



# **City of Santa Clara**

The Center of What's Possible

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## **MONTHLY FINANCIAL STATUS REPORT**

**December 2021**

This report summarizes the City's financial performance for the month ended December 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 2021/22 was \$289.3 million. The amended budget for revenues and expenditures was amended to \$295.4 million to reflect carryover appropriations from fiscal year 2020/21 and various budget amendments approved by the City Council through December 2021.

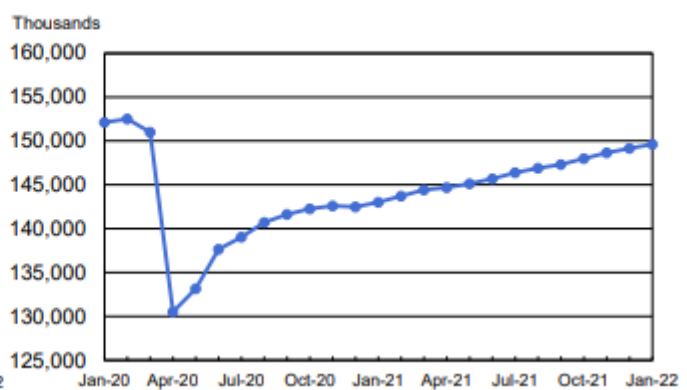
Halfway through the fiscal year, General Fund revenues are currently tracking below estimated levels. Concerns remain regarding continued impacts of COVID-19 as the Omicron variant and vaccine hesitancy may impact the speed of recovery. Through December, expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures.

Many economic indicators have improved significantly since the start of the pandemic, but some have not returned to pre-pandemic levels. On a national level, the unemployment rate remained relatively flat, increasing from 3.9% in December 2021 to 4.0% in January 2022. This rate was well below the record setting high of 14.7% in April 2020, but slightly above the pre-pandemic unemployment rate of 3.5%. In January, the number of unemployed persons slightly increased from 6.3 million in December 2021 to 6.5 million. This unemployment figure remains above the pre-pandemic level of 5.7 million.<sup>1</sup>

**Chart 1. Unemployment rate, seasonally adjusted, January 2020 – January 2022**



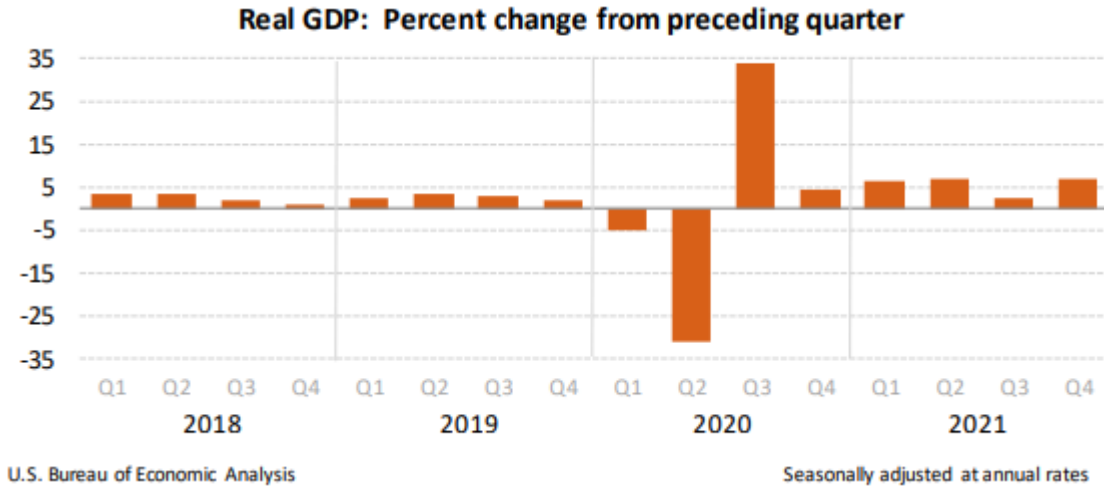
**Chart 2. Nonfarm payroll employment, seasonally adjusted, January 2020 – January 2022**



In the fourth quarter 2021 advance estimate, the Gross Domestic Product (GDP) increased by 6.9%, following a GDP increase of 2.3% in the third quarter. In calendar year 2021, the GDP increase in the

