



# City of Santa Clara

The Center of What's Possible

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## MONTHLY FINANCIAL STATUS REPORT

May 2022

This report summarizes the City's financial performance for the month ended May 31, 2022. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds. Financial information included in this report is unaudited.

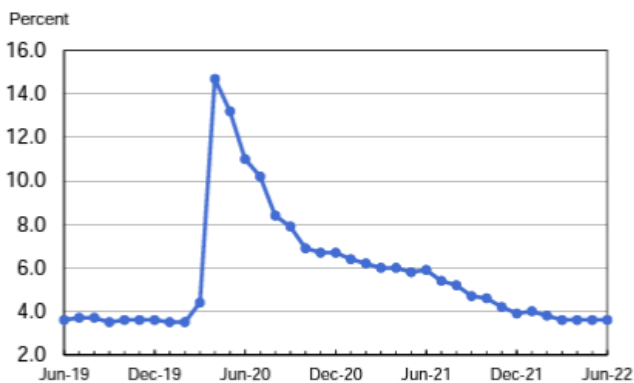
### General Fund

The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the residents and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2021/22 was \$289.3 million. The budget for revenues and expenditures was amended to \$272.0 million to reflect carryover appropriations from fiscal year 2020/21 and various budget amendments approved by the City Council through May 2022.

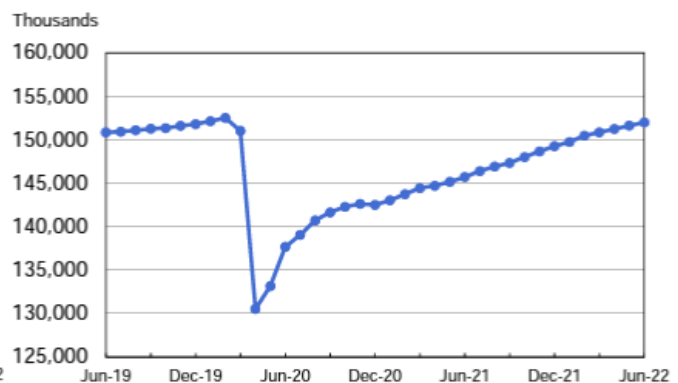
Through May, General Fund revenues are currently tracking to end the year close to budgeted levels. General Fund expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures. Overall, the General Fund is expected to end the year with additional ending fund balance.

Several economic indicators have improved since the start of the pandemic, with some close to pre-pandemic levels. On a national level, the unemployment rate remained unchanged at 3.6% between May and June 2022. This rate was well below the record setting high of 14.7% in April 2020, and almost at the pre-pandemic unemployment rate of 3.5%. In June, the number of unemployed persons remained virtually unchanged at 5.9 million. This unemployment figure remains slightly above the pre-pandemic level of 5.7 million.<sup>1</sup>

**Chart 1. Unemployment rate, seasonally adjusted, June 2019 – June 2022**



**Chart 2. Nonfarm payroll employment, seasonally adjusted, June 2019 – June 2022**

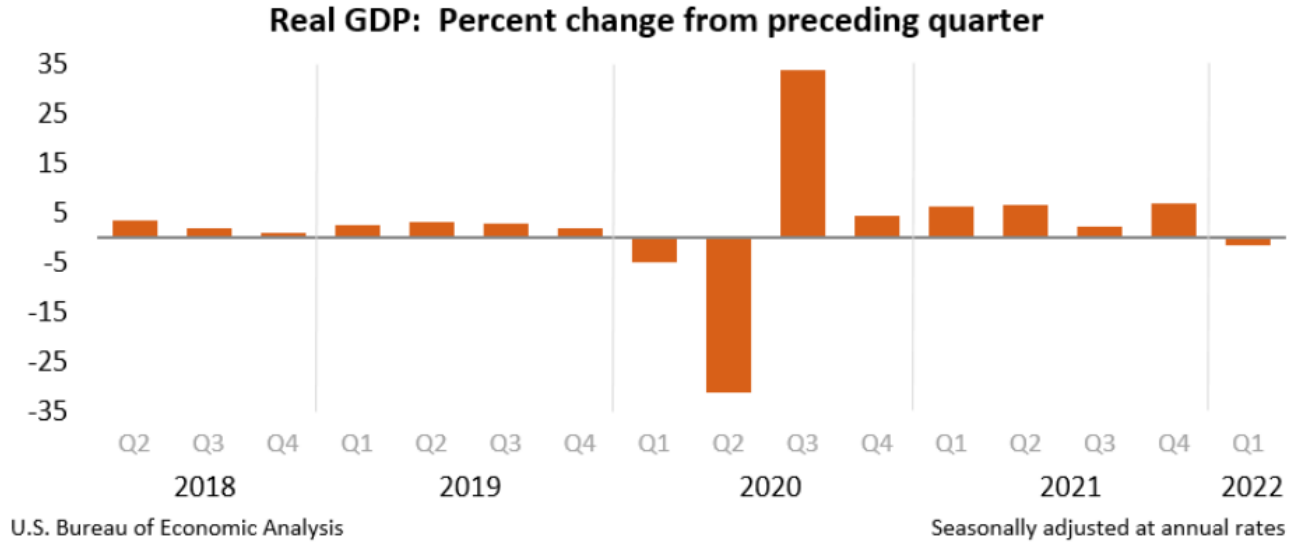


In the third estimate for the first quarter of 2022, GDP decreased at an annual rate of 1.6%, following an increase of 6.9% in the fourth quarter of 2021.<sup>2</sup> This decline is the result of the resurgence of COVID-19

