2018-2019
Annual Report

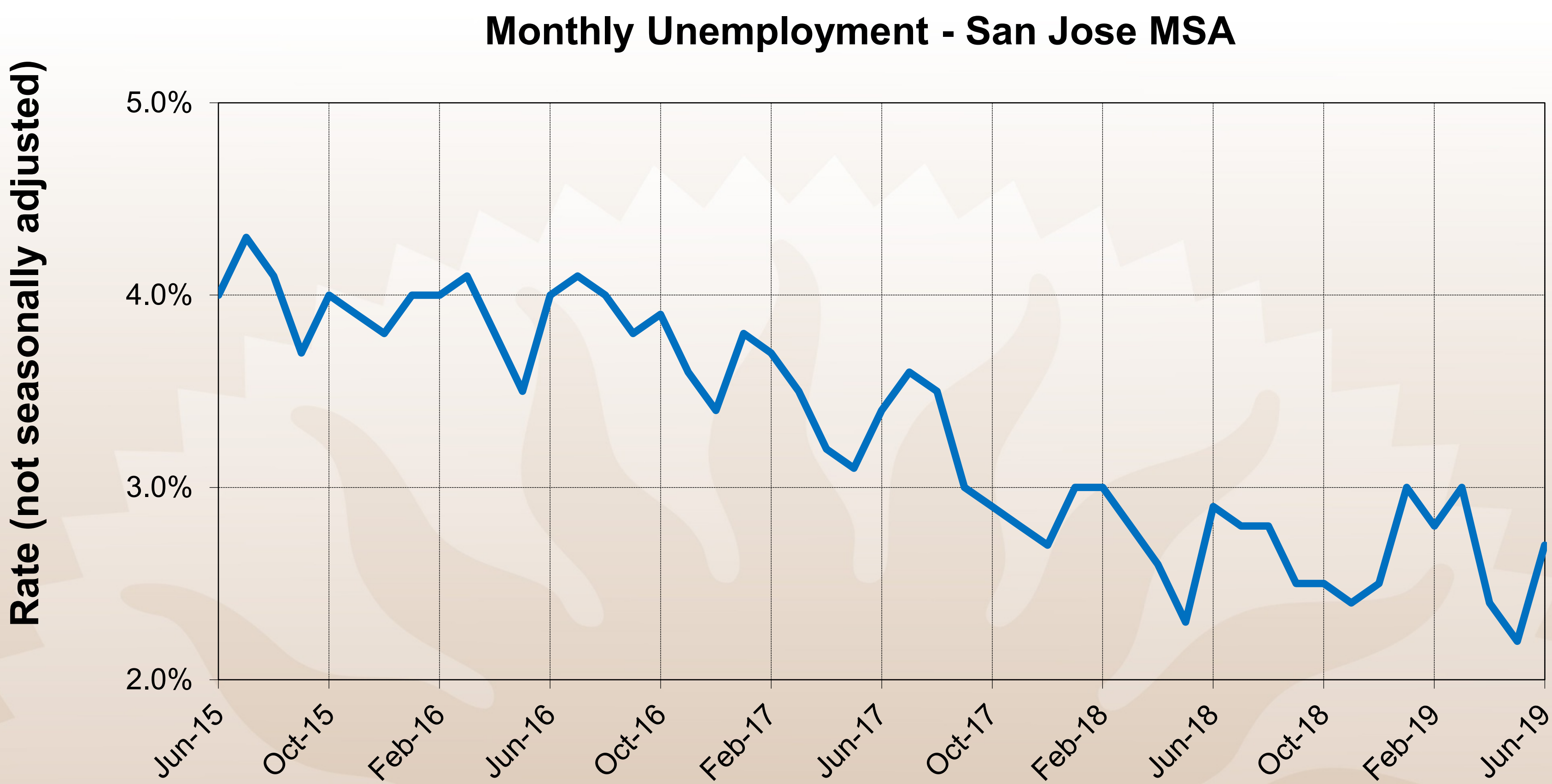
City Council Meeting – October 22, 2019; Item 3.3

