

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Peter Jensen

**SUBJECT: FOLLOW-UP ACTIONS RELATED
TO FUNDING HISTORY SAN JOSÉ**

DATE: June 5, 2009

Approved

Christine J. Shippy

Date

6-12-09

COUNCIL DISTRICT: #7

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute the Amended and Restated Operation Agreement with History San José which includes, as directed by Council on December 18, 2007, a schedule and funding plan to increase the ongoing operating payment to \$875,000 per year for the remaining years of its Agreement with the City through fiscal year 2017-18, subject to appropriations.

OUTCOME

Implementing this recommendation follows through on direction and recommendations adopted and approved by City Council at the December 18, 2007 meeting.

BACKGROUND

The December 18, 2007 memorandum detailing the recommendations related to History San José (HSJ) is attached and provides background information regarding HSJ's Operation Agreement with the City that covers a twenty-year period that commenced in 1998 and runs through FY 2017-18. The agreement provided a twenty-year funding schedule that was designed to gradually decline over the first ten years of the agreement then stabilize in the eleventh year. As detailed in the attached memorandum, HSJ indicated that the funding was not adequate. The City responded by engaging the services of Macias Consulting Group who presented their findings to City Council on October 16, 2007. Based on discussions and direction from City Council, staff made recommendations in the December 18, 2007 memorandum that were adopted and approved by City Council.

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The first three recommendations as adopted were implemented resulting in HSJ receiving their fourth quarter payment for FY 2007-08 in the amount of \$143,705.75 in advance as documented in the Fifth Amendment to the Operation Agreement. A Sixth Amendment to the Operation Agreement was executed that provided an increase in the annual operating subsidy for FY 2007-08 from \$574,823 to \$875,000. This amount was appropriated as a mid-year budget action in February 2008. As part of the Sixth Amendment, monthly financial reporting requirements were added to the agreement. HSJ is required to provide the City Manager (or her designee, a role that I am currently performing) with copies of its monthly cash flow projections; monthly reconciliation of actual revenues and expenditures to cash flow projections for the preceding month; balance sheets for the preceding month's end, and monthly budget and financial forecast updates for HSJ's fiscal year, showing prior month's actuals and most recently projected forecasts for the remaining months of HSJ's fiscal year.

If there are unfavorable budget to actual variances of 10% or more for total year to date amounts appearing on the monthly cash flow reports in any of the following categories – sources (cash receipts), or uses (cash disbursements), or ending cash balances, HSJ is required to submit a written explanation and provide a corrective action plan, subject to the approval of the City Manager at the same time HSJ submits its monthly reports. If HSJ fails to provide a corrective action plan acceptable to the City Manager or fails to implement the corrective action plan in a manner acceptable to the City Manager, the City may immediately discontinue the operating payments and, upon 30 days' notice to HSJ, terminate the agreement.

A Seventh Amendment to the Operation Agreement was executed that provided an increase in the annual operating payment for HSJ for FY 2008-09 from \$335,085 to \$875,000. This increase was approved as part of the 2008-09 Adopted Operating Budget as a one-time increase.

As described in the December 18, 2007 memorandum attached, the fourth recommendation as approved was direction to staff to continue working with HSJ in order to bring forward for City Council consideration as part of the budget process for FY 2009-10 a funding plan and schedule for the remaining years of the agreement with the City through FY 2017-18.

ANALYSIS

The proposed action, which is subject to Council approval of an \$875,000 appropriation for History San José as part of the 2009-2010 Operating Budget, would implement the next step of the City Council's December 2007 actions, resulting in the opportunity for the non-profit HSJ to stabilize its operations and continue to improve its capacity to manage within the funding available to it, including the City's annual operating payment, earned income, and contributed income. The General Services Department is providing oversight for HSJ that includes a monthly review of all financial records submitted as described in the Background section of this document.

To date, there have been seven amendments to the original Operation Agreement. Each of the amendments has modified various aspects of the original Agreement. An Amended and Restated Operating Agreement is proposed and consolidates all of the language modifications from the

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previous seven Amendments. It is further proposed that the Amended and Restated Operating Agreement include key revisions aimed at ensuring that HSJ meet performance standards; improve its long-term financial position, and provide financial reports to the City and the public. These revisions include:

- Requiring the submission of a Strategic Plan that includes goals and performance measures in the areas of income development, programming, and audience development.
- Requiring that HSJ replenish its Endowment Fund, fully fund temporarily restricted assets, and repay aged accounts payable. More detail on this approach is provided below.
- Continuing the financial reporting requirements that were instituted in the Sixth Amendment described above, and including a requirement that audited financials are posted on the internet.

