COUNCIL AGENDA: 06-19-07
ITEM: 3.5

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Larry D. Lisenbee

SUBJECT: **SEE BELOW**

DATE: June 4, 2007

Approved Kay Winer Date 6/6/07

Council District: City-Wide

SUBJECT: **ADOPTION OF AMENDMENTS TO THE ANNUAL APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION FOR VARIOUS OPERATING AND CAPITAL FUNDS TO REFLECT ESTIMATED 2006-2007 REVENUE RECEIPTS, EXPENSES AND ENCUMBRANCES AND ADOPTION OF A RESOLUTION MAKING CERTAIN DETERMINATIONS REGARDING THE EXPENDITURE OF REDEVELOPMENT AGENCY FUNDS ON CERTAIN PUBLIC IMPROVEMENTS**

RECOMMENDATION

1. It is recommended that the City Council:

   a. Approve Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Attachments A (General Fund), B (Special Funds) and C (Capital Funds) of this memorandum; and

   b. Adopt a resolution making certain determinations regarding the related expenditure of Redevelopment Agency funds on certain public improvements in connection with the Diagonal Parking Installation and Pavement Improvements in Japantown project as more specifically described in the memorandum from the Redevelopment Agency, dated May 15, 2007, attached hereto.

BACKGROUND

Over the course of the last several weeks, the Budget Office has conducted a final detailed review of existing appropriations and revenue estimates as compared to year-end projected levels. This review was performed utilizing financial reports identifying year-to-date expenditures, encumbrances and revenues.

BACKGROUND (Cont'd.)

As a result of this review, the following types of adjustments to the Appropriation Ordinance and Funding Sources Resolution are recommended in this report:

- Adjustments to assure adequate funding in various departments, city-wide and capital projects is available through the end of the fiscal year based on changes in expenditure estimates or project schedules;

- Adjustments to bring revenue estimates in line with the latest information and to recognize funding from other agencies and appropriate those funds;

- Adjustments to revenues and expenditures in order to bring the General Fund Ending Fund Balance in-line with the estimates included in the 2007-2008 Proposed Operating Budget; and

- Technical adjustments identified in recent months, including changes to reflect the proper accounting treatment of various transactions.

As in the past, an effort has been made to provide for adjustments in those cases where it appears there is a possibility that appropriations would be exceeded by year-end. These actions are intended to be responsive to Council direction to prevent after-the-fact ratifications of over-expenditures, to the extent possible.

ANALYSIS

Provided below is a brief overview of the budget actions recommended in this report. Descriptions of the individual transactions recommended in the General Fund, Special Funds and Capital Funds are provided in Attachments A, B and C.

General Fund

All of the General Fund transactions are detailed in Attachment A. Most of these proposed revisions fall into one of the following categories:

- **General Fund Ending Fund Balance:** In order to bring the General Fund Ending Fund Balance in-line with the estimates included in the 2007-2008 Proposed Operating Budget, adjustments to operating revenues and expenditures are recommended. These adjustments total $28.1 million.

ANALYSIS (Cont'd.)

General Fund (Cont'd.)

- **Net-Zero Movements Between Appropriation Categories:** The largest number of proposed net-zero adjustments involve situations where total departmental level appropriations will not be exceeded by year-end, but adjustments between expenditure categories within a department are required to prevent an over-expenditure of an appropriation category or complete an important planned expenditure.

- **Revenue-Related Changes:** There are several proposed transactions that recognize new revenue and appropriate those funds associated with grants, reimbursement for services, fee activities or transfers from other funds.

- **Appropriation Adjustments to Prevent Potential Over-Expenditures or Require Additional Funding:** Within this category, there are adjustments recommended to avoid cost overruns or to provide funding for previously-directed Council projects. There are six existing appropriations that require additional funding to avoid cost overruns in 2006-2007. These include Independent Police Auditor Personal Services, Library Department's Non-Personal/Equipment (utilities), City Manager's Non-Personal/Equipment (GASB43/45 actuarial studies), and three City-Wide appropriations (Property Tax Administration Fee, and 1970 and 1980 COLA Federated, Police and Fire Retirees). In addition, funding is required for previously-directed Council projects including Performance Measure Review by Council Committees, Financial Analysis of History San José, and General Fund Structural Deficit Task Force. A reallocation of a currently funded City Manager appropriation can be diverted to provide the resources necessary for the General Fund Structural Deficit Task Force. Sufficient savings available in Planning, Building and Code Enforcement's Personal Services, Department of Transportation's Non-Personal/Equipment and the Salary and Benefits Reserve appropriations combined with recognition of additional revenue (Property Tax) are recommended to offset the remaining augmentations.

The recommended actions result in a net increase of $26.5 million in total General Fund appropriations, all of which are offset by additional revenue that has already been received or is anticipated to be received by year-end.

Special Funds

All adjustments proposed in the various Special Funds are offset by changes in appropriation levels and/or revenues and are detailed in Attachment B. Most of these proposed revisions fall into one of the following categories:

- **Appropriation Adjustments to Prevent Potential Over-Expenditures:** Revisions are proposed in a number of funds to correct situations in which it appears that the current appropriations may be insufficient to support required expenditures. In each instance, funding is available within the involved fund to offset the required adjustment.

ANALYSIS (Cont'd.)

Special Funds (Cont'd.)

- **Revenue-Related Changes:** Revisions are proposed to several funds in order to reflect changes in estimated revenues or transfers among funds required to comply with operating agreements or to properly reflect required accounting treatment of various financial transactions.

- **Technical Adjustments:** Various technical adjustments are recommended to reflect transactions in the appropriate fund.

Capital Funds

The proposed budget adjustments recommended for the various Capital Funds are detailed in Attachment C. Most of these proposed revisions fall into one of the following categories:

- **Revenue-Related Changes:** Revisions are proposed in a number of funds in order to reflect anticipated year-end revenue collections. These include revisions to revenue estimates based on current year collection patterns and changes to various grant and reimbursement-related revenues. The most significant revenue change is a recommended $7 million increase in the Construction and Conveyance (C & C) Tax estimate (from $27 million to $34 million). Despite the fact that C & C Tax revenues continue to decline, as previously reported to the City Council in Monthly Financial Reports and the Mid-Year Budget Review, C & C revenues are projected to end the year above the budgeted estimate. This higher collection level was assumed in the development of the 2008-2012 Proposed Capital Improvement Program.

- **Appropriation Adjustments to Projects to Reflect Revised Expenditure Estimates or Schedules:** Appropriation changes to reflect revised project scopes, expenditure estimates or schedules.

- **Technical Adjustments:** Various technical adjustments are recommended to reflect transactions in the appropriate fund. Included in this category are refunds to developers for City tax revenue received from several Downtown projects that were actually eligible for exemptions; minor technical adjustments associated with projects to fully reimburse Public Works administrative staff costs collected in the Public Works Program Support Fund, as previously reported in Monthly Financial Reports; and adjustments in the Civic Center Capital Program and General Fund to allocate tax-exempt bond proceeds toward eligible project expenditures.

ANALYSIS (Cont'd.)

Capital Funds (Cont'd.)

The specific reasons for each of the proposed actions in the Capital Funds are discussed in Attachment C. In each instance, funding is available within the involved fund to offset the required adjustment.

LARRY D. LISENBEE
Budget Director

Attachments

I hereby certify that there will be available for appropriation in the amounts as listed in the fiscal year 2006-2007 monies in excess of those heretofore appropriated therefrom:

General Fund	$26,495,966
Airport Revenue Fund	109,652
Benefit Fund	5,000
Gas Tax Maintenance and Construction Fund - 1943	100,000
Gas Tax Maintenance and Construction Fund - 1990	100,000
Gift Trust Fund	18,689
Library Benefit Assessment District Fund	36,669
Multiple-Sources Housing Fund	90,000
Public Works Program Support Fund	105,000
Airport Capital Improvement Fund	6,000,000
Const Tax & Prop Conveyance Tax Fund: Commun	238,000
Const Tax & Prop Conveyance Tax Fund: Library	996,000
Const Tax & Prop Conveyance Tax Fund: Central Fd	4,480,000
Const Tax & Prop Conveyance Tax Fund: City-wide	1,267,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 1	304,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 2	260,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 3	282,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 4	283,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 5	308,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 6	312,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 7	356,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 8	286,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 9	203,000
Const Tax & Prop Conveyance Tax Fund: Council Dist 10	447,000
Const Tax & Prop Conveyance Tax Fund: Park Yards	84,000
Const Tax & Prop Conveyance Tax Fund: Fire	588,000
Services for Redevelopment Capital Projects Fund	105,000

