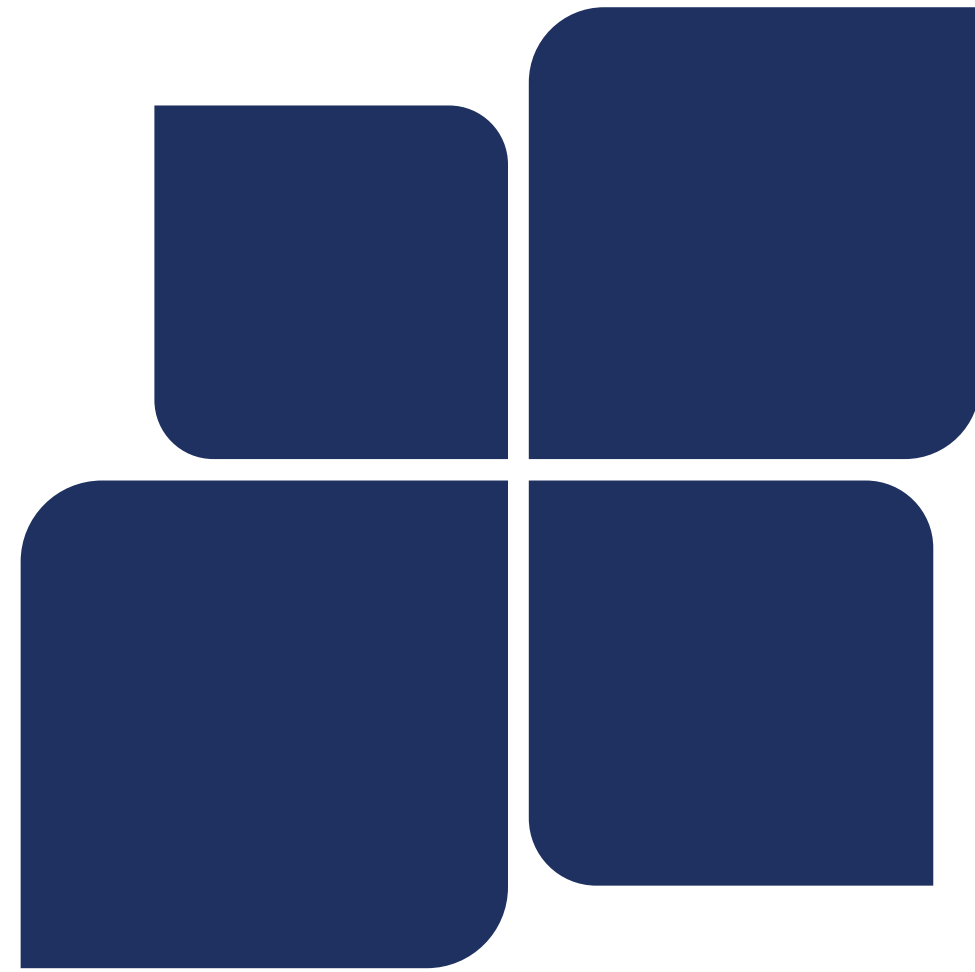


# 2019 State of the City

# Agenda

- Welcome
- Recognition of Award Recipients
- Mayor Lisa M. Gillmor
  - State of the City
- City Manager Deanna J. Santana
  - City Budget Update and Major Initiatives
- Conclusion

