$44.7 million), City-Wide Expenses (\$39.6 million), Capital Contributions (\$22.0 million), Transfers (\$11.9 million), and Non-Personal/Equipment/Other (\$4.3 million) costs.

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

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview

As shown in Table C, the actual General Fund expenditures of \$1.1 billion were approximately \$31.0 million below (2.8%) the estimate used in the development of the 2015-2016 Adopted Budget. A portion of these savings (\$16.9 million) was carried over to 2015-2016 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up actions of \$5.1 million are recommended in this report to reconcile the Development Fee Programs for 2014-2015 (\$1.3 million) and to adjust various rebudget amounts and reflect clean-up adjustments (\$4.1 million). After accounting for these technical actions, the remaining General Fund expenditures and transfer savings totaled \$8.8 million, or 0.8% of the modified budget (excluding reserves).

These net expenditure savings, when combined with the net variance associated with the General Fund revenues and a small shortfall in the liquidation of prior year encumbrances, represent the additional ending fund balance that is available for allocation. Specifically, as discussed earlier in this report, in 2015-2016, a total of \$10.0 million in additional fund balance is available from net expenditure savings (\$8.8 million) and higher net revenues (\$1.3 million), slightly offset by lower than estimated liquidation of prior year encumbrances (\$131,000). Recommendations on the allocation of these additional funds are provided elsewhere in this report.

**TABLE C
2014-2015 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES
(In \$000s)**

	Estimate	Actual	Variance	% Variance
Expenditures	\$ 1,125,596	\$ 1,094,571	\$ (31,025)	(2.8%)

Following is a review of the General Fund expenditure categories, including a discussion of variances to the modified budget as well as the estimate used in the development of the 2015-2016 budget.

Personal Services expenditures of \$649.1 million ended the year \$11.4 million (1.7%) below budgeted levels (\$660.5 million) and \$44.7 million (7.4%) above 2013-2014 expenditure levels (\$604.4 million). Expenditures in both years ended the year below the budget primarily as the result of position vacancy savings throughout the organization.

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview

The majority of personal services savings in 2014-2015 was generated by vacant positions primarily in the following departments: Police (\$3.0 million); Fire (\$2.1 million); Planning, Building and Code Enforcement (\$1.4 million); Public Works (\$800,000); and Human Resources (\$483,000). Of the \$11.4 million in personal services savings, \$1.9 million was rebudgeted to 2015-2016 as part of the Adopted Budget. In the Annual Report, an additional \$150,000 is recommended to be rebudgeted and \$3.0 million from the Police Department personal services savings is recommended to be set aside in the Police Department Staffing/Operations Reserve per previous City Council direction.

General Fund Non-Personal/Equipment/Other expenditures and encumbrances ended the year at \$115.1 million, generating savings of approximately \$12.5 million (9.8%) from the budgeted level. The majority of savings in this category was generated by the following departments: Police (\$2.9 million); Mayor and City Council (\$2.8 million); Planning, Building, and Code Enforcement (\$2.7 million, or \$1.4 million excluding the Development Fee Programs), and Information Technology (\$1.8 million). Of the \$12.5 million in savings, \$7.9 million was rebudgeted to 2015-2016 (including rebudgeted expenditures that were offset by revenue) in the Adopted Budget. In the Annual Report, additional rebudget and clean-up actions total \$1.1 million.

After adjusting for rebudgets and expenditure savings assumed as a funding source in the 2015-2016 Adopted Budget, including net-zero adjustments between revenues and expenditures, departmental expenditures resulted in net savings of \$9.7 million. Additional clean-up actions of \$5.7 million are recommended in this report (including the Development Fee Programs reconciliation of \$1.5 million, and other rebudget and clean-up adjustments), resulting in overall net savings of \$4.0 million in departmental expenditures (0.5%).

In the City-Wide Expenses category, expenditures and encumbrances of \$264.2 million ended the year \$34.8 million below the budgeted level of \$298.9 million. Of this amount, \$27.9 million was assumed as savings in 2014-2015 and rebudgeted to 2015-2016 or assumed as a funding source in the 2015-2016 Adopted Budget, including \$10.1 million that was offset by revenue sources. Of the remaining balance of \$6.8 million, rebudget and clean-up adjustments totaling \$2.7 million are recommended in this report, and if approved, would result in net savings of \$4.1 million in this category, a 1.4% variance from the budgeted level.

In the Capital Contributions category, expenditures of \$29.5 million ended the year \$31.4 million below the budgeted level of \$60.8 million. A total of \$33.6 million was rebudgeted to 2015-2016 in the Adopted Budget, which exceeded the savings amount available by \$2.2 million. To address an over-rebudget of capital funds, a decrease of \$2.3 million is recommended as a rebudget adjustment in this report. With these rebudgets, the adjusted Capital Contributions savings totaled \$79,000 (0.13%) at year-end.

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview

The Transfers category expenditures of \$36.75 million resulted in savings of \$51,000 at year-end.

The largest single category of remaining funding available in 2014-2015, as planned, is the Reserves category (\$192.3 million). The 2015-2016 Adopted Budget assumed that \$192.5 million would be available at year-end, with reserves either re-established in 2015-2016 or used as a funding source for the 2015-2016 Adopted Budget. This exceeded the estimated fund balance level by approximately \$216,000 due to an over-rebudget of Development Fee Program Reserves (\$211,000), the General Plan Update Reserve (\$413,000), and the Fiscal Reform Plan Implementation Reserve (\$150,000), offset by savings in the Employee Market Competitive Reserve (\$500,000), Salary and Benefit Reserve (\$51,000) and Wellness Program Reserve (\$7,700). Downward rebudget adjustments are recommended in the Annual Report to reconcile the over-rebudgeted reserve amounts.

Of the \$138.9 million in Earmarked Reserves, the largest reserves as of June 30, 2015 were the Building Development Fee Program Reserve (\$28.3 million); Police Department Staffing/Operations Reserve (\$18.0 million); Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Fire Development Fee Program Reserve (\$6.6 million); Retiree Healthcare Solutions Reserve (\$6.2 million); Public Works Development Fee Program Reserve (\$6.0 million); Sick Leave Upon Retirement Reserve (\$6.0 million); and Salaries and Benefits Reserve (\$5.3 million). The remainder of the Reserves category is comprised of the Contingency Reserve (\$33.6 million) and the 2014-2015 Ending Fund Balance Reserve (\$19.8 million).

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GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance

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

Departmental expenditures (\$764.2 million) represented 69.8% of the total 2014-2015 General Fund expenditures. As can be seen in Table D on the following page, all departments remained within their total budget allocation and expended a cumulative 97.0% of their budgets, generating an overall savings of 3.0%, or \$23.9 million. Of this savings amount, \$14.2 million was rebudgeted or assumed as savings in the development of the 2015-2016 Adopted Budget. The remaining savings of \$9.7 represents 1.2% of the departmental expenditures budget. Additional clean-up actions of \$5.7 million are recommended in this report (including the Development Fee Programs reconciliation of \$1.5 million and other rebudget and clean-up adjustments), resulting in net savings of \$4.0 million in departmental expenditures (0.5%).

Of the 19 City departments/offices, eleven had expenditure savings of less than 5.0%. These eleven departments, which included the Police and Fire Departments, generated \$8.2 million (71.7%) of the departmental savings. The other eight departments with more than 5% in savings accounted for the remaining 28.3% of the category savings and totaled \$3.2 million. In 2014-2015, the following three departments/offices had expenditure savings in excess of \$1 million: Police; Mayor and City Council; Fire; and Planning, Building and Code Enforcement. Those departments with General Fund expenditure variances over 5.0% are discussed in detail in the following section. The year-end status of expenditures for both the Police and Fire Departments is also summarized.

Non-departmental expenditures totaled \$330.4 million, or 30.2% of the total 2014-2015 General Fund expenditures. Reserves of \$192.3 million represent the largest portion of the unexpended funds and were carried over or used in the 2015-2016 Adopted Budget as planned. It is also important to note that almost all of savings in the City-Wide Expenses and Capital Contributions categories have also been, or are recommended in this report to be, rebudgeted to 2015-2016 for their originally intended uses.

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GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance

**TABLE D
TOTAL GENERAL FUND EXPENDITURES**

Departmental	2014-2015 Modified Budget	2014-2015 Expenditures	Variance	% Variance
City Attorney	\$ 13,786,281	\$ 13,497,316	\$ (288,965)	(2.1%)
City Auditor	2,303,095	2,128,502	(174,593)	(7.6%)
City Clerk	2,478,995	2,000,938	(478,057)	(19.3%)
City Manager	12,639,384	12,181,902	(457,482)	(3.6%)
Economic Development	4,344,861	3,997,854	(347,007)	(8.0%)
Environmental Services	724,529	287,125	(437,404)	(60.4%)
Finance	14,113,596	13,671,523	(442,073)	(3.1%)
Fire	182,472,336	179,906,717	(2,565,619)	(1.4%)
Housing	239,482	234,076	(5,406)	(2.3%)
Human Resources	7,084,671	6,123,232	(961,439)	(13.6%)
Independent Police Auditor	1,201,097	1,196,154	(4,943)	(0.4%)
Information Technology	17,314,990	15,312,723	(2,002,267)	(11.6%)
Library	27,796,636	27,637,294	(159,342)	(0.6%)
Mayor and City Council	11,637,899	8,865,288	(2,772,611)	(23.8%)
Parks, Recreation & Neighborhood Services	58,410,795	57,980,305	(430,490)	(0.7%)
Planning, Building & Code Enforcement	43,851,556	39,381,182	(4,470,374)	(10.2%)
Police	319,316,464	313,394,586	(5,921,878)	(1.9%)
Public Works	38,899,767	37,919,780	(979,987)	(2.5%)
Transportation	29,453,938	28,456,124	(997,814)	(3.4%)
Subtotal	788,070,372	764,172,621	(23,897,751)	(3.0%)
Non-Departmental				
City-Wide Expenses	298,923,546	264,173,523	\$ (34,750,023)	(11.6%)
Capital Contributions	60,834,569	29,469,722	\$ (31,364,847)	(51.6%)
Transfers	36,807,380	36,755,743	\$ (51,637)	(0.1%)
Earmarked Reserves	138,937,317		\$ (138,937,317)	(100.0%)
Contingency Reserve	33,600,000		\$ (33,600,000)	(100.0%)
Ending Fund Balance Reserve	19,750,000		\$ (19,750,000)	(100.0%)
Subtotal	588,852,812	330,398,988	\$ (258,453,824)	(43.9%)
TOTALS	\$ 1,376,923,184	\$ 1,094,571,609	\$ (282,351,575)	(20.5%)

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

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

- *City Auditor*

With expenditures of \$2.1 million, the Office of City Auditor expended 92.4% of its \$2.3 million General Fund budget, including encumbrances, resulting in savings of \$175,000. The majority of this variance is related to personal services expenditures, which were \$161,000 (7.3%) below modified budget as a result of position vacancy savings. Non-personal/equipment expenditures ended the year at 16.3% (\$13,000) below budgeted levels due to lower than estimated expenditures for computer data processing and equipment and vehicles rentals.

- *City Clerk*

With expenditures of \$2.0 million, the Office of City Clerk expended 80.7% of its \$2.5 million General Fund budget. The majority of this variance is related to personal services expenditures, which were \$168,000 (8.7%) below modified budget as a result of vacancy savings associated with position leave of absences. After adjusting for a rebudget of \$325,000 for the implementation of an Electronic Document Management System and encumbrances of \$26,000, the anticipated non-personal/equipment expenditure savings were within budgeted levels.

- *Environmental Services*

The Environmental Services Department (ESD) expended 39.6% of its \$725,000 General Fund budget, including encumbrances, with resulting savings of \$437,000. Personal services expenditures were 53.8% (\$213,000) below budgeted levels, due primarily to vacancy savings related to Silicon Valley Energy Watch Program (SVEW) staffing (\$215,000), partially offset by slightly higher expenses for Municipal Environmental Compliance. SVEW focuses on promoting energy efficiency through activities that include outreach and education, training, and local government policy coordination. Funding for SVEW activities was only budgeted in ESD through December 2014; beginning in January 2015, new Pacific Gas & Electric grant funding for this program was placed into a City-Wide appropriation to better represent activities coordinated through this program.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Environmental Services

The Department's non-personal/equipment expenditures, including encumbrances, ended the year 68.3% (\$225,000) below the modified budget. Due to vacancies experienced in SVEW in 2014, program activities were unable to be completed, thereby generating non-personal/equipment cost savings (\$213,000).

- *Fire*

Overall, the Fire Department expended \$179.9 million (98.6%) of its 2014-2015 General Fund budget, including encumbrances, of \$182.5 million, resulting in savings of \$2.6 million. Of these savings, \$1.9 million was either rebudgeted to 2015-2016 (\$1.5 million) in the 2015-2016 Adopted Budget or as part of this report or is recommended to be reallocated to the Fire Development Fee Reserve (\$342,000), leaving \$704,000 in net savings.

The personal services appropriation of \$172.9 million was 98.8% expended, with savings of \$2.2 million that were primarily due to delay in recruitment efforts, which resulted in the rescheduling the 2014-2015 Recruit Academy to September 2015 and the rebudgeting of funds allocated for recruit salaries and benefits, as well as overtime costs related to this academy. As part of the 2015-2016 Adopted Budget, personal services savings of over \$1.2 million were anticipated and rebudgeted for special operations training and Fire Fighter and Fire Engineer academies.

Fire's overtime expenditures of \$8.1 million ended the year slightly below (\$421,000) the modified budget level of \$8.5 million. A combination of full-time staff and overtime is used to address the Fire Department's minimum staffing requirements. The Fire Department monitored daily absences and staffing to minimize the impact of brown-outs to the community, while also managing overtime expenditures.

The Fire Department ended 2014-2015 with a total of 170 filled Fire Fighter paramedic positions (163 front-line Fire Fighter paramedics, five supervisors, and two support) compared to the 132 front-line Fire Fighter Paramedics that are necessary to fully staff all apparatus. The Department continues to monitor its Firefighter/Paramedic staffing levels and deploy resources to meet service needs.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Fire

The Department's non-personal/equipment budget was 96.2% expended or encumbered, with year-end savings of \$362,000. Funding of \$153,000 was estimated to be available for targeted projects and was approved for rebudget in the 2015-2016 Adopted Budget to complete projects including Non-Development Fee Program study, special operations training, and Fire Fighter Recruit and Fire Engineer academies. An additional rebudget of \$150,000 is recommended in the Annual Report to complete purchases for the Office of Emergency Services Emergency Operations Center.

- *Human Resources*

With 2014-2015 expenditures and encumbrances of \$6.1 million, the Human Resources Department expended 86.4% of its \$7.1 million General Fund budget, including encumbrances, resulting in savings of \$961,000. Personal services expenditures were 11.1% (\$482,000) below the modified budget level of \$4.4 million due to position vacancy savings throughout the department. As part of the 2015-2016 Adopted Budget, \$154,000 was rebudgeted to provide funding for temporary staffing to assist the Employment Services Division in addressing the high vacancy rates across the City. Additionally, \$110,000 of personal services savings was rebudgeted and reallocated for the Human Resources/Payroll/Budget Systems Upgrade project. This report includes a recommendation to rebudget \$75,000 to continue temporary services to assist with recruitment efforts.

Non-personal/equipment expenditures ended the year 17.5% (\$479,000) below the modified budget level of \$2.7 million. As part of the 2015-2016 Adopted Budget, \$100,000 was rebudgeted to provide resources necessary to continue the City's use of LinkedIn as a supplemental recruitment tool for hard-to-fill positions. An additional rebudget of \$70,000 is recommended as part of this report to provide funding for a career fair to be held this year, as well as for bilingual testing services and Workers' Compensation software purchases that were unable to be completed in 2014-2015.

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Discussion of Significant Departmental Variances and Other Issues

- *Information Technology*

With expenditures of \$15.3 million, the Information Technology Department (ITD) expended 88.4% of its \$17.3 million General Fund budget, including encumbrances, with savings of \$2.0 million. Anticipated personal services expenditure savings were \$998,000 due to vacancies throughout the department; however, clean-up actions were included in 2014-2015 Year-End Clean-Up memorandum totaling \$831,000 that shifted the majority of these funds to non-personal/equipment, leaving a balance of 3.2% (\$244,000). ITD continues to experience widespread vacancies due to difficulties with recruiting for technical positions. The vacancy rate at year-end was 34% and the current vacancy rate is approximately 39% within technical classifications.

Non-personal/equipment expenditures were 18.4% (\$1.8 million) below budgeted levels, due to project delays. Of the \$1.8 million remaining balance, \$1.7 million was rebudgeted in the 2015-2016 Adopted Budget for Customer Support, Critical Application Infrastructure Upgrades, Critical Network Equipment Upgrades, Office 365 Employee Training, and SharePoint Application Development.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Mayor and City Council*

With total expenditures of \$8.9 million, the Mayor’s Office, the City Council Offices, and Council General expended 76.2% of their total General Fund budget of \$11.6 million, including encumbrances, resulting in savings of \$2.8 million at year-end. Of this amount, \$1.7 million of the savings was realized in the City Council Offices, \$969,000 was realized in the Mayor’s Office, and \$72,000 was in Council General as outlined below:

2014-2015 Actual Expenditure Performance

	2014-2015 Modified Budget	2014-2015 Actuals	Variance
Council District 1	\$ 724,381	\$ 581,873	\$ 142,508
Council District 2	751,585	599,481	152,104
Council District 3	696,079	617,877	78,202
Council District 4	714,437	582,092	132,345
Council District 5	713,680	552,446	161,234
Council District 6	786,738	497,221	289,517
Council District 7	793,416	684,459	108,957
Council District 8	811,811	631,511	180,300
Council District 9	870,056	563,286	306,770
Council District 10	800,334	620,330	180,004
Mayor's Office	3,849,064	2,880,286	968,778
Council General	126,318	54,427	71,892
Total	\$ 11,637,899	\$ 8,865,290	\$ 2,772,609

In the 2015-2016 Adopted Budget, anticipated 2014-2015 savings of \$2.1 million (\$1.4 million in the City Council Offices, \$625,000 in the Mayor’s Office, and \$82,000 in Council General) were rebudgeted. An additional \$300,000 was committed for other uses from the Mayor’s Office and various City Council Offices as part of the 2015-2016 Adopted Budget. Actual net year-end savings, however, exceeded these estimates. As a result, a net increase of \$409,000 to the rebudget amount is recommended in this document to align the Mayor’s Office and City Council Offices with year-end balances.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Planning, Building and Code Enforcement*

The Planning, Building and Code Enforcement Department (PBCE) expended 95.3% of its General Fund budget, after accounting for the rebudgets included in the 2015-2016 Adopted Operating Budget, resulting in net savings of \$2.1 million. This included Development Fee Program savings of \$933,000 and Non-Development Fee Program savings of \$1.1 million. Personal services expenditures were 3.5% below budgeted levels (\$1.2 million) and non-personal/equipment expenditures were 10.1% below budgeted levels (\$829,000).

Total personal services savings of \$1.2 million resulted from vacant positions in the Development Fee Programs (Planning, Building, Fire, and Public Works) with \$828,000 of the savings and in Long Range Planning and Community Code Enforcement (Non-Development Fee Programs) with \$324,000 million of the savings. Personal services savings of \$530,000 were anticipated in the Solid Waste Fee Program and therefore used to lower the fee for that program in 2015-2016.

Non-personal/equipment expenditure savings of \$829,000 (\$300,000 in Non-Development Fee Programs, \$324,000 in Building Development Fee Program, \$134,000 in Fire Development Fee Program, \$57,000 in Planning Development Fee Program, and \$15,000 in Public Works Development Fee Program) were primarily due to project delays and savings in contractual staffing services. As part of the 2015-2016 Adopted Budget, non-personal/equipment funds of \$1.1 million in the Non-Development Fee Programs were rebudgeted to continue the implementation of the Envision San José 2040 General Plan, replace seven Code Enforcement Fee Program vehicles, provide programming services to begin the migration of the Code Enforcement permitting system (CES) into the Development Fee Program permitting system (AMANDA), and complete the office space remodel. In addition, \$781,000 was rebudgeted in the Development Fee Programs as part of the 2015-2016 Adopted Budget. These funds will continue implementation of the Geographic Information System project and complete the office space remodel. As described in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* of this report, budget actions are recommended to add \$750,000 for peak staffing agreements for plan review and inspection services.

In the Building Development Fee Program, expenditure savings are offset by lower than estimated 2014-2015 revenues, a negative rebudget adjustment, and the proposed addition of resources for peak staffing (\$750,000), resulting in a decrease to the Building Development Fee Program Reserve of \$1.1 million, from \$22.29 million to \$21.14 million. In Planning Development Fee Program, expenditure savings and excess revenues in 2014-2015 result in an increase to the Planning Development Fee Program Reserve of \$423,000, from \$1.26 million to \$1.69 million.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Police*

On an overall basis, the Police Department expenditures totaled \$313.4 million, or 98.1% of its General Fund budget of \$319.3 million, including encumbrances, resulting in savings of \$5.9 million. Of these savings, \$1.0 million was anticipated and rebudgeted as part of the 2015-2016 Adopted Budget. Approximately \$3.0 million of the savings was in the personal services budget. An action is recommended in this report to allocate \$3.0 million of the personal services savings to the Police Department Staffing/Operations Reserve, bringing the reserve total from \$2.3 million to \$5.3 million. As directed in the Mayor's June Budget Message for Fiscal Year 2015-2016, as approved by the City Council, one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs shall be set aside in the Police Department Staffing/Operations Reserve until staffing levels reach 1,250 officers. In addition, \$2.5 million is recommended to be allocated from the Police Department Staffing/Operations Reserve to purchase public safety radios that are necessary to ensure the Patrol and Special Operations Officers are able to connect to the Silicon Valley Regional Communications System to ensure interoperability with neighboring agencies for Super Bowl 50 held during the week of January 31, 2016. This increase, along with the already budgeted funds of \$500,000 in the Communications C&C Tax Fund, will allow for the purchase of 500 radios for the Police Department to ensure officers are able to connect to the Silicon Valley Regional Communications System. With this recommended action, the Police Department Staffing/Operations Reserve will total \$2.8 million.

Overtime expenditures of \$29.6 million were above the modified budget by \$4.6 million (18.4%). The overtime was primarily used to backfill vacant sworn and civilian positions, support targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, graffiti, and high profile investigations, and support the Downtown Foot Patrol Unit. An action is recommended in this report to increase the Department's overtime funding in 2015-2016 by \$8.5 million (from \$18.8 million to \$27.3 million) to continue to backfill for vacant positions and continue the expanded targeted enforcement levels of high crime activity as well as provide resources for various activities associated with the upcoming Super Bowl 50 in conjunction with the City of Santa Clara. Due to the anticipation of continued vacant sworn and civilian positions, the associated salary and benefits savings in 2015-2016 (\$8.5 million) are recommended to be reallocated from the personal services salary and benefits line items to the overtime line item. These actions will help ensure the Department has sufficient overtime resources in 2015-2016.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Police

As of September 2015, the Department had 1,109 authorized sworn staff, of which 170 were vacant (15.3%) and 52 were in training (4.7%), leaving 887 street ready sworn positions (this includes sworn employees on disability/modified duty/other leaves) as shown in the chart below. When sworn employees on Disability/Modified Duty/Other Leaves are excluded, the total of 844 sworn positions were actually available.

	2014-2015 (as of 9/4/2014)	2015-2016 (as of 9/4/2015)
Authorized Sworn Staffing	1,109	1,109
Vacancies	(102)	(170)
Filled Sworn Staffing	1,007	939
Field Training Officer/Recruits	(62)	(52)
Street-Ready Sworn Positions	945	887
Disability/Modified Duty/Other Leaves	(67)	(43)
Street-Ready Sworn Positions Available	878	844

During 2014-2015, the Department graduated 39 cadets from two Police Recruit Academies. Of this amount, 30 still remain with the Department. 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 the next one beginning in October 2015. Each academy has the capacity to host up to 45 recruits; however, the upcoming October academy will start with only 11 recruits.

A new memorandum of agreement with the San José Police Officer's Association (SJPOA), effective August 25, 2015, which increased sworn officer compensation 4% ongoing effective June 19, 2015 through a general wage increase; a one-time non-pensionable retention bonus split into two equal payments totaling 5% of an employee's base pay effective September 18, 2015 and December 11, 2015; and an ongoing 4% retention premium pay effective January 3, 2016, combined with the Alternative Pension Reform Settlement Framework agreement between the City and the SJPOA and San José Fire Fighters, International Association of Fire Fighters, Local 230, is anticipated to help retain officers and improve the City's sworn recruiting efforts, in an effort to reduce the Department's vacancies over the coming months and year.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

The compensatory time balance at the end of 2014-2015 for sworn personnel was 182,319 hours. This balance represents a 2.2% increase compared to the 2013-2014 total sworn compensatory time balance of 178,322 hours. The primary reason for this increase in total compensatory time is due to the increase in vacancies and the reliance on overtime to backfill critical positions.

A total of \$23.9 million (89.2%) of the Department's non-personal/equipment budget was expended or encumbered, with savings of \$2.9 million. Vehicle replacement (\$1.3 million), Police computer data processing (\$797,000), supplies and materials (\$639,000), vehicle maintenance and operations (\$480,000), and gas/electric (\$154,000) savings contributed a significant portion of the overall non-personal/equipment savings. As part of the 2015-2016 Adopted Operating Budget, non-personal/equipment savings of approximately \$1.1 million were anticipated and rebudgeted for Computer Aided Dispatch (CAD) system hardware replacement and network upgrade (\$467,000), fixed cameras (\$250,000), sworn unmarked vehicle replacements (\$150,000), and various other projects (\$200,000). Included in this report are recommended rebudgets for recruiting marketing to advertise for police recruits for upcoming police academies (\$150,000) and a South Bay Coalition to End Human Trafficking Coordinator (\$50,000).

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

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

**TABLE E
2014-2015
NON-DEPARTMENTAL GENERAL FUND EXPENDITURES
(In \$000s)**

Category	Modified Budget	Actual	Variance	% Variance
City-Wide Expenses	\$ 298,923	\$ 264,174	\$ (34,749)	(11.6%)
Capital Contributions	60,834	29,470	\$ (31,364)	(51.6%)
Transfers	36,807	36,756	\$ (51)	(0.1%)
Earmarked Reserves	138,937	-	\$ (138,937)	(100.0%)
Contingency Reserve	33,600	-	\$ (33,600)	(100.0%)
Ending Fund Balance Reserve	19,750	-	\$ (19,750)	(100.0%)
TOTAL	\$ 588,851	\$ 330,400	\$ (258,451)	(43.9%)

- *City-Wide Expenses*

The City-Wide Expenses category consists of funding that is related to more than one department or that is not directly associated with a department's ongoing operations. Expenditures in this category total \$264.2 million, or 88.4% of the modified budget, resulting in savings of \$34.7 million. As part of the 2015-2016 Adopted Budget, \$27.9 million was rebudgeted or assumed as savings, leaving an overall balance of \$6.8 million.

Some of the major 2014-2015 expenditures in this category are listed below:

- TRANs Debt service payment of \$100.3 million was completed to repay a short-term note of \$100 million that was issued for cash flow purposes necessitated by the pre-funding of employer retirement contributions.
- Workers' Compensation Claims payments of \$17.9 million were \$1.7 million, or 8.7%, below the 2014-2015 Modified Budget (\$19.6 million). Total expenditures were commensurate with 2013-2014 expenses of \$18.1 million. In 2013-2014 and 2014-2015, as part of a pilot program, the City used a Third-Party Administrator (TPA), Athens, for the administration and processing of approximately 50% of its workers' compensation claims.

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

- Convention Center Lease Payments of \$15.3 million ended the year at 2014-2015 budgeted levels. The Convention Center Lease Payment is the largest of the City's contractually obligated Successor Agency to the Redevelopment Agency obligations. The City received reimbursement from SARA to offset this cost in 2014-2015.
- General Liability Claims of \$6.4 million were \$6.9 million below the 2014-2015 Modified Budget (\$13.3 million). The \$6.9 million in savings from this appropriation were rebudgeted as part of the 2015-2016 Adopted Budget to provide funding for large pending claims that are anticipated to occur in 2015-2016.
- Sick Leave Payments Upon Retirement expenditures of \$5.6 million exceeded budgeted levels by \$565,000 and were \$2.7 million above the 2013-2014 level of \$2.9 million. As a result, recommendations have been brought forward for the October 6, 2015 City Council meeting to add funding to this appropriation, offset by savings in Workers' Compensation Claims, as part of the end of year ratification actions for over-expenditures. Approximately 200 eligible employees for this payment exceeded prior year levels and, as a result, the final expenditures were higher than the year-end estimated levels. The Sick Leave Payments Upon Retirement appropriation of \$5.0 million in 2015-2016 will be closely monitored and any necessary adjustments will be brought forward if necessary during the year.
- Expenditures for Homeless Rapid Rehousing (\$2.8 million) and the Homeless Response Team (\$1.9 million) totaled \$4.7 million and ended the year \$1.0 million below budget across both appropriations. As part of the development of the 2015-2016 Adopted Budget, an estimated \$2.3 million in savings was rebudgeted, and this document recommends a downward adjustment due to higher than anticipated expenses for Homeless Rapid Rehousing that occurred in 2014-2015 as well as a rebudget of the additional remaining balance of \$15,000 for the Homeless Response Team.

Included in this report are additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. Augmentations for various appropriations are also recommended. Details of those appropriation adjustments are reflected in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this document. After accounting for actions approved in the 2014-2015 Adopted Budget and rebudgets recommended in this report, there are \$4.1 million in net savings in the City-Wide Expenses category.

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

- *Capital Projects*

In 2014-2015, the General Fund provided funding totaling \$60.8 million for capital projects. Of this amount, approximately \$31.4 million was unexpended at year-end. The projects with the largest unexpended balances included:

Capital Projects	(\$000s)
Fire Apparatus Replacement	\$ 11,981
Airport West Property Caltrain Connection	5,973
Police Communications Emergency Uninterrupted Power Supply	3,520
Police Communications Fire Protection System Upgrade	2,858
City Hall Waterproofing	1,362
Police Communications Center Electrical System Upgrade	1,234
Children's Discovery Museum Chiller Replacements	652
Police Communications Center Elevator Retrofit	595
South San José Police Substation	593
All Other Projects	2,597
Total Unexpended Capital Projects	\$ 31,365

Rebudgets in the 2015-2016 Adopted Budget of \$33.7 million exceeded the 2014-2015 year-end savings of \$31.4 million. As a result, a net negative rebudget of \$2.3 million is recommended in this report. This is primarily due to costs related to the United States Patent and Trademark Office – Tenant Improvements project, which occurred in 2014-2015, as opposed to 2015-2016. After adjusting for these changes, the net savings in the General Fund Capital category was \$79,000.

- *Transfers*

In the Transfers category, expenditures of \$36.8 million fell below the budgeted amount by \$52,000 at year-end due to lower than budgeted transfers to the Business Improvement District Fund. The budget was developed using the estimated amount due, but the actual amount billed and paid was lower than the estimate.

An increase in Transfers of \$4,000 is recommended in this report and reflects an increase to the transfer to the Downtown and Business Improvement District Fund based on the final assessment rates for 2015-2016 (the General Fund pays the assessment for City-owned facilities. A description of this action can be found in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

- *Reserves*

General Fund Reserve categories include Earmarked Reserves, the Contingency Reserve, and the Ending Fund Balance Reserve. On June 30, 2015, the total Reserve balance was \$192.3 million. The 2015-2016 Adopted Budget assumed that \$192.5 million would be available at year-end with reserves either re-established in 2015-2016 or used as a funding source for the 2015-2016 Adopted Budget. This exceeded the estimated fund balance level by approximately \$216,000, due to an over-rebudget of Development Fee Program Reserves (\$211,000), the General Plan Update Reserve (\$413,000), and the Fiscal Reform Plan Implementation Reserve (\$150,000), offset by savings in the Employee Market Competitive Reserve (\$500,000), Salary and Benefit Reserve (\$51,000), and Wellness Program Reserve (\$7,700). Downward rebudget adjustments are recommended in this report to reconcile the over-rebudgeted reserve amounts.

Earmarked Reserves totaled \$138.9 million on June 30, 2015, the largest of which were the Building Development Fee Program Reserve (\$28.3 million); Police Department Staffing/Operations Reserve (\$18.0 million); Workers Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Fire Development Fee Program Reserve (\$6.6 million); Retiree Healthcare Solutions Reserve (\$6.2 million); Sick Leave Payments Upon Retirement Reserve (\$6.0 million). Included in this report are recommendations to decrease Earmarked Reserves by a net \$498,000, of which some of the largest adjustments include: Building Development Fee Program Reserve (decrease of \$1.1 million); Air Service Incentive Program Reserve (decrease of \$400,000); General Plan Update Reserve (decrease of \$413,000); Cultural Facilities Capital Maintenance Reserve (increase of \$550,000); Police Department Staffing/Operations Reserve (net increase of \$500,000); and Salaries and Benefits Reserve (increase of \$150,000). Detailed descriptions of these actions can be found in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

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GENERAL FUND EXPENDITURE PERFORMANCE

Recommended General Fund Expenditure Adjustments

Reserves

The remainder of the Reserves category is comprised of the Contingency Reserve (\$33.6 million) and the 2014-2015 Ending Fund Balance Reserve (\$19.8 million). At the end of 2014-2015, the General Fund Contingency Reserve balance was \$33.6 million. As part of the 2015-2016 Adopted Budget, the full Contingency Reserve was rebudgeted and additional funding of \$400,000 was included in order to comply with the Council Policy of maintaining a minimum 3.0% Contingency Reserve in the General Fund. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San José. Based on the Annual Report actions, an increase to the Contingency Reserve of \$500,000 (from \$34.0 million to \$34.5 million) is recommended in this report to maintain the 3.0% Contingency Reserve Policy.

The 2014-2015 Ending Fund Balance Reserve of \$19.8 million was proactively set aside to help ensure sufficient fund balance would be available at the end of 2014-2015 to meet the budgeted estimate used in the development of the 2015-2016 Adopted Budget. Annually, as part of the development of the General Fund Forecast and Adopted Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. In the 2015-2016 Adopted Budget, it was assumed that \$26.6 million would be generated from these sources. The establishment of the 2014-2015 Ending Fund Balance Reserve set aside the majority of this funding, with the assumption that the remaining amount would be realized by year-end from a combination of additional revenues, expenditure savings, and the liquidation of prior year carryover encumbrances.

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

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

**2014 - 2015
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III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE

This section provides financial information on the 2014-2015 year-end performance for selected special and capital funds that represent major City operations. Specifically, it includes discussions regarding the funds' revenue, expenditure, and ending fund balance performances. The funds are discussed in alphabetical order.

The Revenue and Expenditure Performance chart displays the 2014-2015 Modified Budget and Actual revenues and expenditures, with the dollar and percent variance for each, after rebudgets. The revenue figures exclude the Beginning Fund Balance and Reserves while the expenditure figures include encumbrances, but exclude the Ending Fund Balance and other reserves. The Ending Fund Balance Performance chart displays the 2014-2015 Modified Budget, which includes fund balance and reserves. The 2014-2015 Estimated Ending Fund Balance and Actual Ending Fund Balance also includes reserves, with the exception of the reserve for encumbrances. The dollar variance compares the Estimated Ending Fund Balance used to develop the 2015-2016 Adopted Budget with the Actual Ending Fund Balance. The Recommended Annual Report Rebudget Adjustments shows the amount of additional rebudgets recommended in this report and calculates the revised variance should recommended rebudgets be approved.

Revenue Performance: This discussion identifies the amount of revenue received in 2014-2015 and major revenue sources; provides context regarding the year-end revenue performance variance to the modified budget; and compares revenues to the prior year performance.

Expenditure Performance: This discussion identifies the amount of expenditures for 2014-2015 and major expenditure categories; provides context regarding the year-end expenditure performance variance to the modified budget; discusses significant capital improvement project variances relative to the size of the capital fund; calculates the revised expenditure variance after including rebudgets approved as part of the 2015-2016 Adopted Budget or as recommended in this report; and compares expenditures to the prior year performance.

Ending Fund Balance Performance: This discussion provides the actual Ending Fund Balance and the estimated Ending Fund Balance used in the development of the 2015-2016 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2015-2016 budget related to recommended actions included in this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$26,954	\$24,865	\$2,977	\$888	3.3%
Expenditures	\$62,426	\$49,411	\$11,640	(\$1,375)	(2.2%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

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

Revenues totaled \$24.9 million and were generated from Passenger Facility Charges (PFCs) (\$19.3 million), a transfer from Airport Surplus Revenue Fund (\$4.0 million), grant income (\$955,000), one-time revenues (\$274,000), interest earnings (\$256,000), and miscellaneous revenues (\$88,000). This revenue level was \$2.1 million (7.8%) below the modified budget and \$2.9 million (10.4%) below the prior year level of \$27.7 million.

After adjusting for a rebudget of revenue of \$3.0 million, the remaining positive variance to the budget of \$888,000 million (3.3%) was mainly due to higher than anticipated PFC revenue, which ended the year above the modified budget by \$791,000 (4.3%) due to higher than anticipated passenger levels and partially offset by the lower grant revenue. Revenues were below the prior year due to lower grant revenue.

Expenditures totaled \$49.4 million and consisted primarily of transfers to other Airport funds for debt service (\$36.4 million), various capital renewal and replacement projects (\$5.2 million), Terminal Area Improvement, Phase I (\$4.8 million), Pavement Maintenance (\$1.2 million), and Federal Inspection Facility Sterile Corridor Extension (\$1.1 million). This expenditure level was \$13.0 million (20.8%) below the modified budget and \$12.0 million (19.5%) below the prior year level of \$61.4 million.

After adjusting for rebudgets, the expenditure savings to the budget of \$1.4 million (2.2%) was mainly due to lower than anticipated expenditures across a number of projects including Terminal Building Modifications, Airfield Improvements, and Airport Technology Services. The lower expenditure level compared to the prior year was due to lower than anticipated transfers to other funds for debt service, close-out of Taxiway W Improvements project, and lower project expenses.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Ending Fund Balance Performance (\$ in Thousands)						
2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$144,656	\$92,425	\$93,273	\$848	\$1,950	\$2,798	1.9%

The **Ending Fund Balance** of \$93.4 million was \$848,000 above the estimate used in the development of the 2015-2016 Adopted Budget. This positive variance is a result of lower than budgeted expenditures, offset slightly by lower than anticipated revenues. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance increases to \$2.8 million. This remaining fund balance is recommended to be allocated to the 2015-2016 Ending Fund Balance in the Airport Capital Funds for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$123,705	\$125,626	\$0	\$1,921	1.6%
Expenditures	\$77,436	\$70,815	\$0	(\$6,621)	(8.6%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues in the Airport Revenue Fund totaled \$125.6 million and were generated from parking and roadway (\$46.6 million), terminal rental (\$34.4 million), terminal building (\$16.3 million), landing fees (\$11.9 million), miscellaneous revenue (\$9.1 million), airfield area (\$4.0 million), petroleum products (\$3.3 million), and a transfer from the Airport Fiscal Agent Fund (\$215,000). This revenue level was \$1.9 million (1.6%) above the modified budget of \$123.7 million and in-line with the prior year level of \$124.9 million.

The positive variance to the budget of \$1.9 million (1.6%) was mainly due to higher revenues from parking and rental car concession fees associated with increased passenger levels. The total number of rental car contracts increased 60,000 (7.6%) over 2013-2014, while deplaned passengers increased 244,000 (5.4%) over the prior year level. The \$702,000 (0.6%) revenue increase over the prior year was primarily due to higher parking and rental car concession fee revenue.

Expenditures in the Airport Maintenance and Operation Fund totaled \$70.8 million and were primarily for Airport Department Non-Personal/Equipment (\$33.1 million including encumbrances), Airport Personal Services (\$23.9 million), Transfer to the General Fund for Police and Fire services (\$9.3 million), Overhead (\$2.9 million), and Interdepartmental Services (\$1.2 million). This expenditure level was \$6.6 million (8.6%) below the modified budget of \$77.4 million and \$5.3 million (8.1%) above the prior year level of \$65.5 million.

The negative variance to the budget of \$6.6 million (8.6%) was mainly due to personal services and non-personal/equipment expenditure savings in the Airport Department. The \$5.3 million (8.1%) increase over the prior year was due primarily to higher Airport Department Non-Personal Services/Equipment costs (\$1.6 million including encumbrances), Fire services costs (\$1.6 million), Airport Department Personal services costs (\$1.2 million), overhead costs (\$439,000), and Police services costs (\$393,000). The higher costs for Fire services can be attributed primarily to the expiration of the Staffing for Adequate Fire and Emergency Response (SAFER) Grant offset beginning in 2014-2015.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$296,460	\$92,940	\$97,060	\$4,120	\$0	\$4,120	1.4%

The **Ending Fund Balance** of \$97.1 million was \$4.1 million above the estimate used in the development of the 2015-2016 Adopted Budget. This positive variance from the estimate was largely due to higher than estimated revenues from parking and rental car concession fees (\$1.9 million) and lower than estimated Airport Department Non-Personal/Equipment (\$2.1 million) and Airport Department Personal Services expenditures (\$582,000). This balance will be allocated to the Airline Agreement Reserve in the Airport Revenue Fund, earmarked, and retained for future operating or economic contingencies.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$19,857	\$21,208	\$0	\$1,351	6.8%
Expenditures	\$19,944	\$19,689	\$0	(\$255)	(1.3%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$21.2 million and were generated from rental car Customer Facility Charge (CFC) fees (\$18.7 million), rental car contributions (\$2.5 million), and interest earnings (\$46,000). This revenue level was \$1.4 million (6.8%) above the modified budget of \$19.9 million and \$2.0 million (10.3%) above the prior year level of \$19.2 million.

The positive variance to the budget of \$1.4 million (6.8%) was mainly due to higher revenues from CFCs, which were driven by increased rental car activities associated with higher than anticipated passenger levels. The \$2.0 million (10.3%) revenue increase over the prior year was also due to increased CFCs.

Expenditures totaled \$19.7 million and were primarily attributed to transfers to other Airport funds for debt service payments (\$17.5 million), non-personal/equipment for shuttle bus operation and maintenance (\$2.1 million), and audit costs (\$8,000). The small variance to the budget of \$254,000 (1.3%) was mainly due to non-personal/equipment expenditure savings resulting from slightly lower costs for shuttle bus drivers and shuttle bus maintenance. This expenditure level was \$2.3 million (13.5%) above the prior year level of \$17.3 million due to increased debt service costs.

Ending Fund Balance Performance (\$ in Thousands)						
2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$28,508	\$9,518	\$10,171	\$653	\$0	\$653	2.3%

The **Ending Fund Balance** of \$10.2 million was \$653,000 above the estimate used in the development of the 2015-2016 Adopted Budget. This positive variance from the estimate was largely due to higher than estimated revenues from CFCs and interest earnings and slightly lower than estimated non-personal/equipment expenditures.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$29,434	\$19,636	\$9,016	(\$782)	(2.7%)
Expenditures	\$52,398	\$21,017	\$28,305	(\$3,076)	(5.9%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$19.6 million and were generated from Building and Structure Tax (\$16.6 million) and grant funding (\$2.9 million). The revenue level was \$9.8 million (33.3%) below the modified budget and \$6.9 million (26%) below the prior year level of \$26.5 million.

The 2014-2015 revenues were lower than budgeted levels by approximately \$9.8 million, which was primarily due to lower than budgeted receipts of federal grants (\$8.8 million) and Building and Structure Construction Tax Receipts (\$439,000). Of the grant related revenues, \$7.7 million was rebudgeted in the development of the 2015-2016 Adopted Budget, and an additional \$1.3 million is recommended to be rebudgeted as part of this report. After these rebudgets, revenues fell below the budget by \$782,000. Revenues also ended the year below the prior year due primarily to lower Building and Structure Construction Tax receipts (\$5.9 million) and federal grant revenue (\$882,000) compared to the prior year.

At \$16.6 million, Building and Structure Construction Tax receipts in 2014-2015 were 26% lower than 2013- 2014 record-setting collections of \$22.5 million. The lower collections in Building and Structure Construction Tax revenues is primarily attributable to decreased issuances of residential permits, as well as decreased commercial and industrial activity compared to the prior year. The total valuation of projects submitted in 2014-2015 of \$1.3 billion was 21.9% below the \$1.7 billion valuation of projects that were received in 2013- 2014. A total of 3,241 new residential units received permits in 2014-2015 compared to 2013-2014 actuals of 4,724 units. Residential valuation of \$580.9 million in 2014-2015 was significantly lower than the 2013- 2014 level of \$835.6 million. Commercial valuation of \$380.0 million was lower than the prior year level of \$398.5 million. Industrial activity of \$359.9 million also fell below last year’s level of \$457.4 million. Major projects contributing to the tax receipts in 2014-2015 were Westfield Valley Fair Parking Garage, Century Center Towers, Lexington Luxury Apartments, and an office building at Santana Row. The 2015-2016 Adopted Budget estimate of \$14.0 million allows for a decrease of 15.0% from the 2014-2015 collection level to align with anticipated valuation estimates in the current year.

Expenditures totaled \$21.0 million and were due to several significant projects, the largest of which were Autumn Street Extension, ITS: Transportation Incident Management Center, and San Carlos Street Multimodal Streetscape Improvement Phase II. The expenditure level was \$31.4 million (59.9%) below the modified budget and \$1.7 million (8.8%) above the prior year level of \$19.3 million.

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A significant portion of the expenditure savings (\$23.2 million) was anticipated and rebudgeted as part of the 2015-2016 budget process. An additional \$5.1 million is recommended to be rebudgeted as part of this report to ensure sufficient funding for projects in 2015-2016. After adjusting for rebudgets, the lower expenditure level compared to the budget of \$3.1 million was caused by savings in Capital Program and Public Works Department Support Costs (\$337,000), CIP Delivery Management costs (\$337,000), and the Traffic Forecasting and Analysis project (\$305,000), as well as savings spread across a number of capital projects.

Expenditures were below the prior year levels due primarily to decreases in The Alameda Plan for a Beautiful Way (\$4.6 million) and ITS: Transportation Incident Management Center (\$1.1 million), partially offset by increases in Autumn Street Extension (\$2.5 million) and Route 101/Mabury Acquisition (\$1.0 million) projects and the start of the LED Streetlight Program (\$345,000) and Route 280/Winchester Interchange Upgrade (\$250,000) projects.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$64,642	\$29,191	\$34,119	\$4,928	(\$3,924)	\$1,004	1.6%

The **Ending Fund Balance** of \$34.1 million was \$4.9 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$1.0 million. The positive balance of \$1.0 million is recommended to increase the 2015-2016 Ending Fund Balance.

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CONSTRUCTION AND CONVEYANCE TAX FUNDS

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$57,780	\$60,625	\$1,832	\$4,677	8.1%
Expenditures	\$93,930	\$63,862	\$28,726	(\$1,342)	(1.4%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues generated in the Construction and Conveyance (C&C) Tax Funds in 2014-2015 totaled \$60.6 million and were comprised of C&C Tax receipts (\$41.2 million), transfers between funds (\$15.1 million), State and federal grants (\$2.7 million), developer contributions and miscellaneous revenue (\$1.2 million), and interest earnings (\$342,000). This revenue level is \$2.8 million higher than the budgeted estimate of \$57.8 million, primarily due to higher than budgeted C&C Tax revenue (\$2.2 million), transfers between funds (\$1.2 million), and grant revenues (\$292,000), partially offset by lower than budgeted developer contributions and miscellaneous revenue (\$888,000). This report includes a recommendation to rebudget \$1.8 million from the 2006 Tax Allocation Bond for the Dr. Martin Luther King, Jr. Library Capital Improvements that was not received in 2014-2015, but is anticipated to be received in 2015-2016. After accounting for this rebudget, the revised revenue variance increases to \$4.7 million. The 2014-2015 revenue level of \$60.6 million is \$8.5 million (16.3%) above the prior year level of \$52.1 million, due primarily to higher C&C Tax receipts.

C&C Tax revenue collections in 2014-2015, which were almost entirely generated from property transfers, totaled \$41.2 million, an increase of \$5.7 million (16.1%) from the 2013-2014 collection level of \$35.5 million. The 2014-2015 tax receipts represent the highest collection level since the peak years of 2003-2004 through 2006-2007 (when annual collections exceeded \$38 million in each of those years, peaking at \$49 million in 2005-2006). Changes in home prices and the number of sales are major drivers of C&C Tax receipts. The median home price for single family homes within the City increased from \$795,400 in June 2014 to an unprecedented high of \$865,000 in June 2015, which represents an 8.8% increase. In addition, the number of home sales (single-family and multi-dwelling units) have increased over the past year, with a significant portion of the activity occurring in the last four months of the fiscal year. The number of sales in 2014-2015 totaled 7,992, which is a 2.1% increase from the 2013-2014 level of 7,824. Of the total number of 2014-2015 sales, 3,164 sales (39.6%) occurred in March-June 2015, which represents a 12.2% increase from the same period of time in 2013-2014. Finally, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has dropped in the past year from 20 days in June 2014 to 17 days in June 2015. The June 2015 figure represents the shortest duration of time homes have stayed on the market since June 2005, when it took only 15 days to sell a home.

