

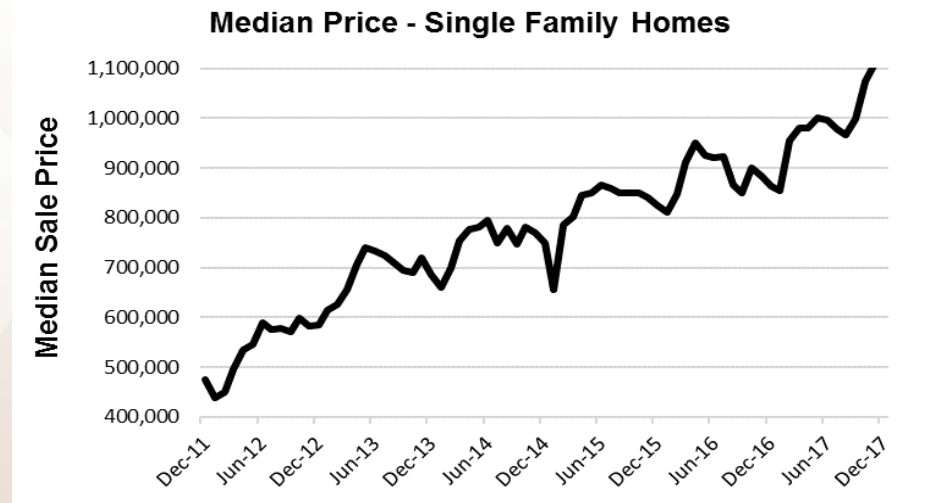
City of San José

**2017-2018
Mid-Year Budget Review**

February 13, 2018

2017-2018 Mid-Year Budget Review Overview

- Operating and capital funds are generally performing as expected
- Economic trends largely positive
- Budget actions recommended in various operating and capital funds



Unemployment Rate (Unadjusted)		
	Dec. 2016	Dec. 2017
San José Metropolitan Statistical Area	3.4%	2.7%
State of California	5.0%	4.2%
United States	4.5%	3.9%

General Fund Budget Performing as Expected

- Revenues tracking to exceed budget by approx. \$12 million
- Expenditures tracking to end the year with savings of approx. \$3 million - \$4 million
- Limited adjustments recommended at Mid-Year:
 - Urgent/Fiscal Program Needs
 - Required Technical/Rebalancing Adjustments
 - Grants/Reimbursements/Fees
 - Clean-Up Adjustments

Major General Fund Adjustments

Urgent Fiscal/Program Needs	Use of Funds	Source of Funds
Advanced Funding for Voluntary Employee Beneficiary Association (VEBA) Plan	\$ 100,000	
Total Urgent Fiscal/Program Needs	\$ 100,000	\$ 0

Major General Fund Adjustments (Cont'd.)

Required Technical/Rebalancing Actions	Use of Funds	Source of Funds
2018-2019 Future Deficit Reserve/SARA Reimbursement	\$ 10,750,000	\$ 10,750,000
Self-Insured Medical Fund Reserve	\$ 1,650,000	
Fire Dept. Aircraft Rescue and Fire Fighting Services/Reimbursement from the Airport	\$ 328,000	\$ 328,000
City Attorney's Office (Outside Litigation Costs)	\$ 300,000	
Workers' Compensation State License	\$ 267,000	
Transportation Dept. (Our City Forest Lease)	\$ 175,000	
PRNS Dept. (Vietnamese-American Community Ctr.)	\$ 115,000	
Evergreen Senior Housing Ballot Initiative 9212 Report	\$ 110,000	

Major General Fund Adjustments (Cont'd.)

Required Technical/Rebalancing Actions	Use of Funds	Source of Funds
City Manager's Office Staffing	\$100,000	
Fair Labor Standards Act System Configuration	\$ 92,000	
Convention Center Lease Payments/Revenue from Local Agencies	(\$15,240,000)	(\$15,240,000)
Salaries and Benefits Reserve	(\$ 1,846,000)	
Fire Emergency Medical Services (Paramedic) Reimbursement		\$ 1,500,000
Transfer from Parks C&C Tax Funds		\$ 587,000
Other Miscellaneous	\$ 199, 000	\$ 85,000
Other Net-Zero Expenditure Adjustments	\$ 0	\$ 0
Total Required Technical/Rebalancing Actions	(\$ 3,000,000)	(\$ 1,990,000)

Major General Fund Adjustments (Cont'd.)

Category	Use of Funds	Source of Funds
Grants/Reimbursements/Fees		
Various Grants/Reimbursements/Fee Adjustments	\$ 3,502,000	\$ 3,502,000
Clean-Up Adjustments		
Beginning Fund Balance	\$ 0	(\$ 597,000)
Cultural Facilities Capital Maint. Reserve Rebudget	\$ 498,000	
Salary Program	(\$ 185,000)	
Various Net-Zero Adjustments	\$ 0	\$ 0
Total Clean-Up Adjustments	\$ 313,000	(\$ 597,000)

Status of Selected Special/Capital Funds

- **Airport Funds:** Passenger activity up 16.8% compared to projected growth of 3%
- **General Purpose Parking Fund:** SARA reimbursement; reserve reductions; project modifications
- **Gift Trust Fund:** Gifts from Facebook (\$1 million) and various Library donors (\$125,000)
- **Self-Insured Medical Fund:** Revenues and expenditures not meeting expectations; establish \$1.65 million General Fund reserve to address potential negative Ending Fund Balance

Status of Selected Special/Capital Funds

- **Building & Structure Tax Fund/Construction Excise Tax Fund:** Revenues projected to exceed estimates
- **Construction and Conveyance Tax Funds:** Revenues projected to exceed estimates
- **New Capital Funds:** Convention and Cultural Affairs Fund, Convention Center Facilities District Revenue Fund, General Purpose Parking Fund, Library Parcel Tax Fund

Looking Forward – 2018-2019 Budget

February 2018

- 2018-2019 City Manager's Request and 2019-2023 Five-Year Forecast Released

March 2018

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

April/May 2018

- 2018-2019 Proposed Capital/Operating Budgets/2019-2023 Proposed CIP/2018-2019 Fees and Charges Released
- City Council Budget Study Sessions and Initial Budget Public Hearing
- Community Budget Meetings

June 2018

- Final Budget Public Hearing
- Mayor's June Budget Message & Final Review of Budgets
- 2018-2019 Capital/Operating Budgets and Fees & Charges Approval

City of San José

**2017-2018
Mid-Year Budget Review**

February 13, 2018