



COUNCIL AGENDA: 12/7/2021

ITEM: 2.17

FILE NO: 21-2551

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Toni J. Taber, CMC  
City Clerk

**SUBJECT: SEE BELOW**

**DATE:** December 7, 2021

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**SUBJECT: First Quarter Financial Reports for Fiscal Year 2021-2022**

## Recommendation

As recommended by the Public Safety, Finance and Strategic Support Committee on November 18, 2021:

(a) Accept the First Quarter (period ended September 30, 2021) Financial Reports for Fiscal Year 2021-2022 for the following programs:

- (1) Debt Management;
- (2) Investment Management;
- (3) Revenue Management; and
- (4) Purchasing and Risk Management.

(b) Adopt a resolution authorizing the Director of Finance to write-off uncollectible debts in an amount up to \$641,761.52.

CEQA: Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (Finance)

[Public Safety, Finance and Strategic Support Committee referral 11/18/2021 - Item (c)1]



# Memorandum

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

**FROM:** Julia H. Cooper

**SUBJECT:** FIRST QUARTER FINANCIAL  
REPORTS FOR FISCAL YEAR  
2021-2022

**DATE:** November 3, 2021

Approved

Date

11/10/2021

## RECOMMENDATION

- (1) Accept the First Quarter (period ended September 30, 2021) Financial Reports for Fiscal Year 2021-2022 for the following programs:
  - (a) Debt Management
  - (b) Investment Management
  - (c) Revenue Management;
  - (d) Purchasing & Risk Management
- (2) Refer and cross-reference the First Quarter Financial Reports for Fiscal Year 2021-2022 to the December 7, 2021, City Council Meeting for full adoption, and
- (3) Forward recommendation to the City Council for the December 7, 2021 Council Meeting to adopt a resolution authorizing the Director of Finance to write-off uncollectible debts in an amount up to \$641,761.52.

## OUTCOME

Provide the quarterly update on debt management, investment management, revenue management, purchasing and risk management work efforts, and write-off uncollectible debts.

## **BACKGROUND**

The attached First Quarter Financial Reports for Fiscal Year 2021-2022 presents the Finance Department's quarterly activity for the City of San José ("City") Debt Management, Investment Management, Revenue Management and Purchasing and Risk Management programs (Attachment A). Additionally, the First Quarter Investment Report has been distributed to the City Council via email and is available on the Finance Department web page<sup>1</sup>. As part of the ongoing effort to streamline work efforts within the Finance Department, these reports on four programs are combined into a single report for submission to the Public Safety, Finance, and Strategic Support Committee ("PSFSS Committee") for its review and acceptance. A brief narrative discussion is provided below for all four components of this quarterly report. For the First Quarter report, the report includes the annual bad debt write-off as described more fully in this memo.

## **ANALYSIS**

This section of the report is divided into the following sections: Debt Management Program, Investment Management Program, Revenue Management Program and Purchasing & Risk Management.

### **Debt Management Program**

This First Quarter Debt Report focuses on the City's debt activities for the period ended September 30, 2021, and relates to the following elements of the City's Debt Management Program:

- Completed financings and current debt portfolio
- Debt issuance and management activities completed and anticipated during the next quarter.
- Current interest rate environments and credit ratings

### ***Completed financings and current debt portfolio***

#### **Completed financings:**

**City of San José 2021 Tax and Revenue Anticipation Notes (TRAN)** – On July 1, 2021, the City issued a 2021 TRAN in the amount of \$285,000,000. Following a competitive selection process in which the City received 18 different proposed options from 10 different banks, the TRAN was purchased directly by Bank of America, N.A. (the "Bank") to facilitate the prefunding of employer retirement contributions in FY 2021. A portion of the 2021 TRAN was issued as a fixed rate loan (with the fixed rate set upon the three-month LIBOR

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<sup>1</sup> <https://www.sanjoseca.gov/your-government/departments/finance/reports/-folder-450>

Index at the time of rate setting plus a credit spread of 0.185%), and the remaining portion of the 2021 TRAN issued as a variable rate loan (to be reset over the course of the borrowing based on one-month LIBOR plus a credit spread of 0.185%). The fixed rate note have provisions that allow the City to prepay only upon making the Bank whole for all reasonable losses, expenses and liabilities which the Bank may sustain as a consequence of prepaying or missing fixed payments as due referred to as “Breakage Fees” in the documents (commonly referred to as a “make whole” provision). The variable rate portion of the 2021 TRAN will offer the City more repayment flexibility as prepayment can be made without any penalty. The City will have an option to prepay the variable rate notes in whole or in part with least three business days prior written notice to the Bank, without penalty or cost. The 2021 TRAN structure also provides the flexibility to defer all 2021 TRAN repayment to June 30, 2022. Security for repayment of the 2021 TRAN is a pledge of the City’s FY 2021-22 Secured Property Tax and all other legally available General Fund revenues of the City including Sales Tax revenues, if required.

**City of San José General Obligation Bonds** – On July 29, 2021 the City sold \$200,530,000 of General Obligation Bonds, Series 2021A (in the amount of \$151,210,000), Series 2021B (federally taxable, in the amount of \$8,450,000) and Series 2021C (federally taxable, in the amount of \$40,870,000) (collectively, the “2021 GO Bonds”). The 2021 GO Bonds constitute the second round of bonds issued under the Measure T authorization of \$650,000,000 for Disaster Preparedness, Public Safety, and Infrastructure, approved by the voters in November 2018. The 2021 GO Bonds are secured by a pledge of the City to levy ad valorem property taxes without limitation of rate or amount (except certain personal property which is taxable at limited rates). The ad valorem property tax levy is calculated for each fiscal year to generate sufficient revenue to pay 100% of annual debt service net of other available funding sources. The 2021 GO Bonds were rated Aa1 by Moody’s Investors Service (“Moody’s”), AA+ by S&P Global Ratings (“S&P”), and AAA by Fitch Ratings (“Fitch”), each with a stable outlook. As of July 29, 2021, the City had remaining authorization under Measure T in the amount of \$209.6 million.

**City of San José Financing Authority (“CSJFA” or “Authority”) Lease Revenue**

**Commercial Paper Notes.** Recent market events have affected San José Clean Energy’s (“SJCE”) financial operations and reduced cash levels for the enterprise, creating a cash shortfall and need for cash flow borrowing. Finance, SJCE, the City Manager’s Budget Office and the City’s Attorney’s Office collaborated to assess the SJCE cash shortfall and borrowing options to help SJCE through a convergence of energy market events. SJCE’s existing revolving credit agreement with Barclays Bank was determined to be insufficient to meet the SJCE current financial needs, and the mechanics of drawing on the Barclays’ line of credit made its use impractical under the circumstances. Following approval by two-thirds majority of City Council on June 22, 2021, SJCE borrowed \$15.0 million from the Commercial Paper (“CP”) program to finance the purchase of power and other operating costs. In July, September and October 2021, the Authority issued \$15.0 million \$6.2 million, and \$5.0 million respectively, of CP Notes to lend to SJCE. The CP Note draws are expected

to continue through February 2022 and projected to total \$69.5 million to provide SJCE sufficient cash to pay power purchase and other operating costs. The CP interest rates are significantly lower, and the CP Note repayment terms are significantly more flexible, than the Barclays' line of credit.

**Airport Commercial Paper Notes.** On August 19, 2021, the City extended the BofA Reimbursement Agreement securing the Norman Y. Mineta San José International Airport's ("Airport") CP program through September 10, 2024. BofA extended the issuance of its irrevocable transferable letter of credit in the stated amount of \$81.7 million (to cover the principal of \$75 million and interest on the Subordinated CP Notes accruing calculated at a rate of 12% for 270 days based on a 365 day year) scheduled to expire on September 10, 2021, unless sooner terminated or extended pursuant to its terms. The facility fee rate in effect changed from 0.35% to 0.40%.

On August 31, 2021, the City conducted a Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing with respect to the proposed issuance by the City of one or more issues of tax-exempt Series B subordinated CP Notes ("Series B Notes") in an aggregate principal amount not to exceed \$600,000,000 pursuant to a plan of finance to provide proceeds to pay or reimburse all or a portion of the costs of acquisition, construction, equipping, financing, reconstruction, development, and modification of airport terminal and ancillary facilities that are included in or are consistent with the Airport Master Plan for the Airport. The amount of CP that can be issued is constrained by the current amount of the letter of credit. Holding a new TEFRA hearing and approving the issuance of the Series B Notes allowed the issuance of tax-exempt Series B Notes for new projects after September 2021 since the prior TEFRA approval expired in September 2021. The TEFRA hearing was held and the resolution regarding the issuance of the Series B Notes was adopted.

- **Current Debt Portfolio**

The City's total outstanding debt portfolio as of September 30, 2021 is \$4.9 billion; of that amount, \$4.1 billion is direct debt issued by the City and agencies of the City and \$775.5 million is conduit debt for multi-family housing. The amount of debt issued (City, agency and conduit) for the first quarter of FY 2021-22 was \$506.7 million.

***Debt issuance, reporting and management activities completed to fiscal year end***

**Debt Issuance**

**Pre-issuance activities.** During the First Quarter, the City was engaged in pre-issuance activities for the City of San José Financing Authority Lease Revenue Bonds, Series 2021A for the Fire Training Center/Central Service Yard Projects; and education and outreach to the City Council and two Retirement Plan Boards.

On September 30, 2021, Debt Management assisted in preparing, and participated in presenting, a three-hour joint Council and Retirement Boards Study Session. The purpose of the joint study session was to present and discuss the respective roles and responsibilities of the City Council and Retirement Plan Boards in policy development as the City Council evaluates the possibility of issuing Pension Obligation Bonds (“POBs”) as an option to reduce the unfunded actuarial liabilities (“UAL”) in the Plans. The Study Session was intended to provide preparatory work to enable the City Council and Retirement Plan Boards to make informed decisions about the policies they will formulate and adopt, should the City choose to issue POBs, and align all parties’ understanding of their respective roles to improve the funded status of the Plans that included the Federated Retirement Board and the Police and Fire Retirement Board and Council.

### **Reporting**

During this period, in July 2021, S&P lowered the rating of the Special Hotel Tax Bonds, Series 2011 from A+ to A (Outlook: Negative) due to the impact of COVID-19 on revenues. Moody’s rates the Special Hotel Tax Bonds A2, with a stable outlook. The Special Hotel Tax Bonds are not rated (“NR”) by Fitch.

<b>Series 2011</b>	<b>Moody’s</b>	<b>S&amp;P</b>	<b>Fitch</b>
Prior Ratings	A2	A+	NR
After (July 2021)	A2	A	NR
Rating Outlook	Stable	Negative	NR

In August 2021, Fitch revised its outlook on the City’s Airport Bonds from Negative to Stable on all of the outstanding parity Airport Revenue Bonds. The City’s Airport bonds credit ratings are A2, A- and A from Moody’s, S&P, and Fitch, respectively. Previously on March 12, 2021, S&P revised its outlook from Negative to Stable, in conjunction with the issuance of City of San José Airport Revenue Refunding Bonds, Series 2021. The ratings applied to the new and outstanding parity Airport Revenue Bonds.

<b>Airport Bonds</b>	<b>Moody’s</b>	<b>S&amp;P</b>	<b>Fitch</b>
Rating	A2	A-	A
Outlook	Stable	Stable	Stable

### **Management activities completed this quarter**

**Convention Center Facilities District Bond Refunding.** In August 2021, the City issued an request for proposals (“RFP”) to municipal advisory firms to provide financial advisory services in connection with the refunding of the City’s currently outstanding obligations which include Special Hotel Tax Bonds, Series 2011 (outstanding par amount of \$93,420,000), tax-exempt Lease Revenue Bonds, Series 2011A (outstanding par amount of

\$27,345,000), and related outstanding CP in the amount of \$42.4 million for the Convention Center South Hall and \$8.4 million for the Convention Center Exhibition Hall (all four transactions together, “CCFD obligations”). The City received responses from four firms and following the review of the proposals received and following the end of the Quarter, the City selected PFM Financial Advisors, LLC to serve as the City’s Municipal Advisor. Staff anticipates the refunding during Spring of 2022. The estimated refunding amount is \$175 million.

