

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Airport Customer Facility And Transportation Fee Fund (519)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------------|------------|---------------|
|---------------|-------------------|------------------|------------|---------------|

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|------------------------------------|--------------------|--|----------|--|
| Customer Facility Charge Fee Audit | Airport Department | | \$13,850 | |
|------------------------------------|--------------------|--|----------|--|

This action increases the Customer Facility Charge Fee Audit appropriation by \$13,850, from \$11,500 to \$25,350, to fund a one-time review of Airport financials, which demonstrate the need for the increase of the Customer Facility Charge fee from \$7.50 to \$9.00 per day, for a maximum of five days per rental car contract. City Council approved the fee increase on December 5, 2020, which will go into effect on February 1, 2021.

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|------------------------|--------------------|--|------------|--|
| Operations Contingency | Airport Department | | (\$13,850) | |
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This action decreases the Operations Contingency by \$13,850, from \$100,000 to \$86,150, to offset the increase for the Customer Facility Charge Fee Audit recommended above.

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|--|-------------|------------|------------|
| Airport Customer Facility And Transportation Fee Fund (519) | 0.00 | \$0 | \$0 |
|--|-------------|------------|------------|

Airport Fiscal Agent Fund (525)

| | | | | |
|--|--------------------|--|-----------|--|
| Transfer to Airport Revenue Fund (Investment Valuation Adjustment) | Airport Department | | \$138,000 | |
|--|--------------------|--|-----------|--|

This action increases the Transfer to the Airport Revenue Fund by \$138,000, from \$600,000 to \$738,000, to reflect additional funding available based on a recent investment valuation by the Airport's Fiscal Agent. The Fiscal Agent's findings have determined that the amount currently held in the Debt Service Reserve is greater than what is required be held in order to meet debt service obligations, including payment of principal and interest. As a result, this funding can be transferred back to the Airport Revenue Fund and allocated to the Airline Agreement Reserve. Corresponding actions in this fund and the Airport Revenue Fund are recommended elsewhere in this report.

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|--|--------------------|--|-------------|--|
| Debt Service Reserve (Investment Valuation Adjustment) | Airport Department | | (\$138,000) | |
|--|--------------------|--|-------------|--|

This action decreases the Debt Service Reserve appropriation by \$138,000, from \$91.0 million to \$90.9 million, to reflect additional funding available based on a recent investment valuation by the Airport's Fiscal Agent. The Fiscal Agent's findings have determined that the amount currently held in the Debt Service Reserve is greater than what is required be held in order to meet debt service obligations, including payment of principal and interest. As a result, this funding can be transferred back to the Airport Revenue Fund and allocated to the Airline Agreement Reserve. Corresponding actions in this fund and the Airport Revenue Fund are recommended elsewhere in this report.

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Airport Fiscal Agent Fund (525)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|------------------|------------|---------------|
| Transfers and Reimbursements (Debt Service Payment) | Airport Department | | | (\$6,999,705) |

This action decreases Transfers and Reimbursements by \$6,999,705, from \$100.9 million to \$93.9 million, to fund adjustments for Airport debt service payments. This action includes a reduction in the Transfer from the Airport Passenger Facility Charge Fund in the amount of \$8,188,000 partially offset by an increase in the Transfer from the Airport Revenue Fund in the amount of \$1,188,295. The 2020-2021 Modified Budget includes the use of up to \$8.2 million in CARES Act Relief funding to assist with debt service payments in the current fiscal year. However, the Federal Aviation Authority provided direction that CARES funding is not eligible to pay for the same debt service obligations that are also funded with Passenger Facility Charge (PFC) revenue. Therefore, this action reduces the transfer of PFC revenue (-\$8.2 million) and increases the transfer in of the remaining CARES Act funding (\$1.2 million) from the Airport Revenue Fund. Actions are included elsewhere to reallocate CARES Act funding of \$7.0 million from the Debt Service Reserve, which was previously funded with an initial infusion of CARES Act funding as part of the actions included in the 2019-2020 Annual Report. Corresponding actions in this fund, the Airport Revenue Fund, and the Airport Passenger Facility Charge Fund are recommended elsewhere in this report.

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|---|--------------------|--|--|---------------|
| Debt Service Reserve (Debt Service Payment) | Airport Department | | | (\$6,999,705) |
|---|--------------------|--|--|---------------|

This action decreases the Debt Service Reserve by a \$6,699,705, from \$91.0 million to \$84.0 million, to offset the actions recommended in this report.

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|--|-------------|----------------------|----------------------|
| Airport Fiscal Agent Fund (525) | 0.00 | (\$6,999,705) | (\$6,999,705) |
|--|-------------|----------------------|----------------------|

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Airport Maintenance And Operation Fund (523)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------------|------------|---------------|
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|------------------------|--------------------|--|----------|--|
| Operations Contingency | Airport Department | | \$89,000 | |
|------------------------|--------------------|--|----------|--|

This action increases the Operations Contingency by \$89,000, from \$1.0 million to \$1,089,000, to offset the decrease to the Banking Services appropriation recommended below.

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|--|--------------------|--|------------|--|
| Banking Services (Merchant Card Service Fee) | Finance Department | | (\$89,000) | |
|--|--------------------|--|------------|--|

This action is part of a series of adjustments to the Banking Services appropriation in multiple funds due to the implementation of a new credit card service fee reducing estimated revenue as well as to reflect updated forecasts for merchant card processing activity. These actions decrease the Banking Services appropriation in the Airport Maintenance and Operation Fund by \$89,000, and increase the Banking Services appropriations in the Integrated Waste Management Fund by \$4,000 and the Water Utility Fund by \$12,000. A decrease to the Banking Services City-Wide Expenses appropriation in the General Fund (\$312,000) is recommended in this report.

Airport Maintenance And Operation Fund (523)

| | | | |
|--|-------------|------------|------------|
| | 0.00 | \$0 | \$0 |
|--|-------------|------------|------------|

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

Airport Revenue Fund (521)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|--------------------|------------------|------------|---------------|
| Transfers and Reimbursements - Transfer from Airport Fiscal Agent Fund (Investment Valuation Adjustment) | Airport Department | | | \$138,000 |

This action increases the Transfer from the Airport Fiscal Agent Fund by \$138,000, from \$600,000 to \$738,000, to reflect additional funding available based on a recent investment valuation by the Airport's Fiscal Agent. The Fiscal Agent's findings have determined that the amount currently held in the Debt Service Reserve is greater than what is required be held in order to meet debt service obligations, including payment of principal and interest. As a result, this funding can be transferred back to the Airport Revenue Fund and allocated to the Airline Agreement Reserve. Corresponding actions in this fund and the Airport Fiscal Agent Fund are recommended elsewhere in this report.

