

**FY 2026/27 and FY 2027/28 Biennial Capital Budget
Responses to Questions from the May 19, 2026 Budget Study Session**

1. **Question: What is the planned use for the \$3.8 million budgeted in the Related Santa Clara Developer Fund in the Five-Year Capital Improvement Program (CIP)?**

Response: There are two active projects for Related Santa Clara: 1) General Administration Project and 2) Other Development Services Project. The General Administration Project totals \$0.5 million over the five-year CIP and reflects funds to support the project. The Other Development Services Project totals \$3.3 million over the five-year CIP and reflects third-party contract costs for development related items including entitlements and permit processing. Both allocations are reimbursed by Related.

2. **Question: How are the major SVP capital projects funded? In the responses to the May 5th Study Session, staff broke down the combination of funding for SVP capital projects, including 79% from customer revenue and 2% from load development fees. Why is only 2% coming from load development fees? Do we have Take or Pay provisions that will fund these in case a data center goes out of business?**

Response: The table below breaks out the funding sources weighted by customer class and shows large industrial and commercial customers fund a majority of SVP's FY 2026/27 Proposed 5-Year CIP. Load Development Fees reflect the system-wide impact for increased load, and the fees intend to capture infrastructure investments to increase capacity, which is typically driven and paid for by the larger customers.

Table: SVP FY 2026/27 5-Year CIP Funding Sources by Customer Class

Funding Type	Industrial / Commercial	Residential	Other	Total
Customer Service Revenue	75%	4%	< 1%	79%
Debt Funding	13%	1%	< 1%	14%
Developer Contributions	4%	0%	0%	4%
Load Development Fee	2%	0%	0%	2%
Public Benefits Charge	1%	< 1%	< 1%	1%
Total	94%	5%	< 1%	100%

SVP does not have Take or Pay provisions in its substation agreements, but SVP is working to develop a rate structure to capture stranded capacity. The data centers located in Santa Clara serve diverse purposes, from cloud services to research and development and some AI. This diversification helps reduce financial risk to SVP, and SVP has weathered fluctuations of technology cycles in the past and maintains reserves to adapt to changing financial conditions.

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- 3. Question: The General Fund Pension Stabilization Reserve is going from \$42.1 million to \$49.2 million. What percentage of the entire pension liability is the \$49.2 million?**

Response: The net pension liability as reported in the City's FY 2024/25 Annual Comprehensive Financial Report (ACFR) was \$669 million. Of this amount, \$527 million was attributed to the General Fund. The \$49.2 million in the General Fund Pension Stabilization Reserve is 7.4% of the total liability and 9.3% of the General Fund liability.

- 4. Question: When are we going to get the fiscal impact regarding the Super Bowl, including additional hotel Transient Occupancy Tax (TOT) and sales tax from restaurants?**

Response: The Transient Occupancy Tax revenue for the month of February 2026 of \$3.27 million was up 47% from the \$2.22 million collected for the month of January 2026. This February 2026 collection level was also up 43% from the average monthly collection level of \$2.29 million from July 2025 through January 2026.

The sales tax collections for the first quarter of 2026 totaled \$20.67 million, which is up 0.6% from the \$20.54 million collected in the first quarter of 2025. The gross sales tax data for the first quarter of 2026 was posted on the California Department of Tax and Fee Administration website on May 20th. The City does not yet have details on the performance by sector for that quarter. Detailed information is not expected from the City's sales tax consultant until July-August 2026. Staff will report on the first quarter 2026 sales tax receipts once the information is received from the City's consultant. It is important to note that the majority of the City's sales tax revenue is generated from business-to-business activity. In the first quarter of 2025, business-to-business accounted for 59% of the sales tax revenue, with the food products sector, which includes restaurants, accounting for 11% and retail accounting for 7%.

- 5. Question: In the Responses to the Questions from the May 5th Study Session (Question 30), staff indicated that Senior Center fee revenue is projected at \$356,000 in FY 2025/26. What is the breakdown of the revenue?**

Response: Of the projected \$356,000 in Senior Center fee revenue for FY 2025/26, approximately \$87,000 is anticipated to come from basic and premium membership fees, representing approximately 24% of the fee revenue. Memberships provide access to a variety of amenities and activities at the Senior Center, such as the billiard/game room, computer lab, table tennis, and other available activities. The premium membership also adds access to the fitness center, natatorium, recreation and lap swim, and Senior tennis. In addition, the Senior Center offers a variety of free services and resources that do not require a membership, including health and wellness programs, the Health Insurance Counseling & Advocacy Program (HICAP), Senior Adult Legal Assistance (SALA), nutrition services, and other support services.

