



# Preliminary Outlook for Fiscal Year 2021/22

Study/Budget Issues Workshop  
February 25, 2021

# Purpose of Fiscal Outlook

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- Provide an update on current conditions
- Set context for fiscal capacity to implement new Study or Budget Issues
- Update Council on status of significant short and long term financial impacts (e.g. pension costs)

# Overall Economic Outlook

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**Slowing growth rate**

**Labor market**

**COVID vaccine**

**COVID variants**

**Local economic  
uncertainty**



**Economic stimulus**

**Fed monetary policies**

**Housing market**

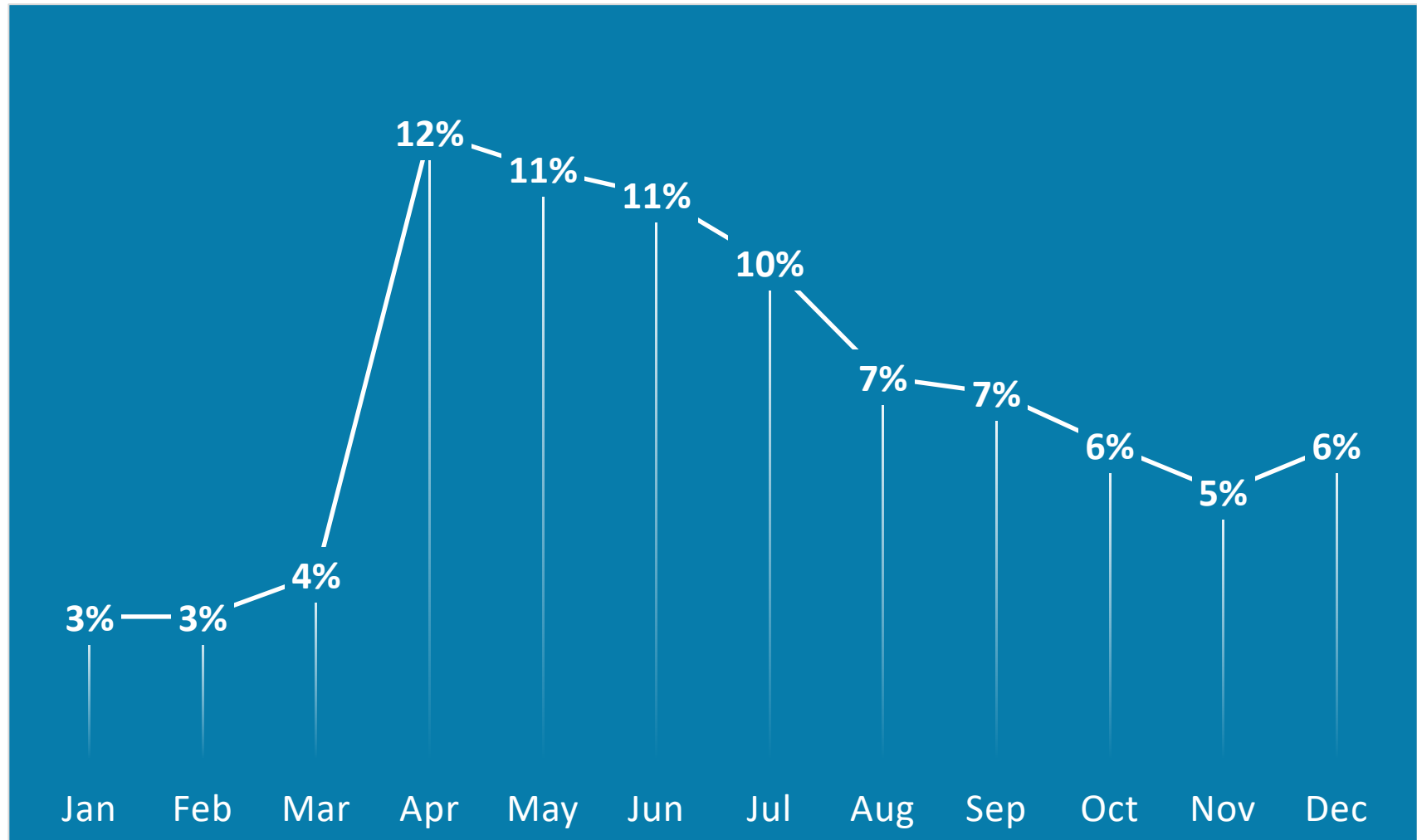
**Local economic  
resiliency & innovation**

**Gain momentum  
through the year**


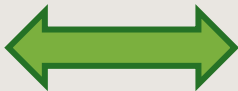






# Selected Highlights of \$1.9 Trillion Stimulus

\$1,400	Per person
\$400	Weekly jobless benefit
\$40 B	Childcare
\$15 B	Small businesses
\$350 B	State and local governments
\$20 B	Vaccinations

