



2022-2023 MID YEAR BUDGET REVIEW



Artist: Larry Kirkland, Photographer: Craig Collins

Prepared by the Office of the City Manager
January 2023

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Memorandum

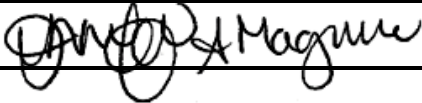
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim Shannon

SUBJECT: 2022-2023 MID-YEAR
BUDGET REVIEW REPORT

DATE: January 31, 2023

Approved



Date 1/31/23

RECOMMENDATIONS

- a) Approve the 2022-2023 Mid-Year Budget Review Report.
- b) Adopt related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2022-2023 Mid-Year Budget Review Report.

OUTCOME

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2022-2023 Modified Budget based on actual performance during the first six months of 2022-2023. Based on this analysis, budget revisions are recommended to: address one urgent fiscal/program need to strengthen the City's recruitment efforts given the challenging labor market; implement required technical/rebalancing actions to align existing revenue estimates and expenditure budgets with the most current tracking information; implement City Council direction, or reallocate funding among appropriations based on updated needs; implement a number of technical and net-zero adjustments between revenue categories and expenditure appropriations; account for new or adjusted grants, reimbursements, or fees; and fund a limited number of new and urgent projects in Special and Capital funds.

EXECUTIVE SUMMARY

The 2022-2023 Adopted Operating and Capital Budgets for the City of San José totaled \$6.0 billion. With this funding, the City continues delivering a wide range of services to the City's residents and businesses. Based on a forecast that included – for the first time in many years – increasing revenues and decreasing retirement contributions, additional focus was placed on the highest needs of our community and the City worked to identify sustainable ongoing funding for important programs and services previously funded on a one-time basis.

The Administration is closely monitoring the City's budget ensuring that current year revenues and expenditures are meeting expectations, which is necessary to maintain budget stability and avoid service disruptions in any given year. Through the first six months of 2022-2023, economic conditions and revenue collections are performing generally at or above expectations and overall expenditures are tracking at or below authorized levels.

Mid-Year Budget Review Highlights

General Fund

- Based on current collection trends and information, General Fund revenues are anticipated to end the year approximately \$30 million, or 2%, above budgeted levels. Overall, General Fund expenditures are tracking slightly below authorized levels and are expected to generate savings of at least \$15 million (1%). The City's budget development process always assumes that a combination of excess revenues and expenditure savings in the current year, and the liquidation of prior year carryover encumbrances, will serve as an ongoing funding source for the following year. Actions included in this report establish the 2022-2023 Ending Fund Balance Reserve at \$9.4 million, approximately 30% of the preliminarily projected \$30 million, that will be used as a funding source in the 2024-2028 Five-Year General Fund Forecast and 2023-2024 Proposed Operating Budget. The remaining balance will be available and placed in a reserve by year-end.
- At this time, a number of Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
 - **Urgent Fiscal/Program Needs:** Several net-zero actions are recommended to leverage departmental vacancy savings to advance organization-wide recruitment efforts: increasing the Human Resources Department Personal Services appropriation by \$375,000 to temporarily increase recruitment staffing levels within the Human Resources Department and provide management capacity to consolidate and assist recruitment efforts within the Parks, Recreation and Neighborhood Services, Planning, Building and Code Enforcement, and Housing Departments, and then set aside an additional \$1.125 million in a reserve to continue to these efforts through 2023-2024. These actions are offset by reductions to corresponding departmental personal services appropriations due to position vacancy savings.
 - **Required Technical/Rebalancing Actions:** Downward net revenue adjustments of \$61.7 million and offsetting downward net expenditure adjustments of \$61.7 million are recommended to align with the most current tracking information, implement prior City Council direction, or reallocate funding among appropriations based on updated needs. Notable revenue-related actions include recognizing projected additional receipts from: Property Tax (\$10.0 million), Utility Tax (\$7.0 million), Revenue from Use of Money/Property (\$4.5 million), and Transfers and Reimbursements (net increase of \$263,000) to recognize higher transfers of \$752,000 related to interest earnings in various Special and Capital Funds and a lower transfer of \$489,000 from the Parks Capital

Construction & Conveyance Tax Funds due to anticipated lower revenue performance. A series of adjustments are recommended for Tax Revenue Anticipation Notes (TRANs) used to assist with the pre-payment of Tier 1 retirement costs. Actions are included to both reduce TRANs revenue and principal debt service by \$85.0 million to align with the TRANs revenue received. However, elevated interest rates require increasing the debt service for interest by \$6.0 million. The increased interest cost in the General Fund is offset by a transfer of \$1.5 million from various Special and Capital Funds into the General Fund, along with the recognition of \$4.5 million of additional interest earnings. The balance of remaining actions are primarily allocated toward: establishment of the 2022-2023 Ending Fund Balance Reserve (\$9.4 million); a Transfer to the Emergency Reserve Fund to support 2022-2023 Storm Response and Recovery (\$5.0 million); increases to the Public Works Department Non-Personal/Equipment appropriation (\$700,000) to support janitorial services for Animal Care and Services and Sunday services at branch libraries; matching funds for the Hazard Mitigation Grant Program (\$481,000); and additional funding in response to Workers' Compensation State License (\$446,000) rate increases effective for 2022-2023. In addition, net-zero adjustments are recommended to support Storm Evacuee Transition Facilities (\$2.0 million) offset by a reduction to Measure E – 15% Homeless Support Programs Reserve, and to transfer a portion of the FEMA Non-Reimbursable Expenses Reserve (\$3.0 million) to the Emergency Reserve Fund to cover an anticipated gap in funding (\$3.0 million) based on recent applications for reimbursement to FEMA.

- **Grants/Reimbursements/Fees:** Several net-zero actions are recommended to recognize new or supplemental grant funding, reimbursements for activities undertaken by the City, and adjustments to estimated revenues from fee-supported activities. Recommended actions provide for \$2.0 million of revenue-supported spending and include adjustments for: Sidewalk Repairs coordinated by the Department of Transportation (\$543,000); Regional Early Action Planning – Housing and Community Development Grant (\$299,000); San José Public Library Foundation grants (\$251,500); State Homeland Security Grant Program – Police 2022; Law Enforcement Mental Health and Wellness Act Project grant (\$156,000); and, increased support for San José BEST and Safe Summer Initiative Programs (\$103,000).

- **Clean-Up Actions:** A variety of net-zero adjustments are recommended to reallocate funds among existing appropriations, adjust previously rebudgeted funding for final 2021-2022 activity, and to shift funding among departments to reflect service delivery responsibility. These actions primarily include: the allocation of \$15.5 million of salary and benefits program adjustments to respective departmental appropriations from the Salaries and Benefits Reserve; the reallocation of funding between respective Measure E reserves to align allocations with policy changes determined as retroactive for the 2021-2022 fiscal year; and, the reallocation of budgeted funds for Mayor and City Council Office appropriations (January – June) for those assuming office in January.

Special/Capital Funds

- Overall, the City's Special and Capital funds are generally performing within expected levels through December, with some notable exceptions. Budget adjustments are recommended in several funds to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the highlights and major recommended adjustments are described below.
 - Through December, the Airport has enplaned and deplaned 6.3 million passengers, an increase of 31.9% compared to the same period last fiscal year (4.8 million passengers). Passenger airline operations (takeoffs and landings) are also up at 25.9% above last year. Total passengers in calendar year 2022 of 11.3 million were up 54.0% from passengers served in calendar year 2021, but still 27.6% below the peak of 15.7 million passengers in calendar year 2019. Last year in response to the pandemic's impact, the Airport worked with concessionaires, airlines, and other tenants to help mitigate the negative economic condition by providing financial relief; the agreements were approved by City Council through December 31, 2023. The Airport has available federal American Rescue Plan Act (ARPA) funding of \$28.9 million that is intended to partially offset decreased revenue in 2022-2023 in comparison to pre-pandemic levels. If fully collected, Airport will have \$20.0 million remaining of ARPA available to use if needed before 2025.
 - The status of the San José Clean Energy (SJCE) Fund continues to improve. While market energy prices remain high – resulting from pipeline restraints, low gas storage, and energy plant downtime for required maintenance – and load demand has increased, the City Council-approved rate package allows for increased revenues to offset increased costs while still building reserve levels. As a result, actions are included to repay \$20 million of the outstanding \$60 million of Commercial Paper debt in 2022-2023, with the remaining \$40 million expected to be repaid in 2023-2024. Rates for 2023 rates are estimated to be slightly lower than Pacific Gas & Electric (PG&E) rates (1-3%) and SJCE operating reserves are expected to reach 180 days by the end of 2023.
 - The Building and Structure Construction Tax and the Construction Excise Tax revenues, the two largest construction-related revenues, are tracking to end the year above and below, respectively, their Adopted Budget estimates, reflecting higher than anticipated development permit activity for commercial and industrial land use categories, and lower activity levels for residential permits. Based on collections through December, tax receipts from the Building and Structure Construction Tax are expected to end the year approximately \$1.0 million above the budgeted estimate of \$19.0 million (5%; \$19.0 million to \$20.0 million) and Construction Excise Tax receipts are expected to end the year approximately \$2.0 million below the budgeted estimate of \$16.0 million (11%; from \$16.0 million to \$14.0 million).
 - Construction and Conveyance (C&C) Tax receipts are the largest source of revenue for the C&C Tax Funds. Through December 2022, C&C Tax collections totaled \$18.9 million, which represents approximately 38% of the 2022-2023 Adopted Budget estimate of \$50.0 million. The 2022-2023 Adopted Budget assumed tax revenue would drop 22% in

2022-2023 compared to 2021-2022 collections due to the tightening of the local real estate market, which is the primary driver of this revenue source. However, based on collections through the first half of the fiscal year, C&C Tax revenue is now anticipated to fall short of the budgeted revenue estimate by \$5.0 million. Therefore, a recommendation to decrease the 2022-2023 C&C Tax estimate from \$50.0 million to \$45.0 million is included in this report, which represents a 30% drop from 2021-2022 collections.

Looking forward, the Administration is scheduled to release the 2024-2028 General Fund Five-Year Forecast on February 28, 2023, and the 2023-2024 Proposed Capital and Operating Budgets on April 26, 2023 and May 1, 2023 respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

BACKGROUND

The annual Adopted Budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2022-2023 Operating and Capital Budgets as modified through December 2022.

The Mid-Year Budget Review Report includes the following sections:

- **Transmittal Memorandum** – An overall summary of the contents of the Mid-Year Budget Review Report.
- **Section I: General Fund Status Report** – A review of the General Fund revenues and expenditures through Mid-Year.
- **Section II: Selected Special/Capital Funds Status Report** – A review of selected special and capital funds that have revenue and/or expenditure variances from the Modified Budget or other issues of interest.
- **Section III: Recommended Budget Adjustments and Clean-up/Rebudget Actions** – The Recommended Budget Adjustments detail the proposed budget augmentations/reductions in the General Fund and Special/Capital funds. The Clean-up Actions detail the technical appropriation and revenue estimate adjustments for the General Fund and Special/Capital funds.
- **Section IV: Appendix** – This section includes the financial results, prepared by the Finance Department, for all budgeted fund groups for the first six months of the year.

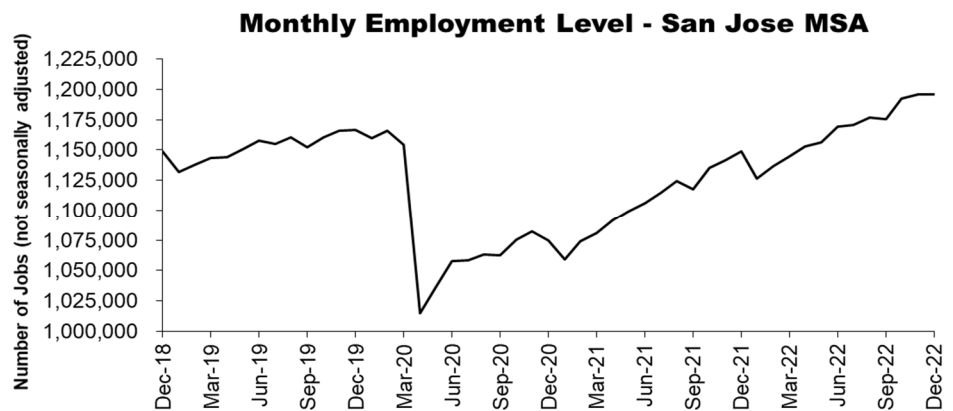
ANALYSIS

The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of recommended General Fund budget adjustments included in the Mid-Year Budget Review Report; and a status report on selected Special and Capital funds.

ECONOMIC ENVIRONMENT

Despite recent well-publicized layoff notices in the technology sector that is a potential indicator of future economic weakening, Silicon Valley continues to show overall positive economic performance through the first half of the fiscal year. Key economic areas remain strong, including robust employment figures, rebounding hotel occupancy rates, and growing sales tax activity levels. However, while many local economic indicators remain positive, the local real estate market has continued to falter.

The December 2022 employment level of 1.20 million in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) grew by 47,100 jobs, or 4.1%, from the December 2021 level of 1.15



million. This increase includes professional and business services adding 12,200 jobs; private educational and health services growing by 9,800 jobs; leisure and hospitality increasing by 8,600 jobs; and the information sector adding 6,800 jobs.¹

Unemployment Rate (Unadjusted)			
	Dec. 2021	Nov. 2022	Dec. 2022**
San José Metropolitan Statistical Area*	2.9%	2.4%	2.1%
State of California	4.8%	4.0%	3.7%
United States	3.7%	3.4%	3.3%

* San Benito and Santa Clara Counties Source: California Employment Development Department.
 ** December 2022 estimates are preliminary and may be updated.

The local unemployment rate for December 2022 was 2.1%, which is slightly lower than the November 2022 rate of 2.4% and is below the prior year unemployment rate of 2.9%. Additionally, the December 2022 San José Metropolitan Statistical Area unemployment rate continues to be lower than the unadjusted unemployment rate for the State (3.7%) and the nation (3.3%).

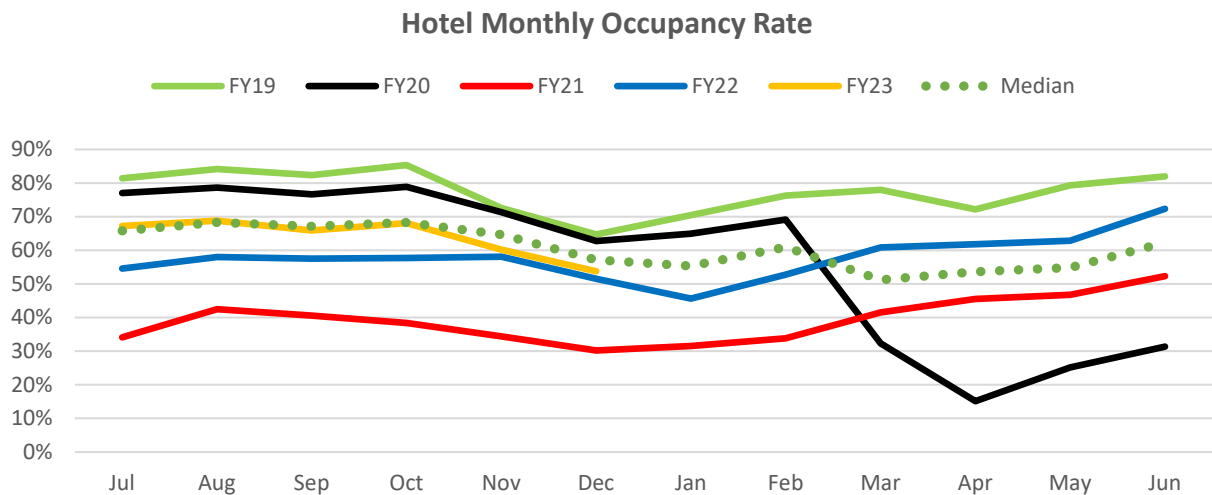
¹ State of California Employment Development: Labor Market Information Division Press Release, January 20, 2023

Overall construction activity through December 2022 increased 22.2% from prior-year levels, primarily due to activity for the commercial and industrial land use categories. The 2022-2023 Adopted Budget was developed with the expectation that development activity would increase slightly from the levels experienced in 2021-2022. If current trends continue, construction activity would moderately outperform the activity projected by the Planning, Building and Code Enforcement Department in the 2023-2027 Five-Year Forecast, which was released in February 2022. The Planning, Building and Code Enforcement Department will update its outlook on future development activity as part of the 2024-2028 Five-Year Forecast scheduled for release at the end of February 2023.

Through December, residential permit valuation has decreased 18.6% from prior-year levels (\$121.4 million in 2022-2023 from \$149.2 million in 2021-2022). Residential activity through December included 461 multi-family units and 216 units of single-family construction for a total of 677 units. Commercial valuation through December 2022 was 54.2% higher than the 2021-2022 level (\$363.6 million in 2022-2023 from \$235.8 million in 2021-2022). New construction accounted for almost 75% of the commercial activity for November and December (\$133.1 million) due to an especially high value of commercial permits in December (\$98.3 million). A notable project for November and December includes a permit issued for the finished interior of a 199,125 square foot office building located on Orchard Parkway.

Industrial construction valuation through December was 13.3% higher than prior-year levels, with receipts totaling \$184.7 million in 2022-2023 and \$163.1 million in 2021-2022. Alterations accounted for almost 50% of all the industrial activity in November and all the activity in December. A notable project for November and December includes a permit issued for a new 225,000 square foot warehouse located on King Road.

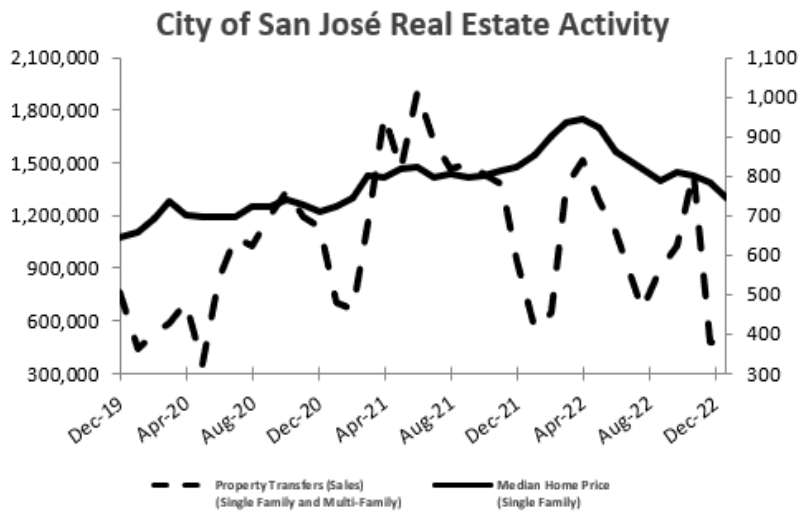
Private Sector Construction Activity (Valuation in \$ Millions)			
	YTD December 2021	YTD December 2022	% Increase
Residential	\$ 149.2	\$ 121.4	(18.6%)
Commercial	\$ 235.8	\$ 363.6	54.2%
Industrial	\$ 163.1	\$ 184.7	13.3%
	\$ 548.1	\$ 669.8	22.2%



Short-term lodging activity, which drives Transient Occupancy Tax and Convention Center Facility District Special Tax revenues, continue to build upon the rebounds experienced in 2021-2022, and following the historic lows experienced in 2020-2021 due to the pandemic’s impacts on the events and hospitality sector. Revenue performance to date is outpacing the forecast used for development of the 2022-2023 Adopted Budget and is approximately 77% higher than collections for the same period in 2021-2022.

Overall room demand and revenue exhibited consistent gains throughout 2021-2022, with typical seasonal contraction over the holidays and winter months. Cumulative average occupancy peaked as of June 2022 at 58%, along with the average room rate of \$132.01. This growth pattern has continued into 2022-2023, with occupancy and room rates peaking at 68.81% and \$160.77 in August 2022 – the second highest monthly performance levels to date since April 2020. Performance has since declined in November and December, following the normal holiday and seasonal pattern, after which rebounds are typically experienced into late winter/early spring (February - March). For the 2022-2023 fiscal year (as of December 2022), cumulative average occupancy was 64.01%, the room rate was \$158.67, and revenue per available room was \$101.57.

According to data from the Santa Clara County Association of Realtors, in December 2022, the median single-family home price totaled \$1.3 million, which is 11.9% lower than the December 2021 price of \$1.5 million. Homes are also staying on the market for longer periods of time before selling: the average days-on-market through December 2022 totaled 25 days, which is significantly above the average of 16 days experienced year-to-date through December 2021. In addition, property sales activity has been declining. Property sales for the first half of the fiscal year dropped almost 32% compared to the prior-year sales. Local real estate activity will continue to be closely monitored with updates being provided in future bi-monthly financial reports.



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On a national level, consumer confidence increased in December after experiencing back-to-back monthly declines. According to Lynn Franco, Senior Director of Economic Indicators at The Conference Board, “Consumer confidence bounced back in December, reversing consecutive declines in October and November to reach its highest level since April 2022. The Present Situation Index (consumers’ assessment of current business and labor market conditions) improved due to consumers’ more favorable view regarding the economy and jobs. Inflation expectations retreated in December to their lowest level since September 2021, with recent declines in gas prices

a major impetus. Vacation intentions improved but plans to purchase homes and big-ticket appliances cooled further.”²

Economic conditions will continue to be closely monitored and factored into the 2024-2028 General Fund Five-Year Forecast, scheduled to be released on February 28, 2023, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 26, 2023 and May 1, 2023, respectively.

GENERAL FUND PERFORMANCE

General Fund revenues through December totaled \$788.7 million, or 45.7% of the budgeted estimate. A comprehensive review of all General Fund revenue accounts has been performed based on activity through the first six months of the year. Based on the available data through December, General Fund revenues have outperformed expectations and are anticipated to end the year approximately \$30 million (variance of approximately 2% when excluding the Beginning Fund Balance) above budgeted levels due to strong growth in several revenue categories. Revenues that are performing significantly above anticipated levels include Property Tax, Utility Tax, Use of Money/Property, Sales Tax, and Transient Occupancy Tax. Partially offsetting these revenue growths is lower than anticipated Business Taxes and Fees, Rates and Charges, which is primarily due to lower than anticipated activity levels for the Cannabis Business Tax and departmental fee revenue, as well as Franchise Fees, which are estimated to be lower in the current year on a one-time basis due to the timing of Electric and Gas Franchise Fee payments from PG&E.

In this document, an overall net decrease of \$59.7 million to General Fund Sources is recommended. This reflects required technical and rebalancing actions (\$61.7 million net decrease) and the recognition of grants, reimbursements, and/or fee related funds (\$2.0 million net increase). Budget adjustments are recommended in this report for several revenue categories to align the budgeted estimate with anticipated receipts. These adjustments include increasing the revenue estimates for Property Tax (\$10.0 million), Utility Taxes (\$7.0 million) and Use of Money/Property (\$4.5 million). Offsetting these increases is a recommendation to reduce the revenue estimate for TRAns proceeds (\$85.0 million).

General Fund expenditures through December totaled \$627.4 million, or 26.9% of the total 2022-2023 Modified Budget. This expenditure level represents a slight increase of \$9.2 million, or 1.5%, from the December 2021 level. General Fund encumbrances through December totaled \$83.2 million, which are \$16.8 million below the December 2021 level, which is primarily due to lower Capital Contribution encumbrances. In total, expenditures and encumbrances through December totaled \$710.6 million, which constitutes 30.4% of the total Modified Budget (including reserves) of \$2.3 billion. When excluding reserves of \$383.6 million, expenditures and encumbrances through December constituted 36.4% of the total Modified Budget. Expenditure adjustments totaling \$59.7 million are recommended in this report to accomplish the following: (1) implement one net-zero urgent fiscal/program need related to employee recruitment efforts; (2) implement required technical/rebalancing adjustments; (3) account for new grants,

² The Conference Board, Consumer Confidence Survey, December 2022

reimbursements, and fees; and (4) complete clean-up actions. These recommended revenue and expenditure adjustments are described in further detail on the following pages.

The revenue and expenditure adjustments are summarized below and described in more detail in Section III, *Recommended Budget Adjustments and Clean-Up Actions* of this report. A more detailed discussion of both the General Fund revenue and expenditure performance is also provided in Section I, *General Fund Status Report*.

RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in a decrease of \$59.7 million to General Fund revenues and expenditures as summarized below.

**2022-2023 MID-YEAR BUDGET REVIEW
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

BUDGET CATEGORY	Source of Funds (\$ in Millions)	Use of Funds (\$ in Millions)
Urgent Fiscal/Program Needs		
Recruitment Centralization Pilot Program	0.000	0.000
Total Urgent Fiscal/Program Needs	\$0.000	\$0.000
Required Technical/Rebalancing Actions		
Property Tax Revenue	10.000	-
Utility Tax Revenue	7.000	-
Revenue from the Use of Money/Property	4.500	-
Transfers and Reimbursements	0.263	-
Other Revenue/Transfers from Other Funds/TRANs Debt Service	(83.501)	(79.000)
2022-2023 Ending Fund Balance Reserve	-	9.400
2022-2023 Storm Response and Recovery (Transfer to the Emergency Reserve Fund)	-	5.000
Pandemic Response Non-Reimbursable Expenses (Transfer to the Emergency Reserve Fund)	-	3.000
FEMA Non-Reimbursable Expenses Reserve		(3.000)
Storm Evacuee Transition Facilities	-	2.000
Measure E - 15% Homelessness Programs Support Reserve		(2.000)
Janitorial Services	-	0.700
Hazard Mitigation Grant Program (Local Match)	-	0.481
Workers' Compensation State License	-	0.446
Veterinary Services	-	0.225
Sanitary Sewer Fees	-	0.202
Library Security Services	-	0.166
Animal Care and Services Truck Replacement (Transfer to Vehicle Maintenance and Operations Fund)	-	0.160
Other Miscellaneous Adjustments	0.016	0.498
Other Net-Zero Adjustments	-	-
Total Required Technical/Rebalancing Actions	(\$61.722)	(\$61.722)
Grants/Reimbursements/Fees		
Various Grants/Reimbursements/Fee Adjustments	\$2.032	\$2.032
Total Grants/Reimbursements/Fees	\$2.032	\$2.032
Clean-Up Actions		
Various Clean-Up Adjustments	0.000	0.000
Total Clean-Up Actions	\$0.000	\$0.000
Total Recommended Adjustments	(\$59.690)	(\$59.690)

Following is a brief description of the General Fund revenue and expenditure adjustments recommended in this report. Additional information on these adjustments is provided in Section III. Recommended Budget Adjustments and Clean-Up Actions, of this report.

URGENT FISCAL/PROGRAM NEEDS

- ***Recruitment Centralization Pilot Program (Net-Zero):*** A series of actions are recommended to leverage departmental vacancy savings to build upon the multi-year effort that began in 2021-2022 to pilot strategies to advance recruitment efforts in the City and reduce the organization's vacancy rate. The Human Resources Department has been developing and implementing strategies in multiple areas in the Employment Division to modernize and streamline the hiring process, prepare for a new employment software platform, and advance efforts toward a more proactive recruiting model. The Recruitment Centralization Pilot Program is recommended as an 18-month pilot and will add six temporary positions (two Program Manager, three Analyst, and one Staff Specialist).

Five positions will centralize the recruiting efforts in the Human Resources Department for three departments with high vacancy rates – all recruitment and hiring functions for Parks, Recreation and Neighborhood Services, Housing, and the Planning, Building and Code Enforcement's Code Enforcement Division will be directed by the Human Resources Department supplemented with one Program Manager and three Analyst positions. This change in approach will add capacity to achieve a goal of an additional 20-25 positions filled every month. The Staff Specialist position will provide administrative support to the team and add capacity for strategic marketing and posting of hard-to-fill positions using LinkedIn, social media, and unique or specialized recruiting venues. The position will also test ways to better support and relieve hiring managers of administrative responsibilities in the recruitment process. The second Program Manager position will focus on the development and implementation of operational process improvements and the deployment of a new employment software application to improve user and hiring manager experience, as well as enhance the capability to track recruitment progress. While the software application was previously funded, an additional staffing resource is necessary for a successful implementation.

Recommended actions include increasing the Human Resources Department Personal Services (\$375,000) appropriation to fund the six temporary positions through June 30, 2023, and setting aside an additional \$1.1 million to continue funding for these positions in 2023-2024. These actions are fully offset by reductions to Personal Services appropriations to the Parks, Recreation and Neighborhood Services Department (\$1.0 million), Planning, Building, and Code Enforcement Department (\$250,000), and Information Technology Department (\$250,000) as a result of vacancy savings. It is important to note that the time spent recruiting for Housing positions will be charged to various Housing Funds, as appropriate.

REQUIRED TECHNICAL/REBALANCING ACTIONS

- ***Property Tax Revenue (\$10.0 million):*** Increases the Property Tax estimate by a net of \$10.0 million, from \$427.0 million to \$437.0 million, to reflect updated information provided by Santa Clara County. Recommendations include increasing the following Property Tax categories: Secured Property Tax (\$5.0 million); SB813 Property Tax (\$3.5 million); Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax (\$1.5 million); and Aircraft Property Tax (\$500,000). Partially offsetting these increases is a decrease to the Unsecured Property Tax (\$500,000).
- ***Utility Tax Revenue (\$7.0 million):*** Increases the Utility Tax estimate by \$7.0 million, from \$107.5 million to \$114.5 million, to reflect higher than anticipated Electricity Utility Tax collections. The 2022-2023 Adopted Budget estimate totaled \$57.0 million for Electricity Utility Tax collections. However, based on receipts through December (\$30.4 million), it is anticipated that 2022-2023 collections will exceed the Adopted Budget estimate by approximately \$7.0 million and end the year at \$64.0 million. The significant 2022-2023 collection level is attributable to higher usage and the timing of Electricity Utility Tax payments received.
- ***Revenue from the Use of Money/Property (\$4.5 million):*** Increases the Use of Money/Property budgeted estimate by \$4.5 million, from \$8.8 million to \$13.3 million, to reflect higher than anticipated interest earnings on the General Fund. The 2022-2023 Adopted Budget estimate totaled \$4.2 million for interest earnings in the General Fund. However, based on receipts through December (\$4.2 million), it is anticipated 2022-2023 collections will exceed the Adopted Budget estimate by approximately \$4.5 million and end the year at \$8.7 million. The significant 2022-2023 collection level is attributable to rising interest rates and a large cash balance in the General Fund. This action offsets the increase to TRANs debt service described below.
- ***Transfers and Reimbursements (\$263,000):*** Increases the estimate for Transfers and Reimbursements by a net of \$263,000, from \$122.8 million to \$123.1 million, to recognize higher transfers related to interest earnings (\$752,000), partially offset by lower transfers from the Parks Capital Construction and Conveyance (C&C) Tax Funds (\$489,000). Interest earnings on various Special and Capital Funds are transferred to the General Fund. Based on activity through December, interest earnings are anticipated to exceed budgeted levels by \$752,000, totaling \$1.9 million by year-end. Partially offsetting the higher transfer related to interest earnings is a negative adjustment to the transfer from the Parks Capital C&C Tax Funds for operating and maintenance costs. Per previous City Council direction, 15% of all the Parks C&C Tax revenue may be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department. As described later in this memorandum, the C&C Tax revenue estimate is recommended to decrease by \$5.0 million, from \$50.0 million to \$45.0 million. As a result of the lower C&C Tax, Parks C&C Tax revenue will drop by \$3.3 million, and the corresponding transfer to the General Fund for operating and maintenance costs will decrease by \$489,000.

- ***Other Revenue/Transfers from Other Funds/TRANs Debt Service (-\$83.5 million revenue; -\$79.0 million expenditure):*** Realigns estimated revenue and expenditures associated with the issuance of TRANs through a series of actions. At its meeting on June 21, 2022, the City Council authorized a TRANs issuance of up to \$360.0 million to assist with the pre-payment of Tier 1 retirement costs. However, based on the Finance Department's final analysis of interest rates and available cash balances, only \$275.0 million was issued on July 1, 2022. Actions are included to both reduce TRANs revenue and principal debt service by \$85.0 million. While the amount of TRANs revenue was lower than the maximum authorized amount, due to a rapidly evolving interest rate environment at the time of issuance, the estimated interest costs associated with the TRANs issuance increased to \$7.5 million, up from the \$5.2 million anticipated in June 2022 and the early estimate set in February 2022 of \$1.5 million included in the 2022-2023 General Fund Base Budget. When the City Council authorized the TRANs in June 2022, the Administration noted that any increased debt service interest cost would be spread to various Special and Capital Funds in proportion to each fund's share of retirement costs included in the 2022-2023 Adopted Budget. Consistent with this approach, the additional debt service interest cost of \$6.0 million is partially offset by a transfer of \$1.5 million from various Special and Capital Funds into the General Fund. The remaining \$4.5 million of additional debt service interest cost attributable to the General Fund is offset by the additional \$4.5 million of interest earnings described earlier in this memorandum.
- ***2022-2023 Ending Fund Balance Reserve (\$9.4 million):*** Establishes the 2022-2023 Ending Fund Balance Reserve in the amount of \$9.4 million, reflecting additional projected Property Tax, Utility Tax, Revenue from the Use of Money/Property, and Transfers and Reimbursements revenues, as well as the balance of the other General Fund adjustments recommended in this report. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as an ongoing funding source for the upcoming fiscal year. The 2023-2027 Five-Year General Fund Forecast issued in February 2022 assumed that approximately \$24 million in fund balance would be available at the end of 2022-2023 for use in 2023-2024. The 2024-2028 Five-Year Forecast that will be issued at the end of February and the 2023-2024 Proposed Operating Budget that will be issued on May 1, 2023 will incorporate fund balance as a funding source. The Administration preliminarily anticipates an ending fund balance estimate for the 2024-2028 Five-Year General Fund Forecast of approximately \$30 million. This action sets aside a portion of the ending fund balance that is expected to be generated in 2022-2023. Subsequent action will be brought forward as part of the year-end clean-up process in June 2023 to set-aside additional revenues, expenditure savings, and the liquidation of carryover encumbrances that are anticipated to be realized by year-end.
- ***2022-2023 Storm Response and Recovery (\$5.0 million):*** Establishes a Transfer to the Emergency Reserve 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.

- ***Pandemic Response Non-Reimbursable Expenses (\$3.0 million)***: Establishes a Transfer to the Emergency Reserve Fund in the amount of \$3.0 million to align available funding with estimated reimbursements from FEMA 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. To offset this action, a corresponding decrease of \$3.0 million to the FEMA Non-Reimbursable Expenses Reserve is also recommended in this report. Additional adjustments are recommended in the Emergency Reserve Fund elsewhere in this report to align estimated Revenue from Federal Government.
- ***FEMA Non-Reimbursable Expenses Reserve (-\$3.0 million)***: Decreases the FEMA Non-Reimbursable Expenses Reserve appropriation by \$3.0 million, from \$5.0 million to \$2.0 million, to transfer funds to the Emergency Reserve Fund, aligning available funding with estimated reimbursements from FEMA for expenditures incurred since the inception of the City's response to the COVID-19 pandemic.
- ***Storm Evacuee Transition Facilities (\$2.0 million)***: This action establishes the Storm Evacuee Transition Facilities (ETF) appropriation in the amount of \$2.0 million, with a corresponding decrease from the Measure E – 15% Homeless Support Programs Reserve. Funding will be used to relocate unhoused storm evacuees from 24-hour Emergency Evacuation Centers to transitional facilities through June 30, 2023. The ETFs are located inside the perimeter of the Emergency Interim Housing (EIH) and Bridge Housing Communities (BHC) sites. The ETF initiative is designed to provide safe, temporary spaces with support services, and a priority referral to connect unhoused resident evacuees with a transitional site that will allow a longer stay, or support accessing other stable housing opportunities within two to six months. Although 132 was the maximum potential tent capacity at the various sites, approximately 93 tents and storage units were built to accommodate single adults and couples based on the number of evacuees interested in moving to an ETF. Onsite handwashing stations, bathroom facilities, seating areas, food, shower, laundry, and wraparound supportive services will be provided. The estimated cost range is \$3.0 - \$5.0 million; however, only \$2.0 million is recommended to be allocated at this time for setup costs, sanitation, and security, with the

remainder of the costs expected to be allocated when the Housing Department seeks City Council approval to provide sufficient contract authority for wraparound supportive services.

- ***Measure E – 15% Homelessness Programs Support Reserve (-\$2.0 million):*** Decreases the Measure E - 15% Homeless Support Programs Reserve by \$2.0 million, from \$33.7 million to \$31.7 million, to offset the establishment of the Measure E - Storm Evacuee Transition Facilities (15% HSP) appropriation in the same amount.
- ***Janitorial Services (\$700,000):*** Increases the Public Works Department’s Non-Personal/Equipment appropriation by a combined \$700,000 to fund janitorial services for 1) dog kennel cleanings at the Animal Care Center (\$500,000) and 2) for the 16 library branches with Sunday operations (\$200,000). The additional funding allocated for Animal Care Services supports a total of seven full-time janitors to ensure that dog kennels are cleaned once a day for the seven-day operations, including holidays, along with laundry and other cleaning services throughout the facility through the fiscal year. The Animal Care Center has reached 90% of capacity and is averaging between 400-500 animals in the shelter daily, which includes more than 200 dogs in the system. The number of dogs has doubled compared to previous years and is anticipated to remain at these elevated levels over the next few years. Due to the increase of animals, Animal Care Attendants do not have the capacity to support dog kennel cleanings while also assisting in other areas of the shelter; this has required the use of contracted janitorial services to assist with dog kennels cleanings and other cleaning services. The additional funding allocated for branch libraries will provide for services such as garbage collection, restroom cleaning, and floor cleaning in high traffic areas at all branches with Sunday hours. The increased costs associated with the expansion of Sunday hours was inadvertently omitted from the 2022-2023 Adopted Operating Budget. The ongoing costs associated with both baseline service levels will be incorporated into the 2023-2024 Base Budget.
- ***Hazard Mitigation Grant Program (Local Match) (\$481,000):*** Increases the Hazard Mitigation Grant Program City-Wide Expenses appropriation in the amount of \$481,014, from \$1.4 million to \$1.9 million, for the new Seismic Retrofit Program - Phase I, which includes developing a practical retrofit program, including possible incentives that would provide an option for the redevelopment of soft story buildings into quality affordable apartments, while minimizing displacement. The funding will provide for developing and designing the program and means of implementation, and identifying and locating parcels. The program is a joint collaboration between the City Manager’s Office of Emergency Management, the Housing Department, and the Planning, Building and Code Enforcement Department. The total projected cost for Phase I is \$1.9 million, \$1.4 million of which is funded by a grant from the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program. As this grant is on a reimbursement basis, requiring a 25% City match, subsequent budget actions will be recommended to recognize and appropriate the remaining grant revenue and City match as part of a future budget process. It is important to note that the General Fund was previously intended to serve as the local match as part of the 2021-2022 Mid-Year Budget Review, but the match was subsequently reallocated to the Community Development Block Grant (CDBG) Fund. However, upon further analysis, CDBG Funding is not eligible for this planning phase and the General Fund must, again, serve as the local match source.

- ***Workers' Compensation State License (\$446,000)***: Increases the Workers' Compensation State License appropriation by \$446,000, from \$844,000 to \$1.3 million, due to higher invoiced costs from the State of California resulting from an increase in indemnity claims, primarily COVID-19 illness, and in the assessment factor. These costs provide funding to the State to cover the State's costs of the administration of the workers' compensation, health and safety, and labor standards enforcement programs.
- ***Veterinary Services (\$225,000)***: Increases the Public Works Department's Non-Personal/Equipment appropriation by \$225,000 to provide funding for contracted veterinarian services. The City of San José uses contracted veterinarian services to support the in-house medical service team for surgeries, emergencies, and the care of animals outside of normal business hours. The Animal Care Center has reached 90% of capacity and is averaging between 400-500 animals in the shelter daily. The increase of animals under the care has resulted in an increased reliance on the veterinarian services contract. This funding will ensure critical medical services will continue through the fiscal year, and the ongoing costs will be incorporated into the 2023-2024 Base Budget.
- ***Sanitary Sewer Fees (\$202,000)***: Increases the Sanitary Sewer Fees appropriation by \$201,905, from \$595,000 to \$796,905. The fee is based on prior year water consumption and now that City facilities are largely back to pre-pandemic occupancy and activity, water consumption has grown and the sanitary rates have increased.
- ***Library Security Services Adjustments (\$166,000)***: Increases the Library Department's Non-Personal/Equipment appropriation by \$166,000 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 is recommended to be reallocated to fund contractual security services.
- ***Animal Care and Services Truck Replacement (\$160,000)***: Increases the Transfer to the Vehicle Maintenance and Operations Fund by \$160,000, from \$1.5 million to \$1.66 million, to fund the replacement of an Animal Care and Services truck that caught fire and was destroyed. Field officers use specially equipped trucks to respond to various calls for service. The unit responds to over 20,000 calls annually across the San José and as part of a contract for services in the Cities of Cupertino, Saratoga, Milpitas, and the Town of Los Gatos. Replacing the Animal Care and Services truck will ensure officers can respond in a timely manner and provide services to the residents and animals of these communities.
- ***Other Miscellaneous Adjustments (\$497,000 expenditure)***: Includes several miscellaneous actions to adjust budgets with projected levels, the largest of which are:

- *Library Non-Personal/Equipment (Cost Sharing Agreement with SJSU) (\$136,093)*: Increases the Library Department's Non-Personal/Equipment appropriation by \$136,093 to support additional costs associated with the operation and maintenance of Dr. Martin Luther King, Jr. Library (MLK Jr. Library). The MLK Jr. Library is a joint facility between the City of San José and San José State University (SJSU). Because of this relationship, the Library Department provides funding to SJSU for operations and maintenance costs. In December 2022, the costs for the library were recalculated resulting in an increase in the payment amount. This increase is driven primarily by a 7.0% compensation increase, along with one-time bonuses for SJSU staff.
- *Energy Services Company Debt Service (\$120,000)*: Increases the Energy Services Company Debt Service appropriation by \$120,000, from \$909,000 to \$1.0 million, in anticipation of rising interest rates. The assumed interest rate for 2022-2023 was forecasted in the fall and winter of 2021 and has increased significantly since then, resulting in a large increase in the debt payment.
- *Multi-Department Personal Services (Vacancy Savings) (\$827,320)*: Decreases Personal Services appropriations to Parks, Recreation and Neighborhood Services (\$300,000), Library (\$166,000), Human Resources (\$150,000), Fire (\$116,120), and Finance (\$95,200) departments to recognize vacancy savings and reallocate resources for required activities to be funded through their respective Non-Personal/Equipment appropriations.
- ***Other Net-Zero Adjustments (\$15,362 revenue; \$15,362 expense)***: Includes several net-zero adjustments to reallocate funding among appropriations based on current need and to accurately categorize planned expenditures. These actions include:
 - Measure E – 10% Homeless Prevention and Rental Assistance Reserve (-\$300,000); Measure E - Guadalupe River Park Housing Support (10% HPRA) (\$300,000); Measure E - 15% Homeless Support Programs Reserve (\$300,000); Measure E – Homeless Outreach and Engagement (15% HSP) (\$500,000); Measure E – Supportive Services and Operations (15% HSP) (-\$800,000); Bulletproof Vest Partnership 2022/Revenue from Federal Government (\$15,362 revenue; \$30,724 expense); Police Non-Personal/Equipment (Bulletproof Vest Partnership) (-\$15,362); Transportation Personal Services (Red Light Running Program Temporary Staffing) (\$117,800); Transportation Non-Personal/Equipment (Red Light Running Program) (-\$117,800).

GRANTS/REIMBURSEMENTS/FEES

- Several net-zero actions are recommended to recognize new or supplemental grant funding, reimbursements for activities undertaken by the City, and adjustments to estimated revenues from fee-supported activities. Recommended actions provide for \$2.0 million in additional revenues and corresponding expenses. The largest adjustments in this category include actions to recognize and appropriate funding for the following: Sidewalk Repairs coordinated by the Transportation Department (\$543,000); Regional Early Action Planning – Housing and Community Development Grant (\$299,000); San José Public Library Foundation grants (\$251,500); State Homeland Security Grant Program – Police 2022 (\$225,032); Law

Enforcement Mental Health and Wellness Act Project grant (\$156,000); and, increased support for San José BEST and Safe Summer Initiative Programs (\$103,000).

CLEAN-UP ACTIONS

- ***Salary and Benefits Program (Net-Zero):*** Several actions are recommended to increase various department Personal Services appropriations to fund the negotiated general wage increase for the Police Officers' Association and International Association of Firefighters; for Management Pay for Performance Program implementation; and for health benefit increases. Adjustments were included for those departments that are not able to absorb these additional costs (\$15.0 million all funds; \$14.3 million General Fund). In addition, a Side Letter Agreement with the International Union of Operating Engineers, Local No. 3 was approved by the City and bargaining unit on May 17, 2022 to amend the City of San José Pay Plan to increase the annual salary range for the Maintenance Worker series, which resulted in additional costs (\$826,000 all funds; \$41,000 General Fund) for the departments that are not able to absorb these costs. Lastly, a Side Letter Agreement with the Municipal Employees' Federation, AFSCME, Local 101 was approved by the City and bargaining unit on June 7, 2022 to amend the City of San José Pay Plan to increase the annual salary range for the Animal Care Attendant and Animal Health Technician classifications which resulted in additional costs of \$333,000 in the General Fund. The negotiated agreements were reached after the adoption of the budget. To offset these augmentations, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund, and to reduce the Ending Fund Balances in the Special Funds as appropriate.
- ***Miscellaneous Adjustments (Net-Zero):*** A variety of net-zero adjustments are recommended to reallocate funds among existing appropriations and adjust funding to reflect final 2021-2022 activity and policy changes. These actions include the: reallocation of funding between respective Measure E reserves to align allocations with policy changes determined as retroactive for the 2021-2022 fiscal year; reallocation of budgeted funds for Mayor and City Council Office appropriations (January – June) for those assuming office in January; reallocation of funding between the Human Resources Department's Personal Services and Non-Personal/Equipment appropriations for temporary staffing costs; and, reallocation of funding from the Climate Smart San Jose Plan Implementation City-Wide Expenses appropriation and the Environmental Services Department's Non-Personal/Equipment appropriation.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the Special and Capital funds as well as the capital projects is conducted as part of the 2022-2023 Mid-Year Budget Review. Overall, the Special and Capital funds are generally tracking within estimated levels through December, with some exceptions as described below. Section II of this report contains the status of selected Special and Capital funds with issues of interest or variances.

Special Funds

Airport Funds

Through December, the Airport has enplaned and deplaned 6.3 million passengers, an increase of 31.9% compared to the same period last fiscal year (4.8 million passengers). Passenger airline operations (takeoffs and landings) are also up at 25.9% above last year. Passenger totals in calendar year 2022 of 11.3 million were up 54.0% from passengers served in calendar year 2021, but still 27.6% below the peak of 15.7 million passengers in calendar year 2019.

Terminal Concessions, Parking and Roadway, and General and Non-Aviation revenues are up. Parking and Roadway revenues have been fueled by higher than anticipated public parking, Transportation Network Companies or app-based transportation options, and rental car concession revenues. Landing Fees and Airfield revenues, which are associated with the number of flights rather than the number of passengers, are tracking at budgeted levels. Terminal Rental revenues on the other hand are tracking very slightly below budgeted levels at 96.2% of the budgeted estimate due to lower than anticipated use of common gates and ticket counters. Passenger activity continues to recover from the effects the pandemic has had on the aviation industry. Last year in response, the Airport worked with concessionaires, airlines, and other tenants to help mitigate the negative economic impacts by providing financial relief; the agreements were approved by City Council through December 31, 2023. The total 2022-2023 budgeted revenue estimate of \$208.5 million includes \$28.9 million of federal ARPA funding to partially offset the reduced revenue resulting from reduced passenger levels. If the \$28.9 million is fully collected, the Airport will have \$20.0 million remaining of ARPA available to use if needed before 2025.

San José Clean Energy Fund

The City Council-approved SJCE rate package for 2022 set rates for GreenSource standard service 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% that was approved by the California Public Utilities Commission in February 2022. The increase in energy rates and lower PCIA in 2022 have created a favorable financial environment for SJCE, which is a marked improvement from 2021.

In 2021, SJCE's financials projected a cash flow shortage for which City Council approved a total Commercial Paper Notes authorization of up to \$95.0 million; a total of \$60.0 million was drawn. SJCE's improved financial position in 2022 will enable SJCE to begin to repay Commercial Paper debt and attain 90 days of operating expenses in reserve in 2022-2023. Further, the upcoming 2023 change in SJCE's rate-setting methodology should continue to improve SJCE's financial condition. The 2023 rates are estimated to be slightly lower than PG&E rates (1-3%) and SJCE operating reserves are expected to reach 180 days by the end of 2023.

Market energy prices remain high – resulting from pipeline restraints, low gas storage, and energy plant downtime for required maintenance – and load demand has increased. As a result, actions are recommended in this report to increase the Cost of Energy appropriation by \$71.7 million, from \$293.3 million to \$365.0 million, and increase the Sale of Energy revenue estimate by

\$94.0 million, from \$411.9 million to \$505.9 million. The net gain to the SJCE Fund allows for the repayment of a portion of the outstanding Commercial Paper debt (\$20.0 million); the remaining balance is expected to be paid off in 2023-2024.

Capital Funds

Following is a discussion of the major revenues that support the capital program and the major capital program expenditure revisions recommended in this report.

Construction-Related Revenues

Private sector construction activity continues to be a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, overall year-to-date development activity overall is 22% higher than the prior fiscal year, though residential activity is nearly 19% lower. The following is a discussion of the performance for the Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources that also provide the majority of the City's local contributions to the Traffic Capital Program. These taxes are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Building and Structure Construction Tax receipts totaled \$9.4 million through December, which is 50.0% of the 202-2023 Adopted Budget estimate of \$19.0 million, reflecting higher than anticipated development permit activity in the commercial and industrial land use categories, and lower activity levels for residential permits. This collection level is above prior year collections (\$2.6 million or 38.4%) of \$6.9 million for the same period. Based on collections through December, tax receipts are expected to meet the budgeted estimate of \$19.0 by the end of the year.
- ***Construction Excise Tax*** – Construction Excise Tax receipts totaled \$4.9 million through December, 30.9% of the 2022-2023 Adopted Budget estimate of \$16.0 million, reflecting lower than anticipated residential development permit activity that is partially offset by higher commercial activity. This collection level is 18.5% below prior year collections of \$6.1 million for the same period. Based on collections through December and a look at projects in the pipeline for the remainder of the fiscal year, tax receipts are expected to end the year approximately \$2.0 million below the budget estimate of \$16.0 million.

Construction and Conveyance Taxes

A total of 17 C&C Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety Capital Program, Library Capital Program, Service Yards Capital Program, and Communications Capital Program.

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Through December 2022, C&C Tax collections totaled \$18.9 million, which represents approximately 38% of the 2022-2023 Adopted Budget estimate of \$50.0 million. The 2022-2023 Adopted Capital Budget was built on the assumption that C&C Tax receipts would total \$60.0 million in 2021-2022 and drop to \$50.0 million in 2022-2023. This drop was due to the uncertainty of how the economic environment would impact the local real estate market's performance, which is the primary driver of this revenue source. However, 2021-2022 C&C Tax receipts ended the year at \$64.5 million, therefore, in 2022-2023 receipts can drop by 22.4% and meet the budgeted estimate.

Due to anticipated declining sales activity in the local real estate market through the first half of the fiscal year, collections in 2022-2023 are anticipated to fall below budgeted estimates. Therefore, a recommendation is included in this report to decrease the C&C Tax estimate by \$5.0 million, from \$50.0 million to \$45.0 million. The \$5.0 million decrease to the C&C Tax estimate would be distributed as follows: Parks C&C Tax allocation (\$3.2 million), Library C&C Tax allocation (\$711,000), Service Yards Tax allocation (\$439,000), Fire C&C Tax allocation (\$420,000), Communications C&C Tax allocation (\$170,000), and Park Yards C&C Tax allocation (\$60,000).

Major Capital Program Expenditure Revisions

A series of recommended Appropriation Ordinance and Funding Sources Resolution amendments to the Adopted Capital Budget are included in *Section III, Recommended Budget Adjustments and Clean-up Action of this report*. Following is a summary of the most significant adjustments:

- ***Airport Capital Program*** – A recommendation is included to increase the Advanced Planning appropriation in the amount of \$500,000 to fund the Environmental Impact Report (EIR) for the Coleman Commercial Development project. The Airport is considering development of an area for commercial enterprises on Coleman Avenue in the Guadalupe Gardens area. Before development can occur, an EIR must be completed.
- ***Traffic Capital Program*** – A recommendation is included to increase the Bicycle and Pedestrian Facilities project in the amount of \$700,000 to recognize Transportation Development Act grant funds that were awarded in August that will be used primarily for the 10th and 11th Street Transit Boarding Islands that should be completed in 2022-2023. Additional recommendations to recognize revenue from various transportation planning grants for multiple projects, including the North San José Multimodal Transportation Improvement Plan (\$250,000) and the San José Decision Support System (\$100,000). New grant revenue from the Office of Traffic Safety in the amount of \$125,000 is recognized for bicycle and pedestrian safety activities related to the Vision Zero Program. A recommendation is included to establish the Vision Zero: Senter Road and Balfour Drive Safety Improvements appropriation in the amount of \$300,000 that will be used to fund project management staff, material, and installation of street light retrofits on Senter Road. This funding is part of a larger project in the amount of \$10.0 million funded by a state allocation from the California Department of Transportation. It is anticipated that the additional \$9.7 million will be

programmed in the 2024-2028 Capital Improvement Program as a final agreement is brought forward to City Council later this fiscal year.

