

# City of Santa Clara

REVISED

## Meeting Agenda

### Santa Clara Stadium Authority Call and Notice of Special Meeting City Council



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**Tuesday, March 2, 2021**

**3:30 PM**

**Virtual Meeting**

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**\*\*Revision:**

**Added List of Names for Negotiating Parties for Item 21-301**

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- **Via Zoom:**

- o <https://santaclaraca.zoom.us/j/99706759306>

- Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833

- **Via the City's eComment (now available during the meeting)**

- **Via email to [PublicComment@santaclaraca.gov](mailto:PublicComment@santaclaraca.gov)**

As always, the public may view the meetings on [SantaClaraCA.gov](http://SantaClaraCA.gov), Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 ("The Brown Act") and Section 708 of the Santa Clara City Charter, the Mayor calls for a Special Meeting of the City Council of the City of Santa Clara to commence and convene on March 2, 2021, at 3:30 pm for a Special Meeting to be held virtually zoom, to consider the following matter(s) and to potentially take action with respect to them.

**3:30 PM CLOSED SESSION**

**Call to Order**

**Roll Call**

**Public Comment**

*The public may provide comments regarding the Closed Session item(s) just prior to the Council beginning the Closed Session. Closed Sessions are not open to the public.*

- 1.A 21-301\*\*** [Conference with Real Property Negotiators \(CC\)](#)  
[Pursuant to Gov. Code § 54956.8](#)  
[Property: Please see below listing for APNs and addresses](#)  
[City/Authority Negotiator: Deanna J. Santana, City](#)  
[Manager/Executive Director \(or designee\)](#)  
[Negotiating Parties: Please see below listing for names for](#)  
[negotiating party\(ies\)](#)  
[Under Negotiation: Purchase/Sale/Exchange/Lease of Real](#)  
[Property \(provisions, price and terms of payment\)](#)

	APN	Property Address	Property Owner (Name)
1	224-04-062	2755 LAFAYETTE STREET, SANTA CLARA	WITKIN PROPERTIES LP
2	224-04-057	890 WALSH AVENUE, SANTA CLARA	L.A.W. LLC
3	224-04-088	2555 LAFAYETTE STREET, SANTA CLARA	GAHRAHMAT FAMILY LP I
4	230-03-090	525 MATHEW STREET, SANTA CLARA	NEWARK GROUP INDUSTRIES INC
5	224-35-014	630 MARTIN AVENUE, SANTA CLARA	D & R MILLER PROPS LLC
6	224-08-109	2908 LAFAYETTE STREET, SANTA CLARA	DOLLINGER LAFAYETTE ASSOCIATES
7	224-36-001	840 COMSTOCK STREET, SANTA CLARA	LAPTALO JAKOV, TRUSTEE
8	224-04-090	851 MARTIN AVENUE, SANTA CLARA	GAHRAHMAT FAMILY LP II
9	224-04-071	651 MARTIN AVENUE, SANTA CLARA	GAHRAHMAT FAM LP II LP
10	224-61-002	1401 MARTIN AVENUE, SANTA CLARA	ALMAN DIANA J TRUSTEE & ET AL
11	224-60-014	1261 MARTIN AVENUE, SANTA CLARA	MARTIN INVESTMENT PROPERTIES LLC
12	224-60-012	1199 MARTIN AVENUE, SANTA CLARA	1065 MARTIN AVE LLC
13	224-60-013	1061 MARTIN AVENUE, SANTA CLARA	1065 MARTIN AVE LLC
14	224-60-011	1055 MARTIN AVENUE, SANTA CLARA	YOUNG SANG A AND ANNE C TRUSTEE
15	224-60-010	1015 MARTIN AVENUE, SANTA CLARA	1015 Martin Ave LLC
16	224-60-006	1051 MARTIN AVENUE, SANTA CLARA	BAY AREA CELLULAR TELEPHONE CO
17	224-60-005	999 MARTIN AVENUE, SANTA CLARA	POLLACK ENTERPRISES INC
18	224-60-004	953 MARTIN AVENUE, SANTA CLARA	ROBINSON OIL CORPORATION
19	224-35-019	2495 LAFAYETTE STREET, SANTA CLARA	WONG KING WAN TRUSTEE & ET AL
20	224-35-020	2435 LAFAYETTE STREET, SANTA CLARA	WESCO PROPERTIES INC
21	224-40-010	2365 LAFAYETTE STREET, SANTA CLARA	BOWLES, ECKSTROM & ASSOCIATES LLC
22	224-40-009	2325 LAFAYETTE STREET, SANTA CLARA	RICHARD & DOROTHY LONG REVOCABLE
23	224-40-008	2311 LAFAYETTE STREET, SANTA CLARA	WHITNEY BRUCE S AND JUDITH R TRUSTEE
24	224-40-007	2301 LAFAYETTE STREET, SANTA CLARA	MEUSER WILLIAM E AND ANN E TRUSTEE
25	224-03-080	2265 LAFAYETTE STREET, SANTA CLARA	SEW LLC
26	224-03-081	800 MATHEW STREET, SANTA CLARA	PATEL JITENDRA G AND SHASHI J TRUSTEE
27	230-03-106	2500 DE LA CRUZ BLVD, SANTA CLARA	EMF LLC
28	224-07-099	960 CENTRAL EXPRESSWAY, SANTA CLARA	OWENS CORNING INSULATING
29	224-56-001	925 WALSH AVENUE, SANTA CLARA	PSB NORTHERN CA INDUSTL PORTFOLIO LLC
30	224-57-015	925 WALSH AVENUE, SANTA CLARA	PSB NORTHERN CA INDUSTL PORTFOLIO LLC
31	224-57-014	1451 Walsh Ave, Santa Clara	UNITED STATES POSTAL SERVICE
32	224-57-003	1515 Walsh Avenue, Santa Clara	The Malisic Survivor's Trust, Malisic Residual Trust
33	224-58-003	1150 Walsh Avenue, Santa Clara	Ragingwire Data Centers, Inc. A Nevada Corp.
34	224-04-093	2845 LAFAYETTE STREET, SANTA CLARA CA	Digital Lafayette, LLC
35	224-04-094	2805 LAFAYETTE STREET, SANTA CLARA	DIGITAL BH 800 LLC
36	224-61-004	1501 MARTIN AVENUE, SANTA CLARA	INTEL CORPORATION
37	230-03-105	2600 DE LA CRUZ BLVD, SANTA CLARA	C-1 Santa Clara, LLC

- 1.B 21-341** [Conference with Legal Counsel-Existing Litigation \(CC\)](#)  
[Pursuant to Gov. Code § 54956.9\(d\)\(1\)](#)  
[City of Santa Clara v. IA Lodging Santa Clara, LLC, et al., Santa Clara County Superior Court Case No. 19CV340507](#)
- 1.C 21-373** [Conference with Legal Counsel-Existing Litigation \(SA\)](#)  
[Pursuant to Gov't Code § 54956.9\(d\)\(1\)](#)  
[Forty Niners SC Stadium Company LLC, et al., v. Santa Clara Stadium Authority, Demand for Arbitration through JAMS, 07/26/2019](#)
- 1.D 21-374** [Conference with Legal Counsel-Existing Litigation \(SA\)](#)  
[Pursuant to Gov. Code § 54956.9\(d\)\(1\)](#)  
[Jesse Scott, on behalf of himself and all others similarly situated v. Santa Clara Stadium Authority and Legends Sales and Marketing LLC, Santa Clara County Superior Court Case No. 20CV368911](#)
- 1.E 21-375** [Conference with Legal Counsel-Existing Litigation \(SA\)](#)  
[Pursuant to Gov. Code § 54956.9\(d\)\(1\)](#)  
[Forty Niners Stadium Management Company LLC and Forty Niners SC Stadium Company LLC v. Santa Clara Stadium Authority, et al., Santa Clara County Superior Court Case No. 17CV304903 and 19CV355432 \(consolidated under lead case 17CV304903\)](#)
- 1.F 21-353** [Conference with Legal Counsel-Existing Litigation \(CC\)](#)  
[Pursuant to Gov. Code § 54956.9\(d\)\(1\)](#)  
[City of Santa Clara v. Yumori Kaku, et al., California Sixth District Court of Appeal Case No. H046105](#)

**Convene to Closed Session**

**STADIUM AUTHORITY/SPECIAL COUNCIL MEETING**

*\*Open Session Meeting to begin immediately following Closed Session.*

**Pledge of Allegiance and Statement of Values**

**REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS**

**CONTINUANCES/EXCEPTIONS/RECONSIDERATIONS**

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## **SPECIAL ORDER OF BUSINESS**

2.      21-342      [Verbal Report from City Manager regarding COVID-19 Pandemic](#)

## **CONSENT CALENDAR**

*[Items listed on the CONSENT CALENDAR are considered routine and will be adopted by one motion. There will be no separate discussion of the items on the CONSENT CALENDAR unless discussion is requested by a member of the Council, staff, or public. If so requested, that item will be removed from the CONSENT CALENDAR and considered under CONSENT ITEMS PULLED FOR DISCUSSION.]*

- 3.A      21-274      [Action on Stadium Authority Bills and Claims for the Month of January 2021](#)

**Recommendation:** Approve the list of Stadium Authority Bills and Claims for January 2021.

- 3.B      21-327      [Action on Agreement with DemandStar Corporation for E-procurement Services](#)

**Recommendation:** Authorize the Executive Director to execute an agreement with DemandStar for procurement services, at no cost to the Stadium Authority.

## **PUBLIC PRESENTATIONS**

*[This item is reserved for persons to address the Council or authorities on any matter not on the agenda that is within the subject matter jurisdiction of the City or Authorities. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. The governing body, or staff, may briefly respond to statements made or questions posed, and appropriate body may request staff to report back at a subsequent meeting. Although not required, please submit to the City Clerk your name and subject matter on the speaker card available in the Council Chambers.]*

## **CONSENT ITEMS PULLED FOR DISCUSSION**

## **PUBLIC HEARING/GENERAL BUSINESS**

4.      21-50      [Study Session: Draft 2021 Non-NFL Events Marketing Plan for Levi's Stadium in Accordance with Section 4.10 of the Stadium Management Agreement](#)

**Recommendation:** Stadium Authority Board discussion and possible action on ManCo's draft 2021 Marketing Plan.



5.      21-44      [Discussion of the Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget, Compliance and Management Policies](#)

**Recommendation:** Review and provide input, or possible Board action, on the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget and Stadium Authority Budget, Compliance and Management Policies.

6.      21-371      [Actions for Target Setting and Priority Strategies for Climate Action Plan \(CAP\) Update \(Continued from February 23, 2021\)](#)

**Recommendation:** The goal of this meeting is to get Council's confirmation on the recommended GHG target for the CAP update. The staff also seek the Council's input on strategies and the initial action list to indicate their top priority actions and to indicate if there are actions that should not be included in the CAP Update.

7.      21-370      [Continuance of FY 2020/21 Budget Rebalancing Actions to Address COVID-19 Pandemic Impacts \(Continued from February 23, 2021\)](#)

**Recommendation:**

1. Approve the FY 2020/21 budget amendments detailed in Attachment 1 for all Departments and Offices, except the Mayor and Council and the City Auditor's Office and City Attorney's Office appointees, as recommended by the City Manager (five affirmative Council votes required for revenue actions only); and
2. Consider and approve the FY 2020/21 budget amendments detailed in Attachment 2 for the Mayor and Council, the City Auditor's Office, and City Attorney's Office appointees.

**REPORTS OF MEMBERS AND SPECIAL COMMITTEES**

**CITY MANAGER/EXECUTIVE DIRECTOR REPORT**

**ADJOURNMENT**

The next regular scheduled meeting is on Tuesday evening, March 9, 2021.

## **MEETING DISCLOSURES**

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



# City of Santa Clara

1500 Warburton Avenue  
Santa Clara, CA 95050  
[santaclaraca.gov](http://santaclaraca.gov)  
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## Agenda Report

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**21-301**

**Agenda Date: 3/2/2021**

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### **SUBJECT**

Conference with Real Property Negotiators (CC)

Pursuant to Gov. Code § 54956.8

Property: Please see below listing for APNs and addresses

City/Authority Negotiator: Deanna J. Santana, City Manager/Executive Director (or designee)

Negotiating Parties: Please see below listing for names for negotiating party(ies)

Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)

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## Agenda Report

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**21-341**

**Agenda Date: 3/2/2021**

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### **SUBJECT**

Conference with Legal Counsel-Existing Litigation (CC)

Pursuant to Gov. Code § 54956.9(d)(1)

*City of Santa Clara v. IA Lodging Santa Clara, LLC, et al.*, Santa Clara County Superior Court Case No. 19CV340507





# City of Santa Clara

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## Agenda Report

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**21-373**

**Agenda Date: 3/2/2021**

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### **SUBJECT**

Conference with Legal Counsel-Existing Litigation (SA)

Pursuant to Gov't Code § 54956.9(d)(1)

*Forty Niners SC Stadium Company LLC, et al., v. Santa Clara Stadium Authority, Demand for Arbitration through JAMS, 07/26/2019*



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## Agenda Report

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**21-374**

**Agenda Date: 3/2/2021**

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### **SUBJECT**

Conference with Legal Counsel-Existing Litigation (SA)  
Pursuant to Gov. Code § 54956.9(d)(1)

*Jesse Scott, on behalf of himself and all others similarly situated v. Santa Clara Stadium Authority and Legends Sales and Marketing LLC*, Santa Clara County Superior Court Case No. 20CV368911



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## Agenda Report

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**21-375**

**Agenda Date: 3/2/2021**

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### **SUBJECT**

Conference with Legal Counsel-Existing Litigation (SA)  
Pursuant to Gov. Code § 54956.9(d)(1)

*Forty Niners Stadium Management Company LLC and Forty Niners SC Stadium Company LLC v. Santa Clara Stadium Authority, et al.*, Santa Clara County Superior Court Case No. 17CV304903 and 19CV355432 (consolidated under lead case 17CV304903)



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## Agenda Report

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**21-353**

**Agenda Date: 3/2/2021**

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### **SUBJECT**

Conference with Legal Counsel-Existing Litigation (CC)

Pursuant to Gov. Code § 54956.9(d)(1)

*City of Santa Clara v. Yumori Kaku, et al.*, California Sixth District Court of Appeal Case No. H046105



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## Agenda Report

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**21-342**

**Agenda Date: 3/2/2021**

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Verbal Report from City Manager regarding COVID-19 Pandemic

#### **COUNCIL PILLAR**

Enhance Community Engagement and Transparency





## Agenda Report

21-274

Agenda Date: 3/2/2021

### REPORT TO STADIUM AUTHORITY BOARD

#### SUBJECT

Action on Stadium Authority Bills and Claims for the Month of January 2021

#### BOARD PILLARS

Enhance Community Engagement and Transparency  
Ensure Compliance with Measure J and Manage Levi's Stadium

#### BACKGROUND

Disbursements made by the Stadium Authority are based on invoices submitted for payment. Prior to payment, staff reviews all disbursement documents to ensure that they are in compliance with the goods or services provided.

The Bills and Claims listing represents the cash disbursements required of normal and usual operations during the period. Budget control is set by the Stadium Authority Board through the budget adoption process.

#### DISCUSSION

On April 30, 2019, the Stadium Authority Board directed staff to stop payment of any Stadium Authority invoices for services unless there is substantial documentation of services rendered, which must also be in compliance with State law and City Code. Since April 30, 2019, staff received direction to pay Stadium Authority invoices related to SBL sales and services, insurance, and utilities.

Significant expenses in January 2021 include:

- Payments totaling \$95,537.03 to the City of Santa Clara for reimbursement of General and Administrative (G&A) City payroll costs (e.g.: City Manager's Office, City Attorney's Office, and Finance Department)
- Payments totaling \$588,250.60 to Forty Niners Stadium Management Co, LLC include:
  - \$104,000.00 for January 2021 Stadium Manager Expenses - Insurance
  - \$125,000.00 for January 2021 Stadium Manager Expenses - SBL Sales
  - \$359,250.60 for Financial Management System Implementation/FY1920 Other Expenses
- Payments totaling \$74,555.29 to J.S. Held LLC for audit services
- Payment totaling \$12,407.00 to Wilson Ihrig for noise monitoring services
- Payment totaling \$4,446.11 to LN Curtis & Sons for CapEx Project: Rope Rescue Gear
- Payment totaling \$17,909.55 to 3south, LLC for CapEx Project: Radiation Detector
- Payment totaling \$19,573.96 to Motorola Solutions Inc for CapEx Project: Radio Batteries

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

**FISCAL IMPACT**

There is a \$813,408.55 fiscal impact to the Stadium Authority.

**COORDINATION**

This report has been coordinated with the Stadium Authority Counsel’s Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

**RECOMMENDATION**

Approve the list of Stadium Authority Bills and Claims for January 2021.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. January 2021 SCSA Bills and Claims

## Santa Clara Stadium Authority

### Bills and Claims Expenses Paid by Wire Transfer For the Month of January 2021

Payment Date	Vendor	Invoice No.	Description	Fund	Amount	
1/15/2021	Bank of America	N/A	December 2020 bank fees acct 0444	Operating	\$ 611.67	
1/15/2021	Bank of America	N/A	December 2020 bank fees acct 0425	Operating	67.57	
1/15/2021	Bank of America	N/A	December 2020 bank fees acct 6280	Operating	49.77	
			Bank of America Subtotal			729.01
1/12/2021	City of Santa Clara	N/A	B2026 SCSA Admin Payroll Costs	Operating	51,437.72	
1/19/2021	City of Santa Clara	N/A	B2027 SCSA Admin Payroll Costs	Operating	44,099.31	
			City of Santa Clara Subtotal			95,537.03
1/14/2021	Forty Niners Stadium Management Co, LLC	SLS-23146	January 2021 Std Mgr - Insurance	Operating	104,000.00	
1/14/2021	Forty Niners Stadium Management Co, LLC	SLS-23146	January 2021 Std Mgr - SBL Sales	Operating	125,000.00	
1/28/2021	Forty Niners Stadium Management Co, LLC	SLS-090320-A	FMS Implementation/FY1920 Other Exp	Operating	359,250.60	
			Forty Niners Stadium Management Co, LLC Subtotal			588,250.60
1/27/2021	J.S. Held LLC	1177365	November 2020 Audit Services	Operating	72,559.15	
1/19/2021	J.S. Held LLC	1186045	December 2020 Audit Services	Operating	1,996.14	
						74,555.29
1/13/2021	Wilson Ihrig	16125N32	May - July 2020 - Noise Monitoring	Operating		12,407.00
1/15/2021	LN Curtis & Sons	INV451211	CapEx Project: Rope Rescue Gear	CapEx		4,446.11
1/20/2021	3south, LLC	1020-SCFD-R425	CapEx Project: Radiation Detector	CapEx		17,909.55
1/27/2021	Motorola Solutions Inc	1187045390	CapEx Project: Radio Batteries	CapEx		19,573.96
			<b>January 2021 Total</b>			<b><u>\$ 813,408.55</u></b>



## Agenda Report

21-327

Agenda Date: 3/2/2021

### REPORT TO STADIUM AUTHORITY BOARD

#### SUBJECT

Action on Agreement with DemandStar Corporation for E-procurement Services

#### BOARD PILLAR

Ensure Compliance with Measure J and Manage Levi's Stadium

#### BACKGROUND

On October 8, 2019, the Stadium Authority Board (Board) approved Ordinance No. 2005 amending Chapter 17.30 of the City Code (Stadium Authority Procurement Policy), which rescinded the delegation to Executive Director's to enter into agreements without prior Board approval. . As of the effective date of the Ordinance (November 8, 2019), all Stadium Authority agreements for services, supplies, materials, and equipment require the approval of the Stadium Authority Board.

Stadium Authority staff follows the competitive procurement requirements outlined under Chapter 2.105 of the City of Santa Clara City Code, for most purchases with an estimated value greater than \$15,000. City and Authority staff have only begun to use e-procurement platforms in recent years. Prior to recent procurement process reforms, City staff used antiquated phone and/or fax solicitation of informal quotes. The move to e-platform solicitation processes has improved transparency, competition, and provides a more equal playing field for the bidders. It is also believed that the City obtains better pricing with improved outreach and exposure, with the additional efficiency when vendor communications are channeled through the system during the bid process.

Stadium Authority staff initially considered utilizing BidSync for their e-procurement platform. BidSync is used by the City for City procurements, therefore, staff's familiarity with the product would minimize implementation and training time. However, a separate license would be required, and the quote for the license was \$13,500 annually plus a set-up fee of \$7,000. This appears to be excessive given the relatively low number of Stadium Authority purchases. Therefore, staff explored alternate solutions for an e-procurement platform that meets the requirements of the Stadium Authority at a lower cost.

#### DISCUSSION

The DemandStar product is a competitor to BidSync. While its feature set is not as robust as BidSync's, it is sufficient to satisfy the Stadium Authority's volume of bids. There are several pricing options available. Staff is recommending the no-cost option, that allows vendors to select one agency to receive bid notifications at no cost. If a vendor wishes to receive bids for multiple agencies, they would have to pay a fee. For example, the annual fee for all participating agencies in the State of California is \$100. The annual fee for all participating agencies in Santa Clara County is \$25. If a registered vendor is already paying for access to bids in Santa Clara County, there would be no additional fees for access to Stadium Authority solicitations. Currently, there are 100,000 registered vendors on the DemandStar system.

Alternatively, DemandStar offers a pricing model where the Stadium Authority pays an annual fee of \$2,500 and the service would be accessible to registered vendors nationwide, at no cost to the vendors. At this time, staff recommends using DemandStar with the zero-cost option. Staff will assess the performance of the system and return to the Board if any changes are recommended.

The DemandStar system includes the following functionality, as outlined in the agreement (Attachment 1):

- A. Allow the Stadium Authority to post bid documents and communicate with vendors regarding solicitations for all types of procurements (RFB, RFP, etc.)
- B. Electronically notify vendors when a solicitation is released.
- C. Provide a direct link to the DemandStar website via the Stadium Authority's portal.
- D. Allow vendors to view and download all bid documents posted on the system.
- E. Allow vendors to post their bid response documentation.
- F. Provide customer service support to the Stadium Authority and vendors.

### **ENVIRONMENTAL REVIEW**

The actions being considered do not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment or pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **FISCAL IMPACT**

There is no fiscal impact to the Stadium Authority other than administrative staff time if the Stadium Authority enters into an agreement with DemandStar for the no cost service option.

### **COORDINATION**

This report has been coordinated with the City's Purchasing Manager, Stadium Authority Treasurer, and Stadium Authority Counsel.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

### **RECOMMENDATION**

Authorize the Executive Director to execute an agreement with DemandStar for procurement services, at no cost to the Stadium Authority.



Reviewed by: Christine Jung, Assistant to the Executive Director and Kenn Lee, Treasurer  
Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. Agreement between DemandStar and Stadium Authority



**SERVICE AGREEMENT BETWEEN DEMANDSTAR CORPORATION  
and the SANTA CLARA STADIUM AUTHORITY**

**1. Introduction**

This Service Agreement ("Agreement") is entered into between DemandStar Corporation. ("DemandStar"), a Delaware corporation and the Santa Clara Stadium Authority with a place of business at 1500 Warburton Avenue, Santa Clara, CA 95050 ("Institution").

**2. Services Rendered**

DemandStar will provide the Institution with access to its DemandStar system, which is an Internet-based electronic information system designed to process, distribute, and archive information pertaining to the procurement process of the Institution.

**3. DemandStar Responsibilities**

- To allow the Institution to use the DemandStar system through the Web site located at [www.demandstar.com](http://www.demandstar.com) to post documentation to and communicate with suppliers about its solicitations for formal bids, proposals, and informal quote requests.
- To automatically notify suppliers that are registered members of the DemandStar system and have opted to receive notification service connecting them to the Institution of the Institution's solicitations for formal bids, proposals, and quote requests via electronic mail or facsimile.
- To provide links to the DemandStar Web site through the Web site of the Institution, which will: (a) allow anyone to view bid and proposal information posted to the DemandStar system by the Institution, (b) allow bid and proposal documents to be electronically downloaded or mail ordered, and (c) allow suppliers to register for memberships and subscriptions to the DemandStar system.
- To provide customer service support to the Institution and suppliers.
- To supply the Institution with reference information and instructional materials to facilitate its notification to suppliers of its decision to utilize the DemandStar system.

**4. Institution Responsibilities**

- To notify the Institution's suppliers of its decision to utilize the DemandStar system.

**5. Charge for Service**

The service will be provided free of charge to the Institution.

**6. Intellectual Property Rights**

Any copyrightable works, ideas, discoveries, inventions, patents, products, trade secrets, software, trademarks, trade names, service marks, license rights, or other intellectual property rights (collectively, "Intellectual Property Rights") developed in whole or in part by DemandStar in connection with the services will be the exclusive property of DemandStar Corporation. Ownership and all intellectual property rights in the DemandStar system and in all ideas, processes and works of authorship created in whole or in part during the term of this Agreement by DemandStar Corporation belong exclusively to DemandStar Corporation. The Institution acknowledges such ownership and intellectual property rights in the DemandStar System, acknowledges that any such work is not a work made by DemandStar Corporation for hire, and agrees that the Institution will not assert any actions to the contrary.

**7. Confidentiality**

DemandStar Corporation and the Institution each agree not to use any confidential or proprietary information disclosed to it by the other party for its own use or for any purpose other than for the provision of the services pursuant to this Agreement. Each party agrees that it shall take all reasonable measures to protect the secrecy of and avoid disclosure or use of the confidential information of the other party in order to prevent it from falling into the public domain or the possession of persons other than those persons authorized under this Agreement to have any such information.

**8. Warranty**

DemandStar Corporation shall provide the services and meet its obligations under this Agreement with due care and skill and in a timely and professional manner. Other than as provided in this Agreement, neither party provides any express or implied warranties, including, but not limited to the implied warranties of merchantability and fitness for a particular purpose.

**9. Relationship of the Parties**

DemandStar Corporation, in furnishing the services, is acting as an independent contractor. In addition, DemandStar Corporation is not acting as the custodian of the Institution's public records, has not been entrusted with any records belonging to the Institution or the availability of such records for public inspection and copying in accordance with the laws of the State of Florida.

**10. Entire Agreement**

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to the subject matter contained in this Agreement.

**11. Severability**

If any provision of this Agreement is found to be illegal or otherwise unenforceable in any respect, that provision will be deemed to be restated to reflect as nearly as possible the original intent of the parties in accordance with applicable law. The remainder of this Agreement will remain in full force and effect.

**12. Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the State of California. The venue of any suit filed by either Party shall be vested in the state courts of the County of Santa Clara, or if appropriate, in the United States District Court, Northern District of California, San Jose, California.

**13. Attorneys' Fees**

In the event of litigation, the prevailing party shall be entitled to receive reasonable attorneys' fees and costs.

**14. Term of Agreement and Termination**

This Agreement will be effective on the date of execution. This Agreement does not have a specified term. This Agreement may be terminated at any time by either party upon 30 days prior written notice to the other party.

**15. Amendments**

No amendment or modification of this Agreement shall be valid or binding unless set forth in writing and duly executed and delivered by each of the parties to this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date set forth above.

**By:**

**DemandStar Corporation**

**The Stadium Authority (California)**

DocuSigned by:

*Brandee Collier-Berry*

Signature

23C9C779830B40C...

Signature

Brandee Collier-Berry

Mark Giovannetti

Printed Name

Printed Name

Government Development Manager

Title

Title

2/17/2021

Date

Date

**Exhibit A**

Definitions of terms used in this Agreement:

**Institution:** The legal entity that entered into this Agreement with DemandStar Corporation may also be described using the term, "agency".

**Plan Holder:** Any entity that has obtained a copy of the primary governing document of a solicitation for a formal purchase request, such as a bid or proposal.

**Supplier:** Any provider of goods or services, may also be known as a vendor or contractor.

AGENCY INFORMATION

Welcome aboard! Please fill out the below information so that we can properly set-up your account and you can start broadcasting bids on the DemandStar network.

Agency Name	
County (In which agency resides)	
Physical Address	
City	
State	
Zip Code	
Phone Number	
Fax Number	
Time Zone (EST or CST or MST or PST)	
Agency Web Address	
Should Bidders of Record (plan-holders) be visible prior to bid opening?	
Estimated number of bids per year; quotes per year	

Key Users Contacts

List two (2) agency members as the primary contacts for DemandStar. They will be responsible for adding/deleting and assigning permissions to other users.

First Name	Last Name	Job Title	Phone Number	E-Mail

Project Types

Please indicate your different project types and their abbreviation (RFP - Request for Proposal, ITB - Invitation to Bid, RFQ - Request for Qualifications, FQ - Fax Quote, etc.)

Abbreviation	Project Type

To contact Agency Services, please call (206)940-0305



## Agenda Report

21-50

Agenda Date: 3/2/2021

### REPORT TO STADIUM AUTHORITY BOARD

#### SUBJECT

Study Session: Draft 2021 Non-NFL Events Marketing Plan for Levi's Stadium in Accordance with Section 4.10 of the Stadium Management Agreement

#### BOARD PILLAR

Ensure Compliance with Measure J and Manage Levi's Stadium

#### BACKGROUND

The Stadium Management Agreement (Management Agreement) between the Stadium Authority and Forty Niners Stadium Management Company, LLC (ManCo), requires ManCo to develop a Marketing Plan for Non-NFL events for inclusion in the Stadium Operation and Maintenance Plan (SOMP) and mutual agreement of it by the Stadium Manager and Stadium Authority. The provision reads as follows:

**4.10 Marketing Plan.** Until the exercise of any Non-NFL Event Replacement Right, the Stadium Operation and Maintenance Plan shall include a marketing plan setting forth in reasonable detail the Stadium Manager's plans to develop, implement and monitor marketing, booking, advertising and promotion of Non-NFL Events for the Stadium, ***which marketing plan shall be mutually agreed upon by the Stadium Manager and the Stadium Authority*** (the "Marketing Plan"). If the Stadium Authority exercises the Non-NFL Event Replacement Right, the Stadium Authority and the Stadium Manager will develop a similar plan with the third-party provider.

Historically, the Marketing Plan was reviewed in the form of a slide deck presentation at the time the Stadium Authority budget was considered for approval, which provided the Board and ManCo little opportunity to discuss and deliberate about the strategies employed to promote profitable events. This approach also offered little transparency and awareness for the Board to understand effectiveness relative to the marketing and booking strategies utilized by ManCo.

Beginning in FY 2018/19 (April 1, 2018 - March 30, 2019), Stadium Authority staff proposed that the Board and ManCo review the draft Marketing Plan in a Study Session to better determine mutual agreement with the strategies employed by ManCo. Stadium Authority staff and ManCo mutually agreed and presented the draft 2018 Non-NFL Events Marketing & Business Plan (2018 Marketing Plan) to the Board during a Study Session on March 13, 2018. As a result of that discussion, **ManCo committed to develop key performance indicators (KPIs) during the first quarter of FY 2018/19 to evaluate the effectiveness of the Marketing Plan strategies/initiatives, as well as inform the decision-making process for the 2019 Marketing Plan.** Ultimately, after significant support from Stadium Authority staff and several delays in fulfilling its commitment to the Board, **ManCo never completed developing the KPIs.** This was despite the Stadium Authority's development of KPI



templates, support with developing metrics, and year-long efforts to work collaboratively on this endeavor. The Board's request to develop metrics to track ManCo's performance over time was very reasonable in light of ManCo's failure to produce profitable events.

On March 19, 2019, Stadium Authority staff transmitted ManCo's draft 2019 Non-NFL Events Marketing Plan (2019 Marketing Plan) to the Board. By this time, ManCo had already advised through the media that the projected revenues for FYs 2018/19 and 2019/20 would decrease significantly. **Appropriately, the Stadium Authority expected that strategies in the draft 2019 Marketing Plan would reflect significant changes to the business strategies and/or initiatives to correct the trend and restore revenues to past levels.** That was not the case: ManCo continued with its same business practices, which included:

- Failure to develop and include KPIs and corresponding data to measure the effectiveness of the 2018 Marketing Plan and inform the 2019 marketing strategies;
- No meaningful discussion regarding the Naming Rights Agreement requirement to hold at least 36 "Major Events" (with 25,000+ attendees) and lack of plan to meet the minimum goals,
- Significant decrease in projected net revenue for FY 2018/19 Non-NFL events and lack of strategies to mitigate any losses. This ultimately resulted in \$18,000 total net revenue, which reflected a \$5.1M decrease from FY 2017/18; and,
- Inadequate explanation of how ManCo's practice of giving free tickets away for events and other promotions/giveaways was an advantageous marketing strategy for Non-NFL events.

Based on the Board's discussion, the draft 2019 Marketing Plan was not mutually agreed upon. Similarly, the draft 2020 Non-NFL Events Marketing Plan (2020 Marketing Plan) was not mutually agreed upon for many of the abovementioned reasons, as well as ManCo's poor booking and financial performance from FY 2015/16 through FY 2019/20, misalignment with key provisions in the Management Agreement (e.g., duty to notify, standard of care, booking duties and responsibilities, etc.), and other key issues (e.g., not meeting the number of Non-NFL "Major Events" as required by Naming Rights Agreement, lack of addressing poor performance, etc.). During the 2020 Marketing Plan discussion, the Board directed staff to share a list of questions that Board members had about the 2020 Marketing Plan for response from ManCo in light of ManCo's absence from the Study Session. To date, ManCo has not responded to the Board's questions.

After several years of Non-NFL events, had KPIs been developed the Stadium Authority and ManCo would have had the benefit of trend information of what is working and what is not. The financial trend of ManCo's performance is a strong indication that the Marketing Plan is not working and not maximizing revenue for the Stadium Authority. In fact, the concerns regarding previous years' draft Marketing Plans remain relevant as FY 2020/21 marks the fourth fiscal year of unfavorable financial activity. In FY 2019/20, ManCo's financial performance continued to decline which resulted in \$2.7M loss in Non-NFL net revenue for the Stadium Authority. While FY 2020/21 has been an unusual year defined by the COVID-19 pandemic and the suspension of Non-NFL events at Levi's Stadium, it is clear that ManCo cannot simply return to the same marketing strategies that were being used prior to the pandemic as it prepares for the return of events.

## **DISCUSSION**

As fiduciaries under the Management Agreement to act in the Stadium Authority's best interest, ManCo has a duty through its marketing plan efforts to demonstrate how it proposes to restore

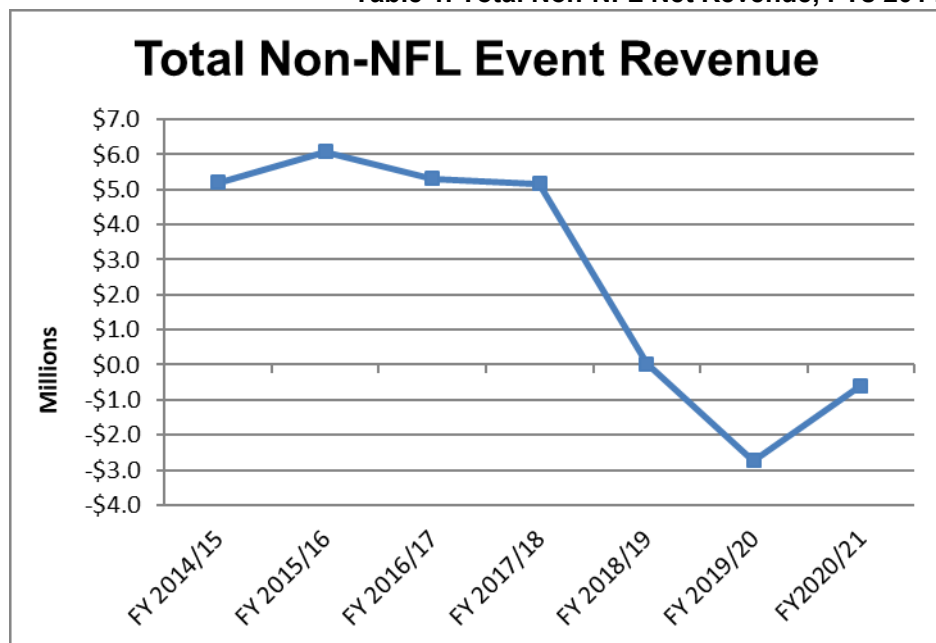
financial viability for the Stadium Authority after a year of COVID-19 impacts and to provide a “turnaround” strategy for the previous fiscal years’ unfavorable booking practices (e.g., large money-losing events) as requested by the Stadium Authority during last year’s discussion of the 2020 Marketing Plan. The draft Marketing Plan presented by ManCo does not include recovery measures and, when combined with ManCo’s proposed financial performance (loss of \$600,000), it appears that ManCo’s Marketing Plan continues the trend of money losing events at the Stadium Authority’s expense without any new strategies to prevent losses.

This section of the report discusses the merits of the proposed draft 2021 Non-NFL Events Marketing Plan (2021 Marketing Plan) (Attachment 1) by reviewing the Marketing Plan by: (1) Data Results, and (2) Alignment to Management Agreement and Naming Rights Agreement provisions.

**Marketing Plan Data Results** -- With the continued absence of KPI data from ManCo, Stadium Authority staff compiled several key charts that contain ManCo’s performance with respect to managing/operating ticketed and non-ticketed Non-NFL events. The combination of these charts provides meaningful data for the Board to determine the merits of the draft 2021 Marketing Plan.

The Tables below illustrate how ManCo ended FY 2019/20 and their overall management of Non-NFL events based on their existing Marketing Plan strategies and practices. *(Note: As of writing this report, staff is scheduled to present this information later this year)*

**Table 1. Total Non-NFL Net Revenue, FYs 2014/15 - 2020/21**



**Table 2. Net General Fund Impact for Stadium Authority**

## Net General Fund Impact

### For Stadium Authority Fiscal Year to Date Ending September 30

Ground Rent	\$	390,000
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		20,123
<hr/>		
<b>Total Net General Fund Impact</b>	<b>\$</b>	<b>410,123</b>

Marketing Plan key considerations from Tables 1 and 2:

- Total Non-NFL net revenue dropped most significantly from FY 2017/18 to FY 2018/19, reflecting a \$5.1 million decrease.
- Total Non-NFL net revenue continued its downward trend in FY 2019/20, resulting in a \$2.7M loss.
- Since FY 2015/16, total Non-NFL net revenue has declined year after year until FY 2020/21, which is anticipated to have a net shortfall of \$600,000.

While a shortfall is generally expected during a year when there are no Non-NFL events being held at the Stadium, the Stadium Authority actually anticipated breaking even during the pandemic through expected reductions in staffing and utilities. This expectation was due to the significant losses that resulted from ManCo's Non-NFL activity during the past few fiscal years. This data is telling of ManCo's performance that the Stadium Authority lost more money the last fiscal year when Non-NFL events were being held than this fiscal year when events were suspended. It is important to note that the Santa Clara Convention Center, which is owned by the City of Santa Clara, took immediate action to limit expenditures during the pandemic while events and gatherings were prohibited by State and local Stay-at-Home Orders.

The draft 2021 Marketing Plan provides some insight into ManCo's 2020 marketing activities, which were focused on canceling/postponing booked events (pg. 3), growing their client base (pg. 3), implementing client touchpoints (pg. 4), sponsoring the Silicon Valley and San Francisco Admin Awards (pg. 5), and conducting a client survey that focused on how companies and organizations were dealing with the pandemic (pg. 6).

As part of the budget process, the Stadium Authority sent comments and concerns to ManCo regarding the draft 2021 Marketing Plan, which ManCo did not consider for amendment to the draft Marketing Plan. Specifically, Stadium Authority staff had concerns or clarifications to make about the canceled/postponed events, client touchpoint activities and client survey results, as follows:

- ManCo misrepresents the percentage of **canceled/postponed events** in the draft 2021 Marketing Plan by stating that it was able to postpone 50% of the events that were booked between March - December 2020, when the data does not show that. The Stadium Authority

requested the number of events that were postponed and number of large events (1,000 attendees) and in response, ManCo stated that 29 events were booked in 2020 and as of February 18, 2021, 11 postponed (38%) and 18 canceled (62%). It is not clear why ManCo did not correct canceled/postponed events since its data is incorrect.

- **Client touchpoints** are described as “personal check-ins and educational calls” and “the team shared recipes, favorite books, TV shows and ways to relax and improve mental health with clients” (pg. 4). ManCo noted that its team executed over 3,900 client touch points that were recorded and followed through their CRM system. While the draft 2021 Marketing Plan states that the conversations eventually led to clients inquiring about event future opportunities and the development of new event packages, it is unclear what financial benefits those interactions have especially in the context of a projected \$600,000 loss for FY 2020/21 and limited future bookings and rescheduled events. There should be a cost-benefit KPI that tracks the investment in this outreach and the bookings that result from investing in this effort.

In response to Stadium Authority’s questions, ManCo responded that it projected \$400,000 savings in labor costs (furloughed staff) and marketing expenses (team did not attend in-person sales events or conferences and did not host any client/prospecting events) and stated, “Conducting consistent outreach during the pandemic is long-term client retention strategy and the financial results/benefits will not be evident until the stadium is able to host events again and the team and track bookings linked to these efforts”.

- The **client survey** had limited and mixed responses, which ManCo used to come to the following conclusion:

*most clients were shifting their focus to planning in-person events in 2021, with the exception of virtual events in 2020. The survey results provided enough information to begin planning for a return to events in 2021, building out packages for outdoor events and incorporating virtual enhancements.*

Stadium Authority staff communicated their concerns that 17 responses (4% rate of response) out of 431 surveys sent was not enough to draw valid conclusions-- or consider it a statistically valid survey. Therefore, the survey responses should not be used to make conclusions that claim to represent client’s opinions for informing decision-making.

Additionally, staff asked for additional evidence/documentation to support its strategy to begin planning events in 2021 (e.g., responses from clients during client touchpoint conversations) and a contingency timeline for events returning. In response, ManCo stated that the survey was sent out in August 2020 and the team planned to send out a follow up survey in March/April 2021 or later pending State and County information. ManCo declined to provide a contingency timeline which should be of concern since economic recovery and “turnaround” strategies should be addressed urgently to stop multiple fiscal years of losses.

While these efforts appear to be proactive on ManCo’s part, Stadium Authority staff continue to stress the need for data driven decisions and KPIs. It remains unclear what positive financial benefits these efforts will yield as events continue to be suspended due to the pandemic. There is no reason why the Marketing Plan can not capture both quantitative data and qualitative information to inform

strategic decisions: indeed, quantitative data over time assist with understanding trend activity and business practices that may or may not benefit the Stadium Authority.

Staff has worked for years to obtain information from ManCo and provide the Board with detailed data on financial performance for Non-NFL Events. Tables 3 and 4 show a breakdown of FYs 2018/19 and 2019/20 ticketed events:

**Table 3. Marketing Plan Results, FY 2018/19**

**2018/19 Ticketed Non-NFL Events Revenue and Expenditure Summary**

In Millions \$

<b>Ticketed Events</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net</b>
Monster Jam	1.4	1.6	(0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.0
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
<b>Events to date</b>	<b>41.3</b>	<b>43.9</b>	<b>(2.6)</b>

**Table 4. Marketing Plan Results, FY 2019/20**

<b>Levi's® Stadium</b> <b>Ticketed Non-NFL Events Revenue and Expenditure Summary</b> <b>FY 2019/20 Quarter 4</b> In Millions \$			
<b>Ticketed Event</b>	<b>Revenue</b>	<b>Expense</b>	<b>Net</b>
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
<b>Total Ticketed Non-NFL Net Revenue to date</b>	<b>\$ 22.3</b>	<b>\$ 25.1</b>	<b>\$ (2.8)</b>
*Numbers may vary due to rounding			

Marketing Plan key considerations from Tables 3 and 4:

- 75% of Non-NFL ticketed events in FY 2019/20 are money-losers, six of the eight events lost money or made zero revenue for the Stadium Authority. This data is consistent with FY 2018/19's performance, of which 75% of Non-NFL ticketed events were also money-losers. Based on the data from these two fiscal years, it appears that the Stadium Authority will more likely than not lose money when the Stadium is activated for a ticketed Non-NFL event.
- ManCo's booking of Non-NFL football events continues to be a bad financial decision for the Stadium Authority, costing \$3.2 million in FY 2019/20.
- ManCo's booking of soccer games, which were once profitable, has continued to lose the Stadium Authority money.
- The concept of *losing money to make money* has not paid off for the Stadium Authority after several years of observed fiscal performance and, therefore, should not be considered a viable framework to accept from ManCo. It is understood that this may be a framework on a smaller scale (by event), but when 75% of Non-NFL ticketed events lose money with year-end deficits, ManCo should be directed to reveal its plan of when fiscal performance will improve.

Like previous Marketing Plans, the draft 2021 Marketing Plan acknowledges the need to increase "the diversity of ticketed events beyond large-scale concerts and sporting events by evaluating smaller and more intimate events as well" (pg. 12). ManCo discusses the types of potential events that are being evaluated, which include obstacle course racing, golf, comedy shows, book tours, rugby, lacrosse, food and music festivals, however, does not provide detail on whether those potential events will generate revenue. Mentions of this research are also included in the draft 2019 and 2020 Marketing Plans, but ManCo has never provided its findings and it appears that significant time has passed to offer some strategy for these activities. Additionally, previous years' Marketing Plans do not outline a plan for sporting events, but sporting events continue to dominate every fiscal



year's Non-NFL event activity, including FY 2020/21.

As we look forward to events returning to Levi's Stadium, ManCo's research into the cost benefits of other types of large events will be especially important since sporting events, especially Non-NFL football, continue to be money-losers for the Stadium Authority. Even more important is ManCo's commitment to book revenue-generating events for the Stadium Authority and use data to guide their decision making.

