

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

	<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Required Technical- Rebalancing Actions	Local Sales Tax - Transfer to the Airport Revenue Fund (Jet Fuel)	Airport Department	-	\$200,000	-
	<p>This action increases the Transfer from the General Fund to the Airport Revenue Fund for the estimated Jet Fuel Local Sales Tax from July 2022 to June 2023 by \$200,000, from \$300,000 to \$500,000. Per Federation Aviation Administration (FAA) policy, Sales Tax revenue related to jet fuel sales that are located at Airport properties must be returned to the Airport. This FAA policy applies to sales tax that went into effect after December 31, 1987. Given this timeframe, the City of San José's General Sales Tax is exempt from this regulation as it was in effect before December 31, 1987; however, the Local Sales Tax effective October 2013, must follow the FAA policy. In 2021-2022 jet fuel related local sales tax collections totaled approximately \$500,000; therefore, this action increases the estimated 2022-2023 transfer to align the revenue with prior year activity levels.</p>				
	Joint Venture Silicon Valley	City Manager - Office of Economic Development and Cultural Affairs	-	\$13,000	-
	<p>This action increases the Joint Venture Silicon Valley appropriation by \$13,000, from \$38,383 to \$51,383, for enhanced deliverables that will be included in a forthcoming amendment to the current contract with Joint Venture Silicon Valley. Joint Venture convenes area leaders and provides analysis and action on issues affecting the Silicon Valley economy and quality of life.</p>				
	San José Al Fresco - San Pedro and Post Streets Closure	City Manager - Office of Economic Development and Cultural Affairs	-	\$400,000	-
	<p>This action establishes the San José Al Fresco - San Pedro and Post Streets Closure appropriation in the General Fund in the amount of \$400,000, supported by a corresponding transfer from the American Rescue Plan Fund for revenue loss reimbursement. As directed as part of the Mayor's June Budget Message for Fiscal Year 2022-2023, as approved by the City Council, the use of San José Al Fresco funding in the American Rescue Plan Fund was reallocated to continue the closure of San Pedro Street, a six-month pilot closure of Post Street, and to provide a conceptual design for the permanent closure of San Pedro and Post Streets. A corresponding decrease to the Small Business Recovery - San José Al Fresco appropriation in the American Rescue Plan Fund is recommended elsewhere in this memorandum.</p>				

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Non-Personal/Equipment (Pension Obligation Bond Consulting)	Finance Department	-	\$25,000	-

This action increases the Non-Personal/Equipment appropriation to the Finance Department by \$25,000, from \$50,000 to \$75,000, to allow for an increase to the agreement with the City's municipal advisor (UFI) to provide the additional services, as needed, related to development of a pension funding policy, pension obligation bond analysis, including the preparation of financing scenarios for the City Council, attending meetings of the City Council and Retirement Boards, and assisting, as needed, in the judicial validation proceedings. In December 2020, City Council directed staff to conduct a study session on pension obligation bonds which includes research on the prevalence and performance of POBs, impact on credit ratings, sensitivity analyses on varying sizes of POBs, risk tolerance levels, cost-benefit analysis, and strategies for recognizing and applying savings. At its meeting on October 5, 2021, the City Council took action to authorize judicial validation proceedings, which is necessary to allow for a future issuance of pension obligation bonds. The recommended funding continues the processes necessary to allow for a future issuance of pension obligation bonds – including the more detailed financial and policy analysis that would be necessary prior to City Council approval of a bond issuance. This action is offset by a corresponding decrease to the Pension Obligation Bonds Consulting Services Reserve as recommended elsewhere in this report.

Pension Obligation Bonds Consulting Services Reserve	Finance Department	-	(\$175,000)	-
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This action decreases the Pension Obligation Bonds Consulting Services Reserve by \$175,000, from \$200,000 to \$25,000, to offset actions recommended elsewhere in this report within the City Attorney's Office (\$150,000) to increase an agreement with outside counsel to continue work related to judicial validation proceedings and within the Finance Department (\$25,000) to increase the agreement with the City's municipal advisor to provide additional financial and policy analysis as needed. In December 2022, City Council directed staff to conduct a study session on pension obligation bonds which includes research on the prevalence and performance of POBs, impact on credit ratings, sensitivity analyses on varying sizes of POBs, risk tolerance levels, cost-benefit analysis, and strategies for recognizing and applying savings. At its meeting on October 5, 2021, the City Council took action to authorize judicial validation proceedings, which is necessary to allow for a future issuance of pension obligation bonds. The recommended funding facilitates the continuation of work previously directed by the City Council.

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Fire Station and FF&E Reserve	Fire Department	-	\$3,800,000	-

This action establishes a Fire Station and FF&E Reserve in the amount of \$3.8 million. City Council's approval of the Mayor's June Budget Message for Fiscal Year 2022-2023 included direction to the City Manager to prioritize available excess General Fund ending fund balance in the Annual Report to help address future cost overruns anticipated in the Measure T capital improvement program for fire stations and to set aside resources to help pay for related furniture, fixtures, and equipment (FF&E), which cannot be paid from general obligation bond proceeds. Four new Fire Stations (8, 23, 32, 36) and the 911 Call Center Upgrade projects are tentatively scheduled to be completed within the next five years. As of late Spring 2022, these projects were tentatively anticipated to exceed their current budget allocations by a total of approximately \$2 - \$4 million and are anticipated to need approximately \$5 million for FF&E for a total overall estimated need of \$7 - \$9 million. As an initial placeholder to build resources for future FF&E needs, the 2022-2023 Adopted Capital Budget includes a New Fire Station FF&E Reserve of \$1.9 million in the Fire C&C Tax Fund, which brings down the overall need to \$5 - \$7 million. However, these shortfalls are expected to grow due to continued inflation and supply chain challenges. The Administration will report back to the City Council on the status of anticipated program shortfalls in early 2023, and will recommend spending from this reserve in the future as the design and construction of Measure T-funded fire station projects proceed.

Non-Personal/Equipment (Fire Department Records Management System)	Fire Department	-	\$53,000	-
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This action increases the Fire Department's Non-Personal/Equipment appropriation by \$53,000 for the procurement of a new Records Management System Software, as the current software's license is due to expire at the end of 2022. This Records Management Systems provides the Fire Department with the ability to analyze fire data, personnel management, fire incidents recording, fire inspections management, asset management and other functionalities.