# Recognition of Award Recipients



# List of Award Recipients

## **Santa Claran of the Year**

Dorothy Rosa

## **Organization of the Year**

Sociedade do Espirito Santo Corporation

## **District Person of the Year**

District 1 - Debbie Algieri

District 2 - Emily Adorable

District 3 - Darlene Hall

District 4 - Margaret Demorest

District 5 - Mary Grizzle

District 6 - Lee Broughman

## **District Business of the Year**

District 1 - Agnew Autocare

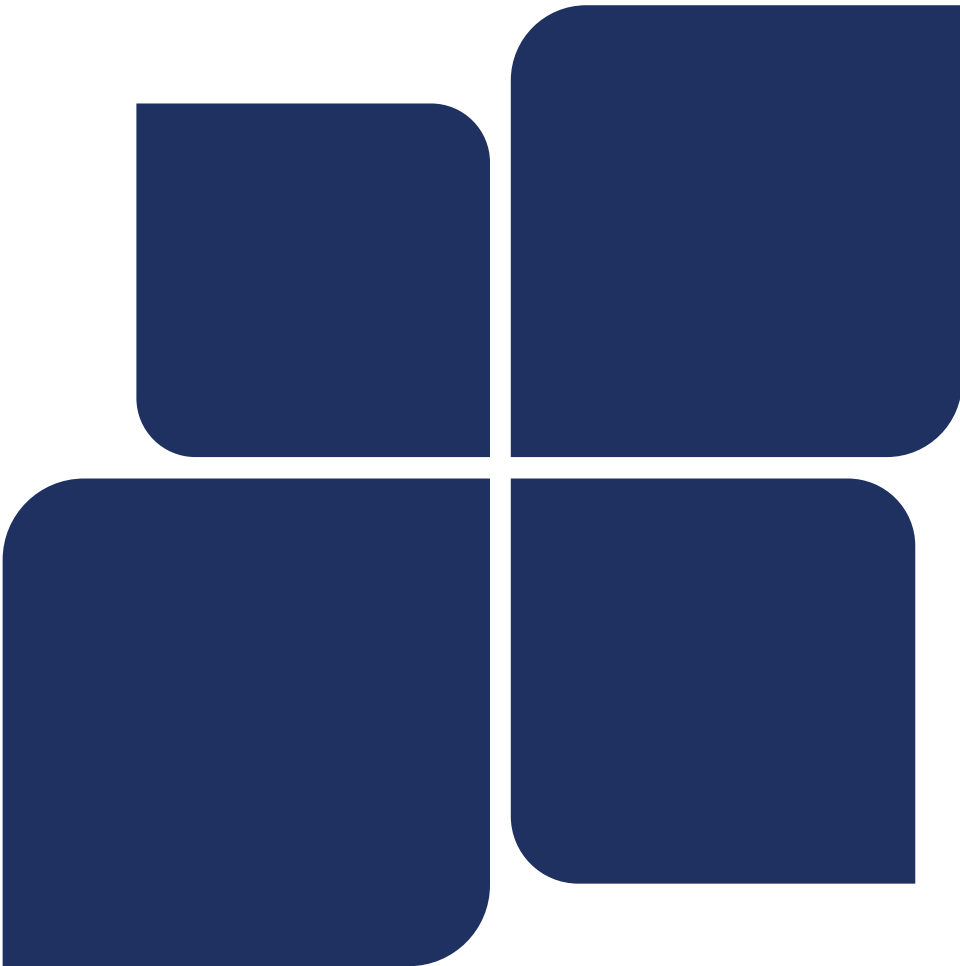
District 2 - Kimoo Martial Arts College

District 3 - ShaQ Restaurant

District 4 - Andy Tsuei, Owner  
Erik's Deli Café

District 5 - Taplands

District 6 - Saied Kompanian, Owner, 7-11



# STATE OF THE CITY

# City Council



**Lisa M. Gillmor**  
Mayor



**Kathy Watanabe**  
District 1



**Raj Chahal**  
District 2



**Karen Hardy**  
District 3



**Teresa O'Neill**  
District 4



**Patricia M. Mahan**  
Vice-Mayor  
District 5



**Debi Davis**  
District 6

# Council Appointees

- Deanna J. Santana *City Manager*
- Brian Doyle *City Attorney*
- Linh Lam *City Auditor*



# STATE OF THE CITY



# Continued Reform Momentum

- **Government Reforms & Transparency**
- **Measure J Compliance**
- **Fiscal Sustainability**
- **Managed Development**
- **Critical Infrastructure Needs**

# Measure J Compliance

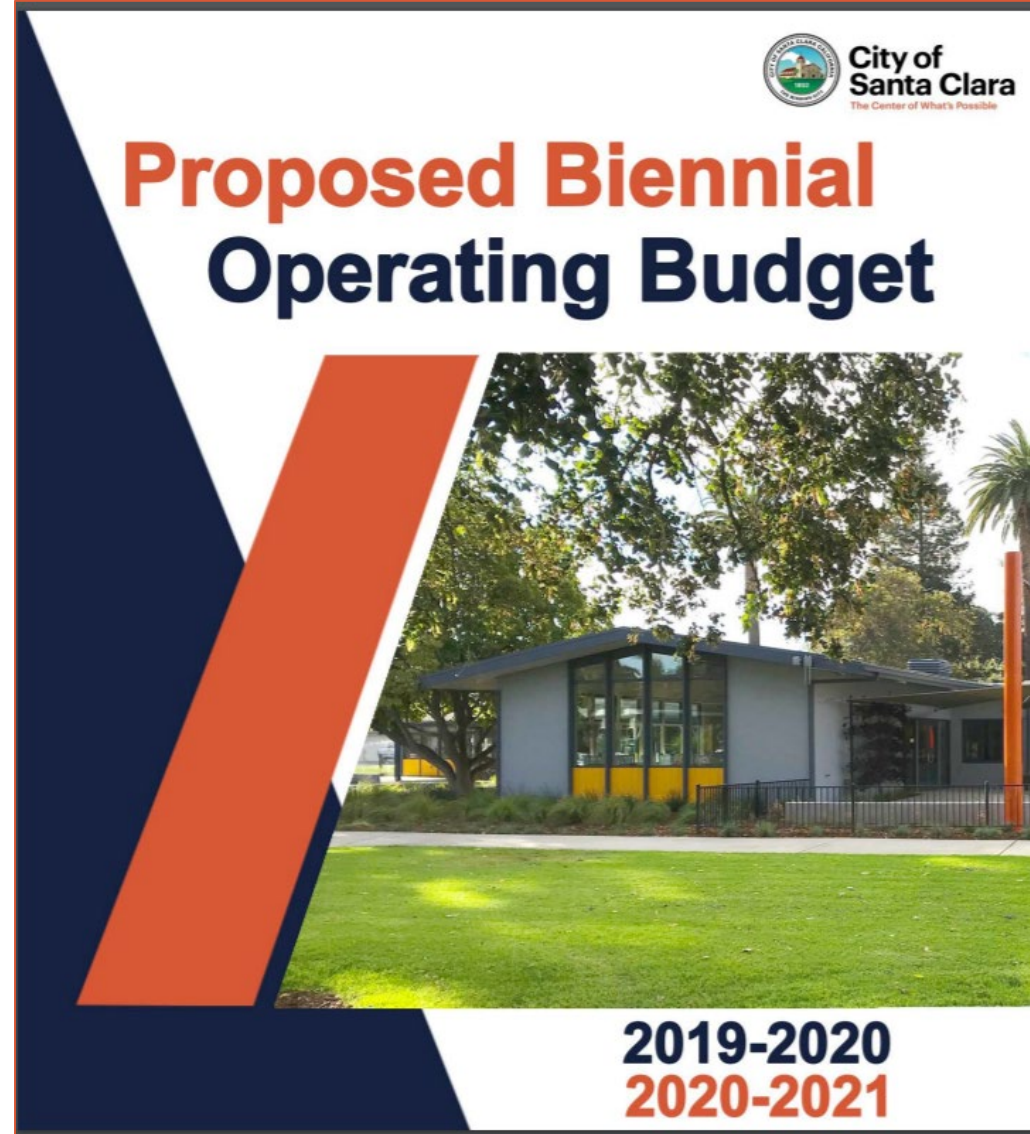




# Convention Center



# Fiscal Responsibility





# Managed Development





# Infrastructure



# Find Your Mission

- Participate in community programs
- Apply for City board/commission openings
- Experience community events
- Use the MySantaClara app
- Attend/view City Council and other public meetings