### **Anticipated Debt Issuance and Management in the next quarter (through December 2021)**

**City of San José Financing Authority Lease Revenue Bonds, Series 2021A (Fire Training Center and Central Service Yard Projects)**. On October 5, 2021, Council and the Authority authorized the sale and issuance of bonds and related bond documents for the Series 2021A Bonds, in the principal amount not to exceed \$30 million. The 2021A Bonds were priced on October 19, 2021, with a par amount of \$22,825,000, an all-in true interest cost of 1.57% and ratings of Aa2, AA and AA from Moody’s, S&P and Fitch respectively. The proceeds of the Series 2021A Bonds, together with premium and debt service reserve funds released by refunding the Series 2003A Lease Revenue Bonds allowed the City to refinance \$2.474 million of outstanding commercial paper notes issued for prior Central Service Yard improvements; refund \$3.155 million of Series 2003A Lease Revenue Bonds for the Central Service Yard; and to fund \$15 million in project costs for the Fire Department Training Center and \$7.6 million for other Central Service Yard projects. The City will pay average debt service on the bonds of less than \$2.3 million through October 1, 2034. Issuance of the Series 2021A Bonds was a collaborative effort of the City Attorney’s Office, the Budget Office, Public Works and Finance (along with all of the other departments that participated in reviewing or drafting elements in the Official Statement and/or participating in the Disclosure Working Group). The Series 2021A Bonds are scheduled to close on November 2, 2021.

**Pension Obligation Bonds**. On October 5, the City Council adopted a resolution authorizing the issuance of Pension Obligation Bonds (“POBs”) to refund and repay certain pension obligations of the City, approving the form and authorizing the execution of a Trust Agreement and Bond Purchase Agreement; authorizing judicial validation proceedings relating to the issuance of such bonds. If the City receives a favorable judgment through the judicial validation process, staff will return to the City Council for approval to issue any specific series of POBs in 2022 or such later time when market conditions for issuing such bonds and investing the proceeds of those bonds are favorable. Prior to returning for approval of bonds and before the judicial validation process has concluded, staff expects to prepare proposed pension funding policies for City Council consideration and approval. The Council would need to authorize a bond offering document (“Preliminary Official Statement”) and other documents before any bonds are issued and any staff recommendation to proceed with such issuance would be accompanied by further detailed financial and risk/benefit analysis based on then-prevailing market conditions.

**Multi-Family Housing Revenue Bonds: Vitalia (formerly known as Bascom**

**Apartments).** On November 2, 2021, the City will hold a TEFRA public hearing for Vitalia in an amount not to exceed \$35,672,716 in tax-exempt private-activity bonds by the City to finance the acquisition construction and development of a mixed-use project to include 79 rental housing units (including two managers units) and approximately 619 square feet of commercial office space by Affirmed Housing Group, Inc., to be located at 3090 South Bascom Avenue in San José, and to be renumbered upon building permit issuance to 3100 South Bascom Avenue. The tentative sale date is December 2021, with a tentative January 2022 closing date.

**Multi-Family Housing Revenue Bonds: Mariposa Place.** On November 2, 2021, the City will hold a TEFRA public hearing for Mariposa Place apartments in an amount not to exceed \$31,341,010 in tax-exempt private-activity bonds by the City to finance the construction of the Mariposa Place Apartments Development, a 80-unit apartment complex located at 750 W San Carlos, San José. The tentative sale date is December 2021.

**Convention Center Facilities District Bonds.** Debt Management is monitoring options for refinancing currently outstanding bonds related to the City Convention Center. The obligations include bonds issued by the Convention Center Facilities District (“CCFD” or the “District”) including Special Hotel Tax Bonds, Series 2011 (outstanding par amount of \$93,420,000), tax-exempt Lease Revenue Bonds, Series 2011A (outstanding par amount of \$27,345,000), and outstanding commercial paper issued by the San José Financing Authority in the amount of \$42.4 million, each payable from special hotel tax revenues. Following the end of the Quarter, the City selected PFM Financial Advisors LLC on October 27, 2021 as Municipal Advisor to advise on the transaction and expects PFM to assist in the RFP process for underwriter services in time for a Spring 2022 refinancing.

**Regional Wastewater Facility (“RWF”) Improvements** – Debt Management is in the planning stages for the issuance of bonds for the \$1.4 billion RWF. Current financial support is in the form of a Credit Agreement (initially approved by the City Council in October 2017, and extended to October 2023 through an amendment approved by City Council in October 2020) in the amount of \$300 million in the form of a subordinate tax-exempt or taxable wastewater revenue note (“RWF Note”). The planned bond issuance would refinance the outstanding balance on the RWF Note with long-term fixed rate obligations and potentially include additional new money borrowing. Additional RWF Notes may be reissued if and when capacity is needed and made available. On October 27, 2021, the City selected Public Resources Advisory Group (“PRAG”) as Municipal Advisor to advise on the transaction and expects PRAG to assist in the RFP process for underwriter services in time for a late Spring/early Summer 2022 bond issuance..

**Current interest rate environments and credit ratings**

**Current interest rate environment**



*Fixed Rates* – Over the last 10 years, the index of tax-exempt bond interest rates maturing in 20 years has averaged 3.13%; the index was 2.06% as of October 21, 2021.

*Variable Taxable Interest Rates* – The London Interbank Offered Rate (LIBOR), represents the average rate at which a leading bank can obtain unsecured funding in the London interbank market. LIBOR serves as a benchmark for various interest rates. The City uses LIBOR (1-month and 3-month LIBOR) for its projections of Commercial Paper interest cost calculations, for budgeting purposes and certain bank agreements. Taxable LIBOR monthly interest rates averaged 0.09% in the first quarter of FY 2021-22 and are currently at 0.09% as of October 21, 2021.

*LIBOR Update* – In the wake of the financial crisis of 2008 and LIBOR manipulation by several financial institutions in 2012, regulators grew wary of that particular benchmark and established a scheduled phase-out replacing LIBOR with an alternative reference rate, SOFR (Secured Overnight Financing Rate). On November 30, 2020, the Federal Reserve announced that LIBOR will be phased out and eventually replaced by June 2023; banks were instructed to stop writing contracts using LIBOR by the end of 2021 and all contracts using LIBOR are to wrap up by June 30, 2023. Publication of LIBOR rates is scheduled to cease in 2023.

### **Credit ratings**

The City made bond rating presentations to three of the major national bond rating agencies, Moody's, S&P, and Fitch, on June 16, 17 and 18, 2021, respectively, in anticipation of the City's general obligation bond sale and the anticipated lease revenue bond sale for the Fire Training Center and Central Service Yard Projects. The City's Series 2021 GO Bonds were rated Aa1, AA+, and AAA respectively by Moody's, S&P, and Fitch. In conjunction with the 2021 GO Bond issuance, in June 2021 Fitch raised the City's GO Bond rating to AAA from AA+, with Stable outlook. Moody's and S&P reaffirmed the City's ratings, which remain unchanged from the prior year and are the third highest among the nation's ten largest cities. In conjunction with the issuance of the Series 2021A Lease Revenue Bonds, the City received the ratings of Aa2, AA and AA from Moody's, S&P and Fitch respectively, with a Stable outlook from each firm.

The City's current credit ratings are:

Type of Rating	Moody's	S&P	Fitch
Issuer Rating	Aa1 (stable)	AA+ (stable)	AA+ (stable)
General Obligation Bonds	Aa1 (stable)	AA+ (stable)	AAA (stable)

Type of Rating	Moody's	S&P	Fitch
Lease Revenue Bonds (Essential Assets)	Aa2 (stable)	AA (stable)	AA (stable)
Lease Revenue Bonds (Less Essential Assets)	Aa3 (stable)	AA (stable)	AA- (stable)
Airport Revenue Bonds	A2 (stable)	A- (stable)	A (stable)
Successor Agency Senior Tax Allocation Bonds	Not rated	AA (stable)	AA- (stable)
Special Hotel Tax Revenue Bonds	A2 (stable)	A (negative)	Not rated

### **Investment Management Program**

A quarterly investment report for the period ended September 30, 2021 is posted on the Finance Department website and provided to the PSFSS Committee. Pursuant to the City's Investment Policy, verbal presentations in addition to the written reports are provided to the PSFSS Committee for the Second and Fourth Quarter Reports. The materials presented in this consolidated report provide a "snapshot" of the investment portfolio. The report will be agendaized for acceptance by the City Council pursuant to the Investment Policy.

### **Revenue Management Program**

The Revenue Management report highlights key aspects of the City's ongoing collection efforts. These efforts focus on reducing delinquent accounts receivable and enhancing revenue compliance through four (4) primary collection programs: Accounts Receivable, Business Tax, Revenue Compliance and Monitoring, and Utility Billing. This report highlights the Revenue Management Division's collection efforts and summarizes the progress towards maintaining a Return on Investment ratio of 5.5 to 1. The Q1 FY 2021-22 Return on Investment is 9.7 to 1.

### **Bad Debt Write-Off Process**

**Overview of Collection Process.** City departments issue invoices for various fines, fees, or costs incurred by the City. Invoices are entered in the City's centralized Accounts Receivable system, RevQ, or referred to the Accounts Receivable group, for accounts generated by City departments through stand-alone billing systems. Each department is responsible for the initial invoicing of the appropriate parties.

If an account has an unpaid balance after 30 days, a delinquency notice, including any additional interest, penalties, and applicable fees, is generated and mailed to the debtor. The account is then assigned to a Finance Investigator Collector, who begins the revenue collection process by contacting the debtor to attempt to collect the past due amount. After 60 days, a second collection notice, including any additional interest, penalties, and other fees, is mailed to the debtor. At this point, a collection cost recovery fee is added to each account. This cost recovery fee is reviewed and set on an annual basis. After approximately 120 days, the Senior Investigator Collector reviews each remaining delinquent invoice with Investigator Collectors to determine the appropriate action to take against the debtor to collect the outstanding balances.

**Overview of the Bad Debt Write-Off Process.** In addition to proactively collecting the City's delinquent accounts, it is also important to write-off the City's uncollectible debts, to ensure the accuracy of the City's financial statements. On a periodic basis, the Finance Department, coordinating with other departments, establishes reserves for bad debt to cover potential write-offs of uncollectible accounts. The bad debt reserves are funded as an estimate of total billings each year, in each revenue category billed. The accounts recommended for bad debt write-off will be offset by bad debt reserves that have been established.

The annual analysis of the City's bad debt reserve is conducted by the Finance Department and reviewed by the City Manager's Budget Office during the year-end closing process. In addition, during the preparation of the City's annual financial statements, the City's external auditors review the City's bad debt exposure as well as the adequacy of the bad debt reserves.

The Director of Finance is authorized to write-off as uncollectible any account or claim not exceeding five thousand dollars (\$5,000). No account or claim of the City exceeding \$5,000 shall be written off as uncollectible without the express authorization of the City Council.

As accounts are considered for write-off through the City's evaluation process, the following criteria is used to determine if an account should be written off as bad debt:

- Debtor has no assets, is out of business, or has no indication of future assets;
- Debtor is deceased and has no estate;
- Debtor is incarcerated for an extended or unknown period;
- Debtor filed bankruptcy;
- Debtor "skipped," moved, or sold property with no forwarding information; and/or
- Statute of limitations has expired.

**Recommended Bad Debt Write-Offs.** The Finance Department recommends the PSFSS Committee forward the attached list of delinquent accounts, with delinquent balances totaling \$641,761.52 (Attachment B), to the City Council for write-off approval. This request represents a total of 40 uncollectible invoices representing 29 individuals or businesses with delinquent balances ranging from \$5,037.08 to \$123,019.10.

**Collection Efforts (Post Write-Offs).** It should be noted that a write-off is not a relinquishment of the City's claim for debts due to the City. Should new information arise that changes the collectability of these claims, the City may attempt to collect payment.

### **Business Tax COVID-19 Assistance**

In Q1 FY 2021-22, 7,047 businesses and residential landlords with renewals due were notified about the expanded COVID-19 assistance. Subsequently, 889 applied for an exemption, resulting in 409 approved exemptions, 36 duplicate requests, 31 denied, 14 invalid accounts and 399 pending review. The estimated loss of revenue associated with exemptions for the first quarter is \$83,375.

From inception of this financial hardship exemption program on October 1, 2020 through September 30, 2021, 29,914 business and residential landlords with renewals due have been contacted about the COVID-19 assistance. Of those, 4,608 applied for an exemption, resulting in 2,968 approved exemptions, 172 duplicate requests, 479 denied, 41 invalid accounts and 948 pending review. The actual loss of revenue associated with exemptions for the period of October 1, 2020 through September 30, 2021 is \$605,026.

On September 28, 2021, City Council voted to amend Chapter 4.76 of Title 4 of the San José Municipal Code to extend the COVID-19 Business Tax Hardship Exemption Program and to expand its eligibility requirements<sup>2</sup>. The program will continue from October 1, 2021 - June 30, 2022, and eligibility now includes all businesses where Gross Receipts do not exceed \$25,760 or where the combined Adjusted Gross Income of the business owner and their spouse/partner does not exceed \$51,520. Businesses may apply for this financial hardship exemption based upon anticipated 2021 income instead of actual 2020 tax returns. Verification of 2021 actual income, as reported to the IRS, is required to be reported by exempted businesses for the 2022 business tax renewal period.