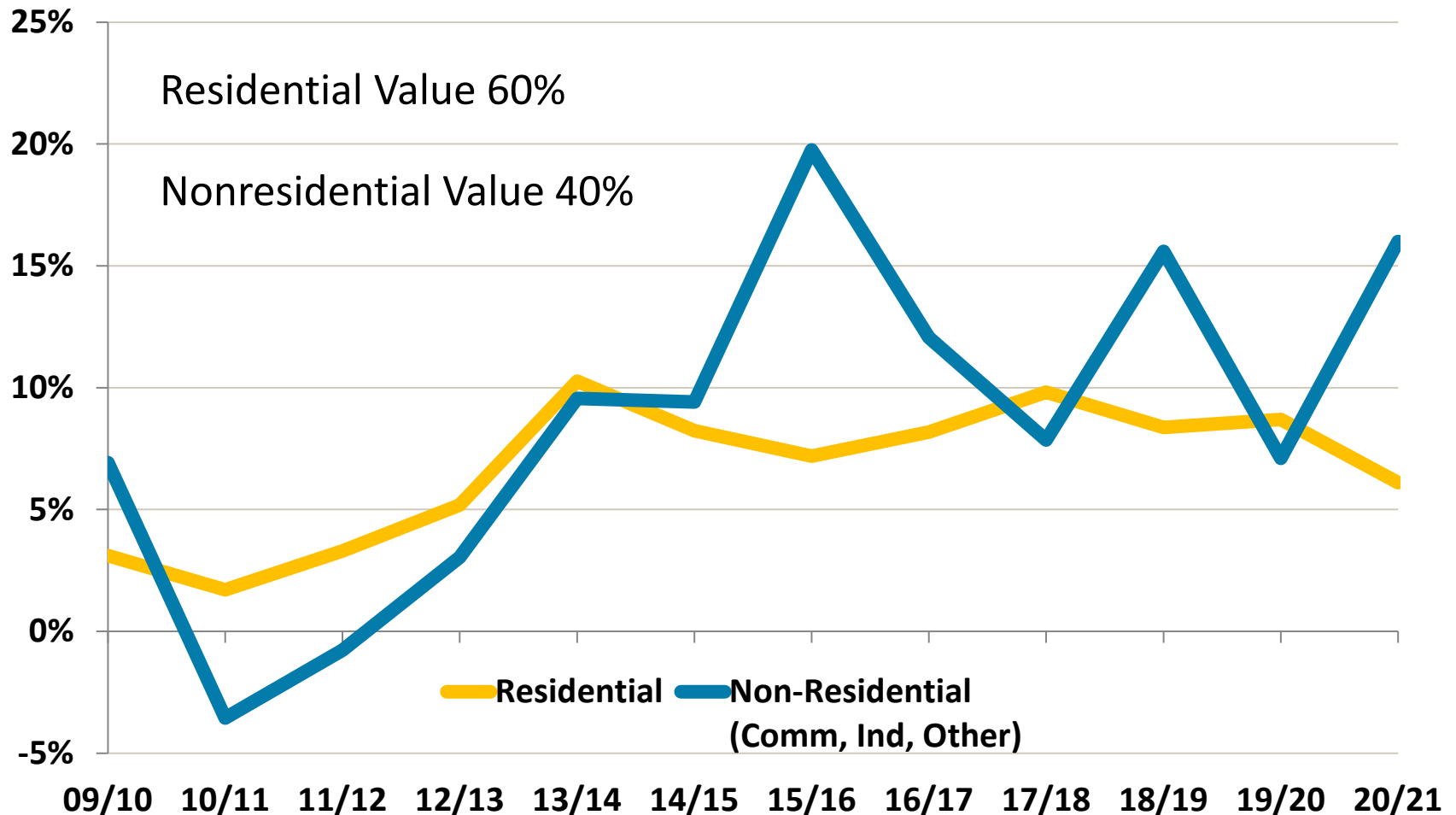
# Local Unemployment Rate - 2020



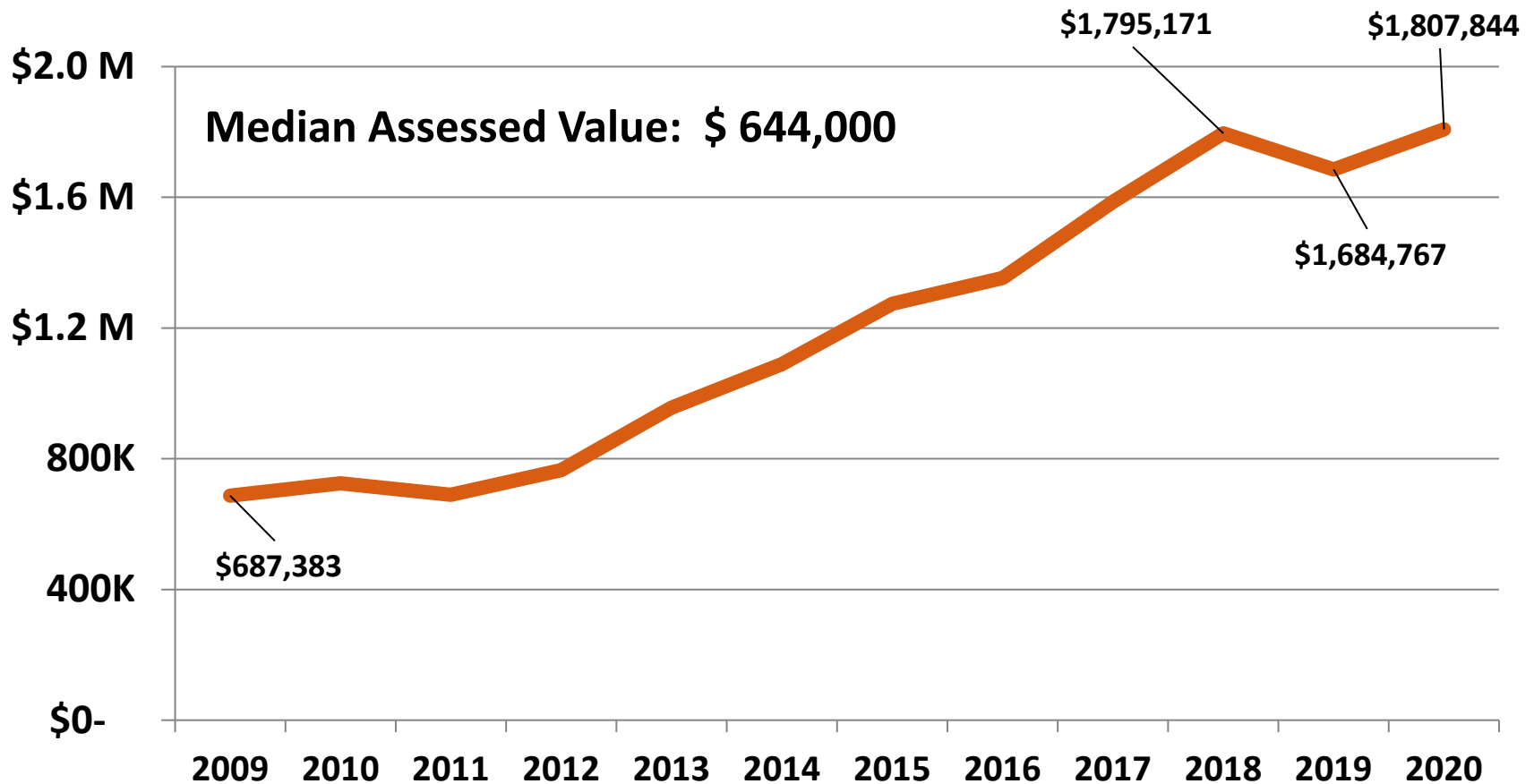
# Major General Fund Revenues

	Stable	FY 2020/21and FY 2021/22 Trend vs. Planned	City Controlled	Percent of General Fund Budget
Property Tax				42%
Sales Tax				15%
TOT				10%
UUT				4%
Total				71%

