

January 21, 2025

Krista De La Torre
4 North 2nd St. #595
San Jose, CA 95113

RE: Information Request, dated December 26, 2024, and Follow-Up Responses

Dear Ms. De La Torre:

Below please find information responsive to your information request, dated December 26, 2024, and your follow-up requests for the information provided by email to the City on January 14, 2025. In addition to responding to your specific questions, we are also including some additional information to clarify some of the initial points made at the beginning of your letter.

Additional Information and Clarification of Introductory Bullets

- ***The FY 2024-2025 Adopted Operating Budget includes a Revenue Loss Reserve of \$120 million, an increase of \$30 million from the previous fiscal year. The Adopted Operating Budget also includes a Budget Stabilizing Reserve of \$61 million that can be accessed through a majority vote from council when projected revenues and/or higher than projected expenditures cannot be re-balanced within existing budget resources. Therefore, there is a combined \$181 million in reserves that could be utilized to balance a potential budgetary shortfall.***

The Revenue Loss Reserve was first established in the 2021-2022 Mid-Year Budget Review Report¹ to set aside funds in response to the State of California's initial determination that a portion of the City's previous and current tax revenues could be significantly lower. With limited exceptions, tax records are confidential under State law. While the City continues to dispute the State's determination, this reserve continues to set aside the disputed revenues to address the negative impact to the General Fund from a final adverse determination. Consistent with the language in that Report, the disputed revenues have continued to be set aside on an annual basis while the appeals process continues, and may continue for several more years. It would not be appropriate for the City Council to pay for the cost of ongoing services with a revenue source that the State is seeking to take back from the City.

- ***The ending General Fund Balance in FY 23-24 experienced a surplus of \$24.4 million due to overestimated expenses. Expenditure and transfer savings for FY 2023-2024 totaled \$291.3 million.***

¹ 2021-2022 Mid-Year Budget Review Transmittal Memorandum, see pages 2 and 3:
<https://www.sanjoseca.gov/home/showpublisheddocument/81714/637789872504930000>

As shown on Page 3 of the transmittal memorandum of the 2023-2024 Annual Report², the additional fund balance available after clean-up and rebudget actions totaled \$2.4 million. For context, that is 0.05% of the 2023-2024 Modified Budget for revenues and expenses. The \$24.4 million figure is the difference between the estimated ending fund balance assumed in the development of the 2024-2025 Adopted Operating Budget of \$576.4 million and the actual amount of \$600.9 million determined after the close of Fiscal Year 2023-2024.

It is important to note that that vast majority of year-end fund balance is anticipated in the Adopted Budget, and primarily consists of funds that need to be carried over (i.e., rebudgeted) into the following fiscal year to continue earmarked reserves (e.g., Revenue Loss, Budget Stabilization, Measure E), as well as the rebudget of various City-Wide and Capital Project allocations that are expended over a multi-year period.

As part of the Annual Report process, the City trues up the estimated amount of fund balance with the actual amount of fund balance, including the true-up of rebudgets and other technical clean-up actions. For the 2023-2024 Annual Report, that final true-up resulted in the initial fund balance of \$24.4 million being reduced to \$2.4 million, which is the accurate representation of available ending fund balance. The \$2.4 million was allocated to two urgent fiscal/program needs and to address required technical/rebalancing needs, each action of which is discussed in the 2023-2024 Annual Report document.

- ***Over the past decade, the General Fund has consistently ended each fiscal year with a surplus, averaging \$32.2 million annually. This is despite 80% of the budgets during this period projected deficits in either Year 1 or Year 2 of the Five-Year forecasts. A significant portion of these surpluses can be attributed to annual expenditure savings, which have averaged \$149 million per fiscal year.***

As discussed above, when conveying the amount of additional available ending fund balance in excess of the amount assumed in the Adopted Budget, the appropriate figure to cite is the fund balance amount after accounting for rebudget and clean-up actions. The table below provides the 10-year history of this figure, averaging \$20.7 million. A helpful way to contextualize this figure is to express as a percentage of the total budgeted sources and uses, 0.59%, as estimating the year-end fund balance takes into account both estimated revenues and expenditures. Excluding the volatility and uncertainty of the COVID-19 pandemic from 2019-2020 through 2021-2022, the average drops to \$11.9 million, or 0.36% of total sources and uses which is a very close variance margin.

