

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>2018-2019 Future Deficit Reserve</i></b>	EARMARKED RESERVES		\$350,000	
<p>This action increases the 2018-2019 Future Deficit Reserve by \$350,000, from \$9.15 million to \$9.5 million. Per Council Policy I-18, Operating Budget and Capital Improvement Program Policy, any ending fund balance that may be available after the close of the 2016-2017 fiscal year is to be allocated 50% for unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit for the following fiscal year. Based on the actions taken as part of the 2017-2018 Adopted Budget, it is currently estimated that the General Fund will face a shortfall of approximately \$35.2 million for 2018-2019. Given this projected shortfall, the entire remaining ending fund balance after required technical and clean-up adjustments is recommended to be allocated to the 2018-2019 Future Deficit Reserve.</p>				
<b><i>Air Service Incentive Program Reserve/Transfers and Reimbursements</i></b>	EARMARKED RESERVES		(\$1,150,000)	(\$1,126,026)
<p>This action eliminates the Air Service Incentive Program Reserve in the amount of \$1,150,000 and reduces the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by \$1,126,026. The Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements (Agreements) that was approved by the City Council in March 2007, requires that, should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2016-2017, the percentage growth in annual enplanement at the Airport was 12.8%, which exceeded the Federal Aviation Administration's projection of 2.2% for national growth. In order to comply with the provisions of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund will be reduced by 6.13% (from the Adopted Budget overhead rate of 21.13% to the overhead floor rate of 15.00%), or \$1,126,026, in 2017-2018. In anticipation of this reduction, the 2017-2018 Adopted Budget included an Air Service Incentive Program Reserve of \$1,150,000 to offset the projected loss in revenue. Because the actual overhead reduction is slightly below the estimate incorporated into the 2017-2018 Adopted Budget, this action results in savings of \$23,974 to be returned to the General Fund. With the amendment to the Airline Lease and Operating Agreements, which removed the Municipally-Funded Air Service Incentive Program, this is the last year the General Fund will have an obligation for this program. With this final reduction to the General Fund overhead, the total loss to the General Fund under this agreement totals \$3,391,842.</p>				