# Property Tax Revenue Growth History

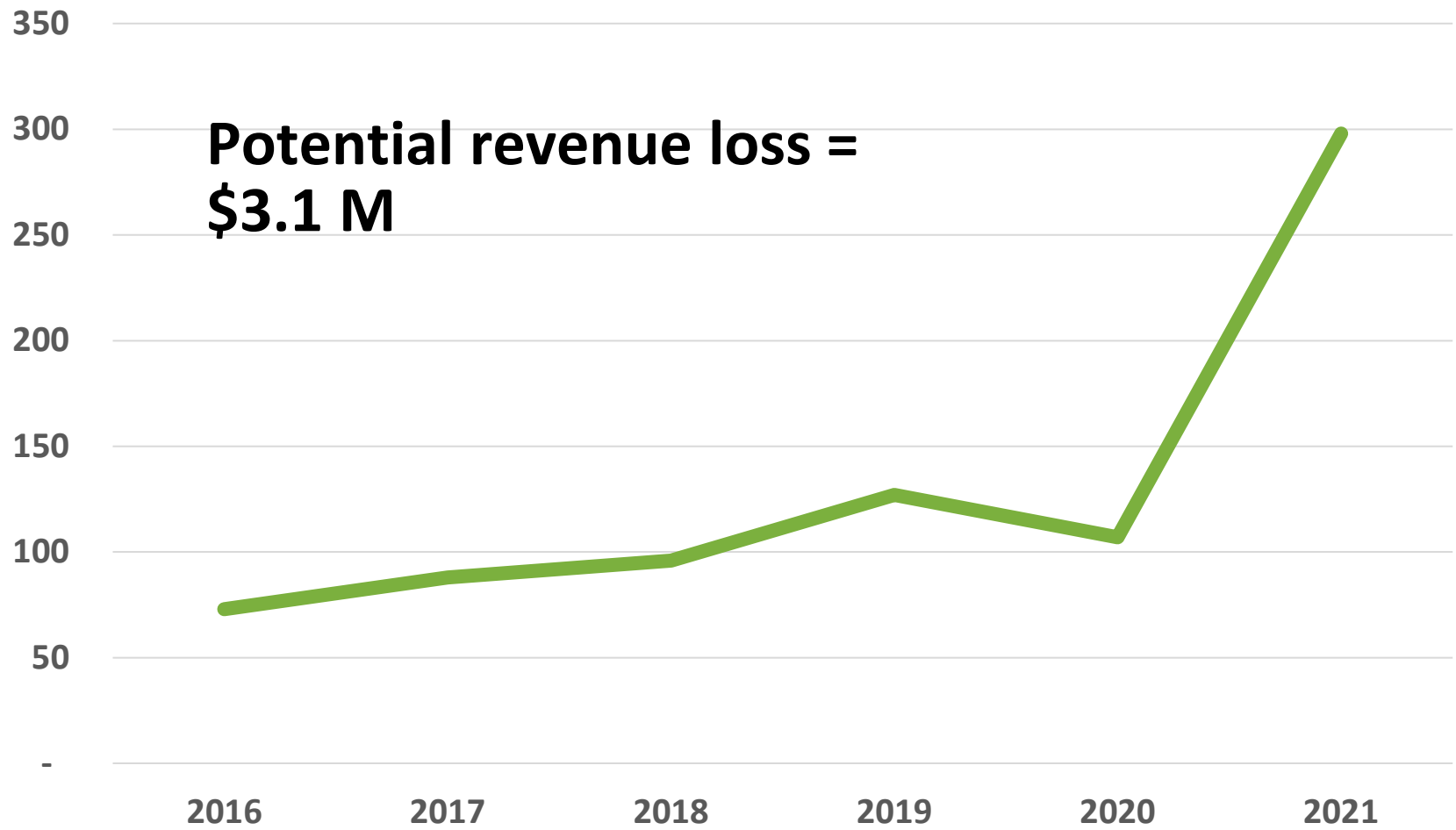


# Single Family Average Price History

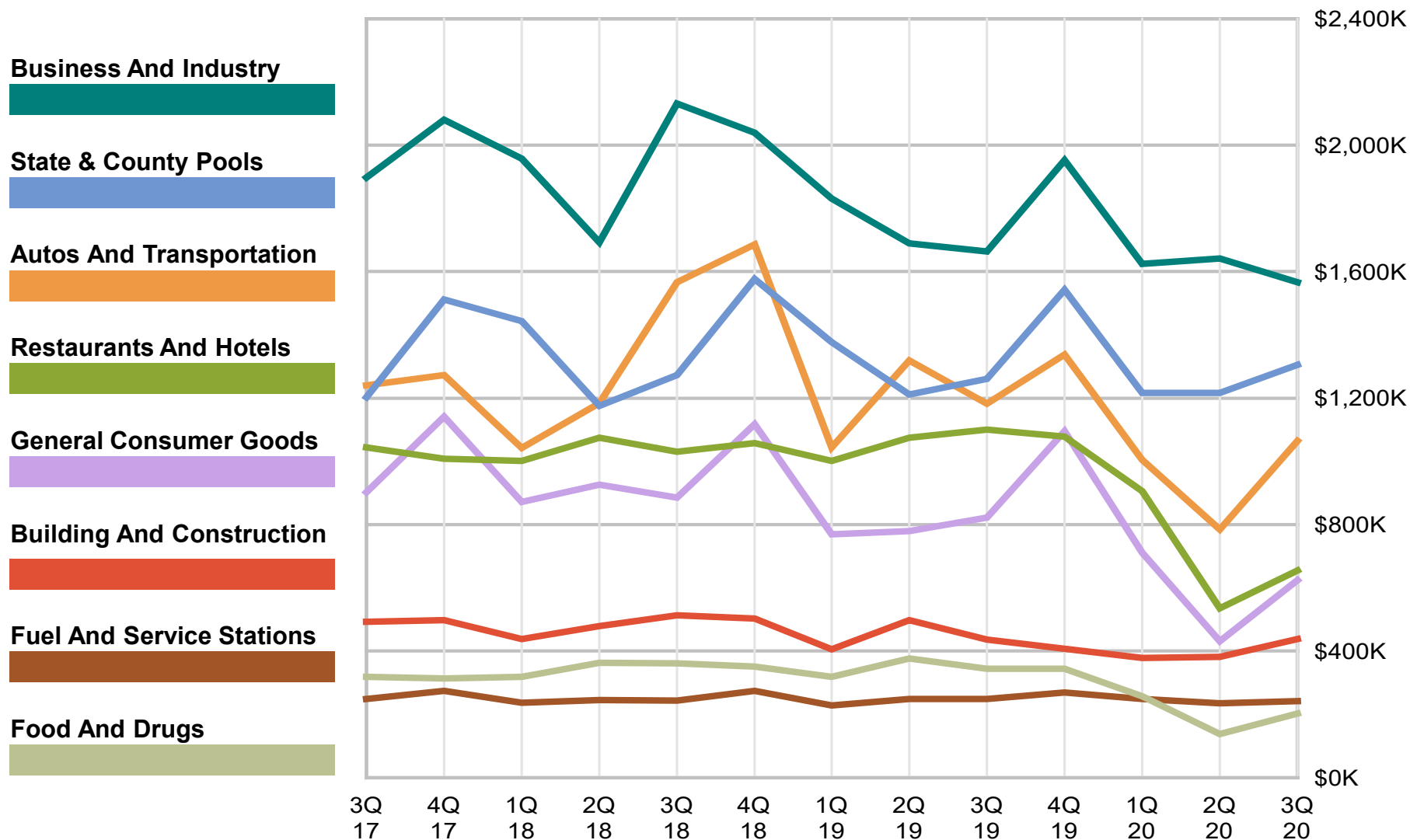




