



**City of
Santa Clara**
The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

February 2020

This report summarizes the City's financial performance for the month ended February 29, 2020. 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 of the City. The adopted budget for both operating revenues and expenditures for fiscal year 2019/20 was \$263.2 million. The amended budget for both was revised to \$274.5 million to reflect carryover appropriations from fiscal year 2018/19 and various budget amendments approved by the City Council through February 2020.

At the end of fiscal year 2018/19, the City implemented an accounting change that switched from a cash basis to a modified-accrual basis, which is reflected in the tables of this report. As a result of this change, a number of revenues are tracking lower than prior year collections and appear below par through February due to the timing of payments. Factoring out these timing differences, revenues were tracking to slightly exceed the budgeted estimate by year end. Expenditures were also tracking within budgeted expectations through February. While overall departmental expenditures were within expected levels, personnel-related costs for a few departments were tracking above budgeted levels. Based on performance through February, the General Fund was tracking to end in a positive operating position. However, the General Fund is now expected to be significantly impacted in the last few months of the fiscal year by actions associated with the novel coronavirus, also known as COVID-19.

The virus and associated safety precautions and market reactions will impact revenue collections in areas such as transient occupancy tax, sales tax, fees for services and classes, and interest earnings as well as impact City costs. With the actions residents and businesses have been taking to reduce the spread of the virus and the latest order of the County Health Officer of the County of Santa Clara for residents to shelter in place, it is anticipated that economic activity will experience a significant decline.

On a national level, economic conditions have worsened in a very short period of time and many economists are now projecting one of the worst recessions in generations. In its Global Economic Outlook – Coronavirus Crisis Update on April 2, 2020, Fitch Ratings now assumes a deep global recession as its baseline forecast. According to Brian Coulton, Fitch's chief economist, "The forecast fall in global GDP for the year as a whole is on par with the global financial crisis but the immediate hit to activity and jobs in the first half of the year will be worse. He also indicated that "Our baseline forecast does not see GDP reverting to its pre-virus levels until late 2021 in the US and Europe".¹

The International Monetary Fund (IMF) also warns that the recession could extend into 2021 without a coordinated global response to the virus. It expects a 3% GDP contraction in 2020, a far worse recession than the one experienced in 2008, and a complete reversal from its growth projection of 3.3%

¹ <https://www.fitchratings.com/research/sovereigns/deep-global-recession-in-2020-as-coronavirus-crisis-escalates-02-04-2020>

that was forecasted in January. "The Great Lockdown, as one might call it, is projected to shrink global growth dramatically. A partial recovery is projected for 2021 ... but the level of GDP will remain below the pre-virus trend, with considerable uncertainty about the strength of the rebound," the IMF said. "Much worse growth outcomes are possible and maybe even likely," it added.²

The City's General Fund revenues will be significantly impacted immediately and over the longer term based on the declining economic situation. While there is very limited data available, the decline in revenues is projected to result in a General Fund shortfall of approximately \$8 million - \$10 million in FY 2019/20 and over \$20 million in FY 2020/21.

Several cost savings/budget balancing measures were implemented April 1, 2020 to generate current year savings as well as ongoing savings that will be used in FY 2020/21 and in the development of the FY 2021/22 and FY 2022/23 Biennial Operating Budget. These actions include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. In the current year, the goal will be to generate \$5 million to \$10 million in General Fund savings to help offset anticipated revenue reductions resulting from COVID-19.

² <https://www.cnn.com/2020/04/14/business/imf-world-economic-outlook/index.html>

General Fund Revenues

As of February 29, 2020, \$171.6 million or 62.5% of the General Fund estimated revenue was received. Revenue is currently tracking below par of 66.7% and below the prior year. As mentioned above, the change in budgeting methodology to an accrual basis impacted the timing of revenue receipts when compared to FY 2018/19. Factoring out these timing differences, revenues through February were tracking to slightly exceed the budget. However, the actions associated with COVID-19 are expected to have a significant impact on certain revenue categories as discussed below.