- ***Parks Capital Programs*** – Recommendations are included to increase the Trail: Coyote Creek (Mabury Road to Empire Street) project in the amount of \$9.8 million. Allocating funding for this project in this report will ensure that the City can receive reimbursement through a Federal Active Transportation Program grant, which has a deadline of May 2023 for a bid contract to be awarded for this project. Additional recommendations include an increase to the Agnews Property Development project in the amount of \$350,000 for demolition of the buildings closest to the school campus and for design review and inspection costs related to site preparation and an increase to the Hanchett Park Development project to partially fund design and soft costs associated with the development of a future park at Hanchett Avenue and The Alameda.

Status on City Council Referrals

The discussion below provides a response to direction from the City Council resulting from their approval of the Mayor’s June Budget Message for Fiscal Year 2022-2023 and other City Council meeting items.

- **Mobile Home Park Land Use Designation Work** (Item 8.3, 10/18/22 – Councilmembers Esparza, Foley, Jimenez, Peralez and Cohen) – Actions are included to increase funding in the General Fund by \$75,000, from \$30,000 to \$105,000, for the 13 mobile home parks identified to be the most at risk of redevelopment. Funding allocated in the Mayor’s June Budget Message for Fiscal Year 2022-2023 allocated funding for five parks; this action provides full funding for all 13 parks.
- **California State Library for the Building Forward Library Infrastructure Grants: Alviso Branch** (Councilmember Cohen, Item 7.1, 10/25/2022) – The referral requests analysis of funding necessary to augment the grant project scope to include new finishes, furnishings, fixtures, and equipment (FF&E) at the Alviso Branch. Per the Library’s [report](#)³, the California State Library announced initial awards in the Building Forward Library Infrastructure Grant program, and the Alviso Branch is intended to receive a portion of this grant. With a local match leveraging existing funding with the Library Capital Improvement Program, \$1.2 million will address infrastructure backlog and critical safety systems/items at the Alviso Branch, including:

³ Item 7.1, October 25, 2022: <https://sanjose.legistar.com/View.ashx?M=F&ID=11337020&GUID=2A1FA633-3554-4FC2-97A7-2B882A359695>

State Building Forward Grant Awarded Critical Safety/Infrastructure – Alviso	Estimated Cost	Local Match	Grant Funding
Replace Security Cameras/ Install Additional Security Cameras	\$45,000	\$22,500	\$22,500
HVAC Replacements AC-1, and AC-2, 4	\$300,000	\$150,000	\$150,000
Replace Roof and Building Envelope	\$420,000	\$210,000	\$210,000
Replacement of Entrance Doors to Improve Accessibility	\$220,000	\$110,000	\$110,000
Lighting Improvements Throughout	\$100,000	\$50,000	\$50,000
Project Contingency (incl. permits, fees, administration)	\$143,748	\$71,874	\$71,874
Total	\$1,228,748	\$614,374	\$614,374

In response to City Council direction, staff has identified the following opportunities that may serve to improve the Alviso Branch spaces and customer experience, compared with the more modern improvements that exist in other branch libraries. These options are provided in the table below. The potential inclusion of this additional scope to the Alviso Branch, in consideration of other library system capital needs, will be considered in the 2023-2024 Proposed Capital Budget and 2024-2028 Capital Improvement Program.

Furniture/Furnishings/Equipment - highest priorities	Estimated Cost	Included in 2022-2023 Adopted Budget	Not Currently Budgeted
Community Room Furniture Replace 50-60 chairs	\$55,000	\$15,000	\$40,000
Library Public Space Furniture Refresh (seating, tables/desks, furnishings, shelving)	\$75,000	\$0	\$75,000
Public Technology/Equipment Updates/Replacements	\$20,000	\$0	\$20,000
Flooring/Carpet Replacement	\$300,000	\$0	\$300,000
Interior Paint Refresh	\$210,000	\$0	\$210,000
Exterior Building Paint	\$60,000	\$0	\$60,000
Update Building Signage / Marquee	\$135,000	\$0	\$135,000
PA System Install	\$12,000	\$0	\$12,000
AV System/Projector Install - Community Room	\$10,000	\$0	\$10,000
Total	\$877,000	\$15,000	\$862,000

- **Parks, Recreation and Neighborhood Services Fee Cost Recovery Levels** (2022-2023 June Budget Message – Councilmember Carrasco, Arenas, and Esparza, Item 3.3, 6/14/2022) – No further budget actions are necessary in the Mid-Year Budget Review related to Parks, Recreation and Neighborhood Services fee cost-recovery levels since the cost recovery levels in the 2022-2023 Adopted Fees and Charges Report are consistent with the fee categories as revised by City Council’s approval of the Mayor’s June Budget Message for Fiscal Year 2022-2023. However, other actions in this report leverage existing current year savings to allow for full scholarships for eligible families for a variety of camps throughout the summer. This will allow families to enroll in full-day childcare recreation programs at no cost for 8-10 weeks and will enable eligible families to continue working without the additional cost of a daycare or leaving their children home unattended. Savings identified in Child and Youth Services allocation in the American Rescue Plan Fund (\$800,000) and PRNS vacancy savings (\$300,000) will be used to offset the estimated \$1.1 million cost. This action is included in the Mid-Year Budget Review because summer registration begins in February. Continuation of the scholarship program beyond Summer 2023 will be evaluated in the 2023-2024 Proposed Budget development process, in consideration of the City’s budgetary position and other critical City Council priorities.
- **Blight Busters 2.0** (2022-2023 June Budget Message, Item 3.3, 6/14/2022) – Staff launched the Blight Buster 2.0 Pilot Program on January 12, 2023. The program will allow volunteers to identify blight in their neighborhoods and report it directly to Code Enforcement to address the complaint. The scope of the pilot will be limited to volunteers in District 5. Staff plans to run the pilot through June 2023 and will assess whether the program will be scaled to other Council Districts in 2023-2024 or be concluded.
- **Illegal Dumping in Alleyways of Guadalupe Washington** (Councilmember Peralez, 2022-2023 June Budget Message, Item 3.3, 6/14/2022) – Additional funding of \$35,000 is necessary to install four solar power streetlights and No Dumping signage in the alleyway. CDBG funding for this project will increase by \$35,000, from \$100,000 to \$135,000, to ensure funding is sufficient to complete the project. Design is anticipated to be finished this Spring and construction expected to be done in the Fall.
- **Permit Fee Schedule for Taxicabs** (Mayor Liccardo, Item 2.1, 08/23/2022) – Based on the implementation of a new online permitting system, the Police Department is reviewing the tasks associated with the issuance of a taxicab driver permit. The Department has identified several areas of improved efficiencies and removed outdated tasks. A full-time task analysis for taxicab driver and renewal permits is underway, with the new cost calculations expected to be completed in February. Any updates to the permit fee will be considered as part of the development of the 2023-2024 Proposed Fees and Charges Report.

PUBLIC OUTREACH/INTEREST

This report is posted on the City’s website for the February 14, 2023 City Council meeting.

COORDINATION

This report was coordinated with the various City Departments and City Council Appointees.

COMMISSION RECOMMENDATION/INPUT


This report was not coordinated with any board or commission.

CONCLUSION

Through December, the City's over 135 operating and capital funds are generally performing within expected levels. As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and Special and Capital funds to bring projected revenues and expenditures into closer alignment based on performance through the first half of the fiscal year, to account for updated cost projections, to implement technical adjustments, to recognize various grants, reimbursements, and fees, and to add funding for a limited number of new projects.

The adjustments brought forward in this report reflect the Administration's best estimate of the financial performance of the City's funds based on activity through the first half of the fiscal year. However, as economic conditions are anticipated in the coming, the City will need to remain prepared to adjust further if necessary.

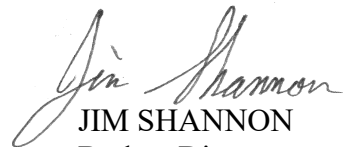
The Administration will continue to closely monitor performance and provide status reports on the City's budget through the Bi-Monthly Financial Reports. These reports will highlight any significant developments as well as identify any potential budget actions necessary to ensure the City's funds remain in balance by year-end. Diligent monitoring, continued budgetary discipline, and timely actions are critical components to maintaining the City's fiscal health.


JIM SHANNON
Budget Director

Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2022-2023 monies in excess of those heretofore appropriated therefrom:

Benefit Funds – Benefit Fund	35,000
Benefit Funds – Life Insurance Fund	25,000
Building and Structure Construction Tax Fund	550,000
Community Development Block Grant Fund	782,489
Convention and Cultural Affairs Capital Fund	100,000
Convention Center Facilities District Capital Fund	100,000
Convention Center Facilities District Revenue Fund	1,692
Improvement District Fund	20,133
Library Construction and Conveyance Tax Fund	282,000
Multi-Source Housing Fund	112,452
Public Works Program Support Fund	18,975
Residential Construction Tax Contribution Fund	23,000
San Jose Clean Energy Operating Fund	94,774,174
Vehicle Maintenance and Operations Fund	188,000
Workforce Development Fund	7,500


JIM SHANNON
Budget Director

GENERAL FUND STATUS REPORT

At mid-year, the City Manager’s Budget Office conducts a comprehensive review of expenditure and revenue performance in the General Fund through the first six months of the fiscal year. This section of the report is intended to summarize the results of that review. The section is organized as follows:

- A. **Status of General Fund Revenues** – The mid-year status of significant General Fund revenue collections is discussed at the revenue category level in this section. Included is a discussion of proposed revenue revisions for each revenue category.

- B. **Status of General Fund Expenditures** – The status of overall General Fund expenditures is provided. Included is a discussion of the Police Department, Fire Department, and non-departmental expenditures.

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2022-2023 Mid-Year Budget Review

STATUS OF GENERAL FUND REVENUES

OVERVIEW

General Fund revenues through December totaled \$788.7 million, or 45.7% of the budgeted estimate. A comprehensive review of all General Fund revenue accounts has been performed based on activity through the first six months of the year. Based on the available data through December, General Fund revenues have outperformed expectations and are anticipated to end the year approximately \$30 million (variance of approximately 2% when excluding the Beginning Fund Balance) above budgeted levels due to strong growth in several revenue categories. Revenues that are performing significantly above anticipated levels include Property Tax, Utility Tax, Use of Money/Property, Sales Tax, and Transient Occupancy Tax. Partially offsetting these revenue growths is lower than anticipated Business Taxes and Fees, Rates and Charges, which is primarily due to lower than anticipated activity levels for the Cannabis Business Tax and departmental fee revenue. Revenue adjustments are included in the Mid-Year Budget Review to align several of the budgeted estimates with anticipated receipts, which are further described on the following pages. The following table details actual 2022-2023 General Fund revenue collections through December as compared with budgeted revenue estimates and 2021-2022 actual collections for the same time period in the previous year. Also included are changes to each category that are recommended as part of this report.

2022-2023 General Fund Revenue Status through December (\$ in Thousands)

Category	Budget Estimate	YTD Actual	% of Estimate	2021-2022 % of Actual	Proposed Changes
General Revenue					
Property Tax \$	427,000	\$ 103,745	24.3%	13.5%	\$ 10,000
Sales Tax	331,000	116,212	35.1%	35.8%	-
Telephone Line Tax	20,000	7,260	36.3%	33.2%	-
Transient Occupancy Tax	11,000	5,841	53.1%	31.3%	-
Real Property Transfer Tax	65,000	32,137	49.4%	49.6%	-
Franchise Fees	49,168	19,316	39.3%	37.2%	-
Utility Tax	107,450	51,794	48.2%	35.8%	7,000
Business Taxes	86,000	42,892	49.9%	48.6%	-
Licenses and Permits	20,778	14,044	67.6%	77.2%	-
Fines, Forfeitures, and Penalties	12,232	7,598	62.1%	44.4%	-
Revenue from Use of Money and Property	8,779	6,568	74.8%	39.3%	4,500
Revenue from Local Agencies	19,987	4,115	20.6%	13.9%	28
Revenue from the State of California	30,486	2,005	6.6%	10.5%	514
Revenue from Federal Government	11,018	844	7.7%	-45.2%	582
Fees, Rates, and Charges	23,914	9,441	39.5%	47.5%	-
Other Revenue	377,209	283,220	75.1%	91.5%	(84,076)
Sub-Total General Revenue	1,601,021	707,032	44.2%	43.2%	(61,452)
Transfers and Reimbursements					
Overhead Reimbursements	73,801	57,104	77.4%	74.8%	-
Transfers	32,748	19,905	60.8%	70.7%	1,762
Reimbursements for Services	16,296	4,614	28.3%	32.3%	-
Sub-Total Transfers and Reimbursements	122,845	81,623	66.4%	68.7%	1,762
TOTALS \$	1,723,866	\$ 788,655	45.7%	45.7%	\$ (59,690)

STATUS OF GENERAL FUND REVENUES

OVERVIEW

As discussed in previous Bi-Monthly Financial Status Reports, although economic conditions remain positive on an overall basis, persistent high inflation rates, high gas prices, and high interest rates have begun to negatively impact several sectors of the economy, most notably the real estate market. Through the first half of the fiscal year, General Fund revenues are performing strong, with several categories anticipated to exceed budgeted levels. Revenue categories experiencing higher than anticipated collections include Property Tax, Utility Tax, Use of Money/Property, Sales Tax, and Transient Occupancy Tax. Partially offsetting these strong revenue collections is lower than anticipated Business Taxes and Fees, Rates and Charges, which is primarily due to lower than anticipated activity levels for the Cannabis Business Tax and departmental fee revenue. Budget adjustments to several of these revenue categories are included in this document, and are further discussed below.

Recommended Adjustments

As described below, a net downward adjustment to General Fund revenue of \$59.7 million is recommended in this document to accomplish the following actions: (1) implement required technical/rebalancing adjustments; and (2) account for additional new revenue from grants, reimbursements, and fees available to fund additional related expenditures.

- Implement required technical and rebalancing actions to revise revenue estimates in limited areas to bring estimates in line with revised projections (net decrease of \$61.7 million). Significant actions include:
 - Increases the Property Tax estimate by a net of \$10.0 million, from \$427.0 million to \$437.0 million, to reflect updated information provided by Santa Clara County. Recommendations include increasing the following Property Tax categories: general Secured Property Tax (\$5.0 million); SB813 Property Tax (\$3.5 million); Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax (\$1.5 million); and Aircraft Property Tax (\$500,000). Partially offsetting these increases is a decrease to the Unsecured Property Tax (\$500,000).
 - Increases the Utility Tax estimate by \$7.0 million, from \$107.5 million to \$114.5 million, to reflect higher than anticipated Electricity Utility Tax collections. The 2022-2023 Adopted Budget estimate totaled \$57.0 million for Electricity Utility Tax collections. However, based on receipts through December (\$30.4 million), it is anticipated that 2022-2023 collections will exceed the Adopted Budget estimate by approximately \$7.0 million and end the year at \$64.0 million. The significant 2022-2023 collection level is attributable to higher usage and the timing of Electricity Utility Tax payments received.
 - Increases the Use of Money/Property budgeted estimate by \$4.5 million, from \$8.8 million to \$13.3 million, to reflect higher than anticipated interest earnings on the General Fund. The 2022-2023 Adopted Budget estimate totaled \$4.2 million for interest earnings on the General Fund. However, based on receipts through December (\$4.2 million), it is anticipated 2022-2023 collections will exceed the Adopted Budget estimate by approximately \$4.5 million and end the year at \$8.7 million. The significant 2022-2023 collection level is attributable to rising interest rates and a large cash balance in the General Fund. This action offsets the increase to TRANs debt service described below.

STATUS OF GENERAL FUND REVENUES

OVERVIEW

- Increases the estimate for Transfers and Reimbursements by a net of \$263,000, from \$122.8 million to \$123.1 million, to recognize higher transfers related to interest earnings (\$752,000), partially offset by lower transfers from the Parks Capital Construction and Conveyance (C&C) Tax Funds (\$489,000).
 - Interest earnings on various Capital and Special Funds are transferred to the General Fund. Based on activity through December, interest earnings are anticipated to exceed budgeted levels by \$752,000, totaling \$1.9 million by year-end.
 - A negative adjustment to the transfer from the Parks Capital Construction and Conveyance (C&C) Tax Funds for operating and maintenance costs is recommended. Per previous City Council direction, 15% of all the Parks C&C Tax revenue may be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department. As described later in this memorandum, the C&C revenue estimate is recommended to decrease by \$5.0 million, from \$50.0 million to \$45.0 million. As a result of the lower C&C Tax, Parks C&C Tax revenue will drop by \$3.3 million, and the transfer to the General Fund for operating and maintenance costs will decrease by \$489,000.
- Realigns estimated revenue and expenditures associated with the issuance of Tax Revenue Anticipation Notes (TRANs) through a series of actions. At its meeting on June 21, 2022, the City Council authorized a TRANs issuance of up to \$360.0 million to assist with the pre-payment of Tier 1 retirement costs. However, based on the Finance Department’s final analysis of interest rates and available cash balances, only \$275.0 million was issued on July 1, 2022. Actions are included to both reduce TRANs revenue (Other Revenue) and principal debt service by \$85.0 million. While the amount of TRANs revenue was lower than the maximum authorized amount, due to a rapidly evolving interest rate environment at the time of issuance, the estimated interest costs associated with the TRANs issuance increased to \$7.5 million (up from \$1.5 million). When the City Council authorized the TRANs in June 2022, the Administration noted that any increased debt service interest cost would be spread to various Special and Capital Funds in proportion to each fund’s share of retirement costs included in the 2022-2023 Adopted Budget. Consistent with the approach, this memorandum includes actions to transfer \$1.5 million from various Special and Capital Funds into the General Fund (Transfers and Reimbursements).
- Recognize grant, reimbursement, and/or fee related funds (\$2.0 million). Significant actions include:
 - Increase the revenue estimate for Sidewalk Repairs (\$543,000); recognize grant funding from the San Jose Public Library Foundation (\$317,349); recognize revenue from the State of California for Regional Early Action Planning (\$299,000); and recognize revenue from the federal government for the Police State Homeland Security Grant program (\$225,032).

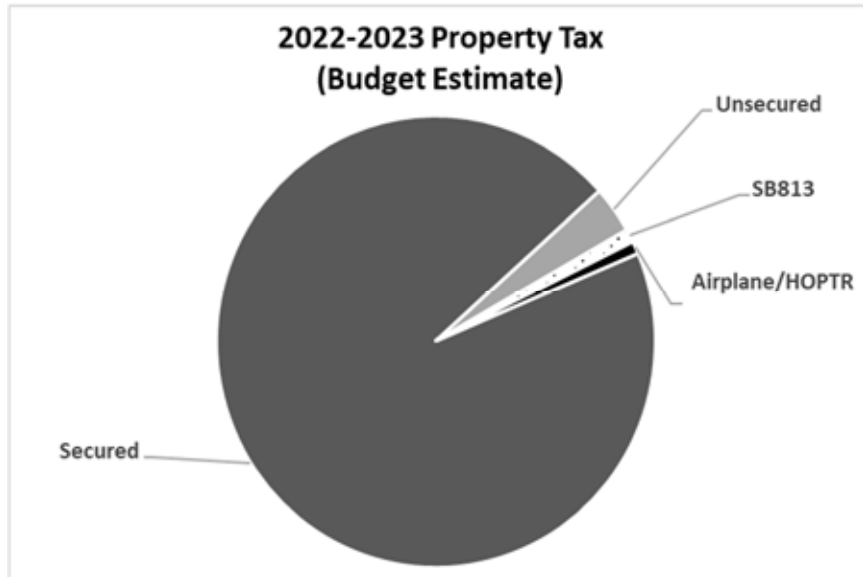
Additional detail on all General Fund revenue adjustments can be found in Section III of this document. The following discussion highlights major General Fund activities through December in various revenue categories.

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

Revenue Status (\$ in Thousands)				
2022-2023		2021-2022		2022-2023
Budget Estimate	YTD Actual	% of Estimate	% of Actual	Proposed Changes
\$427,000	\$103,745	24.3%	13.5%	\$10,000

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Aircraft Property Tax, and Homeowner’s Property Tax Relief. Overall, Property Tax revenues are projected to exceed the budgeted estimate by approximately \$10 million based on the most recent information received from Santa Clara County. As a result, a recommendation is included in



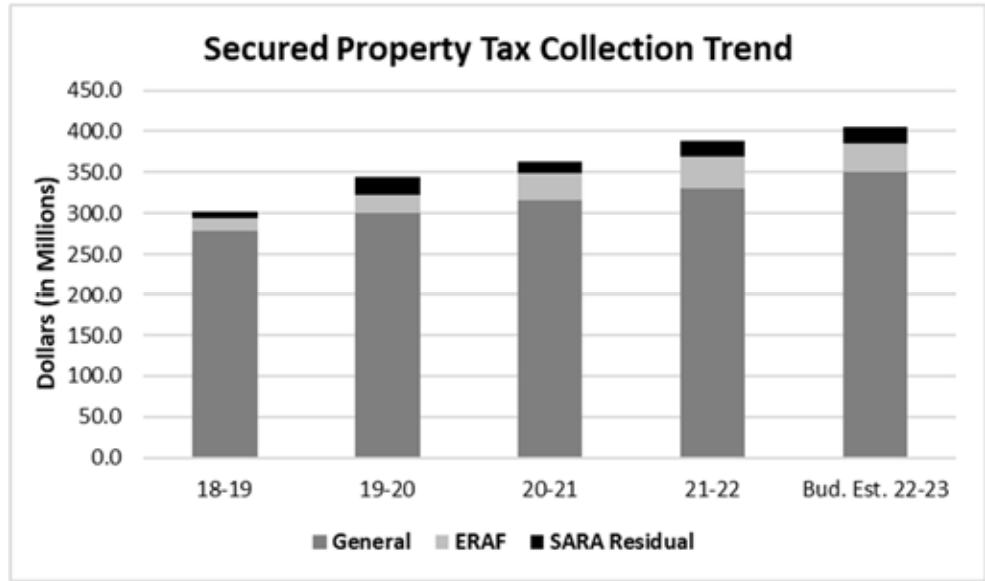
this report to increase the Property Tax revenue estimate by \$10.0 million (from \$427.0 million to \$437.0 million) to more closely align the Property Tax budget with estimated receipts. Each of the Property Tax sub-categories are further described below.

Secured Property Taxes represent over 90% of the revenue in the Property Tax category. The Secured Property Tax category includes general Secured Property Tax, Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax, and Educational Revenue Augmentation Fund (ERAF) revenues. The 2022-2023 Secured Property Tax budgeted estimate of \$404.6 million was built on assumed growth of 6% for general Secured Property Tax receipts (\$350.0 million), \$19.6 million for SARA revenue, and estimated revenue of \$35.0 million for ERAF receipts. However, based on the most recent information provided by Santa Clara County, Secured Property Tax revenue is anticipated to exceed budgeted levels by approximately \$6.5 million. This increase is due to higher general Secured Property Tax (\$5.0 million) and SARA Residual Property Tax revenue (\$1.5 million). To more closely align the budgeted estimate with the anticipated collection level, a recommendation is included in this report (as described in *Section III. Recommended Budget Adjustments and Clean-up Actions* to increase the Secured Property Tax estimate by \$6.5 million.

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

The general Secured Property Tax budgeted estimate totals \$350.0 million in 2022-2023, which assumes growth of approximately 6% from the 2021-2022 collection level. This growth primarily reflects an increase in assessed value due to the California Consumer Price Index (CCPI) increase of 2% and increased valuation due to changes in



ownership or new construction of 4%. Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The preliminary general Secured Property Tax estimate provided by Santa Clara County totals \$355 million, which is approximately \$5 million above the budgeted estimate. As described in *Section III. Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the general Secured Property Tax revenue by \$5.0 million (from \$350.0 million to \$355.0 million) to more closely align the revenue with the anticipated collection level.

Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State’s General Fund contributions to school districts under Proposition 98. Once there are sufficient funds in ERAF to fulfill obligations, the remainder of the funding is returned to the taxing entities that contributed to it, which generally occurs in March of each fiscal year. In 2022-2023, receipts are estimated at \$35.2 million, which is slightly higher than the 2022-2023 budget estimate of \$35.0 million, but is \$3.6 million below the 2021-2022 collection level of \$38.9 million.

As a result of the SARA bond refunding that occurred in December 2017, the City began receiving a residual property tax distribution. In 2022-2023, receipts are estimated at \$21.1 million, which is higher than the 2022-2023 Adopted Budget estimate of \$19.6 million and the 2021-2022 collection level of \$18.3 million. Therefore, as described in *Section III. Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the SARA Residual Property Tax revenue by \$1.5 million (from \$19.6 million to \$21.1 million) to more closely align the revenue with the anticipated collection level.

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

The **Unsecured Property Tax** category refers to property that can be relocated and is not real estate. The most common forms of unsecured property include boats, business personal property, and undeveloped land. The 2022-2023 Unsecured Property Tax budgeted estimate totals \$14.5 million, which allows for a 2% drop from the 2021-2022 collection level. However, based on information provided by Santa Clara County, revenue is declining slightly sharper than anticipated and will end the year \$500,000 below the budgeted estimate. Therefore, as described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a recommendation is included in this report to decrease the Unsecured Property Tax revenue by \$500,000 (from \$14.5 million to \$14.0 million) to more closely align the revenue with the anticipated collection level.

The **SB 813 Property Tax** category represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Santa Clara County Assessor formally revalues the property. receipts reflect retroactive collections back to the point of sale for reassessments of value due to property resales. The 2022-2023 Adopted Budget estimate of \$4.0 million is well below the 2021-2022 actual collection level of \$7.5 million and the estimate from Santa Clara County of \$7.5 million. Therefore, as described in *Section III. Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the SB813 Property Tax revenue by \$3.5 million (from \$4.0 million to \$7.5 million) to more closely align the revenue with the anticipated collection level.

In the **Aircraft Property Tax** category, the largest payment is typically received in October of each year. Based on collections received through the first half of the year (\$3.1 million) and information provided by Santa Clara County, 2022-2023 receipts are anticipated to end the year at approximately \$3.5 million, which is \$500,000 above the budgeted estimate of \$3.0 million. Therefore, as described in *Section III. Recommended Budget Adjustments and Clean-up Action*, a recommendation is included in this report to increase the Aircraft Property Tax revenue by \$500,000 (from \$3.0 million to \$3.5 million) to more closely align the revenue with the anticipated collection level.

In the **Homeowners Property Tax Relief** category, revenues in 2022-2023 are expected to be at the budgeted estimate of \$900,000, which is consistent with the 2021-2022 collection level.

STATUS OF GENERAL FUND REVENUES

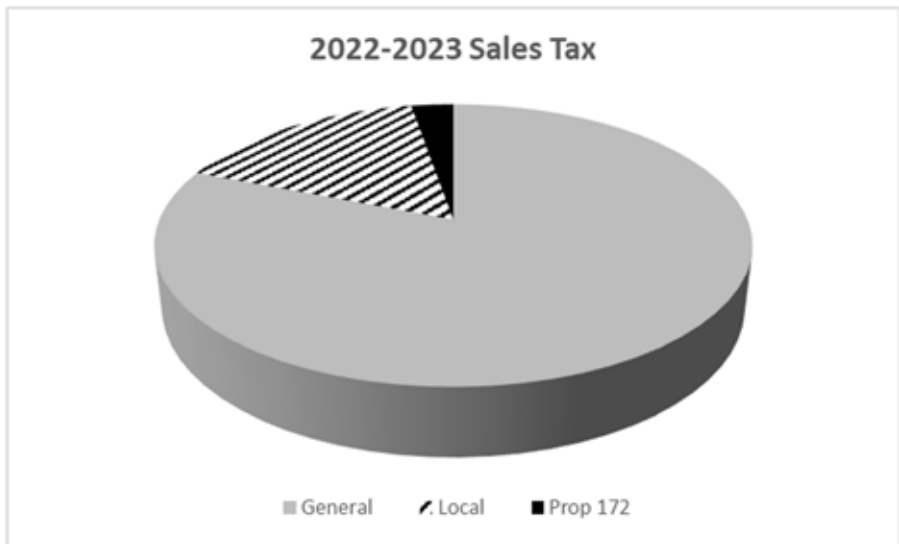
SALES TAX

Revenue Status (\$ in Thousands)

2022-2023		2021-2022		2022-2023
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$331,000	\$116,212	35.1%	35.8%	\$0

The Sales Tax category includes General Sales Taxes, Local Sales Taxes, and Proposition 172 Sales Taxes. The 2022-2023 Budget estimate totals \$331.0 million, which is 2.4% above the 2021-2022 receipts of \$323.1 million.

Information related to Sales Tax payments is distributed from the California Department of Tax and Fee Administration (CDTFA) four times throughout the year: November (representing July-September activity), February (representing October-December activity), May (representing January-March activity), and August (representing April-June activity). The first Sales Tax payment for 2022-2023 was received in November 2022 and reflects growth of approximately 10% from the prior year, which is consistent with the assumptions used in development of the 2022-2023 budgeted estimate. Based on information known through the first half of the fiscal year, Sales Tax revenue is anticipated to end the year close to the budgeted estimate of \$331.0 million, as the high level of year-over-year growth is expected to significantly moderate in the second half of 2022-2023. However, as only one payment has been received, Sales Tax collections will continue to be analyzed as updated information is received from the CDTFA. Additional information about each of the Sales Tax sub-categories is provided below.



The first Sales Tax payment for 2022-2023 was received in November 2022 and reflects growth of approximately 10% from the prior year, which is consistent with the assumptions used in development of the 2022-2023 budgeted estimate. Based on information known through the first half of the fiscal year, Sales Tax revenue is anticipated to end the year close to the budgeted estimate of \$331.0 million, as the high level of year-over-year growth is expected to significantly moderate in the second half of 2022-2023. However, as only one payment has been received, Sales Tax collections will continue to be analyzed as updated information is received from the CDTFA. Additional information about each of the Sales Tax sub-categories is provided below.

General Sales Tax is the largest driver of the Sales Tax category and accounts for over 80% of all Sales Tax receipts. The 2022-2023 General Sales Tax estimate was built on the assumption that 2021-2022 receipts would total \$261.0 million and grow to \$268.0 million in 2022-2023. This estimate assumed moderate growth of 3% in 2022-2023. A slower rate of growth for Sales Tax is anticipated in 2022-2023 due to high inflation that is continuing to persist, increased interest rates that will limit economic growth, and a gradual change in consumer behavior away from taxable goods to non-taxable items such as services and travel. As mentioned above, the first Sales Tax payment was received from the CDTFA

STATUS OF GENERAL FUND REVENUES

SALES TAX

in November 2022 and appear to reflect growth of approximately 10% from the prior year, this growth rate is expected to significantly moderate over the remainder of the fiscal year.

The City’s Sales Tax consultant, Avenu Insights & Analytics, has provided performance data for General Sales Tax revenue, as displayed on the chart below.



This analysis measures the first quarter General Sales Tax receipts for 2021-2022 and 2022-2023, excluding Sales Tax associated with the Revenue Capture Agreement.

**General Sales Tax Revenue Economic Performance
First Quarter Payment**

Category	2022-2023 % of Total Revenue	2021-2022 % of Total Revenue	% Change of Revenue Received by Category
Transportation	18.4%	18.9%	8.7%
Business-to-Business	18.4%	16.0%	28.4%
General Retail	17.5%	18.2%	6.9%
Food Products	13.1%	13.0%	12.1%
Construction	9.9%	9.8%	13.2%
Miscellaneous	0.6%	0.7%	0.6%
County Pool			
	22.1%	23.4%	5.4%
Total	100.0%	100.0%	

As can be seen in the table above, all categories have experienced year-over-year growth, the largest of which include Transportation, Business-to-Business, General Retail (apparel stores, department stores, furniture/appliance stores, drug stores, recreation products, and florists/nurseries), Food Products, and Construction.

In addition, the County Pool, which is where the majority of online transactions are captured, has continued to grow (5% increase from 2021-2022 to 2022-2023). This growth is attributable to the pandemic’s sustained impact of redirecting a significant amount of activity to online sales. The recent growth in County Pool receipts has been fueled by online purchases during the pandemic and is facilitated by the South Dakota vs. Wayfair, Inc. Supreme Court decision in 2018, which provided states with the authority to require online retailers to collect sales tax even without a local presence in that State. The County Pool revenue is distributed to all cities within Santa Clara County based on a distribution formula administered by the CDTFA. This formula is based each quarter on each jurisdiction’s total

STATUS OF GENERAL FUND REVENUES

SALES TAX

General Sales Tax receipts divided by the Total General Sales Tax receipts for the entire County. The City typically receives between 45% - 50% of the total County Pool. In 2022-2023, it is anticipated the County Pool receipts will continue to remain strong.

In June 2016, San José voters approved a ¼ cent **Local Sales Tax**, which was implemented in October 2016. Local Sales Tax is generated based on the destination of the purchased product; therefore, all out-of-state online retailers (including marketplace facilitators) sales tax collections are directly distributed to the City of San José, versus the General Sales Tax revenue that is deposited in the County Pool, where the City only receives approximately 45% - 50% of the proceeds. Due to this distinction, Local Sales Tax revenue may not always experience the same growth and decline rates as General Sales Tax receipts.

The 2022-2023 Local Sales Tax estimate was built on the assumption that 2021-2022 receipts would total \$52.0 million and grow to \$54.0 million in 2022-2023. When that estimate was developed, Local Sales Tax receipts for only the first and second quarter had been received (sales tax activity from October-December). However, third quarter and fourth quarter receipts were subsequently received, which had stronger than anticipated growth. As a result, 2021-2022 Local Sales Tax collections totaled \$54.9 million; therefore allowing 2022-2023 collections to drop by 1.6% to meet the budgeted estimate. As mentioned above, the first Sales Tax payment was received from CDTFA in November 2022 and appear to reflect growth of approximately 10% from the first quarter payment in the prior year. Based on information known through the first half of the fiscal year, Local Sales Tax revenue is anticipated to end the year close to the budgeted estimate of \$54.0 million. However, as only one payment has been received, Local Sales Tax collections will continue to be analyzed as updated information is received from the CDTFA.

Proposition 172 Sales Tax collections represents the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. The 2022-2023 budgeted estimate of \$9.0 million requires growth of 7.6% from the 2021-2022 collection level of \$8.4 million. Based on collections through the first half of the fiscal year, it is anticipated that collections will end the year close to the budgeted estimate.

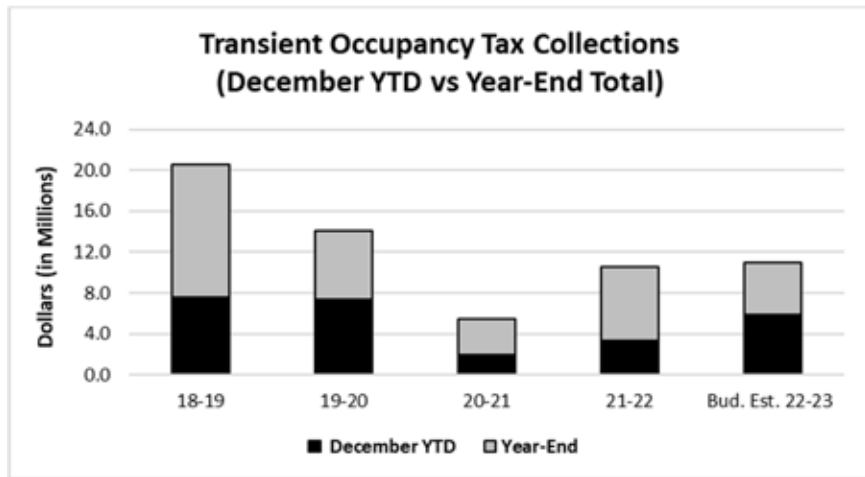
STATUS OF GENERAL FUND REVENUES

TRANSIENT OCCUPANCY TAX

Revenue Status (\$ in Thousands)

2022-2023		2021-2022		2022-2023
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$11,000	\$5,841	53.1%	31.3%	\$0

The 2022-2023 budget estimate for the General Fund **Transient Occupancy Tax (TOT)** allocation (40% of the total tax) is \$11.0 million. When the 2022-2023 Adopted Budget was developed, it was anticipated that 2021-2022 collections would total \$9.0 million and conservatively estimated growth of 22% to \$11.0 million in 2022-2023. However, 2021-2022 ended the year at \$10.5 million,



due to stronger than anticipated year-end hotel activity. As a result, 2022-2023 collections require growth of only 4.6% in 2022-2023 to meet the budgeted estimate. Through December 2022, TOT receipts total \$5.8 million, which is 77.5% above the prior year collection level of \$3.3 million. This growth level is indicative of an increase in demand for hotel rooms following the unprecedented impacts from the pandemic. Based on the preliminary information known at this early point in the year, receipts are anticipated to meet or exceed the budgeted estimate by year- end.

Overall room demand and revenues exhibited consistent, incremental gains throughout 2021-2022, with typical seasonal contraction over the holidays and winter months. Cumulative average occupancy peaked as of June 2022 at 58%, along with the average room rate of \$132.01. This growth pattern has continued into 2022-2023, with occupancy and room rates peaking at 68.81% and \$160.77 in August 2022 – the second highest monthly performance levels to date since April 2020 and the height of the pandemic’s impacts, only surpassed by June 2022 performance of 72.35% and \$162.92. Performance has since declined in November and December, following the normal holiday and seasonal pattern, after which rebounds are typically experienced into late winter/early spring (February - March). As of December 2022, cumulative average occupancy was 64.01%, the room rate was \$158.67, and revenue per available room (RevPAR) was \$101.57.

Reported gross hotel revenue performance for the first half of 2022-2023 highlights a consistent growth pattern, building on the gains seen during 2021-2022. However, the potential for resurgent impacts from COVID-19 continues to introduce uncertainty into this already volatile revenue source. In partnership with Team San Jose (the City’s operator of convention and cultural facilities, as well as the Convention and Visitors Bureau), the Administration will continue to actively monitor hotel and revenue performance.

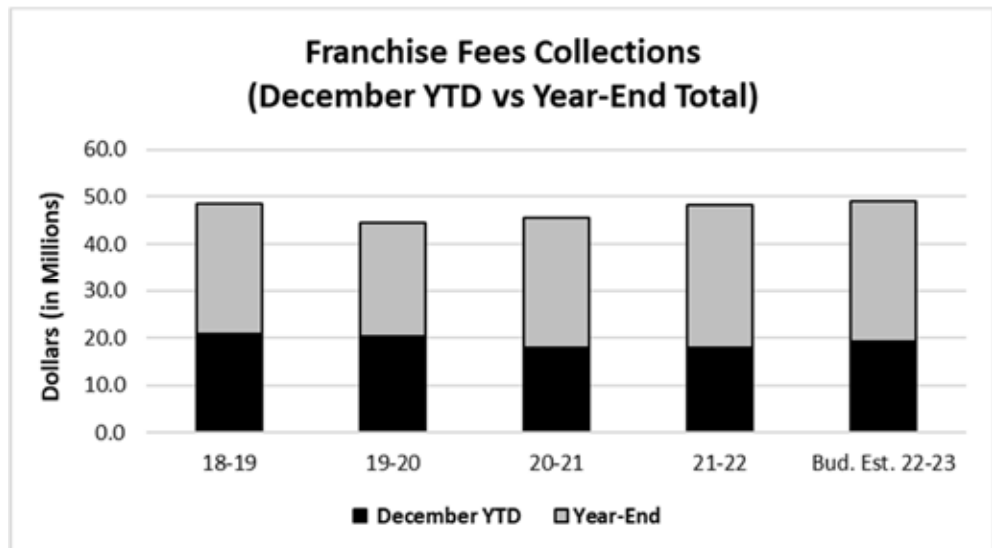
STATUS OF GENERAL FUND REVENUES

FRANCHISE FEES

Revenue Status (\$ in Thousands)				
2022-2023		2021-2022		2022-2023
Budget Estimate	YTD Actual	% of Estimate	% of Actual	Proposed Changes
\$49,168	\$19,316	39.3%	37.2%	\$0

Franchise Fees are collected in the Cable Television, City Generated Tow, Commercial Solid Waste, Great Oaks Water, Nitrogen Gas Pipeline, Pacific Gas & Electric (PG&E) Electric, and PG&E Gas categories. Through December, Franchise Fee receipts of \$19.3 million are approximately 7% above the prior year collection level. As further discussed below, Electric and Gas Franchise Fees collected through December are formula driven advance amounts, with the true-up occurring in April 2023. Based on historical collection trends, Franchise Fees were previously anticipated to meet or exceed budgeted levels by year-end. However, PG&E recently notified the City that they are changing their timing of Electric and Gas Franchise Fee payments. Currently, PG&E provides 3 advance payments and then a clean-up payment for these franchise fees; however, under the new system PG&E would only provide one payment per year, based on the calendar year. As a result of this timing change, the April 2023 payment will only include a clean-up payment for the 2022 calendar year and no quarterly progress payment will be received in June 2023; instead, the next payment received by the City after April 2023 will not be until April 2024, which will be attributable to activity levels for the 2023 calendar year. The revenue impact to the City in 2022-2023 could range from \$10 million - \$13 million. The Administration will bring forward a revenue adjustment at year-end after receipt of the April 2023 clean-up payment. Each of the Franchise Fees sub-categories are further described below.

Cable Television Franchise Fees of \$2.0 million through December are slightly below the prior year level (\$2.1 million) and reflect one quarter’s payment. The 2022-2023 Adopted Budget estimate was built on the assumption that 2021-2022 revenues would



total \$8.3 million and remain flat in 2022-2023. Based on current collection trends and historical patterns, Cable Franchise Fees revenue is anticipated to meet the budgeted estimate by year-end.

STATUS OF GENERAL FUND REVENUES

FRANCHISE FEES

The **Commercial Solid Waste (CSW) Franchise Fee** is a base fee of \$5.0 million per year for each of two geographic collection districts, plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and the South District. CSW collections through December totaled \$5.4 million, which is 4.0% above the prior year collection level. The 2022-2023 Adopted Budget estimate was built on the assumption that 2021-2022 revenues would total \$12.4 million and grow by 4.7% in 2022-2023. Based on current collection trends and historical patterns, CSW revenue is anticipated to meet the budgeted estimate by year-end.

Electric Franchise Fees provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in a calendar year (revenue in 2022-2023 are based on calendar year 2022). Collections through December of \$8.9 million reflect formula driven advance amounts; true receipts will not be known until April 2023. The 2022-2023 Adopted Budget for Electric Franchise Fees (\$21.0 million) requires growth of 1.2% from the prior year collection level of \$20.8 million. Based on the current year performance of Electricity Utility Tax receipts, which generally have similar collection trends, Electric Franchise Fees were previously expected to exceed the budgeted estimate by year-end, though the anticipated impact from PG&E's decision to move from a fiscal year payment system to a calendar year payment system as previously discussed will result in lower collection levels on a one-time basis in the current year.

Gas Franchise Fees provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in a calendar year (revenue in 2022-2023 are based on calendar year 2022). Collections through December of \$2.9 million reflect formula driven advance amounts; true receipts will not be known until April 2023. The 2022-2023 Adopted Budget for Gas Franchise Fees (\$6.5 million) allows for a slight (2.1%) decrease from the 2021-2022 collection level of \$6.6 million. assumes revenue will be consistent with the prior year collection level. Based on the current year performance of Gas Utility Tax receipts, which generally have similar collection trends, Gas Franchise Fees were previously expected to exceed the budgeted estimate by year-end, barring the impact from PG&E's decision to move from a fiscal year payment system to a calendar year payment system as previously discussed.

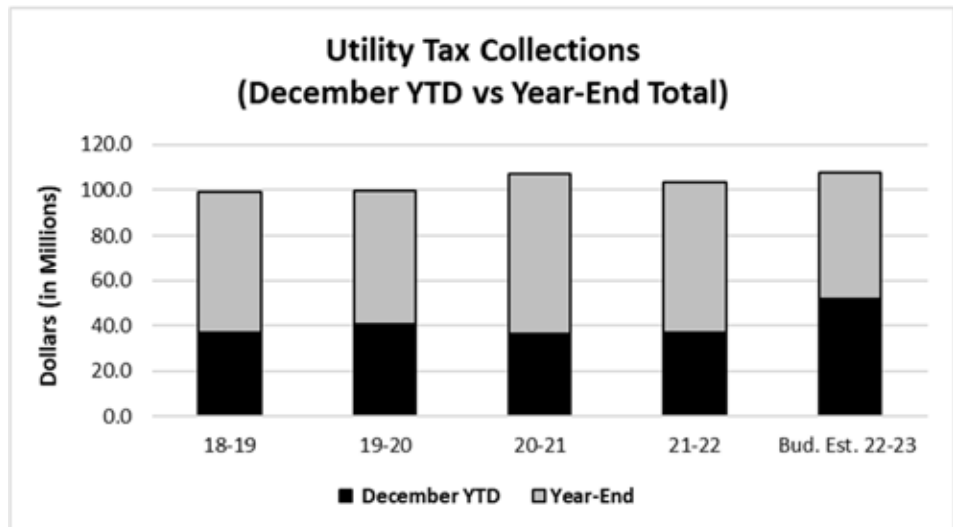
Remaining budgeted Franchise Fees include the **City Generated Tow Fees** (\$50,000), **Great Oaks Water** (\$250,000), and **Nitrogen Gas Pipeline** (\$65,000) categories. It is currently anticipated that the Great Oaks Water Fee and the Nitrogen Gas Pipeline Fee will meet the budgeted estimate by year-end. However, it is not anticipated any revenue will be received for City Generated Tow Fees in 2022-2023.

STATUS OF GENERAL FUND REVENUES

UTILITY TAX

Revenue Status (\$ in Thousands)				
2022-2023		2021-2022		2022-2023
Budget Estimate	YTD Actual	% of Estimate	% of Actual	Proposed Changes
\$107,450	\$51,794	48.2%	35.8%	\$7,000

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Water Utility Tax, and the Telephone Utility Tax. Through December, Utility Tax receipts of \$51.8 million are significantly higher than the prior year collection level of \$37.0 million. The 2022-2023 Adopted Budget was built on the assumption that 2021-2022 Utility Tax revenue would end the year at \$97.7 million and increase to \$107.5 million in 2022-2023. After excluding the payment processing timing issue that occurred in 2021-2022, the Adopted Budget assumed growth of 4% in 2022-2023. However, 2021-2022 ended the year at \$103.6 million, due to stronger year-end collections. As a result, 2022-2023 collections can drop by 2% in 2022-2023 to meet the budgeted estimate. Based on historical collection trends and performance through December, overall Utility Taxes are anticipated to exceed the budgeted estimate by year end. A recommendation is included in this report to increase the Utility Tax revenue estimate by \$7.0 million (from \$107.5 million to \$114.5 million) to more closely align the Utility Tax budgeted estimate with anticipated receipts. Each of the Utility Tax sub-categories are further described below.



In the **Electricity Utility Tax** category, collections through December totaled \$30.4 million, which is approximately 44% above the prior year level. This increase is due to higher usage and the timing of Electricity Utility Tax payments received. The 2022-2022 Adopted Budget estimate totals \$57.0 million. Based on historical collection trends and performance through December, Electricity Utility Tax collections are anticipated to end the year approximately \$7 million above the budgeted estimate. As a result, a recommendation is included in this report to increase the Electricity Utility Tax revenue estimate by \$7.0 million (from \$57.0 million to \$64.0 million) to more closely align the Electricity Utility Tax budgeted estimate with anticipated receipts.

STATUS OF GENERAL FUND REVENUES

UTILITY TAX

In the **Gas Utility Tax** category, collections through December totaled \$4.6 million, which is significantly above the \$2.7 million received in the prior year. This increase is due to higher usage and the timing of Gas Utility Tax payments received. The 2022-2023 Adopted Budget estimate totals \$14.0 million. Based on historical collection trends and performance through December, Gas Utility Tax collections are anticipated to end the year approximately \$1 million above the budgeted estimate.

Water Utility Tax collections of \$9.3 million through December are significantly above the prior year level of \$6.5 million due to the timing of payments and higher usage. The 2022-2023 Adopted Budget estimate totals \$18.0 million. Based on historical collection trends and performance through December, Water Utility Tax collections are anticipated to end the year approximately \$1 million above the budgeted estimate.

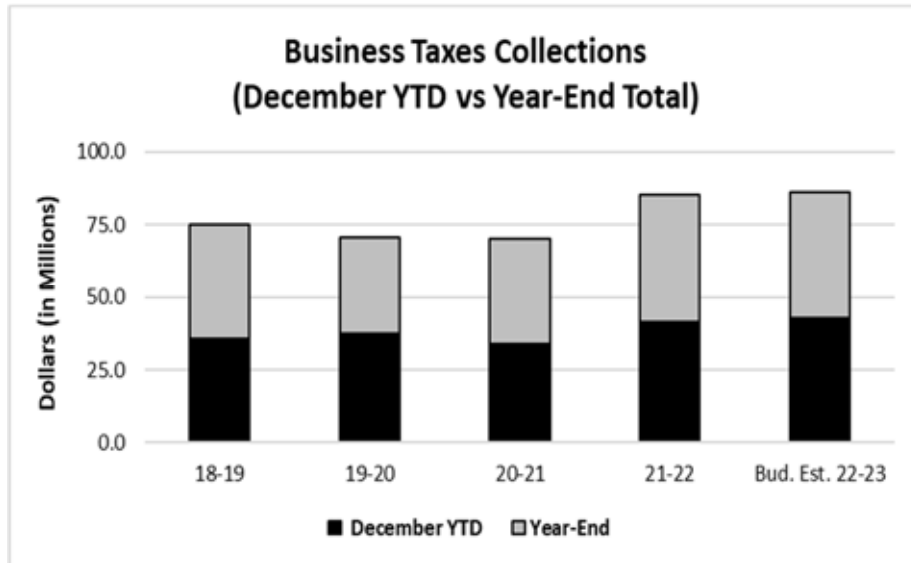
In the **Telephone Utility Tax** category, revenues are collected on landlines, wireless, VoIP, and prepaid wireless services sold at retail locations. Through December, collections of \$7.5 million are 10% above the prior year level of \$6.8 million. The 2022-2023 Adopted Budget estimate totals \$18.5 million. Based on historical collection patterns, receipts in this category are anticipated to slightly (\$500,000) exceed the budgeted estimate by year-end.

STATUS OF GENERAL FUND REVENUES

BUSINESS TAXES

Revenue Status (\$ in Thousands)				
2022-2023		2021-2022		2022-2023
Budget Estimate	YTD Actual	% of Estimate	% of Actual	Proposed Changes
\$86,000	\$42,892	49.9%	48.6%	\$0

The Business Taxes category consists of the Cannabis Business Tax, Cardroom Business Tax, Disposal Facility Tax, and General Business Tax. Through December, overall collections of \$42.9 million are 3.3% above the prior year collection levels of \$41.5 million, which reflects higher collections in all categories with the exception of the Cardroom Business Tax. The 2022-2023 Adopted Budget estimate of \$86.0 million requires growth of 1% from the 2021-2022 actual collection level. Based on overall Business Taxes performance through December, it is anticipated that receipts will meet or fall slightly below the overall budgeted level by year end. Each of the Business Taxes sub-categories are further described below.



Cannabis Business Tax collections reflect cannabis business tax as well as cannabis business tax compliance revenues. Cannabis Business Tax collections began after San José voters approved Ballot Measure U on November 2, 2010, which allowed the City to tax marijuana businesses. Further, in November 2016, the California Marijuana Legalization Initiative (Proposition 64) was approved by voters, which legalized recreational marijuana use in California. As a result, the sale of recreational cannabis at the 16 registered businesses in San José began in January 2018. Through December, receipts of \$6.2 million are 14.2% below the prior-year collection level of \$7.2 million. The 2022-2023 Modified Budget estimate for Cannabis Business Tax revenue totals \$18.0 million, which is consistent with the 2021-2022 collection level. However, based on performance levels through December, receipts may end the year \$2 - \$3 million below budgeted levels.

STATUS OF GENERAL FUND REVENUES

BUSINESS TAXES

Through December, **Cardroom Business Tax** receipts totaling \$11.9 million have been received, which are 7.1% higher than the prior year level of \$11.1 million. These collections are inclusive of the ballot measure approved by voters in November 2020 that increased taxes on cardroom operators beginning in January 2021. The 2022-2023 Modified Budget estimate for Cardroom Tax revenue totals \$29.0 million, which is consistent with the 2021-2022 actual collection level. Based on performance through December, receipts may end the year \$1 - \$2 million above budgeted levels.

Disposal Facility Tax (DFT) are business taxes received based on the tons of solid waste disposed of at landfills within the City. DFT revenue through December totaled \$5.6 million, which is 27.5% above the prior-year collection level of \$4.4 million. The 2022-2023 Adopted Budget estimate of \$13.0 million requires growth of 2.1% from the 2021-2022 collection level of \$12.7 million. Based on performance through December and historical collection patterns, receipts in this category may end the year \$500,000 - \$1.0 million above budgeted levels.

Through December, **General Business Tax** receipts of \$19.2 million are slightly above the prior- year collection level of \$18.8 million. The 2022-2023 Adopted Budget estimate of \$26.0 million requires growth of 1.1% from the 2021-2022 collection level of \$25.7 million. Based on the performance through December, receipts in this category are anticipated to meet the budgeted estimate by year-end.