**Table 5. Levi's Stadium Net Revenue for Non-NFL Events by Event Type as of March 31, 2020**

Levi's Stadium Net Revenue for Non-NFL Events by Event Type As of March 31, 2020												
EVENT TYPE	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
Ticketed Events												
Concerts	0	\$ -	7	\$ 3,791,985	4	\$ 2,424,572	2	\$ 1,819,099	3	\$ 1,438,848	1	\$ 856,583
Sporting events:												
Football (non-NFL)	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,601,827)	4	(3,437,297)	3	(3,170,926)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754	3	(267,981)	2	(65,295)
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379	2	(67,502)	2	(458,609)
Subtotal Ticketed Events	9	\$ 3,445,149	17	\$ 2,216,989	18	\$ 1,733,441	13	\$ 1,522,405	12	\$ (2,333,932)	8	\$ (2,838,247)
Subtotal Ticketed Events - Other Expenses												\$ (167,217)
Subtotal Special Events (weddings, corporate events, etc.)	186	\$ 1,762,404	204	\$ 3,862,027	127	\$ 3,583,453	113	\$ 3,640,924	100	\$ 2,352,523	79	\$ 1,492,331
Subtotal Other Operating Expenses												\$ (1,227,881)
Total Non-NFL Net Revenue	195	\$ 5,207,553	221	\$ 6,079,016	145	\$ 5,316,894	126	\$ 5,163,329	112	\$ 18,591	87	\$ (2,741,014)
Total Performance Rent paid to the General Fund		\$ 2,513,777		\$ 2,932,008		\$ 2,633,447		\$ 2,439,164		\$ -		\$ -

Marketing Plan key considerations from Table 5:

- Year after year, Non-NFL football events have lost money for the Stadium Authority. In fact, Table 5 shows that these events have cost the Stadium Authority \$18.5 million over the span of six years. It is unclear what ManCo's future plans are for booking Non-NFL football events since they are not mentioned in the draft 2021 Marketing Plan (they were not mentioned in the 2019 and 2020 Marketing Plans either); however, ManCo cannot resume booking these types of events as it has before while stating its strategy is that "it costs money to make money" or that without these events, it would be hard to book other events. Year after year, their fiscal performance continues to demonstrate that Non-NFL football events are money-losers so there must be a turnaround strategy. ManCo also does not demonstrate how booking these events have a direct impact on revenue-generating events.
- Non-ticketed Special Events (e.g. weddings, corporate events, etc.) have consistently generated revenue for the Stadium Authority; in fact, since FY 2015/16, they generate more revenue than ticketed events. ManCo's Marketing Plan should provide stronger strategy on these events and, once and for all, complete its multi-year commitment to conduct studies on smaller scale events (as mentioned above) where the likeliness of generating positive fiscal performance is higher than larger events.
- While non-ticketed Special Events have generated revenue for the Stadium Authority, these events have also declined in numbers since FY 2015/16. As stated in previous years, based on the financial reviews, there should be more investment in booking these events since they have a greater financial return than ticketed Non-NFL events.
- The amount of total performance rent paid to the General Fund has also decreased year after year since FY 2015/16. There was zero performance rent paid to the General Fund in FYs 2018/19 and 2019/20.

There two key areas of interest in the draft 2021 Marketing Plan as ManCo plans their 2021 marketing efforts in the context of ManCo's projection of a \$600,000 loss to \$0 revenue for FY 2021/22:

- New event packages:** The COVID-19 pandemic has prompted ManCo to evaluate and focus on non-ticketed special events through the development of various new event packages. Historically, non-ticketed Special Events have generated the most revenue for the Stadium Authority and Stadium Authority staff has long recommended that ManCo focus on these events. As part of ManCo's responses, ManCo projected 25 to 35 mixed catered events that will generate revenue averaging between \$40,000 to \$60,000 per event (\$1M to \$2.1M). It is unclear whether ManCo also expects to hold additional non-catered events: these events should also be pursued if they generate net revenue for the Stadium Authority. ManCo must continue to focus on non-ticketed special events, even after larger ticketed events are able to resume, rather than decreasing the number of non-ticketed special events as it has done year after year since FY 2015/16. Within the context of COVID, where larger events may have restrictions for some time, the booking of non-ticketed events may prove to be a valid strategy where COVID safe smaller events may allow for some activity at the Stadium.
- Marketing budget:** ManCo emphasized the need for a marketing budget several times in the draft 2021 Marketing Plan. Stadium Authority staff were concerned about this budget given that ManCo anticipated a loss or breaking even and asked for: 1) more clarification about whether the marketing budget was a new request and 2) why it was needed given the anticipated poor financial performance. In response, ManCo stated that the budget was needed to ensure a successful sales pipeline, educate clients/prospects on new protocols, guidelines and offerings post-COVID, and engage artist management, tour promoters, leagues, teams, and tournaments. However, ManCo provided two budget amounts (\$115,000, which it said was on par with the 2019 marketing spend, and \$50,000) and it is unclear whether the two marketing budgets are mutually exclusive of each other. In such case, ManCo would be expending an additional \$115,000 to \$165,000 on marketing events that will lead to a loss or breaking even for the Stadium Authority. In a scenario of multiple years of financial loss, requests for additional funding should be very clear and well defined, including purpose and strategy.

### **Alignment to Management Agreement and Naming Rights Agreement Provisions**

The Management Agreement provides various references that articulate the duties of marketing, booking, and, in general, operating Non-NFL events. The Naming Rights Agreement sets forth all the understandings and agreements between the Stadium Authority and the Naming Rights Sponsor, Levi's, with respect to the Naming Rights Entitlements. This section highlights key provisions of the Management Agreement and Naming Rights Agreement, and Stadium Authority's staff concerns as they relate to the draft 2021 Marketing Plan and future events.

**Standard of Care** -- The requirement to utilize commercially reasonable business practices is outlined in the Management Agreement, Standard of Care (Section 2.9) which states:

**2.9 Standard of Care.** Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable



good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) **maintain the Stadium in the Required Condition and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility**, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) **control Manager Operating Expenses**, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) **maximize Operating Revenues**.

The draft 2021 Marketing Plan does not reflect an urgency and effort on ManCo's part to meet the three above requirements. During FY 2019/20, Stadium Authority staff discovered that ManCo was not maintaining the Stadium in the required condition. This lack of proper maintenance of the Stadium has continued into FY 2020/21 as many capital projects have been delayed and carried into the proposed FY 2021/22 CapEx Budget. For example, ManCo was responsible for CapEx projects totaling over \$8.9M in FY 2020/21 but only projects a \$289,034 (3.2%) spend. This reflects a continuing trend as ManCo was responsible for \$12.5M in FY 2019/20 but only expended \$254,753 (2%), an amount that the Stadium Authority has not reimbursed due to lack of supporting documentation and/or concerns over prevailing wage issues.

Additionally, ManCo continues to face numerous violations issued by the City's Fire Department. After repeated failures by ManCo to follow their own compliance plans, the Fire Department took a more formal approach to fire code violations at the Stadium, issuing multiple citations and fines totaling more than \$75,000 and also placed holds on all non-violation related construction permits and inspections to gain compliance on some major violations. ManCo recently hired new consultants to assist with correcting the outstanding violations and the Fire Department is working with both parties. ManCo must adhere to the Management Agreement's Standard of Care requirement to ensure that events, when they can resume, can operate safely at Levi's Stadium.

**Booking Duties and Responsibilities** -- Another provision in the Management Agreement that needs to be evaluated when reviewing the 2021 Marketing Plan is the engagement requirements for ManCo. Section 3 provides contextual information about how ManCo should perform its duties for marketing, promoting, and booking the Stadium. The section reads as follows:

**3.2 Marketing Plan; Contracting Authority.** The Stadium Manager, or a person or persons designated by the Stadium Manager or selected in accordance with Section 3.3.1 of the Existing Management Agreement, shall, following the Effective Date, and throughout the Term of the Management Agreement, prepare and provide the Stadium Authority with the Marketing Plan required by Section 4.10 of the Existing Management Agreement. In addition, subject to all limitations and exclusions contemplated by the Major Contracts, **on behalf of the Stadium Authority only (not StadCo), (a) the Stadium Manager shall use commercially reasonable efforts, consistent with the Marketing Plan, to market, promote, schedule and book Non-NFL Events and other activities at the Stadium** in accordance with the Scheduling Procedures; and (b) without limiting, and in addition to, the Stadium Manager's rights granted pursuant to Paragraphs 2 and 4 hereof and any separate contracting authority that may be granted to the Stadium Manager from time to time pursuant to Section 6.4 of the Existing Management Agreement, the Stadium Authority hereby agrees that the Stadium Manager shall have full authority and discretion (i) to determine which Non-NFL Events, including performances, telecasts, broadcasts or other transmissions in, from or to the Stadium, or any part thereof, shall be booked from time to time in accordance with the

Scheduling Procedures; (ii) to negotiate, execute and perform all contracts, use agreements, licenses and other agreements with the persons who desire to conduct such Non-NFL Events or who desire otherwise to use the Stadium or any part thereof; other than contracts, use agreements, licenses and other agreements that StadCo has the right to negotiate, execute and perform under the Stadium Lease.

Section 3 of the Management Agreement makes clear that ManCo is to exclusively engage in marketing, promotion and booking services with respect to Non-NFL Events and, in turn, the Stadium Authority will pay a fee for this service. Particularly, this section makes clear that ManCo's work is done **"on behalf of the Stadium Authority only (not StadCo), (a) the Stadium Manager shall use commercially reasonable efforts, consistent with the Marketing Plan, to market, promote, schedule and book Non-NFL Events and other activities at the Stadium."**

Stadium Authority staff has shared previously with the Board that the contract terms that ManCo enters into may also result in significant losses to the Stadium Authority. For example, ManCo's own Non-NFL documents (e.g., 2019 Redbox Bowl) have surfaced valid concerns about their questionable business practices of not working exclusively for the Stadium Authority when booking Non-NFL events. As ManCo resumes engaging in negotiations and booking events for the Stadium Authority, it is important that there be transparency, no conflicts of interest/self-dealing, and demonstrated adherence to the Management Agreement requirement to do work on behalf of the Stadium Authority.

**Required Major Events** - The Naming Rights Agreement between Stadium Authority and Levi's requires ManCo to hold at least 36 Non-NFL "Major Events" (with 25,000+) attendees every three contract years. As of this report, the current number of large events held at the Stadium during the current three-year period is 12. The draft 2021 Marketing Plan, like previous years' Marketing Plans, does not mention this requirement, nor does it include any strategy or plan to meet this requirement for the next three contract years. In response to ManCo's budget submittal, the Stadium Authority asked ManCo to provide their assumptions and details for their projection of a \$600,000 loss to \$0 revenue for FY 2021/22, and ManCo responded that *"the assumptions include two (2) TBD concerts."* While it is understood that this is not exactly an "apples to apples" comparison, it should not be overlooked that this assumption differs greatly than what other major event venues in the region are projecting in terms of 2021 activity. Despite the COVID scenario, to date, San Jose's SAP Center has 10 events, San Francisco's Chase Center has 12 events, and the Oakland Arena has six events on their respective 2021 non-sports related event calendars (we fully understand that these are indoor venues, which happen to be more COVID restrictive).

The draft 2021 Marketing Plan is being considered at a time in which events continue to be suspended and are expected to continue to be suspended until Fall 2021. As such, this discussion and potential investments in marketing efforts are even more important as the Stadium Authority looks to recover losses and generate revenue for the City's general fund.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

**FISCAL IMPACT**

There is no cost to the Stadium Authority other than administrative staff time and expense to review and approve the draft 2021 Marketing Plan. However, the effectiveness of the Marketing Plan to market and book Non-NFL Events at Levi's Stadium has a direct impact on the amount of Stadium Authority revenue, and the amount paid to the City's General Fund. The Stadium Authority's significant losses in net revenue in FYs 2018/19 and 2019/20 only further demonstrate the need for an effective Marketing Plan to recover from COVID-19 pandemic-related impacts.

**COORDINATION**

This report has been coordinated with the Stadium Authority Counsel and Treasurer's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

**RECOMMENDATION**

Stadium Authority Board discussion and possible action on ManCo's draft 2021 Marketing Plan.

Prepared by: Christine Jung, Assistant to the Executive Director

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. Draft 2021 Non-NFL Events Marketing Plan



# **2021 Non-NFL Events Marketing Plan**

*January 29, 2021*

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## Executive Summary

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Levi's Stadium's non-NFL events business continues to bring new shows and events to Santa Clara, delivering significant economic impacts and exposure for our region. Additionally, the local hotels and businesses benefit from the large number of people who travel to Santa Clara from all over the state and country to attend these events. Levi's Stadium has grown a distinct reputation as a premier entertainment venue, resulting from the combination of consistently high client satisfaction ratings, a steady pipeline of high-impact events, and incorporating data-driven decision-making into contracting, planning, and executing events.

As Stadium Manager, the Forty Niners Stadium Management Company continues to adapt its business strategy to the changing sports and entertainment landscape, and will focus our efforts in 2021 on business development, continued guest satisfaction, and building the Levi's Stadium brand as a global entertainment venue. To achieve these objectives, our strategy and approach to guest communication and engagement requires us to adapt our traditional communication vehicles and content strategies, tailored to different demographics. Specifically, the Stadium Manager plans to engage new and returning clients and guests by:

- Sourcing new events and relationships through active involvement in local and national organizations
- Leveraging historical event data to market Levi's Stadium's comparative advantages to the most relevant industries and organizations
- Creating engaging and informational sales collateral to educate new clients and spark interest in the marketplace
- Utilizing a CRM platform to update the way we manage sales leads and measure ROI on sales initiatives and marketing campaigns

Through this deeper connection between Levi's Stadium events and its guests, the Stadium Manager will achieve the optimal outcome for the business, Stadium Authority revenue and community engagement.

### Levi's Stadium Event Definitions and Profiles:

The venue's non-NFL business is comprised of two over-arching event categories, Major Events and Special Events.

**Major Events** are stadium-wide, ticketed events open to the public. The Stadium has successfully executed a variety of different events that have brought greater fandom and economic impact to the local market. Spanning numerous leagues, sports, and attractions, Major Events have helped establish Levi's Stadium as an iconic venue. These high-profile events keep Levi's Stadium in the limelight, which is a significant factor in driving the Special Events category of the non-NFL event business.

**Special Events** are private, contracted, and usually non-ticketed and exclusive events, subject to the event's nature and the client's objectives. These events span a wide range, from weddings to corporate anniversaries, charitable fundraisers, and conferences, and make up the vast majority of the venue's event calendar (over 80% of all Stadium events). The Special Events sales pipeline is driven primarily by relationships formed with local companies as well as our reputation and established experience in hosting a variety of events. Therefore, we are not only focused on the immediate health and profitability of our business, but also the connections we create with clients and opportunities to innovate the venue's guest experience.

# Levi's Stadium Special Events

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## Looking Back:

The 2020 calendar year started off strong for Special Events at Levi's Stadium. As of February 2020 the sales team booked 42 events, including nine events with over 1,000 attendees and one stadium buy-out. With a strong pipeline and new attention from clients around the 49ers NFC Championship victory and Super Bowl appearance, there was a lot to celebrate at the start of 2020. However as concern around the Coronavirus spread and the event industry quickly shutdown, many clients asked to postpone their events and others requested to cancel given the unknown circumstances surrounding the virus. The sales team quickly took action and began to work with clients to postpone their event dates and keep business in the pipeline. As spring turned into summer and there was still no end in sight, the team switched gears and began to create event packages that would comply with new health guidelines and industry standards. The focus shifted from selling events to connecting with clients and prospects on the impact of COVID-19 and how to move forward. Conversations were not always easy but the consistent outreach and communication with clients was paramount to keeping strong relationships and building a foundation for a return to in-person events. Beyond the client outreach, the team continued to remain active on LinkedIn and e-mail marketing, creating monthly campaigns to engage followers and generate excitement around Levi's® Stadium. Although the year was completely upended by the pandemic, the Special Events team remained focused on growing the client base, creating new revenue generating opportunities and retaining business through strong client relationships.

## 2020 Key Wins/Strengths

### 1. Strong Calendar (Pre-COVID-19)

At the beginning of the year the Special Events team had many reasons to celebrate. By the end of February there were already 42 events booked on the 2020 calendar, compared to the same time last year with 34 events booked on the 2019 calendar. Not only were the number of booked events up from the previous year, the sales team also booked a stadium buy-out event which was the largest special event booking since 2017. In addition to the stadium buy-out, 8 events were booked with over 1,000 attendees expected which are considered large events and key bookings. The bookings also included 5 holiday parties, 5 proms/school formals, 17 corporate receptions and 6 meetings, all booked before the 1<sup>st</sup> of March. Prior to the impacts of COVID-19, this year was on track to be one of the strongest years for special events since the stadium opened.

Once the stadium was shut down due to the pandemic, the sales team worked hard to keep as much business in the pipeline as possible. Although some clients were forced to cancel events due to logistics, budget or other uncontrollable factors, many were interested in postponing their event to a later date in 2020 or 2021. Thanks to quick action taken by the sales team and other internal stakeholders, 50% of the events booked between March – December 2020 were postponed to a later date and conversations continue with clients who requested to cancel their events. With so much out of the team's control, the postponements were a major win for the sales team and the stadium.

### 2. Prospecting Campaign to Grow the Client Base

One of the major initiatives for the sales team this year was increasing the client base to prepare for the eventual return of events to Levi's Stadium. Without the ability to host events due to the local & state guidelines, the sales team decided to focus on growing the list of potential future clients. Although the immediate impact of COVID-19 was devastating, events will eventually return to Levi's Stadium and preparing for that time now is key to a quick recovery. Starting in May 2020, the sales team began to focus on building a larger client base through research and strategic communication. With the stadium shut down indefinitely due to the Coronavirus, and almost every company following strict stay at home guidelines, reaching out to prospects about hosting an event at Levi's Stadium was not an easy task.

Company research for the campaign was broken down by location to the stadium, company size and industry. A special focus was placed on companies and categories that have been publically known to have achieved financial growth through the pandemic. Examples of these categories and companies are medical and medical devices, data

and analytics, construction and communications. As of December 2020, 1,300 new prospects were added to the database which in turn will be included in call and e-mail campaigns as well as future prospecting events hosted at the stadium. Starting in 2021, the sales team will embark on a grass roots sales campaign that will include the list of new prospects along with current clients and past prospects/lost business. The sales team will be given goals tied to outbound sales calls, email follow-ups, virtual meetings and in-person site visits (when it's safe to do so.) The campaign will work in conjunction with monthly e-blasts, social media campaigns and paid social media advertising promoting new revenue packages and event experiences.

### 3. Client Touchpoints & Relational Selling

In addition to adding prospective clients to the database, client touchpoints were also a priority for the sales team this year. The communication plan was especially important considering the stadium was shut down due to COVID-19 and most Silicon Valley companies decided not to host in-person events until 2021. To not actively communicate with clients and prospects would mean losing the momentum from the beginning of the year and potentially missing out on bookings for 2021 and beyond. However, many clients were not interested in discussing event bookings for 2020 which presented a new challenge for the team. Instead of pitching event spaces, catering menus, AV packages and other event experiences, the sales team shifted the conversation to personal check-ins and educational calls. This created an opportunity to continue to connect with clients and build stronger relationships. The goal of this strategy was to not only strengthen relationships but to learn how companies and organizations were handling the pandemic and what they expected from a venue standpoint.

At the beginning of the shutdown, the team shared recipes, favorite books, TV shows and ways to relax and improve mental health with clients. After the initial check-in calls, the conversations progressed and clients began to inquire about event opportunities and the future of events once the stadium reopened. These conversations provided the sales team with enough information to put together new event packages and marketing material centered around new guidelines and client expectations. Since March of 2020, the sales team has executed over 3,900 client touch points recorded and closely followed through the CRM system. These touch points consist of follow-up emails, phone calls and Zoom meetings. Other touch points have included a client survey with a letter from the 49ers CRO and a digital holiday card to welcome the new year (visual sample below.)





#### 4. Sponsorship of SV and SF Admin Awards (Virtual)

In addition to direct outreach, e-mail marketing and hosting clients at the stadium, the Special Events sales team relies on attending industry events to network with potential clients and gain access to valuable prospecting lists. Unfortunately, due to the pandemic and restrictions on in-person events, most industry events were canceled and the events that did not cancel moved to a virtual format. This created a new challenge for the sales team as they continued to seek out ways to connect with clients and grow their database.

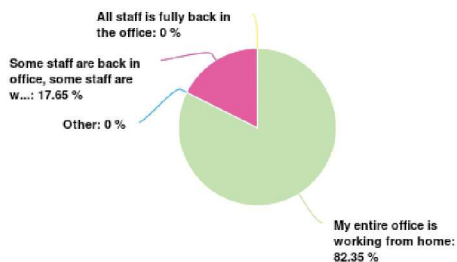
The Special Events sales team joined the Admin Awards Board of Directors last year which is an opportunity to meet and network with many of the Bay Area's top companies and support their Administrative Professionals. The Admin Awards held their annual event virtually and provided Levi's Stadium Special Events with a valuable sponsorship opportunity including a featured spot on the Admin Awards social media accounts (LinkedIn, Facebook and Instagram) as well as presenting an award at both the Silicon Valley and San Francisco virtual awards events. Although the sales team was not able to network in-person, they obtained two active lists of administrative professionals from both San Francisco and Silicon Valley. Companies on the lists include Salesforce, Splunk, Yelp, Roche and Workday to name a few. Additionally, the Admin Awards was broadcasted to over 850 viewers both nationally and internationally providing great exposure for Levi's Stadium.



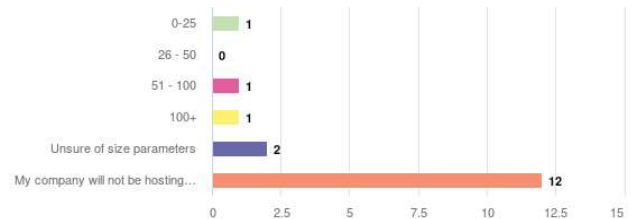
## 5. Client Survey

In August 2020 the Special Events sales team sent out a survey to clients with a goal to better understand how companies and organizations were dealing with the pandemic. With so many assumptions about the state of the event industry and how companies were reacting, it was important to gather feedback directly from clients and adjust the communication plan and event packages accordingly. The survey was sent out to 431 past event clients. Of the 431 surveys sent out, 139 people opened the e-mail and 30 people clicked on the survey with a total of 17 survey submissions. The low percentage of survey submissions was attributed to the uncertainty surrounding the virus and the future of events at the time. Of the 17 submissions, the following information was gathered:

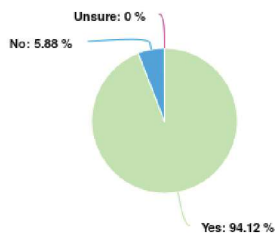
What is your company's current work-from-home policy?



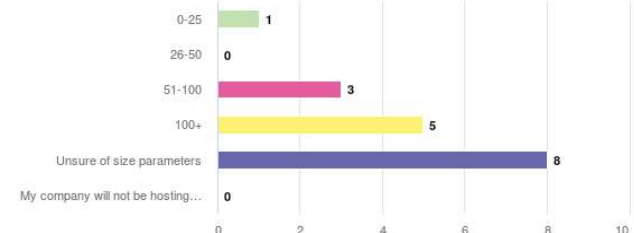
If your company is discussing hosting in-person meetings/events within 2020, what size are you considering?



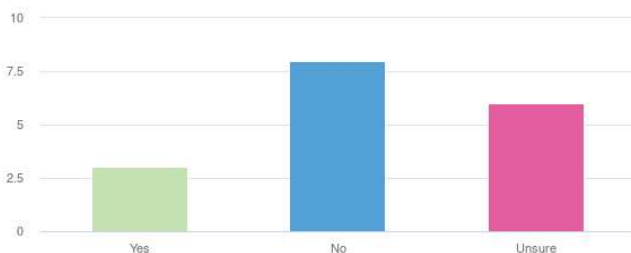
Is your company currently exploring virtual meeting/event options to replace in-person meetings/events?



If your company is discussing events within 2021, what size are you considering?



Is your company currently focusing on outdoor spaces for in-person meetings/events?



Is your company currently exploring hybrid event options (part in-person, part virtual) to replace in-person meetings/events?



Based on these results, the sales team concluded that most clients were shifting their focus to planning in-person events in 2021, with the exception of virtual events in 2020. The survey results provided enough information to begin planning for a return to events in 2021, building out packages for outdoor events and incorporating virtual enhancements.

## Business Update:

### 1. Marketing - LinkedIn Page

As noted in the 2020 Marketing Plan, Levi's Stadium Special Events created a LinkedIn business page in 2019 to actively engage with followers and search for new prospects within the business community. As the pandemic began to shut down events and impact businesses around the Bay Area and the country, the sales team utilized LinkedIn as a resource to connect with business executives and engage with followers through original content. As of October 2020, Microsoft (the parent company of LinkedIn) reported that LinkedIn was up to 772 million members worldwide, an increase from 67.5 million since January. This meant that LinkedIn was even more valuable as a networking and marketing tool than ever before. In addition to reposting content from the 49ers page and other event industry pages, the sales team generated original content centered around people and personal interests, totaling over 100 posts. Some examples of this content include sharing favorite recipes during quarantine, team member profiles, and a spirited team video. In 2020 the Levi's Stadium Special Events LinkedIn page gained over 530 followers and was viewed over 3,400 times.

### 2. Local Collaborations – Discover Santa Clara

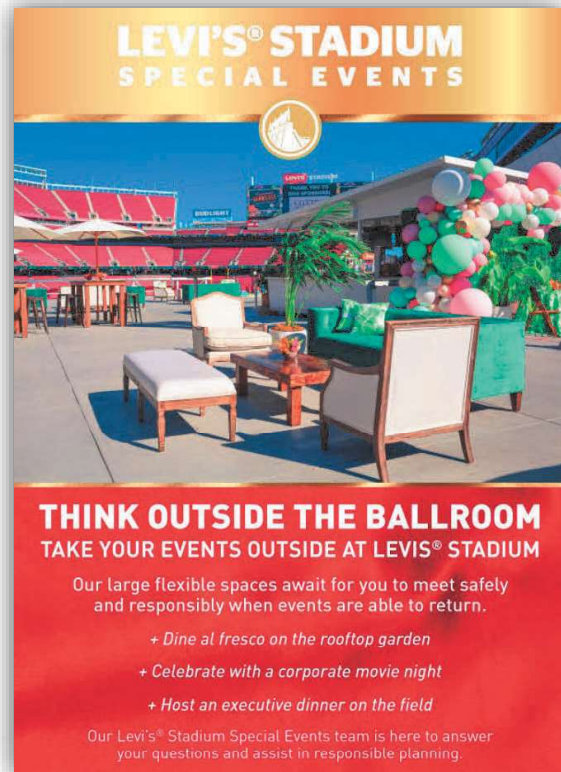
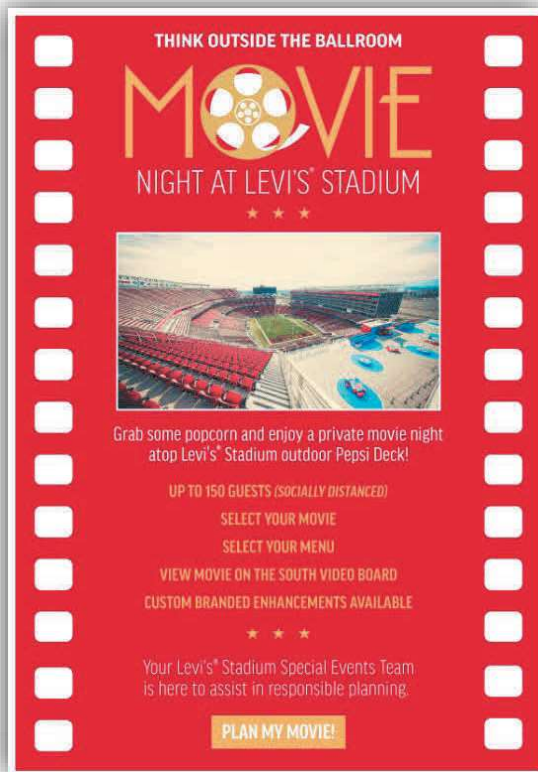
Local partnerships are a valuable and necessary component to the sales process, especially when selling large corporate events that require hotels rooms and multiple event locations. Collaboration with the Santa Clara Convention Center, Great America and the local hotels is a key component in selling Santa Clara as an event destination. Over the past year the sales team has continued to strengthen its relationship with these local business partners through quarterly check-ins. Discussions revolved around the impacts of COVID-19, business trends and the eventual return of conventions, conferences, trade shows and other largescale events. As Santa Clara begins to open up and it becomes safe to host events again, these relationships will be more important than ever to ensure a full recovery. With the creation of the new Destination Marketing Organization (DMO), Discover Santa Clara, and a position on the Board, the sales team is looking forward to new opportunities and collaborations in 2021 and beyond.

### 3. New Event Packages

One of the projects for this year, as noted in the 2020 Marketing Plan, was to create packages for small meetings and receptions to streamline bookings with a short turnaround time. Although the project was paused due to the pandemic, new event packages were created to accommodate the guidelines recommended by the CDC and feedback received from clients. Instead of marketing the smaller indoor meeting spaces, the attention shifted to the larger indoor clubs and expansive outdoor spaces.

- **Movie nights on the Pepsi Deck or Bud Light Patio:** A package designed for up to 150 (socially distanced) guests on the Pepsi Deck or Bud Light Patio for a private movie night. This package was designed to provide clients with a fun activity in a large outdoor space that allows for plenty of social distancing.
- **Graduation Ceremonies:** Levi's Stadium provides a perfect backdrop for any graduation ceremony. Whether a small high school graduation or a large university graduation, the event package can be adjusted to accommodate various sizes and styles. Additionally, the stadium can host multiple graduations in one day should the opportunity become available. Once events are permitted at Levi's Stadium, the sales team will begin reaching out to local Bay Area schools.
- **Social Events (Prom's, Mitzvahs, Weddings):** Industry data indicates that social events will be the first events to return to the market and clients will be looking for outdoor spaces. The sales team designed layouts and menus for socially distant social events to be hosted on the plazas, decks and patios.
- **Plaza and Concourse Events:** Outdoor spaces will become a priority for corporate clients once they return to hosting in-person events. The sales team is currently designing programs such as socially distant trade shows and receptions located on the stadium concourse, an outdoor space that provides flexibility in square footage and a beautiful view of the field.
- **Hybrid Events (Includes a Virtual Component):** The concept of a hybrid event is not new to Levi's Stadium. In the past, some companies requested their meetings and conferences to be live-streamed

to other locations to accommodate guests who were not able to attend the event in person. With the onset of the pandemic and live events no longer an option, the event industry quickly moved to the next best option, virtual events. Although nothing can replace the experience of a live event, virtual events can provide an opportunity for groups to gather, exchange information and network, all while remaining safe in the comforts of their own homes. Once live events return to the marketplace, it's expected that most will continue with a virtual component for attendees who are unable to travel or prefer not to attend the event in person. The sales team has created hybrid packages (live events with a virtual component) that range from filming a small keynote with 5 individuals to broadcasting a full conference.



## Looking Forward:

In 2021, the Levi's Stadium Special Events team will focus on three key initiatives to help grow the business and drive revenue.

### 1. Rebook Cancelled and Lost Business Due to Coronavirus

One of the 2021 goals for the sales team is to rebook any cancelled or lost business and reboot an active pipeline of events. This process will follow a grass roots approach of phone calls and email follow-ups to better understand the intentions of companies in their rebooking processes. Conversations will be conducted around increased safety and security measures and flexible booking policies in order to build trust and increase booking opportunities. The progress towards this goal will be tracked in the CRM system and live sales documents by recording calls, e-mails and virtual meetings (until in-person meetings are permitted again.)

## 2. Utilize Marketing Budget to Regenerate Active Event Pipeline

The sales team is preparing for a return to in-person events by building out new packages, creating a strategic communication plan and reintroducing Levi's Stadium to both local and national clients through a marketing campaign. Given the impact of the pandemic and the fact that almost a year has passed since the last special event was hosted at Levi's Stadium; a marketing budget will be necessary to regain the momentum generated at the start of 2020. Once local and state government declare it is safe to host events again, the event industry will work to rebuild itself and events will look a bit different than they did before the pandemic. Clients will be interested in outdoor spaces or large indoor spaces that can accommodate appropriate social distancing. Additionally, virtual capabilities will become more of a priority as companies look to live-stream events for remote attendees. Fortunately, the stadium is able to accommodate all of these requirements and more, but it will take resources to communicate this message and make sure clients feel comfortable booking events again. The sales team plans to spend the budget in four major categories: digital advertising, client/prospecting events (once it's permitted), local and national sales conferences and gifting.

- Digital advertising
  - o Connect, Silicon Valley Business Journal, LinkedIn
  - o Content will feature outdoor spaces, large indoor clubs, cleaning protocols, tech/virtual capabilities, etc.
- Client/Prospecting events
  - o Summer showcase, movie night on the Pepsi Deck, Suite at 49ers game (a big draw to get prospects to view the stadium)
  - o Demonstrate new event packages and safety measures to planners
- Sales events/trade shows (once it is safe to travel)
  - o Connect Marketplace, IMEX, NSF, Huddle Up
- Swag/Gifts
  - o Quarterly basket deliveries
  - o Tradeshow swag
  - o Holiday Gifts

## 3. Partnership with Discover Santa Clara

The Levi's Stadium Special Events team is excited for the new Santa Clara DMO and their position on the Board of Directors. When selling large events and conferences, it's important to have strong partnerships with other local hospitality venues like hotels and the convention center. Before Discover Santa Clara, many of these businesses were working in silos and selling their individual venues without the bigger picture in mind. With the new DMO in place, sales teams from each venue can begin to work together to sell and promote Santa Clara as an event destination for city-wide events. The sales team looks forward to this partnership and helping to rebuild the events business in Santa Clara and take it beyond what was ever considered possible.



## Levi's Stadium Major Events

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### Looking Back:

Since 2014, Levi's Stadium Major Events have brought in the world's biggest acts and sporting events, driving revenue and showcasing the venue and City of Santa Clara on the international stage.

In addition to bringing in revenue via tickets, ticketing fees, food and beverage, and merchandise, Major Events also drive the Special Event business, enticing corporate and social clients to book events at Levi's Stadium based on its popularity and prominence in the sports and entertainment industry. Additionally, these marquee events also drive value for SBL holders, who have committed more than \$500M to Levi's Stadium, and purchased over \$17M in non-NFL Major Events inventory at the stadium. Priority ticket presale access gives SBL Members a chance to purchase some of the best seating locations and inventory available for many events and shows prior to the general public.

The packed 2019 calendar included three soccer matchups, Monster Jam, Stadium Links, two college football matchups, and the highly anticipated Rolling Stones concert. The calendar for 2020 and 2021 however, has been dramatically impacted by the global pandemic. In order to continue bringing in profitable and successful major events, we are focused on nimbly adjusting to the rapidly changing event industry landscape.

#### 1. 2020 event recap

Monster Jam was scheduled for a return engagement on April 4, 2020. In early March, promoter FELD Entertainment officially postponed all Monster Jam tour stops, eventually cancelling and refunding ticket sales in late April. The Major Events team remains engaged with FELD in regards to a renegotiated relationship for future Monster Jam shows and the return of Supercross.

The world's current top act, South Korean pop band BTS was slated for a two show stop at Levi's Stadium on Friday, April 24 and Saturday April 25, 2020. On March 26, in conjunction with promoter Live Nation, it was announced that both shows would be rescheduled for later dates. While event dates are being held by Live Nation and Levi's Stadium, no rescheduled dates have been announced. Despite Live Nation having processed refund requests, both shows remain in high demand, and on good pace for strong sellthrough.

The Justin Bieber CHANGES Tour, originally scheduled to take place on May 22, 2020, was announced in January 2020. The Santa Clara stop was the tour's top selling show of the entire tour, on pace to record a six-digit profit for the SCSA. Due to COVID concerns and local health guidelines however, event promoter AEG opted to postpone the event before eventually cancelling all stadium shows and refunding ticket sales in July. Artist management has reengineered the CHANGES Tour into an arena-only show in 2021, removing the possibility of the tour returning to Levi's Stadium.

Additionally, the Major Events team evaluated a number of small-to-mid scale events (anywhere from 1K to 20K anticipated attendance) but was unable to come to agreement on profitable terms, and/or were unable to host due to pandemic related health guidelines.

The stadium and event slate may have been quiet due to local health guidelines, but the Levi's Stadium Major Events team has been utilizing the time wisely to assure success moving forward.

## 2. Postponement and cancellation process

In a completely unprecedented time for the events industry, the Major Events Team has struck a fine balance between the expectations of promoters, ticket buyers, and the goals of the Stadium Authority when navigating postponements, cancellations, and refund policies and requests. While it is never the goal of a host venue to cancel ticket purchases, expediency and accuracy are of the utmost importance as we strive to maintain confidence with promoters and ticket purchasers moving forward. In the post-pandemic environment, visibility on refund policy is rated as one of the most important factors for buyer confidence, and we will work with promoters and our ticket

## 3. Structure

The Major Events Team ties together a number of internal and external partners, managing workflow, timelines and deliverables from each group. Stakeholders and decision makers are identified within each partner group, and assigned roles within the Public Event Flow Chart and overall process.



#### **4. Potential Event indexing**

We have indexed an encompassing list of all potential Major Events - previously hosted events, traditional yearly events across sports, non-big 4 sporting events such as rugby and lacrosse, festivals, potential touring music artists and beyond. The index includes events, timeframe, scale, and contact information for each promoter, booking agent, and artist agents. The index serves as a base for outreach prospecting and tracking, and will assure that we are providing outreach to each contact on a regular basis.

### **Looking Forward:**

#### **1. 2021 - 2023 Outlook and Proactive Outreach**

The event industry is largely looking beyond 2021 and towards 2022-2023 as the true return to normalcy following the pandemic. The majority of promoters and artists have made the decision to sit out 2021, with continued uncertainty around shelter-in-place orders, vaccine distribution and efficacy, the economy, and shaky ticket buyer confidence.

Our goal for 2021 is to remain engaged with the small handful of promoters still considering events for summer and fall of 2021, positioning ourselves favorably should they choose to proceed and health code guidelines allow hosting. Additionally, we will look to creatively approach the near term by evaluating the possibility of hosting creative, smaller capacity, and/or socially distanced events.

We will look to continue increasing the diversity of ticketed events beyond large-scale concerts and sporting events, by evaluating smaller and more intimate events as well. Potential events we are evaluating include in stadium obstacle course racing, stadium golf, small scale comedy shows, and book tours. We also have team members studying the feasibility and opportunity of other larger stadium events such as rugby, cricket, lacrosse, food and music festivals, etc.

Industry experts are projecting 2022 and 2023 to bring the event business back on track with busy concert touring calendars. In order to position Levi's Stadium in a place to host as many of these tours and events as possible, the Major Events team will continue actively connecting and reconnecting with all potential partners -- promoters, artist agents, booking agents, and sports club/league leadership. It is expected to be an extremely competitive landscape, with all sports and entertainment venues nationwide competing to book shows and events once again.

The goal of the outreach will be to announce that Levi's Stadium will be open and ready for business as soon as possible. In many cases, the outreach will be a simple reconnection with organizers we've worked with previously. In other cases, it will be fresh outreach to events that we have not done business with yet. There has been a tremendous amount of employee turnover and movement within the industry during the pandemic, so outreach will be essential to reestablish our connections, and reaffirm Levi's Stadium as one of the nation's premiere hosting venues.

#### **2. Creativity and Cooperation**

As the event industry recovers and full-scale event opportunities may be low in abundance, we must be creative in the types of events we bring in. We will do so by evaluating all opportunities with open eyes and ears, monitoring the plans of venues nationwide, and working outside of the parameters we have used historically. In doing so, we will ask the cooperation of the Stadium Authority in adopting a cooperative, solution based approach towards working through potential roadblocks in order to secure these profitable events.



Among considerations:

- A. Curfew policy - Approaching potentially jam packed '22-'23 tour seasons in which artists and promoters are looking to capture revenue lost in '20-'21, flexibility and cooperation is essential to capturing as many profitable events as possible. We will work to review the curfew policies with the City of Santa Clara and associated partners in order to align on an event calendar that is set up to host new, attractive events for the community. While there are several factors and aspects to the city curfew and associated policies, it will be critical to collaboratively develop a flexible event calendar that is attractive to the events and partners our collective community wants to bring to Santa Clara. The results of these efforts will be most clearly manifested in how many events are contracted and executed, along with lost or missed opportunities based on our policies and reputation in the entertainment industry.
- B. Marketing budget - given that the promoting partner typically drives marketing towards ticket buyers and the general public, the marketing spend for Major Events is centralized around line items tied to sourcing and booking the events themselves. A refreshed budget for '21 is focused on marketing spend towards proactive outreach towards promoters (welcome letters, printed collateral, etc.) and networking (venue and industry group memberships, conference travel, and partner entertainment - meals, tickets, etc.)

### **3. Projections, Bidding and Decision Making**

We are well-positioned with an established proposal framework, bid team, and drafting / execution process to bid on most stadium-relevant events that we believe will benefit the Stadium Authority and appeal to our community, increasing our opportunities to further develop our Major Events pipeline. While no proposals are the same, having the processes solidified with a framework to begin with and be executed by a trained department will help keep Levi's Stadium nimble in its non-NFL events business efforts and better adapt to new and / or immediate event opportunities. While we were unable to host live events in 2020 due to the pandemic, our team took this opportunity to refine our projection systems, workflows, term sheet templates, networking indexes, and real-time tracking documents.

As the ticketing landscape and financial models behind sports and entertainment continue to change, we need to think of new ways to capitalize on high-demand products and events by tracking and monitoring the ticket marketplace with predictive analytics. With previous years of hosting events, we can leverage past results and key event metrics including attendance, average ticket price (ATP), revenue per fan by event, and number of new fans versus returning fans. Keeping our measurements tied to the revenue results of our events will provide the clearest indication of these effort's success and what elements of our strategy or initiatives need to be changed or improved moving forward.

By utilizing these tools and strategies we can create thorough revenue and expense projections for a multitude of scenarios - providing a true picture of downside and upside when negotiating and ultimately deciding whether to proceed with prospective events.

### **4. Leverage NFL Events**

To help increase popularity, viewership, and demand for Major Events, the Stadium Manager expects to continue promoting Major Events at 49ers home games and related NFL activities. While this has been an effective strategy for past Major Events, such as Monster Jam and previous Coldplay concerts, the Stadium Manager will look to increase and prioritize promoting Major Events at NFL events, with the expectation of increasing a Major Event's demand while bringing new, diverse audiences to our non-NFL events. Furthermore, the Stadium Manager will increase efforts to capitalize on NFL activities as opportunities to promote upcoming Major Events. These promotions at NFL Events, and on the exterior LED panels on Levi's Stadium, will need to be negotiated with the 49ers, and the costs of the promotions will be borne by the Major Events.

5. Section in-review:

<b>Outlook and Proactive Outreach</b>	<b>Creativity and Cooperation</b>	<b>Projections, Bidding and Decision Making</b>	<b>Leverage NFL Events</b>
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## Agenda Report

21-44

Agenda Date: 3/2/2021

### REPORT TO STADIUM AUTHORITY BOARD

#### **SUBJECT**

Discussion of the Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget, Compliance and Management Policies

#### **BOARD PILLAR**

Ensure Compliance with Measure J and Manage Levi's Stadium

#### **BACKGROUND**

The Stadium Management Agreement (Management Agreement) defines the Stadium Operation and Maintenance Plan (SOMP) as the plan designed to achieve a safe and well maintained Stadium, and shall include the standards for management and operation of the Stadium, including the required security, staffing, and other required elements of hosting Stadium Events. The Stadium Manager is responsible for preparing the SOMP, which shall be presented annually to the Santa Clara Stadium Authority (Stadium Authority), and which includes the:

1. Annual Shared Stadium Expense Budget,
2. Annual Public Safety Budget,
3. Capital Expenditure Plan, and
4. Marketing Plan.

Each year, the Stadium Authority staff prepares, in coordination with the Forty Niners Stadium Management Company (ManagementCo), the proposed Santa Clara Stadium Authority Operating, Debt Service, and Capital Budget for the Stadium Authority's twelve month fiscal year (April 1 through March 31) in accordance with Article 4 "*Records, Accounts, Budgets, and Reports*" of the Stadium Management Agreement (Management Agreement).

As part of a separate item on the March 2 Study Session, the Stadium Authority Board (Board) will also review and provide input on the draft 2021 Marketing Plan as prepared by ManagementCo.

Section 8 of the Stadium Operations Agreement between the Stadium Authority and Forty Niners SC Stadium Company LLC (StadCo) states that with the draft budget, the Stadium Manager shall deliver to the Stadium Authority and StadCo, for review and comment, any proposed updates or revisions to documents applicable to the traffic management, security and public safety at Stadium Events for such Lease Year (Public Safety Document Updates).

***Note: The Proposed Budget represents information available to the Stadium Authority as of February 19, 2021. Per Section 4.6 of the Management Agreement, ManagementCo is required to submit a budget 45 days prior to the start of the fiscal year. ManagementCo responses to staff questions are detailed in Attachment 5. Further follow up questions and/or activities with ManagementCo are***

***ongoing. If additional information is provided following the publication of this report, it will be presented to the Stadium Authority Board as part of the Study Session on March 2, 2021, or part of the adoption of the budget on March 16, 2021.***

## **DISCUSSION**

This report to the Stadium Authority transmits the Fiscal Year 2021/22 Stadium Authority Proposed Operating, Debt Service, and Capital Budget (Attachment 1) together with the Public Safety Budget as required per the SOMP and is prepared by ManagementCo (Attachment 2). The budget document contains several key sections including: the Executive Director's Transmittal Letter; Stadium Operating Budget which includes a breakdown of the Stadium Authority's General and Administrative costs, Shared Stadium Manager expenses including the total expenses and the Stadium Authority's share of those expenses; Debt Service budget; and the Capital Budget. In addition, staff has included glossaries of commonly used financial terms in this proposed budget to facilitate understanding the types of revenues, expenses, debt, and capital expenses.

In accordance with Sections 4.5 through 4.8 of the Management Agreement, ManagementCo submitted the operating, capital, and debt budget for the FY 2021/22 Stadium Authority Budget. Staff followed the budget development process outlined in the approved Stadium Authority Budget Policy (Attachment 3) in preparing the Proposed FY 2021/22 Stadium Authority Budget. The Santa Clara City Council has established a policy priority that applies to the City's public services support of the Stadium Authority, which is to "Ensure Compliance with Measure J and Manage Levi's® Stadium". The Stadium Authority-approved a Compliance and Management Policy is reflected in Attachment 4 and remains unchanged.

