



2013-2014

ANNUAL REPORT

SEPTEMBER 2014

OFFICE OF THE CITY MANAGER

2013-2014 ANNUAL REPORT

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

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

The financial information used in this report represents final, unaudited 2013-2014 year-end closing figures as of June 30, 2014.

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REPORT

TRANSMITTAL

MEMORANDUM

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Edward K. Shikada

SUBJECT: 2013-2014 ANNUAL REPORT

DATE: September 30, 2014

RECOMMENDATION

It is recommended that the City Council:

- (a) Accept the 2013-2014 City Manager's Annual Report of the Finances of the City of San José in compliance with City Charter Section 701 (F).
- (b) Adopt Appropriation Ordinance and Funding Sources Resolution amendments in various operating and capital funds to implement the 2013-2014 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions.
- (c) Approve the shift of 1.0 Senior Executive Analyst from the Office of Economic Development to the Planning, Building and Code Enforcement Department and reallocate this position to a Principal Planner, as detailed in Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions.

OUTCOME

In accordance with Section 701 (F) of the San José City Charter, the 2013-2014 Annual Report describes the financial status of the City at the end of the 2013-2014 fiscal year. As specified in the City Charter, the focus of the City Manager's Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the City's budget. This will provide the City Council with the information necessary to review the financial performance of all City funds. In addition, this report provides a comparison of the actual 2013-2014 Ending Fund Balance for each fund to the estimate used in the development of the 2014-2015 Adopted Budget as well as information on the status of the year-end reserve levels for each of the City's budgeted funds.

Approval of the recommended budget actions will implement required fund balance reconciliations as well as necessary rebudget and clean-up adjustments based on the final 2013-2014 financial performance (unaudited). The document also includes actions that are necessary to revise the 2014-2015 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust existing grant, reimbursement or fee activity revenues and expenditures, fund a limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

EXECUTIVE SUMMARY

The Administration proactively managed the City's over 110 budgeted funds in 2013-2014. Budget actions were brought forward during the year to ensure that revenues and expenditures remained in alignment with actual performance. Through this careful management, the various City funds generally ended the year with revenues close to the budgeted estimates and expenditures below the budgeted allocations.

With strategic financial reform, moderate increases in revenue from a stronger economy, and the very careful management of expenses, the City's budget continued to stabilize in 2013-2014. As a result, the City was not faced with the challenge of closing a massive shortfall as was required every year, but one, over the past 11 years. With the improved forecast, the 2013-2014 Adopted Budget provided for limited service enhancements and infrastructure improvements, avoided service cuts, and allowed for small increases in employee compensation. The budget also included specific reductions in areas where service delivery efficiencies and cost savings could be obtained with no service level impacts. The strengthening of the local economy was demonstrated by new highs in development-related and hotel-related tax receipts that will allow for future capital reinvestment in the City's transportation network and cultural facilities. Moving forward, the City will continue its efforts to rebuild services with the resources available to better meet the needs of the community.

In the General Fund, both the revenues and expenditures ended the year very close to budgeted expectations. At the end of 2013-2014, there was \$17.6 million (0.7% of the 2013-2014 Modified Budget total sources and uses) in additional General Fund 2013-2014 Ending Fund Balance above the level assumed in the development of the 2014-2015 Adopted Budget. These funds are recommended to be allocated in the 2013-2014 Annual Report as shown below.

PROPOSED 2014-2015 GENERAL FUND ADJUSTMENTS (\$000s)

| | |
|--|-------------------|
| 2013-2014 Ending Fund Balance | \$ 17,559 |
| Early Rebudgets Previously Approved by City Council | \$ (596) |
| Additional 2013-2014 Ending Fund Balance for Annual Report | \$ 16,963 |
| Clean-Up Actions | |
| Development Fee Programs Reconciliation | (3,993) |
| Rebudgets/Clean-Up Adjustments | (4,622) |
| Sub-total Clean-Up Actions | \$ (8,615) |
| Fund Balance Available After Clean-up Actions | \$ 8,348 |
| Recommended Budget Adjustments | |
| Required Technical/Rebalancing Actions | (6,156) |
| Grants/Reimbursements/Fee Activities (\$3.7 million in net-zero adjustments) | 0 |
| Urgent Fiscal/Program Needs | (2,192) |
| Sub-total Recommended Budget Adjustments | \$ (8,348) |
| * Remaining Balance After Clean-ups/Recommended Adjustments | \$ 0 |

EXECUTIVE SUMMARY

When bringing forward recommendations for the use of the additional 2013-2014 Ending Fund Balance, the Administration considers clean-up actions associated with the close-out of the 2013-2014 fiscal year to be essentially non-discretionary and as the highest priority. These clean-up actions result in a net decrease to the available fund balance of \$8.6 million and are broken down into two categories: changes to the Development Fee Programs reserves to reconcile actual 2013-2014 performance (-\$4.0 million); and adjustments to rebudget amounts that were carried over to 2014-2015 to complete projects and technical adjustments to other revenue and expenditure line items (\$4.6 million). It should be noted that an additional early rebudget action of \$600,000 was previously approved by the City Council on August 26, 2014. After accounting for those clean-up actions, the additional General Fund 2013-2014 Ending Fund Balance was within \$8.3 million (0.3%) of the 2013-2014 Modified Budget (sources and uses). This fund balance was generated from slightly higher revenues (\$7.5 million) and net expenditure savings (\$1.4 million), partially offset by lower than estimated liquidation of prior year encumbrances (\$531,000). The remaining General Fund balance of \$8.3 million is recommended to fund various required technical/rebalancing actions (\$6.1 million) and two recommended actions to address urgent fiscal/program (\$2.2 million). The largest adjustments include the establishment of a Silicon Valley Regional Communications System Reserve (\$3.1 million) and an increase to the Police Department Staffing Reserve (\$3.0 million) to reflect City Council direction as part of their approval of the Mayor's June Budget Message for Fiscal Year 2014-2015, and an increase to the Fiscal Reform Plan Implementation Reserve (\$2.0 million). In addition, \$3.7 million in net-zero adjustments to various grants, reimbursements and fee activities are also included.

The required technical/rebalancing actions include the allocation of \$3.1 million to a new earmarked reserve for the Silicon Valley Regional Communication System (SVRCS). This represents the remaining fund balance that was available after accounting for all other necessary adjustments. Per the Operating Budget and Capital Improvement Program City Council Policy (1-18), any additional fund balance after the necessary clean-up adjustments is to be allocated 50% to unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit for the following year. Since an Earmarked Reserve was established in the 2014-2015 Adopted Budget to address the projected shortfall of \$2.4 million in 2015-2016, the funds that would have been allocated to this purpose are to be distributed to a Budget Stabilization Reserve, unmet/deferred infrastructure needs, and/or other urgent one-time funding needs. Consistent with this policy, the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, directed the Administration to allocate the remaining fund balance to the Silicon Valley Regional Communication System (SVRCS) as this system is considered a significant unmet/deferred infrastructure need. The required technical/rebalancing actions also include a \$3.0 million allocation to the Police Department Staffing Reserve. This action is also consistent with the City Council's approval of the Mayor's June Budget Message for Fiscal Year 2014-2015 as it sets aside in reserve one-time savings from unfilled positions within the Police Department that are not rebudgeted for police overtime or other urgent needs to support the restoration of Police staffing. The Urgent Fiscal/Program Needs category includes the addition of \$2.0 million to the Fiscal Reform Plan Implementation Reserve based on a tentative decision on fee motions brought by the plaintiffs in the Measure B litigation. This represents a very

EXECUTIVE SUMMARY

preliminary estimate of costs that could be awarded; a tentative hearing date to determine the amount of potential fees has been set for November 6, 2014.

As we move forward, the Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2013-2014 will also be factored into the development of the 2016-2020 General Fund Five-Year Forecast that will be released in February 2015.

BACKGROUND

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

- **Transmittal Memorandum** – This section provides an overall summary of the 2013-2014 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section provides a comparison of the 2013-2014 budget to actual revenues received and expenditures incurred by fund as well as a discussion of revenue and/or expenditure variances of 5% or greater to the budget. This section also provides a comparison of the year-end actual 2013-2014 Ending Fund Balance by fund to the 2013-2014 Ending Fund Balance/2014-2015 Beginning Fund Balance estimate used in the development of the 2014-2015 Adopted Budget. In addition, a listing of the Earmarked and Contingency Reserves that were available at the end of 2013-2014 by fund is included.
- **Section II: General Fund Financial Performance** – This section provides a summary of the General Fund performance in 2013-2014, including the following: Results of Operations in the General Fund; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2013-2014 year-end performance for selected special and capital funds that represent major City operations. It includes a discussion of variances between actual and budgeted revenues and expenditures as well as a comparison between the actual ending fund balance and the fund balance estimated for 2013-2014 in the development of the 2014-2015 Adopted Budget.
- **Section IV: Recommended Budget Adjustments and Clean-Up/Rebudget Actions** – This section provides a description of the recommended budget adjustments and clean-up actions for City Council consideration. The proposed actions generally fall into three categories: (1) adjustments to the 2014-2015 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2013-2014; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2014-2015 to complete projects; and (3) actions based on more recent

BACKGROUND

information that are necessary to revise the 2014-2015 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust grant, reimbursement or fee activity revenues and expenditures, fund a limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

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

ANALYSIS

This Analysis section includes the following:

- an overview of the economic environment;
- a discussion of the 2013-2014 budget performance of all City funds;
- a discussion of the 2013-2014 budget performance for the General Fund;
- a discussion of the components of the 2013-2014 General Fund ending fund balance;
- an analysis of the impact of the General Fund performance on the 2014-2015 Adopted Budget; and
- a discussion of the 2013-2014 budget performance of selected special and capital funds.

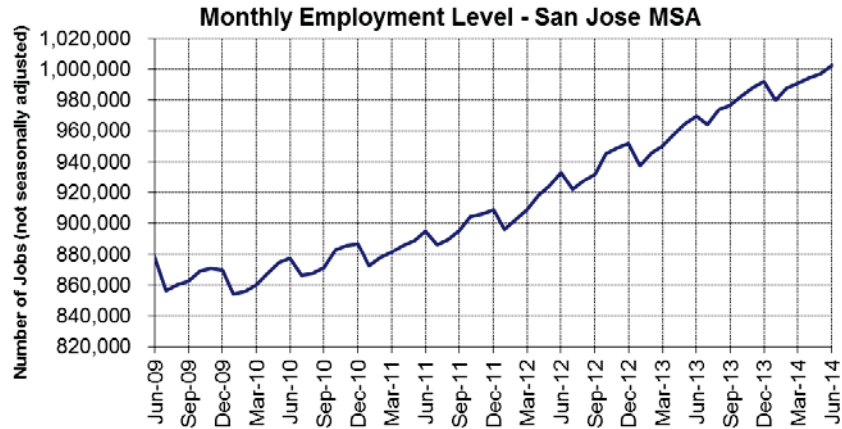
| |
|-----------------------------|
| Economic Environment |
|-----------------------------|

When the 2013-2014 Adopted Budget was developed, economic growth was expected to continue in 2013-2014. This assumption has proven true, with continued improvement in economic indicators and actual revenue performance during 2013-2014. Employment indicators, residential and industrial permit activity, median single-family home prices and days on market have all improved.

ANALYSIS

Economic Environment

The June 2014 employment level in the San José – Sunnyvale – Santa Clara Metropolitan Statistical Area (MSA) of 1.0 million was 3.5% above the June 2013 level of 969,600. This employment level exceeds the most recent peak of 991,900 in December 2013, and is well above the pre-recession peak of 930,500 experienced in December 2007.



The unemployment rate in the San José metropolitan area continued to improve in 2013-2014, dropping from 7.3% in June 2013 to 5.5% in June 2014. These rates remain well below the double digit levels that had been experienced in recent years. The June 2014 unemployment rate in this region is less than the unadjusted rate for the State (7.3%) and the nation (6.3%).

Unemployment Rate (Unadjusted)

| | June 2013 | May 2014 | June 2014 |
|-----------------------------------|------------------|-----------------|------------------|
| SJ Metropolitan Statistical Area* | 7.3% | 5.3% | 5.5% |
| State of California | 9.2% | 7.1% | 7.3% |
| United States | 7.8% | 6.1% | 6.3% |

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

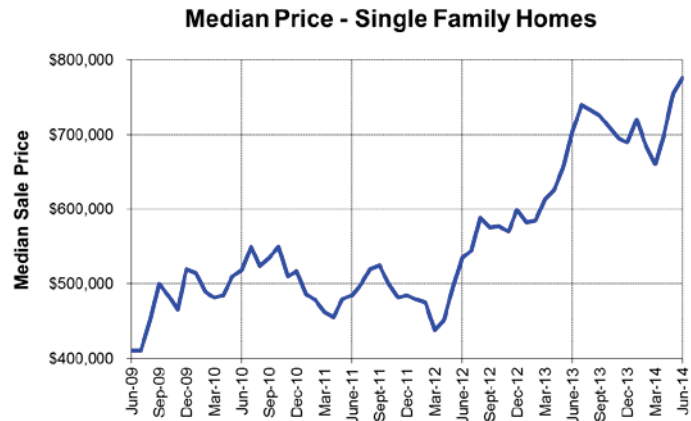
Construction activity was strong in 2013-2014, with total fiscal year end valuation of \$1.7 billion, a 77% increase from the prior year of \$1.0 billion and a decade-plus high. The strongest increase in performance was in the commercial permit activity, with construction valuation of \$398.5 million, which was up 89% from the prior year valuation level of \$211.2 million. This growth was due primarily to the issuance of building permits for Samsung Semiconductor in August and October 2013. The 4,724 permits for new residential units issued through June 2014 was above the prior year level of 2,702 by 75%, due largely to a high number of permits issued in December 2013 for two downtown high rises and two developments at the Hitachi Site. The total valuation of industrial permits issued of \$457.4 million was 85% above the prior year valuation of \$247.1 million. Overall, this construction activity drives the revenue collection in several construction tax categories and is an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

The housing market also continued to improve in 2013-2014. The median price for single family homes increased in value, with a median home price in June 2014 of \$795,400, up 8.6% from the June 2013 price of \$732,500. In addition, the amount of time it takes to sell a home (single-

ANALYSIS

Economic Environment

family and multi-family dwelling units) has decreased in the past year from 22 days in June 2013 to 20 days in June 2014, a 9.1% decrease. The June 2014 figure reflects a new low compared to the prior low in June 2013. The number of home sales (single-family and multi-family dwelling units), however, has decreased over the past year (-3.3%) from 8,091 sales in 2012-2013 to 7,824 sales in 2013-2014.



2013-2014 Budget Performance (All Funds)

As shown in Section I of this document, City revenues (excluding Beginning Fund Balance) totaled \$2.37 billion in 2013-2014, which was 1.1% (\$25.5 million) below the budgeted estimate of \$2.39 billion. In several funds, grants and expenditure-related reimbursements were not received in 2013-2014 and are now expected to be received in 2014-2015.

In 2013-2014, expenditures (excluding Reserves and Ending Fund Balance) totaled \$2.44 billion, which was \$472.4 million (16.2%) below the modified budget of \$2.9 billion. Unexpended capital funds accounted for 58.9% (\$278.1 million) of the expenditure variance with \$423.4 million of the \$701.5 million modified budget expended. The majority of the unexpended capital funds were rebudgeted to 2014-2015 in the 2014-2015 Adopted Budget and additional funds are recommended to be rebudgeted in this document.

At the end of 2013-2014, the Earmarked and Contingency Reserves for all City funds totaled \$663.6 million, which represented 17.4% of the total modified budget for the City of \$3.8 billion (including Contributions, Loans and Transfers). In the General Fund, Reserves totaled \$182.8 million. All of the General Fund Reserves were rebudgeted to 2014-2015 or assumed as savings or used in the development of the 2014-2015 Adopted Budget.

The financial performance in 2013-2014 is used as the starting point for 2014-2015. The collective 2013-2014 Ending Fund Balances for all City funds totaled \$1.44 billion, which was \$142.3 million above the 2013-2014 Ending Fund Balance estimates of \$1.30 billion used in the development of the 2014-2015 Adopted Budget. After adjusting for additional rebudgets of \$41.4 million recommended in this document, the adjusted 2013-2014 Ending Fund Balance variance for all funds drops to \$100.9 million. The adjusted fund balance variance totaled \$8.3 million in the General Fund, \$49.8 million in the special funds, and \$42.8 million in the capital funds.

ANALYSIS

2013-2014 General Fund Budget Performance

The City's General Fund ended the 2013-2014 fiscal year within budgeted levels. As shown in the chart below, the General Fund Ending Fund Balance of \$270.6 million was \$17.6 million (0.7% of the 2013-2014 Modified Budget total sources and uses) above the fund balance estimate assumed when the 2014-2015 Adopted Budget was developed. The following table summarizes the General Fund performance in 2013-2014, comparing the actual results to the modified budget and the estimates used to develop the 2014-2015 Adopted Budget.

Table 1
General Fund Year-End Status
For the Year Ended June 30, 2014
(\$000s)

| Sources | 2013-2014 Modified Budget | 2013-2014 Year-end Estimate | 2013-2014 Budgetary Basis Actual | Actual to Budget Variance | Actual to Estimate Variance |
|--|--|--|---|--|--|
| <i>Beginning Fund Balance*</i> | 215,181 | 215,181 | 215,181 | - | - |
| <i>Carryover Encumbrances</i> | 18,181 | 18,181 | 18,181 | - | - |
| <i>Liquidation of Carry- over Encumbrances</i> | - | 2,000 | 1,469 | 1,469 | (531) |
| <i>Revenue*</i> | 1,008,770 | 1,008,770 | 1,008,010 | (760) | (760) |
| Totals | 1,242,132 | 1,244,132 | 1,242,841 | 709 | (1,291) |
| Uses | | | | | |
| <i>Expenditures*</i> | 1,034,475 | 966,174 | 947,332 | (87,143) | (18,842) |
| <i>Transfers</i> | 24,890 | 24,890 | 24,882 | (8) | (8) |
| <i>Reserves</i> | 182,767 | - | - | (182,767) | - |
| Totals | 1,242,132 | 991,064 | 972,214 | (269,918) | (18,850) |
| <i>Ending Fund Balance</i> | - | 253,068 | 270,627 | 270,627 | 17,559 |

* The General Fund incorporates the Police Department Seized Asset Fund.

In 2013-2014, General Fund revenues of \$1.0 billion ended the year \$760,000 (0.1%) below both the modified budget and the estimate used to develop the 2014-2015 Adopted Budget. Other funding sources included the liquidation of prior year carryover encumbrances totaling \$1.5 million, which fell \$531,000 below the estimate of \$2.0 million used to develop the 2014-2015 Adopted Budget. General Fund expenditures and transfers of \$972.2 million were \$87.2 million (8.2%) below the modified budget of \$1.0 billion and \$18.9 million (1.9%) below the estimate used to develop the 2014-2015 Adopted Budget. In addition, reserves of \$182.8 million remained unexpended at year-end.

When comparing the actual revenue and expenditure performance to the estimates used to develop the 2014-2015 Adopted Budget, a portion of these variances is related to various grants and reimbursements that were not received in 2013-2014, but are expected to be received in 2014-2015. A total of \$3.1 million of grant and reimbursement revenues and expenditures were

ANALYSIS

2013-2014 General Fund Budget Performance

rebudgeted to 2014-2015 in the 2014-2015 Adopted Budget. This resulted in lower actual revenues and expenditures in 2013-2014, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenue variance to the estimate was a surplus of \$2.3 million (0.2%) and the expenditures variance totaled \$15.8 million (1.5%, excluding reserves), and a \$531,000 shortfall from the liquidation of carryover encumbrances when compared to year-end estimated levels. Further adjustments to these figures are necessary to account for the recommended rebudget and clean-up actions in the Annual Report.

In this Annual Report document, budget actions are recommended to distribute the additional fund balance of \$17.0 million, excluding an adjustment to account for the previous City Council approved early rebudget of \$600,000. Per City Council Policy 1-18, when determining the proposed distribution of these funds, the first priority is to complete clean-up actions associated with the final reconciliation of 2013-2014. Recommended clean-up actions of a net \$8.6 million primarily reflect a downward adjustment of \$4.0 million to reconcile the actual performance of the Development Fee Programs for 2013-2014. After accounting for these actions, and \$4.6 million in required expenditure rebudgets and other cleanup adjustments to close-out 2013-2014, \$8.3 million (0.3%) in additional ending fund balance is available. Once understated revenues and overstated expenditure savings due primarily to various grants and reimbursements have been factored out, this additional fund balance of \$8.3 million was generated from excess revenues of \$7.5 million (0.7%), net expenditure savings of \$1.4 million (0.1%), slightly offset by lower than estimated liquidation of prior year encumbrances (\$531,000).

The additional General Fund balance of \$8.3 million (0.3%) available for distribution is recommended to be allocated to address various required technical and rebalancing actions (\$6.1 million), and two recommended urgent fiscal/program needs (\$2.2 million), which are described later in this transmittal memorandum.

To identify revenue and expenditure trends, the actual 2013-2014 revenues and expenditures are compared to the prior year. Table 2 below compares the City's financial performance in 2013-2014 with the financial performance of the prior year.

ANALYSIS

2013-2014 General Fund Budget Performance

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

| | 2012-2013 Actuals | 2013-2014 Actuals | Change | % Change |
|------------------------------|------------------------------|------------------------------|----------------|-----------------|
| Source of Funds | | | | |
| Beginning Fund Balance | 188,723 | 234,831 | 46,108 | 24.4% |
| Revenues | 943,839 | 1,008,010 | 64,171 | 6.8% |
| Total Source of Funds | 1,132,562 | 1,242,841 | 110,279 | 9.7% |
| Use of Funds | | | | |
| Personal Services | 569,877 | 604,436 | 34,559 | 6.1% |
| Non-Personal/Equipment/Other | 100,128 | 110,804 | 10,676 | 10.7% |
| City-Wide Expenses | 210,613 | 224,597 | 13,984 | 6.6% |
| Capital Projects | 7,601 | 7,495 | (106) | -1.4% |
| Transfers | 29,162 | 24,882 | (4,280) | -14.7% |
| Reserves | - | - | - | N/A |
| Total Use of Funds | 917,381 | 972,214 | 54,833 | 6.0% |

As shown in Table 2, 2013-2014 General Fund revenues of \$1.0 billion represent an increase of 6.8% from the 2012-2013 collection level of \$943.8 million. The categories that experienced the largest increases included: Property Tax, Sales Tax, Transient Occupancy Tax, Licenses and Permits, Revenue from Local Agencies, Other Revenues, and Departmental Charges categories. The largest declines from the prior year were experienced in the Use of Money and Property, Revenue from the State of California, and Revenue from the Federal Government categories.

General Fund expenditures of \$972.2 million in 2013-2014 were 6.0% above (\$54.8 million) prior year expenditure levels of \$917.4 million. This increase is primarily due to higher Personal Services (\$34.6 million), City-Wide Expenses (\$14.0 million), and Non-Personal/Equipment/Other (\$10.7 million) costs, partially offset by lower Transfers (\$4.3 million) and lower Capital Projects expenditures (\$106,000).

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

2013-2014 General Fund Ending Fund Balance

The current budgeting practice of the City is to use the projected level of fund balance expected to remain in the General Fund at the end of any fiscal year as a funding source for the following year. The Ending Fund Balance estimate always contains two components: the portion of the fund balance that needs to be rebudgeted for completing projects or retaining reserves, and the

ANALYSIS

2013-2014 General Fund Ending Fund Balance

portion which is undesignated and available as a general funding source in the coming year. In the 2014-2015 Adopted Budget, a total fund balance estimate of \$253.1 million was included as a funding source. As discussed earlier, the 2013-2014 General Fund Ending Fund Balance of \$270.6 million was \$17.6 million above this estimate.

The components of the 2013-2014 General Fund Ending Fund Balance include additional funding sources, expenditure/transfer savings, and unexpended reserves as described below:

**2013-2014 General Fund
 Ending Fund Balance Components**

| Fund Balance Component | \$ Amount (\$ in 000s) |
|-------------------------------|-----------------------------------|
| Additional Funding Sources | \$ 709 |
| Expenditure/Transfer Savings | 87,151 |
| Unexpended Reserves | 182,767 |
| TOTAL | \$ 270,627 |

The total Sources of Funds ended the year \$709,000 above the modified budget as a result of lower revenues (\$760,000), which were partially offset by the liquidation of carryover encumbrances (\$1.5 million). Additional rebudget and clean-up actions are recommended in the Annual Report, resulting in an adjusted revenue surplus of \$7.5 million (0.7%) from the modified budget. Major adjustments include the rebudget of \$7.8 million in financing proceeds in relation to the Energy and Utility Conservation Measures Program partially offset by the allocation of \$2.7 million of additional Development Fee Program revenues to the Development Fee Program Reserves.

For the Uses of Funds, expenditure and transfer savings totaled \$87.2 million, while unexpended reserves totaled \$182.8 million, representing the largest component of the 2013-2014 Ending Fund Balance. Of the \$87.2 million in expenditure/transfer savings, almost 80% of these savings (\$71.4 million) was assumed as savings in the development of the 2014-2015 budget or rebudgeted to 2014-2015 to complete projects. Based on actual 2013-2014 expenditures, additional rebudget and clean-up adjustments totaling \$14.4 million are recommended in this report. After accounting for these adjustments, net expenditure/transfer savings totaled \$1.4 million at year-end, or 0.1% of the modified budget for these expenditures.

General Fund Reserves, totaling \$182.8 million at the end of 2013-2014, include three categories: Earmarked Reserves (\$129.8 million) established to address specific needs per City Council direction; the Ending Fund Balance Reserve (\$22.0 million) established during 2013-2014 from excess revenues and expenditure savings that are programmed for use in the 2014-2015 Adopted Budget; and the Contingency Reserve (\$31.0 million) set at a minimum of 3% of expenditures per City Council policy. The entire \$182.8 million in Reserves was approved for

ANALYSIS

2013-2014 General Fund Ending Fund Balance

rebudget or assumed as a source of funding in the development of the 2014-2015 Adopted Budget. Following is additional information regarding the three reserve categories.

- ***Earmarked Reserves (\$129.8 million)*** – At the end of 2013-2014, the most significant reserves included the following: Development Fee Program Reserves (\$47.8 million); 2014-2015 Future Deficit Reserve (\$18.1 million); Workers’ Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Successor Agency City Legal Obligations Reserve (\$8.0 million); Salaries and Benefits Reserve (\$5.0 million); Police Department Overtime Reserve (\$4.0 million); and Retiree Healthcare Solutions Reserve (\$3.9 million). All of the Earmarked Reserves were either approved for rebudget or used as a funding source in the 2014-2015 Adopted Budget.
- ***Ending Fund Balance Reserve (\$22.0 million)*** – Annually, as part of the General Fund Forecast and during the development of the Proposed Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year’s budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. To ensure a majority portion of the 2013-2014 ending fund balance was available for use as assumed in the development of the 2014-2015 Adopted Budget, funding of \$22.0 million was proactively set aside during 2013-2014.
- ***Contingency Reserve (\$31.0 million)*** – The City Council has established a budget policy of maintaining a minimum 3% Contingency Reserve in the General Fund. At the end of 2013-2014, the Contingency Reserve Balance was \$31.0 million. As part of the 2014-2015 Adopted Budget, the full Contingency Reserve was rebudgeted and an additional \$1.5 million was allocated to bring the reserve to \$32.5 million. Funding of \$200,000 is recommended to be added to the Contingency Reserve (to bring the reserve to a total of \$32.7 million) in order to comply with the Council Policy of maintaining a minimum 3% Contingency Reserve in the General Fund based on the final 2014-2015 Adopted Budget. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency.

Impacts on the 2014-2015 General Fund Budget

As discussed above, it was assumed that \$253.1 million would remain at the end of 2013-2014 and would be carried over to 2014-2015 as Beginning Fund Balance as part of the adoption of the 2014-2015 General Fund Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2014-2015, expenditure savings

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Impacts on the 2014-2015 General Fund Budget

and the liquidation of carryover encumbrances, were programmed for use in the 2014-2015 Adopted Budget. The actual General Fund Ending Fund Balance was above the estimate used in the 2014-2015 Adopted Budget by \$17.6 million, due to excess revenues and additional expenditure savings.

The following chart details the recommended uses of the \$17.6 million additional fund balance as well as other budget adjustments that are recommended as part of this report. After factoring out the previous City Council approved early rebudget of \$600,000, recommended clean-up actions will result in a decrease to the available fund balance of \$8.6 million, reflecting a downward adjustment of \$4.0 million to reconcile the actual performance of the Development Fee Programs in 2013-2014 as well as a net downward adjustment of \$4.6 million to account for additional rebudget and clean-up actions to close-out 2013-2014. Once these adjustments have been accounted for, the net available fund balance available for allocation totals \$8.3 million. This additional fund balance is proposed to be allocated to address required technical/rebalancing needs as well as urgent fiscal/program needs in the current year.

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Impacts on the 2014-2015 General Fund Budget

PROPOSED 2014-2015 GENERAL FUND ADJUSTMENTS (\$000s)

| | |
|--|-------------------|
| Additional 2013-2014 Ending Fund Balance | \$ 17,559 |
| Early Rebudgets Previously Approved by City Council (August 26, 2014) | (596) |
| Additional 2013-2014 Ending Fund Balance for Annual Report | \$ 16,963 |
| Clean-Up Actions | |
| Development Fee Programs Reconciliation | (3,993) |
| Rebudgets/Clean-Up Adjustments | (4,622) |
| Sub-total Clean-Up Actions | (8,615) |
| Fund Balance Available After Clean-Up Actions | \$ 8,348 |
| Recommended Budget Adjustments | |
| Required Technical/Rebalancing Actions | |
| - Silicon Valley Regional Communications System Reserve | (3,130) |
| - Police Department Staffing Reserve | (3,000) |
| - Commercial Solid Waste and Recyclables Collection Franchise Fee Refund | (502) |
| - Transfer to the Municipal Golf Fund (Subsidy) | (300) |
| - Contingency Reserve | (200) |
| - Police Administration Building Security Upgrades | (100) |
| - PBCE Non-Personal/Equipment (AMANDA Licenses) | (60) |
| - Transfer to the City Hall Debt Service Fund (Interest Earnings Shortfall) | (40) |
| - Finance Non-Personal/Equipment (Investment Program Subscription) | (24) |
| - Other Adjustments | (8) |
| - Police Department Overtime (\$7.0M from Salaries and Benefits to Overtime) | 0 |
| - Retire. Cont. Recon. (\$2.3M Depts to Ret. Health. Res./\$2.8M Fire Dept. from Res.) | 0 |
| - Salary Program (\$1.4M from Reserve to Depts) | 0 |
| - Office of Emergency Services Grant Reconciliation Reserve | 500 |
| - Transfer from Convention and Cultural Affairs Fund (AMT Payment 2009-2015) | 274 |
| - PBCE Personal Services (CA Sustainable Communities Grant) | 221 |
| - Arena Community Fund | 80 |
| - Reduced Work Week/Voluntary Furlough Savings (\$150,000 from Depts. to Reserve) | 75 |
| - Air Service Incentive Program Res./Transfers and Reimbursements (Overhead) | 58 |
| Sub-total Required Technical/Rebalancing Actions | \$ (6,156) |
| Grants/Reimbursements/Fee Activities (\$3.7 million in net-zero adjustments) | \$ 0 |
| Urgent Fiscal/Program Needs | |
| - Fiscal Reform Plan Implementation Reserve | (2,000) |
| - Hammer Theater Center Operations and Maintenance | (192) |
| Sub-total Urgent Fiscal/Program Needs | \$ (2,192) |
| Total Recommended Budget Adjustments | \$ (8,348) |
| Remaining Balance After Recommended Adjustments | \$ 0 |

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Impacts on the 2014-2015 General Fund Budget

Following is a summary of the recommended actions. These adjustments are described in more detail in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this report.

Clean-Up Actions (-\$8.6 Million)

- **Development Fee Programs Reconciliation (-\$3.99 million)** – Consistent with the budget policy enacted several years ago, year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in Development Fee Program Reserves. Based on 2013-2014 results, \$3.99 million is recommended to be added to the Development Program Fee Reserves (Building, Fire, Planning, and Public Works), preserving any net savings between revenues and expenditures in these programs.
- **Rebudgets/Clean-Up Adjustments (-\$4.62 million)** – A series of adjustments are recommended to complete existing projects in 2014-2015 and to reflect any necessary technical budget adjustments. The Annual Report is the point in the budget process where action is required to rebudget unexpended funds from the prior year that were not anticipated when the Adopted Budget was approved, but are required to complete a project in the current year. Also recommended are actions that actually reduce previous rebudgets to reflect instances where expenditures, for which rebudgets were approved, actually occurred in 2013-2014, therefore, the funds are not available for rebudget to 2014-2015. Other technical adjustments include the reconciliation of restricted program funding (e.g. Wellness Program, Public, Education, and Government Access activities) and the repayment of previous contributions for Leland sports fields to the Council District 10 Construction and Conveyance Tax Fund.

Recommended Budget Adjustments (-\$8.3 million)

A number of General Fund budget adjustments are recommended to address current year funding needs that have emerged since the 2014-2015 budget was approved or to correct 2014-2015 budget amounts. These adjustments total \$8.3 million and can be classified under three categories: 1) Required Technical/Rebalancing Actions with a net General Fund cost of \$6.1 million; 2) Grants/Reimbursement/Fee Activities that include a series of net-zero adjustments totaling \$3.7 million; and 3) Urgent Fiscal/Program Needs with a net cost of \$2.2 million. A summary of these adjustments include:

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Impacts on the 2014-2015 General Fund Budget

- **Required Technical/Rebalancing Actions (\$-6.16 million)**

- This action establishes a *Silicon Valley Regional Communications System Reserve* in the amount of \$3.1 million. As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the remaining unbudgeted fund balance after necessary appropriation adjustment actions to rebudget funds, correct errors, or reflect updated cost information have been accounted for in the fund balance reconciliation shall be allocated to the City's share of the Silicon Valley Regional Communications System. This need is estimated to be \$13.9 million to build the System and \$13.0 million to purchase new radios, of which approximately \$3.0 million for the radios has been funded in 2014-2015. (-\$3.1 million)
- This action increases the *Police Department Staffing Reserve* in the amount of \$3.0 million, bringing the reserve total from \$10.0 million to \$13.0 million. As directed by the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs shall be set aside in the Police Department Staffing Reserve until staffing levels reach 1,250 officers. Police Department personal services savings totaled \$3.8 million in 2013-2014, of which \$0.8 million is recommended for rebudget to address Police overtime needs as part of this document with the remaining savings of \$3.0 million recommended to be placed in this reserve. (-\$3.0 million)
- This action establishes a *Commercial Solid Waste and Recyclables Collection Franchise Fee Refund* appropriation to the Environmental Services Department in the amount of \$502,000 to provide a refund to Republic Services, a primary hauler for garbage services in the City, due to an overpayment of funds in 2011-2012. In late 2011 and early 2012, Republic Services acquired accounts from three other companies providing services within the San José commercial solid waste marketplace. Due to the complexity of some services being billed in arrears and the differing times between service start dates and when those accounts were entered into their system, Republic Services had inadvertently remitted to the City additional monies that had already been paid by the acquired companies. In October 2013, all parties were satisfied that Republic Services had, in fact, overpaid the City in the amount specified, and that this money should be refunded. (-\$0.5 million)
- This action increases the *Transfer to the Municipal Golf Course Fund* from the General Fund in the amount of \$300,000, from \$1.6 million to \$1.9 million. The General Fund subsidy level will remain slightly below the 2013-2014 level of \$2.0 million. When the 2014-2015 Adopted Budget was developed, it was assumed that activity would remain at approximately the estimated 2013-2014 levels. However, actual performance in 2013-

ANALYSIS

Impacts on the 2014-2015 General Fund Budget

2014 fell below expectations with slightly lower revenues. In addition, while the actual 2013-2014 expenditures were close to the estimates assumed in the development of the 2014-2015 Adopted Budget, the Adopted Budget did not assume a timing difference that resulted in lower 2013-2014 expenditures and higher 2014-2015 expenditures. To account for actual performance in this fund, this action recommends an increase of the transfer from the General Fund to the Municipal Golf Course Fund to ensure sufficient fund balance remains in this Fund. This action, combined with additional recommended adjustments to the Municipal Golf Course Fund, will bring the 2014-2015 Ending Fund Balance in that Fund to approximately \$400,000. (-\$0.3 million)

- Per City Council Policy I-18, Operating Budget and Capital Improvement Program Policy, the General Fund **Contingency Reserve** is to be set at a minimum of 3% of the operating budget. This action increases the Contingency Reserve by \$200,000 from \$32.5 million to \$32.7 million to ensure compliance with the 3% funding requirement for the 2014-2015 Adopted Budget. (-\$0.2 million)
- This action increases the **Police Administration Building Security Upgrades** appropriation by \$100,000 to provide funding to address higher than anticipated project costs. This project includes the installation of card readers and associated infrastructure, including wiring, control system, and door hardware to the exterior and interior doors, allowing for a secure system and is expected to be completed in spring 2015. (-\$0.1 million)
- This action increases the **Planning, Building and Code Enforcement Department's Non-Personal/Equipment** appropriation by \$60,500 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$39,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. This allocation, however, funds the licenses for the Code Enforcement Fee Programs that use the AMANDA system. (The additional license costs funded by the Development Fee Programs are incorporated into the Grant/Reimbursements/Fee Activities category). When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. The ongoing maintenance costs will be considered as part of the development of the 2015-2016 budget. (-\$60,500)

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Impacts on the 2014-2015 General Fund Budget

- This action increases the *Transfer to the City Hall Debt Service Fund* from the General Fund by \$40,000 (from \$17.70 million to \$17.74 million). In 2013-2014, the actual interest earnings in the City Hall Debt Service Fund were lower than the estimate assumed in the development of the 2014-2015 Adopted Operating Budget, resulting in a lower than estimated beginning fund balance in 2014-2015. This recommended action will ensure that the City Hall Debt Service Fund will not end the year with a negative ending fund balance. These additional contributions from the General Fund will be factored into the calculations for 2015-2016 allocations that spread the debt across almost all City funds. (-\$40,000)
- This action increases the *Finance Department Non-Personal/Equipment* appropriation by \$24,000 to reflect a cost increase for an investment program subscription effective July 1, 2014 for a total cost of \$60,000. SunGard Advanced Portfolio System 2 (APS 2) is an investment accounting and portfolio management solution that provides accounting with securities tracking, regulatory compliance, report writer and full import/export capability. SunGard is essential for investment operations; however, due to its limitations and high fees, the department will prepare a Request for Proposal in January 2015, and anticipates a new multi-year contract at a potentially lower annual cost in 2015-2016. (-\$24,000)
- *Other Adjustments* include net-zero adjustments for Hammer Theater Operations and Maintenance (\$77,000 reduction to revenues and expenditures), allocation of San José BEST and Safe Summer Initiative – Parent Project funds (\$7,000), and several City Council special event sponsorship adjustments (\$1,000) as described in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*. (-\$8,000)
- This net-zero action reallocates \$7.0 million in anticipated 2014-2015 vacancy savings from the salary and benefits line items to the *Police Department Overtime* line item in the Police Department Personal Services appropriation. This action, when combined with a rebudget action of \$800,000 recommended elsewhere in this document, increases the Police Department's sworn and non-sworn overtime funding in 2014-2015 by \$7.8 million (from \$17.1 million to \$24.9 million) which is approximately equivalent to the overtime expenditures in 2013-2014, with an adjustment for the recent sworn and non-sworn salary increases. 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 approved as part of the 2014-2015 Adopted Budget, \$4.0 million in one-time overtime funding was added to the base overtime budget level of \$12.0 million, and additional funding was expected to be needed as the Police Department works through filling sworn and non-sworn vacancies. (\$0)

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Impacts on the 2014-2015 General Fund Budget

- A ***Retirement Contributions Reconciliation*** was completed for both the Federated System and the Police and Fire Retirement Plan in order to ensure that all City funds contain the correct contribution amounts for 2014-2015. Based on the final City contribution amounts as determined by the two retirement boards in May 2014, no additional funds are required to meet the retirement payments. However, the net-zero reallocation of \$2.8 million retirement funding set aside as part of the Employee Compensation Planning Reserve for potential pay increases for the International Association of Firefighters, Local 230 is recommended to be allocated to the Fire Department to cover annual required retirement contributions. In total, retirement costs are budgeted at \$236 million in the General Fund and \$306 million in all funds for 2014-2015 (factoring in the Retiree Healthcare Solutions Reserve adjustments described below).

In addition, in September 2014, agreements were reached with all employee groups representing employees in the Federated City Employees' Retirement System (including Unit 99) to extend, until June 21, 2015, the phase-in to fully fund the annual required contribution for retiree healthcare benefits. These agreements are scheduled to be heard by the City Council on October 7, 2014. One-time savings of \$3.9 million in all funds (\$2.3 million in the General Fund, bringing the reserve balance from \$3.9 million to \$6.2 million) is recommended to be allocated to Retiree Healthcare Solutions Earmarked Reserves across many funds in the City, as appropriate. These funds have been set aside to be used as needed for future retiree healthcare costs. (\$0)

- The 2014-2015 ***Salary Program*** includes net-zero adjustments to various departments and funds to reflect a 3.0% salary increase that was negotiated and agreed to by the City and five bargaining units (Association of Building, Mechanical & Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), Association of Maintenance Supervisory Personnel (AMSP), City Association of Management Personnel (CAMP), and the International Brotherhood of Electrical Workers (IBEW), effective June 22, 2014. As part of the development of the 2014-2015 Adopted Budget, Employee Compensation Planning Earmarked Reserves were established in anticipation of modest salary adjustments in 2014-2015. With a net-zero impact, the actions reflected in this report increase funding to the various affected departmental budgets and reduce Employee Compensation Planning Earmarked Reserves across all affected funds, accordingly. The Salary Program adjustments contained in this report total \$1.4 million in the General Fund and \$2.8 million in all funds. It should be noted that the 2014-2015 Adopted Budget incorporated these adjustments for the following: four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professional of San Jose (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3); employees in Unit 99; and Council Appointees. Due to timing constraints, the adjustments for an additional five bargaining unit are being brought forward as part of this report. (\$0)

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Impacts on the 2014-2015 General Fund Budget

- This action eliminates the *Office of Emergency Services Grant Reconciliation Reserve* of \$500,000 in the General Fund. This reserve was established in the 2014-2015 Adopted Budget to ensure that funding would be available to offset any repayments that may be required when the final Urban Area Security Initiative (UASI) grant reconciliation was completed. A reconciliation has been completed for the UASI grants from 2009-2012 and, working with representatives of the federal government, it has been determined that no ineligible expenses were charged to the grants. (\$500,000)
- This action increases *Transfer and Reimbursements* revenue estimate by \$273,682. Team San Jose collects \$1 for every ticket sold for a Broadway San Jose show and then remits these payments to the City for the repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1 million. A year-end reconciliation has identified a total of \$213,682 that has been deposited in the Convention and Cultural Affairs Fund (Fund 536) since 2009. In 2014-2015, these funds are recommended to be transferred to the General Fund, the originating funding source of the AMT loan. In addition, \$60,000 is recommended to be transferred to account for anticipated ticket sales in 2014-2015. Corresponding actions in Fund 536 are included in this report. (\$274,000)
- This action decreases the *Planning, Building and Code Enforcement Department's Personal Services* appropriation by \$221,000 to reflect the portion of staff costs in the 2014-2015 Adopted Budget that will now be funded by the State of California Department of Conservation Sustainable Communities Planning Grant. The Sustainable Communities Planning Grant was awarded to the City of San José for Urban Village Master Plan and Zoning Revisions for East Santa Clara Street and Alum Rock Avenue. The total amount of the grant award is \$635,594, which will fund staff (\$331,334) and non-personal/equipment costs (\$304,260). This project, which will cross two fiscal years, is scheduled for completion in December 2015. As part of this report, a separate action is recommended to appropriate the 2014-2015 grant funding (\$424,000). The remaining grant funding of \$211,594 will be included as part of the development of the 2015-2016 budget. (\$221,000)
- This action reduces the *Arena Community Fund* appropriation to the City Clerk's Office by \$80,000 (from \$330,000 to \$250,000) to correct an inadvertent calculation error made during the development of the 2014-2015 Adopted Budget. The \$250,000 is distributed equally in the amount of \$25,000 to each Council District and is restricted for the exclusive use towards educational, recreational, and cultural purposes per the City's contract with San José Arena Management and SAP Global Marketing, Inc. (\$80,000)
- Adjustments to various departments' Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2014-2015. Savings in the General Fund (\$225,000) will be generated from employees voluntarily

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Impacts on the 2014-2015 General Fund Budget

taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings of \$150,000 were assumed in the development of the 2014-2015 Adopted Budget and this amount was temporarily funded from the General Fund Salaries and Benefits Earmarked Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Earmarked Reserve (\$150,000). The remaining savings of \$75,000 are recommended to offset other budget actions in this report. (\$75,000)

- This action eliminates the *Air Service Incentive Program Reserve* of \$1.0 million as well as reduces the *Overhead Reimbursement* from the Airport Maintenance and Operation Fund to the General Fund by \$941,736. 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, the percentage growth in annual enplanements at the Airport was 6.7%, which exceeded the FAA's projection of 0.8% 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 5.9 percentage points (from the Adopted Budget overhead rate of 23.8% to 17.9%), or \$941,736, in 2014-2015. In anticipation of this reduction, the 2014-2015 Adopted Budget included a \$1.0 million Air Service Incentive Program Reserve to offset the projected loss in overhead revenue. Because the actual overhead reduction was slightly below the estimate incorporated into the 2014-2015 Adopted Budget, this action results in net savings of \$58,264. (\$58,000)

- **Grants/Reimbursements/Fee Activities (\$0)**

- A series of net-zero adjustments totaling \$3.7 million are recommended to reflect new or updated revenues and expenditures for *Grants, Reimbursements and/or Fee Activities* for the following Departments: City Manager's Office (\$2.1 million), Parks, Recreation and Neighborhood Services (\$680,000), Planning, Building, and Code Enforcement (\$600,000), Office of Economic Development (\$196,000), Fire (\$193,000), Police (\$46,000), Library (\$96,000), Mayor and City Council (\$29,000), and Human Resources (-\$200,000). These adjustments are described in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

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Impacts on the 2014-2015 General Fund Budget

- **Urgent Fiscal/Program Needs (-\$2.20 million)**

- This action increases the *Fiscal Reform Plan Implementation Reserve* by \$2.0 million (from \$680,000 to \$2.7 million) based upon a tentative decision on fee motions brought by the Plaintiffs in the Measure B litigation. Motions to recover attorneys' fees were brought by AFSCME, San Jose Police Officers' Association (POA), and Retirees and the Judge has indicated in her tentative decision that they have met the threshold considerations to support a fee award. Working with the City Attorney's Office, the \$2.0 million represents a very preliminary estimate of costs that could be awarded. The judge has tentatively set a hearing to determine the amount of potential fees for November 6, 2014. Final resolution on this matter will be brought forward to the City Council at a later date. (-\$2.0 million)
- This action increases the *Hammer Theater Center Operations and Maintenance* appropriation to the Office of Economic Development in the amount of \$192,000. The total available funding for the Hammer Theater Center Operations and Maintenance for 2014-2015 will be \$400,000 after accounting for this adjustment, as well as the Required Technical/Rebalancing action that reduces revenue and funding by \$77,000. The total funding of \$400,000 allows the City to pay ongoing costs such as basic ongoing building maintenance services (\$140,000), utility bills (\$85,000), and private night-time security patrols (\$25,000), as well as one-time costs associated with the San Jose Repertory bankruptcy that includes a variety of minor facility and lighting repairs (\$60,000), the purchase of critical theater production-related equipment (\$60,000), and a thorough cleaning of the facility (\$30,000). (-\$192,000)

2013-2014 Selected Special/Capital Funds Budget Performance

Airport Operating Funds

The Airport served 9.06 million passengers in 2013-2014, which was an overall increase of 6.8% from 2012-2013. Moreover, the percentage growth in annual enplanements at the Airport in 2013-2014 was 6.7%, which exceeded the Federal Aviation Administration's projection of 0.8% for national enplanement growth for 2013-2014. This increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the forecasted growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. Budget actions are recommended in this report to reduce the 2014-2015 overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by

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2013-2014 Selected Special/Capital Funds Budget Performance

\$942,000 to reflect a reduction of the overhead rate by 5.9 percentage points (from the Adopted overhead rate of 23.8% to 17.9%) and return those funds to the airlines. Passenger growth in 2014-2015 is anticipated to increase by 2.0% over the 2013-2014 estimate of 8.91 million passengers. Additional airport activity categories that demonstrated growth in 2013-2014 as compared to 2012-2013 include parking exits, pounds of mail/freight/cargo, traffic operations, gallons of aviation fuel sold, taxicab operations, and landed weights.

Overall, revenue performance exceeded budget by \$4.6 million (3.8%). Airline Rates and Charges (combined total of landing fees and terminal rents) and all other operating categories, excluding transfers,



ended the year at \$124.6 million, which was \$4.6 million above the budget of \$120.0 million. Parking and Roadways revenue was above the budgeted estimate by \$3.3 million (8.0%) due to increased parking revenue and rental car concession fees associated with increased passenger activity. Airfield Area revenue was \$485,000 (15.8%) above budgeted estimate due to increased in-flight kitchen tenants.

The Airport Customer Facility and Transportation Fee Fund and Airport Maintenance and Operational Fund had a combined year-end expenditure savings of \$9.7 million (10.8%) compared to the budgeted levels of \$90.0 million, most of which were contemplated and incorporated into the development of the 2014-2015 Adopted Budget and airline rates and charges. The \$2.5 million in personal services savings was the result of position vacancies experienced during the year. The non-personal/equipment expenditure savings of \$2.5 million resulted from adhering to strict cost controls, prioritizing needs, deferring purchases, and implementing alternate or lower cost products or sources, such as the transition to cashier-less parking lot operations, lower Letter of Credit fees for the Commercial Paper Program, and lower costs associated with the new shuttle bus operator agreement.

These savings resulted in a lower than anticipated transfer from the Airport Revenue Fund to the Airport Maintenance and Operating Fund and incrementally higher year-end fund balance in the Airport Revenue Fund. The additional fund balance in the Airport Revenue Fund will contribute towards managing the 2014-2015 Adopted Budget and the development of the 2015-2016 budget.

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2013-2014 Selected Special/Capital Funds Budget Performance

Convention and Cultural Affairs Fund

The Convention and Cultural Affairs Fund accounts for Team San Jose's (TSJ) operation of the City's Convention Center and other cultural facilities. In 2013-2014, revenues totaling \$47.0 million were generated from operating revenues from the City's convention facilities (\$28.5 million) as managed by Team San Jose, issuing of commercial paper (\$10.0 million), transfers from the Transient Occupancy Tax (TOT) Fund (\$8.5 million), and miscellaneous revenues and interest earnings (\$87,000). The 2013-2014 revenues slightly exceeded the budget estimate by \$336,000 (0.7%) primarily due to the better than expected performance of Team San Jose operating revenues (\$340,000). Expenditures of \$48.3 million were primarily attributed to costs associated with operations and maintenance of the Convention Center and cultural facilities (\$32.0 million); expenses directed toward the Convention Center Expansion/Renovation project (\$10.7 million); fixtures, furnishings and equipment (FF&E) to complete the expanded and remodeled Convention Center (\$715,000); a Transfer to the General Fund (\$1.2 million) for Team San Jose contract oversight, City overhead, cultural facility cost-sharing, and Mexican Heritage Plaza support; and a variety of various capital repairs and replacements (\$579,000). Total expenditures were \$2.1 million (4.1%) below the modified budget.

Actions included in this report recommend rebudgeting \$458,000 of miscellaneous capital rehabilitation efforts improvement projects underway at the Convention Center, Center for the Performing Arts, and the Civic Auditorium. Recommended additions to the budget include the following: \$405,000 for additional work encountered during the upgrade of the audio system that was required as the result of the expansion and renovation of the Convention Center (\$205,000) and the completion of WiFi installation throughout the cultural facilities (\$200,000); an increase of \$300,000 to the Capital Reserve, which increases this reserve to \$2.4 million; the transfer of \$274,000 to the General Fund to account for revenue of \$1 per each Broadway San Jose ticket sold since 2009 (\$214,000), and continues in 2014-2015 (\$60,000), that was collected by TSJ and deposited into the Convention and Cultural Affairs Fund for the repayment of the \$1.0 million loan from the General Fund to the American Musical Theater (AMT); and an increase of \$150,000 to the Team San Jose Incentive Fee to fund the anticipated adjustment to this fee based on the unaudited results regarding the achievement of 2013-2014 performance measures which would generate the maximum incentive fee of \$350,000.

It should be noted that the Convention Center Facilities District Revenue (CCFD) Fund ended 2013-2014 with an ending fund balance of \$4.1 million. As a result of these excess proceeds, and after ensuring that all bond covenants have been met to fully fund mandated reserves designed to protect against an economic downturn, it is anticipated that commercial paper debt service related to the Convention Center Expansion/Renovation project will continue to be paid from the CCFD Fund, \$1.7 million annually, for the foreseeable future. Therefore, in future years, funding set aside in the Convention and Cultural Affairs Fund for that purpose can be applied toward capital repairs and improvements at the facilities managed by Team San Jose, as approved by the City Council.

ANALYSIS

2013-2014 Selected Special/Capital Funds Budget Performance

Transient Occupancy Tax Fund

Transient Occupancy Tax (TOT) revenues totaled \$17.9 million, the highest amount ever recorded. This collection level exceeded the 2013-2014 Modified Budget by \$100,000, and the 2013-2014 estimate by \$670,000, and represents an increase of \$2.7 million (18%) from 2012-2013. For the 14 largest hotels, the average room rate increased from \$139 to \$154, while the occupancy rate increased from 66.6% to 70.7%. When the 2014-2015 Adopted Budget was developed, growth of 5% over the estimated 2013-2014 receipts was assumed. Because TOT receipts in 2013-2014 were higher than estimated, growth of only 1% (excluding compliance revenue) is needed in 2014-2015 to meet the budget estimate. While an upward adjustment to the 2014-2015 revenue estimate will likely be possible because of the 2013-2014 performance, staff recommends monitoring actual collections in 2014-2015 to determine the level of year-over-year growth that can be achieved from this significantly higher base revenue collection level. Budget actions will be brought forward later in 2014-2015, as appropriate.

As part of the reconciliation of year-end actual TOT receipts to projections used in the development of the 2014-2015 Adopted Budget, this report recommends allocating the additional \$670,000 in 2014-2015 to the following categories according to the City Council approved distribution formula: Cultural Development (\$167,500), Convention and Visitor’s Bureau (\$167,500), and Transfer to the Convention and Cultural Affairs Fund (\$335,000).

Capital Fund Major Revenues

A number of taxes and fees levied on construction and property resale (conveyance) activity provide a large source of revenue to the City’s Capital program. As reported in Bi-Monthly Financial Reports, 2013-2014 collections in nearly all major capital revenue categories were expected to exceed budgeted estimates. The chart below provides a comparison of estimated to actual collections for these types of revenues, as well as a discussion of the three largest revenue sources.

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

| | 2013-2014 Estimate* | 2013-2014 Actuals | % Variance |
|---|--------------------------------|------------------------------|-----------------------|
| Construction and Conveyance Tax | \$37,000 | \$35,491 | (4.1%) |
| Building and Structure Construction Tax | \$21,000 | \$22,465 | 7.0% |
| Construction Excise Tax | \$26,000 | \$29,250 | 12.5% |
| Municipal Water System Fees | \$150 | \$198 | 32.0% |
| Residential Construction Tax | \$325 | \$468 | 44.0% |
| Sanitary Sewer Connection Fee | \$1,800 | \$1,600 | (11.1%) |
| Storm Drainage Connection Fee | \$150 | \$137 | (8.7%) |

* Revenue estimate used in the development of the 2014-2015 Adopted Capital Budget.

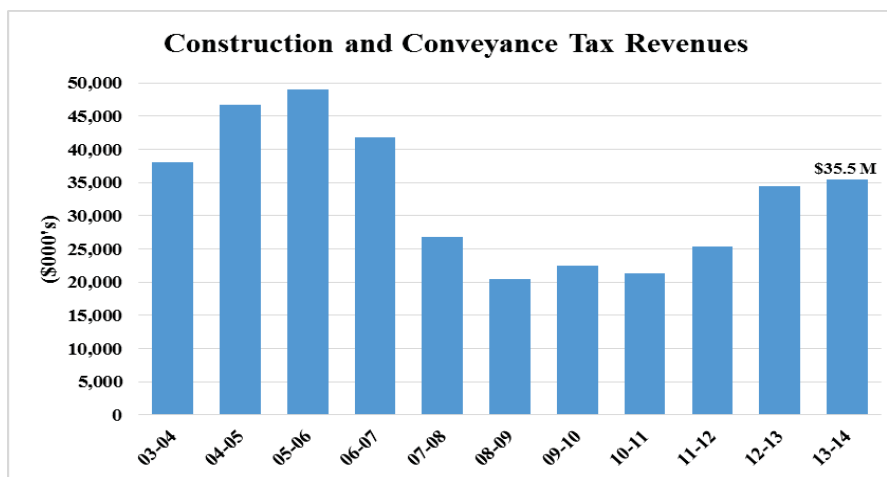
ANALYSIS

2013-2014 Selected Special/Capital Funds Budget Performance

- **Construction and Conveyance Tax**

Real estate activity (primarily housing re-sales) determines the collection level of one of the major capital revenue sources, the Construction & Conveyance (C&C) Tax. Approximately 99% of C&C Tax is derived from a tax imposed upon each transfer of real property, with the remaining 1% generated from a construction tax levied on most types of construction. C&C Tax revenues, which are a significant source of funds for the Parks and Community Facilities Development, Library, Fire, Service Yards, and Communications capital programs, totaled \$35.5 million in 2013-2014. This collection level was 6% (\$2.0 million) above the budget estimate of \$33.5 million, but \$1.5 million below the estimate of \$37.0 million that was assumed in the development of the 2014-2015 Adopted Capital Budget. This collection represents a slight increase of 3.2% (\$1.1 million) from 2012-2013 collections of \$34.4 million.

The following graph displays the collection history of Construction and Conveyance Tax receipts.



The 2013-2014 tax receipts represent the highest collection level since the peak years of 2003-2004 through 2006-2007 (when annual collections exceeded \$38.0 million in each of those years, peaking at \$49.0 million in 2005-2006) as a result of

the recovering real estate market. Rising prices primarily drove the increased revenue, with the median price for San José single family homes jumping from \$732,500 to \$795,400 between June 2013 and June 2014, an increase of 8.6%. The June 2014 median home price for single family homes represents a record setting high. In addition, the amount of time it takes to sell a home (both single family and multi-family dwelling units) dropped slightly from 22 days in June 2013 to 20 days in June 2014. This benefit from the increase in home prices was partially offset by a 3.3% decrease in the number of property transfers for all types of residences between 2012-2013 and 2013-2014.

Though C&C Tax revenue exceeded the 2013-2014 Modified Budget of \$33.5 million, the reduced number of sales caused receipts to fall short of the \$37.0 estimate used in the development of the 2014-2015 Adopted Capital Budget. With a 2014-2015 Adopted Budget

ANALYSIS

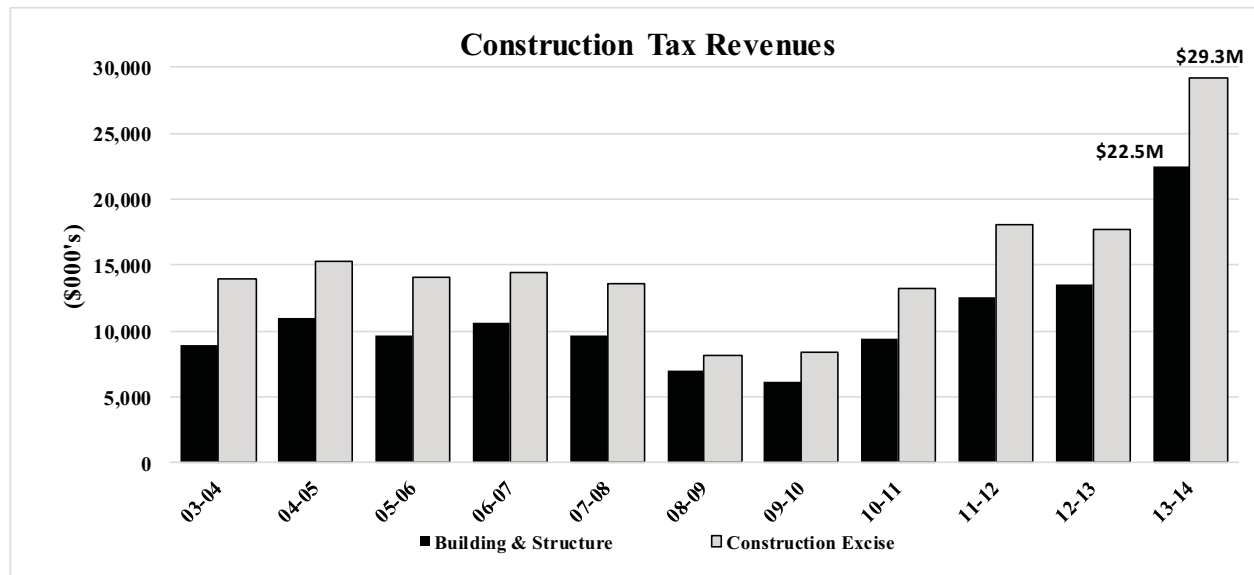
2013-2014 Selected Special/Capital Funds Budget Performance

C&C Tax revenue estimate of \$39.0 million, growth of almost 10% from actual 2013-2014 collections is needed to meet the estimate. Revenue receipts will be carefully monitored through the first half of the fiscal year to determine if this estimate needs to be adjusted downward based on current collection trends, with corresponding adjustments to fund balance and reserves as appropriate.

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

The Building and Structure Construction Tax and the Construction Excise Tax are major sources of funding for the Traffic Capital Program. Year-end collections in the Building and Structure Construction Tax category totaled \$22.5 million in 2013-2014. This collection level was 7.0% (\$1.5 million) above the revenue estimate of \$21.0 million used to develop to the 2014-2015 Adopted Capital Budget, and represents a 63.1% (\$8.7 million) increase from 2012-2013 collections of \$13.8 million. Construction Excise Tax receipts for 2013-2014 totaled \$29.3 million, up 12.5% (\$3.3 million) over the revenue estimate of \$26.0 million used to develop the 2014-2015 Adopted Capital Budget, and represents a 64.0% (\$11.5 million) increase from 2012-2013 collections of \$17.8 million.

The graph below displays the collection history of both the Building and Structure and Construction Excise Tax receipts. These revenue sources have recovered from their 2009-2010 low, and 2013-2014 is the highest amount of combined receipts (\$51.7 million) since the last peak in 2000-2001 (not shown) with combined receipts of \$38.2 million. The strong revenue collections in both Building and Structure Construction Tax and Construction Excise Tax revenue are primarily attributable to new residential construction in the North San José area, Downtown, and at the former Hitachi site. Growing commercial and industrial activity were also a factor in strong Building and Structure Construction Tax receipts as a result of the construction of the San José Earthquakes Stadium and the Samsung Semiconductor headquarters in North San José.



ANALYSIS

2013-2014 Selected Special/Capital Funds Budget Performance

Compared to the stronger than anticipated revenue collections in 2013-2014, the 2014-2015 Adopted Budget estimate for the Building and Structure Construction Tax allows for a 24% decrease from actual 2013-2014 collections, and the estimate for the Construction Excise Tax now allows for a 28% decrease. Given the volatile nature of these taxes and the one-time nature of some of the projects in 2013-2014, the sustainability of this higher collection level will be monitored as the year progresses to determine if any adjustments are warranted.

Airport Capital Funds

In 2013-2014, the Airport Capital Program incurred expenditures and encumbrances of \$61.4 million. Over half of this amount is attributed to transfers to other funds for debt service and close-out of minor commercial paper debt funds (\$36.8 million). Major capital project spending included Terminal Area Improvement, Phase I (\$7.4 million); Taxiway W Improvements (\$6.0 million); Pavement Maintenance (\$1.2 million); and Federal Inspection Facility Sterile Corridor Extension (\$1.0 million).

Library, Parks and Community Facilities, and Public Safety General Obligation Bond Funds

In 2013-2014, a total of \$22.7 million was expended or encumbered in the Library (\$2.9 million), Parks and Community Facilities (\$12.9 million), and Public Safety (\$6.9 million) General Obligation Bond Funds.

In the Library Program, the projects with the largest expenditures and encumbrances in 2013-2014 included Southeast Branch Library (\$1.4 million) and Branch Efficiency Projects (\$613,000). The Southeast Branch, the last remaining bond funded branch library, is anticipated to open in winter 2016.

In the Parks and Community Facilities Program, there was only one project with significant 2013-2014 expenditure and encumbrances, the Soccer Complex – Coleman Soccer Fields (\$11.9 million). Design work is programmed in 2014-2015 for the Softball Complex, the final Parks and Recreation Bond project.

In the Public Safety Program, the Fire Station 21 – White Road project had expenditures and encumbrances of \$5.6 million which reflects the completion of the project's design work, and the project's construction is anticipated to be completed in 2015. Fire Station 37 – Willow Glen is the final Public Safety Bond Project; however, there currently is not sufficient funding to complete this project.

Traffic Capital Funds

In 2013-2014, a total of \$81.8 million was spent or encumbered for traffic capital projects. The projects with the largest expenditures and encumbrances included Pavement Maintenance

ANALYSIS

2013-2014 Selected Special/Capital Funds Budget Performance

projects funded with Federal, State, and City sources (\$39.1 million); The Alameda – A Plan for the Beautiful Way (\$4.7 million), ITS: Transportation Incident Management Center (\$3.7 million), American Disability Act Sidewalk Accessibility Program (\$2.1 million), Montague Expressway NSJ – County Settlement Agreement (\$2.0 million), Route 101/Mabury Road Design (\$1.8 million), and San Fernando Bikeway and Pedestrian Access (\$1.7 million).

San José/Santa Clara Treatment Plant, Sanitary Sewer, Storm Sewer and Water Utility Capital Funds

Taken together, projects within the Environmental and Utility Services capital programs comprised a significant portion of the City's 2013-2014 capital-related expenditures and encumbrances at \$159.4 million: \$89.9 million related to the San José/Santa Clara Regional Wastewater Facility, \$54.2 million related to the Sanitary Sewer System, \$9.9 million related to the Storm Sewer System, and \$5.4 million related to the Water Utility System. The projects with the largest expenditures and encumbrances were within the Treatment Plant and the Sanitary Sewer System, and included the Energy Generation Improvements (\$18.4 million), Combined Heat and Power Equipment Repair and Rehabilitation (\$14.9 million), Digester and Thickener Facilities Upgrade (\$12.4 million), Sanitary Sewer Urgent Rehabilitation and Repair Projects (\$9.5 million), Sanitary Sewer Immediate Replacement and Diversion Projects (\$4.7 million), Revised South Bay Action Plan – SBWR Extension (\$4.5 million), Infrastructure – Sanitary Sewer Condition Assessment (\$4.2 million), Almaden Expressway Sanitary Sewer Improvements (\$4.0 million), and Spreckles Sanitary Sewer Force Main Supplement (\$3.6 million).

Special and Capital Funds Budget Adjustments

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

The most notable recommended adjustments are in the Traffic Capital Program. As part of the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, any Construction Excise Tax revenues received above the estimates used to develop the 2014-2015 Adopted Capital Budget should be allocated towards pavement maintenance. As a result of strong tax receipts, an additional \$3.3 million was received and will be allocated towards sealing and resurfacing streets in the City's 400-mile Priority Street Network. This action will increase the 2014-2015 budget for city-funded pavement maintenance from \$20.0 million to \$23.3 million. Also, additional gas tax revenues of \$3.8 million were received from the State of California at the end of the 2013-2014, and included in this report are recommendations to appropriate these funds towards pavement maintenance, bringing the 2014-2015 allocation from \$8.8 million to \$12.6 million.

ANALYSIS

2013-2014 Selected Special/Capital Funds Budget Performance

Also in the Traffic Capital Program, recommendations to allocate funding for two new high priority, safety-related projects, funded by the Building and Structure Construction Tax Fund, are included in this report. The McLaughlin Avenue Pedestrian/Bike Safety Enhancements project (\$534,000) will create a safe walking and biking environment on McLaughlin Avenue between Story Road and Capitol Expressway, including installing ADA ramps, flashing beacons with median island refuges, consolidation and upgrade of bus stops along the corridor, and installation of enhanced crosswalks to support pedestrian/bike safety. The Traffic Signal Installation at Douglas Street and Meridian Avenue project (\$450,000) will construct a new traffic signal for high priority road safety at this intersection and provide an East-West bicycle corridor connection.

Other notable capital adjustments, primarily in the Parks and Community Facilities Development Capital Program, include: the allocation of \$805,000 in the Council District #6 C&C Tax Fund for the TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design project to prepare construction documents for the Three Creeks Trail from Lonus Street (Los Gatos Creek) to the Guadalupe River; the allocation of \$425,000 in the Council District #6 C&C Tax Fund for the TRAIL: Three Creeks Pedestrian Bridge EIR project, which provides funding to prepare an Environmental Impact Report on an existing pedestrian bridge near the Three Creeks Trail; and the additional funding of \$380,000 in the Parks City-Wide C&C Tax Fund to purchase and install a new ride at Happy Hollow Park and Zoo.

Finally, the rebudget of unexpended funds for projects and programs extending into 2014-2015 is recommended in this report. Details of these adjustments can be found in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this report.

NEXT STEPS

The results of the 2013-2014 Annual Report will provide an updated starting point for monitoring 2014-2015 financial performance. The revenue and expenditure trends will be factored into the analysis of the General Fund and the numerous special and capital funds. Information on the City's budget for 2014-2015 will be provided in Bi-Monthly Financial Reports and the 2014-2015 Mid-Year Budget Review. These reports will also provide information on the current economic environment and its impact on the City's revenue collections.

The 2013-2014 Annual Report results will also be factored into the 2015-2016 budget development process. The General Fund Five-Year Forecast is scheduled to be released in late February 2015. The 2015-2016 Proposed Capital and Operating Budgets are scheduled to be released in late April 2015 and May 1, 2015, respectively.

PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This memorandum meets Criterion 1 and will be posted on the City Council's Agenda website for the October 7, 2014, City Council meeting.

COORDINATION

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

CONCLUSION

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

In the General Fund, the additional fund balance at the end of 2013-2014 after considering clean-up adjustments totaled \$8.3 million. Recommendations are included in this report to allocate those funds to various required technical and rebalancing actions (\$6.1 million) and to address urgent fiscal/program needs (\$2.2 million). The largest actions include a \$3.1 allocation to establish an earmarked reserve for the Silicon Valley Regional Communication System, an increase of \$3.0 million to the Police Department Staffing Reserve (from \$10.0 million to \$13.0 million), and a \$2.0 million increase to the Fiscal Reform Plan Implementation Reserve (from \$680,000 to \$2.7 million).

CONCLUSION

The Administration will continue to monitor and report on the City's budget performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2013-2014, as well as the actual performance in 2014-2015, will be factored into the development of the 2015-2016 budget. The 2016-2020 General Fund Five-Year Forecast will be released in February 2015 for budget planning purposes.

A handwritten signature in black ink, appearing to read 'E. Shikada', with a small dot at the end of the signature.

Edward K. Shikada
City Manager

CERTIFICATION OF FUNDS

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

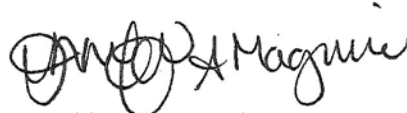
| | |
|---|--------------|
| General Fund | \$28,270,338 |
| Airport Capital Improvement Fund | \$824,333 |
| Airport Customer Facility & Transportation Fee Fund | \$1,206,981 |
| Airport Fiscal Agent Fund | \$140,331 |
| Airport Passenger Facility Charge Fund | \$1,009,780 |
| Airport Renewal & Replacement Fund | \$845,800 |
| Airport Revenue Bond Improvement Fund | \$4,137,492 |
| Airport Revenue Fund | \$1,876,233 |
| Airport Surplus Revenue Fund | \$28,948 |
| Benefit Fund | \$109,903 |
| Building & Structure Construction Tax Fund | \$6,274,969 |
| Branch Library Bond Project Fund | \$1,249,276 |
| Business Improvement District Fund | \$418,832 |
| Cash Reserve Fund | \$2 |
| Civic Center Construction Fund | \$600 |
| Community Development Block Grant Fund | \$2,961,580 |
| Community Facilities Revenue Fund | \$908,279 |
| Community Facilities District Fund #1 | \$840 |
| Community Facilities District Fund #2 and #3 | \$596,902 |
| Community Facilities District Fund #8 | \$68,673 |
| Community Facilities District Fund #11 | \$20,511 |
| Community Facilities District Fund #13 | \$131,174 |
| Community Facilities District Fund #14 | \$26,052 |
| Construction & Conveyance Tax – Central Fund | \$379,404 |
| Construction & Conveyance Tax – Communications | \$329,760 |
| Construction & Conveyance Tax – Fire | \$1,344,067 |
| Construction & Conveyance Tax – Library | \$1,712,578 |
| Construction & Conveyance Tax – Council District 1 | \$156,556 |
| Construction & Conveyance Tax – Council District 2 | \$230,006 |
| Construction & Conveyance Tax – Council District 3 | \$59,887 |
| Construction & Conveyance Tax – Council District 4 | \$1,284,209 |
| Construction & Conveyance Tax – Council District 9 | \$45,128 |
| Construction & Conveyance Tax – Council District 10 | \$402,798 |
| Construction & Conveyance Tax – City-Wide | \$992,582 |
| Construction & Conveyance Tax – Parks Yards | \$65,811 |
| Construction & Conveyance Tax – Service Yards | \$59,351 |
| Construction Excise Tax Fund | \$17,174,106 |
| Convention and Cultural Affairs Fund | \$1,613,379 |

CERTIFICATION OF FUNDS

| | |
|--|--------------|
| Convention Center Facilities District Project Fund | \$262,259 |
| Convention Center Facilities District Revenue Fund | \$1,687,569 |
| Dental Insurance Fund | \$33,408 |
| Economic Development Administration Loan Fund | \$2,629 |
| Economic Development Enhancement Fund | \$126 |
| Emma Prusch Memorial Park Fund | \$23,141 |
| Federal Drug Forfeiture Fund | \$159,095 |
| General Purpose Parking Fund | \$631,622 |
| Gift Trust Fund | \$31,419 |
| Housing Trust Fund | \$112,012 |
| Integrated Waste Management Fund | \$1,861,069 |
| Lake Cunningham Fund | \$78,290 |
| Library Parcel Tax Fund | \$1,095,615 |
| Life Insurance Fund | \$37,043 |
| Low and Moderate Income Housing Asset Fund | \$13,491,519 |
| Maintenance Assessment District Fund #1 | \$76,519 |
| Maintenance Assessment District Fund #2 | \$11,614 |
| Maintenance Assessment District Fund #5 | \$37,543 |
| Maintenance Assessment District Fund #8 | \$47,410 |
| Maintenance Assessment District Fund #9 | \$13,090 |
| Maintenance Assessment District Fund #11 | \$22,750 |
| Maintenance Assessment District Fund #13 | \$25,667 |
| Maintenance Assessment District Fund #15 | \$555,791 |
| Maintenance Assessment District Fund #18 | \$10,780 |
| Maintenance Assessment District Fund #19 | \$44,940 |
| Maintenance Assessment District Fund #20 | \$32,449 |
| Maintenance Assessment District Fund #21 | \$94,008 |
| Maintenance Assessment District Fund #22 | \$32,085 |
| Major Collectors and Arterials Fund | \$51,632 |
| Multi-Source Housing Fund | \$13,410,923 |
| Muni Water Major Facilities Fee Fund | \$34,120 |
| Municipal Golf Course Fund | \$228,735 |
| Public Works Program Support Fund | \$550,398 |
| Residential Construction Tax Fund | \$324,193 |
| San Jose Arena Capital Reserve Fund | \$262,166 |
| San Jose Arena Enhancement Fund | \$2,787 |
| Sanitary Sewer Connection Fee Fund | \$809,902 |
| Sewer Service & Use Charge Fund | \$2,129,295 |
| Sewer Service & Use Charge Capital Fund | \$7,898,859 |
| SJ-SC Treatment Plant Capital Fund | \$17,017,562 |
| SJ-SC Treatment Plant Operating Fund | \$4,368,504 |
| SJ-SC Treatment Plant Income Fund | \$33 |

CERTIFICATION OF FUNDS

| | |
|--|-------------|
| State Drug Forfeiture Fund | \$520,113 |
| Storm Drainage Fee Fund | \$73,619 |
| Storm Sewer Capital Fund | \$2,975,875 |
| Storm Sewer Operating Fund | \$1,169,617 |
| Subdivision Park Trust Fund | \$2,969,624 |
| Supplemental Law Enforcement Services Fund | \$393,557 |
| Transient Occupancy Tax Fund | \$2,741,462 |
| Underground Utility Fund | \$579,643 |
| Unemployment Insurance Fund | \$573,392 |
| Vehicle Maintenance and Operations Fund | \$886,558 |
| Water Utility Fund | \$2,018,469 |
| Water Utility Capital Fund | \$720,537 |
| Workforce Investment Act Fund | \$4,363,170 |



Jennifer A. Maguire
Deputy City Manager / Budget Director

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2013-2014

**ANNUAL
REPORT**

DEFINITIONS/
GLOSSARY OF **T**ERMS/
FUND **D**ESCRPTIONS

DEFINITIONS

- **Actuals vs . Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2013-2014 actual revenues/expenditures and either the 2013-2014 Modified Budget or 2013-2014 estimates.
 - "Actuals" represent unaudited year-end close figures as of June 30, 2014.
 - "Budget" reflects the original 2013-2014 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
 - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2014. These estimates were used in projecting the year-end fund balance, and consequently, the 2014-2015 Adopted Budget beginning fund balance.

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

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

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GLOSSARY OF TERMS

Appropriation

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

Base Budget

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

Capital Budget

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

Capital Funds

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

Capital Improvement Program (Five-Year)

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

Carryover

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

Contingency Reserve

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

Contractual Services

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

Debt Service

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

Encumbrance

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

Fiscal Year

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

Fund

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

Fund Balance

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

General Fund

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

Non-Personal/Equipment Expenses

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

Operating Budget

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

Personal Services

Salary and fringe benefit costs of City employees.

Rebudget

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

Reserve

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

Special Funds

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

Transfers

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

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FUND DESCRIPTIONS

Airport Capital Funds

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

Airport Operating Funds

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

Benefit Funds

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

Branch Libraries Bond Projects Fund

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

Building and Structure Construction Tax Fund

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

Business Improvement District Fund

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

Cash Reserve Fund

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

City Hall Debt Service Fund

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

FUND DESCRIPTIONS

Civic Center Construction Fund

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

Community Development Block Grant Fund

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

Community Facilities and Maintenance Districts Funds

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

Community Facilities Revenue Fund

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

Construction and Conveyance Tax Funds

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

Construction Excise Tax Fund

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

Convention and Cultural Affairs Fund

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

Convention Center Facilities District Project Fund

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

Convention Center Facilities District Revenue Fund

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

FUND DESCRIPTIONS

Downtown Property and Business Improvement District Fund

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

Economic Development Administration Loan Fund

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

Economic Development Enhancement Fund

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

Edward Byrne Memorial Justice Assistance Grant Trust Fund

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

Emergency Reserve Fund

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

Emma Prusch Memorial Park Fund

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

Federal Drug Forfeiture Fund

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

FUND DESCRIPTIONS

Gas Tax Maintenance and Construction Fund

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

General Purpose Parking Fund

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

Gift Trust Fund

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

Home Investment Partnership Program Trust Fund

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

Housing Trust Fund

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

Ice Centre Revenue Fund

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

Improvement District Fund

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

Integrated Waste Management Fund

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

Interim City Facilities Improvement Fund

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

FUND DESCRIPTIONS

Lake Cunningham Fund

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

Library Parcel Tax Fund

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

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

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

Major Collectors and Arterial Fund

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

Major Facilities Fund

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

Multi-Source Housing Fund

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

Municipal Golf Course Fund

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

Neighborhood Security Act Bond Fund

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

FUND DESCRIPTIONS

Parks and Recreation Bond Projects Fund

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

Public Works Program Support Fund

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

Residential Construction Tax Contribution Fund

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

San José Arena Capital Reserve Fund

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

San José Arena Enhancement Fund

This Special Revenue Fund accounts for the payback of an \$8.25 million loan under the 2007 Amended and Restated San José Arena Management Agreement for capital improvements at the San José Arena (SAP Center).

San José Municipal Stadium Capital Fund

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

San José-Santa Clara Treatment Plant Capital Fund

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

FUND DESCRIPTIONS

San José-Santa Clara Treatment Plant Income Fund

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

San José-Santa Clara Treatment Plant Operating Fund

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

Sanitary Sewer Connection Fee Fund

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

Sewage Treatment Plant Connection Fee Fund

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

Sewer Service and Use Charge Fund

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

Sewer Service and Use Charge Capital Improvement Fund

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

State Drug Forfeiture Fund

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

Stores Fund

This Internal Service Fund accounts for the purchase and issuance of materials and supplies consumed by City departments for their general operations. Due to the transition to a vendor direct service delivery model this fund is recommended to be closed as part of this report.

Storm Drainage Fee Fund

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

FUND DESCRIPTIONS

Storm Sewer Capital Fund

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

Storm Sewer Operating Fund

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

Subdivision Park Trust Fund

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

Supplemental Law Enforcement Services Fund

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

Transient Occupancy Tax Fund

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

Vehicle Maintenance and Operations Fund

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

Water Utility Capital Fund

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

FUND DESCRIPTIONS

Water Utility Fund

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

Workforce Investment Act Fund

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

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2013-2014

ANNUAL

REPORT

I. BUDGET

PERFORMANCE

SUMMARY (ALL FUNDS)

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I. BUDGET PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2013-2014 financial performance in the General Fund, Special Funds, and Capital Funds, with the following tables provided for reference.

Comparison of Budget to Actual Revenues and Expenditures – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2013-2014 Budgeted and Actual revenues as well as the 2013-2014 Budgeted and Actual expenditures, with the dollar and percent variance for each City fund. The revenue figures exclude the Beginning Fund Balance and Reserves and the expenditure figures exclude the Reserves and Ending Fund Balance.

As shown in the Comparison of Budget to Actual Revenues and Expenditures table, actual 2013-2014 revenues across all funds totaled \$2.37 billion, which was 1.1% (\$25.5 million) below the budgeted estimate of \$2.39 billion. In 2013-2014, expenditures totaled \$2.44 billion, which was 16.2% (\$472.4 million) below the modified budget of \$2.9 billion. Approximately 58.9% of the expenditure variance (\$278.1 million) was in the capital funds, which expended \$423.4 million of a \$701.5 million modified budget. The majority of the unexpended capital funds were rebudgeted to 2014-2015 as part of the 2014-2015 Adopted Budget and additional funds are recommended to be rebudgeted in this report. The *Discussion of Significant Variances by Fund* section that follows includes a description of revenue or expenditure variances to the modified budget of greater than both 5.0% and \$25,000 by fund.

Comparison of Estimated to Actual 2013-2014 Ending Fund Balance – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2013-2014 Modified Budget for each fund, followed by the estimated 2013-2014 Ending Fund Balance that was used in the development of the 2014-2015 Adopted Budget, the Actual 2013-2014 Ending Fund Balance, the variance between the Estimated and Actual Ending Fund Balance, the value of additional rebudgets recommended in this report, and the revised 2013-2014 Ending Fund Balance variance should the recommended rebudgets be approved. The table then displays the percentage of the Modified Budget that the revised Ending Fund Balance represents. It is important to note that the dollar amount for the Modified Budget is not adjusted for transfers, loans, and contributions between funds, and therefore, overstates the total funding that was available between the combined funds.

The financial performance in 2013-2014 is used as the starting point for 2014-2015. The collective 2013-2014 Ending Fund Balances for all City funds totaled \$1.44 billion, which was \$142.3 million above the 2013-2014 Ending Fund Balance estimates of \$1.30 billion used in the development of the 2014-2015 Adopted Budget. After adjusting for additional rebudgets of \$41.4 million recommended in this report, the adjusted 2013-2014 Ending Fund Balance variance for all funds drops to \$100.9 million of the 2013-2014 Modified Budget. The adjusted fund balance variance totaled \$8.3 million in the General Fund, \$49.8 million in the special funds, and \$42.8 million in the capital funds.

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I. BUDGET PERFORMANCE SUMMARY

For most funds, the Actual 2013-2014 Ending Fund Balance was above the estimate used in the development of the 2014-2015 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2013-2014 Annual Report actions. For the few funds where the 2013-2014 actual Ending Fund Balance was below the estimate used in the development of the 2014-2015 Adopted Budget, actions are recommended in this report to bring the fund into balance with the lower starting point. In some instances, the variance is the result of the timing of revenues and/or expenditures and the reconciling actions will adjust for those timing differences.

Summary of 2013-2014 Year-End Reserves by Fund – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2013-2014 Contingency and Earmarked Reserves balances for each fund.

At the end of 2013-2014, the Contingency and Earmarked Reserves for all City funds totaled \$663.6 million, which represented 17.4% of the total 2013-2014 Modified Budget of \$3.8 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$182.8 million. All of these General Fund Reserves were rebudgeted or assumed as savings in the development of the 2014-2015 Adopted Budget.

