

2014-2015

MID-YEAR
BUDGET
REVIEW



TRANSMITTAL
MEMORANDUM





Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: 2014-2015 MID-YEAR
BUDGET REVIEW REPORT

DATE: January 30, 2015

Approved

Date

1/30/15

RECOMMENDATIONS

- A. Approval of the 2014-2015 Mid-Year Budget Review Report.
- B. Adoption of related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2014-2015 Mid-Year Budget Review Report.
- C. Adoption of an ordinance ratifying the following 2013-2014 Appropriation Ordinance amendments in the Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes:
 - a. Increase the Transfer to the General Fund – Interest Earnings by \$674; and
 - b. Decrease the Ending Fund Balance by \$674.

OUTCOME

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2014-2015 Modified Budget based on actual performance during the first six months of 2014-2015. Based on this analysis, a limited number of budget revisions are recommended to address projected revenue and expenditure variances, account for new grants and reimbursements, and better position the City for the 2015-2016 budget process.

EXECUTIVE SUMMARY

The 2014-2015 Adopted Operating Budget built on the progress achieved over the previous two years to recover from a very difficult period of severe shortfalls and sacrifices. With an improving economy and closely aligned revenues and expenses, the budget held the line with a limited number of new actions in strategically important areas and avoided service reductions, while allowing for incremental increases in employee compensation in a phased effort to restore pay cuts made in prior years.

Budget actions in 2014-2015 enabled the City to:

- Provide service enhancements targeted toward community safety;
- Make investments to support future growth and development in the City;
- Address a small number of critical unmet/deferred infrastructure needs;
- Continue on an ongoing basis many of those services funded on a one-time basis in 2013-2014;
- Continue investments in the City's capital infrastructure;
- Fund a limited number of programs/initiatives identified in the Mayor's March and June Budget Messages; and
- Implement several service delivery efficiencies and cost reduction/revenue strategies.

The Administration is closely monitoring the City's budget to ensure that current year revenues and expenditures are meeting expectations, which is necessary to maintain budget stability and avoid service disruptions in any given year. Through the first half of the year, City funds are generally performing within expected 2014-2015 budgeted levels. There are a very few isolated instances where current year performance is not meeting budgeted estimates. Budget actions are recommended in this document to address those problems without any service impacts.

Mid-Year Budget Review Highlights

General Fund

- If current collection trends continue, General Fund revenues are expected to slightly exceed the budgeted estimate by year-end. This is the result of stronger performance in several categories, such as Property Tax, Sales Tax, Transient Occupancy Tax, and Business Taxes. Overall, General Fund expenditures are also tracking within estimated levels and are projected to generate overall savings by year-end. Both excess revenues and additional expenditure savings are necessary to assist in meeting the 2015-2016 ending fund balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.
- A series of Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
 - Address a limited number of urgent fiscal/program needs with a net cost of \$500,000. This includes adding \$500,000 to the Planning, Building, and Code Enforcement Department to begin a Downtown San José Environmental Impact Report (EIR) because the City has only up to 8 to 12 months before the Downtown's residential capacity is reached under the existing EIR. In the Police Department, salary and benefit savings are recommended to be reallocated to: 1) establish a \$5.0 million Police Department Overtime Reserve for 2015-2016 that would be used to backfill for vacant sworn positions and maintain targeted enforcement of high crime activity through suppression cars as well as cover civilian staffing vacancies, as needed; and 2) fund a consultant agreement (\$125,000) to perform a professional review of data on limited detentions collected by the Police Department. In the Finance Department, salary and benefit

savings of \$50,000 would also be reallocated to hire a certified accounting firm to provide assistance in the implementation of the Governmental Accounting Standards Board (GASB) 68 statement, the new pension standard that requires a major change in the accounting of pension plans.

- Implement required technical/rebalancing with a net impact of \$2.95 million. Notable actions include increased funding to address higher relocation cost estimates for City staff related to the United States Patent and Trademark Office move (\$850,000); establishing an Energy Services Company (ESCO) Debt Service appropriation (\$1.1 million) offset with Pacific Gas and Electric rebates (\$955,000) related to the conversion of 18,127 streetlights to LED lightbulbs; adjustments to the Public Works Department related to increased retirement, custodial, and utility costs (\$1.4 million); increasing the Transient Occupancy Tax estimate (\$1.25 million) to reflect the high usage of San José hotels and, in accordance with prior City Council direction, place these funds in a reserve for future capital maintenance of the City’s cultural facilities; increasing the transfer to the Municipal Golf Course Fund (\$300,000) to address operating losses at the Los Lagos Golf Course; establishing a transfer to the Economic Development Administration Loan Fund (\$165,000) to pay off a Federal Economic Development Administration loan obligation; and other various net expenditure adjustments (\$104,000).
- Implement grants/reimbursements/fees adjustments totaling \$3.4 million with a net-zero impact on the General Fund. The largest adjustments include actions to recognize and appropriate funding to support the following: Senior Nutrition Program (\$776,000); Parks, Recreation, and Neighborhood Services Fee Activities (\$580,000); and Sidewalk Repairs (\$500,000).
- Implement a variety of clean-up actions that recognize a total savings of \$3.4 million, including actions to recognize savings (-\$2.9 million) attributable to the City for decreased medical and dental premium costs and savings from the portion of Management Pay for Performance Program costs (-\$546,000) that were not required to be distributed to departments.

Special/Capital Funds

- Most of the revenues and expenditures in the City’s special and capital funds are generally performing within expected levels through December. Budget adjustments are recommended in several cases to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the major recommended adjustments are highlighted below.
 - In the Neighborhood Security Bond Fund, a recommendation is included to recognize \$525,000 in revenues from a settlement agreement with The Guarantee Company of North America for construction costs related to Fire Station 24. A portion of this payment will fund additional close-out costs (\$50,000) related to the South San José Police Substation project and the remaining portion of the payment (\$475,000) is recommended to be placed in the Fire Station 37 (Willow Glen) Reserve.

