



Your

City Budget 2014-15

www.santaclaraca.gov

Santa Clara, CA



Budget Brochure



What you'll find inside –

- Details on City Services
- Total City revenues and expenditures
- Distribution of your tax and fee dollars
- Community enhancement projects

The budget is now available online!

Please visit www.santaclaraca.gov/finance.

Printed copies of the adopted budget are also available for review at City libraries and at the City Clerk's Office.

Budget Highlights

On June 10, 2014, the Council adopted a balanced City budget of \$660.5 million, excluding the Successor Agency, Sports & Open Space Authority, Housing Authority, and Stadium Authority. This represents an increase of 3.1% mostly attributable to higher resource and production costs in the utility enterprise funds and higher personnel costs resulting from higher benefit costs. Council also adopted a balanced budget for the General Fund of \$164.8 million.

The City continues to address impacts from the State's dissolution of Redevelopment Agencies. Actions have been taken to balance the possible loss of about \$14 million of annual lease revenues with cost savings measures and higher revenues covering the amount at risk.

A Balanced Budget

To ensure an efficient and fiscally sound annual budget, the City Council held a study session and a public hearing to adopt the Annual Operating budget and the Capital Improvement Project budget. For fiscal year 2014-15, a \$660.5 million total City budget was approved on June 10, 2014 including:



- ✓ \$ 597.6 million Operating Budget
- ✓ \$ 164.8 million General Fund Budget
- ✓ \$ 62.8 million Capital Improvement Project Budget



City Council deliberated budget issues during a study session held in May 2014.

2014-15 Rate and Fee Impacts - Enterprise Funds

*Santa Clara's Rates Are Still the Lowest in the Region!**

There are no changes in Garbage Collection and Disposal, Curbside Recycling, Clean Green, Clean-Up Campaign, Household Hazardous Waste or Municipal Solar Utility rates for 2014-15. Rates that were changed include:

Average Residential \$ Impact

Electric Utility	up to 5% increase (proposed for 1-1-2015)
Water Utility	\$4.92/month
Sewer Utility	\$1.65/month
Recycled Water Rate	12.7% depending on type of service

*With these increases, the City of Santa Clara's combined refuse rates are still among the lowest in Santa Clara County; our combined water, sewer and electric rates are still the lowest in the nine (9) Bay Area counties.

City of Santa Clara 2014-15 Annual Budget

Where the City Gets Its Money:

Revenue and Other Financing Resources (in millions)



Taxes

Property Tax	\$ 34.4
Sales Tax	50.0
Transient Occupancy Tax	15.1
Other Taxes	4.4

Intergovernmental

Revenue from Other Agencies	3.1
Highway User Tax	2.5

User Fees

Charges for Current Services - Enterprise	427.9
Charges for Current Services - Other	39.4

Other

Interest Income	3.3
Licenses & Permits / Fines & Penalties	7.1
Contribution In-Lieu	17.5
Rents and Leases	10.2
Misc. Revenue	2.8
Capital Project Revenue	5.8
Bond Proceeds	18.0
Beginning Balance/Reserves/Transfers	19.0

Total Estimated Resources

\$660.5

What Your \$660.5 Million Buys:



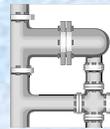
\$330.7
Electric



\$88.6
Police, Fire, 9-1-1
(Communications)



