

**2025-2026 Special Funds Recommended Budget Adjustments Summary
Annual Report**

Affordable Housing Impact Fee Fund (452)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Housing Project Reserve	Housing Department	\$467,217	
<p>This action increases the Housing Project Reserve by \$467,217, from \$5.0 million to \$5.5 million, to support future work efforts for housing preservation and development. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			
Ending Fund Balance Adjustment	Housing Department	(\$467,217)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
		<hr/>	
Affordable Housing Impact Fee Fund (452)		\$0	\$0

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Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airline Agreement Reserve	Airport Department	\$1,000,000	
<p>This action increases the Airline Agreement Reserve by \$1.0 million, from \$168.8 million to \$169.9 million, to align the budget with the final Airport Airline Rates and Charges for 2025-2026. Corresponding actions to decrease the Transfer to the Airport Surplus Revenue Fund in the Airport Revenue Fund, reduce the Transfers in and out of the Airport Surplus Revenue Fund, and decrease the Transfers in and Ending Fund Balance in the Airport Renewal and Replacement Fund are recommended in this report.</p>			
Transfer to Airport Surplus Revenue Fund	Airport Department	(\$1,000,000)	
<p>This action decreases the Transfer out to the Airport Surplus Revenue Fund by \$1.0 million, from \$35.3 million to \$34.3 million. This action will align the budget with the final Airport Airline Rates and Charges for 2025-2026. Due to lower Airport passenger levels compared to previous forecasts, the Airport Department reviewed the Airport Capital Program and prioritized critical existing capital projects, resulting in a reduction of \$1.0 million to the Airport Capital Program associated with airline activity that was already reflected in the Airport Airline Rates and Charges. Corresponding actions to increase the Airline Agreement Reserve in the Airport Revenue Fund, reduce the Transfers in and out of the Airport Surplus Revenue Fund, and decrease the Transfers in and Ending Fund Balance in the Airport Renewal and Replacement Fund are recommended in this report.</p>			
Airport Revenue Fund (521)		\$0	\$0

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Airport Surplus Revenue Fund (524)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Transfer to Airport Renewal and Replacement Fund/Transfers and Reimbursements (Transfer from Airport Revenue Fund)	Airport Department	(\$1,000,000)	(\$1,000,000)
<p>This action decreases the Transfer out to the Airport Renewal and Replacement Fund by \$1.0 million, from \$31.1 million to \$30.1 million, offset by a decrease to the Transfer in from the Airport Revenue Fund by \$1.0 million, from \$35.3 million to \$34.3 million. This action will align the budget with the final Airport Airline Rates and Charges for 2025-2026. Corresponding actions to decrease the Transfer out to the Airport Surplus Revenue Fund and increase the Airline Agreement Reserve in the Airport Revenue Fund, and decrease the Transfer in and Ending Fund Balance in the Airport Renewal and Replacement Fund are recommended in this report.</p>			
		(\$1,000,000)	(\$1,000,000)
Airport Surplus Revenue Fund (524)			

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Benefits Funds - Benefit Fund (160)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Healthcare Incentive Program This action increases the Healthcare Incentive Program appropriation by \$4,996, from \$380,000 to \$384,996, to allocate additional revenue received from contractual performance guarantees in 2024-2025. One-time receipts from vendor performance guarantees and Flexible Spending Account forfeitures exclusively support the Healthcare Incentive Program, which seeks to diversify the City's health plan provider network and the plan options available to employees.	Human Resources Department	\$4,996	
Ending Fund Balance Adjustment This action decreases the Ending Fund Balance to offset the action recommended in this report.	Human Resources Department	(\$4,996)	
Benefits Funds - Benefit Fund (160)		\$0	\$0

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Business Improvement District Fund (351)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Monterey Corridor Business Improvement District/Special Assessments</p> <p>This action increases the Monterey Corridor Improvement District appropriation and corresponding revenue estimate for Special Assessments by \$100,000, from \$252,000 to \$352,000, to align with the latest estimates for assessment collections. The Monterey Corridor Business Improvement District was established by the City Council in 2024 and the revenue and expense estimates included in the 2025-2026 Adopted Operating Budget were based on limited data. Assessments are collected by the City and passed through to the district.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$100,000	\$100,000
<p>Tully Road Eastridge Business Improvement District/Special Assessments</p> <p>This action increases the Tully/Eastridge Corridor Improvement District appropriation and corresponding revenue estimate for Special Assessments by \$40,000, from \$108,000 to \$148,000, to align with the latest estimates for assessment collections. The Tully Road Eastridge Business Improvement District was established by the City Council in 2024 and the revenue and expense estimates included in the 2025-2026 Adopted Operating Budget were based on limited data. Assessments are collected by the City and passed through to the district.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$40,000	\$40,000
<p>Transfer to the Willow Glen Community Benefit Improvement District Fund</p> <p>This action establishes a Transfer to the Willow Glen Community Benefit Improvement District Fund in the amount of \$17,642. In the 2025-2026 Adopted Operating Budget, the Willow Glen Community Benefit Improvement District Fund was established to enhance transparency and accurate accounting of the sources and uses of the district. These funds represent the reconciliation of the 2024-2025 special assessments and expenses for Willow Glen Community Benefit Improvement District, which have been recorded in the Business Improvement District Fund and are now being transferred to the new fund. A corresponding decrease to the Willow Glen CBID Reserve is recommended to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$17,642	
<p>Willow Glen CBID Reserve</p> <p>This action decreases the Willow Glen CBID Reserve to offset the action recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	(\$17,642)	
Business Improvement District Fund (351)		\$140,000	\$140,000

