



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

February 2021

This report summarizes the City's financial performance for the month ended February 28, 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 2020/21 was \$286.9 million. The amended budget for revenues and expenditures was amended to \$301.2 million to reflect carryover appropriations from fiscal year 2019/20 and various budget amendments approved by the City Council through February 2021.

General Fund revenues are currently expected to end the year below budget due to the COVID-19 impacts. When the FY 2020/21 budget was adopted, there was limited data regarding the COVID-19 impacts and significant uncertainty regarding the length and depth of the associated shutdowns. The budget did assume reductions in various categories to account for the anticipated COVID-19 impacts, with the largest reductions in the transient occupancy tax and sales tax categories. With several months of additional data and the continued implementation of COVID-19 safety precautions, further downward adjustments of \$25+ million are expected to be necessary. On March 9, 2021, the City Council approved budget actions that reduced the FY 2020/21 revenue estimates by \$17.3 million, addressing the majority of the lower anticipated collections. Additional revenue adjustments may be brought forward at year end. These adjustments are expected to be offset by expenditure savings and, if necessary, the Budget Stabilization Reserve and/or Federal Stimulus funding.

Through February, departmental expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures. Some departments have also significantly changed their operations to comply with the COVID-19 safety measures. As part of the March 9, 2021 budget balancing actions, expenditure savings were brought forward to offset \$17.3 million of the lower revenue collections. Additional savings are expected by year end based on current trends.

With the shelter-in-place and other actions residents and businesses have been taking to reduce the spread of the virus, economic activity in this region and throughout the country has been negatively impacted. However, this impact has been uneven, with a much more significant impact on low-wage workers and certain business sectors, such as leisure and hospitality, retail, and restaurants. Over the last several months, economic activity has improved from the severe drop off experienced in spring 2020, as reflected in the economic indicators.

On a national level, the unemployment rate remained unchanged at 6.2% in February 2021. This rate was well below the record setting high of 14.7% in April 2020 but is still significantly higher than the February 2020 level of 3.5%. In February, the number of unemployed persons fell slightly to 10.0

million. While the improvements in the labor market continue to reflect the resumption of activity that had been curtailed due to COVID-19, the pace of improvement has moderated in recent months.¹

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

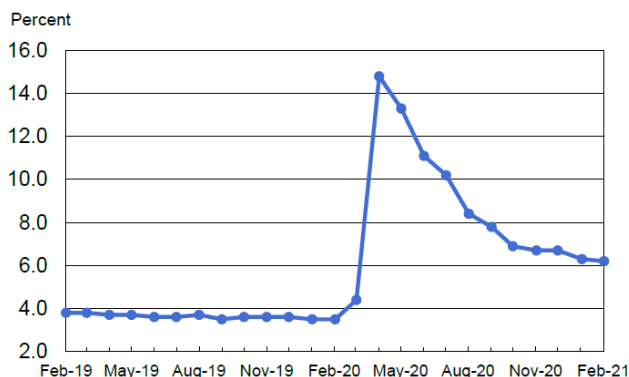
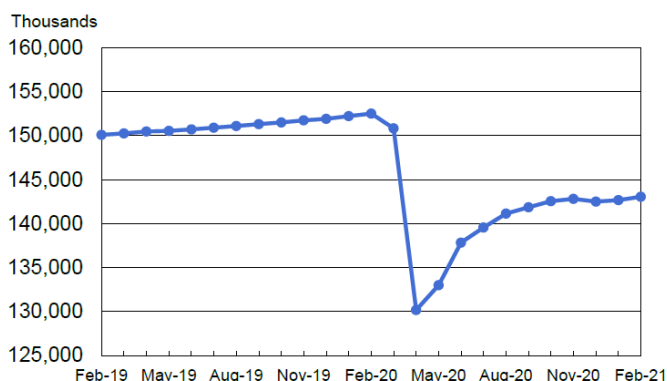


Chart 2. Nonfarm payroll employment, seasonally adjusted, February 2019 – February 2021



In the fourth quarter 2020 advance estimate, the Gross Domestic Product (GDP) increased by 4.1%, following a GDP increase of 33.4% in the third quarter 2020. The estimated increase in the fourth quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. It is important to note that the real GDP for the fourth quarter 2020 remains 2.4% below the level experienced in the fourth quarter of 2019.²