The goal of the budget development process is to allow the Budget to be presented to the Board and the public at one Special Meeting/Study Session and one Public Hearing before its final consideration for approval. The following summarizes the timeline of the budget process:

- In November 2020, Stadium Authority staff worked with ManagementCo to discuss the annual budget plan which included the dates that ManagementCo would provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement. During this dialogue, a calendar of deliverables was agreed upon.
- In December 2020, Stadium Authority staff calculated the budget for Stadium Authority General and Administrative (G&A) costs (such as staff costs, consulting, audit, legal, and any reasonable and necessary expenses to uphold its support of the Board), any necessary funding to be used for the Stadium Authority's Discretionary Fund, as well as the proposed SCSA CapEx projects.
- At least 45 days prior to the start of the fiscal year (January 29, 2021), ManagementCo provided annual documents as outlined in the Stadium Agreements, which were used in the Budget Development Process:
  - Stadium Operations and Management Plan (*Source: Stadium Management Agreement*)
  - Annual Shared Expense Budget with Five Year Projection (*Source: Stadium Management Agreement*)
  - Annual Stadium Authority Operations Budget (*Source: Stadium Management Agreement*)
  - Annual Public Safety Budget (*Source: Stadium Management Agreement*)
  - Capital Expenditure Plan with Five Year Projection (*Source: Stadium Management*

*Agreement)*

- Non-NFL Event Marketing Plan (*Source: Stadium Management Agreement*)
- Public Safety Document Updates (*Source: Stadium Operations Agreement*)
- In February 2021, Stadium Authority staff analyzed ManagementCo's budget submission including but not limited to the number of full-time equivalents (FTEs) recommended and related personnel costs as well as non-personnel. A summary of questions regarding the analysis of the submittal is included as Attachment 5.

The Proposed FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board under difficult circumstances. The impacts from the COVID-19 pandemic continue to impact the Stadium Authority, suspending attendance at all events and significantly impacting revenues to the Stadium Authority. Despite these challenges, the Stadium Authority continues fiscal prudence to ensure our debt obligations are made, strong reserves are maintained, and the stadium is positioned well when recovery from the pandemic begins.

This budget is also presented in the context of ongoing litigation with ManagementCo. During FY 2019/20, the Stadium Authority issued to ManagementCo several Notices of Breaches and Default of the Management Agreement that ultimately resulted in issuing a Notice of Termination of the Management Agreement. In recognition of the fact that until these matters are resolved, the Stadium Authority budget must include repayment of debt, funding of some type for an operating budget, and capital investment in the stadium asset. Submission of this year's budget to the Board for adoption is not intended as an indication of a change in its position that the Management Agreement with ManagementCo must be terminated.

The Proposed Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. The total Stadium Authority Operating Budget for FY 2021/22 is \$65 million and represents a decrease of \$3.2 million, or 4.6%, compared to the prior fiscal year. It should be noted that these figures assume net Non-NFL Event Revenue which does not consider gross revenues and expenditures from these activities.

A summary of key changes and assumptions for the Proposed Operating Budget include:

A summary of key changes and assumptions for the Proposed Budget include:

- Proposed Capital Expenditures totaling \$14.6 million including general building, security, furnishings and equipment, and public safety investments.
- Adjustments to the General and Administrative Budget funding 6.7 full-time equivalent positions totaling \$1.8 million. We believe this to be a baseline level of support necessary for Stadium Authority operations.
- Deletion of one Deputy City Manager.
- With the above deletion, addition of one new position totaling \$195,000 (Management Analyst) to support SBL, litigation support, public records requests, financial management system implementation support, and contract/procurement activities.
- Net Non-NFL Events revenue loss of \$600 thousand for the current year and FY 2021/22.
- Total estimated Debt Service expenses of \$38 million including debt related to the CFD (\$500 thousand) and Subordinate Loan (\$12 million) and Term A Loan (\$25.5 million).

Key highlights for the Stadium Authority's 2021/22 budget are as follows:

#### Operating Budget

##### Revenues

- FY 2021/22 total projected revenues of \$65 million include \$24.8 million in facility rent, \$23.7 million in stadium builder license (SBL) revenue, \$8.7 million in NFL ticket surcharge, \$7.2 million in naming rights revenue, and \$600 thousand in other revenues.
- Non-NFL Events are projected to bring in losses or \$600 thousand in FY 2020/21 and FY 2021/22.

##### Expenses

- The proposed Operating Budget equals \$64.7 million and includes a Legal Contingency for Shared Expenses in dispute of \$8.1 million along with monies sufficient to fulfill the Stadium Authority's administrative oversight of the Stadium in the amount of \$5.1 million (of which \$1.8 million is for staff support and Board stipends), insurance of \$3.1 million, SBL sales and services of \$3.5 million, utilities of \$1.6 million, Non-NFL Event loss of \$600 thousand, discretionary fund expense of \$250 thousand, other expenses recommended by the ManagementCo of \$500 thousand, ground rent of \$425 thousand, and Senior/Youth fees of \$232 thousand. It also includes transfers out of \$41.3 million as detailed below.
- Total transfers out of \$41.3 million include a \$3.7 million transfer to the Capital Fund for future Stadium capital improvements and \$37.6 million to the Debt Service Fund.

#### Debt Service Budget

- The proposed 2020/21 Debt Service Budget of \$38 million is based on the required debt service payments and anticipated excess revenue that will be used to prepay debt. Total outstanding debt is projected to decrease by \$23.7 million from \$294.6 million to \$270.9 million.

#### Capital Expense Budget

- The FY 2020/21 Capital Expense Budget totals \$14.6 million. Of this total, \$11.2 million of prior year appropriations are carried over from FY 2020/21. New capital improvement appropriations equal \$3.4 million. There is no plan or schedule provided by the Stadium Manager with how the required standard of care will be upheld, following multiple years of hardly any activity to implement the CapEx budgeted projects.
- The Capital Expense budget does not include the requested Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency. Based on the Naming Rights Agreement, replacement is the responsibility of the sponsor.

#### Reserves

- Reserves are anticipated to include: the Operating Reserve projected to have a balance of \$10.2 million at the end of FY 2021/22; the Discretionary Fund projected to have a balance of \$2.2 million; Contingency Reserves totaling \$13.1 million as a result of the Stadium Manager's use of Revolving Loans; debt service reserve of \$11.5 million and a capital expenditure reserve of \$8.5 million.

**FISCAL IMPACT**

The proposed 2021/22 Budget includes \$65 million for operating costs (includes transfers out to Debt Service and Capital Funds), \$38 million for debt service, \$14.6 million for capital (includes a \$11.2 million carryforward from the prior year) and \$60 million in total reserves.

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environment Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

**COORDINATION**

This report has been coordinated with the City Attorney’s Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Review and provide input, or possible Board action, on the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget and Stadium Authority Budget, Compliance and Management Policies.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. Santa Clara Stadium Authority Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget
2. Annual Public Safety Budget
3. Revised Stadium Authority Budget Policy
4. Stadium Authority Compliance and Management Policy
5. Stadium Authority Budget Submittal Questions and Responses

# Santa Clara Stadium Authority

## **PROPOSED FISCAL YEAR 2021/22 OPERATING, DEBT SERVICE AND CAPITAL BUDGET**

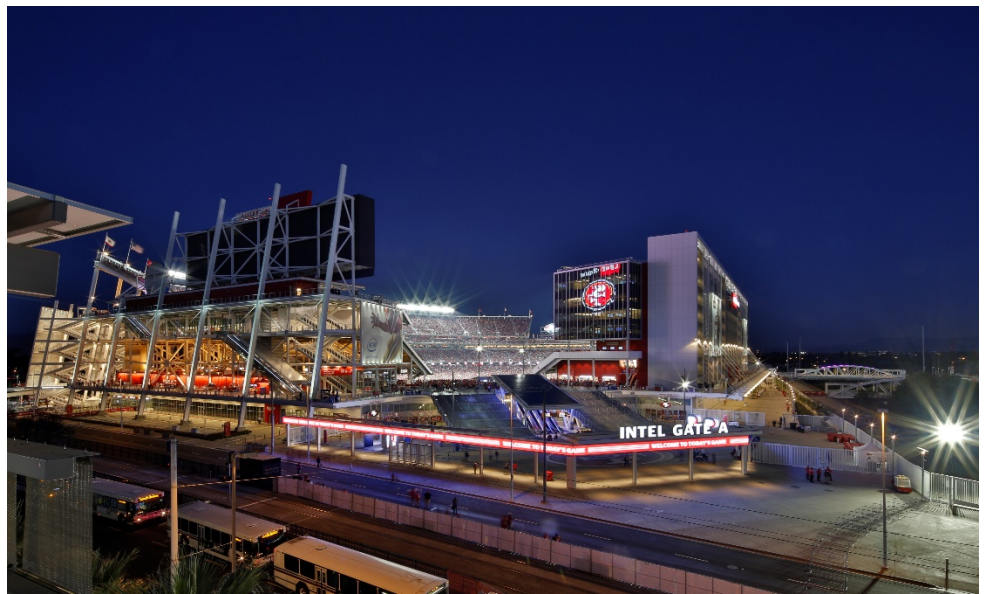
1500 Warburton Avenue  
Santa Clara, CA 95050

Phone: (408) 615-2210

Website:

<https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority>

Email: [communications@santaclaraca.gov](mailto:communications@santaclaraca.gov)



**O**n June 8, 2010 the residents of Santa Clara voted to adopt Measure J, the Santa Clara Stadium Taxpayer Protection and Economic Progress Act, resulting in the approval to construct a new stadium to be leased by the San Francisco 49ers. Measure J called for the creation of the Santa Clara Stadium Authority (Stadium Authority) to own, develop, construct, operate, and maintain the Stadium. The Stadium Authority exists as a public body, separate and distinct from the City. The Stadium Authority is structured so that the City is not liable for the debts or obligations of the Stadium Authority.

This budget and additional financial information on the Stadium Authority can be found at: "[santaclaraca.gov/our-city/santa-clara-stadium-authority](https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority)".





NFC Championship Game: San Francisco 49ers vs Green Bay Packers  
January 2020



Levi's Stadium

# Santa Clara Stadium Authority

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March 2, 2021

Honorable Board Chair and Directors  
SANTA CLARA STADIUM AUTHORITY

**Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget**

Members of the Board,

As required in the Santa Clara Stadium Authority ("Stadium Authority") Management Agreement, Section 4.6: Annual Operating Budget, I transmit the Proposed Fiscal Year (FY) 2021/22 Operating, Debt Service, and Capital Budget for the Stadium Authority. This budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Support for operating the Stadium for Non-NFL events through a management company
- Advancement of the FY 2021/22 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

The Stadium Authority Board ("Board") provides overall governance and oversight of this operational structure, with the use of Stadium Authority staff to support the Board's efforts. Amongst other due diligence requirements to support these duties, the Board is also responsible for: setting policy; debt and fiscal management; ensuring implementation required to uphold core duties related to operations and capital projects; and oversight as necessary. While meeting the Stadium Authority's requirements, this budget continues to advance strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies participating in advancing Levi's® Stadium's purpose (e.g., residents, businesses, national and regional clients, and various other interested parties).

**CONTEXT FOR PROPOSED BUDGET**

The Proposed FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board under difficult circumstances. The impacts from the COVID-19 pandemic continue to impact the Stadium Authority, suspending attendance at all events and impacting revenues to the Stadium Authority. Despite these challenges, the Stadium Authority continues fiscal prudence to ensure our



**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 2, 2021

debt obligations are made, strong reserves are maintained, and the stadium is positioned well when recovery from the pandemic begins.

This budget is also presented in the context of ongoing litigation with ManagementCo. During FY 2019/20, the Stadium Authority issued to ManagementCo several Notices of Breaches and Default of the Management Agreement that ultimately resulted in issuing a Notice of Termination of the Management Agreement. In recognition of the fact that until these matters are resolved, the Stadium Authority budget must include repayment of debt, funding of some type for an operating budget, and capital investment in the stadium asset. Submission of this year's budget to the Board for adoption is not intended as an indication of a change in its position that the Management Agreement with ManagementCo must be terminated.

The Stadium Manager has also continued to issue itself unauthorized loans on the Stadium Authority's behalf to pay itself public funds.<sup>1</sup> This practice has been in response to the Board's conditioning of payment of operating expenses based on the Stadium Manager substantiating the propriety of the expenditure. At the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to legal agreements and State and local laws. Outside of that conditioning of payment, the Stadium Authority continues to pay for expenses that are appropriate: utilities, insurance and costs associated with SBL sales and services.<sup>2</sup>

Likewise, the Budget is also presented with CapEx budget proposals included by both the Stadium Authority and Stadium Manager; however, with two fiscal years of budgeted projects that have not been implemented. Stadium Manager's inability to complete their budgeted capital projects calls into question whether the Stadium is being maintained properly and strongly demonstrates the Stadium Manager's lack of ability to implement public works projects in accord with public bidding requirements and prevailing wage regulations. We have been made aware that there were prevailing wage violations with workers from contracts procured by the Stadium Manager that were not paid at the rate required by State law. Because of the Stadium Manager's failure to follow through with its commitment to remedy other contracts issued since the original construction of the Stadium we have been unable to confirm whether other workers may not have been paid in accordance with State prevailing wage law. As we enter the third year without transparency into which capital projects are being implemented, the Stadium Authority requested a procurement plan from the Stadium Manager to transmit to the Board, as Stadium Authority staff has asked for years now. Unfortunately, the Stadium Manager has not shared its capital projects implementation plan/schedule to the Stadium Authority for three years. Corrective action on compliance with state laws should not take this long to implement and continues to pose risk to the Stadium Authority. Accordingly, a changed approach for

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<sup>1</sup> CFO Scott Sabatino has issued various unauthorized revolving loan funds on behalf of the Stadium Authority, although his role and position are not reflected in the proposed Shared Expenses.

<sup>2</sup> Stadium Authority is currently budgeting for Owners' Club buffet costs, but any payment is caveated with the need for the Stadium Manager to prove that the expenses were actually due.



**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY****Subject:** Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 2, 2021

CapEx expenditures is proposed in this budget. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium's upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

<b>CapEx Stadium Authority Adopted Budget vs Stadium Manager's Expenditure Rate</b>		
<b>Fiscal Year</b>	<b>CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager</b>	<b>CapEx Dollars Expended by Stadium Manager</b>
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2% spend rate)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

The Stadium Authority, a public entity, owns Levi's® Stadium and contracts with ManagementCo for promotion of Non-NFL events and facility operations and maintenance. This operational structure is implemented by using a variety of ManagementCo staff, vendors, and public service employees through reimbursement procedures as outlined in the Management Agreement. Through the Management Agreement, ManagementCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

**2.9 Standard of Care.** Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition<sup>3</sup> and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This Proposed FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board within the context of a management company that has not exercised the required standard of care or exercised commercially reasonable good faith efforts in managing and operating the Stadium. For example, ManagementCo continues to disregard the maintenance and capital projects at the Stadium, only completing emergency repairs in FY 2020/21. Additionally, in comparison to the Convention Center, Spectra reduced staffing from over 45 positions to two positions, ManagementCo has not been transparent detailing expenditures reductions that occurred during the COVID-19 pandemic while the Stadium remains void of events (see table below). Last, ManagementCo continues to lose money in its management of Non-NFL events; the loss in FY 2019/20 totaled \$2.7 million and another \$600 thousand loss is expected in FY 2020/21. This level of performance continues to be cause for concern, especially when evaluated against the proposed Marketing Plan.

<sup>3</sup> As defined by the Amended and Restated Stadium Lease, the Stadium Operations and Maintenance Plan shall establish procedures and policies for operating and maintaining the Stadium Complex in accordance with good, sound and prudent engineering practices, taking into account the age and the useful life of the Stadium, and the requirements of any Permitted Landlord Financing.

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ManagementCo has not demonstrated compliance with the Standard of Care provision along with other requirements, state and local laws, and policies.

**FY2020/21 Forecast - Stadium Manager Expenses**

<b>Expense Type</b>	<b>ManCo Submitted Budget<sup>(1)</sup></b>	<b>Forecast</b>	<b>Reduction</b>	<b>% Reduction</b>
Security <sup>(1)</sup>	\$ 1,438,159	\$ 1,302,800	\$ 135,359	9%
Stadium Ops <sup>(1)</sup>	4,462,496	2,713,025	1,749,471	39%
Engineering <sup>(1)</sup>	1,977,119	1,984,300	( 7,181 )	0%
Guest Services <sup>(1)</sup>	705,982	356,850	349,132	49%
Grounds <sup>(1)</sup>	409,022	193,000	216,022	53%
<b>Total</b>	<b>\$ 8,992,778</b>	<b>\$ 6,549,975</b>	<b>\$ 2,442,803</b>	<b>27%</b>

<sup>(1)</sup> The Shared Stadium Manager Expenses have been broken out to reflect ManCo's submission. These costs are included in the SCSA budget under Legal Contingency.

The above table reflects a forecast received by SCSA on February 19, 2021. SCSA had previously received a forecast in December that reflected the same bottom line of \$6.5 million. SCSA has also tracked the invoices received to date that correspond to the December forecast. It's important to note that SCSA has compared the December forecast to the February forecast and has found that while the bottom line remains at an estimated \$6.5 million in both forecasts received the amounts in each category have fluctuated. It's typical for forecasts to fluctuate, however, the bottom line usually fluctuates as well. In this case, the category forecasts fluctuate, but the bottom line remains stagnant. It remains unclear the decisions made by the Stadium Manager to expend \$6.5 million within the context of COVID and whether they were fiscally prudent within the context of no activity taking place at the Stadium.

Fiscal Year 2021/22 will mark the eighth year of stadium management by ManagementCo. ManagementCo was awarded a no-bid contract to manage Stadium Operations on behalf of both the Stadium Authority and the 49ers. In that contract, the Stadium Manager represented that it had strong public assembly/facility market experience in the management of a stadium and Non-NFL Event marketing to maintain our world-class facility and maximize revenues to the City. Through the Stadium Authority's oversight, expanded public transparency and reporting, and efforts to ensure compliance with Agreements in place, it is now clearer that the ManagementCo has not generated revenue through non-NFL events, cannot properly maintain the Stadium, and/or comply with state and local laws. Through the close out of FY 2018/19 and 2019/20, it was determined that there were fewer and fewer revenue-generating events overall and, particularly, continued booking of significant money losing events, combined with dramatically escalating operational costs, resulted in no performance rent being generated for the City. Below are tables reflecting the ticketed events over the last two years and associated revenue and expenses that detail the money losing events that were continued to be scheduled by the Stadium Manager.



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**FY2018/19 Ticketed Non-NFL Events  
Revenue and Expenditure Summary**

In Millions \$

<b>Ticketed Event</b>	<b>Revenue</b>	<b>Expense</b>	<b>Net</b>
Monster Jam	\$ 1.4	\$ 1.6	\$ (0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.1
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
<b>Total Ticketed Non-NFL Net Revenue</b>	<b>\$ 41.3</b>	<b>\$ 43.9</b>	<b>\$ (2.6)</b>

\*Numbers may vary due to rounding

**FY2019/20 Ticketed Non-NFL Events  
Revenue and Expenditure Summary**

In Millions \$

<b>Ticketed Event</b>	<b>Revenue</b>	<b>Expense</b>	<b>Net</b>
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
<b>Total Ticketed Non-NFL Net Revenue to date</b>	<b>\$ 22.3</b>	<b>\$ 25.1</b>	<b>\$ (2.8)</b>

\*Numbers may vary due to rounding

Additionally, this budget is proposed at a time when the Levi's Stadium is being used as a vaccine site. The exact cost implications for this commitment are unknown because ManagementCo has not been transparent with the Stadium Authority. Given that ManagementCo has committed the facility for at least three months of the next fiscal year (25% minimum), it remains unknown what additional



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fiscal impacts the Stadium Authority Board should plan for regarding expenditures in Shared Expenses in support of this NFL event. ManagementCo is required to pay the full cost of the utilities for NFL events and other expenses associated with the event. Accordingly, there should also be a substantial reduction in the Shared Expense budget for staff costs and outside contractors who are providing services in support of the Vaccination Site agreement with the County. The Stadium Manager has not provided a detailed breakdown of how they propose to allocate the costs.

The Board calls for a new third-party management to take over operations and management of Levi's Stadium for both the NFL and Non-NFL season. The ManagementCo filed a lawsuit to dispute the termination; the termination date remains subject to litigation and remains uncertain. As a result, the ManagementCo will continue to operate the stadium until these issues are resolved in court. In addition, the Stadium Authority's work with the ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims

### **PROPOSED BUDGET IN BRIEF**

The Proposed Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. For the first time, the Stadium Authority Budget implements a budgetary display of financial statements that incorporates budget practices that includes Beginning and Ending Fund Balances. This enhances fiscal transparency with respect to the Stadium Authority's reserves and unspent funds.

The total Stadium Authority Operating Budget for FY 2021/22 is \$65 million and represents a decrease of \$3.2 million, or 4.6%, compared to the prior fiscal year. To note, this figure does not include the gross revenues or expenditures that are generated from Non-NFL Events.

A summary of key changes and assumptions for the Proposed Budget include:

- Proposed Capital Expenditures totaling \$14.6 million including general building, security, furnishings and equipment, and public safety investments.
- Adjustments to the General and Administrative Budget funding 6.7 full-time equivalent positions totaling \$1.8 million. We believe this to be a baseline level of support necessary for Stadium Authority operations.
- Deletion of one Deputy City Manager.
- With the above deletion, addition of one new position totaling \$195,000 (Management Analyst) to support SBL, litigation support, public records requests, financial management system implementation support, and contract/procurement activities.
- Net Non-NFL Events revenue loss of \$600 thousand for the current year and FY 2021/22. This level of performance continues to be cause for concern.
- Total estimated Debt Service expenses of \$38 million including debt related to the CFD (\$500 thousand) and Subordinate Loan (\$12 million) and Term A Loan (\$25.5 million).





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### METHODOLOGY

Information provided in this report was based in part on documentation submitted by ManagementCo on January 29, 2021. Per Section 4.6 of the Management Agreement, ManagementCo is required to submit a budget 45 days prior to the start of the fiscal year. Additional detail and explanations pertaining to requests submitted by ManagementCo were received February 19, 2021 and have been incorporated into this Proposed Budget.

### KEY ISSUES IN THE PROPOSED BUDGET

There are several key issues to surface as part of the discussion for the Proposed FY 2021/22 Operating, Debt Service, and Capital Budget: Stadium Authority Financial Management System, Naming Rights Agreement, Performance Rent, General and Administrative Expenses, Debt Service Payments, Capital Expense Budget, and Marketing Plan.

**COVID-19 Pandemic Impacts** – The global pandemic quickly impacted events here at home with no events with attendance in FY 2020/21 and limited events expected at the start of FY 2021/22. As a result of the pandemic, cancellation of all Non-NFL Events from March 2020 and NFL preseason events later in the fiscal year had a severe impact to the Stadium Authority. With the start of the NFL season with no fans in attendance, and the scheduling of three NFL games in Arizona due to County restrictions, FY 2020/21 ended the year with no paying ticketholders in the stadium. As part of the regional effort to roll out vaccines, Levi's Stadium has been selected as one of the largest vaccine distribution sites by the NFL. We expect the vaccine roll out to continue into at least the first quarter of FY 2021/22. As the vaccine roll out accelerates, there is hope that ticketholders will be allowed in the Stadium later this year.

Assumptions reflected in this budget include full attendance at NFL events, as assumed and submitted by the Stadium Manager. We will continue to monitor and develop contingency plans to offset revenue impacts should a reduced level or continuation of no fans due to the pandemic occur. We have also requested that the Stadium Manager submit alternative revenue and expenditure scenarios in the event of a slower vaccine roll out. Because of the restrictions on attendance, the Stadium Authority was forced to scan and review hard copy SBL agreements provided by the Stadium Manager in order to defend against pending class action litigation by certain SBL holders.

**Termination of Stadium Management Agreement** – On February 11, 2020, the Board authorized the termination of the stadium management agreement with the Forty Niners Stadium Management Company LLC (ManagementCo) in its entirety. The Board's authorization to terminate the agreement is based on (1) Stadium Manager's fraud, intentional misrepresentation, and material omissions of facts in connection with the Management Agreement; (2) Stadium Manager's misappropriations and self-dealing; and (3) Stadium Manager's willful misconduct that resulted in two Events of Defaults, which Stadium Manager failed to cure. The Stadium Authority's work with the ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims.



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It is important to note that since this was a sole source/no bid contract award, there has never been any comparison of the operation and management budget with other stadium managers to determine if ManagementCo's budgets are commercially reasonable. In other words, the Shared Expenses have never been validated against the market rate to determine whether the Stadium Authority is getting the best value for the Management Agreement costs that it pays to ManagementCo for its services and its results. In addition, because Stadium Manager has refused to allow a transparent examination of its records, staff has been unable to verify if shared expenses are being double charged as event expenses.

**Performance Rent and Continued Decline in General Fund Revenue** - As stated previously, Net Non-NFL Event Revenue directly impacts the amount of Performance Rent that is an expense to the Stadium Authority and paid to the City of Santa Clara. Performance Rent is calculated using 50% of the Net Non-NFL Event Revenue minus performance-based credits (see Page 32) for more detail on Performance Rent). In the budget submittal provided by ManagementCo, the Net Non-NFL Event Revenue projected a loss of \$600 thousand for FY 2020/21 and projected a loss of \$600 thousand to break even for FY 2021/22. For purposes of this budget, a loss of \$600 thousand is assumed in each fiscal year. It should be noted that details regarding the gross revenue or expenditures, or the types and number of events were not provided.

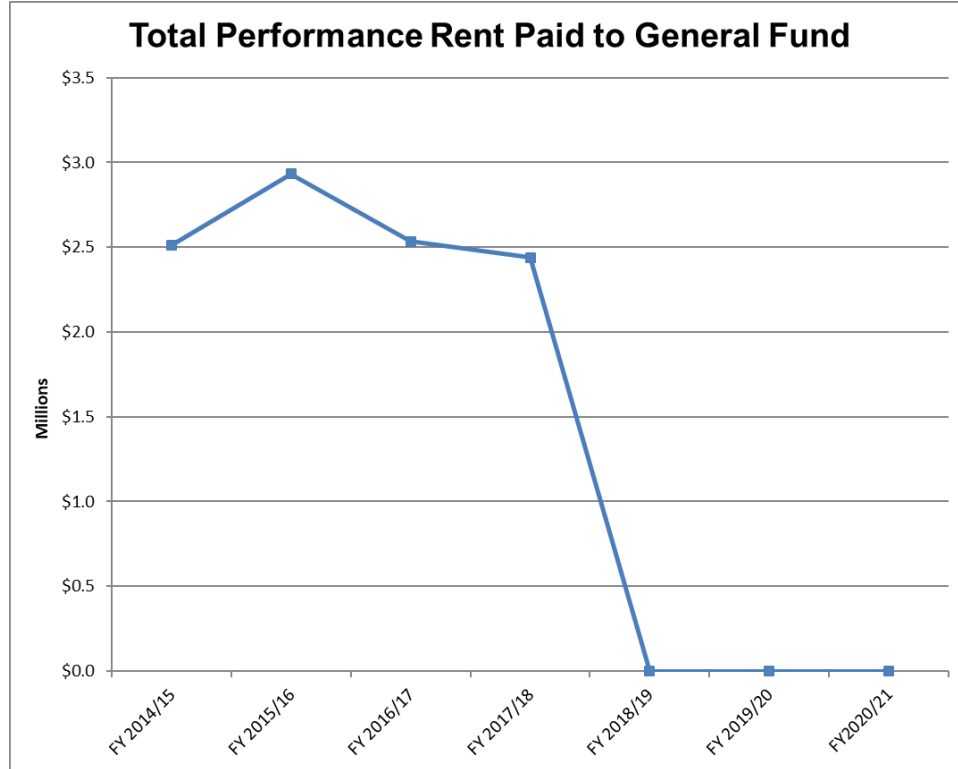
<b>Performance Rent Calculation</b>	<b>Fiscal Year 2020/21 Projection</b>	<b>Fiscal Year 2021/22 Budget</b>
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

The two years shown in the table above project that no revenue will be paid to the City of Santa Clara for performance rent in FY 2020/21 and FY 2021/22. This performance continues to be of concern as a result of demonstrated mismanagement by the Stadium Manager and lack of corrective action. For reference, the chart below shows the performance rent revenue generated by the Stadium Authority in past years:

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**Naming Rights Agreement between Santa Clara Stadium Authority and Levi Strauss & Co. ("Naming Rights Agreement")** - It is important to note that the Naming Rights agreement with Levi's® requires the Stadium Authority to hold at least 36 "Major Events" (with 25,000+ attendees) every three contract years. As of this report, the current number of Major Events held at Levi's® Stadium was twelve (12) through the current three-year period. Based on these numbers, Levi's® is expected to receive a credit totaling \$442,755 (\$15,000 multiplied by the difference between 36 and the actual number of events held during the three-year period then multiplied by an Annual Proportionate Increase). The Second Amendment to the Stadium Management Agreement states that ManagementCo would pay the Stadium Authority as liquidated damages the amount owed by the Stadium Authority to Levi's®. ManagementCo has acknowledged responsibility for liquidated damages. During discussion between the Stadium Manager and Levi's®, it was determined based on the contract language that the first contract year began March 1, 2015. The Stadium Authority had been tracking events for Naming Rights purposes beginning March 1, 2014, however, after review of the contract is in agreement that the initial year began March 1, 2015 and has updated the below table to reflect this change.

Naming Rights Agreement Three-Year Periods	Number of Major Events
March 1, 2015 to February 28, 2018	40
March 1, 2018 to February 28, 2021	12



**Stadium Authority Financial/Accounting Management System** – The Management Agreement establishes several requirements for the accounting of Stadium Authority financial activity, such as:

- Pre-Opening Obligations (Management Agreement 2.4):
  - 2.4.7 **Establish charts of accounts and accounting policies**, procedures and systems, including policies, procedures and systems for payroll processing, accounts payable, accounts receivable, depository accounts, box office and reporting functions;
  - 2.4.8 Design, establish and **maintain effective internal accounting controls with respect to compliance with Applicable Laws**, this Agreement and contracts pertaining to the Stadium, in such a manner as to **minimize the risk of noncompliance and to provide for the detection of any noncompliance within a timely period** by the Stadium Manager's employees in the normal course of performing their assigned functions;
- The Stadium Manager shall maintain complete and accurate books and records relating to the Net Income from Non-NFL Events, in accordance with generally accepted accounting and management practices, consistently applied. **The Stadium Manager shall maintain complete and accurate books and records relating to the operations of the Stadium and its services provided hereunder**, including all Stadium Authority Revenue, Shared Stadium Expenses, Stadium Authority Expenses, Net Income from Non-NFL Events, the cost of Capital Repairs, distributions to and from the Operating Expense Reserve and Stadium Capital Expenditure Reserve, any additional information required to prepare the Annual Statement of Stadium Operations and, to the extent so directed by either StadCo or the Stadium Authority, StadCo Operating Expenses and Stadium Authority Operating Expenses, respectively (collectively, "Stadium Records"). (Management Agreement 4.1)
- The **Stadium Manager shall use reasonable efforts to maintain separate records for the Tenant Season and the Stadium Authority Season and for NFL Events and Non-NFL Events**, in order to effectively protect the confidentiality of records relating solely StadCo. (First Amendment to Management Agreement 7).

Despite the requirements of the Management Agreement, ManagementCo has refused to give the Stadium Authority all its documents related to Non-NFL events. On March 1, 2019, ManagementCo and Stadium Authority staff discussed the opportunity to establish a stand-alone Stadium Authority financial/accounting management system. Over the past years, ManagementCo has commingled its portion of the revenues and expenses of the Stadium Authority into its San Francisco 49ers financial system, such that they now claim that it would be extremely costly to fully produce the Stadium Authority's records. There has been dispute over possession of documents, access to financial information, and overall improved knowledge of the complete set of financial information pertaining to the Stadium Authority. As an example, Stadium Authority has asked Stadium Manager for supporting documentation and clarification to begin close out of FY 2019/2020 on December 1 and,



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as of late-February, has yet to receive response to our requests. Without transparency from the Stadium Manager, Stadium Authority cannot properly advise the Board with accurate information.

ManagementCo agreed to work with the Stadium Authority to establish a segregated financial management system for the Stadium Authority, where Stadium Authority staff has full access to the system, supporting documentation, and in real time (not at the end of the fiscal year or on other terms that require the Stadium Authority to always look backwards to understand financial activity). The system has been selected and project planning is underway. Funding for the system totaling \$283,500 is included in the budget through the Capital Expense budget, subject to subsequent court rulings on cost allocation.

It should be noted that through the initial setup of the fiscal systems during the pre-opening obligations (Section 2.4 of the Stadium Management Agreement), the SCSA paid costs for accounting staff through Stadium Manager Shared Expenses to set up the initial financial management system and procedures. The SCSA should not reimburse duplicative costs to implement a system due to the fact that the system was not in compliance with the agreements. However, the Stadium Manager has demanded the Stadium Authority pay for accounting costs associated with the new financial management system, not recognizing that public funds were expended in early years. In an effort to allow Stadium Manager to mitigate its damages based on its failure to create separate accounting systems, and in order for Stadium Manager to complete the Financial Management System, the Stadium Authority released payment of \$359,250.60 for Stadium Manager General and Administrative costs. **The Stadium Authority reserved all rights to recoup these funds and other costs based on Stadium Manager's breach, including any payments associated with the Financial Management System Implementation.**

**General and Administrative Expenses** - The General and Administrative (G&A) portion of the budget reflects expenses considered to provide a base level of service to implement the Board's direction and oversight of the Stadium per the various authoritative agreements. Since the inception of the Stadium, more staff resources have been required to respond to ongoing litigation with ManagementCo, to advance the Board's directives, respond to public records requests, and provide the required general oversight, accounting, and efforts to mitigate undesirable impacts to neighborhoods resulting from events at the Stadium. Stadium Authority staff recommends a G&A budget for FY 2021/22 totaling \$5.1 million, an increase of \$500 thousand from the prior fiscal year. The Stadium Authority G&A budget makes up a total 8% of the FY 2021/22 Proposed Stadium Authority Expense Budget of \$65 million.

When comparing to the prior budget, this increase is entirely due to the projected outside legal costs to defend the Stadium Authority from litigation currently in progress. The General and Administrative Expenses budget continues to include the funding of 6.7 full time equivalent positions. We believe it reflects a reasonable level of support for the Stadium Authority activities anticipated in the upcoming year. However, to the extent that workload required by ManagementCo is placed on Stadium Authority staff (e.g., capital projects, procurement support, corrective action, etc.), it is reasonable to require more resources to execute these unanticipated duties.





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**Litigation Reserve/Revolving Fund Loan** - Funding has been set aside in a Contingency Reserve for potential payments that may arise related to disputed Operating Expenses in FY 2019/20 and FY2020/21. Operating expenses payments were withheld based on Board direction for the conditioning of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. Apart from that conditioning of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo instead has issued unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws. Estimated revolving credit loans total \$7.6 million for FY 2020/21 expenses and the Stadium Authority maintains its position that these draws were in violation of the provisions of the Revolving Loan Agreement and that use public funds in violation of public procurement regulations, prevailing wage violations, and prohibitions on self-dealing .

The FY 2021/22 proposed budget assumes that the same conditioning of payments will be in effect until ManagementCo presents the required supporting document for the expenses. The Stadium Authority will return to the Board with budget amendments provided that sufficient backup documentation is provided.

**Debt Service Budget** - The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional payments for principal of \$24.9 million and interest of \$13.1 million. The budget reflects a total decrease of \$23.7 million of outstanding debt from \$294.6 million to \$270.9 million.

**Capital Expense Budget** - The FY 2021/22 Capital Expense ("CapEx") Budget totals \$14.6 million, which includes \$11.2 million in carryover expenses from the prior year due to ManagementCo's inability to implement the CapEx budgeted projects (e.g., properly procure projects and issue contracts). This budget includes various security improvements, fencing on Tasman, furniture replacement and upgrades, and public safety equipment (a detailed list of CapEx projects begins on Page 47). Given the fact that almost no capital projects were completed by ManagementCo, there is serious concern where ManagementCo is unable to complete the projects included in this budget. For the past two years, we have raised this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner and requested a procurement plan: however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. While the Capital Expenses are reflected in the budget, it's recommended that the Board direct the Stadium Manager to present a procurement plan/schedule that demonstrates the ability to manage the Stadium with the proper standard of care and that addresses the highest priority projects while balancing the potential need for City resources. With the Board's revocation of delegated procurement Authority to the Stadium Manager, all projects would need to be presented to the Board for contract approval. While this presented a significant increase in workload for Stadium Authority



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staff, it is prudent given the multiple discoveries of the ManagementCo's flawed procurement practices.

It should be noted, the Capital Expense budget does not include the Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency, as recommended by the Stadium Manager. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and, as suggested by the ManagementCo, any effort to fund the replacement for the sponsors constitutes a gift of public funds.

**Marketing Plan** – The Stadium Management Agreement states that the Stadium Operation and Maintenance Plan (SOMP) shall include a Marketing Plan (4.10), and the Stadium Lease states that the SOMP shall be presented annually to the Stadium Authority for their consideration and approval (7.2). The draft Marketing Plan is submitted separately to the Board for review during the Study Session on March 2, 2021. As a general concern, given the poor financial results over several fiscal years, the Marketing Plan makes no mention about ManagementCo's "turnaround" strategy to improve their performance, meet their Standard of Care requirements, and demonstrate their ability to profitably operate a public assembly facility.

Previous Board feedback, and ManagementCo's commitment, included the development of key performance indicators (KPIs) for the purpose of tracking marketing strategies and the outcomes achieved. The Board approved a recommendation to complete this work within 90 days and collect data. This has been omitted from the Marketing Plan for the past three years.

Last, the Board should consider whether it makes sense to approve a Marketing Plan as a whole when the Stadium Manager's own projections are to lose \$600 thousand for the Stadium Authority. Past years have demonstrated that the Stadium Manager underestimates their losses and the Board would be wise to conclude that this is likely an underestimated loss.

## STATUS OF ONGOING WORKPLAN EFFORTS

On February 1-2, 2021, as part of the 2021 City Council Priority Setting Retreat, the Board reviewed and discussed updated workplan efforts currently underway. A status of some of these ongoing work efforts are summarized below. Some work efforts have been limited by COVID-19 as resources have been reprioritized to focus on mitigating the impacts of the pandemic.

- **Community Engagement** - (1) Conducted a robust Community Outreach and Engagement work plan in 2018 to obtain statistically valid data relative to public opinion on community impacts resulting from Levi's® Stadium and for future policy development. Specifically, the purpose of this work plan was to identify the community's perspectives on issues related to Levi's® Stadium such as noise, public safety, nuisances, parking, flyovers, crowd control, cleanliness, loitering, lighting,



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pyrotechnics/fireworks, performance curfew, and other items. There are efforts to update the Community Outreach and Engagement work plan and gather new feedback from the community. (2) Established a dedicated telephone number to receive input from residents and noise management process with the 49ers to address residential complaints regarding noise and music at the 49ers training facility.

- **Noise Monitoring** - Continued implementing the Noise Monitoring Program, which includes a web-based, publicly available, ongoing, real-time noise monitoring services in the areas surrounding the Stadium and training facility. See above activities relative to actions taken on noise management.
- **Stadium Authority Coordination** - Continued providing procurement oversight and assistance to ManagementCo with the goal of ensuring compliance with state and local laws related to prevailing wage, public works projects, and conflicts of interest, etc. Continued coordination with City departments to address key issues regarding fire violations, permitting, traffic, and public safety.
- **Transparency Efforts** - Began preparing minutes for every meeting with ManagementCo to provide additional transparency, with the referral for the Board to consider the same action for its private meetings with the ManagementCo/49ers as part of a discussion concerning calendaring rules. The Stadium Authority and ManagementCo meets on a monthly basis to discuss current and upcoming issues, events, and projects. Continue efforts to ensure transparency from ManagementCo and sharing of public records, such as establishing a shared financial management services and obtaining Stadium Builder Licenses from ManagementCo and initiating digitization and records repository integration projects.
- **Stadium Authority/Auditor's Workplan Updates**
  - Procured vendor to develop a shared financial management system with 49ers to ensure real-time access to financial records. Project is currently underway.
  - Completed initial analysis of Non-NFL events' revenues and expenses for the first three fiscal year. A report was issued in 2020.
  - An expanded analysis of Non-NFL events' revenues and expenses has been initiated by a forensic accountant. This report is expected in late 2021.
  - Review of College Football Playoff accounting is underway by a forensic accountant. This report is expected in 2021.
  - Annual Statement of Stadium Operations – Procurement of this audit is underway.
  - Review of past Construction Fund and Public Safety transactions and providing feedback on the allocation of staff charges is underway by a forensic accountant. This report is expected in 2021.
  - Maintain workload requirements with nine lawsuits.





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**CONCLUSION**

As with any budget, there are risks that we can factor into our projections and those that we cannot. For example, some of our revenue projections are more fiscally conservative than in previous years. In some instances, this was necessary due to factors that can easily not materialize and the need to plan accordingly. For example, the budget projects a loss of \$600 thousand for Net Non-NFL Event Revenue for FY 2020/21 and FY 2021/22. In addition, the COVID-19 pandemic makes it difficult to determine what types of events can take place at the Stadium and to what extent fans can attend. Additional information, as it becomes available to the impact of events will be communicated to the Board separately.

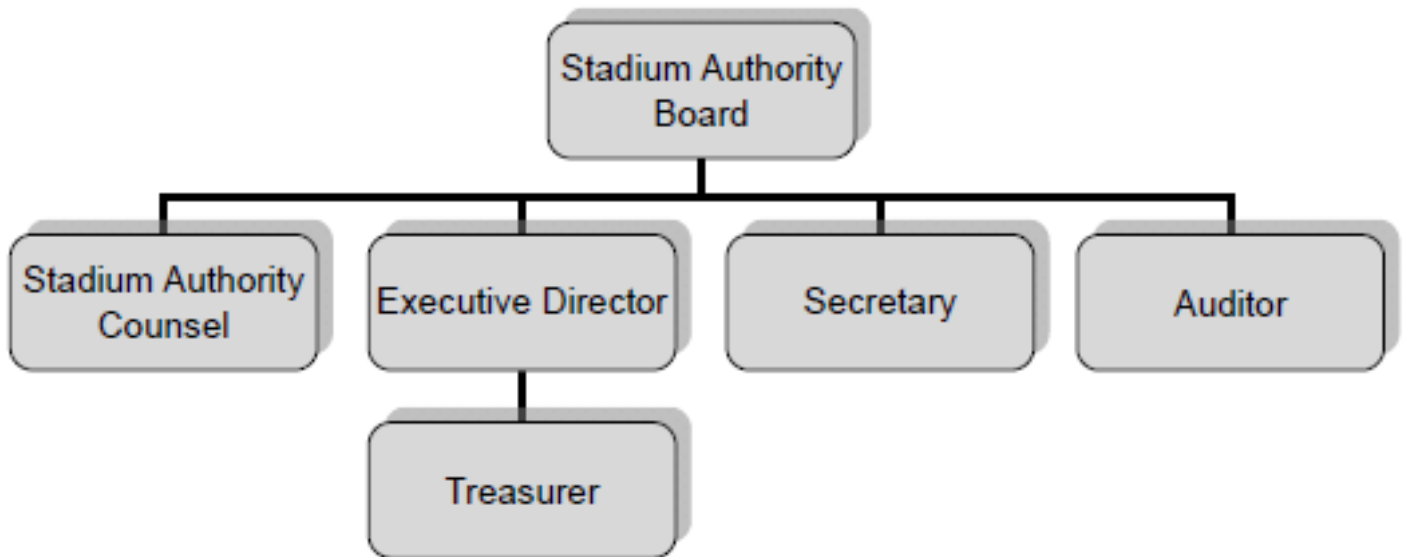
This budget outlines a work program and financial strategy to assist in meeting the guiding principles of the Stadium Authority, namely that no City of Santa Clara General Fund monies are to be used to fund Stadium costs, Board oversight of its property manager, and to ensure that the Stadium Authority and ManagementCo continue to be held accountable to the various agreements. Our commitment is to continue to look for improvements within the organization and to deliver the kind of results that the public expects. I look forward to presenting this budget at our upcoming sessions.

Respectfully Submitted,



Deanna J. Santana  
Executive Director

## ORGANIZATIONAL CHART



The seven elected members of the City Council serve as the governing Board of the Santa Clara Stadium Authority with the Mayor serving as Chairperson of the Authority.

In addition, City of Santa Clara staff serve as Officers of the Stadium Authority with the City Manager serving as the Executive Director.

## GENERAL INFORMATION

This Santa Clara Stadium Authority (“Stadium Authority”) Budget Report provides information covering the Proposed FY 2021/22 Operating, Debt Service, and Capital Budget as well as comparative data from prior fiscal years. Estimated revenue and expense information (three quarters of actuals and one projected quarter) included in this report for the FY 2020/21 is unaudited and, therefore, subject to change as a result of the annual audit conducted by an external and independent auditing firm.

In addition to this report, the Stadium Authority produces annual financial statements within six months of the fiscal year-end (March 31st). These financial statements are audited by an external auditing firm and presented to the Stadium Authority’s Audit Committee and Board. Once presented to the Board, the financial statements are published on the Stadium Authority’s web page. The FY 2020/21 audited financial statements will be presented to the Board by the end of September 2021.

The Stadium Authority is structured so that the City of Santa Clara (“City”) is not liable for the debts or obligations of the Stadium Authority.

All services provided by the City to ManagementCo or the Stadium Authority are fully reimbursed. Types of services include the following:

- Administrative General Fund costs that are spent during operations are separately tracked using special account codes in the City’s financial system and all such costs are billed for reimbursement.
- General Fund public safety costs for NFL and Non-NFL events are separately tracked and all such costs are billed for reimbursement.

## NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

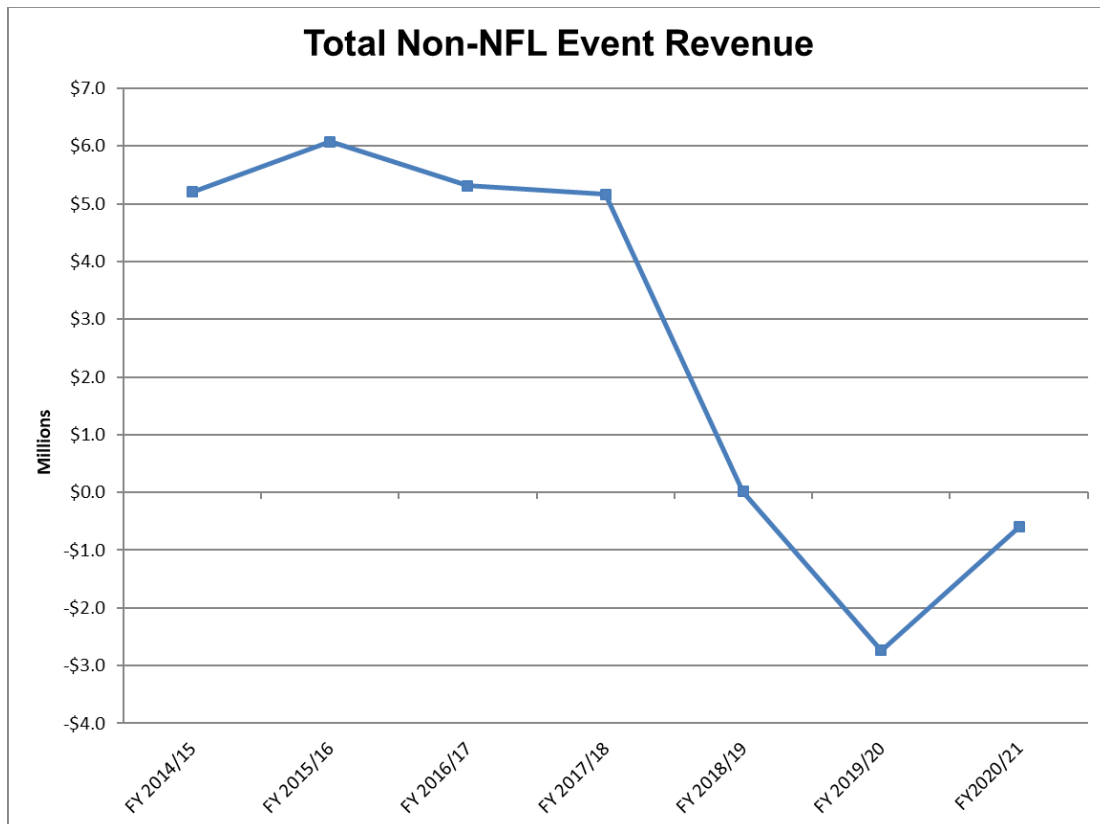
The San Francisco 49ers played eight (8) regular season National Football League (“NFL”) games in FY 2020/21. Due to the ongoing pandemic, five of the games were held at Levi’s® Stadium absent any fans, and three were held in Arizona due to health restrictions. There were no tickets sold for the home games and, therefore, no NFL ticket surcharge or Senior and Youth Program Fees. In a standard year, ticket sales result in about \$8 million of NFL ticket surcharge revenue to Stadium Authority (based on the 10% NFL ticket surcharge on each ticket sold) and about \$230,000 of Senior and Youth Program Fees (based on \$0.35 per NFL game ticket, with a maximum of \$250,000) are collected and forwarded to the City.

Operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City’s permitting process. If approved, per the City’s Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee was designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi’s® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City’s 2019/20 fiscal year (July 1, 2019 through June 30, 2020) the offsite parking fee was \$5.85, and it increased to \$5.91 in the City’s 2020/21 fiscal year. There were no offsite parking fees collected in FY 2020/21.



## Non-NFL Event Highlights - Year in Review

There were no Non-NFL events held at the Stadium in FY 2020/21 due to the cancellation or postponement of events due to the COVID-19 pandemic. Regardless of the pandemic, the Stadium Manager has failed to show improvement in booking of revenue generating events. As indicated in earlier sections of this report, net Non-NFL revenue has shown a drastic decline and is projected to show minor improvement (e.g., projected less loss). For reference, the chart below shows the net Non-NFL revenue generated by the Stadium Authority in past years:



# STADIUM AUTHORITY OPERATING BUDGET

The FY 2021/22 Stadium Authority Budget covers the Stadium Authority's twelve-month fiscal year which runs April 1, 2021 through March 31, 2022.

Key highlights for the Stadium Authority's FY 2021/22 Operating Budget are as follows:

## **Revenues**

- ◆ FY 2021/22 total projected revenues of \$65 million include \$24.8 million in facility rent, \$23.7 million in stadium builder license (SBL) revenue, \$8.7 million in NFL ticket surcharge, \$7.2 million in naming rights revenue, and \$600 thousand in other revenues.

## **Expenses**

- ◆ The Operating Budget of \$64.7 million includes monies sufficient to reimburse the City for its staff support and payments for ground rent, and Senior/Youth fees. It also includes transfers out of \$41.3 million.

<b>Fund</b>	<b>Transfers Out</b>	<b>Transfers In</b>
Operating	\$ 41,262,000	-
Debt Service	-	\$ 37,572,000
CIP	-	3,690,000
<b>Total</b>	<b>\$ 41,262,000</b>	<b>\$ 41,262,000</b>

As shown in the table above, \$37.6 million will be transferred from the Operating Fund to the Debt Service Fund for principal and interest debt service payments. The remaining \$3.7 million will be transferred from the Operating Fund to the Capital Fund for Stadium capital improvements.

- ◆ Shared Stadium Expenses totals \$3.1 million for insurance. This budget assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.
- ◆ Stadium Authority General & Administration costs increased by \$500 thousand when compared to the prior year budget of \$4.6 million to \$5.1 million. These costs are described in detail on Page 29 of this report. These increases are needed for the following:
  - ◇ Added contractual services to assist with policy and/or legal services
  - ◇ Increase in the Audit line item to include targeted performance audits

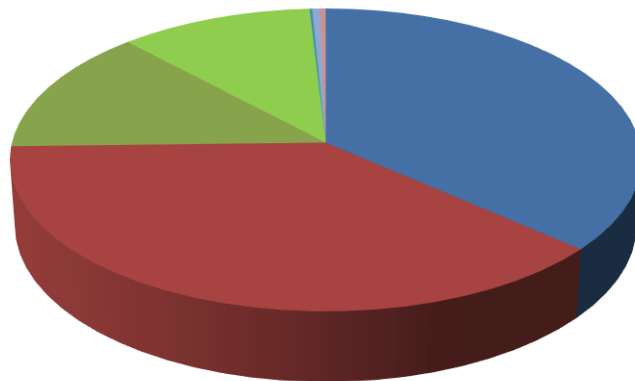
## STADIUM AUTHORITY OPERATING BUDGET (CONT.)

### Reserves

- ◆ The Operating Reserve is projected to have a balance of \$10.2 million at the end of FY 2021/22 and the Discretionary Fund is projected to have a balance of \$2.2 million.
- ◆ Contingency Reserves totaling \$13.1 million as a result of the Stadium Manager's use of Revolving Loans. Cash proceeds are transferred to the Stadium Authority for Shared Expenses. As these payments are withheld, this reserve sets aside funds that would otherwise be used to pay operating expenses or reduce outstanding debt obligations.
- ◆ Excess Revenue Distribution Reserves of \$23.2 million in FY 2020/21 resulted due to the timing of payments from the closeout of FY 2019/20 activities.

# STADIUM AUTHORITY OPERATING BUDGET (CONT.)

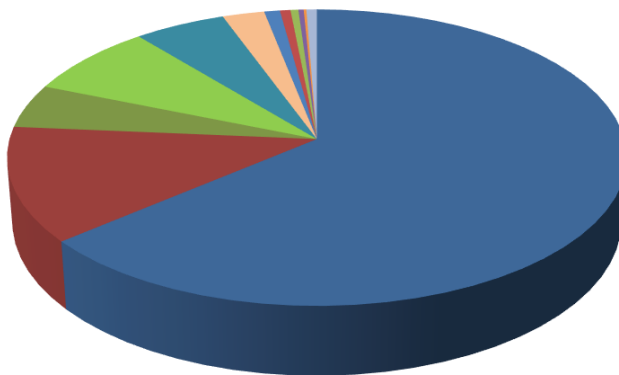
## OPERATING REVENUES



**\$65 Million**

- SBL Proceeds - \$23.7M, 36.4%
- Rent - \$24.8M, 38.1%
- NFL Ticket Surcharge - \$8.7M, 13.4%
- Naming Rights - \$7.2M, 11.1%
- Non-NFL Event Ticket Surcharge - \$0.1M, 0.2%
- Interest - \$0.06M, .0009%
- Sponsorship Revenue (STR) - \$0.3M, 0.5%
- Senior & Youth Program Fees - \$0.2M, 0.3%

## OPERATING EXPENSES



**\$64.7 Million**

- Transfers Out - \$41.3M, 63.8%
- Legal Contingency - \$8.1M
- Shared Stadium Manager Expenses - \$3.1M, 5.5%
- Stadium Authority General & Administrative - \$5.1M, 7.9%
- SBL Sales and Service - \$3.5M, 5.4%
- Utilities - \$1.6M, 2.5%
- Net Expense from Non-NFL Events - \$0.6M, 0.9%
- Ground Rent (paid to City) - \$0.4M, 0.6%
- Discretionary Fund Expense - \$0.3M, 0.5%
- Senior & Youth Program Fees (paid to City) - \$0.2M, 0.3%
- Use of StadCo Tenant Improvements - \$0.02M, 0.03%
- Naming Rights - \$0.01M, 0.02%
- Other Expenses - \$0.4M, 0.6%



# STADIUM AUTHORITY OPERATING BUDGET (CONT.)

## Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
<b>Beginning Fund Balance</b>					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 11,255,088	\$ 9,693,657
Discretionary Fund Reserve	-	1,960,102	-	2,327,850	2,327,850
Operations and Maintenance Reserve	-	2,782,752	-	995,380	-
Contingency Reserve (Shared Expenses)	-	-	-	6,300,653	13,089,463
Stadium Funding Trust Reserve	-	6,728,713	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	-	-	23,226,551	-
<b>Total Beginning Fund Balance</b>	<b>\$ -</b>	<b>\$ 22,726,655</b>	<b>\$ -</b>	<b>\$ 47,368,522</b>	<b>\$ 28,373,970</b>
<b>Revenues</b>					
NFL Ticket Surcharge	8,412,291	\$ 8,412,291	\$ 8,665,000	\$ -	\$ 8,665,000
SBL Proceeds	25,416,000	26,245,536	24,213,000	23,512,000	23,682,000
Interest	938,000	903,761	896,000	74,000	56,000
Non-NFL Event Revenue <sup>(1)</sup>	-	29,313,294	-	-	-
Net Revenues from Non-NFL Events <sup>(5)</sup>	5,796,000	-	1,500,000	-	-
Naming Rights	6,754,000	6,754,047	6,957,000	6,957,000	7,165,000
Sponsorship Revenue (STR)	345,000	325,000	392,000	325,000	325,000
Rent	24,762,000	24,762,000	24,762,000	17,333,000	24,762,000
Senior & Youth Program Fees	250,000	250,000	230,000	-	232,000
Non-NFL Event Ticket Surcharge	735,496	735,496	572,000	-	150,000
BAHC Reimbursement for CFP Expenses	4,642	4,642	-	-	-
Other Revenue	115,773	128,379	-	-	-
<b>Total Revenues</b>	<b>\$ 73,529,202</b>	<b>\$ 97,834,446</b>	<b>\$ 68,187,000</b>	<b>\$ 48,201,000</b>	<b>\$ 65,037,000</b>
	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
<b>Expenses</b>					
<b>Shared Stadium Manager Expenses</b>					
Stadium Operations	653,401	\$ 653,401	\$ -	\$ -	\$ -
Engineering	328,481	328,481	-	-	-
Guest Services	137,782	137,782	-	-	-
Groundskeeping	29,039	29,039	-	-	-
Security	270,450	270,450	-	-	-
Insurance	2,956,000	2,902,000	3,045,000	3,045,000	3,136,000
Stadium Management Fee	-	-	-	-	-
<b>Shared Stadium Manager Expenses Subtotal</b>	<b>4,375,153</b>	<b>\$ 4,321,153</b>	<b>\$ 3,045,000</b>	<b>\$ 3,045,000</b>	<b>\$ 3,136,000</b>
<b>Other Operating Expenses</b>					
SBL Sales and Service <sup>(2)</sup>	3,614,477	\$ 3,614,477	\$ 3,610,000	\$ 1,967,000	\$ 3,448,000
Senior & Youth Program Fees (paid to City) <sup>(2)</sup>	250,000	250,000	230,000	-	232,000
Non-NFL Event Expense <sup>(1)</sup>	-	32,054,308	-	-	-
Net Expense from Non-NFL Events	-	-	-	600,000	600,000
Ground Rent (paid to City) <sup>(3)</sup>	355,000	355,000	390,000	390,000	425,000
Performance Rent (paid to City) <sup>(3)</sup>	2,721,000	-	555,000	-	-
Discretionary Fund Expense <sup>(4)</sup>	250,000	-	250,000	-	250,000
Utilities <sup>(2)</sup>	1,568,265	1,568,625	1,597,000	1,264,000	1,586,000
Use of StadCo Tenant Improvements <sup>(2)</sup>	182,000	-	73,000	-	26,000
Stadium Authority General & Administrative <sup>(4)</sup>	2,480,000	2,371,198	4,581,000	2,666,000	5,115,000
CFP Expenses	4,642	4,642	-	-	-
Naming Rights Commission	-	-	30,000	30,000	88,000
Legal Contingency <sup>(6)</sup>	6,996,000	-	9,231,000	-	8,123,000
Other Expenses	110,000	104,915	1,400,000	913,000	388,000
Contribution to Operating Reserve <sup>(3)</sup>	338,000	-	348,000	-	-
<b>Other Operating Expenses Subtotal</b>	<b>18,869,384</b>	<b>\$ 40,323,165</b>	<b>\$ 22,295,000</b>	<b>\$ 7,830,000</b>	<b>\$ 20,281,000</b>
<b>Total Expenses</b>	<b>23,244,537</b>	<b>\$ 44,644,318</b>	<b>\$ 25,340,000</b>	<b>\$ 10,875,000</b>	<b>\$ 23,417,000</b>

# STADIUM AUTHORITY OPERATING BUDGET (CONT.)

## Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
<b>Transfers Out</b>					
Debt Service <sup>(3)</sup>	46,806,665	\$ 26,229,712	\$ 39,265,000	\$ 46,472,521	\$ 37,572,000
Management Revolving Loan <sup>(6)</sup>	-	-	-	6,300,653	-
Capital Expenditures	3,478,000	2,318,549	3,582,000	3,547,378	3,690,000
<b>Total Transfers Out</b>	<b>50,284,665</b>	<b>\$ 28,548,261</b>	<b>\$ 42,847,000</b>	<b>\$ 56,320,552</b>	<b>\$ 41,262,000</b>
<b>Ending Fund Balance</b>					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 9,693,657	\$ 10,226,657
Discretionary Fund	-	2,327,850	-	2,327,850	2,152,850
Operations and Maintenance Reserve	-	995,380	-	-	-
Contingency Reserve (Shared Expenses) <sup>(7)</sup>	-	6,300,653	-	13,089,463	13,089,463
Stadium Funding Trust Reserve	-	3,263,000	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	23,226,551	-	-	-
<b>Total Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ 47,368,522</b>	<b>\$ -</b>	<b>\$ 28,373,970</b>	<b>\$ 28,731,970</b>

<sup>(1)</sup> Information not provided by ManagementCo at the time of this report

<sup>(2)</sup> Recommended by ManagementCo

<sup>(3)</sup> Contribution to Operating Reserve is based on payment schedule or calculated as instructed per relevant agreements

<sup>(4)</sup> Recommended by Stadium Authority staff

<sup>(5)</sup> Net Revenues from Non-NFL events is provided by ManCo on a cash basis

<sup>(6)</sup> Shared Stadium Manager Expenses that ManCo draw from the Excess Revenues for the Management Revolving Loan.

<sup>(7)</sup> Reserve for disputed Shared Expenses for FY2019/20 (\$6,300,653) and FY2020/21 (\$6,788,810)

# STADIUM AUTHORITY OPERATING BUDGET (CONT.)

## Stadium Authority Board Duties and Proposed General and Administrative Budget

The Board is a public entity responsible for governing the matters concerning Levi's® Stadium. As such, the Board is responsible for setting policy direction, ensuring implementation of its policy direction and other due diligence requirements through Stadium Authority staff, and auditing/oversight of its policy implementation, as reasonable and necessary.

To accomplish Board direction, the administrative budget for the 2021/22 Fiscal Year totals \$5.1 million, or 7.9%, of the Fiscal Year 2021/22 Proposed Stadium Authority Operating Expense Budget of \$64.7 million. With this budget, staff will support the Board with its oversight of Levi's® Stadium per the various agreements with ManagementCo and Forty-Niners SC Stadium Company LLC (StadCo or Tenant) of the stadium, such as:

1. Uphold fiduciary responsibilities and debt obligations;
2. Maintain a productive and functional business relationship with the Tenant;
3. Develop Board policies as required for proper governance and transparency efforts concerning the Stadium Authority oversight efforts;
4. Continue the current community engagement process to address the public opinion research of the community impacts of Levi's® Stadium, with a focus on neighborhood response and public service deployment improvements;
5. Continue the current noise monitoring program;
6. Implement public safety expert's recommendations during events held at Levi's® Stadium;
7. Address the Work Plan items, as referenced in the Executive Director's transmittal letter to this budget; and,
8. Develop and implement oversight initiatives consistent with public entity organizations.

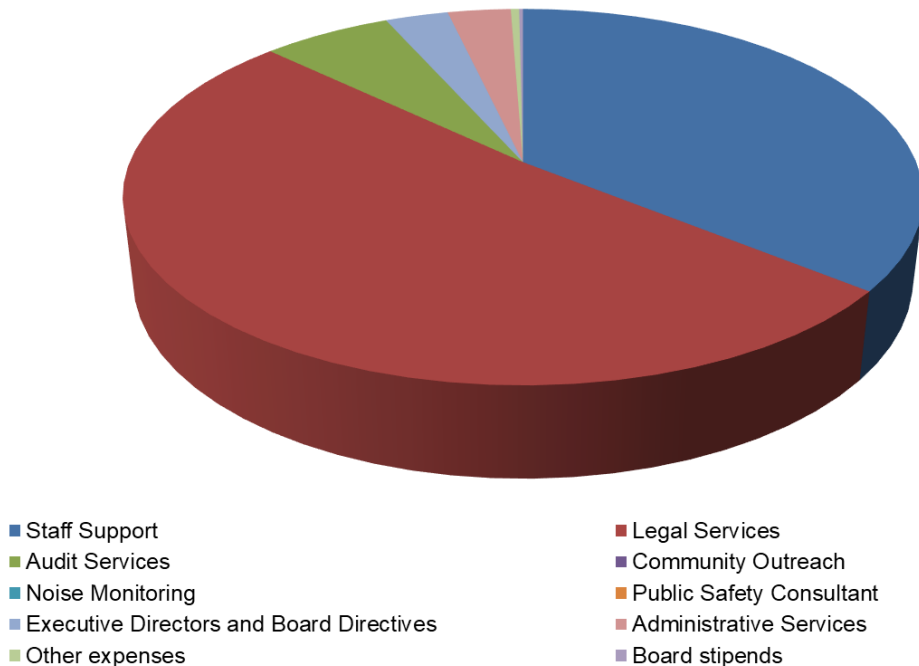
Stadium Authority staff are responsible for the programmatic oversight and audit of Stadium activities. As part of this budget, the oversight of stadium activities is allocated primarily to the Executive Director, General Counsel, Auditor, Treasurer and various supporting professional staff. With the implementation of a Stadium Authority Financial Management System and increased financial reporting and auditing needs, the Executive Director is recommending two additional financial support staff to assist the Treasurer with these requirements.

## STADIUM AUTHORITY OPERATING BUDGET (CONT.)

As such, the Stadium Authority G&A expense budget of \$5.1 million provides the financial means in which to fulfill the Board policy direction and strategic initiatives. A breakdown of the Stadium Authority's portion of the overall operating expense budget of \$64.7 million is shown below.

Stadium Authority FY2021/22 General and Administrative Proposed Budget		
Expense Type	Budget	Comments
Staff support	\$ 1,764,000	To support the Stadium Authority with its oversight duties of stadium activities
Legal Services	2,525,000	As needed for outside legal services
Audit Services	307,000	Financial and performance audits performed by external auditors
Consultants	190,000	As needed for outside consulting services
Executive Director & Board Directives	150,000	Funding for unanticipated Board directives, Executive Director assignments, etc
Administrative Services	150,000	Laserfiche Repository and SBL Integration to repository
Other Expenses	20,000	Routine office expenses
Board Stipends	9,000	Stadium Authority meetings
<b>Total</b>	<b>\$ 5,115,000</b>	

**Stadium Authority FY2021/22 General and Administrative Budget**



# STADIUM AUTHORITY OPERATING BUDGET GLOSSARY

**Accrual Basis Accounting:** The method of recording revenues and expenses when they are incurred, regardless of when cash is exchanged.

**Bay Area Host Committee Reimbursement:** This is the reimbursement received from the Bay Area Host Committee for all costs associated with the College Football Playoff Championship (CFP) that was held at Levi's® Stadium on January 7, 2019. This reimbursement is subsequently used to pay internal City and outside agency costs associated with the CFP (see College Football Playoff Expense below). (*Source: Assignment and Assumption Agreement*)

**College Football Playoff (CFP) Expense:** All internal City and outside agency costs associated with the CFP that are invoiced to the Stadium Authority. (*Source: Assignment and Assumption Agreement*)

**Contribution to Operating Reserve:** The contributions to the operating reserve are funded by means of excess revenues (see Excess Revenue below). (*Source: The Amended and Restated Stadium Lease Agreement*)

**Discretionary Fund Expense:** This is funded by half of the Non-NFL ticket surcharge (see Non-NFL Event Ticket Surcharge on Page 32) and has been used to cover NFL public safety costs above the public safety cost threshold in the first three fiscal years of operation and other items at the Stadium Authority's discretion.

Projected Beginning Balance	50% of 2021/22 Non-NFL Event Ticket Surcharge	2021/22 Discretionary Fund Expense	Projected Ending Balance
\$ 2,327,850	\$ 75,000	\$ 250,000	\$ 2,152,850

**Excess Revenue:** If Stadium Authority revenue exceeds expenses for any lease year, such excess revenues shall be distributed as described in the table below. This table reflects how the excess revenues were distributed in the 2018/19 fiscal year. (*Source: The Amended and Restated Stadium Lease Agreement*)

2018/19 Use of Excess Revenues				
#	Description	Amount	Balance	Notes
	Excess Revenues at Year-end		\$ 27,964,971	
1	Payment of ManCo Revolving Loan	\$ -	27,964,971	N/A (this loan has not been utilized)
2	Funding Operating Reserve up to \$2 Million +3% annually	-	27,964,971	Funding requirement met
3	Funding CapEx Reserve an Additional \$1 Million +3% annually	(1,125,509)	26,839,463	Funding annual CapEx Reserve
4	Funding Operating Reserve up to \$10 Million +3% annually	(327,818)	26,511,644	Funding annual 3% requirement
5	Prepayment of StadCo Subordinated Loan	(26,511,644)	-	Prepayment requirement met
6	Funding Operating Reserve up to \$20 Million +3% annually	-	-	N/A
7	Funding Renovation/Demolition Reserve up to \$70 Million	-	-	N/A
8	Available for Additional Disbursements as described in the Stadium Lease	-	-	N/A

## STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

**Ground Rent:** The City has agreed to lease the land under Levi's® Stadium to Stadium Authority for an initial term of 40 years. The fixed ground rent schedule is noted below for the 40-year initial term. (Source: *Ground Lease Agreement*)

Lease Year(s)	Fiscal Year(s)	Annual Fixed Ground Rent
1	2014-15	\$ 180,000
2	2015-16	\$ 215,000
3	2016-17	\$ 250,000
4	2017-18	\$ 285,000
5	2018-19	\$ 320,000
6	2019-20	\$ 355,000
7	2020-21	\$ 390,000
8	2021-22	\$ 425,000
9	2022-23	\$ 460,000
10	2023-24	\$ 495,000
11-15	2024-25 through 2028-29	\$ 1,000,000
16-20	2029-30 through 2033-34	\$ 1,100,000
21-25	2034-35 through 2038-39	\$ 1,200,000
26-30	2039-40 through 2043-44	\$ 1,300,000
31-35	2044-45 through 2048-49	\$ 1,400,000
36-40	2049-50 through 2053-54	\$ 1,500,000

**Insurance:** ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is split between Stadium Authority and StadCo (see Shared Stadium Manager Expenses on Page 33). The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's insurance expense increasing by 3%. (Source: *Stadium Management Agreement & The Amended and Restated Lease Agreement*)

**Interest:** This is interest earned from cash on hand.

**Naming Rights:** Levi Strauss & Co (Levi's®) pays an annual naming rights fee to Stadium Authority. The annual fee increases by 3% each contract year through the 20-year term. This annual fee is paid in two equal semi-annual installments on or before March 1<sup>st</sup> and October 1<sup>st</sup>. (Source: *Naming Rights Agreement*)

**Net Revenues from Non-NFL Events:** ManagementCo provides management services for Levi's® Stadium year-round. As such ManagementCo is responsible for booking and scheduling all Non-NFL events on behalf of Stadium Authority. ManagementCo is required by the agreement to maintain complete and accurate books and records relating to the net income from the Non-NFL events. Those records are reviewed by Stadium Authority staff and/or outside consultants and audited by an independent auditor. After the completion of the fiscal year, the net revenues are paid to Stadium Authority by ManagementCo. (Source: *Stadium Management Agreement*)

## STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

**NFL Ticket Surcharge:** The Forty Niners Football Company, LLC (the Team) collects a 10% NFL ticket surcharge on the price of admission to all NFL games occurring in Levi's® Stadium on behalf of Stadium Authority. *(Source: Amended and Restated Non-Relocation Agreement)*

**Non-NFL Event Expense:** The gross expenses for Non-NFL events held at Levi's® Stadium.

**Non-NFL Event Revenue:** The gross receipts from Non-NFL events held at Levi's® Stadium.

**Non-NFL Event Ticket Surcharge:** Promoters or sponsors of any ticketed Non-NFL event that is held at Levi's® Stadium are required to collect a \$4 per ticket surcharge on behalf of Stadium Authority. Half of this surcharge that is paid to Stadium Authority covers general stadium operations and the other half funds the Stadium Authority Discretionary Fund. *(Source: Amended and Restated Stadium Lease Agreement)*

**Other Expenses:** Miscellaneous Stadium Authority expenses such as bank fees.

**Other Revenue:** Miscellaneous Stadium Authority revenues.

**Performance Rent:** Stadium Authority pays the City performance rent on top of the fixed ground rent. The basic calculation for the performance-based rent is 50% of the net income from Non-NFL events for any given lease year less the sum of performance-based rent credits. The performance-based rent credits include 50% of the current year's base ground rent, and other credits. The table below represents a projection of the 2020/21 and 2021/22 Fiscal Years performance rent. *(Source: Ground Lease Agreement & Amended and Restated Stadium Lease Agreement)*

Performance Rent Calculation	Fiscal Year 2020/21 Projection	Fiscal Year 2021/22 Budget
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

**Rent:** The facility rent was originally set at \$24.5 million for StadCo to lease the stadium for their half of the year. As a result of the rent reset arbitration award in favor of Stadium Authority, the facility rent was reset to \$24.8 million retro-active to the first lease year. The rent adjustment process is outlined in the Amended and Restated Stadium Lease. *(Source: Amended and Restated Stadium Lease Agreement)*

**Senior and Youth Program Fees:** During the lease terms, StadCo collects a City of Santa Clara Senior and Youth program Fee on behalf of Stadium Authority. The fee is based on \$0.35 per NFL game ticket up to a maximum of \$250,000 per lease year. *(Source: Amended and Restated Stadium Lease Agreement)*



# STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

**Shared Stadium Manager Expenses:** ManagementCo oversees the day to day operations of Levi's® Stadium year-round. Since StadCo leases the stadium from Stadium Authority for half of each fiscal year, the ManagementCo stadium manager expenses are shared between StadCo and Stadium Authority. Most shared stadium manager expenses are split 50/50 between StadCo and Stadium Authority; grounds-keeping is the exception with a 70/30 split, StadCo being responsible for the larger share. In addition, ManagementCo procures insurance for Levi's® Stadium that is shared between Stadium Authority and StadCo (see Insurance on Page 31). (*Source: Stadium Management Agreement & The Amended and Restated Stadium Lease Agreement*)

In FY 2019/20, the Stadium Authority Board instructed the conditioning of payments until ManagementCo presents the required supporting documentation for the expenses. The FY 2020/21 projection and FY 2021/22 assume the continuation of the conditioning of payments (excludes insurance). The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

**Sponsorship Revenue (STR):** STR Marketplace, LLC (STR) established a secondary market website to facilitate the transfer and resale of SBLs. In exchange for the use of the Levi's® Stadium trademarks and links on the website (hence the title Sponsorship Revenue), STR pays Stadium Authority a minimum annual fee of \$325,000 based on the commissions that are collected by STR. In addition to the minimum annual fee, Stadium Authority also receives 50% of any commissions in excess of \$650,000. (*Source: SBL Website Marketing Agreement*)

**Stadium Authority General & Administrative:** As an independent public entity, Stadium Authority incurs its own expenses in relation to Board governance, fiduciary responsibilities, oversight, and operations of Levi's® Stadium. These include but are not limited to Stadium Authority staff time, due diligence requirements for proper fiscal and operational oversight, and various outside contractors and consultants who are hired to administer the necessary requirements for owning and operating Levi's® Stadium. Also included are various administrative type costs such as bank fees, phone charges, IT equipment maintenance, etc.

**Stadium Builder License (SBL) Proceeds:** SBL holders who are on a payment plan make annual payments. Additionally, some SBL holders make payments above and beyond their annual scheduled payment plan. There are also sales of new SBLs and/or SBLs that were defaulted and resold. SBL cash collections from all of these sources make up SBL proceeds.

**Stadium Builder License (SBL) Sales and Service:** ManagementCo provides sales and service to SBL holders on behalf of Stadium Authority. This includes all SBL collection efforts and customer service support. (*Source: Agreement for Stadium Builder License Sales & Fourth Amendment to the Stadium Management Agreement*)

**Stadium Management Fee:** ManagementCo receives an annual base management fee to manage Levi's® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually. This annual base management fee is split 50/50 between StadCo and Stadium Authority since ManagementCo manages the stadium year-round for both entities. In addition to the base



## STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

management fee, ManagementCo receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from Non-NFL events exceeds the marketing and booking fee benchmark. The table below shows the first 10 years of the base management fee and the stadium marketing and booking fee benchmark. It also shows the first five years of net income from Non-NFL events and a projection of the sixth year as well as the applicable marketing and booking fee which was 5% of the net Non-NFL income over the benchmark. (Source: *The Stadium Management Agreement*)

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Actual/Projected Net Income from Non-NFL Events	Actual Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	\$ 206,000	\$ 5,150,000	\$ 6,079,016	\$ 46,451	\$ 252,451
2016/17	3	\$ 212,180	\$ 5,304,500	\$ 5,316,894	\$ 620	\$ 212,800
2017/18	4	\$ 218,545	\$ 5,463,635	\$ 5,163,329	\$ -	\$ 218,545
2018/19	5	\$ 225,102	\$ 5,627,544	\$ 18,591	\$ -	\$ 225,102
2019/20	6	\$ 231,855	\$ 5,796,370	\$ (2,741,014)	\$ -	\$ 231,855
2020/21 <sup>(1)</sup>	7	\$ 238,810	\$ 5,970,261	\$ (600,000)	\$ -	\$ 238,810
2021/22	8	\$ 245,975	\$ 6,149,369	To be determined		
2022/23	9	\$ 253,354	\$ 6,333,850			
2023/24	10	\$ 260,955	\$ 6,523,866			

<sup>(1)</sup> The Net Loss from Non-NFL Events for 2021/22 is a projection.

**Transfers Out:** Transfers from the Stadium Authority Operating Fund to fund Debt Service and Capital Funds.

**Utilities:** StadCo leases the stadium from Stadium Authority for six months of each fiscal year from August through January. StadCo is therefore responsible for the day-to-day utilities during that period. Stadium Authority pays for the day-to-day utilities from February through July. Utilities associated with large ticketed Non-NFL events are charged as an expense to the event which is included in the Non-NFL event expense.

**Use of StadCo Tenant Improvements:** StadCo charges Stadium Authority for use of various StadCo tenant improvements (such as the use of the scoreboard) during Non-NFL events. (Source: *Amended and Restated Lease Agreement*)

# STADIUM MANAGER SHARED EXPENSES

The Stadium Management Agreement is between the Stadium Authority, StadCo and ManagementCo and was entered into as of March 28, 2012. This agreement was developed to provide the Stadium Authority with the expertise of an outside manager to oversee the day-to-day operations of Levi's® Stadium. Additionally, the Amended and Restated Stadium Lease Agreement between the Stadium Authority and StadCo was made and entered into as of June 19, 2013.

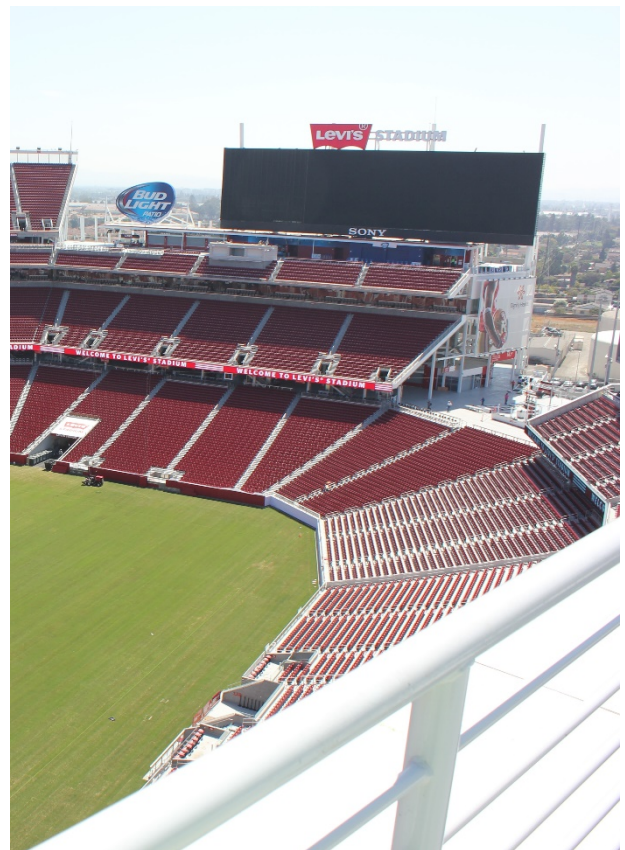
This agreement amended the original stadium lease to set the initial rent, to allow StadCo to enter into agreements with alternative energy providers, to cap Stadium Authority's share of the insurance costs at a fixed amount each year, and to require Stadium Authority to fund various reserves.

Per the terms of the stadium lease, StadCo leases the stadium from the Stadium Authority for half of each fiscal year and is responsible for the Stadium Manager operating expenses during that period. The Stadium Manager operating expenses for the other half of the year are the responsibility of the Stadium Authority. Section 8.3.1 describes the proportionate share of Stadium Manager expenses that are owed by the Stadium Authority and StadCo. Namely that most stadium manager operating expenses are split 50/50 with grounds-keeping being the exception with a 70/30 split, StadCo being responsible for the larger share.

ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is shared between Stadium Authority and StadCo.

Section 4.7 of the management agreement notes that ManagementCo will provide an Annual Shared Stadium Expense Budget to be adopted annually by Stadium Authority and StadCo.

Once the budget has been adopted, ManagementCo invoices Stadium Authority monthly for its budgeted portion of shared expenses which include stadium manager operating expenses. As part of the year-end work, the budgeted amounts that were paid are to be trued up with actual expenditures.



## STADIUM MANAGER SHARED EXPENSES (CONT'D)

The budget for Shared Expenses is included in the Legal Contingency line item until adequate support is provided to justify legitimate expenditures of the amounts requested. Operating expense payments were withheld based on Board direction for the conditioning of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. Apart from that conditioning of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo instead issued itself unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws.

SCSA continues to dispute the draws on the revolving loans as the draws by Stadium Manager on the Revolving Loan were never authorized by Stadium Authority in accordance with Section 2.2 of the Revolving Credit Agreement dated March 28, 2012 as amended and restated as of June 19, 2013, which provides:

Each of the Loans shall be made on at least two (2) Business Days'...written notice **from the Stadium Authority** to Management Co (each such writing, a "Borrowing Notice") specifying the proposed date... and amount of such Loan.

The Stadium Authority never issued any Notice required by Section 2.2 to Stadium Manager authorizing draws from the Revolving Loan. In addition, Stadium Manager's unilateral issuance of debt violated the express condition precedents of the Revolving Credit Agreement. Section 4.2, Conditions Precedent to All Loans, of the Amended and Restated Revolving Credit Agreement, provides:

ManagementCo's obligation to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of such Loan: ....(ii) the Stadium Authority does not and will not without the making of the Loan have adequate Available funds to pay Covered Stadium Operating Expenses...

Similarly, Section 2.1(a) limits the use of Revolving Credit Agreement when funds are not available: " ....solely for the purpose of enabling the Stadium Authority to pay Covered Stadium Authority Operating Expenses to the extent (and only to the extent, including pursuant to the terms of the Authority Loan and any Authority Takeout Financing(s), as applicable) that Available Funds are not otherwise available therefor."

Despite Stadium Authority having the funds to cover Stadium Operating Expenses and without any instructions or Notice from Stadium Authority, Stadium Manager improperly withdrew funds and has caused further debt to Stadium Authority. This is concerning because the only requirement to receive these funds was to demonstrate compliance with the law.

# STADIUM MANAGER SHARED EXPENSES (CONT'D)

## Stadium Manager

### 2021/22 Total Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation <sup>(2)</sup>	\$ 757,304	\$ 3,795,610	\$ 3,086,480	\$ 485,106	\$ 312,697	\$ 8,437,197
Travel, Meals & Entertainment	-	126,250	4,050	28,578	1,350	160,228
Outside Services	2,040,944	1,624,200	1,540,432	52,264	560,420	5,818,260
General Supplies	34,724	95,000	660	154,892	120,700	405,976
Telephone	12,000	466,028	18,000	2,976	1,440	500,444
Equipment	164,724	307,846	10,540	66,000	6,000	555,110
Uniforms	14,800	-	2,500	94,542	2,500	114,342
Other	-	61,900	15,440	86,506	-	163,846
<b>Subtotal</b>	<b>\$3,024,496</b>	<b>\$ 6,476,834</b>	<b>\$ 4,678,102</b>	<b>\$ 970,864</b>	<b>\$ 1,005,107</b>	<b>\$16,155,403</b>

### Santa Clara Stadium Authority Proportionate Share of Stadium Expenses <sup>(1)(5)</sup>

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Meals & Entertainment	-	-	-	-	-	-
Outside Services	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-
Telephone	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Uniforms	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Insurance <sup>(3)</sup>						3,136,178
Management Fee <sup>(4)</sup>						-
<b>Total</b>						<b>\$ 3,136,178</b>

<sup>(1)</sup> The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget.

<sup>(2)</sup> Total compensation is based on a total of 45 full time equivalent positions.

<sup>(3)</sup> The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

<sup>(4)</sup> The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease management fee increasing 3%. This base management fee is split 50/50 between Stadium Authority and StadCo.

<sup>(5)</sup> Shared Stadium Expenses totals \$3.1 million for insurance. This assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

# STADIUM MANAGER SHARED EXPENSES GLOSSARY

**Total Compensation:** This cost includes full-time staff (45 employees), part-time staff, and benefits. Stadium Authority pays for 50% of these costs except for groundskeeping which is set at 30%.

- **Full-time wages** are costs for all management company full-time employees.
- **Part-time wages** are costs for all management company part time employees. Wages include annual training for all Guest Services Representatives.
- **Benefits** are costs of employees' health insurance, pension, vacation time, and all employer taxes.

**Travel, Meals & Entertainment:** These are costs for employee travel (airfare, ground, lodging, and meals) to stadium management conferences. In addition, this category includes costs for staff meals for general food and beverage, vendor engagement, and the year-end guest service employee appreciation banquet.

**Outside Services:** Costs for outside service providers which include the following:

- **Janitorial and Medical** costs related to the janitorial, cleaning, landscaping, and trash services of the interior and exterior of the stadium and medical services for the stadium during regular business hours.
- **Stadium Security** costs for staffing 24/7 security guards in and around the stadium and explosive detection canines.
- **Engineering & Maintenance** for mandatory safety and general maintenance costs associated with fire sprinklers, fire alarms, elevators, and backflows. Also includes outside sub-contracted calls for services for windows, signage and roof repair, HVAC & electrical, carpet, concrete or other miscellaneous repairs.

**General Supplies:** Supplies for stadium operations, janitorial, engineering, and Guest Services (For example: janitorial supplies, general printing costs for stadium signage, deployment sheet, notes, handbooks etc.).

**Telephone:** These are costs for land lines and internet/data service for the stadium, (net of the costs for the Team's business offices), and cell service for stadium operations' and security personnel.

**Equipment:** Costs associated with stadium operations and security software, including incident tracking, mobile safety application, stadium staff scheduling/event calendar software, video surveillance licensing software, X-ray machine rental for deliveries, and monthly cost for off-site equipment storage.

# STADIUM MANAGER SHARED EXPENSES GLOSSARY (CONT.)

**Uniforms:** Guest Services replacement and replenishment of uniforms.

**Other Costs:** Costs associated with Stadium Operations (For example: specialized training, command post, CPR first aid, background checks, recruiting, marketing/advertising, and employee retention program).

**Tenant Improvements:** Interior improvements within Tenant's exclusive facilities and any other improvements within the Stadium that are to be owned by, and constructed at the cost of, Tenant or any Tenant transferee as may be agreed by the Parties (Stadium Authority and StadCo). (Source: Stadium Lease Agreement).

## Stadium Manager

### Santa Clara Stadium Authority Proportionate Share of Stadium Expenses - Five Year Forecast

	2022/23	2023/24	2024/25	2025/26	2026/27
Total Compensation	\$ 4,280,740	\$ 4,409,163	\$ 4,541,438	\$ 4,677,681	\$ 4,818,011
Travel, Meals & Entertainment	82,239	84,706	87,247	89,865	92,560
Outside Services	2,880,958	2,967,387	3,056,408	3,148,100	3,242,543
General Supplies	184,213	189,740	195,432	201,295	207,334
Telephone	257,432	265,155	273,110	281,303	289,742
Equipment	284,645	293,184	301,980	311,039	320,371
Uniforms	58,371	60,122	61,926	63,784	65,697
Other	84,381	86,912	89,519	92,205	94,971
<b>Total</b>	<b>\$ 8,112,979</b>	<b>\$ 8,356,369</b>	<b>\$ 8,607,060</b>	<b>\$ 8,865,272</b>	<b>\$ 9,131,229</b>
Insurance <sup>(1)</sup>	3,230,264	3,327,172	3,426,987	3,529,796	3,635,690
Management Fee <sup>(2)</sup>	253,354	260,955	268,783	276,847	285,152
<b>Total</b>	<b>\$ 11,596,597</b>	<b>\$ 11,944,496</b>	<b>\$ 12,302,830</b>	<b>\$ 12,671,915</b>	<b>\$ 13,052,071</b>

<sup>(1)</sup> The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

<sup>(2)</sup> The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.



# STADIUM DEBT SERVICE BUDGET

## Santa Clara Stadium Authority Debt Service Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Current Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
<b>Beginning Fund Balance</b>					
Required Debt Service Reserve \$	-	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	14,078,363	-	12,111,334	11,168,171
<b>Total Beginning Fund Balance</b>	<b>\$ -</b>	<b>\$ 25,614,598</b>	<b>\$ -</b>	<b>\$ 23,647,569</b>	<b>\$ 22,704,406</b>
<b>Revenues</b>					
Contribution from CFD	\$ 3,872,000	\$ 3,613,498	\$ 4,028,000	\$ 332,000	\$ 483,000
<b>Revenues Subtotal</b>	<b>3,872,000</b>	<b>3,613,498</b>	<b>4,028,000</b>	<b>332,000</b>	<b>483,000</b>
Transfers In from Operating	46,806,665	26,229,712	39,265,000	52,773,174	37,572,000
<b>Total Resources</b>	<b>\$ 50,678,665</b>	<b>\$ 29,843,210</b>	<b>\$ 43,293,000</b>	<b>\$ 53,105,174</b>	<b>\$ 38,055,000</b>
<b>Expenses</b>					
CFD Advance	\$ 3,844,000	\$ 3,933,536	\$ 3,989,000	\$ 960,000	\$ 483,000
Term A Loan	26,383,000	25,628,060	25,562,000	25,562,000	25,529,000
StadCo Subordinated Loan	20,451,665	2,248,643	13,742,000	21,225,684	12,043,000
Other Expenses <sup>(1)</sup>	-	-	-	6,300,653	-
<b>Total Expenses</b>	<b>\$ 50,678,665</b>	<b>\$ 31,810,239</b>	<b>\$ 43,293,000</b>	<b>\$ 54,048,337</b>	<b>\$ 38,055,000</b>
<b>Ending Fund Balance</b>					
Required Debt Service Reserve \$	-	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	12,111,334	-	11,168,171	11,168,171
<b>Total Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ 23,647,569</b>	<b>\$ -</b>	<b>\$ 22,704,406</b>	<b>\$ 22,704,406</b>

<sup>(1)</sup> Payment redirected by StadCo to pay down Revolving Loan

The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional principal and interest debt service payments. A glossary is included at the end of this section that describes the type of debt and the applicable source documents for each loan. Of the \$38 million budget, \$483 thousand represents anticipated contributions from the Community Facilities District (CFD). The total Debt Service Reserves are projected to remain at \$11.5 million.

