

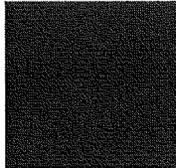


2013-2014

MID-YEAR  
BUDGET  
REVIEW



TRANSMITTAL  
MEMORANDUM



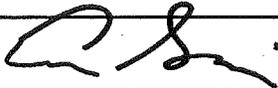
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** 2013-2014 MID-YEAR  
BUDGET REVIEW REPORT

**DATE:** January 31, 2014

Approved



Date 1/31/14

## RECOMMENDATIONS

- A. Approval of the 2013-2014 Mid-Year Budget Review Report.
- B. Adoption of related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2013-2014 Mid-Year Budget Review Report.

## OUTCOME

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2013-2014 Modified Budget based on actual performance during the first six months of 2013-2014. Based on this analysis, a limited number of budget revisions are recommended to address projected revenue and expenditure variances, account for new grants and reimbursements, and better position the City for the 2014-2015 budget process.

## EXECUTIVE SUMMARY

As a result of the recently improved economic conditions, combined with difficult budget decisions over the past decade to resolve net General Fund shortfalls totaling almost \$700 million, the City's budget has generally stabilized, although at service levels well below those that are considered satisfactory. In the 2013-2014 Adopted Budget, service reductions were avoided and targeted investments were focused on the most pressing service delivery and infrastructure needs. Budget actions in 2013-2014 enabled the City to:

- Provide limited service enhancements in core areas across the city;
- Address a small number of critical unmet/deferred infrastructure needs;
- Continue services funded on a one-time basis in 2012-2013;
- Continue investments in the City's capital infrastructure;

- Fund a limited number of programs/initiatives identified in the Mayor's March and June Budget Messages;
- Set aside reserve funding, including a new Budget Stabilization Reserve and a 2014-2015 Future Deficit Reserve; and
- Implement several service delivery efficiencies and cost reduction/revenue strategies.

The Administration is closely monitoring the City's budget to ensure that current year revenues and expenditures are meeting expectations, which is necessary to maintain budget stability and avoid service disruptions in any given year. Through the first half of the year, City funds are performing within expected 2013-2014 budgeted levels and, in some cases, revenues are outperforming expectations. There are isolated instances where current year performance is not meeting budgeted estimates. Budget actions are recommended in this document to address those problems without any service impacts.

### ***Mid-Year Budget Review Highlights***

#### **General Fund**

- If current collection trends continue, General Fund revenues are expected to slightly exceed the budgeted estimate by year-end. This is the result of stronger performance in several categories, such as Sales Tax, Transient Occupancy Tax, Business Taxes, and Licenses and Permits and Departmental Charges (Development Fee Program activity), partially offset by lower collections in other revenue categories, such as Fines, Forfeitures, and Penalties and Other Revenue. Overall, General Fund expenditures are also tracking within estimated levels and are projected to generate savings by year-end.
- A series of Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
  - Address a limited number of urgent fiscal/program needs, including:
    - Reallocating Police Department salary and benefit savings to: establish a \$4.0 million Police Department Overtime Reserve for 2014-2015 that would be used to backfill for vacant sworn and civilian positions and maintain targeted enforcement of high crime activity through suppression cars; and increase Police overtime funding by \$200,000 to support a Downtown Foot Patrol program;
    - Increasing the funding for the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance program by \$250,000 to meet the funding demands for this program;
    - Establishing the Property Assessed Clean Energy (PACE) Program appropriation in the amount of \$230,000 to assist in the development of a Request for Qualifications (RFQ) for a third-party administrator to form and administer a PACE District within the City's boundaries as directed by City Council on December 3, 2013;

- Dedicating \$200,000 to fund planning activities associated with the development of a lease agreement with the San José Patent and Trademark Office to occupy space in the City Hall Wing that is anticipated to be brought forward for City Council consideration this spring; and
- Adding \$50,000 in funding for a South Bay Coalition to End Human Trafficking coordinator as directed by the City Council on September 12, 2013.
- Implement required technical and rebalancing actions, as well as net-zero grants/reimbursements/fee adjustments. The largest adjustment includes actions to increase revenues based on unusually high construction activity with the four Development Fee Program partners (\$11.4 million) and allocate those funds to Development Fee Program Reserves (\$10.8 million) to ensure that funding is available to address work-in-progress and to Public Works staffing (\$0.6 million) to address current service demands. In addition, several adjustments are recommended to various revenue categories, including an increase to Sales Tax (\$2.0 million) based on actual first quarter receipts and a decrease to Fines, Forfeitures and Penalties (\$1.0 million) due to lower than anticipated Parking Fines. Technical clean-up adjustments are included in various departments to realign expenditures between appropriations and to reflect recent agreements between the City and three bargaining units and a mediator's recommended settlement with one bargaining unit.

### **Special/Capital Funds**

- Most of the revenues and expenditures in the City's special and capital funds are generally performing within expected levels through December. Budget adjustments are recommended in several cases to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the major recommended adjustments are highlighted below.
  - In the Building and Structure Construction Tax Fund and Construction Excise Tax Fund, increases to revenue estimates related to taxes received from private development projects totaling \$19.0 million are recommended due to extremely high levels of construction activity through December and anticipated through the remainder of 2013-2014. The additional revenue is recommended to be used as a local match for new grant funding of transportation projects and allocated to reserves for future distribution within the Traffic Capital Program.
  - In the Parks City-Wide Construction and Conveyance (C&C) Tax Fund, a recommendation is included to initially fund \$900,000 for the Family Camp Repairs – Rim Fire project that will provide for timely critical repair and rehabilitation efforts to ensure campers enjoy access to most of the facilities this summer. It is anticipated that the City will be reimbursed in whole or in part through the City's insurance policy covering San José Family Camp, the California Office of Emergency Services (Cal OES), and the Federal Emergency Management Agency (FEMA).

- In the Home Investment Partnership Program Fund, a recommendation is included to recognize and allocate grant funds of \$4.9 million to fund the Japantown Seniors Apartments project, a 75-unit apartment development that will service low-income seniors earning 30-60% of the area median income.

