

**Special Funds Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

Airport Maintenance And Operation Fund (523)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Operations Contingency	Airport Department		(\$4,000)	
This action decreases the Operations Contingency to offset the increase to the Information Technology Department's Personal Services appropriation recommended in this report.				
Personal Services (Overage)	Information Technology Department		\$4,000	
This action increases the Information Technology Department's Personal Services appropriation by \$4,000 to reflect higher than anticipated salary and benefits costs. A corresponding decrease to the Operations Contingency appropriation is recommended to offset this action.				
Airport Maintenance And Operation Fund (523)		0.00	\$0	\$0

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

American Rescue Plan Fund (402)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Revenue from the Use of Money/Property	Finance Department			\$43,318

This action increases the estimate for Revenue from the Use of Money/Property by \$43,318, from \$600,000 to \$643,318, to recognize interest earnings received in 2022-2023 in excess of the current budgeted estimate. These additional earnings directly offset a negative adjustment to Revenue from Federal Government, as additional expenditures were recorded prior to the close of 2021-2022 and offset by earned revenue from the American Rescue Plan Act, reducing the balance available to rebudget. Future budget actions will be brought forward in 2022-2023 to allocate estimated excess interest earnings within the American Rescue Plan Fund as the progression of existing initiatives becomes clearer.

Ending Fund Balance Adjustment	Finance Department		\$43,318	
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This action increases the Ending Fund Balance to offset the actions recommended in this report.

American Rescue Plan Fund (402)		0.00	\$43,318	\$43,318
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Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Benefits Funds - Benefit Fund (160)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
FICA-Medicare/Transfers and Reimbursements	Human Resources Department		\$35,000	\$35,000
<p>This action increases the FICA-Medicare appropriation and the corresponding revenue estimate for Transfers and Reimbursements by \$35,000 to fund higher than estimated costs as a result of an increase in new staffing hires.</p>				
Benefits Funds - Benefit Fund (160)		0.00	\$35,000	\$35,000

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Benefits Funds - Life Insurance Fund (156)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Overage)	Human Resources Department		\$13,000	
<p>This action increases the Human Resources Department's Personal Services appropriation by \$13,000 due to higher than anticipated costs. Expenditures are projected to exceed the current budget by year-end due to higher than budgeted salary and retirement costs. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.</p>				
Insurance Premiums/Transfers and Reimbursements	Human Resources Department		\$25,000	\$25,000
<p>This action increases the Life Insurance Premiums appropriation and the corresponding revenue estimate for Transfers and Reimbursements by \$25,000 to fund higher than estimated costs as a result of an increase in life insurance enrollment.</p>				
Ending Fund Balance Adjustment	Human Resources Department		(\$13,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
Benefits Funds - Life Insurance Fund (156)		0.00	\$25,000	\$25,000

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Benefits Funds - Unemployment Insurance Fund (157)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Overage)	Human Resources Department		\$30,000	
<p>This action increases the Human Resources Department's Personal Services appropriation by \$30,000 due to higher than anticipated costs. Expenditures are projected to exceed the current budget by year-end due to higher than budgeted salary and retirement costs. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.</p>				
Ending Fund Balance Adjustment	Human Resources Department		(\$30,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

Benefits Funds - Unemployment Insurance Fund (157)	0.00	\$0	\$0
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Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Building Development Fee Program Fund (237)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Building Development Fee Program - Non-Personal/Equipment (Peak Staffing Resources)	Planning, Building and Code Enforcement Department		\$1,000,000	
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This action increases the Building Development Fee Program - Non-Personal/Equipment appropriation by \$1.0 million to fund additional peak staffing resources for Plan Review activities. As of December 2022, the Building Division Plan Review Team had eight engineering positions vacant and is experiencing an overall 33% vacancy rate for the past year, resulting in longer response times in terms of providing the first set of comments after receiving applications. The current demands and response times are an average of 580 New Construction projects in queue every week, an average of 320 Resubmissions projects in queue every week, approximately 400 existing projects with overdue project cycles (with a 50-day backlog past target response time), and a response delay of approximately 65 days or more for first comments on applications for additions/alterations on Single Family Residences and Tenant Improvements. The target goal of response time is approximately 10-15 days after receiving an application. This action will help the Building Division with plan reviews for all project types and improve plan review response times for applicants. The funding will provide approximately 160 days (1,280 hours) for 6 peak staffing positions from two new vendors. The Department hopes to return response time to target levels. This action will be offset by recognizing vacancy savings in the Building Development Fee Program - Personal Services appropriation, a corresponding decrease of which is also recommended in this report.

