



Memorandum

TO: PUBLIC SAFETY, FINANCE AND STRATEGIC SUPPORT COMMITTEE **FROM:** Jim Shannon

SUBJECT: Bi-Monthly Financial Report for September/October 2025 **DATE:** November 24, 2025

Approved *Behemtri*

Date: 11/24/2025

RECOMMENDATION

Accept the Bi-Monthly Financial Report on actual revenues and expenditures as compared to the 2025-2026 Budget for the four months ending October 2025.

OVERVIEW

The Bi-Monthly Financial Report for September/October 2025 was jointly prepared by the City Manager's Budget Office and the Finance Department. The City Manager's Budget Office has analyzed actual expenditures as compared to the 2025-2026 Modified Budget and the Finance Department has prepared a report that reflects the financial results for the four months ending October 2025.

Through the first four months of the fiscal year, revenues and expenditures were generally performing within the anticipated levels in the majority of City funds. The Administration will continue to closely monitor economic conditions and the performance in all City funds, bringing forward budget adjustments, as appropriate, to the City Council during the year as appropriate. The following are key highlights of this report:

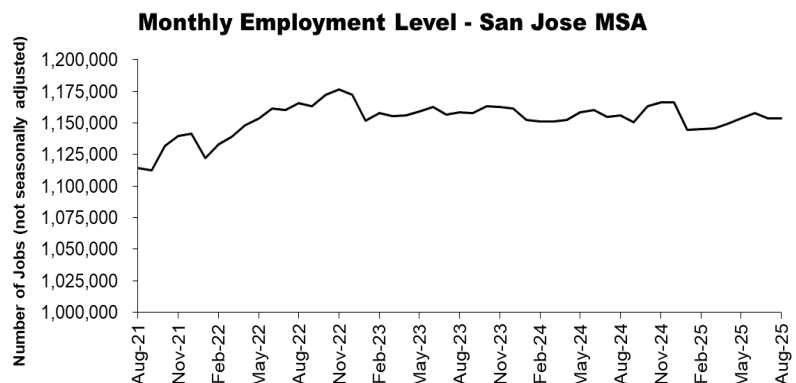
- While it is early in the fiscal year and only limited information is currently known, General Fund revenues are anticipated to overall end the year very close to estimated levels, with Property Tax preliminarily expected to fall short of the budgeted estimate and Sales Tax anticipated to slightly exceed the budgeted estimate. Relatively weak economic conditions will require careful monitoring for the remainder of the current fiscal year and throughout the upcoming budget development process.
- Overall, General Fund expenditures are within estimated levels through October with the exception of the Fire Department and Police Department. Overages in both of these departments are discussed further in this report. Expenditures will continue to be controlled and monitored to ensure, to the extent possible, appropriations stay within approved levels.

OVERVIEW (CONT'D.)

- Construction and Conveyance Tax (C&C) revenue and Real Property Transfer Tax revenues are performing above prior year levels and are anticipated to end the year within or above the budgeted estimate.
- Construction Excise Tax and Building and Structure Construction Tax collections may end the year above budgeted levels. Both revenue sources are dependent on construction activity, which is overall higher than the prior year levels.
- Transient Occupancy Tax (TOT) activity levels are performing slightly above the prior year. At this early point in the year, it is anticipated that TOT revenue will meet the budgeted estimate.
- Based on current activity levels, all Development Fee Programs revenues are anticipated to end the year within estimated levels. This sector will continue to be closely monitored in the coming months to better understand and forecast activity levels through the remainder of the fiscal year.
- The San José Mineta International Airport (SJC) has enplaned and deplaned 3.8 million passengers through October, a decrease of 9.8% from the figures reported through October of the prior year.
- The San José Clean Energy Fund is performing within expected levels, with Energy Sales anticipated to end the year below the budgeted revenue estimate by approximately 22%, and Cost of Energy expenditures are anticipated to end the year 13.5% below the current budget.
- The Administration will continue to report to the City Council all significant developments through future Bi-Monthly Financial Reports and the 2025-2026 Mid-Year Budget Review.

Economic Environment

Silicon Valley’s economy is fairly sluggish. Due to the federal government shutdown, employment information for September and October has not been released as of the writing of this memorandum. The most recent information received reflects August employment levels, which had decreased slightly and the unemployment rate was flat compared to the prior year level. Additionally, real estate



OVERVIEW (CONT'D.)

activity has weakened with real estate median sale prices declining, sales declining, and homes are staying on the market for slightly longer.

On a positive note, overall construction activity is performing well, with residential and commercial activity showing strong signs of growth. However, the industrial category is down compared to prior year levels.

The August 2025 employment level of 1.15 million in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) decreased by 2,300 jobs, or 0.2%, from the August 2024 level. This net decline for employment levels include professional and business services jobs dropping by 8,100 positions and manufacturing decreasing by 3,800 positions. Partially offsetting these drops are private education and health services increasing by 8,600 jobs and government jobs expanding by 1,900 positions.¹

| Unemployment Rate (Unadjusted) | | | |
|---|--------------------|------------------|----------------------|
| | August 2024 | July 2025 | August 2025** |
| San Jose Metropolitan Statistical Area* | 4.7% | 4.9% | 4.7% |
| State of California | 5.9% | 6.1% | 5.8% |
| United States | 4.4% | 4.6% | 4.5% |
| * San Benito and Santa Clara Counties Source: California Employment Development Department. ** August 2025 estimates are preliminary and may be updated. | | | |

As can be seen on the table, the local unemployment rate has remained flat when comparing the August 2025 rate of 4.7% to the August 2024 unemployment level. Additionally, while the August 2025 local unemployment rate is lower than the unadjusted employment rate for the State (5.8%), it is slightly higher than the national rate (4.5%). As of the writing of this memorandum, the federal shutdown

recently concluded and it is unclear when updated employment information will be received. If available, updated employment information will be included in the 2025-2026 Mid-Year Budget Review that will be released on January 30, 2026.

Overall construction activity through October 2025 increased 30.5% from prior-year levels primarily due to significant activity growth for alterations within residential and industrial categories. However, as noted in the chart below, commercial activity has declined compared to the October 2024 level. The overall construction activity valuation of \$1.7 billion assumed in the 2025-2026 Adopted Budget is consistent with 2024-2025 actual activity. If current trends continue, construction activity will overperform the

| Private Sector Construction Activity (Valuation in \$ Million) | | | |
|---|---------------------------|---------------------------|-----------------|
| | October 2024 (YTD) | October 2025 (YTD) | % Change |
| Residential | \$143.9 | \$279.8 | 94.5% |
| Commercial | \$364.6 | \$301.6 | (17.3%) |
| Industrial | \$134.5 | \$257.8 | 91.7% |
| TOTAL | \$643.0 | \$839.2 | 30.5% |

¹ State of California Employment Development: Labor Market Information Division Press Release, September 19, 2025

OVERVIEW (CONT'D.)

activity projected by the Planning, Building and Code Enforcement Department in the 2026-2030 Five-Year Forecast, which was released in February 2025.

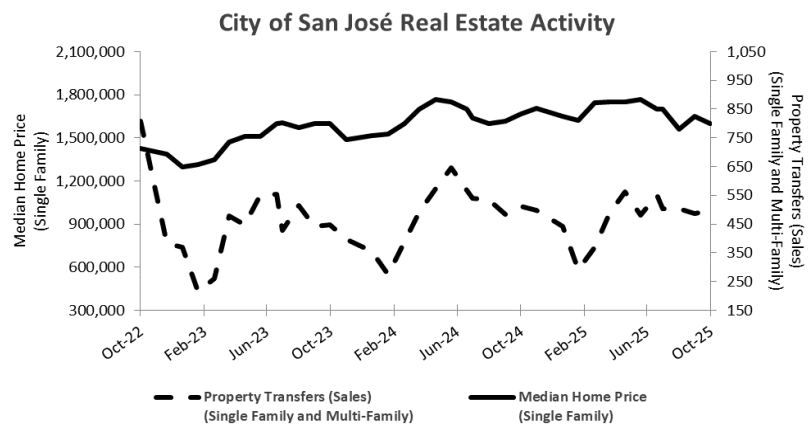
Through October 2025, residential permit valuation has increased 94.5% from the prior year (\$279.8 million in 2025-2026 from \$143.9 million in 2024-2025). Residential activity through October included 1,484 multi-family units and 194 units of single-family construction for a total of 1,678 units. A notable project for September includes a permit issued for an eight-unit townhouse multi-family project on Epic Way between River Oaks Parkway and Coyote Creek.

Commercial valuation through October 2025 was 17.3% lower than the October 2024 level (\$301.6 million in 2025-2026 from \$364.6 million in 2024-2025), primarily due to a data center project in 2024-2025. Commercial activity is \$129.2 million for September and October; additions and alterations accounted for 98% of the commercial activity (\$126.6 million).

Industrial construction valuation through October 2025 was 91.7% above 2024-2025 level (\$257.8 million in 2025-2026 from \$134.5 million in 2024-2025). Alterations accounted for 100% (\$198.6 million) of industrial activity for September and October.

According to data from the Santa Clara County Association of Realtors, in October 2025 the median single-family home price totaled \$1.6 million, which is 4.1% below the October 2024 price of \$1.7 million. Additionally, homes are staying on the market for a longer period of time. The average days-on-market through October 2025 totaled

31 days, while the average days through October 2024 totaled 22 days. Finally, property transfers (sales) are down compared to 2024-2025 levels. Through October 2025, transfers have declined almost 4% compared to the same time period in the prior year.



OVERVIEW (CONT'D.)

On a national level, in October consumer confidence inched down. Stephanie Guichard, Senior Economist at the Conference Board, stated “Consumer confidence moved sideways in October, only declining slightly from its upwardly revised September level. Changes to the individual subcomponents were also limited and largely cancelled each other out...Consumers were a bit more pessimistic about future job availability and future business conditions while optimism about future income retreated slightly.”² Economic conditions will continue to be closely monitored and will be factored into the assessment of the City’s performance in 2025-2026 as well as the development of the 2027-2031 General Fund Forecast that will be released in February 2026.

GENERAL FUND

REVENUES

General Fund revenues through October 2025 totaled \$277.2 million, which is 2.4% (\$6.4 million) above the October 2024 level of \$270.8 million. This increase is primarily attributable to higher Sales Tax (\$6.7 million) which represents advanced payments from the State of California, not necessarily higher activity levels. The first Sales Tax payment was received in November 2025 and represented an increase from the prior year level; however, the data associated with this payment has not yet been analyzed. It is early in the fiscal year and only limited data is currently known for most revenue categories. General Fund revenue will continue to be very closely monitored and discussion regarding any significant variances will be included in future Bi-Monthly Financial Reports and the 2025-2026 Mid-Year Budget Review.

The discussion on the following pages highlights General Fund revenue activities through October 2025.

| <u>Revenue</u> | <u>2025-2026 Budget Estimate</u> | <u>YTD Actual</u> | <u>Prior YTD Collections</u> |
|---------------------|--------------------------------------|-----------------------|----------------------------------|
| Property Tax | \$ 536,500,000 | \$ 19,184,641 | \$ 21,983,039 |

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Aircraft Property Tax, and Homeowner’s Property Tax Relief. Based on the most recent information received from Santa Clara County, Property Tax receipts in 2025-2026 are estimated at \$522.0 million, which is \$14.5 million below the 2025-2026 budgeted estimate of \$536.5 million. This variance is primarily due to lower general Secured Property Tax (\$11.5 million) and Successor Agency to the

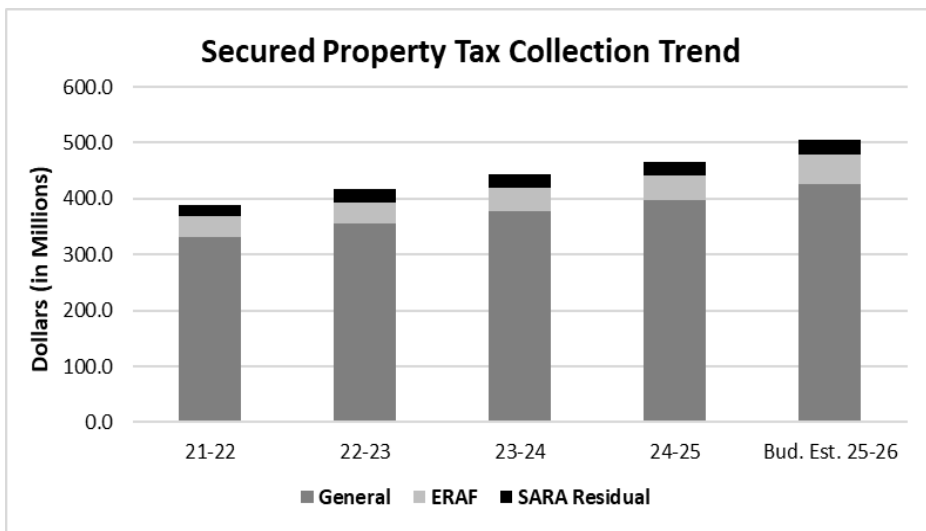
² The Conference Board, Consumer Confidence Survey, October 28, 2025

GENERAL FUND (CONT'D.)

Redevelopment Agency (SARA) Property Tax (\$3.0 million). Property Tax collections will continue to be closely monitored and updated information will be provided as it is received from Santa Clara County. Additional information about each of the Property Tax sub-categories is provided below.

Secured Property Taxes represent over 90% of the revenue in the Property Tax category. The Secured Property Tax category includes general Secured Property Tax, Educational Revenue Augmentation Fund (ERAF) revenues, and SARA Property Tax. Based on the most recent information provided by Santa Clara County, Secured Property receipts are anticipated to total \$491.0 million in 2025-2026. This estimate is comprised of general Secured Property Tax receipts of \$414.5 million, excess ERAF funds of \$52.5 million, and SARA Residual Property Tax receipts of \$24.0 million. The Secured Property Tax estimate provided by the County is \$14.5 million below the Adopted Budget estimate of \$505.5 million. This potential shortfall is due to lower general Secured Property Tax and SARA Property Tax, which are further discussed below.

The general Secured Property Tax estimate totals \$414.5 million in 2025-2026, which reflects growth of 4.1% from the 2024-2025 collection level. This growth includes 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 of 2.1%. 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. As mentioned above, the general Secured Property Tax estimate totals \$414.5 million, which is \$11.5 million below the budgeted estimate of \$426.0 million. This variance is due to several factors, including a decelerating roll growth valuation experienced in 2024-2025; whereby earlier valuation projections by the County that were incorporated into the 2025-2026 General Fund Forecast released in February 2025 were revised downward at the end of the fiscal year. Additionally, the budgeted estimate was built on the assumption that growth in the assessed value would total 5%; however, based on preliminary projections growth is estimated at 4%.

GENERAL FUND (CONT'D.)

Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. Once there are sufficient funds in ERAF to fulfill obligations, the remainder of the funding is returned to the taxing entities that contributed to it, which generally occurs in March of each fiscal year. Based on information recently provided by Santa Clara County, 2025-2026 receipts are estimated at \$52.5 million, which is consistent with the 2025-2026 budgeted estimate. It is important to note that 22% of ERAF revenue is at risk on both an ongoing basis beginning in 2025-2026 (\$11 - \$12 million annually) and a claw back to 2020-2021 (\$40 million) due to an anticipated audit from the State Controller's Office that would challenge the ERAF calculation used by Santa Clara County. The County has preemptively filed litigation to dispute the actions taken by the State Controller; however, the timing on a decision for this litigation is not currently known.

As a result of the SARA bond refunding that occurred in December 2017, the City began receiving a residual property tax distribution. According to the most recent information from Santa Clara County, 2025-2026 SARA Property tax receipts are estimated at \$24.0 million, which is \$3.0 million below the 2025-2026 Adopted Budget estimate of \$27.0 million and \$2.1 million below 2024-2025 actuals of \$26.1 million. This variance is likely due to a weakened commercial real estate market, as the current estimate from Santa Clara County reflects a decline of 8% in 2025-2026 receipts compared to the prior year level.

The **Unsecured Property Tax** category refers to property that can be relocated and is not real estate. The most common forms of unsecured property include boats, business personal property, and undeveloped land. According to the most recent information from Santa Clara County, 2025-2026 receipts are estimated at \$17.4 million, which is slightly below the budgeted estimate and the prior year collection level of \$17.5 million.

The **SB 813 Property Tax** category represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Santa Clara County Assessor formally revalues the property. According to the most recent information from Santa Clara County, 2025-2026 receipts are estimated at \$8.3 million, which is \$800,000 above the 2025-2026 Adopted Budget estimate and the 2024-2025 collection level of \$7.5 million.

Aircraft Property Tax receipts are typically received in October of each year. According to the most recent information from Santa Clara County, 2025-2026 receipts are estimated at \$4.4 million, which is slightly below the 2025-2026 Adopted Budget estimate of \$5.0 million and the prior year collection level of \$5.2 million.