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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Business Taxes	General Fund Revenue	-	-	-
<p>This action increases the Cardroom Business Tax by \$2.0 million (from \$27.0 million to \$29.0 million) and decreases the Cannabis Business Tax by \$2.0 million (from \$20.0 million to \$18.0 million). The 2022-2023 Adopted Budget estimate for the Cardroom Business Tax of \$27.0 million was built on the assumption that 2021-2022 collections would total \$27.0 million and remain flat in 2022-2023. However, 2021-2022 collections ended the year at approximately \$29 million; therefore, this report includes a recommendation to increase the budgeted estimate in 2022-2023 by \$2.0 million to align the budgeted estimate with anticipated collections. The 2022-2023 Adopted Budget estimate for the Cannabis Business Tax of \$20.0 million was built on the assumption that 2021-2022 collections would total \$19.0 million and then grow slightly to \$20.0 million in 2022-2023. However due to lower than anticipated collections in the second half of 2021-2022 collections ended the year at approximately \$18 million. Therefore, this report includes a recommendation to decrease the 2022-2023 budgeted estimate by \$2.0 million to align the budgeted estimate with the anticipated collection level.</p>				
Transfers and Reimbursements (Transfer from American Rescue Plan Fund)	General Fund Revenue	-	-	\$400,000
<p>This action increases the revenue estimate for Transfers and Reimbursements by \$400,000 to recognize a transfer from the American Rescue Plan Fund for revenue loss reimbursement. This action reflects a funding shift for the planning activities associated with the San Pedro and Post Street closures, formerly included in the American Rescue Plan Fund allocation for the San José Al Fresco program. A corresponding decrease to the Small Business Recovery - San José Al Fresco appropriation in the American Rescue Plan Fund is recommended elsewhere in this report.</p>				
Transfers and Reimbursements (Transfer from Community Facilities Revenue Fund (Fund Close-Out))	General Fund Revenue	-	-	\$330,998
<p>This action increases the revenue estimate for Transfers and Reimbursements by \$330,998 to recognize a transfer from the Community Facilities Revenue Fund. This amount reflects the current remaining balance in the fund that can be returned to the General Fund following the sale of the Hayes Mansion and completion of corresponding close out activities.</p>				

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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Transfers and Reimbursements (Transfer from Self-Insured Medical Fund)	General Fund Revenue	-	-	\$54,389
<p>This action increases the revenue estimate for Transfers and Reimbursements by \$54,389 to recognize a transfer from the Self-Insured Medical Fund. 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.</p>				
Measure E - 10% Homeless Prevention and Rental Assistance Reserve	Housing Department	-	(\$10,010,429)	-
<p>This action decreases the Measure E - 10% Homelessness Prevention Reserve by \$10.0 million, from \$16.4 million to \$6.4 million, and reallocates the funding to the Measure E – Rental Assistance (10% HPRA) appropriation as part of a series of actions to redistribute funding carried over from 2021-2022, currently allocated to Measure E reserves, in accordance with the Proposed Changes to the Spending Priorities and Percentage Allocations Measure E Real Property Transfer Taxes memorandum approved by City Council on April 12, 2022.</p>				
Measure E - 15% Homeless Support Programs Reserve	Housing Department	-	(\$8,360,000)	-
<p>This action decreases the Measure E - 15% Homeless Support Programs Reserve by \$8.4 million, from \$28.6 million to \$20.2 million. This action offsets corresponding actions to establish the Measure E – Homeless Support Programs (15% HSP), Measure E – Supportive Services and Operations (15% HSP), Measure E – Housing Properties Maintenance (15% HSP), and Measure E – Homeless Outreach and Engagement (15% HSP) allocations as recommended in this report.</p>				
Measure E - 30% Low-Income Households Reserve	Housing Department	-	\$2,273,933	-
<p>This action increases the Measure E – 30% Low-Income Households Reserve by \$2.3 million, from \$48.1 million to \$50.4 million. This reserve sets aside funding for the creation of new affordable housing for low-income households. Funds may be used for the predevelopment, acquisition, construction, operating costs and reserves, and permanent financing for new construction, acquisition/rehabilitation or preservation developments serving low-income households for newly restricted for sale and rental housing for a minimum of 20 years and limited funding for neighborhood serving commercial space for households up to 80% of the Area Median Income. This action is offset by the elimination of the Measure E – 35% Low Income appropriation recommended elsewhere in this report.</p>				