Impacts have also been experienced at the State and local level. After the State's largest increase in the unemployment rate in April 2020, the California unemployment rate has dropped to 8.5% by February 2021. This is a 0.5% decrease in the unemployment compared to January 2021. With the slight decrease in the unemployment rate between January and February, California has now regained nearly 39% of the 2.7 million jobs lost due to COVID-19 in March and April 2020.³

As shown in the chart below, the unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 5.4% in February 2021, down from a revised 5.8% in January 2021 but significantly higher than the February 2020 level of 2.6%. Between February 2020 and February 2021, employment in this region dropped by 102,300 jobs, or 8.8%.⁴ The largest drops were in leisure and hospitality (down 45,700 jobs), private educational and health services (down 16,400 jobs), and government (down 8,400 jobs).

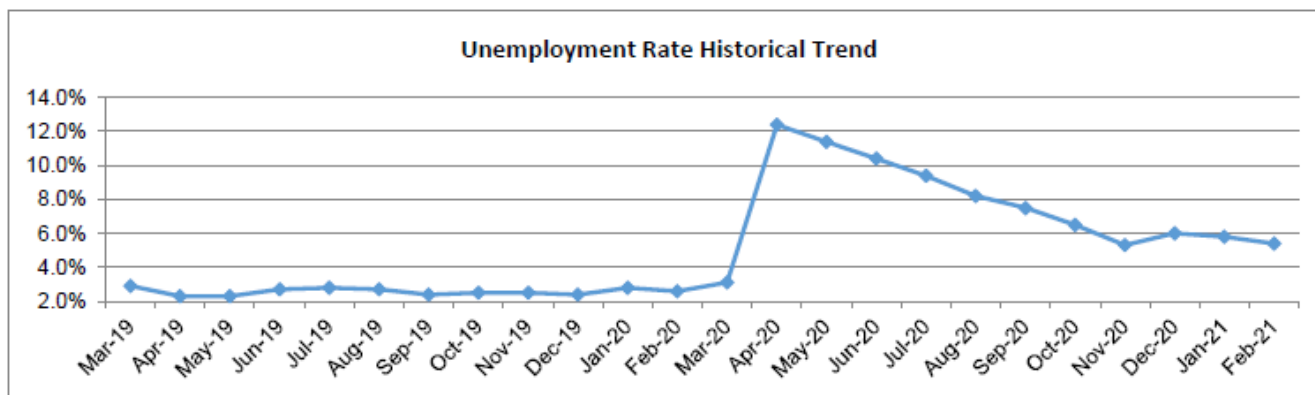
¹ <https://www.bls.gov/news.release/pdf/empst.pdf>

² https://www.bea.gov/sites/default/files/2021-02/tech4q20_2nd.pdf

³ <https://www.edd.ca.gov/newsroom/unemployment-february-2021.htm>

⁴ [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pd.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pd.pdf)

Chart 3: San José-Sunnyvale-Santa Clara Metropolitan Statistical Area Unemployment Rate



Economic conditions are expected to improve in 2021. According to the March 2021 UCLA Anderson Forecast, robust economic growth and recovery is expected in 2021, following the worst economic decline in the last 60 years. This growth is expected to be driven by “a partial release of pent-up savings, a resumption of services consumption back to previous trends, and a robust housing sector. Offsetting some of this growth is a return of above-average consumption of goods to prior trends. During the pandemic, Americans consumed more goods and fewer services. We expect these patterns to reverse as the pandemic wanes and the economy fully reopens.”⁵ Staff will continue to monitor economic conditions and its impact on the City’s performance.

While economic conditions have started to improve, Santa Clara’s General Fund revenues have been significantly impacted this fiscal year and this impact is expected to continue over the longer term as certain sectors take time to recover. In FY 2020/21, a General Fund shortfall of almost \$23 million was addressed in the revised FY 2020/21 budget approved in June 2020. This budget was solved with the use of the Budget Stabilization Reserve. As discussed above, additional downward revenue adjustments of \$17.3 million were approved on March 9, 2021, and further adjustments may be necessary at year-end.

The City currently has \$57.7 million in the Budget Stabilization Reserve to address any negative balance after factoring in the use of \$22.7 million of this reserve in the FY 2020/21 budget. Staff will closely monitor the City’s financial performance through the remainder of the year and provide updates as part of future Monthly Financial Reports. There are other General Fund Reserves that amount to \$36.7 million, but these reserves are designated for specific purposes. These reserves can be used by an act of Council.

