



# **City of Santa Clara**

The Center of What's Possible

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## **MONTHLY FINANCIAL STATUS REPORT**

**September 2020**

This report summarizes the City's financial performance for the month ended September 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.

### 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 2020/21 was \$286.9 million. The amended budget for revenues and expenditures was amended to \$292.8 million to reflect carryover appropriations from fiscal year 2019/20 and various budget amendments approved by the City Council through September 2020.

While it is very early in the fiscal year, General Fund revenues are currently expected to end the year below budget due to the COVID-19 impacts. When the FY 2020/21 budget was adopted, there was limited data regarding the COVID-19 impacts and significant uncertainty regarding the length and depth of the associated shutdowns. The budget did assume reductions in various categories to account for the anticipated COVID-19 impacts, with the largest reductions in the transient occupancy tax and sales tax categories. With a few months of additional data and the continued implementation of COVID-19 safety precautions, further downward adjustments are expected to be brought forward.

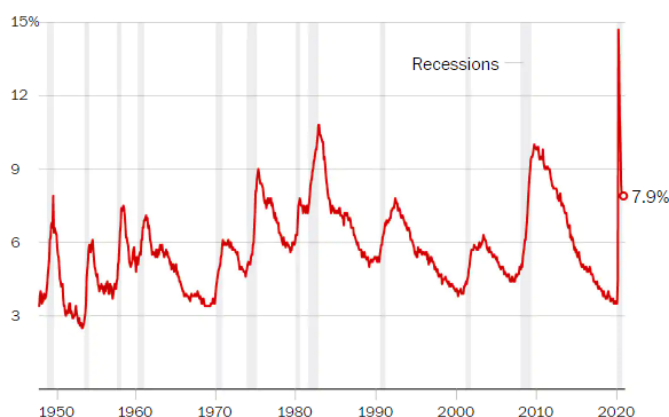
The lower collection level is expected to be partially offset by General Fund expenditure savings. Through September, departmental expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures. Some departments have also significantly changed their operations to comply with the COVID-19 safety measures.

With the shelter-in-place and other actions residents and businesses have been taking to reduce the spread of the virus, economic activity in this region and throughout the country has experienced a significant decline. This is evidenced in various economic indicators, some of which continue to improve.

On a national level, the unemployment rate remains high at 7.9% in September 2020. This rate, however, was well below the record setting high of 14.7% in April 2020 and lower than the August 2020 rate of 8.4%. In September, the number of unemployed persons fell by 1.0 million to 12.6 million.

While both measures have improved for five consecutive months, they remain more than double the pre-COVID levels experienced in February 2020 in which the unemployment rate was 3.5% and the number of unemployed totaled

