COUNCIL AGENDA: 06-29-04
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Sara L. Hensley
Larry D. Lisenbee

SUBJECT: **SEE BELOW**

DATE: 06-24-04

Approved

Date

COUNCIL DISTRICT: Citywide
SNI: N/A

SUBJECT: ADOPTION OF 2004-2005 APPROPRIATION ORDINANCE AMENDMENTS IN THE ANTI-TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE FUND

RECOMMENDATION

A. Adopt the following 2004-2005 Appropriation Ordinance Amendments and Funding Sources Resolution amendments in the Anti-Tobacco Master Settlement Agreement Revenue Fund:

1. Decrease the Youth Tobacco Education and Compliance Program appropriation by $87,286, from $141,977 to $54,691.
2. Decrease the Local Enforcement of Tobacco Control Project appropriation by $13,339, from $94,772 to $81,433.
3. Increase the Healthy Children Project appropriation by $100,000, from $2,000,000 to $2,100,000.
4. Increase the Alzheimer's Activity Center Project appropriation by $6,675, from $20,025 to $26,700.
5. Increase the Senior Safety Education Project appropriation by $19,357, from $58,073 to $77,430.
6. Increase the Addressing the Gaps in Aging Services - Nutrition Services appropriation by $155,900, from $623,599 to $779,499.
7. Increase the Minority Senior Service Providers Consortium Wellness Project appropriation by $46,725, from $140,175 to $186,900.
8. Establish an appropriation to the Parks, Recreation, and Neighborhood Services Department for the Seniors Living With Vision Loss Project in the amount of $66,000.
9. Increase the Interest Earnings Reserve appropriation by $121,617, from $453,459 to $575,076.
10. Decrease the Reserve: To be Allocated at a Future Date appropriation by $415,649.

BACKGROUND

On Tuesday, June 22, 2004, the City Council adopted an Appropriation Ordinance and Sources Resolution establishing the 2004-2005 Operating and Capital Budgets. The ordinance and resolution have been prepared based on the amounts included in the 2004-2005 Proposed Budget, except where amended by various Manager's Budget Addenda, City Council actions, and/or the "Mayor's June Budget Message for Fiscal Year 2004-2005" memorandum. Included in the 2004-2005 Operating Budget for the Anti-Tobacco Master Settlement Agreement Revenue Fund was $10,183,486 in projects/administration, $500,000 in an Operating Reserve, $453,459 in an Interest Earnings Reserve and $415,649 that remained unallocated and placed in a reserve to be allocated at a future date. The $415,649 was a combination of unrestricted fund balance, monies set aside in a Settlement Reserve, a Calpine contribution and anticipated interest earnings. Please refer to Attachment A for more details on the amount that remained unallocated.

A Healthy Neighborhood Venture Fund Advisory Committee special meeting was held on June 16, 2004 to consider prior allocations and potential additional allocations to the recently adopted budget. At that time, revisions were made to incorporate the input that was received from Committee members and the nonprofit community and included adding a net additional $294,032 for projects and allocating $121,617 of the 2004-2005 anticipated interest earnings to the Interest Earnings Reserve. The source of funds for the additional $294,032 allocated was decreasing two projects, using $100,000 from a Calpine contribution and using a portion of the funds that remained unallocated.

In summary, the recommended amendments to the Appropriation Ordinance implement the changes recommended by the Healthy Neighborhood Venture Fund Advisory Committee on June 16, 2004 and approved by the City Council on June 22, 2004. Revised allocations include $10,477,518 in projects/administration, $500,000 in an Operating Reserve, and $575,076 in an Interest Earnings Reserve. Please refer to Attachment B for a summary of each of the allocations.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

CEQA

Not a project.

SARA L. HENSLEY
Director, Parks, Recreation and Neighborhood Services

LARRY D. LISENBEE
Director, Budget Office