



Sunnyvale

FY 2020/21 Third Quarter Budget Update

April 6, 2021

Tim Kirby, Director of Finance

Overview of Report

- FY 2020/21 data through February 2021
 - Revenue and expenditure trends are developed
 - Financial analysis and projection refinement with each quarterly update, accelerates with budget development
 - Revised revenue projections for current fiscal year updated at end of third quarter for inclusion in FY 2021/22 financial plans



General Fund



Sunnyvale

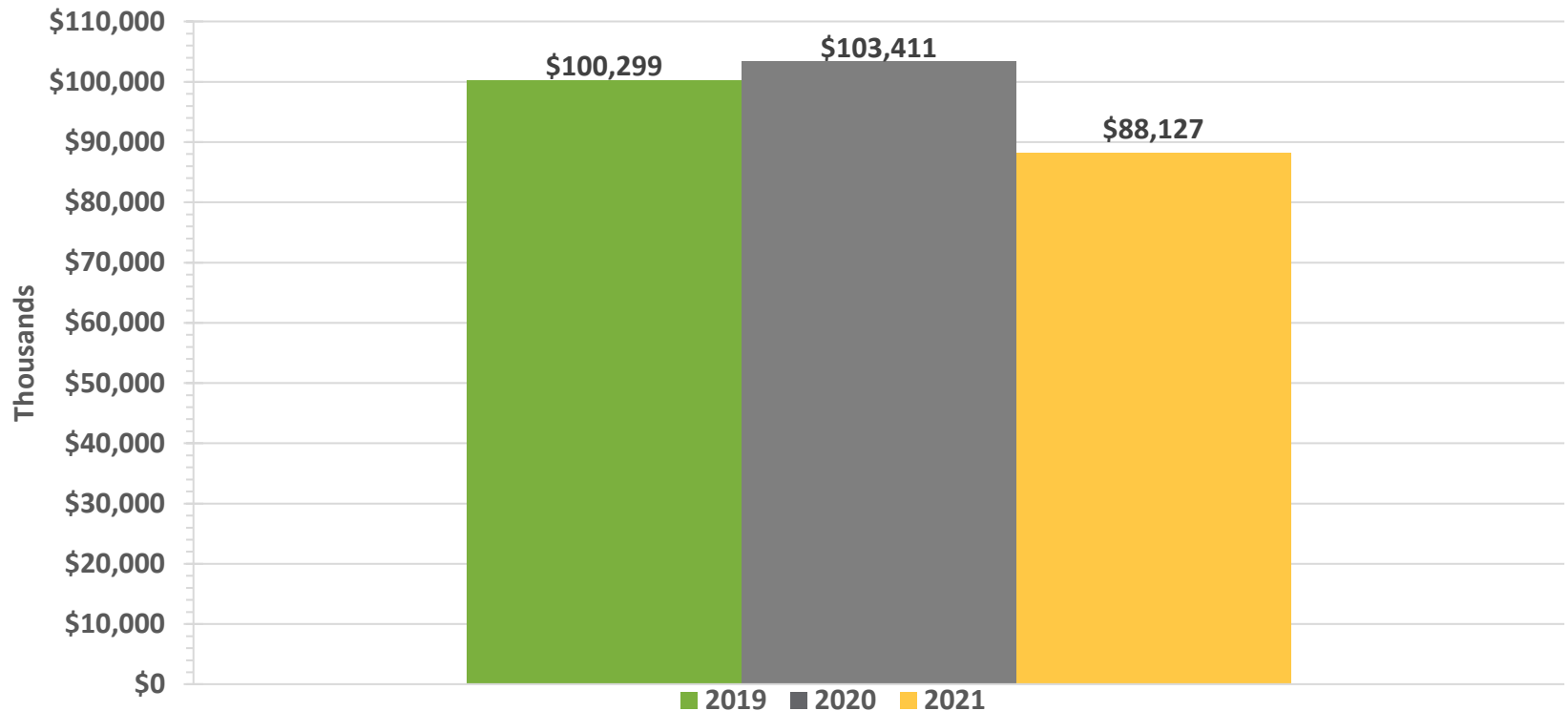
General Fund *Revenues*

General Fund Revenue – FY 2020/21

<i>General Fund Revenue</i>	FY 2020/21 <i>66.67% of Fiscal Year</i>		
	Budget	Actuals	% to Date
Property Tax	\$ 90,750,445	\$ 53,377,483	58.8%
Sales Tax	\$ 27,163,221	\$ 13,564,816	49.9%
Transient Occupancy Tax	\$ 10,617,327	\$ 2,667,724	25.1%
UUT & Franchise Fees	\$ 15,760,876	\$ 6,590,782	41.8%
Construction Tax	\$ 3,686,757	\$ 1,697,261	46.0%
Business License Tax	\$ 1,914,476	\$ 1,671,841	87.3%
Real Property Transfer Tax	\$ 1,790,431	\$ 948,482	53.0%
Permits & Licenses	\$ 1,634,631	\$ 1,202,713	73.6%
Service Fees	\$ 3,626,133	\$ 1,146,340	31.6%
Rents & Concession	\$ 3,113,907	\$ 2,481,377	79.7%
Other Revenue	\$ 3,822,573	\$ 2,778,078	72.7%
<i>Grand Total</i>	\$ 163,880,779	\$ 88,126,897	53.8%