# Pending Property Tax Appeals

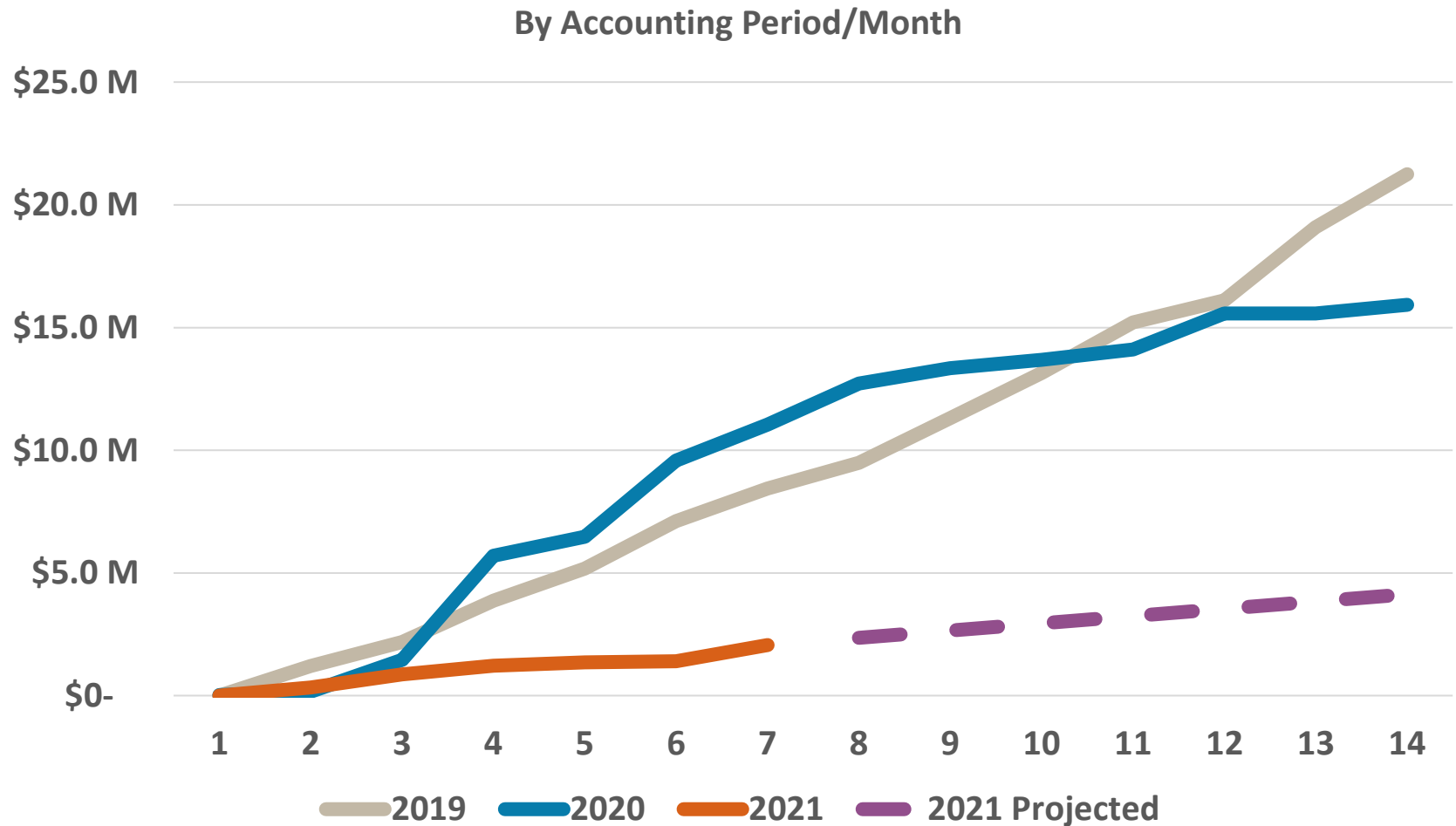


# Sales Tax by Major Industry Group

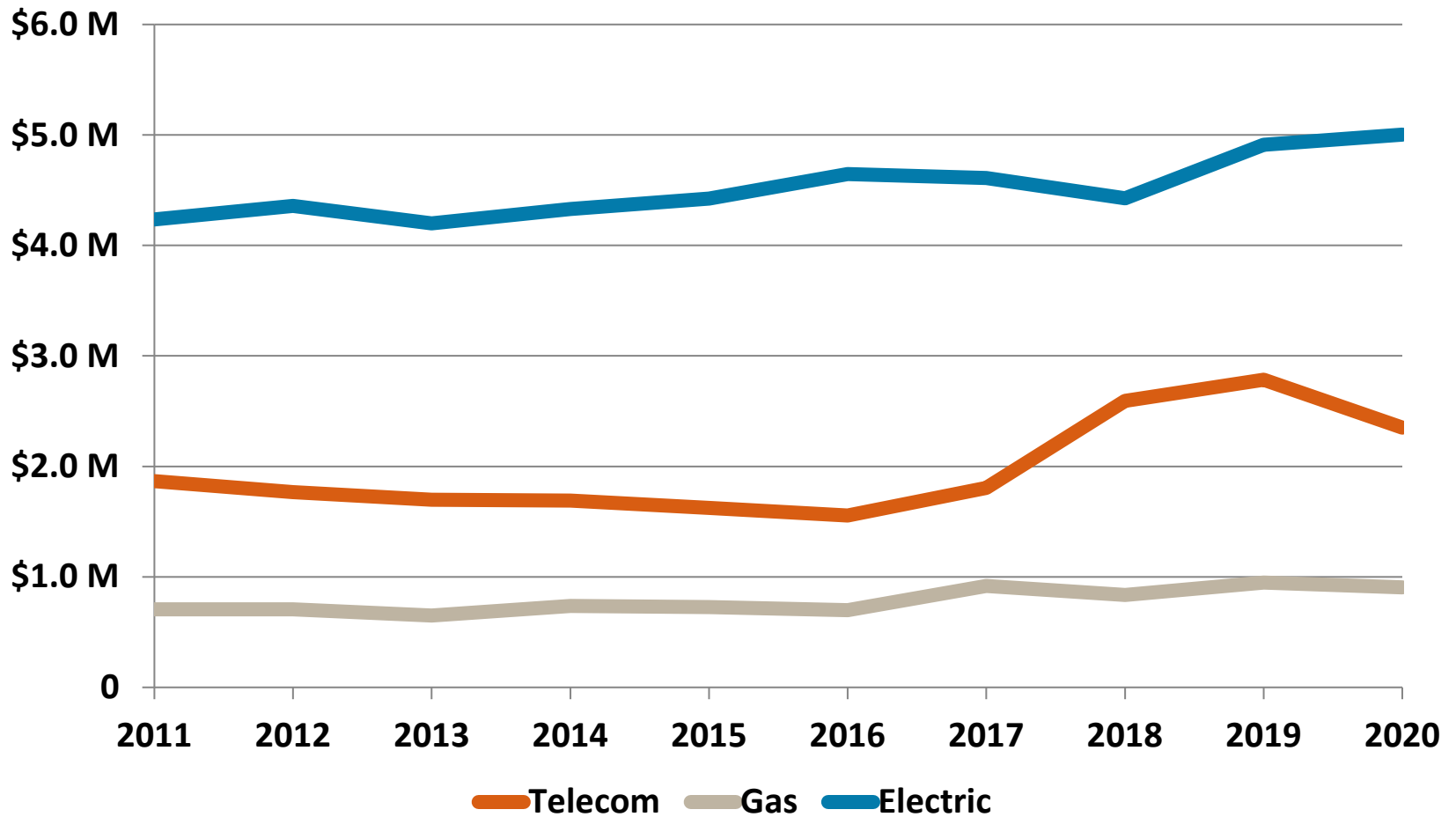


Source: HDL

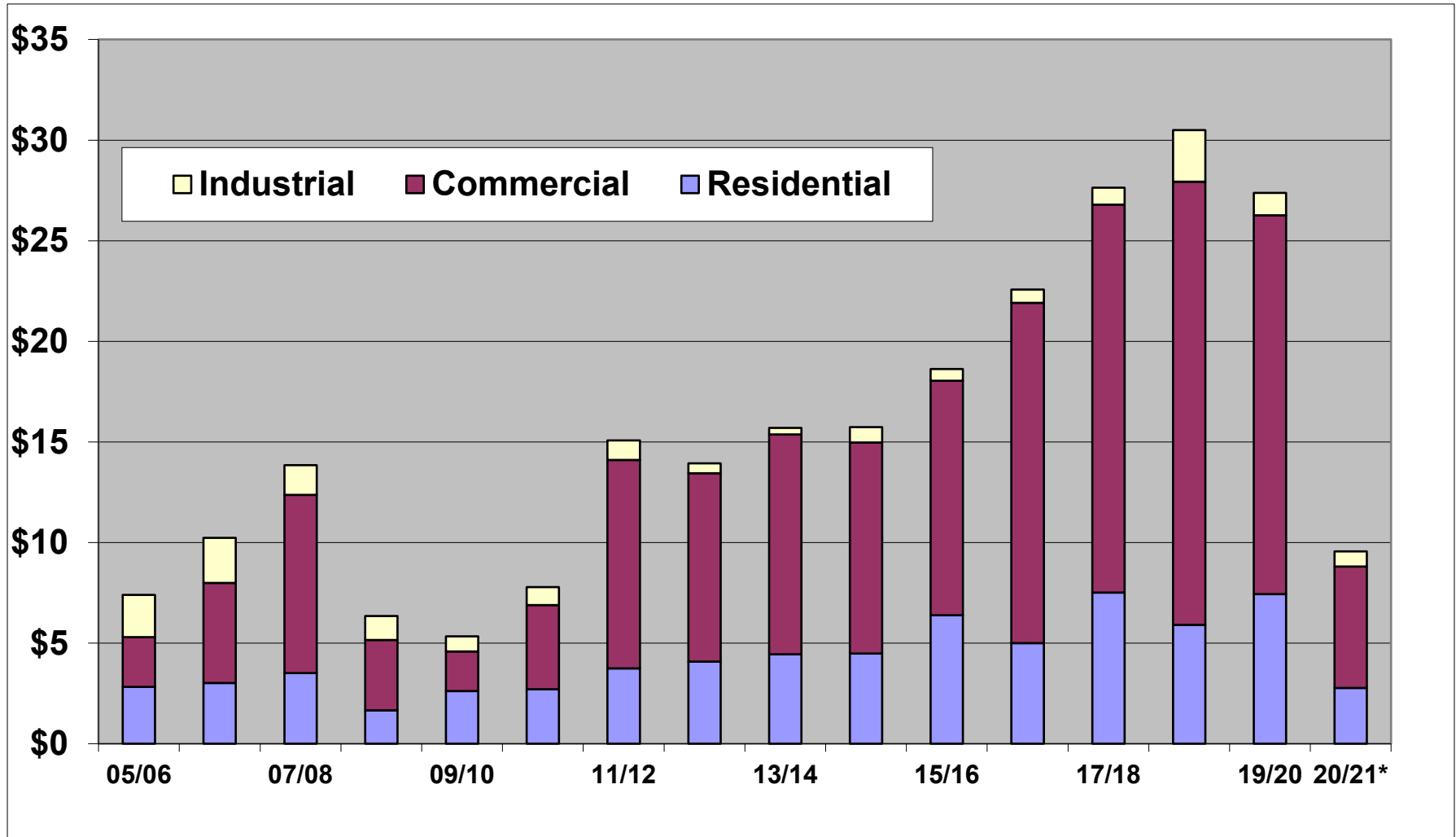