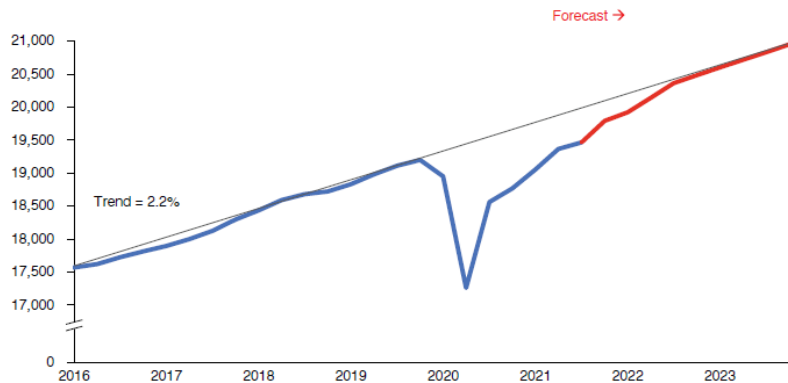
<sup>1</sup> <https://www.bls.gov/news.release/pdf/empst.pdf>

first quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. The second quarter reflected increases in consumer spending, exports and local and State government spending. In the third quarter, the resurgence of COVID-19 cases resulted in new restrictions and delays in reopening businesses in some parts of the country. The fourth quarter estimate reflects increases in exports, private inventory investments, and personal consumption expenditures.<sup>2</sup>



While GDP has now surpassed the pre-COVID peak in the second quarter 2021, it has not yet reached the pre-pandemic trend. Per the December 2021 UCLA Anderson Forecast, GDP is not expected to reach the pre-COVID trend until the third quarter 2022. On an annual basis, the UCLA Forecast projects GDP growth of 5.6% in 2021, 4.2% in 2022, and 2.7% in 2023.

Exhibit 3: Real GDP Levels, Annual Rates, Billions of Chained 2012\$



Source: UCLA Anderson Forecast and Oxford Economics

“Overall, our forecast is for continued strong economic growth and labor market recovery, with a lessening of supply constraints and inflation. Omicron may temporarily derail this forecast, but it’s too soon to tell.”<sup>3</sup>

Improvement continues at the State and local level. After the State’s largest increase in the unemployment rate in April 2020, the California unemployment rate dropped slightly to 6.5% in

<sup>2</sup> [https://www.bea.gov/sites/default/files/2022-01/gdp4q21\\_adv.pdf](https://www.bea.gov/sites/default/files/2022-01/gdp4q21_adv.pdf)

<sup>3</sup> UCLA Anderson Forecast, December 2021

December 2021. With the continued addition of jobs, California has now regained 1.95 million jobs, or nearly 72% of the 2.71 million jobs lost due to COVID-19 in March and April 2020.<sup>4</sup>

The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 3.0% in December 2021, down from a revised 3.2% in November 2021 and the December 2020 level of 6.0% but higher than the February 2020 level of 2.6%. Between December 2020 and December 2021, employment in this region increased by 64,000 jobs, or 6.0%. The largest increases were in leisure and hospitality (up 24,300 jobs), professional and business services (up 12,700 jobs), and private educational and health services (up 9,700 jobs).<sup>5</sup>

Staff will continue to closely monitor the economic environment and the City's financial performance and provide updates through the Monthly Financial Reports.

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<sup>4</sup> <https://www.edd.ca.gov/newsroom/unemployment-december-2021.htm>

<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 December 31, 2021, \$78.0 million or 31.1% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$44.4 million have occurred as budgeted. While revenue collections are tracking below the budgeted estimate, collections are higher when compared to collections last fiscal year (excluding various permits collections that are now deposited into the new Building Development Services Fund and transfers).