Building Development Fee Program - Personal Services (Vacancy Savings)	Planning, Building and Code Enforcement Department		(\$1,000,000)	
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This action decreases the Building Development Fee Program – Personal Services appropriation by \$1.0 million to recognize vacancy savings and reallocate the savings to the Building Development Fee Program – Non-Personal/Equipment appropriation for peak staffing resources. As of December 2022, The Building Division Plan Review Team had eight engineering positions vacant and is experiencing 33% of vacancies for the past year. Vacancy savings will be used to fund peak staffing resources to help the Building Division with plan reviews for all project types and improve plan review response times for applicants. A corresponding increase to the Building Development Fee Program – Non-Personal/Equipment appropriation is recommended to offset this action.

Building Development Fee Program Fund (237)		0.00	\$0	\$0
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Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Community Development Block Grant Fund (441)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Code Enforcement Operations This action decreases the Code Enforcement Operations appropriation by \$300,000, from \$1.3 million to \$1.0 million, to recognize vacancy savings in the Planning, Building, and Code Enforcement Department. This action is offset by an increase to the Neighborhood Infrastructure Improvements appropriation recommended elsewhere in this report.	Planning, Building and Code Enforcement Department		(\$300,000)	
Soft Story Seismic This action eliminates the Soft Story Seismic appropriation in the amount of \$481,014. The project this funding was intended to support is not eligible for Community Development Block Grant (CDBG) support and the funding will be returned to the CDBG fund balance to support other eligible initiatives.	Housing Department		(\$481,014)	
Beginning Fund Balance (Liquidated Encumbrances) This action increases the Beginning Fund Balance by \$198,269, from \$2.6 million to \$2.8 million, to recognize liquidated prior-year encumbrances. Due to inadvertent errors in the development of the 2022-2023 Adopted Operating Budget, allocations within the Community Development Block Grant (CDBG) Fund were not in alignment with the CDBG Annual Action Plan. Unfortunately, funding is not currently available within the CDBG Fund to fully allocate according to the Annual Action Plan. Actions recommended in this report bring current year allocations closer to alignment with the Annual Action Plan, and funding sources will be monitored and may be reallocated as available in future budget processes to align current year allocations with the Annual Action Plan.	Housing Department			\$198,269
Transfers and Reimbursements (Multi-Source Housing Fund) This action establishes the estimate for Transfers and Reimbursements in the amount of \$584,220 to recognize a new transfer from the Multi-Source Housing Fund that consists of the remaining Neighborhood Stabilization Program (NSP1) funds. This action offsets the appropriation of funding to align allocations with the Community Development Block Grant Annual Action Plan as scheduled to be amended by the City Council at their meeting on January 31, 2023.	Housing Department			\$584,220
Housing Program Development and Monitoring This action decreases the Housing Program Development and Monitoring appropriation by \$6,463, from \$1.8 million to \$1.8 million, to align current year allocations within the Community Development Block Grant (CDBG) Fund with the CDBG Annual Action Plan. This action partially offsets an increase to the Neighborhood Infrastructure Improvements appropriation recommended elsewhere in this report.	Housing Department		(\$6,463)	

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Community Development Block Grant Fund (441)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Neighborhood Infrastructure Improvements	Housing Department		\$1,502,718	

This action increases the Neighborhood Infrastructure Improvements appropriation by \$1.5 million, from \$670,000 to \$2.2 million, to align current year allocations within the Community Development Block Grant (CDBG) Fund more closely with the CDBG Annual Action Plan. This action is offset by an increase to Beginning Fund Balance; an increase to the estimate for Transfers and Reimbursements; a decrease to the Code Enforcement Operations appropriation to the Planning, Building, and Code Enforcement Department; and the elimination of the Soft Story Seismic appropriation recommended elsewhere in this report.

Contractual Community Services	Housing Department		\$67,248	
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This action increases the Contractual Community Services appropriation by \$67,248, from \$873,460 to \$940,708, to align current year allocations within the Community Development Block Grant (CDBG) Fund more closely with the CDBG Annual Action Plan. This action is offset by an increase to Beginning Fund Balance recommended elsewhere in this report.