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

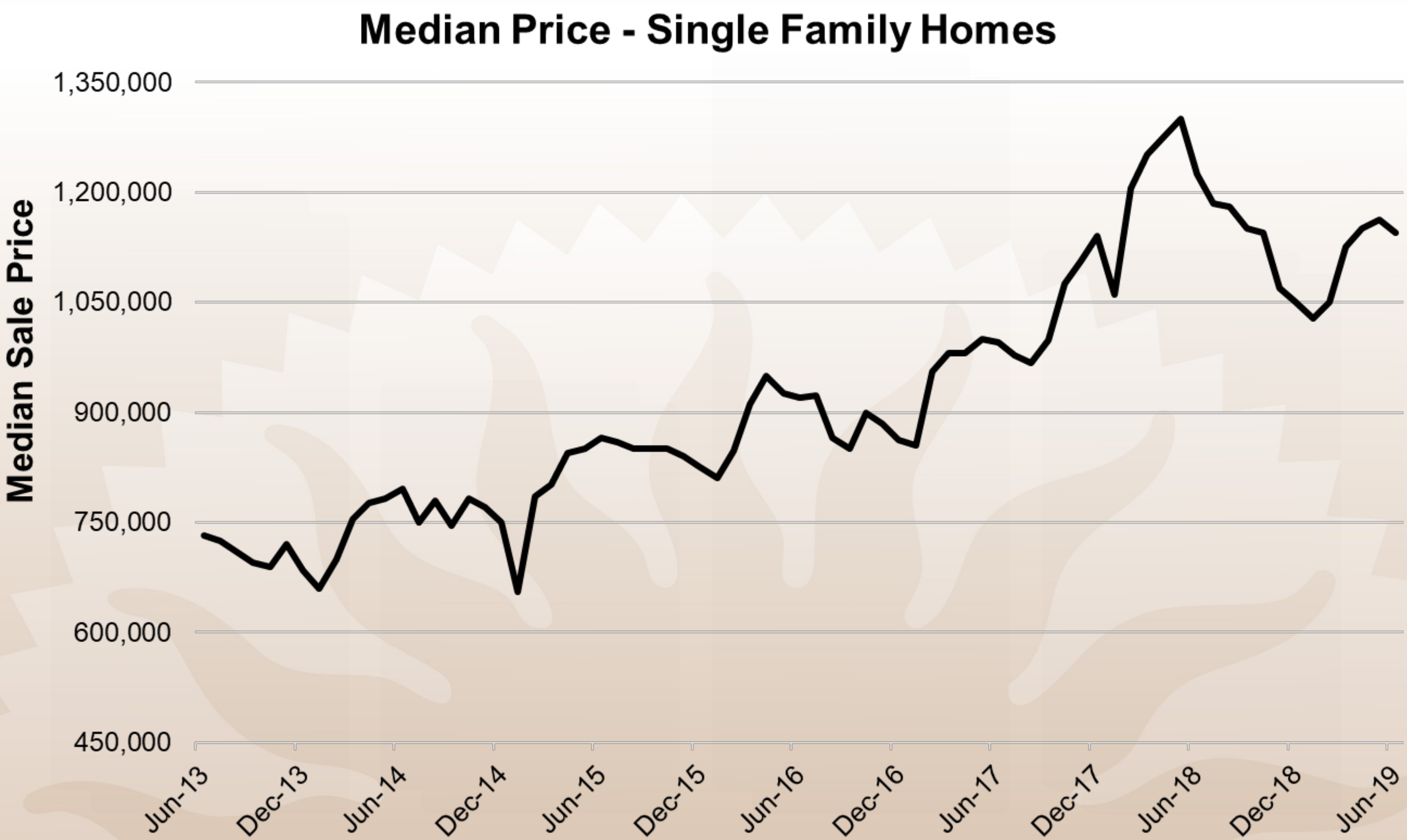
2018-2019 Budget: Overall Performance Met Expectations