STATUS OF GENERAL FUND REVENUES

REAL PROPERTY TRANSFER TAX

Revenue Status (\$ in Thousands)				
2022-2023		2021-2022		2022-2023
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$65,000	\$32,137	49.4%	49.6%	\$0

On March 3, 2020, San José voters approved Measure E, the Real Property Transfer Tax. This new tax, which became effective on July 1, 2020, is imposed at a tiered level for property transfers (sales) over \$2.0 million. In accordance with City Policy 1-18, Section 22, this tax revenue is allocated for the development of new affordable housing, homeless prevention, and homelessness support programs.

Through December 2022, Real Property Transfer Tax collections totaled \$32.1 million, which is significantly below the prior year level of \$54.6 million. In addition, the City has received January tax receipts from Santa Clara County, which total \$4.6 million. When taking into account total receipts through December and the January remittance, total Real Property Transfer Tax receipts in 2022-2023 total \$36.8 million, compared to the prior year level of \$63.3 million. This significant variance is due to several factors. First, due to the timing of when a payment from Santa Clara County was processed, funding of \$9.7 million was reflected in 2021-2022 but was attributable to 2020-2021 activity. In addition, due to the real estate market currently being constrained, a larger amount of high-value property transfers occurred in the prior year. As this decrease in activity was anticipated, the 2022-2023 Adopted Budget estimate of \$65.0 million is significantly below the 2021-2022 collection level of \$110.0 million. Based on activity through the first half of the fiscal year, it is currently anticipated that Real Property Transfer Tax revenue will meet the budgeted level by year-end.

STATUS OF GENERAL FUND REVENUES

SUMMARY

A comprehensive review of all General Fund revenue accounts has been performed based on activity through the first six months of the year. Based on the available data through December, General Fund revenues are anticipated to end the year approximately \$30 million above budgeted levels due to extremely strong growth in several revenue categories. Revenues that are performing significantly above anticipated levels include Property Tax, Utility Tax, Use of Money/Property, Sales Tax, and Transient Occupancy Tax. Partially offsetting these revenue growths is lower than anticipated Business Taxes and Fees, Rates and Charges, which is primarily due to lower than anticipated activity levels for the Cannabis Business Tax and departmental fee revenue.

In total, a net decrease of \$59.7 million to the General Fund Sources is recommended in this document. This decrease reflects a net downward adjustment of \$61.7 million related to technical and rebalancing items to more closely align the budgeted estimates with the current anticipated collection levels: Property Tax, \$10.0 million; Utility Tax, \$7.0 million; Revenue from the Use of Money/Property, \$4.5 million; Transfers and Reimbursements, \$1.8 million; and Other Revenue, -\$85.0 million (TRANS Proceeds). In addition, recommendations are included in this report to recognize an additional \$2.0 million for grants reimbursements and fees adjustments. Further information regarding these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-up Actions*.

The revenue estimates for this year will continue to be updated and used as a starting point in the development of the 2024-2028 General Fund Forecast, due to be released on February 28, 2023, as well as the 2023-2024 Proposed Budget, due to be released on May 1, 2023. As always, staff will continue to closely monitor the City's current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April 2023.

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

General Fund expenditures through December totaled \$627.4 million, or 26.9% of the total 2022-2023 Modified Budget. This expenditure level represents a slight increase of \$9.2 million, or 1.5%, from the December 2021 level. General Fund encumbrances through December totaled \$83.2 million, which are \$16.8 million below the December 2021 level, which is primarily due to lower Capital Contribution encumbrances. In total, expenditures and encumbrances through December totaled \$710.6 million, which constitutes 30.4% of the total Modified Budget (including reserves) of \$2.3 billion. When excluding reserves of \$383.6 million, expenditures and encumbrances through December constituted 36.4% of the total Modified Budget. The following chart displays the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

**2022-2023
General Fund Expenditures through December
(\$ in Thousands)**

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
Departmental Expenditures				
Personal Services	\$ 964,891	\$ 474,641	49.2%	50.4%
Non-Personal/Equipment	176,138	54,306	30.8%	31.6%
Other Departmental	37,184	11,831	31.8%	32.7%
<i>Subtotal Departmental Expenditures</i>	<u>1,178,213</u>	<u>540,778</u>	<u>45.9%</u>	<u>47.2%</u>
Non-Departmental Expenditures				
City-Wide Expenses	\$ 669,746	\$ 43,115	6.4%	10.5%
Capital Contributions	74,933	13,842	18.5%	12.3%
Transfers	29,651	29,651	100.0%	92.1%
Reserves	383,641	0	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<u>1,157,971</u>	<u>86,608</u>	<u>7.5%</u>	<u>10.6%</u>
Total	\$ 2,336,184	\$ 627,386	26.9%	31.4%

Overall, General Fund expenditures are within budgeted levels and savings of at least \$15 million are anticipated by year-end; however, this savings is likely to grow as vacancy estimates are refined. General Fund expenditure savings will assist in meeting the projected 2022-2023 Ending Fund Balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2023-2024 Proposed Budget. Expenditures savings will continue to be closely monitored over the coming months.

Expenditure adjustments totaling \$59.7 million are recommended in this report to accomplish the following: (1) implementing one net-zero urgent fiscal/program need related to employee recruitment efforts; (2) implement required technical/rebalancing adjustments; (3) account for new grants, reimbursements, and fees; and (4) complete clean-up actions. Additional information on these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document. The following discussion highlights major General Fund expenditure activities through December.

STATUS OF GENERAL FUND EXPENDITURES

DEPARTMENTAL EXPENDITURES

Departmental expenditures include personal services (salaries, overtime, retirement, health, and other fringe benefit costs), non-personal/equipment, and other departmental expenses. Personal services costs represent the largest single General Fund expense category for the City. These costs accounted for over 75% of the total General Fund expenditures (excluding encumbrances) to date.

Through December, personal services expenditures for all City departments of \$474.6 million, or 49.2% of the current Modified Budget, is slightly above the estimated levels of 48.5% at this point of the year. However, this expenditure level is slightly lower than the 50.4% expended through the same time period in the prior year. The higher than estimated expenditures in 2022-2023 are largely due to salary and benefit program increases that are not currently reflected in various department's Personal Services appropriations. This document includes recommendations to increase various departments' appropriations to fund the general wage increases that were negotiated and agreed to by the City and various bargaining units; for Management Pay for Performance Program (MPP) costs; for health benefit increases; and Side Letter Agreements with the International Union of Operating Engineers, Local No. 3 (OE#3) and Municipal Employees' Federation, AFSCME, Local 101 (MEF). If these actions are approved, personal services expenditures are preliminarily anticipated to fall below estimated levels, resulting in year-end savings of at least \$15 million. As of December 31, 2022, the City had 925 vacancies city-wide (all funds), compared to 778 (as of 12/31/2021) vacancies in the prior year, representing a vacancy factor of approximately 14.3%. The total increase in vacancies is primarily driven by the addition of 238 positions in the 2022-2023 Adopted Operating Budget.

Non-Personal/Equipment expenditures of \$54.3 million are below anticipated levels with 30.8% expended through December. This expenditure level is slightly lower than the 31.6% expended through December 2021. Encumbrances through December totaled \$41.0 million, which when combined with the non-personal/equipment expenditures, brings the total amount of funding committed to \$95.3 million, or 54.1% of the \$176.1 million budget. Overall, these expenditures are expected to remain within budget for all departments, with a moderate amount of savings generated by year-end.

The Other Departmental category includes the budget for the Mayor and City Council and Parks, Recreation and Neighborhood Services Fee Activities. Through December, Other Departmental expenditures totaled \$11.8 million, which represents 31.8% expended of the \$37.2 million budget through December. This expenditure level is slightly lower than the 32.7% expended through December 2021. Expenditures in this category are expected to end the year within budgeted levels.

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

General Fund expenditures through December totaled \$627.4 million, or 26.9% of the total 2022-2023 Modified Budget. This expenditure level represents a slight increase of \$9.2 million, or 1.5%, from the December 2021 level. General Fund encumbrances through December totaled \$83.2 million, which are \$16.8 million below the December 2021 level, which is primarily due to lower Capital Contribution encumbrances. In total, expenditures and encumbrances through December totaled \$710.6 million, which constitutes 30.4% of the total Modified Budget (including reserves) of \$2.3 billion. When excluding reserves of \$383.6 million, expenditures and encumbrances through December constituted 36.4% of the total Modified Budget. The following chart displays the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

**2022-2023
General Fund Expenditures through December
(\$ in Thousands)**

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
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Non-Departmental Expenditures				
City-Wide Expenses	\$ 669,746	\$ 43,115	6.4%	10.5%
Capital Contributions	74,933	13,842	18.5%	12.3%
Transfers	29,651	29,651	100.0%	92.1%
Reserves	383,641	0	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<u>1,157,971</u>	<u>86,608</u>	<u>7.5%</u>	<u>10.6%</u>
Total	\$ 2,336,184	\$ 627,386	26.9%	31.4%

Overall, General Fund expenditures are within budgeted levels and savings of at least \$15 million are anticipated by year-end; however, this savings is likely to grow as vacancy estimates are refined. General Fund expenditure savings will assist in meeting the projected 2022-2023 Ending Fund Balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2023-2024 Proposed Budget. Expenditures savings will continue to be closely monitored over the coming months.

Expenditure adjustments totaling \$59.7 million are recommended in this report to accomplish the following: (1) implementing one net-zero urgent fiscal/program need related to employee recruitment efforts; (2) implement required technical/rebalancing adjustments; (3) account for new grants, reimbursements, and fees; and (4) complete clean-up actions. Additional information on these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document. The following discussion highlights major General Fund expenditure activities through December.

STATUS OF GENERAL FUND EXPENDITURES

DEPARTMENTAL EXPENDITURES

Departmental expenditures include personal services (salaries, overtime, retirement, health, and other fringe benefit costs), non-personal/equipment, and other departmental expenses. Personal services costs represent the largest single General Fund expense category for the City. These costs accounted for over 75% of the total General Fund expenditures (excluding encumbrances) to date.

Through December, personal services expenditures for all City departments of \$474.6 million, or 49.2% of the current Modified Budget, is slightly above the estimated levels of 48.5% at this point of the year. However, this expenditure level is slightly lower than the 50.4% expended through the same time period in the prior year. The higher than estimated expenditures in 2022-2023 are largely due to salary and benefit program increases that are not currently reflected in various department's Personal Services appropriations. This document includes recommendations to increase various departments' appropriations to fund the general wage increases that were negotiated and agreed to by the City and various bargaining units; for Management Pay for Performance Program (MPP) costs; for health benefit increases; and Side Letter Agreements with the International Union of Operating Engineers, Local No. 3 (OE#3) and Municipal Employees' Federation, AFSCME, Local 101 (MEF). If these actions are approved, personal services expenditures are preliminarily anticipated to fall below estimated levels, resulting in year-end savings of at least \$15 million. As of December 31, 2022, the City had 925 vacancies city-wide (all funds), compared to 778 (as of 12/31/2021) vacancies in the prior year, representing a vacancy factor of approximately 14.3%. The total increase in vacancies is primarily driven by the addition of 238 positions in the 2022-2023 Adopted Operating Budget.

Non-Personal/Equipment expenditures of \$54.3 million are below anticipated levels with 30.8% expended through December. This expenditure level is slightly lower than the 31.6% expended through December 2021. Encumbrances through December totaled \$41.0 million, which when combined with the non-personal/equipment expenditures, brings the total amount of funding committed to \$95.3 million, or 54.1% of the \$176.1 million budget. Overall, these expenditures are expected to remain within budget for all departments, with a moderate amount of savings generated by year-end.

The Other Departmental category includes the budget for the Mayor and City Council and Parks, Recreation and Neighborhood Services Fee Activities. Through December, Other Departmental expenditures totaled \$11.8 million, which represents 31.8% expended of the \$37.2 million budget through December. This expenditure level is slightly lower than the 32.7% expended through December 2021. Expenditures in this category are expected to end the year within budgeted levels.

STATUS OF GENERAL FUND EXPENDITURES

Following is a discussion of the Police Department, Fire Department, and non-departmental expenditures.

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Expenditure Status (\$ in Thousands)

<u>Department</u>	<u>2022-2023 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Police	\$493,665	\$238,039	\$240,578

Overall, Police Department expenditures are slightly below estimated levels through December, and Personal Services expenditures are tracking to end the year within budgeted levels after accounting for adjustments recommended in this report to allocate salary program increases for a new Police Officers Association labor agreement and the International Union of Operating Engineers, Local No. 3.

Personal Services expenditures of \$222.8 million are slightly above the anticipated level for this point of the year (49.52% expended, compared to the par level of 48.49%), with overtime expenditures of \$25.5 million (99.07% of the total \$25.8 million budget). Year-to-date overtime expenditures are 17.29% above 2021-2022 levels which are primarily attributed to increased overtime usage and increased wages. Overtime hours through December (283,266) increased by approximately 14.78% over the same period in the prior fiscal year (246,790). The increased overtime usage is attributed to staffing shortages, backfilling street-ready vacancies, and increased caseload in the Homicide, Sexual Assault, Robbery and Gang Investigation Units, which is attributable to more community interactions and delayed crime reporting from periods of higher COVID-19 case counts. After accounting for the salary program adjustments of \$10.9 million (offset by a corresponding reduction to the Salaries and Benefits Reserve) for the newly negotiated labor agreement for the Police Officers Association, as well as anticipated healthcare premiums and management performance program, the Department is expected to remain within budgeted levels. As described below, the Department is taking additional steps to reduce overtime expenditures while also maintaining minimum staffing and service levels.

A total of \$15.2 million (34.82%) of the Department’s Non-Personal/Equipment budget (\$43.8 million, including carry-over encumbrances) has been expended through December. Excluding the remaining balances for centrally-determined details (\$12.0 million), which include electricity, gas, and water utilities, as well as vehicle operations, maintenance, and replacement, the Police Department has approximately \$16.5 million, or 37.7% of its Non-Personal/Equipment budget available for the remainder of the fiscal year. Non-Personal/Equipment expenditures are well below estimated levels (34.82% expended, compared to the par level of 48.49%) and are anticipated to end the year within budgeted levels.

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Overtime consists of both overtime expenditures and compensatory time. The Memorandum of Agreement (MOA) with the Police Officer's Association (POA) limits how much overtime can be earned for pay versus compensatory time. The Police Department continues to diligently work to fill vacancies in both sworn and civilian positions, using vacancy savings and the \$7.4 million in one-time funding from the Sworn Hire Ahead Program to pay for Police Academy Recruits as well as to backfill patrol and investigative positions on overtime. While the goal is to fill vacancies and eliminate the need to backfill positions, the normal duration for the academy and field training is approximately 10-12 months, requiring overtime to backfill vacancies in patrol until the new recruits are ready to serve as solo beat officers. Effective vacancy levels, which include vacancies, field training officers, academy recruits, and sworn personnel on disability, modified, or other leaves, reduce the amount of street-ready sworn officers available and are the most significant contributing factor to overtime usage. The effective vacancy rate was 20.0% as of December 30, 2022. Historically, the effective vacancy rate has averaged 20.4% (based on the 5-year period between 2017-2018 and 2021-2022), resulting in the build-up of compensatory time balances for sworn personnel, for which there is a limit of 480 hours after which sworn personnel are paid in overtime for any additional hours worked.

In accordance with the POA MOA, the Police Department is enforcing compensatory time controls by requiring all sworn staff, outside of the Bureau of Field Operations (BFO), to reduce compensatory time balances by the end of each calendar year, or to submit a request for an extension and to prioritize compensatory time as requested time off (outside of sick leave purposes). On November 22, 2021, the Chief issued an order to reduce compensatory time balances for any sworn staff member who believes they will not be able to take the excess time off before the end of the calendar year. This order requires sworn staff to submit a plan to their immediate supervisor each year, consistent with MOA section 13.6.5.1, by December 1, excluding sworn staff assigned to Patrol. Each plan must outline how a sworn staff member will reduce their compensatory time by March 31. These changes are intended to reduce the number of officers reaching the 480-hour limit. The plans have been implemented, but due to the needs of the Department (staffing, workload, and specific assignments), there has been limited flexibility in allowing staff to take time off; however, the Department has seen a large majority of individuals taking at least a portion of their excess time off, which has contributed to a reduction in compensatory time hours across the Department. Additionally, on December 13, 2022, the City Council approved a new POA MOA contains a provision to require that all vacation requests for an employee whose compensatory time balance has reached 300 hours come from the employee's compensatory time balance until the balance falls below 240 hours.

Finally, focus groups have been created in each Bureau of the Department. These groups have started meeting to discuss solutions around workload and overtime issues and will bring recommendations to be considered by the Police Chief's Office and City Manager's Budget Office in the coming weeks. These actions, as well as the other recommendations included in the Police Staffing, Expenditures, and Workload audit report are intended to address, slow, and reverse the growth of overtime and compensatory time use. However, the size of recruit academies and the number of graduates completing their training periods remains a critical component of managing overtime levels.

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

The City Auditor’s March 2021 Police Staffing, Expenditures, and Workload audit report included several recommendations to increase the number of compensatory time-related data that should be included in the Mid-Year Budget Review, Bi-Monthly Financial Reports, and Annual Report. The table below summarizes this data. While compensatory time usage and balances remain high, it is important to note that the Department has made meaningful progress in some of these categories when compared to the prior year. This progress can be seen in the short term, as the Department reported a sworn compensatory time balance liability of 355,595 hours through December 2021, which has now been reduced to 351,007 as of December 2022. However, the increase in “YTD Overtime Expenses for Staff at the 480-hour Limit” has notably increased and is attributable to the overall elevated overtime usage through December as described above.

	December 2021	December 2022	% Change from 2021 to 2022	% Change from 2020 to 2021
# of Sworn Personnel at 480-hour limit	408	450	10.29%	(8.32%)
# of Sworn Personnel between 240 and 480 hours	324	273	(15.74%)	17.00%
Sworn Compensatory Time Balance Liability (hours)	355,595	351,007	(1.29%)	1.17%
Sworn Compensatory Time Balance Liability (\$)	\$27.1 M	\$28.2 M	3.88%	9.33%
YTD Overtime Expenses for Staff at 480-hour Limit (\$) ¹	\$9.2 M	\$10.9 M	18.84%	(3.64%)

The table below provides a summary of sworn staffing vacancies and street-ready officers. There are currently two active academies, June 2022 (22 recruits) and October 2022 (23 recruits). The Department is anticipating that the February 2023 and June 2023 academies will draw 18 and 20 recruits, respectively. As of December 30, 2022, of the 1,173 authorized sworn staff, 65 were in training (5.5%) and 82 were on disability/modified duty/other leaves (6.9%).

	2021-2022 (as of 12/31/2021)	2022-2023 (as of 12/30/2022)
Authorized Sworn Positions	1,153	1,173
(Vacancies)/Overstaff	(9)	(88)
Filled Sworn Positions²	1,144	1,085
Field Training Officer/Recruits	(104)	(65)
Street-Ready Sworn Officers Available	1,040	1,020
Disability/Modified Duty/Other Leaves	(122)	(82)
Street-Ready Sworn Officers Working	918	938

¹ The prior 2021-2022 Mid-Year Report included other units which were incorrectly included in the calculation of the overtime expenses time. This report has corrected that error.

² Filled sworn positions and authorized sworn positions may vary due to vacancies or the approval of over-strength (temporary) positions. The Police Department has special authority under the City’s Sworn Hire Ahead Program to overstaff sworn positions to get a head start on training recruits due to retirement and other separation.

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Expenditure Status (\$ in Thousands)

<u>Department</u>	<u>2022-2023 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Fire	\$274,383	\$137,552	\$141,374

The Fire Department’s budget totals \$274.4 million, which is comprised of \$262.1 million in personal services and \$12.3 million in non-personal/equipment expenditures. Overall, Fire Department expenditures are performing slightly above estimated levels through December 2022. Personal services expenditures of \$131.3 million, or 49.9% of the budgeted levels, are trending slightly higher than the expected level of 48.49% at this point in the year, but are expected to end the year within budgeted levels after accounting for anticipated allocations from the Salaries and Benefits Reserve and the reimbursements related to wildfire deployments that will be recognized as part of the 2022-2023 year-end clean-up process.

The pace of personal services expenditures in the current year can be partially attributed to the demand for frontline personnel to respond to incidents during the wildland fire season in 2022, while continuing to maintain the daily minimal staffing levels of deployed resources of 190 personnel. The Department responded to approximately 53,000 incidents (Priority 1 and Priority 2 type calls) through December 2022, resulting in a 10% increase in emergency response services compared to 48,000 incidents over the same period in 2021-2022. In addition, the recently approved collective bargaining agreement for IAFF, approved by City Council on November 15, 2022, increased compensation levels by 2% for impacted classifications, contributing to higher overall costs. Funding for this adjustment was anticipated as part of the development of the 2022-2023 Adopted Budget and set aside in the Salary and Benefits Reserve. Accordingly, the 2022-2023 Mid-Year Budget Review includes recommended adjustments to reallocate \$3.2 million for the Fire Department’s personal services budget, which is expected to address the current forecasted overage. The Department also anticipates \$2.2 million in reimbursed funds by the State of California’s Office of Emergency Services and Cal Fire related to wildfire mutual aid response, of which \$1.9 million has been received to date. Future budget action will be brought forward later in the fiscal year to recognize the full value of anticipated reimbursements in 2022-2023.

The Fire Department’s non-personal/equipment budget of \$12.3 million was 49.6% expended or encumbered through December 2022. The Department’s non-personal/equipment expenditures are above the expected levels of 48.49% primarily due to encumbrances (\$2.0 million). At this point in the year, it is expected the Fire Department will remain within budgeted levels.

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Fire Department Staffing

The average sworn vacancy rate of 6.81% through December 2022 (49 sworn positions are currently vacant) is higher than the vacancy rate of 4.87% experienced at this time last year. The table below provides a summary of sworn staffing vacancies compared to the Department’s authorized budgeted positions by rank.

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

	2021-2022 (12/25/21)	2022-2023 (12/26/22)
Total Authorized Budgeted Positions	719	720
<i>(Vacancies)</i>	<i>(35)</i>	<i>(49)</i>
<i>Deputy Fire Chief</i>	<i>(1)</i>	<i>-</i>
<i>Arson Investigator</i>	<i>(0)</i>	<i>(1)*</i>
<i>Fire Prevention Inspector</i>	<i>-</i>	<i>(2)</i>
<i>Battalion Chief</i>	<i>(3)</i>	<i>(1)</i>
<i>Fire Captain</i>	<i>(7)</i>	<i>(2)</i>
<i>Fire Engineer</i>	<i>(14)</i>	<i>(21)</i>
<i>Firefighter</i>	<i>(10)</i>	<i>(22)</i>

*The 2022-2023 Adopted Operating Budget added 1.0 Arson Investigator position.

Two firefighter academies (22-01 & 22-02) began in June 2022 and September 2022. Academy 22-01 concluded in November 2022 with 12 graduates assigned to the front line, and Academy 22-02 is expected to be conclude in February 2023 with 13 graduates. As part of the 2021-2022 Annual Report, the City Council authorized \$1.5 million in seed funding to implement the Fire Department’s Lateral Firefighter/Paramedic Academy, anticipated to begin in March 2023, which will help mitigate impacts from the current shortage of paramedics experienced nationwide. To extend their reach for recruitment and to pull from a larger, diverse audience, the Department is advancing outreach efforts through partnerships with local, regional, and nationwide public safety agencies. A recruitment was conducted in November 2022 with potential candidates advancing through the recruitment process to participate in Academy 23-01. The Department is continuing efforts to address paramedic recruitment challenges and will recruit, hire, and train personnel to keep pace with staffing attrition and address key vacancies.

In accordance with the City Council’s approval of a March 2010 report on annual vacancy and absence rates, the Fire Department has committed to limiting administrative assignments for sworn administrative personnel for overtime control purposes. As of the end of October, of the 31 current authorized staffing level, the Fire Department had 31 sworn personnel on administrative assignments.

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

Non-Departmental expenditures include City-Wide Expenses, Capital Contributions, Transfers, and Reserves. Through December, non-departmental expenditures (excluding encumbrances) totaled \$86.6 million, or 7.5% of the \$1.16 billion budget (including the Earmarked and Contingency Reserves). When excluding the reserves, the expenditures through December represent 11.2% of the 2022-2023 Modified Budget.

Through December, City-Wide Expenses (excluding encumbrances) totaled \$41.1 million, or 6.4% of the 2022-2023 Modified Budget of \$669.7 million. Encumbrances through December totaled \$30.3 million, which when combined with the expenditures, brings the total amount of funding committed to \$73.4 million, or 11.0% of the \$669.7 million budget. This expenditure level is slightly lower than the 14.6% expended through December 2021. Expenditures in this category are expected to end the year within budgeted levels.

**2022-2023 City-Wide Expenses
Expenditures by City Service Area**

(\$ in Thousands)

City Service Area	Current Budget	YTD Actual	% of Budget	Prior Year Actual	Prior Year % of Budget
Community & Economic Development	\$ 157,966	\$ 6,102	3.9%	\$ 11,256	17.9%
Environmental & Utility Services	1,872	380	20.3%	1,121	44.1%
Neighborhood Services	33,943	7,641	22.5%	6,386	29.1%
Public Safety	33,486	12,902	38.5%	11,335	46.1%
Transportation & Aviation Services	5,984	1,107	18.5%	2,005	34.5%
Strategic Support	436,495	12,983	3.0%	17,396	4.9%
TOTAL	669,746	41,115	6.4%	49,499	10.5%

Several adjustments to the City-Wide Expenses appropriations are recommended in this report to align the budget with the year-end expenditure projections. In total, adjustments recommended in this report result in a net decrease of \$79.0 million to City-Wide Expenses. The significant actions are summarized in the Transmittal Memorandum and details of all actions can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this 2022-2023 Mid-Year Budget Review.

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

The following highlights key appropriations in City-Wide Expenses across the six different CSAs:

- In June 2022, City Council approved the issuance and sale of \$360.0 million in Tax and Revenue Anticipation Notes (TRANs) to ensure sufficient cash flow for prepayment of portions of the City’s retirement contributions. The \$360.0 million TRANs Debt Service appropriation is used for repayment of these TRANs, including issuance, principal, and interest costs. However, the entire amount of the budgeted TRANs Debt Service allocation is not needed and an action to reduce the TRANs Debt Service appropriation by a total of \$79.0 million – a decrease of \$85.0 million to reflect the lower amount of TRANs that was actually issued and an increase of \$6.0 million to reflect higher interest cost – is recommended in this report. The \$6.0 million increase is offset by a \$1.5 million transfer in from other Special and Capital funds for their proportionate share of the debt service cost and the recognition of a \$4.5 million of additional revenue received from General Fund interest earnings.
- Workers’ Compensation Claims appropriations totaling \$21.5 million are budgeted in four of the six CSAs, with total expenditures of \$11.3 million through December 2022, or approximately 52.7% of the 2022-2023 Modified Budget. This expenditure level is just 3.9% above the \$10.9 million expended through December 2021. An action to increase Workers’ Compensation Claims – Public Works Department by \$250,000 offset by a decrease to Workers’ Compensation Claims – PRNS Department is recommended in this report. The Administration will continue to closely monitor workers’ compensation claims activity and will bring forward any additional adjustments as needed.
- In the Strategic Support CSA, the General Liability Claims appropriation totals \$16.6 million, of which 16.6%, or \$2.8 million, is expended or encumbered through December 2022. This is a significant decrease in spending year over year; total commitments through December 2021 were \$7.6 million, or 41.1% of the \$18.5 million budget. The amount and pace of claims-related expenditures can vary significantly from year to year.
- In the Neighborhood Services CSA, the San José BEST and Safe Summer Initiative Programs appropriation has year-to-date expenditures of \$1.6 million with an additional \$1.4 million encumbered for a total of \$3.0 million committed, reflecting 37.3% of the total budget of \$8.0 million. In comparison, this reflects a slight decrease from the prior year spending, of which \$3.3 million was expended or encumbered through December 2021 of a total budget of \$7.3 million. This appropriation supports gang prevention and intervention efforts across the City.
- Sick Leave Payments Upon Retirement expenditures, allocated in the Strategic Support CSA, of \$1.1 million through December reflect 23.0% of the total 2022-2023 budget estimate of \$5.0 million. Year-to-date expenditures for these payouts reflect an increase from the prior year levels of \$886,000 through December 2021. In comparison, however, expenditures through December 2020 were \$1.0 million and expenditures through December 2019 were \$923,000. It is important to note, however, that the majority of expenditures in this appropriation typically occur in the second half of the year. Year-end expenditures are anticipated be at or below the budgeted estimate of \$5.0 million.

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

- In the Community and Economic Development CSA, the Emergency Interim Housing Construction and Operation appropriation has expended and encumbered \$6.6 million or 30.8% of the 2022-2023 Modified Budget of \$21.5 million. This one-time 2022-2023 appropriation is supplemented by \$18.5 million from the American Rescue Plan Fund and invests in the acquisition, construction, and operation of emergency interim housing facilities to address the City’s ongoing efforts related to homelessness.

Through December, General Fund **Capital** expenditures (\$13.8 million) and encumbrances (\$11.9 million) total \$25.7 million, which represents 34.3% of the \$74.9 million budget. Overall, minimal General Fund Capital expenditure savings are anticipated, as the rebudget of unspent funds to 2023-2024 will be recommended to complete projects.

Through December, all of the General Fund **Transfers** have been fully executed, with expenditures totaling \$29.7 million, or 100% of the budget.

There are no expenditures against the **Earmarked Reserves** budget of \$345.7 million because expenditures cannot be charged directly to a reserve (to use Reserve funding, budget actions are necessary to move funding from a Reserve to an expenditure appropriation). The largest reserves include the: Budget Stabilization Reserve (\$61.0 million); Revenue Loss Reserve (\$60.0 million); Measure E – 40% Extremely Low-Income Households Reserve (\$51.2 million); Measure E – 30% Low-Income Households Reserve (\$50.4 million); Salaries and Benefits Reserve (\$25.1 million); Measure E – 15% Homeless Support Programs Reserve (\$20.2 million); Workers’ Compensation/General Liability Catastrophic Reserve (\$15.0 million); Community and Economic Recovery Reserve (\$10.2 million); Measure E – 5% Moderate-Income Households Reserve (\$9.0 million); Information Technology Sinking Fund Reserve (\$6.5 million); Measure E – 10% Homeless Prevention and Rental Assistance Reserve (\$6.4 million); FEMA Non-Reimbursable Expenses Reserve (\$5.0 million); Fire Station FF&E Reserve (\$3.8 million); Google Parking Lots Option Payment Reserve (\$3.8 million); Artificial Turf Capital Replacement Reserve (\$3.4 million); Code Enforcement Permit System Reserve (\$2.8 million); Berryessa Flea Market Vendor Business Transition Fund Reserve (\$2.4 million); and, Sick Leave Payments Upon Retirement Reserve (\$2.0 million).

Several budget actions are recommended in this report that impact General Fund Reserves, including: the establishment of the 2022-2023 Ending Fund Balance Reserve (\$9.4 million); establishment of the 2023-2024 Recruitment Centralization Pilot Program Reserve (\$1.1 million); net reduction of \$15.5 million to the Salaries and Benefits Reserve for reallocation to the respective departmental personal services appropriations to support management pay for performance and other compensation adjustments; reduction of \$3.0 million to the FEMA Non-Reimbursable Expenses Reserve to offset lower projected reimbursements in the Emergency Reserve Fund; and, a net reduction of \$2.0 million to Measure E reserves to reallocate funds to support Measure E – Storm Evacuee Transition Facilities (15% HSP). These actions are summarized in the Transmittal Memorandum and all reserve actions are described in detail in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document.

No budget action is recommended for the Contingency Reserve, which currently totals \$46.0 million and complies with the City Council policy to set aside 3% of expenditures.

II. SELECTED SPECIAL/CAPITAL FUNDS STATUS REPORT

At mid-year, the City Manager’s Budget Office conducts a comprehensive review of expenditure and revenue performance of all operating and capital funds and capital programs through the first six months of the fiscal year. Revenues and expenditures are generally tracking within estimated levels. This section of the report is intended to summarize the results of that review and only discusses selected funds with issues of interest or variances.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT OPERATING FUNDS – AIRPORT MAINTENANCE AND OPERATION FUND & AIRPORT REVENUE FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues – Airport Revenue Fund</i>	208,547,707	96,376,633	46.2%
<i>Expenditures – Airport Maintenance and Operation Fund</i>	128,096,952	44,252,449	34.5%
<i>Ending Fund Balance – Airport Revenue Fund</i>	96,672,171	N/A	N/A
<i>Ending Fund Balance – Airport Maintenance and Operation Fund</i>	26,011,327	N/A	N/A

This section discusses the status of the Airport Revenue Fund and the Airport Maintenance and Operation Fund. The Airport Revenue Fund accounts for all general Airport revenues. The Airport Maintenance and Operation Fund, funded by a transfer from the Airport Revenue Fund, accounts for expenditures incurred for the maintenance and operation of San José Mineta International Airport.

FUND STATUS

Revenues – General Airport operating revenue categories include Landing Fees, Terminal Rentals, Airfield, Terminal Concessions, Parking and Roadway, and General and Non-Aviation.

Overall revenue performance at the Airport of \$96.4 million is tracking at 46.2% of the estimated budget and is above the benchmark through December. The 2022-2023 budget was built assuming passenger levels of approximately 12.0 million, or an approximate 22% increase from the 2021-2022 level of 9.8 million passengers. Through December 2022, passenger levels of 6.3 million are up 31.9% (1.5 million) from the same period last fiscal year. Passenger airline operations (takeoffs and landings) are 25.9% higher than last year. In late December, Southwest Airlines experienced wide-scale disruptions that resulted in flight delays and cancellations nationwide. There were service impacts to the airport over this multi-day event; however, revenue and passenger numbers are still expected to reach budgeted levels by year-end. Landing Fees and Airfield revenues, which are associated with the number of flights rather than the number of passengers, are tracking in line with budgeted levels. Terminal Rental revenues are tracking very slightly below budgeted levels at 96.2% of the budgeted estimate due to lower than anticipated use of common gates and ticket counters. Conversely, Terminal Concessions, Parking and Roadway, and General and Non-Aviation revenues are tracking above budgeted levels. Parking and Roadway revenues have been fueled by higher than anticipated public parking, Transportation Network Companies or app-based transportation options, and rental car concession revenues. Terminal Concessions revenue has continued to be strong as passenger levels grow and additional concessions are opening at the Airport.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUNDS – AIRPORT MAINTENANCE AND OPERATION
FUND & AIRPORT REVENUE FUND**

FUND STATUS

Lastly, total general and non-aviation revenues, consisting of fees associated with hangars, land and building rentals, petroleum program, general aviation, interest earnings, and other non-aviation (miscellaneous) revenues, are also tracking above budgeted levels, primarily the result of the timing of revenue collection.

The total budgeted revenue of \$208.5 million includes \$28.9 million in federal funding from the American Rescue Plan Act (ARPA) to partially offset the reduced revenue resulting from the pandemic’s effect on passenger levels. Federal relief funding is received based on expenditure reimbursement requests and through December, \$5.7 million has been received. Use of federal grant funding in 2022-2023 is determined based on the need to offset reduced revenues. It is expected that between \$20.0 million and \$28.9 million of the ARPA funding will be received in 2022-2023. If the \$28.9 million is fully collected, the Airport will have \$20.0 million remaining of ARPA available to use if needed before 2025.

Expenditures – Operating expenditures, appropriated in the Airport Maintenance and Operation Fund, include Airport Department Personal Services and Non-Personal/Equipment, Police and Aircraft Rescue and Fire Fighting Services, interdepartmental direct support, and overhead reimbursements. Overall expenditures through December of \$44.3 million are tracking at 34.5% of budget. Through December, Airport’s personal services and non-personal/equipment expenditures of \$32.9 million are tracking at 32.6% of the combined budgeted levels.

Personal services expenditures of \$17.5 million are tracking below benchmark levels of 50.0% at 44.3% of budget. The savings are due to a 13.0% vacancy rate (29 vacancies) as of December 2022. Overtime expenditures of \$252,000, or 57.6% of budget, are tracking slightly above estimates and will be closely monitored for the remainder of the fiscal year. Non-Personal/Equipment expenditures (excluding encumbrances) are tracking at 25.1% of budget; with encumbrances, non-personal/equipment expenditures of \$40.3 million are at 65.6% of the total modified budget. It is anticipated that through close monitoring of spending levels, the Non-Personal/Equipment appropriation will end the year within budgeted levels.

Through December 2022, interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire Departments) total \$9.7 million, which represents approximately 48.5% of the interdepartmental budget. Expenditures are on track to end the year within budgeted levels.

Ending Fund Balance – The actions detailed in this report have no effect on the Ending Fund Balance of the Airport Revenue Fund and Airport Maintenance and Operation Fund. Further details on the adjustments can be found in Section III of this report, *Recommend Budget Adjustments and Clean-up Actions*.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	95,053,000	19,596,483	20.6%
<i>Expenditures</i>	144,093,594	13,123,450	9.1%
<i>Unrestricted Ending Fund Balance</i>	15,210,452	N/A	N/A

FUND STATUS

Revenues – Tax revenue in the Building and Structure Construction Tax Fund, which is a major funding source for the Traffic Capital Program, is tracking slightly below anticipated levels. Through the first half of 2022-2023, Building and Structure Construction Tax receipts totaled \$9.5 million through December, 50.0% of the 2022-2023 Adopted Budget estimate of \$19.0 million, reflecting higher than anticipated development permit activity in the commercial and industrial land use categories, and lower activity levels for residential permits. This collection level is 38.4% above prior year collections of \$6.9 million for the same period. Based on collections through December, tax receipts are expected to meet the budgeted estimate of \$19.0 million by the end of the year.

Other major revenue sources in the Building and Structure Construction Tax Fund include grants from federal, state, and local agencies. In November 2022, the City invoiced the State of California Department of Transportation (Caltrans) for \$8.0 million in state funds that were allocated for implementing improvements for the Warm Springs Quiet Zone. This reimbursement represents a majority of the grant revenue received in the Building and Structure Construction Tax Fund through December. Overall, grant revenue from federal, state and local agencies are tracking below estimated levels. These variances are largely due to timing differences for grant-supported projects, many of which are funded on a reimbursement basis. As a result, the lower grant reimbursement collections are offset by corresponding lower project expenditures. Staff will continue to closely monitor these revenue sources as the fiscal year progresses.

Included in this report are revenue adjustment recommendations to increase the estimate for Revenue from the State of California for state funds earmarked for the East San José Corridor Safety Improvement Project (\$300,000) and for a Sustainable Transportation Planning grant for the North San José Multimodal Transportation Improvement Plan (\$250,000). The City will receive a total of \$10 million from the state for the East San José Corridor Safety Improvement Project. A memorandum is anticipated to be brought forward to the City Council in the February/March time frame to approve an agreement with Caltrans and receive the funds. The remaining \$9.7 million will be programmed in the development of the 2024-2028 Proposed Capital Improvement Program.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

FUND STATUS

Expenditures – Overall expenditures of \$13.1 million are tracking at 9.1% of the Modified Budget. In addition, \$11.6 million has been encumbered to date, bringing total commitments (\$24.7 million) through December to 17.2% of the Modified Budget, excluding reserved funds. Though expenditures are tracking below expected levels through December, a significant number of contractual obligations are anticipated later in the fiscal year. Any remaining project balances at year-end are anticipated to be rebudgeted and will be included in the 2023-2024 Adopted Capital Budget for project completion. This report also includes expenditure adjustments to establish the Vision Zero: Senter Road and Balfour Drive Safety Improvements project to fund project management staff, material, and installation of street light retrofits on Senter Road (\$300,000), and the North San José Multimodal Transportation Improvement Plan for consultant services related to plan development (\$250,000). Further detail regarding these recommendations can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

Ending Fund Balance – A decrease of \$59,555 to the Ending Fund Balance is included as a result of the action recommended in this report to transfer funds to the General Fund for the higher than anticipated interest rates related to the TRANs debt. After accounting for this action, the revised Ending Fund Balance will decrease to \$15.15 million. Further details on the adjustment can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	77,760,000	28,862,327	37.1%
<i>Expenditures</i>	151,152,905	22,013,995	14.6%
<i>Unrestricted Ending Fund Balances</i>	32,393,920	N/A	N/A

FUND STATUS

Revenues – A total of 17 Construction and Conveyance (C&C) Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety, Library, Service Yards, and Communications Capital Programs. Revenues in the C&C Tax Funds are comprised of C&C Tax receipts, transfer revenue, grant funding, and other miscellaneous revenue. The Parks C&C Tax Funds also include revenues related to the 2017 Flood recovery projects, including commercial paper proceeds of \$6.4 million. Through December, revenue in the C&C Tax Funds totaled \$28.9 million, which is 37.1% of the 2022-2023 Modified Budget of \$77.8 million.

C&C Tax receipts are the largest source of revenue for the C&C Tax Funds. Through December 2022, C&C Tax receipts totaled \$18.9 million, which represents 37.8% of the 2022-2023 Adopted Budget estimate (\$50.0 million) and is 36.4% below the prior year collection level. In addition, January Conveyance receipts have been received from Santa Clara County, which total \$2.8 million and are 60.8% below the January 2022 Conveyance collection level. When taking into account total receipts through December and the estimated January collections, C&C Tax receipts in 2022-2023 total \$21.7 million, 43.4% of the 2022-2023 budgeted estimate, and 41.0% below the prior year collection level. When the 2022-2023 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$50.0 million (22.4% decline from the 2021-2022 collection level) due to higher interest rates that impact mortgage rates coupled with uncertainty in the overall economy. However, due to sharper declines than anticipated through the first half of the fiscal year, C&C Tax receipts are now anticipated to end the year at \$45.0 million. Therefore, a recommendation is included in this report to decrease the C&C Tax estimate by \$5.0 million, from \$50.0 million to \$45.0 million. The \$5.0 million decrease reduces the revenue estimate in each C&C Tax Fund as follows: Parks Central C&C Tax allocation (\$3.2 million), Library C&C Tax allocation (\$711,000), Service Yards C&C Tax allocation (\$439,000), Fire C&C Tax allocation (\$420,000), Communications C&C Tax allocation (\$170,000), and Park Yards C&C Tax allocation (\$60,000). As further described in *Section III. Recommended Budget Adjustments and Clean-up Action*, the loss of revenue is recommended to be offset by a reduction to the Ending Fund Balance of each respective fund.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

FUND STATUS

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). According to data from the Santa Clara County Association of Realtors, the local real estate market is experiencing a significant slowing of property transfers. In addition, while remaining relatively strong, home prices have begun to decline. In December 2022, the median single-family home price totaled \$1.3 million, which is 11.9% lower than the December 2021 price of \$1.5 million. In addition, homes are staying on the market for longer periods of time before selling: the average days-on-market through December 2022 totaled 25 days, which is significantly above the average of 16 days experienced year-to-date through December 2021. Finally, as mentioned, property sales activity has been significantly declining; property sales for the first half of the fiscal year dropped almost 32% compared to the prior-year sales.

Expenditures – Overall, expenditures in the various C&C Tax Funds are anticipated to end the year within budgeted levels. Through December, expenditures totaled \$22.0 million, or 14.6% of the 2022-2023 Modified Budget of \$151.2 million. An additional \$15.5 million has been encumbered through December, bringing the total amount committed to \$38.7 million, or 24.8% of the 2022-2023 Modified Budget. This report recommends expenditure adjustments to the following projects:

- Trail: Coyote Creek (Mabury Road to Empire Street) (\$1.3 million Parks City-Wide C&C Tax Fund);
- Building Forward Library Infrastructure Grant (\$944,000 Library C&C Tax Fund);
- Building Forward Library Infrastructure Grant – Local Match (\$600,000 Library C&C Tax Fund);
- Hanchett Park Development (\$300,000 Parks Council District 6 C&C Tax Fund);
- Happy Hollow Park and Zoo Public Announcement System (\$180,000 Parks City-Wide C&C Tax Fund);
- Guadalupe Gardens Prototype Park (\$150,000 Parks City-Wide C&C Tax Fund);
- Cypress Community Center Roof Replacement (\$90,000 Parks Council District 1 C&C Tax Fund); and
- Bascom Community Center Marquee (\$26,000 Parks Council District 6 C&C Tax Fund).

Further detail regarding all the recommended adjustments in the various C&C Tax Funds can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions*.

Ending Fund Balance – This report includes recommendations to increase and decrease the various C&C Tax Funds Ending Fund Balances to offset various actions recommended in the report. In total, the C&C Tax Fund Ending Fund Balances are recommended to be decreased by \$3.8 million (from \$32.4 million to \$28.6 million) as a net result of the actions cited above and other clean-up actions as detailed in Section III of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	129,859,479	19,319,699	14.9%
<i>Expenditures</i>	174,434,482	44,833,352	25.7%
<i>Unrestricted Ending Fund Balance</i>	11,566,581	N/A	N/A

FUND STATUS

Revenues – Construction Excise Tax receipts totaled \$4.9 million through December, 30.9% of the 2022-2023 Adopted Budget estimate of \$16.0 million, reflecting lower than anticipated residential development permit activity partially offset by higher commercial activity. This collection level is 18.5% below prior year collections of \$6.1 million for the same period. Based on collections through December and a look at projects in the pipeline for the remainder of the fiscal year, tax receipts are expected to end the year approximately \$2.0 million below the budget estimate of \$16.0 million. A recommendation is included in this report to decrease the revenue for Construction Excise Tax by \$2.0 million to bring the budget estimate in line with expected year-end tax receipts.

Other major revenue sources in the Construction Excise Tax Fund, including grants from federal, state, and local agencies, are tracking below estimated levels. These variances are largely due to timing differences for grant-supported projects, many of which are funded on a reimbursement basis. As a result, the lower grant reimbursement collections are offset by corresponding lower project expenditures. Staff will continue to closely monitor these revenue sources as the fiscal year progresses.

Included in this report are other net revenue adjustment recommendations that increase revenue in the Construction Excise Tax Fund by a total amount of \$651,000. The adjustments consist of a decrease to the estimate for Revenue from Local Agencies based on actual revenue received from the Valley Transportation Agency Measure B VRF funds for pavement maintenance (\$269,000), an increase to the estimate for Revenue from State of California for Transportation Development Act grant funds for bicycle and pedestrian facilities (\$700,000) and a Sustainable Transportation Planning grant for work on a Decision Support System (\$100,000), and an increase to the estimate for Revenue from the Federal Government for Vision Zero multimodal traffic safety education (\$120,000).

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

Expenditures – Overall expenditures of \$44.8 million are tracking at 25.7% of the Modified Budget. An additional \$61.9 million has been encumbered to date, bringing total commitments (\$106.7 million) through December to 61.2% of the Modified Budget, excluding reserved funds. Any remaining project balances at year-end are anticipated to be rebudgeted and included in the 2023-2024 Adopted Capital Budget for project completion. This report also includes a limited number of expenditure adjustments, the notable ones are listed below.

- Increase Bicycle and Pedestrian Facilities project (\$700,000);
- Establish the San José Decision Support System project (\$299,935); and
- Establish the Vision Zero: Multimodal Traffic Safety Education project (\$120,000).

Further detail regarding these recommendations can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

Ending Fund Balance – A net decrease of \$6.9 million to the Ending Fund Balance is included as a result of the actions recommended in this report, including a downward adjustment of \$7.9 million based on the reconciliation of final audited actuals as part of the 2021-2022 Annual Consolidated Financial Report that included the deferral of One Bay Area Grant 2 – Pavement Maintenance grant revenue previously recorded in 2021-2022, and partially offset by recognizing \$2.8 million of that revenue in 2022-2023. Of the remaining \$5.1 million, \$2.5 million is expected to be recognized in future years as capital work proceeds while \$2.3 million in revenue related to the OBAG 2 – Pavement Maintenance grant will not be received nor expended. After accounting for all these actions, the revised Ending Fund Balance will decrease to \$4.6 million. Further details on the adjustments can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

DEVELOPMENT FEE PROGRAM FUNDS

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
Revenues			
<i>Building:</i>	\$33,966,338	\$18,605,545	54.8%
<i>Fire:</i>	\$7,892,700	\$4,223,403	53.5%
<i>Planning:</i>	\$8,341,858	\$4,051,186	48.6%
<i>Public Works:</i>	\$13,875,000	\$6,520,627	47.0%
Expenditures			
<i>Building:</i>	\$43,194,207	\$16,664,772	38.6%
<i>Fire:</i>	\$10,538,206	\$4,418,498	41.9%
<i>Planning:</i>	\$8,189,456	\$3,713,616	45.3%
<i>Public Works:</i>	\$15,266,427	\$8,009,459	52.5%
Unrestricted Ending Fund Balance			
<i>Building:</i>	\$25,277,230	N/A	N/A
<i>Fire:</i>	\$644,956	N/A	N/A
<i>Planning:</i>	\$4,495,441	N/A	N/A
<i>Public Works:</i>	\$5,392,411	N/A	N/A

This section discusses the status of the Development Fee Program Funds, which include the Building Development Fee Program Fund, Fire Development Fee Program Fund, Planning Development Fee Program Fund, and Public Works Development Fee Program Fund. The Development Fee Programs were previously budgeted in the General Fund as full cost recovery programs; however, starting in 2020-2021, these fee programs have been reallocated into individual special funds to improve transparency and financial and budgetary administration.

FUND STATUS

Revenues – Overall revenues for all Development Fee Program Funds total \$33.4 million through December, which is 52.1% of the 2022-2023 Modified Budget of \$64.1 million. These revenue collections are primarily from licenses and permits, and fees, rates, and charges as a result of development activity. Total revenues represent an increase of 9.5% compared to the prior year level for the same period (\$30.2 million).

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

DEVELOPMENT FEE PROGRAM FUNDS

FUND STATUS

The Building Development Fee Program revenues through December of \$18.6 million are tracking above anticipated levels at 54.8% of the budget estimate due to a higher than anticipated level of development permit activity and are projected to end the year above the estimated budget by \$2.0 million.

The Fire Department related fees and charges collections of \$4.2 million through December 2022 are tracking above anticipated levels at 53.5% of the budget estimate. The 2022-2023 budgeted estimate of \$7.8 million represents a 13% increase from the 2021-2022 actual collection level of \$6.9 million; however, year-to-date performance relative to same period in 2021-2022 is 38.5% higher. This trend is largely driven by higher than anticipated revenue from Fire Code Plan Inspections, which has exceeded prior year levels by 58.7% (\$905,384) in response to building code changes effective in January 2023. Developers/contractors strived to secure approvals for projects under the previous code requirements, advancing activity levels for small, medium, and large projects that required Fire Code Plan Inspections.

The Planning Development Fee Program revenues through December of \$4.1 million are tracking slightly below anticipated levels at 48.6% of the estimated budget and are projected to end the year below the estimated budget by \$700,000.

Through December, the Public Works Development Fee revenue of \$6.5 million is 5.0% above the prior year collection level of \$6.2 million. The Public Works Development Fee Program total revenue collections are comprised of \$3.8 million from the Development Services Fee Program, \$2.7 million from the Utility Fee Program, and approximately \$27,000 of interest. The Public Works Development Fee Program Fund is tracking slightly below anticipated levels for this fiscal year, primarily due to the cyclical nature of development projects. It is normal for this program to see a decrease in the rate of fee collection in the months leading into the winter as this is not an advantageous time to begin construction projects for developers. Fee collection is anticipated to increase in the third and fourth quarters of the fiscal year as developers prepare for spring and summer projects. Due to these factors, the Public Works Development Fee Program Fund is projected to exceed the budgeted estimate of \$13.9 million by \$1.0 million.

Expenditures – Overall expenditures for all Development Fee Program Funds totals \$32.8 million through December, which is 42.5% of the 2022-2023 Modified Budget of \$77.2 million. In addition, \$1.4 million has been encumbered to date, bringing total commitments (\$34.2 million) through December to 44.2% of the Modified Budget.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

DEVELOPMENT FEE PROGRAM FUNDS

FUND STATUS

Appropriations in these funds are tracking within budgeted levels with the exception of the personal services for the Public Works Department, Fire Department, Office of Economic Development and Cultural Affairs, City Attorney’s Office, and Development Fee Program Shared Resources, which are tracking to exceed by a total of \$1.3 million. Public Works personal services costs are tracking high due primarily to unbudgeted costs for work on the Downtown West and BART Phase II projects. A recommended adjustment to the Public Works Development Fee Program Personal Services appropriation in the amount of \$127,000 for the Salary and Benefits Program will address a portion of the higher costs. It is likely another increase to the appropriation will be necessary to align budgeted amounts to actual expenses and will be brought forward as part of the 2022-2023 year-end budget process. The other Personal Services appropriations will be monitored, and any adjustments will be brought forward as part of the 2022-2023 year-end budget process.

The Building Development Fee Program Personal Services appropriation is tracking to end the year with estimated savings of \$6.0 million due to vacancies. The Building Division Plan Review team had eight engineering positions vacant as of December 2022, and an overall vacancy rate of 33% for the last year. To address the plan check backlog and improve response times, an adjustment in the Building Development Fee Program Fund to reallocate \$1.0 million from personal services vacancy savings to non-personal/equipment expenses to fund six peak staffing positions is recommended in this report.

Ending Fund Balance – A net decrease to the Ending Fund Balance of \$377,000 is recommended in this report to offset actions related to the Salary and Benefits Program and transfers to the General Fund for TRANs debt service. With these actions, the revised Ending Fund Balance totals \$35.4 million, which will primarily be spent down in future years as projects proceed through the development process. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up Actions*, of this report.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	194,400,776	166,060,289	85.4%
<i>Expenditures</i>	206,840,059	\$66,052,018	31.9%
<i>Unrestricted Ending Fund Balance</i>	2,270,833	N/A	N/A

FUND STATUS

Revenues – Budgeted revenues in the Integrated Waste Management (IWM) Fund include payments received from residential solid waste generators under the Recycle Plus Integrated Waste Management Program (Recycle Plus Collection Charges, \$186.6 million); AB 939 fees (\$4.8 million); payments received from the Construction and Demolition Diversion Deposit (CDDD) Program (\$800,000); Recycle Plus Late Fees (\$554,000); revenue from land rentals (\$512,000); revenue received from Santa Clara County for Household Hazardous Waste programs (\$400,000); interest earnings (\$293,000); SB 332 Beverage Container Recycling payments (\$254,000); and tags for extra garbage (\$206,000).