- In the Municipal Golf Course Fund, budget actions are recommended to account for the continued poor performance at the Los Lagos Golf Course, including an additional transfer from the General Fund of \$300,000 (from \$1.9 million to \$2.2 million) to ensure the fund can cover its expenses and sufficient fund balance remains in 2014-2015. The Parks, Recreation and Neighborhood Services Department, in collaboration with the course operator, is closely analyzing activity tracking and trends as well as course operating expenditures to better understand the overall performance of the golf course. The review of the Municipal Golf Course Fund has also been approved to be in the City Auditor's 2014-2015 Audit Work Plan.
- In the Transient Occupancy Tax (TOT) Fund, a recommendation is included to increase the revenue estimate by \$1.9 million, reflecting growth of approximately 10% from 2013-2014 collection levels and exceeding the 5% growth assumed in the budget. The additional revenue will be placed into a reserve that will be allocated as part of the 2015-2016 budget process to cultural arts, to the Convention and Visitors' Bureau, and to the Convention and Cultural Affairs Fund.

Looking forward, the Administration is scheduled to release the 2016-2020 General Fund Five-Year Forecast on February 27, 2015, and the 2015-2016 Proposed Capital and Operating Budgets on April 22, 2015 and May 1, 2015, respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

BACKGROUND

The annual Adopted Budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2014-2015 Operating and Capital Budgets.

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

- **Transmittal Memorandum** – An overall summary of the contents of the Mid-Year Budget Review Report.
- **Section I: General Fund Status Report** – A review of the General Fund revenues and expenditures through Mid-Year.
- **Section II: Selected Special/Capital Funds Status Report** – A review of selected special and capital funds that have revenue and/or expenditure variances from the Modified Budget or other issues of interest.
- **Section III: Recommended Budget Adjustments and Clean-up Actions** – The Recommended Budget Adjustments detail the proposed budget augmentations/reductions in the General Fund and special/capital funds. The Clean-up Actions detail the technical

appropriation and revenue estimate adjustments for the General Fund and special/capital funds.

- **Section IV: Appendix** – This section includes the financial results, prepared by the Finance Department, for all budgeted fund groups for the first six months of the year.

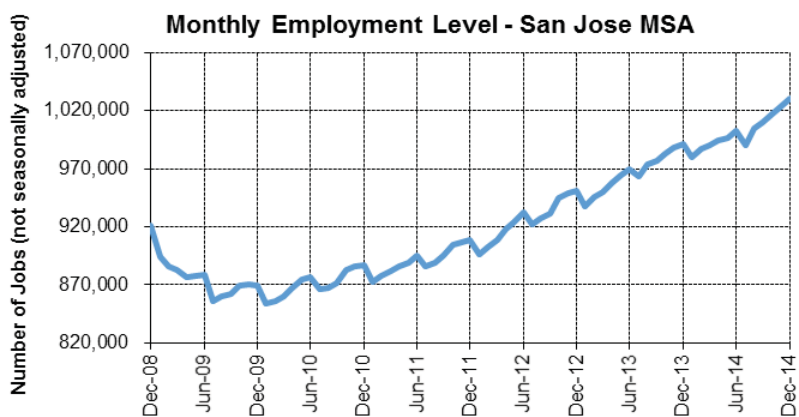
ANALYSIS

The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of recommended General Fund budget adjustments included in the Mid-Year Budget Review Report; a status report on selected special and capital funds; and the status of a City Council referral related to the North San José Traffic Impact Fee.

ECONOMIC ENVIRONMENT

Economic performance in Silicon Valley continues its strong pace, consistent with the assumptions used in the development of the 2014-2015 Adopted Budget. Actual revenue performance through the first six months of the year supports the continuance of the economic recovery. Most local economic indicators, including employment, local construction, and real estate activity measures, show sustained economic growth. National economic indicators, including consumer confidence, also demonstrate an economy that continues to grow at a moderate pace.

The San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) continues to report positive trends in employment. Total employment grew by 39,300 jobs, or 4.0%, from the previous peak of 991,900 in December 2013 to a preliminary estimate of 1,031,200 in December 2014. Job gains in industries dominated by high tech, including computer systems design and computer and electronic products manufacturing, accounted for 43.3% of the total job gain (17,000 jobs). The largest single category of growth was Professional and Business Services (11,600 jobs), up 6.0% from last December.¹



¹ State of California Employment Development Department Labor Market Information Division Press Release, January 23, 2015

As noted in The Beacon Employment Report, along with a substantial year over year decline in the statewide unemployment rate, workers are becoming more optimistic about their employment prospects by choosing to re-enter the job market. From December 2013 to December 2014, 260,500 residents entered the labor force, the largest December-to-December increase since 1999 to 2000.²

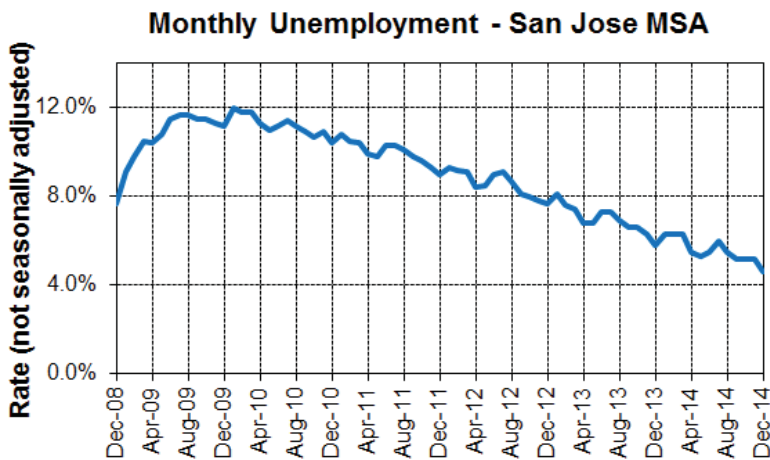
Unemployment Rate (Unadjusted)

	Dec. 2013	Nov. 2014	Dec. 2014**
San José Metropolitan Statistical Area*	5.8%	5.2%	4.6%
State of California	7.9%	7.1%	6.7%
United States	6.5%	5.5%	5.4%

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

In December 2014, the unemployment rate in the San José Metropolitan Statistical Area (MSA) fell to 4.6%, down from the December 2013 rate of 5.8%. This compares favorably to the revised rate from November 2014 of 5.2%, to the unadjusted employment rate for California of 6.7%, and to the overall rate for the nation of 5.4%.