- Revenues generally performed as expected
- Overall expenditures ended the year within or below budget
- General Fund had a small surplus and most funds ended the year with balances at or above estimated levels
- Recommended actions close out 2018-2019, adjust 2019-2020 as necessary, recognize grants and reimbursements, address needs in special and capital funds, and fund several urgent fiscal/program needs in the General Fund

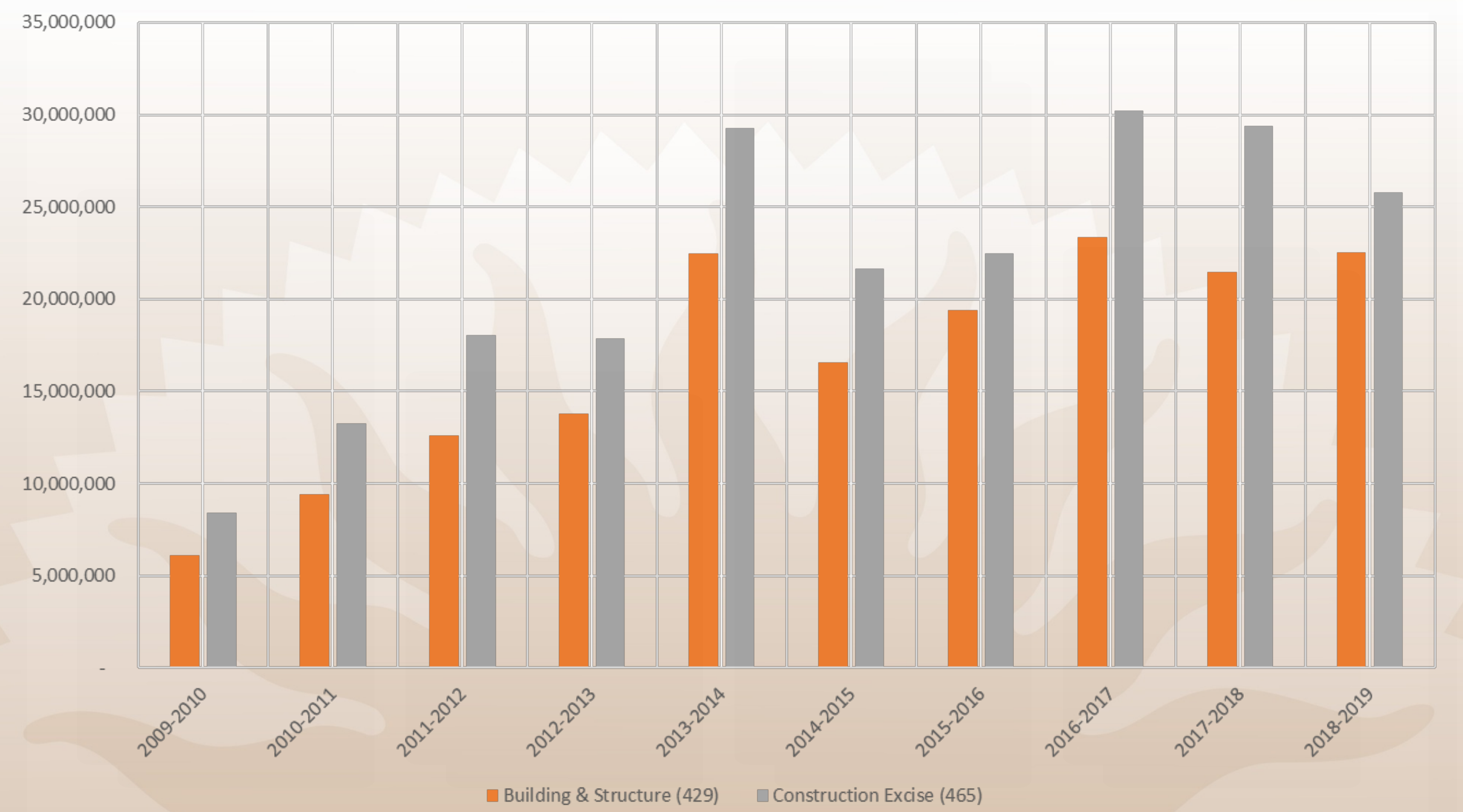
Economic Conditions: Unemployment Rate



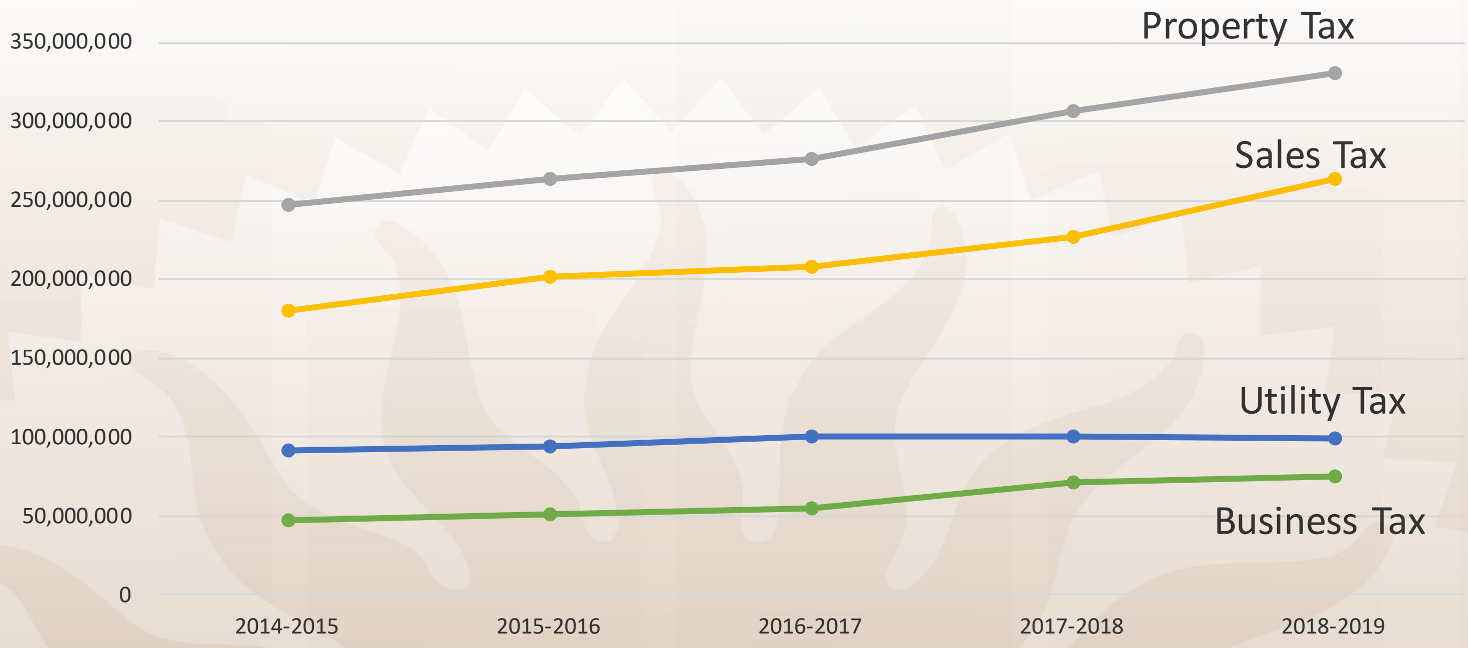
Economic Conditions: Real Estate



Economic Conditions: Construction Tax Revenues



Select General Fund Revenue Trends



General Fund: Additional Fund Balance

- General Fund ended the year with a gross fund balance of $364.8 million; **$75.4 million** above the estimate used to develop the 2019-2020 Adopted Budget

