



CITY OF SANTA CLARA

Proposed Annual Budget Fiscal Year 2010-11

***Public Hearing
June 15, 2010***

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2010-11 Budget Public Hearing Agenda

- Overview of Proposed Annual Budget
- Follow Up on Budget Study Session
Issues/Questions
- Staff Recommendations
- Public Input
- Council Adoption of Budgets

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Budget Briefings and Public Meetings for 2010-11 Budget

- **February 9 & March 9:** CDBG Public Hearings
- **March 30:** Mid-Year Financial Report
- **April 20:** Budget Status Report
- **April 27:** 2010-11 Budget Principles Adopted by City Council
- **April 29:** Budget Presentation to Chamber of Commerce Board of Directors

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Budget Briefings and Public Meetings for 2010-11 Budget

- **May 11:** Capital Budget Summary/Project Highlights
- **May 18**
 - Review of Five Year Financial Plan
 - Additional CIP Project Highlights
- **May 24**
 - Citizens Advisory Committee Budget Presentation

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Budget Briefings and Public Meetings for 2010-11 Budget

➤ May 25

- Operating Budget Study Session
- Presentations by Community Groups
- Solid Waste Rate Hearing
- Water and Sewer Rate Hearing

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Budget Briefings and Public Meetings for 2010-11 Budget

➤ June 15

- Public Hearing/Budget Adoption
- Municipal Fee Schedule Hearing/Adoption
- Sanitary Sewer Outlet Charge – Conveyance Fee Hearing
- Downtown Parking District (Franklin Square) Hearing
- Convention Center Maintenance District Hearing

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Additional Outreach for 2010-11 Budget

- **March 2010 *Inside Santa Clara* Article**
- **Published Budget Schedule in April 2010
*Mission City SCENES***
- **Municipal Cable Channel 15**
- **Front Page of City Website**

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Additional Outreach for 2010-11 Budget (Cont'd)

- **Two Memos to City Employees**
- **Memo and June 2, 2010 meeting with City
Employee Bargaining Groups**
- **Memo to Board & Commission Members**
- **Additional Outreach Underway**
 - **June 2010 *Inside Santa Clara* Article**
 - **Budget Video For City Website and Cable
Channel 15**
 - **City Manager Budget Presentations to City
Employees**

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City of Santa Clara Operating Budget 2010-11