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|---------------------------|--------------------|--|---------------|--|
| Airline Agreement Reserve | Airport Department | | (\$1,050,295) | |
|---------------------------|--------------------|--|---------------|--|

This action decreases the Airline Agreement Reserve by a net \$1,050,295, from \$66.6 million to \$65.6 million. This decrease results from the need to transfer additional funds to the Airport Fiscal Agent Fund in the amount of \$1,188,295 to cover the debt service payment, offset by an increase of \$138,000 of additional funding available in the Airport Fiscal Agent Fund. Corresponding actions in this fund and the Airport Fiscal Agent Fund are recommended elsewhere in this report.

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|--|--------------------|--|-------------|--|
| Transfer to Airport Fiscal Agent Fund (Debt Service Payment) | Airport Department | | \$1,188,295 | |
|--|--------------------|--|-------------|--|

This action increases the Transfer to the Airport Fiscal Agent Fund in the amount of \$1,188,295, from \$59.0 million to \$60.1 million, to fund an adjustment for Airport debt service payments. The 2020-2021 Modified Budget includes the use of up to \$8.2 million in CARES Act Relief funding to assist with debt service payments in the current fiscal year. As part of the 2019-2020 Annual Report, \$7.0 million of CARES funding was transferred from the Airport Revenue Fund to the Airport Fiscal Agent Fund to assist with debt service payments. This action transfers the remaining \$1.2 million of CARES funding to the Airport Fiscal Agent Fund for debt service payment in 2020-2021. Corresponding actions to receive the transfer in the Airport Fiscal Agent Fund are recommended elsewhere in this report.

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|-----------------------------------|--|-------------|------------------|------------------|
| Airport Revenue Fund (521) | | 0.00 | \$138,000 | \$138,000 |
|-----------------------------------|--|-------------|------------------|------------------|

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Benefits Funds - Benefit Fund (160)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|----------------------------|------------------|------------------|------------------|
| Employee Benefit Payout (Health Plan Premium Credit) | Human Resources Department | | \$140,000 | |
| <p>This action establishes the Employee Benefit Payout appropriation in the amount of \$140,000 to allocate funding that is intended to be paid back to employees as it pertains to benefit reimbursements. The Anthem Blue Cross medical plan credited the City \$100,000 (approximately 10%) of April premiums paid due to reduced costs during the COVID-19 Shelter in Place order. Additionally, this Fund recognizes \$40,000 of interest earnings that have accumulated in the Employee Health Fund and will be paid back to employees. A corresponding increase to Other Revenue (\$100,000) and Transfers and Reimbursements (\$40,000) are recommended in this report to offset this action.</p> | | | | |
| Transfers and Reimbursements (Transfer from Employee Health Fund) | Human Resources Department | | | \$40,000 |
| <p>This action increases the revenue estimate for Transfers and Reimbursements by \$40,000, from \$78.96 million to \$79.0 million, to recognize a transfer of interest earnings that have accumulated in the Employee Health Fund and are to be paid back to employees. An increase to the Employee Benefit Payout appropriation is recommended in this report to offset this action.</p> | | | | |
| Other Revenue (Anthem Blue Cross Credit) | Human Resources Department | | | \$100,000 |
| <p>This action establishes the estimate for Other Revenue in the amount of \$100,000 to recognize revenue that was received from the Anthem Blue Cross to reflect a credit to the City for April 2020 medical plan premiums that were paid. This amount was credited to the City for lower cost premiums due to the reduced costs during the COVID-19 Shelter in Place order. These funds have been identified as eligible to be paid back to employees. An increase to the Employee Benefit Payout appropriation is recommended in this report to offset this action.</p> | | | | |
| Benefits Funds - Benefit Fund (160) | | 0.00 | \$140,000 | \$140,000 |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Benefits Funds - Dental Insurance Fund (155)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------------------|------------------|------------|---------------|
| Personal Services (Overage) | Human Resources Department | | \$9,600 | |
| <p>This action increases the Human Resources Department's Personal Services appropriation by \$9,600. Through December 2020, personal services are tracking above budgeted levels. This increase accounts for higher than anticipated costs for budgeted positions. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | | |
| Ending Fund Balance Adjustment | Human Resources Department | | (\$9,600) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| Benefits Funds - Dental Insurance Fund (155) | | 0.00 | \$0 | \$0 |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Benefits Funds - Self-Insured Medical Fund (158)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|----------------------------|------------------|-----------------|-----------------|
| Transfer to the General Fund (Close Out of Self-Insured Medical Fund) | Human Resources Department | | \$1,000,000 | |
| <p>This action establishes a transfer to the General Fund in the amount of \$1.0 million. The Self-Insured Medical Fund had previously received transfers from the General Fund in prior years to ensure fund solvency. However, the Payment of Claims within the Self-Insured Medical Fund was lower than anticipated, leaving an available balance that can be returned to the General Fund. The City ended its PPO plan with Blue Shield of California in December 2019. A close-out period was established for one year, from January 1, 2020 to December 31, 2020, and during this time Blue Shield was required to submit all outstanding claims to the City for payment. This transfer reflects a portion of the fund balance that is left in this fund after the close-out period. A full reconciliation of this fund and a transfer of the remaining fund balance will happen at the end of this fiscal year.</p> | | | | |
| Ending Fund Balance Adjustment | Human Resources Department | | (\$350,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| Transfers and Reimbursements (City Funds) | Human Resources Department | | | \$50,000 |
| <p>This action establishes the estimate for Transfers and Reimbursements in the amount of \$50,000 to recognize funding that has been paid to-date for premium credits to the City from the PPO Blue Shield of California Medical plan.</p> | | | | |
| Payment of Claims | Human Resources Department | | (\$600,000) | |
| <p>This action eliminates the Payment of Claims appropriation by \$600,000. This reflects no actual charges of Payment of Claims. The City ended its PPO plan with Blue Shield of California in December 2019. A close-out period was established for one year, from January 1, 2020 to December 31, 2020, and during this time Blue Shield was required to submit all outstanding claims to the City for payment, which resulted in no charge to the City for Payment of Claims.</p> | | | | |
| Benefits Funds - Self-Insured Medical Fund (158) | | 0.00 | \$50,000 | \$50,000 |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Benefits Funds - Unemployment Insurance Fund (157)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------------|------------|---------------|
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|-----------------------------|----------------------------|--|---------|--|
| Personal Services (Overage) | Human Resources Department | | \$6,000 | |
|-----------------------------|----------------------------|--|---------|--|

