

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2024-2025 General Fund revenue collections as compared with the Modified Budget estimates:

TABLE A
2024-2025 GENERAL FUND REVENUE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(\$000s)

Category	2023-2024		2024-2025	
	Budgetary Basis Actual	2024-2025 Modified Budget	Budgetary Basis Actual	2024-2025 Budget to Actual \$ Variance
Property Tax	\$ 473,724,109	\$ 498,000,000	\$ 498,478,297	\$ 478,297
Sales Tax	333,411,487	330,000,000	331,430,656	1,430,656
Transient Occupancy Tax	15,894,163	17,000,000	17,212,205	212,205
Business Taxes	86,072,405	87,000,000	87,693,311	693,311
Utility Tax	129,770,893	141,000,000	139,896,807	(1,103,193)
Franchise Fees	52,475,857	58,022,632	58,458,709	436,077
Real Property Transfer Tax ¹	50,749,321	0	0	0
Telephone Line Tax	22,291,646	22,000,000	21,989,227	(10,773)
Licenses and Permits	21,428,006	21,818,390	22,266,806	448,416
Fees, Rates, and Charges	25,030,265	27,808,860	26,305,211	(1,503,649)
Fines, Forfeitures, and Penalties	14,322,746	17,604,797	19,740,923	2,136,126
Rev. from Use of Money/Property	22,774,861	20,735,000	20,214,200	(520,800)
Revenue from Local Agencies	23,353,375	23,892,236	22,201,684	(1,690,552)
Revenue from State of California	27,444,985	63,987,734	39,382,713	(24,605,021)
Rev. from Federal Government	5,462,136	14,528,969	6,433,084	(8,095,885)
Other Revenue	12,664,318	20,216,125	19,803,291	(412,834)
Subtotal	1,316,870,573	1,363,614,743	1,331,507,124	(32,107,619)
Overhead Reimbursements	80,379,703	88,151,786	87,516,288	(635,498)
Transfers	34,160,106	37,468,866	36,745,418	(723,448)
Reimbursements for Services	19,049,014	20,127,186	19,177,753	(949,433)
Subtotal	133,588,823	145,747,838	143,439,459	(2,308,379)
TOTALS²	\$ 1,450,459,396	\$ 1,509,362,581	\$ 1,474,946,583	\$ (34,415,998)

¹ Beginning in 2024-2025 Real Property Transfer Tax collections were moved from the General Fund to the Real Property Transfer Tax Fund.

² Excludes Beginning Fund Balance.

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The General Fund revenue performance for 2024-2025 is discussed in detail in this section. The 2024-2025 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances and resulting implications for current year revenue estimates are described. In addition, comparisons with prior fiscal year collection levels are included to indicate collection trends and to provide a historical perspective.

As shown in Table A, total revenue received in the General Fund in 2024-2025 was \$1.47 billion. This collection level was 2.3% below (\$34.4 million) the 2024-2025 Modified Budget. After accounting for reconciling items, rebudgets, and other clean-up actions, revenues ended the year \$3.6 million, or 0.2%, below the 2024-2025 Modified Budget.

The 2024-2025 collection level of \$1.47 billion was \$24.5 million, or 1.7%, above the actual 2023-2024 collections of \$1.45 billion. This year-over-year increase is primarily due to higher 2024-2025 collections for Property Tax (\$24.8 million), Revenue from the State of California (\$11.9 million), Utility Tax (\$10.1 million), and Transfers and Reimbursements (\$9.9 million). These revenues experienced year-over year growth due to several factors including the local real estate market positively impacting Property Tax receipts, the timing of when State grants were received, higher utility rates driving up Utility Tax collections, and higher overhead reimbursements from both operating and capital funds. Partially offsetting the higher receipts in these categories was lower Real Property Transfer Tax collections (\$50.7 million), as beginning in 2024-2025 Real Property Transfer Tax collections were received and allocated in the Real Property Transfer Tax Fund.

The variances from the Modified Budget levels, implications for current year revenue estimates, and changes from prior year level are further discussed on the following pages for all significant and notable revenue categories, as well as sources with substantial variances.

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Property Tax	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Secured Property Tax	467,000,000	466,628,224	(371,776)	(0.1%)
Unsecured Property Tax	17,500,000	17,529,166	29,166	0.2%
SB 813 Property Tax	7,500,000	8,307,218	807,218	10.8%
Aircraft Property Tax	5,000,000	5,162,116	162,116	3.2%
HOPTR	1,000,000	851,573	(148,427)	(14.8%)
Total	498,000,000	498,478,297	478,297	0.1%

The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, Aircraft Property Tax, and Homeowner's Property Tax Relief (HOPTR). Property Tax receipts in 2024-2025 totaled \$498.5 million, which was consistent with the budgeted estimate, and represented an increase of 5.2% from 2023-2024 collections of \$473.7 million.

In 2024-2025, **Secured Property Tax** receipts continued to be the largest source of revenue in the Property Tax category. The Secured Property Tax category includes general Secured Property Tax, Educational Revenue Augmentation Fund (ERAF) revenues, and Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax. In 2024-2025, receipts totaled \$466.6 million, which is consistent with the budgeted estimate, and is 5.1% above the 2023-2024 receipts of \$444.1 million. The growth from 2023-2024 collections reflects increased general Secured Property Tax receipts (\$19.6 million; 5.2%), SARA Residual Property Tax receipts (\$1.9 million; 8.0%), and ERAF revenue (\$946,000; 2.3%).

The general Secured Property Tax receipts growth of \$19.6 million in 2024-2025 primarily reflects an increase in assessed value, due to the California Consumer Price Index (CCPI) increase of 2%, and increased valuation due to changes in ownership or new construction. Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. On a County-wide basis, the 2024-2025 roll growth was driven primarily by changes in ownership (41.9%), changes in the CCPI (29.7%), and new construction (16.5%).