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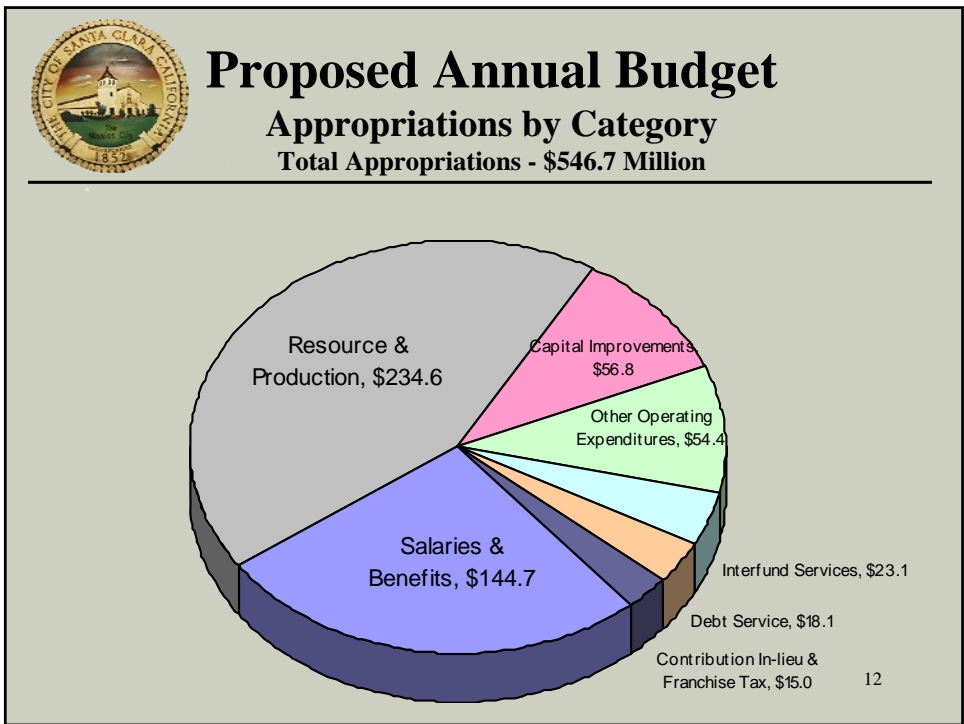
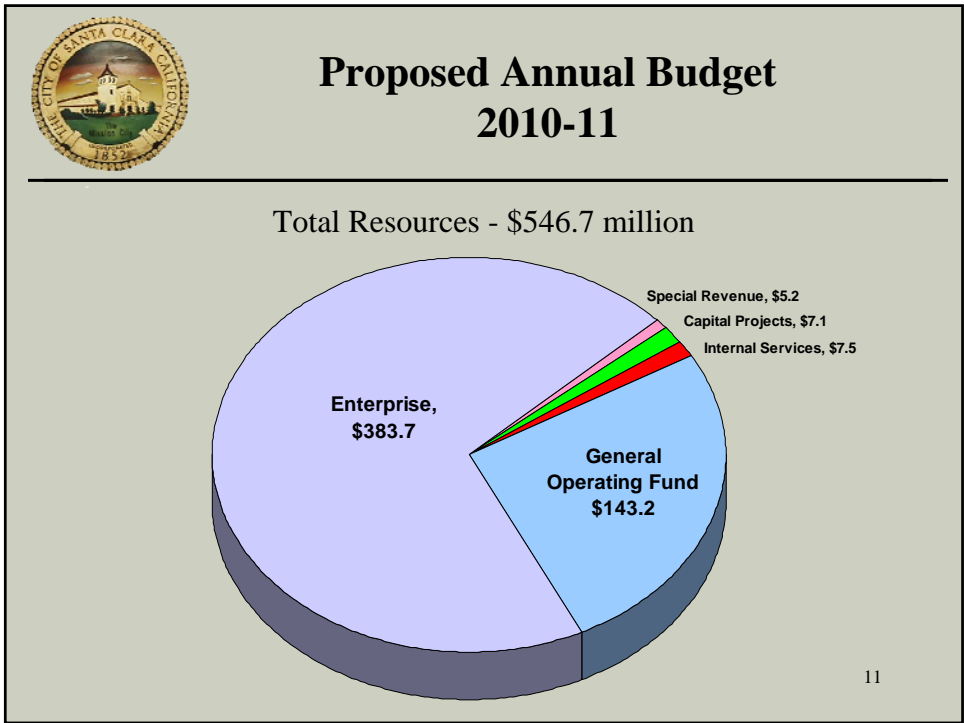
City of Santa Clara 2010-11 Proposed Annual Budget

