



Memorandum

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

SUBJECT: Bi-Monthly Financial Report **DATE:** April 6, 2026
For January/February 2026

Approved

Date: April 8, 2026

RECOMMENDATION

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

OVERVIEW

The Bi-Monthly Financial Report for January/February 2026 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 eight months ending February 2026.

Through the first eight 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:

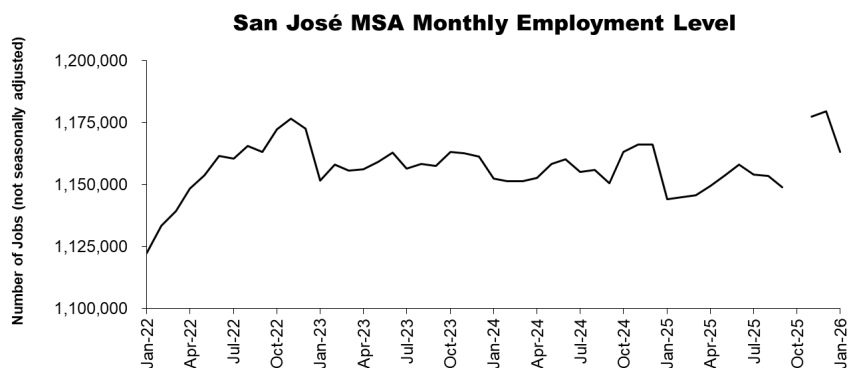
- Subsequent to the actions authorized by the City Council in their approval of the 2025-2026 Mid-Year Budget Review that resolved \$15 million of the then-projected General Fund revenue shortfall of \$15-\$20 million, data received through February indicates that General Fund revenue is now anticipated to end the year approximately \$1 - \$4 million below the Modified Budget estimate. This drop is primarily due to lower Fees, Rates, and Charges, interest earnings on the General Fund, and Electricity Utility Tax revenue, partially offset by higher Sales Tax, Business Tax, and Fines, Forfeitures and Penalties collections.
- Overall, General Fund expenditures are anticipated to end the year within budgeted levels, with the exception of the Fire Department, Police Department, and Public Works 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.)

- If General Fund revenues and expenditures end the year as currently projected, while revenues and expenditures will end 2025-2026 in alignment, the City is unlikely to achieve the 2025-2026 fund balance estimate of \$30 million that was included in the 2026-2027 City Manager’s Budget Request and 2027-2031 Five-Year Forecast. As a result, approximately \$20 - \$25 million of the Budget Stabilization Reserve will need to be used prior to the end of the fiscal year to ensure that the ongoing fund balance target is reached.
- Real Property Transfer Tax revenue is performing above prior year levels and is anticipated to exceed the budgeted estimate. Construction and Conveyance (C&C) Tax collections are also performing above prior year levels, but will likely fall short of the Adopted Budget estimate.
- Construction Excise Tax and Building and Structure Construction Tax collections are anticipated to exceed the budgeted estimate. 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. TOT revenue is anticipated to meet or slightly exceed the budgeted estimate.
- Based on current activity levels, all Development Fee Programs revenues are anticipated to end the year above estimated levels.
- The San José Mineta International Airport (SJC) has enplaned and deplaned 6.8 million passengers through February, a decrease of 11.7% from the figures reported through February 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 17%, and Cost of Energy expenditures are anticipated to end the year 13.2% below the budgeted level.

Economic Environment

While development activity is trending higher, Silicon Valley’s economy overall is still fairly sluggish. The unemployment rate is essentially unchanged from the prior year level and remains relatively low, and job growth is relatively stagnant. Similarly, real estate activity has weakened, with single family median sale prices



Due to the United States federal government shutdown that occurred from October 1, 2025 to November 12, 2025, the October 2025 employment data is unavailable.

OVERVIEW (CONT'D.)

declining, property sales dropping, and homes are staying on the market for slightly longer. On a positive note, construction activity (with the exception of the commercial category) is performing well, with residential and industrial activity showing growth.

The January 2026 employment level of 1.16 million in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) increased by 19,000 jobs, or 1.7% from the January 2025 level. This net increase includes private education and health services adding 12,600 jobs, construction hiring 3,000 workers, manufacturing growing by 1,900 jobs, and information services expanding by 1,700 jobs. Conversely, professional and business services dipped by 1,300 jobs and professional, scientific, and technical services dropped 1,200 jobs.¹

Unemployment Rate (Unadjusted)			
	Jan. 2025	Dec. 2025	Jan. 2026**
San Jose Metropolitan Statistical Area*	4.3%	4.0%	4.3%
State of California	5.6%	5.1%	5.5%
United States	4.4%	4.1%	4.7%
* San Benito and Santa Clara Counties Source: California Employment Development Department.			
** January 2026 estimates are preliminary and may be updated.			

As can be seen on the table, the local unemployment rate for January 2026 was 4.3%, which is consistent with the prior year unemployment rate. Additionally, the January 2026 San José Metropolitan Statistical Area unemployment rate is lower than the unadjusted unemployment rate for the State (5.5%) and the national rate (4.7%).

Overall construction activity through February 2026 increased 52.5% from prior-year levels primarily due to significant activity growth for alterations within residential and industrial categories. 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 activity projected by the Planning, Building and Code Enforcement Department in the 2026-2030 Five-Year Forecast, which was released in February 2025.

Through February 2026, residential permit valuation has increased 127.5% from the prior year (\$505.3 million in 2025-2026 from \$222.1 million in 2024-2025). Residential activity through February included 2,062 multi-family units and 345 units of single-family construction for a total of 2,407 units. A notable project for January and February includes permit issued for a six-story, 397-unit apartment building located on Fuyu Drive.

Private Sector Construction Activity (Valuation in \$ Million)			
	February 2025 (YTD)	February 2026 (YTD)	% Change
Residential	\$222.1	\$505.3	127.5%
Commercial	\$717.7	\$897.1	25.0%
Industrial	\$252.4	\$416.0	64.8%
TOTAL	\$1,192.2	\$1,818.4	52.5%

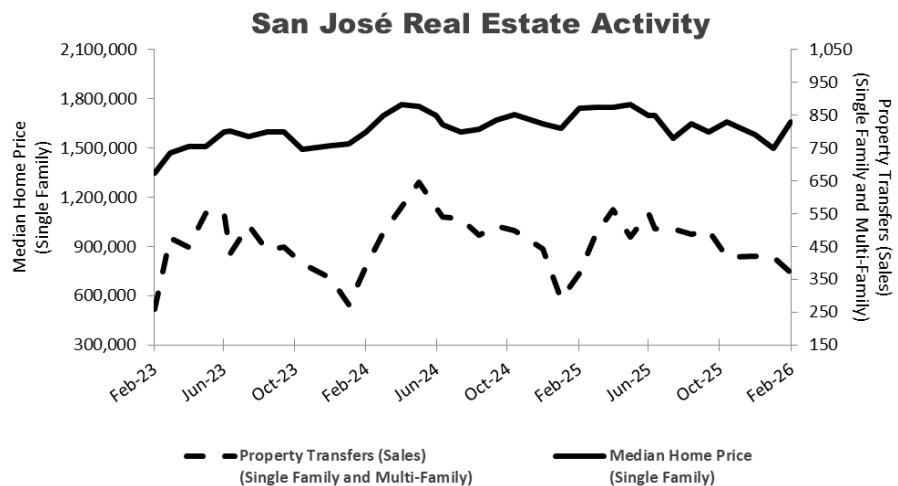
¹ State of California Employment Development: Labor Market Information Division Press Release, April 3, 2026.

OVERVIEW (CONT'D.)

Commercial valuation through February 2026 was 25% higher than the February 2025 level (\$897.1 million in 2025-2026 from \$717.7 million in 2024-2025). Commercial activity is \$463.6 million for January and February and new construction accounted for 86.9% of the commercial activity (\$402.9 million). A notable project for January and February includes foundation only permit issued for a 245,000 square foot data center located on Alviso-Milpitas Road north of State Route 237 and west of McCarthy Road.

Industrial construction valuation through February 2026 was 64.8% above 2024-2025 level (\$416.0 million in 2025-2026 from \$252.4 million in 2024-2025). Alterations accounted for 100% (\$63.7 million) of industrial activity for January and February.

According to data from the Santa Clara County Association of Realtors, in February 2026 the median single-family home price totaled \$1.67 million, which is 4.9% below the February 2025 price of \$1.75 million. Additionally, homes are staying on the market for longer. The average days-on-market through February 2026 totaled 33 days, while the average days through February 2025 totaled 25 days. Finally, property transfers (sales) are down compared to 2024-2025 levels. Through February 2026, transfers have declined almost 8% compared to the same period in the prior year.



On a national level, consumer confidence slightly rose in February. According to Dana M Peterson, Chief Economist at The Conference Board, “Confidence ticked up in February after falling in January, as consumers’ pessimistic expectations for the future eased somewhat. Consumers’ write-in responses on factor affecting the economy continued to skew towards pessimism. Comments about prices, inflation, and the cost of goods remained at the top of consumer’s minds. Mentions of trade and politics also increased in February.”²

² The Conference Board, Consumer Confidence Survey, February 2026.

GENERAL FUND

REVENUES

General Fund revenues through February 2026 totaled \$799.0 million, which is 1% (\$7.4 million) above the February 2025 level of \$791.6 million. This increase is primarily attributable to higher Sales Tax payments (\$19.0 million), higher Property Tax receipts (\$6.0 million), and increased Fines, Forfeitures and Penalties revenue (\$2.9 million). Partially offsetting these increases are lower grant revenue from the State of California (\$17.8 million) and lower grant revenue from non-government sources (\$4.9 million), which are due to the timing of grants being received; and lower interest earnings (\$4.2 million) that is due to lower cash balances in the General Fund.

Based on current collection trends and information known at this point, General Fund revenue is anticipated to end the year approximately \$1 - \$4 million below the budgeted estimate. The most impacted categories include Revenue from Use of Money and Property, which may end the year \$8 million below the budgeted estimate due to lower interest earnings in the General Fund. Other revenue categories that may end the year below budgeted levels include Fees, Rates, and Charges (-\$4 million) and Utility Tax (-\$2 million). On a positive note, several revenue categories are anticipated to end the year above budgeted levels, including Business Tax (\$4 million), Fines, Forfeitures, and Penalties (\$4 million), and Sales Tax (\$1 - \$4 million). 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.

The 2027-2031 General Fund Forecast that was released in March 2026 included an amount of \$30 million that would be available at the end of 2025-2026 and budgeted for use in 2026-2027. This fund balance target is consistent with prior forecasts; however, due to the one-time revenue shortfall primarily resulting from lower than expected Property Tax and Utility Tax proceeds that was substantially resolved by expenditure reductions approved by the City Council as part of the 2025-2026 Mid-Year Budget Review, the Administration currently anticipates achieving a year-end fund balance of only \$5 million to \$10 million, which includes net expenditure savings, liquidation of prior year encumbrances, and a slight revenue shortfall. As a result, use of the Budget Stabilization Reserve will likely be necessary to meet the fund balance target. Expenditure and revenue activity will continue to be monitored, with further information being included as part of the March/April Bi-Monthly Financial Report that will be released in June 2026 and the Approval of Various Budget Actions for Fiscal Year 2025-2026 memorandum that will be reviewed by the City Council in June 2026.

The discussion on the following pages highlights General Fund revenue activities through February 2026.

GENERAL FUND (CONT'D.)

Revenue	2025-2026 Budget Estimate	YTD Actual	Prior YTD Collections
Property Tax	\$ 522,500,000	\$ 237,850,151	\$ 231,867,296

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. In 2025-2026 Property Tax receipts of \$523.2 million are projected, which is fairly consistent with the 2025-2026 Modified Budget estimate of \$522.5 million, and is \$24.7 million (5.0%) above the 2024-2025 actual collection level. Additional information about each of the Property Tax sub-categories is provided on the following pages.

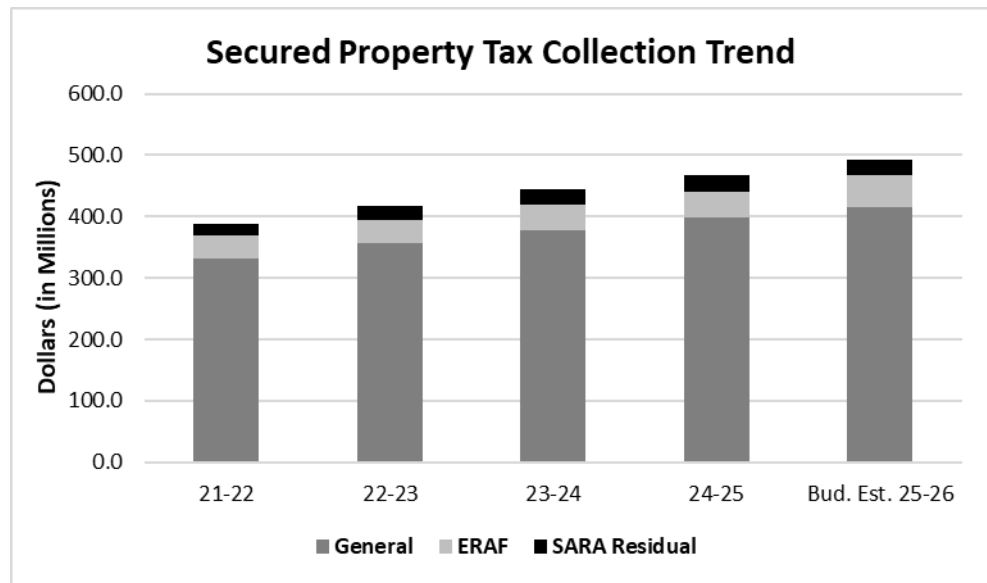
Secured Property Taxes represent over 90% of the revenue in the Property Tax category. The Secured Property Tax category includes general Secured Property Tax, Educational Revenue Augmentation Fund (ERAF) revenues, and SARA Property Tax. In 2025-2026, Secured Property Tax receipts are anticipated to total \$491.6 million, including \$414.8 million in general Secured Property Taxes, \$52.5 million in ERAF revenue, and \$24.3 million from SARA Residual Property Tax receipts.

The general Secured Property Tax receipts are estimated at \$414.8 million in 2025-2026, which is 4.2% above the 2024-2025 collection level. This growth primarily reflects an increase in assessed value due to the California Consumer Price Index (CCPI) increase of 2% and increased valuation due to changes in ownership or new construction of 2.2%. 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.

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 and the decision is anticipated to occur before June 2026. However, regardless of the outcome of the ruling, the losing party will likely file an appeal and there is no timeline for a final resolution. This issue will continue to be closely monitored and updates will be provided through future bi-monthly financial reports.

