



# **City of Santa Clara**

The Center of What's Possible

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## **MONTHLY FINANCIAL STATUS REPORT**

**November 2020**

This report summarizes the City's financial performance for the month ended November 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 \$292.9 million to reflect carryover appropriations from fiscal year 2019/20 and various budget amendments approved by the City Council through November 2020.

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 of \$20+ million are expected to be necessary.

The lower collection level is expected to be partially offset by General Fund expenditure savings. Through November, 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.

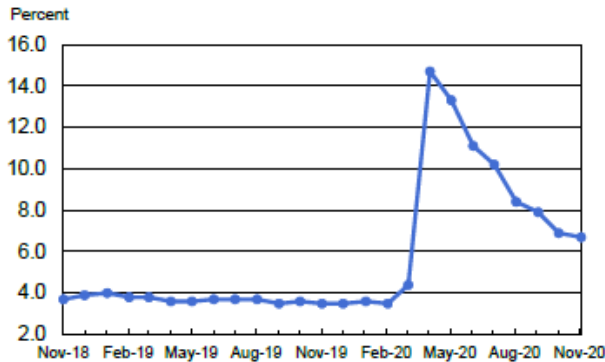
With the shelter-in-place and other actions residents and businesses have been taking to reduce the spread of the virus, economic activity in this region and throughout the country has been negatively impacted. This is evidenced in various economic indicators, some of which continue to improve.

On a national level, the unemployment rate edged down to 6.7% in November 2020. This rate was well below the record setting high of 14.7% in April 2020, but was more than double the November 2019 level of 3.5%. In November, the number of unemployed persons fell by 0.3 million to 10.7 million. While the improvements in the labor market continue to reflect the resumption of activity that had been curtailed due to COVID-19, the pace of improvement has moderated in recent months.<sup>1</sup>

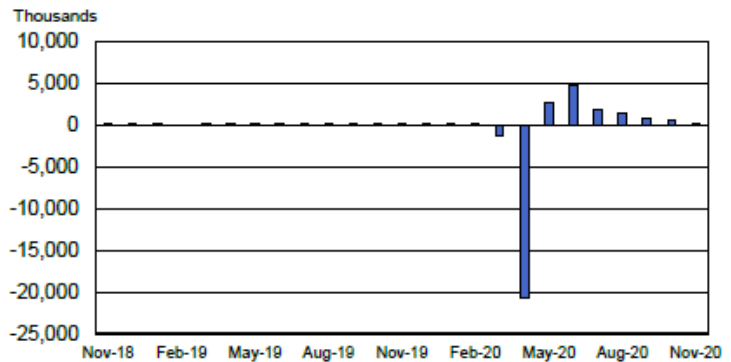
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<sup>1</sup> <https://www.bls.gov/news.release/pdf/empst.pdf>

**Chart 1. Unemployment rate, seasonally adjusted, November 2018 – November 2020**



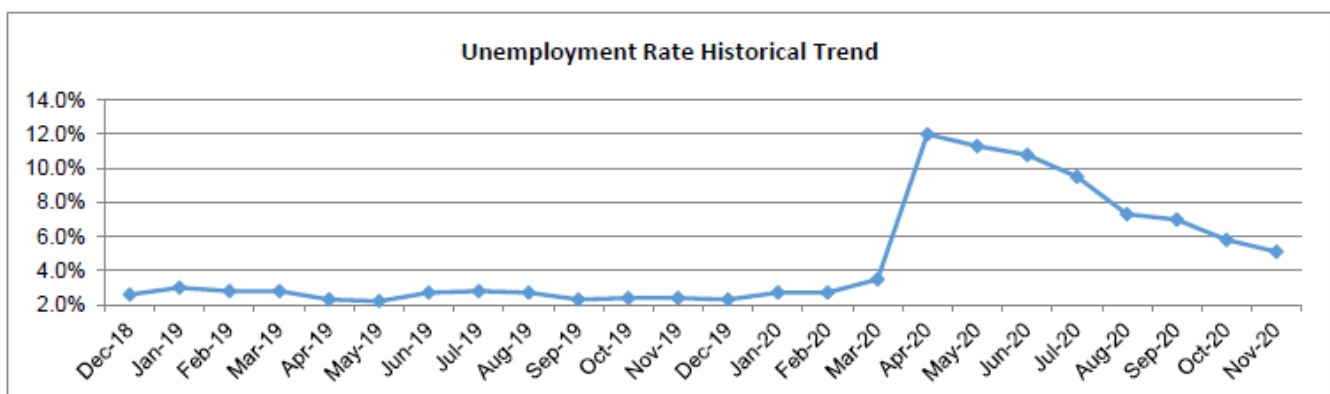
**Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, November 2018 – November 2020**