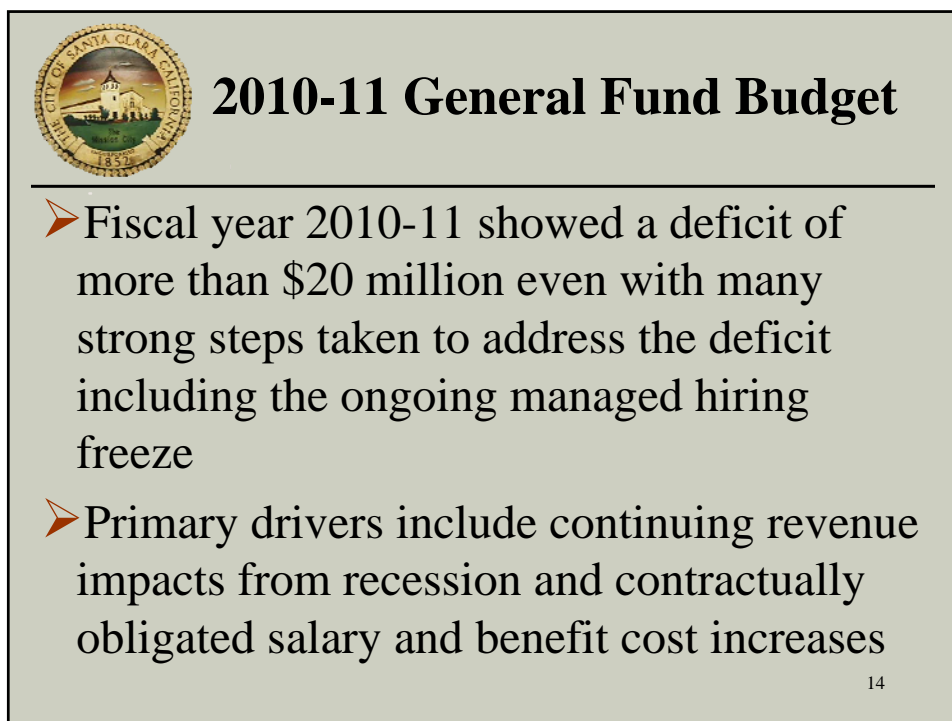
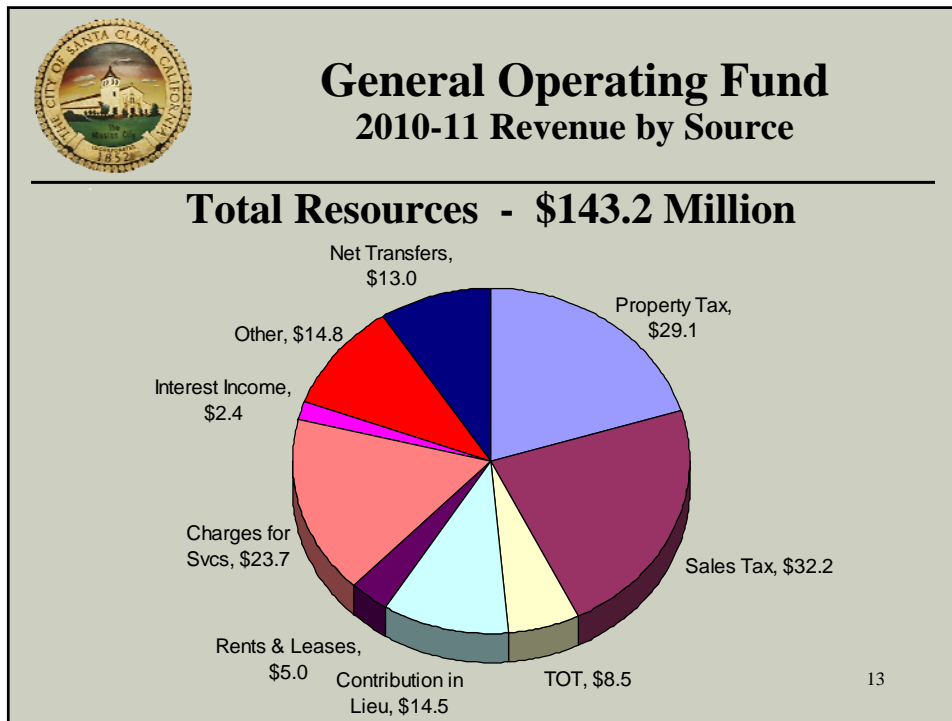
\$546.7 Million

Fund (\$millions)	Proposed 2010-11	Adopted 2009-10	Increase or (decrease)	Percent Change
Total City Budget	\$546.7	\$567.4	\$(20.7)	(3.7%)
Operating Budget*	\$489.9	\$514.3	\$(24.4)	(4.8%)
<i>General Fund (w/Debt)</i>	<i>\$143.2</i>	<i>\$150.8</i>	<i>\$(7.7)</i>	<i>(5.1%)</i>
Capital Improvement	\$ 56.8	\$ 53.1	\$3.7	7.0%

*Includes General Fund, Enterprise Funds, Special Revenue Funds, Internal Service Funds.