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The 2014-2015 C&C Tax estimate was built on the assumption that collections would remain strong and total \$37.0 million in 2013-2014 and increase 5% to \$39.0 million in 2014-2015. However, because actual receipts in 2013-2014 of \$35.5 million fell below the estimate, growth of 9.9% was needed in 2014-2015 to meet the budgeted estimate of \$39.0 million. Beginning in November 2014, collection levels began to significantly decline. Therefore, the 2015-2016 Adopted Capital Budget was developed with the assumption that C&C 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 of \$41.2 million. This collection level exceeded the 2014-2015 Modified Budget by \$2.2 million and the 2014-2015 estimate by \$6.2 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 in 2015-2016 will be closely monitored, and an upward adjustment to the estimated revenue may be recommended at a later date, with corresponding adjustments to fund balances as appropriate.

Expenditures totaled \$63.9 million and were primarily for various capital projects and transfers to other funds across the 17 C&C Tax funds (Council Districts 1-10, Parks City-Wide, Parks Central, Park Yards, Fire, Library, Service Yards, and Communications). This expenditure level is \$30.0 million (32.0%) below the budgeted expenditure level of \$93.9 million, and is primarily the result of unexpended capital project funds. After accounting for rebudget adjustments made as part of the 2015-2016 budget process or that are recommended as part of this report, the expenditure variance drops to \$1.3 million (1.4%). The 2014-2015 expenditure level of \$63.9 million was \$8.2 million (14.7%) above the prior year level of \$55.7 million. This increase is the result of several projects having significant expenditures in 2014-2015, including Allen at Steinbeck School Soccer Field (\$2.2 million – Council District 10 C&C Tax Fund), Roberto Antonio Balermino Park (\$1.3 million - Council District 7 C&C Tax Fund), Comanche Park Play Area Renovation (\$708,000 - Council District 10 C&C Tax Fund), and Hillview Park Renovation (\$632,000 – Council District 5 C&C Tax Fund).

Ending Fund Balance Performance (\$ in Thousands)						
2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$143,062	\$72,371	\$82,266	\$9,895	(\$505)	\$9,390	6.6%

The **Ending Fund Balance** of \$82.3 million was \$9.9 million above the estimate used to develop the 2015-2016 Adopted Capital Budget. This variance was primarily due to higher than estimated C&C Tax receipts (\$6.2 million) and transfers between funds (\$3.4 million) and lower than estimated project expenditures (\$1.7 million), partially offset by lower than anticipated developer contributions and miscellaneous revenue (\$1.1 million). After accounting for all rebudget adjustments recommended as part of this report, the revised variance to the Ending Fund Balance is reduced to \$9.4 million.

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CONSTRUCTION AND CONVEYANCE TAX FUNDS

As described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions*, this report includes allocating \$766,000 from various C&C Tax Fund Ending Fund Balances to fund various capital projects, including Silicon Valley Regional Communications System – Radios (\$360,000 - Communications C&C Tax Fund), Happy Hollow Park and Zoo Enhancements (\$195,000 – Parks City-Wide C&C Tax Fund), Strategic Capital Replacement and Maintenance Needs (\$150,000 – Parks City-Wide C&C Tax Fund), Family Camp Capital Improvements Reserve (\$42,000 – Parks City-Wide C&C Tax Fund), and various Council District Public Art allocations (\$19,000 – Council Districts 2, 3, 8, 10 C&C Tax Funds). The remaining fund balance is recommended to be allocated to the respective funds' 2015-2016 Ending Fund Balance for future use.

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CONSTRUCTION EXCISE TAX FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$80,115	\$55,890	\$25,386	\$1,161	1.4%
Expenditures	\$147,823	\$81,902	\$62,984	(\$2,937)	(2.0%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$55.9 million and were generated from grant funding (\$25.1 million), Construction Excise Tax (\$21.7 million), traffic impact fees and developer contributions (\$6.8 million), and transfers and other miscellaneous revenues (\$2.3 million). This revenue level was \$24.2 million (30.2%) below the modified budget and \$10.7 million (16.1%) below the prior year level of \$66.6 million.

The 2014-2015 levels were lower than budgeted levels by approximately \$24.2 million, which was primarily the result of lower than budgeted receipts of federal grants (\$22.4 million) and State Grants (\$2.1 million). Due to anticipated project delays, grant related revenues of \$14.7 million were rebudgeted as part of the development of the 2015-2016 Adopted Budget, and an additional \$10.7 million is recommended to be rebudgeted as part of this report. After rebudgets, revenues ended 2014-2015 slightly above the estimate by \$1.2 million (1.4%). This primarily reflects higher State gas tax receipts (\$1.1 million) and Construction Excise tax receipts (\$671,000), partially offset by lower inter-agency encroachment permits (\$277,000) and miscellaneous revenues (\$225,000). The lower revenue level compared to the prior year was primarily due to lower Construction Excise Tax receipts (\$7.6 million), lower developer contributions (\$2.8 million), and lower traffic impact fees and miscellaneous revenues (\$2.7 million), partially offset by higher transfers in from other funds (\$1.9 million) and higher revenues from other agencies (\$828,000).

At \$21.7 million, Construction Excise Tax receipts in 2014-2015 were 25.7% lower than the prior year's record-setting collections of \$29.2 million. Similar to the Building and Structure Construction Taxes, although these collections are still strong, they are much lower (25.7%) than the peak collections in 2013- 2014. This decrease was consistent with prior expectations, as the large influx of projects from the last several years near completion and development activity returns to more moderate levels. The 2015-2016 Adopted Budget estimate of \$19.0 million allows for a decrease of 12.3% from the 2014-2015 collection level.

Expenditures totaled \$81.9 million and were primarily for pavement maintenance (\$56.9 million), various safety pedestrian improvements (\$4.9 million), expenditures related to the North San José area (\$2.0 million), the installation of various pedestrian and bicycle facilities (\$2.0 million), streetlight wire replacement (\$1.7 million), and BART and VTA project coordination (\$945,000). A significant

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portion of the expenditure savings (\$53.3 million) was anticipated and rebudgeted as part of the 2015-2016 budget process. An additional \$9.7 million is recommended to be rebudgeted as part of this report to ensure sufficient funding for projects in 2015-2016. This expenditure level was \$65.9 million (44.6%) below the modified budget and \$19.7 million (31.7%) above the prior year level of \$62.2 million.

After adjusting for rebudgets, the lower expenditure level of \$2.9 million compared to the budget was mainly caused by savings in the LED Streetlight Program (\$372,000), Bicycle and Pedestrian Facilities (\$320,000), BART Design and Construction Support (\$317,000), Infrastructure Management System (\$261,000), Bike/Pedestrian Development (\$230,000), Traffic Flow Management and Signal Retiming (\$210,000), Traffic Congestion Data Management (\$200,000), and Urban Forest Partnership (\$100,000). The expenditure variances in these appropriations were primarily attributable to staff vacancies and contractual maintenance savings. The positive variance to the prior year was primarily due to additional one-time pavement maintenance expenditures in 2014-2015.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$181,133	\$73,023	\$74,825	\$1,802	\$1,037	\$2,839	1.6%

The **Ending Fund Balance** of \$74.8 million was \$1.8 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance increases to \$2.8 million. This ending fund balance was above the estimate largely due to higher than estimated revenues and transfers, including gas tax revenues (\$1.1 million), and technical transfers between the internal accounting funds (\$1.9 million) that comprise the Construction Excise Tax Fund, slightly offset by lower than estimated Construction Excise Tax receipts (\$329,000).

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As described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions*, budget actions are recommended to increase the allocations for the Pavement Maintenance – State Gas Tax project (\$1.1 million) to recognize final gas taxes collected in excess of the 2014-2015 State Gas Tax revenue estimate, year-end reconciliations (\$169,000) to various Traffic Impact Fee Reserves and the Pavement Maintenance – Measure B allocation, Local Transportation Policy and Planning (\$125,000) for consultant services to define San José’s transportation impact review policies and ensure the City’s compliance with California Senate Bill 743 for the revised California Environmental Quality Act (CEQA), and Fiber Optics Permit Engineering (\$38,000) to appropriate funds collected in 2014-2015 that were in excess of the budgeted estimate. After accounting for all recommended adjustments, approximately \$1.4 million is recommended to be allocated to the 2015-2016 Ending Fund Balance for future use.

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CONVENTION AND CULTURAL AFFAIRS FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$9,623	\$9,836	\$0	\$213	2.2%
Expenditures	\$11,256	\$8,929	\$765	(\$1,562)	(13.9%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$9.8 million, the majority of which (\$9.6 million) was the transfer from the Transient Occupancy Tax (TOT) Fund to the Convention and Cultural Affairs Fund. The remaining revenues included ticket sale receipts (\$274,000) from 2009-2015 from Broadway San José shows that will be used for the American Musical Theater’s (AMT) loan repayment to the General Fund, offset very slightly by lower than estimated (\$1,000) interest earnings. In total, this revenue level ended the year 2.2% or \$213,000 above the 2014-2015 modified budget estimate.

TOT receipts recognized in the TOT Fund are allocated according to the Council-approved distribution formula to three program 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 actual TOT receipts ended 2014-2015 approximately \$884,000 above estimated levels, a recommendation is included in this document, according to the Council-approved distribution formula, to increase the 2015-2016 transfer from the TOT Fund to the Convention and Cultural Affairs Fund by \$442,000. For more information on the 2014-2015 performance of the TOT Fund, please refer to the TOT Fund in this section of the document.

Expenditures totaled \$8.9 million and consisted primarily of the City’s contribution to operate, maintain and market the Convention Center and other cultural facilities managed by Team San Jose (\$5.0 million); a number of capital improvement projects for these facilities (\$2.8 million); and a Transfer to the General Fund (\$1.1 million), which includes City overhead, Team San Jose contract oversight, Broadway San José ticket revenue, and cultural facility cost-sharing. After accounting for rebudgets of project funding carried forward to 2015-2016, the savings of \$1.6 million is primarily attributed to capital project savings (\$749,000) and savings to the subsidy to Team San Jose due to higher than anticipated facility operations activity levels (\$682,000).

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CONVENTION AND CULTURAL AFFAIRS FUND

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustment)</i>
\$15,633	\$5,856	\$6,917	\$1,061	(\$765)	\$296	1.9%

The **Ending Fund Balance** of \$6.9 million was \$1.1 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$296,000. This variance was primarily due to: savings across several categories of capital expenditures (\$300,000); higher than estimated revenue (\$214,000) from Broadway San José ticket sale receipts; moderate savings associated with categories such as City Free Use, workers compensation claims, and costs associated with the City’s third party advisor (\$100,000); and partially offset by greater than year-end estimated levels to the Team San Jose subsidy for facility operations (\$318,000).

As described in *Section IV – Recommended Budget Adjustments and Clean-up Actions*, budget actions are recommended to increase capital investments at the Convention Center and cultural facilities by a combined amount of \$3.5 million in the Convention and Cultural Affairs Fund and the Convention Center Facilities District Revenue (CCFD) Fund. These investments address critical rehabilitation and preventative maintenance needs, such as lighting and electrical controls, boilers, kick plates/corner guards, escalators, exterior rehabilitation, and point of sale systems. In the Convention and Cultural Affairs Fund, additional funding of \$2.3 million is recommended to fund a portion of costs, with the CCFD funding the remaining balance. In addition, a reduction of \$3.1 million in existing capital project funding in the Convention and Cultural Affairs Fund is recommended with a corresponding increase in the CCFD Fund to shift some of the current capital projects to the CCFD Fund given the increased resources in that fund due to the strong performance of the hotel tax.

Other adjustments recommended in this report include the transfer in of \$442,000 from the TOT Fund as previously discussed as well as a net zero adjustment to revenues and expenditures of \$111,533 for Broadway San José ticket sales. Team San Jose collects \$1 for every ticket sold for a Broadway San José show and then remits these payments to the City for repayment of a past loan made to the (AMT) in the amount of \$1 million. In 2014-2015, \$131,533 was generated from these payments, which was \$71,533 above the \$60,000 assumed in the budget. An increase to the revenue estimate of \$111,533 will allow the additional \$71,533 collected by Team San Jose in 2014-2015 to be received by the City, and allow for an increase in the estimate of 2015-2016 activity to increase by \$40,000, from \$60,000 to \$100,000. Once received in the Convention and Cultural Affairs Fund, the total proceeds of \$111,533 are then transferred to the General Fund, the originating funding source of the AMT loan. In total, through June 2015, payments of \$345,215 have been made towards the original \$1.0 million loan, leaving a remaining balance of \$654,785.

Accounting for these budget adjustments, the 2015-2016 Ending Fund Balance in the Convention and Cultural Affairs Fund is recommended to increase from \$1.5 million to \$2.9 million.

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GENERAL PURPOSE PARKING FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$17,608	\$17,423	\$0	(\$185)	(1.1%)
Expenditures	\$20,098	\$15,769	\$1,505	(\$2,824)	(14.1%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$17.4 million and were generated from parking garages and lots (\$11.5 million), parking meters (\$4.0 million), Successor Agency to the Redevelopment Agency (SARA) reimbursement (\$1.6 million), miscellaneous revenue (\$148,000), and interest earnings (\$73,000). The revenue level was \$185,000 (1.1%) below the modified budget and \$3.1 million (22%) above the prior year level of \$14.3 million.

Revenues fell slightly below the budget primarily due to a lower than anticipated reimbursement from SARA (\$1.6 million instead of \$3.4 million) for payment of the 4th and San Fernando Garage debt service that was almost entirely offset by higher parking garage and meter revenue. When the 2014-2015 budget was developed, it was assumed that the Parking Fund would advance the total amount necessary to pay the 4th and San Fernando debt service payments of \$3.4 million and would be reimbursed the entire amount by SARA by the end of the year. Based on actual SARA performance, the Parking Fund paid only \$1.7 million of the debt service with SARA paying the remaining balance. Of the \$1.7 million debt service payment made by the Parking Fund in 2014-2015, SARA had available funding to reimburse only \$250,000. In addition, SARA reimbursement of \$1.327 million was received to repay the City for a portion of the 4th and San Fernando debt service payments made in 2013-2014, bringing the total SARA reimbursement received in 2014-2015 to \$1.6 million. Parking Lots and Garages revenue exceeded the budget by \$920,000 (8.7%) because of a continued high level of activity in the Downtown area. In addition, parking meter revenue exceeded the budget by \$642,000 (18.9%), primarily due to the improving downtown economy and the \$1 parking meter rate increase in the Downtown Core where Smart Meters have been installed. Revenues tracked above the prior year primarily due to the higher SARA reimbursement (\$1.6 million received in 2014-2015 compared to \$656,000 received in 2013-2014), and higher revenue from parking garages, lots, and parking meters.

Expenditures totaled \$15.8 million and were primarily attributed to Department of Transportation (DOT) Non-Personal/Equipment expenditures (\$4.9 million), transfer to the San Jose Arena Capital Reserve Fund (\$3.5 million), debt service payments for the 4th and San Fernando garage (\$1.7 million), DOT personal services (\$1.9 million), and transfers to the General Fund (\$707,000). The expenditure level was \$4.3 million (21.5%) below the modified budget and \$1.3 million (9.1%) below the prior year level of \$14.5 million.

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GENERAL PURPOSE PARKING FUND

After adjusting for rebudgets, expenditures ended the year \$2.8 million (14.1%) below the budget primarily due to lower than budgeted debt service payments for the 4th and San Fernando garage (\$1.7 million), with the remaining debt service payment balance paid directly by SARA, and savings in contractual services for parking operations (\$492,000), DOT position vacancies (\$162,000), and various capital projects (\$292,000). In the Parking Capital Program, a total of \$950,000 was rebudgeted as part of the 2015-2016 Adopted Capital Budget for the purchase of the Central Place Parking Garage (\$900,000) and Security Improvements (\$50,000), and an additional \$555,000 is recommended to be rebudgeted in this report for the Minor Parking Facility Improvements (\$335,000), and the Downtown Event Parking Dynamic Message Sign Repair (\$220,000) projects. The Minor Parking Facility Improvements project addresses significant deferred maintenance at the City’s parking garages including garage painting, energy efficiency lighting upgrades, asphalt surface replacement and repair, and concrete surface repair. Expenditures were below the prior year primarily due to lower expenses for the 4th and San Fernando debt service (\$1.7 million in 2014-2015 compared to \$3.4 million in 2013-2014).

Ending Fund Balance Performance (\$ in Thousands)

2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$32,735	\$14,657	\$16,940	\$2,283	(\$555)	\$1,728	5.3%

The **Ending Fund Balance** of \$16.9 million was \$2.3 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$1.7 million. This additional fund balance is recommended to be allocated to the 2015-2016 Ending Fund Balance for future use.

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INTEGRATED WASTE MANAGEMENT FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$128,602	\$125,609	\$1,500	(\$1,493)	(1.2%)
Expenditures	\$131,368	\$127,257	\$2,198	(\$1,913)	(1.5%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$125.6 million and were generated primarily from Recycle Plus collection charges (\$109.3 million), lien-related charges (\$6.7 million), and Recycle Plus negotiated hauler payments (\$2.7 million). This revenue level was \$3.0 million (2.3%) below the modified budget of \$128.6 million and \$1.2 million (1.0%) below the prior year level of \$126.8 million.

After adjusting for a rebudget of grant revenue of \$1.5 million, the remaining negative variance to the budget of \$1.5 million (1.2%) was mainly due to the adjustment of grant-reimbursable amounts from the U.S. Economic Development Administration for the photovoltaic panels and solar structures at the Environmental Innovation Center (EIC) (\$851,000), as bids for the project came in significantly lower than what was previously estimated, as well as lower Recycle Plus revenue collections (\$814,000), partially offset by higher than estimated lien-related charges (\$544,000). The variance to the prior year was due primarily to lower New Market Tax Credit (NMTTC) proceeds to the City, which occurred primarily in 2013-2014 alongside the Household Hazardous Waste Las Plumas Facility, as well as lower AB939 fee revenue, partially offset by higher Recycle Plus revenue and a California Energy Commission grant.

Expenditures totaled \$127.3 million and were primarily for Single-Family Dwelling (SFD) Recycle Plus contracts (\$49.8 million), yard trimmings/street sweeping contract (\$22.8 million), Multi-Family Dwelling (MFD) Recycle Plus contracts (\$18.6 million), International Disposal Corporation of California, Inc. (IDC) disposal agreement (\$8.2 million), Environmental Services Department (ESD) personal services (\$6.8 million), SFD back-end processing (\$2.5 million), and ESD non-personal/equipment (\$2.4 million) costs. This expenditure level was \$4.1 million (3.1%) below the modified budget of \$131.4 million and \$669,000 (0.5%) above the prior year level of \$126.6 million.

After adjusting for rebudgets, the expenditure savings to the budget of \$1.9 million (1.5%) was mainly due to vacancy savings in various departments, including ESD, the Information Technology Department, and the Finance Department, as well as non-personal/equipment expenditure savings in ESD. The higher expenditure level compared to the prior year was due primarily to higher costs for Single Family Dwelling Processing, which began in 2014-2015, the CEC Grant: Biomass to Energy Technology Project, and the Customer Information System (CIS) Transition, as costs for the CIS project occurred primarily in 2014-2015, partially offset by lower costs for the Environmental Innovation Center (Miscellaneous Funding Sources) (\$2.5 million) and the Household Hazardous Waste Las Plumas Facility (\$2.1 million) projects, as the majority of those project costs were in 2013-2014.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

Ending Fund Balance Performance (\$ in Thousands)						
2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$142,761	\$16,032	\$13,632	(\$2,400)	\$1,057	(\$1,343)	(0.9%)

The **Ending Fund Balance** of \$13.6 million was \$2.4 million below the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the negative variance drops to \$1.3 million. This ending fund balance fell below the estimate largely due to lower than estimated revenues from Recycle Plus collections (\$705,000), California Energy Commission Grant (\$518,000), SB 332 income (\$246,000), and NMTC proceeds (\$223,000), as well as higher than estimated IDC disposal agreement costs (\$331,000), partially offset by lower than estimated non-personal/equipment (\$416,000) and personal services (\$225,000) costs in ESD.

As described in *Section IV – Recommended Budget Adjustments and Clean-up Actions*, budget actions are recommended to increase the allocations for Delinquent Lien Releases (\$200,000) and the EIC QALICB Master Lease Payment (\$7,000). After accounting for all recommended adjustments, the 2015-2016 Ending Fund Balance will be reduced by approximately \$1.6 million, including a reduction of \$1.3 million to the Unrestricted Ending Fund Balance (from \$1.5 million to \$235,000) and a reduction of \$300,000 to the Operations and Maintenance Reserve (from \$11.8 million to \$11.5 million), which has yet to reach the targeted two months of operating expenditures in this fund.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

LOW AND MODERATE INCOME HOUSING ASSET FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$20,028	\$34,116	\$0	\$14,088	70.3%
Expenditures	\$26,422	\$12,682	\$140	(\$13,600)	(51.5%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$34.1 million and were generated from loan repayments (\$32.1 million), interest earnings (\$156,000), and miscellaneous revenues (\$4,000). This revenue level was \$14.1 million (70.3%) above the budget and \$17.5 million (105.4%) above the prior year level of \$16.6 million.

Revenues significantly exceeded the budget mainly due to a number of developers refinancing their projects and pre-paying their City loans at the end of 2014-2015 as the result of low interest rates and other economic factors. Loan repayments were received from projects including Monte Vista Gardens (\$6.1 million), Parkview Family (\$4.9 million), and other Housing Department projects (\$2.8 million). This also contributed significantly to the variance to the prior year, as last year's loan repayments totaled \$16.4 million.

Expenditures totaled \$12.7 million and were primarily for Housing Personal Services (\$4.6 million), Loans and Grants (\$3.3 million), and City Attorney's Office Personal Services (\$710,000). This expenditure level was \$13.7 million (52.0%) below the budget and \$4.1 million (47.7%) above the prior year level of \$8.6 million.

After rebudgets, the variance to the budget of \$13.6 million, which was assumed as part of the development of the 2015-2016 Adopted Budget, was largely due to financing the construction for the Metropolitan Apartments project from the Federal HOME Investment Partnership Program Fund (445) rather than the Low and Moderate Income Housing Asset Fund (346). As a result, the Housing Loans and Grants appropriation experienced \$12.5 million in savings. The Housing Department's Non-Personal/Equipment appropriation savings of \$223,000 and Loan Management appropriation savings of \$188,000 also contributed to the variance to the budget. Expenditures were above last year's expenditures largely as the result of Housing Department projects beginning in 2014-2015 rather than 2013-2014.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

LOW AND MODERATE INCOME HOUSING ASSET FUND

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustment)</i>
\$50,880	\$36,659	\$52,481	\$15,822	\$0	\$15,822	31.1%

The **Ending Fund Balance** of \$52.5 million was \$15.8 million above the estimate used in the development of the 2015-2016 Adopted Budget. This variance from the estimate was largely due to higher than estimated revenue from loan repayments (\$13.6 million) and interest earnings (\$56,000) and lower than estimated expenditures from housing loans and grants (\$1.7 million) and non-personal/equipment (\$750,000), partially offset by higher than estimated costs in the Housing Department's personal services appropriation (\$154,000).

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LOW AND MODERATE INCOME HOUSING ASSET FUND

As described in *Section IV – Recommended Budget Adjustments and Clean-up Actions*, budget actions are recommended to increase the estimate for Earned Revenue and the Housing Project Reserve by \$32.1 million to recognize and allocate funding from eight multi-family project loan repayments received in 2015-2016 that had not been anticipated when the 2015-2016 Adopted Budget was developed. Additional actions are also recommended in this report including funding loans and grants for the pre-development of five affordable housing projects (Plaza Hotel, Balbach, Mesa/Gallup, Met South, and Hester) (\$2.3.million) and the potential acquisition of land for a Downtown Supportive Housing project (\$4.5 million). After accounting for all recommended adjustments, approximately \$41.1 million is recommended to be allocated to the Housing Project Reserve to fund future project commitments following approval by the City Council. The Housing Department plans to bring forward a City Council memorandum this fall describing its development funding strategy through 2016-2017.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$76,229	\$73,809	\$0	(\$2,420)	(3.2%)
Expenditures	\$176,661	\$99,860	\$45,562	(\$31,239)	(17.7%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$73.8 million and were generated primarily from a transfer from the Sewer Service and Use Charge Fund (\$48.0 million), contributions from the tributary agencies for projects and debt service payments (\$20.6 million), a transfer from the Treatment Plant Connection Fee Fund (\$3.1 million), and interest income (\$769,000). This revenue level was \$2.4 million (3.2%) below the modified budget and \$6.6 million (9.9%) above the prior year level of \$67.2 million.

The negative variance to the budget of \$2.4 million was due primarily to lower contributions from the tributary agencies for projects, as a result of actual Water Pollution Control Plant (Treatment Plant) expenditures and encumbrances over the course of the year, partially offset by higher miscellaneous revenue due to the refund of a large piece of equipment that failed to work according to specifications. The positive variance to the prior year was due primarily to a higher transfer from the Sewer Service and Use Charge Fund for capital projects, partially offset by lower U.S. Bureau of Reclamation Grant revenue, which was received primarily in 2013-2014.

Expenditures totaled \$99.9 million and were primarily attributed to capital improvement projects (\$88.5 million) and debt service payments (\$11.4 million). The largest projects included Energy Generation Improvements (\$18.9 million), Combined Heat and Power Equipment Repair and Rehabilitation (\$15.9 million), Digester and Thickener Facilities Upgrade (\$13.8 million), Program Management (\$11.3 million), and SBWR Extension (\$4.1 million). This expenditure level was \$76.8 million (43.5%) below the modified budget and \$10.0 million (11.1%) above the prior year level of \$89.9 million.

After adjusting for rebudgets, the expenditure savings to the budget of \$31.2 million was due primarily to several large projects. A significant portion of the Energy Generation Improvements project was rebudgeted during the 2015-2016 Proposed Capital Budget process, as it was known at the time that the majority of the costs for this project would not begin until 2015-2016; however, \$6.4 million was not included in this rebudget due to a revised project estimate, and as such, this remaining balance was unexpended by the end of 2014-2015. The Plant Electrical Reliability (\$6.1 million) and Plant Instrument Air System Upgrade (\$3.7 million) projects had significant savings due to inadvertently high consultant validation estimates and subsequent scope refinements. Savings were also realized in Program Management (\$3.0 million), due to a large construction administration service order that did not occur in 2014-2015, as it was found that this expenditure was no longer needed. In addition, savings were realized in the ongoing Equipment Replacement (\$2.2 million) program, as this allocation funds the necessary replacement and rehabilitation of equipment, which did not occur at a level in 2014-2015 to warrant the

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SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

full expenditure of these funds. The positive variance to the prior year was due primarily to higher Preliminary Engineering and Program Management costs, as well as higher costs for the Digester and Thickener Facilities Upgrade and Advanced Facility Control and Meter Replacement projects.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$256,522	\$126,559	\$154,818	\$28,259	(\$362)	\$27,896	10.9%

The **Ending Fund Balance** of \$154.8 million was \$28.3 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$27.9 million. This ending fund balance was higher than the estimate largely due to expenditure savings from several large projects: Energy Generation Improvements (\$6.4 million), Plant Electrical Reliability (\$6.1 million), Plant Instrument Air System Upgrade (\$3.7 million), Program Management (\$3.0 million), and Equipment Replacement (\$2.2 million).

The balance of \$27.9 million is recommended to be allocated to the 2015-2016 Ending Fund Balance. Of this amount, approximately \$9.3 million will be credited back to tributary agencies as reimbursement for their portions of these unused funds, while the City’s portion of this balance (\$18.6 million) will be available for future use and will partially offset the need for external financing at the Treatment Plant for future large projects, as discussed in the 2015-2016 Operating Budget.

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SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$227,677	\$228,690	\$0	\$1,013	0.4%
Expenditures	\$256,849	\$247,144	\$1,583	(\$8,122)	(3.2%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

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

Revenues totaled \$228.7 million and were generated primarily from sewer service and use charges for residential (\$106.6 million), commercial (\$23.3 million), and industrial (\$4.5 million) users; a transfer from the SSUC Fund to the Plant Operating Fund (\$52.0 million); contributions from tributary agencies (\$16.0 million); contributions from the City of Santa Clara (\$10.9 million); recycled water sales and rebates (\$6.8 million); a transfer from the General Fund for a former Redevelopment Agency SERAF loan repayment (\$5.1 million); and Connection Fees (\$2.9 million). This revenue level was \$1.0 million (0.4%) above the modified budget and \$16.6 million (7.8%) above the prior year level of \$212.1 million.

The positive variance to the budget of \$1.0 million (0.4%) was mainly due to higher revenues from recycled water sales and rebates and residential SSUC charges, partially offset by lower contributions from the tributary agencies and connection fee income. Revenues also exceeded the prior year due, in large part, to a significant increase in the transfer from the SSUC Fund to the Plant Operating Fund, as well as the SERAF loan repayment from the General Fund.

Expenditures totaled \$247.2 million and were primarily for the following: transfers from the SSUC Fund to the Plant Operating Fund (\$52.0 million), San José-Santa Clara Treatment Plant Capital Fund (Plant Capital Fund) (\$48.0 million), and Sewer Service and Use Charge Capital Fund (\$23.0 million); overhead reimbursements (\$13.0 million); Environmental Services Department (ESD) personal services (\$47.0 million) and non-personal/equipment (\$33.9 million) costs; and Department of Transportation (DOT) personal services (\$10.4 million) and non-personal/equipment (\$8.2 million) costs. This expenditure level was \$9.7 million (3.8%) below the modified budget and \$32.0 million (14.9%) above the prior year level of \$215.2 million.

After adjusting for rebudgets, expenditures ended the year \$8.1 million (3.2%) below the budget mainly due to personal services and non-personal/equipment expenditure savings in ESD, largely a result of vacancy savings, energy and chemical savings, contract-related delays, and personal services and non-personal/equipment expenditure savings in DOT. Expenditures tracked above the prior year due primarily to higher transfers from the SSUC Fund to the Plant Capital Fund and Plant Operating Fund, as well as

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SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUNDS

higher personal services costs in ESD. Personal services expenditures were up 9.9% due to a number of factors, including a decrease in the number of vacancies at the Plant (vacancy rate declined from 19.4% in September 2014 to 15.7% in September 2015) and the re-classification of certain Plant-specific positions in 2014-2015.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$329,826	\$80,710	\$85,319	\$4,609	(\$1,083)	\$3,526	1.1%

The **Ending Fund Balance** of \$85.3 million was \$4.6 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$3.5 million. This ending fund balance increased above the estimate largely due to higher than estimated revenues from recycled water sales and rebates (\$788,000) and sewer service and use charges for industrial (\$319,000), residential (\$299,000), and commercial (\$119,000) users, as well as lower than estimated non-personal/equipment costs in ESD (\$2.6 million) and personal services costs in DOT (\$647,000), partially offset by higher non-personal/equipment costs in DOT (\$844,000).

The additional fund balance of \$3.5 million is recommended to be distributed to the 2015-2016 Ending Fund Balance allocations in the various funds. Of this amount, it is recommended that \$213,000 be set aside in the Sewer Service and Use Charge Fund’s Operations and Maintenance Reserve and \$393,000 in the Plant Operating Fund’s Operations and Maintenance Reserve that are included in the Ending Fund Balances, in order to bring those reserves up to the goal of reserving 60 days of operating expenditures. Additionally of this Ending Fund Balance allocation, it is recommended that the Treatment Plant Expansion Reserve in the Connection Fee Fund be increased by \$76,000 and the Unrestricted Ending Fund Balances be increased by a total of \$3.2 million across the SSUC Fund (\$743,000) and the Plant Operating Fund (\$2.1 million) for future use.

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SANITARY SEWER CAPITAL PROGRAM

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$25,276	\$24,762	\$0	(\$514)	(2.0%)
Expenditures	\$120,271	\$52,900	\$61,211	(\$6,160)	(5.1%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

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

Revenues totaled \$24.8 million and were generated from a transfer from the Sewer Service and Use Charge Fund (\$23.0 million), connection fees (\$895,000), and interest income (\$428,000). This revenue level was \$514,000 (2.0%) below the modified budget and \$1.5 million (5.7%) below the prior year level of \$26.3 million.

The negative variance to the budget was mainly due to lower joint participation payments, partially offset by reimbursements for Japantown sewer infrastructure. Joint participation payments, which reflect the West Valley Sanitation District's and County Sanitation Districts' share of costs for projects in their jurisdictions, came in lower than expected because of further required cost sharing evaluations due to the timing of various annexations of County pockets into City jurisdiction. The negative variance to the prior year was due primarily to lower connection fee revenue and a lower transfer from the Sewer Service and Use Charge Fund.

Expenditures totaled \$52.9 million and were for several capital projects; the largest of these were: Immediate Replacement and Diversion Projects (\$5.7 million), Urgent Rehabilitation and Repair Projects (\$5.7 million), Infrastructure – Sanitary Sewer Condition Assessment (\$4.5 million), Almaden Expressway Sanitary Sewer Improvements (\$4.3 million), Condition Assessment Sewer Repairs (\$3.3 million), Coleman Road Sanitary Sewer Improvement – Phase III (\$3.1 million), and Cast Iron Pipe – Remove and Replace (\$3.1 million). This expenditure level was \$67.4 million (56.0%) below the modified budget and \$1.3 million (2.4%) below the prior year level of \$54.2 million.

After adjusting for rebudgets, the expenditure savings to the budget of \$6.2 million was mainly a result of savings across several large projects, including: Urgent Rehabilitation and Repair Projects (\$1.3 million); Trimble Road Sanitary Sewer Improvements (\$749,000), due to the construction costs of this project being lower than the project's estimate; Cast Iron Pipe Replacement – West (\$661,000), due to the project's bid being lower than the engineer's estimate; and South White Road Sanitary Sewer Improvements (\$500,000), due to a scope reduction to exclude the Santa Clara County share portion of this City-County joint project. Aside from the standard year-to-year variances across projects that occur in capital funds, the lower expenditure level compared to the prior year can be attributed in large part to Urgent Rehabilitation and Repair Projects, as there were greater expenses incurred in 2013-2014 due to more urgent repair projects.

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SANITARY SEWER CAPITAL PROGRAM

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$131,156	\$69,159	\$79,425	\$10,266	(\$3,097)	\$7,169	5.5%

The **Ending Fund Balance** of \$79.4 million was \$10.3 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$7.2 million. This ending fund balance was above the estimate largely due to lower than expected expenditures across several projects, including Rehabilitation of Sanitary Sewer Pump Stations (\$2.8 million), Urgent Rehabilitation and Repair Projects (\$1.6 million), Flow Monitoring Program (Master Planning) (\$970,000), and Trimble Road Sanitary Improvement (\$749,000) and higher than estimated miscellaneous revenue (\$197,000). The balance of \$7.2 million is recommended to be allocated to the 2015-2016 Ending Fund Balance for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS
STORM SEWER CAPITAL PROGRAM**

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$13,959	\$12,368	\$1,804	\$213	1.5%
Expenditures	\$23,309	\$10,356	\$3,925	(\$9,028)	(38.7%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

The Storm Sewer Capital Program includes the Storm Sewer Capital Fund and the Storm Drainage Fee Fund.

Revenues totaled \$12.4 million and were generated from a transfer from the Storm Sewer Operating Fund (\$11.9 million), storm drainage fees (\$294,000), interest earnings (\$140,000), and joint participation revenue (\$4,000). This revenue level was \$1.6 million (11.4%) below the modified budget of \$14.0 million and \$5.8 million (32.1%) below the prior year level of \$18.2 million.

After adjusting for a rebudget of grant revenue of \$1.8 million, revenues tracked slightly above the budget by \$213,000 (1.5%) mainly due to higher storm drainage fees and interest income. Revenues tracked well below the prior year due primarily to a significantly lower transfer from the Storm Sewer Operating Fund to the Storm Sewer Capital Fund, due to a greater need for the transfer in 2013-2014 for the storm pump station and master plan projects.

Expenditures totaled \$10.4 million and were for several capital projects; the largest of these were Storm Sewer Master Plan – City-wide (\$2.5 million), Urgent Flood Prevention and Repair Projects (\$1.3 million), Martha Gardens Green Alley (\$954,000), Minor Neighborhood Storm Sewer Improvements (\$951,000), and Flow Monitoring Program (\$932,000). This expenditure level was \$13.0 million (55.6%) below the modified budget and \$452,000 (4.6%) above the prior year level of \$9.9 million.

After adjusting for rebudgets, expenditure savings of \$9.0 million (38.7%) to the budget were mainly a result of several large projects. A significant portion of this variance is due to delays associated with the Large Trash Capture Devices (\$3.3 million) project, the scope for which will be refined in 2015-2016 and the budget for which will be adjusted as necessary for the 2017-2021 Capital Improvement Program. The Willow Glen-Guadalupe, Phase III (\$1.4 million) and Almaden-Canoas Storm Sewer Improvements (\$600,000) projects have been delayed, and the scopes for these projects will be based on recommendations included in the Storm Sewer Master Plan (Master Plan), which is expected to be completed in 2017. In addition, \$1.0 million previously allocated for the Charcot Storm Pump Station at Coyote Creek is recommended to be placed into a reserve for future use, after completion of the Master Plan and a subsequent financing plan, as described in *Section IV – Recommended Budget Adjustments and Clean-up Actions*. Also, significant costs for the Outfall Rehabilitation – Capital (\$491,000) are pending the outcome of a consultant plan, which is anticipated to be completed by December 2015; as such, no plan is yet in place for the use of these funds, and savings are recommended to fall to the Ending Fund Balance. The slightly higher expenditure level over the prior year can in large part be attributed to standard year-to-year variances across projects that generally occur in capital funds.

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STORM SEWER CAPITAL PROGRAM

Ending Fund Balance Performance (\$ in Thousands)						
2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$38,281	\$18,048	\$26,352	\$8,304	(\$1,316)	\$6,988	18.3%

The **Ending Fund Balance** of \$26.4 million was \$8.3 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$7.0 million. This higher ending fund balance is primarily due to lower than expected expenditures across several projects, including Large Trash Capture Devices (\$3.3 million), Charcot Storm Pump Station at Coyote Creek (\$1.0 million), Outfall Rehabilitation – Capital (\$891,000), and Storm Sewer Master Plan – City-wide (\$832,000).

As described in *Section IV – Recommended Budget Adjustments and Clean-Up Actions*, a budget action is recommended to increase the Charcot Storm Pump Station Reserve by \$1.0 million. The remaining fund balance of approximately \$6.0 million is recommended to be allocated to the 2015-2016 Unrestricted Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$32,163	\$32,705	\$0	\$542	1.7%
Expenditures	\$38,808	\$35,635	\$413	(\$2,760)	(7.1%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$32.7 million and were generated primarily from storm sewer service fee assessments (\$32.6 million), other non-operating revenues (\$58,000), and interest earnings (\$34,000). This revenue level was \$542,000 (1.7%) above the modified budget of \$32.2 million and \$300,000 (0.9%) above the prior year level of \$32.4 million.

The positive variance to the budget of \$542,000 (1.7%) was mainly due to higher fee assessments and miscellaneous revenue. The miscellaneous revenues received in 2014-2015 were attributed primarily to a Cal Recycle Grant. The positive variance to the prior year was also due primarily to higher fee assessments.

Expenditures in this fund are focused primarily on maintenance and operation of the Storm Sewer System and stormwater pollution reduction and totaled \$35.6 million. Expenses consisted primarily of a Transfer to the Storm Sewer Capital Fund (\$11.9 million) to support capital investments in the Storm Sewer System, Department of Transportation (DOT) and Environmental Services Department (ESD) personal services (\$5.8 million and \$5.4 million, respectively), DOT and ESD non-personal/equipment (\$2.4 million and \$1.9 million, respectively), overhead (\$2.5 million), and yard trimmings/street sweeping contract (\$2.0 million) costs. This expenditure level was \$3.2 million below the modified budget of \$38.8 million and \$4.8 million (11.9%) below the prior year level of \$40.5 million.

After adjusting for rebudgets, expenditures ended the year \$2.8 million (7.1%) below the budget mainly due to vacancy savings and non-personal/equipment cost savings in both DOT and ESD. The non-personal/equipment cost savings in DOT were due to the lack of need for significant expenditures to the storm system as a result of low and inconsistent rainfall. The savings in ESD resulted from delays in implementing elements of the long-term trash load reduction plan, such as the Clean Streets pilot program, due to a combination of staff turnover and a need to focus resources on development of the Municipal Regional Stormwater Permit 2.0. Expenditures were lower than the prior year, due primarily to a lower transfer to the Storm Sewer Capital Fund.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$51,028	\$14,426	\$16,080	\$1,654	(\$63)	\$1,591	3.1%

The **Ending Fund Balance** of \$16.1 million was \$1.7 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$1.6 million. This ending fund balance was above the estimate largely due to higher than estimated revenues from fee assessments (\$86,000) and revenue from the Cal Recycle Grant (\$40,000), as well as lower than estimated non-personal/equipment costs in ESD (\$475,000), lower personal services costs in ESD (\$362,000) and DOT (\$187,000), and lower Customer Information System Transition project costs (\$285,000).

The balance of \$1.6 million is recommended to be allocated to the 2015-2016 Ending Fund Balance, of which \$141,000 will be set aside in the Operations and Maintenance Reserve to have this reserve maintain its target of two months of operating expenditures.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$21,523	\$22,420	\$0	\$897	4.2%
Expenditures	\$21,928	\$19,346	\$2,582	\$0	0.0%

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues generated from Transient Occupancy Tax (TOT) receipts totaled \$22.4 million, including \$22.2 million for 2014-2015 activity, payment generated from taxes that should have been paid in prior years and related penalties (\$169,000), special events permit revenue (\$26,000), and interest earnings (\$24,000). This revenue level was \$897,000 (4.2%) above the modified budget of \$21.5 million and \$4.5 million (25.2%) above the prior year record level of \$17.9 million.

The variance to budget and the increase from the prior year results from the continued strong revenue performance in 2014-2015 and is reflective of the steadily increasing hotel occupancy and room rates for the City's 14 largest hotels. The occupancy rate increased to 75.8%, up from 70.6% in 2014-2015 and 66.6% in 2012-2013; and the average room rate increased to \$174, up from \$154 in 2014-2015 and \$139 in 2012-2013.

Expenditures totaled \$19.3 million and were primarily for the transfer to the Convention and Cultural Affairs Fund (\$9.6 million), the San José Convention and Visitors Bureau (\$4.8 million), and the Cultural Development grants program (\$4.7 million). This expenditure level, though below the 2014-2015 budget of \$21.9 million, was \$2.1 million (or 12.4%) above the prior year level of \$17.2 million.

A total of \$2.6 million is recommended to be rebudgeted as part of this report for San José Convention and Visitor's Bureau (\$95,000) and the Cultural Grants program (\$2.4 million). Once rebudgets are included, expenditures in the TOT Fund ended the year at budgeted levels.

Ending Fund Balance Performance (\$ in Thousands)						
2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$27,233	\$5,305	\$8,784	\$3,479	(\$2,582)	\$897	3.3%

The **Ending Fund Balance** of \$8.8 million was \$3.5 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments of \$2.6 million recommended in the Annual Report, the positive variance drops to \$897,000 and reflects higher than anticipated revenues. As part of this report, additional fund balance (\$884,000) is recommended to be allocated to the following categories according to the City Council approved distribution formula: Cultural Development (\$221,000), Convention and Visitor's Bureau (\$221,000), and Transfer to the Convention and Cultural Affairs Fund (\$442,000). The remaining \$13,000 reflects the net increase to the 2015-2016 Ending Fund Balance from additional interest earnings and special events permit revenue above the amount assumed for 2014-2015.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL PROGRAM

Revenue and Expenditure Performance (\$ in Thousands)					
	<i>2014-2015 Budget</i>	<i>2014-2015 Actuals</i>	<i>Total Rebudgets*</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$3,671	\$4,087	\$0	\$416	11.3%
Expenditures	\$6,729	\$5,280	\$1,349	(\$100)	(1.5%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

The Water Utility Capital Program includes the Water Utility Capital Fund and the Major Facilities Fund.

Revenues totaled \$4.1 million and were generated primarily from a Transfer from the Water Utility Fund (\$3.5 million) and fees paid by developers for direct services (\$538,000). The fees consist of Major Facilities Fees (\$351,000), Service Connection Fees (\$137,000), Meter Installation Fees (\$29,000), and Advanced System Design Fees (\$21,000). This revenue level was \$416,000 (11.3%) above the modified budget and \$384,000 (10.4%) above the prior year level of \$3.7 million.

The positive variance to the budget of \$416,000 (11.3%) was due primarily to higher major facilities fees, as these fees are not budgeted due to the highly volatile nature of this revenue stream. The positive variance to the prior year was due to a higher transfer from the Water Utility Fund for capital projects.

Expenditures totaled \$5.3 million and were for several capital projects; the largest of these were Infrastructure Improvements (\$1.6 million), System Maintenance/Repairs (\$816,000), Nortech and Trimble Reservoir Rehabilitation (\$522,000), and Meter Replacements (\$501,000). This expenditure level was \$1.4 million (21.5%) below the modified budget and \$124,000 (2.3%) below the prior year level of \$5.4 million.

After adjusting for rebudgets, expenditures ended the year \$100,000 (1.5%) below the budget mainly as a result of savings across several projects. The lower expenditure level compared to the prior year was due primarily to lower expenses for the Dove Road Main Extension and Nortech and Trimble Reservoir Rehabilitation projects, as they were primarily 2013-2014 projects, partially offset by the Safety and Security Improvements project that was initiated midway through 2014-2015 to address urgent safety and security issues at water utility sites.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS
WATER UTILITY CAPITAL PROGRAM**

Ending Fund Balance Performance (\$ in Thousands)						
<i>2014-2015 Modified Budget</i>	<i>2014-2015 Estimated Ending Fund Balance</i>	<i>2014-2015 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Annual Report Rebudget Adjustments</i>	<i>Revised Variance</i>	<i>Revised Variance % (incl. Rebudget Adjustments)</i>
\$13,684	\$8,397	\$8,820	\$423	(\$122)	\$301	2.2%

The **Ending Fund Balance** of \$8.8 million was \$423,000 above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$301,000. This ending fund balance was above the estimate due largely to higher major facilities fee revenue (\$213,000) and lower expenses across several capital projects, the largest of which were Cadwallader Reservoir Rehabilitation (\$78,000) and System Maintenance/Repairs (\$46,000), partially offset by lower service connection fee revenue (\$13,000). The balance of \$301,000 is recommended to be allocated to the 2015-2016 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

Revenue and Expenditure Performance (\$ in Thousands)					
	2014-2015 Budget	2014-2015 Actuals	Total Rebudgets*	Variance	% Variance
Revenues	\$36,894	\$36,833	\$0	(\$61)	(0.2%)
Expenditures	\$38,445	\$35,509	\$130	(\$2,806)	(7.3%)

* Includes all rebudgets from 2014-2015 to 2015-2016, including those recommended in this Annual Report.

Revenues totaled \$36.8 million and were generated from potable and recycled water sales (\$36.5 million), late fees (\$253,000), and interest earnings (\$46,000). This revenue level was \$61,000 (0.2%) below the modified budget and \$2.0 million (5.8%) above the prior year level of \$34.8 million.

With revenues ending the year within 0.2% of the budget, overall collections performed as budgeted in 2014-2015. The positive variance to the prior year was primarily due to higher recycled water sales, combined with potable and recycled water rates that were 11.0% higher in 2014-2015 than the prior year.

Expenditures totaled \$35.5 million and were primarily for Environmental Services Department (ESD) Non-Personal/Equipment (\$24.8 million, of which \$20.6 million was attributed to the purchase of wholesale potable and recycled water), ESD Personal Services (\$4.4 million), and a Transfer to the Water Utility Capital Fund (\$3.5 million). This expenditure level was \$2.9 million (7.6%) below the modified budget and \$2.0 million (5.9%) above the prior year level of \$33.5 million.

After adjusting for rebudgets, the budget savings of \$2.8 million (7.3%) was mainly due to non-personal/equipment expenditure savings in ESD (\$2.7 million), which was largely a result of lower than estimated potable water purchases. The variance to the prior year was due primarily to higher personal services expenditures in ESD, higher Customer Information System Transition costs, an increased transfer to the Water Utility Capital Fund, and overhead payment to the General Fund.