Construction activity remains a key economic strength for the region, with all sectors on pace to outperform 2011-2012 and 2012-2013, though activity will not reach last year’s record levels. The table below shows decreases compared to last year; however, activity is generally proceeding in alignment with estimates used in the development of the budget, though activity for December 2014 appeared anomalously low. Activity will continue to be closely monitored throughout the remainder of the year.



Residential activity continued the solid performance experienced over the past several years, with notable multi-family projects such as the Century Center Towers, a 376-unit twin tower on North First Street north of Skyport Drive, and a 200-unit apartment building located west of Cottle Road and north of Highway 85. The number of new residential units through December 2014 totaled 2,249, which was down from 2,522 units through December 2013 but was up from the 1,519 units through December 2012.

² Beacon Economics, Employment Report, January 2015

Private Sector Construction Activity
 (Valuation in \$ Millions)

	July-Dec. 2013	July-Dec. 2014	% Increase/ (Decrease)
Residential	\$ 451.2	\$ 363.3	(19%)
Commercial	\$ 239.5	\$ 130.7	(45%)
Industrial	\$ 379.2	\$138.2	(64%)

Commercial activity, while lower than this time last year, is tracking to meet initial estimates and is highlighted by the 200-room, seven story AC Hotel on W. Santa Clara Street near the SAP Center, and the Almaden Ranch project, a shopping complex headlined by Bass Pro Shops at the corner of Almaden Expressway and Chynoweth Avenue. Though also down from last year's peak, industrial activity

remains on pace to meet expectations, with several important projects proceeding this year, including new research and development office buildings for Super Micro and Legacy 101 in North San José. Aside from the new construction notables, alteration activity in both commercial and industrial sectors remains steady at \$152.9 million through December, or 56% of the annual estimate.

Performance in the housing market continues to be strong, though the persistent lack of inventory has restrained growth. The median single-family home price was \$750,000 in December 2014, which is an increase of 9.5% from the median home price of \$685,000 in December 2013. The average days-on-market for single-family and multi-family dwellings was 20, a significant drop from the prior year average days-on-market of 37. The number of listings of new single-family and multi-family dwellings on the market has dropped approximately 15.5%, from 355 listings in December 2013 to 300 in December 2014. The number of property transfers (sales) for all types of residences fell below last year's levels, from 654 in December 2013 to 615 in December 2014. Cumulatively, property transfers from July through December totaled 4,002, which was down 4.5% from the 4,190 transfers during the first six months of 2013-2014.

Median Price - Single Family Homes



The leading Consumer Confidence indicator, The Conference Board's *Consumer Confidence Survey*, reports that consumer confidence of 92.6 in December is up from November's 91.0 (in 1985 it was at 100)⁴. In general, consumers' expectations of overall economic conditions have improved. Consumers were positive in their assessment of the job market, with the proportion stating jobs are "plentiful" increasing from 16.2% to 17.1% in the last month, and those claiming jobs are "hard to get" decreasing from 28.7 % to 27.7%.

⁴ The Conference Board, Consumer Confidence Survey, December 30, 2014

According to Lynn Franco, Director of Economic Indicators at The Conference Board, “Consumer confidence rebounded modestly in December, propelled by a considerably more favorable assessment of current economic and labor market conditions. As a result, the Present Situation Index (98.6) is now at its highest level since February 2008 (Index, 104.0). Consumers were moderately less optimistic about the short-term outlook in December, but even so, they are more confident at year-end than they were at the beginning of the year.”⁵

On a national level, the December 2014 UCLA Anderson Forecast anticipates annual real Gross Domestic Product (GDP) growth of 3% over the next two years, as opposed to the 2% annual growth experienced since 2009. A falling unemployment rate is expected to lead to improved wage growth averaging approximately 3.5% per year, as compared 1.8% average increase since 2009. In addition to wage growth and the resulting increase in consumer spending, the nation should anticipate more aggressive corporate investment in equipment and software, both of which should benefit San José and the Silicon Valley.⁶

Economic conditions will continue to be closely monitored and factored into the 2016-2020 General Fund Five-Year Forecast, scheduled to be released on February 27, 2015, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 22, 2015 and May 1, 2015, respectively.

GENERAL FUND PERFORMANCE

General Fund revenues and transfers through December totaled \$425.4 million, or 41.7% of the budgeted estimate. Based on current collection trends, existing revenues are tracking to end the year approximately \$10 million above budgeted levels (variance of approximately 1%). Through December, the majority of revenues tracked at or above budgeted collections, including: Sales Tax, Transient Occupancy Tax, Business Taxes, and Property Tax. These positive variances are partially offset by lower collections in a limited number of categories, including Licenses and Permits and Revenue from both the State and Federal Government.

In this document, an overall net increase of \$5.6 million to the General Fund revenue estimates is recommended. This is primarily due to the recognition of grants, reimbursements, and/or fee related funds (\$3.4 million) as well as a small number of required technical/rebalancing actions to increase revenue estimates by a net \$2.2 million to bring estimates in line with revised projections for Transient Occupancy Tax (\$1.25 million) and to recognize anticipated PG&E rebates for the conversion to 18,127 streetlights to LED light bulbs (\$955,000). The revenue estimates for this year will continue to be updated and refined as part of the upcoming Five-Year Forecast and Proposed Budget process and will be reported through the release of the Bi-Monthly Financial Reports.

General Fund expenditures through December totaled \$482.8 million, or 36.1% of the total 2014-2015 Modified Budget. This represents an increase of \$37.3 million, or 8.4%, from the December 2013 level of \$445.5 million. Encumbrances totaling \$67.4 million were nearly

⁵ The Conference Board, Consumer Confidence Survey, December 30, 2014

⁶ UCLA Anderson Forecast December 2014.

double the December 2013 level of \$34.1 million. Expenditures and encumbrances through December of \$550.2 million constituted 41.1% of the total Modified Budget (including reserves) of \$1.3 billion; without reserves of \$165.5 million, expenditures and encumbrances constituted 46.9% of the total Modified Budget. Overall, General Fund expenditures are tracking within anticipated levels and are expected to end the year with savings. Both excess revenues and additional expenditure savings are necessary to assist in meeting the 2015-2016 ending fund balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

There are a limited number of budget adjustments recommended to address urgent fiscal or program needs. Other technical/rebalancing actions, clean-up actions, and net-zero grants, reimbursements, and fee adjustments are also recommended in this report. As with revenues, General Fund expenditure adjustments result in a net increase of \$5.6 million.