It should be noted that on April 1, 2020, the Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinCo and StadCo to complete the year end Trust Excess Cash Flow funding distribution per the Deposit and Disbursement Agreement. The Trust Excess Cash Flow instruction specifically excluded payments to the Revolving Loan of \$6,300,653 because the Stadium Authority did not recognize this as an expense due to the fact that it is currently under



## STADIUM DEBT SERVICE BUDGET (CONT'D)

litigation. StadCo deviated from the funding instructions and took the Excess Revenues from the distribution to pay off the Management Company Revolving Loan instead of paying down the StadCo Subordinated Loan that the Stadium Authority instructed. The Stadium Authority was informed of this deviation in a letter dated April 27, 2020. On May 18, 2020, the Stadium Authority notified StadCo and the Trust that the deviation is in direct contravention of the Stadium Authority's instructions to the Trustee with regards to the use of Excess Revenue. Subsequently, the Stadium Authority has recorded a receivable in the debt service fund from StadCo for \$6,300,653.

The schedule on the following page provides a breakdown of the principal and interest payments budgeted in FY 2021/22 for each loan as well as the beginning and ending balances. The total outstanding debt is projected to decrease by \$23.7 million in FY 2021/22 from \$294.6 million to \$270.9 million.

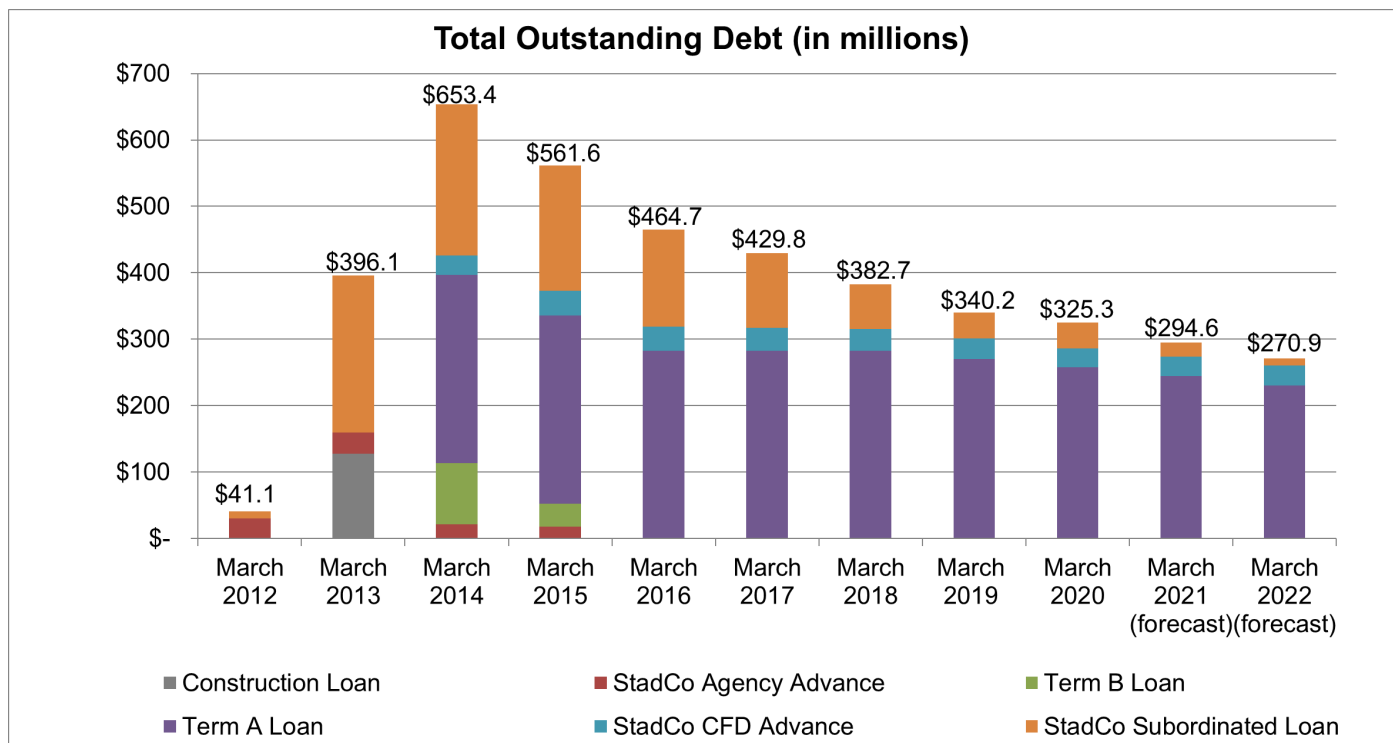
# STADIUM DEBT SERVICE BUDGET (CONT'D)

## Santa Clara Stadium Authority Debt Service Payment Schedule

Debt Obligations	Interest rates	2021/22 Interest	2021/22 Beginning Balance	2021/22 Principal Payments	2021/22 Additional Payments <sup>(1)</sup>	2021/22 Additional Principal <sup>(2)</sup>	2021/22 Ending Balance
Stadium Funding Trust Term A Loan	5.00%	\$ 11,507,000	\$ 244,160,000	\$ (14,022,000)	\$ -	\$ -	\$ 230,138,000
StadCo CFD Advance <sup>(2)</sup>	5.73%	464,000	29,508,000	-	-	1,227,000	30,735,000
StadCo Subordinated Loan	5.50%	1,153,000	20,965,000	(4,655,000)	(6,235,000)	-	10,075,000
<b>Total</b>		<b>\$ 13,124,000</b>	<b>\$ 294,633,000</b>	<b>\$ (18,677,000)</b>	<b>\$ (6,235,000)</b>	<b>\$ 1,227,000</b>	<b>\$ 270,948,000</b>

<sup>(1)</sup>Additional payment is based on anticipated revenue that is in excess of all expenses and reserve requirements.

<sup>(2)</sup>Community Facilities District (CFD) principal payment is an estimate based on anticipated contributions from the CFD.  
Any increase in principal for the year is due to adding unpaid interest to the principal.



## STADIUM DEBT SERVICE BUDGET GLOSSARY

**Contribution from the Community Facilities District (CFD):** The CFD was established for the purpose of financing and constructing publicly owned facilities. To support that, the CFD levies and collects a special hotel tax of 2% on hotel rooms within the CFD. During the construction of Levi's® Stadium, Stadium Authority spent \$35 million on CFD infrastructure. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD Advance which was used to fund the construction of the CFD publicly owned facilities. (Source: The Reimbursement Agreement Relating to the CFD)

**CFD Advance:** StadCo agreed to loan Stadium Authority a not to exceed amount of \$35 million for CFD infrastructure and with a maximum principal amount of \$38 million including capitalized interest. This loan bears interest at a fixed rate of 5.73% and the loan is payable solely from amounts actually received by Stadium Authority from the CFD. (Source: The Authority Promissory Note in Respect of StadCo CFD Advance)

**Term A Loan:** The Stadium Funding Trust (FinCo) agreed to loan Stadium Authority \$282.8 million to fund construction of Levi's® Stadium. This loan bears interest at a fixed rate of 5% payable semi-annually, with annual principal payments due beginning in April 2018. It has a maturity date in 2039 and is subject to certain prepayment premiums. The principal payment schedule is noted below. (Source: The Restated Credit Agreement)

Term A Loan Amortization							
Date	Annual Principal Payment		Date	Annual Principal Payment		Date	Annual Principal Payment
April 1, 2018	\$ 12,110,000		April 1, 2026	\$ 8,404,934		April 1, 2033	\$ 13,306,164
April 1, 2019	\$ 12,718,000		April 1, 2027	\$ 9,001,865		April 1, 2034	\$ 14,160,901
April 1, 2020	\$ 13,354,000		April 1, 2028	\$ 9,630,410		April 1, 2035	\$ 15,060,270
April 1, 2021	\$ 14,022,000		April 1, 2029	\$ 10,292,166		April 1, 2036	\$ 16,006,521
April 1, 2022	\$ 14,723,000		April 1, 2030	\$ 10,988,812		April 1, 2037	\$ 17,002,017
April 1, 2023	\$ 15,459,000		April 1, 2031	\$ 11,722,111		April 1, 2038	\$ 18,049,239
April 1, 2024	\$ 7,299,896		April 1, 2032	\$ 12,493,914		April 1, 2039	\$ 19,150,794
April 1, 2025	\$ 7,838,094						

**StadCo Subordinated Loan:** StadCo agreed to loan Stadium Authority an amount not to exceed \$500 million to fund construction of Levi's® Stadium. The actual amount loaned to the Stadium Authority was \$236.9 million. This loan bears a fixed interest rate of 5.5% with annual principal payments due beginning in March 2016 and it may be prepaid at any time without penalties. (Source: The Restated StadCo Obligations Agreement)

## STADIUM AUTHORITY CAPITAL EXPENSE BUDGET

The Capital Expense (CapEx) Budget is used to fund the purchase or upgrade of fixed assets for the Stadium. While the funding for appropriations occur on an annual basis, the Capital Expense Plan extends for a five-year period (shown on Page 56 of this report). Changes to existing projects, as well as the addition of new projects, may occur during the five-year planning period as new needs are identified. The appropriations for capital projects do not lapse at year-end but carryover into future years until the project is complete.

The FY 2021/22 CapEx Budget totals \$14.6 million. Of this total, \$11.2 million of prior year appropriations are projected to be carried over from FY 2020/21 (\$1.5 million of the projected carryover amount is for warranty-related construction, and the other \$9.7 million is for prior year CapEx projects). New capital improvement appropriations equal \$3.4 million.

Capital project delivery continues to be delayed, without demonstrated progress on corrective action, by the Stadium Manager due to procurement issues and violations of State prevailing wage laws. While the budget reflected in this document reflects projects recommended by the Stadium Manager, the Stadium Authority continues to request a procurement plan and implementation timelines regarding how these projects will be completed to ensure the upkeep of the facility and balance any potential City resources that may be required to support the projects. In addition, with the Board's revocation of delegated procurement authority, the contract awards to complete these projects will need to be brought forward to the Board for approval. As such, the timeline to complete these projects may differ or continue to be delayed from the information presented in this section. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium's upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

<b>Fiscal Year</b>	<b>CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager</b>	<b>CapEx Dollars Expended by Stadium Manager</b>
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2%)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

A detailed listing of adopted FY 2021/22 projects is provided starting on Page 47 of this report. Stadium Authority is submitting it as transmitted by the Stadium Manager without any additional details on the nature of the project, timing, etc. Stadium Authority has asked almost monthly for a procurement plan for these projects, but the Stadium Manager has not produced such workplan. A capital procurement workplan is a reasonable request given the multiple years of no progress, requirements to maintain the Stadium, and transparency.

## STADIUM AUTHORITY CAPITAL EXPENSE BUDGET (CONT'D)



Public Safety Kawasaki Mule  
used for public safety patrol  
and emergency response

## Santa Clara Stadium Authority

### Capital Expense Budget Summary

	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final	Year-End	Final	Projected	Projected	Proposed	Total
	Budget	Actuals	Budget	Actuals	Carryover	Budget	Proposed
							Budget
<b>Beginning Balances</b>	\$ 14,532,870	\$ 14,516,225	\$ 17,837,300	\$ 17,010,611	\$ 19,438,420		\$ 19,438,420
<b>Resources</b>							
Transfers In from Operating	3,478,000	2,318,549	3,582,000	3,547,379	-	3,690,000	3,690,000
Transfers In from Stadium Manager <sup>(1)</sup>	-	308,568	-	-	-	-	-
<b>Total Resources</b>	<b>18,010,870</b>	<b>17,143,342</b>	<b>21,419,300</b>	<b>20,557,990</b>	<b>19,438,420</b>	<b>3,690,000</b>	<b>23,128,420</b>
	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final	Year-End	Final	Projected	Projected	Proposed	Total
	Budget	Actuals <sup>(2)</sup>	Budget	Actuals	Carryover <sup>(3)</sup>	Budget	Proposed
							Budget
<b>Expenses</b>							
Construction	4,956,922	(4,845)	4,725,327	238,156	3,953,911	2,790,000	6,743,911
Equipment	7,070,988	136,765	6,460,557	881,414	5,286,250	448,520	5,734,770
Contingency	657,397	812	559,296	-	462,009	161,926	623,935
Stadium Warranty Related Construction	1,528,202	-	1,528,202	-	1,528,202	-	1,528,202
<b>Total Expenses</b>	<b>14,213,509</b>	<b>132,731</b>	<b>13,273,382</b>	<b>1,119,570</b>	<b>11,230,372</b>	<b>3,400,446</b>	<b>14,630,818</b>
Capital Expense Reserve	\$ 3,797,361	\$ 17,010,611	\$ 8,145,918	\$ 19,438,420	\$ 8,208,048		\$ 8,497,602

<sup>(1)</sup> Reimbursement from Stadium Manager

<sup>(2)</sup> Actuals exclude some project payments withheld due to the ManagementCo not following State procurement and prevailing wage laws.

<sup>(3)</sup> The carryover does not include the Levi's Naming Rights Signage Replacement Project that increased in cost estimate from \$650,000 to \$900,000.



Storage Conex Garage for Apparatus  
allows for storage of three stadium  
vehicles in a lockable, weatherproof  
container.

## Santa Clara Stadium Authority

### 2021/22 CapEx Budget

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
General Building		<b>General Areas / Coatings Main Deck</b> Replace and recoat lytntal traffic deck coating at the lower seating bowl and on the 300 and 700 Level Concourses, which are currently showing signs of wear. The deck coating serves as a secondary waterproofing system for the occupied spaces below these areas and also protects and extends the life of the concrete. Periodic replacement and recoating of this system is necessary to maintain current waterproofing system and maintain the expected life of the structure.	\$ 2,450,000	\$ 122,500	\$ 2,572,500
General Building		<b>Field Turf Track Replacement</b> The current turf track carpet is worn, buckled and compacted from use over the past five years and has reached its end of life. This project addresses the uneven grade of the current turf track carpet. This project will remove the existing track and rebuild it using a compacted stone base and shock layer with new carpet on top. Additionally, the project scope permanently addresses the sun grade issues we experience with our current track by stabilizing the base to support the extreme loads it comes under during concerts and dirt events. Finally, the new turf track will eliminate slipping hazards and improve overall safety and appearance.	340,000	17,000	357,000
<b>Subtotal CapEx Construction Costs</b>			<b>\$ 2,790,000</b>	<b>\$ 139,500</b>	<b>\$ 2,929,500</b>
Security		<b>Drone Detection (Antenna System)</b> Drone intrusions are happening more frequently. We need a detection and deterrent system in place for the Security of our venue and events. This technology will assist Stadium Security and Law Enforcement in identifying any threats and to take measures to mitigate the threat.	\$ 55,000	\$ 2,750	\$ 57,750
Security		<b>Key Management System</b> This Key-Box system provides a full audit trail and real time reporting, detailing who has used each set of keys and when. Staff and vendors will become more accountable and will assist in return of keys at the end of each shift. This will reduce loss, damage and liability. The new system will be stationed in the 24/7 Security office.	20,000	1,000	21,000
Public Safety Equipment	x	<b>RadHalo Remote Radiation Monitors</b> New equipment request for the Joint Hazardous Assessment Team (JHAT): Remote radiation detection monitor can be established as a perimeter around the stadium and monitored remotely by JHAT. These units were tested last season with the help of the 95th Civil Support Team. These units proved very useful to monitor large crowds for nuclear and radiation devices that have a potential explosive threat. The team currently uses handheld detectors which are good for pinpointing an exact location around the unit; however, with 4 main gates for ingress and egress, there is no way to fully monitor the crowds for a potential threat without remove monitoring capabilities.	190,000	9,500	199,500
Public Safety Equipment	x	<b>PPE Replacement (Nomex Tops)</b> Projected replacement/additions of Stadium battle dress uniform tops for the team of 60.	5,750	288	6,038
Public Safety Equipment	x	<b>PPE Replacement (Nomex Bottoms)</b> Projected replacement/additions of Stadium battle dress uniform bottoms for the team of 60.	3,260	163	3,423



## Santa Clara Stadium Authority

### 2021/22 CapEx Budget (cont.)

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
Public Safety Equipment		<b>Rigaku CQL 1064nm Handheld Raman Chemical Detector</b> New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Tru Defender. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	50,290	2,515	52,805
	x				
Public Safety Equipment		<b>Tru Defender FTX S1 WMD Chemical Detector</b> New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Rigaku CQL Raman. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	63,220	3,161	66,381
	x				
Public Safety Equipment		<b>Vehicle upfits for John Deere Gator</b> Vehicle upfits for John Deere Gator including a utility box, mirrors, back up camera and a towing hitch for the E690 MCI Trailer. The mirrors and back up camera would allow for greater visibility when the vehicle is being driven in and around large crowds.	12,000	600	12,600
	x				
Public Safety Equipment		<b>Kawasaki Mule</b> Purchase new Kawasaki Mule for Explosive Ordinance Disposal (EOD) team. Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting and locking storage boxes. The EOD team does not currently have a dedicated vehicle and are currently walking with canines and EOD gear during response calls for suspicious packages and drone payloads. The EOD team is first on scene sweeping the stadium for safety issues and the last to leave. Shifts can extend past 10 hours. Purchase of a vehicle would reduce fatigue for officers and canines and reduce response time.	25,000	1,250	26,250
	x				
Public Safety Equipment		<b>Kawasaki Mule</b> Purchase new Kawasaki Mule for Special Response Team (SRT). Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting, equipment storage boxes and Type 3 IME box that is approved by the U.S. Bureau of Alcohol Tobacco and Firearms (ATF) to transport/store breacher explosives. The SRT equipment is currently in a standard size vehicle that upon deployment would not easily maneuver the stadium or crowds of attendees; the team would be required to go to the vehicle to retrieve the required equipment extending response time. The vehicle may also be deployed to City issues and the equipment would not be readily available for use. The SRT does not currently have a dedicated vehicle. Purchase of a vehicle would allow the SRT to mobilize needed equipment and will reduce response time.	\$ 20,000	\$ 1,000	\$ 21,000
	x				
Public Safety Equipment		<b>Onsite Conex Storage</b> Locking onsite Conex Storage container to store 3 Police Kawasaki Mules, including the requested EOD and SRT mule purchase. The Conex Storage container will be housed in a parking lot dedicated for police parking with the secured footprint of the Stadium.	4,000	200	4,200
	x				
<b>Subtotal CapEx Equipment Costs</b>			<b>\$ 448,520</b>	<b>\$ 22,427</b>	<b>\$ 470,947</b>
<b>Total New CapEx Project Costs</b>			<b>\$ 3,238,520</b>	<b>\$ 161,927</b>	<b>\$ 3,400,447</b>

## Santa Clara Stadium Authority

### 2021/22 CapEx Budget Carryover

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Electrical		<b>Mechanical and Electrical Closet Lighting (2019/20 Carryover)</b> Install LED lighting in all mechanical and electrical closets located in the service tunnel, 300 Level, and 700 level. These lights not only improve visibility, but also provide longer and more efficient power usage.	\$ 150,000	\$ 7,500	\$ 157,500
Electrical		<b>Broadcast Booth Power (2019/20 Carryover)</b> Install power components used for stadium events. These components will adhere to LEED certification, provide a clean source of power for our clients, and improve operating efficiencies.	35,000	1,750	36,750
Electrical		<b>Concessions Cart Cabling (2019/20 Carryover)</b> Install code rated low voltage cabling (CAT6) to portable concession carts. This will provide Internet Protocol (IP) based access to the IPTV menu boards and Point of Sale (POS) systems for credit card transactions, as well as deliver an emergency signage to be displayed at the concession stands if needed.	50,000	2,500	52,500
General Building		<b>Updated Stadium Wayfinding Signage (2020/21 Carryover)</b> Install Premium/Club wayfinding, Suite wayfinding, Smoking section signs, No smoking signs for around the main and upper concourses, section numbers/floor decals, ADA blue lines, tunnel signs that indicate "no photos/no autographs", etc.	250,000	12,500	262,500
General Building		<b>Stadium Event Signage (2019/20 Carryover)</b> Install stadium signage (including but not limited to tunnel awnings, accessible seating reference areas, lower bowl sections placards, and additional fire and building code signage per Fire Marshal).	138,000	6,900	144,900
General Building		<b>Command Post Window Treatment (2019/20 Carryover)</b> Install window shades and/or tint the exterior windows on the 800 level command post to reduce heat and glare. This will assist dispatchers and command post operators working in this space.	16,000	800	16,800
General Building		<b>Stadium and Special Event Spaces (2019/20 Carryover)</b> Add entry mats to be placed at stadium entrances to help alleviate wet floor scenarios and provide safety to stadium patrons. Will extend the finish of the existing flooring and help prevent slip and falls during inclement weather.	75,000	3,750	78,750
General Building		<b>Non-Slip Floor Matting (2019/20 Carryover)</b> Install non-slip matting from the north side locker rooms to tunnels primarily for event usage (that include access to the field for athletes, performers and customers).	50,000	2,500	52,500
General Building		<b>Women's Locker Room (2019/20 Carryover)</b> Convert a portion of the auxiliary locker room area to accommodate a larger private space for female athletes, performers, officials, and other female event day sporting and entertainment professionals visiting or working events at Levi's Stadium.	372,000	18,600	390,600
General Building		<b>Automatic Logic Control Building Engineering System (2019/20 Carryover)</b> Install an automatic logic controller system upgrade to monitor the building's HVAC in all quadrants simultaneously. This updated system will enable graphic interface and help the system to operate more efficiently with time clock management and assist in potential lighting control energy savings.	35,000	1,750	36,750
General Building		<b>Club Space Flooring (2019/20 Carryover)</b> Strip, resurface, and/or replace hardwood flooring surfaces in the BNY East & West and Levi's 501 spaces. These spaces are among the most utilized spaces in the building and get a large amount of foot traffic. This work will help extend the useful life of these spaces as well as reducing slips and falls from worn floors.	85,000	4,250	89,250

## Santa Clara Stadium Authority

### 2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
General Building		<b>Command Post Communication Equipment (2019/20 Carryover)</b> Purchase and install public safety screens, monitors, and projection devices used in monitoring stadium and security operations to help improve situational awareness and response.	58,000	2,900	60,900
General Building		<b>Stadium Field Conduits (2018/19 Carryover)</b> Add a permanent solution for power and data on field/floor of stadium, making electrical connections safer and efficient for concert and events.	118,197	5,910	124,107
Plumbing		<b>Lift Station (2020/21 Carryover)</b> Replace pumps, motors and controls at sewage ejector sumps in Quadrants A, B, C & D on 100 level.	200,000	10,000	210,000
Plumbing		<b>Plumbing (2020/21 Carryover)</b> Replace pressure reducing valves and other parts on domestic and recycled water systems.	100,000	5,000	105,000
Public Safety		<b>Pedestrian Safety Fencing (2020/21 Carryover)</b> Install raised fencing on Tasman Drive from Centennial Boulevard to Calle Del Sol. This is approximately 0.4 miles and would be adjacent to the VTA/Light Rail tracks. This fencing is required to guarantee the safety of patrons as pedestrians on Tasman Drive. Currently, pedestrians regularly jump temporary construction barriers and cross eastbound Tasman Drive and cross live/active VTA light rail tracks. In addition, during events the traffic flow is reversed and pedestrians will not expect cars coming from that direction. This poses a clear danger for pedestrians and mobile personnel are not always available to prevent this regular attempt by pedestrians. Raised fencing will guarantee this dangerous situation stops. The cost is an estimate based on the Fencing on Tasman project.	100,000	5,000	105,000
Security		<b>Surveillance - Command Center Equipment (2020/21 Carryover)</b> Build out workstations with equipment that can handle the load of video viewing during large scale events, as well as the 24/7 security operations in both 100 and 800 command rooms. Equipment includes, but is not limited to, monitors, keyboards, video cards, CPU processors, power supplies, motherboards, and cabling.	50,000	2,500	52,500
Security		<b>Enhance Stadium Security Coverage (2020/21 Carryover)</b> Evaluate and replace existing cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. Design locations and camera styles have created visual obstructions and gaps in coverage. Height locations with fixed lens cameras create the inability to adjust field of views. Installation of television monitors/signage near camera mounts have created field of view obstructions. Due to high volume of club space usage for large scale, and smaller events, request for video investigations become frequent. Low lighting situations are constant with event type needs, and enhanced technology from newer cameras will enable greater video quality. The areas which need to be evaluated include, but are not limited to: BNY Mellon East and West Club, Yahoo Club, United Club, FII Club, 501 Club, Citrix Owners Club, Entry Gates, and Perimeter fences.	\$ 330,000	\$ 16,500	\$ 346,500
Security		<b>Enhance Stadium Security Access Control (2020/21 Carryover)</b> Install card readers on manual doors to increase access control features and security. Based on operational demands, doors have been identified via staff request and event activity in order to improve operational awareness and enhance the access control abilities by automating the doors. This also increases security to areas deemed by staff to hold sensitive or high value assets. The access control enhancements include Vertx/Mercury upgrade, EvoE400/Mercury upgrade, and various doors with access control needs.	235,000	11,750	246,750

## Santa Clara Stadium Authority

### 2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Security		<b>CCTV Pop Up Trailers (2020/21 Carryover)</b> Purchase five (5) additional units to continue to meet NFL Best Practices guidelines by covering parking lots outside stadium footprint that currently have no camera coverage.	235,000	11,750	246,750
Security		<b>Parking Lot Camera Upgrades (2020/21 Carryover)</b> Replace Great America parking lot cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. New camera technology would provide better overall coverage of the main parking lot. Sun baked cameras with fixed angles have created gaps in coverage. With more video incident request coming from ingress/egress incidents, new technology would assist in these investigations. Install cameras in Gold lot 4/5 where there is very limited coverage.	40,000	2,000	42,000
Security		<b>Bowl Camera Upgrade/Refurbish (2020/21 Carryover)</b> Replace bowl cameras. Several bowl cameras have become sun baked and provide poor/obscured coverage of bowl seating. Maintenance has become an issue as it takes a lot of time and money to set up scaffolding to reach camera boxes. Need to re-engineer housing (suggest relocating housing closer to stadium infrastructure).	135,000	6,750	141,750
Security		<b>Software Upgrade to Genetec 5.8 (2020/21 Carryover)</b> Upgrade to Genetec's newest firmware version 5.8. This would improve overall system performance and stability, and add new features that will help in operator training and utilization of software. Customizable live dashboards assist in monitoring alarms and events in real time.	35,000	1,750	36,750
Security		<b>Video Analytics (2020/21 Carryover)</b> Add video analytics to assist with video investigations. Video investigations take several hours/days to complete using traditional playback methods. Adding video analytics will greatly decrease man-hours spent in video review process, as well as aid in investigations using newer technology.	35,000	1,750	36,750
Security		<b>License Plate Reader at Vehicle Entry Gates (2020/21 Carryover)</b> Add six (6) License Plate Reader cameras on entry/exit lanes of all vehicle gates (Post 1, 2, and 3) to document and track vehicles entering and exiting the stadium.	45,000	2,250	47,250
Security		<b>Security X-Ray Scanners (2020/21 Carryover)</b> Purchase four (4) portable X-ray units to observe postage that comes into the loading dock 24/7 and screen bags/deliveries during event days.	150,000	7,500	157,500
Security		<b>Stadium Camera Booth Card Readers (2019/20 Carryover)</b> Install card reader for north and south camera booths to secure the spaces that enter into/from general public access areas.	84,000	4,200	88,200
Site		<b>Security Fencing - Main Lot (2020/21 Carryover)</b> Remove and replace approximately 1,000 linear feet of 4-foot high security fencing in Main Lot per request of City.	150,000	7,500	157,500
Site		<b>Stationary Electric Pressure Washers (2020/21 Carryover)</b> Install one (1) to two (2) demo stations on the 300 concourse. If these are effective, we would look to replace all gas-powered pressure washers with electrically powered ones.	75,000	3,750	78,750
Site		<b>Stadium Insulation (above 300 level and below 400/500 level) (2019/20 Carryover)</b> Install new insulation in the 400/500 underside above the 300 level. Original insulation is failing due to weather conditions. This also helps reduce sound reverberation throughout the concourse and protects the concrete from the elements.	150,000	7,500	157,500

## Santa Clara Stadium Authority

### 2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Site		<b>Gold Lot 4 and 5 Lighting (2019/20 Carryover)</b> Install LED lighting in Gold 4 and Gold 5 parking lots. The current light plan is underpowered and is not sufficient given the work environment during stadium event load in/out. This lighting improves safety conditions for stadium personnel and provides energy cost savings with more efficient fixtures.	50,000	2,500	52,500
Site		<b>Rust Prevention Mitigation (2019/20 Carryover)</b> Implement rust prevention measures. The stadium railings, beams, and other steel areas need rust prevention and coating in specific areas throughout the stadium.	90,000	4,500	94,500
Site		<b>Stadium Event Power Upgrades &amp; Switchgear Electrical (2019/20 Carryover)</b> Install and enhance Stadium Event wiring service on the 12 Kilovolt (KV) Primary Switch Gear (PMSG) to main electrical panel.	\$ 42,714	\$ 2,136	\$ 44,850
Site		<b>Asphalt (2018/19 Carryover)</b> Slurry coat the visitor parking on Tasman, Gold 4 & 5 parking lots and South Access Road.	190,000	9,500	199,500
<b>Subtotal CapEx Construction Carryover Costs</b>			<b>\$ 4,853,911</b>	<b>\$ 242,696</b>	<b>\$ 5,096,607</b>
Audio/Visual		<b>Radio Booth Cabling (2019/20 Carryover)</b> Install fiber optic cabling to increase the low voltage cabling backbone. This installation will accommodate the expanding requests for booth usage during stadium events and keep up with emerging trends.	\$ 600,000	\$ 30,000	\$ 630,000
Audio/Visual		<b>Crestron Control &amp; Building Operating System Upgrades (2019/20 Carryover)</b> Install a Creston Control System to monitor HVAC, lighting, electrical, and fire alarms. This comprehensive system enables all of these items to interface with one another for engineers to see a real time view of the building's systems.	10,000	500	10,500
Food and Beverage		<b>Beverage Distribution System (2020/21 Carryover)</b> Add a beverage distribution system to stadium concession areas and bars. This includes the lines and CO2 dispensing equipment.	50,000	2,500	52,500
Food and Beverage		<b>CO2 Monitoring &amp; Sensors for Code Compliance (2020/21 Carryover)</b> Install remote CO2 monitoring for enhanced safety for stadium staff per SCFD & State of CA.	200,000	10,000	210,000
Furniture, Fixtures & Equipment		<b>Replace Furniture in Club and Special Event Spaces (2019/20 Carryover)</b> Purchase replacement furniture for clubs (BNY, United, Levi's 501 and Yahoo) and special event spaces to enhance areas and meet client expectations. These spaces are amongst the most utilized in the entire stadium.	1,600,000	80,000	1,680,000
Furniture, Fixtures & Equipment		<b>Security and Life Safety Partitions/Dividers (2019/20 Carryover)</b> Install service tunnel drapery and/or partitions for security and public safety personnel during stadium events that require public access to the service level. This helps coordinate public movements in "back of house areas" without affecting stadium operations.	68,000	3,400	71,400
Furniture, Fixtures & Equipment		<b>Tunnel Slip and Fall Protection (2019/20 Carryover)</b> Install non-slip material at the South, Northeast, and Northwest Field Tunnels.	30,000	1,500	31,500
Furniture, Fixtures & Equipment		<b>Guest Service Booths (2018/19 Carryover)</b> Add two additional guest services booths on the main concourse for better enhanced customer service touchpoints.	70,000	3,500	73,500
HVAC/ Mechanical		<b>Variable Frequency Drive(s) (2020/21 Carryover)</b> Replace exterior Variable Frequency Drive units for Cooling Tower pumps due to life expectancy issues. This system supports the mechanical cooling functions for the HVAC system.	150,000	7,500	157,500

## Santa Clara Stadium Authority

### 2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
HVAC/ Mechanical		<b>Cooling Towers (2020/21 Carryover)</b> Replace Cooling Towers internal parts and systems. This includes the motors, fans, fill, controls, and piping which support the mechanical cooling functions for the HVAC system.	50,000	2,500	52,500
HVAC/Mechanical		<b>Kitchen Exhaust Fans (2019/20 Carryover)</b> Install variable frequency drive (VFD) Units on kitchen exhaust fans for soft start (slow ramp up) capabilities. Kitchen exhaust fans currently operate 100 percent of the time. Installing VFD units will modulate the power and save energy whenever the fan is in use. Soft start extends the life of the equipment and saves energy.	300,000	15,000	315,000
Information Technology		<b>Financial Management Information System Project (2020/21 Carryover)</b> Procure a new cloud-based financial management system for the Stadium Authority that would allow greater visibility in to Non-NFL Events. The management company that handles Non-NFL events would use the financial management system for all transactions related to Non-NFL events as well as store supporting documentation for the transactions (Including invoices). The costs include software license/subscription, hosting fee and a consultant for implementation and process improvement. There will be ongoing software license costs and possibility for additional staff time for implementation. <b>*Subject to subsequent court rulings on cost allocation.</b>	270,000	13,500	283,500
	x				
Life Safety/Fire		<b>Fire Alarm System (2020/21 Carryover)</b> Replace/update fire alarm system field devices, including interior/exterior signaling devices, detectors, and control panel parts.	250,000	12,500	262,500
Life Safety/Fire		<b>Fire Sprinkler Extension (2019/20 Carryover)</b> Add fire sprinklers to the Gate F entrance. The Santa Clara Fire Marshal has requested that fire sprinklers be installed at the Gate F entrance to mitigate potential fire risk beneath the existing ribbon boards.	55,000	2,750	57,750
Public Safety Equipment		<b>Mass Casualty Incident Trailer (2020/21 Carryover)</b> Purchase a Mass Casualty Incident (MCI) Trailer. The fire department currently has equipment to treat 25 patients during a large-scale emergency. The MCI Trailer would allow the first responders to treat between 500-1000 people during a large-scale emergency by allowing quick access to on-board equipment and supplies.	120,000	6,000	126,000
	x				
Public Safety Equipment		<b>2-Way CAD/24-7 Link (2020/21 Carryover)</b> Add a 2-way link between the 24/7 dispatch system and the CAD system. All stadium personnel operate on the 24/7 dispatch system. SCPD and SCFD operate on the CAD system. When public safety personnel are sent on calls, the call must be generated by hand in both systems. This causes extra work for dispatchers, however, more importantly this creates delays in reporting and responses to public safety incidents. A 2-way link would allow both systems to "talk" to each other and automatically create incidents in each other's system. Additionally, without this link, we cannot log officers on which creates an officer safety issue as well as an issue when it comes to management of personnel.	\$ 82,000	\$ 4,100	\$ 86,100
	x				
Public Safety Equipment		<b>Dispatch Monitors (2020/21 Carryover)</b> Replace dispatch monitors with larger screens. Our public safety dispatchers utilize several screens at their work stations in order to facilitate their duties. The necessary upgrading of our latest public safety communications center's CAD and associated software will require larger screen area to effectively manage the new information. These 16 replacement 22" larger monitors are needed to optimize the use and intended application of the latest public safety dispatching software. The larger screens are required to view the additional windows from the CAD system and are expected to last five years. The prior monitors were purchased six years ago and are 19" monitors. The cost includes estimated installation for three workstations.	8,000	400	8,400
	x				



## Santa Clara Stadium Authority

### 2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Public Safety Equipment		<b>Radio Chargers (2020/21 Carryover)</b> Add three radio charging stations. Our radio equipment is critical and, therefore, their serviceability must be maintained. Each new radio will require a charging port. These three charging stations each have a 6-radio capacity and three are needed to maintain radios at their peak power and usability. Having these three charging stations will ensure all radios are ready for use by public safety without the risk of personnel being without this crucial equipment in a functional state.	3,000	150	3,150
	x				
Public Safety Equipment		<b>Radios (2020/21 Carryover)</b> Add new radios to equip additional staff in our public safety deployment. Personnel will continue to use these specific radios for varied public safety responsibilities. These radios allow for communication to the command post and between public safety partners working our events. Without these critical radios, personnel would not be able to function in their capacity and as expected to provide public safety services including emergency response. There is a yearly operating cost; requesting quote.	79,000	3,950	82,950
	x				
Public Safety Equipment		<b>GPS Software for Tracking Personnel (2019/20 Carryover)</b> Add GPS software to track public safety personnel. Live tracking of law enforcement personnel is critical in providing an accurate picture of public safety coverage. This technology and software will allow the Command Post to know where our personnel are at all times and make necessary assignment adjustments on the go. It is desired that the software also be capable of retaining data for historical analysis. The requested funding of \$25,000 is the initial purchase price for approximately 100 devices and the software. There is a monthly operating cost of \$30/month each; \$36,000 total annually.	25,000	1,250	26,250
	x				
Public Safety Equipment		<b>Fencing on Tasman (2019/20 Carryover)</b> Add fencing to prevent stadium event pedestrian traffic from crossing unsafely between Lafayette St. and the Tasman St. overcrossing.	70,000	3,500	73,500
	x				
Public Safety Equipment		<b>Street Signage (2017/18 Carryover)</b> Add street signage. This item was brought before the SCSA Board and approved in the 2017/18 budget. Staff has been working with the Department of Public Works, the Executive Director's office and the Chief of Police's office to identify appropriate locations on surrounding city streets (Great America Parkway, Tasman Drive, etc.) to place signage to better protect, inform and serve patrons visiting Levi's® Stadium, non-event day traffic, community event advisories and emergency public safety and traffic advisories.	1,000,000	50,000	1,050,000
	x				
Public Safety Equipment		<b>Staff Scheduling Software (2019/20 Carryover)</b> The Stadium requires SEOs to operate safely. Notifying and communicating with our SEOs is critical in properly planning our staffing needs. We currently use an out of date version of "Game Day Staffing."	16,250	813	17,063
	x				
Public Safety Equipment		<b>Portable License Plate Reader/PTZ Cameras (2018/19 Carryover)</b> Purchase portable license plate readers. Placing temporary/moveable license plate readers in remote stadium parking lots will provide better information and intelligence to the Command Post in order to deter crime and assist in apprehending crime suspects in the aftermath of an incident.	160,000	8,000	168,000
	x				
Vertical Transport		<b>Elevator Door Replacement (2019/20 Carryover)</b> Replace and install new elevator doors on one of the freight elevators in the stadium.	20,000	1,000	21,000
		<b>Subtotal CapEx Equipment Carryover Costs</b>	\$ 5,286,250	\$ 264,313	\$ 5,550,563
Stadium Warranty-Related Construction		Carryover costs from the original Stadium Construction Budget for warranty-related work.	\$ 1,528,202		\$ 1,528,202
		<b>Total CapEx Carryover Costs</b>	\$ 11,668,363	\$ 507,009	\$ 12,175,372



**Santa Clara Stadium Authority**  
**2021/22 CapEx Project Submittal Not Recommended**

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
General Building		Levi's Naming Rights Signage Replacement (2020/21 Carryover)			
		Replace Levi's Naming Rights signage. The cost of this project increase from \$650,000 to \$900,000. Based on the Naming Rights Agreement, it is the Santa Clara Stadium Authority's position that this project is the responsibility of Levi's.	\$ 900,000	\$ 45,000	\$ 945,000
Subtotal Projects Not Recommended			\$ 900,000	\$ 45,000	\$ 945,000

The Capital Expense budget does not include the requested Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and may constitute a gift of public funds.

There are over 40 CapEx projects that the Stadium Manager has requested over the past three fiscal years and the Stadium Manager has not been able to legally and properly implement these identified needs. The CapEx projects keep growing and, as we all know, repair and maintenance work gets more costly the longer it is delayed. Additionally, given the short turnaround time from receipt of these requests to publishing the proposed budget, the Stadium Authority did not have time to conduct any due diligence on whether the CapEx projects are properly assigned to Stadium Authority, estimated accurately, are in fact needed, or any other confirmation required to support the budgeting of these items. These items are being transmitted as submitted by the Stadium Manager and the Board would be wise to get more information about these projects and purpose for excessive delay in implementing them—including a procurement workplan that provides a schedule for project implementation.

## Santa Clara Stadium Authority

### Capital Expense Plan Summary - 5 Year Forecast

	2021/22	2022/23	2023/24	2024/25	2025/26
	Budget	Budget	Budget	Budget	Budget
Electrical	\$ -	\$ -	\$ 750,000	\$ 1,250,000	\$ 1,475,000
General Building	2,790,000	1,875,000	1,138,000	2,050,000	3,100,000
Plumbing	-	150,000	-	-	375,000
Public Safety	-	-	-	-	-
Security	-	150,000	-	-	1,110,000
Site	-	400,000	-	150,000	450,000
<b>Subtotal CapEx Construction Costs</b>	<b>\$ 2,790,000</b>	<b>\$ 2,575,000</b>	<b>\$ 1,888,000</b>	<b>\$ 3,450,000</b>	<b>\$ 6,510,000</b>
Audio/Visual	\$ -	\$ 870,000	\$ -	\$ -	\$ 650,000
FF&E	-	-	30,000	-	61,669
Food & Beverage	-	-	-	-	1,200,000
HVAC/Mechanical	-	150,000	-	225,000	225,000
Information Technology	-	-	-	-	-
Life Safety/Fire	-	-	-	50,000	-
Security	75,000	-	-	-	-
Public Safety Equipment	373,520	526,510	164,010	193,010	28,010
Vertical Support	-	-	-	-	-
<b>Subtotal CapEx Equipment Costs</b>	<b>\$ 448,520</b>	<b>\$ 1,546,510</b>	<b>\$ 194,010</b>	<b>\$ 468,010</b>	<b>\$ 2,164,679</b>
Contingency (5%)	161,926	206,076	104,101	195,901	433,734
<b>Total CapEx Project Costs</b>	<b>\$ 3,400,446</b>	<b>\$ 4,327,586</b>	<b>\$ 2,186,111</b>	<b>\$ 4,113,911</b>	<b>\$ 9,108,413</b>



## STADIUM AUTHORITY WORK PLAN

Due to the ongoing COVID-19 Pandemic, the Work Plan that Stadium Authority staff shared last year was not successfully completed because staff resources were limited and redirected to address the lack of events at the Stadium and budgetary impacts from the pandemic, emergency repairs at the Stadium, requests from ManagementCo for continued procurement assistance, and various Stadium Builder License issues. That said, and within the context of continuing to support the defense of several lawsuits that the 49ers have filed against the City or Stadium Authority, staff will focus on the following:

Work Effort	Work Plan	Planned Outcome
<b>ADA Compliance</b>	<ul style="list-style-type: none"> <li>Complete ADA compliance with multi-year improvements to Main Lot.</li> </ul>	<p>Compliance regarding accessible parking spaces at Stadium Main Lot</p> <p>Use of other satisfactory solutions that prioritize ADA compliance.</p>
<b>Community Room</b>	<ul style="list-style-type: none"> <li>Return to Board to seek input on proposed next steps, including evaluation of the other locations discussed earlier in 2018. Develop policy/guidelines for use.</li> </ul>	Resolution of Community Room location, policy/guidelines for use.
<b>Curfew</b>	<ul style="list-style-type: none"> <li>Review options regarding the Stadium curfew and associated fees and return to the Board to seek input on proposed next steps.</li> </ul>	Address Stadium curfew issues while ensuring that Non-NFL events generate revenue for the Stadium Authority.
<b>San Tomas Aquino Creek Trail</b>	<ul style="list-style-type: none"> <li>By review of other venues with shallow security perimeters and consultation with Homeland Security, evaluate options for keeping trail open during events and/or providing alternate routes if trail is closed.</li> </ul>	Creek trail access and/or safe and/or accessible alternate route.
<b>SCSA Board Policy Manual</b>	<ul style="list-style-type: none"> <li>Continue to create manual, beginning with Governance and Budget policies.</li> <li>Identify areas where policies are appropriate and propose drafts for the Board's approval.</li> </ul>	Develop additional policies and present to Board for inclusion in manual. While needed, capacity has not existed to develop more policies.

<b>SCSA Auditor Annual Audit Work Plan</b>	<ul style="list-style-type: none"><li>• Analyze the Stadium Authority’s review procedures for Non-NFL Events’ revenues and provide feedback on procedure and control issues, if any.</li><li>• Review the Stadium Authority Financial Reporting Policy with staff and external auditors and provide feedback on best practices.</li><li>• Provide oversight of Construction Fund and Public Safety audits of transactions and provide feedback on the allocation of staff charges (contracted service).</li><li>• Provide oversight of Non-NFL Events audit (contracted service).</li><li>• Retain consultants to perform the annual financial audit for the Stadium Authority (contracted service).</li></ul>	Promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.
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**FY2021 Annual Public Safety Budget (CONFIDENTIAL)**  
**DRAFT**

	<u>Amount</u>	<u>Footnote</u>
Public Safety Costs - Tenant (NFL Events)	\$ 4,456,621	1
Public Safety Costs - Authority (Non-NFL Events)	\$ 727,684	2
Public Safety Capital Expenditures (2021/22 Budget)	\$ 2,036,770	3
Amortization of 2021/22 Budgeted Public Safety Capital Expenditures	\$ 126,752	4
Amortization of Prior Years Public Safety Capital Expenditures included in 2021/22 Budget	\$ 190,267	4
Public Safety Capital Expenditure Amortization in 2021/22 Budget	\$ 317,019	4
Tenant's Estimated Public Safety Share	\$ 264,182	4
Stadium Authority's Estimated Public Safety Share	\$ 52,836	4

**Footnotes to Schedule:**

Assumes 10 home games. PSC above the threshold may be paid from the Discretionary Fund per Section 7.5.3 (a). Stadium Manager notes that this projection for 2021-22 is based on 2019-2020 actuals, with a 3% increase in premium cost for PSC liability insurance. The Public Safety Cost Threshold for 2021-22 is \$2,237,084. Prior to Tenant's budget approval, Tenant requires additional discussion with public safety officials on cost-saving measures to implement for the 2021 NFL season, which Tenant anticipates will reduce the budgeted costs from FY19.

