



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

October 2021

This report summarizes the City's financial performance for the month ended October 31, 2021. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds. Financial information included in this report is unaudited.

General Fund

The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the residents and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2021/22 was \$289.3 million. The amended budget for revenues and expenditures was amended to \$295.2 million to reflect carryover appropriations from fiscal year 2020/21 and various budget amendments approved by the City Council through October 2021.

While it is early in the fiscal year, General Fund revenues are currently tracking within estimated levels. However, concerns remain regarding continued impacts of COVID-19 as the Delta variant and vaccine hesitancy may impact the speed of recovery. Through October, expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures.

Many economic indicators have improved significantly since the start of the pandemic, but some have not returned to pre-pandemic levels. On a national level, the unemployment rate decreased from 4.8% in September 2021 to 4.6% in October 2021. This rate was well below the record setting high of 14.7% in April 2020, but above the pre-pandemic unemployment rate of 3.5%. In October, the number of unemployed persons fell to 7.4 million from 7.7 million in September. This unemployment figure remains well above the pre-pandemic level of 5.7 million.¹

Chart 1. Unemployment rate, seasonally adjusted, October 2019 – October 2021

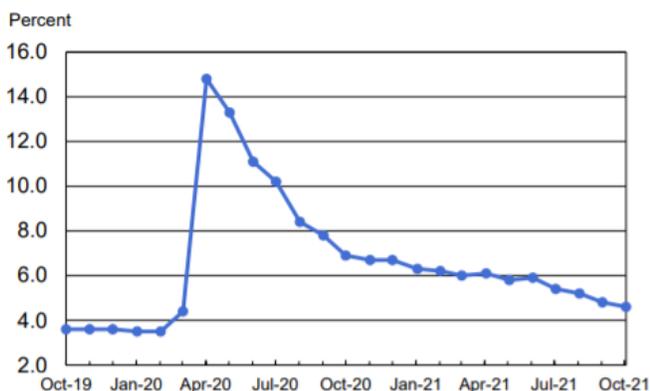
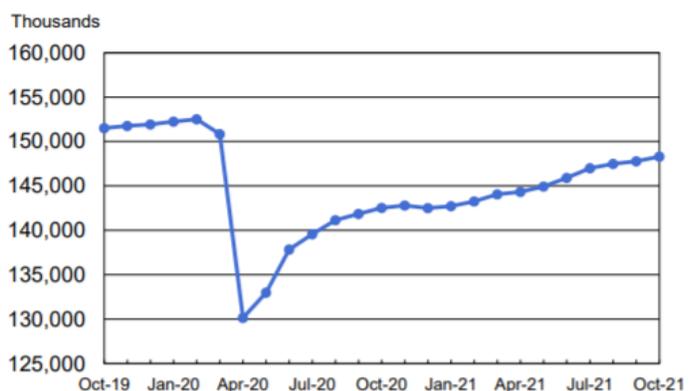
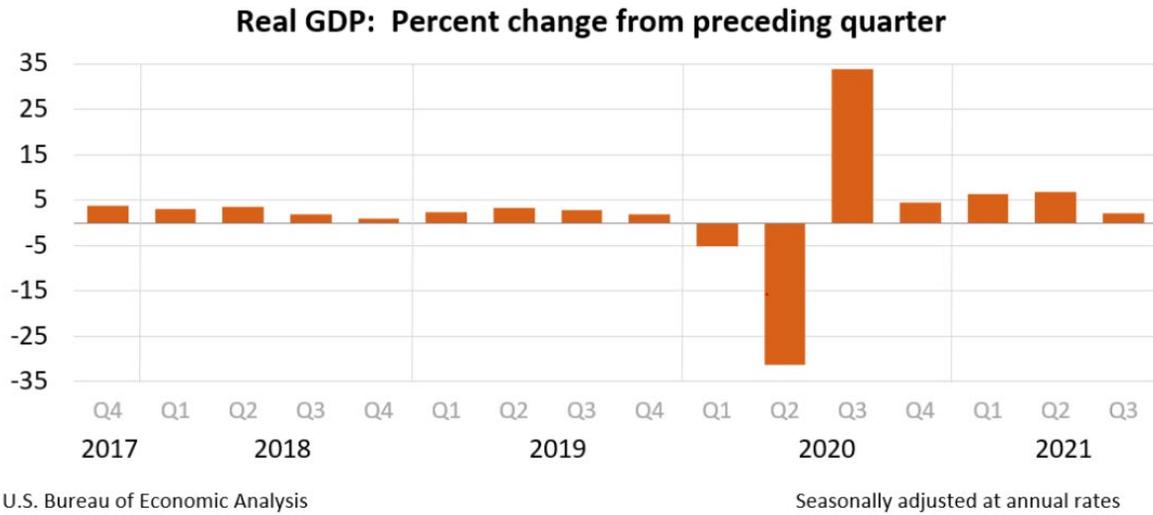