Since the Council's December 2007 actions, HSJ's financial picture has improved somewhat, although there are still serious long-term concerns. As a result of the City's increased operations payment and HSJ's expenditure reductions in each of the last two fiscal years, HSJ finished 2007-2008 in the black for the first time in three years, and is projected to do so again in 2008-2009.

However, the organization's cash flow situation is continually tight, and it has been unable to repay long-term obligations, particularly to repay borrowing that was done against the Endowment Fund in order to finance day-to-day operations (most of which was done under HSJ's previous administration). This affects working capital and key financial indicators such as current assets to current liabilities.

The proposed approach to an Amended and Restated Operating Agreement would require HSJ to resolve these long-term issues over a period of three years, with a penalty of reduced operating payments if milestones toward resolution are not met. The effect of this requirement will be that HSJ will be required to make further expenditure reductions, which will result in reduced service levels. Staff will report back to Council on specific service effects once an agreement is executed. This approach is recommended as a way to preserve as many services as possible while HSJ works toward improving its long-term financial position, which will allow it to ultimately offer better services once this work is complete.

Finally, it is our understanding that HSJ is currently in negotiations with Urban Market for further development of the area known as San Pedro Square including the City-owned Peralta Adobe and Fallon House which are currently operated by HSJ. The Amended and Restated Agreement would include a provision that would allow HSJ to enter into a contract at a later date with Urban Market for the development of the Peralta Adobe and Fallon House, subject to approval of the contract by the City.

EVALUATION AND FOLLOW-UP

Through the General Services Department, HSJ's financial situation is carefully monitored and will continue to be, through the performance measures, financial standards and financial

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reporting requirements that will be incorporated in the Amended and Restated Operation Agreement.

PUBLIC OUTREACH/INTEREST

This item was discussed at the City Council meetings on October 16, 2007, December 18, 2007 and June 24, 2008 where actions were taken. All three Council meetings involved the participation of HSJ and the public.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- 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. **(Required: E-mail and Website Posting)**
- 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. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This report has been coordinated with the City Manager’s Budget Office, the City Attorney’s Office, and the Office of Economic Development.

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2009-2010 Proposed Budget (Page)	Last Budget Action (Date, Ord. No.)
Current Funding Available						
001	2913	History San José Subsidy	\$875,000*	\$875,000	IX - 10	
Total Funding for Project			\$875,000	\$875,000		

* This is subject to City Council approval. Adoption of the Proposed Operating Budget is scheduled for June 23rd, 2009.

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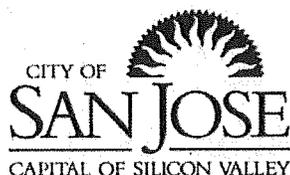
CEQA

Exempt


PETER JENSEN
Director, General Services

For questions please contact Peter Jensen, Director, at 975-7290.

Attachment: December 18, 2007 Memorandum: Actions Related to Additional Funding for History San José



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kay Winer

SUBJECT: ACTIONS RELATED TO
ADDITIONAL FUNDING FOR
HISTORY SAN JOSÉ

DATE: December 7, 2007

Approved

Date

12/10/07

COUNCIL DISTRICT: City-Wide
SNI AREA: N/A

RECOMMENDATION

1. Approve a resolution authorizing the City Manager to negotiate and execute the fifth amendment to the Operations Agreement between the City of San José and History Museums of San José, now History San José, to advance the fourth quarter payment for FY 2007-08 in the amount of \$143,705.75.
2. Adopt a resolution authorizing the City Manager to negotiate and execute the sixth amendment to the Operations Agreement between the City of San José and History San José to increase the annual operating subsidy for FY 2007-08 from \$574,823 to \$875,000 subject to appropriation of the funding during the mid-year budget process scheduled for February 2008.
3. Defer Council consideration of an increase of the annual subsidy for History San José from \$335,085 to \$875,000 for each year for FY 2008-09 and FY 2009-10 to the FY 2008-09 budget hearings.
4. Direct staff to continue working with History San José in order to bring forward for City Council consideration at the beginning of FY 2009-10, a funding plan and schedule for the remaining years of its Agreement with the City through FY 2017-18.

