



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

May 2021

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

General Fund

The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the residents and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2020/21 was \$286.9 million. The amended budget for revenues and expenditures was amended to \$287.5 million to reflect carryover appropriations from fiscal year 2019/20 and various budget amendments approved by the City Council through May 2021, including the COVID-19 Phase 1 budget rebalancing actions.

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. The actual impact on City revenues has been more severe than anticipated. In response to this impact, the City Council approved budget actions on March 9, 2021 that reduced the FY 2020/21 revenue estimates by \$17.3 million, addressing the majority of the lower anticipated collections. Additional revenue adjustments were approved in the April Monthly Financial Report, offset by expenditure savings.

Through May, 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 and a portion of these savings were used to offset lower revenue collections.

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 was 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 decreased slightly from 6.1% in April 2021 to 5.8% in May 2021. This rate was well below the record setting high of 14.7% in April 2020. In May, the number of unemployed persons fell to 9.3 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, May 2019 – May 2021

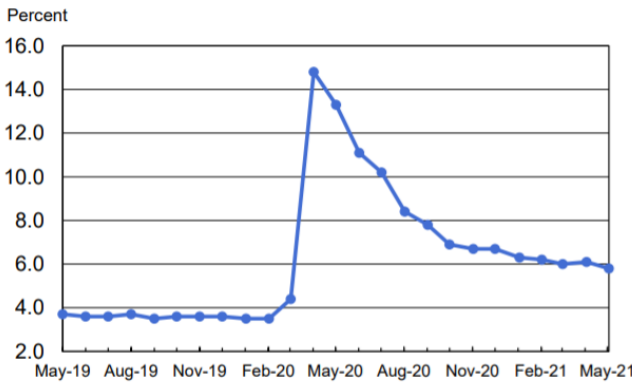
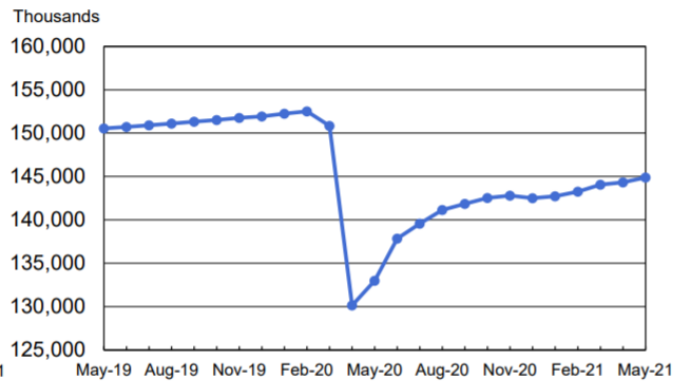
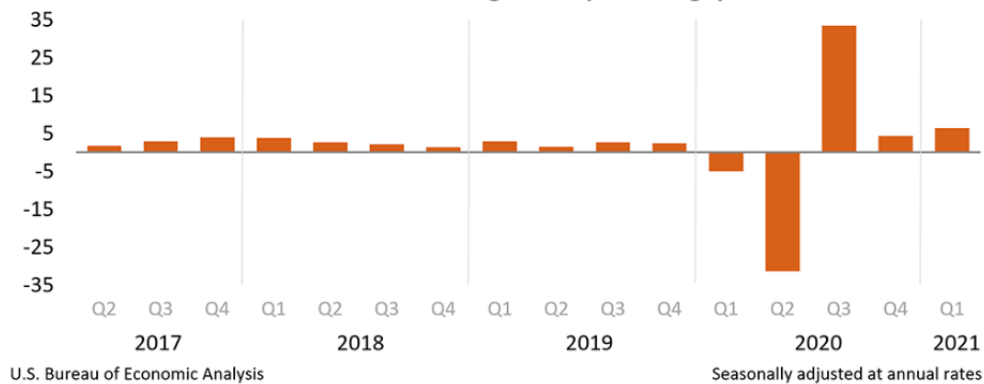


Chart 2. Nonfarm payroll employment, seasonally adjusted, May 2019 – May 2021



In the first quarter 2021, the Gross Domestic Product (GDP) increased by 6.4%, following a GDP increase of 4.3% in the fourth quarter 2020. The estimated increase in the first quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. In the first quarter reflects additional assistance from the government, including extended unemployment benefits and economic impact payments. It is important to note that the real GDP for the first quarter 2021 remains 0.9% below the level experienced in the fourth quarter of 2019.²

