

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>				
<p><b><i>Aircraft Rescue and Fire Fighting Vehicle/Revenue from Federal Government</i></b></p> <p>This action decreases the Airport Rescue and Fire Fighting (ARFF) Vehicle project and Revenue from Federal Government estimate by \$419,000, from \$501,000 to \$82,000, to align with the grant award funding from the Federal Aviation Administration. The Airport has purchased both ARFF vehicles and the remaining costs for 2017-2018 are for equipment expenses related to these vehicles. This decrease reflects the funding needed for the remaining expenses for this project.</p>	Airport Capital Program		(\$419,000)	(\$419,000)
<p><b><i>Terminal B Ramp Rehabilitation/Revenue from Federal Government</i></b></p> <p>This action increases the Terminal B Ramp Rehabilitation project and Revenue from Federal Government estimate by \$750,000, from \$6,321,000 to \$7,071,000, to align with anticipated grant award funding from the Federal Aviation Administration. The initial project budget was established prior to receiving bids on the project, and due to the highly competitive construction environment, bids received were higher than anticipated.</p>	Airport Capital Program		\$750,000	\$750,000
<p><b><i>Zero Emissions Buses/Revenue from Federal Government</i></b></p> <p>This action decreases the Zero Emissions Buses project and Revenue from Federal Government estimate by \$8,216,000, from \$13,074,000 to \$4,858,000, to align with the anticipated grant award amount from the Federal Aviation Administration. The initial budget was developed using the standard 80/20 split between grant funding and local share funding; however, this project qualifies under the Zero Emissions Vehicles grant program, which has a 50/50 split between grant funding and local share funding. An action to increase the local match funding (\$1,290,000) in the Airport Renewal and Replacement Fund is recommended in this report to offset this action.</p>	Airport Capital Program		(\$8,216,000)	(\$8,216,000)
<b>TOTAL AIRPORT CAPITAL IMPVT FUND (520)</b>			<b>(\$7,885,000)</b>	<b>(\$7,885,000)</b>

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>Non-Personal/Equipment (Air Service Incentive Program)</i></b>	Airport		\$1,126,026	
<p>This action increases the Airport Department's Non-Personal/Equipment appropriation by \$1,126,026 to implement the Air Service Incentive Program. In 2016-2017, the percentage growth in annual enplanements at the Airport was 12.8%, which exceeded the Federal Aviation Administration's projection of 2.2%. This increase in passenger enplanement triggered the Airport to activate 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. The original term of the Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend the Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 6.13% (from the Adopted Budget overhead rate of 21.13% to 15.00%), or \$1,126,026, in 2017-2018. This amount is then paid to the airlines in 2017-2018. Since 2012-2013, when the Airport first exceeded the nationwide growth, the City has allocated approximately \$3,391,842 from the General Fund for this provision. 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. The increase to the Non-Personal/Equipment appropriation of \$1,126,026, offset by a reduction to the General Fund transfer for Airport overhead, provides the funds to return to the airlines.</p>				
<b><i>Operations Contingency</i></b>	Airport		(\$4,500)	
<p>This action decreases the Operations Contingency by \$4,500 (from \$2,490,675 to \$2,486,175) to offset the action recommended in this report.</p>				

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<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>Overhead (Air Service Incentive Program)</i></b>	Airport		(\$1,126,026)	
<p>This action decreases the Airport Overhead transfer to the General Fund by \$1,126,026 to implement the Air Service Incentive Program. In 2016-2017, the percentage growth in annual enplanements at the Airport was 12.8%, which exceeded the Federal Aviation Administration's projection of 2.2%. This increase in passenger enplanement triggered the Airport to activate 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. The original term of the Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend the Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 6.13% (from the Adopted Budget overhead rate of 21.13% to 15.00%), or \$1,126,026, in 2017-2018. This amount is then paid to the airlines in 2017-2018. Since 2012-2013, when the Airport first exceeded the nationwide growth, the City has allocated \$3,391,842 from the General Fund for this provision. 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. A corresponding increase to the Airport Department's Non-Personal/Equipment appropriation is recommended in this report to offset this action.</p>				
<b><i>Personal Services (Public Art Maintenance)</i></b>	Economic Development		\$4,500	
<p>This action increases the Office of Economic Development's (OED) Personal Services appropriation in the amount of \$4,500, from \$115,000 to \$119,500. This increase is to provide funding for OED positions responsible for public art maintenance. A corresponding decrease to the Operations Contingency is recommended in this report to offset this action.</p>				
<b>TOTAL AIRPORT MAINT &amp; OPER FUND (523)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		(\$1,661,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>Lighting System Upgrade for the CAT II Approach</i></b>	Airport Capital Program		\$216,000	
<p>This action increases the Lighting System Upgrade for the CAT II Approach project by \$216,000, from \$193,000 to \$409,000, to provide funding for the City Council-approved ten percent contingency. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<b><i>Terminal B Ramp Rehabilitation</i></b>	Airport Capital Program		\$155,000	
<p>This action increases the Terminal B Ramp Rehabilitation project by \$155,000, from \$1,436,000 to \$1,591,000, to align with the local match funding required by the Federal Aviation Administration. The initial project budget was established prior to receiving bids on the project, and due to the highly competitive construction environment, bids received were higher than anticipated. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Zero Emissions Buses</i></b>	Airport Capital Program		\$1,290,000	
<p>This action increases the Zero Emissions Buses project by \$1,290,000, from \$3,632,000 to \$4,922,000, to align with the local match funding required by the Federal Aviation Administration. The initial budget was developed using the standard 80/20 split between grant funding and local share funding; however, this project qualifies under the Zero Emissions Vehicles grant program, which has a 50/50 split between grant funding and local share funding. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL AIRPORT RENEW &amp; REPL FUND (527)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<b><i>Aircraft Rescue and Fire Fighting Vehicle Replacement</i></b>	Airport Capital Program		(\$19,000)	
<p>This action decreases the Aircraft Rescue and Fire Fighting (ARFF) Vehicle project by \$19,000, from \$33,000 to \$14,000, to reflect the actual funding needed for the remaining expenses for this project. The Airport has purchased both ARFF vehicles and the remaining costs for 2017-2018 are for equipment expenses related to these vehicles. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		\$19,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL AIRPORT REV BOND IMP FUND (526)</b>			<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160)</b>				
<b><i>Benefits Consultant Fee</i></b>	Human Resources		\$50,000	
<p>This action increases the Benefits Consultant Fee appropriation by \$50,000, from \$206,000 to \$256,000, to provide for the creation of a modeling tool by a benefits consultant and actuary. This tool will assist with analyzing various City and employee contribution models, benefit migration, and long range cost projections to facilitate the consideration of various contribution options to ensure sustainable benefits choices for employees. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Human Resources		(\$50,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL BENEFIT FUND (160)</b>			<b>\$0</b>	<b>\$0</b>

