



FY 2021/22 and FY 2022/23 Adopted Biennial Operating Budget

Budget-in-Brief



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

City of Santa Clara Budget-in-Brief

FY 2021/22 and 2022/23

Adopted Biennial Operating Budget

To Our Santa Clara Residents:

The Fiscal Year 2021/22 and 2022/23 Biennial Operating Budget (Biennial Budget) was adopted by the City Council on June 22, 2021. This process continues the practice of alternating between an operating and capital budget every other year. The Biennial Budget focuses on our day-to-day operations that support essential City services. Amendments to the Fiscal Year 2021/22 Capital Budget were also approved.

It was a challenging time to adopt the Biennial Budget, as the City was facing a COVID-19-induced General Fund shortfall of \$29 million in fiscal year 2021/22. COVID-19 had already negatively impacted revenue collections in the prior two fiscal years, 2019/20 and 2020/21. Unfortunately, more difficult budget reductions were necessary to bring the Biennial Budget into balance. Still, the use of one-time federal stimulus funds avoided more severe service impacts that would otherwise have been required. At the same time, there is cause for cautious optimism as economic conditions are projected to improve later in 2021.

The budget actions brought forward in this adopted Biennial Budget are considered Phase 2 of the actions necessary to address the COVID-19 impacts. On March 9, 2021, the City Council approved the Phase 1 budget reductions, which included the freezing of 43.50 positions and ongoing General Fund expenditure reductions of \$12.7 million. The second phase of balancing actions relies less on ongoing expenditure reductions, with those totaling \$1.8 million, and more on the use of federal stimulus funds, other reserves, and additional revenues.

The Biennial Budget development is a collaborative process with all City departments, the City Council, and the public. This continued collaboration is critical as we continue to face significant budget challenges. Our focus will be on preserving essential services while balancing the Biennial Budget in a fiscally responsible manner.



Deanna J. Santana
City Manager



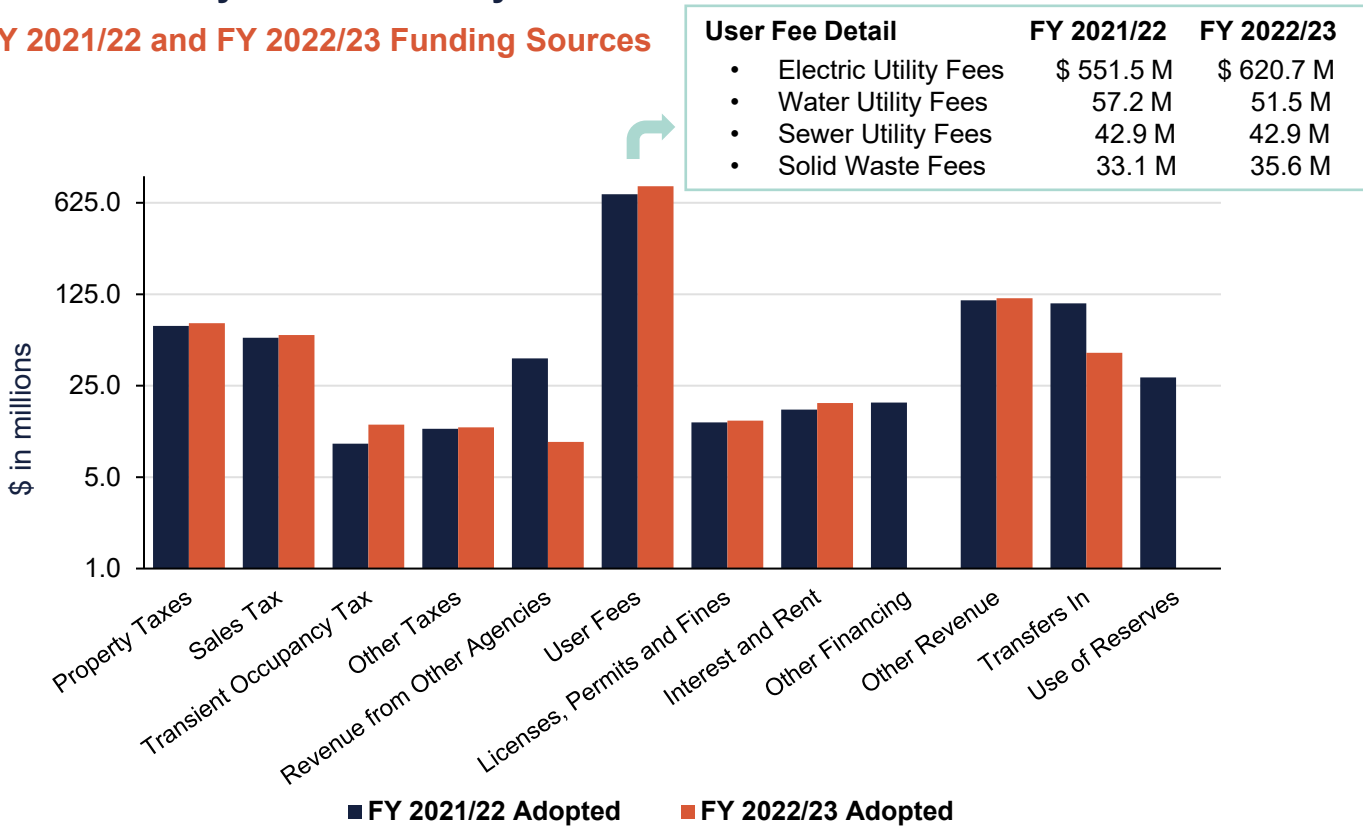
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Where the City Gets Its Money

