



# City of Santa Clara

The Center of What's Possible

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## MONTHLY FINANCIAL STATUS REPORT

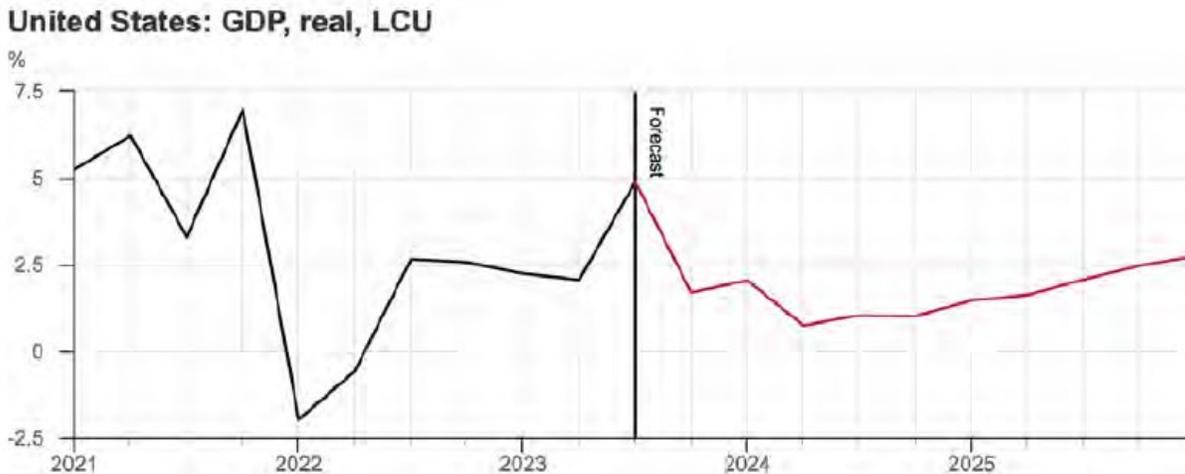
January 2024

This report summarizes the City’s financial performance for the month ended January 31, 2024. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds. Financial information included in this report is unaudited.

### Economic Outlook

While there are varying forecasts, economic growth is expected to be constrained in 2024. The December 2023 UCLA Anderson Forecast is almost unchanged from its October 2023 and continues to assume no recession. “The oft-predicted but never seen “recession next quarter” has now faded in the face of expansionary fiscal policy, new national industrial policy, and a consumer who is happy to continue spending.” While a recession is no longer predicted, the higher interest rates are expected to restrain growth in 2024. Substantial risks to the forecast are also identified, including a potential shutdown of the government, the impact of geopolitical events, and the impact of the election on economic policies in 2025.<sup>1</sup>

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



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

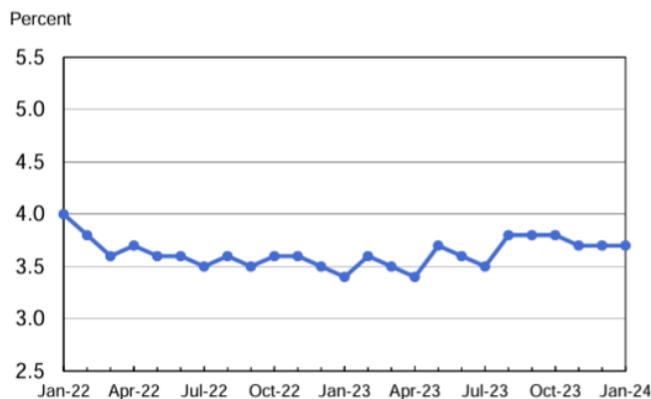
In its latest Forecast, The Conference Board indicated that “the US economy started 2024 on strong footing. Various indicators of business activity, labor markets, sentiment, and inflation are moving in a favorable direction. However, headwinds including rising consumer debt and elevated interest rates will weigh on economic growth. With these factors in mind, The Conference Board is upgrading its US forecast for the year. While we no longer forecast a recession, we do expect the consumer spending growth to cool and for overall GDP growth to slow to under 1% in Q2 and Q3 2024. Thereafter, inflation

<sup>1</sup> UCLA Anderson Forecast, December 2023, 1995 Déjà Vu All Over Again: The U.S. Economic Outlook

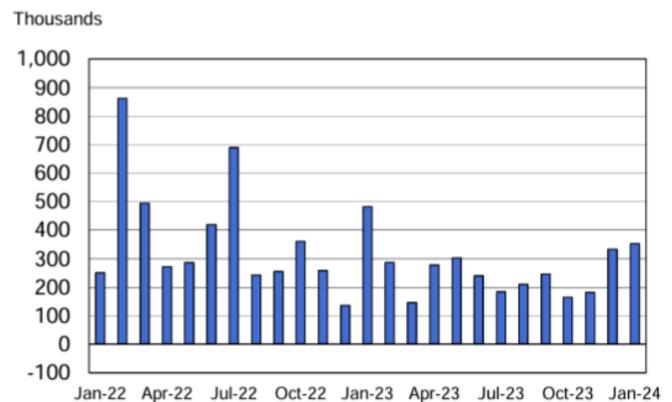
and interest rates should normalize and quarterly annualized GDP growth should converge toward its potential of near 2 percent in 2025.”<sup>2</sup>