Ending Fund Balance Performance (\$ in Thousands)						
2014-2015 Modified Budget	2014-2015 Estimated Ending Fund Balance	2014-2015 Actual Ending Fund Balance	Variance	Recommended Annual Report Rebudget Adjustments	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$48,684	\$10,706	\$13,143	\$2,437	(\$30)	\$2,407	4.9%

The **Ending Fund Balance** of \$13.1 million was \$2.4 million above the estimate used in the development of the 2015-2016 Adopted Budget. After accounting for rebudgets recommended in the Annual Report of only \$30,000, the positive variance remains approximately the same. The increase to ending fund balance is largely due to higher than estimated revenues from potable water sales (\$1.5 million) and lower than estimated non-personal/equipment expenditures in ESD (\$1.0 million), which is the result of a timing difference between when the 2014-2015 year-end estimates were created for development of the 2015-2016 Proposed Operating Budget and when water conservation began to significantly affect revenues and expenditures, partially offset by the necessary budgetary funding in 2014-2015 of the long-term liability for compensated absences in the fund (\$124,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

The year-end revenue estimate for potable water sales was created based on fiscal year-to-date data through February, and assumed a 20% water conservation level between March and June from 2013 levels. However, consumption in March and April dropped by an amount of approximately 10%, and then fell steeply to 30% in May and June. Because revenue from Municipal Water System customers is received by the City approximately two to three months after consumption occurs, actual revenues came in higher than expected at year-end. Accordingly, year-end expenditures were less than anticipated due to the sharply reduced levels of consumption for May and June. Through July and August of 2015-2016, conservation levels are tracking at consumption reductions of 35%, greater than the 28% used to develop the 2015-2016 budget.

As described in *Section IV – Recommended Budget Adjustments and Clean-up Actions*, several budget actions are recommended. A revenue decrease of \$1.9 million is recommended for potable water sales to account for the reduced revenue related to May and June’s low consumption levels (\$300,000) and to account for conservation tracking at 35%, as opposed to 28%, for the remainder of 2015-2016 (\$1.6 million). Accordingly, a decrease to expenditures of \$1.2 million is also recommended to reflect the reduced amount of wholesale water purchases, due to the increased levels of conservation experienced year-to-date. Other recommended actions include recognizing funding of \$106,000 from the Santa Clara Valley Water District (SCVWD) and allocating those funds to ESD (\$65,000) and OED (\$41,000) for non-personal/equipment expenses for the LawnBuster Pilot Program, increasing the ESD non-personal/equipment allocation for billing system licensing (\$298,000), and decreasing the Operations and Maintenance Reserve to maintain its target of two months of operating expenditures.

After accounting for all recommended adjustments, the 2015-2016 Unrestricted Ending Fund Balance will increase by approximately \$1.5 million. If water consumption levels continue according to current expectations, this amount could be used for a quicker pay-down of the commercial paper loan associated with the replacement of water meters. However, the additional fund balance also serves as a cushion against potential revenue shortfalls if conservation increases or any mid-year rate increases that could be contemplated by the SCVWD. Given this uncertainty, no actions related to the additional fund balance are recommended at this time. Staff will continue to closely monitor water consumption activity levels and actions by SCVWD, and may bring forward recommended adjustments as part of the 2015-2016 Mid-Year Budget Review, as necessary.

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

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Budget Adjustments

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

General Fund

Required Technical/Rebalancing Actions – These actions recommend current year adjustments to align budgeted revenue and expenditures with the most current information or correct technical problems in the 2015-2016 Adopted Budget. Additional detailed information on these adjustments can be found in the following pages in this section.

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. Additional detailed information on these adjustments can be found in the following pages in this section.

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

Special/Capital Funds

Special/Capital Fund Adjustments – These actions adjust revenue estimates based on updated collection information; recognize revenues from new or adjusted grants and reimbursements; 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.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

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

General Fund & Special/Capital Funds

Fund Balance Reconciliations – These actions revise the Beginning Fund Balance estimates in the 2015-2016 budget for all funds where the actual (unaudited) 2014-2015 Ending Fund Balance/2015-2016 Beginning Fund Balance differed from the budgeted amount.

Development Fee Program Reconciliations – These actions adjust appropriations based on actual (unaudited) Development Fee Program reconciliations. In the four Development Fee Programs (Building, Fire, Planning, and Public Works), these actions adjust fee reserves in the General Fund to reflect the policy of preserving all expenditure savings and/or capturing any revenue excess/shortfalls and related interest earnings resulting from year-end program reconciliations.

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

Voluntary Furlough/Reduced Work Week Program – Adjustments to various departments' Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2015-2016. Savings in the General Fund (\$242,000) will be generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings of \$150,000 were assumed in the development of the 2015-2016 Adopted Budget and temporarily funded from the General Fund Salaries and Benefits Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Reserve. The remaining savings of \$92,000 are recommended to offset other budget actions as described elsewhere in this report.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

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.
- **Other Adjustments:**
 - **1st Act Silicon Valley Digital Media Grant** – This technical adjustment reflects a reconciliation of actual revenue received in the General Fund. As a result of higher than budgeted revenues received, this technical adjustment increases the City-Wide Expenses 1st Act Silicon Valley Digital Media Grant appropriation by \$1,000.
 - **4th Street Garage Banquet Facility Maintenance and Operations** – This technical contractually required adjustment in the General Fund increases the 4th Street Garage Banquet Facility Maintenance and Operations appropriation based on actual banquet revenue received in 2014-2015 compared to the modified budget revenue estimate. An increase to this appropriation of \$100,000 is recommended in this report based on actual collections.
 - **Artificial Turf Capital Replacement Reserve** – Consistent with past practice, this technical adjustment in the General Fund adds funding to a reserve that was included as part of the 2015-2016 Adopted Operating Budget for future replacement of artificial turf fields. This reserve is supported by the field reservation revenues, less the cost to maintain and operate the artificial turf fields.
 - **Cultural Facilities Capital Maintenance Reserve** – This technical adjustment is necessary to recognize additional Transient Occupancy Tax revenue received in 2014-2015 in the amount of \$550,000. As directed in the Mayor’s March Message for Fiscal Year 2014-2015, as approved by the City Council, the growth in the General Fund portion of the Transient Occupancy Tax revenue above the 2013-2014 base year is to be set aside for cultural and arts facilities capital maintenance.
 - **General Plan Update Reserve** – This technical adjustment reflects a reconciliation of actual annual revenues received in the General Fund compared to the modified budget revenue estimate. A General Plan Update fee is applied to certain planning permits and activities and the revenues received are restricted to activities related to General Plan updates. The downward adjustment of \$12,457 accounts for actual revenue receipts that were slightly below the modified budget revenue estimate for the General Plan Update Reserve.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

- **Gift Trust Fund Reconciliation** – These actions allocate the actual revenues received in 2014-2015 that were not incorporated into the 2015-2016 Adopted Budget for existing gifts, as well as rebudget gifts that were anticipated to be spent in 2014-2015 but had funds remaining. The Gift Trust Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City, and funds deposited may be only be used for the specified gifts as indicated.
- **Leland Sports Field Repayment** – This technical adjustment transfers funding toward the full repayment of \$350,000 to the Council District 10 Construction and Conveyance (C&C) Tax Fund. Funding was advanced to the Leland Sports Field project from this District to support the addition of an enhanced concession/storage/bathroom facility at the Leland Sports Field. As approved by the City Council in March 2007, fees collected from the use of this sports field will support ongoing operational and maintenance costs, repay the Council District 10 C&C Tax Fund, and establish a reserve for future replacement of the turf prior to the expiration of the agreement. A technical adjustment recommended in this report transfers \$30,000 in additional fee revenue in excess of operating costs from the General Fund to the Leland Turf Replacement Reserve in the Council District 10 C&C Tax Fund. A total of \$39,000 remains to be repaid to the Council District 10 C&C Tax Fund.
- **PG&E Summer Cooling Shelter Program Grant** – This technical adjustment in the General Fund reflects a reconciliation of actual revenue received in 2014-2015. As a result of higher than budgeted revenues received, this technical adjustment increases the City-Wide Expenses PG&E Summer Cooling Shelter Program Grant appropriation by \$7,000.
- **Police Department Staffing/Operations Reserve** – This technical adjustment in the General Fund reflects a reconciliation of actual personal services savings in the Police Department. As directed in the Mayor’s June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs shall be set aside in the Police Department Staffing/Operations Reserve until staffing levels reach 1,250 officers. Final Police Department savings for 2014-2015 totaled \$3.0 million, which are accordingly recommended to be placed in this reserve. With other actions recommended in this report, the reserve will be at the \$2.3 million level.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

- **Public, Educational, and Government (PEG) Access** – These technical contractually required adjustments in the General Fund reflect a reconciliation of actual revenue received from the City’s cable provider and related interest earnings. As a result of higher than budgeted revenues received, these technical adjustments increase the City-Wide Expenses Public, Educational, and Government Access – Capital appropriation by \$16,549 and the City-Wide Expenses Government Access – Capital Expenditures appropriation by \$2,910.
- **Salary Program** – A reallocation of \$41,476 between Personal Services and Fire Development Fee Program – Personal Services appropriations in the Fire Department is recommended to correctly allocate International Association of Fire Fighters, Local 230 costs between the two Fire Personal Services appropriations.
- **Transfer from the General Fund to the Parks C&C Tax Fund – Council District 7/Transfer from the Parks C&C Tax Fund – Council District 7 to the Subdivision Park Trust Fund (Interest Repayment)** – These technical adjustments between funds repay interest earnings that were accrued on funding that was loaned from the Subdivision Park Trust Fund to the Council District 7 C&C Tax Fund for the construction of Roberto Antonio Balermينو Park. By practice, all interest earnings accrued in the Construction and Conveyance Tax Funds are transferred to the General Fund. The technical adjustments recommended in this report transfer the portion of the interest earnings that were accrued on the funds that were loaned (\$19,103) from the General Fund back to the Council District 7 Construction and Conveyance Tax Fund. Accordingly, it is then recommended to transfer the funds from the Council District 7 Construction and Conveyance Tax Fund to the Subdivision Park Trust Fund for the interest repayment.

General Fund Recommended Budget Adjustments Summary

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

<i>Air Service Incentive Program Reserve/Transfers and Reimbursements</i>	EARMARKED RESERVES		(\$400,000)	(\$478,753)
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This action eliminates the Air Service Incentive Program Reserve of \$400,000 and reduces the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by \$478,753. The Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007, requires that should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2012-2013, passenger enplanements exceeded the Federal Aviation Administration's (FAA) national enplanement growth by 2.7% and a downward adjustment to the Airport Maintenance and Operation Fund overhead reimbursement of \$420,000 was included in the 2012-2013 Annual Report. In 2013-2014, passenger enplanements exceeded the FAA's national enplanement growth by 5.9% and a downward adjustment to the Airport Maintenance and Operation Fund overhead reimbursement of \$941,736 was included in the 2013-2014 Annual Report. In 2014-2015, the percentage growth in annual enplanements at the Airport was 5.5% which exceeded the FAA's projection of 2.6% for national enplanement growth. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund will be reduced by 2.9% (from the Adopted Budget overhead rate of 24.24% to 21.34%), or \$478,753, in 2015-2016. In anticipation of this reduction, the 2015-2016 Adopted Budget included an Air Service Incentive Program Reserve of \$400,000 to offset the projected loss in overhead revenue. Because the actual overhead reduction was slightly above the estimate incorporated into the 2015-2016 Adopted Budget, this action results in net overage of \$78,753 to be absorbed by the General Fund.

<i>Contingency Reserve</i>	CONTINGENCY RESERVE		\$500,000	
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Per City Council Policy I-18, Operating Budget and Capital Improvement Program Policy, the General Fund Contingency Reserve is to be set at a minimum of 3% of the operating budget. This action increases the Contingency Reserve from \$34.0 million to \$34.5 million to ensure compliance with the 3% funding requirement for the 2015-2016 Adopted Budget.

General Fund Recommended Budget Adjustments Summary

Annual Report 2014-2015

<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 (Fire Communications Consultant Services)</i>	FIRE		\$50,000	
<p>This action increases the Fire Department's Non-Personal/Equipment appropriation by \$50,000 to fund a consultant agreement for the performance of call review for Medical Priority Dispatch System (MPDS) and Fire Priority Dispatch System (FPDS) calls. Due to high vacancies in the Senior Public Safety Dispatcher position (4 of 11), current staff perform minimum levels of call review on MPDS calls and have temporarily ceased call review on FDPS calls. This reduction in service may jeopardize the Fire Department's Accredited Center of Excellence accreditation by the National/International Academies of Emergency Dispatch (ACE). The consultant will also review other emergency dispatch areas and recommend targeted training to improve performance, recommend updates to protocols, software, and quality assurance scoring standards, provide feedback to Dispatchers and review and support ACE accreditation activities as needed. This cost will be offset by Personal Services savings from a vacant part-time Dispatcher position and a one-time reduction in Fire Communications overtime funding. A corresponding decrease to the Fire Department's Personal Services appropriation is included elsewhere in this report.</p>				
<i>Non-Personal/Equipment (Lien Program)</i>	FINANCE		\$60,000	
<p>This action increases the Finance Department's Non-Personal/Equipment appropriation by \$60,000 to account for the costs associated with administering lien releases for two lien programs which existed previously: (Sidewalk Lien and Administrative Remedies Lien) and three new lien programs added in 2015-2016: (Tree Lien, Abatement Lien, and Neglected Vacant House Lien) for which the costs were inadvertently not budgeted. The City pays the County of Santa Clara a fee when liens are filed and when liens are released. This action reflects the funding needed to pay the County based on estimated activity levels in 2015-2016. Any necessary ongoing adjustments will be brought forward as part of the 2016-2017 budget process as appropriate.</p>				
<i>Non-Personal/Equipment (Physician Services)</i>	HUMAN RESOURCES		\$100,000	
<p>This action increases the Human Resources Department's Non-Personal/Equipment appropriation by \$100,000 to provide funding for contractual physician services for Employee Health Services. Due to the recent vacancy of the in-house physician position, contractual services funding is needed to continue this service on a temporary basis while the permanent service delivery model is determined. A service delivery evaluation is currently underway for Employee Health Services, and the Administration anticipates returning to the City Council with a recommendation on the service delivery model as part of the 2016-2017 Budget process. A corresponding decrease to the Human Resources Department's Personal Services appropriation resulting from the position savings is recommended elsewhere in this report to offset this action.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2014-2015

<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 (Solid Waste Enforcement/Multiple Housing Fee Programs Vehicles)</i>	PLANNING, BLDG, & CODE ENF		\$120,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$120,000 for the replacement of two trucks for the Solid Waste Enforcement Fee Program (\$90,000) and one sedan for the Multiple Housing Fee Program (\$30,000). Fee revenues received in 2014-2015 were higher than estimated in the two programs and will offset this action.</p>				
<i>Personal Services (Fire Communications Consultant Services)</i>	FIRE		(\$50,000)	
<p>This action decreases the Personal Services appropriation to the Fire Department by \$50,000 and reflects the savings associated with a part-time Dispatcher position that has been vacant for one year and a temporary reduction in Fire Communications overtime. This action allows for a corresponding increase to the Non-Personal/Equipment appropriation elsewhere in this report to fund a consultant agreement for the performance of call review for Medical Priority Dispatch System (MPDS) and Fire Priority Dispatch System (FPDS) calls. Due to high vacancies in the Senior Public Safety Dispatcher position (4 of 11), current staff perform minimum levels of call review on MPDS calls and have temporarily ceased call review on FDPS calls. This reduction in service may jeopardize the Fire Department's Accredited Center of Excellence accreditation by the National/International Academies of Emergency Dispatch (ACE). The consultant will also review other emergency dispatch areas and recommend targeted training to improve performance, recommend updates to protocols, software, and quality assurance scoring standards, provide feedback to Dispatchers and review and support ACE accreditation activities as needed.</p>				
<i>Personal Services (Part-Time Unbenefited Sick Leave Payments)</i>	LIBRARY		\$60,000	
<p>This action increases the Library Department's Personal Services appropriation by \$60,000 to reflect the estimated costs related to sick leave payments for the department's part-time unbenefited employees as a result of the new Healthy Workplace Healthy Family Act of 2014. Effective July 1, 2015, California employers are required to provide paid sick leave to their employees, including part-time, per diem, and temporary employees who work at least 30 days within a year in California with some specific exceptions. Employees will earn at least one hour of paid leave for every 30 hours worked and will be paid at their regular hourly rate. Although the City of San José has always provided sick leave for its full-time and part-time benefited employees (20 hours or more per week), the City has previously not done so for its part-time unbenefited (19 hours or less per week) and temporary employees. This adjustment will bring the City into compliance with the new law.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2014-2015

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

<i>Personal Services (Part-Time Unbenefited Sick Leave Payments)</i>	PARKS, REC, & NEIGH SVCS		\$100,000	
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This action increases the Parks, Recreation and Neighborhood Services Department's Personal Services appropriation by \$100,000 to reflect the estimated costs related to sick leave payments for the department's part-time unbenefited employees as a result of the new Healthy Workplace Healthy Family Act of 2014. Effective July 1, 2015, California employers are required to provide paid sick leave to their employees, including part-time, per diem, and temporary employees who work at least 30 days within a year in California with some specific exceptions. Employees will earn at least one hour of paid leave for every 30 hours worked and will be paid at their regular hourly rate. Although the City of San José has always provided sick leave for its full-time and part-time benefited employees (20 hours or more per week), the City has previously not done so for its part-time unbenefited (19 hours or less per week) and temporary employees. This adjustment will bring the City into compliance with the new law.

<i>Personal Services (Part-Time Unbenefited Sick Leave Payments)</i>	PUBLIC WORKS		\$15,000	
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This action increases the Public Works Department's Personal Services appropriation by \$15,000 to reflect the estimated costs related to sick leave payments for the department's part-time unbenefited employees as a result of the new Healthy Workplace Healthy Family Act of 2014. Effective July 1, 2015, California employers are required to provide paid sick leave to their employees, including part-time, per diem, and temporary employees who work at least 30 days within a year in California with some specific exceptions. Employees will earn at least one hour of paid leave for every 30 hours worked and will be paid at their regular hourly rate. Although the City of San José has always provided sick leave for its full-time and part-time benefited employees (20 hours or more per week), the City has previously not done so for its part-time unbenefited (19 hours or less per week) and temporary employees. This adjustment will bring the City into compliance with the new law.

<i>Personal Services (Physician Services)</i>	HUMAN RESOURCES		(\$100,000)	
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This action decreases the Human Resources Department's Personal Services appropriation by \$100,000 to provide funding for contractual physician services related to Employee Health Services. Due to the recent vacancy of the in-house physician position, there are personal services savings that can be allocated to the contractual services consultant to provide this service on a temporary basis. A service delivery evaluation is currently underway for Employee Health Services, and the Administration anticipates returning to the City Council with a recommendation on the service delivery model as part of the 2016-2017 Budget process. A corresponding increase to the Human Resources Department's Non-Personal/Equipment appropriation is recommended elsewhere in this report to offset this action.

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

<i>Personal Services (Retiree Healthcare Rate Correction)</i>	POLICE		(\$838,000)	
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This action decreases the Police Department Personal Services appropriation in the amount of \$838,000 to recognize retirement savings from a correction to the City's retiree healthcare rate for positions represented by the San Jose Police Officer's Association (POA). On September 23, 2014, the POA filed a grievance regarding the interpretation of the retiree healthcare ramp up related to annual required contribution rates for retiree healthcare and believed that the contribution rate should remain at 9.51%, which was established by the Retirement Board on May 1, 2014. While the City maintained its interpretation of the retiree healthcare funding methodology, the City and POA agreed on February 24, 2015 to roll back the contribution rate from 10% to 9.51% for POA members. As a result, the City rate was also lowered from 11% to 10.31% to maintain previously agreed upon funding splits. In 2014-2015, the City pre-paid these contributions to the Police and Fire Retirement Fund, and a subsequent credit for the slightly higher pre-payment is expected to be reflected in the next valuation. Given the timing of the grievance settlement and given the Measure B settlement discussions that were ongoing through July 2015, the City continued to carry the slightly higher retiree healthcare rates in the development of the 2015-2016 budget not knowing the final outcome of the issue. Because the final 2015-2016 City contribution rate for retiree healthcare costs will remain at the 10.31% level for employees represented by the POA, a reduction to the Police Department personal services budget is recommended to reflect this change.

<i>Police Department Overtime (Salaries and Benefits Reallocation)</i>	POLICE			
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This action increases the Police Department's sworn and non-sworn overtime funding in 2015-2016 by \$8.5 million (from \$18.8 million to \$27.3 million). This funding will primarily be used to continue to backfill for vacant sworn and civilian positions and continue the expanded targeted enforcement levels of high crime activity as well as to provide resources for various activities associated with the upcoming 2016 Super Bowl in conjunction with the City of Santa Clara. This action reallocates \$8.5 million in anticipated 2015-2016 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation.

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

<i>Revenue from Local Agencies (SARA Reimbursement - Convention Center)</i>	REVENUE ADJUSTMENTS			(\$9,800,000)
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This action decreases the estimate for Revenue from Local Agencies by \$9.8 million for the loss of reimbursement revenue from the Successor Agency to the Redevelopment Agency (SARA) for the City's advance of funds for the Convention Center debt service payment. Due to cash flow issues from the timing of when SARA's debt service payments must be paid, the General Fund has been advancing funds to SARA since 2012-2013 to pay debt service on certain City-backed debt. 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. However, due to the recent 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 has been disallowed. As such, the City will not receive reimbursement for the 2015-2016 loan from the General Fund of approximately \$9.8 million made 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; therefore, this is considered a one-time loss for the General Fund. However, this may change if property tax revenues decrease in the future. The City Administration, in conjunction with the City Attorney's Office, will pursue any and all remedies to reverse the loss of the SARA reimbursement. The City Council will be updated as appropriate.

<i>Transfer to the Downtown Property and Business Improvement District Fund</i>	TRANSFERS		\$4,442	
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This action increases the transfer from the General Fund to the Downtown Property and Business Improvement District (PBID) by \$4,442 (from \$705,320 to \$709,762) to align the assessment rates used to calculate the transfer amount with the assessment rates adopted in April 2015. The 2015-2016 Adopted Operating Budget assumed an approximate 3% assessment rate increase based on the most recent Consumer Price Index (CPI) and other program costs; however a 5% rate increase was approved by the PBID Board in April 2015. The General Fund pays the assessment for City-owned facilities and a contractually determined amount for the downtown transit mall. A corresponding increase to Downtown PBID's ending fund balance is also included to offset this action.

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REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Transfers and Reimbursements - Transfer from San José Arena Enhancement Fund (Fund Close-Out)</i>	REVENUE ADJUSTMENTS			\$50,388
<p>This action increases the Transfers and Reimbursements revenue estimate by \$50,388. The San José Arena Enhancement Fund provided for debt service repayment for SAP Arena Enhancements under an existing agreement with Sharks Sports Entertainment, and revenues to that fund included General Fund payments and interest. A year-end reconciliation has identified \$50,388 in excess General Fund payments that were deposited into the San José Arena Enhancement Fund. These funds are no longer necessary to retire debt and are recommended to be transferred to the General Fund, the originating funding source. Corresponding actions in the San José Arena Enhancement Fund are included elsewhere in this report.</p>				
<i>Transfers and Reimbursements - Transfer from Convention and Cultural Affairs Fund (Broadway San José Ticket Revenue)</i>	REVENUE ADJUSTMENTS			\$111,533
<p>This action increases the Transfers and Reimbursements revenue estimate by \$111,533. Team San Jose collects \$1 for every ticket sold for a Broadway San José show and then remits these payments to the City for repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1 million. In 2014-2015, \$131,533 was generated from these payments, which was \$71,533 above the \$60,000 assumed in the budget. To account for this actual year-end performance, an increase to the transfer from the Convention and Cultural Affairs Fund to the General Fund is recommended. Given last year's activity, the ticket surcharge revenue estimate for 2015-2016 is anticipated to increase by \$40,000, from \$60,000 to \$100,000. These funds are also recommended to be transferred to the General Fund, the originating funding source of the AMT loan. In total as of June 2015, payments of \$345,215 have been made towards the original \$1.0 million loan, leaving a remaining balance of \$654,785. Corresponding actions in the Convention and Cultural Affairs Fund are included elsewhere in this report.</p>				
TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS			(\$378,558)	(\$10,116,832)

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>2015 California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$196,222	\$196,222
<p>This action increases the 2015 California Gang Reduction, Intervention and Prevention (CALGRIP) Grant appropriation to the Parks, Recreation and Neighborhood Services Department and increases the estimate for Revenue from Federal Government by \$196,222. The State of California's Board of State and Community Corrections awarded a grant of \$474,222 for the period of January 1 to December 31, 2015, of which \$278,000 was allocated in 2014-2015. This action appropriates the remainder of the grant award. This CALGRIP grant is a collaborative effort targeting gang-impacted youth through the implementation of proven intervention, substance abuse and remedial (GED)/vocational education strategies with the intent to reduce gang and youth violence. Twenty percent of this grant must be allocated to community-based organizations, and the remaining grant funds will support 2.0 Youth Outreach Worker II and 1.0 Youth Outreach Specialist temporary positions who will collect and evaluate data and program materials and supplies.</p>				
<i>After School Education and Safety Programs for School Year 2015-2016/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$476,078	\$476,078
<p>This action recognizes and appropriates school district grant funding in the amount of \$476,078 to the Parks, Recreation and Neighborhood Services Department to support after school education and safety programs in the Berryessa Union School District (\$106,257), Alum Rock Union Elementary School District (\$103,171), and ACE Charter School (\$266,650) for the 2015-2016 school year. The After School Education and Safety Program supports local after school education and enrichment programs by providing literacy, academic enrichment, and constructive alternatives for students in kindergarten through ninth grade. A corresponding increase to the estimate for Revenue from Local Agencies is also recommended to offset this action.</p>				

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Building Development Fee Program - Non-Personal/Equipment (Peak Staffing)</i>	PLANNING, BLDG, & CODE ENF		\$750,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Building Development Fee Program Non-Personal/Equipment appropriation by \$750,000 (from \$2.54 million to \$3.29 million) to provide additional funding for peak staffing agreements, funded by the Building Development Fee Program Earmarked Reserve. 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 anticipation of a continued high level of development activity combined with continued high vacancies in engineer and building inspector positions have resulted in the need for peak staffing services above the 2015-2016 Adopted Budget levels of \$500,000, which is anticipated to be exhausted in October 2015. The additional funding provides \$400,000 for the continued use of nine peak staffing contracted employees for plan review and \$350,000 for five new peak staffing contracted employees for building inspection services, if necessary, through February 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. Program needs will be reevaluated at mid-year based on additional data on activity levels. A corresponding decrease to the Building Development Fee Program Earmarked Reserve is also included in this report to offset this action.</p>				
<i>Building Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$750,000)	
<p>This action decreases the Building Development Fee Program Reserve to offset the actions recommended in this report.</p>				
<i>Council District #02 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$3,850	\$3,850
<p>This action increases the Council District 2 appropriation and the estimate for Other Revenue for revenue received from various businesses and individuals by \$3,850. This funding will support special events co-sponsored by Council District 2, including the Philippine Flag Raising and Indian Flag Raising.</p>				
<i>Council District #05 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$3,200	\$3,200
<p>This action increases the Council District 5 appropriation and the estimate for Other Revenue for revenue received from various businesses and individuals by \$3,200. This funding will support special events co-sponsored by District 5, including the Great American Litter Pick Up and National Night Out 2015.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Council District #08 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$10,105	\$10,105
<p>This action increases the Council District 8 appropriation and the estimate for Other Revenue for revenue received from various businesses and individuals by \$10,105. This funding will support a variety of special events co-sponsored by Council District 8, including the 7th Annual Senior Health Fair and Walk, 2015 Music and Movie Night, Day in the Park 2015, and Jewish American Cultural Celebration.</p>				
<i>Library Grants (California Library Literacy Services)/Revenue from State of California</i>	LIBRARY		\$18,000	\$18,000
<p>This action recognizes revenue from State of California and appropriates funding in the amount of \$18,000 from the State of California to support the Adult Literacy and Families for Literacy programs funded within 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.</p>				
<i>Library Grants (I am San José)/Revenue from State of California</i>	LIBRARY		\$56,015	\$56,015
<p>This action recognizes revenue from State of California and appropriates federal Library Services and Technology Act funds in the amount of \$56,015 allocated from the California State Library for the I am San José grant. This grant supports the Library's dedication to enhancing community learning through educational programs in basic technology. The grant funds a digital storytelling pilot program through a partnership with CreaTV called "I am San José", an opportunity to tell a story from San José's Latino adult community.</p>				
<i>Library Grants (Life Skills Academy)/Revenue from State of California</i>	LIBRARY		\$5,000	\$5,000
<p>This action recognizes revenue from State of California and appropriates federal Library Services and Technology Act funds in the amount of \$5,000 allocated from the California State Library to support the Life Skills Academy, which is scheduled to be held in February and March 2016. The Academy focuses on teaching teenagers essential life, practical, and livelihood skills to prepare them for life after high school. By developing a structure that allows for the addition of new modules to the Academy, the San José Public Library will create a sustainable series of workshops and educational resources for the Library's teen customers.</p>				

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GRANTS/REIMBURSEMENTS/FEES				
<i>Library Grants (Pop-Up Mobile Makerspaces)/Other Revenue</i>	LIBRARY		\$26,801	\$26,801
<p>This action increases the Library Grants appropriation and estimate for Other Revenue by \$26,801 to support the Pop-Up Mobile Makerspaces project. This funding from the Knight Foundation aims to encourage community conversations and prototyping workshops focused on re-imagining central San José's underused spaces and increasing community engagement. This funding will be primarily used for supplies, materials, and a professional to teach the workshops.</p>				
<i>Library Grants (San José Public Library Works)/Revenue from State of California</i>	LIBRARY		\$70,000	\$70,000
<p>This action recognizes revenue from State of California and appropriates federal Library Services and Technology Act funds in the amount of \$70,000 allocated from the California State Library for the San José Public Library Works project. This grant will create a hub located at the Martin Luther King, Jr. Library and, in partnership with the Work2Future Business Services Division, will support programs and resources for employment seekers, small business owners, and entrepreneurs by connecting them with Bay Area leaders as well as workforce development and Library resources. The grant will offer job seeker support services and a physical space for additional programming for resume assistance and job interview skills, and would enhance the services provided by groups such as Work2Future and the San Jose State University Career Center.</p>				
<i>Library Grants (Science at Seven Trees)/Revenue from State of California</i>	LIBRARY		\$4,983	\$4,983
<p>This action recognizes revenue from State of California and appropriates federal Library Services and Technology Act funds in the amount of \$4,983 allocated from the California State Library to support the Science at Seven Trees program and bring enriching science programming to the Seven Trees Library community. Partners of the Science at Seven Trees program include Discovery Museum and Los Arboles Literacy and Technology Academy.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Library Grants (The Re(a)d Zone)/Other Revenue</i>	LIBRARY		\$25,000	\$25,000
<p>This action recognizes Other Revenue and appropriates funding in the amount of \$25,000 from the 50 Fund, the legacy fund of the San Francisco Bay Area Super Bowl 50 Host Committee, for a Bay Area Early Literacy Initiative called The Re(a)d Zone. The Re(a)d Zone is a capacity-building program that is intended to serve 3,200 children in San José with early literacy benefits during the summer. A total of 1,200 ABC Grow Kits were distributed to children ages zero to eight years old participating in the Library's free summer meal program. Each kit contained a book, an age-appropriate toy that promotes literacy in the home environment, multilingual parent tip sheets, and kindergarten readiness resources for families with children five and younger. Additionally, 2,000 children ages zero to five years old participated in the Summer Reading Challenge at 49 child care sites in San José. Each child received a book and a ticket to the Children's Discovery Museum (donated by the Museum). Each site received an ABC Adventure Kit full of books and early literacy activities for the classroom. Librarians from 19 Library locations provided outreach to each site in conjunction with the distribution of the materials.</p>				
<i>Non-Personal/Equipment (Metropolitan Transportation Commission Planning Grant)/Revenue from Federal Government</i>	PLANNING, BLDG, & CODE ENF		\$422,000	\$422,000
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$422,000 and recognizes a corresponding amount of Revenue from Federal Government for a Metropolitan Transportation Commission planning grant (funding allocated by the Federal Highway Administration). The grant provides funding for consulting services for the development of Urban Village Plans, a Transportation Area Development Policy, and an Environmental Impact Report for the Stevens Creek, Santana Row/Valley Fair, and Winchester Boulevard Urban Villages. Preparation of these Village Plans are necessary prior to issuance of entitlements for residential development within any of the Urban Village areas identified on the General Plan Land Use/Transportation Diagram. The project is scheduled for completion by December 31, 2016. Funding for 2016-2017 will be included as part of the development of the 2016-2017 budget.</p>				
<i>Non-Personal/Equipment (Senior Nutrition)/Revenue from Local Agencies</i>	PARKS, REC, & NEIGH SVCS		\$1,373,618	\$1,373,618
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the estimate for Revenue from Local Agencies by \$1,373,618 for the County's portion of the Senior Nutrition Program costs. This funding from the County of Santa Clara Department of Aging and Adult Services, which covers two-thirds of the cost of the program, will be used to reimburse the City's vendor for the cost of meals for seniors at all 13 senior nutrition sites from July 2015 to June 2016. The City pays for the remaining one-third of the cost of the meals.</p>				

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GRANTS/REIMBURSEMENTS/FEEES				
<i>Non-Personal/Equipment (September 2015 Urban Shield)/Revenue from Local Agencies</i>	FIRE		\$150,000	\$150,000
<p>This action increases the Fire Department's Non-Personal/Equipment appropriation and corresponding estimate for Revenue from Local Agencies by \$150,000 to reflect funds received from the Alameda County Sheriff's Office for costs related to the September 2015 Urban Shield training exercises. Urban Shield is a comprehensive, full-scale regional preparedness exercise assessing the overall Bay Area Region's response capabilities related to multi-discipline planning, policies, procedures, organization, equipment and training. These funds reimburse for equipment costs for 17 fire scenarios and one fire area command.</p>				
<i>Non-Personal/Equipment (State of California Department of Justice Santa Clara County Specialized Enforcement Team)/Revenue from State of California</i>	POLICE		\$60,000	\$60,000
<p>This action increases the Police Department's Non-Personal/Equipment appropriation and recognizes Revenue from State of California in the amount of \$60,000 to support the Department of Justice Santa Clara County Specialized Enforcement Team in investigating narcotics-related activities. The funds will be used for specialized equipment (\$30,000) and training and travel (\$30,000).</p>				
<i>Non-Personal/Equipment (Youth Connections Foundation - Fit Camp Scholarships)/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$10,000	\$10,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the estimate for Other Revenue by \$10,000 to support Fit Camp Scholarships funded by the Youth Connections Foundation of San José. Offered at all of the City's community centers, Fit Camp is a summer recreational program that was first piloted in 2013-2014 to help children build habits for a healthier lifestyle.</p>				
<i>Personal Services (DEA Task Force Group 1)/Revenue from Federal Government</i>	POLICE		\$17,548	\$17,548
<p>This action increases the Police Department's Personal Services appropriation and recognizes Revenue from Federal Government in the amount of \$17,548 for the Federal Drug Enforcement Agency (DEA) Task Force Group 1. The task force is investigating illegal activities in San José and has requested assistance from San José Police Department personnel to accomplish the objectives of the Task Force. This funding reimburses for the overtime costs associated with this effort.</p>				

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GRANTS/REIMBURSEMENTS/FEES				
<i>Personal Services (Operation Lazy Eye)/Revenue from Federal Government</i>	POLICE		\$5,000	\$5,000
<p>This action increases the Police Department's Personal Services appropriation and recognizes Revenue from Federal Government in the amount of \$5,000 for the Organized Crime Drug Enforcement Task Force Program (known locally as Operation Lazy Eye). The task force is investigating illegal activities in San José and has requested assistance from San José Police Department personnel. This action will fund overtime to support this effort.</p>				
<i>Personal Services and Non-Personal/Equipment (Aircraft Rescue Fire Fighting Overtime and Training)/Transfers and Reimbursements</i>	FIRE		\$921,450	\$921,450

This action increases the Fire Department's Personal Services appropriation by \$859,650, the Non-Personal/Equipment appropriation by \$61,800, and the corresponding Transfers and Reimbursements Revenue estimate by \$921,450 to staff the Mineta San José International Airport with additional Aircraft Rescue and Fire Fighting (ARFF) certified Fire Engineers and Firefighters required resulting from the Airport's increase from Index C to Index D. Federal Aviation Administration rules require an additional ARFF certified Fire Engineer and ARFF certified Firefighter to staff an additional apparatus as the result of this index change, which is the result of larger aircraft scheduled for daily departure to Beijing, Tokyo and (starting in May 2016) London. Additional overtime funding of \$859,650 will be used to provide the staff support in 2015-2016 as it is not anticipated that additional positions would be hired and trained in 2015-2016 to address this need given the current number of vacancies in the department. Non-Personal/Equipment funds of \$61,800 are also recommended to cover the costs associated with Aircraft Rescue and Fire Fighting training for 24 members of the Fire Department to ensure specially trained staff is available. This cost will be reimbursed by the Airport Maintenance and Operation Fund and a corresponding action is recommended in that fund elsewhere in this report.

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GRANTS/REIMBURSEMENTS/FEES				
<i>San José BEST and Safe Summer Initiative Programs/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$55,951	\$55,951
<p>This action increases the San José BEST and Safe Summer Initiative Programs (BEST) appropriation to the Parks, Recreation and Neighborhood Services Department and the estimate for Revenue from Local Agencies by \$55,951. Funding of \$15,000 from the County of Santa Clara will be used to reimburse New Hope For Youth, a non-profit organization that provides school-based services to gang-impacted and at-risk youth, young adults, and families, for providing life skills workshops, case management, and pro-social skills to probationers. Additionally, funding of \$40,951 from the County of Santa Clara reimburses BEST for expenditures for the Summer 2014 Safe Summer Initiative, which provided pro-social recreational activities during the summer months for at-risk, high-risk, gang-impacted and gang-intentional youth; this action allocates funding that was received from the District Attorney's office in July 2015.</p>				
<i>Selective Traffic Enforcement Program 2015-2016/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$195,000	\$195,000
<p>This action establishes a Selective Traffic Enforcement Program 2015-2016 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize grant funding from the State of California Office of Traffic Safety in the amount of \$195,000. This grant, which totals \$260,000, funds Police Officer overtime to conduct targeted driving under the influence (DUI) patrols and distracted driving enforcement during the term of the grant (October 1, 2015 through September 30, 2016). The remaining portion (\$65,000) will be appropriated next fiscal year.</p>				
<i>State Homeland Security Grant Program 2014-2015/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$30,268	\$30,268
<p>This action establishes a State Homeland Security Grant Program 2014-2015 appropriation to the Fire Department and increases the estimate for Revenue from Local Agencies to recognize grant funds of \$30,268 from the Department of Homeland Security via the California Emergency Management Agency and the Santa Clara County Office of Emergency Services for the implementation of State Homeland Security Strategies to address identified planning, organization, equipment, training, and exercise needs for acts of terrorism and other catastrophic events. The funds will be used for overtime (\$19,113) and training (\$11,155) identified in the application of the grant.</p>				
TOTAL GRANTS/REIMBURSEMENTS/FEES			\$4,136,089	\$4,136,089

General Fund Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Minimum Wage Study</i>	CITY-WIDE EXPENSES		\$100,000	
<p>This action establishes a Minimum Wage Study appropriation to the Office of Economic Development in the amount of \$100,000. This funding will provide for a study, approved by the City Council on Sept. 15, 2015, to assess the economic benefit, as well as the impact on businesses and employment rates, that would result from a change to the minimum wage. The study will also consider regional impacts, consistency, and the state-wide initiative to increase California's minimum wage currently under consideration for 2021.</p>				
<i>Super Bowl 50 - Cultural Facilities Capital Maintenance Reserve</i>	EARMARKED RESERVES		(\$150,000)	
<p>This action decreases the Cultural Facilities Capital Maintenance Reserve from \$3,644,000 to \$3,494,000 to establish the San José Museum of Art Sign Replacement project in the amount of \$150,000. The museum's banner sign located on the south side of the building is 25 years old and is faded, tearing, and detaching from the building's rock face. Replacing the sign in the next few months will prevent potential rapid deterioration of the sign during the winter months and preserve the building's aesthetic value in preparation of the crowds expected downtown for Super Bowl 50 the week of January 31, 2016. Work involves removal of the existing sign, repairing any minor or cosmetic damage to the building's rock face, and fabricating and installing a new sign. An offsetting action to fund the banner replacement is recommended above.</p>				
<i>Super Bowl 50 - Non-Personal/Equipment (Palm Maintenance and Turf Painting)</i>	TRANSPORTATION		\$160,000	
<p>This action increases the Transportation Department's Non-Personal/Equipment appropriation in the amount of \$160,000 for palm tree maintenance and turf painting in preparation for events and visitors in Downtown San José for Super Bowl 50 the week of January 31, 2016. The department will prune, spray, and fertilize palm trees in the downtown area to improve the trees' overall health and condition; and will paint turf along South Almaden Boulevard and Park Avenue with a green color treatment that sustains its color for 10 to 14 weeks.</p>				
<i>Super Bowl 50 - Personal Services (Park Ranger Coverage and Guadalupe Trail Maintenance/Downtown Core)</i>	PARKS, REC, & NEIGH SVCS		\$55,000	
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Personal Services appropriation by \$55,000 in preparation for events and visitors in downtown San José for Super Bowl 50 the week of January 31, 2016. This action provides funding for two maintenance teams, each with a Groundswoker and a Maintenance Assistant, to maintain parks and trails daily at the Guadalupe River Park and throughout the downtown area. This action also provides funding for Park Ranger coverage at all downtown parks and trails from 11AM to 11PM. All services will occur for the two week period prior to and the day of the Super Bowl.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2014-2015

<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 - Police Department Staffing/Operations Reserve</i>	EARMARKED RESERVES		(\$2,500,000)	
<p>This action decreases the Police Department Staffing/Operations Reserve by \$2.5 million and when combined with other actions described elsewhere in this report, brings the reserve to \$2.3 million for the purchase of public safety portable (handheld) radios that are necessary to ensure the Patrol and Special Operations officers are able to connect to the Silicon Valley Regional Communications System. Due to the level of participation the City is expected to contribute for Super Bowl 50 held during the week of January 31, 2016, it is required that all patrol and special operations officers are readily available and able to communicate with the City of Santa Clara and other neighboring jurisdictions for coordination and in the event of an emergency. An increase to the Super Bowl 50 - Public Safety Radios appropriation is recommended elsewhere in this report to offset this action.</p>				
<i>Super Bowl 50 - San José Museum of Art Sign Replacement</i>	CAPITAL PROJECTS		\$150,000	

This action establishes the San José Museum of Art Sign Replacement project in the amount of \$150,000 to replace the museum's banner sign on the south side of the building. Installed 25 years ago, the sign is faded, tearing, detaching from the building's rock face. Replacing the sign in the next few months will prevent potential rapid deterioration of the sign during the winter months and preserve the building's aesthetic value in preparation of the crowds expected downtown for Super Bowl 50. Work involves removal of the existing sign, repairing any minor or cosmetic damage to the building's rock face, and fabricating and installing a new sign. A reduction to the Cultural Facilities Capital Maintenance Reserve is recommended below to offset this action.

General Fund Recommended Budget Adjustments Summary Annual Report 2014-2015

<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 - Silicon Valley Regional Communications System - Radios (Police)</i>	CAPITAL PROJECTS		\$2,500,000	

This action establishes a Silicon Valley Regional Communications System - Radios appropriation in the Communications Capital Improvement Program to purchase radios that are necessary for Super Bowl 50 held during the week of January 31, 2016. These funds, in addition to funds of \$500,000 already budgeted in the Communications Construction and Conveyance Tax Fund, will purchase 500 portable (handheld) radios for the Police Department to ensure Patrol and Special Operations officers are able to connect to the Silicon Valley Regional Communications System (SVRCS). With the purchase of these 500 portable radios, the current number of radios purchased for the Police Department will total 1,145 out of the 1,666 radios anticipated to be needed to connect to the SVRCS in the near future. Due to the level of participation the City is expected to contribute for Super Bowl 50, it is required that all patrol and special operations officers are readily available and able to communicate with the City of Santa Clara and other neighboring jurisdictions for coordination and in the event of an emergency. A reduction to the Police Department Staffing/Operations Reserve is recommended elsewhere in this report to offset this action.