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2010-11 General Fund Budget

➤ Decisive actions needed to balance 2010-11 Budget:

- About 15% of the positions held vacant or eliminated - affects more than 100 positions and saves approximately \$10 million (Ongoing)
- Reduce City Manager salary by 10% (Ongoing)
- Reduce as-needed and overtime budgets (Ongoing)
- Reduce materials, services, and supplies budgets (Ongoing)
- Increase fees to move closer to full cost recovery (Ongoing)

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2010-11 General Fund Budget

➤ Decisive actions needed to balance 2010-11 Budget (Cont'd):

- Refinance Police administration building debt (One-Time and Ongoing)
- Refinance CalPERS miscellaneous plan unfunded liability (Ongoing)
- Sell Altamont Pass property to Electric Utility (One-Time)
- Charge staffing costs to CIP projects (One-Time – depending on projects)
- Assume savings from voluntary time off program (One-Time/Short Term)

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2010-11 General Fund Budget

- Decisive actions needed to balance 2010-11 Budget (Cont'd):
 - Remaining shortfall of \$5 million assumed solved through additional frozen positions, reorganization/restructure of functions, reductions in employee-related costs, or other solutions

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Budget Themes

- Use of Interns and Volunteers
- Economic Development
- Minimizing Impacts on City Services

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Budget Themes

- **Minimizing Impacts on City Services**
 - Proposed budget keeps all City facilities open:
 - 10 fire stations
 - Police Building
 - Northside Police Substation
 - Both City Libraries (reduced hours)
 - Parks & Recreation Facilities (reduced hours)
 - City Hall and Other City Offices

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Budget Themes

- **Minimizing Impacts on City Services (Cont'd)**
 - Facility Impacts:
 - Central Park Library – 55 hours per week rather than 64 (reductions during lowest use times)
 - Mission Library Family Reading Center – 4 days per week, hours reduced from 46 to 26 per week
 - Senior Center – 53 hours per week (11 fewer) but still open 6 days per week
 - Teen Center – continues reduced hours from 2009-10 (4 hours per week)

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Budget Themes

- **Minimizing Impacts on City Services (Cont'd)**
 - Departments working cooperatively with Water & Sewer Utility on Recycled Water Project
 - New IT Services agreement – lower cost
 - Program Impact Examples:
 - Vote Ethics Program funding reductions
 - Leadership Santa Clara funding reductions
 - “Inside Santa Clara” – 3 issues rather than 4 issues
 - Continue All-City 4th of July Picnic but eliminate fireworks



Budget Themes

- **Minimizing Impacts on City Services (Cont'd)**
 - Exploring New and Innovative Service Delivery Methods
 - Streamlined process for solar permits
 - Pilot program for every other month utility meter reading/billing for City facilities



Reserve Status

- Working Capital (Emergency) Reserve
 - \$8.9 million current balance
 - Expect to end 2009-10 with about \$0.5 million due to additional recessionary impacts
 - Reserve not used to balance 2010-11
- Capital Projects Reserve
 - Only about \$1.1 million will remain after use of \$3.0 million in 2010-11

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Reserve Status

- Land Sale Reserve
 - Policy is to preserve principal balance
 - Interest earned credited to General Fund
 - \$17 million balance
- Building Inspection Reserve
 - 2009-10 shortfall to be covered by reserve
 - Anticipate to end 2009-10 with about \$0.9 million
 - About \$0.5 million at end of 2010-11 after funding for CIP projects

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City of Santa Clara

Enterprise Funds

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Enterprise Funds Electric Utility

- Expenditures of \$310.9 million, includes capital expenses of \$33.3 million
- Operating budget decrease of \$12.7 million, or 4.4% due to lower resource and production costs (e.g., retirement of NCPA Geothermal bonds)

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Enterprise Funds Electric Utility