On a national level, the unemployment rate remained unchanged at 3.7% between December 2023 and January 2024. 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 was 6.1 million, down slightly from 6.3 million in December 2023.<sup>3</sup>

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



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

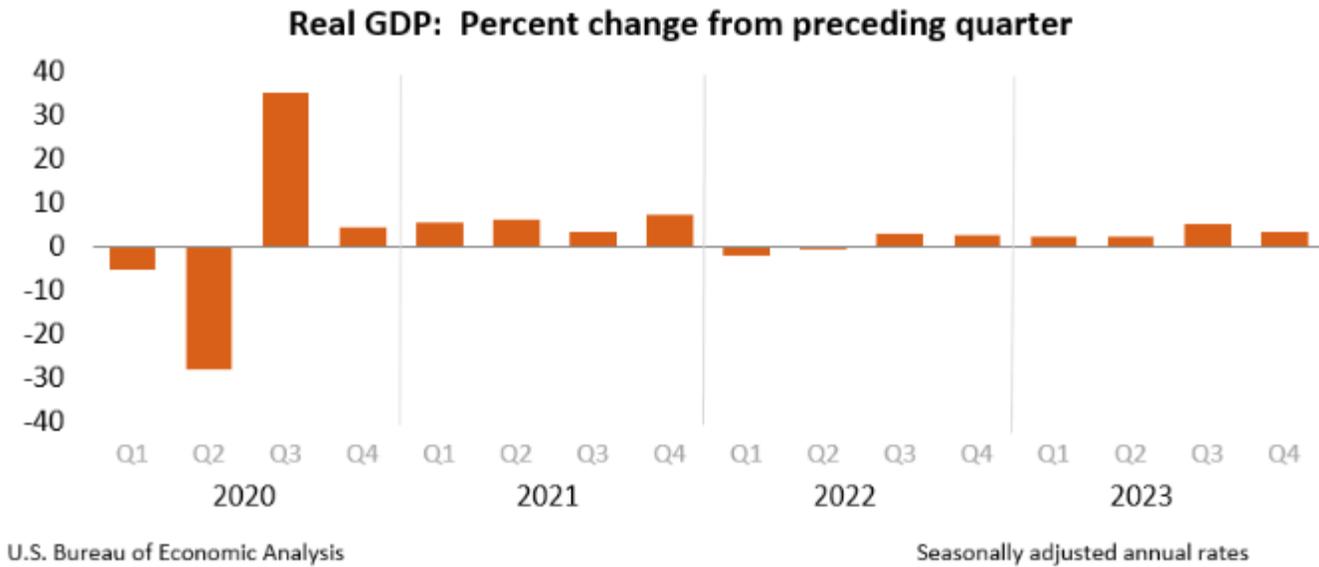


In the fourth quarter 2023, the Gross Domestic Product (GDP) increased at an annual rate of 3.2% according to the “second” estimate released by the Bureau of Economic Analysis. This follows a GDP increase of 4.9% in the third quarter 2023. The GDP increase reflected increases in consumer spending, exports, state and local government spending, nonresidential fixed investment, federal government spending, and residential fixed investment. Compared to the third quarter, the GDP deceleration in the fourth quarter primarily reflected slowdowns in private inventory investment, federal government spending, residential fixed investments, and consumer spending.<sup>4</sup>

<sup>2</sup> <https://www.conference-board.org/research/us-forecast>, The Conference Board Economic Forecast for the US Economy, Updated February 7, 2024

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

<sup>4</sup> <https://www.bea.gov/sites/default/files/2024-02/tech4q23-2nd.pdf>



At the state level, the California unemployment increased from 5.1% in December 2023 to 5.2% in January 2024. This rate is higher compared to the 4.5% rate in January 2023. From January 2023 to January 2024, California added 225,400 nonfarm jobs, an increase of 1.3%.<sup>5</sup>

The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 4.4% in January 2024, up from 4.0% in December 2023, and above the January 2023 level of 3.1%. Between January 2023 and January 2024, employment in this region decreased by 1,400 jobs, or 0.1%. The largest increases were in private education and health services (up 9,900 jobs), government (up 2,700 jobs), and leisure and hospitality (up 1,800 jobs). Notable employment reductions were in professional and business services (down 6,400 jobs), information (down 6,400 jobs), and manufacturing (down 3,000).<sup>6</sup>

**General Fund**

The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the residents and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2023/24 was \$281.8 million. The amended budget for revenues and expenditures was adjusted to \$290 million to reflect carryover encumbrances from fiscal year 2022/23 and various budget amendments approved by the City Council through January 2024. This budget also accounts for items approved by the City Council on December 12, 2023, as part of the FY 2022/23 Budget Year-End Report.

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

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

**General Fund Revenues**

As of January 31, 2024, \$135.7 million or 49.3% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$15.0 million have occurred as budgeted.