⁵ ULCA Anderson Forecast for the Nation and California, March 2021 Report

Financial Status Report as of February 28, 2021

General Fund Revenues

As of February 28, 2021, \$126.6 million or 50.2% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$48.9 million have occurred as budgeted.

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

Function	FISCAL YEAR 2020/21				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 02/28/2021	Percentage Received	Actual Through 02/29/2020	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 55,600,000	\$ 55,600,000	\$ 28,813,019	51.82%	\$ 30,903,475	\$ (2,090,456)	-6.76%
Property Tax	66,982,000	66,982,000	34,594,415	51.65%	34,283,440	310,975	0.91%
Transient Occupancy Tax	17,625,000	17,625,000	1,496,646	8.49%	11,896,879	(10,400,233)	-87.42%
Other Taxes	5,938,000	5,938,000	2,684,909	45.22%	2,756,983	(72,074)	-2.61%
Total Taxes	146,145,000	146,145,000	67,588,989	46.25%	79,840,777	(12,251,788)	-15.35%
LICENSES & PERMITS							
Business Licenses	934,000	934,000	558,470	59.79%	569,188	(10,718)	-1.88%
Fire Operation Permits	2,375,000	2,375,000	1,182,896	49.81%	1,395,195	(212,299)	-15.22%
Building Permits	5,700,000	5,700,000	4,569,289	80.16%	3,894,621	674,668	17.32%
Electric Permits	475,000	475,000	863,707	181.83%	435,604	428,103	98.28%
Plumbing Permits	428,000	428,000	592,038	138.33%	382,497	209,541	54.78%
Mechanical Permits	380,000	380,000	675,227	177.69%	316,236	358,991	113.52%
Miscellaneous Permits	92,000	92,000	44,479	48.35%	46,054	(1,575)	-3.42%
Total Licenses & Permits	10,384,000	10,384,000	8,486,106	81.72%	7,039,395	1,446,711	20.55%
FINES & PENALTIES	1,570,000	1,570,000	236,467	15.06%	964,816	(728,349)	-75.49%
INTERGOVERNMENTAL	226,000	226,000	704,439	311.70%	5,640,695	(4,936,256)	-87.51%
CHARGES FOR SERVICES	37,174,855	37,174,855	20,885,087	56.18%	24,792,920	(3,907,833)	-15.76%
CONTRIBUTION IN LIEU	23,699,830	23,699,830	16,228,990	68.48%	16,222,183	6,807	0.04%
USE OF MONEY & PROPERTY							
Interest	5,246,000	5,501,000	881,943	16.03%	2,073,543	(1,191,600)	-57.47%
Rent	9,407,909	9,407,909	5,605,124	59.58%	5,957,798	(352,674)	-5.92%
Total Use of Money & Property	14,653,909	14,908,909	6,487,067	43.51%	8,031,341	(1,544,274)	-19.23%
MISCELLANEOUS REVENUES	350,000	4,337,922	4,219,085	97.26%	1,136,037	3,083,048	271.39%
LAND PROCEED	-	4,050,000	-	0.00%	164,606	(164,606)	-100.00%
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,460,000	1,460,000	1,460,000	100.00%	1,398,145	61,855	4.42%
Operating Transfer In - Reserves	38,952,083	39,468,333	39,468,333	100.00%	13,685,582	25,782,751	188.39%
Operating Transfer In - Fund Balances ⁽²⁾	-	4,273,692	4,273,692	100.00%	5,338,670	(1,064,978)	-19.95%
Operating Transfer In - Miscellaneous	2,527,419	3,747,419	3,747,419	100.00%	1,736,115	2,011,304	115.85%
Total Other Financing Sources	42,939,502	48,949,444	48,949,444	100.00%	22,158,512	26,790,932	120.91%
STADIUM OPERATION							
Charges for Services	9,102,263	9,102,263	1,743,327	19.15%	4,964,269	(3,220,942)	-64.88%
Rent and Licensing	647,500	647,500	-	0.00%	627,820	(627,820)	-100.00%
Total Stadium Operation	9,749,763	9,749,763	1,743,327	17.88%	5,592,089	(3,848,762)	-68.83%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 301,195,723	\$ 175,529,002	58.28%	\$ 171,583,372	\$ 3,945,630	2.30%

(1) Negative sales tax revenue resulting from accrual of revenue that has not yet been received.

