



# Memorandum

**TO:** PUBLIC SAFETY, FINANCE, AND  
STRATEGIC SUPPORT COMMITTEE

**FROM:** Jim Shannon

**SUBJECT:** BI-MONTHLY FINANCIAL REPORT  
FOR SEPTEMBER/OCTOBER 2023

**DATE:** November 27, 2023

Approved

Date

11/27/2023

## RECOMMENDATION

Accept the Bi-Monthly Financial Report on actual revenues and expenditures as compared to the 2023-2024 Budget for the four months ending October 2023.

## OVERVIEW

The Bi-Monthly Financial Report for September/October 2023 was jointly prepared by the City Manager's Budget Office and the Finance Department and is presented for the Public Safety, Finance and Strategic Support Committee's review. The City Manager's Budget Office has analyzed actual expenditures as compared to the 2023-2024 Modified Budget and the Finance Department has prepared a report that reflects the financial results for the four months ending October 2023.

Through the first four months of the fiscal year, revenues and expenditures were generally tracking within the budgeted estimates 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 to the City Council during the year as appropriate. The following are key highlights of this report:

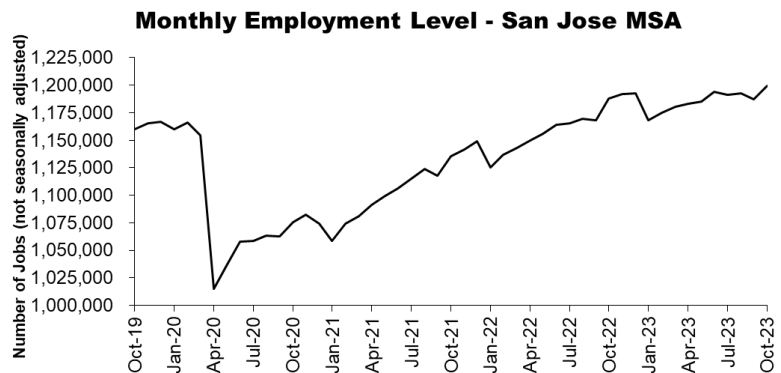
- Based on activity levels through October, overall, General Fund revenues appear to be tracking within estimated levels.
- Overall, General Fund expenditures tracked within estimated levels through October. Expenditures will continue to be controlled and monitored to ensure appropriations stay within approved levels.
- As a result of the struggling local real estate market, Construction and Conveyance Tax (C&C) revenue and Real Property Transfer Tax revenues are performing below prior year levels and may fall below budgeted levels; however, it is still early in the fiscal year and receipts will be closely monitored. As appropriate, budget adjustments may be brought forward for City Council consideration as part of the 2023-2024 Mid-Year Budget Review (scheduled for release on January 31, 2024).

**OVERVIEW (CONT'D.)**

- Construction Excise Tax collections are anticipated to end the year within budgeted levels; however, Building and Structure Construction Tax collections may fall below budgeted levels. Both of these revenue sources are dependent on construction activity, which is comparable to prior year levels.
- Transient Occupancy Tax activity levels are trending above prior year levels. At this point in the year, it is anticipated to meet or exceed budgeted levels.
- Based on performance through October, all Development Fee Programs revenues, with the exception of the Public Works Development Fee Program, are anticipated to fall below budgeted levels by year-end. This sector will continue to be closely monitored in the coming months to better understand and forecast activity levels through the remainder of the fiscal year.
- The San José Mineta International Airport (SJC) has enplaned and deplaned 4.3 million passengers through October, a slight decrease of 0.8% from the figures reported through October of the prior year.
- Through October, Energy Sales totaled \$203.1 million, 7.6% above prior year levels of \$188.7 million and 39.3% of the 2023-2024 Adopted Budget estimate of \$517.5 million. Cost of Energy expenditures including encumbrances totaled \$235.3 million, 15.4% above prior year levels of \$203.9 million and 53.3% of the Modified Budget. As a significant amount of funds for contracted energy are encumbered early in the year, it is anticipated SJCE will end the year within budgeted levels.
- The Administration will continue to report to the City Council all significant developments through future Bi-Monthly Financial Reports and the 2023-2024 Mid-Year Budget Review.

**Economic Environment**

While Silicon Valley continues to show overall positive economic performance, there are several areas of economic weakness, including the local real estate market and unemployment rates. While employment figures continue to be relatively strong, unemployment rates have been steadily rising.



The October 2023 employment level of 1.20 million in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) grew by 11,800 jobs, or 1.0%, from the October

**OVERVIEW (CONT'D.)**

2022 level of 1.19 million. This increase includes private education and health services increasing by 11,500 jobs, and leisure and hospitality expanding by 8,700 jobs. Notable employment reductions include professional and business services curring back 5,100 jobs, and manufacturing decreasing by 5,000 jobs.<sup>1</sup>

<b>Unemployment Rate (Unadjusted)</b>			
	<b>October 2022</b>	<b>Sept. 2023</b>	<b>October 2023**</b>
San Jose Metropolitan Statistical Area*	2.5%	3.7%	3.8%
State of California	3.9%	4.9%	4.8%
United States	3.4%	3.6%	3.6%
* San Benito and Santa Clara Counties Source: California Employment Development Department.			
** October 2023 estimates are preliminary and may be updated.			

As can be seen on the table to the left, the local unemployment rate has been steadily increasing over the past year with the October 2022 unemployment rate totaling 2.5%, and the October 2023 rate growing to 3.8%. While the October 2023 unemployment rate is lower than the unadjusted employment rate for the State (4.8%), it is higher than the national rate (3.6%).

Overall construction activity through October 2023 increased 1.3% from prior-year levels primarily due to the year-over-year doubling of residential activity, which is covering a significant drop in commercial activity. The 2023-2024 Adopted Budget was developed with the expectation that development activity would increase slightly from the levels experienced in 2022-2023. If current trends continue, construction activity would slightly underperform the activity projected by the Planning, Building and Code Enforcement Department in the 2024-2028 Five-Year Forecast, which was released in February 2023.

<b>Private Sector Construction Activity (Valuation in \$ Million)</b>			
	<b>October 2022 (YTD)</b>	<b>October 2023 (YTD)</b>	<b>% Change</b>
Residential	\$81.2	\$166.0	104.5%
Commercial	\$230.6	\$148.4	(35.6%)
Industrial	\$129.0	\$131.8	2.2%
<b>TOTAL</b>	<b>\$440.8</b>	<b>\$446.3</b>	<b>1.3%</b>

Through October, residential permit valuation has increased 104.5% from prior-year levels (\$166.0 million in 2023-2024 from \$81.2 million in 2022-2023). Residential activity through October included 542 multi-family units and 138 units of single-family construction for a total of 680 units.

Commercial valuation through October 2023 was 35.6% lower than the 2022-2023 level (\$148.4 million in 2023-2024 from \$230.6 million in 2022-2023). Additions and alterations in September and October accounted for 99% of the commercial activity (\$52.6 million) while new construction accounted for 1% (\$530,000). In September and October of 2022-2023, additions and alterations accounted for 93% of the commercial activity (\$117.1 million) while new construction accounted for 7%.

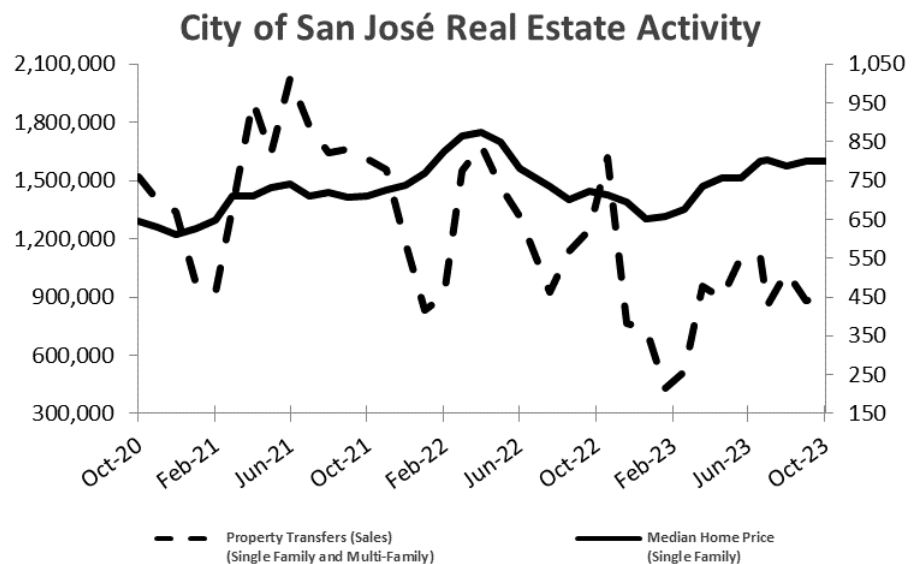
<sup>1</sup> State of California Employment Development: Labor Market Information Division Press Release, November 17, 2023

**OVERVIEW (CONT'D.)**

Industrial construction valuation through October was 2.2% higher than prior-year levels, with receipts totaling \$131.8 million in 2023-2024 and \$129.0 million in 2022-2023. Alterations accounted all the industrial activity in September and October (\$83.1 million). In September and October of 2022-2023, additions and alterations accounted for 68% of the industrial activity (\$20.5 million) while new construction accounted for 32% (\$9.7 million).

According to data from the Santa Clara County Association of Realtors, in October 2023, the median single-family home price totaled \$1.6 million, which is 12.1% above the October 2022 price of \$1.4 million. In addition, these more expensive homes are selling at a quicker rate. The average days-on-market through October 2023 totaled 18 days, while

the average days through October 2022 totaled 22 days. While both the median home price and average days-on-market are positive indicators, sales activity has been consistently declining. Property sales through October 2023 have dropped almost 45% compared to the prior-year sales. Year-over-year property sales have been consistently dropping since winter 2021. Local real estate activity will continued to be closely monitored with updates being provided in future bi-monthly financial reports and the 2023-2024 Mid-Year Review, which will be released on January 31, 2024.



On a national level, the Americans felt more pessimistic about the economy in October, after two straight months of growing confidence. Lynn Franco, Senior Director of Economic Indicators at The Conference Board, stated “Notably, concerns about inflation – which had been receding since July – picked up again, with both gas and food prices serving as main drivers. Vacation intentions cooled; however, intentions to purchase homes, automobiles, and big-ticket appliances all rose. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending, which could result in a challenging holiday season for retailers.”<sup>2</sup>

Economic conditions will continue to be closely monitored and will be factored into the assessment of the City’s performance in 2023-2024 as well as the development of the 2025-2029 General Fund Forecast that will be released in February 2024.

<sup>2</sup> The Conference Board, Consumer Confidence Survey, October 25, 2023

<b>GENERAL FUND</b>
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**REVENUES**

General Fund revenues through October 2023 totaled \$277.9 million, which represents a decrease of \$276.6 million from the October 2022 level of \$554.4 million. This decrease is primarily attributable to the City not issuing Tax and Revenue Anticipation Notes (TRANs), which were previously issued for cash flow purposes to facilitate the annual prefunding of Tier 1 employer retirement contributions for both Federated and Police and Fire retirement systems. However, in 2023-2024, due to increased interest rates for short-term borrowing, the City is only prepaying Tier 1 contributions for the Police and Fire retirement systems using available cash balances, which will not require TRANs issuance. In addition, Real Property Transfer Tax revenue has experienced year-over-year declines (\$8.6 million) due to a more constrained real estate market resulting in fewer high-value property transfers occurring. Finally, Franchise Fees revenue have declined by \$5.6 million which is due to a change in the timing of payments that is received from Pacific Gas and Electric (PG&E). Offsetting the revenues performing below prior year levels, there are several categories experiencing increases, including, Transfers and Reimbursements (\$6.0 million), Utility Tax (\$4.2 million), Licenses and Permits (\$2.6 million), and Use of Money and Property (\$2.3 million). These higher collections are due to the timing of payments and higher activity levels.

Based on activity levels and information received through October 2023, several revenue categories are anticipated to exceed budgeted levels, including Property Tax and Utility Tax. However, it is important to note that only preliminary information is currently known for all revenue categories. If warranted, budget adjustments to align revenue with revised estimates will be brought forward for City Council consideration as part of the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

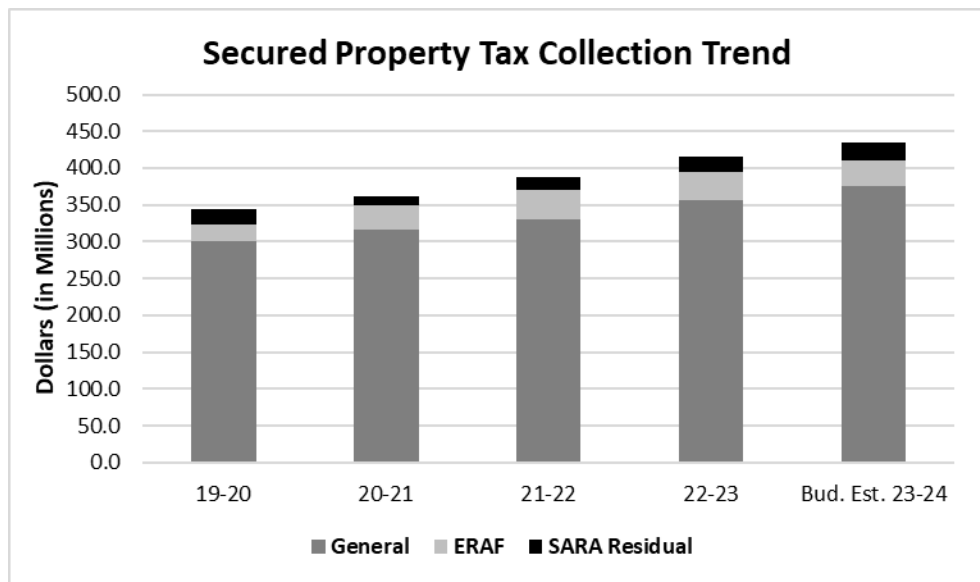
**GENERAL FUND (CONT'D.)**

**KEY GENERAL FUND REVENUES**

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Property Tax</b>	<b>\$ 460,400,000</b>	<b>\$ 20,242,314</b>	<b>\$ 18,968,343</b>

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Aircraft Property Tax, and Homeowner’s Property Tax Relief. Based on the most recent information that has been received from Santa Clara County, Property Tax receipts in 2023-2024 are estimated at \$472.7 million, which is approximately 2.7% higher than the 2023-2024 budgeted estimate of \$460.4 million. This increase is primarily due to higher Secured Property Tax receipts (\$7.9 million), Unsecured Property Tax (\$1.8 million) Aircraft Property Tax (\$1.5 million), and SB 813 Property Tax (\$1.1 million). An increase to the Property Tax budgeted estimate may be brought forward for City Council consideration as part of the 2023-2024 Mid-Year Budget Review, which will be released at the end of January 2024. Additional information about each of the Property Tax sub-categories is provided below.

**Secured Property Taxes** represent over 90% of the revenue in the Property Tax category. The Secured Property Tax category includes general Secured Property Tax, Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax, and



Educational Revenue Augmentation Fund (ERAF) revenues. Based on the most recent information provided by Santa Clara County, Secured Property receipts are anticipated to total \$442.9 million in 2023-2024. This estimate is comprised of general Secured Property Tax receipts of \$378.18 million, excess ERAF funds of \$40.86 million, and SARA Residual Property Tax receipts of \$23.86 million. The Secured Property Tax receipt estimate is \$7.9 million higher than the Adopted Budget estimate; however, as it is still early in the fiscal year, the estimated revenue will continue to change as additional information is provided by Santa Clara County.

**GENERAL FUND (CONT'D.)**

As mentioned above, the general Secured Property Tax estimate totals \$378.2 million in 2023-2024, which assumes growth of approximately 6.1% from the 2022-2023 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 4.1%. Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment.