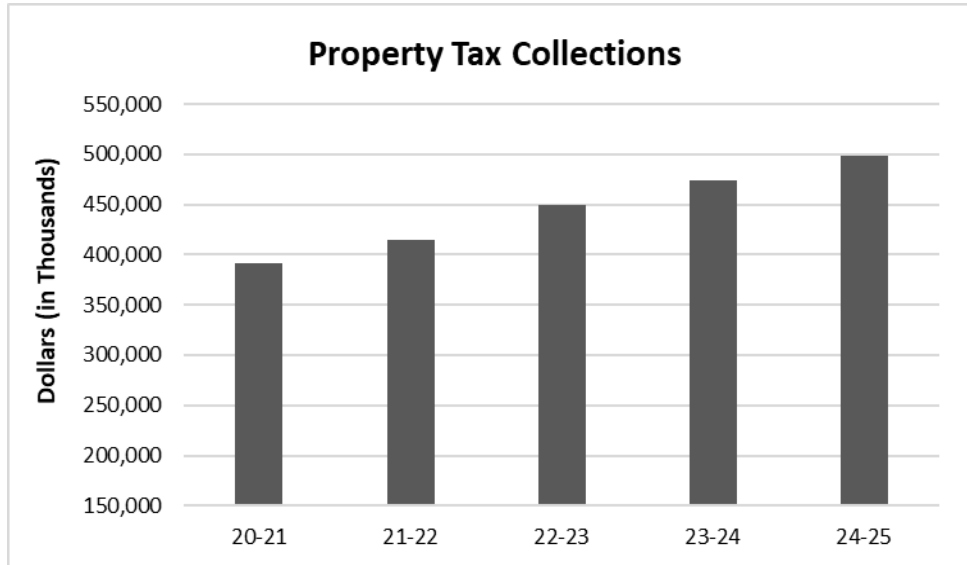
In addition to the changes in assessed value, Secured Property Tax collections were positively impacted by ERAF revenue. ERAF collections totaled \$42.4 million in 2024-2025, which is \$946,000 (2.3%) above the 2023-2024 collection level. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it, which generally occurs in March of each fiscal year.

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The final component of the Secured Property Tax category is SARA Residual Property Tax. As a result of the SARA bond refunding that occurred in December 2017, the City receives a residual property tax distribution. In 2024-2025 SARA Residual Property



Tax receipts totaled \$26.1 million, which is \$1.9 million (8.0%) above the 2023-2024 collection level of \$24.2 million.

In the **Unsecured Property Tax** category, collections of \$17.5 million were consistent with the budgeted estimate and were \$638,000 (3.8%) above the 2023-2024 collection level of \$16.9 million.

The **SB 813 Property Tax** component represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Assessor formally revalues the property. In 2024-2025, receipts of \$8.3 million were \$807,000 (10.8%) above the budgeted estimate of \$7.5 million. In addition, collections were \$880,000 (11.8%) above the prior year collection level of \$7.4 million.

The remaining Property Tax categories include **Aircraft Property Tax** receipts, which totaled \$5.2 million in 2024-2025 and \$4.4 million in 2023-2024; and **Homeowners Property Tax Relief** revenue, which totaled \$852,000 in 2024-2025 and \$885,000 in 2023-2024.

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Sales Tax

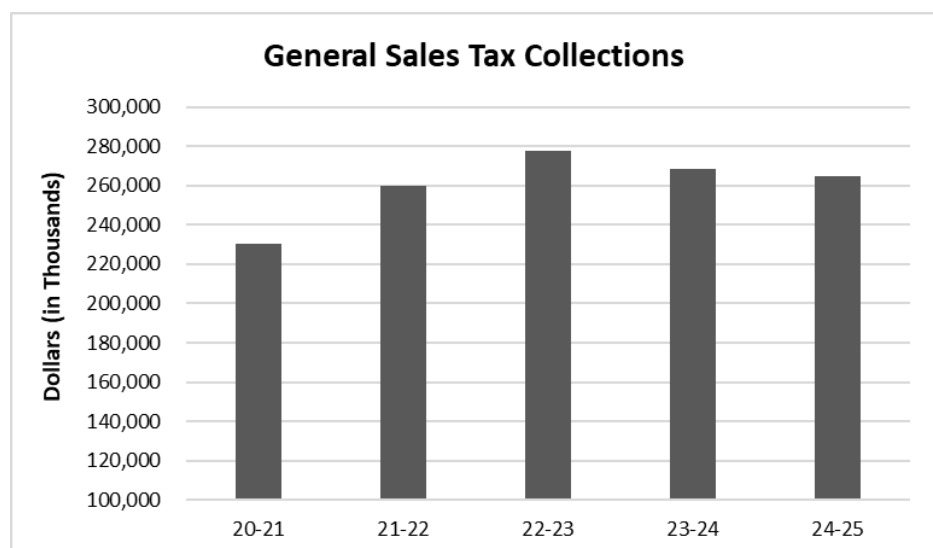
Sales Tax	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
General Sales Tax	262,000,000	264,970,394	2,970,394	1.1%
Local Sales Tax	60,000,000	58,437,105	(1,562,895)	(2.6%)
Prop 172 Sales Tax	8,000,000	8,023,157	23,157	0.3%
Total	330,000,000	331,430,656	1,430,656	0.4%

As shown in the following table, the City receives 1.25% of the 9.375% Sales Tax collected for items sold in San José. The distribution percentage includes a 0.25% local transaction and use tax enacted by the City of San José effective October 1, 2016 (limited to 15 years; sunseting in 2031). The City also receives a portion of the Public Safety Fund (Proposition 172) Sales Tax collected State-wide.

Agency	Distribution Percentage
State of California	5.500%
City of San José (Bradley Burns)	1.000%
City of San José (Local Tax)	0.250%
Public Safety Fund (Proposition 172)	0.500%
Santa Clara County (Including VTA)	2.000%
Peninsula Corridor Joint Powers Board (Caltrain)	0.125%
Total	9.375%

The Sales Tax category includes General Sales Tax, Local Sales Tax, and Proposition 172 Sales Tax. Overall, Sales Tax collections in 2024-2025 of \$331.4 million were 0.4% (\$1.4 million) above the budgeted estimate; however, collections were 0.6% (\$2.0 million) below the prior year.

General Sales Tax revenue is the largest driver of the Sales Tax category and accounts for over 80% of all Sales Tax receipts. In 2024-2025 General Sales Tax collections totaled \$265.0 million, which were 1.1% (\$3.0 million) above the budgeted estimate of \$262.0 million;



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however, collections were 1.3% (\$3.5 million) below the 2023-2024 collection level, which is indicative of weaker economic conditions. Information related to Sales Tax payments are distributed from the California Department of Tax and Fee Administration (CDTFA) four times throughout the year: November (July-September activity), February (October-December activity), and May (January-March activity). In 2024-2025, quarterly sales tax payments experienced year-over-year changes that significantly varied; -11.4%, 8.6%, -11.9%, 9.2%, respectively for each quarter. Quarterly receipts varied due to changes in economic conditions as well as the impact of one-time corrections and payment timing issues occurring. As a result, 2024-2025 General Sales Tax receipts ended the year 1.1% (\$3.0 million) above the budgeted estimate.