OUTCOME

The information and analysis contained in this report responds to Council's direction on October 16, 2007 that "Until the structural budget deficit has been eliminated, the General Fund subsidy should not exceed the total cost of maintenance, security and utilities such that the facility is available for public use. Funding for programming should be generated from operating revenues or from other

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sources." The staff report provides details on the level of funding over three years, which is goal to address the structural budget deficit.

EXECUTIVE SUMMARY

On October 16, 2007, Macias Consulting Group presented results of the audit of History San José to determine the cost of operations, and to establish the appropriate level of funding from the City. Macias Consulting recommended a four-year funding strategy of a City subsidy in year 1 of \$840,000 and gradually diminishing to \$257,000 in year 4.

History San José (HSJ) did not support the audit recommendations for a number of reasons that included a disagreement with Macias regarding the benchmark museums that were used, that the consultant did not take into account the Silicon Valley market and that the subsidy schedule was faulty, as it continued a model with a declining City subsidy.

HSJ submitted a proposal for a \$1.2 million subsidy each year for 3 years with a built-in cost of living increase, as well as a contract re-opener. Staff recommended working with HSJ to better understand the rationale for this subsidy and to return to Council by December. Council provided direction to staff and to HSJ for these discussions. That direction was as follows: "Until the structural budget deficit has been eliminated, the General Fund subsidy should not exceed the total cost of maintenance, security and utilities such that the facility is available for public use. Funding for programming should be generated from operating revenues or from other sources."

Staff has concluded meetings with HSJ and recommends a maintenance and operating subsidy of \$875,000 each year over three years instead of \$574,823 this year and \$335,085 for the two succeeding years. HSJ concurs with this recommendation, although it is less than the optimal proposed subsidy. HSJ recognizes that due to financial constraints, service level reductions must be made. The \$875,000 subsidy, combined with other sources of funds which HSJ raises, provides the organization with a total operating budget of \$1.75 million, which is sufficient for operations, maintenance and delivery of an appropriate level of service to the community.

The fiscal impact this year is an additional \$300,177.. For the next two years where the subsidy already is scheduled to decrease from \$574,823 to \$335,085 each year, the impact is much greater to increase the subsidy to \$875,000. That net amount is \$539,915 each year and totals \$1,079,830.000 over two years. Over the three years, the additional amount over the subsidy schedule in the Operating Agreement is \$1,380,007. Staff acknowledges that this is a sizeable increase being requested at a time when the City continues to face budgetary problems. However, it is clear from our analysis that HSJ's operations cannot be sustained at a reasonable level without the additional subsidy.

Staff also recommends an advance of the fourth quarter payment of \$143,705. Due to the fact that HSJ had based its spending on a \$2 million budget with an assumption of a \$1.2 million subsidy from the City, it is facing a cash flow problem and will be unable to make payroll in December.

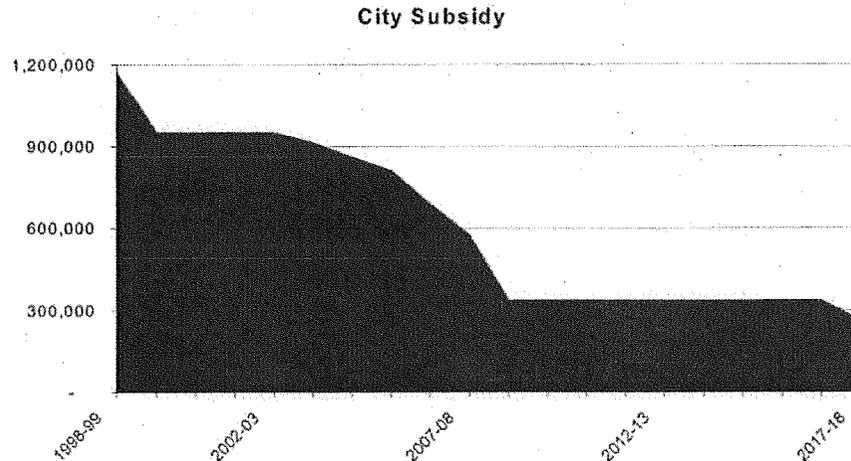
If the advance and additional subsidy are approved, cash flow projections provided by HSJ to staff show that the organization will be able to complete the fiscal year without running a deficit. Staff

will work closely with HSJ to ensure that reductions are implemented immediately and expenditures and revenues are monitored closely.

