City of Santa Clara
The Center of What's Possible

2016-17 through 2020-21 Five-Year Financial Plan

July 1, 2015

ABOUT THIS REPORT

The purpose of the Five-Year Financial Plan is to provide policy-makers and the public an updated assessment of the City's fiscal health that takes into account the latest economic developments. The report includes historical perspective on revenues and expenditures and a five-year financial outlook beyond the proposed budget year. The value of this type of analysis is to give the City Council, staff, and the public a tool to assist with strategic decision-making as they work to adopt the budget for the coming year.

The Five-Year Financial Plan is a collaborative effort between the City Manager's Office, Finance Department, and City departments. Individual projections of revenues and expenditures are incorporated into the City's Plan and refined on a moving forward basis as part of the City's commitment to fiscal responsibility.

EXECUTIVE SUMMARY

The combination of careful stewardship of limited resources, an improved economy, exciting development and redevelopment projects happening throughout the City, and monies beginning to flow to the City from NFL and non-NFL events at the recently opened Levi's Stadium have generated budget surpluses the last several years which have helped rebuild reserves and have allowed the City to begin to restore service levels which were necessarily reduced due to the lingering effects of the last recession. The Five-Year Financial Plan results show that, based on the best information available at this time, the City should be able to maintain these enhanced service levels throughout the five-year horizon, with some cushion remaining to be able to continue to build reserves and/or add additional staffing.

As with any multi-year forecast, the accuracy of the results are only as good as the assumptions upon which they are based. While this Plan has been based on the primary assumption that the economy will continue to grow at a moderate rate, an appropriate amount of conservatism has been built into the projections given the typical amount of economic volatility in the local and regional economies. For example, although there are several large development projects currently under review that are likely to begin construction in the next couple of years, the forecast does not include the likely positive impact that these projects will have on General Fund tax collections.

Despite the positive turnaround in the economy, there continues to be risks. Of primary concern is the possible negative impact on the economy from the eventual unwinding of the Federal Reserve's fiscal stimulus. Once the stimulus is removed and interest rates start to return to more normal levels, the housing market likely will experience a slowdown as fewer buyers will be able to qualify for loans and income that is currently available for consumption of goods and services will instead be spent on higher housing costs. Other concerns include significant regional infrastructure needs (e.g., bridges and roads) and Silicon Valley's reliance on the world economy.

ECONOMIC OUTLOOK

Most economists believe that the economic recovery that began in the second half of 2009 will continue for at least the next few years. Commerce Department records show that the nation's Gross Domestic Product (GDP), the broadest measure of economic activity, after declining in 2008 and 2009, has now risen for five straight years with stronger quarterly results in recent quarters indicating the economy is now growing at a faster pace than in the first few years of recovery. Consumers, who took a long time to feel optimistic about the outlook for the economy, have recently been more confident about spending. The Conference Board's Consumer Confidence Index stood at 95.2 as of April 2015. This is a significant improvement from the low reading of 25.0 during the last recession and well above the 81.7 reading just 12 months prior in April 2014.

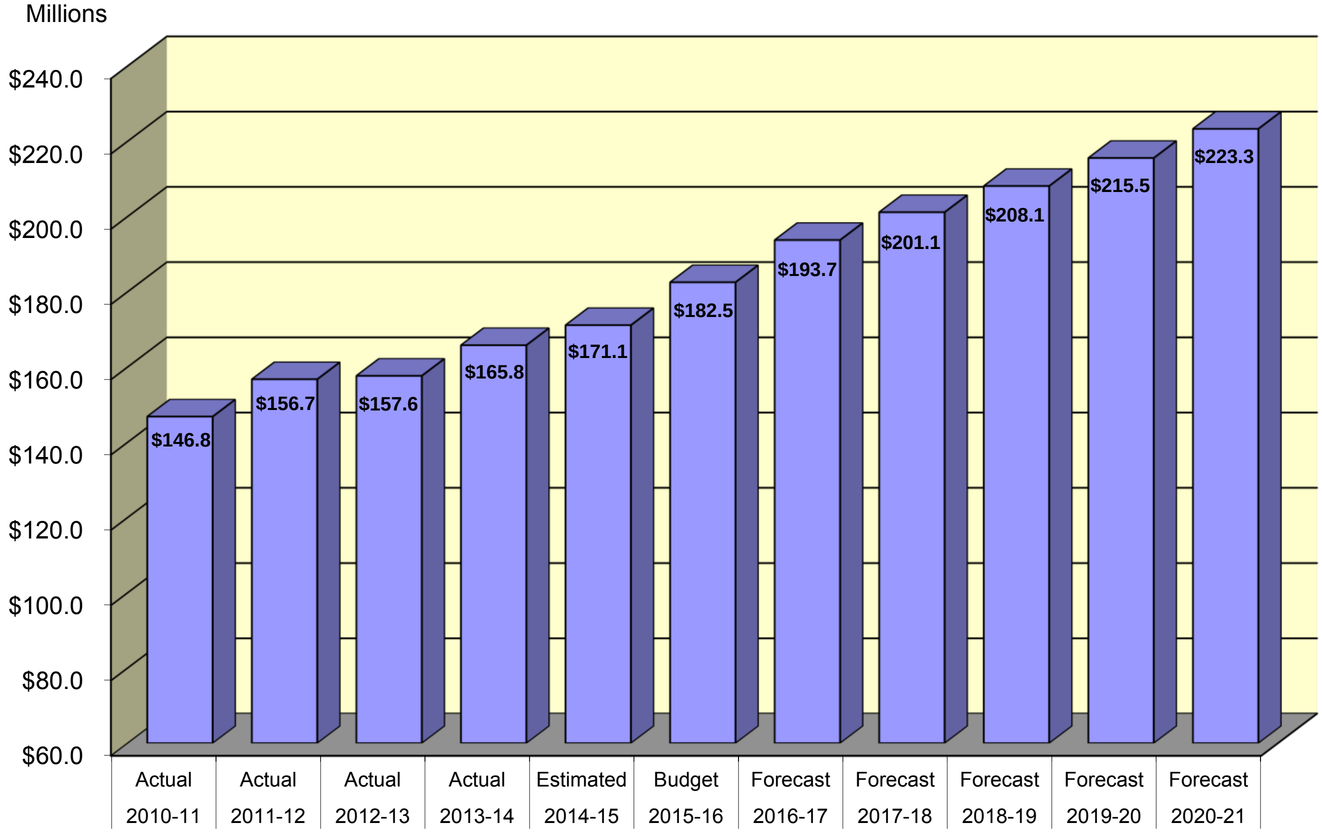
For several years after the recession ended, job growth was weak and the unemployment rate remained stubbornly high. Over the last two years, job growth has picked up significantly and unemployment rates have declined to more normal levels. According to data from the Bureau of Labor Statistics, the national unemployment rate peaked at 10.0% in October 2009, the first time the rate had been at 10% or above since 1983. Replacing this many jobs has taken longer than in a typical recovery. Over the last 12 months, the U.S. unemployment rate has declined from 6.2% in April 2014 to 5.4% in April 2015.

California was hit harder than most states by the recession, largely due to the collapse in home values. The Employment Development Department reported California's unemployment rate rose past the 10% level in February 2009, reached a peak of 12.4% in early 2010, and began declining in late 2010. In the last year, the California unemployment rate declined from 7.8% in April 2014 to 6.3% in April 2015. Santa Clara County's and the City of Santa Clara's experience over the last year has been similar with unemployment rates declining to 3.8% and 3.4% respectively.

SANTA CLARA'S FINANCES

Total General Fund resources are estimated at $182.5 million in 2015-16, representing an increase of 6.7% when compared to estimated 2014-15 year-end actuals. As shown in Chart 1, General Fund resources, which began to recover in 2010-11, are expected to grow at an average annual rate of 3.6% in the out years as moderate economic growth continues, reaching an estimated $223.3 million by the end of the forecast period (i.e., 2020-21).

Chart 1
General Fund Resources

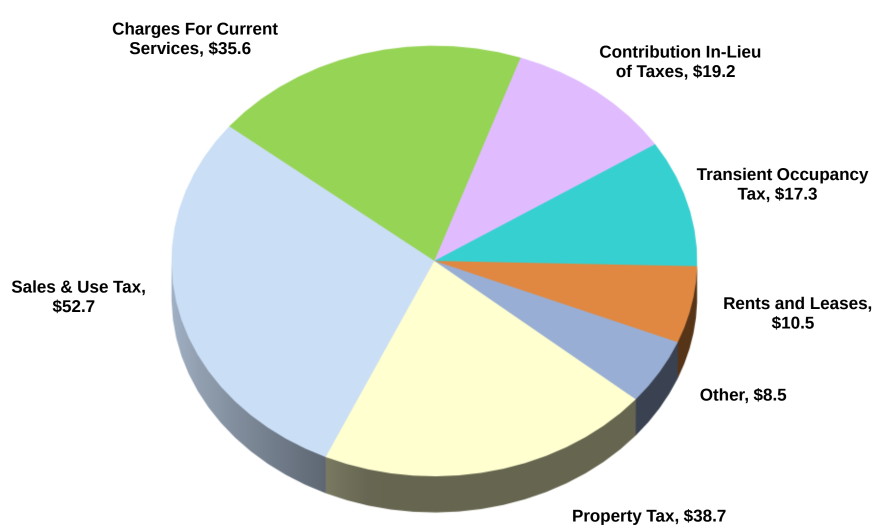


Sources of General Fund Revenues

Major sources of revenue for the General Fund are shown in Chart 2. Sales tax and property tax comprise the largest sources of General Fund revenues, representing a combined $91.4 million or 50.1% of the total. These and other major sources of revenue are described on the following pages.

Chart 2
2015-16 General Fund Resources

Total General Fund Resources = $182.5 Million

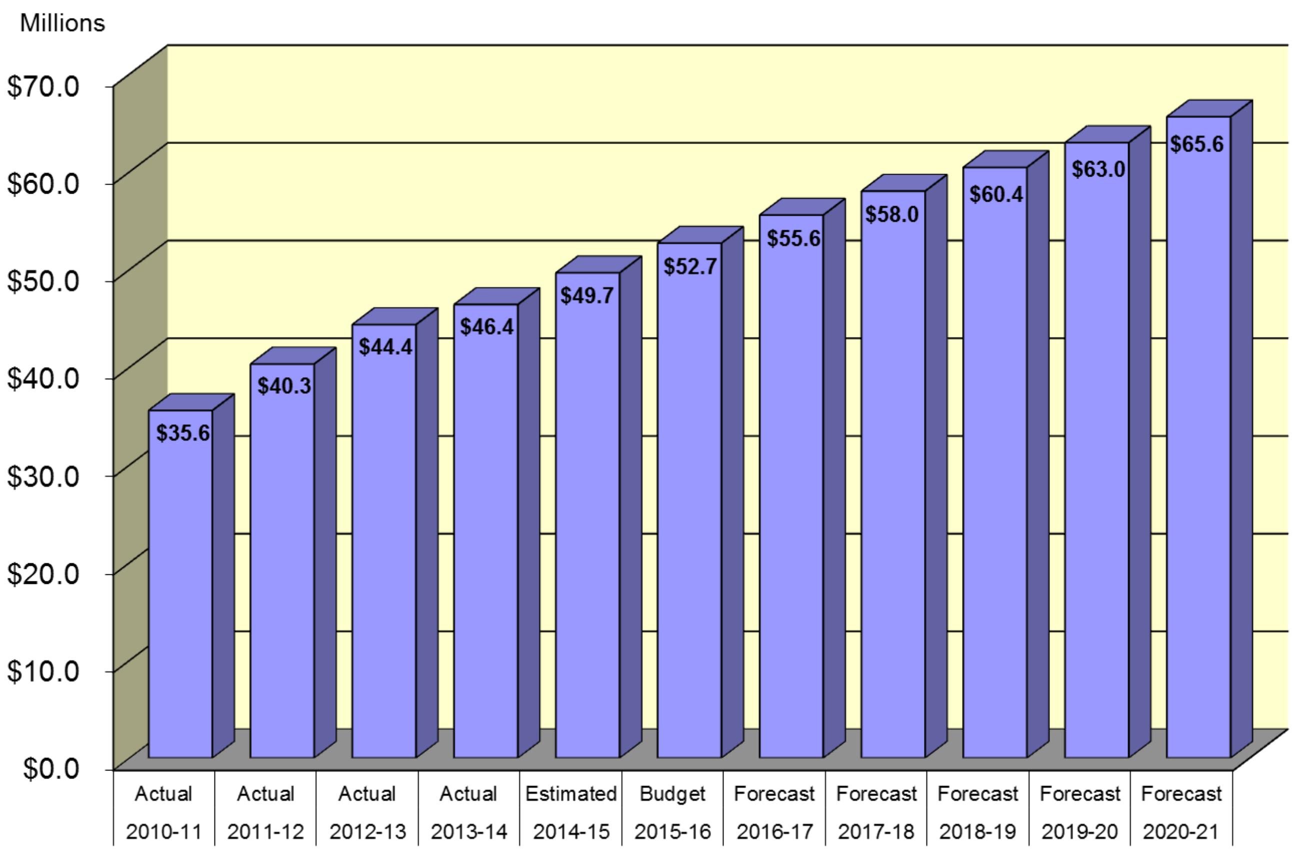


Sales Tax

Santa Clara's sales tax collections are directly influenced by local, regional, national, and international economic and business cycles. This key revenue source remains the largest, and one of the most volatile General Fund revenue sources. As the City's largest revenue source, sales tax collections reached a dot-com high of $51.1 million in 2000-01. After falling almost $17 million by 2002-03, collections rebounded to $43.2 million by 2006-07 as rising home values and stock prices fueled consumer spending. Over the next three years, sales tax revenues fell $13.1 million or 30% due to the impact of the Great Recession. Sales tax revenues began to grow again in 2010-11, and the strong growth in collections the last four fiscal years is expected to continue in 2015-16. The year-end estimate of $49.7 million for 2014-15 is 7.0% over actual 2013-14 collections (see Chart 3).