Const Tax & Prop Conveyance Tax Fund: Service Yards	614,000
Building and Structure Construction Tax Fund	100,000
Construction Excise Tax Fund	836,000

LARRY D. LISENBEE
Budget Director

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
City Attorney	**Non-Personal/Equipment**: An increase to the City Attorney's Non-Personal/Equipment appropriation is recommended for various contracts and consulting services. These costs will be offset by a reduction to the Office's Personal Services appropriation.	175,000	
City Attorney	**Personal Services**: A decrease to the City Attorney's Personal Services appropriation is recommended to offset the Non-Personal/Equipment increase described above.	(175,000)	
City Manager	**Non-Personal/Equipment**: An increase to the City Managers' Non-Personal/ Equipment appropriation is recommended to provide additional resources to assist in the determination of the impact of GASB 43/45 (post-employment retirement benefits) upon the City. At Mid-Year, funding in the amount of $50,000 was authorized to begin this process. Funds are expected to be exhausted during 2006-2007 and assistance will still be required to develop strategies and concepts to be explored and presented to the City Council to mitigate the fiscal impact to the City. These costs are recommended to be offset by a reduction to the Salaries and Benefits Earmarked Reserve.	50,000	
City Manager	**Non-Personal/Equipment**: An increase to the City Managers' Non-Personal/ Equipment appropriation is recommended for performance measure work conducted by consultants on behalf of the City Manager's Office. This project responds to the December 22, 2006 Mayor's memorandum directing Council Committees to integrate into Committee workplans a regular review of 10 to 20 of the most important performance measures for departments and city service areas. These costs are recommended to be offset by a reduction to Planning, Building and Code Enforcement's Personal Services appropriation.	100,000	

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
City Manager	**Non-Personal/Equipment**: An increase to the City Managers' Non-Personal/ Equipment appropriation is recommended to provide resources to complete a financial performance evaluation of History San José. On May 1, 2007, History San José requested additional funding to operate its facilities in 2007-2008. In order to be consistent with the process that was used for requests from other non-profit organizations (San José Repertory Theatre, American Musical Theatre and Mexican Heritage Corporation) during 2006-2007, the City recommended that the City Auditor complete a full financial analysis of the organization. Originally, it was assumed the City Auditor would be able to complete this audit within a short timeframe. Due to the leave of absence of the City Auditor, an audit would not be able to be completed for seven to eight months. To provide the required analysis in a more appropriate timeframe, it is recommended that the City contract out this function at a cost of $70,000. These costs are recommended to be offset by a reduction to Planning, Building and Code Enforcement's Personal Services appropriation.	70,000	
Economic Development	**Non-Personal/Equipment/Other Revenue**: An increase to the Office of Economic Development's Non-Personal/Equipment appropriation is recommended for the support of the Festival, Parades, and Celebration Grant Program. A corresponding increase to the estimate for Other Revenue for reimbursements collected from gated events in the same amount is also recommended.	7,630	7,630
Environmental Services	**Non-Personal/Equipment/Other Revenue**: An increase to the Environmental Services' Non-Personal/Equipment appropriation is recommended to recognize a grant for the Silicon Valley Energy Program from PG&E. A corresponding increase to Other Revenue is also recommended.	55,748	55,748

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Independent Police Auditor	**Personal Services**: An increase to the Independent Police Auditor's (IPA) Personal Services appropriation is recommended to cover an overage in the personal services budget. The IPA hired a Deputy Director in 2006-2007 at a higher salary than was budgeted. This increase will be offset by a reduction to the Salaries and Benefits Earmarked Reserve.	11,500	
Earmarked Reserves	**Salaries and Benefits Reserve**: As described earlier, a reduction to the Salaries and Benefits Reserve is recommended to provide funding for GASB 43/45 Actuarial Services and to offset a projected overage in the Independent Police Auditor's Personal Services appropriation.	(61,500)	
Library	**Library Grants/Other Revenue**: This action recognizes a grant in the amount of $2,500 from the Let's Talk About It grant. This grant from the American Library Association funds a series of discussion programs focusing on five different works of Jewish Literature. An associated increase to the estimate for Other Revenue is also recommended.	2,500	2,500
Library	**Non-Personal/Equipment**: An increase to the Library Department's Non-Personal/Equipment appropriation is recommended to ensure that there is sufficient funding for gas and electric charges for the branch libraries. With several new facilities opening in 2006-2007, the gas and electric costs are projected to be higher than originally anticipated. These costs can be offset by the reduction to the Department of Transportation's Non-Personal/Equipment appropriation recommended below.	200,000	
Transportation	**Non-Personal/Equipment**: A decrease to the Transportation Department's Non-Personal/Equipment appropriation is recommended to offset insufficient funding for gas and electric charges in the Library Department. The Transportation Department's electricity funding is projected to have sufficient savings and is available for reallocation to the Library Department.	(200,000)	

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Parks, Rec & Neigh Svcs	**PRNS Fee Activities/Departmental Charges Revenue**: An increase to the PRNS Fee Activities appropriation is recommended due to increased fee class activity. These additional costs are supported by increased revenues in PRNS Departmental Charges.	85,000	85,000
Planning, Building & Code Enforcement	**Personal Services (Overtime)**: A technical adjustment to increase overtime in the amount of $70,000 in the Planning, Building and Code Enforcement Department is recommended. Due to delays in establishing plan check consultant agreements and response to fluctuations in building activity ($50,000), as well as extensive community outreach by planning staff ($20,000), a reallocation of salary and benefit savings to the overtime line item within the Personal Services appropriation at no additional cost is recommended.	0	
Planning, Building & Code Enforcement	**Personal Services/Licenses and Permits**: A decrease to the Planning, Building and Code Enforcement Department's Personal Services appropriation is recommended to offset a projected shortfall in Building Permit revenues. Savings have accumulated in the Building Fee Program due to a number of staff vacancies, in particular several management positions. A corresponding reduction to the estimate for Building Permits revenue is also recommended.	(1,000,000)	(1,000,000)
Planning, Building & Code Enforcement	**Personal Services**: A decrease to the Planning, Building and Code Enforcement (PBCE) Department's Personal Services appropriation is recommended to provide funding for two new unfunded Council approved activities in the City Manager's Office (audit of History San José and consultant work on performance measures) and two City-Wide Expenses appropriations (1970 COLA Federated, Police and Fire Retirees and 1980 COLA Federated, Police and Fire Retirees) as described elsewhere in this report. Savings of $186,900 are available in PBCE due to the number of vacant positions in non-fee activities in the Department.	(186,900)	

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Police	**Personal Services/Revenue from Local Agencies**: Appropriates funding from the County of Santa Clara, Office of the District Attorney to support overtime expenses for Weed and Seed activities in the Burbank neighborhood. This action recognizes Revenue from Local Agencies for this grant funded activity.	27,861	27,861
Police	**Personal Services/Revenue from Local Agencies**: Appropriates funding from the County of Santa Clara to provide school crossing guard activities at various County crossing sites. This action recognizes Revenue from the County for this reimbursed activity.	50,525	50,525
Police	**Personal Services/Revenue from State**: Appropriates funding from the Bureau of Narcotics Enforcement to support the South Bay Metro Task Force for overtime for two officers and rental of two vehicles. This action recognizes Revenue from the State for this grant funded activity.	14,840	14,840
Police	**Non-Personal/Equipment/Other Revenue**: Appropriates funding from the National Children's Alliance to be used by the Children's Interview Center Coordinator to attend training in Washington, DC. This action recognizes Other Revenue for this reimbursed activity.	1,050	1,050
Public Works	**Fee Program Non-Personal/Equipment**: An increase to the Public Works Department's Fee Program Non-Personal/Equipment appropriation is recommended to fund the overhead cost of the Public Works Cost Allocation Plan rate increase, as overhead is budgeted and charged in the Non-Personal/Equipment appropriation. This increase will be offset by a reduction to the Personal Services Fee Program appropriation.	100,000	
Public Works	**Fee Program Personal Services**: A decrease to the Public Works Department's Fee Program Services appropriation is recommended to offset the Non-Personal/ Equipment increase described above.	(100,000)	

