



# City of Santa Clara

The Center of What's Possible

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## MONTHLY FINANCIAL STATUS REPORT

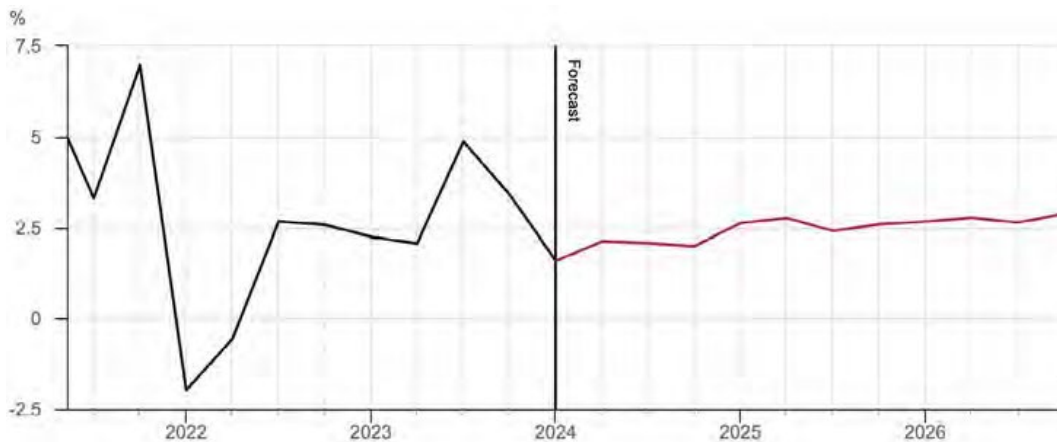
May 2024

This report summarizes the City’s financial performance for the month ended May 31, 2024. 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.

### Economic Outlook

Economic growth continues but is expected to be constrained in 2024. Consistent with its March 2024 Forecast, the June 2024 UCLA Anderson Forecast assumes no recession: “The oft-predicted but never seen “recession next quarter” has now faded in the face of expansionary fiscal policy, a new national industrial policy, and a consumer who is happy to continue spending. As inflation slowly works its way back to the neighborhood of 2.2% to 2.7% per annum and is being kept high due primarily to residential rents, automobile repair, and new health insurance premia, we expect Fed policy to take a neutral stance and economic growth to rebound to trend rates. Nevertheless, there are risks to the forecast. A protracted shutdown of the government has been averted, but the possibility still exists. Will geopolitical events upset the current growth pattern? Will the election result in different national economic policies in 2025? These risks are substantial and bear watching as they could well drive the economy off of the current growth path that is predicted to return the U.S. economy to trend 2.5% growth. Due to those uncertainties, the forecast contains weaker business investment in the 3rd and 4th quarters of this year corresponding to a wait-and-see approach by some firms until after the November election. The upside of the forecast is productivity growth due to new technology that drives higher wages and higher GDP. While our view of AI and robotics is that the impact will be felt after 2026 as technology adoption tends to take time, current tight labor markets could accelerate that.”<sup>1</sup>

### Quarterly Real GDP Growth, Seasonally Adjusted Annual Rates



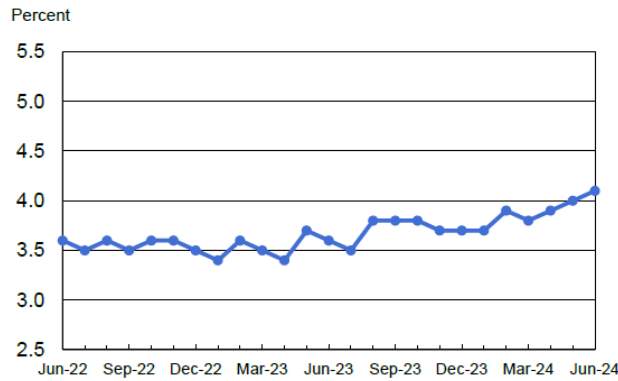
Source: UCLA Anderson Forecast and U.S. Bureau of Economic Analysis

<sup>1</sup> UCLA Anderson Forecast, June 2024, The U.S. Economic Outlook: Near-Term Supply Constrained Growth

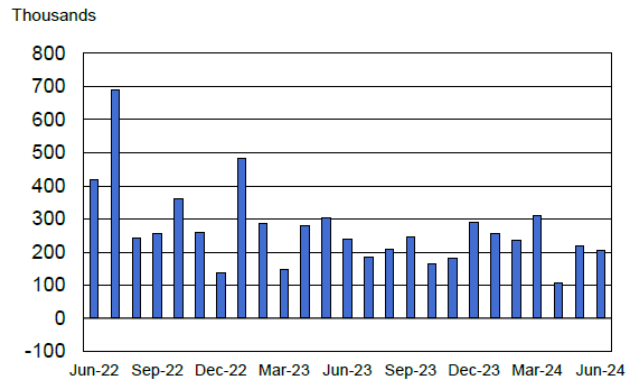
The Conference Board Economic Forecast for the US Economy also no longer forecasts a recession for 2024 but does expect consumer spending growth to cool further and for the overall GDP growth to slow to under 1% over the second and third quarters of 2024. After that point, inflation is expected to gradually normalize to the Fed’s 2-percent target in 2025 as quarterly annualized GDP rises toward its potential of near 2%. In late 2024, interest rates are expected to fall but may stabilize at levels exceeding the pre-pandemic average.<sup>2</sup>

On a national level, the unemployment rate changed little from 4.0% in May 2024 to 4.1% in June 2024. In June, the number of unemployed persons was 6.8 million, a slight increase from 6.6 million in May 2024.<sup>3</sup>

