



# **City of Santa Clara**

The Center of What's Possible

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## **MONTHLY FINANCIAL STATUS REPORT**

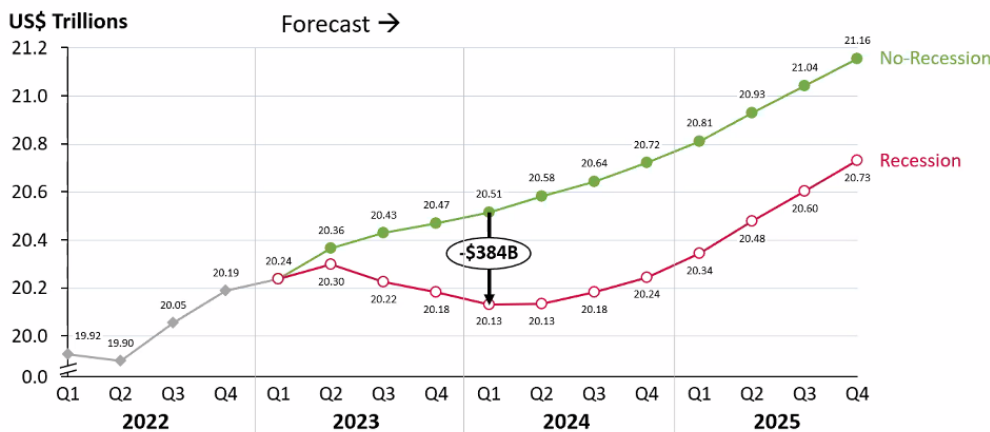
**May 2023**

This report summarizes the City’s financial performance for the month ended May 31, 2023. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds. Financial information included in this report is unaudited.

### Economic Overview

Economic indicators are mixed, and there continues to be uncertainty regarding the economic outlook. Given this level of uncertainty, the December 2022, March 2023 and June 2023 UCLA Anderson Forecasts presented a two-scenario approach: recession scenario and no recession scenario. The recession scenario predicts a recession occurring at the end of 2023, where “inflation would have continued to come down too slowly if not for the continued Federal Reserve rate hikes. In this scenario, the Federal Reserve forces a mild recession and accepts an economic contraction and higher unemployment to combat inflation.” In the no recession scenario, “economic growth slows but remains positive, inflation ebbs, labor markets slacken mildly, just enough to quell wage inflation, and the Federal Reserve eases its approach to monetary policy tightening”.<sup>1</sup>

### Real GDP Levels, US\$ Trillions, Chained 2012 Prices, Seasonally Adjusted Rates



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

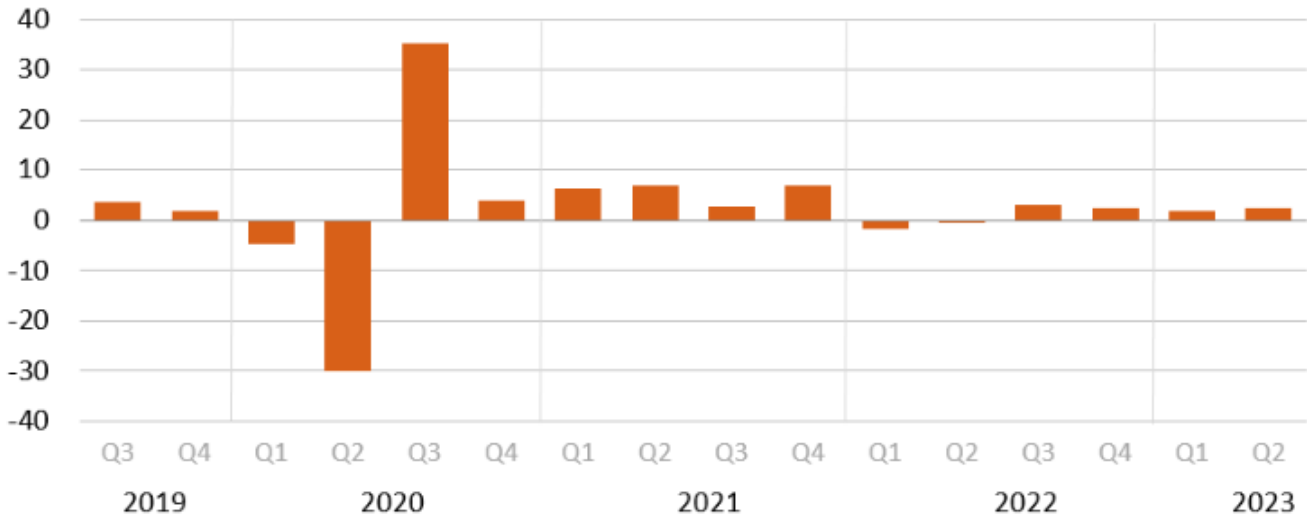
In its August 2023 forecast, The Conference Board predicts a short and shallow recession with a contraction in the fourth quarter 2023 and the first quarter 2024. “This outlook is associated with numerous factors, including, elevated inflation, high interest rates, dissipating pandemic savings, lower government spending, and the resumption of mandatory student loan repayments”. Factors that positively impacted the forecast were stronger than anticipated real GDP growth, monthly personal consumption expenditure growth, and improvements in consumer confidence. In its recession/no

<sup>1</sup> UCLA Anderson Forecast, June 2023, “The More Things Change the More They Stay the Same: Recession or No Recession is Still the Question”

recession assessment, it acknowledges “that the likelihood of a ‘soft landing’ for the economy is rising, but we continue to believe that a very short and shallow recession in the more likely scenario.”<sup>2</sup>

In the “advance” estimate for the second quarter 2023, the Gross Domestic Product (GDP) increased at an annual rate of 2.4%, following a GDP increase of 2.0% in the first quarter 2023. Based on early data, the GDP increase in the second quarter reflects “increases in consumer spending, nonresidential fixed investment, state and local government spending, private inventory investment, and federal government spending that were partially offset by decreases in exports and residential fixed investment”.<sup>3</sup> The “second” estimate for the second quarter, based on more complete data, will be released on August 30, 2023.