The City's Sales Tax consultant, Muni Services, has provided economic performance data for 2024-2025, as displayed in the following chart. This analysis measures Sales Tax receipts for 2023-2024 and 2024-2025, excluding Sales Tax associated with the Revenue Capture Agreement.

General Sales Tax Revenue Performance (Economic Basis)

Economic Sector	2024-2025 % of Total Revenue	2023-2024 % of Total Revenue	% Change of Revenue Received by Category
Business-to-Business	18.9%	20.3%	(9.5%)
General Retail	18.0%	18.2%	(3.1%)
Transportation	15.8%	17.6%	(11.9%)
Food Products	15.2%	14.5%	2.1%
Construction	9.2%	9.0%	(0.2%)
Miscellaneous	0.8%	0.7%	14.0%
County Pool	22.1%	19.7%	9.9%
Total	100.0%	100.0%	

As can be seen in the table above, most categories experienced year-over-year declines, including Business-to-Business (includes office equipment, leasing, electronic equipment, energy sales), General Retail (includes apparel stores, department stores, furniture/appliance stores, drug stores, and florists/nurseries), Transportation (includes auto sales), and Construction (includes wholesale and retail building materials). Partially offsetting these drops were gains in the Food Products (includes restaurants, food markets, and liquor stores) and Miscellaneous categories.

The County Pool, which is where the majority of online transactions are captured, also grew compared to the prior year (9.9%). The County Pool revenue is distributed to all cities within Santa Clara County based on a distribution formula administered by the CDTFA.

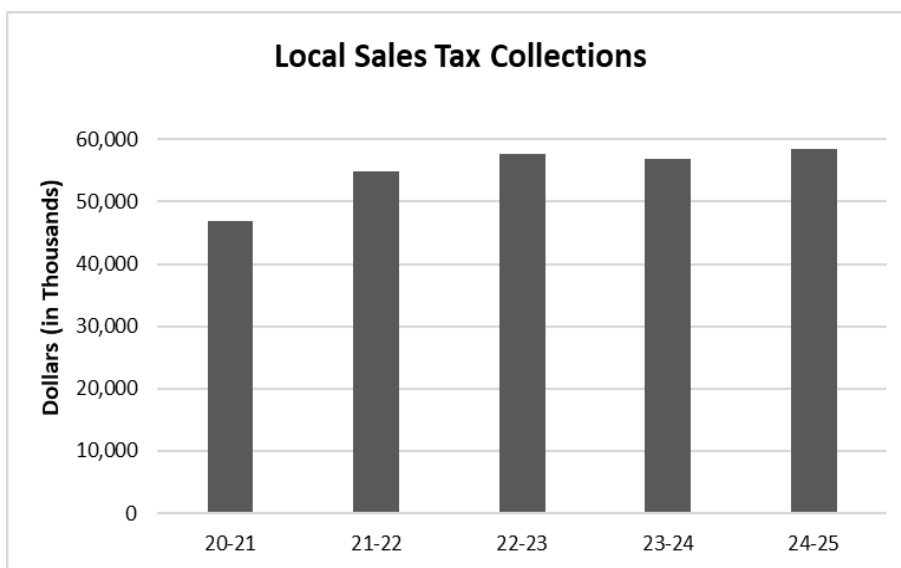
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This formula is based each quarter on each jurisdiction's total General Sales Tax receipts divided by the Total General Sales Tax receipts for the entire County. The City typically receives between 45% - 50% of the total County Pool.

In June 2016, San José voters approved a ¼ cent **Local Sales Tax**, which began implementation in October 2016 and will sunset in 2031. 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. In 2024-2025, Local Sales Tax revenues totaled \$58.4 million, which was slightly below (\$1.6 million; 2.6%) the budgeted estimate of \$60.0 million; however, collections were \$1.5 million (2.7%) above the prior year collection level of \$56.9 million.

Proposition 172 Sales Tax collections represents the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. In 2024-2025, receipts of \$8.0 million were consistent with the budgeted estimate and prior year collection level. This performance reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

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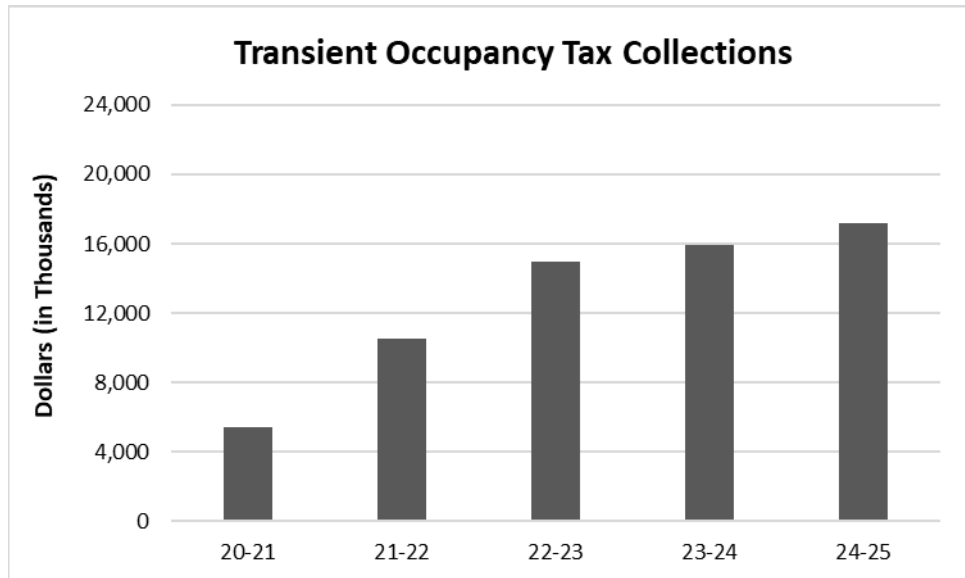
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Transient Occupancy Tax

Transient Occupancy Tax	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2024 Variance (\$)	2024-2025 Variance (%)
Transient Occupancy Tax	17,000,000	17,212,205	212,205	1.2%
Total	17,000,000	17,212,205	212,205	1.2%

The City of San José assesses a 10% **Transient Occupancy Tax (TOT)** on the rental price for transient lodging. Of this 10%, 6% is placed in the Transient Occupancy Tax Fund and 4% is deposited in the General Fund. In 2024-2025, the General Fund's portion (4%) of the TOT totaled \$17.2 million, which was slightly above the budgeted estimate of \$17.0 million and \$1.3 million (8.3%) higher than 2023-2024 collections of \$15.9 million.