Community Development Block Grant Fund (441)		0.00	\$782,489	\$782,489
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**Special Funds Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

Convention and Cultural Affairs Fund (536)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to the Convention and Cultural Affairs Capital Fund	City Manager - Office of Economic Development and Cultural Affairs		\$100,000	
<p>This action establishes a transfer to the Convention and Cultural Affairs Capital Fund in the amount of \$100,000 to supplement funding in the Rehabilitation / Repair - Unanticipated appropriation, as emergency repairs at the four theaters managed by Team San Jose have nearly exhausted current funding (\$233,000). This additional funding provides capacity for Team San Jose to address urgent repairs at the facilities in consultation with the City.</p>				
Ending Fund Balance Adjustment	City Manager - Office of Economic Development and Cultural Affairs		(\$100,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
Convention and Cultural Affairs Fund (536)		0.00	\$0	\$0

**Special Funds Recommended Budget Adjustments Summary
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Convention Center Facilities District Revenue Fund (791)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to Convention Center Facilities District Capital Fund	Finance Department		\$100,000	
<p>This action increases the Transfer to the Convention Center Facilities District Capital Fund by \$100,000, from \$1.1 million to \$1.2 million, to supplement funding in the Convention Center Rehabilitation/Repair - Unanticipated appropriation, as emergency repairs at the convention facilities managed by Team San Jose have exhausted current funding (\$150,000). This additional funding provides capacity for Team San Jose to address urgent repairs at the facilities in consultation with the City.</p>				
Ending Fund Balance Adjustment	Finance Department		(\$100,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
Convention Center Facilities District Revenue Fund (791)		0.00	\$0	\$0

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Emergency Reserve Fund (406)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Revenue from Federal Government	Finance Department			(\$10,490,000)
<p>This action decreases estimated Revenue from Federal Government by \$10.5 million, from \$40.7 million to \$30.2 million, to realign budgeted revenue with current estimated reimbursements from the Federal Emergency Management Agency for expenditures incurred since the inception of the City's response to the COVID-19 pandemic, beginning in 2019-2020 and continuing through 2022-2023. The potential for non-reimbursable costs was previously anticipated, with funding set aside in the General Fund in the FEMA Non-Reimbursable Expenses Reserve (\$5.0 million) pending a thorough City review of documentation of eligible costs and subsequent application to FEMA for reimbursement. A corresponding \$3.0 million reduction to the FEMA Non-Reimbursable Expenses Reserve and transfer into the Emergency Reserve Fund partially offset this reduction to estimated reimbursements to the Emergency Reserve Fund.</p>				
2022-2023 Storm Response and Recovery/Transfers and Reimbursements	Finance Department		\$5,000,000	\$5,000,000

This action establishes a Transfer from the General Fund in the amount of \$5.0 million for the 2022-2023 Storm Response and Recovery. The atmospheric river weather events at the end of December 2022 and early January 2023 necessitated continuous emergency response, and an evacuation order was issued to unhoused persons living within or otherwise located along the banks of San José creeks and waterways. While the preparations and actions by the City's Emergency Operations Center were critical to help ensure the safety of the unhoused persons and other vulnerable community members, and worked to mitigate the impacts of the atmospheric river, the storms' magnitude caused significant damage and impacts. The City's preliminary cost estimate for debris removal, emergency measures – such as standing up 24-hour emergency evacuation centers and warming centers – repairs to infrastructure such as parks and recreation facilities (with significant damages at Alum Rock Park), roads and bridges, public buildings and equipment exceeds \$40 million. Making this \$5.0 million available now ensures the City has access to sufficient funding for the most urgent repairs and recovery efforts. The Administration anticipates returning to the City Council in the coming weeks to access the City's Commercial Paper Program to help provide funding for the extensive repair costs in advance of potential reimbursements from the Federal Emergency Management Agency (FEMA) and contemplated insurance claims proceeds.

