



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

April 2020

This report summarizes the City's financial performance for the month ended April 30, 2020. 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.

As the end of the fiscal year approaches, budget amendments are included as part of this Monthly Financial Status Report to bring appropriations in line with year-end projections in the General Fund and other funds. This includes adjustments to account for COVID-19-related activities that are recorded in the Other City Department Operating Grant Fund.

General Fund

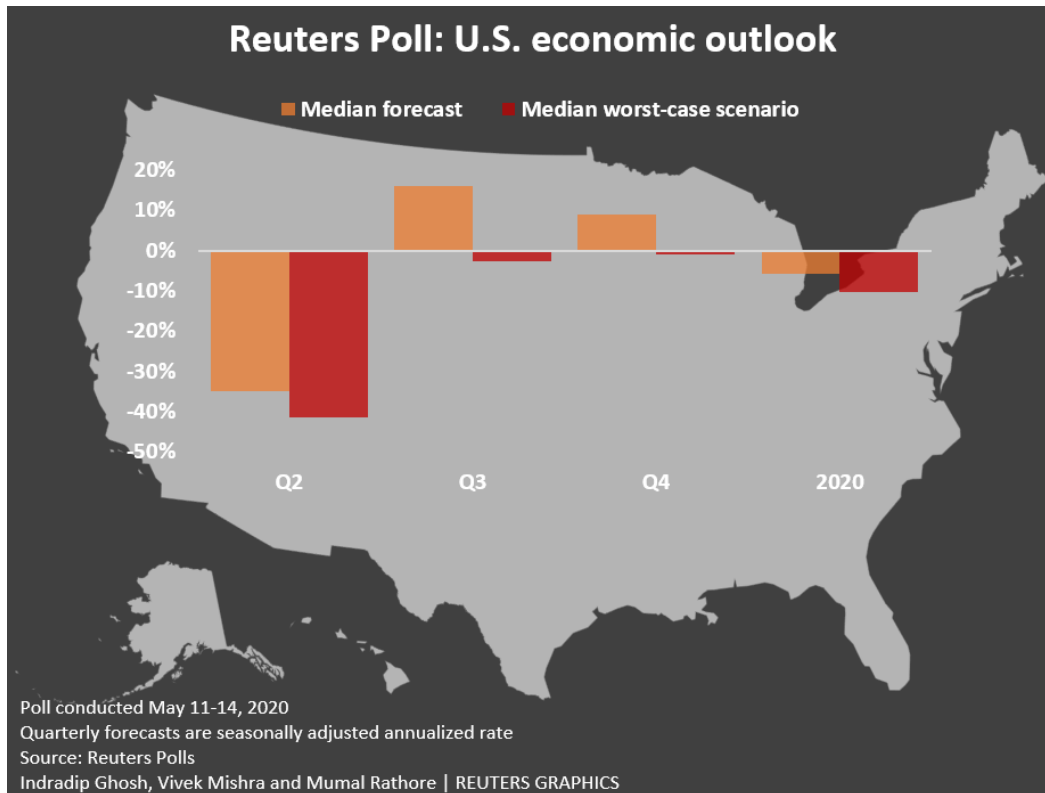
The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the residents of the City. The adopted budget for both operating revenues and expenditures for fiscal year 2019/20 was \$263.2 million. The amended budget for both was revised to \$274.9 million to reflect carryover appropriations from fiscal year 2018/19 and various budget amendments approved by the City Council through April 2020.

At the end of fiscal year 2018/19, the City implemented an accounting change that switched from a cash basis to a modified-accrual basis, which is reflected in the tables of this report. As a result of this change, a number of revenues were tracking lower than prior year collections and appear below par through April due to the timing of payments. Factoring out these timing differences, revenues were tracking to slightly exceed the budgeted estimate by year end prior to the COVID-19 impacts. Expenditures were also tracking within budgeted expectations through April. However, the General Fund is now expected to be significantly impacted in the last few months of the fiscal year by actions associated with COVID-19.

The virus and associated safety precautions and market reactions will impact revenue collections in areas such as transient occupancy tax, sales tax, fees for services and classes, and interest earnings as well as impact City costs. With the actions residents and businesses have been taking to reduce the spread of the virus and the latest order of the County Health Officer of the County of Santa Clara for residents to shelter in place, it is anticipated that economic activity will experience a significant decline.