Looking forward, the Administration is scheduled to release the 2015-2019 General Fund Five-Year Forecast on February 28, 2014, and the 2014-2015 Proposed Capital and Operating Budgets on April 21, 2014 and May 1, 2014, respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

## **BACKGROUND**

The annual Adopted Budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2013-2014 Operating and Capital Budgets.

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

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

## **ANALYSIS**

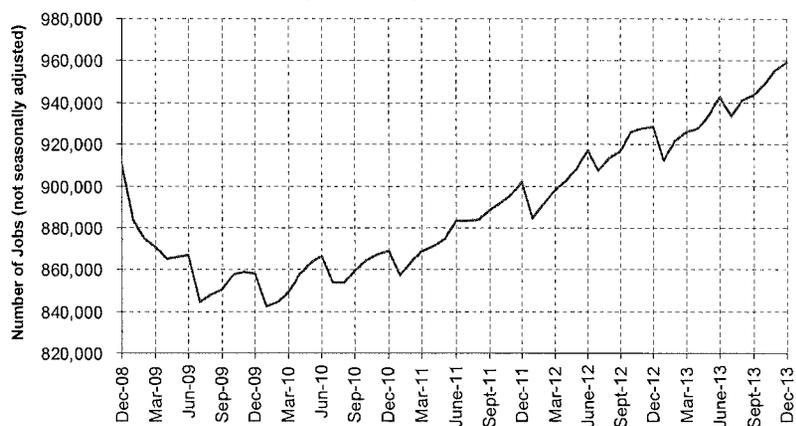
The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of recommended General Fund budget adjustments included in the Mid-Year Budget Review Report; a status report on selected special and capital funds; and status on two City Council referrals associated with the Multiple Permit Housing Program and Anti-Human Trafficking efforts.

**ECONOMIC ENVIRONMENT**

Economic performance in Silicon Valley continues to show signs of strength and recovery, consistent with the assumptions used in the development of the 2013-2014 Adopted Budget. Actual revenue performance through the first six months of the year supports the continuance of the economic recovery. Local economic indicators, including employment indicators, and local construction and real estate activity measures all show continuing growth and marked improvement. National economic indicators, including consumer confidence, also demonstrate a growing economy, though at a more moderate pace.

The San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) continues to report positive trends in employment. Total employment grew by 31,000 jobs, or 3.3% from 928,300 in December 2012 to a preliminary estimate of 959,300 in December 2013. The entire increase is due to non-farm jobs, the most significant of which are in the Professional and Business Services (6,800); Construction (5,500); Manufacturing (5,200); Trade, Transportation and Utilities (5,100); followed by Leisure and Hospitality (4,000) industries. Financial Activities was the only industry to experience a decline in growth when compared to December of the prior year.<sup>1</sup> The Administrative Support industry continues to be one of the fastest growing sectors in the State.<sup>2</sup> By August 2013, the South Bay labor market was one of the few in California whose levels had already exceeded its pre-recession employment peak.

**Monthly Employment - San Jose MSA**



As noted in The Beacon Employment Report, non-farm jobs added in California in December represented 18.4% of all jobs added across the nation. California added 13,600 non-farm jobs in December 2013, which is an increase of 1.6% over December 2012.<sup>3</sup>

<sup>1</sup> State of California Employment Development Department Labor Market Information Division Press Release, January 24, 2014

<sup>2</sup> Beacon Economics, The Regional Outlook – South Bay

<sup>3</sup> Beacon Economics, Employment Report, January 2014

Another positive indicator is the continuing decline in the unemployment rate. In December 2013, the unemployment rate in the San José Metropolitan Statistical Area (MSA) fell to 5.8%, down from the December 2012 rate of 7.8%. This compares favorably to the revised rate from November 2013 of 6.3%, to the unadjusted employment rate for California of 7.9%, and to the overall rate for the nation of 6.5%.

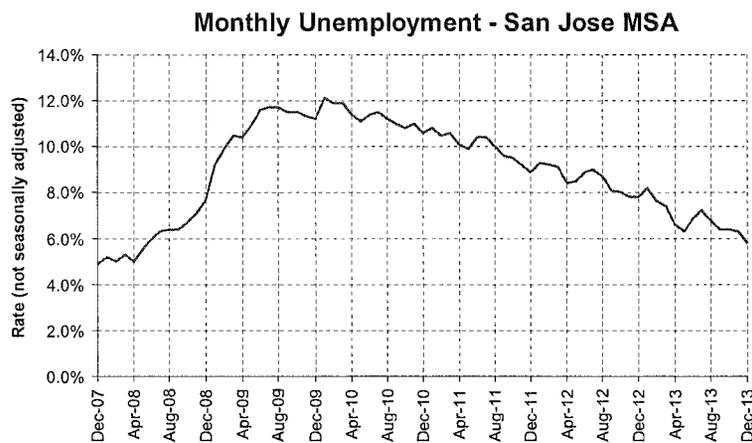
**Unemployment Rate (Unadjusted)**

	<b>Dec. 2012</b>	<b>Nov. 2013</b>	<b>Dec. 2013**</b>
San José Metropolitan Statistical Area*	7.8%	6.3%	5.8%
State of California	9.8%	8.3%	7.9%
United States	7.6%	6.6%	6.5%

\* San Benito and Santa Clara Counties

\*\* Preliminary Estimate

Source: California Employment Development Department



Construction activity in the private sector has also surged to levels not seen in over a decade. Through December, the table below shows substantial growth in all development categories when compared to last year.

In addition to the continued strong performance of new multi-family residential construction in North San José, the residential category was strongly influenced

by two downtown high rises, *Centerra* at North Almaden Avenue and West St. John Street and *One South Market* at E. Santa Clara Street and Market Street, and two developments at the “Hitachi site” at the northeast corner of Highway 85 and Cottle Road, *Ascent Apartments* and *South Village*. The number of new residential units through December 2013 totaled 2,522 compared to 1,519 through December 2012.

