

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Affordable Housing Impact Fee Fund (452)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Housing Department		\$7,855,263	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
Transfers and Reimbursements (Transfer from the Multi-Source Housing Fund)	Housing Department			\$7,855,263

This action increases the revenue estimate for Transfers and Reimbursements by \$7.86 million as part of a transfer of the corresponding fund balance from the Multi-Source Housing Fund to the Affordable Housing Impact Fee Fund. The Affordable Housing Impact Fee Fund was previously structured as a memo fund within the Multi-Source Housing Fund, and starting in 2021-2022, it is budgeted as an individual fund. Corresponding actions to transfer the remaining balance of funds from the Multi-Source Housing Fund to the Affordable Housing Impact Fee Fund are also recommended as part of this report.

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<b>Affordable Housing Impact Fee Fund (452)</b>	<b>\$7,855,263</b>	<b>\$7,855,263</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Airline Agreement Reserve/Transfers and Reimbursements (Transfer from Airport Revenue Bond Improvement Fund)	Airport Department		\$931,776	\$931,776

This action establishes a Transfer from the Airport Revenue Bond Improvement Fund and increases the Airline Agreement Reserve by \$931,776. Capital project savings remain in the Airport Revenue Bond Improvement Fund from the Interim Facility project which was completed and opened in June 2019. Project savings are not needed in this fund and can be transferred to the Airport Revenue Fund to be held in the Airline Agreement Reserve, per the Airline-Airport Operating Agreement. Corresponding actions in the Airport Revenue Bond Improvement Fund are also recommended in this report.

Airline Agreement Reserve (American Rescue Plan Act)	Airport Department		\$27,400,000	
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This action increases the Airline Agreement Reserve by \$27.4 million, from \$81.2 million to \$108.6 million, to recognize federal grant funding from the American Rescue Plan Act (ARPA). The American Rescue Plan Act of 2021 was signed into law in March 2021 and included the award of funds to eligible U.S. airports to provide economic assistance in response to the impacts the coronavirus pandemic has had on airline passenger travel activity. The Airport was awarded \$34.0 million in ARPA funding; \$6.6 million to be applied to Concessions Rent Relief, and \$27.4 million to be allocated to the Airline Agreement Reserve for reimbursement of eligible expenses. The Airline Agreement Reserve holds funds available for general Airport operating expenditures. Corresponding actions to appropriate these funds are also recommended in this report.

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Fees, Rates, and Charges (Concessions Rent Relief)	Airport Department			(\$6,600,000)

This action decreases the estimate for Fees, Rates, and Charges by \$6.6 million to recognize Concessions Rent Relief funding from the American Rescue Plan Act (ARPA). The Airport was awarded \$34.0 million in ARPA funding, which was signed into law in March 2021 and included the award of funds to eligible U.S. airports to provide economic assistance in response to the impacts the coronavirus pandemic has had on airline passenger travel activity. Actual funds are provided on a reimbursement basis. This allocation will be used to provide direct relief to airport concessionaires from rent and will offset Terminal Building revenues in the Airport's Fees, Rates, and Charges. The remaining award balance (\$27.4 million) is recommended elsewhere to be added to the Airline Agreement Reserve as eligible expenses are reimbursed. Corresponding actions to recognize the revenue from the Federal Government and allocate it to the Airline Agreement Reserve are recommended elsewhere.

Revenue from Federal Government (American Rescue Plan Act)	Airport Department			\$34,000,000
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This action increases the estimate for Revenue from the Federal Government to recognize \$34.0 million from the American Rescue Plan Act. The American Rescue Plan Act of 2021 was signed into law in March 2021 and included the award of funds to eligible U.S. airports to provide economic assistance in response to the impacts the coronavirus pandemic has had on airline passenger travel activity. Corresponding actions to use \$6.6 million of these funds for Concessions Rent Relief and to \$27.4 million for the Airline Agreement Reserve are recommended elsewhere in this report.

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<b>Airport Revenue Fund (521)</b>	<b>\$28,331,776</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Airport Surplus Revenue Fund (524)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Airline Agreement Reserve/Transfers and Reimbursements (Transfer from Airport Revenue Bond Improvement Fund)	Airport Department		\$1,928	\$1,928

This action establishes a Transfer from the Airport Revenue Bond Improvement Fund and increases the Airline Agreement Reserve by \$1,928. This amount reflects residual commercial paper interest earnings collected in the Airport Revenue Bond Improvement Fund for the Interim Facility project that was completed and opened in June 2019. These excess interest earnings can be transferred to the Airport Surplus Revenue Fund where commercial paper interest is recognized. Corresponding actions in the Airport Revenue Bond Improvement Fund are also recommended in this report.

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<b>Airport Surplus Revenue Fund (524)</b>		<b>\$1,928</b>	<b>\$1,928</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### American Rescue Plan Fund (402)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Revenue from the Federal Government (American Rescue Plan Act)	Finance Department			(\$3,666,517)

This action decreases the estimate for Revenue from the Federal Government by \$3.7 million to reflect the reclassification of \$3.6 million of planned funding for Resident Relief - Food and Necessities Distribution from the American Rescue Plan Fund to the Coronavirus Relief Fund for eligible expenditures anticipated between July 2021 and December 2021, thereby optimizing the use of remaining Federal CARES Act funds prior to their expiration in December 2021. This action also includes an offsetting reduction of \$48,000 associated with the Small Business, Non-Profits, and Arts - San José Abierto adjustment recommended in this report.