Chart 2. Nonfarm payroll employment, seasonally adjusted, October 2019 – October 2021



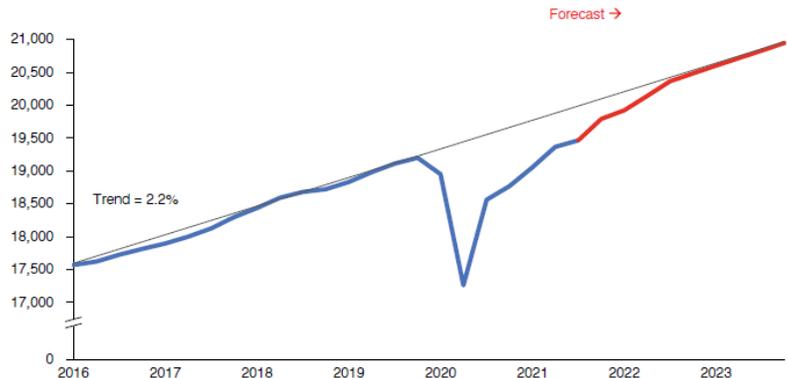
¹ <https://www.bls.gov/news.release/pdf/empst.pdf>

In the third quarter 2021 advance estimate, the Gross Domestic Product (GDP) increased by 2.0%, following a GDP increase of 6.7% in the second quarter. The estimated increase in the first quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. The second quarter reflects increases in consumer spending, exports and local and State government spending. In the third quarter, the resurgence of COVID-19 cases has resulted in new restrictions and delays in reopening businesses in some parts of the country. The real GDP for the third quarter 2021 is 1.4% above the level experienced in the fourth quarter of 2019.²



While GDP has now surpassed the pre-COVID peak in the second quarter 2021, it has not yet reached the pre-pandemic trend. Per the December 2021 UCLA Anderson Forecast, GDP is not expected to reach the pre-COVID trend until the third quarter 2022. On an annual basis, the UCLA Forecast projects GDP growth of 5.6% in 2021, 4.2% in 2022, and 2.7% in 2023. “Overall, our forecast is for continued strong economic growth and labor market recovery, with a lessening of supply constraints and inflation. Omicron may temporarily derail this forecast, but it’s too soon to tell.”³

Exhibit 3: Real GDP Levels, Annual Rates, Billions of Chained 2012\$



Source: UCLA Anderson Forecast and Oxford Economics

Improvement continues at the State and local level.

² https://www.bea.gov/sites/default/files/2021-10/tech3q21_adv.pdf

³ UCLA Anderson Forecast, December 2021

After the State's largest increase in the unemployment rate in April 2020, the California unemployment rate dropped slightly to 7.3% in October 2021. With the continued addition of jobs, California has now regained 1.83 million jobs, or 67% of the 2.71 million jobs lost due to COVID-19 in March and April 2020.⁴

The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 3.8% in October 2021, down from a revised 4.0% in September 2021 and the September 2020 level of 7.5% but higher than the February 2020 level of 2.6%. Between October 2020 and October 2021, employment in this region increased by 51,900 jobs, or 4.8%.⁵ The largest increases were in leisure and hospitality (up 16,600 jobs), professional and business services (up 13,300 jobs), and private educational and health services (up 9,900 jobs).

Staff will continue to closely monitor the economic environment and the City's financial performance and provide updates through the Monthly Financial Reports.

⁴ [California's unemployment rate drops to 7.3 percent in October 2021](#)

⁵ [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf)

General Fund Revenues

As of October 31, 2021, \$37.2 million or 14.8% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$44.2 million have occurred as budgeted. This very low collection level through October is largely due to the timing of payments. In some categories, such as property tax, most payments are scheduled to occur later in the fiscal year. In other categories, a portion of the revenue received through October accounts for activity that occurred in FY 2020/21 and those revenues are accrued back to that year.