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



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

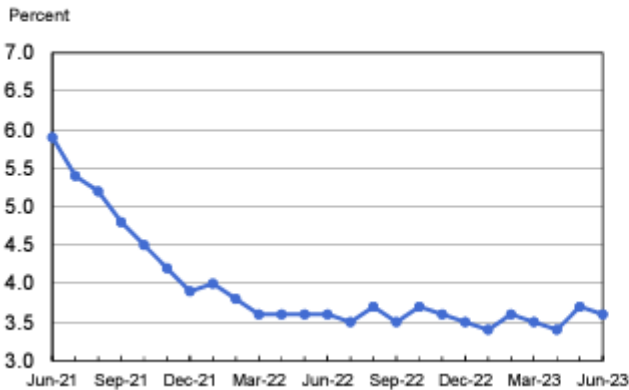
On a national level, the unemployment rate changed little from 3.7% in May 2023 to 3.6% in June 2023. The unemployment rate has ranged from 3.4% to 3.7% since March 2022, which is in line with the pre-pandemic unemployment rate of 3.5%. In June, the number of unemployed persons increased slightly to 6.0 million, which is marginally higher than the pre-pandemic level of 5.7 million.<sup>4</sup>

<sup>2</sup> <https://www.conference-board.org/research/us-forecast>

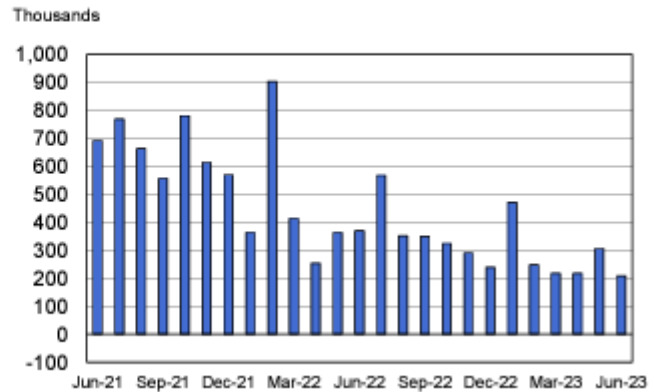
<sup>3</sup> <https://www.bea.gov/news/2023/gross-domestic-product-second-quarter-2023-advance-estimate>

<sup>4</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

**Chart 1. Unemployment rate, seasonally adjusted, June 2021 – June 2023**



**Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, June 2021 – June 2023**



The California unemployment rate increased slightly from 4.5% in May 2023 to 4.6% in June 2023 and was up from 3.9% in June 2022. Between June 2022 and June 2023, total nonfarm jobs in California increased by 397,400 jobs (a 2.2% increase), with the largest increases in private educational and health services (up 167,300 jobs), leisure and hospitality (up 120,100 jobs), professional and business services (up 49,000), and government (up 43,400).<sup>5</sup>

The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 3.7% in June 2023, up from a revised 3.3% in May 2023, and above the June 2022 level of 2.7% and the February 2020 pre-pandemic level of 2.6%. Between June 2022 and June 2023, employment in this region increased by 32,900 jobs, or 2.8%. The largest increases were in private educational and health services (up 12,200 jobs), leisure and hospitality (up 11,800 jobs), and professional and business services (up by 3,400 jobs).<sup>6</sup>

### General Fund

The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the residents and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2022/23 was \$272.4 million. The amended budget for revenues and expenditures was adjusted to \$301.5 million to reflect various budget amendments approved by the City Council through May 2023.

General Fund revenues are tracking to end the year above the budgeted level due to strong performance in several categories as discussed below. Departmental expenditures are projected to end the year below budget as departments continue to experience vacancies and control expenditures through various cost control measures.

<sup>5</sup> [https://edd.ca.gov/en/about\\_edd/news\\_releases\\_and\\_announcements/unemployment-june-2023/](https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-june-2023/)

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

**General Fund Revenues**

As of May 31, 2023, \$228.7 million, or 91.1% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$50.6 million have occurred as budgeted. Revenue collections are tracking to end the year above budget and are higher when compared to collections last fiscal year.