(2) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2020 and mid year budget amendment from reserves.

Revenues (excluding reserves) are tracking approximately 16.4% lower than collections through the same period last fiscal year. Revenues were below the prior year primarily due to lower activity levels this fiscal year in certain areas, such as transient occupancy tax and fines and penalties, and a one-time settlement payment of \$5.0 million that was received last year. Revenues are currently expected to end the year below budget by \$25+ million as a result of the COVID-19 impacts as discussed below.

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 February 28, 2021, \$28.8 million has been collected. This reflects lower collections than through the same period last fiscal year by \$2.1 million (down 6.7%). Following a decline of 15.4% in the second quarter 2020, cash receipts were down 6.4% in the third quarter 2020 and 7.4% in the fourth quarter 2020. The third quarter performance, however, included a large positive adjustment for periods prior to 2020. Without that adjustment, receipts would have dropped almost 15% in that quarter. In the fourth quarter, the local business activity was down 15.7% while the Countywide pool was up 11.5%. In the fourth quarter 2020, all economic sectors experienced declines when compared to the fourth quarter 2019. These quarterly declines by sector were as follows: Food Products (down 37.5%), General Retail (down 23.0%), Construction (down 17.0%), Transportation (down 11.3%), and Business to Business (down 7.8%). Based on lower actual collections and the continuation of the COVID-19 safety precautions, it is anticipated that revenues may fall below the budgeted estimate of \$55.6 million by approximately \$1 million.

Property Tax: Property tax receipts totaled \$34.6 million through February, which is slightly above collections through the same period last year. The majority of property tax revenue is collected in February and April each year. Based on the latest estimates from the County of Santa Clara, property tax receipts are estimated to total \$66.9 million, which is within 0.1% of the budgeted estimate of \$67.0 million. This estimate includes excess Education Revenue Augmentation Fund (ERAF) revenue of \$3.3 million and reflects the latest information from the County. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. In February, the County received high-level Excess ERAF calculation guidance from the State Controller's Office (SCO). The County, together with other Excess ERAF counties, is waiting for further clarification and confirmation from the SCO on certain items. The estimated property Tax receipts would have exceeded the budgeted estimate if the City's receipts had not been negatively impacted by a recent court decision that changes how residual tax increment from former redevelopment agencies is distributed. This resulted in a retroactive negative adjustment of \$2.1 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%. Through February, \$1.5 million has been received in this category, which is down 87% from the \$11.9 million received through the same period last fiscal year. TOT has been impacted severely by COVID-19. Based on the extremely low collection level, the

revenue estimate was adjusted downwards by \$14.0 million to \$3.6 million on March 9, 2021 as part of the budget rebalancing actions.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$2.7 million through February, which is approximately 45.2% of the budgeted estimate of \$5.9 million. Overall, receipts are tracking slightly below the prior year collection level of \$2.8 million. While documentary transfer tax collections are tracking higher than prior year levels, franchise tax collections are lower than through the same period last fiscal year. With growth of 1.5% needed in this category to meet the budgeted estimate, receipts may end the year slightly below budget if current collection trends continue.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall, licenses and permits revenue collections are tracking well above par with receipts totaling \$8.5 million, or 81.7% of the budget of \$10.4 million. These collections are significantly higher than the collection level experienced through the same period last fiscal year. Activity in the building, electric, plumbing, and mechanical permit accounts have seen the highest growth compared to last year. For the building development revenues, any excess revenues over expenditures will be placed in the Building Inspection Reserve. This reserve is also available to cover any difference if revenues fall below the expenditure level.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category through February of \$0.2 million is lower than the prior year actual collection level of \$0.9 million as a result of lower activity levels in the collection charges, traffic fines, and library fines accounts. Given restricted activity levels as a result of COVID-19, collections in this category are anticipated to fall well below the budgeted estimate of \$1.6 million. As part of the budget rebalancing actions, this revenue estimate was reduced by \$0.3 million to \$1.3 million on March 9, 2021. Receipts, however, are tracking to end the year below this revised estimate and further downward adjustments may be necessary at year-end.

