

Your City Budget 2015-16



**City of
Santa Clara**
The Center of What's Possible



A Balanced Budget

To ensure an open, efficient, and fiscally sound budget, the City Council held the following public meetings on the 2015-16 Budget: study sessions on May 19, 2015 and June 16, 2015, and a Public Hearing on June 16, 2015. Following the Public Hearing, the Council adopted the fiscal year 2015-16 City budget of \$720.2 million, excluding the Successor Agency, Sports & Open Space Authority, Housing Authority, and Stadium Authority. This budget includes:

- \$ 647.3 million City Operating Budget (including the \$ 182.5 million General Fund Budget)
- \$ 72.9 million Capital Improvement Project Budget



Budget Highlights

The City's adopted budget for 2015-16 is \$720.2 million. This represents an increase of 9.0% from the fiscal year 2014-15 adopted budget of \$660.5 million. The increase is primarily the result of growth in funded positions, negotiated salary increases, and benefit cost increases; along with higher resource and production costs in the utility enterprise funds. Further review and explanation of the changes and funding impacts can be found later in this brochure and in the City Manager's Transmittal Letter of the 2015-16 Annual Budget document.

While actual costs are increasing, the City is taking steps to rebuild reserve levels by budgeting a contribution of \$7.0 million to the Working Capital Reserve.



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.



City Council deliberated budget issues during a study session held in May 2015.



2015-16 Rate and Fee Impacts - Enterprise Funds

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

There is no change in Municipal Solar Utility rates for 2015-16. Rates that were changed include:

	Average Residential \$ Impact
Electric Utility	up to 3.5% increase (proposed for 1-1-2016)
Water Utility	\$4.32/month
Sewer Utility	\$3.29/month
Recycled Water Rate	10.8% depending on type of service
Garbage Collection and Disposal Rate	\$0.46/month
Clean Green Charge	\$0.22/month
Residential Curbside Recycling Rate	\$0.07/month
Clean-Up Campaign Charge	\$0.52/month
Storm Drain Rate	\$0.88/month

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

Where the City Gets Its Money

Revenue and Other Financing Resources (in millions)

Taxes		Other	
Property Tax	\$ 38.7	Interest Income	3.3
Sales Tax	52.7	Licenses & Permits / Fines & Penalties	9.6
Transient Occupancy Tax	17.3	Contribution In-Lieu	19.2
Other Taxes	4.7	Rents and Leases	13.3
		Other Revenue	16.2
		Beginning Balance/Reserves/Transfers	18.9
Intergovernmental			
Revenue from Other Agencies	3.3		
Highway User Tax	2.5		
User Fees			
Charges for Current Services – Enterprise	474.2		
Charges for Current Services – Other	46.3		
		Total Revenue and Other Financing Resources	\$720.2