Fiscal Year	Fund Balance Available After Clean-Up/Rebudget Actions [A]	Source Modified Budget [B]	Use Modified Budget [C]	Fund Balance as % of Total Source and Total Use [A]/([B]+[C])*100
2023-2024	2,390,570	2,204,665,826	2,204,665,826	0.05%
2022-2023	18,589,920	2,321,636,352	2,321,636,352	0.40%
2021-2022	33,741,416	2,160,831,006	2,160,831,006	0.78%
2020-2021	61,613,389	1,789,587,926	1,789,587,926	1.72%
2019-2020	28,390,433	1,610,970,366	1,610,970,366	0.88%
2018-2019	27,392,653	1,670,692,892	1,670,692,892	0.82%
2017-2018	11,015,047	1,583,017,252	1,583,017,252	0.35%
2016-2017	7,101,979	1,402,384,778	1,402,384,778	0.25%
2015-2016	6,825,000	1,324,959,322	1,324,959,322	0.26%
2014-2015	9,961,000	1,376,923,185	1,376,923,185	0.36%
Average	20,702,141			0.59%

² <https://www.sanjoseca.gov/home/showpublisheddocument/114841/638632993991370000>

Response to Information Request

- ***Provide a list of all budgeted positions by department and classification, including the amounts filled, the amounts that are vacant, and the budgeted amount associated with the position. In this list please also include the positions attributed to the General Fund and Non-General Fund and note which classifications have been frozen in this most recent department directive.***

The first tab in the attached Excel workbook includes all of the permanent and limit-dated positions included in the 2024-2025 Adopted Operating Budget, their total budgeted cost, and if they are budgeted within the General Fund, Special Funds, or Capital Funds. This tab also includes a column to indicate if the position is a limit-dated position. The second tab includes a list of all of the vacant budgeted positions as of November 30, 2024. The third tab lists all authorized limit-dated and overstrength positions, including their expiration date, as of November 30, 2024.

In accordance with the City Manager's Cost Control memorandum, the following classifications are exempted from the hiring freeze:

Animal Care Attendant, Animal Health Assistant, Animal Health Technician, Animal Services Officer, Animal Shelter Coordinator, Animal Shelter Veterinarian, Arson Investigator, Battalion Chief, Deputy Fire Chief, Fire Captain, Fire Engineer, Fire Fighter, Fire Prevention Inspector, Firefighter Recruit, Deputy Chief of Police, Police Captain, Police Lieutenant, Police Officer, Police Recruit, Police Sergeant, Public Safety Radio Dispatcher, Police Communication Specialist, Public Safety Communications Specialist, Police Radio Dispatcher, Electrician, Senior Electrician, Park Ranger, Park Ranger Assistant, Park Ranger Trainee, Zoo Keeper, Senior Zoo Keeper, and Parking and Traffic Control Officer.

Departments may also make specific requests to unfreeze positions that directly support a very limited set of services within City Council Focus Areas and Administration priorities, have a direct and immediate impact on critical service delivery, or would otherwise result in significant organizational risk, including certain enterprise, utility, and development-fee funded positions required to maintain rate-payer services.

- ***List of contracts funded from the general fund, scope of work/project, the total amount, remaining amount, classifications that could complete the work, and start and end dates.***

The City's contracts can be found on the Government Information Library Electronic System (GILES) at the following location:

<https://records.sanjoseca.gov/Pages/Search.aspx>

There is no database that maintains information as to which contracts are partially or entirely paid for through the General Fund.

- ***IFPTE Local 21 has obtained consolidated contract data in the past. Attached is an example of what we have received, please provide an updated version of this data. Additionally, we would like clarification over contracts with General Fund funding. Is the City unaware of how many and which contracts are being***

funded through the General Fund? If so, is there any intention to collect that information to identify cost savings in the future?

IFPTE's original request sought a "list of contracts funded from the general fund." As noted above, the City does not maintain a database of contracts by funding source. The file previously received by IFPTE was a large file listing contracts and related metadata, including contract amount, but did not include the funding source. With the knowledge that the list of contracts sent by IFPTE to the City on January 14, 2025, did not contain IFPTE's desired information of contracts whose funding source was the General Fund, before the Administration directs staff to update this list can IFPTE please confirm that an updated version of this list, without any way to determine an individual contract's funding source, is necessary?

The City centrally budgets expenses across a wide range of intersections, including CSA, Department, Core Service, Budget Program, Fund, Appropriation, and Object Detail. Each department may then break that budget down into smaller components by Responsibility Center, Visible Code, and/or other options provided in the City's Financial Management System. Centralized budget tracking is extremely valuable to monitor trends, identify potential problems that need to be addressed, and identify opportunities for savings or funding reallocations.