GENERAL FUND (CONT'D.)

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 \$24.3 million, which is consistent with the 2025-2026 Modified Budget estimate, but \$1.8 million below 2024-2025 actuals of \$26.1 million. This variance is likely due to a weakened commercial real estate market.

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 \$18.0 million, which is slightly above 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 consistent with the budgeted estimate and the prior year collection level.

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 \$4.5 million, which is consistent with the budgeted estimate, but \$600,000 below the 2024-2025 actual collection level.

In the **Homeowners Property Tax Relief** category, revenues in 2025-2026 are anticipated at \$800,000, which is consistent with the budgeted estimate and prior year collection level.

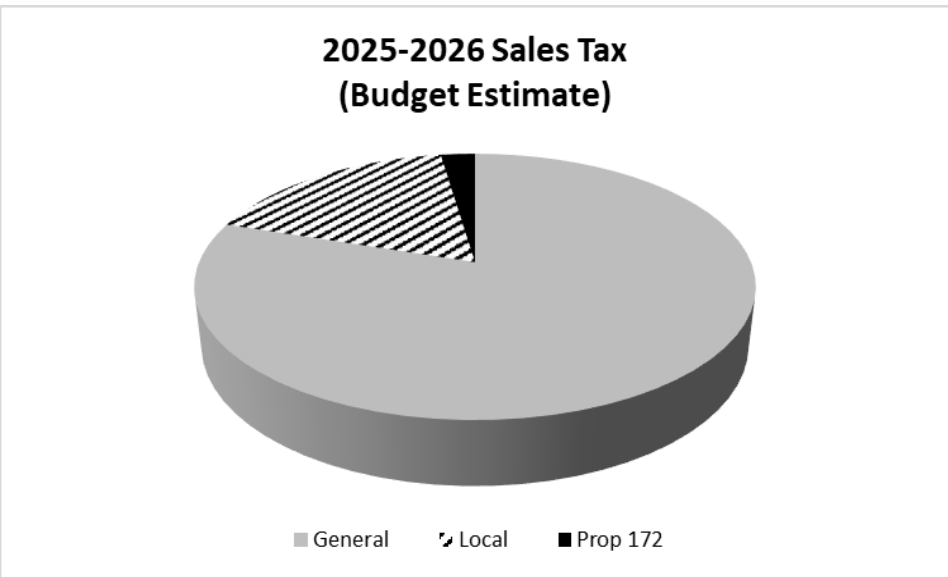
GENERAL FUND (CONT'D.)

Revenue	2025-2026 Budget Estimate	YTD Actual	Prior YTD Collections
Sales Tax	\$ 340,000,000	\$ 189,560,975	\$ 170,523,560

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. Based on information received through February 2026 (which reflects two quarters of Sales Tax activity; from July 2025 through December 2025), it is anticipated 2025-2026 Sales Tax revenue will generate approximately \$341 - \$345 million. This collection level is \$1 - \$4 million above the budgeted estimate. 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. General Sales Tax receipts for the first quarter (sales tax activity for July-September) and second quarter (sales tax activity for October-December) were received in November 2025 and February 2026, respectively. First quarter receipts grew almost 15%; however, a significant portion of this increase is due to one-time corrections and payment timing issues. After removing those figures, the estimated economic growth is approximately 1-2%. Second quarter receipts grew 2.4%. Due to prior year one-time corrections inflating the second quarter 2024-2025 receipts, this increase was larger than anticipated and likely reflective of moderate economic growth; however, a majority of the strong performance experienced in the second quarter is due to higher county pool receipts, which can vary from quarter to quarter. Third and fourth quarter receipts will be received in May and August, respectively. Based on national events impacting the economy, reduced pool receipts due to a recent resolution of a tax dispute with the State,

GENERAL FUND (CONT'D.)

and the economic impact from the 2026 sporting events, it is anticipated General Sales Tax revenue will total \$272 - \$275 million. This collection level is up to \$3 million above the budgeted estimate.

The City's Sales Tax consultant, Neumo, has provided performance data for General Sales Tax revenue, as displayed on the chart below. This analysis measures the first and second quarter General Sales Tax receipts for 2024-2025 and 2025-2026, excluding Sales Tax associated with the Revenue Capture Agreement.

**General Sales Tax Revenue Economic Performance
First – Second Quarter Payments**

Category	2025-2026 % of Total Revenue	2024-2025 % of Total Revenue	% Change by Category
Business-to-Business	18.0%	20.5%	(11.9%)
Construction	9.2%	9.3%	(0.5%)
Food Products	15.7%	15.2%	4.3%
General Retail	19.9%	19.0%	5.2%
Transportation	15.2%	16.3%	(6.6%)
Miscellaneous	1.0%	1.0%	(1.3%)
<hr/>			
County Pool	21.0%	18.7%	12.8%
Total	100.0%	100.0%	

As can be seen in the table above, all categories declined with the exception of General Retail (5.2%; which includes apparel stores, department stores, furniture/appliance stores, drug stores, recreation products, and florists/nurseries), and Food Products (4.3%; which includes restaurants, food markets, and liquor stores). Categories that have experienced year-over declines include Business-to-Business (-11.9%), Transportation (-6.6%), and Construction (-0.5%).

In addition, the County Pool, which is where the majority of online transactions are captured, experienced a year-over-year increase of 12.8%. The County Pool revenue is distributed to all cities within Santa Clara County based on a distribution formula administered by the CDTFA. This formula is based each quarter on each jurisdiction's total General Sales Tax receipts divided by the Total General Sales Tax receipts for the entire County. The City typically receives between 45% - 50% of the total County Pool.

In June 2016, San José voters approved a ¼ cent **Local Sales Tax**, which was implemented in October 2016 and remains in effect through September 30, 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

GENERAL FUND (CONT'D.)

(2.7%) above the 2024-2025 actual collection level of \$58.4 million. Similar to General Sales Tax, Local Sales Tax receipts for the first quarter (sales tax activity for July-September) and for the second quarter (sales tax activity from October-December) were received in November 2025 and February 2026, respectively. First quarter receipts grew 8.7% and second quarter collections grew 4.7% compared to the prior year. For the remainder of the year, third quarter receipts (which will be received in May 2026) are estimated to grow by 2.5% and the final quarter of 2025-2026 is anticipated to remain consistent with the same time period in 2024-2025. Based on these assumptions, Local Sales Tax collections are anticipated to total \$61.0 million in 2025-2026, which is approximately 4.5% above the prior year collection level.

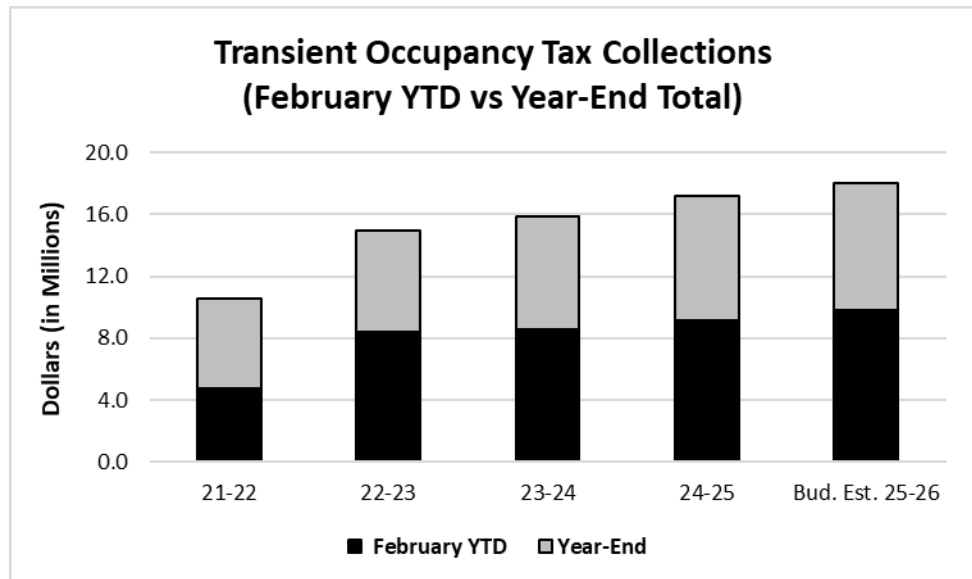
Proposition 172 Sales Tax collections represent the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. Revenue in 2025-2026 is estimated at \$8.0 million, which is consistent with the budgeted estimate and the 2024-2025 actual collection level.

GENERAL FUND (CONT'D.)

Revenue	2025-2026 Budget Estimate	YTD Actual	Prior YTD Collections
Transient Occupancy Tax	\$ 18,000,000	\$ 9,780,663	\$ 9,099,805

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 February, TOT collections total approximately \$9.8 million, which is 7.5% above the prior year collection level of \$9.1 million. Based on information known at this point and historical collection trends, it is currently anticipated that TOT receipts will end the year at or above budgeted levels.

Based on February 2026 data, the average hotel occupancy rate reported for the San José market was 68.3%, a 1.1 percentage point increase from the average of 67.2% through the same period in 2024-2025. The average daily room rate



increased by 1.3%, from \$174.19 as of February 2025 to \$176.40 as of February 2026; and the year-to-date average revenue-per-available room (RevPAR) increased by 2.9%, from \$117.06 to \$120.40, relative to the same period in 2024-2025.

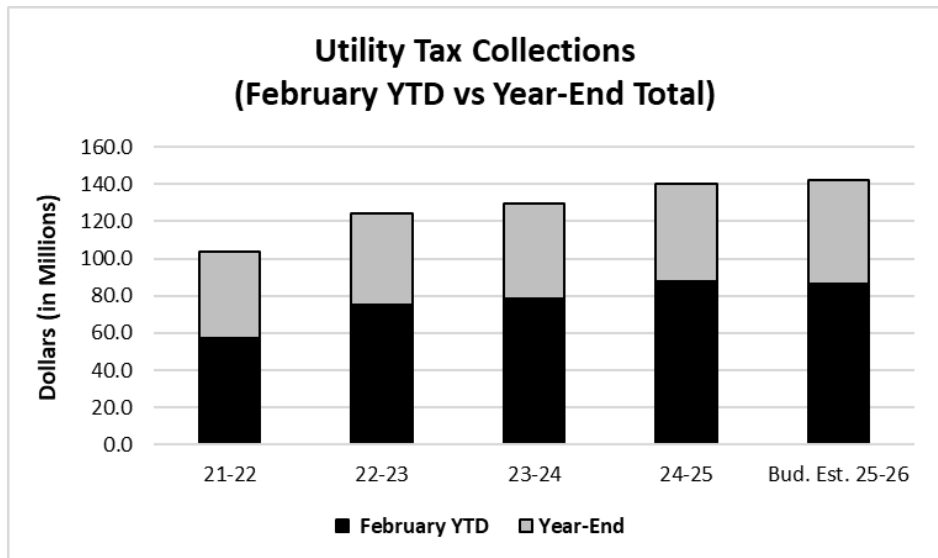
In partnership with Team San Jose (the City’s operator of convention and cultural facilities, as well as the Convention and Visitors Bureau), the Administration will continue to actively monitor hotel and revenue performance and provide updates in the next Bi-Monthly Financial Report, which will be released in June 2026.

GENERAL FUND (CONT'D.)

Revenue	2025-2026 Budget Estimate	YTD Actual	Prior YTD Collections
Utility Tax	\$ 142,450,000	\$ 86,590,979	\$ 87,560,268

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Water Utility Tax, and the Telephone Utility Tax. Through February, overall Utility Tax receipts totaled \$86.6 million, which is 1.1% below the prior year level of \$87.6 million. The year-over-year slight decrease represents lower Electricity Utility Tax receipts, partially offset by higher Gas, Water, and Telephone Utility Tax collections. The 2025-2026 Modified Budget estimate of \$142.5 million requires growth of approximately 2% from the 2024-2025 collection level. Based on collections through February and historical collection patterns, it is currently anticipated that overall Utility Tax receipts will end the year \$2 - \$3 million below budgeted levels. Additional information about each of the Utility Tax sub-categories is provided below.

In the **Electricity Utility Tax** category, collections through February totaled \$50.4 million, which is 5.6% below the \$53.4 million received in the prior year. This decrease is due to lower rates and usage. The 2025-2026 Modified Budget estimate for Electricity Utility Tax totals \$77.8 million,



which allows for a 2.3% drop from the 2024-2025 collection level of \$79.6 million. Based on collections through February and historical collection patterns, receipts are anticipated to end the year \$2 - \$3 million below the budgeted level.

In the **Gas Utility Tax** category, collections through February totaled \$10.5 million, which is 8.1% higher than the \$9.7 million received in the prior year. This increase is due to higher gas utility rates and higher usage. The 2025-2026 Modified Budget estimate totals \$20.0 million, which requires growth of almost 9% from the 2024-2025 collection level of \$18.4 million. Based on collections through February and historical collection patterns, receipts are anticipated to meet the budgeted estimate by year-end.

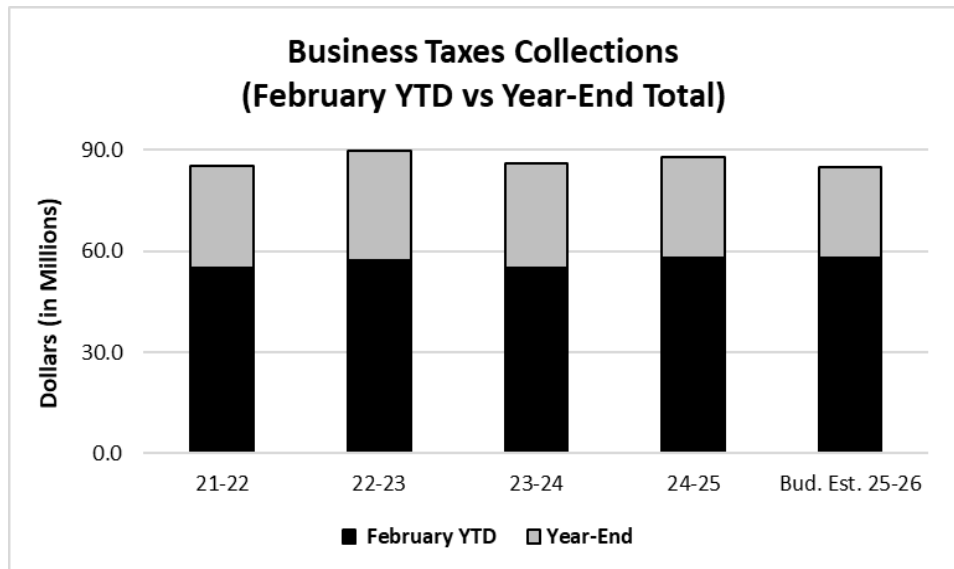
GENERAL FUND (CONT'D.)

