

**FY 2025/26 & FY 2026/27 Proposed Operating Budget
Responses to Questions from the 5/27/2025 Budget Study Session**

1. Without adding new positions, how can the City support the major special events without impact existing City services?

Response: The impact of special events is expected to be minimal. While the proposed budget does not add funding for new positions to support the major special events, it does add more resources in the form of as-needed staff, overtime, and funding for staffing from other agencies (police staffing). Higher overtime funding will allow for staff to continue to deliver on their day-to-day operations during their regular scheduled time, and, as necessary, overtime will enable staff to address special event-related work. Higher as-needed funding will allow for additional staff to be hired on a limited-term basis to address special event-related work. Staffing from other agencies will augment our Police sworn personnel to staff the events. Additionally, the City Manager's Office is looking to add temporary staffing to advance City Council priorities, organizational improvements, and community engagement in 2025 and 2026 within existing resources and salary savings, without an increase to the General Fund budget. To the extent that any permanent or temporary staff are used to support the major special events directly, those costs will be billed to the events and fully reimbursed, in compliance with Measure J.

The FY 2025/26 proposed budget for special events is \$11.4 million. Of this amount, \$10.1 million reflects personnel costs, including regular staff time, overtime, as-needed and staffing from outside agencies. The budget for regular staff time is \$1.6 million, with \$1.0 million allocated for the planning of the events, \$0.5 million for the deployment at the events, and the remaining \$0.1 million for training. The remaining \$8.5 million of funding for overtime, as-needed and outside agencies is allocated for the deployment at the special events. Further detail on the costs by department is provided in Question 7 below. All of these costs will be fully reimbursed.

2. When will the special events dashboard be available and will it include data from FY 2024/25? Will the dashboard include all staff time, not solely public safety?

Response: Information will be provided through an online dashboard reflecting the actual costs and reimbursements on a quarterly basis for the major events. This will include all City costs billed to the Bay Area Host Committee starting in FY 2024/25. The dashboard will be available by August 2025.

3. For the firefighter positions currently funded from the Staffing for Adequate Fire and Emergency Response (SAFER) grant, can we retain all the positions once the grant ends?

Response: The SAFER grant allowed for the restoration of 12.0 previously frozen firefighter positions and the addition of 6.0 firefighter positions based on the existing vacancies at the time of the grant application for a total of 18.0 grant-funded positions over the three-year grant period ending in FY 2025/26. After the grant period, this budget recommends the continuation of the 12.0 restored firefighter positions starting in FY 2026/27. The 6.0 positions that were requested due to vacancies were temporary and no longer funded after the grant.

4. On average, how much annual funding do other jurisdictions allocate to their Capital Projects Reserve and/or dedicate to capital infrastructure?

Response: In reviewing the budgets for the various jurisdictions across the County of Santa Clara, staff found that the cities have different policies for allocating funds for capital purposes.

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- The fiscal policies for several cities specified the use of a portion of General Fund surplus funds at the end of a fiscal year for capital projects (Cupertino, Los Gatos, Milpitas, Morgan Hill, Mountain View, San Jose, Saratoga).
- A few cities set a minimum goal of \$5.0 million for a capital reserve (Santa Clara, Cupertino, Mountain View).
- A few cities have dedicated funding sources for capital, such as Construction and Conveyance (property transfer) Tax, Construction Excise Tax, Building and Structure Tax, dedicated portion of the Transient Occupancy Tax, Storm Sewer Fees (San Jose, Palo Alto, Mountain View).
- The City of Palo Alto budgets a base transfer from the General Fund.

5. For prior fiscal years, how close are the year-end actuals to the budgets for those years?

Response: The goal each year is to end the year with a General Fund surplus equal to 2% of revenues and 2% of expenditures for a total of approximately 4% of the budget. The table below shows the actual General Fund surpluses that were available for allocation at the end of the last five fiscal years. These surpluses were comprised of excess revenues and expenditure savings from the budgeted levels.