- Additional fund balance was primarily generated by:
  - Year-end sale proceeds from the Fire Training Center
  - Development Fee Program revenue and expenditure savings
  - Personal services savings related to retirement prefunding

- Net of required adjustments to close out 2018-2019, the ending fund balance variance was **$27.4 million**

General Fund: Proposed Allocation of Additional Fund Balance

		($ in 000s)
Additional 2018-2019 Ending Fund Balance	**$**	**75,387**
Development Fee Program Reconciliation		(12,191)
Fire Training Center Replacement Reserve Rebudget		(36,835)
Rebudgets/Clean-Up Actions		1,032
Fund Balance Available After Clean-Up Actions		**27,393**
Recommended Budget Adjustments		
Required Technical/Rebalancing Actions		(10,624)
Grants/Reimbursements/Fee Activities		781
Urgent Fiscal/Program Needs		(7,550)
Fund Balance Available After Recommended Adjustments		**10,000**
Distribution of Remaining Fund Balance Per City Council Policy I-18		
Budget Stabilization Reserve		(5,000)
Unmet/Deferred Infrastructure: City Facilites Emergency Power Generation		(5,000)

General Fund: Recommended Budget Adjustments

Required Technical/Rebalancing Actions		($ in 000s)
General Liability Claims	$	(4,000)
IT - Project Management (6 FTE and $1M Contractual Services)		(1,900)
City Attorney's Office (Contractual Services for Litigation)		(1,500)
Contingency Reserve		(1,500)
Library (SJSU Agreement - IT Baseline Costs)		(485)
Cultural Facilties Operations Support		(400)
Transfer to Bldg & Structure Construction Tax Fund (North San Jose BCP Revenue)		(371)
3-1-1 Call Transition Reserve		(250)
Fire Training Relocation (Net-Zero Shift $3.5 M)		0
Transportation Department Electrical Services Support (net-zero shift of $450k)		0
Miscellaneous Adjustments		(218)
Total Required Technical/Rebalancing Actions	**$**	**(10,624)**

General Fund: Recommended Budget Adjustments

Grant/Reimbursements/Fee Activities	$	781
Urgent Fiscal/Program Needs		
Police Guardian Rapid Response Program (Overtime, Vehicles)	$	(3,550)
Transfer to Municipal Golf Course Fund (Los Lagos Debt Pay Down)	$	(2,300)
Community Plan to End Homelessness - Healthy Neighborhoods and Quality of Life	$	(1,500)
City Facilities Safety Assessment	$	(200)
Total Urgent Fiscal/Program Needs	$	(7,550)
Distribution of Remaining Fund Balance Per City Council Policy I-18		
Budget Stabilization Reserve	$	(5,000)
Unmet/Deferred: City Facilites Emergency Power Generation		(5,000)
Total Distribution of Remaining Fund Balance Per City Council Policy I-18		(10,000)

Special/Capital Funds
Performance in Selected Funds

Airport Operating Funds

- Passenger activity up 10.8% to 14.9 million; overall revenue performance exceeded budgeted estimates by $3.1 million

Building and Structure Construction Tax and Construction Excise Tax Funds

- Combined receipts totaled $48.3 million for the Traffic Capital Program, $2.5 million (5%) below prior year, but $11.3 million above budgeted estimates

Construction and Conveyance Tax (C&C) Tax Funds

- C&C Tax totaled $47.2 million, $900,000 (2%) below prior year, but $5.2 million above the budgeted estimate

Special/Capital Funds Recommended Budget Adjustments

- **Clean-Up Actions**
  - Fund Balance Reconciliations
  - Rebudget Adjustments
  - Technical Adjustments (e.g., Net-Zero Transfers/Reallocations)

- **Recommended Adjustments**
  - Recognize Grants and Reimbursements
  - Update Cost/Revenue Estimates and Project Timing
  - Priority Projects and Programs

2018-2019 Annual Report

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Budget Director

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