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Convention and Cultural Affairs Fund (536)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Transfers and Reimbursements (Transfer from the Transient Occupancy Tax Fund)</p> <p>This action increases the revenue estimate for Transfers and Reimbursements from the Transient Occupancy Tax Fund by \$175,816, from \$13.26 million to \$13.43 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) revenue for 2024-2025. Actual 2024-2025 TOT revenues and interest earnings of \$25.8 million in the TOT Fund ended slightly above the budgeted estimate by approximately \$336,000. This performance results in the increase of \$175,816 to the Transfer from the Transient Occupancy Tax Fund, in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Corresponding reconciling adjustments in the Transient Occupancy Tax Fund are recommended elsewhere in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>		\$175,816
<p>Ending Fund Balance Adjustment</p> <p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	\$175,816	
Convention and Cultural Affairs Fund (536)		\$175,816	\$175,816

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Emergency Reserve Fund (406)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
FEMA Non-Reimbursable Expenses Reserve/Transfers and Reimbursements (Transfer from the General Fund)	Finance Department	(\$3,000,000)	(\$3,000,000)

This action decreases the FEMA Non-Reimbursable Expenses Reserve by \$3.0 million, from \$13.0 million to \$10.0 million, and the revenue estimate for Transfers and Reimbursements to reflect a lower transfer from the General Fund by \$3.0 million, from \$10.0 million to \$7.0 million. In the development of the 2025-2026 Adopted Operating Budget, revenue estimates for federal reimbursements related to pandemic emergency projects and winter storm responses were projected to have a shortfall from what was originally anticipated to be collected, therefore, a transfer of \$10.0 million from the General Fund was budgeted to mitigate the potential revenue shortfall. However, due to recent reimbursement collection efforts from staff, the actual and estimated collections have decreased the potential shortfall by \$3.0 million and the General Fund transfer is being adjusted accordingly. A corresponding action to decrease the transfer the funds from the General Fund is recommended elsewhere in this report.

Emergency Reserve Fund (406)		(\$3,000,000)	(\$3,000,000)
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Fire Development Fee Program Fund (240)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Fire Development Fee Program - Non-Personal/Equipment (Vehicle Replacement)</p> <p>This action increases the Fire Development Fee Program Non-Personal/Equipment appropriation by \$65,000 to replace a vehicle (one sedan) that has reached the end of its serviceable life. The new vehicle will be assigned to Development Services inspectors who conduct on-site construction inspections funded by associated fees. Maintaining inspection capacity and accessibility is essential to ensure timely completion of development projects and to support the department's ability to deliver consistent, fee-based services to the development community. This action is offset by a corresponding decrease to the Fire Inspection Improvements appropriation as recommended in this report.</p>	Fire Department	\$65,000	
<p>Fire Inspection Improvements</p> <p>This action decreases the Fire Inspection Improvements appropriation by \$65,000, from \$145,909 to \$80,909, to reallocate funds to the Fire Development Fee Program - Non-Personal/Equipment appropriation for a vehicle replacement. Funds were initially set aside in the Fire Inspection Improvements appropriation to fund operational improvements that will assist with reducing inspection time. A corresponding action to increase the Fire Development Fee Program – Non-Personal/Equipment appropriation is also recommended in this report.</p>	Fire Department	(\$65,000)	
Fire Development Fee Program Fund (240)		\$0	\$0

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Gift Trust Fund (139)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Almaden Senior Programming This action establishes the Almaden Senior Programming appropriation in the amount of \$ 3,718 to appropriate a gift from the Computer Classes for Adults organization. The gift will support special event efforts for the Almaden Senior Programming. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.	Parks, Recreation and Neighborhood Services Department	\$3,718	
Ending Fund Balance Adjustments This action decreases the Ending Fund Balance to offset the actions recommended in this report.	Finance Department	(\$13,930)	
Library – General Gifts/Transfers and Reimbursements (Transfer from the General Fund) This action increases the Library - General Gifts appropriation and corresponding estimate to Transfer from the General Fund by \$124,643. Donations and gifts for various branch locations received from the San José Public Library Foundation were incorrectly deposited in the General Fund rather than in the Gift Trust Fund. A corresponding action to transfer the funds from the General Fund are recommended elsewhere in this report.	Library Department	\$124,643	\$124,643
Community Gardens Scholarship This action establishes the Community Gardens Scholarship appropriation in the amount of \$10,212 to appropriate a gift from the San Jose Water Company. The gift will support special event efforts for the Community Gardens Scholarship. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.	Parks, Recreation and Neighborhood Services Department	\$10,212	
Gift Trust Fund (139)		\$124,643	\$124,643

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Home Investment Partnership Program Trust Fund (445)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Supportive Services/Revenue from Federal Government (HOME-American Rescue Plan Act)	Housing Department	\$17,495	\$17,495
<p>This action increases the Supportive Services appropriation and corresponding estimate for Revenue from Federal Government by \$17,495 to recognize additional grant funding from the federal HOME American Rescue Plan Program. The federal funding program was established to provide housing, services, and shelter to people experiencing homelessness and other vulnerable populations. The City was initially awarded \$11,676,334 in 2021 but the federal government has since increased the allocation by \$17,495. This action aligns the budget with the grant funding available. On December 17, 2024, the City Council approved the use of these funds for rental assistance and supportive services to San José residents under the Tenant-Based Rental Assistance Program with the County of Santa Clara which aims to assist approximately 700 unduplicated households.</p>			
Home Investment Partnership Program Trust Fund (445)		\$17,495	\$17,495

