



**Your**

# City Budget 2013-14

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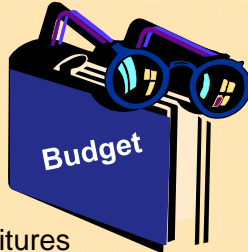
Santa Clara, CA



## 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](http://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 11, 2013, the Council adopted a balanced City budget of \$640.9 million, excluding the Successor Agency, Sports & Open Space Authority, Housing Authority, and Stadium Authority. This represents an increase of 11% attributable primarily to higher resource and production costs in the utility enterprise funds and higher personnel costs due primarily to fewer unpaid furlough days and higher benefit costs. Council also adopted a balanced budget for the General Fund of \$151.9 million.

The City continues efforts to address impacts from the State's dissolution of Redevelopment Agencies. Actions have been taken to help balance the possible loss of up to \$13.4 million of annual lease revenues with cost savings measures and higher revenues helping to cover the amount at risk.

## 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 2013-14, a \$640.9 million total City budget was approved on June 11, 2013 including:



- ✓ \$ 563.7 million Operating Budget
- ✓ \$ 151.9 million General Fund Budget
- ✓ \$ 77.1 million Capital Improvement Project Budget



*City Council deliberated budget issues during one of several study sessions held in May and June 2013.*

## 2013-14 Rate and Fee Impacts - Enterprise Funds

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

There were no increases in Curbside Recycling, Clean Green, Clean-Up Campaign, Household Hazardous Waste or Municipal Solar Utility charges proposed in the 2013-14 City budget. Rates that were changed include:

### Average Residential \$ Impact

<b>Electric Utility</b>	<b>up to 4% increase 1-1-2014</b>
<b>Water Utility</b>	<b>\$2.64/month</b>
<b>Sewer Utility</b>	<b>\$3.80/month</b>
<b>Garbage Collection and Disposal Rate</b>	<b>\$0.56/month for one can rate</b>
<b>Recycled Water Rate</b>	<b>8.5% depending on type of service</b>

\*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 2013-14 Annual Budget

## Where the City Gets Its Money:

### Revenue and Other Financing Resources (in millions)



#### Taxes

Property Tax	\$ 31.2
Sales Tax	48.4
Transient Occupancy Tax	13.0
Other Taxes	4.3

#### Intergovernmental

Revenue from Other Agencies	3.5
Highway User Tax	2.7

#### User Fees

Charges for Current Services - Utilities	414.7
Charges for Current Services - Other	33.1

#### Other

Interest Income	3.7
Licenses & Permits / Fines & Penalties	6.0
Contribution In-lieu	17.0
Rents and Leases	13.7
Misc. Revenue	1.4
Capital Project Revenue	4.4
Bond Proceeds	15.8
Beginning Balance/Reserves/Transfers	28.0