On a national level, economic conditions have worsened in a very short period of time and many economists are now projecting one of the worst recessions in generations. In the latest Reuters poll of economists, a recovery is still forecast for the second half of 2020, but the economy is not expected to come close to regaining the ground it lost this year. The economists are now projecting the 2nd quarter 2020 to shrink an unprecedented 35% after contracting 4.8% in the first quarter 2020. According to the poll, growth of 16% and 9% are projected in the last two quarters of 2020, compared with growth of 12% and 9% in the previous poll. In the worst-case scenario, however, declines of 2.5% and 1% are projected for the last two quarters of 2020.¹

¹ <https://www.reuters.com/article/uretuers-usa-economy-poll/near-term-us-economic-outlook-darkens-slow-recovery-to-follow-reuters-poll-idUSKBN22R063>



In April, the unemployment rate jumped to 14.7% with 20.5 million jobs lost in that month, according to the Labor Department. This drop in employment wiped out a decade of job gains in a single month and is at the highest level since the Great Depression.² In May, the unemployment rate remained high at 13.3%. It is important to note that in its May 2020 Employment Situation news release, the Bureau of Labor Statistics discusses a data categorization issue that continues to understate the unemployment rate. “As was the case in March and April, household survey interviewers were instructed to classify employed persons absent from work due to coronavirus-related business closures as unemployed on temporary layoff. However, it is apparent that not all such workers were so classified. BLS and the Census Bureau are investigating why this misclassification error continues to occur and are taking additional steps to address this issue. If the workers who were recorded as employed but absent from work due to “other reasons” (over and above the number absent for other reasons in a typical May), had been classified as unemployed on temporary layoff, the overall unemployment rate would have been about 3 percentage points higher than reported (on a not seasonally adjusted basis).”³

Significant impacts are also expected on the State and local level. In April, the California unemployment rate rose to 15.5%, up from 5.5% in March 2020 and 4.2% in April 2019. With the largest decline on record, over 2.3 million jobs were lost in just one month. Declines were experienced in every sector, with the largest loss of 866,200 jobs in the leisure and hospitality sector.⁴ On a local level, the

² <https://www.washingtonpost.com/business/2020/05/08/april-2020-jobs-report/>

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

⁴ <https://edd.ca.gov/newsroom/unemployment-may-2020.htm>

unemployment rate in the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) rose to 12.0% in April 2020, up from a revised 3.5% in March 2020. Total employment in this MSA dropped by 128,600 jobs in April, with the largest losses in the leisure and hospitality (44,500), trade, transportation, and utilities (17,800), private educational health services (16,000), construction (15,400), and professional and business services (14,200).⁵

In its latest projections, the Federal Reserve expects unemployment to end 2020 at 9.3% and remain at higher levels with a projection of 5.5% unemployment in 2022. The Fed is also expecting a significant economic contraction with Gross Domestic Product (GDP) projected to decline by 6.5% in 2020. At a press conference following the Fed's two-day policy meeting, Fed Chair Jerome H. Powell commented that the extent of the downturn and pace of recovery remain "extraordinarily uncertain".⁶ According to Powell, "This is the biggest economic shock, in the U.S. and in the world, really, in living memory". "We went from the lowest level of unemployment in 50 years to the highest level in close to 90 years, and we did it in two months."⁷

The State of California is now projecting a \$54.3 billion impact as a result of COVID-19, including a \$41.2 billion drop in tax revenues and approximately \$13.1 billion in additional costs. This includes projected drops of 27.2% in sales taxes and 25.5% in personal income taxes. For context, this impact is three and a half times the State's "rainy day" emergency reserves and is almost as much as the \$57.1 billion spent on K-12 schools and community colleges spent last year. The state also projects the 2020 unemployment rate will increase to 18%, up 50% from the Great Recession.⁸

Many local jurisdictions are now projecting significant shortfalls. For instance, the City of San José is projecting General Fund shortfalls of \$45 million in FY 2019/20 and an additional \$65 million in FY 2020/21, estimates that could get worse depending on the length of the shelter-in-place mandate.⁹ The City of Palo Alto will eliminate 74 full time positions and make cuts to many services and capital funding to address a projected revenue shortfall of almost \$39 million.¹⁰

The City's General Fund revenues will also be significantly impacted immediately and over the longer term based on the declining economic situation. While there is limited data available, revenues are tracking to end the year \$10 million to \$15 million below the budget, which will be partially offset by expenditure savings in FY 2019/20. In FY 2020/21, a General Fund shortfall of almost \$23 million is projected as presented in the Proposed FY 2020/21 and FY 2021/22 Biennial Capital Budget.

Several cost savings measures were implemented April 1, 2020 to generate current year savings as well as savings that will be used in FY 2020/21 and in the development of the FY 2021/22 and FY 2022/23 Biennial Operating Budget. These actions include a hiring freeze and controls around

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

⁶ <https://www.nytimes.com/2020/06/10/business/economy/federal-reserve-economy-coronavirus.html>

⁷ <https://www.politico.com/news/2020/06/10/fed-economy-shrink-65-percent-2020-311212>

⁸ <https://www.mercurynews.com/2020/05/07/california-budget-to-take-54-3-billion-coronavirus-hit/>

⁹ <https://www.mercurynews.com/2020/04/07/san-jose-projects-budget-shortfall-of-110-million-due-to-coronavirus/>

¹⁰ <https://www.mercurynews.com/2020/05/27/palo-alto-will-eliminate-74-full-time-positions-at-city-hall-cut-back-popular-services/>

overtime, as-needed staff, marketing, travel, technology and vehicle purchases. In the current year, the goal will be to generate \$5 million to \$10 million in General Fund savings to help offset anticipated revenue reductions resulting from COVID-19.

