

RESPONSE TO COUNCIL QUESTIONS RE: 12/6/22 AGENDA

Agenda Item 2: Strategy for Additional Parkland in the Tasman East Specific Plan Area, in Conjunction with an Amendment to Add 1,500 Units to the Specific Plan

Council Question:

Are we charging the full MFA fees for developments at Tasman East, meaning 2.6 acres of parkland at \$5 million/acre per 1000 new residents? I would estimate 4500 units to yield 10,000 people which means generating 26 acres at \$5M/acre = \$130 M to acquire new parkland

Staff Response:

Yes, 4,500 units would require about 26 acres of new parkland as stated in the report to council. Regarding the fees in lieu of parkland dedication, on April 19, 2022, Council adopted Resolution 22-9080 which set the per acre land value in the 95054 at \$5.495 million per acre for use in the calculation of fees due in lieu of parkland dedication in TESP. This results in a fee of \$43,472 per unit for applications deemed complete in FY2022/23. Fees received are for the acquisition and development of new parkland to serve the development, and 2% is received for administration of the program.

While the potential fees received without parkland dedication and credit could be \$195M, the actual amount collected from each development will vary, but be less. It will depend upon the actual number of units/population approved for each application, the amount of parkland the developer is dedicating, and the amount of fee credit the developer receives for eligible on-site recreational amenities and/or for 100% senior/life guidance(commercial) housing.

Council Question:

How much money has been collected for parkland at TE to date?

Staff Response:

The City has collected approximately \$18.74M parkland acquisition and development. This amount excludes 2%MFA program administration fee, developer refund amount, LSR repayment.

Council Question:

Can we get an estimate of how many acres are needed basketball courts, tennis courts, soccer fields, pickleball courts, dog parks, etc.? I have attached what I got from the Gateway Crossings project. It is estimated that you need 10,000 residents to support a grocery store. Are there recommendations for how many basketball courts or tennis courts you would need to support 10,000 residents?

Staff Response:

The National Recreation & Parks Association (NRPA) does not set or prescribe the particular quantities of recreational amenities needed by a community or neighborhood. The City of Santa Clara Youth Sports Needs Assessment (Verde, 2014) found that the City needed about 30 acres of new outdoor and indoor community sports fields/courts/gym space. Since then, the City has developed 9 acres at Reed & Grant Sports Complex, so it still needs about 21 acres (gym, tennis, multiuse field, etc.). The City will be conducting a Parks & Recreation Master Plan process in the new year (2023) to look at system-wide/city-wide parks and recreation needs, acquisition site opportunities, and recreational amenities. It will be completed in conjunction with the City's 5-year Parks & Recreation Facility Condition Assessment of existing park sites and amenities.

The TESP specified 3.78 acres minimum parkland dedication among several mini parks and one neighborhood park. In general, a Neighborhood Park will serve neighborhood level needs/demand and Community Parks will provide facilities to serve larger cross community needs/demand. TESP does not have a sufficient contiguous

park acreage in the right size, shape (3 acres, rectangular) to accommodate/support community sports; the nearby location of the new Community Park North could accommodate some of this demand, as does the existing Youth Soccer Park.

Agenda Item 6: Action on FY 2021/22 Budget Year-End Report and Approve the Related Budget Amendments

Council Question:

Where are Parks Impact fees recorded here or do they go into a reserve fund? I didn't see Parks impact fees shown anywhere in this report.

**Table 1 - FY 2021/22 General Fund Revenues and Transfers In
Final Budget vs. Actual**

Description	FISCAL YEAR 2021/22				
	Adopted Budget	Final Budget	Actual Revenue	Variance Favorable/ (Unfavorable)	Percent Variance
Property Tax	71,559,000	71,559,000	74,630,557	3,071,557	4.29%
Sales Tax	58,183,000	58,183,000	56,901,656	(1,281,344)	(2.20%)
Transient Occupancy Tax	9,000,000	9,000,000	10,812,400	1,812,400	20.14%
Taxes - Other	6,080,000	6,080,000	6,988,598	908,598	14.94%
Licenses and Permits	3,685,000	3,685,000	4,738,855	1,053,855	28.60%
Fines and Penalties	1,496,135	1,496,135	431,099	(1,065,036)	(71.19%)
Revenue from Other Agencies	25,981,801	2,613,454	2,685,020	71,566	2.74%
Revenue from State	224,000	224,000	311,585	87,585	39.10%
Other Fees for Services	36,944,512	36,949,512	36,375,116	(574,396)	(1.55%)
Interest	2,600,000	2,600,000	827,866	(1,772,134)	(68.16%)
Rent	9,833,222	10,015,522	9,763,118	(252,404)	(2.52%)
Other Revenue	198,000	198,000	815,529	617,529	311.88%
Contributions In Lieu	24,700,000	24,700,000	27,259,168	2,559,168	10.36%
Subtotal Revenue	250,484,670	227,303,623	232,540,567	5,236,944	2.30%
Transfers In	6,459,399	9,643,124	9,642,979	(145)	(0.00%)
Total Revenue	\$ 256,944,069	\$ 236,946,747	\$ 242,183,546	\$ 5,236,799	2.21%