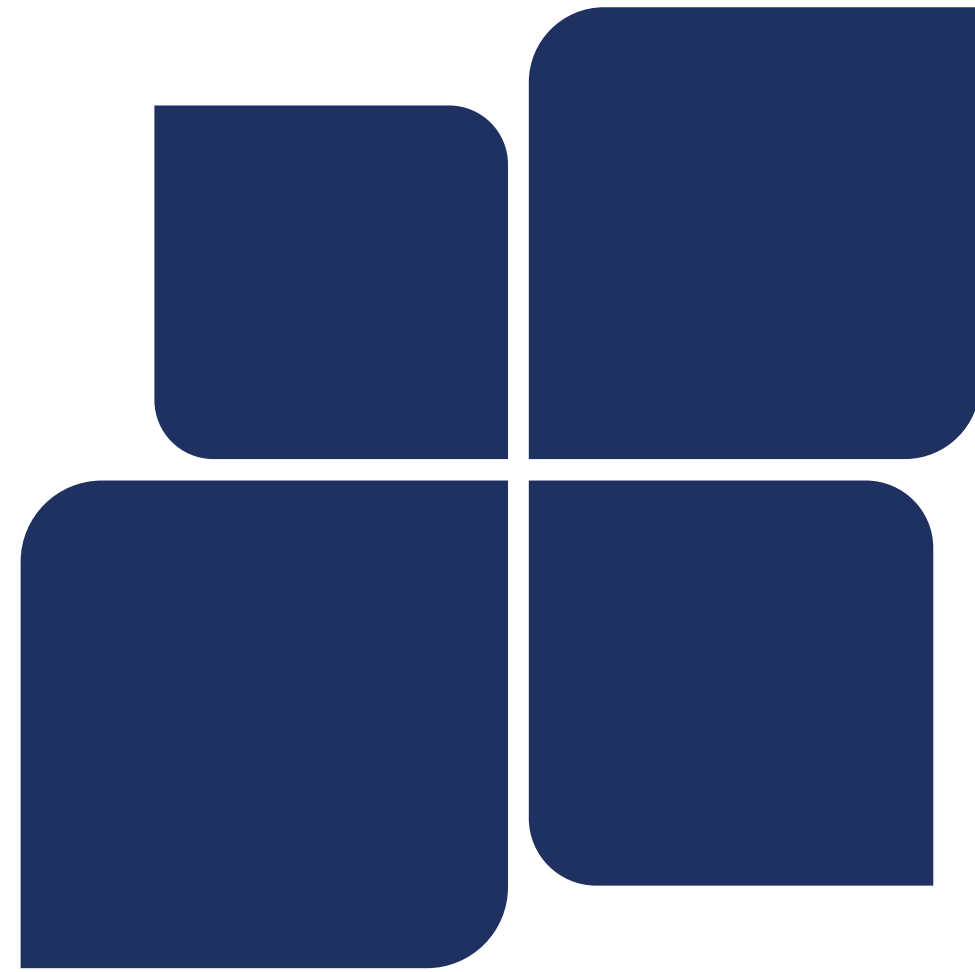




# STATE OF THE CITY



# City Manager's Update & Fiscal Outlook



# Executive Team

- Nadine Nader *Assistant City Manager*
- Ruth Shikada *Assistant City Manager*
- Manuel Pineda *Assistant City Manager & Interim SVP Executive Officer*
- Cynthia Bojorquez *Assistant City Manager*

# Four Lines of Business



City of Santa Clara



Silicon Valley Power



Stadium Authority



Convention Center

# Santa Clara - Not Like Other Cities

Vibrant and Complex Organization with Unconventional Lines of Service



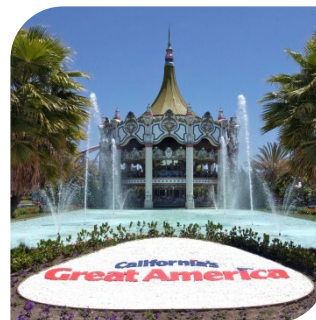
**City of Santa Clara**



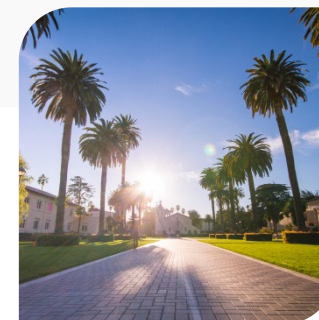
**Regional Wastewater Facility**



**Major Data Center for Silicon Valley**



**Amusement Park**



**Educational Institutions**



**Major Regional Shopping Centers**



# Public Funds Managed by City's Public Entities

\$ Millions

Budget Type	FY 2019/20	FY 2020/21	Status
Capital Improvement Program (CIP)	\$ 128.6	\$ 145.8	Adopted - June 2018; Amended
Annual Operating Budget	826.2	845.9	Study Session – May 7, 2019
Santa Clara Stadium Authority (SCSA)	88.1	90.0*	Adopted – March 27, 2019
<b>Total Funds Administered</b>	<b>\$1,042.9</b>	<b>\$1,081.7</b>	

# Fiscal Wellness: Key Component Indicators

- 1. Reserves:** Savings of One-time Funds for Qualifying Expenditures
- 2. Forecast:** Understand the Fiscal Future
- 3. Operating:** Revenue and Expenditures
  - Cost Control & Management
  - Understand & Account for Risks
  - Growth, Opportunities & Strategies