As 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, 2023-2024 receipts are estimated at \$23.9 million, which is consistent with the 2023-2024 Adopted Budget estimate and is \$1.5 million above the 2022-2023 collection level of \$22.4 million.

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. According to the most recent information from Santa Clara County, 2023-2024 receipts are estimated at \$40.9 million, which is \$4.9 million higher than the 2023-2024 Adopted Budget estimate of \$36.0 million and \$3.1 million above the 2022-2023 collection level of \$37.7 million.

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, 2023-2024 receipts are estimated at \$16.8 million, which is \$775,000 above the 2022-2023 collection level of \$16.0 million and \$1.8 million above the 2023-2024 Adopted Budget estimate of \$15.0 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, 2023-2024 receipts are estimated at \$7.1 million, which is \$1.1 million higher than the 2023-2024 Adopted Budget estimate of \$6.0 million, but \$4.7 million below the 2022-2023 collection level of \$11.9 million.

**Aircraft Property Tax** receipts are typically received in October of each year. According to the most recent information from Santa Clara County and actual collections received, 2023-2024 receipts are estimated at \$5.0 million, which is \$1.5 million higher than the 2023-2024 Adopted Budget estimate of \$3.5 million and \$1.1 million above the 2022-2023 collection level of \$3.9 million.

In the **Homeowners Property Tax Relief** category, revenues in 2023-2024 are expected to be at the budgeted estimate of \$900,000, which is consistent with the 2022-2023 collection level.

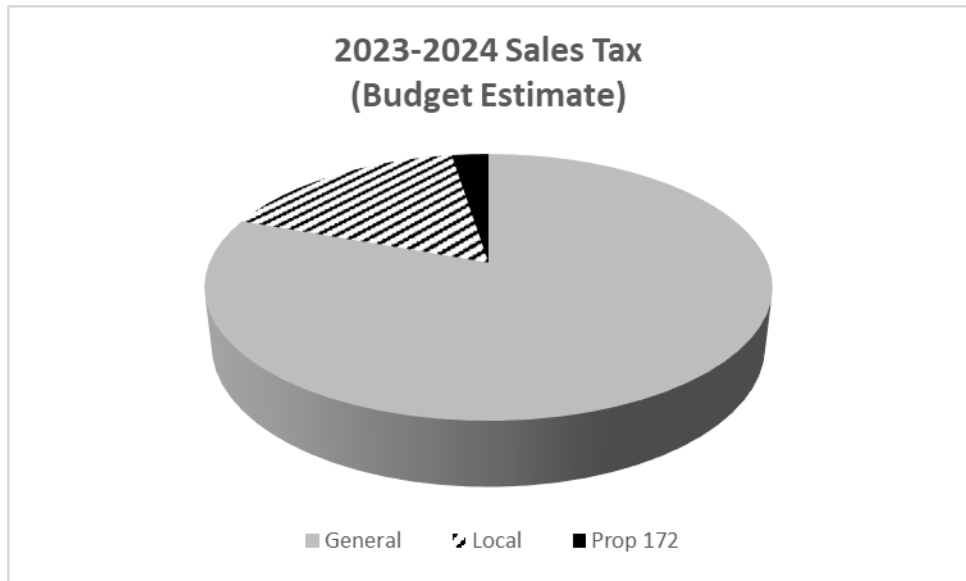
**GENERAL FUND (CONT'D.)**

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Sales Tax</b>	<b>\$ 336,400,000</b>	<b>\$ 56,191,289</b>	<b>\$ 63,308,380</b>

The Sales Tax category includes General Sales Taxes, Local Sales Taxes, and Proposition 172 Sales Taxes. The 2023-2024 Budget estimate totals \$336.4 million, which is 2.1% below the 2022-2023 collection level of \$343.5 million. This drop is due to the anticipated slowdown in the economy, which may impact Sales Tax receipts. 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 first Sales Tax payment for 2023-2024 was recently received and reflects a decline of approximately 1% from the prior year. However, receipts are currently being fully analyzed, therefore, additional information will be included in the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024. 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 over 80% of all Sales Tax receipts. The General Sales Tax 2023-2024 Adopted Budget estimate totals \$271.0 million, which allows for a 2.4% drop from the 2022-2023 actual collection level of



\$277.6 million. As previously mentioned, the first quarter collections for General Sales Tax was recently received and reflects a 0.7% decline from the prior year. However, receipts are currently being fully analyzed, therefore, additional information will be included in the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

In 2022-2023 all Sales Tax categories, with the exception of Construction, experienced year-over-year growth. Categories with the largest level of growth included Business-to-Business (28%), Food Products (10%), Transportation (4%), and General Retail (1%; includes apparel stores, department stores, furniture/appliance stores, drug stores, recreation products, and florists/nurseries). In addition, the County Pool, which is where the majority of online transactions



**GENERAL FUND (CONT'D.)**

are captured, has continued to grow. This growth is attributable to the pandemic's sustained impact of redirecting a significant amount of activity to online sales, and facilitated by the South Dakota vs. Wayfair, Inc. Supreme Court decision in 2018, which provided states with the authority to require online retailers to collect sales tax even without a local presence in that state. 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. Local Sales Tax is generated based on the destination of the purchased product; therefore, all out-of-state online retailers (including marketplace facilitators) sales tax collections are directly distributed to the City of San José, versus the General Sales Tax revenue that is deposited in the County Pool, where the City only receives approximately 45% - 50% of the proceeds. Due to this distinction, Local Sales Tax revenue may not always experience the same growth and decline rates as General Sales Tax receipts.

In 2023-2024, Local Sales Tax collections are estimated at \$57.0 million, which allows for a slight (1.2%) drop from the 2022-2023 actual collection level of \$57.7 million. As previously discussed, the first quarter collections for Local Sales Tax was recently received and reflects a 1.1% decline from the prior year. However, receipts are currently being fully analyzed, therefore, additional information will be included in the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

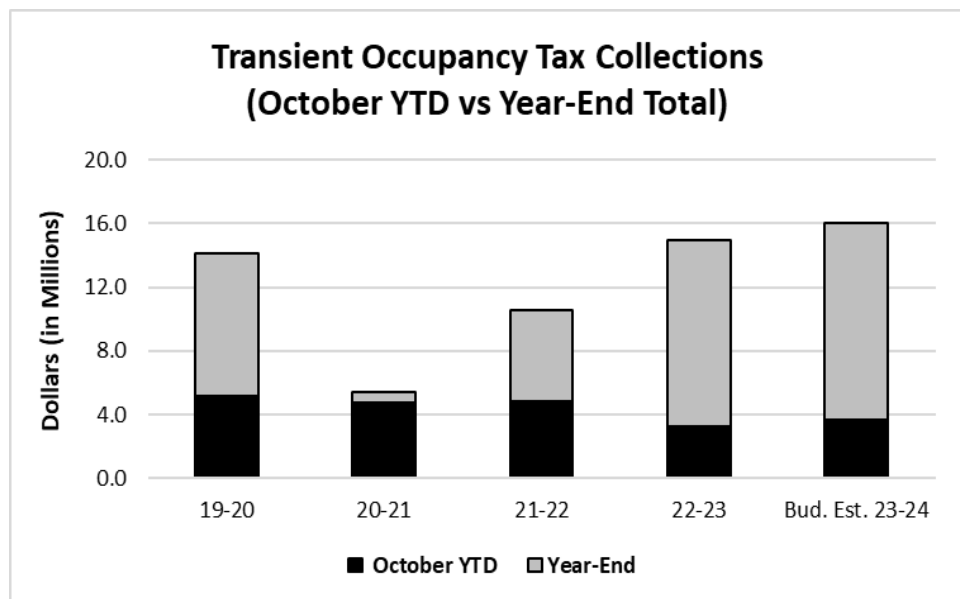
**Proposition 172 Sales Tax** collections represents the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. The 2023-2024 budgeted estimate of \$8.4 million requires growth of 2.7% from the 2022-2023 collection level of \$8.2 million. Based on collections through October, it is anticipated that collections will meet or fall slightly below the budgeted estimate.

**GENERAL FUND (CONT'D.)**

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Transient Occupancy Tax</b>	<b>\$ 16,000,000</b>	<b>\$ 3,678,750</b>	<b>\$ 3,267,054</b>

The 2023-2024 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$16.0 million. When the 2023-2024 Adopted Budget was developed, it was anticipated that 2022-2023 collections would total \$16.0 million and remain flat in 2023-2024. However, 2022-2023 ended the year at \$14.9 million; therefore, 2023-2024 collections require growth of 7.1% to meet the budgeted estimate. Through October 2023, TOT receipts total \$3.7 million, which is 12.6% above the prior year collection level of \$3.3 million; however, this increase may be partially due to the timing of payments received. TOT receipts will be closely monitored and updated information will be provided in the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024. Based on the activity through October, receipts are anticipated to meet or exceed the budgeted estimate by year-end.

Based on preliminary October 2023 data, the average hotel occupancy rate reported for the San José market was 67.91%, a slight increase from the average of 67.52% through the same period in 2022-2023. The average daily room rate increased by 1.2%, from \$161.47 as of October 2022 to



\$163.42 as of October 2023; and the year-to-date average revenue-per-available room (RevPAR) increased by 1.79%, from \$109.03 to \$110.98, relative to the same period in 2022-2023.

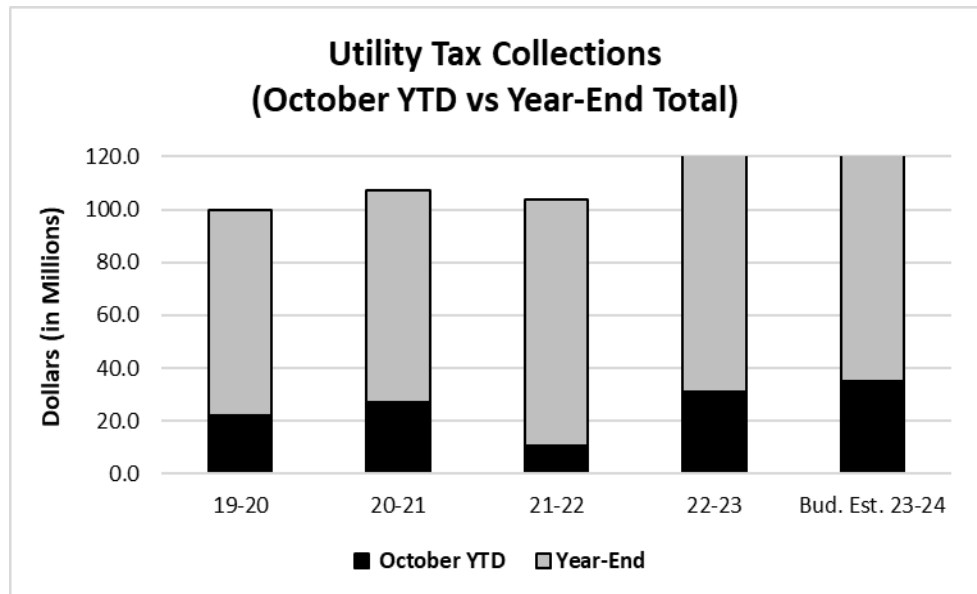
Reported gross hotel revenue performance for the first four months of 2023-2024 continues to track above estimated levels; however, not all revenue related to this higher reported hotel performance is reflected in receipts through October 2023 due to the timing of remittances. In partnership with Team 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 2023-2024 Mid-Year Review (released on January 31, 2024) and future Bi-Monthly Financial Reports.

**GENERAL FUND (CONT'D.)**

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Utility Tax</b>	<b>\$ 126,550,000</b>	<b>\$ 35,125,367</b>	<b>\$ 30,950,395</b>

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Water Utility Tax, and the Telephone Utility Tax. Through October, Utility Tax receipts totaled \$35.1 million, which is 13.5% higher than the prior-year level of \$31.0 million. The year-over-year increase represents higher collections in the Electricity and Water Utility Tax categories, partially offset by lower Gas and Telephone Utility Tax receipts. The overall increase in Utility Tax collections is attributable to the timing of payments being received and higher activity levels.

The 2023-2024 Adopted Budget was built on the assumption that 2022-2023 Utility Tax revenue would end the year at \$121.0 million and increase by almost 5% to \$127.6 million in 2023-2024. However, 2022-2023 ended the year at \$124.3 million, due to stronger year-end collections. As a



result, 2023-2024 collections require growth of only 2% to meet the budgeted estimate. Based on collections through October, receipts are anticipated to exceed the budgeted estimate by year-end. As it is still early in the year, receipts will continue to be closely monitored and updated information will be provided in the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

In the **Electricity Utility Tax** category, collections through October totaled \$22.4 million, which is 16.0% higher than the \$19.4 million received in the prior year. This increase is due to the timing of payments being received and higher activity levels. The 2023-2024 Adopted Budget estimate totals \$70.0 million, which requires growth of 4.7% from the 2022-2023 collection level of \$66.9 million. Based on collections through October and historical collection patterns, receipts are anticipated to exceed the budgeted estimate by year-end.

<b>GENERAL FUND (CONT'D.)</b>
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In the **Gas Utility Tax** category, collections through October 2023 totaled \$2.0 million, which is 11.2% lower than the prior year level of \$2.3 million. This decrease is primarily due to the timing of payments being received and lower activity levels. The 2023-2024 Adopted Budget estimate totals \$19.0 million, which is 5.4% below the 2022-2023 collection level of \$20.1 million. Based on collections through October and historical collection patterns, receipts are anticipated to meet or fall slightly below the budgeted estimate by year-end.

In the **Water Utility Tax** category, collections through October 2023 totaled \$6.1 million, which is 29.9% higher than prior year receipts of \$4.7 million. This increase is due to the timing of payments being received and higher activity levels. The 2023-2024 Adopted Budget estimate totals \$19.0 million, which is consistent with prior year receipts. Based on collections through October and historical collection patterns, receipts are anticipated to exceed the budgeted estimate by year-end.

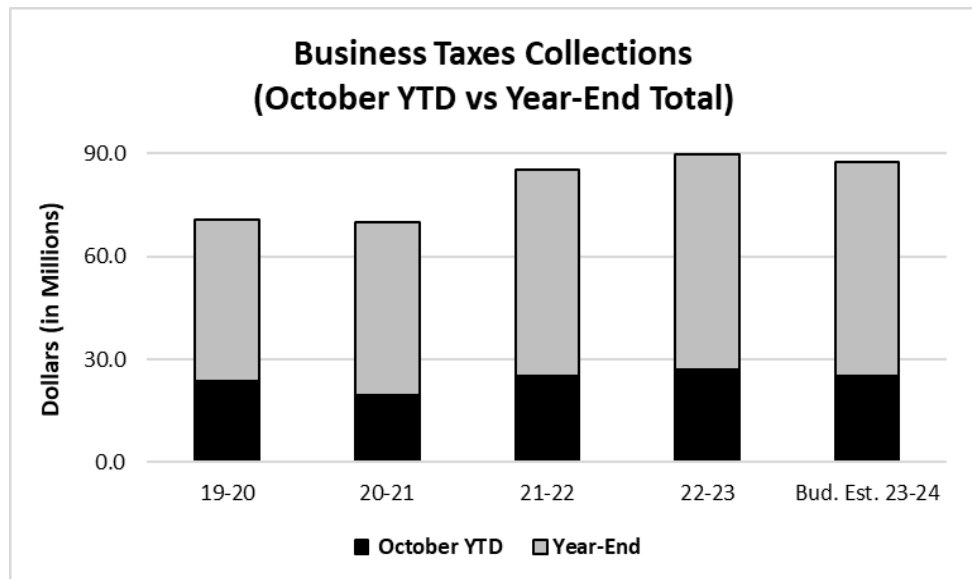
Collections in the **Telephone Utility Tax** category of \$4.5 million through October are slightly below the prior-year collections of \$4.6 million. The 2023-2024 Adopted Budget estimate totals \$18.6 million, which is consistent with prior year receipts. Based on collections through October and historical collection patterns, receipts are anticipated to meet or fall slightly below the budgeted estimate by year-end.