In the third quarter 2020, the Gross Domestic Product (GDP) increased 33%, following a GDP decrease of 31% in the second quarter 2020. The increase in the third quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. It is important to note that the real GDP for the third quarter 2020 remains 3.5% below the level experienced in the fourth quarter of 2019 (the last quarter prior to the onset of COVID-19).<sup>2</sup>

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 8.2% by November 2020. California has now regained nearly 46% of the 2.6 million jobs lost due to COVID-19 in March and April 2020.<sup>3</sup>

As shown in the chart below, the unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 5.1% in November 2020, down from a revised 5.8% in October 2020 but significantly higher than the November 2019 level of 2.4%. Between November 2019 and November 2020, employment in this region dropped by 69,000 jobs, or 5.9%.<sup>4</sup>



<sup>2</sup> [https://www.bea.gov/sites/default/files/2020-11/tech3q20\\_2nd.pdf](https://www.bea.gov/sites/default/files/2020-11/tech3q20_2nd.pdf)

<sup>3</sup> <https://www.edd.ca.gov/newsroom/unemployment-december-2020.htm>

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

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. This budget was solved with the use of the Budget Stabilization Reserve. Additional downward revenue adjustments and budget balancing actions will be necessary this 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 November 30, 2020

## General Fund Revenues

As of November 30, 2020, \$61.3 million or 25% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$48.5 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 11/30/2020	Percentage Received	Actual Through 11/30/2019	\$ Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 55,600,000	\$ 55,600,000	\$ 14,832,679	26.68%	\$ 15,828,977	\$ (996,298)	-6.29%
Property Tax	66,982,000	66,982,000	10,100,564	15.08%	8,951,445	1,149,119	12.84%
Transient Occupancy Tax	17,625,000	17,625,000	828,701	4.70%	6,516,524	(5,687,823)	-87.28%
Other Taxes	5,938,000	5,938,000	1,480,404	24.93%	1,079,669	400,735	37.12%
<b>Total Taxes</b>	<b>146,145,000</b>	<b>146,145,000</b>	<b>27,242,348</b>	<b>18.64%</b>	<b>32,376,615</b>	<b>(5,134,267)</b>	<b>-15.86%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	934,000	934,000	354,964	38.00%	376,371	(21,407)	-5.69%
Fire Operation Permits	2,375,000	2,375,000	718,646	30.26%	950,144	(231,498)	-24.36%
Building Permits	5,700,000	5,700,000	3,451,710	60.56%	2,600,010	851,700	32.76%
Electric Permits	475,000	475,000	678,914	142.93%	213,290	465,624	218.31%
Plumbing Permits	428,000	428,000	454,269	106.14%	193,169	261,100	135.17%
Mechanical Permits	380,000	380,000	521,292	137.18%	175,973	345,319	196.23%
Miscellaneous Permits	92,000	92,000	25,999	28.26%	33,919	(7,920)	-23.35%
<b>Total Licenses &amp; Permits</b>	<b>10,384,000</b>	<b>10,384,000</b>	<b>6,205,794</b>	<b>59.76%</b>	<b>4,542,876</b>	<b>1,662,918</b>	<b>36.60%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,570,000</b>	<b>1,570,000</b>	<b>180,965</b>	<b>11.53%</b>	<b>547,824</b>	<b>(366,859)</b>	<b>-66.97%</b>
<b>INTERGOVERNMENTAL</b>	<b>226,000</b>	<b>226,000</b>	<b>89,001</b>	<b>39.38%</b>	<b>5,258,920</b>	<b>(5,169,919)</b>	<b>-98.31%</b>