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

RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in a net increase of \$5.6 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) fund a limited number of urgent fiscal or program needs; 2) implement required technical/rebalancing adjustments; 3) recognize various revenue-supported grants, reimbursements, and fee adjustments; and 4) implement clean-up actions.

The chart on the following page summarizes these recommended adjustments.

**2014-2015 MID-YEAR BUDGET REVIEW
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

BUDGET CATEGORY	Use of Funds (\$ in Millions)	Source of Funds (\$ in Millions)
Urgent Fiscal/Program Needs		
PBCE – Update Downtown Environmental Impact Report (EIR)	\$0.500	
Police Net-Zero Shifts (2015-2016 Overtime Reserve/Limited Detentions Study)	0.000	
Finance Net-Zero Shift (GASB 68 Implementation)	0.000	
Total Urgent Fiscal/Program Needs	\$0.500	\$0.000
Required Technical/Rebalancing Actions		
US Patent and Trademark Office – City Staff Relocation	\$0.850	
Energy Services Company Debt Service/PG&E Rebates	1.086	\$0.955
Public Works Adjustments (Retirement/Custodial/Utilities)	1.400	
Cultural Facilities Capital Maint. Res./Transient Occupancy Tax	1.250	1.250
Transfer to the Municipal Golf Course Fund (Los Lagos Subsidy)	0.300	
Transfer to the Economic Development Admin Loan Fund	0.165	
Other Net Expenditure Adjustments	0.104	
Total Required Technical/Rebalancing Actions	\$5.155	\$2.205
Grants/Reimbursements/Fees		
Various Grants/Reimbursements/Fee Adjustments	\$3.419	\$3.419
Clean-Up Actions		
Benefits Program (Health/Dental Programs)	(\$2.887)	
Management Pay for Performance Program	(0.546)	
Other Net Clean-Up Adjustments	(0.005)	\$0.012
Various Net-Zero Adjustments	0.000	0.000
Total Clean-Up Actions	(\$3.438)	\$0.012
Total Recommended Adjustments	\$5.636	\$5.636

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

URGENT FISCAL/PROGRAM NEEDS

- **Planning, Building and Code Enforcement Department – Update Downtown Environmental Impact Report (EIR) (\$500,000):** This action increases the Planning, Building and Code Enforcement Non-Personal/Equipment appropriation by \$500,000 to provide for consultant and other contractual services funding to update the Downtown San José Environmental Impact Report (EIR). The consultant work will start this fiscal year with the goal of completing the update before new projects approach the development capacities that exist under the current EIR. The consultants will provide specialized legal consultation

and prepare environmental analysis, including traffic studies, noise reports, and air quality assessments to update the Downtown Strategy 2000. Based on current market conditions and projections, the City has up to 8 to 12 months before it may reach the current residential unit capacity. Without an updated EIR, development beyond the current capacity will not be allowed to proceed, and projects will need to complete individual EIR's to receive the necessary approval. A portion of the requested funding will also cover community outreach necessary as part of the EIR update process.

- ***Finance Department Net-Zero Shift – GASB 68 Implementation (\$0):*** This action increases the Finance Department Non-Personal/Equipment appropriation by \$50,000 for the implementation of the Governmental Accounting Standards Board (GASB) 68 statement in 2014-2015. A certified accounting firm will be used to provide assistance in the implementation of GASB 68, the new pension standard that requires a major change in the accounting of pension plans. Engaging a certified accounting firm will ensure efficient and effective implementation of the standard by addressing auditors' requirements, reporting, and control issues. Finance Department Personal Services savings are available to offset this cost due to a high number of vacancies in the Department.
- ***Police Department Net-Zero Shifts (Overtime Reserve/Limited Detentions Study) (\$0):*** The following net-zero shifts in Police Department funding are recommended:
 - *2015-2016 Police Department Overtime Reserve (\$5,000,000)/Police Department Personal Services (-\$5,000,000)* – This action reduces the Police Department Personal Services appropriation and reallocates the funds to a 2015-2016 Police Department Overtime Reserve. The Department is anticipated to begin 2015-2016 with approximately 140 sworn vacancies based on current attrition rates. Similar to past practice, it is anticipated that additional overtime funding will be needed to supplement 2015-2016 vacancy savings to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The funding will also be available to cover civilian staffing vacancies, as needed. Police Department salary and benefit savings are anticipated to be sufficient by year-end to fund this action.
 - *Police Department Non-Personal/Equipment (Limited Detentions Study) (\$125,000)/Police Department Personal Services (-\$125,000)* – This action increases the Police Department Non-Personal/Equipment appropriation for a consultant agreement to perform a professional review of data collected by the Police Department related to limited detentions. The Independent Police Auditor's Year End Report for 2011 included a recommendation to adopt a curb-sitting policy that requires Police Officers to document in the Computer Aided Dispatch (CAD) system or in an incident report when officers curb-sit individuals. Curb-sitting is considered a limited detention by the Police Department, and in December 2013, the Police Department revised its Duty Manual to begin documenting limited detentions during self-initiated pedestrian and self-initiated vehicle stops. The Police Department has gathered data for one year and a professional review of that data by an outside consultant is now recommended in order to analyze and interpret the data as well as conduct focus groups in a timely manner. This study will put into context the data on limited detentions, help explain the police detention techniques,

provide transparency on this issue, and will assist the Police Department in reviewing and revising its current policy if needed to ensure that members of the public are treated in a consistent and fair manner. Once completed, the results will be presented to Department members, City leaders, the Independent Police Auditor, the Chief's Community Advisory Board and the community. Police Department salary and benefit savings are available to offset this cost.