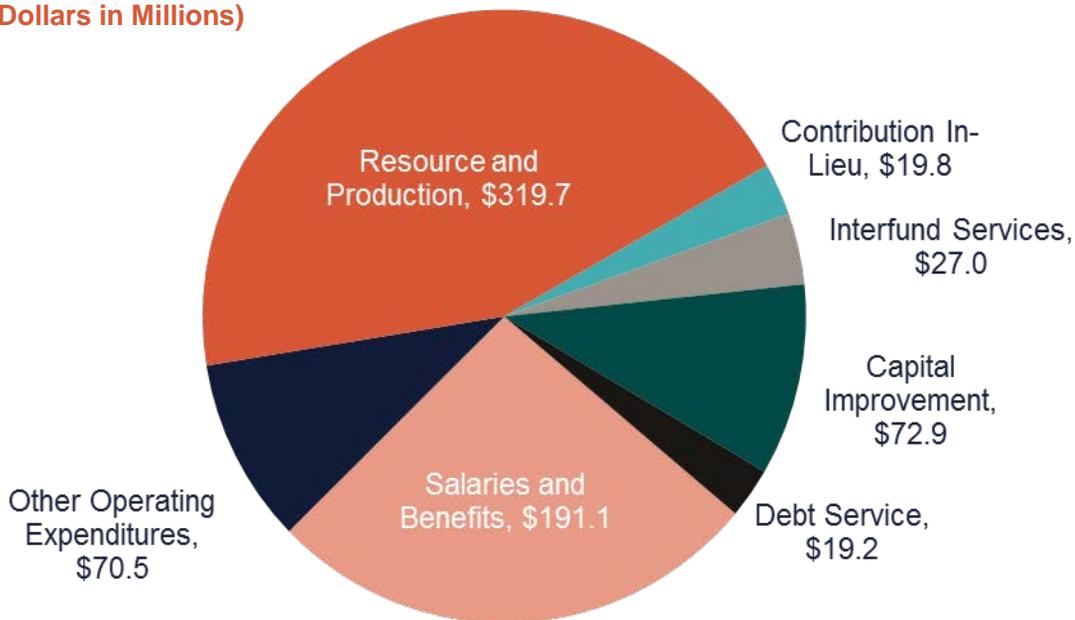
What Your \$720.2 Million Buys



*Includes IT services, Council & City Manager offices

Total City Appropriations by Object Category

(Dollars in Millions)



Salaries and Benefits

The expenditure category for salaries and benefits across all funds in the 2015-16 Adopted Budget rose to \$191.1 million, an increase of \$19.5 million or 11.4% from the 2014-15 Adopted Budget. In the General Fund, this category increased by \$14.6 million or 11.2% from the prior year's budget.

THERE ARE TWO PRIMARY REASONS FOR THIS GROWTH:

1

Increase in City salaries of \$10.0 million or 11.3% over the 2014-15 budget was due to \$1.5 million for as-needed public safety staffing and overtime costs related to scheduled NFL and non-NFL events at Levi's Stadium and \$1.4 million for one-time as-needed public safety staffing and overtime costs related to Super Bowl 50. Both these costs will be fully reimbursed to the City. Also, the budget includes \$2.9 million of funding for 14.0 new full-time equivalent (FTE) positions in the General Fund and the unfreezing of an additional 14.25 FTEs. The remaining \$4.2 million increase is due to negotiated contractual pay increases for bargaining units which settled in the prior year and merit increases for those employees not at the top of their salary range. Additionally, there are budgeted increases in as-needed personnel and overtime expenses across multiple departments.

2

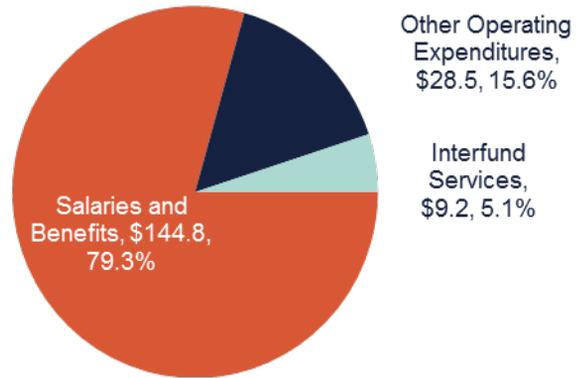
Increase in City share of pension costs of \$4.9 million or 18.9% due to higher CalPERS rates to make up for investment losses from the Great Recession, a lower investment return assumption, and shorter smoothing and amortization periods.



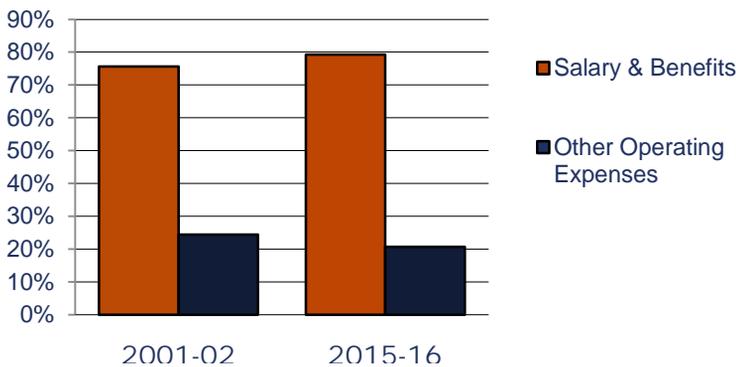
General Fund

Appropriations by Object Category (Dollars in Millions)

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 \$144.8 million of budgeted 2015-16 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 79.3% in 2015-16. 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 20.7% 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 benefit enhancements in the mid-2000s and market losses in the late-2000s. 2015-16 CalPERS employer contribution rates are 29.56% for miscellaneous employees and 41.95% for safety employees.