In the **Water Utility Tax** category, collections through February totaled \$15.5 million, which is approximately 6% higher than the prior year receipts of \$14.6 million. This increase is due to higher rates and usage and the timing of payments being processed. The 2025-2026 Modified Budget estimate totals \$27.0 million, which requires growth of almost 11% from the 2024-2025 collection level of \$24.4 million. Based on collections through February and historical collection patterns, receipts are anticipated to meet or fall slightly below the budgeted estimate by year-end.

Collections in the **Telephone Utility Tax** category of \$10.2 million through February are 4.1% above the prior year collections of \$9.8 million. The 2025-2026 Modified Budget estimate totals \$17.7 million, which requires growth of 1% from the 2024-2025 collection level of \$17.5 million. Based on collections through February 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	\$ 58,030,694	\$ 57,988,311

The Business Taxes category consists of the Cannabis Business Tax, Cardroom Tax, Disposal Facility Tax, and General Business Tax. Through February, overall collections of \$58.0 million are consistent with the prior year collection level. This year-over-year increase



reflects higher collections in the Cannabis and General Business Tax categories, offset by lower collections in the Cardroom and Disposal Facility Tax revenue categories. 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. Based on collections through February and historical collection patterns, it is currently anticipated that overall Business Taxes receipts will end the year approximately \$3 - \$5 million 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 February, receipts of \$8.4 million are 1.1% above the prior year level of \$8.3 million. 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. Based on collections through February and historical collection patterns, receipts are anticipated to exceed the budgeted estimate by \$1 - \$2 million by year-end.

Through February, **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 \$17.7 million. This collection level is slightly below the prior year collection level of \$17.9 million. The 2025-2026 Adopted Budget estimate totals \$30.0 million, which allows for a 2.1% drop from the 2024-2025 collection level. Based on collections through February and historical collection patterns, receipts are anticipated to meet or slightly 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 February totaled \$6.6 million, which is 11.8% below the prior year collection level, which is due to the timing of payments being received and processed. 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. Based on performance through February, correcting for the timing issue related to the prior year payments, and historical collection patterns, receipts in this category are anticipated to meet or slightly exceed the budgeted estimate by year-end.

Through February, **General Business Tax** receipts of \$25.3 million are 4.1% above the prior year collection level of \$24.3 million, which is due to the Consumer Price Index increase and slightly higher activity levels. 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. Based on the information currently known and historical collection patterns, receipts in this category are anticipated to slightly exceed the budgeted estimate by year-end.

GENERAL FUND (CONT'D.)

EXPENDITURES

Through February, General Fund expenditures (without encumbrances) of \$985.6 million were 11.2% below the prior year level of \$1.1 billion. Encumbrances of \$90.1 million were 26.8% below the prior year level of \$123.0 million. General Fund expenditures and encumbrances through February of \$1.1 billion constitute 54.4% of the total budget including reserves and 62.5% of the budget excluding reserves. Overall, General Fund expenditures are anticipated to end the year within estimated levels with the exception of the Police Department, Fire Department, and Public Works Department. Overages in these departments are discussed further below.

Through February, personal services expenditures are performing within estimated levels, with the exception of the City Clerk’s Office, City Manager’s Office, Energy Department, Environmental Services Department, Finance Department, Fire Department, Human Resources, Police Department, and Public Works Department. All of these departments, with the exception of the Police Department, Fire Department, and Public Works Department are anticipated to end the year within budgeted levels.

KEY GENERAL FUND EXPENDITURES

Department	2025-2026 Budget	YTD Actual	Prior YTD Actual
Police	\$ 601,061,498	\$ 372,280,829	\$ 348,976,801

Overall, Police Department expenditures are above estimated levels through February 2026, which is driven by higher personal services expenditures. Personal services expenditures of \$345.9 million are higher than the anticipated level for this point of the year (63.28% expended, compared to the par level of 62.74%), with overtime expenditures totaling \$52.0 million (91.3% of the total \$57.0 million of the Modified Budget). Overtime expenditures are 20.1% above 2024-2025 levels and overtime hours through February (473,261) increased by approximately 10.1% (429,822) over the same period in the prior year. With City Council’s approval of the 2025-2026 Mid-Year Budget Review, actions were taken to liquidate the Police Department Sworn Backfill Reserve (\$5.0 million), reallocate \$20.0 million in vacancy savings, and make other small adjustments to the overtime budget, increasing it from \$31.5 million to \$57.0 million. After accounting for these actions, personal services are currently tracking to exceed the Personal Services Modified Budget by approximately \$11 million - \$14 million (1%-2%). Discussion on the Department’s steps to reduce overtime expenditures while also maintaining minimum staffing and service levels follows below.

GENERAL FUND (CONT'D.)

A total of \$26.4 million (48.5%) of the Police Department's non-personal/equipment budget (\$54.5 million, including carry-over encumbrances) has been expended through February 2026. Excluding the remaining balances for centrally-determined details (\$16.9 million), which includes electricity, gas, and water utilities, as well as vehicle operations, maintenance, and replacement, the Police Department has approximately \$11.2 million (20.5%) 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 (13.8% of the year-to-date activity), overall expenditures are expected to remain within budget levels as this encumbrance balance will be expended for planned activities.

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 23.3% as of February 27, 2026. 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 Memorandum of Agreement (MOA) with the Police Officer's Association (POA) reduces the amount of compensatory time 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 upon approval of the agreement by the City Council 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.)

At the beginning of 2025-2026, the Police Chief instituted various overtime controls in an attempt to reduce the overtime overages, including: 1) the Bureau of Investigation cannot use overtime by personnel not currently assigned to the unit without the Deputy Chief's approval; 2) the Special Operations Division cannot use overtime by personnel not currently assigned to the unit without the Deputy Chief's approval; and 3) no personnel can attend a community event on overtime without the Deputy Chief's approval. In addition, the Department has evaluated and will be monitoring various other ways to reduce overtime, including report writing overtime, evaluation of in-service time and sick leave usage, and employees on disability leave, so as to facilitate employees injured on the job to return to work sooner. The Police Chief has also, within his discretion, put in place additional overtime controls to reduce overtime by approximately \$3 million by June 30, 2026. Additional communication has been sent from the Police Chief to all personnel re-emphasizing overtime controls.

The year-over-year increase of overtime use in 2025-2026 is primarily attributable to BFO (increase of 22,219 hours) and BOI (increase of 3,957 hours), including increased use of parental leave, the backfilling of a slightly greater number of street-ready sworn positions over the first half of the fiscal year, the deployment of the Neighborhood Quality of Life Unit established in the 2025-2026 Adopted Operating Budget operated on overtime until the November deployment change, and an increased number of special community events including the Super Bowl LX and demonstrations that required additional security and emergency response capacity. Super Bowl LX events and game day operations were staffed by Special Operation Units over a nine-day period and totaled roughly \$1.5 million in overtime spending, or half of the \$3.0 million allocated for the 2026 sporting events in the 2025-2026 Adopted Operating Budget. These assignments included hotel security, opening night, concerts, block parties, interactive fan zones, watch party, and Super Bowl LX after party. All patrol personnel were required to work a 12-hour shift on Super Bowl Sunday on three watch schedules. 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.

At their meeting on March 10, 2026, the City Council approved recommendations by the Administration to achieve a net reduction in ongoing overtime spending of over \$8 million annually by reducing some services currently provided on an overtime basis and by redeploying several personnel in specialized units to Field Patrol to eliminate overtime paycars. These redeployments are effective with the May 2026 shift change and will be reflected in the 2026-2027 Proposed Operating Budget.

GENERAL FUND (CONT'D.)

The City Auditor’s March 2021 Police Staffing, Expenditures, and Workload Audit Report included several recommendations to increase the number of compensatory time-related data that should be included in the Mid-Year Budget Review, Bi-Monthly Financial Reports, and Annual Report. The table below summarizes this data.

	February 2025	February 2026	% Change from 2025 to 2026	% Change from 2024 to 2025
# of Sworn Personnel at 480-hour limit	402	473	17.66%	(2.19%)
# of Sworn Personnel between 240 and 480 hours	292	239	(18.15%)	2.82%
Sworn Compensatory Time Balance Liability (hours)	336,181	344,535	2.48%	0.27%
Sworn Compensatory Time Balance Liability (\$)	\$29.5 M	\$32.7 M	10.69%	4.68%
YTD Overtime Expenses for Staff at 480-hour Limit (\$)	\$19.7 M	\$20.1 M	2.20%	14.33%

The table below provides a summary of sworn staffing vacancies and street-ready officers. The June 2025 Academy graduated 23 recruits who have now begun the next phase of their careers as Field Training Officers. There are currently two active academies; the October 2025 and February 2026 academies currently have 19 and 37 recruits, respectively. The Department is anticipating that the June 2026 academy will draw 40 recruits. As of February 27, 2026, of the 1,167 authorized sworn staff, 82 or 7.0% of the positions were in training, while 83 or 7.1% of the positions were on disability/modified duty/other leaves.

	2024-2025 (as of 2/28/2025)	2025-2026 (as of 2/27/2026)
Authorized Sworn Positions	1,172	1,167
(Vacancies)	(119)	(107)
Filled Sworn Positions	1,053	1,060
Field Training Officer/Recruits	(82)	(82)
Street-Ready Sworn Officers Available	971	978
Disability/Modified Duty/Other Leaves	(77)	(83)
Street-Ready Sworn Officers Working	894	895

GENERAL FUND (CONT'D.)

Department	2025-2026 Budget	YTD Actual	Prior YTD Actual
Fire	\$ 301,097,907	\$ 203,811,696	\$ 197,846,849

The Fire Department's modified budget totals \$301.1 million, comprising \$283.8 million in personal services and \$17.3 million in non-personal/equipment expenditures. Overall, the Fire Department's expenditures are performing above estimated levels through February 2026.

Personal services expenditures of \$192.8 million, or 67.92% of budgeted levels, are trending higher than the expected par level of 62.74% at this point in the year. These higher expenditures are driven by a 60% year-over-year increase in disability and modified duty hours, often requiring overtime backfill. To expedite return to work, the City is leveraging the Kaiser Fastlane program alongside its Workers' Comp Third Party Administrator (TPA) to expand provider networks and diagnostic capacity. Additional measures include utilizing Nurse Case Managers for complex cases, conducting frequent claims reviews with the Human Resources Department and the Fire Department, and enhancing the modified duty program. Expenditures within the Fire Department are also driven by the demand for frontline personnel to support mutual aid deployments—including recent flood relief efforts in Washington State—while simultaneously maintaining a daily minimum staffing level of 190 personnel. Reimbursement funding of \$210,000 has already been seen and allocated to the Fire Department, and an additional \$1.1 million in reimbursements is anticipated to be received by year-end.

In alignment with the City Manager's December 19, 2025, *Budget Reductions and Cost Measures* memorandum, the Fire Department's budget was reduced by approximately \$1.4 million during the 2025-2026 Mid-Year Budget Review approved by City Council. These reductions, aimed at mitigating a projected General Fund shortfall, include the elimination of one-time funding for the Emergency Medical Services Field Coordination program and the deferred operationalization of Fire Station 32, which was previously slated to open in May 2026.

The Fire Department responded to approximately 68,663 incidents (Priority 1 and Priority 2 type calls) through February 2026, resulting in a 3.6% decrease in emergency response services compared to 71,252 incidents over the same period in 2024-2025. Based on expenditures through February, personal services expenditures are anticipated to end the year more than \$13 million above the budgeted level. Personal services expenditures will continue to be closely monitored and controlled through the end of the fiscal year; the Fire Department and City Manager's Office are undertaking additional analysis on personal services spending, and any necessary budgetary adjustments will be brought forward for City Council consideration as part of the Approval of Various Budget Actions for Fiscal Year 2025-2026 memorandum.

The Fire Department's non-personal/equipment budget of \$17.3 million was 63.93% expended or encumbered through February 2026. The Fire Department's non-personal/

GENERAL FUND (CONT'D.)

equipment expenditures are above the expected levels of 62.74%, primarily due to encumbrances (\$3.5 million). However, the Fire Department is projected to end the year within the modified budgeted level for non-personnel/equipment.

At the end of February, there were 57 vacant sworn positions in the Fire Department, compared to 68 vacant sworn positions at the end of February 2025. The Fire Department completed its last academy with 21 graduates, all of whom are certified as Emergency Medical Technicians, with 7 of whom are certified Paramedics began frontline duties in January 2026 and subsequently started its spring academy (Academy 26-01) in January 2026 with an academy size of 20 Firefighter Recruits, 7 of whom are paramedic certified. The Fire Department continues to vigilantly focus on recruiting a diverse and qualified pool of Firefighters/Paramedics to close the gap in paramedic needs, as well as maintaining a workforce to plan and address future attrition and promotions in the Department. 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 February, of the 30 current authorized positions for administrative assignments, the Fire Department had 30 sworn personnel on administrative assignments.

Department	2025-202,65 Budget	YTD Actual	Prior YTD Actual
Public Works	\$ 58,094,450	\$ 39,503,568	\$ 37,808,064

Public Works Department expenditures are above estimated levels through February, driven by higher personal services and non-personal/equipment costs. Personal services expenditures of \$21.9 million are above the anticipated level for this point of the year (66.2% expended, compared to the par level of 64.72%), primarily due to compensated absences, temporary staffing usage, and over-time expenses. Non-personal/equipment expenditures of \$17.6 million also exceed anticipated levels due to current encumbrance balances (\$5.7 million) that will be expended over the course of the fiscal year.

The personal services overages are partially offset by vacancy savings through February, which, coupled with the timing of maintenance work and capital project support, are expected to reduce the total overage costs. Based on current trends, however, total personal services costs are anticipated to exceed budgeted levels by approximately \$1.7 million.

Non-personal/equipment expenditures, including encumbrances, are also slightly above budgeted levels at 70.4% expended through February. This is primarily due to the relatively high encumbrance balance at this stage of the fiscal year for city-wide janitorial services (\$4.4 million), as well as for contractual services for facilities repairs and maintenance that are also managed by the Department. Janitorial services expenditures to date only reflect services and charges through January, with the remaining balance encumbered for anticipated future service costs. This encumbrance balance is expected

GENERAL FUND (CONT'D.)

to decrease as services are provided over the remainder of the fiscal year. When excluding prior and current year encumbrance balances, year-to-date expenditure levels reflect approximately 49.4% of the current budget. Accordingly, non-personal/equipment expenditures are anticipated to end the year with approximately \$1.2 million in savings. Overall, it is currently anticipated that the Public Works Department's personal services expenditures will end the year approximately \$1.7 million above budgeted levels and non-personal/equipment expenditures will end the year with savings of \$1.2 million. These costs will continue to be refined in the upcoming months; however, it is anticipated actions will be included in the Approval of Various Budget Actions for Fiscal Year 2025-2026 memorandum that will be considered by the City Council in June 2026, to shift funding from the Non-Personal/Equipment appropriation to the Personal Services appropriation.