While there is significant uncertainty regarding how the COVID-19 will impact the local economy and the City's budget, the General Fund may end the year in a negative position and, in that case, would have to draw on the Budget Stabilization Reserve to balance the budget in 2019/20. The City has \$80 million in this reserve to address any negative balance. The Budget Stabilization Reserve is also proposed to be used as an interim funding source to balance the FY 2020/21 General Fund budget. A high-level General Fund budget balancing strategy is included in the Proposed FY 2020/21 and FY 2021/22 Biennial Capital Budget, and specific budget actions for FY 2020/21 are planned to be brought forward in September 2020.

Staff will closely monitor the City's financial performance during this uncertain time and provide updates as part of future Monthly Financial Reports.

Financial Status Report as of April 30, 2020

General Fund Revenues

As of April 30, 2020, \$217.4 million or 79.1% of the General Fund estimated revenue was received. Revenue is currently tracking below par of 83.3% and below the prior year. As mentioned above, the change in budgeting methodology to an accrual basis impacted the timing of revenue receipts when compared to FY 2018/19. Factoring out these timing differences, revenues were tracking to slightly exceed the budget prior to the COVID-19 impacts. However, the actions associated with COVID-19 are expected to have a significant impact on certain revenue categories as discussed below.

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

Function	FISCAL YEAR 2019/20				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 04/30/2020	Percentage Received	Actual Through 04/30/2019	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 58,200,400	\$ 58,200,400	\$ 38,759,529	66.60%	\$ 49,241,396	\$ (10,481,867)	-21.29%
Property Tax	64,438,315	64,438,315	54,206,890	84.12%	51,388,381	2,818,509	5.48%
Transient Occupancy Tax	23,002,500	23,002,500	13,293,385	57.79%	18,836,245	(5,542,860)	-29.43%
Other Taxes	6,080,151	6,080,151	4,236,322	69.67%	4,920,368	(684,046)	-13.90%
Total Taxes	151,721,366	151,721,366	110,496,126	72.83%	124,386,390	(13,890,264)	-11.17%
LICENSES & PERMITS							
Business Licenses	959,500	959,500	710,259	74.02%	2,805,276	(2,095,017)	-74.68%
Fire Operation Permits	2,250,000	2,250,000	1,683,632	74.83%	-	1,683,632	100.00%
Building Permits	4,657,500	4,657,500	4,226,263	90.74%	7,090,327	(2,864,064)	-40.39%
Electric Permits	517,500	517,500	480,060	92.77%	605,639	(125,579)	-20.73%
Plumbing Permits	310,500	310,500	419,851	135.22%	524,938	(105,087)	-20.02%
Mechanical Permits	258,750	258,750	347,695	134.37%	496,235	(148,540)	-29.93%
Miscellaneous Permits	46,575	46,575	52,985	113.76%	81,098	(28,113)	-34.67%
Total Licenses & Permits	9,000,325	9,000,325	7,920,745	88.01%	11,603,513	(3,682,768)	-31.74%
FINES & PENALTIES	1,689,225	1,689,225	1,086,632	64.33%	1,636,958	(550,326)	-33.62%
INTERGOVERNMENTAL	168,755	5,239,529	5,843,229	111.52%	2,081,389	3,761,840	180.74%
CHARGES FOR SERVICES	33,144,722	33,180,892	29,517,338	88.96%	32,645,944	(3,128,606)	-9.58%
CONTRIBUTION IN LIEU	24,333,275	24,333,275	20,277,729	83.33%	19,245,491	1,032,238	5.36%
USE OF MONEY & PROPERTY							
Interest	5,697,500	5,697,500	2,991,459	52.50%	4,177,885	(1,186,426)	-28.40%
Rent	8,658,991	8,658,991	7,245,559	83.68%	7,078,761	166,798	2.36%
Total Use of Money & Property	14,356,491	14,356,491	10,237,018	71.31%	11,256,646	(1,019,628)	-9.06%
MISCELLANEOUS REVENUES	100,001	100,001	1,965,169	1965.15%	458,033	1,507,136	329.05%
LAND PROCEEDS	4,050,000	4,050,000	164,606	4.06%	-	164,606	100.00%
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,398,145	1,398,145	1,398,145	100.00%	1,447,000	(48,855)	-3.38%
Operating Transfer In - Reserves	11,290,582	14,154,274	14,154,274	100.00%	4,182,281	9,971,993	238.43%
Operating Transfer In - Fund Balances ⁽¹⁾	-	5,338,670	5,338,670	100.00%	10,459,221	(5,120,551)	-48.96%
Operating Transfer In - Miscellaneous	667,885	1,736,115	1,736,115	100.00%	54,250	1,681,865	3100.21%
Total Other Financing Sources	13,356,612	22,627,204	22,627,204	100.00%	16,142,752	6,484,452	40.17%
STADIUM OPERATION							
Charges for Services	7,988,313	7,988,313	6,601,906	82.64%	5,493,026	1,108,880	20.19%
Rent and Licensing	3,333,185	633,185	639,410	100.98%	571,578	67,832	11.87%
Total Stadium Operation	11,321,498	8,621,498	7,241,316	83.99%	6,064,604	1,176,712	19.40%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 274,919,806	\$ 217,377,112	79.07%	\$ 225,521,720	\$ (8,144,608)	-3.61%