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

Function	FISCAL YEAR 2019/20				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 02/29/2020	Percentage Received	Actual Through 02/28/2019	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 58,200,400	\$ 58,200,400	\$ 30,903,475	53.10%	\$ 40,800,711	\$ (9,994,845)	-24.50%
Property Tax	64,438,315	64,438,315	34,283,440	53.20%	32,834,141	1,449,299	4.41%
Transient Occupancy Tax	23,002,500	23,002,500	11,896,879	51.72%	15,931,218	(4,034,339)	-25.32%
Other Taxes	6,080,151	6,080,151	2,756,983	45.34%	3,907,569	(1,150,586)	-29.45%
Total Taxes	151,721,366	151,721,366	79,840,777	52.62%	93,473,639	(13,730,471)	-14.69%
LICENSES & PERMITS							
Business Licenses	959,500	959,500	569,188	59.32%	624,750	(55,562)	-8.89%
Fire Operation Permits	2,250,000	2,250,000	1,395,195	62.01%	-	1,395,195	100.00%
Building Permits	4,657,500	4,657,500	3,894,621	83.62%	5,344,121	(1,449,500)	-27.12%
Electric Permits	517,500	517,500	435,604	84.17%	499,879	(64,275)	-12.86%
Plumbing Permits	310,500	310,500	382,497	123.19%	418,096	(35,599)	-8.51%
Mechanical Permits	258,750	258,750	316,236	122.22%	396,377	(80,141)	-20.22%
Miscellaneous Permits	46,575	46,575	46,054	98.88%	69,942	(23,888)	0.00%
Total Licenses & Permits	9,000,325	9,000,325	7,039,395	78.21%	7,353,165	(313,770)	-4.27%
FINES & PENALTIES	1,689,225	1,689,225	964,816	57.12%	1,323,176	(358,360)	-27.08%
INTERGOVERNMENTAL	168,755	5,239,529	5,640,695	107.66%	1,746,645	3,894,050	222.94%
CHARGES FOR SERVICES	33,144,722	33,180,892	24,792,920	74.72%	28,036,797	(3,243,877)	-11.57%
CONTRIBUTION IN LIEU	24,333,275	24,333,275	16,222,183	66.67%	15,396,393	825,790	5.36%
USE OF MONEY & PROPERTY							
Interest	5,697,500	5,697,500	2,073,543	36.39%	3,022,313	(948,770)	-31.39%
Rent	8,658,991	8,658,991	5,957,798	68.80%	5,648,201	309,597	5.48%
Total Use of Money & Property	14,356,491	14,356,491	8,031,341	55.94%	8,670,514	(639,173)	-7.37%
MISCELLANEOUS REVENUES	100,001	100,001	1,136,037	1136.03%	389,259	746,778	191.85%
LAND PROCEEDS	4,050,000	4,050,000	164,606	4.06%	-	-	0.00%
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,398,145	1,398,145	1,398,145	100.00%	1,447,000	(48,855)	-3.38%
Operating Transfer In - Reserves	11,290,582	13,685,582	13,685,582	100.00%	4,116,125	9,569,457	232.49%
Operating Transfer In - Fund Balances ⁽¹⁾		5,338,670	5,338,670	100.00%	10,459,221	(5,120,551)	-48.96%
Operating Transfer In - Miscellaneous	667,885	1,736,115	1,736,115	100.00%	54,250	1,681,865	3100.21%
Total Other Financing Sources	13,356,612	22,158,512	22,158,512	100.00%	16,076,596	6,081,916	37.83%
STADIUM OPERATION							
Charges for Services	7,988,313	7,988,313	4,964,269	62.14%	4,090,859	873,410	21.35%
Rent and Licensing	3,333,185	633,185	627,820	99.15%	571,578	56,242	9.84%
Total Stadium Operation	11,321,498	8,621,498	5,592,089	64.86%	4,662,437	929,652	19.94%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 274,451,114	\$ 171,583,372	62.52%	\$ 177,128,621	\$ (5,807,464)	-3.28%

(1) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2019 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%. Through February 29, 2020, sales tax collections were \$30.9 million. These collections represent the sales tax revenue generated for the months of July through December 2019. While last year saw collections of \$32.8 million through the same period, these collections were for the months of May through December 2018. Based on receipts for the first two quarters and the estimates from the City's Sales Tax consultant, MuniServices, collections were projected to total \$60.0 million in FY 2019/20, exceeding the budgeted estimate of \$58.2 million. Collections in the latter half of the fiscal year, however, are now expected to be impacted by actions associated with COVID-19. While no data is currently available for the last two quarters, if receipts decline 10% in the third quarter and 25% in the fourth quarters, sales tax revenues would end the year below the budget at \$53.4 million. Data for the third and fourth quarters will be available in May and August 2020.