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

| Fund | 2013-2014 | 2013-2014 | Revenue Variance | % | 2013-2014 | 2013-2014 | Expenditure Variance | % |
|---|----------------------|----------------------|---------------------|--------------|----------------------|------------------------|-------------------------|--------------|
| | Budget Revenues | Actual Revenues | | | | Budget Expenditures | | |
| General Fund | 1,008,769,685 | 1,008,009,915 | (759,770) | -0.1% | 1,059,365,092 | 972,214,131 | (87,150,961) | -8.2% |
| Special Funds | | | | | | | | |
| Airport Customer Facility and Transportation Fee Fund | 18,364,205 | 19,229,246 | 865,041 | 4.7% | 17,898,008 | 17,341,211 | (556,797) | -3.1% |
| Airport Fiscal Agent Fund | 95,419,498 | 95,306,203 | (113,295) | -0.1% | 97,246,501 | 96,948,105 | (298,396) | -0.3% |
| Airport Maintenance and Operation Fund | 77,525,067 | 66,538,781 | (10,986,286) | -14.2% | 72,087,587 | 65,481,617 | (6,605,970) | -9.2% |
| Airport Revenue Fund | 120,355,823 | 124,923,528 | 4,567,705 | 3.8% | 130,479,786 | 119,493,500 | (10,986,286) | -8.4% |
| Airport Surplus Revenue Fund | 11,314,111 | 11,335,172 | 21,061 | 0.2% | 8,314,111 | 8,306,224 | (7,887) | -0.1% |
| Benefit Funds | 68,645,197 | 66,388,905 | (2,256,292) | -3.3% | 73,715,832 | 70,736,380 | (2,979,452) | -4.0% |
| Business Improvement District Fund | 3,256,372 | 3,124,322 | (132,050) | -4.1% | 3,256,377 | 2,521,271 | (735,106) | -22.6% |
| Cash Reserve Fund | 18 | 24 | 6 | 33.8% | 0 | 0 | 0 | 0.0% |
| City Hall Debt Service Fund | 9,167,941 | 9,186,839 | 18,898 | 0.2% | 18,928,705 | 18,836,268 | (92,437) | -0.5% |
| Community Development Block Grant Fund | 9,311,878 | 9,536,265 | 224,387 | 2.4% | 10,895,225 | 8,070,653 | (2,824,572) | -25.9% |
| Community Facilities Revenue Fund | 17,338,749 | 17,357,016 | 18,267 | 0.1% | 18,733,043 | 17,183,993 | (1,549,050) | -8.3% |
| Convention and Cultural Affairs Fund | 46,704,789 | 47,040,983 | 336,194 | 0.7% | 50,386,326 | 48,336,694 | (2,049,632) | -4.1% |
| Convention Center Facilities District Revenue Fund | 10,031,000 | 12,551,215 | 2,520,215 | 25.1% | 10,330,625 | 10,358,301 | 27,676 | 0.3% |
| Downtown Property and Business Improvement District Fund | 2,552,535 | 2,529,153 | (23,382) | -0.9% | 2,605,283 | 2,605,002 | (281) | 0.0% |
| Economic Development Administration Loan Fund | 6,100 | 7,999 | 1,899 | 31.1% | 60,000 | 870 | (59,130) | -98.6% |
| Economic Development Enhancement Fund | 0 | 126 | 126 | 0.0% | 162 | 162 | 0 | 0.0% |
| Edward Byrne Memorial Justice Assistance Grant Trust Fund | 200,353 | 200,681 | 328 | 0.2% | 449,846 | 228,578 | (221,268) | -49.2% |
| Emergency Reserve Fund | 17,000 | 14,631 | (2,369) | -13.9% | 17,000 | 14,631 | (2,369) | -13.9% |
| Federal Drug Forfeiture Fund | 155,000 | 327,259 | 172,259 | 111.1% | 937,303 | 186,619 | (750,684) | -80.1% |
| Gas Tax Maintenance and Construction Funds | 17,795,742 | 17,795,740 | (2) | 0.0% | 17,795,742 | 17,795,740 | (2) | 0.0% |
| General Purpose Parking Fund | 12,535,000 | 14,327,893 | 1,792,893 | 14.3% | 15,300,464 | 14,449,492 | (850,972) | -5.6% |
| Gift Trust Fund | 162,930 | 598,621 | 435,691 | 267.4% | 4,306,688 | 813,406 | (3,493,282) | -81.1% |
| Home Investment Partnership Program Trust | 9,460,798 | 7,452,829 | (2,007,969) | -21.2% | 7,479,580 | 6,742,949 | (736,631) | -9.8% |
| Housing Trust Fund | 1,115,000 | 987,190 | (127,810) | -11.5% | 1,779,905 | 1,600,606 | (179,299) | -10.1% |
| Ice Centre Revenue Fund | 3,091,911 | 3,100,166 | 8,255 | 0.3% | 4,842,723 | 2,313,381 | (2,529,342) | -52.2% |

2013-2014 ANNUAL REPORT

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

| Fund | 2013-2014 | 2013-2014 | Revenue Variance | % | 2013-2014 | 2013-2014 | Expenditure Variance | % |
|--|----------------------|----------------------|---------------------|--------------|----------------------|------------------------|-------------------------|--------------|
| | Budget Revenues | Actual Revenues | | | | Budget Expenditures | | |
| <i>Special Funds</i> | | | | | | | | |
| Integrated Waste Management Fund | 130,896,149 | 126,833,195 | (4,062,954) | -3.1% | 132,806,230 | 126,588,546 | (6,217,684) | -4.7% |
| Library Parcel Tax Fund | 7,907,000 | 7,951,258 | 44,258 | 0.6% | 8,856,226 | 7,138,566 | (1,717,660) | -19.4% |
| Low and Moderate Income Housing Asset Fund | 13,169,010 | 16,575,157 | 3,406,147 | 25.9% | 20,039,497 | 8,551,766 | (11,487,731) | -57.3% |
| Multi-Source Housing Fund | 28,879,656 | 16,158,919 | (12,720,737) | -44.0% | 35,426,604 | 7,084,220 | (28,342,384) | -80.0% |
| Municipal Golf Course Fund | 2,556,000 | 2,516,997 | (39,003) | -1.5% | 2,503,000 | 2,434,262 | (68,738) | -2.7% |
| Public Works Program Support Fund | 14,957,314 | 14,984,029 | 26,715 | 0.2% | 14,427,948 | 14,038,526 | (389,422) | -2.7% |
| San Jose Arena Capital Reserve Fund | 805,000 | 809,448 | 4,448 | 0.6% | 2,427,285 | 2,050,965 | (376,320) | -15.5% |
| San Jose Arena Enhancement Fund | 2,044,478 | 2,046,293 | 1,815 | 0.1% | 2,020,307 | 2,019,335 | (972) | 0.0% |
| San Jose Diridon Development Authority Fund | 0 | 0 | 0 | 0.0% | 417,173 | 417,173 | 0 | 0.0% |
| San Jose Municipal Stadium Capital Fund | 33,234 | 33,234 | 0 | 0.0% | 33,234 | 33,234 | 0 | 0.0% |
| San Jose/Santa Clara Treatment Plant Operating Funds | 202,170,639 | 212,085,164 | 9,914,525 | 4.9% | 223,065,857 | 215,219,870 | (7,845,987) | -3.5% |
| Special Assessment Maintenance District Funds | 4,871,045 | 5,076,630 | 205,585 | 4.2% | 7,628,076 | 5,209,476 | (2,418,600) | -31.7% |
| State Drug Forfeiture Fund | 53,000 | 283,306 | 230,306 | 434.5% | 1,067,152 | 303,988 | (763,164) | -71.5% |
| Stores Fund | 0 | 0 | 0 | 0.0% | 176,420 | 176,420 | 0 | 0.0% |
| Storm Sewer Operating Fund | 32,108,911 | 32,405,104 | 296,193 | 0.9% | 42,552,797 | 40,456,079 | (2,096,718) | -4.9% |
| Supplemental Law Enforcement Services Fund | 1,739,331 | 1,742,690 | 3,359 | 0.2% | 2,566,208 | 2,077,168 | (489,040) | -19.1% |
| Transient Occupancy Tax Fund | 17,806,000 | 17,909,832 | 103,832 | 0.6% | 19,224,410 | 17,211,775 | (2,012,635) | -10.5% |
| Vehicle Maintenance and Operations Fund | 22,559,887 | 21,966,651 | (593,236) | -2.6% | 24,026,404 | 22,421,919 | (1,604,485) | -6.7% |
| Workforce Investment Act Fund | 13,983,676 | 9,985,994 | (3,997,682) | -28.6% | 13,302,835 | 9,994,287 | (3,308,548) | -24.9% |
| Water Utility Fund | 33,726,000 | 34,818,921 | 1,092,921 | 3.2% | 34,032,156 | 33,532,831 | (499,325) | -1.5% |
| Sub-Total Special Funds | 1,064,793,347 | 1,054,043,609 | (10,749,738) | -1.0% | 1,154,446,641 | 1,047,326,059 | (107,120,582) | -9.3% |

2013-2014 ANNUAL REPORT

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

| Fund | 2013-2014 | 2013-2014 | Revenue Variance | % | 2013-2014 | 2013-2014 | Expenditure Variance | % |
|---|----------------------|----------------------|---------------------|--------------|----------------------|------------------------|-------------------------|---------------|
| | Budget Revenues | Actual Revenues | | | | Budget Expenditures | | |
| <i>Capital Funds</i> | | | | | | | | |
| Airport Capital Funds | 28,801,662 | 27,747,226 | (1,054,436) | -3.7% | 78,616,793 | 61,360,558 | (17,256,235) | -21.9% |
| Branch Libraries Bond Projects Fund | 6,547,000 | 631,260 | (5,915,740) | -90.4% | 14,854,863 | 2,859,984 | (11,994,879) | -80.7% |
| Building and Structure Construction Tax Fund | 28,818,000 | 26,493,576 | (2,324,424) | -8.1% | 42,842,073 | 19,321,607 | (23,520,466) | -54.9% |
| Civic Center Construction Fund | 0 | 600 | 600 | 0.0% | 142,971 | 142,971 | 0 | 0.0% |
| Construction and Conveyance Tax Funds | 48,805,187 | 52,132,658 | 3,327,471 | 6.8% | 84,647,299 | 55,689,610 | (28,957,689) | -34.2% |
| Construction Excise Tax Fund | 81,453,514 | 66,617,266 | (14,836,248) | -18.2% | 90,998,484 | 62,234,999 | (28,763,485) | -31.6% |
| Contingent Lien District Fund | 30,000 | 345,276 | 315,276 | 1050.9% | 552,000 | 87,014 | (464,986) | -84.2% |
| Convention Center Facilities District Project Fund | 0 | 47,770 | 47,770 | 0.0% | 11,568,344 | 11,361,490 | (206,854) | -1.8% |
| Emma Prusch Park Fund | 80,000 | 79,631 | (369) | -0.5% | 93,000 | 49,490 | (43,510) | -46.8% |
| Improvement District Fund | 1,000 | 1,013 | 13 | 1.3% | 0 | 35 | 35 | 0.0% |
| Lake Cunningham Fund | 788,000 | 803,669 | 15,669 | 2.0% | 1,507,336 | 869,379 | (637,957) | -42.3% |
| Major Collectors and Arterials Fund | 4,000 | 28,266 | 24,266 | 606.7% | 147,623 | 120,634 | (26,989) | -18.3% |
| Major Facilities Fund | 17,000 | 472,120 | 455,120 | 2677.2% | 15,000 | 0 | (15,000) | -100.0% |
| Neighborhood Security Bond Fund | 3,962,000 | 631,699 | (3,330,301) | -84.1% | 7,064,546 | 6,875,807 | (188,739) | -2.7% |
| Parks and Recreation Bond Projects Fund | 60,000 | 83,090 | 23,090 | 38.5% | 14,885,982 | 12,924,235 | (1,961,747) | -13.2% |
| Residential Construction Tax Contribution Fund | 434,000 | 472,529 | 38,529 | 8.9% | 290,000 | 28,336 | (261,664) | -90.2% |
| SJ/SC Treatment Plant Capital Fund | 65,650,200 | 67,174,646 | 1,524,446 | 2.3% | 145,249,273 | 89,968,084 | (55,281,189) | -38.1% |
| Sanitary Sewer Connection Fee Fund | 851,000 | 1,190,500 | 339,500 | 39.9% | 8,753,828 | 3,140,598 | (5,613,230) | -64.1% |
| Sewer Service and Use Charge Capital Improvement Fund | 24,929,000 | 25,099,991 | 170,991 | 0.7% | 110,668,783 | 51,045,132 | (59,623,651) | -53.9% |
| Storm Drainage Fee Fund | 160,000 | 145,270 | (14,730) | -9.2% | 485,449 | 399,651 | (85,798) | -17.7% |
| Storm Sewer Capital Fund | 19,830,308 | 18,070,627 | (1,759,681) | -8.9% | 21,265,045 | 9,503,754 | (11,761,291) | -55.3% |
| Subdivision Park Trust Fund | 1,295,594 | 10,167,230 | 8,871,636 | 684.8% | 59,739,161 | 29,589,606 | (30,149,555) | -50.5% |
| Underground Utility Fund | 1,504,000 | 1,538,070 | 34,070 | 2.3% | 640,000 | 394,428 | (245,572) | -38.4% |
| Water Utility Capital Fund | 3,172,000 | 3,231,279 | 59,279 | 1.9% | 6,491,729 | 5,403,741 | (1,087,988) | -16.8% |
| Sub-Total Capital Funds | 317,193,465 | 303,205,262 | (13,988,203) | -4.4% | 701,519,582 | 423,371,143 | (278,148,439) | -39.6% |
| TOTAL ALL FUNDS | 2,390,756,497 | 2,365,258,785 | (25,497,712) | -1.1% | 2,915,331,315 | 2,442,911,333 | (472,419,982) | -16.2% |

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

GENERAL FUND

General Fund – Total revenues of \$1.0 billion were slightly below the 2013-2014 Modified Budget level by \$760,000, or 0.1%. This negative variance was partially due to lower collections from various grants and reimbursements that were not received in 2013-2014, but were rebudgeted to 2014-2015 in the 2014-2015 Adopted Budget (\$3.1 million). After adjusting for grant and reimbursement-related revenues not received in 2013-2014 but rebudgeted to 2014-2015, revenues for the over 450 revenue accounts budgeted and monitored annually ended the year \$2.3 million or 0.2% above budgeted estimates. The \$2.3 million primarily reflects excess Building Development Fee Program, Business Taxes (Disposal Facility Tax), and Gas Tax reimbursements offset by a delay in the receipt of financing proceeds in relation to the Energy and Utility Conservation Measures Program. Once adjusted for the Development Fee Programs which must be returned to the Development Fee Program Reserves, and other revenue-related adjustments required to close out 2013-2014, there was a net positive revenue variance of \$7.5 million (0.7%) for 2013-2014.

Total expenditures and encumbrances of \$972.2 million were \$87.2 million below (8.2%) the modified budget of \$1.1 billion (when excluding for \$182.8 million in reserves). A majority of this savings was anticipated and assumed as savings or rebudget adjustments in the 2014-2015 Adopted Budget (\$71.4 million). After adjusting for rebudget and clean-up adjustments approved in the 2014-2015 Adopted Budget (including net-zero rebudgets of \$3.1 million), early rebudget actions as approved by the City Council in August 2014, or as recommended in this report, the total General Fund expenditure savings total \$1.4 million (0.1%). Detailed information on the General Fund revenues and expenditures can be found in *Section II. General Fund Performance*.

SPECIAL REVENUE FUNDS

Airport Maintenance and Operation Fund – Total revenues were below budget by \$11.0 million (14.2%) due to a lower than anticipated transfer from the Airport Revenue Fund. Total expenditures were below the budgeted estimate by \$6.6 million (9.2%) due to lower than anticipated personal and non-personal/equipment expenditures. Additional detail on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Airport Revenue Fund – Total expenditures were below budget by \$11.0 million (8.4%) due to a lower than anticipated Transfer to the Airport Maintenance and Operation Fund. Additional detail on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Business Improvement District Fund – Total expenditures of \$2.5 million were below budget by \$735,000 (22.6%). The majority of the total expenditure savings reflects the methodology of quarterly payments of total cash balance. As a result, payments to the Business Improvement Districts for receipts during the 4th quarter of 2013-2014 will be disbursed during the 1st quarter of 2014-2015. Quarterly disbursements are paid based on available cash balances, resulting in an expenditure variance that is likely the direct result of the timing and processing of the incoming cash during the 4th quarter.

Community Development Block Grant Fund – Total expenditures were below budget by \$2.8 million (25.9%) primarily due to lower than anticipated Neighborhood Infrastructure Improvement expenditures. This report includes recommendations to rebudget \$1.8 million in savings to 2014-2015.

Community Facilities Revenue Fund – Total expenditures of \$17.2 million were below budget by \$1.6 million (8.3%), due primarily to lower than expected Hayes Repair and Improvements expenditures (\$832,000) and lower than expected expenditures for Hayes Center - Phase III Debt Service (\$708,000). Of this variance, \$832,000 is recommended for rebudget to 2014-2015 to complete capital expenditure improvements to the Dolce Hayes Conference Center that did not occur in 2013-2014, and include engineering (HVAC, boilers, etc), restaurant and bar areas, and guest room and corridor improvements.

Convention Center Facilities District Revenue Fund – Total revenues of \$12.6 million were above budget by \$2.5 million (25.1%) due to higher special tax revenues received from hotels belonging to the Convention Center Facilities District (CCFD). Revenues in this fund are first used to meet all bond covenants, including full funding of the Debt Service Reserve and the Revenue Stabilization Reserve, to protect against any economic downturn. Per the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, any additional funds in the CCFD Fund are to be used to pay debt service expenses associated with the Convention Center Expansion/Renovation project. By relieving the Convention and Cultural Affairs Fund of the debt service obligations related to the expansion project, additional resources are made available for other capital repairs and improvements to the Convention Center and other facilities managed by Team San Jose. The additional revenue received in 2013-2014 will be factored into the development of the 2015-2016 Proposed Budget.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Economic Development Administration Loan Fund – Total expenditures were \$59,000 (98.6%) below budget due to lower activity in awarding small business loans in 2013-2014. This lower expenditure level was assumed in the development of the 2014-2015 Adopted Budget and the funds have been carried over to 2014-2015.

Edward Byrne Memorial Justice Assistance Grant Trust Fund – The negative expenditure variance of \$221,000 (49.2%) reflects unexpended grant funding. During the development of the 2014-2015 Adopted Budget, savings of \$235,000 were anticipated in the JAG 2012 Grant (\$130,000), JAG 2013 Grant (\$97,000), and JAG 2011 Grant (\$8,000) and rebudgeted to 2014-2015. In addition, a net downward adjustment of \$15,000 is recommended in this report to reflect actual remaining savings at year-end.

Federal Drug Forfeiture Fund – The revenue variance of \$172,000 (111.1%) is the result of higher than budgeted Federal Drug Forfeiture receipts. The expenditure savings of \$751,000 (80.1%) are the result of unexpended funds for non-personal/equipment and personal services.

General Purpose Parking Fund – Total revenues of \$14.3 million were above budget by \$1.8 million (14.3%) due primarily to higher than budgeted revenues from parking garages and lots (\$1.3 million) and parking meters (\$368,000). The expenditure variance of \$851,000 (5.6%) primarily reflects savings in the Parking Capital Program (\$646,000) and the Department of Transportation Non-Personal/Equipment (\$95,000) appropriation. Additional detail on this Fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Gift Trust Fund – Total revenues of \$599,000 were above budget by \$436,000 (267.4%). The variance is due to the receipt of unanticipated gifts and the accumulation of unbudgeted interest earnings. The negative expenditure variance of \$3.5 million (81.1%) reflects unspent gifts. The eight largest unspent gifts, with savings of over \$100,000 each, were River Oaks Park Maintenance (\$636,000), Commodore Park Maintenance (\$496,000), Newhall Park Maintenance (\$373,000), Nicolas Prusch Swimming (\$353,000), Library-General Gifts (\$195,000), Art + Technology Program (\$148,000), Vista Montana Park Maintenance (\$131,000), and Albino, Erminia and Alba Joyce Martini Memorial Fund (\$101,000) gifts. The remaining balances in the various gifts are recommended to be rebudgeted in this report.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Home Investment Partnership Program Trust Fund – Total revenues of \$7.5 million were lower than budgeted by \$2.0 million (21.2%). The variance is primarily the result of lower than anticipated revenues from grants. Total expenditure savings of \$737,000 (9.9%) are primarily due to lower than budgeted project expenditures in Housing Loans and Grants (\$482,000) and Tenant Based Rental Assistance (\$80,000). Generally, variances in revenues and expenditures are due to delays in projects that qualified for federal grants and the timing of receiving reimbursements.

Housing Trust Fund – Total revenues of \$987,000 were below budget by \$128,000 (11.5%), due to lower than anticipated revenues in bond administration fees (\$123,000) and miscellaneous revenue (\$10,000), partially offset by higher than anticipated interest revenue (\$5,000). The negative expenditure variance of \$179,000 (10.1%) is due primarily to vacancy savings in the Housing Personal Services appropriation.

Ice Centre Revenue Fund – Total expenditures of \$2.3 million ended the year \$2.5 million below budget, due primarily to a delay in the replacement of the North/Center Ice Plant, which was anticipated in 2013-2014, but will now occur in 2014-2015. The unexpended funds are recommended to be allocated to the Previously Approved Repairs Reserve in this report.

Library Parcel Tax Fund – Total expenditures ended the year below budget by \$1.7 million (19.4%). A high number of vacancies contributed to lower than anticipated expenditures in Personal Services (\$697,000) and savings in the Acquisition of Materials project (\$721,000) resulted from materials purchases made for the new branch openings rather than library system-wide acquisitions.

Low and Moderate Income Housing Asset Fund – Total revenues of \$16.6 million were \$3.4 million (25.9%) above budget, primarily due to higher than anticipated loan repayments. Total expenditures ended the year below budget by \$11.5 million (57.3%), primarily due to delays in various projects. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Multi-Source Housing Fund – Total revenues of \$16.2 million were below budget by \$12.7 million (44.0%), due to lower than anticipated grant revenue (\$5.4 million) and Recovery Act - Neighborhood Stabilization Program 2 revenue (\$5.7 million). The negative expenditure variance of \$28.3 million (80.0%) reflects lower than anticipated expenditures due to delays of various projects. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

San José Arena Capital Reserve Fund – Total expenditures of \$2.1 million were below budget by \$376,000 (15.5%), due to unexpended funds for structure repairs (\$207,000), mechanical repairs (\$109,000), and unanticipated/emergency repairs (\$45,000) at the SAP Center. The unexpended funds are recommended to be allocated to the Previously Approved Repairs Reserve in this report.

Special Assessment Maintenance District Funds – The combined negative expenditure variance of \$2.4 million (31.7%) is primarily a result of lower than budgeted expenditures in Maintenance District #15 (Silver Creek Valley) of \$803,000, Community Facilities District #2 (Aborn-Murillo) and #3 (Silverland-Capriana) of \$646,000, Community Facilities District #14 (Raleigh-Charlotte) of \$170,000, Maintenance District #21 (Gateway Place-Airport Parkway) of \$134,000, Community Facilities District #8 (Communications Hill) of \$105,000, and Maintenance District #1 (Los Paseos) of \$81,000. The remaining savings of \$480,000 were generated in the other Special Assessment Maintenance District Funds, all with variances below \$60,000. Expenditure variances were primarily the result of delays in the planned rehabilitation work due to competing workload demands and contractual award delays.

State Drug Forfeiture Fund – Total revenues of \$283,000 were above budget by \$230,000 (435.5%), due to higher than estimated State Drug Forfeiture revenues. The negative expenditure variance of \$764,000 (71.5%) is the result of lower personal services expenditures. Due to vacancy savings in the Police Department, these funds are not necessary to support the City's share of the COPS Grant funded positions.

Supplemental Law Enforcement Services Fund – The negative expenditure variance of \$489,000 (19.1%) reflects unexpended grant funding. During the development of the 2014-2015 Adopted Budget, expected savings of \$508,000 were rebudgeted to 2014-2015. In addition, a net downward adjustment of \$21,000 is recommended in this report to reflect actual remaining savings at year-end.

Transient Occupancy Tax Fund – Total expenditures of \$17.2 million were \$2.0 million (10.5%) below budget, due to savings in the Cultural Development appropriations. The majority of these funds are recommended to be rebudgeted to 2014-2015 as part of this report. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Vehicle Maintenance and Operations Fund – Total expenditures of \$22.4 million were \$1.6 million (6.7%) below budget, due to unexpended project funds, primarily in the Vehicle Replacement and Improvements appropriation (Police) (\$813,000) because of the timing of vehicle purchases and the Diesel Retrofit Program (\$356,000). During the development of the 2014-2015 Adopted Budget, expected savings of \$707,000 were rebudgeted to 2014-2015.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Workforce Investment Act Fund – The negative revenue and expenditure variances of \$4.0 million (28.6%) and \$3.3 million (24.9%), respectively, primarily reflect the timing disparity in revenue and expense recognition of grants from the State of California. Each annual grant allocation is available for a two-year period after which unspent allocations are forfeited. Under the current Workforce Investment Act contract with the State, expenses will only be reimbursed when funds are spent, perpetuating an expected negative variance in revenue when expected expenditures cannot be submitted to the State for reimbursement. The expenditure variance is due to lower than budgeted expenditures in the Dislocated Workers Program (\$2.2 million), Youth Workers Program (\$641,000), and Adult Workers Program (\$412,000).

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Airport Capital Funds – The negative expenditure variance of \$17.3 million (21.9%) is primarily due to unexpended project funds. Several projects had unexpended funds remaining at year-end, including Federal Inspection Facility Sterile Corridor Extension, Terminal Building Modifications, Tenant Plan Review, and Pavement Maintenance projects. Additional details on the Airport Capital funds can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Branch Libraries Bond Projects Fund – The negative revenue variance of \$5.9 million (90.4%) is due to the delay of the bond sale for an additional year. Expenditures also ended the year below budget by \$12.0 million (80.7%), \$10.2 million of these savings resulted from the deferral by one year of the construction of the Southeast Branch Library. Additional details on the General Obligation Bond funds can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Building and Structure Construction Tax Fund – The negative revenue variance of \$2.3 million (8.1%) was primarily due to lower than budgeted receipts of federal grants (\$5.7 million) as a result of project delays, which were partially offset by higher than budgeted receipts of Building and Structure Construction Tax (\$3.5 million). The negative expenditure variance of \$23.5 million (54.9%) is due to unexpended project funds primarily attributable to minor scope changes, competing workload demands, and unexpected complications in the design/construction process. A significant portion of the savings (\$18.5 million) was anticipated and rebudgeted or redistributed as part of the 2014-2015 Adopted Budget. An additional \$4.9 million is recommended to be rebudgeted as part of this report. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Construction and Conveyance Tax Funds – The positive revenue variance of \$3.3 million (6.8%) is primarily due to higher than budgeted transfers between funds (\$3.0 million), C&C Tax revenue (\$2.0 million), and developer contributions and miscellaneous revenue (\$590,000), partially offset by lower than budgeted grant revenue (\$2.2 million). The negative expenditure variance of \$29.0 million (34.2%) reflects unexpended project funds, including Library Materials Handling Technology (\$2.6 million), Coleman Soccer Fields (\$2.3 million), Agnews Property Acquisition (\$1.3 million), and Fire Facilities Remediation (\$1.0 million). Additional information on these funds can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Construction Excise Tax Fund – The negative revenue variance of \$14.8 million (18.2%) was primarily due to lower than budgeted receipts of federal grants (\$20.0 million) and Valley Transportation Authority grants (\$930,000) as a result of project delays, which was partially offset by higher than budgeted Construction Excise Tax receipts (\$4.3 million) and State grants (\$1.6 million). The negative expenditure variance of \$28.8 million (31.6%) was primarily attributable to the following projects: Pavement Maintenance - Federal (\$7.9 million), Autumn Street Extension (\$3.0 million), Pavement Maintenance - Measure B (\$2.6 million), Bicycle and Pedestrian Facilities (\$2.4 million), Pavement Maintenance - State Gas Tax (\$2.4 million), Innovative Bicycle Detection System (\$1.2 million), Safe Pathways to Diridon Project (\$801,000), Prop 1B - Pavement Maintenance (\$693,000), Bikeways Program (\$625,000), Neighborhood Traffic Calming (\$551,000), and Coyote Creek Trail (\$500,000). Additional detail on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Contingent Lien District Fund – The positive revenue variance of \$315,000 (1,050.9%) is primarily due to higher than anticipated Developer Contributions (\$299,000) and interest earnings (\$16,000). The expenditure savings of \$465,000 (84.2%) primarily reflects unexpended project funds for the Quimby/Fowler Creek Riparian Restoration project (\$441,000). A portion of these savings was anticipated and rebudgeted as part of the 2014-2015 Adopted Capital Budget (\$400,000). A recommendation is included in this report to rebudget \$43,000 in savings to 2014-2015.

Emma Prusch Park Fund – Total expenditures of \$49,000 (46.8%) were below budget by \$44,000 (46.8%) due to unexpended project funds. Projects with significant variances include LeFevre House Improvements (\$22,000) and Emma Prusch Park Service Yard Fixtures, Furnishings and Equipment (\$20,000). A portion of the unexpended project funds were anticipated and rebudgeted as part of the 2014-2015 Adopted Capital Budget (\$20,000). Remaining unexpended project funds (\$24,000) are no longer needed and are recommended to be allocated to the Ending Fund Balance for future capital needs at Emma Prusch Park.

Lake Cunningham Fund – The negative expenditure variance of \$638,000 (42.3%) reflects unexpended project funds. Projects with significant variances include Lake Cunningham Bike Park Design (\$476,000) and Lake Cunningham Cypress Pavilion Improvements (\$100,000). A portion of unexpended project funds were anticipated and rebudgeted as part of the 2014-2015 Adopted Capital Budget (\$557,000). In addition, this report includes recommendations to rebudget an additional \$26,000 in expenditure savings to 2014-2015.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Major Collectors and Arterial Fund – The positive revenue variance of \$24,000 (606.7%) is primarily due to higher than budgeted Developer Reimbursements (\$24,000). The negative expenditure variance of \$27,000 (18.3%) is primarily due to lower than budgeted expenditures in the Miscellaneous Street Improvements (\$26,000) project. A recommendation is included in this report to rebudget \$26,000 of project savings to 2014-2015.

Major Facilities Fund – The positive revenue variance of \$455,000 (2,677.2%) is due to the collection of Major Facilities Developer Fees (\$454,000) and higher interest earnings (\$1,000). Major facilities fees are budgeted as actual collections occur due to the volatile nature of these revenues. The negative expenditure variance of \$15,000 (100%) is due to a contract in Major Facilities Fee Administration (\$15,000) that could not be awarded prior to the end of 2013-2014, and is recommended to be rebudgeted in this document to 2014-2015 for that purpose. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance* under the Water Utility Capital Funds.

Neighborhood Security Bond Fund – The negative revenue variance of \$3.3 million (84.1%) is primarily due to the sale of bonds (\$3.3 million) not occurring in 2013-2014. This bond sale is now budgeted to occur in 2014-2015.

Parks and Recreation Bond Projects Fund – The negative expenditure variance of \$2.0 million (13.2%) primarily reflects unexpended project funds related to the Soccer Complex (Coleman Soccer Fields) (\$1.7 million). A large portion of the expenditure savings were anticipated and rebudgeted as part of the 2014-2015 Adopted Capital Budget (\$2.0 million). A negative adjustment is recommended as part of this report (\$114,000) based on actual performance.

Residential Construction Tax Contribution Fund – The positive revenue variance of \$39,000 (8.9%) reflects higher than budgeted Residential Construction Tax collections for residential development in North San José. The expenditure savings of \$262,000 (90.2%) primarily reflects unexpended project funds. Projects with significant variances include Reimbursements for Landscaping (\$100,000), Reimbursements for Center Strip Paving (\$50,000), and Street Improvements for New Developers (\$30,000).

San José/Santa Clara Treatment Plant Capital Fund – The negative expenditure variance of \$55.3 million (38.1%) is due primarily to project delays and savings in numerous projects. The largest balances were in the Energy Generation Improvements (\$14.8 million), Headworks No. 2 Enhancement (\$7.8 million), Revised South Bay Action Plan – SBWR Extension (\$3.7 million), Secondary and Nitrification Clarifier Rehabilitation (\$3.2 million), Advanced Process Control and Automation (\$2.7 million), Plant Electrical Reliability (\$2.6 million), SBWR System Reliability and Infrastructure Replacement (\$2.3 million), and Plant Infrastructure Improvements (\$2.1 million) projects. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Sanitary Sewer Connection Fee Fund – The positive revenue variance of \$340,000 (39.9%) is due primarily to higher connection fees, partially offset by lower joint participation revenue. The negative expenditure variance of \$5.6 million (64.1%) is due primarily to project delays and savings in several projects. The largest balances were in Bollinger Road - Blaney Avenue Sanitary Sewer Improvements (\$1.2 million), Stevens Creek Boulevard Sanitary Sewer Improvements (\$1.2 million), and Monterey-Riverside Relief Sanitary Sewer (\$1.1 million) projects. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Sewer Service and Use Charge Capital Improvement Fund – The negative expenditure variance of \$59.6 million (53.9%) is due primarily to project delays and savings in numerous projects. The largest balances were in the 60" Brick Interceptor, Phase VIA & VIB (\$25.8 million), Rehabilitation of Sanitary Sewer Pump Stations (\$4.0 million), Rincon Avenue - Virginia Avenue Sanitary Sewer Improvement (\$3.4 million), Almaden Road Supplement Sewer Rehabilitation (North) (\$2.4 million), and Monterey-Riverside Relief Sanitary Sewer (\$2.3 million) projects. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Storm Drainage Fee Fund – The negative expenditure variance of \$86,000 (17.7%) is due primarily to lower Urgent Flood Prevention and Repair Projects (\$50,000) and Capital Program and Public Works Department Support Service Costs (\$35,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Storm Sewer Capital Fund – The negative revenue variance of \$1.8 million (8.9%) is due primarily to the deferral of the California Proposition 84 Stormwater Grant (\$1.8 million), which is anticipated to be received in 2014-2015. The negative expenditure variance of \$11.8 million (55.3%) million is due primarily to project delays and savings in several projects. The largest balances were in Charcot Storm Pump Station at Coyote Creek (\$1.5 million), which was rebudgeted as part of the 2014-2015 Adopted Capital Budget; Martha Gardens Green Alley (\$1.2 million); Park Avenue Green Avenue (\$1.2 million); Minor Neighborhood Storm Sewer Improvements (\$1.1 million); and Alviso Storm Pump Station (\$1.0 million). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Subdivision Park Trust Fund – The positive revenue variance of \$8.9 million (684.8%) is primarily attributed to higher than anticipated in-lieu fees (\$7.5 million). Due to the uncertainty of when in-lieu fees are paid by the developer, historically these funds are not included in the budget for the Park Trust Fund until they are received. The negative expenditure variance of \$30.1 million (50.5%) reflects unexpended project funds. Projects with significant variances include Agnews Property Acquisition (\$3.1 million), Del Monte Park Land Acquisition (\$2.9 million), Martin Park Expansion (\$2.8 million), Vista Montana Turnkey Park (\$2.7 million), TRAIL: Coyote Creek (Story Road to Selma Olinder Park) (\$1.7 million), Penitencia Creek Park Playground Renovation (\$1.4 million), Guadalupe River Park Rotary Play Garden (\$1.2 million), and Cahill Park Turf Renovation (\$1.0 million). The majority of the unexpended project funds were rebudgeted as part of the 2014-2015 Adopted Budget (\$18.7 million) or are recommended to be rebudgeted in this report (\$3.7 million).

Underground Utility Fund – The negative expenditure variance of \$246,000 (38.4%) primarily reflects unexpended project funds including Underground Utility Program (\$99,000), Underground Utility Program 20A (\$98,000), Underground Utility Administration (\$31,000), and Public Works Department Support Services Costs (\$18,000).

Water Utility Capital Fund – The negative expenditure variance of \$1.1 million (16.8%) is due primarily to project delays and savings in several projects. The largest balances were in the Infrastructure Improvements (\$385,000), North Coyote Valley Water System (\$168,000), and Nortech and Trimble Reservoir Rehabilitation (\$98,000) projects. Savings of \$96,000 were anticipated during the development of the 2014-2015 Adopted Capital Budget and were rebudgeted to 2014-2015. Additional rebudgets of \$554,000 are recommended in this report. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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COMPARISON OF ESTIMATED TO ACTUAL 2013-2014 ENDING FUND BALANCE

| Fund | 2013-2014 Modified Budget | 2013-2014 Est. Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments* | Revised Variance (incl. Rebudget Adjustments) | Revised Variance As % of Mod Budget |
|---|---------------------------------|--|--|------------|---|--|--|
| <i>General Fund</i> | 1,242,131,682 | 253,067,514 | 270,626,825 | 17,559,311 | (9,210,477) | 8,348,834 | 0.7% |
| <i>Special Funds</i> | | | | | | | |
| Airport Customer Facility and Transportation Fee Fund | 25,067,789 | 7,384,781 | 8,591,762 | 1,206,981 | 0 | 1,206,981 | 4.8% |
| Airport Fiscal Agent Fund | 183,138,388 | 85,936,657 | 86,076,988 | 140,331 | 0 | 140,331 | 0.1% |
| Airport Maintenance and Operation Fund | 106,358,386 | 30,740,100 | 30,695,930 | (44,170) | 0 | (44,170) | 0.0% |
| Airport Revenue Fund | 176,727,262 | 59,925,234 | 61,801,467 | 1,876,233 | 0 | 1,876,233 | 1.1% |
| Airport Surplus Revenue Fund | 20,998,624 | 12,684,513 | 12,713,461 | 28,948 | 0 | 28,948 | 0.1% |
| Benefit Funds | 9,361,530 | 9,346,453 | 10,100,199 | 753,746 | 0 | 753,746 | 8.1% |
| Business Improvement District Fund | 4,303,958 | 1,047,581 | 1,466,413 | 418,832 | 0 | 418,832 | 9.7% |
| Cash Reserve Fund | 5,581 | 5,585 | 5,587 | 2 | 0 | 2 | 0.0% |
| City Hall Debt Service Fund | 18,928,705 | 160,205 | 111,335 | (48,870) | 0 | (48,870) | -0.3% |
| Community Development Block Grant Fund | 16,793,878 | 5,963,887 | 8,925,437 | 2,961,550 | (1,779,166) | 1,182,384 | 7.0% |
| Community Facilities Revenue Fund | 19,973,889 | 1,899,883 | 2,808,162 | 908,279 | (831,688) | 76,591 | 0.4% |
| Convention and Cultural Affairs Fund | 53,699,602 | 4,774,276 | 5,992,739 | 1,218,463 | (458,000) | 760,463 | 1.4% |
| Convention Center Facilities District Revenue Fund | 32,727,752 | 23,202,127 | 24,889,696 | 1,687,569 | 0 | 1,687,569 | 5.2% |
| Downtown Property and Business Improvement District Fund | 3,669,315 | 1,055,274 | 1,040,931 | (14,343) | 0 | (14,343) | -0.4% |
| Economic Development Administration Loan Fund | 74,664 | 73,064 | 75,693 | 2,629 | 0 | 2,629 | 3.5% |
| Economic Development Enhancement Fund | 162 | 0 | 126 | 126 | 0 | 126 | 77.8% |
| Edward Byrne Memorial Justice Assistance Grant Trust Fund | 449,846 | 235,897 | 221,596 | (14,301) | 14,680 | 379 | 0.1% |
| Emergency Reserve Fund | 3,398,532 | 3,381,532 | 3,381,532 | 0 | 0 | 0 | 0.0% |
| Federal Drug Forfeiture Fund | 3,400,548 | 3,227,093 | 3,386,188 | 159,095 | 0 | 159,095 | 4.7% |
| Gas Tax Maintenance and Construction Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General Purpose Parking Fund | 26,633,384 | 13,491,568 | 14,123,190 | 631,622 | 0 | 631,622 | 2.4% |
| Gift Trust Fund | 4,306,688 | 3,921,342 | 3,939,053 | 17,711 | (17,711) | 0 | 0.0% |
| Home Investment Partnership Program Trust Fund | 10,291,854 | 2,288,435 | 1,540,936 | (747,499) | 0 | (747,499) | -7.3% |
| Housing Trust Fund | 3,600,516 | 1,760,088 | 1,872,100 | 112,012 | 0 | 112,012 | 3.1% |
| Ice Centre Revenue Fund | 7,243,352 | 5,454,498 | 4,938,226 | (516,272) | 0 | (516,272) | -7.1% |
| Integrated Waste Management Fund | 142,999,233 | 13,741,630 | 13,266,566 | (475,064) | 2,032,623 | 1,557,559 | 1.1% |
| Library Parcel Tax Fund | 16,651,418 | 8,461,495 | 9,557,110 | 1,095,615 | (250,000) | 845,615 | 5.1% |

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COMPARISON OF ESTIMATED TO ACTUAL 2013-2014 ENDING FUND BALANCE

| Fund | 2013-2014 Modified Budget | 2013-2014 Est. Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments* | Revised Variance (incl. Rebudget Adjustments) | Revised Variance As % of Mod Budget |
|--|---------------------------------|--|--|-------------------|---|--|--|
| <i>Special Funds</i> | | | | | | | |
| Low and Moderate Income Housing Asset Fund | 34,798,868 | 16,337,617 | 29,829,136 | 13,491,519 | 0 | 13,491,519 | 38.8% |
| Multi-Source Housing Fund | 47,497,270 | 9,829,904 | 27,746,587 | 17,916,683 | (4,775,000) | 13,141,683 | 27.7% |
| Municipal Golf Course Fund | 3,015,707 | 583,707 | 542,442 | (41,265) | 0 | (41,265) | -1.4% |
| Public Works Program Support Fund | 16,476,817 | 1,937,709 | 2,488,107 | 550,398 | 0 | 550,398 | 3.3% |
| San José Arena Capital Reserve Fund | 2,835,513 | 530,687 | 792,853 | 262,166 | 0 | 262,166 | 9.2% |
| San José Arena Enhancement Fund | 2,045,107 | 24,800 | 27,587 | 2,787 | 0 | 2,787 | 0.1% |
| San José Diridon Development Authority Fund | 417,173 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| San José Municipal Stadium Capital Fund | 33,234 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| San José/Santa Clara Treatment Plant Operating Funds | 296,972,899 | 90,739,483 | 96,128,274 | 5,388,791 | (270,000) | 5,118,791 | 1.7% |
| Special Assessment Maintenance District Funds | 21,843,424 | 15,068,495 | 16,832,122 | 1,763,627 | 0 | 1,763,627 | 8.1% |
| State Drug Forfeiture Fund | 1,067,152 | 473,357 | 993,470 | 520,113 | 0 | 520,113 | 48.7% |
| Stores Fund | 176,420 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Storm Sewer Operating Fund | 57,420,359 | 16,246,345 | 17,596,490 | 1,350,145 | 0 | 1,350,145 | 2.4% |
| Supplemental Law Enforcement Services Fund | 3,139,740 | 1,081,842 | 1,065,931 | (15,911) | 20,881 | 4,970 | 0.2% |
| Transient Occupancy Tax Fund | 22,596,002 | 2,805,593 | 5,547,055 | 2,741,462 | (2,114,801) | 626,661 | 2.8% |
| Vehicle Maintenance and Operations Fund | 24,821,984 | 932,502 | 1,819,060 | 886,558 | 0 | 886,558 | 3.6% |
| Water Utility Fund | 43,219,267 | 8,962,992 | 10,981,461 | 2,018,469 | 0 | 2,018,469 | 4.7% |
| Workforce Investment Act Fund | 15,042,735 | 1,084,846 | 1,076,575 | (8,271) | 0 | (8,271) | -0.1% |
| Sub-Total Special Funds | 1,484,224,527 | 466,803,077 | 524,989,573 | 58,186,496 | (8,428,182) | 49,758,314 | 3.9% |

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COMPARISON OF ESTIMATED TO ACTUAL 2013-2014 ENDING FUND BALANCE

| Fund | 2013-2014 Modified Budget | 2013-2014 Est. Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments* | Revised Variance (incl. Rebudget Adjustments) | Revised Variance As % of Mod Budget |
|---|---------------------------------|--|--|--------------------|---|--|--|
| <i>Capital Funds</i> | | | | | | | |
| Airport Capital Funds | 173,196,327 | 106,777,354 | 113,594,759 | 6,817,405 | (734,000) | 6,083,405 | 3.5% |
| Branch Libraries Bond Projects Fund | 18,454,841 | 8,730,684 | 9,979,960 | 1,249,276 | (1,180,000) | 69,276 | 0.4% |
| Building and Structure Construction Tax Funds | 52,525,611 | 25,527,524 | 30,917,493 | 5,389,969 | (3,257,000) | 2,132,969 | 4.1% |
| Civic Center Construction Fund | 142,971 | 0 | 600 | 600 | 0 | 600 | 0.4% |
| Construction and Conveyance Tax Fund | 129,629,213 | 72,073,172 | 78,191,720 | 6,118,548 | (2,198,000) | 3,920,548 | 3.0% |
| Construction Excise Tax Fund | 150,914,005 | 59,510,974 | 73,874,080 | 14,363,106 | (5,843,483) | 8,519,623 | 5.6% |
| Contingent Lien District Fund | 3,876,291 | 3,724,291 | 2,512,508 | (1,211,783) | 42,986 | (1,168,797) | -30.2% |
| Convention Center Facilities District Project Fund | 11,568,344 | 0 | 262,259 | 262,259 | (206,854) | 55,405 | 0.5% |
| Emma Prusch Park Fund | 438,659 | 365,659 | 388,800 | 23,141 | 0 | 23,141 | 5.3% |
| Improvement District Fund | 2,946,000 | 2,953,000 | 2,948,239 | (4,761) | 0 | (4,761) | -0.2% |
| Lake Cunningham Fund | 1,986,338 | 1,054,339 | 1,132,629 | 78,290 | (26,000) | 52,290 | 2.6% |
| Major Collectors and Arterials Fund | 1,077,095 | 929,095 | 980,727 | 51,632 | (26,000) | 25,632 | 2.4% |
| Major Facilities Fund | 3,803,211 | 4,224,211 | 4,258,331 | 34,120 | (15,000) | 19,120 | 0.5% |
| Neighborhood Security Bond Fund | 10,865,020 | 790,730 | 658,912 | (131,818) | 62,000 | (69,818) | -0.6% |
| Parks and Recreation Bond Projects Fund | 32,872,239 | 19,993,256 | 19,979,111 | (14,145) | 114,000 | 99,855 | 0.3% |
| Residential Construction Tax Contribution Fund | 1,419,505 | 1,105,505 | 1,429,698 | 324,193 | 0 | 324,193 | 22.8% |
| San José/Santa Clara Treatment Plant Capital Fund | 210,461,486 | 105,386,697 | 122,404,259 | 17,017,562 | (2,670,000) | 14,347,562 | 6.8% |
| Sanitary Sewer Connection Fee Fund | 14,669,566 | 11,252,795 | 12,062,697 | 809,902 | (916,000) | (106,098) | -0.7% |
| Sewer Service and Use Charge Capital Improvement Fund | 119,126,687 | 60,907,696 | 68,806,555 | 7,898,859 | (3,112,000) | 4,786,859 | 4.0% |
| Storm Drainage Fee Fund | 731,121 | 243,121 | 316,740 | 73,619 | 0 | 73,619 | 10.1% |
| Storm Sewer Capital Fund | 33,139,825 | 18,963,794 | 21,939,669 | 2,975,875 | 598,000 | 3,573,875 | 10.8% |
| Subdivision Park Trust Fund | 91,818,313 | 68,694,646 | 71,713,270 | 3,018,624 | (3,760,000) | (741,376) | -0.8% |
| Underground Utility Fund | 4,151,501 | 3,211,501 | 3,791,144 | 579,643 | 0 | 579,643 | 14.0% |
| Water Utility Capital Fund | 9,292,081 | 3,359,143 | 4,177,680 | 818,537 | (652,000) | 166,537 | 1.8% |
| Sub-Total Capital Funds | 1,079,106,250 | 579,779,187 | 646,321,840 | 66,542,653 | (23,779,351) | 42,763,302 | 6.2% |
| TOTAL ALL FUNDS | 3,805,462,459 | 1,299,649,778 | 1,441,938,238 | 142,288,460 | (41,418,010) | 100,870,450 | 3.7% |

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S U M M A R Y O F 2 0 1 3 - 2 0 1 4 Y E A R - E N D R E S E R V E S B Y F U N D

| Fund | 2013-2014 Contingency and Earmarked Reserves Balance |
|---|--|
| <i>General Fund</i> | \$182,766,590 |
| <i>Special Funds</i> | |
| Airport Customer Facility and Transportation Fee Fund | 7,169,781 |
| Airport Fiscal Agent Fund | 85,891,887 |
| Airport Maintenance and Operation Fund | 34,270,799 |
| Airport Revenue Fund | 46,247,476 |
| Airport Surplus Revenue Fund | 12,684,513 |
| Benefit Funds | 3,276,997 |
| Community Development Block Grant Fund | 4,345,521 |
| Convention and Cultural Affairs Fund | 2,239,000 |
| Convention Center Facilities District Revenue Fund | 20,761,500 |
| Emergency Reserve Fund | 3,381,532 |
| General Purpose Parking Fund | 11,273,975 |
| Ice Centre Revenue Fund | 448,138 |
| Integrated Waste Management Fund | 10,059,057 |
| Library Parcel Tax Fund | 1,050,000 |
| Low and Moderate Income Housing Asset Fund | 5,580,000 |
| Multi-Source Housing Fund | 30,000 |
| Public Works Program Support Fund | 85,000 |
| San José/Santa Clara Treatment Plant Operating Funds | 63,955,099 |
| San José Arena Capital Reserve Fund | 1,156 |
| Storm Sewer Operating Fund | 9,699,527 |
| Vehicle Maintenance and Operations Fund | 125,000 |
| Water Utility Fund | 7,695,871 |
| Workforce Investment Act Fund | 1,391,691 |
| Sub-Total Special Funds | \$331,663,520 |
| <i>Capital Funds</i> | |
| Branch Libraries Bond Projects Fund | 3,191,978 |
| Building and Structure Construction Tax Fund | 9,313,900 |
| Construction and Conveyance Tax Funds | 7,979,000 |
| Construction Excise Tax Fund | 53,413,986 |
| Contingent Lien District Fund | 3,236,291 |
| Emma Prusch Park Fund | 58,000 |
| Lake Cunningham Fund | 300,000 |
| Major Facilities Fund | 1,600,000 |
| Neighborhood Security Bond Fund | 3,360,474 |
| Parks and Recreation Bond Projects Fund | 17,614,257 |
| San José/Santa Clara Treatment Plant Capital Fund | 5,000,000 |
| Storm Sewer Capital Fund | 10,000,000 |
| Subdivision Park Trust Fund | 32,079,152 |
| Water Utility Capital Fund | 2,035,000 |
| Sub-Total Capital Funds | \$149,182,038 |
| TOTAL ALL FUNDS | \$663,612,148 |

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**II. GENERAL FUND
BUDGET
PERFORMANCE**

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II. GENERAL FUND BUDGET PERFORMANCE

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

General Fund Year-End Performance – This section provides data on the overall status of the General Fund at the end of 2013-2014. It includes a chart that compares the General Fund modified budget and actuals for sources, uses, and available fund balance as well as a chart that compares the General Fund actuals to the estimates used in developing the 2014-2015 Adopted Budget.

General Fund Revenue Performance – This section provides detail on the actual 2013-2014 General Fund revenue collections. This section includes a chart that compares the 2013-2014 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from the modified budget, any resulting current year implications for revenue estimates, and a comparison of the actual revenues to prior year collections to indicate collection trends and provide a historical perspective.

General Fund Expenditure Performance – This section provides detail on the actual 2013-2014 General Fund expenditures. This section includes charts that compare the 2013-2014 modified budget to actuals as well as the 2013-2014 year-end estimates to actuals for the major expenditure categories. The review of the General Fund expenditure performance also includes a chart that provides additional detail on the 2013-2014 modified budget, any resulting current year implications for expenditure estimates, and a discussion of the actual expenditures compared to prior year levels by department and the non-departmental categories. In addition, this section includes a discussion of significant departmental variances and highlights of non-departmental expenditures and variances.

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GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with a final available ending fund balance (unaudited) of \$270.6 million, as reflected in the following table:

**GENERAL FUND
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2014
(\$000s)**

| Sources | Modified Budget | Budgetary Basis Actual | Variance |
|------------------------------|----------------------------|---------------------------------------|------------------|
| Beginning Fund Balance | 215,181 | 215,181 | - |
| Carryover Encumbrances | 18,181 | 18,181 | - |
| Liquidated | | | |
| Carryover Encumbrances | | 1,469 | 1,469 |
| <i>Subtotal</i> | <i>233,362</i> | <i>234,831</i> | <i>1,469</i> |
| Revenues | 1,008,770 | 1,008,010 | (760) |
| Total Sources | 1,242,132 | 1,242,841 | 709 |
| Uses | | | |
| Personal Services | 613,612 | 604,436 | (9,176) |
| Non-Personal/Equipment/Other | 121,799 | 110,804 | (10,995) |
| City-Wide Expenses | 266,610 | 224,597 | (42,013) |
| Capital Contributions | 32,454 | 7,495 | (24,959) |
| Transfers | 24,890 | 24,882 | (8) |
| Reserves | 182,767 | - | (182,767) |
| Total Uses | 1,242,132 | 972,214 | (269,918) |
| Ending Fund Balance | | 270,627 | 270,627 |

Note: In the chart above, the General Fund includes the Police Department Seized Asset Fund and excludes the Emergency Reserve Funds and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2013-2014 Comprehensive Financial Report (CAFR), the Emergency Reserve Funds and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

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GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$270.6 million exceeded the estimated ending fund balance level used in the development of the 2014-2015 Adopted Budget by \$17.6 million (0.7% of the 2013-2014 Modified Budget total sources and uses). However, once adjusted for clean-up actions recommended in this report associated with the close-out of 2013-2014, a true ending fund balance of \$8.3 million (0.3% of the 2013-2014 Modified Budget total sources and uses) remains in 2013-2014 and is available for allocation in 2014-2015. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

2013-2014 GENERAL FUND ENDING FUND BALANCE ANALYSIS (\$000s)

| | Estimate | Budgetary Basis Actual | Variance |
|----------------------------|-------------------------|------------------------------|-----------------------|
| Sources | | | |
| Beginning Fund Balance | 215,181 | 215,181 | - |
| Carryover Encumbrances | 18,181 | 18,181 | - |
| Liquidated | | | |
| Carryover Encumbrances | 2,000 | 1,469 | (531) |
| <i>Subtotal</i> | <u>235,362</u> | <u>234,831</u> | <u>(531)</u> |
| Revenues | 1,008,770 | 1,008,010 | (760) ¹ |
| Total Sources | <u>1,244,132</u> | <u>1,242,841</u> | <u>(1,291)</u> |
| Uses | | | |
| Expenditures | 966,174 | 947,332 | 18,842 ¹ |
| Transfers | 24,890 | 24,882 | 8 |
| Reserves | - | - | - |
| Total Uses | <u>991,064</u> | <u>972,214</u> | <u>18,850</u> |
| Ending Fund Balance | <u>253,068</u> | <u>270,627</u> | <u>17,559</u> |

¹ In 2013-2014, \$3.1 million in grant and reimbursement revenues and expenditures were not expected to be received in 2013-2014 and were rebudgeted to 2014-2015 (\$2.4 million for City-Wide Expenses and \$665,000 for Departmental expenditures). This resulted in lower actual revenues and expenditures in 2013-2014, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenue variance resulted in a surplus of \$2.3 million (0.2%) and the expenditures variance actually totaled \$15.8 million (1.5%) compared to the 2013-2014 Modified Budget (excluding reserves).

Note: In the chart above, the General Fund includes the Police Department Seized Asset Fund and excludes the Emergency Reserve Funds and Cash Reserve Fund, which is budgeted as a separate fund and reflected separately in this document. In the 2013-2014 Comprehensive Financial Report (CAFR), the Emergency Reserve Funds and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

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GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the significant variances between estimates and actuals for revenues, expenditures, transfers, and reserves is provided in the following section. The actual 2013-2014 liquidation of carryover encumbrances was \$1.5 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2012-2013 financial statements and the end of the 2013-2014 fiscal year. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The estimate to actual variance of \$531,000 represents carryover encumbrance liquidations that occurred slightly below the level originally anticipated when the fund balance was estimated.

As noted on the chart on the previous page, after adjusting for \$3.1 million in grants and reimbursements that were not received or expended, the final General Fund ending fund balance represents a positive variance of \$17.6 million (0.7% of the 2013-2014 Modified Budget total sources and uses), which includes \$15.8 million of expenditure savings, excess revenues of \$2.3 million in revenues collected, and a \$531,000 shortfall from the liquidation of carryover encumbrances when compared to year-end estimated levels. Additional clean-up actions were previously approved by the City Council in August 2014 and are recommended in this Annual Report. The largest adjustments include: the rebudget of revenues and expenditures associated with the Energy and Utility Conservation Measures Program (\$7.8 million) and allocating the additional revenue and expenditure savings from the Development Fee Programs (\$4.0 million) to the Development Fee Program Reserves. After accounting for these actions and other revenue and expenditure adjustments, including required rebudgets to close-out 2013-2014, \$8.3 million (0.3% of total sources and uses) in additional ending fund balance is available. The \$8.3 million positive fund balance variance is comprised of net additional revenues of \$7.5 million (0.7%), net expenditure savings of \$1.4 million (0.1%), slightly offset by lower than estimated liquidation of prior year encumbrances \$531,000. Recommendations for the allocation of these additional funds are provided elsewhere in this document.

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GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2013-2014 General Fund revenue collections as compared with the modified budget estimates:

**TABLE A
2013-2014 GENERAL FUND REVENUE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(\$000s)**

| Category | Modified Budget | Budgetary Basis Actual | Variance | % Variance |
|--------------------------------------|---------------------|------------------------------|------------------------------|---------------|
| Property Tax | \$ 223,000 | \$ 223,645 | \$ 645 | 0.3% |
| Sales Tax | 173,760 | 173,412 | (348) | -0.2% |
| Transient Occupancy Tax | 11,800 | 11,873 | 73 | 0.6% |
| Franchise Fees | 45,353 | 45,749 | 396 | 0.9% |
| Utility Tax | 93,795 | 93,794 | (1) | 0.0% |
| Telephone Line Tax | 20,600 | 20,692 | 92 | 0.4% |
| Business Taxes | 43,735 | 45,478 | 1,743 | 4.0% |
| Licenses and Permits | 50,018 | 52,013 | 1,995 | 4.0% |
| Fines, Forfeitures, and Penalties | 14,262 | 14,836 | 574 | 4.0% |
| Rev. from the Use of Money/Property | 3,228 | 3,473 | 245 | 7.6% |
| Revenue from Local Agencies | 47,003 | 46,687 | (316) | -0.7% |
| Revenue from the State of California | 11,939 | 11,932 | (7) | -0.1% |
| Rev. from State of CA -Recovery Act | - | 1 | 1 | N/A |
| Revenue from Federal Government | 13,539 | 13,477 | (62) | -0.5% |
| Rev. from Fed. Govt. - Recovery Act | 22 | 20 | (2) | -9.1% |
| Departmental Charges | 40,398 | 41,683 | 1,285 | 3.2% |
| Other Revenue | 147,085 | 137,402 | (9,683) | -6.6% |
| Subtotal | 939,537 | 936,167 | (3,370) | -0.4% |
| Overhead Reimbursements | 36,298 | 36,446 | 148 | 0.4% |
| Transfers | 16,992 | 16,916 | (76) | -0.4% |
| Reimbursements for Services | 15,943 | 18,481 | 2,538 | 15.9% |
| Subtotal | 69,233 | 71,843 | 2,610 | 3.8% |
| TOTALS¹ | \$ 1,008,770 | \$ 1,008,010 | \$ (760) ² | -0.1% |

¹ Excludes Beginning Fund Balance.

² After adjusting for \$3.1 million in grant and reimbursement-related revenues not received in 2013-2014 but rebudgeted to 2014-2015 as part of the 2014-2015 Adopted Budget, the revenue variance resulted in excess revenues of \$2.3 million (0.2%). For these grant revenues, corresponding General Fund expenditure savings were also realized in 2013-2014, resulting in a net zero impact on the General Fund Ending Fund Balance.

The General Fund revenue performance for 2013-2014 is discussed in detail in this section. The 2013-2014 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances and resulting implications for current year revenue

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GENERAL FUND REVENUE PERFORMANCE

estimates are described. In addition, comparisons with prior fiscal year collection levels are included to indicate collection trends and to provide a historical perspective.

As shown in Table A, total revenue received in the General Fund in 2013-2014 was \$1.0 billion. This collection level was slightly below the 2013-2014 Modified Budget level by \$760,000, (0.1%). This negative variance was partially due to lower collections from various grants and reimbursements that were not received in 2013-2014, but were rebudgeted to 2014-2015 in the 2014-2015 Adopted Budget (\$3.1 million). After adjusting for grant and reimbursement-related revenues not received in 2013-2014 but rebudgeted to 2014-2015, revenues for the over 450 revenue accounts budgeted and monitored annually ended the year \$2.3 million or 0.2% above budgeted estimates. This small positive variance primarily reflects higher than anticipated Building Development Fee Program and Gas Tax reimbursement revenues offset by a delay in the receipt of financing proceeds in relation to the Energy and Utility Conservation Measures Program. Once adjusted for the Development Fee Programs which must be returned to the Development Fee Program Reserves, and other revenue-related adjustments required to close out 2013-2014, there was a net positive revenue variance of \$7.5 million (0.7%) for 2013-2014.

The 2013-2014 collection level of \$1.0 billion was up \$64.1 million (6.8%) from the actual 2013-2014 collections (\$943.8 million). The categories that experienced the largest increases included: Property Tax, Sales Tax, Transient Occupancy Tax, Licenses and Permits, Revenue from Local Agencies, Other Revenue, and Departmental Charges. The largest declines from the prior year were experienced in the Use of Money and Property, Revenue from the State of California, and Revenue from the Federal Government categories.

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

Property Tax

The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, and Homeowner's Property Tax Relief (HOPTR). Property Tax receipts for the 2013-2014 fiscal year totaled \$223.6 million. This collection level was \$645,000 (0.3%) above the budgeted estimate of \$223.0 million, and represented an increase of 9.1% from 2012-2013 actuals of \$205.0 million. This is the third year of positive growth in this category after two years of declines (2009-2010 and 2010-2011), and 2013-2014 collections of \$223.6 million represent the highest peak since collections of \$215.7 million in 2008-2009.

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- **Secured Property Tax** – Receipts in this category of \$203.1 million were 0.03% (\$53,000) below the 2013-2014 Modified Budget estimate of \$203.1 million. Collections reflected strong growth of 9.0% compared to the 1.2% experienced in 2012-2013, and 1.3% experienced in 2011-2012 after two years of declines in this category (2.2% decline in 2010-2011 and a 3.4% decline in 2009-2010). This growth was consistent with the rate assumed in the 2013-2014 Modified Budget of 9.0%. On a County-wide basis, the 2013-2014 roll growth was driven primarily by Proposition 8 adjustments (41.5%) and changes in ownership (29.0%). The remainder of the growth in assessed value reflected the impact of the CCPI inflation factor, business personal property, and corrections and other adjustments. In San José, the number of properties receiving Proposition 8 adjustments dropped by almost 40% in 2013-2014 from 76,600 in 2012-2013 to 46,500 in 2013-2014. Under Proposition 13, which was approved by the voters in 1978, assessed values of all real property adjusted with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership, new construction, or the value of the property falls below the assessed value. The CCPI adjustment for the 2013-2014 tax roll was an increase of 2.0%. Receipts in 2013-2014 were based on the property tax roll as of January 1, 2013, with tax roll corrections incorporated into final collection totals. During 2013-2014, tax roll corrections resulted in a net reduction to the tax levy of approximately \$33 million County-wide (compared to \$43 million in 2011-2012), slightly below levels estimated to develop the 2013-2014 Modified Budget of \$35.0 million.

In 2014-2015, Secured Property Tax receipts will be based on the property tax roll as of January 1, 2014. The 2014-2015 Adopted Budget reflects growth of approximately 6% (\$215.2 million) from the 2012-2013 actual collections (once adjusted for the one-time payment of excess 2012-2013 ERAF received in 2013-2014 of \$224,000). The 2013-2014 adopted revenue estimate was based on an analysis of the information provided by the Santa Clara County Assessor's Office on May 22, 2014. However, the final assessed value for 2014-2015 reflects 6.7% growth, slightly above current levels assumed in the 2014-2015 budget. As a result, the very preliminary estimate from the County of Santa Clara is slightly above the 2014-2015 Adopted Budget estimate by approximately \$1-2 million. This figure will be adjusted during the year based on actual experience. If necessary, any adjustment to the Secured Property Tax estimate will be brought forward in 2014-2015.

Throughout the County of Santa Clara, the majority of the 2014-2015 roll growth can be attributed to changes in ownership (42.9%) and Proposition 8 (33.4%) adjustments. The remainder of the growth in assessed value reflects the impact of new construction, corrections and other adjustments, business personal property, and the CCPI inflation factor. With the continued recovery in the real estate market, approximately 21,000 of the properties in San José that were valued at less than their purchase price in 2013-2014 were adjusted upwards in 2014-2015, restoring \$1.6 billion in assessed value. There are approximately 24,000 properties

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Property Tax

that continue to receive Proposition 8 adjustments in 2014-2015 as these properties are valued at less than their purchase price.

Under Proposition 13, assessed values of all real property adjusted with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The CCPI adjustment for the 2014-2015 tax roll is an increase of 0.45%, significantly below the prior year level of 2.0%.

- ***SB 813 Property Tax*** – The SB 813 Property Tax component represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Assessor formally revalues the property. In 2013-2014, growth of 63.7% was experienced in this category with receipts of \$5.0 million. This was due to both improvement in the real estate market and the resolution of a backlog of refunds by the County that had significantly reduced collections in recent years. It should be noted that collections remain well below the peak of \$10.1 million in 2005-2006 and below levels seen in recent years (e.g., \$8.0 million in 2006-2007 and \$7.9 million in 2007-2008).

The 2014-2015 Adopted Budget assumed collections of \$2.8 million, representing a decrease of 44.6% from actual 2013-2014 collections. In 2014-2015, collections in this category are projected to decrease due to an anticipated change in methodology for the SB 813 distribution. In 2004-2005, the State Motor Vehicle In-Lieu (VLF) Swap involved the permanent conversion of VLF backfill funds to Property Tax that was part of the approved State budget. Since SB 813 Property Tax receipts are pooled receipts that are allocated to each jurisdiction based on their share of secured property taxes, an increase in the City's Secured Property Taxes increased the City's share of SB 813 receipts. Per conversations with the County of Santa Clara, it is anticipated that beginning in 2014-2015, VLF receipts associated with the swap will not be considered Property Tax for the SB 813 calculation and, therefore, will reduce the City's relative share of this tax. This decrease is anticipated to be partially offset by the growth in property assessed value as discussed in the Secured Property Tax section.

- ***Unsecured Property Tax*** – This tax is assessed on major business equipment items and is subject to annual depreciation adjustments. Current and Prior Unsecured Property Tax receipts or \$12.4 million in 2013-2014 were consistent with the 2013-2014 Modified Budget. This collection level was 1.6% below collection levels in 2012-2013 (\$12.6 million) but still exceeded the second most recent peak level, 2009-2010, of \$12.3 million. Revenues in this category have proven to be continually volatile over the last decade with annual growth or declines reaching double-digit levels. Growth in this category is dependent primarily on increases in the value of personal property and based primarily on the strength of the local business sector. The 2014-2015 Adopted Budget requires collection levels to increase 3.8% or \$12.9 million; however, the most recent projection from the County of Santa Clara for 2013-2014 falls below 2013-2014 levels. Approximately 90% of the annual revenue in this category

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is received in October and will provide better information on the anticipated year-end performance.

- ***Aircraft Property Tax*** – Receipts in 2013-2014 are consistent with the budgeted estimate, and 2.4% above the 2012-2013 receipts of \$2.1 million. In 2014-2015, the budgeted estimate of \$2.2 million requires slight growth of 0.7%. The current County of Santa Clara Assessor's Office estimate is above the 2014-2015 budgeted level; however, this estimate is preliminary and will continue to be monitored.
- ***Homeowner's Exemption Subvention*** – This category represents the recovery of tax loss resulting from the per-household exemption granted by current State law. Receipts of \$1.03 were at the budgeted estimate but slightly below 2012-2013 actual collections (-0.6%, \$1.04 million). Collections are expected to remain at approximately the same level in 2013-2014. The preliminary estimate from the County of Santa Clara is slightly below the 2014-2015 budgeted level.

The City's Property Tax performance will be closely monitored in 2014-2015 to determine if any adjustments to the budgeted estimate are necessary. As part of that monitoring activity, staff will continue to regularly meet with representatives from the offices of the County Assessor, the County Controller-Treasurer, and the County Tax Collector to ensure that the City's budget appropriately reflects the most recent information available.

Sales Tax

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall, Sales Tax collections in 2013-2014 of \$173.4 million were slightly below the 2013-2014 Modified Budget by -0.2% (\$348,000) and reflects a 5.9% (\$9.7 million) increase from collections in 2012-2013 (\$163.8 million). Following is a discussion of the two Sales Tax components:

- ***General Sales Tax*** – In the General Sales Tax category, collections of \$167.97 million reflect growth of 5.9% above 2012-2013 collection levels of \$158.6 million and were slightly below the 2013-2014 Modified Budget (-0.2%, \$330,000). This marks the fourth year of growth in this category, with receipts exceeding both pre-recession levels of \$149.5 million collected in 2007-2008 and the peak of \$164.3 million in 2000-2001.

The 2013-2014 actual General Sales Tax figure of \$167.97 million reflects actual performance for the first three quarters of 2013-2014, during which growth of 8.5% (1st quarter), 7.9% (2nd quarter) and 2.4% (3rd quarter) was experienced, as well as estimated growth of 3.5% for the 4th quarter and prior year State triple flip true-up adjustments. Because a three-month lag exists between the period of sales activity and when the City receives its quarterly Sales Tax

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Sales Tax

allocation, the fourth quarter (April through June) was accrued to 2014-2015 based on a 3.5% growth projection. Since the accrual was processed, preliminary Sales Tax results for the fourth quarter have become available and show an actual increase of 6.2%. While details by economic sector for the last quarter's performance are not yet available, this higher growth rate generated an additional \$835,000 in revenue.

The City's Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the four quarters ending March 2014, as displayed in the following chart. This analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. During this period, economic growth of 3.8% was realized.

**Sales Tax Revenue Economic Performance
April 2013 – March 2014**

| Economic Sector | % of Total Revenue | % Change from April 2013 – March 2014 |
|------------------------|---------------------------|--|
| General Retail | 26.1% | 0.9% |
| Transportation | 24.2% | 3.6% |
| Business-to-Business | 22.1% | 1.8% |
| Food Products | 15.9% | 6.7% |
| Construction | 11.1% | 12.3% |
| Miscellaneous | 0.6% | -3.6% |
| Total | 100.0% | 3.8% |

The 2014-2015 Adopted Budget revenue projection was developed based on actual 2013-2014 data for the first two quarters, and assumed growth of 3.5% to be realized in the last two quarters of 2013-2014 when compared to the same quarters in the prior year, followed by a 4.0% growth in 2014-2015. However, as discussed above, actual increases in the last two quarters of 2013-2014 were 2.4% and 6.2%, respectively.

The higher receipts in 2013-2014 will have a positive impact on the 2014-2015 Sales Tax estimate. In addition, the City received notification that, at the time of the Triple Flip payment, the City will also receive a one-time correction payment of \$682,000. This correction payment reflects funds the State mistakenly sent in statewide sales tax from gasoline sales to the State's General Fund as a result of an accounting error following the exemption of the state's portion of the sales tax on gasoline sales that was replaced with a higher state excise tax. These positive impacts, however, are expected to be offset by a lower than anticipated Triple Flip payment from the State. Based on the information received regarding the 2014-2015 Triple Flip payment (including the 2013-2014 true-up payment to be received in January 2015), the payment is significantly lower (\$1.5 million) than estimates used in the development of the 2014-2015 Adopted Budget. Staff is working with the City's Sales Tax consultant to understand the rationale behind this lower payment level. It is important to note that the City

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Sales Tax

will receive a true up payment if the amount advanced by State to cover estimated performance in 2014-2015 is too low.

Based on actual 2013-2014 receipts, adjustments associated with the 2014-2015 Triple Flip payment (including the 2013-2014 true-up payment to be received in January 2015), and a one-time correction payment, revenues are currently projected to fall slightly below the 2014-2015 Adopted Budget estimate of \$174.2 million.

This 2014-2015 Adopted Budget estimate requires overall growth of 3.7% from the 2013-2014 year-end figure of \$168.0 million. Additional adjustments may be brought forward during 2014-2015 based on actual performance. Data for the first quarter of 2014-2015 (July – September activity) will not be available until December 2014.

- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$5.4 million were slightly below (-0.3%) the budgeted estimate of \$5.5 million and were up 5.6% when compared to the 2012-2013 collection level of \$5.2 million. This increase reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

Telephone Line Tax

In 2013-2014, Telephone Line Tax collections of \$20.7 million were \$92,000 (0.4%) above the budgeted estimate of \$20.6 million and slightly above the 2012-2013 collection level of \$20.6 million.

Transient Occupancy Tax

In 2013-2014, receipts of \$11.9 million for the General Fund's portion (4.0%) of the City's Transient Occupancy Tax (TOT) were consistent with the 2013-2014 Modified Budget estimate, and were up 17.5% from the 2012-2013 collection level of \$10.1 million. However, once adjusted to exclude compliance revenues of \$225,000, TOT 2013-2014 activity reflects growth of 15.5% from 2012-2013 actuals. Overall, TOT revenues have exceeded both the most recent peak of \$9.6 million in 2007-2008 and the historical peak of \$10.9 million that was achieved in 2000-2001. The higher collection levels are attributable to increased hotel occupancy and room rates. In 2013-2014, the average occupancy rate for the City's 14 largest hotels climbed from 66.6% to 70.6%, and the average room rate for these same hotels increased by \$15 (from \$139 to \$154).

The 2014-2015 Adopted Budget of \$11.8 million was built assuming 5% growth in TOT collections over 2013-2014 estimated receipts. However, since 2013-2014 actual receipts came in higher than assumed in the 2014-2015 budget development, growth of approximately 1% (excluding compliance revenues) is needed to meet the \$11.8 million estimate.

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Franchise Fees

Franchise Fee collections of \$45.7 million were slightly above (0.9%) the 2013-2014 Modified Budget level of \$45.4 million and were \$2.0 million, or 4.6%, above the 2012-2013 collection level of \$43.7 million. Following is a discussion of the major Franchise Fee components:

- ***Electric and Gas Franchise Fees*** – For 2013-2014, collections were based on activity that occurred during calendar year 2013. Electric Franchise Fee collections of \$19.3 million were at the 2013-2014 Modified Budget level and 5.3% above the 2012-2013 collection level of \$18.3 million. Gas Franchise Fees of \$4.8 million ended the year at the budgeted estimate and 13.2% above the 2012-2013 collection level of \$4.2 million. Combined, the Gas and Electric Franchise Fees collections of \$24.0 million were at the budgeted estimate.
- ***Commercial Solid Waste Franchise Fee (CSW)*** – Collections of \$11.03 million ended the year slightly above the budgeted estimate of \$11.0 million and 0.2% below the prior year collection level of \$11.05 million. Starting in 2012-2013, the CSW fee methodology changed to a fee for franchises based on geographic collection districts rather than volume. The new fee is set at \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and the South District. The payment in 2013-2014 reflects the \$11.0 million under this new structure plus an additional \$30,000 from a few small haulers that deal with non-garbage related materials (construction and demolition materials and residential clean-up materials). Under the revised fee structure, there is a provision for an annual increase based on the percentage change in the annual consumer price index (CPI) rate during the prior two calendar years, subject to City Council approval. While this adjustment was not brought forward in 2013-2014, the 2014-2015 Adopted Budget estimate of \$11.2 million incorporates a CPI increase of 1.46% over the \$11.0 million starting point.
- ***Cable Television Franchise Fees*** – Actual 2013-2014 collections of \$9.4 million ended the year slightly above the 2013-2014 modified budget (\$281,000 or 3.1%) and were 4.5% above the 2012-2013 collection level of \$9.0 million. The 2014-2015 Adopted Budget estimate of \$9.1 million was built on estimated 2013-2014 receipts of \$8.9 million, therefore with higher 2013-2014 actual collections, the Adopted Budget allows for a 3.3% decline from 2013-2014 actual collections.
- ***City-Generated Tow, Water, and Nitrogen Gas Pipeline Franchise Fees*** – Receipts in these categories were consistent with the budgeted estimates and reflected growth from 2012-2013 collection levels. City-Generated Tow Franchise Fee receipts of \$916,000 slightly exceeded the budget estimate of \$850,000 by 7.8% (\$66,000) and were 5.0% above the prior year collection level of \$873,000. This collection level, however, continues to remain below historical levels ranging between \$1.0 million to \$1.8 million. Water Franchise Fee collections of \$290,000 were 0.4% above the budget estimate of \$289,000, and 16.0% above the prior year collection level of \$250,000. Nitrogen Gas and Jet Fuel Pipeline Franchise Fee receipts of

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Franchise Fees

\$72,000 were slightly above the budgeted estimate of \$55,000 and the 2012-2013 collection level of \$56,000.

Utility Tax

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$93.8 million were consistent with the 2013-2014 Modified Budget level and 2.9% above the 2012-2013 actual level of \$91.1 million. A description of the individual performance of each of the four utilities grouped into this revenue category follows below.

- **Electricity and Gas Utility Tax** – Electricity Utility Tax receipts of \$40.9 million were consistent with the modified budget estimate for 2013-2014, and 4.0% (\$1.6 million) above the 2012-2013 level of \$39.3 million. This growth from prior year levels is partially due to a refund that was processed by Pacific Gas and Electric (PG&E) in 2012-2013 for energy usage from April 2011 through June 2012, a rate increase of approximately 1% beginning January 2014, and actual collection trends. The 2014-2015 Adopted Budget estimate of \$41.3 million requires growth of 1% from 2013-2014 actual collections in Electricity Utility Taxes.

Gas Utility Tax collections of \$8.8 million were slightly above (2.2%) the 2013-2014 Modified Budget estimate of \$8.6 million and 4.5% (\$376,000) above the 2012-2013 collection level of \$8.4 million. This increase from prior year levels reflects actual collection trends, increasing commodity and transportation costs, and is consistent with information from PG&E on the approximate 7.3% increase in prices in 2014. The 2014-2015 Adopted Budget estimate of \$9.1 million requires growth of 3.8% from 2013-2014 actual collections in Gas Utility Taxes.

- **Water Utility Tax** – Receipts in this category of \$11.4 million were consistent with the modified budget level and 8.3% above the 2012-2013 collection level of \$10.5 million primarily reflecting the rising wholesale price of water and consistent with growth seen over the first half of this fiscal year. The 2014-2015 Adopted Budget estimate of \$11.4 million assumed growth of 1.8% based on continued rising wholesale price of water, however, with slightly higher 2013-2014 actual collections, no growth is necessary to meet the 2014-2015 estimate. The Public Utilities Commission recently approved a long-delayed rate increase in August 2014. It is anticipated the decision will result in a 15% increase in water bills through the end of this calendar year. However, due to the current restrictions imposed by the drought, a significant change in consumption is anticipated therefore no adjustments are recommended in this report until more data is available.

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Utility Tax

- **Telephone Utility Tax** – Collections of \$32.75 million in this category were slightly below (0.5%) the 2013-2014 Modified Budget level of \$32.93 million and 0.4% (\$173,000) below the prior year actual collection level of \$32.90 million. In 2014-2015, the budgeted estimate of \$33.0 million requires growth of less than 1% from prior year collections, as this category has fluctuated in recent years. Collection levels will continue to be monitored and adjustments brought forward as necessary during the year.

Business Taxes

Revenues in this category include the Cardroom Tax, Business Tax, Disposal Facility Tax, and Marijuana Business Tax. Overall, Business Tax collections of \$45.5 million were 4.0% above the 2013-2014 Modified Budget estimate of \$43.7 million and 0.7% above (\$338,000) the 2012-2013 collection level of \$45.1 million. The nominal variance in collections compared to prior year levels reflects increases in Marijuana Business Tax Receipts and Disposal Facility Tax receipts, offset by lower General Business Tax receipts which were primarily due to the Business Tax Amnesty Program that occurred in 2012-2013. Following is a discussion of the major Business Tax components:

- **Cardroom Tax** – Collections in this category reflect the gross receipts tax collected from the two cardrooms located in San José. Receipts of \$16.3 million remained consistent with the prior year level and ended the year at the modified budget estimate of \$16.3 million. It is anticipated that receipts in 2014-2015 will remain at previous year collection levels.
- **Business Tax** – Collections of \$10.86 million in this category are 0.2% above (\$20,000) the modified budget estimate of \$10.84 million but 21.7% below (\$3.0 million) the 2012-2013 collection level. On October 23, 2012, the City Council approved a Business Tax Amnesty Program, which was the main contributor to the receipts in this category in 2012-2013. On June 11, 2013, the City Council approved an ordinance retroactively extending the Business Tax Amnesty Program from May 31, 2013 through August 30, 2013. While the number of businesses in the City's business tax database has increased, the majority of the new accounts are in the exemption category. Since the exemption fee was eliminated for tax reporting periods after June 1, 2013, no revenue is generated on these new accounts. As a result of the Amnesty Program, it is expected that the business tax database will provide a more accurate reflection of the number of businesses operating in San José in 2014-2015.
- **Disposal Facility Tax (DFT)** – Collections of \$12.2 million ended the year \$1.5 million above the budgeted estimate of \$10.7 million and 14.2% above the prior year collection level of \$10.7 million. This revenue stream varies due to factors that affect the amount of

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Business Taxes

waste generated and how it is disposed, including economic activity, weather, diversion programs, and price sensitivity to disposal rates. In recent years, revenues in this category have declined due, in large part, to increased waste diversion and the overall slowdown in the economy. The increase in 2013-2014 collections primarily reflects increased activity from neighboring agencies dumping in San José landfills. The 2014-2015 Adopted Budget DFT estimate of \$10.7 million was built on lower estimated 2013-2014 collections and assumed a slight decline of 0.9%. However, based on 2013-2014 actual collections, receipts can now decline 12.5% in 2014-2015. This category will be closely monitored to determine if the strong collections in 2013-2014 are sustained. If receipts remain at this higher level, an upward adjustment to the 2014-2015 revenue estimate will be brought forward.

- **Marijuana Business Tax** – On November 2, 2010, San José voters approved Measure U, which permits the City to impose a gross receipts tax of up to 10% on all marijuana businesses in the City. The rate was initially set at 7% by the City Council. On June 4, 2013, the rate of taxation increased for marijuana businesses from 7% of gross receipts to 10%. Collections of \$6.1 million were above (2.7%) the 2013-2014 Modified Budget level of \$5.9 million and significantly above the 2012-2013 receipts of \$4.2 million (43.1%), primarily due to the tax rate increase. There continues to be uncertainty regarding this program, therefore, this revenue category will continue to be closely monitored.

Licenses and Permits

Revenues in this category include the Fire Permits, Building Permits, and various other health and public safety permits and licenses. Overall, Licenses and Permits collections of \$52.0 million were 4.0% (\$2.0 million) above the 2013-2014 Modified Budget level of \$50.0 million and 11.6% above (\$5.4 million) the 2012-2013 collection level of \$46.6 million. The significant increase over the prior year is a result of substantial growth in the Building Permits category followed by Fire Permits growth. Following is a discussion of the major Licenses and Permits components:

- **Fire Permits** – Fire Fee receipts of \$11.1 million were 1.0% above the 2013-2014 Modified Budget estimate of \$11.0 million and 9.9% above the prior year level of \$10.1 million. The 2014-2015 Adopted Budget estimate of \$11.15 million requires a 0.6% increase in activity levels from the 2013-2014 actual receipts. Following is a discussion of the Development and Non-Development revenues in this category.

Development revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and miscellaneous revenues ended the year at \$7.1 million, which was on target with the 2013-2014 Modified Budget estimate of \$7.1 million. Because year-end collections slightly exceeded the modified budget estimate, an increase to the Fire Development Fee Reserve of \$27,000 is recommended as part of this

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Licenses and Permits

document. When combined with expenditure savings, overhead reimbursement savings and interest earnings, the Fire Development Fee Program Earmarked Reserve is recommended to be increased by a total of \$640,000. When combined with additional recommended actions, the Reserve will increase from \$6.4 million to \$7.1 million.

Non-Development revenue of \$4.0 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other miscellaneous activities were slightly above the modified budget estimate of \$3.9 million. Annual renewable permits revenue of \$3.5 million was \$183,000 (5.5%) above estimated levels and 10.5% higher than the collections in the prior year. Combined revenues of \$451,000 from non-renewable permit and inspection activities (such as after-hours inspections for fire regulatory enforcement and hazardous materials) and permits for pyrotechnics, tents, canopies, and temporary membrane structures were \$119,000 (20.8%) lower than budgeted levels and 21.4% lower than prior year's year-end revenue of \$575,000.

- **Building Permits** – Receipts of \$32.5 million ended the year 6.4% (\$2.0 million) above the modified budget estimate of \$30.5 million, and 19.9% (\$5.4 million) above the prior year level of \$27.1 million. Building Permit revenue throughout 2013-2014 continued to show strong growth due to higher than anticipated development activity.

In recognition of increased permit revenues, the budget estimate was increased by \$9.5 million during 2013-2014. Despite this increase to the budget estimate, actual collections ended the year \$2.0 million over the revised estimate as a result of strong residential permit activity in May 2014 and strong industrial permit activity in June 2014.

The total valuation of projects submitted in 2013-2014 was \$1.7 billion, 16.7% above the revised estimate of \$1.45 billion and 77.0% above the \$955.8 million valuation of projects that were received in 2012-2013. Total construction valuation in two of the three land use categories, residential and commercial, ended the year above estimates, while total construction valuation in industrial land use ended the year slightly below estimates. A total of 4,724 new residential units received permits in 2013-2014 compared to an estimate of 3,250 units and 2012-2013 actuals of 2,702 units. Residential valuation of \$835.6 million in 2013-2014 was significantly higher than the 2012-2013 level of \$497.5 million and exceeded the estimate of \$600.0 million. Commercial valuation of \$398.5 million also tracked above the estimate of \$375.0 million and was well above the prior year level (\$211.2 million). However, industrial activity was 3.7% below forecasted levels at approximately \$457.4 million but surpassed last year's level of \$247.1 million by 85.1%. The number of projects requiring plan check was 8,000 in 2013-2014, a decrease of approximately 11.1% from 9,000 in the prior year. The total number of building inspections conducted in 2013-2014 was 220,000, increasing approximately 20.2% from 183,000 inspections during the previous year.

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Licenses and Permits

A recommendation to increase the Building Development Fee Program Earmarked Reserve by \$2.7 million is included as part of this report. This funding was derived from a combination of a revenue surplus of \$2.0 million, expenditure savings, overhead reimbursements savings, and interest earnings attributed to the program. These increases to the Reserve are partially offset by additional recommended actions such as funding for peak staffing agreements (\$500,000) and the purchase of additional licenses for the city-wide Development Services permitting system (\$84,000). When accounting for all recommended actions, the net increase to the Reserve will be \$2.4 million, bringing the Reserve from \$21.7 million to \$24.1 million.

- **Miscellaneous Other Licenses and Permits** – Collections of \$8.5 million were 0.9% (\$75,000) below the 2013-2014 Modified Budget and below the prior year collections of \$9.5 million (\$984,000 or 10.4%). The decline from 2012-2013 levels was primarily the result of lower collections in off-sale of alcohol enforcement, cardroom permits, and vacant/dangerous building permits.

Animal Care and Services collections of \$1.31 million ended the year 3.8% above the 2013-2014 Modified Budget estimate of \$1.27 million and 2.3% above prior year collections of \$1.28 million.

Fines, Forfeitures and Penalties

The primary sources of revenue in this category are Parking, Vehicle Code, and Municipal Code Fines, and Business and Cardroom Tax Penalties. Collections of \$14.8 million in this category were 4.0% above the 2013-2014 modified budget estimate of \$14.3 million and up 1.9% (\$281,000) from the prior year collection level of \$14.6 million.

Parking fines, the largest component of this revenue category, ended the year at \$10.2 million. This collection level was slightly above the modified estimate of \$10.0 million (\$227,000 or 2.3%) but continue to remain below historical levels (\$11.3 million in 2010-2011 and \$11.8 million in 2011-2012). When the 2013-2014 budget was developed, it was assumed that the parking fine revenues would continue to be impacted by the transition of parking compliance officers from the Airport Department to the Department of Transportation in 2012-2013. The actual impact was larger than anticipated, and a downward adjustment of \$1.0 million to the 2013-2014 Adopted Budget estimate of \$11.0 million was approved during the year. The 2014-2015 Adopted Budget estimate of \$10.0 million assumes that revenue collections will remain relatively flat at the 2013-2014 estimated levels. In addition, collections of \$371,000 were received from the City's participation in a program under which the State of California Franchise Tax Board collects past-due parking fines on behalf of the City. This collection level remains consistent with prior year levels.

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Fines, Forfeitures and Penalties

Vehicle Code and Municipal Code Fines ended the year at \$2.28 million, which was 2.2% below the modified budget estimate of \$2.33 million and 10.2% below the 2013-2014 collections of \$2.5 million. The City also received \$738,000 from Business Tax Penalties which was 26.2% below the modified budget estimate of \$1.0 million and 28.5% below the prior year collections of \$1.0 million. Receipts were impacted by the Business Tax Amnesty Program and the clean-up of outstanding accounts as discussed in the Business Taxes section.

Revenue from Use of Money and Property

The Use of Money and Property category includes interest income earned in the General Fund, rental income from various City properties, and subrogation revenues. Collections of \$3.5 million ended the year slightly above the modified budget level of \$3.2 million (7.6%), however, slightly below (10.7%) the prior year collection level of \$3.9 million. Below is a discussion of major components.

Rental income (\$2.3 million) was above the budgeted estimate of \$2.2 million and at prior year collections of \$2.3 million. Interest income of \$723,000 was above budgeted levels of \$610,000, and significantly above the prior year levels of \$328,000, however, revenues continue to track below historic levels prior to the implementation of the prefunding of retirement contributions. The positive variance from the modified budget was primarily due to higher general interest earnings for the General Fund.

Revenue from Local Agencies

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

Revenue collections of \$46.7 million ended the year \$316,000 (0.7%) below the budgeted estimate of \$47.0 million. However, this collection level was \$11.9 million (34.3%) above the 2012-2013 collections of \$34.8 million. The positive variance from the prior year primarily reflects the reimbursement from the Successor Agency for cash flow funding provided by the City during both the 2012-2013 and 2013-2014 fiscal years. This is offset by a reduction in payments from the County of Santa Clara for the first responder advanced life support program (Paramedic Program) and the reimbursement from a one-time payment of \$6.9 million from the County of Santa Clara for the recalculation of prior year Property Tax Administration Fees (PTAF) received in 2012-2013.