**CITY OF SANTA CLARA
GENERAL FUND
REVENUES OVERVIEW AND COMPARISON BY TYPE**

Function	FISCAL YEAR 2021/22				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 10/31/2021	Percentage Received	Actual Through 10/31/2020	Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 58,183,000	\$ 58,183,000	\$ 8,161,070	14.03%	\$ 10,714,871	\$ (2,553,801)	-23.83%
Property Tax	71,559,000	71,559,000	2,643,981	3.69%	2,864,757	(220,776)	-7.71%
Transient Occupancy Tax	9,000,000	9,000,000	1,301,249	14.46%	651,429	649,820	99.75%
Other Taxes	6,080,000	6,080,000	741,594	12.20%	803,992	(62,398)	-7.76%
Total Taxes	144,822,000	144,822,000	12,847,894	8.87%	15,035,049	(2,187,155)	-14.55%
LICENSES & PERMITS							
Business Licenses	900,000	900,000	298,161	33.13%	303,092	(4,931)	-1.63%
Fire Operation Permits	2,200,000	2,200,000	686,903	31.22%	617,814	69,089	11.18%
Building Permits	-	-	245,389	N/A	2,865,023	(2,619,634)	-91.44%
Electric Permits	-	-	39,141	N/A	583,977	(544,836)	-93.30%
Plumbing Permits	-	-	22,997	N/A	387,982	(364,985)	-94.07%
Mechanical Permits	-	-	32,042	N/A	445,085	(413,043)	-92.80%
Miscellaneous Permits	60,000	60,000	25,397	42.33%	20,528	4,869	23.72%
Total Licenses & Permits	3,160,000	3,160,000	1,350,030	42.72%	5,223,501	(3,873,471)	-74.15%
FINES & PENALTIES	1,496,135	1,496,135	92,700	6.20%	157,375	(64,675)	-41.10%
INTERGOVERNMENTAL	26,205,801	26,535,801	133,649	0.50%	70,916	62,733	88.46%
CHARGES FOR SERVICES	30,003,443	30,003,443	9,702,205	32.34%	9,988,668	(286,463)	-2.87%
CONTRIBUTION IN LIEU	24,700,000	24,700,000	8,591,126	34.78%	8,114,495	476,631	5.87%
USE OF MONEY & PROPERTY							
Interest	2,600,000	2,600,000	(298,744)	-11.49%	(234,317)	(64,427)	27.50%
Rent	9,115,722	9,298,022	3,232,839	34.77%	2,832,350	400,489	14.14%
Total Use of Money & Property	11,715,722	11,898,022	2,934,095	24.66%	2,598,033	336,062	12.94%
MISCELLANEOUS REVENUES	198,000	198,000	291,301	147.12%	114,188	177,113	155.11%
LAND PROCEED	-	-	-	N/A	-	-	N/A
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,460,000	(6,000)	-0.41%
Operating Transfer In - Reserves	32,390,871	32,456,888	32,456,888	100.00%	39,248,833	(6,791,945)	-17.30%
Operating Transfer In - Fund Balances ⁽¹⁾	-	4,817,658	4,817,658	100.00%	4,273,692	543,966	12.73%
Operating Transfer In - Miscellaneous	5,005,399	5,427,399	5,427,399	100.00%	2,547,419	2,879,980	113.05%
Total Other Financing Sources	38,850,270	44,155,945	44,155,945	100.00%	47,529,944	(3,373,999)	-7.10%
STADIUM OPERATION							
Charges for Services	7,466,069	7,466,069	1,147,260	15.37%	256,217	891,043	347.77%
Rent and Licensing	717,500	717,500	111,435	15.53%	-	111,435	N/A
Total Stadium Operation	8,183,569	8,183,569	1,258,695	15.38%	256,217	1,002,478	391.26%
TOTAL GENERAL FUND	\$ 289,334,940	\$ 295,152,915	\$ 81,357,640	27.56%	\$ 89,088,386	\$ (7,730,746)	-8.68%

(1) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2021 and mid year budget amendment from reserves.

General Fund Revenues

Sales Tax: The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. As of October 31, 2021, \$8.2 million has been collected and is based on estimated payment from the State for July and August 2021 (true-up payments are received once per quarter). This collection level is down 23.8% below the prior year level of \$10.7 million. While not reflected in the data through October, true-up information for the third quarter of 2021 was received from the State in November and reflected a decline of 5.0%. This figure, however, included a large negative adjustment for periods prior to 2020. Without that adjustment, receipts would have increased 2.7% in the third quarter 2021. Growth of 3.6% is needed to meet the budgeted estimate of \$58.2 million. Internet sales represent a sizeable amount of the City's sales tax revenue. The County pool, which includes internet sales, accounts for approximately 20% of the sales tax the City receives.

Property Tax: Through October, 3.7% of the property tax budgeted estimate has been received. The majority of property tax revenue is collected in February and April each year. Based on initial information from the County of Santa Clara, property tax receipts are projected to end the year close to the Adopted Budget estimate of \$71.6 million.