This action increases the Human Resources Department's Personal Services appropriation in the Unemployment Insurance Fund by \$6,000. Through December 2020, personal services are tracking above budgeted levels. This increase accounts for higher than anticipated costs for budgeted positions. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

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|--------------------------------|----------------------------|--|-----------|--|
| Ending Fund Balance Adjustment | Human Resources Department | | (\$6,000) | |
|--------------------------------|----------------------------|--|-----------|--|

This action decreases the Ending Fund Balance to offset the action recommended in this report.

| | | | |
|---|-------------|------------|------------|
| Benefits Funds - Unemployment Insurance Fund (157) | 0.00 | \$0 | \$0 |
|---|-------------|------------|------------|

Citywide Planning Fee Program Fund (239)

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|---|--|--|-------------|--|
| Citywide Planning Fee - Personal Services | Planning, Building and Code Enforcement Department | | (\$250,000) | |
|---|--|--|-------------|--|

This action decreases the Planning, Building and Code Enforcement Department's Citywide Planning Fee - Personal Services appropriation by \$250,000 to recognize savings resulting from staff that were re-assigned to work in the Planning Development Fee Program. Two positions in the Citywide Planning Fee Program were re-assigned to the Planning Development Fee Program from July 2020 through January 2021 to temporarily address the increased workload in the Planning Development Fee Program with staff that had relevant permitting expertise. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.

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|--------------------------------|--|--|-----------|--|
| Ending Fund Balance Adjustment | Planning, Building and Code Enforcement Department | | \$250,000 | |
|--------------------------------|--|--|-----------|--|

This action increases the Ending Fund Balance to offset the action recommended in this report.

| | | | |
|---|-------------|------------|------------|
| Citywide Planning Fee Program Fund (239) | 0.00 | \$0 | \$0 |
|---|-------------|------------|------------|

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

Convention and Cultural Affairs Fund (536)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|--|------------------|------------|---------------|
| City Facilities Safety Assessment | Public Works Department | | \$20,000 | |
| <p>This action reestablishes the City Facilities Safety Assessment appropriation in the amount of \$20,000 to complete the remaining scope of work for the project. These funds will support the project manager's review of 16 remaining reports and an additional facility site visit to the SAP Center in 2020-2021, upon facility reopening. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p> | | | | |
| Insurance Expenses | Finance Department | | \$4,500 | |
| <p>This action increases the Insurance Expenses appropriation by \$4,500, from \$401,000 to \$405,500, to provide one-time funding to the Finance Department for overlapping insurance brokerage services from April 1, 2021 through June 30, 2021. Overlapping services will ensure continuity for the City's insurance program in the event of transition of service following a new competitive procurement process. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p> | | | | |
| Transfers and Reimbursements (Transfer from the Transient Occupancy Tax Fund) | City Manager - Office of Economic Development | | | (\$2,350,000) |
| <p>This action decreases the revenue estimate for Transfers and Reimbursements by \$2.35 million, from \$6.9 million to \$4.6 million, to reflect the downgraded forecast for the Transient Occupancy Tax stemming from the continued impacts of COVID-19 on hotel activity. This revenue loss, coupled with a higher than anticipated need for Convention Facilities Operations assistance, are offset through the reallocation of balances purposefully held in the Convention and Cultural Affairs Fund in the event of further revenue decline. A series of corresponding actions are recommended elsewhere in this report to rebalance the Convention and Cultural Affairs Fund.</p> | | | | |
| Transfers and Reimbursements (Transfer from the Convention and Cultural Affairs Capital Fund) | City Manager - Office of Economic Development | | | \$2,335,000 |
| <p>This action increases the revenue estimate for Transfers and Reimbursements by \$2.3 million, from \$2.9 million to \$5.2 million, to reflect the return of previously transferred funds to the Convention and Cultural Affairs Capital Fund for planned improvements to the San Jose McEnery Convention Center and other cultural facilities managed by Team San Jose. This transfer is derived from a combination of project savings and accumulated balances due to the prior deferral of planned projects, supplements funding to offset the decreased transfer from the Transient Occupancy Tax Fund (\$2.3 million) and increased need for Convention Facility Operations assistance. These balances were conservatively retained during development of the 2020-2021 Adopted Budget in the event of such revenue losses. A series of corresponding actions are recommended elsewhere in this report to rebalance the Convention and Cultural Affairs Fund.</p> | | | | |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Convention and Cultural Affairs Fund (536)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---|------------------|-------------------|-------------------|
| Convention Facilities Operations | City Manager - Office of Economic Development | | \$1,760,000 | |
| <p>This action increases the Convention Facilities Operations appropriation by \$1.8 million, from \$6.6 million to \$8.4 million, to provide the funding necessary for Team San Jose to cover fixed costs to maintain convention and cultural facilities operations during 2020-2021 to offset continued revenue loss. The COVID-19 pandemic and corresponding public health restrictions have effectively closed these facilities, eliminating the potential for revenue generation from facility use, food and beverage and other services. This increase is recommended in concert with cost-containment measures implemented by Team San Jose, including multiple rounds of layoffs in 2019-2020 and the continued postponement of employee return dates. However, core staffing is maintained to position Team San Jose for the eventual reopening of the facilities.</p> | | | | |
| Team San Jose Management Fee (Incentive Fee) | City Manager - Office of Economic Development | | (\$250,000) | |
| <p>This action eliminates the Team San Jose Management Fee (Incentive Fee) appropriation of \$250,000 for payment of an incentive fee to Team San Jose for its performance during the 2019-2020 fiscal year. Due to the continued impacts of COVID-19 on convention and cultural facility operations since February 2020, loss of operating revenue and increased need for operational support from the City, the net savings from this reduction will be applied to support Team San Jose's fixed costs to position for a future return of business. A corresponding increase to the Convention Facilities Operations appropriation is recommended elsewhere in this report.</p> | | | | |
| Ending Fund Balance Adjustment | City Manager - Office of Economic Development | | (\$1,549,500) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| Convention and Cultural Affairs Fund (536) | | 0.00 | (\$15,000) | (\$15,000) |

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

Convention Center Facilities District Revenue Fund (791)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|------------------|------------|---------------|
| Convention Center Facilities District Special Tax | Finance Department | | | (\$3,500,000) |

This action reduces the estimate for Convention Center Facilities District Special Tax by \$3.5 million, from \$8.0 million to \$4.5 million, to reflect the continuing impacts of COVID-19 and suppressed hotel activity. This forecast revision better aligns with year-to-date performance and the adjusted outlook for the remainder of 2020-2021. This revenue loss is offset by a transfer from the Convention Center Facility District Capital Fund (\$1.7 million) and the deferral of commercial paper payments totaling \$3.3 million for 2020-2021.