<b>CHARGES FOR SERVICES</b>	<b>37,174,855</b>	<b>37,174,855</b>	<b>12,351,344</b>	<b>33.22%</b>	<b>12,999,127</b>	<b>(647,783)</b>	<b>-4.98%</b>
<b>CONTRIBUTION IN LIEU</b>	<b>23,699,830</b>	<b>23,699,830</b>	<b>10,143,119</b>	<b>42.80%</b>	<b>10,138,864</b>	<b>4,255</b>	<b>0.04%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	5,246,000	5,501,000	104,463	1.90%	788,314	(683,851)	-86.75%
Rent	9,407,909	9,407,909	3,451,926	36.69%	3,699,910	(247,984)	-6.70%
<b>Total Use of Money &amp; Property</b>	<b>14,653,909</b>	<b>14,908,909</b>	<b>3,556,389</b>	<b>23.85%</b>	<b>4,488,224</b>	<b>(931,835)</b>	<b>-20.76%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>350,000</b>	<b>534,696</b>	<b>133,646</b>	<b>24.99%</b>	<b>947,199</b>	<b>(813,553)</b>	<b>-85.89%</b>
<b>LAND PROCEED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>164,606</b>	<b>(164,606)</b>	<b>-100.00%</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	39,262,333	39,262,333	100.00%	11,290,582	27,971,751	247.74%
Operating Transfer In - Fund Balances <sup>(2)</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	3,547,419	100.00%	990,350	2,557,069	258.20%
<b>Total Other Financing Sources</b>	<b>42,939,502</b>	<b>48,543,444</b>	<b>48,543,444</b>	<b>100.00%</b>	<b>19,017,747</b>	<b>29,525,697</b>	<b>155.25%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	9,102,263	9,102,263	1,365,335	15.00%	2,359,183	(993,848)	-42.13%
Rent and Licensing	647,500	647,500	-	0.00%	466,795	(466,795)	-100.00%
<b>Total Stadium Operation</b>	<b>9,749,763</b>	<b>9,749,763</b>	<b>1,365,335</b>	<b>14.00%</b>	<b>2,825,978</b>	<b>(1,460,643)</b>	<b>-51.69%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 286,892,859</b>	<b>\$ 292,936,497</b>	<b>\$ 109,811,385</b>	<b>37.49%</b>	<b>\$ 93,307,980</b>	<b>\$ 16,503,405</b>	<b>17.69%</b>

(1) Negative sales tax revenue resulting from accrual of revenue that has not yet been received.

(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 (excluding reserves) are tracking approximately 17.5% lower than collections through the same period last fiscal year. Revenues were below the prior year primarily due to lower activity levels this fiscal year in certain areas, such as transient occupancy tax and fines and penalties, and a one-

time settlement payment of \$5.0 million that was received last year. Revenues are currently expected to end the year below budget by \$20+ million 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 November 30, 2020, \$14.8 million has been collected. This reflects lower collections than through the same period last fiscal year by about \$1.0 million (down 6.3%) and is based on performance through the first quarter of this fiscal year. This figure, however, included a large positive adjustment for periods prior to 2020. Without that adjustment, receipts would have dropped almost 15% in the third quarter 2020. This drop in the third quarter followed a decline of 15.4% in the second quarter 2020. In the third quarter 2020, the Business-to-Business sector in Santa Clara increased 2.0%, while all other economic sectors experienced declines when compared to the third quarter 2019. These quarterly declines by sector were as follows: Food Products (down 49.5%), General Retail (down 28.7%), Construction (down 27.0%), and Transportation (down 7.7%). 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 \$2 million - \$4 million.