Transient Occupancy Tax (TOT): TOT is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 9.5%. This rate is scheduled to increase to 11.5% in January 2022. Through October 31, 2021, approximately \$1.3 million has been received, which is significantly higher than receipts through the same period last fiscal year of only \$0.6 million. However, receipts remain 74% below the pre-COVID 19 level of \$1.6 million received through October 2019. As businesses continue to reopen and travel restrictions lifted, it is anticipated that TOT will continue to increase compared to last fiscal year. To meet the budgeted estimate, collections will need to triple from just under \$3.0 million in FY 2020/21 to \$9.0 million in FY 2021/22.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$0.7 million through October, which is approximately 7.8% lower than prior year collection levels. While receipts in the documentary transfer tax are tracking above levels collected through the same period last fiscal year, receipts in the franchise tax category are lower than prior year levels. Growth of 4.4% is needed to meet the budgeted estimate of \$6.1 million.

Licenses & Permits: Includes business licenses, fire operation permits, and miscellaneous permits and fees. Effective FY 2021/22, building, electric, plumbing and mechanical permits have all been budgeted in the new Building Development Services Fund, which will be reflected in the Special Revenue section of this report. Excluding the development revenues that have been erroneously booked in this category, licenses and permits revenue collections are tracking at par with receipts totaling \$1.0 million, or 32% of the budget of \$3.2 million. Receipts are tracking within estimated levels through October.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue of \$93,000 collected in this category through October is tracking to end the year well below the budgeted estimate of \$1.5 million largely due to the waiving of late fees on utility billing in response to

COVID-19. The City will be applying for the California Arrearage Payment Program in order to alleviate the arrearages accrued as a result of the City's bill relief period.

Intergovernmental: Includes federal stimulus funds, motor vehicle fees, state homeowner tax relief, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through October 31, 2021, \$0.1 million has been received, which is higher than receipts through the same period last year and reflects differences in planned payments.

Charges for Services: Includes various engineering fees, administrative fees, and community service revenue from various recreational activities. Through October 31, 2021, collections totaled approximately \$9.7 million or 32.3% of the budget. This reflects a 3% decrease compared to last year's collections through the same period of \$10.0 million. The decrease is mainly attributable to the plan check and sign fees now being recorded in the newly established Building Development Services Fund. This decrease is partially offset by higher collections in the planning and zoning fees, fire construction permits, and miscellaneous charges for services categories. Collections are tracking close to the budgeted estimate.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues for services rendered. As of October 31, 2021, \$8.6 million has been received which is on par for this time of year. This collection level, however, is based on the budgeted estimate and will be trued up at the end of the fiscal year.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$2.9 million, or 25% of the budget. This reflects a \$0.3 million increase from prior year collection levels. The increase was in the rent category.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through October 31, 2021, collections of \$291,000 are tracking well above the budgeted estimate of \$198,000 and are approximately 155% higher than collections through the same period last year.

Stadium Operation: As of October 31, 2021, charges for services collected through the Stadium totaled \$1.3 million, which is well below par for this time of year. However, this is approximately 391% higher than collections through the same period last year resulting from the reopening of Stadium for events.

General Fund Expenditures

As of October 31, 2021, \$118.1 million or 40% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through October. Departmental expenditures totaled \$73.7 million, or 30% of the budget, which is slightly below the par level of 33% of the budget. Several cost-control measures that were implemented in FY 2019/20 remain in place to generate expenditure savings to partially offset the drop in revenues associated with COVID-19. These measures include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. With these measures, expenditures are expected to end the year below budget.