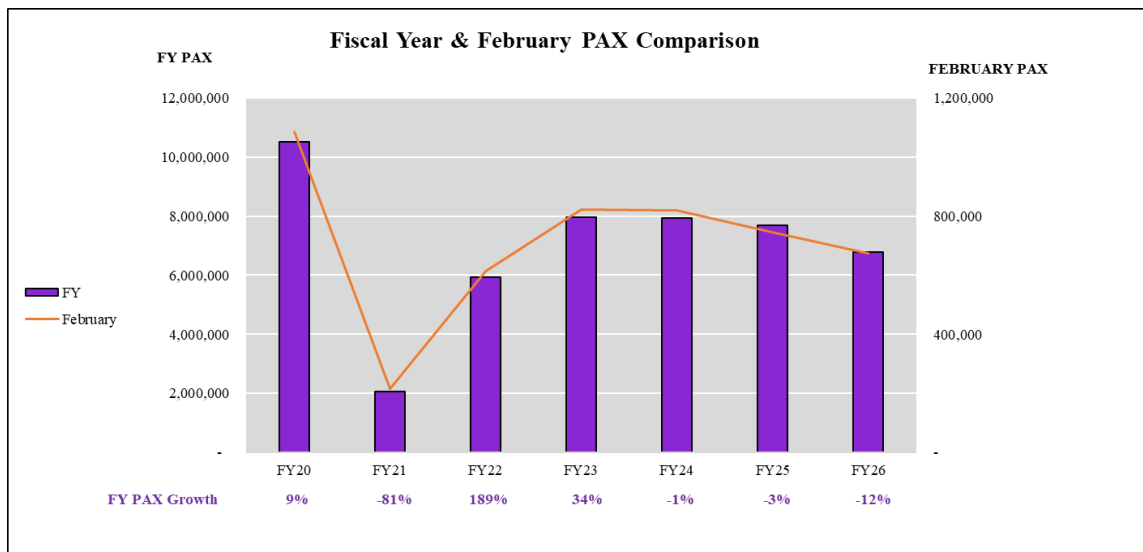
CONTINGENCY RESERVE

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 6.8 million passengers, a decrease of 11.7% from the figures reported through February of the prior year. The chart below depicts the year-over-year change for the month of February and fiscal year-to-date for the last six years.



OTHER FUNDS (CONT'D.)

Fiscal year-to-date mail, freight and cargo totaled 40.3 million pounds, which represents a 1.5% increase over year-to-date February of 2025. Revenue-generating activities had lower than expected performance with year-over-year decreases occurring in all categories: Ground Transportation (-3.9%), Traffic Operations (landings and takeoffs) (-5.0%), Gallons of Aviation Fuel sold (8.8%), Parking Exits (-10.4%), and Landed Weights (-11.7%).

Through February, overall revenue performance at the Airport tracked 3.0% below estimated levels, with a mixed performance across various revenue categories. Landing Fees (-11.0%), Parking and Roadway (-6.9%), and Terminal Rentals (-6.5%) are all tracking below budgeted levels. In contrast, Terminal Concessions (+15.4%), General and Non-Aviation (+8.4%) and Airfield (+5.4%), are all exceeding budget on a fiscal year-to-date basis. The shortfall in key categories can be attributed to declining passenger traffic and flight seating capacity. Higher than expected Airfield and General and Non-Aviation revenues are driven by increased collections of various fees including fuel flowage fees, interest income, and late charges. The continual strong performance of Terminal Concessions reflects the Airport's ongoing efforts to open new concession locations and promote existing options to passengers. Airport revenues will continue to be closely monitored through this fiscal year.

Through February, both the Airport Customer Facility and Transportation Fee Fund and Airport Maintenance and Operation Fund expenditures tracked below budgeted levels. In the Maintenance and Operation Fund, personal service expenditures were 60.9% of budget compared to the benchmark of 62.7%, while non-personal/equipment expenditures were 41.6% compared to the benchmark of 59.2%. Due to delayed invoicing, non-personal/equipment expenditures in the Customer Facility and Transportation Fee Fund were 17.8% compared to the straight-line benchmark of 66.7%. The Administration will continue to closely monitor and report activity, revenue, and expenditure status.

OTHER FUNDS (CONT'D.)

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 2026, the City Council approved SJCE's power mix and rate package for 2026 at 2.4% - 3.8% below PG&E rates for its standard GreenSource product inclusive of PG&E's added fees and depending on customer class and usage. Energy content for GreenSource will remain at 62% renewable energy and up to 95% carbon-free power. California's renewable energy goal, set by Senate Bill 100, is to power 60% of its electricity from renewable sources by 2030. SJCE met that goal in 2024 and was more renewable than PG&E and the California utility average of 45%. This is among the highest renewable power content of all California Community Choice Aggregators and for any large city in the United States.

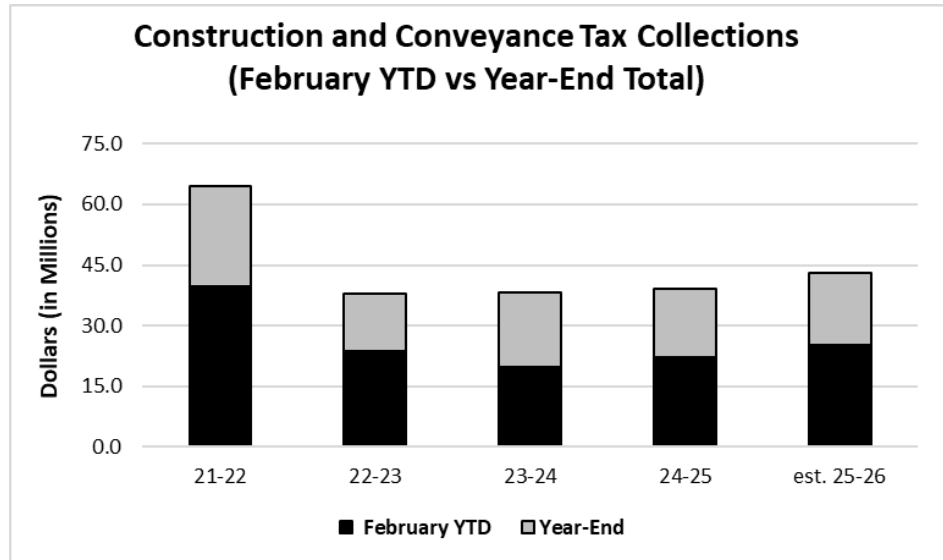
Through February, Energy Sales totaled \$356.7 million, which is 1% below the prior year level and represents 76.7% of the 2025-2026 Adopted Budget estimate of \$465.0 million. Cost of Energy expenditures including encumbrances totaled \$349.0 million, which is 14.3% below prior year level of \$407.1 million. Additionally, the expenditure level through February represents 82.0% of the Adopted Budget; 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 \$385.4 million or 17.1% below the budgeted estimate of \$465.0 million. The Cost of Energy is estimated to end the year at \$367.4 million, which is 13.2% below the Adopted Budget of \$423.2 million.

At its meeting on February 10, 2026, the City Council approved rates for its main GreenSource standard service that are approximately 2.4% to 3.8% lower than current PG&E rates and are forecasted to result in a typical residential customer paying \$11 less per month on average than in 2025. These lower rates are inclusive of PG&E's Power Charge Indifference Adjustment fees increasing by 470%, and are expected to require the spend down of most, if not all, of the \$106 million Rate Stabilization Reserve by the end of calendar year 2026. However, due to SJCE's strong financial performance in 2025, the Operations Reserve remains healthy and has grown to approximately 241 days of operating expenses as of December 31, 2025.

OTHER FUNDS (CONT'D.)

Construction and Conveyance Tax Funds

Through February 2026, Construction and Conveyance (C&C) Tax receipts totaled \$25.3 million, which is 13.9% above collections received through February 2025. In addition, the City has received March Conveyance Tax receipts from Santa Clara County totaling \$3.4 million,



compared to the prior year receipts of \$2.4 million. In total, estimated Construction and Conveyance Tax collections through March 2026 totaled \$28.7 million, which is almost 15% above the \$25.0 million collected through March 2025. The 2026-227 Proposed Mid-Biennial Capital Budget Update and 2027-2031 Proposed CIP assumes 2025-2026 C&C revenue will total \$43 million. It is currently anticipated that C&C collections will meet or slightly exceed this estimate; however collections will likely fall short of 2025-2026 Adopted Budget estimate of \$47 million. C&C Tax receipts can vary significantly as they are driven by the local real estate market. Based on collections through March, it is anticipated C&C receipts will end the year within or slightly above the budgeted estimate.

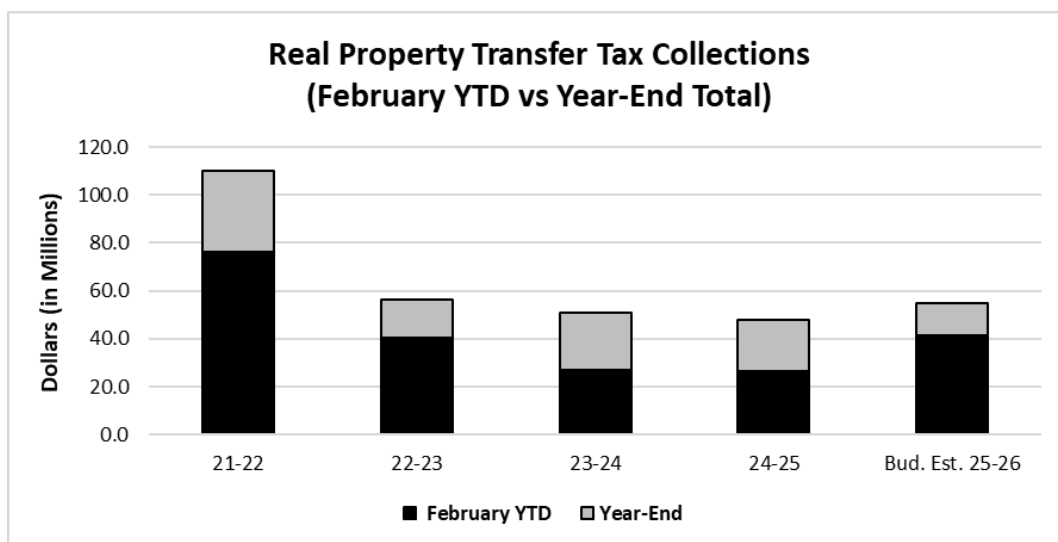
Over 99% of the total Construction and Conveyance Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). As discussed in the Economic Environment section of this Bi-Monthly Financial Report, property transfers have dropped. Since housing statistics are a key 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.

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.

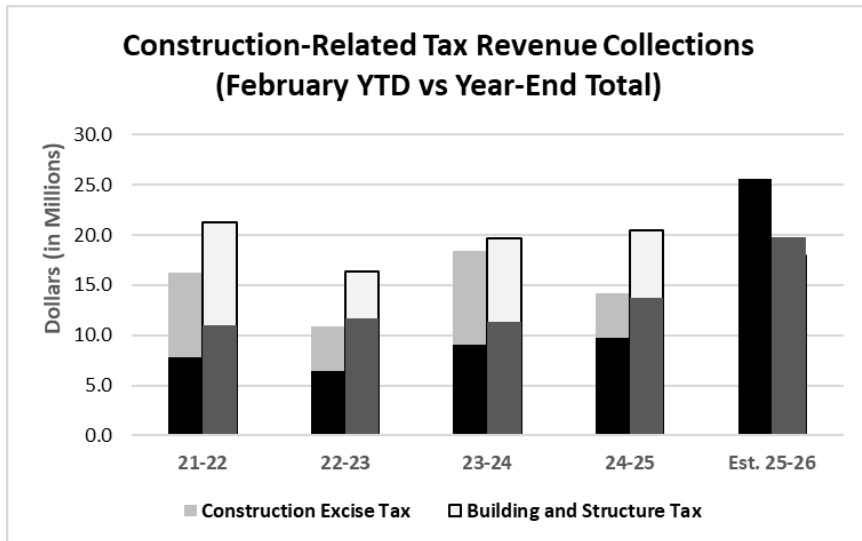
Through February 2026, Real Property Transfer Tax collections totaled \$41.5 million, which is significantly above the prior year level of \$26.3 million. In addition, the City has also received the March tax receipts from Santa Clara County, which totaled \$6.3 million; compared to \$4.3 million received in the prior year. In total, Real Property collections through March 2026 totaled \$47.8 million, which represents growth of \$17.2 million (56.0%) from the prior year collection level. This growth is primarily due to seven high value property sales (totaling \$19.6 million in Real Property Transfer Tax collections) occurring in 2025-2026, compared to four high value property sales (totaling \$4.9 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 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 February is higher than the permit valuation for the same period last fiscal year as a result of substantially higher commercial and residential activity. As a result of the strong construction activity, driven in large part by the issuance of building permits in January for a new data center, both the Building and Structure Construction Tax and the Construction Excise Tax are anticipated to end the year above the budgeted estimates.

Through February, the Building and Structure Construction Tax collection level of \$19.8 million represents 109.8% of the budgeted estimate of \$18.0 million, and is 44.3% above receipts through February 2025 of \$13.7 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 February, Building and Structure Construction Tax revenue is anticipated to end the year totaling \$24 million, which is \$6 million above the budgeted estimate.

Through February, the Construction Excise Tax collection level of \$25.6 million represents 160.0% of the budgeted estimate of \$16.0 million, and is 164.0% above receipts through February 2025 of \$9.7 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 February, Construction Excise Tax revenue is anticipated to end the year totaling \$28 million, which is \$12 million above the budgeted estimate.

OTHER FUNDS (CONT'D.)**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 February 2026, Building Permit revenues of \$31.9 million are 44.6% above the prior-year collection level of \$22.1 million. This revenue growth is attributable to the new residential building plan check, building residential permits, and building plan check and permits 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 exceed the 2025-2026 budget revenue estimate by approximately \$5.6 - \$6.4 million.