Through December, revenues totaled \$166.1 million, or 85.4% of budget, and were generated primarily from Recycle Plus Collection Charges (\$163.1 million); AB 939 fees (\$1.4 million); Recycle Plus Late Fees (\$580,000); revenue from land rentals (\$271,000); SB 332 Beverage Container Recycling payments (\$254,000); interest earnings (\$134,000); revenues from tags for extra garbage (\$125,000); and CDDD revenues (\$61,000). The high percentage of revenue received year-to-date is due to payments from the Recycle Plus – Single Family Dwellings, which is paid upfront towards the beginning of the fiscal year. Overall, revenues are expected to end the year slightly above budget.

For 2022-2023, the Recycle Plus rates increased by 8% for single-family dwellings and 4% for multi-family dwellings. Similar levels of rate increases are preliminarily anticipated for residential customers in 2023-2024 to meet the requirements of the City’s hauler agreements. The level of rate increase and potential trade-offs will be evaluated by the Administration and presented for City Council discussion during the 2023-2024 budget development and rate-setting process.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

FUND STATUS

Expenditures – Through December, \$66.1 million (31.9%) was expended, with an additional \$128.4 million (62.1% of budget) encumbered, bringing the total commitments to \$194.4 million (94.0% of budget). The year-to-date expenditures and encumbrances of \$194.4 million are attributed primarily to the Recycle Plus contracts for Single-Family Dwelling (\$94.5 million), Yard Trimmings/Street Sweeping (\$32.9 million), and Multi-Family Dwelling (\$30.3 million). Additional expenditures include Single Family Dwelling Processing (\$20.7 million), IDC Disposal Agreement (\$4.9 million), Environmental Services Department (ESD) Personal Services (\$4.2 million), and ESD Non-Personal/Equipment (\$3.1 million) appropriations.

Overall, expenditures are expected to meet budgeted levels with some potential savings. At this time, there is anticipated savings in the ESD Personal Services appropriation (\$750,000) due to vacancies in the department. Savings are also projected in Non-Personal/Equipment appropriations for other City departments (\$165,000). Staff will continue to closely monitor expenditures as the fiscal year progresses. This report also includes adjustments to increase Banking Services (\$55,000) and Workers' Compensation (\$50,000) appropriations.

Ending Fund Balance – A decrease to the Ending Fund Balance of \$162,809 is recommended in this report to offset actions related to the Salary and Benefits Program, Banking Services, TRANs Debt Service Transfer and Workers' Compensation. With these actions, the revised Ending Fund Balance totals \$2.1 million. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE CLEAN ENERGY FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	416,796,865	267,252,264	64.1%
<i>Expenditures</i>	333,717,298	212,602,544	63.7%
<i>Unrestricted Ending Fund Balance</i>	168,486,381	N/A	N/A

FUND STATUS

Revenues – Revenues through December totaled \$267.3 million, or 64.1% of the Modified Budget estimate of \$416.8 million. Budgeted revenues in the San José Clean Energy (SJCE) Fund consist of Energy Sales (\$411.9 million), energy program grants (\$4.2 million), and interest earnings (\$700,000). The largest source of revenue in this fund, Energy Sales, collected \$264.7 million through December, 64.3% of the Modified Budget estimate, and is anticipated to exceed budgeted projections by year-end.

The City Council-approved rate package for 2022 set rates for GreenSource, SJCE’s standard service, 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% that was approved by the California Public Utilities Commission in February 2022. The PCIA had been steadily rising (PCIA increased over 900% between 2013 and 2021, and 41% from 2020 to 2021). Then in 2022, the PCIA decreased considerably, down 75% from 2021. Lower PCIA combined with the increase in energy rates in 2022 created a favorable financial environment for SJCE, which was a marked improvement from 2021.

In 2021, SJCE’s financials projected a cash flow shortage for which City Council approved a total Commercial Paper (CP) Notes authorization of up to \$95.0 million; a total of \$60.0 million was drawn. SJCE’s improved financial position enables SJCE to begin to repay CP and attain 90 days of operating expenses in reserve in 2022-2023. The City Council-approved rate package for 2023 is forecast to further improve SJCE’s financial condition. On December 6, 2022, City Council approved SJCE’s shift to cost-of-service rate setting in place of setting rates at a discount or premium to PG&E’s standard generation rates, inclusive of PG&E added fees. Beginning on January 1, 2023, SJCE rates are estimated to be slightly below PG&E rates (1-3%) and Community Energy Department staff estimate building operating reserves to 180 days by the end of calendar year 2023. The new rate schedule means that SJCE’s standard service, GreenSource, will cost less in 2023 and will be less expensive than PG&E. SJCE will, therefore, transfer its GreenValue customers to its GreenSource product. Customers will save money and receive 20 percent more renewable energy in 2023 (from 40% to 60%). The GreenValue product will be suspended.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE CLEAN ENERGY FUND

FUND STATUS

Increased load demand, the result of extreme weather events such as the summer 2022 heat wave, contribute to SJCE's increased revenue projections. As a result, actions are recommended in this report to increase the Sale of Energy revenue estimate by \$94.0 million, from \$411.9 million to \$505.9 million.

Expenditures – Expenditures budgeted in this fund enable the Community Energy Department to supply San José residents and businesses with cleaner energy options and access to energy efficiency community programs. The largest allocation is Cost of Energy (\$297.2 million) at 89.1% of the total budget. The next largest budgeted expenditures are Community Energy Non-Personal/Equipment (\$10.2 million) that provide for data management, power supply management, and outside legal/regulatory, technical, and financial consulting services; Personal Services funding for Community Energy Department staff (\$8.3 million); energy programming including Disadvantaged Communities – Green Tariff and Energy Efficiency Programs (\$4.1 million); and Personal Services funding for the City Attorney's Office (\$1.1 million), Finance Department (\$298,000), City Manager's Office (\$155,000), and Public Works Department (\$123,000). Through December, expenditures totaled \$212.6 million, or 63.7% of the Modified Budget of \$333.7 million. Of that, Cost of Energy expended \$200.0 million, or 67.3% of its budget of \$297.2 million.

High market prices, due in part to pipeline restraints, low gas storage, and temporary downtime at energy plants for required planned maintenance, and high demand indicate a need to increase the Cost of Energy allocation by \$71.7 million, from \$293.3 million to \$365.0 million. As the SJCE's rate structure allows for increased revenues to offset the increased cost while still building reserve levels, actions are recommended to repay \$20 million of the outstanding \$60 million of Commercial Paper debt in 2022-2023, with the remaining \$40 million expected to be repaid in 2023-2024. SJCE operating reserves are expected to reach 180 days by the end of 2023.

Ending Fund Balance – A recommendation to decrease the Ending Fund Balance by \$700,000 is included as a net result of the actions described above and additional adjustments detailed in *Section III, Recommended Budget Adjustments and Clean-up Actions* of this report. After accounting for these actions, the revised unrestricted Ending Fund Balance will be \$167.8 million, which reflects a stronger position from a year ago in 2021-2022 when the Ending Fund Balance was \$80.6 million.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	134,756,429	111,030,560	82.4%
<i>Expenditures</i>	168,779,000	59,809,487	35.4%
<i>Unrestricted Ending Fund Balance</i>	126,821	N/A	N/A

FUND STATUS

Revenues – Budgeted revenue for the San José-Santa Clara Treatment Plant Operating Fund consists primarily of transfers from the Sewer Service and Use Charge Fund (\$86.8 million), contributions from the City of Santa Clara (\$14.5 million) and participating tributary agencies (\$20.5 million), and interest earnings (\$350,000).

Through December, revenues totaled \$111.0 million, or 82.4% of the budgeted estimate. The largest source of revenue, a transfer from the Sewer Service and Use Charge Fund (\$86.8 million), has been received in full, as well as \$23.5 million from the City of Santa Clara and participating tributary agencies. Contributions from City of Santa Clara and participating tributary agencies are made in four installments throughout the year based on the amounts provided in 2022-2023 Adopted Operating Budget; this year’s reimbursement revenue is anticipated to be the same amount as budgeted and no adjustment is needed. The reconciliation of the 2022 payments from the Tributary Agencies will be completed in the third quarter, with any money due back to the tributaries to be expended in the *Prior Year Fiscal Agency Payment* appropriation established as part of the 2021-2022 Annual Report. This methodology differs from the past where money due to tributaries was credited against the reimbursement revenue from the tributaries. Based on current earnings through December, interest revenue for this fund may end the year \$1 million higher than the budgeted estimate of \$350,000. Overall, revenues are estimated to end the year within budgeted levels.

Expenditures – Expenditures in this fund represent the costs required for the operations and maintenance of the San José-Santa Clara Water Pollution Control Plant and associated regulatory activities. Through December, \$59.8 million (35.4%) has been expended, and an additional \$19.9 million (11.8%) has been encumbered, bringing the total commitments to \$79.7 million (47.2%). Across various departments’ Personal Services appropriations within the fund, expenditure levels are tracking slightly below expectations with \$28.1 million (44.4%) expended and are projected to end the year below budgeted levels. Due to increasing costs of chemicals and other one-time expenses, ESD Non-Personal/Equipment appropriation is tracking slightly above budget, with \$37.1 million (73.7%) expended.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

FUND STATUS

An adjustment to reallocate personal services savings to the non-personal/equipment budget is anticipated to be recommended as part of the 2022-2023 year-end budget cleanup process. The department is taking these costs into account in their estimated rate increases. Overall, expenditures are projected to end the year at or slightly below budgeted levels.

Ending Fund Balance – A decrease to the Ending Fund Balance of \$1,929 is recommended in this report to offset actions related to the Salary and Benefits Program. With these actions, the revised Ending Fund Balance totals \$124,892. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	37,395,000	35,973,305	96.2%
<i>Expenditures</i>	71,447,170	6,884,019	9.6%
<i>Unrestricted Ending Fund Balances</i>	27,596,465	N/A	N/A

FUND STATUS

Revenues – Budgeted revenue for the Sewer Service and Use Charge Capital Improvement Fund consists of transfers from the Sewer Service and Use Charge Fund (\$35.0 million), interest earnings (\$1.4 million), and reimbursements from the West Valley Sanitation District (WVSD) and City of Cupertino for joint projects (\$1.02 million).

Revenue through the end of December totals \$36.0 million (96.2%), consisting mainly of the transfer from the Sewer Service and Use Charge Fund (\$35.0 million). Interest revenue totaling \$605,000 has also been received through December. As funds are expended on projects within Cupertino and the WVSD, invoices are processed and issued to those agencies, for which reimbursements are received. Overall, revenues are expected to meet budgeted estimates by the end of the year.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. The major budgeted expenditures in this fund are Urgent Rehabilitation and Repair Projects allocation (\$11.5 million), Condition Assessment Sewer Repair (\$7.9 million), Immediate Replacement and Diversion Projects (\$7.9 million), Cast Iron Pipe – Remove and Replace (\$7.2 million), Sanitary Sewer Interceptor Management Program (\$6.0 million), Fourth Major Interceptor Project VIIA (\$5.5 million), Blossom Hill-Leigh Sanitary Improvements (\$4.5 million), Infrastructure – Sanitary Sewer Condition Assessment (\$4.5 million), Almaden Sewer Rehabilitation (\$3.1 million), and Capital Program and Public Works Department Support Costs (\$2.3 million).

Through December, \$6.9 million (9.6%) of the budget was expended and an additional \$11.8 million (16.5%) was encumbered, bringing the total amount committed to \$18.7 million (26.2%). There are 25 Sanitary Capital Projects anticipated to be awarded between now and June 30, 2023. Anticipated expenditures for these projects are estimated to be over \$35 million. Overall, expenditures and encumbrances are expected to meet budgeted levels by the end of the year.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

FUND STATUS

Ending Fund Balance – A recommendation to decrease the Ending Fund Balance by \$35,466 is included in this report as a result of the establishment of a transfer to the General Fund due to an increased TRANs debt service need in the General Fund. With these actions, the revised Ending Fund Balance totals \$27.56 million. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

	2022-2023 Current Modified	2022-2023 YTD Actual	2022-2023 % of Budget
<i>Revenues</i>	64,043,637	30,590,163	47.8%
<i>Expenditures</i>	65,532,820	33,588,470	51.3%
<i>Unrestricted Ending Fund Balance</i>	2,560,613	N/A	N/A

FUND STATUS

Revenues – Budgeted revenues for the Water Utility Fund consists primarily of Metered Sales of water to residents of jurisdictions served by the San José Municipal Water System (\$55.9 million). Additional sources of revenue include Metered Sales of recycled water (\$7.7 million), Late Fees associated with Metered Sales of recycled and non-recycled water (\$300,000), interest revenue (\$133,300), and miscellaneous revenue associated with the sale of water (\$100,000).

The largest source of revenue in this fund, Metered Sales for potable water, is tracking slightly below budget with \$25.3 million (45.3%) received through December. This decrease is likely due to the continued conservation efforts resulting from the goal to reduce water use by 15% that was approved by the City Council on November 30, 2021. Staff estimates that water usage going forward will likely increase, therefore increasing revenues, but close attention will continue to be paid to Metered Sales revenues through the remainder of the year to ensure any necessary budgetary actions are taken. Metered Sales of recycled water are tracking higher than expected with \$4.5 million (58.4%) received through the end of December. Late Fee revenue is tracking above expectations with \$794,000 received through December (compared to a budget of \$300,000), while interest revenue is tracking below budgeted levels with \$9,700 received through December.

Expenditures – Expenditures in this fund represent the costs required for the operations and maintenance of the San José Municipal Water System. Most of the expenditures in this fund are budgeted in the Non-Personal/Equipment appropriation to the Environmental Services Department (ESD) (\$45.0 million) for the purchase of water and related operational needs. Beyond that, Personal Services appropriations to ESD (\$8.4 million) and other City departments (\$1.2 million) account for the next largest segment of operational expenditures. Non-operational expenses include transfers to other funds, including the Water Utility Capital Fund (\$7.8 million).

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

FUND STATUS

Through December, \$33.6 million (51.3%) has been expended, and an additional \$2.4 million (3.7%) has been encumbered, bringing the total commitments to \$36.0 million (54.9%). Across Personal Services appropriations, expenditure levels of \$4.7 million through December are tracking slightly above expectations, with 49.2% expended, though projected to end the year at budgeted levels. Non-Personal/Equipment commitments are above the previous year's levels with \$21.0 million (46.4% of budget) expended through December, compared to \$19.5 million through December 2021. Overall, expenditures are expected to meet budgeted levels with some potential savings in Non-Personal/Equipment appropriations due to the projected reduction of expenses related to the purchase of wholesale water attributable to water conservation goals.

Ending Fund Balance – A decrease to the Ending Fund Balance of \$179,673 is recommended in this report to offset actions related to the Salary and Benefits Program, Banking Services, and Workers' Compensation. With these actions, the revised Ending Fund Balance totals \$2.4 million. Further details on the above adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up/Rebudget Actions*, of this report.

III. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

RECOMMENDED BUDGET ADJUSTMENTS

This section of the Mid-Year Budget Review describes recommended budget adjustments and is broken down by General Fund, Special Funds, and Capital Funds.

General Fund

Urgent Fiscal/Program Needs – These actions recommend additional funding to address urgent fiscal/program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than later through the annual budget process, because the Administration has deemed the need can or should not wait until later in the year.

Required Technical/Rebalancing Actions – These actions recommend adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or reallocate funding among appropriations based on updated needs. These actions also implement City Council direction.

Grants/Reimbursements/Fees – These actions, which have a net-zero impact, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes, as appropriate.

Special Funds

Special Fund Adjustments – These actions adjust revenue estimates based on current year collection information; recognize and appropriate revenues from new or adjusted grants, reimbursements, and fees; reallocate project funding from reserves; and/or establish a limited number of new projects and programs.

Capital Funds

Capital Fund Adjustments – These actions reflect changes in project and program allocations based on revised cost estimates and project timing; reallocate project funding from reserves; recognize and appropriate revenues from new or adjusted grants, reimbursements, and fees; and/or establish a limited number of new projects.

III. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

This section consists of clean-up actions for the General Fund & Special/Capital Funds. The following types of adjustments are included:

Fund Balance Reconciliations – Beginning Fund Balances in each budgeted fund are adjusted each year as part of the Annual Report process based on unaudited Annual Comprehensive Financial Report (ACFR) statements. For some funds, however, additional actions are included in the Mid-Year Budget Review to further revise Beginning Fund Balances based on a reconciliation to the final audited 2021-2022 ACFR.

Salary and Benefits Program – Several actions are recommended to increase various department Personal Services appropriations to fund the negotiated general wage increase for the Police Officers’ Association and International Association of Firefighters; for Management Pay for Performance Program implementation; and for health benefit increases. Adjustments were included for those departments that are not able to absorb these additional costs (\$15.0 million all funds; \$14.3 million General Fund). In addition, a Side Letter Agreement with the International Union of Operating Engineers, Local No. 3 was approved by the City and bargaining unit on May 17, 2022 to amend the City of San Jose Pay Plan to increase the annual salary range for the Maintenance Worker series which resulted in additional costs of \$826,000 all funds, \$41,000 General Fund in the departments that are not able to absorb these costs. Lastly, a Side Letter Agreement with the Municipal Employees’ Federation, AFSCME, Local 101 was approved by the City and bargaining unit on June 7, 2022 to amend the City of San Jose Pay Plan to increase the annual salary range for the Animal Care Attendant and Animal Health Technician classifications which resulted in additional costs of \$333,000 in the General Fund. The negotiated agreements were reached after the adoption of the budget. To offset these augmentations, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund, and to reduce the Ending Fund Balances in the Special Funds as appropriate.

Transfer to the General Fund – Interest Earnings – These actions increase the Transfer to the General Fund – Interest Earnings allocations to reflect the increase of interest earned in 2022-2023 on cash balances across multiple City funds, which is required to properly allocate interest proceeds from higher than anticipated estimated earned income yield trends. As indicated in the Finance Department 2022-2023 First Quarter Investment Report (ending September 30, 2022), the earned interest yield for the City’s total investment portfolio for the first quarter ended as 1.619%, which was 0.508% higher than the previous quarter and 0.701% higher than a year ago. The 2022-2023 Adopted Budget estimated interest earning levels were set lower than what is currently being reflected in the Finance Department 2022-2023 First Quarter Public Safety Investment Report. As part of this report, actions are recommended to increase the General Fund from the impacted Special and Capital Funds to realign estimated interest earnings to current levels.

**III. RECOMMENDED BUDGET ADJUSTMENTS AND
CLEAN-UP ACTIONS**

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

Transfer to the General Fund (TRANs Debt Service) – These actions reflect transfers from various Special and Capital Funds to the General Fund to fund the higher than anticipated interest costs related to the issuance of Tax Revenue Anticipation Notes (TRANs). Due to a rapidly evolving interest rate environment, the estimated interest costs associated with the TRANs issuance increased to \$7.5 million, up from the \$5.2 million anticipated in June 2022 and the early estimate set in February 2022 of \$1.5 million that was included in the 2022- 2023 General Fund Base Budget. When the City Council authorized the TRANs in June 2022, the Administration noted that any increased debt service interest cost would be spread to various Special and Capital Funds in proportion to each fund's share of retirement costs included in the 2022-2023 Adopted Budget. Consistent with this approach, the additional debt service interest cost of \$6.0 million is partially offset by transfers from Special and Capital Funds. The remaining \$4.5 million of additional debt service interest cost attributable to the General Fund is offset by the additional \$4.5 million of interest earnings described in this report.

Salary and Benefits to Overtime Reallocations – These actions reallocate savings in the salary and benefit line item in the Police Department (\$15.0 million) and Planning, Building and Code Enforcement Department's Building Development Fee Program (\$700,000), due primarily to vacancies, to the overtime line item in the Personal Services appropriation.

Rebudgets – These actions revise revenue and expenditure rebudgets of prior year funding based on 2021-2022 final year-end accounting adjustments.

Technical Adjustments –A variety of net-zero adjustments are recommended to reallocate funds to consolidate the appropriations for the Office of the Mayor, Council Districts #1, #3, #5, and #7 with the conclusion of the recent elections (\$5.0 million) and reallocate funding between respective Measure E reserves to align allocations with policy changes determined as retroactive for the 2021-2022 fiscal year. Additional net-zero adjustments correct errors or re-align revenues and/or expenditures among appropriations for previously approved budget actions.

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**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

	<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Urgent Fiscal-Program Needs	2023-2024 Recruitment Centralization Pilot Program Reserve	Human Resources Department	-	\$1,125,000	-
	<p>This action establishes the 2023-2024 Recruitment Centralization Pilot Program Reserve in the amount of \$1,125,000 to continue funding for six temporary positions in 2023-2024 to pilot strategies that advance recruitment efforts in the City and reduce the organization's vacancy rate. The Human Resources Department has been developing strategies in multiple areas in the Employment Division to modernize the hiring process, prepare for a new employment application, and advance efforts towards more strategic marketing and a more active recruiting model. The Recruitment Centralization Pilot Program is recommended as an 18-month pilot and will add six temporary positions (two Program Manager, 3 Analyst, and 1 Staff Specialist). An additional action to provide funding for the positions in the current fiscal year is also recommended in this report. The total \$1.5 million cost is offset by departmental vacancy savings.</p>				

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Personal Services (Recruitment Centralization Pilot Program)</p> <p>This action increases the Human Resources Department's Personal Services appropriation by \$375,000 to pilot strategies to advance recruitment efforts in the City and reduce the organization's vacancy rate. The Human Resources Department has been developing strategies in multiple areas in the Employment Division to modernize the hiring process, prepare for a new employment application, and advance efforts towards more strategic marketing and a more active recruiting model. The Recruitment Centralization Pilot Program is recommended as an 18-month pilot and will add six temporary positions (two Program Manager, three Analyst, and one Staff Specialist). Five positions will centralize the recruiting efforts in the Human Resources Department for three departments with high vacancy rates - all recruitment and hiring functions for Parks, Recreation and Neighborhood Services, Housing, and Planning, Building and Code Enforcement's Code Enforcement Division will be directed by the Human Resources Department supplemented with one Program Manager and three Analyst positions. This change in approach will add capacity to achieve a goal of an additional 20-25 positions filled every month. The Staff Specialist position will provide administrative support to the team and add capacity for strategic marketing and posting of hard-to-fill positions using LinkedIn, social media, and unique or specialized recruiting venues. The position will also test ways to better support and relieve hiring managers of administrative responsibilities in the recruitment process. The second Program Manager position will focus on the development and implementation of operational process improvements and the deployment of a new employment application to improve user and hiring manager experience, as well as enhance the capability to track recruitment progress. While the software application was previously funded, an additional staffing resource is necessary for a successful implementation. As these efforts will be an 18-month pilot, an additional action recommended elsewhere in this report establishes a reserve to continue funding for these positions in 2023-2024. The total cost of the pilot is offset by departmental vacancy savings.</p>	Human Resources Department	-	\$375,000	-
<p>Personal Services (Vacancy Savings)</p> <p>This action decreases the Information Technology Department's Personal Services appropriation by \$250,000 to reflect vacancy savings. It is recommended that these savings be reallocated to offset recommended adjustments related to the Recruitment Centralization Pilot Program in the Human Resources Department that are recommended elsewhere in this report.</p>	Information Technology Department	-	(\$250,000)	-
<p>Personal Services (Vacancy Savings)</p> <p>This action decreases the Parks, Recreation and Neighborhood Services Department's Personal Services appropriation by \$1.0 million to reflect vacancy savings. It is recommended that these savings be reallocated to offset recommended adjustments related to the Recruitment Centralization Pilot Program in the Human Resources Department that are recommended elsewhere in this report.</p>	Parks, Recreation and Neighborhood Services Department	-	(\$1,000,000)	-

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

	<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	Personal Services (Vacancy Savings)	Planning, Building and Code Enforcement Department	-	(\$250,000)	-
	<p>This action decreases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$250,000 to reflect vacancy savings. It is recommended that these savings be reallocated to offset recommended adjustments related to the Recruitment Centralization Pilot Program in the Human Resources Department that are recommended elsewhere in this report.</p>				
	Sanitary Sewer Fees	Environmental Services Department	-	\$201,905	-
	<p>This action increases the expected costs for the Sanitary Sewer Fees appropriation by \$201,905, from \$595,000 to \$796,905. The fee is based on the prior year's water consumption and now that City facilities are largely back to pre-pandemic occupancy and activity, water consumption has grown and the sanitary rates have increased.</p>				
Required Technical-Rebalancing Actions	Commercial Paper Program Fees	Finance Department	-	\$48,500	-
	<p>This action increases the Commercial Paper (CP) Program Fees appropriation by \$48,500, from \$277,000 to \$325,500, to fund the fees associated with the cancellation of Commercial Paper issuance for the Fire Training Center/Emergency Operations Center Project. With the cancellation of the CP issuance, the General Fund pays for the balance of commitment fees associated with this issuance.</p>				
	Energy Services Company (ESCO) Debt Service	Finance Department	-	\$120,000	-
	<p>This action increases the Energy Services Company (ESCO) Debt Service appropriation by \$120,000, from \$909,000 to \$1.0 million, in anticipation of rising interest rates. The assumed interest rate for 2022-2023 was forecasted in the fall and winter of 2021 and has increased significantly since then, resulting in a higher debt service payment.</p>				
	Non-Personal/Equipment (Accounts Receivable Amnesty Program)	Finance Department	-	\$75,000	-
	<p>This action increases the Finance Department's Non-Personal/Equipment appropriation by \$75,000 for the administration of the Accounts Receivable Amnesty Program (approved by the City Council at their meeting on November 1, 2022) that forgives unpaid penalties, interest, and collection expenses for certain accounts billed from April 1, 2020 through August 31, 2021. The funds will be used for temporary staffing and mailing costs associated with outreach and distribution of materials for the amnesty program.</p>				
	Non-Personal/Equipment (Recruitment Consultant)	Finance Department	-	\$95,200	-
	<p>This action increases the Finance Department's Non-Personal/Equipment appropriation by \$95,200 to provide funding for a consultant to assist the Finance Department in recruiting for multiple vacant positions.</p>				

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Personal Services (Vacancy Savings)</p> <p>This action decreases the Finance Department's Personal Services appropriation by \$95,200 to recognize vacancy savings. This decrease will offset an increase to the Finance Department's Non-Personal/Equipment appropriation to provide funding for a consultant to assist the Finance Department in recruiting for multiple vacant positions.</p>	Finance Department	-	(\$95,200)	-
<p>TRANS Debt Service/Other Revenue (TRANS Proceeds)</p> <p>This action decreases the TRANS Debt Service appropriation by \$80.5 million, from \$361.5 million to \$281.0 million. At its meeting on June 21, 2022, the City Council authorized a TRANS issuance of up to \$360.0 million to assist with the pre-payment of Tier 1 retirement costs. However, based on the Finance Department's final analysis of interest rates and available cash balances, only \$275.0 million was issued on July 1, 2022. Actions are included to both reduce TRANS revenue and principal debt service by \$85.0 million. While the amount of TRANS revenue was lower than the maximum authorized amount, due to a rapidly evolving interest rate environment at the time of issuance, the estimated interest costs associated with the TRANS issuance increased to \$7.5 million, up from the \$5.2 million anticipated in June 2022 and the early estimate set in February 2022 of \$1.5 million included in the 2022-2023 General Fund Base Budget. When the City Council authorized the TRANS in June 2022, the Administration noted that any increased debt service interest cost would be spread to various Special and Capital Funds in proportion to each fund's share of retirement costs included in the 2022-2023 Adopted Budget. Consistent with this approach, the additional debt service interest cost of \$6.0 million is partially offset by a transfer of \$1.5 million from various Special and Capital Funds into the General Fund recommended elsewhere in this report. The remaining \$4.5 million of additional debt service interest cost attributable to the General Fund is offset by the additional \$4.5 million of interest earnings also described elsewhere in this report.</p>	Finance Department	-	(\$79,000,000)	(\$85,000,000)

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Transfer to the Emergency Reserve Fund (2022-2023 Storm Response and Recovery)	Finance Department	-	\$5,000,000	-

This action establishes a Transfer to the Emergency Reserve 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.

Transfer to the Emergency Reserve Fund (COVID-19 FEMA Non-Reimbursable Expenses)	Finance Department	-	\$3,000,000	-
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This action establishes a Transfer to the Emergency Reserve Fund in the amount of \$3.0 million to align available funding with estimated reimbursements from the Federal Emergency Management Agency (FEMA) 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. To offset this action, a corresponding decrease of \$3.0 million to the FEMA Non-Reimbursable Expenses Reserve is also recommended in this report. Additional adjustments are recommended in the Emergency Reserve Fund elsewhere in this report to align estimated Revenue from Federal Government.

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Bureau of Emergency Medical Services and Training Center Relocation</p> <p>This action increases the Bureau of Emergency Medical Service and Training Center Relocation City-Wide Expenses appropriation by \$68,000, from \$360,000 to \$428,000, to provide funding for the extension of temporary site services due to anticipated delays to the opening of the new Fire Training Center, currently expected to be operational in April 2023. This funding provides for an additional three months of locker room rentals, office trailer rental, bathroom services, light towers, and security services.</p>	Fire Department	-	\$68,000	-
<p>Non-Personal/Equipment (Automated External Defibrillators)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation by \$36,120 to procure twelve (12) LifePak 1000 pediatric automated external defibrillators (AEDs), which conform to Santa Clara County Emergency Medical Services (EMS) Agency protocols. Due to exigent staffing scenarios, truck companies have operated for extended periods as Basic Life Support units without a Paramedic, necessitating the borrowing of these LifePak 1000 AEDs from the EMS reserve cache and satellite units to provide adequate response capability. This procurement addresses the current device shortage and is supported by an equivalent shift from estimated vacancy savings in the Fire Department's Personal Services appropriation, as recommended elsewhere in this report.</p>	Fire Department	-	\$36,120	-
<p>Non-Personal/Equipment (Consultant Services)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation by \$80,000 for consultant services related to internal employee matters, as well consulting services to analyze the physical requirements needed to perform the essential functions of the Fire Captain, Fire Engineer, and Fire Fighter classifications, which will in turn facilitate updates to those physical requirements and respective job descriptions as recommended in the 2012 City Auditor Report #12-07, Fire Department Injuries: A More Coordinated Response and Better Follow-up Is Needed. These costs are supported by an equivalent shift from estimated vacancy savings in the Fire Department's Personal Services appropriation, as recommended elsewhere in this report.</p>	Fire Department	-	\$80,000	-

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Fire Station 20 Landside Lease)</p> <p>This action increases the Fire Department's Non-Personal/Equipment appropriation by \$42,530 to support land use lease costs associated with Fire Station 20, located at the San Jose Mineta International Airport. Fire Station 20 became operational in 2021-2022 under a cost-sharing agreement with the Airport. The 2022-2023 Adopted Budget included ongoing funding for the portion of operating costs attributable to the Fire Department; however, the land use lease was inadvertently omitted. This action provides sufficient funding for the use of the land by another party, in compliance with Federal Aviation Agency requirements. Funding for the ongoing costs associated with this lease will be incorporated into the development of the 2023-2024 Base Operating Budget.</p>	Fire Department	-	\$42,530	-
<p>Personal Services (Vacancy Savings)</p> <p>This action decreases the Fire Department's Personal Services appropriation by \$116,120, from \$254.56 million to \$254.44 million, to recognize vacancy savings. It is recommended that the savings be reallocated to the Department's Non-Personal/Equipment appropriation to offset adjustments recommended elsewhere in this report.</p>	Fire Department	-	(\$116,120)	-
<p>Property Tax</p> <p>Increases the Property Tax estimate by a net of \$10.0 million, from \$427.0 million to \$437.0 million, to reflect updated information provided by Santa Clara County. Recommendations included in this report include increasing the following Property Tax categories: General Secured Property Tax (\$5.0 million); SB813 Property Tax (\$3.5 million); Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax (\$1.5 million); and Aircraft Property Tax (\$500,000). Partially offsetting these increases is a decrease to the Unsecured Property Tax (\$500,000).</p>	General Fund Revenue	-	-	\$10,000,000
<p>Revenue from Use of Money/Property (Interest Income)</p> <p>Increases the Revenue from the Use of Money/Property budgeted estimate by \$4.5 million, from \$8.8 million to \$13.3 million, to reflect higher than anticipated interest earnings on the General Fund. The 2022-2023 Adopted Budget estimate totaled \$4.2 million for interest earnings on the General Fund. However, based on receipts through December (\$4.2 million), it is anticipated 2022-2023 collections will exceed the Adopted Budget estimate by approximately \$4.5 million and end the year at \$8.7 million. The significant 2022-2023 collection level is attributable to rising interest rates and a large cash balance in the General Fund and offset the General Fund's increased contribution for TRANS debt service described elsewhere in this report.</p>	General Fund Revenue	-	-	\$4,500,000

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Transfers and Reimbursements	General Fund Revenue	-	-	\$263,000
<p>Increases the estimate for Transfers and Reimbursements by a net of \$263,000, from \$122.8 million to \$123.1 million, to recognize higher transfers related to interest earnings (\$752,000), partially offset by lower transfers from the Parks Capital Construction and Conveyance (C&C) Tax Funds (\$489,000). Interest earnings on various Capital and Special Funds are transferred to the General Fund. Based on activity through December, interest earnings are anticipated to exceed budgeted levels by \$752,000, totaling \$1.9 million by year-end. Partially offsetting the higher transfer related to interest earnings is a negative adjustment to the transfer from the Parks Capital Construction and Conveyance (C&C) Tax Funds for operating and maintenance costs. Per previous City Council direction, 15% of all the Parks C&C Tax revenue may be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department. As described elsewhere in this report, the C&C revenue estimate is recommended to decrease by \$5.0 million, from \$50.0 million to \$45.0 million. As a result of the lower C&C Tax, Parks C&C Tax revenue will drop by \$3.3 million, and the transfer to the General Fund for operating and maintenance costs will decrease by \$489,000.</p>				
Transfers and Reimbursements (TRANS Debt Service)	General Fund Revenue	-	-	\$1,498,905

This action increases the revenue estimate for Transfers and Reimbursements by \$1,498,905 to reflect transfers in from various Special and Capital Funds to fund the higher than anticipated interest costs related to the issuance of Tax Revenue Anticipation Notes (TRANS). Due to a rapidly evolving interest rate environment, the estimated interest costs associated with the TRANS issuance increased to \$7.5 million, up from the \$5.2 million anticipated in June 2022 and the early estimate set in February 2022 of \$1.5 million that was included in the 2022-2023 General Fund Base Budget. When the City Council authorized the TRANS in June 2022, the Administration noted that any increased debt service interest cost would be spread to various Special and Capital Funds in proportion to each fund's share of retirement costs included in the 2022-2023 Adopted Budget. Consistent with this approach, the additional debt service interest cost of \$6.0 million is partially offset by this action. The remaining \$4.5 million of additional debt service interest cost attributable to the General Fund is offset by the additional \$4.5 million of interest earnings described elsewhere in this report.

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Utility Tax	General Fund Revenue	-	-	\$7,000,000
<p>Increases the Utility Tax estimate by \$7.0 million, from \$107.5 million to \$114.5 million, to reflect higher than anticipated Electricity Utility Tax collections. The 2022-2023 Adopted Budget estimate totaled \$57.0 million for Electricity Utility Tax collections. However, based on receipts through December (\$30.4 million), it is anticipated that 2022-2023 collections will exceed the Adopted Budget estimate by approximately \$7.0 million and end the year at \$64.0 million. The significant 2022-2023 collection level is attributable to higher usage and the timing of Electricity Utility Tax payments received.</p>				
Measure E - 10% Homeless Prevention and Rental Assistance Reserve	Housing Department	-	(\$300,000)	-
<p>This action decreases the Measure E - 10% Homeless Prevention and Rental Assistance Reserve to offset a corresponding increase to the Measure E - Guadalupe River Park Housing Support (10% HPRA) appropriation. After accounting for other technical transactions in this report to realign allocations with policy changes determined as retroactive for the 2021-2022 fiscal year, the Measure E - 10% Homeless Prevention and Rental Assistance Reserve totals \$5.9 million.</p>				
Measure E - 15% Homeless Support Programs Reserve	Housing Department	-	(\$1,700,000)	-
<p>This action decreases the Measure E - 15% Homeless Support Programs Reserve by \$1.7 million to offset the establishment of the Measure E - Storm Evacuee Transition Facilities (15% HSP) appropriation of \$2.0 million and to offset a decrease to the Measure E- Supportive Services and Operations (15% HSP) appropriation as described elsewhere in this report. After accounting for other technical transactions in this report to realign allocations with policy changes determined as retroactive for the 2021-2022 fiscal year, the Measure E - 15% Homeless Support Programs Reserve totals \$31.7 million.</p>				
Measure E - Guadalupe River Park Housing Support (10% HPRA)	Housing Department	-	\$300,000	-
<p>This action increases the Measure E - Guadalupe River Park Housing Support (10% HPRA) appropriation by \$300,000, from \$2.6 million to \$2.9 million. This funding will support contractual services devoted to the provision of programming and services at the Emergency Non-Congregate Shelter, supporting Guadalupe River Park Housing needs. This action is offset by a corresponding decrease to the Measure E - 10% Homeless Prevention and Rental Assistance Reserve as recommended elsewhere in this report.</p>				

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Measure E - Homeless Outreach and Engagement (15% HSP)</p> <p>This action increases the Measure E - Homeless Outreach and Engagement (15% HSP) appropriation by \$500,000, from \$600,000 to \$1.1 million. This funding will be used to support contractual services with HomeFirst for outreach, street-based case management, and engagement with local service providers and community stakeholders, as well as providing permanent housing location, placement, and retention activities. This work is currently budgeted within the Measure E - Supportive Services and Operations (15% HSP) appropriation, but is better reflective as being performed within the Measure E - Homeless Outreach and Engagement (15% HSP) appropriation.</p>	Housing Department	-	\$500,000	-
<p>Measure E - Storm Evacuee Transition Facilities (15% HSP)</p> <p>This action establishes the Measure E - Storm Evacuee Transition Facilities (ETF) (15% HSP) appropriation in the amount of \$2.0 million, with a corresponding decrease from the Measure E – 15% Homeless Support Programs Reserve. Funding will be used to relocate unhoused storm evacuees from 24-hour Emergency Evacuation Centers to transitional facilities through June 30, 2023. The ETFs are located inside the perimeter of the Emergency Interim Housing (EIH) and Bridge Housing Communities (BHC) sites. The ETF initiative is designed to provide safe, temporary spaces with support services, and a priority referral to connect unhoused resident evacuees with a transitional site that will allow a longer stay, or support accessing other stable housing opportunities within two to six months. Although 132 was the maximum potential tent capacity at the various sites, approximately 93 tents and storage units were built to accommodate single adults and couples based on the number of evacuees interested in moving to an ETF. Onsite handwashing stations, bathroom facilities, seating areas, food, shower, laundry, and wraparound supportive services will be provided. The estimated cost range is \$3-\$5 million; however, only \$2.0 million is recommended to be allocated at this time for setup costs, sanitation, and security, with the remainder of the costs expected to be allocated when the Housing Department seeks City Council approval to provide sufficient contract authority for wraparound supportive services.</p>	Housing Department	-	\$2,000,000	-
<p>Measure E - Supportive Services and Operations (15% HSP)</p> <p>This action decreases the Measure E - Supportive Services and Operations (15% HSP) appropriation by \$300,000, from \$2.1 million to \$1.8 million. This funding was inadvertently appropriated and is not needed; therefore, it is recommended that the funding is returned to the Measure E - 15% Homeless Support Programs Reserve as recommended elsewhere in this report.</p>	Housing Department	-	(\$300,000)	-

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2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Measure E - Supportive Services and Operations (15% HSP)	Housing Department	-	(\$500,000)	-
<p>This action decreases the Measure E - Supportive Services and Operations (15% HSP) appropriation by \$500,000, from \$2.1 million to \$1.6 million, to offset a corresponding increase to the Measure E - Homeless Outreach and Engagement (15% HSP) appropriation as recommended elsewhere in this report.</p>				
Non-Personal/Equipment (Temporary Staffing)	Human Resources Department	-	\$150,000	-
<p>This action increases the Human Resources Department's Non-Personal/Equipment appropriation by \$150,000 to fund several temporary positions. A portion of the adjustment (\$100,000) will fund two temporary positions to support the Hiring Incentive Referral Program by reviewing, auditing, and processing the payouts of the backlog of referrals. In addition, the temporary positions will provide updates on the status of the program and create reports for the program. The remaining portion of the adjustment (\$50,000) will fund one temporary position to support the implementation and transition to a new employment system, which is tentatively scheduled to be completed by the end of June 2023.</p>				
Personal Services (Vacancy Savings)	Human Resources Department	-	(\$150,000)	-
<p>This action decreases the Human Resources Department's Personal Services appropriation by \$150,000 to reflect vacancy savings. These savings are recommended to be reallocated to the Human Resources Department's Non-Personal/Equipment appropriation to fund several temporary positions.</p>				
Workers' Compensation State License	Human Resources Department	-	\$446,000	-
<p>This action increases the Workers' Compensation State License appropriation by \$446,000, from \$844,000 to \$1.3 million, due to higher anticipated costs as a result of an increase in indemnity claims and in the assessment factor. These costs provide funding to the State to cover the State's costs of the administration of the workers' compensation, health and safety, and labor standards enforcement programs.</p>				
Non-Personal/Equipment (Contract Security Services)	Library Department	-	\$166,000	-
<p>This action increases the Library Department's Non-Personal/Equipment appropriation by \$166,000 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>				

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Cost Sharing Agreement with SJSU)</p> <p>This action increases the Library Department's Non-Personal/Equipment appropriation by \$136,093 to support additional costs associated with the operation and maintenance of Dr. Martin Luther King, Jr. Library (MLK Jr. Library). The MLK Jr. Library is a joint facility between the City of San José and San José State University (SJSU). Because of this relationship, the Library Department provides funding to SJSU for operations and maintenance costs. In December 2022, the costs for the library were recalculated resulting in an increase in the payment amount. This increase is driven primarily by a 7.0% compensation increase, along with one-time bonuses for SJSU staff.</p>	Library Department	-	\$136,093	-
<p>Non-Personal/Equipment (Security Services - Vehicle Rental)</p> <p>This action increases the Library Department's Non-Personal/Equipment appropriation by \$13,000 to support costs for rental vehicles for security staff. The Library Department has a total of 5.5 positions supporting security and public safety efforts at branch library facilities. Security and public safety activities require personnel to travel between branch library facilities; however, procurement times of fleet vehicles across the City have been impacted by supply chain issues due to the COVID-19 pandemic. Because of these delays, rental vehicles will be used to provide mobility to the security personnel while the vehicle procurement process is underway.</p>	Library Department	-	\$12,863	-
<p>Personal Services (Vacancy Savings)</p> <p>This action decreases the Library Department's Personal Services appropriation by \$166,000 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>	Library Department	-	(\$166,000)	-
<p>Non-Personal/Equipment (ProLaw Server)</p> <p>This action increases the Office of the City Attorney's Non-Personal/Equipment appropriation by \$70,000 to replace the server supporting the Office's legal case management software (Prolaw), which is at the end of its life and no longer supported by the manufacturer. Additional costs incurred in 2022-2023 for software updates and maintenance will be absorbed within the Office's existing Non-Personal/Equipment appropriation, with future ongoing costs being incorporated in the development of the 2023-2024 Base Operating Budget.</p>	Office of the City Attorney	-	\$70,000	-

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2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>2022-2023 Ending Fund Balance Reserve</p> <p>This action establishes the 2022-2023 Ending Fund Balance Reserve in the amount of \$9.4 million, reflecting additional projected Property Tax, Utility Tax, Revenue from the Use of Money/Property, and Transfers and Reimbursements revenues, as well as the balance of the other General Fund adjustments recommended in this report. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming fiscal year. The 2023-2027 Five-Year Forecast issued in February 2022 assumed that approximately \$24 million in fund balance would be available at the end of 2022-2023 for use in 2023-2024. The 2024-2028 Five-Year Forecast that will be issued at the end of February and the 2023-2024 Proposed Operating Budget that will be issued on May 1, 2023 will incorporate fund balance as a funding source. The Administration preliminarily anticipates an ending fund balance estimate for the 2024-2028 Five-Year General Fund Forecast of approximately \$30 million. This action sets aside a portion of the ending fund balance that is expected to be generated in 2022-2023. Subsequent action will be brought forward as part of the year-end clean-up process in June 2023 to set-aside additional revenues, expenditure savings, and the liquidation of carryover encumbrances that are anticipated to be realized by year-end.</p>	Office of the City Manager	-	\$9,400,000	-
<p>FEMA Non-Reimbursable Expenses Reserve</p> <p>This action decreases the FEMA Non-Reimbursable Expenses Reserve appropriation by \$3.0 million, from \$5.0 million to \$2.0 million, to transfer funds to the Emergency Reserve Fund, aligning available funding with estimated reimbursements from the Federal Emergency Management Agency (FEMA) 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 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 Transfer to the Emergency Reserve Fund and adjustments to estimated Revenue from Federal Government are recommended elsewhere in this report to realign funding levels with estimated reimbursements.</p>	Office of the City Manager	-	(\$3,000,000)	-

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Hazard Mitigation Grant Program</p> <p>This action increases the Hazard Mitigation Grant Program City-Wide Expenses appropriation by \$481,014, from \$1.4 million to \$1.9 million, for the new Seismic Retrofit Program - Phase I, which includes developing a practical retrofit program, including possible incentives that would provide an option for the redevelopment of soft story buildings into quality affordable apartments, while minimizing displacement. The funding will provide for developing and designing the program and means of implementation, and identifying and locating parcels. The program is a joint collaboration between the City Manager's Office of Emergency Management, the Housing Department, and the Planning, Building and Code Enforcement Department. The total projected cost for Phase I is \$1.9 million, \$1.4 million of which is funded by a grant from the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program. As this grant is on a reimbursement basis, requiring a 25% City match, subsequent budget actions will be recommended to recognize and appropriate the remaining grant revenue and City match as part of a future budget process. It is important to note that the General Fund was previously intended to serve as the local match as part of the 2021-2022 Mid-Year Budget Review, but the match was subsequently reallocated to the Community Development Block Grant (CDBG) Fund. However, upon further analysis, CDBG funding is not eligible for this planning phase and the General Fund must, again, serve as the local match source.</p>	Office of the City Manager	-	\$481,014	-
<p>Fee Activities (2023 Summer Scholarships)</p> <p>This action increases funding by \$300,000 in Fee Activities to continue offering full scholarships for eligible families for a variety of camps throughout the summer. This will allow families to enroll in full-day childcare recreation programs at no cost for 8-10 weeks and will enable eligible families to continue working without the additional cost of daycare or leaving their children home unattended. Offering full scholarships for approximately 7,000 enrollments in the various summer sessions will cost \$1.1 million and mainly benefits participants from Seven Trees, Mayfair, Bascom, and Roosevelt community centers. This will be funded by a reallocation of \$800,000 in the Child and Youth Services allocation in the American Rescue Plan (ARP) Fund mainly due to low participation in the Access to City Destinations Program and insufficient funding to create space at community centers that could house licensed childcare, as well as, \$300,000 from PRNS Department's Personal Services appropriation due to vacancy savings in the General Fund. This action is included in the Mid-Year Budget Review because summer registration begins in February. Continuation of the scholarship program beyond Summer 2023 will be evaluated in the 2023-2024 Proposed Budget development process, in consideration of the City's budgetary position and other critical City Council priorities.</p>	Parks, Recreation and Neighborhood Services Department	-	\$300,000	-

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Personal Services (Vacancy Savings)</p> <p>This action decreases the Parks, Recreation, and Neighborhood Services Department's Personal Services appropriation by \$300,000 to recognize vacancy savings in the department. These savings are recommended to be reallocated to Fee Activities in PRNS to continue offering full scholarships for eligible families for a variety of camps throughout the summer, as described elsewhere in this report.</p>	Parks, Recreation and Neighborhood Services Department	-	(\$300,000)	-
<p>Workers' Compensation Claims - Parks, Recreation and Neighborhood Services</p> <p>This action decreases the Workers' Compensation Claims - Parks, Recreation and Neighborhood Services appropriation by \$250,000, from \$1.7 million to \$1.45 million, to recognize anticipated savings in the appropriation. These savings are recommended, as part of this report, to be reallocated to the Workers' Compensation Claims - Public Works appropriation.</p>	Parks, Recreation and Neighborhood Services Department	-	(\$250,000)	-
<p>Mobile Home Park Protections</p> <p>This action increases the Mobile Home Park Protections City-Wide Expenses appropriation to the Planning, Building, and Code Enforcement Department by \$75,000, from \$30,000 to \$105,000, to provide additional funding for work to change the land use designation of 13 mobile home parks identified to be the most at risk of redevelopment. An initial allocation of \$30,000 was included in the Mayor's June Budget Message for Fiscal Year 2022-2023, as approved by City Council, to begin this work. On October 18, 2022, the City Council approved the memorandum coauthored by Councilmembers Esparza, Foley, Jimenez, Peralez, and Cohen directing staff to streamline the outreach process for land use designation work and increased the total of at-risk mobile home parks to 13. The memorandum also requested that a recommendation for additional funding to complete the work be brought forward as part of the Mid-Year Budget Review. The purpose of changing the land use designation for the identified mobile home parks is to add another layer of protection for those mobile home parks which house seniors and low- and moderate-income families.</p>	Planning, Building and Code Enforcement Department	-	\$75,000	-
<p>Bulletproof Vest Partnership 2022/Revenue from Federal Government</p> <p>This action establishes the Bulletproof Vest Partnership 2022 City-Wide Expenses appropriation to the Police Department in the amount of \$30,724 and increases the estimate for Revenue from the Federal Government by \$15,362 to maximize available Bulletproof Vest Partnership Grant funding for equipment acquisition. Grant awards will be used to procure National Institute of Justice (NIJ) compliant armored vests for police officers. The grant term is from September 1, 2022 to August 31, 2024. A corresponding reallocation of funding from the Police Department's Non-Personal/Equipment appropriation is recommended elsewhere in this report as a local match to leverage this grant funding.</p>	Police Department	-	\$30,724	\$15,362

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Bulletproof Vest Partnership 2022)</p> <p>This action decreases the Police Department's Non-Personal/Equipment appropriation by \$15,362 to reallocate funds to the Bulletproof Vest Partnership 2022 City-Wide Expenses appropriation as the City's match requirement to leverage grant funding for equipment acquisition, up to a combined value of \$30,724. Grant funds will be used to procure National Institute of Justice (NIJ) compliant armored vests for police officers prior to the term expiration on August 31, 2024. A corresponding increase to the Bulletproof Vest Partnership 2022 appropriation is recommended elsewhere in this report.</p>	Police Department	-	(\$15,362)	-
<p>Non-Personal/Equipment (Animal Care Center Janitorial Services)</p> <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$500,000 to fund janitorial services for dog kennel cleanings at the Animal Care Center. The City shelter has reached 90% of capacity which includes more than 200 dogs in the system. The number of dogs at the shelter has more than doubled compared to previous years and is anticipated to remain at these elevated levels over the next few years. This is a nationwide issue that has stemmed from a changing environment due to the COVID-19 pandemic. According to a January 2022 article by the Best Friends Animal Society, a leading animal welfare organization, there is a national animal shelter crisis with approximately 100,000 more animals in nationwide shelters awaiting adoptions in early 2022 compared to 2021. Due to the repercussions of the COVID-19 pandemic, the length of stay for animals has dramatically increased, yet adoptions have slowed and transfers to other adoption agencies have decreased. Current budget levels support approximately two full-time contracted janitors to provide cage cleaning, laundry, and other cleaning services throughout the facility. In the past, Animal Care Attendants cleaned dog kennels along with supporting the shelter as adoption counselors, feeding and providing care for other animals, tracking inventory, and assisting the medical and field service teams. This combination of contracted janitorial services and city staff support ensured that all cages were cleaned a minimum of once per day. Due to vacancies and the increase of all animals in the care of Animal Care and Services, Animal Care Attendants do not have the capacity to support dog kennel cleanings while also aiding in other areas of shelter operations. The funding will support a total of seven full-time janitors to ensure that dog kennels are cleaned once a day for the seven day operations, including holidays, along with laundry and other cleaning services throughout the facility through the fiscal year. The service will provide a clean and healthy environment for the animals and visitors of the Animal Care Center. The ongoing costs will be incorporated into the 2023-2024 Base Budget.</p>	Public Works Department	-	\$500,000	-