Real GDP: Percent change from preceding quarter



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 7.9% by May 2021. This is slightly lower compared to the 8.0% rate in April 2021. With the decrease in the

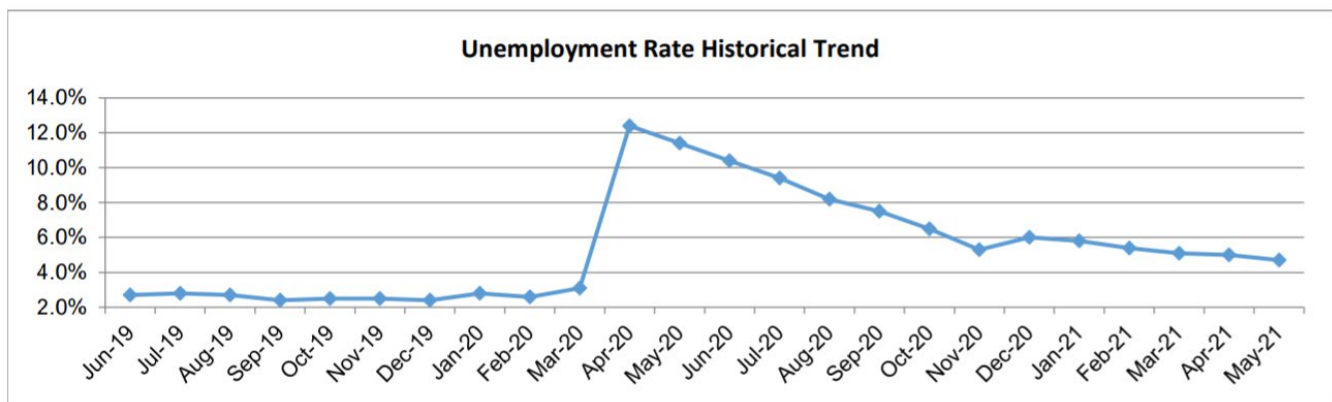
¹ <https://www.bls.gov/news.release/pdf/empsit.pdf>

² https://www.bea.gov/sites/default/files/2021-06/tech1q21_3rd_0.pdf

unemployment rate between February and May, California has now regained nearly 51.8% 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 4.7% in May 2021, down from a revised 5.0% in April 2021 but higher than the April 2020 level of 3.1%. Between May 2020 and May 2021, employment in this region increase by 55,700 jobs, or 5.4%.⁴ The largest increases were in leisure and hospitality (up 15,000 jobs), trade, transportation and utilities (up 12,200 jobs), and private educational and health services (up 8,300 jobs).

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.⁵ The June 2021 UCLA Forecast remains optimistic but acknowledges the historic reality that economic recoveries are never smooth. A robust recovery is still expected for the United States and California, with moderately higher inflation in the short term, housing and services driving the recovery, and employment levels recovering to previous peaks over the coming year. Some sectors, however, are not expected to recover until much later. As discussed in the California Forecast, the leisure and hospitality sector will recover last due to the depth of its declines.⁶ 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

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

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

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

⁶ <https://www.prnewswire.com/news-releases/ucla-anderson-forecast-pent-up-demand-for-leisure-and-hospitality-recreation-health-care-will-fuel-recovery-301303560.html>

adjustments of \$17.3 million were approved on March 9, 2021, and further adjustments were approved in the April Monthly Financial Report, offset by expenditure savings.

The City currently has \$57.5 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. The FY 2020/21 Annual Report will provide the final reconciliation of the fiscal year and will include any necessary use of reserves if General Fund expenditure savings are not sufficient to offset lower revenue collections. There are other General Fund Reserves that amount to \$29.8 million, but these reserves are designated for specific purposes. These reserves can be used by an act of Council.