BACKGROUND

The City's Agreement with History San José (HSJ) was established in 1998 and runs through FY 2017-18. The City provides a cash subsidy, paid quarterly and provides services in the areas of collections storage and landscaping and grounds maintenance, valued at approximately \$255,000 per year.

The level of City subsidy was designed to gradually decline during the first ten years of the agreement, then stabilize in the eleventh through nineteenth years, and drop again in the final year, as shown in the chart below.



This design assumed that over the course of the term of the agreement, HSJ's ability to raise funds would increase in the categories of earned income and private donations. In fact, earned income from programming has increased in the last several years, but private donations have decreased. As a result, HSJ's financial condition has deteriorated.

As a result of these financial difficulties, in June 2007, Council directed that a performance audit be completed of History San José (HSJ). The organization had made formal requests for funding above the amounts in the agreement with the City and had requested advances on quarterly payments. The purpose of the performance audit, which was completed by Macias Consulting Group, was to determine the appropriate size of the annual budget for HSJ and to recommend a level of funding that could reasonably be expected from the City.

Audit Recommendations

On October 16, 2007, Macias Consulting Group presented its findings and recommendations to the City Council. The recommendations were an outgrowth of its analysis of HSJ's operations, its

organizational structure, and a comparison with peer museums. The recommendations contained a four-year financing strategy to stabilize the organization. The strategy assumed an HSJ baseline annual budget of \$1.6 million and annual City subsidies over the four years on a declining scale beginning with \$840,000 in year one and decreasing to \$257,000 in year four.

HSJ's Response to Audit Recommendations

HSJ submitted a written response and spoke at the October 16 Council meeting, stating that the financing strategy proposed by Macias was not viable and identified four major reasons:

1. The proposed peer benchmarks are unrealistic for HSJ because they are based on other institutions that do not resemble HSJ in any respect.
2. The Audit does not consider the Silicon Valley market in which HSJ operates.
3. The Audit does not outline how the City has benefited from its partnership with HSJ, namely in HSJ's ability to raise private funds and in-kind contributions to the City's facilities.
4. The audit recommendations continue with the faulty assumption that declining City support is a viable model.

HSJ requested a subsidy of \$1.2 million annually with a built in cost of living increase and further requested a new contract with realistic performance standards and re-evaluation of the contract every three years. (The \$1.2 million was adjusted to \$1,015,000 after it was determined that HSJ had included depreciation costs in its original request.)

Council Direction from October 16 Meeting

After lengthy public testimony and discussion, Council approved staff's recommendation to work with HSJ to determine the rationale for a \$1.2 million annual subsidy, including a detailed description of the level of service that HSJ would provide. Council also adopted the following principle to guide staff in working with HSJ's proposal: "Until the structural budget deficit has been eliminated, the General Fund subsidy should not exceed the total cost of maintenance, security and utilities such that the facility is available for public use. Funding for programming should be generated from operating revenue or from other sources."

ANALYSIS

Following the October 16 Council meeting, staff has been meeting with HSJ to discuss an approach to respond to the Council's directive. The meetings afforded an opportunity for staff to communicate to HSJ the seriousness of the City's structural budget deficit and budget shortfall for FY 2008-09, estimated at \$25 million and to urge HSJ to take both of these into account when discussing a revised proposal.

It was emphasized at the meetings that although the City values its history and historical assets, current financial constraints limit its abilities to fund HSJ at the optimal level. This applies to all of the services that the City provides to the community. Staff urged HSJ to review its priorities again to develop a budget that would retain its abilities to serve the public and reasonably maintain the collections, while taking the City's budgetary constraints into consideration. Staff also offered to

work with HSJ on a process and timetable to bring forward a recommendation for a three year subsidy that would remain constant, in recognition of the value of "level" funding from the City. Three successive years of level funding would provide staff and HSJ with valuable information with which to formulate a recommendation to Council during budget discussions for 2010-11 regarding funding to HSJ for the remainder of its contract through 2017-18.