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Revenue from Local Agencies

Reimbursement from the Successor Agency of \$37.1 million was slightly below the 2013-2014 Modified Budget of \$37.4 million. This reimbursement includes three payments: 1) the Convention Center debt service payment reimbursement of \$15.3 million, 2) the reimbursement for intra-year loans (“cash flow loans”) provided by the City to the Successor Agency in 2012-2013 of \$10.4 million, and 3) the reimbursement for cash flow loans provided by the City to the Successor Agency in 2013-2014 of \$11.4 million. It is important to note that the \$11.4 million was an estimate and was accrued to 2013-2014 based on unaudited financials. The actual cash is expected to be received during the first half of 2014-2015.

In 2013-2014, the Central Fire District payment of \$5.1 million was above the prior year collection of \$4.9 million (4.2%) however, slightly below the modified budget estimate of \$5.2 million. These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The year-over-year increase of payments is due to the change in Property Tax valuation in those areas. In 2014-2015, receipts are expected to continue to increase with the current 2014-2015 Adopted Budget Estimate of \$5.4 million, requiring growth of 6.3% from actual 2013-2014 levels.

The payment of \$333,000 from the County of Santa Clara for the City’s Paramedic Program was at the modified budget estimate, however significantly below the 2013-2014 Adopted Budget estimate of \$2.2 million. The County has withheld payment for this service because the City has not been meeting the response time performance standards set forth in the agreement with the County for these services. While the City continues to work through these issues with the County, the City continues to provide the advanced life support level of service which has a direct incremental cost to the City of over \$5.0 million annually. The 2014-2015 Adopted Budget eliminated these payments as the City and County continue to work to address these issues and estimates will be adjusted as appropriate once additional information is known.

Animal Care and Services collections of \$899,000 ended the year 15.5% below the modified budget estimate of \$1.06 million and 1.5% below prior year collections of \$912,000.

Rebudget actions to adjust revenues and expenditure budgets for various grants based on actual 2013-2014 performance are recommended as well as budget actions to recognize new grants and reimbursements, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Revenue from the State of California

The major State revenues include the Tobacco Settlement Revenue and State Grants. Revenue from the State of California of \$11.93 million ended the year 0.1% below the 2013-2014 Modified Budget estimate of \$11.94 million, but 29.2% below the prior year actual level of \$16.9 million. The negative variance from the prior year was due primarily to a one-time settlement (collectively

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Revenue from the State of California

\$186.8 million for all California counties and eligible cities) of a multi-year dispute related to the Non-Participating Manufacturers Adjustment (a provision in the Tobacco Master Settlement Agreement) for claims of sales between 2003 and 2012. The City of San José's portion of this settlement was \$4.7 million which was received in 2012-2013.

The Tobacco Settlement revenues of \$8.8 million were 2.8% below the 2013-2014 Modified Budget estimate of \$9.0 million. The 2014-2015 Adopted Budget estimate remains at \$9.0 million, requiring growth of 2.8% from 2013-2014 actual revenues.

Vehicle License Collections In Excess payments totaled \$434,000, which ended below both the modified budget of \$475,000 and prior year collections of 524,000. The 2014-2015 Adopted Budget estimate of \$435,000 requires minimal growth of 0.2% from 2013-2014 actual revenues.

State grants and other reimbursements totaled \$2.7 million, which was \$283,000, or 11.5%, above the modified budget estimate of \$2.5 million. This was the result of a timing difference of many grants (and their associated expenditures) and slightly higher reimbursements (\$104,000). The 2014-2015 Adopted Budget includes the rebudget of a portion of these and other revenues and associated expenditures for various State grants in the amount of \$335,000 to account for the anticipated receipt in 2014-2015 of revenues that were not received in 2013-2014. Included in this report are recommendations to adjust previous rebudgets based on actual year-end performance, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Revenue from the State of California – American Recovery and Reinvestment Act (ARRA)

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 (ARRA) that is recorded in the General Fund. Minimal revenues of \$1,000 reflect the final close-out of various grants. No grant funds are anticipated in 2014-2015 as this program has sunset.

Revenue from the Federal Government

The revenue in this category is generated by various federal grants and reimbursements. In 2013-2014, Revenue from the Federal Government of \$13.48 million was 0.5% below the modified budget estimate of \$13.54 million and 15.7% below the 2012-2013 collection level of \$16.0 million. This negative variance from the modified budget estimate was the result of various grants (and their associated expenditures) falling below the budgeted estimates offset by higher than budgeted SAFER 2010 Grant revenues (\$1.1 million) due to a timing difference between revenues and expenditures from 2012-2013.

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Revenue from the Federal Government

Included in the 2014-2015 Adopted Budget were the rebudget of a portion of these and other revenues and associated expenditures for various federal grants in the amount of \$1.4 million to account for the anticipated receipt in 2014-2015 of revenues that were not received in 2013-2014. Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Revenue from the Federal Government – American Recovery and Reinvestment Act (ARRA)

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 (ARRA) that is recorded in the General Fund. The revenue in this category is generated by various federal grants and reimbursements. In 2013-2014, ARRA Revenue from the Federal Government of \$20,000 was at the modified budget level and reflect the final close-out of various grants. No grant funds are anticipated in 2014-2015 as this program has sunset.

Departmental Charges

This category includes the fees and charges levied to recover all or partial costs of services provided by various City departments per City Council approved cost-recovery levels. Collections of \$41.7 million for Departmental Charges were 3.2% above the 2013-2014 Modified Budget estimate of \$40.4 million and were above the 2012-2013 collection level of \$38.8 million (7.4%). A brief description of the performance in each of the departmental fee categories is provided below.

- **Library Departmental Fees** – Collections of \$1.07 million ended the year 1.9% above the modified budget estimate of \$1.05 million, and 5.6% above the 2012-2013 receipts of \$1.01 million. Fine revenues accounted for \$924,000 of the total receipts for 2013-2014 and were up from \$889,000 in the prior year. The increase in fine revenues is the result of an increase in visitor levels partly due to the opening of four new branches in 2013-2014, including Seven Trees, Bascom, Educational Park, and Calabazas. Revenues related to lost and damaged materials fees and collection agency fees totaled \$31,000 in 2013-2014, slightly above the modified budget estimate of \$29,000, and moderately above (28.2%) 2012-2013 levels of \$24,000. This increase in revenue collection is also due to an increase in the number of visitors in the library system resulting from the new branches. Community room rental revenues also ended the year above estimated projections; rental revenue collected in 2013-2014 totaled \$25,000, or 26.9%, above the modified budget estimate. Overall, visitors and materials circulation were up throughout the Library system, largely due to the four new branch openings and additional hours of operation added at Evergreen in 2013-2014.

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- ***Parks, Recreation, and Neighborhood Services (PRNS) Departmental Fees*** – Collections of \$16.6 million ended the year 1.1% above the modified budget estimate of \$16.4 million. This collection level was also 5.4% above the prior year level of \$15.7 million. Rentals and Reservations (facility rentals, picnic, and sports fields' reservations) revenues of \$1.4 million are up from the prior year levels of \$1.2 million and exceeded the 2013-2014 Modified Budget estimate of \$1.1 million. Happy Hollow Park & Zoo only slightly exceeded its Modified Budget estimate by 1.4% or \$80,000 and ended the year at \$5.8 million, up slightly from 2012-2013 levels of \$5.5 million. In addition, Lake Cunningham Skate Park and Park Permits fee categories also exceeded their budgeted estimates. The higher receipts in these categories were partially offset by lower than estimated collections in a number of other categories, including Aquatics, Family Camp, and Parking.
- ***Planning Departmental Fees*** – Collections of \$4.7 million ended the year 5.3% above the modified budget estimate of \$4.5 million and 22.5% above the prior year level of \$3.9 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenues throughout 2013-2014 were above anticipated levels. In recognition of increased revenues, the budget estimate was increased by \$1.0 million as part of the Mid-Year Budget Review and again by \$500,000 at the end of 2013-2014. Actual receipts, however, were above the revised budget estimate as a result of higher than anticipated permit issuance in the last two months of the year. Higher actual collections were experienced primarily in the following fee categories: Miscellaneous Planning Permits/Fees; Non-Residential Site Development Permits; Non-Residential and Residential Development Permit Adjustments; Non-Residential and Residential Environmental Clearance Permits; Non-Residential and Residential Planned Development Permits; and Non-Residential and Residential Tentative Map Permits.

This document includes a recommendation to increase the Planning Development Fee Program Earmarked Reserve by \$275,000 to \$2.0 million. This funding was derived from a combination of a revenue surplus of \$239,000, expenditure savings, overhead reimbursement savings, and interest earnings attributed to the program. Additional actions are recommended in this report to use \$197,000 of this reserve resulting in a final recommended 2014-2015 Modified Budget at \$1.8 million.

- ***Police Departmental Fees*** – Collections of \$1.2 million were at prior year levels and 4.2% (\$49,000) above the modified budget estimate. The variance from the modified budget estimate is primarily due to increased Police Officer Standards Training (POST) reimbursement which were \$96,000 above the modified estimate of \$125,000 and increased Vehicle Impound Fees, which were \$42,000 above the modified estimate of \$532,000. Although Vehicle Impound Fees were above the budgeted estimate, it should be noted that receipts continue to drop year-over-year with a 1.2% decrease from 2012-2013 collections, consistent with the drop in revenues since the January 2011 change in the tow policy that

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Departmental Charges

reduced the number of vehicles being towed and impounded. Miscellaneous revenues in this category ended the year \$61,000 below the budgeted estimate.

- **Public Works Departmental Fees** – Collections of \$9.7 million ended the year 2.7% above the modified budget estimate of \$9.5 million and 14.6% above the \$8.5 million collected in 2012-2013. The 2013-2014 collections are comprised of \$9.5 million from the Development and Utility Fee Programs and \$206,000 for special assessment collections. With increased demand for residential development in the region, development activity improved substantially this year. Previously entitled mixed use projects in the North San José area contributed significantly to this upward trend. This positive development trend is anticipated to continue in 2014-2015.

Revenues in utility excavations, residential and non-residential engineering and inspection, residential underground service alert locating, utilities, erosion and sediment control, residential and non-residential streetlight and signal design and inspection, private streets engineering, geological control applications fees, planned development rezoning, traffic reports, site development review, and grading permit categories all performed at higher than estimated levels. The revenue surplus of \$53,000 in 2013-2014 in the Public Works Fee Program combined with expenditure savings, lower overhead reimbursements, and interest earnings attributed to the program results in a recommendation in this report to increase the Public Works Development Fee Program Earmarked Reserve by \$346,000, when combined with additional recommended actions, the Reserve will increase from \$6.0 million to \$6.3 million.

- **Transportation Departmental Fees** – Collections of \$1.2 million ended the year \$176,000 or 17.1% higher than the modified budget estimate of \$1.0 million but 15.2% (\$216,000) below the \$1.4 million collected in 2012-2013. Collections above the modified level due primarily to higher sidewalk repair fees (up \$174,000), major modification or new installation of signals reviewed/activated due to increased development activities (up \$63,000), and residential parking permits (up \$46,000). However, miscellaneous traffic repairs (down \$72,000) and non-residential signal design services (down \$50,000) did not meet the modified budget level. Other categories ended the year with slight positive or negative variances.
- **Miscellaneous Departmental Fees and Charges** – Collections of \$7.14 million ended the year 5.3% above the modified budget estimate of \$6.78 million and 1.0% above the prior year actual level of \$7.07 million. The Solid Waste Enforcement fee, which is the largest component of this category, ended the year at \$5.0 million, which was 4.7% above the modified budget estimate (\$4.8 million) and 10.8% above the prior year collection level of \$4.5 million. The 2014-2015 Adopted Budget estimate of \$4.3 million allows for a decline in revenues of 14.2%

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and, when combined with the use of \$600,000 of estimated 2014-2015 Beginning Fund Balance, this program is projected to be 100% cost recovery in 2014-2015. Animal Care and Services collections of \$620,000 ended the year 4.2% below the modified budget estimate of \$647,000 and 8.1% below prior year collections of \$675,000.

Other Revenue

The Other Revenue category contains a number of unrelated revenue sources and totaled \$137.4 million in 2013-2014. As was the case in 2012-2013, Tax Revenue Anticipation Notes (TRANS) accounted for \$100 million of the receipts in this category and have an offsetting expenditure to repay the TRANS. Total collections of \$137.4 million were 6.6% (\$9.7 million) below the budgeted estimate of \$147.1 million, but 12.7% (\$15.5 million) above the 2012-2013 collection level of \$121.9 million. The increase from 2012-2013 is due primarily due to the receipt of financing proceeds of \$19.3 million associated with the Energy and Utility Conservation Measures Program. However, actual proceeds fell below the modified budget estimate of \$27.1 million, which accounted for the majority of the variance to the budget in this category. The remaining proceeds of \$7.8 million are recommended to be rebudgeted with the corresponding expenditure as part of this report.

Included in the 2014-2015 Adopted Budget was the rebudget of a portion of these and other revenues and associated expenditures for various grants and reimbursements in the amount of \$1.0 million to account for the anticipated receipt in 2014-2015 of revenues that were not received in 2013-2014. Additional adjustments of \$8.2 million are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants and reimbursements based on actual performance, as described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Transfers and Reimbursements

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall, collections of \$71.8 million ended the year 3.8%, or \$2.6 million, above the 2013-2014 Modified Budget estimate of \$69.2 million. The positive variance is due to higher than expected reimbursements for services (\$2.5 million), and overhead reimbursements (\$148,000), partially offset by lower than anticipated transfers (\$76,000). The 2013-2014 collection level of \$71.8 million was \$4.4 million above the prior year due to increased overhead reimbursements (\$4.2 million) and reimbursements for services (\$2.7 million), partially offset by lower than budgeted transfers from other funds (\$2.6 million).

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Transfers and Reimbursements

- **Overhead Reimbursements** – Payments from other funds for overhead costs of \$36.4 million ended the year \$148,000 (0.4%) above the modified budget estimate of \$36.3 million. This variance represents the net result of a series of over- and under-budgeted performances from over 50 special and capital funds that reimburse the General Fund. In this document, a downward adjustment to the 2014-2015 Airport Maintenance and Operation Fund overhead reimbursement of \$942,000 is recommended to comply with a provision of the Airline-Airport Lease and Operating Agreements approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2013-2014, passenger enplanements increased by 6.7%, exceeding the national estimated growth in enplanements (0.8%). The overhead reduction of \$942,000 reflects a reduction of the overhead rate of 5.9 percentage points (from the Adopted Budget overhead rate of 23.8% to 17.9%). This reduction is offset by the use of the \$1.0 million Air Service Incentive Program Reserve established for this purpose.
- **Transfers** – Revenue from the Transfers category of \$16.9 million ended the year \$76,000 (0.4%) below the modified budget level of \$17.0 million. The transfer from the Construction and Conveyance Tax Fund to the General Fund of \$3.47 million was \$47,000 higher than estimated based on slightly higher Construction and Conveyance (C&C) Tax receipts. The General Fund receives 15% of the Parks C&C Tax receipts to support parks maintenance activities. In addition, there were a number of other small positive and negative variances in this category. In this report, budget actions are recommended to transfer \$274,000 from the Convention and Cultural Affairs Fund to the General Fund to account for ticket proceeds that were deposited into the Convention and Cultural Affairs Fund that were to be used for the repayment of the \$1.0 million loan from the General Fund to the American Musical Theater (AMT). These funds are generated through the collection by Team San Jose of \$1 per every Broadway San José ticket sold. Since 2009, a total of \$214,000 has been collected from these ticket sales and a budget action is recommended to transfer those funds to the General Fund. An additional transfer of \$60,000 is recommended to account for anticipated ticket sales in 2014-2015. A slight clean-up adjustment is also recommended to close-out the Economic Development Enhancement Fund. Additional details on these actions are described in *Section IV. Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.
- **Reimbursement for Services** – Collections of \$18.5 million in the Reimbursement for Services category were 15.9%, or \$2.5 million, above the modified budget level of \$15.9 million. The positive variance is due to higher than estimated Gas Tax reimbursements of \$17.8 million that exceeded the budgeted estimate of \$15.2 million by \$2.6 million. Unanticipated higher revenues are a result of the State of California unexpected distribution of \$70.8 million to Counties and \$70.8 million to Cities on June 27, 2014 to correct for an over-allocation to the State Highway Account of \$141.6 million. The 2014-2015 Adopted Budget, includes a \$15.0

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Transfers and Reimbursements

million estimate for Gas Tax revenue allowing for a 15.7% decline in reimbursements compared to the actual 2013-2014 collections consistent with the one-time nature of the 2013-2014 increase. Deferred Compensation Program reimbursements of \$527,000 fell below the budgeted estimate of \$583,000, and this lower collection level was offset by expenditure savings in the Human Resources Department.

Summary

In 2013-2014, total revenues received by the General Fund of \$1.0 billion were lower than the modified budget level by \$760,000 (0.1%). After adjusting for \$3.1 million in grant and reimbursement-related revenues not received in 2013-2014, but rebudgeted to 2014-2015 as part of the 2014-2015 Adopted Budget, revenues actually ended the year \$2.3 million (0.2%) above the budgeted estimate.

This is an extremely small variance given the diversity of over 450 City revenues and the overall size of the General Fund. The \$2.3 million excess revenues primarily reflects the following variances: Development Fee Programs generated excess revenues (\$2.7 million), which are recommended to be allocated to the Development Fee Program Reserves; additional Gas Tax reimbursements (\$2.6 million) due to an over-allocation by the State; and higher than estimated Business Taxes (\$1.7 million) partially offset by lower finance proceeds (\$7.8 million) associated with the Energy and Utility Conservation Measures Program. Once adjusted, the Development Fee Programs additional revenue of \$2.7 million that must be allocated to the Development Fee Programs, and other revenue-related adjustments required to close out 2013-2014, there was a net positive revenue variance of \$7.5 million (0.7%) for 2013-2014. This variance is attributed to higher than estimated growth in Business Taxes (primarily Disposal Facility Taxes) and Gas Tax reimbursements.

The 2013-2014 collection level of \$1.0 billion was up \$64.2 million (6.8%) from the actual 2012-2013 collections (\$943.8 million). It should be noted that a large portion of this year-over-year increase reflects one-time increases in revenues or increases with corresponding increases in expenditures such as the reimbursement from the Successor Agency for two years of cash flow loans (\$21.8 million) and the financing proceeds associated with the Energy and Utility Conservation Measures Program (\$19.3 million). The 2013-2014 revenue estimates were built on the assumption that the economically-sensitive revenues would continue to experience growth. Actual performance in 2013-2014 was generally consistent with this assumption and, in some areas, revenues outperformed expectations. A number of economically-sensitive revenue categories, such as Property Tax, Sales Tax, Transient Occupancy Tax, and the development-related fees and taxes, continue to experienced solid growth from the low collection levels

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Summary

experienced during the most recent recession. Other revenue categories, such as Utility Tax and Telephone Line Tax, have shown only modest increases primarily driven by rate changes and are expected to experience slow growth moving forward.

Continued economic growth was factored into the 2014-2015 revenue estimates, specifically with strong growth in the Property Tax category based on updated information from the County of Santa Clara on the 2014-2015 property tax roll. The Administration will actively monitor economic indicators and revenues in 2014-2015 through the Bi-Monthly Financial Report and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions as necessary.

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The General Fund expenditure performance for 2013-2014 is discussed in detail in this section. This includes an overview of the General Fund expenditure performance, a discussion of significant departmental variances, and highlights of the non-departmental expenditures.

Overview

The following table details actual 2013-2014 General Fund expenditures as compared with the modified budget estimates:

**TABLE B
2013-2014 GENERAL FUND EXPENDITURE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(In \$000s)**

| Category | Modified Budget* | Actual** | Variance | % Variance |
|------------------------------|-----------------------------|-------------------|---------------------|-------------------|
| Personal Services | \$ 613,612 | \$ 604,436 | \$ (9,176) | (1.5%) |
| Non-Personal/Equipment/Other | 121,799 | 110,804 | (10,995) | (9.0%) |
| City-Wide Expenses | 266,610 | 224,597 | (42,013) | (15.8%) |
| Capital Contributions | 32,454 | 7,495 | (24,959) | (76.9%) |
| Transfers | 24,890 | 24,882 | (8) | (0.0%) |
| Reserves | 182,767 | - | (182,767) | (100.0%) |
| TOTAL GENERAL FUND | \$ 1,242,132 | \$ 972,214 | \$ (269,918) | (21.7%) |

* 2013-2014 appropriations as modified by Council through June 30, 2014, adjusted for the Ratification of Final Expenditures for 2013-2014 memorandum approved by the City Council September 9, 2014, plus 2012-2013 carryover encumbrances.

** Actual 2013-2014 expenses plus encumbrances.

General Fund expenditures and encumbrances through June 30, 2014 of \$972.2 million were \$269.9 million below (21.7%) the modified budget total of \$1.2 billion. Approximately 68% of this savings was generated from unspent reserves (\$182.8 million), with the remaining savings generated from expenditure appropriations. Total 2013-2014 expenditures and encumbrances were \$54.8 million (6.0%) above the June 2013 level of \$917.4 million. This increase is primarily due to higher Personal Services (\$34.6 million), City-Wide Expenses (\$14.0 million), and Non-Personal/Equipment/Other (\$10.7 million) costs, partially offset by lower Transfers (\$4.3 million) and Capital Contributions (\$106,000).

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Overview

As shown in Table C, the actual General Fund expenditures, transfers, and reserves of \$972.2 million were approximately \$18.9 million below (1.9%) the estimate used in the development of the 2014-2015 Adopted Budget. A portion of these savings (\$3.1 million) was carried over to 2014-2015 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up expenditure actions of \$14.4 million are recommended in this document to reconcile the Development Fee Programs for 2013-2014 (\$1.3 million) and to adjust various rebudget amounts and clean up appropriations (\$13.1 million) including an early rebudget adjustment approved by the City Council August 2014 (\$596,000). After accounting for these technical adjustments, the remaining General Fund expenditures and transfer savings totaled \$1.4 million, or 0.1% of the modified budget (excluding reserves).

These net expenditure savings, when combined with net variances associated with the General Fund revenues and a small shortfall in the liquidation of prior year encumbrances, represent the additional ending fund balance that is available for allocation. Specifically, as discussed earlier in this report, in 2014-2015, a total of \$8.3 million in additional fund balance is available from net expenditure savings (\$1.4 million) and higher net funding sources (\$7.5 million) slightly offset by lower than estimated liquidation of prior year encumbrances (\$531,000). Recommendations on the allocation of these additional funds are provided elsewhere in this document.

**TABLE C
2013-2014 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES
(In \$000s)**

| Category | Estimate | Actual | Variance | % Variance |
|--------------|-------------------|-------------------|--------------------|---------------|
| Expenditures | \$ 966,174 | \$ 947,332 | \$ (18,842) | (2.0%) |
| Transfers | 24,890 | 24,882 | (8) | (0.0%) |
| Reserves | - | - | - | 100.0% |
| TOTAL | \$ 991,064 | \$ 972,214 | \$ (18,850) | (1.9%) |

Following is a review of the General Fund expenditure categories, including a discussion of variances to the modified budget as well as the estimate used in the development of the 2014-2015 budget.

Personal Services expenditures of \$604.4 million ended the year \$9.2 million (1.5%) below the budgeted levels (\$613.6 million) and \$34.6 million (6.1%) above 2012-2013 expenditure levels (\$569.9 million). When compared to the budget, the personal services savings are at levels typically experienced in the recent past. Over the past decade, expenditure savings compared to budgeted levels have ranged from a high of 2.5% savings in 2006-2007 to a low of 0.8% savings in 2003-2004. The personal services savings were slightly higher than the level assumed when the 2013-2014 year-end clean-up adjustments were developed. This small variance is primarily the result of vacancy savings throughout the organization.

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The majority of personal services savings were generated by vacant positions primarily in the following departments: Police (\$3.8 million); Fire (\$1.6 million); Information Technology (\$450,000); and the City Attorney's Office (\$447,000). Of the \$9.2 million in personal services savings, \$1.9 million was rebudgeted to 2014-2015 as part of the Adopted Budget (including rebudgeted expenditures that were offset by revenue).

General Fund Non-Personal/Equipment/Other¹ expenditures and encumbrances ended the year at \$110.8 million, generating savings of approximately \$11.0 million (9.0%) from the budgeted level. The majority of savings in this category was generated by the following departments: Mayor and City Council (\$3.0 million); Police (\$2.7 million – vehicle maintenance and operations); Information Technology (\$1.4 million – training, network equipment/security upgrades, and software); Planning, Building and Code Enforcement (\$1.6 million, or \$1.1 million excluding the Development Fee Programs). Of the \$11.0 million in savings, \$5.4 million was rebudgeted to 2014-2015 in the Adopted Budget.

After adjusting for rebudgets, clean-ups, and expenditure savings assumed in the 2014-2015 Adopted Budget, including net-zero adjustments between revenues and expenditures, departmental expenditures resulted in net savings of \$4.5 million. Rebudget and cleanup actions of \$4.1 million are recommended in this report (including \$1.3 million of Development Fee Program savings) and result in net savings of \$279,000 in departmental charges (0.04%).

In the City-Wide Expenses category, expenditures and encumbrances of \$224.6 million ended the year \$42.0 million below the budgeted level of \$266.6 million. Of this amount, \$32.6 million was assumed as savings in 2013-2014 and rebudgeted to 2014-2015 or assumed as a funding source in the 2014-2015 Adopted Budget, including \$2.4 million that was offset by revenue sources. Of the remaining balance of \$9.4 million, rebudget and clean-up adjustments totaling \$8.3 million are recommended in this document, and would result in net savings of \$1.1 million in this category, a 0.4% variance from the budgeted level.

In the Capital Contributions category, expenditures of \$7.5 million ended the year \$25.0 million below the budgeted level of \$32.5 million. Of this amount, \$23.1 million was assumed as savings in 2013-2014 and rebudgeted to 2014-2015 in the Adopted Budget. An additional \$1.9 million is recommended to be rebudgeted in this document or was approved by the City Council in August 2014 as an early rebudget (\$596,000). With these rebudgets, the adjusted Capital Contributions savings totaled \$38,000 (0.1%) at year-end.

The Transfers category expenditures of \$24.9 million fell below budgeted amounts by \$7,000 at year end.

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

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview

The largest single category of remaining funding available in 2013-2014, as planned, is the Reserves category (\$182.8 million). The 2014-2015 Adopted Budget assumed that the entire \$182.8 million balance would be available at year-end to be carried over to 2014-2015, with reserves either re-established or used as a funding source as part of the 2014-2015 Adopted Budget. Of this amount, \$129.8 million represented Earmarked Reserves, the largest of which were the Development Fee Program Reserves (\$47.8 million); 2014-2015 Future Deficit Reserve (\$18.1 million); Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Successor Agency City Legal Obligations Reserve (\$8.0 million); Salaries and Benefits Reserve (\$5.0 million); Police Department Overtime Reserve (\$4.0 million); and Retiree Health Care Solutions Reserve (\$3.9 million). The remainder of the Reserves category is comprised of the Contingency Reserve (\$31.0 million) and the 2013-2014 Ending Fund Balance Reserve (\$22.0 million).

Review of General Fund Expenditure Performance

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

Departmental expenditures (\$715.2 million) represented 73.6% of the total 2013-2014 General Fund expenditures. As can be seen in Table D on the following page, all departments remained within their total budget allocation and expended a cumulative 97.3% of their budgets, generating overall savings of 2.7%, or \$20.2 million.

Of the 19 City departments/offices, ten had expenditure savings of less than 5.0%. These ten departments, which included the Police and Fire Departments, generated \$11.0 million (54.6%) of the departmental savings. The remaining nine departments with more than 5% in savings of \$9.1 million reflect the remaining 45.4% of the departmental savings. In 2013-2014, the following five departments/offices had expenditure savings in excess of \$1 million: Police; Mayor and City Council; Fire; Planning, Building and Code Enforcement; and Information Technology. Those departments with General Fund expenditure variances over 5.0% are discussed in detail in the following section. The year-end status of expenditures for both the Police and Fire Departments is also summarized.

Non-departmental expenditures totaled \$257.0 million, or 26.4% of the total 2013-2014 General Fund expenditures. Once adjusted to exclude reserves, 79.3% of the modified budget was expended in this category. Reserves of \$182.8 million represent the largest portion of the unexpended funds and were carried over or used in the 2014-2015 Adopted Budget as planned. It is also important to note that almost all of savings in the City-Wide Expenses and Capital Contributions categories have also been, or are recommended in this document to be, rebudgeted to 2014-2015 for their originally intended uses.

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GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance

**TABLE D
TOTAL GENERAL FUND EXPENDITURES**

| Departmental | 2013-2014 Modified Budget | 2013-2014 Expenditures | Variance | % Variance |
|---|--|-----------------------------------|-------------------------|-----------------------|
| City Attorney | \$ 12,670,232 | \$ 12,218,038 | \$ (452,194) | (3.6%) |
| City Auditor | 2,117,490 | 1,918,901 | (198,589) | (9.4%) |
| City Clerk | 2,343,182 | 1,945,621 | (397,561) | (17.0%) |
| City Manager | 10,672,933 | 10,262,898 | (410,035) | (3.8%) |
| Economic Development | 4,226,721 | 4,143,232 | (83,489) | (2.0%) |
| Environmental Services | 1,026,895 | 722,659 | (304,236) | (29.6%) |
| Finance | 13,020,277 | 12,351,923 | (668,354) | (5.1%) |
| Fire | 164,951,852 | 162,966,577 | (1,985,275) | (1.2%) |
| Housing | 242,430 | 175,120 | (67,310) | (27.8%) |
| Human Resources | 6,160,909 | 5,444,281 | (716,628) | (11.6%) |
| Independent Police Auditor | 1,121,907 | 1,114,743 | (7,164) | (0.6%) |
| Information Technology | 15,819,662 | 13,944,160 | (1,875,502) | (11.9%) |
| Library | 26,294,231 | 26,008,514 | (285,717) | (1.1%) |
| Mayor and City Council | 11,548,383 | 8,562,949 | (2,985,434) | (25.9%) |
| Parks, Recreation & Neighborhood Services | 52,719,382 | 52,217,071 | (502,311) | (1.0%) |
| Planning, Building & Code Enforcement | 36,444,775 | 34,510,640 | (1,934,135) | (5.3%) |
| Police | 310,658,779 | 304,131,358 | (6,527,421) | (2.1%) |
| Public Works | 35,954,215 | 35,722,852 | (231,363) | (0.6%) |
| Transportation | 27,416,236 | 26,878,292 | (537,944) | (2.0%) |
| Subtotal | 735,410,491 | 715,239,829 | (20,170,662) | (2.7%) |
| Non-Departmental | | | | |
| City-Wide Expenses | 266,610,576 | 224,597,215 | (42,013,361) | (15.8%) |
| Capital Contributions | 32,454,472 | 7,494,798 | (24,959,674) | (76.9%) |
| Transfers | 24,889,553 | 24,882,289 | (7,264) | (0.0%) |
| Earmarked Reserves | 129,766,590 | - | (129,766,590) | (100.0%) |
| Contingency Reserve | 31,000,000 | - | (31,000,000) | (100.0%) |
| Ending Fund Balance Reserve | 22,000,000 | - | (22,000,000) | (100.0%) |
| Subtotal | 506,721,191 | 256,974,302 | (249,746,889) | (49.3%) |
| TOTALS | \$ 1,242,131,682 | \$ 972,214,131 | \$ (269,917,551) | (21.7%) |

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

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

- *City Auditor*

With 2013-2014 expenditures of \$1.9 million, the Office of the City Auditor expended 90.6% of its \$2.1 million General Fund budget, including encumbrances, with resulting savings of \$199,000. The majority of this variance is related to personal services expenditures, which were 8.3% (\$168,000) below the modified budget as a result of a vacant Program Performance Auditor position. Non-personal/equipment expenditures ended the year 36.7% (\$30,000) below budgeted levels due to lower than estimated expenditures in areas such as computer data processing, equipment and vehicle rentals, and professional and consultant services.

- *City Clerk*

With 2013-2014 expenditures of \$1.9 million, the Office of the City Clerk expended 83.0% of its \$2.3 million General Fund budget, including encumbrances, with resulting savings of \$398,000. The majority of this variance is related to non-personal/equipment expenditures, which were 46.2% (\$248,000) below the modified budget levels of \$537,000. The majority of these savings was realized in professional and consultant services due to a delay in procuring and implementing an Electronic Document Management System (EDMS) to act as a self-service file storage system that was scheduled to occur in 2013-2014. As part of the 2013-2014 Adopted Budget, savings of \$308,000 between both Personal Services and Non-Personal/Equipment appropriations were anticipated and rebudgeted for consulting services complete EDMS procurement and implementation.

- *Environmental Services*

The Environmental Services Department expended \$723,000 (70.4%) of its \$1.0 million General Fund budget, including encumbrances, with resulting savings of \$304,000. Personal services expenditures were 28.7% (\$121,000) below budgeted levels. Of this balance, \$96,000 was rebudgeted in the 2014-2015 Adopted Budget to pay for Silicon Valley Energy Watch Program staffing. The Silicon Valley Energy Watch Program focuses on promoting energy efficiency through activities that include outreach and education, training, and local government policy coordination. A rebudget of an additional \$21,985 for Silicon Valley Energy Watch activities is recommended as part of this document due to lower than anticipated actual 2013-2014 expenditures.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Environmental Services

The Department's non-personal/equipment expenditures ended the year 30.2% (\$184,000) below the modified budget. Of this balance, \$169,000 was rebudgeted in the 2014-2015 Adopted Budget to pay for Silicon Valley Energy Watch activities. A negative rebudget of \$9,979 for Silicon Valley Energy Watch activities is recommended as part of this document due to higher than anticipated actual 2013-2014 expenditures.

- *Finance*

With 2013-2014 expenditures of \$12.4 million, the Finance Department expended 94.9% of its General Fund budget of \$13.02 million, including encumbrances, with resulting savings of \$668,000. The majority of this variance (\$404,000) is related to non-personal/equipment expenditures, which were 19.2% below the budgeted levels of \$2.1 million. As part of the 2014-2015 Adopted Budget, \$155,000 was rebudgeted for the iNOVAH Cashiering and Payment Processing System implementation (\$105,000) and an upgrade or replacement to the cost allocation planning software program (\$50,000). As the implementation of iNOVAH has begun, it has become apparent that the system needs additional upgrades to interface with other critical systems within the City including, but not limited to AMANDA and the Business Tax System. An additional rebudget of \$45,000 is recommended as part of this document to provide adequate funding for those upgrades. A rebudget of \$50,000 is also recommended for a recruitment contract to help address the critical vacancies within the department.

- *Fire*

Overall, the Fire Department expended \$163.0 million (98.8%) of its 2013-2014 General Fund budget, including encumbrances, of \$165.0 million, resulting in savings of \$2.0 million. Of these savings, \$1.8 million was either rebudgeted to 2014-2015 (\$1.4 million) or is recommended to be reallocated to the Fire Development Fee Reserve (\$425,000), leaving \$146,000 in net savings.

The Personal Services appropriation of \$156.1 million was 98.9% expended, with savings of \$1.6 million (\$1.2 million in non-development fee programs, and \$432,000 in development fee programs) that were primarily due to a delay in recruitment efforts which resulted in rescheduling the 2013-2014 Recruit Academy to September 2014. As part of the 2014-2015 Adopted Budget, personal services savings of over \$1.0 million were anticipated and rebudgeted for hazardous materials training and Fire Fighter and Fire Engineer academies.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Fire

Overtime expenditures of \$6.3 million ended the year slightly below (\$165,000) the modified budget level of \$6.5 million. A combination of full-time staff and overtime is used to address the Fire Department's minimum staffing requirements. The Fire Department managed and monitored daily absences and staffing to minimize both the impact of brown-outs to the community and overtime expenditures. The Department's report on annual vacancy and absence rates and their impact on overtime report for 2013-2014 has been included in the appendix of this document, with an analysis of the balance between relief personnel and the overtime allocation for minimum staffing. Previously, this report on annual vacancy and absence rates was presented separately to the Public Safety, Finance, and Strategic Support Council Committee. It should be noted that, in accordance with the City Council's approval of this same report in March 2010, the Fire Department has committed to limiting administrative assignments to the 33 sworn administrative positions authorized in 2009-2010 for overtime control purposes. At the end of 2013-2014, the number of sworn administrative staff in the Department was 30 positions which complies with their commitment.

The Fire Department ended 2013-2014 with enough Fire Fighter Paramedics to support the 132 front-line positions that were necessary to fully staff all apparatus. The Department does not anticipate any issues in maintaining the target staffing level of 132 front-line Fire Fighter Paramedics in 2014-2015.

The Department's non-personal/equipment budget was 96.1% expended or encumbered, with year-end savings of \$344,000 (\$343,000 in non-development fee programs and \$1,000 in the development fee program). Funding of \$343,000 was estimated to be available for targeted projects and was approved for rebudget in the 2014-2015 Adopted Budget to complete projects including electronic patient care reporting, special operations training, and Fire Fighter Recruit and Fire Engineer academies.

In reconciling the Fire Development Fee Program budget with year-end Personal Services expenditures, savings in the program of approximately \$590,000, including \$454,000 in personal services savings and \$136,000 in overhead savings, are recommended to be transferred to the Fire Development Fee Program Earmarked Reserve. Combined with higher than estimated revenue collections of \$27,000 and interest earnings of \$23,000, the total recommended increase to the Fire Fee Reserve based on the 2013-2014 reconciliation is \$640,000. When combined with additional recommended actions, the Fire Development Fee Program Earmarked Reserve will increase from \$6.4 million to \$7.1 million.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Housing*

With 2013-2014 expenditures of \$175,000, the Housing Department expended 72.2% of its \$242,000 General Fund budget, including encumbrances, with resulting savings of \$67,000. The majority of this variance is related to personal services expenditures, which were \$59,000 (26.0%) lower than the budget level of \$227,000, primarily as a result of vacancy savings. Non-personal/equipment expenditures ended the year 55.2% (\$8,000) below budgeted levels due to lower than anticipated expenditures in professional and consultant services.

- *Human Resources*

With expenditures and encumbrances of \$5.4 million, the Human Resources Department expended 88.4% of its \$6.2 million General Fund budget, including encumbrances, with resulting savings of \$717,000. Personal services expenditures were 10.3% (\$416,000) below modified budget levels due to vacancy savings throughout the department, including management positions that have since been filled. As part of the 2014-2015 Adopted Budget, \$170,000 was rebudgeted to provide funding for temporary staffing to assist the Employment Services Division in addressing the high vacancy rates across the City.

Non-personal/equipment expenditures ended the year 14.2% (\$301,000) below the budgeted level of \$2.1 million. As part of the 2014-2015 Adopted Budget, \$350,000 was rebudgeted to provide funding for actions that were unable to be implemented in 2013-2014 due to vacancies, including hiring temporary staffing to work through a backlog of workers' compensation claims (\$100,000), conducting a workers' compensation audit (\$100,000), increasing visibility for city employment through recruitment advertising and attending job fairs (\$75,000), conducting a hiring process review (\$50,000), and replacing failing technology in the department (\$25,000). Since insufficient funding is available for all of the previously approved rebudgets, it is recommended as part of this document that the previously approved hiring process review rebudget (\$50,000) be eliminated. Funding is no longer needed as the City Auditor's Office will be conducting an audit of the hiring process as included in its approved 2014-2015 Workplan.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Information Technology*

With expenditures of \$13.9 million, the Information Technology Department (ITD) expended 88.1% of its \$15.8 million General Fund budget, including encumbrances, with savings of \$1.9 million. Personal services expenditures were 6.0% (\$450,000) below modified budget levels as a result of vacancy savings throughout the department.

Non-personal/equipment expenditures were 17.1% (\$1.4 million) below budgeted levels, due to project delays. Of the \$1.4 million remaining balance, \$975,000 was rebudgeted in the 2014-2015 Adopted Budget for the Microsoft Office Upgrade, Network Equipment Upgrades, and Security Upgrades. This document recommends an additional rebudget of \$400,000 for software centralization and related Windows server licensing.

- *Mayor and City Council*

With total expenditures of \$8.6 million, the Mayor's Office, the City Council Offices, and Council General expended 74.2% of their total General Fund budget of \$11.5 million, including encumbrances, resulting in savings of \$3.0 million at year-end. Of this amount, \$491,000 of the savings was realized in the Mayor's Office, \$583,000 was in the City Council Offices, and \$1.9 million was in Council General as outlined below:

2013-2014 Actual Expenditure Performance

| | 2013-2014 Modified Budget | 2013-2014 Actuals | Variance |
|---------------------|--------------------------------------|------------------------------|---------------------|
| Council District 1 | \$ 257,903 | \$ 231,000 | \$ 26,903 |
| Council District 2 | 294,573 | 252,270 | 42,303 |
| Council District 3 | 260,790 | 260,790 | 0 |
| Council District 4 | 264,034 | 247,851 | 16,183 |
| Council District 5 | 343,898 | 328,371 | 15,527 |
| Council District 6 | 317,346 | 246,719 | 70,627 |
| Council District 7 | 373,465 | 314,299 | 59,166 |
| Council District 8 | 359,587 | 275,553 | 84,034 |
| Council District 9 | 412,837 | 242,442 | 170,395 |
| Council District 10 | 323,195 | 225,090 | 98,105 |
| Mayor's Office | 2,002,492 | 1,511,801 | 490,691 |
| Council General | 6,338,264 | 4,426,763 | 1,911,502 |
| Total | \$ 11,548,384 | \$ 8,562,949 | \$ 2,985,435 |

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Mayor and City Council

In the 2014-2015 Adopted Budget, anticipated 2013-2014 savings of \$889,000 (\$564,000 in the City Council Offices, \$225,000 in the Mayor's Office, and \$100,000 in Council General) were rebudgeted. Although the ongoing Council General allocation has been eliminated to increase spending transparency, the \$100,000 rebudget will provide one year of transition costs. An additional \$1.9 million was committed for other uses from Council General as part of the 2014-2015 Adopted Budget. Actual year-end savings, however, exceeded these estimates. As a result, a net increase of \$285,000, primarily in the Mayor's Office, to the rebudgeted amount of \$889,000 is recommended in this document to align the City Council Offices' year-end balances, taking into account total prior rebudgeted funds as approved by the City Council as part of the Mayor's June Budget Message for Fiscal Year 2014-2015.

- *Planning, Building and Code Enforcement*

With expenditures of \$34.5 million, the Planning, Building and Code Enforcement Department (PBCE) expended 94.7% of its General Fund budget, with resulting savings of \$1.9 million. Personal services expenditures were 1.1% below budgeted levels (\$321,000) and non-personal/equipment expenditures were 27.6% below budgeted levels (\$1.6 million).

Total Personal Services savings of \$321,000 resulted from vacant positions in Long Range Planning and Community Code Enforcement (\$180,000) and in the Development Fee Programs (\$141,000) for Planning, Building, Fire, and Public Works. As part of the 2014-2015 Adopted Budget, personal services savings of \$113,000 were anticipated and rebudgeted for staff support for the continued implementation of the Envision San José 2040 General Plan (General Plan) and community planning work related to air quality management in partnership with the Bay Area Air Quality Management District. After this rebudget, the net personal services savings total \$208,000, or 0.7% of the modified budget.

Non-personal/equipment expenditure savings of \$1.6 million (\$1.1 million in non-development related PBCE programs, \$459,000 in Building Development Fee Program, \$31,000 in Public Works Development Fee Program, \$28,000 in Fire Development Fee Program, and \$13,000 in Planning Development Fee Program) were primarily due to project delays and savings in contractual staffing services. As part of the 2014-2015 Adopted Budget, non-personal/equipment savings of \$712,000 in the non-development related PBCE programs were anticipated and rebudgeted to continue the implementation of the General Plan, to replace seven Code Enforcement vehicles, to provide programming services to begin the migration of the Code Enforcement permitting system (CES) into the Development Fee Program permitting system (AMANDA), and to purchase computers and monitors to accommodate necessary

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Discussion of Significant Departmental Variances and Other Issues

Planning, Building and Code Enforcement

technology upgrades. Other non-personal/equipment savings achieved (\$531,000) were mostly in the Building Development Fee Program, primarily as a result of savings in contractual services and data processing. After rebudgets, the net non-personal/equipment expenditure savings total \$901,000, or 15.4% of the modified budget.

Overall, the Development Fee Programs had total savings of \$671,000 and the non-development related PBCE programs had total savings of \$1.3 million. After adjusting for anticipated savings which were rebudgeted to 2014-2015 as part of the 2014-2015 Adopted Budget, savings of \$819,000 remained (\$148,000 non-development; \$671,000 development). Actions included in this report that take into consideration a combination of expenditure savings, higher than anticipated revenues, and recommended funding increases for peak staffing agreements and the purchase of additional licenses for the Development services Development Services permitting system will result in a net increase to the Building Development Fee Program Reserve of \$2.4 million, from \$21.7 million to \$24.1 million, and a net increase to the Planning Development Fee Program Reserve of \$78,000, from \$1.71 million to \$1.79 million.

- *Police*

On an overall basis, the Police Department expenditures totaled \$304.1 million, or 97.9% of its General Fund budget of \$310.7 million, including encumbrances, resulting in savings of \$6.5 million. Of these savings, \$1.1 million was anticipated and rebudgeted as part of the 2014-2015 Adopted Budget. Approximately \$3.8 million of the remaining savings was in the Personal Services budget. Actions are recommended to rebudget \$800,000 of these savings to overtime in 2014-2015 and allocate the remaining savings of \$3.0 million to the Police Department Staffing Reserve, bringing the reserve total from \$10.0 million to \$13.0 million. As directed by the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs shall be set aside in the Police Department Staffing Reserve until staffing levels reach 1,250 officers.

Overtime expenditures of \$23.5 million were only \$11,200 above (.05%) the modified budget. The overtime was primarily used to backfill vacant sworn and civilian positions, support targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, graffiti, and high profile investigations, and to support the new Downtown Foot Patrol Unit. Two actions are recommended in this report to increase the Department's overtime funding in 2014-2015 by \$7.8 million (from \$17.1 million to \$24.9

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Discussion of Significant Departmental Variances and Other Issues

Police

million) to continue to backfill for vacant positions and continue the expanded targeted enforcement levels of high crime activity. Due to the anticipation of continued vacant sworn and civilian positions, the associated salary and benefits savings in 2014-2015 (\$7.0 million) are recommended to be reallocated from the personal services salary and benefits line items to the overtime line item. In addition, \$800,000 is recommended to be rebudgeted for overtime expenditures from 2013-2014 personal services savings. These actions will help ensure the Department has sufficient overtime resources in 2014-2015.

As of September 2014, the Department had 1,109 authorized sworn staff, of which 102 were vacant (9.2%) and 62 were in training (5.6%), leaving 945 street ready sworn positions (this includes sworn employees on disability/modified duty/other leaves) as shown in the chart below. When sworn employees on Disability/Modified Duty/Other Leaves are excluded, a total of 878 street ready sworn positions were actually available. This compares to 924 positions one year ago.

| Police Department Sworn Staffing | 2013-2014 (as of 9/5/2013) | 2014-2015 (as of 9/4/2014) |
|---|---------------------------------------|---------------------------------------|
| Authorized Sworn Staffing | 1,109 | 1,109 |
| Vacancies | (70) | (102) |
| Filled Sworn Staffing | 1,039 | 1,007 |
| Field Training Officer/Recruits | (44) | (62) |
| Street-Ready Sworn Positions | 995 | 945 |
| Disability/Modified Duty/Other Leaves | (71) | (67) |
| Street-Ready Sworn Positions Available | 924 | 878 |

During 2013-2014, the Department graduated 83 cadets from two Police Recruit Academies. Of this amount, 51 still remain with the Department. In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department will conduct three Police Recruit Academies in 2014-2015 with the next one beginning in October 2014. Each academy has the capacity to host up to 45 recruits; however, the upcoming October academy is expected to start with 25 recruits.

The compensatory time balance at the end of 2013-2014 for sworn personnel was 178,322 hours. This balance represents a 4.0% increase compared to the 2012-2013 total sworn compensatory time balance of 171,422 hours. The primary reason for this increase in total compensatory time is due to the increase in vacancies and the reliance on overtime to backfill critical positions.

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Discussion of Significant Departmental Variances and Other Issues

Police

A total of \$25.8 million (90.5%) of the Department's Non-Personal/Equipment budget was expended or encumbered, with savings of \$2.7 million. Police supplies and materials (\$693,000) and professional & consultant services (\$523,000) savings contributed a significant portion of the overall non-personal/equipment savings. As part of the 2014-2015 Adopted Budget, non-personal/equipment savings of approximately \$1.1 million were anticipated and rebudgeted for retrofits and vehicle Operations & Maintenance investments at the South San José Police Substation (\$326,000), sworn unmarked vehicle replacements (\$300,000), fixed cameras (\$250,000), and various other projects (\$195,000). Included in this report are recommended rebudgets for the replacement of wiring within the 9-1-1 call center (\$405,000); upgrades to the Computer Aided Dispatch (CAD) system (\$331,000); the South San José Police Substation 911 Alternate Public Safety Answering Point (\$185,000); Community Service Officer technology equipment (\$130,000); a South Bay Coalition to End Human Trafficking Coordinator (\$50,000); Police Chaplain expenses (\$20,000); and bulletproof vests (\$15,000).

Highlights of Non-Departmental Expenditures and Variances

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

**TABLE E
2013-2014
NON-DEPARTMENTAL GENERAL FUND EXPENDITURES
(In \$000s)**

| Category | Modified Budget | Actual | Variance | % Variance |
|-----------------------------|-------------------|-------------------|---------------------|----------------|
| City-Wide Expenses | \$ 266,610 | \$ 224,597 | \$ (42,013) | (15.8%) |
| Capital Contributions | 32,454 | 7,495 | (24,959) | (76.9%) |
| Transfers | 24,890 | 24,882 | (8) | (0.0%) |
| Earmarked Reserves | 129,767 | - | (129,767) | (100.0%) |
| Contingency Reserve | 31,000 | - | (31,000) | (100.0%) |
| Ending Fund Balance Reserve | 22,000 | - | (22,000) | (100.0%) |
| TOTAL | \$ 506,721 | \$ 256,974 | \$ (249,747) | (49.3%) |

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

- *City-Wide Expenses*

The City-Wide Expenses category consists of funding that is related to more than one department or that is not directly associated with a department's ongoing operations. Expenditures in this category total \$224.6 million, or 84.2%, of the modified budget, resulting in savings of \$42.0 million. As part of the 2014-2015 Adopted Budget, \$32.6 million was rebudgeted or assumed as savings, leaving an overall balance of \$9.4 million. Included in the 2014-2015 Adopted Budget rebudgets were three actions that rebudgeted funding into Earmarked Reserves for Sick Leave Payments Upon Retirement (\$6.0 million, as discussed below), Human Resources/Payroll System Upgrade (\$2.4 million), and the Business Tax System Replacement (\$1.4 million).

Some of the major 2013-2014 expenditures in this category are listed below:

- TRANs Debt service payment of \$100.4 million was completed to repay a short-term note that was issued for cash flow purposes necessitated by the pre-funding of employer retirement contributions.
- Workers' Compensation Claims payments of \$18.1 million were \$1.0 million, or 5.4%, below the 2013-2014 Modified Budget (\$19.1 million). Total expenditures were commensurate with 2012-2013 expenses of \$18.1 million. In 2013-2014, as part of a pilot project, the City used a Third-Party Administrator (TPA), Athens, for the administration and processing of approximately 50% of its workers' compensation claims.
- Convention Center Lease Payments of \$15.3 million ended the year at 2013-2014 budgeted levels. The Convention Center Lease Payment is the largest of the City's contractually obligated Successor Agency to the Redevelopment Agency Obligations.
- General Liability Claims of \$11.2 million were \$6.9 million below the 2013-2014 Modified Budget (\$18.1 million), but \$3.7 million, or 49.5%, above 2012-2013 actual expenses. Savings from this appropriation were rebudgeted to provide funding for large pending claims. As part of the 2014-2015 Adopted Budget, expenditure savings of \$7.0 million were anticipated and rebudgeted, however, only \$6.9 million was available at the conclusion of 2013-2014. A downward adjustment is recommended elsewhere in this document to align that rebudget with available funding.
- Sick Leave Payments upon Retirement expenditures of \$2.9 million ended the year \$6.1 million below the 2013-2014 Modified Budget level (\$9.0 million) and \$1.0 million below the 2012-2013 actual payments of \$3.9 million. As discussed above, a portion of this savings (\$6.0 million) was rebudgeted to an Earmarked Reserve for 2014-2015 as part of the Adopted Budget to set aside funding for future expenditures for eligible employees occurring in 2014-2015 or subsequent years.

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Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

- Expenditures for Homeless Rapid Rehousing (\$888,000) and for the Homeless Response Team (\$1.5 million) totaled \$2.4 million and ended the year \$1.3 million below budget across both appropriations. As part of the development of the 2014-2015 Adopted Budget, an estimated \$1.1 million in savings for Homeless Rapid Rehousing was rebudgeted, this document recommends a slight downward adjustment due to higher than anticipated expenses, as well as rebudgeting the remaining balance of \$145,000 for the Homeless Response Team.

Included in this report are additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. Augmentations for various appropriations are also recommended. Details of those appropriation adjustments are reflected in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this document. After accounting for actions already approved in the 2013-2014 Adopted Budget and rebudgets recommended in this document, there are \$1.1 million in net savings in the City-Wide Expenses category.

- *Capital Projects*

In 2013-2014, the General Fund provided funding totaling \$32.5 million for capital projects. Of this amount, approximately \$25.0 million was unexpended at year-end. The projects with the largest unexpended balances included:

| <u>Capital Projects</u> | <u>(\$000s)</u> |
|--|-----------------|
| Fire Apparatus Replacement | \$ 8,468 |
| Police Communications Uninterrupted Power Supply | 3,571 |
| Police Communications Fire Protection System Upgrade | 2,989 |
| Police Administration Building Chiller | 2,253 |
| Police Communications Center Electrical System Upgrade | 1,590 |
| City Hall Water Proofing | 1,542 |
| All Other Projects | 4,546 |
| Total Unexpended Capital Projects | 24,959 |

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

Capital Projects

Rebudgets of \$23.1 million were included as part of the 2013-2014 Adopted Budget; an additional \$1.9 million is recommended to be rebudgeted in this document or was approved by the City Council in August 2014 as an early rebudget (\$596,000). With these rebudgets, the adjusted Capital Contributions savings totaled \$38,000 (0.1%) at year-end.

- *Transfers*

In the Transfers category, expenditures of \$24.9 million fell below the budgeted amount by \$8,000 at year end due to lower than budgeted transfers to the Downtown Parking and Business Improvement District Fund. The budget was developed using the estimated amount due, but the actual amount billed and paid was lower than the estimate.

A net increase in Transfers of \$425,000 recommended in this report reflects the impact of the increases in the Transfer to the Municipal Golf Course Fund (\$300,000), the transfer to the City Hall Debt Service Fund (\$40,000), and the Transfer to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 – Leland Sports Field Repayment (\$85,000). A description of these actions can be found in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

- *Reserves*

General Fund Reserve categories include Earmarked Reserves, the Contingency Reserve, and the Ending Fund Balance Reserve. On June 30, 2014, the total Reserve balance was \$182.8 million.

Of this amount, \$129.8 million represented Earmarked Reserves, the largest of which were the Development Fee Program Reserves (\$47.8 million); 2014-2015 Future Deficit Reserve (\$18.1 million); Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Successor Agency City Legal Obligations Reserve (\$8.0 million); Salaries and Benefits Reserve (\$5.0 million); Police Department Overtime Reserve (\$4.0 million); and Retiree Healthcare Solutions Reserve (\$3.9 million). All of the Earmarked Reserves were either approved for rebudget or were used as a funding source in the 2014-2015 Adopted Budget.

The remainder of the Reserves category is comprised of the Contingency Reserve (\$31.0 million) and the 2013-2014 Ending Fund Balance Reserve (\$22.0 million).

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

Reserves

At the end of the year, the General Fund Contingency Reserve balance was \$31.0 million. As part of the 2014-2015 Adopted Budget, the full Contingency Reserve was rebudgeted and an additional \$1.5 million was allocated to bring the reserve to \$32.5 million. Funding of \$200,000 is recommended to be added to the Contingency Reserve (to bring the reserve to a total of \$32.7 million) in 2014-2015 in order to comply with the Council Policy of maintaining a minimum 3.0% Contingency Reserve in the General Fund. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San José.

Annually, as part of the General Fund Forecast and during the development of the Proposed Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. To ensure the 2013-2014 ending fund balance estimate of \$22.0 million was available for use as assumed in the development of the 2014-2015 Adopted Budget, this funding was proactively set aside during 2013-2014.

Included in this document are recommendations to increase Earmarked Reserves by a net \$8.6 million, of which some of the largest adjustment include: Silicon Valley Regional Communications System Reserve (\$3.1 million); Police Department Staffing Reserve (\$3.0 million); and Fiscal Reform Plan Implementation Reserve (\$2.0 million). Detailed descriptions of these actions can be found in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

Recommended General Fund Expenditure Adjustments

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

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

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III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE

This section provides financial information on the 2013-2014 year-end performance for selected special and capital funds that represent major City operations. Specifically, it includes discussions regarding the funds' revenue, expenditure, and ending fund balance performance. The funds are discussed in alphabetical order.

The Revenue and Expenditure Performance chart displays 2013-2014 Modified Budget and Actual revenues and expenditures, with the dollar and percent variance for each. The revenue figures exclude the Beginning Fund Balance and Reserves while the expenditure figures include encumbrances, but exclude the Ending Fund Balance and other reserves. The Ending Fund Balance Performance chart displays the 2013-2014 Modified Budget, which includes fund balance and reserves. The 2013-2014 Estimated Ending Fund Balance and Actual Ending Fund Balance also includes reserves, with the exception of the reserve for encumbrances. The dollar variance compares the Estimated Ending Fund Balance used to develop the 2014-2015 Adopted Budget with the Actual Ending Fund Balance. The Recommended Rebudget Adjustments Impact shows the value of additional rebudgets recommended in this report and calculates the revised variance should recommended rebudgets be approved.

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

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

Ending Fund Balance Performance: This discussion provides the actual Ending Fund Balance and the estimated Ending Fund Balance used in the development of the 2014-2015 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2014-2015 budget related to recommended actions included in this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$28,802 | \$27,747 | (\$1,054) | (3.7%) |
| Expenditures | \$78,617 | \$61,361 | (\$17,256) | (21.9%) |

Revenue Performance

In 2013-2014, capital revenues totaled \$27.7 million, which were \$1.1 million (3.7%) below the budgeted estimate. Actual revenues received in 2013-2014 consisted of the following: Passenger Facility Charges (PFCs) (\$18.2 million), grant income (\$4.9 million), transfers from other Airport funds (\$4.4 million), and interest earnings (\$289,000). PFCs ended the year slightly above the Modified Budget estimate by \$961,000 (5.6%) due to higher than anticipated passenger levels. Grant revenue, however, ended the year below the Modified Budget estimate by \$2.0 million (28.7%) due to lower than anticipated costs associated with the completion of the Taxiway W Improvements project, as well as the deferral to 2014-2015 of grant-contingent projects such as Airfield Sign Program and Taxiway A/B Part 139 Separation.

The 2013-2014 revenue level was \$624,000 (2.2%) lower than the 2012-2013 level of \$28.4 million, which is primarily attributed to lower than anticipated grant funding for the Airport Property and Exhibit A Maps project. This project was later determined to be ineligible to receive grant funding.

Expenditure Performance

In 2013-2014, expenditures totaled \$61.4 million and were \$17.3 million (21.9%) below budgeted levels. The majority of expenditures were primarily attributed to transfers to other funds for debt service and close-out of commercial paper debt funds (\$39.6 million); Terminal Area Improvement Program (\$7.4 million); Taxiway W Improvements (\$6.0 million); Pavement Maintenance (\$1.2 million); and Federal Inspection Facility Sterile Corridor Extension (\$1.0 million). The year-end variance of \$17.3 million primarily reflects the anticipated close-out of the Terminal Area Improvement Program projects, as well as savings in the Taxiway W Improvements appropriation and the Clean-Up of Existing Fuel Farm appropriation. Expenditure savings were also generated from the deferral of grant-contingent projects as discussed above and annual capital programs, such as Terminal Building Modifications, Airport Technology Services, Operations System Replacement, and Airfield Improvements. A total of \$13.0 million in Airport capital project funding was approved for rebudget as part of the 2014-2015 Adopted Capital Budget, and a net rebudget of \$734,000 is recommended as part of this report. After the rebudget adjustments that were included in the 2014-2015 Adopted Capital Budget and the rebudget adjustments recommended in this report are considered, the expenditure variance totals \$3.5 million, or 5.4%.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Expenditure Performance

The following is a list of the major unexpended projects in 2013-2014 totaling \$13.6 million:

- The Terminal Area Improvement, Phase I project variance (\$7.3 million) results primarily from the pending close-out of the owner-controlled insurance program (OCIP) and continued work on the ongoing design-build project components. Funding of \$6.9 million was rebudgeted as part of the 2014-2015 Adopted Capital Budget to complete ongoing improvements in the northeast area (formerly the rental car fueling and wash site) and in the Terminals, as well as for the Airport's OCIP. The northeast area will provide for a fuel truck maintenance facility, shuttle bus staging and storage, and adjacent employee parking. Projects in the terminals include the construction of Terminal A baggage system protection, the relocation of the Transportation Security Administration Information Technology Department Room on the second floor, and the relocation of electrical equipment in the Northeast area.
- The Taxiway W Improvements project variance (\$2.8 million) reflects savings from the completion of the project. Funding of \$1.0 million was rebudgeted as part of the 2014-2015 Adopted Capital Budget for project close-out costs.
- The Federal Inspection Facility Sterile Corridor Extension project variance (\$1.9 million) reflects lower than anticipated project costs in 2013-2014. Funding of \$1.5 million was rebudgeted as part of the 2014-2015 Adopted Budget to reflect the revised completion date of the project. An additional \$408,000 is recommended for rebudget as part of this report.
- The Clean-Up of Existing Fuel Farm project variance (\$842,000) results from lower than anticipated project costs in 2013-2014. Funding of \$842,000 was rebudgeted as part of the 2014-2015 Adopted Capital Budget to complete contamination clean-up of soil, pipelines, and equipment that remain on the City-owned portion of the old aviation fuel facility.
- The Taxiway A/B Part 139 Separation project variance (\$553,000) results from the timing of when the planning phase for this project started. The completion of this project is contingent upon the timing and availability of Federal Administration Aviation grant funding. An additional \$12,000 is recommended for rebudget as part of this report to ensure sufficient funding is available in 2014-2015 to complete design and construction of a "No Taxi" Island between Taxiways A and B between Runways 30L and 30R.
- The Airfield Sign Program project variance (\$227,000) reflects lower than anticipated project costs in 2013-2014. The completion of this project is contingent upon the timing and availability of FAA grant funding. Funding of \$224,000 was rebudgeted as part of the 2014-2015 Adopted Budget. An additional \$3,000 is recommended for rebudget as part of this report to complete the corrective actions identified during an FAA audit that was conducted in January 2010.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Expenditure Performance

The 2013-2014 expenditures of \$61.4 million were \$12.9 million (26.7%) above the 2012-2013 expenditures of \$48.4 million, which is primarily due to increased transfers to other funds for debt service and close-out of commercial paper debt funds.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$173,196 | \$106,777 | \$113,595 | \$6,817 | (\$734) | \$6,083 | 3.5% |

The 2013-2014 combined Ending Fund Balance of \$113.6 million was \$6.8 million above the estimate used to develop the 2014-2015 Adopted Capital Budget. This positive variance is a result of lower than budgeted expenditures offset slightly by lower than anticipated revenues. A net rebudget of \$734,000 is recommended in this report to complete various projects which are currently in progress, bringing the revised Ending Fund Balance variance to \$6.1 million. The remaining fund balance of \$6.1 million is recommended to be allocated to the 2014-2015 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$120,356 | \$124,924 | 4,568 | 3.8% |
| Expenditures | \$72,088 | \$65,482 | (\$6,606) | (9.2%) |

Revenue Performance

In 2013-2014, operating revenues in the Airport Revenue Fund totaled \$124.9 million, or 3.8% above the budgeted estimate. The major operating revenue categories include Parking and Roadways (\$44.5 million), Airline Terminal Rental (\$38.1 million), Terminal Building (\$15.4 million), Landing Fees (\$12.0 million), Miscellaneous Revenue (\$11.1 million), and Airfield Area (\$3.6 million). Additionally, funding of \$264,000 was transferred from the Airport Fiscal Agent Fund.

The positive revenue variance of \$4.6 million resulted from higher than budgeted revenue for the following categories: Parking and Roadways (\$3.3 million) due to increased parking revenue and rental car concession fees associated with increased passenger activity; Miscellaneous Revenue (\$668,000) due to increased sale of compressed natural gas and jet flowage fees; and Airfield Area (\$485,000) due to increased revenue from in-flight kitchen tenants.

The 2013-2014 revenue level was \$5.0 million (4.2%) higher than the 2012-2013 level of \$119.9 million, which is primarily attributed to the increased passenger activity.

Expenditure Performance

The Airport Maintenance and Operation Fund provides for all general Airport operating expenses including Police, Fire, and interdepartmental services. For 2013-2014, expenditures of \$65.5 million were \$6.6 million (9.2%) below budgeted levels, primarily due to expenditure savings in personal services (\$2.5 million) and in non-personal/equipment (\$2.2 million). Personal services expenditure savings were due to position vacancies. Non-personal/equipment expenditure savings resulted from lower parking program expenses due to the transition to cashierless operations; lower shuttle bus program expenses due to the reduced costs associated with the new shuttle bus operator agreement; and lower than budgeted expenditures in Letter of Credit fees for the Commercial Paper Program. The 2013-2014 expenditures of \$65.5 million were within 0.5% of the 2012-2013 expenditures.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$283,086 | \$90,665 | \$92,497 | \$1,832 | \$0 | \$1,832 | 0.6% |

The 2013-2014 combined Ending Fund Balance of \$92.5 million was \$1.8 million above the budgeted estimate used to develop the 2014-2015 Adopted Operating Budget. The positive variance of \$1.9 million in the Airport Revenue Fund resulted from expenditure savings in the Airport Maintenance and Operation Fund. The negative variance of \$44,000 in the Airport Maintenance and Operation Fund resulted from an increase in the Airport’s share of the other post-employment benefits (OPEB) liability expense for 2013-2014.

In 2013-2014, passenger activity increased by 6.8% from the 2012-2013 level of 8.49 million passengers to 9.06 million passengers. Moreover, the percentage growth in annual enplanements at the Airport in 2013-2014 was 6.7%, which exceeded the Federal Aviation Administration’s (FAA) projection of 0.8% for national enplanement growth for 2013-2014. This increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the 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. Budget actions are recommended in this report to reduce the 2014-2015 overhead expenses to the Airport Maintenance and Operation Fund by \$942,000 to reflect a reduction of the overhead rate of 5.9 percentage points (from the Adopted Budget overhead rate of 23.8% to 17.9%) and return those funds to the airlines. Year-to-date through August 2014, Airport’s passenger traffic is up by 7.2% as compared to the same period in 2013-2014. Passenger growth in 2014-2015 is anticipated to increase by 2.0% over the 2013-2014 estimate of 8.91 million passengers.

In addition, this report includes budget actions to increase the Airport’s non-personal/equipment appropriation. A recommendation to fund the cost of providing complimentary self-service luggage carts to deplaning international passengers (\$45,000) is included. Funding is also recommended for a consultant agreement to develop and update the Disadvantaged Business Enterprise Program, an FAA mandate, aimed to minimize concerns related to minority discrimination in the award and administration of construction projects at the Airport. It is recommended that a portion of the Operations Contingency, the budgeted allocation used to offset any unforeseen expenditures that arise throughout the year, be allocated to offset these actions.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$18,364 | \$19,229 | \$865 | 4.7% |
| Expenditures | \$17,898 | \$17,341 | (\$557) | (3.1%) |

Revenue Performance

Revenue collections in the Airport Customer Facility and Transportation Fee Fund include the Rental Car Customer Facility Charge (CFC) Fees and the Rental Car Contributions. In 2013-2014, revenues totaled \$19.2 million and were \$865,000 (4.7%) above the budgeted estimate. Actual revenues received consist of CFCs (\$15.5 million), contributions from rental car agencies (\$2.8 million), and interest earning (\$19,000). CFCs ended the year above the Modified Budget estimate (5.8%) due to increased car rental activities associated with higher than anticipated passenger levels.

The 2013-2014 revenue level was \$2.5 million (15.0%) higher than the 2012-2013 level of \$16.7 million, which is primarily attributed to increased CFCs collection associated with increased passenger activity.

Expenditure Performance

In 2013-2014, expenditures of \$17.3 million were \$557,000 (3.1%) below budgeted levels. Expenditures were primarily attributed to transfers to other Airport funds for debt service payments (\$15.2 million), non-personal/equipment (\$2.1 million), and audit costs (\$15,000). Non-personal/equipment expenditure savings were due to lower than anticipated utility and operating costs of the compressed natural gas station, as well as reduced shuttle bus operating costs associated with lower costs for shuttle bus drivers and shuttle bus maintenance.

The 2013-2014 expenditures of \$17.3 million were \$1.3 million (8.3%) above the 2012-2013 expenditures of \$16.0 million, which is primarily due to increased transfers to other Airport funds for debt service payments.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|--|--|---|-----------------|--|-----------------------------|--|
| \$25,068 | \$7,385 | \$8,592 | \$1,207 | \$0 | \$1,207 | 4.8% |

The 2013-2014 Ending Fund Balance of \$8.6 million was \$1.2 million above the budgeted estimate used to develop the 2014-2015 Adopted Budget. This positive variance is a result of higher than anticipated revenues and slightly lower expenditures.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$28,818 | \$26,494 | (\$2,324) | (8.1%) |
| Expenditures | \$42,842 | \$19,322 | (\$23,520) | (54.9%) |

Revenue Performance

In 2013-2014, revenues in the Building and Structure Construction Tax Fund totaled \$26.5 million, which were primarily generated from Building and Structure Construction Tax (\$22.5 million) and grant funding (\$3.8 million). In 2013-2014, federal grant funding of \$3.5 million was received for The Alameda – A Plan for the Beautiful Way project, pedestrian corridor improvements, implementation of the Transportation Incident Management Center (TiMC), and the East Santa Clara Street Bridge at Coyote Creek project. A State grant was also received for traffic signal communications and synchronization (\$302,000). The 2013-2014 revenues were lower than the budget by approximately \$2.3 million, which was primarily due to lower than budgeted receipts of federal grants (\$5.7 million), partially offset by higher than budgeted Building and Structure Construction Tax receipts (\$3.5 million). Grant-related revenues of \$4.4 million, which were not received in 2013-2014 due to project delays, were anticipated and rebudgeted in the development of the 2014-2015 Adopted Budget, and an additional \$2.1 million is recommended to be rebudgeted as part of this report. In addition, \$789,000 in grant revenue anticipated to be received in 2014-2015 was instead received in 2013-2014.

The 2013-2014 revenue level of \$26.5 million was \$9.5 million higher (55.9%) than the 2012-2013 level of \$17.0 million, primarily as a result of increased Building and Structure Construction Tax receipts (\$8.7 million) and federal grant receipts (\$1.9 million), partially offset by decreased State grant receipts (\$898,000).

At \$22.5 million, Building and Structure Construction Tax receipts in 2013-2014 were 63.1% higher than 2012-2013 collections (\$13.8 million). The 2013-2014 record-setting collections exceeded the 2001-2002 peak level of \$17.5 million. The improved collections in Building and Structure Construction Tax revenue is primarily attributable to increased issuances of residential permits, primarily for multi-family residences, as well as increased commercial and industrial alteration activity. The 2014-2015 Adopted Budget estimate of \$17.0 million allows for a decrease of 24.4% from the 2013-2014 collection level. The sustainability of the 2013-2014 collection level will be monitored as the year progresses, and an upward adjustment to the 2014-2015 budgeted revenue estimate may be brought forward for City Council consideration at a later date, if 2014-2015 collections continue at the current pace.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

Expenditure Performance

In 2013-2014, expenditures totaled \$19.3 million in the Building and Structure Construction Tax Fund. This expenditure level was \$23.5 million (54.9%) below the Modified Budget. A significant portion of the expenditure savings (\$18.5 million) was anticipated and rebudgeted or redistributed as part of the 2014-2015 budget process. An additional \$4.9 million is recommended to be rebudgeted as part of this report to ensure sufficient funding for projects in 2014-2015.

The \$23.5 million variance between budgeted and actual expenditures was caused primarily by the following projects: Autumn Street Extension (\$8.0 million), San Carlos Street Multimodal Streetscape Improvements – Phase II (\$2.6 million), ITS: Traffic Incident Management Center (\$2.2 million), St. John Street Multimodal Improvements Phase I (\$2.0 million), Route 101/Mabury Road Project Development (\$1.4 million), Safety – Traffic Signal Modifications/Construction (\$1.1 million), North First Street Bicycle Lane Improvements (\$986,000), Park Avenue Bike Lane Improvements (\$774,000), LED Streetlight Conversion (\$700,000), and several other projects with variances less than \$500,000. The expenditure variances in these projects were primarily attributable to various delays in project delivery, such as minor scope changes, competing workload demands, and unexpected complications in the design and construction process.

The 2013-2014 expenditures of \$19.3 million were \$400,000 (2.1%) above the 2012-2013 expenditures of \$18.9 million. This increase is primarily due to higher costs for ITS: Transportation Incident Management Center (\$2.0 million), which is scheduled to be completed in 2014-2015, partially offset by lower expenditures in 2013-2014 compared to 2012-2013 for the San Carlos Multimodal Streetscape Improvements – Phase I and Traffic Signal Communications and Synchronization projects.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact* | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|---|---------------------|--|
| \$52,526 | \$25,528 | \$30,917 | \$5,389 | (\$3,257) | \$2,132 | 4.1% |

* Although not included as a recommendation in this report, the amount listed also includes early rebudgets that were approved by the City Council on August 26, 2014.

The 2013-2014 Ending Fund Balance of \$30.9 million was \$5.4 million above the estimate used to develop the 2014-2015 Adopted Capital Budget. This variance was due to higher than estimated revenues (\$209,000) and lower than estimated expenditures (\$5.2 million).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

A significant portion of expenditure savings (\$4.9 million) are recommended for rebudget as part of this report. This report also includes the rebudget of earned revenue related to several grants (\$2.1 million) that will be received in 2014-2015 for the Intelligent Transportation System (ITS): Transportation Incident Management Center (\$1.7 million), Metropolitan Transportation Commission (MTC) San Carlos Street Multimodal Streetscape Improvements (\$226,000), Transportation, Community and System Preservation Grant - Branham Lane/Monterey Highway Rail (\$88,000), and various other grants totaling \$100,000.

The rebudget of expenditure savings (\$4.9 million) and earned revenue (\$2.1 million), in conjunction with the \$429,000 rebudgeted as part of the City Council memorandum approved on August 26, 2014, reduce the Ending Fund Balance by \$3.3 million, resulting in a revised Ending Fund Balance variance of \$2.1 million. As a 2013-2014 reconciling item, this report also includes a downward revenue adjustment to account for revenue that was received in 2013-2014 and no longer expected to be received in 2014-2015 for MTC: The Alameda – A Plan for the Beautiful Way (\$789,000).

This report includes recommended adjustments totaling \$1.2 million to allocate new funding to various projects, including McLaughlin Avenue Pedestrian/Bike Safety Enhancements (\$534,000), Traffic Signal Installation – Douglas and Meridian (\$450,000), and increasing the Route 280/880/Stevens Creek Upgrade project (\$200,000). After accounting for all recommended rebudgets and adjustments, approximately \$160,000 will be added to the Ending Fund Balance for future use. Information on all recommended adjustments to the Building and Structure Construction Tax Fund can be found in *Section IV of this report, Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$48,805 | \$52,133 | \$3,328 | 6.8% |
| Expenditures | \$84,647 | \$55,690 | (\$28,957) | (34.2%) |

Revenue Performance

Revenues generated in the Construction and Conveyance (C&C) Tax Funds in 2013-2014 totaled \$52.1 million and were comprised of Construction and Conveyance tax receipts (\$35.5 million), transfers between funds (\$12.9 million), developer contributions and miscellaneous revenues (\$2.9 million), State and federal grants (\$452,000), and interest earnings (\$353,000). This revenue level is \$3.3 million higher than the budgeted estimate of \$48.8 million. This positive revenue variance is primarily due to higher than budgeted transfers between funds (\$3.0 million), C&C Tax revenue (\$2.0 million), and developer contributions and miscellaneous revenue (\$590,000), partially offset by lower than budgeted grant revenue (\$2.2 million).

Construction and Conveyance Tax revenue collections in 2013-2014, which were almost entirely generated from property transfers, totaled \$35.5 million, an increase of \$1.1 million from the 2012-2013 collection level of \$34.4 million. The 2013-2014 tax receipts represent the highest collection level since the peak years of 2003-2004 to 2006-2007 (when collections exceeded \$38.0 million annually, peaking at \$49.0 million in 2005-2006). Changes in home prices and the number of sales are major drivers of C&C Tax receipts. The median home price for single family homes within the City increased from \$732,500 in June 2013 to \$795,400 in June 2014, an increase of 8.6%. The June 2014 median home price for single family homes represents a record-setting high. In addition, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has slightly dropped in the past year from 22 days in June 2013 to 20 days in June 2014. The June 2014 figure represents the shortest duration of time homes have stayed on the market since August 2005, when it took only 19 days to sell a home. The number of home sales (single-family and multi-family dwelling units), however, has decreased slightly over the past year (3.3%) from 8,091 sales in 2012-2013 to 7,824 sales in 2013-2014. The number of home sales have consistently decreased compared to prior year activity since 2011-2012 (which had slight growth over 2010-2011).

When the 2013-2014 revenue estimate was initially developed, it was anticipated that C&C receipts would drop to \$30.0 million, which was a 12.8% decrease from the 2012-2013 collection level of \$34.4 million. The budgeted estimate was increased to \$33.5 million through a City Council memorandum approved on September 9, 2014. The 2014-2015 Adopted Capital Budget, however, included a \$37.0 million estimate for the 2013-2014 C&C Tax revenue. Therefore, while revenues received were higher

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CONSTRUCTION AND CONVEYANCE TAX FUNDS

Revenue Performance

than the revised budgeted estimate, they fell slightly short (\$1.5 million) of the estimate used to develop the 2014-2015 Adopted Capital Budget. This lower collection level was factored into the Ending Fund Balance calculations for each of the C&C Tax Funds.

Grant revenue fell below budgeted levels by \$2.2 million as many of the grants are paid on a reimbursement basis and the work on the eligible projects has not yet been completed. A portion of this grant revenue was rebudgeted to 2015-2016 as part of the 2014-2015 budget process (\$300,000), with an additional \$382,000 recommended to be rebudgeted to 2014-2015 as part of this report. In addition, grant revenue totaling \$1.0 million was budgeted in 2013-2014 for the Three Creeks Trail (Proposition 40 - \$350,000 and Proposition 84 - \$697,000). However, as this funding will be received on a reimbursement basis, and the project is currently on hold pending the outcome of an Environmental Impact Report (EIR), there is no current estimate for when the grant funding will be received. Once the EIR is complete and an updated project scope and construction schedule are determined, the budgeted grant revenue will be revised accordingly. Finally, grant revenue totaling \$700,000 was budgeted to be received in 2013-2014 from the Habitat Conservation Fund for the Coyote Creek Trail. The grant revenue is now anticipated to only total \$200,000; however, as this project is currently on hold pending design approval from the Santa Clara Valley Water District, it is not known when the grant revenue will be received. Once the design process is complete and an updated project scope and construction schedule is determined, the budgeted grant revenue will be revised accordingly.

Developer contributions and miscellaneous revenue totaled \$2.9 million in 2013-2014. The most significant contribution to this revenue source was the Silicon Valley Community Foundation, which totaled \$1.8 million for the Allen at Steinbeck School Soccer Field project (Council District 10 Construction and Conveyance Tax Fund). Developer contributions and miscellaneous revenue exceeded budgeted levels by \$590,000. The higher than anticipated revenue is primarily due to \$295,000 being received for the sale of former fire stations (Fire Construction and Conveyance Tax Fund) and \$200,000 received for the fire insurance reimbursement of partial costs related to the Family Camp Rim Fire project (Parks City-Wide Construction and Conveyance Tax Fund).

The 2013-2014 revenues of \$52.1 million were \$3.3 million above the 2012-2013 level of \$48.8 million primarily due to higher developer contributions and miscellaneous revenue (\$2.6 million), stronger Construction and Conveyance Tax receipts (\$1.1 million), and higher grant revenue (\$451,000), partially offset by lower transfers (\$978,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Expenditure Performance

In 2013-2014, capital project expenditures and transfers to other funds totaled \$55.7 million across the 17 Construction and Conveyance Tax funds (Council Districts 1-10, Parks City-Wide, Parks Central, Park Yards, Fire, Library, Service Yards, and Communications). This expenditure level is \$29.0 million (34.2%) below the budgeted expenditure level of \$84.6 million, and is primarily the result of unexpended capital project funds. A portion of these expenditure savings were anticipated and the funds were rebudgeted or redistributed during the 2014-2015 budget process (\$23.3 million) or are recommended to be rebudgeted as part of this report to complete the projects (\$2.2 million). After these adjustments are considered, the expenditure variance is \$3.4 million or 4.0%.

The following is a list of projects in which unexpended balances in 2013-2014 exceeded \$500,000:

| | | <u>(\$000s)</u> |
|---------------------|---|-----------------|
| Council District 4: | Agnews Property Acquisition | \$ 1,291 |
| | TRAIL: Bay Trail Reach 9B Design | 550 |
| Council District 5: | TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680) | 792 |
| | Hillview Park Renovation | 681 |
| Council District 7: | TRAIL: Three Creeks (Bellevue Park Expansion) Land Acquisition | 600 |
| Council District 9: | Camden Pool Renovations | 574 |
| City-Wide: | Coleman Soccer Fields | 2,339 |
| Fire: | Fire Facilities Remediation | 1,031 |
| | Fire Apparatus Replacement | 564 |
| Library: | Materials Handling Technology | 2,600 |
| | Acquisition of Materials | 815 |
| | Branch Libraries FF&E | 807 |
| Total | | \$12,644 |

Explanations for projects with significant variances are summarized below and organized by each Construction and Conveyance Tax Fund.

- The Agnews Property Acquisition project had an expenditure variance of \$1.3 million due to site demolition not yet occurring. The property has been secured and demolition work is anticipated to begin in 2014-2015. A recommendation is included in this report to rebudget the unexpended funds to 2014-2015.

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Expenditure Performance

- The TRAIL: Bay Trail Reach 9B Design project had an expenditure variance of \$550,000. Due to insufficient funding being available for the design and construction of the trail segment, this project is no longer proceeding. This expenditure variance was anticipated and redistributed as part of the 2014-2015 budget process.
- The TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680) project had an expenditure variance of \$792,000 due to delays with the Santa Clara Valley Water District approving the design of the trail segment. The design issues are currently being addressed and it is anticipated the project will resume in 2014-2015. This expenditure variance was anticipated and \$790,000 was rebudgeted as part of the 2014-2015 budget process.
- The Hillview Park Renovation project had an expenditure variance of \$681,000 due to delays in completing the design work for the renovated park. It is anticipated that construction of the park will begin in February 2015 and the project will be complete in June 2015. An expenditure variance of \$689,000 was anticipated and rebudgeted as part of the 2014-2015 budget process. An additional budget adjustment is recommended as part of this report to reduce the project (\$8,000) as part of the rebudget true-up adjustments.
- The TRAIL: Three Creeks (Bellevue Park Expansion) Land Acquisition allocation had an expenditure variance of \$600,000 due to property acquisition taking longer than estimated. This expenditure variance was anticipated and rebudgeted as part of the 2014-2015 budget process.
- The Camden Pools Renovation project had an expenditure variance of \$574,000 due to the design process taking longer than initially estimated. This expenditure variance was anticipated and rebudgeted as part of the 2014-2015 budget process.
- The Coleman Soccer Fields project had an expenditure variance of \$2.3 million due to delays occurring during the construction of the soccer fields. This expenditure variance was anticipated and rebudgeted as part of the 2014-2015 budget process.
- The Fire Facilities Remediation allocation had an expenditure variance of \$1.0 million due to unexpected delays in the remediation of Fire Station 16. Recently, construction plans were completed for Fire Station 16 and pending final approval, construction is expected to begin fall 2014. An expenditure variance of \$931,000 was anticipated and rebudgeted as part of the 2014-2015 budget process. The remaining unexpended funds (\$100,000) are recommended to be rebudgeted to 2014-2015 as part of this report.

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Expenditure Performance

- The Fire Apparatus Replacement allocation had an expenditure variance of \$564,000. Tools and equipment required to equip five new apparatus were ordered in 2013-2014, however, the costs to equip them will not occur until the apparatus are delivered (winter 2014 and spring 2015). This expenditure variance was anticipated and rebudgeted as part of the 2014-2015 budget process.
- The Materials Handling Technology project had an expenditure variance of \$2.6 million. In 2013-2014, the Library Department experienced a number of staff vacancies, which resulted in several projects being delayed. The Department has since filled those vacancies and efforts to research and implement a Radio Frequency Identification system for library materials will resume in 2014-2015. The \$2.6 million expenditure variance was partially anticipated and rebudgeted to 2014-2015 (\$1.0 million) and remaining funds were redistributed to the Ending Fund Balance for future project needs (\$1.6 million) as part of the 2014-2015 budget process.
- The Acquisition of Materials allocation provides funding for new materials at all library facilities to adequately provide new and popular materials to meet the demands and needs of the community. This project had an expenditure variance of \$815,000, of which \$250,000 is recommended to be rebudgeted to 2014-2015 as part of this report.
- The Branch Libraries Fixtures, Furnishings and Equipment (FF&E) allocation provides funding to purchase the necessary fixtures, furnishings, and equipment for new and remodeled General Obligation Bond-funded libraries. This project had an expenditure variance of \$807,000 in 2013-2014, of which \$621,000 was anticipated and rebudgeted as part of the 2014-2015 budget process. The remaining unexpended funds (\$186,000) are recommended to be rebudgeted to 2014-2015 as part of this report for FF&E purchases for the new Southeast Branch Library.

The 2013-2014 expenditure level of \$55.7 million was \$6.4 million above the 2012-2013 expenditure level of \$49.3 million. This variance is the result of several projects making significant progress in 2013-2014. These projects (and their 2013-2014 expenditures) include Allen at Steinbeck School Soccer Field, a new lighted artificial turf soccer field (\$4.0 million), Roberto Antonio Balermينو Park, a new 1.8 acre neighborhood park (Council District 7 C&C Tax Fund - \$2.1 million), and West Evergreen Park, a new 1.0 acre neighborhood park (Council District 7 C&C Tax Fund - \$1.3 million). It is anticipated these projects will complete in early 2014-2015.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$129,629 | \$72,073 | \$78,192 | \$6,119 | (\$2,198) | \$3,921 | 3.0% |

The 2013-2014 Ending Fund Balance of \$78.2 million was \$6.1 million above the estimate used to develop the 2014-2015 Adopted Capital Budget. This variance was due primarily to lower than anticipated project expenditures (\$7.3 million) and higher than anticipated developer contributions and miscellaneous revenue (\$540,000), partially offset by lower than anticipated Construction and Conveyance Tax revenue (\$1.5 million) and lower than anticipated transfers between funds (\$233,000). A portion of expenditure savings are recommended for rebudget as part of this report (\$2.2 million), which brings the revised Ending Fund Balance variance to \$3.9 million.