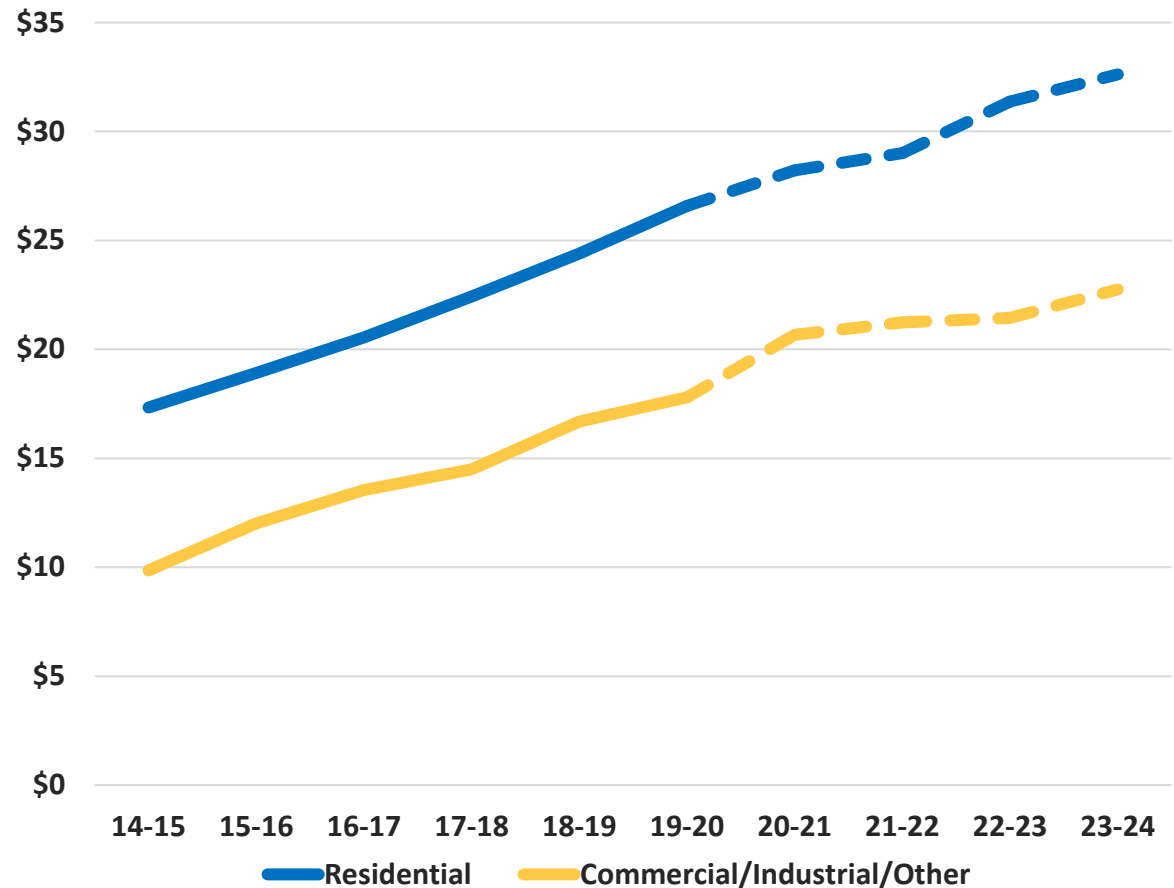
General Fund Revenue – FY 2020/21

General Fund Revenue Actuals