Staff met with HSJ to arrive at a common understanding of the distinction between maintenance/operations versus programming. Since many of HSJ's staff work in support of both operations and programming, a number of discussions took place to reach a mutual understanding of the distinction between the two. Staff's discussions with HSJ focused on the service level effects of varying levels of subsidy, ranging from the current budgeted level of \$574,823 for FY 2007-08 up to HSJ's October 16 request of \$1.2 million, later adjusted to \$1,015,000. HSJ agreed to the adjustment as a result of staff clarification that the organization had included depreciation in the calculation of the subsidy, which the City typically excludes from subsidy calculations. That and other budget refinements resulted in agreement by HSJ to adjust the full service subsidy to \$1,015,000.

City Funding Level Recommendations

Discussions with HSJ Regarding Optimal "Full Service" Subsidy Request of \$1,015,000

As mentioned above, the subsidy level for FY 2007-08 is \$574,823. The contract calls for the subsidy to decline to \$335,085 in FY 2008-09 and remain at that level through FY 2016-17. According to the Macias audit, HSJ finished three of the past four fiscal years in a deficit. In the remaining year (FY 2004-05), HSJ finished with a surplus largely because of a major one-time private gift. City subsidies in those years ranged from approximately \$710,000 to \$910,000. HSJ attributes the decline in private gifts over the past two years primarily to uncertainty over its future because of its financial situation.

Staff has concluded that without an increase to the contractual subsidy levels, HSJ would be forced to cease operations before the end of the current fiscal year. In the two succeeding years, HSJ would be unable to operate for the full year at the funding subsidy level of \$335,085, given that its fund raising capabilities continue to be limited. An increase in the subsidy to the recommended level will still require expenditure reductions immediately to be continued in the future. Close monitoring will be required to ensure that the organization does not run into a deficit again.

Staff reviewed HSJ's budget and proposed subsidy of \$1,015,000 and the services level delivered at the optimal level. At staff's request, HSJ provided information on service level impacts if the subsidy were reduced to \$875,000. After a number of discussions, HSJ agreed that an \$875,000 subsidy would be workable, especially if the subsidy could remain constant for a period of three years.

HSJ Concurs with Recommendation for \$875,000 Subsidy Each Year for Three Years

Staff discussions with HSJ ultimately led to the following recommendations:

- Approve a subsidy of \$875,000 in FY 2007-08, which would require an additional payment of \$300,177 to be appropriated in the mid-year budget process.
- Refer the increase of the annual subsidy from \$335,085 to \$875,000 to the FY 2008-09 budget process.
- Include in the forecast for FY 2009-10 an increase of the annual subsidy from \$335,085 to \$875,000.

A stable, predictable level of funding from the City would be viewed positively by the funding community and therefore, enhance HSJ's ability to raise additional funds from foundations and the private sector.

The recommended subsidy level represents an increase of \$300,177 over this year's budgeted amount, and an increase of \$539,915 each year over the contracted level of \$335,085 in the adopted subsidy schedule in HSJ's Agreement for FY 2008-09 and 2009-10. The total increase over the current budgeted level over the three fiscal years is \$1,380,007. Although this will not provide HSJ with the optimal amount, staff believes that it will provide adequate operations and maintenance support for the facilities that the organization operates and maintains.

Service Delivery Levels with \$875,000 Subsidy

HSJ has 23 direct and contractual employees, and another 15 part-time employees who work very limited hours in its current \$2 million budget. In order to adjust its spending to meet an overall budget of \$1.75 million, including an \$875,000 City subsidy, HSJ will eliminate three positions and reduce hours for three others. These positions are in the areas of information technology support, collections management, and outreach.

The following are service impacts as a result of the adjusted budget. In some cases, there are no reductions due to the high priority of the service, including school tours.

Public Availability

- History Park grounds remain open to the public 7 days per week.
- Pacific Hotel Gallery exhibits remain open to the public 7 days per week, with one rotating exhibit every year (down from current level of 1-2 per year).
- Leonard & David McKay Gallery exhibits remain open to the public on weekends with one rotating exhibit per year (down from 4 days per week and 2-3 rotating exhibits per year).
- Historic Building exhibits remain open to the public on weekends with docent tours year-round and "Open House" program during summer months (eliminates current open hours Tuesday through Friday during summer months, reduced regular maintenance and cleaning of all exhibits, increases risk of damage to exhibits).
- Diminished ability to take advantage of opportunities for offsite temporary exhibits (such as current exhibits at City Hall and Martin Luther King Jr. Joint Library) unless additional specific funding is provided.