This report also includes recommended adjustments totaling \$2.9 million in several Construction and Conveyance Tax funds to allocate new funding to various projects, including the following: TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design (CD 6 C&C Tax Fund - \$805,000); Vietnamese Cultural Heritage Garden Reserve (Parks City-Wide C&C Tax Fund - \$700,000); TRAIL: Three Creeks Pedestrian Bridge EIR (CD 6 C&C Tax Fund - \$425,000); Happy Hollow Park and Zoo Enhancements (Parks City-Wide C&C Tax Fund - \$380,000); Communications Equipment Replacement and Upgrade (Communications C&C Tax Fund - \$300,000); Bridges Academy Field Enhancements (CD 7 C&C Tax Fund - \$250,000); Environmental Mitigation Maintenance and Monitoring (Parks City-Wide C&C Tax Fund - \$170,000); St. James Park Improvements (CD 3 C&C Tax Fund - \$100,000); and Family Camp Capital Improvements Reserve (Parks City-Wide C&C Tax Fund - \$45,000). In addition, recommendations are included in this report to eliminate the ACE Charter School (Franklin McKinley School District) Reserve (CD 7 C&C Tax Fund – \$250,000) and to transfer \$85,000 from the General Fund to the Council District 10 C&C Tax Fund for the Leland Sports Field repayment. Information on these adjustments can be found in *Section IV of this report, Recommended Budget Adjustments and Clean-up/Rebudget Actions*. The remaining fund balance is recommended to be allocated to the respective funds' 2014-2015 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$81,454 | \$66,617 | (\$14,837) | (18.2%) |
| Expenditures | \$90,998 | \$62,235 | (\$28,763) | (31.6%) |

Revenue Performance

In 2013-2014, revenues in the Construction Excise Tax totaled \$66.6 million and were generated from the Construction Excise Tax (\$29.3 million), State grants (\$14.7 million), Traffic Impact Fees (\$9.0 million), Santa Clara County (\$5.7 million), developer contributions (\$3.4 million), federal grants (\$2.6 million), Valley Transportation Authority (VTA) (\$1.6 million), and interest earnings (\$346,000). The 2013-2014 revenues were lower than the budget by approximately \$14.8 million, which was primarily due to lower than budgeted receipts of federal grants (\$20.0 million), partially offset by higher than budgeted Construction Excise Tax receipts (\$4.3 million) and State grant receipts (\$1.6 million). Grant-related revenues of \$17.5 million, which were not received in 2013-2014 due to project delays were anticipated and rebudgeted in the development of the 2014-2015 Adopted Budget, and an additional \$2.1 million is recommended to be rebudgeted as part of this report. In addition, \$497,000 in grant revenue anticipated to be received in 2014-2015 was instead received in 2013-2014.

The 2013-2014 revenue level of \$66.6 million was \$11.3 million higher (20.4%) than the 2012-2013 level of \$55.3 million. This increase was primarily a result of increased Construction Excise Tax receipts (\$11.5 million) and State grant receipts (\$5.4 million), partially offset by decreased miscellaneous revenue (including Traffic Impact Fees) (\$6.0 million).

At \$29.3 million, Construction Excise Tax receipts in 2013-2014 were 64.6% higher than 2012-2013 collections (\$17.8 million) and exceeded the budgeted level by \$4.3 million due to higher than anticipated issuances of residential multi-unit permits, as well as commercial valuation. The 2014-2015 Adopted Budget estimate of \$21.0 million does not assume a continuation of such high collection levels and allows for a decrease of 28.3% from 2013-2014 actual tax receipts. The sustainability of the 2013-2014 collection level will be monitored as the year progresses, and an upward adjustment to the 2014-2015 budgeted revenue estimate may be brought forward for City Council consideration at a later date, if 2014-2015 collections continue at the current pace.

Expenditure Performance

In 2013-2014, expenditures totaled \$62.2 million in the Construction Excise Tax Fund. This expenditure level was \$28.8 million (31.6%) below the Modified Budget. A significant portion of the expenditure savings was anticipated and rebudgeted or redistributed as part of the 2014-2015 budget

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CONSTRUCTION EXCISE TAX FUND

Expenditure Performance

process (\$19.5 million). An additional \$7.9 million is recommended to be rebudgeted as part of this report to ensure sufficient funding is available for projects in 2014-2015.

The \$28.8 million variance between budgeted and actual expenditures was caused primarily by the following projects: Pavement Maintenance – Federal (\$7.9 million), Autumn Street Extension (\$3.0 million), Pavement Maintenance – Measure B (\$2.6 million), Bicycle and Pedestrian Facilities (\$2.4 million), Pavement Maintenance – State Gas Tax (\$2.4 million), Innovative Bicycle Detection System (\$1.2 million), Safe Pathways to Diridon Station (\$801,000), Prop 1B Street Maintenance (\$693,000), Bikeways Program (\$625,000), Neighborhood Traffic Calming (\$551,000), Coyote Creek Trail (\$500,000), and other projects totaling \$6.1 million all with variances below \$500,000. The expenditure variances in these projects were primarily attributable to various delays in project delivery, such as minor scope changes, competing workload demands, and unexpected complications in the design and construction process.

The 2013-2014 expenditure level of \$62.2 million was \$18.7 million (43.0%) higher than the 2012-2013 level of \$43.5 million. This variance is primarily due to higher costs associated with Pavement Maintenance – State Route Relinquishment (\$12.4 million) and Pavement Maintenance – City (\$7.8 million).

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$150,914 | \$59,511 | \$73,874 | \$14,363 | (\$5,843) | \$8,520 | 5.6% |

The 2013-2014 Ending Fund Balance of \$73.9 million was \$14.4 million above the estimate used to develop the 2014-2015 Adopted Capital Budget. This variance was due to higher than estimated revenues (\$6.5 million) and lower than estimated expenditures (\$7.9 million).

As discussed above, a significant portion of expenditure savings are recommended for rebudget as part of this report (\$7.9 million). This report also includes the rebudget of earned revenue related to several grants (\$2.1 million) that will be received in 2014-2015 for VTA: Santa Clara – Alum Rock/Bus Rapid Transit (\$560,000), Transportation Development Act Grant/Transportation Fund for Clean Air – Bicycle and Pedestrian Facilities (\$542,000), Metropolitan Transportation Commission – San Fernando Street Enhanced Bikeway and Pedestrian Access (\$206,000), One Bay Area Grant – Pedestrian Oriented

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CONSTRUCTION EXCISE TAX FUND

Signals (\$158,000), VTA: BART Construction Management (\$130,000), and various other grants totaling \$490,000. The rebudget of expenditure savings (\$7.9 million) and earned revenue (\$2.1 million) revises the Ending Fund Balance variance to \$8.5 million. As a 2013-2014 reconciling item, this report also includes downward revenue adjustments for federal grant revenue that was received in 2013-2014 and are no longer expected to be received in 2014-2015 for One Bay Area Grant – Pavement Maintenance – Federal (\$483,000) and Climate Initiative Grant – Walk n’ Roll (\$14,000).

This report also includes recommendations to increase Pavement Maintenance – State Gas Tax by \$3.8 million for the additional State gas tax received in 2013-2014; increase Pavement Maintenance – City by \$3.3 million to allocate the additional Construction Excise Tax revenue received in 2013-2014, consistent with the direction in the Mayor’s June Budget Message for Fiscal Year 2014-2015 as approved by the City Council; and increase the Safety – Traffic Signal Rehabilitation appropriation by \$270,000. Other actions are recommended to: increase Inter-Agency Encroachment Permit Revenue by \$650,000 and appropriate these funds to the Inter-Agency Encroachment Permit project; increase the VTA: Santa Clara – Alum Rock Bus Rapid Transit Revenue by \$340,000 and appropriate these funds to Bus Rapid Transit-Santa Clara/Alum Rock; and increase Miscellaneous Revenue by \$232,000 for the cost sharing portion that will be received from the East Side Union High School District and Santa Clara County as well as appropriate \$350,000 to the LED Streetlight Program.

After accounting for all recommended rebudgets and adjustments, approximately \$554,000 will be added to the Ending Fund Balance for future use. Information on all recommended adjustments to the Construction Excise Tax Fund can be found in *Section IV of this report, Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$46,705 | \$47,041 | \$336 | 0.7% |
| Expenditures | \$50,386 | \$48,337 | (\$2,050) | (4.1%) |

Revenue Performance

In 2013-2014, revenues totaling \$47.0 million were generated from operating revenues from the City’s convention facilities (\$28.5 million) as managed by Team San Jose, issuing of commercial paper (\$10.0 million), transfers from the Transient Occupancy Tax (TOT) Fund (\$8.5 million), and miscellaneous revenues and interest earnings (\$87,000). The 2013-2014 revenues slightly exceeded the budget estimate by \$336,000 (0.7%) primarily due to the better than expected performance of Team San Jose operating revenues (\$340,000).

The 2013-2014 revenues ended 50.4% (\$15.8 million) above the 2012-2013 level of \$31.3 million due to the issuance of commercial paper (\$10.0 million) for the Convention Center Expansion/Renovation project, increases in operating revenues from the City’s convention and cultural facilities (\$5.6 million), and an increase in the transfer from the TOT Fund (\$1.3 million), partially offset by lower proceeds from City National Bank for naming rights to the Civic Auditorium and the Center for Performing Arts that had been received in 2012-2013 (\$1.2 million).

TOT receipts recognized in the TOT Fund are allocated according to the Council-approved distribution formula to three program categories (San José Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). As actual TOT receipts ended 2013-2014 approximately \$670,000 above estimated levels, a recommendation is included in this document, according to the Council-approved distribution formula, to increase the 2014-2015 transfer from the TOT Fund to the Convention and Cultural Affairs Fund by \$335,000. For more information on the 2013-2014 performance of the TOT Fund, please refer to the TOT Fund in this section of the document.

Expenditure Performance

In 2013-2014, expenditures of \$48.3 million were primarily attributed to costs associated with operations and maintenance of the Convention Center and cultural facilities (\$32.0 million); expenses directed toward the Convention Center Expansion/Renovation project (\$10.7 million); fixtures, furnishings and equipment (FF&E) to complete the expanded and remodeled Convention Center (\$715,000); a Transfer to the General Fund (\$1.2 million) for Team San Jose contract oversight, City overhead, cultural facility cost-sharing, and Mexican Heritage Plaza support; and a variety of various

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CONVENTION AND CULTURAL AFFAIRS FUND

Expenditure Performance

capital repairs and replacements (\$579,000). Total expenditures were \$2.1 million (4.1%) below the Modified Budget. Significant savings included Rehabilitation/Repair – Structures (\$519,000), Civic Auditorium/Center for the and Mexican Heritage Plaza support; and a variety of various capital repairs and replacements (\$579,000). Total expenditures were \$2.1 million (4.1%) below the Modified Budget. Significant savings included Rehabilitation/Repair – Structures (\$519,000), Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement (\$426,000), Convention Center Expansion/Renovation (\$200,000), and Miscellaneous Improvements & Repairs (\$116,000). A portion of the \$2.1 million in expenditure savings was anticipated and rebudgeted as part of the development of the 2014-2015 Adopted Budget (\$893,000); additional rebudgets of \$458,000 are recommended and discussed further below.

Expenditures in this fund were \$14.8 million (43.9%) above the 2012-2013 level of \$33.6 million due primarily to higher Expansion and Renovation costs (\$10.6 million), Cultural Facilities Maintenance (\$3.5 million), and Convention Facilities Operations expenses (\$1.6 million) based on the higher activity level.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustment Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|---|---------------------|--|
| \$53,700 | \$4,774 | \$5,993 | \$1,219 | (\$458) | \$760 | 1.4% |

The 2013-2014 Ending Fund Balance of \$6.0 million was \$1.2 million above the estimate used to develop the 2014-2015 Adopted Budget. This variance was due to lower than anticipated expenditures across several capital repair related appropriations and the liquidation of prior year encumbrances.

It is recommended that unexpended funds for Rehabilitation/Repair – Structures (\$220,000), Expansion/Renovation (\$120,000), Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement (\$75,000), Rehabilitation/Repair – Mechanical (\$40,000), Fixtures, Furnishing and Equipment (\$39,000), and CPA Improvement (\$13,000) be rebudgeted as part of the actions included in this report. After including a recommended negative rebudget of \$9,000 to account for higher than estimated spending on miscellaneous capital repairs, the total amount of unexpended funds recommended for rebudget into 2014-2015 is \$458,000, leaving \$760,000 in additional fund balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND

A number of actions are recommended in this report to address capital needs, align the budget to the assumption used to develop the 2014-2015 Adopted Budget, and to reconcile various revenues and expenditures.

- An increase of \$405,000 to the Rehabilitation/Repair – Electrical appropriation is recommended to pay for additional work encountered during the upgrade of the audio system that was required as the result of the expansion and renovation of the Convention Center (\$205,000) and the completion of WiFi installation throughout the cultural facilities (\$200,000).
- An increase to the Capital Reserve of \$300,000 to address future capital needs.
- A reconciling adjustment is recommended to account for ticket proceeds that were deposited into this fund that were to be used for the repayment of the \$1.0 million loan from the General Fund to the American Musical Theater (AMT). These funds are generated through the collection by Team San Jose of \$1 per every Broadway San José ticket sold. Since 2009, a total of \$214,000 has been collected from these ticket sales and a budget action is recommended to transfer those funds to the General Fund. A transfer to the General Fund for an additional \$60,000 is recommended to account for anticipated ticket sales in 2014-2015. Therefore, \$274,000 is recommended to be transferred to the General Fund, partially offset by \$60,000 of additional revenue.
- An increase of \$150,000 to the Team San Jose Incentive Fee is recommended to fund the anticipated adjustment to this fee based on the unaudited results regarding the achievement of 2013-2014 performance measures which would generate the maximum incentive fee of \$350,000.
- As discussed above, an increase to the transfer from the TOT Fund of \$335,000 is recommended to reflect the distribution of the additional TOT receipts.

With the rebudgets and adjustments, the 2014-2015 Ending Fund Balance would increase by \$327,000, of which \$300,000 is recommended to be allocated to the Capital Reserve. The remaining \$27,000 would be allocated to the Unrestricted Ending Fund Balance, bringing this figure to \$1.6 million.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL OBLIGATION BOND FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$10,569 | \$1,346 | (\$9,223) | (87.3%) |
| Expenditures | \$36,805 | \$22,660 | (\$14,145) | (38.4%) |

Revenue Performance

The General Obligation Bond (G.O. Bond) Funds consist of the Branch Libraries Bond Projects Fund, Neighborhood Security Act Bond Fund, and Parks and Recreation Bond Projects Fund. All G.O. Bond proceeds have already been issued for the Parks and Recreation Bond Projects Fund; however, \$5.9 million remain to be issued for the Branch Library Bond Projects Fund and \$3.3 million remain to be issued for the Neighborhood Security Act Bond Fund. It is currently anticipated that the remaining G.O. Bond proceeds will be issued in 2014-2015. In 2013-2014, revenues totaled \$1.3 million and were generated primarily from transfers from the Library Construction and Conveyance Tax Fund (\$587,000), the Fire Construction and Conveyance Tax Fund (\$575,000), and the General Fund (\$40,000), as well as interest earnings (\$134,000). Each of the transfers previously listed have a corresponding transfer out of their respective funds, as part of a technical reconciliation to ensure that expenditures in each fund are eligible for reimbursement by the bond trustee. The negative revenue variance of \$9.2 million (87.3%) primarily represents lower than estimated Library bond proceeds (\$5.9 million) and Public Safety bond proceeds (\$3.3 million).

The 2013-2014 revenue of \$1.3 million is \$2.7 million below the 2012-2013 total of \$4.0 million. This decrease is primarily due to revenues received in 2012-2013 from the sale of the original Bascom Branch land (\$2.5 million).

Expenditure Performance

Expenditures in the G.O. Bond Funds totaled \$22.7 million, which includes the Parks and Recreation Bond Projects Fund (\$12.9 million), Neighborhood Security Act Bond Fund (\$6.9 million), and Public Branch Libraries Bond Projects Fund (\$2.9 million). Expenditures in 2013-2014 were \$14.1 million (38.4%) below the Modified Budget due primarily to unexpended capital project funds. A significant portion of the expenditure savings were anticipated and funds were rebudgeted as part of the 2014-2015 budget process (\$12.9 million) or are recommended to be rebudgeted as part of this report (\$1.1 million).

The expenditure variance of \$14.1 million is related to the Southeast Branch (\$10.2 million - Branch Libraries Bond Projects Fund), Soccer Complex (\$1.7 million - Parks and Recreation Bond Projects Fund), and Branch Efficiency Project (\$1.4 million). The construction contract for the Southeast Branch Library was awarded in summer 2014, however, the contract will not be encumbered until fall 2014.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL OBLIGATION BOND FUNDS

Expenditure Performance

The Soccer Complex (Coleman Soccer Fields) experienced unanticipated delays during the construction of the fields.

The Branch Efficiency Projects, which will utilize funds to purchase automatic material handling machines as well as other efficiency projects, was not completed in 2013-2014, however, it is anticipated to be completed in 2014-2015.

The 2013-2014 expenditure level of \$22.7 million is \$3.0 million above the 2012-2013 expenditure level of \$19.7 million. This variance is primarily the result of several projects having significant expenditures in 2013-2014, including the Soccer Complex (Coleman Soccer Fields) (Parks and Recreation Bond Projects Fund - \$11.9 million), Fire Station 21 Relocation (Neighborhood Security Act Bond Fund - \$5.6 million), and Southeast Branch (Branch Library Bond Projects Fund - \$1.4 million).

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$62,192 | \$29,515 | \$30,624 | \$1,109 | (\$1,128) | (\$19) | (0.0%) |

The 2013-2014 Ending Fund Balance of \$30.6 million was \$1.1 million above the estimate used to develop the 2014-2015 Adopted Capital Budget. This variance was primarily due to lower than anticipated project expenditures (\$1.1 million). A significant portion of the expenditure savings are recommended for rebudget as part of this report (\$1.1 million).

It is important to note that the actual 2013-2014 Ending Fund Balance of \$665,000 in the Public Safety Bond Fund was \$126,000 below the estimate used to develop the 2014-2015 Adopted Capital Budget due primarily to higher than estimated expenditures for Fire Station 21 (\$184,000). An increase to the Fire Station 21 Relocation project occurred at the time of the contract award, approved by City Council on June 10, 2014, after the development of the 2014-2015 Budget. To address this higher expenditure level and to rebudget necessary project funds, a downward adjustment to the Fire Station 37 Reserve in the amount of \$188,000 is also included in this report. With this adjustment, the Fire Station 37 Reserve will total \$2.3 million in 2014-2015.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL PURPOSE PARKING FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$12,535 | \$14,328 | \$1,793 | 14.3% |
| Expenditures | \$15,300 | \$14,449 | (\$851) | (5.6%) |

Revenue Performance

In 2013-2014, revenues of \$14.3 million were generated from parking garages and lots (\$10.8 million), parking meters (\$2.7 million), Successor Agency to the Redevelopment Agency (SARA) reimbursement (\$656,000), miscellaneous revenue (\$86,000), and interest earnings (\$59,000). The 2013-2014 revenues exceeded the 2013-2014 budget by approximately \$1.8 million (14.3%), primarily due to higher than budgeted revenues from parking garages and lots (\$1.4 million) and parking meters (\$368,000).

The revenue generated from parking activity in 2013-2014 was \$2.2 million (18.1%) above the 2012-2013 revenues of \$12.1 million primarily due to higher revenue from parking garages and lots (\$1.1 million), SARA reimbursement (\$656,000) and parking meters (\$301,000). The increase in parking garages and lots revenue is partially attributable to additional revenue generated at the Market Street/San Pedro Garage (\$596,000) associated with more events, evening and permit activity due to higher building occupancy, and Superior Court construction activity in the area, and the Convention Center Garage (\$330,000) due to additional major events at the Convention Center. Due to better than anticipated Redevelopment Property Tax Trust Fund revenues, the budget was modified to include reimbursement from SARA for a portion of the \$3.4 million support from the General Purpose Parking Fund in 2012-2013 for 4th and San Fernando garage debt service. As discussed below, \$3.4 million was advanced to SARA to ensure payment of the 4th and San Fernando garage debt service in 2013-2014. It also is anticipated that a portion of this payment will be reimbursed in 2014-2015, and actions will be brought forward as necessary upon completion of 2013-2014 SARA financials. In spring 2014, Smart Meters were installed in the Downtown core, which accepted credit card payments and the associated credit card revenue accounted for \$120,000 of the meter revenue increase.

Expenditure Performance

In 2013-2014, expenditures of \$14.4 million were primarily attributed to Department of Transportation (DOT) non-personal/equipment expenditures (\$5.1 million), debt service payments for the 4th and San Fernando garage (\$3.4 million), DOT personal services (\$1.9 million), transfers to the General Fund (\$687,000), and garage elevator updates (\$562,000). Expenditures were \$851,000 (5.6%) below the Modified Budget, with the variance primarily due to savings in various capital projects (\$646,000), DOT non-personal/equipment (\$95,000), Police Parking Garage Security Services (\$39,000), and debt service payments for the 4th and San Fernando garage (\$36,000). Savings in the Parking Capital Program were primarily due to various timing delays and \$567,000 of these savings were rebudgeted to 2014-2015 as

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL PURPOSE PARKING FUND

Expenditure Performance

part of the 2014-2015 Adopted Capital Budget. Savings in the DOT Non-Personal/Equipment appropriation were attributable to lower costs for contractual services, supplies and materials, and electricity, and savings in the Police Parking Garage Security Services appropriation that resulted from reduced staffing during non-peak winter months, and, on some occasions, not filling all assigned shifts due to Police Department staffing shortages.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$26,633 | \$13,492 | \$14,123 | \$631 | \$0 | \$631 | 2.4% |

The 2013-2014 Ending Fund Balance of \$14.1 million was \$631,000 above the estimate used to develop the 2014-2015 Adopted Budget. This variance was primarily due to higher than anticipated revenues from parking garages and lots, and savings in various capital, personal services, and non-personal/equipment expenditures.

As described in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* section of this document, this report includes a recommendation to increase the Minor Parking Facility Improvements appropriation by \$500,000 to address significant deferred maintenance at the City’s parking garages including garage painting, energy efficiency lighting upgrades, asphalt surface replacement and repair, and concrete surface repair. After adjusting for this action as well as other clean-up actions, approximately \$132,000 will be added to the 2014-2015 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$130,896 | \$126,833 | (\$4,063) | (3.1%) |
| Expenditures | \$132,806 | \$126,589 | (\$6,217) | (4.7%) |

Revenue Performance

In 2013-2014, revenues totaled \$126.8 million and were generated from the following: Recycle Plus Collection Charges (\$105.4 million), Lien-Related Charges (\$6.6 million), New Market Tax Credit (NMTC) Proceeds/Reimbursements (\$6.2 million), AB939 Fees (\$3.6 million), Hauler Payments (\$2.7 million), and other sources of revenue (\$2.4 million). The 2013-2014 revenues fell short of the budget by \$4.1 million (3.1%) primarily due to a deferral of the Economic Development Administration (EDA) grant revenue (\$2.4 million) to 2014-2015 that will be used for the installation of a photovoltaic system at the Environmental Innovation Center (EIC) in 2014-2015 and lower NMTC Proceeds/Reimbursement (\$2.1 million). The delay of the Environmental Innovation Center (EIC) project located on Las Plumas Avenue has delayed NMTC proceeds.

The EIC project has been completed and opened on May 30, 2014, and it is anticipated that \$2.1 million in NMTC proceeds will be received in 2014-2015. The EIC advances the City's commitment to San José's Green Vision with a 10,000 square foot permanent Household Hazardous Waste drop-off facility for the convenient and safe disposal of common toxic items; flexible laboratory and office space for members of Prospect Silicon Valley to test and demonstrate emerging technologies in energy, building, and transportation; and a Habitat for Humanity ReStore to sell discounted, new, and surplus construction materials that would likely otherwise be landfilled.

This 2013-2014 revenue collection level was \$4.3 million (3.5%) above the 2012-2013 level of \$122.5 million, due primarily to the receipt of an increase in NMTC Proceeds/Reimbursement (\$3.5 million) and the negotiated payment from the hauler associated with contractual savings in prior years that was initiated in 2013-2014 (\$2.7 million), partially offset by lower than anticipated AB939 Fees (\$1.7 million).

Expenditure Performance

In 2013-2014, expenditures of \$126.6 million were attributed primarily to the Single-Family Dwelling Recycle Plus contracts (\$51.1 million), Yard Trimmings/Street Sweeping contract (\$22.5 million), Multi-Family Dwelling Recycle Plus contracts (\$17.8 million), IDC Disposal Agreement (\$8.9 million), Environmental Services Department (ESD) Personal Services (\$6.3 million), Household Hazardous Waste Las Plumas Facility (\$3.2 million), and ESD Non-Personal/Equipment (\$3.0 million) appropriations.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

Expenditure Performance

In 2013-2014, expenditures were \$6.2 million (4.7%) below the Modified Budget. The most significant savings were in the Household Hazardous Waste Las Plumas Facility (\$3.2 million), ESD Personal Services (\$863,000), and ESD Non-Personal/Equipment (\$872,000) appropriations. The unexpended funds in the Household Hazardous Waste Las Plumas Facility (\$3.2 million) were due to a delay in completing the EIC, primarily with regard to the installation of a photovoltaic system; this amount has been rebudgeted to 2014-2015 in order to complete this project.

Expenditures in this fund, including transfers, were \$220,000 (0.2%) above the 2012-2013 level of \$126.4 million, due primarily to the EIC (Miscellaneous Funding Sources) (\$2.8 million), Integrated Billing System (IBS) Commercial Paper Repayment (\$1.4 million), and Single Family Dwelling Recycle Plus contracts (\$1.4 million) appropriation expenditures in 2013-2014, partially offset by lower Household Hazardous Waste Last Plumas Facility (\$4.0 million) and ESD Non-Personal/Equipment (\$1.0 million) expenditures than those which occurred in 2012-2013.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance from Estimate | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|------------------------------|--|---------------------|--|
| \$142,999 | \$13,742 | \$13,267 | (\$475) | \$2,033 | 1,558 | 1.1% |

The 2013-2014 Ending Fund Balance of \$13.3 million was \$475,000 below the estimate used to develop the 2014-2015 Adopted Budget. This is attributed to lower revenues of \$2.2 million and higher expenditures of \$1.5 million, partially offset by a liquidation of encumbrances (\$3.2 million). In 2013-2014, revenues fell short by approximately \$2.2 million compared to estimated levels, due primarily to reimbursements that were not received from the NMTC Proceeds/Reimbursement and Developer Fee (\$2.3 million) and lower AB 939 fees (\$206,000), partially offset by higher lien-related fees (\$305,000). Expenditures in 2013-2014 were higher than the estimate by approximately \$1.5 million, due primarily to increased spending in the Household Hazardous Waste Las Plumas Facility (\$2.1 million) appropriation, partially offset by expenditure savings in the ESD Non-Personal/Equipment (\$343,000) and Personal Services (\$224,000) appropriations. The higher expenditure level was more than offset by the \$3.2 million reduction in encumbrances.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

Ending Fund Balance Performance

Budget actions are recommended to rebudget revenue that is now anticipated to be received in 2014-2015 for the NMTC Proceeds/Reimbursements (\$2.1 million) and NMTC Developer Fee (\$250,000) appropriations upon completion of the Household Hazardous Waste Las Plumas Facility project. In addition, it is recommended that funds be rebudgeted in the Household Hazardous Waste Las Plumas Facility (\$279,000) and EIC (Miscellaneous Revenues) (\$25,000) appropriations, due to project delays, in order to complete the project in 2014-2015. A total of \$3.2 million has already been rebudgeted for the Household Hazardous Waste Las Plumas Facility appropriation in the 2014-2015 Adopted Operating Budget, and the additional rebudget recommended in this report for this appropriation is needed to reconcile to actual expenditures. The net revenue and expenditure rebudget adjustments result in an increase to the fund balance of approximately \$2.0 million.

As described in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* section of this document, this report includes recommended adjustments to more accurately reflect anticipated 2014-2015 expenditures. As part of the 2014-2015 Adopted Budget, the ESD Non-Personal/Equipment appropriation includes \$626,000 for City Facilities Recycle Plus (Late Fees); however, \$625,000 was also included in a separate City Facilities Recycle Plus (Late Fees) appropriation. In order to correct this double appropriation of funds, a downward adjustment of \$626,000 to the ESD Non-Personal/Equipment appropriation is included, as well as an upward adjustment of \$1,000 to the City Facilities Recycle Plus (Late Fees) appropriation.

Additionally, an upward adjustment of approximately \$4,000 to the Planning, Building and Code Enforcement Non-Personal/Equipment appropriation is included to cover this fund's share of the purchase of user licenses for the city-wide Development Services permitting system (AMANDA).

After accounting for all recommended rebudgets and other adjustments, approximately \$2.2 million will be added to the 2014-2015 Ending Fund Balance. Of this amount, it is recommended that \$2.0 million be set aside in the Operations and Maintenance Reserve that is included in the Ending Fund Balance, in order to bring this reserve closer to the goal of reserving two months of operating expenditures. The Unrestricted Ending Fund Balance will increase by \$160,000.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

LOW AND MODERATE INCOME HOUSING ASSET FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$13,169 | \$16,575 | \$3,406 | 25.9% |
| Expenditures | \$20,039 | \$8,552 | (\$11,487) | (57.3%) |

Revenue Performance

In 2013-2014, revenues totaled \$16.6 million and were generated by: loan repayments (\$16.4 million), interest earnings (\$101,000), miscellaneous revenue (\$52,000), multi-family housing fees and charges (\$31,000), and homebuyer subordination fees (\$26,000) from the \$630 million multi-family project loan portfolio. The 2013-2014 residual receipt loan repayments came in 36.4% above the estimate of \$12.0 million as borrowers sought to refinance at historically low interest rates in anticipation of rising future interest rates, as the Federal Reserve gradually cuts back on its purchases of mortgage bonds. This repayment level is 14.9% below record 2012-2013 residual receipt loan repayments totaling \$19.5 million.

Expenditure Performance

Expenditures of \$8.6 million were \$11.5 million or 57.3% lower than the Modified Budget of \$20.0 million. Savings of \$10.8 million in the Housing Loans and Grants appropriation of \$12.5 million is due to delays in beginning the 2nd Street Apartments, North San Pedro Townhomes, and other housing projects. These savings in the Housing Loans and Grants appropriation are recommended to be set aside in a reserve for these and other pipeline housing projects that are not anticipated to move forward until at least 2015-2016.

In 2013-2014 expenditures were 76.0% lower than 2012-2013 expenditures of \$35.6 million. Expenditures in the Housing Loans and Grants appropriation were 89.2% lower than the 2012-2013 amount of \$15.9 million. Also, payments to the Successor Agency to the Redevelopment Agency were 99.7% lower than the 2012-2013 total of \$11.7 million.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

LOW AND MODERATE INCOME HOUSING ASSET FUND

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$34,799 | \$16,338 | \$29,829 | \$13,491 | \$0 | \$13,491 | 38.8% |

The 2013-2014 Ending Fund Balance of \$29.8 million was \$13.5 million above the estimate used to develop the 2014-2015 Adopted Budget. Of this Ending Fund Balance, \$10.8 million is recommended to be allocated to the Housing Project Reserve for future use. Several clean-up actions are also recommended to establish the Retiree Healthcare Solutions Reserve (\$136,000, of which \$81,000 represents contributions for 2013-2014 from Ending Fund Balance and \$55,000 represents the 2014-2015 contributions from department personal services appropriations), increase the Successor Agency to the Redevelopment Agency YWCA loan repayments (\$50,000), fund Housing Department furniture and equipment replacements (\$50,000), and eliminate the Employee Compensation Planning Reserve (\$21,000). After accounting for all recommended adjustments, the 2014-2015 Ending Fund Balance will increase by \$2.5 million.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

MULTI-SOURCE HOUSING FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$28,880 | \$16,159 | (\$12,721) | (44.1%) |
| Expenditures | \$35,427 | \$7,084 | (\$28,343) | (80.0%) |

Revenue Performance

In 2013-2014, revenues totaled \$16.2 million and were generated by in-lieu fee revenue (\$7.8 million), grant revenue (\$4.4 million), loan repayments (\$2.5 million), Recovery Act - Neighborhood Stabilization Program (NSP) 2 (\$751,000), rental rights and referral fees (\$518,000), medical respite facility (\$125,000), and interest (\$89,000). The 2013-2014 collection level was 44.1% below the \$28.9 million Modified Budget. The lower than anticipated revenue was primarily a result of changes (\$5.7 million) to the San José NSP 2 consortium agreement in which program income is to be returned and managed by the Housing Trust of Silicon Valley as the lead agency and lower than anticipated grant revenue (\$5.4 million). In 2013-2014 revenue collections were 48.6% below the 2012-2013 total revenue of \$31.4 million. In 2013-2014, revenue was lower for the NSP 2 program (\$7.6 million) and Development Agreement (\$6.9 million).

Expenditure Performance

Actual 2013-2014 expenditures totaled \$7.1 million, or 80.0% lower than the Modified Budget of \$35.4 million. This variance is primarily due to various project delays in the Housing Loans and Grants appropriation (\$14.6 million), and the Capital Grant Program appropriation (\$4.8 million). A majority of the savings (\$13.0 million) in the Housing Loans and Grants appropriation is recommended to be set aside in a reserve for pipeline housing projects including Leigh Avenue and supportive housing projects for the homeless. The savings in the Capital Grant Program are recommended to be rebudgeted in this report. Expenditures were also lower (\$5.7 million) due to the transfer of the San José NSP 2 program to the Housing Trust of Silicon Valley. In 2013-2014 expenditures were 57.8% lower than 2012-2013 expenditures of \$16.8 million. In 2013-2014, there were lower expenditures for the NSP 2 program (\$7.8 million).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

MULTI-SOURCE HOUSING FUND

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|--|--|---|-----------------|--|-----------------------------|--|
| \$47,497 | \$9,830 | \$27,747 | \$17,917 | (\$4,775) | \$13,142 | 27.7% |

The 2013-2014 Ending Fund Balance of \$27.7 million was \$17.9 million above the \$9.8 million estimate used to develop the 2014-2015 Adopted Budget. Of this Ending Fund Balance, a rebudget for the Capital Grant Program (\$4.8 million) is recommended. An additional \$13.0 million is recommended to be allocated to the Housing Project Reserve for future use as mentioned above.

After accounting for all recommended rebudgets and adjustments, approximately \$142,000 will be added to the Ending Fund Balance for future use. Information on all recommended adjustments to the Multi-Source Housing Fund can be found in *Section IV - Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this document.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$65,650 | \$67,175 | \$1,525 | 2.3% |
| Expenditures | \$145,249 | \$89,968 | (\$55,281) | (38.1%) |

Revenue Performance

In 2013-2014, revenues totaled \$67.2 million and were generated primarily from a transfer from the Sewer Service and Use Charge Fund (\$34.6 million), contributions from the tributary agencies for equipment projects and debt service payments (\$22.5 million), federal grants (4.2 million), a transfer from the Treatment Plant Connection Fee Fund (\$3.1 million), and Santa Clara Valley Water District (SCVWD) contributions (\$689,000). This revenue level was \$1.5 million (2.3%) above the budgeted estimate, mainly due to higher receipts of grants from the U.S. Bureau of Reclamation (\$3.9 million) and SCVWD contributions (\$689,000), partially offset by lower than budgeted contributions from the tributary agencies (\$3.1 million). Contributions from the tributary agencies reflect the true cost of their share of projects and equipment. Fluctuations in this revenue stream can be the result of billing cycles, project timing, and actual versus budgeted project costs.

The 2013-2014 collection level was \$25.3 million (60.6%) above the 2012-2013 level of \$41.8 million, due primarily to higher contributions from the tributary agencies for equipment projects (\$17.7 million) and a higher transfer from the Sewer Service and Use Charge Fund (\$11.3 million) in 2013-2014, partially offset by lower U.S. Bureau of Reclamation Grant funds (\$3.2 million).

Expenditure Performance

In 2013-2014, expenditures of \$90.0 million were primarily attributed to capital improvement projects (\$71.6 million) and debt service payments (\$18.3 million). This expenditure level was \$55.3 million (38.1%) below budget. The largest projects included the Energy Generation Improvements (\$18.4 million), Combined Heat and Power Equipment Repair & Rehab (\$14.9 million), Digester Rehabilitation (\$12.4 million), Program Management (\$8.3 million), Revised South Bay Action Plan – SBWR Extension (\$4.5 million), Plant Infrastructure Improvements (\$2.9 million), Treatment Plant Distributed Control System (\$2.5 million), Treatment Plant Fire Main Replacement (\$1.9 million), SBWR Master Plan (\$1.4 million), and Urgent and Unscheduled Treatment Plant Rehabilitation (\$1.1 million). Projects with the largest amounts of unused funding at the end of 2013-2014 included Energy Generation Improvements (\$14.8 million), Headworks No. 2 Enhancement (\$7.8 million), Revised South Bay Action Plan – SBWR Extension (\$3.7 million), Secondary and Nitrification Clarifier Rehabilitation (\$3.2 million), Advanced Process Control and Automation (\$2.7 million), Plant Electrical

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND

Expenditure Performance

Reliability (\$2.6 million), SBWR System Reliability and Infrastructure Replacement (\$2.3 million), and Plant Infrastructure Improvements (\$2.1 million). Of the \$55.3 million in savings, approximately \$44.3 million was rebudgeted for use in 2014-2015 as part of the 2014-2015 Adopted Capital Budget. After accounting for these rebudgets, approximately \$11.0 million in savings remained at the end of 2013-2014. Additional net rebudgets of \$2.7 million are recommended in this document, thereby reducing the remaining expenditure variance to \$8.3 million.

Expenditures in this fund were \$47.0 million (109.6%) higher than the 2012-2013 level of \$42.9 million, due primarily to higher expenditures in Energy Generation Improvements (\$17.2 million), Combined Heat & Power Equipment Repair & Rehab (\$14.3 million), Digester & Thickener Facility Upgrade (\$12.3 million), and Program Management (\$7.3 million), partially offset by lower expenditures in Plant Backup Water Supply (\$1.3 million), Treatment Plant Engine Rebuild (\$899,000), and Plant Electrical Reliability (\$859,000).

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustment) |
|---------------------------------|---|--|----------|--|---------------------|---|
| \$210,461 | \$105,387 | \$122,404 | \$17,017 | (\$2,670) | \$14,347 | 6.8% |

The 2013-2014 Ending Fund Balance of \$122.4 million was \$17.0 million above the estimate used to develop the 2014-2015 Adopted Budget, due primarily to increased U.S. Bureau of Reclamation grant revenue (\$3.9 million) and lower expenditures in the Headworks No. 2 Enhancement (\$7.8 million), Energy Generation Improvements (\$5.1 million), Plant Infrastructure Improvements (\$1.0 million), Plant-wide Flowmeter Replacement Program (\$1.0 million), Alternative Disinfection (\$980,000), and Program Management (\$945,000) projects. This was partially offset by decreased revenue in contributions from the tributary agencies for projects and equipment (\$3.1 million).

This document recommends rebudgets of \$2.7 million for a number of projects, including Program Management (\$820,000), Plant Infrastructure Improvements (\$619,000), Equipment Replacement (\$550,000), Preliminary Engineering (\$500,000), Digester Rehabilitation (\$115,000), and Plant Backup Water Supply (\$109,000). The remaining variance of \$14.3 million is recommended to be allocated to the 2014-2015 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$202,171 | \$212,085 | \$9,914 | 4.9% |
| Expenditures | \$223,066 | \$215,220 | (\$7,846) | (3.5%) |

Revenue Performance

The San José/Santa Clara Treatment Plant operating funds consist of the Sewer Service and Use Charge Fund, the San José/Santa Clara Treatment Plant Operating Fund, the Sewage Treatment Plant Connection Fee Fund, and the San José/Santa Clara Treatment Plant Income Fund. In 2013-2014, gross revenues in these funds totaled \$212.1 million and were generated primarily from sewer service and use charges for residential (\$104.7 million), commercial (\$22.6 million), and industrial (\$3.9 million) users; a transfer from the Sewer Service and Use Charge (SSUC) Fund (\$41.0 million) to the San José/Santa Clara Treatment Plant Operating Fund; contributions from tributary agencies (\$16.1 million); contributions from the City of Santa Clara (\$10.9 million); recycled water sales and rebates (\$6.3 million); and Connection Fees (\$5.4 million).

Revenue collections ended the year \$9.9 million (4.9%) above budget, due primarily to higher connection fee collections (\$3.7 million), sewer service and use charge collections for commercial users (\$3.5 million), recycled water sales and rebates (\$2.3 million), and contributions from the City of Santa Clara (\$725,000). However, the 2013-2014 combined revenue level was \$2.8 million (1.3%) below the 2012-2013 level of \$214.9 million, due primarily to a lower transfer to the SSUC Fund (\$8.0 million) and a lower Fiber Optics Fund loan repayment (\$2.2 million), partially offset by higher connection fee collections (\$3.1 million), recycled water sales and rebates (\$2.1 million), and contributions from the City of Santa Clara (\$1.0 million).

Expenditure Performance

In 2013-2014, gross expenditures of \$215.2 million were primarily attributed to: Transfers from the Sewer Service and Use Charge Fund to the Treatment Plant Operating Fund (\$41.0 million), Treatment Plant Capital Fund (\$34.6 million), and Sewer Service and Use Charge Capital Fund (\$23.6 million); Environmental Services Department (ESD) personal services (\$42.7 million) and non-personal/equipment (\$32.8 million); overhead reimbursements (\$13.0 million); and Department of Transportation personal services (\$10.6 million) and non-personal/equipment (\$6.3 million).

Expenditures ended the year \$7.8 million (3.5%) below the Modified Budget due primarily to savings in the ESD non-personal/equipment (\$2.8 million), Department of Transportation (DOT) non-personal/equipment (\$2.2 million), ESD personal services (\$733,000), and major litigation costs (\$600,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Expenditure Performance

In 2013-2014, expenditures were \$7.0 million (3.4%) above the 2012-2013 level of \$208.2 million, due primarily to higher expenditures in ESD Personal Services (\$3.5 million), Overhead (\$2.3 million), and Workers' Compensation Claims (\$1.1 million). Expenditures in the ESD Personal Services have grown due, in large part, to a significant decrease in vacancies at the Regional Wastewater Facility (RWF).

In 2013-2014, working with the Human Resources Department, ESD focused recruitment and outreach efforts to fill vacancies at the RWF. These efforts resulted in a reduction in the vacancy rate for RWF positions from 26.5% in September 2013 to 19.4% in September 2014. More specifically, significant vacancies have been filled among the five critical classifications (plant operators, plant mechanics, industrial electricians, instrument control technicians, and heavy diesel equipment operators/mechanics) at the RWF, resulting in a reduction in the vacancy rate for these classifications from 23.2% to 16.8% over the same time period.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$297,000 | \$90,739 | \$96,128 | \$5,389 | (\$270) | \$5,119 | 1.7% |

The 2013-2014 Ending Fund Balance of \$96.1 million was \$5.4 million above the estimate used to develop the 2014-2015 Adopted Budget, due primarily to liquidated encumbrances (\$4.2 million), lower than estimated expenditures in the ESD Non-Personal/Equipment (\$1.3 million) appropriation in the Treatment Plant Operating Fund, and DOT Personal Services (\$475,000) appropriation in the Sewer Service and Use Charge Fund. These were partially offset by lower than estimated revenues in connection fee collections (\$607,000) in the Treatment Plant Connection Fee Fund.

It is recommended that \$270,000 be rebudgeted to the ESD Non-Personal/Equipment appropriation to fund a wastewater flow analysis for the San José/Santa Clara Regional Wastewater Facility. This funding was originally identified in the 2013-2014 budget; however, due to staffing transitions, it was not encumbered prior to the end of 2013-2014. This action leaves a revised fund balance of approximately \$5.1 million.

It is also recommended as part of this report, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, that \$200,000 in revenue be recognized in the Sewer Service and Use Charge Fund for Burrowing Owl Habitat Management and appropriated in the ESD Non-Personal/Equipment appropriation. On June 17, 2014, Council approved an agreement with Cisco Systems, Inc. for the donation and transfer of 21.4 acres of

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Ending Fund Balance Performance

land in the Alviso area to the City of San José. The property, adjacent to the owl habitat identified within the Plant Master Plan, will be added to the Master Plan owl habitat. The property is to remain as open space and wetlands and is to be used for and maintained as habitat for the burrowing owls. Upon completion of the transfer of the property to the City and the close of escrow, the City of San José will receive a one-time payment of \$200,000 from the North First Street Investors and the North First Developers escrow funds to maintain the property.

After accounting for all recommended rebudgets and other adjustments, approximately \$5.1 million will be added to the 2014-2015 Ending Fund Balance. Of this amount, it is recommended that \$638,000 be set aside in the Sewer Service and Use Charge Fund's Operations and Maintenance Reserve and \$175,000 in the Treatment Plant Operating Fund's Operations and Maintenance Reserve that are included in the Ending Fund Balances, in order to bring those reserves up to the goal of reserving two months of operating expenditures. Additionally of this amount, it is recommended that the Treatment Plant Expansion Reserve in the Treatment Plant Connection Fee Fund be decreased by \$909,000 and the Unrestricted Ending Fund Balance be increased by a total of \$5.1 million across the Sewer Service and Use Charge Fund (\$1.2 million) and the Treatment Plant Operating Fund (\$3.9 million).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$25,780 | \$26,290 | \$510 | 2.0% |
| Expenditures | \$119,423 | \$54,186 | (\$65,237) | (54.6%) |

Revenue Performance

The Sanitary Sewer Capital Program includes the Sewer Service and Use Charge Capital Fund and the Sanitary Sewer Connection Fee Fund. In 2013-2014, revenues totaled \$26.3 million and were generated primarily from a Transfer from the Sewer Service and Use Charge Fund (\$23.6 million), Connection Fees (\$1.6 million), Miscellaneous Revenue (\$496,000) – which includes \$477,000 in revenue from Montague Expressway Widening – and interest earnings (\$470,000).

This revenue level was \$510,000 above the budgeted estimate due primarily to higher Connection Fees (\$937,000) and interest earnings (\$289,000), partially offset by lower Joint Participation revenue (\$735,000). Connection fees, which are charged to developers for connecting to the City’s sewer system, came in higher than expected due to increased construction activity. Joint Participation revenue, which reflects the West Valley Sanitation District’s and County Sanitation District’s share of costs for projects in their jurisdictions, came in lower than expected because of delays in completing projects and further required cost sharing evaluations, due to the timing of various annexations of County pockets into City jurisdiction.

The 2013-2014 collection level was \$501,000 below the 2012-2013 level of \$26.8 million, due primarily to a lower transfer from the Sewer Service and Use Charge Fund (\$1.4 million), partially offset by higher Connection Fees (\$798,000).

Expenditure Performance

In 2013-2014, expenditures totaled \$54.2 million. The largest projects in this program, with over \$2.0 million in expenditures, were the Urgent Rehabilitation and Repair Projects (\$9.5 million), Immediate Replacement and Diversion Projects (\$4.7 million), Infrastructure – Sanitary Sewer Condition Assessment (\$4.2 million), Almaden Expressway Sanitary Sewer Improvements (\$4.0 million), Spreckles Sanitary Sewer Force Main Supplement (\$3.6 million), Cast Iron Pipe – Remove and Replace (\$3.5 million), Coleman Road Sanitary Sewer Improvement – Phase 3 (\$3.1 million), Condition Assessment Sewer Repairs (\$2.8 million), Husted-Richland Sanitary Sewer Improvements (\$2.5 million), Capital Program and Public Works Department Support Service Costs (\$2.2 million), and Reinforced Concrete Pipe Rehabilitation Program (\$2.1 million) appropriations.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL FUNDS

Expenditure Performance

The 2013-2014 expenditures ended the year \$65.2 million (54.6%) below the budgeted level of \$119.4 million. This variance was due primarily to project delays as a result of staff vacancies and delays in awarding contracts. Projects with the largest unexpended funds include the 60” Brick Interceptor, Phase VIA & VIB (\$25.8 million), Rehabilitation of Sanitary Sewer Pump Stations (\$4.0 million), Rincon Avenue – Virginia Avenue Sanitary Sewer Improvement (\$3.4 million), Monterey-Riverside Relief Sanitary Sewer (\$3.3 million), Almaden Road Supplement Sewer Rehabilitation (North) (\$2.4 million), Fourth Major Interceptor, Phase IIB (\$2.4 million), Immediate Replacement and Diversion Projects (\$2.3 million), and Trimble Road Sanitary Improvement (\$2.2 million). Of the \$65.2 million expenditure variance, \$55.1 million was rebudgeted and \$1.5 million was reprogrammed for other purposes as part of the 2014-2015 Adopted Capital Budget. An additional \$4.0 million is recommended to be rebudgeted as part of this document, thereby reducing the expenditure variance to \$4.5 million (3.8%).

Expenditures in this fund were \$14.9 million (38.1%) above the 2012-2013 level of \$39.2 million, due primarily to higher Urgent Rehabilitation and Repair Projects (\$7.7 million), Almaden Expressway Sanitary Sewer Improvements (\$4.0 million), Coleman Road Sanitary Sewer Improvement – Phase 3 (\$3.1 million), Husted-Richland Sanitary Sewer Improvements (\$2.4 million), and Immediate Replacement and Diversion Projects (\$2.2 million) expenditures, partially offset by lower Sanitary Sewer Condition Assessments – Phase II (\$3.1 million) and Monterey-Riverside Sanitary Sewer, Phase V (\$2.8 million) expenditures in 2013-2014.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$133,796 | \$72,160 | \$80,869 | \$8,709 | (\$4,028) | \$4,681 | 3.5% |

The 2013-2014 Ending Fund Balance of \$80.9 million was \$8.7 million above the estimate used to develop the 2014-2015 Adopted Budget. This variance was due to lower than expected expenditures as well as higher than expected revenues. This document recommends rebudgets of \$4.0 million for a number of projects, including the Immediate Replacement and Diversion Projects (\$2.3 million), Urgent Rehabilitation and Repair Projects (\$605,000), and Spreckles Sanitary Sewer Force Main Supplement (305,000). The remaining fund balance of \$4.7 million is recommended to be allocated to the 2014-2015 Ending Fund Balance and available for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|------------------|-------------------|------------|------------|
| Revenues | \$19,990 | \$18,216 | (\$1,774) | 8.9% |
| Expenditures | \$21,750 | \$9,903 | (\$11,847) | (54.5%) |

Revenue Performance

The Storm Sewer Capital Funds include the Storm Sewer Capital Fund (Fund 469) and the Storm Drainage Fee Fund (Fund 413). In 2013-2014, revenues totaled approximately \$18.2 million and were generated from a transfer from the Storm Sewer Operating Fund (\$18.0 million), Storm Drainage Fees (\$137,000), interest earnings (\$74,000), and joint participation revenue (\$4,000). The 2013-2014 revenues came in below the budget of \$20.0 million by 8.9%, due primarily to the deferral of the California Proposition 84 Stormwater Grant (\$1.8 million), which is anticipated to be received in 2014-2015; this is partially offset by higher interest earnings (\$42,000).

The 2013-2014 collection level was \$12.3 million (208.7%) above the 2012-2013 level of \$5.9 million, due to a higher transfer from the Storm Sewer Operating Fund (\$12.4 million) and interest income (\$37,000) in 2013-2014, partially offset by a Storm Drainage Fee revenue decrease of \$123,000 (89.4%) to \$137,000.

Expenditure Performance

In 2013-2014, expenditures totaled \$9.9 million. Major projects contributing to this expenditure level were the Storm Sewer Master Plan – City-wide (\$1.6 million), Storm Pump Station Rehabilitation and Replacements (\$1.6 million), Storm Sewer Improvements – Special Corridors (\$1.2 million), and Urgent Flood Prevention and Repair Projects (\$805,000) appropriations.

The expenditure level was \$11.8 million (54.5%) below the Modified Budget, due primarily to unexpended funds associated with Charcot Storm Pump Station at Coyote Creek (\$1.5 million), Martha Gardens Green Alley (\$1.2 million), Park Avenue Green Avenue (\$1.2 million), Minor Neighborhood Storm Sewer Improvements (\$1.1 million), and Alviso Storm Pump Station (\$1.0 million). Expenditures related to these projects were delayed due to staff vacancies, as well as delays in awarding contracts due to delays in real estate acquisition, approval from the State for the City’s labor compliance program, and in obtaining permits to complete work on several projects. Of the \$11.8 million expenditure variance, \$8.1 million was rebudgeted and \$811,000 was reprogrammed for other purposes as part of the 2014-2015 Adopted Capital Budget. An additional \$598,000 is recommended to be rebudgeted as part of this document, thereby reducing the expenditure variance to approximately \$2.4 million (10.9%).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL FUNDS

Expenditure Performance

Expenditures in this program were \$742,000 (8.1%) above the 2012-2013 level of \$9.2 million, due primarily to higher expenditures on the Flow Monitoring Program (\$810,000) and Urgent Flood Prevention and Repair Projects (\$703,000), partially offset by lower expenditures on Alviso Storm Network Infiltration Control (\$629,000) in 2013-2014.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$33,871 | \$19,207 | \$22,256 | \$3,049 | (\$598) | \$2,451 | 7.2% |

The 2013-2014 Ending Fund Balance of \$22.3 million was \$3.0 million above the estimate used to develop the 2014-2015 Adopted Budget. This variance was mainly due to lower than expected expenditures in Alviso Storm Network Infiltration Control (\$651,000), Alviso Storm Pump Station (\$511,000), Outfall Rehabilitation - Capital (\$326,000), and Capital Program and Public Works Department Support Service Costs (\$262,000).

It is recommended that \$598,000 of the Ending Fund Balance be allocated to rebudget funds for the continuation of several projects, including Outfall Rehabilitation - Capital (\$325,000) and Storm Sewer Improvements – Special Corridors (\$172,000). The remaining balance of \$2.5 million is recommended to be allocated to the 2014-2015 Ending Fund Balance and available for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$32,109 | \$32,405 | \$296 | 0.9% |
| Expenditures | \$42,553 | \$40,456 | (\$2,097) | (4.9%) |

Revenue Performance

In 2013-2014, revenues totaled \$32.4 million and were generated primarily by storm sewer service fee assessments (\$32.2 million), other non-operating revenues (\$158,000), and interest earnings (\$83,000). The slight positive variance to the budget of \$296,000 (0.9%) was mainly due to higher-than-anticipated miscellaneous revenues (\$158,000) and fee assessments (\$132,000). The miscellaneous revenues received in 2013-2014 were attributed primarily to the return of the unspent portion of funding for the County of Santa Clara’s Household Hazardous Waste Program from 2012-2013.

The 2013-2014 revenue level was \$99,000 (0.3%) below the 2012-2013 level of \$32.5 million, due primarily to lower miscellaneous revenues (\$222,000), partially offset by higher assessments (\$85,000) and interest (\$39,000).

Expenditure Performance

Expenditures in this fund are focused primarily on maintenance and operation of the Storm Sewer System and stormwater pollution reduction. In 2013-2014, expenditures of \$40.5 million consisted primarily of a Transfer to the Storm Sewer Capital Fund (\$18.0 million) to support capital investments into the Storm Sewer System, as well as Department of Transportation (DOT) personal services (\$5.5 million), Environmental Services Department (ESD) personal services (\$5.3 million), DOT non-personal/equipment (\$3.1 million), ESD non-personal/equipment (\$2.4 million), overhead reimbursements (\$2.2 million), and yard trimmings/street sweeping contract (\$2.1 million) costs.

This spending level was \$2.1 million (4.9%) below the Modified Budget. The most significant savings were in: ESD personal services expenditures (\$1.0 million), due primarily to vacancy savings; ESD non-personal/equipment expenditures (\$518,000), due primarily to delays in implementing the long-term trash load reduction plan such as the Clean Streets pilot program, cancellation of the Bay Area Regional Behavior Change Campaign, and enlistment of volunteer support to revitalize the Nature’s Inspiration Gardens; and DOT non-personal/equipment expenditures (\$262,000), due to less of a need for storm system maintenance in 2013-2014, as the storm season was milder than usual.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND

Expenditure Performance

Expenditures in this fund were \$11.9 million (41.6%) above the 2012-2013 level of \$28.6 million, due primarily to increases in the Transfer to the Storm Sewer Capital Fund (\$12.4 million), based on projected 2013-2014 capital project needs; DOT non-personal/equipment (\$566,000); and ESD personal services (\$541,000), due to lower vacancy savings. This was partially offset by lower spending in ESD non-personal/equipment (\$1.1 million), overhead reimbursement (\$196,000), and Public Works personal services (\$192,000) in 2013-2014.

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impacts | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|---|---------------------|--|
| \$57,420 | \$16,246 | \$17,596 | \$1,350 | \$0 | \$1,350 | 2.4% |

The 2013-2014 Ending Fund Balance of \$17.6 million was \$1.4 million above the estimate used to develop the 2014-2015 Adopted Budget. This variance was partially due to lower than estimated expenditure levels in ESD non-personal/equipment (\$616,000), DOT non-personal/equipment (\$558,000), and yard trimming/street sweeping contracts (\$145,000). Actual revenues were also approximately \$127,000 higher than the estimate due primarily to assessments (\$56,000) and miscellaneous revenues (\$47,000).

As described in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this document, this report includes recommended adjustments to more accurately reflect anticipated 2014- 2015 expenditures. An upward adjustment of approximately \$2,000 to the Planning, Building and Code Enforcement Non-Personal/Equipment appropriation is included for its share of the purchase of user licenses for the city-wide Development Services permitting system (AMANDA).

After accounting for all other recommended adjustments, approximately \$1.4 million will be added to the 2014-2015 Ending Fund Balance. Of this amount, it is recommended that \$208,000 be set aside in the Operations and Maintenance Reserve that is included in the Ending Fund Balance, in order to bring this reserve up to the goal of reserving two months of operating expenditures. The Unrestricted Ending Fund Balance will increase by \$1.1 million.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$17,806 | \$17,910 | \$104 | 0.6% |
| Expenditures | \$19,224 | \$17,212 | (\$2,012) | (10.5%) |

Revenue Performance

In 2013-2014, revenues generated from Transient Occupancy Tax (TOT) receipts totaled \$17.9 million, an amount that exceeded the 2000-2001 peak of \$16.4 million. Of this amount, approximately \$17.5 million was for 2013-2014 activity (reflecting growth of 15.5% from 2012-2013 actuals), with an additional \$422,000 generated from taxes that should have been paid in prior years (\$339,000) and associated penalties (\$83,000) due to a biennial TOT compliance audit. Total TOT revenues ended the year 18.0% above 2012-2013 revenue collections of \$15.2 million, and 0.6% above the 2013-2014 Modified Budget. The strong revenue performance in 2013-2014 is reflected in the average occupancy rate for the City’s 14 largest hotels climbing from 66.6% to 70.6% and a \$15 increase in the average room rate for the same set of hotels (from \$139 to \$154).

When the 2014-2015 Adopted Budget was developed, growth of 5% over the estimated 2013-2014 receipts was assumed. Because TOT receipts in 2013-2014 were higher than estimated, growth of only 1% (excluding compliance revenue) is needed in 2014-2015 to meet the budget estimate. While an upward adjustment to the 2014-2015 revenue estimate will likely be possible because of the 2013-2014 performance, staff recommends monitoring actual collections in 2014-2015 to determine the level of year-over-year growth that can be achieved from this significantly higher base revenue collection level. Budget actions will be brought forward later in 2014-2015, as appropriate.

Expenditure Performance

By ordinance, the TOT Fund tax revenue is distributed into three categories (San José Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). Expenditures of \$17.2 million ended the year \$2.1 million below the Modified Budget primarily due to savings in the Cultural Development category, which includes the Cultural Grants and Cultural Grants Administration appropriations. The savings of \$2.0 million in the Cultural Grants appropriation and \$75,000 in the Cultural Grants Administration appropriation are recommended to be rebudgeted into the Cultural Grants appropriation as part of this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|--|--|---|-----------------|--|-----------------------------|--|
| \$22,596 | \$2,806 | \$5,547 | \$2,741 | (\$2,115) | \$627 | 2.8% |

The 2013-2014 Ending Fund Balance of \$5.5 million was \$2.7 million above the estimate used to develop the 2014-2015 Adopted Budget. This variance was primarily due to lower than anticipated expenditures (\$2.1 million) in the Cultural Development category, which are recommended to be rebudgeted into 2014-2015 elsewhere in this report. Revenues also ended the year above estimate (\$670,000) due to strong hotel activity in the spring, and as a result, this report recommends corresponding increases in 2014-2015 to the following categories according to the City Council approved distribution formula: Cultural Development (\$167,500), Convention and Visitor’s Bureau (\$167,500), and Transfer to the Convention and Cultural Affairs Fund (\$335,000). With the recommended budget actions, the 2014-2015 Ending Fund Balance would remain relatively unchanged at \$1.4 million.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$3,189 | \$3,703 | \$514 | 16.1% |
| Expenditures | \$6,507 | \$5,404 | (\$1,103) | (17.0%) |

Revenue Performance

The Water Utility Capital Funds consist of the Water Utility Capital Fund and the Major Facilities Fund. In 2013-2014, revenues totaled \$3.7 million and were generated primarily from a Transfer from the Water Utility Fund (\$3.0 million) and fees paid by developers for direct services (\$652,000). The fees consist of Major Facilities Fees (\$454,000), Service Connection Fees (\$97,000), Meter Installation Fees (\$63,000), and Advanced System Design Fees (\$38,000). The 2013-2014 revenues came in above the budget estimate of \$3.2 million by \$514,000 (16.1%), mainly due to higher collections for Major Facilities Fees (\$454,000) and Service Connection Fees (\$47,000).

Revenues in 2013-2014 ended the year \$549,000 above the 2012-2013 collection level of \$3.2 million primarily due to a higher transfer from the Water Utility Fund in 2013-2014 of \$400,000 and higher developer fee revenues of \$126,000 (24.0%). Major Facilities Fees (\$138,000) and Service Connection Fees (\$49,000) were above the 2012-2013 level, partially offset by lower Advanced System Design Fees (\$48,000).

Expenditure Performance

In 2013-2014, expenditures totaled \$5.4 million. Major projects in this program included Nortech and Trimble Reservoir Rehabilitation (\$1.2 million), System Maintenance/Repairs (\$837,000), Infrastructure Improvements (\$798,000), and Meter Replacements (\$478,000).

Expenditures were \$1.1 million (17.0%) below budget, due primarily to savings or delays in the following projects: Infrastructure Improvements (\$385,000), North Coyote Valley Water System (\$168,000), and Nortech and Trimble Reservoir Rehabilitation (\$98,000). Of the \$1.1 million in savings, \$329,000 was rebudgeted in the 2014-2015 Adopted Budget, and \$98,000 was rebudgeted early, approved by the City Council on August 26, 2014. An additional \$569,000 is recommended to be rebudgeted as part of this document, thereby reducing the expenditure variance to \$107,000 (1.6%).

Expenditures in this fund were \$2.1 million (64.1%) above the 2012-2013 level of \$3.3 million, due primarily to higher Nortech and Trimble Reservoir Rehabilitation (\$1.2 million), Dove Road Main Extension (\$683,000), and Meter Replacements (\$478,000) project expenditures in 2013-2014, partially offset by lower Bon Bon Drive Main Replacement (\$455,000) project expenditures.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL FUNDS

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact* | Revised Variance | Revised Variance % (incl. Rebudget Adjustments) |
|---------------------------------|---|--|----------|---|---------------------|--|
| \$13,095 | \$7,583 | \$8,436 | \$853 | (\$667) | \$186 | 1.4% |

* Although not included as a recommendation in this report, the amount listed also includes early rebudgets that were approved by the City Council on August 26, 2014.

The 2013-2014 Ending Fund Balance of \$8.4 million was \$853,000 above the estimate used to develop the 2014-2015 Adopted Budget, due primarily to higher than estimated revenues (\$78,000) and lower than estimated expenditures (\$774,000). This document recommends rebudgets of \$569,000 for a number of projects, the largest of which include Infrastructure Improvements (\$375,000), Water Management System Enhancements (\$86,000), and System Maintenance/Repairs (\$75,000). These rebudgets, in conjunction with the \$98,000 rebudgeted as part of the City Council memorandum approved on August 26, 2014, bring the revised Ending Fund Balance variance to \$186,000.

Additionally, as described in further detail in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* section of this document, this report includes a recommendation to increase the Meter Installations project (\$14,000). Revenues from 2013-2014 exceeded the estimate and will be used to purchase, test and install water meters for customers. This report also includes a recommendation to increase the Infrastructure Improvements appropriation (\$90,000). In April 2014, \$90,000 was encumbered to fund contractual services; however, the procurement process could not be completed by the end of 2013-2014, so the purchase request was cancelled, with the funds falling to the 2013-2014 fund balance.

After accounting for all recommended rebudgets and other adjustments, approximately \$82,000 will be added to the 2014-2015 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

| | 2013-2014 Budget | 2013-2014 Actuals | Variance | % Variance |
|--------------|-------------------------|--------------------------|-----------------|-------------------|
| Revenues | \$33,726 | \$34,819 | \$1,093 | 3.2% |
| Expenditures | \$34,032 | \$33,533 | (\$499) | (1.5%) |

Revenue Performance

In 2013-2014, revenues totaled \$34.8 million and were generated from potable and recycled water sales (\$34.5 million), late fees (\$259,000), and interest earnings (\$44,000). The favorable variance to the budget of \$1.1 million (3.2%) was mainly due to higher than budgeted revenues from potable and recycled water sales (\$1.1 million) and interest earnings (\$30,000), partially offset by lower than budgeted revenues from late fees (\$16,000). The higher potable water sales were driven mainly by the improved economy, new development, and drier weather through most of the year.

The 2013-2014 revenue level was \$3.0 million (9.3%) above the 2012-2013 level of \$31.9 million, due primarily to higher potable water sales (\$2.8 million) and recycled water sales (\$716,000), partially offset by a Utility Tax (\$265,000) adjustment in 2013-2014 that lowered the revenues. The Utility Tax is assessed on the potable water sales revenue and subsequently transferred to the General Fund. However, this transfer was inadvertently missed in 2012-2013, resulting in a necessary negative adjustment in 2013-2014.

Expenditure Performance

In 2013-2014, expenditures of \$33.5 million were primarily for Environmental Services Department (ESD) Non-Personal/Equipment (\$24.7 million), of which \$20.6 million was attributed to the purchase of wholesale potable and recycled water. Other major expenditures were in ESD Personal Services (\$3.7 million), Transfer to the Water Utility Capital Fund (\$3.0 million), and Overhead Reimbursement (\$753,000) appropriations. Expenditures ended the year \$500,000 (1.5%) below budget, due primarily to savings in the ESD Non-Personal/Equipment (\$268,000), ESD Personal Services (\$48,000), and Finance Department Personal Services (\$77,000) appropriations.

Expenditures in this fund were \$2.9 million (9.5%) above the 2012-2013 level of \$30.6 million, due primarily to higher ESD non-personal/equipment expenditures (\$1.9 million), transfer to the Water Utility Capital Fund (\$400,000), IBS commercial paper repayments (\$371,000), and ESD personal services (\$368,000) expenditures. The higher ESD non-personal/equipment expenditures can be attributed to the increased cost of wholesale water.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

**Ending Fund Balance Performance
(\$ in Thousands)**

| 2013-2014 Modified Budget | 2013-2014 Estimated Ending Fund Balance | 2013-2014 Actual Ending Fund Balance | Variance | Recommended Rebudget Adjustments Impact | Revised Variance | Revised Variance % (incl. Rebudget Adjustment) |
|---------------------------------|---|--|----------|--|---------------------|--|
| \$43,219 | \$8,963 | \$10,981 | \$2,018 | \$0 | \$2,018 | 4.7% |

The 2013-2014 Ending Fund Balance of \$11.0 million was approximately \$2.0 million above the estimate used to develop the 2014-2015 Adopted Budget. This variance was largely due to higher than estimated revenues from potable water sales (\$1.3 million) and interest earnings (\$24,000), as well as lower than estimated ESD non-personal/equipment (\$766,000) expenditures, partially offset by lower than estimated revenue from late fees (\$41,000). No rebudget adjustments are recommended for this fund.

After accounting for all recommended adjustments, approximately \$2.0 million will be added to the 2014-2015 Ending Fund Balance. Of this amount, it is recommended that \$261,000 be set aside in the Operations and Maintenance Reserve that is included in the Ending Fund Balance, in order to bring this reserve up to the goal of reserving two months of operating expenditures. The Unrestricted Ending Fund Balance will increase by \$1.8 million.

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

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Budget Adjustments

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

General Fund

Required Technical/Rebalancing Actions – These actions recommend current year adjustments to align budgeted revenue and expenditures with the most current information, or to correct technical problems in the 2014-2015 Adopted Budget. Additional detailed information on these adjustments can be found in the following pages in this section.

Grants/Reimbursements/Fees – These actions, which have a net-zero impact, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes, as appropriate. Additional detailed information on these adjustments can be found in the following pages in this section.

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

Special/Capital Funds

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

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

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

Fund Balance Reconciliations – These actions revise the Beginning Fund Balance estimates in the 2014-2015 budget for all funds where the actual (unaudited) 2013-2014 Ending Fund Balance/2014-2015 Beginning Fund Balance differed from the budgeted amount.

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

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

Retirement Contributions Reconciliation – Due to the change in methodology (2011-2012) for paying the City’s annual required contribution to a minimum amount or the amount generated by a rate, a Retirement Contributions Reconciliation was completed for both the Federated City Employees’ Retirement System and the Police and Fire Department Retirement Plan. This reconciliation is completed annually and included as part of this document to ensure that all City funds contain the correct contribution amounts for 2014-2015. Based on the final City contribution amounts as determined by the two retirement boards in May 2014 and the actions incorporated into the 2014-2015 Adopted Budget, no additional funds are required to meet the retirement payments. However, the net-zero reallocation of retirement funding set aside as part of the Employee Compensation Planning Reserve for potential pay increases for the International Association of Firefighters, Local 230 is recommended to be allocated to the Fire Department to cover annual required retirement contributions. In total, retirement costs for 2014-2015 are budgeted at \$235 million in the General Fund and \$305 million in all funds (factoring in the Retiree Healthcare Solutions Reserve adjustments described below).

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

In addition, in September 2014, agreements were reached with all employee groups representing employees in the Federated City Employees' Retirement System (including Unit 99) to extend, until June 21, 2015, the phase-in to fully fund the annual required contribution for retiree healthcare benefits. These agreements are scheduled to be heard by the City Council on October 7, 2014. One-time savings of \$3.9 million in all funds (\$2.3 million in the General Fund) is recommended to be allocated to Retiree Healthcare Solutions Reserves across many funds in the City, as appropriate. These funds have been set aside to be used as needed for future retiree healthcare costs.

Salary Program – The 2014-2015 Salary Program includes net-zero adjustments to various departments and funds to reflect a 3.0% salary increase that was negotiated and agreed to by the City and five bargaining units (Association of Building, Mechanical & Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), Association of Maintenance Supervisory Personnel (AMSP), City Association of Management Personnel (CAMP), and the International Brotherhood of Electrical Workers (IBEW), effective June 22, 2014. As part of the development of the 2014-2015 Adopted Budget, Employee Compensation Planning Reserves were established in anticipation of modest salary adjustments in 2014-2015. With a net-zero impact, the actions reflected in this report increase funding to the various affected departmental budgets and reduce Employee Compensation Planning Reserves across all affected funds, accordingly. It should be noted that the Salary Program adjustments contained in this report total \$1.4 million in the General Fund and \$2.8 million in all funds.

Voluntary Furlough/Reduced Work Week Program – Adjustments to various departments' Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2014-2015. Savings in the General Fund (\$225,000) will be generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings of \$150,000 was assumed in the development of the 2014-2015 Adopted Budget and was temporarily funded from the General Fund Salaries and Benefits Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Reserve. The remaining savings of \$75,000 are recommended to offset other budget actions as described elsewhere in this report.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

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

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds and revenue categories, and the redistribution of funding allocations.
- **Close-out of Funds** – This action includes a revenue and expenditure appropriation adjustment to reflect the final reconciliation required to close out a fund that is no longer used.
- **Other Adjustments:**
 - **Artificial Turf Capital Replacement Reserve** – This technical adjustment adds funding to a reserve that was established as part of the 2014-2015 Adopted Operating Budget for future replacement of artificial turf fields. This reserve is supported by the field reservation revenues, less the cost to maintain and operate the artificial turf fields.
 - **Capital Reserve** – This technical adjustment included in the Convention and Cultural Affairs Fund resolves a discrepancy between the Capital Reserve amount included in the 2013-2014 Modified Budget (\$1.22 million) and the 2013-2014 Estimate assumed in the development of the 2014-2015 Adopted Budget (\$1.72 million). A technical adjustment of \$500,000 is required to restore the Capital Reserve to its previously assumed level of \$1.72 million, funded by additional ending fund balance from 2013-2014.
 - **Comcast Public, Education, and Government (PEG) Access** – These technical adjustments reflect a reconciliation of actual revenue received from the City's cable provider and related interest earnings. As a result of higher than budgeted revenues received, these technical adjustments increase the City-Wide Expenses Public and Education Access – Capital Expenditures appropriation by \$36,606 and the City-Wide Expenses Government Access – Capital Expenditures appropriation by \$2,908.
 - **General Plan Update Reserve** – This technical adjustment reflects a reconciliation of actual annual revenues received compared to the modified budget revenue estimate. A General Plan Update fee is applied to certain planning permits and activities, and the revenues received are restricted to activities related to General Plan updates. The adjustment of \$66,014 allocates the additional revenues to the General Plan Update Reserve.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

- **Leland Sports Field Repayment** – This technical adjustment transfers funding toward the full repayment of \$350,000 to the Council District #10 Construction and Conveyance (C&C) Tax Fund. Funding was advanced to the Leland Sports Field project from this District to support the addition of an enhanced concession/storage/bathroom facility at the Leland Sports Field. As approved by the City Council in March 2007, fees collected from the use of this sports field will support ongoing operational and maintenance costs, repay the Council District #10 C&C Tax Fund, and establish a reserve for future replacement of the turf prior to the expiration of the agreement. Technical adjustments recommended in this report transfer \$85,000 in additional fee revenue in excess of operating costs from the General Fund to the Leland Turf Replacement Reserve in the Council District #10 C&C Tax Fund. A total of \$69,000 remains to be repaid to the Council District #10 C&C Tax Fund.

- **Wellness Program** – Historically, revenue has been received from the City’s healthcare providers for Wellness Program activities. This technical adjustment reflects a reconciliation of revenues received from the City’s healthcare providers and expenditure savings realized in the Wellness Program during 2013-2014 (\$104,672) and allocates funding to the Wellness Program Reserve for future use. In addition to this reconciliation, a separate budget adjustment is recommended in this report to reflect the elimination of this funding source starting in 2014-2015.

General Fund Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---------------|-------------------|------------------|---------------------------|-----------------------|
|---------------|-------------------|------------------|---------------------------|-----------------------|

REQUIRED TECHNICAL/REBALANCING ACTIONS

| | | | | |
|---|--------------------|--|---------------|-------------|
| <i>Air Service Incentive Program Reserve/Transfers and Reimbursements</i> | EARMARKED RESERVES | | (\$1,000,000) | (\$941,736) |
|---|--------------------|--|---------------|-------------|

This action eliminates the Air Service Incentive Program Reserve and reduces the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund. 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, the percentage growth in annual enplanements at the Airport was 6.7%, which exceeded the FAA's projection of 0.8% 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 5.9 percentage points (from the Adopted Budget overhead rate of 23.8% to 17.9%), or \$941,736, in 2014-2015. In anticipation of this reduction, the 2014-2015 Adopted Budget included a \$1.0 million Air Service Incentive Program Reserve to offset the projected loss in overhead revenue. Because the actual overhead reduction was slightly below the estimate incorporated into the 2014-2015 Adopted Budget, this action results in net savings of \$58,264 that are available and recommended to be allocated to offset other actions described elsewhere in this report.

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|-----------------------------|--------------------|--|------------|--|
| <i>Arena Community Fund</i> | CITY-WIDE EXPENSES | | (\$80,000) | |
|-----------------------------|--------------------|--|------------|--|

This action reduces the Arena Community Fund appropriation to the City Clerk's Office by \$80,000 (from \$330,000 to \$250,000) to correct an inadvertent calculation error made during the development of the 2014-2015 Adopted Budget. The \$250,000 is distributed equally in the amount of \$25,000 to each Council District and is restricted for the exclusive use towards educational, recreational, and cultural purposes per the City's contract with San José Arena Management and SAP Global Marketing, Inc. As a result of this action, savings are available and recommended to be allocated to offset other actions as described elsewhere in this report.

General Fund Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|---------------------|------------------|---------------------------|-----------------------|
| REQUIRED TECHNICAL/REBALANCING ACTIONS | | | | |
| <i>Commercial Solid Waste and Recyclables Collection Franchise Fee Refund</i> | CITY-WIDE EXPENSES | | \$502,000 | |
| <p>This action establishes a Commercial Solid Waste and Recyclables Collection Franchise Fee Refund appropriation to the Environmental Services Department to provide a refund to Republic Services, primary hauler for garbage services in the City, due to an overpayment of funds in 2011-2012. In late 2011 and early 2012, Republic Services acquired accounts from three other companies providing services within the San José commercial solid waste marketplace. Due to the complexity of some services being billed in arrears and the differing times between service start dates and when those accounts were entered into their system, Republic Services had inadvertently remitted to the City additional monies that had already been paid by the acquired companies. In October 2013, all parties were satisfied that Republic Services had, in fact, overpaid the City in the amount specified, and that this money should be refunded.</p> | | | | |
| <i>Contingency Reserve</i> | CONTINGENCY RESERVE | | \$200,000 | |
| <p>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 \$32.5 million to \$32.7 million to ensure compliance with the 3% funding requirement for the 2014-2015 Adopted Budget.</p> | | | | |
| <i>Council District #10 Special Event Sponsorship</i> | MAYOR & COUNCIL | | \$250 | |
| <p>This action increases the Council District #10 appropriation to reflect sponsorship funding received in 2013-2014 for reimbursement of costs for various special events co-sponsored with Council District #10, such as the Stop It Identity Theft Symposium.</p> | | | | |
| <i>Council District #2 Special Event Sponsorship</i> | MAYOR & COUNCIL | | \$1,500 | |
| <p>This action increases the Council District #2 appropriation to reflect sponsorship funding received in 2013-2014 for reimbursement of costs for various special events co-sponsored with Council District #2, such as the Future Roots Festival.</p> | | | | |
| <i>Council District #3 (July - December) Adjustment</i> | MAYOR & COUNCIL | | (\$1,547) | |
| <p>As a result of the City Clerk's Office underestimation of payroll accruals in 2013-2014, a 2013-2014 ratification adjustment was necessary to account for an over-expenditure of \$1,547 in the Council District #3 appropriation in the General Fund. This overage was temporarily offset by a reduction to City-Wide Expenses City Dues/Memberships appropriation in 2013-2014. Per City Council approved direction on September 9, 2014, a decrease to the 2014-2015 operating expenditures appropriation for Council District #3 (July-December) of \$1,547 is the final offset for this action. The reduction to the current year budget allocation for Council District #3 will fully offset the error in the prior year.</p> | | | | |

General Fund Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|----------------------------|------------------|---------------------------|-----------------------|
| REQUIRED TECHNICAL/REBALANCING ACTIONS | | | | |
| <i>Council District #7 (July - December) Special Event Sponsorship</i> | MAYOR & COUNCIL | | \$500 | |
| This action increases the Council District #7 appropriation to reflect sponsorship funding received in 2013-2014 for reimbursement of costs for various special events co-sponsored with Council District #7, such as the Great American Litter Pickup 2014 event. | | | | |
| <i>Council District #8 Special Event Sponsorship</i> | MAYOR & COUNCIL | | \$700 | |
| This action increases the Council District #8 appropriation to reflect sponsorship funding received in 2013-2014 for reimbursement of costs for various special events co-sponsored with Council District #8, such as the Senior Health Fair & Walk and Day in the Park. | | | | |
| <i>Hammer Theater Center Operations and Maintenance/Other Revenue</i> | CITY-WIDE EXPENSES | | (\$77,000) | (\$77,000) |
| This action decreases the estimate for Other Revenue and decreases the Hammer Theater Center Operations and Maintenance appropriation to the Office of Economic Development by \$77,000 to account for the revenue loss associated with a previously anticipated debt service payment from the now bankrupt San Jose Repertory Theater (Rep). An Urgent Fiscal/Program Needs adjustment is recommended elsewhere in this section to provide additional funding for transitioning the Hammer Theater Center from the Rep to the City and pay for basic operational and maintenance expenses through the end of 2014-2015. | | | | |
| <i>Non-Personal/Equipment (AMANDA Licenses)</i> | PLANNING, BLDG, & CODE ENF | | \$60,500 | |
| This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$60,500 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$35,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. This allocation, however, funds the licenses for the Code Enforcement Fee Programs that use the AMANDA system. When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually estimated at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. The ongoing maintenance costs will be considered as part of the development of the 2015-2016 budget. | | | | |

General Fund Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------------|------------------|---------------------------|-----------------------|
| REQUIRED TECHNICAL/REBALANCING ACTIONS | | | | |
| <i>Non-Personal/Equipment (Investment Program Subscription)</i> | FINANCE | | \$24,000 | |
| <p>This action increases the Finance Department Non-Personal/Equipment appropriation to reflect a higher than anticipated increase for an investment program subscription effective July 1, 2014. SunGard Advanced Portfolio System 2 (APS 2) is an investment accounting and portfolio management solution that provides accounting with securities tracking, regulatory compliance, report writer, and full import/export capability. The cost for SunGard increased by 66.7%, from \$36,000 to \$60,000, due to changes in the length of the contract. The previous contract was eligible for a discounted rate, as it was for a three-year term, whereas the new contract is for a one-year term. SunGard is essential for investment operations; however, due to its limitations and high fees, the department will prepare a Request for Proposal in January 2015, and anticipates a new multi-year contract at a potentially lower annual cost in 2015-2016.</p> | | | | |
| <i>Office of Emergency Services (OES) Grant Reconciliation Reserve</i> | EARMARKED RESERVES | | (\$500,000) | |
| <p>This action eliminates the Office of Emergency Services Grant Reconciliation Reserve of \$500,000 in the General Fund. This reserve was established in the 2014-2015 Adopted Budget to ensure that funding would be available to offset any repayments that may be required when the final Urban Area Security Initiative (UASI) grant reconciliation was completed. A reconciliation has been completed for the UASI grants from 2009-2012 and, working with representatives of the federal government, it has been determined that no ineligible expenses were charged to the grants.</p> | | | | |
| <i>Personal Services (California Department of Conservation Sustainable Communities Planning Grant)</i> | PLANNING, BLDG, & CODE ENF | | (\$221,000) | |
| <p>This action decreases the Planning, Building and Code Enforcement Department's Personal Services appropriation to reflect the portion of staff costs in the 2014-2015 Adopted Budget that will be funded by the State of California Department of Conservation Sustainable Communities Planning Grant. The Sustainable Communities Planning Grant was awarded to the City of San José for Urban Village Master Plan and Zoning Revisions for East Santa Clara Street and Alum Rock Avenue. The total amount of the grant award is \$635,594, which will fund staff (\$331,334) and non-personal/equipment costs (\$304,260). This project, which will cross two fiscal years, is scheduled for completion in December 2015. As part of this report, a separate action is recommended to appropriate the 2014-2015 grant funding (\$424,000). The remaining grant funding of \$211,594 will be included as part of the development of the 2015-2016 budget.</p> | | | | |

General Fund Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---------------|-------------------|------------------|---------------------------|-----------------------|
|---------------|-------------------|------------------|---------------------------|-----------------------|

REQUIRED TECHNICAL/REBALANCING ACTIONS

| | | | | |
|---|------------------|--|-----------|--|
| <i>Police Administration Building Security Upgrades Adjustment</i> | CAPITAL PROJECTS | | \$100,000 | |
|---|------------------|--|-----------|--|

This action increases the Police Administration Building Security Upgrades appropriation by \$100,000 to provide funding to address higher than anticipated project costs. This project includes the installation of card readers and associated infrastructure, including wiring, control system, and door hardware to the exterior and interior doors, allowing for a secure system and is expected to be completed in spring 2015.

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|---|--------------------|--|-------------|--|
| <i>Police Department Staffing Reserve (Year-End Personal Services Savings)</i> | EARMARKED RESERVES | | \$3,000,000 | |
|---|--------------------|--|-------------|--|

This action increases the Police Department Staffing Reserve in the amount of \$3.0 million, bringing the reserve total from \$10.0 million to \$13.0 million. As directed by the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs shall be set aside in the Police Department Staffing Reserve until staffing levels reach 1,250 officers. Final year-end Police Department savings for 2013-2014 totaled \$3.8 million, of which \$800,000 is recommended for rebudget to address Police overtime needs as part of this report with the remaining savings of \$3.0 million recommended to be placed in this reserve.

| | | | | |
|--|--------|--|--|--|
| <i>Police Overtime (Personal Services Reallocation)</i> | POLICE | | | |
|--|--------|--|--|--|

This action, when combined with a rebudget action recommended elsewhere in this document, increases the Police Department's sworn and non-sworn overtime funding in 2014-2015 by \$7.8 million (from \$17.1 million to \$24.9 million), which is approximately equivalent to the overtime expenditures in 2013-2014, with an adjustment for the recent sworn and non-sworn salary increases. 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 approved as part of the 2014-2015 Adopted Budget, \$4.0 million in one-time overtime funding was added to the base overtime budget level of \$12.0 million, and additional funding was expected to be needed as the Police Department works through filling sworn and non-sworn vacancies. This action reallocates \$7.0 million in anticipated 2014-2015 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. As stated earlier, additional overtime funding of \$800,000 is also included as a rebudget action recommended elsewhere in this report.