TOTAL URGENT FISCAL/PROGRAM NEEDS

\$315,000 \$0

General Fund Recommended Budget Adjustments Totals

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	\$4,072,531	(\$5,980,743)

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CAPITAL IMPVT FUND (520)				
<i>Airfield Geometric Study/Airport Layout Plan Update/Earned Revenue (FAA Grants)</i>	Airport Capital Program		\$1,136,000	\$1,136,000
<p>This action increases the Airfield Geometric Study/Airport Layout Plan Update appropriation and the estimate for Earned Revenue by \$1,136,000, for the assessment and potential improvements of the entire airfield. Federal Aviation Administration (FAA) grant funding was awarded for a Runway Incursion Mitigation (RIM) project, which changed the original project scope from improving a portion of the airfield to improving the entire airfield.</p>				
<i>Airport Rescue and Fire Fighting Vehicle/Earned Revenue (FAA Grants)</i>	Airport Capital Program		\$119,000	\$119,000
<p>This action increases the Airport Rescue and Fire Fighting Vehicle appropriation (from \$739,000 to \$858,000) and the estimate for Earned Revenue by \$119,000, to recognize and allocate FAA grant funding and to fix a technical error made during the development of the 2015-2016 Adopted Budget. This action aligns this appropriation to ensure sufficient funding is available to complete this project.</p>				
TOTAL AIRPORT CAPITAL IMPVT FUND (520)			\$1,255,000	\$1,255,000
AIRPORT MAINT & OPER FUND (523)				
<i>Non-Personal/Equipment (Air Service Incentive Program)</i>	Airport		\$478,753	
<p>This action increases the Non-Personal/Equipment appropriation to the Airport Department by \$478,753, to implement the Air Service Incentive Program. In 2014-2015, the percentage growth in annual enplanements at the Airport was 5.5% which exceeded the FAA's projection of 2.6% for national enplanement growth. This increase in passenger enplanements triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by City Council in March 2007. The original term of these Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend these Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 2.9% (from the Adopted Budget overhead rate of 24.24% to 21.34%), or \$478,753, in 2015-2016. This amount is then paid to the airlines in 2015-2016. The increase in the Non-Personal/Equipment appropriation of \$478,753, offset by a reduction to the General Fund transfer for Airport overhead, provides the funds to return to the airlines.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT MAINT & OPER FUND (523)				
<i>Operations Contingency (Aircraft Rescue Fire Fighting Training)</i>	Airport		(\$146,746)	
<p>This action decreases the Operations Contingency by \$146,746, to offset a portion of the cost (\$921,450) to provide the Mineta San José International Airport with additional Aircraft Rescue and Fire Fighting (ARFF) certified Fire Engineers and Firefighters resulting from the Airport's increase from Index C to Index D and to provide ARFF training. Federal Aviation Administration rules require an additional ARFF certified Fire Engineer and ARFF certified Firefighter to staff an additional apparatus as the result of this index change, which is the result of larger aircraft scheduled for daily departure to Beijing, Tokyo, and (starting in May 2016) London. ARFF training for 24 members of the Fire Department to ensure specially trained staff is available is also necessary. A recommendation to decrease the Airport's Personal Services appropriation as a result of anticipated vacancy savings is recommended elsewhere in this report to fund the remaining \$774,704 for additional ARFF certified Fire personnel and training. A corresponding increase to the Transfer to the General Fund for Aircraft Rescue/Fire Fighting Services is recommended to offset this action.</p>				
<i>Personal Services (Aircraft Rescue Fire Fighting Overtime)</i>	Airport		(\$774,704)	
<p>This action decreases the Personal Services appropriation to the Airport Department by \$774,704, to offset a portion of the cost (\$921,450) to provide the Mineta San José International Airport with additional Aircraft Rescue and Fire Fighting (ARFF) certified Fire Engineers and Firefighters resulting from the Airport's increase from Index C to Index D and ARFF training. Federal Aviation Administration rules require an additional ARFF certified Fire Engineer and ARFF certified Firefighter to staff an additional apparatus as the result of this index change, which is the result of larger aircraft scheduled for daily departure to Beijing, Tokyo, and (starting in May 2016) London. Due to anticipated vacancy savings, funding is available in the Airport's Personal Services appropriation for this purpose. A recommendation to decrease the Operations Contingency appropriation is recommended elsewhere in this report to fund the remaining \$146,746 for additional ARFF certified Fire personnel and training. A corresponding increase to the Transfer to the General Fund for Aircraft Rescue/Fire Fighting Services is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT MAINT & OPER FUND (523)				
<i>Transfer to General Fund (Air Service Incentive Program)</i>	Airport		(\$478,753)	
<p>This action decreases the Airport Overhead transfer to the General Fund by \$478,753. In 2014-2015, the percentage growth in annual enplanements at the Airport was 5.5% which exceeded the FAA's projection of 2.6% for national enplanement growth. This increase in passenger enplanements triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by City Council in March 2007. The original term of these Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend these Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 2.9% (from the Adopted Budget overhead rate of 24.24% to 21.34%), or \$478,753, in 2015-2016 as this funding will now be paid to the airlines. Corresponding actions in the General Fund are recommended to reflect the loss in overhead reimbursement.</p>				
<i>Transfer to General Fund for Aircraft Rescue/Fire Fighting Services</i>	Airport		\$921,450	
<p>This action increases the Transfer to the General Fund for Aircraft Rescue/Fire Fighting Services by \$921,450, to staff the Mineta San José International Airport with additional Aircraft Rescue and Fire Fighting (ARFF) certified Fire Engineers and Firefighters resulting from the Airport's increase from Index C to Index D. Federal Aviation Administration rules require an additional ARFF certified Fire Engineer and ARFF certified Firefighter to staff an additional apparatus as the result of this index change, which is the result of larger aircraft scheduled for daily departure to Beijing, Tokyo, and (starting in May 2016) London. This action provides overtime funding of \$774,704 to provide the staff support in 2015-2016 as it is not anticipated that additional positions would be hired and trained in 2015-2016 to address this need given the current number of vacancies in the Fire Department. This action also provides \$146,746 to cover the costs associated with ARFF training for 24 members of the Fire Department to ensure specially trained staff is available. Corresponding decreases to the Personal Services and Operations Contingency appropriations are recommended elsewhere in this report to offset this action.</p>				
TOTAL AIRPORT MAINT & OPER FUND (523)			\$0	\$0
AIRPORT RENEW & REPL FUND (527)				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$118,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT RENEW & REPL FUND (527)				
<i>FIS Smoke Damper Repairs</i>	Airport Capital Program		\$118,000	
<p>This action establishes the Federal Inspection Services (FIS) Smoke Damper Repairs appropriation in the amount of \$118,000, to repair broken smoke dampers in the FIS building. The need to restore the smoke dampers to optimal functionality was recently identified at the conclusion of a five-year test. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action.</p>				
TOTAL AIRPORT RENEW & REPL FUND (527)			\$0	\$0
AIRPORT REV BOND IMP FUND (526)				
<i>Airfield Geometric Study/Airport Layout Plan Update</i>	Airport Capital Program		\$274,000	
<p>This action increases the Airfield Geometric Study/Airport Layout Plan Update appropriation by \$274,000, for the assessment and potential improvements of the entire airfield. Federal Aviation Administration grant funding was awarded for a Runway Incurion Mitigation (RIM) project, which changed the original project scope from improving a portion of the airfield to improving the entire airfield. This action reflects the local match portion of the project funding. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$274,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL AIRPORT REV BOND IMP FUND (526)			\$0	\$0
BENEFIT FUND (160)				
<i>Alternative Medical Insurance Plan Study</i>	Human Resources		\$100,000	
<p>This action provides funding for an analysis of potential alternatives for the City of San José's current medical insurance plans to minimize rising plan costs. The analysis will inform future decisions about sustainable healthcare offerings for the City's active and retiree populations and their dependents. The results of the analysis will allow the City to provide solutions that are best suited to its active employees and retirees, thereby further enhancing the City's ability to attract and retain quality employees.</p>				
<i>Ending Fund Balance Adjustment</i>	Human Resources		(\$100,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL BENEFIT FUND (160)			\$0	\$0
BRANCH LIB BOND PROJECT FD (472)				
<i>Library Bond Projects Contingency Reserve</i>	Library Capital Program		(\$2,340,000)	
<p>This action decreases the Library Bond Projects Contingency Reserve by \$2,340,000 to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BRANCH LIB BOND PROJECT FD (472)				
<i>Village Square Branch</i>	Library Capital Program		\$2,340,000	
<p>This action increases the Village Square Branch appropriation in the Branch Libraries Bond Projects Fund by \$2,340,000. This, the final of the bond-funded library capital projects, is expected to open in spring 2016. This action restores funds to this project that had been reduced as the result of the delay in the bond sale and the partial liquidation of the General Contractor's contract. This action re-appropriates this allocation to ensure sufficient funding to complete this project.</p>				
TOTAL BRANCH LIB BOND PROJECT FD (472)			\$0	\$0
COMM DEV BLOCK GRANT FUND (441)				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$944,189)	
<p>This action decreases the Ending Fund Balance to offset action recommended in this report.</p>				
<i>Land Acquisition Reserve</i>	Housing		(\$740,000)	
<p>This action decreases the Land Acquisition Reserve by \$740,000 to offset the acquisition or lease of the Plaza Hotel from the Successor Agency to the Redevelopment Agency (SARA) for the purpose of housing homeless individuals.</p>				
<i>Neighborhood Infrastructure Improvements</i>	Housing		\$944,189	
<p>This action increases the Neighborhood Infrastructure Improvements appropriation by \$944,189 to fund improvements in the Franklin-McKinley School District including the purchase and installation of an Educare Play Structure (\$250,000) and rehabilitation of the Head Start building (\$260,000). In addition, this action funds the renovation of a social hall, classrooms, bathrooms, and a kitchen at the Recovery Café (\$434,000).</p>				
<i>Property Acquisition</i>	Housing		\$740,000	
<p>This action increases the Property Acquisition appropriation by \$740,000 to acquire or lease the Plaza Hotel from the Successor Agency to the Redevelopment Agency (SARA) for the purpose of housing homeless individuals. The City Council adopted a resolution on September 22, 2015 to pursue steps necessary to either acquire or lease the Plaza Hotel from SARA. A corresponding decrease to the Land Acquisition Reserve is recommended elsewhere in this report to offset this action.</p>				
TOTAL COMM DEV BLOCK GRANT FUND (441)			\$0	\$0
CONST/CONV TAX COMM FUND (397)				
<i>Ending Fund Balance Adjustment</i>	Communications Capital Program		(\$360,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX COMM FUND (397)				
<i>Silicon Valley Regional Communications System - Radios</i>	Communications Capital Program		\$360,000	
<p>This action increases the Silicon Valley Regional Communications System - Radios appropriation by \$360,000 to help expedite the purchase of radios for Police, Fire, and non-public safety City operations to support the Silicon Valley Regional Communications System. Because Construction and Conveyance Tax revenues ended 2014-2015 above estimated levels, additional fund balance is available in 2015-2016 to support this funding increase.</p>				
TOTAL CONST/CONV TAX COMM FUND (397)			\$0	\$0
CONST/CONV TAX PK CD 2 FUND (378)				
<i>Council District 2 Public Art</i>	Parks & Comm Fac Dev Capital Program		\$2,000	
<p>This action increases the Council District 2 Public Art allocation by \$2,000. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, a recommendation is included in the Park Trust Fund to eliminate the Basking Ridge Tot Lot Public Art allocation (\$2,000), and in this fund to increase the Council District 2 Public Art budget, accordingly. A corresponding reduction to the Ending Fund Balance in the Council District 2 Construction and Conveyance Tax Fund is recommended below to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$2,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL CONST/CONV TAX PK CD 2 FUND (378)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PK CD 3 FUND (380)				
<i>Council District 3 Public Art</i>	Parks & Comm Fac Dev Capital Program		\$3,000	
<p>This action increases the Council District 3 Public Art allocation by \$3,000. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, a recommendation is included in the Park Trust Fund to eliminate the Columbus Park Restroom and Ball Fields Public Art (\$1,000) and the Bernal Park Expansion Public Art (\$2,000) allocations, and in this fund to increase the Council District 3 Public Art budget, accordingly. A corresponding reduction to the Ending Fund Balance in the Council District 3 Construction and Conveyance Tax Fund is recommended below to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$3,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL CONST/CONV TAX PK CD 3 FUND (380)			\$0	\$0
CONST/CONV TAX PK CD 8 FUND (386)				
<i>Council District 8 Public Art</i>	Parks & Comm Fac Dev Capital Program		\$1,000	
<p>This action increases the Council District 8 Public Art allocation by \$1,000. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, a recommendation is included in the Park Trust Fund to eliminate the Evergreen Community Center Expansion Public Art (\$1,000), and in this fund to increase the Council District 8 Public Art budget, accordingly. A corresponding reduction to the Ending Fund Balance in the Council District 8 Construction and Conveyance Tax Fund is recommended below to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$1,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL CONST/CONV TAX PK CD 8 FUND (386)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PK CD10 FD (389)				
<i>Council District 10 Public Art</i>	Parks & Comm Fac Dev Capital Program		\$13,000	
<p>This action increases the Council District 10 Public Art allocation by \$13,000. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, a recommendation is included in the Park Trust Fund to eliminate the Almaden Lake Park Playground Public Art (\$5,000), Glenview Park Infrastructure Improvements Public Art (\$5,000), and the Parkview II Park Renovation Public Art (\$3,000) allocations, and in this fund to increase the Council District 10 Public Art budget, accordingly. A corresponding reduction to the Ending Fund Balance in the Council District 10 Construction and Conveyance Tax Fund is recommended below to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$13,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL CONST/CONV TAX PK CD10 FD (389)			\$0	\$0
CONST/CONV TAX PKS CW FUND (391)				
<i>Airport West (Coleman) Debt Service Payment Reserve</i>	Parks & Comm Fac Dev Capital Program		\$2,339,000	
<p>This action establishes the Airport West (Coleman) Debt Service Payment Reserve in the amount of \$2.3 million. In June 2012, the City Council approved a memorandum to construct community soccer fields on a portion of the Airport West property. As a result, the salable acres and the sale proceeds for the site would be reduced. Funding of \$2.3 million was transferred from the Council District Construction and Conveyance Tax Funds and the Park Trust Fund to the Coleman Soccer Fields project in the Parks City-Wide Construction and Conveyance Tax Fund. This allocation was established to help fund the potential future shortfall between the sale of the property and the amount required to pay off the 2008F Bond (which was the issuing bond for the purchase of the Airport West property). Since it is not anticipated that the \$2.3 million that was set aside will be needed in the immediate future, this report recommends eliminating the Coleman Soccer Fields project and re-allocating the funding to the Airport West (Coleman) Debt Service Payment Reserve. Once the property is sold, if the Parks City-Wide Construction and Conveyance Tax Fund allocation is needed to payoff the 2008F Bond, a budget action will be brought forward for City Council consideration at that time.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2014-2015

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Coleman Soccer Fields</i>	Parks & Comm Fac Dev Capital Program		(\$2,339,000)	
<p>This action eliminates the Coleman Soccer Fields allocation totaling \$2.3 million. In June 2012, the City Council approved a memorandum to construct community soccer fields on a portion of the Airport West property. As a result, the salable acres and the sale proceeds for the site would be reduced. Funding of \$2.3 million was transferred from the Council District Construction and Conveyance Tax Funds and the Park Trust Fund to the Coleman Soccer Fields project in the Parks City-Wide Construction and Conveyance Tax Fund. This allocation was established to help fund the potential future shortfall between the sale of the property and the amount required to pay off the 2008F Bond (which was the issuing bond for the purchase of the Airport West property). Since it is not anticipated that the \$2.3 million that was set aside will be needed in the immediate future, this report recommends eliminating the Coleman Soccer Fields project and re-allocating the funding to the Airport West (Coleman) Debt Service Payment Reserve. Once the property is sold, if the Parks City-Wide Construction and Conveyance Tax Fund allocation is needed to payoff the 2008F Bond, a budget action will be brought forward for City Council consideration at that time.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$387,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Family Camp Capital Improvements Reserve</i>	Parks & Comm Fac Dev Capital Program		\$42,000	
<p>This action increases the Family Camp Capital Improvements Reserve by \$42,000, bringing the reserve to \$152,000. Beginning in 2012, a surcharge of \$20 per tent, per night has been collected to provide funding for future improvements at Family Camp. The fee revenue is collected in the Parks City-Wide Construction and Conveyance Tax Fund and allocated annually to the Family Camp Capital Improvements Reserve. In 2014-2015, approximately \$42,000 was received from the surcharge, therefore, this action recommends allocating those funds to the corresponding reserve. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Happy Hollow Park and Zoo Enhancements</i>	Parks & Comm Fac Dev Capital Program		\$195,000	
<p>This action increases the Happy Hollow Park and Zoo Enhancements allocation by \$195,000, bringing the total project budget to \$695,000. Additional funding is necessary to address the higher than estimated cost to purchase and install the new Dragon's Flyers ride at Happy Hollow Park and Zoo. It is anticipated that the new attraction will be available to the public by summer 2016. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended in this report to offset this action.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Super Bowl 50 - Strategic Capital Replacement and Maintenance Needs</i>	Parks & Comm Fac Dev Capital Program		\$150,000	
<p>This action increases the Strategic Capital Replacement and Maintenance Needs allocation by \$150,000 (from \$200,000 to \$350,000). Funding is needed to replace the existing turf at Cesar Chavez Park once Christmas in the Park concludes in winter 2015. During Christmas in the Park, the turf at Cesar Chavez Park receives a significant amount of foot traffic, resulting in holes and deterioration. 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, which will take place in February 2016. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended in this report to offset this action.</p>				
TOTAL CONST/CONV TAX PKS CW FUND (391)			\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$1,252,217)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Fiber Optics Permit Engineering</i>	Traffic Capital Program		\$38,000	
<p>This action increases the Fiber Optics Permit Engineering appropriation by \$38,000 for a total budget of \$257,000 to recognize revenues received in 2014-2015 in excess of the estimate for utility company reimbursements for fiber optic permit fees. This allocation provides fee-reimbursed funding for permit issuance, plan review, and related construction inspection. Permits are issued to companies to install conduits, vaults, and cables in the public right-of-way. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.</p>				
<i>Local Transportation Policy and Planning</i>	Traffic Capital Program		\$125,000	
<p>This action increases the Local Transportation and Policy Planning appropriation by \$125,000 for consultant services costs for a San José Level of Service Reform Study. This study will define San José's transportation impact review policies and ensure the City's compliance with California Senate Bill 743 for revised California Environmental Quality Act (CEQA) transportation guidelines. The study will also support City staff in formalizing the transportation impact review process, while allowing for appropriate levels of developer accountability. Due to delays in negotiations, the 2015-2016 Adopted Capital Budget did not include an estimate for these consultant services. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.</p>				
<i>Pavement Maintenance - State Gas Tax</i>	Traffic Capital Program		\$1,089,217	
<p>This action increases the Pavement Maintenance - State Gas Tax appropriation by \$1,089,217 to recognize final gas taxes collected in excess of the 2014-2015 State Gas Tax revenue estimate. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.</p>				
TOTAL CONSTRUCTION EXCISE TAX FD (465)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV CTR FACIL DIST REV FD (791)				
<i>Convention Center Boiler Protection</i>	Muni Improvements Capital Program		\$1,850,000	
<p>This action establishes the Convention Center Boiler Protection project in the amount of \$1.9 million in the Convention Center Facilities District Revenue Fund (CCFD Fund). This project is currently funded in the Convention and Cultural Affairs Fund at the \$1.1 million level, which allows for the replacement of heat exchangers and a water treatment system to protect the replaced heat exchangers. After additional investigation, however, the fittings used to connect the piping associated with the heat exchangers and boilers are failing and have caused significant corrosion. The recommended response, and a permanent fix, is to replace the corroded piping and weld the pipe sections together, resulting in a cost increase of \$750,000, bringing the total project cost to \$1.9 million. A corresponding action is included elsewhere in this report to eliminate the \$1.1 million funded in the Convention and Cultural Affairs Fund, as it is recommended to fully fund the project from the CCFD Fund. Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.</p>				
<i>Convention Center Elevator Upgrades</i>	Muni Improvements Capital Program		\$920,000	
<p>This action establishes the Convention Center Elevator Upgrades project in the amount of \$920,000 in the Convention Center Facilities District Revenue Fund (CCFD Fund). This project is currently funded in the Convention and Cultural Affairs Fund at the \$460,000 level, which is sufficient to rehabilitate four of the eight interior passenger elevators. As the Convention Center elevators continue to deteriorate, however, a complete overhaul of the eight interior Convention Center elevators is recommended at a cost of \$920,000. A corresponding action is included elsewhere in this report to eliminate the \$460,000 funded in the Convention and Cultural Affairs Fund as it is recommended to fully fund the project from the CCFD Fund. Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.</p>				
<i>Convention Center Escalator Upgrades</i>	Muni Improvements Capital Program		\$1,200,000	
<p>This action establishes the Convention Center Escalator Upgrades project in the amount of \$1.2 million in the Convention Center Facilities District Revenue Fund (CCFD Fund). A corresponding action is included elsewhere in this report to eliminate the \$1.2 million in the Convention and Cultural Affairs Fund as it is recommended to fully fund the project from the CCFD Fund. Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV CTR FACIL DIST REV FD (791)				
<i>Convention Center Exhibit Hall Lighting and Ceiling Upgrades</i>	Muni Improvements Capital Program		\$300,000	
This action establishes the Convention Center Exhibit Hall Lightning and Ceiling Upgrades project in the amount of \$300,000 in the Convention Center Facilities District Revenue Fund (CCFD Fund). A corresponding action is included elsewhere in this report to eliminate the \$300,000 in the Convention and Cultural Affairs Fund as it is recommended to fully fund the project from the CCFD Fund. Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.				
<i>Ending Fund Balance Adjustment</i>	Muni Improvements Capital Program		(\$4,270,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
TOTAL CONV CTR FACIL DIST REV FD (791)			\$0	\$0
CONV CTR FACILI DIST PROJ FD (691)				
<i>Convention Center Expansion and Renovation Project</i>	Muni Improvements Capital Program		\$87,423	
This action increases the Convention Center Expansion and Renovation Project appropriation by \$87,423 to provide funding for close-out costs associated with the completion of the project. The project was accepted for beneficial use in September 2013.				
<i>Ending Fund Balance Adjustment</i>	Muni Improvements Capital Program		(\$87,423)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL CONV CTR FACILI DIST PROJ FD (691)			\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Ending Fund Balance Adjustment</i>	Economic Development		\$1,181,901	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Transfer from Transient Occupancy Tax Fund (TOT Revenue Reconciliation)</i>	Economic Development			\$441,901
Actual 2014-2015 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$21.5 million by \$883,801. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$441,901 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding action in the Transient Occupancy Tax Fund is also recommended elsewhere in this report.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Transfer to General Fund (American Musical Theater - Broadway San José)/Earned Revenue</i>	Economic Development		\$111,533	\$111,533
<p>This action increases the Transfer to the General Fund toward the American Musical Theater - Broadway San José loan repayment and the estimate for Earned Revenue by \$111,533. Team San Jose collects \$1 for every ticket sold for a Broadway San José show and then remits these payments to the City for repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1 million. The 2014-2015 budget assumed \$60,000 from the ticket sales. A year-end reconciliation has identified \$71,533 of additional ticket sales in 2014-2015 above the budgeted estimate of \$60,000 that will be deposited into the Convention and Cultural Affairs Fund. Given last year's activity, the ticket surcharge revenue estimate for 2015-2016 is anticipated to increase by \$40,000 (from \$60,000 to \$100,000). These funds are recommended to be transferred to the General Fund, the originating funding source of the AMT loan. A corresponding action in the General Fund is recommended elsewhere in this report. In total, \$345,215 of the \$1.0 million loan has been repaid, leaving a remaining balance of \$654,785.</p>				
<i>Convention Center Boiler Protection</i>	Muni Improvements Capital Program		(\$1,100,000)	
<p>This action eliminates the \$1.1 million funding for the Convention Center Boiler Protection project in the Convention and Cultural Affairs Fund. A corresponding action is included elsewhere in this report to establish and fully fund this project at the \$1.9 million level in the Convention Center Facilities District Revenue Fund (CCFD Fund). The cost increase accounts for the additional work needed to replace and weld together pipe sections associated with the heat exchangers and boilers, which was not anticipated when the original project scope was developed. Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.</p>				
<i>Convention Center Elevator Upgrades</i>	Muni Improvements Capital Program		(\$460,000)	
<p>This action eliminates the \$460,000 funding for the Convention Center Elevator Upgrades project in the Convention and Cultural Affairs Fund. A corresponding action is included elsewhere in this report to establish and fully fund this project at the \$920,000 level in the Convention Center Facilities District Revenue Fund (CCFD Fund). This original project estimate of \$460,000 level is sufficient to rehabilitate four of the eight interior passenger elevators. As the Convention Center elevators continue to deteriorate, however, a complete overhaul of the eight interior Convention Center elevators is recommended at a cost of \$920,000. Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<p><i>Convention Center Escalator Upgrades</i></p> <p>This action eliminates the \$1.2 million funding for the Convention Center Escalator Upgrades project in the Convention and Cultural Affairs Fund. A corresponding action is included elsewhere in this report to fully fund this project in the amount of \$1.2 million in the Convention Center Facilities District Revenue Fund (CCFD Fund). Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.</p>	Muni Improvements Capital Program		(\$1,200,000)	
<p><i>Convention Center Exhibit Hall Lighting and Ceiling Upgrades</i></p> <p>This action eliminates the \$300,000 funding for the Convention Center Exhibit Hall Lighting and Ceiling Upgrades project in the Convention and Cultural Affairs Fund. A corresponding action is included elsewhere in this report to fully fund this project in the amount of \$300,000 in the Convention Center Facilities District Revenue Fund (CCFD Fund). Changing the funding source for this project takes advantage of the growing special tax revenues available in the CCFD Fund, allowing for additional capacity in the Convention and Cultural Affairs Fund to make capital investments at the City's other cultural facilities.</p>	Muni Improvements Capital Program		(\$300,000)	
<p><i>Convention Center Lighting Controls Replacement</i></p> <p>This action eliminates the funding of \$300,000 for the Convention Center Lighting Controls Replacement. This project is recommended to be temporarily suspended while Team San Jose works with Pacific Gas and Electric (PG&E) Company to conduct an audit of lighting equipment and controls throughout the Convention Center. The results of the audit will determine the type of new and upgraded lighting controls needed once this project restarts, which is anticipated for next year.</p>	Muni Improvements Capital Program		(\$300,000)	
<p><i>Cultural Facilities Rehabilitation/Repair - Electrical</i></p> <p>This action increases the Cultural Facilities Rehabilitation/Repair – Electrical project by \$880,000 (from \$220,000 to \$1,100,000) to fund a variety of urgent needs, primarily to ensure that the Convention Center meets its clients' needs. The major efforts include: lighting and other energy efficiency upgrades (\$360,000) that will qualify for rebates from PG&E and are expected to yield cost savings of \$200,000 within the first year after installation, the upgrade of WiFi at the Hilton and Marriott Hotels (\$220,000) to allow clients seamless connectivity between the Convention Center and the hotels, which will generate future revenue from the sale of WiFi services, complete the key system integration throughout the Convention Center and theater facilities (\$120,000), and a variety of other upgrades to Convention audio systems and display monitors.</p>	Muni Improvements Capital Program		\$880,000	

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Cultural Facilities Rehabilitation/Repair - Mechanical</i>	Muni Improvements Capital Program		\$390,000	
<p>This action establishes the Cultural Facilities Rehabilitation/Repair – Mechanical project in the amount of \$390,000 to fund the purchase and implementation of a new point of sale system and registers that allow for mobile and enhanced secure payments at the Convention Center and cultural facilities managed by Team San Jose (\$300,000), the replacement of Team San Jose’s only refrigeration truck that transports perishable items which has reached the end of its useful life (\$50,000), and digital sign menu boards at the California Theater (\$40,000).</p>				
<i>Cultural Facilities Rehabilitation/Repair - Structures</i>	Muni Improvements Capital Program		\$1,350,000	
<p>This action increases the Cultural Facilities Rehabilitation/Repair – Structures project by \$1,350,000 (from \$100,000 to \$1,450,000) to fund a variety of urgent needs at the Convention Center and Civic Auditorium. The major efforts include: the installation or replacement of protective equipment, such as kick plates and corner guards throughout the Exhibit Hall and public concourse to prolong the useful life of the renovated areas (\$650,000), rehabilitation of upper and lower windows of the Civic Auditorium that are deteriorated and subject to water intrusion (\$280,000), the buildout of a United Parcel Service Store within the Convention Center (\$150,000) to meet the logistics needs of clients and serve as a future source of operating revenue, and minor improvements at the Convention Center (\$107,500), Civic Center (\$60,000), California Theater (\$50,000), Center for Performing Arts (\$32,500), and the Montgomery Theater (\$20,000).</p>				
TOTAL CONV/CULTURAL AFFAIRS FUND (536)			\$553,434	\$553,434
DOWNTOWN PBID FUND (302)				
<i>Downtown Property and Business Improvement District (PBID)</i>	Transportation		\$16,000	
<p>This action increases the Downtown Property and Business Improvement District (PBID) appropriation by \$16,000 to allocate funds from assessments received in late May 2015 for previously unpaid prior-year assessments. The increase to the Downtown PBID appropriation provides for the payment of assessment fees to the San José Downtown Association (SJDA).</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
DOWNTOWN PBID FUND (302)				
<i>Downtown Property and Business Improvement District (PBID)/Transfers</i>	Transportation		\$4,442	\$4,442
This action increases the Downtown PBID appropriation and the Transfer from the General Fund by \$4,442 (from \$705,320 to \$709,762) to align the City's property assessment to the program and assessment rates adopted by the PBID Board in April 2015. The 2015-2016 Adopted Operating Budget assumed an assessment rate increase of approximately 3% based on the most recent Consumer Price Index (CPI) and other program costs, however a 5% rate increase was approved by the PBID Board. Actual budgets and increases are determined by the SJDA Board of Directors, which is the PBID Owners' Association, and are formally approved by the City Council. The General Fund pays the assessment for City-owned facilities in the PBID, as well as a contractually determined amount for maintenance of the downtown transit mall.				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$16,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL DOWNTOWN PBID FUND (302)			\$4,442	\$4,442
EDW BYRNE MEMORIAL JAG FD (474)				
<i>2012 Justice Assistance Grant/Earned Revenue</i>	Police		\$124	\$25
This action increases the 2012 Justice Assistance Grant (JAG) appropriation and the estimate for Earned Revenue to reflect interest earned for the JAG 2012 Grant cycle that was previously unallocated, in order to repay the granting agency per grant provisions. The spending plan for this grant includes equipment, crime prevention and community education programs, and grant administration.				
<i>2013 Justice Assistance Grant</i>	Police		\$584	
This action increases the 2013 Justice Assistance Grant appropriation to reflect interest earned for the JAG 2013 Grant cycle that was previously unallocated, in order to repay the granting agency per grant provisions. The spending plan for this grant includes equipment, crime prevention and community education programs, and grant administration.				
<i>2014 Justice Assistance Grant</i>	Police		\$390	
This action increases the 2014 Justice Assistance Grant appropriation to reflect interest earned for the JAG 2014 Grant cycle that was previously unallocated, in order to repay the granting agency per grant provisions. The spending plan for this grant includes equipment, crime prevention and community education programs, and grant administration.				
<i>Ending Fund Balance Adjustment</i>	Police		(\$1,073)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
TOTAL EDW BYRNE MEMORIAL JAG FD (474)			\$25	\$25

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
FEDERAL DRUG FORFEITURE FUND (419)				
<i>Body Worn Cameras</i>	Police		\$1,200,000	
<p>This action establishes the Body Worn Cameras (BWC) appropriation to the Police Department in the amount of \$1.2 million to purchase approximately 600 BWCs and associated evidence management services for sworn field personnel once the BWC pilot program is concluded and the results are evaluated. While the intent is to ultimately supply all sworn field personnel with BWCs, because the number of cameras purchased with this initial funding may differ due to the procurement process and selected vendor, the Patrol Division and Special Operations are designated as the highest priority and will be the first to receive the BWCs. The Police Department had applied for federal grant funds of \$600,000 to cover a portion of the cost of the BWCs and the 2015-2016 Adopted Budget includes \$613,000 in grant matching funds in the State Drug Forfeiture Fund. Since the City was notified in September 2015 that the grant was not awarded, this action funds the purchase and implementation of the BWCs, and, when combined with the \$500,000 also set aside in the Supplemental Law Enforcement Services Fund, enables a total of \$1.7 million for the procurement process in 2015-2016 with the rollout tentatively scheduled for spring 2016. As part of the BWC pilot program evaluation, staff will analyze the need for additional ongoing costs, such as data storage and staffing, which will be brought forward as part of the 2016-2017 Proposed Budget, as appropriate. Since the grant was not awarded, the local match of \$613,000 in the State Drug Forfeiture Fund is no longer needed and is recommended to be eliminated elsewhere in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Police		(\$1,200,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL FEDERAL DRUG FORFEITURE FUND (419)			\$0	\$0
GIFT TRUST FUND (139)				
<i>Library-General Gifts/Earned Revenue</i>	Library		\$68,494	\$68,494
<p>This action increases the Library-General Gifts appropriation and the estimate for Earned Revenue to recognize and appropriate gifts made by various donors, including, but not limited to, the Friends of the Library groups and the San José Library Foundation, for programming, supplies, and materials in support of the: Alum Rock Branch Library (\$905); Bascom Branch Library (\$100); Berryessa Branch Library (\$1,500); Biblioteca Latinoamericana Branch Library (\$1,000); Calabazas Branch Library (\$2,000); Dr. Martin Luther King, Jr. Library (\$5,000); East San José Carnegie Branch Library (\$350); Edenvale Branch Library (\$1,625); Evergreen Branch Library (\$3,000); Hillview Branch Library (\$100); Rose Garden Branch Library (\$714); Santa Teresa Branch Library (\$525); Teen Center at Dr. Martin Luther King, Jr. Library (\$50,000); Vineland Branch Library (\$375); West Valley Branch Library (\$50); and Willow Glen Branch Library (\$1,250).</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
GIFT TRUST FUND (139)				
<i>RP & CS General Gifts over \$1,000/Earned Revenue</i>	Parks, Rec, & Neigh Svcs		\$10,000	\$10,000
This action increases the RP & CS General Gifts over \$1,000 appropriation and the estimate for Earned Revenue to recognize and appropriate a \$5,000 gift from Sourcewise and a \$5,000 gift from Kaiser Permanente for Viva CalleSJ programming. Viva CalleSJ is a free recreational program that closes miles of scenic San José streets and brings people and the community together to walk, bike, skate, play, and explore the City.				
<i>Safety - Pedestrian Improvements/Earned Revenue</i>	Transportation		\$71,000	\$71,000
This action increases the Safety - Pedestrian Improvements appropriation and the estimate for Earned Revenue to recognize and appropriate a \$71,000 gift from Avago Technologies for the design, project management, and construction of pedestrian safety measures on Ridder Park Drive just north of Fox Drive in San José. These measures include installation of two Americans with Disabilities Act ramps, pedestrian signs, solar powered flashing beacons, crosswalk markings, roadway striping, and construction of two bulbouts.				
TOTAL GIFT TRUST FUND (139)			\$149,494	\$149,494
HOUSING TRUST FUND (440)				
<i>Ending Fund Balance Adjustment/Transfers</i>	Housing		\$2,600,000	\$2,600,000
This action increases the estimate for Transfers by \$2,600,000 to recognize the receipt of funds currently in the Multi-Source Housing Fund as a result of a development agreement in which a property owner agreed to a monetary contribution in consideration of an additional unit allocation for the Century Court high-rise residential development in North San José. A corresponding decrease to the Multi-Source Housing Fund Ending Fund Balance to offset this action is recommended elsewhere in this report.				
TOTAL HOUSING TRUST FUND (440)			\$2,600,000	\$2,600,000
INTEGRATED WASTE MGT FUND (423)				
<i>EIC QALICB Master Lease Payment</i>	Environmental Services		\$7,000	
This action increases the EIC QALICB Master Lease Payment by \$7,000. This funding is a necessary CPI-based adjustment that was inadvertently not appropriated during the development of the 2015-2016 Adopted Operating Budget.				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$216,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
INTEGRATED WASTE MGT FUND (423)				
<i>Delinquent Lien Releases</i>	Finance		\$209,000	
<p>This action increases Delinquent Lien Releases appropriation by \$209,000. In 2013, the City Council approved a strategy to collect Single-Family Dwelling (SFD) Recycle Plus revenues through Santa Clara County's property tax collection program, starting in 2015-2016, resulting in overall program cost savings and service delivery efficiencies. Due to the transition of the SFD garbage billing program to the County, a significant number of lien releases were processed in 2015-2016. However, as part of the 2015-2016 Adopted Budget process, it was anticipated that all lien releases for SFD would be processed in 2014-2015; therefore, funding was not allocated in 2015-2016. In addition, the number of lien releases processed due to the SFD garbage billing program transition was higher than anticipated.</p>				
TOTAL INTEGRATED WASTE MGT FUND (423)			\$0	\$0
LOW/MOD INCOME HSNG ASSET FD (346)				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$190,000)	
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>				
<i>Housing Loans and Grants</i>	Housing		\$6,565,000	
<p>This action increases the Housing Loans and Grants appropriation by \$6,565,000 to fund loans and grants for the predevelopment of five affordable housing projects (Plaza Hotel, Balbach, Mesa /Gallup, Met South, and Hester) (\$2,065,000) and the potential acquisition of land for a Downtown Supportive Housing project (\$4,500,000).</p>				
<i>Housing Predevelopment Activity</i>	Housing		\$200,000	
<p>This action increases the Housing Predevelopment Activity appropriation by \$200,000 (from \$200,000 to \$400,000), to fund historic, environmental, and urban design contractual consultant agreements associated with determining the feasibility of future affordable projects on sites acquired by the Housing Department for potential development.</p>				
<i>Housing Project Reserve</i>	Housing		(\$6,765,000)	
<p>This action decreases the Housing Project Reserve, from \$71,828,509 to \$65,063,509 (if other recommendations discussed elsewhere in this report are approved), to offset an increase to the Housing Loans and Grants and Housing Predevelopment Activity appropriations for the predevelopment of five affordable housing projects (Plaza Hotel, Balbach, Mesa/Gallup, Met South, and Hester) and potential acquisition of land for a Downtown Supportive Housing project.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
LOW/MOD INCOME HSNB ASSET FD (346)				
<i>Housing Project Reserve/Earned Revenue</i>	Housing		\$32,148,509	\$32,148,509
<p>This action increases the Housing Project Reserve and the estimate for Earned Revenue - Loan Repayments by \$32,148,509. This action recognizes \$32.1 million in loan repayments received in early 2015-2016 that had not been anticipated when the 2015-2016 Adopted Budget was developed. These loan repayments are from eight multi-family projects including La Fenetre, Le Mirador, Miranda Villa, Quail Hills Senior, Sienna Senior, Villa Torre I & II, and Villagio. This revenue will be utilized for future project commitments following approval by the City Council. The Housing Department plans to bring forward a City Council memorandum this fall describing its development funding strategy through 2016-2017.</p>				
<i>Non-Personal/Equipment (Asset Management Study)</i>	Housing		\$190,000	
<p>This action increases the Non-Personal/Equipment appropriation by \$190,000 to fund the first phase of a consultant agreement with Tax Credit Asset Management (TCAM). TCAM will conduct a strategic analysis of the Housing Department's multi-family loan portfolio with emphasis placed on analysis of City policies and procedures, timing of project loan repayments, and overall cash flow and impact on the Housing Department. As loan repayments are increasing in size and frequency, this analysis will assist the Housing Department in better understanding the impact of these repayments on the Housing Department's portfolio as a whole, further assisting the department's development funding strategy.</p>				
TOTAL LOW/MOD INCOME HSNB ASSET FD (346)			\$32,148,509	\$32,148,509
MULTI-SOURCE HOUSING FD (448)				
<i>CalHome (BEGIN) Program</i>	Housing		\$700,000	
<p>This action increases the CalHome (BEGIN) Program appropriation by \$700,000, bringing the total appropriation amount to \$1,200,000, to fund 15 BEGIN loans in the amount of \$80,000 each. CalHome (BEGIN) program loans provide mortgage assistance for first time homebuyers. The Housing Department recently completed a Request for Proposal, and an agreement is now in place with the Housing Trust to resume lending to homeowners through this loan program. A corresponding decrease to the Housing Project Reserve is also recommended to offset this action.</p>				
<i>CalHome (Homebuyer) Program</i>	Housing		\$720,000	
<p>This action increases the CalHome (Homebuyer) Program appropriation by \$720,000 to fund 12 homebuyer loans in the amount of \$60,000 each. CalHome (Homebuyer) program loans enable low and very-low income households to become or remain homeowners. The Housing Department recently completed a Request for Proposal, and an agreement is now in place with the Housing Trust to resume lending to homeowners through this loan program. A corresponding decrease to the Housing Project Reserve is also recommended to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$2,795,000)	
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MULTI-SOURCE HOUSING FD (448)				
<i>Housing Project Reserve</i>	Housing		(\$1,420,000)	
This action decreases the Housing Project Reserve (from \$12,000,000 to \$10,580,000), if other recommendations discussed elsewhere in this report are approved, to offset the CalHome (BEGIN) Program and CalHome (Homebuyer) Program actions recommended in this report.				
<i>Non-Personal/Equipment (Apartment Rent Ordinance Project)</i>	Housing		\$195,000	
This action increases the Non-Personal/Equipment appropriation by \$195,000 to fund consultant agreements related to the Apartment Rent Ordinance and Rental Rights and Referrals Program Workplan as approved by the City Council on September 1, 2015. The consultants will perform contextual analysis of San José renters and rental housing to gain a better understanding of issues including rent burden, overcrowding, and tenant mobility. The Housing Department will return to the City Council in December 2015 to report on findings from this study. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.				
<i>Non-Personal/Equipment (Housing 2.0 Symposium Grant)/Earned Revenue</i>	Housing		\$45,000	\$45,000
This action increases the Non-Personal/Equipment appropriation and the estimate for Earned Revenue – Miscellaneous Revenue by \$45,000 to recognize a Knight Foundation grant to the City of San José for hosting the Housing 2.0 Symposium in 2016. The Housing 2.0 Symposium will focus on topics including addressing the high cost of housing and encouraging talent to live and stay in the City of San José.				
<i>Non-Personal/Equipment (Regional Prosperity Plan Stipend)/Earned Revenue</i>	Housing		\$23,000	\$23,000
This action increases the Non-Personal/Equipment appropriation and the estimate for Earned Revenue – Miscellaneous Revenue by \$23,000 to recognize a stipend received by the Housing Department for reimbursement of staff time to participate in the planning process for Housing and Urban Development (HUD)-funded Bay Area Regional Prosperity Plan. The Bay Area Regional Prosperity Plan is a three-year collaboration between HUD, the Association of Bay Area Governments, and the Metropolitan Transportation Commission to explore an integrated approach to planning for housing, transportation, and jobs in the region.				
<i>Transfer to Housing Trust Fund</i>	Housing		\$2,600,000	
This action transfers \$2,600,000 from the Multi-Source Housing Fund to the Housing Trust Fund to reflect revenue that was received in 2014-2015 but erroneously deposited in the Multi-Source Housing Fund. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.				
TOTAL MULTI-SOURCE HOUSING FD (448)			\$68,000	\$68,000

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SJ ARENA CAPITAL RESERVE FD (459)				
<i>Ending Fund Balance Adjustment/Earned Revenue</i>	Economic Development		\$200,000	\$200,000
<p>This action increases the estimate for Earned Revenue by \$200,000 to recognize additional revenues from the Sharks Sports and Entertainment (SSE). Authorization to negotiate and execute an amended and restated Management Agreement between the City of San José and SSE was approved by the City Council on May 19, 2015, which includes a minimum term extension to June 30, 2025, reduces SSE's payment to the City for the lease of the SAP Center and Ice Centre, and provides funds for capital rehabilitation for the SAP Center. In accordance with the information included in that memorandum, SSE will contribute an additional \$200,000, for a total of \$750,000, each year to the San José Arena Capital Reserve Fund through 2017-2018. This action aligns the revenue estimate with the agreement and a corresponding increase to the Ending Fund Balance is also recommended to offset this action.</p>				
TOTAL SJ ARENA CAPITAL RESERVE FD (459)			\$200,000	\$200,000
SJ ARENA ENHANCEMENT FUND (301)				
<i>Ending Fund Balance Adjustment</i>	Economic Development		(\$50,388)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Transfer to General Fund (San José Arena Enhancement Fund Close-Out)</i>	Transfers		\$50,388	
<p>This action establishes a Transfer to the General Fund of \$50,388. The San José Arena Enhancement Fund provides for debt service repayment for SAP Arena Enhancements under the existing agreement with Sharks Sports Entertainment (SSE), and revenues to the fund include General Fund payments and interest. A year-end reconciliation has identified \$50,388 of excess General Fund payments that were deposited into the San José Arena Enhancement Fund. These funds are no longer necessary to retire debt and are recommended to be transferred to the General Fund, the originating funding source. Corresponding actions in the General Fund are recommended elsewhere in this report.</p>				
TOTAL SJ ARENA ENHANCEMENT FUND (301)			\$0	\$0
STATE DRUG FORF FUND (417)				
<i>Ending Fund Balance Adjustment</i>	Police		\$613,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
STATE DRUG FORF FUND (417)				
<p><i>Non-Personal/Equipment/Personal Services (Body Worn Cameras)</i></p> <p>This action eliminates Non-Personal/Equipment (\$313,000) and Personal Services (\$300,000) funding. These appropriations were to serve as a local match for a \$600,000 federal grant related to the procurement of Body Worn Cameras (BWCs). Since the City was notified in September 2015 that the grant was not awarded, the match of \$613,000 in the State Drug Forfeiture Fund is no longer needed and is recommended to be eliminated. Other recommendations related to BWCs are included in the Federal Drug Forfeiture Fund of this report.</p>	Police		(\$613,000)	
TOTAL STATE DRUG FORF FUND (417)			\$0	\$0
STORM SEWER CAPITAL FUND (469)				
<p><i>Alviso Storm Network Infiltration Control</i></p> <p>This action increases the Alviso Storm Network Infiltration Control project by \$200,000 (from \$192,000 to \$392,000). The most recent lowest bid for the construction phase of this project exceeded the engineering estimate, due primarily to material cost escalation. This project increase would therefore allow the timely award of the construction contract and completion of this project within its planned timeframe.</p>	Storm Sewer Capital Program		\$200,000	
<p><i>Charcot Storm Pump Station Reserve</i></p> <p>This action increases the Charcot Storm Pump Station Reserve by \$1.0 million (from \$2.0 million to \$3.0 million). Significant work on the Charcot Storm Pump Station at Coyote Creek project is not anticipated until after the Master Plan is completed in 2017 and an external financing strategy is developed. As a result, it is recommended that the unspent funds for this project from 2014-2015 be placed into this reserve until that time.</p>	Storm Sewer Capital Program		\$1,000,000	
<p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	Storm Sewer Capital Program		(\$1,200,000)	
TOTAL STORM SEWER CAPITAL FUND (469)			\$0	\$0

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Almaden Lake Park Playground Public Art</i>	Parks & Comm Fac Dev Capital Program		(\$5,000)	
<p>This action eliminates the Almaden Lake Park Playground Public Art allocation. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, this action recommends eliminating the Almaden Lake Park Playground Public Art allocation in the Park Trust Fund, and in the Council District 10 Construction and Conveyance Tax Fund to increase the Council District 10 Public Art budget, accordingly. A corresponding increase to the Future PDO/PIO Projects Reserve in the Park Trust Fund is recommended to offset this action.</p>				
<i>Basking Ridge Tot Lot Public Art</i>	Parks & Comm Fac Dev Capital Program		(\$2,000)	
<p>This action eliminates the Basking Ridge Tot Lot Public Art allocation. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, this action recommends eliminating the Basking Ridge Tot Lot Public Art allocation in the Park Trust Fund, and in the Council District 2 Construction and Conveyance Tax Fund to increase the Council District 2 Public Art budget, accordingly. A corresponding increase to the Future PDO/PIO Projects Reserve in the Park Trust Fund is recommended to offset this action.</p>				
<i>Bernal Park Expansion Public Art</i>	Parks & Comm Fac Dev Capital Program		(\$2,000)	
<p>This action eliminates the Bernal Park Expansion Public Art allocation. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, this action recommends eliminating the Bernal Park Expansion Public Art allocation in the Park Trust Fund, and in the Council District 3 Construction and Conveyance Tax Fund to increase the Council District 3 Public Art budget, accordingly. A corresponding increase to the Future PDO/PIO Projects Reserve in the Park Trust Fund is recommended to offset this action.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<p><i>Columbus Park Restroom and Ball Fields Public Art</i></p> <p>This action eliminates the Columbus Park Restroom and Ball Fields Public Art allocation. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, this action recommends eliminating the Columbus Park Restroom and Ball Fields Public Art allocation in the Park Trust Fund, and in the Council District 3 Construction and Conveyance Tax Fund to increase the Council District 3 Public Art budget, accordingly. A corresponding increase to the Future PDO/PIO Projects Reserve in the Park Trust Fund is recommended to offset this action.</p>	Parks & Comm Fac Dev Capital Program		(\$1,000)	
<p><i>Communications Hill Phase II Hillsdale Fitness Staircase Design Review and Inspection/Earned Revenue</i></p> <p>This action establishes the Communications Hill Phase II Hillsdale Fitness Staircase Design Review and Inspection allocation and increases the estimate for Earned Revenue by \$300,000. As partial fulfillment of its parkland dedication obligation, the developer will construct improvements to the Hillsdale Fitness Staircase (located at Communications Hill), which may include a restroom, outdoor gym equipment, fixed exercise features, seating areas, and open space. This action recommends allocating \$300,000 for Public Works Department design review and inspection costs related to the improvements, which will be reimbursed by the developer. It is anticipated that the completed project will exceed the parkland dedication obligation, therefore, in June 2015 the City Council approved a recommendation for the City to reimburse the developer up to \$2.1 million (from the Council District 7 Construction and Conveyance Tax Fund and the Park Trust Fund) for improvements made on the staircase.</p>	Parks & Comm Fac Dev Capital Program		\$300,000	\$300,000
<p><i>Communications Hill Phase II Turnkey Park Design Review and Inspection/Earned Revenue</i></p> <p>This action establishes the Communications Hill Phase II Turnkey Park Design Review and Inspection allocation and increases the estimate for Earned Revenue by \$279,000. Once completed, the Communications Hill Phase II Turnkey Park will include tot lot and youth lot play areas, a rock wall, a performance and/or picnic pavilion, and a large open space area. As partial fulfillment of its parkland dedication agreement, the park is being designed and constructed by a developer, with the developer also providing funding to the City for the design review and inspection costs (\$279,000) related to the turnkey park.</p>	Parks & Comm Fac Dev Capital Program		\$279,000	\$279,000
<p><i>Developer Refunds</i></p> <p>This action increases the Developer Refunds allocation by \$2,000 to refund a parkland dedication ordinance fee that was erroneously paid by a developer. A reduction to the Future PDO/PIO Reserve is recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		\$2,000	

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Evergreen Community Center Expansion Public Art</i>	Parks & Comm Fac Dev Capital Program		(\$1,000)	
<p>This action eliminates the Evergreen Community Center Expansion Public Art allocation. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, this action recommends eliminating the Evergreen Community Center Public Art allocation in the Park Trust Fund, and in the Council District 8 Construction and Conveyance Tax Fund to increase the Council District 8 Public Art budget, accordingly. A corresponding increase to the Future PDO/PIO Projects Reserve in the Park Trust Fund is recommended to offset this action.</p>				
<i>Future PDO/PIO Projects Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$2,251,000)	
<p>This action decreases the Future PDO/PIO Projects Reserve to offset the actions recommended in this report.</p>				
<i>Glenview Park Infrastructure Improvements Public Art</i>	Parks & Comm Fac Dev Capital Program		(\$5,000)	
<p>This action eliminates the Glenview Park Infrastructure Improvements Public Art allocation. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, this action recommends eliminating the Glenview Park Infrastructure Improvements Public Art allocation in the Park Trust Fund, and in the Council District 10 Construction and Conveyance Tax Fund to increase the Council District 10 Public Art budget, accordingly. A corresponding increase to the Future PDO/PIO Projects Reserve in the Park Trust Fund is recommended to offset this action.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Parkview II Park Renovation Public Art</i>	Parks & Comm Fac Dev Capital Program		(\$3,000)	
<p>This action eliminates the Parkview II Park Renovation Public Art allocation. In accordance with Chapter 22.08 of the San José Municipal Code, one percent of all construction projects is required to be allocated to public art. The current practice in the Park Trust Fund is to allocate all funding for public art projects in the corresponding Council District Construction and Conveyance Tax Fund. This practice allows for the consolidation of funds to provide for a larger public art project. However, the Park Trust Fund includes several public art allocations that were allocated in previous fiscal years. To be consistent with the current funding practice, this action recommends eliminating the Parkview II Park Renovation Public Art allocation in the Park Trust Fund, and in the Council District 10 Construction and Conveyance Tax Fund to increase the Council District 10 Public Art budget, accordingly. A corresponding increase to the Future PDO/PIO Projects Reserve in the Park Trust Fund is recommended to offset this action.</p>				
<i>Santana Park Development Reserve</i>	Parks & Comm Fac Dev Capital Program		\$1,768,000	
<p>This action increases the Santana Park Development Reserve by \$1.8 million, bringing the total reserve to \$2.9 million. In 2012-2013, Del Monte Park was awarded grant funding of \$3.5 million from the State of California, but funding was received on a reimbursement basis. As an interim funding strategy, the City Council approved the reallocation of \$3.5 million from the Santana Park project to fund the Del Monte Park project. Grant funds of \$1.8 million were received in 2014-2015 from the State of California, therefore it is recommended to allocate this funding to the Santana Park Development Reserve in 2015-2016. As additional funds are received from the State of California, budget actions may be recommended at a later date. A reduction to the Future PDO/PIO Reserve is recommended in this report to offset this action.</p>				
<i>St. James Park Capital Vision</i>	Parks & Comm Fac Dev Capital Program		\$500,000	
<p>This action establishes the St. James Park Capital Vision project for \$500,000, which will support design work to revitalize St. James Park. Project elements will likely include community engagement, a design competition to establish the design vision, cost estimating, and securing necessary permits for future park renovations. This effort will help validate assumptions from the 2002 Master Plan, and will allow for outreach with the community to prioritize near, mid, and long-term capital improvement projects for the park. A reduction to the Future PDO/PIO Reserve is recommended in this report to offset this action.</p>				
TOTAL SUBDIVISION PARK TRUST FUND (375)			\$579,000	\$579,000
SUPPL LAW ENF SVCES FUND (414)				
<i>Ending Fund Balance Adjustment</i>	Police		(\$8,184)	
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUPPL LAW ENF SVCES FUND (414)				
<i>SLES Grant 2011-2013</i>	Police		\$121	
This action increases the Supplemental Law Enforcement Services (SLES) Grant 2011-2013 appropriation to reflect interest earned for the 2011-2013 SLES Grant cycle, that were previously unallocated, in order to expend these funds for eligible grant purposes and/or repay the granting agency per the grant provisions.				
<i>SLES Grant 2012-2014</i>	Police		\$264	
This action increases the SLES Grant 2012-2014 appropriation to reflect interest earned for the 2012-2014 SLES Grant cycle, that were previously unallocated, in order to expend these funds for eligible grant purposes and/or repay the granting agency per the grant provisions.				
<i>SLES Grant 2013-2015</i>	Police		\$5,508	
This action increases the SLES Grant 2013-2015 appropriation to reflect interest earned for the 2013-2015 SLES Grant cycle, that were previously unallocated, in order to expend these funds for eligible grant purposes and/or repay the granting agency per the grant provisions.				
<i>SLES Grant 2014-2016/Earned Revenue</i>	Police		\$467,556	\$465,265
This action increases the SLES Grant 2014-2016 appropriation by \$467,556 and the estimate for Earned Revenue to reflect payments from the State of California for the 2014-2016 SLES Grant (\$465,265) as well as allocate interest earned for the 2014-2016 SLES Grant cycle (\$2,291). These funds 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 Mobile Data Computers (MDC), body worn cameras, and officer safety equipment.				
TOTAL SUPPL LAW ENF SVCES FUND (414)			\$465,265	\$465,265
TRANSIENT OCCUPANCY TX FD (461)				
<i>Ending Fund Balance Adjustment (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		(\$883,801)	
This action decreases the Ending Fund Balance to offset actions recommended in this report.				
<i>San José Convention and Visitors Bureau (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		\$220,950	
Actual 2014-2015 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$21.5 million by \$883,801. These funds are recommended to be distributed to the three recipient organizations. This action increases the San José Convention and Visitors Bureau allocation in the amount of \$220,950 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
TRANSIENT OCCUPANCY TX FD (461)				
<i>Transfer to Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		\$441,901	
Actual 2014-2015 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$21.5 million by \$883,801. These funds are recommended to be distributed to the three recipient organizations. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$441,901 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding action in the Convention and Cultural Affairs Fund is also recommended elsewhere in this report.				
<i>Cultural Grants (TOT Revenue Reconciliation)</i>	Economic Development		\$220,950	
Actual 2014-2015 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$21.5 million by \$883,801. These funds are recommended to be distributed to the three recipient organizations. This action increases the Cultural Grants allocation in the amount of \$220,950 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue.				
TOTAL TRANSIENT OCCUPANCY TX FD (461)			\$0	\$0
WATER UTILITY FUND (515)				
<i>Non-Personal/Equipment/Earned Revenue - LawnBuster Pilot Program</i>	Economic Development		\$41,250	\$41,250
This action establishes a Non-Personal/Equipment appropriation to the Office of Economic Development for the LawnBuster Pilot Program and increases the estimate for Earned Revenue by \$41,250. The LawnBuster Pilot Program is designed to provide a low-cost, expedient option for homeowners in the San José Municipal Water System service area to replace lawns with drought-tolerant plants. Our City Forest was selected to convert up to 20,000 square feet of residential lawns, install drought-resistant plants, and convert sprinkler systems to drip lines. In support of this pilot program, the Santa Clara Valley Water District will fund a one-time amount of \$41,250 for the purpose of securing youth to work on this pilot under an agreement with the work2future Foundation. A similar action is recommended elsewhere in this report for the lawn conversion and Our City Forest startup costs of this pilot program.				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$958,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Non-Personal/Equipment (Billing System Licensing)</i>	Environmental Services		\$298,000	
This action increases the Non-Personal/Equipment appropriation for Billing System Licensing by \$298,000. Due to the transition to the new Customer Information System billing system, it was initially anticipated that the old billing system would no longer be necessary, and therefore, software licensing for the old system was not budgeted in 2015-2016 beyond November. However, use of the old system is now expected to be needed beyond that timeframe to fully access past records as necessary, and therefore, it is recommended that \$298,000 be appropriated to keep the software license active.				