CITY OF SANTA CLARA GENERAL FUND EXPENDITURES OVERVIEW AND COMPARISON BY FUNCTION

Function	FISCAL YEAR 2021/22				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 10/31/2021	Percentage Used	Actual Through 10/31/2020	Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 6,824,333	\$ 7,006,924	\$ 1,148,694	16.39%	\$ 1,349,039	\$ (200,345)	-14.85%
City Council	829,205	829,205	259,648	31.31%	219,523	40,125	18.28%
City Clerk	1,470,231	1,718,169	500,752	29.14%	537,344	(36,592)	-6.81%
City Manager	5,442,069	6,276,486	1,666,881	26.56%	1,805,367	(138,486)	-7.67%
City Attorney	3,097,380	3,119,380	744,656	23.87%	707,830	36,826	5.20%
Human Resources	4,133,810	4,389,886	1,209,363	27.55%	1,079,007	130,356	12.08%
Finance	17,439,442	18,055,818	5,094,270	28.21%	5,034,473	59,797	1.19%
Total General Government	39,236,470	41,395,868	10,624,264	25.67%	10,732,583	(108,319)	-1.01%
PUBLIC WORKS	23,201,356	24,198,161	7,298,384	30.16%	7,592,108	(293,725)	-3.87%
COMMUNITY DEVELOPMENT	5,070,207	6,561,680	1,448,779	22.08%	4,556,983	(3,108,204)	-68.21%
PARKS AND RECREATION	20,982,990	21,433,077	5,910,549	27.58%	5,785,226	125,323	2.17%
PUBLIC SAFETY							
Fire	60,581,403	61,011,002	20,873,029	34.21%	20,150,603	722,426	3.59%
Police	79,870,137	79,983,531	24,822,791	31.03%	24,672,845	149,946	0.61%
Total Public Safety	140,451,540	140,994,533	45,695,820	32.41%	44,823,448	872,372	1.95%
LIBRARY	10,764,727	10,895,605	2,733,940	25.09%	3,004,603	(270,663)	-9.01%
DEPARTMENTAL TOTAL	239,707,290	245,478,924	73,711,736	30.03%	76,494,951	(2,783,216)	-3.64%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	23,250,142	23,250,142	23,250,142	100.00%	1,010,445	22,239,697	2200.98%
Operating Transfer Out - Debt Services	2,501,439	2,501,439	2,501,439	100.00%	2,500,344	1,095	0.04%
Operating Transfer Out - Maintenance Dtrct	771,349	771,349	771,349	100.00%	990,929	(219,580)	-22.16%
Operating Transfer Out - Cemetery	850,000	850,000	850,000	100.00%	771,769	78,231	10.14%
Operating Transfer Out - CIP	11,773,925	11,773,925	11,773,925	100.00%	19,678,672	(7,904,747)	-40.17%
Operating Transfer Out - Reserves	3,309,009	3,309,009	3,309,009	100.00%	1,065,850	2,243,159	210.46%
Total Other Financing Uses	42,455,864	42,455,864	42,455,864	100.00%	26,018,009	16,437,855	63.18%
STADIUM OPERATION	7,171,786	7,218,126	1,888,583	26.16%	715,854	1,172,729	163.82%
TOTAL GENERAL FUND	\$ 289,334,940	\$ 295,152,915	\$ 118,056,182	40.00%	\$ 103,228,814	\$ 14,827,368	14.36%

General Fund Expenditures

Below is an explanation of certain budget to actual expenditure variances by department.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. As of October 31, 2021, expenditures totaled \$1.1 million, or 16.4% of the budget. These expenditures are well below the par level of 33% and the prior year level expenditures.

City Attorney: As of October 31, 2021, actual expenditures totaled approximately \$0.7 million, which is 24% of the budget, which is below par. Spending is above the total expenditures through the same time last fiscal year by 5% due to higher salary and benefits costs.

City Clerk: Through October, actual expenditures were tracking below budget at \$0.5 million or approximately 29.1% of the budget. This reflects a decrease of 6.8% over last year's spending through the same period. The primary driver for the decrease in spending is the Granicus costs which are paid every other year.

City Council: Through October, expenditures were at 31.3% of budget, which is slightly below par. Compared to the same period through last fiscal year, this reflects a spending increase of approximately 18.3%. As-needed expenditures are higher than last fiscal year.

City Manager: The actual expenditures through October 31, 2021 totaled \$1.7 million, or 26.5% of the budget, which is below par for this time of the year. Expenditures are 7.7% lower compared with the spending level through the same period last fiscal year. This decrease in expenditures is related to the reallocation of City memberships and mandated costs from the City Manager's Office budget to Non-Departmental.

Community Development Department: This department consists of three divisions: Planning, Building, and Housing and Community Services. Effective this fiscal year, the Building division of this department has been moved to the newly established Building Development Services Fund, which falls under the special revenue section of this report. Through October, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$1.4 million, or approximately 22%, which is below the par level of 33%. Expenditures were also well below the spending through the same period last fiscal year due to the change in funding for the Building Division.

Finance Department: Through October, the Department's expenditures totaled \$5.1 million, or 28.2% of the budget, which is below par. This expenditure level was approximately 1.2% higher than through the same period last year.