General Fund Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--------------------|------------------|---------------------------|-----------------------|
| REQUIRED TECHNICAL/REBALANCING ACTIONS | | | | |
| <i>San José BEST and Safe Summer Initiative Programs (Parent Project)</i> | CITY-WIDE EXPENSES | | \$6,877 | |
| <p>This action increases the San José BEST and Safe Summer Initiative Programs (BEST Program) appropriation to the Parks, Recreation and Neighborhood Services Department by \$6,877 for Parent Project program expenditures. Parents who attend anti-gang seminars reimburse the BEST Program for the cost of the training materials received. These funds offset the cost of producing these materials. This action allocates \$6,877 that was received from parent participants in 2013-2014 to support the program.</p> | | | | |
| <i>Silicon Valley Regional Communications System Reserve</i> | EARMARKED RESERVES | | \$3,130,000 | |
| <p>This action establishes a Silicon Valley Regional Communications System Reserve in the amount of \$3.1 million. As directed in the Mayor's June Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the remaining unbudgeted fund balance after necessary appropriation adjustment actions to rebudget funds, correct errors, or reflect updated cost information have been accounted for in the fund balance reconciliation shall be allocated to the City's share of the Silicon Valley Regional Communications System. This need is estimated to be \$13.9 million to build the System and \$13.0 million to purchase new radios, of which approximately \$3.0 million for the radios has been funded in 2014-2015.</p> | | | | |
| <i>Transfer to the City Hall Debt Service Fund</i> | TRANSFERS | | \$40,000 | |
| <p>This action increases the Transfer to the City Hall Debt Service Fund from the General Fund. In 2013-2014, the actual interest earnings in the City Hall Debt Service Fund were lower than the estimate assumed in the development of the 2014-2015 Adopted Operating Budget, resulting in a lower than estimated beginning fund balance in 2014-2015. This recommended action will ensure that the City Hall Debt Service Fund will not end the year with a negative ending fund balance. These additional contributions from the General Fund will be factored into the calculations for 2015-2016 allocation that spreads the debt service across almost all City funds.</p> | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|------------------------|------------------|-------------------------------|---------------------------|
| REQUIRED TECHNICAL/REBALANCING ACTIONS | | | | |
| <i>Transfer to the Municipal Golf Course Fund</i> | TRANSFERS | | \$300,000 | |
| <p>This action increases the Transfer to the Municipal Golf Course Fund from the General Fund in the amount of \$300,000, from \$1.6 million to \$1.9 million. The General Fund subsidy level will remain slightly below the 2013-2014 level of \$2.0 million. When the 2014-2015 Adopted Budget was developed, it was assumed that activity would remain at approximately estimated 2013-2014 levels. However, actual performance in 2013-2014 fell below expectations with slightly lower revenues. In addition, although the actual 2013-2014 expenditures were close to the estimates assumed in the development of the 2014-2015 Adopted Budget, the Adopted Budget did not assume a timing difference that resulted in lower 2013-2014 expenditures and higher 2014-2015 expenditures. To account for actual performance in this fund, this action recommends an increase 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. Combined with additional adjustments described elsewhere in this document, this action will ensure an appropriate level of Ending Fund Balance (\$400,000) for 2014-2015. Additional adjustments include a \$100,000 increase to the Los Lagos Golf Course expenditure appropriation, a \$30,000 decrease to the Los Lagos Golf Course Earned Revenue, and a \$40,000 increase to the Rancho del Pueblo Golf Course expenditure appropriation. Corresponding actions in the Municipal Golf Course Fund are also recommended in this report.</p> | | | | |
| <i>Transfers and Reimbursements - Transfer from Convention and Cultural Affairs Fund (Broadway San Jose Ticket Revenue)</i> | REVENUE ADJUSTMENTS | | | \$273,682 |
| <p>This action increases the Transfer and Reimbursements revenue estimate by \$273,682. Team San Jose collects \$1 for every ticket sold for a Broadway San Jose show and then remits these payments to the City for the repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1 million. A year-end reconciliation has identified a total of \$213,682 that has been deposited in the Convention and Cultural Affairs Fund (Fund 536) since 2009. In 2014-2015, these funds are recommended to be transferred to the General Fund, the originating funding source of the AMT loan. In addition, an estimated \$60,000 is recommended to be transferred to account for anticipated ticket sales in 2014-2015. Corresponding actions in Fund 536 are included elsewhere in this report.</p> | | | | |
| TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS | | | \$5,486,780 | (\$745,054) |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>1st Act Silicon Valley Digital Media Grant/Other Revenue</i> | CITY-WIDE EXPENSES | | \$2,900 | \$2,900 |
| <p>This action increases the 1st Act Silicon Valley Digital Media Grant appropriation and the estimate for Other Revenue by \$2,900 to fund "The Studio", a space for youth at the Roosevelt and Seven Trees Community Centers to become more engaged and connect with each other through self-expression using digital outlets. The intent of this program is to spark the next generation of creative thinkers, artists, and innovators by creating digital media, including documentaries, music videos, and public service announcements on issues that are important to them.</p> | | | | |
| <i>After School Education and Safety Programs for 2014-2015/Revenue from Local Agencies</i> | CITY-WIDE EXPENSES | | \$412,273 | \$412,273 |
| <p>This action recognizes and appropriates school district grant funding in the amount of \$412,273 to the Parks, Recreation and Neighborhood Services Department to support after school education and safety programs in the Berryessa Union School District (\$106,257) and Alum Rock Union Elementary School District (\$306,016) for the 2014-2015 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> | | | | |
| <i>BART Public Art Design/Revenue from Local Agencies</i> | CITY-WIDE EXPENSES | | \$198,000 | \$198,000 |
| <p>This action recognizes and appropriates \$198,000 in the BART Public Art Design appropriation to the Office of Economic Development to provide project management services and support the development of public art enhancements at the Berryessa Bay Area Rapid Transit (BART) Station as approved by City Council on December 17, 2013.</p> | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Building Development Fee Program - Non-Personal/Equipment (AMANDA Licenses)</i> | PLANNING, BLDG, & CODE ENF | | \$84,000 | |
| <p>This action increases the Planning, Building and Code Enforcement Department's Building Development Fee Program - Non-Personal/Equipment appropriation by \$84,000 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$35,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually estimated at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. The ongoing maintenance costs will be considered as part of the development of the 2015-2016 budget. A corresponding decrease to the Building Development Fee Program Reserve is also included elsewhere in this report to offset this action.</p> | | | | |
| <i>Building Development Fee Program - Non-Personal/Equipment (Peak Staffing)</i> | PLANNING, BLDG, & CODE ENF | | \$500,000 | |
| <p>This action increases the Planning, Building and Code Enforcement Department's Building Development Fee Program - Non-Personal/Equipment appropriation by \$500,000 to provide additional funding for peak staffing agreements (from \$300,000 to \$800,000), which will be funded by the Building Development Fee Program Reserve. Development services has experienced a continued increase in inspection services, plan checks, and plan reviews. In order to meet the higher demand during peak times, on a temporary as-needed basis, this funding will augment current staffing with contractual services. The additional funding provides for the use of seven peak staffing contracted employees through December 2014 when program needs can be reevaluated based on additional data on activity levels. A corresponding decrease to the Building Development Fee Program Reserve is also included elsewhere in this report to offset this action.</p> | | | | |
| <i>Building Development Fee Program Reserve</i> | EARMARKED RESERVES | | (\$584,000) | |
| <p>This action decreases the Building Development Fee Program Reserve to offset the actions recommended in this report.</p> | | | | |
| <i>Council District #10 Special Event Sponsorship/Other Revenue</i> | MAYOR & COUNCIL | | \$3,000 | \$3,000 |
| <p>This action appropriates sponsorship funding in the amount of \$3,000 to Council District #10. These funds supported the 2014 July 4th Fun Festival, co-sponsored by District #10. A corresponding increase to the estimate for Other Revenue is also recommended to offset this action.</p> | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|-------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Council District #2 Special Event Sponsorship/Other Revenue</i> | MAYOR & COUNCIL | | \$1,250 | \$1,250 |
| This action appropriates sponsorship funding in the amount of \$1,250 to Council District #2. These funds will support the Future Roots Festival, co-sponsored by District #2. A corresponding increase to the estimate for Other Revenue is also recommended to offset this action. | | | | |
| <i>Council District #7 (July - December) Special Event Sponsorship/Other Revenue</i> | MAYOR & COUNCIL | | \$17,500 | \$17,500 |
| This action appropriates sponsorship funding in the amount of \$17,500 to Council District #7. These funds will support the Mid-Autumn Festival Event, co-sponsored by District #7. A corresponding increase to the estimate for Other Revenue is also recommended to offset this action. | | | | |
| <i>Council District #8 Special Event Sponsorship/Other Revenue</i> | MAYOR & COUNCIL | | \$6,427 | \$6,427 |
| This action appropriates sponsorship funding in the amount of \$6,427 to Council District #8. These funds will support a variety of special events co-sponsored by Council District #8, including the Day in the Park and the Music & Movie Night Summer Series. A corresponding increase to the estimate for Other Revenue is also recommended to offset this action. | | | | |
| <i>Council District #9 (July - December) Special Event Sponsorship/Other Revenue</i> | MAYOR & COUNCIL | | \$200 | \$200 |
| This action appropriates sponsorship funding in the amount of \$200 to Council District #9. These funds will support the 2014 Celebrate Cambrian & Resource Fair, co-sponsored by District #9. A corresponding increase to the estimate for Other Revenue is also recommended to offset this action. | | | | |
| <i>Council District #9 (July - December) Surplus Campaign Funds/Other Revenue</i> | MAYOR & COUNCIL | | \$520 | \$520 |
| This action appropriates funding to Council District #9 to reflect revenue to the City in the form of a donation of surplus campaign funds from Councilmember Rocha. Under San José Municipal Code Section 12.06.720, a candidate has two choices for the disposition of any surplus campaign funds: 1) return the funds to contributors on a pro rata basis, or 2) donate the funds to the City's General Fund. Councilmember Rocha's campaign has issued a check for the balance of the campaign account, which has been received by the Office of the City Clerk and deposited in the General Fund. A corresponding increase to the estimate for Other Revenue is also recommended to offset this action. | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Cultural Affairs Special Projects/Other Revenue</i> | CITY-WIDE EXPENSES | | \$10,000 | \$10,000 |
| This action recognizes and appropriates \$10,000 in the Cultural Affairs Special Projects appropriation to the Office of Economic Development to provide public art project management services to Mel Chin Studio as approved by City Council on January 14, 2014. | | | | |
| <i>Cultural Affairs Special Projects/Revenue from Federal Government</i> | CITY-WIDE EXPENSES | | \$125,000 | \$125,000 |
| This action recognizes grant funding from National Endowment for the Arts and appropriates \$125,000 in the Cultural Affairs Special Projects appropriation to the Office of Economic Development to support the cultural development goals of advancing downtown San José as Silicon Valley's cultural center in collaboration with Movimiento de Arte y Cultura, as approved by City Council on January 14, 2014. | | | | |
| <i>Fire Development Fee Program - Non-Personal/Equipment (AMANDA Licenses)</i> | PLANNING, BLDG, & CODE ENF | | \$6,500 | |
| This action increases the Planning, Building and Code Enforcement Department's Fire Development Fee Program - Non-Personal/Equipment appropriation by \$6,500 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$35,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually estimated at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. The ongoing maintenance costs will be considered as part of the development of the 2015-2016 budget. A corresponding decrease to the Fire Development Fee Program Reserve is also included elsewhere in this report to offset this action. | | | | |
| <i>Fire Development Fee Program - Non-Personal/Equipment (Technology Equipment)</i> | FIRE | | \$51,000 | |
| This action increases the Fire Development Fee Program – Non-Personal/Equipment appropriation in the Fire Department by \$51,000 for the replacement of 21 computers for plan checkers and inspectors. The replacement of these computers is essential to align with and support the Development Services' implementation of an electronic plan review service. A corresponding decrease to the Fire Development Fee Program Reserve is also recommended elsewhere in this report to offset this action. | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|----------------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Fire Development Fee Program Reserve</i> | EARMARKED RESERVES | | (\$57,500) | |
| This action decreases the Fire Development Fee Program Reserve to offset the actions recommended in this report. | | | | |
| <i>Library Grants (I am San José)/Revenue from Federal Government</i> | LIBRARY | | \$95,500 | \$95,500 |
| This action recognizes and appropriates federal Library Services and Technology Act funds from the California State Library. 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. | | | | |
| <i>Non-Personal/Equipment (County of Santa Clara Emergency Medical Response System, First Responder Funding Projects)/Revenue from Local Agencies</i> | FIRE | | \$199,374 | \$199,374 |
| This action increases the Fire Department's Non-Personal/Equipment appropriation and corresponding estimate for Revenue from Local Agencies by \$199,374 to reflect funds from the County of Santa Clara for the purchase of devices and supporting hardware, related to the EMS System First Responder Funding Projects, which will enable staff to meet field capture requirements for patient care reports. | | | | |
| <i>Non-Personal/Equipment (Fit Camp Scholarship)/Other Revenue</i> | PARKS, REC, & NEIGH SVCS | | \$10,000 | \$10,000 |
| This action recognizes and appropriates funding from Youth Connections Foundation of San José in the amount of \$10,000 to the Parks, Recreation, and Neighborhood Services Non-Personal/Equipment appropriation to support Fit Camp 2014 scholarships. Fit Camp is a summer recreational program piloted in 2013-2014 that helps children build habits for a healthier lifestyle. A corresponding increase to the estimate for Other Revenue is also recommended to offset this action. | | | | |
| <i>Non-Personal/Equipment (Vacant Board-Ups)/Other Revenue</i> | PLANNING, BLDG, & CODE ENF | | \$20,000 | \$20,000 |
| This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation and the estimate for Other Revenue by \$20,000 (from \$10,000 to \$30,000) for the repair and board-up of vacant buildings. The Code Enforcement Division provides emergency repair and board-up if an inspection determines that a property constitutes an immediate hazard or a point of entry is breached. The property owner is subsequently billed for the cost of services. The additional funding and associated revenues reflect projected activity levels in 2014-2015. | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--------------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Non-Personal/Equipment and Personal Services (Mayfair Community Center Therapeutic Programs)/Other Revenue</i> | PARKS, REC, & NEIGH SVCS | | \$3,506 | \$3,506 |
| <p>This action increases the Parks, Recreation, and Neighborhood Services (PRNS) Non-Personal/Equipment (\$1,753) and Personal Services (\$1,753) appropriations for a total amount of \$3,506 and the corresponding estimate for Other Revenue by the same amount. The Brain Injury Association of California has granted funds to PRNS to provide support to the Mayfair Therapeutic Programs. This program provides recreation activities for people with disabilities at the Mayfair Community Center.</p> | | | | |
| <i>Non-Personal/Equipment and Personal Services (Open Streets Program)/Other Revenue</i> | PARKS, REC, & NEIGH SVCS | | \$130,000 | \$130,000 |
| <p>This action increases the Parks, Recreation, and Neighborhood Services Non-Personal/Equipment (\$100,000) and Personal Services (\$30,000) appropriations and the corresponding estimate for Other Revenue by \$130,000 from the Knight Foundation to support an Open Streets Program. The program will be patterned after a program recently observed in Guadalajara and Copenhagen by Councilmember Khamis. This project involves periodic closing of streets and thoroughfares to encourage, including but not limited to, bicycling, pedestrian activity, roller-skating, zumba, and yoga in urban environments. This allocation will support an Events Coordinator II overstrength position (through January 2015) and programming, which includes a pilot Open Streets event and building community and stakeholder support for the project. Street selection for participation in this pilot will be determined at a later date.</p> | | | | |
| <i>Non-Personal/Equipment and Personal Services (St. James Park Revitalization)/Other Revenue</i> | PARKS, REC, & NEIGH SVCS | | \$60,000 | \$60,000 |
| <p>This action increases the Parks, Recreation, and Neighborhood Services Non-Personal/Equipment (\$30,000) and Personal Services (\$30,000) appropriations by a total of \$60,000 and the corresponding estimate for Other Revenue by the same amount from the Knight Foundation Fund. This grant supports the St. James Park Revitalization team efforts that began over the summer to activate St. James Park and reengage the community and covered the period from July 2014 to October 2014.</p> | | | | |
| <i>Personal Services (DEA San José Resident Office)/Revenue from Federal Government</i> | POLICE | | \$17,374 | \$17,374 |
| <p>This action increases the Police Department's Personal Services appropriation and recognizes Revenue from Federal Government in the amount of \$17,374 for the Federal Drug Enforcement Agency San José Resident Office Task Force. The task force is investigating illegal activities in San José and has requested assistance from San José Police Department personnel.</p> | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Personal Services and Non-Personal/Equipment (California Department of Conservation Sustainable Communities Planning Grant)/Revenue from State of California</i> | PLANNING, BLDG, & CODE ENF | | \$424,000 | \$424,000 |
| <p>This action increases the Planning, Building and Code Enforcement Department's Personal Services (\$221,000) and Non-Personal/Equipment (\$203,000) appropriations and recognizes Revenue from the State of California of \$424,000 for a State of California Department of Conservation Sustainable Communities Planning Grant. The grant was awarded to the City of San José for Urban Village Master Plan and Zoning Revisions for East Santa Clara Street and Alum Rock Avenue. The funds will be used for staff time, consultant services, and supplies related to the project. The total amount of the grant award is \$635,594, and the project is scheduled for completion in December 2015. The remaining grant funding of \$211,594 will be included as part of the development of the 2015-2016 budget.</p> | | | | |
| <i>Personal Services and Planning Development Fee Program - Personal Services (Reallocate 1.0 Senior Executive Analyst from OED to 1.0 Principal Planner in PBCE)</i> | ECONOMIC DEVELOPMENT | (1.00) | (\$136,725) | |

This action shifts 1.0 Senior Executive Analyst from the Office of Economic Development (OED) to the Planning, Building and Code Enforcement (PBCE) Department and reallocates this position to a Principal Planner. This position is funded 85% by the Planning Development Fee Program (\$116,127) and 15% by the General Fund (\$20,598). This position will lead urban design reviews and policy development for the City, lead an inter-departmental team and build staff capacity across the City to address design issues for private and public projects, and oversee the Architectural Review Committee responsible for review of all buildings in the City taller than one hundred feet. As part of the 2014-2015 Adopted Budget, this position was shifted from a Senior Architect/Landscape Architect in PBCE to a Senior Executive Analyst in OED. After reviewing the revised job duties and compensation among City Administration and members of the design/architecture community, it was determined that the job duties more appropriately align with the Principal Planner classification, and the position is now recommended to be budgeted in the Planning, Building and Code Enforcement Department.

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEEES | | | | |
| <i>Personal Services and Planning Development Fee Program - Personal Services (Reallocate 1.0 Senior Executive Analyst from OED to 1.0 Principal Planner in PBCE)</i> | PLANNING, BLDG, & CODE ENF | 1.00 | \$136,725 | |
| <p>This action shifts 1.0 Senior Executive Analyst to the Planning, Building and Code Enforcement (PBCE) Department from the Office of Economic Development (OED) and reallocates this position to a Principal Planner. This position is funded 85% by the Planning Development Fee Program (\$116,127) and 15% by the General Fund (\$20,598). This position will lead urban design reviews and policy development for the City, lead an inter-departmental team and build staff capacity across the City to address design issues for private and public projects, and oversee the Architectural Review Committee responsible for review of all buildings in the City taller than one hundred feet. As part of the 2014-2015 Adopted Budget, this position was shifted from a Senior Architect/Landscape Architect in PBCE to a Senior Executive Analyst in OED. After reviewing the revised job duties and compensation among City Administration and members of the design/architecture community, it was determined that the job duties more appropriately align with the Principal Planner classification, and the position is now recommended to be budgeted in the Planning, Building and Code Enforcement Department.</p> | | | | |
| <i>Planning Development Fee Program - Non-Personal/Equipment (AMANDA Licenses)</i> | PLANNING, BLDG, & CODE ENF | | \$45,000 | |
| <p>This action increases the Planning, Building and Code Enforcement Department's Planning Development Fee Program - Non-Personal/Equipment appropriation by \$45,000 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$35,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually estimated at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. The ongoing maintenance costs will be considered as part of the development of the 2015-2016 budget. A corresponding decrease to the Planning Development Fee Program Reserve is also included elsewhere in this report to offset this action.</p> | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|----------------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Planning Development Fee Program - Non-Personal/Equipment (Peak Staffing)</i> | PLANNING, BLDG, & CODE ENF | | \$200,000 | |
| <p>This action increases the Planning, Building and Code Enforcement Department's Planning Development Fee Program - Non-Personal/Equipment appropriation by \$200,000 to provide additional funding for peak staffing agreements (from \$140,000 to \$340,000), which will be funded by the Planning Development Fee Program Reserve. Development services has experienced a continued increase in inspection services, plan checks, and plan reviews. In order to meet the higher demand during peak times, on a temporary as-needed basis, this funding will augment current staffing with contractual services. The additional funding provides for the use of three peak staffing contracted employees through December 2014 when program needs can be reevaluated based on additional data on activity levels and the preliminary results of a Planning Fee Program study that is currently in progress. A corresponding decrease to the Planning Development Fee Program Reserve is also included elsewhere in this report to offset this action.</p> | | | | |
| <i>Planning Development Fee Program Reserve</i> | EARMARKED RESERVES | | (\$245,000) | |
| <p>This action decreases the Planning Development Fee Program Reserve to offset the actions recommended in this report.</p> | | | | |
| <i>Public Works Development Fee Program - Non-Personal/Equipment (AMANDA Licenses)</i> | PLANNING, BLDG, & CODE ENF | | \$13,000 | |
| <p>This action increases the Planning, Building and Code Enforcement Department's Public Works Development Fee Program - Non-Personal/Equipment appropriation by \$13,000 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$35,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually estimated at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. The ongoing maintenance costs will be considered as part of the development of the 2015-2016 budget. A corresponding decrease to the Public Works Development Fee Program Reserve is also included elsewhere in this report to offset this action.</p> | | | | |

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|--------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Public Works Development Fee Program - Non-Personal/Equipment (Vehicle Outfit)</i> | PUBLIC WORKS | | \$25,000 | |
| This action increases the Public Works Development Fee Program - Non-Personal/Equipment appropriation by \$25,000 to provide funding for specialized testing equipment required for the material lab inspector vehicle. The specialized testing equipment is necessary for the inspector to complete work on-site as needed. A corresponding decrease to the Public Works Development Fee Program Reserve is also included elsewhere in this report to offset this action. | | | | |
| <i>Public Works Development Fee Program Reserve</i> | EARMARKED RESERVES | | (\$38,000) | |
| This action decreases the Public Works Development Fee Program Reserve to offset the actions recommended in this report. | | | | |
| <i>San José BEST and Safe Summer Initiative Programs (Parent Project)/Other Revenue</i> | CITY-WIDE EXPENSES | | \$7,452 | \$7,452 |
| This action increases the San José BEST and Safe Summer Initiative Programs (BEST Program) appropriation to the Parks, Recreation and Neighborhood Services Department by \$7,452 for Parent Project program expenditures and the corresponding estimate for Other Revenue. Parents who attend anti-gang seminars reimburse the BEST Program for the cost of the training materials received. These funds offset the cost of producing these materials. This action allocates \$7,452 that was received from parent participants in 2014-2015 to support the program. | | | | |
| <i>State Homeland Security Grant Program 2013-2014/Revenue from Federal Government</i> | CITY-WIDE EXPENSES | | \$28,219 | \$28,219 |
| This action recognizes and appropriates federal grant funding of \$28,219 to the Police Department through the California Emergency Management Agency (CalEMA) and the Santa Clara County Office of Emergency Services for the implementation of State Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs for acts of terrorism and other catastrophic events. | | | | |

General Fund Recommended Budget Adjustments Summary

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| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|--|--------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEES | | | | |
| <i>Successor Agency City Subsidy/Revenue from Local Agencies</i> | CITY-WIDE EXPENSES | | \$2,100,000 | \$2,100,000 |
| <p>This action increases the Successor Agency City Subsidy City-Wide Expenses appropriation by \$2.1 million (from \$1.3 million to \$3.4 million) and the corresponding estimate for Revenue from Local Agencies to adjust for projected cash flow needs in 2014-2015. As a result of the timing of the receipt of revenues, namely Redevelopment Property Tax Trust Fund (RPTTF) and the potential sale of property proceeds, it is anticipated that additional funding of \$2.1 million is needed by the Successor Agency to ensure sufficient cash is available to complete the City's Educational Revenue Augmentation Fund (ERAF) payment, which is contractually obligated to take place in October 2014. The total ERAF payment will be \$2,245,000, of which only \$244,000 will initially be able to be covered by funding from RPTTF revenues, resulting in temporary financial support from the City of \$2.1 million. Per the approved 2014-2015 Reimbursement Agreement between the City and the Successor Agency to the Redevelopment Agency (SARA), a City Advance for this bonded obligation is eligible to be reimbursed should sufficient SARA cash balances remain at the end of 2014-2015. An increase of \$2.1 million in the estimate for Revenue from Local Agencies is also recommended to reflect the anticipated reimbursement from the Successor Agency by the end of 2014-2015.</p> | | | | |
| <i>Summer Youth Nutrition Program/Revenue from Federal Government</i> | CITY-WIDE EXPENSES | | \$53,552 | \$53,552 |
| <p>This action recognizes and appropriates federal grant funding of \$53,552 to the Parks, Recreation and Neighborhood Services Department for the 2014 Summer Food Service Program. This program, administered by the California Department of Education Nutrition Services Division, provides lunches and snacks to youth at the Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers. A corresponding increase to the estimate for Revenue from Federal Government is also recommended to offset this action.</p> | | | | |
| <i>Wellness Program Reserve/Other Revenue</i> | EARMARKED RESERVES | | (\$200,000) | (\$200,000) |
| <p>This action decreases the estimate for Other Revenue to reflect the elimination of annual payments of \$200,000 from the City's healthcare providers to provide funding for a Wellness Program. Under the recommended healthcare provider contract renewals that are being brought forward as a separate City Council action on October 7, 2014, the City will no longer receive this funding, which was previously passed on to the City through higher healthcare rates and used by the City to support the Wellness Program. Under the proposed contract renewals, the City will pay Blue Shield to provide a Wellness Program. A review of medical services and wellness programs will be completed to ensure that current service levels are provided in the most efficient and cost-effective manner. A corresponding decrease to the Wellness Program Reserve of \$200,000 (from \$208,000 to \$8,000) is also recommended to offset this action.</p> | | | | |

General Fund Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|---|--------------------|------------------|---------------------------|-----------------------|
| GRANTS/REIMBURSEMENTS/FEEES | | | | |
| TOTAL GRANTS/REIMBURSEMENTS/FEEES | | | \$3,726,047 | \$3,726,047 |
| URGENT FISCAL/PROGRAM NEEDS | | | | |
| <i>Fiscal Reform Plan Implementation Reserve</i> | EARMARKED RESERVES | | \$2,000,000 | |
| <p>This action increases the Fiscal Reform Plan Implementation Reserve by \$2.0 million (from \$680,000 to \$2.7 million) based upon a tentative decision on fee motions brought by the plaintiffs in the Measure B litigation. Motions to recover attorneys' fees were brought by AFSCME, POA, and Retirees and the Judge has indicated in her tentative decision that they have met the threshold considerations to support a fee award. Working with the City Attorney's Office, the \$2.0 million represents a very preliminary estimate of costs that could be awarded. The judge has tentatively set a hearing to determine the amount of potential fees for November 6, 2014. Final resolution on this matter will be brought forward to the City Council at a later date.</p> | | | | |
| <i>Hammer Theater Center Operations and Maintenance</i> | CITY-WIDE EXPENSES | | \$192,000 | |
| <p>This action increases the Hammer Theater Center Operations and Maintenance appropriation to the Office of Economic Development in the amount of \$192,000. The total available funding for the Hammer Theater Center Operations and Maintenance for 2014-2015 will be \$400,000 after accounting for this adjustment as well as the Required Technical/Rebalancing action that reduces funding by \$77,000 recommended elsewhere in this report. This funding allows the City to pay ongoing costs such as basic ongoing building maintenance services (\$140,000), utility bills (\$85,000), and private night-time security patrols (\$25,000), as well as one-time costs associated with the San Jose Repertory bankruptcy that includes a variety of minor facility and lighting repairs (\$60,000), the purchase of critical theater production-related equipment (\$60,000), and a thorough cleaning of the facility (\$30,000).</p> | | | | |
| TOTAL URGENT FISCAL/PROGRAM NEEDS | | | \$2,192,000 | \$0 |

General Fund Recommended Budget Adjustments Totals

| <u>Positions</u> | <u>Expenditure Change</u> | <u>Revenue Change</u> |
|------------------|---------------------------|-----------------------|
| | \$11,404,827 | \$2,980,993 |

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---------------------------|------------------|-------------|---------------|
| AIRPORT MAINT & OPER FUND (523) | | | | |
| <i>Non-Personal/Equipment (Air Service Incentive Program)</i> | Airport | | \$941,736 | |
| <p>This action increases the Non-Personal/Equipment appropriation to the Airport Department by \$941,736, to implement the Air Service Incentive Program. Under this program, as specified in the Council approved Airline-Airport Lease and Operations Agreements, the Airport overhead expenses shall be reduced by the amount of passenger growth above the FAA's projection in the following year. The percentage growth of passenger enplanements in 2013-2014 (6.7%) at the Airport exceeded the FAA's projection of passenger growth (0.8%), thus triggering a reduction to the overhead reimbursement. The Airport will return \$941,736 to the airlines in 2014-2015.</p> | | | | |
| <i>Non-Personal/Equipment (Consultant Services for Disadvantaged Business Enterprise Program)</i> | Airport | | \$120,000 | |
| <p>This action increases the Non-Personal/Equipment appropriation to the Airport Department by \$120,000 for a consultant agreement to develop a Disadvantaged Business Enterprise (DBE) Program at the Airport. The development of a DBE program at the Airport will meet the Federal Aviation Administration (FAA) requirement, minimize concerns related to minority discrimination in the award and administration of construction projects, and allow the Airport to remain eligible to receive federal grant funding from the FAA's Airport Improvement Program for various projects. A corresponding decrease to the Operations Contingency appropriation is recommended to offset this action.</p> | | | | |
| <i>Non-Personal/Equipment (International Smarte Carte Services)</i> | Airport | | \$45,000 | |
| <p>This action increases the Non-Personal/Equipment appropriation to the Airport Department by \$45,000 to provide luggage cart services for international passengers. This ongoing self-serve luggage cart service will be available to deplaning international passengers at no additional cost starting in 2014-2015. A corresponding decrease to the Operations Contingency appropriation is recommended to offset this action.</p> | | | | |
| <i>Operations Contingency</i> | Airport | | (\$335,453) | |
| <p>This action decreases the Operations Contingency appropriation to offset actions recommended in this report.</p> | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|------------------|-------------|---------------|
| AIRPORT MAINT & OPER FUND (523) | | | | |
| <i>Transfer to General Fund (Air Service Incentive Program)</i> | Airport | | (\$941,736) | |
| <p>This action decreases the Airport Overhead transfer to the General Fund by \$941,736. In 2013-2014, the percentage growth in annual enplanements at the Airport was 6.7%, which exceeded the Federal Aviation Administration's (FAA) projection of 0.8% for national enplanement growth. This increase in passenger enplanements triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. The original term of these Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend these Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 5.9 percentage points (from the Adopted Budget overhead rate of 23.8% to 17.9%), or \$941,736, in 2014-2015. Corresponding actions in the General Fund are recommended to reflect the reduction to the overhead reimbursement.</p> | | | | |
| <i>Workers' Compensation Claims</i> | Airport | | \$170,453 | |
| <p>This action increases the Workers' Compensation Claims appropriation by \$170,453 to reflect increased workers' compensation liability at the Airport. Based on a current actuarial report, this action will ensure funding is available to pay potential workers' compensation claims in 2014-2015. A corresponding decrease to the Operations Contingency appropriation is recommended to offset this action.</p> | | | | |
| TOTAL AIRPORT MAINT & OPER FUND (523) | | | \$0 | \$0 |
| AIRPORT RENEW & REPL FUND (527) | | | | |
| <i>Advanced Planning</i> | Airport Capital Program | | \$218,000 | |
| <p>This action increases the Advanced Planning appropriation by \$218,000 to fund an economic impact study and an environmental study for future development opportunities at the Airport. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p> | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---------------------------|------------------|---------------|---------------|
| AIRPORT RENEW & REPL FUND (527) | | | | |
| <i>Blue Dot Furniture Replacement</i> | Airport Capital Program | | \$50,000 | |
| <p>This action establishes the Blue Dot Furniture Replacement appropriation in the amount of \$50,000. This funding will replace furniture in the Blue Dot meet and greet area located in the pre-security section of Terminal A. The existing furniture will be relocated to the gate hold room areas, where there is a need for additional seating as a result of increased passenger activity. This replacement furniture will ensure that an aesthetically appealing environment is available for airport users waiting to pick up arriving passengers as well as provide the additional seating needed in the gate hold room areas. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p> | | | | |
| <i>Ending Fund Balance Adjustment</i> | Airport Capital Program | | (\$366,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| <i>K-9 Vehicle Replacement</i> | Airport Capital Program | | \$20,000 | |
| <p>This action increases the K-9 Vehicle Replacement appropriation by \$20,000 to fund higher than anticipated costs of replacing one K-9 vehicle used by the San José Police Department at the Airport. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p> | | | | |
| <i>Power Chair Upgrade</i> | Airport Capital Program | | \$78,000 | |
| <p>This action establishes the Power Chair Upgrade appropriation in the amount of \$78,000. This funding will upgrade the existing 245 power chairs and 1,000 power outlets from 1 amp to 3 amps of power. The existing chairs do not provide the necessary power to support various devices utilized by business travelers and airport users. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p> | | | | |
| TOTAL AIRPORT RENEW & REPL FUND (527) | | | \$0 | \$0 |
| BLDG & STRUCT CONST TAX FD (429) | | | | |
| <i>Earned Revenue - Metropolitan Transportation Commission</i> | Traffic Capital Program | | | (\$789,000) |
| <p>This action decreases the revenue estimate for grant funding from the Metropolitan Transportation Commission which provides funding for The Alameda - A Plan for the Beautiful Way project. As part of the development of the 2014-2015 Adopted Capital Budget, revenues were programmed to be received in 2014-2015; however, \$789,000 of the programmed revenues was received in 2013-2014. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.</p> | | | | |
| <i>Ending Fund Balance Adjustment</i> | Traffic Capital Program | | (\$1,973,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|------------------|--------------------|--------------------|
| BLDG & STRUCT CONST TAX FD (429) | | | | |
| <i>McLaughlin Avenue Pedestrian/Bike Safety Enhancements</i> | Traffic Capital Program | | \$534,000 | |
| <p>This action establishes the McLaughlin Avenue Pedestrian/Bike Safety Enhancements project in the amount of \$534,000 to create a safe walking and biking environment on McLaughlin Avenue between Story Road and Capitol Expressway. Project elements include installing Americans with Disabilities Act ramps, flashing beacons with median island refuges, consolidation and upgrade of bus stops along the corridor, and installing enhanced crosswalks for pedestrian and bike safety. The project was originally anticipated to be grant funded, but the application was not approved; therefore, it is recommended to be allocated from the Ending Fund Balance. A decrease to the Ending Fund Balance to offset this action is also recommended elsewhere in this report.</p> | | | | |
| <i>Route 280/880/Stevens Creek Upgrade</i> | Traffic Capital Program | | \$200,000 | |
| <p>This action increases the Route 280/880 Stevens Creek Upgrade appropriation by \$200,000 to \$360,000. Additional funding is needed due to higher than anticipated construction oversight as the project encompasses three different intersections. A decrease to the Ending Fund Balance to offset this action is also recommended elsewhere in this report.</p> | | | | |
| <i>Traffic Signal Installation - Douglas and Meridian</i> | Traffic Capital Program | | \$450,000 | |
| <p>This action establishes the Traffic Signal Installation - Douglas and Meridian project in the amount of \$450,000 to construct a new traffic signal at the intersection of Douglas Street and Meridian Avenue. This is a high priority road safety project, which will provide an East-West bicycle corridor connection. A decrease to the Ending Fund Balance to offset this action is also recommended elsewhere in this report.</p> | | | | |
| TOTAL BLDG & STRUCT CONST TAX FD (429) | | | (\$789,000) | (\$789,000) |
| BUSINESS IMPVT DIST FUND (351) | | | | |
| <i>Ending Fund Balance Adjustment (Unrestricted – Downtown BID)</i> | Economic Development | | (\$99,000) | |
| <p>This action decreases the Ending Fund Balance for Downtown Business Improvement District by \$99,000 to offset the action recommended in this report.</p> | | | | |
| <i>Ending Fund Balance Adjustment (Unrestricted – Hotel BID)</i> | Economic Development | | (\$808,000) | |
| <p>This action decreases the Ending Fund Balance for Hotel Business Improvement District by \$808,000 to offset the action recommended in this report.</p> | | | | |
| <i>Ending Fund Balance Adjustment (Unrestricted – Willow Glen CBID)</i> | Economic Development | | (\$72,000) | |
| <p>This action decreases the Ending Fund Balance for Willow Glen Community Benefit District by \$72,000 to offset the action recommended in this report.</p> | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---------------------------|------------------|------------|---------------|
| BUSINESS IMPVT DIST FUND (351) | | | | |
| <i>Downtown Business Improvement District</i> | Finance | | \$99,000 | |
| <p>This action increases the Downtown Business Improvement District appropriation by \$99,000 to reflect the allocation of prior year assessments collected from the Downtown Business Improvement District (BID) that have previously been held in an earmarked reserve. The Downtown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for Downtown BID is recommended to offset this action.</p> | | | | |
| <i>Hotel Business Improvement District</i> | Finance | | \$808,000 | |
| <p>This action increases the Hotel Business Improvement District appropriation by \$808,000 to reflect the allocation of prior year assessments collected from the Hotel Business Improvement District (BID) that have previously been held in an earmarked reserve. The Hotel BID will use these funds for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for Hotel BID is recommended to offset this action.</p> | | | | |
| <i>Willow Glen Community Benefit District</i> | Public Works | | \$72,000 | |
| <p>This action increases the Willow Glen Community Benefit District appropriation by \$72,000 to reflect the allocation of prior year assessments collected from the Willow Glen Community Benefit District (CBD) that have previously been held in an earmarked reserve. The Willow Glen CBD will use these funds for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for Willow Glen CBID is recommended to offset this action.</p> | | | | |
| TOTAL BUSINESS IMPVT DIST FUND (351) | | | \$0 | \$0 |
| CITY HALL DEBT SERVICE FUND (210) | | | | |
| <i>City Hall Debt Service</i> | Finance | | (\$2,000) | |
| <p>This action decreases the City Hall Debt Service appropriation by \$2,000. Currently, there are funds being held by the trustee which will be applied towards the debt service payment this fiscal year, resulting in savings in this appropriation.</p> | | | | |
| <i>City Hall Garage Debt Service</i> | Finance | | (\$16,000) | |
| <p>This action decreases the City Hall Garage Debt Service appropriation by \$16,000. Currently, there are funds being held by the trustee which will be applied towards the debt service payment this fiscal year, resulting in savings in this appropriation.</p> | | | | |
| <i>Ending Fund Balance Adjustment</i> | Finance | | \$18,000 | |
| <p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|--------------------------------------|------------------|-----------------|-----------------|
| CITY HALL DEBT SERVICE FUND (210) | | | | |
| Transfer from General Fund/Ending Fund Balance | Finance | | \$40,000 | \$40,000 |
| <p>This action increases the Transfer from the General Fund to the City Hall Debt Service Fund. In 2013-2014, the actual interest earnings were lower than the estimate assumed in the development of the 2014-2015 Adopted Operating Budget, resulting in a lower than anticipated 2013-2014 Ending Fund Balance/2014-2015 Beginning Fund Balance. This recommended action will ensure that the City Hall Debt Service Fund will not end the year with a negative ending fund balance. An offsetting increase to the Ending Fund Balance is also recommended.</p> | | | | |
| TOTAL CITY HALL DEBT SERVICE FUND (210) | | | \$40,000 | \$40,000 |
| CIVIC CENTER CONST FUND (425) | | | | |
| City Hall Construction Close-Out | Muni Improvements Capital Program | | \$600 | |
| <p>This action increases the City Hall Construction Close-Out appropriation by \$600 for waterproofing repairs at City Hall. This action allocates the remaining funds in the Civic Center Construction Fund.</p> | | | | |
| Ending Fund Balance Adjustment | Muni Improvements Capital Program | | (\$600) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | | |
| TOTAL CIVIC CENTER CONST FUND (425) | | | \$0 | \$0 |
| COMM DEV BLOCK GRANT FUND (441) | | | | |
| Environmental Services Department Neighborhood Infrastructure Improvements | Environmental Services | | \$50,000 | |
| <p>This action establishes the Environmental Services Department Neighborhood Infrastructure Improvements appropriation to the Environmental Services Department. The appropriation will provide funding for the Art Walk project, which is an interactive multimedia art exhibit proposed to start at San José High School and end at Olinder Elementary School, and proceed to Coyote Creek.</p> | | | | |
| Capital Projects Reserve | Housing | | \$2,000,000 | |
| <p>This action establishes a Capital Projects Reserve in the amount of \$2,000,000 to fund community development initiatives in the Consolidated Plan 2015-2020 currently in development.</p> | | | | |
| Ending Fund Balance Adjustment | Housing | | (\$842,301) | |
| <p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p> | | | | |
| Housing Rehabilitation Loans and Grants | Housing | | (\$1,157,699) | |
| <p>This action decreases the Housing Rehab Loans and Grants appropriation by \$1,157,699. The Department's limited rehabilitation program, which provides financial resources and technical assistance to San José's lower-income residents, will be funded by the CalHome (Rehabilitation) Program appropriation in the Multi-Source Housing Fund instead.</p> | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---------------------------|------------------|-------------|---------------|
| COMM DEV BLOCK GRANT FUND (441) | | | | |
| <i>Neighborhood Infrastructure Improvements</i> | Housing | | \$601,500 | |
| <p>This action increases the Neighborhood Infrastructure Improvements appropriation by \$601,500 from \$388,500 to \$990,000. During the development of the 2014-2015 Adopted Operating Budget, funding was split evenly between the Department of Transportation, the Housing Department, and the Public Works Department until specific projects could be identified for the three Place-Based Strategy Neighborhoods. Staff conducted the public hearing process to discuss the priorities for Community Development Block Grant infrastructure and facilities funds. This report recommends various net-zero shifts to align funding with the Departments that will be administering the identified projects. The Housing Department will utilize funds for the following projects identified by the communities: Place Based Neighborhood Projects (\$300,000) to improve infrastructure such as community gardens and lighting; Educare Play Structure in the Santee neighborhood (\$260,000); Rehabilitation of the Head Start building in the Santee neighborhood (\$250,000), and Multi-Family Rehabilitation grants to homeowners for home improvements (\$180,000).</p> | | | | |
| <i>Public Works Neighborhood Infrastructure Improvements</i> | Public Works | | (\$388,500) | |
| <p>This action decreases the Public Works Neighborhood Infrastructure Improvements appropriation by \$388,500 from \$388,500 to \$0. During the development of the 2014-2015 Adopted Operating Budget, funding was split evenly between the Department of Transportation, the Housing Department, and the Public Works Department until specific projects could be identified for the three Place-Based Strategy Neighborhoods. Staff conducted the public hearing process to discuss the priorities for Community Development Block Grant infrastructure and facilities funds. This report recommends various net-zero shifts to align funding with the Departments that will be administering the identified projects. During this process it was determined that the Public Work Department will not administer any of the identified projects.</p> | | | | |
| <i>Transportation Neighborhood Infrastructure Improvements</i> | Transportation | | (\$263,000) | |
| <p>This action decreases the Transportation Neighborhood Infrastructure Improvements appropriation by \$263,000 from \$388,500 to \$125,500. During the development of the 2014-2015 Adopted Operating Budget, funding was split evenly between the Department of Transportation, the Housing Department, and the Public Works Department until specific projects could be identified for the three Place-Based Strategy Neighborhoods. Staff conducted the public hearing process to discuss the priorities for Community Development Block Grant infrastructure and facilities funds. This report recommends various net-zero shifts to align funding with the Departments that will be administering the identified projects. The Department of Transportation will utilize the remaining funds (\$125,500) for a conversion to LED streetlights in the three neighborhoods.</p> | | | | |
| TOTAL COMM DEV BLOCK GRANT FUND (441) | | | \$0 | \$0 |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|--------------------------------------|------------------|---------------|---------------|
| CONST/CONV TAX COMM FUND (397) | | | | |
| <p><i>Communications Equipment Replacement and Upgrade</i></p> <p>This action increases the Communications Equipment Replacement and Upgrade appropriation by \$300,000 to provide additional funding for necessary radio upgrades. Savings from the City-wide Trunking Radio System appropriation are recommended to be reallocated to the Communications Equipment Replacement and Upgrade appropriation in order to help accelerate the purchase of radios in preparation for the Silicon Valley Regional Communications System. This funding will allow for the purchase of approximately 60 dual-band radios for Public Safety.</p> | Communications Capital Program | | \$300,000 | |
| <p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | Communications Capital Program | | (\$300,000) | |
| TOTAL CONST/CONV TAX COMM FUND (397) | | | \$0 | \$0 |
| CONST/CONV TAX PK CD 3 FUND (380) | | | | |
| <p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | Parks & Comm Fac Dev Capital Program | | (\$100,000) | |
| <p><i>St. James Park Improvements</i></p> <p>This action establishes the St. James Park Improvements project for \$100,000. This project provides funding to implement recommendations made by the Saint James Park Task Force. Project elements may include upgrading the existing lighting, removing the old fountain, renovating the play structure, replacing the trash receptacles, refurbishing the park benches, and replacing the drinking fountains. Additional funding of \$50,000 is allocated in 2014-2015 in the Park Trust Fund, bringing the total project budget to \$150,000. A corresponding decrease to the Council District 3 Construction and Conveyance Tax Fund Ending Fund Balance is recommended elsewhere in this report to offset this action.</p> | Parks & Comm Fac Dev Capital Program | | \$100,000 | |
| TOTAL CONST/CONV TAX PK CD 3 FUND (380) | | | \$0 | \$0 |
| CONST/CONV TAX PK CD 6 FUND (384) | | | | |
| <p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | Parks & Comm Fac Dev Capital Program | | (\$1,230,000) | |

Special/Capital Funds Recommended Budget Adjustments Summary

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---|------------------|-------------|---------------|
| CONST/CONV TAX PK CD 6 FUND (384) | | | | |
| TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design | Parks & Comm Fac Dev Capital Program | | \$805,000 | |
| <p>This action establishes the TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design allocation in the amount of \$805,000. This project provides funding to support the preparation of construction documents for the Three Creeks Trail from Lonus Street (Los Gatos Creek) to the Guadalupe River. Once completed, this trail segment would include a paved trail, landscaping, gateway elements, and interpretive signage. The complete trail project is estimated to be \$3.0 million, of which \$1.0 million will be reimbursed under the Urban Greening for Sustainable Communities Grant program (California State Natural Resources Agency). Of the \$1.0 million grant, \$250,000 may be reimbursed for design costs. Therefore, once design is complete, and grant funding is received, the Council District 6 Construction and Conveyance Tax Fund Ending Fund Balance will be reimbursed accordingly. A reduction to the Council District 6 Construction and Conveyance Tax Ending Fund Balance is recommended elsewhere in this report to offset this action.</p> | | | | |
| TRAIL: Three Creeks Pedestrian Bridge EIR | Parks & Comm Fac Dev Capital Program | | \$425,000 | |
| <p>This action establishes the TRAIL: Three Creeks Pedestrian Bridge EIR project in the amount of \$425,000. This project provides funding to prepare an Environmental Impact Report (EIR) on an existing pedestrian bridge near the Three Creeks Trail. This project is being done in response to a lawsuit that was brought against the City claiming the bridge could not be removed, it is a historic site. As a result, the Superior Court ruled that an EIR be prepared to determine the merits of the bridge qualifying as a historic site. A reduction to the Council District 6 Construction and Conveyance Tax Ending Fund Balance is recommended elsewhere in this report to offset this action.</p> | | | | |
| TOTAL CONST/CONV TAX PK CD 6 FUND (384) | | | \$0 | \$0 |
| CONST/CONV TAX PK CD 7 FUND (385) | | | | |
| ACE Charter School (Franklin McKinley) Reserve | Parks & Comm Fac Dev Capital Program | | (\$250,000) | |
| <p>This action eliminates the ACE Charter School (Franklin McKinley) Reserve. A corresponding action in this report recommends allocating the funding for field enhancements at Bridges Academy, a charter school within Franklin McKinley School District.</p> | | | | |
| Bridges Academy Field Enhancements | Parks & Comm Fac Dev Capital Program | | \$250,000 | |
| <p>This action establishes the Bridges Academy Field Enhancements allocation in the amount of \$250,000. This allocation, in conjunction with a Community Development Block Grant, will ensure sufficient funding is available to construct field enhancements at Bridges Academy, a charter school in the Franklin McKinley School District. Funding will be used to prepare the site for a community garden and improve the playground area for community use. A corresponding reduction to the ACE Charter School (Franklin McKinley) Reserve is recommended elsewhere in this report to offset this action.</p> | | | | |
| TOTAL CONST/CONV TAX PK CD 7 FUND (385) | | | \$0 | \$0 |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---|------------------|---------------|---------------|
| CONST/CONV TAX PKS CW FUND (391) | | | | |
| <i>Ending Fund Balance Adjustment</i> | Parks & Comm Fac Dev Capital Program | | (\$1,295,000) | |
| This action decreases the Ending Fund Balance to offset the actions recommended in this report. | | | | |
| <i>Environmental Mitigation Maintenance and Monitoring</i> | Parks & Comm Fac Dev Capital Program | | \$170,000 | |
| This action increases the Environmental Mitigation Maintenance and Monitoring allocation by \$170,000, bringing the 2014-2015 funding to \$360,000. This action provides funding for activities related to environmental mitigation and monitoring at Watson Park, including installing new planting and irrigation at the five acre mitigation site. The new plantings at Watson Park will ensure the City is in compliance with environmental mitigation maintenance requirements by State agencies. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended elsewhere in this report to offset this action. | | | | |
| <i>Family Camp Capital Improvements Reserve</i> | Parks & Comm Fac Dev Capital Program | | \$45,000 | |
| This action increases the Family Camp Capital Improvements Reserve by \$45,000, bringing the reserve to \$110,000. Beginning in 2012, a surcharge of \$20 per tent, per night has been collected to provide funding for future improvements at Family Camp. The fee revenue is collected in the Parks City-Wide Construction and Conveyance Tax Fund and allocated annually to the Family Camp Capital Improvements Reserve. In 2013-2014, approximately \$45,000 was received from the surcharge, therefore, this action recommends allocating those funds to the corresponding reserve. A corresponding decrease to the City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended elsewhere in this report to offset this action. | | | | |
| <i>Happy Hollow Park and Zoo Enhancements</i> | Parks & Comm Fac Dev Capital Program | | \$380,000 | |
| This action increases the Happy Hollow Park and Zoo Enhancements allocation by \$380,000, bringing the 2014-2015 project budget to \$500,000. This project provides funding to install a new ride, operator booth, queue line, shade structure, and signage at the amusement park in Happy Hollow Park and Zoo. It is anticipated the new ride will be installed and opened to the public in summer 2015. The 2014-2015 Adopted Capital Budget included funding of \$500,000, \$120,000 allocated in 2014-2015 and \$380,000 in 2015-2016. However, in order to ensure the new ride is operational by summer 2015, this action recommends shifting the 2015-2016 funding into 2014-2015. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended elsewhere in this report to offset this action. | | | | |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---|------------------|---------------|---------------|
| CONST/CONV TAX PKS CW FUND (391) | | | | |
| <i>Vietnamese Cultural Heritage Garden Reserve</i> | Parks & Comm Fac Dev Capital Program | | \$700,000 | |
| <p>This action establishes the Vietnamese Cultural Heritage Garden Reserve in the amount of \$700,000. Funding was previously allocated and encumbered in the Vietnamese Cultural Heritage Garden project. However, as funding was not needed at that time, the allocation was liquidated. This action will re-commit the funds to future improvements at the Vietnamese Cultural Heritage Garden. The City is currently identifying a scope of work that will augment other improvements made by the Vietnamese Heritage Society. Once a new agreement is reached with the Vietnamese Heritage Society, it will be brought forward for City Council consideration. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended elsewhere in this report to offset this action.</p> | | | | |
| TOTAL CONST/CONV TAX PKS CW FUND (391) | | | \$0 | \$0 |
| CONSTRUCTION EXCISE TAX FD (465) | | | | |
| <i>Earned Revenue - Metropolitan Transportation Commission (Climate Initiative Grant - Walk n' Roll)</i> | Traffic Capital Program | | | (\$14,000) |
| <p>This action decreases the revenue estimate for grant funding from the Metropolitan Transportation Commission, which provides funding for the Walk n' Roll San José project. As part of the development of the 2014-2015 Adopted Capital Budget, revenues were programmed to be received in 2014-2015; however, \$14,000 of the programmed revenues was received in 2013-2014. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.</p> | | | | |
| <i>Earned Revenue - Metropolitan Transportation Commission (One Bay Area Grant - Pavement Maintenance - Federal)</i> | Traffic Capital Program | | | (\$483,000) |
| <p>This action decreases the revenue estimate for grant funding from the Metropolitan Transportation Commission, which provides funding for the Pavement Maintenance - Federal project. As part of the development of the 2014-2015 Adopted Capital Budget, revenues were programmed to be received in 2014-2015; however, \$483,000 of the programmed revenues was received in 2013-2014. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.</p> | | | | |
| <i>Ending Fund Balance Adjustment</i> | Traffic Capital Program | | (\$7,965,196) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| <i>Inter-Agency Encroachment Permit/Earned Revenue</i> | Traffic Capital Program | | \$650,000 | \$650,000 |
| <p>This action increases the Inter-Agency Encroachment Permit appropriation and recognizes the corresponding revenue reimbursement from the Valley Transportation Authority as part of the City's Bus Rapid Transit (BRT) agreement. This project provides increased encroachment permit review and inspection services, including construction inspection and underground utilities services.</p> | | | | |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---------------------------|------------------|------------------|------------------|
| CONSTRUCTION EXCISE TAX FD (465) | | | | |
| <i>LED Streetlight Program/Earned Revenue</i> | Traffic Capital Program | | \$350,000 | \$232,000 |
| <p>This action increases the LED Streetlight Program appropriation by \$350,000 and recognizes funding of \$232,000 from the East Side Union High School District and Santa Clara County for the cost sharing portion of LED streetlight conversion along White Road. As part of the grant agreement, a local match of \$118,000 is required, which is recommended to be funded from the Ending Fund Balance in the Construction Excise Tax Fund.</p> | | | | |
| <i>Pavement Maintenance - City</i> | Traffic Capital Program | | \$3,250,000 | |
| <p>This action increases the Pavement Maintenance - City appropriation by \$3,250,000, which is funded by the additional Construction Excise Tax revenue received in 2013-2014. Funding will be used for sealing and resurfacing of streets in the City's 400-mile Priority Street Network as directed by the City Council, as part of the approval of the Mayor's June Budget Message for Fiscal Year 2014-2015. This action will increase the 2014-2015 budget for City-funded pavement maintenance from \$20.0 million to \$23.3 million. A decrease to the Ending Fund Balance to offset this action is also recommended elsewhere in this report.</p> | | | | |
| <i>Pavement Maintenance - State Gas Tax</i> | Traffic Capital Program | | \$3,830,196 | |
| <p>This action increases the Pavement Maintenance - State Gas Tax appropriation in the amount of \$3,830,196 to reflect State gas tax collected in excess of the 2013-2014 estimate. A decrease to the Ending Fund Balance to offset this action is also recommended elsewhere in this report.</p> | | | | |
| <i>Safety - Traffic Signal Rehabilitation</i> | Traffic Capital Program | | \$270,000 | |
| <p>This action increases the Safety - Traffic Signal Rehabilitation appropriation by \$270,000. This project provides funding for repairs to vehicle loops that have failed at approximately 200 signalized intersections. These vehicle loops are critical to providing efficient intersection operation and for minimizing travel delays. A decrease to the Ending Fund Balance to offset this action is also recommended elsewhere in this report.</p> | | | | |
| <i>Santa Clara - Alum Rock Bus Rapid Transit/Earned Revenue</i> | Traffic Capital Program | | \$340,000 | \$340,000 |
| <p>This action increases the Santa Clara - Alum Rock Bus Rapid Transit appropriation and recognizes the corresponding revenue reimbursement from the Valley Transportation Authority. Funding will be used for additional design and construction services for the Bus Rapid Transit project.</p> | | | | |
| TOTAL CONSTRUCTION EXCISE TAX FD (465) | | | \$725,000 | \$725,000 |
| CONV CTR FACIL DIST REV FD (791) | | | | |
| <i>Debt Service: Special Tax Bonds</i> | Finance | | \$925 | |
| <p>This action increases the Debt Service: Special Tax Bond appropriation in the amount of \$925 to align the payment made to the Trustee to the correct appropriation (\$625) and increase the amount estimated (\$300). This action is partially offset by a reduction in the Trustee Payment appropriation.</p> | | | | |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------------------------|------------------|-------------|---------------|
| CONV CTR FACIL DIST REV FD (791) | | | | |
| Ending Fund Balance Adjustment | Finance | | (\$300) | |
| This action decreases the Ending Fund Balance to offset actions recommended in this report. | | | | |
| Trustee Payment | Finance | | (\$625) | |
| This action eliminates the Trustee Payment appropriation in the amount of \$625. This action, combined with another recommendation in this report, correctly aligns the payment to the Trustee from the Debt Service: Special Tax Bonds appropriation. | | | | |
| TOTAL CONV CTR FACIL DIST REV FD (791) | | | \$0 | \$0 |
| CONV CTR FACILI DIST PROJ FD (691) | | | | |
| Convention Center Expansion and Renovation Project | Muni Improvements Capital Program | | \$55,405 | |
| This action increases the Convention Center Expansion and Renovation Project appropriation by \$55,405 to provide funding for the close-out costs associated with the completion of this project. This project was accepted for beneficial use in September 2013. | | | | |
| Ending Fund Balance Adjustment | Muni Improvements Capital Program | | (\$55,405) | |
| This action decreases the Ending Fund Balance to offset the action recommended in this report. | | | | |
| TOTAL CONV CTR FACILI DIST PROJ FD (691) | | | \$0 | \$0 |
| CONV/CULTURAL AFFAIRS FUND (536) | | | | |
| Capital Reserve | Economic Development | | \$300,000 | |
| This action increases the Capital Reserve in the amount of \$300,000 from \$2.1 million to \$2.4 million to set aside funding for future capital needs at the Convention Center and other cultural facilities managed by Team San Jose. | | | | |
| Ending Fund Balance Adjustment | Economic Development | | (\$733,766) | |
| This action decreases the Ending Fund Balance to offset actions recommended in this report. | | | | |
| Rehabilitation / Repair - Electrical | Economic Development | | \$405,000 | |
| This action increases the Rehabilitation/Repair - Electrical appropriation in the amount of \$405,000 to fund additional work encountered during the upgrade of the audio system that was required as the result of the expansion and renovation of the Convention Center (\$205,000) and the completion of WiFi installation throughout the cultural facilities (\$200,000). | | | | |
| Team San Jose Management Fee (Incentive Fee) | Economic Development | | \$150,000 | |
| This action increases the Team San Jose (TSJ) Management Fee (Incentive Fee) appropriation by \$150,000 in order to fund the anticipated adjustment to this fee based on the unaudited results regarding the achievement of 2013-2014 performance measures which would generate the maximum incentive fee of \$350,000. The final determination and payment of the incentive fee will occur subsequent to the City Council's acceptance of the City Auditor's evaluation of the TSJ's performance, which is expected in the fall of 2014. | | | | |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|------------------|------------------|------------------|
| CONV/CULTURAL AFFAIRS FUND (536) | | | | |
| <i>Transfer to the General Fund (Broadway San José)/Earned Revenue</i> | Economic Development | | \$273,682 | \$60,000 |
| <p>This action increases earned revenue estimate by \$60,000 and increases the Transfer to the General Fund by \$273,682. This reconciling adjustment is recommended to account for ticket proceeds that were deposited into this fund that were to be used for the repayment of a \$1.0 million loan from the General Fund to the American Musical Theater (AMT). These funds are generated through the collection by Team San Jose of \$1 per every Broadway San José ticket sold. A year-end reconciliation has identified a total of \$213,682 that has been deposited in the Convention and Cultural Affairs Fund since 2009. This action will transfer these funds to the General Fund, the originating funding source of the AMT loan, as well as an estimated \$60,000 to account for anticipated ticket sales in 2014-2015. A corresponding action in the General Fund is included elsewhere in this report.</p> | | | | |
| <i>Transfers (TOT Revenue Reconciliation)</i> | Economic Development | | | \$334,916 |
| <p>Actual 2013-2014 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$17.2 million by \$669,832. This action increases the Transfer from the TOT Fund to the Convention and Cultural Affairs Fund in the amount of \$334,916 in accordance with the distribution formula outlined in the San José Municipal Code. A corresponding action in the Transient Occupancy Tax Fund is also recommended elsewhere in this report.</p> | | | | |
| TOTAL CONV/CULTURAL AFFAIRS FUND (536) | | | \$394,916 | \$394,916 |
| EDW BYRNE MEMORIAL JAG FD (474) | | | | |
| <i>2011 Justice Assistance Grant</i> | Police | | \$163 | |
| <p>This action increases the 2011 Justice Assistance Grant to reflect earned interest earnings for the JAG 2011 grant cycle, that were previously unallocated, in order to repay the granting agency per grant provisions. The spending plan for this grant includes equipment, crime prevention and education programs, and grant administration.</p> | | | | |
| <i>2012 Justice Assistance Grant</i> | Police | | \$216 | |
| <p>This action increases the 2012 Justice Assistance Grant appropriation to reflect interest earnings for the JAG 2012 grant cycle, that were previously unallocated, in order to expend these funds by the spending deadline of September 30, 2015. The spending plan for this grant includes equipment as well as crime prevention and community education programs.</p> | | | | |
| <i>Ending Fund Balance Adjustment</i> | Police | | (\$379) | |
| <p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p> | | | | |
| TOTAL EDW BYRNE MEMORIAL JAG FD (474) | | | \$0 | \$0 |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|------------------|-------------|---------------|
| FEDERAL DRUG FORFEITURE FUND (419) | | | | |
| Ending Fund Balance Adjustment | Police | | (\$10,000) | |
| This action decreases the Ending Fund Balance to offset actions recommended in this report. | | | | |
| Non-Personal/Equipment (Gun Buy Back Program) | Police | | \$10,000 | |
| This action will increase the Police Department's Non-Personal/Equipment appropriation to fund a Gun Buy Back event in early December 2014. The funds will be used to purchase gift cards that will be exchanged for firearms. The firearms will be collected by the Police Department and destroyed. | | | | |
| TOTAL FEDERAL DRUG FORFEITURE FUND (419) | | | \$0 | \$0 |
| GENERAL PURPOSE PARKING FD (533) | | | | |
| Ending Fund Balance Adjustment | Transportation | | (\$500,000) | |
| This action decreases the Ending Fund Balance to offset the action recommended in this report. | | | | |
| Minor Parking Facility Improvements | Transportation | | \$500,000 | |
| This action increases the Minor Parking Facility Improvements appropriation by \$500,000 to address significant deferred maintenance at the City's parking garages to include garage painting, energy efficiency lighting upgrades, asphalt surface replacement and repair, and concrete surface repair. | | | | |
| TOTAL GENERAL PURPOSE PARKING FD (533) | | | \$0 | \$0 |
| GIFT TRUST FUND (139) | | | | |
| Books for Little Hands/Earned Revenue | Library | | \$2,000 | \$2,000 |
| This action increases the Books for Little Hands appropriation and Earned Revenue estimate to recognize and appropriate a \$2,000 gift made by the San José Public Library Foundation (funds were donated by Target Corporation) in support of the Books and More! Family Kits. Books and More! is a comprehensive early literacy program for pre-school children and consists of a clear plastic backpack filled with bilingual books for preschool-age developing readers, along with a music CD, parenting tips DVD, and an age-appropriate toy related to the theme of the books. | | | | |
| Library Literacy Project/Earned Revenue | Library | | \$1,000 | \$1,000 |
| This action increases the Library Literacy Project appropriation and Earned Revenue estimate to recognize and appropriate a \$1,000 gift made by the San José Public Library Foundation (funds were donated by Jon and Katherine Dart Charitable Foundation) in support of Partners in Reading. Partners in Reading provides free one-to-one and small group tutoring for adults whose reading or writing skills are below the ninth grade level. | | | | |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|------------------|-----------------|-----------------|
| GIFT TRUST FUND (139) | | | | |
| <i>Library-General Gifts/Earned Revenue</i> | Library | | \$10,708 | \$10,708 |
| <p>This action increases the Library-General Gifts appropriation and Earned Revenue estimate to recognize and appropriate gifts made by various Friends of the Library groups and the San José Library Foundation in support of the following: Dr. Martin Luther King Jr. Library for programming, supplies, and materials (\$2,025); Berryessa Target Gift Trust Fund (\$2,000); Calabazas Branch Library for programming, supplies, and materials (\$2,000); Berryessa Branch Library for programming, supplies, and materials (\$1,500); Willow Glen Branch Library for programming, supplies, and materials (\$1,350); Santa Teresa Branch Library for programming, supplies, and materials (\$748); Joyce Ellington Branch Library for programming, supplies, and materials (\$560); Vineland Branch Library for programming, supplies, and materials (\$325); and Hillview Branch Library for programming, supplies, and materials (\$200).</p> | | | | |
| TOTAL GIFT TRUST FUND (139) | | | \$13,708 | \$13,708 |
| HOME INVEST PART PROG FUND (445) | | | | |
| <i>Ending Fund Balance Adjustment</i> | Housing | | (\$500,000) | |
| <p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p> | | | | |
| <i>Housing Loans and Grants</i> | Housing | | \$500,000 | |
| <p>This action increases the Housing Loans and Grants appropriation by \$500,000 from \$9,554,000 to \$10,054,000 to fund construction loan expenditures associated with the Donner Lofts Apartments project. The Donner Lofts Apartments project is a 102-unit development project that will provide permanent, affordable rental housing. This action will bring funding associated with the project to \$5,400,000.</p> | | | | |
| TOTAL HOME INVEST PART PROG FUND (445) | | | \$0 | \$0 |
| ICE CENTRE REVENUE FUND (432) | | | | |
| <i>Ending Fund Balance Adjustment</i> | Finance | | (\$1,864,863) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p> | | | | |
| <i>Previously Approved Repairs Reserve</i> | Finance | | \$1,864,863 | |
| <p>This action increases the Previously Approved Repairs Reserve to set aside funding for unexpended capital repairs projects at the Shark's Ice Centre at San José that were previously approved and budgeted in the Ice Centre Revenue Fund. Authorized repairs include the North/Center Ice Plant Replacement, electrical, mechanical, miscellaneous, structures, and unanticipated/emergency repairs. Once actual expenditures are incurred and submitted by the Sharks Ice Center at San José for reimbursement, recommended actions to liquidate and appropriate the funding in this reserve will be brought forward for City Council approval.</p> | | | | |
| TOTAL ICE CENTRE REVENUE FUND (432) | | | \$0 | \$0 |

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|--|-------------------------------|------------------|-------------|---------------|
| INTEGRATED WASTE MGT FUND (423) | | | | |
| City Facilities Recycle Plus (Late Fees) | Environmental Services | | \$1,000 | |
| This action increases the City Facilities Recycle Plus (Late Fees) appropriation by \$1,000 to align with the amount needed for 2014-2015 (\$626,000). Inadvertently, as part of the development of the 2014-2015 Adopted Budget, only \$625,000 was budgeted in this appropriation. | | | | |
| Ending Fund Balance Adjustment | Environmental Services | | \$620,680 | |
| This action increases the Ending Fund Balance to offset the actions recommended in this report. | | | | |
| Non-Personal/Equipment (City Facilities Recycle Plus - Late Fees) | Environmental Services | | (\$626,000) | |
| This action decreases the ESD Non-Personal/Equipment appropriation by \$626,000. This amount was inadvertently appropriated in the ESD Non-Personal/Equipment appropriation to account for the expenditure of late fees as part of the development of the 2014-2015 Adopted Budget. However, this use was also budgeted in a separate City Facilities Recycle Plus (Late Fees) appropriation that will be used for this purpose. | | | | |
| Non-Personal/Equipment (AMANDA Licenses) | Planning, Bldg, & Code Enf | | \$4,320 | |
| This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$4,320 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$35,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. A portion of the AMANDA license costs will be covered by the Integrated Waste Management Fund for the collection of Environmental Services Department-related development permits. When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually estimated at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report. | | | | |
| TOTAL INTEGRATED WASTE MGT FUND (423) | | | \$0 | \$0 |
| LIFE INSURANCE FUND (156) | | | | |
| Ending Fund Balance Adjustment | Human Resources | | (\$68,500) | |
| This action decreases the Ending Fund Balance to offset the action recommended in this report. | | | | |

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|--|---------------------------|------------------|----------------|---------------|
| LIFE INSURANCE FUND (156) | | | | |
| Insurance Premiums | Human Resources | | \$68,500 | |
| <p>This action increases the Insurance Premiums appropriation by \$68,500 in order to complete a one-time payment to the City's Life Insurance Vendor for two years of underpaid premiums. Over the past two years, the premium payments to the City's vendor had an inadvertent error in the calculation, resulting in underpayments, consequently increasing the Ending Fund Balance annually. This action corrects this error by providing sufficient funding to complete this reconciling payment. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.</p> | | | | |
| TOTAL LIFE INSURANCE FUND (156) | | | \$0 | \$0 |
| LOW/MOD INCOME HSNB ASSET FD (346) | | | | |
| Ending Fund Balance Adjustment | Housing | | (\$10,900,000) | |
| <p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p> | | | | |
| Housing Project Reserve | Housing | | \$10,800,000 | |
| <p>This action establishes a Housing Project Reserve in the amount of \$10.8 million. This reserve will fund various future projects, including 2nd Street Apartments and North San Pedro Townhomes, that are currently not expected to incur expenses in 2014-2015.</p> | | | | |
| Non-Personal/Equipment (Furniture and Equipment) | Housing | | \$50,000 | |
| <p>This action increases the Housing Department's Non-Personal/Equipment appropriation by \$50,000 to fund computer hardware and software (\$35,000) and furniture (\$15,000) replacement purchases. The Department will replace computer hardware and furniture that has reached end of life.</p> | | | | |
| Successor Agency to the Redevelopment Agency | Housing | | \$50,000 | |
| <p>This action increases the Successor Agency to the Redevelopment Agency appropriation by \$50,000 to fund loan repayments for the YWCA project loan.</p> | | | | |
| TOTAL LOW/MOD INCOME HSNB ASSET FD (346) | | | \$0 | \$0 |
| MULTI-SOURCE HOUSING FD (448) | | | | |
| Ending Fund Balance Adjustment | Housing | | (\$13,000,000) | |
| <p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p> | | | | |
| HOPWA SHAPPS/Earned Revenue | Housing | | (\$24,130) | (\$24,130) |
| <p>In 2013-2014, the City received a \$1.3 million three-year grant for the Housing Opportunities for Persons with AIDS (HOPWA) Permanent Supportive Housing program. This action reduces the HOPWA SHAPPS appropriation and the Earned Revenue estimate by \$24,130 to align the budget and the Federal reimbursement with the actual number of rental subsidies to be provided.</p> | | | | |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|-----------------------------|------------------|----------------------|----------------------|
| MULTI-SOURCE HOUSING FD (448) | | | | |
| <i>Housing Project Reserve</i> | Housing | | \$13,000,000 | |
| This action establishes a Housing Project Reserve in the amount of \$13.0 million. This reserve will fund various projects, including Leigh Avenue and supportive housing projects for the homeless, that are currently not expected to incur expenses in 2014-2015. | | | | |
| <i>Recovery Act - Neighborhood Stabilization Program 2/Earned Revenue</i> | Housing | | (\$4,481,630) | (\$4,481,630) |
| This action reduces the Recovery Act - Neighborhood Stabilization Program (NSP) 2 appropriation and the Recovery Act - Federal Revenue estimate by \$4,481,630 based on changes to the San José NSP Consortium Agreement between the City of San José and the Housing Trust of Silicon Valley. The original agreements allowed for the City to retain all program income generated from the resale and recapture of NSP funded acquisition projects. The original agreement also assigned the Housing Department with the responsibility to fund and manage all development and/or rehabilitation of NSP eligible projects. Under the new agreement, all program income is to be returned to and managed by the Housing Trust of Silicon Valley as the lead agency. | | | | |
| TOTAL MULTI-SOURCE HOUSING FD (448) | | | (\$4,505,760) | (\$4,505,760) |
| MUNICIPAL GOLF COURSE FUND (518) | | | | |
| <i>Ending Fund Balance Adjustment</i> | Parks, Rec, & Neigh Svcs | | \$130,000 | |
| This action increases the Ending Fund Balance to offset the actions described below. | | | | |
| <i>Los Lagos Golf Course/Earned Revenue</i> | Parks, Rec, & Neigh Svcs | | \$100,000 | (\$30,000) |
| This action increases the Los Lagos Golf Course expenditure appropriation by \$100,000, and decreases the Los Lagos Golf Course Earned Revenue by \$30,000 in the Municipal Golf Course Fund. The expenditure appropriation covers payments to course operators in months when course fees are unable to cover the fixed costs of operating the facilities. When the 2014-2015 Adopted Budget was developed, it was assumed that the activities at Los Lagos would remain at the same levels as experienced in 2012-2013; however, actual performance in 2013-2014 fell below expectations. The downward trend in revenue combined with the upward trend in expenditures experienced in 2013-2014 at Los Lagos supports the need for these budget adjustments. A corresponding increase to the Transfer from the General Fund is also recommended to offset these actions. | | | | |

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| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|-----------------------------|------------------|------------------|------------------|
| MUNICIPAL GOLF COURSE FUND (518) | | | | |
| <i>Rancho del Pueblo Golf Course</i> | Parks, Rec, & Neigh Svcs | | \$40,000 | |
| The action increases the Rancho del Pueblo Golf Course expenditure appropriation in the Municipal Golf Course Fund by \$40,000. The expenditure appropriation covers payments to course operators in months when course fees are unable to cover the fixed costs of operating the facilities. When the 2014-2015 Adopted Budget was developed, it was assumed that activity at Rancho del Pueblo would remain at 2013-2014 levels; however, actual performance in 2013-2014 fell below expectations. The upward trend in expenditures indicates a need for this budget adjustment. A corresponding increase to the Transfer from the General Fund is also recommended to partially offset this action. | | | | |
| <i>Transfer from the General Fund</i> | Parks, Rec, & Neigh Svcs | | | \$300,000 |
| This action increases the Transfer to the Municipal Golf Course Fund from the General Fund in the amount of \$300,000, from \$1.6 million to \$1.9 million. This General Fund subsidy level is slightly below the 2013-2014 level of \$2.0 million. When the 2014-2015 Adopted Budget was developed, it was assumed that activity would remain at approximately the estimated 2013-2014 levels. However, actual performance in 2013-2014 fell below expectations with slightly lower revenues as well as higher than expected expenditures. The downward trend in revenues combined with the upward trend in expenditures have been experienced in recent years. To account for actual performance in this fund, this action recommends an increase of the transfer from the General Fund to the Municipal Golf Course Fund to ensure sufficient fund balance in this Fund. Combined with additional adjustments described elsewhere in this document, this action will bring the 2014-2015 Ending Fund Balance to approximately \$400,000. A corresponding action in the General Fund is also recommended in this report. | | | | |
| TOTAL MUNICIPAL GOLF COURSE FUND (518) | | | \$270,000 | \$270,000 |
| SEWER SVC & USE CHARGE FD (541) | | | | |
| <i>Burrowing Owl Habitat Management/Earned Revenue</i> | Environmental Services | | \$200,000 | \$200,000 |
| This action increases the Earned Revenue estimate by \$200,000 and increases the ESD Non-Personal/Equipment appropriation by \$200,000 for Burrowing Owl Habitat Management. On June 17, 2014, the City Council approved an agreement with Cisco Systems, Inc. for the donation and transfer of 21.4 acres of land in the Alviso area to the City of San José. The property, adjacent to the owl habitat identified within the Plant Master Plan, will be added to the Master Plan owl habitat. The property is to remain as open space and wetlands and is to be used for and maintained as a habitat for the burrowing owls. Upon completion of the transfer of the property to the City and the close of escrow, the City of San José will receive a one-time payment of \$200,000 from the North First Street Investors and the North First Developers escrow funds to maintain the property. | | | | |
| TOTAL SEWER SVC & USE CHARGE FD (541) | | | \$200,000 | \$200,000 |

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---|------------------|-------------|---------------|
| SJ ARENA CAPITAL RESERVE FD (459) | | | | |
| Ending Fund Balance Adjustment | Economic Development | | (\$376,319) | |
| This action decreases the Ending Fund Balance to offset the action recommended in this report. | | | | |
| Previously Approved Repairs Reserve | Economic Development | | \$376,319 | |
| This action increases the Previously Approved Repairs Reserve to set aside funding for unexpended capital repairs projects at the San José Arena (SAP Center) that were previously approved and budgeted in the San José Arena Capital Reserve Fund. Authorized repairs include electrical, mechanical, structures, miscellaneous, and unanticipated/emergency repairs. | | | | |
| TOTAL SJ ARENA CAPITAL RESERVE FD (459) | | | \$0 | \$0 |
| STORM SEWER OPERATING FD (446) | | | | |
| Ending Fund Balance Adjustment | Environmental Services | | (\$2,160) | |
| This action decreases the Ending Fund Balance to offset the action recommended in this report. | | | | |
| Non-Personal/Equipment (AMANDA Licenses) | Planning, Bldg, & Code Enf | | \$2,160 | |
| This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$2,160 for its share of the purchase of 140 user licenses for the city-wide Development Services permitting system (AMANDA). The total cost of the additional licenses is \$215,500 (\$180,000 for licenses and \$35,500 for associated maintenance costs), which will be funded primarily by the Development Services partners. A portion of the AMANDA license costs will be covered by the Storm Sewer Operating Fund for the collection of Environmental Services Department-related development permits. When AMANDA was upgraded to Version 6 in July 2014, the concurrent use of the system was limited to 60 license holders. Due to an inadvertent error in budgeting for the number of license holders, the need for concurrent users is actually estimated at 200. The additional licenses will allow staff to use the system without being denied access or timed out, resulting in the loss of works-in-progress, delays in completing work, and the inability to meet service levels expected by the public. The ongoing maintenance costs will be considered as part of the development of the 2015-2016 budget. A corresponding decrease to the Storm Sewer Operating Fund's ending fund balance is also included elsewhere in this report to offset this action. | | | | |
| TOTAL STORM SEWER OPERATING FD (446) | | | \$0 | \$0 |
| SUBDIVISION PARK TRUST FUND (375) | | | | |
| Future PDO/PIO Projects Reserve | Parks & Comm Fac Dev Capital Program | | (\$264,000) | |
| This action decreases the Future PDO/PIO Projects Reserve to offset the actions recommended in this report. | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---|------------------|-------------|---------------|
| SUBDIVISION PARK TRUST FUND (375) | | | | |
| <p><i>Orchard Turnkey Park Design Review and Inspection</i></p> <p>This action establishes the Orchard Turnkey Park Design Review and Inspection allocation in the amount of \$231,000. As part of its Parkland Dedication Ordinance requirement, the New Home Company is constructing a new turnkey park near Old Oakland Road. In addition, the developer provided funding (\$231,000) for Public Works Department design review and inspection services related to the construction of the new turnkey park. This action recommends allocating the funding, which was received in 2013-2014, to the Orchard Turnkey Park Design Review and Inspection project. A reduction to the Future PDO/PIO Projects Reserve is recommended elsewhere in this report to offset this action.</p> | Parks & Comm Fac Dev Capital Program | | \$231,000 | |
| <p><i>TRAIL: Doerr Parkway Design</i></p> <p>This action establishes the TRAIL: Doerr Parkway Design allocation in the amount of \$100,000. This project will provide funding to prepare construction documents and environmental review reports for the future construction of a 535 foot paved trail along a utility corridor leading to Doerr Park. A reduction to the TRAIL: Doerr Parkway Reserve (\$81,000) and Future PDO/PIO Projects Reserve (\$19,000) is recommended elsewhere in this report to offset this action.</p> | Parks & Comm Fac Dev Capital Program | | \$100,000 | |
| <p><i>TRAIL: Doerr Parkway Real Estate Services</i></p> <p>This action establishes the TRAIL: Doerr Parkway Real Estate Services allocation in the amount of \$50,000. This allocation will provide funding to support staff costs (Office of Economic Development, Public Works Department, and Planning, Building and Code Enforcement Department) related to the resolution of property issues and title adjustments along Doerr Parkway. A reduction to the TRAIL: Doerr Parkway Reserve is recommended elsewhere in this report to offset this action.</p> | Parks & Comm Fac Dev Capital Program | | \$50,000 | |
| <p><i>TRAIL: Doerr Parkway Reserve</i></p> <p>This action decreases the TRAIL: Doerr Parkway Reserve by \$131,000. Additional recommendations are included in this report to allocate funding for real estate services (\$50,000) and design costs (\$81,000) related to Doerr Parkway.</p> | Parks & Comm Fac Dev Capital Program | | (\$131,000) | |
| <p><i>TRAIL: Thompson Creek (Tully Road to Quimby Road)</i></p> <p>This action increases the TRAIL: Thompson Creek (Tully Road to Quimby Road) project by \$14,000, bringing the 2014-2015 allocation to \$699,000. This project provides funding for improvements along Thomspon Creek Trail from Tully Road to Quimby Road, including installing trail signage, repairing the trestle structure, constructing a paved surface upon an existing maintenance road, and installing new fencing. A reduction to the Future PDO/PIO Projects Reserve is recommended elsewhere in this report to offset this action.</p> | Parks & Comm Fac Dev Capital Program | | \$14,000 | |
| <p><i>Tamien Park Development Reserve</i></p> <p>This action reduces the Tamien Park Development Reserve by \$21,000. A corresponding recommendation is included in this report to allocate the funding for master planning efforts at Tamien Park.</p> | Parks & Comm Fac Dev Capital Program | | (\$21,000) | |

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---|------------------|------------------|------------------|
| SUBDIVISION PARK TRUST FUND (375) | | | | |
| <i>Tamien Park Master Plan</i> | Parks & Comm Fac Dev Capital Program | | \$21,000 | |
| <p>This action increases the Tamien Park Master Plan allocation by \$21,000, bringing 2014-2015 funding to \$24,000. Master planning efforts began in 2013-2014 and will continue through 2014-2015. Once a conceptual plan has been developed and environmental review work related to the parksites have concluded, a project scope and construction cost schedule can be determined for Tamien Park. A corresponding reduction to the Tamien Park Development Reserve is recommended elsewhere in this report to offset this action.</p> | | | | |
| TOTAL SUBDIVISION PARK TRUST FUND (375) | | | \$0 | \$0 |
| SUPPL LAW ENF SVCES FUND (414) | | | | |
| <i>Ending Fund Balance Adjustment</i> | Police | | (\$4,970) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| <i>SLES Grant 2012-2014</i> | Police | | \$2,337 | |
| <p>This action increases the SLES grant 2012-2014 appropriation to reflect interest earned after the spending deadline, which was previously unallocated, in order to spend the funds for eligible grant purposes and/or repay the granting agency per grant provisions.</p> | | | | |
| <i>SLES Grant 2013-2015/Earned Revenue</i> | Police | | \$412,101 | \$409,468 |
| <p>This action recognizes and appropriates payments from the State of California for the 2013-2015 SLES Grant (\$409,468) as well as interest income earned on the funding for the 2013-2015 grant cycle (\$2,633). Funding will be used in accordance with the spending plan that was approved by the City Council on March 25, 2014. The spending plan allocates funding for department technology upgrades, officer safety equipment, substation Furniture, Fixtures, & Equipment (FF&E), and grant administration.</p> | | | | |
| TOTAL SUPPL LAW ENF SVCES FUND (414) | | | \$409,468 | \$409,468 |
| TRANSIENT OCCUPANCY TX FD (461) | | | | |
| <i>Ending Fund Balance Adjustment (TOT Revenue Reconciliation)</i> | Convention Facilities Dept | | (\$669,832) | |
| <p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p> | | | | |
| <i>San José Convention and Visitors Bureau (TOT Revenue Reconciliation)</i> | Convention Facilities Dept | | \$167,458 | |
| <p>Actual 2013-2014 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$17.2 million by \$669,832. This action increases the San José Convention and Visitors Bureau allocation in the amount of \$167,458 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue.</p> | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|-----------------------------------|------------------|-------------|---------------|
| TRANSIENT OCCUPANCY TX FD (461) | | | | |
| <i>Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)</i> | Convention Facilities Dept | | \$334,916 | |
| Actual 2013-2014 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$17.2 million by \$669,832. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$334,916 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding action in the Convention and Cultural Affairs Fund is also recommended elsewhere in this report. | | | | |
| <i>Cultural Grants (TOT Revenue Reconciliation)</i> | Economic Development | | \$167,458 | |
| Actual 2013-2014 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$17.2 million by \$669,832. This action increases the Cultural Grants allocation in the amount of \$167,458 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. | | | | |
| TOTAL TRANSIENT OCCUPANCY TX FD (461) | | | \$0 | \$0 |
| WATER UTILITY CAPITAL FUND (500) | | | | |
| <i>Ending Fund Balance Adjustment</i> | Water Utility Sys Capital Program | | (\$104,000) | |
| This action decreases the Ending Fund Balance to offset the actions recommended in this report. | | | | |
| <i>Infrastructure Improvements</i> | Water Utility Sys Capital Program | | \$90,000 | |
| This action increases the Infrastructure Improvements appropriation by \$90,000. In April 2014, this amount was encumbered to fund contractual services; however, the procurement process could not be completed by the end of 2013-2014, so the purchase request was cancelled, with the funds falling to the 2013-2014 Ending Fund Balance. This action restores the funding for this use. | | | | |
| <i>Meter Installations</i> | Water Utility Sys Capital Program | | \$14,000 | |
| This action increases the Meter Installations appropriation by \$14,000. Revenues from 2013-2014 exceeded the estimate and will be used to purchase and install new meters at construction sites. | | | | |
| TOTAL WATER UTILITY CAPITAL FUND (500) | | | \$0 | \$0 |
| WORKFORCE INVSTMNT ACT FD (290) | | | | |
| <i>Administration/Earned Revenue</i> | Economic Development | | \$1,934 | \$1,934 |
| This action increases the Administration appropriation by \$1,934 to align with allotments issued by the U.S. Department of Labor. A corresponding increase to grant funding from the State of California is recommended to offset this action. | | | | |