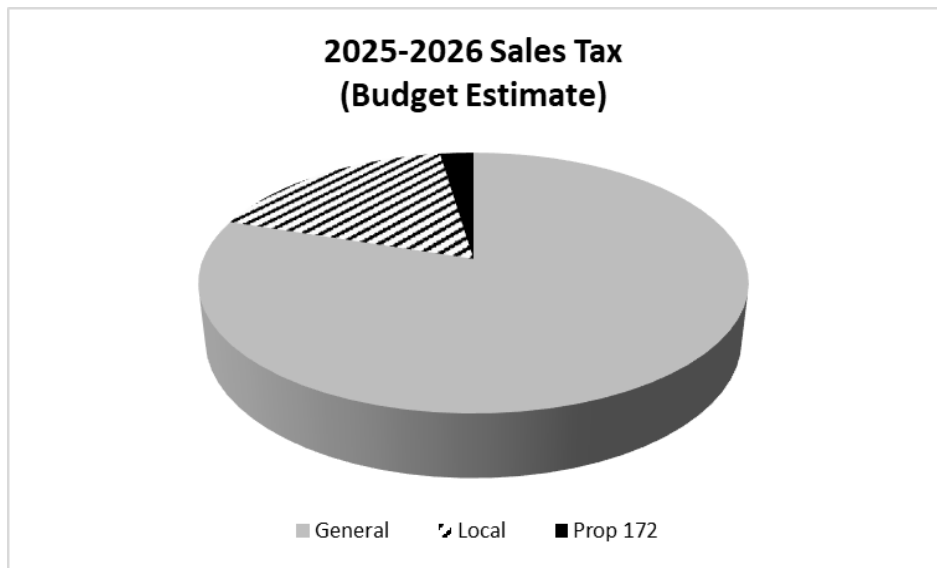
In the **Homeowners Property Tax Relief** category, revenues in 2025-2026 are anticipated at \$836,000, which is slightly below the budgeted estimate of \$1.0 million and the prior year collection level of \$852,000.

GENERAL FUND (CONT'D.)

| Revenue | 2025-2026 Budget Estimate | YTD Actual | Prior YTD Collections |
|------------------|------------------------------|----------------------|--------------------------|
| Sales Tax | \$ 340,000,000 | \$ 59,958,575 | \$ 53,238,111 |

The Sales Tax category includes General Sales Taxes, Local Sales Taxes, and Proposition 172 Sales Taxes. Information related to Sales Tax payments is distributed from the California Department of Tax and Fee Administration (CDTFA) four times throughout the year: November (representing July-September activity); February (representing October-December activity); May (representing January-March activity); and August (representing April-June activity). The 2025-2026 Adopted Budget estimate totals \$340.0 million, which is \$8.6 million (2.6%) above the 2024-2025 collection level of \$331.4 million. The first Sales Tax payment for 2025-2026 was recently received and represents overall growth from the prior year; however, data associated with this payment has not been analyzed. Once the payment is analyzed, additional information will be included in the 2025-2026 Mid-Year Budget Review, which will be released on January 31, 2026. Additional information about each of the Sales Tax sub-categories is provided below.

General Sales Tax is the largest driver of the Sales Tax category and accounts for approximately 80% of all Sales Tax receipts. The General Sales Tax 2025-2026 Adopted Budget estimate totals \$272.0, which is \$7.0 million (2.7%) above the 2024-2025 actual collection level of \$265.0. The first



General Sales Tax payment for 2025-2026 was received in November 2025 and reflected growth of almost 15%. However, the data associated with this payment has not been analyzed. Preliminary information indicates that one-time corrections and payment timing issues have inflated the General Sales Tax remittance in comparison to the prior year. The economic growth associated with the first quarter payment may be much lower than 15%. Once the payment is analyzed, additional information will be included in the 2025-2026 Mid-Year Budget Review, which will be released on January 31, 2026. At this early point in the year, with only one General Sales Tax payment being received, it is anticipated General Sales Tax may exceed the budgeted estimate.

GENERAL FUND (CONT'D.)

In June 2016, San José voters approved a ¼ cent Local Sales Tax, which was implemented in October 2016 and remains in effect through October 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. The 2025-2026 budgeted estimate for Local Sales Tax totals \$60.0 million, which is \$1.6 million (2.7%) above the 2024-2025 actual collection level of \$58.4 million. The first Local Sales Tax payment for 2025-2026 was received in November 2025 and represented growth of almost 9%. However, as mentioned above, the data associated with this payment has not been analyzed. Once the payment is analyzed, additional information will be included in the 2025-2026 Mid-Year Budget Review, which will be released on January 31, 2026. At this early point in the year, with only one Local Sales Tax payment being received, it is anticipated Local Sales Tax will meet or slightly exceed the budgeted estimate.

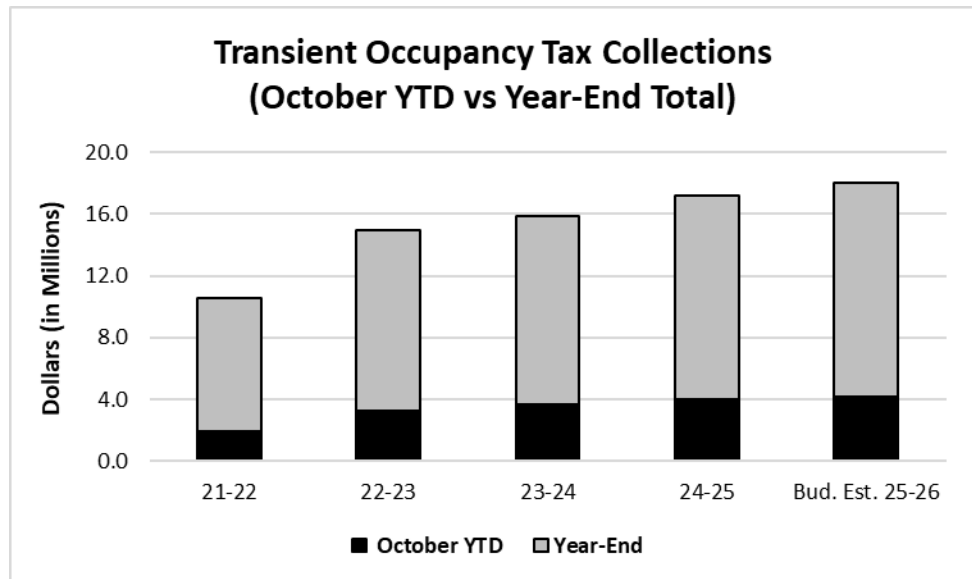
Proposition 172 Sales Tax collections represent the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. Revenue in 2025-2026 is estimated at \$8.0 million, which is consistent with the budgeted estimate and the 2024-2025 actual collection level.

GENERAL FUND (CONT'D.)

| Revenue | 2025-2026 Budget Estimate | YTD Actual | Prior YTD Collections |
|--------------------------------|------------------------------|---------------------|--------------------------|
| Transient Occupancy Tax | \$ 18,000,000 | \$ 4,200,806 | \$ 3,981,273 |

The City of San José assesses a 10% Transient Occupancy Tax (TOT) on the rental price for transient lodging. Of this amount, 6% is placed in the Transient Occupancy Tax Fund and 4% is deposited in the General Fund. The 2025-2026 budget estimate for the General Fund allocation is \$18.0 million, which requires growth of 4.6% from the 2024-2025 actual collection level of \$17.2 million. Through October, TOT collections total approximately \$4.2 million, which is 5.5% above the prior year collection level of \$4.0 million. Although it is early in the fiscal year and only preliminary information is known, it is currently anticipated that TOT receipts will end the year within budgeted levels.

Based on October 2025 data, the average hotel occupancy rate reported for the San José market was 71.4%, a 4.8 percentage point increase from the average of 66.6% through the same period in 2024-2025. The average daily room rate decreased by



1.3%, from \$173.40 as of October 2024 to \$171.18 as of October 2025; and the year-to-date average revenue-per-available room (RevPAR) increased by 6.2%, from \$115.46 to \$122.28, relative to the same period in 2024-2025.

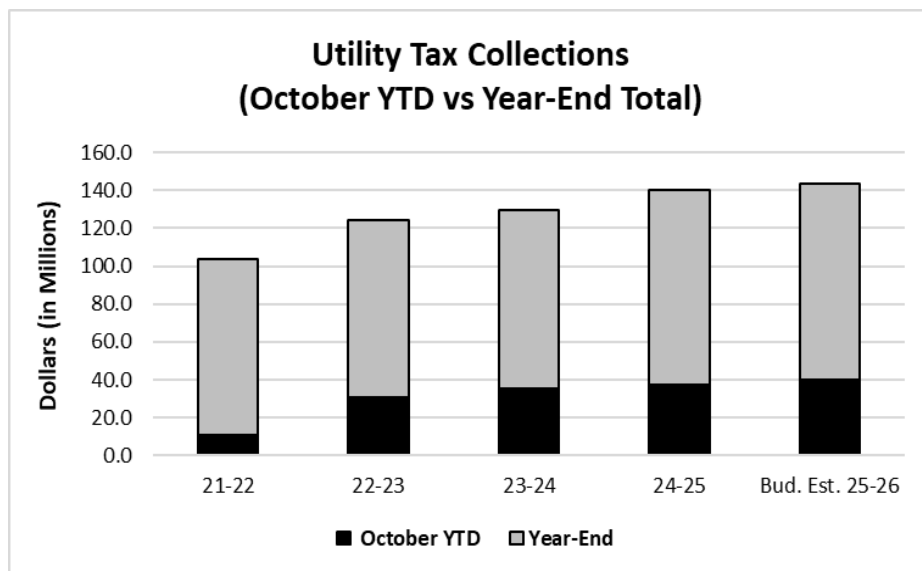
In partnership with Team San Jose (the City’s operator of convention and cultural facilities, as well as the Convention and Visitors Bureau), the Administration will continue to actively monitor hotel and revenue performance and provide updates in future Bi-Monthly Financial Reports and the 2025-2026 Mid-Year Budget Review, which will be released on January 30, 2026.

GENERAL FUND (CONT'D.)

| Revenue | 2025-2026 Budget Estimate | YTD Actual | Prior YTD Collections |
|--------------------|------------------------------|----------------------|--------------------------|
| Utility Tax | \$ 143,800,000 | \$ 40,118,797 | \$ 37,236,388 |

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Water Utility Tax, and the Telephone Utility Tax. Through October, overall Utility Tax receipts totaled \$40.1 million, which is 7.7% above the prior year level of \$37.2 million. The year-over-year increase represents higher collections in all categories except Electricity Utility Tax receipts. The overall increase in Utility Tax collections is attributable to slightly higher activity levels and the timing of payments being processed. The 2025-2026 Adopted Budget estimate of \$143.8 million requires growth of approximately 3% from the 2024-2025 collection level. Based on collections through October and historical collection patterns, it is currently anticipated that overall Utility Tax receipts will end the year at budgeted levels. Additional information about each of the Utility Tax sub-categories is provided below.

In the **Electricity Utility Tax** category, collections through October totaled \$25.3 million, which is 7.2% below the \$27.3 million received in the prior year. This decrease is due to lower usage. The 2025-2026 Adopted Budget estimate for Electricity Utility Tax totals \$84.0 million, which requires growth of 5.2% from



the 2024-2025 collection level of \$79.6 million. Although it is early in the fiscal year and only preliminary information is known, based on collections through October and historical collection patterns, receipts are anticipated to end the year below the budgeted level.

In the **Gas Utility Tax** category, collections through October totaled \$2.9 million, which is 13.6% higher than the \$2.6 million received in the prior year. This increase is due to higher gas utility rates and higher usage. The 2025-2026 Adopted Budget estimate totals \$19.0 million, which requires growth of 3.2% from the 2024-2025 collection level of \$18.4 million. Although it is early in the fiscal year and only preliminary information is known, based on collections through October and historical collection patterns, receipts are anticipated to meet or exceed the budgeted estimate by year-end.

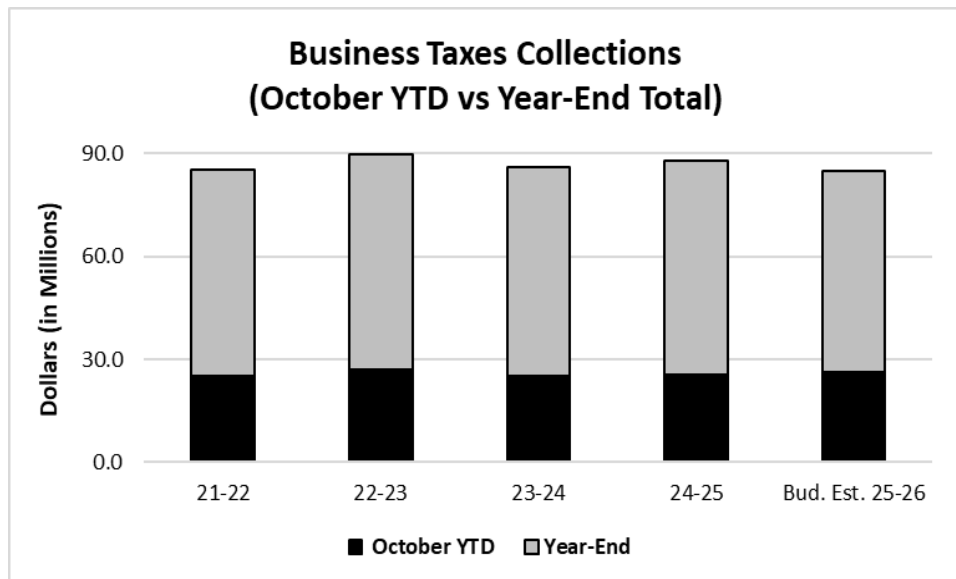
GENERAL FUND (CONT'D.)

In the **Water Utility Tax** category, collections through October totaled \$7.6 million, which is significantly higher than the prior year receipts of \$3.8 million. This increase is due to higher usage and the timing of payments being processed. The 2025-2026 Adopted Budget estimate totals \$24.0 million, which allows for a slight (1.4%) decrease from the 2024-2025 collection level of \$24.4 million. Although it is early in the fiscal year and only preliminary information is known, based on collections through October and historical collection patterns, receipts are anticipated to exceed the budgeted estimate by year-end.

Collections in the **Telephone Utility Tax** category of \$4.3 million through October are 19.1% above the prior year collections of \$3.6 million. The 2025-2026 Adopted Budget estimate totals \$16.8 million, which allows for a 4.1% drop from the 2024-2025 collection level of \$17.5 million. Although it is early in the fiscal year and only preliminary information is known, based on collections through October and historical collection patterns, receipts are anticipated to meet or slightly exceed the budgeted estimate by year-end.

| Revenue | 2025-2026 Budget Estimate | YTD Actual | Prior YTD Collections |
|-----------------------|------------------------------|----------------------|--------------------------|
| Business Taxes | \$ 85,000,000 | \$ 26,136,967 | \$ 25,488,283 |

The Business Taxes category consists of the Cannabis Business Tax, Cardroom Tax, Disposal Facility Tax, and General Business Tax. Through October, overall collections of \$26.1 million are 2.5% above the prior year collection level of \$25.5 million. This year-



over-year increase reflects higher collections in all Business Tax categories except Cannabis Business Tax compliance revenue. The 2025-2026 Adopted Budget of \$85.0 million allows for a 3.1% drop from the 2024-2025 Business Taxes collection level of \$87.7 million. Although it is early in the fiscal year and only preliminary information is known, it is currently anticipated that overall Business Taxes receipts will end the year at or slightly above budgeted levels. Additional information about each of the Business Taxes sub-categories is provided below.

GENERAL FUND (CONT'D.)

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. Through October, receipts of \$3.1 million are 6.8% below the prior year level of \$3.4 million. However, the prior year level includes compliance revenue of \$1.0 million that will not be received on an ongoing basis. When excluding compliance revenue, Cannabis Business Tax collections have increased almost 31% year-over-year. The 2025-2026 Adopted Budget estimate totals \$12.0 million, which allows for a 6.8% drop from the 2024-2025 collection level of \$12.9 million, as the prior year compliance revenue was not assumed to be received in 2025-2026. Although it is early in the fiscal year and only preliminary information is known, based on collections through October and historical collection patterns, receipts are anticipated to exceed the budgeted estimate by year-end.

Through October, **Cardroom Tax** receipts, which are inclusive of the ballot measure approved by voters in November 2020 (Measure H) that increased taxes on cardroom operators beginning in January 2021, totaled \$7.8 million. This collection level is 2.6% higher than the prior year receipts of \$7.6 million, which is due to slightly higher activity levels. The 2025-2026 Adopted Budget estimate totals \$30.0 million, which allows for a 2.1% drop from the 2024-2025 collection level. Although it is early in the fiscal year and only preliminary information is known, based on collections through October and historical collection patterns, receipts are anticipated to exceed the budgeted estimate by year-end.