Based on projections from our sales tax consultant, MuniServices, we expect $52.7 million of sales tax collections in 2015-16 and collections to grow at an average annual rate of 5.2% through the forecast period. Based on these projections, annual collections would surpass the previous all-time high of $51.1 million in 2015-16 (15 years later).

Chart 3
General Fund Sales Tax Revenue

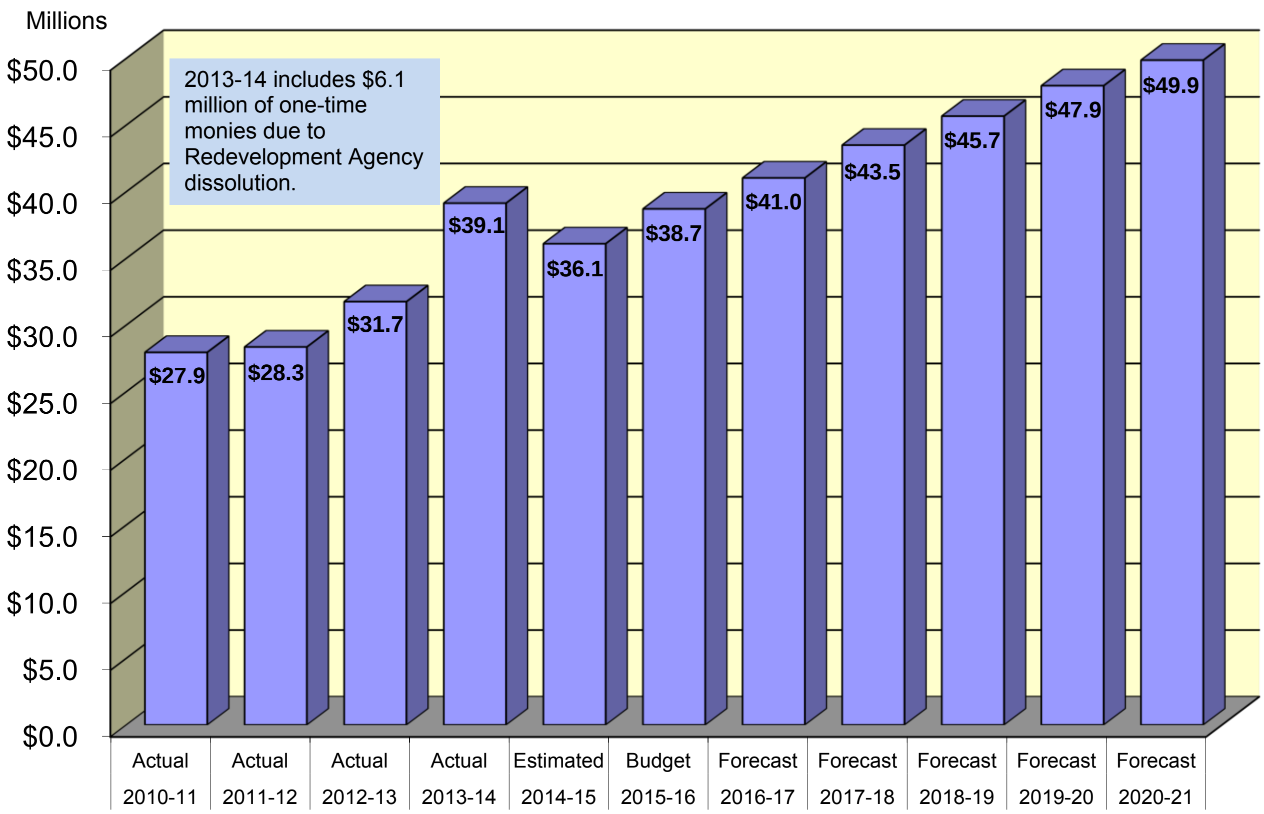


Property Tax

Property tax has traditionally been one of the City's most stable sources of revenue. After strong growth for much of the last decade, property tax revenues reached a peak of $29.9 million in 2008-09. Property valuations, the basis for the 1% Proposition 13 property tax of which the City receives about 10%, tend to lag the economy by one to two years. Due to the recession-related decline in both home and commercial values in the late-2000s, property owners were able to request Proposition 8 temporary valuation adjustments based on comparable sales data. Additionally, the County Assessor's Office was proactive in implementing adjustments based on their own analysis of property values. These reductions in valuation resulted in actual property tax collection declines of $0.5 million in 2009-10 and $1.5 million in 2010-11.

This trend reversed in 2011-12 when collections rose $0.4 million to $28.3 million. Growth continued in 2012-13 with actual collections of $31.7 million, passing the 2008-09 pre-recession high of $29.9 million (four years later). Note that 2012-13 actual collections included $1.1 million of one-time revenues for prior year overpayment of property tax administration fees. In 2013-14, collections continued to rise as the Proposition 8 temporary valuation adjustments began rolling off and $6.1 million of one-time monies were received as a result of the dissolution of the Redevelopment Agency. 2014-15 year-end collections are currently projected at $36.1 million, growing to $38.7 million in 2015-16. Property tax collections are then projected to rise at a rate of 6% per year from 2016-17 through 2017-18 as new construction assessed valuation is added to the property tax rolls, 5% per year from 2018-19 through 2019-20, and 4% in 2010-21 (see Chart 4).

Chart 4
General Fund Property Tax Revenue

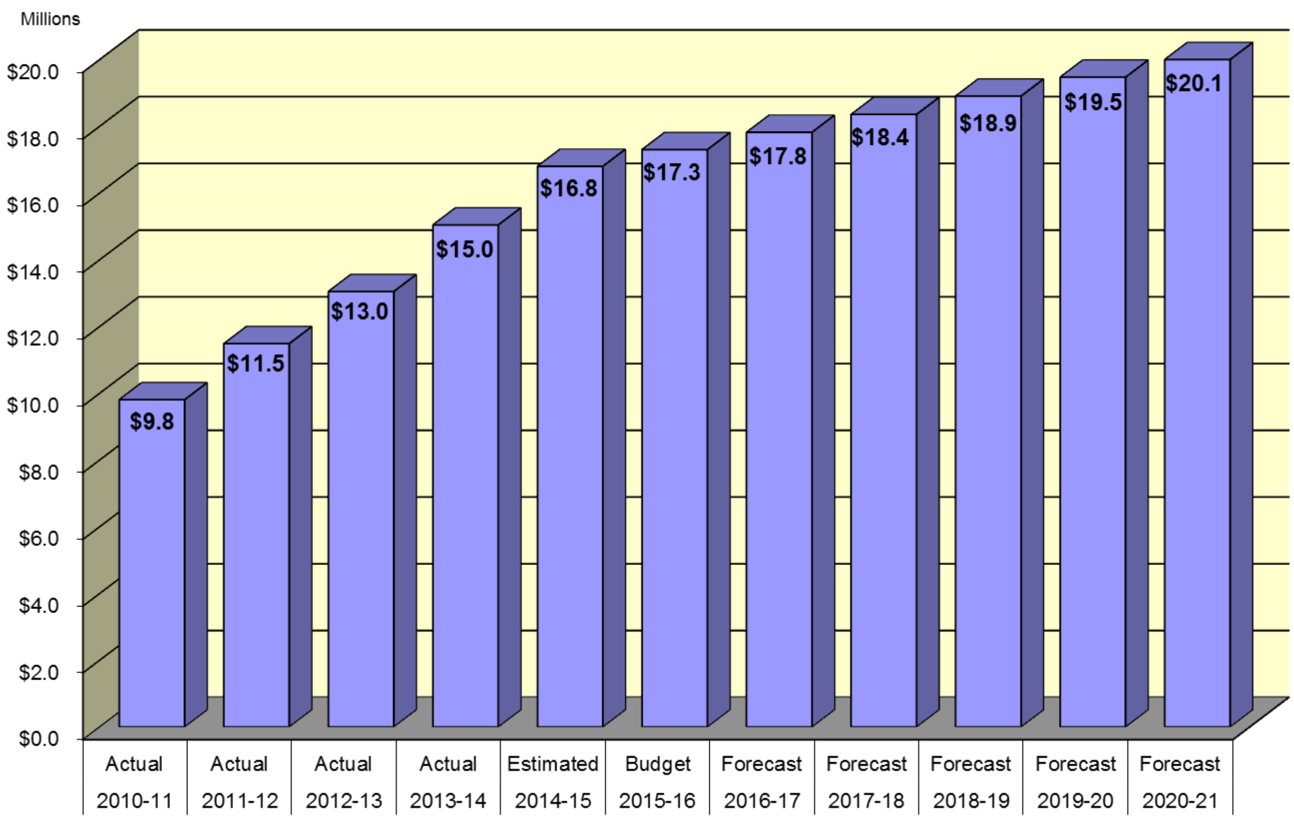


Transient Occupancy Tax

Transient occupancy tax (TOT), also known as hotel/motel tax, is another key revenue source for the General Fund. Like the sales tax, TOT is sensitive to business cycles and therefore prone to volatility. After reaching a pre-recession peak of $11.3 million in 2007-08, these revenues fell sharply to $8.1 million in 2009-10. Collections turned around in 2010-11 due to the combination of higher occupancy levels and increases in the average daily rate (ADR) and strong growth has continued through 2014-15 with year-end collections expected to reach $16.8 million.

The 2015-16 TOT budget projection is for collections to rise to $17.3 million based on a projected 3% base growth assumption (see Chart 5). The forecast projects that growth will continue at a rate of 3% per year as ADR continues to rise. Although several new hotels have been proposed in the Stadium area, they will not be included in the forecast until they start construction.

Chart 5
General Fund Transient Occupancy Tax Revenue



Charges for Current Services

Charges for current services are estimated at $35.6 million in 2015-16, up 14.4% over the 2014-15 year-end estimate. The primary reason for the increase in this category in 2014-15 and 2015-16 is events at Levi's Stadium. The 2015-16 proposed budget includes $9.5 million of costs and service charges. This amount includes one-time revenues to reimburse the City for a projected $2.7 million in Super Bowl 50 costs (the cost of the services is included in the expenditure projections).

Major sources of revenue within this category include charges for services provided to other funds ($25.2 million), recreation charges ($2.1 million), fire prevention and HazMat charges ($2.6 million), planning and engineering fees ($4.0 million), and various other customer service fees. As a result of comprehensive fee studies in 2008-09 and 2012-13, many fees have been increased to reflect gradual attainment of cost recovery for fees over a several year period. The amount charged to outside entities and other funds includes $9.5 million to reimburse the General Fund for stadium-related services provided to the San Francisco 49ers and the Santa Clara Stadium Authority.

Contribution In-Lieu of Taxes

In accordance with the City's charter, Silicon Valley Power pays 5% of gross revenues as contribution-in-lieu of taxes (CLT). For 2015-16, CLT is projected to total $19.2 million. The forecast is that CLT will increase to $21.3 million by the end of the forecast period. The forecast is primarily driven by market projections for electric consumption and any rate increases assumed in the Electric Five-Year Financial Plan.

Rents and Leases

In 2015-16, revenue recorded as rents and leases is estimated to total $10.5 million. It is important to note that this projection does not include any leases affected by the Redevelopment Agency dissolution process and that the General Fund budget has been balanced without reliance on those monies.

The amount projected for 2015-16 includes lease payments from the Irvine Company's Santa Clara Gateway project ($3.3 million), the ground lease of the Levi's Stadium site ($2.6 million), $3.3 million in right-of-way rental fees charged to the water and sewer utilities, and other smaller leases totaling about $1.3 million. Growth projections for the Five-Year Financial Plan are based on individual lease agreements.