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$326,000)	
This action decreases the Ending Fund Balance by \$326,000 to offset the actions recommended in this report.				
<b><i>Safety - Traffic Signal Modifications/Construction</i></b>	Traffic Capital Program		\$321,000	
This action increases funding for Safety - Traffic Signal Modifications/Construction by \$321,000 to recognize developer contributions received during 2016-2017 for designated improvements along Winchester Corridor (Winchester Boulevard and Santana Row/Valley Fair Urban Village). A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<b><i>Traffic Signal Improvement Program</i></b>	Traffic Capital Program		\$5,000	
This action increases funding for the Traffic Signal Improvement Program by \$5,000 to recognize contributions from the Franklin McKinley School District during 2016-2017 for the signal modification project located at South 10th Street and Tully Road. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			<b>\$0</b>	<b>\$0</b>
<b>BRANCH LIB BOND PROJECT FD (472)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Library Capital Program		(\$68,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Library Facilities Upgrades</i></b>	Library Capital Program		\$68,000	
This action establishes a Library Facilities Upgrades appropriation to the Library Department to support facilities upgrades such as improvements to the buildings or upgrades of equipment for bond funded libraries (Alviso Branch Library and Village Square Library). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
<b>TOTAL BRANCH LIB BOND PROJECT FD (472)</b>			<b>\$0</b>	<b>\$0</b>
<b>BUSINESS IMPVT DIST FUND (351)</b>				
<b><i>Downtown Business Improvement District Reserve</i></b>	Economic Development		(\$40,148)	
This action decreases the Downtown Business Improvement District Reserve by \$40,148 to offset an action recommended in this report.				
<b><i>Hotel Business Improvement District Reserve</i></b>	Economic Development		(\$309,336)	
This action decreases the Hotel Business Improvement District Reserve by \$309,336 to offset an action recommended in this report.				
<b><i>Japantown Business Improvement District Reserve</i></b>	Economic Development		(\$100)	
This action decreases the Japantown Business Improvement District Reserve by \$100 to offset an action recommended in this report.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BUSINESS IMPVT DIST FUND (351)</b>				
<b><i>Willow Glen Community Benefit Improvement District Reserve</i></b>	Economic Development		(\$5,198)	
This action decreases the Willow Glen Community Benefit Improvement District Reserve by \$5,198 to offset an action recommended in this report.				
<b><i>Downtown Business Improvement District</i></b>	Finance		\$40,148	
This action increases the Downtown Business Improvement District appropriation by \$40,148, from \$700,000 to \$740,148, to reflect the allocation of prior year assessments collected from the Downtown Business Improvement District (BID) that have not yet been distributed. The Downtown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Downtown BID Reserve is recommended in this report to offset this action.				
<b><i>Hotel Business Improvement District</i></b>	Finance		\$309,336	
This action increases the Hotel Business Improvement District appropriation by \$309,336, from \$2.7 million to \$3.0 million, to reflect the allocation of prior year assessments collected from the Hotel Business Improvement District (BID) that have not yet been distributed. The Hotel BID will use these funds for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Hotel BID Reserve is recommended in this report to offset this action.				
<b><i>Japantown Business Improvement District</i></b>	Finance		\$100	
This action increases the Japantown Business Improvement District appropriation by \$100, from \$40,000 to \$40,100, to reflect the allocation of prior year assessments collected from the Japantown Business Improvement District (BID) that have not yet been distributed. The Japantown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Japantown BID Reserve is recommended in this report to offset this action.				
<b><i>Willow Glen Community Benefit Improvement District</i></b>	Public Works		\$5,198	
This action increases the Willow Glen Community Benefit Improvement District appropriation by \$5,198, from \$339,937 to \$354,135, to reflect the allocation of prior year assessments collected from the Willow Glen Community Benefit Improvement District (CBID) that have not yet been distributed. The Willow Glen CBID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Willow Glen CBID Reserve is recommended in this report to offset this action.				
<b>TOTAL BUSINESS IMPVT DIST FUND (351)</b>			<b>\$0</b>	<b>\$0</b>

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CFD #1 CAPITOL AUTO MALL FUND (371)</b>				
<i>Community Facilities District #1 Debt Service Transfer</i>	Transportation		\$6,000	
<p>This action provides for a reimburseable transfer of \$6,000 to address a projected shortfall for a debt service payment due November 1, 2017 made by the trustee. Debt service on the municipal bonds which financed the construction of Community Facilities District #1 (CFD#1) improvements is primarily supported by the Facilities Special Tax and supplemented by the Services Special Tax on an as-needed basis pursuant to the Rate and Method of Apportionment of Special Tax. The Services Special Tax is otherwise designated for the maintenance of CFD#1 facilities. This transfer will be reimbursed from future Facilities Special Tax proceeds upon availability, but in the meantime is recommended to be funded from Ending Fund Balance to ensure full funding for the debt service payment.</p>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$6,000)	
<p>This action decreases the Ending Fund Balance by \$6,000 to offset the action recommended in this report.</p>				
<b>TOTAL CFD #1 CAPITOL AUTO MALL FUND (371)</b>			<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$150,000)	
<p>This action decreases the Ending Fund Balance by \$150,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Pump House and Maintenance)</i>	Transportation		\$150,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$150,000, from \$1,107,905 to \$1,257,905, to repair a pump house structure that was damaged during a motor vehicle accident (\$50,000) and to align funding due to an ongoing maintenance contract increase (\$100,000) that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset these actions.</p>				
<b>TOTAL CFD #2 AND CFD #3 FUND (369)</b>			<b>\$0</b>	<b>\$0</b>
<b>CFD #8 COMM HILL FUND (373)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$100,000)	
<p>This action decreases the Ending Fund Balance by \$100,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Maintenance)</i>	Transportation		\$100,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$100,000, from \$686,398 to \$786,398, to align funding due to an ongoing maintenance contract increase that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL CFD #8 COMM HILL FUND (373)</b>			<b>\$0</b>	<b>\$0</b>



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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>COMM DEV BLOCK GRANT FUND (441)</b>				
<b><i>Code Enforcement Operations</i></b>	Housing		\$127,736	
<p>This action increases the Code Enforcement Operations appropriation by \$127,736, from \$1,674,106 to \$1,544,052, for overhead costs. The overhead in the Community Development Block Grant Fund was inadvertently appropriated in the Housing Program Development and Monitoring appropriation. This action aligns the overhead budget with where the personal services costs will be incurred. A decrease to the Housing Program Development and Monitoring appropriation to offset this action is recommended in this report.</p>				
<b><i>Contractual Community Services</i></b>	Housing		\$30,000	
<p>This action increases the Contractual Community Services appropriation by \$30,000 to fund an additional contract with Project Sentinel for legal services for low income tenants. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		\$558,146	
<p>This action increases the Ending Fund Balance by a net \$558,146 to offset the actions recommended in this report.</p>				
<b><i>Housing Program Development and Monitoring</i></b>	Housing		(\$130,054)	
<p>This action decreases the Housing Program Development and Monitoring appropriation by \$130,054, from \$1,674,106 to \$1,544,052, for Code Enforcement and Legal Services overhead costs. Overhead for all personal services was inadvertently appropriated in the Housing Program Development and Monitoring appropriation. This action aligns the overhead budget where the personal services costs will be incurred. Corresponding increases to the Legal Services (\$127,736) and Code Enforcement Operations (\$2,318) appropriations are recommended in this report to offset this action.</p>				



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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>COMM DEV BLOCK GRANT FUND (441)</b>				
<b><i>Housing Rehabilitation Loans and Grants</i></b>	Housing		(\$438,052)	
<p>This action decreases the Housing Rehabilitation Loans and Grants by \$438,052, from \$3,465,000 to \$3,026,948. This reduction is a result of changing the source of funding for the Rebuilding for Heroes Program to a new appropriation in the Multi-Source Housing Fund utilizing the Housing Authority Litigation Award funds instead. This allows the Department greater flexibility in spending of the funds, while freeing up funding for Housing Rehabilitation projects. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Operating Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Legal Aid Fair Housing Program</i></b>	Housing		\$100,000	
<p>This action increases the Legal Aid Fair Housing Program appropriation by \$100,000, from \$200,000 to \$300,000. Program regulations require that funding for administrative planning and oversight be capped at 20% of the annual allocation combined with the prior year’s Program Income. The funding level for Administration has been increased to fund the \$100,000 reallocation of a Fair Housing Agreement (Law Foundation - \$100,000) from the Public Services category. This service is eligible for funding under either the Public Services or Administration cap. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Operating Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				

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<b>COMM DEV BLOCK GRANT FUND (441)</b>				
<b><i>Legal Services</i></b>	Housing		\$4,464	
<p>This action increases the Legal Services appropriation by \$4,464 from \$17,854 to \$22,318. This increase provides for the overhead costs that were inadvertently appropriated in the Housing Program Development and Monitoring appropriation (\$2,318) and additional non-personal/equipment costs (\$2,146). This action aligns the overhead budget with where the personal services costs will be incurred, as well as providing for supply costs. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the FY 2017-2018 Adopted Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. Corresponding adjustments to the Housing Program Development and Monitoring appropriation (\$2,318) and Ending Fund Balance (\$2,146) are recommended in this report to offset this action.</p>				
<b><i>Neighborhood Infrastructure Improvements</i></b>	Housing		(\$706,693)	
<p>This action decreases Neighborhood Infrastructure Improvements appropriation by \$706,693, from \$956,693 to \$250,000. An ongoing allocation for ADA ramps (\$650,000) has been eliminated because no more ramps remain to be installed in the City's three place based neighborhoods. In addition, the amount budgeted for a non-profit notice of funding availability has been reduced (\$56,693) to align the budget with the anticipated costs. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the FY 2017-2018 Adopted Operating Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Revenue From the Federal Government</i></b>	Housing			\$225,547
<p>This action increases the Revenue from the Federal Government by \$225,547, from \$7,970,491 to \$8,196,038, to align with actual allocations provided by the Federal Government. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017, the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				