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
City-Wide Expenses	**1970 COLA Federated, Police and Fire Retirees**: An increase to the 1970 COLA Federated, Police and Fire Retirees appropriation action is recommended to offset additional costs. During 2006-2007 budget preparation, it was anticipated that the COLA would be rolled into the retirement rates calculated by the actuary; however, this did not occur. These costs are recommended to be offset by a reduction to Planning, Building and Code Enforcement Department's Personal Services appropriation. For 2007-2008, these increased costs were known and have been included in the Proposed Budget.	900	
City-Wide Expenses	**1980 COLA Federated, Police and Fire Retirees**: An increase to the 1980 COLA Federated, Police and Fire Retirees appropriation action is recommended to offset additional costs. During 2006-2007 budget preparation, it was anticipated that the COLA would be rolled into the retirement rates calculated by the actuary; however, this did not occur. These costs are recommended to be offset by a reduction to Planning, Building and Code Enforcement Department's Personal Services appropriation. For 2007-2008, these increased costs were known and have been included in the Proposed Budget.	16,000	
City-Wide Expenses	**Property Tax Admininstration Fee**: An increase is recommended to cover the Property Tax Adminstration costs submitted by the County of Santa Clara. For 2006-2007, the County recently announced that the Property Tax Administration charge assessed to the City would be increased by 125%. The City received no notification that such an increase was under consideration until February 2007 and the final assessment was not announced until April 2007. According to the County Executive, notification on the impacts of SB 1096 was provided in 2004 in the form of a training session to cities. The City has no record of any such notification. This action continues to be reviewed and may otherwise be challenged. In the interim, additional Property Tax revenue is recommended to offset these costs.	1,291,000	

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Revenue Adjustment	**Property Tax Earned Revenue**: An increase to the Property Tax revenue estimate is recommended based on current year collection trends. These funds would be available to offset the increase in the Property Tax Administration charge pending consideration of a challenge to the increase only recently announced by the County.		1,291,000
City-Wide Expenses	**San José After School Program/Other Revenue**: An increase to the San José After School Program appropriation is recommended. Each of the school districts that the City is delivering services for received funding from the State of California After School Education and Safety funds to pay for these services. A corresponding increase to Other Revenue is also included.	143,343	143,343
City-Wide Expenses	**Assistant City Clerk Recruitment**: An increase of $10,320 to the Assistant City Clerk Recruitment appropriation is recommended to complete the recruitment of the Assistant City Clerk. The initial recruitment was unsuccessful, and a second process is underway. A corresponding decrease to the Deputy Director, Independent Police Auditor Recruitment appropriation is recommended to offset this increase.	10,320	
City-Wide Expenses	**Deputy Director, Independent Police Auditor Recruitment**: A decrease of $10,320 to the Deputy Director, Independent Police Auditor Recruitment appropriation is recommended to address the Assistant City Clerk Recruitment increase described above.	(10,320)	
City-Wide Expenses	**Convention Center Oversight/Transfers and Reimbursements**: An increase of $7,064 to the Convention Center Oversight appropriation is recommended to provide the correct amount of funding for the audit of Team San José for the operation of the City's convention facilities. A corresponding increase in the transfer to the General Fund from the Convention and Cultural Affairs Fund is also recommended.	7,064	7,064

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
City-Wide Expenses	**Sports Opportunity Fund/Other Revenue**: An increase to the Sports Opportunity Fund appropriation is recommended to recognize registration fees collected from the Webcor King-of-the-Mountain event. A corresponding increase to Other Revenue is also recommended.	9,290	9,290
City-Wide Expenses	**Sports Opportunity Fund/Other Revenue**: As part of the San José Grand Prix Agreement, the City receives $1 per paid grandstand and paid general admission ticket for each day for which such ticket is valid. For the 2006 race, a total of $90,000 was projected to be generated. Consistent with the January 2006 memorandum on the Grand Prix Agreement, it is recommended that these ticket proceeds be allocated to the Sports Opportunity Fund appropriation to support efforts to attract other large scale sporting events to the City. A corresponding increase to Other Revenue is also recommended.	90,000	90,000
City-Wide Expenses	**FMC Phase II (HUD Loan) Debt Service Payments/Other Revenue**: The establishment of a FMC Property HUD Loan Payment appropriation is recommended and would be offset by reimbursement from the Brownfields Economic Development Initiative (BEDI) Grant obtained in conjunction with the HUD Loan. The City received a HUD Section 108 loan to purchase Phase II of the FMC property. The initial repayment of that loan will be provided from a $2.0 million BEDI Grant. The General Fund has received the $298,000 reimbursement from the BEDI grant for the HUD Loan payment. A corresponding increase to Other Revenue is also recommended.	298,000	298,000
City-Wide Expenses	**General Fund Structural Deficit Task Force**: Funding to support the establishment of a team to address the General Fund structural deficit during the 2007-2008 fiscay year, as directed by the Mayor's March Budget Message is recommended. Outcomes and recommendations of this team will be brought to the City Council as part of the 2008-2009 budget process. Funding can be diverted from the City Manager's Customer Contact Center City-Wide appropriation to support this effort.	250,000	

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
City-Wide Expenses	**Customer Contact Center**: A decrease to the Customer Contact Center appropriation is recommended to provide funding for the General Fund Structural Deficit Task Force. Savings were rebudgeted from 2005-2006 and can be reallocated for this higher priority.	(250,000)	
City-Wide Expenses	**Neighborhood Revitalization Strategy/Other Revenue**: An increase to the Neighborhood Revitalization Strategy appropriation is recommended. Funding has been returned to the City from unspent grant awards in this program from the Resources for Families and Communities Foundation after the Foundation closed due to bankruptcy. A corresponding increase to the estimate for Other Revenue is also recommended.	71,845	71,845
City-Wide Expenses	**State of the City Convocation/Other Revenue**: An increase to the State of the City Convocation appropriation to reflect the correct amount of expenditures and reimbursements is recommended. For 2007, the State of the City Convocation included a breakfast. In the past, food was not served. In order to offset this unbudgeted cost, an entrance fee was assessed. A corresponding increase to the estimate for Other Revenue is also recommended.	30,946	30,946
Capital Contributions	**Watson Site Clean-up and Restoration**: Technical adjustment to the Watson Park Clean-up and Restoration appropriation to shift these costs from the General Fund to tax-exempt eligible bond proceeds currently allocated in the Civic Center Construction and Civic Center Parking Funds. This adjustment will allow for the allocation of tax-exempt bond proceeds in the Civic Center Construction and Civic Center Parking Funds, to be consistent with IRS regulations that require that the funds be spent or appropriated toward eligible uses by the end of 2006-2007. It has been determined that eligible expenditures related to the clean-up and restoration of Watson Park would meet the restrictions on the use of tax-exempt bond proceeds.	(4,341,659)	

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Earmarked Reserves	**Neighborhood Capital Improvements Reserve**: Technical adjustment to establish a reserve for neighborhood capital improvements in order to reallocate this funding from the Watson Site Clean-up and Restoration appropriation described earlier. The Watson Site Clean-up and Restoration appropriation will be reestablished in the Civic Center Construction and Civic Center Parking Funds. As a result of this action, there will be no change to the total project allocation. This adjustment will allow for the allocation of remaining tax-exempt bond proceeds related to the Civic Center, to be consistent with IRS regulations that require that the funds be spent or appropriated toward eligible uses by the end of 2006-2007. It has been determined that eligible expenditures related to the clean-up and restoration of Watson Park would meet the restrictions on the use of tax-exempt bond proceeds.	4,341,659	
Contingency Reserve	**Contingency Reserve**: An increase of $800,000 to the Contingency Reserve is recommended. In order to maintain the Contingency Reserve at its 3% Council Policy level for 2007-2008, an increase is necessary. Expenditure savings in the Parks, Recreation and Neighborhood Services (PRNS) Department's Personal Services appropriation is recommended to be used to offset these costs.	800,000	
Parks, Rec & Neigh Svcs	**Personal Services**: A decrease to the Parks, Recreation and Neighborhood Services (PRNS) Department's Personal Services appropriation is recommended to provide funding for the Contingency Reserve. Savings of $800,000 are available in PRNS due to the high number of vacancies in the Department.	(800,000)	
Revenue Adjustments	**Earned Revenue**: The actions recommended below are necessary to bring the year-end revenue estimates in line with the General Fund Ending Fund Balance estimate included in the 2007-2008 Proposed Operating Budget.		
	Increase the estimate for revenue from Property Tax		1,709,000
	Increase the estimate for revenue from Sales Tax		5,000,000
	Increase the estimate for revenue from Franchise Fees		1,958,000
	Increase the estimate for revenue from Utility Tax		1,650,000