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Homeless Housing, Assistance, and Prevention Fund (454)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Street Outreach and Support Services	Housing Department	\$800,000	
<p>This action increases the Street Outreach and Support Services appropriation by \$800,000, from \$1.0 million to \$1.8 million, to appropriate interest earned in 2024-2025. The funding will support the Targeted Outreach and Engagement Program (TOEP) which provides outreach and services to unsheltered individuals. Currently administered by two third-party providers, the program serves six to seven revolving encampments and the downtown area. The current contracts will be extended through December 31, 2025, and this additional funding is required to continue operations. The TOEP Program is expected to be supported not only by the Homeless Housing, Assistance, and Prevention Fund, but also through appropriations in the General Fund, Multi-Source Housing Fund, and Housing Trust Fund. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			
Ending Fund Balance Adjustment	Housing Department	(\$800,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Homeless Housing, Assistance, and Prevention Fund (454)		\$0	\$0

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Housing Trust Fund (440)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Housing and Homeless Projects	Housing Department	\$700,000	
<p>This action increases the Housing and Homeless Projects appropriation by \$700,000, from \$600,000 to \$1.3 million to support legal services (\$150,000) and homeless outreach services (\$550,000). This funding will continue supporting legal services to low-income renters regarding rental housing laws, federal subsidy programs, and eviction diversion and mediation strategies, and neutral tenant/landlord counseling, education and dispute resolution services to tenants and landlords. The homeless outreach services are provided through the Targeted Outreach and Engagement Program (TOEP) which provides outreach and services to unsheltered individuals. Currently administered by two third-party providers, the program serves six to seven revolving encampments and the downtown area. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			
Ending Fund Balance Adjustment	Housing Department	(\$700,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
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Housing Trust Fund (440)		\$0	\$0

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Inclusionary Fee Fund (451)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Housing Loans and Grants This action increases the Housing Loans and Grants appropriation by \$1.0 million, from \$20.6 million to \$21.6 million, to support a construction-to-permanent loan for the Roosevelt Apartments affordable housing project. Located in the Roosevelt Park Urban Village, Roosevelt Apartments is a nine-story, mixed-used development that provides 79 affordable housing units and one manager's unit, designed to foster stability and community for residents at risk of or experiencing homelessness. The project completed construction on May 15, 2025, is fully leased, and converted to permanent financing on September 4, 2025. The additional funding will cover soft costs associated with the conversion. The project was initially approved by City Council for a \$9.4 million loan, later amended on May 24, 2022 by \$1.9 million for a total of \$11.3 million. With this action, the City's total commitment increases to \$12.3 million. This action is offset by a corresponding decrease to the Ending Fund Balance recommended in this report.	Housing Department	\$1,013,199	
Housing Project Reserve This action increases the Housing Projects Reserve by \$750,590 to reallocate funds from the Ending Fund Balance to set aside funding to support future work efforts for housing preservation and development. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.	Housing Department	\$750,590	
Ending Fund Balance Adjustment This action decreases the Ending Fund Balance to offset the actions recommended in this report.	Housing Department	(\$1,763,789)	
Inclusionary Fee Fund (451)		\$0	\$0

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Low and Moderate Income Housing Asset Fund (346)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Housing Project Reserve/Revenue from the Use of Money/Property (Loan Repayments)	Housing Department	\$22,405,151	\$22,405,151
<p>This action increases the Housing Project Reserve and corresponding estimate for Revenue from the Use of Money/Property by \$22.4 million to recognize one-time loan repayments received in 2025-2026. These unanticipated revenues were not included in the development of the 2025-2026 Adopted Budget and will support future work efforts for housing preservation and development. The repayments are from the Las Ventanas, Morrone Gardens, and Avendia Espana projects. With all the recommended actions included in this report, the Housing Project Reserve will increase from \$33.0 million to \$93.8 million.</p>			
Housing Project Reserve/Transfers and Reimbursements (Transfer from the Real Property Transfer Tax Fund)	Housing Department	\$22,875,000	\$22,875,000
<p>This action increases the Housing Project Reserve and corresponding revenue estimate for Transfers and Reimbursements by \$22.9 million to reflect a transfer from the Real Property Transfer Tax Fund to reimburse Low and Moderate Income Housing Asset Fund for the Vista Montana project. The City purchased the Vista Montana site in 2020 using the Low and Moderate Income Housing Asset Fund. However, construction has not begun. The Low and Moderate Income Housing Asset Fund restricts development to households earning up to 60% of the Area Median Income (AMI), while affordable housing developed with Measure E funds or the Real Property Transfer Tax Fund allows for households earning up to 80% AMI. By reimbursing the Low and Moderate Income Housing Asset Fund for the purchase of Vista Montana with Measure E funding, the City can increase flexibility for development proposals, making the project more financially feasible. The funding in the Housing Project Reserve will support future work efforts for housing preservation and development. With all the recommended actions included in this report, the Housing Project Reserve will increase from \$33.0 million to \$93.8 million.</p>			
Housing Project Reserve	Housing Department	\$15,558,726	
<p>This action increases the Housing Project Reserve by \$15.6 million to support future work efforts for housing preservation and development. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report. With all the recommended actions included in this report, the Housing Project Reserve will increase from \$33.0 million to \$93.8 million.</p>			
Ending Fund Balance Adjustment	Housing Department	(\$15,558,726)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			