Resident Relief - Food and Necessities Distribution	Parks, Recreation and Neighborhood Services Department		(\$3,618,517)	
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This action decreases the Resident Relief - Food and Necessities Distribution appropriation in the American Rescue Plan Fund to reclassify \$3.6 million of eligible expenditures anticipated between July 2021 and December 2021 from the American Rescue Plan Fund to the Coronavirus Relief Fund, thereby optimizing the use of remaining federal CARES Act funds prior to their expiration in December 2021. Corresponding adjustments to the estimate for Revenue from the Federal Government, and in the Coronavirus Relief Fund, are recommended in this report. It is important to note that it is likely that the Administration may recommend the extension of the Food and Necessities Distribution program beyond December 2021, the amount and funding for which would be included in the City Council's review of recommended revisions to the Community and Economic Recovery Budget at the November 2, 2021 City Council meeting.

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

## Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

### American Rescue Plan Fund (402)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Small Business, Non-Profits, and Arts - San José Abierto	Parks, Recreation and Neighborhood Services Department		(\$48,000)	

This action decreases the Small Business, Non-Profits, and Arts - San José Abierto appropriation in the American Rescue Plan Fund by \$48,000. The Parks, Recreation and Neighborhood Services Department received a grant from The Health Trust in the amount of \$48,000 to support VivaCalle SJ 2022. Therefore, reducing the need of American Rescue Plan funding. Corresponding actions to decrease the estimate for Revenue from the Federal Government in the American Rescue Plan Fund and an increase to the VivaCalleSJ 2021-2022 City-Wide Expenses appropriation in the General Fund are recommended elsewhere in this report.

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<b>American Rescue Plan Fund (402)</b>	<b>(\$3,666,517) (\$3,666,517)</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Benefits Funds - Self-Insured Medical Fund (158)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Human Resources Department		(\$446,842)	

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

Transfer to the General Fund (Close Out of Self-Insured Medical Fund)	Human Resources Department		\$446,842	
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This action establishes a Transfer to the General Fund appropriation of \$446,842. The Self-Insured Medical Fund had previously received transfers from the General Fund in prior years to ensure fund solvency. This amount reflects the remaining balance in the fund 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 the fund balance that is left in this fund after the close-out period. A final reconciliation of this fund and a transfer of any remaining fund balance will be recommended as part of the 2021-2022 Mid-Year Budget Review.

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#### Benefits Funds - Self-Insured Medical Fund (158)

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

**Special Funds Recommended Budget Adjustments Summary  
2020-2021 Annual Report**

**Building Development Fee Program Fund (237)**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfers and Reimbursements/Ending Fund Balance Adjustment (Transfer from the General Fund)	Planning, Building and Code Enforcement Department		\$96	\$96

This action increases the revenue estimate for Transfers and Reimbursements by \$96 to recognize a transfer from the General Fund for a reimbursement for waived building permit and inspection fees to assist homeowners with repairs related to the 2017 Coyote Creek flood. A corresponding increase to the Ending Fund Balance is recommended to offset this action.

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<b>Building Development Fee Program Fund (237)</b>		<b>\$96</b>	<b>\$96</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Business Improvement District Fund (351)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Downtown BID Reserve	City Manager - Office of Economic Development and Cultural Affairs		(\$221,660)	
This action decreases the Downtown BID Reserve by \$221,660 to offset the action recommended in this report.				
Downtown Business Improvement District	City Manager - Office of Economic Development and Cultural Affairs		\$221,660	
This action increases the Downtown Business Improvement District appropriation by \$221,660, from \$630,000 to \$851,660, to appropriate prior year assessments collected from the Downtown Business Improvement District (BID) that have not yet been distributed. The Downtown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Downtown BID Reserve is recommended to offset this action.				
Hotel BID Reserve	City Manager - Office of Economic Development and Cultural Affairs		(\$219,481)	
This action decreases the Hotel BID Reserve by \$219,481 to offset the action recommended in this report.				
Hotel Business Improvement District	City Manager - Office of Economic Development and Cultural Affairs		\$219,481	
This action increases the Hotel Business Improvement District appropriation by \$219,481, from \$1,762,385 to \$1,981,866, to appropriate prior year assessments collected from the Hotel Business Improvement District (BID) that have not yet been distributed. The Hotel BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Hotel BID Reserve is recommended to offset this action.				
Japantown BID Reserve	City Manager - Office of Economic Development and Cultural Affairs		(\$9,243)	
This action decreases the Japantown BID Reserve by \$9,243 to offset the action recommended in this report.				

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

## Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

### Business Improvement District Fund (351)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Japantown Business Improvement District	City Manager - Office of Economic Development and Cultural Affairs		\$9,243	

This action increases the Japantown Business Improvement District appropriation by \$9,243, from \$35,825 to \$45,068, to appropriate prior year assessments collected from the Japantown Business Improvement District (BID) that have not yet been distributed. The Japantown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Japantown BID Reserve is recommended to offset this action.

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### Business Improvement District Fund (351)

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### City Hall Debt Service Fund (210)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Finance Department		(\$35,000)	
This action decreases the Ending Fund Balance to offset the adjustment recommended in this report.				
Transfers and Reimbursements (Transfer from Public Works Program Support Fund)	Office of the City Manager			(\$35,000)
<p>This action decreases the revenue estimate for Transfers and Reimbursements by \$35,000 to reflect a reduced transfer from the Public Works Program Support Fund. As part of the budget development process, the annual city hall debt service amount is allocated as transfers to the City Hall Debt Service Fund from multiple funds based on the latest city hall building occupancy survey and staffing budget data. For 2021-2022 the Public Works Program Support Fund's share was not allocated properly. As a result, its transfer allocation will be reduced by \$35,000 and a corresponding action in the Public Works Program Support Fund is recommended elsewhere in this report. To ensure the overall debt service amount of \$25,211,000 remains the same, \$35,000 will be covered using the available fund balance.</p>				
<b>City Hall Debt Service Fund (210)</b>			<b>(\$35,000)</b>	<b>(\$35,000)</b>

