

FY 2026/27 and FY 2027/28 Biennial Capital Budget  
Responses to Questions from the May 5, 2026 Budget Study Session

1. **Question:** On Slide 25, technology is mentioned. Reading through parks master plan, technology is missing from the report. Specifically, GIS asset management system and software to track maintenance and performance of equipment (e.g., replacing filters). What are we doing to track these? Do we need more investment?

**Response:** The Parks and Recreation Department has been working with the IT Department and third-party GIS Administrator to build the City's Park "asset management" system (Lucity).

Lucity is a comprehensive Enterprise Asset Management (EAM) and work order system designed for local governments and utilities to track, maintain, and optimize infrastructure like roads, water systems, and fleet vehicles. It features strong GIS integration, mobile capabilities, and proactive maintenance tracking to reduce operating costs and improve safety.

As part of the budget, the Parks and Recreation Department is proposing key park management positions to help manage Lucity and the parks asset management program. The IT Department is currently working with the third-party administrator and will be conducting a software upgrade in the next few months – after which time, the software will be rolled out at every level of the Parks Maintenance Division for learning and best practice implementation. The goal will be to fully update and integrate Lucity maintenance asset management program by the end of FY 2026/27. Once the software is fully integrated and assets are logged and tracked, staff will have a better understanding of the funding gaps relative to the on-going maintenance management of the entire Santa Clara park system, bringing forward any funding requests as part of the two-year operating budget cycle for FY 2027/28 and FY 2028/29.

**Key Features and Capabilities**

- **Comprehensive Asset Tracking:** Manage detailed records for equipment, infrastructure, etc.
- **Work Order Management:** Track maintenance history, labor, materials, and equipment costs
- **GIS Integration:** Utilizes GIS system to visualize assets and work orders on a map
- **Preventive Maintenance:** Automates maintenance schedules based on calendared time inputs
- **Mobile App:** Empowers field crews to access data, complete tasks, and manage inventory
- **Public Portal:** Offers a citizen-facing interface for submitting requests/reports

**Key Benefits**

- **Improved Efficiency:** Reduces work order processing time and streamlines data management
- **Reduced Risk:** Helps identify and maintain critical infrastructure to prevent failures
- **Data-Driven Decisions:** Provides analytics on asset performance, remaining life, and repair costs

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- 2. Question: How are we funding the capital expenditures for SVP? How much is funded by debt and what is the plan to pay it off? How much is funded by Load Development Fees? What is the impact if SVP does not generate the demand from data centers and development?**

**Response:** In the 5-Year CIP, capital expenditures are funded by a combination of customer revenue (79%), anticipated debt funding (14%), developer contributions (4% for customer specific projects), load development fees (2%), and restricted Public Benefits funds (1%). Annual debt service payments are funded by net revenues of the Electric Utility and have been included in the Electric Utility's long-range financial plan and rate structure. The FY 2026/27 Amended Budget includes \$89.0 million in the Rate Stabilization Reserve, \$375.0 million in the Operation and Maintenance Reserve, and \$73.0 million in the Infrastructure Reserve that could be utilized to buffer any shortfalls encountered, such as a reduction in demand. SVP will be conducting a cost-of-service study with a consultant later this year to analyze and update rates to mitigate this type of risk.

It should be noted that 94% of customer rate revenue comes from large industrial and commercial customers. Only 5.6% are from residential customers.

- 3. Question: There is \$50 million available for Public Benefits. Beyond the adding of two positions, please explain how we plan to use and prioritize these funds.**

**Response:** In addition to the two positions in the Proposed Budget, SVP plans to add more positions funded by the Public Benefits Charge (PBC) as part of future budget cycles. SVP designs expenditures around the California Energy Commission (CEC) guidelines and current best utility practice of PBC expenditures that other municipal utilities are implementing. There is a focus on education and outreach, efficient electrification, affordability, low-income, and research and development. Every four years as per AB 2021, SVP sets annual targets for energy efficiency saving and demand reductions over a ten-year period. SVP brought the targets to council on August 26, 2025 (RTC 25-592).

