

FY 2023/24 and FY 2024/25 Proposed Operating Budget Responses to Questions from the 6/6/23 Budget Study Session

- 1. Confirm the budget provides for expanded library and senior center hours and provide the timeline for the expanded hours. How many positions are budgeted in the Library Department, and how many of the positions are in recruitment? How many positions are budgeted in the Parks and Recreation Department for the Senior Center, and how many positions are in recruitment?**

Response: Yes, the proposed budget includes funding to restore library and senior center hours. It is important to note, however, that as part of the City's cost containment strategy during COVID and in accordance with bargaining agreements, as-needed personnel in both Departments were significantly reduced. As such, while funding is available to support increased staffing in the budget, restoration of increased hours is contingent upon the City's ability to successfully recruit, hire and train personnel. The City has been actively recruiting for both full-time and as-needed staffing in anticipation that funding would be available in the proposed FY23/24 budget.

Within this context, the Departments have developed phased-in implementation plans that would increase both Library and Senior Center hours as follows:

Senior Center – The Senior Center has 4.04 budgeted (and filled positions) dedicated to the site with two additional positions that provide support as collateral duties. In addition, the Department of Parks and Recreation is allocated a lump sum amount to hire as-needed staffing. Given the nature of their programs that can require varying work schedules, the Department utilizes as-needed staffing to ensure flexibility to hire based on program need and the availability of part-time staffing. This enables the Department to offer programs at night and on the weekends as well as for seasonal periods throughout the year. The number of as-needed personnel varies based on program needs and time of the year.

Over the past year, the Senior Center has used approximately 10,000 as-needed hours. Approximately 18,000 as-needed hours would be available in the proposed FY 2023/24 budget for this program. Recruitment is underway for the as-needed positions to support this program.

The Senior Center is currently open 40 hours per week. Effective July 10, 2023, those hours would increase to 52 hours per week, contingent upon successful completion of hiring currently underway. The goal of the Department is to provide 56 hours of service per week at the Senior Center by the fall.

It is important to note that the approved FY 2021/22 and FY 2022/23 Adopted Operating Budget assumes six weeks of non-programmed time throughout the year to allow for maintenance, transitions between seasonal programming and cost savings.

To provide greater access to the natatorium, the number of days of service will also increase to five days by July 10th. An overview of the proposed expansion for both the Senior Center and the natatorium is as follows:

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Facility	Current	July 10	Fall 2023
Senior Center	40 hours per week; Mon. – Fri.: 7 am - 3 pm	52 hours per week; Mon/Wed: 7 am – 7 pm Tues/Thurs/Fri: 7 am– 3 pm Sat.: 8:00 am– 12:00 pm	56 hours per week; Mon/Wed: 7 am – 7 pm Tues/Thurs: 7 am – 5 pm Friday: 7 am to 3 pm Sat.: 8:00 am – 12:00 pm
Natatorium	Mon /Wed 9am-12pm Tue/Thu 8am -12pm open swim	Mon/Wed: 9 am-12 pm; 4 pm-7 pm classes/open swim Tue/Thu 8 am-12 pm open swim Sat 8:30 am-11:30 am open swim	Mon/Wed: 9 am-12 pm; 4 pm-7 pm classes/open swim <i>Hours are subject to change due to staff availability-Check Senior Center News</i>

Library Department – The Library has 42.75 budgeted positions, of which 6.0 positions are vacant. Over the past year, the Library used approximately 13,000 as-needed hours to support daily operations. The FY 2023/24 as-needed budget for the Library would fund almost 26,000 as-needed hours. Recruitment is underway for the 6.0 vacant positions and as-needed staff.

The Library Department currently staffs three sites (Central Park Library, Mission Branch Library and Northside Library) as well as the Bookmobile. In an effort to both maximize the available staffing and ensure service across the system, the Department has been working to cross-train staff for assignment among the varying facilities. In this way, the Department will be able to assign staff based on program need and service demands across all facilities.