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Convention and Cultural Affairs Fund (536)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	City Manager - Office of Economic Development and Cultural Affairs		(\$161,235)	
This action decreases the Ending Fund Balance to offset the adjustments recommended in this report.				
Transfers and Reimbursements (Transfer from the Transient Occupancy Tax Fund)	City Manager - Office of Economic Development and Cultural Affairs			(\$117,235)
This action decreases the revenue estimate for Transfers and Reimbursements to reflect the decreased transfer from the Transient Occupancy Tax Fund of \$117,235, in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the Transient Occupancy Tax (TOT) Fund during 2020-2021. Actual 2020-2021 TOT collections in the TOT Fund fell short of the revised budgeted estimate of \$8.4 million by \$234,470. A corresponding adjustment to decrease Ending Fund Balance is recommended in this report to offset this action.				
Insurance Expenses	Finance Department		\$44,000	
This action increases the Insurance Expenses appropriation by \$44,000, from \$406,000 to \$450,000, to support additional costs for the City's insurance coverage and annual renewals. This additional cost is a result of coverage updates and premium increases for the property insurance program for the convention center, for the annual policy period starting October 1, 2021. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset the action.				
			<b>(\$117,235)</b>	<b>(\$117,235)</b>

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Coronavirus Relief Fund (401)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Finance Department		(\$3,618,517)	
This action decreases the Ending Fund Balance to offset the adjustment recommended in this report.				
Resident Relief - Food and Necessities Distribution	Parks, Recreation and Neighborhood Services Department		\$3,618,517	

This action establishes the Resident Relief - Food and Necessities Distribution appropriation in the Coronavirus Relief Fund to reclassify \$3.6 million of eligible expenditures anticipated between July 2021 and December 2021 from the American Rescue Plan Fund to the Coronavirus Relief Fund, thereby optimizing the use of remaining federal CARES Act funds prior to their expiration in December 2021. Corresponding adjustments to the Ending Fund Balance, and in the American Rescue Plan Fund, are recommended in this report.

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#### Coronavirus Relief Fund (401)

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

**Special Funds Recommended Budget Adjustments Summary  
2020-2021 Annual Report**

**Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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2017 Justice Assistance Grant	Police Department		\$568	
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This action increases the 2017 Justice Assistance Grant appropriation to the Police Department to appropriate interest earned during 2020-2021 in the amount of \$569. These funds are used for law enforcement and officer safety and investigative equipment, and law enforcement overtime for community events, such as TEAM Kids and Coffee with a Cop, a crime prevention community education program, and public service announcements to increase awareness and prevent gun violence. The term of the grant is October 1, 2019 through June 30, 2023.

Ending Fund Balance Adjustment	Police Department		(\$568)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

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**Edward Byrne Memorial Justice Assistance Grant Trust Fund (474)**

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Federal Drug Forfeiture Fund (419)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to Federal Drug Forfeiture Fund (From Department of Justice Fund)	Police Department		\$115,000	
<p>This action establishes a Transfer to the Federal Drug Forfeiture Fund in the amount of \$115,000 to reflect a transfer from the Department of Justice Fund. The Department of Justice Fund is structured as a memo fund within the Federal Drug Forfeiture Fund. Expenditures were inadvertently incurred in the Federal Drug Forfeiture Fund in 2020-2021, but should have been incurred by the Department of Justice Fund. This action correct for this by accurately aligning the fund balances between the funds.</p>				
Transfer to Federal Drug Forfeiture Fund (From Department of the Treasury Fund)	Police Department		\$100,000	
<p>This action establishes a Transfer to the Federal Drug Forfeiture Fund in the amount of \$100,000 to reflect a transfer from the Department of the Treasury Fund. The Department of the Treasury Fund is structured as a memo fund within the Federal Drug Forfeiture Fund. Expenditures were inadvertently incurred in the Federal Drug Forfeiture Fund in 2020-2021, but should have been incurred by the Department of the Treasury Fund. This action correct for this by accurately aligning the fund balances between the funds.</p>				
Transfers and Reimbursements (Transfers from Department of Justice Fund and Department of the Treasury Fund)	Police Department			\$215,000
<p>This action increases the revenue estimate for Transfers and Reimbursements by \$215,000 to reflect transfers from the Department of Justice Fund (\$115,000) and the Department of Treasury Fund (\$100,000). These funds are structured as memo funds within the Federal Drug Forfeiture Fund. Expenditures were inadvertently incurred in the Federal Drug Forfeiture Fund when they should have been incurred in the respective memo funds. This action corrects this by accurately aligning the fund balance between the funds.</p>				
<b>Federal Drug Forfeiture Fund (419)</b>			<b>\$215,000</b>	<b>\$215,000</b>

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

**Special Funds Recommended Budget Adjustments Summary  
2020-2021 Annual Report**

**Gift Trust Fund (139)**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Finance Department		(\$20,006)	
This action decreases Ending Fund Balance to offset the adjustment recommended in this report.				
Enhanced Crosswalk at Hedding and Elm Streets	Transportation Department		\$20,006	

This action establishes the Enhanced Crosswalk at Hedding and Elm Streets appropriation to the Transportation Department in the amount of \$20,006 for an enhanced crosswalk at the corner of Hedding and Elm Streets. The funds will pay for the addition of rectangular rapid flashing beacons to an existing crosswalk and a pedestrian refuge island. This action is offset by a corresponding decrease to the Ending Fund Balance.