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 February 2026, Citywide Planning Fee revenues of \$3.0 million are 25.3% above the prior-year collection level of \$2.4 million. This increase is attributable to increased permit and plan check. The 2025-2026 Adopted Budget estimate of \$3.8 million assumed similar activity levels as the 2024-2025 actual collections of \$3.8 million. Based on current collection trends, Citywide Planning Fee revenue is anticipated to exceed the 2025-2026 budgeted revenue estimate by approximately \$500,00 - \$700,000.

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 February totaled \$8.6 million, reflecting an increase of 29.8%, 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 exceed the 2025-2026 budgeted estimate by approximately \$1.0 - \$1.5 million.

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 February 2026, Planning Fee revenues of \$6.4 million are 61.3% above the prior-year collection level of \$3.9 million. The revenue growth is attributable to several large residential developments and increased revenues for permit adjustments, conditional use permits, and zoning permits, compared to the same period last year. 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 exceed the 2025-2026 budgeted revenue estimate by approximately \$200,000 - \$375,000.

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 February of \$18.3 million increased significantly from the prior year level of \$12.7 million. This revenue growth is attributable primarily to telecom and fiber, utilities reimbursements and utility excavations, and development grading permits. Public Works Development Fee Program revenue collections to date are comprised of \$9.6 million from the Development Services Fee Program, \$8.0 million from the Utility Fee Program, and \$771,000 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 exceed the budgeted estimate by approximately \$4.5 - \$6.0 million.

CONCLUSION

Current indicators point to overall sluggish economic conditions. While development activity is trending higher, employment levels have only slightly increased, 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 5%, versus 7.5-8% experienced a few years ago.

Through the first eight months of the fiscal year, General Fund revenue is expected to end the year slightly (\$1 - \$4 million) below the budgeted estimate and General Fund expenditures are anticipated to end the year with minimal savings. The 2027-2031 General Fund Forecast that was released in February 2026 included \$30 million that would be available at the end of 2025-2026 and budgeted for use in 2026-2027. Use of the Budget Stabilization Reserve will be necessary to offset any shortfalls in achieving this ongoing fund balance target. The Administration currently anticipates achieving a year-end fund balance of only \$5 million to \$10 million, which includes net expenditure savings, liquidation of prior year encumbrances, and a slight revenue shortfall.

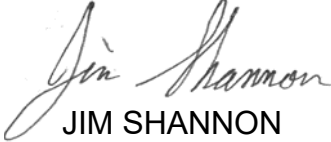
CONCLUSION (CONT'D.)

Expenditure and revenue activity will continue to be monitored, with further information being included as part of the March/April Bi-Monthly Financial Report that will be released in June 2026 and the Approval of Various Budget Actions for Fiscal Year 2025-2026 memorandum that will be reviewed by the City Council in June 2026.

Additionally, several non-General Fund revenue categories are currently projected to end the year at or above budgeted levels, including Building and Structure Construction Tax, Construction Excise, Real Property Transfer Tax, and all of the Development Fee Funds. Airport activity continues to decline, and in the SJCE Fund, Energy Sales (revenue) is projected to end the year below budgeted levels, though this revenue decrease is accompanied by lower Cost of Energy expenditures.

The Administration will follow and report on economic indicators, revenue projections, and anticipated expenditure savings in 2025-2026 through the 2026-2027 Proposed Budget and future Bi-Monthly Financial Reports. If warranted, budget adjustments to align revenue with revised estimates will be brought forward for City Council consideration as part of the Approval of Various Budget Actions for Fiscal Year 2025-2026 memorandum that will be reviewed by the City Council in June 2026.

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 February 28, 2026

Fiscal Year 2025-2026

(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended February 28, 2026
Fiscal Year 2025-2026
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended February 28, 2026
Fiscal Year 2025-2026
(UNAUDITED)

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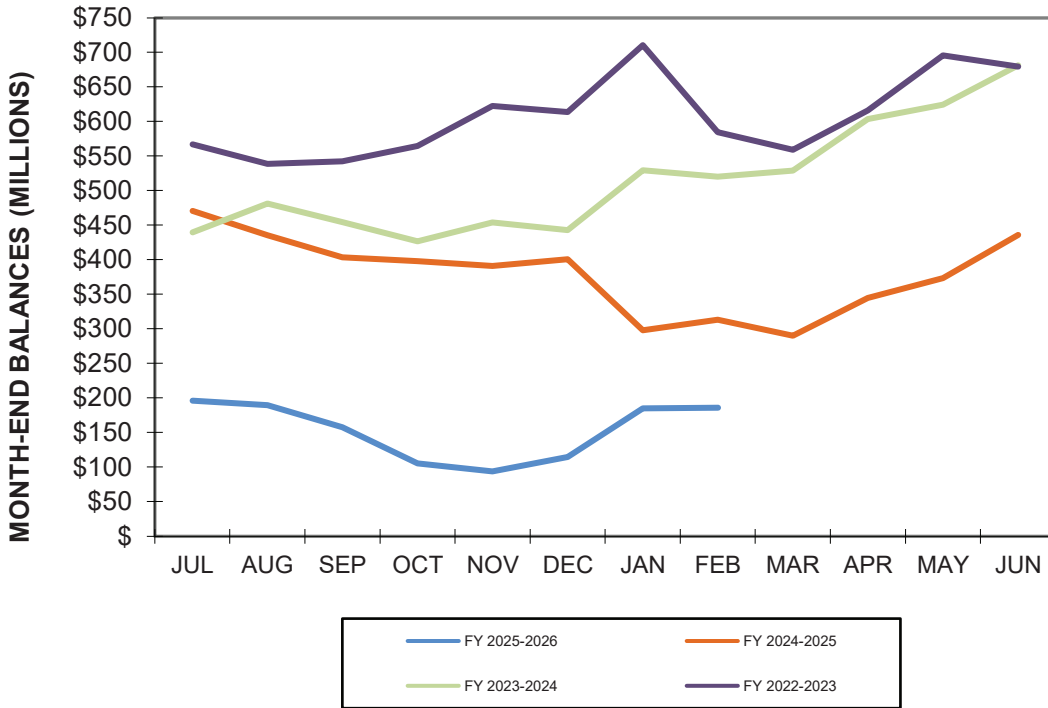
Submitted by:



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	93,953,100	390,968,460	453,578,125	622,142,937
DECEMBER	114,623,917	400,750,041	442,840,961	613,707,115
JANUARY ^{(3),(4)}	185,030,099	297,634,342	529,348,366	710,351,741
FEBRUARY	185,882,403	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

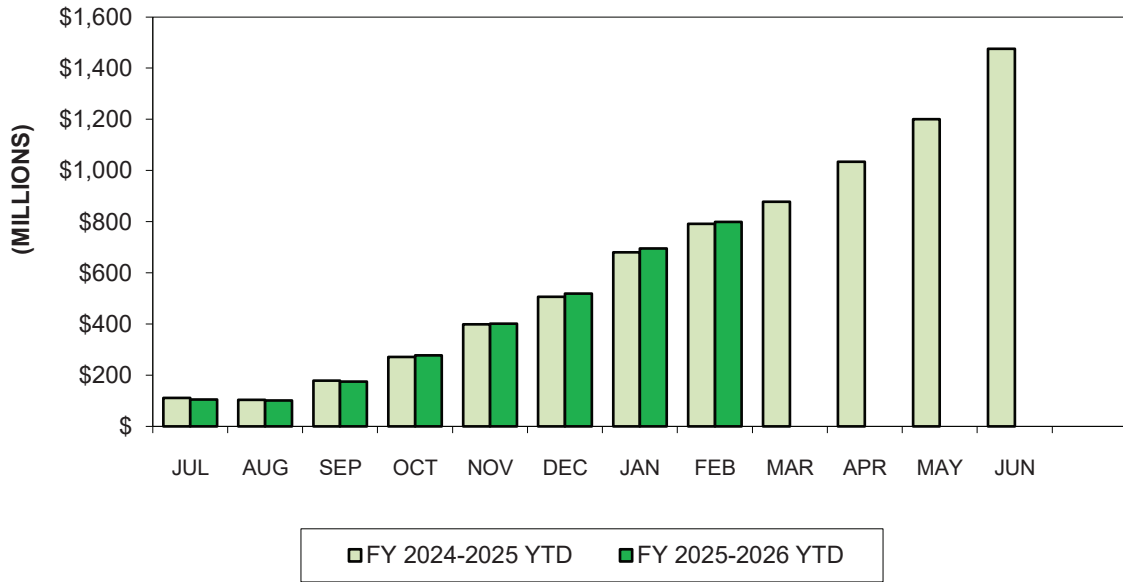
(1) The General Fund cash balance decreased in July as part of the annual lump-sum pre-funding of a portion of the employer's share of retirement contributions to achieve budgetary savings. In 2025-2026, the City pre-funded with \$227 million cash.

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

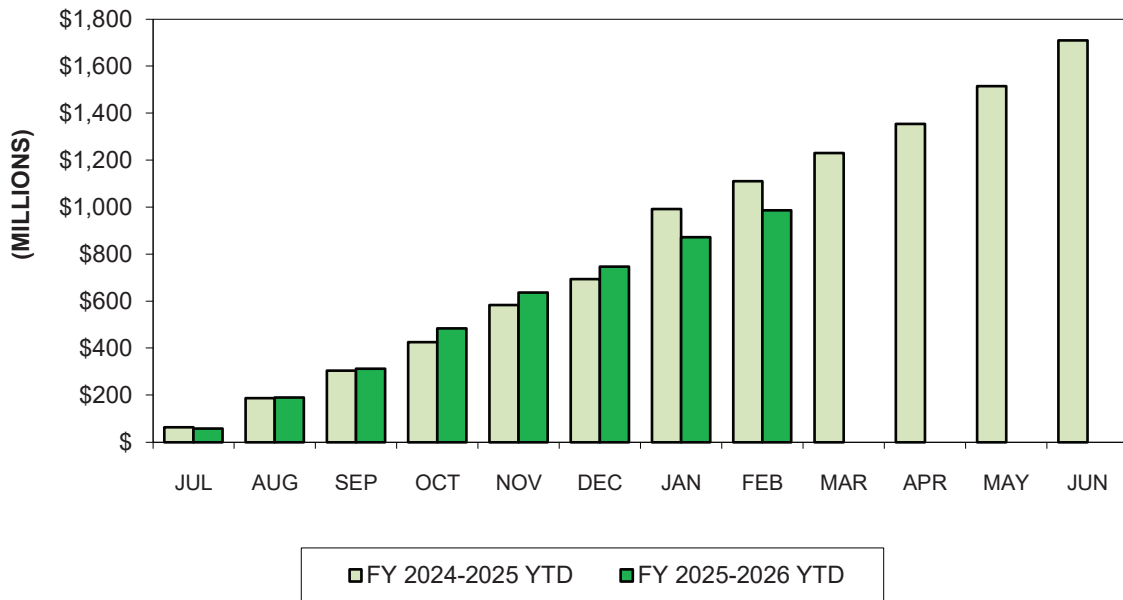
(3) The General Fund cash balance decreased in January of FY2024-2025 due to a \$160.5 million transfer to the Real Property Transfer Tax Fund.

(4) The General Fund cash balance increased in January due to bi-annual receipts of property taxes.

**GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues**

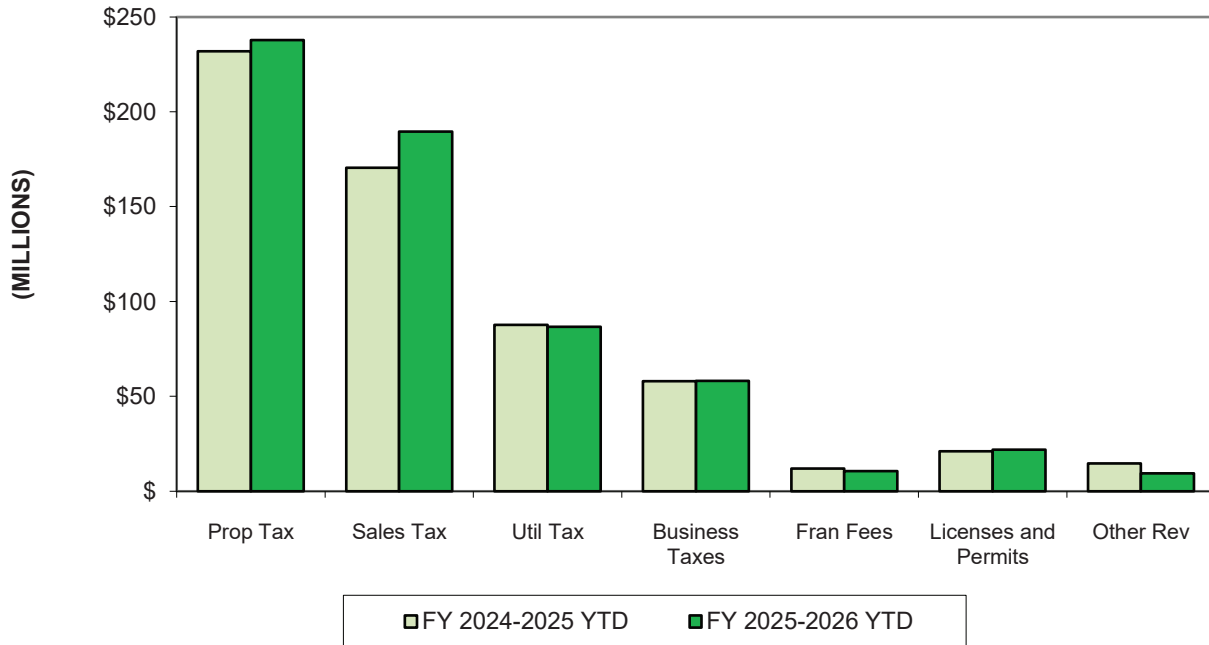


**GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

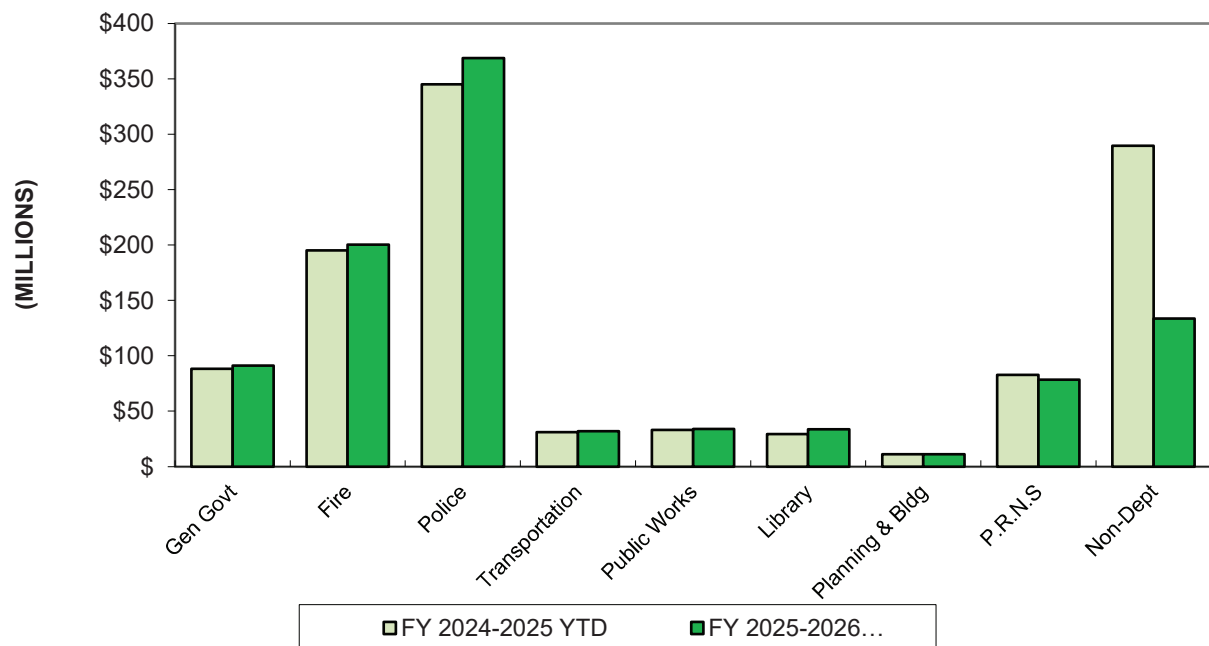


Note: 1) Decrease in expenditures was due to a \$160.5 million transfer from the General Fund to the Real Property Transfer Tax Fund as of February 2025; whereas, \$2.1 million was transferred as of February 2026.