**Chart 1. Unemployment rate, seasonally adjusted, June 2022 – June 2024**

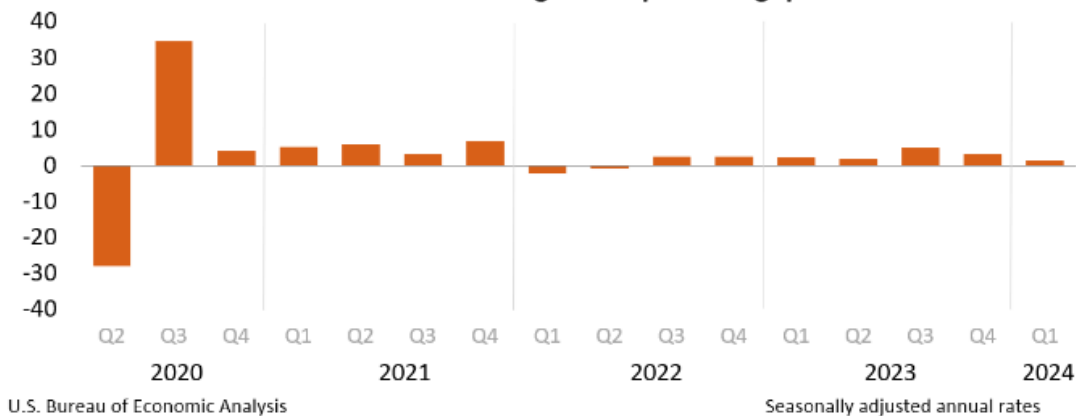


**Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, June 2022 – June 2024**



In the first quarter 2024, the Gross Domestic Product (GDP) increased at an annual rate of 1.4% according to the third estimate released by the Bureau of Economic Analysis. This follows a GDP increase of 3.4% in the fourth quarter 2023.

**Real GDP: Percent change from preceding quarter**



<sup>2</sup> <https://www.conference-board.org/research/us-forecast>, The Conference Board Economic Forecast for the US Economy, Updated June 13, 2024

<sup>3</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

The GDP increase primarily reflected increases in consumer spending, state and local government spending, nonresidential fixed investment, and residential fixed investment that were partially offset by a decrease in private inventory investment. Compared to the fourth quarter, the GDP deceleration in the fourth quarter primarily reflected slowdowns in consumer spending, exports, state and local government spending, and federal government spending.<sup>4</sup>

At the state level, the California unemployment rate decreased from 5.3% in April 2024 to 5.2% in May 2024. This rate is higher compared to the 4.5% rate in May 2023. From May 2023 to May 2024, California added 207,700 nonfarm jobs, an increase of 1.2%.<sup>5</sup>

The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 3.5% in May 2024, down slightly from a revised 3.9% in April 2024, but above the May 2023 level of 3.2%. Between May 2023 and May 2024, employment in this region increased by 2,700 jobs, or 0.2%. Notable employment increases were in private education and health services (up 11,200 jobs), leisure and hospitality (up 2,800 jobs), and professional and business services (up 2,200 jobs), while information was down 6,400 jobs, manufacturing was down 5,800 jobs, and construction was down 2,500 jobs.<sup>6</sup>

### **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 2023/24 was \$281.8 million. The amended budget for revenues and expenditures was adjusted to \$290.4 million to reflect carryover encumbrances from fiscal year 2022/23 and various budget amendments approved by the City Council through May 2024.

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<sup>4</sup> <https://www.bea.gov/sites/default/files/2024-06/tech1q24-3rd.pdf>

<sup>5</sup> [https://edd.ca.gov/en/about\\_edd/news\\_releases\\_and\\_announcements/unemployment-may-2024/](https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-may-2024/)

<sup>6</sup> [https://labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf)

**General Fund Revenues**

As of May 31, 2024, \$241.7 million or 87.8% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$15.1 million have occurred as budgeted.