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**Gift Trust Fund (139)**



## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Homeless Housing, Assistance, and Prevention Fund (454)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Emergency Shelters	Housing Department		\$3,085,240	

This action increases the Emergency Shelters appropriation by \$3.1 million, from \$10.4 million to \$13.5 million, reflecting the appropriation of funds from a liquidation of prior year carry-over encumbrances in the Homeless Housing, Assistance, and Prevention (HHAP) Fund. The Homeless Housing, Assistance, and Prevention Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. To transfer the balance of funds remaining within the Multi-Source Housing Fund, the prior year encumbrances will be liquidated and re-encumbered for the same purposes in the HHAP Fund. These funds will be used to fund motel vouchers and the construction and operation of Emergency Shelters and Bridge Housing Communities. Corresponding actions to transfer the remaining balance of funds from the Multi-Source Housing Fund to the Homeless Housing, Assistance, and Prevention Fund are also recommended as part of this report.

Ending Fund Balance Adjustment	Housing Department		\$2,896,948	
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This action increases the Ending Fund Balance to offset the actions recommended in this report.

Homeless Youth	Housing Department		\$1,657,725	
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This action re-establishes the Homeless Youth appropriation in the amount of \$1.7 million reflecting, the appropriation of funds from a liquidation of prior year carry-over encumbrances in the Homeless Housing, Assistance, and Prevention (HHAP) Fund. The Homeless Housing, Assistance, and Prevention Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. To transfer the balance of funds remaining within the Multi-Source Housing Fund, the prior year encumbrances will be liquidated and re-encumbered for the same purposes in the HHAP Fund. These funds will be used to provide rental subsidies and shelter support for homeless youth. Corresponding actions to transfer the remaining balance of funds from the Multi-Source Housing Fund to the HHAP Fund are also recommended as part of this report.

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

## Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

### Homeless Housing, Assistance, and Prevention Fund (454)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfers and Reimbursements (Transfer from the Multi-Source Housing Fund)	Housing Department			\$7,639,913

This action increases the revenue estimate for Transfers and Reimbursements by \$7.64 million as part of a transfer of the corresponding fund balance from the Multi-Source Housing Fund to the Homeless Housing, Assistance, and Prevention Fund. The Homeless Housing, Assistance, and Prevention Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. Corresponding actions to transfer the remaining balance of funds from the Multi-Source Housing Fund to the Homeless Housing, Assistance, and Prevention Fund are also recommended as part of this report.

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<b>Homeless Housing, Assistance, and Prevention Fund (454)</b>		<b>\$7,639,913</b>	<b>\$7,639,913</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Integrated Waste Management Fund (423)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Environmental Services Department		\$251,797	

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

Transfer to the General Fund - CDDD Revenue	Environmental Services Department		(\$150,000)	
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This action eliminates the Transfer to the General Fund - CDDD Revenue appropriation. Construction and Demolition Diversion Deposit (CDDD) revenues are derived from expired deposits provided to incentivize the diversion of construction and demolition debris from landfills. Typically, any forfeited deposits are transferred to the General Fund after ensuring that all applicable expenses in the IWM Fund are met. However, a reconciliation of actual revenues and expenses for 2020-2021 has determined that these funds are needed by the CDDD program to ensure cost recovery in the IWM Fund. Corresponding actions to decrease the estimate for revenue for Transfers and Reimbursements (CDDD Revenue) in the General Fund and to increase the Integrated Waste Management Fund's Ending Fund Balance are also recommended in this report.

Transfers and Reimbursements (Transfer from General Fund for RAPID Asset Reimbursement)	Environmental Services Department			\$101,797
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This action establishes an estimate for revenue from a Transfer from the General Fund in the amount of \$101,797 to reimburse the fund for vehicles previously purchased for the Rapid Team, as adjusted for depreciation. The 2021-2022 Adopted Budget shifted the Rapid Team from the Environmental Services Department to the Parks, Recreation and Neighborhood Services Department as part of the BeautifySJ management consolidation, including all non-personal/equipment funding for contractual services, supplies, and materials. This transfer from the General Fund appropriately compensates the Integrated Waste Management (IWM) Fund for its previous investment in purchasing the vehicles. Corresponding actions to establish a Transfer to the IWM Fund in the General Fund and to increase the Integrated Waste Management Fund's Ending Fund Balance are also recommended in this report.

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<b>Integrated Waste Management Fund (423)</b>	<b>\$101,797</b>	<b>\$101,797</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Low And Moderate Income Housing Asset Fund (346)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Affordable Housing Web Portal	Housing Department		\$10,000	
<p>This action re-establishes the Affordable Housing Web Portal appropriation in the amount of \$10,000 to fund translation services of materials for the Affordable Housing Web Portal website that is nearing completion. This website project is part of a regional collaborative effort in partnership with the County of San Mateo to establish a central online portal to find and apply for affordable housing. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
Ending Fund Balance Adjustment	Housing Department		(\$1,116,225)	
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>				
Housing Loans and Grants	Housing Department		\$1,106,225	
<p>This action increases the Housing Loans and Grants appropriation by \$1.1 million, from \$63.08 million to \$64.18 million, to increase funding for the Page Street Studios project from \$7.17 million to \$8.28 million. On February 5, 2018, City Council approved a \$7,176,640 loan commitment for the Page Street Studios project; however, the developer was not awarded funding from the Affordable Housing and Sustainable Communities Program which created a funding gap for the affordable housing development. The Director of Housing subsequently increased the City's funding commitment to effectuate the financing for the project's construction and permanent loan. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				

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#### Low And Moderate Income Housing Asset Fund (346)