FY 2021/22 and FY 2022/23 Funding Sources



FY 2021/22 and FY 2022/23 City Expenditure Budget

Fund Type	FY 2020/21 Adopted Budget	FY 2021/22 Adopted Budget	% Change	FY 2022/23 Adopted Budget	% Change
General Fund	\$ 285,968,205	\$ 286,025,931	0.0%	\$ 264,636,922	(7.5%)
Special Revenue	22,709,200	28,214,477	24.2%	28,201,923	(0.0%)
Enterprise	693,847,310	670,250,848	(3.4%)	784,562,413	17.1%
Internal Service	37,533,057	41,211,645	9.8%	39,254,113	(4.6%)
Debt/Other	17,263,562	39,291,994	127.6%	19,847,647	(49.5%)
Capital Improvement Program*	342,174,078	337,391,387	(1.4%)	100,712,350	(70.2%)
Less (Contributions, Transfers and Reserves)**	(214,345,858)	(185,061,135)	(13.7%)	(205,298,512)	10.9%
Total Adopted Budget	\$ 1,185,149,554	\$ 1,217,325,417	2.7%	\$ 1,031,916,856	(15.2%)

*Capital Improvement Program budget includes CIP carryover.

**Excludes contributions, reserves, and transfers to avoid double counting.

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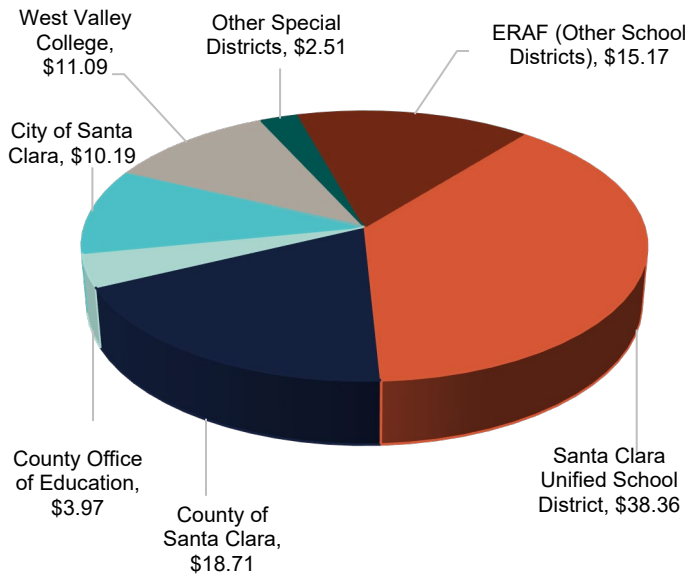
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Property Tax

When you pay your property tax bill to the County, the City of Santa Clara General Fund receives \$10.19 for every \$100 collected. The City anticipates receiving \$71.6 million in FY 2021/22 and \$75.1 million in FY 2022/23.