(1) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2019 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%. Through April 30, 2020, sales tax collections were \$38.8 million. These collections represent the sales tax revenue generated for the months of July through February 2020. While last year saw collections of \$49.2 million through the same period, these collections were for the months of May 2018 through February 2019. Based on receipts for the first two quarters, collections were projected to slightly exceed the budgeted estimate of \$58.2 million. However, as a result of actions associated with COVID-19, sales tax revenue is now expected to fall well below the budget. In the third quarter, which was only impacted by COVID-19 in the month of March, collections fell 10.9% from the same quarter in the previous year. If receipts drop 25% - 50% in the last quarter of the fiscal year, sales tax revenue will end the year below the budgeted estimate by \$4 million - \$8 million. Data for the fourth quarter will be available in August 2020.

Property Tax: The majority of property tax revenue is collected in January and April each year. Based on the latest estimates from the County of Santa Clara, it is anticipated that collections in this category will reach \$65.4 million, slightly exceeding the FY 2019/20 budgeted estimate of \$64.4 million. Property tax collections totaled \$54.2 million through April, which is higher than what was collected last year through the same period. COVID-19 is expected to have minimal potential impacts on 2019/20 revenue collections.

Transient Occupancy Tax (TOT): TOT is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 9.5%. Through April 30, 2020, \$13.3 million has been collected, which is \$5.5 million less than what was collected through April 2019. This variance from last year's collections is attributable to the budget methodology change in which \$4.1 million was accrued to FY 2018/19 at the end of last fiscal year. The revenue through April also reflects some of the impact from COVID-19.

Collections through the end of the year are now expected to be significantly impacted by actions associated with the Coronavirus. Receipts would end the year \$6 million to \$8 million below the budgeted estimate if there is a 50% to 90% decline in receipts in the last couple months of the fiscal year.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$4.2 million, which is 69.7% of the budgeted estimate of \$6.1 million. This decrease in revenue compared to last year's collections through the same period is primarily attributable to the change in budgeting methodology and the timing of payments. Franchise tax collections, budgeted at \$4.4 million, are lower due to prior year accruals and the timing of the receipt of payments; these receipts are expected to end the year close to the budgeted estimate.

Documentary transfer tax revenue of \$1.1 million through April is consistent with prior year collections through the same period as a result of increased activity in the past two months. However, growth of 4% over the prior year actuals is necessary to meet the budgeted estimate of \$1.7 million. Collections are currently tracking to end the year below the budgeted estimate by approximately \$200,000.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall licenses and permits revenue collections are above par and totaled \$7.9 million, or 88.0% of the budget of \$9.0 million. These collections are 31.7% below the very high collection level experienced through the same period last fiscal year. Even if activity slows through the remainder of the year, this category should meet the budgeted estimate. For the building development revenues, any excess revenues over expenditures will be placed in the Building Inspection Reserve. This reserve is also available to cover any difference if revenues fall below the expenditure level.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category totaled \$1.1 million through April and is lower compared to prior year actual collection level by \$0.6 million as a result of lower activity levels in the collection charges and traffic fines accounts. Receipts are also lower due to accruals at the end of FY 2018/19. Given restricted activity levels as a result of COVID-19, collections in this category may continue to decline in the last two months of the fiscal year and may fall below the budgeted estimate by approximately \$300,000.

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 April 30, 2020, collections totaled approximately \$5.8 million, meeting this year's budgeted estimate and exceeding last fiscal year's collections through the same period. This increase is due to a Santana West settlement payment in the amount of \$5.0 million for the Related project received from the City of San José. These funds are restricted for affordable housing and transportation improvements and have been set aside in a separate reserve.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. While collections of \$29.5 million were \$3.1 million lower than collections through the same time last year, revenues in this category are tracking above par at 89.0%. This is mainly attributable to higher plan check and sign fee collections through April. Collections in this category were tracking to exceed the budgeted estimate of \$33.2 million by at least \$2.0 million to \$3.0 million by year-end. However, as a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget. Based on an estimate from the Parks and Recreation Department, a net loss of approximately \$600,000 is projected as a result of shutting down Spring/Summer registration. This figure may go up depending on the length of the shutdown of these activities. The higher collections in other fee areas may partially or fully offset the loss in the Parks and Recreation fees.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues as contribution-in-lieu of taxes. These revenues provide funding for general government services such as public safety, public works, parks and recreation, library, and administration. Through April, \$20.3 million has been received, which is consistent with the budgeted estimate of \$24.3 million. However, these payments were based on the budgeted estimate and will be trued up later in the fiscal

year. Based on prior year activity and current estimates, collections in this category may fall below the budgeted estimate by over \$1.0 million.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$10.2 million, which is below the budgeted estimate of \$14.4 million due to the timing of payments for interest earnings related to the prior year accrual. Receipts in this category have been tracking to meet the budgeted estimate by year-end. However, with the recent interest rate reductions, interest earnings may fall below the budgeted estimate of \$5.7 million.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of April 30, 2020, collections totaled \$2.0 million, which exceeds the budgeted estimate of \$0.1 million. This is a result of proceeds from the sale the right-of-way related to the vacated land sale on Fremont Street and Sherman Street. The City also received \$800,000 for damage recoveries resulting from a settlement agreement related to the City's Swim Center. A budget amendment is included in Attachment 3 to recognize this revenue and set it aside in the General Fund's Capital Projects Reserve.