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2013-2014

| <u>Action</u> | <u>Department/Program</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|------------------|--------------------|--------------------|
| WORKFORCE INVSTMNT ACT FD (290) | | | | |
| <i>Adult Workers/Earned Revenue</i> | Economic Development | | \$1,185,099 | \$1,185,099 |
| <p>This action increases the Adult Workers appropriation by \$1,185,099 and recognizes the corresponding grant funding from the State of California. Each annual grant allocation, which is issued by the U.S. Department of Labor, is available for a two-year period after which unspent allocations are forfeited. This action appropriates the second year allocation of the 2013-2014 grant. This program provides job training, occupational courses, work readiness certification, and other services that prepare unemployed adult workers to successfully enter the workforce.</p> | | | | |
| <i>Program Allocation Reserve</i> | Economic Development | | (\$455,930) | |
| <p>This action decreases the Program Allocation Reserve by \$455,930 to appropriate funding that was set aside for future needs of the Youth Workers Program. A corresponding increase to the Youth Workers appropriation is recommended to reflect higher than anticipated enrollment in 2014-2015.</p> | | | | |
| <i>Rapid Response Grant/Earned Revenue</i> | Economic Development | | \$127,159 | \$127,159 |
| <p>This action increases the Rapid Response Grant appropriation by \$127,159 and recognizes the corresponding grant funding from the State of California. This action reflects the actual grant award received for 2014-2015. This program provides job training services to businesses and workers impacted or at risk of being impacted by company closures or layoffs.</p> | | | | |
| <i>Youth Workers</i> | Economic Development | | \$455,930 | |
| <p>This action increases the Youth Workers appropriation by \$455,930 to reflect higher than anticipated enrollment in 2014-2015. This program provides job training, career coaching, vocational assessments, and other services that prepare youth ranging from 18 to 21 in age to secure employment. A corresponding decrease to the Program Allocation Reserve is recommended to offset this action.</p> | | | | |
| TOTAL WORKFORCE INVSTMNT ACT FD (290) | | | \$1,314,192 | \$1,314,192 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|------------------|------------------|------------|---------------------|------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CAPITAL PROJECTS | | | | | | | |
| Budget Adjustments | | | | | | | |
| Police Administration Building Security Upgrades Adjustment | | | \$100,000 | \$100,000 | | \$0 | \$100,000 |
| Budget Adjustments Total | \$0 | \$0 | \$100,000 | \$100,000 | \$0 | \$0 | \$100,000 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Arena Repairs | | | \$42,000 | \$42,000 | | \$0 | \$42,000 |
| Rebudget: Bucknall Road Project | | | \$25,000 | \$25,000 | | \$0 | \$25,000 |
| Rebudget: City Cultural Facilities Capital Maintenance | | | \$14,000 | \$14,000 | | \$0 | \$14,000 |
| Rebudget: City Hall Waterproofing | | | \$142,000 | \$142,000 | | \$0 | \$142,000 |
| Rebudget: Downtown Ice Rink Improvements | | | (\$70,000) | (\$70,000) | | \$0 | (\$70,000) |
| Rebudget: Fire Apparatus Replacement | | | \$5,000 | \$5,000 | | \$0 | \$5,000 |
| Rebudget: Fire Facilities Remediation | | | \$100,000 | \$100,000 | | \$0 | \$100,000 |
| Rebudget: Kelley House Demolition | | | (\$7,000) | (\$7,000) | | \$0 | (\$7,000) |
| Rebudget: Police Administration Building Generator Replacement | | | \$150,000 | \$150,000 | | \$0 | \$150,000 |
| Rebudget: Police Administration Building HVAC Controls Replacement | | | \$67,000 | \$67,000 | | \$0 | \$67,000 |
| Rebudget: Police Administration Building Security Upgrades | | | (\$100,000) | (\$100,000) | | \$0 | (\$100,000) |
| Rebudget: Police Administration Building/Police Communications Center Chiller Replacements | | | \$253,000 | \$253,000 | | \$0 | \$253,000 |
| Rebudget: Police Communications Center Electrical System Upgrade | | | \$40,000 | \$40,000 | | \$0 | \$40,000 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|--------------------|--------------------|------------|---------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CAPITAL PROJECTS | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Police Communications Emergency Uninterrupted Power Supply | | | \$321,000 | \$321,000 | | \$0 | \$321,000 |
| Rebudget: Police Communications Fire Protection System Upgrade | | | \$39,000 | \$39,000 | | \$0 | \$39,000 |
| Rebudget: Police Firing Range Lighting | | | \$40,000 | \$40,000 | | \$0 | \$40,000 |
| Rebudget: South San José Police Substation FF&E | | | \$203,000 | \$203,000 | | \$0 | \$203,000 |
| Rebudget: Unanticipated/Emergency Maintenance | | | \$8,000 | \$8,000 | | \$0 | \$8,000 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$1,272,000 | \$1,272,000 | \$0 | \$0 | \$1,272,000 |
| CAPITAL PROJECTS TOTAL | \$0 | \$0 | \$1,372,000 | \$1,372,000 | \$0 | \$0 | \$1,372,000 |
| CITY ATTORNEY | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (Legal Consultant Services) | | \$150,000 | | \$150,000 | | \$0 | \$150,000 |
| Retirement Contributions Reconciliation | (\$119,051) | | | (\$119,051) | | \$0 | (\$119,051) |
| Voluntary Furlough/Reduced Work Week Program | (\$6,000) | | | (\$6,000) | | \$0 | (\$6,000) |
| Clean-Up and Rebudget Actions Total | (\$125,051) | \$150,000 | \$0 | \$24,949 | \$0 | \$0 | \$24,949 |
| CITY ATTORNEY TOTAL | (\$125,051) | \$150,000 | \$0 | \$24,949 | \$0 | \$0 | \$24,949 |
| CITY AUDITOR | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$17,787) | | | (\$17,787) | | \$0 | (\$17,787) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|------------|--------------------|------------|---------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CITY AUDITOR | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Voluntary Furlough/Reduced Work Week Program | (\$13,000) | | | (\$13,000) | | \$0 | (\$13,000) |
| Clean-Up and Rebudget Actions Total | (\$30,787) | \$0 | \$0 | (\$30,787) | \$0 | \$0 | (\$30,787) |
| CITY AUDITOR TOTAL | (\$30,787) | \$0 | \$0 | (\$30,787) | \$0 | \$0 | (\$30,787) |
| CITY CLERK | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$19,191) | | | (\$19,191) | | \$0 | (\$19,191) |
| Voluntary Furlough/Reduced Work Week Program | (\$11,000) | | | (\$11,000) | | \$0 | (\$11,000) |
| Clean-Up and Rebudget Actions Total | (\$30,191) | \$0 | \$0 | (\$30,191) | \$0 | \$0 | (\$30,191) |
| CITY CLERK TOTAL | (\$30,191) | \$0 | \$0 | (\$30,191) | \$0 | \$0 | (\$30,191) |
| CITY MANAGER | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$133,706) | | | (\$133,706) | | \$0 | (\$133,706) |
| Salary Program | \$1,758 | | | \$1,758 | | \$0 | \$1,758 |
| Voluntary Furlough/Reduced Work Week Program | (\$55,000) | | | (\$55,000) | | \$0 | (\$55,000) |
| Clean-Up and Rebudget Actions Total | (\$186,948) | \$0 | \$0 | (\$186,948) | \$0 | \$0 | (\$186,948) |
| CITY MANAGER TOTAL | (\$186,948) | \$0 | \$0 | (\$186,948) | \$0 | \$0 | (\$186,948) |
| CITY-WIDE EXPENSES | | | | | | | |
| Budget Adjustments | | | | | | | |
| 1st Act Silicon Valley Digital Media Grant/Other Revenue | | | \$2,900 | \$2,900 | \$2,900 | \$0 | \$0 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|--------------------|--------------------|--------------------|---------------------|------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CITY-WIDE EXPENSES | | | | | | | |
| Budget Adjustments | | | | | | | |
| After School Education and Safety Programs for 2014-2015/Revenue from Local Agencies | | | \$412,273 | \$412,273 | \$412,273 | \$0 | \$0 |
| Arena Community Fund | | | (\$80,000) | (\$80,000) | | \$0 | (\$80,000) |
| BART Public Art Design/Revenue from Local Agencies | | | \$198,000 | \$198,000 | \$198,000 | \$0 | \$0 |
| Commercial Solid Waste and Recyclables Collection Franchise Fee Refund | | | \$502,000 | \$502,000 | | \$0 | \$502,000 |
| Cultural Affairs Special Projects/Other Revenue | | | \$10,000 | \$10,000 | \$10,000 | \$0 | \$0 |
| Cultural Affairs Special Projects/Revenue from Federal Government | | | \$125,000 | \$125,000 | \$125,000 | \$0 | \$0 |
| Hammer Theater Center Operations and Maintenance | | | \$192,000 | \$192,000 | | \$0 | \$192,000 |
| Hammer Theater Center Operations and Maintenance/Other Revenue | | | (\$77,000) | (\$77,000) | (\$77,000) | \$0 | \$0 |
| San José BEST and Safe Summer Initiative Programs (Parent Project) | | | \$6,877 | \$6,877 | | \$0 | \$6,877 |
| San José BEST and Safe Summer Initiative Programs (Parent Project)/Other Revenue | | | \$7,452 | \$7,452 | \$7,452 | \$0 | \$0 |
| State Homeland Security Grant Program 2013-2014/Revenue from Federal Government | | | \$28,219 | \$28,219 | \$28,219 | \$0 | \$0 |
| Successor Agency City Subsidy/Revenue from Local Agencies | | | \$2,100,000 | \$2,100,000 | \$2,100,000 | \$0 | \$0 |
| Summer Youth Nutrition Program/Revenue from Federal Government | | | \$53,552 | \$53,552 | \$53,552 | \$0 | \$0 |
| Budget Adjustments Total | \$0 | \$0 | \$3,481,273 | \$3,481,273 | \$2,860,396 | \$0 | \$620,877 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|-------------|--------------|------------|---------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CITY-WIDE EXPENSES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: 1st Act Silicon Valley Digital Media Grant | | | \$1,724 | \$1,724 | | \$0 | \$1,724 |
| Rebudget: 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant/Revenue from Federal Government | | | (\$112,536) | (\$112,536) | (\$12,546) | \$0 | (\$99,990) |
| Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations | | | (\$67,039) | (\$67,039) | | \$0 | (\$67,039) |
| Rebudget: After School Education and Safety Programs for 2013-2014/Revenue from Local Agencies | | | \$11,644 | \$11,644 | \$14,877 | \$0 | (\$3,233) |
| Rebudget: Anti-Drug Abuse Grant 2013-2014 | | | (\$77,950) | (\$77,950) | | \$0 | (\$77,950) |
| Rebudget: Anti-Human Trafficking Task Force Program Grant 2012/Revenue from State of California | | | \$30,830 | \$30,830 | \$46,624 | \$0 | (\$15,794) |
| Rebudget: Arena Community Fund | | | (\$36,083) | (\$36,083) | | \$0 | (\$36,083) |
| Rebudget: BART Public Art Design/Revenue from Local Agencies | | | \$64,039 | \$64,039 | \$64,421 | \$0 | (\$382) |
| Rebudget: Ballot Measure Polling | | | \$15,000 | \$15,000 | | \$0 | \$15,000 |
| Rebudget: Bay Area Electric Vehicle Corridor Project/Other Revenue | | | \$45,635 | \$45,635 | \$45,635 | \$0 | \$0 |
| Rebudget: Business Incentive - Business Cooperation Program | | | (\$5,600) | (\$5,600) | | \$0 | (\$5,600) |
| Rebudget: Business Tax System Replacement | | | \$360,000 | \$360,000 | | \$0 | \$360,000 |
| Rebudget: California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from State of California | | | (\$211,460) | (\$211,460) | (\$76,460) | \$0 | (\$135,000) |
| Rebudget: Certified Access Specialist Program | | | (\$18,425) | (\$18,425) | | \$0 | (\$18,425) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|-------------|--------------|-------------|---------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CITY-WIDE EXPENSES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: City Outreach and Education Effort | | | \$14,000 | \$14,000 | | \$0 | \$14,000 |
| Rebudget: Clean Creeks Healthy Communities/Revenue from Federal Government | | | \$1,569 | \$1,569 | \$11,227 | \$0 | (\$9,658) |
| Rebudget: Cultural Affairs Special Projects/Other Revenue | | | \$541,059 | \$541,059 | \$582,000 | \$0 | (\$40,941) |
| Rebudget: Cultural Affairs Special Projects/Revenue from Federal Government | | | \$75,000 | \$75,000 | \$75,000 | \$0 | \$0 |
| Rebudget: Cultural Affairs Special Projects/Revenue from Local Agencies | | | \$104,484 | \$104,484 | \$110,273 | \$0 | (\$5,789) |
| Rebudget: Domestic Violence Prevention Program | | | \$30,000 | \$30,000 | | \$0 | \$30,000 |
| Rebudget: Economic Development Pre-Development Activities | | | (\$11,000) | (\$11,000) | | \$0 | (\$11,000) |
| Rebudget: Emergency Response and Preparedness | | | (\$5,891) | (\$5,891) | | \$0 | (\$5,891) |
| Rebudget: Emergency Street Tree Services/Other Revenue | | | (\$8,000) | (\$8,000) | (\$8,000) | \$0 | \$0 |
| Rebudget: Energy and Utility Conservation Measures Program/Other Revenue | | | \$7,777,063 | \$7,777,063 | \$7,777,063 | \$0 | \$0 |
| Rebudget: Filling Empty Storefronts Pilot Project | | | (\$1,000) | (\$1,000) | | \$0 | (\$1,000) |
| Rebudget: General Liability Claims | | | (\$100,000) | (\$100,000) | | \$0 | (\$100,000) |
| Rebudget: Government Access - Capital Expenditures | | | (\$19,898) | (\$19,898) | | \$0 | (\$19,898) |
| Rebudget: Homeless Rapid Rehousing | | | (\$19,203) | (\$19,203) | | \$0 | (\$19,203) |
| Rebudget: Homeless Response Team | | | \$145,313 | \$145,313 | | \$0 | \$145,313 |
| Rebudget: Human Trafficking Prevention Grant 2011/Revenue from Federal Government | | | (\$7,403) | (\$7,403) | \$6,601 | \$0 | (\$14,004) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|-------------|--------------|-------------|---------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CITY-WIDE EXPENSES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Internet Crimes Against Children Continuation Grant 2011/Revenue from Federal Government | | | (\$35,065) | (\$35,065) | (\$32,192) | \$0 | (\$2,873) |
| Rebudget: Maddie Lifesaving Grant | | | \$149,273 | \$149,273 | | \$0 | \$149,273 |
| Rebudget: Mayor and City Council Travel | | | (\$2,992) | (\$2,992) | | \$0 | (\$2,992) |
| Rebudget: National Forum Capacity - Building Grant OJJDP 2012-2015/Revenue from Federal Government | | | (\$18,844) | (\$18,844) | (\$17,787) | \$0 | (\$1,057) |
| Rebudget: OJJDP Community-Based Violence Prevention Demonstration Program Grant/Revenue from Federal Government | | | (\$264,104) | (\$264,104) | (\$112,352) | \$0 | (\$151,752) |
| Rebudget: Organizational Effectiveness | | | \$8,000 | \$8,000 | | \$0 | \$8,000 |
| Rebudget: PG&E Summer Cooling Shelter Program Grant/Other Revenue | | | \$5,638 | \$5,638 | (\$7,000) | \$0 | \$12,638 |
| Rebudget: Protecting Children from Commercial Sexual Exploitation Grant 2011/Revenue from Federal Government | | | (\$10,654) | (\$10,654) | (\$10,652) | \$0 | (\$2) |
| Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital | | | \$8,011 | \$8,011 | | \$0 | \$8,011 |
| Rebudget: Raised Reflective Markers and Arterial Striping | | | \$85,000 | \$85,000 | | \$0 | \$85,000 |
| Rebudget: San José BEST and Safe Summer Initiative Programs | | | (\$83,902) | (\$83,902) | | \$0 | (\$83,902) |
| Rebudget: Selective Traffic Enforcement Grant Program 2013-2014/Revenue from State of California | | | (\$19,438) | (\$19,438) | (\$19,438) | \$0 | \$0 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|---------------------|---------------------|---------------------|------------------|-------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| CITY-WIDE EXPENSES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Sidewalk Repairs/Other Revenue | | | (\$178,000) | (\$178,000) | (\$178,000) | \$0 | \$0 |
| Rebudget: Sobriety Checkpoint Grant Program 2013-2014/Revenue from State of California | | | (\$16,663) | (\$16,663) | (\$2,268) | \$0 | (\$14,395) |
| Rebudget: Street Tree Maintenance | | | \$105,000 | \$105,000 | | \$0 | \$105,000 |
| Rebudget: Urban Areas Security Initiative Grant - Police 2013/Revenue from Federal Government | | | \$36,196 | \$36,196 | \$95,146 | \$0 | (\$58,950) |
| Tech Adjust: Cultural Facilities Capital Maintenance (Reallocation from Cultural and Arts Facilities Capital Replacement and Maintenance) | | | \$278,000 | \$278,000 | | \$0 | \$278,000 |
| Tech Adjust: Cultural and Arts Facilities Capital Replacement and Maintenance (Reallocation to Cultural Facilities Capital Maintenance) | | | (\$278,000) | (\$278,000) | | \$0 | (\$278,000) |
| Tech Adjust: Government Access - Capital Expenditures (Reconciliation) | | | \$2,908 | \$2,908 | | \$0 | \$2,908 |
| Tech Adjust: Public, Educational, and Government (PEG) Access Facilities - Capital (Reconciliation) | | | \$36,606 | \$36,606 | | \$0 | \$36,606 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$8,322,842 | \$8,322,842 | \$8,352,172 | \$0 | (\$29,330) |
| CITY-WIDE EXPENSES TOTAL | \$0 | \$0 | \$11,804,115 | \$11,804,115 | \$11,212,568 | \$0 | \$591,547 |
| CONTINGENCY RESERVE | | | | | | | |
| Budget Adjustments | | | | | | | |
| Contingency Reserve | | | \$200,000 | \$200,000 | | \$0 | \$200,000 |
| Budget Adjustments Total | \$0 | \$0 | \$200,000 | \$200,000 | \$0 | \$0 | \$200,000 |
| CONTINGENCY RESERVE TOTAL | \$0 | \$0 | \$200,000 | \$200,000 | \$0 | \$0 | \$200,000 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|--------------------|--------------------|----------------------|---------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| EARMARKED RESERVES | | | | | | | |
| Budget Adjustments | | | | | | | |
| Air Service Incentive Program Reserve/Transfers and Reimbursements | | | (\$1,000,000) | (\$1,000,000) | (\$941,736) | \$0 | (\$58,264) |
| Building Development Fee Program Reserve | | | (\$584,000) | (\$584,000) | | \$0 | (\$584,000) |
| Fire Development Fee Program Reserve | | | (\$57,500) | (\$57,500) | | \$0 | (\$57,500) |
| Fiscal Reform Plan Implementation Reserve | | | \$2,000,000 | \$2,000,000 | | \$0 | \$2,000,000 |
| Office of Emergency Services (OES) Grant Reconciliation Reserve | | | (\$500,000) | (\$500,000) | | \$0 | (\$500,000) |
| Planning Development Fee Program Reserve | | | (\$245,000) | (\$245,000) | | \$0 | (\$245,000) |
| Police Department Staffing Reserve (Year-End Personal Services Savings) | | | \$3,000,000 | \$3,000,000 | | \$0 | \$3,000,000 |
| Public Works Development Fee Program Reserve | | | (\$38,000) | (\$38,000) | | \$0 | (\$38,000) |
| Silicon Valley Regional Communications System Reserve | | | \$3,130,000 | \$3,130,000 | | \$0 | \$3,130,000 |
| Wellness Program Reserve/Other Revenue | | | (\$200,000) | (\$200,000) | (\$200,000) | \$0 | \$0 |
| Budget Adjustments Total | \$0 | \$0 | \$5,505,500 | \$5,505,500 | (\$1,141,736) | \$0 | \$6,647,236 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Development Fee Program Reconciliation - Building Development Fee Program Reserve | | | \$2,731,571 | \$2,731,571 | | \$0 | \$2,731,571 |
| Development Fee Program Reconciliation - Fire Development Fee Program Reserve | | | \$640,141 | \$640,141 | | \$0 | \$640,141 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|---------------|---------------|---------|---------------------|---------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| EARMARKED RESERVES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Development Fee Program Reconciliation - Planning Development Fee Program Reserve | | | \$274,938 | \$274,938 | | \$0 | \$274,938 |
| Development Fee Program Reconciliation - Public Works Development Fee Program Reserve | | | \$345,703 | \$345,703 | | \$0 | \$345,703 |
| Retirement Contributions Reconciliation - Building Development Fee Program | | | \$250,000 | \$250,000 | | \$0 | \$250,000 |
| Retirement Contributions Reconciliation - Employee Compensation Planning Reserve | | | (\$2,780,000) | (\$2,780,000) | | \$0 | (\$2,780,000) |
| Retirement Contributions Reconciliation - Fire Development Fee Program | | | \$50,000 | \$50,000 | | \$0 | \$50,000 |
| Retirement Contributions Reconciliation - Planning Development Fee Program | | | \$48,000 | \$48,000 | | \$0 | \$48,000 |
| Retirement Contributions Reconciliation - Public Works Development Fee Program | | | \$90,000 | \$90,000 | | \$0 | \$90,000 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$2,320,000 | \$2,320,000 | | \$0 | \$2,320,000 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$1,428,000) | (\$1,428,000) | | \$0 | (\$1,428,000) |
| Tech Adjust: Artificial Turf Capital Replacement Reserve (Year-End Rev/Exp Reconciliation) | | | \$250,000 | \$250,000 | | \$0 | \$250,000 |
| Tech Adjust: General Plan Update Reserve (Year-End Rev/Exp Reconciliation) | | | \$66,014 | \$66,014 | | \$0 | \$66,014 |
| Tech Adjust: Wellness Program Reserve (Year-End Rev/Exp Reconciliation) | | | \$104,672 | \$104,672 | | \$0 | \$104,672 |
| Voluntary Furlough/Reduced Work Week Program - Salaries and Benefits Reserve | | | \$150,000 | \$150,000 | | \$0 | \$150,000 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|--------------------|--------------------|----------------------|---------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| EARMARKED RESERVES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$3,113,039 | \$3,113,039 | \$0 | \$0 | \$3,113,039 |
| EARMARKED RESERVES TOTAL | \$0 | \$0 | \$8,618,539 | \$8,618,539 | (\$1,141,736) | \$0 | \$9,760,275 |
| ECONOMIC DEVELOPMENT | | | | | | | |
| Budget Adjustments | | | | | | | |
| Personal Services and Planning Development Fee Program - Personal Services (Reallocate 1.0 Senior Executive Analyst from OED to 1.0 Principal Planner in PBCE) | (\$20,598) | | (\$116,127) | (\$136,725) | | \$0 | (\$136,725) |
| Budget Adjustments Total | (\$20,598) | \$0 | (\$116,127) | (\$136,725) | \$0 | \$0 | (\$136,725) |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (Real Estate Services Document Imaging and Records Retention System) | | (\$130,000) | | (\$130,000) | | \$0 | (\$130,000) |
| Retirement Contributions Reconciliation | (\$30,518) | | | (\$30,518) | | \$0 | (\$30,518) |
| Retirement Contributions Reconciliation - Building Development Fee - Personal Services | | | (\$1,753) | (\$1,753) | | \$0 | (\$1,753) |
| Retirement Contributions Reconciliation - Planning Development Fee Program - Personal Services | | | (\$2,743) | (\$2,743) | | \$0 | (\$2,743) |
| Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services | | | (\$344) | (\$344) | | \$0 | (\$344) |
| Salary Program | \$2,793 | | | \$2,793 | | \$0 | \$2,793 |
| Voluntary Furlough/Reduced Work Week Program | (\$2,000) | | | (\$2,000) | | \$0 | (\$2,000) |
| Clean-Up and Rebudget Actions Total | (\$29,725) | (\$130,000) | (\$4,840) | (\$164,565) | \$0 | \$0 | (\$164,565) |
| ECONOMIC DEVELOPMENT TOTAL | (\$50,323) | (\$130,000) | (\$120,967) | (\$301,290) | \$0 | \$0 | (\$301,290) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|------------|-----------------|-------------------|---------------------|-----------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| ENVIRONMENTAL SERVICES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (Silicon Valley Energy Watch 2013)/Other Revenue | | (\$9,979) | | (\$9,979) | (\$9,979) | \$0 | \$0 |
| Rebudget: Personal Services (Silicon Valley Energy Watch 2013)/Other Revenue | \$21,985 | | | \$21,985 | (\$22,335) | \$0 | \$44,320 |
| Retirement Contributions Reconciliation | (\$3,833) | | | (\$3,833) | | \$0 | (\$3,833) |
| Salary Program | \$2,435 | | | \$2,435 | | \$0 | \$2,435 |
| Voluntary Furlough/Reduced Work Week Program | (\$2,000) | | | (\$2,000) | | \$0 | (\$2,000) |
| Clean-Up and Rebudget Actions Total | \$18,587 | (\$9,979) | \$0 | \$8,608 | (\$32,314) | \$0 | \$40,922 |
| ENVIRONMENTAL SERVICES TOTAL | \$18,587 | (\$9,979) | \$0 | \$8,608 | (\$32,314) | \$0 | \$40,922 |
| FINANCE | | | | | | | |
| Budget Adjustments | | | | | | | |
| Non-Personal/Equipment (Investment Program Subscription) | | \$24,000 | | \$24,000 | | \$0 | \$24,000 |
| Budget Adjustments Total | \$0 | \$24,000 | \$0 | \$24,000 | \$0 | \$0 | \$24,000 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (Cashiering System) | | \$45,000 | | \$45,000 | | \$0 | \$45,000 |
| Rebudget: Non-Personal/Equipment (Recruitment Contract) | | \$50,000 | | \$50,000 | | \$0 | \$50,000 |
| Retirement Contributions Reconciliation | (\$141,377) | | | (\$141,377) | | \$0 | (\$141,377) |
| Retirement Contributions Reconciliation - Development Fee Program - Shared Resources | | | (\$4,210) | (\$4,210) | | \$0 | (\$4,210) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-----------------|------------------|------------------|------------------|-----------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| FINANCE | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Salary Program | \$76,813 | | | \$76,813 | | \$0 | \$76,813 |
| Salary Program - Development Fee Programs - Shared Resources | | | \$3,243 | \$3,243 | | \$0 | \$3,243 |
| Voluntary Furlough/Reduced Work Week Program | (\$6,000) | | | (\$6,000) | | \$0 | (\$6,000) |
| Clean-Up and Rebudget Actions Total | (\$70,564) | \$95,000 | (\$967) | \$23,469 | \$0 | \$0 | \$23,469 |
| FINANCE TOTAL | (\$70,564) | \$119,000 | (\$967) | \$47,469 | \$0 | \$0 | \$47,469 |
| FIRE | | | | | | | |
| Budget Adjustments | | | | | | | |
| Fire Development Fee Program - Non-Personal/Equipment (Technology Equipment) | | | \$51,000 | \$51,000 | | \$0 | \$51,000 |
| Non-Personal/Equipment (County of Santa Clara Emergency Medical Response System, First Responder Funding Projects)/Revenue from Local Agencies | | \$199,374 | | \$199,374 | \$199,374 | \$0 | \$0 |
| Budget Adjustments Total | \$0 | \$199,374 | \$51,000 | \$250,374 | \$199,374 | \$0 | \$51,000 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Personal Services (Fire Recruit Academy Overtime) | \$71,000 | | | \$71,000 | | \$0 | \$71,000 |
| Rebudget: Personal Services (Temporary Staffing) | \$51,000 | | | \$51,000 | | \$0 | \$51,000 |
| Retirement Contributions Reconciliation | (\$115,950) | | | (\$115,950) | | \$0 | (\$115,950) |
| Retirement Contributions Reconciliation - Building Development Fee - Personal Services | | | (\$622) | (\$622) | | \$0 | (\$622) |
| Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services | | | (\$45,560) | (\$45,560) | | \$0 | (\$45,560) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|-----------------|--------------------|------------------|---------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| FIRE | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation - Planning Development Fee Program - Personal Services | | | (\$94) | (\$94) | | \$0 | (\$94) |
| Retirement Contributions Reconciliation - Police and Fire Department Retirement Plan | \$2,780,000 | | | \$2,780,000 | | \$0 | \$2,780,000 |
| Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services | | | (\$34) | (\$34) | | \$0 | (\$34) |
| Salary Program | \$19,202 | | | \$19,202 | | \$0 | \$19,202 |
| Salary Program - Fire Development Fee Program - Personal Services | | | \$68,557 | \$68,557 | | \$0 | \$68,557 |
| Voluntary Furlough/Reduced Work Week Program | (\$9,000) | | | (\$9,000) | | \$0 | (\$9,000) |
| Clean-Up and Rebudget Actions Total | \$2,796,252 | \$0 | \$22,247 | \$2,818,499 | \$0 | \$0 | \$2,818,499 |
| FIRE TOTAL | \$2,796,252 | \$199,374 | \$73,247 | \$3,068,873 | \$199,374 | \$0 | \$2,869,499 |
| HOUSING | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$3,757) | | | (\$3,757) | | \$0 | (\$3,757) |
| Salary Program | \$2,882 | | | \$2,882 | | \$0 | \$2,882 |
| Clean-Up and Rebudget Actions Total | (\$875) | \$0 | \$0 | (\$875) | \$0 | \$0 | (\$875) |
| HOUSING TOTAL | (\$875) | \$0 | \$0 | (\$875) | \$0 | \$0 | (\$875) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|------------|-------------------|------------|---------------------|-------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| HUMAN RESOURCES | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (Hiring Process Review) | | (\$50,000) | | (\$50,000) | | \$0 | (\$50,000) |
| Retirement Contributions Reconciliation | (\$57,544) | | | (\$57,544) | | \$0 | (\$57,544) |
| Salary Program | \$17,732 | | | \$17,732 | | \$0 | \$17,732 |
| Clean-Up and Rebudget Actions Total | (\$39,812) | (\$50,000) | \$0 | (\$89,812) | \$0 | \$0 | (\$89,812) |
| HUMAN RESOURCES TOTAL | (\$39,812) | (\$50,000) | \$0 | (\$89,812) | \$0 | \$0 | (\$89,812) |
| INDEPENDENT POLICE AUDITOR | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$10,083) | | | (\$10,083) | | \$0 | (\$10,083) |
| Clean-Up and Rebudget Actions Total | (\$10,083) | \$0 | \$0 | (\$10,083) | \$0 | \$0 | (\$10,083) |
| INDEPENDENT POLICE AUDITOR TOTAL | (\$10,083) | \$0 | \$0 | (\$10,083) | \$0 | \$0 | (\$10,083) |
| INFORMATION TECHNOLOGY | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (Software Centralization) | | \$150,000 | | \$150,000 | | \$0 | \$150,000 |
| Rebudget: Non-Personal/Equipment (Windows Server Licensing) | | \$250,000 | | \$250,000 | | \$0 | \$250,000 |
| Retirement Contributions Reconciliation | (\$102,537) | | | (\$102,537) | | \$0 | (\$102,537) |
| Retirement Contributions Reconciliation - Development Fee Program - Shared Resources Personal Services | | | (\$1,679) | (\$1,679) | | \$0 | (\$1,679) |
| Salary Program | \$83,364 | | | \$83,364 | | \$0 | \$83,364 |
| Voluntary Furlough/Reduced Work Week Program | (\$4,000) | | | (\$4,000) | | \$0 | (\$4,000) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|--------------------|-------------------------|------------------|--------------------|------------------|------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| INFORMATION TECHNOLOGY | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Clean-Up and Rebudget Actions Total | (\$23,173) | \$400,000 | (\$1,679) | \$375,148 | \$0 | \$0 | \$375,148 |
| INFORMATION TECHNOLOGY TOTAL | (\$23,173) | \$400,000 | (\$1,679) | \$375,148 | \$0 | \$0 | \$375,148 |
| LIBRARY | | | | | | | |
| Budget Adjustments | | | | | | | |
| Library Grants (I am San José)/Revenue from Federal Government | | | \$95,500 | \$95,500 | \$95,500 | \$0 | \$0 |
| Budget Adjustments Total | \$0 | \$0 | \$95,500 | \$95,500 | \$95,500 | \$0 | \$0 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Library Grants | | | \$19,876 | \$19,876 | | \$0 | \$19,876 |
| Rebudget: Library Grants (Adult Literacy)/Revenue from Federal Government | | | \$7,479 | \$7,479 | \$5,480 | \$0 | \$1,999 |
| Retirement Contributions Reconciliation | (\$183,660) | | | (\$183,660) | | \$0 | (\$183,660) |
| Salary Program | \$83,182 | | | \$83,182 | | \$0 | \$83,182 |
| Voluntary Furlough/Reduced Work Week Program | (\$33,000) | | | (\$33,000) | | \$0 | (\$33,000) |
| Clean-Up and Rebudget Actions Total | (\$133,478) | \$0 | \$27,355 | (\$106,123) | \$5,480 | \$0 | (\$111,603) |
| LIBRARY TOTAL | (\$133,478) | \$0 | \$122,855 | (\$10,623) | \$100,980 | \$0 | (\$111,603) |
| MAYOR & COUNCIL | | | | | | | |
| Budget Adjustments | | | | | | | |
| Council District #10 Special Event Sponsorship | | | \$250 | \$250 | | \$0 | \$250 |
| Council District #10 Special Event Sponsorship/Other Revenue | | | \$3,000 | \$3,000 | \$3,000 | \$0 | \$0 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|-----------------|-----------------|-----------------|---------------------|----------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| MAYOR & COUNCIL | | | | | | | |
| Budget Adjustments | | | | | | | |
| Council District #2 Special Event Sponsorship | | | \$1,500 | \$1,500 | | \$0 | \$1,500 |
| Council District #2 Special Event Sponsorship/Other Revenue | | | \$1,250 | \$1,250 | \$1,250 | \$0 | \$0 |
| Council District #3 (July - December) Adjustment | | | (\$1,547) | (\$1,547) | | \$0 | (\$1,547) |
| Council District #7 (July - December) Special Event Sponsorship | | | \$500 | \$500 | | \$0 | \$500 |
| Council District #7 (July - December) Special Event Sponsorship/Other Revenue | | | \$17,500 | \$17,500 | \$17,500 | \$0 | \$0 |
| Council District #8 Special Event Sponsorship | | | \$700 | \$700 | | \$0 | \$700 |
| Council District #8 Special Event Sponsorship/Other Revenue | | | \$6,427 | \$6,427 | \$6,427 | \$0 | \$0 |
| Council District #9 (July - December) Special Event Sponsorship/Other Revenue | | | \$200 | \$200 | \$200 | \$0 | \$0 |
| Council District #9 (July - December) Surplus Campaign Funds/Other Revenue | | | \$520 | \$520 | \$520 | \$0 | \$0 |
| Budget Adjustments Total | \$0 | \$0 | \$30,300 | \$30,300 | \$28,897 | \$0 | \$1,403 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Council District #1 (January - June) | | | (\$10,220) | (\$10,220) | | \$0 | (\$10,220) |
| Rebudget: Council District #1 (July - December) | | | (\$10,220) | (\$10,220) | | \$0 | (\$10,220) |
| Rebudget: Council District #10 | | | \$20,745 | \$20,745 | | \$0 | \$20,745 |
| Rebudget: Council District #2 | | | (\$10,384) | (\$10,384) | | \$0 | (\$10,384) |
| Rebudget: Council District #4 | | | \$10,183 | \$10,183 | | \$0 | \$10,183 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|-----------|--------------|---------|---------------------|-----------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| MAYOR & COUNCIL | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Council District #5 (January - June) | | | (\$6,563) | (\$6,563) | | \$0 | (\$6,563) |
| Rebudget: Council District #5 (January - June) (Constituent Outreach) | | | \$827 | \$827 | | \$0 | \$827 |
| Rebudget: Council District #5 (July - December) | | | (\$6,564) | (\$6,564) | | \$0 | (\$6,564) |
| Rebudget: Council District #5 (July - December) (Constituent Outreach) | | | \$827 | \$827 | | \$0 | \$827 |
| Rebudget: Council District #6 | | | \$627 | \$627 | | \$0 | \$627 |
| Rebudget: Council District #7 (January - June) | | | \$2,083 | \$2,083 | | \$0 | \$2,083 |
| Rebudget: Council District #7 (July - December) | | | \$2,083 | \$2,083 | | \$0 | \$2,083 |
| Rebudget: Council District #8 | | | \$11,091 | \$11,091 | | \$0 | \$11,091 |
| Rebudget: Council District #9 (January - June) | | | \$7,309 | \$7,309 | | \$0 | \$7,309 |
| Rebudget: Council District #9 (July - December) | | | \$7,309 | \$7,309 | | \$0 | \$7,309 |
| Rebudget: Office of the Mayor (January - June) (Constituent Outreach: \$13,645) | | | \$132,995 | \$132,995 | | \$0 | \$132,995 |
| Rebudget: Office of the Mayor (July - December) (Constituent Outreach: \$13,645) | | | \$132,995 | \$132,995 | | \$0 | \$132,995 |
| Retirement Contributions Reconciliation - Council District #1 (January - June) | | | (\$3,072) | (\$3,072) | | \$0 | (\$3,072) |
| Retirement Contributions Reconciliation - Council District #1 (July - December) | | | (\$3,072) | (\$3,072) | | \$0 | (\$3,072) |
| Retirement Contributions Reconciliation - Council District #10 | | | (\$6,144) | (\$6,144) | | \$0 | (\$6,144) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|------------|--------------|---------|---------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| MAYOR & COUNCIL | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation - Council District #2 | | | (\$7,117) | (\$7,117) | | \$0 | (\$7,117) |
| Retirement Contributions Reconciliation - Council District #3 (January - June) | | | (\$3,553) | (\$3,553) | | \$0 | (\$3,553) |
| Retirement Contributions Reconciliation - Council District #3 (July - December) | | | (\$3,553) | (\$3,553) | | \$0 | (\$3,553) |
| Retirement Contributions Reconciliation - Council District #4 | | | (\$7,195) | (\$7,195) | | \$0 | (\$7,195) |
| Retirement Contributions Reconciliation - Council District #5 (January - June) | | | (\$3,598) | (\$3,598) | | \$0 | (\$3,598) |
| Retirement Contributions Reconciliation - Council District #5 (July - December) | | | (\$3,598) | (\$3,598) | | \$0 | (\$3,598) |
| Retirement Contributions Reconciliation - Council District #6 | | | (\$6,144) | (\$6,144) | | \$0 | (\$6,144) |
| Retirement Contributions Reconciliation - Council District #7 (January - June) | | | (\$3,598) | (\$3,598) | | \$0 | (\$3,598) |
| Retirement Contributions Reconciliation - Council District #7 (July - December) | | | (\$3,598) | (\$3,598) | | \$0 | (\$3,598) |
| Retirement Contributions Reconciliation - Council District #8 | | | (\$7,034) | (\$7,034) | | \$0 | (\$7,034) |
| Retirement Contributions Reconciliation - Council District #9 (January - June) | | | (\$3,051) | (\$3,051) | | \$0 | (\$3,051) |
| Retirement Contributions Reconciliation - Council District #9 (July - December) | | | (\$3,051) | (\$3,051) | | \$0 | (\$3,051) |
| Retirement Contributions Reconciliation - Office of the Mayor (January - June) | | | (\$15,462) | (\$15,462) | | \$0 | (\$15,462) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|------------------|------------------|------------------|------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| MAYOR & COUNCIL | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation - Office of the Mayor (July - December) | | | (\$15,462) | (\$15,462) | | \$0 | (\$15,462) |
| Voluntary Furlough/Reduced Work Week Program - Council District #8 | | | (\$1,000) | (\$1,000) | | \$0 | (\$1,000) |
| Voluntary Furlough/Reduced Work Week Program - Office of the Mayor (July - December) | | | (\$29,000) | (\$29,000) | | \$0 | (\$29,000) |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$156,821 | \$156,821 | \$0 | \$0 | \$156,821 |
| MAYOR & COUNCIL TOTAL | \$0 | \$0 | \$187,121 | \$187,121 | \$28,897 | \$0 | \$158,224 |
| PARKS, REC, & NEIGH SVCS | | | | | | | |
| Budget Adjustments | | | | | | | |
| Non-Personal/Equipment (Fit Camp Scholarship)/Other Revenue | | \$10,000 | | \$10,000 | \$10,000 | \$0 | \$0 |
| Non-Personal/Equipment and Personal Services (Mayfair Community Center Therapeutic Programs)/Other Revenue | \$1,753 | \$1,753 | | \$3,506 | \$3,506 | \$0 | \$0 |
| Non-Personal/Equipment and Personal Services (Open Streets Program)/Other Revenue | \$30,000 | \$100,000 | | \$130,000 | \$130,000 | \$0 | \$0 |
| Non-Personal/Equipment and Personal Services (St. James Park Revitalization)/Other Revenue | \$30,000 | \$30,000 | | \$60,000 | \$60,000 | \$0 | \$0 |
| Budget Adjustments Total | \$61,753 | \$141,753 | \$0 | \$203,506 | \$203,506 | \$0 | \$0 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$277,911) | | | (\$277,911) | | \$0 | (\$277,911) |
| Retirement Contributions Reconciliation - Parks, Recreation, and Neighborhood Services Department Fee Activities | | | (\$15,000) | (\$15,000) | | \$0 | (\$15,000) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|--------------------|-------------------------|-------------------|--------------------|------------------|------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| PARKS, REC, & NEIGH SVCS | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Salary Program | \$146,489 | | | \$146,489 | | \$0 | \$146,489 |
| Salary Program - Parks, Recreation, and Neighborhood Services Department Fee Activities | | | \$4,561 | \$4,561 | | \$0 | \$4,561 |
| Voluntary Furlough/Reduced Work Week Program | (\$10,000) | | | (\$10,000) | | \$0 | (\$10,000) |
| Clean-Up and Rebudget Actions Total | (\$141,422) | \$0 | (\$10,439) | (\$151,861) | \$0 | \$0 | (\$151,861) |
| PARKS, REC, & NEIGH SVCS TOTAL | (\$79,669) | \$141,753 | (\$10,439) | \$51,645 | \$203,506 | \$0 | (\$151,861) |
| PLANNING, BLDG, & CODE ENF | | | | | | | |
| Budget Adjustments | | | | | | | |
| Building Development Fee Program - Non-Personal/Equipment (AMANDA Licenses) | | | \$84,000 | \$84,000 | | \$0 | \$84,000 |
| Building Development Fee Program - Non-Personal/Equipment (Peak Staffing) | | | \$500,000 | \$500,000 | | \$0 | \$500,000 |
| Fire Development Fee Program - Non-Personal/Equipment (AMANDA Licenses) | | | \$6,500 | \$6,500 | | \$0 | \$6,500 |
| Non-Personal/Equipment (AMANDA Licenses) | | \$60,500 | | \$60,500 | | \$0 | \$60,500 |
| Non-Personal/Equipment (Vacant Board-Ups)/Other Revenue | | \$20,000 | | \$20,000 | \$20,000 | \$0 | \$0 |
| Personal Services (California Department of Conservation Sustainable Communities Planning Grant) | (\$221,000) | | | (\$221,000) | | \$0 | (\$221,000) |
| Personal Services and Non-Personal/Equipment (California Department of Conservation Sustainable Communities Planning Grant)/Revenue from State of California | \$221,000 | \$203,000 | | \$424,000 | \$424,000 | \$0 | \$0 |
| Personal Services and Planning Development Fee Program - Personal Services (Reallocate 1.0 Senior Executive Analyst | \$20,598 | | \$116,127 | \$136,725 | | \$0 | \$136,725 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|------------------|--------------------|------------------|---------------------|------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| PLANNING, BLDG, & CODE ENF | | | | | | | |
| Budget Adjustments | | | | | | | |
| from OED to 1.0 Principal Planner in PBCE) | | | | | | | |
| Planning Development Fee Program - Non-Personal/Equipment (AMANDA Licenses) | | | \$45,000 | \$45,000 | | \$0 | \$45,000 |
| Planning Development Fee Program - Non-Personal/Equipment (Peak Staffing) | | | \$200,000 | \$200,000 | | \$0 | \$200,000 |
| Public Works Development Fee Program - Non- Personal/Equipment (AMANDA Licenses) | | | \$13,000 | \$13,000 | | \$0 | \$13,000 |
| Budget Adjustments Total | \$20,598 | \$283,500 | \$964,627 | \$1,268,725 | \$444,000 | \$0 | \$824,725 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$116,730) | | | (\$116,730) | | \$0 | (\$116,730) |
| Retirement Contributions Reconciliation - Building Development Fee - Personal Services | | | (\$242,920) | (\$242,920) | | \$0 | (\$242,920) |
| Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services | | | (\$3,764) | (\$3,764) | | \$0 | (\$3,764) |
| Retirement Contributions Reconciliation - Planning Development Fee Program - Personal Services | | | (\$44,742) | (\$44,742) | | \$0 | (\$44,742) |
| Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services | | | (\$2,837) | (\$2,837) | | \$0 | (\$2,837) |
| Salary Program | \$26,684 | | | \$26,684 | | \$0 | \$26,684 |
| Salary Program - Building Development Fee Program - Personal Services | | | \$417,053 | \$417,053 | | \$0 | \$417,053 |
| Salary Program - Fire Development Fee Program - Personal Services | | | \$1,265 | \$1,265 | | \$0 | \$1,265 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|--------------------|-------------------------|--------------------|--------------------|------------------|------------------|------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| PLANNING, BLDG, & CODE ENF | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Salary Program - Planning Development Fee Program - Personal Services | | | \$8,134 | \$8,134 | | \$0 | \$8,134 |
| Salary Program - Public Works Development Fee Program - Personal Services | | | \$1,573 | \$1,573 | | \$0 | \$1,573 |
| Voluntary Furlough/Reduced Work Week Program | (\$25,000) | | | (\$25,000) | | \$0 | (\$25,000) |
| Clean-Up and Rebudget Actions Total | (\$115,046) | \$0 | \$133,762 | \$18,716 | \$0 | \$0 | \$18,716 |
| PLANNING, BLDG, & CODE ENF TOTAL | (\$94,448) | \$283,500 | \$1,098,389 | \$1,287,441 | \$444,000 | \$0 | \$843,441 |
| POLICE | | | | | | | |
| Budget Adjustments | | | | | | | |
| Personal Services (DEA San José Resident Office)/Revenue from Federal Government | \$17,374 | | | \$17,374 | \$17,374 | \$0 | \$0 |
| Police Overtime (Personal Services Reallocation) | | | | \$0 | | \$0 | \$0 |
| Budget Adjustments Total | \$17,374 | \$0 | \$0 | \$17,374 | \$17,374 | \$0 | \$0 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (Bulletproof Vests) | | \$15,000 | | \$15,000 | | \$0 | \$15,000 |
| Rebudget: Non-Personal/Equipment (CAD Hardware Replacement) | | \$330,628 | | \$330,628 | | \$0 | \$330,628 |
| Rebudget: Non-Personal/Equipment (CAD Network Upgrade) | | \$405,291 | | \$405,291 | | \$0 | \$405,291 |
| Rebudget: Non-Personal/Equipment (Community Service Officer Technology Equipment) | | \$130,000 | | \$130,000 | | \$0 | \$130,000 |
| Rebudget: Non-Personal/Equipment (Police Chaplain) | | \$20,000 | | \$20,000 | | \$0 | \$20,000 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|-----------------|--------------------|-----------------|---------------------|--------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| POLICE | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Rebudget: Non-Personal/Equipment (South Bay Coalition to End Human Trafficking Coordinator) | | \$50,000 | | \$50,000 | | \$0 | \$50,000 |
| Rebudget: Non-Personal/Equipment (South San José Police Substation 911 Alternate Public Safety Answering Point) | | \$184,657 | | \$184,657 | | \$0 | \$184,657 |
| Rebudget: Personal Services (2013-2014 Northern California High Intensity Drug Trafficking Area)/Revenue from State of California | (\$4,013) | | | (\$4,013) | (\$4,013) | \$0 | \$0 |
| Rebudget: Personal Services (Organized Crime Drug Enforcement Task Force Program)/Revenue from Federal Government | \$4,583 | | | \$4,583 | \$4,583 | \$0 | \$0 |
| Rebudget: Personal Services (Overtime) | \$800,000 | | | \$800,000 | | \$0 | \$800,000 |
| Retirement Contributions Reconciliation | (\$548,864) | | | (\$548,864) | | \$0 | (\$548,864) |
| Salary Program | \$90,690 | | | \$90,690 | | \$0 | \$90,690 |
| Voluntary Furlough/Reduced Work Week Program | (\$3,000) | | | (\$3,000) | | \$0 | (\$3,000) |
| Clean-Up and Rebudget Actions Total | \$339,396 | \$1,135,576 | \$0 | \$1,474,972 | \$570 | \$0 | \$1,474,402 |
| POLICE TOTAL | \$356,770 | \$1,135,576 | \$0 | \$1,492,346 | \$17,944 | \$0 | \$1,474,402 |
| PUBLIC WORKS | | | | | | | |
| Budget Adjustments | | | | | | | |
| Public Works Development Fee Program - Non-Personal/Equipment (Vehicle Outfit) | | | \$25,000 | \$25,000 | | \$0 | \$25,000 |
| Budget Adjustments Total | \$0 | \$0 | \$25,000 | \$25,000 | \$0 | \$0 | \$25,000 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-------------------|-------------------|------------|------------------|-------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| PUBLIC WORKS | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$166,276) | | | (\$166,276) | | \$0 | (\$166,276) |
| Retirement Contributions Reconciliation - Building Development Fee - Personal Services | | | (\$197) | (\$197) | | \$0 | (\$197) |
| Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services | | | (\$30) | (\$30) | | \$0 | (\$30) |
| Retirement Contributions Reconciliation - Planning Development Fee Program - Personal Services | | | (\$76) | (\$76) | | \$0 | (\$76) |
| Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services | | | (\$86,395) | (\$86,395) | | \$0 | (\$86,395) |
| Salary Program | \$145,635 | | | \$145,635 | | \$0 | \$145,635 |
| Salary Program - Building Development Fee Program - Personal Services | | | \$637 | \$637 | | \$0 | \$637 |
| Salary Program - Fire Development Fee Program - Personal Services | | | \$98 | \$98 | | \$0 | \$98 |
| Salary Program - Planning Development Fee Program - Personal Services | | | \$245 | \$245 | | \$0 | \$245 |
| Salary Program - Public Works Development Fee Program - Personal Services | | | \$75,422 | \$75,422 | | \$0 | \$75,422 |
| Voluntary Furlough/Reduced Work Week Program | (\$10,000) | | | (\$10,000) | | \$0 | (\$10,000) |
| Clean-Up and Rebudget Actions Total | (\$30,641) | \$0 | (\$10,296) | (\$40,937) | \$0 | \$0 | (\$40,937) |
| PUBLIC WORKS TOTAL | (\$30,641) | \$0 | \$14,704 | (\$15,937) | \$0 | \$0 | (\$15,937) |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|---|----------------------|----------------------------|------------------|------------------|------------------|---------------------|-----------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| REVENUE ADJUSTMENTS | | | | | | | |
| Budget Adjustments | | | | | | | |
| Transfers and Reimbursements - Transfer from Convention and Cultural Affairs Fund (Broadway San Jose Ticket Revenue) | | | | \$0 | \$273,682 | \$0 | (\$273,682) |
| Budget Adjustments Total | \$0 | \$0 | \$0 | \$0 | \$273,682 | \$0 | (\$273,682) |
| Clean-Up and Rebudget Actions | | | | | | | |
| Fund Balance Reconciliation | | | | \$0 | | \$16,963,311 | (\$16,963,311) |
| Tech Adjust: Transfers and Reimbursements - Economic Development Enhancement Fund (Fund Close-Out) | | | | \$0 | \$126 | \$0 | (\$126) |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$0 | \$126 | \$16,963,311 | (\$16,963,437) |
| REVENUE ADJUSTMENTS TOTAL | \$0 | \$0 | \$0 | \$0 | \$273,808 | \$16,963,311 | (\$17,237,119) |
| TRANSFERS | | | | | | | |
| Budget Adjustments | | | | | | | |
| Transfer to the City Hall Debt Service Fund | | | \$40,000 | \$40,000 | | \$0 | \$40,000 |
| Transfer to the Municipal Golf Course Fund | | | \$300,000 | \$300,000 | | \$0 | \$300,000 |
| Budget Adjustments Total | \$0 | \$0 | \$340,000 | \$340,000 | \$0 | \$0 | \$340,000 |
| Clean-Up and Rebudget Actions | | | | | | | |
| Tech Adjust: Transfer to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 - Leland Sports Field Repayment | | | \$85,000 | \$85,000 | | \$0 | \$85,000 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$85,000 | \$85,000 | \$0 | \$0 | \$85,000 |
| TRANSFERS TOTAL | \$0 | \$0 | \$425,000 | \$425,000 | \$0 | \$0 | \$425,000 |

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | Revenue | Beg Fund Balance | |
| TRANSPORTATION | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| Retirement Contributions Reconciliation | (\$157,923) | | | (\$157,923) | | \$0 | (\$157,923) |
| Salary Program | \$147,553 | | | \$147,553 | | \$0 | \$147,553 |
| Voluntary Furlough/Reduced Work Week Program | (\$6,000) | | | (\$6,000) | | \$0 | (\$6,000) |
| Clean-Up and Rebudget Actions Total | (\$16,370) | \$0 | \$0 | (\$16,370) | \$0 | \$0 | (\$16,370) |
| TRANSPORTATION TOTAL | (\$16,370) | \$0 | \$0 | (\$16,370) | \$0 | \$0 | (\$16,370) |
| GENERAL FUND TOTAL | \$2,249,196 | \$2,239,224 | \$23,781,918 | \$28,270,338 | \$11,307,027 | \$16,963,311 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------|---------------------|--------------------|------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| AIRPORT CAPITAL IMPVT FUND (520) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$824,333 | \$824,333 | | \$824,333 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$824,333 | \$824,333 | \$0 | \$824,333 | \$0 |
| AIRPORT CAPITAL IMPVT FUND (520) TOTAL | \$0 | \$0 | \$0 | \$824,333 | \$824,333 | \$0 | \$824,333 | \$0 |
| AIRPORT CUST FAC & TRANS FD (519) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT | | | | | | | | |
| Fund Balance Reconciliation - Future Debt Service Reserve | | | | \$1,246,408 | \$1,246,408 | | \$1,246,408 | \$0 |
| Fund Balance Reconciliation - Rate Stabilization Reserve | | | | (\$39,427) | (\$39,427) | | (\$39,427) | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$1,206,981 | \$1,206,981 | \$0 | \$1,206,981 | \$0 |
| AIRPORT CUST FAC & TRANS FD (519) TOTAL | \$0 | \$0 | \$0 | \$1,206,981 | \$1,206,981 | \$0 | \$1,206,981 | \$0 |
| AIRPORT FISCAL AGENT FUND (525) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT | | | | | | | | |
| Fund Balance Reconciliation - Debt Service Reserve | | | | \$140,331 | \$140,331 | | \$140,331 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$140,331 | \$140,331 | \$0 | \$140,331 | \$0 |
| AIRPORT FISCAL AGENT FUND (525) TOTAL | \$0 | \$0 | \$0 | \$140,331 | \$140,331 | \$0 | \$140,331 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-------------------|---------------------|-------------------|------------|-------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| AIRPORT MAINT & OPER FUND (523) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| CITY MANAGER | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,740) | | | | (\$1,740) | | | (\$1,740) |
| CITY ATTORNEY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$7,316) | | | | (\$7,316) | | | (\$7,316) |
| POLICE | | | | | | | | |
| Retirement Contributions Reconciliation | (\$917) | | | | (\$917) | | | (\$917) |
| PUBLIC WORKS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,563) | | | | (\$1,563) | | | (\$1,563) |
| PLANNING, BLDG, & CODE ENF | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,105) | | | | (\$1,105) | | | (\$1,105) |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Retirement Contributions Reconciliation | (\$3,287) | | | | (\$3,287) | | | (\$3,287) |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$457) | | | | (\$457) | | | (\$457) |
| AIRPORT | | | | | | | | |
| Fund Balance Reconciliation - Master Trust Agreement Reserve | | | | (\$607,632) | (\$607,632) | | (\$607,632) | \$0 |
| Fund Balance Reconciliation - Workers' Compensation Claim Reserve | | | | \$563,462 | \$563,462 | | \$563,462 | \$0 |
| Retirement Contributions Reconciliation | (\$260,912) | | | | (\$260,912) | | | (\$260,912) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$277,297 | | \$277,297 | | | \$277,297 |
| Salary Program | \$287,736 | | | | \$287,736 | | | \$287,736 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$287,736) | | (\$287,736) | | | (\$287,736) |
| Clean-Up and Rebudget Actions Total | \$10,439 | \$0 | (\$10,439) | (\$44,170) | (\$44,170) | \$0 | (\$44,170) | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------------|---------------------|--------------------|------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| AIRPORT MAINT & OPER FUND (523) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| AIRPORT | | | | | | | | |
| Non-Personal/Equipment (Air Service Incentive Program) | | \$941,736 | | | \$941,736 | | | \$941,736 |
| Non-Personal/Equipment (Consultant Services for Disadvantaged Business Enterprise Program) | | \$120,000 | | | \$120,000 | | | \$120,000 |
| Non-Personal/Equipment (International Smarte Carte Services) | | \$45,000 | | | \$45,000 | | | \$45,000 |
| Operations Contingency | | | (\$335,453) | | (\$335,453) | | | (\$335,453) |
| Transfer to General Fund (Air Service Incentive Program) | | | (\$941,736) | | (\$941,736) | | | (\$941,736) |
| Workers' Compensation Claims | | | \$170,453 | | \$170,453 | | | \$170,453 |
| Budget Adjustments Total | \$0 | \$1,106,736 | (\$1,106,736) | \$0 | \$0 | \$0 | \$0 | \$0 |
| AIRPORT MAINT & OPER FUND (523) TOTAL | \$10,439 | \$1,106,736 | (\$1,117,175) | (\$44,170) | (\$44,170) | \$0 | (\$44,170) | \$0 |
| AIRPORT PASS FACIL CHG FUND (529) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$1,009,780 | \$1,009,780 | | \$1,009,780 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$1,009,780 | \$1,009,780 | \$0 | \$1,009,780 | \$0 |
| AIRPORT PASS FACIL CHG FUND (529) TOTAL | \$0 | \$0 | \$0 | \$1,009,780 | \$1,009,780 | \$0 | \$1,009,780 | \$0 |
| AIRPORT RENEW & REPL FUND (527) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$845,800 | \$845,800 | | \$845,800 | \$0 |
| Rebudget: Advanced Planning | | | (\$218,000) | \$218,000 | \$0 | | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|------------------|------------|------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| AIRPORT RENEW & REPL FUND (527) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Airfield Improvements | | | \$5,000 | (\$5,000) | \$0 | | | \$0 |
| Rebudget: Airfield Preventive Pavement Maintenance | | | \$19,000 | (\$19,000) | \$0 | | | \$0 |
| Rebudget: Airport Landscaping | | | \$10,000 | (\$10,000) | \$0 | | | \$0 |
| Rebudget: Airport Technology Services | | | \$45,000 | (\$45,000) | \$0 | | | \$0 |
| Rebudget: Fuel Storage Tank Repairs | | | \$10,000 | (\$10,000) | \$0 | | | \$0 |
| Rebudget: Pavement Maintenance | | | \$94,000 | (\$94,000) | \$0 | | | \$0 |
| Rebudget: Tenant Plan Review | | | \$100,000 | (\$100,000) | \$0 | | | \$0 |
| Rebudget: Terminal B Flight Information Display Systems - Pre-Checkpoint | | | \$15,000 | (\$15,000) | \$0 | | | \$0 |
| Rebudget: Terminal Building Modifications | | | \$113,000 | (\$113,000) | \$0 | | | \$0 |
| Rebudget: Terminal Seating | | | \$8,000 | (\$8,000) | \$0 | | | \$0 |
| Rebudget: Vehicle Replacement Program | | | \$15,000 | (\$15,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$216,000 | \$629,800 | \$845,800 | \$0 | \$845,800 | \$0 |
| Budget Adjustments | | | | | | | | |
| AIRPORT CAPITAL PROGRAM | | | | | | | | |
| Advanced Planning | | | \$218,000 | | \$218,000 | | | \$218,000 |
| Blue Dot Furniture Replacement | | | \$50,000 | | \$50,000 | | | \$50,000 |
| Ending Fund Balance Adjustment | | | | (\$366,000) | (\$366,000) | | | (\$366,000) |
| K-9 Vehicle Replacement | | | \$20,000 | | \$20,000 | | | \$20,000 |
| Power Chair Upgrade | | | \$78,000 | | \$78,000 | | | \$78,000 |
| Budget Adjustments Total | \$0 | \$0 | \$366,000 | (\$366,000) | \$0 | \$0 | \$0 | \$0 |
| AIRPORT RENEW & REPL FUND (527) TOTAL | \$0 | \$0 | \$582,000 | \$263,800 | \$845,800 | \$0 | \$845,800 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|--------------------|------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| AIRPORT REV BOND IMP FUND (526) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$4,137,492 | \$4,137,492 | | \$4,137,492 | \$0 |
| Rebudget: Airfield Sign Program | | | \$3,000 | (\$3,000) | \$0 | | | \$0 |
| Rebudget: Airport Property and Exhibit A Maps | | | \$55,000 | (\$55,000) | \$0 | | | \$0 |
| Rebudget: Federal Inspection Facility Sterile Corridor Extension | | | \$408,000 | (\$408,000) | \$0 | | | \$0 |
| Rebudget: Taxiway A/B Part 139 Separation | | | \$12,000 | (\$12,000) | \$0 | | | \$0 |
| Rebudget: Terminal A Arrivals Roadway Repairs | | | \$30,000 | (\$30,000) | \$0 | | | \$0 |
| Rebudget: Terminal A Ground Transportation Island Modification | | | \$10,000 | (\$10,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$518,000 | \$3,619,492 | \$4,137,492 | \$0 | \$4,137,492 | \$0 |
| AIRPORT REV BOND IMP FUND (526) TOTAL | \$0 | \$0 | \$518,000 | \$3,619,492 | \$4,137,492 | \$0 | \$4,137,492 | \$0 |
| AIRPORT REVENUE FUND (521) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT | | | | | | | | |
| Fund Balance Reconciliation - Airline Agreement Reserve | | | | \$1,876,233 | \$1,876,233 | | \$1,876,233 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$1,876,233 | \$1,876,233 | \$0 | \$1,876,233 | \$0 |
| AIRPORT REVENUE FUND (521) TOTAL | \$0 | \$0 | \$0 | \$1,876,233 | \$1,876,233 | \$0 | \$1,876,233 | \$0 |
| AIRPORT SURPLUS REV FD (524) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT | | | | | | | | |
| Fund Balance Reconciliation - Airline Agreement Reserve | | | | \$13,461 | \$13,461 | | \$18,780 | (\$5,319) |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-----------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| AIRPORT SURPLUS REV FD (524) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT | | | | | | | | |
| Fund Balance Reconciliation - Rate Stabilization Reserve | | | | \$15,487 | \$15,487 | | \$10,168 | \$5,319 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$28,948 | \$28,948 | \$0 | \$28,948 | \$0 |
| AIRPORT SURPLUS REV FD (524) TOTAL | \$0 | \$0 | \$0 | \$28,948 | \$28,948 | \$0 | \$28,948 | \$0 |
| BENEFIT FUND (160) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$109,903 | \$109,903 | | \$109,903 | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | (\$5,725) | | \$5,725 | | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$8,990 | (\$8,990) | \$0 | | | \$0 |
| Salary Program - Employee Compensation Planning Reserve | \$2,071 | | (\$2,071) | | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$3,654) | \$0 | \$12,644 | \$100,913 | \$109,903 | \$0 | \$109,903 | \$0 |
| BENEFIT FUND (160) TOTAL | (\$3,654) | \$0 | \$12,644 | \$100,913 | \$109,903 | \$0 | \$109,903 | \$0 |
| BLDG & STRUCT CONST TAX FD (429) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$4,960,969 | \$4,960,969 | | \$4,960,969 | \$0 |
| Rebudget: Adaptive Signal Control Enhancement | | | \$16,000 | (\$16,000) | \$0 | | | \$0 |
| Rebudget: Autumn Street Extension | | | \$74,000 | (\$74,000) | \$0 | | | \$0 |
| Rebudget: Branham Lane/Monterey Highway Rail Grade Separation/Earned Revenue | | | \$106,000 | (\$18,000) | \$88,000 | \$88,000 | | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | NET COST |
|---|----------------------|----------------------------|-------------|------------------------|--------------|---------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Beg Fund Balance | |
| BLDG & STRUCT CONST TAX FD (429) | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | |
| Rebudget: Bucknall Road Project | | | \$60,000 | (\$60,000) | \$0 | | \$0 |
| Rebudget: Bus Rapid Transit Program | | | \$67,000 | (\$67,000) | \$0 | | \$0 |
| Rebudget: Downing Avenue Pedestrian and Bicycle Improvement/Earned Revenue | | | \$118,000 | (\$73,000) | \$45,000 | \$45,000 | \$0 |
| Rebudget: East Santa Clara Street Bridge at Coyote Creek/Earned Revenue | | | \$20,000 | | \$20,000 | \$20,000 | \$0 |
| Rebudget: ITS: Transportation Incident Management Center/Earned Revenue | | | \$681,000 | \$1,008,000 | \$1,689,000 | \$1,689,000 | \$0 |
| Rebudget: North First Street Bike Lane Improvement/Earned Revenue | | | \$186,000 | (\$171,000) | \$15,000 | \$15,000 | \$0 |
| Rebudget: Ocala Avenue Pedestrian Improvements | | | \$98,000 | (\$98,000) | \$0 | | \$0 |
| Rebudget: Park Avenue Bicycle Lane Improvements/Earned Revenue | | | \$174,000 | (\$154,000) | \$20,000 | \$20,000 | \$0 |
| Rebudget: Park Avenue Multimodal Improvements | | | \$53,000 | (\$53,000) | \$0 | | \$0 |
| Rebudget: Public Art | | | \$67,000 | (\$67,000) | \$0 | | \$0 |
| Rebudget: Radar Speed Display Signs | | | \$63,000 | (\$63,000) | \$0 | | \$0 |
| Rebudget: Route 101/Mabury Road Project Development | | | \$1,415,000 | (\$1,415,000) | \$0 | | \$0 |
| Rebudget: Route 101: Interstate 280 to Yerba Buena | | | \$13,000 | (\$13,000) | \$0 | | \$0 |
| Rebudget: Route 280/880/Stevens Creek Upgrade | | | \$27,000 | (\$27,000) | \$0 | | \$0 |
| Rebudget: Route 880/Charcot Avenue | | | \$42,000 | (\$42,000) | \$0 | | \$0 |
| Rebudget: Safe Pathways to Diridon Station | | | \$187,000 | (\$187,000) | \$0 | | \$0 |
| Rebudget: Safety - Pedestrian Improvements | | | \$33,000 | (\$33,000) | \$0 | | \$0 |
| Rebudget: Safety - Traffic Signal Modifications/Construction | | | \$96,000 | (\$96,000) | \$0 | | \$0 |
| Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase I | | | \$43,000 | (\$43,000) | \$0 | | \$0 |
| Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase II/Earned Revenue | | | \$102,000 | \$124,000 | \$226,000 | \$226,000 | \$0 |
| Rebudget: San Fernando Street Enhanced Bikeway and Pedestrian Access | | | \$19,000 | (\$19,000) | \$0 | | \$0 |
| Rebudget: St. John Bike/Pedestrian Improvements (OBAG) | | | \$71,000 | (\$71,000) | \$0 | | \$0 |
| Rebudget: St. John Street Multimodal Improvements Phase I | | | \$223,000 | (\$223,000) | \$0 | | \$0 |
| Rebudget: The Alameda "Beautiful Way" Phase 2 (OBAG) | | | \$182,000 | (\$182,000) | \$0 | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|----------------------|--------------------|--------------------|--------------------|---------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| BLDG & STRUCT CONST TAX FD (429) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Transportation Grants Reserve | | | \$514,000 | (\$514,000) | \$0 | | | \$0 |
| Rebudget: Underground Utilities - City Conversions | | | \$181,000 | (\$181,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$4,931,000 | \$2,132,969 | \$7,063,969 | \$2,103,000 | \$4,960,969 | \$0 |
| Budget Adjustments | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Earned Revenue - Metropolitan Transportation Commission | | | | | \$0 | (\$789,000) | | \$789,000 |
| Ending Fund Balance Adjustment | | | | (\$1,973,000) | (\$1,973,000) | | | (\$1,973,000) |
| McLaughlin Avenue Pedestrian/Bike Safety Enhancements | | | \$534,000 | | \$534,000 | | | \$534,000 |
| Route 280/880/Stevens Creek Upgrade | | | \$200,000 | | \$200,000 | | | \$200,000 |
| Traffic Signal Installation - Douglas and Meridian | | | \$450,000 | | \$450,000 | | | \$450,000 |
| Budget Adjustments Total | \$0 | \$0 | \$1,184,000 | (\$1,973,000) | (\$789,000) | (\$789,000) | \$0 | \$0 |
| BLDG & STRUCT CONST TAX FD (429) TOTAL | \$0 | \$0 | \$6,115,000 | \$159,969 | \$6,274,969 | \$1,314,000 | \$4,960,969 | \$0 |
| BRANCH LIB BOND PROJECT FD (472) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| LIBRARY CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation - Library Bond Projects Contingency Reserve | | | \$1,249,276 | | \$1,249,276 | | \$1,249,276 | \$0 |
| Rebudget: Branch Efficiency Projects | | | \$1,145,000 | (\$1,145,000) | \$0 | | | \$0 |
| Rebudget: Educational Park Branch | | | (\$25,000) | \$25,000 | \$0 | | | \$0 |
| Rebudget: Miscellaneous Post Construction Costs | | | \$60,000 | (\$60,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$2,429,276 | (\$1,180,000) | \$1,249,276 | \$0 | \$1,249,276 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|------------------|------------|------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| BRANCH LIB BOND PROJECT FD (472) | | | | | | | | |
| BRANCH LIB BOND PROJECT FD (472) TOTAL | \$0 | \$0 | \$2,429,276 | (\$1,180,000) | \$1,249,276 | \$0 | \$1,249,276 | \$0 |
| BUSINESS IMPVT DIST FUND (351) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Fund Balance Reconciliation - Downtown BID | | | | (\$71,744) | (\$71,744) | | (\$71,744) | \$0 |
| Fund Balance Reconciliation - Hotel BID | | | | \$524,597 | \$524,597 | | \$524,597 | \$0 |
| Fund Balance Reconciliation - Interest | | | | (\$2,755) | (\$2,755) | | (\$2,755) | \$0 |
| Fund Balance Reconciliation - Japantown BID | | | | (\$47,336) | (\$47,336) | | (\$47,336) | \$0 |
| Fund Balance Reconciliation - Willow Glen CBID | | | | \$16,070 | \$16,070 | | \$16,070 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$418,832 | \$418,832 | \$0 | \$418,832 | \$0 |
| Budget Adjustments | | | | | | | | |
| FINANCE | | | | | | | | |
| Downtown Business Improvement District | | | \$99,000 | | \$99,000 | | | \$99,000 |
| Hotel Business Improvement District | | | \$808,000 | | \$808,000 | | | \$808,000 |
| PUBLIC WORKS | | | | | | | | |
| Willow Glen Community Benefit District | | | \$72,000 | | \$72,000 | | | \$72,000 |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Ending Fund Balance Adjustment (Unrestricted – Downtown BID) | | | | (\$99,000) | (\$99,000) | | | (\$99,000) |
| Ending Fund Balance Adjustment (Unrestricted – Hotel BID) | | | | (\$808,000) | (\$808,000) | | | (\$808,000) |
| Ending Fund Balance Adjustment (Unrestricted – Willow Glen CBID) | | | | (\$72,000) | (\$72,000) | | | (\$72,000) |
| Budget Adjustments Total | \$0 | \$0 | \$979,000 | (\$979,000) | \$0 | \$0 | \$0 | \$0 |
| BUSINESS IMPVT DIST FUND (351) TOTAL | \$0 | \$0 | \$979,000 | (\$560,168) | \$418,832 | \$0 | \$418,832 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------|---------------------|-----------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CASH RESERVE FUND (002) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Fund Balance Reconciliation | | | | \$2 | \$2 | | \$2 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$2 | \$2 | \$0 | \$2 | \$0 |
| CASH RESERVE FUND (002) TOTAL | \$0 | \$0 | \$0 | \$2 | \$2 | \$0 | \$2 | \$0 |
| CFD #1 CAPITOL AUTO MALL FUND (371) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$840 | \$840 | | \$840 | \$0 |
| Salary Program | \$647 | | | (\$647) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$647 | \$0 | \$0 | \$193 | \$840 | \$0 | \$840 | \$0 |
| CFD #1 CAPITOL AUTO MALL FUND (371) TOTAL | \$647 | \$0 | \$0 | \$193 | \$840 | \$0 | \$840 | \$0 |
| CFD #11 ADELINE - MARY HELEN FD (374) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$20,511 | \$20,511 | | \$20,511 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$20,511 | \$20,511 | \$0 | \$20,511 | \$0 |
| CFD #11 ADELINE - MARY HELEN FD (374) TOTAL | \$0 | \$0 | \$0 | \$20,511 | \$20,511 | \$0 | \$20,511 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------|---------------------|-------------------|------------|-------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CFD #12 BASKING RIDGE FUND (376) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$22,172) | (\$22,172) | | (\$22,172) | \$0 |
| Retirement Contributions Reconciliation | (\$487) | | | | (\$487) | | | (\$487) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$487 | | \$487 | | | \$487 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$801 | (\$801) | \$0 | | | \$0 |
| Salary Program | \$432 | | | (\$432) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$55) | \$0 | \$1,288 | (\$23,405) | (\$22,172) | \$0 | (\$22,172) | \$0 |
| CFD #12 BASKING RIDGE FUND (376) TOTAL | (\$55) | \$0 | \$1,288 | (\$23,405) | (\$22,172) | \$0 | (\$22,172) | \$0 |
| CFD #13 GUADALUPE MINES (310) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$131,174 | \$131,174 | | \$131,174 | \$0 |
| Salary Program | \$432 | | | (\$432) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$432 | \$0 | \$0 | \$130,742 | \$131,174 | \$0 | \$131,174 | \$0 |
| CFD #13 GUADALUPE MINES (310) TOTAL | \$432 | \$0 | \$0 | \$130,742 | \$131,174 | \$0 | \$131,174 | \$0 |
| CFD #14 RALEIGH-CHARLOTTE FD (379) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$26,052 | \$26,052 | | \$26,052 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CFD #14 RALEIGH-CHARLOTTE FD (379) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Salary Program | \$744 | | | (\$744) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$744 | \$0 | \$0 | \$25,308 | \$26,052 | \$0 | \$26,052 | \$0 |
| CFD #14 RALEIGH-CHARLOTTE FD (379) TOTAL | \$744 | \$0 | \$0 | \$25,308 | \$26,052 | \$0 | \$26,052 | \$0 |
| CFD #2 AND CFD #3 FUND (369) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$596,902 | \$596,902 | | \$596,902 | \$0 |
| Rebudget: Personal Services (temporary staffing) | \$43,000 | | | (\$43,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$1,855) | | | | (\$1,855) | | | (\$1,855) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$2,997 | (\$2,997) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$1,855 | | \$1,855 | | | \$1,855 |
| Salary Program | \$1,309 | | | (\$1,309) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$42,454 | \$0 | \$4,852 | \$549,596 | \$596,902 | \$0 | \$596,902 | \$0 |
| CFD #2 AND CFD #3 FUND (369) TOTAL | \$42,454 | \$0 | \$4,852 | \$549,596 | \$596,902 | \$0 | \$596,902 | \$0 |
| CFD #8 COMM HILL FUND (373) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$68,673 | \$68,673 | | \$68,673 | \$0 |
| Rebudget: Personal Services (temporary staffing) | \$52,000 | | | (\$52,000) | \$0 | | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-------------------|---------------------|-------------------|-----------------|-------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CFD #8 COMM HILL FUND (373) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,359) | | | | (\$1,359) | | | (\$1,359) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$1,359 | | \$1,359 | | | \$1,359 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$1,552 | (\$1,552) | \$0 | | | \$0 |
| Salary Program | \$946 | | | (\$946) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$51,587 | \$0 | \$2,911 | \$14,175 | \$68,673 | \$0 | \$68,673 | \$0 |
| CFD #8 COMM HILL FUND (373) TOTAL | \$51,587 | \$0 | \$2,911 | \$14,175 | \$68,673 | \$0 | \$68,673 | \$0 |
| CITY HALL DEBT SERVICE FUND (210) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$48,870) | (\$48,870) | | (\$48,870) | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | (\$48,870) | (\$48,870) | \$0 | (\$48,870) | \$0 |
| Budget Adjustments | | | | | | | | |
| FINANCE | | | | | | | | |
| City Hall Debt Service | | | (\$2,000) | | (\$2,000) | | | (\$2,000) |
| City Hall Garage Debt Service | | | (\$16,000) | | (\$16,000) | | | (\$16,000) |
| Ending Fund Balance Adjustment | | | | \$18,000 | \$18,000 | | | \$18,000 |
| Transfer from General Fund/Ending Fund Balance | | | | \$40,000 | \$40,000 | \$40,000 | | \$0 |
| Budget Adjustments Total | \$0 | \$0 | (\$18,000) | \$58,000 | \$40,000 | \$40,000 | \$0 | \$0 |
| CITY HALL DEBT SERVICE FUND (210) TOTAL | \$0 | \$0 | (\$18,000) | \$9,130 | (\$8,870) | \$40,000 | (\$48,870) | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|--------------|---------------------|--------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CIVIC CENTER CONST FUND (425) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| MUNI IMPROVEMENTS CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$600 | \$600 | | \$600 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$600 | \$600 | \$0 | \$600 | \$0 |
| Budget Adjustments | | | | | | | | |
| MUNI IMPROVEMENTS CAPITAL PROGRAM | | | | | | | | |
| City Hall Construction Close-Out | | | \$600 | | \$600 | | | \$600 |
| Ending Fund Balance Adjustment | | | | (\$600) | (\$600) | | | (\$600) |
| Budget Adjustments Total | \$0 | \$0 | \$600 | (\$600) | \$0 | \$0 | \$0 | \$0 |
| CIVIC CENTER CONST FUND (425) TOTAL | \$0 | \$0 | \$600 | \$0 | \$600 | \$0 | \$600 | \$0 |

COMM DEV BLOCK GRANT FUND (441)

Clean-Up and Rebudget Actions

HOUSING

| | | | | | | | | |
|---|--|--|------------|-------------|-------------|--|-------------|------------|
| Fund Balance Reconciliation | | | | \$2,961,580 | \$2,961,580 | | \$2,961,580 | \$0 |
| Rebudget: LED Streetlight Conversion | | | \$494,671 | (\$494,671) | \$0 | | | \$0 |
| Rebudget: Mayfair Community Garden Rehabilitation | | | \$225,000 | (\$225,000) | \$0 | | | \$0 |
| Rebudget: Neighborhood Infrastructure Improvements | | | \$245,200 | (\$245,200) | \$0 | | | \$0 |
| Rebudget: Olinder Park Physical Improvements | | | \$50,000 | (\$50,000) | \$0 | | | \$0 |
| Rebudget: Public Works Neighborhood Infrastructure Improvements | | | \$318,096 | (\$318,096) | \$0 | | | \$0 |
| Rebudget: Transportation Neighborhood Infrastructure Improvements | | | \$446,199 | (\$446,199) | \$0 | | | \$0 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$27,590) | | (\$27,590) | | | (\$27,590) |
| Salary Program - Housing Program Development and Monitoring | | | \$13,871 | | \$13,871 | | | \$13,871 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|--------------------|---------------------|--------------------|------------|--------------------|---------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| COMM DEV BLOCK GRANT FUND (441) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PLANNING, BLDG, & CODE ENF | | | | | | | | |
| Salary Program - Code Enforcement | | | \$13,719 | | \$13,719 | | | \$13,719 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$1,779,166 | \$1,182,414 | \$2,961,580 | \$0 | \$2,961,580 | \$0 |
| Budget Adjustments | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Transportation Neighborhood Infrastructure Improvements | | | (\$263,000) | | (\$263,000) | | | (\$263,000) |
| HOUSING | | | | | | | | |
| Capital Projects Reserve | | | \$2,000,000 | | \$2,000,000 | | | \$2,000,000 |
| Ending Fund Balance Adjustment | | | | (\$842,301) | (\$842,301) | | | (\$842,301) |
| Housing Rehabilitation Loans and Grants | | | (\$1,157,699) | | (\$1,157,699) | | | (\$1,157,699) |
| Neighborhood Infrastructure Improvements | | | \$601,500 | | \$601,500 | | | \$601,500 |
| PUBLIC WORKS | | | | | | | | |
| Public Works Neighborhood Infrastructure Improvements | | | (\$388,500) | | (\$388,500) | | | (\$388,500) |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Environmental Services Department Neighborhood Infrastructure Improvements | | | \$50,000 | | \$50,000 | | | \$50,000 |
| Budget Adjustments Total | \$0 | \$0 | \$842,301 | (\$842,301) | \$0 | \$0 | \$0 | \$0 |
| COMM DEV BLOCK GRANT FUND (441) TOTAL | \$0 | \$0 | \$2,621,467 | \$340,113 | \$2,961,580 | \$0 | \$2,961,580 | \$0 |
| COMMTY FACIL REVENUE FUND (422) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Fund Balance Reconciliation | | | | \$908,279 | \$908,279 | | \$908,279 | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| COMMTY FACIL REVENUE FUND (422) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Rebudget: Hayes Repair and Improvements | | | \$831,688 | (\$831,688) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$831,688 | \$76,591 | \$908,279 | \$0 | \$908,279 | \$0 |
| COMMTY FACIL REVENUE FUND (422) TOTAL | \$0 | \$0 | \$831,688 | \$76,591 | \$908,279 | \$0 | \$908,279 | \$0 |
| CONST/CONV TAX CENTRAL FD (390) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$379,404 | \$379,404 | | \$379,404 | \$0 |
| Rebudget: Ball Fields Renovation | | | (\$51,000) | \$51,000 | \$0 | | | \$0 |
| Rebudget: Community Center Equipment | | | (\$29,000) | \$29,000 | \$0 | | | \$0 |
| Rebudget: Pools and Fountains | | | \$27,000 | (\$27,000) | \$0 | | | \$0 |
| Rebudget: Regional Parks Safety Enhancements | | | (\$6,000) | \$6,000 | \$0 | | | \$0 |
| Rebudget: Unanticipated or Critical Repairs | | | (\$90,000) | \$90,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$149,000) | \$528,404 | \$379,404 | \$0 | \$379,404 | \$0 |
| CONST/CONV TAX CENTRAL FD (390) TOTAL | \$0 | \$0 | (\$149,000) | \$528,404 | \$379,404 | \$0 | \$379,404 | \$0 |
| CONST/CONV TAX COMM FUND (397) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| COMMUNICATIONS CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$329,760 | \$329,760 | | \$329,760 | \$0 |
| Rebudget: Public Art | | | \$14,000 | (\$14,000) | \$0 | | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------|---------------------|-------------|-----------|------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX COMM FUND (397) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$14,000 | \$315,760 | \$329,760 | \$0 | \$329,760 | \$0 |
| Budget Adjustments | | | | | | | | |
| COMMUNICATIONS CAPITAL PROGRAM | | | | | | | | |
| Communications Equipment Replacement and Upgrade | | | \$300,000 | | \$300,000 | | | \$300,000 |
| Ending Fund Balance Adjustment | | | | (\$300,000) | (\$300,000) | | | (\$300,000) |
| Budget Adjustments Total | \$0 | \$0 | \$300,000 | (\$300,000) | \$0 | \$0 | \$0 | \$0 |
| CONST/CONV TAX COMM FUND (397) TOTAL | \$0 | \$0 | \$314,000 | \$15,760 | \$329,760 | \$0 | \$329,760 | \$0 |
| CONST/CONV TAX FIRE FUND (392) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PUBLIC SAFETY CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$961,591 | \$961,591 | | \$961,591 | \$0 |
| Rebudget: Earned Revenue - 2012 AFG - Fire Department Hose Inventory | | | | \$382,476 | \$382,476 | \$382,476 | | \$0 |
| Rebudget: Emergency Response Data Analysis | | | \$24,000 | (\$24,000) | \$0 | | | \$0 |
| Rebudget: Emergency Response Maps | | | \$85,000 | (\$85,000) | \$0 | | | \$0 |
| Rebudget: FF&E and Facility Improvements | | | \$8,000 | (\$8,000) | \$0 | | | \$0 |
| Rebudget: Facilities Improvements | | | \$51,000 | (\$51,000) | \$0 | | | \$0 |
| Rebudget: Fire Data System | | | \$22,000 | (\$22,000) | \$0 | | | \$0 |
| Rebudget: Fire Facilities Remediation | | | \$100,000 | (\$100,000) | \$0 | | | \$0 |
| Rebudget: Fire Station 21 - Relocation (White Road) | | | \$232,000 | (\$232,000) | \$0 | | | \$0 |
| Rebudget: Fuel Tank Repairs | | | \$16,000 | (\$16,000) | \$0 | | | \$0 |
| Rebudget: Hose Replacement - 2012 AFG Grant | | | (\$38,000) | \$38,000 | \$0 | | | \$0 |
| Rebudget: Telecommunications Equipment | | | \$3,000 | (\$3,000) | \$0 | | | \$0 |
| Rebudget: Tools and Equipment | | | \$99,000 | (\$99,000) | \$0 | | | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|--------------------|------------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX FIRE FUND (392) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PUBLIC SAFETY CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Vintage Apparatus and Equipment Maintenance | | | \$3,000 | (\$3,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$605,000 | \$739,067 | \$1,344,067 | \$382,476 | \$961,591 | \$0 |
| CONST/CONV TAX FIRE FUND (392) TOTAL | \$0 | \$0 | \$605,000 | \$739,067 | \$1,344,067 | \$382,476 | \$961,591 | \$0 |
| CONST/CONV TAX LIBRARY FD (393) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| LIBRARY CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$1,712,578 | \$1,712,578 | | \$1,712,578 | \$0 |
| Rebudget: Acquisition of Materials | | | \$250,000 | (\$250,000) | \$0 | | | \$0 |
| Rebudget: Branch Libraries Fixtures, Furnishings and Equipment | | | \$186,000 | (\$186,000) | \$0 | | | \$0 |
| Rebudget: Facilities Improvements | | | \$90,000 | (\$90,000) | \$0 | | | \$0 |
| Rebudget: General Equipment and Furnishings | | | \$80,000 | (\$80,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$606,000 | \$1,106,578 | \$1,712,578 | \$0 | \$1,712,578 | \$0 |
| CONST/CONV TAX LIBRARY FD (393) TOTAL | \$0 | \$0 | \$606,000 | \$1,106,578 | \$1,712,578 | \$0 | \$1,712,578 | \$0 |
| CONST/CONV TAX PK CD 1 FUND (377) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$156,556 | \$156,556 | | \$156,556 | \$0 |
| Rebudget: Calabazas Basketball Court Renovation | | | \$13,000 | (\$13,000) | \$0 | | | \$0 |
| Rebudget: Calabazas Park Playground Improvements | | | (\$5,000) | \$5,000 | \$0 | | | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PK CD 1 FUND (377) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Mise Park Sports Field Development | | | \$44,000 | (\$44,000) | \$0 | | | \$0 |
| Rebudget: Saratoga Creek Park Booster Pump | | | \$24,000 | (\$24,000) | \$0 | | | \$0 |
| Rebudget: Strategic Capital Replacement and Maintenance Needs | | | \$100,000 | (\$100,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$176,000 | (\$19,444) | \$156,556 | \$0 | \$156,556 | \$0 |
| CONST/CONV TAX PK CD 1 FUND (377) TOTAL | \$0 | \$0 | \$176,000 | (\$19,444) | \$156,556 | \$0 | \$156,556 | \$0 |
| CONST/CONV TAX PK CD 2 FUND (378) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$230,006 | \$230,006 | | \$230,006 | \$0 |
| Rebudget: Southside Community Center Childcare Portable Feasibility Study | | | \$8,000 | (\$8,000) | \$0 | | | \$0 |
| Rebudget: Southside Community Center Improvements | | | \$11,000 | (\$11,000) | \$0 | | | \$0 |
| Rebudget: Strategic Capital Replacement and Maintenance Needs | | | (\$14,000) | \$14,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$5,000 | \$225,006 | \$230,006 | \$0 | \$230,006 | \$0 |
| CONST/CONV TAX PK CD 2 FUND (378) TOTAL | \$0 | \$0 | \$5,000 | \$225,006 | \$230,006 | \$0 | \$230,006 | \$0 |
| CONST/CONV TAX PK CD 3 FUND (380) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$59,887 | \$59,887 | | \$59,887 | \$0 |
| Rebudget: Council District 3 Public Art | | | \$20,000 | (\$20,000) | \$0 | | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|--------------------|------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PK CD 3 FUND (380) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Pool Repairs | | | (\$3,000) | \$3,000 | \$0 | | | \$0 |
| Rebudget: Ryland Park Dog Park Feasibility Study | | | \$14,000 | (\$14,000) | \$0 | | | \$0 |
| Rebudget: Strategic Capital Replacement and Maintenance Needs | | | (\$9,000) | \$9,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$22,000 | \$37,887 | \$59,887 | \$0 | \$59,887 | \$0 |
| Budget Adjustments | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$100,000) | (\$100,000) | | | (\$100,000) |
| St. James Park Improvements | | | \$100,000 | | \$100,000 | | | \$100,000 |
| Budget Adjustments Total | \$0 | \$0 | \$100,000 | (\$100,000) | \$0 | \$0 | \$0 | \$0 |
| CONST/CONV TAX PK CD 3 FUND (380) TOTAL | \$0 | \$0 | \$122,000 | (\$62,113) | \$59,887 | \$0 | \$59,887 | \$0 |
| CONST/CONV TAX PK CD 4 FUND (381) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$1,284,209 | \$1,284,209 | | \$1,284,209 | \$0 |
| Rebudget: Agnews Property Acquisition | | | \$1,291,000 | (\$1,291,000) | \$0 | | | \$0 |
| Rebudget: Overfelt Gardens Cultural Facility Restoration | | | (\$2,000) | \$2,000 | \$0 | | | \$0 |
| Rebudget: Pool Repairs | | | (\$13,000) | \$13,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$1,276,000 | \$8,209 | \$1,284,209 | \$0 | \$1,284,209 | \$0 |
| CONST/CONV TAX PK CD 4 FUND (381) TOTAL | \$0 | \$0 | \$1,276,000 | \$8,209 | \$1,284,209 | \$0 | \$1,284,209 | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|-------------------|------------|-------------------|---------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PK CD 5 FUND (382) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$23,960) | (\$23,960) | | (\$23,960) | \$0 |
| Rebudget: Alum Rock School District Sports Field Partnership (Sheppard Middle School) | | | \$50,000 | (\$50,000) | \$0 | | | \$0 |
| Rebudget: Council District 5 Public Art | | | (\$3,000) | \$3,000 | \$0 | | | \$0 |
| Rebudget: Hillview Park Renovation | | | (\$8,000) | \$8,000 | \$0 | | | \$0 |
| Rebudget: Overfelt Gardens Cultural Facility Restoration | | | (\$1,000) | \$1,000 | \$0 | | | \$0 |
| Rebudget: Pool Repairs | | | \$23,000 | (\$23,000) | \$0 | | | \$0 |
| Rebudget: Strategic Capital Replacement and Maintenance Needs | | | (\$81,000) | \$81,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$20,000) | (\$3,960) | (\$23,960) | \$0 | (\$23,960) | \$0 |
| CONST/CONV TAX PK CD 5 FUND (382) TOTAL | \$0 | \$0 | (\$20,000) | (\$3,960) | (\$23,960) | \$0 | (\$23,960) | \$0 |
| CONST/CONV TAX PK CD 6 FUND (384) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$65,317) | (\$65,317) | | (\$65,317) | \$0 |
| Rebudget: Council District 6 Public Art | | | \$5,000 | (\$5,000) | \$0 | | | \$0 |
| Rebudget: TRAIL: Three Creeks Interim Improvements and Pedestrian Bridge | | | (\$215,000) | \$215,000 | \$0 | | | \$0 |
| Rebudget: TRAIL: Three Creeks Land Acquisition | | | (\$365,000) | \$365,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$575,000) | \$509,683 | (\$65,317) | \$0 | (\$65,317) | \$0 |
| Budget Adjustments | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$1,230,000) | (\$1,230,000) | | | (\$1,230,000) |
| TRAIL: Three Creeks (Lonus Street to Guadalupe River) Design | | | \$805,000 | | \$805,000 | | | \$805,000 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|----------------------|--------------------|------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PK CD 6 FUND (384) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| TRAIL: Three Creeks Pedestrian Bridge EIR | | | \$425,000 | | \$425,000 | | | \$425,000 |
| Budget Adjustments Total | \$0 | \$0 | \$1,230,000 | (\$1,230,000) | \$0 | \$0 | \$0 | \$0 |
| CONST/CONV TAX PK CD 6 FUND (384) TOTAL | \$0 | \$0 | \$655,000 | (\$720,317) | (\$65,317) | \$0 | (\$65,317) | \$0 |
| CONST/CONV TAX PK CD 7 FUND (385) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$348,900) | (\$348,900) | | (\$348,900) | \$0 |
| Rebudget: Dove Hill Park Playground | | | (\$305,000) | \$305,000 | \$0 | | | \$0 |
| Rebudget: Pool Repairs | | | \$15,000 | (\$15,000) | \$0 | | | \$0 |
| Rebudget: Roberto Antonio Balermino Park | | | (\$113,000) | \$113,000 | \$0 | | | \$0 |
| Rebudget: Strategic Capital Replacement and Maintenance Needs | | | \$72,000 | (\$72,000) | \$0 | | | \$0 |
| Rebudget: West Evergreen Park | | | (\$39,000) | \$39,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$370,000) | \$21,100 | (\$348,900) | \$0 | (\$348,900) | \$0 |
| Budget Adjustments | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| ACE Charter School (Franklin McKinley) Reserve | | | (\$250,000) | | (\$250,000) | | | (\$250,000) |
| Bridges Academy Field Enhancements | | | \$250,000 | | \$250,000 | | | \$250,000 |
| Budget Adjustments Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONST/CONV TAX PK CD 7 FUND (385) TOTAL | \$0 | \$0 | (\$370,000) | \$21,100 | (\$348,900) | \$0 | (\$348,900) | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-----------------|---------------------|-------------------|------------|-------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PK CD 8 FUND (386) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$37,936) | (\$37,936) | | (\$37,936) | \$0 |
| Rebudget: Lake Cunningham Park Neighborhood Improvements | | | \$12,000 | (\$12,000) | \$0 | | | \$0 |
| Rebudget: Strategic Capital Replacement and Maintenance Needs | | | (\$11,000) | \$11,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$1,000 | (\$38,936) | (\$37,936) | \$0 | (\$37,936) | \$0 |
| CONST/CONV TAX PK CD 8 FUND (386) TOTAL | \$0 | \$0 | \$1,000 | (\$38,936) | (\$37,936) | \$0 | (\$37,936) | \$0 |
| CONST/CONV TAX PK CD 9 FUND (388) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$45,128 | \$45,128 | | \$45,128 | \$0 |
| Rebudget: Council District 9 Park Facilities Development Strategic Plan | | | \$25,000 | (\$25,000) | \$0 | | | \$0 |
| Rebudget: Pool Repairs | | | \$14,000 | (\$14,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$39,000 | \$6,128 | \$45,128 | \$0 | \$45,128 | \$0 |
| CONST/CONV TAX PK CD 9 FUND (388) TOTAL | \$0 | \$0 | \$39,000 | \$6,128 | \$45,128 | \$0 | \$45,128 | \$0 |
| CONST/CONV TAX PK CD10 FD (389) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$317,798 | \$317,798 | | \$317,798 | \$0 |
| Leland Sports Field Repayment - Transfer from the General Fund/Leland Turf Replacement Reserve | | | \$85,000 | | \$85,000 | \$85,000 | | \$0 |
| Rebudget: Allen at Steinbeck School Soccer Field | | | \$13,000 | (\$13,000) | \$0 | | | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------------|---------------------|------------------|-----------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PK CD10 FD (389) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Chris Hotts Park Improvements | | | \$15,000 | (\$15,000) | \$0 | | | \$0 |
| Rebudget: Comanche Park Play Area Renovation | | | (\$2,000) | \$2,000 | \$0 | | | \$0 |
| Rebudget: Strategic Capital Replacement and Maintenance Needs | | | \$34,000 | (\$34,000) | \$0 | | | \$0 |
| Rebudget: TRAIL: Guadalupe River Under-crossing (Coleman Road) Design | | | \$15,000 | (\$15,000) | \$0 | | | \$0 |
| Rebudget: TRAIL: Los Alamitos Creek (Portwood Circle to Harry Road) | | | \$165,000 | (\$165,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$325,000 | \$77,798 | \$402,798 | \$85,000 | \$317,798 | \$0 |
| CONST/CONV TAX PK CD10 FD (389) TOTAL | \$0 | \$0 | \$325,000 | \$77,798 | \$402,798 | \$85,000 | \$317,798 | \$0 |
| CONST/CONV TAX PK YARDS FD (398) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$65,811 | \$65,811 | | \$65,811 | \$0 |
| Rebudget: Lake Cunningham Park Yard Renovation | | | \$66,000 | (\$66,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$66,000 | (\$189) | \$65,811 | \$0 | \$65,811 | \$0 |
| CONST/CONV TAX PK YARDS FD (398) TOTAL | \$0 | \$0 | \$66,000 | (\$189) | \$65,811 | \$0 | \$65,811 | \$0 |
| CONST/CONV TAX PKS CW FUND (391) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$992,582 | \$992,582 | | \$992,582 | \$0 |
| Rebudget: Alum Rock Park Bridge Riparian Improvements (Phase 1) | | | \$8,000 | (\$8,000) | \$0 | | | \$0 |