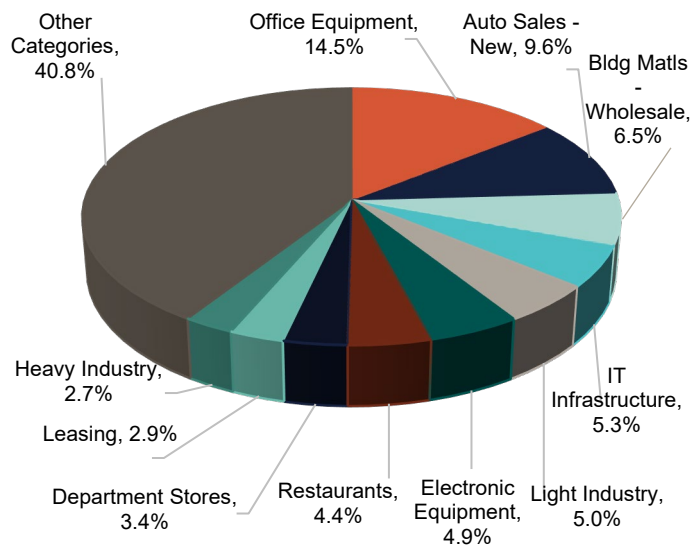
Per \$100 Collected



Sales Tax

Sales tax revenue in the City of Santa Clara comes from multiple sources. New vehicles, office equipment, electronic equipment and IT infrastructure sales were the City's leading economic sales categories in the first quarter of 2021, making up almost 60% of sales tax collections.

Sales Tax Generators



Where Your Sales Tax Goes

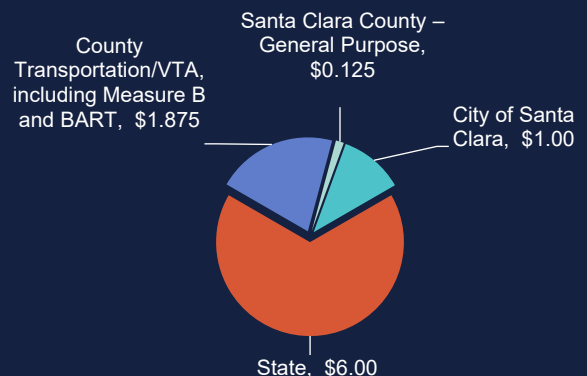
For every dollar you spend in Santa Clara on taxable purchases, you pay **9.00%** in sales tax or **\$9.00** for each **\$100** purchased.

Cities throughout the State receive a portion of the sales tax collected 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. The City anticipates receiving \$58.2 million in FY 2021/22 and \$61.0 million in FY 2022/23.

California statewide sales tax rate is 7.25%, of which the City of Santa Clara receives 1.00%. The total countywide sales tax rate 9.00%. Santa Clara County has the following five voter-approved add-on tax measures:

- 0.125% for County Retail Sales Transactions and Use
- 0.125% for VTA BART
- 0.500% for Silicon Valley Transportation Solutions Tax
- 0.500% for Santa Clara County Transit District (SCCT)
- 0.500% for Santa Clara County Valley Transportation Authority (SCVT)