Disposal Facility Tax (DFT) are business taxes received based on the tons of solid waste disposed of 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. DFT revenue through October totaled \$2.4 million, which is 18.4% above the prior year collection level, which is due to higher activity levels. The 2025-2026 Adopted Budget estimate of \$12.0 million allows for a 6.3% drop from the 2024-2025 collection level of \$12.8 million. Although it is early in the fiscal year and only preliminary information is known, based on performance through October and historical collection patterns, receipts in this category are anticipated to exceed the budgeted estimate by year-end.

Through October, **General Business Tax** receipts of \$12.8 million are 2.5% above the prior year collection level of \$12.5 million, which is due to the Consumer Price Index increase. The 2025-2026 Adopted Budget estimate for General Business Tax totals \$31.0 million, which allows for a 1.2% drop from the 2024-2025 actual collection level of \$31.4 million. Although it is early in the fiscal year and only preliminary information is known, based on the information currently known and historical collection patterns, receipts in this category are anticipated to exceed the budgeted estimate by year-end.

GENERAL FUND (CONT'D.)

EXPENDITURES

Through October, General Fund expenditures (without encumbrances) of \$485.8 million were 14.3% above the prior year level of \$425.1 million. Encumbrances of \$94.2 million were 25.2% below the prior year level of \$125.9 million. General Fund expenditures and encumbrances through October of \$580.0 million constitute 29.0% of the total budget including reserves and 34.0% of the budget excluding reserves. Overall, General Fund expenditures are within estimated levels with the exception of the Fire Department and Police Department. Overages in both departments are discussed further below.

Through October, personal services expenditures are performing within estimated levels, with the exception of the Environmental Services Department, Fire Department, and Police Department. The Environmental Services Department is anticipated to end the year within budgeted levels; the Fire Department and Police Department are discussed in further detail below.

KEY GENERAL FUND EXPENDITURES

| <u>Department</u> | <u>2025-2026 Budget</u> | <u>YTD Actual</u> | <u>Prior YTD Actual</u> |
|-------------------|-----------------------------|-----------------------|-----------------------------|
| Police | \$ 578,422,883 | \$ 187,736,001 | \$ 161,921,089 |

Overall, Police Department expenditures are slightly above estimated levels through October 2025, which is driven by higher personal services expenditures. Personal services expenditures of \$171.5 million are slightly above the anticipated level for this point of the year (32.73% expended, compared to the par level of 32.05%), with overtime expenditures of \$26.1 million (82.82% of the total \$31.5 million Adopted Budget). Year-to-date overtime expenditures are 33.08% above 2024-2025 levels and overtime hours through October (238,788) increased by approximately 9.2% over the same period in the prior year (218,619). Personal services spending is tentatively anticipated to exceed budgeted levels by approximately \$15 million. Additional discussion on overtime spending is included below.

A total of \$16.3 million (29.8%) of the Police Department's non-personal/equipment budget (\$54.6 million, including carry-over encumbrances) has been expended through October 2025. Excluding the remaining balances for centrally-determined details (\$20.8 million), which includes electricity, gas, and water utilities, as well as vehicle operations, maintenance, and replacement, the Police Department has approximately \$17.4 million (32.0%) of its non-personal/equipment budget available for the remainder of the year. Although non-personal/equipment expenditures are higher than anticipated at this point of the year, which is due to encumbrances (22.6% of the year-to-date activity), overall expenditures are expected to remain within budget levels as this encumbrance balance

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|-------------------------------|
| GENERAL FUND (CONT'D.) |
|-------------------------------|

will be expended for planned activities.

The Police Department has implemented a number of actions to reduce overtime expenditures in recent years, including: 1) the creation of a dashboard to review and audit overtime usage; 2), the elimination of gang suppression pay cars on overtime; 3) the mandatory spend down of compensatory time balances; and 4) requiring the Chief of Police's approval of overtime for attending community events, and for BOI's and Special Operations' use of overtime for personnel not currently assigned to those units. However, these controls have not fully offset the additional overtime spending required to backfill for vacant sworn positions.

Through the use of available vacancy savings, funding is made available to pay for police academy recruits and their subsequent field training, as well as to backfill vacant patrol positions on overtime. The average duration for the academy and field training is approximately 10-12 months, requiring overtime to backfill vacancies in patrol until the new recruits are ready to serve as solo beat officers, as well as overtime for seasoned personnel to serve as field training officers. Effective vacancy levels, which include vacancies of field training officers, academy recruits, and sworn personnel on disability, modified, or other leaves, reduce the amount of street-ready sworn officers available and are the most significant contributing factor to overtime usage. The effective vacancy rate was 23.1% as of October 31, 2025. Historically, the effective vacancy rate has averaged 20.1% (based on the five-year period between 2020-2021 and 2024-2025), resulting in the build-up of compensatory time balances for sworn personnel, for which there is a limit of 480 hours after which sworn personnel are paid in overtime for any additional hours worked. Overtime consists of both overtime expenditures and compensatory time. The new Memorandum of Agreement (MOA) with the Police Officer's Association (POA) reduces the amount of compensatory time that can be accrued.

In accordance with the latest POA MOA that was approved by the City Council on September 30, 2025, effective 2025-2026 and every year thereafter, every employee who has a compensatory time balance of 200 or more hours on July 1 of the fiscal year must use at least forty hours of compensatory time by the last pay period of March of each fiscal year. For 2025-2026, every employee who has a compensatory time balance of 200 or more hours must use at least 40 hours of compensatory time by the last pay period of March 2026. If an employee has not used at least 40 hours of compensatory time as paid leave by the last pay period of March in a given year, the Police Department can require the employee to immediately take time off to reduce their outstanding amount of accrued compensatory time off by 40 hours in each year.

GENERAL FUND (CONT'D.)

The year-over-year increase of overtime use in 2025-2026 is primarily attributable to BFO (increase of 13,847 hours) and BOI (increase of 2,524 hours), including increased use of parental leave, the backfilling of a slightly greater number of street-ready sworn positions over the first four months of the fiscal year, the deployment of the Neighborhood Quality of Life Unit established in the 2025-2026 Adopted Operating Budget that is currently operating on overtime until the November deployment change, and an increased number of special community events and demonstrations that required additional security and emergency response capacity. In addition to increased overtime use, the amount of expended overtime is also attributable to a higher number of sworn staff in the summer months opting to receive overtime compensation for pay instead of compensatory hours.

Though the Department remains focused on recruitment efforts to reduce vacancy levels, and the number of street-ready sworn staff has slightly increased as of the end of October, additional work is needed in the near term for continued operational adjustments to reduce overtime use and a multi-year budget adjustment to align overtime to better reflect the level of need. The Administration is currently undertaking a deeper analysis into overtime use to develop potential solutions for consideration later this year and as part of the 2026-2027 budget development process, including additional spending controls and deployment changes that prioritize responding to calls for service while reducing service in other areas.

The table below provides a summary of sworn staffing vacancies and street-ready officers. The February 2025 academy graduated 15 officers in September 2025 and the June 2025 academy currently has 40 recruits that will graduate in February 2026. The October 2025 academy has 36 recruits that will graduate in May 2026. As of October 31, 2025, of the 1,167 authorized sworn staff, 71 or 6.1% of the positions were in training, while 96 or 8.2% of the positions were on disability/modified duty/other leaves.

| | 2024-2025 (as of 11/01/2024) | 2025-2026 (as of 10/31/2025) |
|--|---|---|
| Authorized Sworn Positions | 1,172 | 1,167 |
| (Vacancies) | (116) | (102) |
| Filled Sworn Positions | 1,056 | 1,065 |
| Field Training Officer/Recruits | (80) | (82) |
| Street-Ready Sworn Officers Available | 976 | 983 |
| Disability/Modified Duty/Other Leaves | (81) | (86) |
| Street-Ready Sworn Officers Working | 895 | 897 |

| | | | |
|-------------------------------|--|--|--|
| GENERAL FUND (CONT'D.) | | | |
|-------------------------------|--|--|--|

| Department | 2025-202,65 Budget | YTD Actual | Prior YTD Actual |
|-------------|-----------------------|-----------------------|----------------------|
| Fire | \$ 302,309,829 | \$ 109,048,712 | \$ 92,335,787 |

The Fire Department’s modified budget totals \$302.3 million, comprising \$284.6 million in personal services and \$17.7 million in non-personal/equipment expenditures. These amounts are inclusive of the \$7.6 million in personal services and \$182,000 in non-personal/equipment allocated to the Fire Department Non-Development Fee Program. Overall, the Fire Department’s expenditures are performing above estimated levels through October 2025.

Personal services expenditures of \$102.3 million, or 35.94% of the budgeted levels, are higher than the expected level of 32.05% at this point in the year. A significant portion of the elevated expenses is attributable to a higher rate of retirement spending that will decrease going forward after implementing corrections in the payroll system. The higher expenditures are also attributed to an increase in staff on disability leave and the demand for frontline personnel to respond to incidents during the wildland fire season (July to November), while maintaining the daily minimal staffing levels of 190 on-duty personnel. A portion of expenditures related to deployment for wildland fires is anticipated to be reimbursed by the California Governor’s Office of Emergency Services under the Fire Assistance Agreement for deployment activities. When this funding is received, a recommendation will be brought forward for City Council consideration to recognize the reimbursement funding and increase the Fire Department’s Personal Services and Non-Personal/Equipment budgets accordingly. The Fire Department responded to approximately 34,654 incidents (Priority 1 and Priority 2 type calls) through October 2025, resulting in a 4.8% decrease in the number of emergency response services compared to 36,411 incidents over the same period in 2024-2025. The Fire Department’s non-personal/equipment budget of \$17.7 million was 38.14% expended or encumbered through October 2025, resulting in a higher committed expenditure level due to routine and one-time encumbrances. Although it is early in the fiscal year, based on expenditures through October and historical expenditure patterns, Fire Department personal services spending is tentatively expected to exceed the budget in excess of \$10 million, while non-personal/equipment spending will end the year within budgeted levels. Personal services spending will continue to be monitored and controlled throughout the year and updates and recommendations provided to the City Council as appropriate.

The Fire Department will continue to strengthen its efforts to recruit a diverse and highly qualified pool of firefighter/paramedics, while continuing to address the nationwide paramedic shortage and ensuring the capability to meet rising call volumes and minimize delays in patient transport and care during medical emergencies. The Fire Department is continuing its efforts to enhance its recruitment and outreach strategies to keep pace with staffing attrition and address key vacancies throughout the year. Academy 26-01 is

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| GENERAL FUND (CONT'D.) |
|-------------------------------|

anticipated to commence in January 2026, with the department planning for up to 30 recruits.

Through the 2025-2026 Adopted Budget process, the Mayor and City Council unanimously approved the Fire Department's recommendation for implementing a First Responder Fee Program. The Fire Department is working closely with its third-party billing vendor, Wittman Enterprises, LLC, to ensure implementation of the fee scheduled to take effect on January 1, 2026. Full implementation of the First Responder Fee Program will be actively monitored and updates will be provided in future Bi-Monthly Financial Reports and the 2025-2026 Mid-Year Budget Review, which will be released on January 30, 2026.

In accordance with the City Council's approval of a March 2010 report on annual vacancy and absence rates, the Fire Department has committed to limiting administrative assignments for sworn administrative personnel for overtime control purposes. As of the end of October, of the 33 current authorized staffing level, the Fire Department had 33 sworn personnel on administrative assignments.

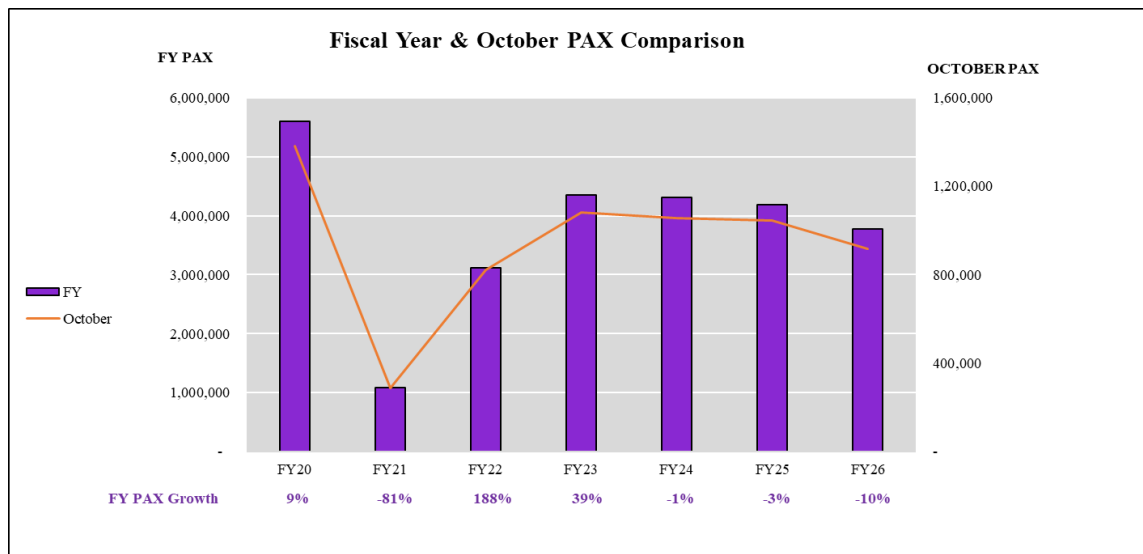
CONTINGENCY RESERVE

The General Fund Contingency Reserve totals \$53.0 million. This reserve level complies with Council Policy 1-18, Operating Budget and Capital Improvement Program Policy, which requires the Contingency Reserve to be at a minimum of 3% of the operating budget.

OTHER FUNDS

Airport Funds

On a fiscal year-to-date basis, the San José Mineta International Airport (SJC) has enplaned and deplaned 3.8 million passengers, a decrease of 9.8% from the figures reported through October of the prior year. The chart below depicts the year-over-year change for the month of October and fiscal year-to-date for the last six years.



Fiscal year-to-date mail, freight and cargo totaled 21.7 million pounds, which represents a 4.6% increase over year-to-date October of 2024. Revenue-generating activities had lower than expected performance with year-over-year decreases occurring in Ground Transportation trips (-2.3%), Traffic Operations (landings and takeoffs) (-5.8%), Fiscal Year-to-Date Parking Exits (-9.9%), and Landed Weights (-11.1%).

Through October, overall revenue performance at the Airport is 1% below estimated levels. Terminal Concessions (39%) and General and Non-Aviation (3.3%) revenues were the above budgeted levels; however, all other revenues, including Terminal Rentals (-3.9%), Parking and Roadway (-5.1%), Airfield (-9.0%), and Landing Fees (-17.2%), were below estimates. The lower than anticipated performance can be attributed to declining passenger levels and the reduction of route offerings, including the departure of Spirit Airlines at SJC. The strong performance of Terminal Concessions revenue is a result of the strong advertising revenue and the Airport’s efforts in opening new concession locations and providing more options to passengers.

Through October, both the Airport Customer Facility and Transportation Fee Fund and Airport Maintenance and Operation Fund expenditures tracked below budgeted levels. In the Airport Maintenance and Operation Fund, personal services expenditures were 30.9% of budget compared to the benchmark of 32.1%, while non-personal/equipment expenditures were 17.6% compared to the benchmark of 24.6%. Non-personal/equipment

| |
|------------------------------|
| OTHER FUNDS (CONT'D.) |
|------------------------------|

expenditures in the Customer Facility and Transportation Fee Fund were 13.2% compared to the straight-line benchmark of 33.3%.

San José Clean Energy Fund

The Energy Department operates San José Clean Energy (SJCE), supplying residents and businesses of San José with cleaner energy options than PG&E and access to energy efficiency community programs. In February 2025, the City Council approved SJCE's power mix and rate package for 2025 at 7.2% - 9.5% below PG&E rates for its standard GreenSource product inclusive of PG&E's added fees and depending on customer class and usage. SJCE's rate-setting process considers PG&E's generation rates, which were lower in 2025 compared to 2024. Energy content for GreenSource increased from 60% to 62% renewable energy and up to 95% carbon-free power.

Through October, Energy Sales totaled \$181.7 million, which is 13.7% below the prior year level and represents 39.1% of the 2025-2026 Adopted Budget estimate of \$465.0 million. Cost of Energy expenditures including encumbrances totaled \$236.1 million, which is 23.4% below prior year level of \$308.3 million. Additionally, the expenditure level through October represents 55.5% of the Adopted Budget; however, it is typical for SJCE to encumber a significant portion of funding for contracted energy early in the fiscal year. The Energy Department monitors energy procurement activities closely and estimates that Energy Sales will end the year at approximately \$402.0 million or 13.5% below the budgeted estimate of \$465.0 million. The Cost of Energy is estimated to end the year at \$378.0 million, which is 10.7% below the Adopted Budget of \$423.2 million. Power supply costs make up over 90% of what SJCE must recover in revenue and have decreased over time due to favorable market conditions including a mild summer, the increased reliance on long-term power purchase agreements coming online, and the issuance of bond proceeds to pre-pay for certain long-term power agreements.