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

Function	FISCAL YEAR 2023/24				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 05/31/2024	Percentage Received	Actual Through 05/31/2023	Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 60,524,000	\$ 60,524,000	\$ 44,862,592	74.12%	\$ 48,295,862	\$ (3,433,270)	-7.11%
Property Tax	85,800,000	87,143,000	78,490,469	90.07%	73,165,896	5,324,573	7.28%
Transient Occupancy Tax	21,275,000	21,275,000	17,096,035	80.36%	14,035,693	3,060,342	21.80%
Other Taxes	6,750,000	6,750,000	5,483,764	81.24%	5,474,030	9,734	0.18%
<b>Total Taxes</b>	<b>174,349,000</b>	<b>175,692,000</b>	<b>145,932,860</b>	<b>83.06%</b>	<b>140,971,481</b>	<b>4,961,379</b>	<b>3.52%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	6,000,000	6,000,000	4,388,345	73.14%	778,260	3,610,085	463.87%
Fire Operation Permits	2,000,000	2,000,000	1,699,765	84.99%	1,774,577	(74,812)	-4.22%
Miscellaneous Permits	69,000	69,000	18,210	26.39%	40,719	(22,509)	-55.28%
<b>Total Licenses &amp; Permits</b>	<b>8,069,000</b>	<b>8,069,000</b>	<b>6,106,320</b>	<b>75.68%</b>	<b>2,593,556</b>	<b>3,512,764</b>	<b>135.44%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,225,000</b>	<b>1,225,000</b>	<b>2,245,356</b>	<b>183.29%</b>	<b>968,713</b>	<b>1,276,643</b>	<b>131.79%</b>
<b>INTERGOVERNMENTAL</b>	<b>520,000</b>	<b>587,306</b>	<b>675,223</b>	<b>114.97%</b>	<b>1,168,229</b>	<b>(493,006)</b>	<b>-42.20%</b>
<b>CHARGES FOR SERVICES</b>	<b>29,314,768</b>	<b>30,180,331</b>	<b>30,052,531</b>	<b>99.58%</b>	<b>29,930,716</b>	<b>121,815</b>	<b>0.41%</b>
<b>SILICON VALLEY POWER TRANSFER</b>	<b>32,000,000</b>	<b>32,000,000</b>	<b>30,167,730</b>	<b>94.27%</b>	<b>26,256,896</b>	<b>3,910,834</b>	<b>14.89%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	3,500,000	3,500,000	2,645,712	75.59%	2,589,403	56,309	2.17%
Rent	12,397,660	13,431,960	11,239,890	83.68%	10,710,726	529,164	4.94%
<b>Total Use of Money &amp; Property</b>	<b>15,897,660</b>	<b>16,931,960</b>	<b>13,885,602</b>	<b>82.01%</b>	<b>13,300,129</b>	<b>585,473</b>	<b>4.40%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>180,000</b>	<b>180,000</b>	<b>563,588</b>	<b>313.10%</b>	<b>2,841,514</b>	<b>(2,277,926)</b>	<b>-80.17%</b>
<b>OTHER FINANCING SOURCES</b>							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,454,000	-	0.00%
Operating Transfer In - Reserves	2,772,275	8,097,132	8,097,132	100.00%	36,719,079	(28,621,947)	-77.95%
Operating Transfer In - Fund Balances <sup>(1)</sup>	4,759,683	4,759,683	4,759,683	100.00%	4,484,726	274,957	6.13%
Operating Transfer In - Miscellaneous	746,044	746,044	746,044	100.00%	7,968,589	(7,222,545)	-90.64%
<b>Total Other Financing Sources</b>	<b>9,732,002</b>	<b>15,056,859</b>	<b>15,056,859</b>	<b>100.00%</b>	<b>50,626,394</b>	<b>(35,569,535)</b>	<b>-70.26%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	9,278,128	9,278,128	11,777,236	126.94%	9,967,090	1,810,146	18.16%
Rent and Licensing	1,230,000	1,230,000	250,000	20.33%	710,000	(460,000)	-64.79%
<b>Total Stadium Operation</b>	<b>10,508,128</b>	<b>10,508,128</b>	<b>12,027,236</b>	<b>114.46%</b>	<b>10,677,090</b>	<b>1,350,146</b>	<b>12.65%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 281,795,558</b>	<b>\$ 290,430,584</b>	<b>\$ 256,713,305</b>	<b>88.39%</b>	<b>\$ 279,334,718</b>	<b>\$ (22,621,414)</b>	<b>-8.10%</b>

(1) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2023 and mid year budget amendment from reserves.

### General Fund Revenues

**Sales Tax:** The City of Santa Clara sales tax rate is 9.125%, of which the City receives 1.0%. As of May 31, 2024, approximately \$44.9 million has been collected, which is 7.1% lower than prior year collection levels.

General sales tax collections through three quarters of FY 2023/24 were down 7% compared to the prior fiscal year. Receipts were down 6.2% in the third quarter 2023, down 10.6% in the fourth quarter 2023, and down 4.5% in the first quarter 2024 when compared to the same quarters last fiscal year. The declines in the last three quarters follow four quarters of growth experienced in FY 2022/23. Given the strong performance last fiscal year, receipts can decline by 4% in the remaining quarter of FY 2023/24 and still meet the budgeted estimate of \$59.6 million. Internet sales represents a sizeable amount of the City's sales tax revenue. The County pool, which includes internet sales, accounts for approximately 15%-20% of the sales tax the City receives. The allocation from the County pool in the first quarter of 2024 was down 5.3% from the first quarter 2023. The City also receives a small allocation from the Proposition 172 (public safety) sales tax receipts based on the statewide and county distribution factors. These collections totaled \$606,000 through May and are projected to fall below the budgeted estimate of \$924,000.

**Property Tax:** Property tax receipts totaling \$78.5 million were received through May 2024, which is 7.3% higher than prior year collection levels. The majority of property tax revenue is collected in February and April each year. Based on the latest information from the County of Santa Clara, property tax receipts are projected to end the year at \$90.7 million, which is \$3.6 million above the Amended Budget estimate of \$87.1 million.

**Transient Occupancy Tax (TOT):** TOT is calculated as a percentage of City hotel/motel room charges. The City's TOT rate increased from 11.5% to 12.5% effective January 1, 2024. This rate increase was factored into the development of the FY 2023/24 Adopted Budget. Through May 31, 2024, approximately \$17.1 million was received, which is 21.8% above prior year receipts. Collections in the second half of the year are expected to be higher as a result of the rate increase. Growth of 12% from the prior year is needed to meet the budgeted estimate of \$21.3 million.

**Other Taxes:** Includes franchise tax and documentary transfer tax. The City has collected \$5.5 million through May, which is on par with last fiscal year's collection levels. Growth of 6% from the prior year is needed to meet the budgeted estimate of \$6.75 million. Receipts through May reflect franchise tax collections of \$4.6 million and approximately \$0.9 million in documentary transfer tax revenue. The documentary transfer tax is tracking to end the year below budget, which reflects the drop in the number of property sales. In calendar year 2023, the number of single-family residence sales was down approximately 26% from calendar year 2022.

**Licenses & Permits:** Includes business licenses, fire operation permits, and miscellaneous permits and fees. Licenses and permits revenue collections total \$6.1 million, or 75.7% of the \$8.1 million budget. This represents a nearly 135.4% increase compared to prior year collection levels, with growth in the business tax category. Business tax receipts total \$4.4 million through May, which is up from \$3.6

million in the prior year. The updated business tax is being implemented this fiscal year with the new methodology. This transition has necessitated the re-registration of every business that establishes the amount of taxes due. After the first full year of implementation, the City will have a baseline for this tax. Based on collections through May, business tax receipts are tracking to end the year below the budgeted estimate of \$6.0 million.