The total hours of operation across the three sites is currently 88 hours per week. If the Library is to offer additional days of service, the availability of as-needed staffing is essential. Like the Department of Parks and Recreation, the Library has also been actively recruiting and hiring both full-time and as-needed staffing in anticipation of the new fiscal year. However, the nature of Library work will require additional training and time to develop appropriate community programming. It is anticipated that the Library will be able to complete this effort over the summer and be in position to increase service to six days of operation/144 hours per week by early fall. Hours are an overall goal and subject to change due to staffing logistics and operational needs; the hours may vary per location but will be influenced by peak use.

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The following chart provides an overview of the proposed implementation plan:

Facility	Current	Fall 2023
Central Park Library	32 hours per week; Mon/Fri/Sat: 10 am – 2 pm Tues/Thurs: 12 pm– 7 pm Wed: 12 pm – 6 pm	All locations: 48 hours per week*; Mon/Wed/Fri/Sat: 10 am – 6 pm Tues/Thurs: 11 am – 7 pm
Northside Branch Library	28 hours per week; Tues/Thurs: 12 pm – 7 pm Wed: 12 pm – 6 pm Fri/Sat: 10 am – 2 pm	
Mission Branch Library	28 hours per week; Mon/Wed: 9 am – 5 pm Tues: 12 pm– 7 pm Thurs: 12 pm – 5 pm	* Hours are subject to change due to staffing logistics and operational needs; the hours may vary per location but will be influenced by peak use.

2. Is there a possibility the City can implement an official volunteer program to allow for additional staffing capacity at the library or senior center?

Response: The City advertises volunteer opportunities within the community, including options for City services (e.g., Santa Clara Senior Center, Santa Clara Youth Activity Center) at <https://www.santaclaraca.gov/i-want-to/get-involved/volunteer/community-volunteer-opportunities>. Interested volunteers can find a volunteer application and liability form on the website. Volunteers work in conjunction with City staff to augment and support services. It is important to note that effective use of volunteers requires proper training, management and oversight by full-time staff. Based on the level of experience of the volunteers, this oversight can be significant. Until the full-time vacancies are filled, extensive use of volunteers will continue to be a challenge.

3. How many positions are budgeted in the Police Department? How many positions are in recruitment? What is the progress for hiring for the Northside Substation and the School Site Officers?

Response: There are a total of 221 positions budgeted in the Police Department. Of this amount, 28 positions are vacant, as of June 6, 2023. Recruitment is underway for several job classifications, including Police Officer (lateral and entry level), Dispatcher, Community Service Officer, Jail Service Officer, Records Specialist, Crime Analyst, and Office Specialist. There are 85 applicants on eligibility lists for these positions. The Department is currently backgrounding 12 applicants for open

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positions. These backgrounds are extremely thorough and in full compliance with the State of California Commission on Peace Officer Standards and Training (POST). Backgrounds take between 4-6 months to complete. Due to the pandemic, some of the specialized assignments were diverted to regular patrol. As patrol becomes staffed up, recruitment and hiring has started for various specialized assignments.

The Community Service Officer (CSO) assigned to the Northside Substation and three other vacant CSO positions are approved to hire. With a healthy eligibility list from the Human Resources Department, the Police Department immediately started the background process for the top two CSO candidates. Unfortunately, only one candidate is moving forward, and the department is hopeful to hire that candidate. The Police Department has started reviewing additional candidates to put two more applicants into backgrounds. Please note that the Department has to balance the background load given the numerous classifications in recruitment. The Department anticipates completing the CSO hiring by the end of the calendar year/spring 2024. School Resource Officers (SRO) provide dedicated service to all schools within the city. SROs are unique in that their interactions generally result in punitive results for students. The police department has not had SROs for several years – dating back well before COVID-19. As Police staffing continues to improve, we will look at statistics for uniformed response to schools and determine if it merits bringing back SROs.