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Emergency Reserve Fund (406)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfers and Reimbursements (COVID-19 FEMA Non-Reimbursable Expenses)	Finance Department			\$3,000,000

This action recognizes a transfer to the Emergency Reserve Fund from the General Fund in the amount of \$3.0 million to align available funding with estimated reimbursements from the Federal Emergency Management Agency for expenditures incurred since the inception of the City's response to the COVID-19 pandemic, beginning in 2019-2020 and continuing through 2022-2023. The potential for non-reimbursable costs was previously anticipated, with funding set aside in the General Fund in the FEMA Non-Reimbursable Expenses Reserve (\$5.0 million) pending a thorough City review of documentation of eligible costs and subsequent application to FEMA for reimbursement. A corresponding \$3.0 million reduction to the FEMA Non-Reimbursable Expenses Reserve support this transfer. Additional adjustments are recommended in the Emergency Reserve Fund elsewhere in this report to align estimated Revenue from Federal Government.

Ending Fund Balance Adjustment	Finance Department		(\$7,490,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended elsewhere in this report.

Emergency Reserve Fund (406)		0.00	(\$2,490,000)	(\$2,490,000)
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**Special Funds Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

General Purpose Parking Fund (533)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Overage)	Information Technology Department		\$1,000	
This action increases the Information Technology Department's Personal Services appropriation by \$1,000 to reflect higher than anticipated salary and benefits costs. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
Ending Fund Balance Adjustment	Transportation Department		(\$1,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
General Purpose Parking Fund (533)		0.00	\$0	\$0

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Gift Trust Fund (139)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Library-General Gifts/Other Revenue	Library Department		\$16,835	\$16,835
<p>This action increases the Library-General Gifts appropriation by \$16,835, from \$566,757 to \$583,592, and a corresponding increase to the estimate for Other Revenue to recognize a variety of small value gifts received by the Library Department between September and December of 2022. These gifts represent limited-scope funding to provide programming and support at Library facilities.</p>				
KidPort	Airport Department		(\$4)	
<p>This action decreases the KidPort allocation to the Airport Department by \$4. This funding reflects residual interest earnings on gifts received to support the buildout of the airport's KidPort project, a play area designed for children. The project has been completed and all KidPort gifts received were used to complete the project. The interest earnings will instead be shifted to the Airport Military Lounge allocation. This action is offset by a corresponding increase to the Airport Military Lounge appropriation.</p>				
Airport Military Lounge	Airport Department		\$4	
<p>This action increases the Airport Military Lounge allocation to the Airport Department by \$4, from \$605 to \$609. This funding reflects residual interest earnings on gifts received to support the buildout of the airport's KidPort project, a play area designed for children. The project has been completed and all KidPort gifts received were used to complete the project. This allocation reflects interest earnings only, which are being shifted to the Airport Military Lounge allocation that provides food and drink to military personnel as they travel through the airport. This action is offset by a corresponding decrease to the KidPort appropriation.</p>				
Gift Trust Fund (139)		0.00	\$16,835	\$16,835

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Integrated Waste Management Fund (423)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Workers' Compensation Claims	Environmental Services Department		\$50,000	
This action increases the Workers' Compensation Claims appropriation by \$50,000, from \$125,000 to \$175,000, as a result of higher than anticipated claims.				
Banking Services	Finance Department		\$55,000	
This action increases the Banking Fees appropriation by \$55,000, from \$95,000 to 150,000, due to the higher than anticipated volume of service fees. These fees are based on the number of transactions processed by the City in-person or via the online payment system for utility services. Activity is expected to remain at this level and the ongoing cost increase will be included in the 2023-2024 Base Budget. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
Ending Fund Balance Adjustment	Environmental Services Department		(\$105,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				

Integrated Waste Management Fund (423)