Low and Moderate Income Housing Asset Fund (346)

\$45,280,151

\$45,280,151
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Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Encampment Resolution Funding Grant	Housing Department	\$51,829	
<p>This action re-establishes the Encampment Resolution Funding Grant appropriation in the amount of \$51,829 to appropriate interest earned on the State Encampment Resolution Funding grant from inception through the end of 2024-2025. These funds will be used to address homelessness-related costs that may arise outside of planned expenditures, such as providing water service at Columbus Park and other unanticipated needs. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			
Encampment Resolution Funding Grant 3	Housing Department	\$34,659	
<p>This action increases the Encampment Resolution Funding Grant 3 appropriation by \$34,659, from \$2,410,540 to \$2,445,199, to appropriate interest earned on the State Encampment Resolution Funding round 3 grant from inception through the end of 2024-2025. These funds will be used to address homelessness-related costs that may arise outside of planned expenditures, such as providing water service at Columbus Park and other unanticipated needs. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			
Emergency Shelters	Housing Department	\$2,000,000	
<p>This action increases the Emergency Shelters appropriation by \$2.0 million, from \$2.8 million to \$4.8 million, to support the operations of interim housing sites. The City, through third-party providers, currently operates 13 interim housing sites and anticipates opening 3 additional sites and approximately 250 motel units during this fiscal year. This action is offset by a corresponding decrease to the Ending Fund Balance recommended in this report.</p>			
Non-Personal/Equipment (Interim Housing Operations and Homeless Outreach)	Housing Department	\$2,074,842	
<p>This action increases the Housing Department's Non-Personal/Equipment appropriation by \$2.1 million to support operations at interim housing sites and homeless outreach. The City, through third-party providers, currently operates 13 interim housing sites and anticipates opening 3 additional sites and approximately 250 motel units during this fiscal year. The homeless outreach services are provided through the Targeted Outreach and Engagement Program (TOEP) which provides outreach and services to unsheltered individuals. Currently administered by two third-party providers, the program serves six to seven revolving encampments and the downtown area. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report.</p>			
Ending Fund Balance Adjustment		(\$4,161,330)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			

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Public Works Development Fee Program Fund (241)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Non-Personal/Equipment/Fees, Rates, and Charges (Energy Customer Development Team Vehicles)</p> <p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$120,000 and increases the corresponding revenue estimate for Fees, Rates, and Charges to recognize revenues from PG&E to purchase vehicles (two electric SUVs) for the Energy Customer Development Team. The 2025-2026 Adopted Operating Budget established the Energy Customer Development Team, consisting of 1.0 Associate Engineer, 1.0 Senior Engineering Technician, 1.0 Senior Construction Inspector, and 1.0 Associate Construction Inspector positions, to be funded through June 30, 2030. The Senior Construction Inspector and Associate Construction Inspector need vehicles for site visits such as permitting inspections, pre-construction support, and on-site construction management. Dedicated vehicles will support timely project delivery and enhance the City's ability to meet PG&E implementation goals for economic development and decarbonization initiatives.</p>	Public Works Department	\$120,000	\$120,000
Ending Fund Balance Adjustment	Public Works Department	\$646,859	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p> <p>Transfers and Reimbursements (Transfer from the Small Cell Permitting Fee Program Fund)</p> <p>This action increases the revenue estimate for Transfers and Reimbursements by \$646,859, from \$550,841 to \$1.2 million, to recognize additional funds received from the Small Cell Permitting Fee Program Fund. In the 2024-2025 Adopted Operating Budget, 1.0 Senior Construction Inspector, 1.0 Senior Engineer, and 0.5 Engineering I/II positions were shifted from the Small Cell Permitting Fee Program Fund to the Public Works Development Fee Program Fund as a result of anticipated reduced workload in 2024-2025 because the program was winding down. It was anticipated that any remaining work would be absorbed within the Public Works Development Fee Program Fund, and any additional revenue collected in 2024-2025 would be transferred to the Public Works Development Fee Program Fund. A corresponding increase to the Ending Fund Balance is recommended to offset this action.</p>	Public Works Department		\$646,859
Public Works Development Fee Program Fund (241)		\$766,859	\$766,859

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Public Works Small Cell Permitting Fee Program Fund (242)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Transfer to the Public Works Development Fee Program Fund	Public Works Department	\$646,859	
<p>This action increases the Transfer to the Public Works Development Fee Program Fund by \$646,859, from \$550,841 to \$1.2 million, to close out the Small Cell Permitting Fee Program Fund. In the 2024-2025 Adopted Operating Budget, 1.0 Senior Construction Inspector, 1.0 Senior Engineer, and 0.5 Engineering I/II positions were shifted from the Small Cell Permitting Fee Program Fund to the Public Works Development Fee Program Fund as a result of anticipated reduced workload in 2024-2025 because the program was winding down. It was anticipated that any remaining work would be absorbed within the Public Works Development Fee Program Fund, and any additional revenue collected in 2024-2025 would be transferred to the Public Works Development Fee Program Fund during a future budget process. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Ending Fund Balance Adjustment	Public Works Department	(\$646,859)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Public Works Small Cell Permitting Fee Program Fund (242)		\$0	\$0

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Real Property Transfer Tax Fund (404)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
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Outreach, Sanitation and Other Support Services (15% HSP)	Housing Department	\$0	
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The action broadens the purpose of the Outreach, Sanitation and Other Support Services (15% Homeless Support Programs) appropriation from its original scope. Established in the 2024-2025 Adopted Budget, the appropriation was intended to fund sanitation services at encampments along waterways, as well as outreach and other support services to meet the basic needs of residents along the waterways and conduct housing assessments to refer and place individuals into shelter and housing opportunities. Due to significant costs associated with encampments in other areas of the City, such as ongoing efforts at Columbus Park to provide outreach and supportive services, staff recommends expanding the appropriation to fund outreach, sanitation and other support services citywide. Examples of supportive services at Columbus Park include basic water needs, security at the water station, and transportation for the homeless from the encampments to the interim housing sites.