**Property Tax:** A portion of property tax receipts were received in November 2020, totaling under \$10.1 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 the latest estimates from the County of Santa Clara, property tax receipts would fall approximately \$4.0 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. 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 meet the budgeted estimate. Collections in FY 2020/21 have also been negatively impacted by a recent court decision that changes how residual tax increment from former redevelopment agencies is distributed. This resulted in a retroactive negative adjustment of \$2.1 million.

**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 November 30, 2020, approximately \$0.8 million has been received in this category, which is down 87% from the \$6.5 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 come in over \$2.3 million each month in the remaining months. 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. If the current collection trend continues, receipts would end the year \$11 million - \$14 million below the budgeted estimate.

**Other Taxes:** Includes franchise tax and documentary transfer tax. The City has collected \$1.5 million through November, which is approximately 25% of the budgeted estimate of \$5.9 million. Overall,

receipts are tracking above the prior year collection level of \$1.1 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 tracking well above par with receipts totaling \$6.2 million, or 59.8% 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 November of \$0.2 million is lower than the prior year actual collection level of \$0.5 million as a result of lower activity levels in the collection charges, traffic fines, 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 November 30, 2020, approximately \$89,000 has been collected. This collection level is well below the prior fiscal year level of \$5.3 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 November 30, 2020, collections totaled approximately \$12.4 million or 33.2% of the budget. This reflects a 5% decrease compared to last year's collections through the same period of \$13.0 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 for services rendered. These revenues provide funding for general government services such as public safety, public works, parks and recreation, library, and administration. Through November, \$10.1 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 \$3.6 million, or 23.8% of the budget. The collections through

November 30, 2020 are below the prior year collections of \$4.5 million, reflecting accrual differences, the timing of payments, lower cash balance, and lower interest earnings yields.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of November 30, 2020, collections of \$133,646 were 86% lower than collections through the same period last fiscal year.

**Stadium Operation:** The revenue for Stadium Operations totaled approximately \$1.4 million through November 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-19 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.