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WATER UTILITY FUND (515)				
<i>Non-Personal/Equipment/Earned Revenue - LawnBuster Pilot Program</i>	Environmental Services		\$65,000	\$65,000
<p>This action increases the Non-Personal/Equipment appropriation to the Environmental Services Department for the LawnBuster Pilot Program and the estimate for Earned Revenue by \$65,000. The LawnBuster Pilot Program is designed to provide a low-cost, expedient option for homeowners in the San José Municipal Water System service area to replace lawns with drought-tolerant plants. Our City Forest was selected to convert up to 20,000 square feet of residential lawns, install drought-resistant plants, and convert sprinkler systems to drip lines. In support of this pilot program, the Santa Clara Valley Water District will fund a one-time amount of \$40,000 for lawn conversion costs and \$25,000 for Our City Forest startup costs. A similar action is recommended elsewhere in this report for the purpose of securing youth to work on this pilot program under an agreement with the work2future Foundation.</p>				
<i>Non-Personal/Equipment/Earned Revenue - Potable Water</i>	Environmental Services		(\$1,200,000)	(\$1,860,000)
<p>This action decreases the allocation to ESD for Non-Personal/Equipment by \$1.2 million for potable water purchases and the corresponding estimate for Earned Revenue by \$1.9 million for potable water sales. The 2015-2016 Adopted Operating Budget assumed a 28% water conservation level throughout the year; however, based on potable water consumption in spring/summer 2015, Municipal Water System customers have been exceeding the targeted call for conservation. As a result, the wholesale purchase of potable water and corresponding earned revenue estimate are recommended to be adjusted based on these more current conservation levels of 35%.</p>				
TOTAL WATER UTILITY FUND (515)			(\$1,753,750)	(\$1,753,750)
WORKFORCE DEVELOPMENT FD (290)				
<i>Administration/Earned Revenue</i>	Economic Development		(\$99,849)	(\$99,849)
<p>This action decreases the Administration appropriation by \$99,849 to align with allocations received from the State of California for administrative service activities. This action reflects the actual grant award received for 2015-2016. A corresponding decrease to the estimate for Earned Revenue for grant funding from the State of California is recommended to offset this action.</p>				
<i>Rapid Response Grant/Earned Revenue</i>	Economic Development		\$658,314	\$658,314
<p>This action increases the Rapid Response Grant appropriation by \$658,314 to reflect the actual grant received from the State of California Employment Development Department for the 2015-2016 Rapid Response Program. This program provides job training services to businesses and workers impacted or at risk of being impacted by company closures or layoffs. A corresponding increase to the estimate for Earned Revenue for grant funding from the State of California is recommended to offset this action.</p>				
TOTAL WORKFORCE DEVELOPMENT FD (290)			\$558,465	\$558,465

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Budget Adjustments							
Super Bowl 50 - San José Museum of Art Sign Replacement			\$150,000	\$150,000		\$0	\$150,000
Super Bowl 50 - Silicon Valley Regional Communications System - Radios (Police)			\$2,500,000	\$2,500,000		\$0	\$2,500,000
Budget Adjustments Total	\$0	\$0	\$2,650,000	\$2,650,000	\$0	\$0	\$2,650,000
Clean-Up and Rebudget Actions							
Rebudget: Arena Repairs			\$41,000	\$41,000		\$0	\$41,000
Rebudget: Children's Discovery Museum Chiller Replacements			(\$48,000)	(\$48,000)		\$0	(\$48,000)
Rebudget: Children's Discovery Museum Portico Reroof			(\$41,000)	(\$41,000)		\$0	(\$41,000)
Rebudget: City Hall Waterproofing			(\$83,000)	(\$83,000)		\$0	(\$83,000)
Rebudget: Fire Apparatus Replacement			\$129,000	\$129,000		\$0	\$129,000
Rebudget: Fire Facilities Remediation			(\$39,000)	(\$39,000)		\$0	(\$39,000)
Rebudget: Kelley House Demolition			(\$68,000)	(\$68,000)		\$0	(\$68,000)
Rebudget: Police Administration Building Backup Generator Replacement			(\$12,000)	(\$12,000)		\$0	(\$12,000)
Rebudget: Police Administration Building HVAC Controls Replacement			\$76,000	\$76,000		\$0	\$76,000
Rebudget: Police Administration Building Security Upgrades			(\$56,000)	(\$56,000)		\$0	(\$56,000)
Rebudget: Police Administration Building/Police Communications Center Chiller Replacements			(\$117,000)	(\$117,000)		\$0	(\$117,000)
Rebudget: Police Communications Center Electrical System Upgrade			(\$12,000)	(\$12,000)		\$0	(\$12,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Clean-Up and Rebudget Actions							
Rebudget: Police Communications Center Parking Deck and Ramp Restoration			\$295,000	\$295,000		\$0	\$295,000
Rebudget: Police Communications Center Redundant Power Circuitry System Design			(\$12,000)	(\$12,000)		\$0	(\$12,000)
Rebudget: Police Communications Emergency Uninterrupted Power Supply			(\$30,000)	(\$30,000)		\$0	(\$30,000)
Rebudget: Police Communications Fire Protection System Upgrade			(\$9,000)	(\$9,000)		\$0	(\$9,000)
Rebudget: South San José Police Substation (Activation)			\$293,000	\$293,000		\$0	\$293,000
Rebudget: Unanticipated/Emergency Maintenance			\$200,000	\$200,000		\$0	\$200,000
Rebudget: United States Patent and Trademark Office - City Staff Relocation			\$130,000	\$130,000		\$0	\$130,000
Rebudget: United States Patent and Trademark Office - Tenant Improvements Project/Revenue from Federal Government			(\$2,926,401)	(\$2,926,401)	\$2,005,684	\$0	(\$4,932,085)
				\$0		\$0	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$2,289,401)	(\$2,289,401)	\$2,005,684	\$0	(\$4,295,085)
CAPITAL PROJECTS TOTAL	\$0	\$0	\$360,599	\$360,599	\$2,005,684	\$0	(\$1,645,085)
CITY ATTORNEY							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Legal Consultant Services)		\$25,000		\$25,000		\$0	\$25,000
Voluntary Furlough/Reduced Work Week Program	(\$59,000)			(\$59,000)		\$0	(\$59,000)

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY ATTORNEY							
Clean-Up and Rebudget Actions							
Clean-Up and Rebudget Actions Total	(\$59,000)	\$25,000	\$0	(\$34,000)	\$0	\$0	(\$34,000)
CITY ATTORNEY TOTAL	(\$59,000)	\$25,000	\$0	(\$34,000)	\$0	\$0	(\$34,000)
CITY AUDITOR							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$1,000)			(\$1,000)		\$0	(\$1,000)
Clean-Up and Rebudget Actions Total	(\$1,000)	\$0	\$0	(\$1,000)	\$0	\$0	(\$1,000)
CITY AUDITOR TOTAL	(\$1,000)	\$0	\$0	(\$1,000)	\$0	\$0	(\$1,000)
CITY CLERK							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$13,000)			(\$13,000)		\$0	(\$13,000)
Clean-Up and Rebudget Actions Total	(\$13,000)	\$0	\$0	(\$13,000)	\$0	\$0	(\$13,000)
CITY CLERK TOTAL	(\$13,000)	\$0	\$0	(\$13,000)	\$0	\$0	(\$13,000)
CITY MANAGER							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$29,129)			(\$29,129)		\$0	(\$29,129)
Clean-Up and Rebudget Actions Total	(\$29,129)	\$0	\$0	(\$29,129)	\$0	\$0	(\$29,129)
CITY MANAGER TOTAL	(\$29,129)	\$0	\$0	(\$29,129)	\$0	\$0	(\$29,129)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Budget Adjustments							
2015 California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from Federal Government			\$196,222	\$196,222	\$196,222	\$0	\$0
After School Education and Safety Programs for School Year 2015-2016/Revenue from Local Agencies			\$476,078	\$476,078	\$476,078	\$0	\$0
Minimum Wage Study			\$100,000	\$100,000		\$0	\$100,000
San José BEST and Safe Summer Initiative Programs/Revenue from Local Agencies			\$55,951	\$55,951	\$55,951	\$0	\$0
Selective Traffic Enforcement Program 2015-2016/Revenue from State of California			\$195,000	\$195,000	\$195,000	\$0	\$0
State Homeland Security Grant Program 2014-2015/Revenue from Local Agencies			\$30,268	\$30,268	\$30,268	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$1,053,519	\$1,053,519	\$953,519	\$0	\$100,000
Clean-Up and Rebudget Actions							
Rebudget: 1st Act Silicon Valley Digital Media Grant			\$3,690	\$3,690		\$0	\$3,690
Rebudget: 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant/Revenue from Federal Government			\$15,670	\$15,670	\$94,990	\$0	(\$79,320)
Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations			\$1,947	\$1,947		\$0	\$1,947
Rebudget: Anti-Drug Abuse Grant 2013-2014/Revenue from State of California			\$367	\$367	\$469	\$0	(\$102)
Rebudget: Arena Community Fund			\$8,217	\$8,217		\$0	\$8,217
Rebudget: Automated Fingerprint Identification System			\$239,000	\$239,000		\$0	\$239,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Automated Fingerprint Identification System Phase III			\$161,000	\$161,000		\$0	\$161,000
Rebudget: BART Public Art Design/Revenue from Local Agencies			(\$168,634)	(\$168,634)	(\$168,634)	\$0	\$0
Rebudget: Bay Area Regional Interoperability Communication System			\$7,500	\$7,500		\$0	\$7,500
Rebudget: Burrowing Owl Habitat Management			(\$185)	(\$185)		\$0	(\$185)
Rebudget: Business Incentive - Business Cooperation Program			\$19,800	\$19,800		\$0	\$19,800
Rebudget: Business Incentive - Business Cooperation Program Administration			\$20,000	\$20,000		\$0	\$20,000
Rebudget: Business Tax System Replacement			\$291,000	\$291,000		\$0	\$291,000
Rebudget: Child Care Portable Debt Service Payments/Revenue from Local Agencies			\$3,673	\$3,673	\$3,673	\$0	\$0
Rebudget: City-Building Energy Projects Program			(\$590,480)	(\$590,480)		\$0	(\$590,480)
Rebudget: Cultural Affairs Special Project/Revenue from Local Agencies			(\$235,768)	(\$235,768)	(\$235,768)	\$0	\$0
Rebudget: Economic Development Pre-Development Activities			\$11,000	\$11,000		\$0	\$11,000
Rebudget: Economic Development/Incentive Fund			\$500,000	\$500,000		\$0	\$500,000
Rebudget: Elections Commission			\$10,000	\$10,000		\$0	\$10,000
Rebudget: Elections and Ballot Measures			\$800,000	\$800,000		\$0	\$800,000
Rebudget: Emergency Response and Preparedness			\$12,000	\$12,000		\$0	\$12,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Emergency Street Tree Services/Other Revenue			\$3,000	\$3,000	\$3,000	\$0	\$0
Rebudget: Energy and Utility Conservation Measures Program			\$882,000	\$882,000		\$0	\$882,000
Rebudget: False Claims Act Litigation Settlement			\$295,018	\$295,018		\$0	\$295,018
Rebudget: Filling Empty Storefronts Pilot Project			\$88,000	\$88,000		\$0	\$88,000
Rebudget: Financial Management System Upgrade			\$92,500	\$92,500		\$0	\$92,500
Rebudget: Government Access - Capital Expenditures			\$23,710	\$23,710		\$0	\$23,710
Rebudget: Hammer Theater Center Operations and Maintenance			\$146,000	\$146,000		\$0	\$146,000
Rebudget: Homeless Rapid Rehousing			(\$596,000)	(\$596,000)		\$0	(\$596,000)
Rebudget: Homeless Response Team			\$15,000	\$15,000		\$0	\$15,000
Rebudget: Human Trafficking Prevention Grant 2011/Revenue from Federal Government			(\$3,347)	(\$3,347)	(\$3,348)	\$0	\$1
Rebudget: Internal Financial Controls Evaluation			\$21,000	\$21,000		\$0	\$21,000
Rebudget: Internet Crimes Against Children Federal Grant 2014-2015/Revenue from Federal Government			(\$52,286)	(\$52,286)	(\$52,286)	\$0	\$0
Rebudget: Maddie Lifesaving Grant			\$129,683	\$129,683		\$0	\$129,683
Rebudget: Move Your Jobs to San José Communications			\$30,000	\$30,000		\$0	\$30,000
Rebudget: National Forum Capacity - Building Grant OJJDP 2012-2015/Revenue from Federal Government			(\$10,602)	(\$10,602)	\$181,398	\$0	(\$192,000)
Rebudget: Neighborhood Business Districts			\$45,000	\$45,000		\$0	\$45,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: OJJDP Community-Based Violence Prevention Demonstration Program Grant/Revenue from Federal Government			(\$2,903)	(\$2,903)	\$98,615	\$0	(\$101,518)
Rebudget: Public Works Unfunded Projects			\$17,000	\$17,000		\$0	\$17,000
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital			\$21,974	\$21,974		\$0	\$21,974
Rebudget: Raised Reflective Markers and Arterial Street Striping			\$28,165	\$28,165		\$0	\$28,165
Rebudget: Retirement Actuarial Studies			(\$23,000)	(\$23,000)		\$0	(\$23,000)
Rebudget: SAP Center Renegotiation			\$20,000	\$20,000		\$0	\$20,000
Rebudget: San José BEST and Safe Summer Initiative Programs			\$105,000	\$105,000		\$0	\$105,000
Rebudget: San José Works: Youth Jobs Initiative (SJ Works)			\$102,000	\$102,000		\$0	\$102,000
Rebudget: Selective Traffic Enforcement Program 2014- 2015/Revenue from State of California			(\$51,183)	(\$51,183)	(\$51,183)	\$0	\$0
Rebudget: Senior Education and Outreach Grant/Revenue from Local Agencies			\$24,263	\$24,263	\$27,110	\$0	(\$2,847)
Rebudget: Silicon Valley Energy Watch (SVEW) 2015/Other Revenue			(\$10,481)	(\$10,481)	(\$10,481)	\$0	\$0
Rebudget: Sobriety Checkpoint Grant Program 2013- 2014/Revenue from State of California			\$17,591	\$17,591	\$17,590	\$0	\$1
Rebudget: State Homeland Security Grant Program 2013- 2014/Revenue from Federal Government			\$1,018	\$1,018	\$1,035	\$0	(\$17)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Urban Areas Security Initiative Grant - Police 2013/Revenue from Federal Government			\$65,309	\$65,309	\$65,309	\$0	\$0
Rebudget: Urban Areas Security Initiative Grant - Police 2014/Revenue from Federal Government			(\$90,153)	(\$90,153)	\$147,456	\$0	(\$237,609)
Rebudget: Valley Transit Authority Bus Rapid Transit Enhancement Project			(\$44,450)	(\$44,450)		\$0	(\$44,450)
Rebudget: Vehicle Detection Sensors			(\$16,000)	(\$16,000)		\$0	(\$16,000)
Rebudget: Visitor's Study			\$50,000	\$50,000		\$0	\$50,000
Tech Adjust: 1st Act Silicon Valley Digital Media Grant (Reconciliation)			\$1,000	\$1,000		\$0	\$1,000
Tech Adjust: 4th Street Garage Banquet Facility Maintenance and Operations (Reconciliation)			\$100,000	\$100,000		\$0	\$100,000
Tech Adjust: Government Access - Capital Expenditures (Reconciliation)			\$2,910	\$2,910		\$0	\$2,910
Tech Adjust: Illegal Dumping (Reallocation from PBCE Non-Personal/Equipment)			\$150,000	\$150,000		\$0	\$150,000
Tech Adjust: PG&E Summer Cooling Shelter Program Grant (Reconciliation)			\$7,000	\$7,000		\$0	\$7,000
Tech Adjust: Public, Educational, and Government (PEG) Access Facilities - Capital (Reconciliation)			\$16,549	\$16,549		\$0	\$16,549
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,710,082	\$2,710,082	\$118,945	\$0	\$2,591,137
CITY-WIDE EXPENSES TOTAL	\$0	\$0	\$3,763,601	\$3,763,601	\$1,072,464	\$0	\$2,691,137

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CONTINGENCY RESERVE							
Budget Adjustments							
Contingency Reserve			\$500,000	\$500,000		\$0	\$500,000
Budget Adjustments Total	\$0	\$0	\$500,000	\$500,000	\$0	\$0	\$500,000
CONTINGENCY RESERVE TOTAL	\$0	\$0	\$500,000	\$500,000	\$0	\$0	\$500,000
EARMARKED RESERVES							
Budget Adjustments							
Air Service Incentive Program Reserve/Transfers and Reimbursements			(\$400,000)	(\$400,000)	(\$478,753)	\$0	\$78,753
Building Development Fee Program Reserve			(\$750,000)	(\$750,000)		\$0	(\$750,000)
Super Bowl 50 - Cultural Facilities Capital Maintenance Reserve			(\$150,000)	(\$150,000)		\$0	(\$150,000)
Super Bowl 50 - Police Department Staffing/Operations Reserve			(\$2,500,000)	(\$2,500,000)		\$0	(\$2,500,000)
Budget Adjustments Total	\$0	\$0	(\$3,800,000)	(\$3,800,000)	(\$478,753)	\$0	(\$3,321,247)
Clean-Up and Rebudget Actions							
Development Fee Program Reconciliation - Building Development Fee Program Reserve			(\$257,580)	(\$257,580)		\$0	(\$257,580)
Development Fee Program Reconciliation - Fire Development Fee Program Reserve			\$143,127	\$143,127		\$0	\$143,127
Development Fee Program Reconciliation - Planning Development Fee Program Reserve			\$422,791	\$422,791		\$0	\$422,791
Development Fee Program Reconciliation - Public Works Development Fee Program Reserve			\$116,320	\$116,320		\$0	\$116,320

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Clean-Up and Rebudget Actions							
Rebudget: Building Development Fee Program Reserve			(\$135,000)	(\$135,000)		\$0	(\$135,000)
Rebudget: Fiscal Reform Plan Implementation Reserve			(\$150,000)	(\$150,000)		\$0	(\$150,000)
Rebudget: General Plan Update Reserve			(\$413,014)	(\$413,014)		\$0	(\$413,014)
Rebudget: Public Works Development Fee Program Reserve			(\$76,000)	(\$76,000)		\$0	(\$76,000)
Tech Adjust: Artificial Turf Capital Replacement Reserve (Reconciliation)			\$40,000	\$40,000		\$0	\$40,000
Tech Adjust: Cultural Facilities Capital Maintenance Reserve (Reconciliation)			\$550,000	\$550,000		\$0	\$550,000
Tech Adjust: General Plan Update Reserve (Reconciliation)			(\$12,457)	(\$12,457)		\$0	(\$12,457)
Tech Adjust: Police Department Staffing/Operations Reserve (Reconciliation)			\$3,000,000	\$3,000,000		\$0	\$3,000,000
Voluntary Furlough/Reduced Work Week Program - Salaries and Benefits Reserve			\$150,000	\$150,000		\$0	\$150,000
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,378,187	\$3,378,187	\$0	\$0	\$3,378,187
EARMARKED RESERVES TOTAL	\$0	\$0	(\$421,813)	(\$421,813)	(\$478,753)	\$0	\$56,940
ECONOMIC DEVELOPMENT							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$3,000)			(\$3,000)		\$0	(\$3,000)
Clean-Up and Rebudget Actions Total	(\$3,000)	\$0	\$0	(\$3,000)	\$0	\$0	(\$3,000)
ECONOMIC DEVELOPMENT TOTAL	(\$3,000)	\$0	\$0	(\$3,000)	\$0	\$0	(\$3,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FINANCE							
Budget Adjustments							
Non-Personal/Equipment (Lien Program)		\$60,000		\$60,000		\$0	\$60,000
Budget Adjustments Total	\$0	\$60,000	\$0	\$60,000	\$0	\$0	\$60,000
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$12,000)			(\$12,000)		\$0	(\$12,000)
Clean-Up and Rebudget Actions Total	(\$12,000)	\$0	\$0	(\$12,000)	\$0	\$0	(\$12,000)
FINANCE TOTAL	(\$12,000)	\$60,000	\$0	\$48,000	\$0	\$0	\$48,000
FIRE							
Budget Adjustments							
Non-Personal/Equipment (Fire Communications Consultant Services)		\$50,000		\$50,000		\$0	\$50,000
Non-Personal/Equipment (September 2015 Urban Shield)/Revenue from Local Agencies		\$150,000		\$150,000	\$150,000	\$0	\$0
Personal Services (Fire Communications Consultant Services)	(\$50,000)			(\$50,000)		\$0	(\$50,000)
Personal Services and Non-Personal/Equipment (Aircraft Rescue Fire Fighting Overtime and Training)/Transfers and Reimbursements	\$859,650	\$61,800		\$921,450	\$921,450	\$0	\$0
Budget Adjustments Total	\$809,650	\$261,800	\$0	\$1,071,450	\$1,071,450	\$0	\$0
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Office of Emergency Services - Technology and Equipment)		\$150,000		\$150,000		\$0	\$150,000
Tech Adjust: Salary Program - Fire Development Fee Program - Personal Services (Reallocation from Personal Services)			\$41,476	\$41,476		\$0	\$41,476

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FIRE							
Clean-Up and Rebudget Actions							
Tech Adjust: Salary Program - Personal Services (Reallocation to Fire Development Fee Program - Personal Services)	(\$41,476)			(\$41,476)		\$0	(\$41,476)
Voluntary Furlough/Reduced Work Week Program	(\$5,000)			(\$5,000)		\$0	(\$5,000)
Clean-Up and Rebudget Actions Total	(\$46,476)	\$150,000	\$41,476	\$145,000	\$0	\$0	\$145,000
FIRE TOTAL	\$763,174	\$411,800	\$41,476	\$1,216,450	\$1,071,450	\$0	\$145,000
HUMAN RESOURCES							
Budget Adjustments							
Non-Personal/Equipment (Physician Services)		\$100,000		\$100,000		\$0	\$100,000
Personal Services (Physician Services)	(\$100,000)			(\$100,000)		\$0	(\$100,000)
Budget Adjustments Total	(\$100,000)	\$100,000	\$0	\$0	\$0	\$0	\$0
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Workers' Compensation Software, Career Fairs, and Bilingual Testing)		\$70,000		\$70,000		\$0	\$70,000
Rebudget: Personal Services (Recruitment Temporary Staffing - Analyst)	\$75,000			\$75,000		\$0	\$75,000
Voluntary Furlough/Reduced Work Week Program	(\$2,000)			(\$2,000)		\$0	(\$2,000)
Clean-Up and Rebudget Actions Total	\$73,000	\$70,000	\$0	\$143,000	\$0	\$0	\$143,000
HUMAN RESOURCES TOTAL	(\$27,000)	\$170,000	\$0	\$143,000	\$0	\$0	\$143,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
INDEPENDENT POLICE AUDITOR							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$10,000)			(\$10,000)		\$0	(\$10,000)
Clean-Up and Rebudget Actions Total	(\$10,000)	\$0	\$0	(\$10,000)	\$0	\$0	(\$10,000)
INDEPENDENT POLICE AUDITOR TOTAL	(\$10,000)	\$0	\$0	(\$10,000)	\$0	\$0	(\$10,000)
INFORMATION TECHNOLOGY							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$9,000)			(\$9,000)		\$0	(\$9,000)
Clean-Up and Rebudget Actions Total	(\$9,000)	\$0	\$0	(\$9,000)	\$0	\$0	(\$9,000)
INFORMATION TECHNOLOGY TOTAL	(\$9,000)	\$0	\$0	(\$9,000)	\$0	\$0	(\$9,000)
LIBRARY							
Budget Adjustments							
Library Grants (California Library Literacy Services)/Revenue from State of California			\$18,000	\$18,000	\$18,000	\$0	\$0
Library Grants (I am San José)/Revenue from State of California			\$56,015	\$56,015	\$56,015	\$0	\$0
Library Grants (Life Skills Academy)/Revenue from State of California			\$5,000	\$5,000	\$5,000	\$0	\$0
Library Grants (Pop-Up Mobile Makerspaces)/Other Revenue			\$26,801	\$26,801	\$26,801	\$0	\$0
Library Grants (San José Public Library Works)/Revenue from State of California			\$70,000	\$70,000	\$70,000	\$0	\$0
Library Grants (Science at Seven Trees)/Revenue from State of California			\$4,983	\$4,983	\$4,983	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
LIBRARY							
Budget Adjustments							
Library Grants (The Re(a)d Zone)/Other Revenue			\$25,000	\$25,000	\$25,000	\$0	\$0
Personal Services (Part-Time Unbenefited Sick Leave Payments)	\$60,000			\$60,000		\$0	\$60,000
Budget Adjustments Total	\$60,000	\$0	\$205,799	\$265,799	\$205,799	\$0	\$60,000
Clean-Up and Rebudget Actions							
Rebudget: Library Grants			\$96,506	\$96,506		\$0	\$96,506
Voluntary Furlough/Reduced Work Week Program	(\$41,000)			(\$41,000)		\$0	(\$41,000)
Clean-Up and Rebudget Actions Total	(\$41,000)	\$0	\$96,506	\$55,506	\$0	\$0	\$55,506
LIBRARY TOTAL	\$19,000	\$0	\$302,305	\$321,305	\$205,799	\$0	\$115,506
MAYOR & COUNCIL							
Budget Adjustments							
Council District #02 Special Event Sponsorship/Other Revenue			\$3,850	\$3,850	\$3,850	\$0	\$0
Council District #05 Special Event Sponsorship/Other Revenue			\$3,200	\$3,200	\$3,200	\$0	\$0
Council District #08 Special Event Sponsorship/Other Revenue			\$10,105	\$10,105	\$10,105	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$17,155	\$17,155	\$17,155	\$0	\$0
Clean-Up and Rebudget Actions							
Rebudget: Council District #01			\$48,408	\$48,408		\$0	\$48,408
Rebudget: Council District #02			\$15,804	\$15,804		\$0	\$15,804
Rebudget: Council District #03			\$45,202	\$45,202		\$0	\$45,202

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Clean-Up and Rebudget Actions							
Rebudget: Council District #04			\$29,645	\$29,645		\$0	\$29,645
Rebudget: Council District #05			\$4,034	\$4,034		\$0	\$4,034
Rebudget: Council District #06			\$28,317	\$28,317		\$0	\$28,317
Rebudget: Council District #07			(\$24,343)	(\$24,343)		\$0	(\$24,343)
Rebudget: Council District #08			\$17,300	\$17,300		\$0	\$17,300
Rebudget: Council District #09			\$18,770	\$18,770		\$0	\$18,770
Rebudget: Council District #10			\$14,004	\$14,004		\$0	\$14,004
Rebudget: Council General			(\$10,108)	(\$10,108)		\$0	(\$10,108)
Rebudget: Office of the Mayor			\$221,778	\$221,778		\$0	\$221,778
Clean-Up and Rebudget Actions Total	\$0	\$0	\$408,811	\$408,811	\$0	\$0	\$408,811
MAYOR & COUNCIL TOTAL	\$0	\$0	\$425,966	\$425,966	\$17,155	\$0	\$408,811
PARKS, REC, & NEIGH SVCS							
Budget Adjustments							
Non-Personal/Equipment (Senior Nutrition)/Revenue from Local Agencies		\$1,373,618		\$1,373,618	\$1,373,618	\$0	\$0
Non-Personal/Equipment (Youth Connections Foundation - Fit Camp Scholarships)/Other Revenue		\$10,000		\$10,000	\$10,000	\$0	\$0
Personal Services (Part-Time Unbenefited Sick Leave Payments)	\$100,000			\$100,000		\$0	\$100,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PARKS, REC, & NEIGH SVCS							
Budget Adjustments							
Super Bowl 50 - Personal Services (Park Ranger Coverage and Guadalupe Trail Maintenance/Downtown Core)	\$55,000			\$55,000		\$0	\$55,000
Budget Adjustments Total	\$155,000	\$1,383,618	\$0	\$1,538,618	\$1,383,618	\$0	\$155,000
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$19,000)			(\$19,000)		\$0	(\$19,000)
Clean-Up and Rebudget Actions Total	(\$19,000)	\$0	\$0	(\$19,000)	\$0	\$0	(\$19,000)
PARKS, REC, & NEIGH SVCS TOTAL	\$136,000	\$1,383,618	\$0	\$1,519,618	\$1,383,618	\$0	\$136,000
PLANNING, BLDG, & CODE ENF							
Budget Adjustments							
Building Development Fee Program - Non-Personal/Equipment (Peak Staffing)			\$750,000	\$750,000		\$0	\$750,000
Non-Personal/Equipment (Metropolitan Transportation Commission Planning Grant)/Revenue from Federal Government		\$422,000		\$422,000	\$422,000	\$0	\$0
Non-Personal/Equipment (Solid Waste Enforcement/Multiple Housing Fee Programs Vehicles)		\$120,000		\$120,000		\$0	\$120,000
Budget Adjustments Total	\$0	\$542,000	\$750,000	\$1,292,000	\$422,000	\$0	\$870,000
Clean-Up and Rebudget Actions							
Rebudget: Revenue from State of California (Strategic Growth Council Grant)				\$0	(\$186,000)	\$0	\$186,000
Tech Adjust: Non-Personal/Equipment (Reallocation to City- Wide Expenses)		(\$150,000)		(\$150,000)		\$0	(\$150,000)
Voluntary Furlough/Reduced Work Week Program	(\$3,000)			(\$3,000)		\$0	(\$3,000)
Clean-Up and Rebudget Actions Total	(\$3,000)	(\$150,000)	\$0	(\$153,000)	(\$186,000)	\$0	\$33,000
PLANNING, BLDG, & CODE ENF TOTAL	(\$3,000)	\$392,000	\$750,000	\$1,139,000	\$236,000	\$0	\$903,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
POLICE							
Budget Adjustments							
Non-Personal/Equipment (State of California Department of Justice Santa Clara County Specialized Enforcement Team)/Revenue from State of California		\$60,000		\$60,000	\$60,000	\$0	\$0
Personal Services (DEA Task Force Group 1)/Revenue from Federal Government	\$17,548			\$17,548	\$17,548	\$0	\$0
Personal Services (Operation Lazy Eye)/Revenue from Federal Government	\$5,000			\$5,000	\$5,000	\$0	\$0
Personal Services (Retiree Healthcare Rate Correction)	(\$838,000)			(\$838,000)		\$0	(\$838,000)
Police Department Overtime (Salaries and Benefits Reallocation)				\$0		\$0	\$0
Budget Adjustments Total	(\$815,452)	\$60,000	\$0	(\$755,452)	\$82,548	\$0	(\$838,000)
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Community Solutions Human Trafficking Coalition Coordinator)		\$50,000		\$50,000		\$0	\$50,000
Rebudget: Non-Personal/Equipment (Recruiting Marketing)		\$150,000		\$150,000		\$0	\$150,000
Rebudget: Non-Personal/Equipment (State of California Department of Justice Santa Clara County Specialized Enforcement Team)/Revenue from State of California		\$47,807		\$47,807	\$75,000	\$0	(\$27,193)
Rebudget: Personal Services (State of California Department of Justice Santa Clara County Specialized Enforcement Team)/Revenue from State of California	\$75,000			\$75,000	\$75,000	\$0	\$0
Voluntary Furlough/Reduced Work Week Program	(\$16,000)			(\$16,000)		\$0	(\$16,000)
Clean-Up and Rebudget Actions Total	\$59,000	\$247,807	\$0	\$306,807	\$150,000	\$0	\$156,807
POLICE TOTAL	(\$756,452)	\$307,807	\$0	(\$448,645)	\$232,548	\$0	(\$681,193)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PUBLIC WORKS							
Budget Adjustments							
Personal Services (Part-Time Unbenefited Sick Leave Payments)	\$15,000			\$15,000		\$0	\$15,000
Budget Adjustments Total	\$15,000	\$0	\$0	\$15,000	\$0	\$0	\$15,000
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Animal Care and Services - Security and Animal Care Supplies)		\$235,000		\$235,000		\$0	\$235,000
Voluntary Furlough/Reduced Work Week Program	(\$15,000)			(\$15,000)		\$0	(\$15,000)
Clean-Up and Rebudget Actions Total	(\$15,000)	\$235,000	\$0	\$220,000	\$0	\$0	\$220,000
PUBLIC WORKS TOTAL	\$0	\$235,000	\$0	\$235,000	\$0	\$0	\$235,000
REVENUE ADJUSTMENTS							
Budget Adjustments							
Revenue from Local Agencies (SARA Reimbursement - Convention Center)				\$0	(\$9,800,000)	\$0	\$9,800,000
Transfers and Reimbursements - Transfer from San José Arena Enhancement Fund (Fund Close-Out)				\$0	\$50,388	\$0	(\$50,388)
Transfers and Reimbursements - Transfer from Convention and Cultural Affairs Fund (Broadway San José Ticket Revenue)				\$0	\$111,533	\$0	(\$111,533)
Budget Adjustments Total	\$0	\$0	\$0	\$0	(\$9,638,079)	\$0	\$9,638,079

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
REVENUE ADJUSTMENTS							
Clean-Up and Rebudget Actions							
Fund Balance Reconciliation				\$0		\$12,694,056	(\$12,694,056)
Rebudget: Revenue from Federal Government (Northern California Regional Intelligence Center SUASI - Police)				\$0	\$109,555	\$0	(\$109,555)
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	(\$150,000)	\$0	\$150,000
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	\$150,000	\$0	(\$150,000)
Tech Adjust: United States Patent Trademark Office (Reallocate from Revenue from Federal Government to Revenue from Use of Money/Property)				\$0	(\$792,910)	\$0	\$792,910
Tech Adjust: United States Patent Trademark Office (Reallocate to Revenue from Use of Money/Property from Revenue from Federal Government)				\$0	\$792,910	\$0	(\$792,910)
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$0	\$109,555	\$12,694,056	(\$12,803,611)
REVENUE ADJUSTMENTS TOTAL	\$0	\$0	\$0	\$0	(\$9,528,524)	\$12,694,056	(\$3,165,532)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
TRANSFERS							
Budget Adjustments							
Transfer to the Downtown Property and Business Improvement District Fund			\$4,442	\$4,442		\$0	\$4,442
Budget Adjustments Total	\$0	\$0	\$4,442	\$4,442	\$0	\$0	\$4,442
Clean-Up and Rebudget Actions							
Tech Adjust: Transfer to the Council District 10 Construction and Conveyance Tax Fund (Leland Sports Field Repayment)			\$30,000	\$30,000		\$0	\$30,000
Tech Adjust: Transfer to the Parks Council District 7 Construction and Conveyance Tax Fund (Interest Payment)			\$19,103	\$19,103		\$0	\$19,103
Clean-Up and Rebudget Actions Total	\$0	\$0	\$49,103	\$49,103	\$0	\$0	\$49,103
TRANSFERS TOTAL	\$0	\$0	\$53,545	\$53,545	\$0	\$0	\$53,545
TRANSPORTATION							
Budget Adjustments							
Super Bowl 50 - Non-Personal/Equipment (Palm Maintenance and Turf Painting)		\$160,000		\$160,000		\$0	\$160,000
Budget Adjustments Total	\$0	\$160,000	\$0	\$160,000	\$0	\$0	\$160,000
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$5,000)			(\$5,000)		\$0	(\$5,000)
Clean-Up and Rebudget Actions Total	(\$5,000)	\$0	\$0	(\$5,000)	\$0	\$0	(\$5,000)
TRANSPORTATION TOTAL	(\$5,000)	\$160,000	\$0	\$155,000	\$0	\$0	\$155,000
GENERAL FUND TOTAL	(\$9,407)	\$3,145,225	\$5,775,679	\$8,911,497	(\$3,782,559)	\$12,694,056	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CAPITAL IMPVT FUND (520)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,129,843	\$1,129,843		\$1,129,843	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$1,129,843	\$1,129,843	\$0	\$1,129,843	\$0
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Airfield Geometric Study/Airport Layout Plan Update/Earned Revenue (FAA Grants)			\$1,136,000		\$1,136,000	\$1,136,000		\$0
Airport Rescue and Fire Fighting Vehicle/Earned Revenue (FAA Grants)			\$119,000		\$119,000	\$119,000		\$0
Budget Adjustments Total	\$0	\$0	\$1,255,000	\$0	\$1,255,000	\$1,255,000	\$0	\$0
AIRPORT CAPITAL IMPVT FUND (520) TOTAL	\$0	\$0	\$1,255,000	\$1,129,843	\$2,384,843	\$1,255,000	\$1,129,843	\$0
AIRPORT CUST FAC & TRANS FD (519)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Future Debt Service Reserve			\$653,650		\$653,650		\$653,650	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$653,650	\$0	\$653,650	\$0	\$653,650	\$0
AIRPORT CUST FAC & TRANS FD (519) TOTAL	\$0	\$0	\$653,650	\$0	\$653,650	\$0	\$653,650	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT FISCAL AGENT FUND (525)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Debt Service Reserve			\$1,472,061		\$1,472,061		\$1,472,061	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,472,061	\$0	\$1,472,061	\$0	\$1,472,061	\$0
AIRPORT FISCAL AGENT FUND (525) TOTAL	\$0	\$0	\$1,472,061	\$0	\$1,472,061	\$0	\$1,472,061	\$0
AIRPORT MAINT & OPER FUND (523)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Master Trust Agreement Reserve			(\$3,045,437)		(\$3,045,437)		(\$3,045,437)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$3,045,437)	\$0	(\$3,045,437)	\$0	(\$3,045,437)	\$0
Budget Adjustments								
AIRPORT								
Non-Personal/Equipment (Air Service Incentive Program)		\$478,753			\$478,753			\$478,753
Operations Contingency (Aircraft Rescue Fire Fighting Training)			(\$146,746)		(\$146,746)			(\$146,746)
Personal Services (Aircraft Rescue Fire Fighting Overtime)	(\$774,704)				(\$774,704)			(\$774,704)
Transfer to General Fund (Air Service Incentive Program)			(\$478,753)		(\$478,753)			(\$478,753)
Transfer to General Fund for Aircraft Rescue/Fire Fighting Services			\$921,450		\$921,450			\$921,450
Budget Adjustments Total	(\$774,704)	\$478,753	\$295,951	\$0	\$0	\$0	\$0	\$0
AIRPORT MAINT & OPER FUND (523) TOTAL	(\$774,704)	\$478,753	(\$2,749,486)	\$0	(\$3,045,437)	\$0	(\$3,045,437)	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT PASS FACIL CHG FUND (529)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$661,947	\$661,947		\$661,947	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$661,947	\$661,947	\$0	\$661,947	\$0
AIRPORT PASS FACIL CHG FUND (529) TOTAL	\$0	\$0	\$0	\$661,947	\$661,947	\$0	\$661,947	\$0
AIRPORT RENEW & REPL FUND (527)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$811,444	\$811,444		\$811,444	\$0
Rebudget: Advanced Planning			\$73,000	(\$73,000)	\$0			\$0
Rebudget: Airfield Preventive Pavement Maintenance			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Airport Landscaping			\$25,000	(\$25,000)	\$0			\$0
Rebudget: LED Light Replacement Program			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Operations System Replacement			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Signage Design and Production			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Southeast Area Development Study			\$90,000	(\$90,000)	\$0			\$0
Rebudget: Stormwater Compliance - Southeast Area Improvements			\$23,000	(\$23,000)	\$0			\$0
Rebudget: Terminal Building Modifications			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Vehicle Replacement Program			\$4,000	(\$4,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$369,000	\$442,444	\$811,444	\$0	\$811,444	\$0
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$118,000)	(\$118,000)			(\$118,000)
FIS Smoke Damper Repairs			\$118,000		\$118,000			\$118,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT REVENUE FUND (521)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve			\$7,165,707		\$7,165,707		\$7,165,707	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$7,165,707	\$0	\$7,165,707	\$0	\$7,165,707	\$0
AIRPORT REVENUE FUND (521) TOTAL	\$0	\$0	\$7,165,707	\$0	\$7,165,707	\$0	\$7,165,707	\$0
AIRPORT SURPLUS REV FD (524)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve			\$32,851		\$32,851		\$32,851	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$32,851	\$0	\$32,851	\$0	\$32,851	\$0
AIRPORT SURPLUS REV FD (524) TOTAL	\$0	\$0	\$32,851	\$0	\$32,851	\$0	\$32,851	\$0
BENEFIT FUND (160)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				(\$394,438)	(\$394,438)		(\$394,438)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$394,438)	(\$394,438)	\$0	(\$394,438)	\$0
Budget Adjustments								
HUMAN RESOURCES								
Alternative Medical Insurance Plan Study			\$100,000		\$100,000			\$100,000
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)			(\$100,000)

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

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								
Budget Adjustments Total	\$0	\$0	\$100,000	(\$100,000)	\$0	\$0	\$0	\$0
BENEFIT FUND (160) TOTAL	\$0	\$0	\$100,000	(\$494,438)	(\$394,438)	\$0	(\$394,438)	\$0

BLDG & STRUCT CONST TAX FD (429)