Unemployment rate



Source: Bureau of Labor Statistics, via St. Louis Fed

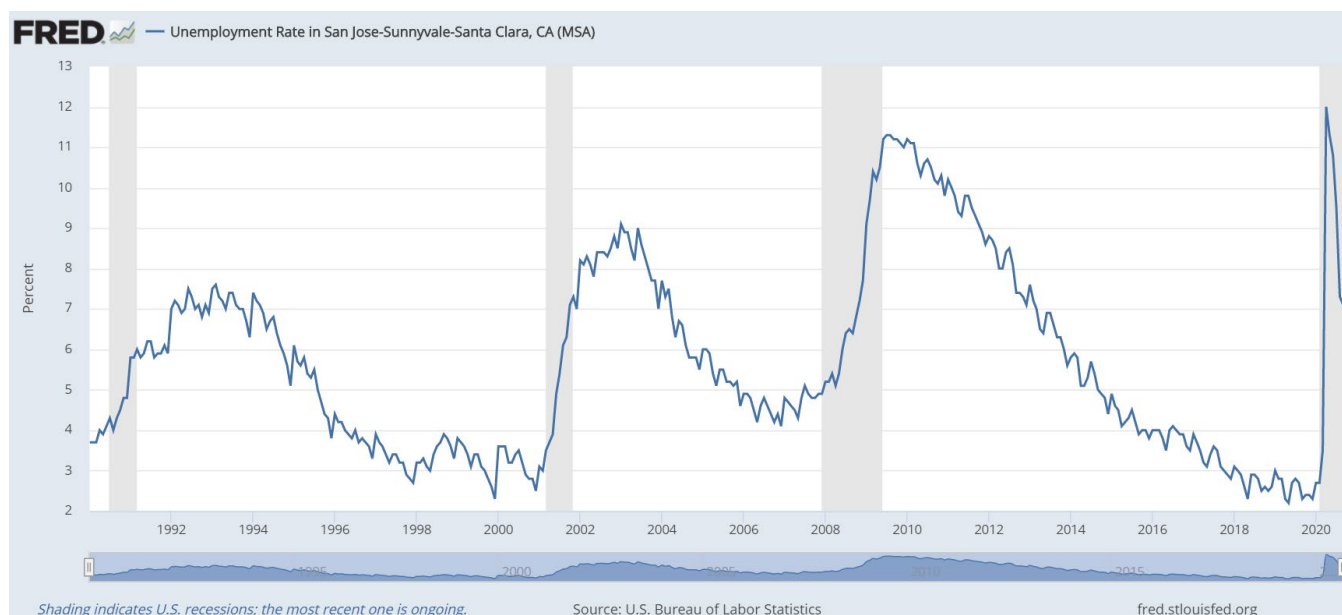
THE WASHINGTON POST

5.8 million.<sup>1</sup>

In the second quarter 2020, the Gross Domestic Product (GDP) declined by almost 32% as a result of the COVID-19 safety precautions. This is the largest contraction ever experienced, pushing the economy into a recession. The recovery will depend on the capacity of the county to control the pandemic and avoid more waves of infection.<sup>2</sup>

Significant impacts have also been experienced at the State and local level. After the State's largest increase in the unemployment rate in April 2020, the California unemployment rate has continued to improve to 11% by September 2020. This marks the first month since March 2020 that California's unemployment rate was lower than the 12.3% mark set during the height of the Great Recession.<sup>3</sup> The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 7.1% in September 2020, down from a revised 7.3% in August 2020 but significantly higher than the September 2019 level of 2.3%. Between September 2019 and September 2020, employment in this region dropped by 84,400 jobs, or 7.3%.<sup>4</sup>

### Unemployment Rate in San José-Sunnyvale—Santa Clara, CA MSA



Santa Clara's General Fund revenues have been significantly impacted and this impact is expected to continue over the longer term based on the current economic situation. In FY 2020/21, a General Fund shortfall of almost \$23 million was addressed in the revised FY 2020/21 budget approved in June 2020.

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

<sup>2</sup> <https://tradingeconomics.com/united-states/gdp-growth>

<sup>3</sup> <https://edd.ca.gov/Newsroom/unemployment-september-2020.htm>

<sup>4</sup> [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf)

This budget was solved with the use of the Budget Stabilization Reserve. Additional downward revenue adjustments and budget balancing actions are expected to be brought forward during the year.

The City currently has \$57 million in the Budget Stabilization Reserve to address any negative balance after factoring in the use of \$22.7 million of this reserve in the FY 2020/21 budget. Staff will closely monitor the City's financial performance during this uncertain time and provide updates as part of future Monthly Financial Reports. There are other General Fund Reserves that amount to \$46 million, but these reserves are designated for specific purposes. These reserves can be used by an act of Council.

## Financial Status Report as of September 30, 2020

## General Fund Revenues

As of September 30, 2020, \$25.8 million or 10.6% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$47.5 million have occurred as budgeted.