**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 12/31/2021	Percentage Received	Actual Through 12/31/2020	Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 58,183,000	\$ 58,183,000	\$ 18,592,585	31.96%	\$ 19,640,576	\$ (1,047,991)	-5.34%
Property Tax	71,559,000	71,559,000	19,061,389	26.64%	18,393,872	667,517	3.63%
Transient Occupancy Tax	9,000,000	9,000,000	2,497,314	27.75%	907,660	1,589,654	175.14%
Other Taxes	6,080,000	6,080,000	1,714,502	28.20%	1,667,942	46,560	2.79%
<b>Total Taxes</b>	<b>144,822,000</b>	<b>144,822,000</b>	<b>41,865,790</b>	<b>28.91%</b>	<b>40,610,050</b>	<b>1,255,740</b>	<b>3.09%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	900,000	900,000	414,741	46.08%	423,191	(8,450)	-2.00%
Fire Operation Permits	2,200,000	2,200,000	930,380	42.29%	892,848	37,532	4.20%
Building Permits	-	-	-	N/A	3,777,049	(3,777,049)	-100.00%
Electric Permits	-	-	-	N/A	715,617	(715,617)	-100.00%
Plumbing Permits	-	-	-	N/A	484,042	(484,042)	-100.00%
Mechanical Permits	-	-	-	N/A	549,309	(549,309)	-100.00%
Miscellaneous Permits	60,000	60,000	36,200	60.33%	29,162	7,038	24.13%
<b>Total Licenses &amp; Permits</b>	<b>3,160,000</b>	<b>3,160,000</b>	<b>1,381,321</b>	<b>43.71%</b>	<b>6,871,218</b>	<b>(5,489,897)</b>	<b>-79.90%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,496,135</b>	<b>1,496,135</b>	<b>166,995</b>	<b>11.16%</b>	<b>206,359</b>	<b>(39,364)</b>	<b>-19.08%</b>
<b>INTERGOVERNMENTAL</b>	<b>26,205,801</b>	<b>26,535,801</b>	<b>157,731</b>	<b>0.59%</b>	<b>116,751</b>	<b>40,980</b>	<b>35.10%</b>
<b>CHARGES FOR SERVICES</b>	<b>30,003,443</b>	<b>30,003,443</b>	<b>14,226,218</b>	<b>47.42%</b>	<b>14,576,902</b>	<b>(350,684)</b>	<b>-2.41%</b>
<b>SILICON VALLEY POWER TRANSFER</b>	<b>24,700,000</b>	<b>24,700,000</b>	<b>12,886,688</b>	<b>52.17%</b>	<b>12,171,743</b>	<b>714,945</b>	<b>5.87%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	2,600,000	2,600,000	567,271	21.82%	447,933	119,338	26.64%
Rent	9,115,722	9,298,022	4,811,471	51.75%	4,100,831	710,640	17.33%
<b>Total Use of Money &amp; Property</b>	<b>11,715,722</b>	<b>11,898,022</b>	<b>5,378,742</b>	<b>45.21%</b>	<b>4,548,764</b>	<b>829,978</b>	<b>18.25%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>198,000</b>	<b>198,000</b>	<b>308,331</b>	<b>155.72%</b>	<b>187,537</b>	<b>120,794</b>	<b>64.41%</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	32,742,785	32,742,785	100.00%	39,468,333	(6,725,548)	-17.04%
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	5,427,399	5,427,399	100.00%	3,547,419	1,879,980	53.00%
<b>Total Other Financing Sources</b>	<b>38,850,270</b>	<b>44,441,842</b>	<b>44,441,842</b>	<b>100.00%</b>	<b>48,749,444</b>	<b>(4,307,602)</b>	<b>-8.84%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	7,466,069	7,466,069	1,616,734	21.65%	1,453,524	163,210	11.23%
Rent and Licensing	717,500	717,500	39,691	5.53%	26,451	13,240	50.05%
<b>Total Stadium Operation</b>	<b>8,183,569</b>	<b>8,183,569</b>	<b>1,656,425</b>	<b>20.24%</b>	<b>1,479,975</b>	<b>176,450</b>	<b>11.92%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 289,334,940</b>	<b>\$ 295,438,812</b>	<b>\$ 122,470,084</b>	<b>41.45%</b>	<b>\$ 129,518,744</b>	<b>\$ (7,048,660)</b>	<b>-5.44%</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 December 31, 2021, \$18.6 million has been collected, which is down \$1.0 million or 5.3% from the prior year level and is based on performance through the first quarter of the fiscal year and an advance payment for the second quarter. While not reflected in the collections through December, the City has received information on the cash receipts for second quarter of the fiscal year, which reflects growth of 14.8%. Overall, receipts are up 4.6% through the first two quarters of FY 2021/22. Internet sales represents a sizeable amount of the City's sales tax revenue. 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 meet the budget.