Creating and maintaining a database of contracts by funding source for such a large and diverse organization like the City – a significant investment – would not provide an effective way to centrally identify potential cost savings due to the variety of contract types, nature of the work performed, variable timing of payments, etc. Instead, the City leverages the budgeting and monitoring at the levels discussed above to identify the potential issues and opportunities, and then dives in with department staff to better understand the issues.

- ***Clarify the distinction between over strength and limited dated positions. List of all classifications categorized as an over strength and limited dates positions, which departments they are in, budgeted amount and fund, and start and end dates.***

A "limit-dated" position is a position that is similar in nature to a permanent position, is established through the budget process or otherwise approved by the City Council, and has a defined end date. An "overstrength" position is a position that is temporary in nature, but is typically not approved by the City Council; rather these temporary positions are authorized administratively based on an urgent need and subject to the appropriation of available funding. [City Administrative Policy Manual, Section 3.1.2, Temporary Staffing – Classified Service](#) speaks to the concept of what is referred to as an "overstrength" position.

The first tab of the attached workbook includes the budgeted cost of all budgeted positions, including limit-dated positions. This can be cross-walked compared to the third tab that contains a separate listing of limit-dated and overstrength positions, which includes the start and end date.

- ***Please provide a list of expenses departments will be cutting from their general fund budget and the corresponding report/memo once they have been submitted.***

The Cost Control Measures memorandum did not require departments to submit reductions to their budget. Rather, the memorandum established a hiring freeze (with exceptions) and directed departments to limit various types of expenditures.

- ***Please provide a list of “limited expenditures” submitted by departments and their anticipated cost savings.***

As previously stated, the Cost Control Measures memorandum did not require the departments to submit reductions. The types of expenditures that should be limited per the direction of the City Manager were identified in the memorandum. As the memorandum did not require departments to submit specific expenditure reductions to the Budget Office, the City has no responsive information to this request.

- ***Please include the analysis and data used to inform the City’s sales tax revenue forecast, including any analysis or forecast of potential impacts of the 2026 FIFA World Cup which is scheduled to arrive in San Jose by the end of FY 2025-2026.***

The Sales Tax category includes General Sales Tax (also known as the 1%, or Bradley-Burns Sales Tax), Local Sales Tax (the ¼-cent tax approved by Measure B in 2016), and Proposition 172 Sales Tax³. Information related to Sales Tax payments is distributed from the California Department of Tax and Fee Administration four times throughout the year: November (representing July-September activity); February (representing October-December activity); May (representing January-March activity); and August (representing April-June activity).

The below tables show quarterly payments for General and Local Sales Tax: the actuals received in 2023-2024, the first quarter payment of actuals in 2024-2025, and an estimate by quarter of year-over-year changes by quarter.

For General Sales Tax, we are preliminarily anticipating a drop of 2% in Q2, a drop of 5% in Q3, and an increase of 5% in Q4, primarily since the Q4 payment from 2023-2024 already experienced a significant decline. For Local Sales Tax⁴, we are tentatively anticipating small increases of 2% in Q2, 2.5% in Q3, and 5% in Q4. When taken together, these assumptions result in a shortfall of \$26.5 million, though since it is still early in the fiscal year and available data is limited, we express this as a range from \$25-\$30 million. More information on current year Sales Tax is included in the [Bi-Monthly Financial Report for September/October 2024](#), beginning on page 8.

In 2025-2026, the preliminary forecast expects revenues to modestly improve, with a year-over-year growth of approximately 4%. It is important to stress that this growth estimate is very preliminary and based on only one quarter of actual receipts in 2024-2025. All revenue estimates will be revisited in depth and revised as part of the Five-Year Forecast that will be released at the end of February 2025. Due to the preliminary nature of this Sales Tax estimate, we have not included any specific assumptions related to the 2026 sporting events.

³ Since the revenue estimate for Proposition 172 Sales Tax is relatively small compared to the other categories (\$8 million estimate for 2024-2025), our preliminary analysis at this time is focused on General and Local Sales Tax.

⁴ Local Sales Tax is generated based on the destination of the purchased product; therefore, all out-of-state online retailers (including marketplace facilitators) sales tax collections are directly distributed to the City of San José, versus the General Sales Tax revenue that is deposited in the County Pool, where the City only receives approximately 45% - 50% of the proceeds. Due to this distinction, Local Sales Tax revenue may not always experience the same growth and decline rates as General Sales Tax receipts.