**Special/Capital Funds
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|--------------------|----------------------|------------------|------------|------------------|---------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PKS CW FUND (391) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Alum Rock Park Security Improvements | | | \$3,000 | (\$3,000) | \$0 | | | \$0 |
| Rebudget: City-wide Facilities Infrastructure Renovations | | | \$10,000 | (\$10,000) | \$0 | | | \$0 |
| Rebudget: Coy Park Playground Renovation | | | (\$18,000) | \$18,000 | \$0 | | | \$0 |
| Rebudget: Environmental Mitigation Maintenance and Monitoring | | | \$122,000 | (\$122,000) | \$0 | | | \$0 |
| Rebudget: Family Camp Infrastructure Renovations | | | (\$2,000) | \$2,000 | \$0 | | | \$0 |
| Rebudget: Family Camp Repairs - Rim Fire | | | \$98,000 | (\$98,000) | \$0 | | | \$0 |
| Rebudget: Family Camp Volunteer Assistance | | | (\$3,000) | \$3,000 | \$0 | | | \$0 |
| Rebudget: Happy Hollow Park and Zoo Catering Services Equipment | | | (\$76,000) | \$76,000 | \$0 | | | \$0 |
| Rebudget: Happy Hollow Park and Zoo Minor Renovations | | | \$61,000 | (\$61,000) | \$0 | | | \$0 |
| Rebudget: Parks City-Wide Public Art | | | (\$1,000) | \$1,000 | \$0 | | | \$0 |
| Rebudget: Sports Complexes Minor Renovations | | | \$7,000 | (\$7,000) | \$0 | | | \$0 |
| Rebudget: TRAIL: Thompson Creek Easement | | | \$92,000 | (\$92,000) | \$0 | | | \$0 |
| Rebudget: TRAIL: Three Creeks Interim Improvements and Pedestrian Bridge | | | (\$188,000) | \$188,000 | \$0 | | | \$0 |
| Rebudget: Undeveloped Acreage Services | | | \$10,000 | (\$10,000) | \$0 | | | \$0 |
| Rebudget: Vietnamese Cultural Heritage Garden | | | \$139,000 | (\$139,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$262,000 | \$730,582 | \$992,582 | \$0 | \$992,582 | \$0 |
| Budget Adjustments | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$1,295,000) | (\$1,295,000) | | | (\$1,295,000) |
| Environmental Mitigation Maintenance and Monitoring | | | \$170,000 | | \$170,000 | | | \$170,000 |
| Family Camp Capital Improvements Reserve | | | \$45,000 | | \$45,000 | | | \$45,000 |
| Happy Hollow Park and Zoo Enhancements | | | \$380,000 | | \$380,000 | | | \$380,000 |
| Vietnamese Cultural Heritage Garden Reserve | | | \$700,000 | | \$700,000 | | | \$700,000 |
| Budget Adjustments Total | \$0 | \$0 | \$1,295,000 | (\$1,295,000) | \$0 | \$0 | \$0 | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-------------|---------------------|-----------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONST/CONV TAX PKS CW FUND (391) | | | | | | | | |
| CONST/CONV TAX PKS CW FUND (391) TOTAL | \$0 | \$0 | \$1,557,000 | (\$564,418) | \$992,582 | \$0 | \$992,582 | \$0 |
| CONST/CONV TAX SRVC YDS FD (395) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| SERVICE YARDS CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$59,351 | \$59,351 | | \$59,351 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$59,351 | \$59,351 | \$0 | \$59,351 | \$0 |
| CONST/CONV TAX SRVC YDS FD (395) TOTAL | \$0 | \$0 | \$0 | \$59,351 | \$59,351 | \$0 | \$59,351 | \$0 |
| CONSTRUCTION EXCISE TAX FD (465) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$14,363,106 | \$14,363,106 | | \$14,363,106 | \$0 |
| Rebudget: ADA Sidewalk Accessibility Program | | | \$94,000 | (\$94,000) | \$0 | | | \$0 |
| Rebudget: BART Construction Management/Earned Revenue | | | \$117,000 | \$13,000 | \$130,000 | \$130,000 | | \$0 |
| Rebudget: BART Design and Construction | | | \$218,000 | (\$218,000) | \$0 | | | \$0 |
| Rebudget: Bicycle and Pedestrian Facilities/Earned Revenue | | | \$114,000 | \$428,000 | \$542,000 | \$542,000 | | \$0 |
| Rebudget: Bikeways Program (OBAG) | | | (\$12,000) | \$12,000 | \$0 | | | \$0 |
| Rebudget: Capitol Expressway Light Rail Pedestrian and Bus Improvements/Earned Revenue | | | \$42,000 | \$28,000 | \$70,000 | \$70,000 | | \$0 |
| Rebudget: Community Development Block Grant - Non-Reimbursable | | | \$78,000 | (\$78,000) | \$0 | | | \$0 |
| Rebudget: East San José Bike/Ped Transit Connection (OBAG) | | | \$146,000 | (\$146,000) | \$0 | | | \$0 |
| Rebudget: Evergreen Traffic Impact Fees Reserve | | | \$188,483 | (\$188,483) | \$0 | | | \$0 |
| Rebudget: Geometric Design Standards Manual Update | | | \$16,000 | (\$16,000) | \$0 | | | \$0 |
| Rebudget: Habitat Conservation Plan - Nitrogen Deposition Fee | | | \$200,000 | (\$200,000) | \$0 | | | \$0 |
| Rebudget: ITS Monitoring and Maintenance - VRF/Earned Revenue | | | \$37,000 | (\$33,000) | \$4,000 | \$4,000 | | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | NET COST |
|--|----------------------|----------------------------|-------------|------------------------|--------------|---------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Beg Fund Balance | |
| CONSTRUCTION EXCISE TAX FD (465) | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | |
| Rebudget: Infrastructure Management System | | | (\$150,000) | \$150,000 | \$0 | | \$0 |
| Rebudget: Innovative Bicycle Detection System/Earned Revenue | | | | \$47,000 | \$47,000 | \$47,000 | \$0 |
| Rebudget: Inter-Agency Encroachment Permit/Earned Revenue | | | \$13,000 | \$14,000 | \$27,000 | \$27,000 | \$0 |
| Rebudget: Jackson Avenue Complete Streets (OBAG)/Earned Revenue | | | \$49,000 | \$29,000 | \$78,000 | \$78,000 | \$0 |
| Rebudget: Miscellaneous Street Improvements | | | (\$207,000) | \$207,000 | \$0 | | \$0 |
| Rebudget: Neighborhood Traffic Calming | | | \$551,000 | (\$551,000) | \$0 | | \$0 |
| Rebudget: Park Avenue Crosstown Bikeway/Earned Revenue | | | \$24,000 | (\$20,000) | \$4,000 | \$4,000 | \$0 |
| Rebudget: Pavement Maintenance - City | | | \$5,000 | (\$5,000) | \$0 | | \$0 |
| Rebudget: Pavement Maintenance - Federal (OBAG) | | | \$107,000 | (\$107,000) | \$0 | | \$0 |
| Rebudget: Pavement Maintenance - Measure B | | | \$2,627,000 | (\$2,627,000) | \$0 | | \$0 |
| Rebudget: Pavement Maintenance - State Gas Tax | | | \$2,399,000 | (\$2,399,000) | \$0 | | \$0 |
| Rebudget: Pedestrian Oriented Traffic Signals (OBAG)/Earned Revenue | | | \$129,000 | \$29,000 | \$158,000 | \$158,000 | \$0 |
| Rebudget: Prop. 1B - Pavement Maintenance | | | \$79,000 | (\$79,000) | \$0 | | \$0 |
| Rebudget: Safe Access San José/Earned Revenue | | | \$20,000 | (\$6,000) | \$14,000 | \$14,000 | \$0 |
| Rebudget: Safe Pathways to Diridon Station | | | (\$4,000) | \$4,000 | \$0 | | \$0 |
| Rebudget: Safe Routes to School Program (OBAG) | | | \$25,000 | (\$25,000) | \$0 | | \$0 |
| Rebudget: Safety - Neighborhood Traffic Engineering | | | \$96,000 | (\$96,000) | \$0 | | \$0 |
| Rebudget: Safety - Pedestrian Improvements | | | \$1,000 | (\$1,000) | \$0 | | \$0 |
| Rebudget: Safety - Traffic Signal Rehabilitation/Earned Revenue | | | \$33,000 | \$67,000 | \$100,000 | \$100,000 | \$0 |
| Rebudget: San Fernando Street Enhanced Bikeway and Ped Access/Earned Revenue | | | \$68,000 | \$138,000 | \$206,000 | \$206,000 | \$0 |
| Rebudget: San Fernando/San Antonio Bikeway/Earned Revenue | | | | \$43,000 | \$43,000 | \$43,000 | \$0 |
| Rebudget: Santa Clara - Alum Rock Bus Rapid Transit/Earned Revenue | | | | \$560,000 | \$560,000 | \$560,000 | \$0 |
| Rebudget: Signal Retiming - VRF/Earned Revenue | | | \$47,000 | \$13,000 | \$60,000 | \$60,000 | \$0 |
| Rebudget: St. John Pedestrian/Bike Improvements/Earned Revenue | | | \$16,000 | \$27,000 | \$43,000 | \$43,000 | \$0 |
| Rebudget: Street Tree Inventory | | | \$45,000 | (\$45,000) | \$0 | | \$0 |
| Rebudget: Streetlight Wire Replacement | | | \$138,000 | (\$138,000) | \$0 | | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|---------------------|----------------------|---------------------|--------------------|---------------------|---------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONSTRUCTION EXCISE TAX FD (465) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Rebudget: TRAIL: Guadalupe River/Tasman Under-Crossing | | | \$252,000 | (\$252,000) | \$0 | | | \$0 |
| Rebudget: Traffic Flow Management and Signal Retiming | | | \$132,000 | (\$132,000) | \$0 | | | \$0 |
| Rebudget: Traffic Safety Data Collection | | | \$131,000 | (\$131,000) | \$0 | | | \$0 |
| Rebudget: Walk n' Roll San José Phase 1 | | | \$65,000 | (\$65,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$7,929,483 | \$8,519,623 | \$16,449,106 | \$2,086,000 | \$14,363,106 | \$0 |
| Budget Adjustments | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Earned Revenue - Metropolitan Transportation Commission (Climate Initiative Grant - Walk n' Roll) | | | | | \$0 | (\$14,000) | | \$14,000 |
| Earned Revenue - Metropolitan Transportation Commission (One Bay Area Grant - Pavement Maintenance - Federal) | | | | | \$0 | (\$483,000) | | \$483,000 |
| Ending Fund Balance Adjustment | | | | (\$7,965,196) | (\$7,965,196) | | | (\$7,965,196) |
| Inter-Agency Encroachment Permit/Earned Revenue | | | \$650,000 | | \$650,000 | \$650,000 | | \$0 |
| LED Streetlight Program/Earned Revenue | | | \$350,000 | | \$350,000 | \$232,000 | | \$118,000 |
| Pavement Maintenance - City | | | \$3,250,000 | | \$3,250,000 | | | \$3,250,000 |
| Pavement Maintenance - State Gas Tax | | | \$3,830,196 | | \$3,830,196 | | | \$3,830,196 |
| Safety - Traffic Signal Rehabilitation | | | \$270,000 | | \$270,000 | | | \$270,000 |
| Santa Clara - Alum Rock Bus Rapid Transit/Earned Revenue | | | \$340,000 | | \$340,000 | \$340,000 | | \$0 |
| Budget Adjustments Total | \$0 | \$0 | \$8,690,196 | (\$7,965,196) | \$725,000 | \$725,000 | \$0 | \$0 |
| CONSTRUCTION EXCISE TAX FD (465) TOTAL | \$0 | \$0 | \$16,619,679 | \$554,427 | \$17,174,106 | \$2,811,000 | \$14,363,106 | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------------|---------------------|----------------------|------------|----------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONTINGENT LIEN DISTRICT FUND (634) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| DEVELOPER ASSISTED CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$16,997) | (\$16,997) | | (\$16,997) | \$0 |
| Fund Balance Reconciliation (Evergreen Creek District Reserve) | | | (\$1,556,975) | | (\$1,556,975) | | (\$1,556,975) | \$0 |
| Fund Balance Reconciliation (Evergreen Specific Plan District Reserve) | | | \$312,154 | | \$312,154 | | \$312,154 | \$0 |
| Fund Balance Reconciliation (Silicon Valley Bridge District Reserve) | | | \$15,785 | | \$15,785 | | \$15,785 | \$0 |
| Fund Balance Reconciliation (Silver Creek Development District 1A Reserve) | | | \$18,690 | | \$18,690 | | \$18,690 | \$0 |
| Fund Balance Reconciliation (Silver Creek Development District 1B Reserve) | | | \$15,560 | | \$15,560 | | \$15,560 | \$0 |
| Rebudget: Berryessa Road Special Assessment District Feasibility Study | | | \$2,163 | (\$2,163) | \$0 | | | \$0 |
| Rebudget: Quimby/Fowler Creek Riparian Restoration | | | \$40,823 | (\$40,823) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$1,151,800) | (\$59,983) | (\$1,211,783) | \$0 | (\$1,211,783) | \$0 |
| CONTINGENT LIEN DISTRICT FUND (634) TOTAL | \$0 | \$0 | (\$1,151,800) | (\$59,983) | (\$1,211,783) | \$0 | (\$1,211,783) | \$0 |
| CONV CTR FACIL DIST REV FD (791) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Fund Balance Reconciliation | | | | \$1,687,569 | \$1,687,569 | | \$1,687,569 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$1,687,569 | \$1,687,569 | \$0 | \$1,687,569 | \$0 |
| Budget Adjustments | | | | | | | | |
| FINANCE | | | | | | | | |
| Debt Service: Special Tax Bonds | | | \$925 | | \$925 | | | \$925 |
| Ending Fund Balance Adjustment | | | | (\$300) | (\$300) | | | (\$300) |
| Trustee Payment | | | (\$625) | | (\$625) | | | (\$625) |

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-----------|---------------------|-------------|---------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONV CTR FACIL DIST REV FD (791) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Budget Adjustments Total | \$0 | \$0 | \$300 | (\$300) | \$0 | \$0 | \$0 | \$0 |
| CONV CTR FACIL DIST REV FD (791) TOTAL | \$0 | \$0 | \$300 | \$1,687,269 | \$1,687,569 | \$0 | \$1,687,569 | \$0 |
| CONV CTR FACILI DIST PROJ FD (691) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| MUNI IMPROVEMENTS CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$262,259 | \$262,259 | | \$262,259 | \$0 |
| Rebudget: Convention Center Expansion and Renovation Project | | | \$206,854 | (\$206,854) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$206,854 | \$55,405 | \$262,259 | \$0 | \$262,259 | \$0 |
| Budget Adjustments | | | | | | | | |
| MUNI IMPROVEMENTS CAPITAL PROGRAM | | | | | | | | |
| Convention Center Expansion and Renovation Project | | | \$55,405 | | \$55,405 | | | \$55,405 |
| Ending Fund Balance Adjustment | | | | (\$55,405) | (\$55,405) | | | (\$55,405) |
| Budget Adjustments Total | \$0 | \$0 | \$55,405 | (\$55,405) | \$0 | \$0 | \$0 | \$0 |
| CONV CTR FACILI DIST PROJ FD (691) TOTAL | \$0 | \$0 | \$262,259 | \$0 | \$262,259 | \$0 | \$262,259 | \$0 |
| CONV/CULTURAL AFFAIRS FUND (536) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PUBLIC WORKS | | | | | | | | |
| Rebudget: Center for Performing Arts Improvements | | | \$13,000 | (\$13,000) | \$0 | | | \$0 |
| Rebudget: Convention Center Expansion / Renovation | | | \$120,000 | (\$120,000) | \$0 | | | \$0 |

**Special/Capital Funds
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|--------------------|------------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| CONV/CULTURAL AFFAIRS FUND (536) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Fund Balance Reconciliation - Capital Reserve | | | (\$500,000) | | (\$500,000) | | (\$500,000) | \$0 |
| Fund Balance Reconciliation - Unrestricted | | | | \$1,718,463 | \$1,718,463 | | \$1,718,463 | \$0 |
| Rebudget: Civic Auditorium / Center for the Performing Arts Marketing and Capital Improvement | | | \$75,000 | (\$75,000) | \$0 | | | \$0 |
| Rebudget: Convention Center Fixtures, Furniture and Equipment | | | \$39,000 | (\$39,000) | \$0 | | | \$0 |
| Rebudget: Miscellaneous Capital Improvements | | | (\$9,000) | \$9,000 | \$0 | | | \$0 |
| Rebudget: Rehabilitation / Repair - Structures | | | \$220,000 | (\$220,000) | \$0 | | | \$0 |
| Tech Adjust: Capital Reserve/Ending Fund Balance | | | \$500,000 | (\$500,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$458,000 | \$760,463 | \$1,218,463 | \$0 | \$1,218,463 | \$0 |
| Budget Adjustments | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Capital Reserve | | | \$300,000 | | \$300,000 | | | \$300,000 |
| Ending Fund Balance Adjustment | | | | (\$733,766) | (\$733,766) | | | (\$733,766) |
| Rehabilitation / Repair - Electrical | | | \$405,000 | | \$405,000 | | | \$405,000 |
| Team San Jose Management Fee (Incentive Fee) | | | \$150,000 | | \$150,000 | | | \$150,000 |
| Transfer to the General Fund (Broadway San José)/Earned Revenue | | | \$273,682 | | \$273,682 | \$60,000 | | \$213,682 |
| Transfers (TOT Revenue Reconciliation) | | | | | \$0 | \$334,916 | | (\$334,916) |
| Budget Adjustments Total | \$0 | \$0 | \$1,128,682 | (\$733,766) | \$394,916 | \$394,916 | \$0 | \$0 |
| CONV/CULTURAL AFFAIRS FUND (536) TOTAL | \$0 | \$0 | \$1,586,682 | \$26,697 | \$1,613,379 | \$394,916 | \$1,218,463 | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------|---------------------|-------------------|------------|-------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| DENTAL INSURANCE FUND (155) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$43,408 | \$43,408 | | \$43,408 | \$0 |
| Fund Balance Reconciliation - Reserve for Claims | | | | (\$10,000) | (\$10,000) | | (\$10,000) | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$5,002 | (\$5,002) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | (\$2,290) | | \$2,290 | | \$0 | | | \$0 |
| Salary Program - Employee Compensation Planning Reserve | \$1,189 | | (\$1,189) | | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$1,101) | \$0 | \$6,103 | \$28,406 | \$33,408 | \$0 | \$33,408 | \$0 |
| DENTAL INSURANCE FUND (155) TOTAL | (\$1,101) | \$0 | \$6,103 | \$28,406 | \$33,408 | \$0 | \$33,408 | \$0 |
| DOWNTOWN PBID FUND (302) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$14,343) | (\$14,343) | | (\$14,343) | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | (\$14,343) | (\$14,343) | \$0 | (\$14,343) | \$0 |
| DOWNTOWN PBID FUND (302) TOTAL | \$0 | \$0 | \$0 | (\$14,343) | (\$14,343) | \$0 | (\$14,343) | \$0 |
| E PRUSCH MEM PK IMPR FUND (131) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$23,141 | \$23,141 | | \$23,141 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$23,141 | \$23,141 | \$0 | \$23,141 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|--------------|---------------------|----------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| E PRUSCH MEM PK IMPR FUND (131) | | | | | | | | |
| E PRUSCH MEM PK IMPR FUND (131) TOTAL | \$0 | \$0 | \$0 | \$23,141 | \$23,141 | \$0 | \$23,141 | \$0 |
| ECON DEV ADMIN LOAN FUND (444) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HOUSING | | | | | | | | |
| Fund Balance Reconciliation | | | | \$2,629 | \$2,629 | | \$2,629 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$2,629 | \$2,629 | \$0 | \$2,629 | \$0 |
| ECON DEV ADMIN LOAN FUND (444) TOTAL | \$0 | \$0 | \$0 | \$2,629 | \$2,629 | \$0 | \$2,629 | \$0 |
| ECON DEV ENHANCEMENT FD (439) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Fund Balance Reconciliation | | | | \$126 | \$126 | | \$126 | \$0 |
| Tech Adjust: Transfer to the General Fund (Fund Close-Out) | | | \$126 | (\$126) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$126 | \$0 | \$126 | \$0 | \$126 | \$0 |
| ECON DEV ENHANCEMENT FD (439) TOTAL | \$0 | \$0 | \$126 | \$0 | \$126 | \$0 | \$126 | \$0 |
| EDW BYRNE MEMORIAL JAG FD (474) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| POLICE | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$14,301) | (\$14,301) | | (\$14,301) | \$0 |
| Rebudget: 2011 Justice Assistance Grant | | | \$1,252 | (\$1,252) | \$0 | | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|-------------------|---------------------|-------------------|------------|-------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| EDW BYRNE MEMORIAL JAG FD (474) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| POLICE | | | | | | | | |
| Rebudget: 2012 Justice Assistance Grant | | | (\$16,910) | \$16,910 | \$0 | | | \$0 |
| Rebudget: 2013 Justice Assistance Grant | | | \$978 | (\$978) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$14,680) | \$379 | (\$14,301) | \$0 | (\$14,301) | \$0 |
| Budget Adjustments | | | | | | | | |
| POLICE | | | | | | | | |
| 2011 Justice Assistance Grant | | | \$163 | | \$163 | | | \$163 |
| 2012 Justice Assistance Grant | | | \$216 | | \$216 | | | \$216 |
| Ending Fund Balance Adjustment | | | | (\$379) | (\$379) | | | (\$379) |
| Budget Adjustments Total | \$0 | \$0 | \$379 | (\$379) | \$0 | \$0 | \$0 | \$0 |
| EDW BYRNE MEMORIAL JAG FD (474) TOTAL | \$0 | \$0 | (\$14,301) | \$0 | (\$14,301) | \$0 | (\$14,301) | \$0 |
| FEDERAL DRUG FORFEITURE FUND (419) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| POLICE | | | | | | | | |
| Fund Balance Reconciliation | | | | \$159,095 | \$159,095 | | \$159,095 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$159,095 | \$159,095 | \$0 | \$159,095 | \$0 |
| Budget Adjustments | | | | | | | | |
| POLICE | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$10,000) | (\$10,000) | | | (\$10,000) |
| Non-Personal/Equipment (Gun Buy Back Program) | | \$10,000 | | | \$10,000 | | | \$10,000 |

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-------------------|---------------------|------------------|------------|------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| FEDERAL DRUG FORFEITURE FUND (419) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Budget Adjustments Total | \$0 | \$10,000 | \$0 | (\$10,000) | \$0 | \$0 | \$0 | \$0 |
| FEDERAL DRUG FORFEITURE FUND (419) TOTAL | \$0 | \$10,000 | \$0 | \$149,095 | \$159,095 | \$0 | \$159,095 | \$0 |
| GENERAL PURPOSE PARKING FD (533) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$122) | | | | (\$122) | | | (\$122) |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$631,622 | \$631,622 | | \$631,622 | \$0 |
| Retirement Contributions Reconciliation | (\$18,422) | | | | (\$18,422) | | | (\$18,422) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$18,956 | | \$18,956 | | | \$18,956 |
| Salary Program | \$28,229 | | | | \$28,229 | | | \$28,229 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$29,564) | | (\$29,564) | | | (\$29,564) |
| PUBLIC WORKS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$412) | | | | (\$412) | | | (\$412) |
| Salary Program | \$1,335 | | | | \$1,335 | | | \$1,335 |
| Clean-Up and Rebudget Actions Total | \$10,608 | \$0 | (\$10,608) | \$631,622 | \$631,622 | \$0 | \$631,622 | \$0 |
| Budget Adjustments | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$500,000) | (\$500,000) | | | (\$500,000) |
| Minor Parking Facility Improvements | | | \$500,000 | | \$500,000 | | | \$500,000 |
| Budget Adjustments Total | \$0 | \$0 | \$500,000 | (\$500,000) | \$0 | \$0 | \$0 | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|------------------|------------------------|------------------|------------|---------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| GENERAL PURPOSE PARKING FD (533) | | | | | | | | |
| GENERAL PURPOSE PARKING FD (533) TOTAL | \$10,608 | \$0 | \$489,392 | \$131,622 | \$631,622 | \$0 | \$631,622 | \$0 |
| GIFT TRUST FUND (139) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| CITY MANAGER | | | | | | | | |
| Rebudget: Berryessa Center Art Project | | | \$3 | (\$3) | \$0 | | | \$0 |
| INDEPENDENT POLICE AUDITOR | | | | | | | | |
| Rebudget: IPA's Teen Leadership Council | | | \$10,856 | (\$10,856) | \$0 | | | \$0 |
| CITY CLERK | | | | | | | | |
| Rebudget: Annual District I Festival in the Park | | | \$3 | (\$3) | \$0 | | | \$0 |
| Rebudget: CommUnity Resource Fair | | | \$55 | (\$55) | \$0 | | | \$0 |
| Rebudget: Go Girl Go BAWSI | | | \$7 | (\$7) | \$0 | | | \$0 |
| Rebudget: Mayor's College Motivation Program | | | \$31 | (\$31) | \$0 | | | \$0 |
| FINANCE | | | | | | | | |
| Fund Balance Reconciliation | | | | \$17,711 | \$17,711 | | \$17,711 | \$0 |
| POLICE | | | | | | | | |
| Rebudget: CADPE - Drug Education | | | \$2 | (\$2) | \$0 | | | \$0 |
| Rebudget: Canine Unit | | | (\$449) | \$449 | \$0 | | | \$0 |
| Rebudget: Child Safety Seats | | | \$22 | (\$22) | \$0 | | | \$0 |
| Rebudget: Children's Interview Center | | | \$10,063 | (\$10,063) | \$0 | | | \$0 |
| Rebudget: Communications Facility Fitness Center | | | \$4 | (\$4) | \$0 | | | \$0 |
| Rebudget: Community Services Program | | | (\$12) | \$12 | \$0 | | | \$0 |
| Rebudget: Crime Prevention Committee | | | \$1 | (\$1) | \$0 | | | \$0 |
| Rebudget: Cybercadet Program | | | \$9 | (\$9) | \$0 | | | \$0 |
| Rebudget: Internet Crimes Against Children Gifts | | | \$19 | (\$19) | \$0 | | | \$0 |
| Rebudget: Investigative Enhancement | | | \$88 | (\$88) | \$0 | | | \$0 |
| Rebudget: Major Awards Banquet | | | \$32 | (\$32) | \$0 | | | \$0 |

**Special/Capital Funds
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|-----------|---------------------|-----------|---------|------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| GIFT TRUST FUND (139) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| POLICE | | | | | | | | |
| Rebudget: Mayor's Safe Families | | | \$10 | (\$10) | \$0 | | | \$0 |
| Rebudget: Miscellaneous Gifts | | | \$1 | (\$1) | \$0 | | | \$0 |
| Rebudget: Police & School Partnership Program | | | \$17 | (\$17) | \$0 | | | \$0 |
| Rebudget: Police Educational Robot | | | \$4 | (\$4) | \$0 | | | \$0 |
| Rebudget: Police Mounted Unit | | | \$27 | (\$27) | \$0 | | | \$0 |
| Rebudget: Police Reserves Unit | | | \$338 | (\$338) | \$0 | | | \$0 |
| Rebudget: Robbery Secret Witness Program | | | \$29 | (\$29) | \$0 | | | \$0 |
| Rebudget: S.A.V.E. Program | | | \$55 | (\$55) | \$0 | | | \$0 |
| Rebudget: Scholastic Crime Stoppers | | | \$9 | (\$9) | \$0 | | | \$0 |
| Rebudget: School Safety Gifts | | | \$6 | (\$6) | \$0 | | | \$0 |
| Rebudget: Trauma Kits | | | \$3 | (\$3) | \$0 | | | \$0 |
| Rebudget: Volunteer Program | | | \$1 | (\$1) | \$0 | | | \$0 |
| TRANSPORTATION | | | | | | | | |
| Rebudget: Coleman / Guadalupe Traffic Study and Mitigation | | | \$24 | (\$24) | \$0 | | | \$0 |
| Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway | | | (\$10) | \$10 | \$0 | | | \$0 |
| FIRE | | | | | | | | |
| Rebudget: Hazardous Material Training | | | (\$838) | \$838 | \$0 | | | \$0 |
| Rebudget: Public Education Program | | | \$10,000 | (\$10,000) | \$0 | | | \$0 |
| PUBLIC WORKS | | | | | | | | |
| Rebudget: Animal Services Donations | | | \$22,917 | (\$22,917) | \$0 | | | \$0 |
| Rebudget: Kinjo Gardens | | | \$9 | (\$9) | \$0 | | | \$0 |
| Rebudget: Spay / Neuter Program | | | \$305 | (\$305) | \$0 | | | \$0 |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund | | | \$158 | (\$158) | \$0 | | | \$0 |
| Rebudget: Art + Technology Program | | | (\$2,814) | \$2,814 | \$0 | | | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|-----------|------------------------|--------------|---------|---------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| GIFT TRUST FUND (139) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Rebudget: Arts and Education Week | | | \$116 | (\$116) | \$0 | | | \$0 |
| Rebudget: Cultural Performance | | | \$2 | (\$2) | \$0 | | | \$0 |
| Rebudget: Incubation Office Project | | | \$108 | (\$108) | \$0 | | | \$0 |
| Rebudget: Sponsorship Gifts | | | \$173 | (\$173) | \$0 | | | \$0 |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Rebudget: Almaden Lake Park Rangers | | | (\$4,593) | \$4,593 | \$0 | | | \$0 |
| Rebudget: Almaden Winery Improvement | | | \$46 | (\$46) | \$0 | | | \$0 |
| Rebudget: Alum Rock Park | | | \$168 | (\$168) | \$0 | | | \$0 |
| Rebudget: Alviso Community Center | | | (\$18) | \$18 | \$0 | | | \$0 |
| Rebudget: Alviso Recreation and Teen Program | | | \$3 | (\$3) | \$0 | | | \$0 |
| Rebudget: Animal Adoption | | | \$566 | (\$566) | \$0 | | | \$0 |
| Rebudget: Calabazas BMX Park | | | \$9 | (\$9) | \$0 | | | \$0 |
| Rebudget: Castro School Landscaping | | | \$11 | (\$11) | \$0 | | | \$0 |
| Rebudget: Combined Gifts | | | \$511 | (\$511) | \$0 | | | \$0 |
| Rebudget: Commodore Park Maintenance | | | \$3,772 | (\$3,772) | \$0 | | | \$0 |
| Rebudget: Community Cultural Council | | | (\$14) | \$14 | \$0 | | | \$0 |
| Rebudget: Emma Prusch Farm Park | | | \$5,177 | (\$5,177) | \$0 | | | \$0 |
| Rebudget: Family Camp Camperships | | | \$9 | (\$9) | \$0 | | | \$0 |
| Rebudget: Friends of Paul Moore Park | | | \$6 | (\$6) | \$0 | | | \$0 |
| Rebudget: Grace Community Center | | | \$83 | (\$83) | \$0 | | | \$0 |
| Rebudget: Gullo Park Turf Irrigation | | | \$34 | (\$34) | \$0 | | | \$0 |
| Rebudget: J. Ward Memorial Scholarship | | | \$103 | (\$103) | \$0 | | | \$0 |
| Rebudget: Japanese Friendship Garden | | | \$3,274 | (\$3,274) | \$0 | | | \$0 |
| Rebudget: Lake Cunningham Skate Park | | | \$10 | (\$10) | \$0 | | | \$0 |
| Rebudget: Leland High School Tennis | | | \$4 | (\$4) | \$0 | | | \$0 |
| Rebudget: Mayor's Gang Prevention Task Force Clean Slate Program | | | \$2,151 | (\$2,151) | \$0 | | | \$0 |
| Rebudget: Mayor's Youth Conference | | | \$22 | (\$22) | \$0 | | | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | NET COST |
|--|----------------------|----------------------------|------------|------------------------|--------------|---------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Beg Fund Balance | |
| GIFT TRUST FUND (139) | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| PARKS, REC, & NEIGH SVCS | | | | | | | |
| Rebudget: McClaren Circles Design of History | | | \$294 | (\$294) | \$0 | | \$0 |
| Rebudget: Miscellaneous Gifts Under \$1,000 | | | \$326 | (\$326) | \$0 | | \$0 |
| Rebudget: Mise and Starbird Gift | | | \$107 | (\$107) | \$0 | | \$0 |
| Rebudget: Newhall Park Maintenance | | | (\$13,012) | \$13,012 | \$0 | | \$0 |
| Rebudget: Nicolas Prusch Swimming | | | \$550 | (\$550) | \$0 | | \$0 |
| Rebudget: O'Donnell's Gardens Park | | | \$56 | (\$56) | \$0 | | \$0 |
| Rebudget: Overfelt Gardens | | | \$1,009 | (\$1,009) | \$0 | | \$0 |
| Rebudget: RP & CS General Gifts over \$1,000 | | | (\$17,552) | \$17,552 | \$0 | | \$0 |
| Rebudget: River Oaks Park Maintenance | | | (\$11,738) | \$11,738 | \$0 | | \$0 |
| Rebudget: Rose Garden Fountain | | | \$21 | (\$21) | \$0 | | \$0 |
| Rebudget: Safe Summer Initiative | | | \$382 | (\$382) | \$0 | | \$0 |
| Rebudget: San José Vietnam War Memorial | | | \$18 | (\$18) | \$0 | | \$0 |
| Rebudget: Southside Community Center | | | (\$1,020) | \$1,020 | \$0 | | \$0 |
| Rebudget: Southside Community Center Gazebo | | | \$485 | (\$485) | \$0 | | \$0 |
| Rebudget: St. James Park Landscaping | | | (\$3) | \$3 | \$0 | | \$0 |
| Rebudget: Summer Lunch Program | | | \$183 | (\$183) | \$0 | | \$0 |
| Rebudget: Vista Montana Park Maintenance | | | (\$16,873) | \$16,873 | \$0 | | \$0 |
| Rebudget: Willow Glen Founders Day | | | (\$3,117) | \$3,117 | \$0 | | \$0 |
| Rebudget: Youth Commission | | | \$3,290 | (\$3,290) | \$0 | | \$0 |
| Rebudget: Youth Sports Fair | | | \$1 | (\$1) | \$0 | | \$0 |
| LIBRARY | | | | | | | |
| Rebudget: Books for Little Hands | | | (\$1) | \$1 | \$0 | | \$0 |
| Rebudget: Calabazas Branch Library | | | \$298 | (\$298) | \$0 | | \$0 |
| Rebudget: Child Care Endowment | | | (\$652) | \$652 | \$0 | | \$0 |
| Rebudget: Garbage Stickers | | | \$1,576 | (\$1,576) | \$0 | | \$0 |
| Rebudget: Library Literacy Project | | | \$7,963 | (\$7,963) | \$0 | | \$0 |
| Rebudget: Library-General Gifts | | | \$2,343 | (\$2,343) | \$0 | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-----------------|---------------------|-----------------|-----------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| GIFT TRUST FUND (139) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| AIRPORT | | | | | | | | |
| Rebudget: Art Work | | | \$14 | (\$14) | \$0 | | | \$0 |
| Rebudget: Heliport System Plan Study | | | \$45 | (\$45) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$17,711 | \$0 | \$17,711 | \$0 | \$17,711 | \$0 |
| Budget Adjustments | | | | | | | | |
| LIBRARY | | | | | | | | |
| Books for Little Hands/Earned Revenue | | | \$2,000 | | \$2,000 | \$2,000 | | \$0 |
| Library Literacy Project/Earned Revenue | | | \$1,000 | | \$1,000 | \$1,000 | | \$0 |
| Library-General Gifts/Earned Revenue | | | \$10,708 | | \$10,708 | \$10,708 | | \$0 |
| Budget Adjustments Total | \$0 | \$0 | \$13,708 | \$0 | \$13,708 | \$13,708 | \$0 | \$0 |
| GIFT TRUST FUND (139) TOTAL | \$0 | \$0 | \$31,419 | \$0 | \$31,419 | \$13,708 | \$17,711 | \$0 |
| HOME INVEST PART PROG FUND (445) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| CITY ATTORNEY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$486) | | | | (\$486) | | | (\$486) |
| HOUSING | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$747,499) | (\$747,499) | | (\$747,499) | \$0 |
| Retirement Contributions Reconciliation | (\$4,917) | | | | (\$4,917) | | | (\$4,917) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$5,403 | | \$5,403 | | | \$5,403 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$9,909 | (\$9,909) | \$0 | | | \$0 |
| Salary Program | \$10,040 | | | | \$10,040 | | | \$10,040 |

Special/Capital Funds
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|----------------------|--------------------|------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| HOME INVEST PART PROG FUND (445) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HOUSING | | | | | | | | |
| Salary Program - Employee Compensation Planning Reserve | | | | (\$10,040) | (\$10,040) | | | (\$10,040) |
| Clean-Up and Rebudget Actions Total | \$4,637 | \$0 | \$5,272 | (\$757,408) | (\$747,499) | \$0 | (\$747,499) | \$0 |
| Budget Adjustments | | | | | | | | |
| HOUSING | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$500,000) | (\$500,000) | | | (\$500,000) |
| Housing Loans and Grants | | | \$500,000 | | \$500,000 | | | \$500,000 |
| Budget Adjustments Total | \$0 | \$0 | \$500,000 | (\$500,000) | \$0 | \$0 | \$0 | \$0 |
| HOME INVEST PART PROG FUND (445) TOTAL | \$4,637 | \$0 | \$505,272 | (\$1,257,408) | (\$747,499) | \$0 | (\$747,499) | \$0 |
| HOUSING TRUST FUND (440) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| CITY ATTORNEY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$258) | | | | (\$258) | | | (\$258) |
| HOUSING | | | | | | | | |
| Fund Balance Reconciliation | | | | \$112,012 | \$112,012 | | \$112,012 | \$0 |
| Retirement Contributions Reconciliation | (\$8,234) | | | | (\$8,234) | | | (\$8,234) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$8,217 | (\$8,217) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$8,492 | | \$8,492 | | | \$8,492 |
| Salary Program | \$9,588 | | | | \$9,588 | | | \$9,588 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$9,588) | | (\$9,588) | | | (\$9,588) |
| Clean-Up and Rebudget Actions Total | \$1,096 | \$0 | \$7,121 | \$103,795 | \$112,012 | \$0 | \$112,012 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------|---------------------|--------------------|------------|--------------------|---------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| HOUSING TRUST FUND (440) | | | | | | | | |
| HOUSING TRUST FUND (440) TOTAL | \$1,096 | \$0 | \$7,121 | \$103,795 | \$112,012 | \$0 | \$112,012 | \$0 |
| ICE CENTRE REVENUE FUND (432) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Fund Balance Reconciliation | | | | \$2,343,550 | \$2,343,550 | | \$2,343,550 | \$0 |
| Fund Balance Reconciliation - Previously Approved Repairs Reserve | | | | (\$2,859,822) | (\$2,859,822) | | (\$2,859,822) | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | (\$516,272) | (\$516,272) | \$0 | (\$516,272) | \$0 |
| Budget Adjustments | | | | | | | | |
| FINANCE | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$1,864,863) | (\$1,864,863) | | | (\$1,864,863) |
| Previously Approved Repairs Reserve | | | | \$1,864,863 | \$1,864,863 | | | \$1,864,863 |
| Budget Adjustments Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ICE CENTRE REVENUE FUND (432) TOTAL | \$0 | \$0 | \$0 | (\$516,272) | (\$516,272) | \$0 | (\$516,272) | \$0 |
| IMPROVEMENT DISTRICT FUND (599) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$4,761) | (\$4,761) | | (\$4,761) | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | (\$4,761) | (\$4,761) | \$0 | (\$4,761) | \$0 |
| IMPROVEMENT DISTRICT FUND (599) TOTAL | \$0 | \$0 | \$0 | (\$4,761) | (\$4,761) | \$0 | (\$4,761) | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|----------|---------------------|------------|---------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| INTEGRATED WASTE MGT FUND (423) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$21,941) | | | | (\$21,941) | | | (\$21,941) |
| Salary Program | \$15,879 | | | | \$15,879 | | | \$15,879 |
| CITY ATTORNEY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,073) | | | | (\$1,073) | | | (\$1,073) |
| CITY AUDITOR | | | | | | | | |
| Retirement Contributions Reconciliation | (\$113) | | | | (\$113) | | | (\$113) |
| HUMAN RESOURCES | | | | | | | | |
| Retirement Contributions Reconciliation | (\$208) | | | | (\$208) | | | (\$208) |
| Salary Program | \$262 | | | | \$262 | | | \$262 |
| FINANCE | | | | | | | | |
| Rebudget: Delinquent Lien Release | | | \$18,000 | (\$18,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$12,866) | | | | (\$12,866) | | | (\$12,866) |
| Salary Program | \$4,457 | | | | \$4,457 | | | \$4,457 |
| TRANSPORTATION | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,602) | | | | (\$1,602) | | | (\$1,602) |
| PUBLIC WORKS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,519) | | | | (\$1,519) | | | (\$1,519) |
| Salary Program | \$540 | | | | \$540 | | | \$540 |
| PLANNING, BLDG, & CODE ENF | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,762) | | | | (\$1,762) | | | (\$1,762) |
| Salary Program | \$1,356 | | | | \$1,356 | | | \$1,356 |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Retirement Contributions Reconciliation | (\$642) | | | | (\$642) | | | (\$642) |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | Beg Fund Balance | NET COST |
|--|-------------------|-------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | | |
| INTEGRATED WASTE MGT FUND (423) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$460) | | | | (\$460) | | | (\$460) |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$475,064) | (\$475,064) | | (\$475,064) | \$0 |
| Fund Balance Reconciliation - Operations and Maintenance Reserve | | | \$2,000,000 | (\$2,000,000) | \$0 | | | \$0 |
| Rebudget: EIC (Miscellaneous Funding Sources) | | | \$24,721 | (\$24,721) | \$0 | | | \$0 |
| Rebudget: NMTC Developer Fee and Reimbursement/Earned Revenue | | | | \$2,336,133 | \$2,336,133 | \$2,336,133 | | \$0 |
| Retirement Contributions Reconciliation | (\$72,001) | | | | (\$72,001) | | | (\$72,001) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$114,187 | | \$114,187 | | | \$114,187 |
| Salary Program | \$63,692 | | | | \$63,692 | | | \$63,692 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$86,186) | | (\$86,186) | | | (\$86,186) |
| MUNI IMPROVEMENTS CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Household Hazardous Waste Las Plumas Facility | | | \$278,789 | (\$278,789) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$28,001) | \$0 | \$2,349,511 | (\$460,441) | \$1,861,069 | \$2,336,133 | (\$475,064) | \$0 |
| Budget Adjustments | | | | | | | | |
| PLANNING, BLDG, & CODE ENF | | | | | | | | |
| Non-Personal/Equipment (AMANDA Licenses) | | \$4,320 | | | \$4,320 | | | \$4,320 |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| City Facilities Recycle Plus (Late Fees) | | | \$1,000 | | \$1,000 | | | \$1,000 |
| Ending Fund Balance Adjustment | | | | \$620,680 | \$620,680 | | | \$620,680 |
| Non-Personal/Equipment (City Facilities Recycle Plus - Late Fees) | | (\$626,000) | | | (\$626,000) | | | (\$626,000) |
| Budget Adjustments Total | \$0 | (\$621,680) | \$1,000 | \$620,680 | \$0 | \$0 | \$0 | \$0 |
| INTEGRATED WASTE MGT FUND (423) TOTAL | (\$28,001) | (\$621,680) | \$2,350,511 | \$160,239 | \$1,861,069 | \$2,336,133 | (\$475,064) | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|----------------------|----------------------------|------------------|------------------------|--------------------|------------|---------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| LAKE CUNNINGHAM FUND (462) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$78,290 | \$78,290 | | \$78,290 | \$0 |
| Rebudget: Lake Cunningham Bike Park | | | \$26,000 | (\$26,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$26,000 | \$52,290 | \$78,290 | \$0 | \$78,290 | \$0 |
| LAKE CUNNINGHAM FUND (462) TOTAL | \$0 | \$0 | \$26,000 | \$52,290 | \$78,290 | \$0 | \$78,290 | \$0 |
| LIBRARY PARCEL TAX FUND (418) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Retirement Contributions Reconciliation | (\$571) | | | | (\$571) | | | (\$571) |
| LIBRARY | | | | | | | | |
| Fund Balance Reconciliation | | | | \$1,095,615 | \$1,095,615 | | \$1,095,615 | \$0 |
| Retirement Contributions Reconciliation | (\$25,570) | | | | (\$25,570) | | | (\$25,570) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$26,141 | | \$26,141 | | | \$26,141 |
| Salary Program | \$10,758 | | | | \$10,758 | | | \$10,758 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$10,758) | | (\$10,758) | | | (\$10,758) |
| LIBRARY CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Acquisition of Materials | | | \$250,000 | (\$250,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$15,383) | \$0 | \$265,383 | \$845,615 | \$1,095,615 | \$0 | \$1,095,615 | \$0 |
| LIBRARY PARCEL TAX FUND (418) TOTAL | (\$15,383) | \$0 | \$265,383 | \$845,615 | \$1,095,615 | \$0 | \$1,095,615 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-----------------|---------------------|-----------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| LIFE INSURANCE FUND (156) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$37,043 | \$37,043 | | \$37,043 | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$936 | (\$936) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | (\$631) | | \$631 | | \$0 | | | \$0 |
| Salary Program - Employee Compensation Planning Reserve | \$256 | | (\$256) | | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$375) | \$0 | \$1,311 | \$36,107 | \$37,043 | \$0 | \$37,043 | \$0 |
| Budget Adjustments | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$68,500) | (\$68,500) | | | (\$68,500) |
| Insurance Premiums | | | \$68,500 | | \$68,500 | | | \$68,500 |
| Budget Adjustments Total | \$0 | \$0 | \$68,500 | (\$68,500) | \$0 | \$0 | \$0 | \$0 |
| LIFE INSURANCE FUND (156) TOTAL | (\$375) | \$0 | \$69,811 | (\$32,393) | \$37,043 | \$0 | \$37,043 | \$0 |

LOW/MOD INCOME HSNG ASSET FD (346)

Clean-Up and Rebudget Actions

CITY MANAGER

Retirement Contributions Reconciliation (\$285) (\$285) (\$285)

CITY ATTORNEY

Retirement Contributions Reconciliation (\$5,289) (\$5,289) (\$5,289)

HUMAN RESOURCES

Retirement Contributions Reconciliation (\$289) (\$289) (\$289)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|---------------------|-----------------------|---------------------|------------|---------------------|----------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| LOW/MOD INCOME HSNG ASSET FD (346) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,927) | | | | (\$1,927) | | | (\$1,927) |
| HOUSING | | | | | | | | |
| Fund Balance Reconciliation | | | | \$13,491,519 | \$13,491,519 | | \$13,491,519 | \$0 |
| Retirement Contributions Reconciliation | (\$44,101) | | | | (\$44,101) | | | (\$44,101) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$54,411 | | \$54,411 | | | \$54,411 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$81,358 | (\$81,358) | \$0 | | | \$0 |
| Salary Program | \$21,001 | | | | \$21,001 | | | \$21,001 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$21,001) | | (\$21,001) | | | (\$21,001) |
| PUBLIC WORKS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$2,520) | | | | (\$2,520) | | | (\$2,520) |
| Clean-Up and Rebudget Actions Total | (\$33,410) | \$0 | \$114,768 | \$13,410,161 | \$13,491,519 | \$0 | \$13,491,519 | \$0 |
| Budget Adjustments | | | | | | | | |
| HOUSING | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$10,900,000) | (\$10,900,000) | | | (\$10,900,000) |
| Housing Project Reserve | | | \$10,800,000 | | \$10,800,000 | | | \$10,800,000 |
| Non-Personal/Equipment (Furniture and Equipment) | | \$50,000 | | | \$50,000 | | | \$50,000 |
| Successor Agency to the Redevelopment Agency | | | \$50,000 | | \$50,000 | | | \$50,000 |
| Budget Adjustments Total | \$0 | \$50,000 | \$10,850,000 | (\$10,900,000) | \$0 | \$0 | \$0 | \$0 |
| LOW/MOD INCOME HSNG ASSET FD (346) TOTAL | (\$33,410) | \$50,000 | \$10,964,768 | \$2,510,161 | \$13,491,519 | \$0 | \$13,491,519 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------|---------------------|-----------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| M.D. #1 LOS PASEOS FUND (352) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$76,519 | \$76,519 | | \$76,519 | \$0 |
| Rebudget: Non-Personal/Equipment (renovation project) | | \$41,000 | | (\$41,000) | \$0 | | | \$0 |
| Rebudget: Personal Services (temporary staffing) | \$38,000 | | | (\$38,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$1,361) | | | | (\$1,361) | | | (\$1,361) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$1,910 | (\$1,910) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$1,361 | | \$1,361 | | | \$1,361 |
| Salary Program | \$1,524 | | | (\$1,524) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$38,163 | \$41,000 | \$3,271 | (\$5,915) | \$76,519 | \$0 | \$76,519 | \$0 |
| M.D. #1 LOS PASEOS FUND (352) TOTAL | \$38,163 | \$41,000 | \$3,271 | (\$5,915) | \$76,519 | \$0 | \$76,519 | \$0 |
| M.D. #11 BROKAW/JCT-OAK FD (364) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$22,750 | \$22,750 | | \$22,750 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$22,750 | \$22,750 | \$0 | \$22,750 | \$0 |
| M.D. #11 BROKAW/JCT-OAK FD (364) TOTAL | \$0 | \$0 | \$0 | \$22,750 | \$22,750 | \$0 | \$22,750 | \$0 |
| M.D. #13 KARINA CT-O'NL DR FD (366) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$25,667 | \$25,667 | | \$25,667 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| M.D. #13 KARINA CT-O'NL DR FD (366) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$25,667 | \$25,667 | \$0 | \$25,667 | \$0 |
| M.D. #13 KARINA CT-O'NL DR FD (366) TOTAL | \$0 | \$0 | \$0 | \$25,667 | \$25,667 | \$0 | \$25,667 | \$0 |
| M.D. #15 SILVER CREEK FUND (368) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$555,791 | \$555,791 | | \$555,791 | \$0 |
| Rebudget: Non-Personal/Equipment (renovation project) | | \$250,000 | | (\$250,000) | \$0 | | | \$0 |
| Rebudget: Personal Services (temporary staffing) | \$92,000 | | | (\$92,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$3,302) | | | | (\$3,302) | | | (\$3,302) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$4,381 | (\$4,381) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$3,302 | | \$3,302 | | | \$3,302 |
| Salary Program | \$3,949 | | | (\$3,949) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$92,647 | \$250,000 | \$7,683 | \$205,461 | \$555,791 | \$0 | \$555,791 | \$0 |
| M.D. #15 SILVER CREEK FUND (368) TOTAL | \$92,647 | \$250,000 | \$7,683 | \$205,461 | \$555,791 | \$0 | \$555,791 | \$0 |
| M.D. #18 MEADOWLANDS FUND (372) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$10,780 | \$10,780 | | \$10,780 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$10,780 | \$10,780 | \$0 | \$10,780 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|-------|---------------------|-----------|---------|------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| M.D. #18 MEADOWLANDS FUND (372) | | | | | | | | |
| M.D. #18 MEADOWLANDS FUND (372) TOTAL | \$0 | \$0 | \$0 | \$10,780 | \$10,780 | \$0 | \$10,780 | \$0 |
| M.D. #19 RIVER OAKS FUND (359) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$44,940 | \$44,940 | | \$44,940 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$44,940 | \$44,940 | \$0 | \$44,940 | \$0 |
| M.D. #19 RIVER OAKS FUND (359) TOTAL | \$0 | \$0 | \$0 | \$44,940 | \$44,940 | \$0 | \$44,940 | \$0 |
| M.D. #2 TRADE ZONE/LUNDY FD (354) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$11,614 | \$11,614 | | \$11,614 | \$0 |
| Rebudget: Non-Personal/Equipment (renovation project) | | \$50,000 | | (\$50,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$50,000 | \$0 | (\$38,386) | \$11,614 | \$0 | \$11,614 | \$0 |
| M.D. #2 TRADE ZONE/LUNDY FD (354) TOTAL | \$0 | \$50,000 | \$0 | (\$38,386) | \$11,614 | \$0 | \$11,614 | \$0 |
| M.D. #20 RENAISSANC-N. 1ST FD (365) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$32,449 | \$32,449 | | \$32,449 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$32,449 | \$32,449 | \$0 | \$32,449 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|-------|---------------------|-----------|---------|------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| M.D. #20 RENAISSANC-N. 1ST FD (365) | | | | | | | | |
| M.D. #20 RENAISSANC-N. 1ST FD (365) TOTAL | \$0 | \$0 | \$0 | \$32,449 | \$32,449 | \$0 | \$32,449 | \$0 |
| M.D. #21 GATEWAY FUND (356) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$94,008 | \$94,008 | | \$94,008 | \$0 |
| Rebudget: Non-Personal/Equipment (renovation project) | | \$129,000 | | (\$129,000) | \$0 | | | \$0 |
| Salary Program | \$166 | | | (\$166) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$166 | \$129,000 | \$0 | (\$35,158) | \$94,008 | \$0 | \$94,008 | \$0 |
| M.D. #21 GATEWAY FUND (356) TOTAL | \$166 | \$129,000 | \$0 | (\$35,158) | \$94,008 | \$0 | \$94,008 | \$0 |
| M.D. #22 HELLYER-FONT RD FD (367) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$32,085 | \$32,085 | | \$32,085 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$32,085 | \$32,085 | \$0 | \$32,085 | \$0 |
| M.D. #22 HELLYER-FONT RD FD (367) TOTAL | \$0 | \$0 | \$0 | \$32,085 | \$32,085 | \$0 | \$32,085 | \$0 |
| M.D. #5 ORCH PKY-PLUMRIA FD (357) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$37,543 | \$37,543 | | \$37,543 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|---------|---------------------|-----------|---------|------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| M.D. #5 ORCH PKY-PLUMRIA FD (357) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$37,543 | \$37,543 | \$0 | \$37,543 | \$0 |
| M.D. #5 ORCH PKY-PLUMRIA FD (357) TOTAL | \$0 | \$0 | \$0 | \$37,543 | \$37,543 | \$0 | \$37,543 | \$0 |
| M.D. #8 ZANKER-MONTAGUE FD (361) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$47,410 | \$47,410 | | \$47,410 | \$0 |
| Salary Program | \$472 | | | (\$472) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$472 | \$0 | \$0 | \$46,938 | \$47,410 | \$0 | \$47,410 | \$0 |
| M.D. #8 ZANKER-MONTAGUE FD (361) TOTAL | \$472 | \$0 | \$0 | \$46,938 | \$47,410 | \$0 | \$47,410 | \$0 |
| M.D. #9 S TERESA/GRT OAKS FD (362) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRANSPORTATION | | | | | | | | |
| Fund Balance Reconciliation | | | | \$13,090 | \$13,090 | | \$13,090 | \$0 |
| Retirement Contributions Reconciliation | (\$470) | | | | (\$470) | | | (\$470) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$535 | (\$535) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$470 | | \$470 | | | \$470 |
| Salary Program | \$331 | | | (\$331) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$139) | \$0 | \$1,005 | \$12,224 | \$13,090 | \$0 | \$13,090 | \$0 |
| M.D. #9 S TERESA/GRT OAKS FD (362) TOTAL | (\$139) | \$0 | \$1,005 | \$12,224 | \$13,090 | \$0 | \$13,090 | \$0 |

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|--------------------|---------------------|---------------------|------------|---------------------|----------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| MAJOR COLLECT & ARTRLS FD (421) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| TRAFFIC CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$51,632 | \$51,632 | | \$51,632 | \$0 |
| Rebudget: Miscellaneous Street Improvements | | | \$26,000 | (\$26,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$26,000 | \$25,632 | \$51,632 | \$0 | \$51,632 | \$0 |
| MAJOR COLLECT & ARTRLS FD (421) TOTAL | \$0 | \$0 | \$26,000 | \$25,632 | \$51,632 | \$0 | \$51,632 | \$0 |
| MULTI-SOURCE HOUSING FD (448) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| CITY ATTORNEY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,036) | | | | (\$1,036) | | | (\$1,036) |
| HOUSING | | | | | | | | |
| Fund Balance Reconciliation | | | | \$17,916,683 | \$17,916,683 | | \$17,916,683 | \$0 |
| Rebudget: Capital Grant Program | | | \$4,775,000 | (\$4,775,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$10,613) | | | | (\$10,613) | | | (\$10,613) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$11,649 | | \$11,649 | | | \$11,649 |
| Salary Program | \$18,627 | | | | \$18,627 | | | \$18,627 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$18,627) | | (\$18,627) | | | (\$18,627) |
| Clean-Up and Rebudget Actions Total | \$6,978 | \$0 | \$4,768,022 | \$13,141,683 | \$17,916,683 | \$0 | \$17,916,683 | \$0 |
| Budget Adjustments | | | | | | | | |
| HOUSING | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$13,000,000) | (\$13,000,000) | | | (\$13,000,000) |
| HOPWA SHAPPS/Earned Revenue | | | (\$24,130) | | (\$24,130) | (\$24,130) | | \$0 |
| Housing Project Reserve | | | \$13,000,000 | | \$13,000,000 | | | \$13,000,000 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|---------------------|-----------------------|----------------------|----------------------|---------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| MULTI-SOURCE HOUSING FD (448) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| HOUSING | | | | | | | | |
| Recovery Act - Neighborhood Stabilization Program 2/Earned Revenue | | | | (\$4,481,630) | (\$4,481,630) | (\$4,481,630) | | \$0 |
| Budget Adjustments Total | \$0 | \$0 | \$8,494,240 | (\$13,000,000) | (\$4,505,760) | (\$4,505,760) | \$0 | \$0 |
| MULTI-SOURCE HOUSING FD (448) TOTAL | \$6,978 | \$0 | \$13,262,262 | \$141,683 | \$13,410,923 | (\$4,505,760) | \$17,916,683 | \$0 |
| MUNI WATER MAJ FAC FEE FUND (502) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| WATER UTILITY SYS CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$34,120 | \$34,120 | | \$34,120 | \$0 |
| Rebudget: Major Facilities Fee Administration | | | \$15,000 | (\$15,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$15,000 | \$19,120 | \$34,120 | \$0 | \$34,120 | \$0 |
| MUNI WATER MAJ FAC FEE FUND (502) TOTAL | \$0 | \$0 | \$15,000 | \$19,120 | \$34,120 | \$0 | \$34,120 | \$0 |
| MUNICIPAL GOLF COURSE FUND (518) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$41,265) | (\$41,265) | | (\$41,265) | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | (\$41,265) | (\$41,265) | \$0 | (\$41,265) | \$0 |
| Budget Adjustments | | | | | | | | |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Ending Fund Balance Adjustment | | | | \$130,000 | \$130,000 | | | \$130,000 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|--------------------|------------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| MUNICIPAL GOLF COURSE FUND (518) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Los Lagos Golf Course/Earned Revenue | | | \$100,000 | | \$100,000 | (\$30,000) | | \$130,000 |
| Rancho del Pueblo Golf Course | | | \$40,000 | | \$40,000 | | | \$40,000 |
| Transfer from the General Fund | | | | | \$0 | \$300,000 | | (\$300,000) |
| Budget Adjustments Total | \$0 | \$0 | \$140,000 | \$130,000 | \$270,000 | \$270,000 | \$0 | \$0 |
| MUNICIPAL GOLF COURSE FUND (518) TOTAL | \$0 | \$0 | \$140,000 | \$88,735 | \$228,735 | \$270,000 | (\$41,265) | \$0 |
| NEIGHBHD SECURITY BOND FD (475) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PUBLIC SAFETY CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$126,108) | (\$126,108) | | (\$126,108) | \$0 |
| Rebudget: Fire Station 21 - Relocation (White Road) | | | \$23,000 | (\$23,000) | \$0 | | | \$0 |
| Rebudget: Fire Station 24 - Relocation (Silver Creek/Yerba Buena) | | | \$42,000 | (\$42,000) | \$0 | | | \$0 |
| Rebudget: Fire Station 37 (Willow Glen) Reserve | | | (\$188,108) | \$188,108 | \$0 | | | \$0 |
| Rebudget: South San José Police Substation | | | (\$3,000) | \$3,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$126,108) | \$0 | (\$126,108) | \$0 | (\$126,108) | \$0 |
| NEIGHBHD SECURITY BOND FD (475) TOTAL | \$0 | \$0 | (\$126,108) | \$0 | (\$126,108) | \$0 | (\$126,108) | \$0 |
| PARKS & REC BOND PROJ FD (471) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | (\$14,145) | (\$14,145) | | (\$14,145) | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-------------------|---------------------|-------------------|------------|-------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| PARKS & REC BOND PROJ FD (471) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation - Parks and Recreation Bond Projects | | | \$99,855 | (\$99,855) | \$0 | | | \$0 |
| Contingency Reserve | | | | | | | | |
| Rebudget: Soccer Complex (Coleman Soccer Fields) | | | (\$114,000) | \$114,000 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$14,145) | \$0 | (\$14,145) | \$0 | (\$14,145) | \$0 |
| PARKS & REC BOND PROJ FD (471) TOTAL | \$0 | \$0 | (\$14,145) | \$0 | (\$14,145) | \$0 | (\$14,145) | \$0 |
| PUBLIC WKS PRO SUPPORT FD (150) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,680) | | | | (\$1,680) | | | (\$1,680) |
| HUMAN RESOURCES | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,298) | | | | (\$1,298) | | | (\$1,298) |
| Salary Program | \$2,831 | | | | \$2,831 | | | \$2,831 |
| FINANCE | | | | | | | | |
| Retirement Contributions Reconciliation | (\$875) | | | | (\$875) | | | (\$875) |
| Salary Program | \$1,048 | | | | \$1,048 | | | \$1,048 |
| PUBLIC WORKS | | | | | | | | |
| Fund Balance Reconciliation | | | | \$550,398 | \$550,398 | | \$550,398 | \$0 |
| Retirement Contributions Reconciliation | (\$45,026) | | | | (\$45,026) | | | (\$45,026) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$48,879 | | \$48,879 | | | \$48,879 |
| Salary Program | \$28,405 | | | | \$28,405 | | | \$28,405 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$32,284) | | (\$32,284) | | | (\$32,284) |
| Clean-Up and Rebudget Actions Total | (\$16,595) | \$0 | \$16,595 | \$550,398 | \$550,398 | \$0 | \$550,398 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| PUBLIC WKS PRO SUPPORT FD (150) | | | | | | | | |
| PUBLIC WKS PRO SUPPORT FD (150) TOTAL | (\$16,595) | \$0 | \$16,595 | \$550,398 | \$550,398 | \$0 | \$550,398 | \$0 |
| RES CONST TAX FUND (420) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| DEVELOPER ASSISTED CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$324,193 | \$324,193 | | \$324,193 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$324,193 | \$324,193 | \$0 | \$324,193 | \$0 |
| RES CONST TAX FUND (420) TOTAL | \$0 | \$0 | \$0 | \$324,193 | \$324,193 | \$0 | \$324,193 | \$0 |
| SANITARY SEWER CONN FEE FD (540) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| SANITARY SEWER CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$809,902 | \$809,902 | | \$809,902 | \$0 |
| Rebudget: Immediate Replacement and Diversion Projects | | | \$716,000 | (\$716,000) | \$0 | | | \$0 |
| Rebudget: Urgent Rehabilitation and Repair Projects | | | \$200,000 | (\$200,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$916,000 | (\$106,098) | \$809,902 | \$0 | \$809,902 | \$0 |
| SANITARY SEWER CONN FEE FD (540) TOTAL | \$0 | \$0 | \$916,000 | (\$106,098) | \$809,902 | \$0 | \$809,902 | \$0 |
| SEWER SVC & USE CHARGE FD (541) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| CITY MANAGER | | | | | | | | |
| Retirement Contributions Reconciliation | (\$185) | | | | | (\$185) | | (\$185) |

**Special/Capital Funds
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | NET COST |
|--|-------------------|-------------------------|-----------|---------------------|-------------|-------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | |
| SEWER SVC & USE CHARGE FD (541) | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | |
| Retirement Contributions Reconciliation | (\$3,710) | | | | (\$3,710) | | (\$3,710) |
| Salary Program | \$6,712 | | | | \$6,712 | | \$6,712 |
| CITY ATTORNEY | | | | | | | |
| Retirement Contributions Reconciliation | (\$5,308) | | | | (\$5,308) | | (\$5,308) |
| CITY AUDITOR | | | | | | | |
| Retirement Contributions Reconciliation | (\$82) | | | | (\$82) | | (\$82) |
| HUMAN RESOURCES | | | | | | | |
| Retirement Contributions Reconciliation | (\$285) | | | | (\$285) | | (\$285) |
| Salary Program | \$175 | | | | \$175 | | \$175 |
| FINANCE | | | | | | | |
| Retirement Contributions Reconciliation | (\$5,153) | | | | (\$5,153) | | (\$5,153) |
| Salary Program | \$1,420 | | | | \$1,420 | | \$1,420 |
| TRANSPORTATION | | | | | | | |
| Rebudget: Non-Personal/Equipment (Vehicle Procurement) | | \$131,000 | | (\$131,000) | \$0 | | \$0 |
| Retirement Contributions Reconciliation | (\$110,152) | | | | (\$110,152) | | (\$110,152) |
| Salary Program | \$50,117 | | | | \$50,117 | | \$50,117 |
| PUBLIC WORKS | | | | | | | |
| Retirement Contributions Reconciliation | (\$19,252) | | | | (\$19,252) | | (\$19,252) |
| Salary Program | \$27,002 | | | | \$27,002 | | \$27,002 |
| PLANNING, BLDG, & CODE ENF | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,249) | | | | (\$1,249) | | (\$1,249) |
| ENVIRONMENTAL SERVICES | | | | | | | |
| Fund Balance Reconciliation | | | | \$1,929,295 | \$1,929,295 | \$1,929,295 | \$0 |
| Fund Balance Reconciliation - Operations and Maintenance Reserve | | | \$638,000 | (\$638,000) | \$0 | | \$0 |
| Retirement Contributions Reconciliation | (\$6,721) | | | | (\$6,721) | | (\$6,721) |

Special/Capital Funds
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|--------------------|------------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SEWER SVC & USE CHARGE FD (541) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$152,097 | | \$152,097 | | | \$152,097 |
| Salary Program | \$5,886 | | | | \$5,886 | | | \$5,886 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$91,312) | | (\$91,312) | | | (\$91,312) |
| Clean-Up and Rebudget Actions Total | (\$60,785) | \$131,000 | \$698,785 | \$1,160,295 | \$1,929,295 | \$0 | \$1,929,295 | \$0 |
| Budget Adjustments | | | | | | | | |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Burrowing Owl Habitat Management/Earned Revenue | | \$200,000 | | | \$200,000 | \$200,000 | | \$0 |
| Budget Adjustments Total | \$0 | \$200,000 | \$0 | \$0 | \$200,000 | \$200,000 | \$0 | \$0 |
| SEWER SVC & USE CHARGE FD (541) TOTAL | (\$60,785) | \$331,000 | \$698,785 | \$1,160,295 | \$2,129,295 | \$200,000 | \$1,929,295 | \$0 |

SEWER SVC & USE CHG CAP FD (545)

Clean-Up and Rebudget Actions

SANITARY SEWER CAPITAL PROGRAM

| | | | | | | | | |
|--|--|--|-------------|-------------|-------------|--|-------------|-----|
| Fund Balance Reconciliation | | | | \$7,898,859 | \$7,898,859 | | \$7,898,859 | \$0 |
| Rebudget: 11th Street Sanitary Sewer Replacement | | | \$59,000 | (\$59,000) | \$0 | | | \$0 |
| Rebudget: 30" Old Bayshore Supplement | | | \$128,000 | (\$128,000) | \$0 | | | \$0 |
| Rebudget: 60" Brick Interceptor, Phase VIA and VIB | | | \$126,000 | (\$126,000) | \$0 | | | \$0 |
| Rebudget: Almaden Expressway Sanitary Sewer Improvements | | | \$252,000 | (\$252,000) | \$0 | | | \$0 |
| Rebudget: Bollinger Road - Blaney Avenue Sanitary Sewer Improvements | | | (\$2,000) | \$2,000 | \$0 | | | \$0 |
| Rebudget: Coleman Road Sanitary Sewer Improvements - Phase 3 | | | (\$270,000) | \$270,000 | \$0 | | | \$0 |
| Rebudget: Fourth Major Interceptor, Phase IIB/IIIB | | | (\$8,000) | \$8,000 | \$0 | | | \$0 |
| Rebudget: Husted-Richland Sanitary Sewer Improvements | | | (\$2,000) | \$2,000 | \$0 | | | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|--------------------|------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SEWER SVC & USE CHG CAP FD (545) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| SANITARY SEWER CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Immediate Replacement and Diversion Projects | | | \$1,565,000 | (\$1,565,000) | \$0 | | | \$0 |
| Rebudget: Kelez Drive and El Prado Drive Sanitary Sewer Replacement | | | \$67,000 | (\$67,000) | \$0 | | | \$0 |
| Rebudget: Mackey Avenue Sanitary Sewer Replacement | | | (\$101,000) | \$101,000 | \$0 | | | \$0 |
| Rebudget: Minnesota Avenue Sanitary Sewer Improvements | | | \$19,000 | (\$19,000) | \$0 | | | \$0 |
| Rebudget: Monterey-Riverside Relief Sanitary Sewer Improvements | | | \$47,000 | (\$47,000) | \$0 | | | \$0 |
| Rebudget: Public Art | | | \$4,000 | (\$4,000) | \$0 | | | \$0 |
| Rebudget: Rehabilitation of Sanitary Sewer Pump Stations | | | \$177,000 | (\$177,000) | \$0 | | | \$0 |
| Rebudget: Spreckles Sanitary Sewer Force Main Supplement | | | \$305,000 | (\$305,000) | \$0 | | | \$0 |
| Rebudget: Spreckles Sanitary Sewer Force Main Supplement, Phase II | | | \$242,000 | (\$242,000) | \$0 | | | \$0 |
| Rebudget: Stevens Creek Boulevard Sanitary Sewer Improvements | | | \$26,000 | (\$26,000) | \$0 | | | \$0 |
| Rebudget: Story Road Easement Sanitary Sewer Replacement | | | \$73,000 | (\$73,000) | \$0 | | | \$0 |
| Rebudget: Urgent Rehabilitation and Repair Projects | | | \$405,000 | (\$405,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$3,112,000 | \$4,786,859 | \$7,898,859 | \$0 | \$7,898,859 | \$0 |
| SEWER SVC & USE CHG CAP FD (545) TOTAL | \$0 | \$0 | \$3,112,000 | \$4,786,859 | \$7,898,859 | \$0 | \$7,898,859 | \$0 |
| SJ ARENA CAPITAL RESERVE FD (459) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Fund Balance Reconciliation | | | | \$262,166 | \$262,166 | | \$262,166 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$262,166 | \$262,166 | \$0 | \$262,166 | \$0 |
| Budget Adjustments | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$376,319) | (\$376,319) | | | (\$376,319) |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SJ ARENA CAPITAL RESERVE FD (459) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Previously Approved Repairs Reserve | | | \$376,319 | | \$376,319 | | | \$376,319 |
| Budget Adjustments Total | \$0 | \$0 | \$376,319 | (\$376,319) | \$0 | \$0 | \$0 | \$0 |
| SJ ARENA CAPITAL RESERVE FD (459) TOTAL | \$0 | \$0 | \$376,319 | (\$114,153) | \$262,166 | \$0 | \$262,166 | \$0 |
| SJ ARENA ENHANCEMENT FUND (301) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Fund Balance Reconciliation | | | | \$2,787 | \$2,787 | | \$2,787 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$2,787 | \$2,787 | \$0 | \$2,787 | \$0 |
| SJ ARENA ENHANCEMENT FUND (301) TOTAL | \$0 | \$0 | \$0 | \$2,787 | \$2,787 | \$0 | \$2,787 | \$0 |
| SJ-SC TRMNT PLANT CAP FUND (512) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| WATER POLLUTION CONTROL CAP PRGM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$17,017,562 | \$17,017,562 | | \$17,017,562 | \$0 |
| Rebudget: Combined Heat and Power Equipment Repair and Rehabilitation | | | (\$6,000) | \$6,000 | \$0 | | | \$0 |
| Rebudget: Digester and Thickener Facilities Upgrade | | | \$115,000 | (\$115,000) | \$0 | | | \$0 |
| Rebudget: Dissolved Air Flotation Rehabilitation and Odor Control | | | \$30,000 | (\$30,000) | \$0 | | | \$0 |
| Rebudget: Energy Generation Improvements | | | (\$93,000) | \$93,000 | \$0 | | | \$0 |
| Rebudget: Equipment Replacement | | | \$550,000 | (\$550,000) | \$0 | | | \$0 |
| Rebudget: Iron Salt Feed Station | | | (\$1,000) | \$1,000 | \$0 | | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|---------------------|------------|---------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SJ-SC TRMNT PLANT CAP FUND (512) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| WATER POLLUTION CONTROL CAP PRGM | | | | | | | | |
| Rebudget: Plant Backup Water Supply | | | \$109,000 | (\$109,000) | \$0 | | | \$0 |
| Rebudget: Plant Electrical Reliability | | | (\$5,000) | \$5,000 | \$0 | | | \$0 |
| Rebudget: Plant Infrastructure Improvements | | | \$619,000 | (\$619,000) | \$0 | | | \$0 |
| Rebudget: Preliminary Engineering | | | \$500,000 | (\$500,000) | \$0 | | | \$0 |
| Rebudget: Program Management | | | \$820,000 | (\$820,000) | \$0 | | | \$0 |
| Rebudget: SBWR Extension | | | \$85,000 | (\$85,000) | \$0 | | | \$0 |
| Rebudget: Treatment Plant Distributed Control System | | | \$32,000 | (\$32,000) | \$0 | | | \$0 |
| Rebudget: Treatment Plant Fire Main Replacement | | | \$6,000 | (\$6,000) | \$0 | | | \$0 |
| Rebudget: Urgent and Unscheduled Treatment Plant Rehabilitation | | | (\$141,000) | \$141,000 | \$0 | | | \$0 |
| Rebudget: Yard Piping and Road Improvements | | | \$50,000 | (\$50,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$2,670,000 | \$14,347,562 | \$17,017,562 | \$0 | \$17,017,562 | \$0 |
| SJ-SC TRMNT PLANT CAP FUND (512) TOTAL | \$0 | \$0 | \$2,670,000 | \$14,347,562 | \$17,017,562 | \$0 | \$17,017,562 | \$0 |

SJ-SC TRMNT PLANT OPER FUND (513)

Clean-Up and Rebudget Actions

CITY MANAGER

Retirement Contributions Reconciliation (\$185) (\$185) (\$185)

INFORMATION TECHNOLOGY

Retirement Contributions Reconciliation (\$713) (\$713) (\$713)

CITY ATTORNEY

Retirement Contributions Reconciliation (\$1,092) (\$1,092) (\$1,092)

CITY AUDITOR

Retirement Contributions Reconciliation (\$665) (\$665) (\$665)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|--------------------|------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SJ-SC TRMNT PLANT OPER FUND (513) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Retirement Contributions Reconciliation | (\$2,461) | | | | (\$2,461) | | | (\$2,461) |
| Salary Program | \$1,398 | | | | \$1,398 | | | \$1,398 |
| FINANCE | | | | | | | | |
| Retirement Contributions Reconciliation | (\$5,732) | | | | (\$5,732) | | | (\$5,732) |
| Salary Program | \$4,337 | | | | \$4,337 | | | \$4,337 |
| PUBLIC WORKS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$3,156) | | | | (\$3,156) | | | (\$3,156) |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Retirement Contributions Reconciliation | (\$877) | | | | (\$877) | | | (\$877) |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$4,368,504 | \$4,368,504 | | \$4,368,504 | \$0 |
| Fund Balance Reconciliation - Operations and Maintenance Reserve | | | \$175,000 | (\$175,000) | \$0 | | | \$0 |
| Rebudget: Non-Personal/Equipment (Wastewater Flow Analysis) | | \$270,000 | | (\$270,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$519,898) | | | | (\$519,898) | | | (\$519,898) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$534,779 | | \$534,779 | | | \$534,779 |
| Salary Program | \$455,848 | | | | \$455,848 | | | \$455,848 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$461,583) | | (\$461,583) | | | (\$461,583) |
| Clean-Up and Rebudget Actions Total | (\$73,196) | \$270,000 | \$248,196 | \$3,923,504 | \$4,368,504 | \$0 | \$4,368,504 | \$0 |
| SJ-SC TRMNT PLANT OPER FUND (513) TOTAL | (\$73,196) | \$270,000 | \$248,196 | \$3,923,504 | \$4,368,504 | \$0 | \$4,368,504 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SJ-SC TRTMNT PLNT INC FUND (514) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$33 | \$33 | | \$33 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$33 | \$33 | \$0 | \$33 | \$0 |
| SJ-SC TRTMNT PLNT INC FUND (514) TOTAL | \$0 | \$0 | \$0 | \$33 | \$33 | \$0 | \$33 | \$0 |
| STATE DRUG FORF FUND (417) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| POLICE | | | | | | | | |
| Fund Balance Reconciliation | | | | \$520,113 | \$520,113 | | \$520,113 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$520,113 | \$520,113 | \$0 | \$520,113 | \$0 |
| STATE DRUG FORF FUND (417) TOTAL | \$0 | \$0 | \$0 | \$520,113 | \$520,113 | \$0 | \$520,113 | \$0 |
| STORM DRAINAGE FEE FUND (413) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| STORM SEWER CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$73,619 | \$73,619 | | \$73,619 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$73,619 | \$73,619 | \$0 | \$73,619 | \$0 |
| STORM DRAINAGE FEE FUND (413) TOTAL | \$0 | \$0 | \$0 | \$73,619 | \$73,619 | \$0 | \$73,619 | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------------|---------------------|--------------------|------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| STORM SEWER CAPITAL FUND (469) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| STORM SEWER CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$2,975,875 | \$2,975,875 | | \$2,975,875 | \$0 |
| Rebudget: Alviso Storm Pump Station | | | (\$9,000) | \$9,000 | \$0 | | | \$0 |
| Rebudget: Martha Gardens Green Alley | | | \$40,000 | (\$40,000) | \$0 | | | \$0 |
| Rebudget: Minor Neighborhood Storm Sewer Improvements | | | \$84,000 | (\$84,000) | \$0 | | | \$0 |
| Rebudget: Outfall Rehabilitation - Capital | | | \$325,000 | (\$325,000) | \$0 | | | \$0 |
| Rebudget: Public Art | | | \$3,000 | (\$3,000) | \$0 | | | \$0 |
| Rebudget: Storm Pump Station Rehabilitation and Replacement | | | (\$74,000) | \$74,000 | \$0 | | | \$0 |
| Rebudget: Storm Sewer Improvements - Special Corridors | | | \$172,000 | (\$172,000) | \$0 | | | \$0 |
| Rebudget: Storm Sewer Master Plan - City-wide | | | (\$38,000) | \$38,000 | \$0 | | | \$0 |
| Rebudget: Upper Bird Avenue Storm Sewer Improvements | | | \$25,000 | (\$25,000) | \$0 | | | \$0 |
| Rebudget: Urgent Flood Prevention and Repair Projects | | | \$70,000 | (\$70,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$598,000 | \$2,377,875 | \$2,975,875 | \$0 | \$2,975,875 | \$0 |
| STORM SEWER CAPITAL FUND (469) TOTAL | \$0 | \$0 | \$598,000 | \$2,377,875 | \$2,975,875 | \$0 | \$2,975,875 | \$0 |
| STORM SEWER OPERATING FD (446) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$2,119) | | | | (\$2,119) | | | (\$2,119) |
| Salary Program | \$4,576 | | | | \$4,576 | | | \$4,576 |
| CITY AUDITOR | | | | | | | | |
| Retirement Contributions Reconciliation | (\$103) | | | | (\$103) | | | (\$103) |
| HUMAN RESOURCES | | | | | | | | |
| Retirement Contributions Reconciliation | (\$429) | | | | (\$429) | | | (\$429) |
| Salary Program | \$219 | | | | \$219 | | | \$219 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|--------------------|------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| STORM SEWER OPERATING FD (446) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| FINANCE | | | | | | | | |
| Retirement Contributions Reconciliation | (\$477) | | | | (\$477) | | | (\$477) |
| Salary Program | \$613 | | | | \$613 | | | \$613 |
| TRANSPORTATION | | | | | | | | |
| Retirement Contributions Reconciliation | (\$54,393) | | | | (\$54,393) | | | (\$54,393) |
| Salary Program | \$23,917 | | | | \$23,917 | | | \$23,917 |
| PUBLIC WORKS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$5,917) | | | | (\$5,917) | | | (\$5,917) |
| Salary Program | \$15,282 | | | | \$15,282 | | | \$15,282 |
| PLANNING, BLDG, & CODE ENF | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,668) | | | | (\$1,668) | | | (\$1,668) |
| Salary Program | \$186 | | | | \$186 | | | \$186 |
| PARKS, REC, & NEIGH SVCS | | | | | | | | |
| Retirement Contributions Reconciliation | (\$1,382) | | | | (\$1,382) | | | (\$1,382) |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$1,169,617 | \$1,169,617 | | \$1,169,617 | \$0 |
| Fund Balance Reconciliation - Operations and Maintenance Reserve | | | \$208,000 | (\$208,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$64,383) | | | | (\$64,383) | | | (\$64,383) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$130,871 | | \$130,871 | | | \$130,871 |
| Salary Program | \$46,616 | | | | \$46,616 | | | \$46,616 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$91,409) | | (\$91,409) | | | (\$91,409) |
| Clean-Up and Rebudget Actions Total | (\$39,462) | \$0 | \$247,462 | \$961,617 | \$1,169,617 | \$0 | \$1,169,617 | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|------------------|---------------------|--------------------|------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| STORM SEWER OPERATING FD (446) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| PLANNING, BLDG, & CODE ENF | | | | | | | | |
| Non-Personal/Equipment (AMANDA Licenses) | | \$2,160 | | | \$2,160 | | | \$2,160 |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$2,160) | (\$2,160) | | | (\$2,160) |
| Budget Adjustments Total | \$0 | \$2,160 | \$0 | (\$2,160) | \$0 | \$0 | \$0 | \$0 |
| STORM SEWER OPERATING FD (446) TOTAL | (\$39,462) | \$2,160 | \$247,462 | \$959,457 | \$1,169,617 | \$0 | \$1,169,617 | \$0 |

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SUBDIVISION PARK TRUST FUND (375)