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.
 2) Decrease in Non-Dept expenditures was due to a \$160.5 million transfer from the General Fund to the Real Property Transfer Tax Fund as of February 2025; whereas, \$2.1 million was transferred as of February 2026.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE MONTHS ENDED FEBRUARY 28, 2026
(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	-	-	76,781	76,781	76,781	100.00%	95,104	117.45%	80,976	(18,323)	-19.27%
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	76,781	454,953	454,953	100.00%	696,037	102.07%	681,909	(241,084)	-34.64%
General Revenues											
Property Tax	536,500	(14,000)	-	522,500	237,850	45.52%	231,867	46.51%	498,478	5,983	2.58%
Sales Tax	340,000	-	-	340,000	189,561	55.75%	170,524	51.45%	331,431	19,037	11.16%
Telephone Line Tax	22,000	-	-	22,000	12,973	58.97%	12,593	57.27%	21,989	380	3.02%
Transient Occupancy Tax	18,000	-	-	18,000	9,781	54.34%	9,100	52.87%	17,212	681	7.48%
Franchise Fees	58,988	-	-	58,988	10,471	17.75%	11,905	20.36%	58,459	(1,434)	-12.05%
Utility Tax	143,800	(1,350)	-	142,450	86,591	60.79%	87,560	62.59%	139,897	(969)	-1.11%
Business Taxes	85,000	-	-	85,000	58,031	68.27%	57,988	66.13%	87,693	43	0.07%
Licenses and Permits	22,575	(650)	-	21,925	21,862	99.71%	21,048	94.53%	22,267	814	3.87%
Fines, Forfeits and Penalties	15,280	-	-	15,280	13,995	91.59%	11,063	56.04%	19,741	2,932	26.50%
Use of Money and Property	21,935	20	-	21,955	9,498	43.26%	13,160	65.10%	20,214	(3,662)	-27.83%
Revenue from Local Agencies	22,133	2,113	-	24,246	10,876	44.86%	9,346	42.10%	22,201	1,530	16.37%
Revenue from State of CA	31,983	14,154	-	46,137	5,689	12.33%	23,509	59.82%	39,302	(17,820)	-75.80%
Revenue from Federal Government	7,250	1,483	-	8,733	2,424	27.76%	1,995	30.95%	6,445	429	21.50%
Fees, Rates and Charges	32,271	-	-	32,271	14,798	45.86%	15,175	57.69%	26,306	(377)	-2.48%
Other Revenues	12,393	1,641	-	14,034	9,302	66.28%	14,547	73.20%	19,873	(5,245)	-36.06%
Total General Revenues	1,370,108	3,411	-	1,373,519	693,702	50.51%	691,380	51.92%	1,331,508	2,322	0.34%
Transfers & Reimbursements											
Overhead Reimbursements	88,842	-	-	88,842	71,882	80.91%	72,526	82.87%	87,516	(644)	-0.89%
Transfers from Other Funds	36,053	2,320	-	38,373	24,017	62.59%	17,645	48.02%	36,745	6,372	36.11%
Reimbursements for Services	20,973	-	-	20,973	9,404	44.84%	10,045	52.38%	19,178	(641)	-6.38%
Total Transfers & Reimbursements	145,868	2,320	-	148,188	105,303	71.06%	100,216	69.87%	143,439	5,087	5.08%
Total Sources	1,872,287	27,592	76,781	1,976,660	1,253,958	63.44%	1,487,633	68.97%	2,156,856	(233,675)	-15.71%

(*) - 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 FEBRUARY 28, 2026
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O ENCUMBR	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %		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			OF BUDGET	ACTUAL (*)	YEAR-END	ACTUAL (*)	ACTUAL (*)	LESS PRIOR YTD
General Government												
Mayor and Council	19,545	1,549	160	21,254	9,501	65	44.70%	9,407	63.83%	14,738	94	1.00%
City Attorney	19,980	(109)	1,271	21,142	12,123	1,766	57.34%	12,026	62.95%	19,104	97	0.81%
City Auditor	3,147	(15)	-	3,132	1,831	-	58.46%	1,881	63.87%	2,945	(50)	-2.66%
City Clerk	4,015	3	232	4,250	2,552	146	60.05%	2,230	61.36%	3,634	322	14.44%
City Manager	26,213	(516)	782	26,479	16,005	1,207	60.44%	15,061	62.59%	24,062	944	6.27%
Clean Energy	1,177	189	(46)	1,320	806	12	61.06%	-	0.00%	-	806	0.00%
Finance	24,334	(16)	1,026	25,344	15,168	1,007	59.85%	15,009	63.84%	23,512	159	1.06%
Information Technology	35,431	88	3,162	38,681	18,688	3,464	48.31%	19,124	56.95%	33,583	(436)	-2.28%
Human Resources	15,151	(109)	42	15,084	9,054	2,507	60.02%	8,448	58.91%	14,341	606	7.17%
Independent Police Auditor	1,665	(8)	-	1,657	973	-	58.72%	802	59.45%	1,349	171	21.32%
Office of Economic Development	8,406	(157)	233	8,482	4,453	427	52.50%	4,358	66.36%	6,567	95	2.18%
Total General Government	159,064	899	6,862	166,825	91,154	10,601	54.64%	88,346	61.42%	143,835	2,808	3.18%
Public Safety												
Fire	298,202	27	2,869	301,098	200,292	3,519	66.52%	195,094	63.55%	306,971	5,198	2.66%
Police	574,132	24,069	2,860	601,061	368,632	3,649	61.33%	345,109	62.14%	555,346	23,523	6.82%
Total Public Safety	872,334	24,096	5,729	902,159	568,924	7,168	63.06%	540,203	62.65%	862,317	28,721	5.32%
Capital Maintenance												
Transportation	55,805	(311)	1,117	56,611	31,909	2,454	56.37%	31,200	62.66%	49,796	709	2.27%
Public Works	57,620	(380)	854	58,094	33,828	5,676	58.23%	32,955	59.58%	55,315	873	2.65%
Total Capital Maintenance	113,425	(691)	1,971	114,705	65,737	8,130	57.31%	64,155	61.04%	105,111	1,582	2.47%
Community Service												
Housing	637	(100)	-	537	214	-	39.85%	367	82.84%	443	(153)	-41.69%
Library	52,108	-	3,178	55,286	33,678	4,531	60.92%	29,212	59.76%	48,881	4,466	15.29%
Planning, Bldg & Code Enf.	19,795	214	987	20,996	11,151	1,191	53.11%	11,126	62.19%	17,890	25	0.22%
Parks, Rec & Neigh Svcs	141,573	(826)	3,006	143,753	78,419	4,512	54.55%	82,656	60.13%	137,463	(4,237)	-5.13%
Environmental Services	4,604	(222)	194	4,576	2,624	827	57.34%	3,858	58.60%	6,584	(1,234)	-31.99%
Total Community Services	218,717	(934)	7,365	225,148	126,086	11,061	56.00%	127,219	60.22%	211,261	(1,133)	-0.89%
Total Dept. Expenditures	1,363,540	23,370	21,927	1,408,837	851,901	36,960	60.47%	819,923	62.00%	1,322,524	31,978	3.90%

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Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED FEBRUARY 28, 2026
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O ENCUMBR	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END ACTUAL (*)	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	12,921	10,951	42,966	11,312	11,315	26.33%	10,990	56.30%	19,521	322	2.93%		
Environmental & Utility Services	2,945	377	582	3,904	1,617	256	41.42%	904	41.09%	2,200	713	78.87%		
Public Safety	40,294	3,277	459	44,030	22,819	371	51.83%	22,503	65.55%	34,329	316	1.40%		
Neighborhood Services	23,907	12,212	5,207	41,326	15,607	9,150	37.77%	14,005	43.90%	31,901	1,602	11.44%		
Transportation Services	7,393	292	56	7,741	3,496	88	45.16%	2,217	45.71%	4,850	1,279	57.69%		
Strategic Support	40,655	10,519	4,852	56,026	21,821	6,171	38.95%	26,456	60.62%	43,645	(4,635)	-17.52%		
Total City-wide Expenditures	134,288	39,598	22,107	195,993	76,672	27,351	39.12%	77,075	56.49%	136,446	(403)	-0.52%		
Other Non-Dept Expenditures:														
Capital Improvements	47,811	(710)	32,747	79,848	21,449	25,795	26.86%	25,829	41.96%	61,559	(4,380)	-16.96%		
Transfers to Other Funds	36,278	(246)	-	36,032	35,542	-	98.64%	186,621	98.67%	189,136	(151,079)	-80.95%		
Total Non-Dept Expenditures	218,377	38,642	54,854	311,873	133,663	53,146	42.86%	289,525	74.79%	387,141	(155,862)	-53.83%		
Reserves														
Contingency Reserve	53,000	-	-	53,000	-	-	0.00%	-	0.00%	-	-	0.00%		
Earmarked Reserves	237,370	(34,420)	-	202,950	-	-	0.00%	-	0.00%	-	-	0.00%		
Total Reserves	290,370	(34,420)	-	255,950	-	-	0.00%	-	0.00%	-	-	0.00%		
Total Uses	1,872,287	27,592	76,781	1,976,660	985,564	90,106	49.86%	1,109,448	64.89%	1,709,665	(123,884)	-11.17%		

(*) - 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.

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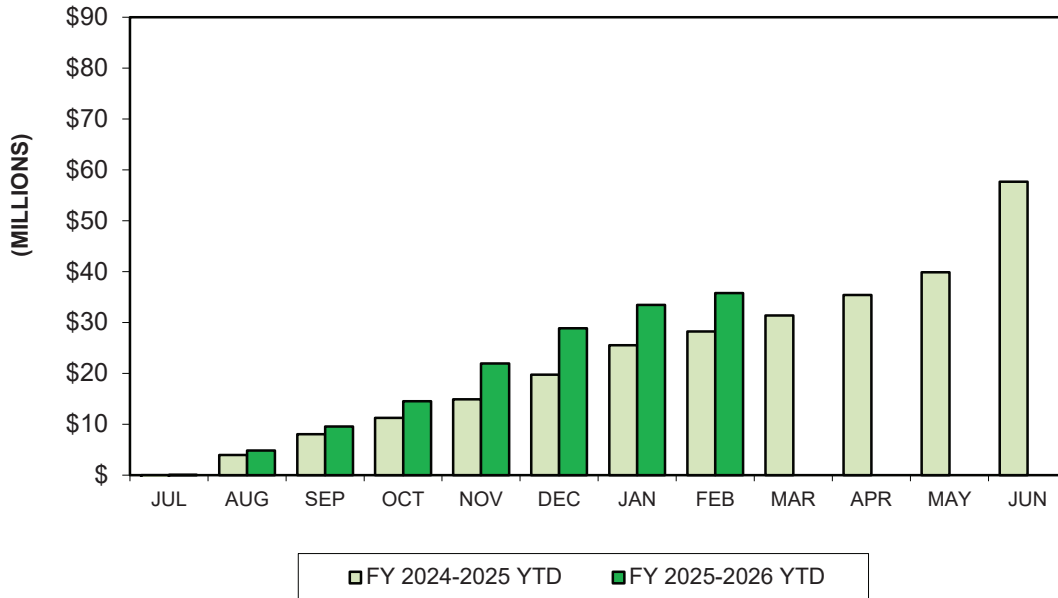
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED FEBRUARY 28, 2026
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

	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	448	57.14%	493	56.60%	871	(45)	-9.13%
Transportation	1,513	-	-	1,513	1,247	82.42%	1,003	54.87%	1,828	244	24.33%
Library	110	-	-	110	45	40.91%	48	64.86%	74	(3)	-6.25%
Parks Rec & Neigh Svcs	23,131	-	-	23,131	11,142	48.17%	12,098	57.60%	21,005	(956)	-7.90%
Miscellaneous Dept Charges	6,733	-	-	6,733	1,916	28.46%	1,533	60.64%	2,528	383	24.98%
Total Fees, Rates, and Charges	32,271	-	-	32,271	14,798	45.86%	15,175	57.69%	26,306	(377)	-2.48%