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

Function	FISCAL YEAR 2023/24				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 01/31/2024	Percentage Received	Actual Through 01/31/2023	\$ Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 60,524,000	\$ 60,524,000	\$ 23,977,120	39.62%	\$ 26,001,542	\$ (2,024,422)	-7.79%
Property Tax	85,800,000	87,143,000	46,395,913	53.24%	43,319,987	3,075,926	7.10%
Transient Occupancy Tax	21,275,000	21,275,000	9,254,910	43.50%	9,115,846	139,064	1.53%
Other Taxes	6,750,000	6,750,000	2,761,514	40.91%	2,472,870	288,644	11.67%
<b>Total Taxes</b>	<b>174,349,000</b>	<b>175,692,000</b>	<b>82,389,457</b>	<b>46.89%</b>	<b>80,910,245</b>	<b>1,479,212</b>	<b>1.83%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	6,000,000	6,000,000	2,795,372	46.59%	495,579	2,299,793	464.06%
Fire Operation Permits	2,000,000	2,000,000	1,079,590	53.98%	1,129,278	(49,688)	-4.40%
Miscellaneous Permits	69,000	69,000	16,984	24.61%	33,136	(16,152)	-48.75%
<b>Total Licenses &amp; Permits</b>	<b>8,069,000</b>	<b>8,069,000</b>	<b>3,891,946</b>	<b>48.23%</b>	<b>1,657,993</b>	<b>2,233,953</b>	<b>134.74%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,225,000</b>	<b>1,225,000</b>	<b>1,411,482</b>	<b>115.22%</b>	<b>161,916</b>	<b>1,249,566</b>	<b>771.74%</b>
<b>INTERGOVERNMENTAL</b>	<b>520,000</b>	<b>520,000</b>	<b>266,208</b>	<b>51.19%</b>	<b>375,070</b>	<b>(108,862)</b>	<b>-29.02%</b>
<b>CHARGES FOR SERVICES</b>	<b>29,314,768</b>	<b>29,816,268</b>	<b>18,515,226</b>	<b>62.10%</b>	<b>19,132,687</b>	<b>(617,462)</b>	<b>-3.23%</b>
<b>SILICON VALLEY POWER TRANSFER</b>	<b>32,000,000</b>	<b>32,000,000</b>	<b>19,197,646</b>	<b>59.99%</b>	<b>16,708,934</b>	<b>2,488,712</b>	<b>14.89%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	3,500,000	3,500,000	883,249	25.24%	916,344	(33,095)	-3.61%
Rent	12,397,660	13,431,960	7,259,234	54.04%	6,095,663	1,163,571	19.09%
<b>Total Use of Money &amp; Property</b>	<b>15,897,660</b>	<b>16,931,960</b>	<b>8,142,483</b>	<b>48.09%</b>	<b>7,012,007</b>	<b>1,130,476</b>	<b>16.12%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>180,000</b>	<b>180,000</b>	<b>219,366</b>	<b>121.87%</b>	<b>1,939,692</b>	<b>(1,720,326)</b>	<b>-88.69%</b>
<b>OTHER FINANCING SOURCES</b>							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,454,000	-	0.00%
Operating Transfer In - Reserves	2,772,275	8,097,132	8,097,132	100.00%	36,719,079	(28,621,947)	-77.95%
Operating Transfer In - Fund Balances <sup>(1)</sup>	4,759,683	4,759,683	4,759,683	100.00%	4,484,726	274,957	6.13%
Operating Transfer In - Miscellaneous	746,044	746,044	746,044	100.00%	2,370,374	(1,624,330)	-68.53%
<b>Total Other Financing Sources</b>	<b>9,732,002</b>	<b>15,056,859</b>	<b>15,056,859</b>	<b>100.00%</b>	<b>45,028,179</b>	<b>(29,971,320)</b>	<b>-66.56%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	9,278,128	9,278,128	1,475,701	15.91%	2,822,623	(1,346,922)	-47.72%
Rent and Licensing	1,230,000	1,230,000	216,108	17.57%	678,661	(462,553)	-68.16%
<b>Total Stadium Operation</b>	<b>10,508,128</b>	<b>10,508,128</b>	<b>1,691,809</b>	<b>16.10%</b>	<b>3,501,284</b>	<b>(1,809,475)</b>	<b>-51.68%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 281,795,558</b>	<b>\$ 289,999,215</b>	<b>\$ 150,782,481</b>	<b>51.99%</b>	<b>\$ 176,428,007</b>	<b>\$ (25,645,526)</b>	<b>-14.54%</b>

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

### General Fund Revenues

**Sales Tax:** The City of Santa Clara sales tax rate is 9.125%, of which the City receives 1.0%. As of January 31, 2024, approximately \$24 million has been collected, which is 7.8% lower than prior year collection levels.

Sales Tax receipts through the first two quarters of FY 2023/24 were down 8% compared to the prior year. Receipts were down 6.2% in the third quarter 2023 and down 10.0% in the fourth quarter 2023 when compared to the same quarters in 2022. The declines in these two quarters follow four quarters of growth experienced in FY 2022/23. Given the strong performance last fiscal year, receipts can decline by approximately 5% in the remaining two quarters of FY 2023/24 and still meet the budgeted estimate of \$59.6 million. However, if sales tax receipts decline by 8% - 10% in the remaining two quarters, collections would fall below the budget by \$1.1 million - \$1.7 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:** Property tax receipts totaling \$46.4 million were received through January 2024, which is 7.1% higher than prior year collection levels. The majority of property tax revenue is collected in February and April each year. Based on the latest information from the County of Santa Clara, property tax receipts are projected to end the year at \$90.5 million, which is \$3.4 million above the Amended Budget estimate of \$87.1 million.