Intergovernmental: Includes motor vehicle fees, state homeowner tax relief, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through February 28, 2021, approximately \$0.7 million has been collected, which exceeds the budgeted estimate of \$0.2 million. The collections through February reflect a portion of mutual aid reimbursement received for the Fire Department. This collection level is well below the prior fiscal year level of \$5.6 million due to a one-time settlement payment of \$5.0 million received last year.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through February 28, 2021, collections totaled approximately \$19.1 million or 51.4% of the budget. This reflects a 22.8% decrease compared to last year's collections through the same period of \$24.8 million, particularly in the plan check and sign fees, planning and zoning fees, engineering fees, fire construction permits, interdepartmental services, and miscellaneous charges for services (includes parks and recreation fees). As a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget. As part of the budget rebalancing

actions, a downward adjustment to this revenue category of \$2.2 million was approved on March 9, 2021.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues for services rendered. These revenues provide funding for general government services such as public safety, public works, parks and recreation, library, and administration. Through February, \$16.2 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 \$6.5 million, or 43.7% of the budget. The collections through February are below the prior year collections of \$8.0 million, primarily as a result of lower interest earnings due to lower interest yields and prior year accruals.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. Through February, collections of \$4.2 million are almost at the budgeted level of \$4.3 million. This collection level is significantly higher than collections through the same period last fiscal year due to the receipt of one-time funds this year. Finance staff identified various special assessment district funds with remaining balances. On October 13, 2020, the City Council approved the resolution to treat the remaining balances in these special assessment district funds as unclaimed funds. The significant increase in collections was the result of the recognition of these unclaimed funds.

Stadium Operation: The revenue for Stadium Operations totaled approximately \$1.7 million through February 28, 2021, which is much lower than collections through the same period last fiscal year. The budget for charges for services includes public safety cost reimbursement for NFL and Non-NFL events, reimbursement for general and administrative staff time, and parking revenue. Due to the COVID-19 pandemic, events at the Stadium have either been cancelled or rescheduled causing the decline in parking permit revenue and reimbursement for public safety costs. Lease revenue, specifically Senior and Youth Fees and Tasman Lot parking revenue, is projected to fall under budget this fiscal year and is also related to the cancellation or rescheduling of Stadium Events.

Financial Status Report as of February 28, 2021

General Fund Expenditures

As of February 28, 2021, \$180.7 million or 60% of the General Fund operating budget was expended. Overall, expenditures are tracking below the par level through February of 66.7%. This reflects savings in the departmental and stadium authority categories, while the transfer category is fully expended as all transfers are booked early in the year. Departmental expenditures totaled \$149.7 million, or 56.7% of the budget, and Stadium expenditures totaled \$1.1 million, or only 15.3% of the budget. Several cost-control measures that were implemented last fiscal year 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 and restricted activity levels due to COVID-19, expenditures are expected to end the year below budget and help offset the lower General Fund revenues. Downward expenditure adjustments of \$17.3 million were approved on March 9, 2021 as part of the budget rebalancing actions. Additional savings above this amount are expected by year end.