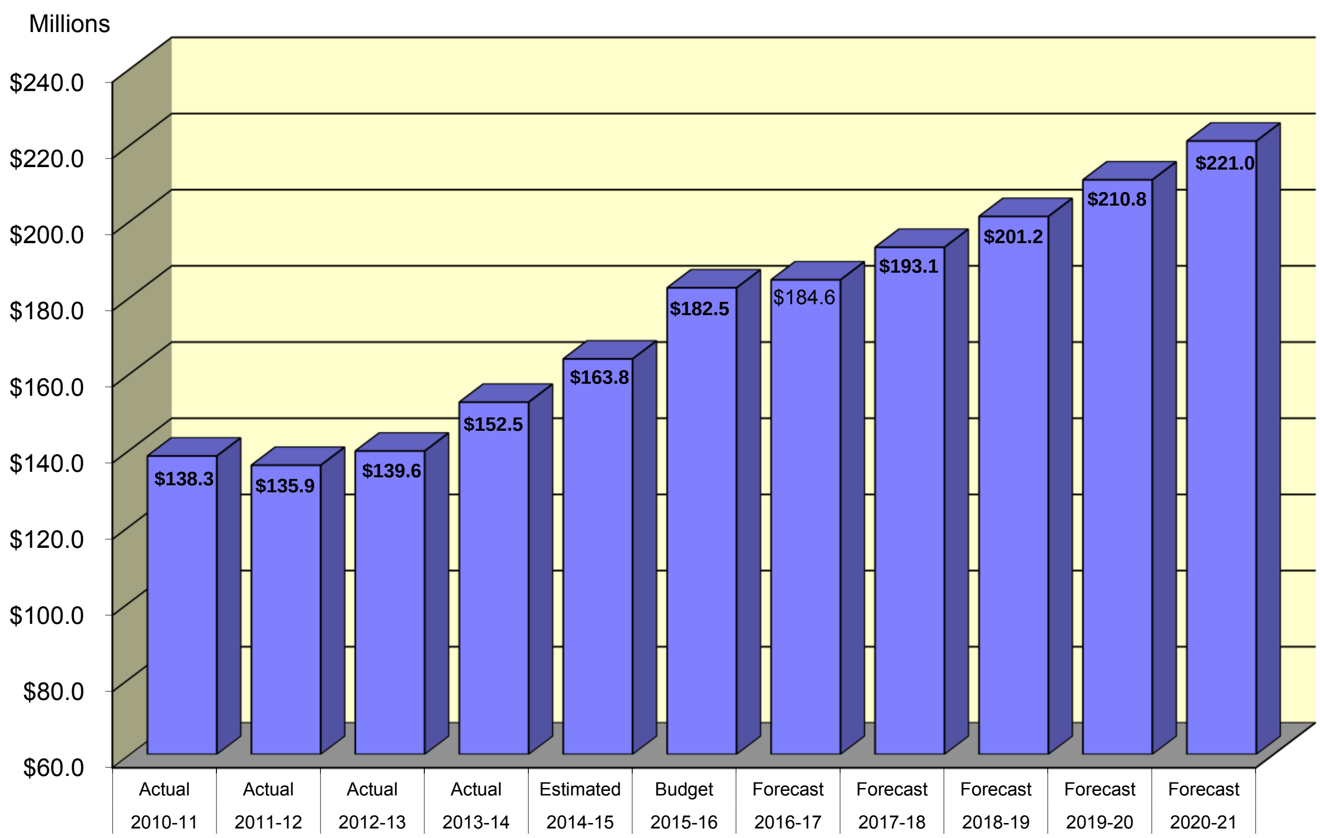
Interest Income

The City invests all funds not needed for current cash requirements in accordance with the City Council approved Investment Policy. These funds are invested in securities having a maximum maturity of five years. The factors that directly influence General Fund interest income include prevailing interest rates, the size of the portfolio, and the relative percentage of the portfolio allocated to the General Fund. Over the last several fiscal years, the return on the City's portfolio has declined from 4.92% in 2005-06 to 0.76% in June 2015. These declines are primarily due to the extraordinary actions by the Federal Reserve to hold interest rates low. Based on the expectation that the Federal Reserve will gradually begin to increase interest rates later in 2015, the General Fund is expected to receive $0.95 million in interest in 2015-16 and earnings are projected to grow slowly through the remaining years of the forecast period.

Expenditures

Chart 6 provides historic information on General Fund expenditures. To help balance a structural budget deficit, General Fund expenditure growth was constrained in 2009-10 as a managed hiring freeze was put in place and positions were left unfilled. Actual expenditures declined in 2010-11 and 2011-12 due to an expanded hiring freeze, the elimination of positions, and the implementation of unpaid furloughs for most bargaining groups. In total, more than 100 positions were either eliminated, frozen, or held vacant, generating significant savings. In 2012-13, expenditures began to increase once again as unpaid furloughs rolled off and pension costs climbed. In 2013-14, the frozen and held vacant positions were carefully managed to cover additional revenue losses associated with the dissolution of the Redevelopment Agency. In 2014-15, some positions were added, unfrozen, or restored resulting in a year-end estimate of $163.8 million. This amount is expected to grow to $182.5 million in 2015-16 and to $221.0 million by the end of the forecast period.

Chart 6
General Fund Expenditures



Despite actions to reduce expenditure growth, the primary growth driver continues to be increases in benefit costs. Consistent with calendar year Memorandums of Understanding (MOUs), 2015-16 includes one-time stipends for those bargaining groups that have them and general salary adjustments and other benefit enhancements for other bargaining groups that recently completed negotiations. Beyond the term of any existing MOU, a Consumer Price Index (CPI) based general salary adjustment is assumed for the each successive forecast year. Projections call for CPI to gradually increase from 2.3% in 2016-17 to 3.2% in 2020-21.

As shown in Charts 7 and 8, salary and benefits costs represent the majority ($144.8 million) of budgeted 2015-16 operating expenditures. Salary and benefits costs as a percentage of total operating expenditures grew from 75.6% in 2001-02 to 79.3% in 2015-16 (see Chart 9). Significant factors driving this growth include negotiated labor agreements and rising pension costs. During this same time period, other operating expenses, consisting mainly of materials, services, and supplies, fell from 24.4% to 20.7% of total operating expenditures.

Chart 7
General Fund Salary & Benefit Expenditures

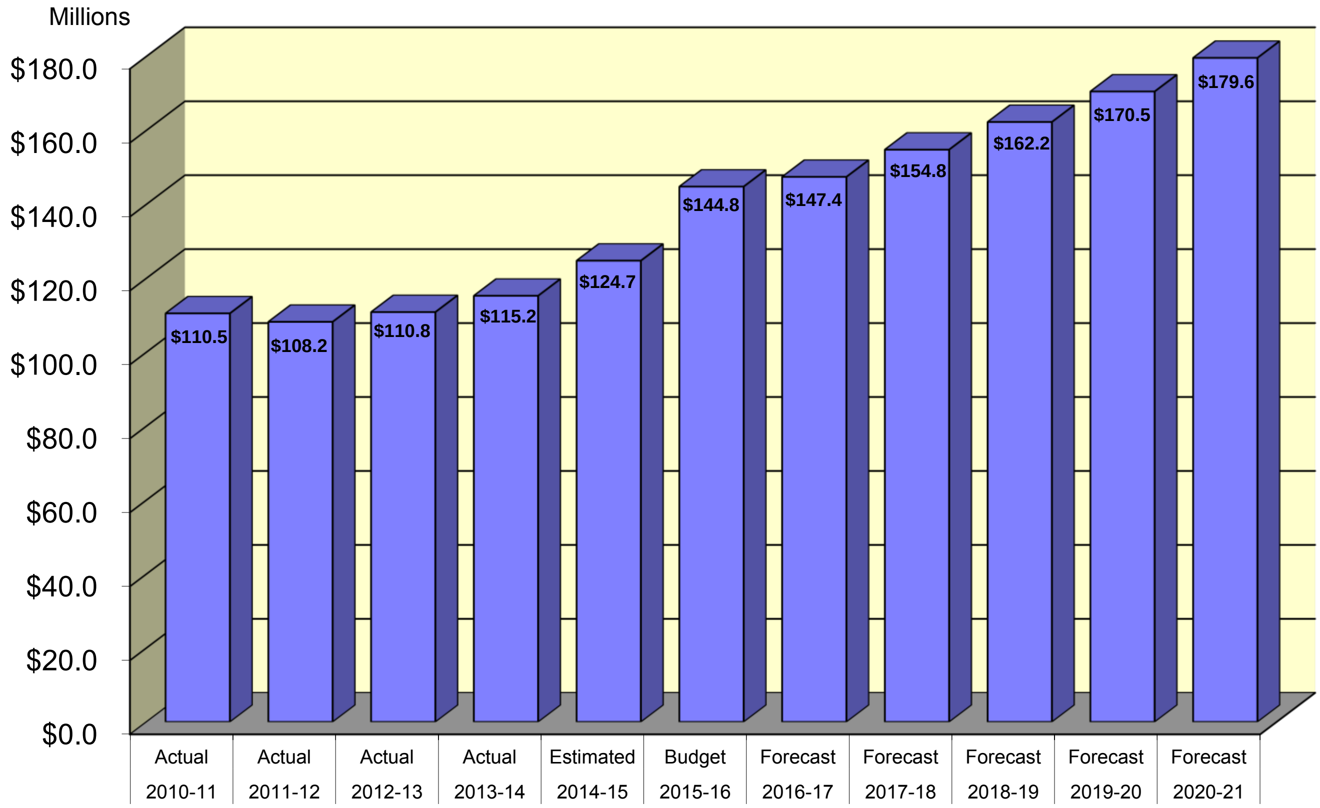


Chart 8
2015-16 General Fund Expenditure Components

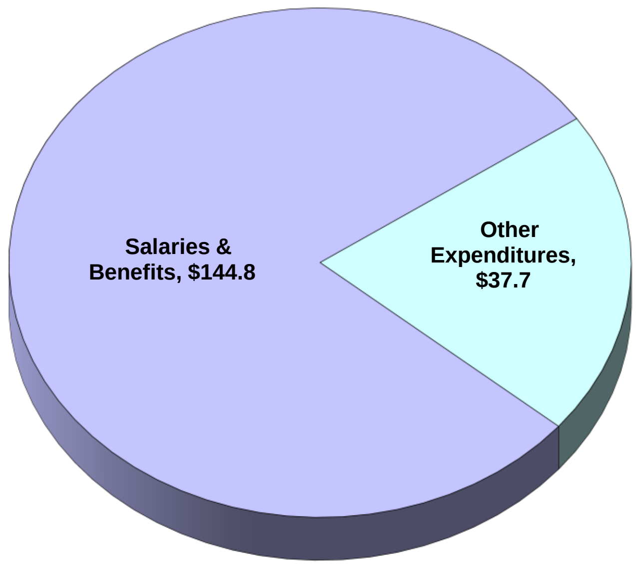
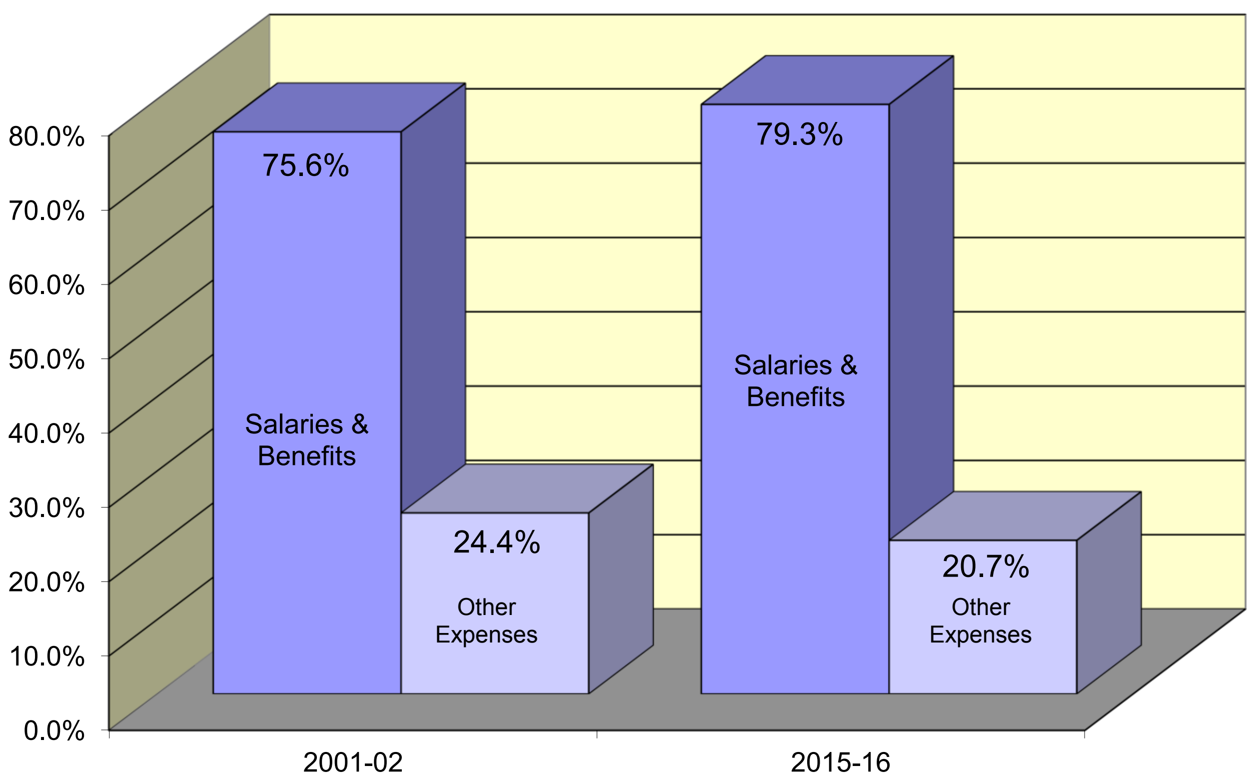