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Animal Care and Services Washer/Dryer Replacement</i></b>	CAPITAL PROJECTS		\$50,000	
<p>This action increases the Animal Care and Services (ACS) Washer/Dryer Replacement appropriation by \$50,000 (from \$144,000 to \$194,000) for an unanticipated increase in costs related to the removal and replacement of a wall. The initial project scope inadvertently omitted the removal and replacement of a wall adjacent to the new washer and dryer. The additional washer and dryer for ACS will be critical to improving control of microbial infestation and increasing staff efficiency to care for the large number of stray animals throughout the City.</p>				
<b><i>Business Tax System</i></b>	CITY-WIDE EXPENSES		\$145,000	
<p>This action increases the Business Tax System (BTS) appropriation by \$145,000 (from \$173,000 to \$318,000) to address higher than anticipated project costs. The BTS project will allow the City to use a single tax billing and management application and businesses to pay self-reporting taxes online rather than through paper submissions. The additional cost will include an in-house Information Technology Project Manager that will be dedicated to lead the BTS team towards meeting the new go-live period of the 4th Quarter of fiscal year 2017-2018 (\$68,700). In order to meet project goals, the increase will also fund a change order that will add an online payment function and accommodates the recent voter-approved tax modernization ballot measure (\$51,300), and project contingency funding (\$27,000).</p>				
<b><i>Contingency Reserve</i></b>	EARMARKED RESERVES		\$500,000	
<p>Per City Council Policy I-18, Operating Budget and Capital Improvement Program Policy, the General Fund Contingency Reserve is to be set at a minimum of 3% of the operating budget. This action increases the Contingency Reserve from \$36.0 million to \$36.5 million to ensure compliance with the 3% funding requirement for the 2017-2018 Budget. The purpose of this reserve is to meet unexpected circumstances arising from financial and/or public emergencies that require immediate funding that cannot be met by any other means.</p>				
<b><i>Council District #01 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #01 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Council District #02 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #02 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<b><i>Council District #03 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #03 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<b><i>Council District #04 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #04 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<b><i>Council District #05 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #05 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Council District #06 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #06 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760. It should be noted that the Administration was formally notified that the Councilmember for Council District #06 has voluntarily elected to waive her base salary increase for 2017-2018, therefore, her salary will remain at \$92,000. These additional funds will be used instead for general expenses for the Council District.</p>				
<b><i>Council District #07 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #07 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<b><i>Council District #08 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #08 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<b><i>Council District #09 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #09 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Council District #10 (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$2,760	
<p>This action increases the Council District #10 appropriation to reflect the salary increase for the Councilmember as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase each Councilmember's salary by \$2,760, from \$92,000 to \$94,760.</p>				
<b><i>FMC Debt Service Payments</i></b>	CITY-WIDE EXPENSES		\$392,000	
<p>This action increases the FMC Debt Service Payments appropriation by \$392,000 (from \$2.2 million to \$2.6 million) to cover the debt service payments due from the City. This adjustment corrects an error in the City-Wide Expenses section of the 2017-2018 Adopted Operating Budget.</p>				
<b><i>Insurance Premiums</i></b>	CITY-WIDE EXPENSES		\$33,000	
<p>This action increases the Insurance Premiums appropriation by \$33,000 (from \$607,000 to \$640,000) to replace an amount that had been removed in the 2017-2018 Proposed Budget due to the expected sale of Hayes Mansion in 2016-2017, but which was inadvertently not included in the 2017-2018 Adopted Budget after the sale did not occur as anticipated.</p>				
<b><i>Non-Personal/Equipment (reallocation from Personal Services for MGO Accounting Services)</i></b>	FINANCE		\$100,000	
<p>This action increases the Finance Department Non-Personal/Equipment appropriation by \$100,000 to provide funding for the City's external auditors to assist the Accounting Division with the consolidation of the financial statements for the City's Comprehensive Annual Financial Report due to position vacancies and staff tenure. It has been determined that sufficient savings in the Personal Services appropriation will occur by year-end due to vacancy savings in order to offset this action. A corresponding decrease to the Finance Department Personal Services appropriation is recommended elsewhere in this report for a net-zero impact on the General Fund.</p>				
<b><i>Office of the Mayor (Salary Setting Commission)</i></b>	MAYOR & COUNCIL		\$3,750	
<p>This action increases the Office of the Mayor appropriation to reflect the salary increase for the Mayor as recommended by the Salary Setting Commission, which was approved by the City Council on June 27, 2017. The City Charter requires the Commission to recommend salaries and benefits for the Mayor and City Council Members, and for 2017-2018, the Commission unanimously adopted the recommendation to increase the Mayor's salary by \$3,750, from \$125,000 to \$128,750.</p>				

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Other Revenue (Successor Agency to the Redevelopment Agency PERS Levy Settlement Agreement - Interest Earnings)</i></b>				\$232,511
	REVENUE ADJUSTMENTS			
<p>This action increases the estimate for Other Revenue by \$232,511 for interest earnings paid to the City as part of the Successor Agency to the Redevelopment Agency PERS Levy Settlement Agreement. As part of the agreement, a payment of \$12.9 million was included in the 2017-2018 Adopted Budget. Final negotiations with the County of Santa Clara, however, resulted in the payment of interest earnings which were not included in the final budget.</p>				
<b><i>Personal Services (Multiple Housing Occupancy Program Temporary Staffing)</i></b>	PLANNING, BLDG, & CODE ENF		\$150,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$150,000 for temporary staffing to support the Code Enforcement Multiple Housing Occupancy Program. The funding will provide for an experienced code enforcement inspector on a temporary basis who can provide inspections and training for the mostly new staff and help the staff meet performance targets for the Multiple Housing Occupancy Program.</p>				
<b><i>Personal Services (reallocation to Non-Personal/Equipment for MGO Accounting Services)</i></b>	FINANCE		(\$100,000)	
<p>This action decreases the Finance Department Personal Services appropriation by \$100,000 to offset an increase to the department's Non-Personal/Equipment appropriation recommended elsewhere in this report. The increase to that appropriation will provide funding for the City's external auditors to assist the Accounting Division with the consolidation of the financial statements for the City's Comprehensive Annual Financial Report due to position vacancies and staff tenure. It has been determined that sufficient savings in the Personal Services appropriation will occur by year-end due to vacancy savings in order to offset the increase to the Non-Personal/Equipment appropriation for a net-zero impact on the General Fund.</p>				
<b><i>Police Department Overtime (Salaries and Benefits Reallocation)</i></b>	POLICE			
<p>This action increases the Police Department's overtime funding in 2017-2018 by \$13.0 million (from \$17.3 million to \$30.3 million). As been the practice for the past several years, this funding will primarily be used to continue to backfill for vacant sworn and civilian positions and continue the expanded targeted enforcement efforts for high crime activity. To better align anticipated actual costs with expenditure line items, this action reallocates \$13.0 million in estimated 2017-2018 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. This action will have a net-zero impact on the General Fund.</p>				