# Summary of Reserve Funds

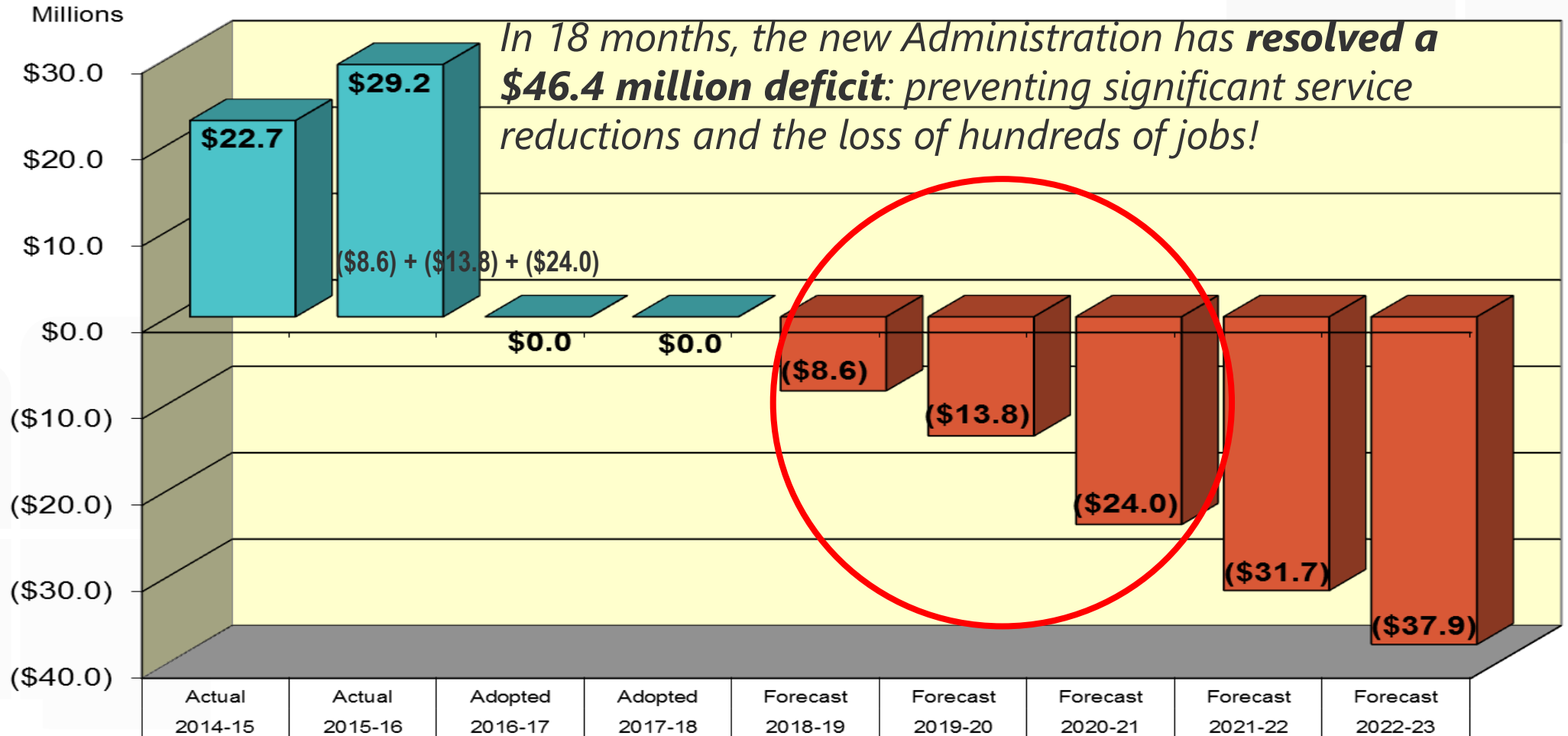
\$ Millions

Reserve Type	July 1, 2018 Beginning Balance	July 1, 2019 Beginning Balance	Estimated One-Time Additional Increase in 2019	2019/20 Proposed Contribution/ Use of Reserves	2019/20 Reserve Balance	2020/21 Proposed Contribution/ Use of Reserves	2020/21 Reserve Balance
General Fund Budget Stabilization (BSR)	\$55.1	\$56.5	\$15.0	(\$1.0)	\$69.9	(\$1.6)	\$68.3
General Fund Capital Projects	\$31.0	\$24.3		(\$9.6)	\$14.7	(\$10.2)	\$4.5
Land Sale Reserve *	\$29.1	\$21.1		-	\$21.1	-	\$21.1
Pension Trust (all funds)	\$15.6	\$20.2		\$1.8	\$22.0	\$1.3	\$23.3
Utility Fund Rate ** Stabilization/O&M (NEW)	-	-		\$19.1	\$19.1	(\$0.4)	\$18.7
Electric Rate Stabilization/O&M	\$121.0	\$120.7		\$25.6	\$146.3	\$7.2	\$153.5
<b>Total</b>	<b>\$251.8</b>	<b>\$242.8</b>	<b>\$15.0</b>	<b>\$35.9</b>	<b>\$293.1</b>	<b>(\$3.7)</b>	<b>\$289.4</b>

# Forecast Improvement

June 2017 (in \$millions)

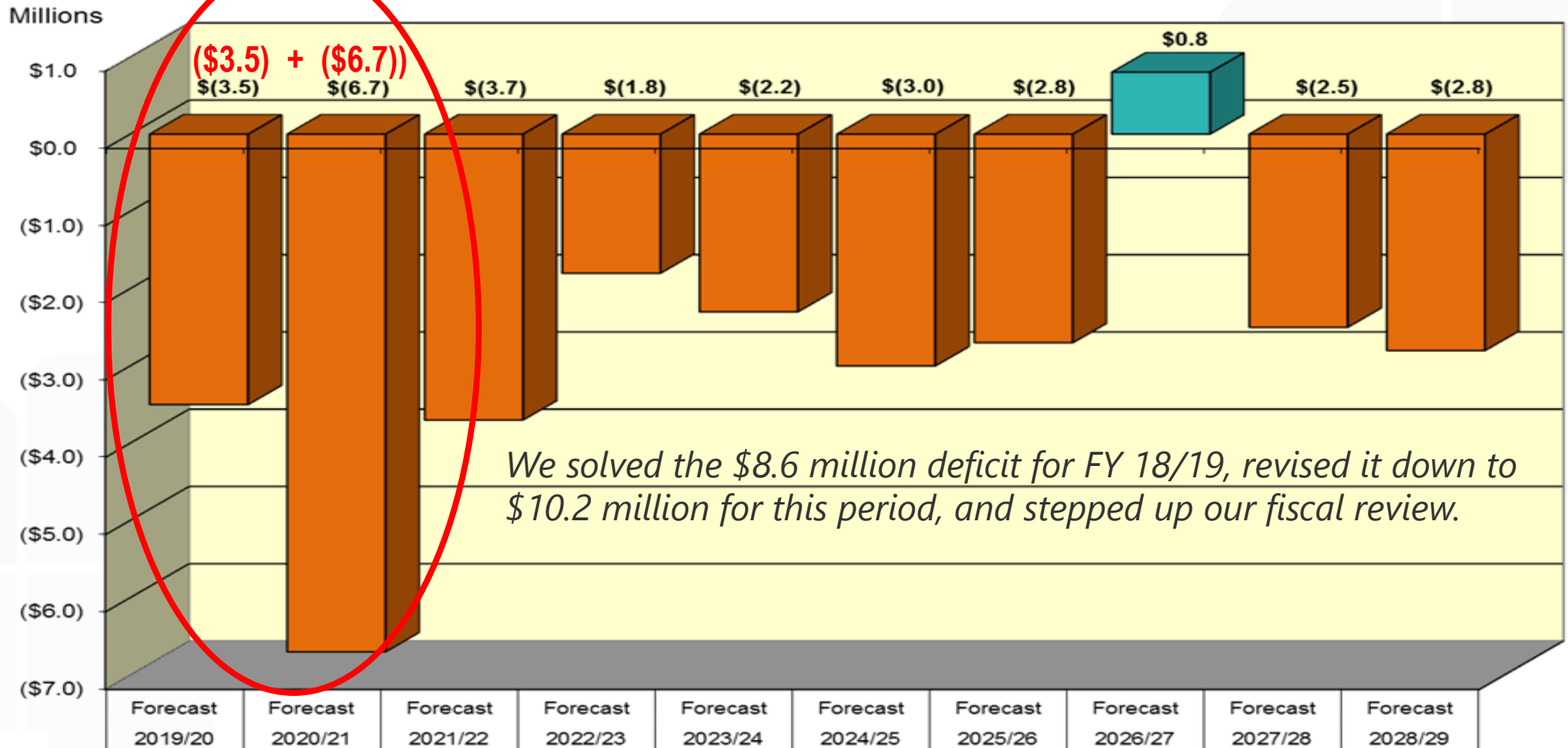
General Fund Operating Surplus/(Deficits)