**GENERAL FUND (CONT'D.)**

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Business Taxes</b>	<b>\$ 87,500,000</b>	<b>\$ 25,342,115</b>	<b>\$ 27,202,905</b>

The Business Taxes category consists of the Cannabis Business Tax, Cardroom Tax, Disposal Facility Tax, and General Business Tax. Through October, overall collections of \$25.3 million are 6.8% below the prior-year collection levels of \$27.2 million. This year-over-year drop reflects lower Cardroom Business Tax and General Business Tax collections, partially offset by higher Cannabis Business Tax and Disposal Facility Tax collections.

The 2023-2024 Modified Budget of \$87.5 million allows for a 2.4% drop from the 2022-2023 Business Taxes collection level of \$89.6 million. Based on collections through October, receipts are anticipated to end the year at or below the budgeted estimate. As it is still early in the



year, receipts will continue to be closely monitored and updated information will be provided 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

**Cannabis Business Tax** collections reflect cannabis business tax as well as cannabis business tax compliance revenues. Cannabis Business Tax collections began after San José voters approved Ballot Measure U on November 2, 2010, which allowed the City to tax marijuana businesses. Further, in November 2016, the California Marijuana Legalization Initiative (Proposition 64) was approved by voters, which legalized recreational marijuana use in California. As a result, the sale of recreational cannabis at the 16 registered businesses in San José began in January 2018. Through October, receipts of \$4.1 million are 13.3% above the prior-year level of \$3.6 million. This year-over-year increase is due to higher activity levels and increased compliance revenue. The 2023-2024 Adopted Budget estimate of \$15.0 million is \$1.6 million below the 2022-2023 collection level of \$16.6 million. Based on the performance through October, receipts in this category are anticipated to exceed the budgeted estimate by year-end.

**GENERAL FUND (CONT'D.)**

Through October, **Cardroom Tax** receipts, which are inclusive of the ballot measure approved by voters in November 2020 that increased taxes on cardroom operators beginning in January 2021, totaled \$7.0 million. This collection level is 24.7% lower than the prior year receipts of \$9.3 million. The 2023-2024 Modified Budget estimate for Cardroom Tax totals \$30.0 million, which is consistent with the 2022-2023 actual collection level. Based on the performance through October, receipts in this category are anticipated to end the year below the budgeted estimate.

**Disposal Facility Tax** (DFT) are business taxes received based on the tons of solid waste disposed of at landfills within the City. DFT revenue through October totaled \$3.4 million, which is 17.8% above the prior-year collection level of \$2.9 million, which is due to the timing of payments received and higher activity levels. The 2023-2024 Adopted Budget estimate of \$13.0 million is slightly below the 2022-2023 collection level of \$13.3 million. Based on performance through October and historical collection patterns, receipts in this category are anticipated to meet or slightly exceed the budgeted estimate by year-end.

Through October, **General Business Tax** receipts of \$10.9 million are 4.9% below the prior-year collection level of \$11.4 million. The 2023-2024 Modified Budget estimate for General Business Tax totals \$29.5 million, which is 1% below the 2022-2023 actual collection level. Based on the performance through October, receipts in this category are anticipated to end the year below the budgeted estimate.

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Real Property Transfer Tax</b>	<b>\$ 50,000,000</b>	<b>\$ 10,832,947</b>	<b>\$ 19,430,539</b>

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 \$2.0 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.

Through October 2023, Real Property Transfer Tax collections totaled \$10.8 million, which is significantly below the prior-year level of \$19.4 million. In addition, the City has received the November tax receipts from Santa Clara County, which totaled \$2.8 million. When taking into account total receipts through October and the November remittance, total Real Property Transfer Tax receipts in 2023-2024 totaled \$13.7 million, compared to the prior year level of \$28.5 million. This significant variance is primarily due to a more constrained real estate market resulting in few high-value property transfers occurring in the current year. The 2023-2024 Adopted Budget estimate totals \$50.0 million, which allows for a 11.2% drop from the 2022-2023 collection level of \$56.3 million. As it is still early in the year, Real Property Transfer Tax receipts will continue to be closely monitored and updated information will be provided 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

**GENERAL FUND (CONT'D.)****EXPENDITURES**

Through October, General Fund expenditures (without encumbrances) of \$419.6 million were 11.0% above the prior-year level of \$378.1 million. Encumbrances of \$140.2 million were 67.2% above the prior-year level of \$83.8 million. Combined, General Fund expenditures and encumbrances through October of \$559.8 million constitute 26.0% of the total budget including reserves and 31.7% of the budget excluding reserves. Overall, General Fund expenditures are anticipated to end the year within budgeted levels.

Through October, departments are overall performing within estimated levels for personal services expenditures, with the exception of the Police, Fire, and Public Works Departments. Expenditures will continue to be controlled and monitored to ensure, to the extent possible, appropriations stay within approved levels. Following is a discussion of the performance of the Police and Fire Departments, the largest General Fund departments, as well as the Public Works Department.

**KEY GENERAL FUND EXPENDITURES**

Department	2023-2024 Budget	YTD Actual	Prior YTD Actual
<b>Police</b>	<b>\$ 513,868,319</b>	<b>\$ 154,365,015</b>	<b>\$ 143,240,218</b>

Overall, Police Department expenditures are above estimated levels through October 2023, which is driven by personal services expenditures. Personal services expenditures of \$140.3 million are above the anticipated level for this point of the year (30.20% expended, compared to the par level of 28.96%), with overtime expenditures of \$18.0 million (71.53% of the total \$25.1 million Adopted Budget). Year-to-date overtime expenditures are 18.5% above 2022-2023 levels and overtime hours through October (211,906) increased by approximately 8.4% over the same period in the prior fiscal year (195,469). The increased overtime usage is attributed to staffing shortages, academy and training for new officers, backfilling street-ready vacancies, increased caseload, and operational impacts in how police services are provided due to policy changes and changes in the law. The Department is currently on pace to exceed its personal services budget by approximately \$10 million (2%). Discussion on the Department's steps to reduce overtime expenditures while also maintaining minimum staffing and service levels follow below.

A total of \$14.0 million (28.5%) of the Department's non-personal/equipment budget (\$49.3 million, including carry-over encumbrances) has been expended through October 2023. Excluding the remaining balances for centrally-determined details (\$20.7 million), which include electricity, gas, and water utilities, as well as vehicle operations, maintenance, and replacement, the Department has approximately \$14.5 million, or 29.5% of its non-personal/equipment budget available for the remainder of the fiscal year. Non-Personal/Equipment expenditures are slightly below estimated levels (28.5% expended, compared to the par level of 29.0%) and are anticipated to end the year within budgeted levels. The Police Department is committed to maintain both its personal services and non-personal/equipment expenditures within the current overall budgeted levels.

**GENERAL FUND (CONT'D.)**

Overtime consists of both overtime expenditures and compensatory time. The Memorandum of Agreement (MOA) with the Police Officer's Association (POA) limits how much overtime can be earned for pay versus compensatory time. The Police Department continues to diligently work to fill vacancies in both sworn and civilian positions. Through the use of available vacancy savings and the \$5.0 million in one-time funding from the Police Department Sworn Backfill Reserve, funding is made available to pay for Police Academy Recruits as well as to backfill vacant patrol and investigative positions on overtime. While the goal is to fill vacancies and eliminate the need to backfill positions, the normal 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. 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 20.8% as of October 27, 2023. Historically, the effective vacancy rate has averaged 18.9% (based on the 5-year period between 2018-2019 and 2022-2023), 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.

In accordance with the POA MOA, the Police Department is enforcing compensatory time controls by requiring all sworn staff, outside of the Bureau of Field Operations (BFO), to reduce compensatory time balances by the end of each calendar year, or to submit a request for an extension and to prioritize compensatory time as requested time off (outside of sick leave purposes). On November 22, 2021, the Chief issued an order to reduce compensatory time balances for any sworn staff member who believes they will not be able to take the excess time off before the end of the calendar year. This order requires sworn staff to submit a plan to their immediate supervisor each year, consistent with MOA section 13.6.5.1, by December 1, excluding sworn staff assigned to Patrol. Each plan must outline how a sworn staff member will reduce their compensatory time by March 31. These changes are intended to reduce the number of officers reaching the 480-hour limit. The plans have been implemented, but due to the needs of the Department (staffing, workload, and specific assignments), there has been limited flexibility in allowing staff to take time off; however, the Department has seen a large majority of individuals taking at least a portion of their excess time off, which has contributed to a reduction in compensatory time hours across the Department. Additionally, on December 13, 2022, the City Council approved a new POA MOA which contains a provision to require all vacation requests for an employee whose compensatory time balance has reached 300 hours to come from the employee's compensatory time balance until the balance falls below 240 hours.

Finally, the Police Chief's Office and City Manager's Budget Office met in September and October to discuss alternative approaches around workload and overtime that account for the need to ensure appropriate levels of public safety response while also managing within existing budgetary levels, especially given the growing number of vacant sworn positions and smaller than desired recruit academies. From those meetings the Police Department has been able to create a data visualization tool to review and audit overtime usage. This tool is currently being rolled out and used by the Police Department to better understand overtime use at a granular level. The tool will



**GENERAL FUND (CONT'D.)**

allow a more detailed review of how overtime is being recorded to ensure consistency in reporting, how supervisors are approving overtime to ensure it is appropriate and authorized, and ultimately to inform management of the main drivers of the overtime utilization to further inform operational decisions.

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.

	<b>October 2022</b>	<b>October 2023</b>	<b>% Change from 2022 to 2023</b>	<b>% Change from 2021 to 2022</b>
# of Sworn Personnel at 480-hour limit	464	384	(17.24%)	3.34%
# of Sworn Personnel between 240 and 480 hours	262	320	22.14%	(4.73%)
Sworn Compensatory Time Balance Liability (hours)	354,179	342,450	(3.31%)	(0.74%)
Sworn Compensatory Time Balance Liability (\$)	\$27.1 M	\$28.7 M	6.07%	(0.48%)
YTD Overtime Expenses for Staff at 480-hour Limit (\$)	\$7.5 M	\$8.7 M	16.30%	18.08%

The table below provides a summary of sworn staffing vacancies and street-ready officers. The June 2023 and October 2023 academies started with 27 and 29 recruits, respectively. The Department is anticipating that the February 2024 and June 2024 academies will each draw 40 recruits. As of October 27, 2023, of the 1,173 authorized sworn staff, 75 or 6.4% of the positions were in training, while 70 or 6.0% of the positions were on disability/modified duty/other leaves.

	<b>2022-2023 (as of 10/28/2022)</b>	<b>2023-2024 (as of 10/27/2023)</b>
<b>Authorized Sworn Positions</b>	<b>1,173</b>	<b>1,173</b>
(Vacancies)/Overstaff	(64)	(99)
<b>Filled Sworn Positions<sup>3</sup></b>	<b>1,109</b>	<b>1,074</b>
Field Training Officer/Recruits	(90)	(75)
<b>Street-Ready Sworn Officers Available</b>	<b>1,019</b>	<b>999</b>
Disability/Modified Duty/Other Leaves	(67)	(70)
<b>Street-Ready Sworn Officers Working</b>	<b>952</b>	<b>929</b>

<sup>3</sup> Filled sworn positions and authorized sworn positions may vary due to vacancies or the approval of over-strength (temporary) positions. The Police Department has special authority under the City's Sworn Hire Ahead Program to overstaff sworn positions to get a head start on training recruits due to retirement and other separation.

**GENERAL FUND (CONT'D.)**

<u>Department</u>	<u>2023-2024 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
<b>Fire</b>	<b>\$ 284,110,440</b>	<b>\$ 86,811,587</b>	<b>\$ 84,773,109</b>

The Fire Department's budget totals \$284.1 million, which is comprised of \$268.2 million in personal services and \$15.9 million in non-personal/equipment expenditures. Overall, Fire Department expenditures are performing slightly above estimated levels through October 2023. Personal services expenditures of \$80.3 million, or 29.94% of the budgeted levels, are trending slightly higher than the expected level of 28.96% at this point in the year. This trend can be partially attributed to the demand for frontline personnel required to maintain the daily minimal staffing levels of deployed resources of 191 personnel. The Department responded to approximately 35,132 incidents (Priority 1 and Priority 2 type calls) through October 2023, resulting in a slight increase (7.1%) in emergency response services compared to 34,883 incidents over the same period in 2022-2023. The Fire Department's non-personal/equipment budget of \$15.9 million was 41.30% expended or encumbered through October 2023. The Department's non-personal/equipment expenditures are above the expected levels of 28.96% primarily due to encumbrances (\$3.1 million) that are expected to be released throughout the fiscal year as balances are expended. At this point in the year, it is expected the Fire Department will remain within budgeted levels.

The 2023-2024 Adopted Budget provided funding for a second lateral academy (Academy 23-03) that began in August 2023, with eight candidates completing in October 2023. The Department continues to vigilantly work to increase the pool of qualified Firefighters/Paramedics to mitigate the impacts of the continued shortage of paramedics experienced nationwide. To extend its reach for recruitment and to pull from a larger, diverse audience, the Department is advancing outreach efforts through partnerships with local, regional, and nationwide public safety agencies. The Department is continuing efforts to address paramedic recruitment challenges and will recruit, hire, and train personnel to keep pace with staffing attrition and address key vacancies.

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

**GENERAL FUND (CONT'D.)**

Department	2023-2024 Budget	YTD Actual	Prior YTD Actual
<b>Public Works</b>	<b>\$ 52,565,472</b>	<b>\$ 20,550,670</b>	<b>\$ 17,735,802</b>

The Public Works Department expenditures are above estimated levels through October, which is due to both higher personal services and non-personal/equipment costs. Personal services expenditures of \$8.9 million are above the anticipated level for this point of the year (30.9% expended, compared to the par level of 28.96%). Non-personal/equipment expenditures of \$11.7 million (includes \$3.9 million in encumbrances) are also above anticipated levels with 49.0% of the 2023-2024 Modified Budget expended through October. In total, departmental expenditures are currently on pace to exceed budgeted levels by approximately \$4.0 million to \$6.0 million; however, as expenditures are continuing to be actively monitored and controlled, the lower level of spending activity anticipated in the second half of the fiscal year is expected to reduce the final overage amount.

Through October, personal services expenditures are above expected levels primarily due to higher than anticipated expenditures for Animal Services Operations, Building Maintenance, and City Hall Facility Management. Overall, Public Works Department overtime expenditures totaled \$550,000 compared to the budgeted amount of \$874,000 (62.9%, compared to the par level of 28.96%) and temporary staffing expenditures totaled \$947,000 compared to the budgeted amount of \$1.1 million (88.3%, compared to the par level of 28.96%), through October. The current high costs of the Animal Services Operations are mostly attributed to elevated temporary staffing expenditures amongst Animal Care Attendants staff needed to perform care to animals at the San José Animal Care Center. The other attributable factors in Building Maintenance and City Hall Facility Management for elevated staff costs is due to the focus on maintenance work in the summer and fall months that is not expected to continue at the same pace in winter and spring; and capital project costs there were temporarily charged to the Personal Services appropriation and have not yet been reallocated to the specific capital project budget, but will be reallocated later this fiscal year. As maintenance work moderates in the second half of the year and charges are reallocated to individual capital project budgets, the projected overage amount is expected to decrease.

Non-personal/equipment expenditures, including encumbrances, are also well above budgeted levels at 49.0% expended through October. This is primarily due to higher than anticipated janitorial services and the encumbrance of contractual services for facilities repairs and maintenance that will be spent down over the course of the fiscal year.

The Public Works Department will continue to actively monitor and control expenditures, and is working with the City Manager's Budget Office to develop new methodologies to better track and forecast the wide range of contractual services provided across multiple City facilities. If necessary, budget adjustments may be brought forward for City Council consideration in a future budget process.