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

Function	FISCAL YEAR 2022/23				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 05/31/2023	Percentage Received	Actual Through 05/31/2022	Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 60,173,000	\$ 60,173,000	\$ 48,295,862	80.26%	\$ 43,166,427	\$ 5,129,435	11.88%
Property Tax	75,261,000	84,125,000	73,165,896	86.97%	61,231,446	11,934,450	19.49%
Transient Occupancy Tax	12,600,000	12,600,000	14,035,693	111.39%	6,265,731	7,769,962	124.01%
Other Taxes	6,260,000	6,260,000	5,474,030	87.44%	5,664,326	(190,296)	-3.36%
<b>Total Taxes</b>	<b>154,294,000</b>	<b>163,158,000</b>	<b>140,971,481</b>	<b>86.40%</b>	<b>116,327,930</b>	<b>24,643,551</b>	<b>21.18%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	900,000	900,000	778,260	86.47%	752,875	25,385	3.37%
Fire Operation Permits	2,100,000	2,100,000	1,774,577	84.50%	1,727,810	46,767	2.71%
Miscellaneous Permits	72,000	72,000	40,719	56.55%	74,716	(33,997)	-45.50%
<b>Total Licenses &amp; Permits</b>	<b>3,072,000</b>	<b>3,072,000</b>	<b>2,593,556</b>	<b>84.43%</b>	<b>2,555,401</b>	<b>38,155</b>	<b>1.49%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,465,000</b>	<b>1,615,000</b>	<b>968,713</b>	<b>59.98%</b>	<b>356,703</b>	<b>612,010</b>	<b>171.57%</b>
<b>INTERGOVERNMENTAL</b>	<b>310,000</b>	<b>891,638</b>	<b>1,168,229</b>	<b>131.02%</b>	<b>2,840,893</b>	<b>(1,672,664)</b>	<b>-58.88%</b>
<b>CHARGES FOR SERVICES</b>	<b>31,258,098</b>	<b>31,543,491</b>	<b>29,930,716</b>	<b>94.89%</b>	<b>28,017,221</b>	<b>1,913,496</b>	<b>6.83%</b>
<b>TRANSFER FROM CITY UTILITIES</b>	<b>26,170,000</b>	<b>26,170,000</b>	<b>26,256,896</b>	<b>100.33%</b>	<b>23,625,595</b>	<b>2,631,301</b>	<b>11.14%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	2,532,000	2,532,000	2,589,403	102.27%	1,565,380	1,024,023	65.42%
Rent	10,584,266	10,584,266	10,710,726	101.19%	8,906,545	1,804,181	20.26%
<b>Total Use of Money &amp; Property</b>	<b>13,116,266</b>	<b>13,116,266</b>	<b>13,300,129</b>	<b>101.40%</b>	<b>10,471,925</b>	<b>2,828,204</b>	<b>27.01%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>150,000</b>	<b>215,761</b>	<b>2,841,514</b>	<b>1316.97%</b>	<b>644,555</b>	<b>2,196,959</b>	<b>340.85%</b>
<b>OTHER FINANCING SOURCES</b>							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,454,000	-	0.00%
Operating Transfer In - Reserves	25,812,244	36,719,079	36,719,079	100.00%	32,758,819	3,960,260	12.09%
Operating Transfer In - Fund Balances <sup>(2)</sup>	4,484,726	4,484,726	4,484,726	100.00%	4,817,658	(332,933)	-6.91%
Operating Transfer In - Miscellaneous	2,127,374	7,968,589	7,968,589	100.00%	5,651,151	2,317,438	41.01%
<b>Total Other Financing Sources</b>	<b>33,878,344</b>	<b>50,626,394</b>	<b>50,626,394</b>	<b>100.00%</b>	<b>44,681,628</b>	<b>5,944,765</b>	<b>13.30%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	7,889,147	10,339,147	9,967,090	96.40%	2,463,515	7,503,575	304.59%
Rent and Licensing	752,500	752,500	710,000	94.35%	297,359	412,641	138.77%
<b>Total Stadium Operation</b>	<b>8,641,647</b>	<b>11,091,647</b>	<b>10,677,090</b>	<b>96.26%</b>	<b>2,760,874</b>	<b>7,916,216</b>	<b>286.73%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 272,355,355</b>	<b>\$ 301,500,197</b>	<b>\$ 279,334,718</b>	<b>92.65%</b>	<b>\$ 232,282,725</b>	<b>\$ 47,051,994</b>	<b>20.26%</b>

(1) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2022 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, 2023, approximately \$48.3 million has been collected. This reflects an increase of \$5.1 million when compared to collections through the same period last fiscal year. In this fiscal year, sales tax receipts increased 15.7% in the first quarter, 2.4% in the second quarter, and 20.2% in the third quarter when compared to the same quarters last fiscal year. In the third quarter, growth was experienced in all local business sectors: business-to-business up 12.7%; general retail up 1.1%, transportation up 9.6%, construction up 23.6%, and food products up 28.2%. Based on the strong performance in the third quarter, receipts are now expected to exceed the budgeted estimate of \$59.4 million. For instance, if growth of 3% is realized in the last quarter, sales tax collection will exceed the budget by approximately \$2 million. 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.

**Property Tax:** Through May, 87% of the property tax budgeted estimate has been received, and revenues are expected to meet the budgeted estimate by year end. A budget amendment was approved on May 23, 2023 (RTC 23-337) as part of the February/March Monthly Financial Report to increase the revenue estimate from \$75.3 million to \$84.1 million based on the latest estimate from the County of Santa Clara. This collection level is well above the prior year collections of \$74.6 million. This reflects strong growth in the secured, supplemental, and unsecured property tax categories. Property tax collections of \$1.65 million have been set aside in a new Property Tax Excess Education Augmentation Revenue Fund (ERAF) Reserve to address potential legal challenges associated with these funds. In FY 2022/23, an estimated \$5.5 million is projected from excess ERAF distributions (under Proposition 98, a portion of property tax receipts have been allocated to the ERAF beginning in 1992, and once there are sufficient funds in ERAF to fulfill the obligation to the school districts, excess funds are returned to the taxing entities that contributed the funding). The California School Boards Association has filed a lawsuit against the Controller of the State of California on the disbursement of the excess ERAF funds. Given this lawsuit, the County of Santa Clara has estimated that approximately 30% of the excess ERAF distribution is at risk (estimated \$1.65 million in FY 2022/23).