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Measure E - 35% Low Income</p> <p>This action eliminates the Measure E - 35% Low Income appropriation to the Housing Department and reallocates the funding carried over from 2021-2022 in accordance with the Proposed Changes to the Spending Priorities and Percentage Allocations Measure E Real Property Transfer Taxes memorandum approved by City Council on April 19, 2022.</p>	Housing Department	-	(\$4,375,000)	-
<p>Measure E - 40% Extremely Low-Income Households Reserve</p> <p>This action increases the Measure E - 40% Extremely Low-Income Households Reserve allocation by \$15.1 million, from \$46.1 million to \$61.2 million. This reserve sets aside funding for the creation of new affordable housing for extremely low-income households. Funds may be used for predevelopment, acquisition, construction, operating costs and reserves, and permanent financing for new construction, acquisition/rehabilitation or preservation developments serving extremely low-income households for newly restricted for-sale and rental housing for a minimum of 20 years and limited funding for neighborhood serving commercial space for households up to 30% of the Area Median Income. This action is offset by the elimination of the Measure E – 45% Extremely Low Income appropriation.</p>	Housing Department	-	\$15,125,000	-
<p>Measure E - 45% Extremely Low Income Reserve</p> <p>This action eliminates the Measure E - 45% Extremely Low Income Reserve and reallocates funding carried over from 2021-2022 in accordance with the Proposed Changes to the Spending Priorities and Percentage Allocations Measure E Real Property Transfer Taxes memorandum approved by City Council on April 19, 2022.</p>	Housing Department	-	(\$15,625,000)	-
<p>Measure E - 5% Moderately-Income Households Reserve</p> <p>This action decreases the Measure E – 5% Moderate-Income Households Reserve by \$500,000, from \$9.5 million to \$9.0 million. This action offsets the establishment of the Measure E - Non-Profit Agency Refund (5% MI) appropriation to the Housing Department, which will support the proportionate division of refunded Real Property Transfer Tax revenues from transfers involving qualifying non-profit organizations, in accordance with direction from City Council on November 30, 2021.</p>	Housing Department	-	(\$500,000)	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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<p>Measure E - Homeless Outreach and Engagement (15% HSP)</p> <p>This action establishes the Measure E - Homeless Outreach and Engagement (15% HSP) appropriation to the Housing Department in the amount of \$600,000. This funding will be used to support an agreement with PATH for the Targeted Homeless Outreach and Engagement program. This action is offset by a decrease to the Measure E - 15% Homeless Support Programs Reserve.</p>	Housing Department	-	\$600,000	-
<p>Measure E - Homeless Student Housing (10% HPRA)</p> <p>This action decreases the Measure E - Homeless Student Housing (10% HPRA) appropriation to the Housing Department by \$55,000, from \$115,000 to \$60,000. As approved by City Council on April 19, 2022 in the Proposed Changes to the Spending Priorities and Percentage Allocations Measure E Real Property Transfer Taxes memorandum, this action reallocates \$55,000 to the Measure E - Rental Assistance (10% HPRA) appropriation recommended elsewhere in this report to support rental assistance.</p>	Housing Department	-	(\$55,000)	-
<p>Measure E - Homeless Support Programs (15% HSP)</p> <p>This action establishes the Measure E - Homeless Support Programs (15% HSP) appropriation to the Housing Department in the amount of \$3.9 million. This appropriation will support agreements with United Site Services (\$2.7 million) to support hygiene programs at homeless encampments, HomeFirst (\$580,000) to support homeless rapid rehousing, and Guadalupe River Park Housing Support and Restoration (\$580,000) to support housing activities at Guadalupe River Park. This action is offset by a reduction to the Measure E - 15% Homeless Support Programs Reserve as recommended in this report.</p>	Housing Department	-	\$3,860,000	-
<p>Measure E - Housing Properties Maintenance (15% HSP)</p> <p>This action establishes the Measure E - Housing Properties Maintenance (15% HSP) appropriation to the Housing Department in the amount of \$1.8 million. This funding will go to support the repair and maintenance of City Emergency Interim Housing projects. This action is offset by a decrease to the Measure E - 15% Homeless Support Programs Reserve.</p>	Housing Department	-	\$1,800,000	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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<p>Measure E - Non-Profit Agency Refund (30% LI)</p> <p>This action establishes the Measure E - Non-Profit Agency Refund (30% LI) appropriation to the Housing Department in the amount of \$500,000. This appropriation will support the proportionate division of refunded Real Property Transfer Tax revenues from transfers involving qualifying non-profit organizations, in accordance with direction from City Council on November 30, 2021. This action is offset by a decrease to the Measure E – 30% Low-Income Households Reserve as recommended in this report.</p>	Housing Department	-	\$500,000	-
<p>Measure E - Non-Profit Agency Refund (40% ELI)</p> <p>This action establishes the Measure E - Non-Profit Agency Refund (40% ELI) appropriation to the Housing Department in the amount of \$500,000. This appropriation will support the proportionate division of refunded Real Property Transfer Tax revenues from transfers involving qualifying non-profit organizations, in accordance with direction from City Council on November 30, 2021. This action is offset by a decrease to the Measure E – 40% Extremely Low-Income Households Reserve as recommended in this report.</p>	Housing Department	-	\$500,000	-
<p>Measure E - Non-Profit Agency Refund (5% MI)</p> <p>This action establishes the Measure E - Non-Profit Agency Refund (5% MI) appropriation to the Housing Department in the amount of \$500,000. This appropriation will support the proportionate division of refunded Real Property Transfer Tax revenues from transfers involving qualifying non-profit organizations, in accordance with direction from City Council on November 30, 2021. This action is offset by a decrease to the Measure E – 5% Moderately-Income Households Reserve as recommended in this report.</p>	Housing Department	-	\$500,000	-
<p>Measure E - Quetzal Gardens (30% LI)</p> <p>This action increases the Measure E - Quetzal Gardens (30% LI) appropriation to the Housing Department by \$1.6 million, from \$1.0 million to \$2.6 million, to support an increased loan commitment from the City from \$11.0 million to \$12.6 million.</p>	Housing Department	-	\$1,601,067	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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<p>Measure E - Rental Assistance (10% HPRA)</p> <p>This action establishes the Measure E - Rental Assistance (10% HPRA) appropriation to the Housing Department in the amount of \$10.1 million. This funding will be used to support agreements with the Santa Clara County Office of Supportive Housing for rental assistance programming (\$2.1 million), Destination: Home for rental assistance programming (\$7.4 million), and Destination: Home for rental assistance specifically for survivors of domestic violence (\$600,000). This action is offset by a decrease to the Measure E – 10% Homeless Prevention and Rental Assistance Reserve and Measure E – Homeless Student Housing (10% HPRA) appropriation.</p>	Housing Department	-	\$10,065,429	-
<p>Measure E - Supportive Services and Operations (15% HSP)</p> <p>This action establishes the Measure E - Supportive Services and Operations (15% HSP) appropriation to the Housing Department in the amount of \$2.1 million. This funding will support agreements with LifeMoves for SureStay Hotel operations (\$1.3 million), HomeFirst/Project HomeKey for Arena Hotel operation (\$500,000), and LifeMoves for Guadalupe Emergency Interim Housing operations (\$300,000). This action is offset by a decrease to the Measure E - 15% Homeless Support Programs Reserve.</p>	Housing Department	-	\$2,100,000	-
<p>Responsible Landlord Engagement Initiative</p> <p>This action eliminates the Responsible Landlord Engagement Initiative appropriation to the Housing Department. The Responsible Landlord Engagement Initiative appropriation was included in the 2022-2023 Adopted Budget in the amount of \$200,000 per direction from the Mayor's March Budget Message for Fiscal Year 2022-2023 with the expectation that additional State funding would likely be available. Since that time, the City has been awarded a grant from the State of California's Department of Housing and Community Development in the amount of \$800,000 to support the Responsible Landlord Engagement Initiative. Because of the grant award, the City's initial contribution is no longer necessary. Separate actions to recognize and appropriate the \$800,000 grant award from the State of California are recommended elsewhere in this report.</p>	Housing Department	-	(\$200,000)	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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<p>Information Technology Sinking Fund Reserve</p> <p>This action increases the Information Technology Sinking Fund Reserve by \$2.8 million, from \$3.7 million to \$6.5 million, to restore prior reserve levels following the reallocation of \$300,000 in 2021-2022 to fund upgrades to the City's budgeting system (Hyperion), and to reserve additional funding (\$2.5 million) to position the City to help fund critical enterprise-level projects such as the future replacement of the Financial Management System (FMS), the tentative cost of which will exceed \$20 million.</p>	Information Technology Department	-	\$2,800,000	-
<p>Non-Personal/Equipment (Microsoft O365 Licenses)</p> <p>This action increases the Information Technology Department's Non-Personal/Equipment appropriation by \$84,000. During 2021-2022, the Library Department transitioned their stand alone SharePoint site to the City's SharePoint causing a need to reassess the number of enterprise productivity and collaboration tools to all-online licenses (E1) and increasing the E1 licenses by 216 for their part-time employees. This funding will support the cost of the additional E1 licenses needed by the Library Department.</p>	Information Technology Department	-	\$84,000	-
<p>Library Grants (First 5 Family Resource Centers)</p> <p>This action decreases the Library Grants appropriation to the Library Department by \$12,281, from \$459,886 to \$447,605, to align budgeted and actual expenditures from 2021-2022.</p>	Library Department	-	(\$12,281)	-
<p>SJPL Foundation Grants</p> <p>This action increases the SJPL Foundation Grants appropriation to the Library Department by \$66,732, from \$670,000 to \$736,732, to recognize a variety of small grants provided by the SJPL Foundation that were received in 2021-2022 for branch-specific programming, as well as other limited purposes.</p>	Library Department	-	\$66,732	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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<p>Council District #04 (Sponsorship)</p> <p>This action increases Council District #04 appropriation by \$7,500 to reflect revenues that were received in 2021-2022 by various businesses and individuals that donated to support tree planting within the district.</p>	Mayor & City Council	-	\$7,500	-
<p>Council District #05 (January - June) (Sponsorship)</p> <p>This action increases Council District #05 (January - June) appropriation by \$2,000 to reflect revenues that were received in 2021-2022 by various businesses and individuals that donated to support the Council District's National Night Out event.</p>	Mayor & City Council	-	\$2,000	-
<p>Council District #05 (July - December) (Sponsorship)</p> <p>This action increases Council District #05 (July - December) appropriation by \$2,000 to reflect revenues that were received in 2021-2022 by various businesses and individuals that donated to support the Council District's National Night Out event.</p>	Mayor & City Council	-	\$2,000	-
<p>Council District #06 (Campaign Surplus Funds)</p> <p>This action increases Council District #06 appropriation by \$6,000. As directed in the Mayor's June Budget Message for Fiscal Year 2022-2023, as approved by the City Council, Councilmember Davis' surplus campaign funds will be appropriated for the Friends of the Rose Garden to help offset the cost of volunteer equipment (\$2,000), Willow Glen Little League (\$2,000), and Lincoln Glen Little League (\$2,000).</p>	Mayor & City Council	-	\$6,000	-
<p>City Attorney's Office Outside Counsel Litigation Reserve</p> <p>This action increases the City Attorney's Office Outside Counsel Litigation Reserve by \$200,000, from \$800,000 to \$1.0 million, to restore funding to prior levels following the reallocation of \$200,000 to the City Attorney's Office for outside legal counsel services as part of the 2021-2022 Mid-Year Budget Review.</p>	Office of the City Attorney	-	\$200,000	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Pension Obligation Bond Outside Counsel)</p> <p>This action increases the Non-Personal/Equipment appropriation to the City Attorney's Office by \$150,000 to allow for an increase to the agreement with the outside counsel (Stradling Yocca Carlson & Rauth), from \$200,000 to \$350,000, to represent the City continue in the hearing for and potential appeal judicial of the validation proceedings action related to confirm authority to issue the potential future issuance of pension obligation bonds in the future. In December 2020, City Council directed staff to conduct a study session on pension obligation bonds which includes research on the prevalence and performance of POBs, impact on credit ratings, sensitivity analyses on varying sizes of POBs, risk tolerance levels, cost-benefit analysis, and strategies for recognizing and applying savings. At its meeting on October 5, 2021, the City Council took action to authorize initiating judicial validation proceedings, which is necessary to allow for a future issuance of pension obligation bonds. A hearing on the validation action occurred on August 22, 2022 and a decision is pending. The recommended funding would enable the City to pay for services rendered through the hearing, and potential appeal subject to Council direction continues the processes necessary to allow for a future issuance of pension obligation bonds – including the conclusion of the judicial validation proceedings currently underway. This action is offset by a corresponding reduction to the Pension Obligation Bonds Consulting Services Reserve that is recommended elsewhere in this report.</p>	Office of the City Attorney	-	\$150,000	-
<p>Budget Stabilization Reserve</p> <p>This action increases the Budget Stabilization Reserve by \$7.6 million, from \$53.4 million to \$61.0 million, in accordance with City Council Policy 1-18 to maintain an adequate reserve level to provide budget stability when there are fluctuations that result in lower than projected revenues and/or higher than projected expenditures that cannot be re-balanced within existing budgeted resources in any given year. The Budget Stabilization Reserve is intended to provide a buffer, or bridge funding, to protect against reducing service levels when these fluctuations occur. This action increases the Budget Stabilization Reserve to \$61.0 million, which along with the action to increase the Contingency Reserve to \$46.0 million, and the existing budgeted funds for the Workers' Compensation/General Liability Catastrophic Reserve of \$15.0 million, brings the total General Purpose Reserve level to \$122.0 million, or approximately 8% of General Fund operating expenditures. The target set in City Council Policy 1-18 is 10%.</p>	Office of the City Manager	-	\$7,600,000	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