through February

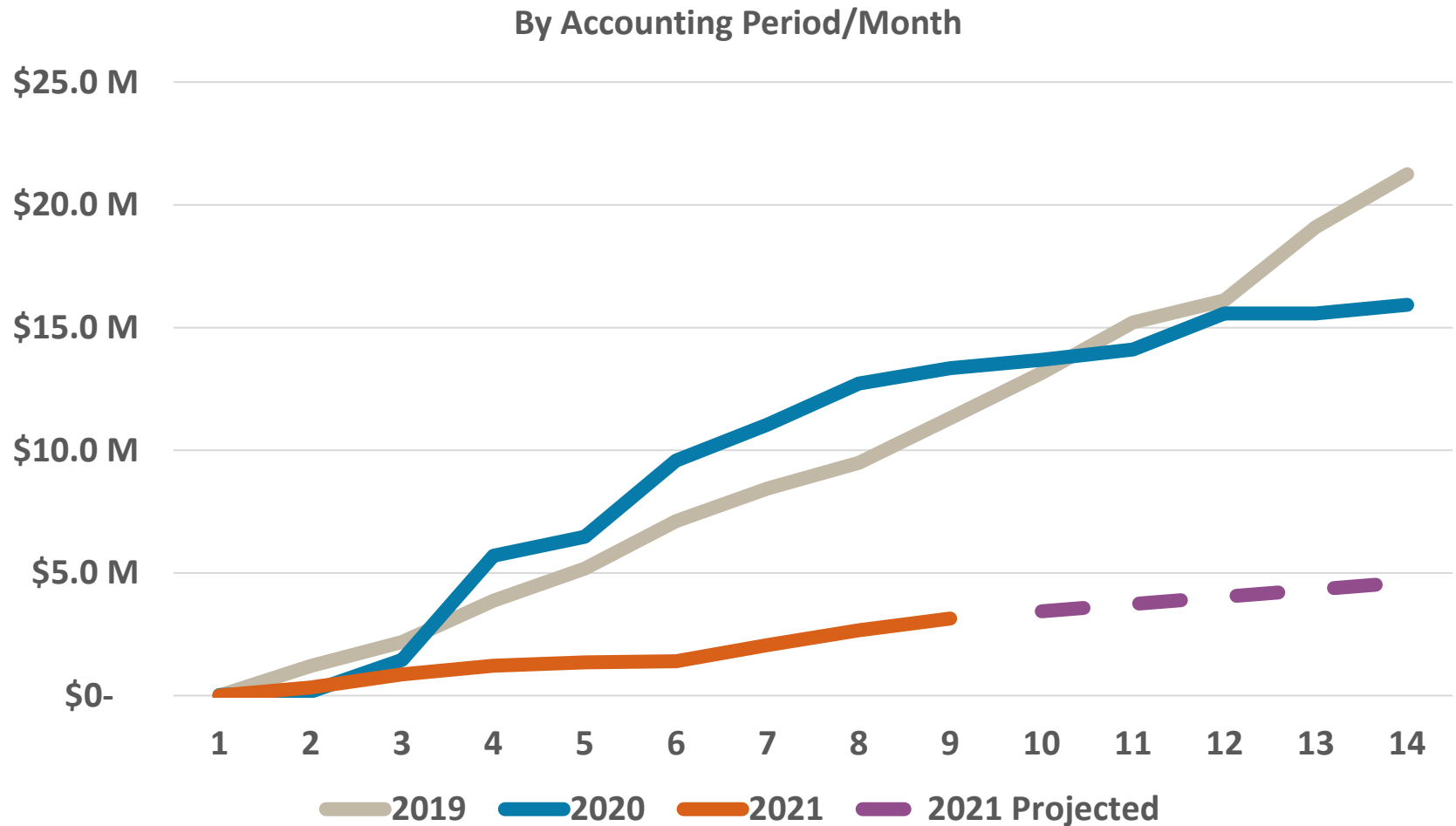


Property Tax – Assessed Values (AV)