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

Function	FISCAL YEAR 2020/21				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 9/30/2020	Percentage Received	Actual Through 9/30/2019	\$ Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 55,600,000	\$ 55,600,000	\$ 5,034,322	9.05%	\$ 4,813,422	\$ 220,900	4.59%
Property Tax	66,982,000	66,982,000	178,531	0.27%	108,562	69,969	64.45%
Transient Occupancy Tax	17,625,000	17,625,000	81,500	0.46%	1,619,954	(1,538,454)	-94.97%
Other Taxes	5,938,000	5,938,000	476,563	8.03%	120,336	356,227	296.03%
<b>Total Taxes</b>	<b>146,145,000</b>	<b>146,145,000</b>	<b>5,770,916</b>	<b>3.95%</b>	<b>6,662,274</b>	<b>(891,358)</b>	<b>-13.38%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	934,000	934,000	236,378	25.31%	219,233	17,145	7.82%
Fire Operation Permits	2,375,000	2,375,000	475,882	20.04%	562,718	(86,836)	-15.43%
Building Permits	5,700,000	5,700,000	2,543,483	44.62%	852,914	1,690,569	198.21%
Electric Permits	475,000	475,000	512,233	107.84%	87,942	424,291	482.47%
Plumbing Permits	428,000	428,000	342,754	80.08%	77,493	265,261	342.30%
Mechanical Permits	380,000	380,000	392,055	103.17%	70,597	321,458	455.34%
Miscellaneous Permits	92,000	92,000	18,619	20.24%	19,915	(1,296)	-6.51%
<b>Total Licenses &amp; Permits</b>	<b>10,384,000</b>	<b>10,384,000</b>	<b>4,521,404</b>	<b>43.54%</b>	<b>1,890,812</b>	<b>2,630,592</b>	<b>139.12%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,570,000</b>	<b>1,570,000</b>	<b>126,430</b>	<b>8.05%</b>	<b>229,050</b>	<b>(102,620)</b>	<b>-44.80%</b>
<b>INTERGOVERNMENTAL</b>	<b>226,000</b>	<b>226,000</b>	<b>47,810</b>	<b>21.15%</b>	<b>5,057,781</b>	<b>(5,009,971)</b>	<b>-99.05%</b>
<b>CHARGES FOR SERVICES</b>	<b>37,174,855</b>	<b>37,174,855</b>	<b>7,249,378</b>	<b>19.50%</b>	<b>7,801,547</b>	<b>(552,169)</b>	<b>-7.08%</b>
<b>CONTRIBUTION IN LIEU</b>	<b>23,699,830</b>	<b>23,699,830</b>	<b>6,085,872</b>	<b>25.68%</b>	<b>6,083,318</b>	<b>2,554</b>	<b>0.04%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	5,246,000	5,501,000	(430,323)	-7.82%	(493,105)	62,782	-12.73%
Rent	9,407,909	9,407,909	2,172,987	23.10%	2,348,073	(175,086)	-7.46%
<b>Total Use of Money &amp; Property</b>	<b>14,653,909</b>	<b>14,908,909</b>	<b>1,742,664</b>	<b>11.69%</b>	<b>1,854,968</b>	<b>(112,304)</b>	<b>-6.05%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>350,000</b>	<b>380,000</b>	<b>92,928</b>	<b>24.45%</b>	<b>113,576</b>	<b>(20,648)</b>	<b>-18.18%</b>
<b>LAND PROCEED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>OTHER FINANCING SOURCES</b>							
Operating Transfer In - Storm Drain	1,460,000	1,460,000	1,460,000	100.00%	1,398,145	61,855	4.42%
Operating Transfer In - Reserves	38,952,083	39,248,833	39,248,833	100.00%	11,290,582	27,958,251	247.62%
Operating Transfer In - Fund Balances <sup>(1)</sup>	-	4,273,692	4,273,692	100.00%	5,338,670	(1,064,978)	-19.95%
Operating Transfer In - Miscellaneous	2,527,419	3,547,419	2,547,419	71.81%	277,350	2,270,069	818.49%
<b>Total Other Financing Sources</b>	<b>42,939,502</b>	<b>48,529,944</b>	<b>47,529,944</b>	<b>97.94%</b>	<b>18,304,747</b>	<b>29,225,197</b>	<b>159.66%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	9,102,263	9,102,263	163,145	1.79%	1,376,954	(1,213,809)	-88.15%
Rent and Licensing	647,500	647,500	-	0.00%	397,073	(397,073)	-100.00%
<b>Total Stadium Operation</b>	<b>9,749,763</b>	<b>9,749,763</b>	<b>163,145</b>	<b>1.67%</b>	<b>1,774,027</b>	<b>(1,610,882)</b>	<b>-90.80%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 286,892,859</b>	<b>\$ 292,768,301</b>	<b>\$ 73,330,491</b>	<b>25.05%</b>	<b>\$ 49,772,100</b>	<b>\$ 23,558,391</b>	<b>47.33%</b>

(1) Negative sales tax revenue resulting from accrual of revenue that has not yet been received. Revenue is anticipated in August 2020.

(2) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2020 and mid year budget amendment from reserves.

Revenues are tracking approximately 18% lower than collections through the same period last fiscal year. In some categories, the revenues received in September account for activity that occurred in FY 2019/20 and those revenues are accrued back to that year. In other cases, such as property tax, most

payments are scheduled to occur later in the fiscal year. Revenues were below the prior year due to a one-time settlement payment of \$5.0 million that was received last year, differences in the timing of payments, as well as lower activity levels this fiscal year in certain areas, such as transient occupancy tax and fines and penalties. While there is limited data available, revenues are currently expected to end the year below budget as a result of the COVID-19 impacts as discussed below.