For the fiscal year ending June 2025, the cumulative average hotel occupancy rate reported for the San José market was 66.99%, a slight increase from the average of 65.12% through the same period in 2023-2024. The average daily room rate increased by 5.0%, from



\$165.00 as of June 2024 to \$173.23 as of June 2025; and the year-to-date average revenue-per-available room (RevPAR) increased by 8.0%, from \$107.44 to \$116.04, relative to the same period in 2023-2024.

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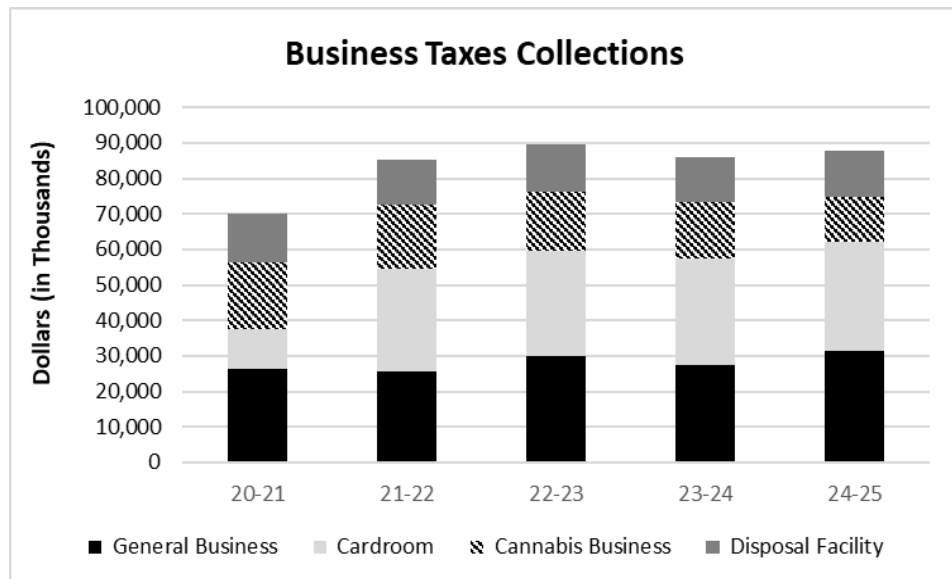
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Business Taxes

Business Taxes	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
General Business Tax	30,000,000	31,375,317	1,375,317	4.6%
Cardroom Tax	31,000,000	30,643,241	(356,759)	(1.2%)
Cannabis Business Tax	14,000,000	12,874,625	(1,125,375)	(8.0%)
Disposal Facility Tax	12,000,000	12,800,128	800,128	6.7%
Total	87,000,000	87,693,311	693,311	0.8%

Revenues in the Business Taxes category include the General Business Tax, Cardroom Tax, Cannabis Business Tax, and Disposal Facility Tax. Overall, collections of \$87.7 million were slightly above (\$693,000; 0.8%) the budgeted estimate of \$87.0 million. In addition, collections were \$1.6 million (1.9%) above the prior year collection level. This year-over-year increase is primarily due to slightly higher overall activity levels.

Beginning in 2017-2018, **General Business Tax** collections reflect changes to the San José business tax, which was approved by San José voters on November 8, 2016 and took effect on July 1, 2017. The adjustments to the business tax included increasing the base tax,



increasing the incremental tax and making it more progressive, increasing the cap (the maximum amount of the tax affecting large businesses), updating the application of the tax to more classes of business, and adding inflation-based adjustments for future tax rates. In 2024-2025, General Business Tax collections of \$31.4 million ended the year \$1.4 million (4.6%) above the budgeted estimate and \$4.0 million (14.4%) above the prior year collection level.

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Business Taxes

In 2024-2025, **Cardroom Tax** collections of \$30.6 million ended the year within budgeted levels and \$576,000 (1.9%) above the prior year collection level. These receipts are inclusive of the ballot measure approved by voters in November 2020 that increased taxes on cardroom operators beginning in January 2021.

Cannabis Business Tax collections reflect cannabis business tax as well as cannabis business tax compliance revenues. Cannabis Business Tax collections began after San José voters approved Ballot Measure U on November 2, 2010, which allowed the City to tax marijuana businesses. Further, in November 2016, the California Marijuana Legalization Initiative (Proposition 64) was approved by voters, which legalized recreational marijuana use in California. As a result, the sale of recreational cannabis at the 16 registered businesses in San José began in January 2018. In 2024-2025, Cannabis Business Tax collections of \$12.9 million ended the year \$1.1 million (8.0%) below the budgeted estimate of \$14.0 million. In addition, 2024-2025 collections declined \$2.8 million (17.9%) below the 2023-2024 collection level of \$15.7 million. These declines are primarily due to two cannabis businesses shuttering and overall lower activity levels.

Disposal Facility Taxes (DFT) are business taxes based on tons of solid waste disposed at landfills within the City. This revenue stream can vary due to factors that affect the amount of waste generated and how it is disposed including: economic activity, weather, diversion programs, and price sensitivity to disposal rates. In 2024-2025, collections of \$12.8 million ended the year \$800,000 (6.7%) above budgeted levels; however, collections were \$102,000 (0.8%) below the 2023-2024 collection level of \$12.9 million due to very slightly lower activity levels.