Staff Response:

The Park Impact fees are recorded in the Parks and Recreation Capital Fund. Below is the chart from Attachment 3 (pdf page 7) in the Year-End Report that summarizes the revenue performance in that fund. The FY 2021/22 revenues in the Parks and Recreation Capital Fund totaled \$21.4 million, which included park impact fees of \$18.4 million (\$14.6 million from Mitigation Fee Act and \$3.8 million from Quimby fees). The funding sources also included transfers from the General Fund (\$2.3 million) and other sources (\$0.7 million) from other agencies, interest, and other revenue.

Attachment 3

Summary of Other Funds Performance

Capital Improvement Program Fund Revenue FY 2021/22 Final Budget vs. Actual by Fund

Fund Description	Final Budget	Actual Revenue	Variance Favorable/ (Unfavorable)	Percent Variance
Cemetery Capital Fund	8,409	8,409	0	0.0%
City Affordable Housing Capital Fund	0	5,630,375	5,630,375	N/A
Convention Center Capital Fund	2,329,054	2,327,544	(1,510)	-0.1%
Electric Utility Capital Fund	66,299,783	58,984,364	(7,315,419)	-11.0%
Fire Department Capital Fund	837,110	837,110	0	0.0%
General Government Capital Fund	1,759,401	1,768,921	9,520	0.5%
Library Department Capital Fund	7,872	7,872	0	0.0%
Parks and Recreation Capital Fund	10,834,312	21,367,511	10,533,199	97.2%

Council Question:

Do these numbers for Police and Fire include the \$26 million from ARPA funds?

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Agenda Date: 12/6/2022

Function	FISCAL YEAR 2021/22				
	Adopted Budget	Final Budget	Actual Expenditures/ Encumbrances	Variance Favorable/ (Unfavorable)	Percent Variance
General Government					
Mayor and City Council Offices	\$ 829,205	\$ 829,205	\$ 780,877	\$ 48,328	5.83%
City Attorney's Office	3,111,929	3,119,380	3,018,701	100,679	3.23%
City Clerk's Office	1,491,088	1,718,169	1,459,494	258,675	15.06%
City Manager's Office	5,712,973	6,276,486	5,376,889	899,597	14.33%
Finance	17,679,265	18,071,518	17,324,143	747,375	4.14%
Human Resources	4,351,150	4,389,886	3,973,520	416,366	9.48%
Total General Government	33,175,610	34,404,644	31,933,624	2,471,020	7.18%
Public Works	23,807,473	24,426,914	24,008,145	418,769	1.71%
Community Development	6,300,951	5,480,607	5,094,254	386,353	7.05%
Parks and Recreation	21,734,058	21,433,077	19,223,737	2,209,340	10.31%
Public Safety					
Fire	61,045,361	51,239,214	50,636,970	602,244	1.18%
Police	79,955,424	65,242,662	62,366,762	2,875,900	4.41%
Total Public Safety	141,000,785	116,481,876	113,003,732	3,478,144	2.99%
Library	10,827,809	10,895,605	10,041,472	854,133	7.84%
Non-Departmental	14,306,083	14,789,281	10,366,347	4,422,934	29.91%
Subtotal Expenditures	251,152,769	227,912,004	213,671,311	14,240,693	6.25%
Transfers Out	39,146,855	48,969,098	48,969,098	-	0.00%
Total Uses of Funds	\$ 290,299,624	\$ 276,881,102	\$ 262,640,409	\$ 14,240,693	5.14%

Staff Response:

No, these numbers for Police and Fire do not include ARPA. The \$26 million in ARPA funding, along with \$26 million in Police and Fire costs, were moved to a separate fund for tracking purposes. For the Police and Fire Departments, the General Fund budgets were reduced by \$26 million and \$26 million in costs were shifted to the ARPA Fund.