0.00	\$0	\$0
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Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Library Parcel Tax Fund (418)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Vacancy Savings)	Library Department		(\$27,000)	
<p>This action decreases the Library Department's Personal Services appropriation by \$27,000 to recognize vacancy savings. This action offsets an increase to the Library Department's Non-Personal/Equipment appropriation to support contractual security services. The 2022-2023 Adopted Operating Budget included the addition of two positions for security and public safety at branch library facilities. Because of delays in hiring for those new positions, contractual security services were used to provide for security and public safety until the new positions are filled.</p>				
Non-Personal/Equipment (Contract Security Services)	Library Department		\$27,000	
<p>This action increases the Library Department's Non-Personal/Equipment appropriation by \$27,000 to provide funding for contractual security services. The 2022-2023 Adopted Operating Budget included the addition of two positions for security and public safety at branch library facilities. Because of delays in hiring for those new positions, vacancy savings will be recognized and are recommended to be reallocated to fund contractual security services temporarily until the new positions are filled.</p>				
Non-Personal/Equipment (Contract Security Funding)	Library Department		\$56,000	
<p>This action increases the Non-Personal/Equipment appropriation to the Library Department in the amount of \$56,000, from \$2.2 million to \$2.2 million. This funding will be used to pay invoices for contractual security services provided in 2021-2022. Due to conversation with the security services vendor, payment of 2021-2022 invoices was delayed while the invoice amounts were finalized. Now that the finalization process is complete and a full amount required to fulfill the invoices has been established at \$56,000, these payments may now be made.</p>				
Ending Fund Balance Adjustment	Library Department		(\$56,000)	
<p>This action decreases Ending Fund Balance to offset actions recommended in this report.</p>				
Library Parcel Tax Fund (418)		0.00	\$0	\$0

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property	Housing Department		\$100,000	\$100,000
<p>This action increases the Recovery Act - Neighborhood Stabilization Program 2 appropriation and the estimate for Revenue from the Use of Money/Property by \$100,000, from \$150,000 to \$250,000, to recognize and appropriate additional Neighborhood Stabilization Program 2 (NSP2) loan repayment revenue. These loan repayment revenues will be returned to Housing Trust Silicon Valley, the primary agency which administers NSP2 funds on behalf of the federal Department of Housing and Urban Development, to provide financing mechanisms in the form of down-payment assistance and closing cost assistance to low-income households for purchase of homes.</p>				
HOPWA GRANTS/Revenue from Federal Government	Housing Department		\$13,591	\$13,591
<p>This action increases the HOPWA GRANTS appropriation and the corresponding estimate for Revenue from Federal Government by \$13,591, from \$49,580 to \$63,171, to recognize additional funding from the Department of Housing and Urban Development. This funding will support the administration of grant agreements under the Housing Opportunities for People with AIDS (HOPWA) program, and is consistent with the Fiscal Year 2022-2023 Annual Action Plan as approved by City Council on August 9, 2022.</p>				
Transfer to the Community Development Block Grant Fund (Neighborhood Stabilization Program 1)	Housing Department		\$584,220	
<p>This action establishes the Transfer to the Community Development Block Grant Fund in the amount of \$584,220 to transfer a portion of the balance of Neighborhood Stabilization Program 1 (NSP1) funding available within the Multi-Source Housing Fund from loan repayment revenues received between 2013 and 2022. This program is ending and any remaining funding from this program is being recommended to be transferred to the Community Development Block Grant Fund to be spent according to the approved Annual Action Plan. This action is offset by a decrease to Ending Fund Balance recommended in this report.</p>				
Ending Fund Balance Adjustment	Housing Department		(\$584,220)	
<p>This action decreases Ending Fund Balance to offset actions recommended in this report.</p>				
Multi-Source Housing Fund (448)		0.00	\$113,591	\$113,591

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Municipal Golf Course Fund (518)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
San José Financing Authority Loan Write Off Reserve	Parks, Recreation and Neighborhood Services Department		\$2,500,000	
<p>This action establishes the San José Financing Authority Loan Write Off Reserve in the amount of \$2.5 million. This new reserve will be used to write off the Rancho del Pueblo Golf Course promissory note between the City of San José Financing Authority (CSJFA) and the City of San José. On May 6, 1997, the City agreed to provide a loan of up to \$3.0 million for the Golf Course project. A total of \$500,000 was repaid from the July 10, 1997, issuance of the 1997A Lease Revenue bonds, and the remaining loan balance of \$2.5 million was to be repaid from surplus revenues from the operation of the Golf Course as set forth in the Report to the City Council dated May 1, 1997. On October 13, 1998, City Council authorized an additional \$800,000 to complete the project which increased the total loan amount to \$3.3 million. In June 2007, the Golf Course bonds were refunded, and the lease agreement was terminated. The termination of the lease agreement caused the promissory note to no longer be payable by the CSJFA. Between the loan origination on June 17, 1997, and termination of the lease agreement on June 28, 2007, the CSJFA sent back approximately \$3,000 to the General Fund which brought the remaining balance to \$3,297,037. With the recent refunding of all debt related to City golf courses in August 2020, the expired loan needs to be written off. This reserve is established with the expectation that additional funding, due to increased golf course revenues and estimated expenditure savings, will be added by year-end to complete the write off.</p>				
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services Department		(\$2,500,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
Municipal Golf Course Fund (518)		0.00	\$0	\$0