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
City Housing Authority Reserve	Housing Department		(\$400,000)	
This action decreases the City Housing Authority Reserve to offset the recommended action to increase the Homeless Outreach Services appropriation as included in this report.				
Ending Fund Balance Adjustment	Housing Department		(\$7,495,176)	
This action decreases the Ending Fund Balance to offset actions recommended in this report.				
Homeless Outreach Services	Housing Department		\$400,000	
This action increases the Homeless Outreach Services appropriation by \$400,000, from \$269,847 to \$669,847, to enable the Housing Department to fund homeless outreach consultant services. The outreach program provides a multi-disciplinary team of outreach workers and case managers who provide services to people experiencing homelessness in targeted locations. A corresponding decrease to the City Housing Authority Reserve is recommended in this report to offset this action.				
Housing Project Reserve	Housing Department		(\$8,000,000)	
This action decreases the Housing Project Reserve by \$8.0 million to maintain a positive Ending Fund Balance in the Multi-Source Housing Fund.				
Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property (Loan Repayments)	Housing Department		\$150,000	\$150,000
This action increases the Recovery Act - Neighborhood Stabilization Program (NSP) 2 appropriation by \$150,000, from \$2.28 million to \$2.43 million, to enable the Housing Department to pass through program income received from loan repayments to the Housing Trust. The NSP 2 program is a federal program that provided loans for the redevelopment of abandoned and foreclosed homes and residential properties following the housing market decline in 2009. A corresponding increase to the estimate for Revenue from the Use of Money/Property is recommended to offset this action.				

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to the Affordable Housing Impact Fee Fund	Housing Department		\$7,855,263	

This action establishes a Transfer to the Affordable Housing Impact Fee Fund in the amount of \$7.86 million to transfer the corresponding fund balance from the Multi-Source Housing Fund to the Affordable Housing Impact Fee (AHIF) Fund. The AHIF Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. Corresponding actions in the AHIF Fund are also recommended elsewhere in this report.

Transfer to the Homeless Housing, Assistance, and Prevention Fund	Housing Department		\$7,639,913	
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This action establishes a Transfer to the Homeless Housing, Assistance, and Prevention Fund in the amount of \$7.64 million to transfer the corresponding fund balance from the Multi-Source Housing Fund to the Homeless Housing, Assistance, and Prevention (HHAP) Fund. The HHAP Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. Corresponding actions in the HHAP Fund are also recommended elsewhere in this report.

Transfer to the Multi-Source Housing Fund (Fund Balance Transfer from Affordable Housing Impact Fee Fund)	Housing Department		\$12,505,263	
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This action establishes the Transfer to the Multi-Source Housing Fund appropriation in the amount of \$12.51 million to transfer the remaining fund balance from the Affordable Housing Impact Fee (AHIF) Fund to the Multi-Source Housing Fund. The AHIF Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. This action closes out the memo fund and transfers all remaining fund balance to the Multi-Source Housing Fund. As part of the 2020-2021 Annual Report, a reconciliation of the AHIF Fund was completed and in a separate action, which is included in this report, is the transfer of the actual fund balance to the individual, budgeted AHIF Fund.

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to the Multi-Source Housing Fund (Fund Balance Transfer from Homeless Housing, Assistance, and Prevention Fund)	Housing Department		\$7,768,429	

This action establishes the Transfer to the Multi-Source Housing Fund in the amount of \$7.77 million to transfer the remaining fund balance from the Homeless Housing, Assistance, and Prevention (HHAP) Fund to the Multi-Source Housing Fund. The HHAP Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. This action closes out the memo fund and transfers all remaining fund balance to the Multi-Source Housing Fund. As part of the 2020-2021 Annual Report, a reconciliation of the HHAP Fund was completed and in a separate action, which is included in this report, is the transfer of the actual fund balance to the individual, budgeted HHAP Fund.

Transfer to the Multi-Source Housing Fund (Fund Balance Transfer from the Multi-Source Housing Fund to Homeless Emergency Aid Program Fund)	Housing Department		\$558,157	
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This action establishes a Transfer to the Multi-Source Housing Fund to transfer funds to the Homeless Emergency Aid Program (HEAP) Fund, which is structured as a memo fund that is budgeted within the Multi-Source Housing Fund. This action will transfer \$558,157 to resolve a negative Ending Fund Balance in the HEAP Fund. Corresponding actions to increase the revenue estimate and Ending Fund Balance in the HEAP Fund are recommended elsewhere in this report.

Transfers and Reimbursements (Fund Balance Transfer from the Affordable Housing Impact Fee Fund)	Housing Department			\$12,505,263
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This action establishes the revenue estimate for Transfers and Reimbursements in the amount of \$12.51 million to reflect a transfer of the remaining fund balance from the Affordable Housing Impact Fee (AHIF) Fund. The AHIF Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. This action reflects the transfer of the remaining fund balance as a result of the close out of the memo fund.

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

## Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

### Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfers and Reimbursements (Fund Balance Transfer from the Homeless Housing, Assistance, and Prevention Fund)	Housing Department			\$7,768,429

This action establishes the revenue estimate for Transfers and Reimbursements in the amount of \$7.77 million to reflect a transfer of the remaining fund balance from the Homeless Housing, Assistance, and Prevention (HHAP) Fund. The HHAP Fund was previously structured as a memo fund within the Multi-Source Housing Fund; starting in 2021-2022, it is budgeted as an individual fund. This action reflects the transfer of the remaining fund balance as a result of the close out of the memo fund.

Transfers and Reimbursements (Transfer from the Multi-Source Housing Fund)	Housing Department			\$558,157
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This action establishes the revenue estimate for Transfers and Reimbursements in the amount of \$558,157 to reflect a transfer from the Multi-Source Housing Fund to resolve a negative Ending Fund Balance in the Homeless Emergency Aid Program (HEAP) Fund. The HEAP Fund is currently structured as a memo fund within the Multi-Source Housing Fund. A corresponding action to increase the Transfer to the HEAP Fund is also recommended in this report.