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Library Janitorial Services for Sunday Hours)</p> <p>This action increases the Public Works Department's Non-Personal/Equipment by \$200,000 to fund janitorial services at the 16 library branches with Sunday operations that began in October. This funding will ensure that janitorial services such as garbage collection, restroom cleaning, and floor cleaning in high traffic areas are maintained at all library branches with Sunday hours. The inclusion of janitorial costs was inadvertently omitted when the budget for Sunday hours was developed. The ongoing costs will be incorporated into the 2023-2024 Base Budget.</p>	Public Works Department	-	\$200,000	-
<p>Non-Personal/Equipment (Veterinary Services)</p> <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$225,000 to provide funding for contracted veterinarian services. The City of San José uses contracted veterinarian services to support the in-house medical service team for surgeries, emergencies, and the care of animals outside of normal business hours. The Animal Care Center has reached 90% of capacity and is averaging between 400-450 animals in the shelter daily. Due to the increase of animals under the care of Animal Care and Services, this has resulted in an increased reliance on the veterinarian services contract. This funding will ensure critical medical services will continue through the fiscal year, and the ongoing costs will be incorporated into the 2023-2024 Base Budget.</p>	Public Works Department	-	\$225,000	-
<p>Transfer to Vehicle Maintenance and Operations Fund (Animal Care and Services Truck Replacement)</p> <p>This action increases the Transfer to the Vehicle Maintenance and Operations Fund by \$160,000, from \$1.5 million to \$1.66 million, to fund the replacement of an Animal Care and Services truck that was destroyed in a fire. Field officers use specially equipped trucks to respond to various calls for service. The unit responds to over 20,000 calls annually across the City of San José and as part of a contract for services in the Cities of Cupertino, Saratoga, Milpitas, and the Town of Los Gatos. Replacing the Animal Care and Services truck will ensure officers can respond in a timely manner and provide services to the residents and animals of these communities. Corresponding adjustments to recognize and allocate these funds in the Vehicle Maintenance and Operations Fund are recommended elsewhere in this report to offset this action.</p>	Public Works Department	-	\$160,000	-
<p>Workers' Compensation Claims - Public Works</p> <p>This action increases the Workers' Compensation Claims - Public Works appropriation by \$250,000, from \$350,000 to \$600,000, as a result of higher than anticipated claims and one-time settlements. This increase is offset by a corresponding decrease to the Workers' Compensation Claims - Parks, Recreation and Neighborhood Services as recommended elsewhere in this report.</p>	Public Works Department	-	\$250,000	-

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	<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	Non-Personal/Equipment (Red Light Running Cameras Pilot Program)	Transportation Department	-	(\$117,800)	-
	<p>This action decreases the Transportation Department's Non-Personal/Equipment appropriation by \$117,800 and reallocates funding to the department's Personal Services appropriation to fund a temporary Associate Engineer position to oversee the Red Light Running Cameras pilot program. As directed by the Mayor's June Budget Message for Fiscal Year 2022-2023, as approved by the City Council, one-time non-personal/equipment funding was included in the 2022-2023 Adopted Budget for a pilot on four intersections related to red light violations. This action provides funding for the temporary position by reallocating a portion of the non-personal/equipment funding for this project to personal services. A corresponding increase to the Transportation Department's Personal Services appropriation is recommended to offset this action.</p>				
	Personal Services (Red Light Running Cameras Pilot Program Temporary Staffing)	Transportation Department	-	\$117,800	-
	<p>This action increases the Transportation Department's Personal Services appropriation by \$117,800 to fund a temporary Associate Engineer position to oversee the Red Light Running Cameras pilot program. As directed by the Mayor's June Budget Message for Fiscal Year 2022-2023, as approved by the City Council, one-time non-personal/equipment funding was included in the 2022-2023 Adopted Budget for a pilot on four intersections related to red light violations. The Associate Engineer position will coordinate with partner agencies and departments on system needs, evaluate red light running technology/applications, develop a Request for Proposals for system procurement, assess the performance of the system after deployment, and present results to the City Council along with a written report of findings by June 2024. A corresponding decrease to the Transportation Department's Non-Personal/Equipment appropriation is recommended to offset this action.</p>				
	Adobe Sponsored Artist Support/Other Revenue	City Manager - Office of Economic Development and Cultural Affairs	-	\$7,500	\$7,500
	<p>This action increases the Adobe Sponsored Artist Support appropriation by \$7,500, from \$30,000 to \$37,500, and a corresponding increase to the estimate for Other Revenue to recognize contributions from Adobe Inc. to support Office of Cultural Affairs project management and oversight. The City is de-installing, crating, storing, and then reinstalling three freestanding sculptures (Wildlife of the Guadalupe River) for the Adobe bridge project.</p>				
Grants-Reimbursements-Fees	Hazardous Materials Consent Judgment/Revenue from Local Agencies	Fire Department	-	\$27,961	\$27,961
	<p>This action increases the Hazardous Materials Consent Judgment City-Wide Expenses appropriation by \$27,961, from \$26,169 to \$54,130, with a corresponding increase to the estimate for Revenue from Local Agencies to recognize revenue from the County of Santa Clara District Attorney Office. These funds were awarded as part of consent judgments for two environmental protection cases settled in 2022 and will support Bureau of Fire Prevention training.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Library Grants/Revenue from State of California (Library Services and Technology Act Grants)	Library Department	-	\$15,000	\$15,000
<p>This action increases the Library Grants appropriation and the estimate for Revenue from State of California by \$15,000 to recognize additional grant funding from the California State Library through the Library Services and Technology Act (LSTA). The grant will support the Workforce Partnership Outreach Initiative, which is an effort to promote employment, career development, and skill-building for job seekers through activities such as workshops and enhanced collections and resources.</p>				
SJPL Foundation Grants/Other Revenue (California Room Collections)	Library Department	-	\$251,500	\$251,500
<p>This action increases the SJPL Foundation Grants appropriation and the estimate for Other Revenue by \$251,500. These funds, provided by donors through the San José Public Library Foundation, will pay for the acquisition of the rights to the San José Mercury News Archive for the time period from 1923 to 1952. This acquisition will ensure that the San José Public Library has access to a large amount of historical records and documents pertaining to the early 20th Century development of San José, the San Francisco Bay Area, and beyond. This acquisition will augment the existing California Room collection.</p>				
Council District #05/Other Revenue (Sponsorship)	Mayor & City Council	-	\$300	\$300
<p>This action increases the Council District #05 appropriation and the corresponding estimate for Other Revenue by \$300 to recognize sponsorship funding that was collected to support the National Night Out event.</p>				
Council District #08/Other Revenue (Sponsorship)	Mayor & City Council	-	\$500	\$500
<p>This action increases the Council District #08 appropriation and the corresponding estimate for Other Revenue by \$500 to recognize sponsorship funding that was collected to support the Indian Flag Raising event.</p>				
Non-Personal/Equipment/Revenue from Federal Government (2021 Emergency Management Performance Grant)	Office of the City Manager	-	\$2,800	\$2,800
<p>This action increases the City Manager's Non-Personal/Equipment appropriation by \$2,800 and the estimate for Revenue from Federal Government in the same amount to recognize additional funding for the 2021 Emergency Management Performance Grant (EMPG). The Office of Emergency Management was awarded the 2021 EMPG from the County of Santa Clara on July 1, 2021. This grant allows the City to be reimbursed for qualified training and travel costs expended through the grant program. The original grant was \$46,214, with an additional \$2,800 awarded in October 2022, bringing the total amount of funding to \$49,014. The 2021 EMPG period ends March 31, 2023, so the funds need to be allocated as part of this report to ensure sufficient time to spend the funds.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>BeautifySJ Grants/Other Revenue</p> <p>This action increases the BeautifySJ Grants City-Wide Expenses appropriation to the Parks, Recreation and Neighborhood Services Department and the corresponding estimate for Other Revenue in the amount of \$73,283, from \$215,000 to \$288,283. PRNS received this amount as returned unspent funds from 2021-2022, as several neighborhood groups that received grant funding in 2021-2022 were unable to provide services due to restrictions imposed by COVID-19 and shelter-in-place guidelines. This funding enables new grants to be awarded to 15-20 neighborhood groups in 2022-2023 to support resident engagement activities such as neighborhood association meetings and events, neighborhood cleanups, National Night Out, tree planting, mural paintings, and dumpster days.</p>	Parks, Recreation and Neighborhood Services Department	-	\$73,283	\$73,283
<p>CalOES Innovative Response to Marginalized Victims Program Grant 2023/Revenue from State of California</p> <p>This action establishes the CalOES Innovative Response to Marginalized Victims Program Grant 2023 allocation to the Parks, Recreation and Neighborhood Services Department and the corresponding estimate for Revenue from State of California in the amount of \$103,171. The funds will support the City's Youth Intervention Services program, overseen by the San José Youth Empowerment Alliance, recently retitled from Mayor's Gang Prevention Task Force. The Department estimates this grant will enable them to provide services to 80 client victims of violence during the 12-month grant period, January 2023 through December 2023. Of the total grant award of \$187,584, 55 percent, or \$103,171, is budgeted in 2022-2023, and the remaining \$84,413 will be allocated as part of the 2023-2024 Operating Budget.</p>	Parks, Recreation and Neighborhood Services Department	-	\$103,171	\$103,171
<p>Non-Personal/Equipment/Other Revenue (Family Camp BBQ Pit Replacement)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the corresponding estimate for Other Revenue in the amount of \$25,514 to reflect an insurance payment. In the summer of 2022, the BBQ was damaged. The settlement funds received are a result of the subsequent insurance claim and will be used to replace the BBQ at Family Camp.</p>	Parks, Recreation and Neighborhood Services Department	-	\$25,514	\$25,514

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure</u>	<u>Revenue</u>
			<u>Change</u>	<u>Change</u>
<p>Non-Personal/Equipment/Revenue from State of California (Caltrans East Side Alum Rock Urban Village Plan)</p> <p>This action increases the Planning, Building, and Code Enforcement's Non-Personal/Equipment appropriation and increases the corresponding estimate for Revenue from the State of California by \$47,000 to recognize a Caltrans Eastside Alum Rock planning grant that will fund consultant costs for the Alum Rock Corridor and Vision Workshop that will take place by the end of June 2023. This funding will allow City staff and consultants to further the transit-oriented development and infill growth strategies of the recently approved Envision San Jose 2040 General Plan by developing corridor-specific land use policy to facilitate high-density residential uses serving a mix of income levels, relatively high-intensity commercial and office uses, and mixed-uses that are in a more urban, vibrant, and walkable corridor along the Bus Rapid Transit system on Alum Rock Avenue. The corridor will provide a connection between the planned 28th Street Bay Area Rapid Transit (BART) station, the Alum Rock Light Rail Station, and the adjacent Alum Rock Transit Center on Capital Avenue. The total grant award is \$451,825 and award period is through December 31, 2025. The remainder of grant funds will be budgeted as needed as part of future budget processes.</p>	<p>Planning, Building and Code Enforcement Department</p>	-	\$47,000	\$47,000
<p>Regional Early Action Planning - Housing and Community Development Grant/Revenue from State of California</p> <p>This action establishes the Regional Early Action Planning - Housing and Community Development Grant City-Wide Expenses appropriation to the Planning, Building, and Code Enforcement Department in the amount of \$299,000 and a corresponding increase to the estimate for Revenue from the State of California to recognize grant funding that will support engagement and outreach for ongoing Housing Element updates required by Senate Bill 9 and provide technical support to prepare the California Environmental Quality Act clearance for Five Wounds Urban Village Plan Update. The total grant award is \$462,154. The grant award period is through September 30, 2023. The remainder of grant funds will be budgeted as needed as part of future budget processes.</p>	<p>Planning, Building and Code Enforcement Department</p>	-	\$299,000	\$299,000
<p>Department of Alcohol Beverage Control (ABC) Grant/Revenue from State of California</p> <p>This action establishes the Department of Alcohol Beverage Control (ABC) Grant City-Wide Expenses appropriation and increases the estimate for Revenue from State of California by \$50,000. This award will be used to fund staff overtime when conducting various operations aimed at the enforcement and disruption of illicit alcohol sales. The grant term is from October 1, 2022 to August 31, 2023.</p>	<p>Police Department</p>	-	\$50,000	\$50,000

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Law Enforcement Mental Health and Wellness Act Project - 2022/Revenue from Federal Government</p> <p>This action establishes the Law Enforcement Mental Health and Wellness Act (LEMHWA) Project – 2022 City-Wide Expenses appropriation and increases the estimate for Revenue from Federal Government by \$156,000 to recognize grant funding from the United States Department of Justice's Office of Community Oriented Policing Services (COPS). This award will be used to fund programs for staff within the Police Department to enhance wellness services by providing training, developing support tools, and boosting peer support resources for law enforcement personnel. The grant term is from September 1, 2022 to August 31, 2024.</p>	Police Department	-	\$156,000	\$156,000
<p>Northern California Regional Intelligence Center - Police 2021/Revenue from Federal Government</p> <p>This action increases the Northern California Regional Intelligence Center – Police 2021 City-Wide Expenses appropriation and increases the estimate for Revenue from the Federal Government by \$6,191. The Northern California Regional Intelligence Center (NCRIC) works to improve the region's ability to detect, prevent, investigate, and respond to criminal and terrorist activity. The NCRIC program allows for the reimbursement of overtime costs for the City's assigned Lieutenant position. After reconciliation of costs, for the period from July 2022 to December 2022, it was determined that additional funding would be requested for reimbursement of overtime costs that was not originally considered in the development of the 2022-2023 Adopted Budget. This action will ensure that the City receives timely reimbursement.</p>	Police Department	-	\$6,191	\$6,191
<p>Northern California Regional Intelligence Center - Police 2022/Revenue from Federal Government</p> <p>This action establishes the Northern California Regional Intelligence Center – Police 2022 City-Wide Expenses appropriation and increases the estimate for Revenue from the Federal Government by \$152,065. The Northern California Regional Intelligence Center (NCRIC) works to improve the region's ability to detect, prevent, investigate, and respond to criminal and terrorist activity. This allocation of the grant funding, which spans two fiscal years, will partially fund the salary, benefits, and overtime for one San José Police Department Lieutenant position for the period from January 2023 to June 2023. After 2021-2022 Annual Report actions, the 2022-2023 Modified Budget includes \$107,000 from the Northern California Regional Intelligence Center Staffing City-Wide Expenses appropriation and \$157,947 from the Northern California Regional Intelligence Center – Police 2021 City-Wide appropriation to partially fund the cost of the Lieutenant position. With this action, the position will be fully funded in 2022-2023. The grant term is from November 1, 2022 to December 31, 2023.</p>	Police Department	-	\$152,065	\$152,065

**General Fund Recommended Budget Adjustments Summary
2022-2023 Mid-Year Budget Review**

<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	-	\$24,178	\$24,178
<p>This action increases the State Homeland Security Grant Program appropriation and increases the estimate for Revenue from Federal Government to recognize an additional allocation in the amount of \$24,178. On September 14, 2022, the Santa Clara County Office of Emergency Services allocated additional training funds in the amount of \$24,178 and was approved by the Training/Exercise Advisory Group. These funds are to be used for the implementation of State Homeland Security strategies to address identified planning, organization, equipment, training, and exercise needs to prepare for acts of terrorism or other catastrophic events and must be spent by April 15, 2023. The allocation of this funding will ensure that these funds are spent by the grant deadline.</p>				
State Homeland Security Grant Program - Police 2022/Revenue from Federal Government	Police Department	-	\$225,032	\$225,032
<p>This action establishes the State Homeland Security Grant Program - Police 2022 City-Wide Expenses appropriation and increases the estimate for Revenue from Federal Government by \$225,032 to recognize grant funding from the Department of Homeland Security. These funds are to be used for the implementation of State Homeland Security strategies to address the identified planning, organization, equipment, training, and exercise needs to prepare for acts of terrorism and other catastrophic events. The funds will be used for training requests submitted to and approved by the Training/Exercise Advisory Group. The grant term is from September 1, 2022 to May 31, 2025.</p>				
Electric Vehicle Charging Stations (LCFS Credits)/Other Revenue	Transportation Department	-	\$22,370	\$22,370
<p>This action establishes the Electric Vehicle Charging Stations (LCFS Credits) City-Wide Expenses appropriation in the amount of \$22,370 and a corresponding increase to the estimate for Other Revenue. The department uses a broker (SECTrade) to help with the sale of Electric Vehicle Chargers' Low Carbon Fuel Standard (LCFS) credits. These are credits/revenue back to the City from electric vehicle charging stations located at city facilities, primarily City-owned garages in the downtown area. The Department expects to receive approximately \$16,000 to \$20,000 worth of credits/revenue annually. Since this is the first year the City has had a vendor sell the credits back, a portion of the revenue included in this action is from prior years. The revenue is restricted to being used to further benefit vehicle electrification. Department staff are working with electric vehicle program partners in the other departments to reach consensus on uses for the revenue.</p>				
Sidewalk Repairs/Other Revenue	Transportation Department	-	\$543,000	\$543,000
<p>This action increases the Sidewalk Repairs City-Wide Expenses appropriation by \$543,000, from \$2.0 million to \$2.5 million, and a corresponding increase to the estimate for Other Revenue to fund assigned and anticipated sidewalk repair contractual work for property owners. Due to increased costs from all concrete vendors and increased activity, a budget increase is needed to fund the sidewalk repair work. Homeowners are invoiced for the sidewalk repair work to recuperate the costs incurred from the contractual services.</p>				

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**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)	
<p>This action decreases the Operations Contingency to offset the increase to the Information Technology Department's Personal Services appropriation recommended in this report.</p>				
Personal Services (Overage)	Information Technology Department		\$4,000	
<p>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.</p>				
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

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

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

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

Benefits Funds - Unemployment Insurance Fund (157)

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

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
2022-2023 Mid-Year Budget Review**

Convention Center Facilities District Revenue Fund (791)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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>
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Personal Services (Vacancy Savings)	Library Department		(\$27,000)	
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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.

Non-Personal/Equipment (Contract Security Services)	Library Department		\$27,000	
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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.

Non-Personal/Equipment (Contract Security Funding)	Library Department		\$56,000	
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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.

Ending Fund Balance Adjustment	Library Department		(\$56,000)	
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This action decreases Ending Fund Balance to offset actions recommended in this report.

Library Parcel Tax Fund (418)

		0.00	\$0	\$0
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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>
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Non-Personal/Equipment (Replacement Material Testing Lab Ovens)	Public Works Department		\$85,000	
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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	
<p>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.</p>				
Ending Fund Balance Adjustment	Environmental Services Department		(\$500,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
Sewer Service And Use Charge Fund (541)		0.00	\$0	\$0

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airport Renewal and Replacement Fund (527)			
Advanced Planning	Airport	\$500,000	
<p>This action increases the Advanced Planning appropriation by \$500,000, from \$1.1 million to \$1.6 million to fund an Environmental Impact Report (EIR) for Airport's Coleman Commercial Development project. The Airport is considering development of an area for commercial enterprises on Coleman Avenue in the Guadalupe Gardens area. Before development can occur, an EIR must be completed, and this additional funding will allow the work to be done.</p>			
Ending Fund Balance Adjustment	Finance	\$(500,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Airport Renewal and Replacement Fund (527) TOTAL			

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Branch Libraries Bond Projects Fund (472)

Biblioteca Library Improvements	Library	\$300,000	
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This action increases the Biblioteca Library Improvements appropriation by \$300,000, from \$1.0 million to \$1.3 million. This funding will support community engagement in the process to determine and prioritize the primary needs of the Biblioteca Latinoamericana Branch Library, as well as construction management and administration. When grant funding availability was announced, the proposal submitted by the City to the State of California included approximately \$13.0 million in construction improvements to the Biblioteca Latinoamericana Branch Library. The final award of grant funding to support Biblioteca Latinoamericana improvements was \$3.6 million, with \$3.6 million in local match funding, for a total of \$7.2 million. Because of this gap of approximately \$5.8 million, some initially identified improvements will not be able to be funded. Community engagement meetings will be integral to the prioritization process to ensure that the Biblioteca Latinoamericana Branch Library receives valuable improvements for service and community support. A corresponding decrease to the Branch Efficiency Projects appropriation is recommended in this report to offset this action.

Branch Efficiency Projects	Library	\$(300,000)	
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This action decreases the Branch Efficiency Projects appropriation by \$300,000, from \$1.0 million to \$760,000. This action offsets the corresponding increase to the Biblioteca Library Improvements appropriation as recommended in this report.

Building Forward Library Infrastructure Grant - Local Match	Library	\$344,000	
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This action establishes the Building Forward Library Infrastructure Grant - Local Match appropriation in the amount of \$344,000 to reflect the City's match for the Building Forward Library Infrastructure Grant. The Building Forward Library Infrastructure Grant is a newly established program of the California Library System, providing grant funding to California's public libraries for capital projects addressing critical maintenance needs, improving energy efficiency and sustainability, and expanding access digitally and physically. The first round of the grant awarded to the San José Public Library is \$8.7 million, with an equal commitment of \$8.7 million in local match funding. Of this amount, \$944,000 is expected to be spent or encumbered in 2022-2023 and additional recommendations to recognize and appropriate the grant funding are included in the Library Construction and Conveyance Tax Fund in this report. The remaining \$7.7 million will be incorporated into the development of the 2024-2028 Proposed Capital Improvement Program. This action is offset by a corresponding decrease to the Facilities Improvements - Library appropriation as recommended in this report. The total local match needed in 2022-2023 is \$944,000: \$600,000 in the Library Construction and Conveyance Tax Fund and \$344,000 in the Branch Libraries Bond Projects Fund.

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Branch Libraries Bond Projects Fund (472)

Facilities Improvements - Library

Library

\$(344,000)

This action decreases the Facilities Improvements - Library appropriation by \$344,000, from \$3.6 million to \$3.2 million. This action offsets the corresponding action to establish the Building Forward Library Infrastructure Grant - Local Match appropriation in the amount of \$344,000 in the Branch Libraries Bond Projects Fund.

Branch Libraries Bond Projects Fund (472) TOTAL

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
North San José Multimodal Transportation Improvement Plan	Transportation	\$250,000	
<p>This action establishes the North San José Multimodal Transportation Improvement Plan (MTIP) appropriation in the amount of \$250,000 for a Sustainable Transportation Planning grant for the North San José MTIP. The grant was awarded in June 2022 to fund consultant procurement, existing conditions analysis, data collection, and outreach. The total grant award is \$409,451, and the remaining balance of \$159,451 will be programmed in the development of the 2024-2028 Proposed Capital Improvement Program. A corresponding action to increase the estimate for Revenue from State of California to recognize the grant funds is recommended to offset this action.</p>			
Revenue from State of California (Sustainable Transportation Planning Grant (STPG) - North San José MTIP)	Transportation		\$250,000
<p>This action increases the estimate for Revenue from State of California by \$250,000 to recognize funding for the Sustainable Transportation Planning grant for the North San José Multimodal Transportation Improvement Plan (MTIP). The grant was awarded in June 2022 to fund consultant procurement, existing conditions analysis, data collection, and outreach. The total grant award is \$409,451, and the remaining balance of \$159,451 will be programmed in the development of the 2024-2028 Proposed Capital Improvement Program. A corresponding action to establish the North San José Multimodal Transportation Improvement Plan (MTIP) appropriation is recommended to offset this action.</p>			
Revenue from State of California (Vision Zero: Senter Road)	Transportation		\$300,000
<p>This action increases the estimate for Revenue from State of California by \$300,000 to recognize state funds earmarked for the East San José Corridor Safety Improvement Project that will be used to fund project management staff, material, and installation of street light retrofits on Senter Road. The City will receive a total of \$10 million from the State for the East San José Corridor Safety Improvement Project that will be used to install more streetlights, build out bike lanes and other protective measures including a new traffic light at Senter Road and Balfour Drive to simplify the complex intersection, and add new signage. A memorandum is anticipated to be brought forward to the City Council in the February/March time frame to approve an agreement with Caltrans and receive the funds. The remaining \$9.7 million will be programmed in the development of the 2024-2028 Proposed Capital Improvement Program. A corresponding action to establish the Vision Zero: Senter Road and Balfour Drive Safety Improvements appropriation is recommended to offset this action.</p>			

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Building and Structure Construction Tax Fund (429)

Vision Zero: Senter Road and Balfour Drive Safety Improvements	Transportation	\$300,000	
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This action establishes the Vision Zero: Senter Road and Balfour Drive Safety Improvements appropriation in the amount of \$300,000 to program State funds earmarked for the East San José Corridor Safety Improvement Project that will be used to fund project management staff, material, and installation of street light retrofits on Senter Road. The overall Senter Road project will install more street lights, build out bike lanes and other protective measures including a new traffic light at Senter Road and Balfour Drive to simplify the complex intersection, and add new signage. Additional radar speed signs will also be installed on nearby streets. The City will receive a total of \$10 million from the state, and a memorandum is anticipated to be brought forward to the City Council in the February/March time frame to approve an agreement with Caltrans and receive the funds. The remaining \$9.7 million will be programmed in the development of the 2024-2028 Proposed Capital Improvement Program. The Transportation Department has also applied for a \$40 million Safe Access grant to fully fund the Senter Road project along with the State funds of \$10 million, but the award will not happen until the March/April timeframe. The Department will wait on the award outcome to fully scope the Senter Road project. The \$300,000 will be used to order the streetlight retrofits for the portion of the project that will occur regardless of the outcome of the Safe Access grant award. A corresponding action to increase the estimate for Revenue from State of California to recognize the funds is recommended to offset this action.

Building and Structure Construction Tax Fund (429) TOTAL

\$550,000

\$550,000

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Communications Construction and Conveyance Tax Fund (397)			
Construction and Conveyance Tax	Public Works		\$(170,000)
<p>This action decreases the revenue estimate for Communications Construction and Conveyance Tax (C&C) by \$170,000 from \$1.7 million to \$1.5 million, due to lower than anticipated C&C Tax revenue collections. The overall C&C Tax revenue estimate is recommended to decrease by \$5.0 million (from \$50.0 million to \$45.0 million) to reflect actual collection trends. C&C collections are driven by activity in the local real estate market. When the 2022-2023 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$50.0 million (22.4% decline from the 2021-2022 collection level) due to higher interest rates that impact mortgage rates coupled with uncertainty in the overall economy. However, based on activity through the first half of the fiscal year, collections are now estimated to end the year at \$45.0 million, which is \$5.0 million below the budgeted estimate and reflects a 30.2% decline from the 2021-2022 collection level. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. Further detail regarding the C&C Tax receipts as well as a discussion of the housing statistics for the local real estate market can be found in Section II - Status of Selected Special and Capital Funds of this report.</p>			
Ending Fund Balance Adjustment	Finance	\$(170,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Communications Construction and Conveyance Tax Fund (397) TOTAL		\$(170,000)	\$(170,000)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Bicycle and Pedestrian Facilities	Transportation	\$700,000	
<p>This action increases the Bicycle and Pedestrian Facilities appropriation by \$700,000, from \$890,000 to \$1.6 million. The funds will primarily be used for the 10th/11th Street Transit Boarding Islands planned to be completed this fiscal year. These costs will be funded by 2022-2023 Transportation Development Act (TDA) grant funds awarded in August 2022. A separate action included in this report in the Major Collectors and Arterials Fund provides additional funding for this project. A corresponding action to increase the estimate for Revenue from State of California for the TDA grant funds is recommended to offset this action.</p>			
Congestion Management Program Dues	Transportation	\$35,000	
<p>This action increases the Congestion Management Program Dues appropriation by \$35,000, from \$959,000 to \$994,000 to fund the full cost of the Congestion Management Program annual dues per the Valley Transportation Authority. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Construction Excise Tax Revenue	Transportation		\$(2,000,000)
<p>This action decreases the revenue estimate for Construction Excise Tax by \$2.0 million, from \$16.0 million to \$14.0 million. Construction Excise Tax receipts totaled \$4.9 million through December, 30.9% of the 2022-2023 Adopted Budget estimate of \$16.0 million, reflecting lower than anticipated residential development permit activity partially offset by higher commercial activity. This collection level is 18.5% below prior year collections of \$6.1 million for the same period. Based on collections through December and a look at projects in the pipeline for the remainder of the fiscal year, tax receipts are expected to end the year approximately \$2.0 million below the budget estimate of \$16.0 million. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Ending Fund Balance Adjustment - Construction Excise Tax Fund	Finance	\$(2,234,335)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Pavement Maintenance - VTA Measure B VRF	Transportation	\$(269,210)	
<p>This action decreases the Pavement Maintenance - VTA Measure B VRF appropriation by \$269,210, from \$14.2 million to \$13.9 million, to true up the expenses with the actual revenue allocation received in October 2022 from the Valley Transportation Authority (VTA). The funding is used for new pavement maintenance contracts in the second half of this fiscal year. A corresponding decrease to the estimate for Revenue from Local Agencies for Pavement Maintenance funding from the VTA VRF funds is recommended to offset this action.</p>			

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Revenue from Local Agencies (Pavement Maintenance - VTA Measure B VRF)	Transportation		\$(269,210)
<p>This action decreases the estimate for Revenue from Local Agencies by \$269,210. This action is based on the actual allocation received in October 2022 from the Valley Transportation Authority (VTA) which showed a decrease to the City's estimate for 2022-2023. The funding is used for new pavement maintenance contracts in the second half of this fiscal year. A corresponding decrease to the Pavement Maintenance - VTA Measure B VRF appropriation is recommended to offset this action.</p>			
Revenue from State of California (STP - San José Decision Support System)	Transportation		\$100,000
<p>This action increases the estimate for Revenue from State of California by \$100,000 to recognize funds from the Sustainable Transportation Planning (STP) state grant awarded June 2022 to fund the start of work on the Decision Support System deliverables, which consist of: 1) Potential Impact Assessment Model, to assess how potential completion of project(s) might affect relevant KPIs and thus contribute to the identified goal; 2) Effective Impact Assessment Model, to quantify the real impact of projects by comparing the effective KPI changes before and after each project's implementation; and 3) Public Interface, to increase transparency and accountability. The total grant award is \$265,000, and the remaining balance of \$165,000 will be programmed in the development of the 2024-2028 Proposed Capital Improvement Program. This action partially offsets a separate action included in this report to establish the San José Decision Support System appropriation.</p>			
Revenue from State of California (TDA - Bicycle and Pedestrian Facilities)	Transportation		\$700,000
<p>This action increases the estimate for Revenue from State of California by \$700,000 to recognize the remaining 2022-2023 Transportation Development Act (TDA) grant funds for bicycle and pedestrian facilities awarded in August 2022. The funds will be primarily used for the 10th/11th Street Transit Boarding Islands scheduled to enter into contracts in 2022-2023. A corresponding increase to Bicycle and Pedestrian Facilities appropriation is recommended to offset this action.</p>			

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Revenue from the Federal Government (OTS - Vision Zero: Multimodal Traffic Safety Education)	Transportation		\$120,000

This action increases the estimate for Revenue from the Federal Government by \$120,000 to recognize new grant funds received from the Office of Traffic Safety for the Bicycle and Pedestrian Safety Program. The grant funds will be used to conduct best practice strategies to reduce the number of persons killed and injured in crashes involving pedestrians and bicyclists. The funded strategies may include classroom education, bicycle rodeos, community events, presentations, and workshops. These countermeasures should be conducted in communities with high numbers of pedestrian and/or bicycle related crashes including underserved communities, older adults, and school-aged children. Coordinated efforts such as Safe Routes to School initiatives, Safe System Approach, and working with community-based organizations are highly encouraged to prevent fatalities and injuries of vulnerable non-motorized road users. A corresponding action to increase the Vision Zero: Multimodal Traffic Safety Education appropriation is recommended to offset this action.

San José Decision Support System	Transportation	\$299,335	
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This action establishes the San José Decision Support System (DSS) appropriation in the amount of \$299,335 for consultant services to work on DSS deliverables: 1) Potential Impact Assessment Model, to assess how potential completion of project(s) might affect relevant KPIs and thus contribute to the identified goal; 2) Effective Impact Assessment Model, to quantify the real impact of projects by comparing the effective KPI changes before and after each project's implementation; and 3) Public Interface, to increase transparency and accountability. These costs are funded by a Sustainable Transportation Planning (STP) grant from the State of California. This action is recommended to be offset by an increase to the estimate for Revenue from State of California for STP grant funds (\$100,000) and a decrease to the Ending Fund Balance (\$199,335).

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Vision Zero: Multimodal Traffic Safety Education	Transportation	\$120,000	
<p>This action increases the Vision Zero: Multimodal Traffic Safety Education appropriation by \$120,000, from \$92,000 to \$212,000, to conduct best practice strategies to reduce the number of persons killed and injured in crashes involving pedestrians and bicyclists. The funded strategies may include classroom education, bicycle rodeos, community events, presentations, and workshops. These countermeasures should be conducted in communities with high numbers of pedestrian and/or bicycle related crashes including underserved communities, older adults, and school-aged children. Coordinated efforts such as Safe Routes to School initiatives, Safe System Approach, and working with community-based organizations are highly encouraged to prevent fatalities and injuries of vulnerable non-motorized road users. These costs are funded by a grant from the Office of Traffic Safety. A corresponding action to increase the estimate for Revenue from the Federal Government is recommended to offset this action.</p>			
Construction Excise Tax Fund (465) TOTAL		\$(1,349,210)	\$(1,349,210)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Convention and Cultural Affairs Capital Fund (560)			
Rehabilitation/Repair - Unanticipated This action increases the Rehabilitation / Repair - Unanticipated appropriation by \$100,000, from \$233,000 to \$333,000, as emergency repairs at the four theaters managed by Team San Jose have nearly exhausted current funding. This additional funding provides capacity for Team San Jose to address urgent repairs at the facilities in consultation with the City. This action is offset by a transfer from the Convention and Cultural Affairs Fund as recommended in this report.	Office of Economic Development and Cultural Affairs	\$100,000	
Transfers and Reimbursements (Transfer from the Convention and Cultural Affairs Fund) This action increases the revenue estimate for Transfers and Reimbursements to recognize a transfer from the Convention and Cultural Affairs Fund in the amount of \$100,000 to increase funding for the Rehabilitation / Repair - Unanticipated appropriation, as emergency repairs at the four theaters managed by Team San Jose have nearly exhausted current funding. This additional funding provides capacity for Team San Jose to address urgent repairs at the facilities in consultation with the City. A corresponding increase to the Rehabilitation/Repair – Unanticipated appropriation is recommended in this report to offset this action.	Office of Economic Development and Cultural Affairs		\$100,000
Convention and Cultural Affairs Capital Fund (560) TOTAL		\$100,000	\$100,000

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Convention Center Facilities District Capital Fund (798)			
<p>Convention Center Rehabilitation/Repair - Unanticipated</p> <p>This action increases the Convention Center Rehabilitation/Repair - Unanticipated appropriation by \$100,000, from \$150,000 to \$250,000, as emergency repairs at the convention facilities managed by Team San Jose have exhausted current funding. This additional funding provides capacity for Team San Jose to address urgent repairs at the facilities in consultation with the City. This action is offset by a transfer from the Convention Center Facility District Revenue Fund as recommended in this report.</p>	Office of Economic Development and Cultural Affairs	\$100,000	
<p>Transfers and Reimbursements (Transfer from the Convention Center Facility District Revenue Fund)</p> <p>This action increases the revenue estimate for Transfers and Reimbursements to recognize a transfer from the Convention Center Facility District Revenue Fund by \$100,000, from \$1.1 million to \$1.2 million, to increase the Convention Center Rehabilitation/Repair - Unanticipated appropriation as emergency repairs at the convention facilities managed by Team San Jose have exhausted current funding. This additional funding provides capacity for Team San Jose to address urgent repairs at the facilities in consultation with the City. A corresponding increase to the Convention Center Rehabilitation/Repair – Unanticipated appropriation is recommended in this report to offset this action.</p>	Office of Economic Development and Cultural Affairs		\$100,000
Convention Center Facilities District Capital Fund (798) TOTAL		\$100,000	\$100,000

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 1 Construction and Conveyance Tax Fund (377)			
Council District 1 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(249,000)
<p>This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$249,000, from \$1,058,000 to \$809,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.</p>			
Council District 1 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
<p>This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.</p>			
Cypress Community Center Roof Replacement	Parks, Recreation and Neighborhood Services	\$90,000	
<p>This action establishes the Cypress Community Center Roof Replacement appropriation in the Council District 1 Construction and Conveyance Tax Fund. This project has funding totaling \$220,000 allocated in the Subdivision Park Trust Fund; however, as the cost of building materials and labor has increased, additional funding of \$90,000 is needed to replace the roof at the community center. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset the action.</p>			
Ending Fund Balance Adjustment	Finance	\$(375,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Council District 1 Construction and Conveyance Tax Fund (377) TOTAL		\$(285,000)	\$(285,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 10 Construction and Conveyance Tax Fund (389)			
Council District 10 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(54,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$54,000, from \$228,000 to \$174,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 10 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(90,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 10 Construction and Conveyance Tax Fund (389) TOTAL		\$(90,000)	\$(90,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 2 Construction and Conveyance Tax Fund (378)			
Council District 2 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(130,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$130,000, from \$550,000 to \$420,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 2 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(166,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 2 Construction and Conveyance Tax Fund (378) TOTAL		\$(166,000)	\$(166,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 3 Construction and Conveyance Tax Fund (380)			
Council District 3 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(103,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$103,000, from \$433,000 to \$330,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 3 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(139,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 3 Construction and Conveyance Tax Fund (380) TOTAL		\$(139,000)	\$(139,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 4 Construction and Conveyance Tax Fund (381)			
Council District 4 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(50,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$50,000, from \$212,000 to \$162,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 4 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(86,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 4 Construction and Conveyance Tax Fund (381) TOTAL		\$(86,000)	\$(86,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 5 Construction and Conveyance Tax Fund (382)			
Council District 5 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(234,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$234,000, from \$990,000 to \$756,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 5 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(270,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 5 Construction and Conveyance Tax Fund (382) TOTAL		\$(270,000)	\$(270,000)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 6 Construction and Conveyance Tax Fund (384)			
Bascom Community Center Marquee	Parks, Recreation and Neighborhood Services	\$26,000	
<p>This action increases the Bascom Community Center Marquee appropriation in the amount of \$26,000, from \$82,000 to \$108,000. This project provides funding to remove the old marquee and install a new marquee at Bascom Community Center. Due to construction bid responses being higher than anticipated, additional funding of \$26,000 is recommended to be allocated to the project. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset the action.</p>			
Council District 6 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(125,000)
<p>This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$125,000, from \$532,000 to \$407,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.</p>			
Council District 6 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
<p>This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.</p>			
Ending Fund Balance Adjustment	Finance	\$(187,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Hanchett Park Development	Parks, Recreation and Neighborhood Services	\$300,000	
<p>This action establishes the Hanchett Park Development appropriation in the amount of \$300,000. This funding will partially support design and soft costs associated with the development of a future park at Hanchett Avenue and The Alameda. Funding is recommended to be allocated at this time to allow for the design contract to be awarded in spring 2023. As the design process progresses, additional funding needs will be identified and requested through future budget processes. A corresponding action to decrease the Hanchett Park Reserve is recommended in this report to offset the action.</p>			
Hanchett Park Reserve	Parks, Recreation and Neighborhood Services	\$(300,000)	
<p>This action decreases the Hanchett Park Reserve to offset an action recommended in this report.</p>			
Council District 6 Construction and Conveyance Tax Fund (384) TOTAL		\$(161,000)	\$(161,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 7 Construction and Conveyance Tax Fund (385)			
Council District 7 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(222,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$222,000, from \$940,000 to \$718,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 7 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(258,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 7 Construction and Conveyance Tax Fund (385) TOTAL		\$(258,000)	\$(258,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 8 Construction and Conveyance Tax Fund (386)			
Council District 8 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(121,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$121,000, from \$513,000 to \$392,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 8 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(157,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 8 Construction and Conveyance Tax Fund (386) TOTAL		\$(157,000)	\$(157,000)

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 9 Construction and Conveyance Tax Fund (388)			
Council District 9 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services		\$(165,000)
This action decreases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$165,000, from \$697,000 to \$532,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Council District 9 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services		\$(36,000)
This action decreases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund by \$36,000, from \$154,000 to \$118,000, to account for lower than anticipated Construction and Conveyance Tax revenue collections. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.			
Ending Fund Balance Adjustment	Finance	\$(201,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Council District 9 Construction and Conveyance Tax Fund (388) TOTAL		\$(201,000)	\$(201,000)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Fire Construction and Conveyance Tax Fund (392)			
Capital Program and Public Works Department Support Services Costs	Public Works	\$60,000	
<p>This action increases the Capital Program and Public Works Department Support Services Costs allocation by \$60,000, from \$13,000 to \$73,000, to reflect the anticipated direct labor and professional services costs incurred by the Public Works Department related to the Fire Facilities Remediation project. The funding was originally allocated in the project, but it is recommended to reallocate the funds to the Capital Program and Public Works Department Support Services Costs appropriation as the expenditures will be charged against this appropriation. This action is offset by a decrease to the Fire Facilities Remediation appropriation recommended elsewhere in this report.</p>			
Construction and Conveyance Tax	Fire		\$(420,000)
<p>This action decreases the Fire Construction and Conveyance Tax (C&C) revenue estimate by \$420,000, from \$4.2 million to \$3.8 million, due to lower than anticipated C&C Tax revenue collections. The overall C&C Tax revenue estimate is recommended to decrease by \$5.0 million (from \$50.0 million to \$45.0 million) to reflect actual collection trends. C&C collections are driven by activity in the local real estate market. When the 2022-2023 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$50.0 million (22.4% decline from the 2021-2022 collection level) due to higher interest rates that impact mortgage rates coupled with uncertainty in the overall economy. However, based on activity through the first half of the fiscal year, collections are now estimated to end the year at \$45.0 million, which is \$5.0 million below the budgeted estimate and reflects a 30.2% decline from the 2021-2022 collection level. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. Further detail regarding the C&C Tax receipts as well as a discussion of the housing statistics for the local real estate market can be found in Section II - Status of Selected Special and Capital Funds of this report.</p>			
Ending Fund Balance Adjustment	Finance	\$(420,000)	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>			

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Fire Construction and Conveyance Tax Fund (392)			
Fire Facilities Remediation	Fire	\$(60,000)	
<p>This action decreases the Fire Facilities Remediation appropriation in the Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes by \$60,000, from \$2.6 million to \$2.5 million, and reallocates this funding to the Capital Program and Public Works Department Support Service Costs appropriation to cover direct labor and professional services costs incurred by the Public Works Department to support this project. A related action to increase the Capital Program and Public Works Department Support Service Costs is recommended elsewhere in this report.</p>			
Fire Construction and Conveyance Tax Fund (392) TOTAL		\$(420,000)	\$(420,000)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
General Purpose Parking Capital Fund (559)			
Ending Fund Balance Adjustment	Finance	\$(101,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.			
Capital Program and Public Works Department Support Services Costs	Public Works	\$101,000	
This action increases the Capital Program and Public Works Department Support Services Costs allocation by \$101,000, from \$82,000 to \$183,000, to reflect higher than anticipated direct labor and professional services costs incurred by the Public Works Department for projects in the General Purpose Parking Capital Fund. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.			
General Purpose Parking Capital Fund (559) TOTAL		_____	_____

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Library Construction and Conveyance Tax Fund (393)

Branch Efficiency Projects

Library

\$(100,000)

This action decreases the Branch Efficiency Projects appropriation by \$100,000, from \$177,000 to \$77,000. This action is part of a series of actions related to the local match funding necessary for the Building Forward Library Infrastructure Grant. The Building Forward Library Infrastructure Grant is a newly established program of the California Library System, providing grant funding to California's public libraries for capital projects addressing critical maintenance needs, improving energy efficiency and sustainability, and expanding access digitally and physically. The first round of the grant awarded to the San José Public Library is \$8.7 million, with an equal commitment of \$8.7 million in local match funding. Of this amount, \$944,000 is expected to be spent or encumbered in 2022-2023, with the remaining \$7.7 million to be incorporated into the development of the 2024-2028 Proposed Capital Improvement Program. This action partially offsets the establishment of the Building Forward Library Infrastructure Grant - Local Match appropriation as recommended elsewhere in this report. The total local match needed in 2022-2023 is \$944,000: \$600,000 in the Library Construction and Conveyance Tax Fund and \$344,000 in the Branch Libraries Bond Projects Fund.

Building Forward Library Infrastructure Grant

Library

\$944,000

This action establishes the Building Forward Library Infrastructure Grant appropriation in the amount of \$944,000 to appropriate grant funding from the Building Forward Library Infrastructure Grant. The Building Forward Library Infrastructure Grant is a newly established program of the California Library System, providing grant funding to California's public libraries for capital projects addressing critical maintenance needs, improving energy efficiency and sustainability, and expanding access digitally and physically. The first round of the grant awarded to the San José Public Library is \$8.7 million. Of this amount, \$944,000 is expected to be spent or encumbered in 2022-2023, with the remaining \$7.7 million to be incorporated into the development of the 2024-2028 Proposed Capital Improvement Plan. To offset this action, a corresponding increase to the estimate for Revenue from State of California is also recommended in this report.

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Library Construction and Conveyance Tax Fund (393)

Building Forward Library Infrastructure Grant - Local Match	Library	\$600,000	
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This action establishes the Building Forward Library Infrastructure Grant - Local Match appropriation in the amount of \$600,000, offset by decreases to the Branch Efficiency Projects, Facilities Improvements - Library, and General Equipment and Furnishings appropriations. This action is part of a series of actions related to the local match funding necessary for the Building Forward Library Infrastructure Grant. The Building Forward Library Infrastructure Grant is a newly established program of the California Library System, providing grant funding to California's public libraries for capital projects addressing critical maintenance needs, improving energy efficiency and sustainability, and expanding access digitally and physically. The first round of the grant awarded to the San José Public Library is \$8.7 million, with an equal commitment of \$8.7 million in local match funding. Of this amount, \$944,000 is expected to be spent or encumbered in 2022-2023, with the remaining \$7.7 million to be incorporated into the development of the 2024-2028 Proposed Capital Improvement Plan. The total local match needed in 2022-2023 is \$944,000: \$600,000 in the Library Construction and Conveyance Tax Fund and \$344,000 in the Branch Libraries Bond Projects Fund.

Capital Program and Public Works Department Support Services Costs	Public Works	\$6,000	
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This action increases the Capital Program and Public Works Department Support Services Costs allocation by \$6,000, from \$1,000 to \$7,000, to reflect higher than anticipated direct labor and professional services costs incurred by the Public Works Department for projects in the Construction and Conveyance Tax Fund: Library Purposes. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Library Construction and Conveyance Tax Fund (393)			
Construction and Conveyance Tax	Library		\$(711,000)

This action decreases the Library Construction and Conveyance Tax (C&C) revenue estimate by \$711,000, from \$7.1 million to \$6.4 million, due to lower than anticipated C&C Tax revenue collections. The overall C&C Tax revenue estimate is recommended to decrease by \$5.0 million (from \$50.0 million to \$45.0 million) to reflect actual collection trends. C&C collections are driven by activity in the local real estate market. When the 2022-2023 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$50.0 million (22.4% decline from the 2021-2022 collection level) due to higher interest rates that impact mortgage rates coupled with uncertainty in the overall economy. However, based on activity through the first half of the fiscal year, collections are now estimated to end the year at \$45.0 million, which is \$5.0 million below the budgeted estimate and reflects a 30.2% decline from the 2021-2022 collection level. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. Further detail regarding the C&C Tax receipts as well as a discussion of the housing statistics for the local real estate market can be found in Section II - Status of Selected Special and Capital Funds of this report.

Ending Fund Balance Adjustment	Finance	\$(717,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Facilities Improvements - Library	Library	\$(300,000)	
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This action decreases the Facilities Improvements - Library appropriation by \$300,000, from \$1.0 million to \$742,000. This action is part of a series of actions related to the local match funding necessary for the Building Forward Library Infrastructure Grant. The Building Forward Library Infrastructure Grant is a newly established program of the California Library System, providing grant funding to California's public libraries for capital projects addressing critical maintenance needs, improving energy efficiency and sustainability, and expanding access digitally and physically. The first round of the grant awarded to the San José Public Library is \$8.7 million, with an equal commitment of \$8.7 million in local match funding. Of this amount, \$944,000 is expected to be spent or encumbered in 2022-2023, with the remaining \$7.7 million to be incorporated into the development of the 2024-2028 Proposed Capital Improvement Plan. This action partially offsets the establishment of the Building Forward Library Infrastructure Grant - Local Match appropriation as recommended elsewhere in this report. The total local match needed in 2022-2023 is \$944,000: \$600,000 in the Library Construction and Conveyance Tax Fund and \$344,000 in the Branch Libraries Bond Projects Fund.