# Transient Occupancy Tax Historical



# Utility Users Tax Historical



# Development Revenues



\*Year to date through January

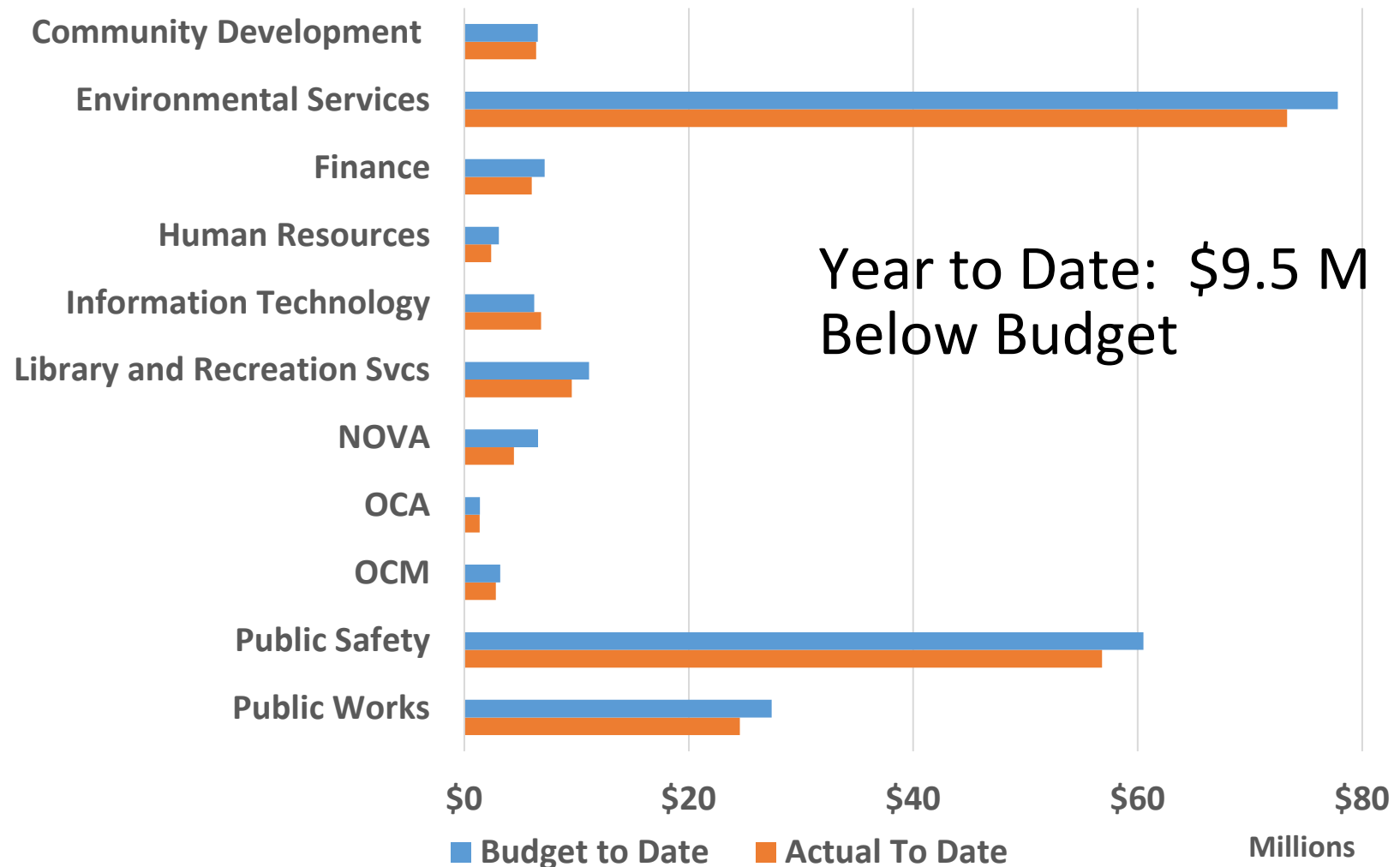
# Utility Enterprise Funds

- Rates for Water and Solid Waste held flat for FY 2020/21, Sewer rates increased 4%
- FY 2021/22 rates will need to be adjusted to maintain fiscal health