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<b>COMM DEV BLOCK GRANT FUND (441)</b>				
<b><i>Section 108 Debt Service</i></b>	Housing		\$320,000	
<p>This action increases the Section 108 Debt Service appropriation by \$320,000, from \$1,885,865 to \$2,205,865, for additional interest expenses anticipated as a result of rising interest rates. Due to the variable interest rate of the Section 108 loans, payments on the debt service are anticipated to exceed the original debt service forecast of \$1,885,000. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Transportation Neighborhood Infrastructure Improvements</i></b>	Housing		\$360,000	
<p>This action increases funding to the Department of Transportation by \$360,000, from \$870,000 to \$1,230,000, to account for higher construction costs and to expand the scope of the pedestrian improvements project to include the north side of the intersection at King Road and San Antonio Street. Previously this project only included the South side of the intersection. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of Federal Government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017, the Federal Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan, which was approved by City Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL COMM DEV BLOCK GRANT FUND (441)</b>			<b>\$225,547</b>	<b>\$225,547</b>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$50,000)	
<p>This action decreases the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>GIS Mapping Support</i></b>	Parks & Comm Fac Dev Capital Program		\$50,000	
<p>This action increases the GIS Mapping Support appropriation in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central by \$50,000, from \$60,000 to \$110,000. Additional funds are needed to support ongoing licensing costs (\$15,000) and a one-time expense for a contractor to prepare GIS layers for functionality in the Public Works Enterprise Geodatabase and Business Intelligence databases (\$35,000). A corresponding decrease to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL CONST/CONV TAX CENTRAL FD (390)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX COMM FUND (397)</b>				
<b><i>Communications Maintenance</i></b>	Communications Capital Program		\$101,000	
This action increases the Communications Maintenance appropriation by \$101,000, from \$497,000 to \$598,000, to fund increased communication system maintenance activities related to the Silicon Valley Regional Interoperability Authority (SVRIA). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
<b><i>Ending Fund Balance Adjustment</i></b>	Communications Capital Program		(\$101,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<b>TOTAL CONST/CONV TAX COMM FUND (397)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Safety Capital Program		(\$300,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Fire Station 37 (Construction) Reserve</i></b>	Public Safety Capital Program		\$300,000	
This action increases the Fire Station 37 (Construction) Reserve appropriation by \$300,000, from \$2,160,000 to \$2,460,000. This will result in a five year CIP total of \$4,560,000 for this project reserve. Because Fire Station 37, the last project to be completed under the Public Safety Bond Program, is not moving forward at this time due to capital and operating funding gaps, a funding shift was made to reallocate the project intended Bond funds of \$5.5 million to eligible fire station remediation projects that would otherwise be funded in the Fire C&C Tax Fund and allocate the C&C funds to a Fire Station 37 Reserve. This allowed the Bond funds to be used for urgent fire station repairs while preserving funding for Fire Station 37 until that project can move forward. This action is consistent in keeping with the City's commitment to prioritize any additional Fire-related Construction and Conveyance Tax Revenues received to the reserve in order to backfill the bond funds as soon as practical. (With this action, a total of \$900,000 in additional funding is to be prioritized to bring the reserve to the intended bond funded level). A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action.				
<b>TOTAL CONST/CONV TAX FIRE FUND (392)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 1 FUND (377)</b>				
<b><i>Calabazas Community Center Feasibility Study</i></b>	Parks & Comm Fac Dev		\$205,000	
This action establishes the Calabazas Community Center Feasibility Study appropriation in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 in the amount of \$205,000 to complete the final two phases of the feasibility study including CEQA clearance. In the Subdivision Park Trust Fund, \$50,000 was expended to complete the first four phases of the feasibility study. This feasibility study will develop a financing strategy for the replacement of the existing Calabazas Community Center over the next ten years. A corresponding decrease to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 Ending Fund Balance is recommended in this report to offset this action.	Capital Program			
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev		(\$205,000)	
This action decreases the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 Ending Fund Balance to offset the action recommended in this report.	Capital Program			
<b>TOTAL CONST/CONV TAX PK CD 1 FUND (377)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>				
<b><i>Alum Rock Avenue and 31st Street Park Phase II</i></b>	Parks & Comm Fac Dev		\$77,000	
This action increases the Alum Rock Avenue and 31st Street Park Phase II project by \$77,000 bringing the total project budget to \$1.2 million. In the 2017-2018 Adopted Capital Budget, funding of \$1.1 million was allocated in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 for a new 1.7 acre park on Alum Rock Avenue and 31st Street. This additional funding will support higher than estimated Phase II project elements that may include construction of a dog park, play area, natural turf area, fitness cluster, community garden, park furnishings, and park elements associated with these improvements. A corresponding decrease to Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 Ending Fund Balance is recommended in this report to offset this action.	Capital Program			
<b><i>Alum Rock Avenue and 31st Street Park Design</i></b>	Parks & Comm Fac Dev		(\$17,000)	
This action eliminates the Alum Rock Avenue and 31st Street Park Design allocation for \$17,000. The Design phase of the project has been finalized and completed below budget. Savings from this phase of the project will fall to Ending Fund Balance and will support the development of the Alum Rock Avenue and 31st Street Park Phase II project elements, that may include construction of a dog park, play area, natural turf area, fitness cluster, community garden, park furnishings, and park elements associated with these improvements. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.	Capital Program			
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev		(\$150,000)	
This action decreases the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 Ending Fund Balance to offset the actions recommended in this report.	Capital Program			

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>				
<b><i>Plata Arroyo Park Improvements</i></b>	Parks & Comm Fac Dev Capital Program		\$90,000	
<p>This action increases the Plata Arroyo Park Improvements appropriation by \$90,000, from \$74,000 to \$164,000. Additional funds are needed to inspect the structural integrity of the air raid siren, repair, paint, and install the footing of the air raid siren, provide a fence surrounding the installation, and add two benches at Plata Arroyo Park, which will complete all elements of the project as listed in the contract. These elements of the project were inadvertently left out of the original scope of the project. A corresponding decrease to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL CONST/CONV TAX PK CD 5 FUND (382)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD10 FD (389)</b>				
<b><i>Leland Sports Field Turf Replacement</i></b>	Parks & Comm Fac Dev Capital Program		\$700,000	
<p>This action establishes the Leland Sports Field Turf Replacement appropriation in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 in the amount of \$700,000 to pay for artificial turf replacement of the main field at the Leland Sports Field facility. Per a contract agreement with San José Unified School District, the City is obligated to share 50% of the costs associated with turf replacement of the three fields at the Leland Sports Field facility. The existing Leland Sports Field Turf Replacement Reserve provides sufficient funding to support the future replacement of the artificial turf of the other two smaller fields at the facility. At this time, it has not been determined when the turf on the two smaller fields will be replaced. A corresponding decrease to Leland Sports Field Turf Replacement Reserve is recommended in this report to offset this action.</p>				
<b><i>Leland Sports Field Turf Replacement Reserve</i></b>	Parks & Comm Fac Dev Capital Program		(\$700,000)	
<p>This action decreases the Leland Sports Field Turf Replacement Reserve by \$700,000 (from \$1.2 million to \$539,000) to pay for artificial turf replacement of the main field at the Leland Sports Field facility. Per a contract agreement with San José Unified School District, the City is obligated to share 50% of the costs associated with turf replacement of the three fields at the Leland Sports Field facility. After funding the replacement of the artificial turf of the main field, the remaining balance of this reserve provides sufficient funding to support the future replacement of the artificial turf of the other two smaller fields at the Leland Sports Field facility. At this time, it has not been determined when the turf on the two smaller fields will be replaced. A corresponding action to establish the Leland Sports Field Turf Replacement appropriation is recommended in this report to offset this action.</p>				
<b>TOTAL CONST/CONV TAX PK CD10 FD (389)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$43,000	
This action decreases the Construction Tax and Property Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Environmental Mitigation Maintenance and Monitoring</i></b>	Parks & Comm Fac Dev Capital Program		\$70,000	
This action increases the Environmental Mitigation Maintenance and Monitoring appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes by \$70,000, from \$190,00 to \$260,000. Additional funding is necessary for Hydrology Monitoring and Coordination at Cherry Flats Dam to comply with a new State requirement to install monitoring equipment and report annually to the State. This is a result of Senate Bill 88 and the Emergency Regulation for Measuring and Reporting Water Diversion adopted by the State Water board. It is recommended that the installation of the monitoring equipment be done in October as it is typically the lowest seasonal flow for the creek. Completion in October will ensure the least impact to stream flow, limit the disturbance of silt, and lessen the impact to fish and other wildlife in the stream. Additional work will remove sediment and connect the monitoring equipment to an existing concrete apron at the base of the outfall. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.				
<b><i>Family Camp Repairs - Rim Fire</i></b>	Parks & Comm Fac Dev Capital Program		\$100,000	
This action increases the Family Camp Repairs - Rim Fire appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes by \$100,000, from \$50,000 to \$150,000. As a result of the August 2013 Rim Fire, some trees at San José Family Camp were burned and will need to be removed for safety reasons. In addition, the trees affected by the recent drought and bark beetles also need to be removed. Furthermore, while responding to the fire, the heavy equipment that was used, including fire trucks, caused damage to the roadways and pathways within the facility. As a result, the affected roadways and pathways need to be repaired. Some repair costs related to the Rim Fire are anticipated to be partially reimbursed by the City's insurance policy and Federal Emergency Management Agency. At this time, reimbursable cost are not yet known, but are expected to be determined in the future. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.				



# Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>Grace Baptist Minor Improvements</i></b>	Parks & Comm Fac Dev Capital Program		(\$52,000)	
<p>This action eliminates the Grace Baptist Minor Improvements appropriation for \$52,000. In the 2016-2017 Adopted Capital Budget, \$52,000 was allocated for Grace Baptist Minor Improvements including upgrading the existing electrical panel, installing outlets to support temporary cooling units, and other minor improvements. However, due to the recent relocation of Grace Baptist services to the Northside Community Center, the Grace Baptist Minor Improvements appropriation is no longer needed. Instead it is recommended to support equipment and furniture costs necessary for relocation expenses from the Grace Baptist Church location to its new Northside Community Center location. A corresponding action to establish the Northside Community Center - Grace Baptist Minor Equipment Relocation Costs appropriation is recommended in this report to offset this action.</p>				
<b><i>Guadalupe Creek (Almaden Expwy) Pedestrian Bridge Reimbursement</i></b>	Parks & Comm Fac Dev Capital Program		\$184,000	
<p>This action increases the Guadalupe Creek (Almaden Expwy) Pedestrian Bridge Reimbursement appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes by \$184,000, from \$100,000 to \$284,000. This allocation will provide reimbursement funding to the federal government for previous preliminary engineering and environmental review expenditures related to a pedestrian bridge that would have crossed Almaden Expressway. The City received grant funding for these project expenditures, however, per the grant agreement, since the project was later deemed infeasible, all previous grant funding received must be returned to the granting agency. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Happy Hollow Park &amp; Zoo Lactation Station</i></b>	Parks & Comm Fac Dev Capital Program		\$70,000	
<p>This action establishes the Happy Hollow Park &amp; Zoo (HHPZ) Lactation Station appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes in the amount of \$70,000. The June 2016 Mayor's Message provided funding of \$110,000 to equip the Children's Discovery Museum (CDM) (\$55,000) and the HHPZ (\$55,000) with lactation stations to make the facilities more family-friendly. At that time, the cost estimate was based on pre-fabricated units to be installed on site. The pre-fabricated station has since been installed at the CDM for indoor use. Initially, the lactation station at HHPZ was planned for outdoor use. However, the pre-fabricated model was not suitable for outdoor use and the contractor was not able to develop an outdoor model for use at HHPZ. As a result, the construction plan was revised to frame out a small room on the north side of the Picnic Basket restroom building for the construction of the lactation station. The additional funding will support revised construction elements and will complete the lactation station at HHPZ. A corresponding decrease to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>Northside Community Center - Grace Baptist Minor Equipment Relocation Costs</i></b>	Parks & Comm Fac Dev Capital Program		\$52,000	
<p>This action establishes the Northside Community Center - Grace Baptist Minor Equipment Relocation Costs appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes in the amount of \$52,000. In the 2016-2017 Adopted Capital Budget, \$52,000 was allocated for Grace Baptist Minor Improvements including upgrading the existing electrical panel, installing outlets to support temporary cooling units, and other minor improvements. However, due to the recent relocation of Grace Baptist services to the Northside Community Center, the Grace Baptist Minor Improvements appropriation is no longer needed. Instead it is recommended to support equipment and furniture costs necessary for relocation expenses from the Grace Baptist Church location to its new Northside Community Center location. A corresponding action to eliminate the Grace Baptist Minor Improvements appropriation is recommended in this report to offset this action.</p>				
<b><i>Other Revenue (Family Camp Rim Fire Reimbursement)</i></b>	Parks & Comm Fac Dev Capital Program			\$467,000
<p>This action recognizes reimbursement of \$467,000 by the City's insurance policy for repair costs associated with the August 2013 Rim Fire at San José Family Camp. At that time, it was estimated that the City would be reimbursed by the City's insurance policy, Federal Emergency Management Agency (FEMA), and California Governor's Office of Emergency Services (CalOES) for approximately \$1.0 million of the \$1.4 million anticipated to be expended. The reimbursement estimate was based on eligible repair costs in compliance with the City's insurance policy, FEMA and CalOES requirements. Typically, expenditures for natural disasters do not fully qualify for insurance, federal and state reimbursement. The reimbursement estimate was also based on the assumption that the City would absorb some of the repair costs associated with the August 2013 Rim Fire. As of September 2017, reimbursement funding of \$793,000 has been received. Remaining funding is anticipated to be reimbursed in the future (typically 5-10 years after the natural disaster) and will be allocated to the Parks City-Wide Construction and Conveyance Tax Fund accordingly when received. A corresponding increase to the Construction and Conveyance Tax Fund: City-wide Parks Purposes Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL CONST/CONV TAX PKS CW FUND (391)</b>			<b>\$467,000</b>	<b>\$467,000</b>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Service Yards Capital Program		(\$1,000)	
<p>This action decreases the Ending Fund Balance by \$1,000 to offset the action recommended in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>VTA Property Lease</i></b>	Service Yards Capital Program		\$1,000	
This action increases the VTA Property Lease appropriation by \$1,000, from \$20,000 to \$21,000, to reflect an increase in the property lease agreement between the City and the Valley Transportation Authority (VTA) for property located adjacent to the Mabury Yard. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
<b>TOTAL CONST/CONV TAX SRVC YDS FD (395)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>Bicycle and Pedestrian Facilities</i></b>	Traffic Capital Program		\$1,124,000	
This action re-establishes funding of \$1,124,000 for Bicycle and Pedestrian Facilities projects by reallocating savings realized during 2016-2017 for Transportation Development Act grant-eligible Complete Streets projects. Funds will continue to be used for grant-eligible activities, including the installation of various pedestrian and bicycle facilities, such as sidewalks, crosswalks, bikeways, bike parking, bike share, and school safety improvements, as well as educational programs. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset his action.				
<b><i>Bike/Pedestrian Development/Revenue from State of California</i></b>	Traffic Capital Program		\$49,000	\$49,000
This action recognizes new grant funding of \$49,000 from the State of California for the Sustainable Communities Planning Grant and increases the Bike/Pedestrian Development appropriation by \$49,000 to implement the San José Bike Plan Outreach Strategy with the goal of developing and piloting new planning techniques to share with other communities, and engaging across multiple formats to reach community members who may not attend a formal Bike Plan Update meeting.				
<b><i>Developer Refunds</i></b>	Traffic Capital Program		(\$709,000)	
This action decreases funding for Developer Refunds by \$709,000, from \$1,709,000 to \$1,000,000 to partially offset a \$1.8 million shortfall in Construction Excise Tax revenue for 2016-2017, as the potential for refunding overpayment of construction taxes is anticipated to be lower in 2017-2018. The remaining revenue shortfall is offset by actual project savings during 2016-2017.				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$436,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>LED Streetlights - Sebastian Borello Drive</i></b>	Traffic Capital Program		\$21,000	
This action increases funding for the LED Streetlights - Sebastian Borello Drive project by \$21,000 due to higher than anticipated costs resulting from bid results. The Mayor's June Budget Message for 2016-2017 allocated \$160,000 from the General Fund to install new streetlights on Sebastian Borello Drive to enhance pedestrian safety and mitigate illegal dumping. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<p><b><i>Pavement Maintenance - State Gas Tax (Reallocation to SB1 - Road Repair &amp; Accountability)</i></b></p> <p>This action reallocates \$7.2 million from Pavement Maintenance - State Gas Tax to the new SB1 - Road Repair &amp; Accountability appropriation to facilitate monitoring of funds allocated by the State of California through the Road Maintenance and Rehabilitation Account (RMRA) for the maintenance of state highways, local streets, and road systems. A corresponding adjustment to the SB1 - Road Repair &amp; Accountability appropriation is recommended elsewhere in the report to offset this action.</p>	Traffic Capital Program		(\$7,202,000)	
<p><b><i>SB1 - Road Repair &amp; Accountability (Reallocation from Pavement Maintenance - State Gas Tax)</i></b></p> <p>This action establishes the SB1 - Road Repair &amp; Accountability appropriation, reallocating \$7.2 million from Pavement Maintenance - State Gas Tax, to facilitate monitoring of funds allocated by the State of California through the Road Maintenance and Rehabilitation Account (RMRA) for the maintenance of state highways, local streets, and road systems. A corresponding adjustment to the Pavement Maintenance - State Gas Tax appropriation is recommended elsewhere in the report to offset this action.</p>	Traffic Capital Program		\$7,202,000	
<p><b><i>Transfer to the Construction Excise Tax Fund/Transfer from Cisco Systems Fund</i></b></p> <p>This action establishes a Transfer to the Construction Excise Tax Fund and a corresponding Transfer from the Cisco Systems Fund, an internal memo fund budgeted within the Construction Excise Tax Fund, in the amount of \$259. Although this action is a technical adjustment with no net fiscal impact, since the Cisco Systems Fund is housed within the Construction Excise Tax Fund, the recommended action is needed to reallocate and correctly align cash balances in each fund to the 2016-2017 Comprehensive Annual Financial Report (CAFR) based on a final reconciliation of the Construction Excise Tax Fund. In addition, this action also allows the close-out of the Cisco Systems Fund since the project in that area has been completed and no further activity will occur.</p>	Traffic Capital Program		\$259	\$259
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>			<b>\$49,259</b>	<b>\$49,259</b>
<b>CONV CTR FACIL DIST REV FD (791)</b>				
<p><b><i>Ending Fund Balance Adjustment</i></b></p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	Convention Facilities Dept		(\$215,100)	

# Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV CTR FACIL DIST REV FD (791)</b>				
<b><i>Public Art (Convention Center Exhibit Hall Lighting and Ceiling Upgrades Project)</i></b>	Economic Development		\$211,000	
<p>This action establishes a Public Art Program appropriation in the Convention Center Facilities District Revenue Fund in the amount of \$211,000. In compliance with City Council adoption of the revised Public Art Master Plan in March 2007, one percent of construction project funding is required to be allocated to public art, with the exception of several capital project exclusions, including ADA and seismic retrofits, rehabilitation, maintenance and operations, non-construction, or affordable housing projects. This funding allocation, which was omitted from the 2017-2018 budget development process, will initiate scope design and development of public art at or around the San José Convention Center as a result of the \$21.1 million Convention Center Exhibit Hall Lighting and Ceiling Upgrades project. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Debt Service: Special Tax Bonds</i></b>	Finance		\$4,100	
<p>This action increases the Special Hotel Tax Bonds appropriation by \$4,100 to address a projected increase in trustee fees for Special Hotel Tax Bonds. It is anticipated that there will be an increase in cost in 2017-2018 due to a higher rate of service fees charged by banks. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL CONV CTR FACIL DIST REV FD (791)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Capital Reserve</i></b>	Economic Development		\$3,000,000	
<p>This action increases the Capital Reserve by \$3.0 million, from \$500,000 to \$3.5 million, to set aside additional fund balance for future capital rehabilitation and improvement needs at the City's convention and cultural facilities. Due to the high level of activity at the Convention Center and cultural facilities managed by Team San José in 2016-2017, the operating subsidy typically provided to Team San Jose by the Convention and Cultural Affairs Fund (originally budgeted at \$3.4 million) was not needed in 2016-2017. These savings, together with a combination of other savings and the additional transfer of Transient Occupancy Tax proceeds based on 2016-2017 actual collections, allow for a \$3.0 million increase to the Capital Reserve, additional investments of \$780,000 in the current year as described elsewhere in this report, and a net increase to the Ending Fund Balance of \$56,000. The Capital Reserve sets aside resources for future capital rehabilitation and enhancements at the Convention Center or other cultural facilities that may be identified later in the year and as part of the 2018-2019 budget development process. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Economic Development		(\$3,538,892)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<p><b>Transfers and Reimbursements (Transfer from Transient Occupancy Tax Fund Revenue Reconciliation)</b></p> <p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$27.0 million by \$482,216. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$241,108 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding action in the TOT Fund is also recommended in this report.</p>	Economic Development			\$241,108
<p><b>Cultural Facilities Rehabilitation/Repair – Electrical</b></p> <p>This action increases the Cultural Facilities Rehabilitation/Repair – Electrical project in the amount of \$305,000, from \$1.1 million to \$1.4 million, to fund the upgrade of an old and outdated phone system in the Convention Center (\$180,000) and for expanded WiFi service throughout the Convention Center (\$125,000), which is anticipated to result in additional data collection of convention attendees and eventual revenue generation. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Muni Improvements Capital Program		\$305,000	
<p><b>Cultural Facilities Rehabilitation/Repair – Mechanical</b></p> <p>This action increases the Cultural Facilities Rehabilitation/Repair – Mechanical project in the amount of \$175,000, from \$692,000 to \$867,000, for the procurement and installation of a second trash compactor at the Convention Center to increase capacity and reduce open air containers (\$135,000) and for the additional funding necessary to complete repairs of the Center for the Performing Arts cooling tower (\$40,000). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Muni Improvements Capital Program		\$175,000	
<p><b>Museum Place Coordination and Review</b></p> <p>This action establishes the Museum Place Coordination and Review project in the amount of \$300,000. The replacement of the aging Parkside Hall facility into Museum Place – the high rise building incorporating hotel, office, retail, residential, event, and parking uses – will bring substantial benefit to the City and downtown community. However, significant coordination and review will be required to minimize impact to the Civic Auditorium, whose loading dock area is directly adjacent to the development site. Separate from the City’s normal development review process, this appropriation funds the preliminary review and analysis of the Museum Place development by Public Works staff (\$50,000) and consultants managed by Team San Jose (\$250,000) with the focus of ensuring adequate access for the Civic Auditorium’s loading docks so that the venue remains a competitive, destination theater during and after the construction of Museum Place. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>	Muni Improvements Capital Program		\$300,000	
<b>TOTAL CONV/CULTURAL AFFAIRS FUND (536)</b>			<b>\$241,108</b>	<b>\$241,108</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>E PRUSCH MEM PK IMPR FUND (131)</b>				
<b><i>Emma Prusch Park Electrical Repairs</i></b>	Parks & Comm Fac Dev Capital Program		\$50,000	
This action establishes the Emma Prusch Park Electrical Repairs appropriation in the Emma Prusch Fund in the amount of \$50,000. This project will provide funding for electrical improvements, repairs, and replace lighting that has been damaged. This project will result in improved lighting, security, and efficiency by installing LED lights in areas not currently covered. A corresponding decrease to Emma Prusch Park Future Projects Reserve is recommended in this report to offset this action.				
<b><i>Emma Prusch Park Future Projects Reserve</i></b>	Parks & Comm Fac Dev Capital Program		(\$50,000)	
This action decreases the Emma Prusch Park Future Projects Reserve by \$50,000 to establish the Emma Prusch Park Electrical Repairs appropriation. This project will provide funding for electrical improvements, repairs, and replace lighting that has been damaged. This project will result in improved lighting, security, and efficiency by installing LED lights in areas not currently covered. A corresponding action to establish the Emma Prusch Park Electrical Repairs appropriation is recommended in this report to offset this action.				
<b>TOTAL E PRUSCH MEM PK IMPR FUND (131)</b>			<b>\$0</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parking Capital Program		(\$500,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>San Jose Regional Transportation Hub – Programmatic Design Reserve</i></b>	Parking Capital Program		\$500,000	
This action establishes a reserve of \$500,000 in the General Purpose Parking Fund for preliminary planning and program design for the San José Regional Transportation Hub, including access planning. The City will seek matching funding from Caltrain, High Speed Rail, and VTA for a joint contract with a specialized consultant to perform extensive preliminary planning and design work to ensure that the future transportation hub meets all partners' needs, including access and integration with the surrounding cityscape.				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>			<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Library		(\$33,762)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				



# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Library - General Gifts</i></b>	Library		\$33,762	
<p>This action increases the Library - General Gifts appropriation by \$33,762 to appropriate gifts made by various donors, such as, the Friends of the Library groups, the San José Library Foundation, and the Santa Visits Alviso Foundation, in support of the following: Alum Rock Branch Library programming, supplies, and the Summer Reading Challenge (\$4,450); Alviso Branch Library Summer Reading Challenge (\$1,265); Bascom Branch Library Summer Reading Challenge (\$500); Berryessa Branch Library programming and supplies (\$2,242); Biblioteca Latinoamericana Branch Library programming and supplies (\$200); Cambrian Branch Library programming, supplies, and the Summer Reading Challenge (\$7,762); Evergreen Branch Library Summer Reading Challenge (\$400); Joyce Ellington Branch Library programming and supplies (\$150); Books for Little Hands (\$2,000); Pearl Avenue Branch Library programming, supplies, and the Summer Reading Challenge (\$2,635); Rose Garden Branch Library programming, supplies, and acquisitions of materials (\$147); Santa Teresa Branch Library programming and supplies (\$906); Tully Branch Library programming, supplies, and the Summer Reading Challenge (\$1,375); Village Square Branch Library programming, supplies, and the Summer Reading Challenge (\$800); Vineland Branch Library programming, supplies, and the Summer Reading Challenge (\$6,880); West Valley Branch Library programming and supplies (\$1,500); and Willow Glen Branch Library programming and supplies (\$550). A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Library - General Gifts/Other Revenue</i></b>	Library		\$22,708	\$22,708
<p>This action increases the Library - General Gifts appropriation and the estimate for Other Revenue to recognize and appropriate gifts made by various donors, such as, the Califa Group and the Friends of the Library groups in support of the following: Alviso Branch Library programming and supplies (\$600); Calabazas Branch Library programming and supplies (\$1,000); Dr. Martin Luther King Jr. Library programming and supplies (\$5,000); Educational Park Branch Library programming and supplies (\$475); Evergreen Branch Library programming and supplies (\$2,000); Joyce Ellington Branch Library programming and supplies (\$1,300); Pearl Avenue Branch Library programming and supplies (\$155); Summer Food Program (\$438); Village Square Branch Library programming and supplies (\$1,100); Vineland Branch Library programming and supplies (\$575); West Valley Branch Library programming, supplies and early education (\$8,250); and Willow Glen Branch Library programming and supplies (\$1,815).</p>				
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>\$22,708</b>	<b>\$22,708</b>
<b>M.D. #19 RIVER OAKS FUND (359)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$30,000)	
<p>This action decreases the Ending Fund Balance by \$30,000 to offset the action recommended in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>M.D. #19 RIVER OAKS FUND (359)</b>				
<i>Non-Personal/Equipment (Reconnect Irrigation)</i>	Transportation		\$30,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$30,000, from \$151,342 to \$181,342, to replace backflow devices and reconnect irrigation infrastructure to median islands. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL M.D. #19 RIVER OAKS FUND (359)</b>			<b>\$0</b>	<b>\$0</b>
<b>M.D. #2 TRADE ZONE/LUNDY FD (354)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$10,000)	
<p>This action decreases the Ending Fund Balance by \$10,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Irrigation System)</i>	Transportation		\$10,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$10,000, from \$60,623 to \$70,623, to repair damage to an irrigation system that occurred during the construction of underground utilities in July 2017. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL M.D. #2 TRADE ZONE/LUNDY FD (354)</b>			<b>\$0</b>	<b>\$0</b>
<b>M.D. #9 S TERESA/GRT OAKS FD (362)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$10,000)	
<p>This action decreases the Ending Fund Balance by \$10,000 to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (COLA)</i>	Transportation		\$10,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$10,000, from \$114,232 to \$124,232, to align funding due to an ongoing maintenance cost contract increase that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL M.D. #9 S TERESA/GRT OAKS FD (362)</b>			<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<i>City Housing Authority Reserve</i>	Housing		(\$2,000,000)	
<p>This action decreases the City Housing Authority Reserve by \$2,000,000, from \$28.0 million to \$26.0 million, in order to provide loans to owners of market-rate apartments and homes for construction improvements to their properties in exchange for accepting formerly homeless veterans as tenants. A corresponding increase to the new Rebuilding for Heroes appropriation is recommended in this report to offset this action.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<b><i>Emergency Shelter Grants</i></b>	Housing		\$35,902	
<p>This action increase the Emergency Shelter Grants appropriation by \$35,902, from \$979,490 to \$1,015,392, to provide for anticipated increased non-personal/equipment expenses. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		\$346,706	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>HOPWA SHAPPS</i></b>	Housing		(\$413,211)	
<p>This action decreases funding for the Housing Opportunities for Persons with AIDS (HOPWA) SHAPPS appropriation, from \$413,211 to \$0 and eliminates the appropriation. This competitive HOPWA grant program was completed and has been replaced by two new competitive HOPWA grant programs described elsewhere in this report. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Housing Opportunities for Persons with AIDS (HOPWA) Grants</i></b>	Housing		(\$13,861)	
<p>This action reduces the Housing Opportunities for Persons with AIDS (HOPWA) Grant appropriation by \$13,861, from \$1,013,122 to \$999,261. This action along with a rebudget of \$150,000 found elsewhere in this report will align the appropriation with the costs planned for 2017-2018. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment in the Ending Fund Balance is recommended in this report to offset this action.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<p><b><i>Housing Opportunities for Persons with AIDS-Permanent Supportive Housing (HOPWA PSH)</i></b></p> <p>This action establishes a new appropriation for Housing Opportunities for Persons with AIDS-Permanent Supportive Housing (HOPWA-PSH) in the amount of \$424,551 to fund the second of a three-year competitive Federal grant to provide permanent supportive housing services for people with AIDS living in affordable housing. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended in this report to offset this action.</p>	Housing		\$424,551	
<p><b><i>Housing Opportunities for Persons with AIDS-Violence Against Women Act (HOPWA-VAWA)</i></b></p> <p>This action establishes a new Housing Opportunities for Persons with AIDS-Violence Against Women Act (HOPWA-VAWA) appropriation in the amount of \$139,117 to fund the second of a three-year competitive Federal grant to provide permanent supportive housing services for people with AIDS living in affordable housing. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the “2017-2018 Annual Action Plan” due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the “FY 2017-2018 Annual Action Plan” accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended in this report to offset this action.</p>	Housing		\$139,117	
<p><b><i>Inclusionary Projects</i></b></p> <p>This action establishes the Inclusionary Projects appropriation in the amount of \$55,000 to enable staff to issue eleven equity-share loans of approximately \$5,000 each. The loans will be issued to homebuyers purchasing income restricted units in the Tierra Encantada complex. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.</p>	Housing		\$55,000	
<p><b><i>Rebuilding for Heroes</i></b></p> <p>This action establishes a Rebuilding for Heroes appropriation in the amount of \$2,000,000 to provide loans to owners of market-rate apartments and homes for construction improvements to their properties in exchange for accepting formerly homeless veterans as tenants. A corresponding decrease to the City Housing Authority Reserve appropriation is recommended in this report to offset this action.</p>	Housing		\$2,000,000	

