



# Memorandum

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

**FROM:** Jim Shannon

**SUBJECT:** BI-MONTHLY FINANCIAL REPORT  
FOR JULY/AUGUST 2023

**DATE:** October 10, 2023

Approved

Date

10/11/2023

## RECOMMENDATION

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

## OVERVIEW

The Bi-Monthly Financial Report for July/August 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 two months ending August 2023.

Through the first two 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:

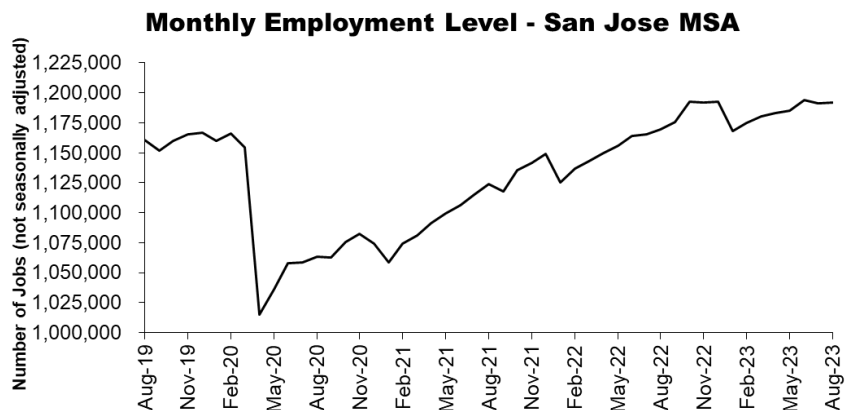
- While it is very early in the fiscal year and there is minimal data, overall, General Fund revenues appear to be tracking within estimated levels in the General Fund.
- Overall, General Fund expenditures tracked within estimated levels through August. Expenditures will continue to be controlled and 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 very 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 has grown compared to prior year levels.
- Transient Occupancy Tax activity levels are trending above prior year levels. At this early point in the year, it is anticipated to meet budgeted levels.
- At this early point in the fiscal year, all Development Fee Programs revenues, with the exception of the Public Works Development Fee Program, are tracking 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 2.2 million passengers through August, an increase of 0.8% from the figures reported through August of the prior year. This year-over-year increase is due to increased international passenger activity.
- Through August, Energy Sales totaled \$108.6 million, 1.4% above prior year levels of \$107.1 million and 21.0% of the 2023-2024 Adopted Budget estimate of \$517.5 million. Cost of Energy expenditures including encumbrances totaled \$276.0 million, 44.3% above prior year levels of \$191.3 million and 62.6% 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 August 2023 employment level of 1.19 million in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) grew by 22,100 jobs, or 1.9%, from the August

**OVERVIEW (CONT'D.)**

2022 level of 1.17 million. This increase includes private education and health services increasing by 13,100 jobs; leisure and hospitality expanding by 7,500 jobs; and construction growing by 3,500 jobs. Notable employment reductions include manufacturing decreasing by 2,000 jobs and professional and business services declining by 1,900 jobs.<sup>1</sup>

<b>Unemployment Rate (Unadjusted)</b>			
	<b>August 2022</b>	<b>July 2023</b>	<b>August 2023</b>
San Jose Metropolitan Statistical Area*	2.7%	3.6%	3.9%
State of California	4.1%	4.8%	5.1%
United States	3.8%	3.8%	3.9%
* San Benito and Santa Clara Counties Source: California Employment Development Department. ** August 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 August 2022 unemployment rate totaling 2.7%, and the August 2023 rate growing to 3.9%. While the August 2023 unemployment rate is lower than the unadjusted employment rate for the State (5.1%), it is consistent with the federal rate.

Overall construction activity through August 2023 increased 5.9% from prior-year levels primarily due to activity for the residential land use categories experiencing significant year-over-year increases from the prior year. 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 moderately outperform 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>August 2022 (YTD)</b>	<b>August 2023 (YTD)</b>	<b>% Change</b>
Residential	\$52.6	\$127.3	149.1%
Commercial	\$105.1	\$95.3	(9.3%)
Industrial	\$98.8	\$48.8	(50.6%)
<b>TOTAL</b>	<b>\$256.4</b>	<b>\$271.4</b>	<b>5.9%</b>

Through August 2023, residential permit valuation has increased 149.1% from prior-year levels (\$127.3 million in 2023-2024 from \$52.6 million in 2022-2023). Residential activity through August included 504 multi-family units and 99 units of single-family construction for a total of 603 units. Major projects for July and August include permits for a six-story affordable multi-family residence with 135 units on Lick Avenue between Floyd Street and Humboldt Street and a seven-story multi-family residence with 271 units on Blossom Hill Road, west of Winfield Road.

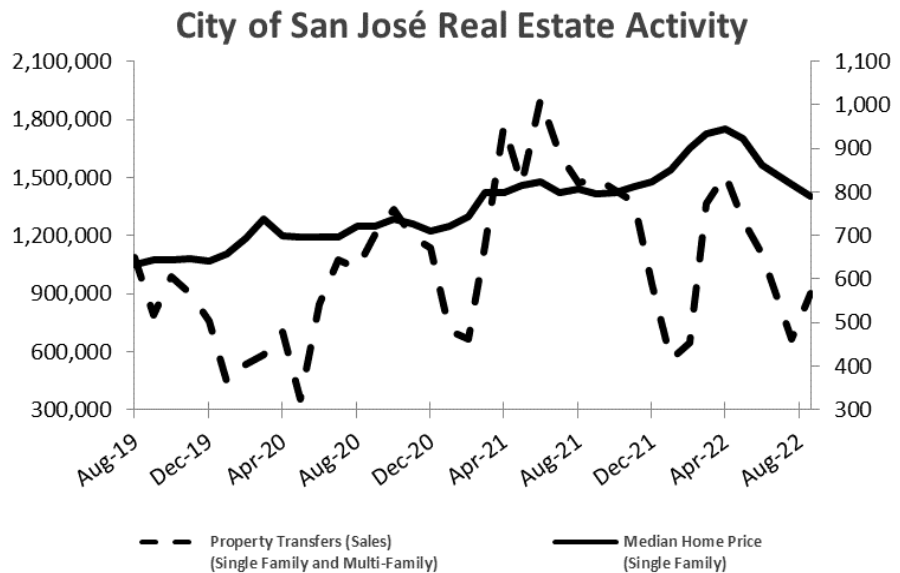
<sup>1</sup> State of California Employment Development: Labor Market Information Division Press Release, September 15, 2023

**OVERVIEW (CONT'D.)**

Commercial valuation through August 2023 was 9.3% lower than the 2022-2023 level (\$95.3 million in 2023-2024 from \$105.1 million in 2022-2023). Additions/alterations accounted for 55% of the commercial activity for July and August (\$52.2 million). A notable project for July and August is a permit for a three-story, 102,000 square foot assisted living facility on South Bascom Avenue, near the intersection with Dry Creek Road.

Industrial construction valuation through August was 50.6% – noticeably lower than 2022-2023 level (\$48.8 million in 2023-2024 from \$98.8 million in 2022-2023). Alterations accounted for 36% of the activity for July and August. A notable project for July and August is permit for a new 302,000 square foot warehouse located on Rue Ferrari, north of Highway 101.

According to data from the Santa Clara County Association of Realtors, in August 2023, the median single-family home price totaled \$1.53 million, which is 12.3% above the August 2022 price of \$1.40 million. In addition, these more expensive homes are selling at a quicker rate. The average days-on-market through August 2023 totaled 18 days, while the average days



through August 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 for the first two months of the fiscal year dropped almost 10% 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, Americans felt more pessimistic about the economy in August, after two straight months of growing confidence. Dana Peterson, Chief Economist at The Conference Board, stated “Consumer confidence fell in August 2023, erasing back-to-back increases in June and July. August’s disappointing headline number reflected dips in both the current conditions and expectations indexes (consumers’ short-term outlook for income, business, and labor market conditions). Write-in responses showed that consumers were once again preoccupied with rising prices in general, and for groceries and gasoline in particular.”<sup>2</sup>

<sup>2</sup> The Conference Board, Consumer Confidence Survey, August 29, 2023

## **OVERVIEW (CONT'D.)**

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.

## **GENERAL FUND**

### **REVENUES**

General Fund revenues through August 2023 totaled \$116.2 million, which represents a decrease of \$261.5 million from the August 2022 level of \$377.7 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 (\$4.9 million) due to a more constrained real estate market resulting in fewer high-value property transfers occurring. Offsetting the revenues performing below prior year levels, there are several categories experiencing increases, including, Transfers and Reimbursements (\$9.7 million), Utility Tax (\$3.1 million), Licenses and Permits (\$2.5 million), Fees, Rates and Charges (\$2.4 million), Use of Money and Property (\$2.0 million), and Revenue from the Federal Government (\$2.1 million). These higher collections are due to the timing of payments and higher activity levels.

Based on activity levels through August 2023, several revenue categories are anticipated to exceed budgeted levels, including Property Tax, and Fees, Rates and Charges. However, it is important to note that only very 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>\$ 0</b>	<b>\$ 0</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 \$470.7 million, which is approximately 2.2% higher than the 2023-2024 budgeted estimate of \$460.4 million. This increase is primarily due to higher Secured Property Tax receipts (6.2 million), Unsecured Property Tax (\$2.2 million) and SB 813 Property Tax (\$1.1 million). 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 \$441.2 million in 2023-2024. This estimate is comprised of general Secured Property Tax receipts of \$378.0 million, excess ERAF funds of \$40.9 million, and SARA Residual Property Tax receipts of \$22.4 million. The Secured Property Tax receipt estimate is \$6.2 million higher than the Adopted Budget estimate; however, as it is still very early in the year, this estimate will likely change as additional information is known.

As mentioned above, the general Secured Property Tax estimate totals \$378.0 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 \$22.4 million, which is consistent with the 2022-2023 collection level. However, the estimated collection level is \$1.6 million below the 2023-2024 Adopted Budget estimate of \$24.0 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

<b>GENERAL FUND (CONT'D.)</b>
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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 \$17.2 million, which is \$1.3 million above the 2022-2023 collection level of \$16.0 million and \$2.2 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, 2023-2024 receipts are estimated at \$4.3 million, which is \$800,000 higher than the 2023-2024 Adopted Budget estimate of \$3.5 million and \$400,000 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.

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Sales Tax</b>	<b>\$ 336,400,000</b>	<b>\$ 0</b>	<b>\$ 8,400,411</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 will not be received until November 2023. Once the payment is received and analyzed, additional information will be included in future Bi-Monthly Financial Reports and 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.

<b>GENERAL FUND (CONT'D.)</b>
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**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 will be received in late November. After analyzing the receipts, updated information on General Sales Tax collections will be provided 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 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, first quarter 2023-2024 Local Sales Tax collections (July to September 2023 activity) are anticipated to be received in late November 2023. After analyzing the receipts, updated information on Local Sales Tax collections will be provided 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. At this very early point in the fiscal year, 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>\$ 1,012,046</b>	<b>\$ 856,574</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 August 2023, TOT receipts total \$1.0 million, which is 18.2% above the prior year collection level of \$857,000; 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 preliminary information known at this very early point in the year, receipts are anticipated to meet the budgeted estimate by year-end.

Through August 2023, the average hotel occupancy rate reported for the San José market was 65.06%, a slight decrease from the average of 68.03% through the same period in 2022-2023. The average daily room rate decreased by 2.5%, from \$159.52 as of August 2022 to \$155.48 as of August 2023; and the year-to-date average revenue-per-available room (RevPAR) decreased by 6.79%, from \$108.52 to \$101.15, relative to the same period in 2022-2023.