**Transient Occupancy Tax (TOT):** TOT is calculated as a percentage of City hotel/motel room charges. The City's TOT rate increased from 11.5% to 12.5% effective January 1, 2024. This rate increase was factored into the development of the FY 2023/24 Adopted Budget. Through January 31, 2024, approximately \$9.3 million was received, which is slightly higher than prior year receipts. Collections in the second half of the year are expected to be higher as a result of the rate increase. Growth of 12% from the prior year is needed to meet the budgeted estimate of \$21.3 million.

**Other Taxes:** Includes franchise tax and documentary transfer tax. The City has collected \$2.8 million through January, which is slightly above last fiscal year's collection levels. Receipts through January reflect franchise tax collections of \$2.3 million and approximately \$0.5 million in documentary transfer tax revenue. The documentary transfer tax is tracking to end the year below budget, which reflects the drop in the number of property sales. In calendar year 2023, the number of single-family residence sales was down approximately 26% from calendar year 2022.

**Licenses & Permits:** Includes business licenses, fire operation permits, and miscellaneous permits and fees. Licenses and permits revenue collections total \$3.9 million, or 48.2% of the \$8.1 million budget. This represents a nearly 135% increase compared to prior year collection levels, primarily in the business license category. The updated Business License Tax is being implemented this fiscal year with the new methodology. With this transition and the need to re-register every business, the timeline to submit payments has been extended which has impacted collections. Staff will closely monitor results from the implementation to determine if any budget adjustments are necessary based on the actual collections.

**Fines & Penalties:** Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category through January was \$1.4 million, which exceeds the budgeted estimate of \$1.2 million. Collections in this category are tracking above prior year levels due to the resumption of the assessment of late fees that had previously been waived due to COVID-19.

**Intergovernmental:** Includes motor vehicle fees, state homeowner tax relief, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through January 31, 2024, \$0.3 million was collected in this category, which is slightly lower than prior year collection levels. Revenues are projected to meet the budgeted estimate of \$0.5 million.

**Charges for Services:** Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through January, collections of approximately \$18.5 million are tracking slightly above par at 62.1% of the budget and are expected to meet the budgeted estimate by year-end. Revenues in this category are tracking slightly below last year's collections through the same period of \$19.1 million. While collections in EMS transport and miscellaneous charges are higher than prior years, collections in engineering fees, planning and zoning fees, and the technology fee are lower. Additionally, effective July 1, 2023, the Fire Development Services Fund was established and fire construction permitting fees are now booked in this fund, instead of the General Fund.

**Silicon Valley Power Transfer:** In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues to the General Fund. Through January, \$19.2 million has been transferred. Transfers throughout the year are based on the budgeted estimate and will be trued up at the end of the fiscal year based on actual performance.

**Use of Money & Property:** Includes realized investment income and rental income. Through January, \$8.1 million has been collected, compared to \$7.0 million last fiscal year. This increase is primarily due to higher rental income revenues, including right-of-way and Related lease payments.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through January 31, 2024, collections of \$0.2 million have exceeded the budgeted estimate but are significantly lower than prior year levels. This lower collection level is attributable to the one-time settlement between the City, the Santa Clara Stadium Authority, and the Forty-Niners SC Stadium Company LLC and Forty Niners Stadium Management Company LLC (collectively, the Forty-Niners) recorded last fiscal year.

**Stadium Operation:** Through January 2024, revenues of \$1.7 million are tracking well below par at 16.1% of the budget due to the timing of reimbursements for the costs incurred by the City. Reimbursements usually take between three to six months from the event date due to the timing of third-party invoices and payment from the Stadium Manager. Revenues are also significantly below prior year collection levels. Last year, the payment of older public safety invoices was submitted as part of the August 2022 legal settlement. Outstanding public safety invoices from 2020 and 2021 were paid in September 2022 as a result of the settlement.

**General Fund Expenditures**

As of January 31, 2024, \$167.3 million or 57.7% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through January. Departmental expenditures totaled \$148.2 million, or 55% of the budget, which is below the par level of 58.3% of the budget. Transfers of \$11.6 million have occurred as budgeted.