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Public Works Program Support Fund (150)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Replacement Material Testing Lab Ovens)	Public Works Department		\$85,000	

This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$85,000 to fund the replacement of two aging and failing industrial ovens in the Material Testing Laboratory (MTL). The ovens are used to heat aggregates and mix asphalt samples prior to testing to ensure they meet standard specification requirements. The current ovens used by the MTL were purchased 30 years ago and, because the manufacturer discontinued this model, parts are no longer manufactured for repairs nor does the manufacturer offer maintenance services. Due to the difficulties to calibrate the ovens, to meet the necessary precisions, it is recommended they be replaced to avoid testing delays that could impact project schedules. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Non-Personal/Equipment (Replacement Survey Total Station)	Public Works Department		\$55,000	
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This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$55,000 to fund the replacement of a Survey Total Station that was stolen from the Department. The equipment is used to determine geographic and topographic information by connecting to satellites with GPS. The station is a vital piece of equipment for Public Works' Engineering Services Division, Survey Section teams to provide accurate measurements for the evaluation of the layout of structures and other facilities. It is recommended the Survey Total Station be replaced to avoid further delay in completing assignments and scheduling conflicts amongst the three Public Works Survey teams. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Public Works Program Support Fund (150)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (CPMS Carahsoft Software Implementation)	Public Works Department		\$125,000	

This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$125,000, to fund and complete an upgrade for the Capital Project Management System (CPMS) to a more intuitive, user-friendly, and comprehensive project management portal which is referred to as "CPMS-NextGen." The upgraded system consists of 3 modules – costs, project life cycle, and file management – each of which includes two to four sub-modules. Features include detailed reports using data from systems such as Financial Management System (FMS) and Oracle PeopleSoft, real-time dashboards, and a cost estimating module known as Resource Planning and Management (RPM) to project staffing needs, manage resource allocation, and to track project performances by comparing updated expenditures to the budget. The system is currently in the implementation phase which is projected to last through the end of the calendar year, and CPMS-NextGen is expected to go live in June 2024. The funding will be used to cover the software costs and complete the upgrade due to cost escalations and will ensure that the project stays on schedule. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Public Works Department		(\$265,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Public Works Program Support Fund (150)		0.00	\$0	\$0
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**Special Funds Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

Rental Stabilization Program Fee Fund (450)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Contractual Staffing)	Housing Department		\$150,000	
<p>This action increases the Housing Department's Non-Personal/Equipment appropriation \$150,000 to fund contractual staffing services. The Rental Stabilization Program has experienced staffing vacancies in its administration team with attendant operational impacts. These contractual services will ensure that the administration of the program continues without significant impacts. A corresponding decrease to the Housing Department's Personal Services appropriation is recommended elsewhere in this report to offset this action.</p>				
Personal Services (Vacancy Savings)	Housing Department		(\$150,000)	
<p>This action decreases the Housing Department's Personal Services appropriation by \$150,000 to recognize vacancy savings associated with two administrative positions supporting the Rental Stabilization Program. A corresponding increase to the Housing Department's Non-Personal/Equipment appropriation is recommended elsewhere in this report to offset this action.</p>				
Rental Stabilization Program Fee Fund (450)		0.00	\$0	\$0

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

San José Clean Energy Operating Fund (501)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Disadvantaged Communities - Green Tariff Program/Revenue from State of California	Community Energy Department		\$774,174	\$774,174

This action increases the Disadvantaged Communities – Green Tariff appropriation and corresponding estimate for Revenue from State of California by \$774,174, from \$939,000 to \$1.7 million, and represents the program installment for 2023. The Disadvantaged Communities – Green Tariff program provides residential customers living in disadvantaged communities (DAC) a 20% discount on their electricity bills. Customers receive 100% solar electricity. The program is available to SJCE residential customers who live in DAC and are enrolled in the California Alternate Rates for Energy program (CARE) or the Family Electric Rates Assistance program (FERA). A total of 842 customers were enrolled in the program at the end of 2022.