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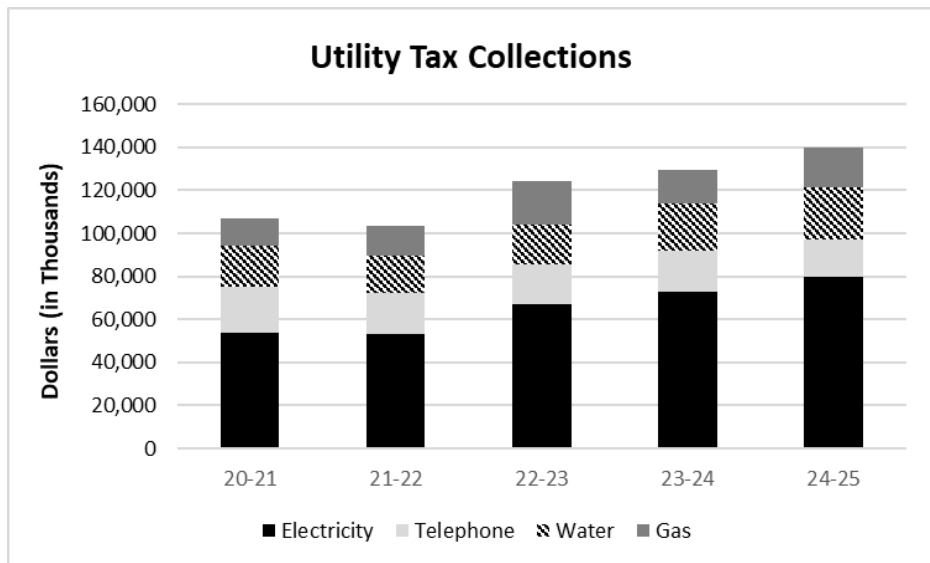
GENERAL FUND REVENUE PERFORMANCE

Utility Tax

Utility Tax	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Electricity Utility Tax	84,000,000	79,617,995	(4,382,005)	(5.2%)
Gas Utility Tax	17,000,000	18,402,048	1,402,048	8.2%
Water Utility Tax	23,000,000	24,352,607	1,352,607	5.9%
Telephone Utility Tax	17,000,000	17,524,157	524,157	3.1%
Total	141,000,000	139,896,807	(1,103,193)	(0.8%)

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$139.9 million ended the year slightly below (\$1.1 million; 0.8%) budgeted levels, but were \$10.1 million (7.8%) above the 2023-2024 collection level of \$129.8 million. The year-over-year increase is due to higher rates and consumption levels for electricity, gas, and water.

Receipts in the **Electricity Utility Tax** category of \$79.6 million ended the year \$4.4 million (5.2%) below budgeted levels; however, collections were \$6.7 million (9.2%) above the 2023-2024 collection level. This increase is primarily due to higher electricity rates and increased consumption levels.



Gas Utility Tax receipts of \$18.4 million were \$1.4 million (8.2%) above the budgeted estimate and \$2.5 million (15.5%) above prior year receipts. The increased Gas Utility Tax receipts reflect higher gas rates and consumption levels.

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Utility Tax

Receipts in the **Water Utility Tax** category of \$24.4 million were \$1.4 million (5.9%) above the budgeted estimate and \$2.2 million (9.9%) above the 2023-2024 collection level. This increase is due to higher rates and increased consumption levels.

Receipts in the **Telephone Utility Tax** category of \$17.5 million ended the year \$524,000 (3.1%) above the budgeted estimate, but were \$1.3 million (6.8%) below the 2023-2024 collection level. Revenues in this category were historically over \$30 million; however, beginning in 2014-2015 receipts began consistently declining as a result of wireless consumers shifting to less expensive prepaid wireless plans, competition with cellular companies that keep prices down, and the shifting of wireless communications to increase reliance on data plans, which are not taxable.

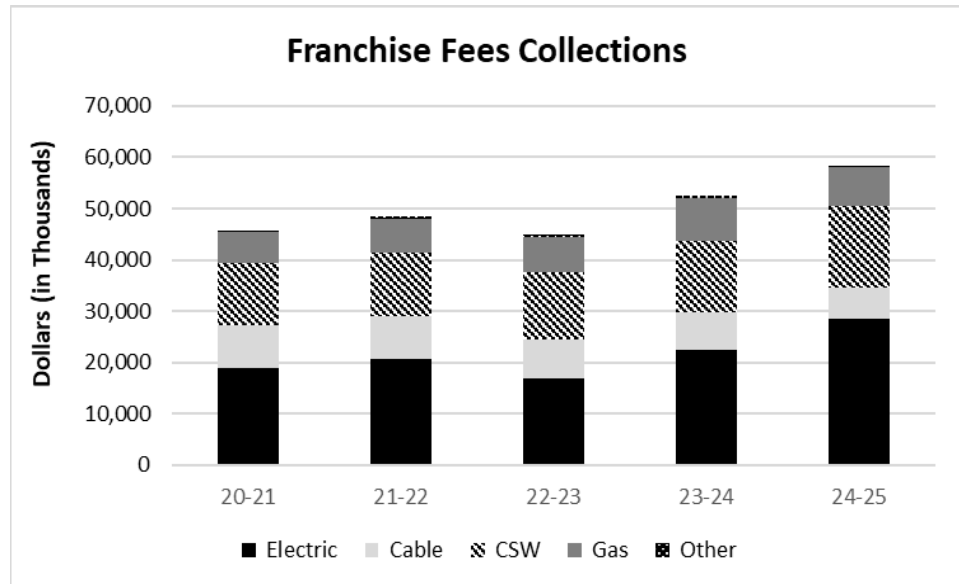
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Franchise Fees

Franchise Fees	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Electric Franchise Fee	28,500,000	28,564,751	64,751	0.2%
Commercial Solid Waste	14,597,632	15,858,449	1,260,817	8.6%
Gas Franchise Fee	7,500,000	7,560,431	60,431	0.8%
Cable Franchise Fee	7,000,000	6,056,188	(943,812)	(13.5%)
Great Oaks Water	300,000	313,721	13,721	4.6%
Nitrogen and Jet Fuel	85,000	84,285	(715)	(0.8%)
Tow	40,000	20,884	(19,116)	N/A
Total	58,022,632	58,458,709	436,077	0.8%

The City receives franchise fees for several categories, including Electric, Commercial Solid Waste, Gas, Cable, Great Oaks Water, Nitrogen and Fuel, and Tow. Overall, Franchise Fee receipts of \$58.5 million ended the year slightly above (\$436,000; 0.8%) budgeted levels and were \$6.0



million (11.4%) above the 2023-2024 collection level of \$52.5 million. The year-over-year increase is primarily due to higher Electric (\$6.0 million) and Commercial Solid Waste (\$2.0 million) Franchise Fee receipts, partially offset by lower Cable (\$1.1 million) and Gas (986,000) Franchise Fee collections. These variances are due to changes in rates and/or activity levels.