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

Function	FISCAL YEAR 2023/24				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 01/31/2024	Percentage Used	Actual Through 01/31/2023	Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 15,123,531	\$ 15,990,480	\$ 8,079,172	50.52%	\$ 2,858,828	\$ 5,220,344	182.60%
City Council	1,124,281	1,131,037	649,351	57.41%	378,064	271,287	71.76%
City Clerk	1,947,261	2,121,865	901,053	42.47%	1,344,946	(443,893)	-33.00%
City Manager	5,410,204	7,709,087	2,238,739	29.04%	2,565,989	(327,250)	-12.75%
City Attorney	3,076,516	3,196,951	1,630,008	50.99%	1,834,500	(204,492)	-11.15%
Human Resources	4,300,090	4,464,113	1,946,140	43.60%	2,104,335	(158,195)	-7.52%
Finance	19,140,702	20,189,776	9,847,823	48.78%	9,753,119	94,704	0.97%
<b>Total General Government</b>	<b>50,122,585</b>	<b>54,803,309</b>	<b>25,292,286</b>	<b>46.15%</b>	<b>20,839,781</b>	<b>4,452,505</b>	<b>21.37%</b>
<b>PUBLIC WORKS</b>	<b>24,857,521</b>	<b>26,270,541</b>	<b>14,164,636</b>	<b>53.92%</b>	<b>12,624,862</b>	<b>1,539,774</b>	<b>12.20%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>5,121,256</b>	<b>5,227,061</b>	<b>2,896,015</b>	<b>55.40%</b>	<b>2,597,951</b>	<b>298,064</b>	<b>11.47%</b>
<b>PARKS AND RECREATION</b>	<b>21,933,152</b>	<b>22,711,221</b>	<b>12,457,614</b>	<b>54.85%</b>	<b>11,536,921</b>	<b>920,693</b>	<b>7.98%</b>
<b>PUBLIC SAFETY</b>							
Fire	62,616,032	63,372,036	38,227,026	60.32%	39,300,348	(1,073,322)	-2.73%
Police	85,598,562	85,946,468	49,209,876	57.26%	47,064,935	2,144,941	4.56%
<b>Total Public Safety</b>	<b>148,214,594</b>	<b>149,318,504</b>	<b>87,436,902</b>	<b>58.56%</b>	<b>86,365,283</b>	<b>1,071,619</b>	<b>1.24%</b>
<b>LIBRARY</b>	<b>11,135,937</b>	<b>11,229,696</b>	<b>5,937,396</b>	<b>52.87%</b>	<b>6,013,159</b>	<b>(75,763)</b>	<b>-1.26%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>261,385,045</b>	<b>269,560,332</b>	<b>148,184,849</b>	<b>54.97%</b>	<b>139,977,956</b>	<b>8,206,892</b>	<b>5.86%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	1,198,809	1,198,809	1,198,809	100.00%	38,809	1,160,000	2989.00%
Operating Transfer Out - Debt Services	1,402,440	1,402,440	1,402,440	100.00%	1,402,275	165	0.01%
Operating Transfer Out - Maintenance Dtrct	942,413	942,413	942,413	100.00%	842,700	99,713	11.83%
Operating Transfer Out - Cemetery	796,000	796,000	796,000	100.00%	870,000	(74,000)	-8.51%
Operating Transfer Out - CIP	7,305,499	7,305,499	7,305,499	100.00%	8,641,613	(1,336,114)	-15.46%
<b>Total Other Financing Uses</b>	<b>11,645,161</b>	<b>11,645,161</b>	<b>11,645,161</b>	<b>100.00%</b>	<b>11,795,397</b>	<b>(150,236)</b>	<b>-1.27%</b>
<b>STADIUM OPERATION</b>	<b>8,765,352</b>	<b>8,793,722</b>	<b>7,426,868</b>	<b>84.46%</b>	<b>6,285,522</b>	<b>1,141,346</b>	<b>18.16%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 281,795,558</b>	<b>\$ 289,999,215</b>	<b>\$ 167,256,877</b>	<b>57.67%</b>	<b>\$ 158,058,875</b>	<b>\$ 9,198,002</b>	<b>5.82%</b>

### General Fund Expenditures

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

**Non-Departmental:** Includes expenditures that are not attributable to a single department, but a function of the City in general. Through January 31, 2024, expenditures totaled \$8.1 million, or 50.5% of the budget. These expenditures are below the par level of 58.3%, but above prior year levels. This is a result of higher property insurance costs that have been directly budgeted under Non-Departmental, as opposed to allocated out amongst the departments citywide.

**City Attorney:** Actual expenditures through January totaled approximately \$1.6 million, which is 51% of the budget, which is below par. Spending is 11.2% below the prior fiscal year due to lower outside legal counsel services costs.

**City Clerk:** Through January, actual expenditures were tracking below budget at \$0.9 million or approximately 42.5% of the budget. This expenditure level reflects a 33% decrease in spending compared to last fiscal year due to one-time Granicus costs that are paid every other year.

**City Council:** Through January, expenditures were at 57.4% of budget, which is at par. This expenditure level is significantly above the prior year due to the reallocation of 1.0 Assistant to the City Manager position from the City Manager's Office as approved as part of the FY 2023/24 and FY 2024/25 Adopted Operating Budget.

**City Manager:** Expenditures through January totaled \$2.2 million, or 29% of the budget, which is below par for this time of the year. Expenditures are approximately 12.7% lower compared with the spending level through the same period last fiscal year. This is a result of vacancy savings within the department and the reallocation of 1.0 Assistant to the City Manager position to the City Council as mentioned above.

**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 January, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$2.9 million, or 55.4% of the budget, which is below par. This expenditure level is 11.5% above the prior year is a result of higher salaries and benefits costs, separation payouts, and higher contractual services spending in the current year.

**Finance Department:** Through January, the Department's expenditures totaled \$9.8 million, or 48.8% of the budget, which is below par. This expenditure level is consistent with prior year levels.

**Fire Department:** Through January, actual expenditures totaled \$38.2 million, or 60.3% of the budget, which is above par. These expenditures reflect a 2.7% decrease from expenditures through the same period last fiscal year. This is primarily because, as approved as part of the FY 2023/24 and FY 2024/25 Adopted Operating Budget, approximately 9.0 FTE were reallocated to the newly established

Fire Development Services Fee Fund. These charges are reflected under the special revenue section of this report.