Property Tax: The majority of property tax revenue is collected in January and April each year. Based on the latest estimates from the County of Santa Clara, it is anticipated that collections in this category will reach \$65.3 million, slightly exceeding the FY 2019/20 budgeted estimate of \$64.4 million. Property tax collections totaled \$34.3 million through February, which is higher than what was collected last year through the same period. COVID-19 is expected to have minimal potential impacts on 2019/20 revenue collections.

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 29, 2020, \$11.9 million has been collected, which is \$4.0 million less than what was collected through February 2019. This variance from last year's collections is attributable to the budget methodology change in which \$4.1 million was accrued to FY 2018/19 at the end of last fiscal year. Based on receipts through February, revenues were tracking to meet or slightly exceed the budgeted estimate of \$23.0 million.

However, collections through the end of the year are now expected to be significantly impacted by actions associated with the Coronavirus. While the actual data is not yet available, receipts would end the year \$5.0 million to \$8.0 million below the budgeted estimate if there is a 50% to 75% decline in receipts from March through June.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$2.8 million, which is 45.3% of the budgeted estimate of \$6.1 million. This decrease in revenue compared to last year's collections through the same period is primarily attributable to the change in budgeting methodology and the timing of payments. Franchise tax collections, budgeted at \$4.4 million, are lower due to prior year accruals and the timing of the receipt of payments; these receipts are expected to end the year close to the budgeted estimate. Documentary transfer tax revenue, budgeted at \$1.7 million, is lower as a result of a drop-off in activity this fiscal year and is currently tracking to end the year below the budgeted estimate by approximately \$250,000 to \$500,000.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall licenses and permits revenue collections are above par and totaled \$7.0

million, or 78.2% of the budget of \$9.0 million. These collections are 4.3% below the very high collection level experienced through the same period last fiscal year. Even if activity slows through the remainder of the year, this category should meet the budgeted estimate. 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 totaled just over \$0.9 million, or 57.1% of the budget. This revenue category had revenue that was accrued in fiscal year 2018/19, resulting in lower current year collections through February 29, 2020. Additionally, activity levels in the collection charges and traffic fines accounts are lower compared to last fiscal year. Collections are tracking to end the year approximately \$250,000 below the budgeted estimate of \$1.7 million. Given restricted activity levels as a result of COVID-19, collections in this category may decline in the last four months of the fiscal year.

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 29, 2020, collections totaled approximately \$5.6 million, meeting this year's budgeted estimate and exceeding last fiscal year's collections through the same period. This increase is due to a Santana West settlement payment in the amount of \$5.0 million for the Related project received from the City of San José. These funds are restricted for affordable housing and transportation improvements and have been set aside in a separate reserve.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. While collections of \$24.8 million were \$3.2 million lower than collections through the same time last year, revenues in this category are tracking above par at 74.7%. This is mainly attributable to higher plan check and sign fee collections through February. Collections in this category were tracking to exceed the budgeted estimate of \$33.2 million by at least \$2.0 million to \$3.0 million by year-end. However, as a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget. Based on an initial estimate from the Parks and Recreation Department, a revenue loss of \$600,000 is projected from those revenue as a result of shutting down Spring/Summer registration through April 6th. This figure may go up depending on the length of the shutdown of these activities. The higher collections in other fee areas are expected to offset the loss in the Parks and Recreation fees.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues as contribution-in-lieu of taxes. 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 consistent with the budgeted estimate of \$24.3 million. However, these payments were based on the budgeted estimate and will be trued up later in the fiscal year. Based on prior year activity and current estimates, collections in this category may fall below the budgeted estimate by over \$1.0 million.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$8.0 million, which is 55.9% of the budgeted estimate of \$14.4 million. Collections are tracking below expected levels due to the timing of payments for interest earnings related to the prior year accrual. Receipts in this category have been tracking to meet the budgeted estimate by year-end. However, with the recent interest rate reductions, interest earnings may fall below the budgeted estimate of \$5.7 million.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of February 29, 2020, collections totaled \$1.1 million, which exceeds the budgeted estimate. This is a result of proceeds from the sale the right-of-way related to the vacated land sale on Fremont Street and Sherman Street.