**GENERAL FUND (CONT'D.)**

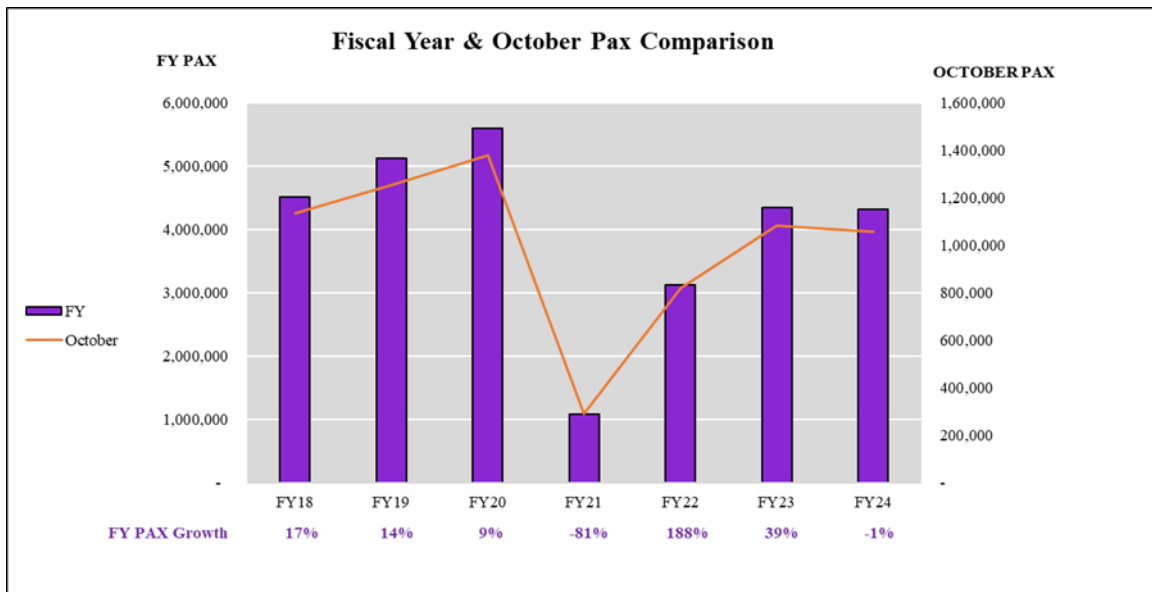
**CONTINGENCY RESERVE**

The General Fund Contingency Reserve was amended as part of the 2022-2023 Annual Report, increasing the reserve by \$3.0 million, from \$47.0 million to \$50.0 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 4.3 million passengers, a decrease of 0.8% from the figures reported through October of the prior year. The chart below depicts the year-over-year change for the month of October and fiscal year-to-date for the last six years.



Fiscal year-to-date mail, freight and cargo totaled 22.0 million pounds, which represents a 14.3% decrease over year-to-date October 2022. Revenue-generating activities posted mixed results from prior year-to-date levels, with decreases in Traffic Operations (landings and takeoffs) by 5.6%, Gallons of Aviation Fuel sold by 3.9%, and Landed Weights by 2.2%, offset by increases in Ground Transportation by 11.3% and Parking Exits by 0.8%.

**OTHER FUNDS (CONT'D.)**

Year-to-date Airport revenue through October tracked 4% above estimated levels. Airport Terminal Concessions (+49.2%) and General and Non-Aviation (+14.8%) tracked above benchmark levels, while Airfield (-4.6%), Terminal Rentals (-4.1%), and Landing Fees (-2.7%) fell slightly below budgeted levels. Parking and Roadway revenues were in line with projections. In addition, the Airport has recognized \$10 million of American Rescue Plan Act grant funding this fiscal year, in line with expectations. The mixed performance can be attributed to passenger levels being slightly below projections, as Airlines continue to fluctuate their service levels. The strong performance of Terminal Concessions revenue is a result of the Airport's efforts in opening new concession locations and providing more options to passengers.

Through October, both the Airport Customer Facility and Transportation Fee Fund and Airport Maintenance and Operation Fund expenditures tracked below budgeted levels. In the Maintenance and Operation Fund, personal service expenditures were 27.5% of the budget compared to the benchmark of 30.8%, and non-personal/equipment expenditures were 17.8% compared to the benchmark of 21.9%. Non-personal/Equipment expenditures in the Customer Facility and Transportation Fee Fund were 20.4% compared to the straight-line benchmark of 33.3%. The activity levels, revenues and expenditure status of the Airport Funds will continue to be closely monitored throughout the fiscal year.

**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. SJCE's City Council approved rate package for 2023 included a shift to a new cost-of-service rate setting in place of setting rates at a fixed discount or premium to PG&E's standard generation rates, inclusive of PG&E added fees. SJCE's new rates began on January 1, 2023, and are 1-3% below PG&E rates, inclusive of the Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge, depending on customer class and usage. PG&E launched a new residential Electric Home rate as an option for customers with electric vehicles, energy storage, or an electric heat pump for water heating or climate control, and SJCE added a corresponding set of rates to its rate package for 2023. Energy content for SJCE's GreenSource standard service remains at 60% renewable energy and up to 95% carbon-free power, while SJCE's Total Green product continues at 100% carbon-free power. SJCE's new rate package for 2024 will go to City Council for approval on January 23, 2024.

PG&E's PCIA fees are highly volatile and are a significant factor when setting SJCE rates each year. Lower PCIA fees combined with high market energy prices created a favorable environment for SJCE in 2022 and 2023, which is a marked improvement from 2021 when SJCE's financials projected a cash flow shortage for which the City Council approved a total Commercial Paper Notes authorization of up to \$95.0 million. SJCE drew a total of \$60.0 million of Commercial Paper notes in 2020-2021 and 2021-2022 combined and has already paid back \$40.0 million. The Energy Department anticipates repaying the remaining outstanding commercial paper debt of \$20.0 million by the end of 2023-2024.

**OTHER FUNDS (CONT'D.)**

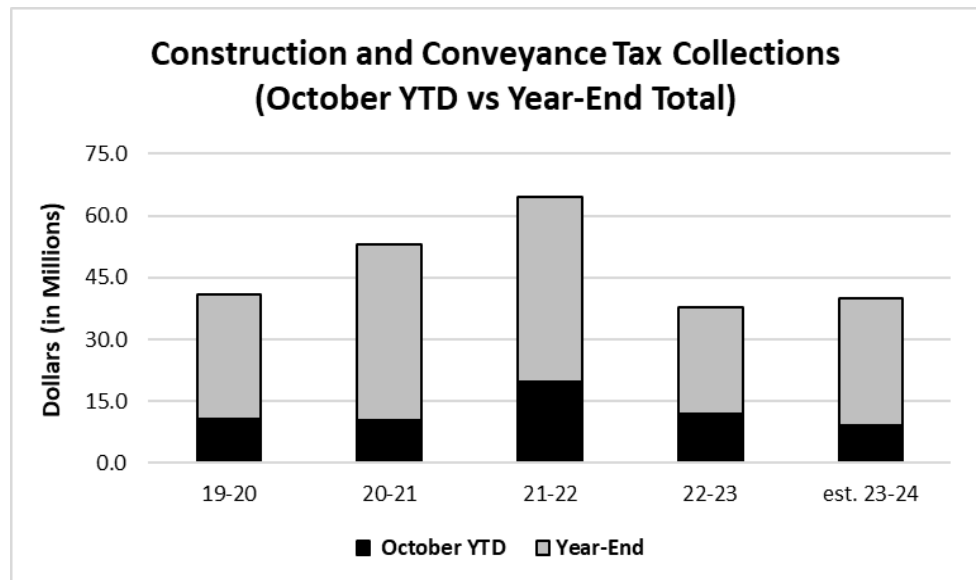
Through October, Energy Sales totaled \$203.1 million, 7.6% above prior year levels of \$188.7 million and 39.3% of the 2023-2024 Adopted Budget estimate of \$517.5 million. Cost of Energy expenditures including encumbrances totaled \$235.3 million, 15.4% above prior year levels of \$203.9 million and 53.3% of the Modified Budget. It is typical for SJCE to encumber a significant portion of funding for contracted energy early in the fiscal year. The Energy Department closely monitors energy procurement activities, and at this point in the fiscal year estimates that Energy Sales will end the year at approximately \$519.5 million, or less than 1.0% below the budgeted estimate of \$517.5 million. Similarly, Cost of Energy is estimated to end the year below the 2023-2024 Adopted Budget of \$421.5 million at \$395.3 million, or 6.2% below the current budget.

The Energy Department maintains a restricted operating reserve that City Council approved as part of SJCE’s Financial Reserves Policy. The policy sets a goal to build and maintain at least 180 days of operating reserves to achieve financial resiliency and rate stability. The 180-day reserve threshold is approximately \$240 million; the Energy Department is still working to build up this reserve level, with a Modified Budget amount of \$136.0 million. Any necessary budget actions to adjust Energy Sales and Cost of Energy allocations will be brought forward for City Council consideration in a future budget process.

**Construction and Conveyance Tax Funds**

Through October 2023, Construction and Conveyance (C&C) Tax receipts totaled \$9.0 million, which represents 22.6% of the 2023-2024 Adopted Budget estimate of \$40.0 million. This amount is 24% below collections received through October 2022, which totaled \$11.9 million. In addition, the City has received the November Conveyance receipts from Santa Clara County, which total \$2.7 million. When taking into account total receipts through October and the estimated November collections, C&C receipts in 2023-2024 total \$11.8 million, which represents a 27.5% decline from the 2022-2023 collection level of \$16.3 million.

The 2023-2024 Adopted Budget estimate of \$40.0 million was built on the assumption that C&C Tax receipts would total \$40.0 million in 2022-2023 and remain flat in 2023-2024. However, since 2022-2023 receipts totaled \$37.9 million, collections in 2023-2024 need to grow by 5.7% to



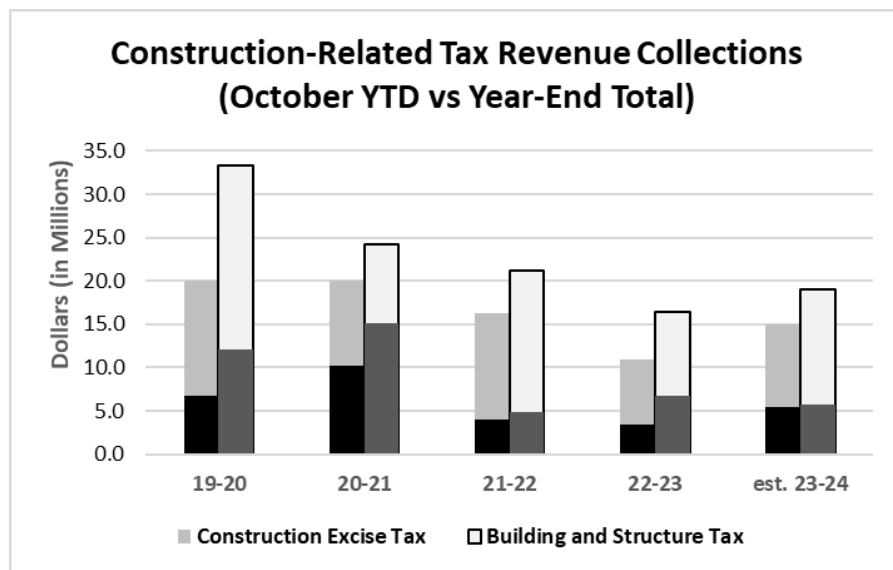
**OTHER FUNDS (CONT'D.)**

meet the budgeted estimate. However, as previously discussed, C&C Tax collections through October have actually declined from prior year levels. Based on the information known at this point of the year, it is anticipated C&C Tax receipts will end the year approximately \$8 million - \$10 million below the budgeted estimate. A recommendation to decrease the C&C Tax revenue and associated expenditure or Ending Fund Balance adjustments will be brought forward for City Council consideration as part of the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

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, the local real estate market has softened. Since housing statistics are a key driver for the overall C&C collection levels, significant changes in the housing market will drastically affect the C&C Tax receipts. The local market will continue to be closely monitored, with updates provided in future Bi-Monthly Financial Reports and the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

**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. Based on



activity through October, the Building and Structure Construction Tax is anticipated to end the year below the budgeted estimate; however, the Construction Excise Tax is anticipated to meet the budgeted estimate. These construction-related tax revenues will continue to be closely monitored, with updates provided in future Bi-Monthly Financial Reports and the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

Through October, the Building and Structure Construction Tax collection level of \$5.7 million represents 30.2% of the budgeted estimate of \$19.0 million and is 14.3% below receipts through October 2022 of \$6.7 million. Overall permit valuation through October is higher than the permit valuation for the same period last fiscal year as a result of higher residential and industrial permit

**OTHER FUNDS (CONT'D.)**

activity. However, the year-over-year decrease in tax collections is primarily attributable to lower construction permit valuation for the commercial category. When the 2023-2024 Adopted Capital Budget was developed, it was anticipated that 2022-2023 Building and Structure Construction Tax receipts would total \$19.0 million, and remain flat in 2023-2024. However, since 2022-2023 receipts ended the year at \$16.4 million, the 2023-2024 budgeted estimate requires a 16.0% increase from the prior-year level. Based on collections through October, the Building and Structure Construction Tax revenue is anticipated to fall short of the budgeted estimate. If warranted, a recommendation to decrease the Building and Structure Construction Tax revenue and Ending Fund Balance adjustments will be brought forward for City Council consideration as part of the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024.

Through October, the Construction Excise Tax collection level of \$5.4 million represents 35.7% of the budgeted estimate of \$15.0 million and is 59.7% above receipts through October 2022 of \$3.4 million. The year-over-year increase is attributable to higher construction permit valuation for the residential land use category compared to the same period last fiscal year. When the 2023-2024 Adopted Capital Budget was developed it was anticipated 2022-2023 Construction Excise Tax receipts would total \$14.0 million, then increase by approximately 7.0% to \$15.0 million in 2023-2024. However, since 2022-2023 receipts ended the year at \$10.9 million, the 2023-2024 budgeted estimate requires a 37.8% increase from the prior-year collection level. Based on collections through October, Construction Excise Tax revenue is anticipated to meet the budgeted estimate. As it is still early in the fiscal year, these tax revenues will continue to be closely monitored.

**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 very preliminary information known at this point in the year, all Development Fee Programs, with the exception of the Public Works Development Fee Program, are anticipated to end the year below the budgeted estimates. Additional information about each of the Development Fee Program Funds is provided below.

The **Building Development Fee Program** issues building permits and oversees construction on private property. Through October 2023, Building Permit revenues of \$12.2 million are 6.0% below the prior-year collection level of \$13.0 million. The 2023-2024 Adopted Budget estimate of \$38.4 million requires a 3.2% increase from the 2022-2023 collection level of \$37.2 million. Based on collection trends through October, Building Fee revenues are anticipated to end the year below the budgeted estimate.



**OTHER FUNDS (CONT'D.)**

The **Citywide Planning Fee Program** provides funding for the City's long-range planning projects, such as developing and updating the City's General Plan, to match the City's planning goals. The Citywide Planning Fee is an 11.97% fee applied to Entitlement, Building Permit Fees, and Building Plan Check Fee Categories. Through October 2023, Citywide Planning Fee revenues of \$1.1 million are 5.2% below the prior-year collection level of \$1.2 million. The 2023-2024 Adopted Budget estimate of \$3.8 million requires growth of 10.0% from the 2022-2023 actual collection level of \$3.4 million. Based on collection trends through October, Citywide Planning Fee revenues are anticipated to end the year below the budgeted estimate.

The **Fire Development Fee Program** provides operational and construction permits and inspections to ensure that development within San José meets the City's fire codes. Fire Development related fees and charges through October 2023 totaled \$2.8 million, which is 2.8% below the prior year collection level. The 2023-2024 Adopted Budget estimate of \$8.9 million requires growth of 9.2% from the 2022-2023 actual collection level of \$8.2 million. Based on collection trends through October, Fire Development Fee revenues are anticipated to end the year below the budgeted estimate.