**Property Tax:** Through December, 26.6% of the property tax budgeted estimate has been received. 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 at or slightly 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 9.5%. This rate increased to 11.5% in January 2022. Through December 31, 2021, approximately \$2.5 million has been received, which is significantly higher than receipts through the same period last fiscal year of only \$0.9 million. However, receipts remain 66% below the pre-COVID 19 level of \$7.3 million received through December 2019. As businesses continue to reopen, it is anticipated that TOT will continue to increase compared to last fiscal year. 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 and documentary transfer tax. The City has collected \$1.7 million through December, which is 2.8% above receipts received through the same period last fiscal year. While receipts in the documentary transfer tax are tracking above levels collected through the same period last fiscal year, receipts in the franchise tax category are lower than prior year levels. Growth of 4.4% is needed to meet the budgeted estimate of \$6.1 million. Collections are projected to end the year close to 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 \$1.4 million, or 43.7% of the budget of \$3.2 million. Receipts are tracking slightly below estimated levels through December and may end the year slightly below the budgeted estimate.

**Fines & Penalties:** Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue of \$0.2 million collected in this category through December 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. The City will be applying for the California Arrearage Payment Program in order to alleviate the arrearages accrued as a result of the City's bill relief period.

**Intergovernmental:** Includes federal stimulus funds, motor vehicle fees, state homeowner tax relief, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through December 31, 2021, \$0.2 million has been received, which is higher than receipts through the same period last year and reflects differences in planned payments. The federal stimulus funds (\$26 million) have been moved to a separate American Rescue Plan Act Fund and that shift will be reflected in future Financial Status Reports.

**Charges for Services:** Includes various engineering fees, administrative fees, and community service revenue from various recreational activities. Through December 31, 2021, collections totaled approximately \$14.2 million or 47.4% of the budget. This reflects a 2.4% decrease compared to last year's collections through the same period of \$14.6 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, 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 December 31, 2021, \$12.9 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 \$5.4 million, or 45.2% of the budget. This reflects a \$0.8 million increase from prior year collection levels. The increase was primarily in the rent category.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through December 31, 2021, collections of \$0.3 million have exceeded the budgeted estimate of \$0.2 million and are approximately 64.4% higher than collections through the same period last year.

**Stadium Operation:** As of December 31, 2021, charges for services collected through the Stadium totaled \$1.7 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 12% higher than collections through the same period last year resulting from the reopening of Stadium for events.

### General Fund Expenditures

As of December 31, 2021, \$156.3 million or 52.9% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through December. Departmental expenditures totaled \$109.8 million, or 44.7% of the budget, which is below the par level of 50% of the budget. Transfers of \$42.5 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 12/31/2021	Percentage Used	Actual Through 12/31/2020	Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 6,824,333	\$ 7,055,121	\$ 2,421,655	34.32%	\$ 1,971,629	\$ 450,026	22.83%
City Council	829,205	829,205	407,898	49.19%	344,432	63,466	18.43%
City Clerk	1,470,231	1,718,169	703,916	40.97%	713,879	(9,963)	-1.40%
City Manager	5,442,069	6,276,486	2,405,646	38.33%	2,509,815	(104,169)	-4.15%
City Attorney	3,097,380	3,119,380	1,144,623	36.69%	1,047,021	97,602	9.32%
Human Resources	4,133,810	4,389,886	1,750,963	39.89%	1,552,999	197,964	12.75%
Finance	17,439,442	18,273,518	7,670,152	41.97%	7,666,733	3,419	0.04%
<b>Total General Government</b>	<b>39,236,470</b>	<b>41,661,765</b>	<b>16,504,853</b>	<b>39.62%</b>	<b>15,806,508</b>	<b>698,345</b>	<b>4.42%</b>
<b>PUBLIC WORKS</b>	<b>23,201,356</b>	<b>24,198,161</b>	<b>10,858,986</b>	<b>44.88%</b>	<b>11,180,519</b>	<b>(321,533)</b>	<b>-2.88%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>5,070,207</b>	<b>6,581,680</b>	<b>2,264,899</b>	<b>34.41%</b>	<b>7,048,009</b>	<b>(4,783,110)</b>	<b>-67.86%</b>
<b>PARKS AND RECREATION</b>	<b>20,982,990</b>	<b>21,433,077</b>	<b>8,901,614</b>	<b>41.53%</b>	<b>8,533,735</b>	<b>367,879</b>	<b>4.31%</b>
<b>PUBLIC SAFETY</b>							
Fire	60,581,403	61,011,002	30,530,572	50.04%	29,832,054	698,518	2.34%
Police	79,870,137	79,983,531	36,552,061	45.70%	37,050,987	(498,926)	-1.35%
<b>Total Public Safety</b>	<b>140,451,540</b>	<b>140,994,533</b>	<b>67,082,633</b>	<b>47.58%</b>	<b>66,883,041</b>	<b>199,592</b>	<b>0.30%</b>
<b>LIBRARY</b>	<b>10,764,727</b>	<b>10,895,605</b>	<b>4,181,209</b>	<b>38.38%</b>	<b>4,392,033</b>	<b>(210,824)</b>	<b>-4.80%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>239,707,290</b>	<b>245,764,821</b>	<b>109,794,194</b>	<b>44.67%</b>	<b>113,843,845</b>	<b>(4,049,651)</b>	<b>-3.56%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	23,250,142	23,250,142	23,250,142	100.00%	1,013,778	22,236,364	2193.42%
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	3,309,009	3,309,009	100.00%	1,065,850	2,243,159	210.46%
<b>Total Other Financing Uses</b>	<b>42,455,864</b>	<b>42,455,864</b>	<b>42,455,864</b>	<b>100.00%</b>	<b>25,957,333</b>	<b>16,498,531</b>	<b>63.56%</b>
<b>STADIUM OPERATION</b>	<b>7,171,786</b>	<b>7,218,126</b>	<b>4,039,345</b>	<b>55.96%</b>	<b>950,860</b>	<b>3,088,485</b>	<b>324.81%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 289,334,940</b>	<b>\$ 295,438,812</b>	<b>\$ 156,289,403</b>	<b>52.90%</b>	<b>\$ 140,752,038</b>	<b>\$ 15,537,365</b>	<b>11.04%</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. As of December 31, 2021, expenditures totaled \$2.4 million, or 34.3% of the budget. These expenditures are well below the par level of 50%, but above the prior year level of \$2.0 million. This is a result of the reallocation of City memberships from the City Manager's Office to the Non-Departmental budget. Additionally, contractual services are higher than last fiscal year due to an increase in the permitting system licensing costs.