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

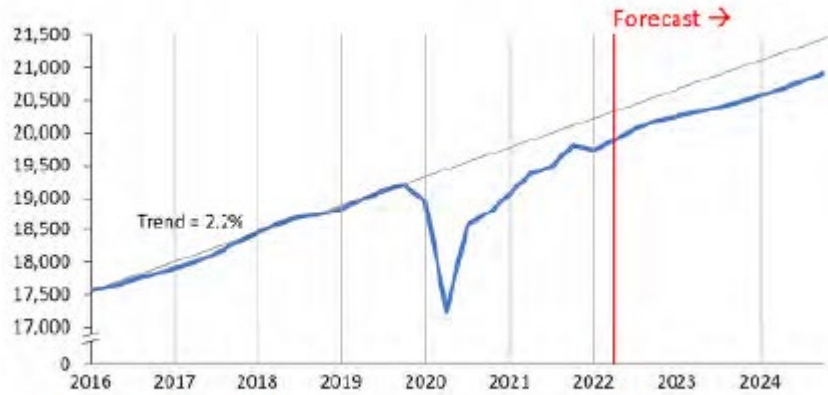
<sup>2</sup> [https://www.bea.gov/sites/default/files/2022-06/tech1q22\\_3rd.pdf](https://www.bea.gov/sites/default/files/2022-06/tech1q22_3rd.pdf)

cases and decreases in government pandemic assistance. Additionally, issues stemming from supply chain and widespread inflation are also factors in the estimated decrease.



While conditions have improved, economic growth is expected to slow. With this economic slowdown, the level of GDP is projected to remain below the pre-pandemic trend through at least the end of 2024 per the June 2022 UCLA Anderson Forecast. On an annual basis, the UCLA Forecast projects GDP growth of 2.8% in 2022, 2.0% in 2023, and 1.9% in 2024. These growth rates are down from the March 2022 Forecast that predicted growth of 4.3%, 2.8%, and 2.3%, respectively, for the same years. The UCLA Forecast points to a number of economic impediments, such as the war in Ukraine, COVID-19 lockdowns in China, supply chain constraints and inflation, that are affecting economic growth. The Forecast also expects unemployment to begin rising in 2023 as the economy slows and inflation to remain high for the next two years.<sup>3</sup>

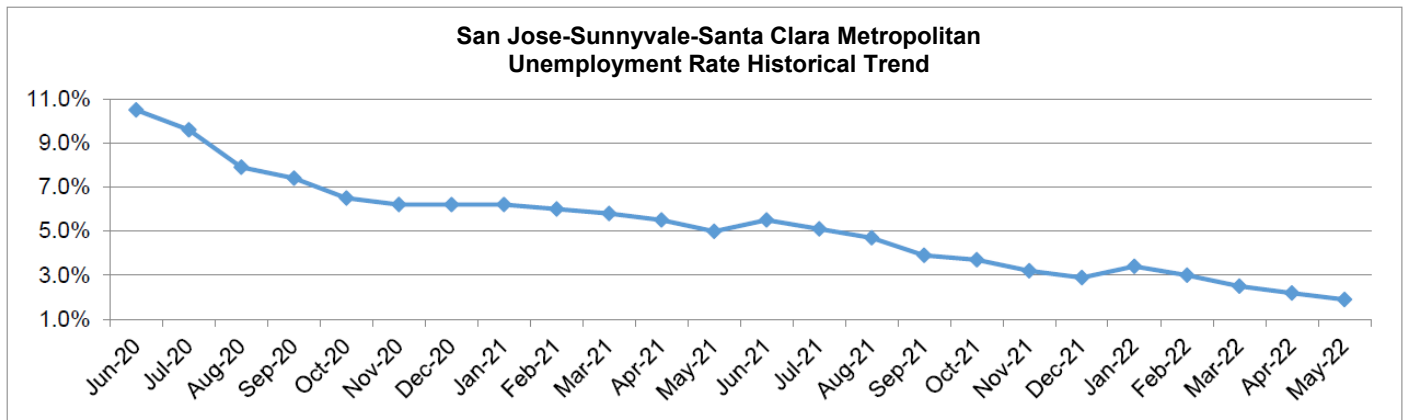
Exhibit 3: Real GDP Levels, Billions, Seasonally Adjusted Annual Rates



Source: UCLA Anderson Forecast and U.S. Bureau of Economic Analysis  
Notes: \$ Billions, chained 2012 prices

<sup>3</sup> UCLA Anderson Forecast, June 2022

The June 2022 UCLA Anderson Forecast for California also calls for a shallower growth trend than before. Continued COVID-induced disruptions, supply chain issues, capacity constraints including tight labor markets, high energy prices, and financial capital issues will constrain growth. After the State's largest increase in the unemployment rate in April 2020, the California unemployment rate dropped to 4.3% in May 2022, down from the revised April 2022 level of 4.6%. With the continued addition of jobs, California has now regained 2.56 million jobs, or 93% of the 2.76 million jobs lost due to COVID-19 in March and April 2020. Fewer than one million Californians are unemployed for the first time since February 2020.<sup>4</sup>