Expenditures are tracking over budget primarily due to higher overtime that totals 83% of the budget through January as well as compensatory time payout expenditures. Overtime is used to backfill for shift absences and vacant shift positions to maintain daily minimum staffing. When the budget was developed, it was assumed that overtime costs would be higher in the first half of the year while firefighters in the recruit academy were in training. These newly trained firefighters began providing relief staffing effective December 8, 2023. With these relief positions, overtime costs are expected to be lower in the second half of the fiscal year. However, it is anticipated that overtime expenditures will exceed the budget as the current absence rate exceeds the estimate used in the development of the budget.

When compared to the prior fiscal year, absences are up 37% through January (from 38,279 to 52,297 hours). This reflects increases in workers' compensation/injury leave, modified duty, Family Medical Leave Act leave, sick leave, and compensatory time used. It is important to note that employees can elect for compensatory time over overtime pay when backfilling shift absences, which increases the need to backfill when the compensatory time is used. Through January, the compensatory time payouts are also up 51% from the prior year and significantly above historical levels.

Expenditures are currently tracking to end the year approximately \$2.5 million above budget. While the Fire Department will continue to monitor its budget and work with the Finance Department and the City Manager's Office to identify any options to partially mitigate the overage, a budget adjustment is expected to be brought forward before the end of the fiscal year.

**Library Department:** Through January, actual expenditures totaled \$5.9 million, or 52.9% of the budget, which is below par and below expenditure levels last fiscal year. The Library continues to hire staff and fill vacancies to restore library hours.

**Parks and Recreation Department:** Through January 31, 2024, actual expenditures totaled \$12.5 million, or 54.9% of the budget, which is below par but higher than prior year actuals of \$11.5 million. This is primarily due to higher spend in the salaries and benefits, contractual services, advertising and maintenance categories.

**Police Department:** Expenditures through January are tracking slightly below par at \$49.2 million, or 57.3% of the budget. This expenditure level is 4.6% above the prior year, primarily due to higher personnel costs and operating supplies costs.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$7.4 million through January, which is higher than prior year levels. This is primarily due to higher personnel spend, particularly in overtime. Events at the Stadium during January included three NFL games. Staff will continue to monitor the Stadium spend and any necessary budget adjustments will be brought forward by year-end.

**Special Revenue Funds**

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

Revenues totaled approximately \$12.3 million, while expenditures totaled \$14.4 million through the end of January. Overall, both revenues and expenditures are tracking below the par level of 58.3%. The Building Development Services Fee Fund has seen a large decrease on the revenue side due to lower activity levels in the permitting categories. Expenditures; however, are tracking higher when compared to last year due to the filling of vacancies in the Building Division. In the Housing Successor Fund, the expenditures are significantly lower compared to last fiscal year due to a one-time special disbursement for a housing loan that occurred in July 2022. Last fiscal year, there was also a negative expenditure in the City Affordable Housing Fund due to an accounting change in the disbursements category.

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

Fund Description	REVENUES - FISCAL YEAR 2023/24				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 1/31/2024	Percentage Received	Actual Through 1/31/2023	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 252,495	\$ 252,495	\$ 79,698	31.56%	\$ 47,606	\$ 32,092	67.41%
City Affordable Housing Fund	1,166,720	1,166,720	248,660	21.31%	226,563	22,097	9.75%
Housing Successor Fund	1,306,326	1,306,326	328,571	25.15%	461,980	(133,409)	-28.88%
Housing and Urban Development	3,106,041	5,712,147	610,756	10.69%	650,708	(39,952)	-6.14%
Building Development Services Fee Fund	15,611,000	15,611,000	8,770,319	56.18%	12,933,744	(4,163,425)	-32.19%
Fire Development Services Fee Fund	2,935,000	2,937,887	2,220,155	75.57%	-	2,220,155	N/A
<b>TOTAL</b>	<b>\$24,377,582</b>	<b>\$ 26,986,575</b>	<b>\$ 12,258,159</b>	<b>45.42%</b>	<b>\$ 14,320,601</b>	<b>\$ (2,062,442)</b>	<b>-14.40%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2023/24				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 1/31/2024	Percentage Used	Actual through 1/31/2023	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 457,193	\$ 518,659	\$ 95,729	18.46%	\$ 116,014	\$ (20,285)	-17.48%
City Affordable Housing Fund	6,683,926	10,435,503	2,884,227	27.64%	(255,883)	3,140,110	-1227.17%
Housing Successor Fund	873,227	1,216,887	513,807	42.22%	5,368,963	(4,855,156)	-90.43%
Housing and Urban Development	3,993,723	6,673,020	727,719	10.91%	1,105,342	(377,623)	-34.16%
Building Development Services Fee Fund	13,689,592	17,218,230	8,437,444	49.00%	7,610,307	827,137	10.87%
Fire Development Services Fee Fund	3,109,073	3,111,960	1,785,789	57.38%	-	1,785,789	N/A
<b>TOTAL</b>	<b>\$28,806,734</b>	<b>\$ 39,174,259</b>	<b>\$ 14,444,715</b>	<b>36.87%</b>	<b>\$ 13,944,743</b>	<b>\$ 499,972</b>	<b>3.59%</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 January 2024. As of January 31, 2024, the capital fund revenue totaled \$13.4 million.