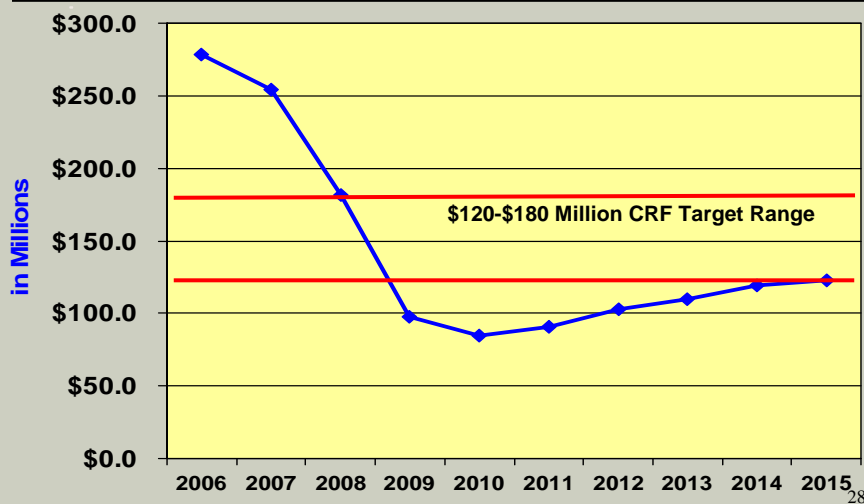
➤ Electric

- Rate increases since 2006 but offset by higher energy costs, lower interest income, and greater capital replacement needs:
 - 7% January 2010
 - 7% January 2011 (Approved)
- Reserve levels have dropped below targets
- Cost Reduction Fund balance expected to dip to \$84 million at 6/30/10 vs. \$120 million minimum target

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Cost Recovery Fund Balance 7% Rate Increases Jan 2010 & Jan 2011



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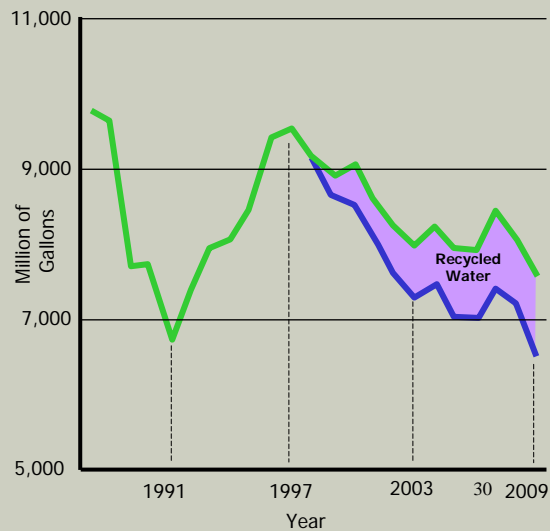
Enterprise Funds Water and Sewer

- Operating budget expenses of \$41.8 million, decrease of 4.7% (lower water sales and sewer revenues due to economic downturn)



Reduced Potable Water Sales (Usage Reduced 23% in Ten Years)

- Potable Water Use is 30% lower than 1997.
- Potable Water Use less than previous drought.
- Water Sales Projected to continue to flatten in FY10/11.
- Significant change in customer base.





Enterprise Funds Sewer

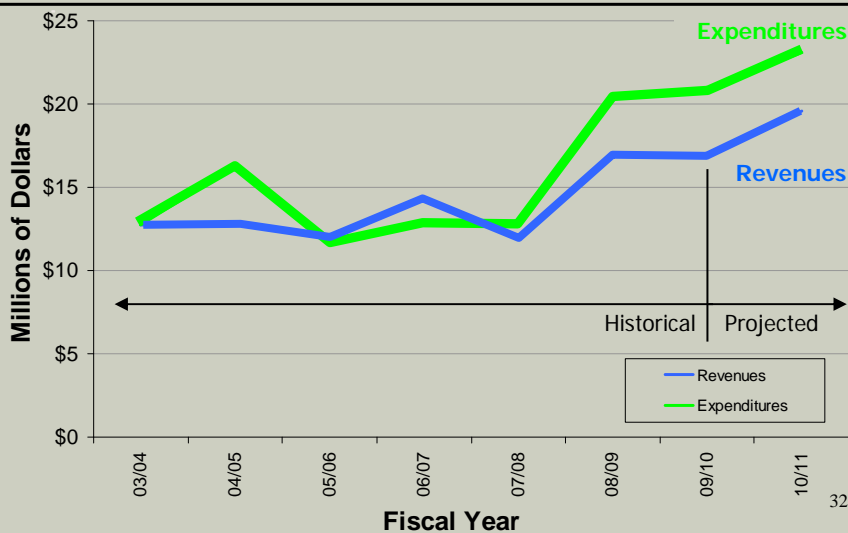
➤ Sewer

- Significant capital costs for Wastewater Treatment Plant (doubled over last two years)
- Reserves below target as they have been used to balance budget
- Rate increases have reduced structural deficit but not yet caught up with costs