In addition to positions, SVP has been drawing down the PBC restricted reserves through the budget process for larger residential rebates, advanced metering infrastructure and renewable contract affordability. The money can be utilized by the customer classes that contributed to it, per Council Resolution 6425 and now may be subject to Proposition 26. For example, residential customers have contributed approximately 5.5% to 6% to PBC funds, so approximately \$3 million of the \$50 million can be used to benefit residential customers.

- 4. Question: Since implementing Green Button Connect for SVP's billing system requires an upgrade first, can we prioritize upgrading the billing system so we can move forward with Green Button Connect? Please provide a status update.**

**Response:** Moving forward with Green Button Connect is complicated and dependent on several interconnected systems being upgraded, including the NorthStar billing system. Based on the current

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timeline, NorthStar is planned to be upgraded starting in Q3-2027 and finished in Q1-2028. Assuming testing and integration with the other systems related to the Advanced Metering Infrastructure (AMI) can be completed in the same timeframe, Green Button Connect would be available at the earliest in Q2-2028.

**5. Question: How can we continue community events, such as the night market and Lunar New Year celebration, on an ongoing basis?**

**Response:** To continue community events such as the Night Market and Lunar New Year celebration on an ongoing basis, the City would need to identify a sustainable funding source, cost recovery strategy, and/or operational model to support recurring annual events.

Using the Night Market as an example, for budgetary planning purposes, the City estimates that approximately \$700,000 annually would be needed to support four seasonal (2-night) Night Market-style events per year. This estimate includes staffing and operational support from multiple City departments, including Parks & Recreation, Police, and Public Works, as well as costs associated with event production, entertainment and sound, booths and equipment, marketing, permits, and other logistical needs.

Continuation of these events on a long-term basis would depend on available funding, City priorities, sponsorship opportunities, partnerships, grant funding, and the desired level of service for future events.

**6. Question: The Berryessa Adobe porch and the Morse Mansion paint are in need of repairs. What is the strategy to fund repairs for these facilities?**

**Response:** The Bond Program currently has \$3 million set aside for a future tranche under the Renovations to Historic Buildings line item. The Department of Public Works (DPW) will be working with a consultant to review the needs of the historic buildings, identify projects, establish budgets, and then prioritize those for implementation. DPW will also be exploring opportunities to advance smaller projects, like the porch, ahead of future tranche issuances.

**7. Question: What is the plan to spend the proceeds from the sale of the Loyalton property?**

**Response:** One-time proceeds from the sale of the Loyalton property of \$5.6 million are anticipated to be used to partially offset one-time capital needs in FY 2025/26 associated with major engine overhaul and repairs at the Donald Von Raesfeld (DVR) power plant. Actions will be brought forward to Council prior to the close of the fiscal year to recognize the revenue from the sale and appropriate funding for engine overhaul work which was identified during the DVR planned outage earlier this year.

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- 8. Question: With a few cycles completed, is the biennial budget process that alternates between a capital budget and operating budget working?**

**Response:** The biennial budget process allows for a more in-depth review of the capital budget or operating budget during its cycle, while also including amendments to the budget that is off cycle. In addition, there are certain elements of the budget that are presented every year, including the Ten-Year General Fund Forecast, all capital and operating source and use statements, and the annual appropriations.

The two-year budget cycle reduces the administrative staff time for all departments to prepare the budget, provides more funding stability for departments, and allows for better long-range planning and strategic focus. The potential drawbacks of this process are less flexibility during economic downturns and emergencies, the need to revise the plan mid-cycle if there are significant changes to revenues and/or expenditures, and additional time needed to respond to changing priorities. Weighing these benefits and drawbacks, the Administration believes the biennial operating budget process is working.

- 9. Question: How is the unfunded capital project list prioritized so that infrastructure does not reach a critical point, and ensure that compliance with legal mandates and health and safety issues are addressed?**

**Response:** As part of each biennial budget process, departments present capital funding needs to the City Manager's Office, the Finance Department and the Public Works Department for evaluation. The highest priority needs are funded with the resources available taking into consideration health and safety issues, legal mandates, the condition of the infrastructure, community needs, and departmental feedback/prioritization. There are a number of master plans and studies that also inform the prioritization of projects.