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

REVENUES - FISCAL YEAR 2023/24						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 1/31/2024	Percentage Received	
Parks & Recreation	\$ -	\$ 4,189,995	\$ 4,189,995	\$ 995,872	23.77%	
Streets & Highways	16,434,432	17,422,990	33,857,422	9,980,069	29.48%	
Storm Drain	4,454,000	-	4,454,000	850,162	19.09%	
Related Santa Clara Developer Patrick Henry Drive Infrastructure Improvement Fund	977,582	1,707,737	2,685,319	1,555,868	57.94%	
Tasman East Specific Infrastructure Improvement Fund	140,486	-	140,486	-	0.00%	
	-	-	-	67,792	N/A	
<b>TOTAL</b>	<b>\$ 22,006,500</b>	<b>\$ 23,320,722</b>	<b>\$ 45,327,222</b>	<b>\$ 13,449,617</b>	<b>29.67%</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 January 2024. As of January 31, 2024, capital fund expenditures totaled \$27.9 million, or 16.6% of the amended budget, well below par of 58.3%.

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

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

EXPENDITURES - FISCAL YEAR 2023/24					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 1/31/2024	Percentage Used
Parks & Recreation	\$ 15,799,144	\$ 24,181,336	\$ 39,980,480	\$ 7,577,696	18.95%
Streets & Highways	46,545,417	43,717,468	90,262,885	16,682,922	18.48%
Storm Drain	5,433,900	3,134,592	8,568,492	951,427	11.10%
Fire	1,251,428	482,826	1,734,254	117,672	6.79%
Library	49,658	251,447	301,105	33,677	11.18%
Public Buildings	5,511,176	3,047,706	8,558,882	1,042,425	12.18%
General Gov't - Other	4,403,201	6,651,782	11,054,983	1,088,432	9.85%
City Affordable Housing Capital Fund	3,344,484	1,600,000	4,944,484	-	0.00%
Related Santa Clara Developer	1,500,691	-	1,500,691	372,567	24.83%
Patrick Henry Drive Infrastructure Improvement Fund	71,281	-	71,281	11,888	16.68%
Tasman East Specific Infrastructure Improvement Fund	27,330	1,423,145	1,450,475	12,481	0.86%
<b>TOTAL</b>	<b>\$ 83,937,710</b>	<b>\$ 84,490,302</b>	<b>\$ 168,428,012</b>	<b>\$ 27,891,187</b>	<b>16.56%</b>

**Enterprise Funds**

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

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

Fund Description	REVENUES - FISCAL YEAR 2023/24				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 1/31/2024	Percentage Received	Actual Through 1/31/2023	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 1,008,222,211	\$1,008,222,211	\$ 384,549,074	38.14%	\$ 324,545,295	\$ 60,003,779	18.49%
Water Utility Fund	60,726,490	60,726,490	32,179,896	52.99%	28,043,498	4,136,398	14.75%
Sewer Utility Fund	73,500,825	78,500,825	43,110,804	54.92%	26,973,292	16,137,512	59.83%
Cemetery Fund	750,000	750,000	250,163	33.36%	336,249	(86,086)	-25.60%
Solid Waste Utility Fund	39,577,957	39,577,957	20,754,554	52.44%	19,207,225	1,547,329	8.06%
Water Recycling Fund	7,668,868	7,668,868	4,483,130	58.46%	3,794,625	688,505	18.14%
<b>TOTAL REVENUE</b>	<b>\$ 1,190,446,351</b>	<b>\$1,195,446,351</b>	<b>\$ 485,327,621</b>	<b>40.60%</b>	<b>\$ 402,900,184</b>	<b>\$ 82,427,437</b>	<b>20.46%</b>

Fund Description	EXPENSES - FISCAL YEAR 2023/24				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 1/31/2024	Percentage Used	Actual through 1/31/2023	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 681,590,706	\$ 687,147,483	\$ 326,809,842	47.56%	\$ 296,853,789	\$ 29,956,053	10.09%
Water Utility Fund	54,015,131	56,447,989	30,534,988	54.09%	26,514,874	4,020,114	15.16%
Sewer Utility Fund	53,980,961	55,447,527	24,469,972	44.13%	16,297,035	8,172,937	50.15%
Cemetery Fund	1,534,349	1,534,349	589,227	38.40%	840,685	(251,458)	-29.91%
Solid Waste Utility Fund	38,782,622	42,490,732	19,510,141	45.92%	17,884,112	1,626,029	9.09%
Water Recycling Fund	8,234,584	8,234,584	3,245,325	39.41%	3,691,262	(445,937)	-12.08%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 838,138,353</b>	<b>\$ 851,302,664</b>	<b>\$ 405,159,495</b>	<b>47.59%</b>	<b>\$ 362,081,757</b>	<b>\$ 43,077,738</b>	<b>11.90%</b>

Both revenues and expenditures are tracking higher than the prior year levels. Revenues in the electric (which also includes the Electric Debt Service Fund), water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. In the Sewer Utility, the high revenue collection is due to the bond proceeds collected in the debt service fund.