Based on Purchase of \$100
Sales Tax Paid is \$9.00



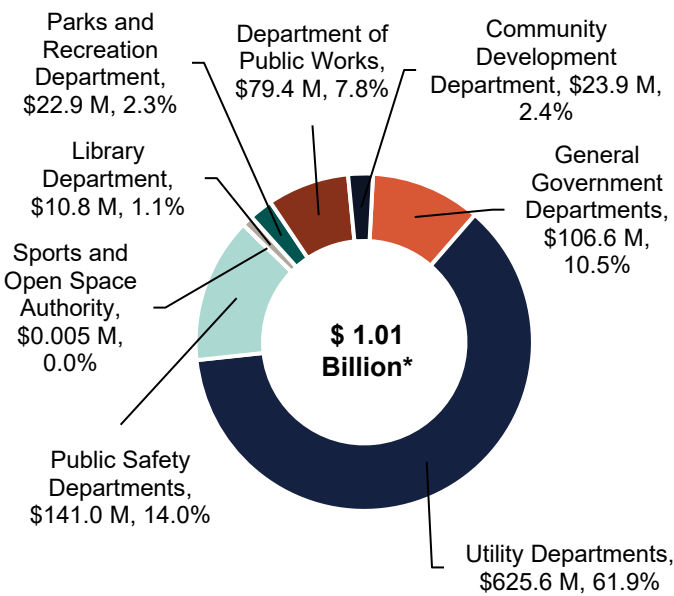
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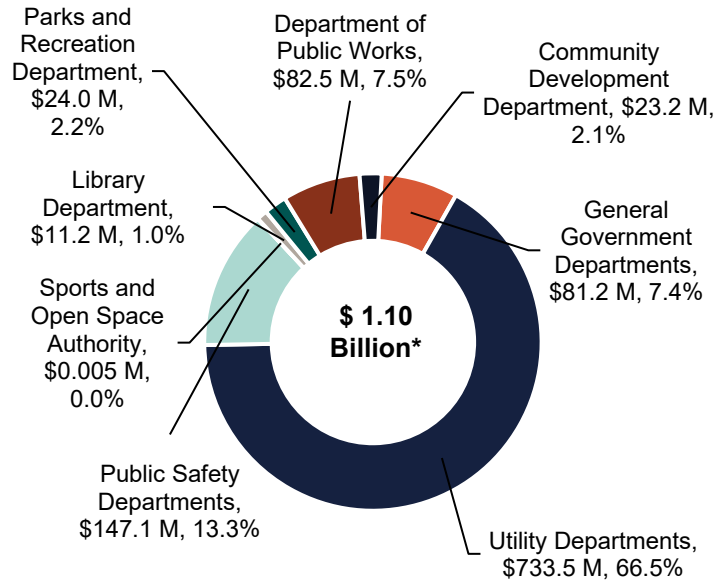
Adopted Biennial Operating Budget