REQUIRED TECHNICAL/REBALANCING ACTIONS

- ***United States Patent and Trademark Office – City Staff Relocation (\$850,000)***: This action increases the United States Patent and Trademark Office - City Staff Relocation appropriation by \$850,000 (from \$4,450,000 to \$5,300,000) to address design modifications associated with the workspace remodel within the City Hall Tower to house relocated City staff from the City Hall Wing. Costs have increased because of the need for additional hard wall construction in order to meet security, confidentiality, and high-density file storage requirements for various City offices, including the City Clerk's Office, City Auditor's Office, Office of Employee Relations, Human Resources Department, and the Police Department's Gaming Unit.
- ***Energy Services Company (ESCO) Debt Service (\$1,086,000)/PG&E Rebate Revenue (\$955,000)***: This action establishes an Energy Services Company (ESCO) Debt Service appropriation to the Finance Department in the amount of \$1,086,000 to fund the 2014-2015 debt service payment to Bank of America for the Energy and Utility Conservation Measures Program. This action also increases the estimate for Other Revenue in the amount of \$955,000 to recognize anticipated Pacific Gas and Electric rebates for the conversion of 18,127 streetlights to LED light bulbs, which will be used to offset the majority of the ESCO debt service payment this fiscal year.
- ***Public Works Department Adjustments (Retirement/Custodial/Utilities) (\$1,400,000)***: A number of adjustments in the Public Works Department are recommended to bring the budget in line with current projections. Major recommendations include the following:
 - ***Public Works Personal Services (Retirement) (\$800,000)*** - This action increases the Public Works Department Personal Services appropriation in the amount of \$800,000 to fund higher than anticipated retirement costs for the fiscal year. During the development of the 2014-2015 Adopted Budget, new and vacant positions were budgeted at Tier 2 retirement costs; however, many of the vacant positions have been filled with current City employees that fall under the higher costs of the Tier 1 retirement system. This action will better align the budget with projected retirement costs. It is anticipated that retirement savings in other departments and funds will be available by year-end to offset these costs.
 - ***Public Works Department Non-Personal/Equipment (Custodial Services Contract and Activity) (\$350,000)*** - This action increases the Public Works Department Non-Personal/Equipment appropriation by \$350,000 to fund the living wage increase of 10.3% as well as the required paid time off provision included in the custodial services contract approved by City Council on October 28, 2014 (\$120,000) and support the increased use

of custodial services due to a higher demand for services (\$230,000). As part of the 2014-2015 Adopted Budget, custodial services costs were increased by 3.0% over the prior year to cover the cost of living adjustment provided for in the original contract. However, the new contract recently approved by the City Council indexes compensation adjustments to 80% of the increase in the City's living wage rate. In November 2014, the living wage rate for custodial agreements increased 12.9% and the new contract allowed for an increase of 80% of that amount, or 10.3%. This increase resulted in a higher than budgeted custodial services contract amount for 2014-2015. In addition, over the past couple of years, facility usage has increased, which has resulted in service levels being incrementally enhanced above the minimum two days per week to meet minimum standards of cleanliness at many locations, including community centers and reuse sites. The ongoing increase to the custodial contract will be addressed as part of the development of the 2015-2016 Base Budget.

- *Public Works Department Non-Personal/Equipment (Gas and Electricity) (\$250,000)* - This action increases the Public Works Department Non-Personal/Equipment appropriation by \$250,000 to fund higher than anticipated gas and electricity costs. Actual gas and electric utility rates are higher than those used to develop the 2014-2015 Adopted Budget. Usage of both utilities is similar to the amount assumed in the budget development process. This action will better align the budget with projected utility costs.
- ***Cultural Facilities Capital Maintenance Reserve (\$1,250,000)/Transient Occupancy Tax (\$1,250,000)***: This action increases the Transient Occupancy Tax revenue estimate by \$1.25 million, from \$11.75 million to \$13.0 million, to reflect the strong year-to-date collections which continue to track well above the prior year and current budgeted levels. This increase would allow for revenue growth of approximately 10% from the 2013-2014 collection levels compared to a budgeted estimate of 5%. These funds are recommended to be placed in a Cultural Facilities Capital Maintenance Reserve for potential allocation during the 2015-2016 Proposed Budget process. In accordance with City Council direction approved as part of the Mayor's March Budget Message for Fiscal Year 2014-2015, the growth in General Fund Transient Occupancy Tax (TOT) revenues above the established 2013-2014 base level is to be allocated for capital maintenance of the City's cultural facilities. As outlined in Manager's Budget Addendum #23 to the 2014-2015 Proposed Budget, there is a capital replacement and maintenance project approval process for cultural facilities.
- ***Transfer to the Municipal Golf Course Fund (Los Lagos Subsidy) (\$300,000)***: This action increases the Transfer to the Municipal Golf Course Fund from the General Fund in the amount of \$300,000, from \$1.9 million to \$2.2 million, bringing the General Fund subsidy level above the 2013-2014 level of \$2.0 million. During 2014-2015, performance in the Municipal Golf Course Fund has not been meeting expectations, primarily due to lower activity and higher costs at the Los Lagos Golf Course. With declining revenues and increasing golf course maintenance expenditures, it is anticipated that net operating losses at Los Lagos Golf Course could total \$550,000 at year-end. The Parks, Recreation and Neighborhood Services Department, in collaboration with the course operator, is closely analyzing activity tracking and trends as well as course operating expenditures to better understand the overall performance of the golf course. In addition, the review of the Municipal Golf Course Fund has been approved to be on the City Auditor's 2014-2015 Audit

Work Plan. This action recommends an increase to General Fund subsidy to ensure the Municipal Golf Course Fund can cover its expenses and sufficient fund balance remains in that fund in 2014-2015. This increase would add to the \$300,000 increase approved as part of the 2013-2014 Annual Report.

