



Your

City Budget 2012-13

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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 12, 2012, the Council adopted a balanced City budget of \$577.3 million, excluding the Successor Agency, Sports & Open Space Authority, Housing Authority, and Stadium Authority. This represents an increase of 3.3% attributable primarily to higher resource and production costs in the utility enterprise funds and higher salaries and benefits cost due to fewer unpaid furlough days. Council also adopted a balanced budget for the General Fund of \$145.4 million.

The City continues efforts to address a General Fund structural deficit and unknown impacts from the State's dissolution of Redevelopment Agencies. Actions have included negotiating concessions with bargaining groups, eliminating positions, freezing positions, and other cost reductions outlined in the Adopted Budget document.

A Balanced Budget



To ensure an efficient and fiscally sound annual budget, the City Council holds several public study sessions and a hearing to adopt the Annual Operating budget and the Capital Improvement Project budget. For fiscal year 2012-13, the following were approved on June 12, 2012:

- ✓ \$ 577.3 million total City budget
- ✓ \$ 52.7 million for Capital Improvement Projects
- ✓ \$ 375.4 million for the City's Electric, Water, and Sewer utilities



City Council deliberated budget issues during one of several study sessions held in May and June, 2012.

2012-13 Rate and Fee Impacts - Enterprise Funds

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

There were no increases in Electric, Clean-Up Campaign, Household Hazardous Waste or Municipal Solar Utility charges proposed in the 2012-13 City budget. Rates that were changed include:

	<u>Average Residential \$ Impact</u>
Water Utility	\$2.16/month
Sewer Utility	\$4.66/month
Garbage Collection and Disposal	\$0.51/month
Clean Green Collection & Processing	\$0.43/month
Residential Curbside Recycling	\$0.04/month
Recycled Water Rate	8.0% 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 2012-13 Annual Budget

Where the City Gets Its Money:



Revenue and Other Financing Resources (in millions)

Taxes

Property Tax	\$ 28.5
Sales Tax	42.4
Transient Occupancy Tax	11.0
Other Taxes	4.0

Intergovernmental

Revenue from Other Agencies	3.4
Gas Tax	3.1

User Fees

Charges for Current Services - Utilities	390.9
Charges for Current Services - Other	31.6

Other

Interest Income	6.8
Licenses & Permits / Fines & Penalties	5.6
Contribution In-lieu	15.9
Rents and Leases	19.0
Misc. Revenue	1.7
Capital Project Revenue	4.3
Bond Proceeds	7.0
Beginning Balance/Reserves/Transfers	<u>2.1</u>

Total Estimated Resources

\$577.3

What Your \$577.3 Million Buys:



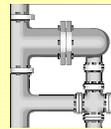
\$281.0
Electric



\$78.7
Police, Fire, 9-1-1
(Communications)