Clean-Up and Rebudget Actions

PARKS & COMM FAC DEV CAPITAL PROGRAM

| | | | | | | | | |
|---|--|--|-------------|---------------|-------------|--|-------------|-----|
| Fund Balance Reconciliation | | | | \$2,969,624 | \$2,969,624 | | \$2,969,624 | \$0 |
| Fund Balance Reconciliation - Future PDO/PIO Projects Reserve | | | (\$741,376) | \$741,376 | \$0 | | | \$0 |
| Rebudget: Agnews Property Acquisition | | | \$3,114,000 | (\$3,114,000) | \$0 | | | \$0 |
| Rebudget: Agnews Property Preliminary Studies | | | (\$2,000) | \$2,000 | \$0 | | | \$0 |
| Rebudget: Allen at Steinbeck School Soccer Field | | | (\$149,000) | \$149,000 | \$0 | | | \$0 |
| Rebudget: Backesto Park Improvements | | | \$5,000 | (\$5,000) | \$0 | | | \$0 |
| Rebudget: Basking Ridge Park Fencing | | | \$14,000 | (\$14,000) | \$0 | | | \$0 |
| Rebudget: Bramhall Park Improvements | | | (\$219,000) | \$219,000 | \$0 | | | \$0 |
| Rebudget: Branham Park Playground Renovation | | | (\$3,000) | \$3,000 | \$0 | | | \$0 |
| Rebudget: Butcher Park Lighting Upgrade | | | \$31,000 | (\$31,000) | \$0 | | | \$0 |
| Rebudget: Cahill Park Turf Renovation | | | \$50,000 | (\$50,000) | \$0 | | | \$0 |
| Rebudget: Camden Community Center KidZone Safety Improvements | | | \$27,000 | (\$27,000) | \$0 | | | \$0 |
| Rebudget: Camden Pool Renovation | | | (\$80,000) | \$80,000 | \$0 | | | \$0 |
| Rebudget: Chris Hotts Park Fencing and Minor Improvements | | | (\$5,000) | \$5,000 | \$0 | | | \$0 |
| Rebudget: Commodore Children's Park | | | \$30,000 | (\$30,000) | \$0 | | | \$0 |

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| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | NET COST |
|--|----------------------|----------------------------|-------------|------------------------|--------------|---------------------|----------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Beg Fund Balance | |
| SUBDIVISION PARK TRUST FUND (375) | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | |
| Rebudget: Council District 4 Dog Park | | | \$8,000 | (\$8,000) | \$0 | | \$0 |
| Rebudget: Dairy Hill Detention Basin Refund | | | \$897,000 | (\$897,000) | \$0 | | \$0 |
| Rebudget: Del Monte Park | | | (\$53,000) | \$53,000 | \$0 | | \$0 |
| Rebudget: Guadalupe River Park Rotary Play Garden | | | \$14,000 | (\$14,000) | \$0 | | \$0 |
| Rebudget: Hamann Park Minor Improvements | | | \$25,000 | (\$25,000) | \$0 | | \$0 |
| Rebudget: Los Paseos Park Improvements | | | \$57,000 | (\$57,000) | \$0 | | \$0 |
| Rebudget: Martial-Cottle Community Garden | | | \$17,000 | (\$17,000) | \$0 | | \$0 |
| Rebudget: Martin Park Expansion | | | \$46,000 | (\$46,000) | \$0 | | \$0 |
| Rebudget: Metzger House and Barn Feasibility Study | | | \$8,000 | (\$8,000) | \$0 | | \$0 |
| Rebudget: Mount Pleasant Park Minor Improvements | | | \$12,000 | (\$12,000) | \$0 | | \$0 |
| Rebudget: Parkview II Park Renovation Public Art | | | (\$2,000) | \$2,000 | \$0 | | \$0 |
| Rebudget: Penitencia Creek Park Playground Renovation | | | \$85,000 | (\$85,000) | \$0 | | \$0 |
| Rebudget: Plata Arroyo Park Improvements | | | \$16,000 | (\$16,000) | \$0 | | \$0 |
| Rebudget: RAMAC Park Landscape Improvements | | | \$31,000 | (\$31,000) | \$0 | | \$0 |
| Rebudget: Riverview Park Design Review and Inspection | | | (\$107,000) | \$107,000 | \$0 | | \$0 |
| Rebudget: Roosevelt Park and Community Center Improvements | | | \$21,000 | (\$21,000) | \$0 | | \$0 |
| Rebudget: Rubino Park Improvements | | | \$32,000 | (\$32,000) | \$0 | | \$0 |
| Rebudget: Shady Oaks Park Master Plan | | | (\$2,000) | \$2,000 | \$0 | | \$0 |
| Rebudget: Solari Park Sports Field Conversion | | | \$5,000 | (\$5,000) | \$0 | | \$0 |
| Rebudget: TRAIL: Coyote Creek (Story Road to Phelan Avenue) Design | | | \$106,000 | (\$106,000) | \$0 | | \$0 |
| Rebudget: TRAIL: Coyote Creek (Story Road to Selma Olinder Park) | | | (\$1,000) | \$1,000 | \$0 | | \$0 |
| Rebudget: TRAIL: Los Gatos Creek Reach 5 B/C Design | | | \$26,000 | (\$26,000) | \$0 | | \$0 |
| Rebudget: TRAIL: Milestone Markers | | | (\$3,000) | \$3,000 | \$0 | | \$0 |
| Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive) | | | (\$87,000) | \$87,000 | \$0 | | \$0 |
| Rebudget: TRAIL: Thompson Creek (Tully Road to Quimby Road) | | | \$685,000 | (\$685,000) | \$0 | | \$0 |
| Rebudget: TRAIL: Three Creeks Interim Improvements and Pedestrian Bridge | | | (\$948,000) | \$948,000 | \$0 | | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|--------------------|------------|--------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SUBDIVISION PARK TRUST FUND (375) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Rebudget: Tamien Park Master Plan | | | \$3,000 | (\$3,000) | \$0 | | | \$0 |
| Rebudget: Vista Montana Turnkey Park | | | | (\$31,000) | \$31,000 | \$0 | | \$0 |
| Rebudget: Watson Park Minor Improvements | | | \$6,000 | (\$6,000) | \$0 | | | \$0 |
| Rebudget: Watson Park Taylor Street Access Study | | | \$25,000 | (\$25,000) | \$0 | | | \$0 |
| Rebudget: Willow Glen Community Center Improvements | | | \$7,000 | (\$7,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$2,969,624 | \$0 | \$2,969,624 | \$0 | \$2,969,624 | \$0 |
| Budget Adjustments | | | | | | | | |
| PARKS & COMM FAC DEV CAPITAL PROGRAM | | | | | | | | |
| Future PDO/PIO Projects Reserve | | | | (\$264,000) | (\$264,000) | | | (\$264,000) |
| Orchard Turnkey Park Design Review and Inspection | | | | \$231,000 | \$231,000 | | | \$231,000 |
| TRAIL: Doerr Parkway Design | | | | \$100,000 | \$100,000 | | | \$100,000 |
| TRAIL: Doerr Parkway Real Estate Services | | | | \$50,000 | \$50,000 | | | \$50,000 |
| TRAIL: Doerr Parkway Reserve | | | | (\$131,000) | (\$131,000) | | | (\$131,000) |
| TRAIL: Thompson Creek (Tully Road to Quimby Road) | | | | \$14,000 | \$14,000 | | | \$14,000 |
| Tamien Park Development Reserve | | | | (\$21,000) | (\$21,000) | | | (\$21,000) |
| Tamien Park Master Plan | | | | \$21,000 | \$21,000 | | | \$21,000 |
| Budget Adjustments Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBDIVISION PARK TRUST FUND (375) TOTAL | \$0 | \$0 | \$2,969,624 | \$0 | \$2,969,624 | \$0 | \$2,969,624 | \$0 |
| SUPPL LAW ENF SVCES FUND (414) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| POLICE | | | | | | | | |
| Fund Balance Reconciliation | | | | | (\$15,911) | (\$15,911) | | (\$15,911) |
| | | | | | | | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|---|-------------------|-------------------------|--------------------|---------------------|--------------------|------------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| SUPPL LAW ENF SVCES FUND (414) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| POLICE | | | | | | | | |
| Rebudget: SLES 2010-2012 | | | (\$1,294) | \$1,294 | \$0 | | | \$0 |
| Rebudget: SLES 2011-2013 | | | \$597 | (\$597) | \$0 | | | \$0 |
| Rebudget: SLES 2012-2014 | | | (\$20,184) | \$20,184 | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$20,881) | \$4,970 | (\$15,911) | \$0 | (\$15,911) | \$0 |
| Budget Adjustments | | | | | | | | |
| POLICE | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$4,970) | (\$4,970) | | | (\$4,970) |
| SLES Grant 2012-2014 | | | \$2,337 | | \$2,337 | | | \$2,337 |
| SLES Grant 2013-2015/Earned Revenue | | | \$412,101 | | \$412,101 | \$409,468 | | \$2,633 |
| Budget Adjustments Total | \$0 | \$0 | \$414,438 | (\$4,970) | \$409,468 | \$409,468 | \$0 | \$0 |
| SUPPL LAW ENF SVCES FUND (414) TOTAL | \$0 | \$0 | \$393,557 | \$0 | \$393,557 | \$409,468 | (\$15,911) | \$0 |
| SWG TRMNT PLNT CON FEE FD (539) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Fund Balance Reconciliation - Treatment Plant Expansion Reserve | | | (\$909,040) | | (\$909,040) | | (\$909,040) | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | (\$909,040) | \$0 | (\$909,040) | \$0 | (\$909,040) | \$0 |
| SWG TRMNT PLNT CON FEE FD (539) TOTAL | \$0 | \$0 | (\$909,040) | \$0 | (\$909,040) | \$0 | (\$909,040) | \$0 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | NET COST | |
|---|-------------------|-------------------------|--------------------|---------------------|--------------------|------------|--------------------|------------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | | Beg Fund Balance |
| TRANSIENT OCCUPANCY TX FD (461) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Fund Balance Reconciliation | | | | \$2,741,462 | \$2,741,462 | | \$2,741,462 | \$0 |
| Rebudget: Cultural Grants | | | \$2,107,339 | (\$2,107,339) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Cultural Grants Administration | | | (\$11,642) | | (\$11,642) | | | (\$11,642) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$11,642 | | \$11,642 | | | \$11,642 |
| Salary Program - Cultural Grants Administration | | | \$18,980 | (\$18,980) | \$0 | | | \$0 |
| CONVENTION FACILITIES DEPT | | | | | | | | |
| Rebudget: Convention and Visitors Bureau | | | \$7,462 | (\$7,462) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$2,133,781 | \$607,681 | \$2,741,462 | \$0 | \$2,741,462 | \$0 |
| Budget Adjustments | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Cultural Grants (TOT Revenue Reconciliation) | | | \$167,458 | | \$167,458 | | | \$167,458 |
| CONVENTION FACILITIES DEPT | | | | | | | | |
| Ending Fund Balance Adjustment (TOT Revenue Reconciliation) | | | | (\$669,832) | (\$669,832) | | | (\$669,832) |
| San José Convention and Visitors Bureau (TOT Revenue Reconciliation) | | | \$167,458 | | \$167,458 | | | \$167,458 |
| Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation) | | | \$334,916 | | \$334,916 | | | \$334,916 |
| Budget Adjustments Total | \$0 | \$0 | \$669,832 | (\$669,832) | \$0 | \$0 | \$0 | \$0 |
| TRANSIENT OCCUPANCY TX FD (461) TOTAL | \$0 | \$0 | \$2,803,613 | (\$62,151) | \$2,741,462 | \$0 | \$2,741,462 | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|----------------|---------------------|------------------|------------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| UNDERGROUND UTILITY FUND (416) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| DEVELOPER ASSISTED CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$579,643 | \$579,643 | | \$579,643 | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$0 | \$579,643 | \$579,643 | \$0 | \$579,643 | \$0 |
| UNDERGROUND UTILITY FUND (416) TOTAL | \$0 | \$0 | \$0 | \$579,643 | \$579,643 | \$0 | \$579,643 | \$0 |
| UNEMPLOYMENT INSUR FD (157) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$573,392 | \$573,392 | | \$573,392 | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$2,036 | (\$2,036) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | (\$1,365) | | \$1,365 | | \$0 | | | \$0 |
| Salary Program - Employee Compensation Planning Reserve | \$1,096 | | (\$1,096) | | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | (\$269) | \$0 | \$2,305 | \$571,356 | \$573,392 | \$0 | \$573,392 | \$0 |
| UNEMPLOYMENT INSUR FD (157) TOTAL | (\$269) | \$0 | \$2,305 | \$571,356 | \$573,392 | \$0 | \$573,392 | \$0 |
| VEHICLE MAINT & OPER FUND (552) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| HUMAN RESOURCES | | | | | | | | |
| Retirement Contributions Reconciliation - Safety Program | | | (\$648) | | (\$648) | | | (\$648) |
| Salary Program - Safety Program | | | \$1,182 | | \$1,182 | | | \$1,182 |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|-------------------|---------------------|------------------|------------|------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| VEHICLE MAINT & OPER FUND (552) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| PUBLIC WORKS | | | | | | | | |
| Fund Balance Reconciliation | | | | \$886,558 | \$886,558 | | \$886,558 | \$0 |
| Retirement Contributions Reconciliation | (\$74,998) | | | | (\$74,998) | | | (\$74,998) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | | \$75,646 | \$75,646 | | | \$75,646 |
| Salary Program | \$32,646 | | | | \$32,646 | | | \$32,646 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$33,828) | | (\$33,828) | | | (\$33,828) |
| Clean-Up and Rebudget Actions Total | (\$42,352) | \$0 | (\$33,294) | \$962,204 | \$886,558 | \$0 | \$886,558 | \$0 |
| VEHICLE MAINT & OPER FUND (552) TOTAL | (\$42,352) | \$0 | (\$33,294) | \$962,204 | \$886,558 | \$0 | \$886,558 | \$0 |
| WATER UTILITY CAPITAL FUND (500) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| WATER UTILITY SYS CAPITAL PROGRAM | | | | | | | | |
| Fund Balance Reconciliation | | | | \$720,537 | \$720,537 | | \$720,537 | \$0 |
| Rebudget: Infrastructure Improvements | | | \$375,000 | (\$375,000) | \$0 | | | \$0 |
| Rebudget: Meter Installations | | | \$18,000 | (\$18,000) | \$0 | | | \$0 |
| Rebudget: System Maintenance/Repairs | | | \$75,000 | (\$75,000) | \$0 | | | \$0 |
| Rebudget: Water Management System Enhancements | | | \$86,000 | (\$86,000) | \$0 | | | \$0 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$554,000 | \$166,537 | \$720,537 | \$0 | \$720,537 | \$0 |
| Budget Adjustments | | | | | | | | |
| WATER UTILITY SYS CAPITAL PROGRAM | | | | | | | | |
| Ending Fund Balance Adjustment | | | | (\$104,000) | (\$104,000) | | | (\$104,000) |
| Infrastructure Improvements | | | \$90,000 | | \$90,000 | | | \$90,000 |
| Meter Installations | | | \$14,000 | | \$14,000 | | | \$14,000 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------|---------------------|-------------|---------|------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| WATER UTILITY CAPITAL FUND (500) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| Budget Adjustments Total | \$0 | \$0 | \$104,000 | (\$104,000) | \$0 | \$0 | \$0 | \$0 |
| WATER UTILITY CAPITAL FUND (500) TOTAL | \$0 | \$0 | \$658,000 | \$62,537 | \$720,537 | \$0 | \$720,537 | \$0 |
| WATER UTILITY FUND (515) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | | |
| Retirement Contributions Reconciliation | (\$2,176) | | | | (\$2,176) | | | (\$2,176) |
| Salary Program | \$3,590 | | | | \$3,590 | | | \$3,590 |
| CITY AUDITOR | | | | | | | | |
| Retirement Contributions Reconciliation | (\$62) | | | | (\$62) | | | (\$62) |
| HUMAN RESOURCES | | | | | | | | |
| Retirement Contributions Reconciliation | (\$116) | | | | (\$116) | | | (\$116) |
| Salary Program | \$131 | | | | \$131 | | | \$131 |
| FINANCE | | | | | | | | |
| Retirement Contributions Reconciliation | (\$2,644) | | | | (\$2,644) | | | (\$2,644) |
| Salary Program | \$3,183 | | | | \$3,183 | | | \$3,183 |
| ENVIRONMENTAL SERVICES | | | | | | | | |
| Fund Balance Reconciliation | | | | \$2,018,469 | \$2,018,469 | | \$2,018,469 | \$0 |
| Fund Balance Reconciliation - Operations and Maintenance Reserve | | | \$261,000 | (\$261,000) | \$0 | | | \$0 |
| Retirement Contributions Reconciliation | (\$43,464) | | | | (\$43,464) | | | (\$43,464) |
| Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve | | | \$48,462 | | \$48,462 | | | \$48,462 |
| Salary Program | \$33,272 | | | | \$33,272 | | | \$33,272 |
| Salary Program - Employee Compensation Planning Reserve | | | (\$40,176) | | (\$40,176) | | | (\$40,176) |

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2013-2014**

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|------------------|---------------------|--------------------|------------|--------------------|------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| WATER UTILITY FUND (515) | | | | | | | | |
| Clean-Up and Rebudget Actions | | | | | | | | |
| Clean-Up and Rebudget Actions Total | (\$8,286) | \$0 | \$269,286 | \$1,757,469 | \$2,018,469 | \$0 | \$2,018,469 | \$0 |
| WATER UTILITY FUND (515) TOTAL | (\$8,286) | \$0 | \$269,286 | \$1,757,469 | \$2,018,469 | \$0 | \$2,018,469 | \$0 |

WORKFORCE INVSTMNT ACT FD (290)

Clean-Up and Rebudget Actions

ECONOMIC DEVELOPMENT

| | | | | | | | | |
|---|------------|------------|--------------------|-------------------|--------------------|--------------------|------------------|------------|
| Fund Balance Reconciliation | | | | (\$8,287) | (\$8,287) | | (\$8,287) | \$0 |
| Rebudget: Administration (City Attorney's Office Administrative Costs Savings)/Earned Revenue | | | \$3,617 | | \$3,617 | \$3,617 | | \$0 |
| Rebudget: Adult Workers/Earned Revenue | | | \$411,851 | | \$411,851 | \$411,851 | | \$0 |
| Rebudget: BusinessOwnerSpace.com Network/Earned Revenue | | | \$3,847 | | \$3,847 | \$3,847 | | \$0 |
| Rebudget: Dislocated Workers/Earned Revenue | | | \$1,923,684 | | \$1,923,684 | \$1,923,684 | | \$0 |
| Rebudget: Rapid Response Grant/Earned Revenue | | | \$73,832 | | \$73,832 | \$73,832 | | \$0 |
| Rebudget: Youth Workers/Earned Revenue | | | \$640,434 | | \$640,434 | \$640,434 | | \$0 |
| Salary Program | | | | (\$26,007) | (\$26,007) | | | (\$26,007) |
| Salary Program - Administration | | | \$3,121 | | \$3,121 | | | \$3,121 |
| Salary Program - Adult Workers | | | \$6,762 | | \$6,762 | | | \$6,762 |
| Salary Program - Dislocated Workers | | | \$6,762 | | \$6,762 | | | \$6,762 |
| Salary Program - Rapid Response Grant | | | \$3,120 | | \$3,120 | | | \$3,120 |
| Salary Program - Youth Workers | | | \$6,242 | | \$6,242 | | | \$6,242 |
| Clean-Up and Rebudget Actions Total | \$0 | \$0 | \$3,083,272 | (\$34,294) | \$3,048,978 | \$3,057,265 | (\$8,287) | \$0 |

Budget Adjustments

ECONOMIC DEVELOPMENT

| | | | | | | | | |
|-------------------------------|--|--|-------------|--|-------------|-------------|--|-----|
| Administration/Earned Revenue | | | \$1,934 | | \$1,934 | \$1,934 | | \$0 |
| Adult Workers/Earned Revenue | | | \$1,185,099 | | \$1,185,099 | \$1,185,099 | | \$0 |

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2013-2014

| Department/Proposal | USE | | | Ending Fund Balance | Total Use | SOURCE | | NET COST |
|--|-------------------|-------------------------|--------------------|---------------------|--------------------|--------------------|------------------|-------------|
| | Personal Services | Non-Personal/ Equipment | Other | | | Revenue | Beg Fund Balance | |
| WORKFORCE INVSTMNT ACT FD (290) | | | | | | | | |
| Budget Adjustments | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| Program Allocation Reserve | | | (\$455,930) | | (\$455,930) | | | (\$455,930) |
| Rapid Response Grant/Earned Revenue | | | \$127,159 | | \$127,159 | \$127,159 | | \$0 |
| Youth Workers | | | \$455,930 | | \$455,930 | | | \$455,930 |
| Budget Adjustments Total | \$0 | \$0 | \$1,314,192 | \$0 | \$1,314,192 | \$1,314,192 | \$0 | \$0 |
| WORKFORCE INVSTMNT ACT FD (290) TOTAL | \$0 | \$0 | \$4,397,464 | (\$34,294) | \$4,363,170 | \$4,371,457 | (\$8,287) | \$0 |

2013-2014

ANNUAL

REPORT

**V. FINANCIAL
STATEMENTS**



FINANCE DEPARTMENT
Monthly Financial Report

Financial Results for the Twelve Months Ended June 30, 2014
Fiscal Year 2013-2014
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Twelve Months Ended June 30, 2014
Fiscal Year 2013-2014
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Twelve Months Ended June 30, 2014
Fiscal Year 2013-2014
(UNAUDITED)

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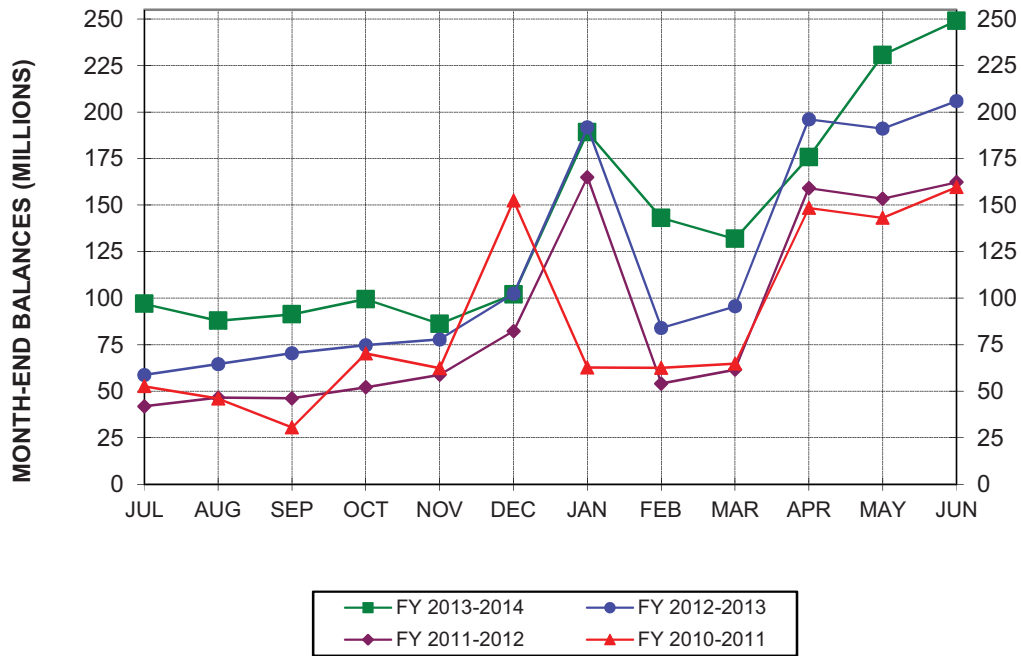
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Submitted by:



JULIA H. COOPER
Director, Finance Department

GENERAL FUND Comparison of Cash Balances



GENERAL FUND MONTHLY CASH BALANCES

| MONTH | FY 2013-2014 | FY 2012-2013 | FY 2011-2012 | FY 2010-2011 |
|--------------|---------------|---------------|---------------|---------------|
| JULY (1) | \$ 97,000,280 | \$ 58,791,632 | \$ 41,946,493 | \$ 52,614,304 |
| AUGUST | 87,887,607 | 64,647,700 | 46,502,235 | 45,992,983 |
| SEPTEMBER | 91,326,643 | 70,484,194 | 46,218,737 | 30,525,385 |
| OCTOBER | 99,449,689 | 74,756,262 | 52,097,481 | 70,246,706 |
| NOVEMBER | 86,285,372 | 77,861,880 | 58,833,627 | 62,333,059 |
| DECEMBER (2) | 102,057,315 | 102,312,730 | 82,304,186 | 152,493,162 |
| JANUARY (3) | 189,299,222 | 191,822,297 | 164,958,541 | 62,749,463 |
| FEBRUARY (3) | 143,098,965 | 84,006,185 | 54,118,810 | 62,572,017 |
| MARCH | 131,881,129 | 95,600,850 | 61,586,562 | 64,768,564 |
| APRIL (4) | 175,838,186 | 196,073,222 | 159,137,277 | 148,465,097 |
| MAY | 230,678,939 | 191,101,640 | 153,526,766 | 143,186,930 |
| JUNE | 249,043,058 | 205,823,965 | 162,325,519 | 159,719,466 |

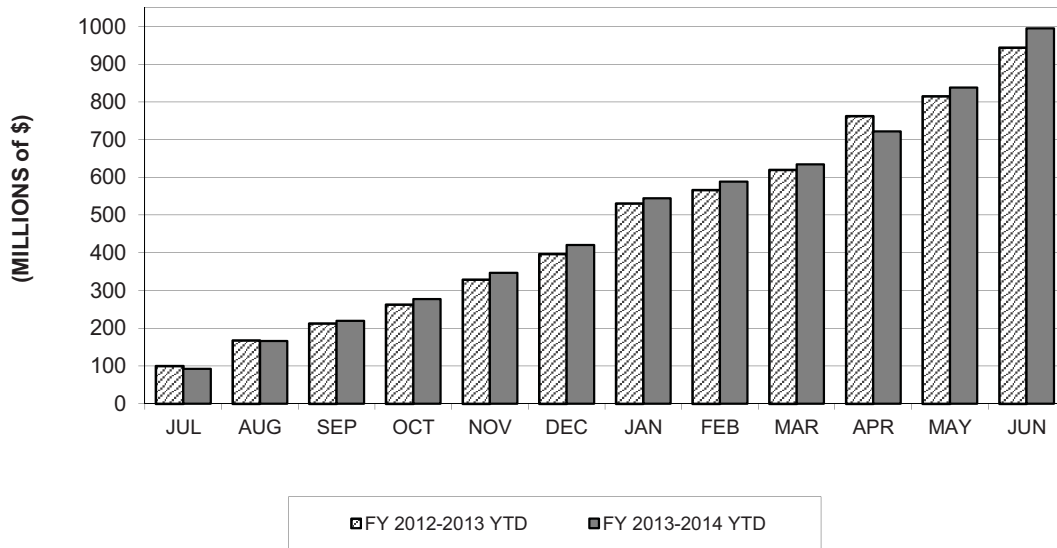
Note: (1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

Note: (2) The General Fund cash balance increase in December 2010 was mainly due to the timing of the receipt of \$88.5 million in Property Tax revenue and \$16.7 million in Sales Tax revenue. These revenues are typically posted in January each year.

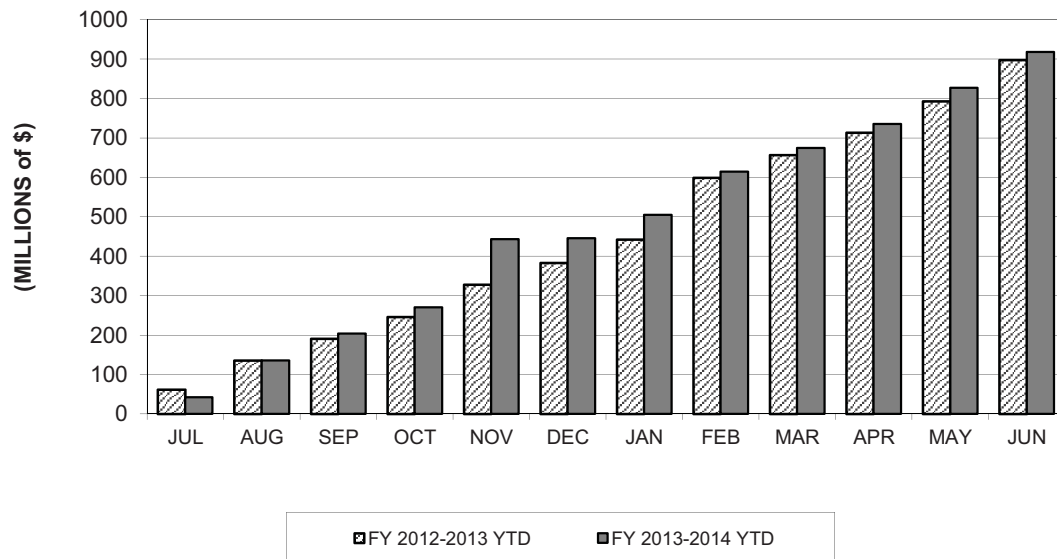
Note: (3) The General Fund cash balance decreases in January 2011, February 2012 and February 2013 was mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANs) of amounts between \$75 million and \$100 million.

Note: (4) The General Fund cash balance increases each April mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

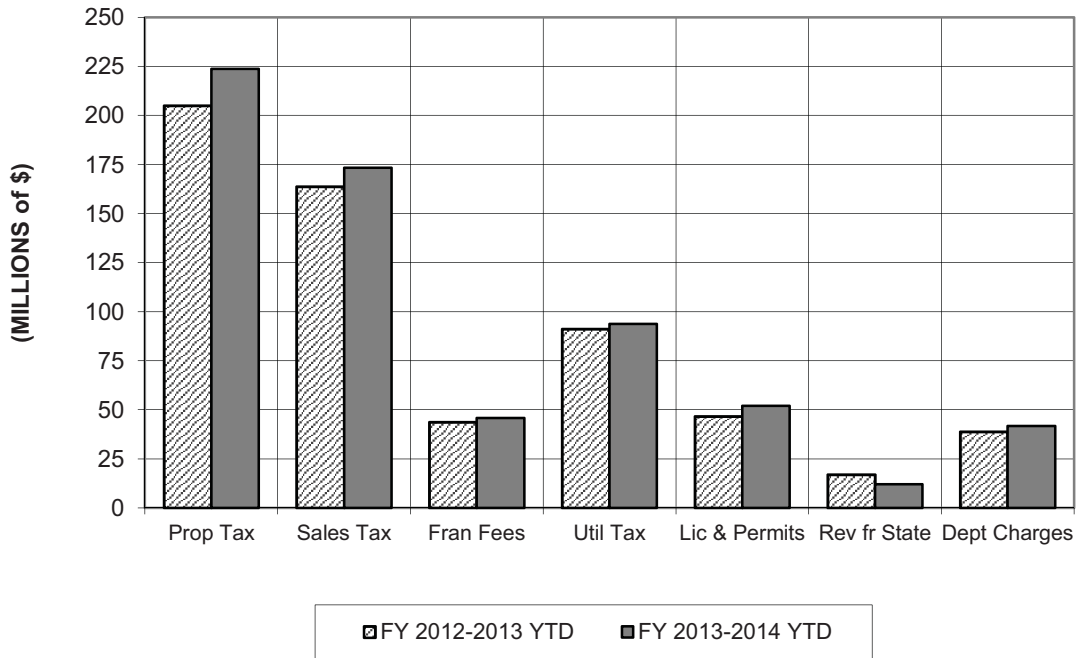
**GENERAL FUND
Comparison of YTD Revenues
Actual**



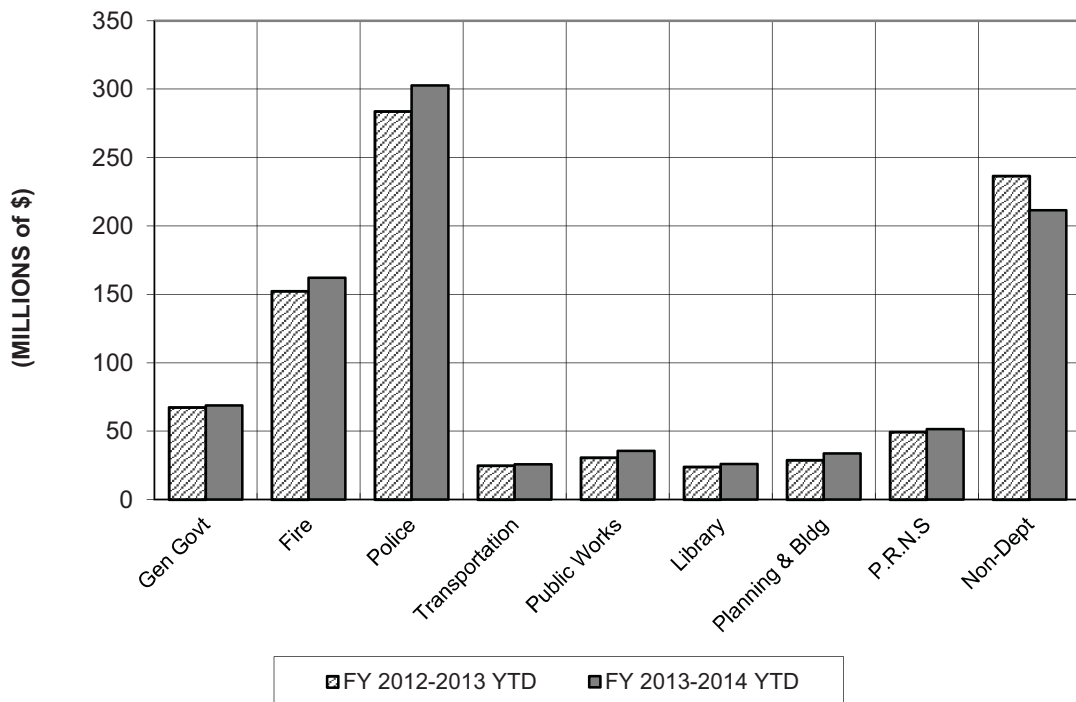
**GENERAL FUND
Comparison of YTD Expenditures
Actual**



GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual
For the Twelve Months Ended June 30, 2014



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual
For the Twelve Months Ended June 30, 2014



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)

| | ADOPTED FY 2013-2014 BUDGET | YTD BUDGET AMENDMENTS | C/O ENCUMBR | REVISED FY 2013-2014 BUDGET | CUR YTD ACTUAL (*) | CUR YTD ACTUAL % OF BUDGET | PRIOR YTD ACTUAL | PRIOR YTD % OF PRIOR YEAR-END ACTUAL | PRIOR YEAR-END BUDGETARY BASIS ACTUAL | CUR YTD LESS PRIOR YTD ACTUAL | % CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL |
|--|-----------------------------------|-----------------------------|----------------|-----------------------------------|-----------------------|----------------------------------|------------------------|---|--|-------------------------------------|--|
| Fund Balance | | | | | | | | | | | |
| Prior Year Encumbrances | - | - | 18,181 | 18,181 | 18,181 | 100.00% | 16,697 | 100.00% | 16,697 | 1,484 | 8.89% |
| Liquidation of c/o Encumbrance | - | - | - | - | - | - | - | - | - | - | - |
| Available Balance | 213,006 | 2,175 | - | 215,181 | 215,181 | 100.00% | 168,300 | 100.00% | 168,300 | 46,881 | 27.86% |
| Total Fund Balance | 213,006 | 2,175 | 18,181 | 233,362 | 233,362 | 100.00% | 184,997 | 100.00% | 184,997 | 48,365 | 26.14% |
| General Revenues | | | | | | | | | | | |
| Property Tax | 220,850 | 2,150 | - | 223,000 | 223,645 | 100.29% | 205,016 | 100.00% | 205,016 | 18,629 | 9.09% |
| Sales Tax (1) | 167,710 | 6,050 | - | 173,760 | 173,412 | 99.80% | 163,751 | 100.00% | 163,751 | 9,661 | 5.90% |
| Telephone Line Tax | 20,600 | - | - | 20,600 | 20,692 | 100.45% | 20,640 | 100.00% | 20,640 | 52 | 0.25% |
| Transient Occupancy Tax | 10,600 | 1,200 | - | 11,800 | 11,873 | 100.62% | 10,103 | 100.00% | 10,103 | 1,770 | 17.52% |
| Franchise Fees | 43,923 | 1,430 | - | 45,353 | 45,749 | 100.87% | 43,741 | 100.00% | 43,741 | 2,008 | 4.59% |
| Utility Tax | 91,895 | 1,900 | - | 93,795 | 93,794 | 100.00% | 91,109 | 100.00% | 91,109 | 2,685 | 2.95% |
| Business Taxes | 42,435 | 1,300 | - | 43,735 | 45,478 | 103.99% | 45,140 | 100.00% | 45,140 | 338 | 0.75% |
| Licenses and Permits | 40,278 | 9,740 | - | 50,018 | 52,014 | 103.99% | 46,606 | 100.00% | 46,606 | 5,408 | 11.60% |
| Fines, Forfeits and Penalties | 15,862 | (1,600) | - | 14,262 | 14,835 | 104.02% | 14,555 | 100.00% | 14,555 | 280 | 1.92% |
| Use of Money and Property | 2,673 | 555 | - | 3,228 | 3,473 | 107.59% | 3,891 | 100.00% | 3,891 | (418) | -10.74% |
| Revenue from Local Agencies | 24,836 | 22,167 | - | 47,003 | 35,228 | 74.95% | 34,779 | 100.00% | 34,779 | 449 | 1.29% |
| Revenue from State of Cal. | 11,378 | 561 | - | 11,939 | 12,086 | 101.23% | 16,872 | 100.00% | 16,872 | (4,786) | -28.37% |
| Revenue from Federal Government | 11,052 | 2,508 | - | 13,560 | 13,344 | 98.41% | 19,511 | 100.00% | 19,511 | (6,167) | -31.61% |
| Departmental Charges | 35,449 | 4,949 | - | 40,398 | 41,683 | 103.18% | 38,799 | 100.00% | 38,799 | 2,884 | 7.43% |
| Other Revenues | 17,646 | 129,439 | - | 147,085 | 135,479 | 92.11% | 121,878 | 100.00% | 121,878 | 13,601 | 11.16% |
| Total General Revenues | 757,187 | 182,349 | - | 939,536 | 922,785 | 98.22% | 876,391 | 100.00% | 876,391 | 46,394 | 5.29% |
| Transfers & Reimbursements | | | | | | | | | | | |
| Overhead Reimbursements | 36,996 | (698) | - | 36,298 | 36,445 | 100.40% | 32,215 | 100.00% | 32,215 | 4,230 | 13.13% |
| Transfers from Other Funds | 16,162 | 830 | - | 16,992 | 16,926 | 99.61% | 19,495 | 100.00% | 19,495 | (2,569) | -13.18% |
| Reimbursements for Services | 15,243 | 700 | - | 15,943 | 18,481 | 115.92% | 15,737 | 100.00% | 15,737 | 2,744 | 17.44% |
| Total Transfers & Reimburse | 68,401 | 832 | - | 69,233 | 71,852 | 103.78% | 67,447 | 100.00% | 67,447 | 4,405 | 6.53% |
| Total Sources | 1,038,594 | 185,356 | 18,181 | 1,242,131 | 1,227,999 | 98.86% | 1,128,835 | 100.00% | 1,128,835 | 99,164 | 8.78% |

(1) - State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local governments' Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2013-2014 negatively cumulative impact through June 2014 is approximately \$4.4 million.

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

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE* | | CUR YTD | PRIOR | PRIOR YTD % | PRIOR YEAR-END | CUR YTD LESS | % CHANGE |
|--------------------------------|--------------|------------|-------|--------------|---------------|---------|-----------|------------|-------------|----------------|--------------|----------------|
| | FY 2013-2014 | BUDGET | | FY 2013-2014 | ACTUAL | ENCUMBR | ACTUAL % | YTD | OF PRIOR | BUDGETARY | PRIOR YTD | CUR YTD ACTUAL |
| | BUDGET | AMENDMENTS | | BUDGET | ACTUAL | ENCUMBR | OF BUDGET | ACTUAL (1) | YEAR-END | BASIS | ACTUAL (1) | LESS PRIOR YTD |
| General Government | | | | | | | | | | | | |
| Mayor and Council | 11,105 | 408 | 34 | 11,547 | 8,505 | 58 | 73.66% | 8,351 | 100.00% | 8,351 | 154 | 1.84% |
| City Attorney | 12,376 | (5) | 299 | 12,670 | 11,859 | 359 | 93.60% | 11,152 | 100.00% | 11,152 | 707 | 6.34% |
| City Auditor | 2,114 | (10) | 13 | 2,117 | 1,906 | 13 | 90.03% | 1,842 | 100.00% | 1,842 | 64 | 3.47% |
| City Clerk | 2,256 | 15 | 72 | 2,343 | 1,946 | - | 83.06% | 1,795 | 100.00% | 1,795 | 151 | 8.41% |
| City Manager | 11,068 | (973) | 578 | 10,673 | 9,727 | 536 | 91.14% | 9,694 | 100.00% | 9,694 | 33 | 0.34% |
| Finance | 12,772 | 79 | 169 | 13,020 | 12,064 | 288 | 92.66% | 11,985 | 100.00% | 11,985 | 79 | 0.66% |
| Information Technology | 14,331 | (898) | 2,386 | 15,819 | 12,203 | 1,741 | 77.14% | 11,066 | 100.00% | 11,066 | 1,137 | 10.27% |
| Human Resources | 6,371 | (246) | 36 | 6,161 | 5,356 | 88 | 86.93% | 5,423 | 100.00% | 5,423 | (67) | -1.24% |
| Independent Police Auditor | 1,077 | 45 | - | 1,122 | 1,115 | - | 99.38% | 997 | 100.00% | 997 | 118 | 11.84% |
| Office of Economic Development | 3,694 | 291 | 242 | 4,227 | 3,991 | 152 | 94.42% | 5,005 | 100.00% | 5,005 | (1,014) | -20.26% |
| Total General Government | 77,164 | (1,294) | 3,829 | 79,699 | 68,672 | 3,235 | 86.16% | 67,310 | 100.00% | 67,310 | 1,362 | 2.02% |
| Public Safety | | | | | | | | | | | | |
| Fire | 163,499 | 896 | 557 | 164,952 | 162,151 | 816 | 98.30% | 152,158 | 100.00% | 152,158 | 9,993 | 6.57% |
| Police | 306,848 | 2,588 | 1,222 | 310,658 | 302,670 | 1,461 | 97.43% | 283,753 | 100.00% | 283,753 | 18,917 | 6.67% |
| Total Public Safety | 470,347 | 3,484 | 1,779 | 475,610 | 464,821 | 2,277 | 97.73% | 435,911 | 100.00% | 435,911 | 28,910 | 6.63% |
| Capital Maintenance | | | | | | | | | | | | |
| Transportation | 27,226 | (164) | 354 | 27,416 | 25,652 | 1,226 | 93.57% | 24,823 | 100.00% | 24,823 | 829 | 3.34% |
| Public Works | 34,789 | 873 | 292 | 35,954 | 35,467 | 256 | 98.65% | 30,701 | 100.00% | 30,701 | 4,766 | 15.52% |
| Total Capital Maintenance | 62,015 | 709 | 646 | 63,370 | 61,119 | 1,482 | 96.45% | 55,524 | 100.00% | 55,524 | 5,595 | 10.08% |
| Community Service | | | | | | | | | | | | |
| Housing | 242 | - | - | 242 | 175 | - | 72.31% | 242 | 100.00% | 242 | (67) | -27.69% |
| Library | 26,067 | 170 | 57 | 26,294 | 25,898 | 111 | 98.49% | 23,829 | 100.00% | 23,829 | 2,069 | 8.68% |
| Planning, Bldg & Code Enf. | 37,673 | (2,152) | 924 | 36,445 | 33,755 | 756 | 92.62% | 28,733 | 100.00% | 28,733 | 5,022 | 17.48% |
| Park, Rec & Neigh Svcs | 51,919 | 456 | 345 | 52,720 | 51,553 | 664 | 97.79% | 49,311 | 100.00% | 49,311 | 2,242 | 4.55% |
| Environmental Services | 1,034 | (45) | 38 | 1,027 | 705 | 18 | 68.65% | 419 | 100.00% | 419 | 286 | 68.26% |
| Total Community Services | 116,935 | (1,571) | 1,364 | 116,728 | 112,086 | 1,549 | 96.02% | 102,534 | 100.00% | 102,534 | 9,552 | 9.32% |
| Total Dept. Expenditures | 726,461 | 1,328 | 7,618 | 735,407 | 706,698 | 8,543 | 96.10% | 661,279 | 100.00% | 661,279 | 45,419 | 6.87% |

(1) Does not include encumbrance balance.

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

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE* | | CUR YTD | PRIOR | PRIOR YTD % | PRIOR YEAR-END | CUR YTD LESS | % CHANGE |
|----------------------------------|------------------|----------------|---------------|------------------|----------------|---------------|---------------|----------------|----------------|----------------|---------------|----------------|
| | FY 2013-2014 | BUDGET | | FY 2013-2014 | ACTUAL | ENCUMBR | ACTUAL % | YTD | OF PRIOR | BUDGETARY | PRIOR YTD | CUR YTD ACTUAL |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | ACTUAL | ENCUMBR | OF BUDGET | ACTUAL (1) | ACTUAL | BASIS | ACTUAL (1) | LESS PRIOR YTD |
| | | | | | | | | | | ACTUAL | | ACTUAL |
| Non-Dept Expenditures | | | | | | | | | | | | |
| City-wide Expenditures: | | | | | | | | | | | | |
| Econ & Neighborhood Develop. | 28,307 | 1,201 | 628 | 30,136 | 24,328 | 1,568 | 80.73% | 20,031 | 100.00% | 20,031 | 4,297 | 21.45% |
| Environmental & Utility Services | 2,417 | (371) | 559 | 2,605 | 1,105 | 322 | 42.42% | 4,305 | 100.00% | 4,305 | (3,200) | -74.33% |
| Public Safety | 19,782 | 1,885 | 437 | 22,104 | 18,792 | 251 | 85.02% | 22,096 | 100.00% | 22,096 | (3,304) | -14.95% |
| Recreation & Cultural Services | 8,733 | 164 | 1,193 | 10,090 | 8,373 | 620 | 82.98% | 8,356 | 100.00% | 8,356 | 17 | 0.20% |
| Transportation Services | 6,866 | 79 | 418 | 7,363 | 5,520 | 345 | 74.97% | 4,800 | 100.00% | 4,800 | 720 | 15.00% |
| Strategic Support | 43,483 | 144,688 | 6,144 | 194,315 | 125,113 | 24,911 | 64.39% | 141,524 | 100.00% | 141,524 | (16,411) | -11.60% |
| Total City-wide Expenditures | 109,588 | 147,646 | 9,379 | 266,613 | 183,231 | 28,017 | 68.73% | 201,112 | 100.00% | 201,112 | (17,881) | -8.89% |
| Other Non-Dept Expenditures: | | | | | | | | | | | | |
| Capital Improvements | 29,437 | 1,833 | 1,184 | 32,454 | 3,267 | 4,228 | 10.07% | 6,178 | 100.00% | 6,178 | (2,911) | -47.12% |
| Transfers to Other Funds | 25,635 | (745) | - | 24,890 | 24,882 | - | 99.97% | 29,162 | 100.00% | 29,162 | (4,280) | -14.68% |
| Total Non-Dept Expenditures | 164,660 | 148,734 | 10,563 | 323,957 | 211,380 | 32,245 | 65.25% | 236,452 | 100.00% | 236,452 | (25,072) | -10.60% |
| Reserves | | | | | | | | | | | | |
| Contingency Reserves | 29,309 | 1,691 | - | 31,000 | - | - | 0.00% | - | 0.00% | - | - | 0.00% |
| Earmarked Reserves | 118,164 | 33,603 | - | 151,767 | - | - | 0.00% | - | 0.00% | - | - | 0.00% |
| Total Reserves | 147,473 | 35,294 | - | 182,767 | - | - | 0.00% | - | 0.00% | - | - | 0.00% |
| Total Uses | 1,038,594 | 185,356 | 18,181 | 1,242,131 | 918,078 | 40,788 | 73.91% | 897,731 | 100.00% | 897,731 | 20,347 | 2.27% |

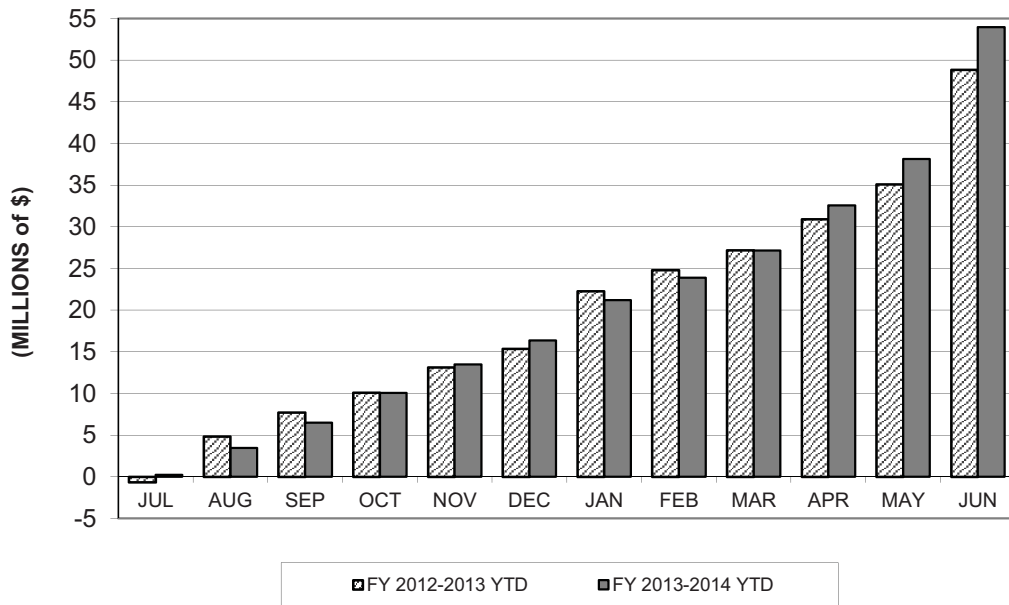
(1) Does not include encumbrance balance.

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

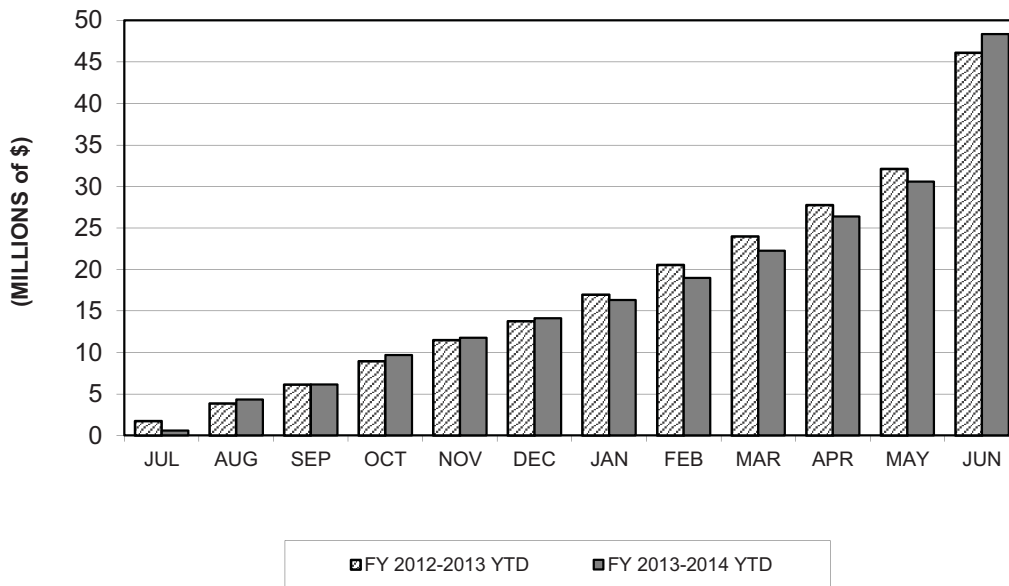
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

| | ADOPTED FY 2012-2013 BUDGET | YTD BUDGET AMENDMENTS | C/O ENCUMBR | REVISED FY 2012-2013 BUDGET | CUR YTD ACTUAL | CUR YTD ACTUAL % OF BUDGET | PRIOR YTD ACTUAL | PRIOR YTD % OF PRIOR YEAR-END ACTUAL | PRIOR YEAR-END BUDGETARY BASIS ACTUAL | CUR YTD LESS PRIOR YTD ACTUAL | % CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL |
|------------------------------------|-----------------------------------|-----------------------------|----------------|-----------------------------------|----------------------|----------------------------------|------------------------|---|--|-------------------------------------|--|
| Police | 1,155 | - | - | 1,155 | 1,204 | 104.24% | 1,203 | 100.00% | 1,203 | 1 | 0.08% |
| Public Works | 7,750 | 1,725 | - | 9,475 | 9,734 | 102.73% | 8,491 | 100.00% | 8,491 | 1,243 | 14.64% |
| Transportation | 1,027 | - | - | 1,027 | 1,203 | 117.14% | 1,419 | 100.00% | 1,419 | (216) | -15.22% |
| Library | 1,049 | - | - | 1,049 | 1,069 | 101.91% | 1,012 | 100.00% | 1,012 | 57 | 5.63% |
| Planning, Bldg & Code Enf | 3,000 | 1,500 | - | 4,500 | 4,739 | 105.31% | 3,869 | 100.00% | 3,869 | 870 | 22.49% |
| Parks Rec & Neigh Svcs | 15,664 | 777 | - | 16,441 | 16,625 | 101.12% | 15,769 | 100.00% | 15,769 | 856 | 5.43% |
| Miscellaneous Dept Charges | 5,804 | 947 | - | 6,751 | 7,109 | 105.30% | 7,036 | 100.00% | 7,036 | 73 | 1.04% |
| Total Departmental Revenues | 35,449 | 4,949 | - | 40,398 | 41,683 | 103.18% | 38,799 | 100.00% | 38,799 | 2,884 | 7.43% |

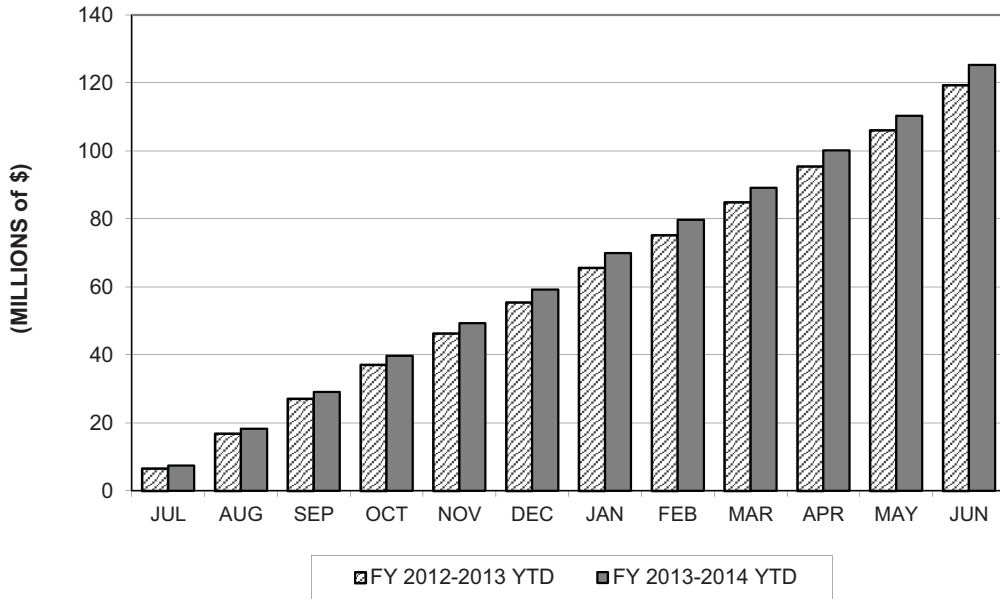
**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Revenues**



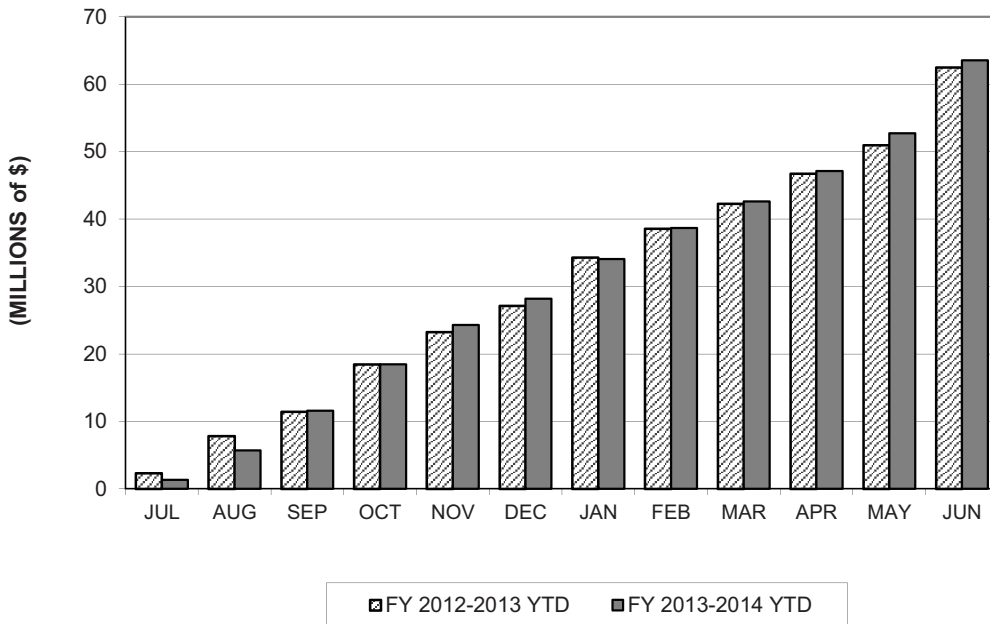
**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures**



**AIRPORT REVENUE FUND 521
Comparison of YTD Revenues**

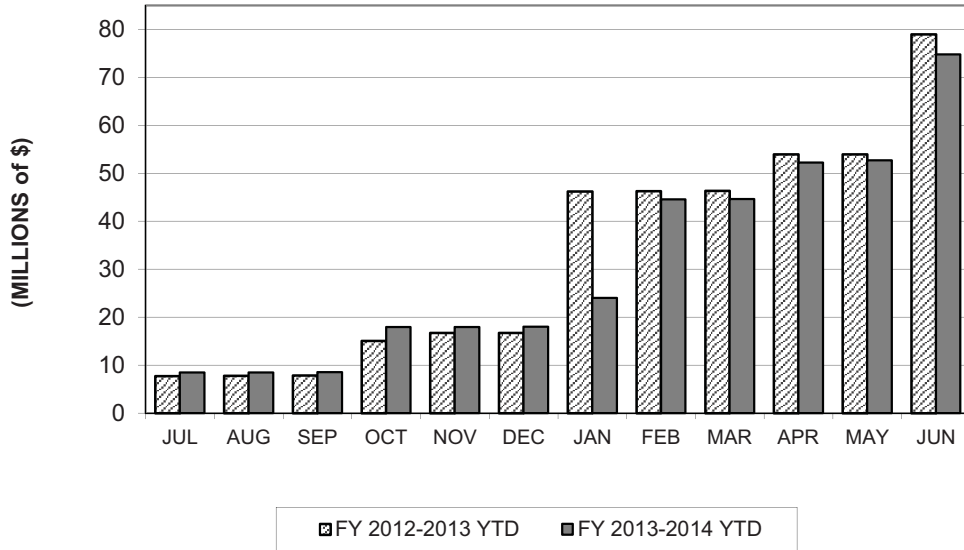


**AIRPORT MAINTENANCE & OPERATING FUND 523
Comparison of YTD Expenditures**



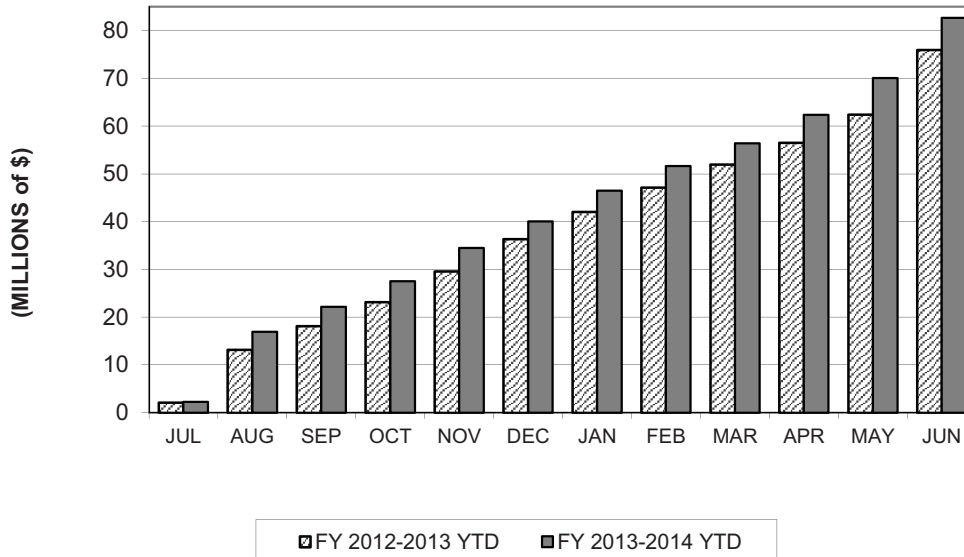
Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

**WPCP OPERATING FUND 513
Comparison of YTD Revenues**



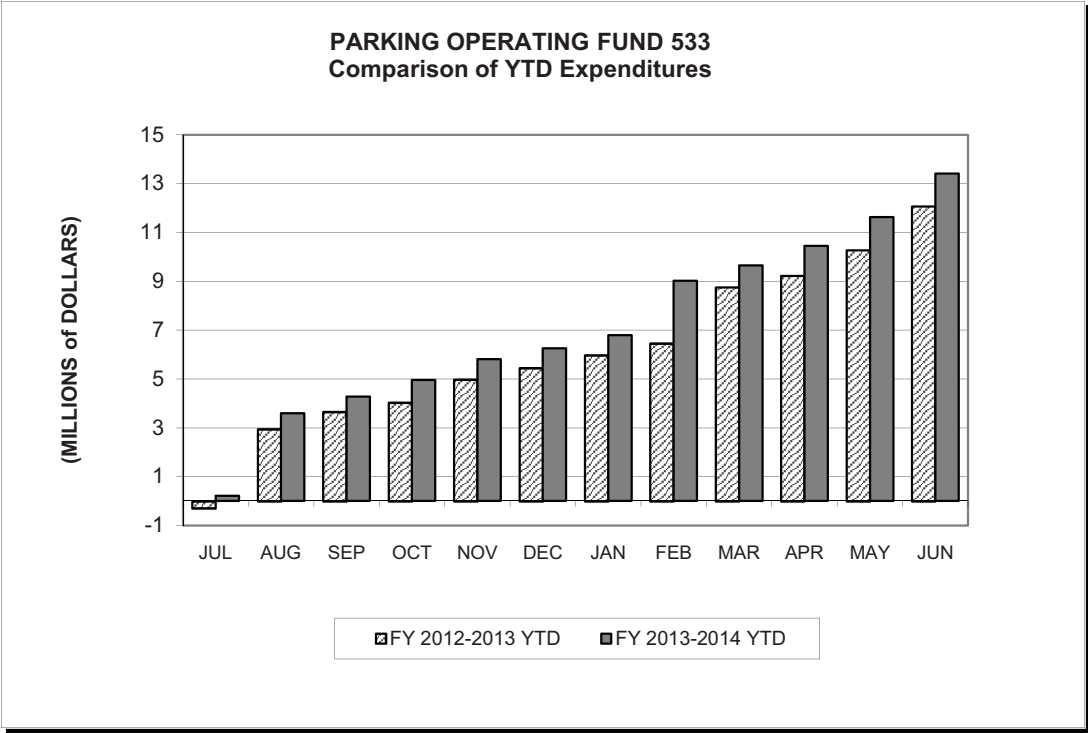
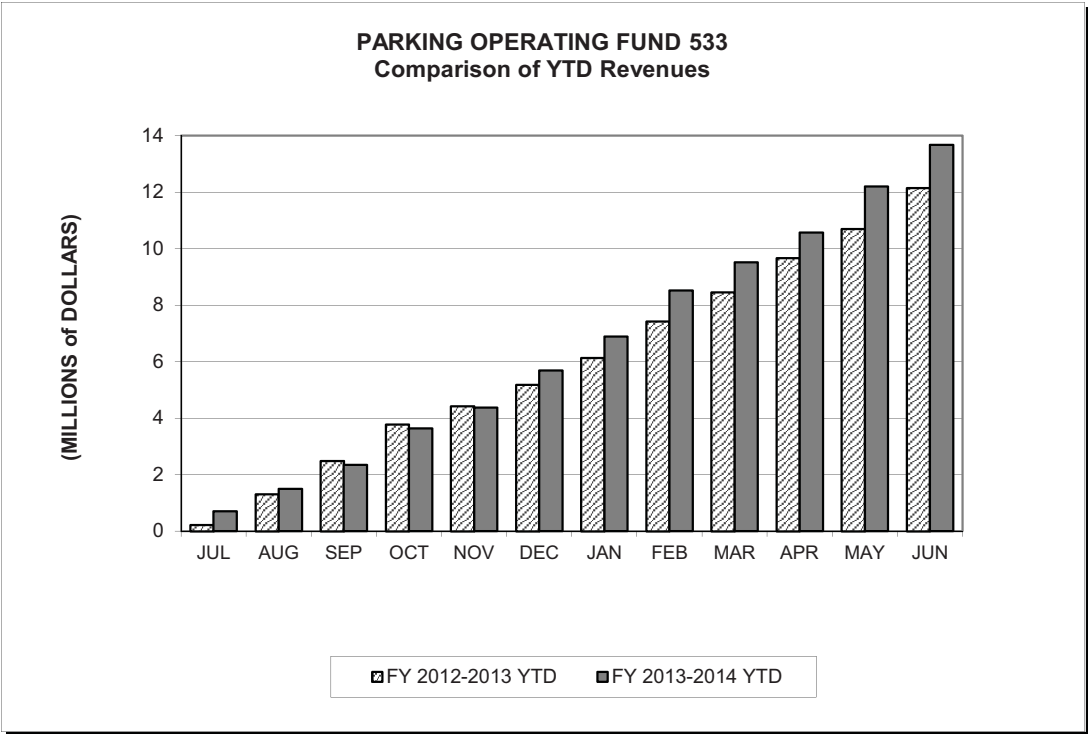
FY 2012-2013 YTD
 FY 2013-2014 YTD

**WPCP OPERATING FUND 513
Comparison of YTD Expenditures**



FY 2012-2013 YTD
 FY 2013-2014 YTD

Note: The graphs above are only for the WPCP operating fund (513).



Note: The graphs above are only for the Parking operating fund (533).

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD R | C/O | EVI | YEAR-TO-DATE | | PRIOR |
|------------------------------------|----------------|---------------|---------------|----------------|----------------|---------------|----------------|
| | FY 2013-2014 | BUDGET | | FY 2013-2014 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | ACTUAL | ENCUMBR | ACTUAL |
| Construction/Conveyance Tax | | | | | | | |
| Prior Year Encumbrance | - | - | 2,125 | 2,125 | 2,125 | - | 3,963 |
| Beginning Fund Balance | 62,029 | 16,670 | - | 78,699 | 78,699 | - | 74,587 |
| Revenues | 42,698 | 2,593 | - | 45,291 | 53,965 | - | 48,848 |
| Total Sources | 104,727 | 19,263 | 2,125 | 126,115 | 134,789 | - | 127,398 |
| Total Uses | 104,727 | 19,263 | 2,125 | 126,115 | 48,345 | 7,319 | 46,103 |
| Airport | | | | | | | |
| Prior Year Encumbrance | - | - | 5,851 | 5,851 | 5,851 | - | 7,167 |
| Beginning Fund Balance | 317,786 | 10,069 | - | 327,855 | 327,855 | - | 338,571 |
| Revenues | 349,961 | 1,819 | - | 351,780 | 355,585 | - | 341,087 |
| Total Sources | 667,747 | 11,888 | 5,851 | 685,486 | 689,291 | - | 686,825 |
| Total Uses | 667,747 | 11,888 | 5,851 | 685,486 | 347,192 | 6,793 | 338,114 |
| Waste Water Treatment | | | | | | | |
| Prior Year Encumbrance | - | - | 41,043 | 41,043 | 41,043 | - | 28,556 |
| Beginning Fund Balance | 277,989 | 28,858 | - | 306,847 | 306,847 | - | 279,320 |
| Revenues | 292,353 | 1,248 | - | 293,601 | 307,262 | - | 296,056 |
| Total Sources | 570,342 | 30,106 | 41,043 | 641,491 | 655,152 | - | 603,932 |
| Total Uses | 570,342 | 30,106 | 41,043 | 641,491 | 268,055 | 92,772 | 258,389 |
| Parking | | | | | | | |
| Prior Year Encumbrance | - | - | 1,032 | 1,032 | 1,032 | - | 617 |
| Beginning Fund Balance | 12,044 | 1,022 | - | 13,066 | 13,066 | - | 13,307 |
| Revenues | 11,875 | 660 | - | 12,535 | 13,680 | - | 15,508 |
| Total Sources | 23,919 | 1,682 | 1,032 | 26,633 | 27,778 | - | 29,432 |
| Total Uses | 23,919 | 1,682 | 1,032 | 26,633 | 13,415 | 1,163 | 12,062 |
| Municipal Water | | | | | | | |
| Prior Year Encumbrance | - | - | 975 | 975 | 975 | - | 876 |
| Beginning Fund Balance | 16,271 | 2,153 | - | 18,424 | 18,424 | - | 15,885 |
| Revenues | 34,915 | 2,000 | - | 36,915 | 38,522 | - | 35,019 |
| Total Sources | 51,186 | 4,153 | 975 | 56,314 | 57,921 | - | 51,780 |
| Total Uses | 51,186 | 4,153 | 975 | 56,314 | 36,818 | 2,399 | 32,679 |

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD R | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|--|---------------|--------------|--------------|---------------|---------------|--------------|---------------|
| | FY 2013-2014 | BUDGET | | FY 2013-2014 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Gas Tax | | | | | | | |
| Revenues | 14,500 | 850 | - | 15,350 | 17,796 | - | 15,107 |
| Total Sources | 14,500 | 850 | - | 15,350 | 17,796 | - | 15,107 |
| Total Uses | 14,500 | 850 | - | 15,350 | 17,796 | - | 15,107 |
| Building and Structures | | | | | | | |
| Prior Year Encumbrance | - | - | 7,493 | 7,493 | 7,493 | - | 3,254 |
| Beginning Fund Balance | 14,516 | 1,699 | - | 16,215 | 16,215 | - | 14,387 |
| Revenues | 22,092 | 6,726 | - | 28,818 | 26,494 | - | 16,969 |
| Total Sources | 36,608 | 8,425 | 7,493 | 52,526 | 50,202 | - | 34,610 |
| Total Uses | 36,608 | 8,425 | 7,493 | 52,526 | 14,739 | 4,582 | 11,372 |
| Residential Construction | | | | | | | |
| Beginning Fund Balance | 1,421 | (435) | - | 986 | 986 | - | 1,258 |
| Revenues | 180 | 254 | - | 434 | 473 | - | 325 |
| Total Sources | 1,601 | (181) | - | 1,420 | 1,459 | - | 1,583 |
| Total Uses | 1,601 | (181) | - | 1,420 | 28 | - | 598 |
| Transient Occupancy Tax | | | | | | | |
| Prior Year Encumbrance | - | - | 61 | 61 | 61 | - | 116 |
| Beginning Fund Balance | 3,934 | 795 | - | 4,729 | 4,729 | - | 4,299 |
| Revenues | 15,906 | 1,900 | - | 17,806 | 17,910 | - | 15,188 |
| Total Sources | 19,840 | 2,695 | 61 | 22,596 | 22,700 | - | 19,603 |
| Total Uses | 19,840 | 2,695 | 61 | 22,596 | 17,049 | 163 | 14,754 |
| Conventions, Arts & Entertainment | | | | | | | |
| Prior Year Encumbrance | - | - | 389 | 389 | 389 | - | 368 |
| Beginning Fund Balance | 4,850 | 1,756 | - | 6,606 | 6,606 | - | 8,526 |
| Revenues | 39,810 | 6,895 | - | 46,705 | 47,041 | - | 31,275 |
| Total Sources | 44,660 | 8,651 | 389 | 53,700 | 54,036 | - | 40,169 |
| Total Uses | 44,660 | 8,651 | 389 | 53,700 | 48,319 | 17 | 32,900 |

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD R | C/O | EVIDED | YEAR-TO-DATE | | PRIOR |
|------------------------|----------------|---------------|---------------|----------------|----------------|---------------|----------------|
| | FY 2013-2014 | BUDGET | | FY 2013-2014 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Golf | | | | | | | |
| Beginning Fund Balance | 339 | 121 | - | 460 | 460 | - | 375 |
| Revenues | 2,556 | - | - | 2,556 | 2,517 | - | 2,366 |
| Total Sources | 2,895 | 121 | - | 3,016 | 2,977 | - | 2,741 |
| Total Uses | 2,895 | 121 | - | 3,016 | 2,434 | - | 2,282 |
| Other Funds | | | | | | | |
| Prior Year Encumbrance | - | - | 14,758 | 14,758 | 14,758 | - | 27,901 |
| Beginning Fund Balance | 206,758 | 41,988 | - | 248,746 | 248,746 | - | 203,121 |
| Revenues | 408,420 | 20,160 | - | 428,580 | 396,943 | - | 408,125 |
| Total Sources | 615,178 | 62,148 | 14,758 | 692,084 | 660,447 | - | 639,147 |
| Total Uses | 615,178 | 62,148 | 14,758 | 692,084 | 389,563 | 18,428 | 423,982 |

CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)

| | ADOPTED | YTD REVISED | | FY 2013-2014 BUDGET | YEAR-TO-DATE | | PRIOR |
|-------------------------------|------------------------|---------------|----------------|------------------------|----------------|---------------|-----------------|
| | FY 2013-2014 BUDGET | BUDGET | C/O ENCUMBR | | ACTUAL | ENCUMBR | Y-T-D ACTUAL |
| Construction Excise | | | | | | | |
| Prior Year Encumbrance | - | - | 8,077 | 8,077 | 8,077 | - | 2,053 |
| Beginning Fund Balance | 50,773 | 10,610 | - | 61,383 | 61,383 | - | 46,476 |
| Revenues | 53,716 | 27,738 | - | 81,454 | 66,750 | - | 55,088 |
| Total Sources | 104,489 | 38,348 | 8,077 | 150,914 | 136,210 | - | 103,617 |
| Total Uses | 104,489 | 38,348 | 8,077 | 150,914 | 35,301 | 27,208 | 35,419 |
| Redevelopment Projects | | | | | | | |
| Prior Year Encumbrance | - | - | - | - | - | - | 37 |
| Beginning Fund Balance | - | - | - | - | - | - | 2 |
| Revenues | - | - | - | - | (5) | - | - |
| Total Sources | - | - | - | - | (5) | - | 39 |
| Total Uses | - | - | - | - | - | - | 34 |
| Other | | | | | | | |
| Prior Year Encumbrance | - | - | 13,260 | 13,260 | 13,260 | - | 1,241 |
| Beginning Fund Balance | 36,004 | 2,919 | - | 38,923 | 38,923 | - | 53,013 |
| Revenues | 9,363 | 1,239 | - | 10,602 | 1,620 | - | 4,834 |
| Total Sources | 45,367 | 4,158 | 13,260 | 62,785 | 53,803 | - | 59,088 |
| Total Uses | 45,367 | 4,158 | 13,260 | 62,785 | 6,102 | 17,151 | 8,889 |

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD REVISED | | FY 2013-2014 BUDGET | YEAR-TO-DATE | | PRIOR |
|-------------------------|------------------------|--------------|----------------|------------------------|--------------|-----------|-----------------|
| | FY 2013-2014 BUDGET | BUDGET | C/O ENCUMBR | | ACTUAL | ENCUMBR | Y-T-D ACTUAL |
| Trust and Agency | | | | | | | |
| Prior Year Encumbrance | - | - | 29 | 29 | 29 | - | 2 |
| Beginning Fund Balance | 5,551 | 953 | - | 6,504 | 6,504 | - | 3,814 |
| Revenues | 885 | 163 | - | 1,048 | 1,238 | - | 1,455 |
| Total Sources | 6,436 | 1,116 | 29 | 7,581 | 7,771 | - | 5,271 |
| Total Uses | 6,436 | 1,116 | 29 | 7,581 | 2,901 | 13 | 752 |

2013-2014

ANNUAL
REPORT

VI. APPENDIX

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ruben Torres

**SUBJECT: 2013-2014 FIRE DEPARTMENT
VACANCY AND ABSENCE RATES
AND THEIR IMPACT ON OVERTIME**

DATE: September 30, 2014

Approved



Date 9/26/14

INFORMATION ONLY

PURPOSE

This annual report on year-end overtime, absence rates and vacancy hours in the Fire Department is prepared in response to the City Auditor's April 2001 "Audit of the City of San José Fire Department's Overtime Expenditures" (Overtime Audit). Overtime funding and relief staffing levels are reviewed annually to ensure they are appropriately measured, funded, and managed. This 2013-2014 report presents absence and vacancy data for the Fire Department, outlines current staffing levels and projected attrition, and provides a discussion of relief staffing based on five years of data (2008-2009 through 2013-2014).

SUMMARY

Total absence hours in 2013-2014 of 363,280 increased by 4% from 348,277 in 2012-2013. This increase absence hours was largely due to increase in modified duty and vacation hours. Although overall vacancy rates remained at the same level¹, there were up to 20 sworn line vacancies in May and June 2014. Filling these vacancies was reprioritized until 2014-2015 to allow the completion of recruiting efforts². A Firefighter Recruit Academy with 25 recruits will start on September 15, 2014. In 2013-2014, the combined absence and vacancy rate was 21.1%, requiring 390,608 duty hours to be backfilled³.

¹ Vacancy rate in 2013-2014 was 1.5%; in 2012-2013 was 1.4%

² Recruitment efforts included outreach program and nationwide testing process to create a new Firefighter recruit list. The last Firefighter recruit list was established in 2008-2009 and updating the list would provide the Department with a larger candidate pool that would be representative of the communities the Department serves.

³ In 2012-2013, combined impact of absences and vacancy hours required 374,821 hours of backfill.

BACKGROUND

Concern regarding the Fire Department's over-expenditures in its overtime budget led to the release of a 2001 Overtime Audit. Prior to 2005-2006, the Fire Department was unable to bring overtime expenditures within its annual overtime budget allocation. From 2006-2007 through 2013-2014, the Fire Department's overtime year-end expenditures were lower than budgeted estimates. Through 2011-2012, the Fire Department has reported on its annual vacancy and absence rates and their impact on overtime to the Public Safety, Finance and Strategic Support (PSFSS) Committee. At the PSFSS Committee meeting on March 21, 2013, the Administration's recommendation to incorporate the Fire Department's annual vacancy and absence rates and their impact on overtime into the Annual Report was approved.

ANALYSIS

In 2013-2014, the Department had 180 daily duty positions⁴. When absences or vacancies occurred, relief personnel and/or off-duty personnel were brought back to work on overtime to backfill duty positions to the extent overtime funding was available. When funding was not available, however, certain stations were temporarily closed, otherwise known as "browned out" per previous approved budget balancing actions. For most of 2013-2014, one engine company⁵ was browned out when staffing was not available. Through diligent analysis of operational impacts and overtime usage, the Fire Department, with the support of the City Manager's Budget Office, continued to successfully manage its overtime budget. The Fire Department's 2013-2014 total modified overtime budget was \$6.5 million. Total overtime expenditures were \$6.3 million, with the balance of about \$165,000 rebudgeted to 2014-2015 for special operations training and Fire Engineer and Firefighter academies not completed in 2013-2014.

Absence Rates

The Fire Department analyzes absence and vacancy rates to determine the most efficient relief and overtime complement to meet daily minimum staffing. The following table displays the 2013-2014 absence hours by type of absences and by rank. Absence hours are hours where assigned personnel were not available to fill daily staffing slots due to vacation, illness, disability, modified duty, compensatory time, funeral leave, jury duty, and administrative assignments. For 2013-2014, the Fire Department's absence hours for sworn line personnel in the ranks of Battalion Chief, Fire Captain, Fire Engineer, and Firefighters totaled 363,280 hours.

⁴ Daily duty positions included 5 Battalion Chiefs, 42 Fire Captains, 65 Fire Engineers, and 68 Firefighters

⁵ In May 2014, the engine company browned out (E29) was replaced by browning out two squad companies in response to an analysis of service gaps. Companies with poor response times were in Battalion 29's area. Furthermore, to meet water requirements and address the suppression gap along the First Street Corridor (distance between FS25 and FS1), activation of E29 was necessary.

ANALYSIS

Chart 1: Absence Hours by Type & Rank: 2013-2014

| Rank | # of Budgeted Positions⁶ | Vacation | Sick Leave | Disability | Modified Duty | Misc[*] | Total Absence Hours |
|-----------------|--|-----------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|
| Battalion Chief | 18 | 5,182 | 2,471 | 4,420 | 379 | 215 | 12,666 |
| Fire Captain | 151 | 40,642 | 19,029 | 30,066 | 14,512 | 1,449 | 105,697 |
| Fire Engineer | 214 | 40,026 | 22,692 | 31,538 | 21,805 | 1,669 | 117,730 |
| Firefighter | 255 | 39,527 | 30,429 | 29,566 | 24,968 | 2,697 | 127,186 |
| | Total Absence Hours (2013-14) | 125,377 | 74,619 | 95,590 | 61,665 | 6,029 | 363,280 |
| | Total Absence Hours (2012-13) | 112,953 | 78,246 | 103,469 | 46,466 | 6,383 | 348,277 |

** Miscellaneous absence hours due to compensatory time off, funeral leave, witness, military, administrative*

From Chart 1, total absence hours of 363,280 in 2013-2014 (including absences due to temporary administrative assignments) increased by 15,003 hours (4%) from 348,277 hours in 2012-2013. This increase was driven primarily by increases in absence hours due to modified duty and vacation (partially offset by decreases in absence hours due to sick leave and disability).

With 638 line positions in 2013-2014, total absence hours were equivalent to 569 absence hours per line person (compared to 548 in 2012-2013). Although these absence hours are not always taken in full-shift (24-hour) increments, the 2013-2014 absence level was equivalent to about 23.7 shifts per line person (compared to 2012-2013's 22.7 shifts).

Vacancy Rates

Vacancies in sworn ranks occur due to retirement from the organization or separations from employment. In 2013-2014, the Fire Department's emergency response line positions were vacant for a total of 27,328 hours, or 1.5% vacancy rate. As previously discussed, sworn line vacancies in May and June 2014 remained unfilled pending completion of Firefighter recruitment efforts. A fully staffed 18-week Firefighter Recruit Academy will begin on September 15, with 25 recruits expected to be on line assignments by mid-January 2015.

Backfill for Duty Positions

On a daily basis, absences and vacancies in duty positions are supplemented with relief personnel and/or off-duty personnel who are brought back on overtime to backfill duty positions to meet minimum staffing requirements. Total absence and vacancy rate of 21.0% in 2013-2014 required 390,608 hours of backfill. In 2012-2013, the combined absence and vacancy rate of 20.1% requiring 374,821 hours of backfill.

⁶ No change in budgeted positions from 2012-2013

ANALYSIS

Chart 2: Absence and Vacancy by Rank: 2013-2014 vs 2012-2013

| Rank | 2013-2014 Total Hours | 2013-2014 Absence Hours | 2013-2014 Vacancy Hours | 2013-2014 Hours Requiring Backfill | 2013-2014 Total Absence & Vacancy Rate | 2012-2013 Absence & Vacancy Rate |
|-----------------|----------------------------------|--|--|---|---|---|
| Battalion Chief | 52,560 | 12,666 | 1,904 | 14,570 | 27.7% | 17.2% |
| Fire Captain | 440,920 | 105,697 | 4,816 | 110,513 | 25.1% | 25.4% |
| Fire Engineer | 624,880 | 117,730 | 8,512 | 126,242 | 20.2% | 19.3% |
| Firefighter | 744,600 | 127,186 | 12,096 | 139,282 | 18.7% | 17.9% |
| Total | 1,862,960 | 363,280 | 27,328 | 390,608 | 21.0% | 20.1% |

Staffing Levels and Anticipated Retirements

In preparing projections of near-term and long-range vacancies, staff analyzes sworn personnel’s years of service and age ranges and, based on various retirement eligibility scenarios⁷, prepares staffing projections. For 2014-2015, staff projects approximately 20 sworn retirements. One recruit academy class would be sufficient to meet this number of projected sworn retirements (an academy could consist of up to 30 recruits).

Relief Staffing

To summarize, when a daily staffing position is unfilled, either due to an absence or a vacancy, the position must be backfilled in order for a company to remain in service. There are three ways in which this can occur: overtime, relief personnel, or by providing higher class pay to staff in a lower rank to backfill the position (which also then requires backfill). Staff plans the use of the Department’s budgeted overtime funding level based on relief staffing and on assumptions regarding absences and vacancies. (The Department’s relief model is described below.) If vacancies exceed staff estimates, a recommendation to reallocate savings from vacant positions to overtime is brought forward for City Council consideration. If absences exceed staff estimates, staff will determine if funding can be reallocated from other budgeted activities. If additional funding to staff units on an overtime basis is not available, a brown out situation would occur, based on previous City Council approval. In 2013-2014, the Department managed its resources to ensure that no more than one engine company or two squad companies were taken out of service each day.

The Department’s relief model estimates the number of relief positions needed to backfill absences and vacancies when there are the fewest hours of absence and vacancy during the year (baseline). The baseline is the lowest number of absence and vacancy hours used by the personnel in each rank in the 2013-2014 pay periods. Once the baseline is established based on the actual absence

⁷ Retirement eligibility scenarios include 30 years of service at any age; 50 years of age with 25 years of service; and 55 years of age with 20 years of service

and vacancy data, it can then be determined, by rank, how many relief positions should be staffed. The 2013-2014 baseline hours (lowest absence and vacancy hours that occurred in any pay period) excluding Battalion Chief positions⁸ are as follows:

- Fire Captain = 3,182 hours (in 2012-2013 = 3,314 hours)
- Fire Engineer = 3,875 hours (in 2012-2013 = 3,455 hours)
- Firefighter = 4,429 hours (in 2012-2013 = 4,111 hours)

Consistent with prior years' reports, to determine baseline hours by rank, five years of data by rank on absence and vacancy hours are used to smooth out potential anomalies in any given year. Utilizing this methodology a comparison of the vacancy/absence baseline hours and coverage hours by relief staff is presented in the following table.

Chart 3: Average Five-Year Baseline Data and Relief Personnel (Hours)

| | Average Absence and Vacancy Hours Baseline | Coverage by Relief Staff | Coverage by Relief (shortfall)/surplus | Relief Staff Needed to Cover Average Baseline Absence and Vacancy |
|---------------|--|--------------------------|--|---|
| Fire Captain | 2,935 | 2,912 | (23) | 0.21 FTE needed |
| Fire Engineer | 3,525 | 2,128 | (1,397) | 12.5 FTE needed |
| Firefighter | 3,563 | 5,712 | 2,149 | 19.2 FTE available |
| Total | 10,023 | 10,752 | 729 | 6.5 FTE available |

Utilizing the chart above, five year's baseline analysis could lead to a conclusion that there are approximately six relief positions available to up-staff units (and improve service coverage) or available to higher class and reduce overtime usage. It is important to note however that this five year average model serves as a guide for further analysis of staffing configuration. Prior years' analyses have led to adjustments in relief staffing for Fire Engineers and Firefighters. To continue to more effectively address the relief staffing needs, further adjustments to the relief staffing were incorporated into the 2014-2015 Adopted Budget, including the addition of 12.0 Fire Engineer relief positions and the elimination of 12.0 Firefighter relief positions. Implementation of this relief staffing realignment will provide for a better balance in the Fire Engineer and Firefighter positions.

CONCLUSION

Higher absence hours experienced in 2013-2014, largely attributed to increased modified duty and vacation hours, coupled with higher vacancies experienced in May and June 2014, have resulted in an increase in hours required for backfill through use of relief personnel and overtime. Department staff will continue its analysis of absences, relief staffing, and overtime usage,

⁸ Consistent with prior reports, Battalion Chief positions are excluded from baseline analysis due to the number of duty positions (15 for 3 shifts)

HONORABLE MAYOR AND COUNCIL

September 30, 2014

Subject: 2013-2014 Fire Department Vacancy and Absence Rates and their Impact on Overtime

Page 6 of 6

noted that the Fire Department continues to work with its employees and its partners to improve Firefighter safety and reduce absences and its impact on services to the community.


RUBEN TORRES
Fire Chief