- ***Transfer to the Economic Development Administration Loan Fund (\$165,000):*** This action establishes a transfer to the Economic Development Administration Loan Fund in the amount of \$165,000 to pay off a Federal Economic Development Administration (EDA) loan obligation. Under the City's Revolving Loan Fund Program, there remain 13 loans to small businesses that have been in default for over five years and are not expected to be repaid. The EDA has granted the Housing Department's request to voluntarily terminate the loans if the obligation associated with these loans is repaid. This repayment is necessary because the City did not meet the EDA's due diligence requirement to file a lien at the time the businesses filed for bankruptcy. The cost to pursue repayment in bankruptcy for these relatively small loans was a primary factor that impacted the City's ability to meet the EDA requirements.
- ***Other Net Expenditure Adjustments (\$104,000):*** A number of adjustments to various expenditure line items are recommended to bring the budget in line with current projections. Major recommendations include the following:
 - *SAP Center Renegotiation (\$40,000)* - This action increases the SAP Center Renegotiation appropriation by \$40,000 (from \$100,000 to \$140,000) and ensures the necessary resources are available for the continued negotiation of the SAP Center operating agreement with the San Jose Sharks.
 - *Customer Satisfaction Survey (Bi-Annual) (\$25,000)* - This action increases the Customer Satisfaction Survey (Bi-Annual) appropriation by \$25,000 (from \$55,000 to \$80,000) to reflect contractual increases that were higher than assumed in the development of the 2014-2015 Adopted Budget.
 - *Independent Police Auditor Personal Services (Correction/Bilingual Pay) (\$35,000)* - This action increases the Independent Police Auditor's Personal Services appropriation by \$35,000 to address an inadvertent error that occurred during the development of the 2014-2015 Adopted Budget, and, in addition, provides bilingual pay for several employees that were recently certified.
 - *Annual Audit Contractual Increase (\$3,000)* - This action increases the Annual Audit appropriation by \$3,000 (from \$225,000 to \$228,000) to reflect contractual increases that were higher than assumed in the development of the 2014-2015 Adopted Budget.
 - *Bond Project Audits Contractual Increase (\$1,000)* - This action increases the Bond Project Audits appropriation by \$1,000 (from \$56,500 to \$57,500) to reflect contractual increases that were higher than assumed in the development of the 2014-2015 Adopted Budget.
 - *Fire Department Overtime (\$0)* - This action increases the Fire Department's overtime budget by \$2.0 million, from \$5.3 million to \$7.3 million, offset by departmental salaries and benefits savings due to vacancies. This adjustment will bring the overtime budget in

line with projected expenditures and ensure that sufficient funding is available to maintain current minimum staffing levels. Overtime has been used to backfill vacancies and absences in line duty positions (vacation, strike team deployments, modified duty, sick leave, disability, and other absences). One factor impacting overtime this year is the number of vacancies, which so far have averaged 3.9%, which is higher than the budgeted rate of 2.8%. Strike Team deployments have also impacted overtime and a separate budget action is recommended to recognize reimbursement revenue and allocate those funds to Fire Department overtime to support those deployments.

- *Police Department Non-Personal/Equipment (\$116,000)/Police Department Personal Services (-\$116,000)* - This action increases the Police Department Non-Personal/Equipment appropriation to address a cost increase associated with the Police Academies. In November 2014, the Police Department was notified by the South Bay Regional Training Consortium that the cost of future Police Academy trainings will increase significantly, due to the need for additional logistical support that arose from conducting an academy at a City site and the new overlapping academy model. The new pricing is proposed to take effect with the February 2015 Academy class. This higher cost will also be factored into the development of the 2015-2016 Base Budget. Police Department salary and benefit savings are available to offset this cost.
- *Finance Department Non-Personal/Equipment (\$40,000)/Finance Department Personal Services (-\$40,000)* - This action increases the Finance Department Non-Personal/Equipment appropriation by \$40,000 to purchase new currency counters for counterfeit detection as the existing equipment is beginning to break down. Personal Services savings are available to offset this cost due to a high number of vacancies in the Department.
- *Various Mayor and Council Transition Year Reconciliations Net-Zero Adjustments* - This action increases and decreases various Mayor and City Council appropriations in accordance with City Council policy that states that in Mayor and City Council transition years, remaining funds from the Mayor and Council Districts' appropriations for the first six months of the year (July – December) shall be reallocated to the appropriation established for the last six months of the year (January – June) for that specific office as part of the Mid-Year Budget Review Report.

GRANTS/REIMBURSEMENTS/FEES

- A series of revenue-supported adjustments totaling \$3.4 million (with a net-zero impact on the General Fund) are recommended to reflect new or updated revenues and expenditures for grants, reimbursements, and/or fee activities. The largest grants, reimbursements, and fees support the following:
 - *Development Fee Programs* - Actions are included to increase Planning and Building Development Fee Programs Non-Personal/Equipment appropriations, offset by vacancy savings, to fund peak staffing contractual services costs (\$182,000). In addition, the Public Works Development Fee Program Personal Services appropriation is recommended to be increased from reserves (\$350,000) to fund additional staffing needs.

- *Other Grants and Reimbursements* - Actions are included to recognize additional grants, reimbursement and fees and allocate those funds to support the following: Parks, Recreation and Neighborhood Services Department grants and reimbursements (\$1,067,000), Transportation Department reimbursements (\$500,000), Fire Department reimbursements (\$379,000), Police Department grants and reimbursements (\$296,000), Public Works Department (\$151,000), Office of Economic Development (\$95,000), Library Grants (\$70,000), and Mayor and City Council sponsorship revenue (\$85,000).

CLEAN-UP ACTIONS

- ***Benefits Program (Health/Dental Programs) (-\$2,887,000):*** Various actions are recommended to decrease department budgets to realize health plan savings (-\$849,000), return the associated portions of these savings to development fee program reserves (\$62,000), and liquidate health and dental program savings in the Salaries and Benefits Reserve (-\$2,100,000). The Salaries and Benefits Reserve allocation was set aside during the development of the 2014-2015 Adopted Budget in anticipation of an increase in lowest cost health plan rates forecasted at 10% based on national and City trend information received from the City's Human Resources Department benefits consultant. A 2.5% increase to dental rates were forecasted based on actuarial information from the Human Resources Department and an evaluation of funding levels in the Dental Insurance Fund. Actual costs declined year-over-year resulting in a 4.54% reduction in health and no increase to dental rates.
- ***Management Pay for Performance Program (-\$546,000):*** Various actions are recommended to increase Personal Services appropriations for Management Pay for Performance Program costs in departmental budgets that do not anticipate generating sufficient vacancy savings to cover these increased costs (\$726,000). This action is offset by the liquidation of the Salaries and Benefits Reserve allocation set aside for the Management Pay for Performance Program in the 2014-2015 Adopted Budget (-\$1,272,000), generating net savings of \$546,000.
- ***Other Net Clean-Up Adjustments (\$17,000):*** Technical adjustments are recommended to reflect 2013-2014 performance, including an increase to the Beginning Fund Balance (\$12,000) based on final reconciliation of 2013-2014 actual General Fund revenue and expenditure performance to the Consolidated Annual Financial Report (CAFR) and a decrease to the Fire Development Fee Program Reserve based on final reconciliation of program costs (-\$5,000).
- ***Various Net-Zero Adjustments (\$0):*** To implement a variety of clean-up actions, a number of technical and net-zero adjustments are recommended, including the following:
 - *Reallocation of City-Wide Expenses and Departmental Expenditures* - The reallocation between departmental personal services and non-personal/equipment budgets and City-Wide Expenses appropriations are recommended in this report.
 - *Reallocation of Revenue Estimates* - The reallocation between revenue categories for several sources are recommended in this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the special and capital funds as well as all of the capital projects is conducted as part of the 2014-2015 Mid-Year Budget Review. The special and capital funds are generally tracking within estimated levels through December. Section II of this report contains the status of selected special and capital funds with issues of interest or variances.