\$52.6
Capital
Projects



\$46.4
Water &
Sewer



\$23.2
Debt
Service



\$17.0
Public
Works



\$19.0
Solid
Waste



\$14.3
Parks &
Recreation



\$10.3
Finance &
Human Resources



\$13.1
City
Administration*



\$7.1
Internal
Services



\$6.7
Library



\$6.4
Planning &
Inspection

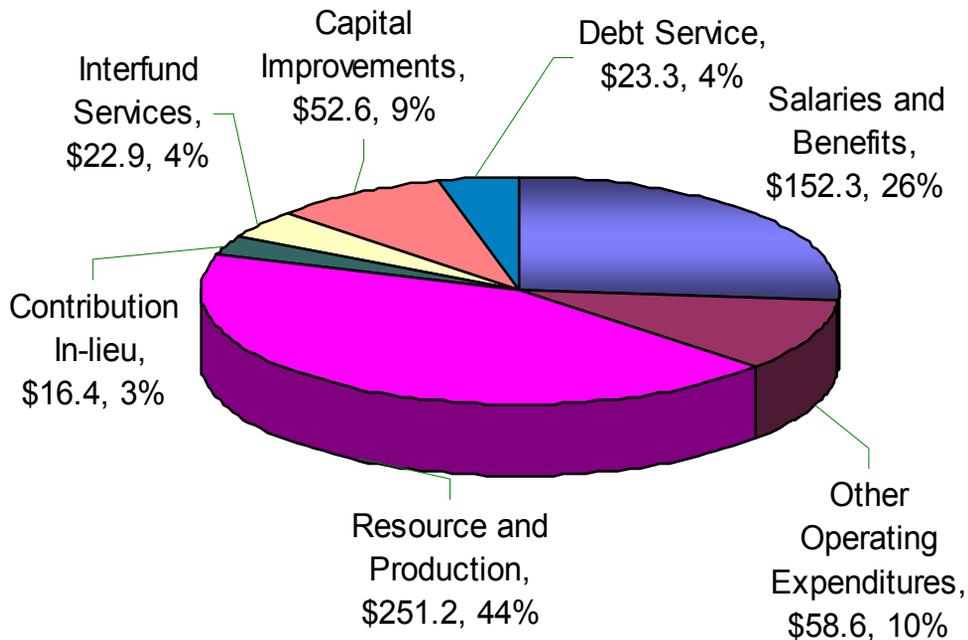


\$1.5
Convention/Visitors
Bureau

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

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Total City Appropriations by Object Category (Dollars in Millions)



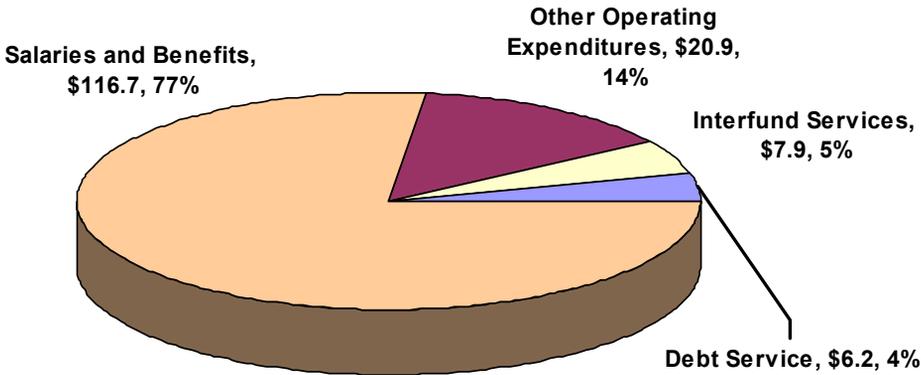
Salaries and Benefits

The expenditure category for salaries and benefits across all funds in the 2012-13 Adopted Budget rose to \$152.3 million, an increase of \$4.9 million or 3.3% from the 2011-12 Adopted Budget. In the General Fund, this category increased by 3.7% or \$4.2 million from the prior year's budget. There are three primary reasons for this growth:

- Personnel costs and service levels have been impacted by the number of unpaid furlough days. The City appreciates the cooperation from employees in implementing unpaid furloughs to help reduce personnel costs. Costs are projected to increase in 2012-13 as unpaid furlough days have been negotiated with fewer bargaining groups than in the prior year.
- The City experiences vacancies throughout the year with turnover in staff. Savings in personnel costs can vary from year to year as the City carefully evaluates service level requirements before filling vacancies. As the economy has begun to rebound, more vacant funded positions are being filled allowing service levels to begin to return to more normal levels.
- Personnel costs will vary with the number of frozen positions. To staff positions necessary for providing services to the Stadium Authority, there was a reduction of frozen positions. The Stadium Authority fully reimburses the General Fund for the total cost of services provided.