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Library Construction and Conveyance Tax Fund (393)			
General Equipment and Furnishings	Library	\$(200,000)	
<p>This action decreases the General Equipment and Furnishings appropriation by \$200,000, from \$459,000 to \$259,000. This action is part of a series of actions related to the local match funding necessary for the Building Forward Library Infrastructure Grant. The Building Forward Library Infrastructure Grant is a newly established program of the California Library System, providing grant funding to California's public libraries for capital projects addressing critical maintenance needs, improving energy efficiency and sustainability, and expanding access digitally and physically. The first round of the grant awarded to the San José Public Library is \$8.7 million, with an equal commitment of \$8.7 million in local match funding. Of this amount, \$944,000 is expected to be spent or encumbered in 2022-2023, with the remaining \$7.7 million to be incorporated into the 2024-2028 Proposed Capital Improvement Program. This action partially offsets the establishment of the Building Forward Library Infrastructure Grant - Local Match appropriation as recommended elsewhere in this report. The total local match needed in 2022-2023 is \$944,000: \$600,000 in the Library Construction and Conveyance Tax Fund and \$344,000 in the Branch Libraries Bond Projects Fund.</p>			
Revenue from State of California (Building Forward Library Infrastructure Grant)	Library		\$944,000
<p>This action establishes an estimate for Revenue from State of California by \$944,000 to recognize the Building Forward Library Infrastructure Grant funding to be received in 2022-2023. The Building Forward Library Infrastructure Grant is a newly established program of the California Library System, providing grant funding to California's public libraries for capital projects addressing critical maintenance needs, improving energy efficiency and sustainability, and expanding access digitally and physically. The first round of the grant awarded to the San José Public Library is \$8.7 million. Of this amount, \$944,000 is expected to be spent or encumbered in 2022-2023, with the remaining \$7.7 million to be incorporated into the development of the 2024-2028 Proposed Capital Improvement Plan. This action offsets the establishment of the Building Forward Library Infrastructure Grant appropriation as recommended elsewhere in this report.</p>			
Library Construction and Conveyance Tax Fund (393) TOTAL		\$233,000	\$233,000

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Major Collectors and Arterials Fund (421)

10th & 11th Street Transit Boarding Islands		\$495,000	
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This action establishes the 10th and 11th Street Transit Island Boarding Islands appropriation in the amount of \$495,000. This funding will supplement the Transportation Development Act funds in the Construction Excise Tax Fund to improve the safety of pedestrians and bicyclists by installing Transit Boarding Islands (TBI) and pedestrian refuge islands near the TBIs where feasible. The TBIs will be installed along 10th Street, 11th Street, East San Fernando Street, and East San Salvador Street. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Ending Fund Balance Adjustment	Finance	\$(495,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Major Collectors and Arterials Fund (421) TOTAL

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Park Yards Construction and Conveyance Tax Fund (398)			
Construction and Conveyance Tax			\$(60,000)
<p>This action decreases the Park Yards Construction and Conveyance Tax (C&C) revenue estimate by \$60,000, from \$600,000 to \$540,000, due to lower than anticipated C&C Tax revenue collections. The overall C&C Tax revenue estimate is recommended to decrease by \$5.0 million (from \$50.0 million to \$45.0 million) to reflect actual collection trends. C&C collections are driven by activity in the local real estate market. When the 2022-2023 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$50.0 million (22.4% decline from the 2021-2022 collection level) due to higher interest rates that impact mortgage rates coupled with uncertainty in the overall economy. However, based on activity through the first half of the fiscal year, collections are now estimated to end the year at \$45.0 million, which is \$5.0 million below the budgeted estimate and reflects a 30.2% decline from the 2021-2022 collection level. Further detail regarding the C&C Tax receipts as well as a discussion of the housing statistics for the local real estate market can be found in Section II - Status of Selected Special and Capital Funds of this report.</p>	Parks, Recreation and Neighborhood Services		
Ending Fund Balance Adjustment	Finance	\$(51,000)	
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>			
Transfer to General Fund - Park Yards Operating and Maintenance Expenses		\$(9,000)	
<p>This action decreases the transfer to the General Fund for operating and maintenance costs by \$9,000, from \$90,000 to \$81,000, to account for lower than anticipated Park Yards Construction and Conveyance Tax (C&C) revenue collections. Per previous City Council direction, 15% of all the Parks C&C Tax revenue may be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department.</p>	Parks, Recreation and Neighborhood Services		
Park Yards Construction and Conveyance Tax Fund (398) TOTAL		\$(60,000)	\$(60,000)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Parks Central Construction and Conveyance Tax Fund (390)			
Construction and Conveyance Tax	Parks, Recreation and Neighborhood Services		\$(3,200,000)
<p>This action decreases the Parks Central Construction and Conveyance Tax (C&C) revenue estimate by \$3.2 million, from \$32.0 million to \$28.8 million, due to lower than anticipated C&C Tax revenue collections. The overall C&C Tax revenue estimate is recommended to decrease by \$5.0 million (from \$50.0 million to \$45.0 million) to reflect actual collection trends. C&C collections are driven by activity in the local real estate market. When the 2022-2023 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$50.0 million (22.4% decline from the 2021-2022 collection level) due to higher interest rates that impact mortgage rates coupled with uncertainty in the overall economy. However, based on activity through the first half of the fiscal year, collections are now estimated to end the year at \$45.0 million, which is \$5.0 million below the budgeted estimate and reflects a 30.2% decline from the 2021-2022 collection level. Further detail regarding the C&C Tax receipts as well as a discussion of the housing statistics for the local real estate market can be found in Section II - Status of Selected Special and Capital Funds of this report.</p>			
Council District 1 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(249,000)	
<p>This action decreases the Needs-Based Transfer to the Council District 1 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.</p>			
Council District 1 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
<p>This action decreases the Special Needs Transfer to the Council District 1 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.</p>			
Council District 10 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(54,000)	
<p>This action decreases the Needs-Based Transfer to the Council District 10 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.</p>			
Council District 10 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
<p>This action decreases the Special Needs Transfer to the Council District 10 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.</p>			

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Parks Central Construction and Conveyance Tax Fund (390)			
Council District 2 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(130,000)	
This action decreases the Needs-Based Transfer to the Council District 2 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 2 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 2 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 3 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(103,000)	
This action decreases the Needs-Based Transfer to the Council District 3 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 3 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 3 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 4 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(50,000)	
This action decreases the Needs-Based Transfer to the Council District 4 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 4 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 4 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 5 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(234,000)	
This action decreases the Needs-Based Transfer to the Council District 5 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Parks Central Construction and Conveyance Tax Fund (390)			
Council District 5 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 5 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 6 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(125,000)	
This action decreases the Needs-Based Transfer to the Council District 6 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 6 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 6 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 7 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(222,000)	
This action decreases the Needs-Based Transfer to the Council District 7 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 7 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 7 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 8 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(121,000)	
This action decreases the Needs-Based Transfer to the Council District 8 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 8 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 8 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Parks Central Construction and Conveyance Tax Fund (390)			
Council District 9 C&C Tax Fund: Needs-Based Transfer	Parks, Recreation and Neighborhood Services	\$(165,000)	
This action decreases the Needs-Based Transfer to the Council District 9 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Council District 9 C&C Tax Fund: Special Needs Transfer	Parks, Recreation and Neighborhood Services	\$(36,000)	
This action decreases the Special Needs Transfer to the Council District 9 Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Transfer to the General Fund Parks Eligible Maintenance Costs	Parks, Recreation and Neighborhood Services	\$(480,000)	
This action decreases the transfer to the General Fund for operating and maintenance costs to account for lower than anticipated Parks Central Construction and Conveyance Tax (C&C) revenue collections. Per previous City Council direction, 15% of all the Parks C&C Tax revenue may be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department.			
Transfer to the Parks City-Wide C&C Tax Fund	Parks, Recreation and Neighborhood Services	\$(907,000)	
This action decreases the transfer allocation to the Parks City-Wide Construction and Conveyance Tax Fund to account for lower than anticipated Construction and Conveyance Tax revenue collections.			
Parks Central Construction and Conveyance Tax Fund (390) TOTAL		\$(3,200,000)	\$(3,200,000)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Parks City-Wide Construction and Conveyance Tax Fund (391)			
<p>Guadalupe Gardens Prototype Park (Dog Park)</p> <p>This action establishes the Guadalupe Gardens Prototype Park appropriation in the Parks City-Wide Construction and Conveyance Tax Fund. This project has funding totaling \$100,000 allocated in the Subdivision Park Trust Fund and \$353,000 allocated in the Guadalupe Gardens Fencing appropriation in the Airport Renewal and Replacement Fund for the construction of a prototype dog park to create more of an active and recreational public space for Guadalupe Gardens. However, due to construction bid responses being higher than anticipated for the park portion of the project scope, such as the small and large dog areas, dog drinking fountains and site furnishing, an additional funding of \$150,000 is recommended to be allocated from the Parks City-Wide Construction and Conveyance Tax Fund. A corresponding action to decrease the Guadalupe River Park Infrastructure Repair Reserve is recommended in this report to offset the action.</p>	Parks, Recreation and Neighborhood Services	\$150,000	
<p>Guadalupe River Park Infrastructure Repair Reserve</p> <p>This action decreases the Guadalupe River Park Infrastructure Repair Reserve to offset an action recommended in this report.</p>	Parks, Recreation and Neighborhood Services	\$(150,000)	
<p>Happy Hollow Park and Zoo Public Announcement System</p> <p>This action increases the Happy Hollow Park and Zoo Public Announcement System appropriation in the amount of \$180,000, from \$200,000 to \$380,000. This project provides funding to upgrade and replace the current public announcement system at Happy Hollow Park and Zoo to maintain communication to park visitors of potential emergencies. However, as materials and costs have been higher than anticipated, additional funding is needed to complete the project. A corresponding action to decrease the Infrastructure Backlog Reserve is recommended in this report to offset the action.</p>	Parks, Recreation and Neighborhood Services	\$180,000	
<p>Infrastructure Backlog Reserve</p> <p>This action decreases the Infrastructure Backlog Reserve to offset actions recommended in this report.</p>	Parks, Recreation and Neighborhood Services	\$(276,000)	
<p>Matching Grant Reimbursement Reserve</p> <p>This action decreases the Matching Grant Reimbursement Reserve to offset an action recommended in this report.</p>	Parks, Recreation and Neighborhood Services	\$(1,244,000)	

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Parks City-Wide Construction and Conveyance Tax Fund (391)

TRAIL: Coyote Creek (Mabury Road to Empire Street)	Parks, Recreation and Neighborhood Services	\$1,340,000	
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This action increases the TRAIL: Coyote Creek (Mabury Road to Empire Street) appropriation in the amount of \$1.3 million. Funding of \$345,000 had previously been allocated for this project in the Subdivision Park Trust Fund. Additional funding of \$9.8 million (\$8.44 million from the Subdivision Park Trust Fund and \$1.34 million from the Parks City-Wide Construction and Conveyance Tax Fund) is recommended to be allocated, bringing the total project funding to \$10.1 million. The Federal Active Transportation Program (ATP) Grant reimbursement has set a deadline of May 2023 for a bid contract to be awarded for this project. Due to these timing requirements, it is recommended to allocate the project funding as part of this report, which will allow for the bid to be awarded in a timely fashion to meet the ATP Grant reimbursement deadline. A separate City Council memorandum will be presented to the City Council in February 2023 that further details the project and requests authorization for the Public Works Director to award the construction project when bids are received in May 2023. A corresponding action to decrease the Matching Grants Reimbursement Reserve (\$1.2 million) and the Infrastructure Backlog Reserve (\$96,000) is recommended in this report to offset the action.

Parks City-Wide Construction and Conveyance Tax Fund (391) TOTAL

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Service Yards Construction and Conveyance Tax Fund (395)			
Construction and Conveyance Tax	Public Works		\$(439,000)
<p>This action decreases the Service Yards Construction and Conveyance Tax (C&C) revenue estimate by \$439,000 from \$4.4 million to \$4.0 million, due to lower than anticipated C&C Tax revenue collections. The overall C&C Tax revenue estimate is recommended to decrease by \$5.0 million (from \$50.0 million to \$45.0 million) to reflect actual collection trends. C&C collections are driven by activity in the local real estate market. When the 2022-2023 Adopted Capital Budget was developed, C&C receipts were anticipated to total \$50.0 million (22.4% decline from the 2021-2022 collection level) due to higher interest rates that impact mortgage rates coupled with uncertainty in the overall economy. However, based on activity through the first half of the fiscal year, collections are now estimated to end the year at \$45.0 million, which is \$5.0 million below the budgeted estimate and reflects a 30.2% decline from the 2021-2022 collection level. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. Further detail regarding the C&C Tax receipts as well as a discussion of the housing statistics for the local real estate market can be found in Section II - Status of Selected Special and Capital Funds of this report.</p>			
Ending Fund Balance Adjustment	Finance	\$(439,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Service Yards Construction and Conveyance Tax Fund (395) TOTAL		\$(439,000)	\$(439,000)

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Subdivision Park Trust Fund (375)			
<p>Agnews Park Master Plan</p> <p>This action decreases the Agnews Park Master Plan project to reallocate project savings to the Agnews Property Development project as recommended in this report.</p>	Parks, Recreation and Neighborhood Services	\$(350,000)	
<p>Agnews Property Development</p> <p>This action increases the Agnews Property Development project in the amount of \$350,000, from \$696,000 to \$1.0 million. Additional funding is needed to complete the demolition phase of the buildings closest to the school campus and for design review and inspection costs related to the site preparation. A corresponding action to decrease the Agnews Park Master Plan project, which is anticipated to have project savings, is recommended in this report to offset the action.</p>	Parks, Recreation and Neighborhood Services	\$350,000	
<p>Future PDO / PIO Projects Adjustment</p> <p>This action decreases the Future PDO/PIO Projects Reserve to offset actions recommended in this report.</p>	Parks, Recreation and Neighborhood Services	\$(1,785,000)	
<p>River Glen Park Restroom Restoration</p> <p>This action establishes the River Glen Park Restroom Restoration appropriation in the amount of \$125,000. This project provides funding to restore a sewer line that unexpectedly broke, which has resulted in the River Glen Park restrooms being inoperable. A corresponding action to decrease the Future PDO/PIO Projects Reserve is recommended in this report to offset the action.</p>	Parks, Recreation and Neighborhood Services	\$125,000	

Capital Funds Recommended Budget Adjustments Summary

2022-2023 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Subdivision Park Trust Fund (375)			
TRAIL: Coyote Creek (Mabury Road to Empire Street)	Parks, Recreation and Neighborhood Services	\$8,419,000	
<p>This action increases the TRAIL: Coyote Creek (Mabury Road to Empire Street) appropriation in the amount of \$8.4 million. Funding of \$345,000 had previously been allocated for this project in the Subdivision Park Trust Fund. Additional funding of \$9.8 million (\$8.44 million from the Subdivision Park Trust Fund and \$1.34 million from the Parks City-Wide Construction and Conveyance Tax Fund) is recommended to be allocated, bringing the total project funding to \$10.1 million. The Federal Active Transportation Program (ATP) Grant reimbursement has set a deadline of May 2023 for a bid contract to be awarded for this project. Due to these timing requirements, it is recommended to allocate the project funding as part of this report, which will allow for the bid to be awarded in a timely fashion to meet the ATP Grant reimbursement deadline. A separate City Council memorandum will be presented to the City Council in February 2023 that further details the project and requests authorization for the Public Works Director to award the construction project when bids are received in May 2023. A corresponding action to decrease the TRAIL: Coyote Creek (Mabury Road to Empire Street) Reserve (\$6.8 million) and Future PDO/PIO Projects Reserve (\$1.8 million) are recommended in this report to offset the action.</p>			
TRAIL: Coyote Creek (Mabury Road to Empire Street) Reserve	Parks, Recreation and Neighborhood Services	\$(6,759,000)	
<p>This action decreases the TRAIL: Coyote Creek (Mabury Road to Empire Street Reserve) to offset an action recommended in this report.</p>			
Subdivision Park Trust Fund (375) TOTAL			

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

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Water Utility Capital Fund (500)			
Capital Program and Public Works Department Support Services Costs	Public Works	\$40,000	
<p>This action increases the Capital Program and Public Works Department Support Services Costs allocation by \$40,000, from \$48,000 to \$88,000, to reflect higher than anticipated direct labor and professional services costs incurred by the Public Works Department. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>			
Ending Fund Balance Adjustment	Finance	\$(40,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Water Utility Capital Fund (500) TOTAL			

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**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Department/Proposal		USE		SOURCE		NET COST	
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
Office of the City Attorney							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (ProLaw Server)	-	\$70,000	\$70,000	-	-	\$70,000
Office of the City Attorney							
Clean-Up Actions	Salary and Benefits Program	\$244,051	-	\$244,051	-	-	\$244,051
Office of the City Manager							
Grants-Reimbursements-Fees	Non-Personal/Equipment/Revenue from Federal Government (2021 Emergency Management Performance Grant)	-	\$2,800	\$2,800	\$2,800	-	-
Office of the City Manager							
Clean-Up Actions	Salary and Benefits Program	\$301,652	-	\$301,652	-	-	\$301,652
Environmental Services Department							
Clean-Up Actions	Tech Adjust: Non-Personal/Equipment (Reallocation from Climate Smart San José Plan Implementation)	-	\$150,000	\$150,000	-	-	\$150,000
	Salary and Benefits Program	\$18,668	-	\$18,668	-	-	\$18,668
Finance Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Recruitment Consultant)	-	\$95,200	\$95,200	-	-	\$95,200
	Non-Personal/Equipment (Accounts Receivable Amnesty Program)	-	\$75,000	\$75,000	-	-	\$75,000
	Personal Services (Vacancy Savings)	(\$95,200)	-	(\$95,200)	-	-	(\$95,200)
Fire Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Consultant Services)	-	\$80,000	\$80,000	-	-	\$80,000
	Non-Personal/Equipment (Automated External Defibrillators)	-	\$36,120	\$36,120	-	-	\$36,120
	Non-Personal/Equipment (Fire Station 20 Landside Lease)	-	\$42,530	\$42,530	-	-	\$42,530
	Personal Services (Vacancy Savings)	(\$116,120)	-	(\$116,120)	-	-	(\$116,120)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Section III

Department/Proposal		USE		SOURCE		NET COST	
		Personal Services	Non-Personal/Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
Fire Department							
	Clean-Up Actions	Salary and Benefits Program	\$3,239,089	-	\$3,239,089	-	- \$3,239,089
Human Resources Department							
	Urgent Fiscal-Program Needs	Personal Services (Recruitment Centralization Pilot Program)	\$375,000	-	\$375,000	-	- \$375,000
Human Resources Department							
	Required Technical-Rebalancing Actions	Personal Services (Vacancy Savings)	(\$150,000)	-	(\$150,000)	-	- (\$150,000)
		Non-Personal/Equipment (Temporary Staffing)	-	\$150,000	\$150,000	-	- \$150,000
Human Resources Department							
	Clean-Up Actions	Tech Adjust: Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing)	(\$83,000)	-	(\$83,000)	-	- (\$83,000)
		Tech Adjust: Non-Personal/Equipment (Reallocation from Personal Services for Temporary Staffing)	-	\$83,000	\$83,000	-	- \$83,000
Information Technology Department							
	Urgent Fiscal-Program Needs	Personal Services (Vacancy Savings)	(\$250,000)	-	(\$250,000)	-	- (\$250,000)
		Tech Adjust: Development Fee Program - Shared Resources Personal Services (Reallocation to Development Fee Program - Shared Resource Non-Personal/Equipment for Temporary Staffing)	(\$10,200)	-	(\$10,200)	-	- (\$10,200)
		Tech Adjust: Development Fee Program - Shared Resources Non-Personal/Equipment (Reallocation from Development Fee Program - Shared Resources Personal Services for Temporary Staffing)	-	\$10,200	\$10,200	-	- \$10,200
		Salary and Benefits Program	\$1,321	-	\$1,321	-	- \$1,321
Library Department							
	Required Technical-Rebalancing Actions	Personal Services (Vacancy Savings)	(\$166,000)	-	(\$166,000)	-	- (\$166,000)

General Fund
 Recommended Budget Adjustments and Clean-Up Actions
 2022-2023 Mid-Year Budget Review

Department/Proposal		USE		SOURCE		NET COST		
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance		
DEPARTMENTAL EXPENSES								
	Non-Personal/Equipment (Contract Security Services)	-	\$166,000	\$166,000	-	-	\$166,000	
	Non-Personal/Equipment (Security Services - Vehicle Rental)	-	\$12,863	\$12,863	-	-	\$12,863	
	Non-Personal/Equipment (Cost Sharing Agreement with SJSU)	-	\$136,093	\$136,093	-	-	\$136,093	
Library Department								
	Clean-Up Actions	Salary and Benefits Program	\$195,078	-	\$195,078	-	-	\$195,078
Mayor & City Council								
	Grants-Reimbursements-	Council District #05/Other Revenue (Sponsorship)	\$300	-	\$300	\$300	-	-
Fees		Council District #08/Other Revenue (Sponsorship)	\$500	-	\$500	\$500	-	-
Mayor & City Council								
	Clean-Up Actions	Tech Adjust: Office of the Mayor (July - December) (Reallocation from Office of the Mayor (January - June))	\$2,539,113	-	\$2,539,113	-	-	\$2,539,113
		Tech Adjust: Office of the Mayor (January - June) (Reallocation to Office of the Mayor (July - December))	(\$2,539,113)	-	(\$2,539,113)	-	-	(\$2,539,113)
		Tech Adjust: Council District #01 (July - December) (Reallocation from Council District #01 (January - June))	\$627,652	-	\$627,652	-	-	\$627,652
		Tech Adjust: Council District #01 (January - June) (Reallocation to Council District #01 (July - December))	(\$627,652)	-	(\$627,652)	-	-	(\$627,652)
		Tech Adjust: Council District #03 (July - December) (Reallocation from Council District #03 (January - June))	\$508,046	-	\$508,046	-	-	\$508,046
		Tech Adjust: Council District #03 (January - June) (Reallocation to Council District #03 (July - December))	(\$508,046)	-	(\$508,046)	-	-	(\$508,046)
		Tech Adjust: Council District #05 (July - December) (Reallocation from Council District #05 (January - June))	\$672,754	-	\$672,754	-	-	\$672,754

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Section III

Department/Proposal	USE		SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES						
	Tech Adjust: Council District #05 (January - June) (Reallocation to Council District #05 (July - December))	(\$672,754)	-	(\$672,754)	-	- (\$672,754)
	Tech Adjust: Council District #07 (July - December) (Reallocation from Council District #07 (January - June))	\$624,412	-	\$624,412	-	- \$624,412
	Tech Adjust: Council District #07 (January - June) (Reallocation to Council District #07 (July - December))	(\$624,412)	-	(\$624,412)	-	- (\$624,412)
	Salary and Benefits Program	\$81,244	-	\$81,244	-	- \$81,244
Parks, Recreation and Neighborhood Services Department						
	Urgent Fiscal-Program Needs	Personal Services (Vacancy Savings)	(\$1,000,000)	-	(\$1,000,000)	- (\$1,000,000)
Parks, Recreation and Neighborhood Services Department						
	Required Technical-Rebalancing Actions	Personal Services (Vacancy Savings)	(\$300,000)	-	(\$300,000)	- (\$300,000)
		Fee Activities (2023 Summer Scholarships)	\$300,000	-	\$300,000	- \$300,000
Parks, Recreation and Neighborhood Services Department						
	Grants-Reimbursements-Fees	Non-Personal/Equipment/Other Revenue (Family Camp BBQ Pit Replacement)	-	\$25,514	\$25,514	- \$25,514
Parks, Recreation and Neighborhood Services Department						
	Clean-Up Actions	Salary and Benefits Program	\$7,265	-	\$7,265	- \$7,265
Planning, Building and Code Enforcement Department						
	Urgent Fiscal-Program Needs	Personal Services (Vacancy Savings)	(\$250,000)	-	(\$250,000)	- (\$250,000)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Department/Proposal		USE		SOURCE		NET COST	
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
Planning, Building and Code Enforcement Department							
Grants-Reimbursements-Fees	Non-Personal/Equipment/Revenue from State of California (Caltrans East Side Alum Rock Urban Village Plan)	-	\$47,000	\$47,000	\$47,000	-	-
Police Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Bulletproof Vest Partnership 2022)	-	(\$15,362)	(\$15,362)	-	-	(\$15,362)
Police Department	Tech Adjust: Personal Services (Salary and Benefits to Overtime Reallocation of \$15.0 million)	-	-	-	-	-	-
Clean-Up Actions	Salary and Benefits Program	\$10,877,831	-	\$10,877,831	-	-	\$10,877,831
Public Works Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Library Janitorial Services for Sunday Hours)	-	\$200,000	\$200,000	-	-	\$200,000
	Non-Personal/Equipment (Animal Care Center Janitorial Services)	-	\$500,000	\$500,000	-	-	\$500,000
	Non-Personal/Equipment (Veterinary Services)	-	\$225,000	\$225,000	-	-	\$225,000
Public Works Department							
Clean-Up Actions	Salary and Benefits Program	\$555,185	-	\$555,185	-	-	\$555,185
Transportation Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Red Light Running Cameras Pilot Program)	-	(\$117,800)	(\$117,800)	-	-	(\$117,800)
	Personal Services (Red Light Running Cameras Pilot Program Temporary Staffing)	\$117,800	-	\$117,800	-	-	\$117,800
DEPARTMENTAL EXPENSES TOTAL		\$13,894,464	\$1,974,158	\$15,868,622	\$76,114	-	\$15,792,508

General Fund
 Recommended Budget Adjustments and Clean-Up Actions
 2022-2023 Mid-Year Budget Review

Section III

Department/Proposal	USE		SOURCE		NET COST		
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance		
CITY-WIDE EXPENSES							
Required Technical-Rebalancing Actions	Bulletproof Vest Partnership 2022/Revenue from Federal Government	-	\$30,724	\$30,724	\$15,362	-	\$15,362
	Sanitary Sewer Fees	-	\$201,905	\$201,905	-	-	\$201,905
	Measure E - Supportive Services and Operations (15% HSP)	-	(\$300,000)	(\$300,000)	-	-	(\$300,000)
	Commercial Paper Program Fees	-	\$48,500	\$48,500	-	-	\$48,500
	Energy Services Company (ESCO) Debt Service	-	\$120,000	\$120,000	-	-	\$120,000
	Measure E - Supportive Services and Operations (15% HSP)	-	(\$500,000)	(\$500,000)	-	-	(\$500,000)
	Mobile Home Park Protections	-	\$75,000	\$75,000	-	-	\$75,000
	Hazard Mitigation Grant Program	-	\$481,014	\$481,014	-	-	\$481,014
	Bureau of Emergency Medical Services and Training Center Relocation	-	\$68,000	\$68,000	-	-	\$68,000
	Workers' Compensation Claims - Parks, Recreation and Neighborhood Services	-	(\$250,000)	(\$250,000)	-	-	(\$250,000)
	Workers' Compensation Claims - Public Works	-	\$250,000	\$250,000	-	-	\$250,000
	Measure E - Guadalupe River Park Housing Support (10% HPRA)	-	\$300,000	\$300,000	-	-	\$300,000
	Workers' Compensation State License	-	\$446,000	\$446,000	-	-	\$446,000
	TRANS Debt Service/Other Revenue (TRANS Proceeds)	-	(\$79,000,000)	(\$79,000,000)	(\$85,000,000)	-	\$6,000,000
	Measure E - Homeless Outreach and Engagement (15% HSP)	-	\$500,000	\$500,000	-	-	\$500,000
	Measure E - Storm Evacuee Transition Facilities (15% HSP)	-	\$2,000,000	\$2,000,000	-	-	\$2,000,000
Grants-Reimbursements-Fees	Adobe Sponsored Artist Support/Other Revenue	-	\$7,500	\$7,500	\$7,500	-	-
	Hazardous Materials Consent Judgment/Revenue from Local Agencies	-	\$27,961	\$27,961	\$27,961	-	-
	Library Grants/Revenue from State of California (Library Services and Technology Act Grants)	-	\$15,000	\$15,000	\$15,000	-	-
	Northern California Regional Intelligence Center - Police 2022/Revenue from Federal Government	\$152,065	-	\$152,065	\$152,065	-	-



General Fund
 Recommended Budget Adjustments and Clean-Up Actions
 2022-2023 Mid-Year Budget Review

Department/Proposal	USE		SOURCE		NET COST		
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance		
CITY-WIDE EXPENSES							
	State Homeland Security Grant Program - Police 2022/Revenue from Federal Government	-	\$225,032	\$225,032	\$225,032	-	-
	Sidewalk Repairs/Other Revenue	-	\$543,000	\$543,000	\$543,000	-	-
	BeautifySJ Grants/Other Revenue	-	\$73,283	\$73,283	\$73,283	-	-
	Law Enforcement Mental Health and Wellness Act Project - 2022/Revenue from Federal Government	-	\$156,000	\$156,000	\$156,000	-	-
	Department of Alcohol Beverage Control (ABC) Grant/Revenue from State of California	\$50,000	-	\$50,000	\$50,000	-	-
	Regional Early Action Planning - Housing and Community Development Grant/Revenue from State of California	-	\$299,000	\$299,000	\$299,000	-	-
	State Homeland Security Grant Program/Revenue from Federal Government	-	\$24,178	\$24,178	\$24,178	-	-
	Northern California Regional Intelligence Center - Police 2021/Revenue from Federal Government	\$6,191	-	\$6,191	\$6,191	-	-
	CalOES Innovative Response to Marginalized Victims Program Grant 2023/Revenue from State of California	-	\$103,171	\$103,171	\$103,171	-	-
	Electric Vehicle Charging Stations (LCFS Credits)/Other Revenue	-	\$22,370	\$22,370	\$22,370	-	-
	SJPL Foundation Grants/Other Revenue (California Room Collections)	-	\$251,500	\$251,500	\$251,500	-	-
	Tech Adjust: Climate Smart San José Plan Implementation (Reallocation to Environmental Services Department's Non-Personal/Equipment)	-	(\$150,000)	(\$150,000)	-	-	(\$150,000)
Clean-Up Actions							
	CITY-WIDE EXPENSES TOTAL	\$208,256	(\$73,930,862)	(\$73,722,606)	(\$83,028,387)	-	\$9,305,781
TRANSFERS							
	Transfer to Vehicle Maintenance and Operations Fund (Animal Care and Services Truck Replacement)	-	\$160,000	\$160,000	-	-	\$160,000
Required Technical-Rebalancing Actions							



General Fund
 Recommended Budget Adjustments and Clean-Up Actions
 2022-2023 Mid-Year Budget Review

Section III

Department/Proposal	USE		SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance
TRANSFERS					
Transfer to the Emergency Reserve Fund (2022-2023 Storm Response and Recovery)	-	\$5,000,000	\$5,000,000	-	- \$5,000,000
Transfer to the Emergency Reserve Fund (COVID-19 FEMA Non-Reimbursable Expenses)	-	\$3,000,000	\$3,000,000	-	- \$3,000,000
TRANSFERS TOTAL	-	\$8,160,000	\$8,160,000	-	- \$8,160,000
REVENUE ADJUSTMENTS					
Required Technical-Rebalancing Actions					
Property Tax	-	-	-	\$10,000,000	- (\$10,000,000)
Utility Tax	-	-	-	\$7,000,000	- (\$7,000,000)
Revenue from Use of Money/Property (Interest Income)	-	-	-	\$4,500,000	- (\$4,500,000)
Transfers and Reimbursements	-	-	-	\$263,000	- (\$263,000)
Transfers and Reimbursements (TRANS Debt Service)	-	-	-	\$1,498,905	- (\$1,498,905)
REVENUE ADJUSTMENTS TOTAL	-	-	-	\$23,261,905	- (\$23,261,905)
GENERAL FUND TOTAL	\$14,102,720	(\$73,793,088)	(\$59,690,368)	(\$59,690,368)	-

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Airport Maintenance And Operation Fund (523)								
Clean-Up and Rebudget Actions								
Airport Department								
Operations Contingency (TRANs Debt Service)	-	-	(\$156,928)	-	(\$156,928)	-	-	(\$156,928)
Transfer to the General Fund (TRANs Debt Service)	-	-	\$156,928	-	\$156,928	-	-	\$156,928
Clean-Up and Rebudget Actions								
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget Adjustments								
Airport Department								
Operations Contingency	-	-	(\$4,000)	-	(\$4,000)	-	-	(\$4,000)
Information Technology Department								
Personal Services (Overage)	\$4,000	-	-	-	\$4,000	-	-	\$4,000
Budget Adjustments Total	\$4,000	\$0	(\$4,000)	\$0	\$0	\$0	\$0	\$0
Airport Maintenance And Operation Fund (523) TOTAL	\$4,000	\$0	(\$4,000)	\$0	\$0	\$0	\$0	\$0
Benefits Funds - Benefit Fund (160)								
Clean-Up and Rebudget Actions								
Human Resources Department								
Ending Fund Balance (TRANs Debt Service)	-	-	-	(\$4,430)	(\$4,430)	-	-	(\$4,430)
Salary and Benefits Program	\$14,601	-	-	-	\$14,601	-	-	\$14,601
Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$14,601)	(\$14,601)	-	-	(\$14,601)
Transfer to the General Fund (TRANs Debt Service)	-	-	\$4,430	-	\$4,430	-	-	\$4,430
Clean-Up and Rebudget Actions								
TOTAL	\$14,601	\$0	\$4,430	(\$19,031)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Benefits Funds - Benefit Fund (160)								
Budget Adjustments								
Human Resources								
Department								
FICA-Medicare/Transfers and Reimbursements	-	-	\$35,000	-	\$35,000	\$35,000	-	-
Budget Adjustments Total	\$0	\$0	\$35,000	\$0	\$35,000	\$35,000	\$0	\$0
Benefits Funds - Benefit Fund (160) TOTAL	\$14,601	\$0	\$39,430	(\$19,031)	\$35,000	\$35,000	\$0	\$0
Benefits Funds - Dental Insurance Fund (155)								
Clean-Up and Rebudget Actions								
Human Resources								
Department								
Salary and Benefits Program	\$2,631	-	-	-	\$2,631	-	-	\$2,631
Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$2,631)	(\$2,631)	-	-	(\$2,631)
Clean-Up and Rebudget Actions TOTAL	\$2,631	\$0	\$0	(\$2,631)	\$0	\$0	\$0	\$0
Benefits Funds - Dental Insurance Fund (155) TOTAL	\$2,631	\$0	\$0	(\$2,631)	\$0	\$0	\$0	\$0
Benefits Funds - Life Insurance Fund (156)								
Clean-Up and Rebudget Actions								
Human Resources								
Department								
Salary and Benefits Program	\$1,214	-	-	-	\$1,214	-	-	\$1,214
Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$1,214)	(\$1,214)	-	-	(\$1,214)
Clean-Up and Rebudget Actions TOTAL	\$1,214	\$0	\$0	(\$1,214)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Benefits Funds - Life Insurance Fund (156)								
Budget Adjustments								
Human Resources								
Department								
Personal Services (Overage)	\$13,000	-	-	-	\$13,000	-	-	\$13,000
Insurance Premiums/Transfers and Reimbursements	-	-	\$25,000	-	\$25,000	\$25,000	-	-
Ending Fund Balance Adjustment	-	-	-	(\$13,000)	(\$13,000)	-	-	(\$13,000)
Budget Adjustments Total	\$13,000	\$0	\$25,000	(\$13,000)	\$25,000	\$25,000	\$0	\$0
Benefits Funds - Life Insurance Fund (156) TOTAL	\$14,214	\$0	\$25,000	(\$14,214)	\$25,000	\$25,000	\$0	\$0

Benefits Funds - Unemployment Insurance Fund (157)

Clean-Up and Rebudget Actions

Human Resources								
Department								
Salary and Benefits Program	\$1,072	-	-	-	\$1,072	-	-	\$1,072
Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$1,072)	(\$1,072)	-	-	(\$1,072)
Clean-Up and Rebudget Actions TOTAL	\$1,072	\$0	\$0	(\$1,072)	\$0	\$0	\$0	\$0

Budget Adjustments

Human Resources								
Department								
Personal Services (Overage)	\$30,000	-	-	-	\$30,000	-	-	\$30,000
Ending Fund Balance Adjustment	-	-	-	(\$30,000)	(\$30,000)	-	-	(\$30,000)
Budget Adjustments Total	\$30,000	\$0	\$0	(\$30,000)	\$0	\$0	\$0	\$0
Benefits Funds - Unemployment Insurance Fund (157) TOTAL	\$31,072	\$0	\$0	(\$31,072)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Building Development Fee Program Fund (237)								
Clean-Up and Rebudget Actions								
City Manager - Office of Economic Development and Cultural Affairs								
Salary and Benefits Program	\$1,542	-	-	-	\$1,542	-	-	\$1,542
Tech Adjust: Building								
Planning, Building and Code Enforcement Department								
Development Fee Program - Personal Services (Salary and Benefits to Overtime Reallocation of \$700,000)	-	-	-	-	-	-	-	-
-Ending Fund Balance (TRANs Debt Service)	-	-	-	(\$134,232)	(\$134,232)	-	-	(\$134,232)
Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$1,542)	(\$1,542)	-	-	(\$1,542)
Transfer to the General Fund (TRANs Debt Service)	-	-	\$134,232	-	\$134,232	-	-	\$134,232
Information Technology Department								
Tech Adjust: Shared Resources Personal Services (Reallocation to Shared Resources Non-Personal/Equipment)	(\$167,150)	-	-	-	(\$167,150)	-	-	(\$167,150)
Tech Adjust: Shared Resources Non-Personal/Equipment (Reallocation from Shared Resources Personal Services)	-	\$167,150	-	-	\$167,150	-	-	\$167,150
Clean-Up and Rebudget Actions TOTAL	(\$165,608)	\$167,150	\$134,232	(\$135,774)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Building Development Fee Program Fund (237)								
Budget Adjustments								
Planning, Building and Code Enforcement Department								
Building Development Fee Program - Non-Personal/Equipment (Peak Staffing Resources)	-	\$1,000,000	-	-	\$1,000,000	-	-	\$1,000,000
Building Development Fee Program - Personal Services (Vacancy Savings)	(\$1,000,000)				(\$1,000,000)			(\$1,000,000)
Budget Adjustments Total	(\$1,000,000)	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Building Development Fee Program Fund (237) TOTAL	(\$1,165,608)	\$1,167,150	\$134,232	(\$135,774)	\$0	\$0	\$0	\$0
Citywide Planning Fee Program Fund (239)								
Clean-Up and Rebudget Actions								
Planning, Building and Code Enforcement Department								
Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$11,459)	(\$11,459)	-	-	(\$11,459)
Transfer to the General Fund (TRANS Debt Service)	-	-	\$11,459	-	\$11,459	-	-	\$11,459
Information Technology Department								
Tech Adjust: Shared Resources Personal Services (Reallocation to Shared Resources Non-Personal/Equipment)	(\$8,500)	-	-	-	(\$8,500)	-	-	(\$8,500)
Tech Adjust: Shared Resources Non-Personal/Equipment (Reallocation from Shared Resources Personal Services)	-	\$8,500	-	-	\$8,500	-	-	\$8,500
Clean-Up and Rebudget Actions TOTAL	(\$8,500)	\$8,500	\$11,459	(\$11,459)	\$0	\$0	\$0	\$0
Citywide Planning Fee Program Fund (239) TOTAL	(\$8,500)	\$8,500	\$11,459	(\$11,459)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost	
Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369)									
Clean-Up and Rebudget Actions									
Transportation Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$1,535)	(\$1,535)	-	-	(\$1,535)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$1,535	-	\$1,535	-	-	\$1,535
Clean-Up and Rebudget Actions									
	TOTAL	\$0	\$0	\$1,535	(\$1,535)	\$0	\$0	\$0	
Comm Fac Dist No. 2 (Aborn-Murillo) and No. 3 (Silverland-Capriana) Fund (369) TOTAL									
		\$0	\$0	\$1,535	(\$1,535)	\$0	\$0	\$0	
Community Facilities District No. 12 (Basking Ridge) Fund (376)									
Clean-Up and Rebudget Actions									
Transportation Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$1,111)	(\$1,111)	-	-	(\$1,111)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$1,111	-	\$1,111	-	-	\$1,111
Clean-Up and Rebudget Actions									
	TOTAL	\$0	\$0	\$1,111	(\$1,111)	\$0	\$0	\$0	
Community Facilities District No. 12 (Basking Ridge) Fund (376) TOTAL									
		\$0	\$0	\$1,111	(\$1,111)	\$0	\$0	\$0	
Community Facilities District No. 16 (Raleigh-Coronado) Fund (344)									
Clean-Up and Rebudget Actions									
Transportation Department	Fund Balance Reconciliation	-	-	-	(\$3,053)	(\$3,053)	-	(\$3,053)	-
Clean-Up and Rebudget Actions									
	TOTAL	\$0	\$0	\$0	(\$3,053)	(\$3,053)	\$0	(\$3,053)	\$0
Community Facilities District No. 16 (Raleigh-Coronado) Fund (344) TOTAL									
		\$0	\$0	\$0	(\$3,053)	(\$3,053)	\$0	(\$3,053)	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Fire Development Fee Program Fund (240)									
Clean-Up and Rebudget Actions									
Fire Department	Ending Fund Balance (TRANs Debt Service)	-	-	-	(\$35,417)	(\$35,417)	-	-	(\$35,417)
	Transfer to the General Fund (TRANs Debt Service)	-	-	\$35,417	-	\$35,417	-	-	\$35,417
Information Technology Department	Tech Adjust: Shared Resources Personal Services (Reallocation to Shared Resources Non-Personal/Equipment)	(\$10,200)	-	-	-	(\$10,200)	-	-	(\$10,200)
	Tech Adjust: Shared Resources Non-Personal/Equipment (Reallocation from Shared Resources Personal Services)	-	\$10,200	-	-	\$10,200	-	-	\$10,200
Clean-Up and Rebudget Actions									
TOTAL		(\$10,200)	\$10,200	\$35,417	(\$35,417)	\$0	\$0	\$0	\$0
Fire Development Fee Program Fund (240) TOTAL		(\$10,200)	\$10,200	\$35,417	(\$35,417)	\$0	\$0	\$0	\$0
General Purpose Parking Fund (533)									
Clean-Up and Rebudget Actions									
Transportation Department	Ending Fund Balance (TRANs Debt Service)	-	-	-	(\$10,765)	(\$10,765)	-	-	(\$10,765)
	Transfer to the General Fund (TRANs Debt Service)	-	-	\$10,765	-	\$10,765	-	-	\$10,765
Clean-Up and Rebudget Actions									
TOTAL		\$0	\$0	\$10,765	(\$10,765)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
General Purpose Parking Fund (533)									
Budget Adjustments									
Information									
Technology									
Department	Personal Services (Overage)	\$1,000	-	-	-	\$1,000	-	-	\$1,000
Transportation Department	Ending Fund Balance Adjustment	-	-	-	(\$1,000)	(\$1,000)	-	-	(\$1,000)
Budget Adjustments Total		\$1,000	\$0	\$0	(\$1,000)	\$0	\$0	\$0	\$0
General Purpose Parking Fund (533) TOTAL		\$1,000	\$0	\$10,765	(\$11,765)	\$0	\$0	\$0	\$0
Housing Trust Fund (440)									
Clean-Up and Rebudget Actions									
Housing Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$3,579)	(\$3,579)	-	-	(\$3,579)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$3,579	-	\$3,579	-	-	\$3,579
Clean-Up and Rebudget Actions TOTAL		\$0	\$0	\$3,579	(\$3,579)	\$0	\$0	\$0	\$0
Housing Trust Fund (440) TOTAL		\$0	\$0	\$3,579	(\$3,579)	\$0	\$0	\$0	\$0
Inclusionary Fee Fund (451)									
Clean-Up and Rebudget Actions									
Housing Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$1,529)	(\$1,529)	-	-	(\$1,529)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$1,529	-	\$1,529	-	-	\$1,529
Clean-Up and Rebudget Actions TOTAL		\$0	\$0	\$1,529	(\$1,529)	\$0	\$0	\$0	\$0
Inclusionary Fee Fund (451) TOTAL		\$0	\$0	\$1,529	(\$1,529)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost	
Integrated Waste Management Fund (423)									
Clean-Up and Rebudget Actions									
Environmental Services									
Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$44,698)	(\$44,698)	-	-	(\$44,698)
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$13,111)	(\$13,111)	-	-	(\$13,111)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$44,698	-	\$44,698	-	-	\$44,698
Public Works Department	Salary and Benefits Program	\$13,111	-	-	-	\$13,111	-	-	\$13,111
Information Technology Department	Tech Adjust: Shared Resources Non-Personal/Equipment (Reallocation from Shared Resources Personal Services)	-	\$1,700	-	-	\$1,700	-	-	\$1,700
	Tech Adjust: Personal Services (Reallocation to Shared Resources Non-Personal/Equipment)	(\$1,700)	-	-	-	(\$1,700)	-	-	(\$1,700)
Clean-Up and Rebudget Actions									
	TOTAL	\$11,411	\$1,700	\$44,698	(\$57,809)	\$0	\$0	\$0	\$0
Budget Adjustments									
Environmental Services									
Department	Workers' Compensation Claims	-	-	\$50,000	-	\$50,000	-	-	\$50,000
	Ending Fund Balance Adjustment	-	-	-	(\$105,000)	(\$105,000)	-	-	(\$105,000)
Finance Department	Banking Services	-	-	\$55,000	-	\$55,000	-	-	\$55,000
	Budget Adjustments Total	\$0	\$0	\$105,000	(\$105,000)	\$0	\$0	\$0	\$0
Integrated Waste Management Fund (423)									
	TOTAL	\$11,411	\$1,700	\$149,698	(\$162,809)	\$0	\$0	\$0	\$0



Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Low And Moderate Income Housing Asset Fund (346)									
Clean-Up and Rebudget Actions									
Housing Department	Ending Fund Balance (TRANs Debt Service)	-	-	-	(\$38,948)	(\$38,948)	-	-	(\$38,948)
	Salary and Benefits Program	\$95,018	-	-	-	\$95,018	-	-	\$95,018
	Ending Fund Balance Salary and Benefits Program)	-	-	-	(\$95,018)	(\$95,018)	-	-	(\$95,018)
	Transfer to the General Fund (TRANs Debt Service)	-	-	\$38,948	-	\$38,948	-	-	\$38,948
Information Technology Department	Tech Adjust: Shared Resources Non-Personal/Equipment (Reallocation from Shared Resources Personal Services)	-	\$3,400	-	-	\$3,400	-	-	\$3,400
	Tech Adjust: Personal Services (Reallocation to Shared Resources Non-Personal/Equipment)	(\$3,400)	-	-	-	(\$3,400)	-	-	(\$3,400)
Clean-Up and Rebudget Actions TOTAL		\$91,618	\$3,400	\$38,948	(\$133,966)	\$0	\$0	\$0	\$0
Low And Moderate Income Housing Asset Fund (346) TOTAL		\$91,618	\$3,400	\$38,948	(\$133,966)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Maintenance District No. 15 (Silver Creek Valley) Fund (368)									
Clean-Up and Rebudget Actions									
Transportation Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$1,979)	(\$1,979)	-	-	(\$1,979)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$1,979	-	\$1,979	-	-	\$1,979
Clean-Up and Rebudget Actions TOTAL		\$0	\$0	\$1,979	(\$1,979)	\$0	\$0	\$0	\$0
Maintenance District No. 15 (Silver Creek Valley) Fund (368) TOTAL		\$0	\$0	\$1,979	(\$1,979)	\$0	\$0	\$0	\$0
Planning Development Fee Program Fund (238)									
Clean-Up and Rebudget Actions									
City Manager - Office of Economic Development and Cultural Affairs	Salary and Benefits Program	\$1,542	-	-	-	\$1,542	-	-	\$1,542
Information Technology Department	Salary and Benefits Program	\$3,657	-	-	-	\$3,657	-	-	\$3,657
Planning, Building and Code Enforcement Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$26,085)	(\$26,085)	-	-	(\$26,085)
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$5,199)	(\$5,199)	-	-	(\$5,199)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$26,085	-	\$26,085	-	-	\$26,085



Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Planning Development Fee Program Fund (238)									
Clean-Up and Rebudget Actions									
Information Technology Department	Tech Adjust: Shared Resources Personal Services (Reallocation to Shared Resources Non-Personal/Equipment)	(\$8,500)	-	-	-	(\$8,500)	-	-	(\$8,500)
	Tech Adjust: Shared Resources Non-Personal/Equipment (Reallocation from Shared Resources Personal Services)	-	\$8,500	-	-	\$8,500	-	-	\$8,500
Clean-Up and Rebudget Actions TOTAL		(\$3,301)	\$8,500	\$26,085	(\$31,284)	\$0	\$0	\$0	\$0
Planning Development Fee Program Fund (238) TOTAL		(\$3,301)	\$8,500	\$26,085	(\$31,284)	\$0	\$0	\$0	\$0

Public Works Development Fee Program Fund (241)
Clean-Up and Rebudget Actions

City Manager - Office of Economic Development and Cultural Affairs	Salary and Benefits Program	\$2,174	-	-	-	\$2,174	-	-	\$2,174
Public Works Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$47,409)	(\$47,409)	-	-	(\$47,409)
	Salary and Benefits Program	\$125,049	-	-	-	\$125,049	-	-	\$125,049
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$127,223)	(\$127,223)	-	-	(\$127,223)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$47,409	-	\$47,409	-	-	\$47,409

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Public Works Development Fee Program Fund (241)									
Clean-Up and Rebudget Actions									
Information Technology Department	Tech Adjust: Shared Resources Personal Services (Reallocation to Shared Resources Non-Personal/Equipment)	(\$20,400)	-	-	-	(\$20,400)	-	-	(\$20,400)
	Tech Adjust: Shared Resources Non-Personal/Equipment (Reallocation from Shared Resources Personal Services)	-	\$20,400	-	-	\$20,400	-	-	\$20,400
Clean-Up and Rebudget Actions									
TOTAL		\$106,823	\$20,400	\$47,409	(\$174,632)	\$0	\$0	\$0	\$0
Public Works Development Fee Program Fund (241)									
TOTAL		\$106,823	\$20,400	\$47,409	(\$174,632)	\$0	\$0	\$0	\$0
Public Works Program Support Fund (150)									
Clean-Up and Rebudget Actions									
Public Works Department	Fund Balance Reconciliation Ending Fund Balance (TRANS Debt Service)	-	-	-	\$18,975	\$18,975	-	\$18,975	-
	Salary and Benefits Program Ending Fund Balance (Salary and Benefits Program)	\$96,396	-	-	-	\$96,396	-	-	\$96,396
	Transfer to the General Fund (TRANS Debt Service)	-	-	-	(\$96,396)	(\$96,396)	-	-	(\$96,396)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$31,897	-	\$31,897	-	-	\$31,897
Clean-Up and Rebudget Actions									
TOTAL		\$96,396	\$0	\$31,897	(\$109,318)	\$18,975	\$0	\$18,975	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost	
Public Works Program Support Fund (150)									
Budget Adjustments									
Public Works Department	Non-Personal/Equipment (Replacement Material Testing Lab Ovens)	\$85,000	-	-	-	\$85,000	-	-	\$85,000
	Non-Personal/Equipment (Replacement Survey Total Station)	\$55,000	-	-	-	\$55,000	-	-	\$55,000
	Non-Personal/Equipment (CPMS Carahsoft Software Implementation)	\$125,000	-	-	-	\$125,000	-	-	\$125,000
	Ending Fund Balance Adjustment	-	-	-	(\$265,000)	(\$265,000)	-	-	(\$265,000)
	Budget Adjustments Total	\$0	\$265,000	\$0	(\$265,000)	\$0	\$0	\$0	
	Public Works Program Support Fund (150) TOTAL	\$96,396	\$265,000	\$31,897	(\$374,318)	\$18,975	\$0	\$18,975	\$0
Public Works Small Cell Permitting Fee Program Fund (242)									
Clean-Up and Rebudget Actions									
Public Works Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$9,944)	(\$9,944)	-	-	(\$9,944)
	Salary and Benefits Program	\$44,124	-	-	-	\$44,124	-	-	\$44,124
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$44,124)	(\$44,124)	-	-	(\$44,124)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$9,944	-	\$9,944	-	-	\$9,944
	Clean-Up and Rebudget Actions TOTAL	\$44,124	\$0	\$9,944	(\$54,068)	\$0	\$0	\$0	
	Public Works Small Cell Permitting Fee Program Fund (242) TOTAL	\$44,124	\$0	\$9,944	(\$54,068)	\$0	\$0	\$0	

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Rental Stabilization Program Fee Fund (450)									
Clean-Up and Rebudget Actions									
Housing Department	Ending Fund Balance (TRANs Debt Service)	-	-	-	(\$12,758)	(\$12,758)	-	-	(\$12,758)
	Transfer to the General Fund (TRANs Debt Service)	-	-	\$12,758	-	\$12,758	-	-	\$12,758
Clean-Up and Rebudget Actions TOTAL		\$0	\$0	\$12,758	(\$12,758)	\$0	\$0	\$0	\$0
Budget Adjustments									
Housing Department	Non-Personal/Equipment (Contractual Staffing)	-	\$150,000	-	-	\$150,000	-	-	\$150,000
	Personal Services (Vacancy Savings)	(\$150,000)	-	-	-	(\$150,000)	-	-	(\$150,000)
Budget Adjustments Total		(\$150,000)	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0
Rental Stabilization Program Fee Fund (450) TOTAL		(\$150,000)	\$150,000	\$12,758	(\$12,758)	\$0	\$0	\$0	\$0
San José Clean Energy Operating Fund (501)									
Clean-Up and Rebudget Actions									
Community Energy Department	Ending Fund Balance (TRANs Debt Service)	-	-	-	(\$37,891)	(\$37,891)	-	-	(\$37,891)
	Transfer to the General Fund (TRANs Debt Service)	-	-	\$37,891	-	\$37,891	-	-	\$37,891
Clean-Up and Rebudget Actions TOTAL		\$0	\$0	\$37,891	(\$37,891)	\$0	\$0	\$0	\$0



Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
San José Clean Energy Operating Fund (501)									
Budget Adjustments									
Community Energy Department	Disadvantaged Communities - Green Tariff Program/Revenue from State of California	-	-	\$774,174	-	\$774,174	\$774,174	-	-
	Non-Personal/Equipment (CALeVIP Program)	-	\$3,000,000	-	-	\$3,000,000	-	-	\$3,000,000
	Cost of Energy	-	-	\$71,700,000	-	\$71,700,000	-	-	\$71,700,000
	Fees, Rates, and Charges (Energy Sales)	-	-	-	-	-	\$94,000,000	-	(\$94,000,000)
	Ending Fund Balance Adjustment	-	-	-	(\$700,000)	(\$700,000)	-	-	(\$700,000)
	Debt Service - Principal - CP	-	-	\$20,000,000	-	\$20,000,000	-	-	\$20,000,000
	Budget Adjustments Total	\$0	\$3,000,000	\$92,474,174	(\$700,000)	\$94,774,174	\$94,774,174	\$0	\$0
	San José Clean Energy Operating Fund (501) TOTAL	\$0	\$3,000,000	\$92,512,065	(\$737,891)	\$94,774,174	\$94,774,174	\$0	\$0
San José-Santa Clara Treatment Plant Operating Fund (513)									
Clean-Up and Rebudget Actions									
Environmental Services Department	Personal Services (TRANs Debt Service)	(\$249,113)	-	-	-	(\$249,113)	-	-	(\$249,113)
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$1,929)	(\$1,929)	-	-	(\$1,929)
	Transfer to the General Fund (TRANs Debt Service)	-	-	\$249,113	-	\$249,113	-	-	\$249,113
Finance Department	Salary and Benefits Program	\$1,929	-	-	-	\$1,929	-	-	\$1,929
	Clean-Up and Rebudget Actions TOTAL	(\$247,184)	\$0	\$249,113	(\$1,929)	\$0	\$0	\$0	\$0
	San José-Santa Clara Treatment Plant Operating Fund (513) TOTAL	(\$247,184)	\$0	\$249,113	(\$1,929)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Sewer Service And Use Charge Fund (541)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$84,085)	(\$84,085)	-	-	(\$84,085)
Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$709,505)	(\$709,505)	-	-	(\$709,505)
Transfer to the General Fund (TRANS Debt Service)	-	-	\$84,085	-	\$84,085	-	-	\$84,085
Information Technology Department								
Salary and Benefits Program	\$2,202	-	-	-	\$2,202	-	-	\$2,202
Transportation Department								
Salary and Benefits Program	\$707,303	-	-	-	\$707,303	-	-	\$707,303
Clean-Up and Rebudget Actions TOTAL	\$709,505	\$0	\$84,085	(\$793,590)	\$0	\$0	\$0	\$0
Budget Adjustments								
Environmental Services Department								
Ending Fund Balance Adjustment	-	-	-	(\$500,000)	(\$500,000)	-	-	(\$500,000)
Transportation Department								
Non-Personal/Equipment (Sanitary Sewer Maintenance Vehicles)	-	\$500,000	-	-	\$500,000	-	-	\$500,000
Budget Adjustments Total	\$0	\$500,000	\$0	(\$500,000)	\$0	\$0	\$0	\$0
Sewer Service And Use Charge Fund (541) TOTAL	\$709,505	\$500,000	\$84,085	(\$1,293,590)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
South Bay Water Recycling Operating Fund (570)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$24,221)	(\$24,221)	-	-	(\$24,221)
Transfer to the General Fund (TRANS Debt Service)	-	-	\$24,221	-	\$24,221	-	-	\$24,221
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$24,221	(\$24,221)	\$0	\$0	\$0	\$0
South Bay Water Recycling Operating Fund (570) TOTAL	\$0	\$0	\$24,221	(\$24,221)	\$0	\$0	\$0	\$0
St. James Park Management District Fund (345)								
Clean-Up and Rebudget Actions								
Parks, Recreation and Neighborhood Services Department								
Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$1,318)	(\$1,318)	-	-	(\$1,318)
Transfer to the General Fund (TRANS Debt Service)	-	-	\$1,318	-	\$1,318	-	-	\$1,318
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$1,318	(\$1,318)	\$0	\$0	\$0	\$0
St. James Park Management District Fund (345) TOTAL	\$0	\$0	\$1,318	(\$1,318)	\$0	\$0	\$0	\$0
Storm Sewer Operating Fund (446)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$61,741)	(\$61,741)	-	-	(\$61,741)
Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$236,799)	(\$236,799)	-	-	(\$236,799)
Transfer to the General Fund (TRANS Debt Service)	-	-	\$61,741	-	\$61,741	-	-	\$61,741