Chart 9
Time Comparison of Major Expenditure Categories



Retirement Costs

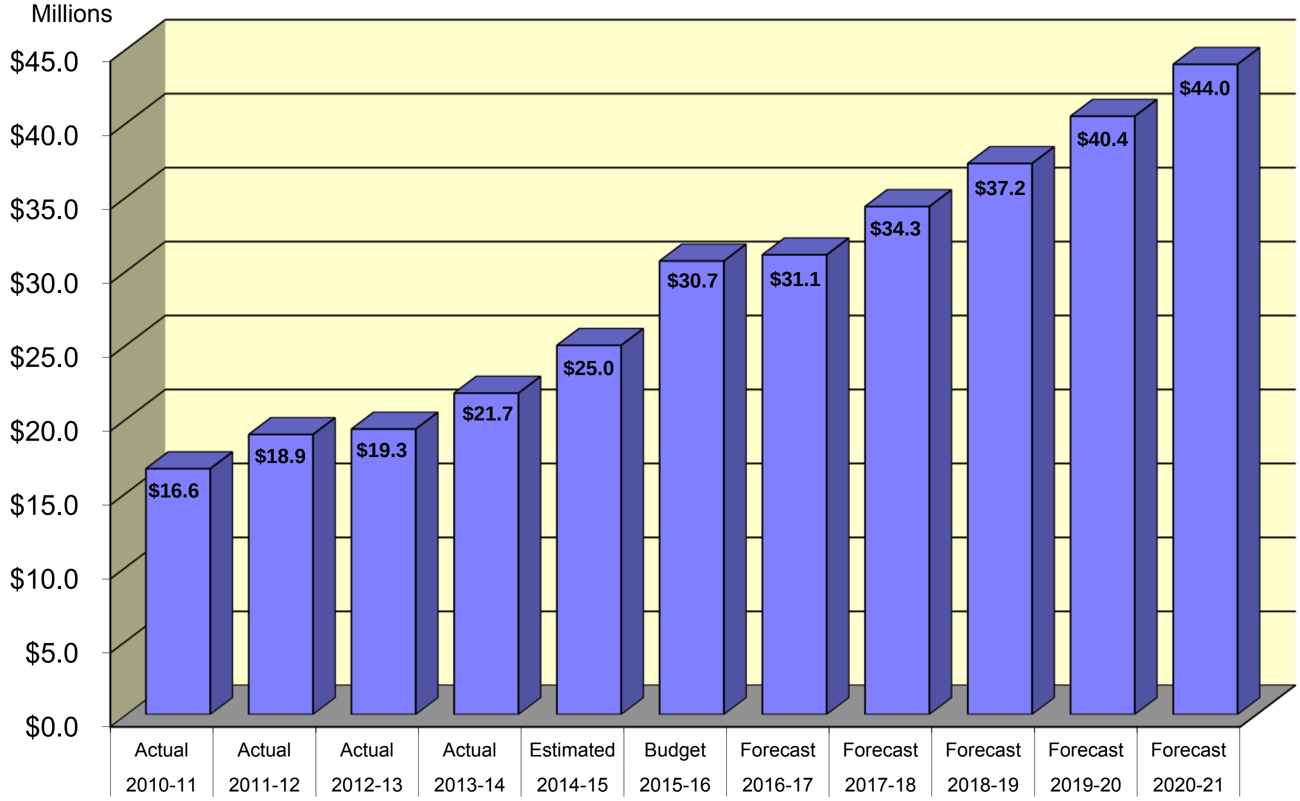
The City contributes to the California Public Employees Retirement System (CalPERS), which provides a defined benefit plan for participating public entities within the State of California. CalPERS offers a menu of benefit provisions that are established by State statutes within the Public Employee Retirement Law. The City selected its benefit provisions from the benefit menu by contract with CalPERS and adopted those benefits through local ordinance, following negotiations with employee bargaining groups.

The City's two defined benefit pension plans (Miscellaneous Plan and Safety Plan) with CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits for employees in the Miscellaneous Plan and Safety Plan vest after five years of CalPERS credited service. The retirement benefits under both plans are based on the retiree's age, years of CalPERS credited service, and a benefit factor of 2.7% at age 55 for Miscellaneous Plan members and 3% at age 50 for Safety Plan members.

In September 2012, the Governor signed AB 340, the Public Employees' Pension Reform Act of 2013. This Act replaced existing pension benefit formulas for new hires with new lower benefit formulas for those new members who begin service January 1, 2013 or after. The City's new Miscellaneous Plan benefit formula is 2.0% at age 62 and the new Safety Plan benefit formula is 2.7% at age 57. Additionally, the salary basis for the retirement benefit is changed for all new hires from single highest year to highest average annual compensation over a three-year period. These changes are expected to slowly reduce rates over the next generation of employees.

CalPERS retirement costs rose sharply over the past decade as a result of the market losses in the early 2000s followed by benefit enhancements in the mid-2000s. In 2005-06, General Fund pension costs were $12.8 million. Ten years later, 2015-16 pension costs are projected to be $30.7 million. As shown in Chart 10, retirement payments on behalf of employees are expected to rise dramatically as required employer rate increases are rolled in to make up for investment losses in fiscal years 2007-08 and 2008-09, a lower investment return assumption, shorter smoothing and amortization periods, and other demographic assumption changes including longer lifespans for retirees. These increases accelerated beginning in 2011-12, and continue to ramp up as CalPERS phases each of them in. By the end of the Five-Year Financial Plan period, PERS expenditures are projected to reach an estimated $44.0 million, more than two and a half times the cost from ten years earlier, and consume an estimated 19.7% of General Fund revenues.

Chart 10
General Fund PERS Expenditures



The first major driver behind current and future rising retirement costs is the steep market losses experienced during the Great Recession. The CalPERS investment portfolio lost 4.9% in 2007-08 and 24.0% in 2008-09. CalPERS' actuarial assumption at that time was that it would earn a 7.75% annual investment return; this is the rate of growth needed to keep employer rates stable, all other things being equal. Given this assumption, CalPERS fell short of its actuarial estimate by 44.4% over this two year period, placing significant upward pressure on future rates. Rate increases to make up for these losses were phased in over three years beginning in 2011-12.

The second major driver behind pension rate increases are decisions made by the CalPERS Board. In 2012, the CalPERS Board revised their investment earnings assumption downward from 7.75% to 7.5% and in 2013 the Board modified smoothing policies from 15-year rolling average to five-year direct smoothing and changed the amortization period for investment gains and losses from a rolling to a fixed 30-year period. These changes were designed to help agencies move toward 100% funding faster than under the prior policies. The lower investment earnings assumption was incorporated into the calculation of rates beginning in 2014-15. The smoothing and amortization policy changes are being implemented beginning in 2016-17. In 2014, the CalPERS Board approved new actuarial assumptions including mortality assumptions which show that retirees and their beneficiaries are expected to live longer than previously assumed, necessitating higher rates to fund higher lifetime pension payouts. These changes will be implemented over the five year period beginning in 2017-18.

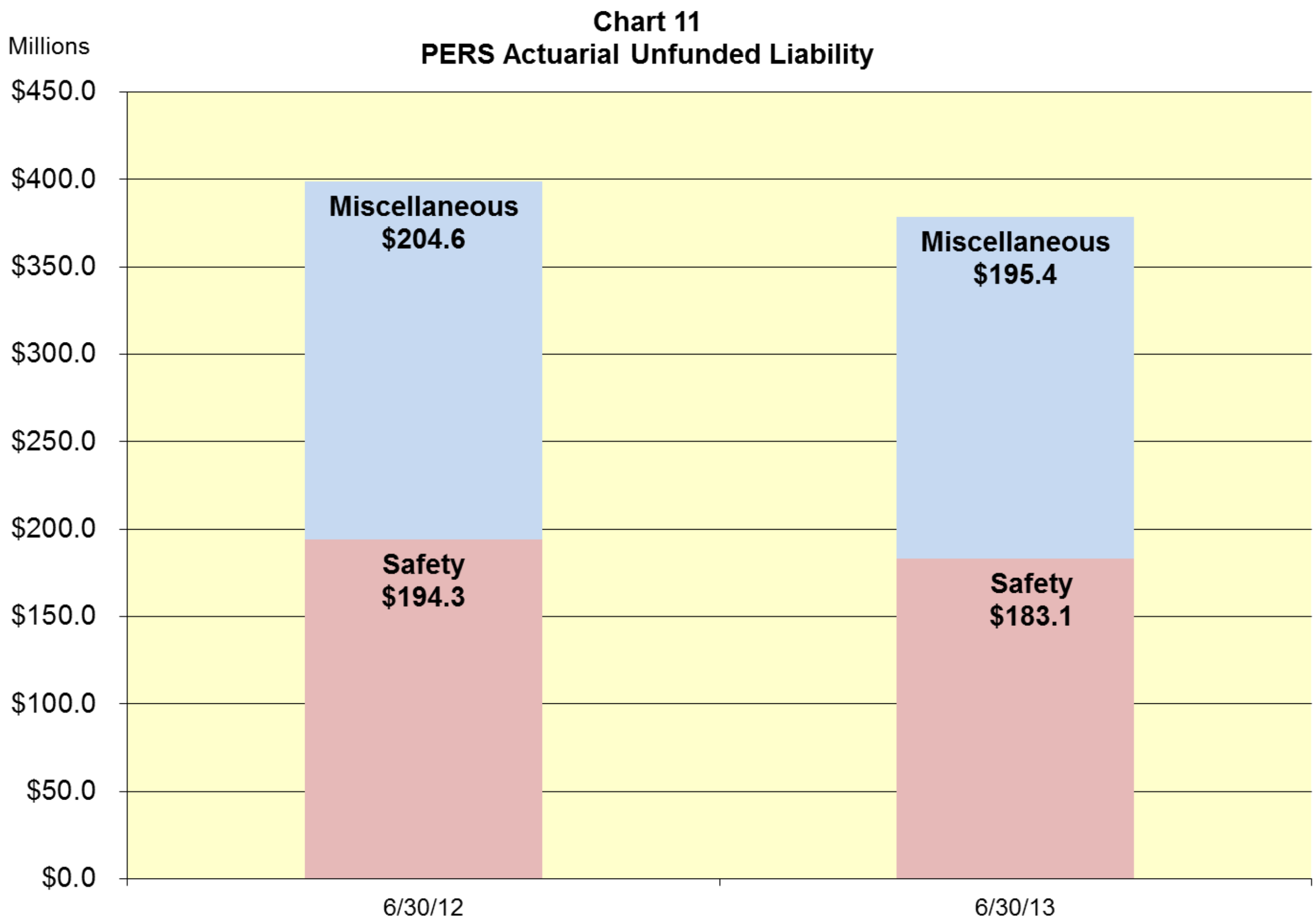
Year-by-year pension rate projections are shown in Table 1.

Table 1
Projected CalPERS Employer Rates

	Percent of Salary:	
Fiscal Year	**Miscellaneous Plan**	**Safety Plan**
2013-14	25.216%	35.340%
2014-15	26.989%	38.977%
2015-16	29.562%	41.948%
2016-17	31.693%	44.810%
2017-18	33.187%	46.920%
2018-19	34.680%	49.030%
2019-20	36.173%	51.140%
2020-21	36.267%	50.750%

Chart 11 examines the City's unfunded PERS liability. In 2000-01, after years of double-digit returns on PERS investments, the value of the City's assets held by CalPERS actually exceeded projected liabilities, resulting in a super-funded scenario that allowed rates for the Miscellaneous Plan to drop to zero. However, due to investment losses, changes in actuarial assumptions, and benefit enhancements, by June 30, 2012, the actuarial unfunded liability had grown to $398.9 million ($204.6 million for the Miscellaneous Plan and $194.3 million for the Safety Plan) and the funded status had declined to 61.4% of liabilities for the Miscellaneous Plan and 65.9% for the Safety Plan.