GENERAL FUND

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Revenue Adjust. (Cont'd.)	Increase the estimate for revenue from Licenses and Permits		2,300,000
	Increase the estimate for revenue from Fines, Forfeitures & Penalties		1,100,000
	Increase the estimate for revenue from Use of Money and Property		3,775,000
	Increase the estimate for revenue from the State of California		2,975,000
	Increase the estimate for revenue from Other Revenue		3,142,324
	Increase the estimate for revenue from Transfers and Reimbursements		1,700,000
Expenditure Adjustments	The actions recommended below are necessary to bring year-end expenditure estimates in line with and preserve for the General Fund Ending Fund Balance estimate included in the 2007-200 Proposed Operating Budget.		
City-Wide Expenses	**Employee Transition Funds**: The elimination of this $250,000 allocation is recommended. Because the 2006-2007 budget actions did not result in layoffs and had a minimal impact on employees, no transition funds are needed in 2006-2007.	(250,000)	
City-Wide Expenses	**Energy Usage**: A decrease of $250,000 to the Energy Usage appropriation of $520,811 is recommended. Funding of $1.0 million was originally allocated in 2000-2001 in response to the energy crisis that resulted in significant increases in electricity and gas prices. With the volatility of utility costs in recent years, any remaining savings in this allocation have been carried over each year. These funds were not needed in 2006-2007.	(250,000)	
City-Wide Expenses	**Workers' Compensation Claims**: A decrease of $2.3 million to the Workers' Compensation Claims appropriation is recommended. This requests the amount of savings in the 2006-2007 budget.	(2,300,000)	
Ending Fund Balance	**Ending Fund Balance**: A technical adjustment to increase the Ending Fund Balance reserve, consistent with the 2007-2008 Proposed Budget, is recommended.	28,109,324	
GENERAL FUND GRAND TOTAL		**26,495,966**	**26,495,966**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Airport Fiscal Agent Fund (525)			
Airport	**Transfer to the Airport Revenue Fund**: This action increases the Transfer to the Airport Revenue Fund. Any funds in excess of the actual amount required for debt service payment are transferred back to the Airport Revenue Fund and made available for other uses at the Airport.	109,652	
Airport	**Ending Fund Balance/Reserve for Debt Service**: A decrease to the Ending Fund Balance is recommended to reflect the transfer of excess debt service payment funds back to the Airport Revenue Fund.	(109,652)	
Airport Fiscal Agent Fund Total		**0**	**0**
Airport Revenue Fund (521)			
Airport	**Transfer from Airport Fiscal Agent Fund**: This action increases the Transfer from the Airport Fiscal Agent Fund for the return of surplus funds originally programmed for debt service payment. Any allocation in excess of the actual amount required for this payment are transferred back to the Airport Revenue Fund.		109,652
Airport	**Ending Fund Balance/Reserve per Master Trust Agreement**: An increase to the Reserve per Master Trust Agreement is recommended to reflect increased transfer of funds from the Airport Fiscal Agent Fund.	109,652	
Airport Revenue Fund Total		**109,652**	**109,652**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Benefit Fund (160)			
Human Resources	**General Employee Vision Plan:** An increase to the General Employee Vision Plan appropriation is recommended to bring this appropriation in line with year-end expenditure estimates. Expenditures are expected to exceed the appropriation due to increased enrollment in the EyeMed Vision Care Plan. A corresponding increase to the revenue estimate is recommended to offset this adjustment.	5,000	5,000
Benefit Fund Total		**5,000**	**5,000**
Convention and Cultural Affairs Fund (536)			
Convention Facilities	**Transfer to the General Fund**: An increase to the Transfer to the General Fund in the amount of $7,064 is recommended to provide funding for the audit of Team San José for operating the City's convention facilities. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	7,064	
Convention Facilities	**Transfer from the General Purpose Parking Fund Revenue**: A decrease in Transfers due to a reduction in the amount to be transferred from the General Purpose Parking Fund is recommended due to reduced activity. By agreement, surplus revenues (the amount of revenues remaining after all expenditures are paid) are transferred to the Convention and Cultural Affairs Fund.		(92,000)
Finance	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation actions described above.	(99,064)	
Convention and Cultural Affairs Fund Total		**(92,000)**	**(92,000)**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Dental Fund (155)			
Human Resources	**Non-Personal/Equipment**: An increase to the Human Resources Department's Non-Personal/Equipment appropriation is recommended to bring this appropriation in line with year-end expenditure estimates. Expenditures are expected to exceed the appropriation due to an increase in administrative fees charged for enrollees in the Delta Dental PPO Plan. A corresponding decrease in Ending Fund Balance is recommended to offset this adjustment.	8,000	
Human Resources	**Dental HMO**: An increase to the Dental HMO appropriation is recommended to bring this appropriation in line with year-end expenditure estimates due to increased enrollment in the Plan. A corresponding decrease in Ending Fund Balance is recommended to offset this adjustment.	29,000	
Human Resources	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation actions described above.	(37,000)	
Dental Fund Total		**0**	**0**
Economic Development Administrative Loan Fund (444)			
Economic Development	**Beginning Fund Balance/Ending Fund Balance**: This technical adjustment decreases the Beginning Fund Balance to correct an error. Funding that was previously encumbered was erroneously included in the Beginning Fund Balance in the 2005-2006 Annual Report. A corresponding decrease to the Ending Fund Balance is also recommended.	(7,000)	(7,000)
Economic Development Administrative Loan Fund Total		**(7,000)**	**(7,000)**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Gas Tax Maintenance and Construction Fund - 1943 (409)			
Finance	**Transfer to the General Fund/Earned Revenue**: An increase to the Transfer to the General Fund is recommended to recognize higher than anticipated Gas Tax revenue collections. A corresponding increase to the estimate for Earned Revenue is also recommended.	100,000	100,000
Gas Tax Maintenance and Construction Fund - 1943 Total		**100,000**	**100,000**
Gas Tax Maintenance and Construction Fund - 1990 (411)			
Finance	**Transfer to the General Fund/Earned Revenue**: An increase to the Transfer to the General Fund is recommended to recognize higher than anticipated Gas Tax revenue collections. A corresponding increase to the estimate for Earned Revenue is also recommended.	100,000	100,000
Gas Tax Maintenance and Construction Fund - 1990 Total		**100,000**	**100,000**
General Purpose Parking Fund (533)			
Transportation	**Transfer to the Convention and Cultural Affairs Fund/Earned Revenue**: A decrease to the Transfer to the Convention and Cultural Affairs Fund is recommended to recognize lower than anticipated parking revenue collections at the Convention Center garage (from $675,000 to $583,000). By agreement, surplus revenues (the amount of revenues remaining after all expenditures are paid) are transferred to the Convention and Cultural Affairs Fund. A corresponding decrease to the estimate for Earned Revenue is also recommended.	(92,000)	(92,000)
General Purpose Parking Fund Total		**(92,000)**	**(92,000)**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Gift Trust Fund (139)			
Parks, Rec & Neighborhood Svcs	**RP and CS General Gifts over $1,000/Earned Revenue**: This amount was inadvertently appropriated twice and requires an adjustment to reflect actual receipts. An associated decrease to the estimate for Earned Revenue from a donation for this purpose is also recommended.	(9,500)	(9,500)
Police	**Major Awards Banquet/Earned Revenue**: An increase to the Major Awards Banquet appropriation is recommended to recognize gifts to be used to host a banquet to honor department personnel and citizens for their exemplary achievements related to local law enforcement. An associated increase to the estimate for Earned Revenue from a donation received for this purpose is also recommended.	9,480	9,480
Clerk	**CommUnity Resource Fair/Earned Revenue**: Establishment of a CommUnity Resource Fair appropriation is recommended to recognize gifts to be used to host a Resource Fair. The Fair assists community members to gain information and access to programs, services and assistance provided by local government and non-profit agencies. An associated increase to the estimate for Earned Revenue from donations received for this purpose is also recommended.	18,709	18,709
Gift Trust Fund Total		**18,689**	**18,689**
Home Investment Partnership Fund (445)			
Housing	**Transfer to the Multiple Sources Housing Fund**: Establishes a Transfer to the Multiple Sources Housing Fund in the amount of $90,000 in support of the Mobilehome Teacher Program. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	90,000	
Housing	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation action described above.	(90,000)	
Home Investment Partnership Fund Total		**0**	**0**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Library Benefit Assessment District Fund (412)			
Library	**Beginning Fund Balance**: This technical adjustment decreases the Beginning Fund Balance to correct an error. Funding that was previously encumbered was erroneously included in the Beginning Fund Balance in the 2005-2006 Annual Report.		(5,661)
Library	**Earned Revenue**: The Library Benefit Assessment District sunsetted in 2004-2005, and has since been replaced with the Library Parcel Tax. This adjustment increases the Earned Revenue for the Library Benefit Assessment District Fund, to recognize interest received in 2006-2007. A corresponding adjustment is recommended below to increase the Library Non-Personal/Equipment appropriation, which will bring the fund down to a zero balance, which will enable the Finance Department to close the fund when the fiscal year ends.		42,330
Library	**Non-Personal/Equipment**: This adjustment increases the Library Non-Personal/Equipment appropriation by a total of $36,669. The appropriation is being increased by $42,300 to reflect the receipt of interest earnings in 2006-2007, and partially offsetting this action is a $5,661 downward adjustment. Funding that was previously encumbered was erroneously included in the Beginning Fund Balance.	36,669	
Library Benefit Assessment District Fund Total		**36,669**	**36,669**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Library Parcel Tax Fund (418)			
Information Technology	**Personal Services**: An increase to Information Technology Department's Personal Services appropriation is recommended to cover unanticipated costs associated with the vacation sell-back program for management employees. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	3,200	
Library	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation action described above.	(3,200)	
Library Parcel Tax Fund Total		**0**	**0**
Life Insurance Fund (156)			
Human Resources	**Premiums**: An increase to the Premiums appropriation is recommended to bring this appropriation in line with year-end expenditure estimates. Expenditures are expected to exceed the appropriation due to increased enrollment. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	41,000	
Human Resources	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation action described above.	(41,000)	
Life Insurance Fund Total		**0**	**0**
Low and Moderate Income Housing Fund (443)			
Housing	**Overhead**: Technical adjustment to increase the Overhead appropriation is recommended to reflect the final 2006-2007 overhead rate. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	498,439	