- 4. The budget increases the Police Department's vacancy rate based on the ten-year historical average. How are positions budgeted to account for this vacancy rate? What is the contingency should the Police Department hire for every position budgeted for?**

Response: Positions are budgeted based on their full costs (salaries and benefits). Generally, a vacancy factor (typically 3%) is applied to various departments to account for vacancies. For the Police Department, staff analyzed historical vacancy rates over the last decade which averaged over 7% as well as the current vacancy rate to increase the rate for FY 2023/24 and FY 2024/25 from the standard 3% to 7%. This vacancy rate allows for the Police Department to continue to recruit and hire at the same pace as it has been, without any impact to operations. If the Police Department's actual vacancy rate drops below the budgeted level of 7% and the department has a projected budget shortfall, the Finance Department will work with Police Department and the City Manager's Office to determine necessary budget actions (e.g., rebalancing by recognizing savings in other areas, any excess revenues or use of reserves) that will be brought forward for City Council approval.

- 5. What is the update for the DARE program alternative that the Police Department is working with the School District and when would it start?**

Response: While the Department is funded to provide educational programs for fifth grade students that promote healthy and responsible decision-making and builds positive relationships with law enforcement, staff has concluded that the nationally regulated curriculum that has been provided historically is not as effective within our community.

The Police Department is actively pursuing a modern solution that addresses complex social and psychological challenges that drive risky behavior. To accomplish this task, the department plans to contract with a curriculum designer who has experience in creating evidence-based programs. The designer will work with relevant stakeholders (e.g., police officers, school district personnel, mental health professionals, etc.) and best practices in education to gain valuable input to tailor an effective

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program to meet the needs of the community. This approach will also provide us with flexibility now and in the future to adjust the curriculum as we see fit.

Once the curriculum has been developed and agreed upon, the curriculum designer will create a "class in a box" that will be used by police officers and pre-determined, professionally trained personnel to present a multi-week program for 5th grade students. The program will be designed to be engaging and interactive, with a focus on developing critical thinking and decision-making skills. The end product will include the course outline, lesson plan, slide deck, handout templates and any other needed materials.

In addition to providing educational content, the program will also focus on building positive relationships between students and law enforcement. A small contingent of our officers and staff will be selected to present the training to students in a positive and supportive way, as well as to serve as positive role models for young people.

The plan is to conduct a pilot program with a select number of SCUSD sites in the Spring of 2024, with an intended district-wide deployment beginning in the 2024/2025 school year.

6. The PAL program currently does not have a director. What does it mean to get the City Attorney's Office involved in this discussion?

Response: The PAL Director position has historically been filled by personnel from the Santa Clara Police Department. While personnel were re-directed during COVID, the vacancy in the PAL Director position has provided the opportunity to re-evaluate how the City might best support the growing administrative functions of PAL as an independent non-profit while maintaining the critical involvement of the Police Department in PAL programs. The City is sensitive to the need to ensure alignment with employment law and administrative requirements. To that end, the City Manager's office is working with the City Attorney's Office to develop an appropriate staffing plan with clear roles and responsibilities that maintains the integrity of law enforcement involvement while aligning to City employment requirements.

7. What happens to the 18 SAFER grant-funded firefighter positions after the three-year grant period ends?

Response: The three-year SAFER grant period ends in March 2026. After the expiration of the grant, there would be a net annual cost estimated at approximately \$0.6 million - \$1 million to continue funding the 18.0 firefighter positions. These positions provide relief staffing when there are absences rather than the use of overtime; however, the associated overtime savings are not sufficient to cover the staff costs. At the end of the grant period, a budget and policy discussion will be necessary to determine if and how many of the positions to continue and how those positions would be staffed. If the positions are continued beyond the grant period, additional funding not currently included in the Forecast will need to be allocated. The decision regarding these positions is expected to be brought forward as part of the FY 2025/26 and FY 2026/27 Proposed Budget process.

8. What are the one-time budget balancing actions in the budget?

Response: There are several one-time proposals recommended in the proposed budget. This includes the one-time reductions to the Fire Department overtime budget due to the three-year SAFER grant. The 18 firefighter positions funded by the grant will provide additional relief to backfill

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positions and reduce overtime expenditures. There is also a proposal in the Police Department to recognize one-time savings due to vacancies. For this proposal, staff analyzed a ten-year history of the Police Department's vacancies and adjusted the vacancy factor to align to the historical average vacancy rate. This adjustment still allows for the Police Department to recruit and hire as they have been, without any impact and change to current operations.