Land Proceeds: Includes revenue from the sale of City-owned land. Through April 30, 2020, proceeds totaled approximately \$0.2 million, resulting from the sale of vacated land located on Fremont Street and Sherman Street. The budgeted estimate for this category included \$4.0 million of proceeds from the sale of property to be used for affordable housing. It is anticipated that this sale will be completed at the end of this calendar year. A budget action will be brought forward to carry this budget into FY 2020/21.

Stadium Operation: The revenue for Stadium Operations totaled approximately \$7.2 million through April 30, 2020, which is higher than collections through the same period last fiscal year. Charges for services, which includes public safety cost reimbursement for NFL and Non-NFL events, is expected to fall under the budgeted \$8.0 million at \$7.7 million. This is mainly due to a significantly lower than anticipated number of Non-NFL events at the Stadium. Due to the lower number of events, the Non-NFL performance-based rent will not meet the FY 2019/20 Adopted Budget estimate. A separate downward adjustment of \$2.7 million was approved as part of the Budgetary Year-End Report to decrease these revenues, which is reflected in the Amended Budget column in the table above. The lease revenue is projected to end the fiscal year at \$639,000 which slightly exceeds the revised budgeted estimate of \$633,000.

Financial Status Report as of April 30, 2020

General Fund Expenditures

As of April 30, 2020, \$213.4 million or 77.6% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through April. Departmental expenditures totaled \$190.9 million, or 75.8% of the budget, which is below the par level of 83.3% of the budget. Expenditure savings are expected by year-end.

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

Function	FISCAL YEAR 2019/20				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 04/30/2020	Percentage Used	Actual Through 04/30/2019	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 11,909,566	\$ 13,814,495	\$ 3,152,867	22.82%	\$ 2,197,527	\$ 955,340	43.47%
City Council	894,953	894,953	751,218	83.94%	631,664	119,554	18.93%
City Clerk	1,389,880	1,839,750	976,870	53.10%	1,487,806	(510,936)	-34.34%
City Manager	6,554,276	7,894,294	4,925,343	62.39%	4,497,349	427,994	9.52%
City Attorney	2,260,512	2,376,523	1,775,775	74.72%	1,505,061	270,714	17.99%
Human Resources	4,409,195	4,622,757	3,274,167	70.83%	2,537,380	736,787	29.04%
Finance	15,719,734	16,653,861	11,899,887	71.45%	9,519,337	2,380,550	25.01%
Information Technology	-	-	-	0.00%	7,493,122	(7,493,122)	-100.00%
Total General Government	43,138,116	48,096,633	26,756,127	55.63%	29,869,246	(3,113,119)	-10.42%
PUBLIC WORKS	23,579,460	23,919,037	19,507,989	81.56%	19,676,389	(168,400)	-0.86%
COMMUNITY DEVELOPMENT	14,186,780	17,257,752	11,338,328	65.70%	9,896,040	1,442,288	14.57%
PARKS AND RECREATION	22,401,233	23,011,286	17,258,554	75.00%	15,434,669	1,823,885	11.82%
PUBLIC SAFETY							
Fire	52,783,063	54,209,728	46,132,967	85.10%	42,230,679	3,902,288	9.24%
Police	73,397,279	74,069,459	61,419,378	82.92%	52,519,667	8,899,711	16.95%
Total Public Safety	126,180,342	128,279,187	107,552,345	83.84%	94,750,346	12,801,999	13.51%
LIBRARY	11,310,791	11,346,604	8,533,567	75.21%	8,130,734	402,833	4.95%
DEPARTMENTAL SUBTOTAL	240,796,722	251,910,499	190,946,910	75.80%	177,757,424	13,189,486	7.42%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	526,688	526,688	428,445	81.35%	885,578	(457,133)	-51.62%
Operating Transfer Out - Rental Income	-	-	-	0.00%	14,065	(14,065)	-100.00%
Operating Transfer Out - Debt Services	1,710,474	1,710,474	1,710,474	100.00%	2,501,494	(791,020)	-31.62%
Operating Transfer Out - Maintenance Districts	917,331	917,331	917,331	100.00%	-	917,331	N/A
Operating Transfer Out - Cemetery	703,490	703,490	703,490	100.00%	618,081	85,409	13.82%
Operating Transfer Out - SCGTC	-	-	-	0.00%	155,020	(155,020)	-100.00%
Operating Transfer Out - Special Liability	-	-	-	0.00%	2,200,000	(2,200,000)	-100.00%
Operating Transfer Out - CIP	11,643,673	11,643,673	11,643,673	100.00%	50,000	11,593,673	23187.35%
Operating Transfer Out - Reserves	344,360	879,200	879,200	100.00%	-	879,200	N/A
Total Other Financing Uses	15,846,016	16,380,856	16,282,613	99.40%	6,424,238	9,858,375	153.46%
STADIUM OPERATION	6,599,532	6,621,340	6,183,274	93.38%	5,591,244	592,030	10.59%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 274,912,695	\$ 213,412,797	77.63%	\$ 189,772,906	\$ 23,639,891	12.46%