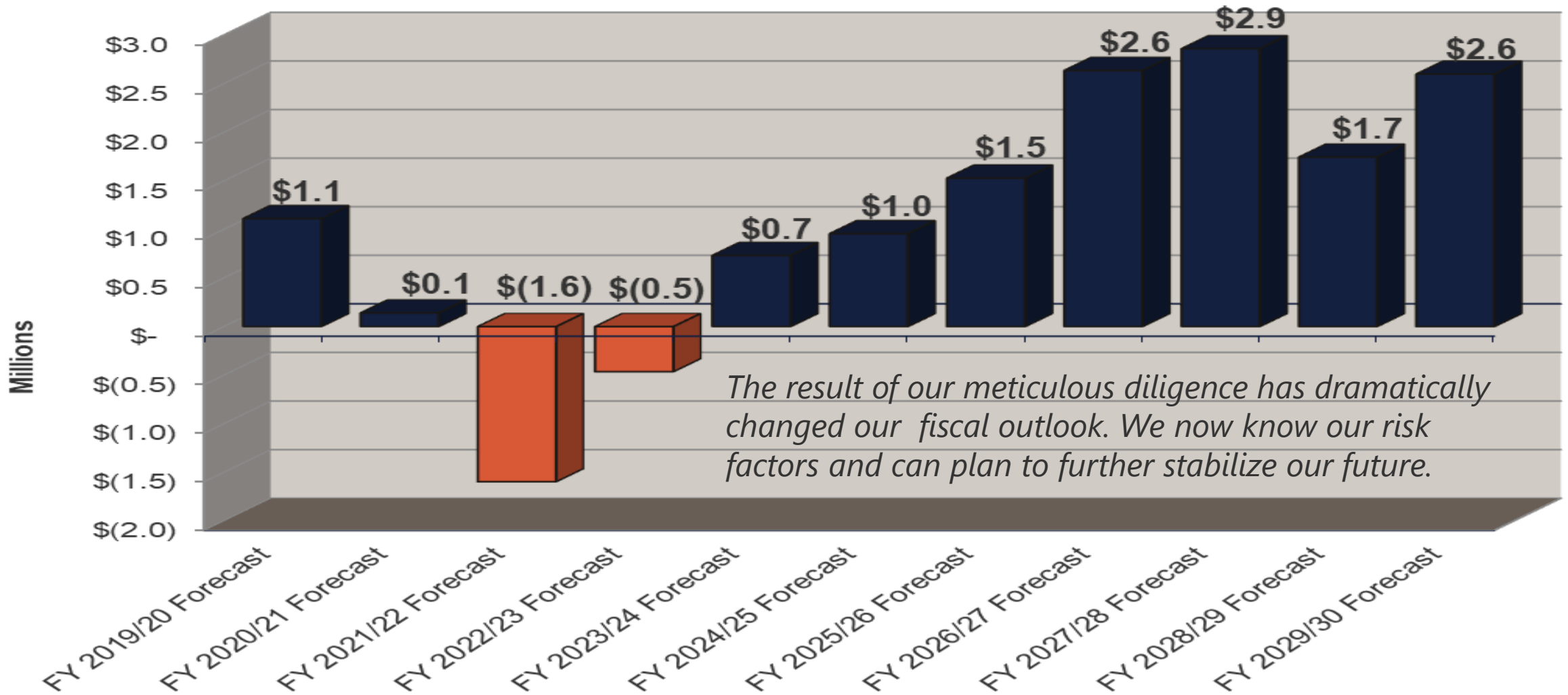


# Ten-Year Financial Forecast

June 2018



# Ten-Year Financial Forecast - January 2019



# Potential Risk to Financial Status

1. **Labor costs** beyond budget assumptions
2. **CalPERS** actuarial changes or any CalPERS reform actions
3. Downturn in **economy** / decline in revenues
4. Decrease in **Stadium Authority revenue**
5. **Infrastructure** Operating Budget impacts
6. State/Federal **legislative changes**
7. Further refinement of major **tax revenue projections**
8. Revenue and staffing impacts of **development projects**
9. Timing of **Cannabis Tax** implementation timing
10. **Internet Sales Tax** implementation
11. New **Department funding requests** to address service / admin gaps
12. Consultant studies for **Fees** (can increase or decrease)
13. Contribution **In Lieu Fee** from SVP

# Proposed Budget - FY 19/20 & 20/21

- **BALANCED**

- Budget is balanced, fiscally responsible approach, and known risk factors noted for our fiscal outlook
- Our due diligence to review every fund, line item has saved hundreds of City jobs and preserved service levels.

- **STABLE**

- Ten-Year Financial Forecast provides a road-map for in service or gaps/risk areas managing forward in a fiscally responsible manner
- Reserves are proposed for strategic use and are at unprecedented levels
- Invests in City Council Policy Priorities and in Administration's needs to advance improvements

- **TRANSPARENT**

- Significantly more transparent with a complete change in how the Budget is presented
- Comprehensive budgetary financial statements - including beginning and ending fund balances