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<p>Community and Economic Recovery Reserve</p> <p>This action increases the Community and Economic Recovery Reserve by \$1.4 million, from \$8.8 million to \$10.2 million to support recovery workstreams and initiatives. This reserve was originally established with City Council's approval of the 2021-2022 Mid-Year Budget Review to capture savings from previously authorized community and economic recovery efforts and for the potential continuation of existing workstreams. The increase of \$1.4 million is attributable to savings from the closeout of the Local Assistance workstream of \$753,000 and the final closeout of the Coronavirus Relief Fund, which had remaining funding of \$638,000 and was used to reallocate portions of costs incurred for Fire Department's Emergency Medical Services in support of recovery initiatives incurred from July 1, 2021 through December 31, 2021, in accordance with U.S. Treasury Department regulations. This revised funding level is anticipated to provide sufficient funding for the City's potential financial commitment toward the Isolation and Quarantine program managed by the County of Santa Clara, which is anticipated to be brought before the City Council later in the fiscal year.</p>	Office of the City Manager	-	\$1,388,000	-
<p>Contingency Reserve</p> <p>This action increases the Contingency Reserve by \$5.0 million, from \$41.0 million to \$46.0 million, in accordance with Council Policy 1-18 which provides for the maintenance of a minimum 3% Contingency Reserve in the General Fund to meet unexpected circumstances arising from financial and/or public emergencies that require immediate funding that cannot be met by any other means. The current Contingency Reserve level of \$41.0 million was established in the 2022-2023 Base Budget, as the reserve is calculated against Base Budget expenditures and an assumed amount of funding that will be rebudgeted at fiscal year-end. While Contingency Reserve adjustments commonly occur as part of the Annual Report, the relatively high level of \$5.0 million this year is attributable to the significant amount of funding allocated during the 2022-2023 Proposed Budget process (\$73 million one-time and \$30 million ongoing), the additional Beginning Fund Balance and Sales Tax revenues recognized and allocated at the end of the budget process in Manager's Budget Addendum #37 (\$12 million), and a significant amount of expenditures rebudgeted as part of the Adopted Budget process and in this 2021-2022 Annual Report. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient to cover General Fund payroll expenditures for approximately two weeks in the event of an emergency.</p>	Office of the City Manager	-	\$5,000,000	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (FUSE Fellow)</p> <p>This action increases the City Manager's Office Non-Personal/Equipment appropriation by \$75,000 to support a FUSE fellow position. As directed by the Mayor's June Budget Message for Fiscal Year 2019-2020, as approved by City Council, funding was allocated for a FUSE Fellow to focus on the Internet of Things Business Architecture. However, as part of the Various Budget Actions for Fiscal Year 2019-2020 to Address COVID-19 Impacts memorandum that was approved by City Council on April 28, 2020, the funding was eliminated. This action restores the funding to hire a FUSE Fellow to support the West San José Innovation Zone initiative that will encourage innovation and community involvement in technology. The FUSE Fellow will work directly with technology companies to find space, obtain any applicable permitting, and engage youth groups and community members in pilot programs.</p>	Office of the City Manager	-	\$75,000	-
<p>Revenue from Federal Government (UASI Grant - OEM 2021)</p> <p>This action decreases the estimate for Revenue from Federal Government by \$15,582 for the Urban Area Security Initiative (UASI) Grant - Office of Emergency Management (OEM) 2022. Three positions in the OEM, 1.0 Senior Executive Analyst and 2.0 Executive Analysts, are supported through the UASI grant program. This report contains multiple adjustments to realign the various UASI grant awards with the estimated program costs for 2022-2023.</p>	Office of the City Manager	-	-	(\$15,582)
<p>Revenue from Federal Government (UASI Grant - OEM 2022)</p> <p>This action decreases the estimate for Revenue from Federal Government by \$135,732 for the Urban Area Security Initiative (UASI) Grant - Office of Emergency Management (OEM) 2022. Three positions in the OEM, 1.0 Senior Executive Analyst and 2.0 Executive Analysts, are supported through the UASI grant program, which spans multiple years. Based on a re-evaluation to align expected costs with grant revenues, this report contains several adjustments to realign the various UASI grant awards with the estimated program costs for 2022-2023.</p>	Office of the City Manager	-	-	(\$135,732)