Starting with the FY 2019/20 and FY 2020/21 Capital Budget, the document was restructured to provide additional information on the City's unfunded projects. This was an important step to focus the discussion on this issue. Since that time, the City has pursued funding strategies to address this issues, including bringing forward the General Obligation Bond Measure for voter approval and the set aside of ongoing capital funding in the budget.

- 10. Question: How are enterprise funds defined and why are the operations associated with the water treatment plant included in this category? How are the funds structured to only cover costs?**

**Response:** As part of governmental accounting, Enterprise funds are used to account for operations and activities performed by specific departments in the City; these funds account for City operations financed and operated in a manner similar to a private business enterprise. The costs of providing

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goods and services are funded primarily through charges to customers for services. The Sewer Utility Fund operates as an enterprise fund, with the operation and maintenance of the Regional Wastewater Facility as one of the primary operating expenses. These costs, along with the other operating expenses for the Sewer Utility (e.g., personnel costs, materials, services, and supplies), are all funded by user charges for sewer services. Any funding surplus is set aside in various reserves, including Rate Stabilization, Operations and Maintenance and Infrastructure. These reserves are set up to cover shortfalls in operating revenues, address unforeseen operating and capital expenditures, cover day-to-day operating costs during emergency situations, maintain strong bond ratings, and ease the burden on ratepayers associated with large rate increases.

**11. Question. As gas prices go up, are we anticipating revenue to go up or down? Are we thinking through that potential impact?**

**Response:** The City receives gas tax revenue from the State that is recorded in the Gas Tax Fund. Gas Tax is imposed by the State as a per-gallon excise tax on gasoline and diesel fuel. Cities and counties receive an allocation from the State based on population and the proportion of registered vehicles. Given the tax is a fixed amount per gallon, the gas tax receipts will not be impacted by increasing gas prices unless drivers begin to drive less due to those increases. The increasing gas prices may also encourage consumers to switch to electric or hybrid vehicles, which would reduce gas consumption.

Increasing gas prices may reduce disposable income for residents and visitors and increase costs for businesses, potentially impacting sales tax and transient occupancy tax receipts. The City would, however, collect higher sales tax receipts from gas stations.

**12. Question: The City Auditor position is currently frozen/vacant. Is this position a priority?**

**Response:** The City Auditor position, along with other frozen positions, is a priority to restore prior service levels. The FY 2026/27 Proposed Budget adds a Position Restoration Reserve in the General Fund to support the restoration of previously frozen positions, including the City Auditor position. The plan is to bring forward these positions during FY 2026/27 or during the development of the Proposed FY 2027/28 and FY 2028/29 Operating Budget in conjunction with departmental organizational reviews.

**13. Question: There is interest in the completion of the El Camino bike lane. Would these projects be funded by the City or the State? Is there an impact on business parking with the bike lane?**

**Response:** Completion of bike facilities along El Camino Real (State right-of-way) requires both City and State funding. In the proposed CIP, the El Camino Real Bike Lane project will install Class IV Separated bicycle facilities along El Camino Real and will be implemented in three phases.

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Phase I, which is City funded, will include the design and construction of a Class IV Separated Bikeway, from the Santa Clara/Sunnyvale City limit to Pomeroy Avenue. In Phase II, Caltrans has a planned state-funded project to install Class IV bicycle facilities and construct various intersection pedestrian improvements from Pomeroy Avenue to Lincoln Street. Phase III from Lincoln Street to Portola Avenue at the Santa Clara/San Jose City Limit) is currently unfunded.

To implement bike facilities on El Camino Real, street parking is required to be removed. In 2022, Council approved Resolution 22-9047 to remove parking on El Camino Real in Santa Clara. This approval was based on the property outreach and a parking study completed during the El Camino Real Specific Plan process that determined that approximately 31% of parking on El Camino Real is utilized. The action allows the City to remove parking if a project to build the bike lanes is funded. Of note is that there are five properties along El Camino Real that lack sufficient onsite parking so the Resolution does not include removing parking along those property frontages.