### General Fund Revenues

**Sales Tax:** The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. As of September 30, 2020, \$5.0 million has been collected. Given the timing of payments, the sales tax payments received in September accounted for activity from July 2020. According to the information on the City's Sales Tax receipts for the second quarter of 2020, collections in that quarter declined 15.4% when compared to the second quarter of 2019 and reflects the first full quarter impacted by COVID-19. This follows a decline of 10.9% in the first quarter of 2020. In the second quarter of 2020, the county pool, which accounts for internet sales, was up 7.4% from the same quarter in the prior year. However, the City's portion of the pool, totaling \$2.6 million, was down 5.9% as a result of a City of San Jose online retail agreement that resulted in a larger share of internet sales allocated to that City. In the second quarter 2020, all economic sectors in Santa Clara also experienced declines when compared to the second quarter 2019, with the largest drops in the Food Products (down 47.0%), General Retail (down 46.5%), and Transportation (down 41.5%) sectors. Smaller declines were also experienced in the Construction (down 20.6%) and Business-to-Business (down 8.2%) sectors. Based on lower actual collections and the continuation of the COVID-19 safety precautions, it is anticipated that revenues may fall below the budgeted estimate of \$55.6 million by approximately \$5.0 million. Data for the third quarter 2020 will be available in November 2020.

**Property Tax:** A small portion of property tax receipts were received in September 2020, totaling under \$0.2 million, which is above collections through the same period last year. The majority of property tax revenue is collected in January and April each year. Based on initial information from the County of Santa Clara, property tax receipts would fall approximately \$1.0 million below the budgeted estimate of \$67.0 million if the City does not receive excess Education Revenue Augmentation Fund (ERAF) revenues in FY 2020/21 that are budgeted at \$2.0 million. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. The State of California is challenging the calculation of the excess ERAF revenue distribution to local jurisdictions. If excess ERAF funds are received, receipts would slightly exceed the budgeted estimate. The secured property tax growth is expected to reach approximately 7.5% in FY 2020/21.

**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 September 30, 2020, less than \$0.1 million has been received in this category, which is well below the \$1.6 million received through the same period last fiscal year. TOT has been impacted severely by COVID-19. To meet the budgeted estimate of \$17.6 million, collections would need to reach almost \$1.5 million per month. Actual collections have

been tracking well below this level with monthly receipts averaging \$0.2 million in the last quarter when adjusted for the timing of payments. Assuming receipts improve from this extremely low collection level, TOT revenues may fall below the budgeted estimate by approximately \$11 million.

**Other Taxes:** Includes franchise tax and documentary transfer tax. The City has collected \$0.5 million through September, which is 8% of the budgeted estimate of \$5.9 million. Overall, receipts are tracking above the prior year collection level of \$0.1 million due the higher collections in documentary transfer tax, partially offset by slightly lower franchise tax receipts. Growth of approximately 1% from the prior year is needed to meet the revenue estimate.

**Licenses & Permits:** Includes business licenses, building permits, and other building and planning permits and fees. Overall licenses and permits revenue collections are well above par and totaled \$4.5 million, or 43.5% of the budget of \$10.4 million. These collections are significantly higher than the collection level experienced through the same period last fiscal year. Activity in the building, electric, plumbing, and mechanical permit accounts have seen the highest growth compared to last year. 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 through September of \$0.1 million is lower than the prior year actual collection level of \$0.2 million as a result of lower activity levels in the collection charges and library fines accounts. Given restricted activity levels as a result of COVID-19, collections in this category are anticipated to fall below the budgeted estimate of \$1.6 million.

**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 September 30, 2020, approximately \$48,000 has been collected. This collection level is well below the prior fiscal year level of \$5.1 million due to a one-time settlement payment of \$5.0 million received last year.

**Charges for Services:** Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through September 30, 2020, collections totaled \$7.2 million or 19.5% of the budget. This reflects a 7% decrease compared to last year's collections through the same period of \$7.8 million, particularly in the planning and zoning fees, engineering fees, fire construction permits, interdepartmental services and miscellaneous charges for services (includes parks and recreation fees). The lower collections in these areas were partially offset by higher receipts in the plan check and sign fee category. As a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget.

**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

September, \$6.1 million has been received which is on par for this time of year. This collection level, however, is based on the budgeted estimate and will be trued up at the end of the fiscal year. Growth of 4% from the prior year is needed to meet the budgeted estimate of \$23.7 million.