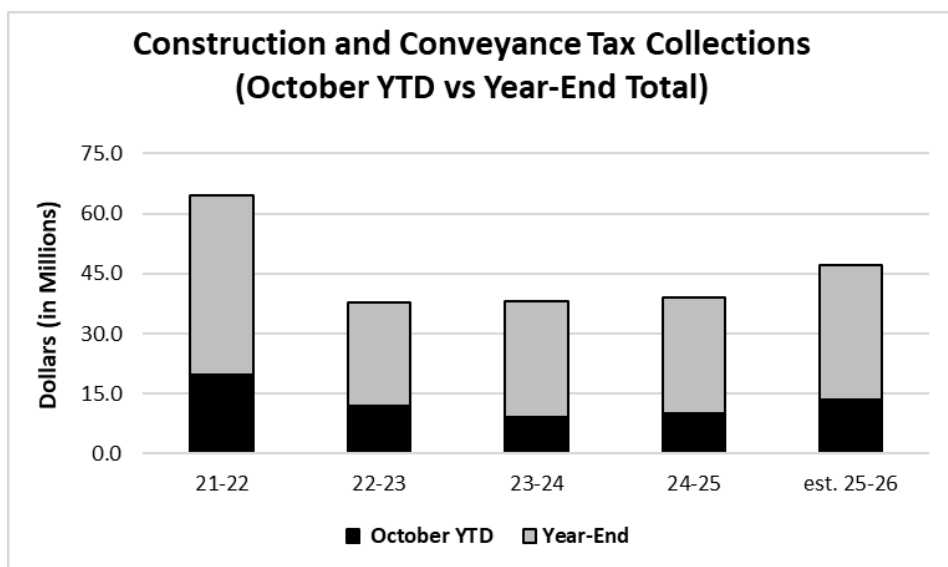
SJCE received its first investment-grade credit rating in 2024, indicating a strong and stable financial outlook. Nonetheless, the high volatility of market prices, changes in the regulatory environment and PG&E's Power Charge Indifference Adjustment (PCIA) fees remain risk factors for SJCE to continue to manage. To help mitigate these risks and protect SJCE customers from market variability, the City Council approved a Financial Reserve Policy that authorized an Operations and Maintenance Reserve of at least 180 days of operating costs, and a Rate Stabilization Reserve that defers ratepayer revenue to be recognized in a future year to offset expenditures and ensure customer rates remain competitive and affordable. In June 2025, the City Council approved an amendment to the Rate Stabilization Reserve that increased the maximum contribution to the reserve to 25% of the total operating and non-operating revenue reported in a year. At the end of 2024-2025, the Rate Stabilization Reserve increased from \$50.0 million to \$106.0 million. PG&E's most recent proposal to the California Public Utilities Commission includes a significant increase to the PCIA that are expected to increase customer costs beginning January 2026. To mitigate the impact to customers, SJCE will seek City

OTHER FUNDS (CONT'D.)

Council approval in December 2025 to issue bill credits to customers for a total amount not to exceed \$25.0M to be paid from the Rate Stabilization Reserve. Due to SJCE’s strong financial performance in 2025, the Operations Reserve has grown to approximately 236 days of operating expenses as of September 30, 2025.

Construction and Conveyance Tax Funds

Through October 2025, Construction and Conveyance (C&C) Tax receipts totaled \$13.5 million, which represents 28.7% of the 2025-2026 Adopted Budget estimate of \$47.0 million. This amount is 34.6% above collections received through October 2024, which totaled \$10.0



million. However, the City has also received November tax receipts from Santa Clara County, which totaled \$3.3 million and represents a slight (2.6%) decline from the prior year. In total, estimated Construction and Conveyance Tax collections through November 2025 totaled \$16.8 million, which is 25.3% above the \$13.4 million collected through November 2024. The 2025 -2026 Adopted Budget estimate requires growth of approximately 21% from the 2024-2025 collection level of \$39.0 million, due to the slowdown of revenue collection toward the end of 2024-2025. C&C Tax receipts can vary significantly as they are driven by the local real estate market. Based on the information known at this point, it is anticipated C&C receipts will slightly exceed the Adopted Budget estimate by year-end.

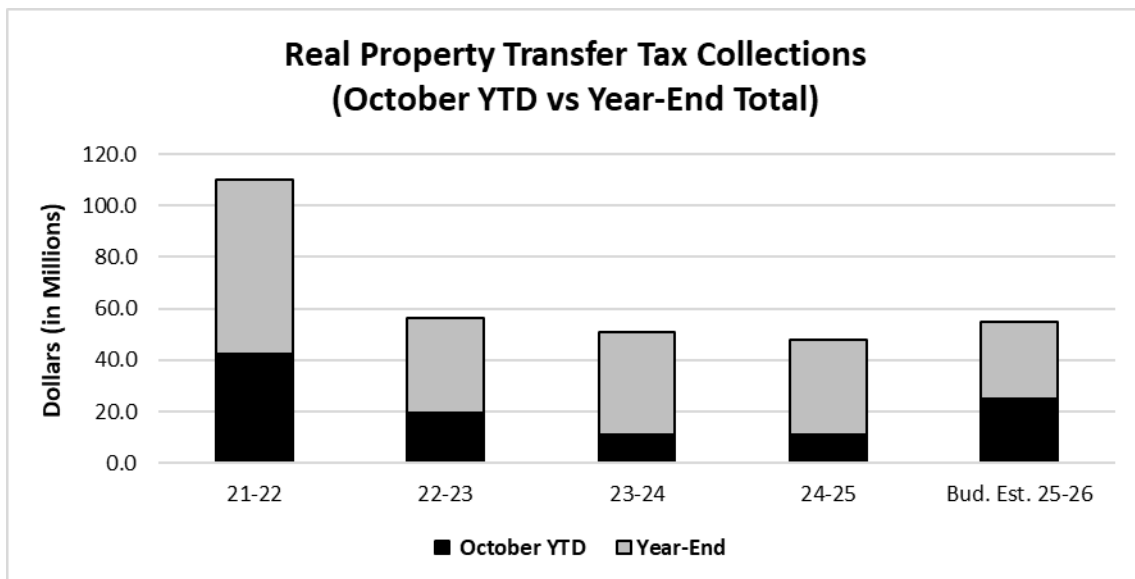
Over 99% of the total Construction and Conveyance Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). As discussed in the Economic Environment section of this Bi-Monthly Financial Report, property transfers have dropped. Since housing statistics are a key driver for the overall C&C collection levels, significant changes in the housing market will drastically affect the C&C Tax receipts. The local market will continue to be closely monitored, with updates provided in future Bi-Monthly Financial Reports and the 2025 -2026 Mid-Year Budget Review, which will be released on January 30, 2026.

OTHER FUNDS (CONT'D.)

Real Property Transfer Tax Fund

On March 3, 2020, San José voters approved Measure E, the Real Property Transfer Tax. This new tax, which became effective on July 1, 2020, is imposed at a tiered level for property transfers (sales) over \$2.3 million. In accordance with City Council Policy 1-18, Section 22, this tax revenue is allocated for the development of new affordable housing, homelessness prevention, and homelessness support programs. Beginning in 2024-2025 Real Property Transfer Tax revenue and its associated expenditures were moved from the General Fund to the Real Property Transfer Tax Fund.

Through October 2025, Real Property Transfer Tax collections totaled \$25.2 million, which is significantly above the prior year level of \$10.9 million. However, the City has also received the November tax receipts from Santa Clara County, which totaled \$2.5 million; 38% below the November 2024 collection level. In total, Real Property collections through November 2025 totaled \$27.7 million, which represents growth of \$12.7 million (85.0%) from the prior year collection level. This growth is due to five high value property sales (totaling \$12.6 million in Real Property Transfer Tax collections) occurring in 2025-2026, compared to one high value property sales (totaling \$1.4 million in Real Property Transfer Tax collections) occurring in 2024-2025. The 2025-2026 Adopted Budget estimate totals \$55.0 million, which requires growth of 15% from the 2024-2025 collection level. Based on information known at this point and historical collection patterns, Real Property Transfer Tax revenue is anticipated to meet or exceed the budgeted estimate by year-end. However, as this revenue source is generated from property sales, activity can vary significantly depending on the number of transactions and their value.

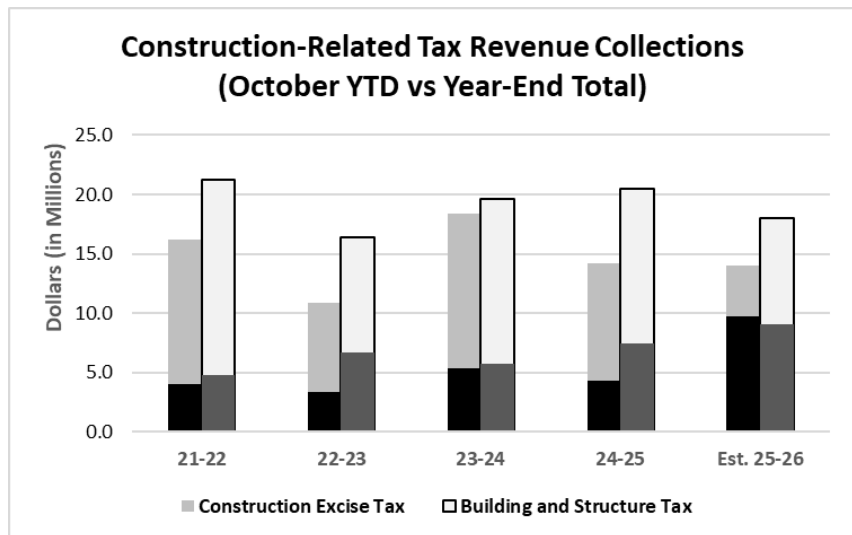


OTHER FUNDS (CONT'D.)

Other Construction-Related Revenues

Construction activities drive revenue collection in several categories, including the Building and Structure Construction Tax and the Construction Excise Tax (which are described in further detail below) that help fund the City’s Traffic Capital Program, and are an indicator of future activity for several other categories, such as storm and sanitary sewer system fees. The Building and Structure Construction Tax and Construction Excise Tax collections tend to follow the trend for residential and commercial project valuation. Overall permit valuation through October is higher than the permit valuation for the same period last fiscal year as a result of substantially higher commercial and residential activity, partially offset by lower industrial permit activity. As a result of the strong construction activity, both the Building and Structure Construction Tax and the Construction Excise Tax are anticipated to end the year above the budgeted estimates.

Through October, the Building and Structure Construction Tax collection level of \$9.0 million represents 50.2% of the budgeted estimate of \$18.0 million, and is 20.9% above receipts through October 2024 of \$7.5 million. When the 2025-2026 Adopted Capital Budget was developed, it was anticipated that 2024-2025 Building and Structure



Construction Tax receipts would total \$20.0 million, and then decrease slightly by approximately 10% to \$18.0 million in 2025-2026. As 2024-2025 receipts ended the year at \$20.5 million, the 2025-2026 budgeted estimate allows for a 2.6% decrease from the prior-year collection level. Based on collections through October, Building and Structure Construction Tax revenue is anticipated to exceed the budgeted estimate by year-end.

Through October, the Construction Excise Tax collection level of \$9.7 million represents 69.4% of the budgeted estimate of \$14.0 million, and is 124.3% above receipts through October 2024 of \$4.3 million. When the 2025-2026 Adopted Capital Budget was developed, it was anticipated 2024-2025 Construction Excise Tax receipts would total \$15.0 million, then decrease by approximately 7% to \$14.0 million in 2025-2026. However, since 2024-2025 receipts ended the year at \$14.2 million, 2025-2026 collections need to grow by 6% in order to meet the budgeted estimate. Based on collections through October, Construction Excise Tax revenue is anticipated to exceed the budgeted estimate by year-end.

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|------------------------------|
| OTHER FUNDS (CONT'D.) |
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Development Fee Program Funds

Development Fee Programs include the Building Development Fee Program, Citywide Planning Fee Program, Fire Development Fee Program, Planning Development Fee Program, and Public Works Development Fee Program Funds. Based on current collection trends all Development Fee Programs, are anticipated to meet or exceed budgeted levels by year-end. Additional information about each of the Development Fee Program Funds is provided below.

The **Building Development Fee Program** issues building permits and oversees construction on private property. Through October 2025, Building Permit revenues of \$18.0 million are 33.45% above the prior-year collection level of \$13.5 million. This revenue growth is attributable to the new residential building plan check, building residential permit, and building plan check for commercial and industrial. The 2025-2026 Adopted Budget estimate of \$39.6 million anticipates a 13.2% increase from the 2024-2025 collection level of \$35.0 million. Based on current collection trends, Building Fee revenues are anticipated to meet or slightly exceed the 2025-2026 budget estimate by year-end.

The **Citywide Planning Fee Program** provides funding for the City's long-range planning projects, such as developing and updating the City's General Plan, to match the City's planning goals. The Citywide Planning Fee is an 11.97% fee applied to Entitlement, Building Permit Fees, and Building Plan Check Fee Categories. Through October 2025, Citywide Planning Fee revenues of \$1.7 million are 37.7% above the prior-year collection level of \$1.2 million. This increase is attributable to increased permit and plan check activity levels. The 2025-2026 Adopted Budget estimate of \$3.8 million anticipates a 1.0% decrease from the 2024-2025 actual collection level of \$3.8 million. Based on current collection trends, Citywide Planning Fee revenue is anticipated to meet or exceed the 2025-2026 budgeted estimate by year-end.

The **Fire Development Fee Program** provides operational and construction permits and inspections to ensure that development within San José meets the City's fire code requirements. Fire Development-related fees and charges through October totaled \$4.5 million, reflecting an increase of \$1.4 million, or 45.7%, compared to the same time period in the prior year. The 2025-2026 Adopted Budget estimate of \$10.5 million requires growth of 29.0% from the 2024-2025 actual collection level of \$8.1 million. Based on current collection trends, Fire Development Fee revenues are anticipated to meet or exceed the 2025-2026 budgeted estimate by year-end.

OTHER FUNDS (CONT'D.)

The **Planning Development Fee Program** processes land development applications for planning permits and services, such as zoning review, to match the City's planning goals. Through October 2025, Planning Fee revenues of \$3.4 million are 24.6% above the prior-year collection level of \$2.7 million. This increase is attributable to several large residential developments and increased revenues for permit adjustments, conditional use permits, and zoning permits. The 2025-2026 Adopted Budget estimate of \$8.5 million anticipates a 7.7% increase from the 2024-2025 actual collection level of \$7.9 million. Based on current collection trends, Planning Fee revenue is anticipated to meet or exceed the 2025-2026 budgeted estimate by year-end.

The **Public Works Development Fee Program** ensures that developments comply with regulations and provide appropriate public infrastructure, such as sidewalks, traffic signals, and streetlights. Revenues through October of \$10.1 million increased significantly from the prior year level of \$6.2 million. This revenue growth is attributable primarily to small cell, telecom and fiber activity, and development grading activity. Public Works Development Fee Program revenue collections to date are comprised of \$5.5 million from the Development Services Fee Program, \$4.1 million from the Utility Fee Program, and \$440,000 from the Small Cell Fee Program. The 2025-2026 Adopted Budget estimate of \$19.6 million allows for a 6.9% decrease from the 2024-2025 actual collection level of \$21.0 million. Based on current collection trends, Public Works Development Fee revenues are anticipated to meet or exceed the budgeted estimate by year-end.

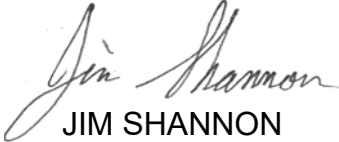
CONCLUSION

The City ended 2024-2025 in a relatively solid position as the starting point for 2025-2026. However, current indicators point to overall sluggish economic conditions. Employment levels have slightly decreased, unemployment levels are flat, and real estate activity is stagnant. As a result, several economically sensitive revenue categories are declining or experiencing low year-over-year levels of growth. For example, Property Tax (the largest revenue source for the General Fund), continues to grow, but at an anticipated level of 4%, versus 7.5-8% experienced a few years ago.

While it is still early in the fiscal year, overall General Fund and other City funds revenues and expenditures are generally performing within anticipated levels overall. Additionally, several revenue categories are currently projected to end the year above budgeted levels, including the Real Property Transfer Tax, Construction and Conveyance Tax, Building and Structure Construction Tax, and Construction Excise Tax. Conversely, the Property Tax may fall short of budgeted estimates. In addition, Airport activity continues to decline.

CONCLUSION (CONT'D.)

If warranted, budget adjustments to align revenue with revised estimates will be brought forward for City Council consideration as part of the 2025-2026 Mid-Year Budget Review, which will be released on January 30, 2026. However, since only limited data is currently known for all categories, revenues and expenditures will continue to be closely monitored. The Administration will follow and report on economic indicators and revenues in 2025-2026 through future Bi-Monthly Financial Reports and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions, if necessary. As always, staff will continue to report to the City Council significant developments through this and other budget reporting processes.