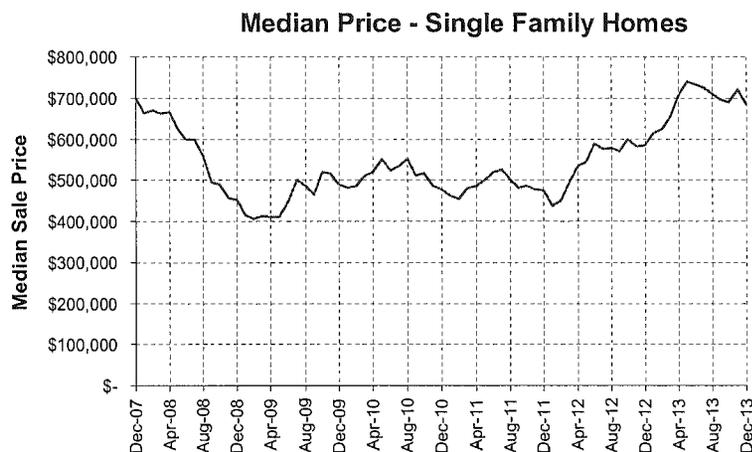
**Private Sector Construction Activity  
 (Valuation in \$ Millions)**

	<b>July-Dec. 2012</b>	<b>July-Dec. 2013</b>	<b>% Increase</b>
Residential	\$ 257.6	\$ 451.1	75%
Commercial	\$ 93.0	\$ 239.5	158%
Industrial	\$ 126.1	\$ 379.2	201%

Commercial activity was boosted by the new 16,000 seat outdoor soccer stadium for the San Jose Earthquakes, and two new hotels, Residence Inn (175 rooms) and Spring Hill Suites (146 rooms) at North First Street and Skyport Drive. Growth within the industrial sector was strongly influenced by Samsung Semiconductor, the 10-story, 680,000-square foot research and development building and 1,545-space parking garage at North First Street and Tasman Drive. In addition to the significant number of new high-value construction projects, alteration activities

through December 2013 also rose a combined 43% across all sectors, to \$282.7 million compared to \$197.1 million from the same period last year.

Performance in the housing market continues to be strong, namely when compared to activity levels experienced during the same period last year. The median single-family home price was \$685,000 in December 2013, which is an increase of 17.2% from the median home price of \$584,500 in December 2012. The average days-on-market for single-family and multi-family dwellings was 37, essentially unchanged from the



prior year average days-on-market of 36. The number of listings of new single-family and multi-family dwellings on the market has dropped approximately 8.7%, from 389 listings in December 2012 to 355 in December 2013. The number of property transfers (sales) for all types of residences fell below last year's levels, from 675 in December 2012 to 654 in December 2013. Cumulatively, property transfers from July through December totaled 4,190, which was up slightly by 0.5% from the 4,171 transfers during the first six months of 2012-2013.

The leading Consumer Confidence indicator, The Conference Board's *Consumer Confidence Survey*, reports that consumer confidence of 78.1 in December is up from November's 72.0 (in 1985 it was at 100)<sup>4</sup>. In general, consumers' expectations of overall conditions have improved. Sentiment about the job market is positive; those who say that jobs are "hard to get" decreased from 34.1% to 32.5%, and those anticipating more jobs in the future is up, from 13.1% to 17.1%. According to Lynn Franco, Director of Economic Indicators at The Conference Board, "Consumer confidence rebounded in December and is now close to pre-government shutdown levels (September 2013, 80.2). Sentiment regarding current conditions increased to a five and a half year high (April 2008, 81.9), with consumers attributing the improvement to more favorable economic and labor market conditions. Looking ahead, consumers expressed a greater degree of confidence in future economic and job prospects, but were moderately more pessimistic about their earning prospect. Despite the many challenges throughout 2013, consumers are in better spirits today than when the year began."<sup>5</sup>

On a national level, despite the 16 day partial shutdown of the federal government and the difficult rollout of the Affordable Care Act, modest growth in the near term continues to be anticipated. According to the December 2013 UCLA Anderson Forecast, real Gross Domestic Product (GDP) will sustain a 3% growth path. Should this growth rate be achieved, it is estimated that the unemployment rate will decline to about 6% by the end of 2015. Similar to

<sup>4</sup> The Conference Board, Consumer Confidence Survey, December 31, 2013

<sup>5</sup> The Conference Board, Consumer Confidence Survey, December 31, 2013

current economic activities in San José, UCLA Anderson Forecast notes that both the housing sector and the automobile sector will be aiding to the growth outlook, with housing starts increasing over 35% in 2014 and 12% in 2015 and automobile sales increasing by \$500,000 units to \$16.0 million in 2014 and \$16.5 million in 2015.<sup>6</sup>

Economic conditions will continue to be closely monitored and factored into the 2015-2019 General Fund Five-Year Forecast, scheduled to be released on February 28, 2014, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 21, 2014 and May 1, 2014, respectively.

### **GENERAL FUND PERFORMANCE**

General Fund revenues and transfers through December totaled \$420.4 million, or 44.5% of the budgeted estimate. Based on current collection trends, existing revenues are tracking to end the year approximately \$12 million to \$16 million above budgeted levels (variance of approximately 1.5%). Approximately \$10 million to \$12 million of this higher collection level can be attributed to significant growth seen in the Development Fee Program collections. Through December, the majority of revenues tracked at or above budgeted collections, including: Sales Tax, Transient Occupancy Tax, Business Taxes, Property Tax, Licenses and Permits, and Departmental Charges. These positive variances are partially offset by lower collections in a limited number of categories, including Fines, Forfeitures, and Penalties, Revenue from the Federal Government, and Other Revenue.

In this document, an overall net increase of \$13.6 million to the General Fund revenue estimates is recommended. This is primarily due to the recognition of grants, reimbursements, and/or fee related funds (\$12.9 million) as well as a small number of required technical and rebalancing actions to increase revenue estimates by a net \$760,000 to bring estimates in line with revised projections. The revenue estimates for this year will continue to be updated and refined as part of the upcoming Five-Year Forecast and Proposed Budget process and will be reported through the release of the Bi-Monthly Financial Reports.

General Fund expenditures through December totaled \$445.5 million, or 37.8% of the total 2013-2014 Modified Budget. This represents an increase of \$62.4 million, or 16.3%, from the December 2012 level of \$383.1 million. Encumbrances totaling \$34.1 million were \$2.0 million (6.0%) below the December 2012 level of \$36.2 million. Through December, expenditures and encumbrances of \$479.7 million constituted 40.7% of the total Modified Budget (including reserves) of \$1.2 billion – without reserves of \$144.6 million, expenditures and encumbrances constituted 46.4% of the total Modified Budget. Overall, General Fund expenditures are tracking within anticipated levels and are expected to end the year with savings.