### General Fund Expenditures

As of November 30, 2020, \$120.9 million or 41.3% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are at budgeted levels through November; however, this is a result of all transfers being booked in their entirety early in the year. Departmental expenditures totaled \$94.0 million, or 36.2% of the budget, which is below the par level of 41.7% of the budget. Stadium expenditures also totaled only 11.7% 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 11/30/2020	Percentage Used	Actual Through 11/30/2019	Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 7,849,688	\$ 8,295,532	\$ 1,514,483	18.26%	\$ 1,526,510	\$ (12,027)	-0.79%
City Council	834,241	834,241	289,438	34.69%	382,203	(92,765)	-24.27%
City Clerk	2,070,555	2,091,412	625,529	29.91%	533,755	91,774	17.19%
City Manager	6,125,034	6,450,938	2,137,948	33.14%	2,157,336	(19,388)	-0.90%
City Attorney	2,716,125	2,730,674	867,510	31.77%	814,048	53,462	6.57%
Human Resources	4,477,933	4,745,273	1,304,144	27.48%	1,534,445	(230,301)	-15.01%
Finance	17,456,419	17,959,742	6,284,831	34.99%	5,809,325	475,506	8.19%
<b>Total General Government</b>	<b>41,529,995</b>	<b>43,107,812</b>	<b>13,023,883</b>	<b>30.21%</b>	<b>12,757,622</b>	<b>266,261</b>	<b>2.09%</b>
<b>PUBLIC WORKS</b>	<b>24,287,567</b>	<b>24,893,684</b>	<b>9,243,982</b>	<b>37.13%</b>	<b>9,901,417</b>	<b>(657,435)</b>	<b>-6.64%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>17,233,763</b>	<b>18,576,007</b>	<b>5,545,909</b>	<b>29.86%</b>	<b>5,532,857</b>	<b>13,052</b>	<b>0.24%</b>
<b>PARKS AND RECREATION</b>	<b>22,987,124</b>	<b>23,738,192</b>	<b>7,023,333</b>	<b>29.59%</b>	<b>9,540,490</b>	<b>(2,517,157)</b>	<b>-26.38%</b>
<b>PUBLIC SAFETY</b>							
Fire	58,731,539	59,195,497	25,083,965	42.37%	23,219,270	1,864,695	8.03%
Police	78,033,073	78,118,360	30,462,273	39.00%	31,422,659	(960,386)	-3.06%
<b>Total Public Safety</b>	<b>136,764,612</b>	<b>137,313,857</b>	<b>55,546,238</b>	<b>40.45%</b>	<b>54,641,929</b>	<b>904,309</b>	<b>1.65%</b>
<b>LIBRARY</b>	<b>11,905,848</b>	<b>11,968,930</b>	<b>3,654,193</b>	<b>30.53%</b>	<b>4,399,160</b>	<b>(744,967)</b>	<b>-16.93%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>254,708,909</b>	<b>259,598,482</b>	<b>94,037,538</b>	<b>36.22%</b>	<b>96,773,475</b>	<b>(2,735,937)</b>	<b>-2.83%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	10,445	1,012,445	1,012,445	100.00%	428,445	584,000	136.31%
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%	11,643,673	8,034,999	69.01%
Operating Transfer Out - Reserves	924,654	1,065,850	1,065,850	100.00%	674,344	391,506	58.06%
<b>Total Other Financing Uses</b>	<b>24,876,813</b>	<b>26,020,009</b>	<b>26,020,009</b>	<b>100.00%</b>	<b>16,077,757</b>	<b>9,942,252</b>	<b>61.84%</b>
<b>STADIUM OPERATION</b>	<b>7,307,137</b>	<b>7,318,006</b>	<b>852,608</b>	<b>11.65%</b>	<b>2,837,889</b>	<b>(1,985,281)</b>	<b>-69.96%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 286,892,859</b>	<b>\$ 292,936,497</b>	<b>\$ 120,910,155</b>	<b>41.28%</b>	<b>\$ 115,689,121</b>	<b>\$ 5,221,034</b>	<b>4.51%</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 November 30, 2020, expenditures were \$1.5 million, or 18.3% of the budget. Lower expenditures are primarily attributable to the materials, services, and supplies category, which includes contractual services, operating supplies, and advertising.

**City Council:** Through November 30, 2020, expenditures totaled \$0.3 million, or 34.7% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 25% 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 November 30, 2020 were at 33.1% of the budget, which is below par for this time of the year. Expenditures are on par with the spending level through the same period last fiscal year.

**City Attorney:** Actual expenditures through November totaled \$0.9 million, which is 31.8% of the budget, which is below par. Spending is above the total expenditures through the same time last fiscal year by 6.5% due to one additional position approved by the City Council for FY 2020/21.

**City Clerk:** Through November 30, 2020, actual expenditures were tracking below budget at \$0.6 million or approximately 30% of the budget. This reflects an increase of 17.2% 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 November, departmental expenditures of \$5.5 million were at 29.8% of the budget, which is below par. This reflects slightly lower personnel costs as well as lower actual non-personnel costs.

**Finance Department:** Through November 30, 2020, the Department's expenditures totaled \$6.3 million, or 35% of the budget, which is below par. This expenditure level was approximately 8% higher than through the same period last year due primarily to higher spending related to two additional positions that were approved by the City Council in March 2020.