**Total Estimated Resources** \$640.9

## What Your \$640.9 Million Buys:



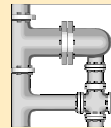
**\$310.9**  
Electric



**\$80.2**  
Police, Fire, 9-1-1  
(Communications)



**\$77.1**  
Capital  
Projects



**\$49.8**  
Water &  
Sewer



**\$20.2**  
Debt  
Service



**\$17.9**  
Public  
Works



**\$19.1**  
Solid  
Waste



**\$14.8**  
Parks &  
Recreation



**\$11.2**  
Finance &  
Human Resources



**\$13.8**  
City  
Administration\*



**\$9.3**  
Internal  
Services



**\$7.6**  
Library



**\$6.9**  
Planning  
Inspection

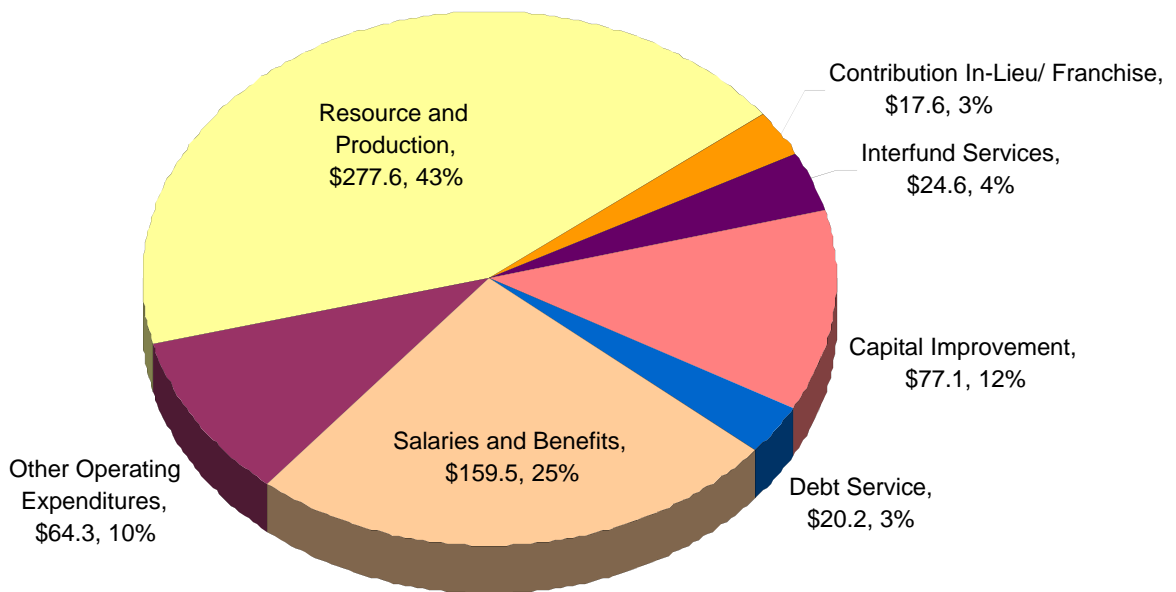


**\$2.1**  
Convention/Visitors  
Bureau

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

# City of Santa Clara 2013-14 Annual Budget

## Total City Appropriations by Object Category (Dollars in Millions)



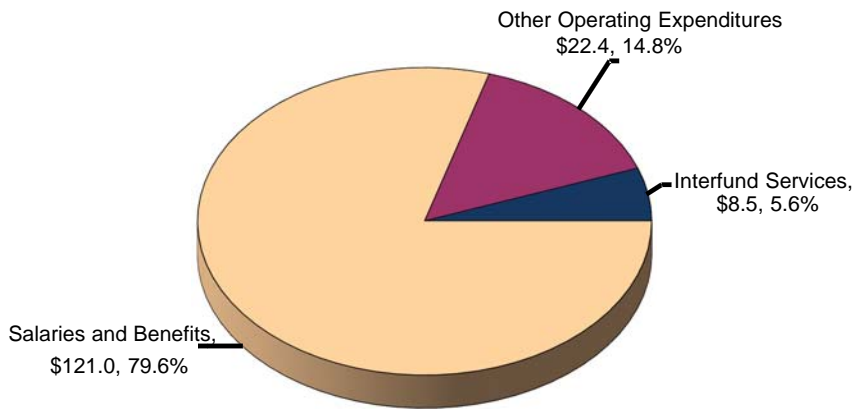
### Salaries and Benefits

The expenditure category for salaries and benefits across all funds in the 2013-14 Adopted Budget rose to \$159.5 million, an increase of \$7.2 million or 4.8% from the 2012-13 Adopted Budget. In the General Fund, this category increased by 3.7% or \$4.3 million from the prior year's budget. There are four primary reasons for this growth:

- Personnel costs and service levels have been impacted by the number of unpaid furlough days. Costs are projected to increase in 2013-14 as there are fewer furlough days per year and unpaid furlough days end after the first half of 2013-14 for most bargaining groups.
- Higher pension costs due to the third year of the three year phase-in of higher CalPERS rates to make up for investment losses from the Great Recession.
- An increase in the budget for separation payouts based on actual experience over the last few years.
- Higher health plan costs.

# City of Santa Clara 2013-14 Annual Budget

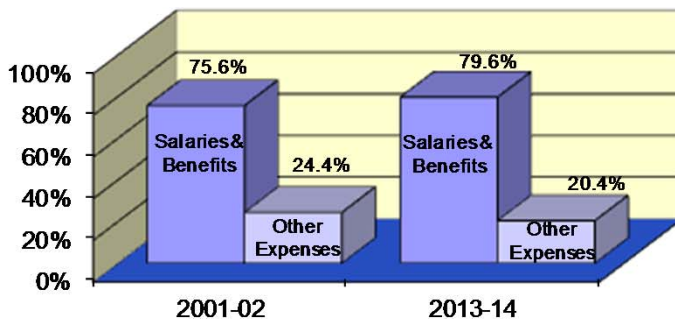
**General Fund  
Appropriations by Object Category**  
(Dollars in Millions)



## 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 \$121.0 million of budgeted 2013-14 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 79.6% in 2013-14. Key drivers include rising pension costs and negotiated labor agreements. In the twelve-year period, other operating expenses, consisting mainly of materials, services, and supplies, fell from 24.4% to 20.4% 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. Nine years later, 2013-14 pension costs are projected to be \$23.1 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.