\$62.8
Capital
Projects



\$53.8
Water &
Sewer



\$18.7
Debt
Service



\$19.1
Public
Works



\$19.3
Solid
Waste



\$15.3
Parks &
Recreation



\$11.5
Finance &
Human Resources



\$14.8
City
Administration*



\$7.9
Internal
Services



\$8.3
Library



\$8.2
Planning
Inspection

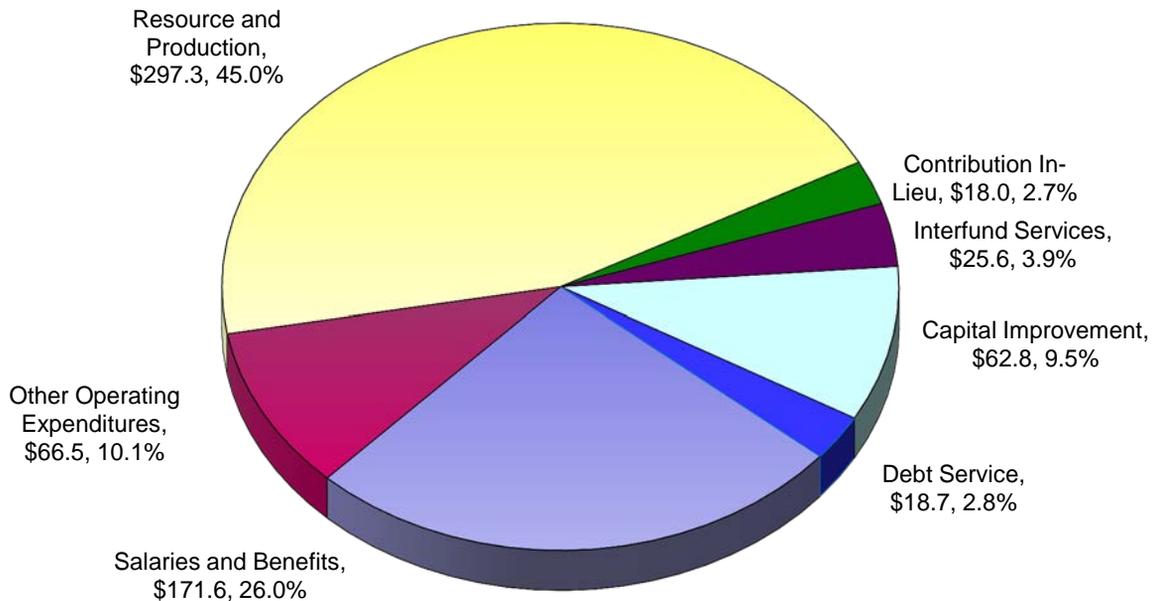


\$1.5
Convention/Visitors
Bureau

*Includes Animal Control, IT services, Council & City Manager offices

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Total City Appropriations by Object Category (Dollars in Millions)



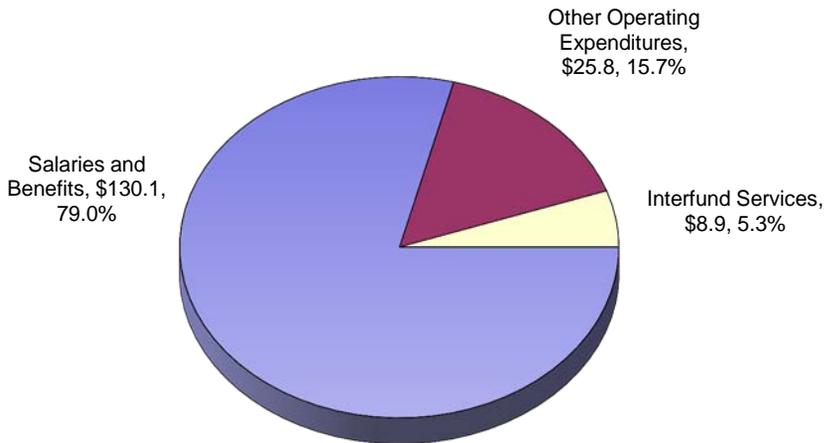
Salaries and Benefits

The expenditure category for salaries and benefits across all funds in the 2014-15 Adopted Budget rose to \$171.6 million, an increase of \$12.1 million or 7.6% from the 2013-14 Adopted Budget. In the General Fund, this category increased by \$9.2 million or 7.6% from the prior year's budget. There are three primary reasons for this growth:

- Increase in City salaries of \$5.3 million or 6.4% over the 2013-14 budget. More than half of the increase or \$2.9 million is for as-needed public safety staffing and overtime costs related Levi's Stadium events. These costs will be fully reimbursed to the City with the reimbursements reflected as charges for services on the revenue side of the budget. The remaining increase of \$2.4 million is primarily due to negotiated unpaid furloughs coming to an end, the implementation of negotiated one-time stipends for certain bargaining units, and additional funding for new positions.
- Increase in City share of pension costs of \$2.7 million or 11.6% due to higher CalPERS rates to make up for investment losses from the Great Recession, a lower investment return assumption being phased in over the next two fiscal years, and shorter smoothing and amortization periods.
- Increases in the employee health allocation of \$0.8 million or 9.7% to account for higher health plan costs.