Remaining collections in the Franchise Fees category include **Great Oaks Water, Nitrogen and Jet Fuel, and Tow Fees**. In total, these revenues ended the year at \$419,000, which is slightly below (6,000; 1.4%) the budgeted estimate; however, collections were \$66,000 (18.6%) above the prior year collection level of \$353,000.

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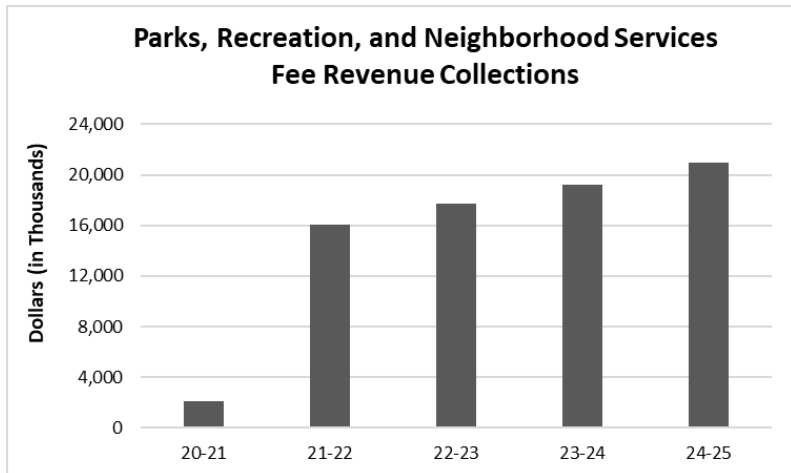
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Fees, Rates, and Charges

Fees, Rates, and Charges	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
PRNS Fees	20,940,083	20,989,872	49,789	0.2%
Miscellaneous Fees	4,245,044	2,543,019	(1,702,025)	(40.1%)
Transportation Fees	1,491,652	1,827,699	336,047	22.5%
Police Fees	1,071,081	870,751	(200,330)	(18.7%)
Library Fees	61,000	73,870	12,870	21.1%
Total	27,808,860	26,305,211	(1,503,649)	(5.4%)

Revenues in the Fees, Rates, and Charges category include various fees and charges levied to recover costs of services provided by the several City departments, the largest of which are Parks, Recreation, and Neighborhood Services (PRNS) Department Fees. Overall, Fees, Rates, and Charges collections of \$26.3 million ended the year \$1.5 million (5.4%) below budgeted levels. This variance is primarily due to lower than anticipated Miscellaneous Fee collections. Fee collections in 2024-2025 were \$1.3 million (5.1%) above the 2023-2024 collection level of \$25.0 million. This increase in revenue is primarily due to higher fee-related activity within the PRNS Department.

Revenues in the **PRNS Departmental Fee** category include Happy Hollow Park and Zoo; Fee Activity (classes, camps, and after-school activities); Facility Rentals; Sports Facilities Reservations; Lake Cunningham Action Sports Park; Gym and Fitness; Parking; Park Permits; Arcadia Ball Park; Family Camp; and Aquatics Program. PRNS Department Fee revenue



ended the year at \$21.0 million, which is consistent with the budgeted estimate and \$1.8 million (9.2%) above the 2023-2024 collection level of \$19.2 million. This year-over-year increase in PRNS fee revenue is due higher activity levels for PRNS fee programs.

Remaining collections in the Fees, Rates, and Charges category include **Miscellaneous Fees, Transportation Fees, Police Fees, and Library Fees**. In total, departmental revenue (excluding PRNS fees discussed above) ended the year at \$5.3 million, which is \$1.6 million (22.6%) below the budgeted estimate. This variance is primarily due to the assumption that the Ambulance Transport and User Fee collections would begin in 2024-2025 (budgeted estimate of \$1.7 million); however, due to issues onboarding a vendor, fee collections will not begin until 2025-2026.

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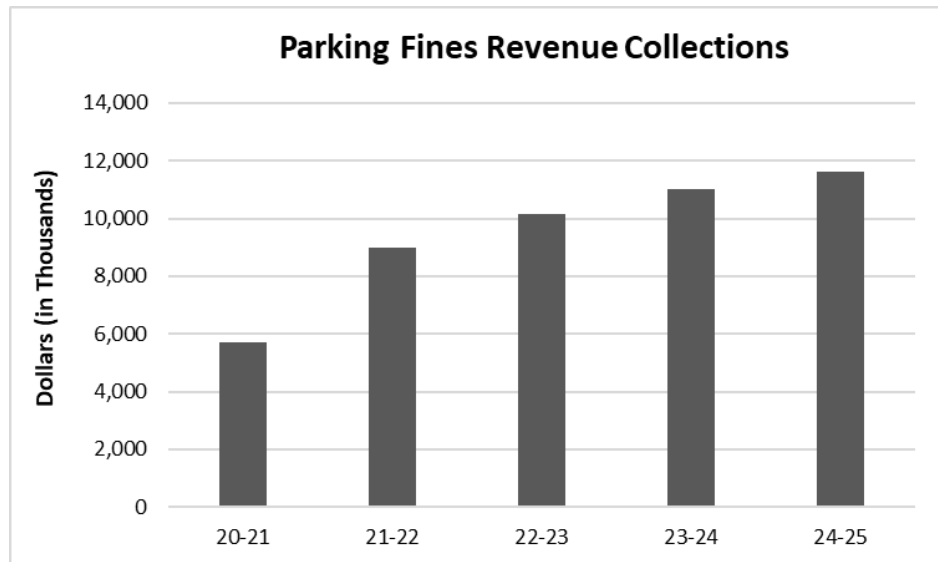
GENERAL FUND REVENUE PERFORMANCE

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Parking Fines	12,300,000	11,601,063	(698,937)	(5.7%)
Vehicle Code Fines	1,200,000	1,394,569	194,569	16.2%
Business License Penalties	2,000,000	4,779,240	2,779,240	139.0%
Other Fines and Penalties	2,104,797	1,966,051	(138,746)	(6.6%)
Total	17,604,797	19,740,923	2,136,126	12.1%

The primary sources of revenue in the Fines, Forfeitures, and Penalties revenue category are Parking Fines, Vehicle Code Fines, Business License Penalties, and Other Fines and Penalties. Fines, Forfeitures, and Penalties collections of \$19.7 million were \$2.1 million (12.1%) above the 2024-2025 budgeted estimate and \$5.4 million (37.8%) above the prior year collection level. The increase in year-over-year revenue is primarily due to higher Business License Penalties revenue.