- FY 2020/21 roll growth up 2.5% from Adopted; brings up base over 20-yr plan
- Slowing with FY 2021/22 roll; 2.6% for FY 2021/22 in 20-yr plan; current estimate is at 2.8%



Transient Occupancy Tax Historical



Sales Tax - Sunnyvale

Top Non-Confidential Business Types

Industry Group	FY 2019-20	FY 2020-21	
	Actuals	Projection	%
Autos & Transportation	4,212,294	4,259,667	1.1%
Building & Construction	1,573,816	1,626,159	3.3%
Business & Industry	6,831,094	6,223,996	-8.9%
Food & Drugs	955,097	1,110,240	16.2%
Fuel & Service Stations	1,090,471	870,301	-20.2%
General Consumer Goods	3,051,720	2,763,063	-9.5%
Restaurants & Hotels	3,667,916	2,929,553	-20.1%
Transfers & Unidentified	278,387	(84,745)	-130%
State & County Pools	5,123,112	5,025,523	-1.9%
Total	26,783,908	24,723,758	-7.7%
Administration Cost	(256,619)	(203,251)	
Total	26,527,289	24,520,507	-7.6%

General Fund Revenue – Service Fees

- Utility Users Tax
 - 54% of budget, just slightly behind prior years
- Recreation Fees
 - COVID-19 service interruption continues; 18% of revenue to date
- Public Safety Fees
 - 92% of budget
- Community Development Fees
 - 74% vs. exceeding budget at same point in prior year



Sunnyvale

General Fund *Expenditures*

General Fund Expenditures – Departments

<i>General Fund Expenditures</i>	FY 2020/21 <i>66.67% of Fiscal Year</i>		
	Budget	Actuals	% to Date
Community Development	\$ 1,780,747	\$ 1,149,382	64.5%
Environmental Services	\$ 2,417,676	\$ 1,618,705	67.0%
Finance	\$ 11,298,211	\$ 6,433,055	56.9%
Human Resources	\$ 5,136,261	\$ 2,716,340	52.9%
Library and Recreation Services*	\$ 18,308,181	\$ 10,879,988	59.4%
Office of the City Attorney	\$ 1,875,126	\$ 1,272,175	67.8%
Office of the City Manager	\$ 5,505,884	\$ 3,243,767	58.9%
Public Safety	\$ 102,064,174	\$ 64,532,742	63.2%
Public Works	\$ 25,057,955	\$ 14,738,564	58.8%
<i>Operating Subtotal</i>	\$ 173,444,216	\$ 106,584,719	61.5%
Grand Total	\$ 173,444,216	\$ 106,584,719	61.5%

* Library and Community Services changed name to Library and Recreation Services in Sept. 2020

General Fund Expenditures – FY 2020/21

- Tracking slightly lower than accounting benchmark; 61.5% vs. 66.7%,
- Salaries & benefits driven by bi-weekly payroll costs; right on target with payroll benchmark at 62.9%
 - COVID-19 having an impact on salaries; on target, but trending higher than usual due to less staff taking paid time off as a result of travel restrictions, stay-at-home orders, etc.
- Timing of operations & maintenance expenditures can vary throughout fiscal year

