

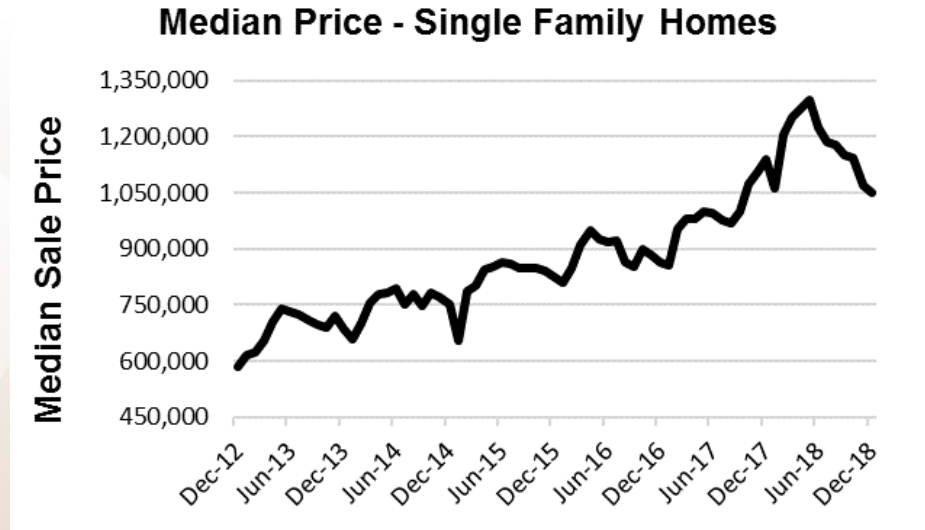
City of San José

**2018-2019
Mid-Year Budget Review**

February 12, 2019

2018-2019 Mid-Year Budget Review Overview

- Operating and capital funds are generally performing as expected
- Economic trends positive, but moderating
- Budget actions recommended in various operating and capital funds; reduction to the Vehicle Impound Fee



Unemployment Rate (Unadjusted)		
	Dec. 2017	Dec. 2018
San José Metropolitan Statistical Area	2.7%	2.5%
State of California	4.2%	4.1%
United States	3.9%	3.7%

General Fund Budget Performing as Expected

- Revenues tracking to exceed budget by approximately \$20 million - \$25 million; additional revenue of \$18.7 million is projected from Successor Agency to the Redevelopment Agency (SARA) and City-owned property sales
- Expenditures tracking to end the year with savings of approximately \$4 million - \$6 million
- Limited adjustments recommended at Mid-Year:
 - Required Technical/Rebalancing Adjustments
 - Grants/Reimbursements/Fees
 - Clean-Up Adjustments

Major General Fund Adjustments

Required Technical/Rebalancing Actions	Use of Funds	Source of Funds
Other Revenue (SARA and City-owned Property Sales)		\$ 18,700,000
2019-2020 Proposed Budget Planning Reserve	\$14,400,000	
Transfer to Convention Center Facility District Rev Fund (South Hall Sale/SARA Property Sales)	\$ 4,300,000	
2018-2019 Ending Fund Balance Reserve	\$ 15,000,000	
Sales Tax Revenue		\$ 12,000,000
Property Tax Revenue		\$ 4,000,000
Revenue from Local Agencies (Paramedic Program and other agencies)		\$ 1,132,000
City Attorney's Office (Litigation Costs)	\$ 700,000	
Public Works Department (Animal Care and Services Program)	\$ 535,000	

Major General Fund Adjustments (Cont'd.)