**Fines & Penalties:** Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category through May was \$2.2 million, which exceeds the budgeted estimate of \$1.2 million. A budget amendment was approved on June 25, 2024, as part of the March and April 2024 Monthly Financial Reports to increase the revenue estimate by \$1.1 million. Collections in this category are tracking above prior year levels due to the resumption of the assessment of late fees that had previously been waived due to COVID-19.

**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 May 31, 2024, \$0.7 million was collected in this category, which is lower than prior year collection levels. Revenues are tracking slightly above the budgeted estimate of \$0.6 million.

**Charges for Services:** Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through May, collections of approximately \$30.1 million are tracking above par at 99.6% of the budget and are expected to exceed the budgeted estimate by year-end. Revenues in this category are consistent with last year's collections through the same period of \$29.9 million. While collections in ambulance transport and engineering fees are higher than prior years, collections in the miscellaneous fees and charges and technology fee categories are lower. Additionally, effective July 1, 2023, the Fire Development Services Fund was established and fire construction permitting fees are now booked in that fund, instead of the General Fund. As part of the March and April Monthly Financial Reports approved on June 25, 2024, a budget action was approved to recognize \$560,801 in ambulance transport revenue and allocate those funds to offset costs in the Fire Department.

**Silicon Valley Power Transfer:** In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues to the General Fund. Through May, \$30.2 million has been transferred. Transfers throughout the year are based on the budgeted estimate and will be trued up at the end of the fiscal year based on actual performance. Based on current year tracking, collections are expected to exceed the budget by year end. As part of the March and April Monthly Financial Reports approved on June 25, 2024, a budget action was approved to increase the revenue estimate by \$1.0 million (from \$32 million to \$33 million).

**Use of Money & Property:** Includes realized investment income and rental income. Through May, \$13.9 million has been collected, compared to \$13.3 million last fiscal year. This increase is primarily due to higher rental income revenues, including right-of-way payments.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through May 31, 2024, collections of \$0.6 million have exceeded

the budgeted estimate of \$0.2 million but are significantly lower than prior year levels. This lower collection level is attributable to the one-time settlement between the City, the Santa Clara Stadium Authority, and the Forty-Niners SC Stadium Company LLC and Forty Niners Stadium Management Company LLC (collectively, the Forty-Niners) recorded last fiscal year.

**Stadium Operation:** Through May 2024, revenues of \$12.0 million have exceeded the revenue estimate of \$10.5 million largely due to the receipt of reimbursements for General and Administrative and public safety overhead costs above estimates. This reflects large reimbursements received in March for public safety costs related to both NFL and non-NFL events. Reimbursements can take between three to six months from the event date due to the timing of third-party invoices and payment from the Stadium Manager, however all reimbursements not received by year end are accrued. The original budget included estimates based on ten NFL games and eight non-NFL Events. Since the San Francisco 49ers made it into the playoffs, a total of 12 NFL games were held. Additionally, a total of ten non-NFL events were held in the current fiscal year. Therefore, a budget amendment was approved on June 25, 2024, as part of the March and April 2024 Monthly Financial Reports, to recognize reimbursements for two additional NFL games and two additional non-NFL events, offset by an increase to the Stadium Operation appropriation. These adjustments are not yet reflected in the tables.



### General Fund Expenditures

As of May 31, 2024, \$252.5 million or 86.9% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through May. Excluding transfers, expenditures totaled \$240.7 million, or 86.4% of the budget, which is below the par level of 91.7% of the budget. Transfers of \$11.8 million have occurred as budgeted.

