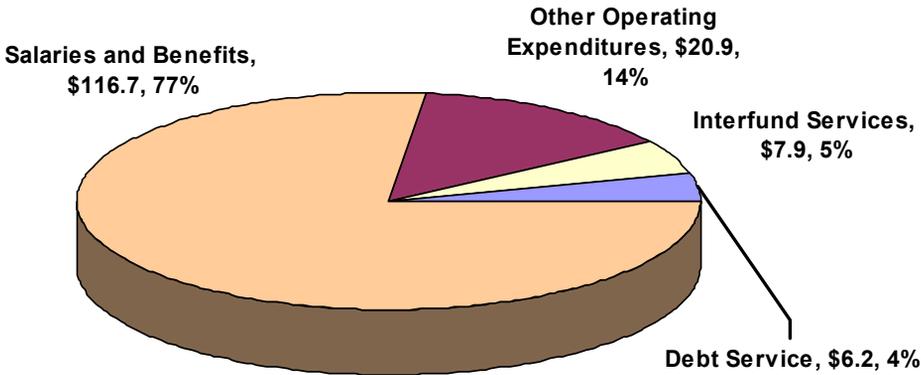


City of Santa Clara 2012-13 Annual Budget

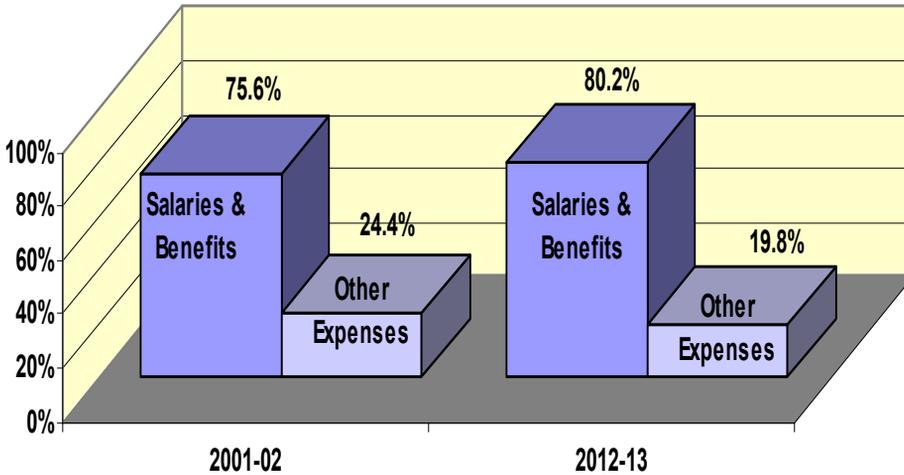
Chart A
General Operating Fund - Appropriations by Object Category
 (Dollars in Millions)



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.