Operating Budget Expenditures by Department

FY 2021/22 Adopted Budget

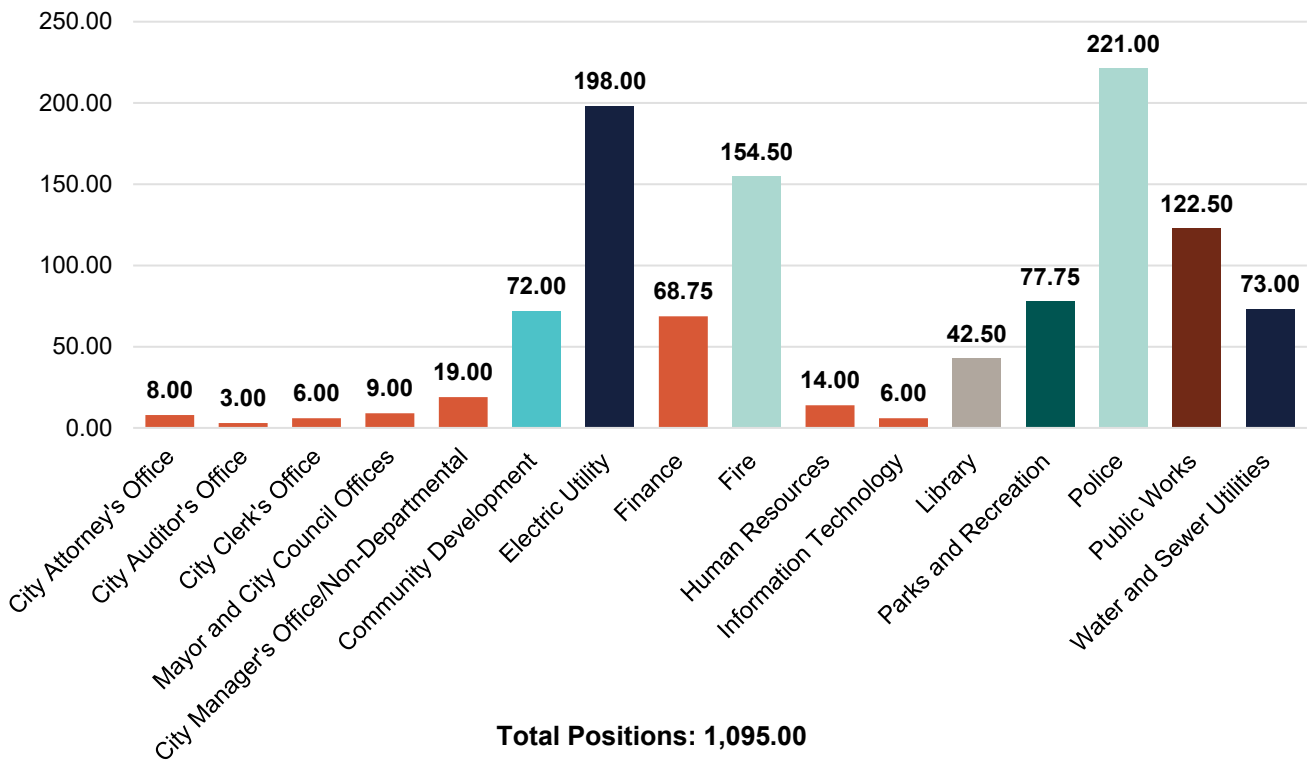


FY 2022/23 Adopted Budget



* Excludes internal service funds not tied to a particular department and debt service.

FY 2021/22 Positions by Department



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Budget Highlights by Strategic Pillar

Strategic Pillar	Budget Highlights
Promote and Enhance Economic, Housing and Transportation Development	<ul style="list-style-type: none">• The FY 2021/22 budget includes more than \$2 million to fund public services designed to assist low-income families in encompassing services such as Tenant-Based Rental Assistance and Family Advocacy Services.• The City remains committed to new affordable housing with over \$36 million in local funds earmarked through FY 2020/21 for affordable housing projects.• In FY 2021/22, the Convention Center is projected to have 211 events, with approximately 120,000 in attendance. In FY 2022/23, the Convention Center is projected to have 374 events, with approximately 250,000 in attendance.• Add Downtown Master Plan funds to support the Downtown Task Force work.
Promote Sustainability and Environmental Protection	<ul style="list-style-type: none">• Add Electric Utility funding to support various initiatives to expedite Greenhouse Gas emission reduction, including the battery storage program, the City electric vehicle replacement program, the bike, pathway and park program, and the distributed energy resources management program.
Manage Strategically Our Workforce Capacity and Resources	<ul style="list-style-type: none">• Add \$1.7 million to the Police Department to restore a portion of the Police Department staffing impacted by Phase I and Phase II reductions.• Reduce recreation facility hours, as-needed staff to support adult sports, eliminate programming at the low use Montague pool, reduce staff for the Therapeutics Program, eliminate funding for the Jr. Giants and reduce cultural commission community grants.• Eliminate vacant Library positions and reduction in as-needed staffing (no reduction in Library hours)• Freeze vacant Public Works positions in the Streets Division and reduce maintenance funding.• Eliminate Human Resources positions in the Recruiting, Classification and Employee Development Division and reduce funding for the City Auditor position.
Deliver and Enhance High-Quality Efficient Services and Infrastructure	<ul style="list-style-type: none">• Add positions and other resources in the Community Development Department to support the high volume of development activity funded via development fees.• Funding to ensure compliance with the North American Electric Reliability Company in the Electric Utility Department
Enhance Community Engagement and Transparency	<ul style="list-style-type: none">• Add funding for the Task Force on Diversity, Equity and Inclusion• Combine the Community Grants Fund with the Championship Team and reduce overall funding
Ensure Compliance with Measure J and Manage Levi's Stadium	<ul style="list-style-type: none">• The Stadium Authority's stand-alone Fiscal Year 2021/22 Operating, Debt and Capital Budget was adopted by the Stadium Authority Board on March 23, 2021.• The \$65 million budget provides the necessary funding to administer the duties of the stadium authority, including support for operating the Stadium, advancement of the work plan, payment of debt service, and maintenance of a five-year capital plan.
Enhance Community Sports and Recreational and Arts Assets	<ul style="list-style-type: none">• The FY 2021/22 capital budget includes planned investments in the Maywood Park and Warburton Park playground rehabilitation, a new accessible entrance, and additional parking at Central Park.• The Reed and Grant Sports Park is now open, providing sports fields, a playground, concession stand, restrooms, and on-site parking.