**Transient Occupancy Tax (TOT):** TOT is calculated as a percentage of City hotel/motel room charges. The City's TOT rate is 11.5%. Through May 31, 2023, \$14.0 million has been received, which is significantly higher than receipts through the same period last fiscal year of \$6.3 million. While businesses continue to recover from COVID-19 impacts, activity has not yet reached pre-pandemic levels. TOT receipts through May are tracking close to pre-pandemic levels; however, this is due in part to the TOT rate increase that went into effect in January 2022. TOT receipts are expected to end the year at approximately \$19 - \$20 million, exceeding the budgeted estimate of \$12.6 million.

**Other Taxes:** Includes franchise tax and documentary transfer tax. The City has collected \$5.5 million through May, which is slightly lower than prior year collection levels. This reflects lower collections in the documentary transfer tax category that are partially offset by higher collections in the franchise tax category. While receipts are tracking slightly below last year, collections are projected to meet the budgeted estimate of \$6.3 million.

**Licenses & Permits:** Includes business licenses, fire operation permits, and miscellaneous permits and fees. Effective FY 2021/22, building, electric, plumbing, and mechanical permits are budgeted in the Building Development Services Fund, which is reflected in the Special Revenue section of this report. Licenses and permits revenue collections are tracking below par with receipts totaling \$2.6 million, or 84.4% of the budget of \$3.1 million, through May. This collection level is consistent with the prior fiscal year collection level. Based on current collections trends, revenues in this category are tracking to end the year below the budgeted estimate. Please note that the amended budget has been revised downward from the prior Monthly Financial Report to reflect a correction in the classification of a \$258,000 revenue adjustment for Fire Construction Permits to the Charges for Services revenue category.

**Fines & Penalties:** Includes vehicle, parking, court fines, library fines, and miscellaneous penalty fines. The revenue of approximately \$1.0 million collected through May is tracking to end the year below the budgeted estimate of \$1.6 million largely due to the lower traffic and vehicle code fines. Collections in this category are tracking well above the prior year due to the resumption of the assessment of late fees that had been waived during COVID-19.

**Intergovernmental:** Includes motor vehicle fees, state homeowner tax relief, fire mutual aid, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through May, \$1.2 million has been received, which is lower than the prior year collection level but above the budgeted estimate of \$0.9 million. The fire mutual aid revenue and department budget adjustments totaling \$0.6 million, approved as part of the January 2023 and February/March 2023 Monthly Financial Reports, are reflected.

**Charges for Services:** Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through May, collections are tracking within the budgeted estimate at \$29.9 million, or 94.9% of the budget. This reflects a 6.8% increase compared to last year's collections through the same period of \$28.0 million. This increase is a result of higher collections for parks and recreation fees, the technology fee, fire construction permits, and fire EMS fees.

**Transfer from City Utilities:** In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues to the General Fund. As of May 31, 2023, \$26.3 million has been received. Transfers throughout the year are based on the budgeted estimate and will be trued up at the end of the fiscal year based on actual performance.

**Use of Money & Property:** Includes realized interest income and rental income. Interest income and rent revenue collections totaled \$13.3 million, exceeding the budgeted estimate of \$13.1 million. These collections are higher than collections through last fiscal year of \$10.5 million. The increase in the interest income reflects the higher investment yield, while rents are higher primarily due to the collections for the Commerce Plaza and Hyatt Regency at 5101 Great America properties.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through May 31, 2023, collections of \$2.8 million are higher than collections through the same period last fiscal year of \$0.6 million. This increase is primarily attributable to the \$2.32 million settlement between the City, the Santa Clara Stadium Authority, and the Forty-Niners SC Stadium Company LLC and Forty Niners Stadium Management Company LLC (collectively, the Forty-Niners). Of this settlement amount, \$1.67 million was received in September 2022, while the remaining \$0.65 million was received in March 2023.

**Stadium Operation:** As of May 31, 2023, charges for services collected through the Stadium totaled \$10.7 million, which is above par for this time of year. This is significantly higher than collections through the same period last year resulting from the reopening of Stadium for events and two additional NFL playoff games held at the Stadium. The amended budget also reflects \$2.4 million in adjustments as part of the January 2023 and February/March 2023 Monthly Financial Reports approved on March 21, 2023 and May 23, 2023, respectively, to account for the higher activity level.

**General Fund Expenditures**

As of May 31, 2023, \$257.2 million or 85.3% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are tracking below budgeted levels through May. Departmental expenditures totaled \$221.3 million, or 84% of the budget, which is below the par level of 91.7% of the budget. This reflects savings from vacant positions as well as savings generated from cost-control measures that were implemented in FY 2019/20. Expenditures are expected to end the year below budget.