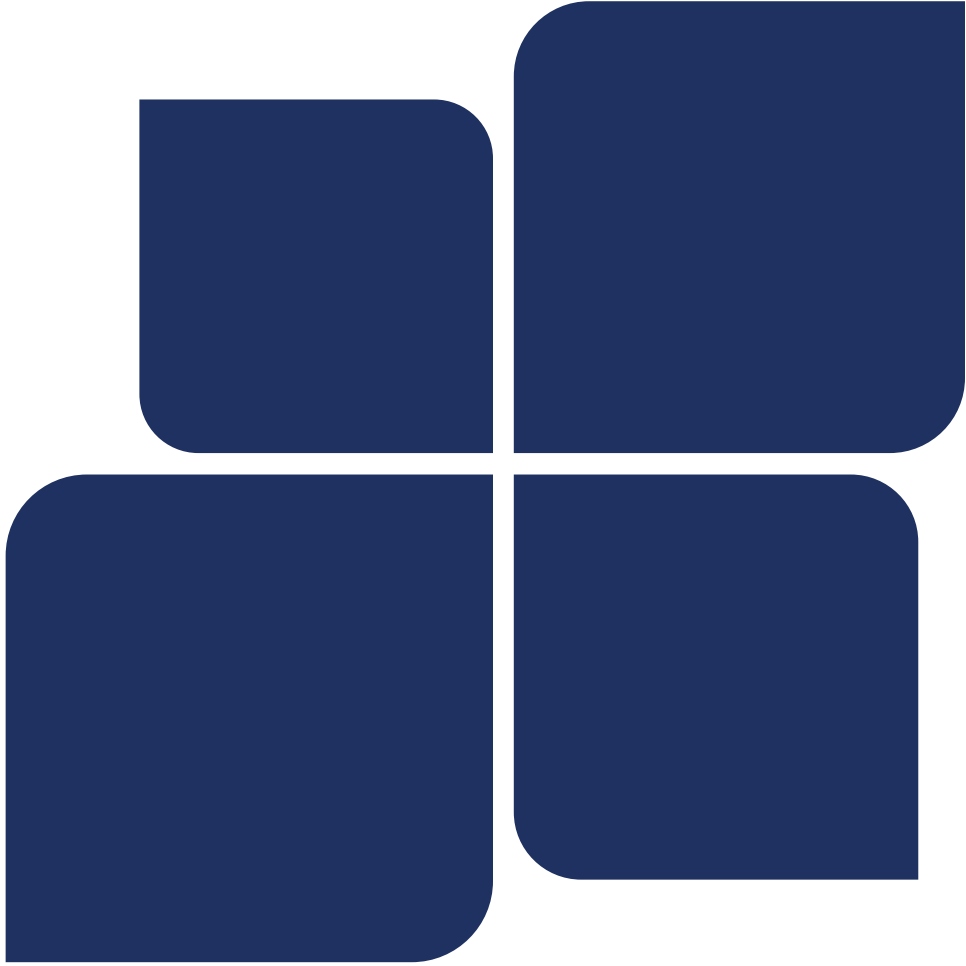
# Proposed Biennial Operating Budget

Fund Type (\$ millions)	2018/19 Adopted	2019/20 Proposed	Increase/ (Decrease)	2020/21 Proposed	Increase/ (Decrease)
General Fund	\$ 250.1	\$ 262.3	\$ 12.2	\$ 268.9	\$ 6.6
Special Revenue Funds	13.6	29.3	15.7	13.8	(15.5)
Internal Service Funds	17.5	35.8	18.3	35.3	(0.5)
Enterprise Funds	578.3	634.2	55.9	740.1	105.9
Debt Service/Other	-	24.5	24.5	26.8	2.3
Subtotal	\$ 859.5	\$ 986.1	\$ 126.6	\$ 1,084.9	\$ 98.8
Net Adjustments*	-	(159.9)	(159.9)	(239.0)	(79.1)
Total Operating Budget	\$ 859.5	\$ 826.2	\$ (33.3)	\$ 845.9	\$ 19.7

\* Excludes interfund transfers and Internal Service Fund charges to avoid double counting

# Revenue Growth/Opportunities

- Increase in **User Fees**
- Increase in the **Transient Occupancy Tax (TOT)** rate
- Evaluate the feasibility for a **Utility User Tax (UUT)**
- **Business License Tax** or Other Business Tax
- Facilitating **Development**
- **Generating Funds for Infrastructure Reinvestment**



# Update on Council Policy Priorities

# City Council Policy Priorities



Promote and Enhance  
Economic and Housing  
Development



Enhance Community Sports  
and Recreational Assets



Deliver and Enhance High  
Quality Efficient Services and  
Infrastructure



Manage Strategically Our Workforce  
Capacity and Resources



Enhance Community  
Engagement and Transparency



Ensure Compliance with  
Measure J and Manage Levi's  
Stadium



Sustainability



# Community Letter & Accomplishments



Office of the City Manager

June 20, 2019

Dear Santa Clara Community,

With Fiscal Year 2018/19 coming to a close, and our annual State of the City community town halls taking place this week, I am sharing a mid-year update on all of the accomplishments and activities underway. If you are unable to attend a State of the City gathering, this provides some detail of what City officials have been up to and allows for the City to keep Santa Clarans informed about our many achievements.

Indeed, there is a lot of good news to share and, most recently, the City of Santa Clara was named "2019 Best City to Live in California" by the Chamber of Commerce which compared California cities with populations over 25,000.

The City Council's strategic goals and priorities as well as the community's goals are at the forefront of everything we do as a City organization, and this past fiscal year proved to be a productive one that reinforced Santa Clara as The Center of What's Possible. The Council was wise to select policy priority areas, which are: Deliver and Enhance High-Quality Efficient Services and Infrastructure; Manage Strategically Our Workforce Capacity and Resources; Promote and Enhance Economic and Housing Development; Enhance Community Sports and Recreational Assets; Ensure Compliance with Measure J and Manage Levi's Stadium; Enhance Community Engagement and Transparency; and, Sustainability. Accordingly, the attached matrix reports out on a select group of initiatives that illustrate how committed and skilled our City employees are working to advance Santa Clara's interests and quality of life.

Over the last several months, we've partnered and invested in the community – from kicking off the Downtown Revitalization process to transitioning to a new Santa Clara Convention Center operator who will partner with the City to invest over \$3 million into the facility. Improvements in our parks are underway including funding for the Reed & Grant Streets Sports Park, installing a new restroom at Fairway Glen Park and improving Raymond G. Gamma Dog Park. We've renovated the Mission Branch Library and are working to increase library hours at the Northside Branch Library. We're also allotting resources to advance City's Climate Action Plan and our sustainability initiatives.

In addition, our workforce plays an incredible role in the achievements and investing in them yields significant outcomes for Santa Clara. That is why we are investing in staff through more training opportunities, while also investing in the resource areas that are needed to address today's priorities. Among these resource areas are procurement, auditing, real estate, workspace improvements, human resources, communications and outreach, sustainability, greater use of data to make informed service decisions, and Levi's® Stadium oversight.

Here are more ways that we are strategically managing our workforce to the benefit of our community:

- **Fiscal Management** – Resolving a projected \$46 million structural deficit with no service cuts, employee layoffs, or significant fee increases; building our one-time fund reserves across all funds to unprecedented level of approximately \$300 million; improving our 10 Year Fiscal Outlook Plan and being transparent about known risk factors; and, a major overhaul to our budget document that is far more transparent and promotes awareness and accountability of the City's public funds.