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The remaining \$269,000 is primarily generated through recreation classes, programs, and activities; these activities generate approximately 76% of the Senior Center fee revenue.

The table below details the projected FY 2025/26 Senior Center revenues.

Recreation Category	FY 2025/26 Estimated Revenue
Membership Fees	
Basic and Premium Memberships	\$87,000
Sub-Total Membership Fees	\$87,000
Senior Recreation Activities/Classes	
Fitness	\$200,500
Art/Other (e.g., Bingo, games)	\$35,100
Adventure to Go	\$33,400
Sub-total Senior Recreation Activities/Classes	269,000
Total:	\$356,000

In comparison, the FY 2025/26 General Fund budget to operate the Senior Center and its programs totals \$1.87 million, resulting in a budgeted cost recovery rate of approximately 19%.

Staff also benchmarked the membership fees to surrounding cities as detailed in the table below.

SENIOR CENTER ANNUAL MEMBERSHIP FEES			
City	Resident Rate	Non-Resident Rate	Premium Resident Rate
Santa Clara	\$12	\$37	\$37
Campbell	\$25	\$35	NA
Cupertino	\$25	\$35	NA
Sunnyvale	\$40	\$60	NA
Milpitas	\$15	\$35	NA
Los Gatos	\$45	\$45	NA
Saratoga	\$45	\$45	NA
SENIOR CENTERS IN SANTA CLARA COUNTY WITH FREE ANNUAL MEMBERSHIP			
Mountain View	Los Altos	Morgan Hill	San Jose
Palo Alto	Gilroy		

6. Question: Since the Exclusive Negotiating Agreement for the Agnews Office Park and historic site property (RTC 26-566) was not approved, what is the anticipated cost for a needs assessment for City Hall? What are capital investments that can be made to the existing City

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Hall to improve conditions given that this facility will be in use for a number of years regardless of any potential option to move? What amount of funding should be allocated for those improvements?

Response: The estimated cost of a needs assessment is \$150,000 for the City Hall East Wing, West Wing, Old Court House and Berman building. The results of that assessment could then be used as the basis for identifying projects that should move forward. The determination of projects to move forward would also be dependent on the decisions and timeframes for a potential new City Hall.

Given the uncertainty regarding the long-term disposition of the City Hall facility, there have not been major investments in the facility for many years. The approach has been to fix critical items as necessary rather than proactively investing in the facility. In the CIP, the unfunded projects list includes the City Hall HVAC Rehabilitation Project (\$5.3 million) as well as the Public Buildings Parking Lot Improvements (\$5.6 million) that includes approximately \$1.5 million for the City Hall parking lots.

There is \$20.3 million in the Civic Center Campus Future Needs project in the Public Buildings Capital Fund that is recommended to be carried over from FY 2025/26 to FY 2026/27. These funds would be available for the needs assessment as well as City Hall improvements.

7. Question: For the recommended use of the sale proceeds from the Loyalton Ranch property on the SVP turbine repairs, should other funds have been set aside for those repairs?

Response: The one-time funding from the sale of the Loyalton Ranch property is recommended to be used for one-time priority needs related to the maintenance and repair of the City's Gianera and Donald Von Raesfeld (DVR) power plants. Funding is budgeted annually in the Major Engine Overhaul and Repair Project (CIP 2127) to anticipate costs associated with this work; however, there was additional unanticipated work needed that caused the costs to exceed the project budget.

An action to recognize the revenue from the sale of the Loyalton Ranch property (\$5.6 million) to partially offset the necessary increase to the Major Engine Overhaul and Repair Project appropriation (\$9.8 million) for maintenance and repair costs is anticipated to be brought forward to the City Council in June as part of the April Monthly Financial Status Report. Funding to offset the increase in the project budget could also be recommended to come from the Electric Utility Fund Ending Fund Balance. Under this scenario, the revenue from the sale of the Loyalton Ranch property would be added to the Electric Utility Fund Ending Fund Balance to be used for other one-time needs in the future.