The proposed non-NFL event PSC budget is based on two (2) to be determined events, estimated to be concerts, for the 2021-22 fiscal year at a 4% compound annual growth rate vs. 2019-20 actuals. Assumes a 3% increase in premium cost for PSC liability insurance.

The Stadium Manager has received Public Safety Capital Expenditure requests from the SCSA Finance Director in December 2020 for the 2021-22 fiscal year totaling \$2,036,770. This includes \$1,663,250 of carryover requests for items approved in prior Capital Expenditure Plans. Please see the 2021-22 Capital Expenditure Plan for more detail.

Public Safety Capital Expenditure amortization for the current lease year is \$317,019, which includes \$190,267 of amortization from prior year Capital Expenditure purchases. The Tenant's estimated Public Safety Share is \$264,182 and the Stadium Authority's estimated Public Safety Share is \$52,836.

\* This excludes costs relating to Public Safety worker's compensation claims for prior years.

FY2021 Public Safety Capital Expenditures (CONFIDENTIAL)  
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Equipment	Dept	Quantity	Useful Life	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
Kubota (4x4 gas powered UTV ambulance)	Fire	1	10	15,922	-	-	-	-	15,922
Kimtech MTD-103 Advanced (med cart upgrade)	Fire	1	10	-	8,382	-	-	-	8,382
Kawasaki Pro-FXT LE Black Mule (1)	Police	1	10	-	17,209	-	-	-	17,209
Kawasaki Pro-FXT LE Black Mule (2)	Police	1	10	-	17,209	-	-	-	17,209
Portable Radios	Police	20	5	-	50,980	-	-	-	50,980
Public Safety Command Post Dispatch System	Police, IT	1	5	-	189,931	-	-	-	189,931
Kawasaki Pro-FXT LE Black Mule (3)	Police	1	10	-	-	15,738	-	-	15,738
EMS Equipment (Auto Pulse Automated Compressors)	Fire	2	5	-	-	31,101	-	-	31,101
EMS Equipment (ALS Lifepack Monitor)	Fire	1	5	-	-	30,810	-	-	30,810
Diesel Particulate Filter for Stadium Authority Fire Truck	Fire	1	10	-	-	9,392	-	-	9,392
APX 8500 Mobile Radio for Stadium Authority Fire Truck	Fire	1	10	-	-	7,150	-	-	7,150
LCD3-3 Chemical Warfare Detector	Fire	1	10	-	-	13,734	-	-	13,734
Up-Fitting Kawasaki Mules	Police	3	10	-	-	26,451	-	-	26,451
Stadium Vehicles (Gator & Kubota) Upfits	Fire	1	10	-	-	-	8,736	-	8,736
Storage Conex Garage for Apparatus	Fire	1	10	-	-	-	12,416	-	12,416
Stadium Personal Protective Equipment	Fire	1	3	-	-	-	60,125	-	60,125
Heavy Lift Kit	Fire	1	10	-	-	-	51,914	-	51,914
Radiation Detector	Fire	1	10	-	-	-	17,910	-	17,910
Rope Rescue Gear Kit	Fire	1	10	-	-	-	31,499	-	31,499
Motorola APX 6000 Radio/Charger/Battery	Fire	1	5	-	-	-	4,517	-	4,517
Motorola Earpieces	Fire	25	5	-	-	-	952	-	952
Battery Charging Pack for JHAT Crew	Fire	1	5	-	-	-	72	-	72
Small Cooler and Ice Pack	Fire	1	5	-	-	-	305	-	305
Mass Contamination Hydrant Nozzles	Fire	4	5	-	-	-	1,649	-	1,649
Radio Batteries	Police	188	3	-	-	-	19,718	-	19,718
Safety Gear for SEOs and TCs	Police	195	2	-	-	-	5,892	-	5,892
Mobile Vehicle Barricades	Police	8	10	-	-	-	360,892	-	360,892
EOD Blankets/Water Barrier	Police	1	5	-	-	-	13,743	-	13,743
Bicycles	Police	10	5	-	-	-	22,734	-	22,734
Body Worn Cameras (BWCs) for Stadium Events	Police	150	5	-	-	-	149,462	-	149,462
Permanent Changeable Signage	Public Works	1	10	-	-	-	-	1,000,000	1,000,000
Portable License Plate Reader/PTZ Cameras	Police	1	5	-	-	-	-	160,000	160,000
Fencing on Tasman & Lafayette	Police	1	20	-	-	-	-	70,000	70,000
GPS Software Tracking Personnel	Police	100	5	-	-	-	-	25,000	25,000
Staff Scheduling Software	Police	1	5	-	-	15,000	-	16,250	31,250
MCI Trailer	Fire	1	10	-	-	-	-	120,000	120,000
2-Way CAD/24-7 Link	Police	1	5	-	-	-	68,000	82,000	150,000
Dispatch Monitors	Police	16	5	-	-	-	-	8,000	8,000
Radio Chargers	Police	3	5	-	-	-	-	3,000	3,000
Radios	Police	18	5	-	-	-	-	79,000	79,000
Pedestrian Safety Fencing	Police	1	20	-	-	-	-	100,000	100,000
RadHalo Remote Radiation Monitors	Fire	4	10	-	-	-	-	190,000	190,000
PPE Replacement (Nomex Tops)	Fire	15	5	-	-	-	-	5,750	5,750
PPE Replacement (Nomex Bottoms)	Fire	15	5	-	-	-	-	3,260	3,260
Rigaku CQL 1064nm Handheld Raman Chemical Detector	Fire	1	10	-	-	-	-	50,290	50,290
Tru Defender FTX S1 WMD Chemical Detector	Fire	1	10	-	-	-	-	63,220	63,220
Vehicle Upfits for John Deere Gator	Fire	1	10	-	-	-	-	12,000	12,000
Kawasaki Mule	Police	1	10	-	-	-	-	25,000	25,000
Kawasaki Mule	Police	1	10	-	-	-	-	20,000	20,000
Onsite Conex Storage	Police	1	10	-	-	-	-	4,000	4,000
<b>Totals</b>				<b>\$ 15,922</b>	<b>\$ 283,711</b>	<b>\$ 149,377</b>	<b>\$ 830,536</b>	<b>\$ 2,036,770</b>	<b>\$ 3,316,316</b>

FY2021 Public Safety Capital Expenditures (CONFIDENTIAL)  
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Equipment	In-Svc Date	Estimate	Useful Life	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
Kubota (4x4 gas powered UTV ambulance)	Apr-18		10	-	1,592	1,592	1,592	1,592	6,369
Kimtech MTD-103 Advanced (med cart upgrade)	Jun-18		10	-	699	838	838	838	3,213
Kawasaki Pro-FXT LE Black Mule (1)	Jan-19		10	-	430	1,721	1,721	1,721	5,593
Kawasaki Pro-FXT LE Black Mule (2)	Jan-19		10	-	430	1,721	1,721	1,721	5,593
Portable Radios	Sep-18		5	-	5,948	10,196	10,196	10,196	36,536
Public Safety Command Post Dispatch System	Mar-19		5	-	3,166	37,986	37,986	37,986	117,124
Kawasaki Pro-FXT LE Black Mule (3)	Jun-19		10	-	-	1,311	1,574	1,574	4,459
EMS Equipment (Auto Pulse Automated Compressors)	May-19		5	-	-	5,702	6,220	6,220	18,143
EMS Equipment (ALS Lifepack Monitor)	Jun-19		5	-	-	5,135	6,162	6,162	17,459
Diesel Particulate Filter for Stadium Authority Fire Truck	Jul-19		10	-	-	704	939	939	2,583
APX 8500 Mobile Radio for Stadium Authority Fire Truck	Jan-20		10	-	-	179	715	715	1,609
LCD3-3 Chemical Warfare Detector	Oct-19		10	-	-	687	1,373	1,373	3,434
Up-Fitting Kawasaki Mules	Jul-19		10	-	-	1,984	2,645	2,645	7,274
Stadium Vehicles (Gator & Kubota) Upfits	Jan-21		10	-	-	-	218	874	1,092
Storage Conex Garage for Apparatus	Aug-20		10	-	-	-	828	1,242	2,069
Stadium Personal Protective Equipment	Jan-21		3	-	-	-	5,010	20,042	25,052
Heavy Lift Kit	Aug-20		10	-	-	-	3,461	5,191	8,652
Radiation Detector	Jan-21		10	-	-	-	448	1,791	2,239
Rope Rescue Gear Kit	Jan-21		10	-	-	-	787	3,150	3,937
Motorola APX 6000 Radio/Charger/Battery	Sep-20		5	-	-	-	527	903	1,430
Motorola Earpieces	Jan-21		5	-	-	-	48	190	238
Battery Charging Pack for JHAT Crew	Jan-21		5	-	-	-	4	14	18
Small Cooler and Ice Pack	Aug-20		5	-	-	-	41	61	102
Mass Contamination Hydrant Nozzles	Aug-20		5	-	-	-	220	330	550
Radio Batteries	Jan-21		3	-	-	-	1,643	6,573	8,216
Safety Gear for SEOs and TCs	Jan-21		2	-	-	-	737	2,946	3,683
Mobile Vehicle Barricades	Nov-20		10	-	-	-	15,037	36,089	51,126
EOD Blankets/Water Barrier	Jan-21		5	-	-	-	687	2,749	3,436
Bicycles	Nov-20		5	-	-	-	1,895	4,547	6,441
Body Worn Cameras (BWCs) for Stadium Events	Oct-20		5	-	-	-	14,946	29,892	44,839
Permanent Changeable Signage	Oct-21	Est	10	-	-	-	-	45,000	45,000
Portable License Plate Reader/PTZ Cameras	Oct-21	Est	5	-	-	-	-	16,000	16,000
Fencing on Tasman & Lafayette	Oct-21	Est	20	-	-	-	-	1,750	1,750
GPS Software Tracking Personnel	Oct-21	Est	5	-	-	-	-	2,500	2,500
Staff Scheduling Software	Oct-21	Est	5	-	-	-	-	3,125	3,125
MCI Trailer	Oct-21	Est	10	-	-	-	-	6,000	6,000
2-Way CAD/24-7 Link	Oct-21	Est	5	-	-	-	-	15,000	15,000
Dispatch Monitors	Oct-21	Est	5	-	-	-	-	800	800
Radio Chargers	Oct-21	Est	5	-	-	-	-	300	300
Radios	Oct-21	Est	5	-	-	-	-	7,900	7,900
Pedestrian Safety Fencing	Oct-21	Est	20	-	-	-	-	2,500	2,500
RadHalo Remote Radiation Monitors	Oct-21	Est	10	-	-	-	-	9,500	9,500
PPE Replacement (Nomex Tops)	Oct-21	Est	5	-	-	-	-	575	575
PPE Replacement (Nomex Bottoms)	Oct-21	Est	5	-	-	-	-	326	326
Rigaku CQL 1064nm Handheld Raman Chemical Detector	Oct-21	Est	10	-	-	-	-	2,515	2,515
Tru Defender FTX S1 WMD Chemical Detector	Oct-21	Est	10	-	-	-	-	3,161	3,161
Vehicle Upfits for John Deere Gator	Oct-21	Est	10	-	-	-	-	600	600
Kawasaki Mule	Oct-21	Est	10	-	-	-	-	4,500	4,500
Kawasaki Mule	Oct-21	Est	10	-	-	-	-	4,500	4,500
Onsite Conex Storage	Oct-21	Est	10	-	-	-	-	200	200

<b>Totals</b>	\$ -	\$ 12,264	\$ 69,757	\$ 120,219	\$ 317,019	\$ 519,259
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Events with tickets sold or available for sale > 20k	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
NFL (StadCo) Events	10	10	12	12	10	54
SCSA Events	10	9	5	5	2	31
<b>Total Events</b>	<b>20</b>	<b>19</b>	<b>17</b>	<b>17</b>	<b>12</b>	<b>85</b>

StadCo Proportion	50%	53%	71%	71%	83%	64%
SCSA Proportion	50%	47%	29%	29%	17%	36%

Depreciation Split	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
StadCo Depreciation	-	6,455	49,240	84,861	264,182	404,738
SCSA Depreciation	-	5,809	20,517	35,359	52,836	114,521
<b>Totals</b>	<b>\$ -</b>	<b>\$ 12,264</b>	<b>\$ 69,757</b>	<b>\$ 120,219</b>	<b>\$ 317,019</b>	<b>\$ 519,259</b>



## Stadium Authority Board Budget Policy

The Santa Clara Stadium Authority (Stadium Authority) has a responsibility to the Santa Clara community, its financing agencies, the Forty Niners Stadium Management Company (ManCo), and other stakeholders to manage the Stadium finances wisely and with transparency and to plan for the provision of services desired by, and in the best interest of, the public.

The Proposed Operating, Debt Service, and Capital Budget for the Stadium Authority is developed as required in the Stadium Authority Management Agreement, Section 4.6: Annual Operating Budget. The budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Funding for operating the Stadium for Non-NFL events through ManCo,
- Advancement of the FY 2021/22 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

Through the Management Agreement, ManCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This policy is designed to provide standards for financial decision-making consistent with applicable law, agreements, and debt covenants and establish parameters for directing the financial affairs of the Stadium.

This policy is meant to be dynamic and is subject to change as the needs arise or when additional information is available. All amendments will be approved by the Stadium Authority Board (Board) at a public meeting.

### **A. Budget Objectives:**

1. Ensure proper governance and accountability as reflected in the annual budget.
2. Identify needs of the community, ManCo, and key stakeholders (such as Stadium Builder License holders/season ticket holders, fans, and event attendees).
3. Inform and communicate clearly and thoroughly to the community as a whole the Stadium Authority's fiscal position and budget schedule/hearings to actively

- participate in the Stadium Board's budget deliberations.
4. Align the budget with Stadium Authority Board priorities and duties, as proposed by the ManCo, Stadium Authority staff, and/or Board members.
  5. Identify and budget the resources required to perform services and accomplish policy objectives.
  6. Ensure the long-term upkeep and maintenance of the Stadium.
  7. Set standards to measure, monitor, and evaluate the Stadium Authority's accomplishment of budget objectives and expenditure of appropriations:
    - Quarterly Financial Reports
    - Annual Budget Review and Adoption
    - Annual Financial Statements
  8. Focus on business process redesign in order to improve productivity and quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).

**B. Budget Policy Statements:**

1. Stadium Authority Staff will submit a structurally balanced budget (revenues will equal or exceed expenses) for Stadium Authority Board approval to cover annual debt requirements and operating and maintenance expenses. If a structural imbalance occurs, a plan will be developed and implemented to correct the imbalance.
2. Stadium Authority Executive Director will submit the annual proposed budget to the Board in compliance with the relevant provisions of the Stadium Management Agreement in late February/early March for Board review and public input and the Board will adopt the annual budget before March 31<sup>st</sup> of each year.
3. The Stadium Authority Budget will comply with all local, including Measure J, State, and Federal legal requirements.
4. The Stadium Authority Budget will provide for adequate maintenance and repair of capital and equipment for the Stadium:
  - a. An annual capital budget will be prepared and approved by the Board as part of the annual budget.
  - b. A five-year capital plan will be prepared and updated annually. The plan will prioritize all anticipated capital projects.
5. The Stadium Authority will maintain a budgetary control system to ensure adherence to the budget and will use a budget/encumbrance control system to ensure proper budgetary control. Budgetary appropriation control for expenditures shall be at the fund level.
6. Stadium Authority staff will prepare quarterly reports comparing actual revenues and expenses to budgeted amounts.
7. Stadium Authority staff will bring forward budget amendments for Board consideration during the year in order to address unanticipated needs, emergencies, or compliance with Stadium agreements.
8. The Stadium Authority Budget will be prepared using the accrual basis.
9. The Stadium Authority Treasurer is responsible for coordinating the overall preparation of the Stadium Authority's budget and analyzing its content, reflective

of expenses for operations of ManCo and Stadium Authority staff, debt requirements, and capital expenses.

- **Budget Development Process:**

The Stadium Authority Treasurer is responsible for coordinating the overall preparation of the Stadium Authority's budget and analyzing its content. The goal of each budget development process is that the Budget is presented to the Board and the public at one Study Session and one Public Hearing before its final approval of the annual budget. The following are key steps to the budget development process:

1. In November of each year (or before), Stadium Authority staff will meet with the ManCo and develop the annual budget development plan which includes the date that the ManCo will provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement.
2. No later than 45 days prior to the start of the upcoming fiscal year, the ManCo will provide annual documents as outlined in the Stadium Agreements, which will be used in the Budget Development Process.
  - Stadium Operations and Management Plan (*Source: Stadium Management Agreement*)
    - Annual Shared Expense Budget w/ Five Year Projection (*Source: Stadium Management Agreement*)
    - Annual Stadium Operations Budget (*Source: Stadium Management Agreement*)
    - Annual Public Safety Budget (*Source: Stadium Management Agreement*)
    - Capital Expenditure Plan with Five Year Projection (*Source: Stadium Management Agreement*)
  - Non-NFL Event Marketing Plan (*Source: Stadium Management Agreement*)
3. Stadium Authority staff will fully analyze the ManCo's budget submission including but not limited to the number of FTEs recommended and related personnel costs; line item recommended expenses; and strategic focus of recommended resources using various tools such as historical expense analysis, incremental increases, and base budget review.
4. Stadium Authority staff will calculate the budget for Stadium Authority General and Administrative costs (such as staff costs, consulting, audit, legal, and any reasonable and necessary expenses to uphold its support of the Board).
5. Stadium Authority staff will calculate any necessary funding to be used for the Stadium Authority's Discretionary Fund.
6. Stadium Authority staff will compile a draft budget incorporating the items provided by the ManCo (see step 2 on the previous page) and calculated by staff and will submit the document to the Stadium Authority Board at a Study Session or Public Hearing for review and seeking input from the public and the Board.
7. Prior to March 31st, staff will submit the proposed Annual Stadium Authority Budget to the Board for final approval.

# Stadium Authority Compliance and Management Policy

This policy sets the framework for compliance of the mandates of *The Santa Clara Stadium Taxpayer Protection and Economic Progress Act* (Measure J), passed by the voters of the City of Santa Clara in June 2010 and the management of Levi's Stadium (Stadium). Measure J was the legislation that approved the development on City-owned land of a Stadium suitable for the exhibition of professional football games and other event subjects, however, to the binding requirements set forth in Measure J to safeguard the City's General and Enterprise Fund and protect City taxpayers. Measure J was enacted for the following purposes:

1. Generate New Revenue for Santa Clara
2. Create New Jobs
3. Provide Taxpayer Protections
4. Generate Community Funding

To ensure that Levi's Stadium (Stadium) operates within the boundaries of Measure J and that the Stadium is managed effectively, the Stadium Authority Board (Board) established the following Board priority in January 2017:

- *Ensure Compliance with Measure J and Manage Levi's Stadium*

The Board is committed to complying with the regulations of Measure J and governance of the Stadium Authority and its activities through the below framework:

- Oversight – effective management of the Stadium
- Commitment – to the citizens of Santa Clara to protect the community and safeguard the City's General Fund
- Compliance – with Measure J and various Stadium agreements
- Transparency – to provide information required for decision making
- Communication – to keep the public informed of issues related to the Stadium
- Adequate Resources – to maintain the necessary resources, including staffing, to effectively manage the Stadium
- Enforcement – to require that Stadium contracts and agreements are accurately followed
- Monitoring – perform compliance and financial audits by both internal and external auditors
- Corrective Action – audit report of all findings which will require a written response to any non-compliant finding

Stadium Authority Board decisions must be aligned to the voter approved Measure J legislation and evaluation of this initiative must be reviewed against the purpose for which Measure J was established. The intent of the above framework is to provide transparency of conventional activities that the Stadium Authority will engage in to ensure Measure J compliance.

## **Questions for the Stadium Manager in reference to the 2021/22 SCSA Budget**

*Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.6 states that the Stadium Manager will prepare an annual operating budget for the Stadium for each Fiscal Year (the “Stadium Operations Budget”) to meet the scope of services and objectives under this Agreement; such Stadium Operations Budget may include such other information as may be requested by StadCo and the Stadium Authority.*

*As a result of the City’s revocation of the Executive Director’s authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.*

Note: SCSA may ask additional questions once the information requested below is provided.

### **Facility Rent**

- StadCo’s FY2021/22 budget is in accordance with the rent reset. SCSA does not have any questions.
- StadCo’s FY2020/21 projection is \$17.33 million. The SCSA has received \$17,884,000 to date.

#### **1. Please provide a written request with how StadCo prefers to handle the overage.**

##### **Stadium Manager:**

As noted on the SCSA Annual Budget submission, the projected actuals are based on forecasted waterfall activity. From an accrual perspective, you may have booked and received \$17.884M, but from a cash perspective (i.e. waterfall activity) you have only received \$17.33M for FY 2020/21 Facility Rent.

Your note above lists that these projections and proposed budget are from StadCo. We assume you mean Stadium Manager.

#### **2. Have any federal relief funds been received?**



**Stadium Manager:**

No federal relief funds have been received by the Stadium Manager.

**NFL Ticket Surcharge** (10% of NFL Ticket Revenue)

NFL Ticket Surcharge			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 8,412,291	\$ 8,665,000	
SCSA Actuals/Projections	\$ 8,412,291	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 8,665,000

- All FY2020/21 NFL Games have been completed with total surcharge of \$0. SCSA does not have any questions.
- The FY2021/22 budget assumes all games will occur with full attendance.

**3. Please provide an alternate scenario/projection given the pace of the COVID-19 vaccine rollout.**

**Stadium Manager:**

We recommend a 2021 budget that assumes 100% fans. As we gain more clarity on the Covid-19 situation, we can use the budget amendment process called for in the Stadium documents.

However, we would be happy to provide an alternate scenario/projection for you. Please provide the attendance assumptions you would like us to use for this projection. We will provide this on a confidential reply document.

Your table above shows that these projections and proposed budget are from StadCo. We assume you mean Stadium Manager.

**Stadium Builder License (SBL) Receivables**

SBL Receivables			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 25,416,000	\$ 24,213,000	
SCSA Actuals/Projections	\$ 26,245,536		
StadCo Projection		\$ 23,512,000	
StadCo Proposed Budget			\$ 23,682,000

- StadCo's FY2020/21 projection is \$23,512,000.

4. The SCSA has received \$9.9 million to date leaving \$13.5 million to be collected prior to the end of the year to meet the provided projection. Please provide the assumptions and details behind this projection and any potential impacts from the current COVID-19 pandemic.

**Stadium Manager:**

Please see the response in the confidential document.

- StadCo's FY2021/22 proposed budget for SBLs is \$23,682,000 which is \$170,000 higher than StadCo's FY2020/21 projection.

5. Please provide the assumptions that were factored into the FY2021/22 budget.

**Stadium Manager:**

- 800 new SBLs sold at an average price of \$6k (\$4.8M)
- 3% gross default rate
- New SBLs are assumed to be financed 90% of the time at the existing 10-year / 8.5% financing terms

**See other document on confidential question**

**STR Marketplace** (This is an online marketplace where SBL owners can sell their SBLs directly to 3<sup>rd</sup> parties. Based on an agreement with STR, SCSA receives a portion of these transactions with a minimum \$325,000 annual fee due to SCSA).

- StadCo's FY2020/21 projection of \$325,000 is in line with SCSA's projection based on FY2020/21 average Monthly STR Fees. SCSA does not have any questions.

STR Marketplace			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 345,000	\$ 392,000	
SCSA Actuals/Projections	\$ 325,000	\$ 325,000	
StadCo Projection		\$ 325,000	
StadCo Proposed Budget			\$ 325,000

**Non-NFL Events (Net)**



Note: StadCo provided a cash-based budget (which is required for the Trust), therefore, the FY2020/21 projection and FY2021/22 budget are related to the FY2019/20 and FY2020/21 Non-NFL Events, respectively.

- 6. Please provide the projected Non-NFL Event activity at the gross level (revenues and expenses) for the Stadium Authority's 2020/21 Fiscal Year (April 1, 2020 – March 31, 2021). Given that no events were held at the Stadium, please provide the assumptions and details behind the \$600k loss.**

**Stadium Manager:**

Similar to what you may have seen from the Santa Clara Convention Center, there are still costs associated with keeping a business going even during a period where no events occur. A majority of the expenses related to the projected shortfall of \$600k are estimated labor costs for both the special events team, who has worked on customer outreach and handled customer refunds for cancelled events, and other G&A staff (accounting, finance, ticket operations, etc.) working on Non-NFL Events, including responding to requests from your Non-NFL auditors. There is also amortization expenses of public safety costs and City of Santa Clara liability insurance included in this projection.

- 7. Please provide the budgeted Non-NFL Event activity at the gross level (revenues and expenses) for the Stadium Authority's 2021/22 Fiscal Year (events that will occur April 1, 2021 – March 31, 2022).**
  - a. We have noted the comment explaining the net shortfall may range from a loss of \$600k to \$0. Please provide the assumptions and details (including number of events) behind this estimate.**

**Stadium Manager:**

As noted on our budget submission on January 29<sup>th</sup>, 2021, the assumptions include two (2) TBD concerts. Overall, the range from a shortfall of \$600k to breakeven primarily depends on the ability to host both ticketed and catered events throughout the year. If for some reason the Covid-19 situation remains stagnant, it is possible there could be a shortfall very similar to what is being projected for FY2020/21 activity (FY2021/22 cash). However, if we are able to get people back in Levi's Stadium for both ticketed events (and there are acts to book) and special events, especially prior to the holiday season where the special events business thrives, it is possible that we could see improved financials compared to FY2020/21.

For example, we are currently looking to reschedule BTS. This concert has sold well and we are still holding around 80% (20% refunded) of the cash for advanced ticket sales. Assuming no impact by Covid-19, this concert would be a success.

8. The assumed activity does not appear to be consistent with the NFL activity assumption of full attendance nor is it consistent with marketing plan. Please explain the why the Non-NFL event revenue is not consistent with the NFL assumptions and the marketing plan.

**Stadium Manager:**

The number of NFL events and timeframe are already known. There will be an NFL season in the fall with 10 home games scheduled. This is not necessarily the same for Non-NFL Events which require far more assumptions to be made. Consistent with what the Marketing Plan stated, the events industry is already looking beyond 2021 and towards 2022-2023. A majority of promoters and artists have made the decision to sit out 2021 as we recover from the pandemic, although as noted above, some prospects remain. Even if the Covid-19 situation bounces back quicker than anticipated, that doesn't necessarily mean that there will be many additional Non-NFL Events to schedule in 2021.

9. With the continued decline of Non-NFL events to the level of no Non-NFL events held this fiscal year, why is there not a decline in SCSA's portion of expense to a level closer to zero?

**Stadium Manager:**

The Non-NFL Events business at Levi's Stadium has shown that it can generate millions of dollars in net profit per year, but that requires significant amounts of work by a group of dedicated employees executing a business plan.

As with any business, even during periods of short term revenue disruption, there are overhead costs associated with keeping the business alive. This is similar to what the City of Santa Clara is seeing with the convention center that has spent money on marketing, staff, and overhead costs, even though it is currently unable to host events.

As noted in the Marketing Plan, we and several other industry experts are projecting 2022 and 2023 to bring the event business back on track with busy concert touring calendars. Preparation for 2022 and 2023 requires significant efforts in 2021 to ensure a successful slate of events.

**Non-NFL Ticket Surcharge** (\$4 per ticket sold)

Non-NFL Ticket Surcharge			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 735,496	\$ 572,000	
SCSA Actuals/Projections	\$ 735,496	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 150,000

- StadCo's FY2020/21 projection is \$0 and corresponds to SCSA's projection given no ticketed events were held at the Stadium.
- StadCo's FY2021/22 proposed budget is \$150,000.

**10. Please provide the detailed assumptions by event category used to calculate this number. Please also include number of events. These assumptions should tie to the Marketing Plan.**

**Stadium Manager:**

As noted on our budget submission on January 29<sup>th</sup>, the projection assumes two (2) TBD concerts that could generate up to \$300k in Non-NFL Ticket Surcharge. The budget submitted reflects the midpoint (i.e. \$300k \* 50%).

This calculates to 37.5k tickets sold.

**Naming Rights**

- StadCo's FY2020/21 projection and FY2021/22 budget are in accordance with Naming Rights Contract. SCSA does not have any questions.

**Senior/Youth Fee** (\$0.35 per NFL ticket sold)

- StadCo's FY2020/21 projection is \$0 and corresponds to SCSA's projection.
- The FY2021/22 budget reflects \$232,000 and is in line with an average attendance of 66,273 for 10 NFL games.

**11. The FY2021/22 budget assumes all games will occur with full attendance. Please provide an alternate scenario/projection given the pace of the COVID-19 vaccine rollout.**

**Stadium Manager:**

Please refer to the response to this identical question earlier in this document.

**Interest Income**

Interest Income			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 938,000	\$ 896,000	
SCSA Actuals/Projections	\$ 903,761	\$ 39,122	
StadCo Projection		\$ 74,000	
StadCo Proposed Budget			\$ 56,000

- StadCo's FY2020/21 projection is \$74,000 however SCSA's projection for interest is closer to \$39,000. See table below:

2020/21 SCSA Projected Interest Income			
Month	Cash Balance	Interest	Effective Interest Rate
April-20	\$ 59,167,305	\$ 9,012	0.18%
May-20	59,569,621	5,046	0.10%
June-20	59,994,330	3,550	0.07%
July-20	66,583,536	3,045	0.05%
August-20	65,384,022	2,130	0.04%
September-20	74,080,557	1,635	0.03%
October-20	71,717,684	1,415	0.02%
November-20	71,496,432	1,205	0.02%
December-20	73,620,142	415	0.01%
January-21	73,523,742	3,585	0.06% *
February-21	74,412,742	3,628	0.06% *
March-21	91,419,742	4,457	0.06% *
SCSA Projected Interest Income		\$ 39,122	

\*Used estimated cash balances and .06% as interest rate assumption for January 2021 through March 2021 calculations

## 12. Please provide details and assumptions on how the projection of \$74,000 was developed.

### Stadium Manager:

The details and assumptions used for projected interest income were taking YTD cash actuals of \$71k through December and assuming a run rate for January through March that is similar to the three-month average of October through December.

- StadCo's FY2021/22 proposed budget is \$56,000.

**13. Please provide assumptions and calculations used to determine the interest income budgeted amount of \$56,000.**

**Stadium Manager:**

The details and assumptions used for the interest income budget were an average of 0.2% on estimated Waterfall, Capex Reserve and Opex Reserve balances throughout the year. If there are different interest rates and average balances that you prefer to be used for the 2021/22 budget, please advise.

**SCSA Stadium Manager Shared Expenses**

Stadium Manager Shared Expenses		
	2020/21	2021/22
StadCo Projection	\$ 6,550,000	
StadCo Proposed Budget		\$ 7,877,000

- StadCo's 2020/21 projection is \$6,550,000.

**14. Please provide the detailed breakout for the 2020/21 projection in the same manner as the SCSA Annual Shared Stadium Expense Budget (by department and expense type).**

**Stadium Manager:**

Please see the attached.

**15. There is no basis by which to proceed with confidentiality with regard to personnel being paid with public funds. Invoices for other consultants and contractors contain hourly billing information such as duties performed and rates of pay. For staffing costs, please provide salaries by position title (without names), actual hours charged to Shared Expenses, hourly rates, benefits, and related costs. Meeting at the stadium to review Shared Expenses is inefficient and the SCSA looks to provide some level of detail to the Board in a timely manner to support these costs.**

**Stadium Manager:**

We are happy to provide all of this info to you and your auditors as we have in prior years. Linh Lam looked at this detail last month and Tyler Cook did so before her. This includes the names and pay for every single employee.

This has been consistent with past practice for the past seven years, and we believe your continued request is in bad faith and part of your litigation strategy.



You are also reminded that the compensation of Stadium Manager employees is at the sole and absolute discretion of the Stadium Manager per 6.5.1 of the Management Agreement.

**16. For Outside Services cost, please provide the details supporting each expense, including payments, contracts, and invoices.**

**Stadium Manager:**

There is a separate process for providing copies of contracts, invoices, etc. for prior year expenses.

**17. Please explain the procurement plan for any contracted services.**

**Stadium Manager:**

For any new contracts requiring SCSA approval, Stadium Manager will submit contracts and procurement information that complies with the Stadium Authority Procurement Policy set forth in Chapter 17.30. Stadium Manager shall work with the SCSA on those purchases over \$250K per year that require competitive bidding under the Policy as we have in previous years. No competitive bidding or procurement procedures are required for purchases under \$250K under the Policy.

**18. The job description list provided appears to be incomplete as the following positions are missing President, CFO, Deputy Counsel, General Counsel, Compliance Manager. Please review the list provided to the SCSA and update accordingly.**

**Stadium Manager:**

As discussed with your predecessors and consistent with the last seven years of operations, we do not charge for President, CFO, Deputy General Counsel, or General Counsel time spent on SCSA work. The Compliance Manager charges his time back as part of "Other G&A" and is not bucketed under Stadium Manager Shared Expenses. There is no need to update the Stadium Manager Shared Expenses job descriptions and org chart.

**19. As a reminder, based on Stadium Board direction, supporting documentation is required prior to payment.**

**Stadium Manager:**

SCSA will be provided contracts and procurement information for all new contracts that require SCSA approval as provided in the Stadium Authority Procurement Policy.



**20. Please provide a detailed breakdown of the costs savings in maintenance and operating expenses of the Team not playing the last 3 NFL games of the 2020 season at Levi's Stadiums.**

**Stadium Manager:**

To remind you, there is a difference between event costs and shared stadium expenses. Both NFL Gameday costs and utilities during the NFL season are charged 100% to StadCo. Accordingly, the breakdown you requested is not information that is relevant to the SCSA.

**21. Based representations that the costs of use of the Stadium for as mass-vaccine site will be covered by the NFL and Niners, shouldn't Shared Expenses decrease as part of the costs previously allocated that would now be paid 100% directly by the NFL and the 49ers Team?**

**Stadium Manager:**

As noted above, there is a difference between event costs and shared stadium expenses. All incremental costs associated with utilizing Levi's Stadium as a vaccine site will be covered by the 49ers. This would not impact the SCSA's portion of Shared Stadium Expenses, which exclude incremental event costs. Stadium Managers' VP/Controller shall ensure all incremental event costs are properly allocated to the 49ers.

- StadCo's FY2021/22 budget submittal is \$7,877,000 which is \$1.1 million lower than the FY2020/21 budget submittal. The table below shows the differences between the FY2021/22 and the FY2020/21 budget submittals at the department level.

**Stadium Manager**  
**2020/21 to 2021/22 Change in Budget Submittal of Shared Stadium Expenses**

	Security		Stadium Operations		Engineering		Guest Services		Groundskeeping		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Compensation	\$ (47,503)	-11%	\$ (658,016)	-26%	\$ 140,458	10%	\$ (149,170)	-38%	\$ 12,894	16%	\$ (701,337)	-14%
Travel, Meals & Entertainment	-	0%	(140,863)	-69%	(3,975)	-66%	(26,701)	-65%	(1,650)	-80%	(173,192)	-68%
Outside Services	28,394	3%	(278,900)	-26%	320,829	71%	25,332	3167%	(97,362)	-37%	(1,675)	0%
General Supplies	15,754	980%	(14,350)	-23%	(77,670)	-100%	(25,209)	-25%	(20,772)	-36%	(122,239)	-41%
Telephone	900	18%	(46,986)	-17%	(1,200)	-12%	(2,976)	-67%	-	0%	(50,263)	-17%
Equipment	74,268	918%	(71,765)	-32%	(22,730)	-81%	(25,000)	-43%	(600)	-25%	(45,820)	-14%
Uniforms	2,276	44%	-	0%	(250)	-17%	(30,829)	-39%	-	0%	(28,803)	-34%
Other	-	0%	(13,200)	-30%	6,470	518%	14,003	48%	-	0%	7,278	10%
<b>Subtotal</b>	<b>\$ 74,089</b>	<b>5%</b>	<b>\$ (1,224,080)</b>	<b>-27%</b>	<b>\$ 361,932</b>	<b>18%</b>	<b>\$ (220,550)</b>	<b>-31%</b>	<b>\$ (107,490)</b>	<b>-26%</b>	<b>\$ (1,116,051)</b>	<b>-12%</b>
Insurance											91,345	3%
Management Fee											7,164	3%
<b>Total</b>											<b>\$ (1,017,542)</b>	<b>-8%</b>

**22. Please provide an explanation for the changes between department budgets that changed by more than 5%.**



**Stadium Manager:**

There is an overall reduction in headcount that has led to significant savings in compensation costs. This is the large driver of the year-over-year change. There is also a reduction in overall spending for travel and entertaining costs, as well as general supplies and equipment needs.

**Utilities**

- StadCo's FY2020/21 projection is on target. SCSA does not have any questions.
- StadCo's FY2021/22 proposed budget is an \$11,000 decrease from the FY2020/21 budget. In the past there has been a 3% increase year over year.

**23. Please provide details and assumptions on how the budget was developed.**

**Stadium Manager:**

The assumption is that there would be limited staff and guests at the Stadium through June which would produce a forecasted savings of roughly 7% per month until utility costs return to their standard rates (3% growth vs. FY20 budget) for the rest of the year.

**SBL Sales and Service**

<b>SBL Sales and Service Expenses</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
SCSA Final Budget	\$ 3,614,477	\$ 3,610,000	
SCSA Actuals/Projections	\$ 3,614,477		
StadCo Projection		\$ 1,967,000	
StadCo Proposed Budget			\$ 3,448,000

- StadCo's FY2020/21 projection is \$1,967,000

**24. Please provide a detailed breakout for this projection similar to Stadium Manager Expenses (Compensation, Travel, Outside Services, General Supplies, etc.).**

**Stadium Manager:**

Please see the attached.

- StadCo's FY2021/22 proposed budget of \$3,448,000 is \$1,481,000 (or 75%) higher than the FY2020/21 projection.

**25. Please describe the increase in this line item.**

**Stadium Manager:**

The largest driver of the proposed budget variance is the All-Inclusive Buffet which saw no costs in 2020/21 as no fans were present for 49ers home games. In addition to this, there were also large savings in sales, general and administrative costs due to the inability to host prospecting events, SBL member events, or focus group. Overall the proposed budget of \$3.448M is 4.5% lower than last year's budget of \$3.610M.

**26. The budgeted full-time staff remains at 19 in FY20/21 and FY21/22, however, budgeted staff costs (wages and bonuses) decline in FY21/22. Please provide an explanation for the decline in staff costs while FTE remains constant. Meeting at the stadium to review expenses is not only inefficient it is entirely inadequate to ensure that the shared expenses are being properly allocated. SCSA is required to have transparency into its accounts so that it can provide the necessary level of detail to the Board in a timely manner to support these costs.**

**Stadium Manager:**

Correct, full time staff headcount still remains at 19. The reasons for a reduction in wages and bonuses charged to the SCSA, despite the same number of headcount, is primarily due to a reduction in the overall percentage estimates of time spent on SBL work for the Service team. To remain conservative, we are also forecasting a lower SBL Revenue goal for the sales team which is the reason for the decline in bonuses and commissions year-over-year.

**Use of StadCo Tenant Improvements** (based on Exhibit R to the Stadium Lease the Stadium Authority is charged for the use of StadCo assets during Non-NFL events)

Use of StadCo Tenant Improvements			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 182,000	\$ 73,000	
SCSA Actuals/Projections	\$ 182,000	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 26,000

- StadCo's FY2020/21 projection is \$0 and corresponds to SCSA's projection.
- StadCo's FY2021/22 budget is \$26,000.

**27. Please provide calculations and assumptions behind the budgeted amount of \$26,000.**

**Stadium Manager:**

- Two (2) Concerts = \$11k
- Special Events = \$15k

**Stadium Authority G&A Costs**

<b>Stadium Authority General and Administrative Costs (G&amp;A)</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
SCSA Final Budget	\$ 2,480,000	\$ 4,581,000	
SCSA Actuals/Projections	\$ 2,371,198	\$ 2,666,000	
StadCo Projection		\$ 2,666,000	
StadCo Proposed Budget			\$ 3,000,000

- StadCo's FY2021/22 proposed budget of \$3,000,000 does not match SCSA's submittal of \$5,115,000.

**28. Please provide assumptions behind the budgeted amount of \$3,000,000. As a reminder, the SCSA's budget is on accrual basis. Projected savings from a previous year should not affect the expenses on an accrual basis.**

**Stadium Manager:**

On an accrual basis, the budgeted amount should be \$3M. There is no cash adjustment to the SCSA Overhead number submitted on the Annual Budget. This amount is based on your FY20 projected actuals of \$2.666M grown at 12 percent, which is the same YoY percentage increase from FY19 to FY20 (i.e. \$2.371M to \$2.666M). As the event calendar in 2021 may be limited, Stadium Manager has managed to reduce costs in a number of areas and will continue to look for ways to reduce further during these uncertain times. Please provide an updated SCSA Overhead budget that is no more than \$3M by 2/26/21, which is subject to the approval of Stadium Manager per Section 3.2 of the Management Agreement.

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**Management Co Base Fee**

- StadCo's FY2020/21 projection of \$239,000 and FY2021/22 proposed budget of \$246,000 is based on the Management Agreement of 3% increase. No questions.

### **Non-NFL Ticket Fee \$2 Discretionary Fund Deposit**

- StadCo's FY2020/21 projection and FY2021/22 budget is the full \$2 per non-NFL event ticket that is deposited into the discretionary fund, not the actual discretionary fund expense.
- The FY2020/21 discretionary fund expense is projected to be approximately \$0.
- The FY2021/22 discretionary fund expense budget is \$250,000.

**29. Once the questions noted under Non-NFL Ticket Surcharge are answered, additional questions about the discretionary fund expense may follow.**

Stadium Manager:

As a reminder, the Stadium Authority budget submission is on a cash basis.

### **Ground Rent – Base**

- StadCo's FY2020/21 projection and FY2021/22 budget are both based on Ground Lease Agreement. No questions.

### **Ground Rent – Performance**

**30. Once the questions noted under the Non-NFL Events (net) section are addressed, additional questions on the performance rent may follow.**

Stadium Manager:

Noted.

### **Senior/Youth Fee Expense**

- StadCo's FY2020/21 projection is \$0 and corresponds to SCSA's projection.
- StadCo's FY2021/22 budget reflects \$232,000 and is in line with an average attendance of 66,273 for 10 NFL games.

**31. The FY2021/22 budget assumes all games will occur with full attendance. Please provide an alternate scenario/projection given the pace of the COVID-19 vaccine rollout.**

Stadium Manager:

Please refer to the response to this identical question earlier in this document.

### **Capital Expenditures**

- Please see separate document with questions related to Capital Expenditures.

### **Insurance Expense**

- StadCo's FY2020/21 projection and FY2021/22 budget are both based on Stadium Lease Agreement.

#### **32. Please provide insurance documents for all Stadium-related policies with supporting invoices for premiums.**

##### **Stadium Manager:**

As discussed with your predecessor, the Stadium Authority's rates are fixed per Section 8.3.1 of the Stadium Lease that states the Stadium Authority Insurance Share shall be calculated as follows: (i) for the first lease year the Stadium Authority Insurance Share shall equal two million five hundred fifty thousand dollars (\$2,550,000) and (ii) on the commencement of the second and each succeeding lease year, the insurance shall be increased by three percent (3%). This fixed rate for insurance was included in the Facility Rent calculation as part of Exhibit J.

Each year the SCSA receives a summary of insurance coverages and certificates of coverage.

#### **33. These costs are not reconciled against invoices. How are potential savings of public funds being expended?**

##### **Stadium Manager:**

Please see answer to Question 32 above. The Stadium Authority's rates are fixed per Section 8.3.1 of the Stadium Lease Agreement.

### **Naming Rights**

- StadCo's FY2021/22 proposed budget is \$88,000 and agrees to the commission schedule.

#### **34. Please indicate if the liquidated damages amount payable to the Stadium Authority and subsequent payment to Levi's has been included in the submitted budget. In addition, provide the calculation for liquidated damages.**

##### **Stadium Manager's Response:**

This information has been provided separately to the SCSA and is included in the draft budget.

## **Other Expenses**

<b>Other Expenses</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
SCSA Final Budget	\$ 110,000	\$ 1,400,000	
SCSA Actuals/Projections	\$ 104,915		
StadCo Projection		\$ 913,000	
StadCo Proposed Budget			\$ 388,000

- StadCo's FY 2021/22 proposed budget is a decrease of \$525,000 or 58% from the FY 2020/21 projection of \$913,000.

**35. Please provide details including a breakdown of staff costs and lender fees and an explanation why it has decreased by 58%. For staffing costs, please provide salaries by position title (do not provide names), actual hours charged, hourly rates, benefits, and related costs.**

### **Stadium Manager:**

As noted on the SCSA Annual Budget submission on 1/29/21, the projected actual of \$913k are forecasted waterfall activity. The forecasted projected actual expense for the Other G&A line item are closer to \$350k and are related to G&A staff costs and lender admin fees. This difference between the \$913k and the \$350k will be trued up on next year's Lender budget.

The FY20 budget included costs for implementing the new accounting system, which has been delayed by the SCSA for a variety of reasons. In view of the pandemic, we also reduced our staff costs in responding to various inquiries by the SCSA staff. Lastly, we spent significantly less time than budgeted working on prior period research for HSNO, following the suspension of that project.

As noted earlier, we are happy to provide all of this info to you and your auditors as we have in prior years. Linh Lam looked at this detail last month and Tyler Cook did so before her. This includes the names and pay for every single employee.

**36. Please note that the Stadium Authority has reserves all rights to recoup funds and other costs based on Stadium Manager's breach of its obligations under the Management Agreement, including any payments associated with the Financial Management System Implementation.**

### **Stadium Manager:**

Stadium Manager is in receipt of the Stadium Authority's reservation of rights, which places another barrier towards implementing the financial management system selected by the Stadium Authority. Stadium Manager is happy to begin the implementation of the requested financial management system upon the Stadium Authority agreeing to honor its contractual obligation to pay for costs related to its implementation.

### **Debt Service**

- Term A Interest: StadCo's FY2020/21 projection of \$12,208,000 and FY2021/22 budget of \$11,507,000 is in line with SCSA calculations. No questions.
- Term A Principal
  - StadCo's FY2020/21 projection of \$14,022,000 is higher than SCSA calculation of \$13,354,000.
  - StadCo's FY2021/22 proposed budget of \$14,723,000 is higher than the \$14,022,000 scheduled principal payment.