The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 1.9% in May 2022, down from the May 2021 level of 5.0% and the pre-pandemic February 2020 level of 2.6%. Between May 2021 and May 2022, employment in this region increased by 56,100 jobs, or 5.1%. The largest increases were in leisure and hospitality (up 20,400 jobs), professional and business services (up 11,300 jobs), and private educational and health services (up 6,900 jobs).<sup>5</sup>

<sup>4</sup> [https://edd.ca.gov/en/about\\_edd/news\\_releases\\_and\\_announcements/unemployment-may-2022/](https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-may-2022/)

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

**General Fund Revenues**

As of May 31, 2022, \$187.6 million or 82.5% of the General Fund estimated revenue (excluding transfers) was received. Based on the timing of payments, a higher percentage of revenues are collected in the second half of the fiscal year. Transfers and use of reserves of \$44.7 million have occurred as budgeted. Revenues are tracking close to the budgeted estimate and are higher when compared to collections last fiscal year (excluding transfers and various permits and charges for services that are now deposited into the new Building Development Services Fund).

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

Function	FISCAL YEAR 2021/22				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 05/31/2022	Percentage Received	Actual Through 05/31/2021	\$ Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 58,183,000	\$ 58,183,000	\$ 43,166,427	74.19%	\$ 41,180,474	\$ 1,985,953	4.82%
Property Tax	71,559,000	71,559,000	61,231,446	85.57%	57,163,408	4,068,038	7.12%
Transient Occupancy Tax	9,000,000	9,000,000	6,265,731	69.62%	2,221,617	4,044,114	182.03%
Other Taxes	6,080,000	6,080,000	5,664,326	93.16%	4,676,548	987,778	21.12%
<b>Total Taxes</b>	<b>144,822,000</b>	<b>144,822,000</b>	<b>116,327,930</b>	<b>80.32%</b>	<b>105,242,047</b>	<b>11,085,883</b>	<b>10.53%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	900,000	900,000	752,875	83.65%	756,762	(3,887)	-0.51%
Fire Operation Permits	2,200,000	2,200,000	1,727,810	78.54%	1,680,643	47,167	2.81%
Building Permits	-	-	-	N/A	5,795,642	(5,795,642)	-100.00%
Electric Permits	-	-	-	N/A	1,071,937	(1,071,937)	-100.00%
Plumbing Permits	-	-	-	N/A	744,669	(744,669)	-100.00%
Mechanical Permits	-	-	-	N/A	846,597	(846,597)	-100.00%
Miscellaneous Permits	60,000	60,000	74,716	124.53%	56,271	18,445	32.78%
<b>Total Licenses &amp; Permits</b>	<b>3,160,000</b>	<b>3,160,000</b>	<b>2,555,401</b>	<b>80.87%</b>	<b>10,952,521</b>	<b>(8,397,120)</b>	<b>-76.67%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,496,135</b>	<b>1,496,135</b>	<b>356,703</b>	<b>23.84%</b>	<b>328,566</b>	<b>28,137</b>	<b>8.56%</b>
<b>INTERGOVERNMENTAL</b>	<b>26,205,801</b>	<b>2,837,454</b>	<b>2,840,893</b>	<b>100.12%</b>	<b>2,168,960</b>	<b>671,933</b>	<b>30.98%</b>
<b>CHARGES FOR SERVICES</b>	<b>30,003,443</b>	<b>30,008,443</b>	<b>28,017,221</b>	<b>93.36%</b>	<b>28,834,681</b>	<b>(817,460)</b>	<b>-2.83%</b>
<b>SILICON VALLEY POWER TRANSFER</b>	<b>24,700,000</b>	<b>24,700,000</b>	<b>23,625,595</b>	<b>95.65%</b>	<b>22,314,861</b>	<b>1,310,734</b>	<b>5.87%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	2,600,000	2,600,000	1,565,380	60.21%	1,611,314	(45,934)	-2.85%
Rent	9,115,722	9,298,022	8,906,545	95.79%	8,249,169	657,376	7.97%
<b>Total Use of Money &amp; Property</b>	<b>11,715,722</b>	<b>11,898,022</b>	<b>10,471,925</b>	<b>88.01%</b>	<b>9,860,483</b>	<b>611,442</b>	<b>6.20%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>198,000</b>	<b>198,000</b>	<b>644,555</b>	<b>325.53%</b>	<b>4,296,128</b>	<b>(3,651,573)</b>	<b>-85.00%</b>
<b>LAND PROCEED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>OTHER FINANCING SOURCES</b>							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,460,000	(6,000)	-0.41%
Operating Transfer In - Reserves	32,390,871	32,758,819	32,758,819	100.00%	39,468,333	(6,709,514)	-17.00%
Operating Transfer In - Fund Balances <sup>(1)</sup>	-	4,817,658	4,817,658	100.00%	4,273,692	543,966	12.73%
Operating Transfer In - Miscellaneous	5,005,399	5,651,151	5,651,151	100.00%	6,403,073	(751,922)	-11.74%
<b>Total Other Financing Sources</b>	<b>38,850,270</b>	<b>44,681,628</b>	<b>44,681,628</b>	<b>100.00%</b>	<b>51,605,098</b>	<b>(6,923,470)</b>	<b>-13.42%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	7,466,069	7,466,069	2,463,515	33.00%	2,155,626	307,889	14.28%
Rent and Licensing	717,500	717,500	297,359	41.44%	-	297,359	N/A
<b>Total Stadium Operation</b>	<b>8,183,569</b>	<b>8,183,569</b>	<b>2,760,874</b>	<b>33.74%</b>	<b>2,155,626</b>	<b>605,248</b>	<b>28.08%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 289,334,940</b>	<b>\$ 271,985,251</b>	<b>\$ 232,282,725</b>	<b>85.40%</b>	<b>\$ 237,758,971</b>	<b>\$ (5,476,246)</b>	<b>-2.30%</b>