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Transfer to the City Hall Debt Service Fund</p> <p>This action increases the Transfer from the General Fund to the City Hall Debt Service Fund by \$3.8 million, from \$16.2 million to \$20.0 million. Actions to correspondingly decrease the contribution from various special and capital funds are recommended elsewhere in this report. Of the \$3.8 million, \$1.1 million appropriately modifies the cost allocation methodology in 2022-2023 to include the allocation of debt service costs for several cost centers within the General Fund. The remaining \$2.7 million adjustment corrects for the allocation of costs related to the August 2020 lease-revenue bond issuance that refunded debt related to the construction of City Hall and retired the remaining debt associated with the Los Lagos Golf Course and the Environmental Services Company (ESCO) Master Lease. All debt related to the 2020A lease-revenue bonds is paid in the City Hall Debt Service Fund, which receives a transfer from most of the City's special and capital funds based on their respective proportional cost allocation. A recent analysis conducted by the Finance Department determined the allocation from the General Fund for debt service costs for the portion of the debt associated with the payoff of the Los Lagos Golf Course and ESCO should increase by \$1.0 million for 2022-2023, and by \$1.7 million from the prior two fiscal years. While these adjustments increase the portion of the City Hall debt service allocated to the General Fund, the General Fund savings attributable to retiring debt obligations and refunding still result in total annual ongoing savings to the City of \$7.0 million, greater than \$4.1 million of ongoing savings assumed in the 2020-2021 Adopted Operating Budget.</p>	Office of the City Manager	-	\$3,779,651	-
<p>After School Education and Safety Programs for 2022-2023/Revenue from Local Agencies</p> <p>This action establishes funding for the After School Education and Safety Programs for 2022-2023 and increases the estimate for Revenue from Local Agencies in the amount of \$129,000. This grant funding will support after-school education and safety programs by providing supplies and materials and staff time at Summerdale Elementary School in the Berryessa Union School District. After School Education and Safety Programs supports local after-school education and enrichment programs by providing literacy, academic enrichment, and constructive alternatives for students in kindergarten through fifth grade.</p>	Parks, Recreation and Neighborhood Services Department	-	\$129,000	\$129,000

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Senior Nutrition Program/Revenue from Local Agencies</p> <p>This action increases the Senior Nutrition Program City-Wide Expenses appropriation by \$2,278,686, from \$1.2 million to \$3.5 million, and the estimate for Revenue from Local Agencies by \$2,209,345 to recognize revenue from Santa Clara County to support the Senior Nutrition Program operated by the City of San José. The Senior Nutrition Program provides meals to low-income seniors in the community at the 14 senior nutrition sites throughout San José. These meals are supported in part by funding provided by Santa Clara County based on a reimbursement rate established annually; this year Santa Clara County will cover approximately 64% and the City of San José will cover 36%.</p>	Parks, Recreation and Neighborhood Services Department	-	\$2,278,686	\$2,209,345
<p>Code Enforcement Permit System Reserve</p> <p>This action increases the Code Enforcement Permit System Reserve by \$450,000, from \$2.3 million to \$2.8 million. The Multiple Housing Code Enforcement Program is a full cost recovery program funded through fees, and the program ended 2021-2022 with expenditure savings and additional revenues totaling \$450,000 after rebudgets and necessary clean-up actions. This funding will be set aside for a future software upgrade of the City's Code Enforcement Permit System.</p>	Planning, Building and Code Enforcement Department	-	\$450,000	-
<p>Development Fee Program Technology Reserve</p> <p>This action increases the Development Fee Program Technology Reserve by \$335,000, from \$235,000 to \$570,000. In 2014-2015, funds were allocated from the Reserve to purchase software and consultant services for an Electronic Content Management System for Development Fee Program Services. The project was completed at the end of 2020-2021, and the remaining contract funding of \$335,000 was liquidated in 2021-2022 and fell to the General Fund's fund balance. This action will reallocate the liquidated funds, which can only be used to support costs within the Development Fee Program, back to the Development Fee Program Technology Reserve for future use.</p>	Planning, Building and Code Enforcement Department	-	\$335,000	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Solid Waste Code Enforcement Program Reserve</p> <p>This action establishes the Solid Waste Code Enforcement Program Reserve in the amount of \$600,000. The Solid Waste Code Enforcement Program is a full cost recovery program funded through fees, and the program ended 2021-2022 with expenditure savings and additional revenues totaling \$600,000. This funding will be set aside for future use by the Solid Waste Code Enforcement Program.</p>	<p>Planning, Building and Code Enforcement Department</p>	-	\$600,000	-
<p>Car Break-In Prevention Program</p> <p>This action increases the Car Break-in Prevention Program City-Wide Expenses appropriation by \$49,097, from \$464,658 to \$513,755. In 2019, the City of San José received \$750,000 in state funding for the prevention and reduction of vehicle burglaries. The funding is used to assist local law enforcement in efforts towards collaboration with other police departments, community education, equipment procurement, and directed enforcement. This action appropriates the remaining available funding in the program.</p>	Police Department	-	\$49,097	-
<p>Non-Personal/Equipment (South Bay Information Systems Coplink)</p> <p>This action increases the Police Department's Non-Personal/Equipment appropriation by \$57,449 to fund the Police Department's contribution to access the South Bay Information Sharing System (SBISS), also known as Coplink. Coplink is a regional law enforcement data-sharing platform that provides law enforcement officers complete visibility and access to cross-jurisdiction information to solve crimes. The platform was previously paid through the County of Santa Clara's Sheriff's Office UASI Grant funding allocation, which has subsequently been reduced beginning January 2022. Thus, each participating agencies' share has increased. This action will allow the Police Department to cover the Coplink expenses no longer covered by the County of Santa Clara Sheriff's Office UASI Grant.</p>	Police Department	-	\$57,449	-

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Police Helicopter Engine Overhaul Reserve	Police Department	-	\$700,000	-

This action establishes the Police Helicopter Engine Overhaul Reserve in the amount of \$700,000 to set aside funding for the helicopter engine overhaul maintenance. While it was not anticipated to be needed until 2023-2024, funding is now anticipated to be needed near the end of 2022-2023 to provide a mandatory 5,000-hour engine overhaul maintenance to the Air3 helicopter. The maintenance will take 3-8 weeks which will require the removal of the helicopter's engine. To ensure there is little to no downtime for the Air Support Program, the installation of a rental engine (paid for per flight hour) is required. This funding will cover the costs of the engine maintenance and rental engine.

