

# 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>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.

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<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>				

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<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>				

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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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### 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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### REQUIRED TECHNICAL/REBALANCING ACTIONS

<b><i>Revenue from Local Agencies (SARA Reimbursement - Convention Center)</i></b>	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.

<b><i>Transfer to the Downtown Property and Business Improvement District Fund</i></b>	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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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<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>				
<b>TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS</b>			<b>(\$378,558)</b>	<b>(\$10,116,832)</b>

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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b><i>2015 California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from Federal Government</i></b>	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>				
<b><i>After School Education and Safety Programs for School Year 2015-2016/Revenue from Local Agencies</i></b>	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>				



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<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<b><i>Building Development Fee Program - Non-Personal/Equipment (Peak Staffing)</i></b>	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>				
<b><i>Building Development Fee Program Reserve</i></b>	EARMARKED RESERVES		(\$750,000)	
<p>This action decreases the Building Development Fee Program Reserve to offset the actions recommended in this report.</p>				
<b><i>Council District #02 Special Event Sponsorship/Other Revenue</i></b>	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>				
<b><i>Council District #05 Special Event Sponsorship/Other Revenue</i></b>	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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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<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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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<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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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<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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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<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>				

# 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>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<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.

# 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>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<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>				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEES</b>			<b>\$4,136,089</b>	<b>\$4,136,089</b>

# 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>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<b><i>Minimum Wage Study</i></b>	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>				
<b><i>Super Bowl 50 - Cultural Facilities Capital Maintenance Reserve</i></b>	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>				
<b><i>Super Bowl 50 - Non-Personal/Equipment (Palm Maintenance and Turf Painting)</i></b>	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>				
<b><i>Super Bowl 50 - Personal Services (Park Ranger Coverage and Guadalupe Trail Maintenance/Downtown Core)</i></b>	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>
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### URGENT FISCAL/PROGRAM NEEDS

<i>Super Bowl 50 - Police Department Staffing/Operations Reserve</i>	EARMARKED RESERVES		(\$2,500,000)	
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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.

<i>Super Bowl 50 - San José Museum of Art Sign Replacement</i>	CAPITAL PROJECTS		\$150,000	
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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>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<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)