General Fund Expenditures

Below is an explanation of certain budget to actual expenditure variances by program. Other program expenditures not described below are within expectations. Effective fiscal year 2019/20, the Information Technology budget was shifted from the General Fund to a newly established internal services fund.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through April 30, 2020, expenditures were at 22.8% of budget, primarily due to lower expenditures in the salary and benefits and materials, services and supplies categories. The Non-Departmental budget also includes a \$4.0 million loan to fund an affordable housing project that was approved by the City Council on January 29, 2019, which has not yet been expended. It is anticipated that this loan, which will be funded by a property sale, will be processed at the end of the calendar year. A budget action to carry this appropriation over will be brought forward as part of the budgetary year-end report. Additionally, as approved in the FY 2018/19 Budgetary Year-End report, \$1.8 million was added to the Non-Departmental budget to cover costs related to Fair Labor Standards Act (FLSA) requirements for retroactive overtime costs and payouts, which has not yet been fully expended. Then Non-Departmental category is expected to end the year with savings, and a portion of the savings has been reallocated to the Small Business Assistance Program (\$250,000 – 4/28/2020 Council Agenda) and the Food Distribution Program (\$550,000 – 5/12/20 Council Agenda).

City Manager: The actual expenditures through April 30, 2020 were at 62.4% of the budget. This is primarily due to lower than anticipated spending in the salary and benefits and contractual services categories. A portion of the year-end savings anticipated in the City Manager's Office has been reallocated to the Food Distribution Program (\$70,000 – 5/12/20 Council Agenda).

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through April, departmental expenditures of \$11.3 million were at 65.7% of the budget, which is below par for this time of year. As part of the November Monthly Financial Report, \$1.5 million was added to the Department's contractual services budget, funded by Building Inspection Reserve. With the recent influx of large-scale development projects, these additional resources were added to address the workload and maintain service levels and turnaround times through the remainder of the year. Contractual services are expected to remain within budget with this adjustment.

Fire Department: Actual expenditures totaled \$46.1 million, or 85.1%, which is slightly above the par level of 83.3% of the budget. Overall salary expenditures are tracking above budget, particularly in the overtime category due to minimum staffing requirements and several Fire Captain vacancies. The overtime expenditures are partially offset by salary savings from the vacancies and lower than budgeted expenditures in the materials, services, and supplies category. Funding of \$350,000 was added to the Fire Department budget to account for estimated FLSA-eligible overtime costs. Additionally, \$688,000 was added to the Fire Department's budget as a result of negotiated wage increases approved for Units 1 and 9B. Departmental expenditures are also expected to be impacted by COVID-19. The Department is staffing specialized COVID-19 response units to respond to the Federal Medical Station at the Santa Clara Convention Center and other high-risk locations. All COVID-

19 expenditures are being tracked for potential reimbursement. This report includes recommended budget adjustments in the Other City Department Operating Grant Fund to account for the COVID-related expenses and in the General Fund to address projected year-end costs.

Police Department: Expenditures through April 30, 2020 are tracking at expected levels at \$61.4 million, or 82.9% of the budget. The salary expenditures were above budget primarily in the as-needed and overtime categories, resulting from additional staffing needs for events including Great America's Halloween Haunt and mutual aid provided to the Gilroy Garlic Festival shooting and investigation. The City received a reimbursement related to the staffing costs for the Great America Haunt. There have also been new City events that have required Police staffing such as the Parade of Champions and Comic Con. These higher expenditures are partially offset by lower than budgeted expenses in the materials, services, and supplies category. Police Department expenditures are expected to remain within budget by year end.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$6.2 million through April 30, 2020 and are tracking slightly above budgeted levels, however, are anticipated to come in under budget at year end. The higher expenditures are a result of the purchase of a new public safety insurance policy and higher than anticipated costs for outside agency public safety. Both the insurance premium and public safety costs are reimbursed by the 49ers.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of April 30, 2020. The amended budget for both reflects carryover appropriations from fiscal year 2018/19 in addition to various budget amendments approved by the City Council through April 2020. The revenues received through the end of April totaled approximately \$3.5 million, while expenditures totaled \$3.2 million.