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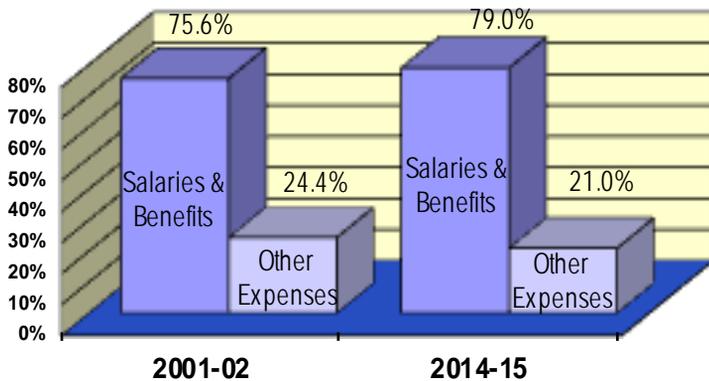
General Fund Appropriations by Object Category (Dollars in Millions)



General Fund

The City is an essential service provider for its residents and other stakeholders. Personnel related costs make up the majority of operating costs. Salary and benefits costs represent \$130.1 million of budgeted 2014-15 operating expenditures.

Time Comparison of Major Expenditure Categories



Salary and benefits costs as a percentage of total operating expenditures grew from 75.6% in 2001-02 to 79.0% in 2014-15. Key drivers include rising pension costs and negotiated labor agreements. In the thirteen-year period, other operating expenses, consisting mainly of materials, services, and supplies, fell from 24.4% to 21.0% of total operating expenditures.

Retirement Costs

The City is a member of the California Public Employees Retirement System (CalPERS), which provides a defined benefit plan for participating public entities within the State of California. Retirement costs are paid by the employees for the employee share and the City for the employer share. CalPERS retirement costs rose sharply over the past decade as a result of the market losses in the early- and late-2000s, and benefit enhancements in the mid-2000s. In 2004-05, General Fund pension costs were \$11.4 million. Ten years later, 2014-15 pension costs are projected to be \$25.8 million.

In September 2012, the Governor signed AB 340, the Public Employees' Pension Reform Act. This act reduced retirement benefits for new hires effective January 1, 2013 and is expected to slowly reduce pension costs over the next generation of employees.

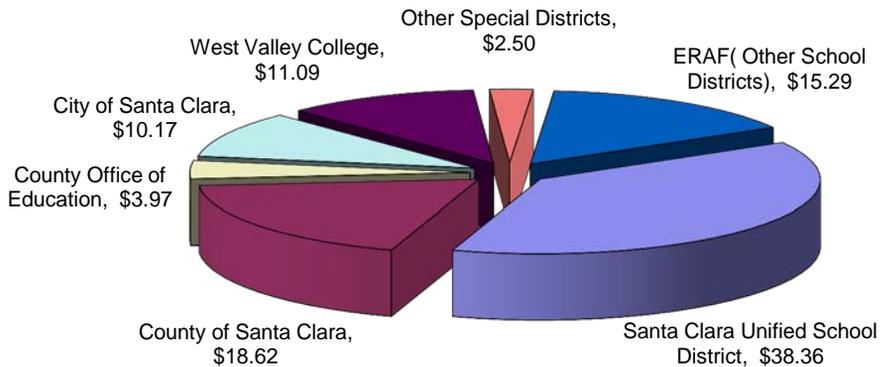
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How taxes and fees are distributed



Property Tax

Per \$100 Collected

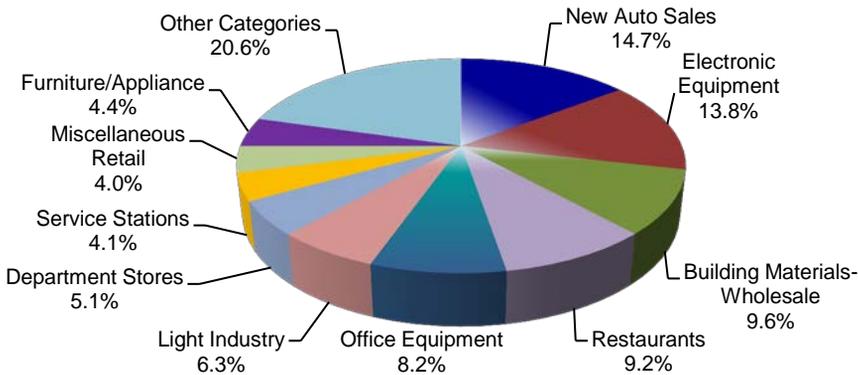


When you pay your property tax, the City of Santa Clara General Fund receives \$10.17 of every \$100 collected. This year the City anticipates receiving \$34.4 million.