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

### General Fund Revenues

**Sales Tax:** The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. As of May 31, 2022, \$43.2 million has been collected, which is up \$2.0 million from the prior year level and reflects actual payments for the three quarters of the fiscal year. Cash receipts were down 5.0% in the first quarter, up 14.8% in the second quarter, and up 4.5% in the third quarter; overall, receipts are up 4.6% through the first three quarters of FY 2021/22. On an economic basis, local business activity was up 20.8% in the third quarter of the fiscal year, with increases in all sectors as follows: business to business up 16.1%; general retail up 20.6%; food products up 46.5%; transportation up 29.9%; and construction up 1.9%. The County pool was down 1.4% in the third quarter. The County pool, which includes internet sales, accounts for approximately 20% of the sales tax the City receives. Overall, annual Sales Tax growth of 3.6% is needed to meet the budgeted estimate of \$58.2 million. Based on collections to date, receipts are projected to slightly exceed the budget.

**Property Tax:** Through May, \$61.2 million has been received, or 85.6% of the budgeted property tax estimate. The majority of property tax revenue is collected in February and April each year. Based on information from the County of Santa Clara, property tax receipts are projected to end the year above the Adopted Budget estimate of \$71.6 million.

**Transient Occupancy Tax (TOT):** TOT is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 11.5% as of January 2022. Through May 31, 2022, approximately \$6.3 million has been received, which is significantly higher than receipts through the same period last fiscal year of \$2.2 million. However, receipts remain well below pre-COVID 19 levels (FY 2018/19 annual collections of \$22.5 million). To meet the budgeted estimate, collections will need to triple from just under \$3.0 million in FY 2020/21 to \$9.0 million in FY 2021/22. With the January 2022 rate increase, TOT receipts are projected to end the year close to the budgeted estimate.

**Other Taxes:** Includes franchise tax (\$3.7 million) and documentary transfer tax (\$2.0 million). The City has collected \$5.7 million through May, which is 21% above receipts received through the same period last fiscal year. The strong growth in this category is driven by the documentary transfer tax performance, which is up 62% from the prior year. Franchise tax collections are slightly above collections from prior year levels by approximately 7.1%. Growth of 4.4% is needed to meet the budgeted estimate of \$6.1 million. Collections are projected to exceed the budgeted estimate.

**Licenses & Permits:** Includes business licenses, fire operation permits, and miscellaneous permits and fees. Effective FY 2021/22, building, electric, plumbing and mechanical permits have all been budgeted in the new Building Development Services Fund, which is reflected in the Special Revenue section of this report. Licenses and permits revenue collections total \$2.6 million, or 80.8% of the budget of \$3.2 million. Receipts are tracking below estimated levels through May and may end the year below the budgeted estimate.

**Fines & Penalties:** Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue of \$0.4 million collected in this category through May is tracking to end the year well below the

budgeted estimate of \$1.5 million largely due to the waiving of late fees on utility billing in response to COVID-19.

**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, 2022, \$2.8 million has been received, which is higher than receipts through the same period last year and primarily reflects reimbursements for fire mutual aid services. The federal stimulus funds (\$26 million) have been moved to a separate American Rescue Plan Act Fund, which is reflected in this report.

**Charges for Services:** Includes various engineering fees, administrative fees, and community service revenue from various recreational activities. Through May, collections totaled approximately \$28.0 million or 93.4% of the budget. This reflects a 2.8% decrease compared to last year's collections through the same period of \$28.8 million. The decrease is mainly attributable to the plan check and sign fees now being recorded in the newly established Building Development Services Fund. This decrease is partially offset by higher collections in the planning and zoning fees, fire construction permits, Fire CUPA fees, and miscellaneous charges for services categories. Collections are tracking close to the budgeted estimate.

**Silicon Valley Power Transfer:** In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues to the General Fund. As of May 31, 2022, \$23.6 million has been received which is on par for this time of year. This collection level, however, is based on the budgeted estimate and will be trued up at the end of the fiscal year. Growth of less than 1% from the prior year is needed to meet the budgeted estimate of \$24.7 million.

**Use of Money & Property:** Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$10.5 million, or 88.0% of the budget. This reflects a \$0.6 million increase from prior year collection levels, primarily due to higher rent collections.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through May 31, 2022, collections of \$0.6 million have exceeded the budgeted estimate of \$0.2 million; however, are significantly lower than prior year collections of \$4.3 million as a result of a one-time payment in FY 2020/21.

**Stadium Operation:** Through May, charges for services collected through the Stadium totaled \$2.8 million, which is below par for this time of year. This is due in part to the timing of when the City receives reimbursements. Current year collections are approximately 28% higher than collections through the same period last year resulting from the reopening of Stadium for events.