9. What is the Human Resources Department doing to attract applicants for City positions? Are there sufficient resources allocated to the Department to complete these tasks?

Response: The Human Resources Department (HR) posts job openings on various platforms including the City's website, LinkedIn, etc. During the pandemic and the initial phase of budget cuts, the City let go of approximately 600 as-needed employees. With this sizable number of separations and the standard staff turnover, HR has a large volume of recruitments that take time. The Department is currently working on recruitments for approximately 115 regular full-time positions, and recruitments for approximately 100 part-time As-Needed (Temporary) positions. To address the increased workload and to ensure normal cycle times, the Department is staggering recruitments, conducting recruitments to fill multiple vacancies, and using recruiting firms for hard to fill management positions. While adding resources would decrease the cycle time, the Department is confident the current staffing level is able to handle the workload but will look into the possibility of adding resources.

10. The Capital Projects Reserve (CPR) balance is \$6.6 million. How do we address the growing infrastructure needs (from \$80 million to \$500 million)?

Response: Historically, the City has funded capital projects on a pay-as-you-go basis, which is not best practice or sustainable. Other cities have dedicated capital funding sources, such as parcel taxes, construction & conveyance taxes, or bonds. As discussed with Council, staff will be providing a study session in the fall on various revenue options. It is important to note that the size of the City's unfunded long-term maintenance and infrastructure needs may require both one-time and on-going revenue options.

As the City completes the year-end budget closeout, staff will identify any additional funding that may be set aside to support the Capital Project Reserve. It is anticipated that this will occur in the November/December 2023 timeframe.

11. What is the process to increase documentary transfer tax as well as bring forward a General Obligation (GO) Bond? Are we able to make sure the way the funds are collected are not regressive and harming most vulnerable communities?

Response: In the fall, staff will bring forward a study session on revenue measure options for consideration on the November 2024 ballot. Options will include both the documentary transfer tax as well as a general obligation bond together with other options such as a sales tax increase and parcel tax, for Council's consideration.

A documentary transfer tax is a tax applied to the transfers of real estate. Currently, the City's documentary transfer tax rate is set at the standard rate established by the California Documentary Transfer Tax Act. Charter cities, such as Santa Clara, can impose additional documentary transfer taxes. Other cities within the County, (such as Mountain View, Palo Alto, and San Jose), have increased their tax rate and have also adopted policies to designate this revenue collection for specific uses (e.g., capital infrastructure).

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A general obligation is a bond issued by a local and/or state authority to raise funds for public projects that are in the welfare of the public such as the construction of roads and bridges, public parks, libraries, etc. The bond is guaranteed by both tax revenue and operating revenue.

Both an increase in the documentary transfer tax, as well as the issuance of a general obligation bond, would require voter approval and are typically only considered during a regularly scheduled general election. November 2024 would be the first such opportunity. As part of the 2023 fall study session on revenue measure options, staff will also be seeking approval from the City Council to retain consultant services to help formalize a community input process in advance of any call for an election. This process would be used to help inform the type of projects the revenue would support and the development of appropriate ballot measure language.

Neither the documentary transfer tax nor a GO Bond would be considered regressive taxes (a tax that is applied uniformly regardless of income in which low-and high-income earners pay the same dollar amount).

12. How can we look at the revenue opportunities strategically because we can only bring a couple of options to the public? Some are more or less realistic.

Response: The strategic approach to potential ballot measures will be critical in securing additional resources to meet the City's needs. This will include analyzing the following:

- Prioritization of City needs that can be addressed by potential measures (e.g., capital infrastructure needs)
- Amount of funding that can be generated and the proposed use of those funds/benefit to our community
- Who would pay the taxes/bonds and how would this impact residents/businesses, including the understanding of whether the taxes are regressive or progressive
- Likelihood of voter approval, including the support for different types of capital infrastructure improvements and the potential impact of bringing more than one measure at a time

If the City Council decides to pursue potential ballot measures, the City will retain the services of a consultant to assist with community surveying and outreach to better position the City for success.