Clean-Up and Rebudget Actions

TRAFFIC CAPITAL PROGRAM

Fund Balance Reconciliation				\$4,928,042	\$4,928,042		\$4,928,042	\$0
Rebudget: Autumn Street Extension			\$591,000	(\$591,000)	\$0			\$0
Rebudget: Corridor Congestion Relief Analysis			\$75,000	(\$75,000)	\$0			\$0
Rebudget: Downing Avenue Pedestrian and Bicycle Improvements/Earned Revenue			\$29,000	\$16,000	\$45,000	\$45,000		\$0
Rebudget: East Santa Clara Street Bridge at Coyote Creek/Earned Revenue			\$147,000	(\$97,000)	\$50,000	\$50,000		\$0
Rebudget: ITS: Transportation Incident Management Center/Earned Revenue			\$85,000	\$389,000	\$474,000	\$474,000		\$0
Rebudget: LED Streetlight Conversion			\$395,000	(\$395,000)	\$0			\$0
Rebudget: McLaughlin Avenue Pedestrian/Bike Safety Enhancements			\$34,000	(\$34,000)	\$0			\$0
Rebudget: North First Street Bicycle Lane Improvements/Earned Revenue			\$57,000	\$28,000	\$85,000	\$85,000		\$0
Rebudget: Ocala Avenue Pedestrian Improvements (OBAG)/Earned Revenue			\$36,000	\$85,000	\$121,000	\$121,000		\$0
Rebudget: Park Avenue Bicycle Lane Improvements/Earned Revenue			\$45,000	\$52,000	\$97,000	\$97,000		\$0
Rebudget: Park Avenue Multimodal Improvements			(\$15,000)	\$15,000	\$0			\$0
Rebudget: Public Art			\$141,000	(\$141,000)	\$0			\$0
Rebudget: Radar Speed Display Signs			\$99,000	(\$99,000)	\$0			\$0
Rebudget: Riparian Mitigation - Bailey Avenue/Route 101			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Route 101/Mabury Road Project Development			\$1,514,000	(\$1,514,000)	\$0			\$0
Rebudget: Route 101: Interstate 280 to Yerba Buena			\$25,000	(\$25,000)	\$0			\$0
Rebudget: Route 280/880/Stevens Creek Upgrade/Earned Revenue			\$60,000	\$107,000	\$167,000	\$167,000		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: Safe Pathways to Diridon Station			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Safety - Pedestrian Improvements			\$162,000	(\$162,000)	\$0			\$0
Rebudget: Safety - Traffic Signal Modifications/Construction			\$569,000	(\$569,000)	\$0			\$0
Rebudget: Safety - Traffic Signal Rehabilitation			\$218,000	(\$218,000)	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase II/Earned Revenue			\$380,000	(\$317,000)	\$63,000	\$63,000		\$0
Rebudget: Smart Intersections Program (OBAG)/Earned Revenue			\$35,000	\$15,000	\$50,000	\$50,000		\$0
Rebudget: St. John Bike/Pedestrian Improvements (OBAG)			\$52,000	(\$52,000)	\$0			\$0
Rebudget: St. John Street Multimodal Improvements Phase I			(\$11,000)	\$11,000	\$0			\$0
Rebudget: The Alameda "Beautiful Way" Phase II (OBAG)			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Underground Utilities - City Conversions			\$330,000	(\$330,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$5,076,000	\$1,004,042	\$6,080,042	\$1,152,000	\$4,928,042	\$0
BLDG & STRUCT CONST TAX FD (429) TOTAL	\$0	\$0	\$5,076,000	\$1,004,042	\$6,080,042	\$1,152,000	\$4,928,042	\$0
BRANCH LIB BOND PROJECT FD (472)								
Clean-Up and Rebudget Actions								
LIBRARY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$2,468,709	\$2,468,709		\$2,468,709	\$0
Fund Balance Reconciliation - Library Bond Projects Contingency Reserve			\$2,359,709	(\$2,359,709)	\$0			\$0
Rebudget: Branch Efficiency Projects			\$109,000	(\$109,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,468,709	\$0	\$2,468,709	\$0	\$2,468,709	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BRANCH LIB BOND PROJECT FD (472)								
Budget Adjustments								
LIBRARY CAPITAL PROGRAM								
Library Bond Projects Contingency Reserve				(\$2,340,000)	(\$2,340,000)			(\$2,340,000)
Village Square Branch				\$2,340,000	\$2,340,000			\$2,340,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BRANCH LIB BOND PROJECT FD (472) TOTAL	\$0	\$0	\$2,468,709	\$0	\$2,468,709	\$0	\$2,468,709	\$0
BUSINESS IMPVT DIST FUND (351)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Downtown BID				(\$46,435)	(\$46,435)		(\$46,435)	\$0
Fund Balance Reconciliation - Hotel BID				(\$174,143)	(\$174,143)		(\$174,143)	\$0
Fund Balance Reconciliation - Japantown BID				(\$4,791)	(\$4,791)		(\$4,791)	\$0
Fund Balance Reconciliation - Willow Glen CBID				(\$15,880)	(\$15,880)		(\$15,880)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$241,249)	(\$241,249)	\$0	(\$241,249)	\$0
BUSINESS IMPVT DIST FUND (351) TOTAL	\$0	\$0	\$0	(\$241,249)	(\$241,249)	\$0	(\$241,249)	\$0
CASH RESERVE FUND (002)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$1	\$1		\$1	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0
CASH RESERVE FUND (002) TOTAL	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #1 CAPITOL AUTO MALL FUND (371)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$47,533	\$47,533		\$47,533	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$47,533	\$47,533	\$0	\$47,533	\$0
CFD #1 CAPITOL AUTO MALL FUND (371) TOTAL	\$0	\$0	\$0	\$47,533	\$47,533	\$0	\$47,533	\$0
CFD #11 ADELINE - MARY HELEN FD (374)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$23,988	\$23,988		\$23,988	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$23,988	\$23,988	\$0	\$23,988	\$0
CFD #11 ADELINE - MARY HELEN FD (374) TOTAL	\$0	\$0	\$0	\$23,988	\$23,988	\$0	\$23,988	\$0
CFD #12 BASKING RIDGE FUND (376)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$69,291	\$69,291		\$69,291	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$69,291	\$69,291	\$0	\$69,291	\$0
CFD #12 BASKING RIDGE FUND (376) TOTAL	\$0	\$0	\$0	\$69,291	\$69,291	\$0	\$69,291	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #13 GUADALUPE MINES (310)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$28,819	\$28,819		\$28,819	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$28,819	\$28,819	\$0	\$28,819	\$0
CFD #13 GUADALUPE MINES (310) TOTAL	\$0	\$0	\$0	\$28,819	\$28,819	\$0	\$28,819	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$62,378	\$62,378		\$62,378	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$62,378	\$62,378	\$0	\$62,378	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379) TOTAL	\$0	\$0	\$0	\$62,378	\$62,378	\$0	\$62,378	\$0
CFD #15 BERRYESSA-SIERRA FUND (370)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$2,789)	(\$2,789)		(\$2,789)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$2,789)	(\$2,789)	\$0	(\$2,789)	\$0
CFD #15 BERRYESSA-SIERRA FUND (370) TOTAL	\$0	\$0	\$0	(\$2,789)	(\$2,789)	\$0	(\$2,789)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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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 and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$184,782	\$184,782		\$184,782	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$184,782	\$184,782	\$0	\$184,782	\$0
CFD #2 AND CFD #3 FUND (369) TOTAL	\$0	\$0	\$0	\$184,782	\$184,782	\$0	\$184,782	\$0
CFD #8 COMM HILL FUND (373)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$172,940	\$172,940		\$172,940	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$172,940	\$172,940	\$0	\$172,940	\$0
CFD #8 COMM HILL FUND (373) TOTAL	\$0	\$0	\$0	\$172,940	\$172,940	\$0	\$172,940	\$0
CITY HALL DEBT SERVICE FUND (210)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$75,942	\$75,942		\$75,942	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$75,942	\$75,942	\$0	\$75,942	\$0
CITY HALL DEBT SERVICE FUND (210) TOTAL	\$0	\$0	\$0	\$75,942	\$75,942	\$0	\$75,942	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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<u>Department/Proposal</u>	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CIVIC CENTER CONST FUND (425)								
Clean-Up and Rebudget Actions								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$29	\$29		\$29	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$29	\$29	\$0	\$29	\$0
CIVIC CENTER CONST FUND (425) TOTAL	\$0	\$0	\$0	\$29	\$29	\$0	\$29	\$0
COMM DEV BLOCK GRANT FUND (441)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Rebudget: LED Streetlight Conversion			\$349,666	(\$349,666)	\$0			\$0
HOUSING								
Fund Balance Reconciliation				\$1,382,969	\$1,382,969		\$1,382,969	\$0
Rebudget: Environmental Services Department Neighborhood Infrastructure Improvements			\$43,741	(\$43,741)	\$0			\$0
Rebudget: Public Works Neighborhood Infrastructure Improvements			\$321,180	(\$321,180)	\$0			\$0
Tech Adjust: Job Readiness Training Project (Reallocation from Office of Economic Development to Housing Department)			(\$775,000)		(\$775,000)			(\$775,000)
Tech Adjust: Job Readiness Training Project (Reallocation to the Housing Department from the Office of Economic Development)			\$775,000		\$775,000			\$775,000
PARKS, REC, & NEIGH SVCS								
Rebudget: Mayfair Community Garden Rehabilitation			\$51,000	(\$51,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$765,587	\$617,382	\$1,382,969	\$0	\$1,382,969	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
COMM DEV BLOCK GRANT FUND (441)								
Budget Adjustments								
HOUSING								
Ending Fund Balance Adjustment				(\$944,189)	(\$944,189)			(\$944,189)
Land Acquisition Reserve			(\$740,000)		(\$740,000)			(\$740,000)
Neighborhood Infrastructure Improvements			\$944,189		\$944,189			\$944,189
Property Acquisition			\$740,000		\$740,000			\$740,000
Budget Adjustments Total	\$0	\$0	\$944,189	(\$944,189)	\$0	\$0	\$0	\$0
COMM DEV BLOCK GRANT FUND (441) TOTAL	\$0	\$0	\$1,709,776	(\$326,807)	\$1,382,969	\$0	\$1,382,969	\$0
COMMTY FACIL REVENUE FUND (422)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$1,369,587	\$1,369,587		\$1,369,587	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$1,369,587	\$1,369,587	\$0	\$1,369,587	\$0
COMMTY FACIL REVENUE FUND (422) TOTAL	\$0	\$0	\$0	\$1,369,587	\$1,369,587	\$0	\$1,369,587	\$0
CONST/CONV TAX CENTRAL FD (390)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$127,804	\$127,804		\$127,804	\$0
Rebudget: Agronomic Services			(\$81,000)	\$81,000	\$0			\$0
Rebudget: Ball Fields Renovation			(\$234,000)	\$234,000	\$0			\$0
Rebudget: Parks and Community Facilities Greenprint Update			\$15,000	(\$15,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX CENTRAL FD (390)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Pools and Fountains			(\$22,000)	\$22,000	\$0			\$0
Rebudget: Regional Parks Safety Enhancements			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Weed Abatement			\$124,000	(\$124,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$174,000)	\$301,804	\$127,804	\$0	\$127,804	\$0
CONST/CONV TAX CENTRAL FD (390) TOTAL	\$0	\$0	(\$174,000)	\$301,804	\$127,804	\$0	\$127,804	\$0
CONST/CONV TAX COMM FUND (397)								
Clean-Up and Rebudget Actions								
COMMUNICATIONS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$359,117	\$359,117		\$359,117	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$359,117	\$359,117	\$0	\$359,117	\$0
Budget Adjustments								
COMMUNICATIONS CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$360,000)	(\$360,000)			(\$360,000)
Silicon Valley Regional Communications System - Radios			\$360,000		\$360,000			\$360,000
Budget Adjustments Total	\$0	\$0	\$360,000	(\$360,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX COMM FUND (397) TOTAL	\$0	\$0	\$360,000	(\$883)	\$359,117	\$0	\$359,117	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX FIRE FUND (392)								
Clean-Up and Rebudget Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,467,082	\$1,467,082		\$1,467,082	\$0
Rebudget: Emergency Response Data Analysis			(\$3,000)	\$3,000	\$0			\$0
Rebudget: FF&E and Facility Improvements			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Facilities Improvements			\$25,000	(\$25,000)	\$0			\$0
Rebudget: Fire Apparatus Replacement			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Fire Data System			(\$3,000)	\$3,000	\$0			\$0
Rebudget: Fire Facilities Remediation			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Fuel Tank Repairs			\$69,000	(\$69,000)	\$0			\$0
Rebudget: Handheld Radios			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Heavy Rescue Airbags			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Personal Protective Equipment Program			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Telecommunications Equipment			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Tools and Equipment			(\$59,000)	\$59,000	\$0			\$0
Rebudget: Turnout Cleaning			\$31,000	(\$31,000)	\$0			\$0
Rebudget: Underground Fuel Tank Renovation/Replacement			(\$7,000)	\$7,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$147,000	\$1,320,082	\$1,467,082	\$0	\$1,467,082	\$0
CONST/CONV TAX FIRE FUND (392) TOTAL	\$0	\$0	\$147,000	\$1,320,082	\$1,467,082	\$0	\$1,467,082	\$0

CONST/CONV TAX LIBRARY FD (393)

Clean-Up and Rebudget Actions

LIBRARY CAPITAL PROGRAM

Fund Balance Reconciliation				(\$754,806)	(\$754,806)		(\$754,806)	\$0
Rebudget: Earned Revenue - 2006 Tax Allocation Bond - King Library Capital Improvement				\$1,832,000	\$1,832,000	\$1,832,000		\$0
Rebudget: General Equipment and Furnishings			\$44,000	(\$44,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX LIBRARY FD (393)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$44,000	\$1,033,194	\$1,077,194	\$1,832,000	(\$754,806)	\$0
CONST/CONV TAX LIBRARY FD (393) TOTAL	\$0	\$0	\$44,000	\$1,033,194	\$1,077,194	\$1,832,000	(\$754,806)	\$0
CONST/CONV TAX PK CD 1 FUND (377)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$264,981	\$264,981		\$264,981	\$0
Rebudget: Calabazas Basketball Court Renovation			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Calabazas Community Center Renovation Feasibility Study			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Minor Park Renovations			(\$6,000)	\$6,000	\$0			\$0
Rebudget: Mise Park Renovation			\$27,000	(\$27,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$24,000)	\$24,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$264,981	\$264,981	\$0	\$264,981	\$0
CONST/CONV TAX PK CD 1 FUND (377) TOTAL	\$0	\$0	\$0	\$264,981	\$264,981	\$0	\$264,981	\$0
CONST/CONV TAX PK CD 2 FUND (378)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$121,041	\$121,041		\$121,041	\$0
Rebudget: Minor Park Renovations			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Silver Leaf Park Renovation			\$25,000	(\$25,000)	\$0			\$0
Rebudget: Southside Community Center Improvements			(\$143,000)	\$143,000	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$43,000	(\$43,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$79,000)	\$200,041	\$121,041	\$0	\$121,041	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 2 FUND (378)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Council District 2 Public Art			\$2,000		\$2,000			\$2,000
Ending Fund Balance Adjustment				(\$2,000)	(\$2,000)			(\$2,000)
Budget Adjustments Total	\$0	\$0	\$2,000	(\$2,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 2 FUND (378) TOTAL	\$0	\$0	(\$77,000)	\$198,041	\$121,041	\$0	\$121,041	\$0
CONST/CONV TAX PK CD 3 FUND (380)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$303,681	\$303,681		\$303,681	\$0
Rebudget: Council District 3 Public Art			(\$17,000)	\$17,000	\$0			\$0
Rebudget: Pool Repairs			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Roosevelt Park Improvements			(\$4,000)	\$4,000	\$0			\$0
Rebudget: St. James Park Improvements			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$20,000	(\$20,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$24,000	\$279,681	\$303,681	\$0	\$303,681	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Council District 3 Public Art			\$3,000		\$3,000			\$3,000
Ending Fund Balance Adjustment				(\$3,000)	(\$3,000)			(\$3,000)
Budget Adjustments Total	\$0	\$0	\$3,000	(\$3,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 3 FUND (380) TOTAL	\$0	\$0	\$27,000	\$276,681	\$303,681	\$0	\$303,681	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 4 FUND (381)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$277,537	\$277,537		\$277,537	\$0
Rebudget: Agnews Property Development			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Alviso Park Improvements			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Pool Repairs			\$13,000	(\$13,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$47,000	\$230,537	\$277,537	\$0	\$277,537	\$0
CONST/CONV TAX PK CD 4 FUND (381) TOTAL	\$0	\$0	\$47,000	\$230,537	\$277,537	\$0	\$277,537	\$0
CONST/CONV TAX PK CD 5 FUND (382)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$131,744	\$131,744		\$131,744	\$0
Rebudget: Emma Prusch Back Acreage			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Hank Lopez Community Center FF&E			\$26,000	(\$26,000)	\$0			\$0
Rebudget: Hank Lopez Community Center Renovation			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Hillview Park Renovation			(\$482,000)	\$482,000	\$0			\$0
Rebudget: Plata Arroyo Park Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Pool Repairs			\$151,000	(\$151,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$32,000	(\$32,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)			\$24,000	(\$24,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$221,000)	\$352,744	\$131,744	\$0	\$131,744	\$0
CONST/CONV TAX PK CD 5 FUND (382) TOTAL	\$0	\$0	(\$221,000)	\$352,744	\$131,744	\$0	\$131,744	\$0

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
CONST/CONV TAX PK CD 6 FUND (384)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Fund Balance Reconciliation				(\$284,162)	(\$284,162)		(\$284,162) \$0
Rebudget: Bramhall Park Lawn Bowling Green Renovation			\$81,000	(\$81,000)	\$0		\$0
Rebudget: Council District 6 Public Art			(\$2,000)	\$2,000	\$0		\$0
Rebudget: Del Monte Park Expansion Master Plan and Design			\$100,000	(\$100,000)	\$0		\$0
Rebudget: Minor Park Renovations			(\$13,000)	\$13,000	\$0		\$0
Rebudget: River Glen Neighborhood Center Replacement			\$44,000	(\$44,000)	\$0		\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$65,000	(\$65,000)	\$0		\$0
Rebudget: TRAIL: Los Gatos Creek Reach 5B-C/Earned Revenue				\$327,000	\$327,000	\$327,000	\$0
Rebudget: TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design			(\$505,000)	\$505,000	\$0		\$0
Rebudget: TRAIL: Three Creeks Pedestrian Bridge EIR			(\$5,000)	\$5,000	\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$235,000)	\$277,838	\$42,838	\$327,000	(\$284,162) \$0
CONST/CONV TAX PK CD 6 FUND (384) TOTAL	\$0	\$0	(\$235,000)	\$277,838	\$42,838	\$327,000	(\$284,162) \$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 7 FUND (385)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$953,871	\$953,871		\$953,871	\$0
Rebudget: Communications Hill Phase II Turnkey Park Reimbursement			\$291,000	(\$291,000)	\$0			\$0
Rebudget: McLaughlin Park Renovation			\$32,000	(\$32,000)	\$0			\$0
Rebudget: Minor Park Renovations			(\$22,000)	\$22,000	\$0			\$0
Rebudget: Pool Repairs			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Roberto Antonio Balermino Park			(\$3,000)	\$3,000	\$0			\$0
Rebudget: Shirakawa Community Center Renovation			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$56,000	(\$56,000)	\$0			\$0
Rebudget: TRAIL: Three Creeks (Bellevue Park Expansion) Land Acquisition			(\$291,000)	\$291,000	\$0			\$0
Rebudget: West Evergreen Park			\$55,000	(\$55,000)	\$0			\$0
Tech Adjust: Transfer to Park Trust Fund/Transfer from General Fund (Interest Payment)			\$19,103		\$19,103	\$19,103		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$144,103	\$828,871	\$972,974	\$19,103	\$953,871	\$0
CONST/CONV TAX PK CD 7 FUND (385) TOTAL	\$0	\$0	\$144,103	\$828,871	\$972,974	\$19,103	\$953,871	\$0

CONST/CONV TAX PK CD 8 FUND (386)

Clean-Up and Rebudget Actions

PARKS & COMM FAC DEV CAPITAL PROGRAM

Fund Balance Reconciliation				\$260,382	\$260,382		\$260,382	\$0
Rebudget: Evergreen Community Center Tot Lot			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Evergreen Park Play Lot Renovation			(\$24,000)	\$24,000	\$0			\$0
Rebudget: Fowler Creek Park Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Lake Cunningham Park Neighborhood Improvements			\$51,000	(\$51,000)	\$0			\$0
Rebudget: Minor Park Renovations			(\$18,000)	\$18,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 8 FUND (386)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Silver Creek Linear Park Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$21,000	(\$21,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$68,000	\$192,382	\$260,382	\$0	\$260,382	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Council District 8 Public Art			\$1,000		\$1,000			\$1,000
Ending Fund Balance Adjustment				(\$1,000)	(\$1,000)			(\$1,000)
Budget Adjustments Total	\$0	\$0	\$1,000	(\$1,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 8 FUND (386) TOTAL	\$0	\$0	\$69,000	\$191,382	\$260,382	\$0	\$260,382	\$0
CONST/CONV TAX PK CD 9 FUND (388)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$490,533	\$490,533		\$490,533	\$0
Rebudget: Minor Park Renovations			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$21,000)	\$21,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$30,000)	\$520,533	\$490,533	\$0	\$490,533	\$0
CONST/CONV TAX PK CD 9 FUND (388) TOTAL	\$0	\$0	(\$30,000)	\$520,533	\$490,533	\$0	\$490,533	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD10 FD (389)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$252,155	\$252,155		\$252,155	\$0
Rebudget: Comanche Park Play Area Renovation			(\$22,000)	\$22,000	\$0			\$0
Rebudget: Minor Building Renovations			(\$23,000)	\$23,000	\$0			\$0
Rebudget: Minor Park Renovations			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$76,000	(\$76,000)	\$0			\$0
Tech Adjust: Transfer from the General Fund (Leland Sports Field Repayment)/Leland Turf Replacement Reserve			\$30,000		\$30,000	\$30,000		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$57,000	\$225,155	\$282,155	\$30,000	\$252,155	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Council District 10 Public Art			\$13,000		\$13,000			\$13,000
Ending Fund Balance Adjustment				(\$13,000)	(\$13,000)			(\$13,000)
Budget Adjustments Total	\$0	\$0	\$13,000	(\$13,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD10 FD (389) TOTAL	\$0	\$0	\$70,000	\$212,155	\$282,155	\$30,000	\$252,155	\$0
CONST/CONV TAX PK YARDS FD (398)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$168,744	\$168,744		\$168,744	\$0
Rebudget: Fire Station 19 Demolition			(\$43,000)	\$43,000	\$0			\$0
Rebudget: Lake Cunningham Park Yard Renovation			\$128,000	(\$128,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$85,000	\$83,744	\$168,744	\$0	\$168,744	\$0
CONST/CONV TAX PK YARDS FD (398) TOTAL	\$0	\$0	\$85,000	\$83,744	\$168,744	\$0	\$168,744	\$0

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Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance		
CONST/CONV TAX PKS CW FUND (391)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$4,747,967	\$4,747,967		\$4,747,967	\$0
Rebudget: Alum Rock Park Bridge Repair			\$322,000	(\$322,000)	\$0			\$0
Rebudget: Alum Rock Park Security Improvements			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Alum Rock Park Youth Science Institute Building			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Coleman Soccer Fields			\$2,339,000	(\$2,339,000)	\$0			\$0
Rebudget: Columbus Park Sports Field Lighting Upgrades			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Copper Wire Replacement			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Family Camp Infrastructure Renovations			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Family Camp Master Plan			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Family Camp Repairs - Rim Fire			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Guadalupe River Park Rotary Play Garden			(\$31,000)	\$31,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Catering Equipment			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Enhancements			\$169,000	(\$169,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Minor Renovations			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Kelley Park Master Plan			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Leininger Center Renovation			(\$26,000)	\$26,000	\$0			\$0
Rebudget: Parks City-Wide Public Art			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Reservable Picnic Areas			\$13,000	(\$13,000)	\$0			\$0
Rebudget: TRAIL: Call Boxes Removal			(\$2,000)	\$2,000	\$0			\$0
Rebudget: TRAIL: Guadalupe River Master Plan (Chynoweth Avenue to Virginia Street)			(\$26,000)	\$26,000	\$0			\$0
Rebudget: Ventek Machines			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Vietnamese Cultural Heritage Garden Design Review and Inspection			(\$6,000)	\$6,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,836,000	\$1,911,967	\$4,747,967	\$0	\$4,747,967	\$0

Special/Capital Funds
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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								
Airport West (Coleman) Debt Service Payment Reserve			\$2,339,000		\$2,339,000			\$2,339,000
Coleman Soccer Fields			(\$2,339,000)		(\$2,339,000)			(\$2,339,000)
Ending Fund Balance Adjustment				(\$387,000)	(\$387,000)			(\$387,000)
Family Camp Capital Improvements Reserve			\$42,000		\$42,000			\$42,000
Happy Hollow Park and Zoo Enhancements			\$195,000		\$195,000			\$195,000
Super Bowl 50 - Strategic Capital Replacement and Maintenance Needs			\$150,000		\$150,000			\$150,000
Budget Adjustments Total	\$0	\$0	\$387,000	(\$387,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PKS CW FUND (391) TOTAL	\$0	\$0	\$3,223,000	\$1,524,967	\$4,747,967	\$0	\$4,747,967	\$0
CONST/CONV TAX SRVC YDS FD (395)								
Clean-Up and Rebudget Actions								
SERVICE YARDS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$756,048	\$756,048		\$756,048	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$756,048	\$756,048	\$0	\$756,048	\$0
CONST/CONV TAX SRVC YDS FD (395) TOTAL	\$0	\$0	\$0	\$756,048	\$756,048	\$0	\$756,048	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,802,316	\$1,802,316		\$1,802,316	\$0
Fund Balance Reconciliation - Evergreen Traffic Impact Fees Reserve			\$121,874	(\$121,874)	\$0			\$0
Fund Balance Reconciliation - North San José Traffic Impact Fees Reserve			\$885	(\$885)	\$0			\$0
Fund Balance Reconciliation - Pavement Maintenance - Measure B			\$25,786	(\$25,786)	\$0			\$0
Fund Balance Reconciliation - Route 101/Oakland/Mabury Traffic Impact Fees Reserve			\$20,236	(\$20,236)	\$0			\$0
Rebudget: ADA Sidewalk Accessibility Program				(\$30,000)	\$30,000	\$0		\$0
Rebudget: Automated Transit Network				\$50,000	(\$50,000)	\$0		\$0
Rebudget: BART Policy and Planning				\$14,000	(\$14,000)	\$0		\$0
Rebudget: BART Program Management/Earned Revenue				\$80,000	\$70,000	\$150,000	\$150,000	\$0
Rebudget: Bicycle Facilities Data Collection				\$50,000	(\$50,000)	\$0		\$0
Rebudget: Bicycle and Pedestrian Facilities/Earned Revenue				(\$1,178,000)	\$1,884,000	\$706,000	\$706,000	\$0
Rebudget: Bikeways Program (OBAG)				\$82,000	(\$82,000)	\$0		\$0
Rebudget: Bus Rapid Transit - Santa Clara/Alum Rock/Earned Revenue				\$159,000	(\$67,000)	\$92,000	\$92,000	\$0
Rebudget: Capitol Expressway Light Rail Pedestrian Improvements/Earned Revenue				\$82,000	(\$12,000)	\$70,000	\$70,000	\$0
Rebudget: Community Development Block Grant - Non-Reimbursable				\$174,000	(\$174,000)	\$0		\$0
Rebudget: Coyote Creek Trail				\$25,000	(\$25,000)	\$0		\$0
Rebudget: Earned Revenue (Geometric Design Standards Manual Update)					\$140,000	\$140,000	\$140,000	\$0
Rebudget: Earned Revenue (Pavement Maintenance - State Route Relinquishment)					\$7,680,000	\$7,680,000	\$7,680,000	\$0
Rebudget: Earned Revenue (Signal Retiming - Vehicle Registration Fees)					\$40,000	\$40,000	\$40,000	\$0
Rebudget: Earned Revenue (VTA: BART Design and Construction)					\$225,000	\$225,000	\$225,000	\$0
Rebudget: Earned Revenue (Walk n' Roll San José Phase 1)					\$71,000	\$71,000	\$71,000	\$0
Rebudget: East San José Bike/Pedestrian Transit Connection (OBAG)				\$528,000	(\$528,000)	\$0		\$0
Rebudget: Fiber Optics Permit Engineering				\$19,000	(\$19,000)	\$0		\$0
Rebudget: Habitat Conservation Plan - Nitrogen Deposition Fee				\$200,000	(\$200,000)	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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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)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: Inter-Agency Encroachment Permit/Earned Revenue			\$66,000	\$211,000	\$277,000	\$277,000		\$0
Rebudget: Jackson Avenue Complete Streets (OBAG)/Earned Revenue			\$163,000	\$11,000	\$174,000	\$174,000		\$0
Rebudget: Miscellaneous Street Improvements			\$240,000	(\$240,000)	\$0			\$0
Rebudget: Neighborhood Traffic Calming			\$376,000	(\$376,000)	\$0			\$0
Rebudget: North San José Deficiency Plan Improvements			\$538,000	(\$538,000)	\$0			\$0
Rebudget: North San José Improvement - 880/Charcot			\$1,000,000	(\$1,000,000)	\$0			\$0
Rebudget: Park Avenue Crosstown Bikeway/Earned Revenue			\$239,000	\$26,000	\$265,000	\$265,000		\$0
Rebudget: Park/San Fernando/San Antonio Bikeway/Earned Revenue			\$62,000	(\$19,000)	\$43,000	\$43,000		\$0
Rebudget: Pavement Maintenance - City			\$2,179,000	(\$2,179,000)	\$0			\$0
Rebudget: Pavement Maintenance - Federal/Earned Revenue			\$45,000	\$190,000	\$235,000	\$235,000		\$0
Rebudget: Pavement Maintenance - Measure B			\$954,862	(\$954,862)	\$0			\$0
Rebudget: Pedestrian Oriented Traffic Signals (OBAG)/Earned Revenue			(\$84,000)	\$309,000	\$225,000	\$225,000		\$0
Rebudget: Prop. 1B - Pavement Maintenance			\$182,000	(\$182,000)	\$0			\$0
Rebudget: Public Art			(\$12,000)	\$12,000	\$0			\$0
Rebudget: Safe Access San José/Earned Revenue			\$171,000	(\$151,000)	\$20,000	\$20,000		\$0
Rebudget: Safe Pathways to Diridon Station/Earned Revenue			\$36,000	(\$122,000)	(\$86,000)	(\$86,000)		\$0
Rebudget: Safe Routes to School Program (OBAG)/Earned Revenue			\$46,000	\$36,000	\$82,000	\$82,000		\$0
Rebudget: Safety - Neighborhood Traffic Engineering			\$354,000	(\$354,000)	\$0			\$0
Rebudget: Safety - Pedestrian Improvements			\$516,000	(\$516,000)	\$0			\$0
Rebudget: Safety - Signs & Markings			\$101,000	(\$101,000)	\$0			\$0
Rebudget: Signal and Lighting Vehicle Replacement			(\$10,000)	\$10,000	\$0			\$0
Rebudget: State Gas Tax - Pavement Maintenance			\$1,083,000	(\$1,083,000)	\$0			\$0
Rebudget: Streetlight Wire Replacement			\$512,000	(\$512,000)	\$0			\$0
Rebudget: Traffic Safety Data Collection			\$78,000	(\$78,000)	\$0			\$0
Rebudget: Training and Development			\$45,000	(\$45,000)	\$0			\$0
Rebudget: Transportation System Technology			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Vendome Area and 7th Street Traffic Calming			\$124,000	(\$124,000)	\$0			\$0
Rebudget: Walk n' Roll San José Phase 2/Earned Revenue			\$396,000	(\$96,000)	\$300,000	\$300,000		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$9,840,643	\$2,670,673	\$12,511,316	\$10,709,000	\$1,802,316	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$1,252,217)	(\$1,252,217)			(\$1,252,217)
Fiber Optics Permit Engineering			\$38,000		\$38,000			\$38,000
Local Transportation Policy and Planning			\$125,000		\$125,000			\$125,000
Pavement Maintenance - State Gas Tax			\$1,089,217		\$1,089,217			\$1,089,217
Budget Adjustments Total	\$0	\$0	\$1,252,217	(\$1,252,217)	\$0	\$0	\$0	\$0
CONSTRUCTION EXCISE TAX FD (465) TOTAL	\$0	\$0	\$11,092,860	\$1,418,456	\$12,511,316	\$10,709,000	\$1,802,316	\$0
CONTINGENT LIEN DISTRICT FUND (634)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				\$107,896	\$107,896		\$107,896	\$0
Fund Balance Reconciliation - Evergreen Creek District Reserve			\$19,062	(\$19,062)	\$0			\$0
Fund Balance Reconciliation - Evergreen Specific Plan District Reserve			\$16,352	(\$16,352)	\$0			\$0
Fund Balance Reconciliation - Silicon Valley Bridge District Reserve			\$3,052	(\$3,052)	\$0			\$0
Fund Balance Reconciliation - Silver Creek Development District 1A Reserve			\$2,998	(\$2,998)	\$0			\$0
Fund Balance Reconciliation - Silver Creek Development District 1B Reserve			\$2,432	(\$2,432)	\$0			\$0
Rebudget: Quimby/Fowler Creek Riparian Restoration			\$64,000	(\$64,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$107,896	\$0	\$107,896	\$0	\$107,896	\$0
CONTINGENT LIEN DISTRICT FUND (634) TOTAL	\$0	\$0	\$107,896	\$0	\$107,896	\$0	\$107,896	\$0

Special/Capital Funds
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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)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$1,145,458	\$1,145,458		\$1,145,458	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$1,145,458	\$1,145,458	\$0	\$1,145,458	\$0
Budget Adjustments								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Convention Center Boiler Protection			\$1,850,000		\$1,850,000			\$1,850,000
Convention Center Elevator Upgrades			\$920,000		\$920,000			\$920,000
Convention Center Escalator Upgrades			\$1,200,000		\$1,200,000			\$1,200,000
Convention Center Exhibit Hall Lighting and Ceiling Upgrades			\$300,000		\$300,000			\$300,000
Ending Fund Balance Adjustment				(\$4,270,000)	(\$4,270,000)			(\$4,270,000)
Budget Adjustments Total	\$0	\$0	\$4,270,000	(\$4,270,000)	\$0	\$0	\$0	\$0
CONV CTR FACIL DIST REV FD (791) TOTAL	\$0	\$0	\$4,270,000	(\$3,124,542)	\$1,145,458	\$0	\$1,145,458	\$0

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV CTR FACILI DIST PROJ FD (691)								
Clean-Up and Rebudget Actions								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$105,371	\$105,371		\$105,371	\$0
Rebudget: Convention Center Expansion and Renovation Project			\$17,948	(\$17,948)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$17,948	\$87,423	\$105,371	\$0	\$105,371	\$0
Budget Adjustments								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Convention Center Expansion and Renovation Project			\$87,423		\$87,423			\$87,423
Ending Fund Balance Adjustment				(\$87,423)	(\$87,423)			(\$87,423)
Budget Adjustments Total	\$0	\$0	\$87,423	(\$87,423)	\$0	\$0	\$0	\$0
CONV CTR FACILI DIST PROJ FD (691) TOTAL	\$0	\$0	\$105,371	\$0	\$105,371	\$0	\$105,371	\$0
CONV/CULTURAL AFFAIRS FUND (536)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$1,060,487	\$1,060,487		\$1,060,487	\$0
Rebudget: Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement			\$378,072	(\$378,072)	\$0			\$0
Rebudget: Downtown Wayfinding Signage			\$20,000	(\$20,000)	\$0			\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Cultural Facilities Rehabilitation/Repair - Electrical			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Structures			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Unanticipated			\$78,000	(\$78,000)	\$0			\$0
Rebudget: San José Civic Auditorium HVAC Rehabilitation			\$163,000	(\$163,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$765,072	\$295,415	\$1,060,487	\$0	\$1,060,487	\$0

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Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV/CULTURAL AFFAIRS FUND (536)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment				\$1,181,901	\$1,181,901			\$1,181,901
Transfer from Transient Occupancy Tax Fund (TOT Revenue Reconciliation)					\$0	\$441,901		(\$441,901)
Transfer to General Fund (American Musical Theater - Broadway San José)/Earned Revenue			\$111,533		\$111,533	\$111,533		\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Convention Center Boiler Protection			(\$1,100,000)		(\$1,100,000)			(\$1,100,000)
Convention Center Elevator Upgrades			(\$460,000)		(\$460,000)			(\$460,000)
Convention Center Escalator Upgrades			(\$1,200,000)		(\$1,200,000)			(\$1,200,000)
Convention Center Exhibit Hall Lighting and Ceiling Upgrades			(\$300,000)		(\$300,000)			(\$300,000)
Convention Center Lighting Controls Replacement			(\$300,000)		(\$300,000)			(\$300,000)
Cultural Facilities Rehabilitation/Repair - Electrical			\$880,000		\$880,000			\$880,000
Cultural Facilities Rehabilitation/Repair - Mechanical			\$390,000		\$390,000			\$390,000
Cultural Facilities Rehabilitation/Repair - Structures			\$1,350,000		\$1,350,000			\$1,350,000
Budget Adjustments Total	\$0	\$0	(\$628,467)	\$1,181,901	\$553,434	\$553,434	\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536) TOTAL	\$0	\$0	\$136,605	\$1,477,316	\$1,613,921	\$553,434	\$1,060,487	\$0
DENTAL INSURANCE FUND (155)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$283,868	\$283,868		\$283,868	\$0
Fund Balance Reconciliation - Claims Reserve			(\$50,000)		(\$50,000)		(\$50,000)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$50,000)	\$283,868	\$233,868	\$0	\$233,868	\$0
DENTAL INSURANCE FUND (155) TOTAL	\$0	\$0	(\$50,000)	\$283,868	\$233,868	\$0	\$233,868	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
DOWNTOWN PBID FUND (302)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$85,467	\$85,467		\$85,467	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$85,467	\$85,467	\$0	\$85,467	\$0
Budget Adjustments								
TRANSPORTATION								
Downtown Property and Business Improvement District (PBID)			\$16,000		\$16,000			\$16,000
Downtown Property and Business Improvement District (PBID)/Transfers			\$4,442		\$4,442	\$4,442		\$0
Ending Fund Balance Adjustment				(\$16,000)	(\$16,000)			(\$16,000)
Budget Adjustments Total	\$0	\$0	\$20,442	(\$16,000)	\$4,442	\$4,442	\$0	\$0
DOWNTOWN PBID FUND (302) TOTAL	\$0	\$0	\$20,442	\$69,467	\$89,909	\$4,442	\$85,467	\$0
E PRUSCH MEM PK IMPR FUND (131)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$1,447)	(\$1,447)		(\$1,447)	\$0
Rebudget: Emma Prusch Park Service Yard Fixtures, Furnishings and Equipment			(\$2,000)	\$2,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$2,000)	\$553	(\$1,447)	\$0	(\$1,447)	\$0
E PRUSCH MEM PK IMPR FUND (131) TOTAL	\$0	\$0	(\$2,000)	\$553	(\$1,447)	\$0	(\$1,447)	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance		
ECON DEV ADMIN LOAN FUND (444)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				(\$76,744)	(\$76,744)		(\$76,744)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$76,744)	(\$76,744)	\$0	(\$76,744)	\$0
ECON DEV ADMIN LOAN FUND (444) TOTAL	\$0	\$0	\$0	(\$76,744)	(\$76,744)	\$0	(\$76,744)	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				\$4,415	\$4,415		\$4,415	\$0
Rebudget: 2012 Justice Assistance Grant				(\$7,994)	\$0			\$0
Rebudget: 2013 Justice Assistance Grant				\$4,007	\$0			\$0
Rebudget: 2014 Justice Assistance Grant				(\$645)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,342	\$1,073	\$4,415	\$0	\$4,415	\$0
Budget Adjustments								
POLICE								
2012 Justice Assistance Grant/Earned Revenue				\$124	\$124	\$25		\$99

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
EDW BYRNE MEMORIAL JAG FD (474)								
Budget Adjustments								
POLICE								
2013 Justice Assistance Grant			\$584		\$584			\$584
2014 Justice Assistance Grant			\$390		\$390			\$390
Ending Fund Balance Adjustment				(\$1,073)	(\$1,073)			(\$1,073)
Budget Adjustments Total	\$0	\$0	\$1,098	(\$1,073)	\$25	\$25	\$0	\$0
EDW BYRNE MEMORIAL JAG FD (474) TOTAL	\$0	\$0	\$4,440	\$0	\$4,440	\$25	\$4,415	\$0
FEDERAL DRUG FORFEITURE FUND (419)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				(\$64,986)	(\$64,986)		(\$64,986)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$64,986)	(\$64,986)	\$0	(\$64,986)	\$0
Budget Adjustments								
POLICE								
Body Worn Cameras			\$1,200,000		\$1,200,000			\$1,200,000
Ending Fund Balance Adjustment				(\$1,200,000)	(\$1,200,000)			(\$1,200,000)
Budget Adjustments Total	\$0	\$0	\$1,200,000	(\$1,200,000)	\$0	\$0	\$0	\$0
FEDERAL DRUG FORFEITURE FUND (419) TOTAL	\$0	\$0	\$1,200,000	(\$1,264,986)	(\$64,986)	\$0	(\$64,986)	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

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 and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$1,727,992	\$1,727,992		\$1,727,992	\$0
PARKING CAPITAL PROGRAM								
Rebudget: Downtown Event Parking Dynamic Message Sign Repair			\$220,000	(\$220,000)	\$0			\$0
Rebudget: Minor Parking Facility Improvements			\$335,000	(\$335,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$555,000	\$1,172,992	\$1,727,992	\$0	\$1,727,992	\$0
GENERAL PURPOSE PARKING FD (533) TOTAL	\$0	\$0	\$555,000	\$1,172,992	\$1,727,992	\$0	\$1,727,992	\$0
GIFT TRUST FUND (139)								
Clean-Up and Rebudget Actions								
CITY MANAGER								
Rebudget: Berryessa Center Art Project			\$4	(\$4)	\$0			\$0
INDEPENDENT POLICE AUDITOR								
Rebudget: IPA's Teen Leadership Council			\$2,128	(\$2,128)	\$0			\$0
CITY CLERK								
Rebudget: Annual District I Festival in the Park			\$3	(\$3)	\$0			\$0
Rebudget: CommUnity Resource Fair			\$132	(\$132)	\$0			\$0
Rebudget: Go Girl Go BAWSI			\$7	(\$7)	\$0			\$0
Rebudget: Mayor's College Motivation Program			\$34	(\$34)	\$0			\$0
FINANCE								
Fund Balance Reconciliation				\$298,671	\$298,671		\$298,671	\$0
POLICE								
Rebudget: CADPE - Drug Education			\$2	(\$2)	\$0			\$0
Rebudget: Canine Unit			\$4	(\$4)	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
GIFT TRUST FUND (139)							
Clean-Up and Rebudget Actions							
POLICE							
Rebudget: Child Safety Seats				\$25	(\$25)	\$0	\$0
Rebudget: Children's Interview Center				\$73	(\$73)	\$0	\$0
Rebudget: Communications Facility Fitness Center				\$4	(\$4)	\$0	\$0
Rebudget: Community Services Program				\$5	(\$5)	\$0	\$0
Rebudget: Crime Prevention Committee				\$1	(\$1)	\$0	\$0
Rebudget: Cybercadet Program				\$10	(\$10)	\$0	\$0
Rebudget: Internet Crimes Against Children Gifts				\$21	(\$21)	\$0	\$0
Rebudget: Investigative Enhancement				\$95	(\$95)	\$0	\$0
Rebudget: Major Awards Banquet				\$34	(\$34)	\$0	\$0
Rebudget: Mayor's Safe Families				\$11	(\$11)	\$0	\$0
Rebudget: Miscellaneous Gifts				\$2	(\$2)	\$0	\$0
Rebudget: Police & School Partnership Program				\$18	(\$18)	\$0	\$0
Rebudget: Police Educational Robot				\$4	(\$4)	\$0	\$0
Rebudget: Police Mounted Unit				\$29	(\$29)	\$0	\$0
Rebudget: Police Reserves Unit				\$23,729	(\$23,729)	\$0	\$0
Rebudget: Robbery Secret Witness Program				\$31	(\$31)	\$0	\$0
Rebudget: S.A.V.E. Program				\$58	(\$58)	\$0	\$0
Rebudget: Scholastic Crime Stoppers				\$9	(\$9)	\$0	\$0
Rebudget: School Safety Gifts				\$7	(\$7)	\$0	\$0
Rebudget: Trauma Kits				\$4	(\$4)	\$0	\$0
Rebudget: Volunteer Program				\$1	(\$1)	\$0	\$0
TRANSPORTATION							
Rebudget: Coleman / Guadalupe Traffic Study and Mitigation				\$26	(\$26)	\$0	\$0
Rebudget: Our City Forest				\$1	(\$1)	\$0	\$0
Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway				\$10	(\$10)	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
GIFT TRUST FUND (139)							
Clean-Up and Rebudget Actions							
FIRE							
Rebudget: Hazardous Material Training				\$4	(\$4)	\$0	\$0
Rebudget: Public Education Program				\$4,747	(\$4,747)	\$0	\$0
PUBLIC WORKS							
Rebudget: Animal Services Donations				\$83,722	(\$83,722)	\$0	\$0
Rebudget: Kinjo Gardens				\$9	(\$9)	\$0	\$0
Rebudget: Spay / Neuter Program				\$20,131	(\$20,131)	\$0	\$0
ECONOMIC DEVELOPMENT							
Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund				\$170	(\$170)	\$0	\$0
Rebudget: Art + Technology Program				(\$2,645)	\$2,645	\$0	\$0
Rebudget: Arts and Education Week				\$137	(\$137)	\$0	\$0
Rebudget: Cultural Performance				\$3	(\$3)	\$0	\$0
Rebudget: Incubation Office Project				\$116	(\$116)	\$0	\$0
PARKS, REC, & NEIGH SVCS							
Rebudget: Almaden Lake Park				\$1,752	(\$1,752)	\$0	\$0
Rebudget: Almaden Lake Park Rangers				\$1	(\$1)	\$0	\$0
Rebudget: Almaden Winery Improvement				\$52	(\$52)	\$0	\$0
Rebudget: Alum Rock Park				\$6	(\$6)	\$0	\$0
Rebudget: Alviso Community Center				\$37	(\$37)	\$0	\$0
Rebudget: Alviso Recreation and Teen Program				\$3	(\$3)	\$0	\$0
Rebudget: Animal Adoption				\$18	(\$18)	\$0	\$0
Rebudget: Calabazas BMX Park				\$507	(\$507)	\$0	\$0
Rebudget: Castro School Landscaping				\$12	(\$12)	\$0	\$0
Rebudget: Combined Gifts				\$11	(\$11)	\$0	\$0
Rebudget: Commodore Park Maintenance				(\$2,514)	\$2,514	\$0	\$0
Rebudget: Community Cultural Council				\$6	(\$6)	\$0	\$0
Rebudget: Emma Prusch Farm Park				\$1,278	(\$1,278)	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
GIFT TRUST FUND (139)							
Clean-Up and Rebudget Actions							
PARKS, REC, & NEIGH SVCS							
Rebudget: Family Camp Camperships			\$10	(\$10)	\$0		\$0
Rebudget: Friends of Paul Moore Park			\$7	(\$7)	\$0		\$0
Rebudget: Grace Community Center			\$5,169	(\$5,169)	\$0		\$0
Rebudget: Gullo Park Turf Irrigation			\$36	(\$36)	\$0		\$0
Rebudget: J. Ward Memorial Scholarship			(\$3,134)	\$3,134	\$0		\$0
Rebudget: Japanese Friendship Garden			\$1,206	(\$1,206)	\$0		\$0
Rebudget: Lake Cunningham Skate Park			\$11	(\$11)	\$0		\$0
Rebudget: Leland High School Tennis			\$4	(\$4)	\$0		\$0
Rebudget: Mayor's Gang Prevention Task Force Clean Slate Program			\$2,543	(\$2,543)	\$0		\$0
Rebudget: Miscellaneous Gifts Under \$1,000			\$3,034	(\$3,034)	\$0		\$0
Rebudget: Mise and Starbird Gift			\$1,653	(\$1,653)	\$0		\$0
Rebudget: Newhall Park Maintenance			(\$2,173)	\$2,173	\$0		\$0
Rebudget: Nicolas Prusch Swimming			\$592	(\$592)	\$0		\$0
Rebudget: O'Donnell's Gardens Park			\$60	(\$60)	\$0		\$0
Rebudget: Overfelt Gardens			\$509	(\$509)	\$0		\$0
Rebudget: RP & CS General Gifts over \$1,000			(\$5,712)	\$5,712	\$0		\$0
Rebudget: River Oaks Park Maintenance			(\$5,669)	\$5,669	\$0		\$0
Rebudget: Safe Summer Initiative			\$38	(\$38)	\$0		\$0
Rebudget: San Jose Vietnam War Memorial			\$20	(\$20)	\$0		\$0
Rebudget: St. James Park Landscaping			\$12	(\$12)	\$0		\$0
Rebudget: Summer Lunch Program			(\$1)	\$1	\$0		\$0
Rebudget: Vista Montana Park Maintenance			\$62,641	(\$62,641)	\$0		\$0
Rebudget: Willow Glen Founders Day			\$7	(\$7)	\$0		\$0
Rebudget: Youth Commission			\$3,834	(\$3,834)	\$0		\$0
LIBRARY							
Rebudget: Books for Little Hands			(\$1,775)	\$1,775	\$0		\$0
Rebudget: Calabazas Branch Library			\$546	(\$546)	\$0		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up and Rebudget Actions								
LIBRARY								
Rebudget: Garbage Stickers			\$2,025	(\$2,025)	\$0			\$0
Rebudget: Library Literacy Project			\$2,806	(\$2,806)	\$0			\$0
Rebudget: Library-General Gifts			\$96,224	(\$96,224)	\$0			\$0
AIRPORT								
Rebudget: Art Work			\$15	(\$15)	\$0			\$0
Rebudget: Heliport System Plan Study			\$48	(\$48)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$298,671	\$0	\$298,671	\$0	\$298,671	\$0
Budget Adjustments								
TRANSPORTATION								
Safety - Pedestrian Improvements/Earned Revenue			\$71,000		\$71,000	\$71,000		\$0
PARKS, REC, & NEIGH SVCS								
RP & CS General Gifts over \$1,000/Earned Revenue			\$10,000		\$10,000	\$10,000		\$0
LIBRARY								
Library-General Gifts/Earned Revenue			\$68,494		\$68,494	\$68,494		\$0
Budget Adjustments Total	\$0	\$0	\$149,494	\$0	\$149,494	\$149,494	\$0	\$0
GIFT TRUST FUND (139) TOTAL	\$0	\$0	\$448,165	\$0	\$448,165	\$149,494	\$298,671	\$0
HOME INVEST PART PROG FUND (445)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				(\$4,640,588)	(\$4,640,588)		(\$4,640,588)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