Reported gross hotel revenue performance for the first two months of 2023-2024 is tracking above estimated levels; however, due to a timing of the remittances being received and booked, not all revenue related to the high hotel performance is captured in the August 2023 receipts. Additionally, preliminary data reported for September 2023 indicates improving occupancy, room rate, and RevPar metrics. 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>\$ 12,911,146</b>	<b>\$ 9,846,862</b>

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Water Utility Tax, and the Telephone Utility Tax. Through August, Utility Tax receipts totaled \$12.9 million, which is 31.1% higher than the prior-year level of \$9.8 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 the preliminary information known at this very early point in the year, receipts are anticipated to exceed the budgeted estimate by year-end. As it is still very 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 August totaled \$8.6 million, which is 40.2% higher than the \$6.1 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 August and historical collection patterns, receipts are anticipated to exceed the budgeted estimate by year-end.

In the **Gas Utility Tax** category, collections through August 2023 totaled \$685,000 compared to the prior year level of \$774,000. 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 August and historical collection patterns, receipts are anticipated to meet the budgeted estimate.

In the **Water Utility Tax** category, collections through August 2023 totaled \$2.0 million, which is 58.9% higher than prior year receipts of \$1.3 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 August and historical collection patterns, receipts are anticipated to exceed the budgeted estimate.

Collections in the **Telephone Utility Tax** category of \$1.6 million through August are slightly below the prior-year collections of \$1.7 million. The 2023-2024 Adopted Budget estimate totals \$18.6 million, which is consistent with prior year receipts. Based on collections through August and historical collection patterns, receipts are anticipated to meet the budgeted estimate.

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

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Business Taxes</b>	<b>\$ 87,500,000</b>	<b>\$ 11,642,149</b>	<b>\$ 11,813,503</b>

The Business Taxes category consists of the Cannabis Business Tax, Cardroom Tax, Disposal Facility Tax, and General Business Tax. Through August, overall collections of \$11.6 million are 1.5% below the prior-year collection levels of \$11.8 million. This slight 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 Adopted Budget was built on the assumption that 2022-2023 Business Taxes would end the year at \$86.8 million and increase by almost 1% to \$87.5 million in 2023-2024. However, 2022-2023 ended the year at \$89.6 million, due to stronger year-end collections. As a result, 2023-2024 collections can drop by 2.4% and meet the budgeted estimate. Based on the preliminary information known at this very early point in the year, receipts are anticipated to exceed the budgeted estimate. As it is still very 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 August, receipts of \$1.3 million are 38.7% above the prior-year level of \$933,000. 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 August, receipts in this category are anticipated to meet or slightly exceed the budgeted estimate by year-end.

Through August, **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 \$2.8 million. This collection level is 15.2% lower than the prior year receipts of \$3.3 million. When the 2023-2024 Adopted Budget estimate was developed, it was assumed 2022-2023 collections would total \$32.0 million and remain steady in 2023-2024. However, due to lower than anticipated collections in the last few months of the fiscal year, 2022-2023 collections totaled \$29.9 million. Therefore, the 2023-2024 Adopted Budget estimate of \$32.0 million requires growth of 6.9% from 2022-2023 receipts. It is not anticipated Cardroom Tax revenue will grow in 2023-2024, therefore, a recommendation was included in the 2022-2023 Annual Report (which was released on September 29, 2023 and will be considered by the City Council on October 17, 2023) to decrease the budgeted estimate by \$2.0 million, from \$32.0 million to \$30.0 million.

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

**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 August totaled \$1.1 million, which is 26.8% above the prior-year collection level of \$853,000, which is primarily due to the timing of payments received. 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 August and historical collection patterns, receipts in this category are anticipated to meet or slightly exceed the budgeted estimate by year-end.

Through August, **General Business Tax** receipts of \$6.5 million are slightly below the prior-year collection level of \$6.75 million. When the 2023-2024 Adopted Budget estimate was developed, it was assumed 2022-2023 collections would total \$26.0 million and grow slightly to \$27.5 million in 2023-2024. However, due to higher than anticipated collections in the last few months of the fiscal year, 2022-2023 collections totaled \$29.8 million. Therefore, the 2023-2024 Adopted Budget estimate of \$27.5 million allows for a 7.6% drop from the prior year collection level. It is not anticipated General Business Tax revenue will drop in 2023-2024; therefore, a recommendation was included in the 2022-2023 Annual Report (which was released on September 29, 2023 and will be considered by the City Council on October 17, 2023) to increase the budgeted estimate by \$2.0 million, from \$27.5 million to \$29.5 million.

Revenue	2023-2024 Budget Estimate	YTD Actual	Prior YTD Collections
<b>Real Property Transfer Tax</b>	<b>\$ 50,000,000</b>	<b>\$ 3,911,448</b>	<b>\$ 8,837,789</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 August 2023, Real Property Transfer Tax collections totaled \$3.9 million, which is significantly below the prior-year level of \$8.8 million. In addition, the City has received the September tax receipts from Santa Clara County, which totaled \$3.4 million. When taking into account total receipts through August and the September remittance, total Real Property Transfer Tax receipts in 2023-2024 totaled \$7.3 million, compared to the prior year level of \$14.7 million. This significant variance is primarily due to a more constrained real estate market resulting in a larger amount of high-value property transfers occurring in the prior 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 very 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 August, General Fund expenditures (without encumbrances) of \$164.6 million were 8.6% below the prior-year level of \$180.0 million. Encumbrances of \$120.9 million were 52.2% above the prior-year level of \$79.4 million. General Fund expenditures and encumbrances through August of \$285.4 million constitute 13.5% of the total budget including reserves and 16.6% of the budget excluding reserves. Overall, General Fund expenditures are anticipated to end the year within budgeted levels.

Through August, departments are overall performing within estimated levels for personal services expenditures. Expenditures will continue to be controlled and monitored to ensure appropriations stay within approved levels. Following is a discussion of the performance of the Police and Fire Departments, the largest General Fund departments.

**KEY GENERAL FUND EXPENDITURES**

Department	2023-2024 Budget	YTD Actual	Prior YTD Actual
<b>Police</b>	<b>\$ 509,122,485</b>	<b>\$ 74,053,131</b>	<b>\$ 70,940,647</b>

Overall, Police Department expenditures are slightly above estimated levels through August 2023, which is driven by personal services expenditures. Personal services expenditures of \$66.0 million are above the anticipated level for this point of the year (14.35% expended, compared to the par level of 13.66%), with overtime expenditures of \$8.5 million (33.9% of the total \$25.1 million Adopted Budget). Year-to-date overtime expenditures are 23.1% above 2022-2023 levels and overtime hours through August (117,516) increased by approximately 13.5% over the same period in the prior fiscal year (103,553). The increased overtime usage is attributed to staffing shortages, academy and training for new officers, backfilling street-ready vacancies, and increased caseload in the Homicide, Sexual Assault, Covert Response and Robbery Units. Discussion on the Department's steps to reduce overtime expenditures while also maintaining minimum staffing and service levels follow below.

A total of \$8.0 million (16.43%) of the Department's non-personal/equipment budget (\$48.9 million, including carry-over encumbrances) has been expended through August 2023. Excluding the remaining balances for centrally-determined details (\$22.8 million), which include electricity, gas, and water utilities, as well as vehicle operations, maintenance, and replacement, the Department has approximately \$18.0 million, or 36.9% of its non-personal/equipment budget available for the remainder of the fiscal year. Although non-personal/equipment expenditures are tracking high at this point of the fiscal year due to encumbrances of \$4.1 million (52.0% of the year-to-date activity), overall expenditures are expected to remain within budget levels as this encumbrance balance is expended for planned activities. The Police Department is committed to

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

maintain both its personal services and non-personal/equipment expenditures within the current overall budgeted levels.

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 21.1% as of September 1, 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.

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

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.

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>August 2022<sup>3</sup></b>	<b>August 2023</b>	<b>% Change from 2022 to 2023</b>	<b>% Change from 2021 to 2022</b>
# of Sworn Personnel at 480-hour limit	443	384	(13.32%)	2.31%
# of Sworn Personnel between 240 and 480 hours	287	322	12.20%	1.06%
Sworn Compensatory Time Balance Liability (hours)	354,300	340,206	(3.98%)	(0.13%)
Sworn Compensatory Time Balance Liability (\$)	\$27.1 M	\$28.4 M	4.94%	0.31%
YTD Overtime Expenses for Staff at 480-hour Limit (\$)	\$3.9 M	\$4.7 M	20.21%	16.30%

The table on the following page provides a summary of sworn staffing vacancies and street-ready officers. The February 2023 academy graduated 13 officers in September 2023, and the June 2023 academy started with 27 recruits. The October 2023 academy is expected to begin with 30 recruits. As of September 1, 2023, of the 1,173 authorized sworn staff, 59 were in training (5.0%) and 73 were on disability/modified duty/other leaves (6.2%).

<sup>3</sup> The Bi-Monthly Financial Report for July/August 2022 was under reported due to the omission of the final pay period of August 2022. All data categories have been revised in this column to include the missing pay period.

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

	2022-2023 (as of 09/02/2022)	2023-2024 (as of 09/01/2023)
<b>Authorized Sworn Positions</b>	<b>1,153<sup>4</sup></b>	<b>1,173</b>
(Vacancies)/Overstaff	(51)	(115)
<b>Filled Sworn Positions<sup>5</sup></b>	<b>1,102</b>	<b>1,058</b>
Field Training Officer/Recruits	(75)	(59)
<b>Street-Ready Sworn Officers Available</b>	<b>1,027</b>	<b>999</b>
Disability/Modified Duty/Other Leaves	(64)	(73)
<b>Street-Ready Sworn Officers Working</b>	<b>963</b>	<b>926</b>

Department	2023-2024 Budget	YTD Actual	Prior YTD Actual
<b>Fire</b>	<b>\$ 283,030,694</b>	<b>\$ 42,596,180</b>	<b>\$ 41,685,363</b>

The Fire Department's budget totals \$283.0 million, which is comprised of \$267.3 million in personal services and \$15.7 million in non-personal/equipment expenditures. Overall, Fire Department expenditures are performing slightly above estimated levels through August 2023. Personal services expenditures of \$37.8 million, or 14.13% of the budgeted levels, are trending slightly higher than the expected level of 13.66% at this point in the year. This trend can be partially attributed to the demand for frontline personnel to respond to incidents during the wildland fire season in 2023, while continuing to maintain the daily minimal staffing levels of deployed resources of 191 personnel. The Department responded to approximately 17,895 incidents (Priority 1 and Priority 2 type calls) through August 2023, resulting in a 1.4% increase in emergency response services compared to 17,643 incidents over the same period in 2022-2023.

The Fire Department's non-personal/equipment budget of \$15.7 million was 30.61% expended or encumbered through August 2023. The Department's non-personal/equipment expenditures are above the expected levels of 13.66% primarily due to encumbrances (\$3.1 million). At this point in the year, it is expected the Fire Department will remain within budgeted levels.

<sup>4</sup> The amount of authorized sworn positions were increased to 1,173 in October 2022, as the 20.0 new Police Officer positions included in the 2022-2023 Adopted Budget were budgeted to take effect with the October academy.

<sup>5</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.)**

Through the 2023-2024 Adopted Budget, the Fire Department was allocated funding to conduct a second lateral academy that began in August 2023 with six candidates anticipated to complete the academy in October 2023. The Department vigilantly works to increase the pool of qualified Firefighter/Paramedics in hopes to mitigate the impacts from the continued shortage of paramedics experienced nationwide. To extend their 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 August, of the 33 current authorized staffing level, the Fire Department had 33 sworn personnel on administrative assignments.