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

Function	FISCAL YEAR 2023/24				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 05/31/2024	Percentage Used	Actual Through 05/31/2023	\$ Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 15,123,531	\$ 15,990,480	\$ 10,962,858	68.56%	\$ 3,932,223	\$ 7,030,635	178.80%
City Council	1,124,281	1,131,037	1,035,760	91.58%	609,936	425,824	69.81%
City Clerk	1,947,261	2,121,865	1,664,253	78.43%	1,773,324	(109,071)	-6.15%
City Manager	5,410,204	7,709,087	4,067,965	52.77%	4,627,658	(559,693)	-12.09%
City Attorney	3,076,516	3,196,951	2,612,955	81.73%	2,973,565	(360,610)	-12.13%
City Auditor	948,445	1,087,660	724,232	66.59%	661,635	62,597	9.46%
Human Resources	4,300,090	4,464,113	3,137,874	70.29%	3,315,156	(177,282)	-5.35%
Finance	18,192,257	19,102,116	15,380,630	80.52%	15,755,225	(374,595)	-2.38%
<b>Total General Government</b>	<b>50,122,585</b>	<b>54,803,309</b>	<b>39,586,527</b>	<b>72.23%</b>	<b>33,648,722</b>	<b>5,937,805</b>	<b>17.65%</b>
<b>PUBLIC WORKS</b>	<b>24,857,521</b>	<b>26,271,104</b>	<b>22,083,195</b>	<b>84.06%</b>	<b>20,282,529</b>	<b>1,800,666</b>	<b>8.88%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>5,121,256</b>	<b>5,227,061</b>	<b>4,517,254</b>	<b>86.42%</b>	<b>4,186,097</b>	<b>331,157</b>	<b>7.91%</b>
<b>PARKS AND RECREATION</b>	<b>21,933,152</b>	<b>22,711,221</b>	<b>18,958,054</b>	<b>83.47%</b>	<b>18,167,045</b>	<b>791,009</b>	<b>4.35%</b>
<b>PUBLIC SAFETY</b>							
Fire	62,616,032	63,647,842	59,506,157	93.49%	61,408,676	(1,902,519)	-3.10%
Police	85,598,562	85,946,468	77,461,929	90.13%	74,148,942	3,312,987	4.47%
<b>Total Public Safety</b>	<b>148,214,594</b>	<b>149,594,310</b>	<b>136,968,086</b>	<b>91.56%</b>	<b>135,557,618</b>	<b>1,410,468</b>	<b>1.04%</b>
<b>LIBRARY</b>	<b>11,135,937</b>	<b>11,229,696</b>	<b>9,385,496</b>	<b>83.58%</b>	<b>9,449,185</b>	<b>(63,689)</b>	<b>-0.67%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>261,385,045</b>	<b>269,836,701</b>	<b>231,498,612</b>	<b>85.79%</b>	<b>221,291,196</b>	<b>10,207,417</b>	<b>4.61%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	1,198,809	1,353,809	1,353,809	100.00%	64,933	1,288,876	1984.93%
Operating Transfer Out - Debt Services	1,402,440	1,402,440	1,402,440	100.00%	1,402,275	165	0.01%
Operating Transfer Out - Maintenance Dtrct	942,413	942,413	942,413	100.00%	842,700	99,713	11.83%
Operating Transfer Out - Cemetery	796,000	796,000	796,000	100.00%	870,000	(74,000)	-8.51%
Operating Transfer Out - CIP	7,305,499	7,305,499	7,305,499	100.00%	8,886,818	(1,581,319)	-17.79%
Operating Transfer Out - Reserves	-	-	-	N/A	16,058,886	(16,058,886)	-100.00%
<b>Total Other Financing Uses</b>	<b>11,645,161</b>	<b>11,800,161</b>	<b>11,800,161</b>	<b>100.00%</b>	<b>28,125,612</b>	<b>(16,325,451)</b>	<b>-58.04%</b>
<b>STADIUM OPERATION</b>	<b>8,765,352</b>	<b>8,793,722</b>	<b>9,210,285</b>	<b>104.74%</b>	<b>7,740,057</b>	<b>1,470,228</b>	<b>19.00%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 281,795,558</b>	<b>\$ 290,430,584</b>	<b>\$ 252,509,058</b>	<b>86.94%</b>	<b>\$ 257,156,865</b>	<b>\$ (4,647,807)</b>	<b>-1.81%</b>

### 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. Through May 31, 2024, expenditures totaled \$11.0 million, or 67.7% of the budget. These expenditures are well below the par level of 91.7%. This was due in part to unspent funds of \$1.9 million that had been set aside for separation payouts that occur during the year that cannot be absorbed by departments. As part of the budget actions approved with the March and April Monthly Financial Reports on June 25, 2024, these funds were reallocated to an Accrued Liability Reserve. In addition, \$250,000 set aside for City Council initiatives has not yet been spent; these funds were carried over to FY 2024/25 as part of the annual budget process. While non-departmental expenditures are tracking below budget, they are significantly above the prior year level. This is a result of higher property insurance costs that have been directly budgeted under Non-Departmental, as opposed to allocated out amongst the departments citywide.

**City Attorney:** Actual expenditures through May totaled approximately \$2.6 million, which is 81.7% of the budget, which is below par. Spending is 12.1% below the prior fiscal year due to lower outside legal counsel services costs.

**City Clerk:** Through May, actual expenditures were tracking below budget at \$1.7 million or approximately 78.4% of the budget. This expenditure level reflects a 6.2% decrease in spending compared to last fiscal year due to one-time Granicus costs that are paid every other year.

**City Council:** Through May, expenditures of \$1.0 million were at 91.6% of budget, which is at par. This expenditure level is significantly above the prior year due to the reallocation of 1.0 Assistant to the City Manager position from the City Manager's Office as approved as part of the FY 2023/24 and FY 2024/25 Adopted Operating Budget. While expenditures are currently tracking at par, a small budget adjustment of \$10,000 was approved on June 25, 2024, as part of the March and April 2024 Monthly Financial Report, to increase the City Council budget to ensure that the expenditures remain within the budgeted level. This adjustment addressed slightly higher than anticipated personnel costs and additional conference costs expected by year-end.

**City Manager:** Expenditures through May totaled \$4.1 million, or 52.8% of the budget, which is below par for this time of the year. Expenditures are approximately 12.1% lower compared with the spending level through the same period last fiscal year. This is a result of vacancy savings within the department and the reallocation of 1.0 Assistant to the City Manager position to the City Council as mentioned above and lower spend in the maintenance category, partially offset with higher spend in miscellaneous supplies and services. Funding of \$1.5 million for Commerce Plaza maintenance and repair costs has also been carried over to FY 2024/25 as part of the annual budget process.

**Community Development Department:** This department consists of three divisions: Planning, Building, and Housing and Community Services. The Building Division of this department is reflected in the Building Development Services Fund, which falls under the special revenue section of this report.

Through May, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$4.5 million, or 86.4% of the budget, which is below par. This expenditure level is 7.9% above the prior year is a result of higher salaries and benefits costs, separation payouts, and higher operating supplies spending in the current year.

**Finance Department:** Through May, the Department's expenditures totaled \$15.4 million, or 80.5% of the budget, which is below par. This expenditure level is slightly below the prior year level.

**Fire Department:** Through May, actual expenditures totaled \$59.5 million, or 93.5% of the budget, which is above par. These expenditures reflect a 3.1% decrease from expenditures through the same period last fiscal year. This is primarily because, as approved as part of the FY 2023/24 and FY 2024/25 Adopted Operating Budget, approximately 9.0 FTE were reallocated to the newly established Fire Development Services Fee Fund. These charges are reflected under the special revenue section of this report.