In the Electric Utility Fund, higher debt retirement and resource costs were incurred this fiscal year, in addition to higher customer service, renewable energy, and wholesale power collections. The garbage collection expenditures in the Solid Waste Fund are higher than prior year levels. In the Sewer Utility Fund, costs related to the operations and maintenance of the Regional Wastewater Facility, co-owned with the City of San Jose, are tracking higher than prior year levels. The decrease in expenditure levels in the Water Recycling Fund is due to the timing of resource/production invoice payments.

A summary of revenue and expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actual revenue through January 31, 2024 totaled \$20.6 million, consisting primarily of developer contributions in the Electric Utility Fund and sewer fees in the Sewer Utility Fund. Enterprise capital fund expenses totaled \$49.3 million, or 8.5% of the amended budget. Similar to the general government capital funds, capital funds were carried over from FY 2022/23 as part of the FY 2023/24 and FY 2024/25 budget adoption process for those projects that were not expected to be completed by June 30, 2023. Additional necessary adjustments to the capital carryover amounts based on actual year-end expenditures were brought forward as part of the budgetary year-end report for FY 2022/23 approved by the City Council on December 12, 2023. These adjustments are reflected in the tables below.

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

REVENUES - FISCAL YEAR 2023/24					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 1/31/2024	Percentage Received
Electric Utility Fund	\$ 38,500,092	\$ 10,071,673	\$ 48,571,765	\$ 19,148,056	39.42%
Water Utility Fund	-	-	-	55,605	N/A
Sewer Utility Fund	-	-	-	1,391,631	N/A
Solid Waste Utility Fund	258,000	430,000	688,000	6,964	1.01%
Convention Center Capital Fund	-	-	-	6,032	N/A
<b>TOTAL - Revenue</b>	<b>\$ 38,758,092</b>	<b>\$ 10,501,673</b>	<b>\$ 49,259,765</b>	<b>\$ 20,608,288</b>	<b>41.84%</b>

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

EXPENSES - FISCAL YEAR 2023/24					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 1/31/2024	Percentage Used
Electric Utility Fund	\$ 383,682,041	\$ 135,149,829	\$ 518,831,870	\$ 32,581,417	6.28%
Street Lighting <sup>(1)</sup>	139,007	3,527,530	3,666,537	59,915	1.63%
Water Utility Fund	8,008,323	2,839,914	10,848,237	1,860,302	17.15%
Sewer Utility Fund	18,409,160	24,967,761	43,376,921	13,509,062	31.14%
Cemetery Fund	23,835	228,809	252,644	6,000	2.37%
Solid Waste Utility Fund	1,036,757	15,085	1,051,842	946,501	89.99%
Water Recycling Fund	50,000	-	50,000	28,200	56.40%
Convention Center Capital Fund	90,000	2,141,755	2,231,755	352,457	15.79%
<b>TOTAL - CIP Appropriations</b>	<b>\$ 411,439,123</b>	<b>\$ 168,870,683</b>	<b>\$ 580,309,806</b>	<b>\$ 49,343,854</b>	<b>8.50%</b>

(1) Street Lighting fund is part of Electric Capital Improvement Funds

### Fund Reserves

By policy, City Council established the City's General Contingency Reserve, under which reserves for Budget Stabilization and Capital Projects were established.

- Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-day or 25% General Fund Adopted Operating Budget). In FY 2023/24, the City Council approved an exception to the policy to allow the Reserve to a minimum of 15% of expenditures.
- Capital Projects Reserve earmarks funds for the Capital Improvement Program.

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

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

The table below summarizes select reserve balances.

**CITY OF SANTA CLARA  
RESERVE BALANCES  
January 31, 2024**

**DETAIL OF SELECTED FUND RESERVE BALANCES:**

	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>
Budget Stabilization Reserve	\$ 54,142,001		
Capital Projects Reserve	23,860,843		
Reserve for Programmed Capital Projects	986,657		
Land Sale Reserve	18,481,037		
Technology Fee Reserve	2,581,146		
Electric Rate Stabilization Fund Reserve		\$ 56,776,613	
Electric Operations and Maintenance Reserve		150,765,556	
Replacement & Improvement			\$ 303,090
<b>TOTALS</b>	<b>\$ 100,051,684</b>	<b>\$ 207,542,169</b>	<b>\$ 303,090</b>

**Donations to the City of Santa Clara**

Donations totaling \$550 were received in January 2024. The total donations of \$116,321 for fiscal year 2023/24 are shown in the table below. The year to date donations are lower when compared to the December 2023 monthly financial report due to a correction in the categorization of one donation.

<b>Department</b>	<b>Fiscal Year 2023/24</b>		<b>Designated Use</b>
	<b>Jan-24</b>	<b>Year To Date</b>	
City Manager's Office	-	251	Help Your Neighbor
Parks & Recreation	-	3,900	Case Management
Parks & Recreation	550	2,320	Roberta Jones Jr. Theatre
Parks & Recreation	-	4,350	Senior Nutrition Donation
Parks & Recreation	-	30,500	Wade Brummal
Police	-	75,000	TEAM 200
<b>TOTALS</b>	<b>\$ 550</b>	<b>\$ 116,321</b>	