**City Attorney:** As of December 31, 2021, actual expenditures totaled approximately \$1.1 million, which is 36.7% of the budget, which is below par. 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 9.3%. This is a result of the reallocation of contractual services from the Special Liability Insurance Fund to the City Attorney's Office operating budget.

**City Clerk:** Through December, actual expenditures were tracking below budget at \$0.7 million or approximately 41% of the budget. This reflects a decrease of 1.4% 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 December, expenditures were at 49.2% of budget, which is at par. Compared to the same period through last fiscal year, this reflects a spending increase of approximately 18.4% which is a result of higher as-needed expenditures compared to last fiscal year.

**City Manager:** The actual expenditures through December 31, 2021 totaled \$2.4 million, or 38.3% of the budget, which is below par for this time of the year. Expenditures are 4.2% lower compared with the spending level through the same period last fiscal year. This decrease in expenditures is related to the reallocation of City memberships and mandated costs from the City Manager's Office budget to Non-Departmental in addition to 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 December, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$2.3 million, or approximately 34.4%, which is below the par level of 50%. This is a result of vacancies in the department. 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 December, the Department's expenditures totaled \$7.7 million, or 42% of the budget, which is below par. This is mainly attributable to lower expenditures in the operating

supplies and contractual services categories. This expenditure level was in line with levels from last fiscal year.

**Fire Department:** As of December 31, 2021, actual expenditures in the General Fund totaled \$30.5 million, or 50% of the budget, which is on par. These expenditures reflect a 2.3% 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 \$0.2 million to this fund, bringing total expenditures, including the General Fund, to approximately \$30.7 million. Overtime expenditures are tracking at 94.5%, which is above par for this time of year. 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 will receive reimbursement. Once those reimbursements are received and allocated to the Fire Department, expenditures will be tracking within estimated levels. Budget actions will be brought forward later in the fiscal year to recognize and budget those revenues.

**Library Department:** Through December, actual expenditures totaled \$4.2 million, or 38.4% of the budget, which is below par and lower 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 has been delayed due to the increase in COVID-19 cases resulting from the latest Omicron variant.

**Parks and Recreation Department:** Through December, actual expenditures totaled approximately \$8.9 million, or 41.5% of the budget, which is below par, and is slightly higher than the prior year actuals of \$8.5 million. The department has resumed most activities that were previously impacted by COVID-19 restrictions. However, some programming continues to be impacted by the staff vacancies.