It is estimated at 5,500 businesses may be eligible for the expanded/extended Business Tax Hardship Exemption Program. Given the anticipated participation, an estimated \$900,000 in general business tax revenues may be foregone over the nine (9) month program extension period.

### **Purchasing Program**

The Purchasing report highlights the key aspects of the City's purchasing operations. The Purchasing Division of the Finance Department is responsible for the centralized procurement of equipment, supplies, materials, Information Technology (IT), and non-consulting services,

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<sup>2</sup> *Temporary Expansion of Business Tax Financial Hardship Exemptions Memorandum*

<https://sanjose.legistar.com/View.ashx?M=F&ID=9829822&GUID=5B216B7E-D80B-45C9-9784-B7E071EE14C0>

pursuant the City of San José Municipal Code Title 4, Chapter 4.12. The Division is focused on delivering procurement and contracting services based on public procurement best practices.

For the first quarter of Fiscal Year 2021-2022 (July 1-Sept 30), the Purchasing Division completed the following on behalf of City departments:

- Issued 765 purchase orders and purchase order adjustments totaling \$83,086,286
- Awarded 15 Request for Quotes (RFQ) and 6 Request for Bids (RFB)
- Completed 1 Request for Proposal (RFP) and 1 Request for Information (RFI)
- Negotiate and executed 5 new agreements totaling \$13,171,000
- Negotiate and executed 26 contract management actions (e.g. amendments, change orders, options) totaling \$25,518,876
- Total dollars procured: \$121,776,162
- At least an additional 13 other procurement items were worked on that were subsequently canceled for various reasons (e.g. department decision; could not reach agreement with vendor).

Collectively, staff brought forward seven (7) items to City Council for approval. Notable items include the “Report on Request for Bids for Concrete Removal and Replacement Services” which was conducted on behalf of five (5) City departments, and the “Actions Related to the Purchase Orders for Citywide Radio Upgrade Assurance Plan” for the Police and Public Works departments.

In alignment with the Council-approved City Roadmap, Finance-Purchasing also re-initiated the effort to conduct a detailed assessment of Purchasing Division’s procurement processes (“Procurement Improvement”). A consulting firm, Guidehouse Inc. was selected as a result of an RFP processes to conduct the assessment and develop strategic recommendations for how we can improve our procurement processes. The Finance Department has partnered with the City Manager’s Office to ensure that the review also includes a review of City’s consulting procurement process, which are currently decentralized with City departments. To kickstart the project, Guidehouse will begin by collecting data, conducting analyses, and comparing the City’s procurement processes to leading practices nationwide. Part of this processes involves the extensive interviewing of city staff at all levels that interact with the procurement process. Staff expects to bring recommendations back to City Council and Council Committee in early 2022.

### **Risk Management Program**

The Risk Management report highlights the key aspects of the City’s risk management program. The Division is responsible for procurement and oversight of the City’s property and casualty insurance programs. The Division also provides contractual risk management services, property subrogation claims reporting and other key services to City Departments including enterprise departments such as the Airport Department and San José – Santa Clara Wastewater Facility.

For the fourth quarter of 2021, the Risk Management Division completed the following on behalf of City departments:

- Request for Contract Insurance Specifications: 171
- Request for Insurance Contracts Compliance Review: 139
- Request for Letter of Self Insurance: 27
- Subrogation: Billed \$208,377 to responsible third parties

The Division also successfully completed the City's major annual insurance renewal process and brought forward recommendations to Council on September 21, 2021 to select and purchase ten (10) of the City's insurance policies for the October 1, 2021 to October 1, 2022 policy period, including property, government crime, and auto liability insurance at the Airport and Regional Wastewater facility.

## **CONCLUSION**

The Financial Reports provide information and transparency of the Finance Department's debt, investment, and revenue management activities for the quarter.

## **EVALUATION AND FOLLOW-UP**

The Finance Department prepares this report on a quarterly basis for review and approval by the PSFSS Committee. The Finance Department staff will be available to answer questions on the First Quarter Financial Reports for Fiscal Year 2021-2022 at the PSFSS Committee meeting on November 18, 2021.

## **CLIMATE SMART SAN JOSE**

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH/INTEREST**

This memorandum will be posted on the City's website for the November 18, 2021 PSFSS Committee meeting.

The business community has been informed about the extension of the Business Tax Hardship Exemption Program through various communication channels. These include the business tax website, City phone systems, notes printed on business tax renewals, and emails sent to registered businesses. The Finance Department, in collaboration with the Office of Economic Development, has provided the Mayor's Office and City Council District Offices a written summary of this extension, which may be distributed through their networks. Program messaging will be translated into Spanish and Vietnamese, and the Finance Department will use certified bilingual staff as primary resources to assist customers over the phone, as needed. Voiance interpretation services will be a secondary resource to aid customers with language accessibility. Exemption materials will include referrals to other City resources, such as those offered by the Office of Economic Development. Lastly, the Finance Department is partnering with the Office of Economic Development to explore additional program outreach and tracking opportunities.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and City Manager's Budget Office.

### **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

JULIA H. COOPER  
Director of Finance

Attachment A: First Quarter (period ended September 30, 2021) Financial Reports Presentation for Fiscal Year 2021-2022

Attachment B: Write-Off List Over \$5,000, October 6, 2021

For questions please contact:

<b>Program</b>	<b>Deputy Finance Director</b>	<b>Finance Division</b>	<b>Phone</b>
1. Debt Management	Nikolai J. Sklaroff	Debt & Treasury Management	(408) 535-7832
2. Investment Management	Nikolai J. Sklaroff	Debt & Treasury Management	(408) 535-7832
3. Revenue Management	John Kachmanian	Revenue Management	(408) 535-7034
4. Purchasing and Risk Management	Jennifer Cheng	Purchasing and Risk Management	(408) 535-7059



# **First Quarter Financial Report for Fiscal Year 2021-2022**

**Public Safety, Finance and  
Strategic Support Committee**

**Prepared by the Finance Department  
November 3, 2021**

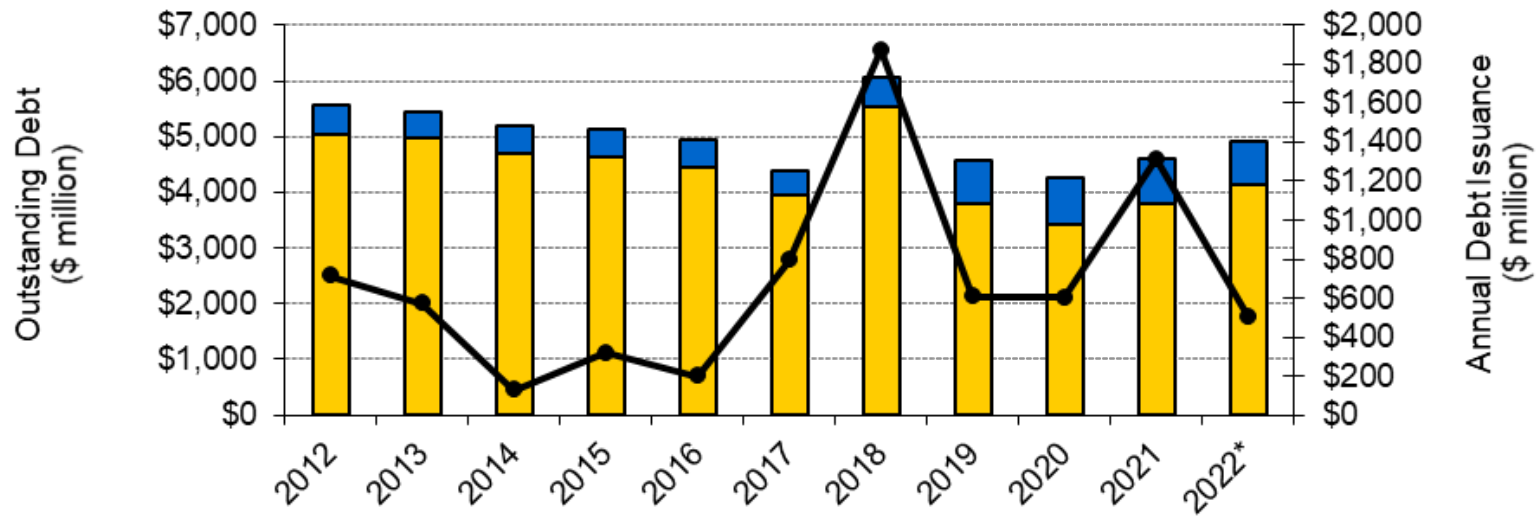
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# **First Quarter Debt Management Report for Fiscal Year 2021-2022**

# Outstanding Debt Issued

## (City and All Agencies)

Outstanding Debt as of September 30, 2021: \$4.9 Billion  
FY 2021-22 Actual Debt Issuance: \$506.7 Million



1st Quarter Ended September 30, 2021

City and Related Entity Debt Outstanding

Conduit Debt Outstanding

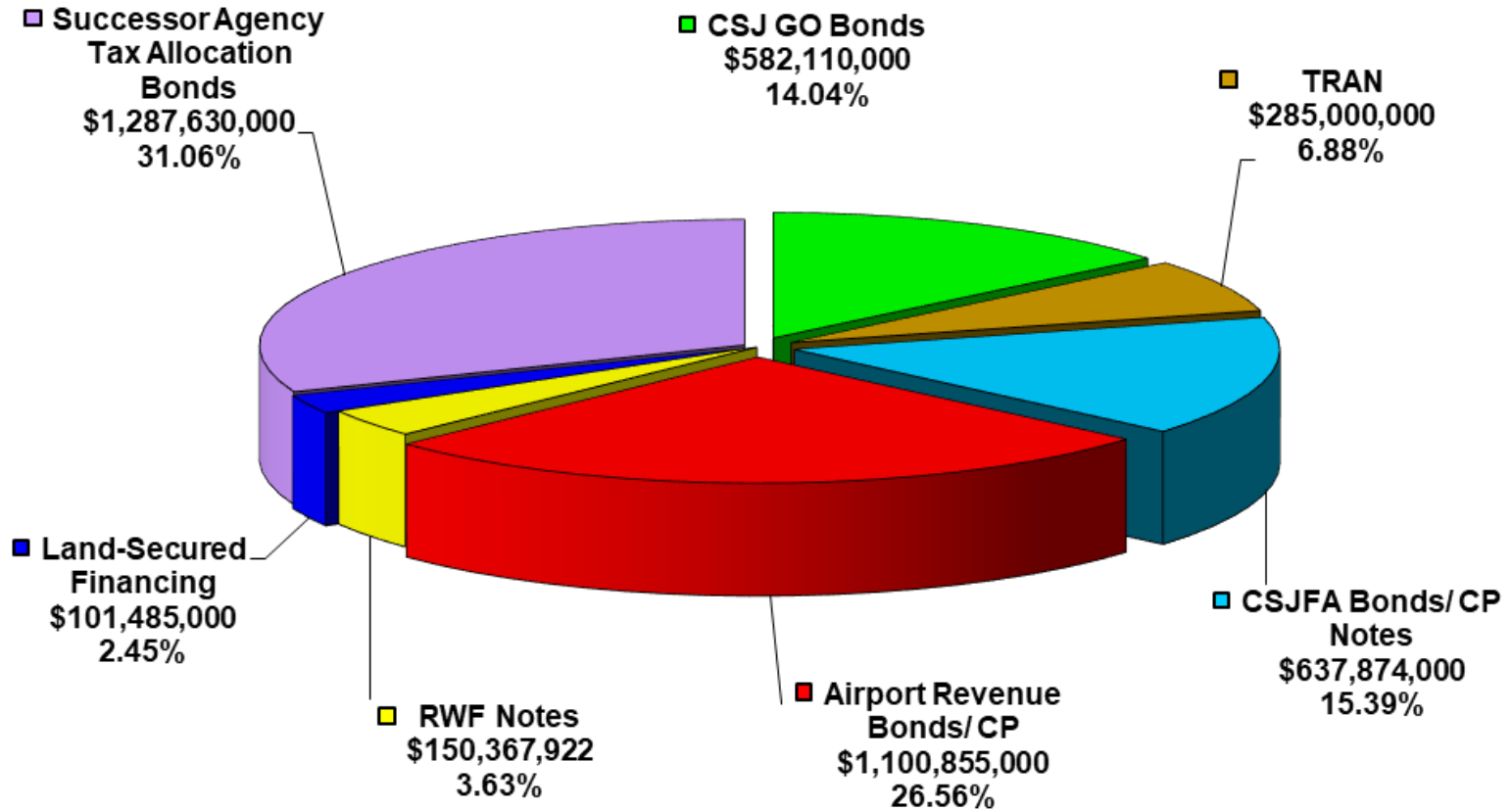
Annual Debt Issuance

\* YTD Debt Issuance

# Direct Outstanding Debt

## (By City and Agencies)

**Outstanding Debt as of September 30, 2021: \$4,145,321,922**  
**(Excluding Multifamily Housing Revenue Bonds)**



# **Debt Issuance Activities**

## **During First Quarter (July - September 2021)**

---

- 2021 TRAN (Prefunding of employer retirement contributions in FY 2021-22)
  - \$285.0 million, July 1, 2021
- 2021 General Obligation Bonds (Second issuance authorized under Measure T)
  - 200.5 million, July 29, 2021
- CSJFA Lease Revenue Commercial Paper Notes
  - San José Clean Energy (SJCE) – (\$21.2 million, July and September)