**37. We understand from prior years that this is a timing issue. As a reminder, the SCSA's budget is on accrual basis.**

**Stadium Manager:**

Noted.

- Lender Required Reserve deposit/withdrawal of \$500,000

**38. Please explain what this line item is and what has changed from last year.**

**Stadium Manager:**

Mechanically, the waterfall provides certain traps to ensure that operating expenses are able to be made based on the lender budget that is provided. The updated forecast for the lender budget has lower O&M expense estimates for April through June of 2021 than what was previously budgeted for. This releases cash that was previously trapped to cover these expenses which we are estimating to be somewhere in the ballpark of \$500k.

- Subloan Scheduled Principal: StadCo's FY2020/21 projection and FY2021/22 budget do not match the schedule noted in the original agreement.

**39. We understand from prior years that an adjusted amortization schedule was developed. Please provide a copy of the adjusted amortization schedule for reference.**

**Stadium Manager:**



Please see the attached.

### **CapEx Reserve**

- StadCo's 2021/22 budget is based on the annual \$1,000,000 (plus 3% annual inflator) increase to the CapEx reserve described in Article 14 of the Stadium Lease for use of excess revenues for the purposes of the trust cash flow. This contribution is dependent on excess cash. We understand that ManCo may pull the excess revenue to pay down the Revolving Loan; however, the Stadium Authority stands behind its position that draws on the Revolving Loan are unauthorized as well as any subsequent payments.

### **Operating Reserve**

- StadCo's 2021/22 budget is based on the annual 3% increase to the Operating Reserve noted in Article 14 of the Stadium Lease for use of excess revenues for the purposes of the trust cash flow. This contribution is dependent on excess cash. We understand that ManCo may pull the excess revenue to pay down the Revolving Loan; however, the Stadium Authority stands behind its position that draws on the Revolving Loan are unauthorized as well as any subsequent payments.

**SCSA Annual Shared Stadium Expense Budget (CONFIDENTIAL)**  
**FY20 Projected Actuals**

**FY20 Projected Actuals**

<b>Category</b>	<b>Security</b>	<b>Stadium Ops</b>	<b>Engineering</b>	<b>Guest Services</b>	<b>Grounds</b>	<b>Total</b>
Total Compensation	490,500	1,666,425	1,510,000	286,550	60,000	4,013,475
Travel, Meals & Entertainment	200	11,300	0	10,000	2,500	24,000
Outside Services	762,300	712,500	452,200	100	98,000	2,025,100
General supplies	4,900	21,800	2,000	600	30,200	59,500
Telephone	4,100	233,800	6,800	2,000	400	247,100
Equipment	39,800	64,200	13,000	36,100	400	153,500
Uniforms	1,000	0	200	21,500	0	22,700
Other	0	3,000	100	0	1,500	4,600
<b>Total</b>	<b>1,302,800</b>	<b>2,713,025</b>	<b>1,984,300</b>	<b>356,850</b>	<b>193,000</b>	<b>6,549,975</b>

<b>Compensation Breakout:</b>	<b>Security</b>	<b>Stadium Ops</b>	<b>Engineering</b>	<b>Guest Services</b>	<b>Grounds</b>	<b>Total</b>
FT Wages	375,500	1,185,000	975,000	156,550	45,000	2,737,050
PT Wages	0	105,000	0	60,000	0	165,000
Benefits	115,000	376,425	535,000	70,000	15,000	1,111,425
<b>Total Compensation</b>	<b>490,500</b>	<b>1,666,425</b>	<b>1,510,000</b>	<b>286,550</b>	<b>60,000</b>	<b>4,013,475</b>

**2021 SCSA Budget Supporting Documentation (CONFIDENTIAL)**

FY20 SBL Sales and Service Projected Actuals

**FY20 Projected Actuals**

Category	Sales Team	Service Team	Total
Compensation	1,074,538	589,317	1,663,855
Sales, General and Administrative	138,250	55,000	193,250
<b>Total</b>	<b>\$ 1,212,788</b>	<b>\$ 644,317</b>	<b>\$ 1,857,105</b>

Compensation Breakout:	Sales Team	Service Team	Total
FT Wages and Benefits	784,538	549,317	1,333,855
Bonuses/Commissions	290,000	40,000	330,000
<b>Total Compensation</b>	<b>\$ 1,074,538</b>	<b>\$ 589,317</b>	<b>\$ 1,663,855</b>

Sales, General and Administrative:	Total
SBL Member Events	-
SBL Advertising & Prospecting Events	120,000
Sales Enablement	55,000
SBL Focus Groups	-
Sales Training	11,250
Travel, Meals & Entertainment	-
Other	7,000
<b>Total</b>	<b>193,250</b>

SBL Finance & Ticket Ops	Total
Compensation	\$ 109,485

<b>FY21 SBL &amp; Service Team Sub-Total</b>	<b>\$ 1,966,590</b>
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+ All-Inclusive Buffets	-
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<b>FY21 Total SBL Sales &amp; Service Costs</b>	<b>\$ 1,966,590</b>
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## **Questions for the Stadium Manager in reference to the FY2021/22 CapEx Budget**

*Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.8 states that the Draft Capital Expenditure Plan (a) shall contain the Stadium Manager's proposed Capital Repairs to be made to the Premises during the upcoming Fiscal Year, (b) shall describe in reasonable detail any material discrepancies between the Stadium Manager's proposed Capital Expenditures for such Fiscal Year and the five (5) year projection of anticipated Capital Expenditures included in the previous year's Capital Expenditure Plan, and (c) shall include any Capital Expenditures for public safety that the Stadium Manager proposes be made consistent with the then approved Public Safety Plan.*

*As a result of the City's revocation of the Executive Director's authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.*

Note: SCSA may ask additional questions once the information requested below is provided.

### **Capital Expenditures**

- 1. For all projects, what is the SCSA time involvement required to assist with any of the requested projects? Potential time commitments from SCSA staff include, procurement assistance, prevailing wage review, Board reports, etc.**

#### **Stadium Manager:**

It is not currently possible for Stadium Manager to estimate the time required by SCSA staff, as there is currently no productive communication between SCSA/City staff and Stadium Manager staff. Specifically, with respect to procurement procedures for capital projects, the SCSA staff has refused to review procurement documentation created by Stadium Manager or provide any useful input to Stadium Manager, which appears to be a part of their litigation strategy.

2. The FY2021/22 proposed CapEx budget includes a significant new project (General Areas/Coatings Main Deck) totaling \$2.45 million that was not included in prior year submittals of the 5-year plan.

- a. Can you provide detail as to why this significant project was not previously proposed?

**Stadium Manager:**

This project was previously forecasted in Fiscal Year 2021/22 for \$200,000 and Fiscal Year 2024/25 for \$750,000. The previously forecasted projects planned to patch and spot repair failures in the current coating system. However, our recommendation is to merge the two proposed projects into a project that performs a more comprehensive recoat of larger areas in order to adequately protect and maintain the building. The proposed project will apply traffic coating in three areas main areas:

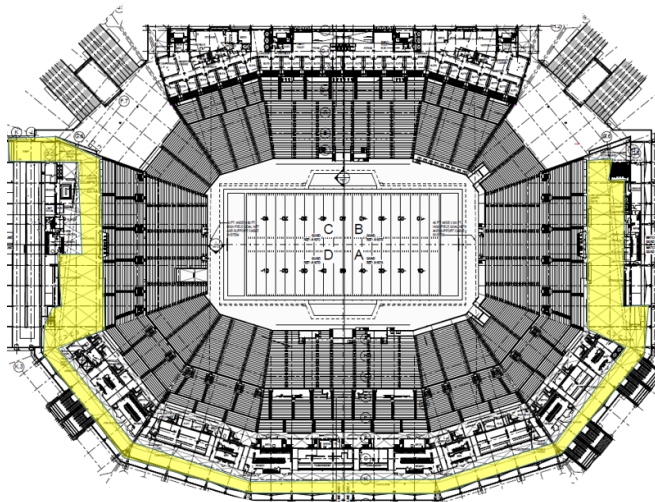
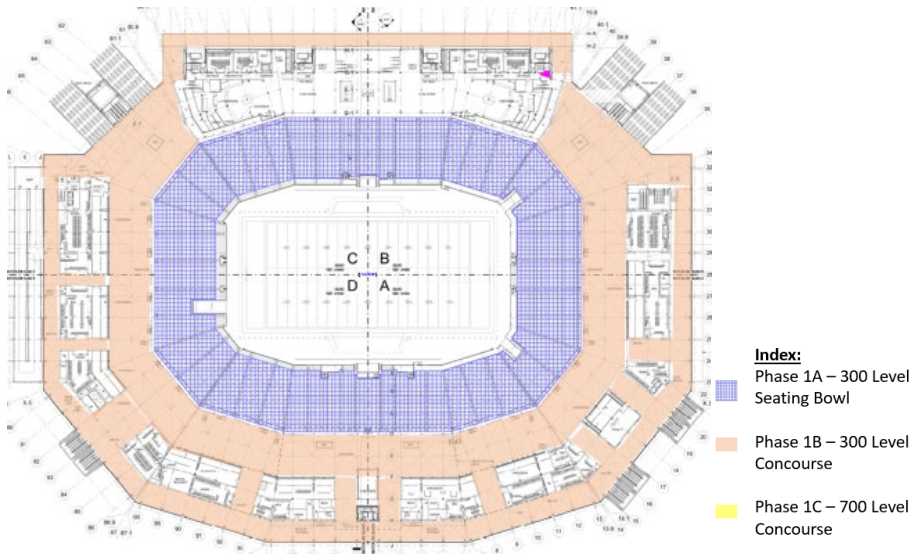
- Phase 1A – 300 Level Seating Bowl:	\$1,650,000
- Phase 1B – 300 Level Concourse:	\$ 500,000
- Phase 1C – 700 Level Concourse:	\$ 300,000
<u>TOTAL</u>	<u>\$2,450,000</u>

The traffic coating works as part of the waterproofing barrier to occupied spaces below the concourses and seating bowl, as well as extends the life of the concrete structure of the stadium. This project will maintain the building structure and the interior spaces below the bowl and concourses and protects against water leaks and potential tripping hazards This project also provides additional slip, trip and fall prevention protection and improves the overall aesthetic appearance. The traffic coating is now showing signs of wear and tear and is experiencing multiple failures. Water, rain and exposure to the elements will exasperate the issues. Maintaining this system protects against current and future system failures and will better serve the stadium and its patrons.

b. Please send pictures of the area planned for the coating.

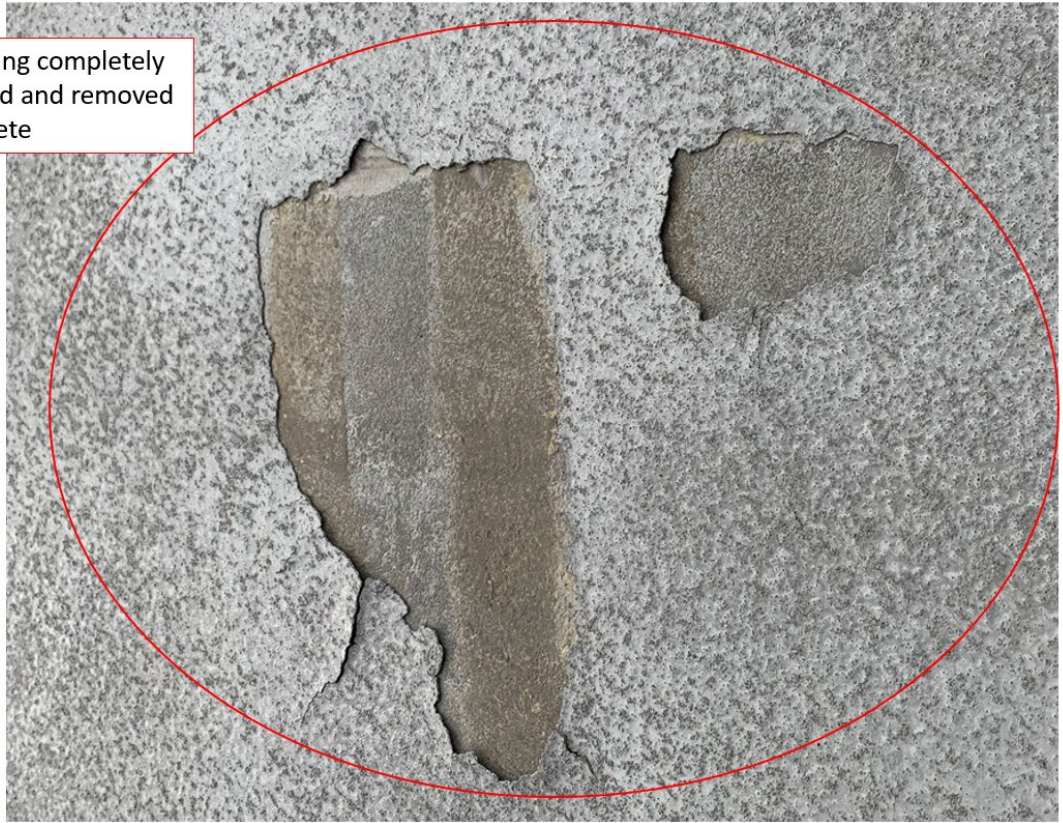
**Stadium Manager:**

See below for picture references of area planned for coating and of recent failures in the existing traffic coating material:





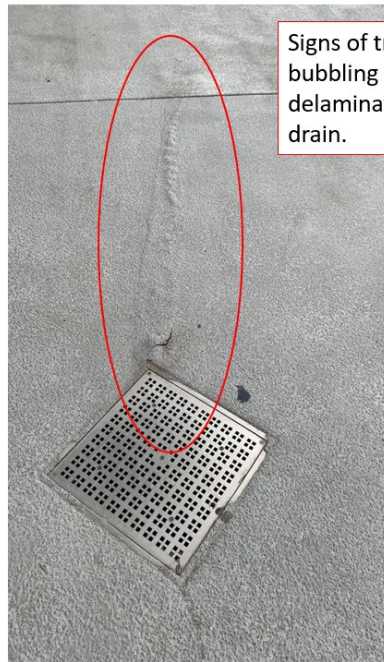
Traffic coating completely  
delaminated and removed  
from concrete



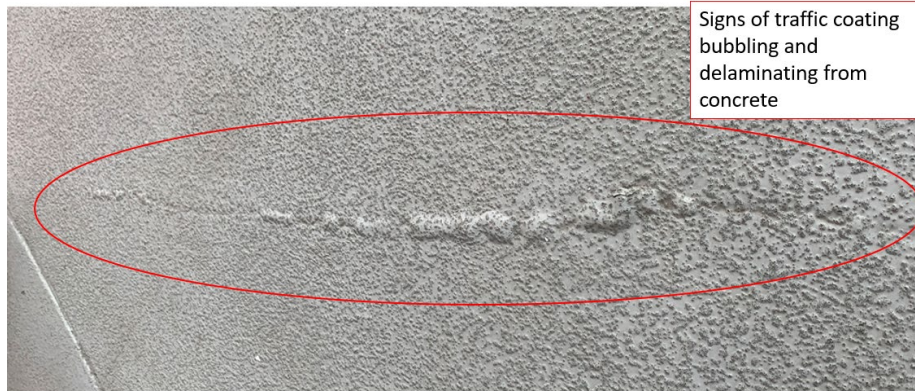
Traffic coating completely  
delaminated and removed  
from concrete



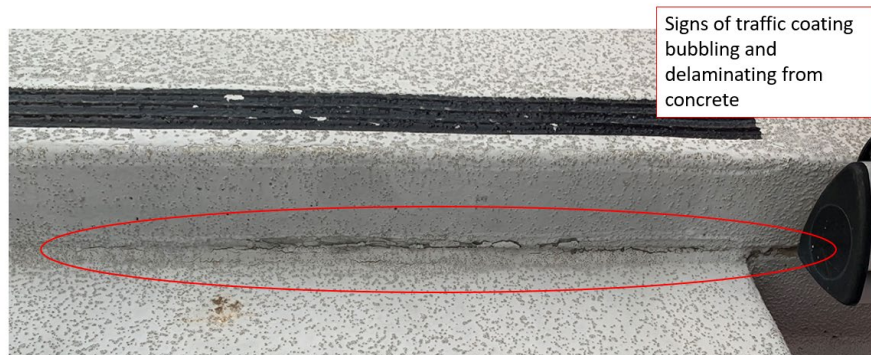




Signs of traffic coating bubbling and delaminating at floor drain.



Signs of traffic coating bubbling and delaminating from concrete



Signs of traffic coating bubbling and delaminating from concrete

c. Is this project included in the ADA settlement requirements?

**Stadium Manager:**

No, this is not included in the ADA Settlement requirements.

3. For the FY2021/22 Field Turf Track project:

a. What was the expected life of the original installation?

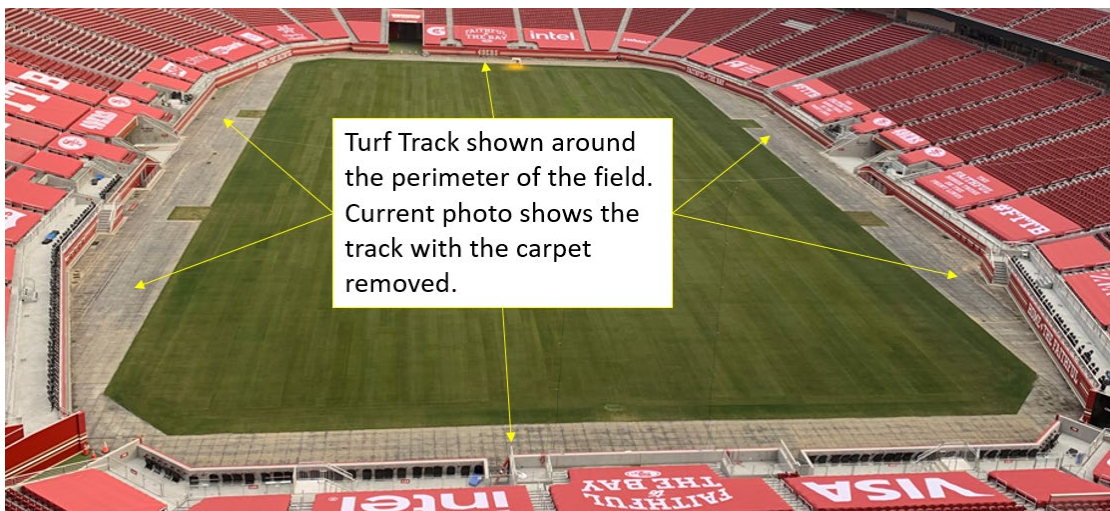
**Stadium Manager:**

The expected life of the system was 3 years.

b. Please send pictures of the area planned for the replacement.

**Stadium Manager:**

Pictures of the area planned for replacement are included below. The proposed project will remove the synthetic turf and the base underlayment. Sand will be removed to an approximate depth of 4" and moved to the body of the playing field to be used a root zone addition. Base rock will be imported and compacted to an approximate depth of 4". A shock pad will be laid on top of the compacted sub grade and artificial tur will be installed as the finished surface. The previous Ultrabase system allowed for flexibility in the track layout but after five years of heavy load bearing events, the system has become uneven. The base track has been damaged due to the number of high impact non-nfl special events, such as Monster Jam, concerts, etc and the current track has reached its end of life.







**4. For the FY2021/22 Key Management System project:**

**a. Is this for physical keys or key cards?**

**Stadium Manager:**

This project will address both physical and key cards.

**b. What is the current practice to manage this risk?**

**Stadium Manager:**

Currently, Engineering staff manages distribution of keys. We are introducing and proposing a new electronic program that Security will now manage as part of their access control efforts. The program keeps a digital footprint and history of use and distribution with archive tracking.

**5. Please verify the following regarding the Drone Detection proposed project:**

**a. Is the system FAA, FCC and DOJ compliant?**

**Stadium Manager:**

The FAA and DOJ do not provide any type of certification.

As for FCC compliance, the Aeroscope system was tested per FCC guidelines. Below are the details:

## Compliance Information

### FCC Compliance Notice

NOTE: This equipment has been tested and found to comply with the limits for a Class A digital device, pursuant to part 15 of the FCC Rules. These limits are designed to provide reasonable protection against harmful interference when the equipment is operated in a commercial environment. This equipment generates, uses, and can radiate radio frequency energy and, if not installed and used in accordance with the instruction manual, may cause harmful interference to radio communications. Operation of this equipment in a residential area is likely to cause harmful interference in which case the user will be required to correct the interference at his own expense.

- b. **Please stay in contact with the City of Santa Clara Police Department to during vendor selection and implementation to keep them informed of the status of this project.**

### Stadium Manager:

It is the Stadium Manager's intention to include SCPD as a part of the selection process and vendor vetting.

6. **For the FY2021/22 proposed CapEx plan and the projects that are being carried over from prior years, please provide a prioritization matrix identifying the needs for the projects such as health and safety, revenue generation, aesthetics/ customer experience, cost savings etc. and additional narrative and justification to further understand the need and importance of the proposed projects. If the Stadium Manager expects cost savings and/or other financial impacts, please provide this information so that SCSA understands the return on investment for the proposed capital projects.**

### Stadium Manager:

All of these projects are necessary to maintain the facility in the Required Condition.

7. **Given the carryover of capital funds from FY2020/21 to FY2021/22 because funded projects could not be procured or completed, please describe ManCo's plan to procure, bring the plans and request approval from the Board, and substantially complete the projects during the next fiscal year which are proposed for funding for FY2021/22.**

### Stadium Manager:

ManCo will put projects through a fair and open solicitation and award, contract, and execution process. The completion for each of these projects will vary based upon solicitation process, permitting process, SCSA Board review, and approval process. ManCo intends to present these projects to the SCSA Board while

adhering to the Santa Clara Procurement Code. Completion of these projects will be impacted by the level of collaboration with the SCSA/City staff.

- a. What is the timeline for project completion for all carryover projects and new projects?**

**Stadium Manager:**

ManCo intends to complete as much work as possible during the next 12 months while adhering to the Santa Clara Procurement Code. Completion of these projects may be impacted by COVID restrictions during the planning and/or construction stages.

- b. Are there impacts from a cost inflation standpoint?**

**Stadium Manager:**

We have accounted for price inflation and have a contingency in place to cover potential increases.

- c. With the cancellation of events due to the COVID-19 pandemic, isn't this an opportune time to complete projects?**

**Stadium Manager:**

Given the numerous stay at home orders, and staff reductions as a result of Covid 19 including the City staff's inability to process permits and inspections on a timely basis, and several HOLDS that the SCFD placed on new project construction, many possible opportunities were missed. There is also a disconnect with SCSA/City staff with respect to procurement which has adversely impacted schedule.

- 8. In the out years of the 5-year plan, projects are being moved further out compared to the submittal last year. As an example, the Lighting System – Fixture project (\$750k) budgeted for FY2022/23 in last year's submittal is now proposed for FY2023/24. Please provide an explanation for pushing projects out and the Stadium Manager's plan for upkeep of the Stadium in a timely manner.**

**Stadium Manager:**

The Stadium Manager completes an evaluation of the facility by consulting with staff, contractors and consultants who continue to monitor and assess the needs of the stadium during regular facility preventative maintenance, testing and inspections. Annually, the evaluation of the facility is conducted and the previous list of possible projects are considered, along with the addition of any newly identified projects. The evaluation of these projects on the long term capital project list adjusts the forecasted projects expected timing and budgets annually,

for example the decision to defer the Lighting System – Fixture project from FY2022/23 to FY2023/24. Numerous factors can change the anticipated year and budget of a project. Specifically, regular wear and tear and overall use of an asset can influence the decision to replace the asset either sooner or later. As the Stadium received less use in FY2020/21, some projects were able to be moved without impacting the long-term viability of the asset. Ultimately, all potential projects are evaluated and reconsidered annually and the product of this evaluation is how we proposed the 1-Year Capex Plan and 5-year Capex Plan.

- 9. Please provide pictures for the Replacement Furniture for BNY Field Clubs, United, Levi's 501 & Yahoo clubs and Special Event Spaces project (if different than provided during the FY2020/21 Budget preparation).**

**Stadium Manager:**

Proposed furniture specifications can and will be provided upon receipt of the approved budget and after the project management team can begins the solicitation and proper scope of work specification . This will be done in stages and will be in accordance with new covid-19 learnings.

- 10. Please provide an update to plans for both the Concession Signage and Stadium Event Signage (if any updates have been made since those provided during the FY2020/21 Budget preparation).**

**Stadium Manager:**

- CONCESSION SIGNAGE: Concession signage plans are included as an attachment for reference. The signage contractor has fabricated and installed the majority of the signage shown in the plan set. Remaining work includes punch list items.
- STADIUM EVENT SIGNAGE: There have been no changes to stadium event signage.

- 11. Please provide additional detail for the HVAC project:**

**Stadium Manager:**

The project is ongoing and is scheduled to be complete by March 31, 2021. See below for details.

- a. **Is this project complete? If not, please provide a status. Please provide the following supporting documentation that the SCSA previously requested:**
- i. **Costs of the project provided by the contractor and certified payroll if applicable;**

**Stadium Manager:**

The project is not complete. The project was awarded to RMI Mechanical for a fixed fee contract of \$72,030. The Project is registered on the DIR and certified payroll will be uploaded on a weekly basis. The final Certified Payroll will be provided to the SCSA at the completion of the project.

- ii. **Copy of the emergency repair agreement; and**

**Stadium Manager:**

Emergency repair agreement is included as an attachment for reference.

- iii. **Invoice with final costs**

**Stadium Manager:**

The project is not complete. An invoice with the final costs will be provided at the completion of the project.

- b. **The remaining budget was not carried over to FY2021/22. Is the remaining budget not needed?**

**Stadium Manager:**

The remaining budget was not carried over to FY2021/22, but a general HVAC renewal and replacement budget is included at regular intervals in future years.

- 12. The Levi's Naming Rights Signage Replacement Project increased from \$650,000 to \$900,000. Please provide an explanation for the increase in cost for this project.**

**Stadium Manager:**

The project planning process of the sign replacement has advanced since previous years to add more detail and information about the project. The budget was re-evaluated as the project plan, details and requirements have advanced during our process. Inflation, new requirements such as a sign mock up, and feedback during market research efforts all provided justification for the increased the budget. As reminder, this is a budget estimate only and industry pricing during an open and fair competitive bid process will determine the project actual cost.



- a. **For this project specifically, what is the SCSA time involvement required to assist with any of the requested projects? Potential time commitments from SCSA staff include, procurement assistance, prevailing wage review, Board reports, etc.**

**Stadium Manager:**

It is not currently possible for Stadium Manager to estimate the time required by SCSA staff, as there is currently no productive communication between SCSA/City staff and Stadium Manager staff. Specifically, with respect to procurement procedures for capital projects, the SCSA staff has refused to review procurement documentation created by Stadium Manager or provide any useful input to Stadium Manager, which appears to be a part of their litigation strategy.

**13. The Photoluminescent Tape for Life Safety project was included in FY2020/21 CapEx budget; however, it is not in the FY2021/22 Proposed CapEx budget and has no actuals through January.**

- a. **Please explain why this is not included in FY2021/22 CapEx (i.e. completed, re-prioritized, combined with other projects).**

**Stadium Manager:**

This project was completed through a combination of testing and in house / self-performed labor by the Stadium Engineering Department. Specifically, a third party testing company developed a test procedure in cooperation with the original photoluminescent tape manufacturer. The test procedure measures the performance of the existing photoluminescent tape. The testing company determined the existing tape met or exceeded the requirements identified in the test procedures with the exception of a few minor areas, which were all replaced by stadium Engineering staff using existing spare stock.

- b. **Is this project included in the ADA settlement requirements?**

**Stadium Manager:**

No, this is not included in the ADA Settlement.

**14. Please provide a more detailed description of the Beverage Distribution System project. Are these mobile distribution systems or will the lines be run through the walls/floors of the Stadium?**

**Stadium Manager:**

This is a hybrid system using existing pathways though some mobile elements may be required.

**15. Please provide descriptions for projects included in the out years.**

**Stadium Manager:**

The Stadium Manager has provided the five (5) year projection of the anticipated Capital Expenditures per the Stadium Management Agreement for review.



## **Questions for the Stadium Manager in reference to the FY2021/22 CapEx Budget**

*Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.8 states that the Draft Capital Expenditure Plan (a) shall contain the Stadium Manager's proposed Capital Repairs to be made to the Premises during the upcoming Fiscal Year, (b) shall describe in reasonable detail any material discrepancies between the Stadium Manager's proposed Capital Expenditures for such Fiscal Year and the five (5) year projection of anticipated Capital Expenditures included in the previous year's Capital Expenditure Plan, and (c) shall include any Capital Expenditures for public safety that the Stadium Manager proposes be made consistent with the then approved Public Safety Plan.*

*As a result of the City's revocation of the Executive Director's authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.*

Note: SCSA may ask additional questions once the information requested below is provided.

### **Capital Expenditures**

**Additional questions below are in response to SCSA Board input during a meeting on February 16:**

- 1. For each project, please provide the Agreement and Section Number citing SCSA's responsibility to fund the project.**

**Stadium Manager:**

Please refer to the Stadium Lease.

- 2. Please provide the procurement schedule for the capital projects.**

**Stadium Manager:**

As applicable, Stadium Manager will put projects through a fair and open solicitation and award, contract, and execution process. The schedule for completion for each of these projects will vary based upon solicitation process, permitting process, SCSA Board review, and approval process. Stadium Manager intends to present these projects to the SCSA Board as required by the Stadium Authority Procurement Policy. Completion of these projects will be impacted by the level of collaboration with and cooperation from the SCSA/City staff.



## Agenda Report

21-371

Agenda Date: 3/2/2021

### REPORT TO COUNCIL

#### **SUBJECT**

Actions for Target Setting and Priority Strategies for Climate Action Plan (CAP) Update (Continued from February 23, 2021)

#### **COUNCIL PILLAR**

Promote Sustainability and Environmental Protection

#### **BACKGROUND**

On January 24, 2020, the City began an update to the current Climate Action Plan (CAP) with the consultant team lead by Cascadia Consulting Group and including Raimi + Associates and David J. Powers and Associates. The City's current CAP, adopted in December 2013, identifies measurable actions the City can implement through the year 2020 to reduce Greenhouse Gas (GHG) emissions to 1990 levels, as required by California's Global Warming Solutions Act of 2006 (Assembly Bill 32). The City is now in the process of comprehensively updating the CAP to extend the City's GHG reduction goals through 2030, and to address new State requirements enacted since the 2013 CAP was adopted. For information on the regulatory background, refer to the Planning Commission Study Session staff report available as Attachment 1.

#### **Planning Commission Input**

A study session with the Planning Commission was held on August 26, 2020 with a follow-up study session on October 14, 2020 to obtain their recommendation on the appropriate reduction target for the CAP, and on the key strategies and initial actions list for these strategies. Staff asked the Commission as a whole to weigh in on their top priority actions for the first two focus areas, Buildings and Energy, and Transportation and Land Use. Staff reports for both the study sessions are available as Attachment 1 and 2. The Planning Commission provided the following input:

- Set an ambitious GHG emissions reduction target, exceeding the State mandate.
- The City of Santa Clara should project itself as a climate action leader.
- Emphasis should be on reducing Vehicle Miles Travelled (VMT), promoting Electric Vehicles (EV's) and improving Electric Vehicle Infrastructure.
- Focus on data centers for opportunities to reduce GHG emissions.
- Facilitate telecommuting by providing reliable internet.
- Incorporate reach codes, with a preference for an all-electric reach code.

#### **Community Engagement**

The City conducted widespread engagement efforts to involve the public in the CAP update process. This included staff interviews, stakeholder focus groups, a virtual community meeting, two public Planning Commission study sessions, and two online surveys with nearly 900 responses. These efforts are described below.

The consultant team conducted several interviews with City staff to prepare a progress report on the adopted measures in the 2013 CAP. The result is the CAP Measures Status Memo, which is provided with this report as Attachment 3. Seven out of the 19 measures in the 2013 CAP have been completed.

Over the first week of April 2020, the consulting team hosted a series of stakeholder focus group online webinars in lieu of holding a live Community Workshop for the Climate Action Plan (CAP) Update. Overall, they spoke with ten community members representing various community-based organizations, sectors, and opinions. This included representation from the bicycle community, youth groups, Santa Clara University, Environmental advocacy groups, the Association of Bay Area Governments (ABAG), Silicon Valley Power (SVP), business interests and the data center community.

The City also hosted a virtual community workshop on July 16, 2020 where people were asked to provide input on the City's climate goals and strategies. The 38 participants actively engaged in discussions on a variety of topics including Land Use and Transportation, Buildings and Energy, Materials and Consumption, Natural Systems and Water Resources, and Community Resilience and Wellbeing. The [presentation <https://www.santaclaraca.gov/home/showdocument?id=69321>](https://www.santaclaraca.gov/home/showdocument?id=69321) from this workshop has been posted on the CAP webpage on the City's website. Summaries of the responses from the survey and the discussions during the Community Workshop have also been posted on the [CAP webpage. <https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan>](https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan)

Additionally, the City also conducted two CAP community surveys to further engage community members in the process. Survey questions allowed the public to prioritize climate related threats and comment on concepts such as goals and actions desired in a variety of topic areas. The first online survey was completed on July 16, 2020, with nearly 400 responses received. A second online survey was completed on November 19, 2020 to further engage the community in the process, with nearly 500 responses received. The summary of these online survey results has been posted on the CAP webpage.

## **DISCUSSION**

Staff is now requesting City Council's confirmation on an appropriate GHG reduction target and input on the key strategies to guide the next steps in the preparation of the CAP update.

### **Forecast and Overarching Targets**

The City's GHG emissions trends were first analyzed, and then a series of focus group interviews were conducted with City staff and key stakeholders. Key findings are summarized in the Forecast and Targets Memo, which is available with this report as Attachment 4. The memo summarizes the GHG forecasts and provides options for the overall reduction target for the CAP Update. Based on the Planning Commission input, the target alternatives have been narrowed down to three choices:

1. Santa Clara adopts the goal of carbon neutrality no later than 2045. This target is based on

Former Governor Brown's Executive Order B-55-18.

2. Santa Clara adopts the State's emissions reduction targets set forth in SB 32. These targets include a mid-term and long-term goal of reducing GHG emissions 40% below baseline levels by 2030 and 80% by 2050.
3. Santa Clara chooses to set targets that are more stringent than State guidance, such as achieving carbon neutrality earlier than 2045.

The memo further recommends that the City adopt Option 1, the goal of carbon neutrality no later than 2045, to align with the State and peer cities in the Bay Area. This would require the City of Santa Clara to adopt strategies and take actions to reduce the GHG emissions to zero, including offsets for any remaining emissions that cannot be eliminated. As stated earlier in the report, the Planning Commission's recommendation was to adopt Option 3, a more aggressive target, exceeding the State mandated target of Carbon Neutrality by 2045 and consider an earlier target year, such as 2040. This, however, conflicts with the results from the second survey, which indicates that the community prefers incentives and voluntary measures rather than additional regulations.

Because a significant percentage of the City's emissions are tied to power generation, the CAP heavily relies on Silicon Valley Power's (SVP) Integrated Resources Plan (IRP), adopted by Council November 27, 2018. The IRP documents SVP's ability to provide power to its customers over the next 20 years given the existing regulatory environment. The IRP is reviewed and approved by Council every five years.

The CAP target would need to align with adopted policy documents including the IRP. It should also be consistent with the existing Bicycle Master Plan, SVP EV Blueprint, the Santa Clara Urban Water Management Plan (UWMP), and any reach codes that are adopted. A more aspirational target would require added regulatory measures to ensure 85% of households and commercial buildings undertake energy and water efficiency retrofits, install solar, and electrify; 85% of vehicles are electric; and 50% of VMT has been shifted to carpool, walking/biking, or transit by the target year.

The City's proposed reach codes also contribute to the consideration of GHG emissions. At the meeting, staff will present the current all-electric preferred approach to the proposed reach codes.

### Potential Strategies and Actions

An initial actions list was developed related to these strategies and is available as Attachment 5. This list has been developed through an iterative process that included interviews with City staff, outreach to targeted stakeholders and the public, a review of current City planning documents and activities, consideration of peer city and industry best practices, and a qualitative multi-criteria prioritization analysis. The action list is divided into five focus areas:

- Buildings and Energy
- Transportation and Land Use
- Materials and Consumption
- Natural Systems & Water Resources
- Community Resilience & Wellbeing

This action list would more specifically communicate the goals and policies set forth in the CAP Update to be implemented. Staff is seeking Council's input on this initial action list.

**Project Timelines and Next Steps**

Following input from City Council, the project team will revise and refine the initial action list and develop the CAP administrative draft plan to be made available for public comment by Spring 2021 and presented to the Planning Commission via a study session by Summer 2021. Staff anticipates the Planning Commission and the City Council Hearing for the adoption of the final CAP by Fall/Winter 2021.

**ENVIRONMENTAL REVIEW**

This is an informational report only and no action is being taken by the City Council and no environmental review under the California Environmental Quality Act ("CEQA") is required at this time.

Prior to adoption of the CAP Update, an addendum to the General Plan Environmental Impact Report (EIR) will be prepared in accordance with the California Environmental Quality Act (CEQA) to inform key decision-makers and the general public of the potential environmental effects that would arise from implementation of the CAP Update.

**FISCAL IMPACT**

On January 14, 2020, the City Council approved an agreement with the consulting team led by Cascadia Consulting Group, Inc. to work on the CAP Update with a budget of \$192,440 and a 10% contingency. The total not-to-exceed amount of this Agreement, including contingency, is \$211,684.

**COORDINATION**

This report has been coordinated with the City Attorney's Office and the Sustainability Manager in the City Manager's Office. SVP has been part of the process including developing the proposed Strategies and Actions.

**PUBLIC CONTACT**

The City has conducted initial outreach activities for the CAP update, including stakeholder interviews, a first survey launched in June 2020, a second survey launched in October 2020 and a virtual Community Workshop held on Thursday, July 16, 2020. Public comments were also received at the two Planning Commission Study Sessions on August 26, 2020 and October 14, 2020.

Public contact was also made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>

**RECOMMENDATION**

The goal of this meeting is to get Council's confirmation on the recommended GHG target for the CAP update. The staff also seek the Council's input on strategies and the initial action list to indicate their top priority actions and to indicate if there are actions that should not be included in the CAP Update.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager



**ATTACHMENTS**

1. PC Study Session Staff Report 8.26.20
2. PC Study Session Staff Report 10.14.20
3. CAP Measures Status Memo
4. Forecast and Targets Memo
5. Initial Actions List
6. Sierra Club Comment Letter
7. ecomments 2.23.21



## Agenda Report

20-402

Agenda Date: 8/26/2020

### REPORT TO PLANNING COMMISSION

#### SUBJECT

STUDY SESSION: Climate Action Plan (CAP) Update

#### BACKGROUND

The City's current CAP, adopted in December 2013, identifies measurable actions the City can implement through the year 2020 to reduce Greenhouse Gas (GHG) emissions to 1990 levels, as required by California's Global Warming Solutions Act of 2006 (Assembly Bill 32).

The City is now in the process of comprehensively updating the CAP to extend the City's Greenhouse Gas (GHG) reduction goals through 2030, and to address new State requirements imposed since the CAP was adopted. The City hired a consultant team led by Cascadia Consulting Group and including Raimi + Associates and David J. Powers and Associates, to provide professional services to assist with the CAP Update.

#### Regulatory Background

Since 2013 California has adopted a number of laws that add requirements for local jurisdictions to assess climate change, analyze and reduce GHG emissions and their effects, and prepare for the impacts of a warming planet. The following State policies are being addressed through the CAP update:

- **AB32, SB32, EO B-55-18:** AB 32 (2006) set California's first GHG target to reduce emissions to 1990 levels by 2020. SB 32 (2016) extended the goals of AB 32 and established a mid-term 2030 goal of reducing emissions 40% below 1990 levels and a long-term goal of reducing emissions 80% below 1990 levels by 2050. In 2018, Executive Order B-55-18 set the target of statewide carbon neutrality by 2045.
- **California Renewable Portfolio Standard Program:** This law requires that electrical utilities provide an increased amount of electricity from eligible renewable sources. SB350 (2015) established new clean energy, clean air, and greenhouse gas (GHG) reduction goals for 2030. SB100 (2018) sets targets for the Renewable Portfolio Standard, including sourcing 60% of all electricity sales from clean, renewable sources by 2030. In November 2018, Silicon Valley Power (SVP) adopted an Integrated Resource Plan (IRP) for the City of Santa Clara consistent with the goals and targets of both SB350 and SB100.
- **CBSC Energy Efficiency standards:** Title 24, the California Building Standards Code (CBSC), is a statewide set of construction codes applied by local agencies through the issuance of building permits. Part 6 of the CBSC, the California Energy Code, contains energy and water efficiency requirements for newly constructed buildings, additions to existing buildings, and alterations to existing buildings. California has set a goal for zero-net energy new construction by 2030.
- **California Clean Car Standards:** These state standards require that vehicles sold in California meet minimum fuel efficiency requirements, and that over time, fuel sold in the state

emits less GHGs during production and use.

- **SB 1383 (2016):** This law requires that food scraps and other organic material is diverted from landfill disposal. The State goal is that 75% of organic material is diverted from landfills by 2025.

## **DISCUSSION**

At the study session on August 26, 2020, staff will provide information on the following:

### **2013 CAP Progress Summary**

The consultant team conducted several interviews with City staff and key community and business stakeholders to prepare a progress report on the adopted measures in the 2013 CAP, the CAP Measures Status Memo, which is provided with this report as Attachment 1. Seven out of the 19 measures in the 2013 CAP have been completed.

### **Forecast and Overarching Targets**

The City's Greenhouse Gas (GHG) emission trends were analyzed and a series of focus group interviews were conducted with City staff and key stakeholders. Key findings are summarized in the Forecast and Targets Memo, which is available with this report as Attachment 2. The memo summarizes the GHG forecasts and provides options for the overall reduction target for the CAP Update. The memo further recommends that the City adopt the goal of carbon neutrality by 2045 to align with the State and peer cities in the Bay Area. This would require the City of Santa Clara to adopt strategies and take actions to reduce the GHG emissions to zero, including offsets for any remaining emissions that cannot be eliminated.

Staff will be asking the Planning Commission to provide input on the appropriate reduction target for the CAP. The choices include:

1. Santa Clara adopts the goal of carbon neutrality by 2045. This target is based on Former Governor Brown's Executive Order B-55-18.
2. Santa Clara adopts the State's emissions reduction targets set forth in SB 32. These targets include a mid-term and long-term goal of reducing GHG emissions 40% below baseline levels by 2030 and 80% by 2050.
3. Santa Clara chooses to set targets that are more stringent than State guidance, such as achieving carbon neutrality earlier than 2045.
4. Santa Clara sets a target that is less than the State's long-term reduction goals. This would have the drawback of not achieving the CEQA streamlining benefit of the adoption of a qualified Climate Action Plan.

### **Potential Strategies and Actions**

An initial list of actions has been developed and is available with this report as Attachment 3. This list has been developed through an iterative development and review process that included interviews with City staff, outreach to targeted stakeholders and the public, a review of current City planning documents and activities, consideration of peer city and industry best practices, and a qualitative multi-criteria prioritization analysis. The action list is divided into five focus areas:

- Buildings and Energy;
- Transportation and Land Use,
- Materials and Consumption,
- Natural Systems & Water Resources, and
- Community Resilience & Wellbeing.

At the meeting, staff will be asking the Commission as a whole to weigh in on their top priority actions on the first two focus areas, Buildings and Energy, and Transportation and Land Use, as they are more related to the Planning Commission's purview. Also, indicate if any potential actions should be removed from consideration. Comments on other focus areas can be sent to the staff through email.

### **ENVIRONMENTAL REVIEW**

This is an informational report only and no action is being taken by the Planning Commission and no environmental review under the California Environmental Quality Act ("CEQA") is required at this time.

### **FISCAL IMPACT**

There is no additional cost to the City other than staff time and expense.

### **COORDINATION**

This report has been coordinated with the City Attorney's Office and the Community Development Department.

### **PUBLIC CONTACT**

Over the first week of April 2020 the consulting team hosted a series of stakeholder focus group calls in lieu of the first Community Workshop for the Climate Action Plan Update. The first series of focus groups were held as online webinars. Overall, they spoke with 10 community members representing various community organizations, sectors, and opinions.

The City completed an online survey on the CAP, with nearly 400 responses received. The City also conducted a virtual community workshop on July 16, where people were asked to provide input on the City's climate goals and strategies. The 38 participants actively engaged in discussions on variety of topics including Land Use and Transportation, Buildings and Energy, Materials and Consumption, Natural systems and Water Resources, and Community Resilience and Wellbeing. The [presentation](https://www.santaclaraca.gov/home/showdocument?id=69321) <<https://www.santaclaraca.gov/home/showdocument?id=69321>> from this workshop has been posted on the CAP webpage on the City's website. Summaries of the responses from the survey and the discussions during the Community Workshop have also been posted on the [CAP webpage](https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan). <<https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan>>

A second online survey on the Climate Action Plan will be posted in August to further engage the community in the process.

Public contact was also made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

### **OUTCOME**

The goal of the study session is to get Commission's confirmation on the recommended GHG target for CAP update. The staff will also seek the Commission's input on the initial action list by asking the

Commission as a whole to indicate their top priority actions and to indicate if there are actions that should not be included in the CAP Update. Given that the Planning Commission's purview is more related to Building and Energy, and Transportation and Land Use, we will discuss actions related to these two focus areas during the study session.