JIM SHANNON
Budget Director

ATTACHMENT: Finance Department Monthly Financial Report



FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the Month Ended October 31, 2025

Fiscal Year 2025-2026

(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended October 31, 2025
Fiscal Year 2025-2026
(UNAUDITED)

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Finance Department, City of San José
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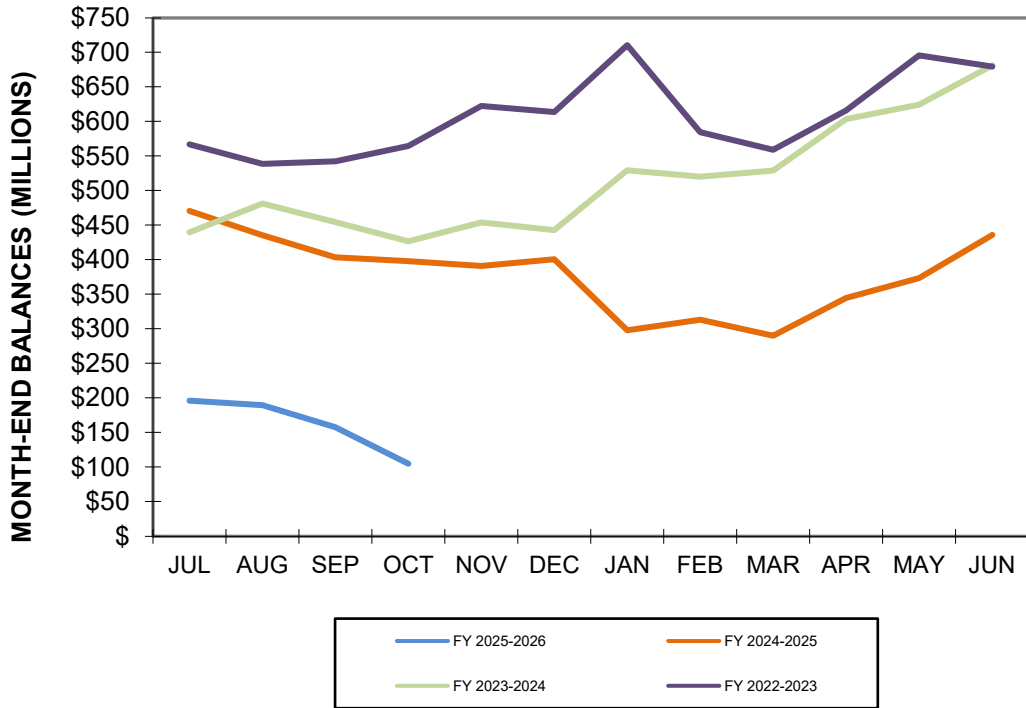
Submitted by:



MARIA ÖBERG

Director of Finance

GENERAL FUND
Comparison of Cash Balances vs. Prior Year's Balances

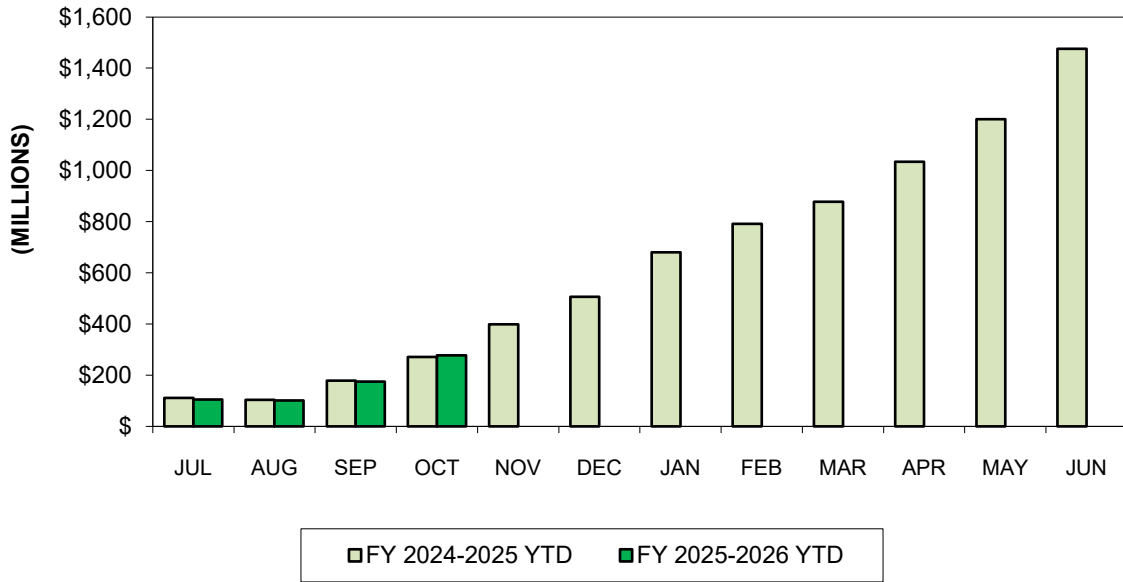


| GENERAL FUND MONTHLY CASH BALANCES | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| MONTH | FY 2025-2026 | FY 2024-2025 | FY 2023-2024 | FY 2022-2023 |
| JULY ⁽¹⁾ | \$ 196,072,003 | \$ 470,628,926 | \$ 439,558,442 | \$ 566,915,115 |
| AUGUST | 189,367,504 | 435,081,404 | 481,331,154 | 538,605,518 |
| SEPTEMBER | 157,401,983 | 403,492,133 | 454,215,277 | 542,042,503 |
| OCTOBER ⁽²⁾ | 105,177,879 | 397,966,479 | 426,618,323 | 564,251,170 |
| NOVEMBER | - | 390,968,460 | 453,578,125 | 622,142,937 |
| DECEMBER | - | 400,750,041 | 442,840,961 | 613,707,115 |
| JANUARY | - | 297,634,342 | 529,348,366 | 710,351,741 |
| FEBRUARY | - | 313,198,066 | 520,153,859 | 584,487,275 |
| MARCH | - | 289,936,330 | 528,642,315 | 559,096,267 |
| APRIL | - | 344,393,384 | 603,219,478 | 615,840,435 |
| MAY | - | 373,149,318 | 623,943,677 | 695,301,954 |
| JUNE | - | 435,846,606 | 681,274,128 | 679,263,084 |

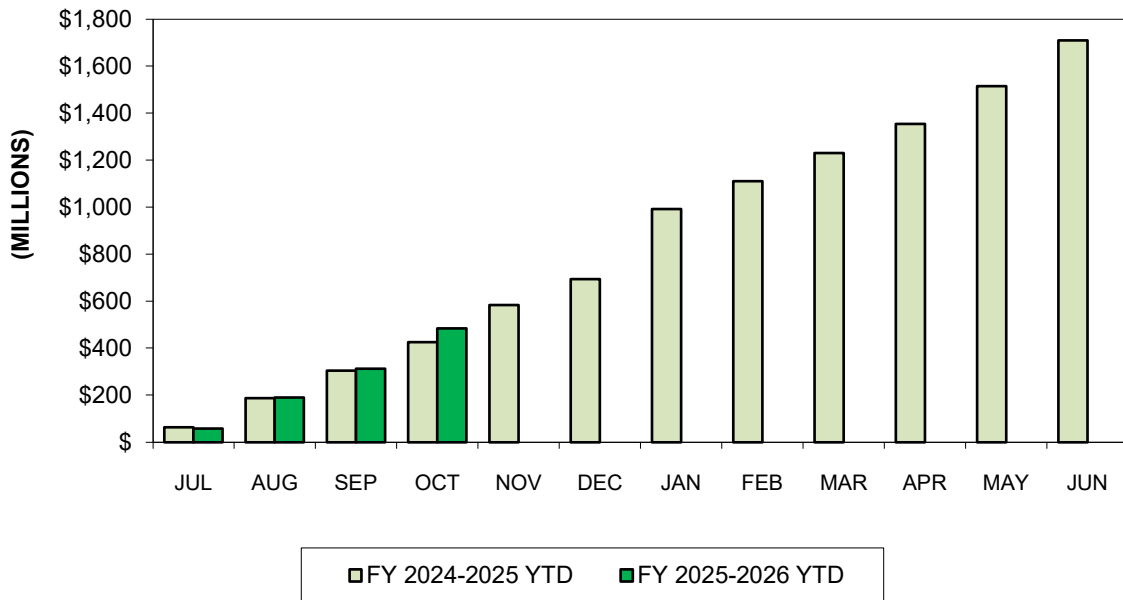
(1) The General Fund cash balance decreased in July as part of the annual lump-sum pre-funding of a portion of the employer's share of retirement contributions to achieve budgetary savings. In 2025-2026, the City pre-funded with \$227 million cash.

(2) The General Fund cash balance decreased in October because P4 included three pay periods, compared to only two in September.

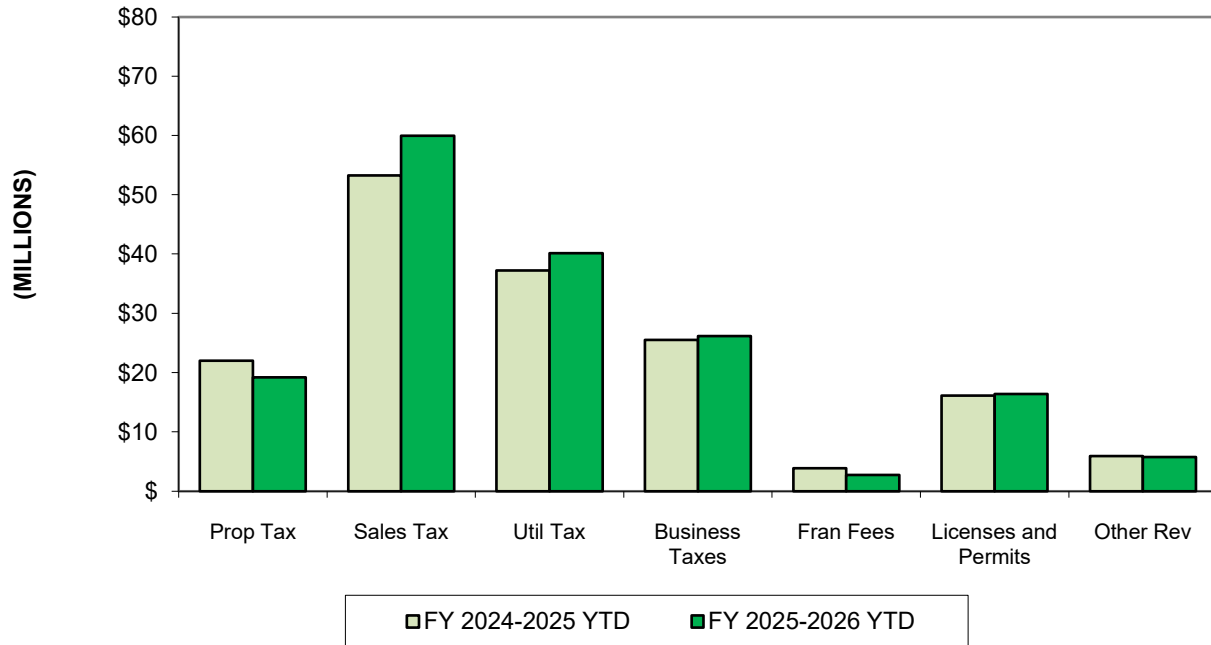
GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues



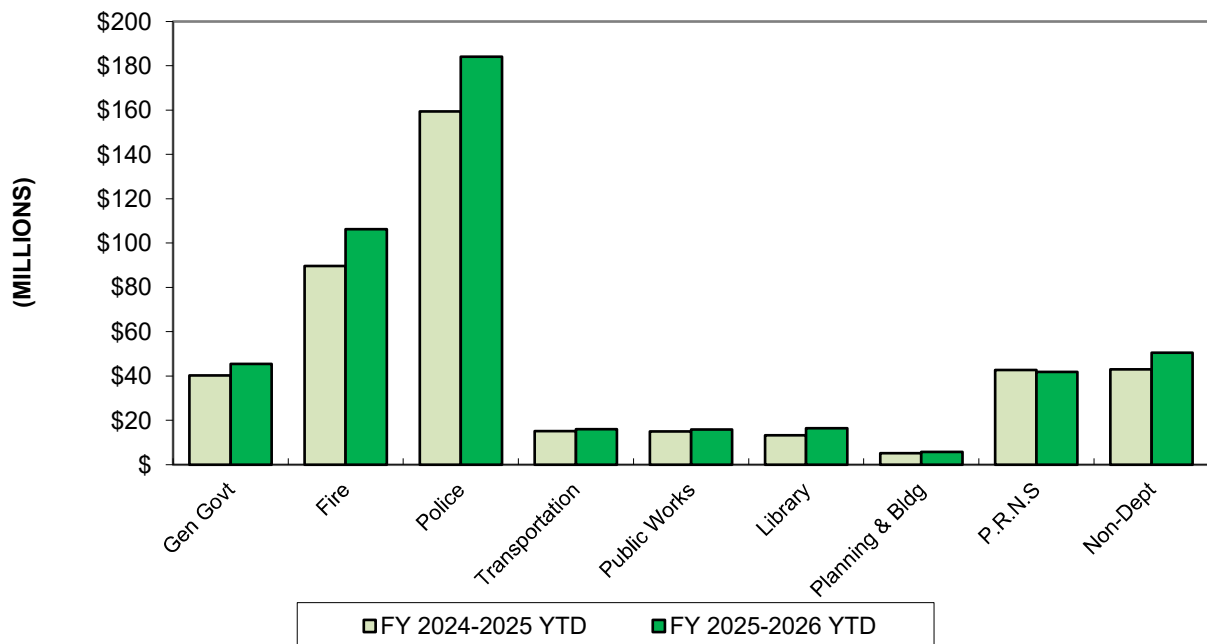
GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures



GENERAL FUND MAJOR REVENUES Comparison of YTD vs. Prior YTD



GENERAL FUND MAJOR EXPENDITURES Comparison of YTD vs. Prior YTD



Note: 1) Increase in sales tax revenues is primarily due to an increase in taxpayer spending.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)

| | ADOPTED FY 2025-2026 BUDGET | YTD BUDGET AMENDMENTS | C/O ENCUMBR | REVISED FY 2025-2026 BUDGET | CUR YTD ACTUAL | CUR YTD ACTUAL % OF BUDGET | PRIOR YTD ACTUAL | PRIOR YTD % OF PRIOR YEAR-END ACTUAL | PRIOR YEAR-END ACTUAL | CUR YTD LESS PRIOR YTD ACTUAL | % CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL |
|---|-----------------------------------|-----------------------------|----------------|-----------------------------------|-------------------|----------------------------------|------------------------|---|--------------------------|-------------------------------------|--|
| Fund Balance | | | | | | | | | | | |
| Prior Year Encumbrances | - | - | 80,103 | 80,103 | 80,103 | 100.00% | 97,573 | 120.50% | 80,976 | (17,470) | -17.90% |
| Available Balance | 356,311 | 21,861 | - | 378,172 | 378,172 | 100.00% | 600,933 | 100.00% | 600,933 | (222,761) | -37.07% |
| Total Fund Balance | 356,311 | 21,861 | 80,103 | 458,275 | 458,275 | 100.00% | 698,506 | 102.43% | 681,909 | (240,231) | -34.39% |
| General Revenues | | | | | | | | | | | |
| Property Tax | 536,500 | - | - | 536,500 | 19,185 | 3.58% | 21,983 | 4.41% | 498,478 | (2,798) | -12.73% |
| Sales Tax | 340,000 | - | - | 340,000 | 59,959 | 17.64% | 53,238 | 16.06% | 331,431 | 6,721 | 12.62% |
| Telephone Line Tax | 22,000 | - | - | 22,000 | 5,602 | 25.46% | 5,274 | 23.98% | 21,989 | 328 | 6.22% |
| Transient Occupancy Tax | 18,000 | - | - | 18,000 | 4,201 | 23.34% | 3,981 | 23.13% | 17,212 | 220 | 5.53% |
| Franchise Fees | 58,988 | - | - | 58,988 | 2,731 | 4.63% | 3,857 | 6.60% | 58,459 | (1,126) | -29.19% |
| Utility Tax | 143,800 | - | - | 143,800 | 40,119 | 27.90% | 37,236 | 26.62% | 139,897 | 2,883 | 7.74% |
| Business Taxes | 85,000 | - | - | 85,000 | 26,137 | 30.75% | 25,488 | 29.07% | 87,693 | 649 | 2.55% |
| Licenses and Permits | 22,575 | (650) | - | 21,925 | 16,362 | 74.63% | 16,100 | 72.30% | 22,267 | 262 | 1.63% |
| Fines, Forfeits and Penalties | 15,280 | - | - | 15,280 | 5,464 | 35.76% | 4,982 | 25.24% | 19,741 | 482 | 9.67% |
| Use of Money and Property | 21,935 | - | - | 21,935 | 4,408 | 20.10% | 6,258 | 30.96% | 20,214 | (1,850) | -29.56% |
| Revenue from Local Agencies | 22,133 | 1,773 | - | 23,906 | 1,947 | 8.14% | 1,263 | 5.69% | 22,201 | 684 | 54.16% |
| Revenue from State of CA | 31,983 | 11,102 | - | 43,085 | 2,019 | 4.69% | 1,961 | 4.99% | 39,302 | 58 | 2.96% |
| Revenue from Federal Government | 7,250 | 794 | - | 8,044 | (55) | -0.68% | 500 | 7.76% | 6,445 | (555) | -111.00% |
| Fees, Rates and Charges | 32,271 | - | - | 32,271 | 7,997 | 24.78% | 8,127 | 30.89% | 26,306 | (130) | -1.60% |
| Other Revenues | 12,393 | 1,290 | - | 13,683 | 5,739 | 41.94% | 5,905 | 29.71% | 19,873 | (166) | -2.81% |
| Total General Revenues | 1,370,108 | 14,309 | - | 1,384,417 | 201,815 | 14.58% | 196,153 | 14.73% | 1,331,508 | 5,662 | 2.89% |
| Transfers & Reimbursements | | | | | | | | | | | |
| Overhead Reimbursements | 88,842 | - | - | 88,842 | 60,680 | 68.30% | 60,255 | 68.85% | 87,516 | 425 | 0.71% |
| Transfers from Other Funds | 36,053 | 2,234 | - | 38,287 | 11,538 | 30.14% | 10,991 | 29.91% | 36,745 | 547 | 4.98% |
| Reimbursements for Services | 20,973 | - | - | 20,973 | 3,196 | 15.24% | 3,412 | 17.79% | 19,178 | (216) | -6.33% |
| Total Transfers & Reimbursements | 145,868 | 2,234 | - | 148,102 | 75,414 | 50.92% | 74,658 | 52.05% | 143,439 | 756 | 1.01% |
| Total Sources | 1,872,287 | 38,404 | 80,103 | 1,990,794 | 735,504 | 36.95% | 969,317 | 44.94% | 2,156,856 | (233,813) | -24.12% |