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

Function	FISCAL YEAR 2020/21				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 02/28/2021	Percentage Used	Actual Through 02/29/2020	Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 7,849,688	\$ 12,295,532	\$ 2,505,516	20.38%	\$ 2,562,592	\$ (57,076)	-2.23%
City Council	834,241	884,241	478,172	54.08%	606,568	(128,396)	-21.17%
City Clerk	2,070,555	2,091,412	1,256,461	60.08%	808,783	447,678	55.35%
City Manager	6,125,034	6,550,938	3,369,779	51.44%	3,601,323	(231,544)	-6.43%
City Attorney	2,716,125	2,730,674	1,443,326	52.86%	1,382,576	60,750	4.39%
Human Resources	4,477,933	4,745,273	2,055,901	43.33%	2,520,641	(464,740)	-18.44%
Finance	17,456,419	17,959,742	9,996,420	55.66%	9,380,682	615,738	6.56%
Total General Government	41,529,995	47,257,812	21,105,575	44.66%	20,863,165	242,410	1.16%
PUBLIC WORKS	24,287,567	25,093,684	14,849,563	59.18%	15,398,062	(548,499)	-3.56%
COMMUNITY DEVELOPMENT	17,233,763	18,680,674	9,139,361	48.92%	8,986,366	152,995	1.70%
PARKS AND RECREATION	22,987,124	23,738,192	11,034,359	46.48%	14,078,684	(3,044,325)	-21.62%
PUBLIC SAFETY							
Fire	58,731,539	59,194,989	38,917,864	65.75%	37,013,923	1,903,941	5.14%
Police	78,033,073	78,118,360	49,082,442	62.83%	49,210,101	(127,659)	-0.26%
Total Public Safety	136,764,612	137,313,349	88,000,306	64.09%	86,224,024	1,776,282	2.06%
LIBRARY	11,905,848	11,968,930	5,611,063	46.88%	6,965,300	(1,354,237)	-19.44%
DEPARTMENTAL TOTAL	254,708,909	264,052,641	149,740,227	56.71%	152,515,601	(2,775,374)	-1.82%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	10,445	1,014,286	1,014,286	100.00%	428,445	585,841	136.74%
Operating Transfer Out - Debt Services	2,500,344	2,500,344	2,500,344	100.00%	1,710,474	789,870	46.18%
Operating Transfer Out - Maintenance Dtrct	990,929	926,920	926,920	100.00%	917,331	9,589	1.05%
Operating Transfer Out - Cemetery	771,769	771,769	771,769	100.00%	703,490	68,279	9.71%
Operating Transfer Out - CIP	19,678,672	19,678,672	19,678,672	100.00%	11,643,673	8,034,999	69.01%
Operating Transfer Out - Reserves	924,654	4,933,085	4,933,085	100.00%	863,660	4,069,425	471.18%
Total Other Financing Uses	24,876,813	29,825,076	29,825,076	100.00%	16,267,073	13,558,003	83.35%
STADIUM OPERATION	7,307,137	7,318,006	1,122,098	15.33%	5,787,560	(4,665,462)	-80.61%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 301,195,723	\$ 180,687,401	59.99%	\$ 174,570,234	\$ 6,117,167	3.50%

General Fund Expenditures

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

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through February, expenditures totaled \$2.5 million, or 20.3% of the budget. Lower expenditures are primarily attributable to the materials, services, and supplies category, which includes contractual services, operating supplies, and advertising. This category also includes funding of \$4.1 million that was carried over from FY 2019/20 for a developer loan associated with the construction of an affordable housing project. This loan payment has not yet occurred.

City Council: Through February, expenditures totaled \$0.5 million, or 54.8% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 21% due primarily to lower as needed and overtime staffing costs. As a result of the cost reduction measures implemented city-wide, these costs have been reduced.

City Manager: The actual expenditures through February were at 51.4% of the budget, which is below par for this time of the year. Expenditures are slightly lower compared with the spending level through the same period last fiscal year.

City Attorney: Actual expenditures through February totaled \$1.4 million, which is 52.9% of the budget, which is below par. Spending is slightly above the total expenditures through the same time last fiscal year by 4.3% due to one additional position approved by the City Council for FY 2020/21.

City Clerk: Through February, actual expenditures were tracking below budget at \$1.2 million or approximately 55.8% of the budget. This reflects an increase of 63.7% over last year's spending through the same period. The higher spending level is a result of Granicus contract costs that are paid every other year as well as the general election costs.

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through February, departmental expenditures of \$9.1 million were at 49% of the budget, which is below par. This reflects slightly lower personnel costs as well as lower actual non-personnel costs.

Finance Department: Through February, the Department's expenditures totaled \$10.0 million, or 55.7% of the budget, which is below par. This expenditure level was approximately 6.6% higher than through the same period last year due primarily to higher spending related to two additional positions that were approved by the City Council in March 2020 and higher contractual services spending.

Fire Department: Through February, actual expenditures in the General Fund totaled \$38.9 million, or 65.8% of the budget, which is slightly below par (66.7%). These expenditures reflect a 5.1% 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 approximately \$0.7 million to this fund. Combined with the \$38.9 million charged in the General Fund, total Fire Department expenditures through February totaled \$39.6

million, or 66.9% of budget. Mutual aid overtime costs, which are reimbursable, account for \$1.3 million of the higher expenditure level. After adjusting for those mutual aid costs, total expenditures (including COVID costs), were tracking at 64.8% of the budget. While expenditures are tracking slightly below budget, overtime spending was 132% expended through February. Taking the mutual aid into account, overtime spending is still tracking well above budget at 89.8%. While this overtime figure appears high, it is important to note that overtime is used to backfill for vacant positions and the vacancy savings offset overtime costs.