Homeless Prevention and Rental Assistance (10% HPRA)	Housing Department	\$1,300,000	
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This action increases the Homeless Prevention and Rental Assistance (10% HPRA) appropriation by \$1.3 million, from \$5.2 million to \$6.5 million, to fully fund a Fiscal Year 2024-2025 agreement with the County of Santa Clara to administer the Homeless Prevention System (HPS). The partnership between the City's Housing Department and the County's Office of Supportive Housing provides early intervention to prevent homelessness by offering financial assistance, case management, and supportive services to low-income households at risk of displacement. Administered through a network of community providers, the HPS program serves San José households and advances long-term housing stability.

In 2024-2025, the City executed an agreement with the County in the amount of \$7.5 million. However, \$1.3 million of this allocation was used to cover costs for Sacred Heart Community Service's Eviction Diversion and Settlement Program, leaving a \$1.3 million shortfall for the HPS contract. With this action, the contract with the County will be fully funded at \$7.5 million. This action is offset by a corresponding decrease to the Measure E - 10% Homeless Prevention and Rental Assistance Reserve as recommended in this report.

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Real Property Transfer Tax Fund (404)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Transfer to the Low and Moderate Income Housing Asset Fund (Vista Montana)	Housing Department	\$22,875,000	

This action re-establishes a Transfer to the Low and Moderate Income Housing Asset Fund in the amount of \$22.9 million to reimburse the Low and Moderate Income Housing Asset Fund for costs related to the Vista Montana project. The City purchased the Vista Montana site in 2020 using the Low and Moderate Income Housing Asset Fund. However, construction has not begun. The Low and Moderate Income Housing Asset Fund restricts development to households earning up to 60% of the Area Median Income (AMI), while affordable housing developed with Measure E funds or the Real Property Transfer Tax Fund allows for households earning up to 80% AMI. By reimbursing the Low and Moderate Income Housing Asset Fund for the purchase of Vista Montana with Measure E funding, the City can increase flexibility for development proposals, making the project more financially feasible. This action is offset by corresponding decreases to the Measure E - 30% Low-Income Households Reserve (\$12.875 million) and Measure E - 40% Extremely Low-Income Households Reserve (\$10.0 million) as recommended in this report.

Measure E - 30% Low-Income Households	Housing Department	(\$12,215,510)	
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This action decreases the Measure E - 30% Low-Income Households appropriation by \$12.2 million, from \$29.2 million to \$17.0 million, to recognize savings from an affordable housing project no longer requiring a previously approved City loan. On March 14, 2023, the City Council approved a Measure E funded loan for the Lupina project (formerly 797 Almaden), located at 771, 777, 787, 797 South Almaden Avenue. The development will provide 98 rent- and income-restricted apartments for extremely low-, very low-, and low-income households, along with one unrestricted manager's unit. The project will instead be funded by the County, releasing the Measure E funds back to reserves for other eligible projects. This action is offset by a corresponding increase to the Measure E - 30% Low-Income Households Reserve as recommended in this report.

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Real Property Transfer Tax Fund (404)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Measure E - 40% Extremely Low-Income Households</p> <p>This action decreases the Measure E - 40% Extremely Low-Income Households appropriation by a net \$7.7 million, from \$22.0 million to \$14.3 million, to reflect a decrease of \$12.7 million for the Lupina affordable housing project, offset by an increase of \$5.0 million for the 525 North Capitol affordable housing project. The Lupina project no longer requires a previously approved City loan. On March 14, 2023, the City Council approved a Measure E funded loan for the Lupina project (formerly 797 Almaden), located at 771, 777, 787, 797 South Almaden Avenue. The development will provide 98 rent- and income-restricted apartments for extremely low-, very low-, and low-income households, along with one unrestricted manager's unit. The project will instead be funded by the County, releasing the Measure E funds back to reserves for other eligible projects.</p> <p>On March 26, 2024, the City Council approved a loan of \$26.5 million from Measure E funds and Inclusionary Fee Funds for the 525 North Capitol development which will provide 158 affordable rent-restricted apartments and two unrestricted manager's units. On June 5, 2025, the Housing Trust of Silicon Valley informed the City it would withdraw its \$5.0 million permanent loan commitment, creating a funding gap. To address this, the Housing Director has authorized a \$5.0 million increase to the City's loan commitment for the project.</p> <p>These actions are offset by a corresponding net increase to the Measure E - 40% Extremely Low-Income Households Reserve as recommended in this report.</p>	Housing Department	(\$7,724,490)	
<p>Measure E - 30% Low-Income Households Reserve</p> <p>This action decreases the Measure E - 30% Low-Income Households Reserve by a net \$659,490 to reflect an increase of \$12.2 million from the Lupina affordable housing project, offset by a decrease of \$12.875 million to fund a transfer to the Low and Moderate Income Housing Asset Fund for the Vista Montana affordable housing project.</p>	Housing Department	(\$659,490)	
<p>Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property</p> <p>This action increases the Transfer to the General Fund - Interest Income and corresponding estimate for Revenue from the Use of Money/Property by \$700,000, from \$1.3 million to \$2.0 million, to reflect an updated forecast for 2025-2026 interest revenues in the Real Property Transfer Tax Fund.</p>	Housing Department	\$700,000	\$700,000