### General Fund Expenditures

As of May 31, 2022, \$226 million or 83.1% of the General Fund operating budget had been expended. Departmental expenditures totaled \$176 million, or 79.8% of the budget, which is below the par level of 91.7% of the budget. As part of the FY 2020/21 Budgetary Year-End Report, \$26 million of the Police and Fire Department's budgets was reallocated to the newly established ARPA Fund. Both the budget and associated expenditures have been shifted to the new fund. Fund Transfers of \$44.1 million have occurred as budgeted.

Several cost-control measures that were implemented in FY 2019/20 remain in place to generate expenditure savings to partially offset the drop in revenues associated with COVID-19. These measures include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. With these measures, expenditures are expected to end the year below budget.

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

Function	FISCAL YEAR 2021/22				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 05/31/2022	Percentage Used	Actual Through 05/31/2021	\$ Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 6,824,333	\$ 7,571,155	\$ 3,740,875	49.41%	\$ 2,811,812	\$ 929,063	33.04%
City Council	829,205	829,205	719,358	86.75%	662,423	56,935	8.59%
City Clerk	1,470,231	1,718,169	1,206,163	70.20%	1,538,082	(331,919)	-21.58%
City Manager	5,442,069	6,276,486	4,503,148	71.75%	4,452,498	50,650	1.14%
City Attorney	3,097,380	3,119,380	2,224,952	71.33%	2,095,519	129,433	6.18%
Human Resources	4,133,810	4,389,886	3,361,205	76.57%	2,839,498	521,707	18.37%
Finance	17,439,442	18,071,518	14,655,473	81.10%	14,252,950	402,523	2.82%
<b>Total General Government</b>	<b>39,236,470</b>	<b>41,975,799</b>	<b>30,411,174</b>	<b>72.45%</b>	<b>28,652,782</b>	<b>1,758,392</b>	<b>6.14%</b>
<b>PUBLIC WORKS</b>	<b>23,201,356</b>	<b>24,426,913</b>	<b>20,173,587</b>	<b>82.59%</b>	<b>20,507,368</b>	<b>(333,781)</b>	<b>-1.63%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>5,070,207</b>	<b>5,480,607</b>	<b>4,221,200</b>	<b>77.02%</b>	<b>12,479,594</b>	<b>(8,258,394)</b>	<b>-66.18%</b>
<b>PARKS AND RECREATION</b>	<b>20,982,990</b>	<b>21,433,077</b>	<b>16,533,474</b>	<b>77.14%</b>	<b>15,394,483</b>	<b>1,138,991</b>	<b>7.40%</b>
<b>PUBLIC SAFETY</b>							
Fire	60,581,403	51,239,214	43,414,806	84.73%	53,704,862	(10,290,056)	-19.16%
Police	79,870,137	65,242,662	53,147,505	81.46%	67,975,690	(14,828,185)	-21.81%
<b>Total Public Safety</b>	<b>140,451,540</b>	<b>116,481,876</b>	<b>96,562,311</b>	<b>82.90%</b>	<b>121,680,552</b>	<b>(25,118,241)</b>	<b>-20.64%</b>
<b>LIBRARY</b>	<b>10,764,727</b>	<b>10,895,605</b>	<b>8,124,638</b>	<b>74.57%</b>	<b>7,613,292</b>	<b>511,346</b>	<b>6.72%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>239,707,290</b>	<b>220,693,877</b>	<b>176,026,383</b>	<b>79.76%</b>	<b>206,328,071</b>	<b>(30,301,688)</b>	<b>-14.69%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	23,250,142	24,665,526	24,665,526	100.00%	1,014,286	23,651,240	2331.81%
Operating Transfer Out - Debt Services	2,501,439	2,501,439	2,501,439	100.00%	2,500,344	1,095	0.04%
Operating Transfer Out - Maintenance Dtrct	771,349	771,349	771,349	100.00%	926,920	(155,571)	-16.78%
Operating Transfer Out - Cemetery	850,000	850,000	850,000	100.00%	771,769	78,231	10.14%
Operating Transfer Out - CIP	11,773,925	11,773,925	11,773,925	100.00%	19,678,672	(7,904,747)	-40.17%
Operating Transfer Out - Reserves	3,309,009	3,511,009	3,511,009	100.00%	7,270,948	(3,759,939)	-51.71%
<b>Total Other Financing Uses</b>	<b>42,455,864</b>	<b>44,073,248</b>	<b>44,073,248</b>	<b>100.00%</b>	<b>32,162,939</b>	<b>11,910,309</b>	<b>37.03%</b>
<b>STADIUM OPERATION</b>	<b>7,171,786</b>	<b>7,218,126</b>	<b>5,874,848</b>	<b>81.39%</b>	<b>1,399,815</b>	<b>4,475,033</b>	<b>319.69%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 289,334,940</b>	<b>\$ 271,985,252</b>	<b>\$ 225,974,479</b>	<b>83.08%</b>	<b>\$ 239,890,825</b>	<b>\$ (13,916,346)</b>	<b>-5.80%</b>

### General Fund Expenditures

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

**Non-Departmental:** Includes expenditures that are not attributable to a single department, but a function of the City in general. Expenditures totaled \$3.7 million, or 49.4% of the budget through May. These expenditures are well below the par level of 91.7%, which is due in part to the unexpended separation payout allocation of \$1.8 million. Expenditures are tracking above the prior year level of \$2.8 million. This is a result of the reallocation of City memberships from the City Manager's Office to the Non-Departmental budget. Additionally, salaries, overtime, and contractual services are higher than last fiscal year due to an increase in the permitting system licensing costs.