- 14. Question: Is the 3% funding level for the new Capital Infrastructure Fund based on an analysis of funding needs/best practices or does it represent available funding? How could this be increased to 5% similar to the school district?**

**Response:** The addition of an annual General Fund transfer to a new Capital Infrastructure Fund is set at 3% of General Fund expenditures based on the available funding. As part of the fiscal sustainability efforts, staff will work towards increasing these annual contributions.

- 15. Question: The Proposed Budget sets aside 18% of the Property Tax revenue from the excess Education Revenue Augmentation Fund (ERAF) as the County of Santa Clara has indicated that this amount is at risk due to a legal challenge. In FY 2026/27, the contribution to the ERAF Reserve totals \$1.4 million. What will happen to this revenue?**

**Response:** Secured Property Tax receipts include excess ERAF funds (under Proposition 98, a portion of property tax receipts are allocated to the ERAF beginning in 1992 and once there are sufficient funds in ERAF to fulfill the obligation to the school districts, excess funds are returned to the taxing entities that contributed the funding). The excess ERAF funds are projected at \$8.0 million in FY 2026/27. The County of Santa Clara has indicated that approximately 18% of the ERAF receipts are at risk due to legal challenges regarding the allocation of these funds. Given this risk, the ERAF funds in dispute are set aside in a Property Tax ERAF Reserve in the General Fund. In FY 2026/27, the contribution to this reserve totals \$1.4 million, bringing the reserve balance to \$9.4 million. Depending on the outcome of the legal challenge, the funds in reserve would either be freed up for General Fund use or would be used to cover the City's portion of the liability. The funds will remain in reserve until the legal challenge is resolved.

- 16. Question: Sales Tax revenues for the City are at record levels and are highly volatile. The forecast assumes growth of 3% annual growth from the FY 2026/27 starting point. Is this**

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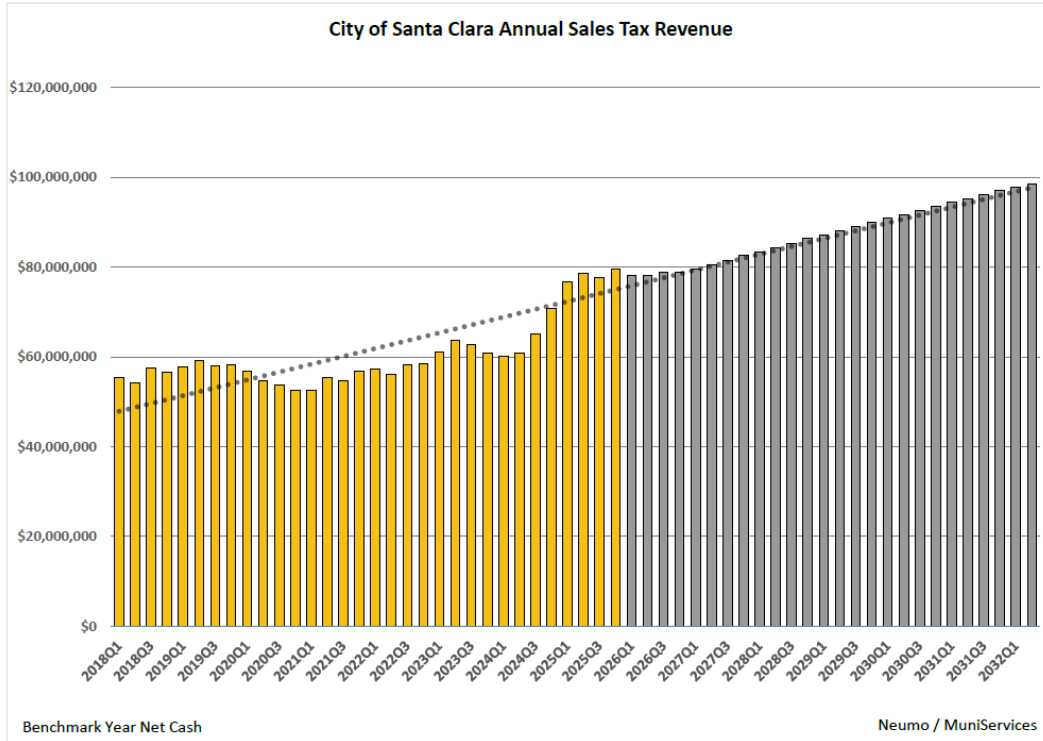
**revenue level sustainable? Is this growth realistic to maintain the ongoing costs of all of the new positions being proposed?**

**Response:** While the sales tax category is very difficult to project, staff set the sales tax revenue estimate at a level that is expected to be sustainable. The City's General Fund revenue estimates in total are projected to be sufficient to support the positions included in the Proposed Budget.