Children's Discovery Museum Elevator System	Public Works Department	-	\$350,000	-
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This action increases the Children's Discovery Museum Elevator System appropriation by \$350,000, from \$800,000 to \$1.2 million. This funding will support the rehabilitation of a passenger elevator that has reached the end of its serviceable life cycle. This original project scope only included replacement of the freight elevator cab and system replacement. However, due to recent reliability issues of the building's only passenger elevator that is often utilized by those who are disabled and parents with children in strollers, the Administration recommends adding a new passenger elevator to the project scope.

City Hall Rehabilitation Projects (Lease Revenue Bond Savings)	Public Works Department	-	\$1,250,000	-
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This action establishes the City Hall Rehabilitation Projects appropriation in the amount of \$1.25 million to provide funding for maintenance projects at San José City Hall. This funding is repurposed from savings from the City Hall Campus Expansion project which was completed in 2021-2022. As this project was originally funded by lease revenue bonds, any project savings must either be spent on infrastructure improvements at City Hall or for debt service payments. The repurposed funds will provide for improvement elements that include cleaning and inspecting sanitary and storm pipelines (\$350,000), security cameras and access readers (\$300,000), LED conversions (\$200,000), repairing sewage pumps (\$200,000), seismic bracing of fire pipelines (\$100,000), and replacing backup generator switches (\$100,000). These projects are anticipated to be completed in the fall of 2023.

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Fire Station 8 Garage Demolition and Site Clean-Up</p> <p>This action establishes the Fire Station 8 Garage Demolition and Site Clean-Up appropriation in the amount of \$750,000 to fund the demolition of the abandoned garage behind the fire station. This structure has been subjected to vandalism and squatting, and for safety reasons must be permanently addressed. The structure is built on a steep slope adjacent to Coyote Creek and the project will require slope stabilization and erosion control after the demolition is completed. A geotechnical engineer will remain onsite to monitor the backfilling and compaction activities due to the nature of the steep slope. Fire Station 8 is currently located at 802 East Santa Clara Street. As part of the Measure T funded public safety projects, this fire station is scheduled to be relocated to 601 East Santa Clara Street to improve facility quality and meet current fire station standards. It is anticipated that the current site will be vacated in the fall of 2024. At this time, no future use of this property has been identified.</p>	Public Works Department	-	\$750,000	-

Required Technical-Rebalancing Actions

		-	\$32,213,834	\$2,972,418
<p>Diridon Station Area Development Planning/Other Revenue</p> <p>This action decreases the Diridon Station Area Development Planning appropriation by \$4.7 million, from \$7.2 million to \$2.5 million, and the corresponding revenue estimate for Other Revenue by \$4.7 million to reflect a change in accounting practices for the Development Services partners (Public Works, Planning, Building, and Fire) that are supporting the Downtown West project under the Reimbursement Agreement with Google, executed in January 2022. The 2022-2023 Adopted Operating Budget allocated \$4.7 million of the \$6.2 million of projected payments from Google for activities undertaken from July 2022 to January 2023 to the existing City-Wide Expenses appropriation. These funds will instead be managed via a deposit account within the Planning Development Fee Program Fund, leveraging the AMANDA system to enable the Development Services partners to more accurately draw from the deposit account to reimburse as costs incur. All other departments will continue to charge the Diridon Station Area Development Planning appropriation in support of the Downtown West project.</p>	City Manager - Office of Economic Development and Cultural Affairs	-	(\$4,701,781)	(\$4,701,781)

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Grants- Reimbursements -Fees				
<p>Non-Personal/Equipment/Revenue from Federal Government (Economic Development Administration Grant)</p> <p>This action increases the Non-Personal/Equipment appropriation to the Office of Economic Development and Cultural Affairs and the corresponding estimate for Revenue from Federal Government by \$133,554 to reflect reimbursements received from the U.S. Economic Development Administration for activities undertaken in 2022-2023, including through Manufacture San Jose and the San Jose Downtown Association. The Economic Development Administration Grant provides assistance and support to small businesses and manufacturers.</p>	City Manager - Office of Economic Development and Cultural Affairs	-	\$133,554	\$133,554
<p>Responsible Landlord Engagement Initiative/Revenue from State of California</p> <p>This action increases the Responsible Landlord Engagement Initiative appropriation and the estimate for Revenue from the State of California by \$800,000 to recognize and appropriate the recently awarded Responsible Landlord Engagement Initiative 2.0 (RLEI) Grant from the State of California's Department of Housing and Community Development. The 2022-2023 Adopted Budget included an allocation of \$200,000 to the RLEI program as directed by the Mayor's March Budget Message for Fiscal Year 2022-2023 with the expectation that additional State funding would likely be available. As recommended elsewhere in this report, that initial City contribution is no longer necessary because the grant award will support RLEI activities. These RLEI activities include addressing blight, disrepair, persistent code violations, and criminal activity, as well as a limited number of high-frequency code violations, such as inoperable cars parked on laws and abandoned structures.</p>	Housing Department	-	\$800,000	\$800,000

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>ESUHSD Community WiFi Network Maintenance/Revenue from Local Agencies</p> <p>This action establishes funding for the support and maintenance costs for the East Side Union High School District (ESUHSD) Community WiFi Network at the James Lick, Yerba Buena, and William C. Overfelt High School attendance areas and increases the estimate for Revenue from Local Agencies by \$148,751. Ongoing funding for the support and maintenance costs for the wireless network will be incorporated in the 2023-2024 Base Budget as these costs are to be paid by the school district on an annual basis.</p>	Information Technology Department	-	\$148,751	\$148,751
<p>Library Grants/Revenue from State of California (California Library Literacy Services)</p> <p>This action increases the Library Grants appropriation to the Library Department and the corresponding estimate for Revenue from the State of California by \$257,245 to recognize three California Library Literacy Services (CLLS) grants. The CLLS Adult Literacy grant (\$97,759), the CLLS Family Literacy Services grant (\$66,600), and the CLLS English as a Second Language (ESL) grant (\$92,886) will support the purchase of books, materials, and software to support literacy services and programming. These literacy programs seek to increase basic literacy skills of adults, children, and people learning English as a second language by providing one-to-one or small group learning sessions with trained volunteer tutors. Through these sessions, families and caregivers can help address the literacy needs of children with the goal of eliminating cycles of generational low literacy.</p>	Library Department	-	\$257,245	\$257,245
<p>Library Grants/Revenue from State of California (California Outdoor Exploration - Parks Pass Grant)</p> <p>This action increases the Library Grants appropriation to the Library Department and the corresponding estimate for Revenue from the State of California by \$5,000 to provide free Parks Passes to visit County parks on a check-out basis at Library branches. These Parks Passes are permits that allow parking and access to County Park locations.</p>	Library Department	-	\$5,000	\$5,000