General Fund Revenues

As of May 31, 2021, \$186.2 million or 79% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$51.6 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 05/31/2021	Percentage Received	Actual Through 05/31/2020	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 55,600,000	\$ 55,600,000	\$ 41,180,474	74.07%	\$ 43,124,235	\$ (1,943,761)	-4.51%
Property Tax	66,982,000	66,982,000	57,163,408	85.34%	54,446,250	2,717,158	4.99%
Transient Occupancy Tax	17,625,000	3,625,000	2,221,617	61.29%	15,283,812	(13,062,195)	-85.46%
Other Taxes	5,938,000	5,938,000	4,676,548	78.76%	4,914,439	(237,891)	-4.84%
Total Taxes	146,145,000	132,145,000	105,242,047	79.64%	117,768,736	(12,526,689)	-10.64%
LICENSES & PERMITS							
Business Licenses	934,000	934,000	756,762	81.02%	785,647	(28,885)	-3.68%
Fire Operation Permits	2,375,000	2,375,000	1,680,643	70.76%	1,840,881	(160,238)	-8.70%
Building Permits	5,700,000	5,700,000	5,795,642	101.68%	4,450,949	1,344,693	30.21%
Electric Permits	475,000	475,000	1,071,937	225.67%	543,008	528,929	97.41%
Plumbing Permits	428,000	428,000	744,669	173.99%	497,206	247,463	49.77%
Mechanical Permits	380,000	380,000	846,597	222.79%	440,397	406,200	92.23%
Miscellaneous Permits	92,000	92,000	56,271	61.16%	58,435	(2,164)	-3.70%
Total Licenses & Permits	10,384,000	10,384,000	10,952,521	105.47%	8,616,523	2,335,998	27.11%
FINES & PENALTIES	1,570,000	1,320,000	328,566	24.89%	1,124,951	(796,385)	-70.79%
INTERGOVERNMENTAL	226,000	1,373,826	2,168,960	157.88%	5,900,502	(3,731,542)	-63.24%
CHARGES FOR SERVICES	37,174,855	35,327,855	28,834,681	81.62%	31,484,340	(2,649,659)	-8.42%
CONTRIBUTION IN LIEU	23,699,830	23,699,830	22,314,861	94.16%	22,305,502	9,359	0.04%
USE OF MONEY & PROPERTY							
Interest	5,246,000	4,434,172	1,611,314	36.34%	3,161,430	(1,550,116)	-49.03%
Rent	9,407,909	9,407,909	8,249,169	87.68%	7,880,072	369,097	4.68%
Total Use of Money & Property	14,653,909	13,842,081	9,860,483	71.24%	11,041,502	(1,181,019)	-10.70%
MISCELLANEOUS REVENUES	350,000	4,337,922	4,296,128	99.04%	2,000,782	2,295,346	114.72%
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%	14,154,274	25,314,059	178.84%
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	6,403,073	6,403,073	100.00%	1,736,115	4,666,958	268.82%
Total Other Financing Sources	42,939,502	51,605,098	51,605,098	100.00%	22,627,204	28,977,894	128.07%
STADIUM OPERATION							
Charges for Services	9,102,263	8,773,263	2,155,626	24.57%	7,767,941	(5,612,315)	-72.25%
Rent and Licensing	647,500	647,500	-	0.00%	639,410	(639,410)	-100.00%
Total Stadium Operation	9,749,763	9,420,763	2,155,626	22.88%	8,407,351	(6,251,725)	-74.36%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 287,506,375	\$ 237,758,971	82.70%	\$ 231,441,999	\$ 6,316,972	2.73%

(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 14.5% 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 in certain areas as a result of the COVID-19 impacts as discussed below. On March 9, 2021, budget actions were approved to reduce revenues by \$17.3 million, addressing the majority of the lower collections this year. Additional adjustments were approved as part of the April Monthly Financial Report, offset by expenditure reductions.

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 May 31, 2021, \$41.2 million has been collected. This reflects lower collections than through the same period last fiscal year by \$1.9 million (down about 4.5%). After 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, followed by growth of 1.2% in the first quarter 2021. However, the growth in the first quarter 2021 when compared to the first quarter 2020 was due primarily to the timing of payments. Collections in the first quarter of the prior year were understated because businesses were given an option to delay payment in that quarter due to COVID. The local economic activity in the first quarter 2021 was actually down 14.8%, with declines in all sectors except Transportation. The quarterly activity by sector was as follows: Food Products (down 30.5%), General Retail (down 6.4%), Construction (down 13.0%), Transportation (up 14.0%), and Business to Business (down 21.5%). Based on actual collections in the first three quarters and some assumed improvement in the fourth quarter with the continued lessening 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 - \$2 million.