Police Department: Expenditures through February are tracking below expected levels at \$49.1 million, or 62.8% of the budget; this is on par with prior year expenditures through the same period. 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 February, charges to this fund totaled approximately \$0.2 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures totaled \$49.3 million or 63.1% of budget, which is 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 \$1.1 million through February and are tracking below budgeted levels. Due to COVID-19, events at the Stadium have been cancelled or postponed causing a decrease in salary costs for public safety personnel and outside agency public safety costs.

Financial Status Report as of February 28, 2021

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of February 28, 2021. The amended budget for both reflects carryover appropriations from fiscal year 2019/20 in addition to various budget amendments approved by the City Council through February 2021. Revenues totaled approximately \$3.1 million, while expenditures totaled approximately \$2.6 million through the end of February. Overall, revenues and expenditures are both tracking below budgeted levels.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 2/28/2021	Percentage Received	Actual Through 2/29/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 285,000	\$ 5,485,000	\$ 332,018	6.05%	\$ 259,138	\$ 72,880	28.12%
City Affordable Housing Fund	781,703	781,703	528,038	67.55%	135,116	392,922	290.80%
Housing Successor Fund	531,000	18,181,000	727,687	4.00%	614,488	113,199	18.42%
Housing and Urban Development	5,150,000	5,289,384	1,474,115	27.87%	842,304	631,811	75.01%
TOTAL	\$ 6,747,703	\$ 29,737,087	\$ 3,061,858	10.30%	\$ 1,851,046	\$ 1,210,812	65.41%

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 2/28/2021	Percentage Used	Actual through 2/29/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 552,222	\$ 7,287,822	\$ 90,405	1.24%	\$ 79,640	\$ 10,765	13.52%
City Affordable Housing Fund	1,556,772	3,517,150	501,641	14.26%	443,483	58,158	13.11%
Housing Successor Fund	5,964,944	22,812,712	401,693	1.76%	281,421	120,272	42.74%
Housing and Urban Development	5,150,000	6,037,313	1,644,464	27.24%	1,783,144	(138,680)	-7.78%
TOTAL	\$13,223,938	\$ 39,654,997	\$ 2,638,203	6.65%	\$ 2,587,688	\$ 50,515	1.95%

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 February 2021. As of February 28, 2021, these capital fund expenditures totaled \$26.0 million, or 19.7% of the amended budget. As part of the adoption of the FY 2020/21 and FY 2021/22 budget, capital funds were carried over from the prior fiscal year for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures were approved as part of the FY 2019/20 year-end reconciliation process, which are reflected in the table below.

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 2020/21				
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 2/28/2021	Percentage Used
Parks & Recreation	\$ 5,758,558	\$ 15,336,255	\$ 21,094,813	\$ 5,013,107	23.76%
Streets & Highways	24,360,764	46,453,110	70,813,874	13,070,098	18.46%
Storm Drain	4,489,447	7,427,038	11,916,485	1,290,259	10.83%
Fire	290,796	741,737	1,032,533	42,772	4.14%
Library	102,562	211,227	313,789	17,797	5.67%
Public Buildings	1,737,751	6,214,027	7,951,778	580,988	7.31%
General Gov't - Other	4,098,669	11,660,153	15,758,822	5,105,243	32.40%
Related Santa Clara Developer	2,949,540	-	2,949,540	898,679	30.47%
TOTAL	\$ 43,788,087	\$ 88,043,547	\$ 131,831,634	\$ 26,018,943	19.74%

Financial Status Report as of February 28, 2021

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of February 28, 2021. Overall, revenues and expenditures are tracking below budgeted levels.

At the end of February 2021, revenue is tracking slightly higher than last fiscal year, while expenditures are tracking lower.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 2/28/2021	Percentage Received	Actual Through 2/29/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 515,406,680	\$ 515,406,680	\$ 305,933,748	59.36%	\$ 297,752,404	\$ 8,181,344	2.75%
Water Utility Fund	57,220,287	57,220,287	32,159,202	56.20%	32,216,378	(57,176)	-0.18%
Sewer Utility Fund	45,495,100	45,495,100	26,112,400	57.40%	25,365,077	747,323	2.95%
Cemetery Fund	600,000	600,000	332,187	55.36%	337,955	(5,768)	-1.71%
Solid Waste Utility Fund	31,219,000	31,219,000	15,507,676	49.67%	16,619,115	(1,111,439)	-6.69%
Water Recycling Fund	7,064,710	7,064,710	3,746,296	53.03%	3,910,913	(164,617)	-4.21%
TOTAL REVENUE	\$ 657,005,777	\$ 657,005,777	\$ 383,791,509	58.42%	\$ 376,201,842	\$ 7,589,667	2.02%