Attachment 3 (pdf page 1 & 2) and of the Year-end Budgetary Report includes a summary of activity in other funds. Below are the revenue and expenditure entries for the ARPA Fund:

Attachment 3**Summary of Other Funds Performance**

Special Revenue Fund Revenue
FY 2021/22 Final Budget vs. Actual by Fund

Fund Description	Final Budget	Actual Revenue	Variance Favorable/ (Unfavorable)	Percent Variance
American Rescue Plan Act (ARPA) Fund	26,231,326	26,231,326	0	0.0%

Attachment 3**Summary of Other Funds Performance**

Special Revenue Fund Expenditures
FY 2021/22 Final Budget vs. Actual by Fund

Fund Description	Final Budget	Actual Expenditures/ Encumbrances	Variance Favorable/ (Unfavorable)	Percent Variance
American Rescue Plan Act (ARPA) Fund	26,231,326	26,231,326	0	0.0%

Council Question:

I don't understand the terms "Source of Funds" and "Use of Funds" in the following. Also what is the "Unrestricted Ending Fund Balance" mean? Also what do the bottom two entries mean (both are \$18,399,076)?

Electric Utility Fund (091)			
Item	Source of Funds	Use of Funds	Explanation
Charges for Services	12,024,047		This action recognizes additional revenue from Charges for Services to help offset the higher expenditure costs (five affirmative Council votes required to appropriate additional revenue).
Wholesale Revenue	6,375,029		This action recognizes additional revenue from Wholesale Revenue to help offset the higher expenditure costs (five affirmative Council votes required to appropriate additional revenue).
Resource and Production		46,742,143	This action increases the Resource and Production expense budget due to higher than anticipated costs for purchased power. SVP had higher than anticipated sales that required additional market purchases. These market purchases incurred high rates due to an increase of natural gas prices which were two to three times higher than natural gas prices in 2021. Additionally, Transmission Access Charges (TAC) rates from PG&E increased by 31.3% for Low Voltage (LV) and 29.2% for High Voltage. SVP incurs TAC for all power not generated from an SVP asset. These two factors will continue to be the main drivers increasing resource and production costs for FY 2022/23. The FY 2022/23 Resource and Production budget factored in some higher costs. SVP will monitor spend throughout the year and will come forward for budgetary actions as necessary (five affirmative Council votes required for the use of unused balances).
Unrestricted Ending Fund Balance		(28,343,067)	This action decreases the unrestricted ending fund balance to offset the action recommended above (five affirmative Council votes required for the use of unused balances).
	18,399,076	18,399,076	


Staff Response:

"Sources of Funds" is the budgetary term for revenue, transfers in, and fund balances including reserves at the beginning (July 1) of each fiscal year. "Uses of Funds" is the budgetary term for expenditures, transfers out, and fund balances including reserves at the end (or current period) of the fiscal year. Projections of both appear in the Adopted Budget and are kept current throughout the year as budget amendments are brought forward and approved. For any budget amendment, the budgeted sources (beginning fund balances, revenues, and transfers in) must match the budgeted uses (expenditures, transfers out, and ending fund balances).

In the transaction above, the Electric Utility Fund was over budget in FY 2021/22 by \$46.7 million due to higher Resource and Production costs that were driven by higher activity levels and increases in costs for purchased power (natural gas prices were two to three times higher than in 2021 and Transmission Access Charges were higher). This overage is offset by additional actual revenue (Charges for Services of \$12.0 million and Wholesale Revenue of \$6.4 million) along with the use of Unrestricted Ending Fund Balance \$28.3 million. The unrestricted ending fund balance represents funds that are available for use that have not been earmarked for a specific purpose, such as an operations and maintenance reserve.

Council Comment:

I really don't understand what is happening in this table. Perhaps I need a phone call to have someone explain it to me.