Fire Department: As of October 31, 2021, actual expenditures in the General Fund totaled \$20.9 million, or 34.2% of the budget, which is slightly above par. These expenditures reflect a 3.6% increase from expenditures through the same period last fiscal year. All COVID-19 related expenditures have been charged centrally to the Other City Departments Operating Grant Trust Fund. The Fire Department has charged over \$0.1 million to this fund, bringing total expenditures, including the

General Fund, to \$21.0 million. Overtime expenditures are tracking at 73.8%, which is above par for this time of year. While this overtime figure is high, it is important to note that overtime is used to backfill for vacant positions and the vacancy savings offset a portion of the overtime costs.

Library Department: Through October, actual expenditures totaled \$2.7 million, or 25% of the budget, which is below par and lower than expenditure levels through the same period last fiscal year. COVID-19 precautions have continued to impact Library operations this year, resulting in lower expenditures. A phased reopening is in progress, with full operations currently anticipated by the start of calendar year 2022.

Parks and Recreation Department: Through October, actual expenditures totaled approximately \$5.9 million, or 27.6% of the budget, which is below par, and consistent with the prior year actuals of \$5.8 million. The department is resuming activities that were previously impacted by COVID-19 restrictions, which will result in higher expenditures this fiscal year.

Police Department: Expenditures as of October 31, 2021 are tracking slightly below expected levels at \$24.8 million, or 31% of the budget. Expenditures are consistent with the spending levels last fiscal year. Similar to the Fire Department, Police Department expenditures related to COVID-19 have also been charged to the Other City Departments Operating Grant Trust Fund. Through October, charges to this fund totaled approximately \$0.03 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures are still tracking slightly below par.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$1.9 million through October and are tracking below budgeted levels. However, this is significantly higher than expenditures through the same period last year, as a direct result of the reopening of the Stadium for events.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of October 31, 2021. The amended budget for both reflects carryover appropriations from fiscal year 2021/22 in addition to budget amendments approved by the City Council through October 2021. Effective July 1, 2021, all Building Division revenues and expenditures are now budgeted and accounted for in the new Building Development Services Fund, which is included in the table below. Revenues totaled approximately \$6.9 million, while expenditures totaled approximately \$5.2 million through the end of October. Overall, revenues are tracking above par while expenditures are tracking below budgeted levels.

**CITY OF SANTA CLARA
SPECIAL REVENUE FUNDS
REVENUE AND EXPENDITURE - OVERVIEW AND COMPARISON BY FUND**

Fund Description	REVENUES - FISCAL YEAR 2021/22				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 10/31/2021	Percentage received	Actual Through 10/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 261,000	\$ 261,000	\$ 203,273	77.88%	\$ 307,138	\$ (103,865)	-33.82%
City Affordable Housing Fund	657,000	657,000	151,951	23.13%	55,702	96,249	172.79%
Housing Successor Fund	350,000	350,000	242,909	69.40%	498,421	(255,512)	-51.26%
Housing and Urban Development	1,957,103	1,956,086	1,315,279	67.24%	539,033	776,246	144.01%
Building Development Services Fee Fund	13,630,000	13,630,000	4,996,562	36.66%	0	4,996,562	100.00%
TOTAL	\$ 16,855,103	\$ 16,854,086	\$ 6,909,974	41.00%	\$ 1,400,294	\$ 5,509,680	393.47%

Fund Description	EXPENDITURES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 10/31/2021	Percentage used	Actual through 10/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 363,099	\$ 483,099	\$ 42,073	8.71%	\$ 57,575	\$ (15,502)	-26.92%
City Affordable Housing Fund	1,431,111	2,852,650	418,216	14.66%	254,981	163,235	64.02%
Housing Successor Fund	915,640	1,260,001	310,606	24.65%	251,606	59,000	23.45%
Housing and Urban Development	3,684,839	5,429,455	1,197,234	22.05%	830,773	366,461	44.11%
Building Development Services Fee Fund	12,256,059	12,256,059	3,254,082	26.55%	0	3,254,082	100.00%
TOTAL	\$ 18,650,748	\$ 22,281,264	\$ 5,222,211	23.44%	\$ 1,394,935	\$ 3,827,276	274.37%

Governmental Capital Improvement Funds

The table below lists the total amended budget amounts for the Capital Improvement Funds, which consist of current year appropriations, prior year carryover balances in Governmental Capital Improvement Funds, and budget amendments approved through October 2021. As of October 31, 2021, these capital fund expenditures totaled just under \$8.0 million, or 5.4% of the amended budget. As part of the adoption of the FY 2021/22 and FY 2022/23 operating budget, some capital funds were carried over for projects that were not anticipated to be completed by June 30, 2021. Necessary additional adjustments to the capital carryover amounts were included as part of the Budgetary Year-End Report for FY 2020/21, approved at the December 14, 2021 Council meeting.