Community Letter – June 20, 2019

2

- **Strategic Management** – Development and implementation of several strategic plans, such as: facilities and amenities inventory assessment; water agreements that stabilize water supply stability; comprehensive user fee studies that illustrate how the City can be more efficient in its user fees structure; SVP strategic plan; various land-use strategic plans; various housing and transportation policies underway; and, monitoring of regional development to inform Santa Clara impacts and advocacy.
- **Change Management** – Implemented strategic initiatives to strengthen our organization to focus on internal training, strategic thinking and organizational development. These efforts include: civic scholars program allowing employees to attain higher education at their own pace; audit work plan to inform additional efficiencies and improvements; risk management program to manage cost and risk in the workplace or in our practices; public records management to improve City's oversight of public records; contracts management and procurement improvements to be more efficient and accountable; reporting improvements/structure in the workplace for accountability, initiated quarterly management meetings focused on professional training for management, initiated several policy revisions for the City Council Policy Manual to modernize and improve practices; and, focused on good and intentional governance practices and the need to be mindful of council district impacts to the organization in a public study session.
- **Relational Management** – Improved communications and public reporting of activities underway in the City, with data to inform trends and outcome: more open and transparent communication through budget documents, City Manager's Blog, social media, website redesign and print publications; ease of use for reporting service requests on-the-go through the MySantaClara app, and working on more organizational training, and investment in employees to be able to continue to serve the community with high quality customer service.
- **Stadium Authority Management** – Improving transparency and management of Levi's® Stadium by: completing 70% of Measure J Compliance Audit Recommendations, delivering first Santa Clara Stadium Authority Annual Report, implementing public safety consultant recommendations resulting in a new and improved multi-department deployment strategy; monitoring public fund expenditure and processes which surfaced significant violations of state prevailing wage and public procurement rules and laws, which require corrective action to 2014; and, adopting Stadium Authority budget that is reflects of the Board's priorities and includes first-ever Stadium Authority Annual Work Plan.
- **Process Integrity/Accountability** – Provided a data-driven Council Policy Priority Setting Session; initiated implementation of proactively managing risk citywide with City's first focused risk management program; launched the City's Community Grant Program that creates a standard process to award grants to qualifying nonprofits or individuals for events/activities that benefit the community; initiated implementation of a basic public records management program, increasing use of technology for efficiency; and created a budget document highlighting department performance and service delivery, resulting in increased understanding and transparency.

It is due to engaged residents, employees, businesses and community partners that Santa Clara is ranked the #1 city to live in California. I want to take an opportunity to thank Santa Clarans for working together to make sure Santa Clara is a place where people want to live, work, play and learn.

In community spirit,

Deanna J. Santana  
City Manager

# City Council Policy Priorities: On Horizon

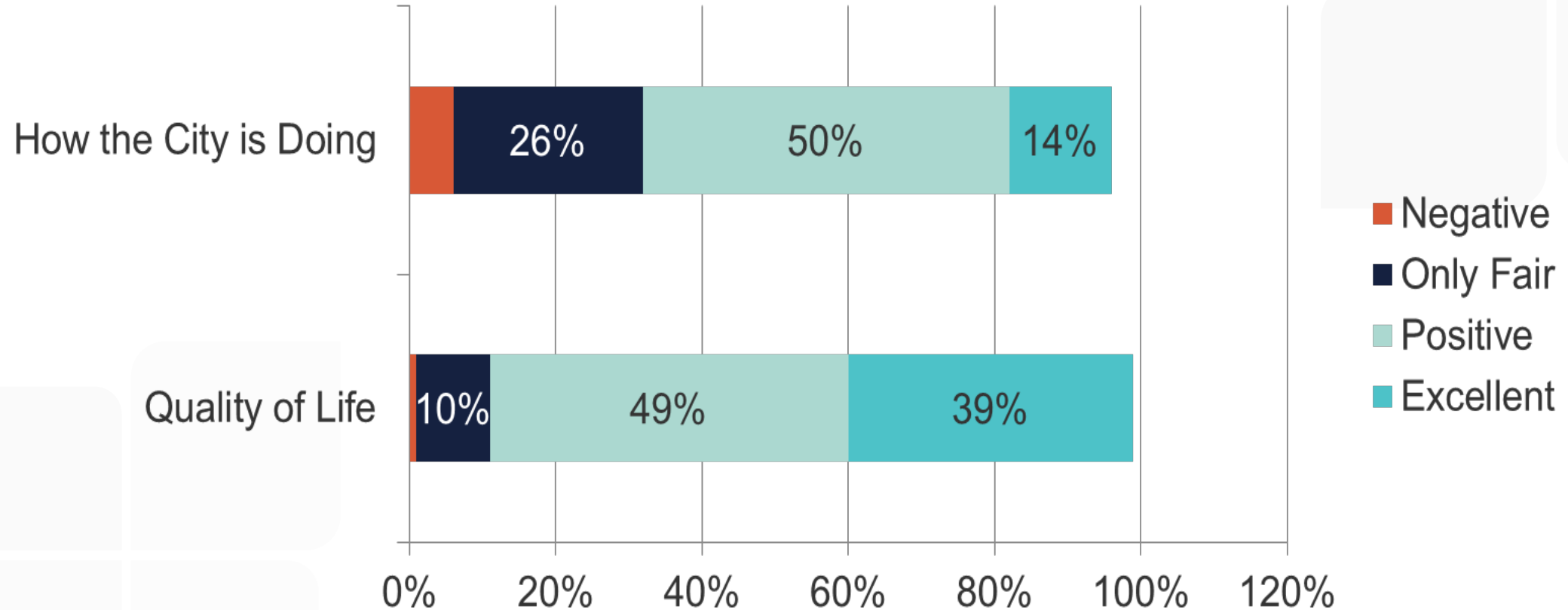
- **Eliminate deficits** in the General Fund - revenue opportunities & **expenditure control**
- **Address City Council priorities** within limited resources
- **Shared resource/service** approach: Mayor & City Council and Real Estate Function
- Citywide **Sustainability Program** and Sustainability Manager
- Continue **Stadium Oversight** and Neighborhood Response
- Replacing one reserve **fire engine**
- **Census 2020** outreach for an accurate population count
- Launch of a pilot for an **Accessory Dwelling Unit Incentive Program** for teachers and public service workers
- **Resources for risk management and public records** act administration
- Increase **Strategic Communications**
- Installation of San Tomas & Monroe **Neighborhood Park & Community Garden**
- Facilitate development of state's largest affordable housing project - **St. Anton**
  - 196 units to remain affordable for 55 years

# City Council Policy Priorities: On Horizon

- Neighborhood focused services
- Downtown planning effort
- Convention Center Transition & Creation of CVB
- Measure N Implementation: Community Engagement
- Procurement Authority – Stadium Manager and State law compliance
- Continued Focus on Administrative Improvements/reforms
- Related Santa Clara and other development projects
- Transportation and affordable housing
- ADA Compliance