Staff evaluates the sales tax receipts on a quarterly basis by business sector and also considers the forecast provided by the City's sales tax consultant in the development of the revenue estimates. The sales tax consultant developed conservative, most likely, and optimistic revenue estimates through FY 2031/32. In its most recent forecast, the consultant's conservative estimate totals \$74.9 million, the most likely estimate totals \$80.5 million, and the optimistic estimate totals \$86.2 million for FY 2026/27. The City's general sales tax revenue estimate (excluding proposition 172 sales tax) for FY 2026/27 totals \$75.0 million, which aligns closely to the consultant's conservative estimate. The FY 2026/27 estimate is below the FY 2024/25 actual receipts of \$78.5 million because it is assumed that a portion of the high collections in FY 2024/25 was one-time in nature. The 3% annual growth factor from FY 2026/27 is conservatively below the City's actual long-term growth. From FY 2011/12 through FY 2023/24, the annual sales tax percent growth averaged 3.8%; this excludes the extremely strong growth of 28.8% in FY 2024/25. The 3% annual growth rate is also below the annual growth projections provided by the sales tax consultant that averaged 4.1% from FY 2026/27 through FY 2031/32.

Following are the quarterly revenue estimates provided by the City's sales tax consultant Neumo/MuniServices:

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**17. Question: The SV Hopper is funded as a pilot program. Is this pilot going to sunset or is it anticipated to be funded ongoing. If so, how will it be funded?**

**Response:** On June 6, 2023, City Council approved the SV Hopper pilot program and service in Santa Clara launched in November 2023. The pilot will run for four years and is expected to end in November 2027. The pilot program is currently funded by both grant funds and Silicon Valley Power Electric Operating Grant Trust Funds (Low Carbon Fuel Program). Staff is evaluating the program to determine if the program will continue due to potential funding constraints.

**18. Question: Are there opportunities to remove/revise center dividers for certain streets, resulting in water savings and improved traffic flow?**

**Response:** There are currently two projects proposed in the budget under the Transportation theme, and also money in the Bond Program related to water savings and median islands. The Bond Program currently has \$4 million set aside for a future tranche under the Street/Median Island Beautifications line item. The other proposed projects in the budget include:

- FY 27 Temp 18 – **Water Conservation and Drought Tolerant Landscaping** - The intent of this project is to remove existing decorative turf and irrigation and convert to water efficient and drought-tolerant alternatives, such as native plants, drip irrigation, and ground cover. Several areas around City Hall have already been converted, and staff is reviewing other

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areas around the campus as well. Staff has been working with Valley Water to leverage grant opportunities to assist with the funding.

- **FY27 TEMP19 – Median Island Water Conservation and Drought Tolerant Landscape Improvements** - The intent of this project is to develop water conservation and drought tolerant landscape standards for medians and other public right of way areas that are in need of renovation. Once these standards are developed, then projects can be established that will remove existing turf/shrubs/plants/irrigation and replace them with things such as native plants, ground cover, and drip irrigation where necessary. Initial areas that have been identified in the proposed budget include medians along Winchester Blvd. and Lafayette Street.

There are currently no stand-alone projects budgeted that will be removing/significantly modifying median islands. These types of improvements are typically reviewed when performing significant roadway modifications like what was recently completed for the Great America Parkway/Mission College Intersection Improvements Project.