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General Fund Budget Balancing Strategy

Given the projected General Fund shortfall of \$29.0 million in FY 2021/22, the budget-balancing strategy for the FY 2021/22 and FY 2022/23 Biennial Operating Budget incorporates a combination of ongoing expenditure reductions and increased revenues as well as one-time solutions, including the use of federal stimulus funding and reserves. The purpose of the stimulus funds is to save jobs and preserve services by providing the critical time to evaluate the post COVID-19 recovery and allow for a slower phase-in of any community impacts.

The table below shows that \$3.3 million of the FY 2021/22 General Fund deficit is solved with ongoing expenditure reduction and additional revenues, leaving a remaining balance of \$25.7 million. One-time solutions close this funding gap, most significantly the use of federal stimulus funds. Because \$25.7 million of the FY 2021/22 shortfall is solved one time, this shortfall will carry over to FY 2022/23. When combined with the small forecasted surplus in FY 2022/23 of \$3.4 million, the General Fund deficit totals \$22.3 million in FY 2022/23. This shortfall is solved with General Fund revenues expected to be generated from additional fees and the use of the Budget Stabilization Reserve and the Land Sale Reserve. Based on the latest forecast and the budget-balancing strategy for FY 2021/22 and FY 2022/23, a shortfall of \$17.6 million would remain after the two-year budget period.

FY 2021/22 and FY 2022/23 Biennial Operating Budget General Fund Balancing (\$ in millions)			
	FY 2021/22	FY 2022/23	FY 2023/24
Forecast (Shortfall)/Surplus (Factors in Phase 1 Budget Reductions of \$12.7 M)	(\$29.0 M)	\$3.4 M	\$4.2 M
Carried Over Deficit from Prior Year (Due to Use of One-Time Solutions in FY 2021/22 and 2022/23)		(\$25.7 M)	(\$21.8 M)
Ongoing Actions			
Adopted Budget Expenditure Changes	\$1.8 M		
Adopted Budget Revenues	\$1.5 M	\$0.5 M	
Total Adopted Budget Ongoing Solutions	\$3.3 M		
Remaining Shortfall After Ongoing Solutions	(\$25.7 M)	(\$21.8 M)	(\$17.6 M)
One-Time Actions			
Transfer to the Special Liability Fund	(\$5.2 M)		
Federal Stimulus Funding	\$25.9 M		
Budget Stabilization Reserve	\$3.6 M	\$17.3 M	
Land Sale Reserve	\$1.4 M	\$4.5 M	
Total Adopted Budget One-Time Solutions	\$25.7 M	\$21.8 M	
Remaining Budget Shortfall/Surplus	\$0.0 M	\$0.0 M	(\$17.6 M)