Special Funds

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

- ***Airport Funds*** – Passenger activity levels at the Norman Y. Mineta San José Airport through the first six months of 2014-2015 showed an increase of 7.0% compared to the same period last fiscal year and exceeded the passenger growth projection of 2.0%. Overall operating revenues through December 2014 totaled \$59.5 million, or 48.1% of the budgeted estimate, and are in line with expectations. While passenger activity and parking/rental car revenue are exceeding estimates, other operating revenues are tracking within estimated levels. Personal services expenditures and non-personal/equipment expenditures (excluding encumbrances) are tracking below budgeted estimates at 39.0%, or \$29.7 million. Despite recent positive growth in passenger numbers, the Airport continues to face a challenging environment. Strategies to improve operating efficiencies, recruit, develop and retain staff, contain costs, and achieve financial sustainability are critical. Air service development, retention of existing capacity, and growth in destinations, carriers, flights, and passenger levels are high priorities along with maintaining safety and security and are all key to long-term success.
- ***Convention and Cultural Facilities Fund*** – In accordance with the new agreement with Team San Jose (TSJ) that manages the City’s Convention Center and other cultural facilities, revenues and expenditures generated by facility operations no longer flow through the Convention and Cultural Affairs Fund. Rather, the net operating subsidy to TSJ as well as TSJ incentive and management fees as other non-TSJ related expenses, such as capital investments and insurance costs, are reflected in the Convention and Cultural Affairs Fund. However, TSJ has provided financial reports reviewed by the City showing operations revenues through December of \$15.7 million, compared to the December target of \$11.7 million.
- ***Municipal Golf Course Fund*** – As previously discussed, performance in the Municipal Golf Course Fund has not been meeting expectations, primarily due to lower activity and higher costs at the Los Lagos Golf Course. Once adjusted for differences in timing of payments and year-end accruals, Los Lagos has a net operating loss of \$239,000 through December, which is well above last year's levels of \$57,000 net operating loss through December. With declining revenues and increasing golf course maintenance expenditures, it is anticipated that net operating losses at Los Lagos Golf Course could total \$550,000 at year end. To address this estimated loss, the Mid-Year Budget Review recommends an increase of \$300,000 (from \$1.9 million to \$2.2 million) to the transfer from the General Fund to the Municipal Golf Course Fund to ensure sufficient fund balance remains in this fund in 2014-2015; this increase adds to the \$300,000 increase approved as part of the 2013-2014 Annual Report

actions and brings the General Fund subsidy above the 2013-2014 level of \$2.0 million. The Parks, Recreation and Neighborhood Services Department, in collaboration with the course operator, is closely analyzing activity tracking and trends as well as course operating expenditures to better understand the overall performance of the golf course. The review of the Municipal Golf Course Fund has also been approved to be in the City Auditor's 2014-2015 Audit Work Plan. Additional adjustments to align the budget with expected performance are also recommended, including a \$275,000 increase to the Los Lagos Golf Course expenditure appropriation, a \$50,000 decrease to the Los Lagos Golf Course Earned Revenue estimate, and a \$25,000 decrease to the Ending Fund Balance.

- ***Transient Occupancy Tax Fund*** – Transient Occupancy Tax (TOT) collections continue to be very strong. Collections are on pace to reach \$19.6 million, an increase of \$1.9 million over the budget estimate of \$17.7 million. This reflects growth of approximately 10% from 2013-2014 collection levels, exceeding the 5% growth assumed in the budget. The additional revenue is recommended to be recognized as part of this report and placed into a reserve for allocation as part of the 2015-2016 budget process to Cultural Arts, to the Convention and Visitors' Bureau, and to the Convention and Cultural Affairs Fund. The increase in TOT is driven by an increase of hotel occupancy and room rates. Through December, the average occupancy rate for the City's 14 major hotels was 75.5%, up from 68.1% for the same period last year, while room rates have increased from \$149.16 to \$163.72 (9.8%). In addition, the average revenue-per-available-room (RevPAR) through December increased to \$123.86, representing an increase of 21.8% from the prior year level.

Capital Funds

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

Construction Related Revenues

Private sector construction activity constitutes a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, residential, commercial and industrial development activity in 2014-2015 has remained strong, though at levels lower than last year's peak. A discussion of the performance for Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources follows. These taxes are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Through December, tax receipts totaled \$7.7 million, representing 45.2% of the annual budgeted estimate of \$17.0 million. Unusually low activity levels were experienced in December and if this collection trend continues, Building and Structure Construction Tax receipts may fall short of the budgeted estimate. Any potential impacts to the Traffic Capital Program will be closely monitored and incorporated into the development of the 2015-2016 Proposed Capital Budget and 2016-2020 Capital Improvement Program.

- **Construction Excise Tax** – Through December, tax receipts totaled \$9.9 million, or 46.9% of the budget, and are on pace to meet the 2014-2015 Adopted Budget estimate of \$21.0 million.

Construction and Conveyance Taxes

Nearly 99% of the total Construction and Conveyance (C&C) Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. When the 2014-2015 Adopted Budget was developed, it was assumed that C&C Tax receipts would increase 5.0% over estimated 2013-2014 receipts and reach a total of \$39 million. However, because 2013-2014 receipts fell below the estimate, growth of 9.9% is now needed to meet the 2014-2015 Adopted Budget estimate. Receipts through December 2014 were up only 6.8% from the prior year and have continued to fall in recent months; therefore, a revised 2014-2015 C&C Tax estimate of \$35 million is now anticipated. Though budget adjustments are not recommended as part of this report, the \$35 million estimate for 2014-2015 will be used in the development of the 2015-2016 Proposed Capital Budget and 2016-2020 Capital Improvement Program. This revenue will continue to be monitored to determine if changes to the estimate may be necessary at a later date.