**Use of Money & Property:** Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$1.7 million, or 11.7% of the budget. The collections through September 30, 2020 are below the prior year collections of \$1.8 million, reflecting accrual differences, the timing of payments, and lower interest earnings yields.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of September 30, 2020, collections of \$92,928 were 18% lower than collections through the same period last fiscal year.

**Stadium Operation:** The revenue for Stadium Operations totaled approximately \$0.2 million through September 30, 2020, which is much lower than collections through the same period last fiscal year. The budget for charges for services includes public safety cost reimbursement for NFL and Non-NFL events, reimbursement for general and administrative staff time, and parking revenue. Due to the COVID pandemic, events at the Stadium have either been cancelled or rescheduled causing the decline in parking permit revenue and reimbursement for public safety costs. Lease revenue, specifically Senior and Youth Fees and Tasman Lot parking revenue, is projected to fall under budget this fiscal year and is also related to the cancellation or rescheduling of Stadium Events.



## Financial Status Report as of September 30, 2020

### General Fund Expenditures

As of September 30, 2020, \$83.2 million or 28.4% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through September. Departmental expenditures totaled \$56.9 million, or 21.9% of the budget, which is below the par level of 25.0% of the budget. Several cost-control measures that were implemented last fiscal year remain in place to generate expenditure savings to partially offset the drop in revenues associated with COVID-19. These measures include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. With these measures and restricted activity levels due to COVID-19, expenditures are expected to end the year below budget.

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

Function	FISCAL YEAR 2020/21				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 9/30/2020	Percentage Used	Actual Through 9/30/2019	Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 7,849,688	\$ 8,295,532	\$ 1,063,946	12.83%	\$ 1,121,976	\$ (58,030)	-5.17%
City Council	834,241	834,241	161,626	19.37%	188,377	(26,751)	-14.20%
City Clerk	2,070,555	2,091,412	420,870	20.12%	296,358	124,512	42.01%
City Manager	6,125,034	6,445,938	1,388,269	21.54%	1,174,025	214,244	18.25%
City Attorney	2,716,125	2,730,674	540,863	19.81%	465,764	75,099	16.12%
Human Resources	4,477,933	4,745,273	824,415	17.37%	921,096	(96,681)	-10.50%
Finance	17,456,419	17,951,242	3,777,564	21.04%	3,368,567	408,997	12.14%
<b>Total General Government</b>	<b>41,529,995</b>	<b>43,094,312</b>	<b>8,177,553</b>	<b>18.98%</b>	<b>7,536,163</b>	<b>641,390</b>	<b>8.51%</b>
<b>PUBLIC WORKS</b>	<b>24,287,567</b>	<b>24,893,684</b>	<b>5,794,386</b>	<b>23.28%</b>	<b>5,335,265</b>	<b>459,121</b>	<b>8.61%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>17,233,763</b>	<b>18,564,507</b>	<b>3,408,872</b>	<b>18.36%</b>	<b>3,101,869</b>	<b>307,003</b>	<b>9.90%</b>
<b>PARKS AND RECREATION</b>	<b>22,987,124</b>	<b>23,738,192</b>	<b>4,130,940</b>	<b>17.40%</b>	<b>5,083,148</b>	<b>(952,208)</b>	<b>-18.73%</b>
<b>PUBLIC SAFETY</b>							
Fire	58,731,539	59,195,497	14,847,116	25.08%	12,616,171	2,230,945	17.68%
Police	78,033,073	78,118,360	18,292,732	23.42%	17,491,375	801,357	4.58%
<b>Total Public Safety</b>	<b>136,764,612</b>	<b>137,313,857</b>	<b>33,139,848</b>	<b>24.13%</b>	<b>30,107,546</b>	<b>3,032,302</b>	<b>10.07%</b>
<b>LIBRARY</b>	<b>11,905,848</b>	<b>11,968,930</b>	<b>2,212,705</b>	<b>18.49%</b>	<b>2,311,995</b>	<b>(99,290)</b>	<b>-4.29%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>254,708,909</b>	<b>259,573,482</b>	<b>56,864,304</b>	<b>21.91%</b>	<b>53,475,986</b>	<b>3,388,318</b>	<b>6.34%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	10,445	1,010,445	1,010,445	100.00%	428,445	582,000	135.84%
Operating Transfer Out - Debt Services	2,500,344	2,500,344	2,500,344	100.00%	1,710,474	789,870	46.18%
Operating Transfer Out - Maintenance Dtrct	990,929	990,929	990,929	100.00%	917,331	73,598	8.02%
Operating Transfer Out - Cemetery	771,769	771,769	771,769	100.00%	703,490	68,279	9.71%
Operating Transfer Out - CIP	19,678,672	19,678,672	19,678,672	100.00%	11,643,676	8,034,996	69.01%
Operating Transfer Out - Reserves	924,654	924,654	924,654	100.00%	-	924,654	N/A
<b>Total Other Financing Uses</b>	<b>24,876,813</b>	<b>25,876,813</b>	<b>25,876,813</b>	<b>100.00%</b>	<b>15,403,416</b>	<b>10,473,397</b>	<b>67.99%</b>
<b>STADIUM OPERATION</b>	<b>7,307,137</b>	<b>7,318,006</b>	<b>440,244</b>	<b>6.02%</b>	<b>1,286,444</b>	<b>(846,200)</b>	<b>-65.78%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 286,892,859</b>	<b>\$ 292,768,301</b>	<b>\$ 83,181,361</b>	<b>28.41%</b>	<b>\$ 70,165,846</b>	<b>\$ 13,015,515</b>	<b>18.55%</b>