# **Selected Debt Management Activities**

**During First Quarter (July - September 2021)**

---

## ➤ Debt Management - Pre-issuance activities for:

- 2021 CSJFA Lease Revenue Bonds (Fire Department Training Center and Central Service Yard Projects) (priced on Oct 19 and expected to close Nov 2021)
- Meetings with Federated Board, Police & Fire Board, Federated Unions, Police & Fire Unions and a joint City Council and Retirement Boards Study Session to discuss Pension Obligation Bonds (“POBs”) prior to Second Quarter Council consideration of Judicial Validation of POBs)

# **Selected Debt Management Activities**

## **During First Quarter (July - September 2021)**

---

- On August 19, 2021, the City extended the Bank of America Letter of Credit securing the Airport Commercial Paper ("CP") from September 20, 2021 to September 10, 2024.
- On August 31, 2021, the City held a Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing for Airport approving the issuance of Series B CP Notes.
- On August 31, 2021, the CSJFA CP program capacity was expanded from \$125 million to \$175 million and expiration date was extended to March 2025. The State Street LOC was terminated and the full amount is now provided by U.S. Bank National Association.
- Annual General Obligation Bond Tax Levy
- Reporting – Bond Ratings

# Upcoming Debt Issuance and Management

## Through December 31, 2021

---

### ➤ Debt Issuance

- CSJFA Lease Revenue Bonds - Fire Department Training Center and Central Service Yard projects (\$22.825 million; closing on November 2, 2021)
- Multi-Family Housing Revenue Bonds
  - ✓ Vitalia (formerly known as Bascom Apartments) (~\$36 million, tentative bond sale December 2021)
  - ✓ Mariposa Place (~\$31 million, tentative bond sale December 2021)
- CSJFA CP issuance for \$5 million for SJCE for Oct 2021 and as yet unknown amounts possible for November and December. Issuance projected to continue through February 2022.



# Upcoming Debt Issuance and Management

## Through December 31, 2021

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- Other Debt Management activities
  - Pension Obligation Bonds (“POBs”) – preparation and planning of judicial validation; presentations and study sessions with Federated Board, Police & Fire Board and Council; drafting pension obligation funding policy; further analysis in response to Council referrals

# Upcoming Debt Issuance and Management

## Through December 31, 2021

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### ➤ Pre-Issuance Planning

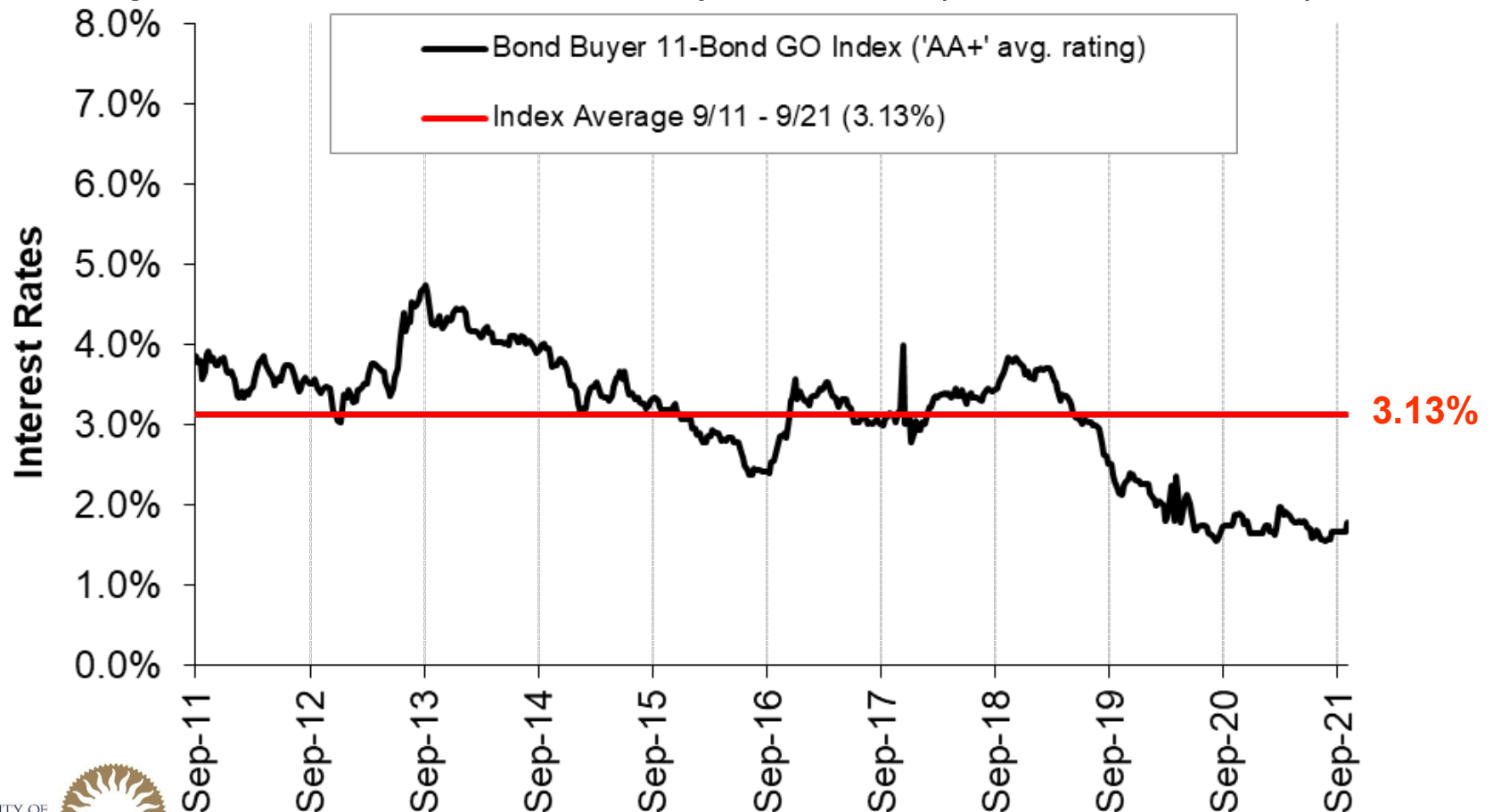
- Planning for Refunding of 2011 Special Hotel Tax Bonds and Lease Revenue Bonds (Convention Center Expansion Project) for debt service savings
- Planning for issuance of bonds for Regional Wastewater Facility improvements in 2022
- Planning for issuance of potential POBs

### ➤ Debt Management

- Annual Continuing Disclosure/Compliance Reporting
- 2021 Comprehensive Annual Debt Report (CADR)
- Annual CDIAC Mello Roos and Marks Roos Reports in October
- TEFRA Hearing for multiple Housing Revenue Bonds

# Tax-Exempt Market Index (20 Year Fixed Rate)

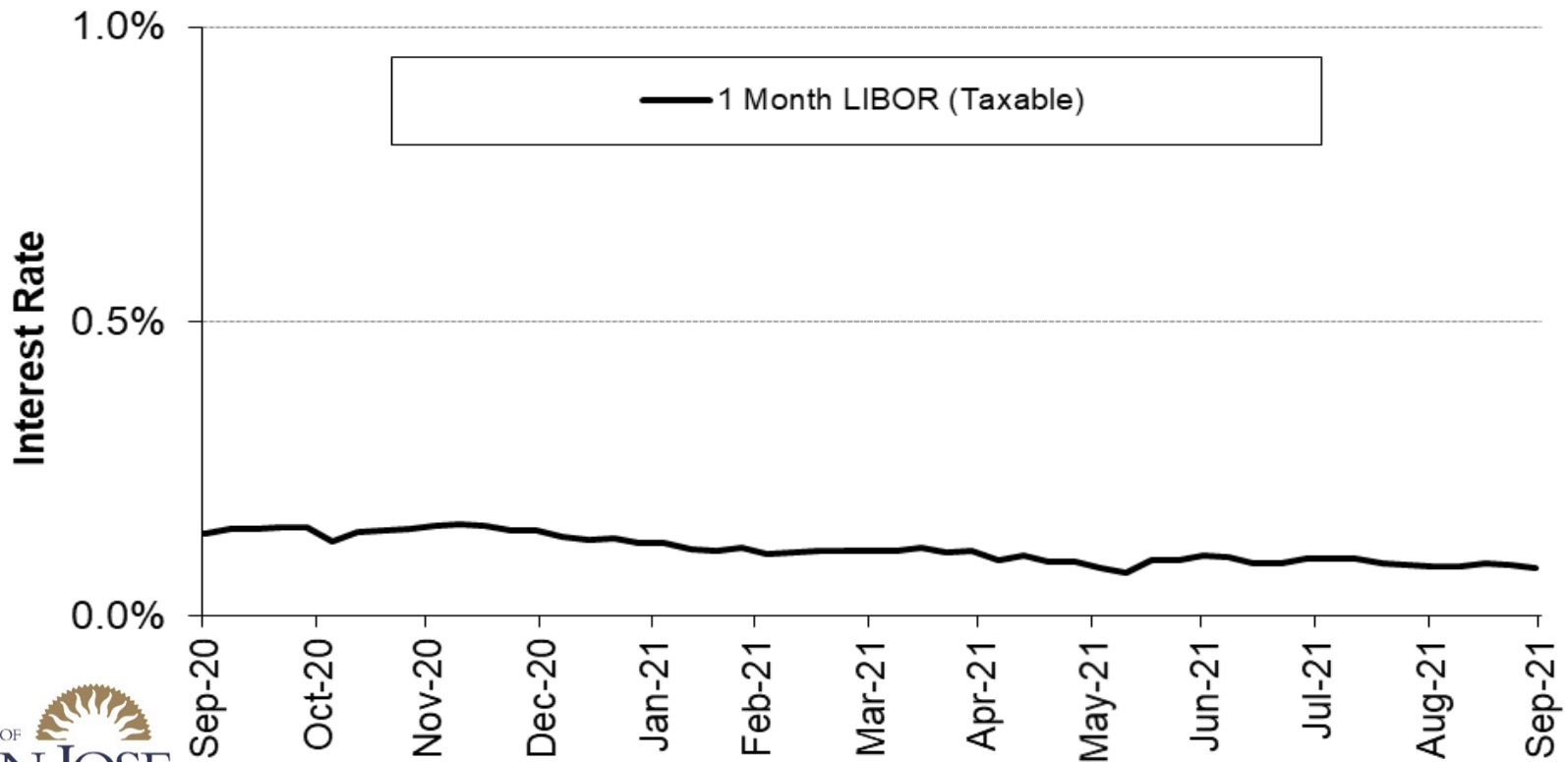
10-year history of tax-exempt long-term (20-year term) interest rates averaged 3.13% and are currently at 2.06% (as of 10/21/2021)



# Variable Interest Rates

## (Taxable)

Taxable LIBOR monthly interest rates paid by the City averaged 0.09% in Q1 FY 2021-22 and are currently at 0.09% (as of 10/21/2021)



# General Credit Ratings

## City of San José

- City continues to maintain very high credit ratings
- The credit ratings from Moody's and Fitch were both reaffirmed with Stable outlooks on October 5, 2021, respectively. S&P reaffirmed City's credit rating on October 11, 2021 with Stable outlook.