There are a limited number of budget adjustments recommended to address urgent fiscal or program needs. Other technical/rebalancing actions, clean-up actions, and net-zero grants, reimbursements, and fee adjustments are also recommended in this document. As with revenues, General Fund expenditure adjustments result in a net increase of \$13.6 million.

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<sup>6</sup> UCLA Anderson Forecast December 2013.

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

**RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS**

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in a net increase of \$13.6 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) fund a limited number of urgent fiscal or program needs; 2) implement required technical/rebalancing adjustments; 3) recognize various revenue-supported grants, reimbursements, and fee adjustments; and 4) implement clean-up actions.

The following chart summarizes these recommended adjustments:

**2013-2014 MID-YEAR BUDGET REVIEW  
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

<b>BUDGET CATEGORY</b>	<b>Use of Funds (\$ in Millions)</b>	<b>Source of Funds (\$ in Millions)</b>
<b>Urgent Fiscal/Program Needs</b>		
Transportation Department – Sidewalk Hardship Program	\$0.250	
Property Assessed Clean Energy Program (PACE)	0.230	
Public Works Unfunded Projects (Patent Office)	0.200	
Police – South Bay Coalition to End Human Trafficking Coordinator	0.050	
Police Net-Zero Shifts (Overtime Reserve/Downtown Foot Patrol)	0.000	
<b>Total Urgent Fiscal/Program Needs</b>	<b>\$0.730</b>	<b>\$0.000</b>
<b>Required Technical/Rebalancing Actions</b>		
Sales Tax		\$2.000
Parking Citations/Jail Courthouse Fees/Parking Fines Revenue	\$(0.425)	(1.000)
Other Net Revenue Adjustments		(0.240)
Property Tax Administration Fee	0.185	
Finance Department - PeopleSoft Tax Update	0.100	
Other Net Expenditure Adjustments	0.170	
<b>Total Required Technical/Rebalancing Actions</b>	<b>\$0.030</b>	<b>\$0.760</b>
<b>Grants/Reimbursements/Fees</b>		
Various Grants/Reimbursements/Fee Adjustments	<b>\$12.863</b>	<b>\$12.863</b>
<b>Clean-Up Adjustments</b>		
Various Net-Zero Adjustments	0.000	
<b>Total Clean-Up Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Recommended Adjustments</b>	<b>\$13.623</b>	<b>\$13.623</b>

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

<b>URGENT FISCAL/PROGRAM NEEDS</b>
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- ***Transportation Department – Sidewalk Hardship Program (\$250,000):*** This action increases the Transportation Department Non-Personal/Equipment appropriation by \$250,000 to provide additional funding for the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance Program, increasing the program funding from \$160,000 to \$410,000. Street tree maintenance and sidewalk repairs are the responsibility of adjacent property owners. This program provides financial assistance to eligible low-income property owners for tree maintenance activities that include pruning and removal, and sidewalk repairs that include sidewalk grinding, sidewalk replacement, curb/gutter replacement, and driveway approach replacement. The current funding of \$160,000 was exhausted by the end of October 2013, and this recommended action will provide funding for the remainder of the fiscal year and allow for the adjustment of the 2014-2015 Base Budget accordingly.
- ***Property Assessed Clean Energy Program (PACE) (\$230,000):*** This action establishes a Property Assessed Clean Energy (PACE) Program appropriation to the Finance Department in the amount of \$230,000. Funding will assist in the development of a Request for Qualifications (RFQ) for a third-party administrator to form and administer a PACE District within the City's boundaries as directed by the City Council on December 3, 2013. Resources will be used to fund outside counsel (\$130,000) for the City Attorney's Office to assist in the RFQ/exemplar agreement and the negotiation, execution, and monitoring of the third party administrator agreement, as well as provide an outside financial advisor (\$100,000) to assist in the development of an RFQ and a technical review of responses.
- ***Public Works Unfunded Projects (Patent Office) (\$200,000):*** This action increases the Public Works Unfunded Projects appropriation by \$200,000, from \$168,000 to \$368,000, to fund planning activities associated with the development of a lease agreement with the San José Patent and Trademark Office for the use of the City Hall Wing that is anticipated to be brought forward for City Council consideration this spring. These funds will also be used for programming, space planning, and procurement of a design-build contractor to reconstruct the office space on the first, second, and third floors of the wing as well as the space at City Hall to accommodate displaced operations from the Wing to the Tower in anticipation of the approval of a lease agreement with the United States Patent and Trademark Office, which will include a cost sharing component for the costs of the project. Staff is in the process of evaluating the amount of additional funding in 2014-2015 necessary for the design and construction of this project.
- ***Police – South Bay Coalition to End Human Trafficking Coordinator (\$50,000):*** This action increases the Police Department's Non-Personal/Equipment appropriation by \$50,000 to support the efforts of the South Bay Coalition to End Human Trafficking organization as directed by City Council on September 12, 2013. This organization supports human trafficking prevention, intervention, prosecution, and victim services in our region. In

addition to ongoing efforts, an immediate need is planning and coordination for the 2016 Super Bowl to be hosted in Santa Clara. Historically, regions that host large-scale sporting events, such as the upcoming 2016 Super Bowl, experience an increase in human trafficking and commercial sex exploitation. This action will provide funding to support a full-time coordinator position that works that supports the coalition through a policy-based collaborative approach that will complement the work of the San José Police Department.