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|---|--------------------|--|--|-------------|
| Transfers and Reimbursements (Transfer from the Convention Center Facility District Capital Fund) | Finance Department | | | \$1,700,000 |
|---|--------------------|--|--|-------------|

This action increases the revenue estimate for Transfers and Reimbursements by \$1.7 million, from \$2.3 million to \$4.0 million, to reflect the return of funds previously transferred to the Convention Center Facility District Capital Fund for capital improvement projects. This action, coupled with the deferral of commercial paper payments totaling \$3.3 million for 2020-2021, offsets the projected revenue loss from the Convention Center Facility District Special Tax (\$3.5 million) and positions the fund for further forecast adjustments as the implications of COVID-19 continue to evolve.

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|--|--------------------|--|-------------|--|
| South Hall Site Acquisition Debt Service | Finance Department | | (\$746,000) | |
|--|--------------------|--|-------------|--|

This action decreases the South Hall Site Acquisition Debt Service appropriation by \$746,000, from \$1.1 million to \$357,000, to reflect the suspension of interest-only debt service payments for the remainder of 2020-2021 for commercial paper issued for the acquisition of the South Hall Site. This action, coupled with the deferral of principal payment for commercial paper issued for the prior Exhibit Hall expansion project at the San Jose McEnery Convention Center, partially offsets lower than projected revenues from the Convention Center Facility District Special Tax (\$3.5 million) due to the continued impacts of COVID-19. The total additional interest costs resulting from these deferrals that will be incurred in future years is estimated at \$26,000.

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Convention Center Facilities District Revenue Fund (791)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|------------------|---------------|---------------|
| Debt Service: Exhibit Hall Commercial Paper | Finance Department | | (\$2,319,000) | |

This action decreases the Debt Service: Exhibit Hall Commercial Paper appropriation by \$2.32 million, from \$2.39 million to \$73,000, to reflect the deferral of principal payment in 2020-2021 for commercial paper issued for the prior Exhibit Hall expansion project at the San Jose McEnery Convention Center. This action, coupled with the reduced debt service payments for commercial paper issued for the acquisition of the South Hall site, partially offsets lower than projected revenues from the Convention Center Facility District Special Tax (\$3.5 million) due to the continued impacts of COVID-19. The total additional interest costs resulting from these deferrals that will be incurred in future years is estimated at \$26,000.

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|--------------------------------|--------------------|--|-------------|--|
| Ending Fund Balance Adjustment | Finance Department | | \$1,265,000 | |
|--------------------------------|--------------------|--|-------------|--|

This action increases the Ending Fund Balance to offset the actions recommended in this report. This increase is expected to position the fund to mitigate downward forecast adjustments for the 2021-2022 fiscal year.

| | | | | |
|---|--|-------------|----------------------|----------------------|
| Convention Center Facilities District Revenue Fund (791) | | 0.00 | (\$1,800,000) | (\$1,800,000) |
|---|--|-------------|----------------------|----------------------|

Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)

| | | | | |
|---|-------------------|--|-----------|-----------|
| 2020 Justice Assistance Grant/Revenue from Federal Government | Police Department | | \$290,569 | \$290,569 |
|---|-------------------|--|-----------|-----------|

This action establishes the 2020 Justice Assistance Grant appropriation to the Police Department and increases the estimate for Revenue from the Federal Government in the amount of \$290,569. This grant funding will support: the purchase of law enforcement and officer safety and investigative equipment; law enforcement overtime for community events, such as National Night Out, a crime prevention community education program; and, public service announcements to increase awareness and prevent gun violence.

| | | | | |
|--|--|-------------|------------------|------------------|
| Edward Byrne Memorial Justice Assistance Grant Trust Fund (474) | | 0.00 | \$290,569 | \$290,569 |
|--|--|-------------|------------------|------------------|

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Fire Development Fee Program Fund (240)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------|------------------|-------------|---------------|
| Fire Development Fee Program - Non-Personal/Equipment (Vehicle Replacement) | Fire Department | | \$92,000 | |
| <p>This action increases the Fire Development Fee Program - Non-Personal/Equipment appropriation by \$92,000 for the replacement of two retired vehicles to support the Fire Development Fee Program. Replacement of these vehicles is necessary to maintain current inspection response level of service. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | | |
| Fire Development Fee Program - Non-Personal/Equipment (Fire Vehicle Modifications) | Fire Department | | \$64,000 | |
| <p>This action increases the Fire Development Fee Program - Non-Personal/Equipment appropriation by \$64,000 for vehicle modifications. An allocation of \$120,000 was approved in the 2019-2020 Adopted Budget and rebudgeted into the 2020-2021 Adopted Budget for the addition of four vehicles in the Fire Development Fee Program. This request is needed to make modifications to the vehicles prior to use in the field by inspectors. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | | |
| Ending Fund Balance Adjustment | Fire Department | | (\$156,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| Fire Development Fee Program Fund (240) | | 0.00 | \$0 | \$0 |