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Library Grants/Revenue from State of California (First 5 Bridge Library Services)	Library Department	-	\$72,990	\$72,990
<p>This action increases the Library Grants appropriation to the Library Department and the corresponding estimate for Revenue from the State of California by \$72,990 to recognize funding from First Five Santa Clara County for Bridge Library Services. Bridge Library Services are provided by the Library Department to Family Resource Centers (FRCs) operated by First Five Santa Clara County to provide books, library staff assistance, and library resources for families using FRC resources.</p>				
SJPL Foundation Grants/Other Revenue (Digital Equity and Literacy)	Library Department	-	\$157,000	\$157,000
<p>This action increases the SJPL Foundation Grants appropriation to the Library Department and the corresponding estimate for Other Revenue by \$157,000 to recognize a grant provided by the SJPL Foundation to support 1.0 temporary Literacy Program Specialist position in 2022-2023. The Literacy Program Specialist position will continue to support, develop, and implement digital equity and digital literacy programming.</p>				
Council District #05 (January - June)/Other Revenue (Sponsorship)	Mayor & City Council	-	\$12,875	\$12,875
<p>This action increases Council District #05 (January - June) appropriation and the corresponding estimate for Other Revenue by \$12,875 to recognize revenues received by various businesses and individuals that donated for special events sponsored by the district. This funding will support special events co-sponsored by Council District 5 including National Night Out Mexican Flag Raising Light Up the Night and Fiesta Navidena.</p>				
Council District #05 (July - December)/Other Revenue (Sponsorship)	Mayor & City Council	-	\$12,875	\$12,875
<p>This action increases Council District #05 (July - December) appropriation and the corresponding estimate for Other Revenue by \$12,875 to recognize revenues received by various businesses and individuals that donated for special events sponsored by the district. This funding will support special events co-sponsored by Council District 5, including National Night Out, Mexican Flag Raising, Light Up the Night, and Fiesta Navidena.</p>				

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>2022-2023 Santa Clara County Teen Programming Grant/Revenue from Local Agencies</p> <p>This action establishes funding for the Santa Clara County Probation Teen Programming and increases the estimate for Revenue from Local Agencies in the amount of \$100,000. Grant funding from the County of Santa Clara Probation Department will pay for additional memberships and involvement of youth at City-operated community centers throughout San José. The memberships allow the youth to have access to the Teen Centers which are drop-in spaces with games and activities. Memberships also provide access to sports leagues, a recording studio at Seven Trees Community Center, events with motivational guest speakers, and city-wide teen field trips and events.</p>	Parks, Recreation and Neighborhood Services Department	-	\$100,000	\$100,000
<p>Outdoor Equity Grant/Revenue from State of California</p> <p>This action recognizes the first year's funding of \$159,006 from the State and establishes an appropriation for the Outdoor Equity Grant. The total award is \$931,110 over a three-year period for staffing, transportation, accommodations, meals, and equipment necessary to enjoy the outdoors targeting regions surrounding Emma Prusch Park as well as the Washington Community Center. Both locations will serve approximately 1,300 participants and provide 27 solution-based learning opportunities and Family Camp activities in 2022-2023. Solution-based learning is where residents will learn about the community's connection to climate change and other environmental issues such as stormwater runoff, air quality, and water efficiency. Participants will work together through team-building activities to discover solutions to the issues rather than just focus on the problem. The Outdoor Equity Grant will also cover expenses for teen and family adventures at Family Camp as well as a variety of trips to Santa Clara County Parks.</p>	Parks, Recreation and Neighborhood Services Department	-	\$159,006	\$159,006
<p>Local Early Action Planning - Housing and Community Development/Revenue from State of California</p> <p>This action increases the Local Early Action Planning - Housing and Community Development Grant appropriation by \$787,543, from \$366,272 to \$1,153,815, and the corresponding estimate for Revenue from State of California to recognize additional grant funds. The funds will provide for staffing and consultant costs associated with the Housing and Community Development Local Early Action Planning grant, which was approved on April 8, 2022. This grant is specifically targeted to prepare and adopt planning documents and process improvements that accelerate housing production and facilitate compliance in implementation of the sixth cycle of the regional housing needs assessment.</p>	Planning, Building and Code Enforcement Department	-	\$787,543	\$787,543

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2021 National Sexual Assault Kit Initiative/Revenue from Federal Government	Police Department	-	\$472,917	\$472,917
<p>This action increases the 2021 National Sexual Assault Kit Initiative City-Wide Expenses appropriation by \$472,917, from \$462,947 to \$935,864, and the corresponding estimate for Revenue from Federal Government. This adjustment recognizes the second year of funding for this multi-year grant. The program aims to address a backlog of 655 untested sexual assault kits and improve methods of tracking these kits, from testing to adjudication. The term of the grant is October 1, 2021 through September 30, 2024.</p>				
Collaborative Approaches Toward Preventing and Addressing Hate Grant/Revenue from Federal Government	Police Department	-	\$266,201	\$266,201
<p>This action increases the 2021 Collaborative Approaches Towards Preventing and Addressing Hate Grant City-Wide Expenses appropriation by \$266,201, from \$292,458 to \$558,659, and the corresponding estimate for Revenue from Federal Government. This adjustment recognizes the second year of funding for this multi-year grant. The program aims to address the precipitous increase of reported hate crimes by increasing public safety and improving education to identify and report hate crimes, as well as support investigations and prosecution of these cases. The term of the grant is October 1, 2021 through September 30, 2024.</p>				
Internet Crimes Against Children State Grant 2021-2022/Revenue from State of California	Police Department	-	\$592,829	\$592,829
<p>This action increases the Internet Crimes Against Children State Grant 2021-2022 City-Wide Expenses appropriation by \$592,829, from \$0 to \$592,829, and the corresponding estimate for Revenue from State of California. This action appropriates the estimated spending amount needed for activities related to this program in 2022-2023. These funds are used for activities related to increasing the investigation and prosecution of internet crimes against children during the term of the grant (January 1, 2022 through December 31, 2022).</p>				