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

Function	FISCAL YEAR 2022/23				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 05/31/2023	Percentage Used	Actual Through 05/31/2022	Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 7,514,334	\$ 7,821,394	\$ 3,932,223	50.28%	\$ 3,740,875	\$ 191,348	5.12%
City Council	861,105	862,396	609,936	70.73%	719,358	(109,422)	-15.21%
City Clerk	2,076,112	2,093,661	1,773,324	84.70%	1,206,163	567,161	47.02%
City Manager	6,085,321	6,292,428	4,627,658	73.54%	4,503,148	124,510	2.76%
City Attorney	3,202,735	3,690,974	2,973,565	80.56%	2,224,952	748,613	33.65%
Human Resources	4,508,710	4,828,451	3,315,156	68.66%	3,361,205	(46,049)	-1.37%
Finance	19,045,131	20,272,300	16,416,860	80.98%	14,655,473	1,761,387	12.02%
<b>Total General Government</b>	<b>43,293,448</b>	<b>45,861,604</b>	<b>33,648,722</b>	<b>73.37%</b>	<b>30,411,174</b>	<b>3,237,548</b>	<b>10.65%</b>
<b>PUBLIC WORKS</b>	<b>24,021,840</b>	<b>25,092,840</b>	<b>20,282,529</b>	<b>80.83%</b>	<b>20,173,587</b>	<b>108,942</b>	<b>0.54%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>5,398,007</b>	<b>5,665,420</b>	<b>4,186,097</b>	<b>73.89%</b>	<b>4,221,200</b>	<b>(35,103)</b>	<b>-0.83%</b>
<b>PARKS AND RECREATION</b>	<b>21,695,302</b>	<b>22,268,627</b>	<b>18,167,045</b>	<b>81.58%</b>	<b>16,533,474</b>	<b>1,633,571</b>	<b>9.88%</b>
<b>PUBLIC SAFETY</b>							
Fire	62,298,852	66,599,007	61,408,676	92.21%	43,414,806	17,993,870	41.45%
Police	84,615,023	85,779,549	74,148,942	86.44%	53,147,505	21,001,437	39.52%
<b>Total Public Safety</b>	<b>146,913,875</b>	<b>152,378,556</b>	<b>135,557,618</b>	<b>88.96%</b>	<b>96,562,311</b>	<b>38,995,307</b>	<b>40.38%</b>
<b>LIBRARY</b>	<b>11,889,451</b>	<b>12,277,870</b>	<b>9,449,185</b>	<b>76.96%</b>	<b>8,124,638</b>	<b>1,324,547</b>	<b>16.30%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>253,211,923</b>	<b>263,544,917</b>	<b>221,291,196</b>	<b>83.97%</b>	<b>176,026,383</b>	<b>45,264,813</b>	<b>25.71%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	38,809	64,933	64,933	100.00%	24,665,526	(24,600,593)	-99.74%
Operating Transfer Out - Debt Services	1,402,275	1,402,275	1,402,275	100.00%	2,501,439	(1,099,164)	-43.94%
Operating Transfer Out - Maintenance Dtrct	842,700	842,700	842,700	100.00%	771,349	71,351	9.25%
Operating Transfer Out - Cemetery	870,000	870,000	870,000	100.00%	850,000	20,000	2.35%
Operating Transfer Out - CIP	8,625,501	8,886,818	8,886,818	100.00%	11,773,925	(2,887,107)	-24.52%
Operating Transfer Out - Reserves	-	16,058,886	16,058,886	100.00%	3,511,009	12,547,877	357.39%
<b>Total Other Financing Uses</b>	<b>11,779,285</b>	<b>28,125,612</b>	<b>28,125,612</b>	<b>100.00%</b>	<b>44,073,248</b>	<b>(15,947,636)</b>	<b>-36.18%</b>
<b>STADIUM OPERATION</b>	<b>7,364,147</b>	<b>9,829,668</b>	<b>7,740,057</b>	<b>78.74%</b>	<b>5,874,848</b>	<b>1,865,209</b>	<b>31.75%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 272,355,355</b>	<b>\$ 301,500,197</b>	<b>\$ 257,156,865</b>	<b>85.29%</b>	<b>\$ 225,974,479</b>	<b>\$ 31,182,386</b>	<b>13.80%</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 May 31, 2023, expenditures totaled \$3.9 million, or 50.3% of the budget. These expenditures are tracking below budget but are higher than the prior year levels, primarily as a result of higher expenditures in the contractual services as well as salaries and benefits categories. Non-Departmental includes \$1.8 million for separation payouts; these funds are transferred to departments as necessary to address these costs. Budget actions were approved on June 27, 2023 as part of the April 2023 Monthly Financial Report to allocate a portion of these funds to the Fire Department to cover the separation payouts in that department. This action is not yet reflected.

**City Attorney:** Through May, actual expenditures totaled approximately \$3.0 million, which is below expected levels at 80.6% of the budget. Spending is 33.7% above the total expenditures through the same time last fiscal year due to higher costs for contractual legal services and salaries and benefits.

**City Clerk:** Through May, actual expenditures were tracking above budget at \$1.8 million or approximately 84.7% of the budget. This reflects a 47% increase in spending compared to prior year spend levels; however, is still within budgeted levels. This is a result of one-time special election costs, higher salaries and benefits costs, and Granicus costs that are paid every other year.

**City Council:** Through May 31, 2023, expenditures were at 70.7% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 15.2%, which is primarily the result of savings due to vacancies within the department.

**City Manager:** Expenditures through May totaled \$4.6 million, or 73.5% of the budget, which is below par for this time of the year. Expenditures are 2.8% higher compared with the spending level through the same period last fiscal year. This increase reflects higher property management maintenance costs and as-needed spending. This increase is partially offset by lower spending in salaries and benefits and advertising.

**Community Development Department:** This department consists of three divisions: Planning, Building, and Housing and Community Services. The Building division of this department is reflected in the Building Development Services Fund, which falls under the special revenue section of this report. Through May, General Fund expenditures for the Planning and Housing and Community Services divisions totaled \$4.2 million, or 73.9% of budget, which is below the par level of 91.7%. Expenditures were slightly below the spending through the same period last fiscal year due to lower contractual services expenses.

**Finance Department:** Through May, the Department's expenditures totaled \$16.4 million, or 81% of the budget, which is below par. This expenditure level was approximately 12% higher than the prior year primarily as a result of higher salaries and benefits costs.