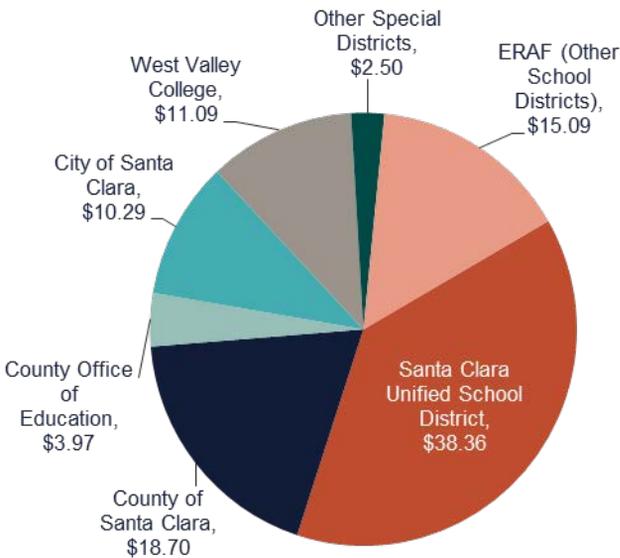
In September 2012, the Governor signed AB 340, the Public Employees' Pension Reform Act. This act reduced retirement benefits for new hires effective January 1, 2013 and is expected to slowly reduce pension costs over the next generation of employees.



Property Tax

When you pay your property tax, the City of Santa Clara General Fund receives \$10.29 of every \$100 collected. This year the City anticipates receiving \$38.7 million.

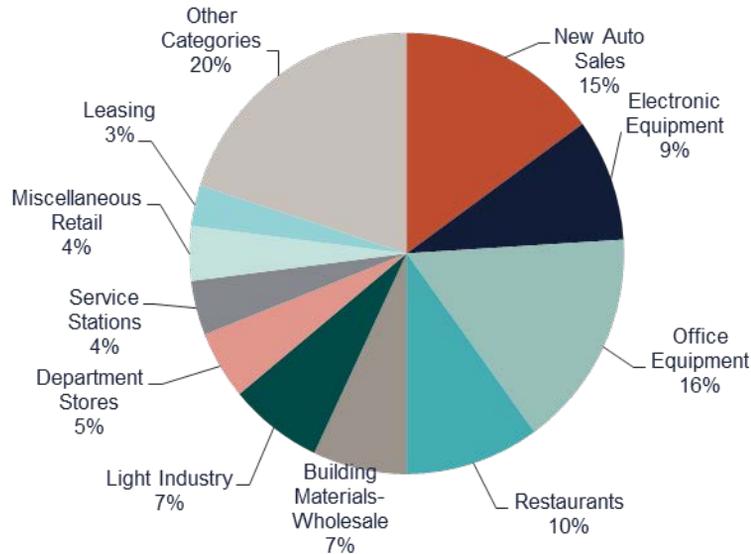
Per \$100 Collected



Sales Tax

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.

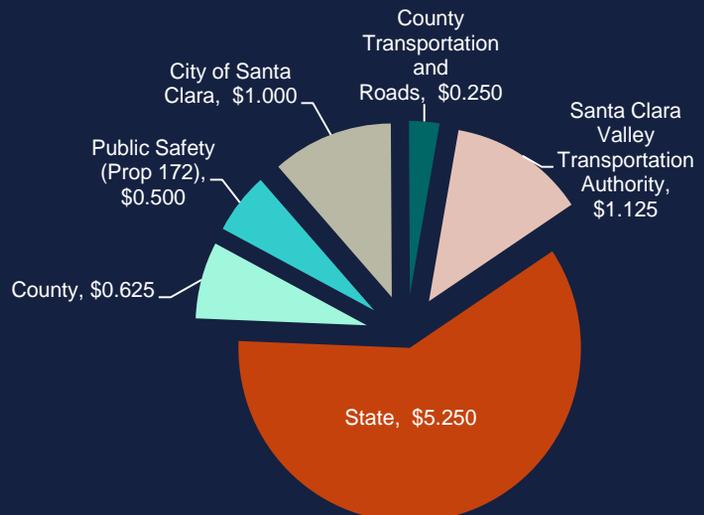
Top 10 Sales Tax Generators



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.