**City Attorney:** Through May, actual expenditures totaled approximately \$2.2 million, or 71.3% of the budget which is below par at 91.7% of the budget. This is mainly attributable to lower salary and as-needed spending. Spending is above the total expenditures through the same time last fiscal year by 6.2%. This is a result of the reallocation of contractual services from the Special Liability Insurance Fund to the City Attorney's Office operating budget. Additionally, higher separation payout expenditures occurred this fiscal year compared to last fiscal year.

**City Clerk:** Through May, actual expenditures were tracking below budget at \$1.2 million or approximately 70.2% of the budget. This reflects a decrease of 21.6% over last year's spending through the same period. The primary driver for the decrease in spending is the Granicus costs which are paid every other year.

**City Council:** Through May, expenditures were at 86.8% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending increase of approximately 8.6% which is a result of higher as-needed and separation payout expenditures compared to last fiscal year.

**City Manager:** The actual expenditures through May totaled \$4.5 million, or 71.8% of the budget, which is below par for this time of the year. Expenditures are consistent with the spending level through the same period last fiscal year. Separation payouts and as-needed expenditures are higher compared to last fiscal year. This increase is offset by lower advertising and contractual services expenditures.

**Community Development Department:** This department consists of three divisions: Planning, Building, and Housing and Community Services. Effective this fiscal year, the Building division of this department has been moved to the newly established Building Development Services Fund, which falls under the special revenue section of this report. Through May, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$4.2 million, or approximately 77%, which is below the par level of 91.7%. This is a result of vacancies in the department as well as lower contractual services spending. Expenditures were also well below the spending through the same period last fiscal year due to the change in funding for the Building Division.

**Finance Department:** Through May, the Department's expenditures totaled \$14.7 million, or 81.1% of the budget, which is below par. This is mainly attributable to lower expenditures in the as-needed and contractual services categories. This expenditure level was slightly above the prior year level.

**Fire Department:** Through May, actual expenditures in the General Fund totaled \$43.4 million, or 84.7% of the budget, which is below par. These expenditures reflect a 19.2% decrease from expenditures through the same period last fiscal year. This is a result of the shifting of approximately \$11.2 million of eligible expenditures to the newly established ARPA Fund.

Overtime expenditures are tracking at 111.3% of the budget. While this overtime figure is high, it is important to note that overtime is used to backfill for vacant positions and the vacancy savings offset a portion of the overtime costs. Fire Department expenditures have also been impacted by mutual aid deployments to address wildland fires (Caldor, Dixie, River and Beckwourth complex fires), for which the City is reimbursed for its costs. As approved by City Council on April 19, 2022, \$1.8 million of wildland reimbursements was recognized and appropriated to the Fire Department (\$0.9 million was added to the Department's overtime budget, \$0.2 million was added to the non-personnel budget, while \$0.7 million transferred to the Vehicle Replacement Fund to cover costs for a fire engine replacement).

**Library Department:** Through May, actual expenditures totaled \$8.1 million, or 74.6% of the budget, which is below par, but approximately 6.7% higher than expenditure levels through the same period last fiscal year. COVID-19 precautions have continued to impact Library operations this year, resulting in lower expenditures. A phased reopening is in progress, but this schedule was delayed due to the increase in COVID-19 cases resulting from the latest variants.

**Parks and Recreation Department:** Through May, actual expenditures totaled approximately \$16.5 million, or 77% of the budget, which is below par, but is slightly higher than the prior year actuals of \$15.4 million. The department has resumed most activities that were previously impacted by COVID-19 restrictions. However, some programming continues to be impacted by staff vacancies.

**Police Department:** Through May, actual expenditures in the General Fund totaled \$53.1 million, or 81.5% of the budget, which is below par. Expenditures are significantly below the spending levels last fiscal year in the General Fund due to the ARPA funds received by the City. As mentioned above, eligible expenditures totaling \$14.7 million, have been shifted to the ARPA Fund.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Through May, stadium expenditures totaled \$5.9 million, or 81.4% of the budget. This is significantly higher than expenditures through the same period last year, as a direct result of the reopening of the Stadium for events.

**Special Revenue Funds**

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of May 31, 2022. The amended budget for both reflects carryover appropriations from fiscal year 2021/22 in addition to budget amendments approved by the City Council through May 2022. Effective July 1, 2021, all Building Division revenues and expenditures are now budgeted and accounted for in the new Building Development Services Fund, which is included in the table below. Additionally, as approved by City Council on December 14, 2021 as part of the FY 2020/21 Budgetary Year-End Report, the ARPA Fund was established. Approximately \$14.9 million and \$11.3 million was moved from the Police Department and Fire Department, respectively, to the new ARPA Fund in order to separately track public safety expenditures eligible to be covered by these funds. The shift of public safety expenditures is reflected below. Revenues totaled approximately \$43.8 million, while expenditures totaled approximately \$52.7 million through the end of May. Overall, both revenues and expenditures are tracking below par.