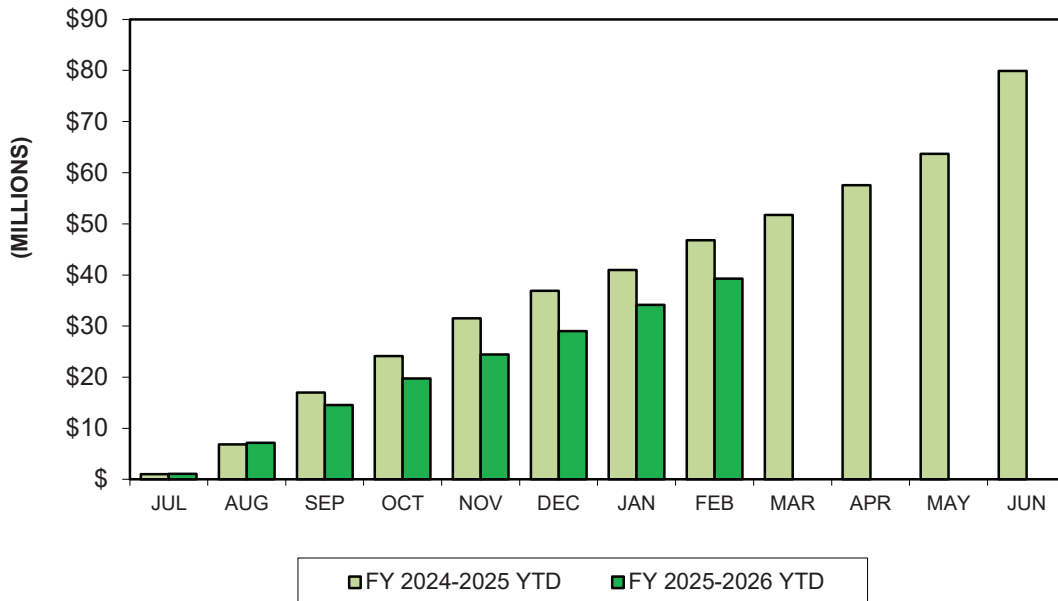
(*) - The figures for Current Year-to-Date (YTD) Actual, Prior YTD Actual, and Prior Year-End Actual are reported on the budgetary basis. Consequently, variances from the budgetary basis may arise because certain transactions, such as unrealized gains and losses, are recognized as revenues or expenditures 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

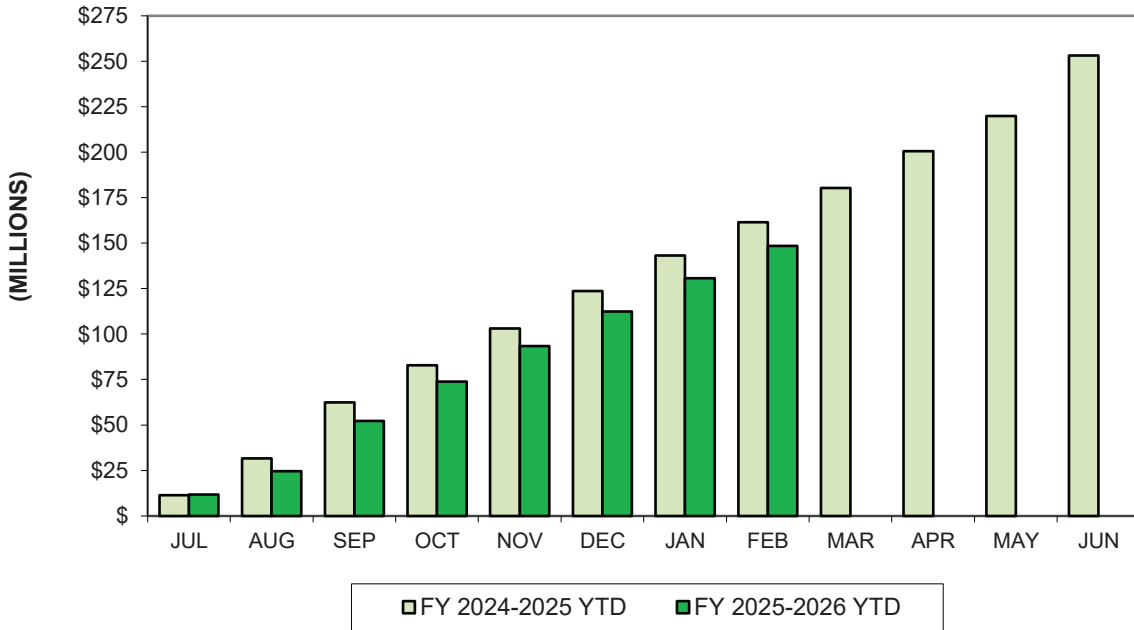


CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Expenditures vs. Prior YTD Expenditures

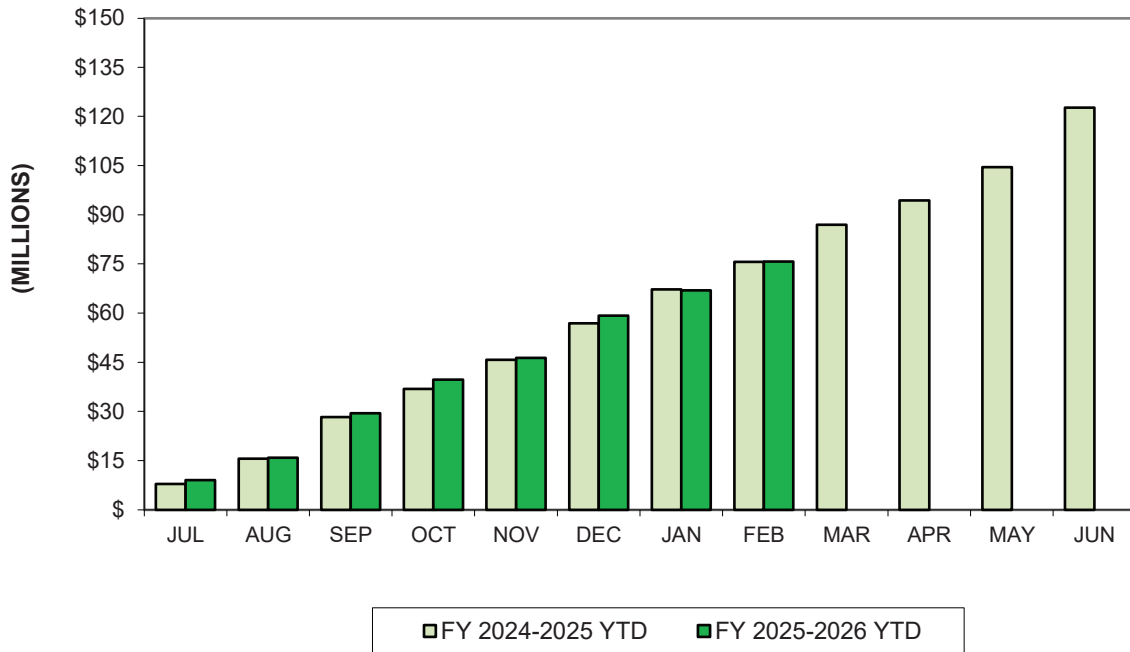


Note: 1) Increase in revenue was due to a receipt of a \$4.1 million for the Building Forward Library Infrastructure Round 2 Grant.
 2) Decrease in expenditures as of February 2026 was due to a \$2.7 million decrease related to the Coyote Creek Trail, a \$1.4 million decrease in the Emergency Medical Services EQ, a \$1.1 million decrease in the Mise Park Artificial Turf Renovation, a \$1.1 million decrease in Hanchett Park Development, and a \$1.1 million decrease in Mabury Pavement Resurfacing Project.

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

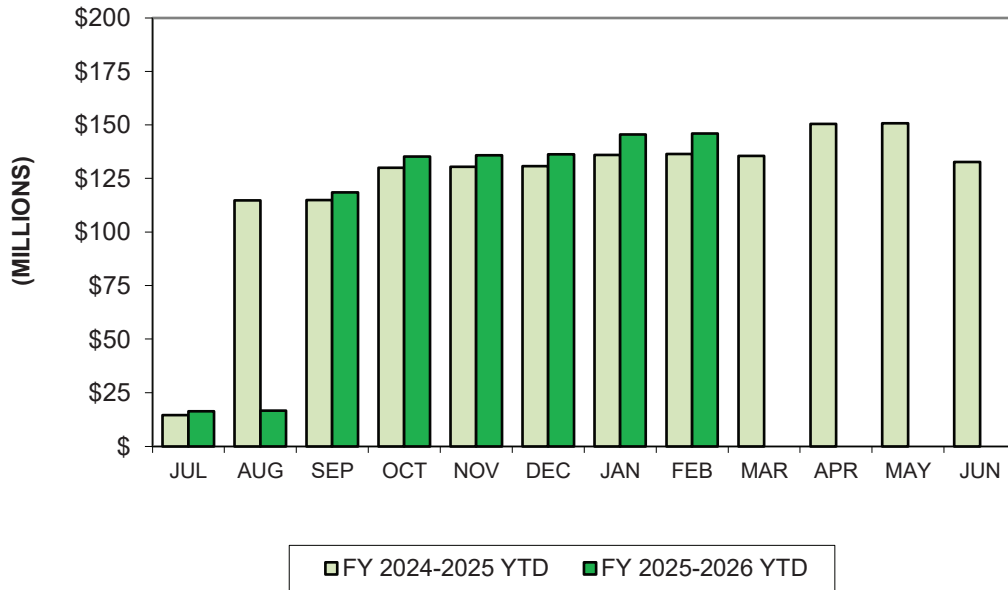


**AIRPORT MAINTENANCE & OPERATION FUND 523
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

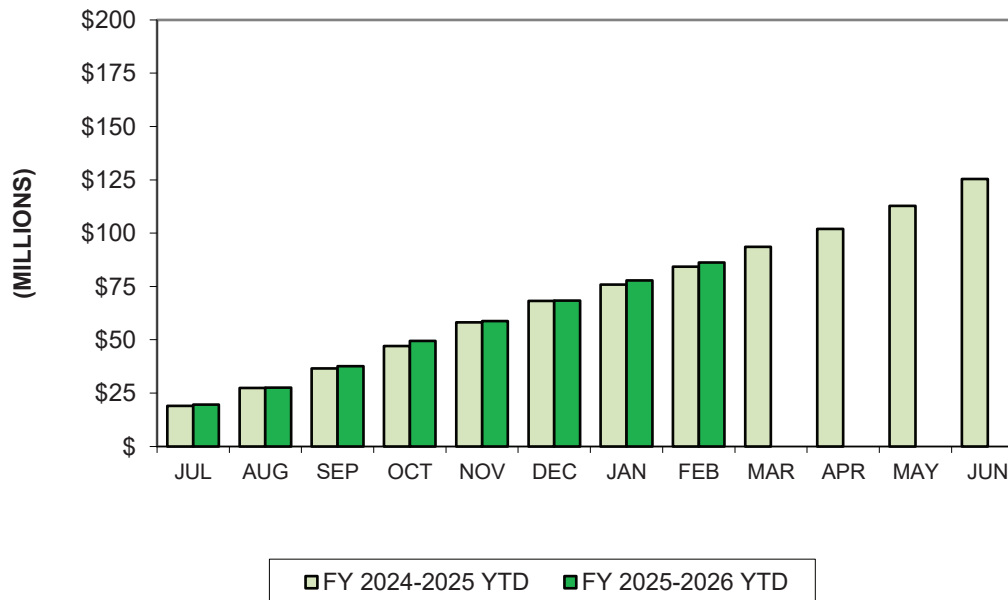


Note: 1) The Airport received grant reimbursement of \$10.0 million in Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Concessions in September 2024 compared to \$0 received as of February 2026.

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

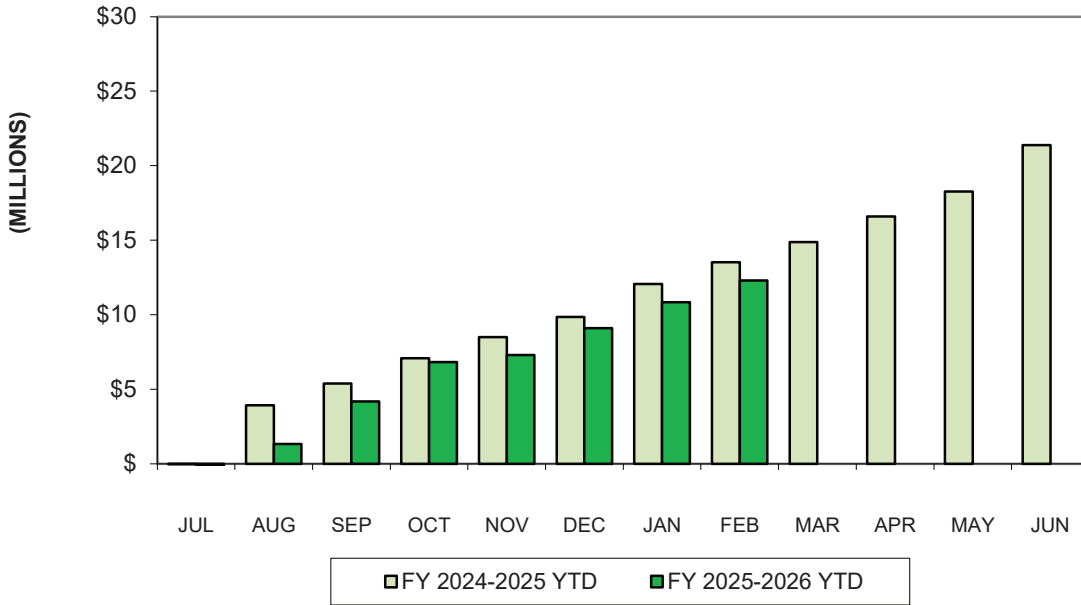


**WPCP OPERATION FUND 513
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

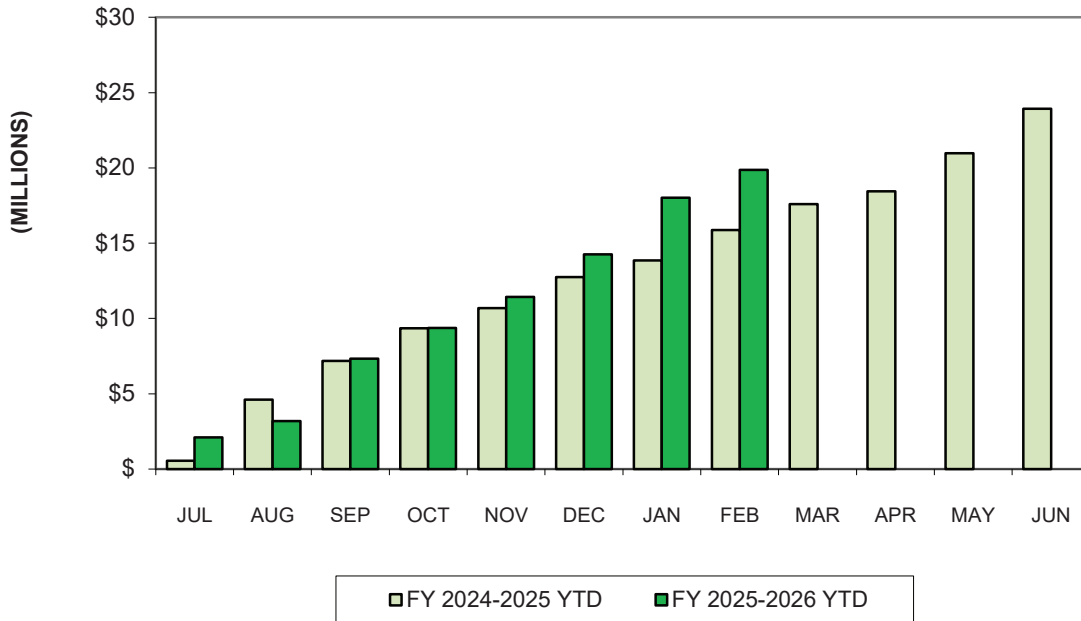


Note: 1) Increase in revenues was due to a \$1.7 million transfer from the Sewer Service & Use Charge Fund (541), a \$5.2 million increase in revenue from Santa Clara County, and a \$1.6 million increase in revenue from the West Valley Sanitation District.