The **Planning Development Fee Program** processes land development applications for planning permits and services, such as zoning review, to match the City's planning goals. Through October 2023, Planning Fee revenues of \$2.4 million are 1.9% below the prior-year collection level of \$2.4 million. The 2023-2024 Adopted Budget estimate of \$7.7 million requires growth of 8.9% from the 2022-2023 actual collection level of \$7.1 million. Based on collections through October, Planning Fee revenues are anticipated to end the year below the budgeted estimate.


The **Public Works Development Fee Program** ensures that developments comply with regulations and provide appropriate public infrastructure, such as sidewalks, traffic signals, and streetlights. Revenues through October of \$4.5 million increased 13.0% from the prior-year level of \$3.9 million. The 2023-2024 Adopted Budget estimate of \$15.4 million allows for a 9.0% decrease from the 2022-2023 actual collection level of \$17.0 million. Based on activity through October, revenue collections in the Public Works Development Fee Program are projected to meet or exceed the budgeted levels.

## CONCLUSION

Although overall economic conditions remain positive, previous actions taken by the Federal Reserve Board to lower inflation have had the corresponding effect of cooling sectors of the economy. In particular, high interest rates have contributed to a significantly softened real estate market and lower than anticipated development activity. As a result, several revenue sources such as the Real Property Transfer Tax and C&C Tax (which are driven by real estate transactions), and revenues from the Development Fee Programs are lower than prior year levels and continue to underperform current year budget estimates.

Overall, though, while it is still early in the fiscal year, General Fund and other City funds revenues and expenditures are tracking within anticipated levels. Additionally, several revenue categories are currently projected to end the year above budgeted levels, including Property Tax and Utility Tax. If warranted, budget adjustments to align revenue with revised estimates will be brought forward for City Council consideration as part of the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024. However, since only preliminary information is currently known for all categories, revenues and expenditures will continue to be closely monitored.

The Administration will follow and report on economic indicators and revenues in 2023-2024 through future Bi-Monthly Financial Reports and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions, if necessary. As always, staff will continue to report to the City Council significant developments through this and other budget reporting processes.



JIM SHANNON  
Budget Director

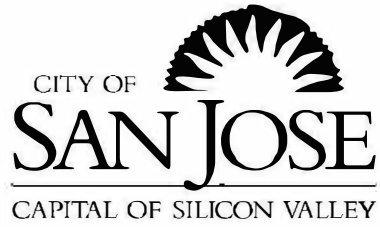
Attachment: Finance Department Monthly Financial Report

PUBLIC SAFETY, FINANCE, AND STRATEGIC SUPPORT COMMITTEE

April 13, 2022

**Subject: Bi-Monthly Financial Report for January/February 2022**

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**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the Month Ended October 31, 2023  
Fiscal Year 2023-2024  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Month Ended October 31, 2023**  
**Fiscal Year 2023-2024**  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Month Ended October 31, 2023**  
**Fiscal Year 2023-2024**  
*(UNAUDITED)*

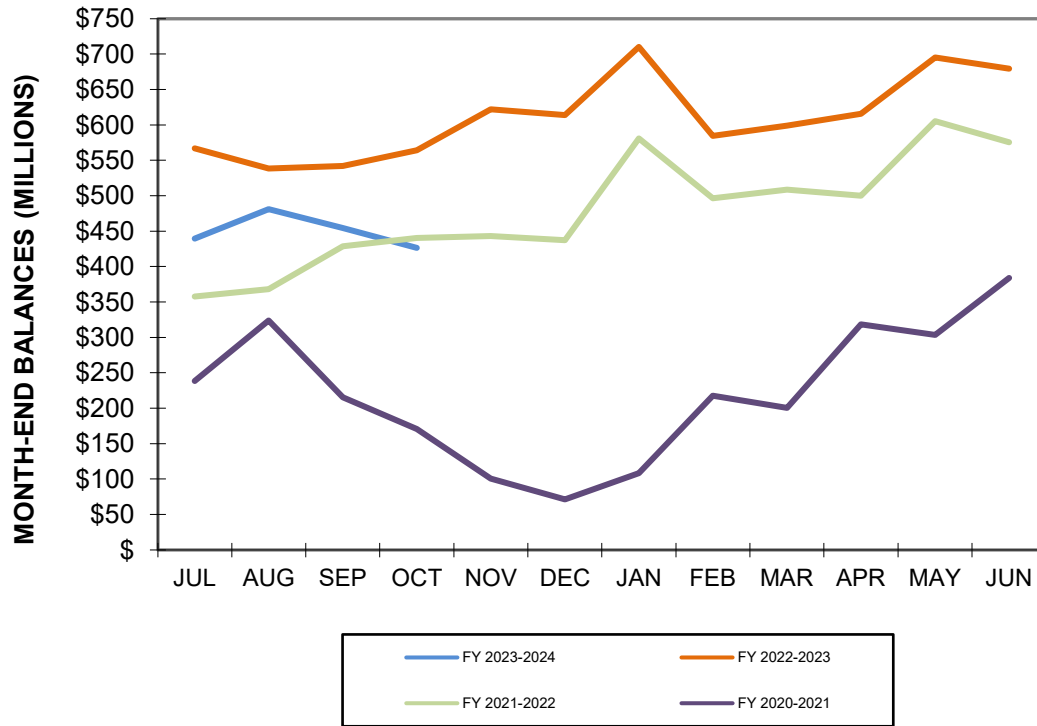
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Submitted by:

RICK BRUNEAU  
Director of Finance

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

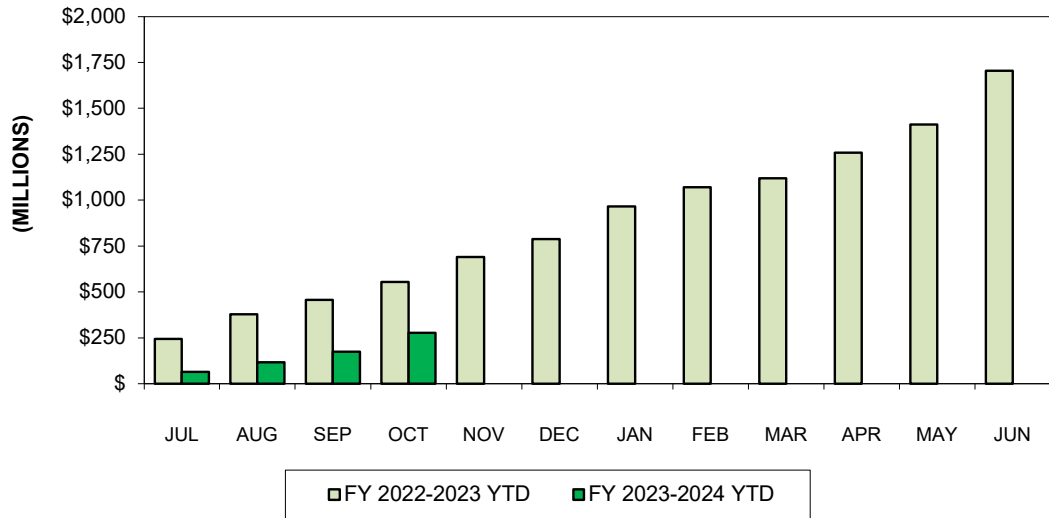


### GENERAL FUND MONTHLY CASH BALANCES

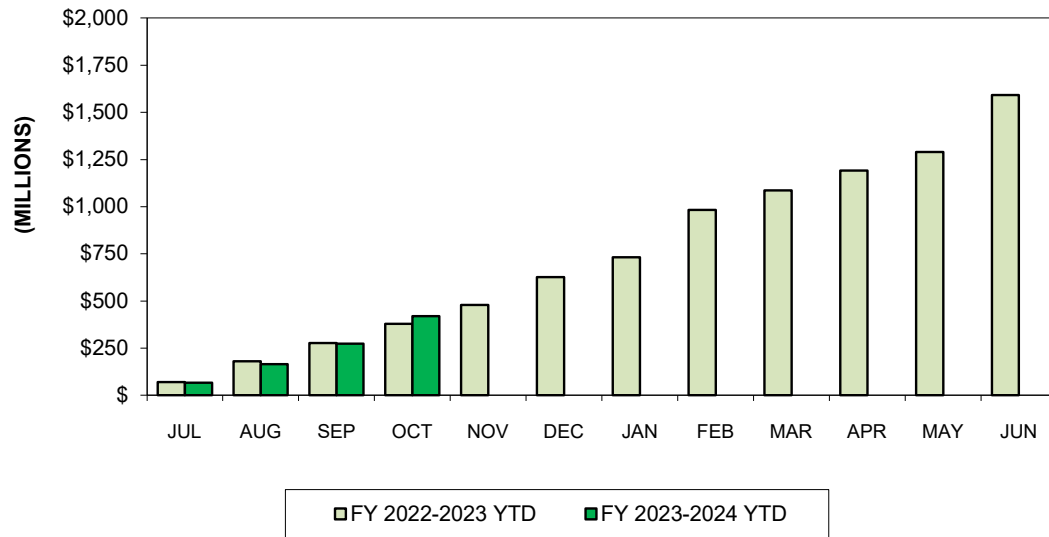
MONTH	FY 2023-2024	FY 2022-2023	FY 2021-2022	FY 2020-2021
JULY <sup>(1)</sup>	\$ 439,558,442	\$ 566,915,115	\$ 358,124,221	\$ 238,661,153
AUGUST	481,331,154	538,605,518	367,985,840	323,738,458
SEPTEMBER	454,215,277	542,042,503	428,548,372	215,370,108
OCTOBER	426,618,323	564,251,170	440,238,436	170,467,897
NOVEMBER	-	622,142,937	442,957,719	100,622,899
DECEMBER	-	613,707,115	437,194,188	71,502,262
JANUARY	-	710,351,741	580,885,854	108,130,590
FEBRUARY	-	584,487,275	496,453,999	217,629,193
MARCH	-	599,096,267	508,488,546	200,717,737
APRIL	-	615,840,435	500,240,167	318,260,683
MAY	-	695,301,954	605,557,239	303,297,059
JUNE	-	679,263,084	575,342,891	384,019,042

(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 the past, the City issued short-term Tax and Revenue Anticipation Notes (TRAN) to pre-fund retirement contributions. In 2023-2024, the City chose to pre-fund with \$211 million cash.

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



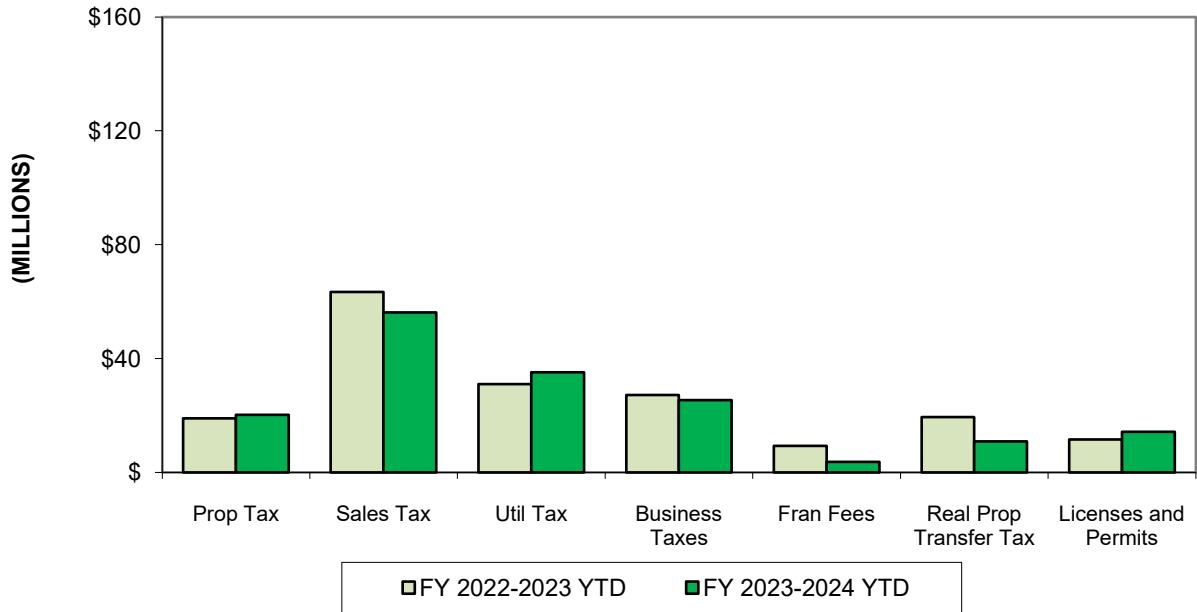
**GENERAL FUND  
Comparison of YTD Expenditures vs. Prior YTD Expenditures  
Actual**



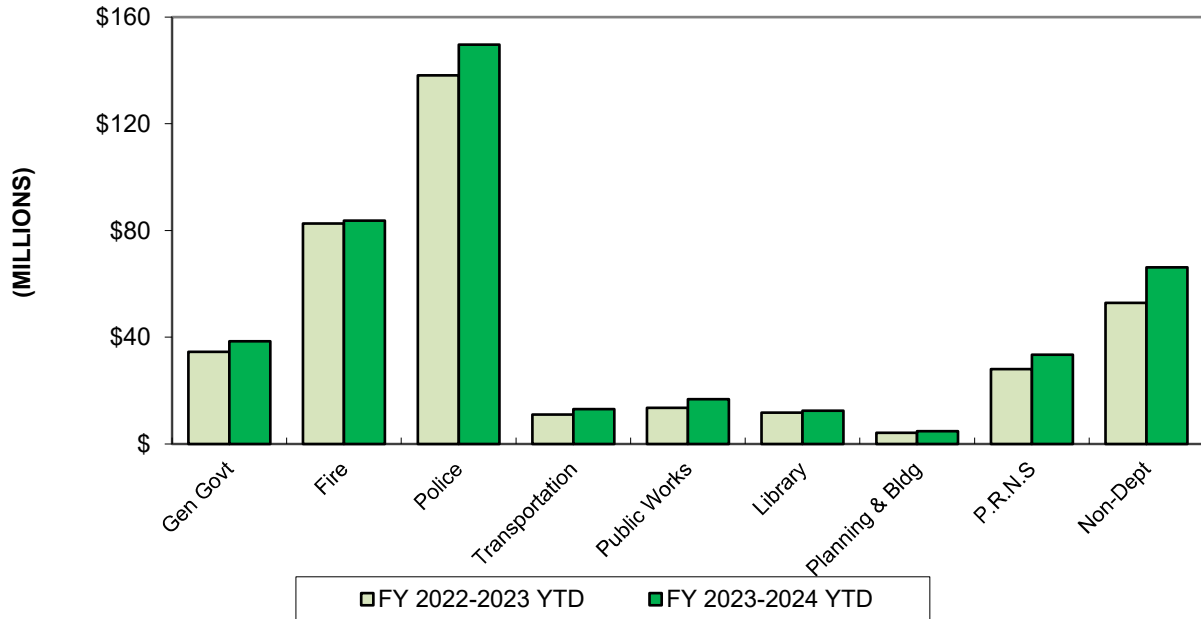
Note: 1) Decrease in revenues is primarily due to \$275.0 million received in TRAN proceeds in FY 2023 compared to \$0 received in FY 2024.