Fund Description	EXPENSES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 2/28/2021	Percentage Used	Actual through 2/29/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 474,259,218	\$ 476,842,064	\$ 262,396,262	55.03%	\$ 278,539,677	\$ (16,143,415)	-5.80%
Water Utility Fund	49,106,767	49,322,081	27,885,928	56.54%	29,213,472	(1,327,544)	-4.54%
Sewer Utility Fund	28,338,164	28,509,889	20,064,078	70.38%	18,802,911	1,261,167	6.71%
Cemetery Fund	1,412,953	1,412,953	855,770	60.57%	818,125	37,645	4.60%
Solid Waste Utility Fund	32,563,421	34,013,675	15,350,882	45.13%	15,193,816	157,066	1.03%
Water Recycling Fund	5,867,938	5,871,208	3,671,609	62.54%	4,675,662	(1,004,053)	-21.47%
TOTAL - Operating Appropriations	\$ 591,548,461	\$ 595,971,870	\$ 330,224,529	55.41%	\$ 347,243,663	\$ (17,019,134)	-4.90%

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 February 2021 totaled \$42.2 million, or 15.3% 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 2020/21 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 approved as part of the FY 2019/20 year-end reconciliation process which are reflected in the table below.

CITY OF SANTA CLARA ENTERPRISE CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENSES

Fund Description	EXPENSES - FISCAL YEAR 2020/21					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 2/28/2021	Percentage Used	Actual Through 2/29/2020
Electric Utility Fund	\$ 58,872,602	\$ 119,415,943	\$ 178,288,545	\$ 28,349,348	15.90%	\$ 19,020,771
Street Lighting ⁽¹⁾	125,000	5,868,161	5,993,161	13,080	0.22%	35,551
Water Utility Fund	4,610,000	15,010,727	19,620,727	5,089,414	25.94%	1,207,114
Sewer Utility Fund	42,114,351	26,766,225	68,880,576	8,547,399	12.41%	43,130,184
Cemetery Fund	300,000	-	300,000	-	-	-
Solid Waste Utility Fund	882,000	1,202,437	2,084,437	192,632	9.24%	297,816
Water Recycling Fund	550,000	-	550,000	2,063	0	-
TOTAL - CIP Appropriations	\$ 107,453,953	\$ 168,263,493	\$ 275,717,446	\$ 42,193,936	15.30%	\$ 63,691,436

(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 2020/21, 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:

- Building Inspection Reserve accounts for surplus funds from user fees in the Community Development Department's Building Inspection Division and is restricted to fund Building Division costs.
- 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
February 28, 2021**

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 57,759,656			
Capital Projects Reserve	5,630,354			
Land Sale Reserve	24,250,767			
Building Inspection Reserve	16,591,018			
Technology Fee Reserve	770,772			
Rate Stabilization Fund Reserve		\$ 25,000,000		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	
TOTALS	\$ 105,002,566	\$ 25,078,163	\$ 303,090	\$ -

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 February 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. The Santa Clara Golf and Tennis Club advance was written off as part of the November Monthly Financial Report, which was approved by the City Council on February 12, 2021.

DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:

Fund Receiving Advance/Loan	Fund Making Advance/Loan	Type	Amount of Advance/Commitment
Cemetery	General Fund	Advance	\$ 7,111,149
Parks and Recreation Facilities	General Fund	Loan	9,033,044
TOTALS			\$ 16,144,193

Donations to the City of Santa Clara

Donations received by department during the month of February 2021 and for fiscal year 2020/21 are shown in the table below.

Department	Feb-21	Fiscal Year 2020/21 Year To Date	Donor	Designated Use
City Manager's Office	\$ 970	\$ 18,400	Various	Help Your Neighbor
Non-Departmental	10,000	37,571	Various	COVID-19
Parks and Recreation	183	27,533	Various	Case Management
Police	-	5,000	Various	COVID-19
TOTALS	\$ 11,153	\$ 88,504		