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Low and Moderate Income Housing Fund (443) (Cont'd.)			
Human Resources	**Worker's Compensation Claims**: An increase to the Worker's Compensation Claims appropriation is recommended to reflect higher than anticipated claims. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	1,000	
Housing	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation actions described above.	(499,439)	
Low and Moderate Income Housing Fund Total		**0**	**0**
Life Insurance Fund (156)			
Human Resources	**Premiums**: An increase to the Premiums appropriation is recommended to bring this appropriation in line with year-end expenditure estimates. Expenditures are expected to exceed the appropriation due to increased enrollment. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	41,000	
Human Resources	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation action described above.	(41,000)	
Life Insurance Fund Total		**0**	**0**
Multiple-Sources Housing Fund (448)			
Housing	**Transfers**: Increases the estimate for transfers to reflect a transfer of funds from the Home Investment Partnership Program Fund for use in the Teacher Mobilehome Program.		90,000
Housing	**Ending Fund Balance**: An increase to the Ending Fund Balance is recommended to offset the appropriation action described above.	90,000	
Multiple-Sources Housing Fund Total		**90,000**	**90,000**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Public Works Program Support Fund (150)			
Information Technology	**Personal Services/Earned Revenue**: An increase to Information Technology Department's Personal Services appropriation is recommended to address unbudgeted overhead costs associated with two overstrength positions, which was inadvertently not included in the 2006-2007 Operating Budget. A corresponding increase to Earned Revenue is recommended to offset this adjustment.	105,000	105,000
Public Works	**Personal Services**: An increase to Public Works Department's Personal Services appropriation is recommended to address higher than anticipated personal services costs in this fund. These additional costs include temporary staff to cover essential functions while staff members were on paid medical leave and the shift of the Communications Manager from direct capital charging to this funding source. A corresponding decrease to Public Works Department's Non-Personal/Services appropriation is recommended to offset this adjustment.	110,000	
Public Works	**Non-Personal/Equipment**: This action decreases the Public Works Department's Non-Personal/Equipment appropriation to offset the adjustment in personal services recommended above.	(110,000)	
Public Works Program Support Fund Total		**105,000**	**105,000**
SJ/SC Treatment Plant Operating Fund (513)			
Environmental Services	**Non-Personal/Equipment**: An increase to the Environmental Services Department's Non-Personal/Equipment appropriation is recommended to address higher than expected gas, chemicals and equipment rental expenditures. A corresponding decrease to Environmental Services Department's Personal Services is recommended to offset this adjustment.	1,400,000	

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
SJ/SC Treatment Plant Operating Fund (513) (Cont'd.)			
Environmental Services	**Personal Services**: A decrease to Environmental Services Department's Personal Services appropriation is recommended to offset the appropriation action described above.	(1,400,000)	
Information Technology	**Personal Services**: An increase to Information Technology Department's Personal Services appropriation is recommended to cover costs associated with vacation sell back, tuition reimbursement and overtime. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	17,000	
City Attorney	**Personal Services**: An increase to the Office of the City Attorney's Personal Services appropriation is recommended to cover staff costs that were higher than budgeted in this fund. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	17,600	
Environmental Services	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation actions described above.	(34,600)	
SJ/SC Treatment Plant Operating Fund Total		**0**	**0**
Sewer Service and Use Charge Fund (541)			
Transportation	**Non-Personal/Equipment**: An increase to the Department of Transportation's Non-Personal/Equipment appropriation is recommended to fund the purchase of two vactor trucks. Vactor trucks are the predominant type of equipment being recommended and utilized by all other Bay Area agencies for sewer line cleaning and overflow clean-up because they are the most effective and efficient equipment available for these activities. A corresponding decrease to the Department of Transportation's Personal Services appropriation is recommended to offset this adjustment.	500,000	

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Sewer Service and Use Charge Fund (541) (Cont'd.)			
Transportation	**Personal Services**: A decrease to the Department of Transportation's Personal Services appropriation is recommended to offset the appropriation action described above.	(500,000)	
Sewer Service and Use Charge Fund Total		**0**	**0**
Stores Fund (551)			
Finance	**Inventory Purchases**: An increase to the Inventory Purchases appropriation is recommended to address higher than anticipated inventory purchases. A corresponding decrease to Postage Inventory is recommended to offset this adjustment.	150,000	
Finance	**Postage Inventory**: A decrease to the Postage Inventory appropriation is recommended to offset the appropriation action described above.	(150,000)	
Stores Fund Total		**0**	**0**
Supplemental Law Enforcement Services Fund (414)			
Police	**SLES Grant 2005-2007**: An increase to the SLES Grant 2005-2007 appropriation is recommended to reflect the appropriation of interest earnings related to the SLES 2005-2007 Grant, required to be spent or encumbered by June 30, 2007.	18,577	
Police	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the action recommended above.	(18,577)	
Supplemental Law Enforcement Services Fund Total		**0**	**0**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Unemployment Insurance Fund (156)			
Human Resources	**Non-Personal/Equipment**: An increase to the Human Resources Department's Non-Personal/Equipment appropriation is recommended to accommodate $5,500 administrative fees incurred in 2005-2006, but not paid until 2006-2007 due to contract difficulties with the unemployment claims administrator. A corresponding decrease in Ending Fund Balance is recommended to offset this adjustment.	5,500	
Finance	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation action described above.	(5,500)	
Unemployment Insurance Fund Total		**0**	**0**
Vehicle Maintenance and Operations Fund (552)			
General Services	**Non-Personal/Equipment**: An increase to the General Services Department's Non-Personal/Equipment appropriation is recommended to account for an increased usage of contractual services due to a high level of vacant positions. A corresponding decrease to General Services Department's Personal Services is recommended to offset this adjustment.	250,000	
General Services	**Personal Services**: A decrease to the General Services Department's Personal Services appropriation is recommended to offset the appropriation action described above.	(250,000)	
Vehicle Maintenance and Operations Fund Total		**0**	**0**

SPECIAL FUNDS

Dept/Project	Appropriation	2006-2007 Use	2006-2007 Source
Water Utility Fund (515)			
Human Resources	**Worker's Compensation Claims**: An increase to the Worker's Compensation Claims appropriation is recommended to reflect higher than anticipated claims. A corresponding decrease to the Ending Fund Balance is recommended to offset this adjustment.	8,000	
Environmental Services	**Ending Fund Balance**: A decrease to the Ending Fund Balance is recommended to offset the appropriation action described above.	(8,000)	
Water Utility Fund Total		**0**	**0**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	AIRPORT CAPITAL PROGRAM		
Airport Capital Improvement Fund (520)			
	Noise Attenuation Treatment - Category IB/Federal Grant Revenue: This action increases the Noise Attenuation Treatment - Category IB appropriation and the corresponding federal revenue line item to reflect the receipt of new grant funding for the continuation of noise attenuation project work. There is a related adjustment in the Passenger Facility Charge Fund that moves this project from the Passenger Facility Charge Fund to the Airport Capital Improvement Fund as the result of the new funding source.	6,000,000	6,000,000
	Taxiway Y Reconstruction: This action reallocates the current year budget for the Taxiway Y Reconstruction project from the Airport Passenger Facility Charge Fund to the Airport Capital Improvement Fund. This will enable the Airport to maximize the funding eligible for grant reimbursement.	1,155,000	
	Ending Fund Balance: This action adjusts the Ending Fund Balance to reflect the increase to the Taxiway Y Reconstruction project.	(1,155,000)	
Airport Capital Improvement Fund Total		**6,000,000**	**6,000,000**
Airport Renewal and Replacement Fund (527)			
	Building Furnishings and Modifications: This technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. The year-end adjustment for administrative overhead would otherwise result in a negative appropriation.	11,000	
	Building Trades Contract: This technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. The year-end adjustment for administrative overhead would otherwise result in a negative appropriation.	2,000	