Parking Fines, the largest component of this revenue category, ended the year at \$11.6 million, which is almost \$700,000 (5.7%) below the budgeted level; however, collections were \$573,000 (5.2%) above the 2023-2024 collection level of \$11.0 million.



Business License Penalties of \$4.8 million ended the year \$2.8 million above the budgeted estimate of \$2.0 million. Additionally, collections were \$4.6 million above the prior year collection level of \$210,000. **Vehicle Code Fines** ended the year at \$1.4 million, which was \$195,000 (16.2%) above the budgeted estimate; however, collections were \$82,000 (5.6%) below the prior year collection level of \$1.5 million. The **Other Fines and Penalties** category ended the year at \$2.0 million, which was slightly (\$139,000; 6.6%) below the budgeted estimate of \$2.1 million; however, collections were \$359,000 (22.3%) above the prior year collection level. It should be noted that fine and penalty revenue can vary significantly, with collections changing every year.

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND REVENUE PERFORMANCE

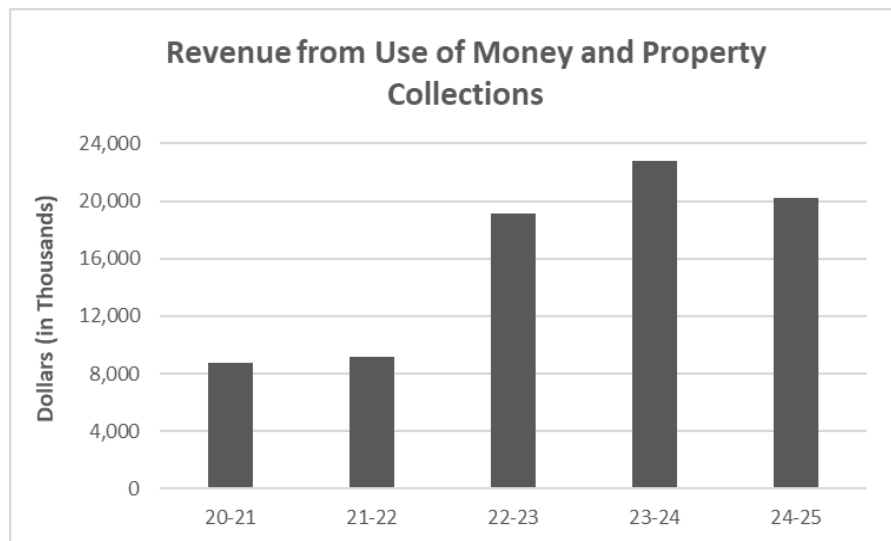
Revenue from Use of Money and Property

Use of Money and Property	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Interest Earnings	15,500,000	15,512,995	12,995	0.1%
City-Owned Property Rentals	2,980,000	3,062,009	82,009	2.8%
Subrogation Recovery	750,000	22,585	(727,415)	(97.0%)
Digital Inclusion Program	730,000	694,084	(35,916)	(4.9%)
Other Use of Money/Property	775,000	922,527	147,527	19.0%
Total	20,735,000	20,214,200	(520,800)	(2.5%)

The Use of Money and Property category primarily consists of interest income earned on the General Fund, rental income from various City properties, subrogation recovery revenues, and the Digital Inclusion program. Collections of \$20.2 million ended the year slightly (\$521,000; 2.5%) below the budgeted estimate. Additionally, 2024-2025 receipts were \$2.6 million (11.2%) below the prior year collection level. The year-over-year decrease is primarily attributable to lower interest earnings on the General Fund, which is the largest component of this revenue category.

Interest income of \$15.5 million was consistent with the budgeted estimate, but \$2.4 million (13.5%) below the prior year collection level of \$17.9 million. This decrease is primarily due to lower cash balances and slightly lower interest rates.

Remaining collections in this category include **City-Owned Property Rentals**, which totaled \$3.1 million in 2024-2025, 2.8% above budgeted levels reflecting slightly higher rental revenue. **Subrogation Recovery** revenue of \$23,000 was significantly below the budgeted estimate of \$750,000, which reflects lower activity levels.



Digital Inclusion Program revenue of \$694,000 was 4.9% below the budgeted estimate, which reflects slightly lower lease revenue received for City-owned light poles from wireless carriers. **Other Uses of Money and Property** ended the year at \$923,000, which was \$148,000 above the budgeted estimate.

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND REVENUE PERFORMANCE

Revenue from Local Agencies

Revenue from Local Agencies	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Central Fire District	9,900,000	10,228,665	328,665	3.3%
Paramedic Program	4,130,000	4,307,207	177,207	4.3%
Police BART Reimbursement	2,236,268	2,002,599	(233,669)	(10.4%)
Other Local Agency Payments	7,625,968	5,663,213	(1,962,755)	(25.7%)
Total	23,892,236	22,201,684	(1,690,552)	(7.1%)

The Revenue from Local Agencies category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the Central Fire District for fire services provided to County residents by the San José Fire Department, County of Santa Clara for the Paramedic Program, and the Valley Transportation Authority (VTA) reimbursement for police services at the Berryessa Bay Area Rapid Transit (BART) station. Revenue collections of \$22.2 million ended the year \$1.7 million (7.1%) below the budgeted estimate of \$23.9 million and \$1.2 million (4.9%) below the 2023-2024 collection level of \$23.4 million. These variances are primarily due to the timing of grant revenue payments.

In 2024-2025, **Central Fire District** payments of \$10.2 million ended the year \$329,000 (3.3%) above the budgeted estimate and \$327,000 (3.3%) above the prior year collection level. These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The year-over-year increase of payments is due to the change in Property Tax valuation in those areas.

Reimbursement from the County of Santa Clara for the first responder advanced life support program (**Paramedic Program**) of \$4.3 million was \$177,000 (4.3%) above the budgeted estimate and \$1.8 million (74.4%) above the 2023-2024 collection level. This year-over-year increase is primarily due to the timing of prior year receipts being received, resulting in a payment related to 2023-2024 activity being booked in 2024-2025.