The carryover of prior year budget amounts is necessary when services or projects are started but not completed at the end of the fiscal year. This is especially true for the Capital Improvement Program (CIP) that typically spans several years. The table below displays the expenditure budget for the General Government capital funds excluding transfers.

**CITY OF SANTA CLARA
GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS
SUMMARY OF EXPENDITURES**

EXPENDITURES - FISCAL YEAR 2021/22						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 10/31/2021	Percentage Used	
Parks & Recreation	\$ 7,085,289	\$ 15,478,055	\$ 22,563,344	\$ 770,508	3.41%	
Streets & Highways	26,869,803	62,313,089	89,182,892	5,723,848	6.42%	
Storm Drain	592,169	10,471,505	11,063,674	797,354	7.21%	
Fire	837,110	1,017,587	1,854,697	39,215	2.11%	
Library	7,872	246,601	254,473	13,922	5.47%	
Public Buildings	397,953	7,547,118	7,945,071	127,544	1.61%	
General Gov't - Other	1,555,000	10,228,593	11,783,593	485,293	4.12%	
Related Santa Clara Developer	968,103	1,326,191	2,294,294	-	0.00%	
Tasman East Specific	23,757	-	23,757	-	0.00%	
Infrastructure Improvement Fund						
TOTAL	\$ 38,337,056	\$ 108,628,739	\$ 146,965,795	\$ 7,957,684	5.41%	

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of October 31, 2021. Overall, revenues and expenditures are tracking below budgeted levels with revenues tracking at 27% of the budget and expenditures tracking at 29.5% of the budget.

Both revenues and expenditures are tracking above last fiscal year levels reflecting current activity levels. The increase in expenditures in the Electric Utility is primarily due to the higher debt retirement costs as well as higher resource costs related to transmission and wheeling (transportation of electric energy from within an electrical grid to an electrical load outside the grid boundaries).

**CITY OF SANTA CLARA
ENTERPRISE OPERATING FUNDS
REVENUES AND EXPENSES - OVERVIEW AND COMPARISON BY FUND**

Fund Description	REVENUES - FISCAL YEAR 2021/22				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 10/31/2021	Percentage received	Actual Through 10/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 555,810,147	\$ 555,810,147	\$ 150,697,310	27.11%	\$ 135,059,322	\$ 15,637,988	11.58%
Water Utility Fund	49,489,630	49,489,630	15,719,466	31.76%	16,297,177	(577,711)	-3.54%
Sewer Utility Fund	58,344,697	58,344,697	11,543,814	19.79%	11,885,221	(341,407)	-2.87%
Cemetery Fund	600,000	600,000	247,710	41.29%	147,852	99,858	67.54%
Solid Waste Utility Fund	33,610,000	33,610,000	9,487,993	28.23%	7,024,118	2,463,875	35.08%
Water Recycling Fund	5,703,831	5,703,831	2,462,362	43.17%	2,208,060	254,302	11.52%
TOTAL REVENUE	\$ 703,558,305	\$ 703,558,305	\$ 190,158,655	27.03%	\$ 172,621,750	\$ 17,536,905	10.16%

Fund Description	EXPENSES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 10/31/2021	Percentage Used	Actual through 10/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 511,251,732	\$ 515,132,550	\$ 156,232,789	30.33%	\$ 119,962,906	\$ 36,269,883	30.23%
Water Utility Fund	47,197,617	47,580,260	13,473,769	28.32%	13,236,307	237,462	1.79%
Sewer Utility Fund	30,565,333	30,707,268	8,094,110	26.36%	7,215,527	878,583	12.18%
Cemetery Fund	1,480,235	1,480,235	472,157	31.90%	447,855	24,302	5.43%
Solid Waste Utility Fund	33,323,675	36,981,208	8,610,060	23.28%	6,948,983	1,661,077	23.90%
Water Recycling Fund	5,709,582	5,709,582	1,390,407	24.35%	1,540,421	(150,014)	-9.74%
TOTAL - Operating Appropriations	\$ 629,528,174	\$ 637,591,103	\$ 188,273,292	29.53%	\$ 149,351,999	\$ 38,921,293	26.06%

Revenues in the electric (which also includes the Electric Debt Service Fund), water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. The lower the revenue from customer service charges, the lower the expenditures in the resource and production category.

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through October 2021 totaled approximately \$15.3 million, or 6.3% of the amended budget. Similar to the general government capital funds, capital funds were carried over into next fiscal year as part of the FY 2021/22 and FY 2022/23 budget adoption process for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures were included as part of the Budgetary Year-End Report for FY 2020/21, approved at the December 14, 2021 Council meeting.