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



Cities throughout the State receive a portion of the sales tax collected 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 \$52.7 million.

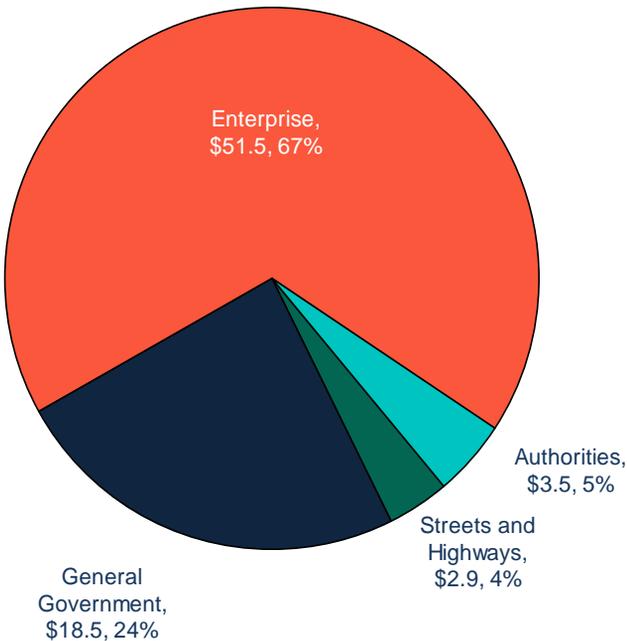
California statewide sales tax rate is 7.50%, including an increase of 0.25% for voter approved Proposition 30 - Education Protection Account effective January 2013. Santa Clara County has four voter approved overrides including one for 0.125% effective April 2013 for County Retail Transaction Tax making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

2015-16 Capital Improvement Project (CIP) Budget

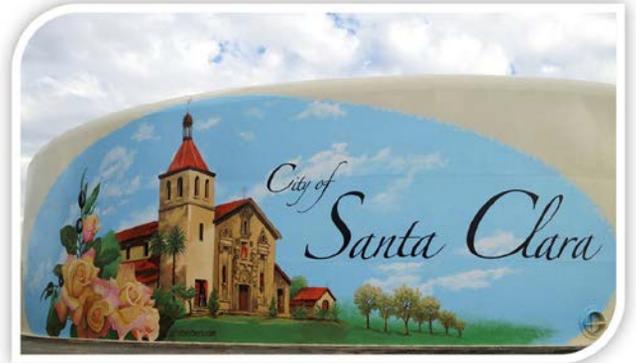
In the 2015-16 Capital Improvement Project (CIP) budget, projects were prioritized based on Council priorities. This pie chart shows the percentage allocations for the total 2015-16 CIP budget of \$76.4 million with \$72.9 million for City projects and \$3.5 million for Authority projects including the Housing Authority and the Stadium Authority.

The combined CIP appropriation represents an increase of 11.8%, or \$8.0 million, from the combined total CIP appropriation in 2014-15.

Appropriations By Category (Dollars in Millions)



City and Authority Capital Improvement Projects



Mural painted on the recently upgraded Northside Water Tanks

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.

2015-16 Additional Projects:

- Remodel of Mission Branch Library
- Senior Center Refurbishment
- Youth Soccer Park Fields Replacement
- Digital Radio System Infrastructure
- Esperanca Substation Construction and Brokaw Substation Expansion

Significant Continuing Projects:

- Central Park Library Refurbishment
- Youth Soccer Fields & Athletic Facilities
- Electric Generation Facilities Overhaul and Repairs
- S.J.-S.C. Regional Wastewater Facility
- Implementation of Advanced Metering Infrastructure
- Phase Shifting Transformer at Northern Receiving Station
- Sanitary Sewer Master Plan
- Storm Drain Master Plan