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Sewer Utility Revenues & Expenditures



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Rate and Fee Impact Enterprise Funds

<i>Rate Type</i>	<i>2010-11 Rate Change</i>
Electric Utility (Approved)	7% for Jan 2011
Water Utility Rate	\$2.88 per month
Sewer Utility Rate	\$3.10 per month
Recycled Water	9.3%

Lowest combined electric, water & sewer rates in
nine Bay Area counties

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Rate and Fee Impact Enterprise Funds

<i>Rate Type</i>	<i>Monthly 2010-11 Rate Change</i>
Garbage Collection and Disposal Rate	\$0.51
Residential Curbside Recycling Rate	\$1.16
Clean Green	\$0.98
Clean up Campaign Charge	No increase
Household Hazardous Waste Charge	\$0.05

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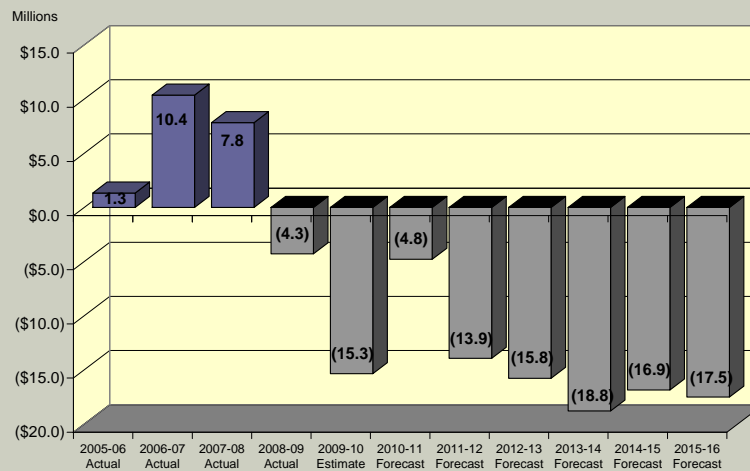


City of Santa Clara Five Year Plan 2011-12 to 2015-16



Five Year Plan Results

Chart 17
General Fund Operating Surplus/(Deficits)





City of Santa Clara Capital Improvement Project Budget Summary 2010-11

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Proposed 2010-11 CIP Budget Overview

City Funds:(Millions)	<u>2010-11</u>	<u>2009-10</u>	<u>Incr(Decr)</u>
Streets & Highways	\$3.7	\$6.1	\$ (2.4)
General Government	7.1	7.9	(0.8)
Enterprise	<u>46.0</u>	<u>39.1</u>	<u>6.9</u>
Subtotal City Funds	\$56.8	\$53.1	\$ 3.7
Agency Funds	<u>20.7</u>	<u>7.3</u>	<u>13.4</u>
TOTAL	<u>\$77.5</u>	<u>\$60.4</u>	<u>\$17.1</u>

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City of Santa Clara

Redevelopment Agency (RDA) and Sports and Open Space Authority (SOSA)

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Redevelopment Agency 2010-11 Proposed Budget (\$ millions)

<u>2010-11 Proposed</u>	<u>2009-10 Adopted</u>	<u>Percent Change</u>
\$61.5	\$37.8	62.6%

- Includes \$8 million for Walsh Avenue Sanitary Sewer Improvements project
- Housing projects for 2010-11 total \$12.2 million
- Funding for annual debt obligations
- Pass through of \$11.9 million of lease revenues to the City's General Fund
- \$2.0 million State Educational Revenue Augmentation Fund (ERAF) takeaway for 2010-11
- Continues to fund Affordable Housing Set-aside at 30%, 10% more than mandated amount