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Real Property Transfer Tax Fund (404)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Measure E - 10% Homeless Prevention and Rental Assistance Reserve This action decreases the Measure E - 10% Homeless Prevention and Rental Assistance Reserve by \$1.3 million, from \$1.6 million to \$300,000, to fund a fiscal year 2025 agreement with the County of Santa Clara to administer the Homeless Prevention System (HPS). This action is offset by a corresponding increase to the Homeless Prevention and Rental Assistance (10% HPRA) appropriation as recommended in this report.	Housing Department	(\$1,300,000)	
Measure E - 40% Extremely Low-Income Households Reserve This action decreases the Measure E - 40% Extremely Low-Income Households Reserve by a net \$2,275,510 to reflect the following actions: an increase of \$12,724,490 to reflect savings from the Lupina affordable housing project, decrease of \$5.0 million to provide a loan commitment for the 525 North Capitol project, and decrease of \$10.0 million to provide a Transfer to the Low and Moderate Income Housing Asset Fund to reimburse the fund for the Vista Montana project.	Housing Department	(\$2,275,510)	
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Real Property Transfer Tax Fund (404)		\$700,000	\$700,000

**2025-2026 Special Funds Recommended Budget Adjustments Summary
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San José Arena Capital Reserve Fund (459)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Previously Approved Repairs Reserve</p> <p>This action decreases the Previously Approved Repairs Reserve appropriation by \$2,002,214 to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at SAP Center. Corresponding increases to the Electrical Repairs (\$497,832), Mechanical Repairs (\$611,883), and Structures Repairs (\$892,499) appropriations are recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	(\$2,002,214)	
<p>Electrical Repairs</p> <p>This action increases the Electrical Repairs appropriation by \$497,832, from \$1.4 million to \$1.9 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital repairs to the lighting and audio visual systems at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$497,832	
<p>Mechanical Repairs</p> <p>This action increases the Mechanical Repairs appropriation by \$611,883, from \$3.7 million to \$4.3 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital repairs at the SAP Center, including improvements to concessions. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$611,883	
<p>Structures Repairs</p> <p>This action increases the Structures Repairs appropriation by \$892,499, from \$115,000 to \$1.0 million, to provide funding for reimbursements to Sharks Sports Entertainment for capital repairs at the rinkside room at the SAP Center. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>	City Manager - Office of Economic Development and Cultural Affairs	\$892,499	
San José Arena Capital Reserve Fund (459)		\$0	\$0

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San José Opioid Response Fund (130)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Opioid Prevention Grant Program</p> <p>This action increases the Opioid Prevention Grant Program appropriation to the Parks, Recreation, and Neighborhood Services Department in the amount of \$45,345, from \$987,702 to \$1.0 million. A non-profit provider that was previously awarded grant funds was unable to use them and returned the funds to the City. The funds will be used to increase number of grantees and/or the amount awarded to each grantee for the next grant cycle. Grants are awarded to non-profit partners to provide services that will discourage or prevent misuse of opioids and reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>	Parks, Recreation and Neighborhood Services Department	\$45,345	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	Parks, Recreation and Neighborhood Services Department	(\$45,345)	
San José Opioid Response Fund (130)		\$0	\$0

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Sewer Service and Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Non-Personal/Equipment (Sanitary Sewer Odor Control)</p> <p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$158,475 due to a cost increase of ferrous chloride chemicals used for sewer odor control. The cost per dry ton has increased from \$1,115 in 2024-2025 to \$1,221 in 2025-2026. The Sanitary Sewer Maintenance Program uses an estimated 1,500 dry tons of ferrous chloride annually. This action is offset by a corresponding decrease to the Ending Fund Balance as recommended in this report. The higher cost per dry ton of ferrous chloride will be incorporated into the 2026-2027 Base Budget.</p>	Transportation Department	\$158,457	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	Environmental Services Department	(\$158,457)	
Sewer Service and Use Charge Fund (541)		\$0	\$0

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South Bay Water Recycling Operating Fund (570)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>SCVWD - Advanced Water Treatment</p> <p>This action increases the SCVWD - Advanced Water Treatment appropriation by \$3.5 million, from \$5.5 million to \$9.0 million. The annual payment to Valley Water is based on water sales for the year and the operational costs supporting South Bay Water Recycling. This action aligns current expectations for revenues and expenditures in the South Bay Water Recycling Operating Fund with expected payment requirements for the operation of the Advanced Water Treatment Facility, in accordance with the existing agreement between the City and Valley Water. A corresponding decrease to the Ending Fund Balance is recommended in this report.</p>	Environmental Services Department	\$3,500,000	
<p>Non-Personal/Equipment (South Bay Water Recycling Inspection Vehicle Replacement)</p> <p>This action increases the Environmental Services Department's Non-Personal/Equipment appropriation by \$50,000 to support the replacement of a sports utility vehicle. The South Bay Water Recycling Program requires the frequent inspection by City staff of recycled water delivery infrastructure. One of the vehicles used for this purpose was retired after 15 years of service, with the cost of replacing the battery being more expensive than the vehicle's value. A corresponding decrease to the Ending Fund Balance is recommended in this report.</p>	Environmental Services Department	\$50,000	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	Environmental Services Department	(\$3,550,000)	
South Bay Water Recycling Operating Fund (570)		\$0	\$0