Fiscal Year	General Fund Year-End Surplus	% of Budget
FY 2019/20	\$2.1 M	0.8%
FY 2020/21	\$8.8 M	3.2%
FY 2021/22	\$19.8 M	7.2%
FY 2022/23	\$36.4 M	12.8%
FY 2023/24	\$17.6 M	5.9%

6. For the support for the unhoused, are we simply partnering with the County?

Response: The Community Development Department's Housing and Community Services Division does partner with the County to offer specific services including homelessness prevention and project-based case management services. Staff from the Housing Division and City Manager's Office also dedicated significant time leading up to the biennial Homelessness Point in Time Count in January 2025 in close partnership with the County. This year, City staff was asked to lead recruiting, training, and deploying volunteers to canvas the city. This effort included in-person surveys of unhoused residents across the city and the distribution of incentive bags with gloves, beanies, snacks, and personal hygiene products. This will be a continued partnership between City and County staff.

The City directly funds the WeHope mobile shower and laundry program, NextDoor Solutions domestic violence survivor support, and tenant-based rental and deposit assistance (TBRA) with case management. Staff is in the process of expanding the TBRA program using HOME ARP funding.

Additionally, the City received a \$1.8 million grant from the State of California for the Santa Clara Overnight Care Locations pilot program. Staff proposes to use this grant funding to support initial

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investments in an emergency and inclement weather shelter program for unhoused residents and to conduct mobile outreach and case management citywide for a two-year period. This project will come back to City Council for approval by early summer 2025.

The City is planning a City Council Study Session on July 8th for a discussion on a citywide plan to reduce homelessness and its impacts, which includes additional future services to support the unhoused.

7. How will special events be covered with as-needed staff and overtime and how are they funded in the budget?

Response: The FY 2025/26 proposed budget includes \$11.4 million for personnel and non-personnel costs (e.g., equipment, training) associated with Super Bowl LX and FIFA World Cup 2026 events, while the FY 2026/27 proposed budget includes \$1.2 million for salary costs associated with the FIFA World Cup events. All of these costs are budgeted to be reimbursed.

The following table provides a breakdown of the \$11.4 million budget for Stadium special events in Non-Departmental, with \$5.3 million budgeted for overtime and \$1.0 million budgeted for as-needed costs. The Non-Departmental costs are assumed to be reimbursed in the Proposed Budget.

Department	Salaries	Overtime	As Needed	Other Agencies	Total Labor	Non-Personnel	Total Costs
Police	1,126,626	4,401,171	1,038,994	2,134,495	8,701,286	1,264,802	9,966,088
Fire	294,602	722,965	8,137	-	1,025,704	8,100	1,033,804
Public Works	143,549	224,644	101	-	368,294	-	368,294
Information Technology	-	-	-	-	-	40,500	40,500
General Admin	9,387	-	-	-	9,387	-	9,387
Total	1,574,164	5,348,780	1,047,232	2,134,495	10,104,671	1,313,402	11,418,073
% of Total	13.79%	46.84%	9.17%	18.69%	88.50%	11.50%	100%

8. How much Stadium performance rent is anticipated in the budget?

Response: The anticipated performance rent assumed in the Proposed budget is \$2.15 million in FY 2025/26 and \$2.85 million in FY 2026/27. These amounts are also assumed in the Santa Clara Stadium Authority (SCSA) budget approved on March 11, 2025.

9. When the year-end budgetary report is presented, should the anticipated surplus funds in the General Fund be allocated to the Pension Stabilization Reserve or the Capital Projects Reserve?

Response: When the FY 2024/25 Budgetary Year-End Report is presented in December 2025, staff plans to bring forward recommendations to add funding to the Pension Stabilization Reserve and the Capital Projects Reserve. Under the City's Budget and Fiscal Policies, the target annual funding contribution to the Pension Stabilization Reserve is 1% of the City's unfunded pension liability; funds are typically added to this reserve as part of the budgetary year-end report. A portion of the General Fund surplus is also expected to be added to the Capital Projects Reserve. Historically, year-end surplus funds are the primary funding source for capital projects that rely on the General Fund and are the primary funding source for the subsequent biennial capital budget.

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10. How can the City capitalize on the major events? Should the City hire a consultant to maximize TOT revenues from short-term rentals (VRBO and Airbnb)?