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

Fund Description	REVENUE - FISCAL YEAR 2019/20				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 4/30/2020	Percentage received	Actual Through 4/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 274,831	\$ 280,292	101.99%	\$ 176,136	\$ 104,156	59.13%
City Affordable Housing Fund	696,703	1,084,543	740,056	68.24%	123,132	616,924	501.03%
Housing Successor Fund	12,031,000	12,084,817	857,899	7.10%	1,499,472	(641,573)	-42.79%
Housing and Urban Development	2,626,117	5,238,691	1,586,399	30.28%	1,449,019	137,380	9.48%
TOTAL	\$15,613,820	\$ 18,682,882	\$ 3,464,646	18.54%	\$ 3,247,759	\$ 216,887	6.68%

Fund Description	EXPENDITURES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 4/30/2020	Percentage used	Actual through 4/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 546,623	\$ 561,454	\$ 93,013	16.57%	\$ 51,382	\$ 41,631	81.02%
City Affordable Housing Fund	1,520,735	7,908,575	549,552	6.95%	286,631	262,921	91.73%
Housing Successor Fund	12,592,389	17,646,206	451,066	2.56%	445,497	5,569	1.25%
Housing and Urban Development	3,846,296	5,238,691	2,086,384	39.83%	1,255,435	830,949	66.19%
TOTAL	\$18,506,043	\$ 31,354,926	\$ 3,180,015	10.14%	\$ 2,038,945	\$ 1,141,070	55.96%

The majority of the budget in the housing funds account for two development loans, which would allow for the construction of affordable housing projects, referred to as the Corvin Supportive Housing and the Agrihood Mixed-Use Development projects. Both the revenues and expenditures are expected to increase once the proceeds from the sale of land are received and the loan agreements are executed, which is anticipated to be done next fiscal year. An action to carry over these appropriations will be brought forward for City Council approval.

Governmental Capital Improvement Funds

The table below lists the total amended budget amounts for the Capital Improvement Funds, which consist of current year appropriations, prior year carryover balances in Governmental Capital Improvement Funds, and budget amendments approved through April 2020. As of April 30, 2020, these capital fund expenditures totaled \$31.8 million, or 24.4% of the amended budget. It is anticipated that unspent capital funds will be carried over into next fiscal year for those projects that have not yet been completed.

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.

CITY OF SANTA CLARA GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENDITURES

EXPENDITURES - FISCAL YEAR 2019/20						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 4/30/2020	Percentage Used	
Parks & Recreation	\$ 6,790,661	\$ 27,507,742	\$ 34,298,403	\$ 16,719,582	48.75%	
Streets & Highways	20,113,555	39,407,535	59,521,090	10,949,269	18.40%	
Storm Drain	4,779,305	3,264,959	8,044,264	678,802	8.44%	
Fire	665,049	635,187	1,300,236	317,151	24.39%	
Library	10,633	234,633	245,266	31,935	13.02%	
Public Buildings	4,097,571	8,335,917	12,433,488	1,426,855	11.48%	
General Gov't - Other	1,511,494	13,051,614	14,563,108	1,716,391	11.79%	
TOTAL	\$ 37,968,268	\$ 92,437,587	\$ 130,405,855	\$ 31,839,985	24.42%	

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of April 30, 2020. Overall, revenues and expenditures are tracking below budgeted levels.

Effective fiscal year 2019/20, the City switched from a cash basis budgetary reporting to an accrual basis, which is reflected in the tables of this report. At the end of April 2020, revenue and expenditures are tracking higher than through the same period last fiscal year. For fiscal year 2019/20, the City is still anticipated to maintain a positive operating position for each of its Enterprise Operating Funds.

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

Fund Description	REVENUE - FISCAL YEAR 2019/20				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 4/30/2020	Percentage received	Actual Through 4/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 516,210,630	\$ 517,210,920	\$ 480,478,530	92.90%	\$ 414,208,015	\$ 66,270,515	16.00%
Water Utility Fund	53,411,144	56,080,779	39,859,035	71.07%	39,800,279	58,756	0.15%
Sewer Utility Fund	94,169,500	94,259,046	32,266,590	34.23%	33,480,045	(1,213,455)	-3.62%
Cemetery Fund	645,150	645,150	356,226	55.22%	462,886	(106,660)	-23.04%
Solid Waste Utility Fund	28,033,703	28,760,383	21,023,061	73.10%	21,175,094	(152,033)	-0.72%
Water Recycling Fund	6,769,200	7,779,200	4,672,856	60.07%	5,288,600	(615,744)	-11.64%
TOTAL REVENUE	\$ 699,239,327	\$ 704,735,478	\$ 578,656,298	82.11%	\$ 514,414,919	\$ 64,241,379	12.49%

Fund Description	EXPENSES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 4/30/2020	Percentage Used	Actual through 4/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 486,468,491	\$ 484,402,005	\$ 460,224,515	95.01%	\$ 370,676,620	\$ 89,547,895	24.16%
Water Utility Fund	46,449,085	49,118,720	34,507,573	70.25%	34,396,130	111,443	0.32%
Sewer Utility Fund	28,451,451	28,540,997	20,112,038	70.47%	23,468,291	(3,356,253)	-14.30%
Cemetery Fund	1,399,333	1,399,333	975,976	69.75%	989,153	(13,177)	-1.33%
Solid Waste Utility Fund	27,470,657	28,197,337	18,917,518	67.09%	18,189,689	727,829	4.00%
Water Recycling Fund	5,349,013	6,359,013	4,823,060	75.85%	5,025,890	(202,830)	-4.04%
TOTAL - Operating Appropriations	\$ 595,588,030	\$ 598,017,405	\$ 539,560,680	90.22%	\$ 452,745,773	\$ 86,814,907	19.18%