Based on higher employer contributions and positive investment returns for the year ending June 30, 2013 (the most recent actuarial valuation date), the unfunded liability declined to $378.5 million with the funded status increasing to 64.6% for the Miscellaneous Plan and 69.1% for the Safety Plan.



Budgets are Balanced Moving Forward

General Fund revenues fell sharply while expenditures continued to rise as a result of the last recession, causing a structural budget deficit. However, as shown in Charts 12 and 13, beginning in 2010-11, revenues rebounded as the regional and local economies experienced an economic recovery that, thus far, has outpaced that of the State of California and the United States.

For the first time in three years, the General Fund ended 2010-11 with a surplus of $8.5 million, allowing for much needed contributions to reserves which had fallen to dangerously low levels. For 2011-12, a surplus of $20.8 million was primarily the result of growth in economically sensitive revenues and $6.1 million of restricted one-time revenues for the Levi's Stadium project (unspent monies from these restricted revenues were transferred at year-end to the Building Inspection Reserve in accordance with applicable laws and adopted Council policy). In 2012-13, a surplus of $18.0 million was the result of continuing revenue growth coupled with careful management of staffing costs. It is important to note that, through 2012-13, about $13 million per year of lease revenues from former Redevelopment Agency (RDA) properties flowed to the General Fund in accordance with cooperation agreements that have since been invalidated by the RDA Dissolution Act. These lease revenues were part of these surplus amounts. A fourth straight year of revenue growth and a managed hiring freeze led to a 2013-14 surplus of $13.3 million, with the loss of lease revenues from the properties tied to the former Redevelopment Agency being partly made up with a one-time $6.1 million residual property tax distribution representing the City's share of monies that were distributed to taxing entities from the dissolution process. A fifth straight year of revenue growth and additional savings from the managed hiring freeze are projected to result in a 2014-15 surplus of about $7.3 million. This amount is on top of the $3.0 million transfer to the Working Capital Reserve that was budgeted for this year.

Although the 2015-16 Budget is balanced, it includes a $7.0 million budgeted transfer to the Working Capital Reserve (this amount is noted at the bottom of the second page of Schedule A). In Chart 13, this amount is shown as a surplus to highlight this transfer to the reserve.

Beyond another projected surplus in 2016-17, the individual revenue and expenditure projections described previously result in declining surpluses from 2017-18 through 2020-21 due to a higher projected growth rate in expenditures than revenues (i.e., an average annual growth rate over these four years of 3.6% for total resources vs. 4.6% for expenditures). The primary drivers behind the higher growth rate for expenditures continue to be rising pension rates and expected increases in other benefit costs which are projected to grow by 5% per year primarily due to health care cost projections.

It is important to note that revenue projections assume a moderately growing economy throughout the forecast period but do not include project specific revenues that may result from several large commercial and residential development projects currently under review or entitled but not yet under construction. If any of the development projects are completed and yield positive economic benefit, the outlook would improve.

Chart 12
General Fund Resources and Expenditures

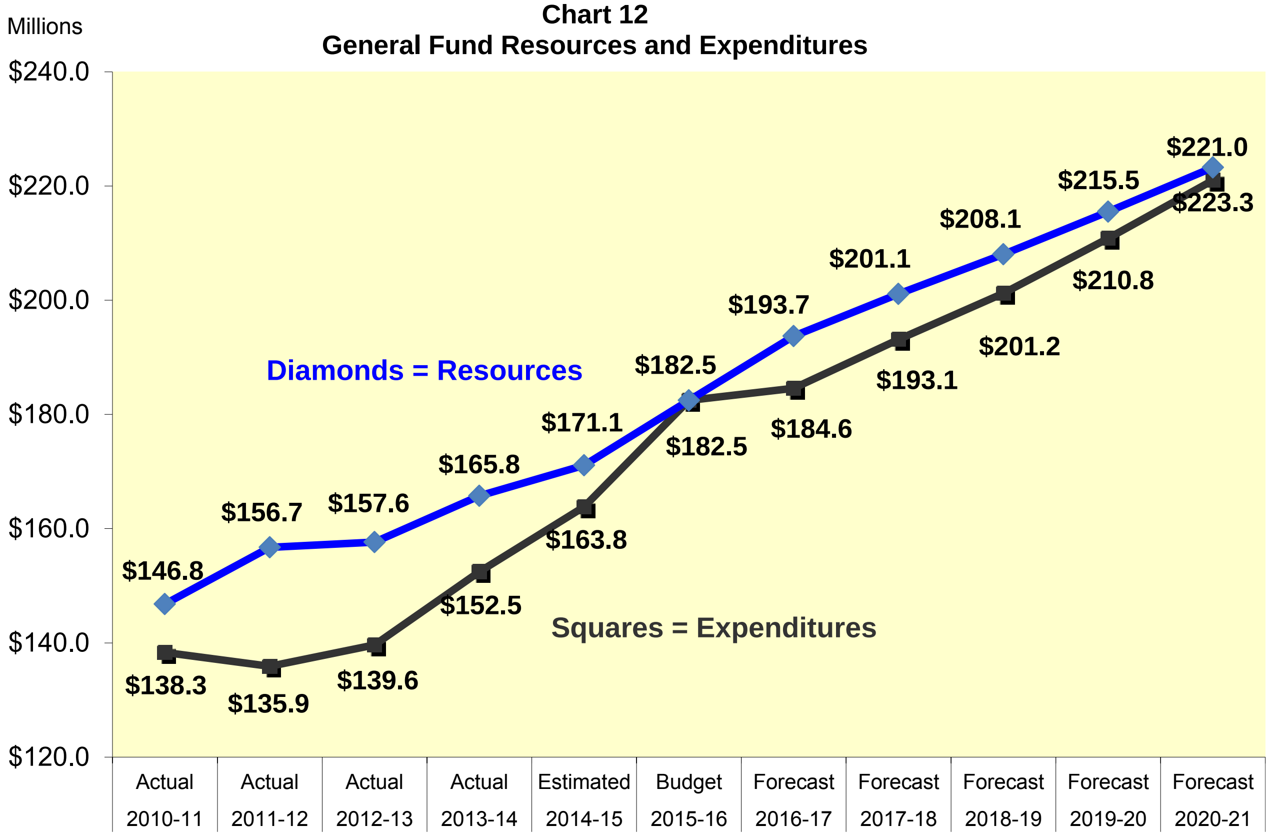
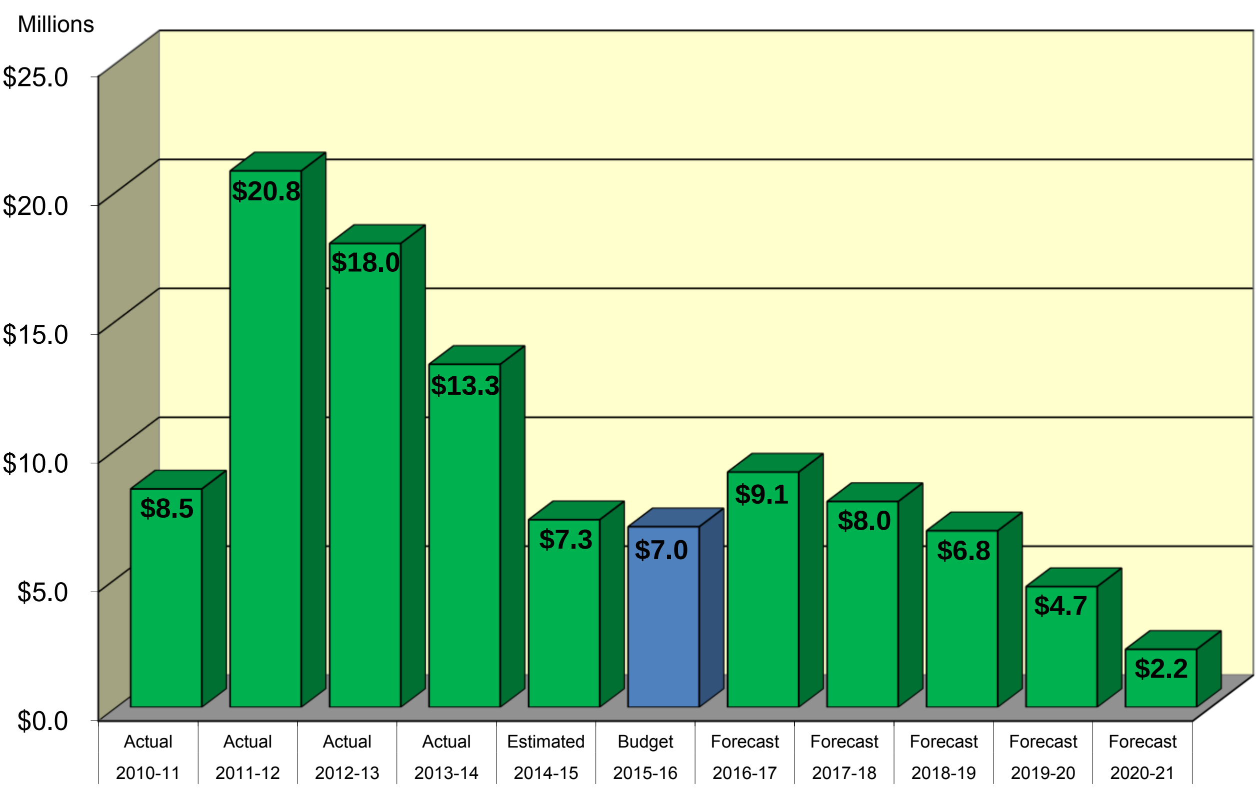


Chart 13
General Fund Operating Surplus/(Deficits)



Reserves

During 1985-86, the City Council established a policy regarding use of the City's General Contingency Reserve funds. Under that policy, two separate reserves were established: a *Working Capital Reserve* and a *Capital Projects Reserve*. The Working Capital Reserve is set aside to protect vital General Fund services during economic downturns or to handle financial crisis or disaster situations. The target size for the Working Capital Reserve is 25% of General Fund expenditures or enough to provide funding for 90 days of operations. For 2014-15, the target was $41.2 million compared to an available balance of $27.9 million as of June 30, 2014.

During fiscal years 2002-03, 2003-04 and 2004-05, the City drew down its Working Capital Reserve to meet its financial needs. By 2004-05, the reserve ended with a balance of $13.8 million (see Chart 14). The City rebuilt the reserve to $21.1 million by 2007-08, thanks to strong economic growth and three consecutive years of operating surpluses. But as revenues began to fall in 2008-09, the City again had to turn to its reserves in an effort to protect vital services for its residents and other stakeholders, leaving a balance of only $2.5 million at June 30, 2010. Using the reserve helped sustain service levels but depleted an important source of funding that provides flexibility to respond to unanticipated operating events.

Economic recovery began to take hold in 2010-11 and as a result of four consecutive years of surpluses, the reserve level rose to $27.9 million as of June 30, 2014. Additional contributions during 2014-15, on top of a budgeted $3.0 million contribution, have brought the reserve balance up to $32.9 million. Based on year-end revenue and expenditure estimates completed in spring 2015, an additional contribution to the reserves of about $7.3 million is expected to be available. Assuming that $4.0 million of that went to the Working Capital Reserve, the balance would increase to $36.9 million. The 25% target for 2015-16 is $45.6 million. An additional contribution to the reserve of $7.0 million has been budgeted for 2015-16 which would bring the balance to $43.5 million (after funding loans to the Cemetery enterprise fund each year).