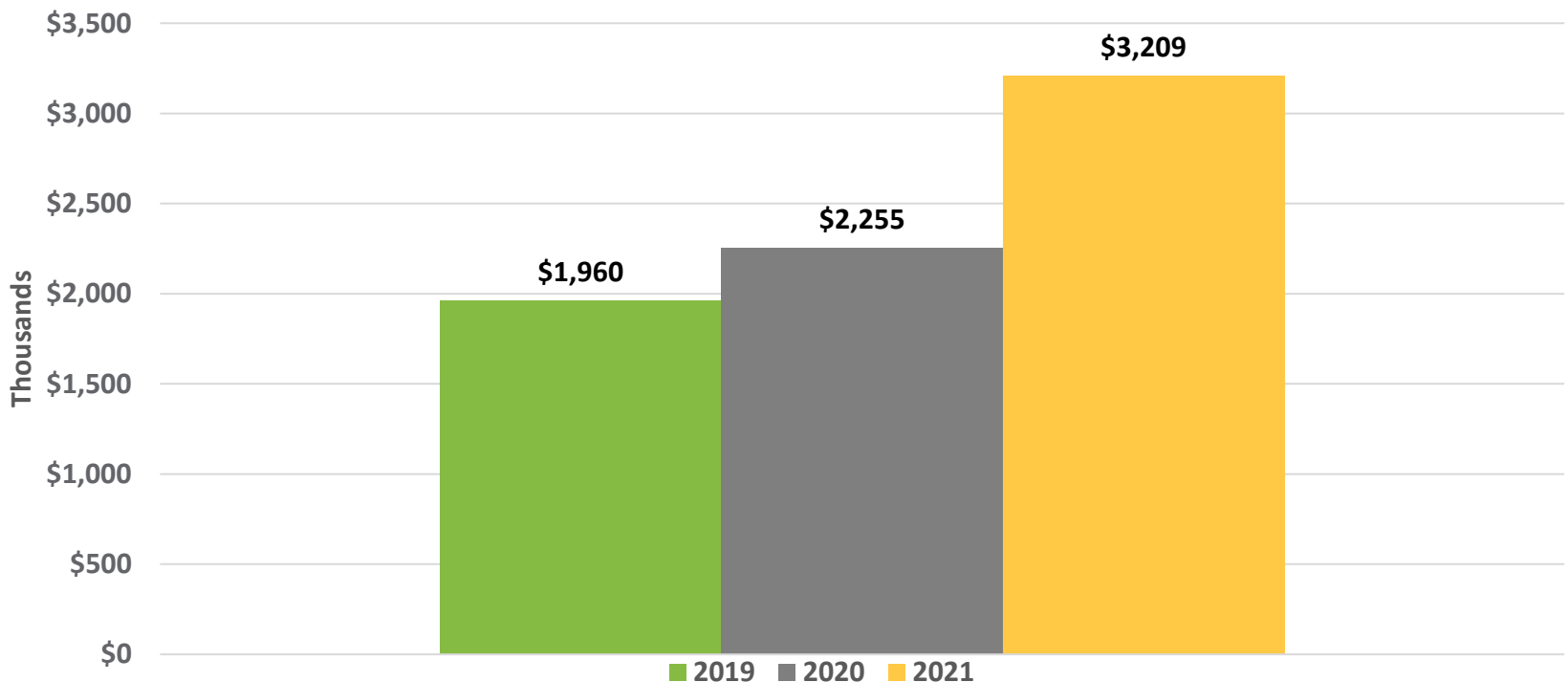


Sunnyvale

Enterprise Funds

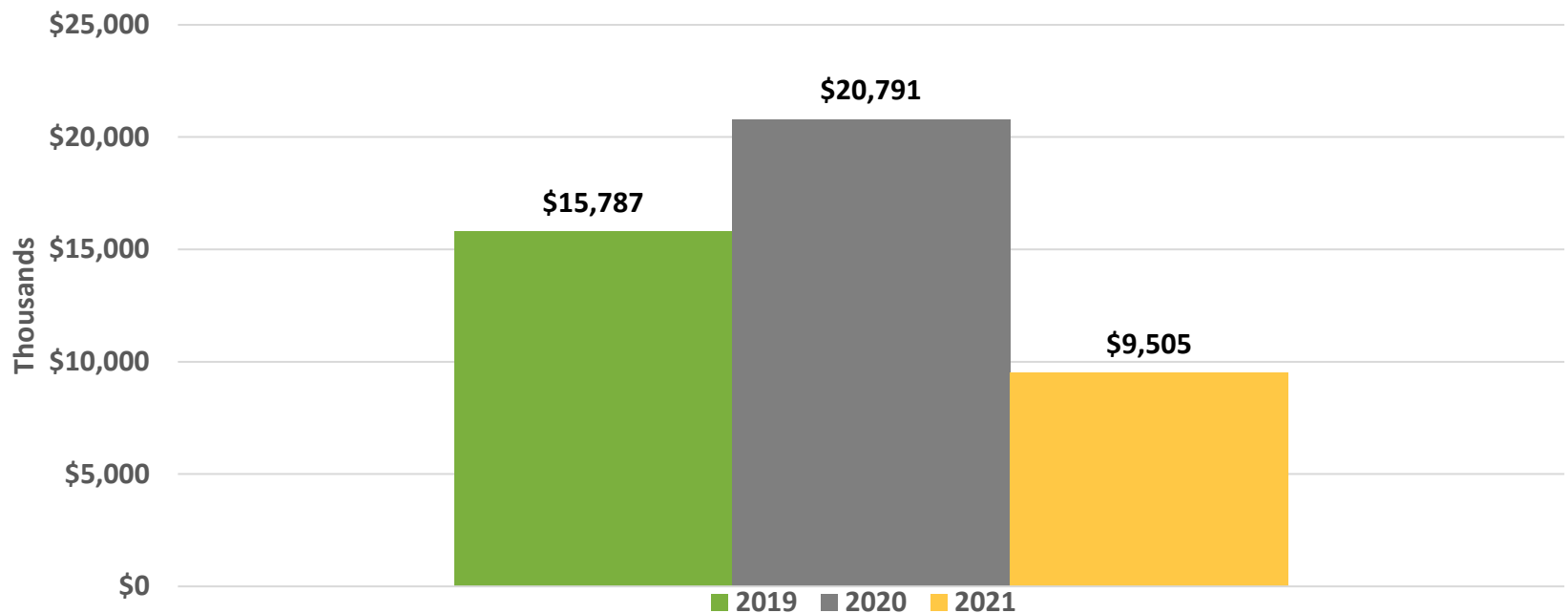
Golf & Tennis Operations Fund

Golf Revenue Actuals through February



Development Enterprise Fund

Development Enterprise Revenue Actuals through February



Development Impact Fees

<i>Development Impact Fees*</i>	FY 2020/21 66.67% of Fiscal Year		
	Budget	Actuals	% to Date
Park Dedication Fees	\$ 41,704,226	\$ 3,999,244	9.6%
Housing Mitigation Fees	\$ 41,047,149	\$ -	0.0%
Transportation Impact Fees	\$ 7,459,583	\$ 113,032	1.5%
Sense of Place Fees	\$ 1,632,757	\$ 320	0.0%
Grand Total	\$ 91,843,715	\$ 4,112,595	4.5%

**Excludes Interest Income*

- Timing of impact fees difficult to predict as based on benchmarks in development projects
- Very low at this time compared to point in fiscal year, though most revenue likely deferred rather than lost due to active projects; not uncommon for receipt of fees to span multiple fiscal years

Utility Funds

<i>Utility Fund Revenue</i>	FY 2020/21 <i>*58.33% of Fiscal Year</i>		
	Budget	Actuals	% to Date
Water Fund	\$ 61,799,016	\$ 31,220,129	50.5%
Wastewater Fund	\$ 49,738,978	\$ 27,796,527	55.9%
Solid Waste Management Fund	\$ 53,167,280	\$ 26,551,393	49.9%
Grand Total	\$ 164,705,274	\$ 85,568,049	52.0%

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

<i>Utility Fund Expenditures</i>	FY 2020/21 <i>66.67% of Fiscal Year</i>		
	Budget	Actuals	% to Date
Water Fund	\$ 44,033,189	\$ 26,995,541	61.3%