**CONTINGENCY RESERVE**

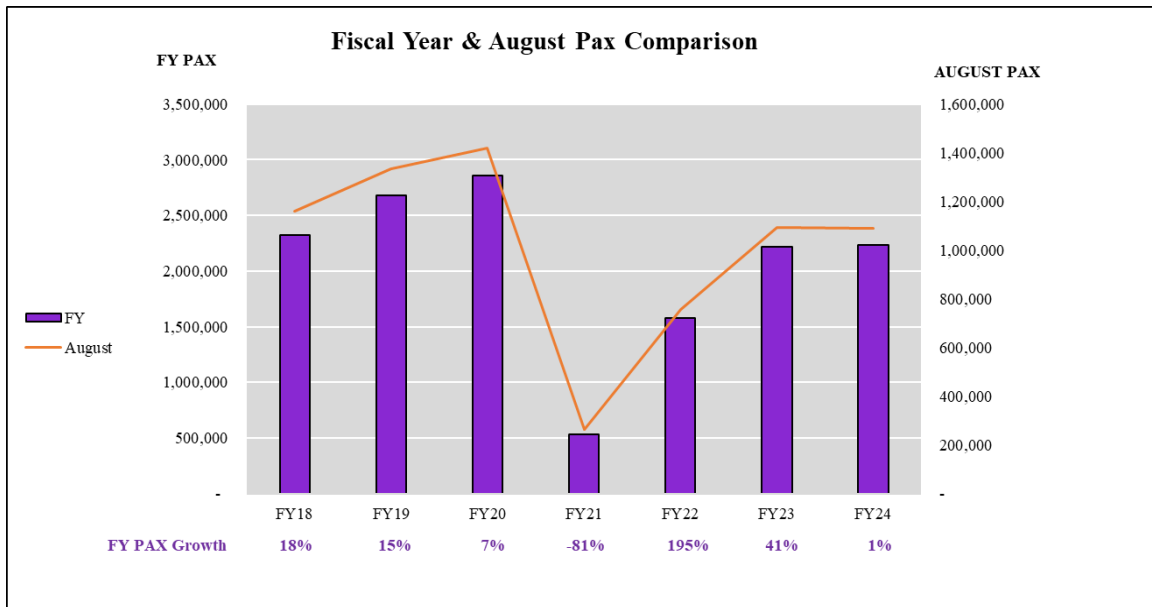
The General Fund Contingency Reserve remained at \$47.0 million through August, with no revisions through the first two months of the fiscal year. However, the 2022-2023 Annual Report, which was released on September 29, 2023 and will be brought forth for City Council consideration on October 17, 2023, includes a recommendation to increase the Contingency Reserve by \$3.0 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 2.2 million passengers, an increase of 0.8% from the figures reported through August of the prior year. Year-to-Date domestic passengers have decreased 1.9%, while international passengers have increased 77.7%. The increase in international passengers is due to the addition of ZipAir flights to Tokyo, Japan and an increase in passengers and destinations in Mexico. The chart below depicts the year-over-year change for the month of August and Fiscal Year-to-Date for the last six years.

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



Fiscal year-to-date mail, freight and cargo totaled 11.0 million pounds, which represents a 12.4% decrease over year-to-date August 2022. Revenue-generating activities posted mixed results from prior year-to-date levels, with decreases in Traffic Operations (landings and takeoffs) by 6.6%, Gallons of Aviation Fuel sold by 4.3%, and Landed Weights by 1.3%, offset by increases in Ground Transportation by 12.2% and Parking Exits by 9.7% year-over-year. Year-to-date Airport revenue through August primarily reflects just one month of receipts. Revenues will continue to be closely monitored through this fiscal year.

Through August, 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 12.9% of the budget compared to the benchmark of 13.7%, and non-personal/equipment expenditures were 5.3% compared to the benchmark of 7.1%. Non-personal/Equipment expenditures in the Customer Facility and Transportation Fee Fund were 5.8% compared to the straight-line benchmark of 16.7%. The activity levels, revenues and expenditure status of the Airport Funds will continue to be closely monitored throughout the fiscal year.

**OTHER FUNDS (CONT'D.)****San José Clean Energy Fund**

The Community 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 TotalGreen product continues at 100% carbon-free power.

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 Community Energy Department anticipates repaying the remaining outstanding commercial paper debt of \$20.0 million by the end of 2023-2024.

Through August, Energy Sales totaled \$108.6 million, 1.4% above prior year levels of \$107.1 million and 21.0% of the 2023-2024 Adopted Budget estimate of \$517.5 million. Cost of Energy expenditures including encumbrances totaled \$276.0 million, 44.3% above prior year levels of \$191.3 million and 62.6% 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 Community Energy Department monitors energy procurement activities closely and, at this early point in the fiscal year, estimates that Energy Sales will end the year at approximately \$517.0 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 \$402.1 million, or 4.6% below the current budget. Additionally, the Community 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 Community Energy Department is still working to build up this reserve level, with an Adopted Budget amount of \$136.0 million. The Community Energy Department monitors this fund closely. 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.

<b>OTHER FUNDS (CONT'D.)</b>
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### **Construction and Conveyance Tax Funds**

Through August 2023, Construction and Conveyance (C&C) Tax receipts totaled \$3.0 million, which represents 7.5% of the 2023-2024 Adopted Budget estimate of \$40.0 million. This amount is 28% below collections received through August 2022, which totaled \$4.2 million. In addition, the City has received the September Conveyance receipts from Santa Clara County, which total \$3.4 million. When taking into account total receipts through August and the estimated September collections, C&C receipts in 2023-2024 total \$6.4 million, which represents a 21% decline from the 2022-2023 collection level of \$8.1 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 meet the budgeted estimate. However, as previously discussed, C&C Tax collections through September have actually declined from prior year levels. Based on collections throughout the first few months of the year, C&C Tax receipts may fall short of the budgeted estimate.

Over 99% of the total Construction and Conveyance Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). As discussed in the Economic Environment section of this Bi-Monthly Financial Report, 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 the very preliminary information known for the first two months of the year, Capital Fund revenues associated with construction activity are anticipated to meet or fall slightly below budgeted levels. 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 August, the Building and Structure Construction Tax collection level of \$3.41 million represents 18.0% of the budgeted estimate of \$19.0 million, and is 14.6% below receipts through August 2022 of \$4.0 million. Overall permit valuation through August is higher than the permit valuation for the same period last fiscal year as a result of significantly higher residential permit activity. However, the year-over-year decrease is primarily attributable to lower construction permit valuation for commercial and industrial categories, especially for industrial activity.

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

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 August, the Building and Structure Construction Tax Revenue is anticipated to fall short of the budgeted estimate. However, as it is still very early in the fiscal year and only preliminary information is known, this tax revenue will continue to be closely monitored.

Through August, the Construction Excise Tax collection level of \$4.0 million represents 26.6% of the budgeted estimate of \$15.0 million, and is significantly above receipts through August 2022 of \$1.7 million. The year-over-year increase is attributable to significantly higher construction permit valuation for the residential land use categories 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. At this very early point in the year, it is anticipated Construction Excise Tax Revenue will meet the budgeted estimate by year-end.

**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 Fund. Based on very preliminary information known at this point in the year, all Development Fee Programs are tracking to fall slightly 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 August 2023, Building Permit revenues of \$6.4 million are 12.5% below the prior-year collection level of \$7.3 million. The 2023-2024 Adopted Budget estimate of \$38.4 million requires growth of 3.2% from the 2022-2023 collection level of \$37.2 million. Based on current collection trends, Building Fee revenues are tracking to fall below the 2023-2024 budgeted estimate.

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 August 2023, Citywide Planning Fee revenues of \$593,100 are 16.2% below the prior-year collection level of \$708,000. 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. Citywide Planning Fee revenue is tracking to fall below the 2023-2024 budgeted estimate.

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

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 August 2023 totaled \$1.4 million, which is 13.7% 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 current collection trends, Fire Development Fee revenues are tracking to fall below the 2023-2024 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 August 2023, Planning Fee revenues of \$1.0 million are 28.7% below the prior-year collection level of \$1.46 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 current collection trends, Planning Fee revenue are tracking to fall below the 2023-2024 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 August of \$1.7 million were 1.1% higher than the prior-year level of \$1.7 million. The Public Works Development Fee Program total revenue collections are comprised of \$868,000 from the Development Services Fee Program, \$822,000 from the Utility Fee Program, and approximately \$17,000 of interest. The 2023-2024 Adopted Budget estimate of \$15.4 million allows for an 9.0% decrease from the 2022-2023 actual collection level of \$17.0 million. Based on activity through August, revenue collections in the Public Works Development Fee Program are tracking to meet or exceed the budgeted estimate.

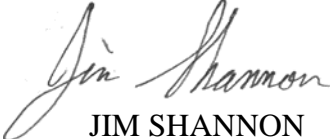
## **CONCLUSION**

The City ended the 2022-2023 fiscal year in solid position as the starting point for 2023-2024. However, although overall economic conditions remain positive, persistent higher levels of inflation and high interest rates may negatively impact sectors of the economy, including local real estate. As a result, several revenue sources such as the Real Property Transfer Tax and Construction and Conveyance Tax (which are driven by real estate transactions) may have suppressed collection rates.

While it is still very early in the fiscal year, overall 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 Fees, Rates and Charges. Conversely, as mentioned, Construction and Conveyance Tax and Real Property Transfer Tax revenue are performing below budgeted levels. In addition, Building and Structure Construction Tax and several Development Fee programs are tracking low through the first few months of the year.

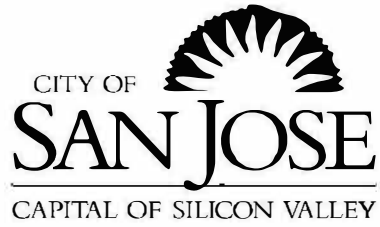
**CONCLUSION (CONT'D.)**

If warranted, budget adjustments to align revenue with revised estimates will be brought forward for City Council consideration as part of the 2023-2024 Mid-Year Budget Review, which will be released on January 31, 2024. However, since only very 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



**FINANCE DEPARTMENT**  
Monthly Financial Report

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

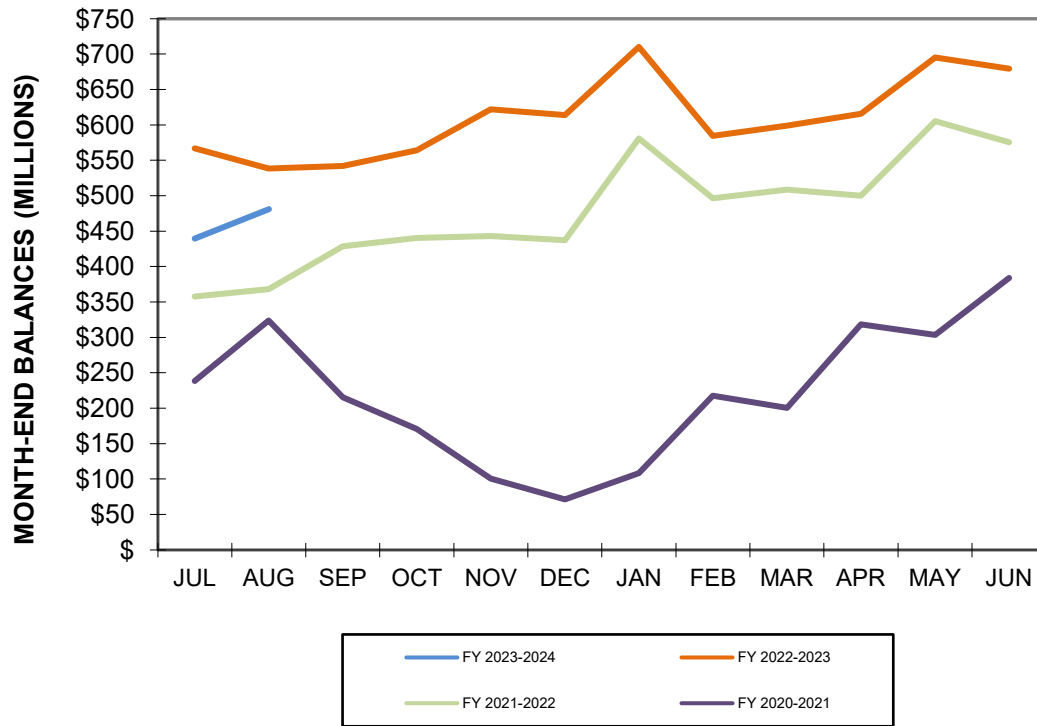
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Submitted by:

RICK BRUNEAU  
Director of Finance

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

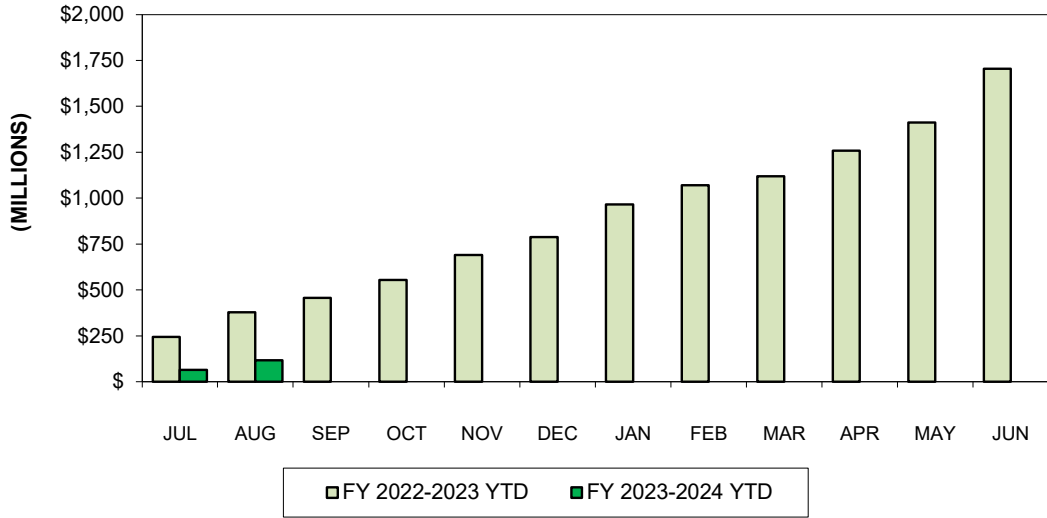


### GENERAL FUND MONTHLY CASH BALANCES

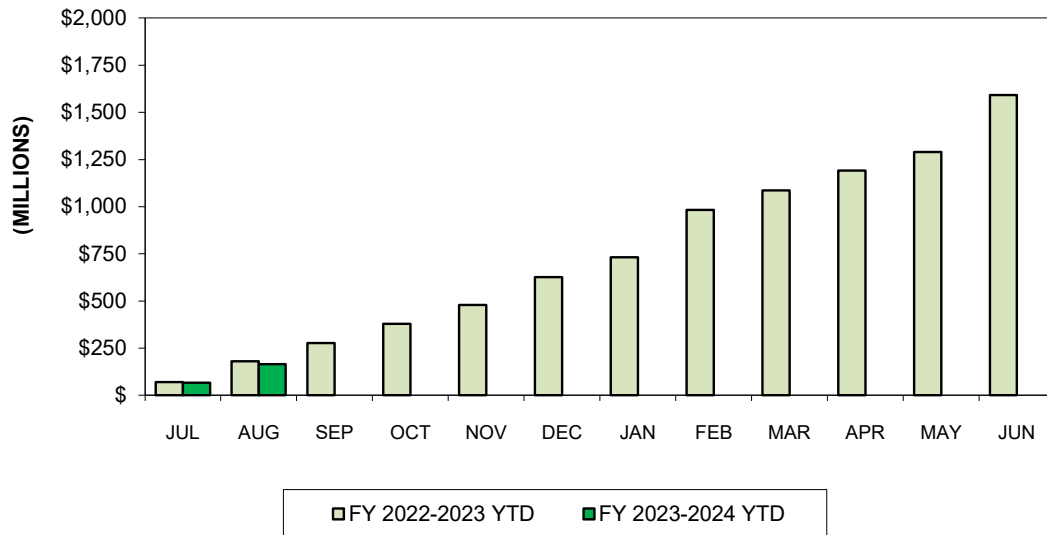
MONTH	FY 2023-2024	FY 2022-2023	FY 2021-2022	FY 2020-2021
JULY <sup>(1)</sup>	\$ 439,558,442	\$ 566,915,115	\$ 358,124,221	\$ 238,661,153
AUGUST	481,331,154	538,605,518	367,985,840	323,738,458
SEPTEMBER	-	542,042,503	428,548,372	215,370,108
OCTOBER	-	564,251,170	440,238,436	170,467,897
NOVEMBER	-	622,142,937	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**

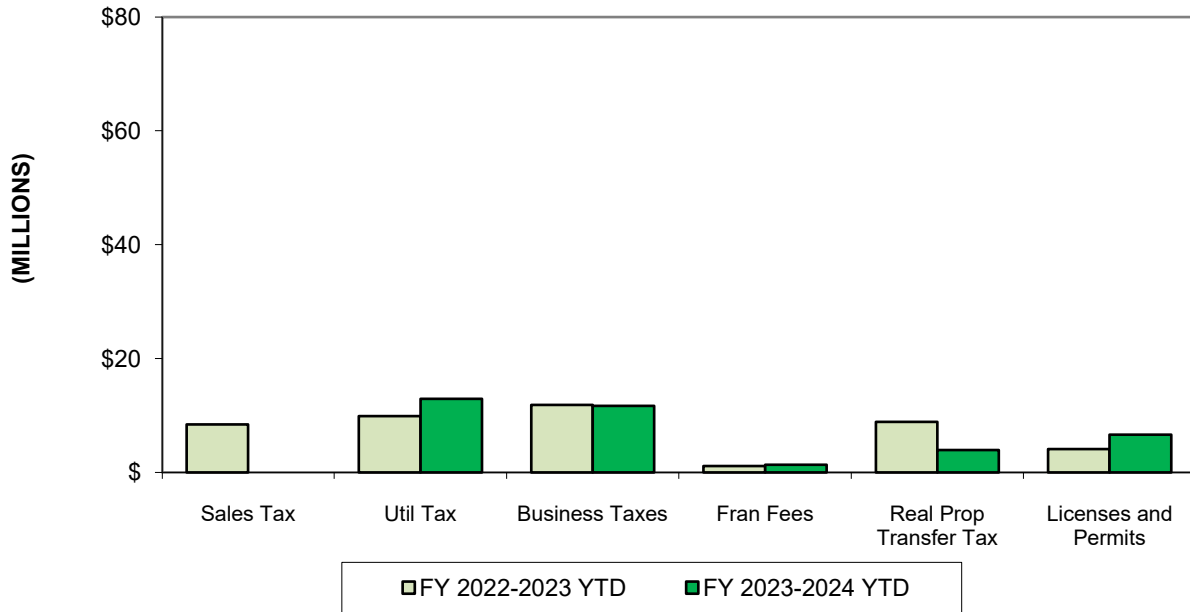


**GENERAL FUND  
Comparison of YTD Expenditures vs. Prior YTD Expenditures  
Actual**

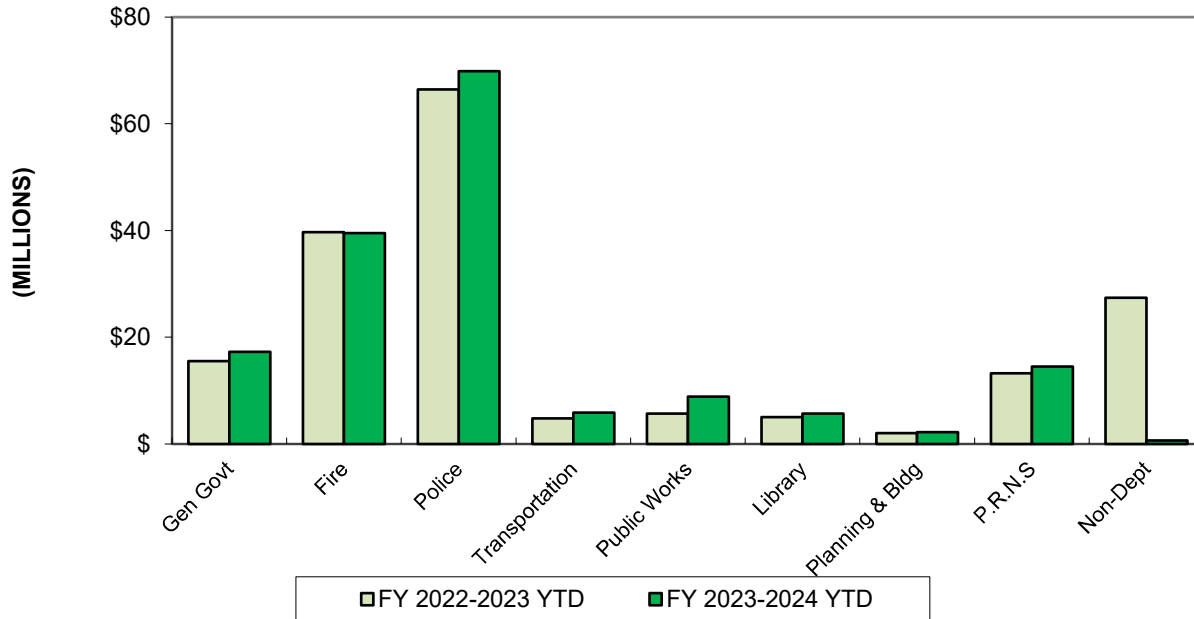


Note: 1) Decrease in revenues is primarily due to \$275.0 million received in TRAN proceeds in FY 2023 compared to \$0 received in FY 2024.