Chart 14
Working Capital Reserve Ending Balances

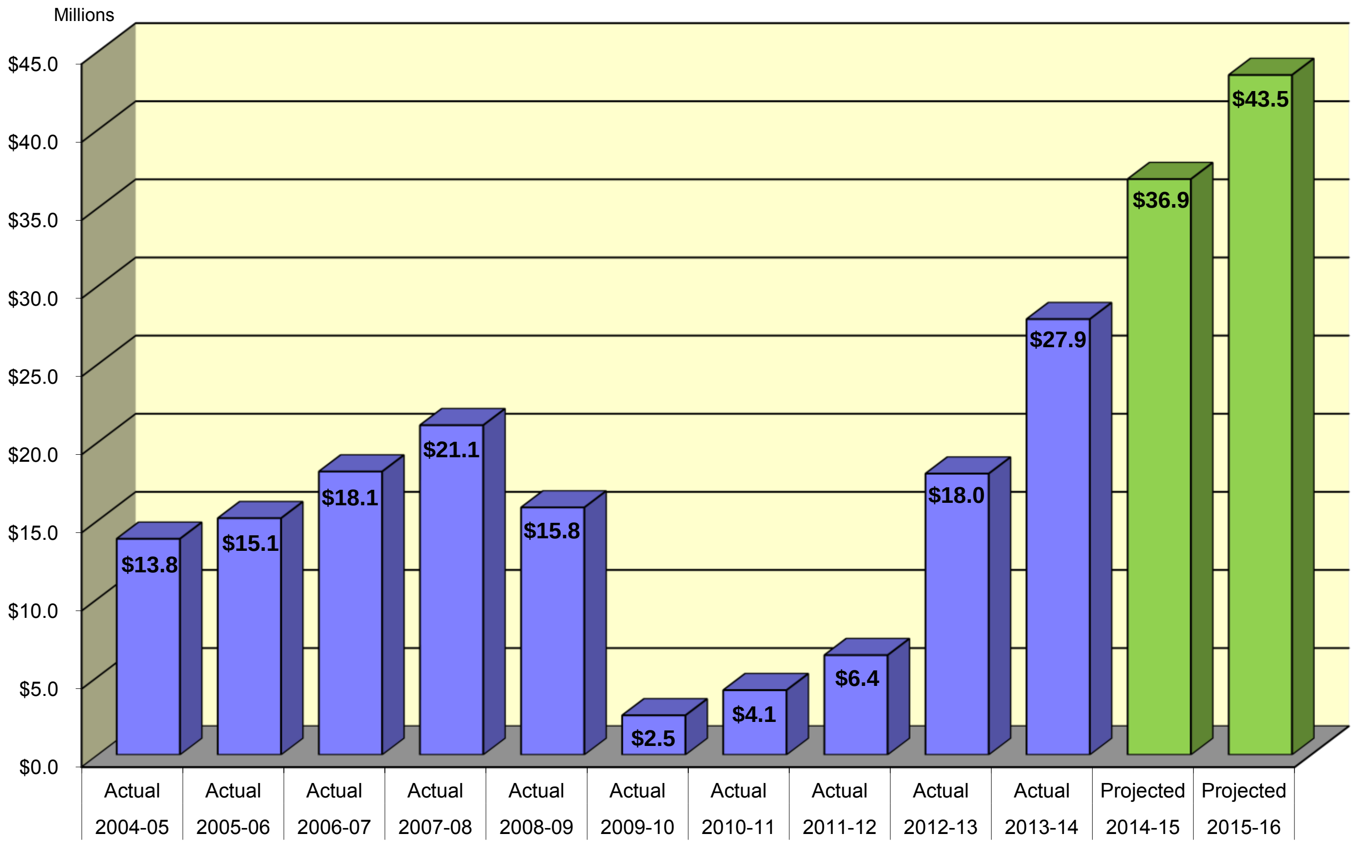
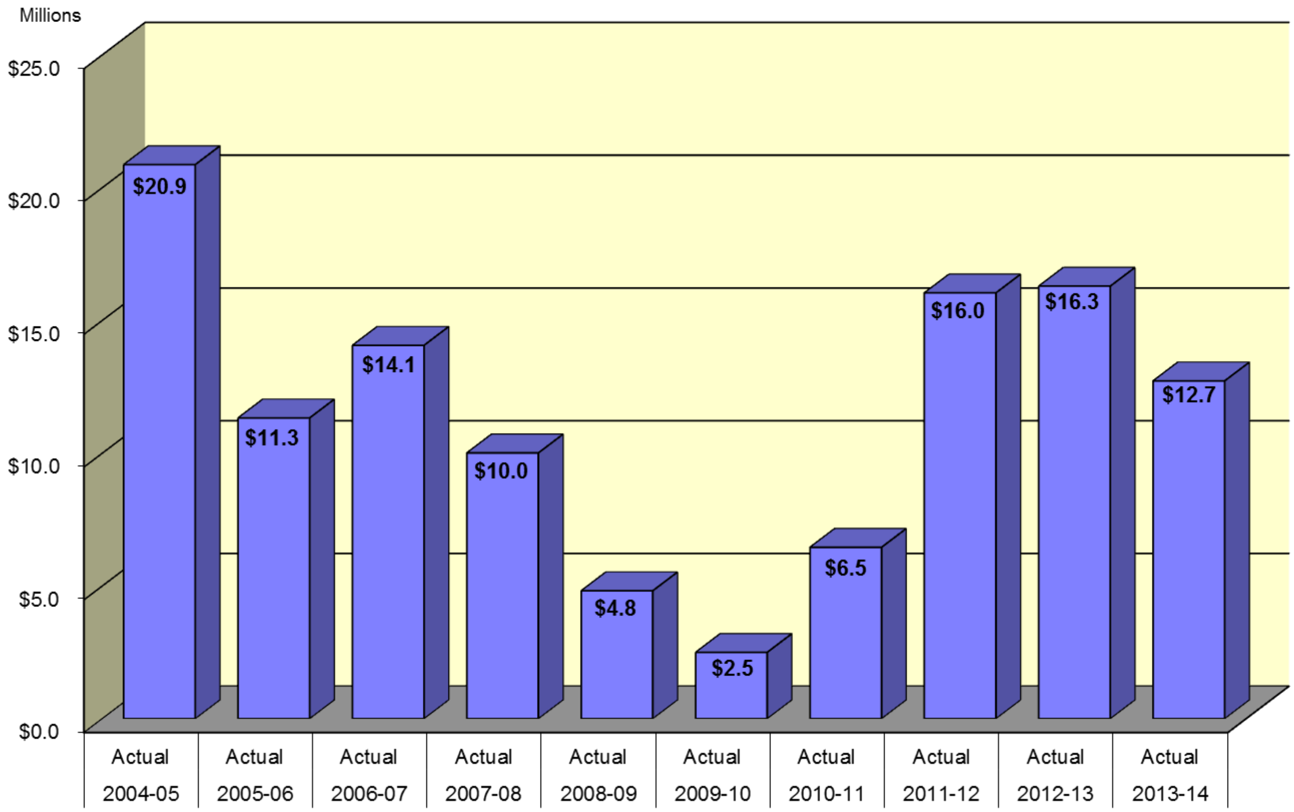


Chart 15 paints a similar picture for the City's Capital Projects Reserve. This reserve is set aside to fund the portion of the City's capital spending program that has no other funding sources to support it. The projects in the program maintain basic City infrastructure and provide quality facilities. The Council adopted a policy in 1996-97 to maintain a minimum of $5 million in the Capital Projects Reserve. Since 2000-01, the City drew down this key resource from $69.1 million to a low of $2.5 million on June 30, 2010. Surpluses the last four fiscal years have allowed for year-end contributions to the Capital Projects Reserve and the funding of capital projects that had been delayed during the recession. The balance has now exceeded the reserve target each of the last four years. At June 30, 2014, the balance stood at $12.7 million.

Chart 15
Capital Projects Reserve Ending Balances



Having well-funded reserves, good fiscal management practices, and an excellent credit rating have historically allowed Santa Clara to maintain its fiscal health. Now that the economy is growing again and we are currently experiencing operating surpluses, it is important that we rebuild our reserves to make the City of Santa Clara stronger.

ENTERPRISE TYPE ACTIVITIES

The City owns and operates various enterprise type activities including the Electric, Water, and Sewer utilities, City Cemetery, and Solid Waste program. A five-year projection of major enterprise fund revenues and expenses is included in the attached schedules. The projections were prepared by the respective entities with underlying economic and other pertinent assumptions that may differ from those outlined in this Plan. Also, this Plan does not include any analysis of the respective enterprise entities' reserves or plans for financing the listed projects. Presentation of enterprise fund information in this Plan is designed to draw attention to their financial relationship to the City's General Fund, and to give Council an overview of their major capital improvement projects over the next five years.

Silicon Valley Power

Silicon Valley Power (SVP) provides electric power and services to over 53,000 City customers. In calendar year 2014, the City of Santa Clara served approximately 1,758 industrial accounts that comprised more than 88% of the City's load and more than 87% of customer service revenues. The Electric Department provides diverse services including operating, maintaining and dispatching electric service, engineering, system design and planning, administrative and financial management, marketing, customer services, power trading, free outdoor Wi-Fi (powered by SVP Meter Connect) and dark fiber leasing services -- all of which make Silicon Valley Power a successful and reliable resource for the City and its citizens. SVP owns power generation facilities, invests in joint ventures that produce electric power, and trades power on the open market. Its primary goals are to provide safe, reliable service while remaining competitive in the marketplace and placing a premium on a high level of customer satisfaction. While the business environment has changed, SVP remains dedicated to responsive, low cost and reliable customer service.

Over the next five years, SVP will continue to build and expand its state-of-the-art power and communications infrastructure. SVP's mission is to be a progressive, service-oriented utility, offering reliable, competitively priced energy services for the benefit of Santa Clara and its customers. This means implementing energy efficiency programs, green technologies, ensuring reliable service, streamlining operations, and improving communications. SVP continually works with Santa Clara customers to enhance the value they receive from municipal ownership of their electric utility.

Also, over the coming years, significant activities will be required to comply with continually increasing legislative and regulatory mandates such as California State's Renewable Portfolio Standard (RPS) and the carbon cap-and-trade program. The State's RPS program requires electric service providers to increase procurement from eligible renewable energy resources to 33% of total procurement by 2020 and the governor has proposed increasing that to 50% of total procurement by 2030. While SVP already exceeds current state-wide RPS goals, the RPS requires the utility to continue its support of this broad range of programs encouraging wise use of energy resources, especially renewable energy generation. The California carbon cap-and-trade program began in mid-2012 and works to cap and reduce CO_2 emissions by auctioning emission allowances and investing the proceeds in consumer benefits such as energy efficiency, renewable energy, and other clean energy technologies. At a Federal level, the North American Electric Reliability Corporation (NERC) has issued new reliability standards with mandatory requirements to ensure power system reliability throughout the country. SVP has established a framework to assure that the City is in and stays in compliance with NERC mandatory standards. Finally, SVP's upgraded bond ratings have reinforced the need to maintain a positive net income in normal operating years and rebuild Electric Utility reserves to the $120 to $180 million target range.

The drought and related reduction in hydroelectric power output, and increased transmission costs are the major contributors to the increase in costs along with additional renewable projects in the near term. Because the additional renewable resources were acquired to meet future state mandates and are not immediately needed, the additional costs are being partially offset by wholesale sales of the renewable energy. Special efforts were made to assure that costs for the procurement of natural gas and emissions allowances for carbon are properly projected.

To ensure safety and reliability requirements, SVP continues its multi-year substation rebuilding projects. The forecast assumes capital expenditures including substation upgrades, equipment replacement, new technology deployment, and economic development projects. Two projects (Northern Receiving Station Phase Shifting Transformer and SVP Fiber Optic Expansion Project) will result in reduced operating costs as well as improving the Utility's communications and business opportunities. The Phase Shifting Transformer project has been funded by a short-term loan, which will be repaid through the operating cost savings. The Fiber Optic expansion will be funded by Electric Customer Service Charges.

In other ongoing capital projects, the Electric Department continues to improve, demonstrate, and implement new technologies to support tomorrow's power grid. Some key projects being deployed in this area are the continuing development of an Advanced Metering Infrastructure (AMI) Project; the SVP Meter Connect program (which powers the City's free outdoor Wi-Fi); the ongoing Operational and Technology Project, updating the power scheduling and back office systems required to schedule, track and settle power purchase, sales and delivery transactions; LED streetlight upgrade projects; and the improvement of the electric system cyber and physical security as required by mandatory federal reliability standards.

SVP continues to improve electric infrastructure to provide a reliable and low-cost business environment so Santa Clara's economy can grow and thrive. Rapid growth in energy demand, aging grids, communication technologies, and environmental impacts are driving change in how utilities do business and operate. New services, customer demand, and regulatory requirements continue to drive the need for advanced technology solutions to improve customer energy services.

The Electric Department's Five-Year Financial Plan (see Schedule C) assumes a potential rate increase of 3% to 5% in January 2016, subject to further review and to City Council approval. The potential rate increase maintains a positive net income required to rebuild reserve levels to the $120 million target range. Yet, even with the potential rate increase, Santa Clara's Electric Utility projects that it will continue to offer among the lowest system average electric rates in the State of California.