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)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$4,640,588)	(\$4,640,588)	\$0	(\$4,640,588)	\$0
HOME INVEST PART PROG FUND (445) TOTAL	\$0	\$0	\$0	(\$4,640,588)	(\$4,640,588)	\$0	(\$4,640,588)	\$0
HOUSING TRUST FUND (440)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				(\$2,314,393)	(\$2,314,393)		(\$2,314,393)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$2,314,393)	(\$2,314,393)	\$0	(\$2,314,393)	\$0
Budget Adjustments								
HOUSING								
Ending Fund Balance Adjustment/Transfers				\$2,600,000	\$2,600,000	\$2,600,000		\$0
Budget Adjustments Total	\$0	\$0	\$0	\$2,600,000	\$2,600,000	\$2,600,000	\$0	\$0
HOUSING TRUST FUND (440) TOTAL	\$0	\$0	\$0	\$285,607	\$285,607	\$2,600,000	(\$2,314,393)	\$0
ICE CENTRE REVENUE FUND (432)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$1,026,198	\$1,026,198		\$1,026,198	\$0
Fund Balance Reconciliation - Previously Approved Repairs Reserve			\$850,000	(\$850,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$850,000	\$176,198	\$1,026,198	\$0	\$1,026,198	\$0
ICE CENTRE REVENUE FUND (432) TOTAL	\$0	\$0	\$850,000	\$176,198	\$1,026,198	\$0	\$1,026,198	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
IMPROVEMENT DISTRICT FUND (599)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,999,554	\$1,999,554		\$1,999,554	\$0
Rebudget: Route 101/Blossom Hill Road Interchange			\$1,999,554	(\$1,999,554)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,999,554	\$0	\$1,999,554	\$0	\$1,999,554	\$0
IMPROVEMENT DISTRICT FUND (599) TOTAL	\$0	\$0	\$1,999,554	\$0	\$1,999,554	\$0	\$1,999,554	\$0
INTEGRATED WASTE MGT FUND (423)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				(\$2,400,192)	(\$2,400,192)		(\$2,400,192)	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			(\$300,000)	\$300,000	\$0			\$0
Rebudget: Customer Information System Transition			\$7,000	(\$7,000)	\$0			\$0
Rebudget: EIC (Miscellaneous Funding Sources)			(\$49,000)	\$49,000	\$0			\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Household Hazardous Waste Las Plumas Facility			(\$1,014,775)	\$1,014,775	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$1,356,775)	(\$1,043,417)	(\$2,400,192)	\$0	(\$2,400,192)	\$0
Budget Adjustments								
FINANCE								
Delinquent Lien Releases			\$209,000		\$209,000			\$209,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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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								
ENVIRONMENTAL SERVICES								
EIC QALICB Master Lease Payment			\$7,000		\$7,000			\$7,000
Ending Fund Balance Adjustment				(\$216,000)	(\$216,000)			(\$216,000)
Budget Adjustments Total	\$0	\$0	\$216,000	(\$216,000)	\$0	\$0	\$0	\$0
INTEGRATED WASTE MGT FUND (423) TOTAL	\$0	\$0	(\$1,140,775)	(\$1,259,417)	(\$2,400,192)	\$0	(\$2,400,192)	\$0
LAKE CUNNINGHAM FUND (462)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$40,436)	(\$40,436)		(\$40,436)	\$0
Rebudget: Lake Cunningham Bike Park			\$2,000	(\$2,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,000	(\$42,436)	(\$40,436)	\$0	(\$40,436)	\$0
LAKE CUNNINGHAM FUND (462) TOTAL	\$0	\$0	\$2,000	(\$42,436)	(\$40,436)	\$0	(\$40,436)	\$0
LIBRARY PARCEL TAX FUND (418)								
Clean-Up and Rebudget Actions								
LIBRARY								
Fund Balance Reconciliation				\$1,534,036	\$1,534,036		\$1,534,036	\$0
LIBRARY CAPITAL PROGRAM								
Rebudget: Acquisition of Materials			\$210,000	(\$210,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$210,000	\$1,324,036	\$1,534,036	\$0	\$1,534,036	\$0
LIBRARY PARCEL TAX FUND (418) TOTAL	\$0	\$0	\$210,000	\$1,324,036	\$1,534,036	\$0	\$1,534,036	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LIFE INSURANCE FUND (156)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$13,765	\$13,765		\$13,765	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$13,765	\$13,765	\$0	\$13,765	\$0
LIFE INSURANCE FUND (156) TOTAL	\$0	\$0	\$0	\$13,765	\$13,765	\$0	\$13,765	\$0
LOW/MOD INCOME HSNG ASSET FD (346)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$15,682,087	\$15,682,087		\$15,682,087	\$0
Fund Balance Reconciliation - Housing Project Reserve			\$15,680,000	(\$15,680,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$15,680,000	\$2,087	\$15,682,087	\$0	\$15,682,087	\$0
Budget Adjustments								
HOUSING								
Ending Fund Balance Adjustment				(\$190,000)	(\$190,000)			(\$190,000)
Housing Loans and Grants			\$6,565,000		\$6,565,000			\$6,565,000
Housing Predevelopment Activity			\$200,000		\$200,000			\$200,000
Housing Project Reserve			(\$6,765,000)		(\$6,765,000)			(\$6,765,000)
Housing Project Reserve/Earned Revenue			\$32,148,509		\$32,148,509	\$32,148,509		\$0
Non-Personal/Equipment (Asset Management Study)		\$190,000			\$190,000			\$190,000
Budget Adjustments Total	\$0	\$190,000	\$32,148,509	(\$190,000)	\$32,148,509	\$32,148,509	\$0	\$0
LOW/MOD INCOME HSNG ASSET FD (346) TOTAL	\$0	\$190,000	\$47,828,509	(\$187,913)	\$47,830,596	\$32,148,509	\$15,682,087	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #1 LOS PASEOS FUND (352)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$88,995	\$88,995		\$88,995	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$88,995	\$88,995	\$0	\$88,995	\$0
M.D. #1 LOS PASEOS FUND (352) TOTAL	\$0	\$0	\$0	\$88,995	\$88,995	\$0	\$88,995	\$0
M.D. #11 BROKAW/JCT-OAK FD (364)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$8,613	\$8,613		\$8,613	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$8,613	\$8,613	\$0	\$8,613	\$0
M.D. #11 BROKAW/JCT-OAK FD (364) TOTAL	\$0	\$0	\$0	\$8,613	\$8,613	\$0	\$8,613	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #13 KARINA CT-O'NL DR FD (366)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$7,371	\$7,371		\$7,371	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$7,371	\$7,371	\$0	\$7,371	\$0
M.D. #13 KARINA CT-O'NL DR FD (366) TOTAL	\$0	\$0	\$0	\$7,371	\$7,371	\$0	\$7,371	\$0
M.D. #15 SILVER CREEK VALLEY FD (368)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$267,307	\$267,307		\$267,307	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$267,307	\$267,307	\$0	\$267,307	\$0
M.D. #15 SILVER CREEK VALLEY FD (368) TOTAL	\$0	\$0	\$0	\$267,307	\$267,307	\$0	\$267,307	\$0
M.D. #18 MEADOWLANDS FUND (372)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$44,450	\$44,450		\$44,450	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$44,450	\$44,450	\$0	\$44,450	\$0
M.D. #18 MEADOWLANDS FUND (372) TOTAL	\$0	\$0	\$0	\$44,450	\$44,450	\$0	\$44,450	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #19 RIVER OAKS FUND (359)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$137,910	\$137,910		\$137,910	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$137,910	\$137,910	\$0	\$137,910	\$0
M.D. #19 RIVER OAKS FUND (359) TOTAL	\$0	\$0	\$0	\$137,910	\$137,910	\$0	\$137,910	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$19,061	\$19,061		\$19,061	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$19,061	\$19,061	\$0	\$19,061	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354) TOTAL	\$0	\$0	\$0	\$19,061	\$19,061	\$0	\$19,061	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$19,801	\$19,801		\$19,801	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$19,801	\$19,801	\$0	\$19,801	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365) TOTAL	\$0	\$0	\$0	\$19,801	\$19,801	\$0	\$19,801	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #21 GATEWAY FUND (356)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$96,420	\$96,420		\$96,420	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$96,420	\$96,420	\$0	\$96,420	\$0
M.D. #21 GATEWAY FUND (356) TOTAL	\$0	\$0	\$0	\$96,420	\$96,420	\$0	\$96,420	\$0
M.D. #22 HLLYR AVE-SLVR CRK VLLY FD (367)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$41,097	\$41,097		\$41,097	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$41,097	\$41,097	\$0	\$41,097	\$0
M.D. #22 HLLYR AVE-SLVR CRK VLLY FD (367) TO	\$0	\$0	\$0	\$41,097	\$41,097	\$0	\$41,097	\$0
M.D. #5 ORCH PKY-PLUMRIA FD (357)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$59,145	\$59,145		\$59,145	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$59,145	\$59,145	\$0	\$59,145	\$0
M.D. #5 ORCH PKY-PLUMRIA FD (357) TOTAL	\$0	\$0	\$0	\$59,145	\$59,145	\$0	\$59,145	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #8 ZANKER-MONTAGUE FD (361)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$129,574	\$129,574		\$129,574	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$129,574	\$129,574	\$0	\$129,574	\$0
M.D. #8 ZANKER-MONTAGUE FD (361) TOTAL	\$0	\$0	\$0	\$129,574	\$129,574	\$0	\$129,574	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$50,060	\$50,060		\$50,060	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$50,060	\$50,060	\$0	\$50,060	\$0
M.D. #9 S TERESA/GRT OAKS FD (362) TOTAL	\$0	\$0	\$0	\$50,060	\$50,060	\$0	\$50,060	\$0
MAJOR COLLECT & ARTRLS FD (421)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$71,904	\$71,904		\$71,904	\$0
Rebudget: Miscellaneous Street Improvements			\$42,000	(\$42,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$42,000	\$29,904	\$71,904	\$0	\$71,904	\$0
MAJOR COLLECT & ARTRLS FD (421) TOTAL	\$0	\$0	\$42,000	\$29,904	\$71,904	\$0	\$71,904	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MAJOR FACILITIES FUND (502)								
Clean-Up and Rebudget Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$249,527	\$249,527		\$249,527	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$249,527	\$249,527	\$0	\$249,527	\$0
MAJOR FACILITIES FUND (502) TOTAL	\$0	\$0	\$0	\$249,527	\$249,527	\$0	\$249,527	\$0
MULTI-SOURCE HOUSING FD (448)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$1,612,533	\$1,612,533		\$1,612,533	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$1,612,533	\$1,612,533	\$0	\$1,612,533	\$0
Budget Adjustments								
HOUSING								
CalHome (BEGIN) Program			\$700,000		\$700,000			\$700,000
CalHome (Homebuyer) Program			\$720,000		\$720,000			\$720,000
Ending Fund Balance Adjustment				(\$2,795,000)	(\$2,795,000)			(\$2,795,000)
Housing Project Reserve			(\$1,420,000)		(\$1,420,000)			(\$1,420,000)
Non-Personal/Equipment (Apartment Rent Ordinance Project)		\$195,000			\$195,000			\$195,000
Non-Personal/Equipment (Housing 2.0 Symposium Grant)/Earned Revenue		\$45,000			\$45,000	\$45,000		\$0
Non-Personal/Equipment (Regional Prosperity Plan Stipend)/Earned Revenue		\$23,000			\$23,000	\$23,000		\$0
Transfer to Housing Trust Fund			\$2,600,000		\$2,600,000			\$2,600,000
Budget Adjustments Total	\$0	\$263,000	\$2,600,000	(\$2,795,000)	\$68,000	\$68,000	\$0	\$0
MULTI-SOURCE HOUSING FD (448) TOTAL	\$0	\$263,000	\$2,600,000	(\$1,182,467)	\$1,680,533	\$68,000	\$1,612,533	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MUNICIPAL GOLF COURSE FUND (518)								
Clean-Up and Rebudget Actions								
PARKS, REC, & NEIGH SVCS								
Fund Balance Reconciliation				\$28,532	\$28,532		\$28,532	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$28,532	\$28,532	\$0	\$28,532	\$0
MUNICIPAL GOLF COURSE FUND (518) TOTAL	\$0	\$0	\$0	\$28,532	\$28,532	\$0	\$28,532	\$0
NEIGHBHD SECURITY BOND FD (475)								
Clean-Up and Rebudget Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$442,182	\$442,182		\$442,182	\$0
Fund Balance Reconciliation - Fire Station 37 (Willow Glen) Reserve			\$489,182	(\$489,182)	\$0			\$0
Rebudget: Fire Station 21 - Relocation (White Road)			(\$93,000)	\$93,000	\$0			\$0
Rebudget: Fire Station 24 - Relocation (Silver Creek/Yerba Buena)			\$42,000	(\$42,000)	\$0			\$0
Rebudget: South San José Police Substation (Close-Out)			\$4,000	(\$4,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$442,182	\$0	\$442,182	\$0	\$442,182	\$0
NEIGHBHD SECURITY BOND FD (475) TOTAL	\$0	\$0	\$442,182	\$0	\$442,182	\$0	\$442,182	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue		Beg Fund Balance
PARKS & REC BOND PROJ FD (471)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$49,084	\$49,084		\$49,084	\$0
Fund Balance Reconciliation - Parks and Recreation Bond Projects			\$110,084	(\$110,084)	\$0			\$0
Contingency Reserve								
Rebudget: Coleman Soccer Fields			(\$80,000)	\$80,000	\$0			\$0
Rebudget: Public Art - Parks and Recreation Bond Projects			\$19,000	(\$19,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$49,084	\$0	\$49,084	\$0	\$49,084	\$0
PARKS & REC BOND PROJ FD (471) TOTAL	\$0	\$0	\$49,084	\$0	\$49,084	\$0	\$49,084	\$0
PUBLIC WKS PRO SUPPORT FD (150)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Fund Balance Reconciliation				\$496,908	\$496,908		\$496,908	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$496,908	\$496,908	\$0	\$496,908	\$0
PUBLIC WKS PRO SUPPORT FD (150) TOTAL	\$0	\$0	\$0	\$496,908	\$496,908	\$0	\$496,908	\$0
RES CONST TAX FUND (420)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$56,807)	(\$56,807)		(\$56,807)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$56,807)	(\$56,807)	\$0	(\$56,807)	\$0
RES CONST TAX FUND (420) TOTAL	\$0	\$0	\$0	(\$56,807)	(\$56,807)	\$0	(\$56,807)	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
SANITARY SEWER CONN FEE FD (540)							
Clean-Up and Rebudget Actions							
SANITARY SEWER CAPITAL PROGRAM							
Fund Balance Reconciliation				(\$262,218)	(\$262,218)		(\$262,218) \$0
Rebudget: Flow Monitoring Program (Master Planning)			\$287,000	(\$287,000)	\$0		\$0
Rebudget: Immediate Replacement and Diversion Projects			(\$900,000)	\$900,000	\$0		\$0
Rebudget: Master Planning Updates			\$67,000	(\$67,000)	\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$546,000)	\$283,782	(\$262,218)	\$0	(\$262,218) \$0
SANITARY SEWER CONN FEE FD (540) TOTAL	\$0	\$0	(\$546,000)	\$283,782	(\$262,218)	\$0	(\$262,218) \$0
SEWER SVC & USE CHARGE FD (541)							
Clean-Up and Rebudget Actions							
TRANSPORTATION							
Rebudget: Non-Personal/Equipment (Sewer Lateral Replacement Grant Program)		\$300,000		(\$300,000)	\$0		\$0
ENVIRONMENTAL SERVICES							
Fund Balance Reconciliation				\$1,278,765	\$1,278,765		\$1,278,765 \$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$212,953	(\$212,953)	\$0		\$0
Rebudget: Customer Information System Transition			\$23,000	(\$23,000)	\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	\$300,000	\$235,953	\$742,812	\$1,278,765	\$0	\$1,278,765 \$0
SEWER SVC & USE CHARGE FD (541) TOTAL	\$0	\$300,000	\$235,953	\$742,812	\$1,278,765	\$0	\$1,278,765 \$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHG CAP FD (545)								
Clean-Up and Rebudget Actions								
SANITARY SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$10,527,808	\$10,527,808		\$10,527,808	\$0
Rebudget: 11th Street Sanitary Sewer Replacement			(\$959,000)	\$959,000	\$0			\$0
Rebudget: Alum Rock Avenue Sanitary Sewer Replacement			\$150,000	(\$150,000)	\$0			\$0
Rebudget: Bollinger Road - Moorpark Avenue - Williams Road Sanitary Sewer Improvements			\$87,000	(\$87,000)	\$0			\$0
Rebudget: Coleman Road Sanitary Sewer Improvement - Phase III			\$28,000	(\$28,000)	\$0			\$0
Rebudget: Coleman Road Sanitary Sewer Improvements			\$39,000	(\$39,000)	\$0			\$0
Rebudget: Flow Monitoring Program (Master Planning)			\$969,000	(\$969,000)	\$0			\$0
Rebudget: Husted-Richland Sanitary Sewer Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Kelez Drive and El Prado Drive Sanitary Sewer Replacement			\$100,000	(\$100,000)	\$0			\$0
Rebudget: Mackey Avenue Sanitary Sewer Replacement			\$99,000	(\$99,000)	\$0			\$0
Rebudget: Master Planning Updates			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Minnesota Avenue Sanitary Sewer Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Monterey-Riverside Relief Sanitary Sewer Improvements			(\$20,000)	\$20,000	\$0			\$0
Rebudget: Public Art			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Rehabilitation of Sanitary Sewer Pump Stations			\$2,777,000	(\$2,777,000)	\$0			\$0
Rebudget: Spreckles Sanitary Sewer Force Main Supplement			\$137,000	(\$137,000)	\$0			\$0
Rebudget: Stevens Creek Boulevard Sanitary Sewer Improvements			(\$10,000)	\$10,000	\$0			\$0
Rebudget: The Villages Sanitary Sewer Replacement			(\$20,000)	\$20,000	\$0			\$0
Rebudget: Trimble Road and Capewood Lane Sanitary Sewer Improvements			\$113,000	(\$113,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,643,000	\$6,884,808	\$10,527,808	\$0	\$10,527,808	\$0
SEWER SVC & USE CHG CAP FD (545) TOTAL	\$0	\$0	\$3,643,000	\$6,884,808	\$10,527,808	\$0	\$10,527,808	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ ARENA CAPITAL RESERVE FD (459)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$1,200,384	\$1,200,384		\$1,200,384	\$0
Fund Balance Reconciliation - Previously Approved Repairs Reserve			\$1,200,000	(\$1,200,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,200,000	\$384	\$1,200,384	\$0	\$1,200,384	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment/Earned Revenue				\$200,000	\$200,000	\$200,000		\$0
Budget Adjustments Total	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$0	\$0
SJ ARENA CAPITAL RESERVE FD (459) TOTAL	\$0	\$0	\$1,200,000	\$200,384	\$1,400,384	\$200,000	\$1,200,384	\$0
SJ ARENA ENHANCEMENT FUND (301)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				(\$42,199)	(\$42,199)		(\$42,199)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$42,199)	(\$42,199)	\$0	(\$42,199)	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment				(\$50,388)	(\$50,388)			(\$50,388)
TRANSFERS								
Transfer to General Fund (San José Arena Enhancement Fund Close-Out)			\$50,388		\$50,388			\$50,388
Budget Adjustments Total	\$0	\$0	\$50,388	(\$50,388)	\$0	\$0	\$0	\$0
SJ ARENA ENHANCEMENT FUND (301) TOTAL	\$0	\$0	\$50,388	(\$92,587)	(\$42,199)	\$0	(\$42,199)	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT CAP FUND (512)								
Clean-Up and Rebudget Actions								
WATER POLLUTION CONTROL CAP PRGM								
Fund Balance Reconciliation				\$28,258,446	\$28,258,446		\$28,258,446	\$0
Rebudget: Digester and Thickener Facilities Upgrade			(\$28,000)	\$28,000	\$0			\$0
Rebudget: Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: SBWR Extension			\$388,000	(\$388,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$362,000	\$27,896,446	\$28,258,446	\$0	\$28,258,446	\$0
SJ-SC TRMNT PLANT CAP FUND (512) TOTAL	\$0	\$0	\$362,000	\$27,896,446	\$28,258,446	\$0	\$28,258,446	\$0
SJ-SC TRMNT PLANT OPER FUND (513)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$3,254,998	\$3,254,998		\$3,254,998	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$393,375	(\$393,375)	\$0			\$0
Rebudget: Non-Personal/Equipment (Engineering Services Consultant Agreement and Vehicle Replacements)		\$760,000		(\$760,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$760,000	\$393,375	\$2,101,623	\$3,254,998	\$0	\$3,254,998	\$0
SJ-SC TRMNT PLANT OPER FUND (513) TOTAL	\$0	\$760,000	\$393,375	\$2,101,623	\$3,254,998	\$0	\$3,254,998	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRTMNT PLNT INC FUND (514)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$17	\$17		\$17	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$17	\$17	\$0	\$17	\$0
SJ-SC TRTMNT PLNT INC FUND (514) TOTAL	\$0	\$0	\$0	\$17	\$17	\$0	\$17	\$0
STATE DRUG FORF FUND (417)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				(\$379,932)	(\$379,932)		(\$379,932)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$379,932)	(\$379,932)	\$0	(\$379,932)	\$0
Budget Adjustments								
POLICE								
Ending Fund Balance Adjustment				\$613,000	\$613,000			\$613,000
Non-Personal/Equipment/Personal Services (Body Worn Cameras)	(\$300,000)	(\$313,000)			(\$613,000)			(\$613,000)
Budget Adjustments Total	(\$300,000)	(\$313,000)	\$0	\$613,000	\$0	\$0	\$0	\$0
STATE DRUG FORF FUND (417) TOTAL	(\$300,000)	(\$313,000)	\$0	\$233,068	(\$379,932)	\$0	(\$379,932)	\$0
STORM DRAINAGE FEE FUND (413)								
Clean-Up and Rebudget Actions								
STORM SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$97,680	\$97,680		\$97,680	\$0

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM DRAINAGE FEE FUND (413)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$97,680	\$97,680	\$0	\$97,680	\$0
STORM DRAINAGE FEE FUND (413) TOTAL	\$0	\$0	\$0	\$97,680	\$97,680	\$0	\$97,680	\$0
STORM SEWER CAPITAL FUND (469)								
Clean-Up and Rebudget Actions								
STORM SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$8,206,177	\$8,206,177		\$8,206,177	\$0
Rebudget: Ocala Avenue Green Street Project			\$93,000	(\$93,000)	\$0			\$0
Rebudget: Outfall Rehabilitation - Capital			\$400,000	(\$400,000)	\$0			\$0
Rebudget: Public Art			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Storm Sewer Master Plan - City-wide			\$831,000	(\$831,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,316,000	\$6,890,177	\$8,206,177	\$0	\$8,206,177	\$0
Budget Adjustments								
STORM SEWER CAPITAL PROGRAM								
Alviso Storm Network Infiltration Control			\$200,000		\$200,000			\$200,000
Charcot Storm Pump Station Reserve			\$1,000,000		\$1,000,000			\$1,000,000
Ending Fund Balance Adjustment				(\$1,200,000)	(\$1,200,000)			(\$1,200,000)
Budget Adjustments Total	\$0	\$0	\$1,200,000	(\$1,200,000)	\$0	\$0	\$0	\$0
STORM SEWER CAPITAL FUND (469) TOTAL	\$0	\$0	\$2,516,000	\$5,690,177	\$8,206,177	\$0	\$8,206,177	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER OPERATING FD (446)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1,654,292	\$1,654,292		\$1,654,292	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$141,038	(\$141,038)	\$0			\$0
Rebudget: Customer Information System Transition			\$63,000	(\$63,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$204,038	\$1,450,254	\$1,654,292	\$0	\$1,654,292	\$0
STORM SEWER OPERATING FD (446) TOTAL	\$0	\$0	\$204,038	\$1,450,254	\$1,654,292	\$0	\$1,654,292	\$0

SUBDIVISION PARK TRUST FUND (375)

Clean-Up and Rebudget Actions

PARKS & COMM FAC DEV CAPITAL PROGRAM

Fund Balance Reconciliation - Future PDO/PIO Projects Reserve			\$6,191,823	(\$6,191,823)	\$0			\$0
Rebudget: Agnews Property Development			(\$87,000)	\$87,000	\$0			\$0
Rebudget: Almaden Lake Park Playground Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Backesto Park Renovation			(\$354,000)	\$354,000	\$0			\$0
Rebudget: Basking Ridge Park Fencing			(\$14,000)	\$14,000	\$0			\$0
Rebudget: Basking Ridge Tot Lot Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Bernal Park Expansion Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Bramhall Park Restroom and Concession Building			(\$46,000)	\$46,000	\$0			\$0
Rebudget: Branham Park Playground Renovation			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Brookside Design Review			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Butcher Park Lighting Upgrade			\$27,000	(\$27,000)	\$0			\$0
Rebudget: Calabazas Community Center Feasibility Study			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Camden Community Center Gymnasium Upgrade Study			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Commodore Children's Park			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Communications Hill Phase II Turnkey Park Reimbursement			\$1,809,000	(\$1,809,000)	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance
SUBDIVISION PARK TRUST FUND (375)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Rebudget: Communications Hill Reserve			(\$294,000)	\$294,000	\$0		\$0
Rebudget: Council District 4 Dog Park			(\$1,000)	\$1,000	\$0		\$0
Rebudget: Del Monte Park			(\$12,000)	\$12,000	\$0		\$0
Rebudget: Developer Refunds			\$223,000	(\$223,000)	\$0		\$0
Rebudget: Doerr Park Play Area Renovation			(\$44,000)	\$44,000	\$0		\$0
Rebudget: Evergreen Community Center Expansion Public Art			\$1,000	(\$1,000)	\$0		\$0
Rebudget: Glenview Park Infrastructure Improvements Public Art			\$5,000	(\$5,000)	\$0		\$0
Rebudget: Guadalupe River Park Feasibility Study			\$75,000	(\$75,000)	\$0		\$0
Rebudget: Guadalupe River Park Rotary Play Garden			\$8,000	(\$8,000)	\$0		\$0
Rebudget: Hamann Park Minor Improvements			\$52,000	(\$52,000)	\$0		\$0
Rebudget: Iris Chang Park Development			(\$91,000)	\$91,000	\$0		\$0
Rebudget: Kirk Community Center Restroom Improvements			\$10,000	(\$10,000)	\$0		\$0
Rebudget: Martial-Cottle Community Garden			\$16,000	(\$16,000)	\$0		\$0
Rebudget: Martin Park Expansion			(\$150,000)	\$150,000	\$0		\$0
Rebudget: Mount Pleasant Park Minor Improvements			\$12,000	(\$12,000)	\$0		\$0
Rebudget: O'Donnell Gardens Park Minor Improvements			\$12,000	(\$12,000)	\$0		\$0
Rebudget: Orchard Turnkey Park Design Review and Inspection			\$20,000	(\$20,000)	\$0		\$0
Rebudget: PDO Valuation Updates			(\$5,000)	\$5,000	\$0		\$0
Rebudget: Parkview II Park Renovation Public Art			\$3,000	(\$3,000)	\$0		\$0
Rebudget: Penitencia Creek Park Playground Renovation			\$2,000	(\$2,000)	\$0		\$0
Rebudget: Plata Arroyo Park Improvements			\$7,000	(\$7,000)	\$0		\$0
Rebudget: Richardson Park Design Review and Inspection			(\$46,000)	\$46,000	\$0		\$0
Rebudget: Riverview Park Design Review and Inspection			(\$89,000)	\$89,000	\$0		\$0
Rebudget: Roosevelt Park and Community Center Improvements			(\$4,000)	\$4,000	\$0		\$0
Rebudget: Solari Park Sports Field Conversion			(\$88,000)	\$88,000	\$0		\$0
Rebudget: St. James Park Improvements			(\$37,000)	\$37,000	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Highway 237 Bikeway to Tasman Drive)			(\$21,000)	\$21,000	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
SUBDIVISION PARK TRUST FUND (375)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Rebudget: TRAIL: Coyote Creek (Story Road to Selma Olinder Park)			(\$20,000)	\$20,000	\$0		\$0
Rebudget: TRAIL: Coyote Creek Fish Passage Remediation and Pedestrian Bridge (Singleton Crossing)			(\$8,000)	\$8,000	\$0		\$0
Rebudget: TRAIL: Doerr Parkway Design			(\$10,000)	\$10,000	\$0		\$0
Rebudget: TRAIL: Doerr Parkway Reserve			\$220,000	(\$220,000)	\$0		\$0
Rebudget: TRAIL: Los Gatos Creek Reach 5 B/C Design			(\$10,000)	\$10,000	\$0		\$0
Rebudget: TRAIL: Milestone Markers			(\$6,000)	\$6,000	\$0		\$0
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)			(\$108,000)	\$108,000	\$0		\$0
Rebudget: TRAIL: Thompson Creek (Quimby Road to Aborn Court) Design			\$10,000	(\$10,000)	\$0		\$0
Rebudget: TRAIL: Thompson Creek (Tully Road to Quimby Road)			\$3,000	(\$3,000)	\$0		\$0
Rebudget: TRAIL: Three Creeks Interim Improvements and Pedestrian Bridge			\$354,000	(\$354,000)	\$0		\$0
Rebudget: Tamien Park Development			\$390,000	(\$390,000)	\$0		\$0
Rebudget: Tamien Park Master Plan			\$17,000	(\$17,000)	\$0		\$0
Rebudget: Vista Montana Turnkey Park			(\$6,000)	\$6,000	\$0		\$0
Rebudget: Watson Park Improvements			\$10,000	(\$10,000)	\$0		\$0
Rebudget: Willow Glen Community Center Improvements			\$17,000	(\$17,000)	\$0		\$0
Rebudget: Willow Glen Community Center Marquee			\$24,000	(\$24,000)	\$0		\$0
Tech Adjust: Future PDO/PIO Reserve/Transfer from the Council District 7 Construction and Conveyance Tax Fund (Interest Payment)			\$19,103		\$19,103	\$19,103	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$8,116,926	(\$8,097,823)	\$19,103	\$19,103	\$0

Budget Adjustments

PARKS & COMM FAC DEV CAPITAL PROGRAM

Almaden Lake Park Playground Public Art			(\$5,000)		(\$5,000)		(\$5,000)
Basking Ridge Tot Lot Public Art			(\$2,000)		(\$2,000)		(\$2,000)
Bernal Park Expansion Public Art			(\$2,000)		(\$2,000)		(\$2,000)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Columbus Park Restroom and Ball Fields Public Art			(\$1,000)		(\$1,000)			(\$1,000)
Communications Hill Phase II Hillsdale Fitness Staircase Design Review and Inspection/Earned Revenue			\$300,000		\$300,000	\$300,000		\$0
Communications Hill Phase II Turnkey Park Design Review and Inspection/Earned Revenue			\$279,000		\$279,000	\$279,000		\$0
Developer Refunds			\$2,000		\$2,000			\$2,000
Evergreen Community Center Expansion Public Art			(\$1,000)		(\$1,000)			(\$1,000)
Future PDO/PIO Projects Reserve			(\$2,251,000)		(\$2,251,000)			(\$2,251,000)
Glenview Park Infrastructure Improvements Public Art			(\$5,000)		(\$5,000)			(\$5,000)
Parkview II Park Renovation Public Art			(\$3,000)		(\$3,000)			(\$3,000)
Santana Park Development Reserve			\$1,768,000		\$1,768,000			\$1,768,000
St. James Park Capital Vision			\$500,000		\$500,000			\$500,000
Budget Adjustments Total	\$0	\$0	\$579,000	\$0	\$579,000	\$579,000	\$0	\$0
SUBDIVISION PARK TRUST FUND (375) TOTAL	\$0	\$0	\$8,695,926	(\$8,097,823)	\$598,103	\$598,103	\$0	\$0
SUPPL LAW ENF SVCES FUND (414)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				(\$140,773)	(\$140,773)		(\$140,773)	\$0
Rebudget: SLES Grant 2011-2013			\$382	(\$382)	\$0			\$0
Rebudget: SLES Grant 2012-2014			\$279	(\$279)	\$0			\$0
Rebudget: SLES Grant 2013-2015			(\$145,398)	\$145,398	\$0			\$0
Rebudget: SLES Grant 2014-2016			(\$4,220)	\$4,220	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$148,957)	\$8,184	(\$140,773)	\$0	(\$140,773)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUPPL LAW ENF SVCES FUND (414)								
Budget Adjustments								
POLICE								
Ending Fund Balance Adjustment				(\$8,184)	(\$8,184)			(\$8,184)
SLES Grant 2011-2013			\$121		\$121			\$121
SLES Grant 2012-2014			\$264		\$264			\$264
SLES Grant 2013-2015			\$5,508		\$5,508			\$5,508
SLES Grant 2014-2016/Earned Revenue			\$467,556		\$467,556	\$465,265		\$2,291
Budget Adjustments Total	\$0	\$0	\$473,449	(\$8,184)	\$465,265	\$465,265	\$0	\$0
SUPPL LAW ENF SVCES FUND (414) TOTAL	\$0	\$0	\$324,492	\$0	\$324,492	\$465,265	(\$140,773)	\$0
SWG TRMNT PLNT CON FEE FD (539)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation - Treatment Plant Expansion Reserve			\$75,965		\$75,965		\$75,965	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$75,965	\$0	\$75,965	\$0	\$75,965	\$0
SWG TRMNT PLNT CON FEE FD (539) TOTAL	\$0	\$0	\$75,965	\$0	\$75,965	\$0	\$75,965	\$0
TRANSIENT OCCUPANCY TX FD (461)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$3,478,542	\$3,478,542		\$3,478,542	\$0
Rebudget: Cultural Grants			\$2,486,883	(\$2,486,883)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

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)								
Clean-Up and Rebudget Actions								
CONVENTION FACILITIES DEPT								
Rebudget: San José Convention and Visitors Bureau								
			\$94,920	(\$94,920)	\$0			\$0
Clean-Up and Rebudget Actions Total								
	\$0	\$0	\$2,581,803	\$896,739	\$3,478,542	\$0	\$3,478,542	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Cultural Grants (TOT Revenue Reconciliation)								
			\$220,950		\$220,950			\$220,950
CONVENTION FACILITIES DEPT								
Ending Fund Balance Adjustment (TOT Revenue Reconciliation)								
				(\$883,801)	(\$883,801)			(\$883,801)
San José Convention and Visitors Bureau (TOT Revenue Reconciliation)								
			\$220,950		\$220,950			\$220,950
Transfer to Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)								
			\$441,901		\$441,901			\$441,901
Budget Adjustments Total								
	\$0	\$0	\$883,801	(\$883,801)	\$0	\$0	\$0	\$0
TRANSIENT OCCUPANCY TX FD (461) TOTAL								
	\$0	\$0	\$3,465,604	\$12,938	\$3,478,542	\$0	\$3,478,542	\$0
UNDERGROUND UTILITY FUND (416)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation								
				\$1,535,516	\$1,535,516		\$1,535,516	\$0
Clean-Up and Rebudget Actions Total								
	\$0	\$0	\$0	\$1,535,516	\$1,535,516	\$0	\$1,535,516	\$0
UNDERGROUND UTILITY FUND (416) TOTAL								
	\$0	\$0	\$0	\$1,535,516	\$1,535,516	\$0	\$1,535,516	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
UNEMPLOYMENT INSUR FD (157)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$174,859	\$174,859		\$174,859	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$174,859	\$174,859	\$0	\$174,859	\$0
UNEMPLOYMENT INSUR FD (157) TOTAL	\$0	\$0	\$0	\$174,859	\$174,859	\$0	\$174,859	\$0
VEHICLE MAINT & OPER FUND (552)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Fund Balance Reconciliation				\$258,998	\$258,998		\$258,998	\$0
Rebudget: Vehicle Replacement			\$200,000	(\$200,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$200,000	\$58,998	\$258,998	\$0	\$258,998	\$0
VEHICLE MAINT & OPER FUND (552) TOTAL	\$0	\$0	\$200,000	\$58,998	\$258,998	\$0	\$258,998	\$0
WATER UTILITY CAPITAL FUND (500)								
Clean-Up and Rebudget Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$173,996	\$173,996		\$173,996	\$0
Rebudget: Cadwallader Reservoir Rehabilitation			\$78,000	(\$78,000)	\$0			\$0
Rebudget: Meter Installations			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Safety and Security Improvements			\$15,000	(\$15,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$122,000	\$51,996	\$173,996	\$0	\$173,996	\$0
WATER UTILITY CAPITAL FUND (500) TOTAL	\$0	\$0	\$122,000	\$51,996	\$173,996	\$0	\$173,996	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2014-2015**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WATER UTILITY FUND (515)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$2,436,998	\$2,436,998		\$2,436,998	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			(\$84,000)	\$84,000	\$0			\$0
Rebudget: Customer Information System Transition			\$30,000	(\$30,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$54,000)	\$2,490,998	\$2,436,998	\$0	\$2,436,998	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Non-Personal/Equipment/Earned Revenue - LawnBuster Pilot Program		\$41,250			\$41,250	\$41,250		\$0
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$958,000)	(\$958,000)			(\$958,000)
Non-Personal/Equipment (Billing System Licensing)		\$298,000			\$298,000			\$298,000
Non-Personal/Equipment/Earned Revenue - LawnBuster Pilot Program		\$65,000			\$65,000	\$65,000		\$0
Non-Personal/Equipment/Earned Revenue - Potable Water		(\$1,200,000)			(\$1,200,000)	(\$1,860,000)		\$660,000
Budget Adjustments Total	\$0	(\$795,750)	\$0	(\$958,000)	(\$1,753,750)	(\$1,753,750)	\$0	\$0
WATER UTILITY FUND (515) TOTAL	\$0	(\$795,750)	(\$54,000)	\$1,532,998	\$683,248	(\$1,753,750)	\$2,436,998	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2014-2015

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 and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				(\$320,489)	(\$320,489)		(\$320,489)	\$0
Fund Balance Reconciliation - Program Allocation Reserve				\$13,852	\$13,852		\$13,852	\$0
Rebudget: Administration/Earned Revenue			\$66,522		\$66,522	\$66,522		\$0
Rebudget: Adult Workers/Earned Revenue			\$738,061		\$738,061	\$738,061		\$0
Rebudget: BusinessOwnerSpace.com Network/Earned Revenue			\$5,930		\$5,930	\$5,930		\$0
Rebudget: Dislocated Workers/Earned Revenue			\$1,268,049		\$1,268,049	\$1,268,049		\$0
Rebudget: Proposition 39 Pre-Apprenticeship Grant Project/Earned Revenue			\$47,646		\$47,646	\$47,646		\$0
Rebudget: Rapid Response Grant/Earned Revenue			\$152,626		\$152,626	\$152,626		\$0
Rebudget: Ready to Work Partnership Initiative Grant Project/Earned Revenue			\$132,000		\$132,000	\$132,000		\$0
Rebudget: Youth Summer Employment Program/Earned Revenue			\$10,459		\$10,459	\$10,459		\$0
Rebudget: Youth Workers/Earned Revenue			\$994,225		\$994,225	\$994,225		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,415,518	(\$306,637)	\$3,108,881	\$3,415,518	(\$306,637)	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Administration/Earned Revenue			(\$99,849)		(\$99,849)	(\$99,849)		\$0
Rapid Response Grant/Earned Revenue			\$658,314		\$658,314	\$658,314		\$0
Budget Adjustments Total	\$0	\$0	\$558,465	\$0	\$558,465	\$558,465	\$0	\$0
WORKFORCE DEVELOPMENT FD (290) TOTAL	\$0	\$0	\$3,973,983	(\$306,637)	\$3,667,346	\$3,973,983	(\$306,637)	\$0

2014-2015

ANNUAL

REPORT

**V. FINANCIAL
STATEMENTS**



FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the Twelve Months Ended June 30, 2015

Fiscal Year 2014-2015

(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Twelve Months Ended June 30, 2015
Fiscal Year 2014-2015
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Twelve Months Ended June 30, 2015
Fiscal Year 2014-2015
(UNAUDITED)

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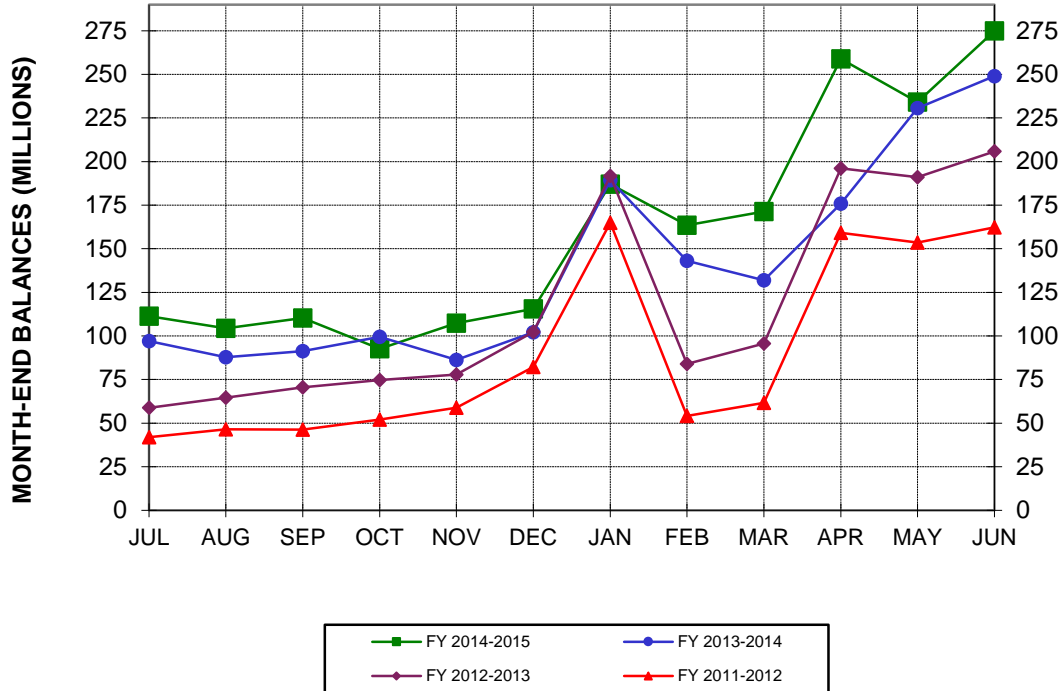
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Submitted by:



JULIA H. COOPER
Director, Finance Department

GENERAL FUND Comparison of Cash Balances



GENERAL FUND MONTHLY CASH BALANCES

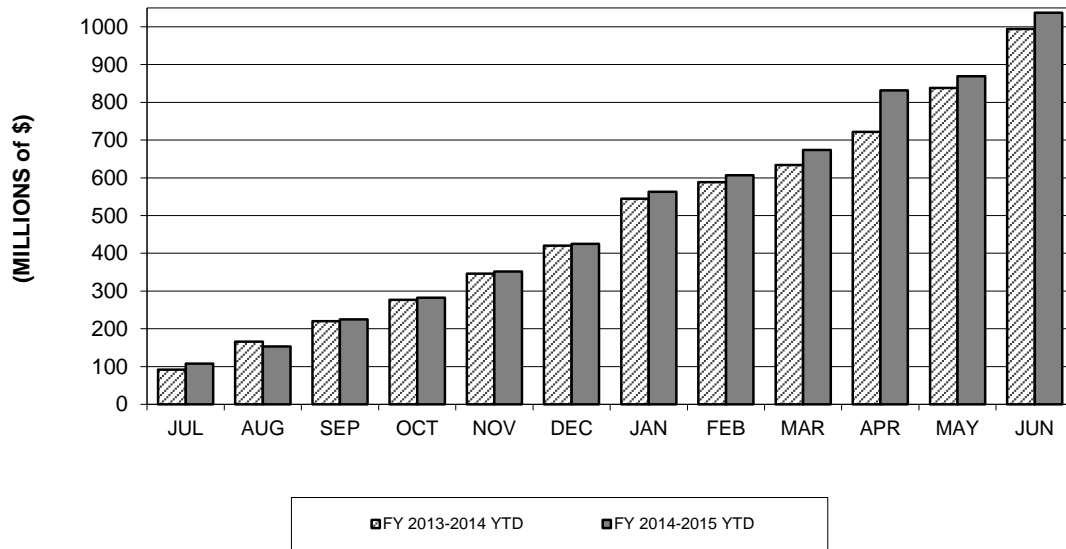
MONTH	FY 2014-2015	FY 2013-2014	FY 2012-2013	FY 2011-2012
JULY (1)	\$ 111,318,585	\$ 97,000,280	\$ 58,791,632	\$ 41,946,493
AUGUST	104,337,113	87,887,607	64,647,700	46,502,235
SEPTEMBER	110,248,937	91,326,643	70,484,194	46,218,737
OCTOBER	92,649,862	99,449,689	74,756,262	52,097,481
NOVEMBER	107,339,933	86,285,372	77,861,880	58,833,627
DECEMBER	115,544,081	102,057,315	102,312,730	82,304,186
JANUARY	187,078,566	189,299,222	191,822,297	164,958,541
FEBRUARY (2)	163,468,559	143,098,965	84,006,185	54,118,810
MARCH	171,379,481	131,881,129	95,600,850	61,586,562
APRIL (3)	258,939,637	175,838,186	196,073,222	159,137,277
MAY	234,171,050	230,678,939	191,101,640	153,526,766
JUNE	274,909,173	249,043,058	205,823,965	162,325,519

Note: (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.

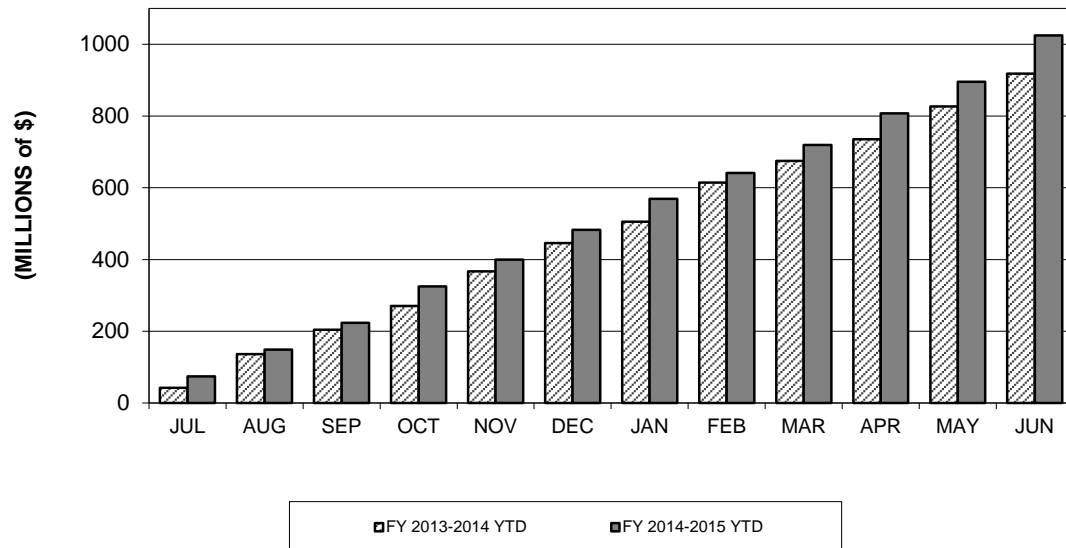
Note: (2) The General Fund cash balance decreased in the month of February for FY 2011-2012 and FY 2012-2013 mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANS) in the amount of \$100 million. Starting from FY 2013-2014, the repayments of TRANS are spread over the second half of the fiscal year.

Note: (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.