**Police Department:** Expenditures as of December 31, 2021 are tracking slightly below expected levels at \$36.6 million, or 45.7% of the budget. Expenditures are consistent with the spending levels last fiscal year. 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 December, charges to this fund totaled approximately \$0.06 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures are still tracking below par.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Through December, stadium expenditures totaled \$4.0 million, or 56% 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 December 31, 2021. The amended budget for both reflects carryover appropriations from fiscal year 2021/22 in addition to budget amendments approved by the City Council through December 2021. 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. Revenues totaled approximately \$10.8 million, while expenditures totaled approximately \$7.4 million through the end of December. Overall, revenues are tracking above par while expenditures are tracking below budgeted levels.

**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 12/31/2021	Percentage received	Actual Through 12/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 261,000	\$ 261,000	\$ 220,990	84.67%	\$ 322,411	\$ (101,421)	-31.46%
City Affordable Housing Fund	657,000	657,000	1,027,194	156.35%	491,235	535,959	109.10%
Housing Successor Fund	350,000	350,000	374,483	107.00%	616,409	(241,926)	-39.25%
Housing and Urban Development	1,957,103	1,956,086	1,331,527	68.07%	1,168,070	163,457	13.99%
Building Development Services Fee Fund	13,630,000	13,630,000	7,817,065	57.35%	0	7,817,065	100.00%
<b>TOTAL</b>	<b>\$ 16,855,103</b>	<b>\$ 16,854,086</b>	<b>\$ 10,771,259</b>	<b>63.91%</b>	<b>\$ 2,598,125</b>	<b>\$ 8,173,134</b>	<b>314.58%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2021	Percentage used	Actual through 12/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 363,099	\$ 483,099	\$ 61,853	12.80%	\$ 70,332	\$ (8,479)	-12.06%
City Affordable Housing Fund	1,431,111	2,852,650	485,686	17.03%	383,784	101,902	26.55%
Housing Successor Fund	915,640	1,260,001	391,199	31.05%	338,536	52,663	15.56%
Housing and Urban Development	3,684,839	5,429,455	1,440,356	26.53%	1,490,859	(50,503)	-3.39%
Building Development Services Fee Fund	12,256,059	12,256,059	5,011,011	40.89%	0	5,011,011	100.00%
<b>TOTAL</b>	<b>\$ 18,650,748</b>	<b>\$ 22,281,264</b>	<b>\$ 7,390,105</b>	<b>33.17%</b>	<b>\$ 2,283,511</b>	<b>\$ 5,106,594</b>	<b>223.63%</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 December 2021. As of December 31, 2021, these capital fund expenditures totaled \$14.4 million, or 9.8% 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 will be reflected in later Monthly Financial Status Reports.

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**

<b>EXPENDITURES - FISCAL YEAR 2021/22</b>						
<b>Fund Description</b>	<b>Current Year Appropriation</b>	<b>Prior Year Carryforward</b>	<b>Total Amended Budget</b>	<b>Actual Through 12/31/2021</b>	<b>Percentage Used</b>	
Parks & Recreation	\$ 7,085,289	\$ 15,478,055	\$ 22,563,344	\$ 1,022,497	4.53%	
Streets & Highways	26,869,803	62,313,089	89,182,892	9,412,143	10.55%	
Storm Drain	592,169	10,471,505	11,063,674	1,794,933	16.22%	
Fire	837,110	1,017,587	1,854,697	47,655	2.57%	
Library	7,872	246,601	254,473	15,234	5.99%	
Public Buildings	397,953	7,547,118	7,945,071	634,612	7.99%	
General Gov't - Other	1,555,000	10,228,593	11,783,593	1,110,671	9.43%	
Related Santa Clara Developer	968,103	1,326,191	2,294,294	367,693	16.03%	
Tasman East Specific	23,757	-	23,757	802	3.38%	
Infrastructure Improvement Fund						
<b>TOTAL</b>	<b>\$ 38,337,056</b>	<b>\$ 108,628,739</b>	<b>\$ 146,965,795</b>	<b>\$ 14,406,240</b>	<b>9.80%</b>	