The 2025-2026 Adopted Budget included the rebudget of revenues and associated expenditures for various local agency revenue in the amount of \$24,000. In addition, rebudget and clean-up adjustments totaling \$587,000 are recommended in this report to account for revenues that were not received 2024-2025, but are now anticipated to be received in 2025-2026. Additional information on the rebudget of local agency revenue, as well as budget actions to recognize new grants and reimbursements are described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND REVENUE PERFORMANCE

Revenue from the State of California

Revenue from State of California	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Tobacco Settlement	10,700,000	9,064,165	(1,635,835)	(15.3%)
State Grants	47,664,771	25,307,374	(22,357,397)	(46.9%)
Other State Revenue	5,622,963	5,011,174	(611,789)	(10.9%)
Total	63,987,734	39,382,713	(24,605,021)	(38.5%)

The Revenue from the State of California category contains Tobacco Settlement Revenue, State Grants, and Other State Revenue. In 2024-2025, Revenue from the State of California totaled \$39.4 million, which is \$24.6 million (38.5%) below the budgeted estimate. This variance is primarily the result of the timing of various grant payments (and their associated expenditures) where the work was not yet completed in 2024-2025, or was completed but the reimbursement revenue has not yet been received.

The Tobacco Settlement revenue, which is the largest revenue source in this category, totaled \$9.1 million in 2024-2025, which was \$1.6 million (15.3%) below the budgeted estimate and \$491,000 (5.1%) below the prior year collection level. State grants and other reimbursements totaled \$30.3 million; \$23.0 million (43.1%) below the budgeted estimate, which was primarily due to the timing of grant revenue payments.

The 2025-2026 Adopted Budget included the rebudget of revenues and associated expenditures for various State grants in the amount of \$11.0 million. In addition, rebudget and clean-up adjustments totaling \$10.3 million are recommended in this report to account for revenues that were not received in 2024-2025, but are now anticipated to be received in 2025-2026. Additional information on the rebudget of State grants, as well as budget actions to recognize new grants and reimbursements are described in *Section IV - Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Revenue from the Federal Government

Revenue from Federal Government	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Federal Grants	14,528,969	6,433,084	(8,095,885)	(55.7%)
Total	14,528,969	6,433,084	(8,095,885)	(55.7%)

The Revenue from the Federal Government category contains various federal grants and reimbursements. In 2024-2025, Revenue from the Federal Government totaled \$6.4 million, which was \$8.1 million (55.7%) below the budgeted estimate. The negative variance from the 2024-2025 budgeted estimate was primarily the result of the timing of various grants payments (and their associated expenditures)

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND REVENUE PERFORMANCE

Revenue from the Federal Government

where the work was not yet completed in 2024-2025, or was completed but the reimbursement revenue has not yet been received.

The 2025-2026 Adopted Budget included the rebudget of revenues and associated expenditures for various Federal grants in the amount of \$7.0 million. In addition, rebudget and clean-up adjustments totaling \$312,000 are recommended in this report to account for revenues that were not received in 2024-2025, but are now anticipated to be received in 2025-2026. Additional information on the rebudget of Federal grants, as well as budget actions to recognize new grants and reimbursements are described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Other Revenue

Other Revenue	2024-2025 Budget (\$)	2024-2025 Actuals (\$)	2024-2025 Variance (\$)	2024-2025 Variance (%)
Sidewalk Repairs	2,500,000	2,694,664	194,664	7.8%
Miscellaneous Grants	7,684,433	7,471,443	(212,990)	(2.8%)
Other Revenue	10,031,692	9,637,184	(394,508)	(3.9%)
Total	20,216,125	19,803,291	(412,834)	(2.0%)

The Other Revenue category contains a number of unrelated revenue sources and totaled \$19.8 million in 2024-2025, which was \$413,000 (2.0%) below the budgeted estimate of \$20.2 million.

The 2025-2026 Adopted Budget included the rebudget of revenues and associated expenditures for various grants in the amount of \$388,000. However, due to higher than anticipated 2024-2025 year-end revenue collections, a total of \$33,000 of previously approved rebudgets are recommended to be reduced in this report. Additional information on the rebudget of grants and other revenue, as well as budget actions to recognize new grants and reimbursements are described in *Section IV - Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND REVENUE PERFORMANCE

Summary

In 2024-2025, total revenue received in the General Fund was \$1.47 billion. This collection level was 2.3% (\$34.4 million) below the 2024-2025 Modified Budget. After accounting for reconciling items, rebudgets, and other clean-up actions, revenues ended the year \$3.6 million, or 0.2%, below the 2024-2025 Modified Budget. This is an extremely small variance given the diversity of over 450 City revenues, the overall size of the General Fund, the changing economic conditions, including higher levels of inflation.

The 2024-2025 collection level of \$1.47 billion was \$24.5 million, or 1.7%, above the actual 2023-2024 collections of \$1.45 billion. This year-over-year increase is primarily due to higher 2024-2025 collections for Property Tax (\$24.8 million), Revenue from the State of California (\$11.9 million), Utility Tax (\$10.1 million), and Transfers and Reimbursements (\$9.9 million). These revenues experienced year-over-year growth due to several factors including the local real estate market positively impacting Property Tax receipts, the timing of when State grants were received, higher utility rates driving up Utility Tax collections, and higher overhead reimbursements from both operating and capital funds. Partially offsetting the higher receipts in these categories was lower Real Property Transfer Tax collections (\$50.7 million), as beginning in 2024-2025 Real Property Transfer Tax collections were received and allocated in the Real Property Transfer Tax Fund.

Revenue across most General Fund categories performed positively over the past year, with the exception of Sales Tax. Moving into 2025-2026, based on the most recent information available, Sales Tax is not anticipated to experience growth. In addition, based on preliminary information provided by Santa Clara County, Property Tax revenue (primarily general Secured Property Tax) is anticipated to have slower than budgeted growth in 2025-2026. Combined, preliminary Sales Tax and Property Tax revenue may fall short of budgeted levels. Updated information for both Sales Tax and Property Tax will be received in November 2025 and will be discussed as part of the 2025-2026 Mid-Year Report, which will be released in January 2026. The Administration will continue to actively monitor economic indicators and provide updated information on all revenues, as applicable, through the Bi-Monthly Financial Report and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions, if necessary.