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- Museum Store & O'Brien's Café remain open Tuesday through Sunday (weekday hours would be reduced by 50%).

Events and Education Programming Operations Support

- History Park currently hosts 115 community and private events per year; this is estimated to decline as much as 50% because of a reduced public relations and internet presence;
- There is no projected service level reduction in education; History Park will continue to host 25,000 students annually.

Access to Collections

- Library and Archive will continue to serve research needs of an estimated 1,000 individuals annually. These include City employees, journalists, filmmakers, historians, publishers, authors, and residents.
- Historic photographic images continue to be available 5 days per week during business hours for researchers, exhibit planning, media relations, publishers, public art, etc.
- HSJ currently scans more than 850 images annually, fulfills approximately 3,000 requests for digital files annually, maintains 2,800 master image files, and provides original photography for events, publications, signage, programming and exhibits. Scanning and digital file request fulfillment is expected to be reduced by approximately 20%, master image file maintenance will be reduced, and original photography services will be eliminated.
- Availability of historic artifact collections available to donors, researchers, and group tours would be reduced to one day per week (down from availability Monday through Friday)
- HSJ currently accepts collection gifts from approximately 120 donors per year, including one to two large collections per year. A reduction in registrar services is expected to reduce donations accepted by about 50%.
- HSJ currently processes (which includes cataloging, rehousing, upgrading records, etc.) approximately 8,000 photos, 400 books, and 2,000 archival records per year, maintains 86,000 relational database records, and manages 20-30 volunteers, who provide a total of approximately 120 hours of work per week. These processing services are estimated to be reduced by about 40%.
- Response time to alarms, security issues, and system failures is estimated to increase to one hour from the current standard of less than 20 minutes.

Recommendation for Fourth Quarter Advance

HSJ adopted a \$2 million expenditure budget for the current fiscal year that was based on a City subsidy of 1.2 million (and recently adjusted to \$1,015,000) to support its optimal "full service" model. Staff has confirmed in discussions with HSJ and a review of its financial information that the expenditure rate has been based on the above. Staff requested a cash flow projection from HSJ to document a spending plan through June 30, 2008, assuming the 4th quarter advance and the additional \$300,177 subsidy resulting from increasing the subsidy to \$875,000. Staff has confirmed that HSJ can operate through June 30, 2008 without running into a deficit as long as the cash flow plan is followed. This information is summarized and attached.

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The attached table shows that without an advance of the 4th quarter subsidy payment, HSJ will be unable to meet payroll and basic costs by the end of December. Staff will work closely with HSJ to ensure that reductions are made promptly and to monitor expenditures and revenues on a regular basis to ensure that HSJ continues operations for the remainder of the fiscal year without running into a deficit.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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. **(Required: E-mail and Website Posting)**
- Criteria 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. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This report has been coordinated with General Services, the City Manager's Budget Office, the City Attorney's Office and History San José.

COST SUMMARY/IMPLICATIONS

1. **SOURCE OF FUNDING:** General Fund
2. **FISCAL IMPACT:** The additional subsidy of \$300,177 has not been budgeted. The fourth quarter subsidy of \$143,750.75 has already been appropriated.

CEQA

Exempt



Kay Winer
Chief Deputy City Manager

Attachment

For questions please contact Kay Winer, Chief Deputy City Manager at 535-8130.

**ATTACHMENT A
HISTORY SAN JOSE CASH BALANCE ESTIMATES
REMAINDER OF FY 2007-08**

Current Contract

Month	Cash In (City)	Cash In (Other sources)	Cash Out (at YTD spending rate)	Month-End Balance
November				60,000
December		50,000	130,000	(20,000)
January		60,000	160,000	(120,000)
February		65,000	160,000	(215,000)
March	143,706	70,000	160,000	(161,294)
April		70,000	160,000	(251,294)
May		70,000	160,000	(341,294)
June		67,000	160,000	(434,294)

Staff Recommendation

Month	Cash In (City)	Cash In (Other sources)	Cash Out (with reduced spending)	Month-End Balance
November				60,000
December	143,706	50,000	130,000	123,706
January		70,000	145,000	48,706
February	300,177	75,000	145,000	278,883
March		80,000	145,000	213,883
April		80,000	145,000	148,883
May		80,000	145,000	83,883
June		77,000	145,000	15,883