**Fire Department:** Through May 31, 2023, expenditures totaled \$61.4 million, or 92.2% of the budget, which is slightly above par. These expenditures reflect a 41.5% increase from expenditures through the

same period last fiscal year. This large increase compared to the prior year is a result of the shifting of \$11.3 million of Fire's operating budget to the American Rescue Plan Act (ARPA) Fund last year on a one-time basis. As the ARPA was one-time funding, this year's tracking reflects all of the Department's expenditures. Spending is higher in the salaries and benefits, as-needed, contractual services, maintenance, and capital outlay categories. Overtime expenditures are tracking above the budget at 119%. 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. In addition, overtime costs are higher due to mutual aid efforts that will be reimbursed. The Department's budget now reflects adjustments appropriating \$0.6 million for Cal OES reimbursements from the January 2023 and February/March 2023 Monthly Financial Reports. Additional budget amendments were approved as part of the April 2023 Monthly Financial Report to recognize fire-related revenue from fees and various reimbursements and allocate those funds to cover Fire Department salary, overtime and non-personnel costs and are not yet reflected.

**Library Department:** Through May, actual expenditures totaled \$9.4 million, or 77% of the budget, which is below par, but nearly 16.3% higher than expenditure levels last fiscal year. This is a result of resuming operations which began earlier this calendar year.

**Parks and Recreation Department:** Through May, actual expenditures totaled approximately \$18.2 million, or 81.6% of the budget, which is below par, but above the prior year actuals of \$16.5 million. This is due to the department resuming activities that were previously impacted by COVID-19 restrictions.

**Police Department:** Expenditures through May are tracking below expected levels at \$74.1 million, or 86.4% of the budget. This is approximately 39.5% higher when compared to spending levels through the same period last fiscal year. Similar to the Fire Department, this large increase compared to the prior year is a result of the shifting of \$14.9 million of Police's operating budget to the American Rescue Plan Act Fund last year on a one-time basis. As this was one-time funding, this year's tracking reflects all of the Department's expenditures.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled approximately \$7.7 million through May and are tracking below budgeted levels at 78.7%. This is 31.8% higher than expenditures through the same period last year, as a direct result of the reopening of the Stadium for events and two additional NFL playoff games held at the Stadium. The budget incorporates adjustments totaling \$2.4 million approved as part of the January 2023 and February/March 2023 Monthly Financial Reports.

**Special Revenue Funds**

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of May 31, 2023. The amended budget reflects carryover encumbrances from fiscal year 2021/22 and budget amendments approved by the City Council through May 2023. Effective July 1, 2021, all Building Division revenues and expenditures are budgeted and accounted for in the Building Development Services Fund, which is included in the table below.

Revenues totaled \$27.0 million, or 99.4% of budget, while expenditures totaled \$26.8 million, or 65.3% of budget through the end of May. Overall, revenues are tracking above budget due primarily to strong performance in the Building Development Services Fee Fund which has exceeded the annual revenue estimate. Expenditures in almost all funds are tracking below the par level of 91.7%. Revenue and expenses are tracking lower in the Housing and Urban Development Fund due to less activity in the Neighborhood Conservation and Improvement Program (NCIP) and the Affordable Rental Housing program. Projects under both of these programs have been delayed due to limited staff capacity; however, they are anticipated to be completed by the end of next fiscal year.

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

Fund Description	REVENUES - FISCAL YEAR 2022/23				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2023	Percentage received	Actual Through 5/31/2022	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 280,000	\$ 277,495	\$ 397,268	143.16%	\$ 520,662	\$ (123,394)	-23.70%
City Affordable Housing Fund	682,000	7,162,700	6,993,499	97.64%	4,483,700	2,509,799	55.98%
Housing Successor Fund	350,000	1,306,326	950,252	72.74%	6,187,165	(5,236,913)	-84.64%
Housing and Urban Development	1,810,000	3,924,461	1,049,963	26.75%	2,973,735	(1,923,772)	-64.69%
Building Development Services Fee Fund	14,112,000	14,464,458	17,580,299	121.54%	16,355,098	1,225,201	7.49%
American Rescue Plan Act Fund	-	-	-	0.00%	13,283,413	(13,283,413)	-100.00%
<b>TOTAL</b>	<b>\$ 17,234,000</b>	<b>\$ 27,135,440</b>	<b>\$ 26,971,281</b>	<b>99.40%</b>	<b>\$ 43,803,773</b>	<b>\$ (16,832,492)</b>	<b>-38.43%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2022/23				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2023	Percentage used	Actual through 5/31/2022	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 380,363	\$ 584,503	\$ 183,211	31.34%	\$ 139,702	\$ 43,509	31.14%
City Affordable Housing Fund	1,685,731	11,499,145	6,784,743	59.00%	929,754	5,854,989	629.74%
Housing Successor Fund	1,242,599	6,049,148	5,520,836	91.27%	12,380,972	(6,860,136)	-55.41%
Housing and Urban Development	2,355,815	5,223,984	1,720,536	32.94%	3,129,428	(1,408,892)	-45.02%
Building Development Services Fee Fund	13,360,809	17,682,237	12,568,883	71.08%	9,870,363	2,698,520	27.34%
American Rescue Plan Act Fund	-	-	-	0.00%	26,231,326	(26,231,326)	-100.00%
<b>TOTAL</b>	<b>\$ 19,025,317</b>	<b>\$ 41,039,017</b>	<b>\$ 26,778,209</b>	<b>65.25%</b>	<b>\$ 52,681,545</b>	<b>\$ (25,903,336)</b>	<b>-49.17%</b>

**Governmental Capital Improvement Funds**

The table below lists the revenue for selected capital improvement funds. The amended budget reflects current year appropriations, prior year carryover, and budget amendments approved through May 2023. As of May 31, 2023, the capital fund revenue totaled \$35.1 million. In the Parks and Recreation Capital Fund, \$26.4 million has been collected, which includes \$25.2 million in Mitigation Fee Act revenue. In the Streets and Highways Fund, revenues are tracking well below budget due to the timing of projects and associated reimbursements.