Non-Personal/Equipment (CALeVIP Program)	Community Energy Department		\$3,000,000	
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This action increases the Community Energy Department's Non-Personal/Equipment budget by \$3.0 million to fund the third year of a three-year California Electric Vehicle Infrastructure Project (CALeVIP) program offered by San José Clean Energy (SJCE). CALeVIP is a California Energy Commission (CEC) electric vehicle charging infrastructure incentive program that partners with local government entities, utilities, or Community Choice Aggregators to provide for the installation of electric vehicle charging infrastructure. The Center for Sustainable Energy manages the program for SJCE; SJCE contributes a total of \$4.0 million over the three-year term as a condition for the CEC to disburse its \$10.0 million share for a total combined allocation of \$14.0 million over the course of the three-year program. To date, 100 EV charges have been installed as part of this program. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Cost of Energy	Community Energy Department		\$71,700,000	
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This action increases the Cost of Energy appropriation by \$71.7 million, from \$293.3 million to \$365.0 million. Market energy prices remain high, primarily the result of pipeline constraints, low gas storage, and intermittent periods of downtime at energy plants for required maintenance. Additionally, load demand for energy has increased in response to weather events like the summer heat wave. As a result, the allocation to purchase energy will increase by \$71.7 million to ensure sufficient funding to meet load demand through the end of 2022-2023. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

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			\$94,000,000

This action increases the estimate for Fees, Rates, and Charges by \$94.0 million, from \$411.9 million to \$505.9 million because energy sales are projected to exceed the budgeted estimate in 2022-2023. City Council approved SJCE rate packages for 2022 and 2023. In 2022, rates were set at 8% above PG&E's rates inclusive of the Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge, based on a PG&E rate increase of 33%. These higher rates combined with lower PCIA created a very favorable financial position for SJCE. In 2023, rates are estimated to be slightly lower than PG&E (1-3%) and are expected to continue SJCE's strong financial position. This action offsets the increase in Cost of Energy and allows for additional capacity to repay \$20 million of outstanding Commercial Paper debt recommended in this report.

Ending Fund Balance Adjustment	Community Energy Department		(\$700,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Debt Service - Principal - CP	Community Energy Department		\$20,000,000	
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This action establishes the Debt Service – Principal – CP appropriation in the amount of \$20.0 million to repay a portion of San José Clean Energy (SJCE) Commercial Paper (CP) debt. In 2021, City Council approved a total CP authorization for SJCE of up to \$95.0 million, of which a total of \$60.0 million was drawn to cover SJCE's projected cash flow shortage. SJCE's financial position has improved significantly since 2021. This action repays \$20.0 million in 2022-2023 and the balance of \$40.0 million is anticipated to be repaid in 2023-2024. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

San José Clean Energy Operating Fund (501)		0.00	\$94,774,174	\$94,774,174
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Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Sewer Service And Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Sanitary Sewer Maintenance Vehicles)	Transportation Department		\$500,000	

This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$500,000 to fund the replacement of a video van and increased costs to replace vehicles already scheduled for replacement. The department owns two video vans that are used for sanitary sewer repairs. One van is scheduled to be replaced because it has reached the end of its useful life and is currently funded. The other van caught fire while parked due to a wiring system short and is not repairable and must be replaced (\$450,000). The department needs two video vans to identify where sewer repairs are needed for routine maintenance and in preparation for paving; inspecting and making repairs prior to paving protects the City's pavement investment and maximize the useful life of new pavement. Additionally, vehicles that have already been ordered have increased in price due to supply chain issues, and this funding (\$50,000) will cover the portion of the cost increases that cannot be absorbed in the existing budget for vehicle replacements. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Ending Fund Balance Adjustment	Environmental Services Department		(\$500,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Sewer Service And Use Charge Fund (541)		0.00	\$0	\$0
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**Special Funds Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

Storm Sewer Operating Fund (446)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Yard Trimming Collection/Processing	Environmental Services Department		\$100,000	
<p>This action increases funding in the Yard Trimmings Collection/Processing appropriation in the amount of \$100,000, from \$2.8 million to \$2.9 million, for street sweeping services. The base budget for street sweeping services was not increased when the contractual obligation changed last year. This action is offset by a recommended decrease to the Ending Fund Balance found elsewhere in this report.</p>				
Ending Fund Balance Adjustment	Environmental Services Department		(\$100,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
Storm Sewer Operating Fund (446)		0.00	\$0	\$0