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Budget Balancing by Department

A phased approach to budget balancing has allowed more time to determine the actual fiscal impacts of COVID-19. Some departments had higher cuts in Phase 1 (approved March 9, 2021), while other departments have more cuts in Phase 2 (approved with the adoption of the budget). The table below summarizes these reductions by department and compares the reductions to the percent of each department's discretionary budget, which excludes items such as the required retirement unfunded liability cost and fee or reimbursement-related costs. These reductions total approximately 8.3% of the departmental discretionary General Fund budgets.

General Fund Phase 1 and Phase 2 Budget Reductions

Department	Total Phase 1 and 2 Reductions	% of Discretionary Budget
Mayor and City Council	(\$0.02 M)	(16.8%)
City Attorney	(\$0.14 M)	(11.1%)
City Clerk	(\$0.19 M)	(16.7%)
City Manager/Non-Departmental	(\$1.91 M)	(12.7%)
Community Development	(\$0.58 M)	(19.7%)
Finance/Auditor	(\$0.43 M)	(17.8%)
Fire	(\$2.66 M)	(6.5%)
Human Resources	(\$0.45 M)	(16.6%)
Information Technology	(\$1.07 M)	(11.4%)
Library	(\$0.97 M)	(10.0%)
Parks & Recreation	(\$2.33 M)	(15.1%)
Police	(\$2.46 M)	(4.2%)
Public Works	(\$1.67 M)	(8.8%)
Total	(\$14.88 M)	(8.3%)

- **Smallest % declines in public safety (Police and Fire services)**
- **Largest % declines in Council appointees and strategic support**

The City Council appointees (City Attorney, Auditor and City Manager's Offices) and strategic support departments (e.g., Human Resources, Finance, Assistant City Clerk) have the largest average decline of 13%, followed by the non-public safety direct service departments (e.g., Library and Parks and Recreation) at 12%, and, lastly, the public safety departments (Police and Fire) at 5%. The differences reflect the goals of maintaining public safety to the extent possible and minimizing direct service reductions to the community.

The reductions in the City leadership and strategic support functions are becoming increasingly more difficult as there is less flexibility on the types of services delivered (payroll, accounts receivable/payable, hiring, employee relations, legal support, technology support, and agenda support). Staff will continue to seek ways to reduce costs in its delivery of these services.

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City Councilmembers

Mayor	Lisa M. Gillmor
Councilmember District 1	Kathy Watanabe
Councilmember District 2	Raj Chahal
Councilmember District 3	Karen Hardy
Councilmember District 4	Kevin Park
Councilmember District 5	Sudhanshu Jain
Councilmember District 6	Anthony J. Becker

City Department Contact Information

City Attorney's Office	(408) 615-2230
City Clerk's Office	(408) 615-2220
City Manager's Office	(408) 615-2210
Community Development Department	
Building Division	(408) 615-2440
Permit Center	(408) 615-2420
Planning Division	(408) 615-2450
Housing & Community Services	(408) 615-2490
Electric Utility Department	(408) 615-2300
Finance Department	(408) 615-2340
Fire Department	(408) 615-4900
Human Resources Department	(408) 615-2080
Information Technology Department	(408) 615-2022
Library Department	(408) 615-2930
Parks & Recreation Department	(408) 615-2260
Police Department	(408) 615-4700
Department of Public Works	
Engineering Office	(408) 615-3000
Corporation Yard	(408) 615-3080
Water & Sewer Utilities Department	(408) 615-2000



The Budget-in-Brief is intended to provide an overview of the City of Santa Clara's FY 2021/22 and FY 2022/23 Adopted Biennial Operating Budget. The complete budget document can be accessed on the Finance Department's website at: SantaClaraCA.gov/Finance

Questions about this report should be directed to:

City of Santa Clara - Finance Department
1500 Warburton Avenue
Santa Clara, CA 95050
(408) 615-2340