**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 \$10.3 million, down from \$279.6 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. 2) Sales Tax revenue lower in FY 2024 is due to a timing difference in posting Sales Tax receipts.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE MONTHS ENDED AUGUST 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	-	-	629,627	629,627	100.00%	507,609	90.81%	558,987	122,018	24.04%
<b>Total Fund Balance</b>	<b>629,627</b>	<b>-</b>	<b>81,495</b>	<b>711,122</b>	<b>711,122</b>	<b>100.00%</b>	<b>560,967</b>	<b>90.07%</b>	<b>622,805</b>	<b>150,155</b>	<b>26.77%</b>
<b>General Revenues</b>											
Property Tax	460,400	-	-	460,400	-	0.00%	-	0.00%	449,014	-	0.00%
Sales Tax	336,400	-	-	336,400	-	0.00%	8,400	2.45%	343,472	(8,400)	-100.00%
Telephone Line Tax	22,000	-	-	22,000	1,783	8.10%	1,386	6.57%	21,094	397	28.64%
Transient Occupancy Tax	16,000	-	-	16,000	1,012	6.33%	857	5.74%	14,937	155	18.09%
Franchise Fees	51,825	-	-	51,825	1,344	2.59%	1,120	2.50%	44,824	224	20.00%
Utility Tax	126,550	-	-	126,550	12,911	10.20%	9,847	7.92%	124,267	3,064	31.12%
Business Taxes	87,500	-	-	87,500	11,642	13.31%	11,814	13.18%	89,627	(172)	-1.46%
Real Property Transfer Tax	50,000	-	-	50,000	3,911	7.82%	8,838	15.70%	56,280	(4,927)	-55.75%
Licenses and Permits	22,006	-	-	22,006	6,606	30.02%	4,076	22.95%	17,757	2,530	62.07%
Fines, Forfeits and Penalties	15,080	-	-	15,080	2,014	13.36%	1,987	11.45%	17,353	27	1.36%
Use of Money and Property	14,864	-	-	14,864	3,130	21.06%	1,140	5.95%	19,158	1,990	174.56%
Revenue from Local Agencies	18,975	-	-	18,975	310	1.63%	1,017	3.99%	25,497	(707)	-69.52%
Revenue from State of CA	22,111	759	-	22,870	352	1.54%	(376)	-1.89%	19,913	728	-193.62%
Revenue from Federal Government	7,496	36	-	7,532	195	2.59%	(303)	-6.11%	4,962	498	-164.36%
Fees, Rates and Charges	22,373	-	-	22,373	4,793	21.42%	2,399	10.17%	23,595	2,394	99.79%
Other Revenues	10,258	-	-	10,258	10,275	100.17%	279,558	95.99%	291,249	(269,283)	-96.32%
<b>Total General Revenues</b>	<b>1,283,838</b>	<b>795</b>	<b>-</b>	<b>1,284,633</b>	<b>60,278</b>	<b>4.69%</b>	<b>331,760</b>	<b>21.23%</b>	<b>1,562,999</b>	<b>(271,482)</b>	<b>-81.83%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	89,127	-	-	89,127	42,906	48.14%	38,699	51.05%	75,800	4,207	10.87%
Transfers from Other Funds	9,898	-	-	9,898	12,997	131.31%	7,240	15.35%	47,176	5,757	79.52%
Reimbursements for Services	26,743	-	-	26,743	-	0.00%	-	0.00%	17,772	-	0.00%
<b>Total Transfers &amp; Reimbursements</b>	<b>125,768</b>	<b>-</b>	<b>-</b>	<b>125,768</b>	<b>55,903</b>	<b>44.45%</b>	<b>45,939</b>	<b>32.64%</b>	<b>140,748</b>	<b>9,964</b>	<b>21.69%</b>
<b>Total Sources</b>	<b>2,039,233</b>	<b>795</b>	<b>81,495</b>	<b>2,121,523</b>	<b>827,303</b>	<b>39.00%</b>	<b>938,666</b>	<b>40.35%</b>	<b>2,326,552</b>	<b>(111,363)</b>	<b>-11.86%</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 AUGUST 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 %	YTD	OF PRIOR				
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL (1)	YEAR-END				
<b>General Government</b>													
Mayor and Council	17,930	-	52	17,982	1,965	82	10.93%	2,191	15.25%	14,366	(226)	-10.31%	
City Attorney	17,857	-	1,937	19,794	2,836	2,391	14.33%	2,454	13.58%	18,076	382	15.57%	
City Auditor	2,922	-	4	2,926	355	4	12.13%	338	13.54%	2,497	17	5.03%	
City Clerk	3,857	-	(20)	3,837	430	218	11.21%	364	10.93%	3,329	66	18.13%	
City Manager	23,044	-	1,489	24,533	2,954	1,944	12.04%	2,791	13.54%	20,613	163	5.84%	
Finance	23,364	-	1,158	24,522	2,614	1,304	10.66%	2,404	11.98%	20,071	210	8.74%	
Information Technology	32,629	-	4,548	37,177	3,408	4,841	9.17%	2,550	10.22%	24,953	858	33.65%	
Human Resources	15,049	-	354	15,403	1,715	4,582	11.13%	1,403	11.24%	12,479	312	22.24%	
Redevelopment Agency	-	-	-	-	-	-	0.00%	-	0.00%	-	-	0.00%	
Planning Commission	-	-	-	-	-	-	0.00%	-	0.00%	-	-	0.00%	
Civil Service Commission	-	-	-	-	-	-	0.00%	-	0.00%	-	-	0.00%	
Independent Police Auditor	1,630	-	-	1,630	205	-	12.58%	175	14.55%	1,203	30	17.14%	
Office of Economic Development	6,410	-	722	7,132	751	706	10.53%	828	14.10%	5,872	(77)	-9.30%	
Office of Emergency Services	-	-	-	-	-	-	0.00%	-	0.00%	-	-	0.00%	
<b>Total General Government</b>	<b>144,692</b>	<b>-</b>	<b>10,244</b>	<b>154,936</b>	<b>17,233</b>	<b>16,072</b>	<b>11.12%</b>	<b>15,498</b>	<b>12.55%</b>	<b>123,459</b>	<b>1,735</b>	<b>11.19%</b>	
<b>Public Safety</b>													
Fire	280,269	-	2,761	283,030	39,506	3,089	13.96%	39,652	14.24%	278,490	(146)	-0.37%	
Police	505,805	-	3,318	509,123	69,881	4,172	13.73%	66,468	16.20%	410,220	3,413	5.13%	
<b>Total Public Safety</b>	<b>786,074</b>	<b>-</b>	<b>6,079</b>	<b>792,153</b>	<b>109,387</b>	<b>7,261</b>	<b>13.81%</b>	<b>106,120</b>	<b>15.41%</b>	<b>688,710</b>	<b>3,267</b>	<b>3.08%</b>	
<b>Capital Maintenance</b>													
Transportation	47,797	-	1,188	48,985	5,823	3,875	11.89%	4,739	11.17%	42,441	1,084	22.87%	
Public Works	48,461	-	3,175	51,636	8,842	4,837	17.12%	5,642	12.53%	45,040	3,200	56.72%	
<b>Total Capital Maintenance</b>	<b>96,258</b>	<b>-</b>	<b>4,363</b>	<b>100,621</b>	<b>14,665</b>	<b>8,712</b>	<b>14.57%</b>	<b>10,381</b>	<b>11.87%</b>	<b>87,481</b>	<b>4,284</b>	<b>41.27%</b>	
<b>Community Service</b>													
Housing	601	-	126	727	36	126	4.95%	46	8.91%	516	(10)	-21.74%	
Library	46,409	-	1,948	48,357	5,668	5,450	11.72%	4,984	12.10%	41,200	684	13.72%	
Planning, Bldg & Code Enf.	17,742	-	672	18,414	2,156	712	11.71%	1,985	13.34%	14,884	171	8.61%	
Parks, Rec & Neigh Svcs	123,327	-	1,836	125,163	14,470	4,308	11.56%	13,197	13.68%	96,475	1,273	9.65%	
Environmental Services	5,746	-	621	6,367	356	1,827	5.59%	422	10.39%	4,061	(66)	-15.64%	
Conventions, Arts & Enter	-	-	-	-	-	-	0.00%	-	0.00%	-	-	0.00%	
<b>Total Community Services</b>	<b>193,825</b>	<b>-</b>	<b>5,203</b>	<b>199,028</b>	<b>22,686</b>	<b>12,423</b>	<b>11.40%</b>	<b>20,634</b>	<b>13.13%</b>	<b>157,136</b>	<b>2,052</b>	<b>9.94%</b>	
<b>Total Dept. Expenditures</b>	<b>1,220,849</b>	<b>-</b>	<b>25,889</b>	<b>1,246,738</b>	<b>163,971</b>	<b>44,468</b>	<b>13.15%</b>	<b>152,633</b>	<b>14.44%</b>	<b>1,056,786</b>	<b>11,338</b>	<b>7.43%</b>	

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Note: Figures may not total due to rounding.

**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE MONTHS ENDED AUGUST 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 YTD LESS	% CHANGE
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL (1)	YEAR-END ACTUAL		PRIOR YEAR-END ACTUAL (1)	PRIOR YTD ACTUAL (1)
<b>Non-Dept Expenditures</b>												
City-wide Expenditures:												
Community and Economic Develop.	151,145	-	25,708	176,853	(7,914)	38,900	-4.47%	(6,628)	-9.95%	66,605	(1,286)	19.40%
Environmental & Utility Services	2,701	-	232	2,933	3	477	0.10%	(37)	-1.99%	1,859	40	-108.11%
Public Safety	27,724	795	2,194	30,713	4,847	2,197	15.78%	3,519	13.04%	26,987	1,328	37.74%
Neighborhood Services	63,686	-	12,255	75,941	(21)	18,333	-0.03%	472	0.91%	51,733	(493)	-104.45%
Transportation Services	5,473	-	9	5,482	378	9	6.90%	88	2.30%	3,833	290	329.55%
Strategic Support	75,894	-	4,874	80,768	2,632	5,326	3.26%	3,510	1.10%	319,307	(878)	-25.01%
<b>Total City-wide Expenditures</b>	<b>326,623</b>	<b>795</b>	<b>45,272</b>	<b>372,690</b>	<b>(75)</b>	<b>65,242</b>	<b>-0.02%</b>	<b>924</b>	<b>0.20%</b>	<b>470,324</b>	<b>(999)</b>	<b>-108.12%</b>
Other Non-Dept Expenditures:												
Capital Improvements	62,264	-	10,334	72,598	682	11,142	0.94%	981	3.59%	27,331	(299)	-30.48%
Transfers to Other Funds	30,406	-	-	30,406	-	-	0.00%	25,469	67.36%	37,811	(25,469)	-100.00%
Other Operating Expenditures	-	-	-	-	-	-	0.00%	-	0.00%	-	-	100.00%
<b>Total Non-Dept Expenditures</b>	<b>419,293</b>	<b>795</b>	<b>55,606</b>	<b>475,694</b>	<b>607</b>	<b>76,384</b>	<b>0.13%</b>	<b>27,374</b>	<b>5.11%</b>	<b>535,466</b>	<b>(26,767)</b>	<b>-97.78%</b>
<b>Reserves</b>												
Contingency Reserve	47,000	-	-	47,000	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	352,091	-	-	352,091	-	-	0.00%	-	0.00%	-	-	0.00%
<b>Total Reserves</b>	<b>399,091</b>	<b>-</b>	<b>-</b>	<b>399,091</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Total Uses</b>	<b>2,039,233</b>	<b>795</b>	<b>81,495</b>	<b>2,121,523</b>	<b>164,578</b>	<b>120,852</b>	<b>7.76%</b>	<b>180,007</b>	<b>11.31%</b>	<b>1,592,252</b>	<b>(15,429)</b>	<b>-8.57%</b>

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Note: Figures may not total due to rounding.



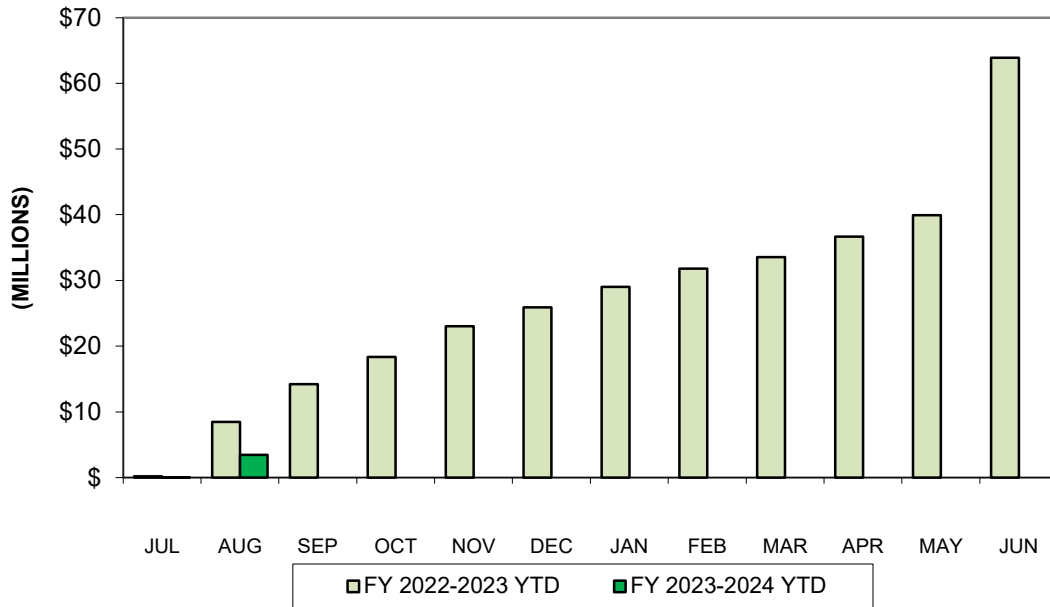
**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FOR THE MONTHS ENDED AUGUST 31, 2023**  
**SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES**  
*(UNAUDITED)*  
*( \$000's )*