**Fire Department:** Through November, actual expenditures totaled \$25.1 million, or 42.4% of the budget, which is slightly above par (41.7%). These expenditures reflect an 8% 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 \$0.5 million to this fund. Combined with the \$25.1 million charged in the General Fund, total Fire Department expenditures through November totaled \$25.6 million, or 43.3% of budget. Mutual aid overtime costs, which are reimbursable, account for \$1.3 million of the higher expenditure level. After adjusting for those mutual aid costs, total expenditures (including COVID costs), were

tracking at 41% of the budget. Expenditures tracked slightly above budget due primarily to higher overtime, which was 104% expended through November. Taking the mutual aid into account, overtime spending drops to 62% of budgeted levels. While this overtime figure appears very high, it is important to note that overtime is used to backfill for vacant positions and the vacancy savings offset overtime costs.

**Police Department:** Expenditures through November 30, 2020 are tracking slightly below expected levels at \$30.5 million, or 39% of the budget; this is 3% lower 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 November, charges to this fund totaled approximately \$0.2 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures totaled \$30.6 million or 39.2% of budget, which is below par.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$0.8 million through November 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 November 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 November 2020. Both revenues and expenditures totaled approximately \$1.6 million through the end of November.

#### 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 11/30/2020	Percentage Received	Actual Through 11/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 285,000	\$ 5,485,000	\$ 315,011	5.74%	\$ 127,603	\$ 187,408	146.87%
City Affordable Housing Fund	781,703	781,703	204,626	26.18%	74,456	130,170	174.83%
Housing Successor Fund	531,000	6,531,000	577,813	8.85%	434,742	143,071	32.91%
Housing and Urban Development	5,150,000	5,150,000	539,033	10.47%	598,146	(59,113)	-9.88%
<b>TOTAL</b>	<b>\$ 6,747,703</b>	<b>\$ 17,947,703</b>	<b>\$ 1,636,483</b>	<b>9.12%</b>	<b>\$ 1,234,947</b>	<b>\$ 401,536</b>	<b>32.51%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 11/30/2020	Percentage Used	Actual through 11/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 552,222	\$ 7,287,822	\$ 63,017	0.86%	\$ 50,116	\$ 12,901	25.74%
City Affordable Housing Fund	1,556,772	3,517,150	317,558	9.03%	290,595	26,963	9.28%
Housing Successor Fund	5,964,944	6,162,712	276,504	4.49%	154,301	122,203	79.20%
Housing and Urban Development	5,150,000	5,897,929	978,624	16.59%	1,154,617	(175,993)	-15.24%
<b>TOTAL</b>	<b>\$13,223,938</b>	<b>\$ 22,865,613</b>	<b>\$ 1,635,703</b>	<b>7.15%</b>	<b>\$ 1,649,629</b>	<b>\$ (13,926)</b>	<b>-0.84%</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 November 2020. As of November 30, 2020, these capital fund expenditures totaled \$16.5 million, or 12.6% 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 11/30/2020	Percentage Used
Parks & Recreation	\$ 6,015,180	\$ 15,741,394	\$ 21,756,574	\$ 3,917,537	18.01%
Streets & Highways	26,586,841	39,525,658	66,112,499	10,769,964	16.29%
Storm Drain	4,489,447	7,220,645	11,710,092	1,023,494	8.74%
Fire	290,796	715,373	1,006,169	14,933	1.48%
Library	123,681	190,107	313,788	12,623	4.02%
Public Buildings	1,737,751	9,975,548	11,713,299	194,771	1.66%
General Gov't - Other	4,098,669	11,203,108	15,301,777	533,377	3.49%
Related Santa Clara Developer	2,949,540	-	2,949,540	-	0.00%
<b>TOTAL</b>	<b>\$ 46,291,905</b>	<b>\$ 84,571,833</b>	<b>\$ 130,863,738</b>	<b>\$ 16,466,699</b>	<b>12.58%</b>