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<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Sales Tax</i></b>				(\$4,000,000)
<p style="text-align: center;">REVENUE ADJUSTMENTS</p> <p>This action decreases the Sales Tax estimate by \$4.0 million, from \$228.0 million to \$224.0 million to lower the estimate for the General Sales Tax category. When the 2017-2018 Adopted Budget was developed, the General Sales Tax estimate of \$187.0 million reflected underlying growth of 3.0% (after accounting for prior year accrual corrections and the reversal of a large one-time negative adjustment) from the 2016-2017 year-end estimate of \$180.0 million. However, because actual General Sales Tax receipts ended 2016-2017 below estimated levels, a decrease to the 2017-2018 estimate of \$4.0 million (from \$187.0 million to \$183.0 million) is recommended. The resulting modified 2017-2018 estimate continues to reflect an underlying 3% growth (after accounting for prior year accrual corrections and the reversal of a large one-time negative adjustment) from the 2016-2017 actual collection level. Detailed information on the Sales Tax revenue category can be found in Section II - General Fund Budget Performance of this report.</p>				
<b><i>Transfer to the Water Utility Fund (Late Fee Reconciliation)</i></b>			\$117	
<p style="text-align: center;">TRANSFERS</p> <p>This action establishes a Transfer to the Water Utility Fund in the amount of \$117 to reimburse the fund for a revenue reversal that occurred in 2015-2016. Late Fee revenues in the Water Utility Fund are an unrestricted source of income for the City, and are therefore transferred each year to the General Fund. The Water Utility Fund had a small credit of \$117 to the Late Fee revenue item during 2015-2016, while the Transfer to the General Fund did not occur for that year (as no late fees were collected in 2015-2016, so no funds were transferred). This transfer is normally reconciled prior to the fiscal year-end close; however, this reconciliation was inadvertently missed in 2016-2017.</p>				
<b>TOTAL REQUIRED</b>			<b>\$501,467</b>	<b>(\$4,893,515)</b>
<b>TECHNICAL/REBALANCING ACTIONS</b>				