Major Capital Program Expenditure Revisions

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

- **Municipal Improvements Capital Program** – As discussed earlier, a recommendation is included to increase the United States Patent and Trademark Office – City Staff Relocation project by \$850,000 (from \$4.45 million to \$5.3 million) to cover an anticipated increase in staff costs. The increase in construction costs that is reimbursed by the federal government is still under negotiation and any associated budget adjustments will be brought forward as a separate item for City Council approval once negotiations are finalized.
- **Public Safety Capital Program** – A recommendation is included to recognize \$525,000 in revenues from a settlement agreement with The Guarantee Company of North America for construction costs related to Fire Station 24. A portion of this payment will fund additional close-out costs (\$50,000) related to the South San José Police Substation project and the remaining portion of the payment (\$475,000) will be placed in the Fire Station 37 (Willow Glen) Reserve.
- **Parks and Community Facilities Development Capital Program** – A recommendation is included in this report to increase project funding for the Hillview Park Renovation project in the Council District 5 Construction and Conveyance Tax Fund (\$105,000) to replace the burned down tot lot, widen the pathway, and install landscaping, park benches, and trash receptacles that were not included in the initial project scope. Funding of \$140,000 is included in the Subdivision Park Trust Fund to allow design and master planning efforts to begin for Essex Park, a new 2.4 acre neighborhood park in Council District 4. Funding is also recommended to be allocated in the Subdivision Park Trust Fund for the Bramhall Park

Restroom and Concession Building (\$120,000), which would allow for the design of the new restroom/concession/storage building to begin. In addition, a recommendation is included to establish the Branham Park Playground Renovation project in the Subdivision Park Trust Fund (\$86,000) and the Council District 9 Construction and Conveyance Tax Fund (\$14,000), which will allow the expansion of the project scope to include fencing improvements, planting of new trees, renovation of the play area, additional security lighting, and replacement of the gravel pathway with concrete. Finally, a recommendation is included in this report to recognize revenue received from a developer and allocate the funding for design review and inspection costs related to Richardson Park.

- **Traffic Capital Program** – Recommendations are included to recognize and appropriate \$606,000 to the Pavement Maintenance – Measure B project to reflect additional revenues received to seal and resurface streets in the City. Also included is a recommendation to reallocate funds from the Transportation Grants Reserve to the ITS: Transportation Incident Management Center (TiMC) project (\$650,000) to provide sufficient funding to award the first phase of the TiMC Event Tracking System Implementation agreement. As a result of project delays, recommendations are included to decrease the project funding and corresponding grant reimbursements for the Pedestrian Oriented Traffic Signals (\$1.0 million), St. John Multimodal Improvements Phase I (\$750,000), and the Safe Routes to School Program (\$500,000). Lastly, developer traffic impact fees received to date are being recognized and set aside in a reserve for the following areas: North San José (\$5.0 million), Evergreen (\$200,000), and Route 101/Oakland/Mabury (\$471,000).
- **Airport Capital Program** – A recommendation is included to increase the Federal Inspection Facility Sterile Corridor Extension project by \$1.2 million, offset by corresponding grant revenues from FAA, to provide for increased scope of work for the project.
- **Water Utility System Capital Program** – A recommendation is included to establish a Safety and Security appropriation (\$400,000) to prevent security breaches and improve safety at the water facilities by installing and repairing fencing, railings, and concrete block walls.

COUNCIL REFERRALS

The City Council had previously directed the Administration to provide an update or recommendation for action on the following item.

North San José Traffic Impact Fee Modifications. At its meeting on November 18, 2014, the City Council directed staff to return in June 2015 to present a work plan and approach that would facilitate a reduced North San José Traffic Impact Fee on office/R&D development, including potential modification to the transportation infrastructure plan, and any resulting impacts to the General Fund or other funding sources. The City Council also directed staff to identify any additional resources to complete any modifications to the North San José Area Development Policy during the 2014-2015 Mid-Year Budget Review or the 2015-2016 budget process.

To meet this direction, staff is developing a work plan for analyzing the North San José Area Development Policy and potential changes to the Traffic Impact Fee. In addition to evaluating the transportation infrastructure currently required under the Policy, this analysis will also

encompass staff's experience to date with the implementation of the Policy in order to gain a better understanding of how the Traffic Impact Fee is affecting new development proposals in the area. Staff will report to City Council in June on the proposed work plan and any associated request for resources will be brought forward if needed during the development of the 2015-2016 budget.

PUBLIC OUTREACH/INTEREST


This report is posted on the City's website for the February 10, 2015 City Council meeting.

CONCLUSION

Through December, the City's over 100 operating and capital funds are generally performing within expected levels. The 2014-2015 Adopted Budget was built on the assumption that continued economic growth would be experienced in 2014-2015, and actual collection trends support this assumption.

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

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

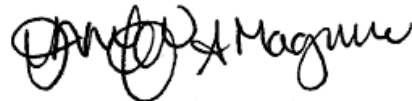


Jennifer A. Maguire
Interim Senior Deputy City Manager /
Budget Director

Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2014-2015 monies in excess of those heretofore appropriated therefrom:

Airport Capital Improvement Fund	446,000
Airport Fiscal Agent Fund	144,836,295
Airport Surplus Revenue Fund	135,000
Business Improvement District Fund	3,258
Construction Excise Tax Fund	4,968,879
Convention Center Facilities District Revenue Fund	1,168,000
Economic Development Administration Loan Fund	165,000
Edward Byrne Memorial Justice Assistance Grant Trust Fund	523
General Fund	5,635,839
General Purpose Parking Fund	174,800
Gift Trust Fund	42,102
Housing Trust Fund	4,300,000
Library Parcel Tax Fund	255,724
Life Insurance Fund	100,000
Low and Moderate Income Housing Asset Fund	3,326,000
Multi-Source Housing Fund	164,539
Municipal Golf Course Fund	250,000
Neighborhood Security Bond Fund	525,000
San José/Santa Clara Treatment Plant Capital Fund	30,181
Storm Sewer Operating Fund	180,528
Subdivision Park Trust Fund	261,000
Supplemental Law Enforcement Services Fund	232,482
Transient Occupancy Tax Fund	1,942,000
Water Utility Fund	15,707



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