Wastewater Fund	\$ 22,166,607	\$ 12,655,453	57.1%
Solid Waste Management Fund	\$ 41,838,851	\$ 31,548,466	75.4%
Grand Total	\$ 108,038,647	\$ 71,199,460	65.9%

- All Utility funds expected to end the year at budget, but uptick in delinquency

CalPERS Returns

- CalPERS Returns were 4.7% for FY 2019/20 vs. 7% planned
- Gains and losses ramped in over five-year period starting in FY 2022/23
- Impact estimated \$4M in first 10 years, \$23M over the full twenty years
- Current year returns are positive, working with our actuary to further analyze impact and develop estimate for the City

Other Risks

- Continued or permanent shift in the economy affecting sales tax and TOT in an unknown way long-term (currently experiencing a negative shift in County pool)
- Political and financial volatility at the Federal and State level
- Economic impact of continued natural disasters (e.g. wildfires)
- Persistent wave(s) of pandemic requiring ongoing health and safety restrictions

Selected Highlights of \$1.9 Trillion American Rescue Plan

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

- 29.5 M estimated for Sunnyvale

Conclusion & Recommendation

Conclusion

- Some FY 2020/21 revenues are tracking slower than estimated at this point in fiscal year
- Expenditures are tracking at budget; will need to capture updated employee total compensation costs (i.e. pension, etc.) in FY 2021/22 financial plans

Recommendation

- Receive and file the FY 2020/21 Third Quarter Budget Update