**Special Funds Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

Supplemental Law Enforcement Services Fund (414)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SLES Grant 2017-2019	Police Department		\$21,001	
<p>This action increases the Supplemental Law Enforcement Services (SLES) Grant 2017-2019 appropriation to the Police Department by \$21,001 to appropriate funds from the liquidation of a prior year encumbrance. These funds are used for hardware, software, and technology upgrades; Police Officer safety equipment; and enhancements to investigative abilities, crime prevention, and community policing. This action ensures that the remaining funding from the grant award will be spent by the end of the extended grant term, June 30, 2023.</p>				
Ending Fund Balance Adjustment	Police Department		(\$21,001)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
Supplemental Law Enforcement Services Fund (414)		0.00	\$0	\$0

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Vehicle Maintenance And Operations Fund (552)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Electric Vehicle Charging Hubs for City Vehicles)	Public Works Department		\$60,000	
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This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$60,000 to fund the electricity costs of four electric vehicle charging stations for City Vehicles located at Happy Hollow Park and Zoo, Police Department Parking Lot E, South Corporation Yard, and Mabury Corporation Yard. On December 15, 2020, the City Council approved an electrification project which allowed the City of San José to collaborate with the Pacific Gas and Electric Company in their Electric Vehicle Charge Network Program. The easement deed agreement allowed for the Pacific Gas and Electric Company to place electric vehicle charging station infrastructure at four City-owned properties. Funding for the charging costs of the City's Fleet at these locations was never included in the annual budget process but as the City has expanded its electric vehicle fleet, the usage of these locations has increased. This funding will support the electricity costs for the use of the electric vehicle charging stations by City vehicles. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Fuel Usage Reserve	Public Works Department		(\$350,000)	
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This action eliminates the Fuel Usage Reserve of \$350,000 to partially offset the action to increase Inventory Purchases, due to higher fuel costs, as recommended in this report.

Inventory Purchases	Public Works Department		\$1,250,000	
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This action increases the Inventory Purchases appropriation by \$1.3 million, from \$8.9 million to \$10.2 million, to address a higher than anticipated fuel costs compared to what was assumed in the development of the 2022-2023 Adopted Budget. Due to market volatility, a Fuel Usage Reserve was previously established to address potential overruns in the purchase of fuel; however, the current estimated overrun requires resources beyond the reserve. Ending Fund Balance will also help address the cost overrun issue. Corresponding actions to decrease the Fuel Usage Reserve (\$350,000) and Ending Fund Balance (\$900,000) are recommended elsewhere in this report to offset this action.

Ending Fund Balance Adjustment	Public Works Department		(\$960,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Vehicle Maintenance And Operations Fund (552)		0.00	\$0	\$0
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Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Water Utility Fund (515)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Environmental Services Department		(\$93,900)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
Banking Services	Finance Department		\$70,000	
This action increases the Banking Fees appropriation by \$70,000, from \$170,000 to \$240,000, due to the higher than anticipated volume of service fees. These fees are based on the number of transactions processed by the City in-person or via the online payment system for utility services. Activity is expected to remain at this level and the ongoing cost increase will be included in the 2023-2024 Base Budget. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
Personal Services (Overage)	Information Technology Department		\$23,900	
This action increases the Information Technology Department's Personal Services appropriation by \$23,900 to reflect higher than anticipated salary and benefits costs. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
		0.00	\$0	\$0
Water Utility Fund (515)				

Special Funds Recommended Budget Adjustments Summary 2022-2023 Mid-Year Budget Review

Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Cities for Financial Empowerment/Other Revenue	City Manager - Office of Economic Development and Cultural Affairs		\$7,500	\$7,500
<p>This action increases the Cities for Financial Empowerment appropriation by \$7,500, from \$30,000 to \$37,500, and recognizes equivalent grant funding from Cities for Financial Empowerment to align budgeted funds with actual allocations. These grant funds enable the City to continue to expand the San Jose Works summer youth employment and training program, focusing on strategies for deepening financial education and best practices.</p>				
Workforce Development Fund (290)		0.00	\$7,500	\$7,500

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