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Sports and Open Space Authority 2010-11 Proposed Budget (\$ millions)

<u>2010-11 Proposed</u>	<u>2009-10 Adopted</u>	<u>Percent Change</u>
\$6.0	\$6.3	(5.4%)

- Golf Course budget of \$3.2 million
 - Reflects increases in weekday and weekend rates for residents and non-residents in line with other comparable courses
- Transfer to City's General Fund of \$2.6 million including golf course net income and other leases (e.g., Interland Apartments)
- Reduces General Fund Subsidy (\$2.8 million per year debt service on bonds for Golf Course paid by City)

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Proposed 2010-11 Municipal Fee Schedule

- Fees adjusted based on recovering all or a portion of full cost (i.e., direct and indirect) per 2009 and 2010 fee studies conducted by MGT of America
- Most fees below full cost adjusted by greater of 25% or amount needed to recover full cost
- Higher increases for Development related fees where current fees were further from full cost recovery
- Sanitary Sewer Outlet Charge - Conveyance Fee public hearing on tonight's agenda

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Follow-up to City Council Questions

- Park Development Fees
- Administrative Penalties
- Decrease in Conference and Travel/Training Budgets – Out-of-State Travel Policy
- Fairway Glen Park
- Historical and Landmarks Commission Funding Request
- Approximate Age of Electric Distribution Substations

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Other Budget Decisions

- Give A Little...Help A Lot Fund
- Asset Seizure Funds
- Conference, Training And Travel Guidelines for City Board/Commissions, as Amended
- Errata Memo Changes

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2010-11 Budget Public Hearing

*Staff Recommends Approval of the
Following Action Items:*

- 1. 2010-11 appropriations limit of \$280,361,369
and accompanying Resolution**

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2010-11 Budget Public Hearing

*Staff Recommends Approval of the
Following Action Items:*

- 2. City of Santa Clara Proposed Capital
Improvement Project Budget of \$56,793,715;
Redevelopment Agency Capital
Improvement Project Budget of \$20,635,455;
and Sports & Open Space Authority Capital
Improvement Project Budget of \$75,000
(plus adjustments on Errata Memo)**

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2010-11 Budget Public Hearing

*Staff Recommends Approval of the
Following Action Items:*

- 3. City of Santa Clara Proposed Total Budget of \$546,701,480; including the City's Operating Budget of \$489,907,765 and CIP Budget of \$56,793,715 (plus adjustments on Errata Memo)**
- 4. Redevelopment Agency Proposed Budget of \$61,482,839; including the CIP budget of \$20,635,455 (plus adjustments on the Errata Memo)**

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2010-11 Budget Public Hearing

*Staff Recommends Approval of the
Following Action Items:*

- 5. Sports and Open Space Authority Proposed Budget of \$5,959,336; including CIP Budget of \$75,000**
- 6. Five Year Financial Plan 2010-11 through 2014-15**

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2010-11 Budget Public Hearing

*Staff Recommends Approval of the
Following Action Items:*

- 7. Determine that the use of RDA Low- and Moderate-Income Housing Fund for housing services outside of the project areas will benefit the project areas**
- 8. Determine that planning & administration expenses provided in the budget to be made from the Low- and Moderate-Income Housing Fund are necessary for the production, improvement or preservation of low- and moderate-income housing**



2010-11 Budget Public Hearing

*Staff Recommends Approval of the
Following Action Items:*

- 9. Continuing the contribution rate to the Redevelopment Agency Housing Fund at 30% of tax increment funds received by the Bayshore North project area instead of the mandated 20% contribution rate**
- 10. Disposition of \$18,169.40 from the Give A Little...Help A Lot community donation campaign**



2010-11 Budget Public Hearing

*Staff Recommends Approval of the
Following Action Items:*

- 11. Use of \$77,000 from the Asset Seizure Trust Fund for police programs and activities**
- 12. Conference, Training and Travel Guidelines for City Board/Commissions, as amended**
- 13. The 2010-11 Municipal Fee Schedule and Resolution**

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2010-11 Budget Public Hearing

- **Public Input**
- **Council Adoption of Budgets**

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