Revenues in the electric, water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. The lower the revenue from customer service charges, the lower the expenditures in the resource and production category. In both the sewer and water recycling funds, contractual services expenditures are higher than budgeted levels; however, this is primarily offset by savings in the salary and benefits categories. In the Sewer Debt Service Fund, revenues are tracking low because the \$50.0 million in debt proceeds have not been received. A line of credit was approved by Council at the May

26, 2020 Council date. In the Electric Utility Fund, the revenue received in this fund dictates the contribution in-lieu expenditure.

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through April totaled \$68.6 million, or 25.2% of the amended budget. Similar to the general government capital funds, it is anticipated that unspent capital funds will be carried over into next fiscal year for those projects that have not yet been completed.

CITY OF SANTA CLARA ENTERPRISE CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENSES

Fund Description	EXPENSES - FISCAL YEAR 2019/20					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 4/30/2020	Percentage Used	Actual Through 4/30/2019
Electric Utility Fund	\$ 48,357,167	\$ 107,739,473	\$ 156,096,640	\$ 23,197,832	14.86%	\$ 18,167,494
Street Lighting ⁽¹⁾	86,855	5,925,185	6,012,040	67,595	1.12%	67,858
Water Utility Fund	13,449,374	12,853,124	26,302,498	1,473,242	5.60%	3,007,206
Sewer Utility Fund	58,953,565	24,614,662	83,568,227	43,515,912	52.07%	19,447,470
Cemetery Fund	-	-	-	-	0.00%	-
Solid Waste Utility Fund	484,367	168,480	652,847	346,090	53.01%	493,683
Water Recycling Fund	50,000	-	50,000	-	0.00%	-
TOTAL - CIP Appropriations	\$ 121,381,328	\$ 151,300,924	\$ 272,682,252	\$ 68,600,671	25.16%	\$ 41,183,711

(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).
- 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:

- Building Inspection Reserve accounts for surplus funds from user fees in the Community Development Department's Building Inspection Division and is restricted to fund Building Division costs.
- Technology Fee Reserve is set aside to update and/or replace the City's aging technology and to ensure internal controls are in compliance with current business standard and legal requirements.
- Land Sale Reserve is net proceeds from the sale of City-owned land, with interest earned on these funds available to be appropriated for General Fund operating expenditures. This reserve is available for appropriation by City Council action.
- The Electric Utility Reserve assures sufficient operating cash is available to ensure debt service coverage.
- The Replacement and Improvement Reserve in the Water and Sewer Utility Funds is for future capital improvement.
- The Water Conservation Reserve is to enhance water conservation activities in response to the drought.

The table below summarizes select reserve balances.

City of Santa Clara

Financial Status Report as of April 30, 2020

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 79,967,166			
Capital Projects Reserve	28,186,138			
Land Sale Reserve	21,531,838			
Building Inspection Reserve	14,105,480			
Technology Fee Reserve	284,129			
Rate Stabilization Fund Reserve		\$ 25,000,000		
Cost Reduction Fund Reserve		98,947,182		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	\$ -
TOTALS	\$ 144,074,751	\$ 124,025,345	\$ 303,090	\$ -

City of Santa Clara

Financial Status Report as of April 30, 2020

Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The loan from the General Fund to for Parks and Recreation Facilities reflects proceeds from the Land Sale Reserve for the purchase of property at the Reed and Grant Sports Park. This loan is anticipated to be repaid by 25% of future Mitigation Fee Act revenue until the loan is paid in full.

DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:			
Fund Receiving Advance/Loan	Fund Making Advance/Loan	Type	Amount of Advance / Commitment
Cemetery	General Fund	Advance	\$ 6,339,380
Santa Clara Golf & Tennis Club	General Fund	Advance	4,224,134
Parks and Recreation Facilities	General Fund	Loan	10,130,273
TOTALS			\$ 20,693,787

Donations to the City of Santa Clara

Donations received by department during the month of April 2020 and for fiscal year 2019/20 are shown in the table below.

Department	Apr-20	Fiscal Year 2019/20 Year To Date	Donor	Designated Use
City Manager's Office	\$ 75	\$ 405	Various	Help Your Neighbor
City Manager's Office	-	100	Various	Various Programs
Parks and Recreation	10	34,840	Various	Various Parks and Recreation Programs
Parks and Recreation	-	89,834	Various	Arts, Crafts and Wine Festival
Fire	-	330	Various	Emergency Supplies
Police	7,000	7,000	Various	Police K9 Program
Non-Departmental	31,375	31,375	Various	COVID-19 Relief
TOTALS	\$ 38,460	\$ 163,884		