- **Police Department Net-Zero Shifts (Overtime Reserve/Downtown Foot Patrol) (\$0):** The following net-zero shifts in Police Department funding are recommended:
  - *Police Department Overtime Reserve (\$4.0 million)/Police Department Personal Services (-\$4.0 million)* – This action establishes a \$4.0 million Police Department Overtime Reserve for 2014-2015 that would be funded by Police Department salary and benefit savings generated from vacancies. As of January 16, 2014, the authorized sworn staffing level totaled 1,109, of which 970 were street-ready (87.4% - this number includes sworn employees on disability leave), 76 were in training (6.9%), and 63 were vacant (5.7%). Although the Department is conducting regular police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2014-2015 with approximately 70-80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2014-2015 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The Department continues to review strategies to improve the rate of sworn hiring and training in an effort to increase street-ready sworn positions in the Department to the extent possible. The overtime funding will also be available to cover civilian staffing vacancies, as needed.
  - *Police Department Downtown Foot Patrol (\$200,000)* – This action increases the Police Department's overtime funding by \$200,000 to support a Downtown Foot Patrol program which will enhance safety and security, support ongoing surveillance and apprehension projects, and allow specialized units such as Downtown Services Unit and Metro to focus on high crime activity. This program will address growing concerns from businesses and the public regarding safety Downtown by deploying four Police Officers and one Police Sergeant on a 5 hours per day, 5 days per week schedule. This action reallocates anticipated departmental salary and benefits savings of \$200,000 to the overtime budget to fund this program.

<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>
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- **Sales Tax (\$2.0 million):** This action increases the estimate for Sales Tax by \$2.0 million, from \$170.1 million to \$172.1 million, due to higher General Sales Tax receipts for the first quarter of 2013-2014. This action aligns the budgeted estimate for General Sales Tax with actual first quarter receipts, which reflected 8.5% growth compared to the budgeted estimate of 3.0%. However, it should be noted that on an economic basis, growth of 4.1% was realized in first quarter receipts. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information about Sales Tax performance.

- ***Parking Citation/Jail Courthouse Fees (-\$425,000)/Parking Fines Revenue (-\$1.0 million):*** This action reduces the Parking Citations/Jail Courthouse Fees appropriation by \$425,000 to reflect a reduction in Parking Fines collection activity. This reduction is the result of staff vacancies and a higher level of staff absences due to a combination of injuries and non-work related injuries/illness. A corresponding decrease of \$1.0 million to the revenue estimate for Fines, Forfeitures and Penalties is also recommended to reflect lower than expected parking fines in the current year.
- ***Other Net Revenue Adjustments (-\$240,000):*** A number of adjustments to various revenue line items are recommended to bring the budget in line with current projections. Major recommendations include the following:
  - ***Other Revenue (-\$1.4 million)*** - This action reduces the estimate for Other Revenue to reflect the elimination of the reimbursement from City funds for costs associated with Banking Services (\$1.15 million) and the elimination of revenue associated with the Finance Department Payment Manager Program approved in the 2013-2014 Adopted Operating Budget (\$250,000). The reimbursement cost for banking services was inadvertently being double counted since it was being reimbursed directly by City funds and it was also included in the calculations of the 2013-2014 Cost Allocation Plan. The implementation of the Payment Manager Program was delayed due to vacancies in the Finance Department. Under this program, a new vendor process would allow vendors to receive electronic payments in-lieu of manual checks. Vendors choosing to participate in receiving the City's payments in this faster and more efficient manner would incur a small fee assessed by the banking services provider. The banking services provider would then share a portion of this revenue with the City.
  - ***Transfers and Reimbursements (\$660,000)*** - This action increases the Transfers and Reimbursements revenue estimate by \$660,000 from \$68.2 million to \$68.9 million. This increase reflects the impact of higher collection levels in Gas Taxes (\$500,000), higher interest transfers (\$120,000), and a new transfer from the Neighborhood Security Bond Fund to reimburse the General Fund for costs associated with several Public Safety Capital projects (\$40,000).
  - ***Business Taxes (\$500,000)*** - This action increases the Business Taxes revenue estimate by \$500,000 (from \$42.4 million to \$42.9 million) to reflect an increase in revenue from the Disposal Facility Tax (DFT). DFT are business taxes based on the tons of solid waste disposed at landfills within the City of San José. Revenue is driven by various factors that affect the amount of waste generated and how it is disposed, including economic activity, weather, diversion programs, and price sensitivity to disposal rates. This increase is primarily attributed to higher amounts of waste disposed at the landfills from the neighboring jurisdictions. DFT collections are projected to total \$10.5 million, up from the 2013-2014 revenue estimate of \$10.0 million, but slightly below the 2012-2013 collection level of \$10.7 million.
- ***Property Tax Administration Fee (\$185,000):*** This action increases the Property Tax Administration Fee (PTAF) appropriation by \$185,000 (from \$1.6 million to \$1.8 million) to align the budget with preliminary projections provided by the County of Santa Clara which are above the levels assumed in the development of the 2013-2014 Adopted Budget. The

PTAF provides payment to the County of Santa Clara for the cost to administer property taxes.

- **Finance Department – PeopleSoft Tax Update (\$100,000):** This action increases the Finance Department Non-Personal/Equipment appropriation by \$100,000 to ensure tax tables are current for payroll processing. As a result of the discontinuation of support for the current human resources/payroll system software in December 2012, annual payroll tax updates are necessary to ensure the viability of the current system. The Administration has funding appropriated for an upgrade to the human resources/payroll system and is planning on issuing a Request for Proposal (RFP) this spring.
- **Other Net Expenditure Adjustments (-\$170,000):** A number of adjustments to various expenditure line items are recommended to bring the budget in line with current projections. Major recommendations include the following:
  - *Workers’ Compensation State License (\$85,000)* - This action increases the Workers’ Compensation State License appropriation by \$85,000, from \$916,000 to \$1.0 million, due to a higher than expected invoice from the State of California. The State has increased five of the six assessment factors that comprise the total fee and, as a result, the actual fee increase was 14.7% over the previous year. The budget assumed a 5% increase over the previous year.
  - *Transfer to the Neighborhood Security Bond Fund (\$40,000)* - This action establishes a Transfer to the Neighborhood Security Bond Fund (Bond Fund) in the amount of \$40,000 in order to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.
  - *Arena Traffic Control (Secondary Employment Unit) (\$25,000)* - This action increases the Arena Traffic Control appropriation by \$25,000, from \$227,000 to \$252,000. On July 1, 2013, the pay rate for special events coordinated through the Police Secondary Employment Unit (SEU) and performed by police sworn staff was increased 15%, from \$48.00 to \$55.00 per hour, by the authority of the Chief of Police. SEU includes traffic control services provided by sworn police officers during events held at the San José McEnery Convention Center and the SAP Center. This action ensures that there is sufficient funding to cover the rate increase and maintain the current level of service.
  - *FMC Operating Site Costs (\$20,000)* - This action increases the FMC Operating Site Costs appropriation by \$20,000 to ensure that sufficient funding is available for the operating costs of the FMC property for the remainder of the year. These costs include utilities to operate the site.
  - *Council District #8 (\$56,000)/Office of the Mayor (-\$56,000)* - This action reallocates funding of \$56,000 to the Council District #8 appropriation from the Office of the Mayor appropriation to correct an error. In 2012-2013, the cost of a new hire in the Office of the Mayor was inadvertently charged to the Council District #8 appropriation.
  - *Office of Economic Development – Building Development Fee Program – Personal Services (\$50,000)/Planning, Building and Code Enforcement Department – Building Development Fee Program – Personal Services (-\$50,000)* - This action reallocates savings in the Planning, Building and Code Enforcement Department’s Building