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	AIRPORT CAPITAL PROGRAM (CONT'D.)		
Airport Renewal and Replacement Fund (527) (Cont'd.)			
	Ending Fund Balance: This action decreases the Ending Fund Balance to reflect the net effect of the changes above.	(13,000)	
Airport Renewal and Replacement Fund Total		**0**	**0**
Airport Passenger Facility Charge Fund (529)			
	Noise Attenuation Treatment - Category IB: This action reallocates $6,000,000 from the Airport Passenger Facility Charge Fund to the Airport Capital Improvement Fund in order to utilize the Noise Attenuation Treatment - Category IB project's eligibility for grant funding. There is a corresponding increase in this project's budget in the Airport Capital Improvement Fund.	(6,000,000)	
	Taxiway Y Reconstruction: This action reallocates $1.2 million to the Airport Capital Improvement Fund, as noted above, to maximize the amount of funding eligible for grant reimbursement.	(1,155,000)	
	Ending Fund Balance: This action increases the Ending Fund Balance to reflect the net effect of the changes above.	7,155,000	
Airport Passenger Facility Charge Fund Total		**0**	**0**
AIRPORT CAPITAL PROGRAM TOTAL		**6,000,000**	**6,000,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	CIVIC CENTER CAPITAL PROGRAM		
Civic Center Construction Fund (425)			
	Watson Park Site Clean-up and Restoration: Technical adjustment to the Watson Park Site Clean-up and Restoration appropriation to shift these costs from the General Fund to tax-exempt eligible bond proceeds currently allocated in the Civic Center Construction and Civic Center Parking Funds. This adjustment will allow for the allocation of tax-exempt bond proceeds, to be consistent with IRS regulations that require that the funds be spent or appropriated toward eligible uses by the end of 2006-2007. It has been determined that eligible expenditures related to the clean-up and restoration of Watson Park would meet the restrictions on the use of tax-exempt bond proceeds.	3,938,197	
	Reserve for Neighborhood Capital Improvements Projects: Technical adjustment to eliminate a reserve for neighborhood capital improvements in order to reallocate this funding to the Watson Park Site Clean-up and Restoration appropriation described above. The Reserve for Neighborhood Capital Improvements Projects will be reestablished in the General Fund. As a result of this action, there will be no change to the total allocation for this reserve. This adjustment will allow for the allocation of remaining tax-exempt bond proceeds, to be consistent with IRS regulations that require that the funds be spent or appropriated toward eligible uses by the end of 2006-2007. It has been determined that eligible expenditures related to the clean-up and restoration of Watson Park would meet the restrictions on the use of tax-exempt bond proceeds.	(3,938,197)	
Civic Center Construction Fund Total		**0**	**0**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	CIVIC CENTER CAPITAL PROGRAM (CONT'D.)		
Civic Center Parking Fund (433)			
	Watson Park Site Clean-up and Restoration: Technical adjustment to the Watson Park Site Clean-up and Restoration appropriation to shift these costs from the General Fund to tax-exempt eligible bond proceeds currently allocated in the Civic Center Construction and Civic Center Parking Funds. This adjustment will allow for the allocation of tax-exempt bond proceeds, to be consistent with IRS regulations that require that the funds be spent or appropriated toward eligible uses by the end of 2006-2007. It has been determined that eligible expenditures related to the clean-up and restoration of Watson Park would meet the restrictions on the use of tax-exempt bond proceeds.	403,462	
	Reserve for Neighborhood Capital Improvements Projects: Technical adjustment to eliminate a reserve for neighborhood capital improvements in order to reallocate this funding to the Watson Park Site Clean-up and Restoration appropriation described above. The Reserve for Neighborhood Capital Improvements Projects will be reestablished in the General Fund. As a result of this action, there will be no change to the total allocation for this reserve. This adjustment will allow for the allocation of remaining tax-exempt bond proceeds, to be consistent with IRS regulations that require that the funds be spent or appropriated toward eligible uses by the end of 2006-2007. It has been determined that eligible expenditures related to the clean-up and restoration of Watson Park would meet the restrictions on the use of tax-exempt bond proceeds.	(403,462)	
Civic Center Parking Fund Total		**0**	**0**
CIVIC CENTER CAPITAL PROGRAM TOTAL		**0**	**0**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	COMMUNICATIONS CAPITAL PROGRAM		
Construction Tax and Property Conveyance Tax Fund: Communications Purposes (397)			
	Construction and Conveyance Tax Revenues: An increase to this revenue estimate is recommended to reflect higher than anticipated year-to-date collections.		238,000
	Ending Fund Balance: This increase reflects the higher Construction and Conveyance Tax revenues.	238,000	
Construction Tax and Property Conveyance Tax Fund: Communications Purposes Total		**238,000**	**238,000**
COMMUNICATIONS CAPITAL PROGRAM TOTAL		**238,000**	**238,000**
	DEVELOPER ASSISTED PROJECTS CAPITAL PROGRAM		
Residential Construction Tax Contribution Fund (420)			
	Refund to Developers: Establishes a Refund to Developers appropriation to reimburse developers for Residential Construction Tax revenues erroneously charged to a downtown project that was eligible for exemption. It has been determined that one project was assessed taxes during a time period where exemptions of these taxes should have occurred in certain redevelopment project areas. A corresponding decrease to Ending Fund Balance is recommended. If sufficient fund balances to keep the Developer Assisted Projects Capital Improvement Program (CIP) whole are not available when final 2006-2007 revenue and expenditure totals are calculated in the fall, adjustments to projects planned in the outyears of the CIP would be required and would be brought forward as part of the 2009-2013 CIP process.	15,000	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to offset the appropriation action described above.	(15,000)	
Residential Construction Tax Contribution Fund Total		**0**	**0**
DEVELOPER ASSISTED PROJECTS CAPITAL PROGRAM TOTAL		**0**	**0**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	LIBRARY CAPITAL PROGRAM		
Construction Tax and Property Conveyance Tax Fund: Library Purposes (393)			
	Construction and Conveyance Tax Revenues: An increase to this revenue estimate is recommended to reflect higher than anticipated year-to-date collections.		996,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	996,000	
Construction Tax and Property Conveyance Tax Fund: Library Purposes Total		**996,000**	**996,000**
LIBRARY CAPITAL PROGRAM TOTAL		**996,000**	**996,000**
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM		
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund (390)			
	Construction and Conveyance Tax Revenues: An increase to this revenue estimate is recommended to reflect higher than anticipated year-to-date collections.		4,480,000
	Public Works Administration: This technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. This allocation will be used for those projects where the year-end adjustment for administrative overhead would otherwise result in a negative appropriation.	30,000	
	Reserve: Revenue Adjustments: The elimination of this reserve is recommended due to the funding no longer being needed.	(500,000)	
	Transfer to the General Fund: Eligible Maintenance Costs: An increase to this transfer is recommended to reflect the higher than anticipated Construction and Conveyance Tax collections.	672,000	
	Transfer to City-Wide: An increase to this transfer is recommended to reflect the higher than anticipated Construction and Conveyance Tax collections.	1,267,000	

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)			
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund (390) (Cont'd.)			
	Two Percent Allocation Transfer for Special Needs: Increases to the following transfers are recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	District 1	61,000	
	District 2	61,000	
	District 3	61,000	
	District 4	61,000	
	District 5	61,000	
	District 6	61,000	
	District 7	61,000	
	District 8	61,000	
	District 9	61,000	
	District 10	61,000	
	Two Percent Allocation Transfer for Special Needs Total	**610,000**	
	Needs Based Allocation Transfer: Increases to the following transfers are recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	District 1	243,000	
	District 2	199,000	
	District 3	221,000	
	District 4	222,000	
	District 5	247,000	
	District 6	251,000	
	District 7	295,000	
	District 8	225,000	
	District 9	142,000	