Convention Center Enterprise Fund (860)			
Item	Source of Funds	Use of Funds	Explanation
Beginning Fund Balance Reconciliation - Unrestricted	1,426,863		This action increases the Unrestricted Beginning Fund Balance from \$1,154,352 to \$2,581,215 as a result of the FY 2021/22 year-end actuals reconciliation (majority affirmative Council votes required).
Beginning Fund Balance Reconciliation - Restricted Levy Funds	192,952		This action increases the Restricted - Levy Funds Beginning Fund Balance from \$0 to \$192,952 as a result of the FY 2021/22 year-end actuals reconciliation (majority affirmative Council votes required).
Ending Fund Balance Reconciliation - Restricted Levy Funds		192,952	This change to the Ending Fund Balance offsets the recommended actions above (majority affirmative Council votes required).
Ending Fund Balance - Unrestricted		1,426,863	This change to the Ending Fund Balance offsets the recommended actions above (majority affirmative Council votes required).
	1,619,815	1,619,815	

Staff Response:

Because of timing, when the FY 2022/23 budget was developed, staff estimated the year-end performance for FY 2021/22 (usually as of March) that was used as the starting point for FY 2022/23 (the FY 2021/22 Estimate Ending Fund Balance matches the 2022/23 Amended Beginning Fund Balance). The year-end report reconciles the actual FY 2021/22 year end performance (June 30) with the estimates assumed in the budget and makes adjustments to the FY 2022/23 budget based on those timing differences. The transaction above is the required technical adjustment to the FY 2022/23 Beginning Fund Balance and in this case, based on the actual activity that occurred in the prior year, the fund performed with \$1.4 million additional fund balance.

For comparative purposes and to show how the adjustments impact the Adopted Budget, during the development of the FY 2022/23 in the Statement of Sources and Uses (below) for the Convention Center Enterprise Fund, the budget team estimated that Fund 860 would end the year with \$1,154,350 in unspent funds (unrestricted fund balance in the 2021/22 Estimate Column, toward the bottom of the chart). However, with the close of FY 2021/22, Fund 860 actually ended the year with \$2,581,215 in fund balance. The \$1,426,863 in the report increases the unrestricted fund balance to reconcile the net additional funds.

ENTERPRISE FUNDS | CONVENTION CENTER ENTERPRISE FUND (860)

	2020/21 Actual	2021/22 Amended	2021/22 Estimate	2022/23 Adopted	2022/23 Amended
Beginning Fund Balance					
Encumbrance Carryover	141,500	109,147	143,247	109,147	143,247
Operating Surplus	230,470	0	0	0	0
Unrestricted	4,589,785	2,356,792	2,034,341	1,127,136	1,154,352
Total Beginning Fund Balance	4,961,755	2,465,939	2,177,588	1,236,283	1,297,599
Revenue					
Levy Investment	383,667	1,764,000	1,764,000	0	0
Charges for Services	200,472	0	2,502,698	0	0
Rents	36,495	0	946,447	0	0
Interest	29,972	0	4,691	0	0
Event Revenue	0	8,291,055	0	13,530,685	13,530,685
Other Revenue	0	61,150	477,410	72,950	72,950
Total Revenue	650,606	10,116,205	5,695,246	13,603,635	13,603,635
Total Source of Funds	5,612,361	12,582,144	7,872,834	14,839,918	14,901,234
Expenditures					
Salaries	221,712	232,657	197,832	244,476	183,563
Retirement and Benefits	126,488	123,901	120,966	130,627	99,130
Materials/Services/Supplies	2,758,053	45,000	115,714	45,000	45,000
Interfund Services	29,846	181,832	181,832	186,928	224,601
Services From Other Funds - Cost Allocation Plan	2,754	0	0	0	0
Event Expense	0	5,133,706	2,661,204	8,318,461	8,318,461
Indirect Expense	0	3,864,765	1,533,687	5,502,889	5,502,889
Total Expenditures	3,138,853	9,581,861	4,811,235	14,428,381	14,373,644
Transfers To					
General Fund	20,000	0	0	0	0
Public Buildings Capital Fund	275,920	1,764,000	1,764,000	0	0
Total Transfers To	295,920	1,764,000	1,764,000	0	0
Ending Fund Balance					
Encumbrance Carryover	143,247	109,147	143,247	109,147	143,247
Unrestricted	2,034,341	1,127,136	1,154,352	302,390	384,343
Total Ending Fund Balance	2,177,588	1,236,283	1,297,599	411,537	527,590
Total Use of Funds	5,612,361	12,582,144	7,872,834	14,839,918	14,901,234