**GENERAL FUND MAJOR REVENUES  
Comparison of YTD Actual vs. Prior YTD Actual**



**GENERAL FUND MAJOR EXPENDITURES  
Comparison of YTD Actual vs. Prior YTD Actual**



Note: 1) The 'Other Revenue' category was omitted from the General Fund Major Revenues chart to prevent the y-axis from extending to \$300 million, which would make other categories illegible. FY 2024 YTD actual other revenue was \$11.8 million, down from \$281.5 million in FY 2023. The decrease in Other Revenues is mainly attributed to the \$275.0 million received in TRAN proceeds in FY 2023, compared to \$0 received in FY 2024.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE MONTHS ENDED OCTOBER 31, 2023**  
*(UNAUDITED)*  
*( \$000's )*

	ADOPTED FY 2023-2024 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2023-2024 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
<b>Fund Balance</b>											
Prior Year Encumbrances	-	-	81,495	81,495	81,495	100.00%	53,358	83.61%	63,818	28,137	52.73%
Available Balance	629,627	9,732	-	639,359	639,359	100.00%	558,987	100.00%	558,987	80,372	14.38%
<b>Total Fund Balance</b>	<b>629,627</b>	<b>9,732</b>	<b>81,495</b>	<b>720,854</b>	<b>720,854</b>	<b>100.00%</b>	<b>612,345</b>	<b>98.32%</b>	<b>622,805</b>	<b>108,509</b>	<b>17.72%</b>
<b>General Revenues</b>											
Property Tax	460,400	-	-	460,400	20,242	4.40%	18,968	4.22%	449,014	1,274	6.72%
Sales Tax	336,400	-	-	336,400	56,191	16.70%	63,308	18.43%	343,472	(7,117)	-11.24%
Telephone Line Tax	22,000	-	-	22,000	5,456	24.80%	4,968	23.55%	21,094	488	9.82%
Transient Occupancy Tax	16,000	-	-	16,000	3,679	22.99%	3,267	21.87%	14,937	412	12.61%
Franchise Fees	51,825	-	-	51,825	3,683	7.11%	9,250	20.64%	44,824	(5,567)	-60.18%
Utility Tax	126,550	-	-	126,550	35,125	27.76%	30,950	24.91%	124,267	4,175	13.49%
Business Taxes	87,500	-	-	87,500	25,342	28.96%	27,203	30.35%	89,627	(1,861)	-6.84%
Real Property Transfer Tax	50,000	-	-	50,000	10,833	21.67%	19,431	34.53%	56,280	(8,598)	-44.25%
Licenses and Permits	22,006	(202)	-	21,804	14,195	65.10%	11,567	65.14%	17,757	2,628	22.72%
Fines, Forfeits and Penalties	15,080	-	-	15,080	3,371	22.35%	4,714	27.17%	17,353	(1,343)	-28.49%
Use of Money and Property	14,864	-	-	14,864	6,513	43.82%	4,180	21.82%	19,158	2,333	55.81%
Revenue from Local Agencies	18,975	2,989	-	21,964	1,794	8.17%	3,381	13.26%	25,497	(1,587)	-46.94%
Revenue from State of CA	22,111	15,708	-	37,819	1,320	3.49%	586	2.94%	19,913	734	125.26%
Revenue from Federal Government	7,496	2,460	-	9,956	304	3.05%	269	5.42%	4,962	35	13.01%
Fees, Rates and Charges	22,373	(3)	-	22,370	7,982	35.68%	7,079	30.00%	23,595	903	12.76%
Other Revenues	10,258	627	-	10,885	11,793	108.34%	281,542	96.67%	291,249	(269,749)	-95.81%
<b>Total General Revenues</b>	<b>1,283,838</b>	<b>21,579</b>	<b>-</b>	<b>1,305,417</b>	<b>207,823</b>	<b>15.92%</b>	<b>490,663</b>	<b>31.39%</b>	<b>1,562,999</b>	<b>(282,840)</b>	<b>-57.64%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	89,127	-	-	89,127	49,297	55.31%	41,732	55.06%	75,800	7,565	18.13%
Transfers from Other Funds	9,898	2,344	-	12,242	12,653	103.36%	19,140	40.57%	47,176	(6,487)	-33.89%
Reimbursements for Services	26,743	5	-	26,748	8,061	30.14%	2,865	16.12%	17,772	5,196	181.36%
<b>Total Transfers &amp; Reimbursements</b>	<b>125,768</b>	<b>2,349</b>	<b>-</b>	<b>128,117</b>	<b>70,011</b>	<b>54.65%</b>	<b>63,737</b>	<b>45.28%</b>	<b>140,748</b>	<b>6,274</b>	<b>9.84%</b>
<b>Total Sources</b>	<b>2,039,233</b>	<b>33,660</b>	<b>81,495</b>	<b>2,154,388</b>	<b>998,688</b>	<b>46.36%</b>	<b>1,166,745</b>	<b>50.15%</b>	<b>2,326,552</b>	<b>(168,057)</b>	<b>-14.40%</b>

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

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE MONTHS ENDED OCTOBER 31, 2023**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2023-2024	BUDGET		FY 2023-2024	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR				
	BUDGET	AMENDMENTS		ENCUMBR	BUDGET	BUDGET	ACTUAL	OF BUDGET	YEAR-END				
<b>General Government</b>													
Mayor and Council	17,930	252	52	18,234	4,217	28	23.13%	4,397	30.61%	14,366	(180)	-4.09%	
City Attorney	17,857	503	1,937	20,297	5,854	2,196	28.84%	5,328	29.48%	18,076	526	9.86%	
City Auditor	2,922	62	4	2,988	771	4	25.81%	698	27.95%	2,497	73	10.51%	
City Clerk	3,857	110	(20)	3,947	1,077	190	27.29%	817	24.54%	3,329	260	31.81%	
City Manager	23,044	791	1,489	25,324	6,426	1,616	25.38%	6,409	31.09%	20,613	17	0.26%	
Finance	23,364	750	1,158	25,272	6,278	1,225	24.84%	5,764	28.72%	20,071	514	8.93%	
Information Technology	32,629	568	4,548	37,745	7,638	4,910	20.24%	5,762	23.09%	24,953	1,876	32.56%	
Human Resources	15,049	243	354	15,646	4,028	3,935	25.74%	3,240	25.96%	12,479	788	24.31%	
Independent Police Auditor	1,630	87	-	1,717	456	-	26.55%	367	30.51%	1,203	89	24.24%	
Office of Economic Development	6,410	463	722	7,595	1,721	790	22.66%	1,703	29.00%	5,872	18	1.05%	
<b>Total General Government</b>	<b>144,692</b>	<b>3,828</b>	<b>10,244</b>	<b>158,764</b>	<b>38,466</b>	<b>14,893</b>	<b>24.23%</b>	<b>34,485</b>	<b>27.93%</b>	<b>123,459</b>	<b>3,981</b>	<b>11.54%</b>	
<b>Public Safety</b>													
Fire	280,269	1,080	2,761	284,110	83,731	3,080	29.47%	82,593	29.66%	278,490	1,138	1.38%	
Police	505,805	4,745	3,318	513,868	149,664	4,701	29.13%	138,187	33.69%	410,220	11,477	8.31%	
<b>Total Public Safety</b>	<b>786,074</b>	<b>5,826</b>	<b>6,079</b>	<b>797,979</b>	<b>233,395</b>	<b>7,781</b>	<b>29.25%</b>	<b>220,780</b>	<b>32.06%</b>	<b>688,710</b>	<b>12,615</b>	<b>5.71%</b>	
<b>Capital Maintenance</b>													
Transportation	47,797	99	1,188	49,084	12,989	3,866	26.46%	11,012	25.95%	42,441	1,977	17.95%	
Public Works	48,461	929	3,175	52,565	16,672	3,878	31.72%	13,422	29.80%	45,040	3,250	24.22%	
<b>Total Capital Maintenance</b>	<b>96,258</b>	<b>1,028</b>	<b>4,363</b>	<b>101,649</b>	<b>29,662</b>	<b>7,745</b>	<b>29.18%</b>	<b>24,434</b>	<b>27.93%</b>	<b>87,481</b>	<b>5,228</b>	<b>21.39%</b>	
<b>Community Service</b>													
Housing	601	23	126	750	96	126	12.80%	84	16.28%	516	12	14.36%	
Library	46,409	1,589	1,948	49,946	12,451	5,455	24.93%	11,638	28.25%	41,200	813	6.99%	
Planning, Bldg & Code Enf.	17,742	853	672	19,267	4,748	715	24.64%	4,180	28.08%	14,884	568	13.60%	
Parks, Rec & Neigh Svcs	123,327	2,159	1,836	127,322	33,355	5,874	26.20%	28,060	29.09%	96,475	5,295	18.87%	
Environmental Services	5,746	167	621	6,534	1,282	1,711	19.63%	1,191	29.33%	4,061	91	7.66%	
<b>Total Community Services</b>	<b>193,825</b>	<b>4,792</b>	<b>5,203</b>	<b>203,820</b>	<b>51,933</b>	<b>13,880</b>	<b>25.48%</b>	<b>45,153</b>	<b>28.73%</b>	<b>157,136</b>	<b>6,780</b>	<b>15.02%</b>	
<b>Total Dept. Expenditures</b>	<b>1,220,849</b>	<b>15,474</b>	<b>25,889</b>	<b>1,262,212</b>	<b>353,456</b>	<b>44,299</b>	<b>28.00%</b>	<b>324,852</b>	<b>30.74%</b>	<b>1,056,786</b>	<b>28,604</b>	<b>8.81%</b>	

(\* ) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE MONTHS ENDED OCTOBER 31, 2023  
( UNAUDITED )  
( \$000's )**

	ADOPTED	YTD	C/O ENCUMBR	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END ACTUAL (1)	CUR YTD LESS	% CHANGE		
	FY 2023-2024	BUDGET		FY 2023-2024			ACTUAL %	YTD	OF PRIOR		PRIOR YEAR-END	PRIOR YTD	LESS PRIOR YTD	LESS PRIOR YTD
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL (1)	ACTUAL		ACTUAL (1)	ACTUAL (1)	ACTUAL	
<b>Non-Dept Expenditures</b>														
City-wide Expenditures:														
Community and Economic Develop.	151,145	(2,917)	25,708	173,936	2,610	53,547	1.50%	(826)	-1.24%	66,605	3,436	-415.93%		
Environmental & Utility Services	2,701	425	232	3,358	120	462	3.59%	31	1.67%	1,859	89	288.41%		
Public Safety	27,724	5,129	2,194	35,047	9,529	2,223	27.19%	7,543	27.95%	26,987	1,986	26.33%		
Neighborhood Services	63,686	15,682	12,255	91,623	8,689	19,836	9.48%	1,803	3.49%	51,733	6,886	381.92%		
Transportation Services	5,473	626	9	6,108	713	41	11.67%	506	13.20%	3,833	207	40.86%		
Strategic Support	75,894	5,647	4,874	86,415	10,987	6,608	12.71%	9,865	3.09%	319,307	1,122	11.38%		
<b>Total City-wide Expenditures</b>	<b>326,623</b>	<b>24,591</b>	<b>45,272</b>	<b>396,486</b>	<b>32,648</b>	<b>82,717</b>	<b>8.23%</b>	<b>18,922</b>	<b>4.02%</b>	<b>470,324</b>	<b>13,726</b>	<b>72.54%</b>		
Other Non-Dept Expenditures:														
Capital Improvements	62,264	2,274	10,334	74,872	3,373	13,136	4.51%	8,419	30.80%	27,331	(5,046)	-59.94%		
Transfers to Other Funds	30,406	66	-	30,472	30,156	-	98.96%	25,469	67.36%	37,811	4,687	18.40%		
<b>Total Non-Dept Expenditures</b>	<b>419,293</b>	<b>26,931</b>	<b>55,606</b>	<b>501,830</b>	<b>66,178</b>	<b>95,854</b>	<b>13.19%</b>	<b>52,810</b>	<b>9.86%</b>	<b>535,466</b>	<b>13,368</b>	<b>25.31%</b>		
<b>Reserves</b>														
Contingency Reserve	47,000	3,000	-	50,000	-	-	0.00%	-	0.00%	-	-	0.00%		
Earmarked Reserves	352,091	(11,745)	-	340,346	-	-	0.00%	487	0.00%	-	(487)	-100.00%		
<b>Total Reserves</b>	<b>399,091</b>	<b>(8,745)</b>	<b>-</b>	<b>390,346</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>487</b>	<b>0.00%</b>	<b>-</b>	<b>(487)</b>	<b>-100.00%</b>		
<b>Total Uses</b>	<b>2,039,233</b>	<b>33,660</b>	<b>81,495</b>	<b>2,154,388</b>	<b>419,634</b>	<b>140,153</b>	<b>19.48%</b>	<b>378,149</b>	<b>23.75%</b>	<b>1,592,252</b>	<b>41,485</b>	<b>10.97%</b>		

(\* ) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

Note: Figures may not total due to rounding.

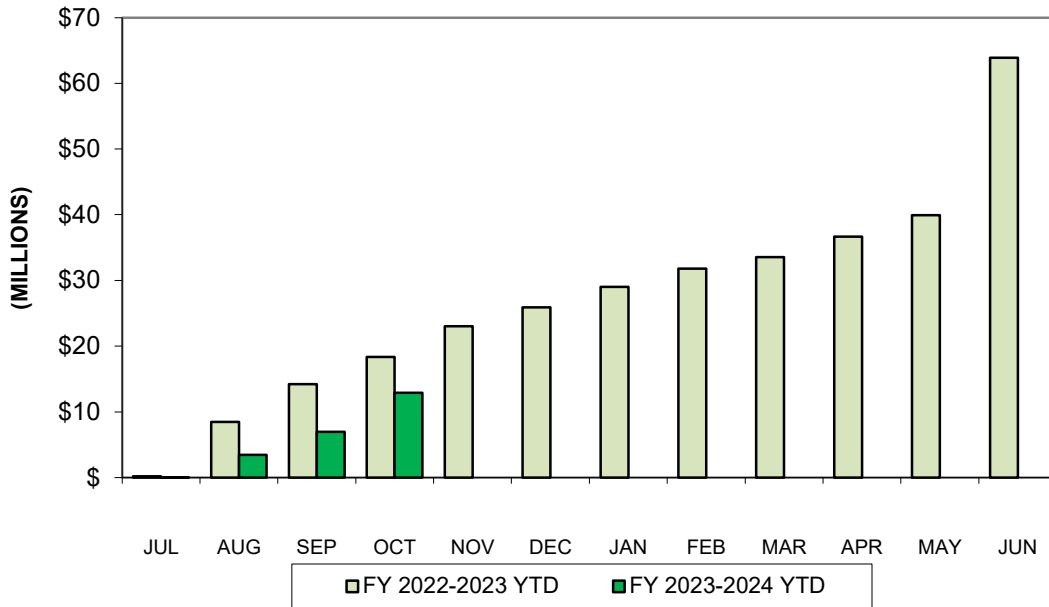
**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FOR THE MONTHS ENDED OCTOBER 31, 2023**  
**SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES**  
*(UNAUDITED)*  
*( \$000's )*

	ADOPTED FY 2023-2024 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2023-2024 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	978	-	-	978	475	48.60%	355	30.14%	1,178	120	33.89%
Public Works	-	-	-	-	-	-	1	0.00%	-	(1)	-100.00%
Transportation	1,899	(3)	-	1,896	865	45.60%	789	48.32%	1,633	76	9.57%
Library	66	-	-	66	36	54.34%	20	25.64%	78	16	79.32%
Planning, Bldg & Code Enforcement	-	-	-	-	3	-	-	0.00%	-	3	N/A
Parks Rec & Neigh Svcs	16,623	-	-	16,623	5,581	33.58%	4,835	27.31%	17,707	746	15.44%
Miscellaneous Dept Charges	2,807	-	-	2,807	1,023	36.43%	1,079	35.98%	2,999	(56)	-5.24%
<b>Total Fees, Rates, and Charges</b>	<b>22,373</b>	<b>(3)</b>	<b>-</b>	<b>22,370</b>	<b>7,982</b>	<b>35.68%</b>	<b>7,079</b>	<b>30.00%</b>	<b>23,595</b>	<b>903</b>	<b>12.76%</b>

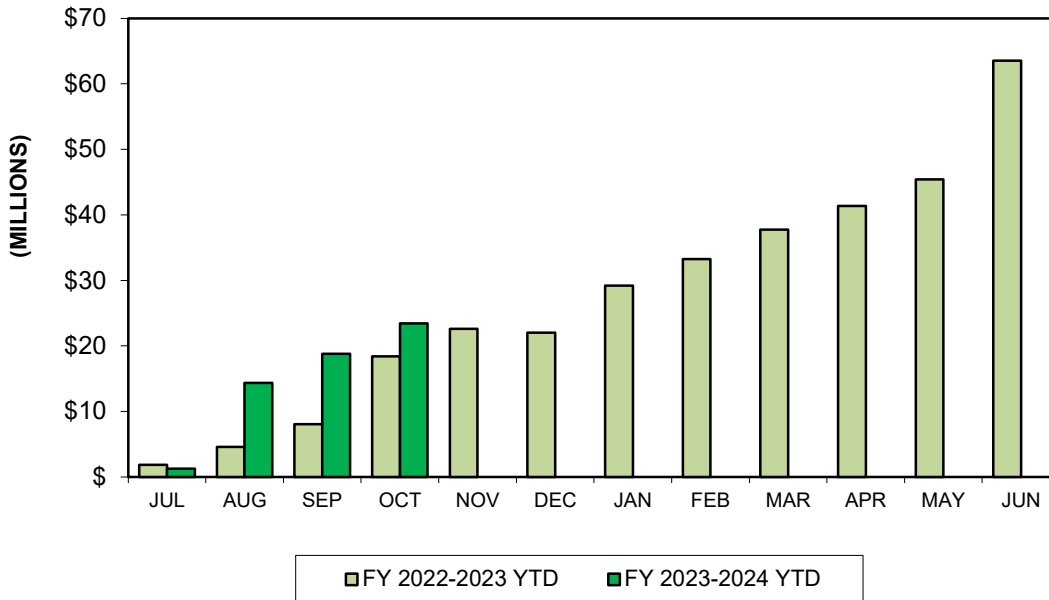
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Note: Figures may not total due to rounding.