Land Proceeds: Includes revenue for the sale of City-owned land. Through February 29, 2020, proceeds totaled approximately \$0.2 million, resulting from the sale of vacated land located on Fremont Street and Sherman Street. The budgeted estimate for this category includes \$4.0 million of proceeds from the sale of property to be used for affordable housing. It is anticipated that this sale will be completed at the end of this calendar year. A budget action will be brought forward as part of the budgetary year-end report to carry this budget into FY 2020/21.

Stadium Operation: The revenue for Stadium Operations totaled approximately \$5.6 million through February 29, 2020, which is lower than collections through the same period last fiscal year. This is well below par due to the timing of invoices and payments by the Forty Niners Management Company. In addition, Non-NFL performance-based rent is not projected to meet the FY 2019/20 Adopted Budget estimate due to a significantly lower than anticipated number of Non-NFL events at the Stadium. A separate downward adjustment of \$2.7 million was approved as part of the Budgetary Year-End Report to decrease these revenues, which is reflected in the Amended Budget column in the table above. The lease revenue is projected to end the fiscal year at \$639,000 which slightly exceeds the budgeted estimate of \$633,000.

General Fund Expenditures

As of February 29, 2020, \$174.6 million or 63.6% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels at this time of the year. However, there are a few departments that are tracking slightly above estimated levels through February.

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

Function	FISCAL YEAR 2019/20				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 02/29/2020	Percentage Used	Actual Through 02/28/2019	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 11,909,566	\$ 14,232,673	\$ 2,562,592	18.00%	\$ 1,596,813	\$ 965,779	60.48%
City Council	894,953	894,953	606,568	67.78%	493,711	112,857	22.86%
City Clerk	1,389,880	1,662,880	808,783	48.64%	1,344,153	(535,370)	-39.83%
City Manager	6,554,276	7,409,834	3,601,323	48.60%	3,766,356	(165,033)	-4.38%
City Attorney	2,260,512	2,376,523	1,382,576	58.18%	1,175,370	207,206	17.63%
Human Resources	4,409,195	4,622,757	2,520,641	54.53%	1,966,794	553,847	28.16%
Finance	15,719,734	16,653,861	9,380,682	56.33%	7,654,688	1,725,994	22.55%
Information Technology	-	-	-	0.00%	5,644,761	(5,644,761)	-100.00%
Total General Government	43,138,116	47,853,481	20,863,165	43.60%	23,642,646	(2,779,481)	-11.76%
PUBLIC WORKS	23,579,460	23,919,037	15,398,062	64.38%	16,133,515	(735,453)	-4.56%
COMMUNITY DEVELOPMENT	14,186,780	17,107,752	8,986,366	52.53%	7,919,008	1,067,358	13.48%
PARKS AND RECREATION	22,401,233	23,011,286	14,078,684	61.18%	12,453,986	1,624,698	13.05%
PUBLIC SAFETY							
Fire	52,783,063	54,209,728	37,013,923	68.28%	34,395,362	2,618,561	7.61%
Police	73,397,279	74,009,459	49,210,101	66.49%	42,354,611	6,855,490	16.19%
Total Public Safety	126,180,342	128,219,187	86,224,024	67.25%	76,749,973	9,474,051	12.34%
LIBRARY	11,310,791	11,346,604	6,965,300	61.39%	6,621,355	343,945	5.19%
DEPARTMENTAL SUBTOTAL	240,796,722	251,457,347	152,515,601	60.65%	143,520,483	8,995,118	6.27%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	526,688	526,688	428,445	81.35%	885,578	(457,133)	-51.62%
Operating Transfer Out - Rental Income	-	-	-	0.00%	14,065	(14,065)	-100.00%
Operating Transfer Out - Debt Services	1,710,474	1,710,474	1,710,474	100.00%	2,501,494	(791,020)	-31.62%
Operating Transfer Out - Maintenance Districts	917,331	917,331	917,331	100.00%	-	917,331	N/A
Operating Transfer Out - Cemetery	703,490	703,490	703,490	100.00%	618,081	85,409	13.82%
Operating Transfer Out - SCGTC	-	-	-	0.00%	155,020	(155,020)	-100.00%
Operating Transfer Out - Special Liability	-	-	-	0.00%	2,200,000	(2,200,000)	-100.00%
Operating Transfer Out - CIP	11,643,673	11,643,673	11,643,673	100.00%	50,000	11,593,673	23187.35%
Operating Transfer Out - Reserves	344,360	863,660	863,660	100.00%	-	-	N/A
Total Other Financing Uses	15,846,016	16,365,316	16,267,073	99.40%	6,424,238	8,979,175	139.77%
STADIUM OPERATION	6,599,532	6,621,340	5,787,560	87.41%	4,964,426	823,134	16.58%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 274,444,003	\$ 174,570,234	63.61%	\$ 154,909,147	\$ 18,797,427	12.13%