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<b><i>Recovery Act-Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property</i></b>	Housing		\$150,000	\$150,000
<p>This action establishes the Neighborhood Stabilization Program 2 (NSP2) appropriation in the amount of \$150,000 and increases Revenue from the Use of Money/Property, from \$1,950,000 to \$2,100,000. The Housing Trust of Silicon Valley was designated by the Federal Government as the grant administrator for all NSP2 grants and the Housing Department is contracted with the Housing Trust of Silicon Valley to issue single family loans. This action will enable the City to pass repayments back to the Housing Trust of Silicon Valley for loans issued.</p>				
<b><i>Revenue from Federal Government</i></b>	Housing			\$574,204
<p>This action increases the Revenue from Federal Government by \$574,204, from \$2,004,117 to \$2,578,321, to align with actual allocations provided by the federal government. At the time of the preparation of the 2017-2018 Operating Budget, the City had not yet released the "2017-2018 Annual Action Plan" due to the uncertainty of federal government funding. Consequently, staff assumed a 5% reduction in funding in preparation of the 2017-2018 Adopted Operating Budget. On June 15, 2017 the Department of Housing and Urban Development released funding allocations and staff adjusted the "2017-2018 Annual Action Plan" accordingly. This action will align resources and funds within that plan which was approved by Council on June 20, 2017. A corresponding adjustment to Ending Fund Balance is recommended to offset this action.</p>				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			<b>\$724,204</b>	<b>\$724,204</b>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Works		(\$130,000)	
<p>This action decreases the Ending Fund Balance by \$130,000 to offset the action recommended in this report.</p>				
<b><i>Non-Personal/Equipment</i></b>	Public Works		\$130,000	
<p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$130,000, from \$670,709 to \$800,709, to provide funding for consultant services to study the regional small business inclusion program. In May 2017, Council approved master agreements for consulting services related to the development of a Citywide Contracting Program to assist the City with inclusive contracting and outreach. This funding allows the consultants to assist with outreach to contractors, consultants, and vendors to encourage and coordinate participation with City construction and consultant contracts. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL PUBLIC WKS PRO SUPPORT FD (150)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SELF-INSURED MEDICAL FUND (158)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Human Resources		\$21,560	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Fee, Rates, and Charges (Participant Contributions)</i></b>	Human Resources			\$47,000
This action increases the estimate for Fees, Rates, and Charges for Participant Contributions by \$47,000, from \$1,730,000 to \$1,777,000, to address a projected increase in the level of employee contributions, based on actual enrollment experience as of August 1, 2017 and a planned 10% rate increase for the self-funded PPO starting January 1, 2018, partially offset by an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. Additional information on this Fund can be found in the Selected Special/Capital Funds Budget Performance section of this report. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.				
<b><i>Non-Personal/Equipment (Benefits Consultant Contract)</i></b>	Human Resources		\$100	
This action increases the Human Resources Non-Personal/Equipment appropriation by \$100, from \$15,000 to \$15,100, to cover a portion of the Benefits Consultant contract cost that was inadvertently omitted from the 2017-2018 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
<b><i>Payment of Claims</i></b>	Human Resources		(\$655,660)	
This action decreases the Payment of Claims appropriation by \$656,000, from \$12.4 million to \$11.8 million, to address a lower projected level of Payment of Claims for employees, based on actual claim experience in 2016-2017, assumptions of a 1% claims load increase, a planned 10% rate increase for the self-funded PPO starting January 1, 2018, and an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. Additional information on this Fund can be found in the Selected Special/Capital Funds Budget Performance section of this report. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.				
<b><i>Self-Insured Medical Claims Reserve</i></b>	Human Resources		(\$1,155,000)	
This action decreases the Self-Insured Medical Claims Reserve by \$1,150,000 to \$500,000, to reflect actual fund performance, actual enrollment experience as of August 1, 2017, and projected participant contributions and medical claims expenses with a planned 10% rate increase effective January 1, 2018, offset by an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. The adjusted reserve level is \$2.4 million below the City's target level of three months of projected claims payments. A graduated approach to rate adjustments is recommended at this time to mitigate enrollment impacts while improving the reserve position for potential fluctuations in medical claims. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SELF-INSURED MEDICAL FUND (158)</b>				
<b><i>Transfers and Reimbursements (Reimbursements from City Funds and Retirement Funds)</i></b>	Human Resources			(\$1,836,000)
<p>This action decreases the City and Retirement Fund Reimbursements by \$1,836,000 to address a lower projected level of Reimbursements from City Funds (\$271,000; from \$1,830,000 to \$1,559,000) and Retirement Funds (\$1,565,000; from \$11,810,000 to \$10,245,000) based on actual enrollment experience as of August 1, 2017, a planned 10% rate increase for the self-funded PPO starting January 1, 2018, and an estimated 2% enrollment decrease that may result from the rate increase per information provided by the City's actuary. Additional information on this fund can be found in the Selected Special/Capital Funds Budget Performance section of this report. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL SELF-INSURED MEDICAL FUND (158)</b>			<b>(\$1,789,000)</b>	<b>(\$1,789,000)</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		(\$90,917)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>Non-Personal/Equipment (Fats, Oils, and Grease Commercial Inspection Program)</i></b>	Environmental Services		\$90,917	
<p>This action increases the Environmental Services Department Non-Personal/Equipment appropriation for the Fats, Oils, and Grease Commercial Inspection Program (FOG) by \$90,917, from \$234,000 to \$325,000. The 2017-2018 Adopted Operating Budget included a shift of the FOG program personnel from the San José-Santa Clara Treatment Plant Operating Fund to the Sewer Service and Use Charge Fund to reflect a re-focus of the program from the service area of the San José-Santa Clara Water Pollution Control Plant to the City's Sanitary Sewer Collection System. However, that action inadvertently did not include a respective shift of the program's non-personal/equipment budget. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL SEWER SVC &amp; USE CHARGE FD (541)</b>			<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		\$90,917	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				



# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b><i>Non-Personal/Equipment (Fats, Oils, and Grease Commercial Inspection Program)</i></b>	Environmental Services		(\$90,917)	
<p>This action decreases the Environmental Services Department Non-Personal/Equipment appropriation for the Fats, Oils, and Grease Commercial Inspection Program (FOG) by \$90,917, from \$34.2 million to \$34.1 million. The 2017-2018 Adopted Operating Budget included a shift of the FOG program personnel from the San José-Santa Clara Treatment Plant Operating Fund to the Sewer Service and Use Charge Fund to reflect a re-focus of the program from the service area of the San José-Santa Clara Water Pollution Control Plant to the City's Sanitary Sewer Collection System. However, that action inadvertently did not include a respective shift of the program's non-personal/equipment budget. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL SJ-SC TRMNT PLANT OPER FUND (513)</b>			<b>\$0</b>	<b>\$0</b>
<b>STATE DRUG FORF FUND (417)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Police		(\$150,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>Police Helicopter Replacement</i></b>	Police		\$150,000	
<p>This action establishes the Police Helicopter Replacement appropriation in the amount of \$150,000 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 an 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 being appropriated elsewhere in this report), \$150,000 from the State Drug Forfeiture Fund, 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's 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. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL STATE DRUG FORF FUND (417)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b><i>Backesto Park Renovation</i></b>	Parks & Comm Fac Dev Capital Program		\$50,000	
<p>This action increases the Backesto Park Renovation appropriation in the Subdivision Park Trust Fund by \$50,000, from \$25,000 to \$75,000. Additional funding will allow the installation of par course equipment and rule signs, which were removed from the current improvement project due to change order requests associated with repairs to the building. The par course equipment and additional rules signs are requests from the community. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report offset this action.</p>				
<b><i>Cannery Park Design Review and Inspection</i></b>	Parks & Comm Fac Dev Capital Program		(\$35,000)	
<p>This action decreases the Cannery Park Design Review and Inspection appropriation in the Subdivision Park Trust Fund by \$35,000, from \$342,000 to \$307,000. When this project was established as part of the 2016-2017 Mid-Year Budget Review, ten percent of the project budget was inadvertently not withheld for Subdivision Park Trust Fund administrative fees. Ten percent of each project's budget in the Subdivision Park Trust Fund is planned to be set aside for administrative and staffing costs and appropriated to the Park Trust Fund Administration appropriation, this action will correct for this oversight. A corresponding increase to the Park Trust Fund Administration appropriation is recommended in this report offset this action.</p>				
<b><i>Future PDO / PIO Projects Reserve</i></b>	Parks & Comm Fac Dev Capital Program		(\$108,000)	
<p>This action decreases the Future PDO/PIO Projects Reserve to offset the actions recommended in this report.</p>				
<b><i>Martin Park Accessibility Improvements</i></b>	Parks & Comm Fac Dev Capital Program		\$43,000	
<p>This action establishes the Martin Park Accessibility Improvements appropriation in the Subdivision Park Trust Fund in the amount of \$43,000. This project provides funding to pave a pathway from the adjacent McKinley School's rear parking lot to connect to the existing paved pathway in the park to provide access to the park. These improvements will comply with American Disability Act access requirements. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report to offset this action.</p>				
<b><i>Park Trust Fund Administration</i></b>	Parks & Comm Fac Dev Capital Program		\$35,000	
<p>This action increases the Park Trust Fund Administration appropriation in the Subdivision Park Trust Fund by \$35,000, from \$1.63 million to \$1.66 million. When the Cannery Park Design Review and Inspection project was established as part of the 2016-2017 Mid-Year Budget Review, ten percent of the project budget was inadvertently not withheld for Subdivision Park Trust Fund administrative fees. Because ten percent of each project's budget in the Subdivision Park Trust Fund is planned to be set aside for administrative and staffing costs and appropriated to the Park Trust Fund Administration appropriation, this action will correct for this oversight. A corresponding decrease to the Cannery Park Design Review and Inspection appropriation is recommended in this report to offset this action.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<p><b>TRAIL: Three Creeks (Lonus Street to Guadalupe River)</b></p> <p>This action increases the Trail: Three Creeks (Lonus to Guadalupe River) appropriation in the Subdivision Park Trust Fund by \$15,000, from \$20,000 to \$35,000. In fiscal year 2016-2017, a developer contribution in the amount of \$15,000 was made towards this project to support construction of the at-grade crosswalk improvements at Minnesota Ave. However, this developer contribution was inadvertently not recognized in the appropriation in 2016-2017. This action corrects for this oversight. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		\$15,000	
<p><b>Tamien Park Development (Phase I)</b></p> <p>This action decreases the Tamien Park Development (Phase I) appropriation in the Subdivision Park Trust Fund by \$231,000, from \$331,000 to \$100,000. Phase I of the project was completed below budget and the remaining balance of \$100,000 will support related close-out costs. Phase I of the development included a basketball court, a children's play area, a multi-purpose court area, picnic facilities, game tables, a restroom building, a parking lot, pathways, fencing, sound wall, landscaping, and site furnishings. The existing Tamien Park Development Reserve provides funding for any unforeseen costs that may arise during Phase II of the construction of Tamien Park. A corresponding increase to the Tamien Park Development Reserve is recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		(\$231,000)	
<p><b>Tamien Park Development Reserve</b></p> <p>This action increases the Tamien Development Reserve by \$231,000, from \$102,000 to \$333,000. The Tamien Park Development Phase I project will be completed below budget and the remaining balance of \$100,000 will support related close-out costs. Phase I of the development included a basketball court, a children's play area, a multi-purpose court area, picnic facilities, game tables, a restroom building, a parking lot, pathways, fencing, sound wall, landscaping, and site furnishings. In the 2017-2018 Adopted Capital Budget, \$2.5 million was allocated for design and construction of Tamien Park Development (Phase II) project. The remaining Phase I project budget will be reallocated to the existing Tamien Park Development Reserve, which provides funding for any unforeseen cost associated with Phase II of the construction project. A corresponding decrease to the Tamien Park Development (Phase I) appropriation is recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		\$231,000	
<b>TOTAL SUBDIVISION PARK TRUST FUND (375)</b>			<b>\$0</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<p><b>Ending Fund Balance Adjustment</b></p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	Police		(\$138,016)	

