



Memorandum

TO: PUBLIC SAFETY, FINANCE AND
STRATEGIC SUPPORT
COMMITTEE

FROM: Maria Öberg

SUBJECT: First Quarter Financial Reports for
Fiscal Year 2025-2026

DATE: November 12, 2025

Approved

Date:

11/17/2025

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Accept the First Quarter (period ended September 30, 2025) Financial Reports for Fiscal Year 2025-2026 for the following programs:
- (1) Debt Management;
 - (2) Investment Management;
 - (3) Revenue Management; and
 - (4) Purchasing and Risk Management;
- (b) Refer and cross-reference the First Quarter Financial Reports for Fiscal Year 2025-2026 to the January 13, 2026, City Council meeting for full adoption.

SUMMARY AND OUTCOME

Provide the quarterly update on debt management, investment management, revenue management, purchasing, and risk management activities.

BACKGROUND

The attached First Quarter Financial Reports for Fiscal Year (FY) 2025-2026 (quarter ended September 30, 2025) (Financial Reports) present the quarterly activity for the City of San José (City) Finance Department's Debt Management, Investment Management, Revenue Management, Purchasing, and Risk Management programs

(Attachment A). Additionally, the First Quarter Investment Report for the Quarter Ended September 30, 2025, (Attachment B) is available on the Finance Department web page¹ and is included with this report to the Public Safety, Finance and Strategic Support Committee (PSFSS Committee). As part of the ongoing effort to streamline work efforts within the Finance Department, these programs are combined into a single report for submission to the PSFSS Committee for its review and referral to the City Council for acceptance.

ANALYSIS

A brief narrative discussion is provided below for all programs in this quarterly report.

Debt Management Program

This report discusses the City's completed debt activities for the period ended September 30, 2025, and the activities anticipated in the following quarter ending December 31, 2025, and relates to the following elements of the City's Debt Management Program:

- Completed financings and current debt portfolio;
- Debt issuance, redemptions, and management activities completed during the first quarter and anticipated in the next quarter (September 30, 2025 through December 31, 2025);
- Current interest rate environment as of September 30, 2025; and
- Credit ratings.

Investment Management Program

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 only. The materials presented in this consolidated report provide a "snapshot" of the investment portfolio.

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 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 5.0 to 1. The First Quarter FY 2025-26 ratio is 5.1 to 1.

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

Overview of Collection Process – City departments issue invoices for various fines, fees, or other costs incurred by the City. Invoices are entered in the City’s centralized Accounts Receivable system 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 an Investigator Collector in the Finance Department, 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.

Accounts Receivable and Utility Billing Amnesty Programs

The Amnesty Programs increased statutory compliance while providing needed financial relief for City residents and businesses by authorizing the Director of Finance to waive the respective late interest and other collection levies on any base taxes, fees, and charges collected. The Program application period began April 1, 2025 and ended September 30, 2025.

Table 1 below presents a final overview of both completed programs.

	TABLE 1	
	Accounts Receivable	Utility Billing
Program Target - Expenses	\$600,000	Not Applicable
FY2024-2025 Payments	\$391,000	\$428,000
FY2025-2026 Payments	\$284,000	\$861,000
Program Expenses	(\$60,000)	Not Applicable
Total Revenue	\$615,000	\$1.29 Million
<i>Amnesty Waivers to Date</i>	<i>(\$300,000)</i>	<i>(\$1.5 Million)</i>

Purchasing Program

The Purchasing report highlights the key aspects of the City’s purchasing operations. The Purchasing Unit is responsible for the centralized procurement of equipment, supplies, materials, information technology, and general services, pursuant to Chapter 4.12 of Title 4 of the San José Municipal Code. The Purchasing Unit’s objective is to

deliver procurement and contracting services pursuant to public procurement best practices.

Risk Management Program

The Risk Management report highlights the key aspects of the City's Risk Management Program. The Risk Management Unit is responsible for the procurement and oversight of the City's property and casualty insurance programs. The Risk Management Unit 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 Regional Wastewater Facility.

EVALUATION AND FOLLOW-UP

The Finance Department prepares this report on a quarterly basis for review and approval by the PSFSS Committee. Finance Department staff will be available to present the investment report and to answer questions on the Financial Reports at the PSFSS Committee meeting on December 4, 2025, and will be available to answer questions on the reports at the City Council meeting on January 13, 2026.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Agenda website for the December 4, 2025, PSFSS Committee meeting and the January 13, 2026, City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a project, Public Project number PP17-010, City Organizational & Administrative Activities, resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
MARIA ÖBERG
Director, Finance Department

For questions, please contact:

Program	Finance Contact	Finance Division	Phone
Debt Management	Qianyu Sun	Deputy Director, Debt & Treasury Management	(408) 535-7832
Investment Management			
Revenue Management	John Kachmanian	Deputy Director, Revenue Management	(408) 535-7034
Purchasing	Albie Udom	Deputy Director, Purchasing & Risk Management	(408) 535-7059
Risk Management			

ATTACHMENTS:

Attachment A: First Quarter Financial Report Fiscal Year 2025-2026
Attachment B: First Quarter Investment Report for the Quarter Ended September 30, 2025