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<b>Multi-Source Housing Fund (448)</b>	<b>\$20,981,849 \$20,981,849</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Public Works Program Support Fund (150)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Public Works Department		\$35,000	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				
Transfer to the City Hall Debt Service Fund	Public Works Department		(\$35,000)	

This action decreases the Transfer to the City Hall Debt Service Fund by \$35,000 to reflect a reduced contribution from the Public Works Program Support Fund. As part of the budget development process, the annual city hall debt service amount is allocated as transfers to the City Hall Debt Service Fund from multiple funds based on the latest city hall building occupancy survey and staffing budget data. For 2021-2022, the Public Works Program Support Fund's share was not allocated properly. Corresponding actions in the City Hall Debt Service Fund are also recommended elsewhere in this report.

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#### Public Works Program Support Fund (150)

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### San José Clean Energy Operating Fund (501)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Commercial Paper Interest and Fees	Community Energy Department		\$300,000	
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This action establishes a Debt Service – Interest – CP appropriation in 2021-2022 in the amount of \$300,000 for Commercial Paper Program interest and fees. While much of the interest and fees related to the Commercial Paper program will be capitalized, this action allows for payment of interest and fees during the second half of the fiscal year when cash flows projections improve.

Cost of Energy	Community Energy Department		\$22,200,000	
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This action increases the Cost of Energy appropriation by \$22.2 million, from \$285.0 million to \$307.2 million, in accordance with the base financial model discussed at the City Council meeting on June 22, 2021 that was used to estimate the amount of Commercial Paper that may be needed to ensure sufficient cash flow to the San José Clean Energy program over the course of the fiscal year. The cost of energy is affected by several factors that can have significant implications, including a changing regulatory environment, weather events, and energy operating facility break downs. The Community Energy Department uses its industry expertise to purchase energy at competitive rates to benefit its customers. The revised budget for Cost of Energy and related actions to increase the revenue estimate for Fees, Rates and Charges, and to recognize Commercial Paper financing proceeds recommended elsewhere ensures that sufficient resources are available meet projected demand.

Ending Fund Balance Adjustment	Community Energy Department		\$40,478,357	
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This action increases the Ending Fund Balance to offset the actions recommended in this report.

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### San José Clean Energy Operating Fund (501)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Fees, Rates, and Charges (Energy Sales)	Community Energy Department			\$10,400,000

This action increases the estimate for Fees, Rates, and Charges by \$10.4 million, from \$293.0 million to \$303.4 million, to reflect anticipated higher energy sales revenue. In May 2021, City Council approved a rate increase of 8% above PG&E for San José Clean Energy's (SJCE) default product. The rate increase was implemented to help mitigate the effects of regulated industry fees, such as the Power Charge Indifference Adjustment (PCIA), to the Clean Energy Fund. Additionally, on June 22, 2021, the City Council approved use of the Commercial Paper program to ensure sufficient cash flow for SJCE over the course of the fiscal year. This recommended revision to revenue estimates align with the base financial model used to develop Commercial Paper program needs. Corresponding increases to the Cost of Energy, Commercial Paper Fees, and Ending Fund Balance are recommended to offset this action.

Financing Proceeds (Commercial Paper)	Community Energy Department			\$53,000,000
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This action establishes a Commercial Paper estimate in 2021-2022 in the amount of \$53.0 million to ensure successful delivery of the San José Clean Energy (SJCE) program to the residents of San José. On June 22, 2021, the City Council approved the issuance of \$15.0 million of Commercial Paper Notes with a total capacity up to \$95.0 million to cover SJCE's identified cash flow shortage. Using the base financial model discussed at the City Council meeting, the estimated Commercial Paper proceeds needed to maintain sufficient monthly cash flow and build a sufficient unrestricted cash balance over the course of the fiscal year is \$53.0 million. The Community Energy and Finance Departments and the City Manager's Budget Office will continue to closely monitor SJCE's financial conditions and will bring forward future budget recommendations as needed. Corresponding increases to the Cost of Energy, Commercial Paper Fees, and Ending Fund Balance are recommended to offset this action.

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

## Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

### San José Clean Energy Operating Fund (501)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Interest Earnings	Community Energy Department			(\$500,000)

This action decreases Interest Earnings by \$500,000, from \$1.0 million to \$500,000, to reflect projected interest earned in 2021-2022. Interest earnings are a calculation based on a fund's cash balance and expected earnings rate. Given the lower cash balance and low interest rate environment, a reduction of earned interest is recommended. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Personal Services (Office of the City Attorney Staff Funding Shift)	Office of the City Attorney		(\$78,357)
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This action shifts funding of \$78,357 in the Office of the City Attorney's Personal Services appropriation in the San Jose Clean Energy Fund to the General Fund to accurately reflect the projected work with the corresponding funding source. A corresponding increase to the Office of the City Attorney's Personal Services appropriation in the General Fund is recommended elsewhere in this report to offset this action.