	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	214	21.88%	177	15.03%	1,178	37	20.90%
Public Works	-	-	-	-	-	-	1	0.00%	-	(1)	-100.00%
Transportation	1,899	-	-	1,899	636	33.49%	255	15.62%	1,633	381	149.41%
Library	66	-	-	66	18	27.27%	11	14.10%	78	7	63.64%
Planning, Bldg & Code Enforcement	-	-	-	-	-	-	-	0.00%	-	-	0.00%
Parks Rec & Neigh Svcs	16,623	-	-	16,623	3,242	19.50%	1,436	8.11%	17,707	1,806	125.77%
Miscellaneous Dept Charges	2,807	-	-	2,807	683	24.33%	519	17.31%	2,999	164	31.60%
<b>Total Fees, Rates, and Charges</b>	<b>22,373</b>	<b>-</b>	<b>-</b>	<b>22,373</b>	<b>4,793</b>	<b>21.42%</b>	<b>2,399</b>	<b>10.17%</b>	<b>23,595</b>	<b>2,394</b>	<b>99.79%</b>

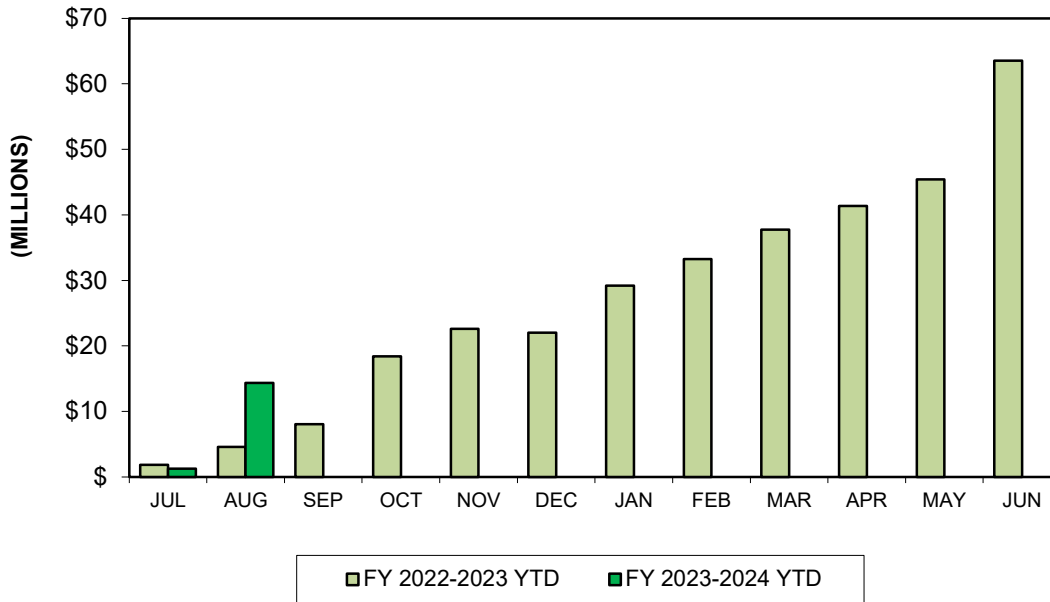
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Note: Figures may not total due to rounding.

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

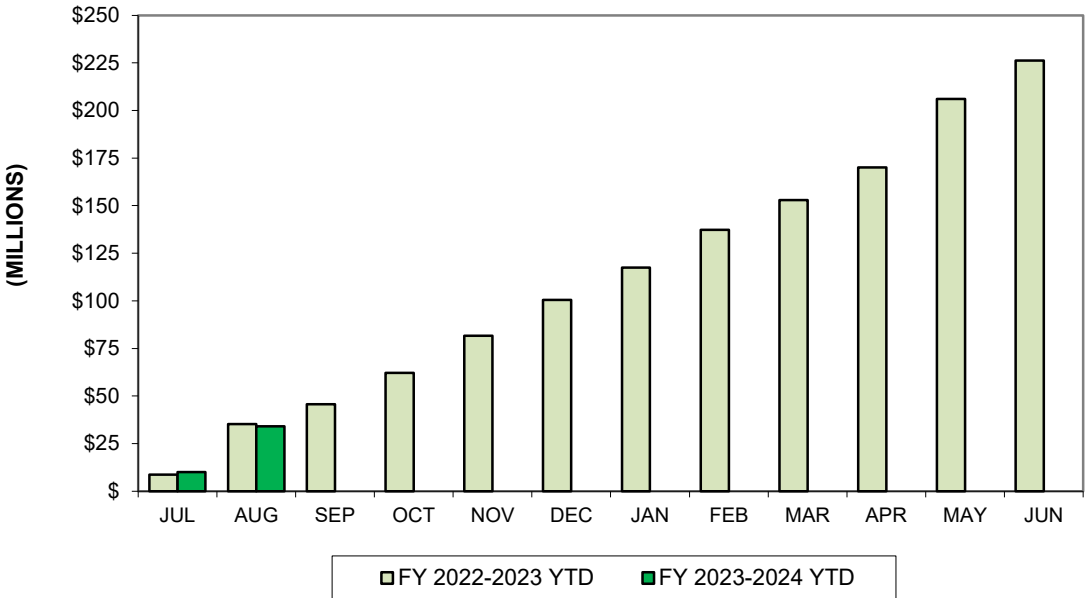


**CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398  
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

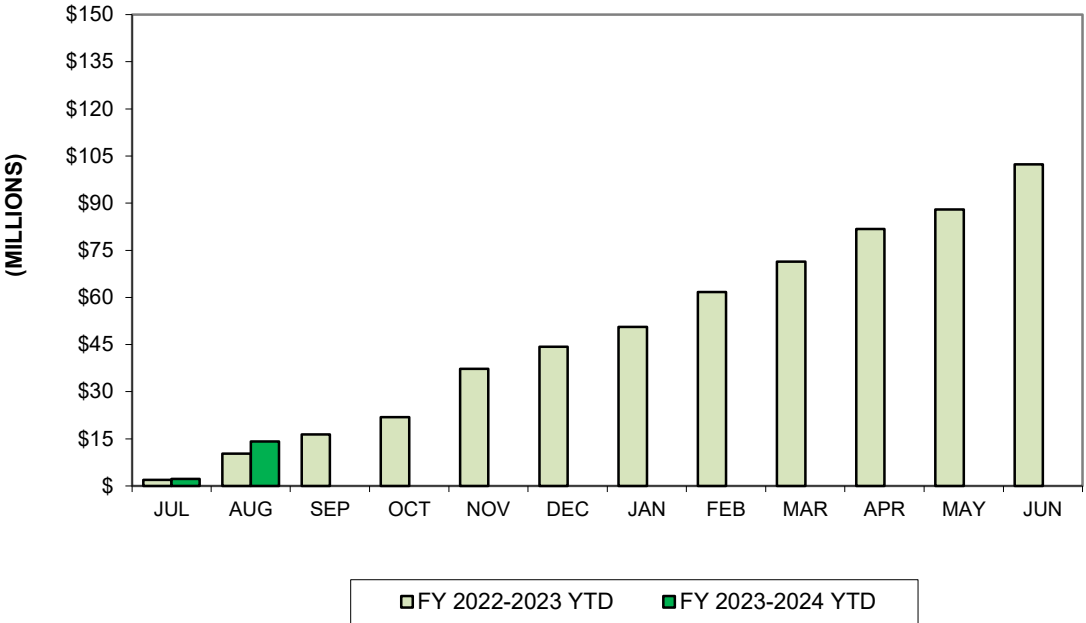


Note: 1) August 2023 revenues were lower primarily due to a timing difference in posting the construction and conveyance tax transfer from the General Fund to the Communications Construction and Conveyance Tax Fund (397).  
2) Increase in expenditures is due to an increase in the number of construction and capital maintenance projects.

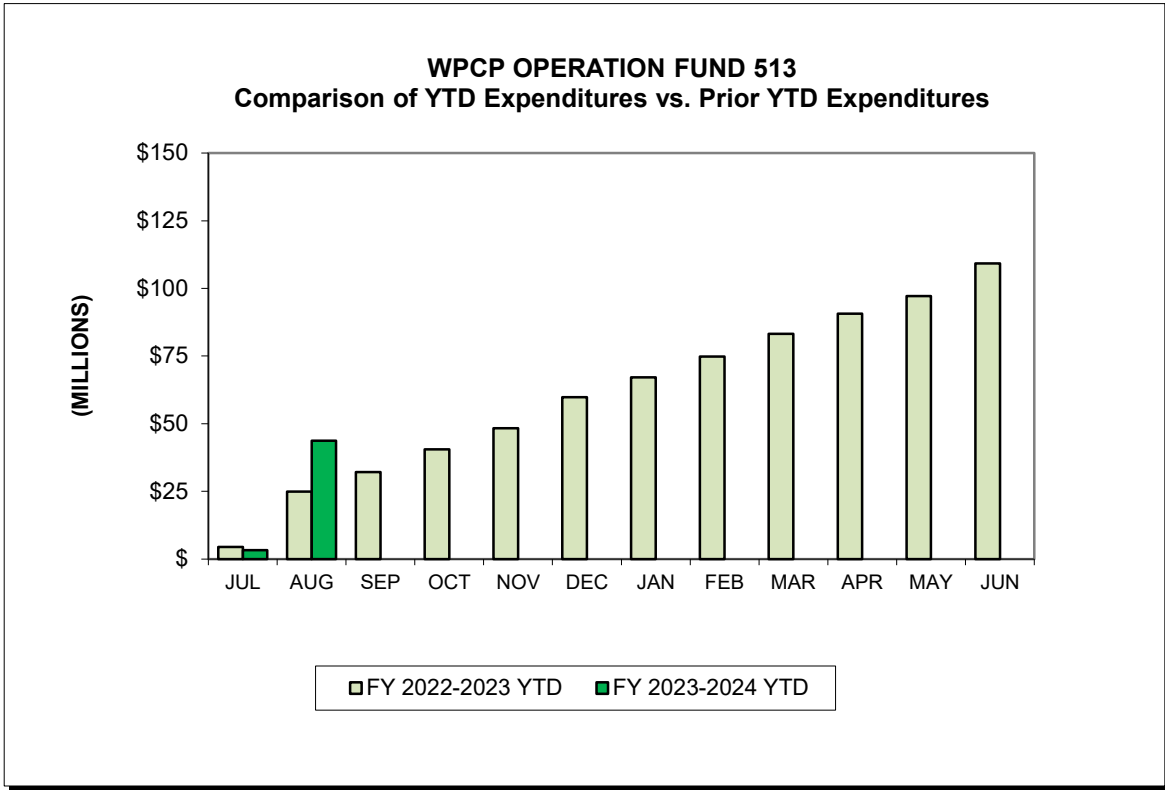
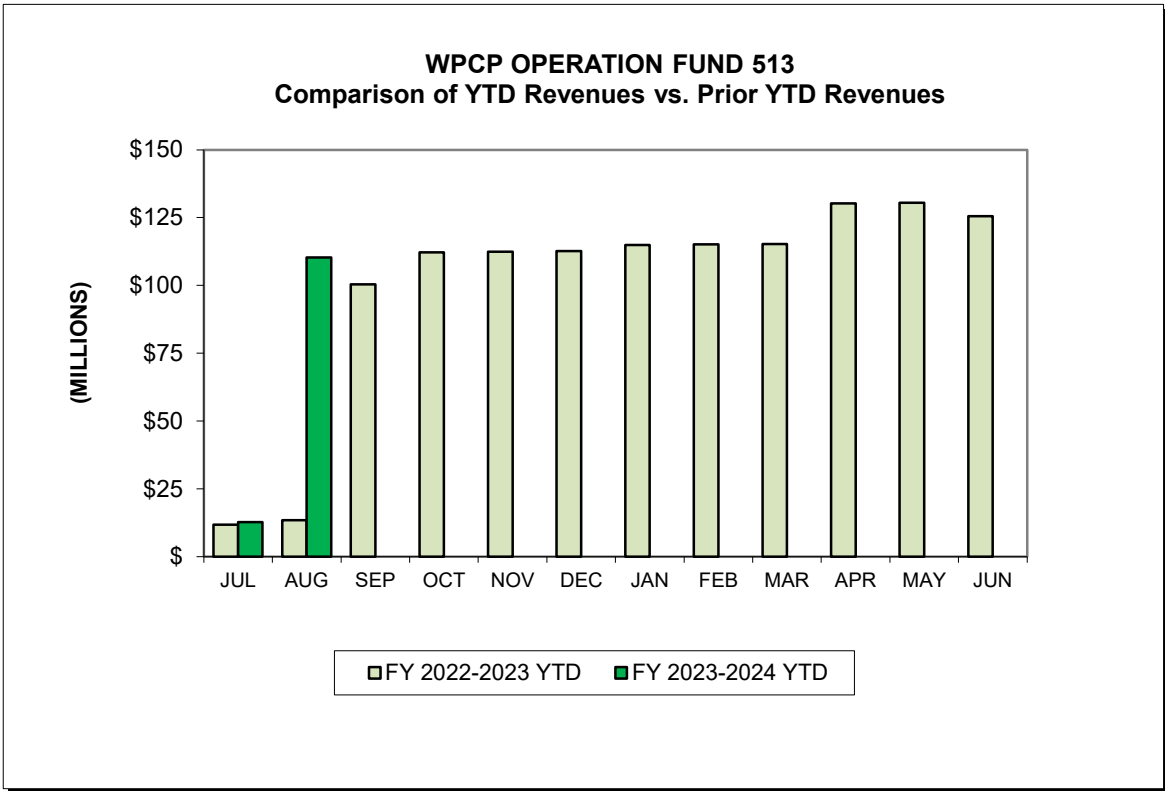
**AIRPORT REVENUE FUND 521  
Comparison of YTD Revenues vs. Prior YTD Revenues**



