



PROFESSIONAL & TECHNICAL ENGINEERS, LOCAL 21, AFL-CIO  
An Organization of Professional, Technical, and Administrative Employees

January 30, 2025

Sender's Email: [kdelatorre@ifpte21.org](mailto:kdelatorre@ifpte21.org)  
*Sent Via Email*

Office of Employee Relations  
San Jose City Hall  
200 E. Santa Clara Street  
San Jose, CA 95113

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

To Whom It May Concern,

We are once again renewing our request for information. Please provide the following information.

1. The Annual Report for FY 23-24 reported a drastic decline in funds collected for Business License Penalties, only collecting \$210,000 in the fiscal year compared to the projected \$2.0 million. This is also a significant drop from the previous year's collection of \$4.3 million. Please explain the reasoning for the significant drop in collections and if the City has plans to eventually collect those funds?
2. Please provide a copy of all budget instruction provided to departments as part of the budget process of FY 25-26.
3. What is the FY 2023-2024 budgeted vacancy rate for each department and the total dollar amount of savings? What vacancy rate will be assumed for the Five-Year Forecast for FY 2025-2026?
4. In a recent San Jose Spotlight Article titled "[San Jose's projected budget deficit skyrockets](#)" journalists interviewed a spokesperson from the City Manager's office, the article points out that the Department of Public Works is struggling with infrastructure backlog due to insufficient developer fees. Could you please clarify which developer fees the Department of Public Works is struggling with, by how much is the shortfall, and provide any related documents that report on the subject.
5. An Encumbrance Audit Report released in September 2024 references an estimated 1,300 older encumbrances that may not still be necessary or are inaccurately reported. Provide the most up-to-date action around these encumbrances including any related reports/documents or the next date we can expect an update.
6. The City of San Jose implemented a hiring freeze in December 2024, how much has each department saved as result of the hiring freeze.

Additionally, please see the questions in red below.

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 Report<sup>1</sup> 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.

Please clarify which tax revenue source the State of California determined could be significantly lower.

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

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- ***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.

**Yes, we can confirm that we want an updated version of the excel sheet provided despite the City being unable to identify their funding source.**

- ***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 clarify if any overstrength positions are funded through the use of a permanents position.**

- ***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 Tax<sup>1</sup>. 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.

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<sup>1</sup> 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. <sup>4</sup> 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.



Please provide more details as to where we are seeing the decline in sales, including if there are any particular industries, neighborhoods, or any other source for the reductions.

- ***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.

Please clarify the following questions:

- Are the \$3.8 million reserve funds that were received by the City provided by Google? If so, is the \$3.8 million being held in the event that the parking lot sale becomes finalized?
- Will the \$3.8 million only become available to the City after a sale is made and are there restrictions on how the City may spend those funds?
- What is the current timeline for negotiations between the City, SJAM, and Google?
- ***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.

How much in vacancy savings has been used so far by departments to compensate excessive overtime usage?

Thank you in advance.

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Sincerely,

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Representative/Organizer  
IFPTE Local 21

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