<i>Utility Fund Revenue</i>	FY 2020/21		
	<i>*33.33% of Fiscal Year</i>		
	<b>Budget</b>	<b>Actuals</b>	<b>% to Date</b>
<b>Water Fund</b>	\$ 61,799,016	\$ 25,834,915	41.8%
<b>Wastewater Fund</b>	\$ 49,738,978	\$ 19,733,664	39.7%
<b>Solid Waste Management Fund</b>	\$ 53,167,280	\$ 17,163,971	32.3%
<b>Grand Total</b>	<b>\$ 164,705,274</b>	<b>\$ 62,732,550</b>	<b>38.1%</b>

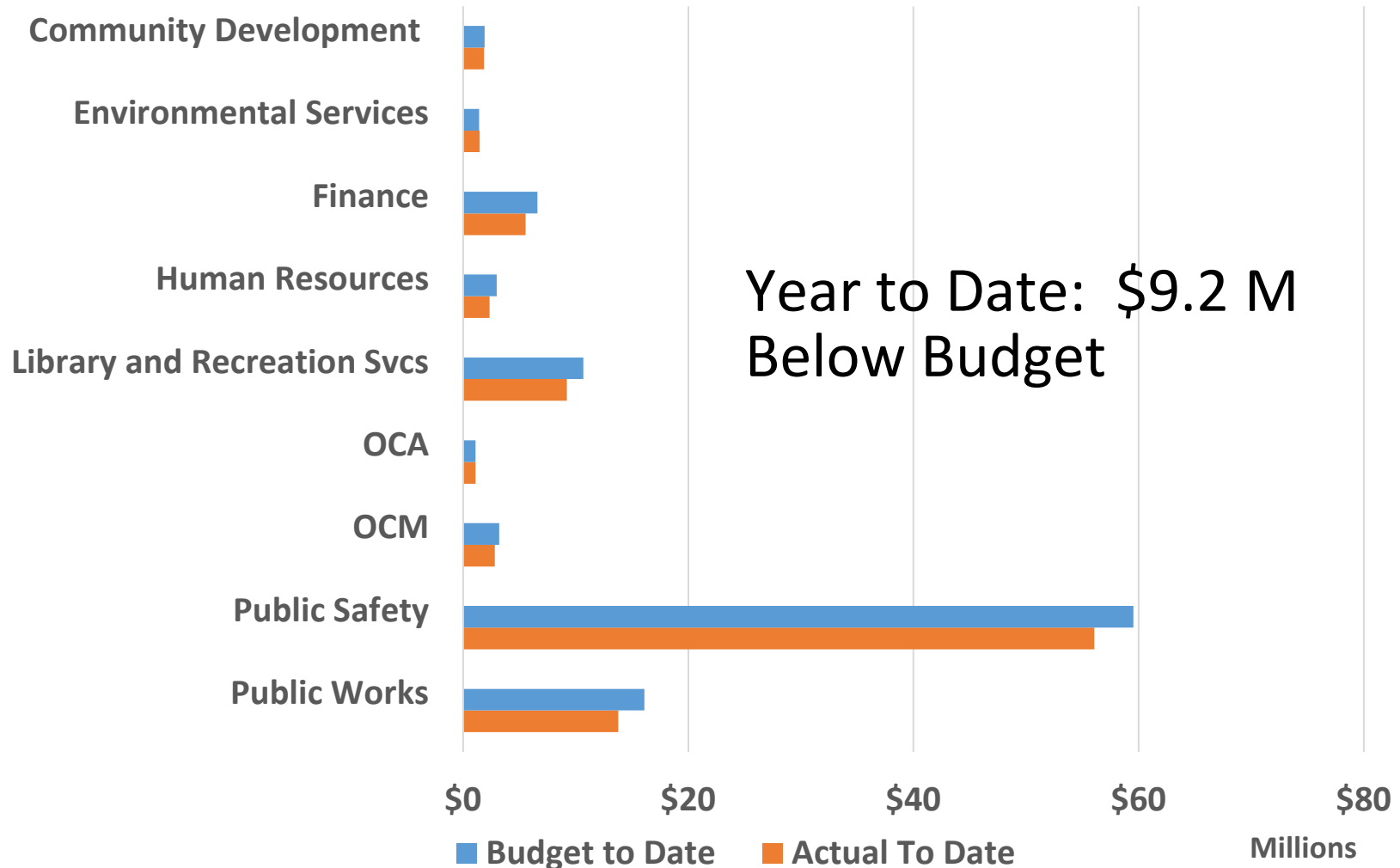
*\*Service Fee revenue lags by one month due to timing of billing.*

# Year to Date Operating Expenditures by Department – All Funds



Operating Data through January 31, 2021 (58.3% of the year passed)

# Year to Date Operating Expenditures by Department – General Fund





# Operating Expenditure Pressures

- General costs to do business continue to rise
- DPS Recruitment
- Use of leave by employees is down
- Public Safety Overtime usage



# COVID Response Continues

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- Over 6,500 hours spent of regular time, year to date on COVID response
- Over 400 hours of overtime spent
- Ramping up to support vaccination staffing
- Continued regular EOC staffing
- Compliance with reopening guidelines and communications
- General response to constantly changing conditions

# Civic Center Return to Fund

<b>Original Budget</b>	<b>\$280,152,770</b>
Construction	\$174,117,000
Construction Contingency	\$14,277,594
Design, Construction Management, Furnishings, Other	\$46,605,406
<b>Total</b>	<b>\$235,000,000</b>

<b>Return to Fund</b>	
Transportation Impact Fees	\$1,255,700
Park Dedication Fund	\$1,459,573
General and Infrastructure Funds (unrestricted)	\$42,437,497
<b>Total</b>	<b>\$45,152,770</b>