General Sales Tax			Local Sales Tax		
Shaded amounts are actual receipts. Unshaded amounts are estimates.					
	2024-2025	2023-2024		2024-2025	2023-2024
	Actuals + Est.	Actuals		Actuals + Est.	Actuals
1st Qtr	62,760,841	69,769,285	1st Qtr	13,921,516	14,609,504
2nd Qtr	65,400,000	66,760,999	2nd Qtr	15,200,000	14,923,166
3rd Qtr	64,800,000	68,235,127	3rd Qtr	13,600,000	13,222,036
4th Qtr	66,900,000	63,707,815	4th Qtr	14,900,000	14,171,292
Total	259,860,841	268,473,226	Total	57,621,516	56,925,998
Budget	284,000,000		Budget	60,000,000	
Variance	(24,139,159)		Variance	(2,378,484)	

Combined General Sales Tax and Local Sales Tax		
	2024-2025	2023-2024
	Actuals + Est.	Actuals
1st Qtr	76,682,357	84,378,789
2nd Qtr	80,600,000	81,684,165
3rd Qtr	78,400,000	81,457,163
4th Qtr	81,800,000	77,879,107
Total	317,482,357	325,399,224
Budget	344,000,000	
Variance	(26,517,643)	

- **Provide the available funds in the FY 2024-2025 Salaries and Benefits Reserve.**

The 2024-2025 Modified Budget for the Salaries and Benefits Reserve is \$14.4 million; however, a sizeable amount of funding will be reallocated as part of the 2024-2025 Mid-Year Budget Review to the Department’s respective personal services budgets to account for general wage increases that were approved after the release of the Adopted Budget, management pay for performance increases, benefit rate increases (health), and other increases that were approved for specific classifications.

- **Provide the amount of funding from the Salaries and Benefits Reserve that will be reallocated, where and how much funding will be reallocated broken down by department.**

This analysis is ongoing and will be included in the 2024-2025 Mid-Year Budget Review, scheduled for release on January 31, 2025.

- **The FY 2023-2024 Annual Report included \$350k to a single position to coordinate the upcoming 2026 FIFA World Cup and Super Bowl LX events in FY 2024-2025. Please indicate the duration of this position and which fund the position will be funded from.**

The \$350,000 allocated in the General Fund is for a temporary position for twelve months, from when the position is filled.

- ***The FY 2023-2024 Annual Report included a combined re-budget of \$2.6 million for Google Community Benefits. Please provide an explanation for the intention of these funds, where they have been sourced from, and what they have been used for so far. Please also include any contract agreements or reports that regulate the use and disbursement of these fund.***

At its meeting on March 1, 2022, the City Council approved the receipt of a community benefit payment from Google in the amount of \$4.5 million. Additional detail on the use of those funds is provided in the attached City Council memorandum. The below table provides the remaining balance of those funds in the 2024-2025 Modified Budget.

Item	Dept	Budget	Expended or Encumbered through 2023-2024	2024-2025 Modified Budget	Notes
SJ Aspires	Library	\$ 1,500,000	\$ 1,500,000	\$ -	Encumbered by the Library in 2022-2023 a contract with San Jose Public Library Foundation
Paid Work Experience and Occupational Skills Training	OED	\$ 625,000	\$ 472,236	\$ 152,764	work2future spent funds on a training contract with Goodwill
Childcare Subsidies for Training Program Participants	OED	\$ 600,000	\$ 2,600	\$ 597,400	work2future has a pending contract with Santa Clara County Office of Education for childcare
College and Career Pathways Coordinator	Library	\$ 525,000	\$ 322,029	\$ 202,971	Led by Library via a three-year project position acting as the project lead. 2024-2025 is the last year
Gardner Neighborhood Community Programs	PRNS	\$ 1,000,000	\$ 2,776	\$ 997,224	PRNS is in RFQ process to select a local non-profit organization to lead the Gardner Community Center activation effort
Community Stabilization and Opportunity Pathways Fund set-up	OED	\$ 250,000	\$ 150,226	\$ 99,774	OEDCA is in a contract with Winters Consulting to provide community advisory committee assistance, public outreach and community engagement, and other described functions
Total		\$ 4,500,000	\$ 2,449,867	\$ 2,050,133	

- ***The FY 2024-2025 Operating Budget included a Google Parking Lots Option Payment Reserve for \$3.8 million. Please provide an explanation for what these funds have been allocated for and where they have been sourced from. Please also include any contract agreements or reports that regulate the use of these fund.***

The \$3.8 million is related to a December 4, 2018 City Council Meeting item (memorandum attached) that approved an Option/Negotiation Rights Agreement with Google for the City-owned property commonly referred to as Lots A/B/C, located at 525 W. Santa Clara St. and 566 W. Julian St. Lots A/B/C are City-owned parking lots adjacent to the SAP Center and used by San José Arena Management (SJAM) for event parking for patrons.