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

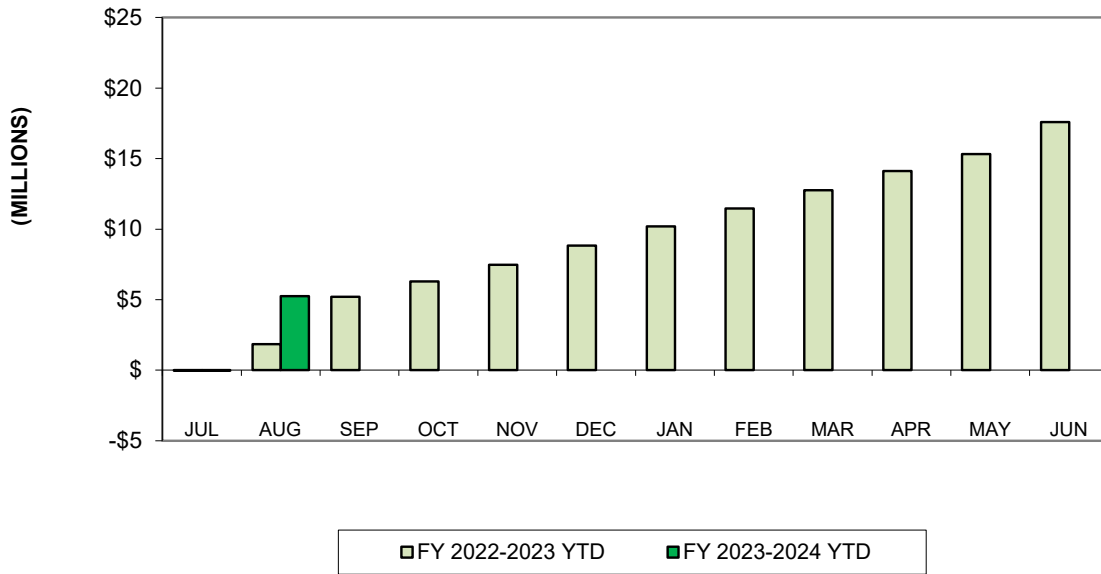


Note: 1) Increase in expenditures as of August 2023 is mainly due to a lump-sum overhead reimbursement to General Fund for \$5.2 million in August 2023 compared to \$1.4 million in August 2022.

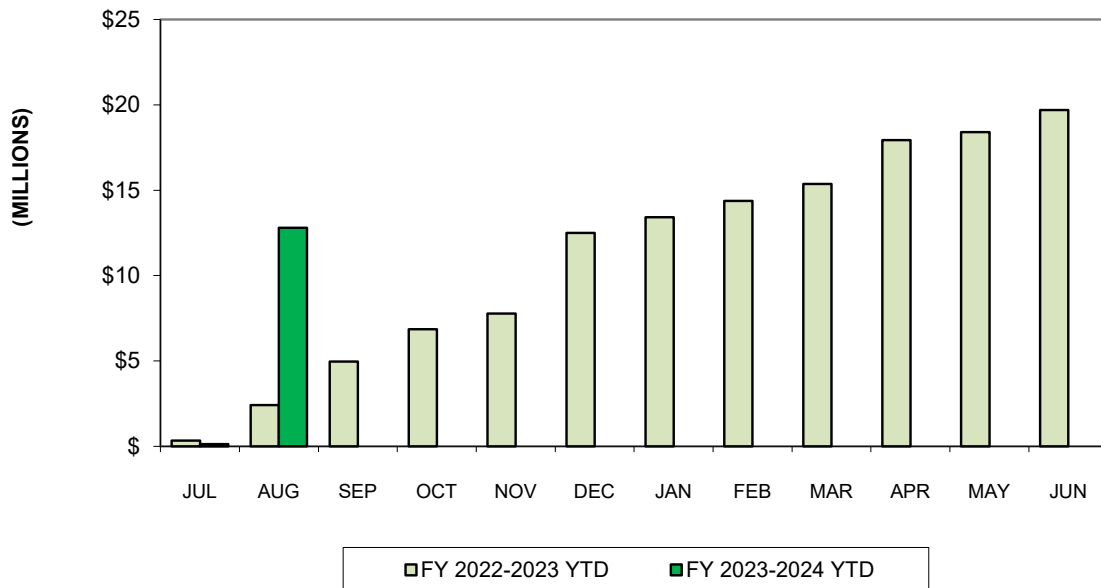


Note: 1) August 2023 revenues were higher due to a timing difference in posting transfers from the Sewer Service & Use Charge Fund (541). In August 2023, \$94.9 million was transferred, whereas there were no transfers in August 2022.  
 2) Increase in expenditures in August 2023 was due to a \$19.2 million transfer to South Bay Water Recycling Operating Fund (570); whereas \$0 was transferred in August 2022.

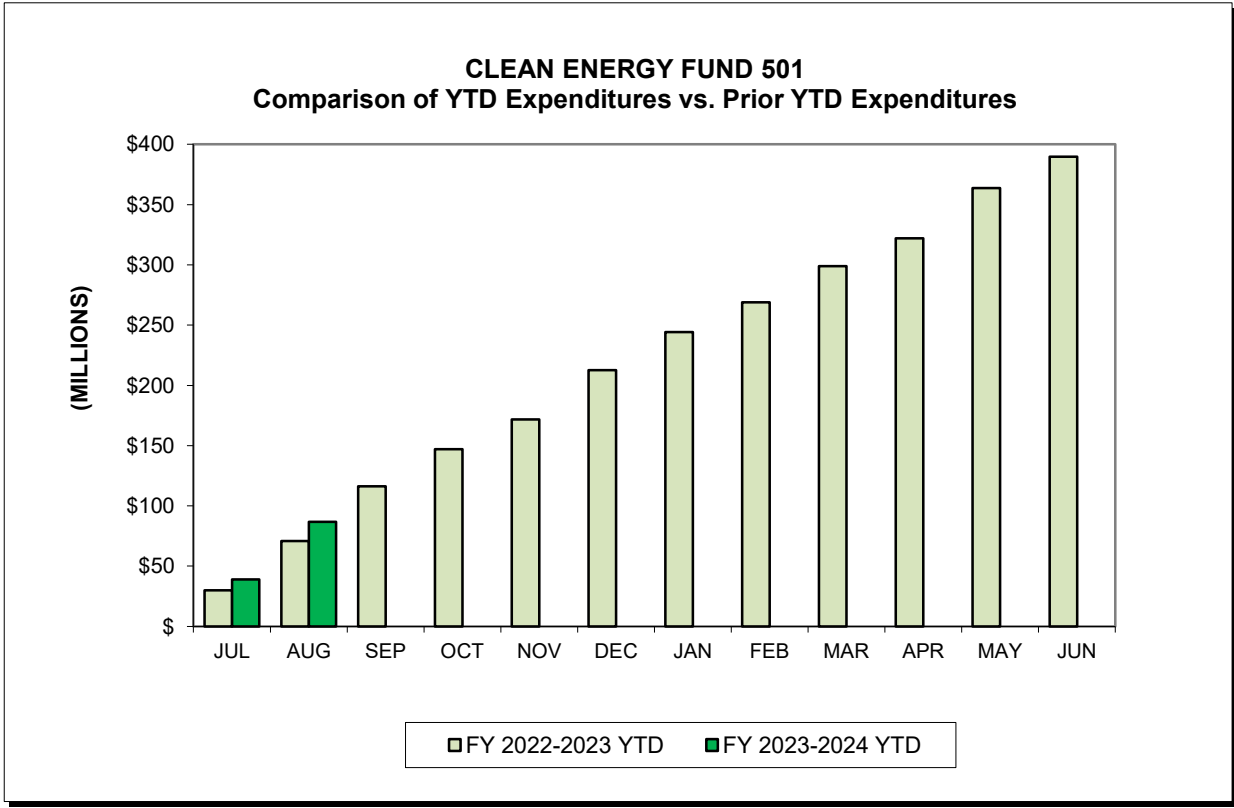
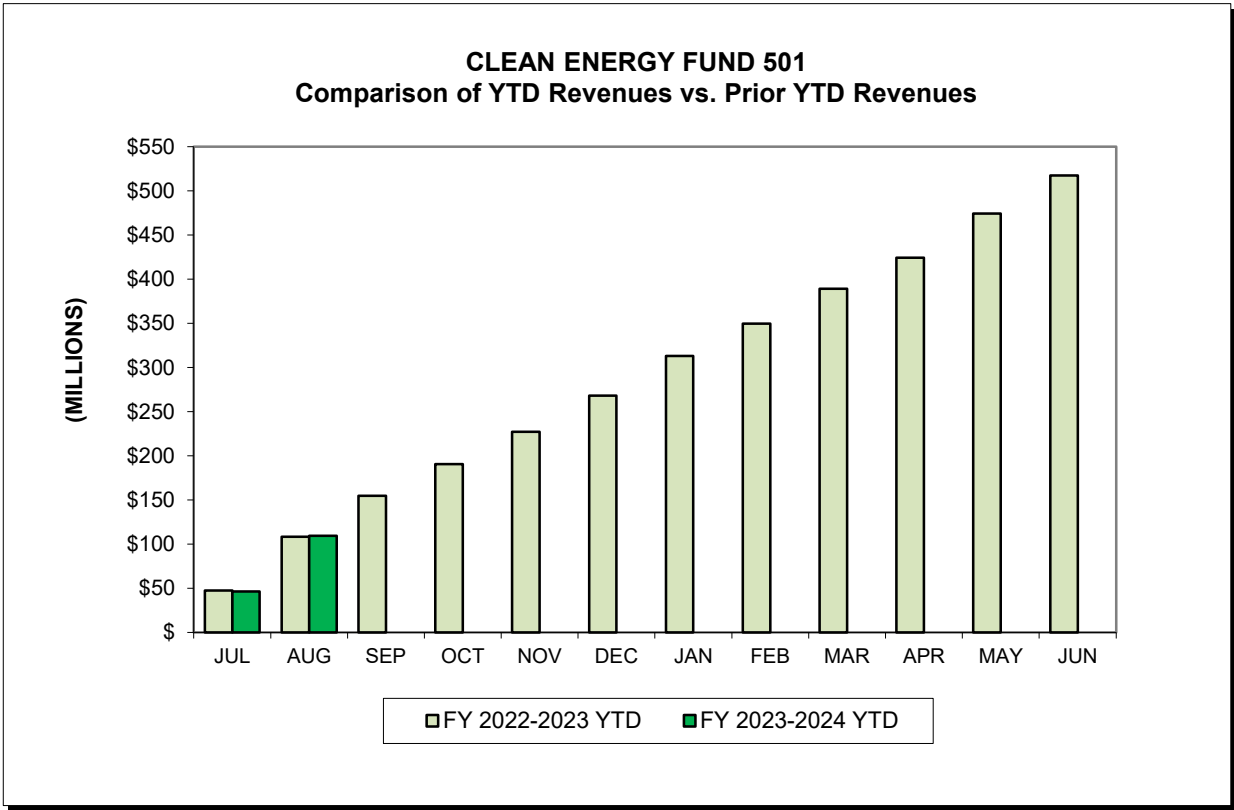
**GENERAL PURPOSE PARKING FUNDS 533 & 559  
Comparison of YTD Revenues vs. Prior YTD Revenues**



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



Note: 1) Increase in revenue and expenditure as of August 2023 is due to an internal transfer between General Purpose Parking Funds (533 & 559) for \$4 million, and an additional increase of \$5 million for Downtown Parking Garage projects, whereas only \$32 thousand was expended as of August 2022.