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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>After School Education and Safety Programs for 2017-2018/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$454,748	\$454,748
<p>This action establishes an After School Education and Safety Programs for 2017-2018 appropriation to the Parks, Recreation and Neighborhood Services Department and the corresponding estimate for Revenue from Local Agencies in the amount of \$454,748. This grant funding will support after school education and safety programs by providing supplies and materials for the after school programming and staff time at the Berryessa Union School District (\$106,257), Alum Rock Union Elementary School District (\$103,171), ACE Charter School Empower Academy (\$100,402), and ACE Charter School Franklin McKinley for the 2017-2018 school year. After School Education and Safety Program supports local after school education and enrichment programs by providing literacy, academic enrichment, and constructive alternatives for students in kindergarten through ninth grade.</p>				
<i>California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$217,314	\$236,142
<p>This action increases the California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015 appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$217,314 and the corresponding estimate for Revenue from the State of California by \$236,142 to reflect the remaining grant funding from the State of California's Board of State and Community Corrections. The CALGRIP grant is a three year grant totaling \$1,422,666, in which the term of the grant ends on December 2017. Of the total grant, \$474,222 is allocated each year. The grant funding will be used for supplies and materials and will also be allocated to community-based organizations. This CALGRIP grant is a collaborative effort targeting gang-impacted youth through the implementation of prevention, intervention, substance abuse, and remedial (GED)/vocational education strategies with the intent to reduce gang and youth violence.</p>				
<i>CityDance Production/Other Revenue</i>	CITY-WIDE EXPENSES		\$45,000	\$45,000
<p>This action establishes the CityDance Production appropriation in the amount of \$45,000 and increases the estimate for Other Revenue by \$45,000 to support CityDance production costs. Every Thursday evening between August 24, 2017 to October 12, 2017, Plaza de Cesar Chavez Park turns into a place for socializing, music, and dancing. Production costs include special use park rental, electrical services, marketing/promotions, videography, stage barricades, fencing, portable restrooms, tow zones, and a talent consultant/producer. The City received grants from San Jose Hotels, Inc. (\$20,000) and the Knight Foundation (\$25,000) to support the CityDance Production.</p>				



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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b><i>Council District #01/Other Revenue (Special Event Sponsorship)</i></b>	MAYOR & COUNCIL		\$1,825	\$1,825
This action increases the Council District #01 appropriation and the corresponding estimate for Other Revenue by \$1,825 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 1, including the 10th Annual Disability Awareness Fair event.				
<b><i>Council District #02/Other Revenue (Special Event Sponsorship)</i></b>	MAYOR & COUNCIL		\$500	\$500
This action increases the Council District #02 appropriation and the corresponding estimate for Other Revenue by \$500 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 2, including the 2017 Summerfest event.				
<b><i>Council District #05/Other Revenue (Special Event Sponsorship)</i></b>	MAYOR & COUNCIL		\$12,200	\$12,200
This action increases the Council District #05 appropriation and the corresponding estimate for Other Revenue by \$12,200 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 5, including the 2017 National Night Out event.				
<b><i>Council District #08/Other Revenue (Special Event Sponsorship)</i></b>	MAYOR & COUNCIL		\$1,500	\$1,500
This action increases the Council District #08 appropriation and the corresponding estimate for Other Revenue by \$1,500 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 8, including the Senior Health Fair event.				
<b><i>Council District #10/Other Revenue (Special Event Sponsorship)</i></b>	MAYOR & COUNCIL		\$250	\$250
This action increases the Council District #10 appropriation and the corresponding estimate for Other Revenue by \$250 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 10, including the 2017 Senior Winter Walk and Resource Fair event.				
<b><i>Expedited Purified Water Program/Revenue from Local Agencies</i></b>	CITY-WIDE EXPENSES		\$200,000	\$200,000
This action increases the Expedited Purified Water Program appropriation to the Environmental Services Department and increases the estimate for Revenue from Local Agencies by \$200,000 for a grant from the Santa Clara Valley Water District. Funds will be used to continue evaluation of direct potable reuse and support City activities to further explore the viability of an Expedited Purified Water Program.				