Property Tax: Property tax receipts totaled \$57.2 million through May, which is 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 \$67.4 million, which is 0.6% above 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. The estimated property Tax receipts would have been higher 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 May, \$2.2 million has been received in this category, which is down 85% from the \$15.3 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. Collections are expected to end the year below the revised estimate.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected just under \$4.7 million through May, which is approximately 78.8% of the budgeted estimate of \$5.9 million. Overall, receipts are tracking below the prior year collection level of \$4.9 million. Both documentary transfer tax and franchise tax collections are lower than through the same period last fiscal year. It is anticipated that this category will end the year lower than the budgeted estimate.

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 \$10.9 million, or 105% 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 transferred to the new Building Development Services Fund as part of the FY 2020/21 Budgetary Year-End actions. While building development revenues are exceeding the budgeted estimates, the other revenues in this category are tracking to end the year approximately \$1.0 million below budget, including business licenses, parking permits and fire permits.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category through May of approximately \$0.3 million is lower than the prior year actual collection level of \$1.1 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. Based on the lower collection level, this revenue estimate was reduced to \$1.3 million on March 9, 2021. A further downward adjustment of \$750,000 was approved by Council on June 22, 2021 as part of the April Monthly Financial Report, bringing the budget to \$0.6 million.

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, 2021, approximately \$2.1 million has been collected, which exceeds the budgeted estimate of \$1.3 million. The collections through May reflect a portion of mutual aid reimbursement received for the Fire Department. This collection level is well below the prior fiscal year level of \$5.9 million due to a one-time settlement payment of \$5.0 million received last year. The Fire mutual aid reimbursements, along with additional reimbursements expected to be received this year, were allocated to the Fire Department to cover the associated costs in that department as part of both the March and the April Monthly Financial Reports approved by Council. However, the April actions, approved on June 22, 2021, are not yet reflected in this report.

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 31, 2021, collections totaled approximately \$28.8 million or 81.6% of the budget. This reflects an 8.4% decrease compared to last year's collections through the same period of \$31.5 million, particularly in the plan check and sign fees, planning and zoning 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. Collections, however, are still tracking below this revised estimate of \$35.3 million.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues for services rendered. Through May, \$22.3 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 \$9.9 million, or 71.2% of the budget. The collections through May are below the prior year collections of \$11.0 million, primarily as a result of lower interest earnings due to lower interest yields and prior year accruals. Receipts are tracking to end the year below budget and a downward adjustment of \$800,000 was approved as part of the April Monthly Financial Report on June 22, 2021.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through May, collections of \$4.3 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 \$2.2 million through May 31, 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. While revenues are significantly below budget, the associated expenditures are also well below budget. Budget actions were approved by the City Council on June 22, 2021 as part of the April Monthly Financial Status Report to reduce both the budgeted revenue estimate and the expenditure budget by \$4.0 million.

General Fund Expenditures

As of May 31, 2021, \$240 million or 83.4% of the General Fund operating budget was expended. Overall, expenditures are tracking below the par level of 91.7% through May. This reflects savings in the departmental and stadium authority categories, while the transfer category is fully expended. Departmental expenditures totaled \$207.7 million, or 81.4% of the budget, which includes Stadium expenditures of \$1.4 million. 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, expenditures are expected to end the year below budget and help offset the lower revenues. Downward adjustments of \$17.3 million were approved on March 9, 2021 as part of the rebalancing actions. Additional downward adjustments were approved as part of the April Monthly Financial Report to offset the lower revenues as well as COVID-19 related costs in the Other City Departments Operating Grant Trust Fund.