General Fund Expenditures

Below is an explanation of certain budget to actual expenditure variances by program. Other program expenditures not described below are within expectations. Effective fiscal year 2019/20, the Information Technology budget was shifted from the General Fund to a newly established internal services fund.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through February 29, 2020, expenditures were at 18.0% of budget, primarily due to lower expenditures in the salary and benefits and materials, services and supplies categories. The Non-Departmental budget also includes a \$4.0 million loan to fund an affordable housing project that was approved by the City Council on January 29, 2019, which has not yet been expended. It is anticipated that this loan, which will be funded by a property sale, will be processed at the end of the calendar year. A budget action to carry this appropriation over will be brought forward as part of the budgetary year-end report. Additionally, as approved in the FY 2018/19 Budgetary Year-End report, \$1.8 million was added to the Non-Departmental budget to cover costs related to Fair Labor Standards Act (FLSA) requirements for retroactive overtime costs and payouts, which has not yet been fully expended.

City Manager: The actual expenditures through February 29, 2020 were at 48.6% of the budget. This is primarily due to lower than anticipated spending in the contractual services category.

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through February, departmental expenditures of \$9.0 million were at 52.5% of the budget, which is below par for this time of year. As part of the November Monthly Financial Report, \$1.5 million was added to the Department's contractual services budget, funded by Building Inspection Reserve. With the recent influx of large-scale development projects, these additional resources were added to address the workload and maintain service levels and turnaround times through the remainder of the year. Contractual services are expected to remain within budget with this adjustment.

Fire Department: Actual expenditures totaled \$37.0 million, or 68.3%, which is slightly above the par level of 66.8%. Overall salary expenditures are tracking above budget, particularly in the overtime category due to minimum staffing requirements and several Fire Captain vacancies. The overtime expenditures are partially offset by salary savings from the vacancies and lower than budgeted expenditures in the materials, services, and supplies category. Funding of \$350,000 was added to the Fire Department budget to account for estimated FLSA-eligible overtime costs. Additionally, \$688,000 was added to the Fire Department's budget as a result of negotiated wage increases approved for Units 1 and 9B. A budget amendment will be brought forward to increase the overtime budget at a later date, as staff will continue to monitor this expenditure category. Departmental expenditures are also expected to be impacted by COVID-19. The Department is staffing specialized COVID-19 response units to respond to the Federal Medical Station at the Santa Clara Convention Center and other high-risk locations. All COVID-19 expenditures are being tracked for potential reimbursement.

Police Department: Expenditures through February 29, 2020 totaled \$49.2 million, which is at par at 66.5%. The salary expenditures were above budget primarily in the as-needed and overtime categories, resulting from additional staffing needs for events including Great America's Halloween Haunt and mutual aid provided to the Gilroy Garlic Festival shooting and investigation. The City received a reimbursement related to the staffing costs for the Great America Haunt. There have also been new City events that have required Police staffing such as the Parade of Champions and Comic Con. These higher expenditures are partially offset by lower than budgeted expenses in the materials, services, and supplies category.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$5.8 million through February 29, 2020 and are tracking above budgeted levels. The higher expenditures are a result of the purchase of a new public safety insurance policy. Additionally, outside agency public safety costs trend higher in the first two quarters of the year during the NFL season. Both the insurance premium and public safety costs are reimbursed by the 49ers.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of February 29, 2020. The amended budget for both reflects carryover appropriations from fiscal year 2018/19 in addition to various budget amendments approved by the City Council through February 2020. The revenues received through the end of February totaled approximately \$1.9 million, while expenditures totaled \$2.6 million.