Water and Sewer Utilities

Water Utility (see Schedule D) – Water Utility expenditures are projected to increase by 13% between fiscal year 2015-16 and 2016-17 primarily due to fluctuations in capital project spending. Expenditures are projected to increase by 8% between 2016-17 and 2017-18. Expenditures are projected to increase by 6% to 8% per year over the last three years of the five-year planning period. Projected increases in the wholesale cost of water is the primary component of the increases in 2016-17 through 2020-21. Moderate increases are also projected in Salaries and Benefits, Right-of-Way Fee, Other Operating Expenditures, and Internal Service Fund Allocations. The projected expenditures for Utility Capital Improvements are relatively stable over the planning period after the decrease in between 2015-16 and 2016-17.

Sewer Utility (see Schedule E) – Sewer Utility expenditures are projected to increase by 5% between fiscal year 2015-16 and 2016-17 due to a projected increase in Capital Improvements at the San Jose/Santa Clara Regional Wastewater Facility. Sewer Utility expenditures are expected to increase by 25% due to a significant increase in Capital Improvements in 2016-17 and 2017-18. The Sewer Utility expenditures are projected to decrease by 11% and 22% in 2018-19 and 2019-20, respectively, in response to lower levels of Capital Project funding. The final year of the planning period shows an 11% increase in expenditures, again related to the level of Capital funding required in that budget period. The fluctuations in the estimated expenditures for the Sewer Utility are significantly affected by the projected expenditures for Utility Capital Improvements. The projections indicate the Utility Capital Improvements represent from 42% to 61% of the total estimated expenditures for the Sewer Utility in any given year. The Utility Capital Improvement category includes capital projects at the San Jose/Santa Clara Regional Wastewater Facility and critical in-City rehabilitation and replacement of sewer system infrastructure. The level of capital funding required has dictated the use of debt financing to mitigate rate impacts. The Sewer Utility is assuming debt financing for a portion of the capital costs related to the Regional Wastewater Facility.

Recycled Water Utility (see Schedule F) – Recycled Water Utility revenue and expenditures are projected to increase by 8% per year over the planning period. Increasing demand for and sale of, recycled water are the primary component of the projected increases.

Even with the projected increases in revenues and expenditures, the Utilities anticipate maintaining combined water, sewer and electric rates at a level that is affordable for residents and attractive for businesses. The combined utility rates are expected to remain the lowest in the nine Bay Area counties.

CAPITAL IMPROVEMENT PLAN

General information regarding the City's current land use, development potential, and specific plans as outlined in the City General Plan (2010–2035) adopted in November 2010, have been considered in the preparation of the Plan. Several significant projects are scheduled for completion during the forecast period.

The Capital Improvement Project (CIP) funding for 2015-16 was developed with consideration of the mission and vision statement, current economic conditions, limited financing resources and Council priorities. The adopted 2015-16 CIP includes $76.4 million of new project appropriations (including Authority projects), an increase of $8.0 million, or 11.8% from the 2014-15 Adopted CIP Budget of $68.3 million. The majority of the increase reflects funding of $10.5 million for Parks and Recreation and Library projects, including $6.3 million for youth soccer fields, and $2.2 million for remodeling projects at the City's three libraries. These projects are primarily funded by developer contributions and monies allocated from the City's Land Sale Reserve. The Capital Projects Reserve is expected to maintain a fund balance above the target level of at least $5 million.

Due to insufficient monies being available over the last several years, many capital projects were delayed. The current list of unfunded project needs totals $429.8 million during the forecast period. However, the majority of these anticipated costs, $372.4 million, are for new projects in the Parks and Recreation CIP Fund where the primary funding source for most new projects is anticipated to be Quimby Act or Mitigation Fee Act revenues charged on new development projects. A summary of the Proposed Capital Project Costs is contained in Schedule B along with available project funding.

NEXT STEPS

The Five-Year Financial Plan provides policy-makers and the public an updated assessment of the City's financial condition that takes into account the latest projections of economic conditions. The value of the Five-Year Financial Plan is to provide the City Council, staff, and public a clear assessment of the City's finances and facilitate an informed discussion during budget deliberations. The Plan serves as a starting point to provide perspective and analysis of what will happen if current financial decisions and operating practices continue into the future. The Five-Year Financial Plan was presented as part of the City Council budget study sessions on May 19, 2015 and June 16, 2015 and a public hearing to adopt the 2015-16 Operating and CIP Budgets was held on June 16, 2015.

RESOURCE AND EXPENDITURE TREND
GENERAL FUND

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimated
ESTIMATED RESOURCES					
Property Tax	$ 27,945,684	$ 28,347,475	$ 31,747,458	$ 39,135,396	$ 36,092,000
Sales Tax	35,567,421	40,322,018	44,351,021	46,408,534	49,650,000
Transient Occupancy Tax	9,805,926	11,483,363	13,046,576	15,042,438	16,800,000
Franchise Tax	3,146,270	3,361,039	3,342,501	3,515,786	3,604,100
Documentary Transfer Tax	543,681	727,688	1,004,613	1,189,605	1,100,000
Subtotal	**77,008,982**	**84,241,583**	**93,492,169**	**105,291,759**	**107,246,100**
Licenses and Permits	3,721,952	7,070,754	4,461,962	4,789,470	7,074,800
Fines and Penalties	1,961,566	2,068,367	2,157,223	2,059,613	1,837,600
Interest	3,122,571	2,250,304	2,153,871	1,676,679	1,100,000
Rents and Leases	9,030,640	16,204,608	16,876,124	5,399,653	7,413,100
Revenue From Other Agencies	776,734	650,674	390,988	613,147	760,000
Charges For Current Services	26,508,966	30,465,108	24,714,568	30,771,701	31,150,000
Contribution In-Lieu of Taxes	14,912,599	15,342,885	15,218,781	16,591,452	17,434,623
Other Revenue	5,714,513	203,421	354,204	955,512	275,000
Subtotal	**65,749,541**	**74,256,121**	**66,327,721**	**62,857,227**	**67,045,123**
Net Interfund Transfers	**4,034,987**	**(1,789,033)**	**(2,192,161)**	**(2,383,729)**	**(3,198,002)**
Total Estimated Resources	**$ 146,793,510**	**$ 156,708,671**	**$ 157,627,729**	**$ 165,765,257**	**$ 171,093,221**
ESTIMATED EXPENDITURES					
Salaries	$ 79,757,265	$ 75,372,860	$ 76,153,460	$ 78,634,215	$ 84,958,200
Separation Payouts	1,763,225	2,301,884	2,388,903	1,290,295	750,000
Benefits	28,963,250	30,524,961	32,295,012	35,323,866	39,030,126
Materials, Services, and Supplies	19,842,331	19,741,648	20,878,681	28,701,805	30,070,000
Interfund Services	7,987,001	7,965,301	7,914,369	8,497,212	8,816,700
Capital Outlay	14,707	-	7,631	16,209	194,600
Total Estimated Expenditures	**$ 138,327,779**	**$ 135,906,654**	**$ 139,638,056**	**$ 152,463,602**	**$ 163,819,626**
Surplus/(Deficit)	**$ 8,465,731**	**$ 20,802,017**	**$ 17,989,673**	**$ 13,301,655**	**$ 7,273,595**

Note: Net interfund transfers includes one-time budgeted transfer to the Working Capital Reserve of $3.0 million in 2014-15.

RESOURCE AND EXPENDITURE TREND
GENERAL FUND

		2015-16 Budget		2016-17 Forecast		2017-18 Forecast		2018-19 Forecast		2019-20 Forecast		2020-21 Forecast
ESTIMATED RESOURCES												
Property Tax	$	38,704,661		41,026,900		43,488,500		45,662,900		47,946,000		49,863,800
Sales Tax		52,690,000		55,560,000		58,010,000		60,440,000		62,970,000		65,620,000
Transient Occupancy Tax		17,300,000		17,819,000		18,353,600		18,904,200		19,471,300		20,055,400
Franchise Tax		3,593,935		3,722,400		3,783,100		3,844,800		3,907,700		3,971,500
Documentary Transfer Tax		1,133,000		1,159,100		1,185,800		1,216,600		1,251,900		1,292,000
Subtotal		**113,421,596**		**119,287,400**		**124,821,000**		**130,068,500**		**135,546,900**		**140,802,700**
Licenses and Permits		7,682,700		7,859,400		8,040,200		8,249,200		8,488,400		8,760,000
Fines and Penalties		1,903,300		1,947,100		1,991,900		2,043,700		2,103,000		2,170,300
Interest		950,000		1,050,000		1,150,000		1,250,000		1,350,000		1,450,000
Rents and Leases		10,474,098		10,443,800		10,652,500		10,873,600		11,191,000		11,846,500
Revenue From Other Agencies		317,000		324,300		331,800		340,400		350,300		361,500
Charges For Current Services		35,641,886		33,720,400		34,490,200		35,380,400		36,399,200		37,556,000
Contribution In-Lieu of Taxes		19,218,263		20,075,700		20,633,200		20,864,200		21,098,500		21,328,400
Other Revenue		305,456		312,500		319,700		328,000		337,500		348,000
Subtotal		**76,492,703**		**75,733,200**		**77,609,500**		**79,329,500**		**81,317,900**		**83,820,700**
Net Interfund Transfers		**(7,426,545)**		**(1,310,200)**		**(1,322,100)**		**(1,330,300)**		**(1,346,600)**		**(1,358,400)**
Total Estimated Resources	**$**	**182,487,754**	**$**	**193,710,400**	**$**	**201,108,400**	**$**	**208,067,700**	**$**	**215,518,200**	**$**	**223,265,000**
ESTIMATED EXPENDITURES												
Salaries	$	96,299,720	$	97,613,000	$	100,834,000	$	104,464,000	$	108,538,000	$	113,097,000
Separation Payouts		2,300,000		2,369,000		2,440,000		2,513,000		2,588,000		2,666,000
Benefits		46,166,929		47,418,400		51,500,600		55,270,400		59,364,900		63,823,600
Materials, Services, and Supplies		28,329,190		27,687,000		28,637,000		29,009,000		30,094,000		30,852,000
Interfund Services		9,190,715		9,402,000		9,618,000		9,868,000		10,154,000		10,479,000
Capital Outlay		201,200		100,000		100,000		100,000		100,000		100,000
Total Estimated Expenditures	**$**	**182,487,754**	**$**	**184,589,400**	**$**	**193,129,600**	**$**	**201,224,400**	**$**	**210,838,900**	**$**	**221,017,600**
Surplus/(Deficit)	**$**	**0**	**$**	**9,121,000**	**$**	**7,978,800**	**$**	**6,843,300**	**$**	**4,679,300**	**$**	**2,247,400**

Note: Net interfund transfers includes one-time budgeted transfer to the Working Capital Reserve of $7.0 million in 2015-16.

Schedule B

PLANNED FUTURE CAPITAL PROJECT COSTS

Fund	Fund Name	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21
Streets and Highways Programs:						
521	Special Gas Tax (2105)	$ 429,587	$ 387,623	$ 445,940	$ 404,548	$ 463,457
522	Special Gas Tax (2107)	725,000	725,000	725,000	725,000	725,000
523	Special Gas Tax (2103)	300,000	300,000	300,000	300,000	300,000
524	Collier-Unruh Act (2106)	300,000	300,000	300,000	300,000	300,000
525	Traffic Mitigation	1,567,500	1,967,500	2,045,000	1,525,000	1,525,000
531	Street Beautification	50,000	50,000	50,000	50,000	50,000
533	Streets and Highways	690,000	690,000	690,000	690,000	690,000
	Subtotal	**$ 4,062,087**	**$ 4,420,123**	**$ 4,555,940**	**$ 3,994,548**	**$ 4,053,457**
General Government Programs:						
532	Parks and Recreation	$ 30,847,500	$ 48,860,000	$ 76,081,750	$ 141,003,250	$ 163,845,000
535	Storm Drains	10,005,000	3,075,000	4,400,000	3,150,000	2,850,000
536	Fire Department	175,000	590,000	525,000	120,000	-
537	Library	230,300	151,700	58,700	9,900	9,900
538	Public Buildings	13,265,000	2,755,000	505,000	405,000	380,000
539	General Government-Other	7,118,767	2,372,312	1,364,000	894,000	594,000
562	Community Services (HUD)	400,000	400,000	400,000	250,000	250,000
	Subtotal	**$ 62,041,567**	**$ 58,204,012**	**$ 83,334,450**	**$ 145,832,150**	**$ 167,928,900**
TOTAL PROPOSED COSTS		**$ 66,103,654**	**$ 62,624,135**	**$ 87,890,390**	**$ 149,826,698**	**$ 171,982,357**