# Pension Liability Belonging to Retirees and Inactive Employees

	State Average	City of Sunnyvale
Miscellaneous	57%	58%
Safety	66%	70%

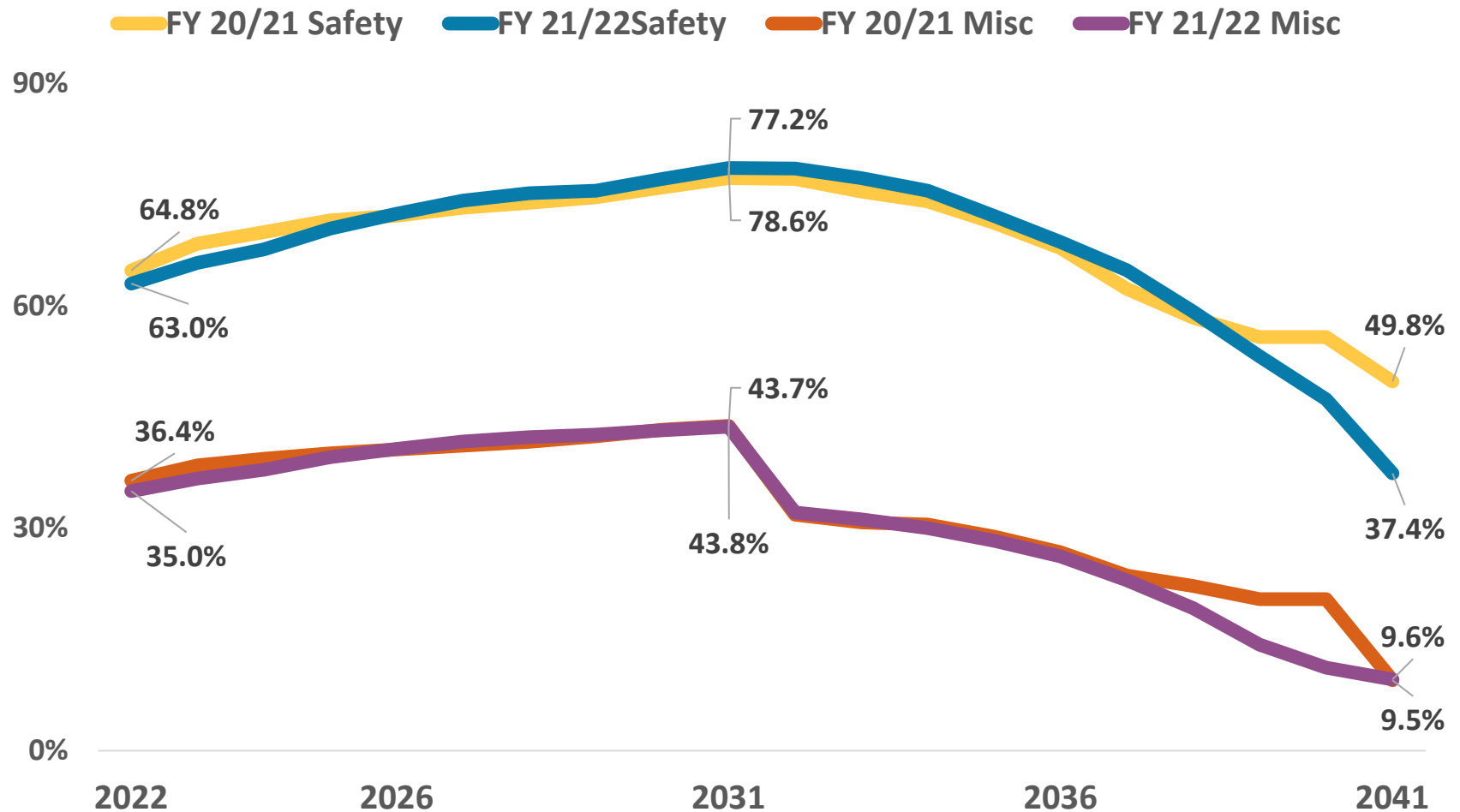
# Pension Demographic Information – Miscellaneous

	1999	2009	2018	2019
<b><u>Active Members</u></b>				
■ Count	688	712	685	687
■ Average				
• Age	43	46	47	46
• City Service	8	10	11	10
• PERSable Wages	\$ 47,600	\$ 80,200	\$ 91,500	\$ 94,200
■ Total PERSable Wages	32,800,000	57,100,000	62,600,000	64,700,000
<b><u>Inactive Members</u></b>				
■ Count				
• Transferred	287	439	453	476
• Separated	147	327	395	421
• Retired				
□ Service	284	544	877	916
□ Disability	25	47	71	73
□ Beneficiaries	33	66	92	93
□ Total	342	657	1,040	1,082
■ Average Annual City-Provided Benefit for Service Retirees <sup>1</sup>	12,615	22,800	29,800	30,700

# Pension Demographic Information - Safety

	1999	2009	2018	2019
<b><u>Actives</u></b>				
■ Counts	221	218	197	198
■ Average				
• Age	41	40	41	41
• City Service	15	12	12	12
• PERsable Wages	\$ 83,000	\$ 144,100	\$ 166,500	\$ 171,300
■ Total PERsable Wages	18,400,000	31,400,000	32,800,000	33,900,000
<b><u>Inactive Members</u></b>				
■ Counts				
• Transferred	28	44	33	36
• Separated	13	33	28	31
• Retired				
□ Service	72	135	201	205
□ Disability	90	123	138	141
□ Beneficiaries	20	42	60	58
□ Total	182	300	399	404
■ Average Annual City-Provided Benefit for Service Retirees <sup>10</sup>	26,917	61,000	83,800	85,200

# Pension Contribution FY 20/21 vs. FY 21/22 Rates



# FY 2020/21 Recommended Budget

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## **Overall budget approach:**

- Position the City for continued economic volatility and possible partial shutdowns
- Maintain a balanced budget for 20 years
- Consider revenue projections in context of changing economy
- Extend cost savings measures implemented in the current budget for an additional year



# FY 2019/20 Recommended Budget

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- Focus on Capital Budget
- Currently evaluating operating expenditures and major expenditure assumptions
- City Manager reviewing and evaluating base and adjusted budgets – hold on new additions
- Budget Workshop End of May
- Public Hearing and Budget Adoption in June