Type of Rating	Moody's	S&P	Fitch
Issuer Rating	Aa1 (stable)	AA+ (stable)	AA+ (stable)
General Obligation Bonds	Aa1 (stable)	AA+ (stable)	AAA (stable)
Lease Revenue Bonds (Essential Assets)	Aa2 (stable)	AA (stable)	AA (stable)
Lease Revenue Bonds (Less Essential Assets)	Aa3 (stable)	AA (stable)	AA- (stable)

# General Obligation Ratings in Context

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- City's General Obligation Bonds ("G.O.") Ratings are higher than the State of California's G.O. ratings, and similar to Santa Clara County's G.O. ratings, which is not surprising given their shared tax base and other credit fundamentals.

Type of Rating	Moody's	S&P	Fitch
City of San José G.O. Bonds	Aa1	AA+	AAA
State of California	Aa2	AA-	AA
Santa Clara County	Aa1	AAA	AA+

# Other Credit Ratings

## City of San José

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- San José Airport bonds:

	Moody's	S&P	Fitch
Rating	A2	A-	A
Outlook	Stable	Stable	Stable

- SARA Senior Tax Allocation Bonds:

	Moody's	S&P	Fitch
Rating	Not Rated	AA	AA-
Outlook	--	Stable	Stable

# Other Credit Ratings

## City of San José

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City of San José Special Hotel Tax Revenue Bonds, Series 2011:

	Moody's	S&P	Fitch
Rating	A2	A	Not Rated
Outlook	Stable	Negative	--

- In August 2021 S&P Global Ratings lowered the rating of the Special Hotel Tax Bonds from A+ to A (Outlook: Negative) due to impact of COVID-19 on revenues



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# **RESULTS OF FY 2021-22 BOND SALES**

# 2021 Tax and Revenue Anticipation Note

## (2021 Note)

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- Issued \$285,000,000 short-term note on July 1, 2021 to facilitate the prefunding of employer retirement contributions in FY 2022.
  - \$142,500,000 in principal bear interest at a fixed rate of 0.370% per annum
  - \$142,500,000 in principal bears interest at a variable rate of one-month LIBOR (0.095% as of 10/27/21) plus a credit spread of 0.185%.
- 2021 Note sold in a direct placement to Bank of America, N.A.
- Security for repayment of the 2021 Note is a pledge of the City's FY 2022 secured property tax plus all other legally available General Fund revenues available to the City, if required
- The 2021 Note matures and is payable in full on June 30, 2022.

# CSJ General Obligation Bonds

## Series 2021A-C

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- Issued \$200,530,000 on July 29, 2021, which constitute the second round of issuance under the Measure T authorization of \$650,000,000 for Disaster Preparedness, Public Safety, and Infrastructure, approved by the voters in November 2018.
- The 2021 GO Bonds are secured by a pledge of the City to levy ad valorem property taxes without limitation of rate or amount (except certain personal property which is taxable at limited rates).
- All-In True Interest Cost of 2.72%; weighted average maturity of 19.4 years.
- Bonds received ratings of:

	Moody's	S&P	Fitch
<b>Rating</b>	Aa1	AA+	AAA
<b>Outlook</b>	Stable	Stable	Stable

---

# **First Quarter Investment Management Report for Fiscal Year 2022**

# Investment Policy

## (Council Policy 1-12)

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- The investment portfolio meets the requirements of the City's Investment Policy and California Government Code section 53601.
- Authorized investments only include high grade fixed income securities. (Long-term rating A or higher; Short-term rating A1/P1/F1\*)
- Policy is reviewed annually and shall be adopted by resolution of the City Council
- Investment Program is audited semi-annually for compliance purposes

\* A1, P1, F1 are high quality ratings for short-term securities issued by S&P, Moody's and Fitch respectively.

# Investment Objectives & Reporting

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- Manage investments to meet the City's objectives:
  - Safety
  - Liquidity
  - Yield
- Quarterly reports on-line, placed on PSFSS Committee agenda and separately agendized for City Council's acceptance

# Socially Responsible Investment Goals

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Section 22 of the Investment Policy articulates the Social Responsibility Investment Goals:

- Support safe and environmentally sound practices
- Support fair labor practices
- Support equality of rights
- Promote community economic development

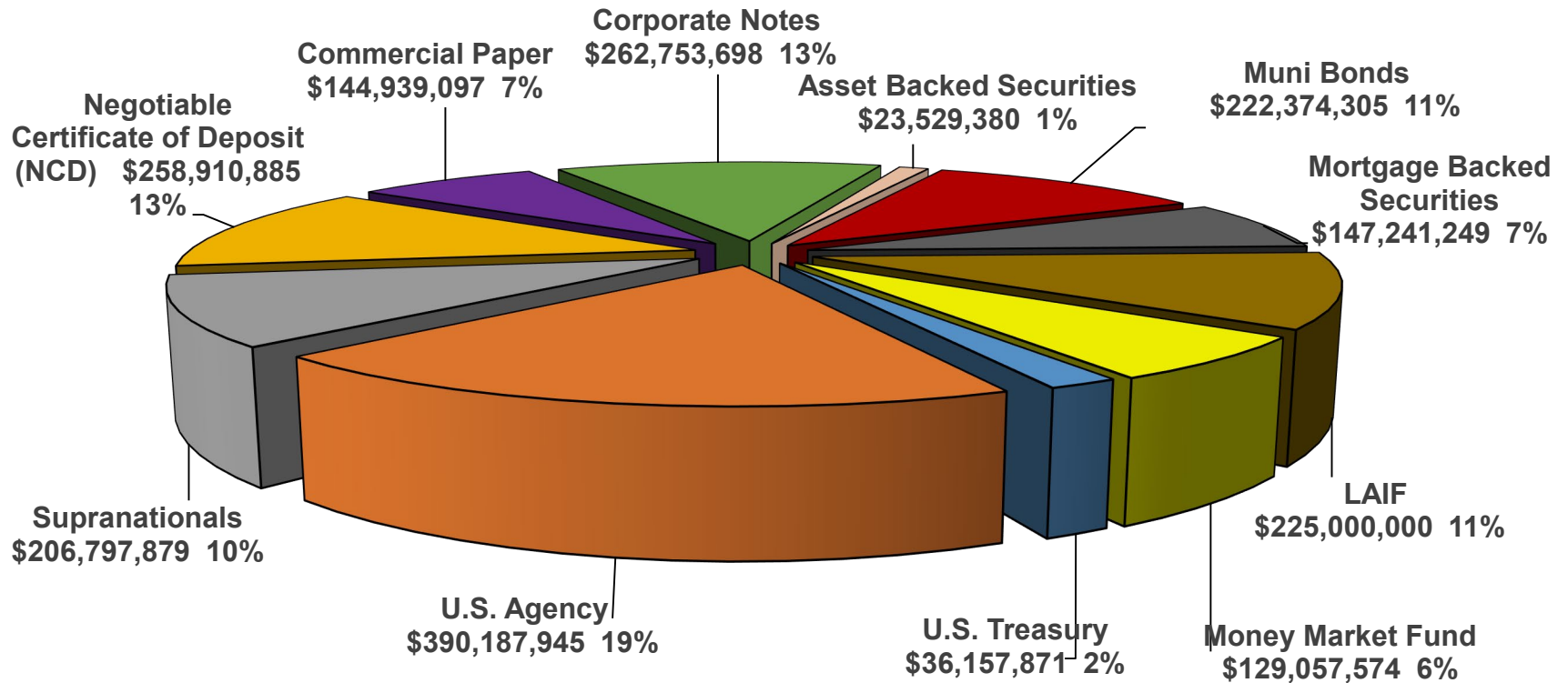
# Summary of Portfolio Performance

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- **Size of total portfolio:** \$2,046,949,882
- **Earned interest yield:** 0.918%
- **Weighted average maturity:** 552 days
- **Fiscal year-to-date net interest earnings:** \$4,826,950
- **Exceptions to the City Investment Policy during this quarter:** None