Development Fee Program – Personal Services appropriation to the Building Development Fee Program – Personal Services appropriation in the Office of Economic Development in the amount of \$50,000 to account for higher projected staff costs.

- *Office of Economic Development – Personal Services (\$150,000)/Office of Economic Development – Non-Personal/Equipment (-\$150,000)* - This action increases the Personal Services appropriation in the Office of Economic Development to account for higher than anticipated staff costs, due primarily to Real Estate staff allocating a higher percentage of their time to work supported by the General Fund rather than capital funds as was budgeted. The Office of Economic Development and the Budget Office will continue to closely monitor expenditures and may bring forward to the City Council additional adjustments at year-end if needed. This increase is recommended to be offset by a reduction to the Office of Economic Development Non-Personal/Equipment appropriation.
- *Workers' Compensation Claims – Public Works (\$400,000)/Workers' Compensation Claims – Police (-\$400,000)* - This action increases the Workers' Compensation claims – Public Works Department by \$400,000 (from \$320,000 to \$720,000) to address higher than anticipated claims as a result of four unanticipated high-value claims. This increase is recommended to be offset by a corresponding reduction to the Workers' Compensation Claims – Police Department appropriation.
- *Police Department Overtime (\$0)* - This action increases the Police Department overtime budget by \$3.0 million, offset by anticipated departmental salary and benefit savings. Based on current expenditure trends, overtime expenditures are tracking to exceed the budget of \$18.1 million by approximately \$3.0 million. This increase is primarily due to the need to backfill for sworn positions that are vacant, not street-ready, and/or not available to work, as well as to backfill for civilian vacancies. The Police Department's current overtime budget of \$18.1 million incorporates increases of \$6.2 million for 2013-2014 and is in close alignment with the 2012-2013 actual expenditures of \$18.6 million. This funding provides resources while the department works through filling vacant positions and training new employees. However, street-ready sworn positions are 2.6% (26 positions) lower than last year at this time, necessitating additional overtime resources to meet service demands. Also, dispatcher vacancies or positions in training continue to remain high (30%) which require backfilling to ensure adequate service levels. The additional \$3.0 million in overtime funding will ensure service levels to our community remain at a minimum of last year's levels.
- *Fire Department Overtime (\$0)* - This action increases the Fire Department's overtime budget by \$750,000, from \$5.3 million to \$6.0 million, offset by departmental salary and benefit savings. This adjustment will bring the overtime budget in line with projected expenditures and ensure that sufficient funding is available to maintain current minimum staffing levels. Overtime has been used to backfill vacancies and absences in line duty positions (vacation, strike team deployments, modified duty, sick leave, disability, and other absences). One factor impacting overtime this year is the increase in disability hours, up 12% over the historically high level experienced last year. Strike Team deployments have also impacted overtime, and a separate budget action is recommended

to recognize reimbursement revenue and allocate those funds to Fire Department overtime to support those deployments.

#### GRANTS/REIMBURSEMENTS/FEEES

- A series of revenue-supported adjustments totaling \$12.9 million are recommended to reflect new or updated revenues and expenditures for grants, reimbursements and/or fee activities. The largest grants and reimbursements support the following:
  - *Development Fee Programs* - Actions are included to increase the revenue estimates based on higher than anticipated construction activity and allocate those funds to the associated Development Fee Programs Reserves and the Public Works Department to support staffing costs. Augmentations are included for the Building Development Fee Program (\$8.0 million), Public Works Development Fee Program (\$1.6 million), Planning Development Fee Program (\$1.0 million), and Fire Development Fee Program (\$800,000).
  - *Other Grants and Reimbursements* - Actions are included to recognize additional grants, reimbursement and fees and allocate those funds to support the following: Parks, Recreation and Neighborhood Services Department grants (\$533,000), Police Department grants and reimbursements (\$503,000), Fire Department reimbursements (\$187,000), Office of Economic Development (\$130,000), Library Grants (\$102,000), and Mayor and City Council sponsorship revenue (\$22,000).

#### CLEAN-UP ACTIONS

- *Net-Zero Adjustments (\$0)*: To implement a variety of clean-up actions, a number of net-zero adjustments are recommended, including the following:
  - *Salary Program* - Various actions are included to reflect 2.0% salary increases that were negotiated and agreed to by the City and three bargaining units (Association of Building, Mechanical and Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), and International Brotherhood of Electrical Workers (IBEW). In addition, a mediator's recommended settlement has been reached between the City and the International Union of Operating Engineers, Local #3 (OE#3), and if ratified, is currently scheduled for City Council consideration on February 25, 2014. Actions in this document assume the approval of the OE#3 contract. If this contract is not approved, savings will result in various departments and funds at year-end. Compensation adjustments for all other employee groups, with the exception of the International Association of Firefighters, Local 230 (IAFF), have been previously distributed earlier this year. This category also includes the distribution of funding associated with the management pay for performance program to departments with insufficient vacancy savings to cover this cost.
  - *Reallocation of City-Wide Expenses and Departmental Expenditures* - The reallocation between departmental personal services and non-personal/equipment budgets and City-Wide Expenses appropriations are recommended in this document.

## STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the special and capital funds as well as all of the capital projects is conducted as part of the 2013-2014 Mid-Year Budget Review. On an overall basis, for the special and capital funds, revenues are tracking within or are exceeding estimated levels while expenditures are tracking within or below budgeted appropriations through December. Section II of this report contains the status of selected special and capital funds with issues of interest or variances.

### Special Funds

Following is a summary of activity in selected special funds through December.

- ***Airport Funds*** – Passenger activity levels at the Norman Y. Mineta San José Airport through the first six months of 2013-2014 showed an increase of 6.8% compared to the same period last fiscal year and exceeded the passenger growth projection of 1.5%. Overall operating revenues through December 2013 totaled \$58.9 million or 48.9% compared to a benchmark of 48.1%. While passenger activity and parking revenue are exceeding estimates, other operating revenues are tracking within estimated levels. Personal services expenditures and non-personal/equipment expenditures (excluding encumbrances) are tracking below budgeted estimates at 38.8%, or \$22.8 million. In the 2013-2014 Adopted Budget, \$500,000 was added for marketing efforts focused on promoting airline service. With this additional one-time funding, the Department developed the “Fly San Jose” campaign, which launched in October 2013 to support airline partners by generating demand for flights from the Norman Y. Mineta San José Airport, capturing market share that is leaking to nearby airports, and drawing in new customers from “opportunity zones” such as Fremont and the Peninsula.
- ***Convention and Cultural Facilities Fund*** – Activity at the Convention Center and cultural facilities managed by Team San Jose (TSJ) is tracking to exceed budgeted levels by approximately 10%. Increases are primarily due to the “pick-up” of additional events and higher food and beverage sales. Recommendations are included to increase operating revenues by \$3.0 million and corresponding expenditures by \$2.8 million.
- ***Transient Occupancy Tax Fund*** – Transient Occupancy Tax (TOT) collections started off very strong, but have moderated somewhat. Collections are on pace to reach \$17.2 million, an increase of \$1.3 million over the budget estimate of \$15.9 million. This reflects growth of nearly 14% from 2012-2013, exceeding the 5% growth assumed in the budget. The increase in TOT is driven by an increase of hotel occupancy and room rates. Through December, the average occupancy rate for the City’s 14 major hotels was 68.1%, up from 64.4% for the same period last year, while room rates have increased from \$134.34 to \$149.24 (11.1%). In addition, the average revenue-per-available-room (RevPAR) through December increased to \$101.73, a 17.3% increase from the \$86.74 level experienced in December 2012.

## Capital Funds

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

### *Construction Related Revenues*

Private sector construction activity constitutes a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, the surge of residential, commercial and industrial development activity in 2013-2014 has had a tremendous impact on capital program revenue collections. A discussion of the performance for Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources follows. These taxes are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Through December, tax receipts totaled \$12.5 million, exceeding the annual budgeted estimate of \$11.0 million. The dramatic increase above the prior collection level of \$6.3 million is attributed to gains across all sectors of private development. Recommendations are included in this report to increase the budgeted estimate by \$8.0 million to a new total of \$19.0 million, a growth of 38% from 2012-2013 levels of \$13.8 million. The additional revenue is recommended to be allocated to a Future Projects Reserve (\$7.5 million) and to provide local matches for new grant-funded projects in the Traffic Capital Program (\$500,000).
- ***Construction Excise Tax*** – Through December, tax receipts totaled \$14.5 million, exceeding the annual budgeted estimate of \$14.0 million. The significant increase in this revenue is attributable to the high levels of residential and commercial activity (Construction Excise Tax is not levied on industrial development). Recommendations are included in this report to increase the budgeted estimate by \$11.0 million to a new total of \$25.0 million, a growth of 40.1% from 2012-2013 levels of \$17.8 million. The additional revenue is recommended to be allocated to a Future Projects Reserve (\$8.7 million), Future Grants Reserve (\$2.0 million), and to provide local matches for new grant-funded projects in the Traffic Capital Program (\$275,000).

### *Construction and Conveyance Taxes*

Nearly 99% of the total Construction and Conveyance (C&C) Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Due to the strong real estate market described in the "Economic Environment" section of this message, C&C Tax revenues are experiencing strong growth compared to receipts from the prior fiscal year. Receipts through December 2013 totaled \$14.7 million, which is an increase of 18.2% from the \$12.4 million collected during the same period last year. The City has also received information regarding the January Conveyance receipts, which totaled \$4.8 million, which is below the unprecedented single month receipts of \$6.7 million received in January 2013. Based on stronger than anticipated revenue collections in 2012-2013, the 2013-2014 Adopted Budget estimate of \$30.0

million now represents a 12.8% decline from the \$34.4 million received in 2012-2013. If current collection trends continue, C&C revenues are likely to reach \$38.5 million in 2013-2014, reflecting growth of approximately 12% from 2012-2013 levels and exceeding the 2013-2014 budgeted estimate by \$8.5 million. If warranted, an upward adjustment may be brought forward at year-end.

#### *Major Capital Program Expenditure Revisions*

A series of recommended Appropriation Ordinance and Funding Sources Resolution amendments to the Adopted Capital Budget are included in Section III of this report. Following is a summary of the most significant adjustments.

- ***Library Capital Program*** – a recommendation is included to increase the Southeast Branch appropriation by \$500,000 to cover an anticipated increase in construction costs and additional contingency to provide a cushion from the current upward momentum of the regional economy and construction trades; a rise in projected costs could continue to increase through April 2014 when this project is expected to go out to bid.
- ***Parks and Community Facilities Development Capital Program*** – a recommendation is included to establish the Family Camp Repairs – Rim Fire project in the amount of \$900,000 in the Parks City-Wide C&C Tax Fund to pay for necessary repairs and rehabilitation of Family Camp damaged by the Rim Fire forest fire, thereby allowing San José campers to enjoy the facilities this summer. Work includes tent and barn structure replacement, electrical repair, water and sewer system rehabilitation, erosion control, burned tree removal, and related work that will occur over the next four to eight months. While the costs are recommended to be initially supported by the Parks City-Wide C&C Tax Fund, staff anticipates reimbursement in whole or in part by the City's insurance policy covering San José Family Camp, the California Office of Emergency Services (Cal OES), and the Federal Emergency Management Agency (FEMA); the specific amounts from each source are still under discussion.
- ***Traffic Capital Program*** – in addition to the recommended revenue adjustments for the Building and Structure Construction Tax and the Construction Excise Tax discussed above, recommendations are included in the capital program to establish several new projects focused on bicycle and pedestrian safety that will receive significant funding from the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. A notable one is the The Alameda Beautiful Way Phase 2 project that will enhance pedestrian and vehicular safety on The Alameda between Fremont and Newhall Street. The multi-year grant award is \$3.5 million with a local match of \$930,000, of which \$300,000 is recommended in this report for 2013-2014.