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Northern California Regional Intelligence Center - Police 2021/Revenue from Federal Government	Police Department	-	\$64,556	\$64,556
<p>This action increases the Northern California Regional Intelligence Center (NCRIC) - Police 2021 City-Wide Expenses appropriation by \$64,556, from \$156,750 to \$221,306, and the corresponding estimate for Revenue from Federal Government to recognize and allocate the remaining grant funding. The grant provides funding for one temporary Police Lieutenant position to participate as a member of the NCRIC. The NCRIC works to improve the region's ability to detect, prevent, investigate, and respond to criminal and terrorist activity. The sunset date for expending the grant funds is December 31, 2022.</p>				
Personal Services/Revenue from Local Agencies (Santa Clara Valley Water District Stream Stewardship Law Enforcement)	Police Department	-	\$26,048	\$26,048
<p>This action increases the Police Department's Personal Services appropriation by \$26,048 and the corresponding estimate for Revenue from Local Agencies for services provided through an agreement between the Santa Clara Valley Water District and the City of San José for its Stream Stewardship Law Enforcement Program. The agreement is set to cover overtime costs of officers assigned to carry out law enforcement services to target criminal activity along local waterways within the City, including Coyote Creek and Guadalupe River. The term of the agreement is April 2022 through April 2023.</p>				
Selective Traffic Enforcement Program 2022- 2023/Revenue from Federal Government	Police Department	-	\$250,000	\$250,000
<p>This action establishes the Selective Traffic Enforcement Program 2022-2023 City-Wide Expenses appropriation to the Police Department in the amount of \$250,000 and increases the corresponding estimate for Revenue from Federal Government. The program primarily funds overtime for Police Officers to staff DUI Checkpoints/Saturation Patrols, and conduct Distracted Driving, Motorcycle Safety, Click It or Ticket, and Pedestrian/Bicycle enforcement operations. The term of the grant is October 1, 2022 through September 30, 2023.</p>				

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
State Homeland Security Grant Program/Revenue from Federal Government	Police Department	-	\$20,000	\$20,000
<p>This action increases the State Homeland Security Grant Program City-Wide Expenses appropriation by \$20,000, from \$320,437 to \$340,437, and the corresponding estimate for Revenue from Federal Government. These funds are to be utilized for the implementation of State Homeland Security Strategies to address identified planning, organization, equipment, training, and exercise needs for acts of terrorism or other catastrophic events during the term of the grant (September 1, 2020 through May 31, 2023). This action appropriates the remaining grant funds available.</p>				
State Homeland Security Grant Program - Police 2021/Revenue from Federal Government	Police Department	-	\$39,898	\$39,898
<p>This action increases the State Homeland Security Grant Program – Police 2021 City-Wide Expenses appropriation by \$39,898, from 351,898 to \$391,796, and the corresponding estimate for Revenue from Federal Government. Funding from this program is used for the implementation of State Homeland Security Strategies to address identified planning, organization, equipment, training, and exercise needs for acts of terrorism and other catastrophic events. These funds represent an increase to the grant award to be used for training. The term of the grant is from September 1, 2021 to May 31, 2024.</p>				
Ice Centre Expansion Project/Other Revenue	Public Works Department	-	\$68,290	\$68,290
<p>This action increases the Ice Centre Expansion Project appropriation by \$68,290, from \$180,000 to \$248,290, and the corresponding estimate for Other Revenue to recognize reimbursement from Bloom Energy and Sharks Ice for City costs related to the Ice Centre Expansion Bond Project. The reimbursements are for costs associated with the review and inspection of the installation of two outdoor natural gas clean energy servers and ten electric vehicle chargers, eight standard electric vehicle parking stalls and two accessible electric vehicle parking stalls, which were not included in the original scope of the project. A reimbursement of \$28,290 will be provided by Bloom Energy for the servers and a reimbursement of \$40,000 will be provided by Sharks Ice for the electric vehicle chargers.</p>				
			(\$254,203)	(\$254,203)
Grants-Reimbursements-Fees				

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Non-Personal/Equipment (Lateral Firefighter/Paramedic Academy)	Fire Department	-	\$500,000	-

This action increases the Fire Department's Non-Personal/Equipment appropriation by \$500,000 to provide seed funding for an additional firefighter academy to be held in early 2023. Like many emergency response agencies in Santa Clara County and throughout California, the Fire Department has struggled to fill vacant firefighter positions with qualified paramedics, causing significant strains on emergency medical response capacity. Currently understaffed by approximately 60 paramedics, the Administration recommends aggressive steps to increase the number of qualified paramedic personnel. This budget action covers the costs of personal protective equipment, academy supplies, and backgrounding services for a 30-person academy to occur over a nine-week period to recruit lateral firefighters with paramedic accreditation. A related action to increase the Fire Department's Personal Services appropriation is recommended elsewhere in this report.

Urgent Fiscal- Program Needs

Personal Services (Lateral Firefighter/Paramedic Academy)	Fire Department	-	\$1,000,000	-
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This action increases the Fire Department's Personal Services appropriation by \$1.0 million to provide seed funding for an additional firefighter academy to be held in early 2023. Like many emergency response agencies in Santa Clara County and throughout California, the Fire Department has struggled to fill vacant firefighter positions with qualified paramedics, causing significant strains on emergency medical response capacity. Currently understaffed by approximately 60 paramedics, the Administration recommends aggressive steps to increase the number of qualified paramedic personnel. This initial budget action covers the costs of instructors and temporary recruiting staff to provide a 30-person academy to occur over a nine-week period to recruit lateral firefighters with paramedic accreditation. The Department intends to conduct targeted recruitment and outreach to attract existing firefighter paramedics from other fire agencies to join the City of San José. The Fire Department and City Manager's Budget Office are reviewing current and future vacancy levels to determine the level of additional personal services funding that may be needed for this paramedic "hire ahead" program. Recommended actions may be brought forward as part of the 2022-2023 Mid-Year Budget Review to reallocate vacancy savings from other departments, as necessary. A related action to increase the Fire Department's Non-Personal/Equipment appropriation is recommended elsewhere in this report.

General Fund Recommended Budget Adjustments Summary 2021-2022 Annual Report

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Homelessness Management Services	Housing Department	-	\$3,000,000	-
<p>This action establishes a City-Wide Expenses appropriation in the amount of \$3.0 million to provide a range of urgent services to support unhoused residents and address associated community impacts. Despite the deployment of innovative practices and targeted services related to homelessness – such as emergency interim housing communities, San José Bridge, and the Beautify San José Consolidated Model – additional urgent issues and challenges need to be addressed. This funding provides resources for activities that may include, but are not limited to, expanded capability and more frequent outreach to link homeless residents with services and sheltering opportunities prior to abatement activities, managing the impact of RV parking in residential and business communities, creek-side abatement activities, and security services as necessary to prevent re-encampment of recently or soon-to-be-abated areas (such as Columbus Park). Consistent with past direction provided by the City Council, the Administration anticipates providing updates and recommendations to the City Council at the end of November regarding an RV parking ordinance and programs evaluation, the emergency interim housing program, and an update on the Guadalupe Gardens safe relocation. While this funding of \$3.0 million will allow for flexible spending priorities that can be acted upon immediately, further recommendations and workplans are anticipated to be provided during the November meeting.</p>				
Urgent Fiscal-Program Needs			\$4,500,000	-