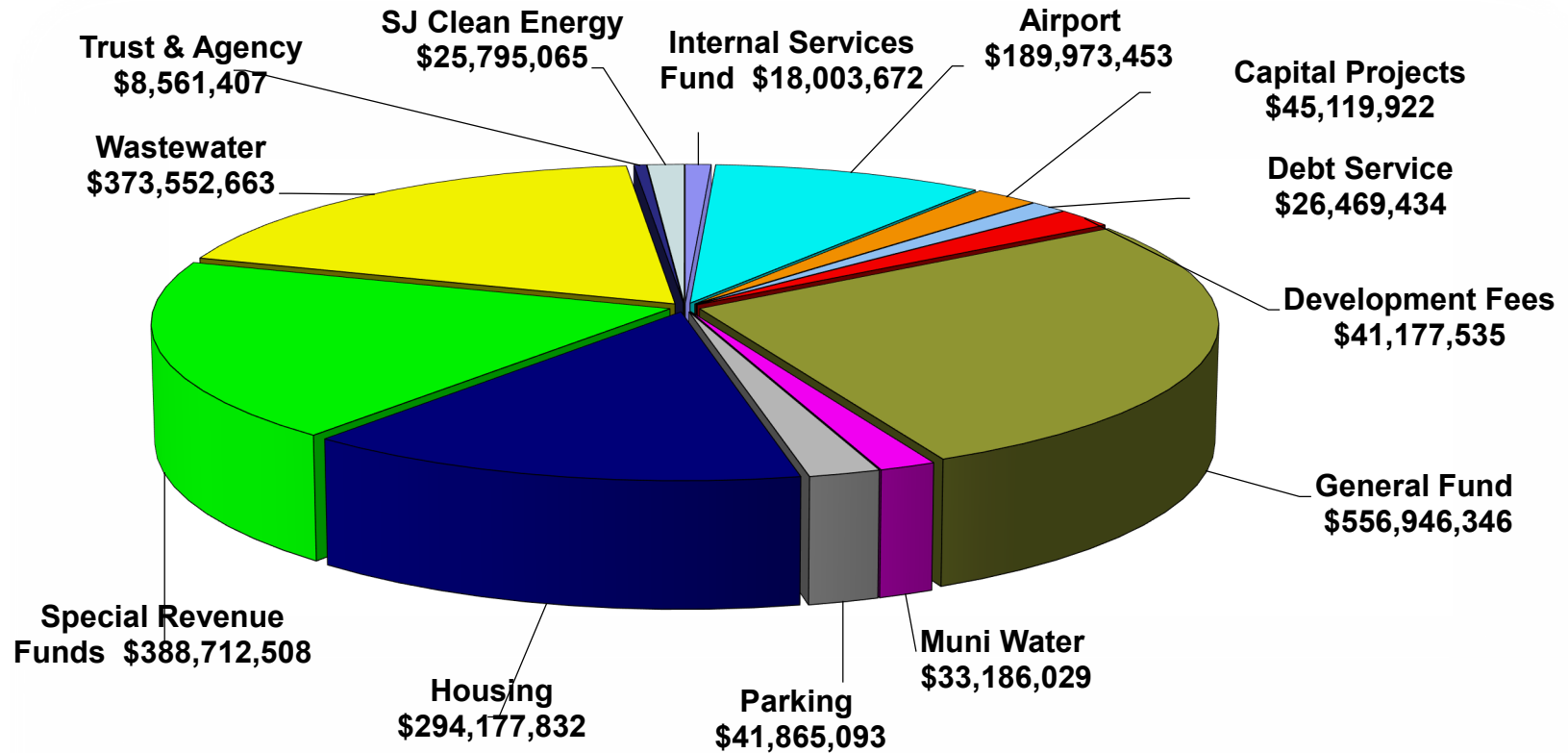


# Portfolio Investments



Total Investment Portfolio = \$2,046,949,882

# Investments by Fund

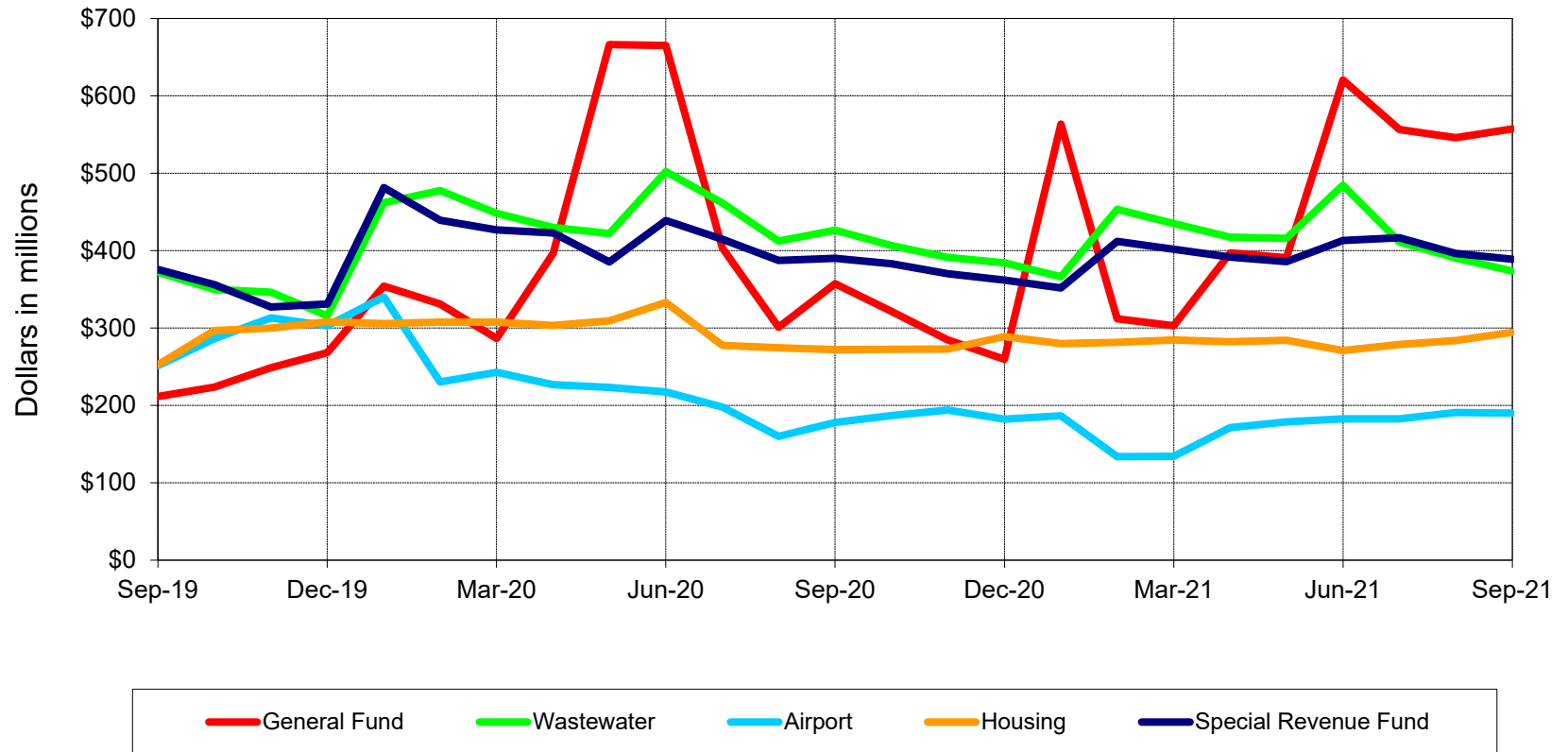


# General Fund Balances

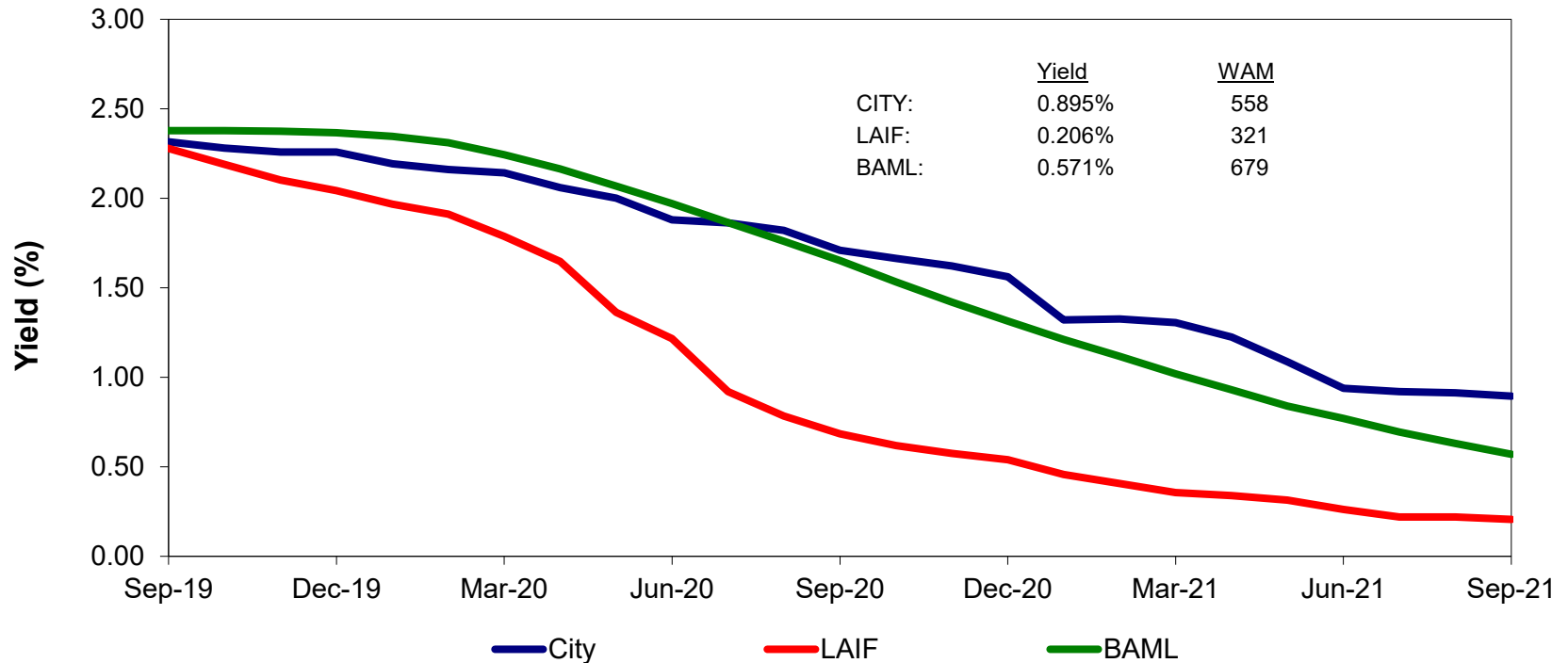
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- The General Fund balances decreased by \$63.6 million during the quarter and ended with a balance of \$556.9 million as of September 30, 2021.
- General Fund cash balances usually peak during the months of January and June when the bulk of property taxes are received and decline in the summer months due to retirement prefunding, debt service payments and operational expenditures.
- Projected investment maturities and revenue are sufficient to cover anticipated expenditures for the next six months.

# Comparison of Cash Balances by Select Funds



# Benchmark Comparisons



## Notes:

1. City refers to City's Fund 3 Portfolio, and the yield data are month-end weighted average yields.
2. LAIF refers to the State of California Local Agency Investment Fund and yield data are average monthly effective yields.
3. BAML refers to Bank of America Merrill Lynch 1-3 Year AAA-A US Corporate & Government Index and yield data are rolling 2-year effective yield.

# Investment Strategy

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- Continue matching known expenditures with suitable investments within the 24-month horizon
- Extend a portion of the portfolio beyond two-year term, when appropriate, to provide income and structure to the portfolio
- Maintain the diversification of the portfolio
- Focus on core mandate of safety, liquidity, and yield

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# **First Quarter Revenue Management Report for Fiscal Year 2021-2022**

# Revenue Management Programs

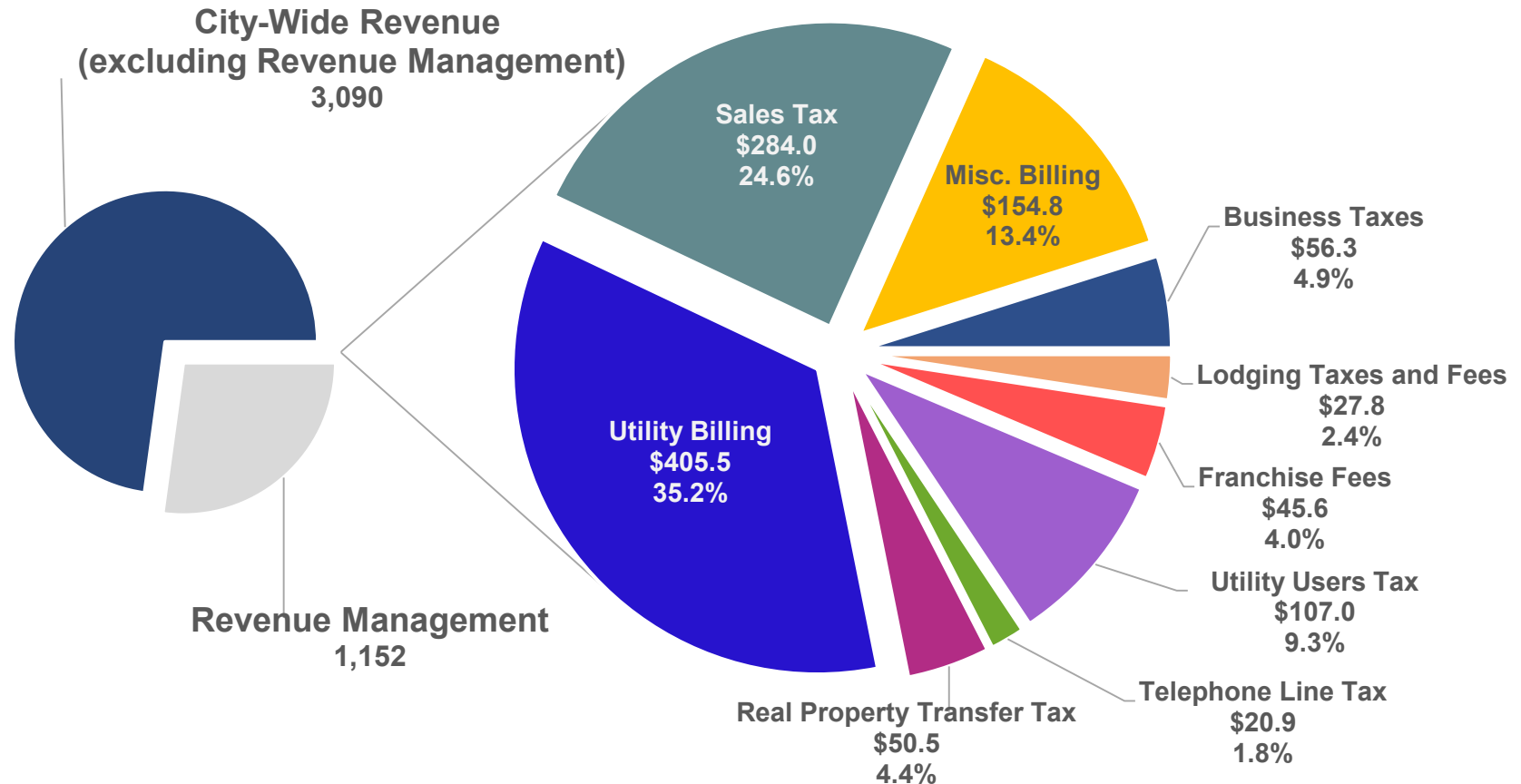
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- Finance Department revenue collection efforts focus on reducing delinquent accounts receivable and enhancing revenue compliance in four primary collection programs:
  - Accounts Receivable
  - Business Tax
  - Compliance and Monitoring
  - Utility Billing
- Efforts may span several reporting periods and actual collections are reported when funds are received by the City.