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

General Purpose Parking Fund (533)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|---------------------------|------------------|------------|---------------|
| Transfers and Reimbursements (Transfer from General Purpose Parking Capital Fund) | Transportation Department | | | \$2,700,000 |
| <p>This action increases the estimate for Transfers and Reimbursements by \$2.7 million, from \$3.0 million to \$5.7 million, to recognize a transfer from the General Purpose Parking Capital Fund to offset reduced revenues of \$2.7 million from parking garage and meter revenue in 2020-2021 due to the COVID-19 operating environment. The General Purpose Parking Fund is the source of funding for capital projects in the Parking Capital Program. This transfer is facilitated by a reduction to the SAP/Diridon Center Area Parking and Transportation Reserve, described elsewhere in this report.</p> | | | | |
| Fees, Rates, and Charges (Parking Fees) | Transportation Department | | | (\$2,700,000) |
| <p>This action decreases the revenue estimate for Fees, Rates, and Charges by \$2.7 million, from \$9.0 million to \$6.3 million, to reflect revenue loss from parking lots and garages and parking meters, resulting from the COVID-19 operating environment. Due to the COVID-19 pandemic, the Transportation Department ceased collecting revenue at its parking facilities and meters starting on March 17, 2020. Revenue collections resumed on August 3, 2020; however, the City's parking garages currently offer 90 minutes of free parking and parking meters are only charging in the Downtown Core. The meters in the East Santa Clara, Old Civic Center, and Japantown zones are not currently charging. Because of the reduction in activity at the City's parking facilities and the City's response to the COVID-19 pandemic, revenues from those parking facilities is expected to end the fiscal year approximately 67% lower than pre-COVID levels. To offset the anticipated revenue shortfall, a corresponding transfer from the General Purpose Parking Capital Fund is recommended.</p> | | | | |
| General Purpose Parking Fund (533) | | 0.00 | | \$0 |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Home Investment Partnership Program Trust Fund (445)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|------------------|-------------|---------------|
| Ending Fund Balance Adjustment | Housing Department | | (\$135,000) | |
| This action decreases the Ending Fund Balance to offset the adjustments recommended in this report. | | | | |
| Fair Housing | Housing Department | | \$135,000 | |

This action reestablishes the Fair Housing appropriation in the amount of \$135,000 to fund an agreement with the San Jose Fair Housing Legal and Education Services Collaborative to build inclusive sustainable communities free from discrimination through complaint-based investigation, systemic testing, and legal representation designed to help victims of housing discrimination to access or maintain the housing of their choice. This action is offset by a corresponding decrease to Ending Fund Balance, as recommended in this report.

Home Investment Partnership Program Trust Fund (445)

| | | |
|-------------|------------|------------|
| 0.00 | \$0 | \$0 |
|-------------|------------|------------|

Housing Trust Fund (440)

| | | | | |
|--|--------------------|--|-------------|-------------|
| Ending Fund Balance/Revenue from the Use of Money/Property (Casa de Novo Loan Repayment) | Housing Department | | \$1,765,000 | \$1,765,000 |
|--|--------------------|--|-------------|-------------|

This action increases the estimate for Revenue from the Use of Money/Property in the Housing Trust Fund by \$1,765,000, from \$50,000 to \$1,815,000, to recognize loan payoff proceeds from the Casa de Novo Loan project. A subsequent action to allocate these proceeds will be brought forward for City Council consideration in coordination with a Notice of Funding Availability currently targeted for Spring 2021. This action is offset by a corresponding increase to the Ending Fund Balance.

Housing Trust Fund (440)

| | | |
|-------------|--------------------|--------------------|
| 0.00 | \$1,765,000 | \$1,765,000 |
|-------------|--------------------|--------------------|

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

Ice Centre Revenue Fund (432)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|------------------|--------------|---------------|
| Refunding of Previous Base Rent Payments | Finance Department | | \$49,973 | |
| <p>This action increases the Refunding of Previous Base Rent Payments appropriation by \$49,973, from \$1,553,040 to \$1,603,013, to correctly allocate funding previously provided by the 2020-2021 Base Rent Payment from Sharks Ice, LLC, in accordance with the Second Amended and Restated Ice Centre Lease and Management Agreement approved by the City Council on August 25, 2020. Corresponding adjustments to the Capital Rehabilitation Reserve and Ending Fund Balance are recommended elsewhere in this report.</p> | | | | |
| Ending Fund Balance Adjustment | Finance Department | | \$58,477,527 | |
| <p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| Capital Rehabilitation Reserve | Finance Department | | (\$97,500) | |
| <p>This action decreases the Capital Rehabilitation Reserve appropriation by \$97,500, from \$585,000 to \$487,500, to correctly allocate funding from the 2020-2021 Base Rent Payment from Sharks Ice, LLC, in accordance with the Second Amended and Restated Ice Centre Lease and Management Agreement approved by the City Council on August 25, 2020. Corresponding adjustments to the Refunding of Previous Base Rent Payments appropriation and Ending Fund Balance are recommended elsewhere in this report.</p> | | | | |
| Ice Centre Expansion Project/Financing Proceeds | Finance Department | | \$60,000,000 | \$120,000,000 |
| <p>This action establishes the Ice Centre Expansion Project appropriation to the Finance Department in the amount of \$60.0 million and establishes an estimate for Financing Proceeds in the amount of \$120.0 million. On August 25, 2020, the City Council approved the issuance of Taxable Lease Revenue Bonds, Series 2020B (2020B Bonds), for the construction of two additional ice rinks and related facilities at Solar4America Ice at San Jose (the Ice Centre). Proceeds from the 2020B Bonds related to the direct construction costs of the facility of \$120.0 million are recognized in the Ice Centre Revenue Fund. From this amount, \$60.0 million is allocated for construction costs in 2020-2021. Recommendations described elsewhere in this report transfer \$1.57 million of the proceeds to the General Fund to pay for construction oversight by the Public Works Department, and allocate the remaining amount of \$58.43 million to the ending fund balance to be used for construction costs in 2021-2022. All construction activities are managed by Sharks, LLC.</p> | | | | |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Ice Centre Revenue Fund (432)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--------------------|------------------|-------------|---------------|
| Transfer to the General Fund (Ice Centre Expansion Project) | Finance Department | | \$1,570,000 | |

This action establishes a Transfer to the General Fund in the amount of \$1.57 million to provide funding for Public Works staff to provide construction oversight of the Ice Centre Expansion Project. On August 25, 2020, in addition to authorizing the issuance of Taxable Lease Revenue Bonds, Series 2020B (2020B Bonds), for the construction of two additional ice rinks and related facilities at Solar4America Ice at San Jose (Ice Centre), the City Council also approved the Second Amended and Restated Ice Centre Lease and Management Agreement. Section 3.03 of the agreement provided \$1.57 million for Public Works' staff time for plan review, permit, and inspection services, as well as monitoring project progress, and approval of monthly pay requests. Of the \$120.0 million of proceeds from the 2020B Bonds to fund the construction costs of the Ice Centre expansion, \$1.57 million is allocated to be transferred to the General Fund for Public Works construction oversight costs. Recommendations allocating the remaining amounts are described elsewhere in this report.

| | | | |
|--------------------------------------|-------------|----------------------|----------------------|
| Ice Centre Revenue Fund (432) | 0.00 | \$120,000,000 | \$120,000,000 |
|--------------------------------------|-------------|----------------------|----------------------|