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

Fund Description	REVENUES - FISCAL YEAR 2021/22				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2022	Percentage received	Actual Through 5/31/2021	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 261,000	\$ 261,000	\$ 520,662	199.49%	\$ 347,460	\$ 173,202	49.85%
City Affordable Housing Fund	657,000	6,657,000	4,483,700	67.35%	568,400	3,915,300	688.83%
Housing Successor Fund	350,000	5,550,000	6,187,165	111.48%	1,309,257	4,877,908	372.57%
Housing and Urban Development	1,957,103	5,091,979	2,973,735	58.40%	2,860,133	113,602	3.97%
Building Development Services Fee Fund	13,630,000	13,630,000	16,355,098	119.99%	0	16,355,098	N/A
American Rescue Plan Act Fund	0	26,231,326	13,283,413	50.64%	0	13,283,413	N/A
<b>TOTAL</b>	<b>\$ 16,855,103</b>	<b>\$ 57,421,305</b>	<b>\$ 43,803,773</b>	<b>76.28%</b>	<b>\$ 5,085,250</b>	<b>\$ 38,718,523</b>	<b>761.39%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2022	Percentage used	Actual through 5/31/2021	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 363,099	\$ 483,099	\$ 139,702	28.92%	\$ 132,982	\$ 6,720	5.05%
City Affordable Housing Fund	1,431,111	12,852,650	929,754	7.23%	802,623	127,131	15.84%
Housing Successor Fund	915,640	17,960,001	12,380,972	68.94%	563,626	11,817,346	2096.66%
Housing and Urban Development	3,684,839	5,509,660	3,129,428	56.80%	2,803,472	325,956	11.63%
Building Development Services Fee Fund	12,256,059	14,757,132	9,870,363	66.89%	0	9,870,363	N/A
American Rescue Plan Act Fund	0	26,231,326	26,231,326	100.00%	0	26,231,326	N/A
<b>TOTAL</b>	<b>\$ 18,650,748</b>	<b>\$ 77,793,868</b>	<b>\$ 52,681,545</b>	<b>67.72%</b>	<b>\$ 4,302,703</b>	<b>\$ 48,378,842</b>	<b>1124.38%</b>

**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 2022. As of May 31, 2022, these capital fund expenditures totaled \$25.1 million, or 18.5% of the amended budget. As part of the adoption of the FY 2021/22 and FY 2022/23 operating budget, some capital funds were carried over for projects that were not anticipated to be completed by June 30, 2021. Necessary additional adjustments to the capital carryover amounts were included as part of the Budgetary Year-End Report for FY 2020/21, approved at the December 14, 2021 Council meeting. These adjustments are reflected below.

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

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

EXPENDITURES - FISCAL YEAR 2021/22						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2022	Percentage Used	
Parks & Recreation	\$ 12,737,692	\$ 12,169,765	\$ 24,907,457	\$ 1,825,317	7.33%	
Streets & Highways	39,594,117	38,569,145	78,163,262	12,993,026	16.62%	
Storm Drain	6,868,140	3,053,568	9,921,708	2,647,833	26.69%	
Fire	948,762	838,709	1,787,471	516,265	28.88%	
Library	24,374	190,107	214,481	18,514	8.63%	
Public Buildings	3,518,471	3,466,169	6,984,640	2,508,400	35.91%	
General Gov't - Other	2,399,662	8,838,081	11,237,743	3,692,966	32.86%	
Related Santa Clara Developer	1,198,862	1,166,044	2,364,906	890,239	37.64%	
Tasman East Specific Infrastructure Improvement Fund	23,757	4,836	28,593	13,870	48.51%	
<b>TOTAL</b>	<b>\$ 67,313,837</b>	<b>\$ 68,296,424</b>	<b>\$ 135,610,261</b>	<b>\$ 25,106,430</b>	<b>18.51%</b>	

**Enterprise Funds**

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of May 31, 2022. Overall, revenues and expenditures are tracking below budgeted levels with revenues tracking at 85.6% of the budget and expenditures tracking at 86.6% of the budget.

Both revenues and expenditures are tracking above last fiscal year levels reflecting current activity levels. The increase in expenditures in the Electric Utility is primarily due to the higher debt retirement costs as well as higher resource costs related to transmission and wheeling (transportation of electric energy from within an electrical grid to an electrical load outside the grid boundaries). In the Solid Waste Utility Fund, expenditures are up primarily in the garbage collections, disposal and recycling accounts resulting from higher contractual services costs.

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

Fund Description	REVENUES - FISCAL YEAR 2021/22				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2022	Percentage received	Actual Through 5/31/2021	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 555,810,147	\$ 555,810,147	\$ 474,939,962	85.45%	\$ 435,167,422	\$ 39,772,540	9.14%
Water Utility Fund	49,489,630	49,489,630	43,862,224	88.63%	43,592,829	269,395	0.62%
Sewer Utility Fund	58,344,697	58,344,697	47,838,824	81.99%	35,721,735	12,117,089	33.92%
Cemetery Fund	600,000	606,500	688,424	113.51%	518,511	169,913	32.77%
Solid Waste Utility Fund	33,610,000	33,764,000	29,418,589	87.13%	22,570,281	6,848,308	30.34%
Water Recycling Fund	5,703,831	5,703,831	5,324,939	93.36%	4,813,381	511,558	10.63%
<b>TOTAL REVENUE</b>	<b>\$ 703,558,305</b>	<b>\$ 703,718,805</b>	<b>\$ 602,072,962</b>	<b>85.56%</b>	<b>\$ 542,384,159</b>	<b>\$ 59,688,803</b>	<b>11.00%</b>