**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 05/31/2021	Percentage Used	Actual Through 05/31/2020	Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 7,849,688	\$ 10,885,796	\$ 2,811,812	25.83%	\$ 3,468,043	\$ (656,231)	-18.92%
City Council	834,241	842,476	662,423	78.63%	810,841	(148,418)	-18.30%
City Clerk	2,070,555	1,887,004	1,538,082	81.51%	1,046,427	491,655	46.98%
City Manager	6,125,034	5,671,841	4,452,498	78.50%	5,554,219	(1,101,721)	-19.84%
City Attorney	2,716,125	2,557,066	2,095,519	81.95%	1,951,204	144,315	7.40%
Human Resources	4,477,933	4,482,492	2,839,498	63.35%	3,618,315	(778,817)	-21.52%
Finance	17,456,419	17,317,854	14,252,950	82.30%	13,098,191	1,154,759	8.82%
Total General Government	41,529,995	43,644,529	28,652,782	65.65%	29,547,240	(894,458)	-3.03%
PUBLIC WORKS	24,287,567	24,097,107	20,507,368	85.10%	21,314,973	(807,605)	-3.79%
COMMUNITY DEVELOPMENT	17,233,763	18,055,588	12,479,594	69.12%	12,422,009	57,585	0.46%
PARKS AND RECREATION	22,987,124	18,238,524	15,394,483	84.41%	18,522,102	(3,127,619)	-16.89%
PUBLIC SAFETY							
Fire	58,731,539	58,229,686	53,704,862	92.23%	50,553,338	3,151,524	6.23%
Police	78,033,073	74,498,979	67,975,690	91.24%	67,651,948	323,742	0.48%
Total Public Safety	136,764,612	132,728,665	121,680,552	91.68%	118,205,286	3,475,266	2.94%
LIBRARY	11,905,848	11,268,412	7,613,292	67.56%	9,269,901	(1,656,609)	-17.87%
DEPARTMENTAL TOTAL	254,708,909	248,032,825	206,328,071	83.19%	209,281,511	(2,953,440)	-1.41%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	10,445	1,014,286	1,014,286	100.00%	748,445	265,841	35.52%
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	7,270,948	7,270,948	100.00%	879,200	6,391,748	727.00%
Total Other Financing Uses	24,876,813	32,162,939	32,162,939	100.00%	16,602,613	15,560,326	93.72%
STADIUM OPERATION	7,307,137	7,310,611	1,399,815	19.15%	6,302,937	(4,903,122)	-77.79%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 287,506,375	\$ 239,890,825	83.44%	\$ 232,187,061	\$ 7,703,764	3.32%

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 May, expenditures totaled \$2.8 million, or 25.8% 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 \$1.8 million for separation payouts that was reallocated to help offset COVID-19 related costs and lower revenues as part of the April Monthly Financial Report. In addition, this category includes \$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 through May but may be processed by year-end.

City Council: Through May, expenditures totaled \$0.6 million, or 78.6% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 18% 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 May were at 78.5% of the budget, which is below par for this time of the year. Expenditures are approximately 19.8% lower compared with the spending level through the same period last fiscal year. With expenditures tracking to end the year below budget, savings of \$400,000 were reallocated to help offset COVID-19 related costs and lower revenues as part of the April Monthly Financial Report.

City Attorney: Actual expenditures through May totaled \$2.1 million, which is 89.5% of the budget, which is below par. Spending is above the total expenditures through the same time last fiscal year by 7.4% due to one additional position approved by the City Council for FY 2020/21.

City Clerk: Through May, actual expenditures were tracking below budget at \$1.5 million or approximately 81.5% of the budget. This reflects an increase of 47% 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 Department: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through May, departmental expenditures of \$12.5 million were at 69% of the budget, which is below par. This reflects slightly lower personnel costs as well as lower actual non-personnel costs. With expenditures tracking to end the year below budget, savings of \$250,000 were reallocated to help offset COVID-19 related costs and lower revenues as part of the April Monthly Financial Report. This does not include the Building development-related savings that will be reallocated to the Building Development Services Fund as part of the FY 2020/21 Annual Report process.

Finance Department: Through May, the Department's expenditures totaled \$14.3 million, or 82.3% of the budget, which is below par. This expenditure level was approximately 8.8% 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. With expenditures tracking to end the year below budget, savings of \$500,000 were reallocated to help offset COVID-19 related costs and lower revenues as part of the April Monthly Financial Report.

Fire Department: Through May, actual expenditures in the General Fund totaled \$53.7 million, or 92.2% of the budget, which is slightly above par (91.7%). These expenditures reflect a 6.2% 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 \$0.8 million to this fund. Combined with the \$53.7 million charged in the General Fund, total Fire Department expenditures through May totaled \$54.5 million, or 93.7% 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 91.4% of the budget. While overall expenditures are tracking at budget, overtime spending was 243% expended through May. Taking the mutual aid into account, overtime spending is still tracking well above budget at 188%. 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. On June 8, 2021, budget actions were approved as part of the March Monthly Financial Report to recognize mutual aid revenue received to date and allocate these funds to the Fire Department to offset the associated costs. Additional adjustments were approved in the April Monthly Financial Report to recognize and appropriate reimbursement revenue. These adjustments are necessary for the Fire Department to remain within its overall appropriation.