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Integrated Waste Management Fund (423)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---------------|-------------------|------------------|------------|---------------|
|---------------|-------------------|------------------|------------|---------------|

| | | | | |
|------------------------------|-----------------------------------|--|----------|--|
| Workers' Compensation Claims | Environmental Services Department | | \$50,000 | |
|------------------------------|-----------------------------------|--|----------|--|

This action increases the Workers' Compensation Claims appropriation by \$50,000, from \$34,000 to \$84,000, to align the budget with actual settlements and medical treatment costs through December 2020 and projected activity for the remainder of 2020-2021.

| | | | | |
|--------------------------------|-----------------------------------|--|------------|--|
| Ending Fund Balance Adjustment | Environmental Services Department | | (\$54,000) | |
|--------------------------------|-----------------------------------|--|------------|--|

This action decreases the Ending Fund Balance to offset actions recommended elsewhere in this report.

| | | | | |
|--|--------------------|--|---------|--|
| Banking Services (Merchant Card Service Fee) | Finance Department | | \$4,000 | |
|--|--------------------|--|---------|--|

This action is part of a series of adjustments to the Banking Services appropriation in multiple funds due to the implementation of a new credit card service fee reducing estimated revenue as well as to reflect updated forecasts for merchant card processing activity. These actions decrease the Banking Services appropriation in the Airport Maintenance and Operation Fund by \$89,000, and increase the Banking Services appropriations in the Integrated Waste Management Fund by \$4,000 and the Water Utility Fund by \$12,000. A decrease to the Banking Services City-Wide Expenses appropriation in the General Fund (\$312,000) is recommended in this report.

Integrated Waste Management Fund (423)

| | | | |
|--|-------------|------------|------------|
| | 0.00 | \$0 | \$0 |
|--|-------------|------------|------------|

Low And Moderate Income Housing Asset Fund (346)

| | | | | |
|--|--------------------|--|-------------|--|
| Loan Management (Best Western - Sure Stay Hotel) | Housing Department | | \$1,000,000 | |
|--|--------------------|--|-------------|--|

This action increases the Loan Management appropriation by \$1,000,000, from \$325,000 to \$1,325,000, for property and building improvements to the 76-unit Best Western hotel purchased by the City to provide housing to low-income individuals impacted by COVID-19. The improvements include a new roof, filling in the swimming pool, replacing railing and stairs, and various fire safety, plumbing, and electrical improvements in the units. This action is offset by a corresponding decrease to the Ending Fund Balance recommended in this report.

| | | | | |
|--------------------------------|--------------------|--|---------------|--|
| Ending Fund Balance Adjustment | Housing Department | | (\$1,000,000) | |
|--------------------------------|--------------------|--|---------------|--|

This action decreases the Ending Fund Balance to offset the adjustments recommended in this report.

Low And Moderate Income Housing Asset Fund (346)

| | | | |
|--|-------------|------------|------------|
| | 0.00 | \$0 | \$0 |
|--|-------------|------------|------------|

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Multi-Source Housing Fund (448)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|--------------------|------------------|--------------------|--------------------|
| Crisis Response Interventions/Revenue from the Use of Money/Property (Interest Earnings) | Housing Department | | \$275,000 | \$85,000 |
| <p>This action increases the Crisis Response Interventions appropriation by \$275,000, from \$204,987 to \$479,987, to fund agreements with the Bill Wilson Center for \$200,000 for their Transition in Place (TIP) program and with LifeMoves for \$75,000 for their Motel Voucher for Vulnerable Populations Program (Voucher). The TIP program provides housing and supportive services to homeless youth, and the Voucher program provides motel stays for homeless families and other vulnerable populations. This action also increases the estimate for Revenue from the Use of Money/Property by \$85,000 to recognize interest earnings associated with the \$11.4 million Homeless Emergency Aid Program grant.</p> | | | | |
| Ending Fund Balance/Revenue from the Use of Money/Property (Casa de Novo Loan Repayment) | Housing Department | | \$6,885,000 | \$6,885,000 |
| <p>This action increases the estimate for Revenue from the Use of Money/Property in the Multi-Source Housing Fund by \$6,885,000, from \$2.6 million to \$9.4 million, to recognize loan payoff proceeds from the Casa de Novo Loan project. A subsequent actions to allocate these proceeds will be brought forward for City Council consideration in coordination with a Notice of Funding Availability currently targeted for Spring 2021. This action is offset by a corresponding increase to the Ending Fund Balance.</p> | | | | |
| Transfer to the Multi-Source Housing Fund/Transfers and Reimbursements (Transfer from Multi-Source Housing Fund to the Homeless Emergency Aid Program Fund) | Housing Department | | \$43,000 | \$43,000 |
| <p>This action increases the revenue estimate for Transfers and Reimbursements by \$43,000, to reflect a transfer from the Multi-Source Housing Fund for prior year interest earnings associated with the Homeless Emergency Aid Program Fund, which is a fund budgeted within the Multi-Source Housing Fund. A corresponding action to transfer to the Homeless Emergency Aid Program Fund is also recommended.</p> | | | | |
| Ending Fund Balance Adjustment | Housing Department | | (\$190,000) | |
| <p>This action decreases the Ending Fund Balances to offset the adjustments recommended in this report.</p> | | | | |
| Multi-Source Housing Fund (448) | | 0.00 | \$7,013,000 | \$7,013,000 |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Municipal Golf Course Fund (518)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---|--|------------------|--------------------|--------------------|
| Transfers and Reimbursements (Transfer from the General Fund) | Parks, Recreation and Neighborhood Services Department | | | (\$1,000,000) |
| <p>This action decreases the transfer from the General Fund to the Municipal Golf Course Fund by \$1.0 million, from \$9.7 million to \$8.7 million, to reflect higher than anticipated operating revenues in the Municipal Golf Course Fund during 2020-2021. The higher than anticipated revenues resulted in lower net operating assistance requirements from the General Fund for the Los Lagos Golf Course and Rancho del Pueblo Golf Course. Corresponding adjustments in the Municipal Golf Course Fund to recognize additional Revenue from the Use of Money/Property and to decrease the Ending Fund Balance are recommended elsewhere in this report.</p> | | | | |
| Ending Fund Balance Adjustment | Parks, Recreation and Neighborhood Services Department | | (\$600,000) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> | | | | |
| Revenue from the Use of Money/Property | Parks, Recreation and Neighborhood Services Department | | | \$400,000 |
| <p>This action increases the corresponding estimate for Revenue from the Use of Money/Property by \$400,000, from \$352,000 to \$752,000, to reflect higher than anticipated operating revenues at the Los Lagos Golf Course and the San Jose Municipal Golf Course during 2020-2021. Corresponding adjustments to decrease the transfer from the General Fund to the Municipal Golf Course Fund and to increase the Ending Fund Balance are recommended elsewhere in this report.</p> | | | | |
| Municipal Golf Course Fund (518) | | 0.00 | (\$600,000) | (\$600,000) |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Planning Development Fee Program Fund (238)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|--|------------------|------------|---------------|
| Planning Development Fee Program - Personal Services (PBCE) (Overage)/Fees, Rates, and Charges | Planning, Building and Code Enforcement Department | | \$750,000 | \$500,000 |