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

Fund Description	REVENUES - FISCAL YEAR 2019/20				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 2/29/2020	Percentage received	Actual Through 2/28/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 274,831	\$ 259,138	94.29%	\$ 154,728	\$ 104,410	67.48%
City Affordable Housing Fund	696,703	1,084,543	135,116	12.46%	95,943	39,173	40.83%
Housing Successor Fund	12,031,000	12,084,817	614,488	5.08%	1,282,299	(667,811)	-52.08%
Housing and Urban Development	2,626,117	5,238,691	842,304	16.08%	914,130	(71,826)	-7.86%
TOTAL	\$15,613,820	\$ 18,682,882	\$ 1,851,046	9.91%	\$ 2,447,100	\$ (596,054)	-24.36%

Fund Description	EXPENDITURES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 2/29/2020	Percentage used	Actual through 2/28/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 546,623	\$ 561,454	\$ 79,640	14.18%	\$ 20,479	\$ 59,161	288.89%
City Affordable Housing Fund	1,520,735	6,908,575	443,483	6.42%	197,750	245,733	124.26%
Housing Successor Fund	12,592,389	18,646,206	281,421	1.51%	319,034	(37,613)	-11.79%
Housing and Urban Development	3,846,296	5,238,691	1,783,144	34.04%	908,427	874,717	96.29%
TOTAL	\$18,506,043	\$ 31,354,926	\$ 2,587,688	8.25%	\$ 1,445,690	\$ 1,141,998	78.99%

The majority of the budget in the housing funds account for two development loans, which would allow for the construction of affordable housing projects, referred to as the Corvin Supportive Housing and the Agrihood Mixed-Use Development projects. Both the revenues and expenditures are expected to increase once the proceeds from the sale of land are received and the loan agreements are executed.

Governmental Capital Improvement Funds

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 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 2020. As of February 29, 2020, these capital fund expenditures totaled \$27.5 million, or 21.4% of the amended budget. Expenditures are anticipated to increase through the remainder of the year as departments continue to make progress on approved capital projects. It is also anticipated that unspent capital funds will be carried over into next fiscal year for those projects that have not yet been completed.

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

EXPENDITURES - FISCAL YEAR 2019/20						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 2/29/2020	Percentage Used	
Parks & Recreation	\$ 5,933,561	\$ 27,507,742	\$ 33,441,303	\$ 14,732,512	44.05%	
Streets & Highways	18,925,790	39,407,535	58,333,325	9,531,311	16.34%	
Storm Drain	4,978,229	3,264,959	8,243,188	570,664	6.92%	
Fire	665,049	635,187	1,300,236	304,168	23.39%	
Library	10,633	234,633	245,266	30,163	12.30%	
Public Buildings	4,097,571	8,335,917	12,433,488	1,144,872	9.21%	
General Gov't - Other	1,466,483	13,051,614	14,518,097	1,167,746	8.04%	
TOTAL	\$ 36,077,316	\$ 92,437,587	\$ 128,514,903	\$ 27,481,436	21.38%	

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of February 29, 2020. Overall, revenues and expenditures are tracking below budgeted levels.

Effective fiscal year 2019/20, the City switched from a cash basis budgetary reporting to an accrual basis, which is reflected in the tables of this report. At the end of February 2020, revenues appear to be lower than prior year collections and below par due to revenue accruals booked in fiscal year 2018/19 and received in fiscal year 2019/20. As a result, the comparison of prior year revenue and expenditure in this report will display variances. For fiscal year 2019/20, the City is still anticipated to maintain a positive operating position for each of its Enterprise Operating Funds.

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

Fund Description	REVENUES - FISCAL YEAR 2019/20				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 2/29/2020	Percentage received	Actual Through 2/28/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 516,210,630	\$ 517,210,920	\$ 297,752,404	57.57%	\$ 345,206,244	\$ (47,453,840)	-13.75%
Water Utility Fund	53,411,144	56,080,779	32,216,378	57.45%	32,957,919	(741,541)	-2.25%
Sewer Utility Fund	94,169,500	94,259,046	25,365,077	26.91%	27,064,307	(1,699,230)	-6.28%
Cemetery Fund	645,150	645,150	337,955	52.38%	390,194	(52,239)	-13.39%
Solid Waste Utility Fund	28,033,703	28,760,383	16,619,115	57.78%	16,929,221	(310,106)	-1.83%
Water Recycling Fund	6,769,200	7,779,200	3,910,913	50.27%	4,780,827	(869,914)	-18.20%
TOTAL REVENUE	\$ 699,239,327	\$ 704,735,478	\$ 376,201,842	53.38%	\$ 427,328,712	\$ (51,126,870)	-11.96%