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Storm Sewer Operating Fund (446)									
Clean-Up and Rebudget Actions									
Transportation Department	Salary and Benefits Program	\$236,799	-	-	-	\$236,799	-	-	\$236,799
Clean-Up and Rebudget Actions TOTAL		\$236,799	\$0	\$61,741	(\$298,540)	\$0	\$0	\$0	\$0
Budget Adjustments									
Environmental Services Department	Yard Trimming Collection/Processing	-	\$100,000	-	-	\$100,000	-	-	\$100,000
	Ending Fund Balance Adjustment	-	-	-	(\$100,000)	(\$100,000)	-	-	(\$100,000)
Budget Adjustments Total		\$0	\$100,000	\$0	(\$100,000)	\$0	\$0	\$0	\$0
Storm Sewer Operating Fund (446) TOTAL		\$236,799	\$100,000	\$61,741	(\$398,540)	\$0	\$0	\$0	\$0
Vehicle Maintenance And Operations Fund (552)									
Clean-Up and Rebudget Actions									
Human Resources Department	Salary and Benefits Program	\$1,182	-	-	-	\$1,182	-	-	\$1,182
Public Works Department	Vehicle Replacements/Transfers and Reimbursements	-	-	\$160,000	-	\$160,000	\$160,000	-	-
	Tech Adjust: Revenue from Use of Money/Property (Interest Earnings)	-	-	-	-	-	\$28,000	-	(\$28,000)
	Tech Adjust: Transfer to the General Fund - Interest Income	-	-	\$28,000	-	\$28,000	-	-	\$28,000
	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$38,122)	(\$38,122)	-	-	(\$38,122)
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$1,182)	(\$1,182)	-	-	(\$1,182)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$38,122	-	\$38,122	-	-	\$38,122
Clean-Up and Rebudget Actions TOTAL		\$1,182	\$0	\$226,122	(\$39,304)	\$188,000	\$188,000	\$0	\$0



Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Vehicle Maintenance And Operations Fund (552)									
Budget Adjustments									
Public Works Department	Non-Personal/Equipment (Electric Vehicle Charging Hubs for City Vehicles)	-	\$60,000	-	-	\$60,000	-	-	\$60,000
	Fuel Usage Reserve	-	-	-	(\$350,000)	(\$350,000)	-	-	(\$350,000)
	Inventory Purchases	-	\$1,250,000	-	-	\$1,250,000	-	-	\$1,250,000
	Ending Fund Balance Adjustment	-	-	-	(\$960,000)	(\$960,000)	-	-	(\$960,000)
Budget Adjustments Total		\$0	\$1,310,000	\$0	(\$1,310,000)	\$0	\$0	\$0	\$0
Vehicle Maintenance And Operations Fund (552) TOTAL		\$1,182	\$1,310,000	\$226,122	(\$1,349,304)	\$188,000	\$188,000	\$0	\$0
Water Utility Fund (515)									
Clean-Up and Rebudget Actions									
Environmental Services Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$38,671)	(\$38,671)	-	-	(\$38,671)
	Salary and Benefits Program	\$80,639	-	-	-	\$80,639	-	-	\$80,639
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$85,773)	(\$85,773)	-	-	(\$85,773)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$38,671	-	\$38,671	-	-	\$38,671
Information Technology Department	Salary and Benefits Program	\$5,134	-	-	-	\$5,134	-	-	\$5,134
Clean-Up and Rebudget Actions TOTAL		\$85,773	\$0	\$38,671	(\$124,444)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost	
Water Utility Fund (515)									
Budget Adjustments									
Environmental Services Department	Ending Fund Balance Adjustment	-	-	-	(\$93,900)	(\$93,900)	-	-	(\$93,900)
Finance Department	Banking Services	-	-	\$70,000	-	\$70,000	-	-	\$70,000
Information Technology Department	Personal Services (Overage)	\$23,900	-	-	-	\$23,900	-	-	\$23,900
	Budget Adjustments Total	\$23,900	\$0	\$70,000	(\$93,900)	\$0	\$0	\$0	\$0
	Water Utility Fund (515) TOTAL	\$109,673	\$0	\$108,671	(\$218,344)	\$0	\$0	\$0	\$0
American Rescue Plan Fund (402)									
Clean-Up and Rebudget Actions									
Finance Department	Rebudget: Revenue from Federal Government (American Rescue Plan Act)	-	-	-	(\$43,318)	(\$43,318)	(\$43,318)	-	-
	Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	(\$43,318)	(\$43,318)	(\$43,318)	\$0	\$0
Budget Adjustments									
Finance Department	Revenue from the Use of Money/Property	-	-	-	-	-	\$43,318	-	(\$43,318)
	Ending Fund Balance Adjustment	-	-	-	\$43,318	\$43,318	-	-	\$43,318
	Budget Adjustments Total	\$0	\$0	\$0	\$43,318	\$43,318	\$43,318	\$0	\$0
	American Rescue Plan Fund (402) TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Community Development Block Grant Fund (441)									
Budget Adjustments									
Housing									
Department	Soft Story Seismic	-	-	(\$481,014)	-	(\$481,014)	-	-	(\$481,014)
	(Liquidated Encumbrances)	-	-	-	-	-	-	\$198,269	(\$198,269)
	Transfers and Reimbursements (Multi-Source Housing Fund)	-	-	-	-	-	\$584,220	-	(\$584,220)
	Housing Program Development and Monitoring	-	-	(\$6,463)	-	(\$6,463)	-	-	(\$6,463)
	Neighborhood Infrastructure Improvements	-	-	\$1,502,718	-	\$1,502,718	-	-	\$1,502,718
	Contractual Community Services	-	-	\$67,248	-	\$67,248	-	-	\$67,248
Planning, Building and Code Enforcement Department	Code Enforcement Operations	-	-	(\$300,000)	-	(\$300,000)	-	-	(\$300,000)
	Budget Adjustments Total	\$0	\$0	\$782,489	\$0	\$782,489	\$584,220	\$198,269	\$0
	Community Development Block Grant Fund (441) TOTAL	\$0	\$0	\$782,489	\$0	\$782,489	\$584,220	\$198,269	\$0

Convention and Cultural Affairs Fund (536)

Budget Adjustments

City Manager -
Office of
Economic

Development and
Cultural Affairs

Transfer to the Convention and
Cultural Affairs Capital Fund

-	-	\$100,000	-	\$100,000	-	-	\$100,000
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Ending Fund Balance

-	-	-	(\$100,000)	(\$100,000)	-	-	(\$100,000)
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Budget Adjustments Total	\$0	\$0	\$100,000	(\$100,000)	\$0	\$0	\$0
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**Convention and Cultural
Affairs Fund (536) TOTAL**

\$0	\$0	\$100,000	(\$100,000)	\$0	\$0	\$0	\$0
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Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost	
Convention Center Facilities District Revenue Fund (791)									
Clean-Up and Rebudget Actions									
Finance Department	Fund Balance Reconciliation	-	-	-	\$1,692	\$1,692	-	\$1,692	-
Clean-Up and Rebudget Actions									
TOTAL		\$0	\$0	\$0	\$1,692	\$1,692	\$0	\$1,692	\$0
Budget Adjustments									
Finance Department	Transfer to Convention Center Facilities District Capital Fund	-	-	\$100,000	-	\$100,000	-	-	\$100,000
Ending Fund Balance Adjustment		-	-	-	(\$100,000)	(\$100,000)	-	-	(\$100,000)
Budget Adjustments Total		\$0	\$0	\$100,000	(\$100,000)	\$0	\$0	\$0	\$0
Convention Center Facilities District Revenue Fund (791)									
TOTAL		\$0	\$0	\$100,000	(\$98,308)	\$1,692	\$0	\$1,692	\$0
Emergency Reserve Fund (406)									
Budget Adjustments									
Finance Department	Revenue from Federal Government	-	-	-	-	-	(\$10,490,000)	-	\$10,490,000
2022-2023 Storm Response and Recovery/Transfers and Reimbursements		-	-	\$5,000,000	-	\$5,000,000	\$5,000,000	-	-
Transfers and Reimbursements (COVID-19 FEMA Non-Reimbursable Expenses)		-	-	-	-	-	\$3,000,000	-	(\$3,000,000)
Ending Fund Balance Adjustment		-	-	-	(\$7,490,000)	(\$7,490,000)	-	-	(\$7,490,000)
Budget Adjustments Total		\$0	\$0	\$5,000,000	(\$7,490,000)	(\$2,490,000)	(\$2,490,000)	\$0	\$0
Emergency Reserve Fund (406) TOTAL		\$0	\$0	\$5,000,000	(\$7,490,000)	(\$2,490,000)	(\$2,490,000)	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Gift Trust Fund (139)									
Clean-Up and Rebudget Actions									
Airport Department	Rebudget: Heliport System Plan Study	-	-	(\$248)	-	(\$248)	-	-	(\$248)
	Rebudget: Art Work	-	-	(\$77)	-	(\$77)	-	-	(\$77)
	Rebudget: Airport Military Lounge	-	-	(\$5)	-	(\$5)	-	-	(\$5)
Office of the City Clerk	Rebudget: Mayor's College Motivation Program	-	-	(\$176)	-	(\$176)	-	-	(\$176)
	Rebudget: Go Girl Go BAWSI	-	-	(\$39)	-	(\$39)	-	-	(\$39)
	Rebudget: CommUnity Resource Fair	-	-	(\$681)	-	(\$681)	-	-	(\$681)
	Rebudget: Annual District I Festival in the Park	-	-	(\$14)	-	(\$14)	-	-	(\$14)
Office of the City Manager	Rebudget: Facebook	-	-	(\$8,619)	-	(\$8,619)	-	-	(\$8,619)
City Manager - Office of Economic Development and Cultural Affairs	Rebudget: Cultural Performance	-	-	(\$14)	-	(\$14)	-	-	(\$14)
	Rebudget: Arts and Education Week	-	-	(\$708)	-	(\$708)	-	-	(\$708)
	Rebudget: Incubation Office Project	-	-	(\$604)	-	(\$604)	-	-	(\$604)
	Rebudget: OED Miscellaneous Gifts	-	-	(\$2)	-	(\$2)	-	-	(\$2)
	Rebudget: Sponsorship Gifts	-	-	(\$1)	-	(\$1)	-	-	(\$1)
	Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund	-	-	(\$877)	-	(\$877)	-	-	(\$877)
	Rebudget: Art + Technology Program	-	-	\$6,644	-	\$6,644	-	-	\$6,644
	Rebudget: Dando Artwork Maintenance	-	-	(\$25,176)	-	(\$25,176)	-	-	(\$25,176)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Gift Trust Fund (139)									
Clean-Up and Rebudget Actions									
Finance Department	Beginning Fund Balance: Rebudgets	-	-	-	-	-	-	(\$148,719)	\$148,719
Fire Department	Rebudget: Public Education Program	-	-	(\$1,464)	-	(\$1,464)	-	-	(\$1,464)
Independent Police Auditor's Office	Rebudget: IPA's Teen Leadership Council	-	-	(\$19)	-	(\$19)	-	-	(\$19)
Library Department	Rebudget: Calabazas Branch Library	-	-	(\$16)	-	(\$16)	-	-	(\$16)
	Rebudget: Library Literacy Project	-	-	(\$417)	-	(\$417)	-	-	(\$417)
	Rebudget: Books for Little Hands	-	-	(\$50)	-	(\$50)	-	-	(\$50)
	Rebudget: Library-General Gifts	-	-	(\$45,502)	-	(\$45,502)	-	-	(\$45,502)
	Rebudget: Garbage Stickers	-	-	\$9,595	-	\$9,595	-	-	\$9,595
Parks, Recreation and Neighborhood Services Department	Rebudget: San José Vietnam War Memorial	-	-	(\$105)	-	(\$105)	-	-	(\$105)
	Rebudget: Family Camp Camperships	-	-	(\$49)	-	(\$49)	-	-	(\$49)
	Rebudget: Animal Adoption	-	-	(\$37)	-	(\$37)	-	-	(\$37)
	Rebudget: Miscellaneous Gifts Under \$1,000	-	-	(\$159)	-	(\$159)	-	-	(\$159)
	Rebudget: Commodore Park Maintenance	-	-	\$16,262	-	\$16,262	-	-	\$16,262
	Rebudget: Castro School Landscaping	-	-	(\$61)	-	(\$61)	-	-	(\$61)
	Rebudget: Alum Rock Park	-	-	\$24,979	-	\$24,979	-	-	\$24,979
	Rebudget: J. Ward Memorial Scholarship	-	-	(\$2)	-	(\$2)	-	-	(\$2)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Gift Trust Fund (139)									
Clean-Up and Rebudget Actions									
Parks, Recreation and Neighborhood Services Department	Rebudget: Overfelt Gardens	-	-	(\$14)	-	(\$14)	-	-	(\$14)
	Rebudget: Alviso Community Center	-	-	(\$188)	-	(\$188)	-	-	(\$188)
	Rebudget: RP & CS General Gifts over \$1,000	-	-	\$112	-	\$112	-	-	\$112
	Rebudget: Willow Glen Founders Day	-	-	(\$6)	-	(\$6)	-	-	(\$6)
	Rebudget: Gullo Park Turf Irrigation	-	-	(\$159)	-	(\$159)	-	-	(\$159)
	Rebudget: Combined Gifts	-	-	(\$58)	-	(\$58)	-	-	(\$58)
	Rebudget: Youth Commission	-	-	(\$188)	-	(\$188)	-	-	(\$188)
	Rebudget: Leland High School Tennis	-	-	(\$21)	-	(\$21)	-	-	(\$21)
	Rebudget: Community Cultural Council	-	-	(\$33)	-	(\$33)	-	-	(\$33)
	Rebudget: Mise and Starbird Gift	-	-	(\$410)	-	(\$410)	-	-	(\$410)
	Rebudget: Alviso Recreation and Teen Program	-	-	(\$16)	-	(\$16)	-	-	(\$16)
	Rebudget: Friends of Paul Moore Park	-	-	(\$35)	-	(\$35)	-	-	(\$35)
	Rebudget: St. James Park Landscaping	-	-	(\$72)	-	(\$72)	-	-	(\$72)
	Rebudget: Nicolas Prusch Swimming	-	-	(\$3,062)	-	(\$3,062)	-	-	(\$3,062)
	Rebudget: Berryessa Center Art Project	-	-	(\$21)	-	(\$21)	-	-	(\$21)
	Rebudget: Japanese Friendship Garden	-	-	(\$722)	-	(\$722)	-	-	(\$722)
	Rebudget: Grace Community Center	-	-	(\$344)	-	(\$344)	-	-	(\$344)
	Rebudget: Emma Prusch Farm Park	-	-	(\$88)	-	(\$88)	-	-	(\$88)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Gift Trust Fund (139)									
Clean-Up and Rebudget Actions									
Parks, Recreation and Neighborhood Services Department	Rebudget: O'Donnell's Gardens Park	-	-	(\$311)	-	(\$311)	-	-	(\$311)
	Rebudget: Almaden Lake Park	-	-	\$115	-	\$115	-	-	\$115
	Rebudget: Calabazas BMX Park	-	-	(\$25)	-	(\$25)	-	-	(\$25)
	Rebudget: Almaden Winery Improvements	-	-	(\$268)	-	(\$268)	-	-	(\$268)
	Rebudget: Safe Summer Initiative	-	-	(\$201)	-	(\$201)	-	-	(\$201)
	Rebudget: Newhall Park Maintenance	-	-	\$8,388	-	\$8,388	-	-	\$8,388
	Rebudget: River Oaks Park Maintenance	-	-	\$93,290	-	\$93,290	-	-	\$93,290
	Rebudget: Vista Montana Park Maintenance	-	-	\$56,023	-	\$56,023	-	-	\$56,023
	Rebudget: Mayor's Gang Prevention Task Force Clean Slate Program	-	-	(\$9,622)	-	(\$9,622)	-	-	(\$9,622)
	Rebudget: Lake Cunningham Skate Park	-	-	(\$58)	-	(\$58)	-	-	(\$58)
	Rebudget: Almaden Lake Park Rangers	-	-	(\$6)	-	(\$6)	-	-	(\$6)
	Rebudget: Camden Community Center Miscellaneous Gifts	-	-	\$63	-	\$63	-	-	\$63
	Rebudget: Roosevelt Roller Hockey Rink Legacy Project 2018-2019	-	-	(\$855)	-	(\$855)	-	-	(\$855)
	Rebudget: N. San Pedro Area Park Maintenance	-	-	(\$992)	-	(\$992)	-	-	(\$992)
	Rebudget: Seven Trees Music Wish Book	-	-	(\$285)	-	(\$285)	-	-	(\$285)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Gift Trust Fund (139)								
Clean-Up and Rebudget Actions								
Parks, Recreation and Neighborhood Services Department								
Rebudget: Willow Glen Senior Programming Gift	-	-	\$24	-	\$24	-	-	\$24
Rebudget: All Inclusive Playground - Rotary Playgarden	-	-	\$25	-	\$25	-	-	\$25
Police Department								
Rebudget: Police Mounted Unit	-	-	(\$148)	-	(\$148)	-	-	(\$148)
Rebudget: Police Educational Robot	-	-	(\$23)	-	(\$23)	-	-	(\$23)
Rebudget: Trauma Kits	-	-	(\$18)	-	(\$18)	-	-	(\$18)
Rebudget: Robbery Secret Witness	-	-	(\$161)	-	(\$161)	-	-	(\$161)
Rebudget: Anti-Theft Car Campaign	-	-	(\$1)	-	(\$1)	-	-	(\$1)
Rebudget: G.E.A.R. Program	-	-	(\$2)	-	(\$2)	-	-	(\$2)
Rebudget: Police & School Partnership Program	-	-	(\$94)	-	(\$94)	-	-	(\$94)
Rebudget: Canine Unit	-	-	(\$21)	-	(\$21)	-	-	(\$21)
Rebudget: Crime Prevention Committee	-	-	(\$7)	-	(\$7)	-	-	(\$7)
Rebudget: CADPE - Drug Education	-	-	(\$13)	-	(\$13)	-	-	(\$13)
Rebudget: Communications Facility Fitness Center	-	-	(\$22)	-	(\$22)	-	-	(\$22)
Rebudget: Children's Interview Center	-	-	(\$247)	-	(\$247)	-	-	(\$247)
Rebudget: Community Services Program	-	-	(\$26)	-	(\$26)	-	-	(\$26)
Rebudget: Cybercadet Program	-	-	(\$48)	-	(\$48)	-	-	(\$48)
Rebudget: Major Awards Banquet	-	-	(\$1)	-	(\$1)	-	-	(\$1)
Rebudget: Volunteer Program	-	-	(\$7)	-	(\$7)	-	-	(\$7)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost	
Gift Trust Fund (139)										
Clean-Up and Rebudget Actions										
Police Department	Rebudget: Child Safety Seats	-	-	(\$2)	-	(\$2)	-	-	(\$2)	
	Rebudget: S.A.V.E. Program	-	-	(\$304)	-	(\$304)	-	-	(\$304)	
	Rebudget: Mayor's Safe Families	-	-	(\$1)	-	(\$1)	-	-	(\$1)	
	Rebudget: Internet Crimes Against Children	-	-	(\$2)	-	(\$2)	-	-	(\$2)	
	Rebudget: Scholastic Crime Stoppers	-	-	(\$50)	-	(\$50)	-	-	(\$50)	
	Rebudget: Investigative Enhancement	-	-	(\$6)	-	(\$6)	-	-	(\$6)	
	Rebudget: Police Reserves Unit	-	-	\$1,125	-	\$1,125	-	-	\$1,125	
	Rebudget: Miscellaneous Gifts under \$5,000	-	-	\$793	-	\$793	-	-	\$793	
	Public Works Department	Rebudget: Kinjo Gardens	-	-	(\$47)	-	(\$47)	-	-	(\$47)
		Rebudget: Spay / Neuter Program	-	-	(\$10,636)	-	(\$10,636)	-	-	(\$10,636)
Rebudget: Animal Services Donations		-	-	(\$240,958)	-	(\$240,958)	-	-	(\$240,958)	
Transportation Department	Rebudget: Coleman / Guadalupe Traffic Study and Mitigation	-	-	(\$130)	-	(\$130)	-	-	(\$130)	
	Rebudget: Our City Forest	-	-	(\$2)	-	(\$2)	-	-	(\$2)	
	Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway	-	-	(\$19)	-	(\$19)	-	-	(\$19)	
	Rebudget: Enhanced Crosswalk at Hedding and Elm Streets	-	-	(\$9,979)	-	(\$9,979)	-	-	(\$9,979)	
Clean-Up and Rebudget Actions										
TOTAL		\$0	\$0	(\$148,719)	\$0	(\$148,719)	\$0	(\$148,719)	\$0	

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Gift Trust Fund (139)									
Clean-Up and Rebudget Actions									
Budget Adjustments									
Airport Department	KidPort	-	-	(\$4)	-	(\$4)	-	-	(\$4)
	Airport Military Lounge	-	-	\$4	-	\$4	-	-	\$4
Library Department	Library-General Gifts/Other Revenue	-	-	\$16,835	-	\$16,835	\$16,835	-	-
Budget Adjustments Total		\$0	\$0	\$16,835	\$0	\$16,835	\$16,835	\$0	\$0
Gift Trust Fund (139) TOTAL		\$0	\$0	(\$131,884)	\$0	(\$131,884)	\$16,835	(\$148,719)	\$0
Library Parcel Tax Fund (418)									
Clean-Up and Rebudget Actions									
Library Department	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$27,176)	(\$27,176)	-	-	(\$27,176)
	Salary and Benefits Program	\$40,471	-	-	-	\$40,471	-	-	\$40,471
	Ending Fund Balance (Salary and Benefits Program)	-	-	-	(\$40,471)	(\$40,471)	-	-	(\$40,471)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$27,176	-	\$27,176	-	-	\$27,176
Clean-Up and Rebudget Actions TOTAL		\$40,471	\$0	\$27,176	(\$67,647)	\$0	\$0	\$0	\$0
Budget Adjustments									
Library Department	Personal Services (Vacancy Savings)	(\$27,000)	-	-	-	(\$27,000)	-	-	(\$27,000)
	Non-Personal/Equipment (Contract Security Services)	-	\$27,000	-	-	\$27,000	-	-	\$27,000
	Non-Personal/Equipment (Contract Security Funding)	-	\$56,000	-	-	\$56,000	-	-	\$56,000
	Ending Fund Balance Adjustment	-	-	-	(\$56,000)	(\$56,000)	-	-	(\$56,000)
Budget Adjustments Total		(\$27,000)	\$83,000	\$0	(\$56,000)	\$0	\$0	\$0	\$0
Library Parcel Tax Fund (418) TOTAL		\$13,471	\$83,000	\$27,176	(\$123,647)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Multi-Source Housing Fund (448)									
Clean-Up and Rebudget Actions									
Housing Department	Fund Balance Reconciliation	-	-	-	(\$1,139)	(\$1,139)	-	(\$1,139)	-
	Ending Fund Balance (TRANS Debt Service)	-	-	-	(\$7,165)	(\$7,165)	-	-	(\$7,165)
	Transfer to the General Fund (TRANS Debt Service)	-	-	\$7,165	-	\$7,165	-	-	\$7,165
	Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$7,165	(\$8,304)	(\$1,139)	\$0	(\$1,139)	\$0
Budget Adjustments									
Housing Department	Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property	-	-	\$100,000	-	\$100,000	\$100,000	-	-
	HOPWA GRANTS/Revenue from Federal Government	-	-	\$13,591	-	\$13,591	\$13,591	-	-
	Transfer to the Community Development Block Grant Fund (Neighborhood Stabilization Program 1)	-	-	\$584,220	-	\$584,220	-	-	\$584,220
	Ending Fund Balance Adjustment	-	-	-	(\$584,220)	(\$584,220)	-	-	(\$584,220)
	Budget Adjustments Total	\$0	\$0	\$697,811	(\$584,220)	\$113,591	\$113,591	\$0	\$0
	Multi-Source Housing Fund (448) TOTAL	\$0	\$0	\$704,976	(\$592,524)	\$112,452	\$113,591	(\$1,139)	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2022-2023 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Municipal Golf Course Fund (518)								
Budget Adjustments								
Parks, Recreation and Neighborhood Services								
Department	San José Financing Authority							
	Loan Write Off Reserve	-	-	-	\$2,500,000	\$2,500,000	-	\$2,500,000
	Ending Fund Balance							
	Adjustment	-	-	-	(\$2,500,000)	(\$2,500,000)	-	(\$2,500,000)
	Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Municipal Golf Course Fund (518) TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplemental Law Enforcement Services Fund (414)								
Budget Adjustments								
Police Department	SLES Grant 2017-2019	-	-	\$21,001	-	\$21,001	-	\$21,001
	Ending Fund Balance							
	Adjustment	-	-	-	(\$21,001)	(\$21,001)	-	(\$21,001)
	Budget Adjustments Total	\$0	\$0	\$21,001	(\$21,001)	\$0	\$0	\$0
	Supplemental Law Enforcement Services Fund (414) TOTAL	\$0	\$0	\$21,001	(\$21,001)	\$0	\$0	\$0
Workforce Development Fund (290)								
Budget Adjustments								
City Manager - Office of Economic Development and Cultural Affairs								
	Cities for Financial Empowerment/Other Revenue	-	-	\$7,500	-	\$7,500	\$7,500	-
	Budget Adjustments Total	\$0	\$0	\$7,500	\$0	\$7,500	\$7,500	\$0
	Workforce Development Fund (290) TOTAL	\$0	\$0	\$7,500	\$0	\$7,500	\$7,500	\$0

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Airport Renewal and Replacement Fund (527)						
Advanced Planning	\$500,000		\$500,000			\$500,000
Ending Fund Balance Adjustment		\$(500,000)	\$(500,000)			\$(500,000)
	Budget Adjustments TOTAL	\$500,000	\$(500,000)			
	Airport Renewal and Replacement Fund (527) TOTAL	\$500,000	\$(500,000)			
Branch Libraries Bond Projects Fund (472)						
Biblioteca Library Improvements	\$300,000		\$300,000			\$300,000
Branch Efficiency Projects	\$(300,000)		\$(300,000)			\$(300,000)
Building Forward Library Infrastructure Grant - Local Match	\$344,000		\$344,000			\$344,000
Facilities Improvements - Library	\$(344,000)		\$(344,000)			\$(344,000)
	Budget Adjustments TOTAL					
	Branch Libraries Bond Projects Fund (472) TOTAL					
Building and Structure Construction Tax Fund (429)						
Ending Fund Balance (TRANs Debt Service)		\$(59,555)	\$(59,555)			\$(59,555)
Transfer to the General Fund (TRANs Debt Service)	\$59,555		\$59,555			\$59,555
	Clean-Up and Rebudget Actions TOTAL	\$59,555	\$(59,555)			
North San José Multimodal Transportation Improvement Plan	\$250,000		\$250,000			\$250,000

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	USE		SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	
Building and Structure Construction Tax Fund (429)					
Revenue from State of California (Sustainable Transportation Planning Grant (STPG) - North San José MTIP)				\$250,000	\$(250,000)
Revenue from State of California (Vision Zero: Senter Road Vision Zero: Senter Road and Balfour Drive Safety Improvements)	\$300,000		\$300,000	\$300,000	\$(300,000)
					\$300,000
Budget Adjustments TOTAL	\$550,000		\$550,000	\$550,000	
Building and Structure Construction Tax Fund (429) TOTAL	\$609,555	\$(59,555)	\$550,000	\$550,000	
Communications Construction and Conveyance Tax Fund (397)					
Ending Fund Balance (TRANs Debt Service)		\$(3,156)	\$(3,156)		\$(3,156)
Tech Adjust: Revenue from the Use of Money and Property (Interest)				\$75,000	\$(75,000)
Tech Adjust: Transfer to the General Fund - Interest Income	\$75,000		\$75,000		\$75,000
Transfer to the General Fund (TRANs Debt Service)	\$3,156		\$3,156		\$3,156
Clean-Up and Rebudget Actions TOTAL	\$78,156	\$(3,156)	\$75,000	\$75,000	
Construction and Conveyance Tax				\$(170,000)	\$170,000
Ending Fund Balance Adjustment		\$(170,000)	\$(170,000)		\$(170,000)
Budget Adjustments TOTAL		\$(170,000)	\$(170,000)	\$(170,000)	
Communications Construction and Conveyance Tax Fund (397) TOTAL	\$78,156	\$(173,156)	\$(95,000)	\$(95,000)	

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Construction Excise Tax Fund (465)						
Ending Fund Balance (TRANS Debt Service)		\$(105,171)	\$(105,171)			\$(105,171)
Ending Fund Balance Adjustment - Construction Excise Tax Fund: Rebudgets		\$2,754,000	\$2,754,000			\$2,754,000
Fund Balance Reconciliation - Construction Excise Tax Fund					\$(7,978,460)	\$7,978,460
Fund Balance Reconciliation - Construction Excise Tax Fund		\$(7,978,460)	\$(7,978,460)			\$(7,978,460)
Fund Balance Reconciliation - North San José Traffic Impact Fee Fund					\$(1)	\$1
Fund Balance Reconciliation - North San José Traffic Impact Fee Fund		\$(1)	\$(1)			\$(1)
Fund Balance Reconciliation - State Gas Tax Pavement Maintenance					\$629,350	\$(629,350)
Fund Balance Reconciliation - State Gas Tax Pavement Maintenance Fund		\$629,350	\$629,350			\$629,350
Fund Balance Reconciliation - VTA Measure B VRF Fund					\$(1,509)	\$1,509
Fund Balance Reconciliation - VTA Measure B VRF Fund		\$(1,509)	\$(1,509)			\$(1,509)
Rebudget: Revenue from the Federal Government (One Bay Area Grant 2 - Pavement Maintenance)				\$2,754,000		\$(2,754,000)
Transfer to the General Fund (TRANS Debt Service)	\$105,171		\$105,171			\$105,171
Clean-Up and Rebudget Actions TOTAL	\$105,171	\$(4,701,791)	\$(4,596,620)	\$2,754,000	\$(7,350,620)	
Bicycle and Pedestrian Facilities	\$700,000		\$700,000			\$700,000
Congestion Management Program Dues	\$35,000		\$35,000			\$35,000
Construction Excise Tax Revenue				\$(2,000,000)		\$2,000,000
Ending Fund Balance Adjustment - Construction Excise Tax Fund		\$(2,234,335)	\$(2,234,335)			\$(2,234,335)
Pavement Maintenance - VTA Measure B VRF	\$(269,210)		\$(269,210)			\$(269,210)

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Fund/Proposal	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Construction Excise Tax Fund (465)						
Revenue from Local Agencies (Pavement Maintenance - VTA Measure B VRF)				\$(269,210)		\$269,210
Revenue from State of California (STP - San José Decision Support System)				\$100,000		\$(100,000)
Revenue from State of California (TDA - Bicycle and Pedestrian Facilities)				\$700,000		\$(700,000)
Revenue from the Federal Government (OTS - Vision Zero: Multimodal Traffic Safety Education)				\$120,000		\$(120,000)
San José Decision Support System	\$299,335		\$299,335			\$299,335
Vision Zero: Multimodal Traffic Safety Education	\$120,000		\$120,000			\$120,000
Budget Adjustments TOTAL	\$885,125	\$(2,234,335)	\$(1,349,210)	\$(1,349,210)		
Construction Excise Tax Fund (465) TOTAL	\$990,296	\$(6,936,126)	\$(5,945,830)	\$1,404,790	\$(7,350,620)	
Convention and Cultural Affairs Capital Fund (560)						
Ending Fund Balance (TRANS Debt Service)		\$(2,535)	\$(2,535)			\$(2,535)
Transfer to the General Fund (TRANS Debt Service)	\$2,535		\$2,535			\$2,535
Clean-Up and Rebudget Actions TOTAL	\$2,535	\$(2,535)				
Rehabilitation/Repair - Unanticipated	\$100,000		\$100,000			\$100,000
Transfers and Reimbursements (Transfer from the Convention and Cultural Affairs Fund)				\$100,000		\$(100,000)
Budget Adjustments TOTAL	\$100,000		\$100,000	\$100,000		
Convention and Cultural Affairs Capital Fund (560) TOTAL	\$102,535	\$(2,535)	\$100,000	\$100,000		

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Convention Center Facilities District Capital Fund (798)						
Tech Adjust: Convention Center Rehabilitation/Repair - Electrical	\$20,000		\$20,000			\$20,000
Tech Adjust: Convention Center Rehabilitation/Repair - Mechanical	\$(60,000)		\$(60,000)			\$(60,000)
Tech Adjust: Convention Center Rehabilitation/Repair - Miscellaneous	\$40,000		\$40,000			\$40,000
Clean-Up and Rebudget Actions TOTAL						
Convention Center Rehabilitation/Repair - Unanticipated Transfers and Reimbursements (Transfer from the Convention Center Facility District Revenue Fund)	\$100,000		\$100,000			\$100,000
				\$100,000		\$(100,000)
Budget Adjustments TOTAL	\$100,000		\$100,000	\$100,000		
Convention Center Facilities District Capital Fund (798) TOTAL	\$100,000		\$100,000	\$100,000		
Council District 1 Construction and Conveyance Tax Fund (377)						
Council District 1 C&C Tax Fund: Needs-Based Transfer				\$(249,000)		\$249,000
Council District 1 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Cypress Community Center Roof Replacement	\$90,000		\$90,000			\$90,000
Ending Fund Balance Adjustment		\$(375,000)	\$(375,000)			\$(375,000)
Budget Adjustments TOTAL	\$90,000	\$(375,000)	\$(285,000)	\$(285,000)		
Council District 1 Construction and Conveyance Tax Fund (377) TOTAL	\$90,000	\$(375,000)	\$(285,000)	\$(285,000)		

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Council District 10 Construction and Conveyance Tax Fund (389)						
Council District 10 C&C Tax Fund: Needs-Based Transfer				\$(54,000)		\$54,000
Council District 10 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(90,000)	\$(90,000)			\$(90,000)
Budget Adjustments TOTAL		\$(90,000)	\$(90,000)	\$(90,000)		
Council District 10 Construction and Conveyance Tax Fund (389) TOTAL		\$(90,000)	\$(90,000)	\$(90,000)		
Council District 2 Construction and Conveyance Tax Fund (378)						
Council District 2 C&C Tax Fund: Needs-Based Transfer				\$(130,000)		\$130,000
Council District 2 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(166,000)	\$(166,000)			\$(166,000)
Budget Adjustments TOTAL		\$(166,000)	\$(166,000)	\$(166,000)		
Council District 2 Construction and Conveyance Tax Fund (378) TOTAL		\$(166,000)	\$(166,000)	\$(166,000)		



Capital Funds Recommended Budget Adjustments and Clean-Up Actions

2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Council District 3 Construction and Conveyance Tax Fund (380)						
Council District 3 C&C Tax Fund: Needs-Based Transfer				\$(103,000)		\$103,000
Council District 3 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(139,000)	\$(139,000)			\$(139,000)
Budget Adjustments TOTAL		\$(139,000)	\$(139,000)	\$(139,000)		
Council District 3 Construction and Conveyance Tax Fund (380) TOTAL		\$(139,000)	\$(139,000)	\$(139,000)		
Council District 4 Construction and Conveyance Tax Fund (381)						
Council District 4 C&C Tax Fund: Needs-Based Transfer				\$(50,000)		\$50,000
Council District 4 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(86,000)	\$(86,000)			\$(86,000)
Budget Adjustments TOTAL		\$(86,000)	\$(86,000)	\$(86,000)		
Council District 4 Construction and Conveyance Tax Fund (381) TOTAL		\$(86,000)	\$(86,000)	\$(86,000)		
Council District 5 Construction and Conveyance Tax Fund (382)						
Council District 5 C&C Tax Fund: Needs-Based Transfer				\$(234,000)		\$234,000
Council District 5 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(270,000)	\$(270,000)			\$(270,000)
Budget Adjustments TOTAL		\$(270,000)	\$(270,000)	\$(270,000)		
Council District 5 Construction and Conveyance Tax Fund (382) TOTAL		\$(270,000)	\$(270,000)	\$(270,000)		

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Council District 6 Construction and Conveyance Tax Fund (384)						
Bascom Community Center Marquee	\$26,000		\$26,000			\$26,000
Council District 6 C&C Tax Fund: Needs-Based Transfer				\$(125,000)		\$125,000
Council District 6 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(187,000)	\$(187,000)			\$(187,000)
Hanchett Park Development	\$300,000		\$300,000			\$300,000
Hanchett Park Reserve	\$(300,000)		\$(300,000)			\$(300,000)
Budget Adjustments TOTAL	\$26,000	\$(187,000)	\$(161,000)	\$(161,000)		
Council District 6 Construction and Conveyance Tax Fund (384) TOTAL	\$26,000	\$(187,000)	\$(161,000)	\$(161,000)		
Council District 7 Construction and Conveyance Tax Fund (385)						
Council District 7 C&C Tax Fund: Needs-Based Transfer				\$(222,000)		\$222,000
Council District 7 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(258,000)	\$(258,000)			\$(258,000)
Budget Adjustments TOTAL		\$(258,000)	\$(258,000)	\$(258,000)		
Council District 7 Construction and Conveyance Tax Fund (385) TOTAL		\$(258,000)	\$(258,000)	\$(258,000)		

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Council District 8 Construction and Conveyance Tax Fund (386)						
Council District 8 C&C Tax Fund: Needs-Based Transfer				\$(121,000)		\$121,000
Council District 8 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(157,000)	\$(157,000)			\$(157,000)
Budget Adjustments TOTAL		\$(157,000)	\$(157,000)	\$(157,000)		
Council District 8 Construction and Conveyance Tax Fund (386) TOTAL		\$(157,000)	\$(157,000)	\$(157,000)		
Council District 9 Construction and Conveyance Tax Fund (388)						
Council District 9 C&C Tax Fund: Needs-Based Transfer				\$(165,000)		\$165,000
Council District 9 C&C Tax Fund: Special Needs Transfer				\$(36,000)		\$36,000
Ending Fund Balance Adjustment		\$(201,000)	\$(201,000)			\$(201,000)
Budget Adjustments TOTAL		\$(201,000)	\$(201,000)	\$(201,000)		
Council District 9 Construction and Conveyance Tax Fund (388) TOTAL		\$(201,000)	\$(201,000)	\$(201,000)		

Capital Funds Recommended Budget Adjustments and Clean-Up Actions

2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Fire Construction and Conveyance Tax Fund (392)						
Ending Fund Balance (TRANS Debt Service)		\$(4,164)	\$(4,164)			\$(4,164)
Tech Adjust: Revenue from the Use of Money and Property (Interest)				\$39,000		\$(39,000)
Tech Adjust: Transfer to the General Fund - Interest Income	\$39,000		\$39,000			\$39,000
Transfer to the General Fund (TRANS Debt Service)	\$4,164		\$4,164			\$4,164
Clean-Up and Rebudget Actions TOTAL	\$43,164	\$(4,164)	\$39,000	\$39,000		
Capital Program and Public Works Department Support Services Costs	\$60,000		\$60,000			\$60,000
Construction and Conveyance Tax				\$(420,000)		\$420,000
Ending Fund Balance Adjustment		\$(420,000)	\$(420,000)			\$(420,000)
Fire Facilities Remediation	\$(60,000)		\$(60,000)			\$(60,000)
Budget Adjustments TOTAL		\$(420,000)	\$(420,000)	\$(420,000)		
Fire Construction and Conveyance Tax Fund (392) TOTAL	\$43,164	\$(424,164)	\$(381,000)	\$(381,000)		
General Purpose Parking Capital Fund (559)						
Ending Fund Balance (TRANS Debt Service)		\$(2,836)	\$(2,836)			\$(2,836)
Transfer to the General Fund (TRANS Debt Service)	\$2,836		\$2,836			\$2,836
Clean-Up and Rebudget Actions TOTAL	\$2,836	\$(2,836)				
Ending Fund Balance Adjustment		\$(101,000)	\$(101,000)			\$(101,000)
Capital Program and Public Works Department Support Services Costs	\$101,000		\$101,000			\$101,000
Budget Adjustments TOTAL	\$101,000	\$(101,000)				
General Purpose Parking Capital Fund (559) TOTAL	\$103,836	\$(103,836)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Improvement District Fund (599)						
Fund Balance Reconciliation					\$20,133	\$(20,133)
Fund Balance Reconciliation		\$20,133	\$20,133			\$20,133
Clean-Up and Rebudget Actions TOTAL		\$20,133	\$20,133		\$20,133	
Improvement District Fund (599) TOTAL		\$20,133	\$20,133		\$20,133	
Library Construction and Conveyance Tax Fund (393)						
Ending Fund Balance (TRANs Debt Service)		\$(3,675)	\$(3,675)			\$(3,675)
Tech Adjust: Revenue from the Use of Money and Property (Interest)				\$49,000		\$(49,000)
Tech Adjust: Transfer to the General Fund - Interest Income	\$49,000		\$49,000			\$49,000
Transfer to the General Fund (TRANs Debt Service)	\$3,675		\$3,675			\$3,675
Clean-Up and Rebudget Actions TOTAL	\$52,675	\$(3,675)	\$49,000	\$49,000		
Branch Efficiency Projects	\$(100,000)		\$(100,000)			\$(100,000)

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Library Construction and Conveyance Tax Fund (393)						
Building Forward Library Infrastructure Grant	\$944,000		\$944,000			\$944,000
Building Forward Library Infrastructure Grant - Local Match	\$600,000		\$600,000			\$600,000
Capital Program and Public Works Department Support Services Costs	\$6,000		\$6,000			\$6,000
Construction and Conveyance Tax				\$(711,000)		\$711,000
Ending Fund Balance Adjustment		\$(717,000)	\$(717,000)			\$(717,000)
Facilities Improvements - Library	\$(300,000)		\$(300,000)			\$(300,000)
General Equipment and Furnishings	\$(200,000)		\$(200,000)			\$(200,000)
Revenue from State of California (Building Forward Library Infrastructure Grant)				\$944,000		\$(944,000)
Budget Adjustments TOTAL	\$950,000	\$(717,000)	\$233,000	\$233,000		
Library Construction and Conveyance Tax Fund (393) TOTAL	\$1,002,675	\$(720,675)	\$282,000	\$282,000		
Major Collectors and Arterials Fund (421)						
10th & 11th Street Transit Boarding Islands	\$495,000		\$495,000			\$495,000
Ending Fund Balance Adjustment		\$(495,000)	\$(495,000)			\$(495,000)
Budget Adjustments TOTAL	\$495,000	\$(495,000)				
Major Collectors and Arterials Fund (421) TOTAL	\$495,000	\$(495,000)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Park Yards Construction and Conveyance Tax Fund (398)						
Tech Adjust: Revenue from the Use of Money and Property (Interest)				\$40,000		\$(40,000)
Tech Adjust: Transfer to the General Fund - Interest Income	\$40,000		\$40,000			\$40,000
Clean-Up and Rebudget Actions TOTAL	\$40,000		\$40,000	\$40,000		
Construction and Conveyance Tax				\$(60,000)		\$60,000
Ending Fund Balance Adjustment		\$(51,000)	\$(51,000)			\$(51,000)
Transfer to General Fund - Park Yards Operating and Maintenance Expenses	\$9,000		\$9,000			\$(9,000)
Budget Adjustments TOTAL	\$(9,000)	\$(51,000)	\$(60,000)	\$(60,000)		
Park Yards Construction and Conveyance Tax Fund (398) TOTAL	\$31,000	\$(51,000)	\$(20,000)	\$(20,000)		
Parks Central Construction and Conveyance Tax Fund (390)						
Ending Fund Balance (TRANS Debt Service)		\$(60,375)	\$(60,375)			\$(60,375)
Fund Balance Reconciliation					\$1,300	\$(1,300)
Fund Balance Reconciliation		\$1,300	\$1,300			\$1,300
Tech Adjust: Revenue from the Use of Money and Property (Interest)				\$604,000		\$(604,000)
Tech Adjust: Transfer to the General Fund - Interest Income	\$604,000		\$604,000			\$604,000
Transfer to the General Fund (TRANS Debt Service)	\$60,375		\$60,375			\$60,375
Clean-Up and Rebudget Actions TOTAL	\$664,375	\$(59,075)	\$605,300	\$604,000	\$1,300	
Construction and Conveyance Tax				\$(3,200,000)		\$3,200,000

Capital Funds Recommended Budget Adjustments and Clean-Up Actions

2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Parks Central Construction and Conveyance Tax Fund (390)						
Council District 1 C&C Tax Fund: Needs-Based Transfer	\$(249,000)		\$(249,000)			\$(249,000)
Council District 1 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 10 C&C Tax Fund: Needs-Based Transfer	\$(54,000)		\$(54,000)			\$(54,000)
Council District 10 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 2 C&C Tax Fund: Needs-Based Transfer	\$(130,000)		\$(130,000)			\$(130,000)
Council District 2 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 3 C&C Tax Fund: Needs-Based Transfer	\$(103,000)		\$(103,000)			\$(103,000)
Council District 3 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 4 C&C Tax Fund: Needs-Based Transfer	\$(50,000)		\$(50,000)			\$(50,000)
Council District 4 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 5 C&C Tax Fund: Needs-Based Transfer	\$(234,000)		\$(234,000)			\$(234,000)
Council District 5 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 6 C&C Tax Fund: Needs-Based Transfer	\$(125,000)		\$(125,000)			\$(125,000)
Council District 6 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 7 C&C Tax Fund: Needs-Based Transfer	\$(222,000)		\$(222,000)			\$(222,000)
Council District 7 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 8 C&C Tax Fund: Needs-Based Transfer	\$(121,000)		\$(121,000)			\$(121,000)
Council District 8 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Council District 9 C&C Tax Fund: Needs-Based Transfer	\$(165,000)		\$(165,000)			\$(165,000)
Council District 9 C&C Tax Fund: Special Needs Transfer	\$(36,000)		\$(36,000)			\$(36,000)
Transfer to the General Fund Parks Eligible Maintenance Costs	\$(480,000)		\$(480,000)			\$(480,000)
Transfer to the Parks City-Wide C&C Tax Fund	\$(907,000)		\$(907,000)			\$(907,000)
Budget Adjustments TOTAL	\$(3,200,000)		\$(3,200,000)	\$(3,200,000)		
Parks Central Construction and Conveyance Tax Fund (390) TOTAL	\$(2,535,625)	\$(59,075)	\$(2,594,700)	\$(2,596,000)	\$1,300	

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Parks City-Wide Construction and Conveyance Tax Fund (391)						
Fund Balance Reconciliation					\$(138)	\$138
Fund Balance Reconciliation		\$(138)	\$(138)			\$(138)
Clean-Up and Rebudget Actions TOTAL		\$(138)	\$(138)		\$(138)	
Guadalupe Gardens Prototype Park (Dog Park)	\$150,000		\$150,000			\$150,000
Guadalupe River Park Infrastructure Repair Reserve	\$(150,000)		\$(150,000)			\$(150,000)
Happy Hollow Park and Zoo Public Announcement System	\$180,000		\$180,000			\$180,000
Infrastructure Backlog Reserve	\$(276,000)		\$(276,000)			\$(276,000)
Matching Grant Reimbursement Reserve	\$(1,244,000)		\$(1,244,000)			\$(1,244,000)
TRAIL: Coyote Creek (Mabury Road to Empire Street)	\$1,340,000		\$1,340,000			\$1,340,000
Budget Adjustments TOTAL						
Parks City-Wide Construction and Conveyance Tax Fund (391) TOTAL		\$(138)	\$(138)		\$(138)	
Residential Construction Tax Contribution Fund (420)						
Tech Adjust: Revenue from the Use of Money and Property (Interest)				\$23,000		\$(23,000)
Tech Adjust: Transfer to the General Fund - Interest Income	\$23,000		\$23,000			\$23,000
Clean-Up and Rebudget Actions TOTAL	\$23,000		\$23,000	\$23,000		
Residential Construction Tax Contribution Fund (420) TOTAL	\$23,000		\$23,000	\$23,000		

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
San José-Santa Clara Treatment Plant Capital Fund (512)						
Ending Fund Balance (TRANS Debt Service)		\$(44,443)	\$(44,443)			\$(44,443)
Transfer to the General Fund (TRANS Debt Service)	\$44,443		\$44,443			\$44,443
Clean-Up and Rebudget Actions TOTAL	\$44,443	\$(44,443)				
San José-Santa Clara Treatment Plant Capital Fund (512) TOTAL	\$44,443	\$(44,443)				
Sanitary Sewer Connection Fee Fund (540)						
Ending Fund Balance (TRANS Debt Service)		\$(2,130)	\$(2,130)			\$(2,130)
Transfer to the General Fund (TRANS Debt Service)	\$2,130		\$2,130			\$2,130
Clean-Up and Rebudget Actions TOTAL	\$2,130	\$(2,130)				
Sanitary Sewer Connection Fee Fund (540) TOTAL	\$2,130	\$(2,130)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Service Yards Construction and Conveyance Tax Fund (395)						
Ending Fund Balance (TRANS Debt Service)		\$(12,956)	\$(12,956)			\$(12,956)
Fund Balance Reconciliation					\$286	\$(286)
Fund Balance Reconciliation		\$286	\$286			\$286
Tech Adjust: Revenue from the Use of Money and Property (Interest)				\$61,000		\$(61,000)
Tech Adjust: Transfer to the General Fund - Interest Income	\$61,000		\$61,000			\$61,000
Transfer to the General Fund (TRANS Debt Service)	\$12,956		\$12,956			\$12,956
Clean-Up and Rebudget Actions TOTAL	\$73,956	\$(12,670)	\$61,286	\$61,000	\$286	
Construction and Conveyance Tax				\$(439,000)		\$439,000
Ending Fund Balance Adjustment		\$(439,000)	\$(439,000)			\$(439,000)
Budget Adjustments TOTAL		\$(439,000)	\$(439,000)	\$(439,000)		
Service Yards Construction and Conveyance Tax Fund (395) TOTAL	\$73,956	\$(451,670)	\$(377,714)	\$(378,000)	\$286	
Sewer Service and Use Charge Capital Improvement Fund (545)						
Ending Fund Balance (TRANS Debt Service)		\$(35,466)	\$(35,466)			\$(35,466)
Transfer to the General Fund (TRANS Debt Service)	\$35,466		\$35,466			\$35,466
Clean-Up and Rebudget Actions TOTAL	\$35,466	\$(35,466)				
Sewer Service and Use Charge Capital Improvement Fund (545) TOTAL	\$35,466	\$(35,466)				

**Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2022-2023 Mid-Year Budget Review**

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Storm Sewer Capital Fund (469)						
Ending Fund Balance (TRANS Debt Service)		\$(13,379)	\$(13,379)			\$(13,379)
Transfer to the General Fund (TRANS Debt Service)	\$13,379		\$13,379			\$13,379
Clean-Up and Rebudget Actions TOTAL	\$13,379	\$(13,379)				
Storm Sewer Capital Fund (469) TOTAL	\$13,379	\$(13,379)				
Subdivision Park Trust Fund (375)						
Fund Balance Reconciliation					\$(41,261)	\$41,261
Fund Balance Reconciliation		\$(41,261)	\$(41,261)			\$(41,261)
Tech Adjust: Ending Fund Balance Adjustment		\$(33,878)	\$(33,878)			\$(33,878)
Tech Adjust: Future PDO/PIO Project Reserve	\$33,878		\$33,878			\$33,878
Clean-Up and Rebudget Actions TOTAL	\$33,878	\$(75,139)	\$(41,261)		\$(41,261)	
Agnews Park Master Plan	\$(350,000)		\$(350,000)			\$(350,000)
Agnews Property Development	\$350,000		\$350,000			\$350,000
Future PDO / PIO Projects Adjustment	\$(1,785,000)		\$(1,785,000)			\$(1,785,000)
River Glen Park Restroom Restoration	\$125,000		\$125,000			\$125,000
TRAIL: Coyote Creek (Mabury Road to Empire Street)	\$8,419,000		\$8,419,000			\$8,419,000
TRAIL: Coyote Creek (Mabury Road to Empire Street) Reserve	\$(6,759,000)		\$(6,759,000)			\$(6,759,000)
Budget Adjustments TOTAL						
Subdivision Park Trust Fund (375) TOTAL	\$33,878	\$(75,139)	\$(41,261)		\$(41,261)	

Capital Funds Recommended Budget Adjustments and Clean-Up Actions 2022-2023 Mid-Year Budget Review

Fund/Proposal	Expense	USE		SOURCE		NET COST
		Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Water Utility Capital Fund (500)						
Ending Fund Balance (TRANS Debt Service)		\$(4,858)	\$(4,858)			\$(4,858)
Transfer to the General Fund (TRANS Debt Service)	\$4,858		\$4,858			\$4,858
Clean-Up and Rebudget Actions TOTAL	\$4,858	\$(4,858)				
Capital Program and Public Works Department Support Services Costs	\$40,000		\$40,000			\$40,000
Ending Fund Balance Adjustment		\$(40,000)	\$(40,000)			\$(40,000)
Budget Adjustments TOTAL	\$40,000	\$(40,000)				
Water Utility Capital Fund (500) TOTAL	\$44,858	\$(44,858)				

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IV. APPENDIX - FINANCIAL RESULTS



FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the Month Ended December 31, 2022

Fiscal Year 2022-2023

(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2022
Fiscal Year 2022-2023
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2022
Fiscal Year 2022-2023
(UNAUDITED)