**CITY OF SANTA CLARA
ENTERPRISE CAPITAL IMPROVEMENT FUNDS
SUMMARY OF EXPENSES**

Fund Description	EXPENSES - FISCAL YEAR 2021/22					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 10/31/2021	Percentage Used	Actual Through 10/31/2020
Electric Utility Fund	\$ 49,368,989	\$ 94,324,423	\$ 143,693,412	\$ 6,296,103	4.38%	\$ 15,510,812
Street Lighting ⁽¹⁾	-	5,953,560	5,953,560	54,105	0.91%	6,584
Water Utility Fund	6,285,000	5,815,672	12,100,672	2,356,079	19.47%	2,547,085
Sewer Utility Fund	47,536,944	25,449,390	72,986,334	5,624,427	7.71%	3,744,195
Cemetery Fund	8,409	351,635	360,044	6,603	1.83%	-
Solid Waste Utility Fund	623,700	46,677	670,377	185,286	27.64%	54,548
Water Recycling Fund	50,000	-	50,000	-	0.00%	-
Convention Center Capital Fund		3,500,000	5,224,000	737,422	14.12%	-
TOTAL - CIP Appropriations	\$ 103,873,042	\$ 135,441,357	\$ 241,038,399	\$ 15,260,025	6.33%	\$ 21,863,224

(1) Street Lighting fund is part of Electric Capital Improvement Funds

Fund Reserves

By policy, City Council established the City's General Contingency Reserve, under which reserves for Budget Stabilization and Capital Projects were established.

- Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-day or 25% General Fund Adopted Operating Budget). In FY 2021/22, the City Council approved an exception to the policy to allow the Reserve to drop below the 25% level.
- Capital Projects Reserve earmarks funds for the Capital Improvement Program.

Other General Reserves and Enterprise Fund Reserves included in this report are highlighted as follows:

- Technology Fee Reserve is set aside to update and/or replace the City's aging technology and to ensure internal controls are in compliance with current business standard and legal requirements.
- Land Sale Reserve is net proceeds from the sale of City-owned land, with interest earned on these funds available to be appropriated for General Fund operating expenditures. This reserve is available for appropriation by City Council action.
- The Electric Utility Reserve assures sufficient operating cash is available to ensure debt service coverage.
- The Replacement and Improvement Reserve in the Water and Sewer Utility Funds is for future capital improvement.

The table below summarizes select reserve balances.

**CITY OF SANTA CLARA
RESERVE BALANCES
October 31, 2021**

DETAIL OF SELECTED FUND RESERVE BALANCES:			
	GENERAL FUND	ELECTRIC	WATER
Budget Stabilization Reserve	\$ 53,103,092		
Capital Projects Reserve	7,630,016		
Land Sale Reserve	22,739,828		
Technology Fee Reserve	1,474,371		
Rate Stabilization Fund Reserve		\$ 44,898,011	
Cost Reduction Fund Reserve		112,838,357	
DVR Power Plant Contracts Reserve		78,163	
Replacement & Improvement			\$ 303,090
TOTALS	\$ 84,947,306	\$ 157,814,531	\$ 303,090

Note: The Capital Projects Reserve includes funding of \$3.2 million set aside for projects programmed in FY 2022/23 through FY 2024/25 in the prior CIP.

Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The balances reflected in the table are through October 2021. The loan from the General Fund to Parks and Recreation Facilities reflects proceeds from the Land Sale Reserve for the purchase of property at the Reed and Grant Sports Park. This loan is anticipated to be repaid by 25% of future Mitigation Fee Act revenue until the loan is paid in full.

DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:

<u>Fund Receiving Advance/Loan</u>	<u>Fund Making Advance/Loan</u>	<u>Type</u>	<u>Amount of Advance/Commitment</u>
Cemetery	General Fund	Advance	\$ 7,961,149
Parks and Recreation Facilities	General Fund	Loan	8,761,865
TOTALS			\$ 16,723,014

Donations to the City of Santa Clara

Donations received by department during the month of October 2021 and for fiscal year 2021/22 are shown in the table below.

<u>Department</u>	<u>Fiscal Year 2021/22</u>		<u>Designated Use</u>
	<u>Oct-21</u>	<u>Year To Date</u>	
City Manager's Office	\$ 20	\$ 115	Help Your Neighbor
Parks & Recreation	0	12,550	Case Management
Parks & Recreation	0	625	Wade Brummal
Police	0	75,000	PD Team 200
TOTALS	\$ 20	\$ 88,290	