### General Fund Expenditures

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

**Non-Departmental:** Includes expenditures that are not attributable to a single department, but a function of the City in general. Through September 30, 2020, expenditures were \$1.1 million, or 12.8% of the budget. Lower expenditures are primarily attributable to the contractual services category.

**City Council:** Through September 30, 2020, expenditures totaled \$0.2 million, or 19.4% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 14% due primarily to lower as needed and overtime staffing costs. As a result of the cost reduction measures implemented city-wide, these costs have been reduced.

**City Manager:** The actual expenditures through September 30, 2020 were at 21.5% of the budget, which is below par for this time of the year. When compared to the prior year, expenditures are higher by approximately 18.3% due to spending related to the Small Business Assistance Program.

**City Attorney:** Actual expenditures through September totaled \$0.5 million, which is 19.8% of the budget. Spending is above the total expenditures through the same time last fiscal year by 16%. This reflects higher costs in the salary and benefits categories due to one additional position approved by the City Council for FY 2020/21.

**City Clerk:** Through September 30, 2020, actual expenditures were \$0.4 million or approximately 20.1% of the budget. This reflects an increase of 42% over last year's spending through the same period. The higher spending level is a result of Granicus contract costs that are paid every other year.

**Community Development:** This department consists of three divisions: Planning, Building, and Housing and Community Services. Through September, departmental expenditures of \$3.4 million were at 18.4% of the budget, which is below par. This reflects slightly lower personnel costs as well as lower actual non-personnel costs.

**Finance Department:** Through September 30, 2020, the Department's expenditures totaled \$3.8 million, which is approximately 12% higher than through the same period last year. This is primarily attributable to higher spending in the salary and benefits categories, relating to two positions that were added as approved by the City Council in March 2020.

**Fire Department:** Through September, actual expenditures totaled \$14.8 million, or 25% of the budget, which is at par with the budget. These expenditures reflect a 17.7% increase from expenditures through the same period last fiscal year. All COVID-19 related expenditures have been charged centrally to the Other City Departments Operating Grant Trust Fund. The Fire Department has charged approximately \$0.4 million to this fund. Combined with the \$14.8 million charged in the General Fund, total Fire Department expenditures through September totaled \$15.2 million, or 25.8% of budget. The high level of spending is primarily attributable to high overtime expenditures; accounting for the COVID-19 related charges, approximately 61% of the overtime budget has been expended. Of this amount, approximately

\$745,000 is mutual aid, which is reimbursable. Taking the mutual aid into account, overtime spending drops to 36.5% of budgeted levels, which is still above par for this time of year.

**Police Department:** Expenditures through September 30, 2020 are tracking at expected levels at \$18.3 million, or 23.4% of the budget; this is 5% higher than prior year expenditures through the same period. Similar to the Fire Department, Police Department expenditures related to COVID-19 have also been charged to the Other City Departments Operating Grant Trust Fund. Through September, charges to this fund totaled approximately \$0.1 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures totaled \$18.4 million or 23.6% of budget.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$0.4 million through September 30, 2020 and are tracking below budgeted levels. Due to COVID-19, events at the Stadium have been cancelled or postponed causing a decrease in salary costs for public safety personnel and outside agency public safety costs.

### Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of September 30, 2020. The amended budget for both reflects carryover appropriations from fiscal year 2019/20 in addition to various budget amendments approved by the City Council through September 2020. The revenues through the end of September totaled approximately \$1.0 million, while expenditures totaled \$1.1 million.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 9/30/2020	Percentage Received	Actual Through 9/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 285,000	\$ 5,485,000	\$ 126,583	2.31%	\$ 76,269	\$ 50,314	65.97%
City Affordable Housing Fund	781,703	781,703	43,864	5.61%	33,253	10,611	31.91%
Housing Successor Fund	531,000	531,000	302,742	57.01%	254,651	48,091	18.89%
Housing and Urban Development	5,150,000	5,150,000	536,933	10.43%	277,369	259,564	93.58%
<b>TOTAL</b>	<b>\$ 6,747,703</b>	<b>\$ 11,947,703</b>	<b>\$ 1,010,122</b>	<b>8.45%</b>	<b>\$ 641,542</b>	<b>\$ 368,580</b>	<b>57.45%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 9/30/2020	Percentage Used	Actual through 9/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 552,222	\$ 7,287,822	\$ 50,796	0.70%	\$ 32,345	\$ 18,451	57.04%
City Affordable Housing Fund	1,556,772	3,517,150	134,616	3.83%	213,562	(78,946)	-36.97%
Housing Successor Fund	5,964,944	6,162,712	222,329	3.61%	68,542	153,787	224.37%
Housing and Urban Development	5,150,000	5,897,929	699,962	11.87%	643,737	56,225	8.73%
<b>TOTAL</b>	<b>\$13,223,938</b>	<b>\$ 22,865,613</b>	<b>\$ 1,107,703</b>	<b>4.84%</b>	<b>\$ 958,186</b>	<b>\$ 149,517</b>	<b>15.60%</b>

### Governmental Capital Improvement Funds

The table below lists the total amended budget amounts for the Capital Improvement Funds, which consist of current year appropriations, prior year carryover balances in Governmental Capital Improvement Funds, and budget amendments approved through September 2020. As of September 30, 2020, these capital fund expenditures totaled \$5.5 million, or 4.2% of the amended budget. As part of the adoption of the FY 2020/21 and FY 2021/22 budget, capital funds were carried over from the prior fiscal year for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures will be brought forward as part of the FY 2019/20 year-end reconciliation process.

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 2020/21						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 9/30/2020	Percentage Used	
Parks & Recreation	\$ 5,758,558	\$ 15,741,394	\$ 21,499,952	\$ 2,512,360	11.69%	
Streets & Highways	26,260,764	39,525,658	65,786,422	2,411,509	3.67%	
Storm Drain	4,489,447	7,220,645	11,710,092	129,709	1.11%	
Fire	290,796	715,373	1,006,169	3,499	0.35%	
Library	123,681	190,107	313,788	2,175	0.69%	
Public Buildings	1,737,751	9,975,548	11,713,299	107,414	0.92%	
General Gov't - Other	4,098,669	11,203,108	15,301,777	239,896	1.57%	
Related Santa Clara Developer	2,958,063	-	2,958,063	75,687	2.56%	
<b>TOTAL</b>	<b>\$ 45,717,729</b>	<b>\$ 84,571,833</b>	<b>\$ 130,289,562</b>	<b>\$ 5,482,249</b>	<b>4.21%</b>	

## Financial Status Report as of September 30, 2020

### Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of September 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 September 2020, revenue and expenditures are tracking lower than through the same period last fiscal year.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 9/30/2020	Percentage Received	Actual Through 9/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 515,406,680	\$ 515,406,680	\$ 91,550,784	17.76%	\$ 98,251,546	\$ (6,700,762)	-6.82%
Water Utility Fund	57,220,287	57,220,287	11,283,196	19.72%	12,229,496	(946,300)	-7.74%
Sewer Utility Fund	45,495,100	45,495,100	8,250,491	18.13%	7,927,833	322,658	4.07%
Cemetery Fund	600,000	600,000	120,781	20.13%	94,281	26,500	28.11%
Solid Waste Utility Fund	31,219,000	31,219,000	5,390,549	17.27%	5,083,375	307,174	6.04%
Water Recycling Fund	7,064,710	7,064,710	1,261,530	17.86%	1,507,853	(246,323)	-16.34%
<b>TOTAL REVENUE</b>	<b>\$ 657,005,777</b>	<b>\$ 657,005,777</b>	<b>\$ 117,857,331</b>	<b>17.94%</b>	<b>\$ 125,094,384</b>	<b>\$ (7,237,053)</b>	<b>-5.79%</b>