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)		
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund (390) (Cont'd.)			
	District 10	386,000	
	Needs Based Allocation Transfer Total	**2,431,000**	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	(30,000)	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund Total		**4,480,000**	**4,480,000**
Construction and Conveyance Tax Fund: City-wide Parks Purposes (391)			
	Transfers from the Central Fund: An increase to this transfer is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		1,267,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	1,267,000	
Construction and Conveyance Tax Fund: City-wide Parks Purposes Total		**1,267,000**	**1,267,000**
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 (377)			
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		243,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	304,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #1 Total		**304,000**	**304,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)		
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #2 (378)			
	TRAIL: Coyote-Alamitos Canal: This technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. This allocation will be used for those projects where the year-end adjustment for administrative overhead would otherwise result in a negative appropriation. Additional funding is also needed for this project due to it taking more time than originally anticipated to finalize the consultant contract.	7,000	
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		199,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	253,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #2 Total		**260,000**	**260,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)		
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #3 (380)			
	Refund to Developers: Establishes a Refund to Developers appropriation to reimburse developers for Construction and Conveyance Tax revenues erroneously charged to several downtown projects that were eligible for exemptions. It has been determined that three projects were assessed taxes during a time period where exemptions of these taxes should have occurred in certain redevelopment project areas. A corresponding decrease to Ending Fund Balance is recommended. If sufficient fund balances to keep the Parks and Community Facilities Development Capital Improvement Program (CIP) whole are not available when final 2006-2007 revenue and expenditure totals are calculated in the fall, adjustments to projects planned in the outyears of the CIP would be required and would be brought forward as part of the 2009-2013 CIP process.	25,000	
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		221,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	257,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #3 Total		**282,000**	**282,000**
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #4 (381)			
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)			
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #4 (381) (Cont'd.)			
	Special Needs Allocation		61,000
	Needs Based Allocation		222,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	283,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #4 Total		**283,000**	**283,000**
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 (382)			
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		247,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	308,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #5 Total		**308,000**	**308,000**
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #6 (384)			
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		251,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	312,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #6 Total		**312,000**	**312,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)		
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #7 (385)			
	Alma Community Center Improvements: This action establishes a new appropriation totaling $15,000 for the Alma Community Center Improvements project. This project will be receiving $300,000 from Proposition 40 grant funds, however since these funds are received on a reimbursement basis it is recommended that $15,000 be allocated from the Ending Fund Balance to begin the design and development of the project. All funds advanced from the Ending Fund Balance will be reimbursed once the Proposition 40 funds are received.	15,000	
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		295,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	341,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #7 Total		**356,000**	**356,000**
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #8 (386)			
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		225,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	286,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #8 Total		**286,000**	**286,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)		
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #9 (388)			
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		142,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	203,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #9 Total		**203,000**	**203,000**
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 (389)			
	Transfers from the Central Fund: An increase to the following transfers is recommended to reflect higher than anticipated Construction and Conveyance Tax revenue collections.		
	Special Needs Allocation		61,000
	Needs Based Allocation		386,000
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	447,000	
Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 Total		**447,000**	**447,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)		
Lake Cunningham Fund (462)			
	Lake Cunningham Fixtures, Furnishings and Equipment: This action establishes a new appropriation for the purchase of fixtures, furnishings and equipment for Lake Cunningham Park. This funding will be used to purchase a maintenance truck to support a new staff member permanently assigned to the facility. With the anticipated completion of two major projects in 2007-2008 (Perimeter Landscaping and Lake Cunningham Skate Park), it is necessary for this staff member to have a maintenance truck.	20,000	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to reflect the net effect of the changes above.	(20,000)	
Lake Cunningham Fund Total		**0**	**0**
Subdivision Park Trust Fund (375)			
	Calabazas Park Improvement: This technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. This allocation will be used for those projects where the year-end adjustment for administrative overhead would otherwise result in a negative appropriation.	35,000	
	TRAIL: Silver Creek/Wenlock Drive: This technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. This allocation will be used for those projects where the year-end adjustment for administrative overhead would otherwise result in a negative appropriation.	2,000	

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM (CONT'D.)		
Subdivision Park Trust Fund (375) (Cont'd.)			
	Reserve: Future PDO/PIFO Projects: A decrease to the Reserve: Future PDO/PIFO Projects is recommended to reflect the net effect of the changes above.	(37,000)	
Subdivision Park Trust Fund Total		**0**	**0**
Construction Tax and Property Conveyance Tax Fund: Parks Maintenance Yards Purposes (398)			
	Construction and Conveyance Tax Revenues: An increase to this revenue estimate is recommended to reflect higher than anticipated year-to-date collections.		84,000
	Transfer to the General Fund: Operating and Maintenance Costs: An increase to this transfer is recommended to reflect the higher than anticipated Construction and Conveyance Tax collections.	12,000	
	Ending Fund Balance: This increase reflects the higher Construction and Conveyance Tax revenues, partially offset by Transfer to the General Fund: Operating and Maintenance Costs.	72,000	
Construction Tax and Property Conveyance Tax Fund: Parks Maintenance Yards Purposes Total		**84,000**	**84,000**
PARKS AND COMMUNITY FACILITIES DEVELOPMENT CAPITAL PROGRAM TOTAL		**8,872,000**	**8,872,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PUBLIC SAFETY CAPITAL PROGRAM		
Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes (392)			
	Construction and Conveyance Tax Revenues: An increase to this revenue estimate is recommended to reflect higher than anticipated year-to-date collections.		588,000
	Facilities Improvements: An increase to the Facilities Improvements appropriation is recommended to accommodate unforeseen expenditures for facilities improvements and to sustain outstanding purchases and facility maintenance through the remainder of the year. A corresponding decrease to the Ending Fund Balance is recommended to offset costs.	30,000	
	Ending Fund Balance: An increase to the Ending Fund Balance is recommended to offset the action described above.	558,000	
Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes Total		**588,000**	**588,000**
Neighborhood Security Act Bond Fund (475)			
	9-1-1 Communications Dispatch Center: An increase to the 9-1-1 Communications Dispatch Center appropriation is recommended. As assumed in the Proposed 2008-2012 CIP, the 2006-2007 cost estimate was increased by a total amount of $181,000 to account for project cost escalations. A decrease in Ending Fund Balance is recommended to offset this action.	181,000	

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PUBLIC SAFETY CAPITAL PROGRAM (CONT'D.)		
Neighborhood Security Act Bond Fund (475) (Cont'd.)			
	Fire Station 19 - Relocation (Piedmont): An increase to the Fire Station 19 - Relocation (Piedmont) appropriation is recommended. As assumed in the Proposed 2008-2012 CIP, the 2006-2007 cost estimate was increased by a total amount of $169,000 to account for project cost escalations. A decrease in Ending Fund Balance is recommended to offset this action.	169,000	
	Fire Station 25 - Relocation (Alviso): An increase to the Fire Station 25 - Relocation (Alviso) appropriation is recommended to ensure sufficient funding is available for anticipated project expenditures by year-end. In addition, this technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.	105,000	
	Fire Station 34 (Berryessa): An increase to the Fire Station 34 (Berryessa) appropriation is recommended. As assumed in the Proposed 2008-2012 CIP, the 2006-2007 cost estimate was increased by a total amount of $165,000 to account for project cost escalations. The Department of Public Works has determined that $15,000 is needed in the current fiscal year and $150,000 in 2007-2008. A corresponding 2007-2008 clean-up action is also recommended and will be submitted as part of that budget process. In addition, this technical adjustment sets aside funding to address Public Works Administrative costs ($55,000) that will be assessed by the close of the fiscal year. A decrease in Ending Fund Balance is recommended to offset this action.	70,000	