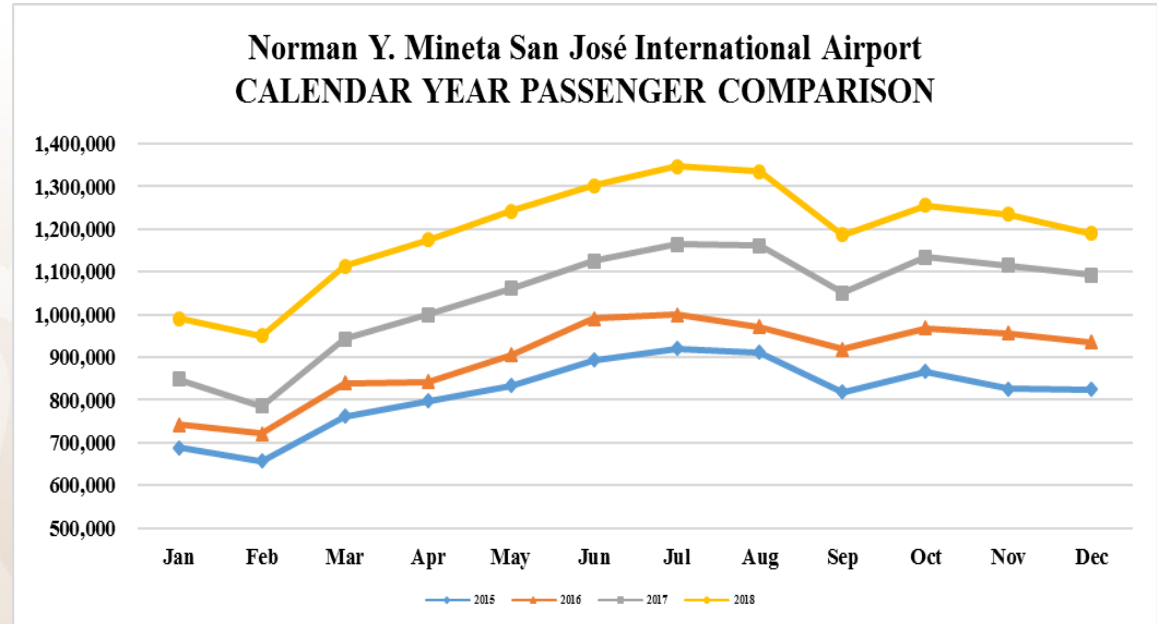
Required Technical/Rebalancing Actions	Use of Funds	Source of Funds
Police Department (School Safety Program)	\$ 385,000	
Measure T Implementation	\$ 250,000	
Climate Smart San José Plan Implementation	\$ 150,000	
Commercial Development Impact Study	\$ 150,000	
Closed Landfill Compliance	\$ 100,000	
Finance Department (Business Tax Amnesty)	\$ 100,000	
Small Business Anti-Displacement Research	\$ 100,000	
Salaries and Benefits Program (Life Insurance Cost Savings)	(\$ 353,000)	
Other Miscellaneous Adjustments	\$ 127,000	
Other Net-Zero Expenditure Adjustments	\$ 0	\$ 0
Total Required Technical/Rebalancing Actions	\$ 35,944,000	\$ 35,832,000

Major General Fund Adjustments (Cont'd.)

Category	Use of Funds	Source of Funds
Grants/Reimbursements/Fees		
Various Grants/Reimbursements/Fee Adjustments	\$ 2,501,000	\$ 2,501,000
Clean-Up Adjustments		
Beginning Fund Balance Reconciliation	\$ 0	\$ 663,000
Public Works Development Fee Program 2017-2018 Reconciliation	\$ 363,000	
OED Non-Personal/Equipment Rebudget	\$ 46,000	
Revenue from Local Agencies Rebudget		(\$142,000)
Various Net-Zero Adjustments	\$ 0	\$ 0
Total Clean-Up Adjustments	\$ 409,000	\$ 521,000
TOTAL ALL ADJUSTMENTS	\$38,854,000	\$38,854,000

Status of Selected Special/Capital Funds

- **Airport Funds:** Passenger activity up 12.3% compared to projected growth of 3%; operating and capital budget adjustments



- **Housing Funds:** Underwriting consultant services, affordable housing rental database and portal, and Moderate Income Housing Strategy consultant services
- **Public Safety Capital Program:** Fire Station 37 project

Status of Selected Special/Capital Funds

Construction and Conveyance Tax Funds: Revenues projected to exceed the budgeted estimate but fall below the prior year

Building & Structure Tax Fund/ Construction Excise Tax Fund: Revenues projected to meet budgeted estimates but fall below prior year as anticipated

Private Sector Construction Activity (Valuation in \$ Millions)			
	YTD December 2017	YTD December 2018	% Increase
Residential	\$ 394.1	\$ 299.4	(24.0%)
Commercial	\$ 406.3	\$ 243.9	(40.0%)
Industrial	\$ 291.9	\$ 208.4	(28.6%)
TOTAL	\$ 1,092.3	\$ 751.7	(31.2%)

Looking Forward – 2019-2020 Budget

February 2019

- 2019-2020 City Manager's Request and 2020-2024 Five-Year Forecast Released

March 2019

- City Council Review and Approval of Mayor's March Budget Message

April/May 2019

- 2019-2020 Proposed Capital/Operating Budgets/2020-2024 Proposed CIP/2019-2020 Fees and Charges Released
- City Council Budget Study Sessions and Initial Budget Public Hearing
- Community Budget Meetings

June 2019

- Final Budget Public Hearing
- Mayor's June Budget Message & Final Review of Budgets
- 2019-2020 Capital/Operating Budgets and Fees & Charges Approval

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