Fund Description	EXPENSES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 9/30/2020	Percentage Used	Actual through 9/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 474,259,218	\$ 475,468,120	\$ 88,327,846	18.58%	\$ 109,761,026	\$ (21,433,180)	-19.53%
Water Utility Fund	49,106,767	49,322,081	11,101,348	22.51%	10,381,484	719,864	6.93%
Sewer Utility Fund	28,338,164	28,509,889	6,570,672	23.05%	6,467,218	103,454	1.60%
Cemetery Fund	1,412,953	1,412,953	321,411	22.75%	293,877	27,534	9.37%
Solid Waste Utility Fund	32,563,421	34,013,675	4,694,938	13.80%	4,367,330	327,608	7.50%
Water Recycling Fund	5,867,938	5,871,208	1,435,060	24.44%	1,243,525	191,535	15.40%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 591,548,461</b>	<b>\$ 594,597,926</b>	<b>\$ 112,451,275</b>	<b>18.91%</b>	<b>\$ 132,514,460</b>	<b>\$ (20,063,185)</b>	<b>-15.14%</b>

Revenues in the electric (which also includes the Electric Debt Service Fund), water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. The lower the revenue from customer service charges, the lower the expenditures in the resource and production category.

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through September 2020 totaled \$16.8 million, or 6.2% of the amended budget. Similar to the general government capital funds, capital funds were carried over into next fiscal year as part of the FY 2020/21 budget adoption process for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures will be completed as part of the FY 2019/20 year-end reconciliation process.

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

Fund Description	EXPENSES - FISCAL YEAR 2020/21					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 9/30/2020	Percentage Used	Actual Through 9/30/2019
Electric Utility Fund	\$ 64,592,602	\$ 112,296,667	\$ 176,889,269	\$ 13,079,539	7.39%	\$ 6,720,897
Street Lighting <sup>(1)</sup>	125,000	5,867,109	5,992,109	990	0.02%	8,686
Water Utility Fund	4,610,000	15,010,726	19,620,726	-	0.00%	512,130
Sewer Utility Fund	42,114,351	24,817,115	66,931,466	3,642,228	5.44%	6,210,461
Cemetery Fund	300,000	-	300,000	-	-	-
Solid Waste Utility Fund	882,000	150,000	1,032,000	50,002	4.85%	95,866
Water Recycling Fund	550,000	-	550,000	-	-	-
<b>TOTAL - CIP Appropriations</b>	<b>\$ 113,173,952</b>	<b>\$ 158,141,618</b>	<b>\$ 271,315,570</b>	<b>\$ 16,772,759</b>	<b>6.18%</b>	<b>\$ 13,548,040</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 2020/21, the City Council approved an exception to the policy to allow the Reserve to drop below the 25% level.
- Capital Projects Reserve earmarks funds for the Capital Improvement Program.

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

- 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 table below summarizes select reserve balances.



**CITY OF SANTA CLARA  
RESERVE BALANCES  
September 30, 2020**

**DETAIL OF SELECTED FUND RESERVE BALANCES:**

	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>	<b>SEWER</b>
Budget Stabilization Reserve	\$ 57,410,235			
Capital Projects Reserve	1,958,983			
Land Sale Reserve	24,488,392			
Building Inspection Reserve	12,284,067			
Technology Fee Reserve	485,129			
Rate Stabilization Fund Reserve		\$ 25,000,000		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	
<b>TOTALS</b>	<b>\$ 96,626,806</b>	<b>\$ 25,078,163</b>	<b>\$ 303,090</b>	<b>\$ -</b>

### 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	\$ 7,111,149
Santa Clara Golf & Tennis Club	General Fund	Advance	4,224,134
Parks and Recreation Facilities	General Fund	Loan	9,033,044
<b>TOTALS</b>			<b>\$ 20,368,327</b>

### Donations to the City of Santa Clara

Donations received by department during the month of September 2020 and for fiscal year 2020/21 are shown in the table below.

Department	Sep-20	Fiscal Year 2020/21 Year To Date	Donor	Designated Use
City Manager's Office	\$ 225	\$ 860	Various	Help Your Neighbor
Non-Departmental	13,240	27,571	Various	COVID-19
Parks and Recreation	1,000	17,871	Various	Case Management
<b>TOTALS</b>	<b>\$ 14,465</b>	<b>\$ 46,302</b>		