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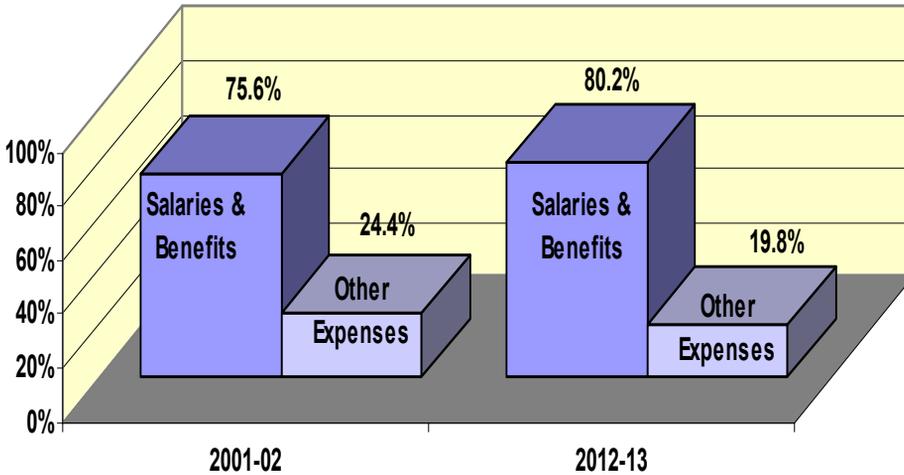
Chart A
General Operating Fund - Appropriations by Object Category
 (Dollars in Millions)



General Operating Fund

The City is an essential service provider for its citizens and personnel related costs make up the majority of operating costs. As shown in Chart A on the left, salary and benefits costs represent \$116.7 million of budgeted 2012-13 operating expenditures. In Chart B, salary and benefits costs as a percentage of total operating expenditures grew from 75.6% in 2001-02 to 80.2% in 2012-13. A significant factor driving this growth is negotiated labor agreements. These agreements were reached prior to the significant declines in revenues. During this same time period, other operating expenses, consisting mainly of materials, services, and supplies, fell from 24.4% to 19.8% of total operating expenditures.

Chart B
Time Comparison of Major Expenditure Categories



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 borne 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. Eight years later, 2012-13 pension costs are projected to be \$21.3 million.

In August 2012, the State Legislature passed AB 340, the Public Employees' Pension Reform Act. This act reduces 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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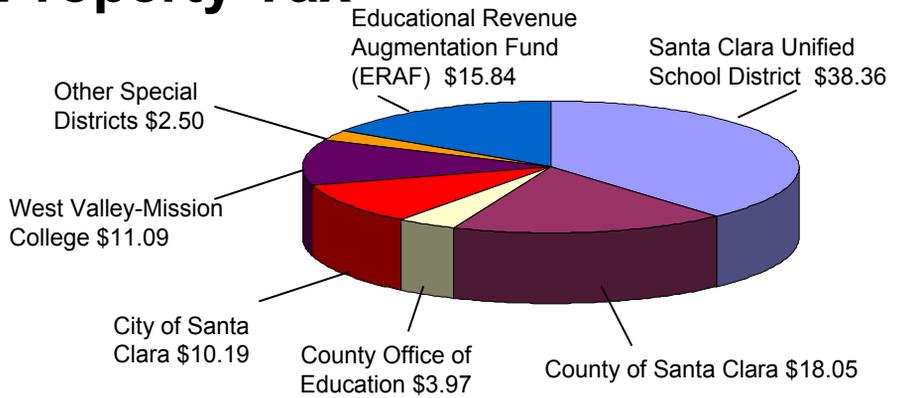
How taxes and fees are distributed



Property Tax

Per \$100 Collected

When you pay your property tax, the City of Santa Clara General Fund receives \$10.19 of every \$100 collected. This year the City anticipates receiving \$28.5 million.