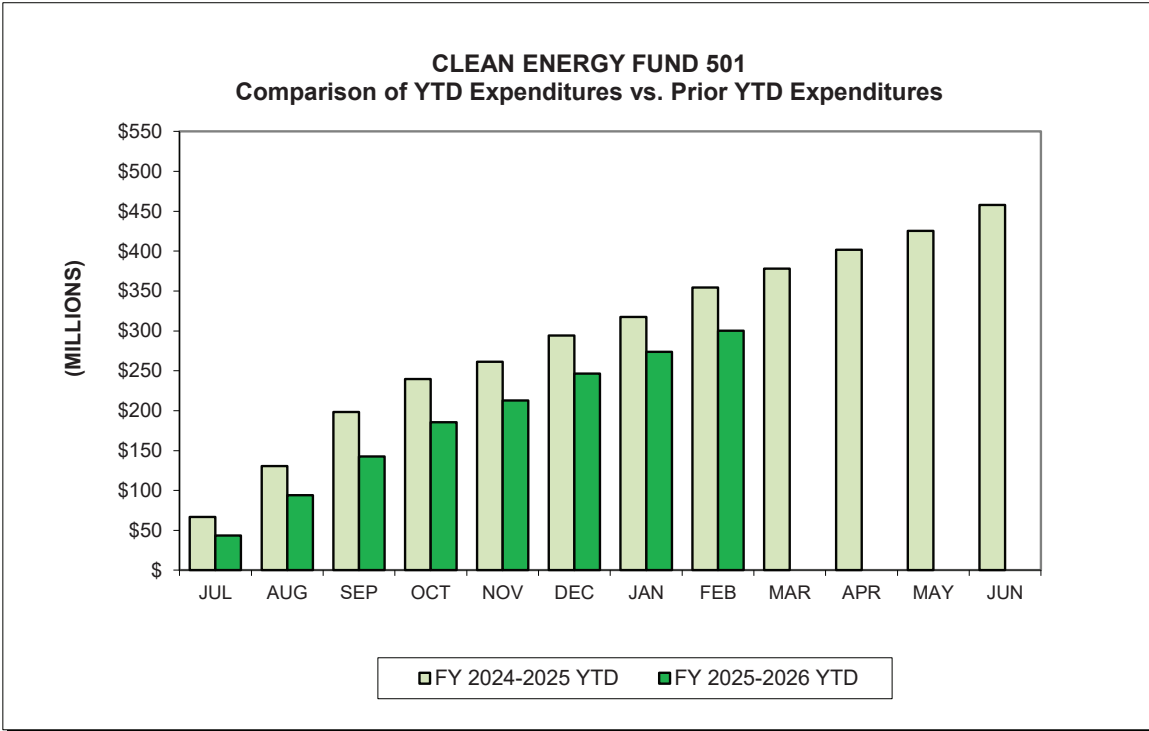
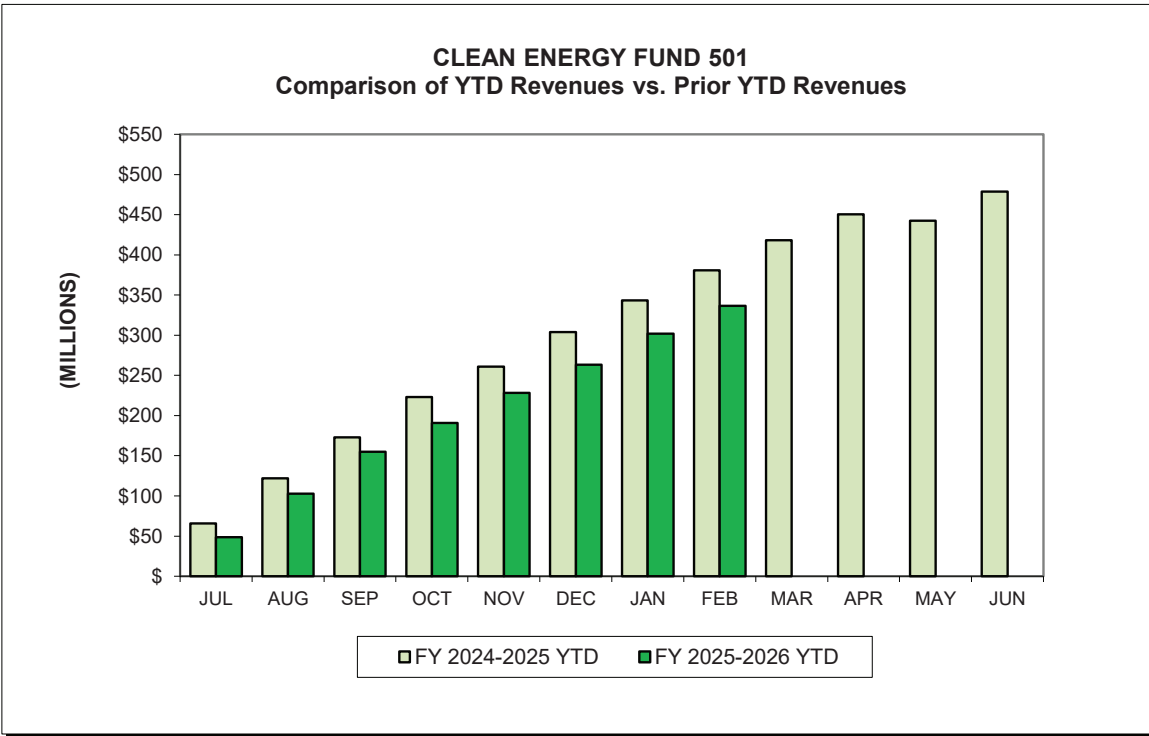
**GENERAL PURPOSE PARKING FUNDS 533 & 559
Comparison of YTD Revenues vs. Prior YTD Revenues**



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



Note: 1) Increase in expenses as of February 2026 was due to a \$3.4 million increase related to the Market Street Garage Facade Improvements project and \$3.1 million increase related to the Downtown Parking Garage projects.



Note: 1) The \$43.0 million decrease in revenue between P8 of the current year and P8 of the prior year is primarily due to (1) a \$6.0 million reduction in power sales resulting from changes in average rates, (2) a \$24.5 million customer bill credit provided to SJCE customers, and (3) a \$12.5 million reduction in miscellaneous revenue. The customer bill credit reflects the planned use of the Rate Stabilization Reserve (RSR), which defers revenues from prior periods for use in future periods to mitigate rate volatility and support financial stability. Accordingly, the credit represents the return of previously deferred revenues to customers in accordance with this policy.

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 FEBRUARY 28, 2026
(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	-	-	11,757	11,757	11,757	-	14,239
Beginning Fund Balance	69,138	10,485	-	79,623	79,623	-	99,656
Revenues	71,600	4,142	-	75,742	35,776	-	28,216
Total Sources	140,738	14,627	11,757	167,122	127,156	-	142,111
Total Uses	140,738	14,627	11,757	167,122	39,297	10,270	46,811
Airport							
Prior Year Encumbrance	-	-	27,701	27,701	27,701	-	28,935
Beginning Fund Balance	365,089	53,227	-	418,316	418,316	-	368,577
Revenues	582,752	37,372	-	620,124	305,216	-	359,008
Total Sources	947,841	90,599	27,701	1,066,141	751,233	-	756,520
Total Uses	947,841	90,599	27,701	1,066,141	279,830	42,162	319,726
Waste Water Treatment							
Prior Year Encumbrance	-	-	152,928	152,928	152,928	-	190,265
Beginning Fund Balance	328,463	(37,339)	-	291,124	291,124	-	287,677
Revenues	508,717	70,000	-	578,717	460,648	-	463,133
Total Sources	837,180	32,661	152,928	1,022,769	904,700	-	941,075
Total Uses	837,180	32,661	152,928	1,022,769	372,225	156,788	391,588
Parking							
Prior Year Encumbrance	-	-	5,444	5,444	5,444	-	4,892
Beginning Fund Balance	23,925	4,075	-	28,000	28,000	-	31,122
Revenues	16,750	551	-	17,301	12,306	-	13,514
Total Sources	40,675	4,626	5,444	50,745	45,750	-	49,528
Total Uses	40,675	4,626	5,444	50,745	19,870	10,729	15,881
Municipal Water							
Prior Year Encumbrance	-	-	7,460	7,460	7,460	-	24,737
Beginning Fund Balance	38,143	(15,785)	-	22,358	22,358	-	21,695
Revenues	138,123	(7,946)	-	130,177	87,433	-	57,646
Total Sources	176,266	(23,731)	7,460	159,995	117,251	-	104,078
Total Uses	176,266	(23,731)	7,460	159,995	57,812	6,788	66,797

(*) 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 FEBRUARY 28, 2026
(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	-	40,590
Beginning Fund Balance	261,513	8,873	-	270,386	270,386	-	218,140
Revenues	477,722	407	-	478,129	336,739	-	380,880
Total Sources	739,235	9,280	5,423	753,938	612,548	-	639,610
Total Uses	739,235	9,280	5,423	753,938	300,227	84,525	354,395
Gas Tax							
Revenues	20,000	-	-	20,000	9,065	-	9,669
Total Sources	20,000	-	-	20,000	9,065	-	9,669
Total Uses	20,000	-	-	20,000	9,065	-	9,669
Building and Structures							
Prior Year Encumbrance	-	-	17,140	17,140	17,140	-	11,785
Beginning Fund Balance	57,563	22,564	-	80,127	80,127	-	89,500
Revenues	121,655	(2,805)	-	118,850	24,085	-	24,677
Total Sources	179,218	19,759	17,140	216,117	121,352	-	125,962
Total Uses	179,218	19,759	17,140	216,117	28,250	29,367	25,400
Residential Construction							
Beginning Fund Balance	3,129	317	-	3,446	3,446	-	3,324
Revenues	315	-	-	315	337	-	139
Total Sources	3,444	317	-	3,761	3,783	-	3,463
Total Uses	3,444	317	-	3,761	120	-	96
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	356	356	356	-	472
Beginning Fund Balance	4,480	1,934	-	6,414	6,414	-	5,134
Revenues	27,045	(1)	-	27,044	14,731	-	13,686
Total Sources	31,525	1,933	356	33,814	21,501	-	19,292
Total Uses	31,525	1,933	356	33,814	24,408	1,067	21,110

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**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED FEBRUARY 28, 2026
(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	-	-	-	-	-	-	3,805
Beginning Fund Balance	6,023	1,113	-	7,136	7,136	-	3,309
Revenues	14,457	176	-	14,633	14,959	-	12,419
Total Sources	20,480	1,289	-	21,769	22,095	-	19,533
Total Uses	20,480	1,289	-	21,769	11,499	1,242	10,582
Golf							
Beginning Fund Balance	1,694	230	-	1,924	1,924	-	606
Revenues	1,025	-	-	1,025	1,106	-	482
Total Sources	2,719	230	-	2,949	3,030	-	1,088
Total Uses	2,719	230	-	2,949	-	-	7
Real Property Transfer Tax							
Prior Year Encumbrance	-	-	23,932	23,932	23,932	-	-
Beginning Fund Balance	140,978	6,065	-	147,043	147,043	-	-
Revenues	56,300	13,158	-	69,458	47,807	-	187,029
Total Sources	197,278	19,223	23,932	240,433	218,782	-	187,029
Total Uses	197,278	19,223	23,932	240,433	50,522	39,005	9,489
Emergency Reserve							
Prior Year Encumbrance	-	-	(36)	(36)	(36)	-	61
Beginning Fund Balance	(25,369)	18,468	-	(6,901)	(6,901)	-	(22,644)
Revenues	39,061	(20,864)	-	18,197	8,096	-	39
Total Sources	13,692	(2,396)	(36)	11,260	1,159	-	(22,544)
Total Uses	13,692	(2,396)	(36)	11,260	(4)	(36)	(1,985)
Low and Moderate Income Housing Asset							
Prior Year Encumbrance	-	-	32,399	32,399	32,399	-	48,203
Beginning Fund Balance	76,920	20,923	-	97,843	97,843	-	80,266
Revenues	14,500	59,570	-	74,070	11,143	-	8,027
Total Sources	91,420	80,493	32,399	204,312	141,385	-	136,496
Total Uses	91,420	80,493	32,399	204,312	22,065	28,957	17,996
Other Special Revenue Funds							
Prior Year Encumbrance	-	-	37,900	37,900	37,900	-	67,162
Beginning Fund Balance	352,644	60,162	-	412,806	412,806	-	399,172
Revenues	664,719	24,318	-	689,037	492,047	-	470,104
Total Sources	1,017,363	84,480	37,900	1,139,743	942,753	-	936,438
Total Uses	1,017,363	84,480	37,900	1,139,743	401,978	159,914	383,594

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Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED FEBRUARY 28, 2026
(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	-	24,602
Beginning Fund Balance	76,248	10,495	-	86,743	86,743	-	62,122
Revenues	104,772	114,504	-	219,276	25,874	-	55,352
Total Sources	181,020	124,999	14,240	320,259	126,857	-	142,076
Total Uses	181,020	124,999	14,240	320,259	73,855	28,060	68,344
Other Capital Funds							
Prior Year Encumbrance	-	-	24,025	24,025	24,025	-	35,124
Beginning Fund Balance	2,038	14,040	-	16,078	16,078	-	105,069
Revenues	209,870	-	-	209,870	1,878	-	4,186
Total Sources	211,908	14,040	24,025	249,973	41,981	-	144,379
Total Uses	211,908	14,040	24,025	249,973	51,073	40,204	55,826

(*) 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 FEBRUARY 28, 2026
(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	-	10,420
Revenues	4,073	125	-	4,198	3,299	-	3,208
Total Sources	8,256	6,409	34	14,699	13,800	-	13,676
Total Uses	8,256	6,409	34	14,699	4,711	68	4,376

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