A recommendation is also included to recognize the \$3.0 million recently received from the Irvine Company as a result of a City Council approved Development Agreement regarding the modified design of a residential development at North First Street and River Oaks Place. As directed by the City Council as part of the Mayor's March Budget Message for Fiscal

Year 2013-2014, this funding is recommended to be placed into a Downtown and North San José Transportation Improvements Reserve. This reserve and the Future Projects Reserves described above could potentially help offset some of the transportation infrastructure commitments that had been made by the former Redevelopment Agency.

## **COUNCIL REFERRALS**

The City Council had previously directed the Administration to provide an update or recommendation for action on two specific items discussed below.

Multiple Housing Occupancy Permit Program. With the adoption of the 2013-2014 Mayor's June Budget Message, the Administration was directed to: 1) modify the Multiple Housing Occupancy Permit Program by developing and implementing a self-certification pilot program that would allow staff to focus resources on more problematic properties and provide an informational memorandum to the City Council on its status; and 2) return to City Council at Mid-Year to request any fee increases that might be necessary to support and provide staff for the revised program. An information memorandum, which will be released under separate cover, is forthcoming, describing a re-design of the Multiple Housing Occupancy Permit Program to implement City Council direction and recommendations from the City Auditor's Office. The analysis of appropriate staffing levels for the revised program is currently in progress, and any recommended changes to staffing and related fees would be brought forward for consideration during the 2014-2015 Proposed Budget and 2014-2015 Proposed Fees and Charges process.

South Bay Coalition to End Human Trafficking. As directed by City Council on September 12, 2013, this report includes a recommendation to provide \$50,000 to the South Bay Coalition to End Human Trafficking. This organization supports human trafficking prevention, intervention, prosecution, and victim services in our region. In addition to ongoing efforts, an immediate need is planning and coordination for the 2016 Super Bowl to be hosted in Santa Clara. Historically, regions that host large-scale sporting events, such as the upcoming 2016 Super Bowl, experience an increase in human trafficking and commercial sex exploitation. This action will provide funding to support a full-time coordinator position that supports the coalition through a policy-based collaborative approach that will complement the work of the San José Police Department.

## **LOOKING FORWARD**

The 2015-2019 General Fund Five-Year Forecast is scheduled to be released on February 28, 2014 and will contain a comprehensive analysis of all revenue and expenditure projections, including the latest information on the City retirement contributions for 2014-2015 and forecasted for the next four years.

In February, a 2014-2015 Budget Planning Study Session will be held and results from the Neighborhood Associations/Youth Commission Priority Setting Session and the Community Budget Survey will be available. In March, the Mayor's 2014-2015 Budget Message will be released and reviewed/approved by the City Council in order to provide policy direction to the Administration for the development of the Proposed Capital and Operating Budgets, which are scheduled to be released on April 21<sup>st</sup> and May 1<sup>st</sup>, respectively.

### PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This report is posted on the City's website for the February 11, 2014 Council agenda.

### CONCLUSION

Through December, the City's over 100 operating and capital funds are generally performing within expected levels. The 2013-2014 Adopted Budget was built on the assumption that continued economic growth would be experienced in 2013-2014. Actual collection trends support this assumption with some categories exceeding expectations. The development-related fees and taxes as well as the property-related Construction and Conveyance Taxes continue to experience strong growth, even when compared to the relatively high collection levels experienced in 2012-2013.

As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and many special and capital funds to fund a limited number of urgent fiscal/program needs, to bring projected revenues and expenditures into alignment based on performance through the first half of the fiscal year, to account for updated cost projections, to implement technical adjustments, and to recognize various grants, reimbursements, and fees. The adjustments brought forward in this report reflect our best estimate of the financial performance for the City's funds through the end of the fiscal year.

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

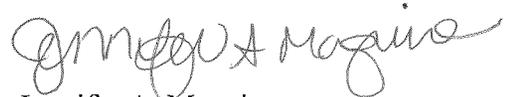


Jennifer A. Maguire  
Deputy City Manager

### Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2013-2014 monies in excess of those heretofore appropriated therefrom:

Airport Customer Facility and Transportation Fee Fund	949,794
Airport Surplus Revenue Fund	993,313
Benefit Fund	252,000
Building and Structure Construction Tax Fund	8,055,000
Construction & Conveyance Tax Fund – Parks Central	78,000
Construction & Conveyance Tax Fund – Communications	2,000
Construction & Conveyance Tax Fund – Fire	579,000
Construction & Conveyance Tax Fund – Library	10,000
Construction & Conveyance Tax Fund – Park Yards	6,000
Construction Excise Tax Fund	18,467,000
Contingent Lien District Fund	30,000
Convention and Cultural Affairs Fund	3,000,000
Edward Byrne Memorial Justice Assistance Grant Trust Fund	414
Emergency Reserve Fund	6,000
Gas Tax Maintenance and Construction Fund – 1943	500,000
General Fund	13,622,673
Gift Trust Fund	106,556
Home Investment Partnership Program Fund	6,460,000
Multi-Source Housing Fund	1,156,998
Neighborhood Security Bond	615,000
Residential Construction Tax Contribution Fund	4,000
Sanitary Sewer Connection Fee Fund	21,755
San José-Santa Clara Treatment Plant Capital Fund	1,178,914
Sewer Service & Use Charge Capital Fund	227,200
Storm Drainage Fee Fund	3,000
Supplemental Law Enforcement Services Fund	823
Vehicle Maintenance and Operations Fund	7,000
Water Utility Fund	2,000,000



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