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b><i>SLES Grant 2016-2018</i></b>	Police		\$138,016	
<p>This action increases the Supplemental Law Enforcement Services (SLES) Grant 2016-2018 appropriation to the Police Department by \$138,016, from \$1,420,898 to \$1,566,378, to reflect additional grant funding received. Per the spending plan associated with this grant, this funding will help provide the Department with hardware, software and technology, including computer upgrades and enhancements. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL SUPPL LAW ENF SVCES FUND (414)</b>			<b>\$0</b>	<b>\$0</b>
<b>TRANSIENT OCCUPANCY TX FD (461)</b>				
<b><i>Ending Fund Balance Adjustment (TOT Revenue Reconciliation)</i></b>	Convention Facilities Dept		(\$482,216)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>San José Convention and Visitors Bureau (TOT Revenue Reconciliation)</i></b>	Convention Facilities Dept		\$120,554	
<p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$27.0 million by \$482,215. These funds are recommended to be distributed to three recipient organizations as included in this report. This action increases the San José Convention and Visitors Bureau allocation by \$120,554 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)</i></b>	Convention Facilities Dept		\$241,108	
<p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$27.0 million by \$482,215. These funds are recommended to be distributed to three recipient organizations as included in this report. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$241,108 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Cultural Grants (TOT Revenue Reconciliation)</i></b>	Economic Development		\$120,554	
<p>Actual 2016-2017 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$27.0 million by \$482,215. These funds are recommended to be distributed to three recipient organizations as included in this report. This action increases the Cultural Grants allocation by \$120,544 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL TRANSIENT OCCUPANCY TX FD (461)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>				
<b>Ending Fund Balance Adjustment</b>	Public Works		(\$65,000)	
This action decreases the Ending Fund Balance by \$65,000 to offset the action recommended in this report.				
<b>Municipal Car Wash Upgrade</b>	Public Works		\$65,000	
This action increases the Municipal Car Wash Upgrade appropriation by \$65,000, from \$0 to \$100,000 (including a rebudget of \$35,000 recommended elsewhere in this report), for the replacement of the car wash enclosure structure. During the course of the project that was initially budgeted in 2016-2017, it was revealed that significant rusting had occurred. As a result, total funding of \$100,000 (including a rebudget of \$35,000 recommended as a separate action) is recommended to replace the enclosure structure. Corresponding actions to decrease the Ending Fund Balance and rebudget project savings are recommended to offset this action.				
<b>TOTAL VEHICLE MAINT &amp; OPER FUND (552)</b>			<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515)</b>				
<b>Ending Fund Balance Adjustment</b>	Environmental Services		\$117	
This action increases the Ending Fund Balance to offset the action recommended in this report.				
<b>Transfer from the General Fund (Late Fee Reconciliation)</b>	Environmental Services			\$117
This action establishes a Transfer from the General Fund in the amount of \$117 to reimburse the Water Utility 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.				
<b>TOTAL WATER UTILITY FUND (515)</b>			<b>\$117</b>	<b>\$117</b>
<b>WORKFORCE DEVELOPMENT FD (290)</b>				
<b>Administration/Revenue from Federal Government</b>	Economic Development		(\$25,160)	(\$25,160)
This action decreases the Administration appropriation and corresponding estimate for Revenue from Federal Government by \$25,160 to align with actual allocations received from the Federal Government for 2017-2018.				
<b>Adult Workers/Revenue from Federal Government</b>	Economic Development		(\$158,294)	(\$158,294)
This action decreases the Adult Workers appropriation and corresponding estimate for Revenue from Federal Government by \$158,294 to align with actual allocations received from the Federal Government for 2017-2018. This program provides job training, occupational courses, work readiness certification, and other services that prepare unemployed adult workers to successfully enter the workforce.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2016-2017

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WORKFORCE DEVELOPMENT FD (290)</b>				
<b><i>BusinessOwnerSpace.com Network/Other Revenue</i></b>	Economic Development		\$8,000	\$8,000
This action increases the BusinessOwnerSpace.com Network and estimate for Other Revenue by \$8,000 to support work2future's Board and BusinessOwnerSpace.com related activities. This funding will support the Business Owner Space network, perform business outreach, and other miscellaneous items, such as light refreshments at job fairs and small business events.				
<b><i>Dislocated Workers Program/Revenue from Federal Government</i></b>	Economic Development		(\$136,465)	(\$136,465)
This action decreases the Dislocated Workers appropriation and corresponding estimate for Revenue from Federal Government by \$136,465 to align with actual allocations received from the Federal Government for 2017-2018. This program provides re-training, career coaching, occupational courses, and other services that aid individuals that are long-term unemployed, laid-off or on the verge of being laid-off and unlikely to return to their previous positions.				
<b><i>Ending Fund Balance Adjustment</i></b>	Economic Development		\$68,882	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Rapid Response Grant/Revenue from Federal Government</i></b>	Economic Development		(\$178,544)	(\$178,544)
This action decreases the Rapid Response Grant appropriation and corresponding estimate for Revenue from Federal Government by \$178,544 to align with actual allocations received from the Federal Government for 2017-2018. This program provides job training services to businesses and workers impacted or at risk of being impacted by company closures or layoffs.				
<b><i>Youth Workers/Revenue from Federal Government</i></b>	Economic Development		(\$163,999)	(\$163,999)
This action decreases the Youth Workers appropriation and corresponding estimate for Revenue from Federal Government by \$163,999 to align with actual allocations received from the Federal Government for 2017-2018. This program provides job training, career coaching, vocational assessments, and other services that prepare youth ranging from 18 to 21 in age to secure employment.				
<b><i>work2future Board Mandated Reserve Adjustment</i></b>	Economic Development		(\$68,882)	
This action decreases the work2future Board Mandated Reserve by \$68,882 to reflect the actual 2016-2017 Reserve allocation that was lower than the estimated level. A portion of each work2future appropriation is set aside each year in the work2future Board Mandated Reserve. Because there were higher than estimated Dislocated Workers, Adult Workers, and Youth Workers expenditures in 2016-2017, less funding was available to be placed into the reserve. A corresponding adjustment to the Ending Fund Balance is recommended in this report to offset this action.				
<b>TOTAL WORKFORCE DEVELOPMENT FD (290)</b>			<b>(\$654,462)</b>	<b>(\$654,462)</b>