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	PUBLIC SAFETY CAPITAL PROGRAM (CONT'D.)		
Neighborhood Security Act Bond Fund (475) (Cont'd.)			
	Fire Station 35 (Cottle/Poughkeepsie): An increase to the Fire Station 35 (Cottle/Poughkeepsie) appropriation is recommended. As assumed in the Proposed 2008-2012 CIP, the 2006-2007 cost estimate was increased by a total amount of $204,000 to account for project cost escalations. The Department of Public Works has determined that $54,000 is needed in the current fiscal year and $150,000 in 2007-2008. A 2007-2008 clean-up action is also recommended. In addition, this technical adjustment sets aside funding to address Public Works Administrative costs ($30,000) that will be assessed by the close of the fiscal year. A decrease in Ending Fund Balance is recommended to offset this action.	84,000	
	Fire Station 36 (Silver Creek/Yerba Buena): An increase to the Fire Station 36 (Silver Creek/Yerba Buena) appropriation is recommended. As assumed in the Proposed 2008-2012 CIP, the 2006-2007 cost estimate was increased by a total amount of $109,000 to account for project cost escalations. A decrease in Ending Fund Balance is recommended to offset this action.	109,000	
	Fire Station 37 (Willow Glen): An increase to the Fire Station 37 (Willow Glen) appropriation is recommended. As assumed in the Proposed 2008-2012 CIP, the 2006-2007 cost estimate was increased by a total amount of $55,000 to account for project cost escalations. A decrease in Ending Fund Balance is recommended to offset this action.	55,000	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to offset the actions described above.	(773,000)	
Neighborhood Security Act Bond Fund Total		**0**	**0**
PUBLIC SAFETY CAPITAL PROGRAM TOTAL		**588,000**	**588,000**

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	REDEVELOPMENT AGENCY CITY-SIDE CAPITAL PROGRAM		
Services for Redevelopment Capital Projects Fund (450)			
	Diagonal Parking Installation and Pavement Improvements in Japantown/Earned Revenue: Establish an appropriation to the Department of Transportation for the Diagonal Parking Installation and Pavement Improvements in Japantown project (PSM #496) for the installation of new diagonal parking in the public right-of-way to maximize the number of spaces in Japantown, Council Disctrict 3.	105,000	105,000
	Public Works Administration: This technical adjustment sets aside funding to address Public Works Administrative costs that will be assessed by the close of the fiscal year. This allocation will be used for those projects where the year-end adjustment for administrative overhead would otherwise result in a negative appropriation. This allocation is funded from interest earnings accrued in this fund in prior fiscal years.	98,000	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to offset the appropriation augmentation described above.	(98,000)	
Services for Redevelopment Capital Projects Fund Total		**105,000**	**105,000**
REDEVELOPMENT AGENCY CITY-SIDE CAPITAL PROGRAM TOTAL		**105,000**	**105,000**
	SERVICE YARDS CAPITAL PROGRAM		
Construction Tax and Property Conveyance Tax Fund: Service Yards Purposes (395)			
	Construction and Conveyance Tax Revenues: An increase to this revenue estimate is recommended to reflect higher than anticipated year-to-date collections.		614,000

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	SERVICE YARDS CAPITAL PROGRAM (CONT'D.)		
Construction Tax and Property Conveyance Tax Fund: Service Yards Purposes (395) (Cont'd.)			
	Ending Fund Balance: This increase reflects the higher Construction and Conveyance Tax revenues.	614,000	
Construction Tax and Property Conveyance Tax Fund: Service Yards Purposes Total		**614,000**	**614,000**
SERVICE YARDS CAPITAL PROGRAM TOTAL		**614,000**	**614,000**
	TRAFFIC CAPITAL PROGRAM		
Building and Structure Construction Tax Fund (429)			
	Senter Road: Tully to Singleton: This action recognizes revenue of $100,000 which was received from PG&E as part of a settlement agreement to construct the improvements in front of a PG&E substation that is associated with the Senter Road: Tully to Singleton project. A corresponding increase to the project is also recommended.	100,000	100,000
	Refund to Developers: Establishes a Refund to Developers appropriation to reimburse developers for Building and Structure Tax revenues erroneously charged to several downtown projects that were eligible for exemptions. It has been determined that six projects were assessed taxes during a time period where exemptions of these taxes should have occurred in certain redevelopment project areas. A corresponding decrease to Ending Fund Balance is recommended. If sufficient fund balances to keep the Traffic Capital Improvement Program (CIP) whole are not available when final 2006-2007 revenue and expenditure totals are calculated in the fall, adjustments to projects planned in the outyears of the CIP would be required and would be brought forward as part of the 2009-2013 CIP process.	380,000	

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	TRAFFIC CAPITAL PROGRAM (CONT'D.)		
Building and Structure Construction Tax Fund (429) (Cont'd.)			
	Miscellaneous Regional Highway Projects: This action increases the Miscellaneous Regional Highway Projects due to delays associated with the completion of the Route 87 High-Occupancy Vehicle and Route 880 Coleman Interchange projects which had delayed close-out activities and inspections.	250,000	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to reflect the net impact of the actions above.	(630,000)	
Building and Structure Construction Tax Fund Total		**100,000**	**100,000**
Construction Excise Tax Fund (465)			
	TDA Grant-Pedestrian/Bike Facilities/Bicycle and Pedestrian Facilities: This action recognizes additional revenue from the TDA Grant - Pedestrian/Bike Facilities and allocates those funds to the Bicycle and Pedestrian Facilities appropriation for the construction of the Los Gatos Creek Trail.	712,000	712,000
	Fiber Optics Permit Engineering: This action recognizes $108,000 in additional revenue collected from Fiber Optics Permit Fees and increases the corresponding project by $325,000 for the Public Works expenditures and Capital support charges to support this program.	325,000	108,000
	Miscellaneous Revenue/Miscellaneous Street Improvements: This action recognizes revenue of $16,000 received from the San José Open Wheel as a reimbursement for a signal pole and hardware purchased by the Department of Transportation. A corresponding increase of $16,000 to the Miscellaneous Street Improvements project is also recommended.	16,000	16,000

CAPITAL FUNDS

Fund	Appropriation	2006-2007 Use	2006-2007 Source
	TRAFFIC CAPITAL PROGRAM (CONT'D.)		
Construction Excise Tax Fund (465) (Cont'd.)			
	Refund to Developers: Establishes a Refund to Developers appropriation to reimburse developers for Construction Excise Tax revenues erroneously charged to several downtown projects that were eligible for exemptions. It has been determined that six projects were assessed taxes during a time period where exemptions of these taxes should have occurred in certain redevelopment project areas. A corresponding decrease to Ending Fund Balance is recommended. If sufficient fund balances to keep the Traffic Capital Improvement Program (CIP) whole are not available when final 2006-2007 revenue and expenditure totals are calculated in the fall, adjustments to projects planned in the outyears of the CIP would be required and would be brought forward as part of the 2009-2013 CIP process.	662,000	
	ITS: Transportation Incident Center and Remote Transportation Management Center: This action increases the ITS: Transportation Incident Center and Remote Transportation Management Center project to support the award of a software consultant agreement with Acire Incorporated. The consultant will manage activities related to the interactive design and implementation of the Transportation Incident Center and develop a strategy for disseminating traveler information from the City Hall Traveler Information Center.	95,000	
	Ending Fund Balance: A decrease to the Ending Fund Balance is recommended to reflect the net impact of the actions above.	(974,000)	
Construction Excise Tax Fund Total		**836,000**	**836,000**
TRAFFIC CAPITAL PROGRAM TOTAL		**936,000**	**936,000**

KENN LEE
PRINCIPAL BUDGET
ANALYST

LINDSEY FONICK
ASSISTANT DIRECTOR

SEE BELOW

May 15, 2007

SUBJECT: DETERMINATIONS REGARDING FUNDS TRANSFERRED TO THE CITY FOR PUBLIC IMPROVEMENT PROJECT

The Agency has transferred $105,000 to fund Department of Transportation staff to install new diagonal parking in Japantown and to resurface Jackson Street.

Before these funds can be spent by the City, the City Council must make certain determinations under Redevelopment Law, H & S Code Section 33445, regarding the benefit to the project areas. A brief summary for the public improvement project is provided below.

1. The Japantown project includes the installation of new diagonal parking in the public right-of-way to maximize the number of spaces. Work will include restriping for diagonal parking and the purchase and installation of new parking meters for the additional parking spaces. Additionally, portions of Jackson Street will be resurfaced. All work is in the Japantown redevelopment area.

2. This project is not currently included in the City's Capital Budget.

3. The new parking spaces will provide a higher concentration of parking for the Japantown business district where it is needed most. The resurfacing of Jackson Street will provide a better surface for the striping of the diagonal parking and much needed long term improvements in support of business district.

4. The Five Year Implementation Plan calls for the construction and installation of streetscape and infrastructure improvements to make the neighborhoods more inviting for private investment. A second objective

of the Plan is to strengthen the economic vitality of the NBD and build the customer base. Additional accessible parking will assist in that goal.

Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo requesting Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments to the City-side Redevelopment Fund.

Lindsey Fonick
Assistant Director

Attachment

cc: David Baum
Abraham M. Andrade, Jr.
Patty Deignan, General Counsel