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

REVENUES - FISCAL YEAR 2022/23						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2023	Percentage Used	
Parks & Recreation	\$ 24,277,760	\$ 3,301,620	\$ 27,579,380	\$ 26,353,723	95.56%	
Streets & Highways	6,634,174	15,921,680	22,555,854	2,992,842	13.27%	
Storm Drain	1,454,000	-	1,454,000	1,326,849	91.26%	
Public Buildings	-	100,000	100,000	100,000	100.00%	
City Affordable Housing Capital	-	-	-	630,142	NA	
Related Santa Clara Developer	2,968,317	1,118,024	4,086,341	1,277,059	31.25%	
Patrick Henry Drive	-	-	-	-	NA	
Infrastructure Improvement Fund						
Tasman East Specific	2,413,605	-	2,413,605	2,419,501	100.24%	
Infrastructure Improvement Fund						
<b>TOTAL</b>	<b>\$ 37,747,856</b>	<b>\$ 20,441,324</b>	<b>\$ 58,189,180</b>	<b>\$ 35,100,116</b>	<b>60.32%</b>	

The table below lists the total amended budgeted amounts for expenditures in the Capital Improvement Funds. Similar to the revenue table, the amended expenditure budgets consist of current year appropriations, prior year carryover encumbrance balances in Governmental Capital Improvement Funds, and budget amendments approved through May 2023. As of May 31, 2023, capital fund expenditures totaled \$34.0 million, or 21.5% of the amended budget.

As part of the adoption of the FY 2022/23 and FY 2023/24 capital improvement program budget, some capital funds were carried over for projects that were not anticipated to be completed by June 30, 2022. Necessary additional adjustments to the capital carryover amounts were included as part of the Budgetary Year-End Report for FY 2021/22 approved on December 6, 2022. These adjustments 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 EXPENDITURE - OVERVIEW AND COMPARISON BY FUND

EXPENDITURES - FISCAL YEAR 2022/23						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2023	Percentage Used	
Parks & Recreation	\$ 20,631,295	\$ 20,913,971	\$ 41,545,266	\$ 8,070,274	19.43%	
Streets & Highways	28,126,833	53,175,624	81,302,457	15,950,657	19.62%	
Storm Drain	5,181,209	2,745,531	7,926,740	3,122,031	39.39%	
Fire	1,580,091	395,077	1,975,168	554,609	28.08%	
Library	355,811	35,747	391,558	89,717	22.91%	
Public Buildings	4,638,636	2,439,492	7,078,128	697,080	9.85%	
General Govt - Other	3,687,314	6,158,460	9,845,774	1,801,313	18.30%	
City Affordable Housing Capital	-	1,600,000	1,600,000	-	0.00%	
Related Santa Clara Developer	3,566,699	-	3,566,699	1,862,544	52.22%	
Patrick Henry Drive	69,205	-	69,205	69,205	100.00%	
Infrastructure Improvement Fund						
Tasman East Specific	3,221,395	-	3,221,395	1,798,250	55.82%	
Infrastructure Improvement Fund						
<b>TOTAL</b>	<b>\$ 71,058,488</b>	<b>\$ 87,463,902</b>	<b>\$ 158,522,390</b>	<b>\$ 34,015,680</b>	<b>21.46%</b>	

**Enterprise Funds**

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of May 31, 2023.

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

Fund Description	REVENUES - FISCAL YEAR 2022/23				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2023	Percentage received	Actual Through 5/31/2022	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 615,818,445	\$ 629,425,236	\$ 559,557,084	88.90%	\$ 474,939,962	\$ 84,617,122	17.82%
Water Utility Fund	48,358,520	48,358,520	42,856,980	88.62%	43,862,224	(1,005,244)	-2.29%
Sewer Utility Fund	40,459,345	40,459,345	40,678,022	100.54%	47,838,824	(7,160,802)	-14.97%
Cemetery Fund	600,000	600,000	611,942	101.99%	688,424	(76,482)	-11.11%
Solid Waste Utility Fund	37,245,092	37,245,092	31,386,355	84.27%	29,418,589	1,967,766	6.69%
Water Recycling Fund	5,708,446	5,708,446	5,197,415	91.05%	5,324,939	(127,524)	-2.39%
<b>TOTAL REVENUE</b>	<b>\$ 748,189,848</b>	<b>\$ 761,796,639</b>	<b>\$ 680,287,798</b>	<b>89.30%</b>	<b>\$ 602,072,962</b>	<b>\$ 78,214,836</b>	<b>12.99%</b>

Fund Description	EXPENSES - FISCAL YEAR 2022/23				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2023	Percentage Used	Actual through 5/31/2022	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 603,681,580	\$ 606,557,830	\$ 528,149,158	87.07%	\$ 452,143,455	\$ 76,005,703	16.81%
Water Utility Fund	46,797,065	48,768,438	40,533,838	83.11%	37,061,187	3,472,651	9.37%
Sewer Utility Fund	30,825,023	33,220,466	29,802,459	89.71%	27,949,605	1,852,854	6.63%
Cemetery Fund	1,539,796	1,545,944	1,371,277	88.70%	1,277,348	93,929	7.35%
Solid Waste Utility Fund	36,626,118	40,169,992	28,962,392	72.10%	27,412,248	1,550,144	5.65%
Water Recycling Fund	5,729,413	7,489,135	6,387,757	85.29%	4,756,485	1,631,272	34.30%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 725,198,995</b>	<b>\$ 737,751,805</b>	<b>\$ 635,206,881</b>	<b>86.10%</b>	<b>\$ 550,600,328</b>	<b>\$ 84,606,553</b>	<b>15.37%</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.