Fund Description	EXPENSES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2022	Percentage Used	Actual through 5/31/2021	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 511,251,732	\$ 512,507,550	\$ 452,143,455	88.22%	\$ 371,249,017	\$ 80,894,438	21.79%
Water Utility Fund	47,197,617	47,580,260	37,061,187	77.89%	36,748,934	312,253	0.85%
Sewer Utility Fund	30,565,333	30,707,268	27,949,605	91.02%	25,443,738	2,505,867	9.85%
Cemetery Fund	1,480,235	1,486,735	1,277,348	85.92%	1,179,575	97,773	8.29%
Solid Waste Utility Fund	33,323,675	37,135,208	27,412,248	73.82%	23,460,558	3,951,690	16.84%
Water Recycling Fund	5,709,582	6,709,582	4,756,485	70.89%	5,172,141	(415,656)	-8.04%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 629,528,174</b>	<b>\$ 636,126,603</b>	<b>\$ 550,600,328</b>	<b>86.56%</b>	<b>\$ 463,253,963</b>	<b>\$ 87,346,365</b>	<b>18.85%</b>

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 2022 totaled approximately \$95.6 million, or 33.3% of the amended budget. Expenditures in the Sewer Utility Capital Fund were significantly higher as a result of the Regional Wastewater Facility project, which is managed alongside the City of San José. The Convention Center Capital Fund also has higher expenditures than through the same period last fiscal year resulting from the completion of various improvements to the Convention Center. Similar to the general government capital funds, capital funds were carried over into next fiscal year as part of the FY 2021/22 and FY 2022/23 budget adoption process for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures were included as part of the Budgetary Year-End Report for FY 2020/21, approved at the December 14, 2021 Council meeting. These adjustments are reflected below.

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

Fund Description	EXPENSES - FISCAL YEAR 2021/22					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2022	Percentage Used	Actual Through 5/31/2021
Electric Utility Fund	\$ 104,240,775	\$ 82,265,773	\$ 186,506,548	\$ 46,138,780	24.74%	\$ 38,234,275
Street Lighting <sup>(1)</sup>	4,054	5,918,610	5,922,664	100,461	1.70%	45,940
Water Utility Fund	10,800,672	2,700,000	13,500,672	5,453,432	40.39%	7,360,089
Sewer Utility Fund	50,936,282	23,050,119	73,986,401	40,703,942	55.02%	14,671,775
Cemetery Fund	60,044	248,365	308,409	22,508	7.30%	-
Solid Waste Utility Fund	793,377	174,826	968,203	807,181	83.37%	443,794
Water Recycling Fund	50,000	-	50,000	3,540	7.08%	2,063
Convention Center Capital Fund	1,793,030	3,642,265	5,435,295	2,354,063	43.31%	644,193
<b>TOTAL - CIP Appropriations</b>	<b>\$ 168,678,234</b>	<b>\$ 117,999,958</b>	<b>\$ 286,678,192</b>	<b>\$ 95,583,907</b>	<b>33.34%</b>	<b>\$ 61,402,129</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 2021/22, the City Council approved an exception to the policy to allow the Reserve to drop below the 25% level.
- Capital Projects Reserve earmarks funds for the Capital Improvement Program.

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

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

The table below summarizes select reserve balances.

**CITY OF SANTA CLARA  
RESERVE BALANCES  
May 31, 2022**

<b>DETAIL OF SELECTED FUND RESERVE BALANCES:</b>			
	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>
Budget Stabilization Reserve	\$ 53,615,817		
Capital Projects Reserve	8,712,039		
Land Sale Reserve	20,732,270		
Technology Fee Reserve	1,426,174		
Rate Stabilization Fund Reserve		\$ 44,898,011	
Cost Reduction Fund Reserve		112,838,357	
DVR Power Plant Contracts Reserve		78,163	
Replacement & Improvement			\$ 303,090
<b>TOTALS</b>	<b>\$ 84,486,299</b>	<b>\$ 157,814,531</b>	<b>\$ 303,090</b>

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

### Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The balances reflected in the table are through May 2022. 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.

<b>DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:</b>			
<b>Fund Receiving Advance/Loan</b>	<b>Fund Making Advance/Loan</b>	<b>Type</b>	<b>Amount of Advance/Commitment</b>
Cemetery	General Fund	Advance	\$ 7,961,149
Parks and Recreation Facilities	General Fund	Loan	8,761,865
<b>TOTALS</b>			<b>\$ 16,723,014</b>

Note: The write-off of the loan to the Cemetery Fund was approved by the City Council on June 7, 2022 as part of the February/March Monthly Financial Report.

### Donations to the City of Santa Clara

There were no donations received during the month of May 2022, leaving the total donations for fiscal year 2021/22 at \$93,920, as shown below.

<b>Department</b>	<b>May-22</b>	<b>Fiscal Year 2021/22 Year To Date</b>	<b>Designated Use</b>
City Manager's Office	\$ -	\$ 190	Help Your Neighbor
Fire	-	300	Fire Prevention
Parks & Recreation	-	12,850	Case Management
Parks & Recreation	-	1,675	Wade Brummal
Parks & Recreation	-	1,405	Roberta Jones Jr. Theater
Police	-	75,000	PD Team 200
Police	-	2,500	PD Training Simuniton Gear
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ 93,920</b>	