(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | CUR YTD | PRIOR | PRIOR YTD % | PRIOR YEAR-END | CUR YTD LESS | % CHANGE | |
|----------------------------------|------------------|--------------|---------------|------------------|----------------|---------------|---------------|----------------|---------------|------------------|----------------|---------------|----------------|
| | FY 2025-2026 | BUDGET | | FY 2025-2026 | ACTUAL | ENCUMBR | ACTUAL % | YTD | OF PRIOR | | PRIOR YEAR-END | PRIOR YTD | CUR YTD ACTUAL |
| | BUDGET | AMENDMENTS | | BUDGET | ENCUMBR | ENCUMBR | OF BUDGET | ACTUAL (*) | ACTUAL | | ACTUAL (*) | ACTUAL (*) | LESS PRIOR YTD |
| General Government | | | | | | | | | | | | | |
| Mayor and Council | 19,545 | 1,549 | 160 | 21,254 | 4,794 | 127 | 22.56% | 4,349 | 29.51% | 14,738 | 445 | 10.23% | |
| City Attorney | 19,980 | - | 1,271 | 21,251 | 6,033 | 1,451 | 28.39% | 5,431 | 28.43% | 19,104 | 602 | 11.08% | |
| City Auditor | 3,147 | - | - | 3,147 | 948 | - | 30.12% | 859 | 29.17% | 2,945 | 89 | 10.36% | |
| City Clerk | 4,015 | 27 | 232 | 4,274 | 1,331 | 114 | 31.14% | 1,004 | 27.63% | 3,634 | 327 | 32.57% | |
| City Manager | 26,213 | 115 | 784 | 27,112 | 7,811 | 1,893 | 28.81% | 6,920 | 28.76% | 24,062 | 891 | 12.88% | |
| Clean Energy | 1,177 | 126 | - | 1,303 | 377 | - | 28.93% | - | 0.00% | - | 377 | 0.00% | |
| Finance | 24,334 | 1 | 1,026 | 25,361 | 7,822 | 1,077 | 30.84% | 6,910 | 29.39% | 23,512 | 912 | 13.20% | |
| Information Technology | 35,431 | 287 | 3,151 | 38,869 | 9,279 | 4,124 | 23.87% | 8,606 | 25.63% | 33,583 | 673 | 7.82% | |
| Human Resources | 15,151 | - | 348 | 15,499 | 4,455 | 4,334 | 28.74% | 3,741 | 26.09% | 14,341 | 714 | 19.09% | |
| Independent Police Auditor | 1,665 | - | - | 1,665 | 498 | - | 29.91% | 369 | 27.35% | 1,349 | 129 | 34.96% | |
| Office of Economic Development | 8,406 | (124) | 233 | 8,515 | 2,002 | 275 | 23.51% | 1,977 | 30.11% | 6,567 | 25 | 1.26% | |
| Total General Government | 159,064 | 1,981 | 7,205 | 168,250 | 45,350 | 13,395 | 26.95% | 40,166 | 27.93% | 143,835 | 5,184 | 12.91% | |
| Public Safety | | | | | | | | | | | | | |
| Fire | 298,202 | 1,138 | 2,970 | 302,310 | 106,144 | 2,905 | 35.11% | 89,670 | 29.21% | 306,971 | 16,474 | 18.37% | |
| Police | 574,132 | 1,431 | 2,860 | 578,423 | 184,059 | 3,677 | 31.82% | 159,312 | 28.69% | 555,346 | 24,747 | 15.53% | |
| Total Public Safety | 872,334 | 2,569 | 5,830 | 880,733 | 290,203 | 6,582 | 32.95% | 248,982 | 28.87% | 862,317 | 41,221 | 16.56% | |
| Capital Maintenance | | | | | | | | | | | | | |
| Transportation | 55,805 | 52 | 1,117 | 56,974 | 15,905 | 3,894 | 27.92% | 15,030 | 30.18% | 49,796 | 875 | 5.82% | |
| Public Works | 57,620 | 220 | 854 | 58,694 | 15,846 | 3,061 | 27.00% | 14,906 | 26.95% | 55,315 | 940 | 6.31% | |
| Total Capital Maintenance | 113,425 | 272 | 1,971 | 115,668 | 31,751 | 6,955 | 27.45% | 29,936 | 28.48% | 105,111 | 1,815 | 6.06% | |
| Community Service | | | | | | | | | | | | | |
| Housing | 637 | - | - | 637 | 80 | - | 12.56% | 272 | 61.40% | 443 | (192) | -70.59% | |
| Library | 52,108 | 300 | 3,178 | 55,586 | 16,377 | 6,232 | 29.46% | 13,157 | 26.92% | 48,881 | 3,220 | 24.47% | |
| Planning, Bldg & Code Enf. | 19,795 | 280 | 1,067 | 21,142 | 5,732 | 1,116 | 27.11% | 5,083 | 28.41% | 17,890 | 649 | 12.77% | |
| Parks, Rec & Neigh Svcs | 141,573 | 52 | 3,617 | 145,242 | 41,792 | 4,412 | 28.77% | 42,746 | 31.10% | 137,463 | (954) | -2.23% | |
| Environmental Services | 4,604 | (109) | 288 | 4,783 | 1,508 | 1,296 | 31.53% | 1,740 | 26.43% | 6,584 | (232) | -13.33% | |
| Total Community Services | 218,717 | 523 | 8,150 | 227,390 | 65,489 | 13,056 | 28.80% | 62,998 | 29.82% | 211,261 | 2,491 | 3.95% | |
| Total Dept. Expenditures | 1,363,540 | 5,345 | 23,156 | 1,392,041 | 432,793 | 39,988 | 31.09% | 382,082 | 28.89% | 1,322,524 | 50,711 | 13.27% | |

(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | CUR YTD | PRIOR | PRIOR YTD % | PRIOR YEAR-END | CUR YTD LESS | % CHANGE | | |
|-------------------------------------|------------------|---------------|---------------|------------------|----------------|---------------|---------------|----------------|---------------|------------------|----------------|---------------|----------------|--------|
| | FY 2025-2026 | BUDGET | | FY 2025-2026 | | | ACTUAL % | YTD | OF PRIOR | | PRIOR YEAR-END | PRIOR YTD | LESS PRIOR YTD | |
| | BUDGET | AMENDMENTS | | BUDGET | ACTUAL | ENCUMBR | OF BUDGET | ACTUAL (*) | ACTUAL | | ACTUAL (*) | ACTUAL (*) | ACTUAL | ACTUAL |
| Non-Dept Expenditures | | | | | | | | | | | | | | |
| City-wide Expenditures: | | | | | | | | | | | | | | |
| Community and Economic Develop. | 19,094 | 13,133 | 12,867 | 45,094 | 12,249 | 8,273 | 27.16% | (2,069) | -10.60% | 19,521 | 14,318 | -692.03% | | |
| Environmental & Utility Services | 2,945 | 377 | 550 | 3,872 | 1,286 | 609 | 33.21% | 108 | 4.91% | 2,200 | 1,178 | 1090.74% | | |
| Public Safety | 40,294 | 496 | 664 | 41,454 | 11,702 | 706 | 28.23% | 10,717 | 31.22% | 34,329 | 985 | 9.19% | | |
| Neighborhood Services | 23,907 | 9,162 | 5,419 | 38,488 | 3,781 | 10,686 | 9.82% | 5,387 | 16.89% | 31,901 | (1,606) | -29.81% | | |
| Transportation Services | 7,393 | 293 | 56 | 7,742 | 2,090 | 56 | 27.00% | 1,123 | 23.15% | 4,850 | 967 | 86.11% | | |
| Strategic Support | 40,655 | 4,642 | 4,852 | 50,149 | 8,976 | 5,651 | 17.90% | 19,516 | 44.72% | 43,645 | (10,540) | -54.01% | | |
| Total City-wide Expenditures | 134,288 | 28,103 | 24,408 | 186,799 | 40,084 | 25,981 | 21.46% | 34,782 | 25.49% | 136,446 | 5,302 | 15.24% | | |
| Other Non-Dept Expenditures: | | | | | | | | | | | | | | |
| Capital Improvements | 47,811 | 3,700 | 32,539 | 84,050 | 10,406 | 28,270 | 12.38% | 8,209 | 13.34% | 61,559 | 2,197 | 26.76% | | |
| Transfers to Other Funds | 36,278 | (736) | - | 35,542 | - | - | 0.00% | - | 0.00% | 189,136 | - | 0.00% | | |
| Total Non-Dept Expenditures | 218,377 | 31,067 | 56,947 | 306,391 | 50,490 | 54,251 | 16.48% | 42,991 | 11.10% | 387,141 | 7,499 | 17.44% | | |
| Reserves | | | | | | | | | | | | | | |
| Contingency Reserve | 53,000 | - | - | 53,000 | - | - | 0.00% | - | 0.00% | - | - | 0.00% | | |
| Earmarked Reserves | 237,370 | 1,992 | - | 239,362 | - | - | 0.00% | - | 0.00% | - | - | 0.00% | | |
| Total Reserves | 290,370 | 1,992 | - | 292,362 | - | - | 0.00% | - | 0.00% | - | - | 0.00% | | |
| Total Uses | 1,872,287 | 38,404 | 80,103 | 1,990,794 | 483,283 | 94,239 | 24.28% | 425,073 | 24.86% | 1,709,665 | 58,210 | 13.69% | | |

(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

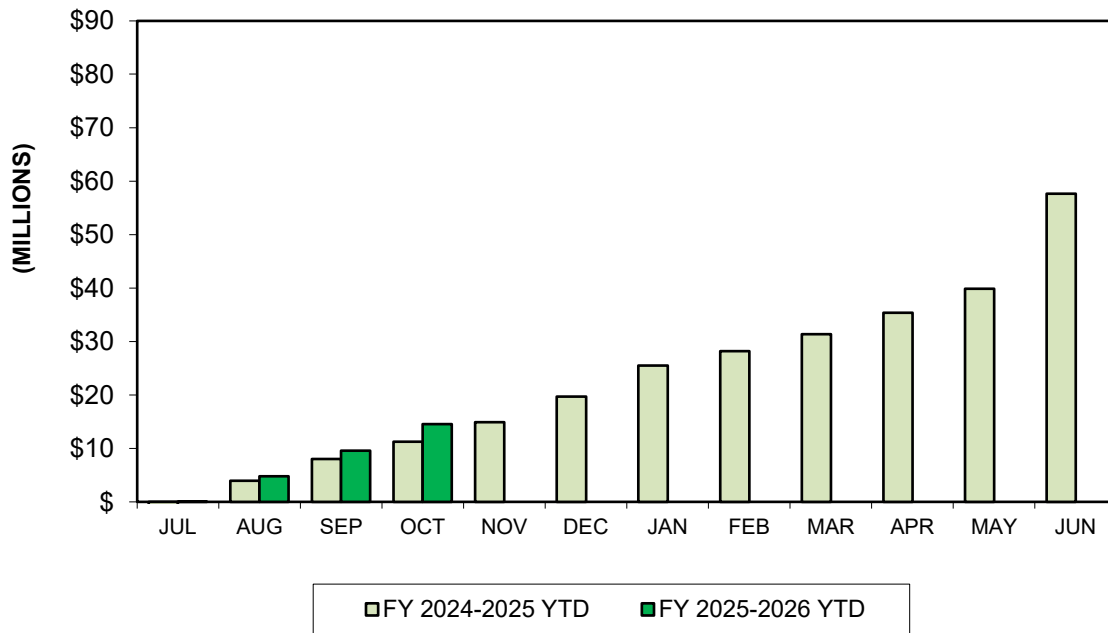
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED OCTOBER 31, 2025
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

| | ADOPTED FY 2025-2026 BUDGET | YTD BUDGET AMENDMENTS | C/O ENCUMBR | REVISED FY 2025-2026 BUDGET | CUR YTD ACTUAL | CUR YTD ACTUAL % OF BUDGET | PRIOR YTD ACTUAL | PRIOR YTD % OF PRIOR YEAR-END ACTUAL | PRIOR YEAR-END ACTUAL | CUR YTD LESS PRIOR YTD ACTUAL | % CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL |
|---------------------------------------|-----------------------------------|-----------------------------|----------------|-----------------------------------|----------------------|----------------------------------|------------------------|---|--------------------------|-------------------------------------|--|
| Police | 784 | - | - | 784 | 211 | 26.91% | 265 | 30.42% | 871 | (54) | -20.38% |
| Transportation | 1,513 | - | - | 1,513 | 552 | 36.48% | 605 | 33.10% | 1,828 | (53) | -8.76% |
| Library | 110 | - | - | 110 | 23 | 20.91% | 26 | 35.14% | 74 | (3) | -11.54% |
| Parks Rec & Neigh Svcs | 23,131 | - | - | 23,131 | 6,501 | 28.11% | 6,704 | 31.92% | 21,005 | (203) | -3.03% |
| Miscellaneous Dept Charges | 6,733 | - | - | 6,733 | 710 | 10.55% | 527 | 20.85% | 2,528 | 183 | 34.72% |
| Total Fees, Rates, and Charges | 32,271 | - | - | 32,271 | 7,997 | 24.78% | 8,127 | 30.89% | 26,306 | (130) | -1.60% |

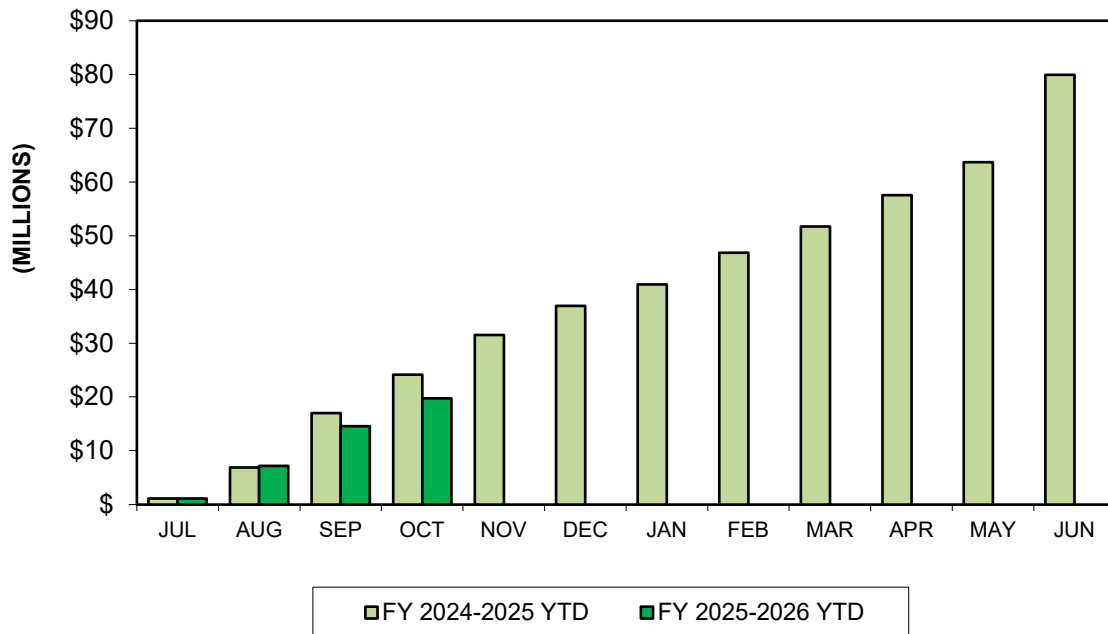
(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures on a Generally Accepted Accounting Principles (GAAP) basis but not on a budgetary basis.