**19. Question: Bike Lane Delineators were temporarily added around Levi’s Stadium as a safety precaution for the Superbowl and have since been removed. Can these be added back for bicycle safety?**

**Response:** As part of the Superbowl LX operations and regional security planning, the Bay Area Host Committee and NFL installed temporary bike lane delineators along Lafayette Street from Agnew Road to Great America Way to support the bicycle detour associated with the temporary closure of the San Tomas Aquino Creek Trail (STACT) and Stars and Stripes Drive.

For the upcoming FIFA World Cup matches in June and July 2026, these bike delineators will be temporarily installed again by the Bay Area Hose Committee and there are discussions about them remaining permanent after the matches.

**20. Question: Which schools have the 15 MPH zones implemented? Are there plans to expand to other schools?**

**Response:** In June 2025, City Council approved an initiative to reduce speed limits on certain streets around schools from 25 to 15 miles per hour (mph) when children are present. Under the California Vehicle Code (CVC), this is allowable for streets that are posted 30 mph or less within a school zone. The reduced 15 mph speed limit supports the City’s goal of creating safer streets for children walking and biking to school, as lowering speeds in school zones can reduce both the likelihood and severity of collisions for all road users. Installation of 15 mph speed limit signs was completed in late 2025 around the following 28 schools that complied with the CVC speed limit requirements:

1. Bowers Elementary School
2. Bracher Elementary School

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3. Briarwood Elementary School
4. Buchser Middle School
5. Cabrillo Middle School
6. Central Park Elementary School
7. Don Callejon Arts and Design School
8. Eisenhower Elementary School
9. Haman Elementary School
10. Hughes Elementary School
11. Laurelwood Elementary School
12. Milikin Elementary School
13. Montague Elementary School
14. Monticello Academy
15. Pomeroy Elementary School
16. Santa Clara Christian School - Monticello Academy
17. Santa Clara Community Day School
18. Scott Lane Elementary School
19. St. Clare School
20. St. Lawrence Elementary & Middle School
21. Stratford School – Pomeroy Avenue
22. Stratford School - Dolores Avenue
23. Sutter Elementary School
24. Washington Open Elementary School
25. New Valley High School
26. Westwood Elementary School
27. Wilcox High School and Santa Clara Adult Education
28. Wilson High School

Staff is not aware of any other schools that meet the CVC speed limit requirements for 15 mph school zones. If there are any other schools City Council would like staff to check, please let us know.

**21. Question: How do we prioritize the Downtown? How do we allocate additional funding?**

**Response:** The City will be releasing a two phase RFQ/RFP for development on the city owned property in Downtown. In order to best evaluate the development proposals received, staff will be utilizing consultants, some of whom would be selected through a new RFP for Downtown consultants. In addition, more support is needed to coordinate and provide strategic direction on the multifaceted Downtown implementation work efforts. The budget need for these added support efforts to prioritize Downtown is \$400,000 in FY 2026/27.

**22. Question: If the City consolidated its offices for utilities/enterprise funds, would it result in any cost savings to the General Fund?**

**Response:** If the City consolidates its offices to include the utility and enterprise funds, those funds will pay their fair share of the cost of the building(s), the tenant improvements, and the ongoing

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operating and maintenance costs. By combining resources, it may be cost effective for both the General Fund and the enterprise funds.

**23. Question: Will the recent Supreme Court ruling result in tariff savings for SVP?**

**Response:** While the recent Supreme Court ruling invalidated certain previously imposed reciprocal tariffs, the ruling does not eliminate all tariffs impacting utility-related equipment and materials. Section 232 of the Trade Expansion Act of 1962 is currently being used to authorize tariffs based on national security concerns.

On April 2, 2026, a Proclamation was issued strengthening Section 232 tariffs on imported steel, aluminum, and copper products. Under the current Section 232 framework:

- Articles made entirely or almost entirely of aluminum, steel, or copper are generally subject to a 50% tariff on the full product value.
- Derivative articles substantially made of steel, aluminum, or copper are generally subject to a 25% tariff on the full product value.
- Certain metal-intensive industrial equipment and electrical grid equipment are subject to a reduced 15% tariff through 2027 to support industrial base buildout currently underway across the United States.
- Products made abroad but entirely with American steel, aluminum, and copper will be subject to lower tariffs of 10%.
- Products made of 15% or less steel, aluminum, or copper are no longer be subject to Section 232 metals tariffs.

