

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>
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REQUIRED TECHNICAL/REBALANCING ACTIONS

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

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

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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>				

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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.				

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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>				

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REQUIRED TECHNICAL/REBALANCING ACTIONS

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

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

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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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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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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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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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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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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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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.

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>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	
<p>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.</p>				
<i>Public Works Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$38,000)	
<p>This action decreases the Public Works Development Fee Program Reserve to offset the actions recommended in this report.</p>				
<i>San José BEST and Safe Summer Initiative Programs (Parent Project)/Other Revenue</i>	CITY-WIDE EXPENSES		\$7,452	\$7,452
<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 \$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.</p>				
<i>State Homeland Security Grant Program 2013-2014/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$28,219	\$28,219
<p>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.</p>				

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>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>				

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<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