Sales Tax



Top 10 Sales Tax Generators



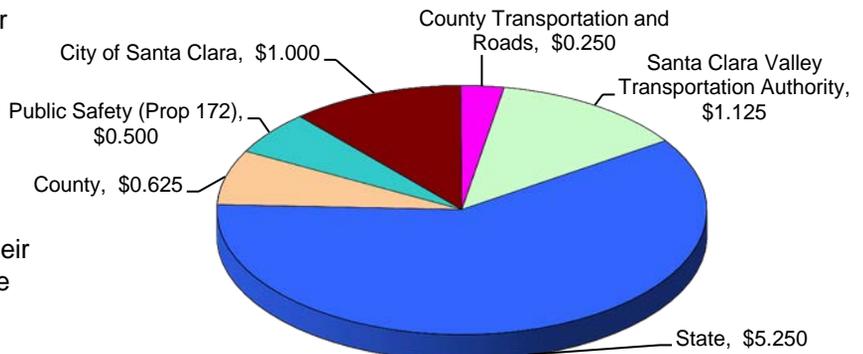
Sales tax revenue in the City of Santa Clara comes from a wide range of sources. Sales of new autos, electronic equipment, building materials, restaurants, and office equipment were the City's leading economic categories last year.

Where Your Sales Tax Goes

For every taxable dollar you spend in Santa Clara County, you pay 8.75% in sales tax or \$8.75 for each \$100 purchased.

Cities throughout the State receive sales tax based on sales made within their respective city. For every \$100 purchase you make within the City of Santa Clara which is subject to sales tax, the City receives \$1.00. This year the City anticipates receiving \$50.0 million.

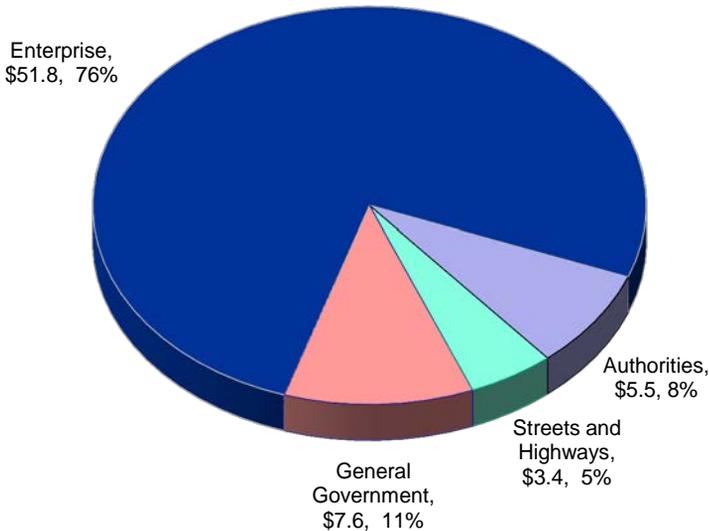
Based on Purchase of \$100 Sales Tax Paid is \$8.75



California statewide sales tax is 7.50%, an increase of 0.25% for voter approved Proposition 30 - Education Protection Account effective January 2013. Santa Clara County has four voter approved overrides including one for 0.125% effective April 2013 for County Retail Transaction Tax making the total local sales tax rate 8.75%.

2014-15 Capital Improvement Project (CIP) Budget

Appropriations By Category (Dollars in Millions)



In the 2014-15 Capital Improvement Project (CIP) budget, projects were prioritized based on Council priorities. This pie chart shows the percentage allocations for the total 2014-15 CIP budget of \$68.3 million with \$62.8 million for the City and \$5.5 million for the Authority Funds including the Housing Authority and the Stadium Authority.

The combined CIP appropriation represents a decrease of 11.8%, or \$9.2 million, from the combined total CIP appropriation in 2013-14.

City and Authority Capital Improvement Projects

Each year, funds are set aside in the CIP budget for two broad purposes. The first is to provide for renewal, refurbishment, or replacement of existing facilities. The second purpose is to provide for the development of new City facilities and related public services when deemed necessary. In view of current economic conditions, CIP funding requests were limited to the completion of existing projects, serious deferred maintenance needs and Council priority projects.

Significant Continuing Projects:

- Northside Branch Library
- Levi's Stadium
- Electric Substation Rebuilds
- Implementation of Advanced Metering Infrastructure
- Phase Shifting Transformer at NRS

2014-15 Additional Projects:

- Streets & Roads Preservation Project
- El Camino Real Street Lights
- Police Body Worn/Vehicle Cameras
- Playground Rehabilitation and Replacement
- Sanitary Sewer System and Capacity Improvements



Levi's Stadium in Santa Clara