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

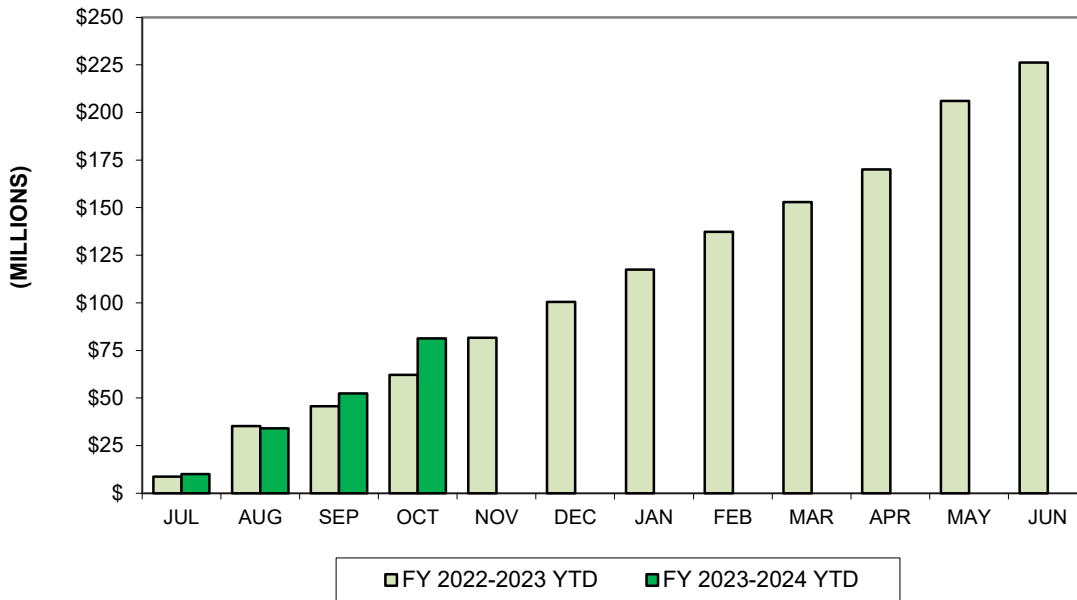


**CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398  
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

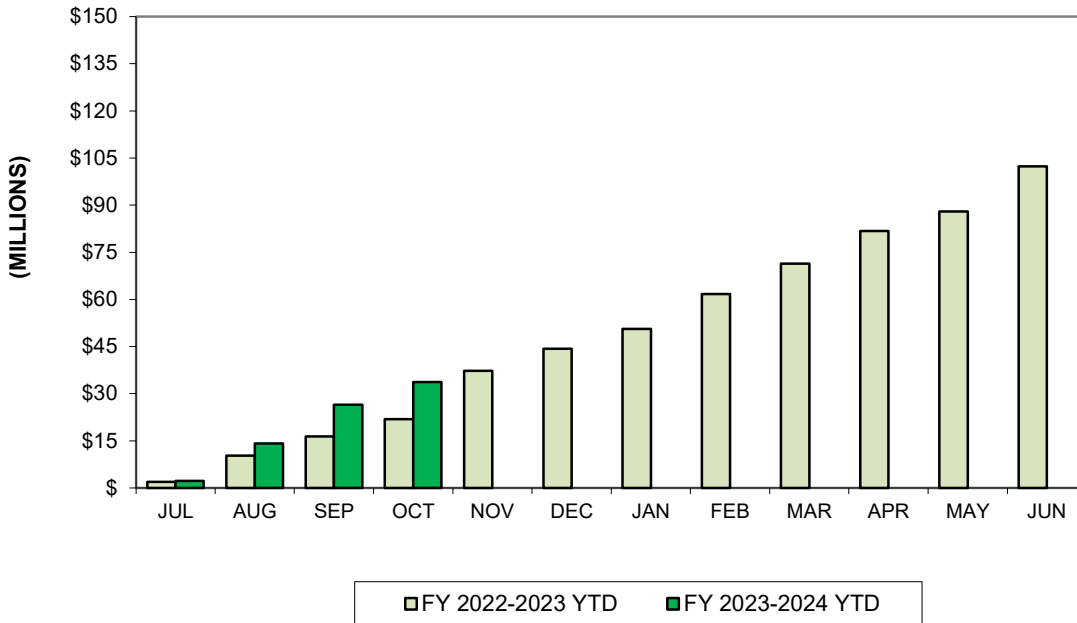


Note: 1) FY 2024 revenues have decreased primarily due to the downward trend in real property transfers.  
2) Increase in expenditures is due to an increase in the number of construction and capital maintenance projects.

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

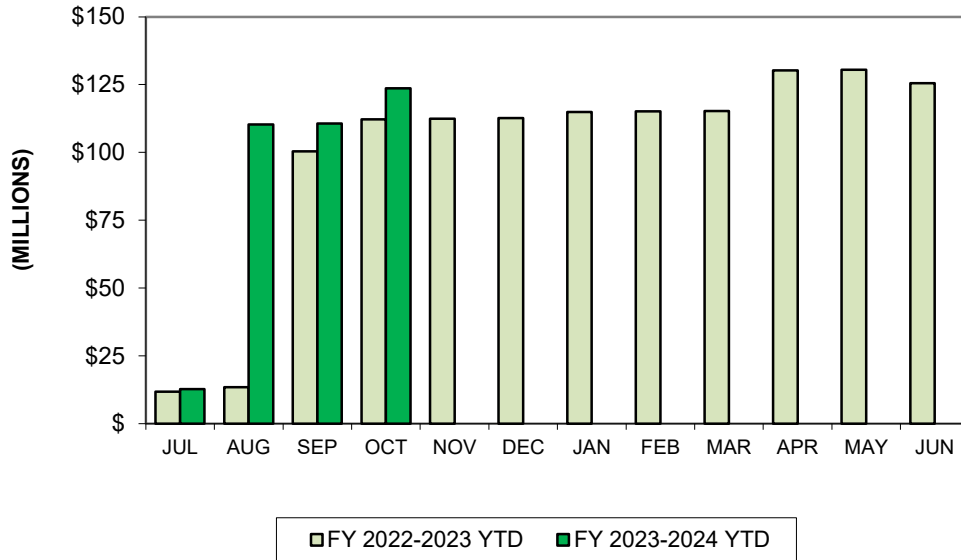


**AIRPORT MAINTENANCE & OPERATION FUND 523**  
**Comparison of YTD Expenditures vs. Prior YTD Expenditures**

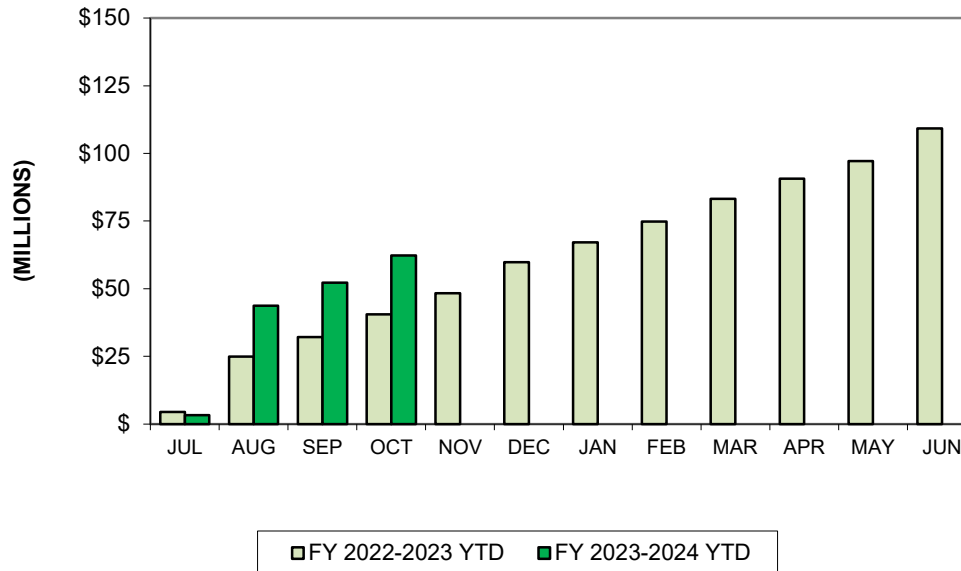


Note: 1) The Airport received Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act revenue of \$10.0 million in October 2023 compared to \$0 in October 2022.  
 2) Increase in expenditures as of October 2023 is primarily due to the overhead reimbursement and transfers to General Fund for \$10.1 million compared to \$1.4 million as of October 2022.

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



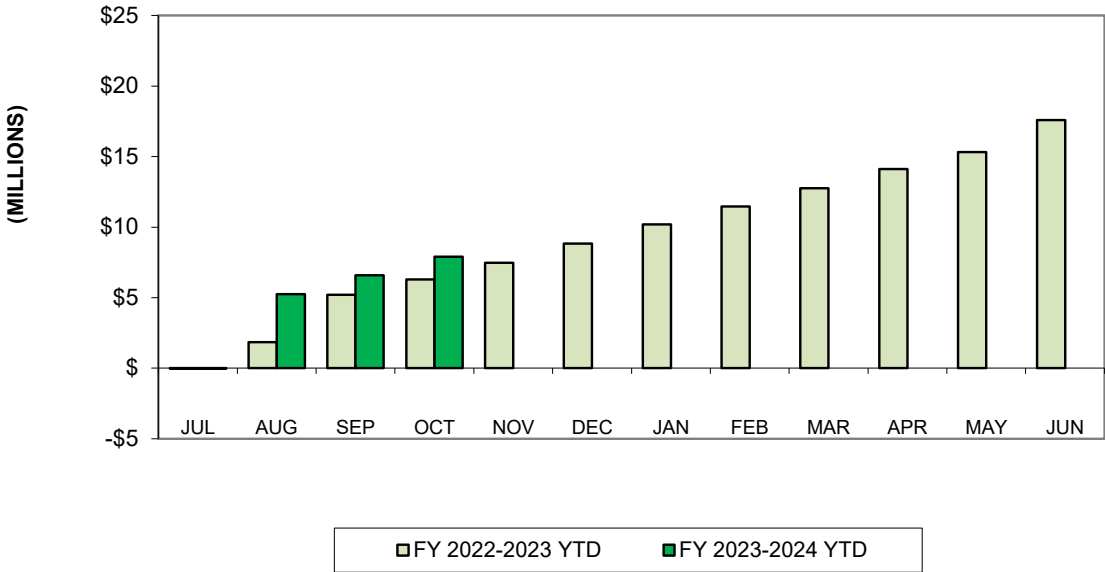
**WPCP OPERATION FUND 513  
Comparison of YTD Expenditures vs. Prior YTD Expenditures**



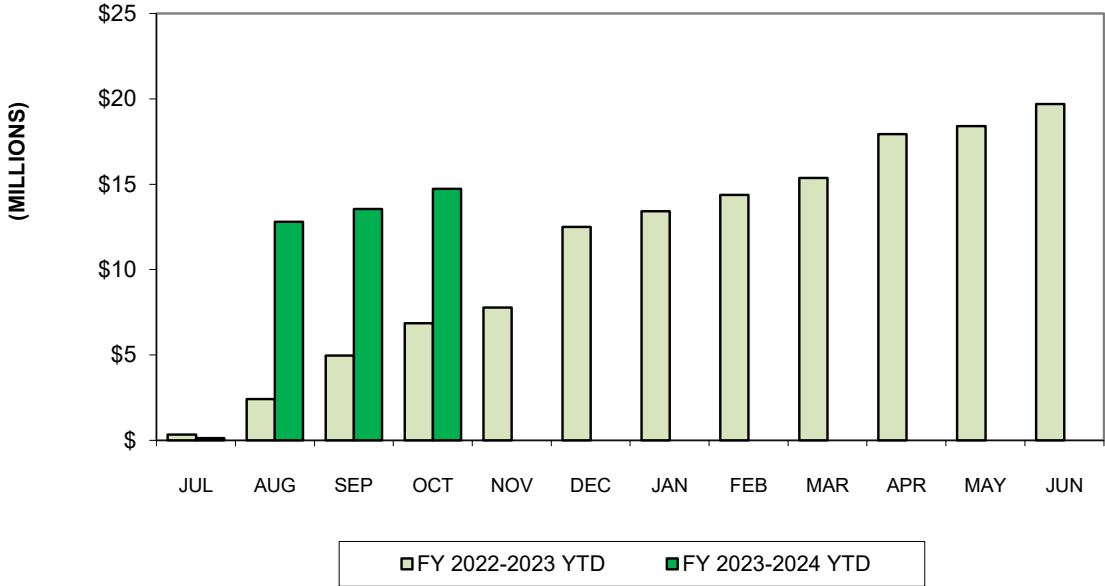
Note: 1) Increase in revenues as of October 2023 is mainly due to transfers from the Sewer Service & Use Charge Fund (541). As of October 2023, \$94.9 million was transferred, whereas only \$86.8 million was transferred as of October 2022.  
 2) Increase in expenditures was due to a \$19.2 million transfer to the South Bay Water Recycling Operating Fund (570); whereas \$0 was transferred as of October 2022.