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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b><i>Internet Crimes Against Children Federal Grant 2014-2015/Revenue from Federal Government</i></b>	CITY-WIDE EXPENSES		\$11,481	\$11,481
<p>This action increases the Internet Crimes Against Children (ICAC) Federal Grant 2014-2015 appropriation to the Police Department and the corresponding estimate for Revenue from Federal Government in the amount of \$11,481 to recognize proceeds from the sale of two vehicles acquired using ICAC funds. This grant funds officer overtime spent on investigations and prosecutions of internet crimes against children offenses as well as on increasing public awareness on this issue. As part of the grant regulations, any earned grant income must be used in the same manner as these grant funds.</p>				
<b><i>Museum Place Project/Revenue from the Use of Money/Property</i></b>	CITY-WIDE EXPENSES		\$65,000	\$65,000
<p>This action establishes the Museum Place Project appropriation in the amount of \$65,000 and increases the estimate for Revenue from the Use of Money/Property by \$65,000 for the Disposition and Development Agreement with Insight King Wah LLC toward the construction of the Museum Place Project. This mixed-use project will consist of office space, hotel space, retail space, expansion space for the Tech Museum, and a garage. The \$65,000 represents an initial deposit from the developer for the City costs related to the Museum Place Project.</p>				
<b><i>Non-Personal/Equipment/Other Revenue (Cities of Service Grant)</i></b>	PARKS, REC, & NEIGH SVCS		\$25,000	\$25,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the corresponding estimate for Other Revenue by \$25,000 to reflect grant funding from Cities of Service to provide supplies and materials for the Anti-Graffiti and Anti-Litter programs.</p>				
<b><i>Non-Personal/Equipment/Revenue from Federal Government (State Homeland Security Grant Program)</i></b>	FIRE		\$15,485	\$15,485
<p>This action increases the Fire Department Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from Federal Government by \$15,485 for funding from the State Homeland Security Grant Program (SHSGP) Anti-Terrorism Approval Authority. In 2016-2017, the City received funding from SHSGP for the purchase of two Jon boats for use in water rescue, and the Authority has granted \$15,485 in funding to purchase two additional Jon boats. These boats are flat-bottomed vessels that are relatively lightweight and exceptionally stable in rough water.</p>				

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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Non-Personal/Equipment/Revenue from Local Agencies (Children's Discovery Museum Grant)</i>	PARKS, REC, & NEIGH SVCS		\$50,000	\$50,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from Local Agencies by \$50,000 to reflect grant funding from the County of Santa Clara to support the construction of the Bill's Backyard exhibit at the Children's Discovery Museum.</p>				
<i>Non-Personal/Equipment/Revenue from State of California (California Highway Patrol Reimbursement)</i>	POLICE		\$11,365	\$11,365
<p>This action increases the Police Department's Non-Personal/Equipment appropriation and the corresponding estimate for Revenue from State of California in the amount of \$11,365 to reflect the reimbursable agreement between the Police Department and the California Highway Patrol (CHP). Per the agreement, the CHP will provide uniformed personnel to assist with traffic-related enforcement, control, and collision investigations related to high-occupancy vehicle (HOV) lanes within the City of San José on San Tomas and Montague Expressways.</p>				
<i>Non-Personal/Equipment/Revenue from State of California (Caltrans Planning Grant)</i>	PLANNING, BLDG, & CODE ENF		\$190,000	\$333,000
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$190,000 and recognizes corresponding revenue of \$333,000 from the Federal Government for a California State Transportation Agency non-infrastructure planning grant (funding is allocated by the Federal Highway Administration). The grant provides funding for consulting services for the development of Urban Village Plan policy documents for the North First Street Area and Berryessa/BART Urban Villages. Preparation of these Village Plans is necessary prior to issuance of entitlements for residential development within any of the Urban Village areas identified on the General Plan Land Use/Transportation Diagram. Existing positions will support the completion of this grant and will be partially offset by grant proceeds. The project is scheduled for completion by June 2019. The remaining grant funding of \$368,000 will be included as part of the development of the 2018-2019 budget.</p>				
<i>PG&amp;E Summer Cooling Shelter Program Grant/Other Revenue</i>	CITY-WIDE EXPENSES		\$7,000	\$7,000
<p>This action increases the PG&amp;E Summer Cooling Shelter Program Grant appropriation to the Parks, Recreation and Neighborhood Services Department and the corresponding estimate for Other Revenue by \$7,000 to reflect grant funding from Pacific Gas &amp; Electric to support raising awareness of heat safety measures and sheltering residents to mitigate health risks on extremely hot days.</p>				