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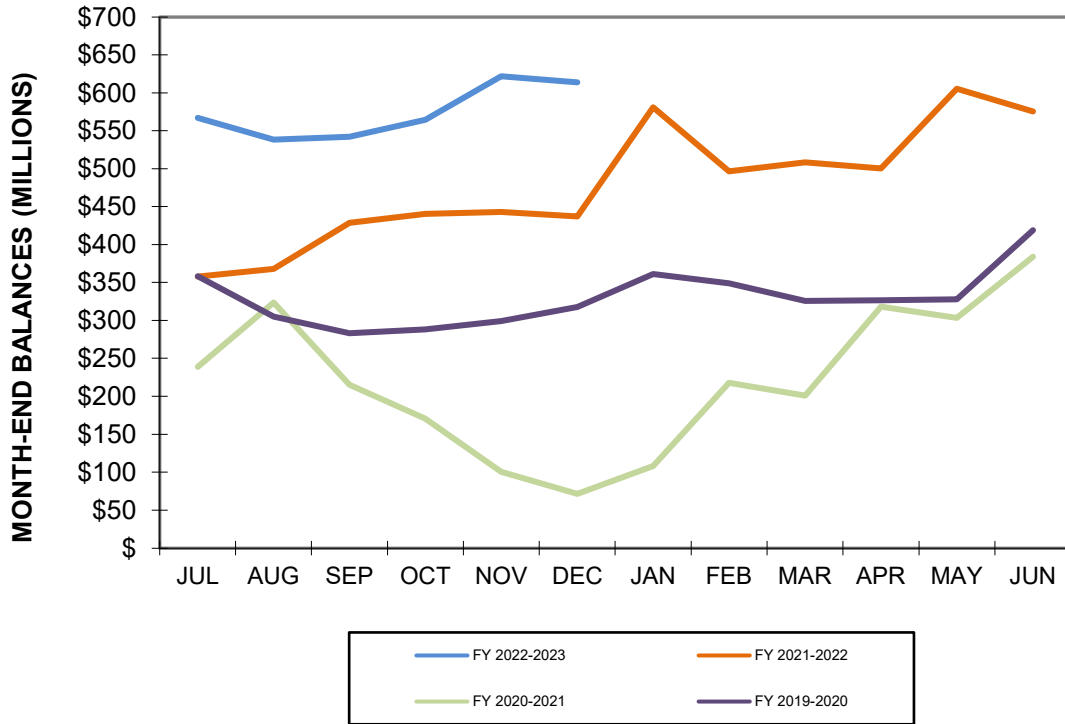
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Submitted by:

/s/

JULIA H. COOPER
Director of Finance

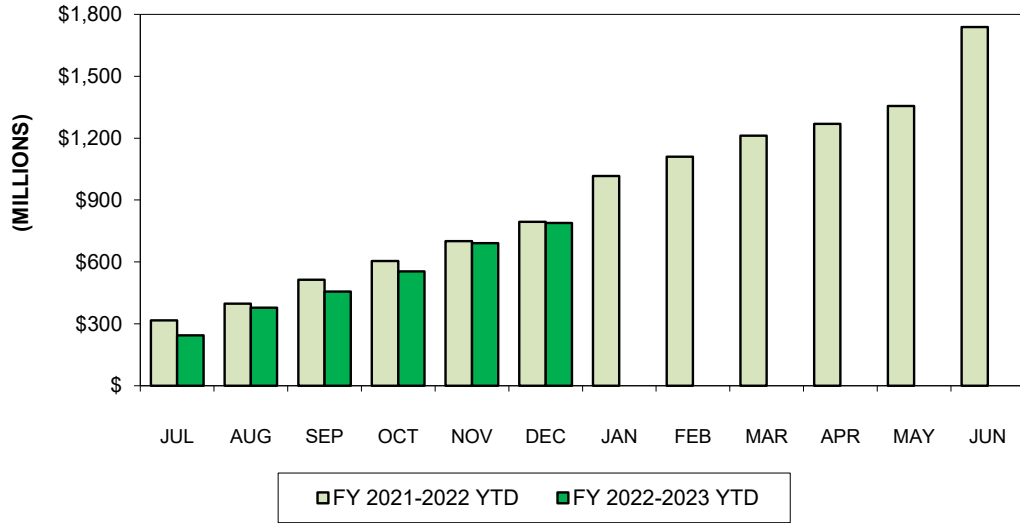
**GENERAL FUND
Comparison of Cash Balances vs. Prior Year's Balance**



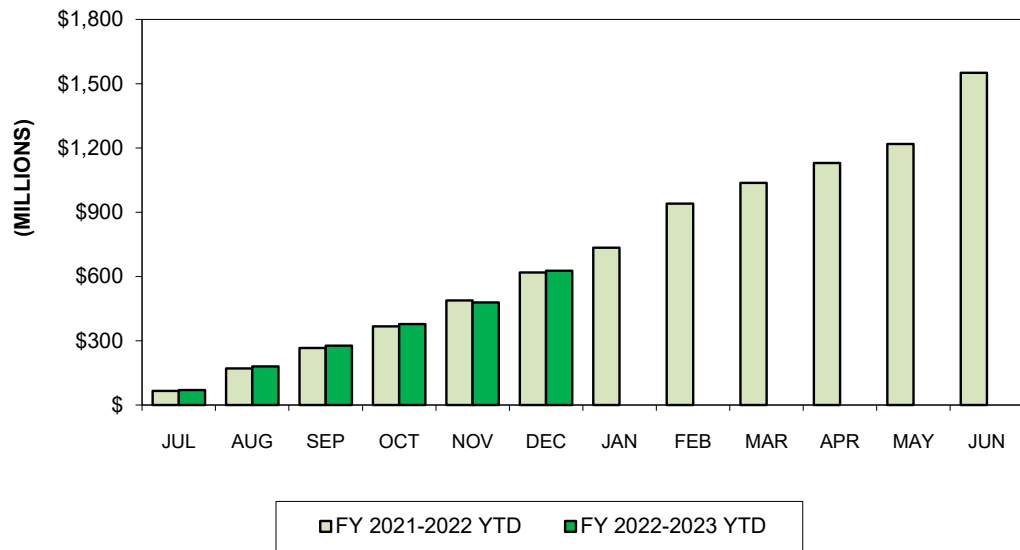
GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2022-2023	FY 2021-2022	FY 2020-2021	FY 2019-2020
JULY	\$ 566,915,115	\$ 358,124,221	\$ 238,661,153	\$ 358,057,314
AUGUST	538,605,518	367,985,840	323,738,458	304,849,235
SEPTEMBER	542,042,503	428,548,372	215,370,108	283,092,234
OCTOBER	564,251,170	440,238,436	170,467,897	288,196,905
NOVEMBER	622,142,937	442,957,719	100,622,899	299,006,136
DECEMBER	613,707,115	437,194,188	71,502,262	317,868,572
JANUARY	-	580,885,854	108,130,590	360,969,681
FEBRUARY	-	496,453,999	217,629,193	348,806,133
MARCH	-	508,488,546	200,717,737	325,495,352
APRIL	-	500,240,167	318,260,683	326,537,038
MAY	-	605,557,239	303,297,059	327,914,999
JUNE	-	575,342,891	384,019,042	419,046,570

GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues
Actual

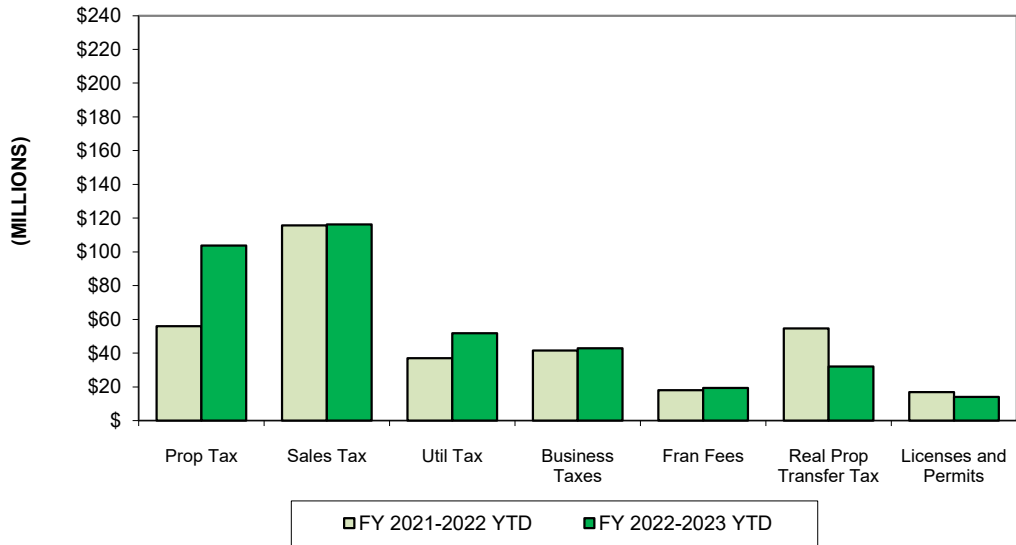


GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual

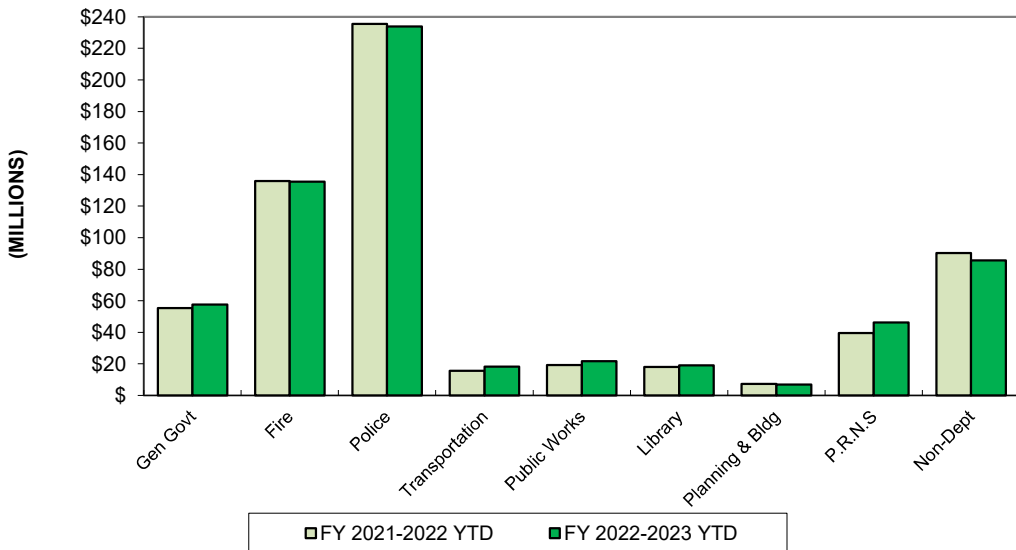


- Note: 1) Decrease in revenues is due to \$275.0 million received in TRAN proceeds in FY 2023 compared to \$285.0 million in FY 2022.
- 2) The General Fund received a transfer of \$45.0 million from the American Rescue Plan Fund for revenue loss replacement as of December 2021 compared to \$3.9 million as of December 2022.

GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual



Note: 1) The Other Revenue category was removed from the General Fund Major Revenues chart because inclusion of it would cause the y-axis to extend to \$300 million. This caused the other categories to be illegible. The FY 2023 YTD actuals were \$283.4 million compared to \$300.9 million in FY 2022. Decrease in Other Revenue is primarily due to \$275.0 million received in TRAN proceeds in FY 2023 compared to \$285.0 million in FY 2022.

2) Year-over year increase in property tax revenues of \$47.7 million is due to timing differences in posting property tax receipts. Property tax receipts for FY 2023 were posted in December whereas receipts for FY 2022 were posted in January. The timing differences will be resolved with the next bi-monthly financial report.

3) Real property transfer tax revenue decreased \$22.4 million due to a decline in property transfers subject to the tax.

4) Utility User Tax revenues grew from prior year due to increases in the underlying utility rates charged to customers.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)

	ADOPTED FY 2022-2023 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2022-2023 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Fund Balance											
Prior Year Encumbrances	-	-	53,332	53,332	53,332	100.00%	57,030	101.09%	56,415	(3,698)	-6.48%
Available Balance	507,134	51,853	-	558,987	558,987	100.00%	369,180	100.00%	369,180	189,807	51.41%
Total Fund Balance	507,134	51,853	53,332	612,319	612,319	100.00%	426,210	100.14%	425,595	186,109	43.67%
General Revenues											
Property Tax	427,000	-	-	427,000	103,746	24.30%	56,031	13.53%	414,124	47,715	85.16%
Sales Tax	331,000	-	-	331,000	116,212	35.11%	115,643	35.79%	323,144	569	0.49%
Telephone Line Tax	20,000	-	-	20,000	7,260	36.30%	7,066	33.15%	21,314	194	2.75%
Transient Occupancy Tax	11,000	-	-	11,000	5,841	53.10%	3,291	31.30%	10,515	2,550	77.48%
Franchise Fees	49,168	-	-	49,168	19,316	39.29%	18,007	37.22%	48,378	1,309	7.27%
Utility Tax	107,450	-	-	107,450	51,794	48.20%	37,035	35.75%	103,592	14,759	39.85%
Business Taxes	86,000	-	-	86,000	42,892	49.87%	41,528	49.61%	83,704	1,364	3.28%
Real Property Transfer Tax	65,000	-	-	65,000	32,136	49.44%	54,573	49.61%	110,015	(22,437)	-41.11%
Licenses and Permits	20,993	(215)	-	20,778	14,044	67.59%	17,015	76.12%	22,354	(2,971)	-17.46%
Fines, Forfeits and Penalties	12,232	-	-	12,232	7,616	62.26%	6,566	43.27%	15,174	1,050	15.99%
Use of Money and Property	8,779	-	-	8,779	6,574	74.88%	3,588	39.27%	9,136	2,986	83.22%
Revenue from Local Agencies	17,108	2,878	-	19,986	4,169	20.86%	3,696	14.85%	24,896	473	12.80%
Revenue from State of CA	26,890	3,596	-	30,486	2,005	6.58%	2,727	11.37%	23,988	(722)	-26.48%
Revenue from Federal Government	7,111	3,907	-	11,018	844	7.66%	(1,401)	-26.86%	5,215	2,245	-160.24%
Fees, Rates and Charges	23,914	-	-	23,914	9,438	39.47%	10,579	48.30%	21,901	(1,141)	-10.79%
Other Revenues	16,824	360,385	-	377,209	283,369	75.12%	300,961	91.22%	329,934	(17,592)	-5.85%
Total General Revenues	1,230,469	370,552	-	1,601,021	707,256	44.18%	676,905	43.19%	1,567,384	30,351	4.48%
Transfers & Reimbursements											
Overhead Reimbursements	73,801	786	-	74,587	45,103	60.47%	45,064	83.99%	53,651	39	0.09%
Transfers from Other Funds	31,962	-	-	31,962	22,519	70.46%	58,334	69.93%	83,419	(35,815)	-61.40%
Reimbursements for Services	16,296	-	-	16,296	13,750	84.38%	14,312	41.61%	34,395	(562)	-3.93%
Total Transfers & Reimbursements	122,059	786	-	122,845	81,372	66.24%	117,710	68.65%	171,465	(36,338)	-30.87%
Total Sources	1,859,662	423,191	53,332	2,336,185	1,400,947	59.97%	1,220,825	56.40%	2,164,444	180,122	14.75%

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O ENCUMBR	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
	FY 2022-2023	BUDGET		FY 2022-2023	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR			
	BUDGET	AMENDMENTS		BUDGET			OF BUDGET	ACTUAL (1)(*)	YEAR-END ACTUAL			
General Government												
Mayor and Council	17,369	434	92	17,895	7,098	81	39.66%	7,524	48.56%	15,494	(426)	-5.66%
City Attorney	17,720	305	1,463	19,488	8,928	1,808	45.81%	8,507	47.95%	17,741	421	4.95%
City Auditor	2,776	27	5	2,808	1,141	4	40.63%	1,144	50.71%	2,256	(3)	-0.26%
City Clerk	3,289	26	10	3,325	1,403	158	42.20%	1,725	49.78%	3,465	(322)	-18.67%
City Manager	22,022	412	1,459	23,893	10,398	2,205	43.52%	8,702	44.98%	19,347	1,696	19.49%
Finance	21,782	212	624	22,618	9,752	959	43.12%	9,227	46.86%	19,690	525	5.69%
Information Technology	29,768	254	3,726	33,748	10,202	3,736	30.23%	9,865	44.68%	22,081	337	3.42%
Human Resources	12,572	256	222	13,050	5,300	3,177	40.61%	5,491	50.88%	10,792	(191)	-3.48%
Independent Police Auditor	1,600	16	-	1,616	601	-	37.19%	714	47.60%	1,500	(113)	-15.83%
Office of Economic Development	5,903	198	703	6,804	2,776	780	40.80%	2,514	46.34%	5,425	262	10.42%
Total General Government	134,801	2,140	8,304	145,245	57,599	12,908	39.66%	55,413	47.04%	117,791	2,186	3.94%
Public Safety												
Fire	271,114	1,745	1,524	274,383	135,482	2,069	49.38%	136,009	50.83%	267,567	(527)	-0.39%
Police	486,732	3,177	3,756	493,665	233,858	4,181	47.37%	235,433	48.80%	482,453	(1,575)	-0.67%
Total Public Safety	757,846	4,922	5,280	768,048	369,340	6,250	48.09%	371,442	49.52%	750,020	(2,102)	-0.57%
Capital Maintenance												
Transportation	43,854	289	1,545	45,688	18,279	2,058	40.01%	15,680	43.01%	36,455	2,599	16.58%
Public Works	42,886	287	1,258	44,431	21,622	2,953	48.66%	19,178	48.72%	39,366	2,444	12.74%
Total Capital Maintenance	86,740	576	2,803	90,119	39,901	5,011	44.28%	34,858	45.97%	75,821	5,043	14.47%
Community Service												
Housing	618	5	140	763	148	135	19.40%	145	33.80%	429	3	2.07%
Library	40,946	335	1,726	43,007	19,055	4,848	44.31%	18,146	47.32%	38,348	909	5.01%
Planning, Bldg & Code Enf.	17,642	145	414	18,201	6,875	507	37.77%	7,300	52.59%	13,881	(425)	-5.82%
Parks, Rec & Neigh Svcs	104,522	889	1,729	107,140	46,308	10,847	43.22%	39,481	48.07%	82,132	6,827	17.29%
Environmental Services	5,337	19	340	5,696	1,934	1,210	33.95%	1,260	44.62%	2,824	674	53.49%
Total Community Services	169,065	1,393	4,349	174,807	74,320	17,547	42.52%	66,332	48.20%	137,614	7,988	12.04%
Total Dept. Expenditures	1,148,452	9,031	20,736	1,178,219	541,160	41,716	45.93%	528,045	48.84%	1,081,246	13,115	2.48%

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
	FY 2022-2023	BUDGET		FY 2022-2023	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR			
	BUDGET	AMENDMENTS		BUDGET	ENCUMBR	ENCUMBR	OF BUDGET	ACTUAL (1)(*)	YEAR-END ACTUAL			
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	92,239	58,709	7,685	158,633	6,102	18,753	3.85%	11,256	30.16%	37,322	(5,154)	-45.79%
Environmental & Utility Services	1,347	353	173	1,873	380	280	20.29%	1,121	63.80%	1,757	(741)	-66.10%
Public Safety	28,786	4,869	584	34,239	12,694	2,092	37.07%	11,342	45.62%	24,860	1,352	11.92%
Recreation & Cultural Services	26,711	5,724	1,910	34,345	7,550	3,216	21.98%	6,345	35.51%	17,867	1,205	18.99%
Transportation Services	5,174	802	7	5,983	1,156	10	19.32%	2,005	47.22%	4,246	(849)	-42.34%
Strategic Support	59,156	371,216	4,295	434,667	14,812	5,277	3.41%	17,352	5.48%	316,809	(2,540)	-14.64%
Total City-wide Expenditures	213,413	441,673	14,654	669,740	42,694	29,628	6.37%	49,421	12.27%	402,861	(6,727)	-13.61%
Other Non-Dept Expenditures:												
Capital Improvements	50,933	6,058	17,192	74,183	13,297	11,656	17.92%	12,662	33.56%	37,729	635	5.02%
Transfers to Other Funds	25,469	4,182	-	29,651	29,651	-	100.00%	28,092	100.36%	27,992	1,559	5.55%
Total Non-Dept Expenditures	289,815	451,913	31,846	773,574	85,642	41,284	11.07%	90,175	19.24%	468,582	(4,533)	-5.03%
Reserves												
Contingency Reserve	41,000	5,000	-	46,000	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	380,395	(42,753)	750	338,392	587	233	0.17%	-	0.00%	1,275	587	0.00%
Total Reserves	421,395	(37,753)	750	384,392	587	233	0.15%	-	0.00%	1,275	587	0.00%
Total Uses	1,859,662	423,191	53,332	2,336,185	627,389	83,233	26.86%	618,220	39.86%	1,551,103	9,169	1.48%

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

Note: Figures may not total due to rounding.

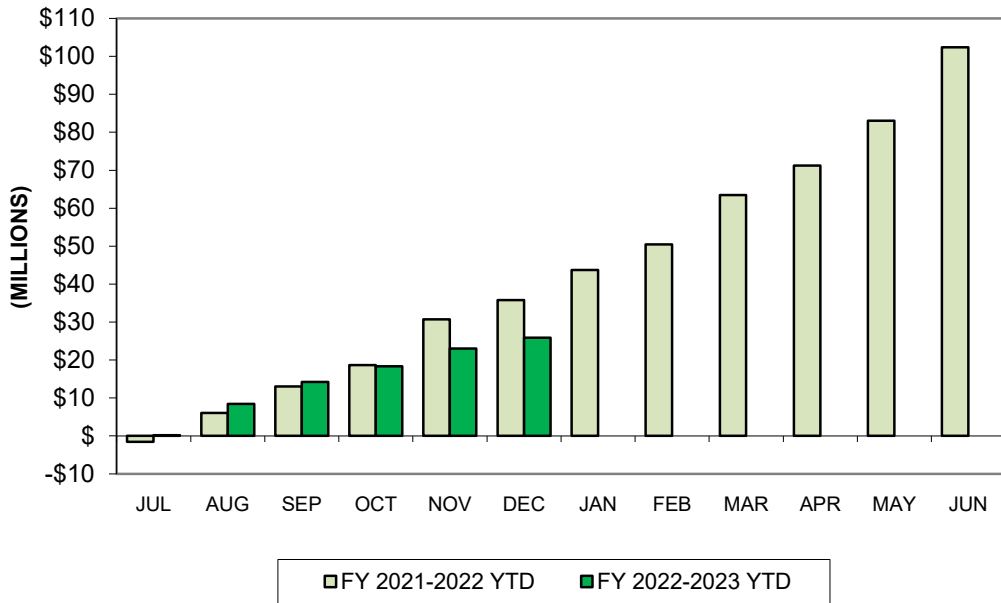
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2022
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

	ADOPTED FY 2022-2023 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2022-2023 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR- END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,032	-	-	1,032	417	40.41%	277	36.40%	761	140	50.54%
Public Works	-	-	-	-	1	-	3	0.00%	-	(2)	-66.67%
Transportation	2,106	-	-	2,106	1,054	50.05%	740	47.25%	1,566	314	42.43%
Library	26	-	-	26	28	107.69%	16	38.10%	42	12	75.00%
Planning, Bldg & Code Enforcement	-	-	-	-	3	-	-	0.00%	-	3	N/A
Parks Rec & Neigh Svcs	18,010	-	-	18,010	6,147	34.13%	7,716	48.09%	16,046	(1,569)	-20.33%
Miscellaneous Dept Charges	2,740	-	-	2,740	1,788	65.26%	1,827	52.41%	3,486	(39)	-2.13%
Total Fees, Rates, and Charges	23,914	-	-	23,914	9,438	39.47%	10,579	48.30%	21,901	(1,141)	-10.79%

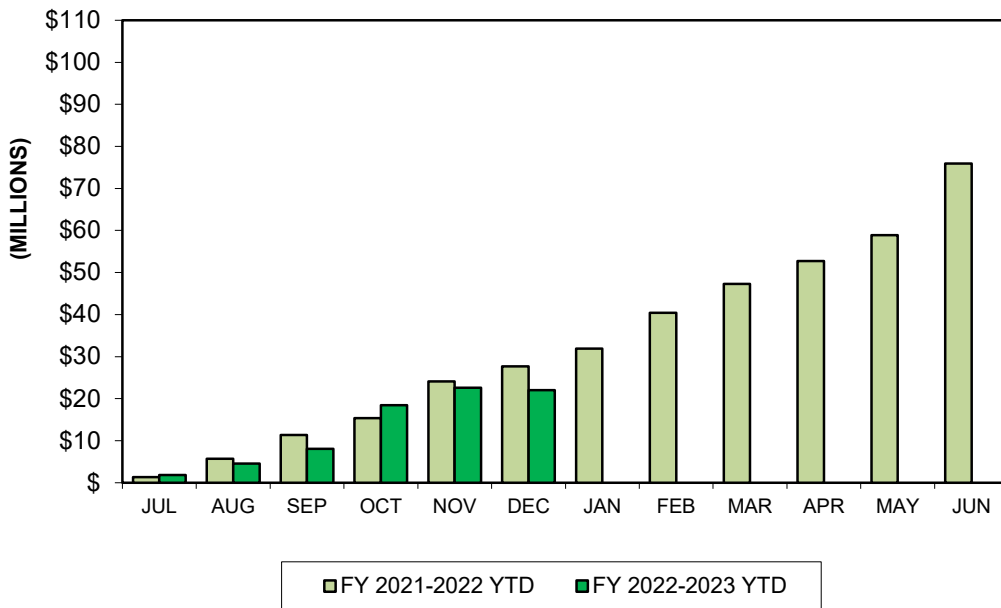
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

Note: Figures may not total due to rounding.

CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Revenues vs. Prior YTD Revenues

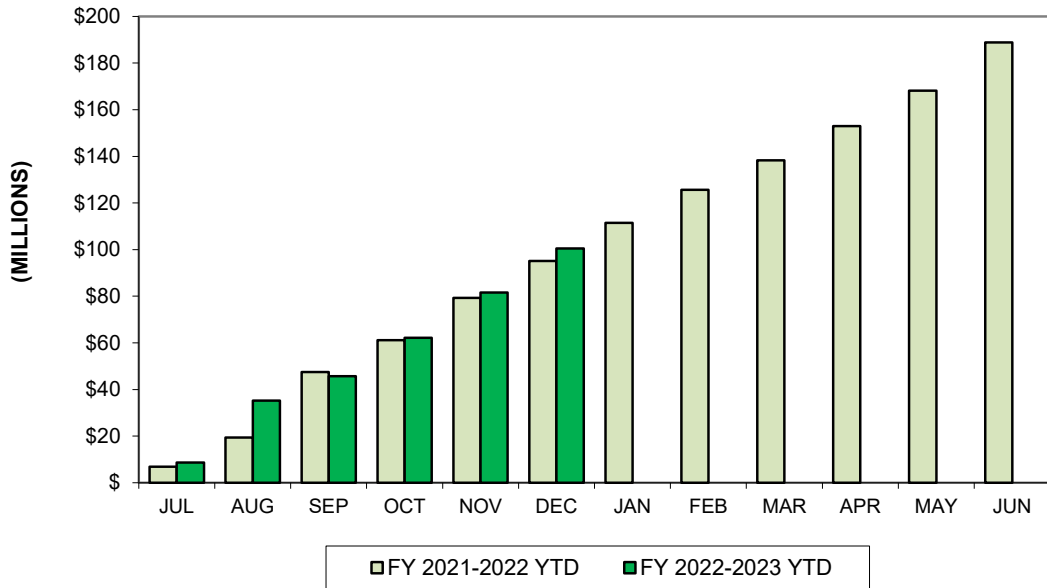


CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Expenditures vs. Prior YTD Expenditures

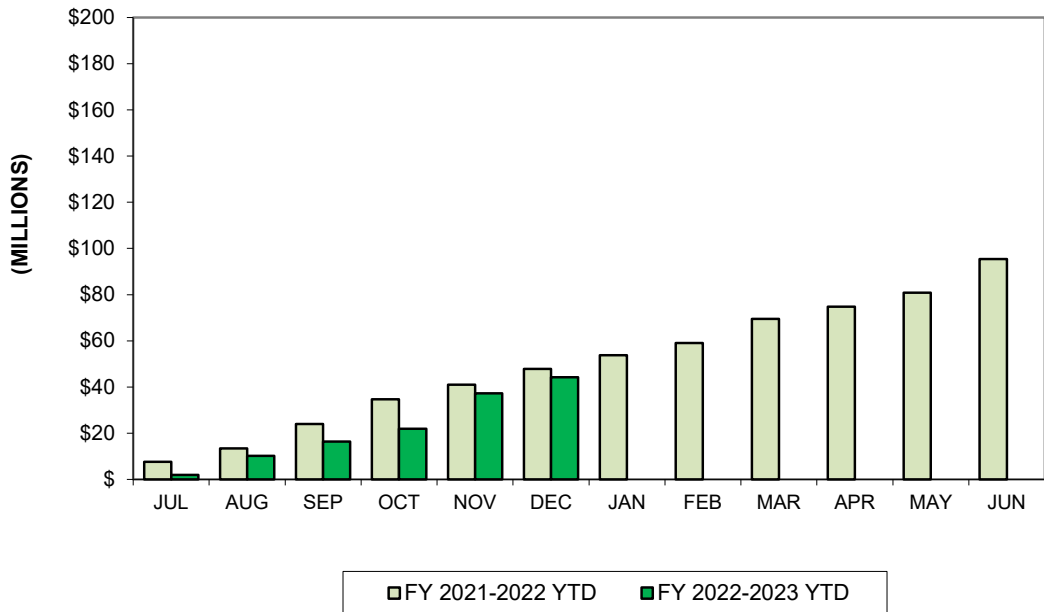


Note: 1) Negative revenues in July 2021 is due to year-end adjustments (accrual reversals).
 2) Decrease in revenue is due to \$18.8 million collected for conveyance taxes as of December 2022 whereas \$29.6 million was received as of December 2021.

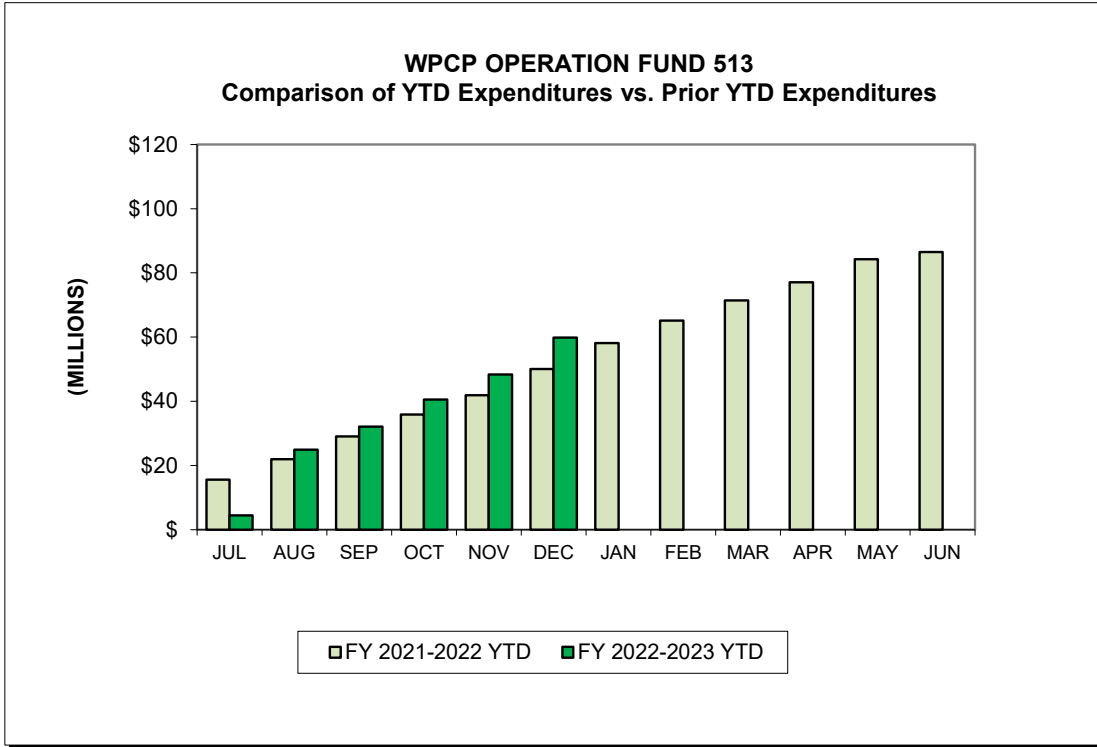
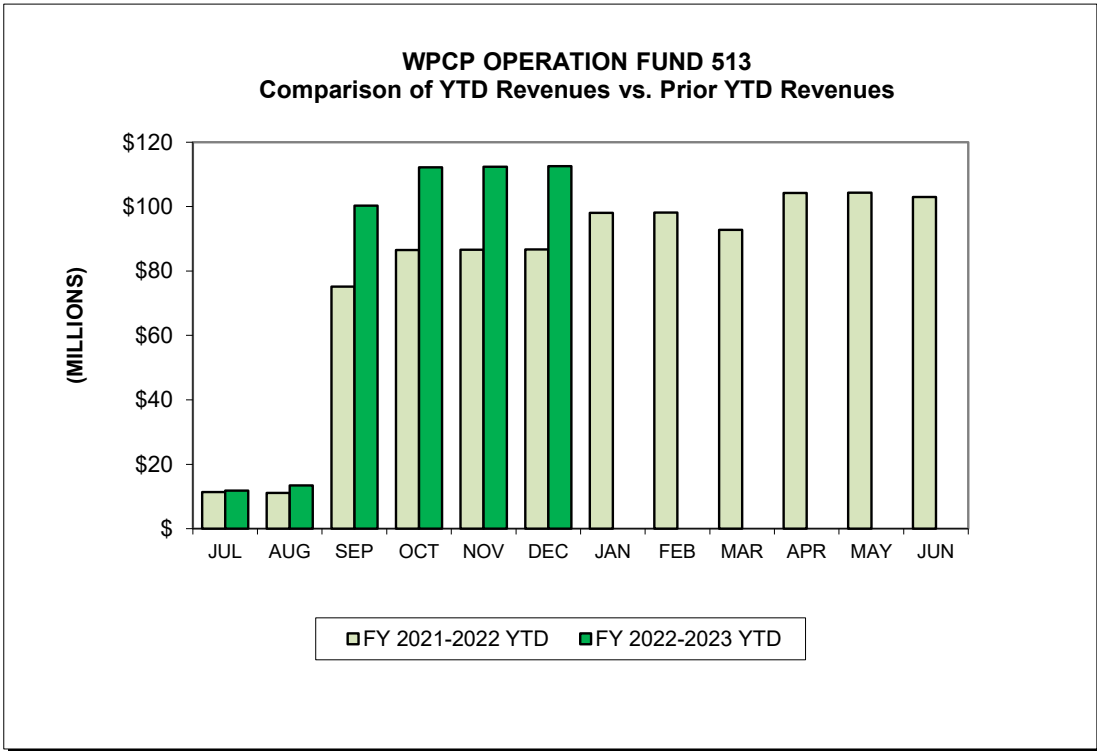
**AIRPORT REVENUE FUND 521
Comparison of YTD Revenues vs. Prior YTD Revenues**



**AIRPORT MAINTENANCE & OPERATION FUND 523
Comparison of YTD Expenditures vs. Prior YTD Expenditures**



Note: 1) Increase in passenger activity resulted in an overall increase in rentals/concession income, parking and landing fees' revenues.

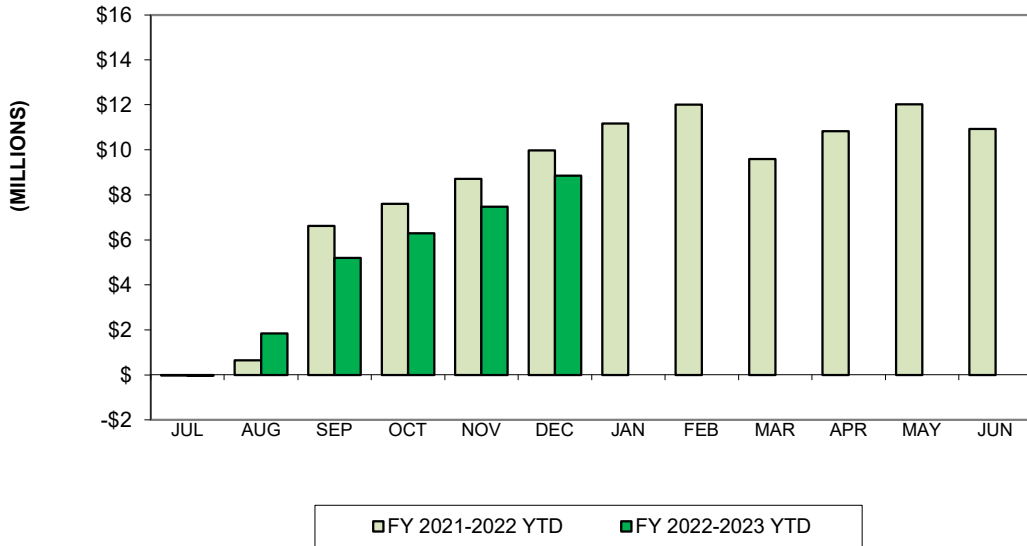


Note: 1) Increase in revenue in September 2022 was due to \$86.8 million transferred in from Sewer Service & Use Charge Fund (541); whereas \$64.0 million was transferred in September 2021.

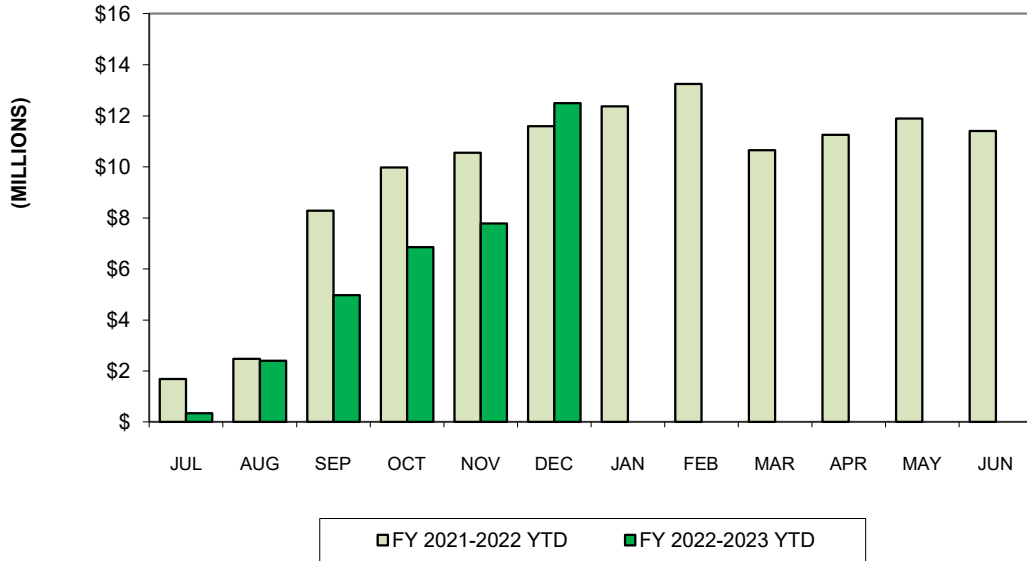
2) July 2022 expenditures were lower due to a timing difference in posting the indirect cost reimbursement from this fund to the general fund. The entry was completed in August 2022.

3) Increase in expenditures as of December 2022 were primarily due to \$1.7 million increase of the Biosolid Haul Away service in professional consultant service, the sharp increase of \$2.2 million in pricing of chemicals utilized at the plant, and the purchase of \$1.5 million fleet vehicles.

**GENERAL PURPOSE PARKING FUNDS 533 & 559
Comparison of YTD Revenues vs. Prior YTD Revenues**



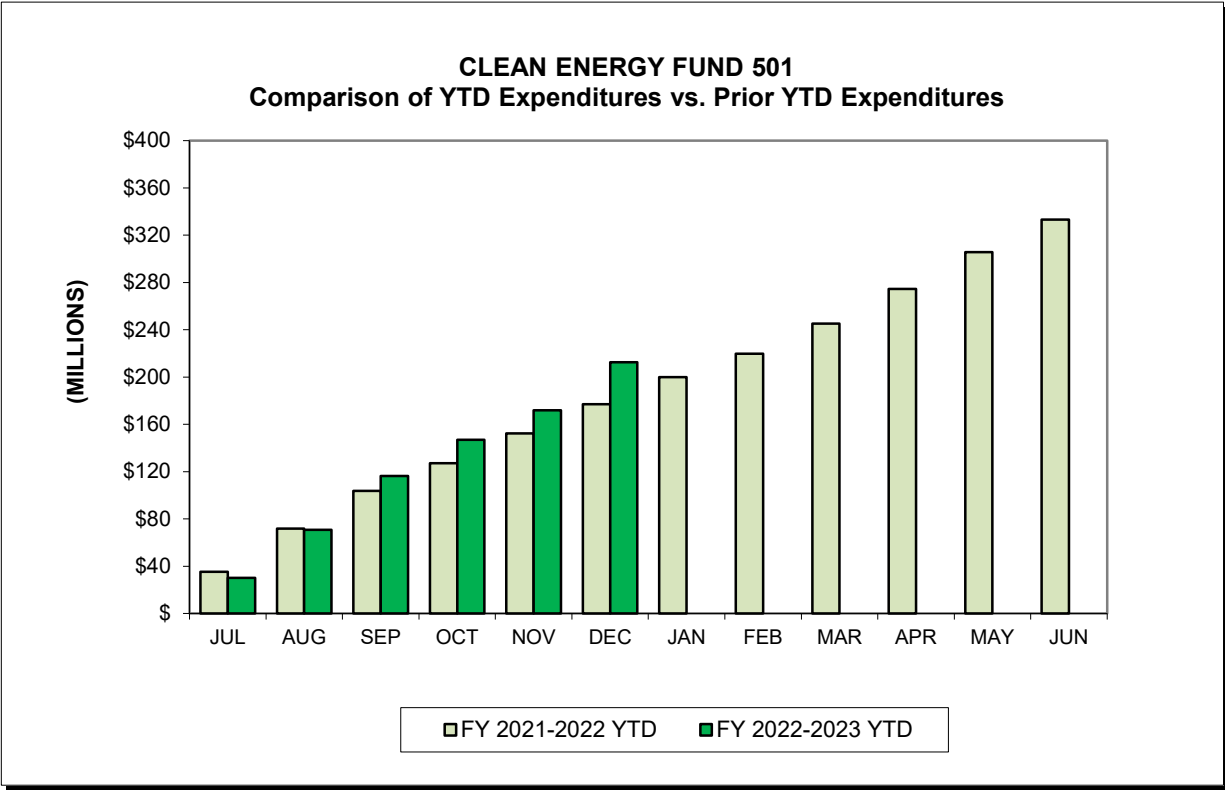
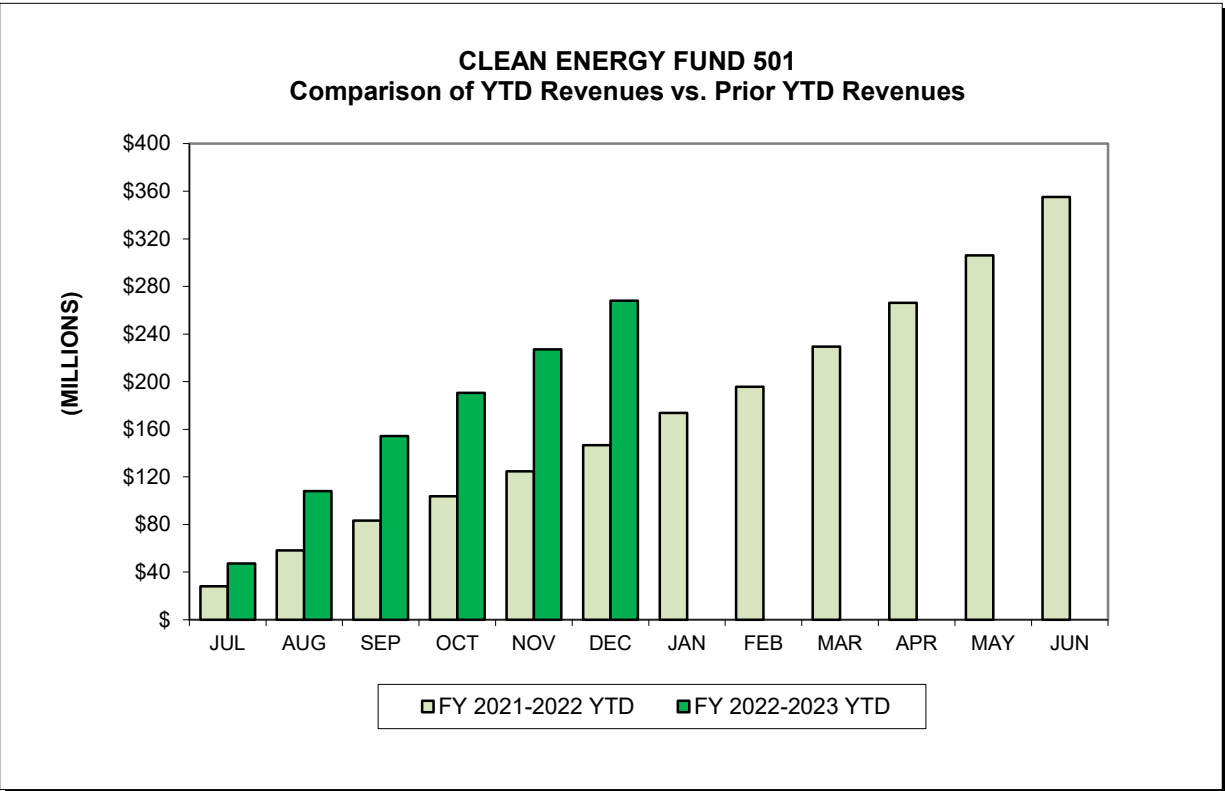
**GENERAL PURPOSE PARKING FUNDS 533 & 559
Comparison of YTD Expenditures vs. Prior YTD Expenditures**



Note: 1) July 2022 expenditures were lower due to a timing difference in posting the indirect cost reimbursement from this fund to the general fund. The entry was completed in August 2022.

2) Year-to-year decrease in revenue as of December 2022 is primarily due to a decrease in transfers of funds between the General Purpose Parking Capital Fund (559) and the General Purpose Parking Operating Fund (533).

3) Increase in expenditures were due to \$3.8 million spent on Parking Access Revenue Control Systems in December 2022 compared to \$0.8 million spent in December 2021.



Note: 1) Increase in Clean Energy revenue is due to three rate changes that have been implemented in the past 12 months. These increases were implemented to align with PG&E rate increases.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2022-2023	BUDGET		FY 2022-2023	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	9,867	9,867	9,867	-	7,770
Beginning Fund Balance	107,423	14,831	-	122,254	122,254	-	106,619
Revenues	77,226	534	-	77,760	25,905	-	35,825
Total Sources	184,649	15,365	9,867	209,881	158,026	-	150,214
Total Uses	184,649	15,365	9,867	209,881	22,014	15,439	27,655
Airport							
Prior Year Encumbrance	-	-	31,448	31,448	31,448	-	23,511
Beginning Fund Balance	230,050	27,221	-	257,271	257,271	-	232,666
Revenues	616,376	10,903	-	627,279	253,126	-	200,299
Total Sources	846,426	38,124	31,448	915,998	541,845	-	456,476
Total Uses	846,426	38,324	31,448	916,198	200,735	43,988	157,253
Waste Water Treatment							
Prior Year Encumbrance	-	-	276,775	276,775	276,775	-	264,703
Beginning Fund Balance	307,060	(125,857)	-	181,203	181,203	-	147,536
Revenues	900,024	164,285	-	1,064,309	394,774	-	388,883
Total Sources	1,207,084	38,428	276,775	1,522,287	852,752	-	801,122
Total Uses	1,207,084	38,428	276,775	1,522,287	290,778	279,356	258,062
Parking							
Prior Year Encumbrance	-	-	7,501	7,501	7,501	-	8,355
Beginning Fund Balance	28,170	9,909	-	38,079	38,079	-	35,597
Revenues	15,683	-	-	15,683	8,841	-	9,964
Total Sources	43,853	9,909	7,501	61,263	54,421	-	53,916
Total Uses	43,853	9,909	7,501	61,263	12,498	6,761	11,594
Municipal Water							
Prior Year Encumbrance	-	-	8,372	8,372	8,372	-	5,407
Beginning Fund Balance	28,677	2,961	-	31,638	31,638	-	31,176
Revenues	72,040	-	-	72,040	38,690	-	33,255
Total Sources	100,717	2,961	8,372	112,050	78,700	-	69,838
Total Uses	100,717	2,961	8,372	112,050	34,833	9,470	32,553

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2022-2023	BUDGET		FY 2022-2023	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Community Energy							
Prior Year Encumbrance	-	-	4,793	4,793	4,793	-	11,076
Beginning Fund Balance	85,706	14,908	-	100,614	100,614	-	28,124
Revenues	416,808	(11)	-	416,797	267,907	-	146,624
Total Sources	502,514	14,897	4,793	522,204	373,314	-	185,824
Total Uses	502,514	14,897	4,793	522,204	212,603	102,623	177,044
Gas Tax							
Revenues	15,500	-	-	15,500	5,903	-	6,450
Total Sources	15,500	-	-	15,500	5,903	-	6,450
Total Uses	15,500	-	-	15,500	4,416	-	5,166
Building and Structures							
Prior Year Encumbrance	-	-	3,874	3,874	3,874	-	4,757
Beginning Fund Balance	94,604	4,738	-	99,342	99,342	-	97,455
Revenues	88,048	7,005	-	95,053	19,596	-	8,385
Total Sources	182,652	11,743	3,874	198,269	122,812	-	110,597
Total Uses	182,652	11,743	3,874	198,269	13,123	11,606	11,126
Residential Construction							
Beginning Fund Balance	2,537	354	-	2,891	2,891	-	2,728
Revenues	224	-	-	224	107	-	64
Total Sources	2,761	354	-	3,115	2,998	-	2,792
Total Uses	2,761	354	-	3,115	23	-	54
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	675	675	675	-	949
Beginning Fund Balance	3,069	2,306	-	5,375	5,375	-	2,069
Revenues	16,555	-	-	16,555	8,789	-	4,945
Total Sources	19,624	2,306	675	22,605	14,839	-	7,963
Total Uses	19,624	2,306	675	22,605	13,371	3,008	11,217
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	64	64	64	-	125
Beginning Fund Balance	1,898	1,607	-	3,505	3,505	-	3,776
Revenues	12,182	(375)	-	11,807	12,859	-	10,643
Total Sources	14,080	1,232	64	15,376	16,428	-	14,544
Total Uses	14,080	1,232	64	15,376	9,946	3,310	7,966

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2022-2023	BUDGET		FY 2022-2023	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Golf							
Beginning Fund Balance	2,355	394	-	2,749	2,749	-	1,970
Revenues	720	-	-	720	313	-	336
Total Sources	3,075	394	-	3,469	3,062	-	2,306
Total Uses	3,075	394	-	3,469	110	-	49
American Rescue Plan Act							
Prior Year Encumbrance	-	-	12,843	12,843	12,843	-	216
Beginning Fund Balance	31,502	(43,728)	-	(12,226)	(12,226)	-	128,529
Revenues	57,136	49,429	-	106,565	3,008	-	(252)
Total Sources	88,638	5,701	12,843	107,182	3,625	-	128,493
Total Uses	88,638	5,701	12,843	107,182	27,840	23,467	65,495
Emergency Reserve							
Beginning Fund Balance	(40,221)	8,509	-	(31,712)	(31,712)	-	(34,613)
Revenues	41,235	(435)	-	40,800	-	-	30,307
Total Sources	1,015	8,074	-	9,088	(31,712)	-	(4,306)
Total Uses	1,015	8,074	-	9,088	997	2,902	5,464
Low and Moderate Income Housing Asset							
Beginning Fund Balance	106,444	12,224	-	118,668	118,668	-	155,182
Revenues	17,000	-	-	17,000	8,435	-	24,988
Total Sources	123,444	12,224	-	135,668	127,103	-	180,170
Total Uses	123,444	12,224	-	135,668	15,820	66,942	24,663
Other Funds							
Prior Year Encumbrance	-	-	108,996	108,996	108,996	-	76,647
Beginning Fund Balance	358,667	128,948	-	487,616	487,616	-	356,781
Revenues	600,284	181,683	-	781,967	346,525	-	359,512
Total Sources	958,951	310,632	108,996	1,378,579	943,137	-	792,940
Total Uses	958,951	310,632	108,996	1,378,579	239,616	197,599	234,284

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2022-2023	BUDGET		FY 2022-2023	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	65,653	65,653	65,653	-	60,717
Beginning Fund Balance	317,750	(92,506)	-	225,244	225,244	-	196,949
Revenues	89,213	(48,566)	-	40,647	21,679	-	232,567
Total Sources	406,963	(141,072)	65,653	331,544	312,576	-	490,233
Total Uses	406,963	(141,072)	65,653	331,544	73,445	85,888	60,666
Other							
Prior Year Encumbrance	-	-	1,102	1,102	1,102	-	837
Beginning Fund Balance	22,255	21,483	-	43,738	43,738	-	103,218
Revenues	120	-	-	120	102	-	42
Total Sources	22,375	21,483	1,102	44,960	44,942	-	104,097
Total Uses	22,375	21,483	1,102	44,960	12,526	1,098	362

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2022-2023 BUDGET	BUDGET AMENDMENTS		FY 2022-2023 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	430	430	430	-	103
Beginning Fund Balance	6,897	5,096	-	11,993	11,993	-	11,699
Revenues	3,913	-	-	3,913	4,095	-	4,108
Total Sources	10,810	5,096	430	16,336	16,518	-	15,910
Total Uses	10,810	5,096	430	16,336	361	607	327

Note: Figures may not total due to rounding.