13. How is Transient Occupancy Tax (TOT) performing? Has activity recovered from the pandemic impacts?

Response: While TOT collections continue to improve, activity has not yet reached pre-pandemic levels. TOT receipts are tracking at approximately 90% of pre-pandemic levels; however, this is due in part to the TOT rate increase that went into effect in January 2022. Factoring out the rate increase, TOT activity is tracking at approximately 75% of pre-pandemic levels. The reported occupancy rate is currently approximately 67%.

14. There are concerns regarding the Fee Schedule's public facility rentals. When are those fees going to be discussed?

Response: The direction from Council at its April 18th meeting was to have a future session to discuss fees for non-profits and sports leagues. Given the concerns expressed by Council, staff is

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recommending that the Department of Parks and Recreation re-engage its third-party consultant to re-evaluate the fees in relation to the Parks Recreation Cost Recovery Policy adopted by the City Council. In doing so, it is recommended that staff conduct additional outreach with affected stakeholders to discuss the goals for the Cost Recovery Policy and develop alternatives to the current fee structure. Given current workload, it is recommended that this work be conducted after the summer season with a goal of reporting the findings and recommendations to the City Council by December 2023/January 2024.

15. With Santa Clara being a growing city, what studies should be done to keep pace with the growth by developing City infrastructures and expanding operations (e.g., increase in City staffing to address growing residential and business needs)?

Response: When there are significant developments, there are studies on the anticipated impacts to infrastructure as well as City services such as public safety, libraries and parks and recreation; the Project Clearance Committee (PCC) reviews each project for compliance with various codes and regulations and the PCC issues conditions of approval to address these impacts. New developments may also require different resources, such as new fire apparatus that meet different needs. The City also has an adopted 2010-2035 General Plan that lays out broad goals and specific policies on land use, community design, circulation, housing, public facilities, open space, recreation, conservation, noise, seismic and safety, and historic preservation. One of the major strategies of the General Plan is to maintain the City's fiscal health and quality services (Chapter 4.6). To continue to maintain the City's fiscal health, the progressive approach for the General Plan provides the framework for measured growth to ensure adequate services and infrastructure.

In addition, various studies are conducted regularly to determine future City infrastructure and assure operational needs are planned for and met. In the utilities, both SVP and Water and Sewer determine the need for future growth and continually plan based upon planning activity and communications with large developers. SVP has a Council-approved growth plan that forecasts future needs that guides resources with anticipated load capacity. Corresponding impact fees were recently updated to fund elements of the SVP growth plan. The Water Utility is developing the One Water Santa Clara–Sustainable Water Supply Master Plan that will provide a roadmap for implementing real world strategies to secure and maintain current and future water supplies while developing new supplies with key programs focused on potable reuse, recycled water and conservation. Additionally, as part of the Master Plan an Asset Management Program will be developed to ensure existing infrastructure replacements support both Water delivery and Sewer conveyance systems. Public Works Department in collaboration with Water & Sewer Utilities is working on Sanitary Sewer Master Plan update to evaluate the capacity of the conveyance system to handle future wastewater flows. The Department of Parks & Recreation is conducting a Parks & Recreation Master Plan and a five-year update of its Facility Condition Assessment. The Library Department has a Library Strategic Plan underway. A water and sewer asset management plan and an update to the Parks infrastructure report conducted in 2017 are also funded and planned.

Lastly, impact fees or the shifting of responsibility to developers under various long-term agreements (Community Facility Districts, Construction & Maintenance Agreements) in the area of parks construction, infrastructure and lifecycle maintenance, traffic, and affordable housing are all geared to offset limited General Funds resources as the City grows. An initial study exploring additional impact fees was completed several years ago which included the potential for impact fees for Fire, a new City Hall, arts, among other areas. The City will continue to evaluate future

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studies and impact fees, as well as pursue additional revenue opportunities, to ensure planning and funding is identified to accommodate future City growth.