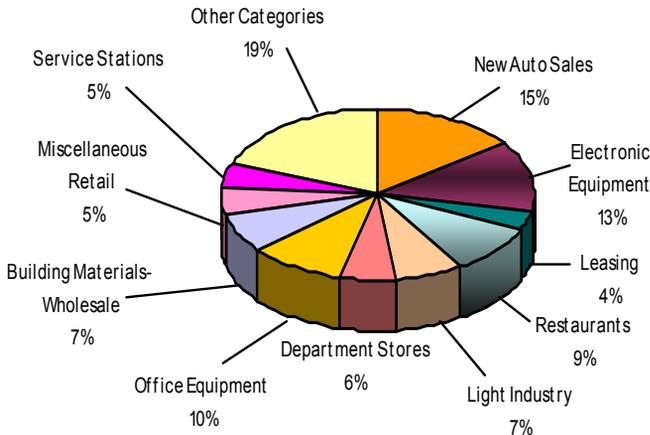


Sales Tax

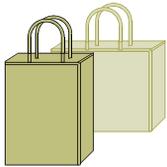


Top 10 Sales Tax Generators

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



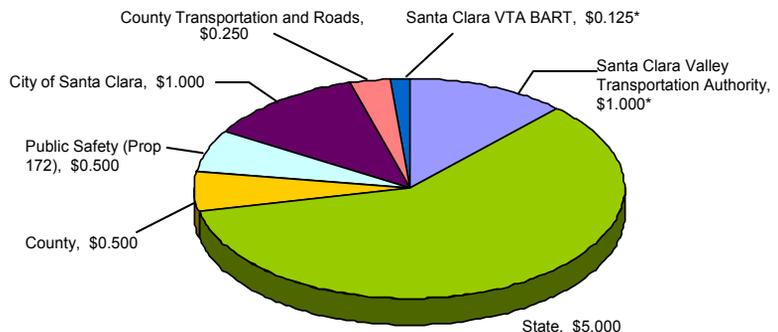
Where Your Sales Tax Goes



For every taxable dollar you spend in Santa Clara County, you pay 8.375% in sales tax or \$8.375 for each \$100 purchased.

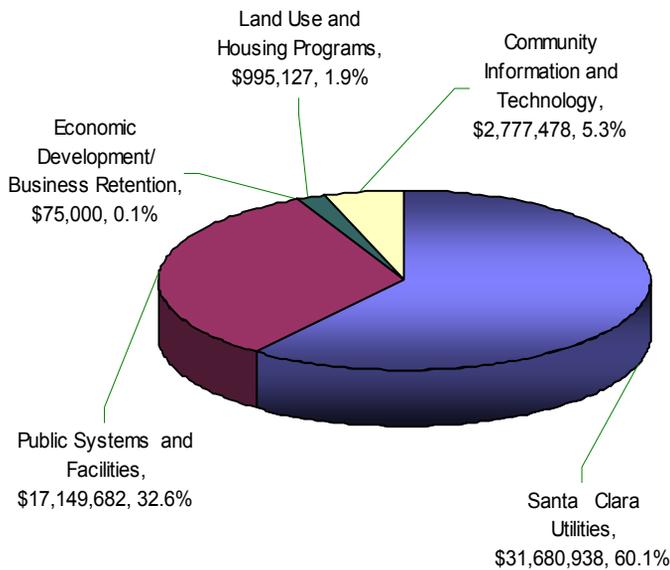
Cities throughout the State receive sales tax based on sales made within their respective city. For every \$100 purchase you make within the City of Santa Clara which is subject to sales tax, the City receives \$1.00. This year the City anticipates receiving \$42.4 million.

Based on Purchase of \$100
Sales Tax Paid is \$8.375



* California sales tax is 7.25%. Santa Clara County has three voter approved over-rides: two are 0.5% each for transportation projects, and one effective July 2012 for 0.125% for BART extension, making the total local sales tax 8.375%.

2012-13 Capital Improvement Project (CIP) Budget



In the 2012-13 Capital Improvement Project (CIP) budget, projects were prioritized based on Council priorities and placed in major theme categories consistent with Council's goals. This pie chart shows the percentage allocations for the total 2012-13 CIP budget of \$52.7 million with \$52.6 million for the City and \$0.1 million for the Authority Funds including Sports & Open Space Authority, Housing Authority and Stadium Authority.

The combined CIP appropriation represents a decrease of 23.2%, or \$16 million, from the combined total CIP appropriation in 2011-12.

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:

- Tasman Drive Parking Structure
- Northside Branch Library
- Santa Clara Stadium
- Electric Substation Rebuilds

2012-13 Additional Projects:

- Calabazas Creek Bridge Replacement
- Central Park Sports Complex Parking Lot Rehabilitation
- Sanitary Sewer System Improvements
- Implementation of Advanced Metering Infrastructure



Tasman Drive Parking Structure