# City of Santa Clara 2013-14 Annual Budget

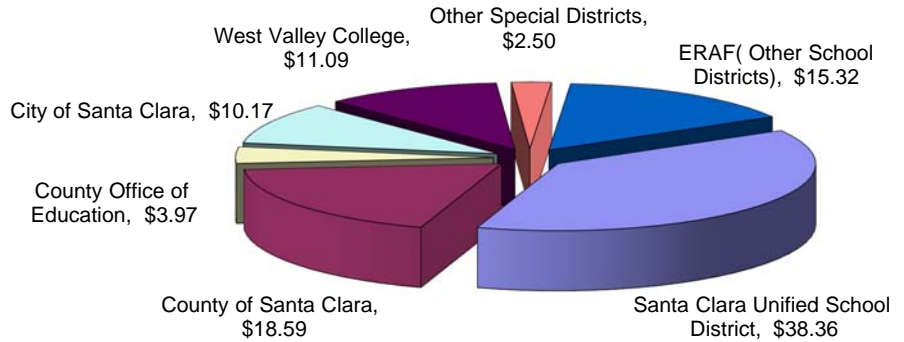
## How taxes and fees are distributed



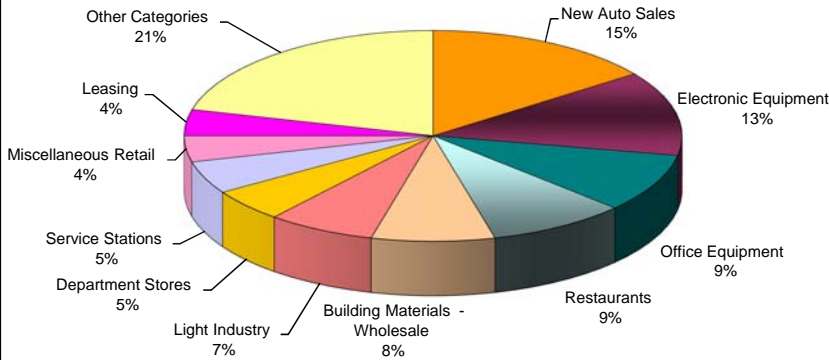
### Property Tax

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 \$31.2 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.

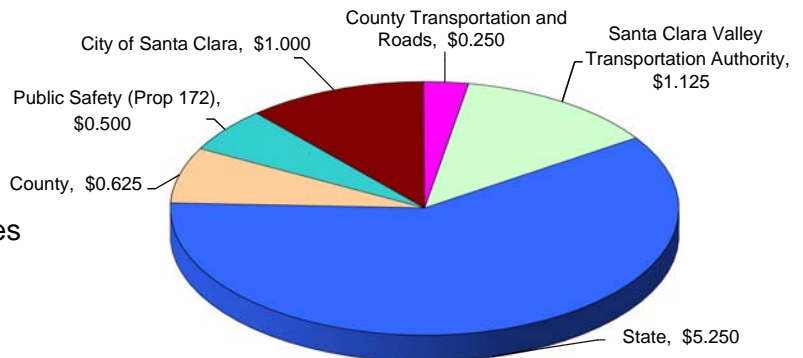
### Where Your Sales Tax Goes



For every taxable dollar you spend in Santa Clara County, you pay 8.75% 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 \$48.4 million.

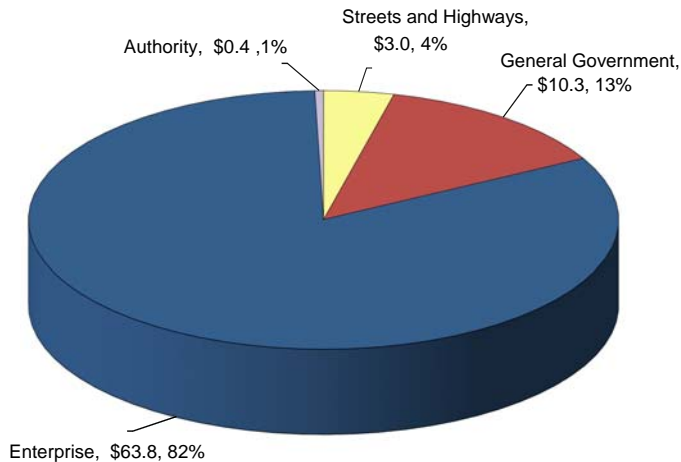
### Based on Purchase of \$100 Sales Tax Paid is \$8.75



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%.

## 2013-14 Capital Improvement Project (CIP) Budget

### Appropriations By Category (Dollars in Millions)



In the 2013-14 Capital Improvement Project (CIP) budget, projects were prioritized based on Council priorities. This pie chart shows the percentage allocations for the total 2013-14 CIP budget of \$77.5 million with \$77.1 million for the City and \$0.4 million for the Authority Funds including Sports & Open Space Authority, Housing Authority and Stadium Authority.

The combined CIP appropriation represents a decrease of 47%, or \$24.8 million, from the combined total CIP appropriation in 2012-13.

### 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:

- Levi's Stadium
- Electric Substation Rebuilds
- Northside Branch Library
- San Tomas Aquino Creek Spur Trail

#### 2013-14 Additional Projects:

- Sanitary Sewer System Improvements
- Implementation of Advanced Metering Infrastructure
- Traffic Signal Interconnect & Upgrade Project



Levi's Stadium in Santa Clara