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City of Santa Clara

CITY UTILITIES FUND CHARTER AMENDMENT – MEASURE ____
CITY ATTORNEY'S IMPARTIAL ANALYSIS

The Santa Clara City Council has placed Measure _ on the ballot which, if approved by the voters, would amend City Charter Section 1320 (“Utilities Fund”) to clarify that a fixed sum of 5% of utility gross receipts shall be transferred to the City’s general fund annually, continuing the voter-approved utility tax transfers that have occurred since at least 1980. The revenues derived by the City from this transfer are unrestricted and can be used for police and fire, parks and recreation, streets and sidewalks, and other general municipal services.

Background

In 1951, City of Santa Clara voters approved a City Charter amendment authorizing the partial use of utility rate revenues for City services. It was subsequently amended by the voters in 1980 to increase the transfer percentage from 4.5% to 5%. City Charter Section 1320 currently allows for a transfer from the City-owned utilities to the City’s general fund in an amount “not to exceed 5% of the gross receipts from such utilities.” Pursuant to this charter section, transfers from the City’s electric utility to the City’s general fund have occurred annually since 1980 and have historically been for the full 5% of gross receipts.

After the adoption of the City’s Charter provision, California voters approved Proposition 218 in 1996 and Proposition 26 in 2010, which amended the California Constitution to require that certain fees and charges must be approved by voters. To comply with changes in the law since the voters last took action in 1980, the City seeks express ratification by the voters of the transfer from the enterprise to the general fund in the fixed percentage of 5% of gross receipts.

The Measure

The proposed amendment to Section 1320 of the City Charter would delete the phrases “not to exceed” and “in payment for services rendered” from subsection (d) in order to clarify and establish the following: that the transfer percentage is fixed at 5%; that duplicative language is removed; that the voters are ratifying the existing practice of a fixed percentage transfer to the general fund, which is included in rate-setting calculations.

The utility transfer to the general fund is expected to continue to be approximately \$30,000,000 annually, based and dependent upon historical transfer amounts, electric rate-setting, and electric usage levels. Actual transfer fluctuates with the utility’s gross receipts.

A “Yes” vote on Measure _ amends Charter Section 1320 and aligns the continued transfer with current legal requirements.

A “No” vote means the proposed amendment to Charter Section 1320 would not go into effect and current Charter language, not aligned with current legal requirements, would continue.

The above statement is an impartial analysis of Measure _ . The full text of the measure is available at www.santaclaraca.gov or by calling the City Clerk’s Office at 408-615-2220, and a copy will be sent to you at no cost.