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Transient Occupancy Tax Fund (461)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>San José Convention and Visitors Bureau (TOT Revenue Reconciliation)</p> <p>This action increases the San José Convention and Visitors Bureau appropriation by \$87,908, from \$6.82 million to \$6.91 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) revenue for 2024-2025. Actual 2024-2025 TOT revenues and interest earnings of \$25.8 million in the TOT Fund ended slightly above the budgeted estimate by approximately \$336,000. This performance results in the increase of \$87,908 to the San José Convention and Visitors Bureau appropriation, in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Additional adjustments to increase the Transfer to the Convention and Cultural Affairs Fund and to increase the Cultural Grants and Programs Reserve are also recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$87,908</p>	
<p>Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)</p> <p>This action increases the Transfer to the Convention and Cultural Affairs Fund by \$175,816, from \$13.26 million to \$13.43 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) revenue for 2024-2025. Actual 2024-2025 TOT revenues and interest earnings of \$25.8 million in the TOT Fund ended slightly above the budgeted estimate by approximately \$336,000. This performance results in the increase of \$175,816 to the Transfer to the Convention and Cultural Affairs Fund, in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Additional adjustments to increase the San José Convention and Visitors Bureau appropriation and to increase the Cultural Grants and Programs Reserve are also recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$175,816</p>	

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Transient Occupancy Tax Fund (461)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Cultural Grants and Programs Reserve (TOT Revenue Reconciliation)</p> <p>This action increases the Cultural Grants and Programs Reserve by \$87,908, from \$1.9 million to \$2.0 million, to reflect the reconciliation of Transient Occupancy Tax (TOT) and special event permit revenue for 2024-2025. Actual 2024-2025 TOT revenues and interest earnings of \$25.8 million in the TOT Fund ended slightly below the budgeted estimate by approximately \$336,000. This performance results in the net increase of \$87,908 to the Cultural Grants and Programs Reserve, and in accordance with the distribution formula outlined in the San José Municipal Code to allocate revenue received in the TOT Fund. Additional adjustments to increase the Transfer to the Convention and Cultural Affairs Fund and the San José Convention and Visitors Bureau appropriation are also recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$87,908</p>	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$351,632)</p>	
Transient Occupancy Tax Fund (461)		\$0	\$0

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Water Utility Fund (515)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Water Quality Testing Reserve/Other Revenue (Litigation Settlement Revenue)	Environmental Services Department	\$253,852	\$253,852
<p>This action increases the Water Quality Testing Reserve by \$253,852, from \$105,466 to \$359,318, and increases the estimate for Other Revenue by the same amount to recognize revenue associated with the settlement of a lawsuit regarding the contamination of potable water sources with polyfluoroalkyl substances (PFAS). The Water Quality Testing Reserve was established in 2024-2025 to support future efforts to test groundwater for PFAS contamination as needed.</p>			
Non-Personal/Equipment (Water Operations Vehicle Replacements)	Environmental Services Department	\$140,000	
<p>This action increases the Environmental Services Department's Non-Personal/Equipment appropriation by \$140,000 to support the purchase of two replacement vehicles. The Water Operations Team's daily assigned activities include traveling to field sites throughout the City to read meters, evaluate infrastructure, and prevent leaks and exfiltration. Currently, two trucks have been identified as beyond useful life and in need of replacement with more than 14 years and more than 120,000 miles in service. Funding the vehicles would help ensure that the Water Operations Team is able to perform routine activities. This action is offset by a decrease to Ending Fund Balance as recommended in this report.</p>			
Ending Fund Balance Adjustment	Environmental Services Department	(\$140,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
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Water Utility Fund (515)		\$253,852	\$253,852

**2025-2026 Special Funds Recommended Budget Adjustments Summary
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Willow Glen Community Benefit Improvement District Fund (343)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Transfers and Reimbursements (Transfer from the Business Improvement District Fund)	Public Works Department		\$17,642
<p>This action establishes the revenue estimate for Transfers and Reimbursements in the amount of \$17,642 to recognize additional funds received from the Business Improvement District Fund. In the 2025-2026 Adopted Operating Budget, the Willow Glen Community Benefit Improvement District Fund was established to improve transparency and accurate accounting of the sources and uses of the district. These funds represent the reconciliation of prior-year Willow Glen Special Assessments and expenses that had been recorded in the Business Improvement District Fund and are now being transferred to the new fund. A corresponding increase to the Ending Fund Balance is recommended to offset this action.</p>			
Ending Fund Balance Adjustment	Public Works Department	\$17,642	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>			
Willow Glen Community Benefit Improvement District Fund (343)		\$17,642	\$17,642