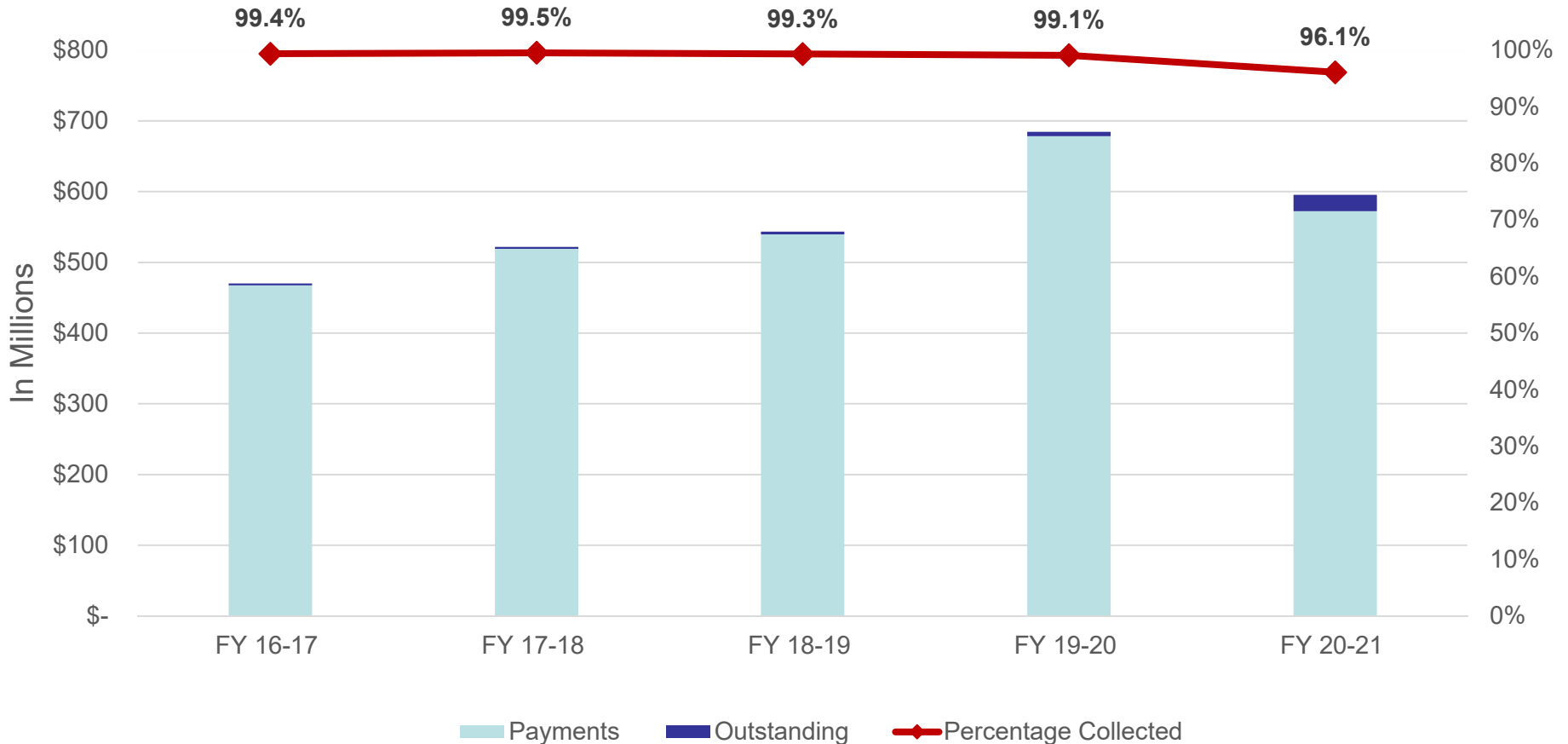
# Revenue Management Portfolio

## FY 2020-21 Revenue (\$ in millions)



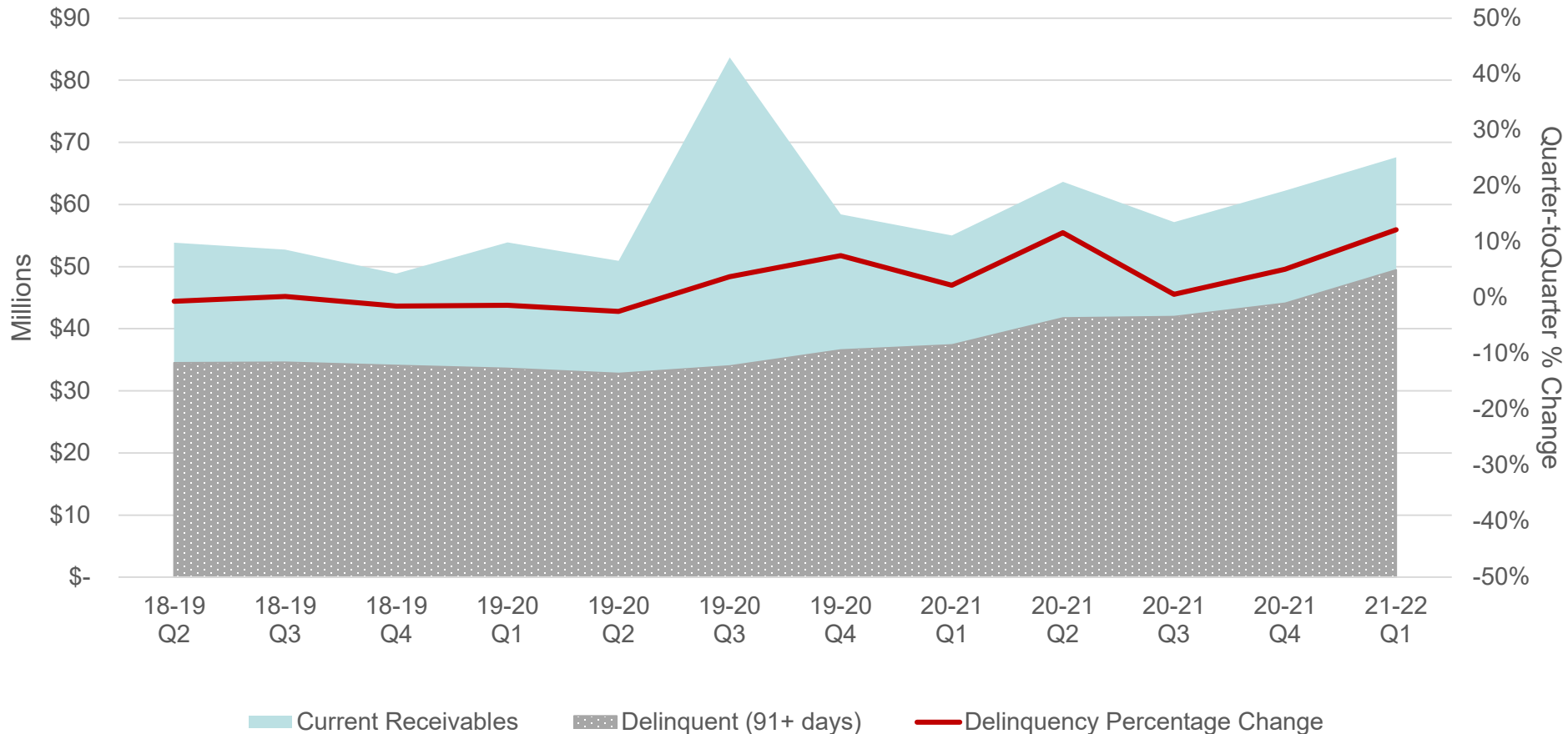
# Invoicing and Payments

## 5 Years History (FY 2016-17 to FY 2020-21)



# Outstanding Receivables

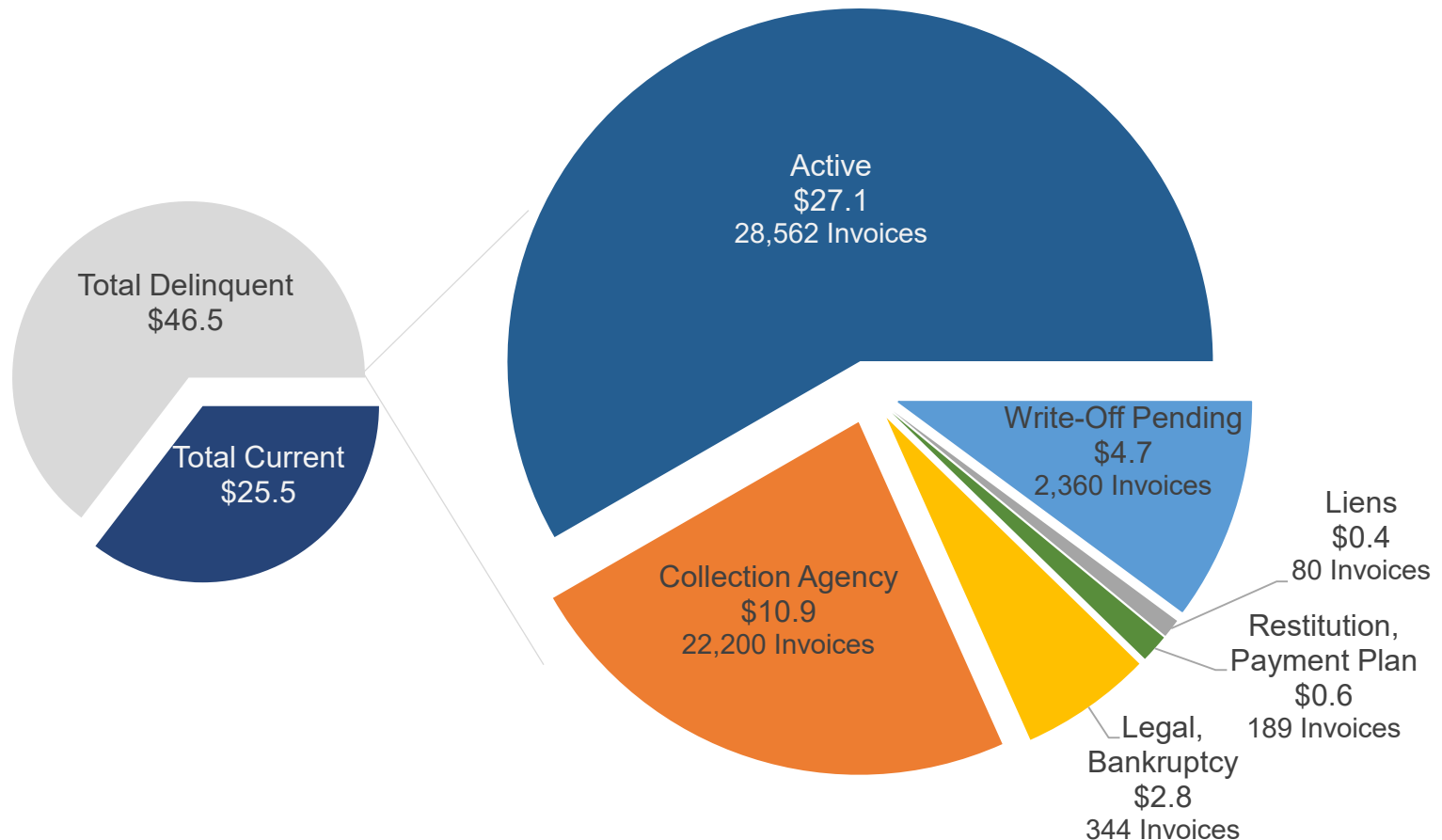
## Three Year History



# Delinquent Receivables

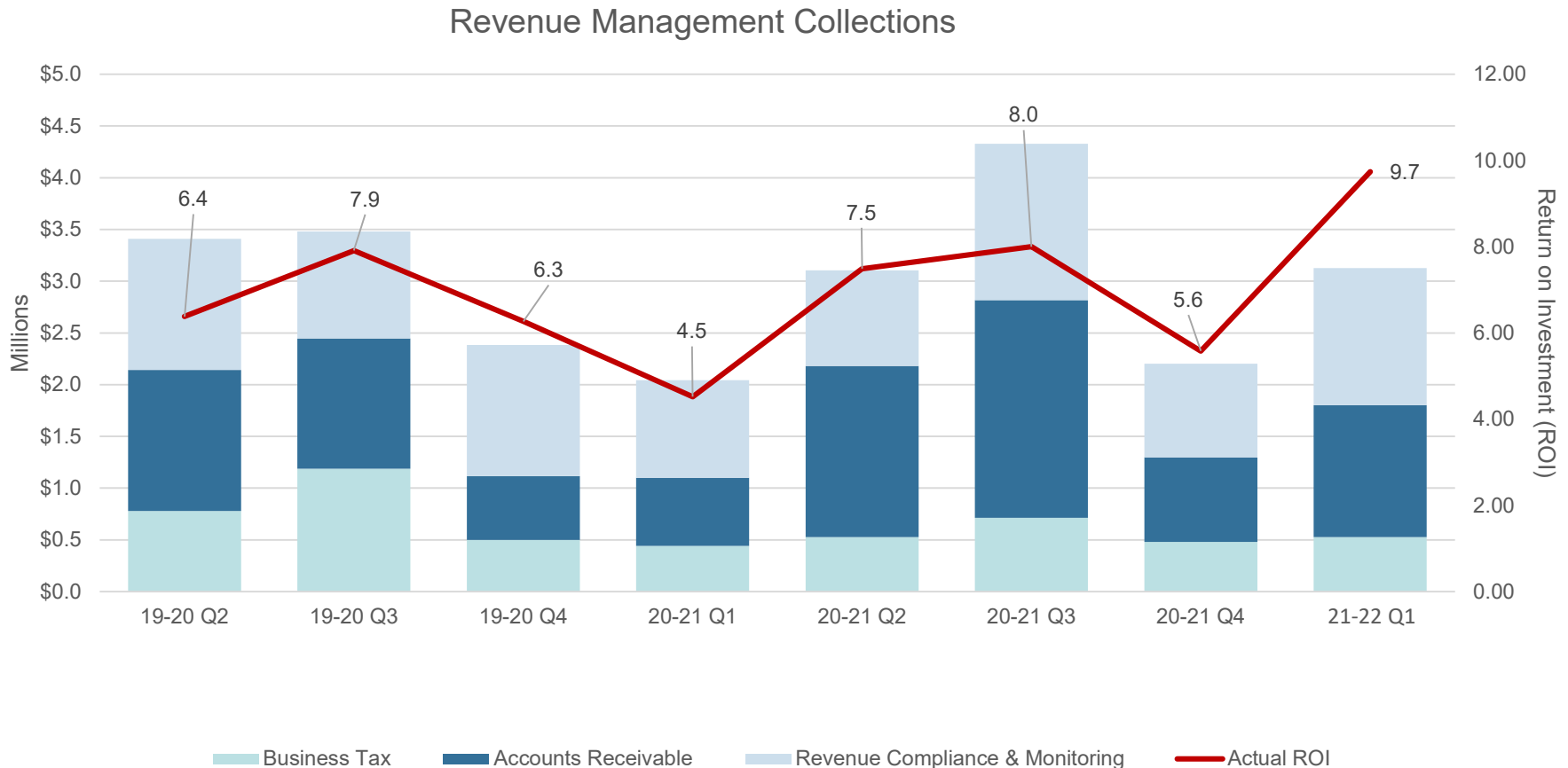
## Collection Status Summary (\$ in millions)