Expenditures are tracking over budget primarily due to higher overtime that exceeded the budget through May as well as compensatory time payout expenditures. Overtime is used to backfill for shift absences and vacant shift positions to maintain daily minimum staffing. When the budget was developed, it was assumed that overtime costs would be higher in the first half of the year while firefighters in the recruit academy were in training. These newly trained firefighters began providing relief staffing effective December 8, 2023. With these relief positions, overtime costs are expected to be lower in the second half of the fiscal year. However, it is anticipated that overtime expenditures will exceed the budget as the current absence rate exceeds the estimate used in the development of the budget.

When compared to the prior fiscal year, absences are up 28% through May (from 60,936 to 77,906 hours). This reflects increases in workers' compensation/injury leave, modified duty, Family Medical Leave Act leave, sick leave, and compensatory time used. It is important to note that employees can elect for compensatory time over overtime pay when backfilling shift absences, which increases the need to backfill when the compensatory time is used. Through May, the compensatory time payouts are also up 13% from the prior year and significantly above historical levels.

Expenditures are currently tracking to end the year approximately \$1.5 million to \$1.75 million above budget. On June 25, 2024, budget amendments totaling \$1.75 million were approved as part of the March and April 2024 Monthly Financial Report, to address the projected year-end overage.

**Library Department:** Through May, actual expenditures totaled \$9.4 million, or 83.6% of the budget, which is below par, but consistent with expenditure levels last fiscal year. The Library continues to hire staff and fill vacancies to restore library hours, with higher spend in the as-needed and contractual services categories.

**Parks and Recreation Department:** Through May, actual expenditures totaled \$19.0 million, or 83.5% of the budget, which is below par but higher than prior year actuals of \$18.2 million. This is primarily

due to higher spend in the salaries and benefits, contractual services, advertising and maintenance categories.

**Police Department:** Expenditures through May are tracking slightly below par at \$77.5 million, or 90.1% of the budget. This expenditure level is 4.5% above the prior year, primarily due to higher personnel costs, contractual services, and operating supplies costs.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis. Stadium expenditures totaled \$8.4 million through May 31, 2024, which is higher than prior year levels. This is primarily due to higher personnel spend, particularly in overtime. The original budget included estimates based on ten NFL games and eight non-NFL Events. Since the San Francisco 49ers made it into the playoffs, a total of 12 NFL games were held in the current fiscal year. Additionally, a total of ten non-NFL events were held in the current Fiscal Year. Therefore, a budget amendment was approved on June 25, 2024, as part of the March and April 2024 Monthly Financial Report, to recognize reimbursements for two additional NFL games and two additional non-NFL events, offset by an increase to the Stadium Operation appropriation. These adjustments are not yet reflected in the tables.

### Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of May 31, 2024. The amended budget reflects carryover encumbrances from fiscal year 2022/23 and budget amendments approved by the City Council through May 2024. Effective July 1, 2023, development related services in the Fire Department have been reallocated from the General Fund to the newly established Fire Development Services Fund, reflected below.

Revenues and expenditures totaled approximately \$21.1 million through the end of May. Overall, both revenues and expenditures are tracking below the par level of 91.7%. The Building Development Services Fee Fund revenues are tracking above budget but are below the prior year due to lower activity levels in the permitting categories. Building Division expenditures, however, are tracking higher when compared to last year due to the filling of vacancies in the Building Division. In the Housing Successor Fund, the expenditures are significantly lower compared to last fiscal year due to a one-time special disbursement for a housing loan that occurred in July 2022. The drop in revenue and expenditures in the City Affordable Housing Fund are due to a one-time developer loan being disbursed in full.

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

Fund Description	REVENUES - FISCAL YEAR 2023/24				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2024	Percentage Received	Actual Through 5/31/2023	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 252,495	\$ 252,495	\$ 397,739	157.52%	\$ 397,268	\$ 471	0.12%
City Affordable Housing Fund	1,166,720	1,166,720	577,137	49.47%	6,993,499	(6,416,362)	-91.75%
Housing Successor Fund	1,306,326	1,306,326	402,909	30.84%	950,252	(547,343)	-57.60%
Housing and Urban Development	3,106,041	5,712,147	1,002,060	17.54%	1,049,963	(47,903)	-4.56%
Building Development Services Fee Fund	15,611,000	15,611,000	15,202,594	97.38%	17,580,299	(2,377,705)	-13.52%
Fire Development Services Fee Fund	2,935,000	3,073,827	3,473,176	112.99%	-	3,473,176	N/A
<b>TOTAL</b>	<b>\$24,377,582</b>	<b>\$ 27,122,515</b>	<b>\$ 21,055,615</b>	<b>77.63%</b>	<b>\$ 26,971,281</b>	<b>\$ (5,915,666)</b>	<b>-21.93%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2023/24				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2024	Percentage Used	Actual through 5/31/2023	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 457,193	\$ 518,659	\$ 154,099	29.71%	\$ 183,211	\$ (29,112)	-15.89%
City Affordable Housing Fund	6,683,926	15,379,987	3,236,938	21.05%	6,784,743	(3,547,805)	-52.29%
Housing Successor Fund	873,227	1,216,887	687,094	56.46%	5,520,836	(4,833,742)	-87.55%
Housing and Urban Development	3,993,723	6,673,020	1,099,313	16.47%	1,720,536	(621,223)	-36.11%
Building Development Services Fee Fund	13,689,592	17,218,230	13,087,043	76.01%	12,568,883	518,160	4.12%
Fire Development Services Fee Fund	3,109,073	3,247,900	2,859,390	88.04%	-	2,859,390	N/A
<b>TOTAL</b>	<b>\$28,806,734</b>	<b>\$ 44,254,683</b>	<b>\$ 21,123,877</b>	<b>47.73%</b>	<b>\$ 26,778,209</b>	<b>\$ (5,654,332)</b>	<b>-21.12%</b>

**Governmental Capital Improvement Funds**

The table below lists the revenue for selected capital improvement funds. The amended budget reflects current year appropriations, prior year carryover, and budget amendments approved through May 2024. As of May 31, 2024, the capital fund revenue totaled \$18.2 million. In the Parks and Recreation Capital Fund, \$3.7 million has been collected, which includes approximately \$2.2 million in Mitigation Fee Act revenue.