This action increases the Planning, Building and Code Enforcement Department's Planning Development Fee Program - Personal Services appropriation by \$750,000 and increases the estimate for Fees, Rates, and Charges by \$500,000 to recognize additional Planning Development Fee revenues. This action funds higher than anticipated Planning Development Fee Program Personal Services costs due to the use of re-assigned staff from other programs to assist with Planning Development activity, higher position costs due to internal promotions, new hires with salaries that were higher than budgeted, and management pay for performance increases. Based on current collection trends, Planning Development Fee revenues are anticipated to exceed the 2020-2021 Adopted Budget by \$500,000. A decrease to the Ending Fund Balance (\$250,000) is also recommended in this report to partially offset this action.

| | | | | |
|--------------------------------|--|--|-------------|--|
| Ending Fund Balance Adjustment | Planning, Building and Code Enforcement Department | | (\$250,000) | |
|--------------------------------|--|--|-------------|--|

This action decreases the Ending Fund Balance to offset the actions recommended in this report.

| | | | | |
|--|--|-------------|------------------|------------------|
| Planning Development Fee Program Fund (238) | | 0.00 | \$500,000 | \$500,000 |
|--|--|-------------|------------------|------------------|

Public Works Program Support Fund (150)

| | | | | |
|-----------------------------|----------------------------|--|----------|--|
| Personal Services (Overage) | Human Resources Department | | \$12,000 | |
|-----------------------------|----------------------------|--|----------|--|

This action increases the Human Resources Department's Personal Services appropriation in the Public Works Program Support Fund by \$12,000. Through December 2020, personal services are tracking above budgeted levels. This increase accounts for higher than anticipated costs for budgeted positions. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

| | | | | |
|--------------------------------|-------------------------|--|------------|--|
| Ending Fund Balance Adjustment | Public Works Department | | (\$12,000) | |
|--------------------------------|-------------------------|--|------------|--|

This action decreases the Ending Fund Balance to offset the action recommended in this report.

| | | | | |
|--|--|-------------|------------|------------|
| Public Works Program Support Fund (150) | | 0.00 | \$0 | \$0 |
|--|--|-------------|------------|------------|

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Public Works Small Cell Permitting Fee Program Fund (242)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|-------------------------|------------------|--------------------|--------------------|
| Public Works Small Cell Permitting - Non-Personal/Equipment / Fees, Rates, and Charges | Public Works Department | | \$50,000 | \$50,000 |
| <p>This action increases the Public Works Small Cell Permitting - Non-Personal/Equipment appropriation and increases the estimate for Fees, Rates, and Charges by \$50,000, from \$4,699,000 to \$4,749,000. This funding supports the Small Cell Permitting Program to cover additional costs related to vehicle equipment, supplies and materials, computer data processing, and ongoing USA North 811 membership fees for excavation costs. These costs were not originally incorporated in the development of the 2020-2021 Adopted Budget for the Small Cell Permitting Fee Program Fund and will be offset by reimbursements from telecom companies.</p> | | | | |
| Transfer to the General Fund / Fees, Rates, and Charges (Small Cell Permitting Fees) | Public Works Department | | (\$707,632) | (\$707,632) |
| <p>This action decreases the Transfer to the General Fund by \$707,632, from \$1.2 million to \$466,100, and a corresponding decrease to the estimate for Fees, Rates, and Charges by the same amount, from \$4.7 million to \$4.0 million. This action corrects a previous increase to the transfer included in the 2019-2020 Annual Report. After the final closeout of 2019-2020 and reconciliation of the Small Cell Permitting Fee Program, the amount to transfer due to the General Fund is \$466,100, not the \$1.2 million included in the 2019-2020 Annual Report. A corresponding action in the General Fund is recommended elsewhere in this report.</p> | | | | |
| Public Works Small Cell Permitting Fee Program Fund (242) | | 0.00 | (\$657,632) | (\$657,632) |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

San José Arena Capital Reserve Fund (459)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---|------------------|---------------|---------------|
| Previously Approved Repairs Reserve | Office of the City Manager | | (\$3,104,151) | |
| <p>This action decreases the Previously Approved Repairs Reserve appropriation by \$3,104,151, from \$4.9 million to \$1.8 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at SAP Center. Corresponding increases to Structures Repairs (\$1,344,315), Electrical Repairs (\$1,316,748), Mechanical (\$160,885), Miscellaneous (\$57,762), and Unanticipated/Emergency Repairs (\$224,441) appropriations are recommended to offset this action in this report.</p> | | | | |
| Electrical Repairs | City Manager - Office of Economic Development | | \$1,316,748 | |
| <p>This action increases the Electrical Repairs appropriation by \$1,316,748, from \$1.2 million to \$2.6 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the audio visual systems, building automation system, and lighting system. A corresponding decrease to the Previously Approved Repairs Reserve appropriation to offset this action is recommended in this report.</p> | | | | |
| Structures Repairs | City Manager - Office of Economic Development | | \$1,344,315 | |
| <p>This action increases the Structures Repairs appropriation by \$1,344,315, from \$10,000 to \$1.4 million, to provide funding for reimbursements to Sharks Sports Entertainment for ADA upgrades at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve appropriation to offset this action is recommended in this report.</p> | | | | |
| Mechanical Repairs | City Manager - Office of Economic Development | | \$160,885 | |
| <p>This action increases the Mechanical Repairs appropriation by \$160,885, from \$2.5 million to \$2.7 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at SAP Center for the brine chillers, HVAC system, and piping. Corresponding decrease to Previously Approved Repairs Reserve appropriation would offset this action recommended in this report.</p> | | | | |