Schedule B

FUNDED / UNFUNDED PROJECT COSTS

	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21
Funded Project Costs:					
Streets and Highways Program	$ 3,582,087	$ 3,590,123	$ 3,148,440	$ 3,107,048	$ 3,165,957
General Government Program	20,057,971	21,722,502	35,714,190	13,544,190	982,900
Subtotal	$ 23,640,058	$ 25,312,625	$ 38,862,630	$ 16,651,238	$ 4,148,857
Unfunded Project Costs:					
Streets and Highways Program	$ 480,000	$ 830,000	$ 1,407,500	$ 887,500	$ 887,500
General Government Program	41,983,596	36,481,510	47,620,260	132,287,960	166,946,000
Subtotal	$ 42,463,596	$ 37,311,510	$ 49,027,760	$ 133,175,460	$ 167,833,500
TOTAL FUNDED AND UNFUNDED COSTS	**$ 66,103,654**	**$ 62,624,135**	**$ 87,890,390**	**$ 149,826,698**	**$ 171,982,357**

CITY OF SANTA CLARA
ELECTRIC UTILITY
REVENUE AND EXPENDITURE PROJECTIONS

	2016-17	2017-18	Forecast 2018-19	2019-20	2020-21
ESTIMATED REVENUE					
Charges For Svcs	$ 379,240,704	$ 389,653,437	$ 393,549,971	$ 397,485,471	$ 401,460,326
Mandated Revenues	10,808,360	11,105,123	11,216,174	11,328,336	11,441,619
Other Fees For Svcs	1,900,227	1,956,364	2,019,966	2,074,400	2,053,339
Interest	1,887,686	2,213,112	2,702,802	3,226,496	3,697,450
Rents	2,877,250	2,935,777	2,995,006	3,054,946	3,115,606
Other Revenue	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Wholesale Revenues (REC Sales) (1)	3,701,361	6,705,959	5,370,644	4,976,070	-
Wholesale Revenues (GHG Sales)	2,583,221	3,734,946	6,553,105	9,076,123	9,432,597
Transfers Out	(1,470,680)	(606,280)	(340,017)	(340,017)	(295,200)
Total Revenues	**$ 406,328,130**	**$ 422,498,437**	**$ 428,867,651**	**$ 435,681,825**	**$ 435,705,737**
ESTIMATED EXPENDITURES					
Salary Account	$ 22,365,511	$ 22,879,918	$ 23,474,796	$ 24,155,565	$ 24,928,543
Benefit Accounts	9,989,827	10,219,593	10,485,303	10,789,376	11,134,636
Mat/Serv/Sup	16,535,639	16,915,959	17,355,774	17,859,091	18,430,582
Resources: Non-JPA	117,232,038	127,637,139	133,351,324	139,897,045	147,888,983
Generation & Pumping Expense	44,552,581	46,135,767	47,895,873	49,559,440	48,999,779
Wholesale Transaction Credits	(28,436,317)	(24,896,109)	(19,852,126)	(19,737,578)	(21,131,602)
Resources - JPA	122,496,889	111,266,522	105,701,185	107,292,348	115,618,209
Resource/Product	255,845,191	260,143,319	267,096,255	277,011,254	291,375,369
Interfund Services	11,830,677	12,102,782	12,417,455	12,777,561	13,186,443
Contribution In Lieu of Taxes	20,075,711	20,633,191	20,864,196	21,098,482	21,328,417
Public Benefits Expense	10,808,360	11,105,123	11,216,174	11,328,336	11,441,619
Capital Outlay	583,024	596,434	611,941	629,687	649,837
Capital Improvement Projects	31,515,000	33,190,000	40,790,000	19,290,000	17,000,000
Debt Service	18,169,690	19,930,110	19,999,563	20,093,756	20,194,473
Total Expenditures	**$ 397,718,631**	**$ 407,716,428**	**$ 424,311,456**	**$ 415,033,110**	**$ 429,669,920**
Total Available Revenue (2)	**$ 8,609,499**	**$ 14,782,008**	**$ 4,556,194**	**$ 20,648,715**	**$ 6,035,818**
CASH Balance - EOY	**$ 254,553,986**	**$ 270,818,838**	**$ 277,503,477**	**$ 293,532,596**	**$ 290,623,165**
Rate Stabilization Fund Balance - EOY	**$ 90,219,868**	**$ 105,001,877**	**$ 109,558,071**	**$ 130,206,786**	**$ 136,242,604**
	1/1/2017	**1/1/2018**	**1/1/2019**	**1/1/2020**	**1/1/2021**
Assumed Rate Increases	**3.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

(1) REC and carbon revenues are used to cover the power costs for new renewables

(2) Available Revenue to be added to Rate Stabilization Fund, which includes the Cost Reduction Fund

CITY OF SANTA CLARA
WATER UTILITY
REVENUE AND EXPENDITURE PROJECTIONS

	Forecast				
ESTIMATED REVENUE	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Transfers From (To) Reserves	$ 359,900	$ (724,300)	$ (218,400)	$ (512,000)	$ (38,800)
Transfers From (To) Fund 097	350,000	300,000	200,000	100,000	-
Customer Service Charges 1. 2.	37,718,000	43,649,100	48,528,200	51,493,100	55,193,802
Other Revenue 3.	1,082,000	1,093,000	1,105,000	1,119,000	1,133,000
Use of Money and Property 3.	202,200	226,700	257,300	293,700	296,400
Additional Revenue from Rate Adjustments 1. 2.	5,931,100	4,879,100	2,964,900	3,700,700	3,946,598
Total Revenue	**$ 45,643,200**	**$ 49,423,600**	**$ 52,837,000**	**$ 56,194,500**	**$ 60,531,000**
ESTIMATED EXPENDITURES					
Salaries and Benefits 4.	$ 7,141,900	$ 7,427,600	$ 7,724,700	$ 8,033,700	$ 8,355,000
Other Operating Expenditures 4.	1,323,000	1,375,900	1,430,900	1,488,200	1,547,700
Resources and Production 5.	26,202,900	29,352,700	32,292,100	35,613,200	39,223,200
Internal Service Fund Allocations 4.	3,329,600	3,462,800	3,601,300	3,745,400	3,895,200
Right-of-Way Fee	1,710,800	1,757,000	1,808,000	1,864,000	1,919,900
Utility Capital Improvements	5,935,000	6,047,600	5,980,000	5,450,000	5,590,000
Total Expenditures	**$ 45,643,200**	**$ 49,423,600**	**$ 52,837,000**	**$ 56,194,500**	**$ 60,531,000**
TOTAL AVAILABLE REVENUE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

1. Assumes 0.1% increase in sales in FY2015-16, 8% in FY2016-17, 2% in FY2017-18 and 0.1% per year thereafter.
2. Assumes 15% rate increase in FY 2015-16, 12% in FY2016-17, 9% in FY2017-18, 6% in FY2018-19, and 7% in FY2019-20 and FY2020-21.
3. Assumes 2% per year increases.
4. Assumes 4% per year increases.
5. Assumes agency projections for wholesale rates and 0.1% increase use for 2015-16 and thereafter.

CITY OF SANTA CLARA
SEWER UTILITY
REVENUE AND EXPENDITURE PROJECTIONS

			Forecast		
ESTIMATED REVENUE	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Transfers From (To) Reserves	$ 776,000	$ 1,551,600	$ 866,100	$ (7,445,100)	$ (4,547,100)
Customer Service Charges & Fees (1)	35,588,500	39,164,300	42,508,900	46,352,800	47,516,300
Other Misc. Revenue	261,500	272,000	282,900	294,200	306,000
Sewer Connection and Conveyence Fees	1,445,000	1,450,000	1,450,000	1,455,200	1,460,500
Use of Money and Property	371,400	426,900	476,000	517,300	611,800
Bonds or Certificates of Participation (2)	7,000,000	15,000,000	5,000,000	-	-
Additional Revenue from Rate Adjustments	3,575,800	3,344,600	3,843,900	1,163,500	1,425,500
Total Revenue	**$ 49,018,200**	**$ 61,209,400**	**$ 54,427,800**	**$ 42,337,900**	**$ 46,773,000**
ESTIMATED EXPENDITURES					
Salaries and Benefits (3)	$ 2,898,300	$ 3,014,200	$ 3,134,800	$ 3,260,200	$ 3,390,600
Other Operating Expenditures	364,400	379,000	394,100	409,900	426,300
Resources and Production	17,996,000	16,701,200	14,384,900	14,603,900	17,592,300
Internal Service Fund Allocations	1,579,700	1,642,900	1,708,600	1,776,900	1,848,000
Right of Way Fee	1,432,500	1,471,200	1,513,900	1,560,800	1,607,600
Utility Capital Improvements (2)	23,028,200	35,750,800	29,903,700	16,959,200	18,141,200
Debt Service	1,719,100	2,250,100	3,387,800	3,767,000	3,767,000
Total Expenditures	**$ 49,018,200**	**$ 61,209,400**	**$ 54,427,800**	**$ 42,337,900**	**$ 46,773,000**
TOTAL AVAILABLE REVENUE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

(1) Assumes a 9.5% rate increases in FY2015-16 and FY2016-17, an 8% increase in FY2017-18, an 8.5% increase in FY2018-19, a 2% increase in FY2019-20, and a 3% increase in FY2020-21.

(2) Capital projects at the Regional Wastewater Facility assumed to be partially funded with debt financing through the Clean Water Financing Authority in FY2016-17 through FY2018-19.

(3) Assumes 4% per year increase.

CITY OF SANTA CLARA
RECYCLED WATER UTILITY
REVENUE AND EXPENDITURE PROJECTIONS

			Forecast		
ESTIMATED REVENUE	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Transfers From (To) Reserves	$ 43,000	$ 63,100	$ 43,400	$ 36,900	$ 45,000
Transfers From (To) Fund 092 1.	(350,000)	(300,000)	(200,000)	(100,000)	-
Customer Service Charges 2.	4,031,900	4,314,100	4,601,600	4,909,000	5,237,000
Other Revenue	310,000	310,000	310,000	310,000	310,000
Use of Money and Property 3.	23,500	24,000	24,500	25,000	25,500
Additional Revenue from Rate Adjustments	239,500	241,900	258,800	276,100	294,500
Total Revenue	**$ 4,297,900**	**$ 4,653,100**	**$ 5,038,300**	**$ 5,457,000**	**$ 5,912,000**
ESTIMATED EXPENDITURES					
Salaries and Benefits 5.	440,800	458,400	476,700	495,800	515,600
Other Operating Expenditures 5.	49,100	51,100	53,100	55,200	57,400
Resources and Production 4.	3,490,600	3,807,500	4,153,200	4,530,300	4,941,700
Internal Service Fund Allocations 5.	115,800	120,400	125,200	130,200	135,400
Right-of-Way Fee	201,600	215,700	230,100	245,500	261,900
Total Expenditures	**$ 4,297,900**	**$ 4,653,100**	**$ 5,038,300**	**$ 5,457,000**	**$ 5,912,000**
TOTAL AVAILABLE REVENUE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

1. Compensate Fund 092 for "lost water sales revenue"
2. Assumes 1% increase in sales and 11% increase in retail rates in FY2015-16 and 6% thereafter.
3. Assumes 2% per year increases.
4. Assumes agency projections for wholesale rates.
5. Assumes 4% increase per year.

CITY OF SANTA CLARA
CEMETERY
REVENUE AND EXPENDITURE PROJECTIONS

	2016-17	2017-18	Forecast 2018-19	2019-20	2020-21
ESTIMATED REVENUE *					
Sales-Facilities (1)	$ 137,000	$ 138,000	$ 139,000	$ 140,000	$ 142,000
Sales-Labor (4)	237,000	239,000	241,000	243,000	245,000
Sales-Endowment Care (3)	250	300	350	400	450
Sales-Material (2)	135,000	137,000	139,000	172,000	180,000
Use of Money and Property (5)	21,000	21,000	21,000	21,000	21,000
Loan from General Contingency Reserve (6)	299,750	297,700	294,650	260,600	250,550
Total Revenue	**$ 830,000**	**$ 833,000**	**$ 835,000**	**$ 837,000**	**$ 839,000**
ESTIMATED EXPENDITURES *					
Salaries and Benefits	$ 582,000	$ 583,000	$ 584,000	$ 585,000	$ 586,000
Other Operating Expenditures	121,000	121,000	121,000	121,000	121,000
Internal Service Fund Allocations	127,000	129,000	130,000	131,000	132,000
Repayment of General Contingency Reserve loan	-	-	-	-	-
Total Expenditures	**$ 830,000**	**$ 833,000**	**$ 835,000**	**$ 837,000**	**$ 839,000**
TOTAL AVAILABLE REVENUE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

*** Includes Cemetery Operating Fund 093. Does not include Cemetery Capital Projects Fund 593.**

(1) Pre-need sales in new Willow Bend area.
(2) Sale of pre-installed crypt(s) at time of property purchase.
(3) Related to quantity (volume) of new property purchases and increased fees.
(4) Burials vary from year to year.
(5) Interest from endowment principal.
(6) Loan needed to cover expenditures.