Fund Description	EXPENSES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 2/29/2020	Percentage Used	Actual through 2/28/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 486,468,491	\$ 487,657,222	\$ 278,539,677	57.12%	\$ 313,896,593	\$ (35,356,916)	-11.26%
Water Utility Fund	46,449,085	49,118,720	29,213,472	59.48%	28,854,102	359,370	1.25%
Sewer Utility Fund	28,451,451	28,540,997	18,802,911	65.88%	18,212,793	590,118	3.24%
Cemetery Fund	1,399,333	1,399,333	818,125	58.47%	818,787	(662)	-0.08%
Solid Waste Utility Fund	27,470,657	28,197,337	15,193,816	53.88%	14,405,158	788,658	5.47%
Water Recycling Fund	5,349,013	6,359,013	4,675,662	73.53%	4,850,628	(174,966)	-3.61%
TOTAL - Operating Appropriations	\$ 595,588,030	\$ 601,272,622	\$ 347,243,663	57.75%	\$ 381,038,061	\$ (33,794,398)	-8.87%

Revenues in the electric, 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. In both the sewer and water recycling funds, contractual services expenditures are higher than budgeted levels; however, this is primarily offset by savings in the salary and benefits categories. In the Sewer Debt Service Fund, revenues are tracking low because the \$50.0 million in debt proceeds have not been received. A line of credit is expected to be brought forward for

Council approval in May 2020; however, with the current environment resulting from the COVID-19 outbreak, this issuance could also be delayed. In the Electric Utility Fund, the revenue received in this fund dictates the contribution in-lieu expenditure.

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through February totaled \$63.7 million, or 24.0% of the amended budget. Similar to the general government capital funds, expenditures are anticipated to increase through the remainder of the year as departments continue to make progress on approved capital projects. It is also anticipated that unspent capital funds will be carried over into next fiscal year for those projects that have not yet been completed.

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

Fund Description	EXPENSES - FISCAL YEAR 2019/20					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 2/29/2020	Percentage Used	Actual Through 2/28/2019
Electric Utility Fund	\$ 42,201,913	\$ 107,739,473	\$ 149,941,386	\$ 19,020,771	12.69%	\$ 13,036,230
Street Lighting ⁽¹⁾	50,000	5,925,185	5,975,185	35,551	0.59%	31,898
Water Utility Fund	13,449,374	12,853,124	26,302,498	1,207,114	4.59%	2,435,615
Sewer Utility Fund	57,446,012	24,614,662	82,060,674	43,130,184	52.56%	12,017,367
Cemetery Fund	-	-	-	-	0.00%	19,077
Solid Waste Utility Fund	496,389	168,480	664,869	297,816	44.79%	370,300
Water Recycling Fund	50,000	-	50,000	-	0.00%	-
TOTAL - CIP Appropriations	\$ 113,693,688	\$ 151,300,924	\$ 264,994,612	\$ 63,691,436	24.03%	\$ 27,910,487

(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).
- 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 Water Conservation Reserve is to enhance water conservation activities in response to the drought.

The table below summarizes select reserve balances.

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 80,420,318			
Capital Projects Reserve	28,269,551			
Land Sale Reserve	21,531,838			
Building Inspection Reserve	14,105,480			
Technology Fee Reserve	284,129			
Rate Stabilization Fund Reserve		\$ 25,000,000		
Cost Reduction Fund Reserve		98,947,182		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	\$ 1,507,553
TOTALS	\$ 144,611,316	\$ 124,025,345	\$ 303,090	\$ 1,507,553

City of Santa Clara

Financial Status Report as of February 29, 2020

Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The loan from the General Fund to for 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:			
Fund Receiving Advance/Loan	Fund Making Advance/Loan	Type	Amount of Advance / Commitment
Cemetery	General Fund	Advance	\$ 6,339,380
Santa Clara Golf & Tennis Club	General Fund	Advance	4,224,134
Parks and Recreation Facilities	General Fund	Loan	10,130,273
TOTALS			\$ 20,693,787

Donations to the City of Santa Clara

Donations received by department during the month of February 2020 and for fiscal year 2019/20 are shown in the table below.

Department	Feb-20	Fiscal Year 2019/20 Year To Date	Donor	Designated Use
City Manager's Office	\$ 50	\$ 275	Various	Help Your Neighbor
City Manager's Office	100	100	Various	Various Programs
Parks and Recreation	-	32,820	Various	Various Parks and Recreation Programs
Parks and Recreation	-	89,834	Various	Arts, Crafts and Wine Festival
Fire	-	330	Various	Emergency Supplies
TOTALS	\$ 150	\$ 123,359		