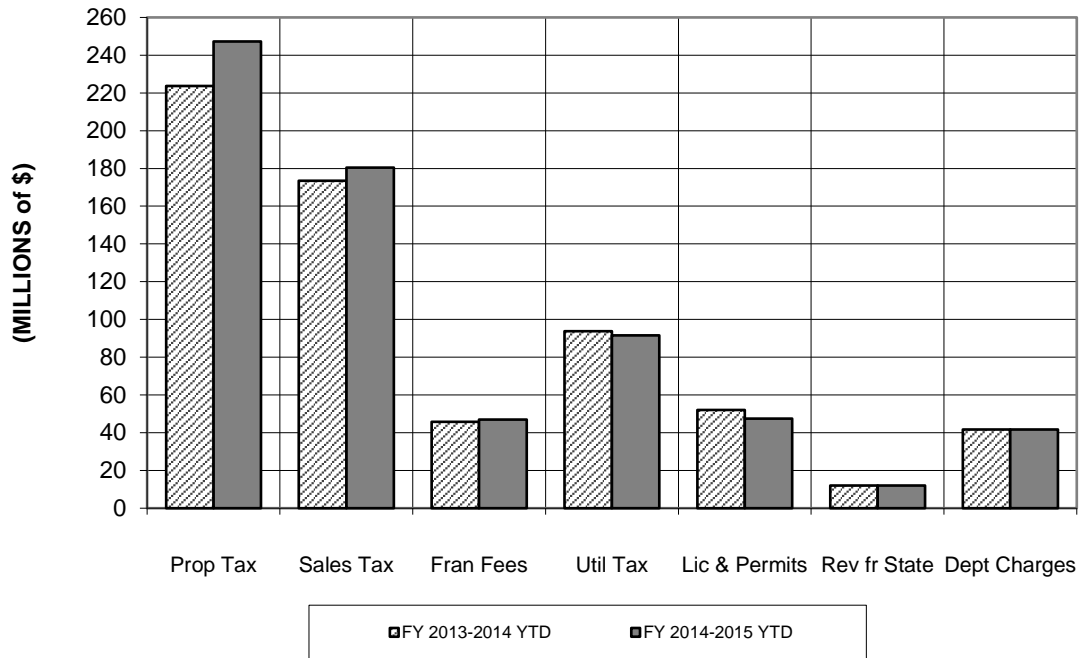
**GENERAL FUND
Comparison of YTD Revenues
Actual**



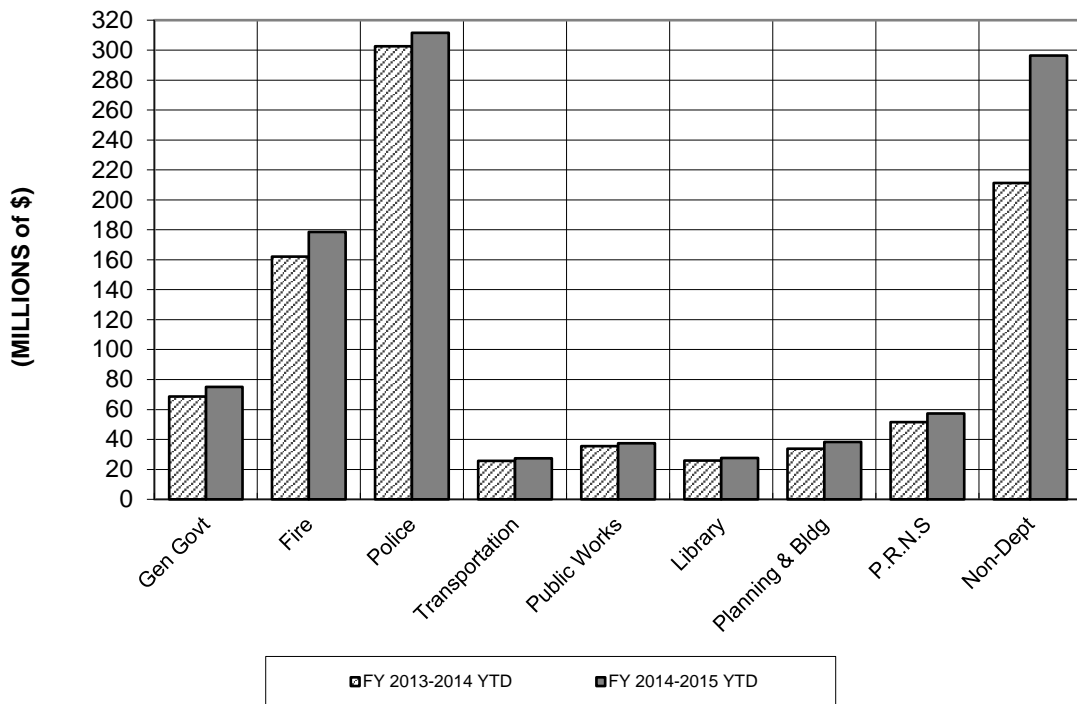
**GENERAL FUND
Comparison of YTD Expenditures
Actual**



GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual
For the Months Ended June 30, 2015



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual
For the Months Ended June 30, 2015



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$'000's)

	ADOPTED FY 2014-2015 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2014-2015 BUDGET	CUR YTD 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	-	-	39,409	39,409	39,409	100.00%	18,179	100.00%	18,179	21,230	116.78%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	253,068	17,569	-	270,637	270,637	100.00%	215,181	100.00%	215,181	55,456	25.77%
Total Fund Balance	253,068	17,569	39,409	310,046	310,046	100.00%	233,360	100.00%	233,360	76,686	32.86%
General Revenues											
Property Tax	233,973	13,600	-	247,573	247,258	99.87%	223,645	100.00%	223,645	23,613	10.56%
Sales Tax (1)	180,024	-	-	180,024	180,407	100.21%	173,412	100.00%	173,412	6,995	4.03%
Telephone Line Tax	20,700	-	-	20,700	21,097	101.92%	20,692	100.00%	20,692	405	1.96%
Transient Occupancy Tax	11,750	2,435	-	14,185	14,735	103.88%	11,873	100.00%	11,873	2,862	24.11%
Franchise Fees	45,347	1,250	-	46,597	46,909	100.67%	45,749	100.00%	45,749	1,160	2.54%
Utility Tax	94,825	(1,400)	-	93,425	91,548	97.99%	93,794	100.00%	93,794	(2,246)	-2.39%
Business Taxes	43,700	2,650	-	46,350	47,345	102.15%	45,478	100.00%	45,478	1,867	4.11%
Licenses and Permits	46,375	2,520	-	48,895	47,509	97.17%	52,014	100.00%	52,014	(4,505)	-8.66%
Fines, Forfeits and Penalties	14,205	1	-	14,206	14,491	102.01%	14,835	100.00%	14,835	(344)	-2.32%
Use of Money and Property	2,847	67	-	2,914	3,581	122.89%	3,473	100.00%	3,473	108	3.11%
Revenue from Local Agencies	22,612	17,003	-	39,615	27,332	68.99%	35,228	100.00%	35,228	(7,896)	-22.41%
Revenue from State of Cal.	11,195	1,343	-	12,538	12,024	95.90%	12,086	100.00%	12,086	(62)	-0.51%
Revenue from Federal Government	4,171	13,274	-	17,445	10,627	60.92%	13,344	100.00%	13,344	(2,717)	-20.36%
Departmental Charges	39,164	2,202	-	41,366	41,705	100.82%	41,683	100.00%	41,683	22	0.05%
Other Revenues	15,161	150,800	-	165,961	154,599	93.15%	135,479	100.00%	135,479	19,120	14.11%
Total General Revenues	786,049	205,746	-	991,795	961,167	96.91%	922,785	100.00%	922,785	38,382	4.16%
Transfers & Reimbursements											
Overhead Reimbursements	39,000	(1,159)	-	37,841	37,492	99.08%	36,445	100.00%	36,445	1,047	2.87%
Transfers from Other Funds	19,138	(22)	-	19,116	19,045	99.63%	16,926	100.00%	16,926	2,119	12.52%
Reimbursements for Services	15,776	2,350	-	18,126	18,450	101.79%	18,481	100.00%	18,481	(31)	-0.17%
Total Transfers & Reimburse	73,914	1,169	-	75,083	74,987	99.87%	71,852	100.00%	71,852	3,135	4.36%
Total Sources	1,113,031	224,484	39,409	1,376,924	1,346,200	97.77%	1,227,997	100.00%	1,227,997	118,203	9.63%

(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 2014-2015 cumulative impact through June 2015 is approximately \$6.8 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 TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2014-2015	BUDGET		FY 2014-2015	ACTUAL(*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR		ACTUAL (1)(*)	PRIOR YTD
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			OF BUDGET	ACTUAL (1)(*)	ACTUAL	ACTUAL (1)(*)	ACTUAL (1)	ACTUAL
General Government												
Mayor and Council	11,281	299	58	11,638	8,772	93	75.37%	8,505	100.00%	8,505	267	3.14%
City Attorney	13,295	131	359	13,785	12,975	522	94.12%	11,859	100.00%	11,859	1,116	9.41%
City Auditor	2,290	-	13	2,303	2,115	13	91.84%	1,906	100.00%	1,906	209	10.97%
City Clerk	2,512	(33)	-	2,479	1,975	26	79.67%	1,946	100.00%	1,946	29	1.49%
City Manager	12,482	(359)	516	12,639	11,512	670	91.08%	9,727	100.00%	9,727	1,785	18.35%
Finance	14,024	(130)	220	14,114	13,316	355	94.35%	12,064	100.00%	12,064	1,252	10.38%
Information Technology	15,402	227	1,687	17,316	13,496	1,817	77.94%	12,203	100.00%	12,203	1,293	10.60%
Human Resources	7,226	(207)	66	7,085	5,985	138	84.47%	5,356	100.00%	5,356	629	11.74%
Independent Police Auditor	1,177	24	-	1,201	1,196	-	99.58%	1,115	100.00%	1,115	81	7.26%
Office of Economic Development	4,297	(93)	141	4,345	3,777	221	86.93%	3,991	100.00%	3,991	(214)	-5.36%
Total General Government	83,986	(141)	3,060	86,905	75,119	3,855	86.44%	68,672	100.00%	68,672	6,447	9.39%
					0							
Public Safety												
Fire	174,283	7,373	816	182,472	178,609	1,298	97.88%	162,151	100.00%	162,151	16,458	10.15%
Police	326,289	(8,133)	1,160	319,316	311,643	1,751	97.60%	302,670	100.00%	302,670	8,973	2.96%
Total Public Safety	500,572	(760)	1,976	501,788	490,252	3,049	97.70%	464,821	100.00%	464,821	25,431	5.47%
Capital Maintenance												
Transportation	28,344	(49)	1,159	29,454	27,395	1,061	93.01%	25,652	100.00%	25,652	1,743	6.79%
Public Works	36,838	1,806	256	38,900	37,483	436	96.36%	35,467	100.00%	35,467	2,016	5.68%
Total Capital Maintenance	65,182	1,757	1,415	68,354	64,878	1,497	94.91%	61,119	100.00%	61,119	3,759	6.15%
Community Service												
Housing	238	1	-	239	230	4	96.23%	175	100.00%	175	55	31.43%
Library	27,664	68	65	27,797	27,545	93	99.09%	25,898	100.00%	25,898	1,647	6.36%
Planning, Bldg & Code Enf.	42,578	532	742	43,852	38,284	1,097	87.30%	33,755	100.00%	33,755	4,529	13.42%
Park, Rec & Neigh Svcs	56,066	1,887	458	58,411	57,277	703	98.06%	51,553	100.00%	51,553	5,724	11.10%
Environmental Services	703	10	12	725	285	3	39.31%	705	100.00%	705	(420)	-59.57%
Total Community Services	127,249	2,498	1,277	131,024	123,621	1,900	94.35%	112,086	100.00%	112,086	11,535	10.29%
Total Dept. Expenditures	776,989	3,354	7,728	788,071	753,870	10,301	95.66%	706,698	100.00%	706,698	47,172	6.67%

(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 TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$000's)

	ADOPTED FY 2014-2015 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2014-2015 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.	30,127	3,054	1,552	34,733	26,694	3,613	76.85%	24,328	100.00%	24,328	2,366	9.73%
Environmental & Utility Services	1,089	1,167	310	2,566	1,202	741	46.84%	1,105	100.00%	1,105	97	8.78%
Public Safety	19,467	1,747	251	21,465	17,422	362	81.16%	18,792	100.00%	18,792	(1,370)	-7.29%
Recreation & Cultural Services	9,165	459	609	10,233	7,314	894	71.47%	8,373	100.00%	8,373	(1,059)	-12.65%
Transportation Services	5,903	804	345	7,052	6,091	281	86.37%	5,520	100.00%	5,520	571	10.34%
Strategic Support	38,039	160,363	24,473	222,875	182,352	17,207	81.82%	125,113	100.00%	125,113	57,239	45.75%
Total City-wide Expenditures	103,790	167,594	27,540	298,924	241,075	23,098	80.65%	183,231	100.00%	183,231	57,844	31.57%
Other Non-Dept Expenditures:												
Capital Improvements	34,624	22,070	4,141	60,835	18,557	10,913	30.50%	3,267	100.00%	3,267	15,290	468.01%
Transfers to Other Funds	35,917	890	-	36,807	36,756	-	99.86%	24,882	100.00%	24,882	11,874	47.72%
Total Non-Dept Expenditures	174,331	190,554	31,681	396,566	296,388	34,011	74.74%	211,380	100.00%	211,380	85,008	40.22%
Reserves												
Contingency Reserves	32,500	1,100	-	33,600	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	129,211	29,476	-	158,687	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	161,711	30,576	-	192,287	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	1,113,031	224,484	39,409	1,376,924	1,050,258	44,312	76.28%	918,078	100.00%	918,078	132,180	14.40%

(1) Does not include encumbrance balance.

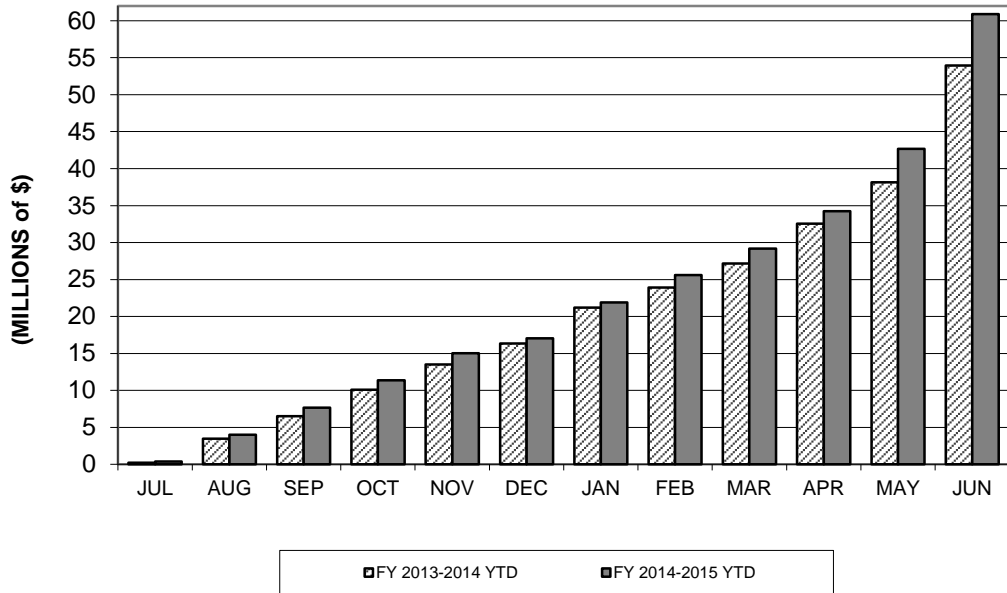
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CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

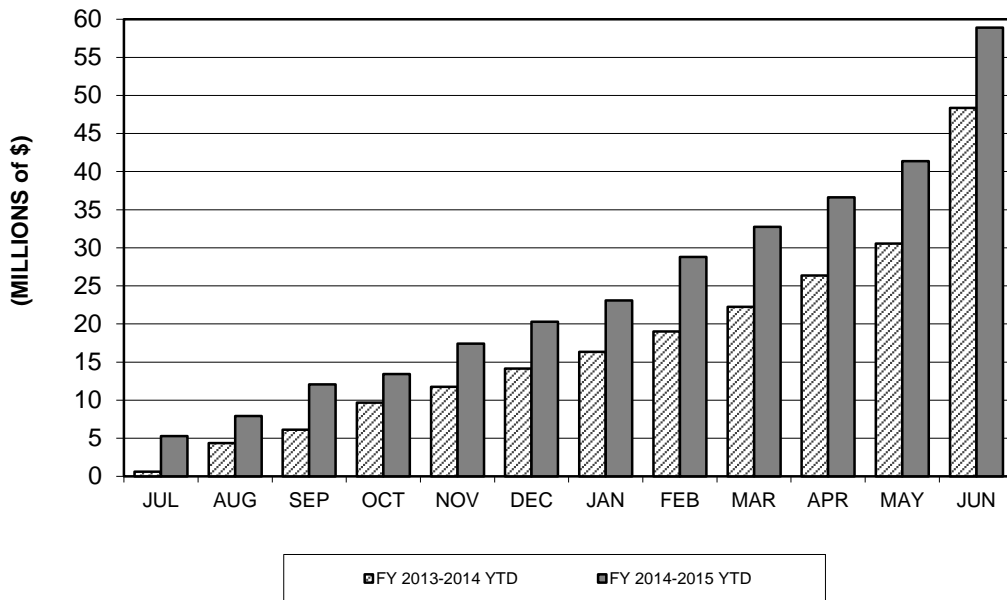
	ADOPTED FY 2014-2015 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2014-2015 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL(*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,182	-	-	1,182	1,101	93.15%	1,204	100.00%	1,204	(103)	-8.55%
Public Works	9,604	-	-	9,604	9,332	97.17%	9,734	100.00%	9,734	(402)	-4.13%
Transportation	1,464	(1)	-	1,463	1,067	72.93%	1,203	100.00%	1,203	(136)	-11.31%
Library	1,050	-	-	1,050	979	93.24%	1,069	100.00%	1,069	(90)	-8.42%
Planning, Bldg & Code Enf	3,600	1,000	-	4,600	4,937	107.33%	4,739	100.00%	4,739	198	4.18%
Parks Rec & Neigh Svcs	16,523	973	-	17,496	18,015	102.97%	16,625	100.00%	16,625	1,390	8.36%
Miscellaneous Dept Charges	5,741	230	-	5,971	6,274	105.07%	7,109	100.00%	7,109	(835)	-11.75%
Total Departmental Revenues	39,164	2,202	-	41,366	41,705	100.82%	41,683	100.00%	41,683	22	0.05%

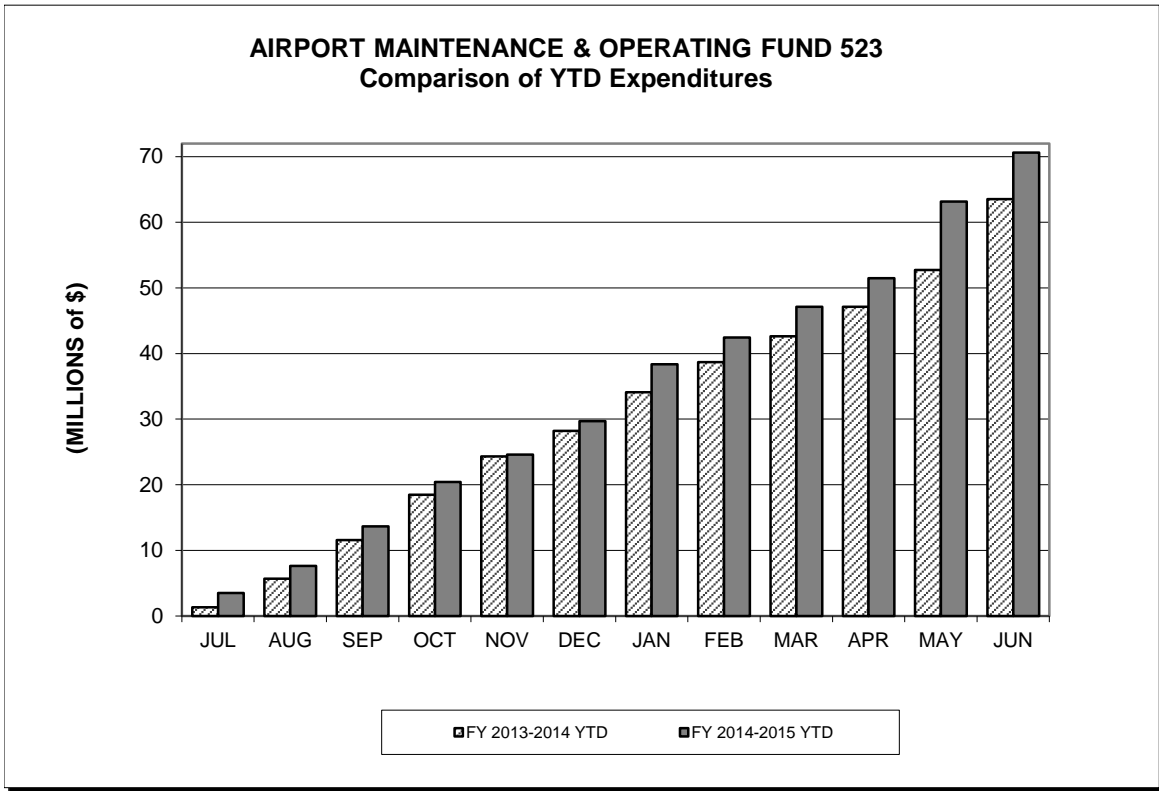
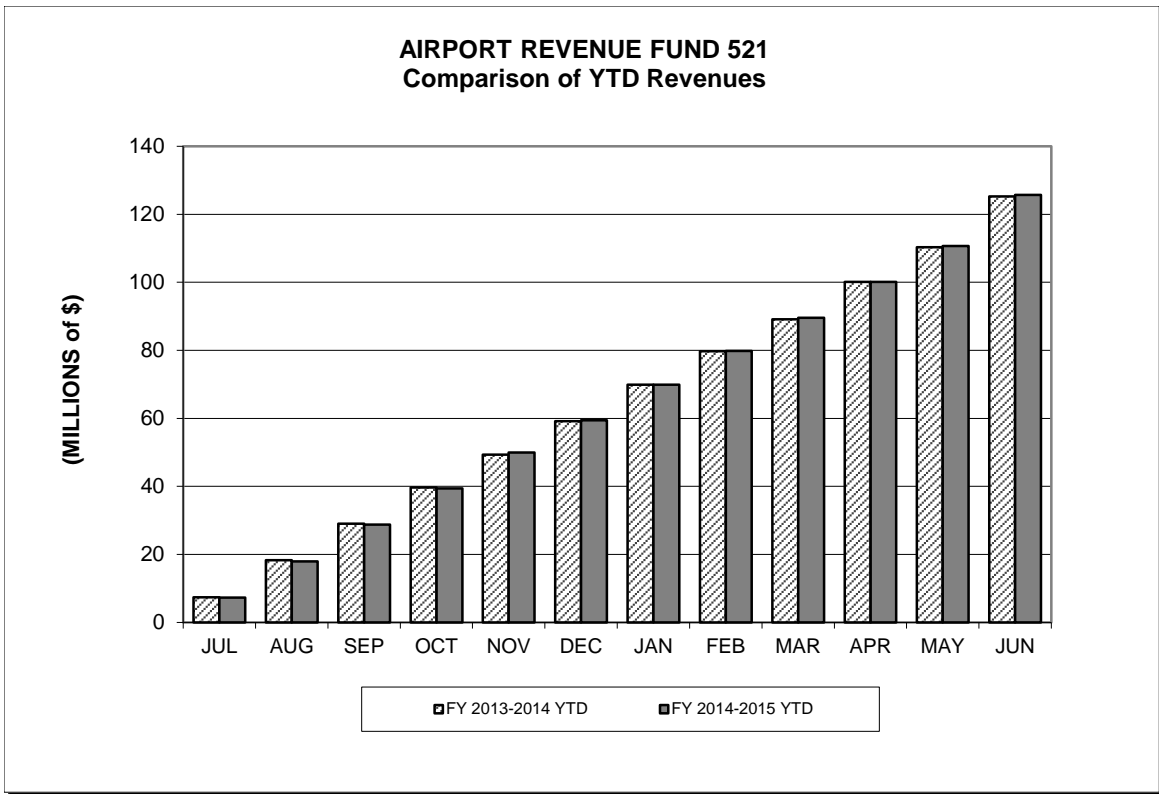
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**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Revenues**



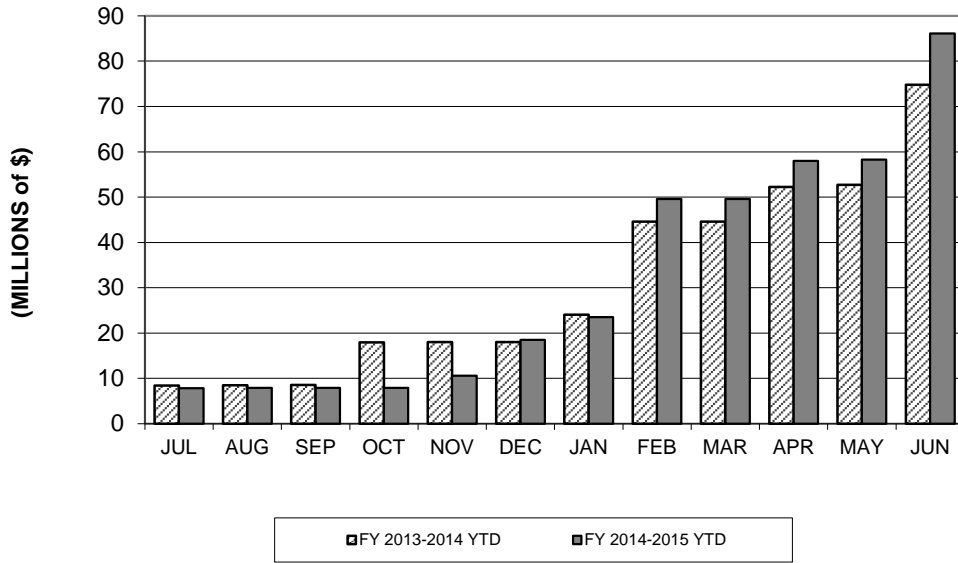
**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures**





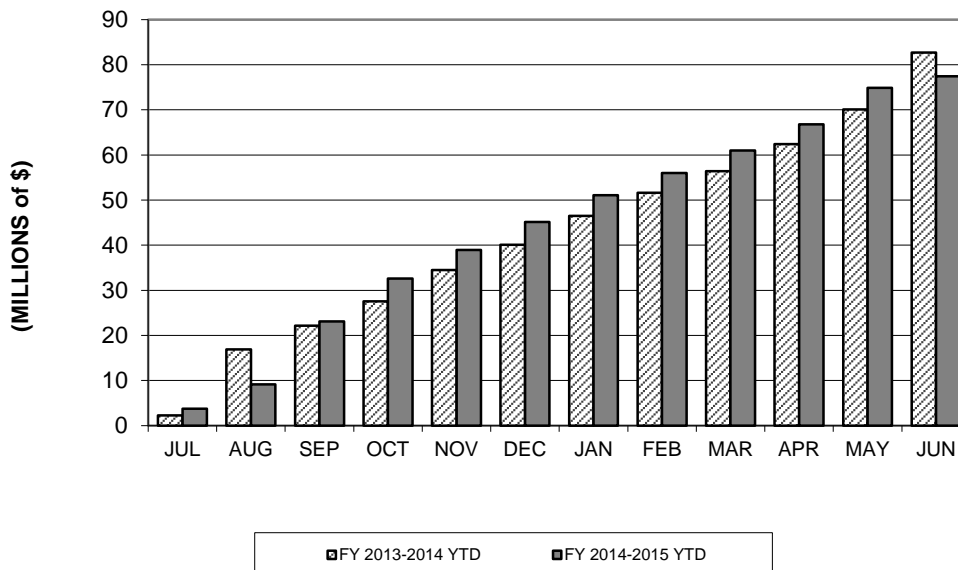
Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

**WPCP OPERATING FUND 513
Comparison of YTD Revenues**



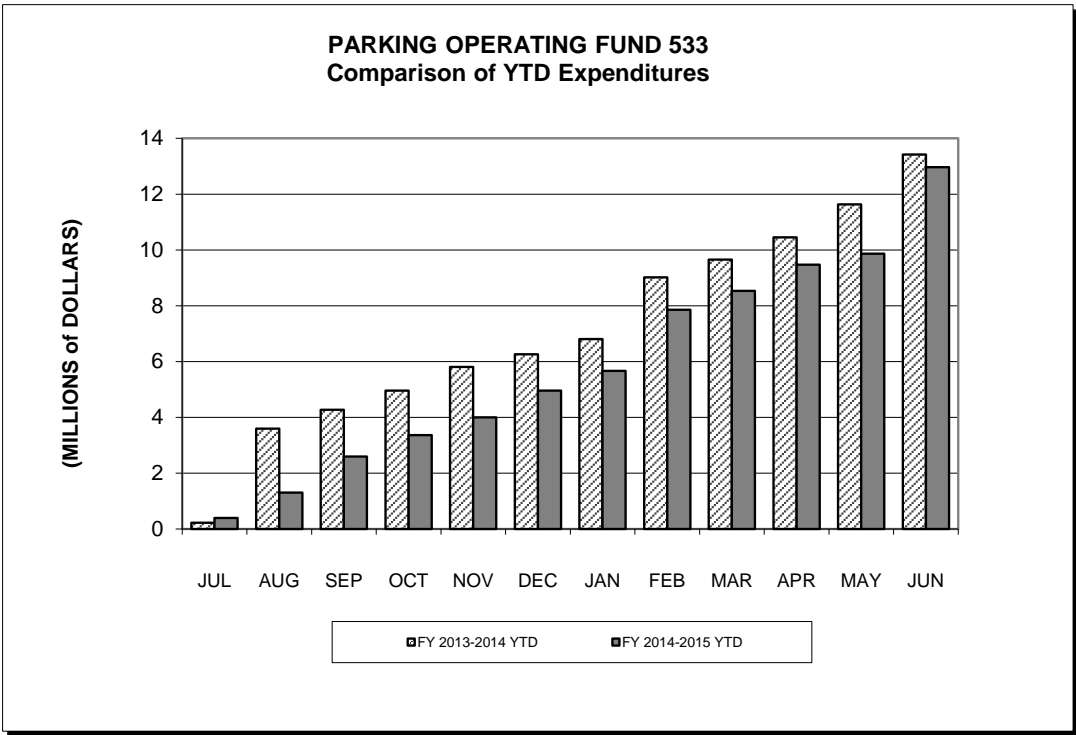
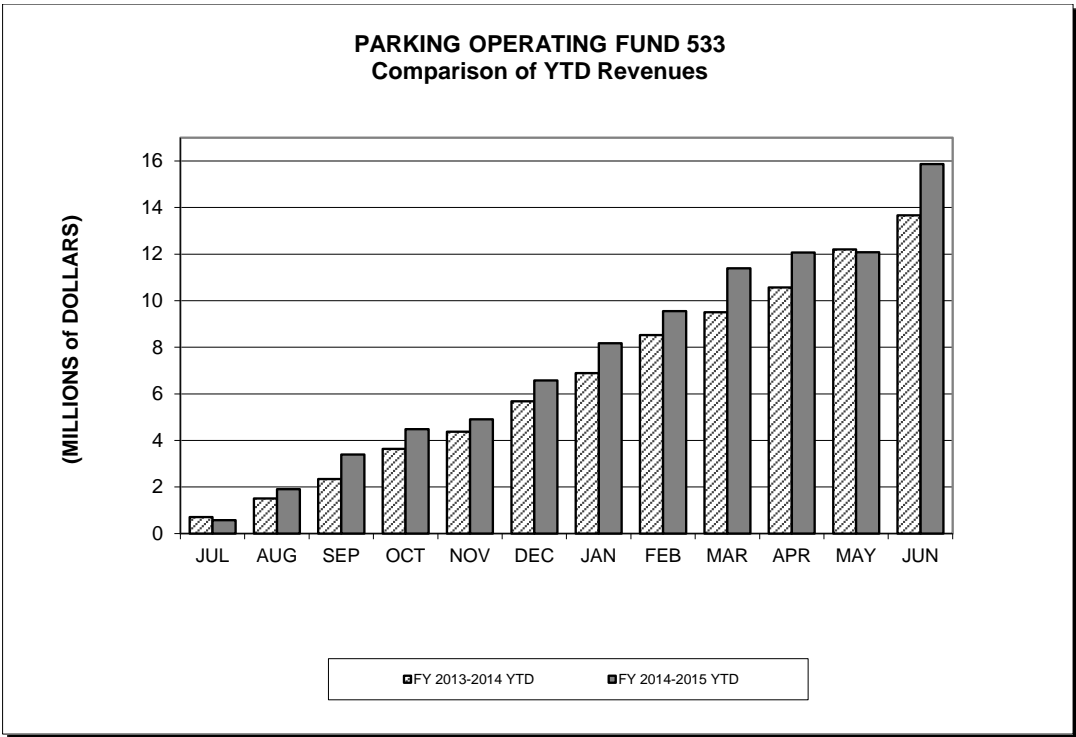
FY 2013-2014 YTD
 FY 2014-2015 YTD

**WPCP OPERATING FUND 513
Comparison of YTD Expenditures**



FY 2013-2014 YTD
 FY 2014-2015 YTD

Note: The graphs above are only for the WPCP operating fund (513).



Note: The graphs above are only for the Parking operating fund (533).

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2014-2015	BUDGET		FY 2014-2015	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	7,098	7,098	7,098	-	2,125
Beginning Fund Balance	72,073	6,112	-	78,185	78,185	-	78,699
Revenues	55,313	2,467	-	57,780	60,914	-	53,965
Total Sources	127,386	8,579	7,098	143,063	146,197	-	134,789
Total Uses	127,386	8,579	7,098	143,063	58,895	4,967	48,345
Airport							
Prior Year Encumbrance	-	-	6,427	6,427	6,427	-	5,851
Beginning Fund Balance	303,449	10,025	-	313,474	313,474	-	327,855
Revenues	356,222	145,417	-	501,639	356,375	-	355,585
Total Sources	659,671	155,442	6,427	821,540	676,276	-	689,291
Total Uses	659,671	155,442	6,427	821,540	336,909	8,254	347,192
Waste Water Treatment							
Prior Year Encumbrance	-	-	88,889	88,889	88,889	-	41,043
Beginning Fund Balance	268,287	31,145	-	299,432	299,432	-	306,847
Revenues	328,982	200	-	329,182	325,107	-	307,262
Total Sources	597,269	31,345	88,889	717,503	713,428	-	655,152
Total Uses	597,269	31,345	88,889	717,503	312,263	77,218	268,055
Parking							
Prior Year Encumbrance	-	-	1,004	1,004	1,004	-	1,032
Beginning Fund Balance	13,492	631	-	14,123	14,123	-	13,066
Revenues	17,333	275	-	17,608	15,863	-	13,680
Total Sources	30,825	906	1,004	32,735	30,990	-	27,778
Total Uses	30,825	906	1,004	32,735	12,980	794	13,415
Municipal Water							
Prior Year Encumbrance	-	-	2,369	2,369	2,369	-	975
Beginning Fund Balance	16,546	2,887	-	19,433	19,433	-	18,424
Revenues	40,565	-	-	40,565	40,920	-	38,522
Total Sources	57,111	2,887	2,369	62,367	62,722	-	57,921
Total Uses	57,111	2,887	2,369	62,367	36,758	3,136	36,818

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2014-2015	BUDGET		FY 2014-2015	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Gas Tax							
Revenues	15,000	2,350	-	17,350	18,130	-	17,796
Total Sources	15,000	2,350	-	17,350	18,130	-	17,796
Total Uses	15,000	2,350	-	17,350	17,838	-	17,796
Building and Structures							
Prior Year Encumbrance	-	-	4,290	4,290	4,290	-	7,493
Beginning Fund Balance	25,528	5,389	-	30,917	30,917	-	16,215
Revenues	28,806	628	-	29,434	19,636	-	26,494
Total Sources	54,334	6,017	4,290	64,641	54,843	-	50,202
Total Uses	54,334	6,017	4,290	64,641	14,189	6,969	14,739
Residential Construction							
Beginning Fund Balance	1,106	324	-	1,430	1,430	-	986
Revenues	229	3	-	232	273	-	473
Total Sources	1,335	327	-	1,662	1,703	-	1,459
Total Uses	1,335	327	-	1,662	31	-	28
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	163	163	163	-	61
Beginning Fund Balance	2,806	2,741	-	5,547	5,547	-	4,729
Revenues	17,658	3,865	-	21,523	22,420	-	17,910
Total Sources	20,464	6,606	163	27,233	28,130	-	22,700
Total Uses	20,464	6,606	163	27,233	19,011	335	17,049
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	17	17	17	-	389
Beginning Fund Balance	4,774	1,219	-	5,993	5,993	-	6,606
Revenues	9,228	395	-	9,623	48,520	-	47,041
Total Sources	14,002	1,614	17	15,633	54,530	-	54,036
Total Uses	14,002	1,614	17	15,633	47,577	36	48,319

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2014-2015	BUDGET		FY 2014-2015	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Golf							
Beginning Fund Balance	584	(42)	-	542	542	-	460
Revenues	2,167	520	-	2,687	2,664	-	2,517
Total Sources	2,751	478	-	3,229	3,206	-	2,977
Total Uses	2,751	478	-	3,229	2,784	-	2,434
Other Funds							
Prior Year Encumbrance	-	-	16,098	16,098	16,098	-	14,758
Beginning Fund Balance	214,051	48,171	-	262,222	262,222	-	248,746
Revenues	385,731	10,668	-	396,399	435,128	-	396,943
Total Sources	599,782	58,839	16,098	674,719	713,448	-	660,447
Total Uses	599,782	58,839	16,098	674,719	419,537	24,187	389,563

CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2014-2015	BUDGET		FY 2014-2015	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	27,144	27,144	27,144	-	8,077
Beginning Fund Balance	59,511	14,363	-	73,874	73,874	-	61,383
Revenues	70,461	9,654	-	80,115	55,927	-	66,750
Total Sources	129,972	24,017	27,144	181,133	156,945	-	136,210
Total Uses	129,972	24,017	27,144	181,133	48,873	33,023	35,301
Other							
Prior Year Encumbrance	-	-	16,839	16,839	16,839	-	13,260
Beginning Fund Balance	29,515	1,109	-	30,624	30,624	-	38,923
Revenues	10,006	(8,060)	-	1,946	1,629	-	1,620
Total Sources	39,521	(6,951)	16,839	49,409	49,092	-	53,803
Total Uses	39,521	(6,951)	16,839	49,409	12,717	13,138	6,102

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2014-2015 BUDGET	BUDGET AMENDMENTS		FY 2014-2015 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	13	13	13	-	29
Beginning Fund Balance	4,818	303	-	5,121	5,121	-	6,504
Revenues	887	3,575	-	4,462	4,801	-	1,238
Total Sources	<u>5,705</u>	<u>3,878</u>	<u>13</u>	<u>9,596</u>	<u>9,935</u>	<u>-</u>	<u>7,771</u>
Total Uses	<u>5,705</u>	<u>3,878</u>	<u>13</u>	<u>9,596</u>	<u>904</u>	<u>66</u>	<u>2,901</u>

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2014-2015

ANNUAL
REPORT

VI. APPENDIX



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Curtis P. Jacobson

**SUBJECT: 2014-2015 FIRE DEPARTMENT
ABSENCE AND VACANCY RATES
AND THEIR IMPACT ON OVERTIME**

DATE: September 30, 2015

Approved

Date

9/30/2015

INFORMATION ONLY

PURPOSE

This annual report on 2014-2015 absence and vacancy rates and their impact on overtime in the Fire Department is prepared in response to the City Auditor's April 2001 "Audit of the City of San José Fire Department's Overtime Expenditures" (Overtime Audit). Overtime funding and relief staffing levels are reviewed annually to ensure they are appropriately measured, funded, and managed. This 2014-2015 report presents absence and vacancy data for the Fire Department, outlines current staffing levels and projected attrition, and provides a discussion of relief staffing based on five years of data (2010-2011 through 2014-2015).

SUMMARY

Total absence hours in 2014-2015 of 350,015 dropped by 4% from 363,280 absence hours in 2013-2014. This decrease in absence hours was largely due to a decrease in disability hours (from 95,590 hours in 2013-2014 to 68,922 hours in 2014-2015). Vacancies in 2014-2015, however, increased from 27,328 hours (1.5% vacancy rate) in 2013-2014 to 71,792 hours (3.8% vacancy rate) in 2014-2015. In 2014-2015, the combined absence and vacancy rate was 22.6%, requiring 421,807 duty hours to be backfilled¹.

BACKGROUND

Concern regarding the Fire Department's over-expenditures in its overtime budget led to the release of a 2001 Overtime Audit. Prior to 2005-2006, the Fire Department was unable to bring overtime expenditures within its annual overtime budget allocation. However, from 2006-2007 through 2014-2015, the Fire Department's overtime year-end expenditures were lower than budgeted levels. Through 2011-2012, the Fire Department has reported on its annual absence and vacancy rates and their impact on overtime to the Public Safety, Finance and Strategic Support (PSFSS) Committee. At the PSFSS Committee meeting on March 21, 2013, the Administration's

¹ In 2013-2014, the combined impact of the absence and vacancy rate of 21% required 390,608 hours of backfill.

recommendation to incorporate the Fire Department’s annual absence and vacancy rates and their impact on overtime into the Annual Report was approved.

ANALYSIS

With all companies in service, the Department maintains 180 daily line positions². When absences or vacancies occur, relief personnel and/or off-duty personnel are brought back to work on overtime to backfill duty positions to the extent overtime funding is available. When funding is not available, however, some companies are taken out of service, otherwise known as “browned out”. In 2014-2015, two squad companies were browned out when staffing was not available and forecasted overtime expenditures did not support use of personnel on overtime. Through diligent analysis of operational impacts and overtime usage, the Fire Department, with the support of the City Manager’s Budget Office, continued to successfully manage its overtime budget. The Fire Department’s 2014-2015 total modified overtime budget was \$8.5 million. Total overtime expenditures were \$8.1 million. Of the \$421,000 balance in overtime, \$347,000 was rebudgeted to 2015-2016 for special operations training³ and Fire Engineer and Firefighter academies not completed in 2014-2015.

Absence Rates

The Fire Department analyzes absence and vacancy rates to determine the most efficient relief staffing and overtime complement to meet daily minimum staffing. The following table displays the 2014-2015 absence hours by type of absences and by rank. Absence hours are hours where assigned personnel were not available to fill daily staffing slots due to vacation, illness, disability, modified duty, compensatory time, funeral leave, jury duty, and administrative assignments. For 2014-2015, the Fire Department’s absence hours for sworn line personnel in the ranks of Battalion Chief, Fire Captain, Fire Engineer, and Firefighter totaled 350,015 hours.

*Chart 1: Absence Hours by Type & Rank: 2014-2015
(excludes sworn positions on administrative assignment)*

Rank	# of Budgeted Line Positions⁴	Vacation	Sick Leave	Disability	Modified Duty	Misc[*]	Total Absence Hours
Battalion Chief	18	5,652	2,335	3,332	713	503	12,535
Fire Captain ⁵	152	39,890	18,529	23,463	16,785	1,682	100,348
Fire Engineer	226	47,012	28,375	23,349	17,723	4,477	120,935
Firefighter	243	37,017	27,226	18,779	30,432	2,743	116,197
	Total Absence Hours (2014-2015)	129,571	76,465	68,922	65,653	9,405	350,015
	Total Absence Hours (2013-2014)	125,377	74,619	95,590	61,665	6,029	363,280

^{*} Miscellaneous absence hours due to compensatory time off, funeral leave, witness, military, administrative

² Daily line positions (with no brown-outs) included 5 Battalion Chiefs, 42 Fire Captains, 64 Fire Engineers, 23 Firefighters and 46 Firefighter/Paramedics.

³ Hazardous Incident, Urban Search and Rescue, and Airport Rescue and Firefighting

⁴ No change in budgeted positions from 2013-2014

⁵ One Fire Captain was reassigned during 2014-2015 from an administrative assignment to the line

From Chart 1, total absence hours of 350,015 in 2014-2015 decreased by 13,265 hours (4%) from the 363,280 hours in 2013-2014. This decrease was largely due to a significant drop in absences attributed to disability hours (drop of about 26,700 hours). The 28% decrease in disability absence hours was partially offset by increased absences due to vacation, sick leave, modified duty, and other miscellaneous hours.

With 639 line positions in 2014-2015, total absence hours were equivalent to 548 absence hours per line person (compared to 569 in 2013-2014). Although these absence hours are not always taken in full-shift (24-hour) increments, the 2014-2015 absence level was equivalent to about 22.8 shifts per line person (compared to 2013-2014's 23.7 shifts) out of approximately 120 total shifts per year.

Vacancy Rates

Vacancies in sworn ranks occur due to retirements from the organization or separations from employment. In 2014-2015, the Fire Department's emergency response line positions were vacant for a total of 71,792 hours, or a 3.8% vacancy rate. In September 2014, a Firefighter Recruit Academy was conducted with 22 Firefighters filling duty positions in January 2015. A Firefighter Recruit Academy initially planned for May/June 2015 was delayed until September 2015 to implement improvements in the recruitment process such as bilingual pre-assessment. At the end of 2014-2015, the Department had 30 sworn vacancies. A fully staffed 18-week Firefighter Recruit Academy will begin on September 28, 2015, with 25 recruits expected to be on line assignments by January 2016.

Backfill for Line Positions

On a daily basis, absences and vacancies in line positions are supplemented with relief personnel and/or off-duty personnel who are brought back on overtime to backfill these positions to meet minimum staffing requirements. Total absence and vacancy rate of 22.6% in 2014-2015 required 421,807 hours of backfill. In 2013-2014, the combined absence and vacancy rate of 21.0% required 390,608 hours of backfill.

Chart 2: Absence and Vacancy by Rank: 2014-2015 vs 2013-2014

Rank	2014-2015 Total Hours	2014-2015 Absence Hours	2014-2015 Vacancy Hours	2014-2015 Hours Requiring Backfill	2014-2015 Total Absence & Vacancy Rate	2013-2014 Absence & Vacancy Rate
Battalion Chief	52,560	12,535	2,352	14,887	28.3%	27.7%
Fire Captain	443,840	100,348	10,976	111,324	25.1%	25.1%
Fire Engineer	659,920	120,935	33,152	154,087	23.3%	20.2%
Firefighter	709,560	116,197	25,312	141,509	19.9%	18.7%
Total	1,865,880	350,015	71,792	421,807	22.6%	21.0%

Staffing Levels and Anticipated Retirements

In preparing projections of near-term and long-range vacancies, staff analyzes sworn personnel's years of service and age ranges and, based on various retirement eligibility scenarios⁶, prepares staffing projections. For 2015-2016, staff projects approximately 40 sworn retirements and five resignations. The September 2015 Academy will fill 25 of the 30 current sworn vacancies, leaving a balance of 5. Factoring in 14 new positions funded by SAFER 2014, a total of 64 vacancies⁷ will require 2.5 Academies, which were fully funded in the 2015-2016 Adopted Budget.

Relief Staffing

To summarize, when a daily line position is unfilled, either due to an absence or a vacancy, the position must be backfilled in order for a company to remain in service. There are three ways in which this can occur: overtime, relief personnel, or by providing higher class pay to staff in a lower rank to backfill the position (which also then requires backfill). Staff plans the use of the Department's budgeted overtime funding level based on relief staffing needed and on assumptions regarding absences and vacancies. (The Department's relief model is described below.) If vacancies exceed staff estimates, a recommendation to reallocate savings from vacant positions to overtime is brought forward for City Council consideration. If absences exceed staff estimates, staff will determine if funding can be reallocated from other budgeted activities. If additional funding to staff units on an overtime basis is not available, a brown out situation would occur, based on previous City Council approval. In 2014-2015, the Department managed its resources to ensure that no fire engines were browned out and no more than two squad companies were taken out of service each day.

The Department's relief model estimates the number of relief positions needed to backfill absences and vacancies when there are the fewest hours of absence and vacancy during the year (baseline). The baseline is the lowest number of absence and vacancy hours used by the personnel in each rank in any 2014-2015 pay period. Once the baseline is established based on the actual absence and vacancy data, it can then be determined, by rank, how many relief positions should be staffed. The 2014-2015 baseline hours (lowest absence and vacancy hours that occurred in any pay period) excluding Battalion Chief positions⁸ are as follows:

- Fire Captain = 3,257 hours (in 2013-2014 = 3,182 hours)
- Fire Engineer = 5,038 hours (in 2013-2014 = 3,875 hours)
- Firefighter = 3,587 hours (in 2013-2014 = 4,429 hours)

Consistent with prior years' reports, to determine baseline hours by rank, five years of data by rank on absence and vacancy hours are used to smooth out potential anomalies in any given year. Utilizing this methodology a comparison of the vacancy/absence baseline hours and coverage hours by relief staff is presented in the following table.

⁶ Retirement eligibility scenarios include 30 years of service at any age; 50 years of age with 25 years of service; and 55 years of age with 20 years of service

⁷ 64 vacancies = 5 remaining unfilled as of September 2015 + 40 eligible for retirement + 14 SAFER 2014 + 5 estimated resignations)

⁸ Consistent with prior reports, Battalion Chief positions are excluded from baseline analysis due to the number of duty positions (15 for 3 shifts)

Chart 3: Average Five-Year Baseline Data and Relief Personnel (Hours)

	Average Absence and Vacancy Hours Baseline	Coverage by Relief Staff	Coverage by Relief (shortfall)/surplus	Relief Staff Needed to Cover Average Baseline Absence and Vacancy (FTE needed)
Fire Captain	3,173	2,576	(597)	5.33 FTE needed
Fire Engineer	4,021	3,808	(213)	1.90 FTE needed
Firefighter	4,191	5,040	849	7.58 FTE available
Total	11,385	11,424	39	0.4 FTE available

Based on the above chart, the number of relief positions meets the minimum coverage required to fill line positions. As previously described, however, to fill vacancies in line positions, a person in a lower ranked position who has the qualifications/certifications to fill a higher ranked vacancy could be utilized to fill the higher ranked vacancy as needed. The Fire Department will continue to evaluate the relief staff needed by rank based on longer-term trends and any recommendation for position adjustments will be brought forward for City Council consideration as necessary in the future.

CONCLUSION

Lower absence hours experienced in 2014-2015, largely attributed to decreased disability hours, have resulted in a decrease in hours required for backfill through use of relief personnel and overtime. However, higher vacancy rates due to large number of retirements and fewer academies offset the lower absence hours resulting in a net increase of 1.6% in the total absence and vacancy rate and corresponding required backfill hours as compared to 2013-2014 levels. With the planned academies for 2015-2016, and if the lower absence hours continue, it is expected that the total absence and vacancy rates will be lower by the end of this fiscal year. Department staff will continue its analysis of absences, relief staffing, and overtime usage, including potential impact of its safety and wellness initiative programs. The Fire Department continues to work with its employees and its partners to improve overall Firefighter safety and reduce absences and its impact on services to the community.

/s/

CURTIS P. JACOBSON
Interim Fire Chief