**Enterprise Funds**

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of December 31, 2021. Overall, revenues and expenditures are tracking below budgeted levels with revenues tracking at 43.5% of the budget and expenditures tracking at 46.7% 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 12/31/2021	Percentage received	Actual Through 12/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 555,810,147	\$ 555,810,147	\$ 245,381,152	44.15%	\$ 210,670,997	\$ 34,710,155	16.48%
Water Utility Fund	49,489,630	49,489,630	23,625,102	47.74%	24,928,824	(1,303,722)	-5.23%
Sewer Utility Fund	58,344,697	58,344,697	18,569,928	31.83%	19,815,030	(1,245,102)	-6.28%
Cemetery Fund	600,000	600,000	331,620	55.27%	237,930	93,690	39.38%
Solid Waste Utility Fund	33,610,000	33,764,000	15,139,208	44.84%	11,179,682	3,959,526	35.42%
Water Recycling Fund	5,703,831	5,703,831	3,269,040	57.31%	2,973,867	295,173	9.93%
<b>TOTAL REVENUE</b>	<b>\$ 703,558,305</b>	<b>\$ 703,712,305</b>	<b>\$ 306,316,050</b>	<b>43.53%</b>	<b>\$ 269,806,330</b>	<b>\$ 36,509,720</b>	<b>13.53%</b>

Fund Description	EXPENSES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2021	Percentage Used	Actual through 12/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 511,251,732	\$ 515,132,550	\$ 244,227,199	47.41%	\$ 196,576,946	\$ 47,650,253	24.24%
Water Utility Fund	47,197,617	47,580,260	21,105,473	44.36%	21,175,916	(70,443)	-0.33%
Sewer Utility Fund	30,565,333	30,707,268	14,343,157	46.71%	12,989,846	1,353,311	10.42%
Cemetery Fund	1,480,235	1,480,235	714,955	48.30%	660,286	54,669	8.28%
Solid Waste Utility Fund	33,323,675	37,135,208	14,138,060	38.07%	10,410,629	3,727,431	35.80%
Water Recycling Fund	5,709,582	5,709,582	2,982,662	52.24%	3,322,087	(339,425)	-10.22%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 629,528,174</b>	<b>\$ 637,745,103</b>	<b>\$ 297,511,506</b>	<b>46.65%</b>	<b>\$ 245,135,710</b>	<b>\$ 52,375,796</b>	<b>21.37%</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 December 2021 totaled approximately \$58.5 million, or 22.6% 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. 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 will be reflected in later Monthly Financial Status Reports.

**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 12/31/2021	Percentage Used	Actual Through 12/31/2020
Electric Utility Fund	\$ 67,868,989	\$ 94,324,423	\$ 162,193,412	\$ 20,368,436	12.56%	\$ 21,407,086
Street Lighting <sup>(1)</sup>	-	5,953,560	5,953,560	67,666	1.14%	6,854
Water Utility Fund	6,285,000	5,815,672	12,100,672	4,186,071	34.59%	3,305,745
Sewer Utility Fund	47,536,944	25,449,390	72,986,334	32,446,011	44.45%	7,434,254
Cemetery Fund	8,409	351,635	360,044	19,004	5.28%	-
Solid Waste Utility Fund	623,700	46,677	670,377	457,113	68.19%	154,259
Water Recycling Fund	50,000	-	50,000	-	0.00%	2,063
Convention Center Capital Fund	1,724,000	3,500,000	5,224,000	972,463	18.62%	-
<b>TOTAL - CIP Appropriations</b>	<b>\$ 124,097,042</b>	<b>\$ 135,441,357</b>	<b>\$ 259,538,399</b>	<b>\$ 58,516,764</b>	<b>22.55%</b>	<b>\$ 32,310,261</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  
December 31, 2021**

<b>DETAIL OF SELECTED FUND RESERVE BALANCES:</b>			
	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>
Budget Stabilization Reserve	\$ 52,884,375		
Capital Projects Reserve	7,630,016		
Land Sale Reserve	22,739,828		
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>\$ 84,680,392</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 December 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.

<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>

**Donations to the City of Santa Clara**

Donations received by department during the month of December 2021 and for fiscal year 2021/22 are shown in the table below.

<b>Department</b>	<b>Dec-21</b>	<b>Fiscal Year 2021/22</b>		<b>Designated Use</b>
		<b>Year To Date</b>		
City Manager's Office	\$ -	\$ 115		Help Your Neighbor
Parks & Recreation	-	12,750		Case Management
Parks & Recreation	1,050	1,675		Wade Brummal
Parks & Recreation	50	50		Roberta Jones Jr. Theater
Police	-	75,000		PD Team 200
<b>TOTALS</b>	<b>\$ 1,100</b>	<b>\$ 89,590</b>		