Library Department: Through May, actual expenditures totaled \$7.6 million, or 67.5% of the budget, which is well below par and the prior year actuals of \$9.3 million. COVID-19 restrictions have significantly impacted Library operations this year, resulting in lower expenditures. The April Monthly Financial Report included a budget amendment to reallocate expected year-end savings of \$950,000 to help offset COVID-19 related costs and lower revenues, which was approved on June 22, 2021.

Parks and Recreation Department: Through May, actual expenditures totaled \$15.4 million, or 84.4% of the budget, which is below par and the prior year actuals of \$18.5 million. COVID-19 restrictions have significantly impacted parks and recreation operations this year, resulting in lower expenditures. The April Monthly Financial Report included a budget amendment to reallocate expected year-end savings of \$400,000 to help offset COVID-19 related costs and lower revenues, which was approved on June 22, 2021.

Police Department: Expenditures through May are tracking at expected levels at \$68 million, or 91.2% 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 April, 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 \$68.2 million or 91.6% of budget, which is on 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 \$1.4 million through May 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. A downward adjustment of \$4.0 million to the expenditure budget was approved as part of the April Monthly Financial Report and will help offset the lower Stadium revenue.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of May 31, 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 May 2021. Revenues totaled approximately \$5.1 million, while expenditures totaled approximately \$4.3 million through the end of May. Overall, revenues and expenditures are both tracking well 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 5/31/2021	Percentage Received	Actual Through 5/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 285,000	\$ 5,485,000	\$ 347,460	6.33%	\$ 285,554	\$ 61,906	21.68%
City Affordable Housing Fund	781,703	6,787,703	568,400	8.37%	745,981	(177,581)	-23.81%
Housing Successor Fund	531,000	12,181,000	1,309,257	10.75%	1,129,472	179,785	15.92%
Housing and Urban Development	5,150,000	5,289,384	2,860,133	54.07%	1,654,823	1,205,310	72.84%
TOTAL	\$ 6,747,703	\$ 29,743,087	\$ 5,085,250	17.10%	\$ 3,815,830	\$ 1,269,420	33.27%

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2021	Percentage Used	Actual through 5/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 552,222	\$ 7,287,273	\$ 132,982	1.82%	\$ 99,078	\$ 33,904	34.22%
City Affordable Housing Fund	1,556,772	8,316,052	802,623	9.65%	588,208	214,415	36.45%
Housing Successor Fund	5,964,944	22,811,614	563,626	2.47%	477,089	86,537	18.14%
Housing and Urban Development	5,150,000	6,037,313	2,803,472	46.44%	2,241,528	561,944	25.07%
TOTAL	\$13,223,938	\$ 44,452,252	\$ 4,302,703	9.68%	\$ 3,405,903	\$ 896,800	26.33%

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 May 2021. As of May 31, 2021, these capital fund expenditures totaled \$30.8 million, or 23.2% 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**

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2021	Percentage Used
Parks & Recreation	\$ 5,758,558	\$ 15,692,075	\$ 21,450,633	\$ 6,851,666	31.94%
Streets & Highways	24,360,764	46,759,714	71,120,478	14,951,124	21.02%
Storm Drain	4,489,447	7,427,038	11,916,485	1,658,972	13.92%
Fire	290,796	771,878	1,062,674	32,643	3.07%
Library	8,699	309,467	318,166	62,964	19.79%
Public Buildings	1,737,751	6,193,227	7,930,978	351,865	4.44%
General Gov't - Other	4,098,669	11,660,153	15,758,822	5,321,203	33.77%
Related Santa Clara Developer	162,062	2,787,478	2,949,540	1,560,881	52.92%
Tasman East Infrastructure Improvement Fund	-	175,757	175,757	39,990	22.75%
TOTAL	\$ 40,906,746	\$ 91,776,787	\$ 132,683,533	\$ 30,831,308	23.24%

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of May 31, 2021. Overall, revenues and expenditures are tracking below budgeted levels.

