


11/5/19


Item #4



**Council and
Authorities
Concurrent Meeting**

**Item #4. 19-907- Action on FY
2018/19 Budget Year-End
Report, Approve Seven New
Positions and Approve the
Related Budget Amendments**

November 5, 2019



**City of
Santa Clara**
The Center of What's Possible

Agenda

- Overview
- Year-End Results
- Recommended Adjustments
- Recommended Additional Positions

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Overview

- Adjustment to City's budgetary basis for reporting revenues and expenditures
- Continue to increase transparency
- Recommended increases to key reserves
- Itemization of FY 2018/19 and FY 2019/20 Budget Amendments

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Overview

- Detailed summary of General Fund and Other Funds performance
- Itemization of CIP carryover reconciliation, donations, grants and special revenue carryovers
- Beginning and ending fund balance adjustments
- Recommended position changes

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Year-End in Brief

- General Fund additional fund balance of \$57.7m

	Revenue	Expenditures	Contribution to Reserves	Fund Balance
Net Additional Fund Balance	\$ 12.6	\$ 18.8	\$ (4.4)	\$ 27.0
Change in Budget Methodology	31.6	(0.9)	0.0	30.7
Total Additional Fund Balance	\$ 44.2	\$ 17.9	\$ (4.4)	\$ 57.7

The surplus is primarily from one-time sources. Primarily due to changing budgeting practices.

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Summary of General Fund – Revenue Highlights

- Revenues above budget by \$44.2m or 18.4%
 - Accrued one-time revenues of \$31.6m
 - Sale of the Great America property
 - Higher revenue performance of licenses and permits – restricted for development purposes
 - Lower property tax – Possessory Interest appeals decision
 - Lower Stadium Rent (performance-based rent)

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Summary of General Fund – Expenditure Highlights

- Expenditures below budget by \$17.9m or 6.5%
 - Retirement and benefits savings (\$12.6m)
 - Materials, services and supplies savings (\$3.8m)

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Summary of Reserves

Reserve Type	July 1, 2018 Beginning Balance	July 1, 2019 Beginning Balance	2019/20 Adopted Contribution/ Use of Reserves	2019/20 Year-End Recommended Contribution/ Use of Reserves	2019/20 Revised Reserve Balance
General Fund Budget Stabilization (BSR)	\$55.1	\$62.9	(\$1.5)	\$19.0	\$80.4
General Fund Capital Projects	\$31.0	\$22.0	(\$9.6)	\$15.0	\$27.4
Land Sale Reserve	\$29.1	\$21.5	-	-	\$21.5
Pension Trust (all funds)	\$15.6	\$20.9	\$1.8	\$3.5	\$26.2
Utility Fund Rate * Stabilization/O&M (NEW)	-	-	\$19.1	\$10.7	\$29.8
Electric Rate Stabilization/O&M	\$121.0	\$124.0	\$22.3	\$11.3	\$157.6
Total	\$251.8	\$251.3	\$32.1	\$59.5	\$342.9

*Includes Sewer, Solid Waste, Water, and Water Recycling

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FY 2018/19 General Fund Surplus - Recommendation

Carryover Budgets	\$ 1.4 million
Correction/Reconciliation	8.4 million
Augmentation	14.0 million
Contribution to Reserves	33.9 million
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Total Recommendation \$57.7 million	

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FY 2018/19 General Fund Surplus

Recommended Adjustments	\$ in Millions
Budget Stabilization Reserve Contribution	18.9
Capital Projects Reserve Contribution	15.0
Special Liability/Insurance	6.5
Building Inspection Reserve Reconciliation	6.4
Pension Trust Reserve Contribution	3.5
Stadium Performance Rent	2.7
FLSA Settlement (\$1.2m carryover)	1.8
Workers' Compensation Reserve	1.4
Other Net Adjustments	1.5
Total Adjustments	<hr/> \$57.7

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Other Recommended Adjustments

- **FY 2018/19 Budget Adjustments**
 - Appropriations that exceeded the appropriation control limit or to reconcile specific reserves to policy requirements
- **FY 2019/20 Budget Adjustments**
 - Complete critical city projects and contracts
 - Close-out of funds and projects
 - True-up revenues and appropriations to reflect anticipated activity levels
 - Adjustment of Beginning and Ending Fund Balances for all funds

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Other Recommended Adjustments

- **Summary of CIP, Special Revenues, Grants, and Donations Reconciliation***
 - CIP carryover true-up – (\$4.8 million)
 - Special Revenue carryover funds – \$2.9 million
 - Donations and reimbursements carryover funds – \$2.2 million
 - Grants carryover – \$8.0 million

**Carryover of grant revenues and expenditures may also be included in the Special Revenue Funds and Capital Improvement Project Funds carryover*

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Recommended Positions

- Augment Electric Utility and Finance Departments staffing to address critical operational gaps:
 - Backlog of billing due to issues from automated metering infrastructure (AMI)
 - Gaps in technical support to reconcile and address more complicated accounts
 - Need for systems resources and additional supervision
 - Implementation of multi-prong solution to the AMI/Billing issues
 - Additional wireless transmission devices, simplification of data interface between systems, and adding staffing resources

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Recommended Positions

- Finance Department Utility Billing Division – add 1.0 Sr. Management Analyst; 1.0 Utility Services Technician; 1.0 Customer Service Supervisor; and 2.0 Customer Service Representatives
 - Maintain proper service levels during automated meters roll-out
 - Systems oversight and analysis support
 - Resources to reconcile billing backlog
 - Research, analyze and audit customer accounts
 - Data analysis
 - Customer contact supervision and support
- Electric Utility Department – add 1.0 Meter Data Analyst
- Finance Department Purchasing Division – add 1.0 Contracts Manager
 - SVP procurement support and contract compliance

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Recommendations

1. Note and file the FY 2018/19 Budget Year-End Report
2. Approve the addition of
 - One Sr. Management Analyst, one Utility Services Technician, one Customer Service Supervisor, one Contracts Manager, and two Customer Services Representatives in the Finance Department and one Meter Data Analyst in the Electric Utility Department
3. Approve the Related FY 2018/19 and FY 2019/20 Budget Amendments (Five Affirmative Council Votes Required for Revenue Actions Only)

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