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<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Parade of Floats Public Art Statues/Other Revenue</i>	CITY-WIDE EXPENSES		\$7,500	\$7,500
<p>This action establishes the Parade of Floats Public Art Statues appropriation to the Office of Economic Development in the amount of \$7,500 and increases the estimate for Other Revenue by \$7,500 to fund preliminary studies for the temporary removal and replacement of the Parade of Floats Public Art Statues along North 5th Street. This allocation funds staffing costs related to plan review and construction oversight for the removal and replacement of the statues. These costs will be fully reimbursed by the Bayview Development Group.</p>				
<i>Personal Services/Other Revenue (Knight Foundation Grant - Historic Preservation and Urban Design Guidelines Update)</i>	PLANNING, BLDG, & CODE ENF	1.00	\$199,000	\$99,000
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$96,000 and Non-Personal/Equipment appropriation by \$50,000, establishes a reserve in the General Fund in the amount of \$53,000 for the portion of the local match that will be used in the second year of the grant, and recognizes corresponding Other Revenue from the Knight Foundation of \$99,000. The grant, totaling \$198,000, with a City match of \$200,000, provides total funding of \$398,000 over two years for 1.0 Planner IV position, limit-dated through February 28, 2019, and consulting services to update and refine the existing City-wide Design Guidelines and Historic Preservation Guidelines, including the Residential, Commercial, and Industrial Design Guidelines, and Downtown San José Historic District and Saint James Square Historic District Design Guidelines. In anticipation of this grant being awarded, \$100,000 was appropriated to the Department's non-personal/equipment budget from the City-Wide Historic Preservation appropriation in the 2017-2018 Adopted Budget. The remaining grant funding of \$99,000 will be included in the development of the 2018-2019 budget.</p>				
<i>Personal Services/Other Revenue (National Council on Aging)</i>	PARKS, REC, & NEIGH SVCS		\$7,500	\$7,500
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Personal Services appropriation by \$7,500 and the corresponding estimate for Other Revenue by \$7,500 to reflect grant funding from the National Council on Aging to support senior programming such as arts and crafts, choir, folk dance, basic sewing, and exercise classes.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i><b>Selective Traffic Enforcement Program 2017-2018/Revenue from State of California</b></i>	CITY-WIDE EXPENSES		\$192,750	\$192,750
<p>This action establishes the Selective Traffic Enforcement Program 2017-2018 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize grant funding from the State of California Office of Traffic Safety in the amount of \$192,750. This grant, which totals \$257,000 (the remaining \$64,250 will be appropriated in 2018-2019), primarily funds Police Officer overtime to conduct targeted driving under the influence (DUI) checkpoints and patrols as well as conduct distracted driving, motorcycle safety, click it or ticket, and pedestrian/bicycle enforcement operations during the term of the grant (October 1, 2017 through September 30, 2018).</p>				
<i><b>State Homeland Security Grant Program/Revenue from Federal Government</b></i>	CITY-WIDE EXPENSES		\$26,803	\$26,803
<p>This action increases the State Homeland Security Grant Program appropriation to the Police Department and the estimate for Revenue from Federal Government in the amount of \$26,803 to recognize additional grant funding from the Department of Homeland Security. This program addresses 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.</p>				
<i><b>Summer Food Service Program/Revenue from Federal Government</b></i>	CITY-WIDE EXPENSES		\$53,934	\$53,934
<p>This action increases the Summer Youth Nutrition Program appropriation to the Parks, Recreation and Neighborhood Services Department by \$53,934 and the corresponding estimate for Revenue from Federal Government by \$53,934 to reflect grant funding from the Summer Food Service Program. This program, administered by the California Department of Education Nutrition Services Division, provides lunches and snacks to qualifying youth during the summer at Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers.</p>				
<i><b>Valley Transit Authority Bus Rapid Transit Enhancement Project/Revenue from Local Agencies</b></i>	CITY-WIDE EXPENSES		\$10,000	\$10,000
<p>This action increases the Valley Transit Authority Bus Rapid Transit Enhancement Project appropriation and corresponding estimate for Revenue from Local Agencies by \$10,000 for close-out artwork installations for the Santa Clara-Alum Rock Bus Rapid Transit Project. This work is reimbursed by the Valley Transit Authority.</p>				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEES</b>		<b>1.00</b>	<b>\$1,806,155</b>	<b>\$1,867,983</b>