Note: 1) Increase in Clean Energy expenditures is due to the increase in Cost of Energy for \$83.2 million as of August 2023 compared to \$67.1 million as of August 2022.

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED AUGUST 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	-	-	101,742	101,742	-	107,423
Revenues	63,259	-	-	63,259	3,444	-	8,451
<b>Total Sources</b>	<b>165,001</b>	<b>-</b>	<b>11,202</b>	<b>176,203</b>	<b>116,388</b>	<b>-</b>	<b>125,741</b>
<b>Total Uses</b>	<b>165,001</b>	<b>-</b>	<b>11,202</b>	<b>176,203</b>	<b>14,353</b>	<b>11,984</b>	<b>4,585</b>
<b>Airport</b>							
Prior Year Encumbrance	-	-	45,467	45,467	45,467	-	31,540
Beginning Fund Balance	312,656	-	-	312,656	312,656	-	230,050
Revenues	706,209	-	-	706,209	30,328	-	32,537
<b>Total Sources</b>	<b>1,018,865</b>	<b>-</b>	<b>45,467</b>	<b>1,064,332</b>	<b>388,451</b>	<b>-</b>	<b>294,127</b>
<b>Total Uses</b>	<b>1,018,865</b>	<b>-</b>	<b>45,467</b>	<b>1,064,332</b>	<b>23,910</b>	<b>56,425</b>	<b>17,294</b>
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	189,216	189,216	189,216	-	276,775
Beginning Fund Balance	337,449	-	-	337,449	337,449	-	303,253
Revenues	541,583	-	-	541,583	414,611	-	196,848
<b>Total Sources</b>	<b>879,032</b>	<b>-</b>	<b>189,216</b>	<b>1,068,248</b>	<b>941,276</b>	<b>-</b>	<b>776,876</b>
<b>Total Uses</b>	<b>879,032</b>	<b>-</b>	<b>189,216</b>	<b>1,068,248</b>	<b>235,077</b>	<b>228,432</b>	<b>23,704</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	4,144	4,144	4,144	-	7,501
Beginning Fund Balance	27,298	-	-	27,298	27,298	-	28,170
Revenues	19,150	-	-	19,150	5,243	-	1,837
<b>Total Sources</b>	<b>46,448</b>	<b>-</b>	<b>4,144</b>	<b>50,592</b>	<b>36,685</b>	<b>-</b>	<b>37,508</b>
<b>Total Uses</b>	<b>46,448</b>	<b>-</b>	<b>4,144</b>	<b>50,592</b>	<b>12,803</b>	<b>7,251</b>	<b>2,407</b>
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	5,300	5,300	5,300	-	8,443
Beginning Fund Balance	35,584	-	-	35,584	35,584	-	28,677
Revenues	131,902	-	-	131,902	16,689	-	5,503
<b>Total Sources</b>	<b>167,486</b>	<b>-</b>	<b>5,300</b>	<b>172,786</b>	<b>57,573</b>	<b>-</b>	<b>42,623</b>
<b>Total Uses</b>	<b>167,486</b>	<b>-</b>	<b>5,300</b>	<b>172,786</b>	<b>17,108</b>	<b>4,828</b>	<b>7,016</b>

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED AUGUST 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	-	-	180,030	180,030	-	85,706
Revenues	522,847	-	-	522,847	109,301	-	108,183
<b>Total Sources</b>	<b>702,877</b>	<b>-</b>	<b>22,761</b>	<b>725,638</b>	<b>312,092</b>	<b>-</b>	<b>198,682</b>
<b>Total Uses</b>	<b>702,877</b>	<b>-</b>	<b>22,761</b>	<b>725,638</b>	<b>86,685</b>	<b>201,685</b>	<b>70,770</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-	-	-
Revenues	17,000	-	-	17,000	1,424	-	-
<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>-</b>	<b>-</b>	<b>-</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	22,191	22,191	22,191	-	3,874
Beginning Fund Balance	78,505	-	-	78,505	78,505	-	94,604
Revenues	86,569	-	-	86,569	4,042	-	4,062
<b>Total Sources</b>	<b>165,074</b>	<b>-</b>	<b>22,191</b>	<b>187,265</b>	<b>104,738</b>	<b>-</b>	<b>102,540</b>
<b>Total Uses</b>	<b>165,074</b>	<b>-</b>	<b>22,191</b>	<b>187,265</b>	<b>4,035</b>	<b>22,694</b>	<b>2,791</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	-	-	-	-	-
Beginning Fund Balance	2,695	-	-	2,695	2,695	-	2,537
Revenues	260	-	-	260	72	-	49
<b>Total Sources</b>	<b>2,955</b>	<b>-</b>	<b>-</b>	<b>2,955</b>	<b>2,767</b>	<b>-</b>	<b>2,586</b>
<b>Total Uses</b>	<b>2,955</b>	<b>-</b>	<b>-</b>	<b>2,955</b>	<b>68</b>	<b>-</b>	<b>2</b>
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	-	-	775	775	775	-	675
Beginning Fund Balance	4,518	-	-	4,518	4,518	-	3,069
Revenues	24,055	-	-	24,055	1,510	-	1,287
<b>Total Sources</b>	<b>28,573</b>	<b>-</b>	<b>775</b>	<b>29,348</b>	<b>6,803</b>	<b>-</b>	<b>5,031</b>
<b>Total Uses</b>	<b>28,573</b>	<b>-</b>	<b>775</b>	<b>29,348</b>	<b>13,438</b>	<b>4,257</b>	<b>1,415</b>

Note: Figures may not total due to rounding.



**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED AUGUST 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>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	311	311	311	-	64
Beginning Fund Balance	5,941	-	-	5,941	5,941	-	1,898
Revenues	11,957	-	-	11,957	11,916	-	1,072
<b>Total Sources</b>	<b>17,898</b>	<b>-</b>	<b>311</b>	<b>18,209</b>	<b>18,168</b>	<b>-</b>	<b>3,034</b>
<b>Total Uses</b>	<b>17,898</b>	<b>-</b>	<b>311</b>	<b>18,209</b>	<b>4,916</b>	<b>7,249</b>	<b>5,040</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	-	-	-	-	-
Beginning Fund Balance	2,646	-	-	2,646	2,646	-	2,355
Revenues	820	-	-	820	236	-	2
<b>Total Sources</b>	<b>3,466</b>	<b>-</b>	<b>-</b>	<b>3,466</b>	<b>2,882</b>	<b>-</b>	<b>2,357</b>
<b>Total Uses</b>	<b>3,466</b>	<b>-</b>	<b>-</b>	<b>3,466</b>	<b>(136)</b>	<b>-</b>	<b>(1)</b>
<b>Emergency Reserve</b>							
Prior Year Encumbrance	-	-	2,321	2,321	2,321	-	-
Beginning Fund Balance	663	-	-	663	663	-	(40,221)
Revenues	20	-	-	20	-	-	-
<b>Total Sources</b>	<b>683</b>	<b>-</b>	<b>2,321</b>	<b>3,004</b>	<b>2,984</b>	<b>-</b>	<b>(40,221)</b>
<b>Total Uses</b>	<b>683</b>	<b>-</b>	<b>2,321</b>	<b>3,004</b>	<b>46</b>	<b>2,791</b>	<b>15</b>
<b>Low and Moderate Income Housing Asset</b>							
Prior Year Encumbrance	-	-	42,735	42,735	42,735	-	-
Beginning Fund Balance	52,614	-	-	52,614	52,614	-	106,444
Revenues	14,500	-	-	14,500	5,727	-	6,042
<b>Total Sources</b>	<b>67,114</b>	<b>-</b>	<b>42,735</b>	<b>109,849</b>	<b>101,076</b>	<b>-</b>	<b>112,485</b>
<b>Total Uses</b>	<b>67,114</b>	<b>-</b>	<b>42,735</b>	<b>109,849</b>	<b>3,829</b>	<b>43,446</b>	<b>5,617</b>
<b>Other Special Revenue Funds</b>							
Prior Year Encumbrance	-	-	51,137	51,137	51,137	-	109,050
Beginning Fund Balance	395,463	-	-	395,463	395,463	-	457,718
Revenues	630,726	-	-	630,726	244,104	-	227,108
<b>Total Sources</b>	<b>1,026,189</b>	<b>-</b>	<b>51,137</b>	<b>1,077,326</b>	<b>690,704</b>	<b>-</b>	<b>793,876</b>
<b>Total Uses</b>	<b>1,026,189</b>	<b>-</b>	<b>51,137</b>	<b>1,077,326</b>	<b>53,842</b>	<b>252,354</b>	<b>78,037</b>

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE**  
**CAPITAL PROJECT FUNDS**  
**SOURCE AND USE OF FUNDS**  
**FOR THE MONTHS ENDED AUGUST 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	-	218,699
Revenues	97,043	-	-	97,043	5,728	-	(10,053)
<b>Total Sources</b>	<b>186,262</b>	<b>-</b>	<b>29,650</b>	<b>215,912</b>	<b>124,597</b>	<b>-</b>	<b>273,714</b>
<b>Total Uses</b>	<b>186,262</b>	<b>-</b>	<b>29,650</b>	<b>215,912</b>	<b>4,104</b>	<b>49,045</b>	<b>8,185</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	-	39,943
Revenues	350	-	-	350	83	-	1
<b>Total Sources</b>	<b>172,896</b>	<b>-</b>	<b>22,860</b>	<b>195,756</b>	<b>195,489</b>	<b>-</b>	<b>41,103</b>
<b>Total Uses</b>	<b>172,896</b>	<b>-</b>	<b>22,860</b>	<b>195,756</b>	<b>1,240</b>	<b>44,939</b>	<b>100</b>

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED AUGUST 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	-	6,897
Revenues	3,920	-	-	3,920	200	-	2,456
<b>Total Sources</b>	<u>8,429</u>	-	<u>379</u>	<u>8,808</u>	<u>5,088</u>	-	<u>9,783</u>
<b>Total Uses</b>	<u>8,429</u>	-	<u>379</u>	<u>8,808</u>	<u>285</u>	<u>311</u>	<u>64</u>

Note: Figures may not total due to rounding.