# Community Research Statistics

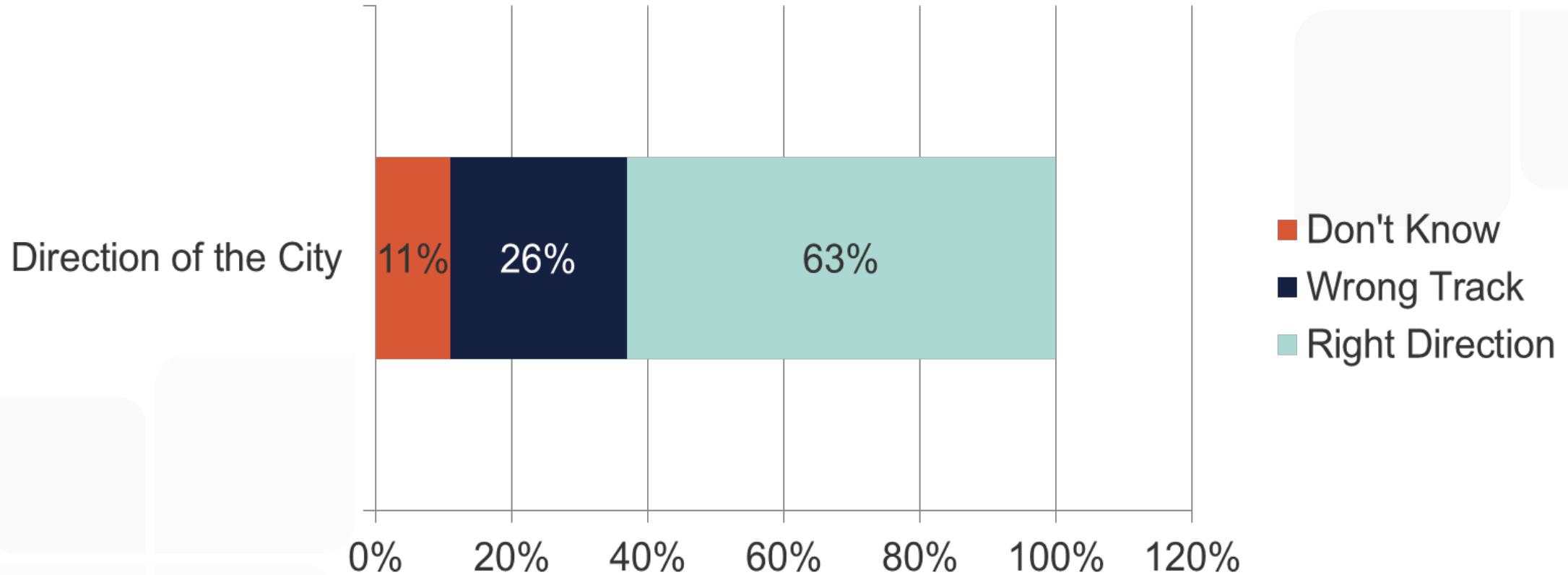
- 64% of respondents believe the City is doing an excellent or positive job, and
- 88% of respondents believe that quality of life in Santa Clara is positive or excellent



Source: Telephone surveys conducted by EMC Research and The Lew Edwards Group in January and June 2018 with Santa Clara voters

# Community Research Statistics

- 63% of those polled believe that the City is headed in the right direction.

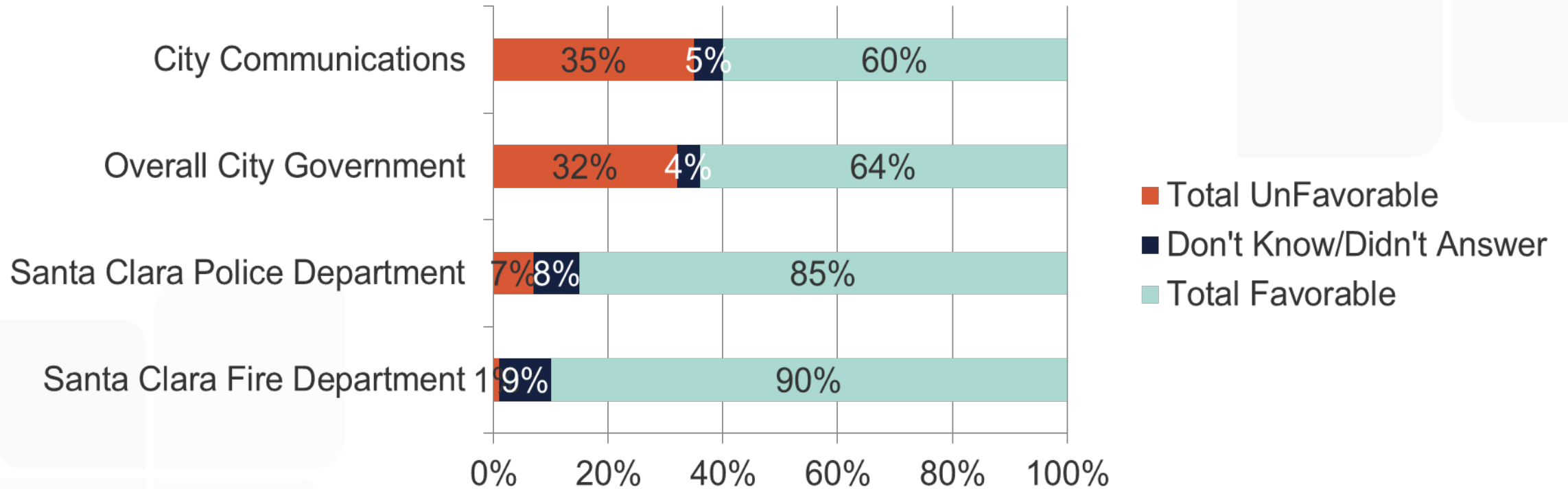


Source: Telephone surveys conducted by EMC Research and The Lew Edwards Group in January and June 2018 with Santa Clara voters

# Community Research Statistics

Santa Clara City Services

- Overall, voters rate City services very positively, especially public safety:



Source: Telephone surveys conducted by EMC Research and The Lew Edwards Group in January and June 2018 with Santa Clara voters

# Santa Clara is #1!

Santa Clara was recognized as the

**Best City to live in California**

- 2019 -



\*Source: ChamberofCommerce.org



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

Badge icon courtesy of: <https://www.chamberofcommerce.org/> (Source: <https://www.chamberofcommerce.org/best-cities-to-live-in-california/>)



# City of Santa Clara

The Center of What's Possible