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

San José Arena Capital Reserve Fund (459)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|---------------------------------|---|------------------|------------|---------------|
| Unanticipated/Emergency Repairs | City Manager - Office of Economic Development | | \$224,441 | |

This action increases the Unanticipated/Emergency Repairs appropriation by \$24,441, from \$200,000 to \$224,441, to provide funding for reimbursements to Sharks Sports Entertainment for unanticipated capital improvement repairs to things such as concession equipment and loading dock floors at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve appropriation to offset this action is recommended in this report.

| | | | | |
|-----------------------|---|--|----------|--|
| Miscellaneous Repairs | City Manager - Office of Economic Development | | \$57,762 | |
|-----------------------|---|--|----------|--|

This action increases the Miscellaneous Repairs appropriation by \$57,765, from \$58,000 to \$115,765, to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at SAP Center such as glazing. Corresponding decrease to Previously Approved Repairs Reserve appropriation would offset this action recommended in this report.

San José Arena Capital Reserve Fund (459)

0.00 \$0 \$0

State Drug Forfeiture Fund (417)

| | | | | |
|---|-------------------|--|-----------|--|
| Non-Personal/Equipment (eCite Software Upgrade) | Police Department | | \$150,000 | |
|---|-------------------|--|-----------|--|

This action increases the Non-Personal/Equipment appropriation to the Police Department by \$150,000 to update eCite software and devices which are currently more than 12 years old and are no longer supported by the manufacturer. A new eCite application optimized for cellular phones will replace the existing physical devices, making it easier for every officer to access the platform to issue citations. This action is offset by a corresponding decrease to the Ending Fund Balance recommended elsewhere in this report.

| | | | | |
|--------------------------------|-------------------|--|-------------|--|
| Ending Fund Balance Adjustment | Police Department | | (\$150,000) | |
|--------------------------------|-------------------|--|-------------|--|

This action decreases the Ending Fund Balance to offset the action recommended elsewhere in this report.

State Drug Forfeiture Fund (417)

0.00 \$0 \$0

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

Transient Occupancy Tax Fund (461)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---|------------------|---------------|---------------|
| Licenses and Permits (Cultural Events) This action decreases the revenue estimate for Licenses and Permits by \$24,345, from \$30,000 to \$5,655. Due to the impacts of the COVID-19 pandemic and associated public health orders, the projected number of permitted events has decreased drastically. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. | City Manager - Office of Economic Development | | | (\$24,345) |
| Transient Occupancy Tax This action decreases the estimate for Transient Occupancy Tax by \$5.2 million, from \$13.5 million to \$8.3 million, to reflect the continuing impacts of COVID-19 and suppressed hotel activity. This forecast revision better aligns with year-to-date performance and the adjusted outlook for the remainder of 2020-2021. This revenue loss is partially offset with Ending Fund Balance (\$500,000) in the Transient Occupancy Tax Fund and corresponding reductions to the following appropriations, consistent with the Municipal Code: Cultural Grants (25%; \$1,175,000), San José Convention and Visitors Bureau (25%; \$1,175,000), and the Transfer to the Convention and Cultural Affairs Fund (50%; \$2,350,000). | City Manager - Office of Economic Development | | | (\$5,200,000) |
| Cultural Grants This action decreases the Cultural Grants appropriation by \$1,175,000, from \$4.1 million to \$2.9 million, in accordance with allocations (25%) specified by the Municipal Code and a net downward adjustment to projected Transient Occupancy Tax Fund availability totaling \$5.2 million. Corresponding re-balancing adjustments to the San José Convention and Visitors Bureau appropriation, Transfer to the Convention and Cultural Affairs Fund, and Ending Fund Balance are recommended elsewhere in this report. | City Manager - Office of Economic Development | | (\$1,175,000) | |
| San José Convention and Visitors Bureau This action decreases the San José Convention and Visitors Bureau appropriation by \$1,175,000, from \$3.7 million to \$2.5 million, in accordance with allocations (25%) specified by the Municipal Code and a net downward adjustment to projected Transient Occupancy Tax Fund availability totaling \$5.2 million. Corresponding re-balancing adjustments to the Cultural Grants appropriation, Transfer to the Convention and Cultural Affairs Fund, and Ending Fund Balance are recommended elsewhere in this report. | City Manager - Office of Economic Development | | (\$1,175,000) | |

**Special Funds Recommended Budget Adjustments Summary
2020-2021 Mid-Year Budget Review**

Transient Occupancy Tax Fund (461)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---|------------------|----------------------|----------------------|
| Transfer to the Convention and Cultural Affairs Fund | City Manager - Office of Economic Development | | (\$2,350,000) | |
| <p>This action decreases the Transfer to the Convention and Cultural Affairs Fund by \$2,350,000, from \$6.9 million to \$4.6 million, in accordance with allocations (50%) specified by the Municipal Code and a net downward adjustment to projected Transient Occupancy Tax Fund availability totaling \$5.2 million. Corresponding re-balancing adjustments to the Cultural Grants appropriation, San José Convention and Visitors Bureau appropriation, and Ending Fund Balance are recommended elsewhere in this report.</p> | | | | |
| Ending Fund Balance Adjustment | City Manager - Office of Economic Development | | (\$524,345) | |
| <p>This action decreases the Ending Fund Balance to offset the actions recommended elsewhere in this report.</p> | | | | |
| | | 0.00 | (\$5,224,345) | (\$5,224,345) |

Water Utility Fund (515)

| | | | | |
|--|-----------------------------------|-------------|------------|------------|
| Banking Services (Merchant Card Service Fee) | Finance Department | | \$12,000 | |
| <p>This action is part of a series of adjustments to the Banking Services appropriation in multiple funds due to the implementation of a new credit card service fee reducing estimated revenue as well as to reflect updated forecasts for merchant card processing activity. These actions decrease the Banking Services appropriation in the Airport Maintenance and Operation Fund by \$89,000, and increase the Banking Services appropriations in the Integrated Waste Management Fund by \$4,000 and the Water Utility Fund by \$12,000. A decrease to the Banking Services City-Wide Expenses appropriation in the General Fund (\$312,000) is recommended in this report.</p> | | | | |
| Ending Fund Balance Adjustment | Environmental Services Department | | (\$12,000) | |
| <p>This action decreases the Ending Fund Balance to offset the action recommended elsewhere in this report.</p> | | | | |
| | | 0.00 | \$0 | \$0 |