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<b>San José Clean Energy Operating Fund (501)</b>	<b>\$62,900,000\$62,900,000</b>
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## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Sewer Service And Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Environmental Services Department		(\$111,000)	
This action decreases Ending Fund Balance to offset the action recommended elsewhere in this report.				
Sanitary Sewer Vehicle Replacement	Transportation Department		\$111,000	

This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$111,000 to fund an increase in costs to replace two Ford F450 utility trucks with cranes for the Sewer Pump Station/Hazmat team. These vehicles were originally requested in 2019-2020 but the vehicle procurement was delayed due to the COVID-19 pandemic, resulting in the cost of the two vehicles increasing from an original amount of \$230,000 to \$341,000, due to inflationary costs of supplies, materials, and add-on components. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

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#### Sewer Service And Use Charge Fund (541)

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Storm Sewer Operating Fund (446)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Environmental Services Department		(\$314,324)	
<p>This action decreases Ending Fund Balance to offset the actions recommended elsewhere in this report.</p>				
Operations and Maintenance Reserve (Use)	Environmental Services Department		\$195,324	
<p>This action increases the Operations and Maintenance Reserve in the Storm Sewer Operating Fund by \$195,324, from \$4.5 million to \$4.7 million. The Operations and Maintenance Reserve in the 2021-2022 Adopted Budget had not been updated correctly, resulting in the reserve representing less than 60 days of projected operating expenditures in the Fund through 2021-2022. This action updates the reserve amount in proportion with total Operating Expenditures in the Storm Sewer Operating Fund. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action.</p>				
Storm Sewer Vehicle Replacement	Transportation Department		\$19,000	
<p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$19,000 to fund an increase in costs to purchase a new flatbed utility truck for the Sewer Pump Station/Hazmat team. The vehicle was originally requested in 2020-2021 but the procurement was delayed due to the COVID-19 pandemic, resulting in a the cost of the vehicle increasing from an original amount of \$152,000 to \$171,000. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
Storm Water Bioretention Repair Projects	Transportation Department		\$100,000	
<p>This action adds \$100,000 to the Transportation Department's Non-Personal/Equipment appropriation to fund contractual work to repair a damaged storm drain on Coronado Avenue, to repair damaged concrete bioretention cells on Cherry Avenue, and to replace plants with animal resistant ones in green storm water infrastructure on Chynoweth Avenue. The repair work is anticipated to begin in fall 2021. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				

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#### Storm Sewer Operating Fund (446)

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Supplemental Law Enforcement Services Fund (414)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Police Department		(\$48,679)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
SLES Grant 2017-2019	Police Department		\$207	
This action increases the Supplemental Law Enforcement Services (SLES) Grant 2017-2019 appropriation to the Police Department by \$207 to appropriate interest earned during 2020-2021, and to reallocate funds from the liquidation of prior year carry-over encumbrances. These funds are used for hardware, software and technology upgrades, Police Officer safety equipment and enhancements to investigative abilities, crime prevention, community policing, and grants administration funding during the term of the grant (October 1, 2017 through June 30, 2021).				
SLES Grant 2018-2020	Police Department		\$10,238	
This action increases the Supplemental Law Enforcement Services (SLES) Grant 2020-2021 appropriation to the Police Department by \$10,238 to appropriate interest earned during 2019-2020. These funds are used for hardware, software and technology upgrades, Police Officer safety equipment and enhancements to investigative abilities, crime prevention, community policing, and grants administration funding during the term of the grant (October 1, 2018 through June 30, 2022).				
SLES Grant 2019-2021	Police Department		\$20,415	
This action increases the Supplemental Law Enforcement Services (SLES) Grant 2019-2021 appropriation to the Police Department by \$20,415 to appropriate interest earned during 2020-2021. These funds are used for hardware, software and technology upgrades, Police Officer safety equipment and enhancements to investigative abilities, crime prevention, community policing, and grants administration funding during the term of the grant (October 1, 2019 through June 30, 2023).				

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

## Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

### Supplemental Law Enforcement Services Fund (414)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SLES Grant 2020-2022	Police Department		\$17,819	

This action increases the Supplemental Law Enforcement Services (SLES) Grant 2020-2022 appropriation to the Police Department by \$17,819 to appropriate interest earned during 2020-2021. These funds are used for hardware, software and technology upgrades, Police Officer safety equipment and enhancements to investigative abilities, crime prevention, community policing, and grants administration funding during the term of the grant (October 1, 2020 through June 30, 2024).

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### Supplemental Law Enforcement Services Fund (414)



## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Transient Occupancy Tax Fund (461)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Cultural Grants Reserve	City Manager - Office of Economic Development and Cultural Affairs		\$1,851,431	

This action establishes the Cultural Grants Reserve to allocate the net 2020-2021 savings of \$1.9 million, including a proportional reduction of \$58,618, from the Cultural Grants and Cultural Grants Administration appropriations. Actual 2020-2021 Transient Occupancy Tax (TOT) collections in the TOT Fund fell short of the revised budgeted estimate of \$8.4 million by \$234,470, resulting in a decrease of \$58,618 for Cultural Grants in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the Transient Occupancy Tax (TOT) Fund. However, given the uncertainty of rebounding Transient Occupancy Tax revenues amid the continued impact of COVID-19, savings totaling \$1.9 million from the Cultural Grants and (\$1.4 million) Cultural Grants Administration (\$0.5 million) appropriations are recommended to be held in reserve pending reassessment of actual revenue performance in 2021-2022 and preparation of the 2022-2023 Preliminary Forecast. Additional adjustments to decrease the Transfer to the Convention and Cultural Affairs Fund, and to decrease the San José Convention and Visitors Bureau appropriation, are also recommended in this report.

Ending Fund Balance Adjustment	City Manager - Office of Economic Development and Cultural Affairs		(\$1,675,578)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

San José Convention and Visitors Bureau	City Manager - Office of Economic Development and Cultural Affairs		(\$58,618)	
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This action decreases the San José Convention and Visitors Bureau appropriation by \$58,618 in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the Transient Occupancy Tax (TOT) Fund during 2020-2021. Actual 2020-2021 TOT collections in the TOT Fund fell short of the revised budgeted estimate of \$8.4 million by \$234,470. Corresponding adjustments to decrease the Transfer to the Convention and Cultural Affairs Fund, and to reduce the net savings allocated for Cultural Grants, are also recommended in this report.

# IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

## Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

### 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 and Cultural Affairs		(\$117,235)	

This action decreases the Transfer to the Convention and Cultural Affairs Fund by \$117,235 in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the Transient Occupancy Tax (TOT) Fund during 2020-2021. Actual 2020-2021 TOT collections in the TOT Fund fell short of the revised budgeted estimate of \$8.4 million by \$234,470. Corresponding adjustments to decrease the San José Convention and Visitors Bureau appropriation, and to reduce the net savings allocated for Cultural Grants, are also recommended in this report.

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### Transient Occupancy Tax Fund (461)

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Administration/Revenue from Federal Government  This action increases the Administration appropriation and the corresponding estimate for Revenue from the Federal Government by \$15,587 to align with the Fiscal Years 2020-2021 and 2021-2022 Administration allocation received from the Federal Government.	City Manager - Office of Economic Development and Cultural Affairs		\$15,587	\$15,587
Adult Workers/Revenue from Federal Government  This action decreases the Adult Workers appropriation and corresponding estimate for Revenue from the Federal Government by \$110,359 to align with the Fiscal Years 2020-2021 and 2021-2022 Adult Workers allocation received from the Federal Government. This program provides job training, occupational courses, work readiness certification, and other services that prepare unemployed adult workers to successfully enter the workforce.	City Manager - Office of Economic Development and Cultural Affairs		(\$110,359)	(\$110,359)
Career National Dislocated Workers Grant/Revenue from the Federal Government  This action establishes the Career National Dislocated Workers Grant appropriation and increases the estimate for Revenue from the Federal Government by \$500,000 to recognize a newly awarded grant. This program is a regional collaboration among work2future, NOVA Works, and San Francisco Workforce Development Board. This project will target long term unemployed and/or dislocated and/or economically disadvantaged Latino and Southeast Asian adult low-income families and residents of Silicon Valley. The success of this project will deliver sustainable gateways to quality employment designed for the needs of communities that have limited access to technology, income and education resources that normally facilitate employment at the middle and upper tiers of key sectors such as advanced manufacturing.	City Manager - Office of Economic Development and Cultural Affairs		\$500,000	\$500,000

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Dislocated Workers - COVID-19/Revenue from Federal Government	City Manager - Office of Economic Development and Cultural Affairs		(\$18,855)	(\$18,855)

This action decreases the Dislocated Workers – COVID-19 appropriation and corresponding estimate for Revenue from the Federal Government by \$18,855 to reflect the remaining balance of the grant received from the Federal Government and align it with the actual expenditures. This program provides retraining career coaching, occupational courses, and other training services that aid individuals who were laid off or lost their job due to COVID-19 pandemic.

Ending Fund Balance Adjustment	City Manager - Office of Economic Development and Cultural Affairs		(\$91,667)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Other Revenue	City Manager - Office of Economic Development and Cultural Affairs			(\$91,667)
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This action decreases the estimate for Other Revenue by \$91,667 to align with actual grant allocations that will be received. This revenue was inadvertently allocated as part of the 2021-2022 Adopted Budget process, however, revenue was collected in a previous fiscal year. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Prison to Employment Implementation Grant/Revenue from Local Agencies	City Manager - Office of Economic Development and Cultural Affairs		(\$12,505)	(\$12,505)
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This action decreases the Prison to Employment Grant appropriation and corresponding estimate for Revenue from Local Agencies by \$12,505 to align with the Prison to Employment grant allocation received for Fiscal Year 2021-2022. This program serves formerly incarcerated and other justice involved individuals.

Rapid Response Grant/Revenue from Federal Government	City Manager - Office of Economic Development and Cultural Affairs		(\$141,382)	(\$141,382)
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This action decreases the Rapid Response Grant appropriation and the corresponding estimate for Revenue from the Federal Government by \$141,382 to align with the Fiscal Years 2020-2021 and 2021-2022 Rapid Response Grant allocation received from the Federal Government. This program provides job training services to businesses and workers impacted or at risk of being impacted like company closures or layoffs.

## IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

### Special Funds Recommended Budget Adjustments Summary 2020-2021 Annual Report

#### Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SJ Works (Wells Fargo)/Other Revenue	City Manager - Office of Economic Development and Cultural Affairs		\$15,000	\$15,000
<p>This action establishes the SJ Works (Wells Fargo) appropriation and increases the estimate for Other Revenue by \$15,000 to recognize a new grant award. This project is designed to support the San Jose Works Program particularly the administration of a financial management workshop for the youth participants.</p>				
Sling Shot Regional Plan Implementation/Revenue from Local Agencies	City Manager - Office of Economic Development and Cultural Affairs		(\$1,198)	(\$1,198)
<p>This action decreases the Sling Shot Regional Plan Implementation appropriation and corresponding estimate for Revenue from Local Agencies by \$1,198 to reflect the remaining balance of the grant received and align it with the actual expenditures. This program focuses on regional apprenticeship systems alignment and systems building. The development of a regional support network for nontraditional apprenticeships is projected to be the outcome of this grant.</p>				
Youth Workers/Revenue from Federal Government	City Manager - Office of Economic Development and Cultural Affairs		(\$89,076)	(\$89,076)
<p>This action decreases the Youth Workers appropriation and the corresponding estimate for Revenue from the Federal Government by \$89,076 to align with the Fiscal Years 2020-2021 and 2021-2022 Youth Workers allocation received from the Federal Government. This program provides job training, career coaching, vocational assessment, and other services that prepare youth ranging from 18 through 24 years of age to secure employment.</p>				
<b>Workforce Development Fund (290)</b>			<b>\$65,545</b>	<b>\$65,545</b>