**CITY OF SANTA CLARA  
GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS  
REVENUE - OVERVIEW AND COMPARISON BY SELECTED FUND**

REVENUES - FISCAL YEAR 2023/24					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2024	Percentage Received
Parks & Recreation	\$ -	\$ 4,189,995	\$ 4,189,995	\$ 3,654,618	87.22%
Streets & Highways	16,684,432	17,422,990	34,107,422	11,024,179	32.32%
Storm Drain	4,786,902	-	4,786,902	1,338,910	27.97%
Related Santa Clara Developer	977,582	1,707,737	2,685,319	2,137,720	79.61%
Patrick Henry Drive Infrastructure Improvement Fund	140,486	-	140,486	-	0.00%
Tasman East Specific Infrastructure Improvement Fund	-	-	-	2,365	N/A
<b>TOTAL</b>	<b>\$ 22,589,402</b>	<b>\$ 23,320,722</b>	<b>\$ 45,910,124</b>	<b>\$ 18,157,792</b>	<b>39.55%</b>

The table below lists the total amended budgeted amounts for expenditures in the Capital Improvement Funds. Similar to the revenue table, the amended expenditure budgets consist of current year appropriations, prior year carryover encumbrance balances in Governmental Capital Improvement Funds, and budget amendments approved through May 2024. As of May 31, 2024, capital fund expenditures totaled \$37.5 million, or 22.0% of the amended budget, well below par of 91.7%.

As part of the adoption of the FY 2023/24 and FY 2024/25 biennial operating budget, some capital funds were carried over for projects that were not anticipated to be completed by June 30, 2023. Necessary additional adjustments to the capital carryover amounts were included as part of the Budgetary Year-End Report for FY 2022/23 approved by the City Council approval on December 12, 2023. These adjustments are reflected in the tables referenced.

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

EXPENDITURES - FISCAL YEAR 2023/24						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2024	Percentage Used	
Parks & Recreation	\$ 16,074,144	\$ 24,181,336	\$ 40,255,480	\$ 12,199,507	30.31%	
Streets & Highways	51,461,672	43,717,468	95,179,140	20,000,472	21.01%	
Storm Drain	5,816,244	3,134,592	8,950,836	1,256,345	14.04%	
Fire	1,451,428	482,826	1,934,254	514,386	26.59%	
Library	49,658	251,447	301,105	36,175	12.01%	
Public Buildings	5,803,976	3,047,706	8,851,682	1,420,378	16.05%	
General Gov't - Other	5,553,295	6,651,782	12,205,077	1,560,293	12.78%	
City Affordable Housing Capital Fund	-	1,600,000	-	-	NA	
Related Santa Clara Developer	1,500,691	-	1,500,691	530,757	35.37%	
Patrick Henry Drive Infrastructure Improvement Fund	71,281	-	71,281	4,266	5.98%	
Tasman East Specific Infrastructure Improvement Fund	27,330	1,423,145	1,450,475	22,249	1.53%	
<b>TOTAL</b>	<b>\$ 87,809,719</b>	<b>\$ 84,490,302</b>	<b>\$ 170,700,021</b>	<b>\$ 37,544,828</b>	<b>21.99%</b>	



**Enterprise Funds**

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of May 31, 2024. Overall, revenues and expenditures are tracking below budgeted levels.

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

Fund Description	REVENUES - FISCAL YEAR 2023/24				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2024	Percentage Received	Actual Through 5/31/2023	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 1,008,222,211	\$1,008,222,211	\$ 636,031,646	63.08%	\$ 559,557,084	\$ 76,474,562	13.67%
Water Utility Fund	60,726,490	60,726,490	48,805,109	80.37%	42,856,980	5,948,129	13.88%
Sewer Utility Fund	73,500,825	78,500,825	78,280,275	99.72%	40,678,022	37,602,253	92.44%
Cemetery Fund	750,000	750,000	510,765	68.10%	611,942	(101,177)	-16.53%
Solid Waste Utility Fund	39,577,957	39,929,059	33,671,304	84.33%	31,386,355	2,284,949	7.28%
Water Recycling Fund	7,668,868	7,668,868	6,157,039	80.29%	5,197,415	959,624	18.46%
<b>TOTAL REVENUE</b>	<b>\$ 1,190,446,351</b>	<b>\$1,195,797,453</b>	<b>\$ 803,456,138</b>	<b>67.19%</b>	<b>\$ 680,287,798</b>	<b>\$ 123,168,340</b>	<b>18.11%</b>

Fund Description	EXPENSES - FISCAL YEAR 2023/24				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2024	Percentage Used	Actual through 5/31/2023	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 681,590,706	\$ 687,098,041	\$ 495,076,747	72.05%	\$ 528,149,158	\$ (33,072,411)	-6.26%
Water Utility Fund	54,015,131	56,447,989	47,874,464	84.81%	40,533,838	7,340,626	18.11%
Sewer Utility Fund	53,980,961	55,447,527	53,673,944	96.80%	29,802,459	23,871,485	80.10%
Cemetery Fund	1,534,349	1,534,349	875,427	57.06%	1,371,277	(495,850)	-36.16%
Solid Waste Utility Fund	38,782,622	42,490,732	30,570,154	71.95%	28,962,392	1,607,762	5.55%
Water Recycling Fund	8,234,584	8,234,584	5,842,560	70.95%	6,387,757	(545,197)	-8.54%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 838,138,353</b>	<b>\$ 851,253,222</b>	<b>\$ 633,913,296</b>	<b>74.47%</b>	<b>\$ 635,206,881</b>	<b>\$ (1,293,585)</b>	<b>-0.20%</b>

Overall, revenues are tracking above the prior year while expenditures are tracking slightly below the prior year. 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.