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

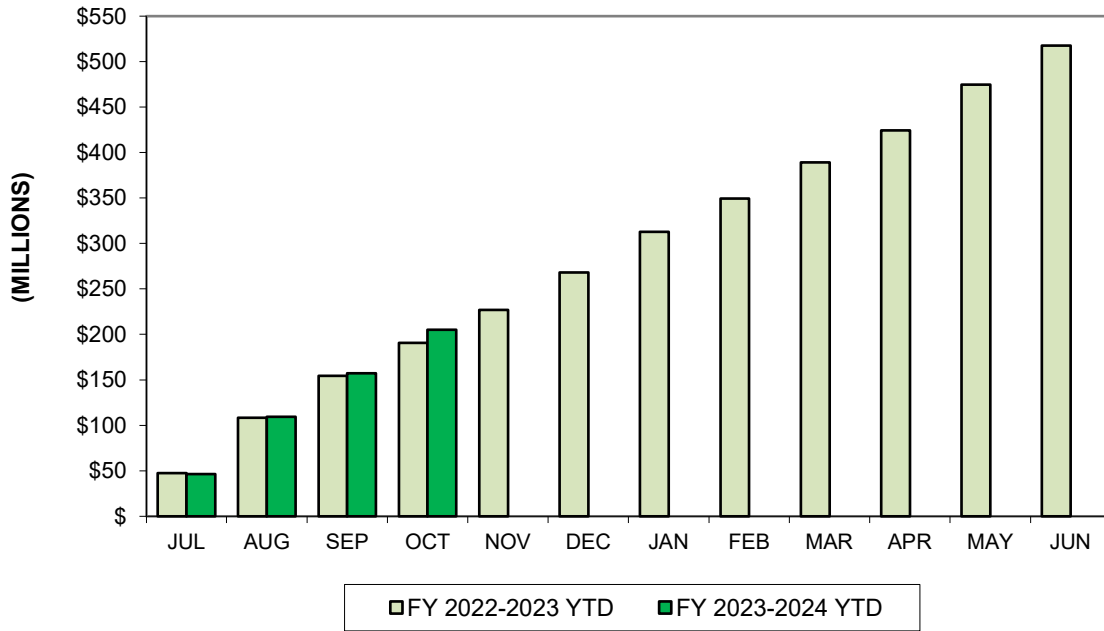


**GENERAL PURPOSE PARKING FUNDS 533 & 559  
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

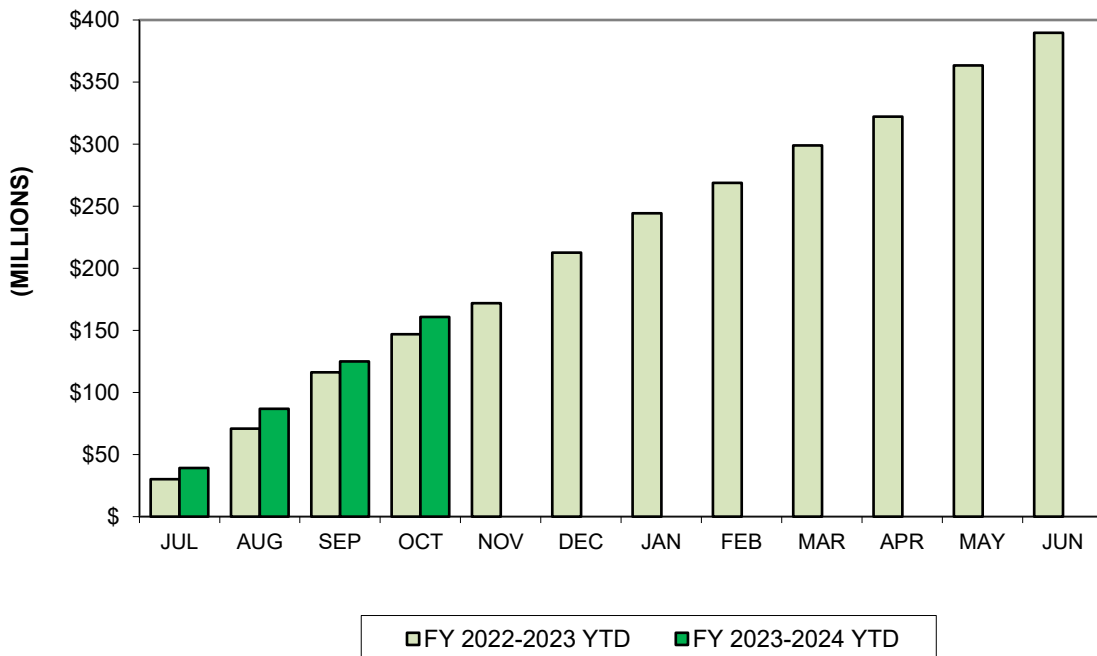


Note: 1) Increase in revenue and expenditure as of October 2023 is due to an internal transfer between General Purpose Parking Funds (533 & 559) for \$4 million, and an additional expenditure increase by \$5.2 million for Parking Garage projects.

**CLEAN ENERGY FUND 501**  
**Comparison of YTD Revenues vs. Prior YTD Revenues**



**CLEAN ENERGY FUND 501**  
**Comparison of YTD Expenditures vs. Prior YTD Expenditures**



**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED OCTOBER 31, 2023  
(UNAUDITED)  
( \$000's )**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2023-2024 BUDGET	BUDGET AMENDMENTS		FY 2023-2024 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	-	-	11,202	11,202	11,202	-	9,867
Beginning Fund Balance	101,742	15,387	-	117,129	117,129	-	122,254
Revenues	63,259	(567)	-	62,692	12,899	-	18,365
<b>Total Sources</b>	<b>165,001</b>	<b>14,820</b>	<b>11,202</b>	<b>191,023</b>	<b>141,230</b>	<b>-</b>	<b>150,486</b>
<b>Total Uses</b>	<b>165,001</b>	<b>14,820</b>	<b>11,202</b>	<b>191,023</b>	<b>23,458</b>	<b>11,349</b>	<b>18,418</b>
<b>Airport</b>							
Prior Year Encumbrance	-	-	45,467	45,467	45,467	-	31,540
Beginning Fund Balance	312,656	(5,254)	-	307,402	307,402	-	257,271
Revenues	706,209	(12,921)	-	693,288	176,962	-	159,803
<b>Total Sources</b>	<b>1,018,865</b>	<b>(18,175)</b>	<b>45,467</b>	<b>1,046,157</b>	<b>529,831</b>	<b>-</b>	<b>448,614</b>
<b>Total Uses</b>	<b>1,018,865</b>	<b>(18,175)</b>	<b>45,467</b>	<b>1,046,157</b>	<b>145,405</b>	<b>56,343</b>	<b>129,221</b>
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	189,216	189,216	189,216	-	276,775
Beginning Fund Balance	337,449	(59,083)	-	278,366	278,366	-	181,203
Revenues	541,583	85,000	-	626,583	446,378	-	392,636
<b>Total Sources</b>	<b>879,032</b>	<b>25,917</b>	<b>189,216</b>	<b>1,094,165</b>	<b>913,960</b>	<b>-</b>	<b>850,614</b>
<b>Total Uses</b>	<b>879,032</b>	<b>25,917</b>	<b>189,216</b>	<b>1,094,165</b>	<b>290,125</b>	<b>218,918</b>	<b>247,653</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	4,144	4,144	4,144	-	7,501
Beginning Fund Balance	27,298	11,868	-	39,166	39,166	-	38,079
Revenues	19,150	1,143	-	20,293	7,900	-	6,294
<b>Total Sources</b>	<b>46,448</b>	<b>13,011</b>	<b>4,144</b>	<b>63,603</b>	<b>51,210</b>	<b>-</b>	<b>51,874</b>
<b>Total Uses</b>	<b>46,448</b>	<b>13,011</b>	<b>4,144</b>	<b>63,603</b>	<b>14,721</b>	<b>7,939</b>	<b>6,851</b>
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	5,300	5,300	5,300	-	8,443
Beginning Fund Balance	35,584	2,178	-	37,762	37,762	-	31,638
Revenues	131,902	(2)	-	131,900	31,502	-	26,954
<b>Total Sources</b>	<b>167,486</b>	<b>2,176</b>	<b>5,300</b>	<b>174,962</b>	<b>74,564</b>	<b>-</b>	<b>67,035</b>
<b>Total Uses</b>	<b>167,486</b>	<b>2,176</b>	<b>5,300</b>	<b>174,962</b>	<b>30,049</b>	<b>31,144</b>	<b>26,802</b>

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

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED OCTOBER 31, 2023  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2023-2024 BUDGET	BUDGET AMENDMENTS		FY 2023-2024 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Community Energy</b>							
Prior Year Encumbrance	-	-	22,761	22,761	22,761	-	4,793
Beginning Fund Balance	180,030	(6,288)	-	173,742	173,742	-	100,614
Revenues	522,847	1,239	-	524,086	205,048	-	190,514
<b>Total Sources</b>	<b>702,877</b>	<b>(5,049)</b>	<b>22,761</b>	<b>720,589</b>	<b>401,551</b>	<b>-</b>	<b>295,921</b>
<b>Total Uses</b>	<b>702,877</b>	<b>(5,049)</b>	<b>22,761</b>	<b>720,589</b>	<b>160,766</b>	<b>91,283</b>	<b>146,908</b>
<b>Gas Tax</b>							
Revenues	17,000	-	-	17,000	4,739	-	2,865
<b>Total Sources</b>	<b>17,000</b>	<b>-</b>	<b>-</b>	<b>17,000</b>	<b>1,424</b>	<b>-</b>	<b>-</b>
<b>Total Uses</b>	<b>17,000</b>	<b>-</b>	<b>-</b>	<b>17,000</b>	<b>3,115</b>	<b>-</b>	<b>2,865</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	22,191	22,191	22,191	-	3,874
Beginning Fund Balance	78,505	1,388	-	79,893	79,893	-	99,342
Revenues	86,569	8,110	-	94,679	7,051	-	8,198
<b>Total Sources</b>	<b>165,074</b>	<b>9,498</b>	<b>22,191</b>	<b>196,763</b>	<b>109,135</b>	<b>-</b>	<b>111,414</b>
<b>Total Uses</b>	<b>165,074</b>	<b>9,498</b>	<b>22,191</b>	<b>196,763</b>	<b>10,738</b>	<b>20,107</b>	<b>8,857</b>
<b>Residential Construction</b>							
Beginning Fund Balance	2,695	374	-	3,069	3,069	-	2,891
Revenues	260	-	-	260	100	-	71
<b>Total Sources</b>	<b>2,955</b>	<b>374</b>	<b>-</b>	<b>3,329</b>	<b>3,169</b>	<b>-</b>	<b>2,962</b>
<b>Total Uses</b>	<b>2,955</b>	<b>374</b>	<b>-</b>	<b>3,329</b>	<b>27</b>	<b>-</b>	<b>13</b>
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	-	-	775	775	775	-	675
Beginning Fund Balance	4,518	450	-	4,968	4,968	-	5,375
Revenues	24,055	-	-	24,055	5,535	-	4,926
<b>Total Sources</b>	<b>28,573</b>	<b>450</b>	<b>775</b>	<b>29,798</b>	<b>11,278</b>	<b>-</b>	<b>10,976</b>
<b>Total Uses</b>	<b>28,573</b>	<b>450</b>	<b>775</b>	<b>29,798</b>	<b>17,217</b>	<b>3,701</b>	<b>12,148</b>

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Note: Figures may not total due to rounding.

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED OCTOBER 31, 2023  
(UNAUDITED)  
(\$'000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2023-2024 BUDGET	BUDGET AMENDMENTS		FY 2023-2024 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	311	311	311	-	64
Beginning Fund Balance	5,941	1,621	-	7,562	7,562	-	3,505
Revenues	11,957	(50)	-	11,907	12,120	-	12,771
<b>Total Sources</b>	<b>17,898</b>	<b>1,571</b>	<b>311</b>	<b>19,780</b>	<b>19,993</b>	<b>-</b>	<b>16,340</b>
<b>Total Uses</b>	<b>17,898</b>	<b>1,571</b>	<b>311</b>	<b>19,780</b>	<b>8,569</b>	<b>3,586</b>	<b>6,425</b>
<b>Golf</b>							
Beginning Fund Balance	2,646	153	-	2,799	2,799	-	2,749
Revenues	820	6	-	826	274	-	79
<b>Total Sources</b>	<b>3,466</b>	<b>159</b>	<b>-</b>	<b>3,625</b>	<b>3,073</b>	<b>-</b>	<b>2,828</b>
<b>Total Uses</b>	<b>3,466</b>	<b>159</b>	<b>-</b>	<b>3,625</b>	<b>-</b>	<b>-</b>	<b>8</b>
<b>Emergency Reserve</b>							
Prior Year Encumbrance	-	-	2,321	2,321	2,321	-	-
Beginning Fund Balance	663	(27,539)	-	(26,876)	(26,876)	-	(31,712)
Revenues	20	30,210	-	30,230	-	-	-
<b>Total Sources</b>	<b>683</b>	<b>2,671</b>	<b>2,321</b>	<b>5,675</b>	<b>(24,555)</b>	<b>-</b>	<b>(31,712)</b>
<b>Total Uses</b>	<b>683</b>	<b>2,671</b>	<b>2,321</b>	<b>5,675</b>	<b>51</b>	<b>2,778</b>	<b>148</b>
<b>Low and Moderate Income Housing Asset</b>							
Prior Year Encumbrance	-	-	42,735	42,735	42,735	-	-
Beginning Fund Balance	52,614	58,327	-	110,941	110,941	-	118,668
Revenues	14,500	-	-	14,500	2,717	-	7,130
<b>Total Sources</b>	<b>67,114</b>	<b>58,327</b>	<b>42,735</b>	<b>168,176</b>	<b>156,393</b>	<b>-</b>	<b>125,797</b>
<b>Total Uses</b>	<b>67,114</b>	<b>58,327</b>	<b>42,735</b>	<b>168,176</b>	<b>10,947</b>	<b>47,823</b>	<b>9,797</b>
<b>Other Special Revenue Funds</b>							
Prior Year Encumbrance	-	-	51,137	51,137	51,137	-	109,050
Beginning Fund Balance	395,463	2,075	-	397,538	397,538	-	487,616
Revenues	630,726	31,312	-	662,038	320,923	-	288,879
<b>Total Sources</b>	<b>1,026,189</b>	<b>33,387</b>	<b>51,137</b>	<b>1,110,713</b>	<b>769,598</b>	<b>-</b>	<b>885,545</b>
<b>Total Uses</b>	<b>1,026,189</b>	<b>33,387</b>	<b>51,137</b>	<b>1,110,713</b>	<b>145,466</b>	<b>240,397</b>	<b>149,156</b>

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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 OCTOBER 31, 2023**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2023-2024	BUDGET		FY 2023-2024	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Construction Excise</b>							
Prior Year Encumbrance	-	-	29,650	29,650	29,650	-	65,068
Beginning Fund Balance	89,219	-	-	89,219	89,219	-	225,244
Revenues	97,043	27,026	-	124,069	23,319	-	4,993
<b>Total Sources</b>	<b>186,262</b>	<b>27,026</b>	<b>29,650</b>	<b>242,938</b>	<b>142,188</b>	<b>-</b>	<b>295,305</b>
<b>Total Uses</b>	<b>186,262</b>	<b>27,026</b>	<b>29,650</b>	<b>242,938</b>	<b>33,715</b>	<b>32,854</b>	<b>43,104</b>
<b>Other Capital Funds</b>							
Prior Year Encumbrance	-	-	22,860	22,860	22,860	-	1,159
Beginning Fund Balance	172,546	-	-	172,546	172,546	-	43,738
Revenues	350	23,721	-	24,071	2,065	-	10
<b>Total Sources</b>	<b>172,896</b>	<b>23,721</b>	<b>22,860</b>	<b>219,477</b>	<b>197,471</b>	<b>-</b>	<b>44,907</b>
<b>Total Uses</b>	<b>172,896</b>	<b>23,721</b>	<b>22,860</b>	<b>219,477</b>	<b>17,603</b>	<b>41,422</b>	<b>127</b>

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Note: Figures may not total due to rounding.

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED OCTOBER 31, 2023  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2023-2024	BUDGET		FY 2023-2024	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
<b>Trust and Agency</b>							
Prior Year Encumbrance	-	-	379	379	379	-	430
Beginning Fund Balance	4,509	-	-	4,509	4,509	-	11,993
Revenues	3,920	5,306	-	9,226	2,674	-	3,987
<b>Total Sources</b>	<u>8,429</u>	<u>5,306</u>	<u>379</u>	<u>14,114</u>	<u>7,562</u>	<u>-</u>	<u>16,410</u>
<b>Total Uses</b>	<u>8,429</u>	<u>5,306</u>	<u>379</u>	<u>14,114</u>	<u>1,297</u>	<u>95</u>	<u>212</u>

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

Note: Figures may not total due to rounding.