Expenditures in the Electric Utility Fund are tracking to end the year above the budget due to higher power purchase and production costs which are driven by the extreme spikes in natural gas prices. It is anticipated that higher revenues will partially offset these higher costs with the remainder addressed with the use of fund balance. Budget balancing amendments were approved as part of the April 2023 Monthly Financial Report but are not yet reflected here.

In the Cemetery Fund, revenue is tracking below the prior year due to lower sales, while the decrease in Sewer revenue reflects the amount of reimbursements received from the City of San José related to the co-owned Regional Wastewater Facility. Expenditures are tracking higher in the Water Recycling

Fund and Water Utility Fund as a result of higher spending in the resources category. A budget adjustment in the Water Recycling Fund was approved as part of the February/ March 2023 Monthly Financial Report to account for the significantly higher spend in the resource category; this adjustment is reflected in the table.

A summary of revenue and expenses in the Enterprise Capital Improvement Funds are detailed in the tables below. Actual revenue through May 31, 2023 totaled \$42.6 million, consisting primarily of developer contributions in the Electric Utility Fund. Enterprise capital fund expenses totaled \$62.2 million, or 22.4% 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 2022/23 and FY 2023/24 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 Budgetary Year-End Report for FY 2021/22 on December 6, 2022 and are reflected below.

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

REVENUES - FISCAL YEAR 2022/23					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2023	Percentage Used
Electric Utility Fund	\$ 40,950,870	\$ 14,554,461	\$ 55,505,331	\$ 30,772,137	55.44%
Street Lighting <sup>(1)</sup>	-	-	-	41,442	N/A
Sewer Utility Fund	-	-	-	11,777,395	N/A
Solid Waste Utility Fund	250,000	65,000	315,000	11,646	3.70%
<b>TOTAL - CIP Appropriations</b>	<b>\$ 41,200,870</b>	<b>\$ 14,619,461</b>	<b>\$ 55,820,331</b>	<b>\$ 42,602,620</b>	<b>76.32%</b>

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

EXPENSES - FISCAL YEAR 2022/23					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2023	Percentage Used
Electric Utility Fund	\$ 131,429,732	\$ 80,191,903	\$ 211,621,635	\$ 42,098,258	19.89%
Street Lighting <sup>(1)</sup>	(1,835,662)	5,637,312	3,801,650	245,208	6.45%
Water Utility Fund	8,012,986	-	8,012,986	3,242,441	40.46%
Sewer Utility Fund	26,645,486	23,316,657	49,962,143	15,494,160	31.01%
Cemetery Fund	53,642	233,980	287,622	20,936	7.28%
Solid Waste Utility Fund	891,521	4,488	896,009	580,882	64.83%
Water Recycling Fund	29,774	-	29,774	15,225	51.14%
Convention Center Capital Fund	-	2,691,883	2,691,883	532,324	19.78%
<b>TOTAL - CIP Appropriations</b>	<b>\$ 165,227,479</b>	<b>\$ 112,076,223</b>	<b>\$ 277,303,702</b>	<b>\$ 62,229,434</b>	<b>22.44%</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 2022/23, 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 Rate Stabilization Reserve and Operations and Maintenance Reserve ensure sufficient operating cash is available to cover day-to-day expenses, address unforeseen cost increases or revenue shortfalls, and ensure debt service coverage.
- The Replacement and Improvement Reserve in the Water and Sewer Utility Funds is for future capital improvement.

The table below summarizes select reserve balances.

**CITY OF SANTA CLARA  
RESERVE BALANCES  
May 31, 2023**

**DETAIL OF SELECTED FUND RESERVE BALANCES:**

	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>
Budget Stabilization Reserve	\$ 48,038,975		
Capital Projects Reserve	11,810,451		
Land Sale Reserve	18,481,037		
Technology Fee Reserve	1,925,791		
Electric Rate Stabilization Fund Reserve		\$ 48,776,613	
Electric Operations and Maintenance Reserve		118,765,556	
Replacement & Improvement			\$ 303,090
<b>TOTALS</b>	<b>\$ 80,256,254</b>	<b>\$ 167,542,169</b>	<b>\$ 303,090</b>

# City of Santa Clara

## Financial Status Report as of May 31, 2023

### Long-Term Interfund Advances

On March 21, 2023, as part of the January Monthly Financial Report, the City Council approved a budget action transferring the remaining balance of the Parks and Recreation Facilities loan for the Reed and Grant Sports Park to the Land Sale Reserve. There are currently no outstanding balances for interfund advances.

### Donations to the City of Santa Clara

Donations received by department during the month of May 2023 and for fiscal year 2022/23 are shown in the table below.

<b>Department</b>	<b>May-23</b>	<b>Fiscal Year 2022/23 Year To Date</b>	<b>Designated Use</b>
City Manager's Office	\$ -	\$ 100	Help Your Neighbor
Parks & Recreation	3,500	6,271	Case Management
Parks & Recreation	-	2,184	Roberta Jones Jr. Theatre
Parks & Recreation	-	30,600	Wade Brummal
<b>TOTALS</b>	<b>\$ 3,500</b>	<b>\$ 39,155</b>	