At the end of May 2021, both revenue and expenditures are tracking lower than last fiscal year.

**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 5/31/2021	Percentage Received	Actual Through 5/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 515,406,680	\$ 515,406,680	\$ 435,167,422	84.43%	\$ 516,468,246	\$ (81,300,824)	-15.74%
Water Utility Fund	57,220,287	57,220,287	43,592,829	76.18%	43,805,934	(213,105)	-0.49%
Sewer Utility Fund	45,495,100	45,495,100	35,721,735	78.52%	35,272,419	449,316	1.27%
Cemetery Fund	600,000	600,000	518,511	86.42%	392,029	126,482	32.26%
Solid Waste Utility Fund	31,219,000	31,219,000	22,570,281	72.30%	23,118,227	(547,946)	-2.37%
Water Recycling Fund	7,064,710	7,384,241	4,813,381	65.18%	5,376,396	(563,015)	-10.47%
TOTAL REVENUE	\$ 657,005,777	\$ 657,325,308	\$ 542,384,159	82.51%	\$ 624,433,251	\$ (82,049,092)	-13.14%

Fund Description	EXPENSES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2021	Percentage Used	Actual through 5/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 474,259,218	\$ 476,796,024	\$ 371,249,017	77.86%	\$ 496,079,908	\$ (124,830,891)	-25.16%
Water Utility Fund	49,106,767	49,239,481	36,748,934	74.63%	37,862,467	(1,113,533)	-2.94%
Sewer Utility Fund	28,338,164	28,442,383	25,443,738	89.46%	25,050,077	393,661	1.57%
Cemetery Fund	1,412,953	1,408,402	1,179,575	83.75%	1,067,940	111,635	10.45%
Solid Waste Utility Fund	32,563,421	33,927,954	23,460,558	69.15%	20,915,647	2,544,911	12.17%
Water Recycling Fund	5,867,938	6,190,317	5,172,141	83.55%	5,464,850	(292,709)	-5.36%
TOTAL - Operating Appropriations	\$ 591,548,461	\$ 596,004,561	\$ 463,253,963	77.73%	\$ 586,440,889	\$ (123,186,926)	-21.01%

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 May 2021 totaled approximately \$61.4 million, or 23.4% 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 5/31/2021	Percentage Used	Actual Through 5/31/2020
Electric Utility Fund	\$ 58,872,602	\$ 124,278,905	\$ 183,151,507	\$ 38,234,275	20.88%	\$ 25,221,862
Street Lighting ⁽¹⁾	125,000	5,868,161	5,993,161	45,940	0.77%	76,094
Water Utility Fund	4,610,000	15,017,733	19,627,733	7,360,089	37.50%	1,581,879
Sewer Utility Fund	42,114,351	3,766,225	45,880,576	14,671,775	31.98%	56,376,774
Cemetery Fund	300,000	-	300,000	-	0.00%	-
Convention Center Capital Fun	-	4,334,920	4,334,920	644,193	14.86%	-
Solid Waste Utility Fund	882,000	1,202,437	2,084,437	443,794	21.29%	391,355
Water Recycling Fund	550,000	-	550,000	2,063	0.38%	-
TOTAL - CIP Appropriations	\$ 107,453,953	\$ 154,468,381	\$ 261,922,334	\$ 61,402,128	23.44%	\$ 83,647,964

(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
May 31, 2021**

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 57,458,039			
Capital Projects Reserve	5,720,211			
Land Sale Reserve	24,120,767			
Building Inspection Reserve	16,671,018			
Technology Fee Reserve	770,772			
Rate Stabilization Fund Reserve		\$ 44,898,011		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	
TOTALS	\$ 104,740,806	\$ 44,976,174	\$ 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 May 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 March 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 May 2021 and for fiscal year 2020/21 are shown in the table below.

Department	Fiscal Year 2020/21		Donor	Designated Use
	May-21	Year To Date		
City Manager's Office	\$ 435	\$ 21,496	Various	Help Your Neighbor
Non-Departmental		38,756	Various	COVID-19
Parks and Recreation	-	27,666	Various	Case Management
Police	-	5,000	Various	COVID-19
TOTALS	\$ 435	\$ 92,918		