Accordingly, the Supreme Court ruling is not expected to result in broad tariff savings for SVP at this time. Many utility-related materials used by SVP, including transformers, conductors, switchgear, substation components, poles, and other electrical infrastructure equipment, may continue to experience tariff-related cost impacts due to the steel, aluminum, and copper content.

**24. Question: At the Study Session, there was interest in fast tracking technology implementation. What is the City's approach and opportunities in this area?**

**Response:** The City's approach to fast-tracking technology implementation is to focus on solutions that deliver clear operational, service, and compliance benefits and can be implemented quickly without sacrificing security, accessibility, or long-term support.

Over the past year, the IT Department completed 10 projects as well as over 30 system and application upgrades, demonstrating that the City is moving forward at a strong pace. We have also been deploying advanced tools at an accelerated rate when there is a strong opportunity. For example, DocAccess moved from concept to implementation in less than two months, helping address a large majority of the City's website ADA compliance concerns in a short timeframe.

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Looking ahead, we are continuing to identify opportunities to accelerate implementation where solutions are well-defined, practical to deploy, and provide immediate value. We are also evaluating how AI can play a role in every project and solution going forward, where it can improve efficiency, service delivery, analysis, or user experience in a responsible and effective way.

**25. Question: Are there public private partnership opportunities?**

**Response:** Public-private partnerships (PPPs) are used to deliver public projects, services or infrastructure, such as public transportation networks (e.g., toll roads), airports, convention centers, and wastewater facilities. These partnerships typically share financial, construction, and operational risks. While these partnerships can be used as a financing mechanism and can leverage private-sector innovation, there are potential disadvantages, including higher long-term costs, reduced public control, and inadequate service delivery. The City does partner with a third-party for the operation of the City's convention center. Any other potential PPP would have to be carefully analyzed to determine if the potential benefits outweigh the risks.

**26. Question: There are material variances between the revenues and expenditures that are budgeted and the actuals at year-end, resulting in additional year-end funds being available. This impacts the ability of the City Council to allocate those funds as part of the annual budget process. How does the administration plan to address this issue?**

**Response:** It is projected that FY 2025/26 will end with additional General Fund balance from excess revenues and expenditure savings. In anticipation of additional fund balance, the FY 2026/27 Proposed Budget incorporates an estimate for beginning fund balance equivalent to 2% of revenues and 2% of expenditures totaling \$13.9 million. This amount is a funding source in the proposed budget. It is expected that an additional \$25 million will be available at the end of FY 2025/26, primarily due to higher revenues. Staff plans to bring forward actions in June 2026 to allocate approximately \$7 million of those additional funds to the Infrastructure Replacement Capital Fund, bringing the funding level to 5% of General Fund expenditures, and to allocate a portion of the additional funding to the Capital Projects Reserve.

Given the higher revenue collections, the FY 2026/27 revenue estimates have also been adjusted, with notable increases in the sales tax, transient occupancy tax, interest earnings, and the SVP transfer from the FY 2026/27 estimates included in the FY 2025/26 and FY 2026/27 Adopted Operating Budget adopted in June 2025.

**27. Question: How are the revenue estimates for sales tax, property tax, transient occupancy tax, and SVP transfer calculated?**

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**Response:** These revenue estimates take into account historical collection patterns, economic conditions and other factors that may impact current and future collections, rate/tax adjustments, and feedback from consultants.