Note: Figures may not total due to rounding.

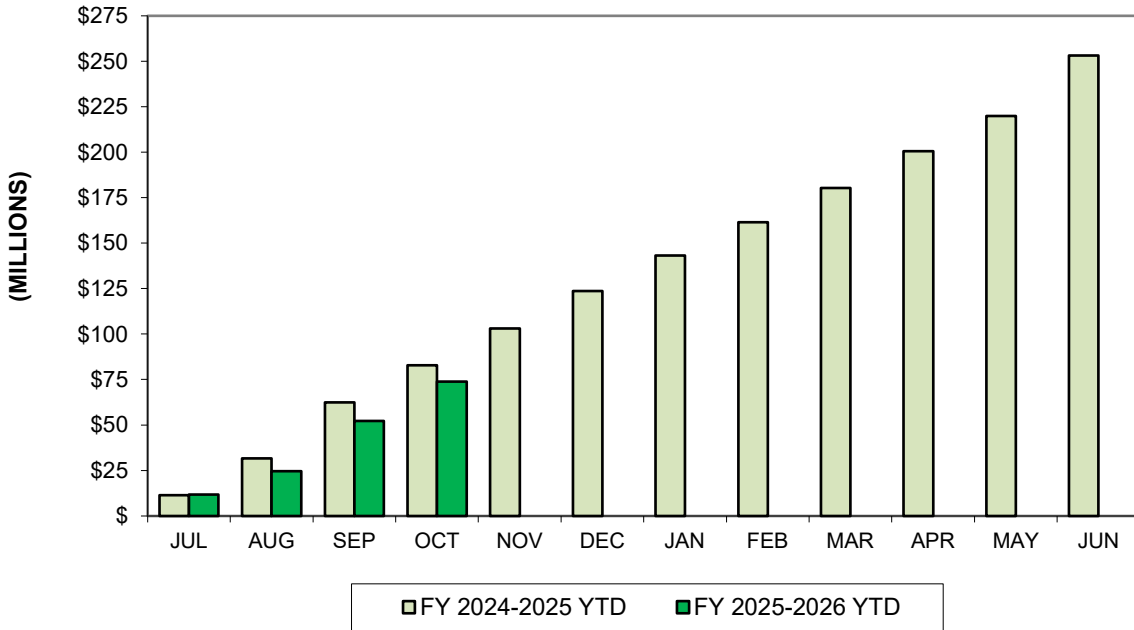
CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Revenues vs. Prior YTD Revenues



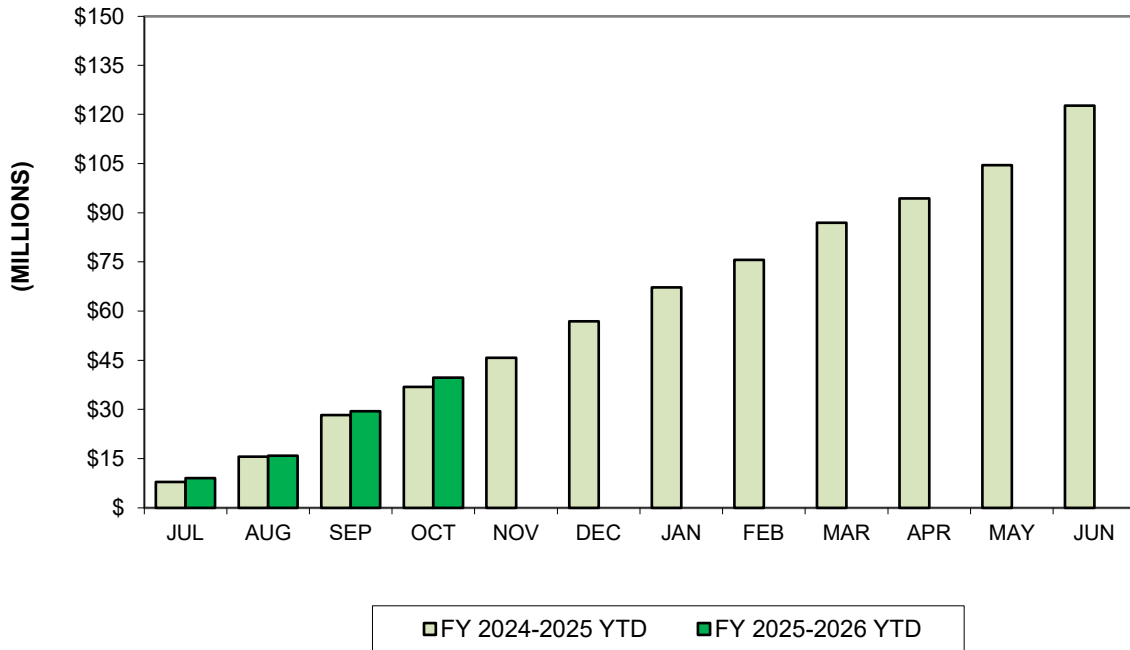
CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Expenditures vs. Prior YTD Expenditures



**AIRPORT REVENUE FUND 521
Comparison of YTD Revenues vs. Prior YTD Revenues**

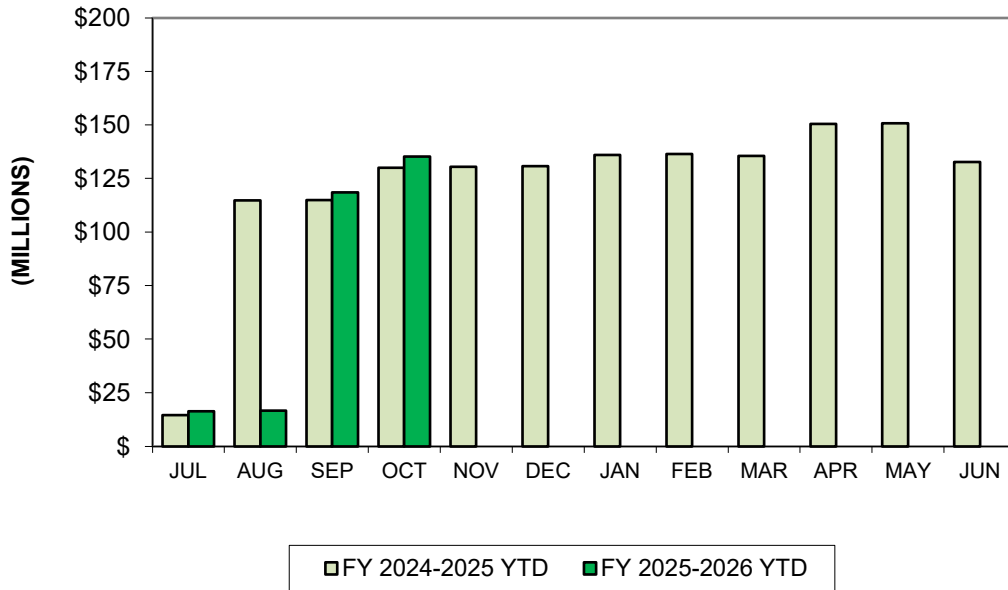


**AIRPORT MAINTENANCE & OPERATION FUND 523
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

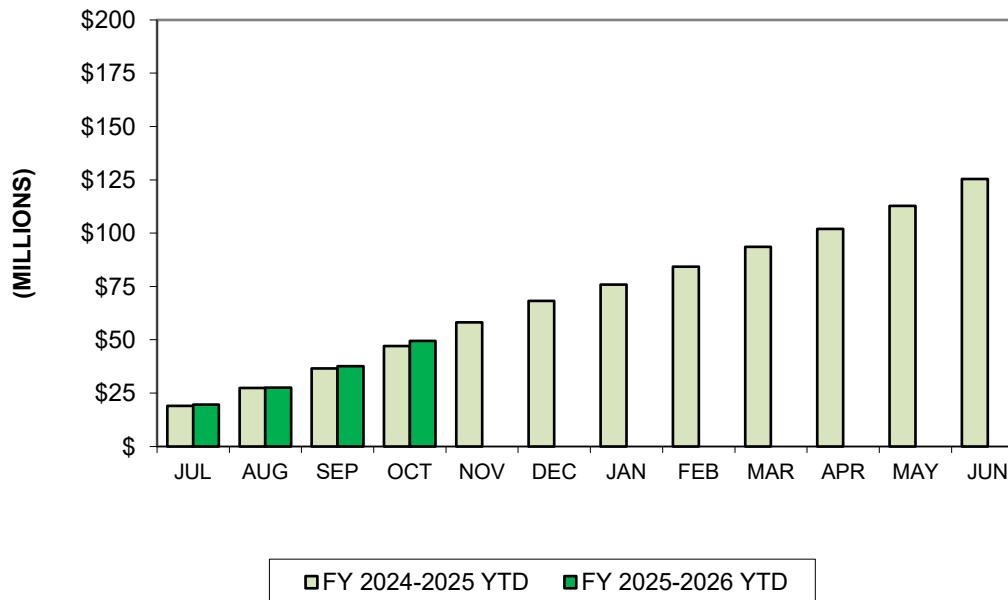


Note: 1) The Airport received grant reimbursement of \$10.0 million in Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Concessions in September 2024 compared to \$0 received as of October 2025.

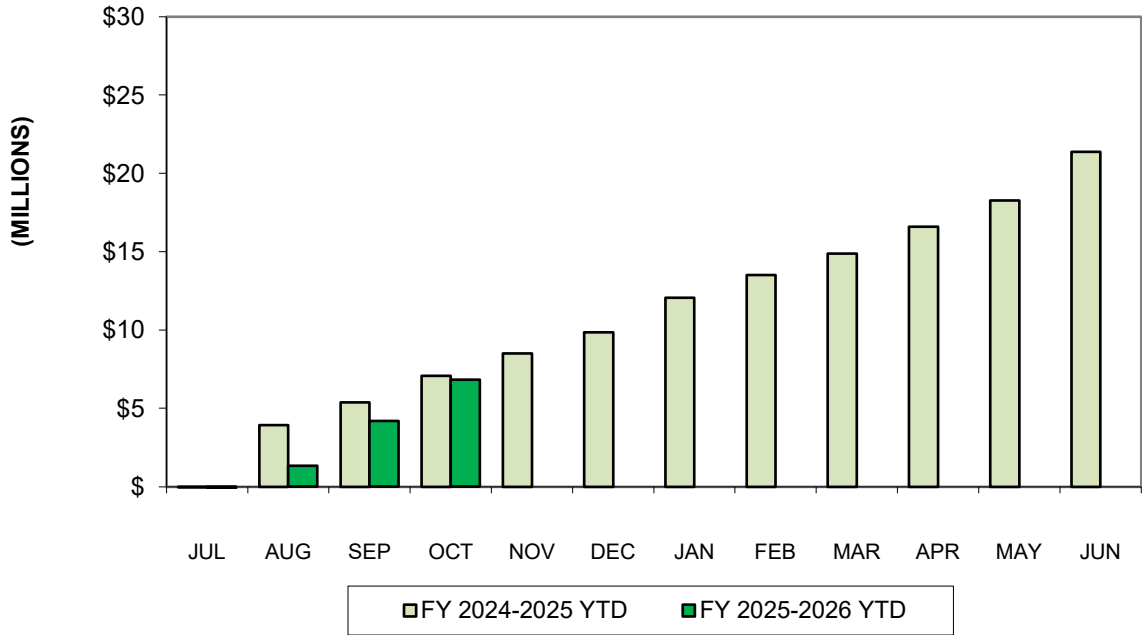
WPCP OPERATION FUND 513
Comparison of YTD Revenues vs. Prior YTD Revenues



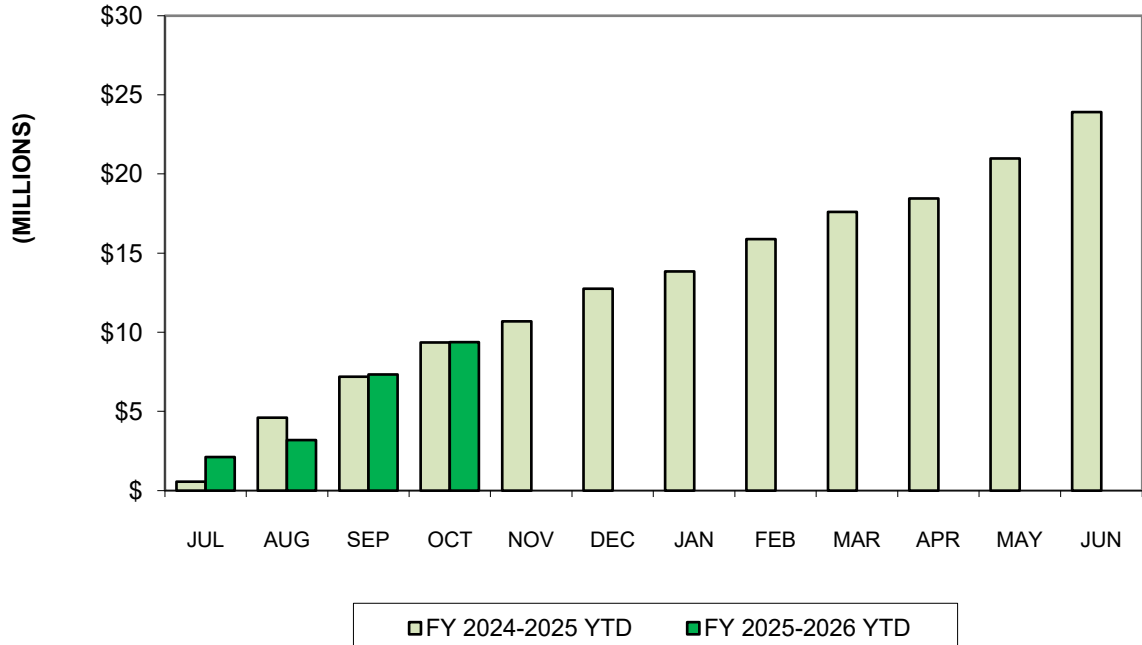
WPCP OPERATION FUND 513
Comparison of YTD Expenditures vs. Prior YTD Expenditures