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Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Adult Workers</p> <p>This action increases the Adult Workers appropriation by a net \$880,627, from \$1.4 million to \$2.3 million, to reflect the final formula grant allocations for 2025-2026 (\$591,242) and for a reallocation from the work2future Board Mandated Reserve (\$289,385). The final formula allocations for 2025-2026 were released in May 2025, which was following the development of the 2025-2026 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms. Additionally, the reallocation of funds from the reserve to the appropriation would make the funds available to spend on program activities. The reserve amount is based on 15% of the funding from the Adult Workers, Dislocated Workers, and Youth Workers grant allocations. The work2future board has mandated that 15% of the grant allocation for each program (Adult Works, Dislocated Works, and Youth Works) be held for the first year of the two year allocation after which the reserve funds can be allocated to the grant appropriations to be spent on the programs. A corresponding increase to the estimate for Revenue from the Federal Government (\$591,242) and decrease to the work2future Board Mandated Reserve (\$289,385) are recommended in this report to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$880,627</p>	
<p>Dislocated Workers</p> <p>This action increases the Dislocated Workers appropriation by a net \$1,220,002, from \$1.6 million to \$2.8 million, to reflect the final formula grant allocations for 2025-2026 (\$881,201) and for a reallocation from the work2future Board Mandated Reserve (\$338,801). The final formula allocations for 2025-2026 were released in May 2025, which was following the development of the 2025-2026 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms. Additionally, the reallocation of funds from the reserve to the appropriation would make the funds available to spend on program activities. The reserve amount is based on 15% of the funding from the Adult Workers, Dislocated Workers, and Youth Workers grant allocations. The work2future board has mandated that 15% of the grant allocation for each program (Adult Works, Dislocated Works, and Youth Works) be held for the first year of the two year allocation after which the reserve funds can be allocated to the grant appropriations to be spent on the programs. A corresponding increase to the estimate for Revenue from the Federal Government (\$881,201) and decrease to the work2future Board Mandated Reserve (\$338,801) are recommended in this report to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$1,220,002</p>	

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Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
<p>Youth Workers</p> <p>This action increases the Youth Workers appropriation by a net \$1,047,620, from \$1.4 million to \$2.5 million, to reflect the final formula grant allocations for 2025-2026 (\$749,919) and for a reallocation from the work2future Board Mandated Reserve (\$297,701). The final formula allocations for 2025-2026 were released in May 2025, which was following the development of the 2025-2026 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms. Additionally, the reallocation of funds from the reserve to the appropriation would make the funds available to spend on program activities. The reserve amount is based on 15% of the funding from the Adult Workers, Dislocated Workers, and Youth Workers grant allocations.</p> <p>The work2future board has mandated that 15% of the grant allocation for each program (Adult Works, Dislocated Works, and Youth Works) be held for the first year of the two year allocation after which the reserve funds can be allocated to the grant appropriations to be spent on the programs. A corresponding increase to the estimate for Revenue from the Federal Government (\$749,919) and decrease to the work2future Board Mandated Reserve (\$297,701) are recommended in this report to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$1,047,620</p>	
<p>Rapid Response Grant</p> <p>This action decreases the Rapid Response appropriation by \$114,090, from \$716,000 to \$602,000, to reflect the final formula grant allocations for 2025-2026, which were released following the development of the 2025-2026 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms. A corresponding increase to the estimate for Revenue from the Federal Government is recommended in this report to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>(\$114,090)</p>	
<p>Administration</p> <p>This action increases the Administration appropriation by \$296,315, from \$586,000 to \$883,000, to reflect the final formula grant allocations for 2025-2026, which were released following the development of the 2025-2026 Adopted Operating Budget. This action is part of a series of adjustments in this report to align Workforce Development Fund expenditures with final grant allocations and terms. A corresponding increase to the estimate for Revenue from the Federal Government is recommended in this report to offset this action.</p>	<p>City Manager - Office of Economic Development and Cultural Affairs</p>	<p>\$296,315</p>	

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Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
work2future Board Mandated Reserve	City Manager - Office of Economic Development and Cultural Affairs	\$144,472	
<p>This action increases the work2future Board Mandated Reserve Reserve by a net \$144,472, from \$880,000 to \$1.02 million. This adjustment reflects the funding set aside for the reserve from the final formula grant allocations for 2025-2026, which were released following the development of the 2025-2026 Adopted Operating Budget (\$1,024,065) and the reallocation of \$925,887 in reserve funds from the 2024-2025 period (\$880,000 from the work2future Board Mandated Reserve and \$45,887 from Ending Fund Balance) to the Adult Worker, Dislocated Worker, and Youth Worker appropriations. The reserve is calculated as 15% of the funding from the Adult Workers, Dislocated Workers, and Youth Workers grant allocations. The funds are mandated by the work2future board to be held for the first year of the two year allocation, after which the reserve funds can be allocated to the grant appropriations to be spent on the programs. To offset this action, this report recommends corresponding increases to the estimate for Revenue from the Federal Government (\$1,024,065) and Adult Worker (\$289,935), Dislocated Worker (\$338,801), and Youth Worker (\$297,701) appropriations.</p>			
Ending Fund Balance Adjustment	City Manager - Office of Economic Development and Cultural Affairs	\$253,706	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Revenue from Federal Government (Workforce Innovation and Opportunity Act Grant)	City Manager - Office of Economic Development and Cultural Affairs		\$3,728,652
<p>This action increases the estimate for Revenue from the Federal Government by \$3,728,652, from \$7.5 million to \$11.2 million, to reflect the final formula grant allocations for 2025-2026, which were released in May 2025 and following the development of the 2025-2026 Adopted Operating Budget. Corresponding increases to the Adult Workers (\$591,242), Dislocated Workers (\$881,201), Youth Workers (\$749,919), Administration (\$296,315), work2future Board Mandated Reserve (\$1,024,065), and Ending Fund Balance (\$300,000) appropriations and a decrease to the Rapid Response Grant appropriation (\$114,090) are recommended to offset this action.</p>			
Workforce Development Fund (290)		\$3,728,652	\$3,728,652