In the Electric Utility Fund, revenues from customer service charges, interest, greenhouse gases, renewable energy, and wholesale power collections are tracking above the prior year. On the expenditure side, maintenance and generation and pumping expenses are lower than prior year levels. The garbage collection expenditures in the Solid Waste Fund are higher than prior year levels. In the Sewer Utility Fund, costs related to the operations and maintenance of the Regional Wastewater Facility, co-owned with the City of San Jose, and debt retirement costs are tracking higher than prior year levels, while the high revenue collection is due to the bond proceeds collected in the debt service fund. Revenue and expenditures are tracking higher than prior year levels in the Water Utility Fund due to activity levels.

A summary of revenue and expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actual revenue through May 31, 2024 totaled \$34.7 million, consisting primarily of developer contributions in the Electric Utility Fund and sewer fees in the Sewer Utility Fund. Enterprise capital fund expenses totaled \$82.8 million, or 13.5% of the amended budget. Similar to the general government capital funds, capital funds were carried over from FY 2022/23 as part of the FY 2023/24 and FY 2024/25 budget adoption process for those projects that were not expected to be completed by June 30, 2023. Additional necessary adjustments to the capital carryover amounts based on actual year-end expenditures were brought forward as part of the budgetary year-end report for FY 2022/23 approved by the City Council on December 12, 2023. These adjustments are reflected in the tables below.

**CITY OF SANTA CLARA  
ENTERPRISE CAPITAL IMPROVEMENT FUNDS  
REVENUE - OVERVIEW AND COMPARISON BY SELECTED FUND**

REVENUES - FISCAL YEAR 2023/24					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2024	Percentage Received
Electric Utility Fund	\$ 40,400,092	\$ 10,071,673	\$ 50,471,765	\$ 33,265,515	65.91%
Street Lighting <sup>(1)</sup>	-	-	-	441	N/A
Water Utility Fund	-	-	-	55,605	N/A
Sewer Utility Fund	-	-	-	1,405,346	N/A
Solid Waste Utility Fund	258,000	430,000	688,000	11,466	1.67%
Convention Center Capital Fund	6,032	-	6,032	6,032	100.00%
<b>TOTAL - Revenue</b>	<b>\$ 40,664,124</b>	<b>\$ 10,501,673</b>	<b>\$ 51,165,797</b>	<b>\$ 34,744,405</b>	<b>67.91%</b>

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

EXPENSES - FISCAL YEAR 2023/24					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2024	Percentage Used
Electric Utility Fund	\$ 411,133,333	\$ 135,149,829	\$ 546,283,162	\$ 57,343,661	10.50%
Street Lighting <sup>(1)</sup>	139,007	3,527,530	3,666,537	126,490	3.45%
Water Utility Fund	9,671,923	2,839,914	12,511,837	3,877,525	30.99%
Sewer Utility Fund	22,879,160	24,967,761	47,846,921	19,517,350	40.79%
Cemetery Fund	23,835	228,809	252,644	6,000	2.37%
Solid Waste Utility Fund	1,389,757	15,085	1,404,842	1,170,542	83.32%
Water Recycling Fund	50,000	-	50,000	28,200	56.40%
Convention Center Capital Fund	421,032	2,141,755	2,562,787	724,958	28.29%
<b>TOTAL - CIP Appropriations</b>	<b>\$ 445,708,047</b>	<b>\$ 168,870,683</b>	<b>\$ 614,578,730</b>	<b>\$ 82,794,726</b>	<b>13.47%</b>

(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 2023/24, the City Council approved an exception to the policy to allow the Reserve to a minimum of 15% of expenditures.
- 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 Rate Stabilization Reserve and Operations and Maintenance Reserve assures sufficient operating cash is available to cover day-to-day expenses, address unforeseen cost increases or revenue shortfalls, and 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  
May 31, 2024**

<b>DETAIL OF SELECTED FUND RESERVE BALANCES:</b>			
	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>
Budget Stabilization Reserve	\$ 54,299,298		
Capital Projects Reserve	23,860,843		
Reserve for Programmed Capital Projects	986,657		
Land Sale Reserve	18,481,037		
Technology Fee Reserve	2,581,146		
Electric Rate Stabilization Fund Reserve		\$ 56,776,613	
Electric Operations and Maintenance Reserve		150,765,556	
Replacement & Improvement			\$ 303,090
<b>TOTALS</b>	<b>\$ 100,208,981</b>	<b>\$ 207,542,169</b>	<b>\$ 303,090</b>

**Donations to the City of Santa Clara**

Donations totaling \$12,632 were received in May 2024. The total donations of \$134,198 for fiscal year 2023/24 are shown in the table below.

<b>Department</b>	<b>May-24</b>	<b>Fiscal Year 2023/24 Year To Date</b>	<b>Designated Use</b>
City Manager's Office	-	301	Help Your Neighbor
Parks & Recreation	12,000	18,420	Case Management
Parks & Recreation	-	50	Community Garden
Parks & Recreation	632	632	Reed at Grant Park
Parks & Recreation	-	4,945	Roberta Jones Jr. Theatre
Parks & Recreation	-	4,350	Senior Nutrition Donation
Parks & Recreation	-	30,500	Wade Brummal
Police	-	75,000	TEAM 200
<b>TOTALS</b>	<b>\$ 12,632</b>	<b>\$ 134,198</b>	