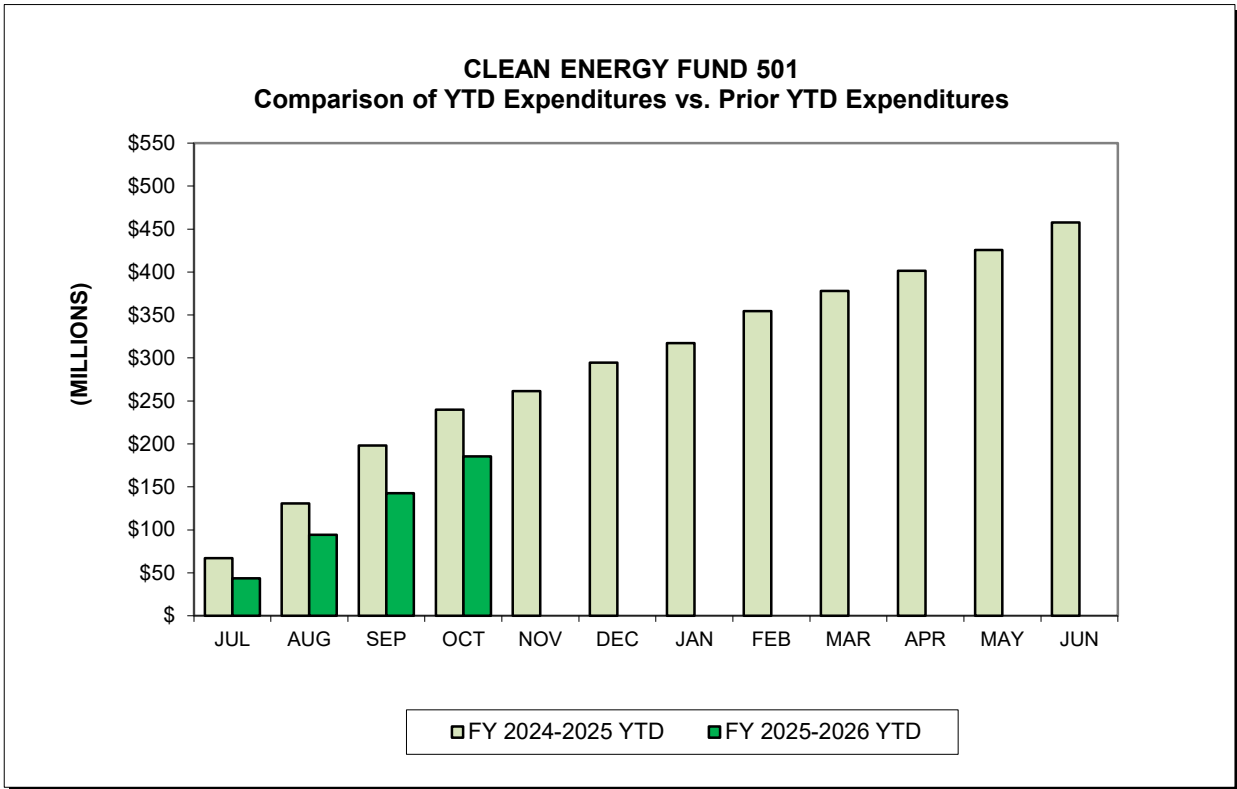
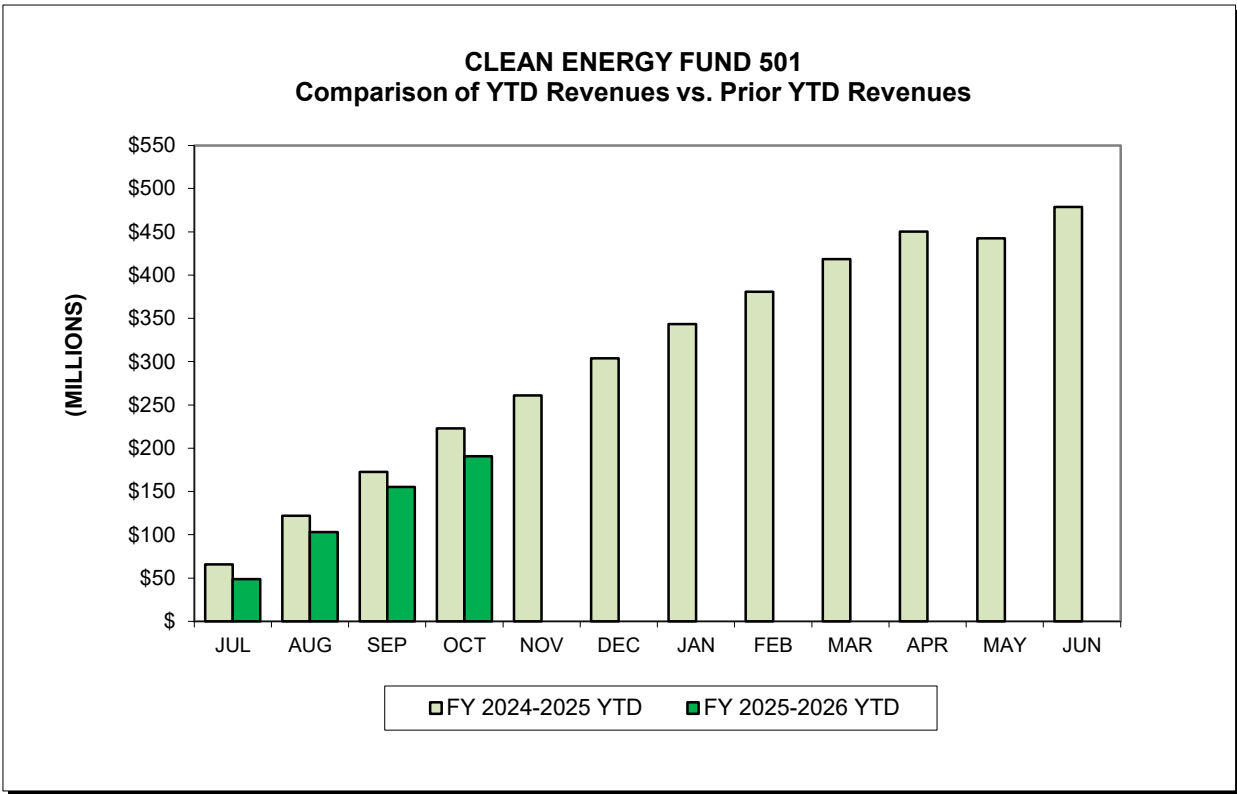


**GENERAL PURPOSE PARKING FUNDS 533 & 559
Comparison of YTD Revenues vs. Prior YTD Revenues**



**GENERAL PURPOSE PARKING FUNDS 533 & 559
Comparison of YTD Expenditures vs. Prior YTD Expenditures**





Note: 1) Decrease in revenues was primarily due to a \$29.3 million decrease in power sales resulting from a change in the average rate.
 2) Energy costs have been lowered in recent months due to long-term power purchase agreements, the prepayment of certain long-term contracts, and overall market price declines.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|------------------------------------|----------------|---------------|----------------|------------------|----------------|----------------|----------------|
| | FY 2025-2026 | BUDGET | | FY 2025-2026 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Construction/Conveyance Tax | | | | | | | |
| Prior Year Encumbrance | - | - | 11,788 | 11,788 | 11,788 | - | 14,036 |
| Beginning Fund Balance | 69,138 | 10,486 | - | 79,624 | 79,624 | - | 86,955 |
| Revenues | 71,600 | - | - | 71,600 | 14,538 | - | 11,242 |
| Total Sources | 140,738 | 10,486 | 11,788 | 163,012 | 105,950 | - | 112,233 |
| Total Uses | 140,738 | 10,486 | 11,788 | 163,012 | 19,740 | 14,181 | 24,154 |
| Airport | | | | | | | |
| Prior Year Encumbrance | - | - | 29,087 | 29,087 | 29,087 | - | 30,287 |
| Beginning Fund Balance | 365,089 | 53,227 | - | 418,316 | 418,316 | - | 361,905 |
| Revenues | 582,752 | 10,419 | - | 593,171 | 162,896 | - | 186,529 |
| Total Sources | 947,841 | 63,646 | 29,087 | 1,040,574 | 610,299 | - | 578,721 |
| Total Uses | 947,841 | 63,646 | 29,087 | 1,040,574 | 131,057 | 39,051 | 147,579 |
| Waste Water Treatment | | | | | | | |
| Prior Year Encumbrance | - | - | 159,038 | 159,038 | 159,038 | - | 194,886 |
| Beginning Fund Balance | 328,463 | (37,714) | - | 290,749 | 290,749 | - | 299,823 |
| Revenues | 508,717 | 69,999 | - | 578,716 | 425,210 | - | 438,849 |
| Total Sources | 837,180 | 32,285 | 159,038 | 1,028,503 | 874,997 | - | 933,558 |
| Total Uses | 837,180 | 32,285 | 159,038 | 1,028,503 | 278,908 | 190,201 | 294,008 |
| Parking | | | | | | | |
| Prior Year Encumbrance | - | - | 5,444 | 5,444 | 5,444 | - | 4,892 |
| Beginning Fund Balance | 23,925 | 4,075 | - | 28,000 | 28,000 | - | 27,845 |
| Revenues | 16,750 | 551 | - | 17,301 | 6,824 | - | 7,077 |
| Total Sources | 40,675 | 4,626 | 5,444 | 50,745 | 40,268 | - | 39,814 |
| Total Uses | 40,675 | 4,626 | 5,444 | 50,745 | 9,370 | 17,702 | 9,357 |
| Municipal Water | | | | | | | |
| Prior Year Encumbrance | - | - | 7,463 | 7,463 | 7,463 | - | 24,737 |
| Beginning Fund Balance | 38,143 | 4,915 | - | 43,058 | 43,058 | - | 38,136 |
| Revenues | 138,123 | 4,054 | - | 142,177 | 42,912 | - | 34,982 |
| Total Sources | 176,266 | 8,969 | 7,463 | 192,698 | 93,433 | - | 97,855 |
| Total Uses | 176,266 | 8,969 | 7,463 | 192,698 | 33,011 | 8,963 | 33,624 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|---------------------------------|----------------|---------------|---------------|----------------|----------------|---------------|----------------|
| | FY 2025-2026 | BUDGET | | FY 2025-2026 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Community Energy | | | | | | | |
| Prior Year Encumbrance | - | - | 5,423 | 5,423 | 5,423 | - | 40,656 |
| Beginning Fund Balance | 261,513 | 8,873 | - | 270,386 | 270,386 | - | 272,801 |
| Revenues | 477,722 | 407 | - | 478,129 | 190,643 | - | 223,021 |
| Total Sources | 739,235 | 9,280 | 5,423 | 753,938 | 466,452 | - | 536,478 |
| Total Uses | 739,235 | 9,280 | 5,423 | 753,938 | 185,413 | 73,509 | 239,721 |
| Gas Tax | | | | | | | |
| Revenues | 20,000 | - | - | 20,000 | 3,196 | - | 3,235 |
| Total Sources | 20,000 | - | - | 20,000 | 3,196 | - | 3,235 |
| Total Uses | 20,000 | - | - | 20,000 | 3,196 | - | 3,235 |
| Building and Structures | | | | | | | |
| Prior Year Encumbrance | - | - | 17,140 | 17,140 | 17,140 | - | 11,786 |
| Beginning Fund Balance | 57,563 | 22,564 | - | 80,127 | 80,127 | - | 78,604 |
| Revenues | 121,655 | (2,805) | - | 118,850 | 10,849 | - | 10,148 |
| Total Sources | 179,218 | 19,759 | 17,140 | 216,117 | 108,116 | - | 100,538 |
| Total Uses | 179,218 | 19,759 | 17,140 | 216,117 | 12,915 | 15,825 | 12,794 |
| Residential Construction | | | | | | | |
| Beginning Fund Balance | 3,129 | 317 | - | 3,446 | 3,446 | - | 2,873 |
| Revenues | 315 | - | - | 315 | 206 | - | 73 |
| Total Sources | 3,444 | 317 | - | 3,761 | 3,652 | - | 2,946 |
| Total Uses | 3,444 | 317 | - | 3,761 | 53 | - | 38 |
| Transient Occupancy Tax | | | | | | | |
| Prior Year Encumbrance | - | - | 356 | 356 | 356 | - | 721 |
| Beginning Fund Balance | 4,480 | 1,934 | - | 6,414 | 6,414 | - | 4,919 |
| Revenues | 27,045 | (1) | - | 27,044 | 6,355 | - | 6,005 |
| Total Sources | 31,525 | 1,933 | 356 | 33,814 | 13,125 | - | 11,645 |
| Total Uses | 31,525 | 1,933 | 356 | 33,814 | 19,468 | 3,504 | 17,123 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|--|------------------|----------------|---------------|------------------|----------------|----------------|-----------------|
| | FY 2025-2026 | BUDGET | | FY 2025-2026 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Conventions, Arts & Entertainment | | | | | | | |
| Prior Year Encumbrance | - | - | - | - | - | - | 3,822 |
| Beginning Fund Balance | 6,023 | 1,113 | - | 7,136 | 7,136 | - | 5,322 |
| Revenues | 14,457 | 176 | - | 14,633 | 14,537 | - | 12,139 |
| Total Sources | 20,480 | 1,289 | - | 21,769 | 21,673 | - | 21,283 |
| Total Uses | 20,480 | 1,289 | - | 21,769 | 9,492 | 3,052 | 10,360 |
| Golf | | | | | | | |
| Beginning Fund Balance | 1,694 | 230 | - | 1,924 | 1,924 | - | 563 |
| Revenues | 1,025 | - | - | 1,025 | 30 | - | 184 |
| Total Sources | 2,719 | 230 | - | 2,949 | 1,954 | - | 747 |
| Total Uses | 2,719 | 230 | - | 2,949 | - | - | - |
| Real Property Transfer Tax | | | | | | | |
| Prior Year Encumbrance | - | - | 24,575 | 24,575 | 24,575 | - | - |
| Beginning Fund Balance | 140,978 | 6,065 | - | 147,043 | 147,043 | - | - |
| Revenues | 56,300 | 2,839 | - | 59,139 | 27,013 | - | 10,927 |
| Total Sources | 197,278 | 8,904 | 24,575 | 230,757 | 198,631 | - | 10,927 |
| Total Uses | 197,278 | 8,904 | 24,575 | 230,757 | 11,304 | 53,278 | 5,263 |
| Emergency Reserve | | | | | | | |
| Prior Year Encumbrance | - | - | (36) | (36) | (36) | - | 66 |
| Beginning Fund Balance | (25,369) | 18,468 | - | (6,901) | (6,901) | - | (28,802) |
| Revenues | 39,061 | (20,864) | - | 18,197 | 544 | - | - |
| Total Sources | 13,692 | (2,396) | (36) | 11,260 | (6,393) | - | (28,736) |
| Total Uses | 13,692 | (2,396) | (36) | 11,260 | (5) | (36) | 4 |
| Low and Moderate Income Housing Asset | | | | | | | |
| Prior Year Encumbrance | - | - | 32,401 | 32,401 | 32,401 | - | 48,203 |
| Beginning Fund Balance | 76,920 | 20,923 | - | 97,843 | 97,843 | - | 62,431 |
| Revenues | 14,500 | 45,280 | - | 59,780 | 28,194 | - | 6,110 |
| Total Sources | 91,420 | 66,203 | 32,401 | 190,024 | 158,438 | - | 116,744 |
| Total Uses | 91,420 | 66,203 | 32,401 | 190,024 | 13,670 | 33,647 | 11,445 |
| Other Special Revenue Funds | | | | | | | |
| Prior Year Encumbrance | - | - | 42,204 | 42,204 | 42,204 | - | 70,718 |
| Beginning Fund Balance | 352,644 | 59,810 | - | 412,454 | 412,454 | - | 376,551 |
| Revenues | 664,719 | 17,313 | - | 682,032 | 338,469 | - | 308,414 |
| Total Sources | 1,017,363 | 77,123 | 42,204 | 1,136,690 | 793,127 | - | 755,683 |
| Total Uses | 1,017,363 | 77,123 | 42,204 | 1,136,690 | 191,349 | 234,902 | 173,537 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|----------------------------|----------------|----------------|---------------|----------------|---------------|---------------|----------------|
| | FY 2025-2026 | BUDGET | | FY 2025-2026 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Construction Excise | | | | | | | |
| Prior Year Encumbrance | - | - | 14,240 | 14,240 | 14,240 | - | 24,612 |
| Beginning Fund Balance | 76,248 | 10,495 | - | 86,743 | 86,743 | - | 73,959 |
| Revenues | 104,772 | 112,504 | - | 217,276 | (7,464) | - | 17,452 |
| Total Sources | 181,020 | 122,999 | 14,240 | 318,259 | 93,519 | - | 116,023 |
| Total Uses | 181,020 | 122,999 | 14,240 | 318,259 | 34,331 | 39,751 | 26,410 |
| Other Capital Funds | | | | | | | |
| Prior Year Encumbrance | - | - | 27,468 | 27,468 | 27,468 | - | 35,115 |
| Beginning Fund Balance | 2,038 | 14,040 | - | 16,078 | 16,078 | - | 97,121 |
| Revenues | 209,870 | - | - | 209,870 | 867 | - | 2,143 |
| Total Sources | 211,908 | 14,040 | 27,468 | 253,416 | 44,413 | - | 134,379 |
| Total Uses | 211,908 | 14,040 | 27,468 | 253,416 | 26,590 | 48,595 | 27,177 |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED OCTOBER 31, 2025
(UNAUDITED)
(\$000's)**

| | ADOPTED | YTD | C/O | REVISED | YEAR-TO-DATE | | PRIOR |
|-------------------------|--------------|--------------|-----------|---------------|---------------|-----------|--------------|
| | FY 2025-2026 | BUDGET | | FY 2025-2026 | ACTUAL | ENCUMBR | Y-T-D |
| | BUDGET | AMENDMENTS | ENCUMBR | BUDGET | | | ACTUAL |
| Trust and Agency | | | | | | | |
| Prior Year Encumbrance | - | - | 34 | 34 | 34 | - | 48 |
| Beginning Fund Balance | 4,183 | 6,284 | - | 10,467 | 10,467 | - | 6,269 |
| Revenues | 4,073 | 125 | - | 4,198 | 276 | - | 437 |
| Total Sources | <u>8,256</u> | <u>6,409</u> | <u>34</u> | <u>14,699</u> | <u>10,777</u> | <u>-</u> | <u>6,754</u> |
| Total Uses | <u>8,256</u> | <u>6,409</u> | <u>34</u> | <u>14,699</u> | <u>2,349</u> | <u>52</u> | <u>541</u> |

(*) Certain accounts such as the change in fair value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis amounts.

Note: Figures may not total due to rounding.