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As of September 30, 2021

# Collections & Return on Investment



Target ROI: 5.5

# Collection and Write-Off Process

---

## Delinquency Notifications Sent to Debtor

- 30 Day Notice, 60 Day Notice, Final Notice

## Collection Agency Referral Analysis

- Cost-benefit analysis of staff time vs. receivable amount
- City's ability to collect through alternative means
- Type of service billed or receivable amount

## Analysis for Write-Off

- Collection efforts exhausted
- Debtor has no assets, filed bankruptcy, expiration of statute, deceased, incarcerated, or "skipped"

# Business Tax COVID-19 Assistance

---

- On September 28, 2021, City Council voted to extend the COVID-19 Business Tax Hardship Exemption Program and to expand its eligibility requirements.
  - Program will continue from October 1, 2021 - June 30, 2022.
  - Eligibility now includes all businesses with gross receipts of \$25,760 OR adjusted gross income less than or equal to \$51,520.
  - Eligibility can be based upon anticipated 2021 income instead of actual 2020 tax returns.

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# **First Quarter Purchasing and Risk Management Report for Fiscal Year 2021-2022**



# Purchasing Program

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The Purchasing Division of the Finance Department is responsible for the centralized procurement of equipment, supplies, materials, Information Technology (IT), and non-consulting services, pursuant the City of San José Municipal Code Title 4, Chapter 4.12.



# Purchasing Accomplishments

## First Quarter FY 2021-2022

---

Request for Quotes: **15 awarded**  
Request for Bids: **6 awarded**  
Request for Proposals: **1 completed**  
Request for Information: **1 completed**



Purchase Orders and Purchase Orders Adjustments Issued: **756**

New Agreements: **5 negotiated and executed**

Amendments, Change Orders, Options: **26 executed**

Council Memos: **7**

Dollars Procured: **\$121,776,162**



# Procurement Improvement Update

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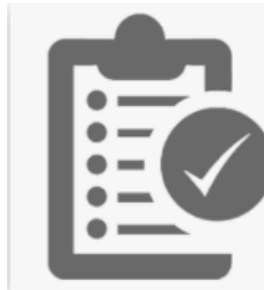
Procurement Improvement is Strategic Support initiative under the City Roadmap:

- Finance re-engagement discussions with Procurement Consultant (Guidehouse) in September 2021
- Finance and the City Manager's Office are collaborating to expand scope of work to include assessment of Finance/Purchasing-managed **and** department-led procurements.
- Guidehouse initiated comprehensive stakeholder interviews in October 2021. Expected completion by November 2021.

# Risk Management Program

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The Division is responsible for the procurement and oversight of the City's property and casualty insurance programs and providing contractual risk management services, property subrogation claims reporting and other key services to City Departments.



# Risk Management Program

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- Successfully completed the City's major annual insurance renewal process and brought forward recommendations to Council on September 21, 2021 to select and purchase **10** of the City's insurance policies for the October 1, 2021 to October 1, 2022 policy period.
- ✓ Request for Contract Insurance Specifications: **171**
- ✓ Request for Insurance Contracts Compliance Review: **139**
- ✓ Request for Letter of Self Insurance: **27**
- ✓ Subrogation: Billed **\$208,377** to responsible third parties

Write-off list over \$5,000 October 6, 2021						
Debtor	Invoice Number	Invoice Type	Entered Date	Invoice Balance (Write-off Balance)	Fund	Reason for Write-off
SAN JOSE SOCCER LEAGUE	1092117	RETURNED CHECK	11/17/2008	\$5,037.08	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
JESUS HERRERA	1146451	SIDEWALK REPAIRS	03/21/2017	\$5,192.40	001	Property sold 3/2018 Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
STORY ROAD TAMALE FESTIVAL INC	1137384	RETURNED CHECK	09/21/2015	\$5,265.36	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
MONTROSE MOVING SYSTEM	1147492	PROPERTY SUBROGATION	06/12/2017	\$5,366.33	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
CARLOS CAMPOS	1049308	ADMINISTRATIVE REMEDIES	03/22/2013	\$5,636.00	001	Filed Chapter 13 2/21/17 Property was sold
GABRIELA PITA	1078223	PROPERTY SUBROGATION	04/20/2016	\$5,712.49	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
ALVIN LAM CHUNG	1143530	PROPERTY SUBROGATION	08/30/2016	\$5,786.57	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
MIRION STRALEY	1148833	PROPERTY SUBROGATION	09/14/2017	\$5,880.99	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
CARLOS CAMPOS	1049317	ADMINISTRATIVE REMEDIES	09/17/2013	\$5,973.50	001	Filed Chapter 13 2/21/17 Property was sold
ANNETTE ROSENOW	1070746	ANIMAL SERVICES	04/19/2017	\$6,055.39	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
LINDA RAY	1148177	PROPERTY SUBROGATION	08/02/2017	\$6,098.20	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
CARLOS CAMPOS	1049310	ADMINISTRATIVE REMEDIES	06/27/2013	\$6,162.50	001	Filed Chapter 13 2/21/17 Property was sold
CARLOS CAMPOS	1049305	ADMINISTRATIVE REMEDIES	08/07/2013	\$6,242.00	001	Filed Chapter 13 2/21/17 Property was sold
ANGELA I PADULA TRUSTEE	1139992	SIDEWALK REPAIRS	02/24/2016	\$6,510.51	001	Property sold 3/2016 Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
ARC HEALING CENTER COOPERATIVE	1057530	MARIJUANA BUSINESS TAX - LATE PAYMENT	11/14/2012	\$6,734.27	001	Business closed early 2014
ANNETTE ROSENOW	1070744	ANIMAL SERVICES	02/20/2017	\$7,009.29	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
ROCHELLE WILSON	1139483	PROPERTY SUBROGATION	01/21/2016	\$7,071.48	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
CARLOS CAMPOS	1049311	ADMINISTRATIVE REMEDIES	05/14/2013	\$7,187.00	001	Filed Chapter 13 2/21/17 Property was sold
MOHINI LALLA	1144154	PROPERTY SUBROGATION	10/05/2016	\$7,487.29	465	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
CARLOS CAMPOS	1049313	ADMINISTRATIVE REMEDIES	02/06/2013	\$7,652.00	001	Filed Chapter 13 2/21/17 Property was sold
JESSE ROMERO	1139412	ANIMAL SERVICES	01/15/2016	\$7,652.25	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
UNITED STATES POSTAL SERVICES	1016953	DOWNTOWN SAN JOSE PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT - SPECIAL ASSESSMENT	09/14/2012	\$7,810.06	001	This property is owned by the United States Postal Service, an independent establishment of the Executive Branch of the Government of the United States, created pursuant to the provisions of the Postal Reorganization Act, Public Law 91-375, codified at 39 U.S.C. §§ 201 et seq. As such, its property is immune from state and local taxation under the Supremacy Clause of the United States Constitution (U.S. Const. Art. VI., Cl. 2).
UNITED STATES POSTAL SERVICES	1017003	DOWNTOWN SAN JOSE PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT - SPECIAL ASSESSMENT	03/06/2017	\$8,143.49	001	This property is owned by the United States Postal Service, an independent establishment of the Executive Branch of the Government of the United States, created pursuant to the provisions of the Postal Reorganization Act, Public Law 91-375, codified at 39 U.S.C. §§ 201 et seq. As such, its property is immune from state and local taxation under the Supremacy Clause of the United States Constitution (U.S. Const. Art. VI., Cl. 2).

Write-off list over \$5,000 October 6, 2021						
Debtor	Invoice Number	Invoice Type	Entered Date	Invoice Balance (Write-off Balance)	Fund	Reason for Write-off
UNITED STATES POSTAL SERVICES	1061407	DOWNTOWN SAN JOSE PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT - SPECIAL ASSESSMENT	11/18/2014	\$10,580.26	001	This property is owned by the United States Postal Service, an independent establishment of the Executive Branch of the Government of the United States, created pursuant to the provisions of the Postal Reorganization Act, Public Law 91-375, codified at 39 U.S.C. §§ 201 et seq. As such, its property is immune from state and local taxation under the Supremacy Clause of the United States Constitution (U.S. Const. Art. VI., Cl. 2).
ARC HEALING CENTER COOPERATIVE	1057531	MARIJUANA BUSINESS TAX - LATE PAYMENT	01/15/2013	\$10,646.12	001	Business closed in early 2014
SILICON VALLEY COLLECTIVE INC	1062310	MARIJUANA BUSINESS TAX - LATE PAYMENT	03/20/2014	\$11,301.23	001	Business closed and unable to locate
NICHOLAS LEROY	1136271	RETURNED CHECK	07/09/2015	\$11,369.42	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
UNIVAR SOLUTIONS USA, INC	2020008145	FIRE PERMIT FEES	06/19/2020	\$11,909.00	001	Out of business per fire inspector
PARENTS OF IVAN FRANCISCO CRUZ	1145100	PROPERTY SUBROGATION	12/13/2016	\$12,003.98	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
CARLOS CAMPOS	1049316	ADMINISTRATIVE REMEDIES	01/27/2012	\$12,016.35	001	Filed Chapter 13 2/2/17 Property was sold
UNITED STATES POSTAL SERVICES	1061410	DOWNTOWN SAN JOSE PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT - SPECIAL ASSESSMENT	05/18/2015	\$12,321.70	001	This property is owned by the United States Postal Service, an independent establishment of the Executive Branch of the Government of the United States, created pursuant to the provisions of the Postal Reorganization Act, Public Law 91-375, codified at 39 U.S.C. §§ 201 et seq. As such, its property is immune from state and local taxation under the Supremacy Clause of the United States Constitution (U.S. Const. Art. VI., Cl. 2).
XRL EVENTS	1147969	SPECIAL EVENT	07/12/2017	\$14,998.08	001	Collection Agency Assignment Business based in Colorado Initial collection attempts by Finance Staff then by collection agency staff.
TUCKER CONSTRUCTION	27760/27760A	ACCOUNTS PAYABLE	10/2/2019	\$15,696.86	001	Fraudulent ACH transaction in the amount of \$22,736.50, Partial recovery in the amount of \$7,039.64 received. Case closed by Wells Fargo and Cybersecurity Team as deemed uncollectable
SWIFT TRANSPORTATION CO OF AZ	1139949	PROPERTY SUBROGATION	02/23/2016	\$17,410.71	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
PHI NGUYEN	1144566	PROPERTY SUBROGATION	11/09/2016	\$20,034.87	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
MESA ENERGY SYSTEMS	1143510	PROPERTY SUBROGATION	08/29/2016	\$27,609.84	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
CHARLES SILVA	1146932	PROPERTY SUBROGATION	04/18/2017	\$43,102.82	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
SPENCER3WAYS	1145690	TOW ASSESSMENT	01/30/2017	\$63,661.56	001	Out of Statute Collection Agency Assignment Initial collection attempts by Finance Staff then by collection agency staff.
JERRY GURIERREZ	1051389	ADMINISTRATIVE REMEDIES	01/27/2012	\$76,413.17	001	Filed Chapter 13 1/25/14 Property was sold
PACIFIC GAS & ELECTRIC CO	1082708	EXCAVATION PERMIT FEES	04/10/2000	\$123,019.10	416	Filed Chapter 13 bankruptcy Discharged by bankruptcy courts
			<b>40 invoices</b>	<b>\$641,761.52</b>		