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<b><i>Google Development Planning</i></b>			\$415,000	
<p>This action establishes the Google Development Planning appropriation to the Office of Economic Development for 2017-2018 costs associated with the Google development in the Diridon Area. In June 2016, the City Council approved an Exclusive Negotiating Agreement with Google, which anticipates the sale of City and Successor Agency owned properties to Google. This funding will allow for the negotiations involved with this multi-year project, a consultant agreement for Diridon development standards/design guidelines, a legal advisor to support the City Attorney's Office in development of the Memorandum of Understanding with Google, a community engagement advisor to assist with design of a community engagement process and facilitate meetings and other large public forums, and temporary staffing for the Planning, Building and Code Enforcement Department to provide CEQA and development review beginning April 2018. It is anticipated that the City will enter into a reimbursement agreement with Google to cover City costs. Additional budget actions are expected to be brought forward in 2018-2019 to continue work on this project.</p>				
<b><i>Non-Personal/Equipment (VEBA Opt-In Program Implementation)</i></b>			\$100,000	
<p>This action increases the City Manager's Non-Personal/Equipment appropriation by \$100,000 to provide funding for one-time costs associated with Voluntary Employee Beneficiary Association (VEBA) Opt-In Program Implementation, as a result of the passage of Measure F, which passed in November 2016. These funds will be used for two temporary employees who will be supporting the VEBA implementation (\$53,000), a Retiree Health Decision-Making Independent Benefit Consultant to provide educational and counseling services to employees considering opting-out of the current defined benefit retiree healthcare plan and into VEBA (\$26,000), and a one-time start-up cost insurance premium for Federated and Sworn VEBA Health Savings Trust (\$21,000). For more information, please refer to the Measure F Implementation - VEBA Opt-In Informational Memorandum that was distributed on September 26, 2017.</p>				
<b><i>Personal Services (Office of Emergency Management Work Plan)</i></b>			\$250,000	
<p>This action increases the City Manager's Office Personal Services appropriation by \$250,000 to support and assist with executing the Emergency Management Work Plan, which was approved by the City Council on August 8, 2017. The City Council directed the City Manager to begin executing a workplan of roughly 150 work items, including absorbing the Office of Emergency Management into the City Manager's Office. This funding will be used for temporary staffing to assist in these efforts as well as the development of the Joint Emergency Action Plan with the Santa Clara Valley Water District.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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### URGENT FISCAL/PROGRAM NEEDS

#### *Police Helicopter Replacement*

CITY-WIDE EXPENSES	\$1,600,000
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This action establishes the Police Helicopter Replacement appropriation in the amount of \$1.6 million to partially fund the purchase of a replacement helicopter. The Police Department's current helicopter, Airbus EC-120B, has been in use for 16 years, while the typical useful life span of a helicopter is six to eight years. The Department identified a replacement plan as described in a City Council Information Memorandum distributed on September 7, 2017 with a total funding need of approximately \$4.8 million. A revised replacement plan was developed, which includes \$1.8 million from the General Fund (\$200,000 of which is already budgeted, leaving the remaining balance of \$1.6 million appropriated in this action), \$150,000 from the State Drug Forfeiture Fund (appropriated elsewhere in this report), and \$38,000 from the Gift Trust Fund (already budgeted). The remaining balance of \$2.8 million will be funded by the Police Department's Federal Drug Forfeiture Fund. The Department will be bringing forward additional recommended appropriation actions from that fund as soon as a temporary spending restriction is lifted to provide the remaining funding for the helicopter in conjunction with a purchasing agreement. The Department recently underwent a routine audit on the Federal Drug Forfeiture Fund and agreed with most of the audit's findings. The Department is working closely with the Finance Department to implement new accounting procedures that will address the audit findings and will be working with the Department of Justice to receive approval to reinstate purchasing authority within the next several weeks. Once that approval has been received, final appropriation actions will be recommended for City Council approval, accordingly.

### TOTAL URGENT FISCAL/PROGRAM NEEDS

	\$2,365,000	\$0
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### *General Fund Recommended Budget Adjustments Totals*

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
1.00	\$4,672,622	(\$3,025,532)