Response: The Community Development Department's Planning Division is currently working on the City's Short-Term Rental (STR) program. The City is partnering with a consultant to develop a website for individuals to register their STRs and work on an outreach campaign to educate Santa Clara residents on the new program requirements. The consultant will also continually monitor internet listings and cross-reference them with the City's registered STRs to ensure all individuals are in compliance with this program. The STR registration portal is expected to go live in July 2025, with an outreach campaign shortly following in August 2025.

The City also has voluntary compliance agreement (VCA) with Airbnb to help the City with maximizing TOT receipts. The City also receives TOT from other smaller short-term rental websites. VCAs with other websites will be pursued ahead of the large events.

11. Can staff verify that the 51% of the General Fund budget allocated to public safety excludes Stadium work?

Response: Yes, the 51% of the General Fund allocated to public safety excludes Stadium work. The Stadium budget is included under the Non-Departmental budget, which includes both standard Stadium items and special event related items.

12. For the \$6.7 million proposed in the General Fund for FY 2025/26 and FY 2026/27 for City Council priorities and City services, are these funds earmarked for specific purposes?

Response: The Proposed Budget allocates \$6.7 million over the two-year period (\$3.8 million in FY 2025/26 and \$2.9 million in FY 2026/27) to the various budget proposals in the budget that support City Council priorities and City services.

These additions include items such as: funds for library materials; consultant funding for the Fiscal Sustainability Plan; funding to review and explore the potential expansion of the City's fiber network; staffing to support housing and homelessness response, sustainability and the Climate Action Plan, administrative support for the City Attorney's Office, parks and recreation capital project and program support, and revisions to the City's practice to charge Public Works staff costs directly to projects; funding for general obligation bond implementation; the continuation of the 12.0 firefighter positions (partially offset by a reduction in overtime); and capital funding for the Public Art Master Plan and the feasibility study for the walkway from Tasman to Lafayette.

13. Are the City Council priorities prioritized and can a dashboard be provided to show how the funding is aligned to the priorities?

Response: The City Council priorities are currently not prioritized. A prioritization process can be evaluated as part of future priority setting sessions. A dashboard and biannual reports will provide information on the status of priorities, including whether they are funded. The target date for the dashboard is fall 2025.

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14. What are the 7.35 ongoing positions funded with one-time funds, and how would we forecast for those positions?

Response: The budget includes 7.35 positions that are recommended to be funded by the General Fund on an ongoing basis. These include 1.0 Management Analyst to help manage the Homelessness Response Plan; 1.0 Staff Analyst for Housing Element implementation support; two positions (1.0 Accountant, 1.0 Management Analyst) to support a revision of the City's practice to charge public works staff directly to projects; 1.0 Recreation Manager to support Parks and Recreation capital projects and programs; 1.0 Management Analyst to support sustainability / Climate Action Plan; unfreezing 1.0 Legal Office Specialist; and 0.35 portions of positions in Finance and Fire. These positions were identified as the highest needs to deliver current City Council priorities and support operations in key areas. While the costs of \$1.3 million in FY 2025/26 and \$1.6 million in FY 2026/27 are funded with one-time resources, the ongoing cost (if approved) will be included in the next 10-year forecast and will be factored into the solutions needed through the Fiscal Sustainability Plan project.

15. What will be the scope of work for the Fiscal Sustainability Project? Was a similar report prepared in the past that can be used as a model?

Response: There has not been a consultant report prepared in recent history examining the City's fiscal position. Staff is developing a request for proposal to obtain a consultant for the Fiscal Sustainability Project. As part of this process, staff is reviewing reports from other jurisdictions to inform the scope. While the scope of work is still under development, it is expected to include an analysis of City funding sources, infrastructure needs, services, and reserve levels (e.g., Budget Stabilization Reserve, Pension Stabilization Reserve, Capital Projects Reserve). The analysis will also review the City's current position as well as provide benchmarks from local / comparable jurisdictions. One of the expected project deliverables is an Implementation Action Plan that presents actionable strategies for the City Council and community to consider that would address projected budget shortfalls, enhance the City's capacity to fund services and infrastructure, and plan for future service demands and population changes.