The Arena Management Agreement (AMA) between the City and SJAM provides SJAM with the use of Lots A/B/C for the term of the AMA, which currently ends in year 2040. The Option/Negotiation Rights Agreement for Lots A/B/C allows Google to negotiate an alternative parking arrangement with SJAM, and to move forward with purchasing the property from the City should the alternative parking arrangement be acceptable to all parties (SJAM, Google, and the City). (Because SJAM has the right to use Lots A/B/C through the AMA, SJAM must approve any alternative parking arrangement.) Should Google, SJAM, and the City come to an agreement on parking, Google may exercise an option to purchase Lots A/B/C from the City. The net option payment received by the City was \$3.8 million.

- ***Provide the total amount that San Jose has paid eBay Inc. under the revenue capture agreement since 2019.***

A total of \$46.1 million has been paid to eBay Inc, which represents Sales Tax revenue from the 2nd Quarter of 2019-2020 through the 4th Quarter of 2023-2024.

- ***Provide the total amount of tax breaks that have been given to businesses so far under the business tax exemption for new tenants that was recently passed in September.***

The Downtown Office Incentive Program was approved on October 1, 2024 and went into effect on January 1, 2025. There are no applicants for this program as of the date of this response.

- ***Provide a list of overtime hours organized by classification and department. Also include whether overtime hours are paid from the General Fund or Non-General Fund.***

Per your email exchange with Bill Gold, Assistant to the City Manager in the City Manager's Office of Employee Relations, on January 9, 2025, you modified this request to instead seek each City department's overtime budget for the last five years, indicating the amount of money spent, and whether departments requested more money for their overtime budget as well as whether such a request was approved or denied. You also sought to understand whether overtime hours are paid from the General Fund or Non-General Fund for each department.

A five-year history of overtime budgets and actuals by department by General Fund and Special Funds is included in the attached Excel workbook. As overtime is a component of a department's personal services appropriation, a department can exceed their overtime budget without exceeding their overall personal services appropriation if the additional overtime expenses are offset by vacancy savings. As a result, departments do not regularly submit requests to adjust their overtime budget.

- ***In the 2023-2024 Annual Report explained that overtime hours for sworn personnel increased by 28,471 hours from the previous fiscal years. What measures have been taken to reduce police overtime and how successful have those measures been. Please also provide any available data regarding police overtime usage.***

As discussed in the [2023-2024 Annual Report](#) (starting on page 59), the increased overtime usage is attributed to staffing shortages, academy and training for new officers, and backfilling street-ready vacancies. Effective vacancy levels, which also include vacancies of field training officers, academy recruits, and sworn personnel on disability, modified, or other leaves, reduce the amount of street-ready sworn officers available and are the most significant contributing factor to overtime usage.

Some of the recent steps taken to reduce overtime use include enforcing compensatory time controls for non-Bureau of Field Operations (BFO), creating a dashboard to review overtime usage, ensuring that unit commanders review bi-weekly report of overtime usage, the elimination and reorganization of units, eliminating the use of gang suppression pay cars on overtime, and scaling back on using BFO staff to assist the Bureau of Investigations in major investigative operations.

The 2023-2024 Annual Report document provides further information on overtime use, data tables showing year-over-year comparisons of decreased sworn staffing levels, and data tables showing year-over-year comparisons regarding compensatory time use and liability. The [Bi-Monthly Financial Report for September/October 2024](#) (starting on page 14) includes similar types of information based current year data through October 2024. This information will again be updated with data through December 2024 and including in the 2024-2025 Mid-Year Budget Review, scheduled for release on January 31, 2025.

- **Provide the total cost for the 4% retention premium and 3.75% crisis intervention training noted in the Police Office Association MOU.**

Per your email exchange with Mr. Gold on January 9, 2025, you clarified that IFPTE was seeking this cost over the last 5 years. Please see below and note that, per Article 5.1 of the San Jose Police Officers' Association's memorandum of agreement, the Recruitment and Retention Pay was rolled into base pay, effective Fiscal Year 2024-2025.

Actual Cost of Police Officers' Association's Retention Premium and Crisis Intervention Training Pay by Fiscal Year	
Fiscal Year 2020 – 2021	\$ 11,367,595
Fiscal Year 2021 – 2022	\$ 11,755,404
Fiscal Year 2022 – 2023	\$ 11,594,197
Fiscal Year 2023 – 2024	\$ 12,078,794
Fiscal Year 2024 – 2025 (CIT only through Pay Period 1 of Payroll Calendar Year 2025)	\$ 3,391,936

Sincerely,



Jennifer Schembri
Deputy City Manager