### Enterprise Funds

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

At the end of November 2020, revenue is tracking at the same level as last fiscal year, while 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 11/30/2020	Percentage Received	Actual Through 11/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 515,406,680	\$ 515,406,680	\$ 182,470,031	35.40%	\$ 178,062,128	\$ 4,407,903	2.48%
Water Utility Fund	57,220,287	57,220,287	20,887,520	36.50%	22,889,047	(2,001,527)	-8.74%
Sewer Utility Fund	45,495,100	45,495,100	16,370,898	35.98%	15,868,984	501,914	3.16%
Cemetery Fund	600,000	600,000	204,420	34.07%	199,191	5,229	2.63%
Solid Waste Utility Fund	31,219,000	31,219,000	9,084,457	29.10%	9,739,283	(654,826)	-6.72%
Water Recycling Fund	7,064,710	7,064,710	2,644,821	37.44%	3,015,211	(370,390)	-12.28%
<b>TOTAL REVENUE</b>	<b>\$ 657,005,777</b>	<b>\$ 657,005,777</b>	<b>\$ 231,662,147</b>	<b>35.26%</b>	<b>\$ 229,773,844</b>	<b>\$ 1,888,303</b>	<b>0.82%</b>

Fund Description	EXPENSES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 11/30/2020	Percentage Used	Actual through 11/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 474,259,218	\$ 475,468,120	\$ 158,539,670	33.34%	\$ 175,751,719	\$ (17,212,049)	-9.79%
Water Utility Fund	49,106,767	49,322,081	19,385,193	39.30%	18,597,106	788,087	4.24%
Sewer Utility Fund	28,338,164	28,509,889	12,138,317	42.58%	12,149,005	(10,688)	-0.09%
Cemetery Fund	1,412,953	1,412,953	546,899	38.71%	563,890	(16,991)	-3.01%
Solid Waste Utility Fund	32,563,421	34,013,675	8,266,789	24.30%	8,275,792	(9,003)	-0.11%
Water Recycling Fund	5,867,938	5,871,208	1,644,546	28.01%	1,391,458	253,088	18.19%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 591,548,461</b>	<b>\$ 594,597,926</b>	<b>\$ 200,521,414</b>	<b>33.72%</b>	<b>\$ 216,728,970</b>	<b>\$ (16,207,556)</b>	<b>-7.48%</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.

# Financial Status Report as of November 30, 2020

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through November 2020 totaled \$27.5 million, or 10% 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 11/30/2020	Percentage Used	Actual Through 11/30/2019
Electric Utility Fund	\$ 66,692,602	\$ 112,296,667	\$ 178,989,269	\$ 16,914,158	9.45%	\$ 10,999,750
Street Lighting <sup>(1)</sup>	125,000	5,867,109	5,992,109	6,854	0.11%	14,409
Water Utility Fund	4,610,000	15,010,726	19,620,726	3,145,779	16.03%	770,565
Sewer Utility Fund	42,114,351	24,817,115	66,931,466	7,303,019	10.91%	16,236,916
Cemetery Fund	300,000	-	300,000	-	-	-
Solid Waste Utility Fund	882,000	1,497,716	2,379,716	97,134	4.08%	209,710
Water Recycling Fund	550,000	-	550,000	-	-	-
<b>TOTAL - CIP Appropriations</b>	<b>\$ 115,273,952</b>	<b>\$ 159,489,334</b>	<b>\$ 274,763,286</b>	<b>\$ 27,466,944</b>	<b>10.00%</b>	<b>\$ 28,231,350</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  
November 30, 2020**

**DETAIL OF SELECTED FUND RESERVE BALANCES:**

	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>	<b>SEWER</b>
Budget Stabilization Reserve	\$ 57,547,414			
Capital Projects Reserve	1,958,983			
Land Sale Reserve	24,488,392			
Building Inspection Reserve	12,270,567			
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>\$ 96,750,485</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 November 2020 and for fiscal year 2020/21 are shown in the table below.

Department	Nov-20	Fiscal Year 2020/21 Year To Date	Donor	Designated Use
City Manager's Office	\$ 11,325	\$ 13,450	Various	Help Your Neighbor
Non-Departmental	-	27,571	Various	COVID-19
Parks and Recreation	-	17,871	Various	Case Management
<b>TOTALS</b>	<b>\$ 11,325</b>	<b>\$ 58,892</b>		