- Sales Tax – As discussed in question #15 above, the sales tax revenue estimate is based on an analysis of actual performance by economic sector, historical collection levels, the revenue estimates from the City’s sales tax consultant, and the overall economic outlook.
- Property Tax – The property tax category includes estimates for secured and unsecured property tax. The County of Santa Clara Office of the Assessor and the Controller-Treasurer Department meet quarterly with cities to review property tax revenue allocated to Santa Clara County cities. The Controller-Treasurer Department provides projections on the current year property tax receipts, including updates on the assessed valuation and estimates on anticipated adjustments made from property tax appeals. The current year estimate is used as the starting point in the development of the FY 2026/27 revenue estimate. The County Assessor’s Office also provides information to cities on a monthly basis on the status of the assessment roll for the upcoming year. In addition, the City’s property tax consultant provides a forecasting tool to assist in the development of the property tax revenue estimate.
- Transient Occupancy Tax (TOT) – The TOT revenue estimate takes into consideration actual collection patterns, the rate increases implemented in recent years, and growth assumptions post Covid-19. This category was the most impacted by the pandemic, with revenues dropping from \$22.5 million pre-pandemic in FY 2018/19 to a low of \$2.9 million in FY 2020/21.
- SVP Transfer - In accordance with the City’s charter, Silicon Valley Power pays 5.0% of gross revenues to the General Fund. Growth in this category is primarily driven by market projections for electric consumption, resources costs, and projected rate increases for the Electric Utility.

**28. Question: Are vacant positions or frozen positions funded?**

**Response:** All filled and vacant positions are funded in the budget. To account for vacancies, the budget includes a vacancy factor that reduces the personnel budget by 3% for departments with a total FTE count of over 11, with the exception of the Police Department. As part of the FY 2025/26 and FY 2026/27 Adopted Operating Budget, the Police Department vacancy factor was set at 5.5%, effective through FY 2028/29. The factor is set to revert back to 3% ongoing, beginning in FY 2029/30.

Frozen positions are unfunded in the budget. However, there is a Position Restoration Reserve in the General Fund that would be used to restore those positions.

**29. Question: There was interest in developing a basic income pilot program. What would be the options for the City to establish this program? Are CDBDG or HOME funds eligible to be allocated to this type of program?**

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**Response:** Universal Basic Income (UBI) is not a viable use for CDBG and HOME funds because there are significant limitations on how these funds can be used. CDBG funds can pay for short-term emergency assistance for up to three months of rent and utility payments. These funds are typically paid to a landlord or utility provider on behalf of the individual whereas UBI programs pay funds directly to program participants. CDBG funds do not provide flexibility or the ~1 year timeline that UBI programs typically require. If CDBG funds were to be used for rental and utility assistance, the City could only use funds set aside for public services which is capped at just over \$150,000 in FY 2026/27. This amount is insufficient and would require a reallocation of funds that were approved in the FY 2026/27 Annual Action Plan on May 5, 2026. HOME funds are restricted to eligible affordable housing production or assistance.

It is important to remember that the City already provides deposit and rental assistance through the Tenant Based Rental Assistance program using HOME and local funds. The City is developing a companion rental assistance program using HOME ARP funds that will focus on assisting people who are homeless or at risk of becoming homeless. While these programs are not as flexible as UBI, they greatly reduce costs for households allowing program participants to spend money on other basic necessities. If a philanthropic or other flexible funding source were identified, it could leverage the City's rental assistance programs by providing income for non-housing expenses.

The City of Mountain View had a basic income pilot program, which ran between December 2022 through December 2024. The Mountain View City Council approved the use of ARPA Funds (\$1.0 million in FY 2021/22 and \$1.3 million in FY 2022/23) for this program along with \$580,500 in local funds. A comprehensive report with results of this pilot is expected to be available in 2026. For more information, please see the 2/22/2022 Mountain View City Council Agenda Item #201401: [City of Mountain View - File #: 201401](#).

**30. Question (Public): Is there going to be a time when seniors in the community do not have to pay fees (Senior Center)?**

**Response:** At this time, the Senior Center charges membership and recreation activity fees to help offset a portion of the costs associated with operating the facility and providing programs and services to the community. Based on historical trends, Senior Center fee revenue is projected at approximately \$356,000 in FY 2025/26, while FY 2026/27 revenue is projected to be approximately \$363,000, depending on future fee adjustments.

In comparison, the annual cost to operate the Senior Center and its programs exceeds \$1 million. While the current fees are intended to support cost recovery, the revenue generated does not fully cover the operational costs of the facility and programs. As a result, eliminating Senior Center fees would create an additional funding gap and would likely require the identification of an alternative ongoing funding source, such as additional General Fund support, to maintain current service levels and programming.