Staff

Reviewed by: Reena Brilliot, Planning Manager

Approved by: Andrew Crabtree, Director of Community Development

**ATTACHMENTS**

1. CAP Measures Status Memo
2. Forecast and Targets Memo
3. Initial Actions List

**TO:** Nimisha Agrawal, City of Santa Clara  
**FROM:** Andrea Martin and Angela Pietschmann, Cascadia Consulting Group  
**SUBJECT:** Progress Analysis of the City of Santa Clara's 2013 Climate Action Plan  
**DATE:** April 2020

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## INTRODUCTION

Cascadia Consulting Group reviewed the City of Santa Clara's 2013 Climate Action Plan (CAP), 2016 and 2018 CAP progress reports, and other related documents to assess the City's progress in implementing CAP measures and reducing greenhouse gases against the recommended baseline. This review was supplemented with a series of interviews in March 2020 with the following City staff and key stakeholders:

- Ann Hatcher - Assistant Director of Electric Utility
- Carol Shariat - Principal Transportation Planner
- Craig Johnson – Building Official
- Dan Sunseri – Fleet Manager
- Dave Staub – Deputy Director of Public Works
- Diane Asuncion- Acting Compliance Manager, Water & Sewer Utilities
- Michelle Templeton – Sustainability Manager
- Shilpa Mehta - Engineering Services Division Manager, Water and Sewer Utilities
- Sudhanshu Jain – Planning Commissioner

The following tables summarize progress to date across the 2013 CAP's 19 climate action measures.

## PROGRESS AS OF MARCH 2020

### FOCUS AREA 1: COAL-FREE AND LARGE RENEWABLES

**Goal:** Eliminate coal from SVP's portfolio and increase use of natural gas and renewable energy.

Ref	Measure	Performance target	Lead Department	2020 Status
1.1	<b>Coal-free by 2020</b> Replace the use of coal in Silicon Valley Power's (SVP) portfolio with natural gas by 2020.	100% of coal power replaced with natural gas.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> As of January 1, 2018, SVP (1) has completely divested from coal, eliminating the amount of coal in the City's energy mix; and (2) provides all residential customers with carbon-free energy.
1.2	<b>Renewable energy resources</b> Investigate the use of City-owned property for large-scale renewable energy projects.	N/A	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	Since the 2013 CAP was adopted, SVP developed a 20 MW wind farm in the Altamont Pass area and a 20 MW solar installation in Kern County.

Ref	Measure	Performance target	Lead Department	2020 Status
1.3	<b>Utility-installed renewables</b> Develop up to five solar PV projects with a total installed capacity of 3 to 5 MW.	New solar PV projects generating a total of 5 MW.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	By 2016, SVP installed 515 kW of solar projects in Santa Clara. Additional projects to date include: Hope Rehabilitation Services (4.0 kW), YMCA of Silicon Valley (30.450 kW), Pacific Autism Center for Education (47.150 kW), Belovida Santa Clara (32.400 kW), Muslim Community Association (35.020 kW). Three additional projects are currently in progress.

## FOCUS AREA 2: ENERGY EFFICIENCY PROGRAMS

**Goal:** Maximize the efficient use of energy throughout the community.

Ref	Measure	Performance target	Lead Department	2020 status
2.1	<b>Community electricity efficiency</b> Achieve City-adopted electricity efficiency targets to reduce community-wide electricity use by 5% through incentives, pilot projects, and rebate programs.	(2020): 159,100 MWh electricity savings.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> Combined savings from 2008 to 2017 amount to 165,260 MWh of community energy savings through incentives, pilot projects, and rebate programs, exceeding the original goal of 159,100 MWh.
2.2	<b>Community natural gas efficiency</b> Work with community and social services agencies to provide information from Pacific Gas & Electric (PG&E) to promote voluntary natural gas retrofits in 5% of multi-family homes, 7% of single-family homes, and 7% of nonresidential space through strategic partnerships connecting residents and business owners to available financing resources.	1,700 single-family homes, 1,000 multi-family homes, 410 commercial accounts, and 130 industrial accounts complete natural gas efficiency upgrades.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>PG&amp;E</li> </ul>	While SVP is a municipally owned utility, PG&E is not, making progress on this measure challenging. The City will pursue more effective measures as part of the 2020 CAP update.
2.3	<b>Data centers</b> Encourage new data centers with an average rack power rating of 15 kW or more to identify and implement cost-effective and energy-efficient practices.	10% of new data centers utilizing energy-efficient practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 100% of new data centers since 2013 have utilized energy-efficient economizers, exceeding the goal of 10% of new data centers.



Ref	Measure	Performance target	Lead Department	2020 status
2.4	<b>Customer-installed solar</b> Incentivize and facilitate the installation of 6 MW of customer-owned residential and nonresidential solar PV projects.	New solar PV projects generating 6 MW in total installed capacity on homes, nonresidential buildings, parking garages, parking lots, and other feasible areas. Equivalent to 900 residential and 330 nonresidential installations.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 16.1 MW of commercial and residential solar were installed between 2013-2018.
2.5	<b>Municipal energy efficiency</b> Reduce municipal electricity use by 10% through comprehensive energy retrofits of existing equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	Replace inefficient equipment in 50% of municipal buildings and facilities. Complete all previously identified cost-effective identified energy efficiency projects.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	Most City facilities are equipped with energy efficient computers, printers and air-cooled air conditioning units. The City installs/retrofits with LED lighting. When motors, boilers, and chillers are replaced (due to age or condition), the City uses energy efficient models. The City will continue efforts and investigate ways to participate in energy efficient programs.
2.6	<b>Municipal renewables</b> Install 1 MW of solar or other renewables at City-owned facilities.	New solar PV projects generating 1,000 kW in total installed capacity.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City has begun the process of completing this measure; two City facilities have been selected to attain solar panels, the Northside Library and the Police Department building. These solar panels are planned for installation by the end of 2020. The City will continue to determine other City facilities that could install solar panels and reach the goal of 1MW solar installs.

**FOCUS AREA 3: WATER CONSERVATION***Goal: Reduce GHG-intensive water use practices.*

Ref	Measure	Performance target	Lead Department	2020 status
3.1	<b>Urban Water Management Plan targets</b> Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	<ul style="list-style-type: none"> <li>Water &amp; Sewer Utilities</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City saved 6,328 acre-feet (2,060,000,000 gallons) of water from 2008 through 2016.

**FOCUS AREA 4: WASTE REDUCTION***Goal: Increase recycling opportunities for all disposed materials.*

Ref	Measure	Performance target	Lead Department	2020 status
4.1	<b>Food waste collection</b> Support the expansion of existing food waste and composting collection routes in order to provide composting services to 25% of existing restaurants.	Participation of 120 restaurants in Santa Clara.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	While 124 businesses are currently signed up for the commercial organics program, only 30 are restaurants. However, this total includes hotels, grocery stores, and other businesses with a food service component. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to source-separate organics from garbage.
4.2	<b>Increased waste diversion</b> Work with regional partners to increase solid waste diversion to 80% through increased recycling efforts, curbside food waste pickup, and construction and demolition waste programs.	Increase the waste diversion rate from 58% to 80%.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City's current diversion rate is approximately 58%. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to increase diversion through source-separation.

**FOCUS AREA 5: OFF-ROAD EQUIPMENT****Goal:** *Ensure efficient operations of off-road equipment.*

Ref	Measure	Performance target	Lead Department	2020 status
5.1	<b>Lawn and garden equipment</b> Support and facilitate a community-wide transition to electric outdoor lawn and garden equipment through outreach, coordination with BAAQMD, and outdoor electrical outlet requirements for new development.	Exchange 1,170 leaf blowers and 130 lawn mowers with electric models.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	As of 2016, only three residents used the program successfully. The program is no longer operational due to limited interest. The City will explore alternative strategies for off-road equipment as part of the 2020 CAP update.
5.2	<b>Alternative construction fuels</b> Require construction projects to comply with BAAQMD best management Practices, including alternative-fueled vehicles and equipment.	30% of construction equipment switches from conventional technologies to hybrid, compressed natural gas (CNG), electric, or biodiesel.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<p>As of July 2016, 12% of construction equipment (defined as forklifts, backhoes, loaders, rollers, chippers, stump grinders, cranes, concrete saws, and mowers) were upgraded to use alternative fuel technologies, nearly halfway to the 30% conversion target established in the CAP.</p> <p>All development approvals have requirements in their environmental documents to use BAAQMD best management practices, which includes the encouragement of fuel switching to alternative fuels.</p> <p>The City can make further progress on this measure by adding the use of alternative fuels in construction vehicles to the conditions of approval for new development permits and updating project monitoring software to account for the type of fuel used for construction vehicles at each development site. The City conducts pre-construction meetings to review developments' plans prior to construction; to further the progress of this measure; the City can open these meetings to include building and planning staff to ensure completion of CAP measures.</p>

**FOCUS AREA 6: TRANSPORTATION AND LAND USE****Goal:** Establish land uses and transportation options that minimize single-occupant vehicle use.

Ref	Measure	Performance target	Lead Department	2020 status
6.1	<b>Transportation demand management program</b> Require new development located in the city's transportation districts to implement a TDM program to reduce drive-alone trips.	TDM reporting results in a 1% overall reduction in citywide VMT, with individual projects achieving a minimum 5% to 10% reduction in VMT based on implementation of TDM best practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	Since the CAP's adoption, 46 new developments have been required to have a TDM Plan, and from those, 11 have been constructed and occupied, and two have implemented a TDM plan. The developments are required to create annual reports on their TDM plans to provide information to calculate overall VMT reduction. The City will continue to require TDM Plans in their conditions of approval for all new developments in transportation districts as well as monitor developments' annual report submissions.
6.2	<b>Municipal transportation demand management</b> Develop and implement a transportation demand management program for City employees to encourage alternative modes of travel and reduce single-occupant vehicle use.	Achieve a 20% reduction in commute related VMT from City employees	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	The City has taken steps to start a program by collecting and analyzing baseline data regarding employee commutes. The collected information expressed that 85% of employees drive alone to work resulting in approximately 102 MTCO2 emissions from City employee commutes. The City has also collected information regarding different departments' employee work schedule and has begun compiling possible TDM actions to reduce VMT. With the baseline data for City employee commute patterns, the City can begin development and implementation of targeted TDM measures.
6.3	<b>Electric vehicle parking</b> Revise parking standards for new multi-family residential and nonresidential development to allow that a minimum of one parking space, and a recommended level of 5% of all new parking spaces, be designated for electric vehicle charging.	430 parking spaces in new commercial, industrial, and multi-family development that utilize EV charging stations.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City of Santa Clara completed this measure as of 2018 with 455 charging stations installed in public spaces.

**FOCUS AREA 7: URBAN HEAT ISLAND EFFECT****Goal:** *Mitigate the heat island effect through shading and cooling practices.*

Ref	Measure	Performance metric	Lead Department	2020 status
7.1	<b>Urban forestry</b> Create a tree-planting standard for new development and conduct a citywide tree inventory every five years to track progress of the requirements.	Each new development incorporates a minimum of two shade trees near south-facing windows for a total tree-planting goal of 2,500.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City created a mandatory 2:1 replacement rule for developments, requiring 2 trees to be planted for every 1 tree removed during new construction. The City surpassed this goal by 2016 with the planting of 3,792 trees.
7.2	<b>Urban cooling</b> Require new parking lots to be surfaced with low-albedo materials to reduce heat gain, provided it is consistent with the Building Code.	All new uncovered parking lots and spaces utilize light-colored and/or permeable pavements.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	While the City has not yet required new parking lots to be surfaced with low-albedo materials, the 2019 California Green Building Standards Code includes guidance in its "Non-residential Voluntary Measures."

**NEXT STEPS**

The consultant team will use the updated information summarized above to support development of targets, strategies, and actions in the updated CAP in 2020.

## Memo

**To:** City of Santa Clara  
**From:** Raimi + Associates  
**Date:** 7/28/20  
**Re:** Task 2.3 Recommend and Forecast GHG Targets

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The following memorandum summarizes the greenhouse gas (GHG) forecasts developed by Raimi + Associates for the City of Santa Clara through 2050 and presents recommendations for GHG reduction targets to be incorporated into the updated Climate Action Plan. Our review assesses the City's GHG emissions trends, the City's current emissions profile, and community focus group input.

### Key Findings

- Projections based on ABAG demographics data show that by 2050, the City's population is estimated to grow by 28% and the number of jobs in the city is estimated to increase by 172% from 2016.
- In 2016, nonresidential energy use accounted for 61% of total emissions.
- The Business-as-Usual forecast shows GHG emissions are projected to increase by 126% in 2050 from 2008 baseline levels.
- The Adjusted Business-as-Usual forecast shows GHG emissions are projected to decrease by 45% in 2050 from 2008 baseline levels.
- Initial community outreach demonstrates support for adopting State emissions targets (40% reduction in GHG emissions by 2030 and 80% by 2050 or carbon neutrality by 2045), at a minimum.

### California's Regulatory Landscape

California has been a leader in climate action since early 2000. AB 32 set California's first GHG target to reduce emissions to 1990 levels by 2020. Greenhouse gas reduction targets can be defined as emission reduction levels that governments set out to achieve by a specified time. In this memo, the terms goals and targets are used interchangeably; however, the term "goals" is also used to refer to desired climate action achievements more broadly. California is on track to exceed its 2020 climate target, while the economy continues to grow. SB 32 extended the goals of AB 32 and established a mid-term 2030 goal of reducing emissions 40% from 2020 levels and a long-term goal of reducing emissions 80% by 2050. In 2018, Executive Order B-55-18 set the target of statewide carbon neutrality by 2045.

The reduction targets specified by the State are consistent with substantial scientific evidence published by the IPCC and the United Nations Framework Convention on Climate Change (UNFCCC) regarding the need to ultimately reduce global GHG emissions down to 80% below 1990 levels by 2050. This consistency is important for creating a "qualified" CAP. The concept of having a "qualified" CAP means that a CAP meets the criteria specified in CEQA Guidelines Section 15183.5(b) for a plan for the reduction of greenhouse gas emissions, such that a



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“qualified” CAP may then be used for the specific purpose of streamlining the analysis of GHG emissions in subsequent projects. Local governments have discretion on what levels or targets are established in a “qualified” CAP, provided they are based on substantial evidence.

Furthermore, some GHG reduction measures applicable to new development can be implemented through codes, ordinances, or other rating systems. GHG reduction measures in a CAP that are determined to be applicable at the project-level and could be used for tiering by future projects should be specified as mandatory in the CAP (through building performance standards or building code requirements, for example), and not as voluntary measures that may not be enforced during development review. Ultimately, local agencies should put forth their best efforts to make sure that GHG reductions associated with the primary measures in a CAP are quantifiable and based on substantial evidence.

## 2050 Emission Forecasts

R+A developed two emissions forecasts through the year 2050, Business-as-Usual (BAU) and Adjusted Business-as-Usual (ABAU), to show future emissions trends for the City of Santa Clara. The forecast is based on changes to the number of people who live and work in Santa Clara. As the population grows and there are more jobs in the community, there will be an increase in the amount of energy used, vehicle miles traveled (VMT), trash generated, and other activities that produce GHG emissions. R+A utilized the City’s most recent GHG inventory from 2016 and demographics projections from the Association of Bay Area Government’s (ABAG) Plan Bay Area program. Table 1 shows the assumed demographic changes.

**Table 1. Santa Clara Demographics Projections (2020-2040)**

	2020	2025	2030	2035	2040	2045	2050
<b>Population</b>	131,655	137,215	142,425	151,715	159,500	167,285	175,070
<b>Jobs</b>	143,565	151,310	165,255	169,590	170,575	171,560	172,545
<b>Housing Units</b>	50,505	51,590	52,675	55,720	58,190	60,660	63,130
<b>Service Population</b>	275,220	288,525	307,680	321,305	330,075	338,845	347,615

The Business-as-Usual forecast shows how the City’s emissions would change over time due to projected growth without any climate action at the local or State levels. Climate action is the implementation of various strategies and measures that reduce greenhouse gas emissions. Strategies and measures are programs, policies, or standards that reduce the GHG emissions of activities (i.e. minimum energy efficiency standards for appliances or Transportation Demand Management programs). The analysis shows that the City’s BAU emissions are projected to increase from 1,862,824 MTCO<sub>2</sub>e in 2008 to 4,246,957 MTCO<sub>2</sub>e in 2050, a 126% increase. Table 2 shows the forecasted emission levels for each sector in future years.



**Table 2. Forecasted Business-as-Usual Total Annual Community GHG Emissions 2020-2040 (in MTCO2e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	65,370	66,775	68,179	72,120	75,317	78,514	81,711	19%
Residential natural gas	84,279	72,780	79,120	80,820	82,519	87,290	91,159	95,029	98,898	17%
Residential Energy	153,200	132,912	144,490	147,594	150,698	159,410	166,476	173,543	180,609	18%
Nonresidential electricity	805,360	980,317	2,364,897	2,364,897	2,582,851	2,650,604	2,665,999	2,681,394	2,696,789	235%
Nonresidential natural gas	304,181	99,945	228,764	241,106	263,326	270,234	271,804	273,373	274,943	-10%
Nonresidential Energy	1,109,541	1,080,262	2,593,662	2,606,003	2,846,177	2,920,838	2,937,803	2,954,768	2,971,732	168%
On-Road Transportation	523,000	505,989	774,137	811,561	865,440	903,764	928,432	953,101	977,769	79%
Landfilled Waste	36,686	38,744	56,861	59,610	63,568	66,382	68,194	70,006	71,818	96%
Wastewater Treatment	9,200	24,292	35,651	37,375	39,856	41,621	42,757	43,893	45,029	389%
Off-Road	31,300	8,634	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>1,862,824<sup>1</sup></b>	<b>1,790,833<sup>2</sup></b>	<b>3,604,801</b>	<b>3,662,143</b>	<b>3,965,739</b>	<b>4,092,016</b>	<b>4,143,663</b>	<b>4,195,310</b>	<b>4,246,957</b>	<b>126%</b>

<sup>1</sup> Difference in emissions from 2013 CAP due to addition of business waste tonnage.

<sup>2</sup> Difference in emissions from 2018 CAP progress report due to addition of business waste tonnage and off-road emissions.

It is important to note that the BAU forecast may overestimate the emissions due to electricity because it assumes the utility's emission factor from 2016 remains constant. The carbon intensity of SVP energy in 2016 was significantly higher than subsequent years because the utility still procured energy from a coal-fired power plant. SVP exited this coal contract in 2017, which greatly reduced their emissions. R+A will update this forecast with a more realistic emissions factor if one becomes available.

Additionally, the Adjusted Business-as-Usual (ABAU) forecast is presented to show how Santa Clara's emissions are anticipated to change accounting for the impacts of adopted State policies if no action is taken at the local level. There are four major policies that the State has adopted to reduce GHG emissions at the local level:

1. **Renewables Portfolio Standard (RPS):** This law requires that electrical utilities provide an increased amount of electricity from eligible renewable sources. SB 100 requires that 33% of electricity sold by utilities in 2020 be renewable, 60% be renewable in 2030, and 100% be carbon-free in 2045.

2. **Title 24:** Title 24 is the set of regulations that specifies how new buildings must be constructed, including specifying minimum energy efficiency standards. These standards are updated triennially to be more stringent. California has set a goal for zero-net energy new construction by 2030.
3. **Clean Car Standards:** These standards require that vehicles sold in California meet minimum fuel efficiency requirements, and that fuel sold in the state emits less GHGs during production and use.
4. **SB 1383:** This law requires that food scraps and other organic material is diverted from landfill disposal. The State goal is that 75% of organic material is diverted from landfill by 2025.

The measures listed above and their associated GHG reductions are counted toward Santa Clara's overall community emissions reductions and progress towards targets. Based on the results of the ABAU forecast, emissions are expected to fall from 1,862,824 MTCO<sub>2</sub>e in 2008 to 1,028,249 MTCO<sub>2</sub>e in 2050, a decrease of 45%. Table 3 shows the forecasted ABAU emission levels for each sector in future years. The ABAU forecast illustrates the importance of supporting the State's climate targets to reduce emissions statewide and kickstart local actions.

**Table 3. Forecasted Adjusted Business-as-Usual Total Annual Community GHG Emissions 2020-2050 (in MTCO<sub>2</sub>e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	25,711	20,646	18,559	15,612	11,193	6,747	1,892	-97%
Residential natural gas	84,279	72,780	76,521	80,123	81,823	85,334	89,573	93,442	97,311	15%
Residential Energy	153,200	132,912	102,232	100,768	100,382	100,946	100,766	100,189	99,203	-35%
Nonresidential electricity	805,360	980,317	629,907	716,787	676,169	578,692	401,943	233,583	63,257	-92%
Nonresidential natural gas	304,181	99,945	157,914	234,318	251,105	266,435	270,940	272,519	274,079	-10%
Nonresidential Energy	1,109,541	1,080,262	787,820	951,105	927,274	845,127	672,883	506,093	337,336	-70%
On-Road Transportation	523,000	505,989	593,606	511,767	480,335	470,138	458,688	477,609	491,181	-8%
Landfilled Waste	36,686	38,744	56,861	48,074	51,271	53,546	55,010	56,474	57,938	58%
Wastewater Treatment	9,200	24,292	35,374	37,085	39,547	41,298	42,425	42,572	42,590	363%
<b>TOTAL</b>	<b>1,862,821</b>	<b>1,790,833</b>	<b>1,575,894</b>	<b>1,648,799</b>	<b>1,598,809</b>	<b>1,511,055</b>	<b>1,329,771</b>	<b>1,182,936</b>	<b>1,028,249</b>	<b>-45%</b>

## Community Input

Over the first week of April 2020 Raimi + Associates hosted a series of stakeholder focus group calls in lieu of the first Community Workshop for the Climate Action Plan Update. The first series of focus groups were held as online webinars. Overall, R+A spoke with 10 community members representing various community organizations, sectors, and opinions. Each focus group was asked the following questions:

1. What climate issues are important to you and your industry/organization?
2. What does a climate friendly Santa Clara look like to you?
3. How much should Santa Clara strive to reduce its emissions? How ambitious should the City be relative to peer cities?
4. Should the City apply the existing State targets? 50% by 2030? 80% by 2050? or carbon neutrality by 2045?
5. What barriers or challenges do you think could prevent the City from reaching its emissions reduction targets?
6. What do you see as Santa Clara's biggest climate threat?

Overall, participants on the focus group calls were generally excited to hear the City of Santa Clara was updating its CAP and making climate action a priority for the City. However, many expressed a lack of knowledge about the topic and ways to reduce emissions. Common themes from across each sector are summarized below:

- Current imbalance between the number of jobs and housing units – there is a need for housing in the City to balance the large number of jobs and to improve regional mobility and mobility options. By 2040, the jobs to housing ratio will be almost 3:1.
- Lack of knowledge and awareness about the City's current climate action efforts and future GHG reduction strategies
- As companies establish their own climate goals, SVP's ability to provide an increasing amount of carbon-free energy or collaborate with companies on renewables solutions will be critical for business retention
- Santa Clara's GHG reduction targets should be aligned with peer cities and State regulation
- The City should consider sector-specific targets and total annual and per capita GHG targets
- Any near-term targets should set the City up to achieve long-term targets
- Climate related threats include: sea level rise, lack of awareness, lack of city/regional coordination, and political will

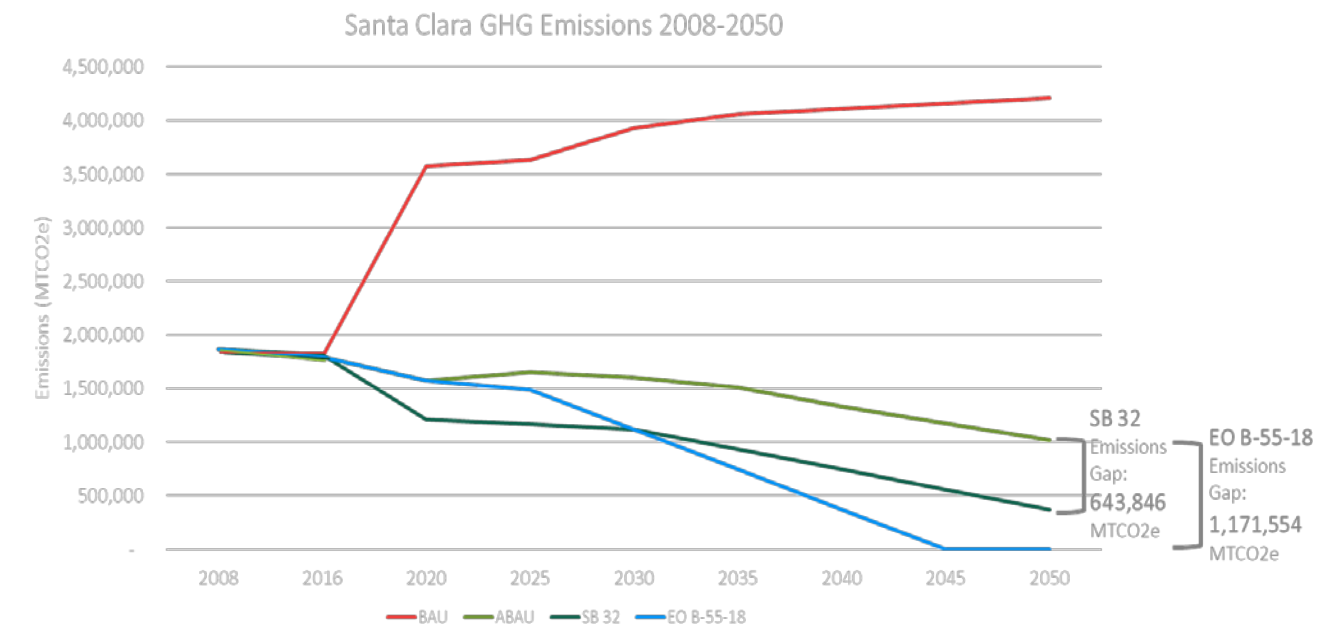
## Recommended GHG Targets

Based on the review of the City's GHG forecasts and community input, there are four options for climate targets.

**Option 1:** Santa Clara adopts the goal of carbon neutrality by 2045. This target is based on Former Governor Brown's Executive Order B-55-18, which is likely to become law based on the State's current trends and actions around climate change. Many local jurisdictions have already adopted the goal of carbon neutrality including the cities of Fremont, San Luis Obispo, Sacramento, Menlo Park, and the County of Santa Clara. Furthermore, this target would create a stronger basis on which to qualify the CAP in terms of CEQA and provide for future streamlining and tiering of projects. By 2045, the City would need to implement additional local climate action measures to close the 1,171,554 MTCO<sub>2</sub>e emissions gap. This is the recommended option because it aligns the City with the State as well as its peer cities in the Bay Area and cities across California.

**Option 2:** Santa Clara adopts the State's emissions reduction targets set forth in SB 32. These targets include a mid-term and long-term goal of reducing GHG emissions 40% below baseline levels by 2030 and 80% by 2050. Figure 1 shows the City's emissions gap between the BAU, ABAU, and state emissions targets through 2050. Reductions resulting from the State policies included in the ABAU forecast count toward Santa Clara's overall emissions reductions. The City should adopt measures in their CAP that close the gap in emissions between ABAU and State target emissions, 643,846 MTCO<sub>2</sub>e by 2050.

**Figure 1. Graph showing the City's Emissions Gap between BAU, ABAU, and State Emissions Targets**



**Option 3:** Demonstrate leadership by setting a target in excess of State guidance. For example, carbon neutrality by 2035. This is a realistic goal for some cities that have access to 100% carbon-free and/or renewable electricity. Thus, the implications for Santa Clara would be to aggressively transition SVP to procuring carbon-free energy, which would be difficult due to existing energy generation infrastructure, contracts, and pricing structures.

**Option 4:** Set a target that is less than the State's emissions reduction goals. For example, 50% reduction in baseline GHG levels by 2050. There is currently no requirement that the City match the State's climate goals and there are currently no repercussions for not meeting these targets. Although setting a lower target is an option available to the City, there are some drawbacks and it is not recommended. If the City were to set GHG reduction targets less than those adopted by the State, the CAP would not be eligible for CEQA streamlining so responsibility would fall on individual projects to demonstrate that their mitigated impacts are in alignment with State GHG standards, which can be very burdensome, including for City projects.

In addition to thinking about these reduction targets as total reductions in the community's overall emissions, to acknowledge Santa Clara's projected growth in population and jobs through 2050, these forecasts and targets can be expressed as per capita and per service population estimates. Table 4 presents the BAU, ABAU, and State targets in terms of Santa Clara's projected population and service population.

**Table 3. Forecasted Per Capita and Per Service Population Annual Community GHG Emissions 2020-2050 (in MTCO2e)**

		2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
<b>Business-as-Usual</b>	Per Capita	27.14	26.45	27.60	26.73	25.74	24.85	24.03	45%
	Per Service Population	12.98	12.58	12.77	12.62	12.44	12.27	12.10	4%
<b>Adjusted Business-as-Usual</b>	Per Capita	11.97	12.02	11.23	9.96	8.34	7.00	5.81	-65%
	Per Service Population	5.73	5.71	5.20	4.70	4.03	3.46	2.92	-75%
<b>SB 32</b>	Per Capita	9.20	8.48	7.85	6.14	4.67	3.34	2.13	-87%
	Per Service Population	4.40	4.04	3.63	2.90	2.26	1.65	1.07	-91%
<b>B-55-18</b>	Per Capita	11.97	10.86	7.85	4.91	2.34	-	-	-100%
	Per Service Population	5.73	5.17	3.63	2.32	1.13	-	-	-100%

The consultant team is recommending that the City adopt Option 1, the State’s emissions reduction targets set forth in Executive Order B-55-18, which best positions it to adapt to future State climate guidance and regulations. As the CAP update process continues and climate action measures are identified, the consultant team will determine whether it would be helpful for the City to incorporate sector or measure specific goals (i.e. incorporate specific mode split goals from the City’s Bicycle Plan) into the CAP.

## **Sources**

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US Census Bureau American Factfinder:

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To: Nimisha Agrawal, City of Santa Clara

From: Andrea Martin, Cascadia Consulting Group

Date: August 20, 2020

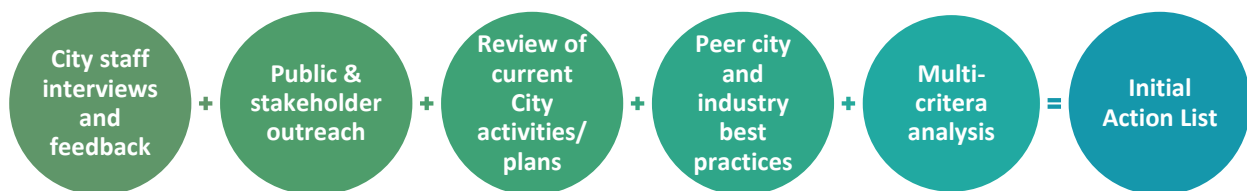
Subject: **Initial Actions List for City of Santa Clara Climate Action Plan Update**

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## Introduction

This memorandum presents the initial list of actions for consideration in the Climate Action Plan (CAP) Update. This action list represents the culmination of an iterative development and review process that included interviews with City staff, outreach to targeted stakeholders and the public, a review of current City planning documents and activities, consideration of peer city and industry best practices, and a qualitative multi-criteria prioritization analysis (see Figure 1 below).

Figure 1. Development and Review Process for Initial Action List Development



## Focus Areas

The initial action list is organized into the following focus areas:










## Multi-Criteria Analysis

The criteria evaluated through the multi-criteria analysis (MCA) are presented in Table 1 below. Criteria were assigned relative weights based their perceived importance in meeting CAP objectives.

For each potential action, the consultant team assigned numerical rankings of 1 to 5 based on how well the action aligned with that criterion (1=very low alignment and 5= very high alignment). These rankings then underwent a weighted summation based on the criterion's assigned weight to arrive at an overall priority score for each action. The initial action list presented in this memorandum presents the top priority actions identified through this process.

**Table 1. Criteria Evaluated in the Multi-Criteria Analysis of Potential Actions**






	Criterion	Weight	Definition/Subcriteria
	Impact	0.3	How likely is it the action will work to address plan goals and targets?
			Is the action addressing a major sustainability need (e.g., high GHG emissions source)?
	Cost-effectiveness	0.2	How affordable is the action to residents/businesses?
			How affordable is the action to the City of Santa Clara?
	Feasibility	0.2	Is there strong support for action from the resident and business community?
			Are there regulatory, political, or technological constraints?
	Equity	0.2	Do the benefits of the action reduce historical or current disparities among communities of color, low-income populations, and/or front-line populations?
	Co-benefits or synergies:	0.1	Does the action address multiple goals, other City or community objectives, and/or other City/community plans?
	<b>TOTAL</b>	<b>1.0</b>	

An example of how these criteria rankings result in action priority scores is presented below. Below are two actions Cascadia evaluated to prepare the City of Everett's (WA) CAP. While both actions have the same impact, cost-effectiveness, and co-benefits scores, the second action is substantially more feasible and somewhat more equitable. As a result, the second action received an overall higher score and better achieves Everett's climate action goals.






Action						Priority Score
<b>Advocate for regional congestion pricing authority.</b>	4	4	2	1	3	2.6
<b>Accelerate "Complete Streets" policy implementation.</b>	4	4	4	2	3	3.4






## Buildings & Energy

### STRATEGY 1: SHIFT TO ELECTRIC FUELS IN NEW AND EXISTING BUILDINGS TO ACHIEVE ZERO-NET CARBON BUILDINGS.






Action	Description						Priority Score
<b>Electrification incentives</b>	Expand current financial incentives to accelerate electrification in new and existing buildings. Rebates could be structured by income level and prioritized for rental units to be used for panel upgrades, passive home design features, electric appliances, heat pumps, and renewable energy generation coupled with storage.	3.5	3	3.5	4	2	3.4
<b>Electrification outreach</b>	Continue to promote commercial and residential energy efficiency and electrification through education and outreach.	2	3.5	4.5	4	3	3.3
<b>Electrification retrofit upon sale</b>	Provide electric panel upgrades upon sale for low-rise residential, and small multifamily and commercial buildings to facilitate the transition to clean electricity buildings and vehicles.	3.5	3.5	2	3	3	3.1
<b>Municipal Electrification Action Plan</b>	Work with regional energy partnerships to develop and implement an Electrification Action Plan for City facilities. This will include new and existing buildings, incorporate strategies to address energy storage, focus on highlighting any hurdles or solutions that would be applicable to the broader community, and leverage existing rebates.	2	3	3	3	5	2.9

### STRATEGY 2: MANAGE ENERGY DEMAND AND IMPROVE ENERGY EFFICIENCY.

Action	Description						Priority Score
<b>Municipal energy retrofits</b>	Continue to conduct comprehensive energy retrofits of existing City equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	2	5	3.5	3	3	3.2
<b>Equitable clean energy</b>	Continue to provide free home-energy audits and upgrade incentives for low-income households and affordable housing developers and property owners.	2	3.5	4	4	3	3.2






Action	Description						Priority Score
<b>Energy-efficient &amp; electric-ready building code</b>	Update local building code to increase energy efficiency standards and require electric-ready construction (e.g., electric wiring at appliance locations).	3	3.5	3	3	3	3.1
<b>Pilot distributed energy resources at the City</b>	Pilot technologies like energy storage, vehicle-to-grid charging stations, web-enabled devices and microgrids within City facilities evaluate their ability to reduce utility costs and carbon emissions.	2.5	3	2.5	3	4	2.9

### STRATEGY 3: MAXIMIZE RENEWABLE ENERGY GENERATION AND STORAGE CAPACITY.






Action	Description						Priority Score
<b>City-owned renewable energy projects</b>	Continue to investigate the use of City-owned property for additional large-scale renewable energy projects.	5	3	3.5	3	4	3.8
<b>Renewable installations at municipal facilities</b>	Install solar or other renewables at City-owned facilities.	3.5	3.5	3	3	3	3.3
<b>Property owner access to renewable energy generation &amp; storage</b>	Expand financial assistance options to residents to increase the implementation of renewable energy generation systems and energy storage infrastructure, including streamlining of project permitting and developing a solar grant program.	3.5	3	3.5	3	3	3.3
<b>Promote grid improvements for SVP</b>	Work with SVP on accelerating improvements to the energy grid or storage to ease the transition to renewable energy. These improvements may include subsidy and grant programs for electrification in existing buildings to reduce the cost of battery storage and electric vehicle charging/storage system installations.	3.5	3	3.5	3	3	3.3






## Transportation & Land Use

### STRATEGY 1: TRANSITION VEHICLES TO ELECTRIC ALTERNATIVES.






Action	Description						Priority Score
<b>Implement EV Blueprint</b>	Implement the EV acceleration program in SVP's EV Blueprint.	3	3	4	3	4	3.4
<b>Multi-family EV chargers</b>	Require all new multi-family units to install, at a minimum, Level 2 EV chargers at 10% of parking spaces and level 1 EV chargers at 40% of parking spaces.	3	3	4	3	4	3.3
<b>Commercial EV chargers</b>	Require all new commercial units to install level 2 and level 1 chargers at of parking spaces with a minimum of 30% of spaces to be EV capable.	2.5	4	3	3	3	3.3
<b>Electrification of municipal fleet</b>	Adopt a policy requiring a minimum percentage of new standard light-duty, medium-duty, and heavy-duty City fleet vehicles to be electric vehicles or use alternative fuels.	2.5	2.5	3	3	3	3.1
<b>Heavy duty electric trucks</b>	Partner with businesses and industries to accelerate transition of heavy duty trucks to electric through incentives or local tax credits.	3	3	4	3	4	2.8

### STRATEGY 2: EXPAND USE OF NON-SOV TRANSPORTATION MODES.

Action	Description						Priority Score
<b>Pedestrian and Bicycle Master Plan</b>	Fund and accelerate implementation of the Pedestrian Master Plan and Bicycle Master Plan, focusing on 1) closing gaps in the bicycle network with a focus on high demand arterials; 2) installing painted buffers and physical buffers on high stress roadways; and 3) implementing spot improvements in high traffic areas (e.g., bicycle detection, parking, and wayfinding elements).	3	3	4	3	4	3.3
<b>Improve curb management</b>	Incentivize projects that optimize curbside areas for low-carbon modes and reduce VMT, such as designated rideshare parking and loading zones, scooter and bike share docks, bike parking, electric vehicle charging stations, and autonomous vehicle loading zones.	3	3	4	3	4	3.3






Action	Description						Priority Score
<b>Improve bike mobility</b>	Increase public access to bikes, including electric bikes, implementing a bikeshare program, expanded bike parking, electric bike rebates, and other opportunities. The City should look to prioritize low stress facilities to encourage increased ridership.	3	3	4	3	4	3.3
<b>Transit gap and improvement study</b>	Partner with VTA to conduct a public transit gap study to increase transit use within the City.	2.5	3	3.5	4	3	3.2

### STRATEGY 3: ADVANCE SUSTAINABLE LAND USE.






Action	Description						Priority Score
<b>TDM requirements</b>	Require plans for reducing vehicle miles traveled for all new developments over a square footage threshold (i.e., transportation demand management plans).	4	2.5	3.5	3	4	3.4
<b>Target sustainable development in underutilized commercial strips</b>	Expand on SB50 to require higher density development in underutilized commercial strips. These developments should include increased building heights, allowing projects to build out to approved densities, zoning changes to higher-density mixed residential, and consider opportunities for mixed land use and/or transit oriented development. Quantify the net benefits of specific plans.	3.5	2.5	3.5	3	4	3.3
<b>Transit-oriented development</b>	Create standards and/or incentives to facilitate transit-oriented development (TOD) in transit centers such as the Santa Clara BART station.	2	3	3.5	3	4	2.9
<b>City-owned telecommuting centers</b>	Expand the use of City-owned facilities such as libraries to enhance community and City employee telecommuting options.	2	3	4.5	3	2	2.9






## Materials & Consumption

### STRATEGY 1: INCREASE WASTE DIVERSION.






Action	Description						Priority Score
<b>Comply with state solid waste ordinances</b>	Comply with state solid waste ordinances, including AB1826, AB341, and SB1383.	4	2	3.5	4	4	3.5
<b>Waste diversion pricing signals</b>	Explore or promote existing incentives for recycling and composting and discourage landfill waste; for example: --University of California Cooperative Extension Compost Education program. --Environmental Days provided by Recology, household hazardous waste drop-off events, and battery recycling stations at City Hall, Corp Yard, and Fire Stations. --Collect used motor oil/oil filters/batteries/CFLs curbside. --Recyclestuff.org. --Countywide Bring Your Own Cup campaign, Reusable vs. Disposable, A La Carte, and South Bay Green Gardens.	3	3	3.5	3	2	3.0
<b>C&amp;D requirements</b>	Expand requirements for C&D waste diversion beyond the current 5,000 square foot minimum project size.	3	3.5	4	2	2	3.0

### STRATEGY 2: REDUCE LANDFILLED FOOD WASTE.

Action	Description						Priority Score
<b>Technical assistance to top food generators</b>	Provide education, outreach, and technical assistance to top food producers such as hotels, hospitals, corporate cafeterias, and campuses to prevent food waste, increase surplus food donations, and comply with SB1383. Options include food waste tracking software and food donation pickup services.	4	2.5	4	4	4	3.7

Action	Description						Priority Score
<b>Food recovery and donation</b>	Continue to partner with local agencies to implement an Edible Food Recovery Program as required under SB 1383. Establish an excess edible food baseline and then assist food recovery organizations in establishing pickup and redistribution.	3	3.5	4	4	4	3.6
<b>Food recovery organization partnerships</b>	Participate in regional partnerships for promoting food waste reduction, recovery, and security, such as Loaves and Fishes, A La Carte, Silicon Valley Food Recovery, Second Harvest of Silicon Valley, and the Santa Clara County Food System Alliance.	3	3.5	4	4	4	3.6






### STRATEGY 3: ENHANCE SUSTAINABLE PRODUCTION AND CONSUMPTION.

Action	Description						Priority Score
<b>Reuse of salvageable building materials</b>	Promote organizations in Santa Clara County that process and sell salvageable building materials to building contractors.	2	4	4	4	3	3.3
<b>City property consumption and waste diversion</b>	In all City contracts and event permits, require that all third-party vendors provide and utilize compostable and/or reusable food service items to serve 50 or more people, and provide recycling and composting infrastructure.	3	3.5	4	3	2	3.2
<b>Municipal Sustainable Procurement Policy</b>	Implement a municipal Sustainable Procurement Policy to prioritize improvements for the highest emissions reduction impact purchasing decisions within each department, including vehicle and fuel purchases and low-carbon concrete.	3	3	4	3	2	3.1
<b>Carbon-smart building materials</b>	Educate architects, designers, and contractors to enable and promote carbon-sequestering building materials in new construction and renovations. This could include requirements for the disclosure and/or limit the embodied carbon emissions of buildings through whole-building or material specific policies.	2.5	3	4	3	3	3.1
<b>Support for schools on low-carbon alternatives and solutions</b>	Partner with Santa Clara Unified School District to implement low-carbon solutions. This may include working with the schools on energy efficiency and electrification, waste reduction and recycling, and sustainable purchasing.	2.5	3.5	4	3	2	3.1








## Natural Systems & Water Resources






### STRATEGY 1: INCREASE TREE CANOPY COVER

Action	Description						Priority Score
<b>Right-of-way tree planting</b>	Require residential tree planting in the right-of-way (between sidewalk and road) at time of sale.	3.5	2.5	3	4	3	3.3
<b>Tree rebate program</b>	Support private property planting of trees on currently paved surfaces through partnerships with current programs such as Our City Forest. Advertise services on the City website.	3	3.5	4	3	2	3.2
<b>Plan for retiring trees and sidewalk uplift</b>	Update City Tree Ordinance to address retiring trees and unintended consequences such as sidewalk uplifts.	2	3	4	4	3	3.1

### STRATEGY 2: ENHANCE ECOSYSTEM RESILIENCE.






Action	Description						Priority Score
<b>Carbon farming on open space lands</b>	Partner with resource conservation districts to increase carbon farming, creek restoration, wetland restoration, and local offset opportunities in open space lands.	4	3.5	4	3	4	3.7
<b>Partnerships for compost management</b>	Establish partnerships with organizations such as conservation districts to manage and utilize compost products from organics processing in compliance with SB1383.	3.5	3.5	4	3	3	3.5
<b>Tree planting guide</b>	Support local organizations (e.g., ReScape California) in developing a planting guide that prioritizes increasing available soil, carbon sequestration, resilience, and other equitably-distributed co-benefits. The guide could include information on native and climate-adaptive plants, how to properly apply compost and mulch, reducing synthetic fertilizers to support soil health, how to store more water in the ground, and how to store carbon in soil, plants, and trees.	1	3.5	4	3	2	2.6

### STRATEGY 3: IMPROVE WATER SUPPLY & CONSERVATION.






Action	Description						Priority Score
<b>Incentives for community water fixture retrofits</b>	Encourage participation in Santa Clara Valley Water District's water conservation rebate programs. Expand the City's rain barrel and landscape rebate programs.	3	3.5	4	4	2	3.4
<b>Fixture replacement</b>	Expand replacement of inefficient water fixtures and appliances in high-end sectors (i.e., commercial, multi-family, and single-family).	3	3.5	4	4	2	3.4
<b>Water data accessibility</b>	Facilitate the sharing of geospatial data from the Silicon Valley 2.0 tool with Valley Water and the owners of the Regional Wastewater Facility.	3	3.5	4	3	3	3.3
<b>Water-efficient landscaping requirements</b>	Expand requirements for water-efficient landscaping practices, including requirements for cooling (trees, green roofs).	4	2.5	3	3	4	3.3
<b>Diversify the community water portfolio</b>	Continue collaboration with agency partners such as South Bay Water Recycling, Valley Water, BAWSCA, and SFPUC to diversify water supply portfolio and expand current sources. Diversified water portfolio towards drought resiliency could include utilizing a varying mix of surface and groundwater and requiring the increased use of recycled urban water in applicable sectors (e.g., irrigation, groundwater recharge, dual pump, cooling towers).	3.5	3	3	3	2	3.1
<b>Require recycled water connections for new development</b>	Require the use of recycled water for all non-potable uses where recycled water is available, per City Code 13.15.160. Require all new development where applicable to connect to the recycled water distribution system in order to provide recycled water for approved uses at the development site.	3.5	3	3	3	2	3.1

## Community Resilience & Wellbeing

### STRATEGY 1: IMPROVE COMMUNITY RESILIENCE.

Action	Description						Priority Score
<b>Community resilience networks</b>	Support neighborhood-based organizations and businesses in development of Neighborhood Resilience Hub Programs to prepare residents and respond to climate change. Identify suitable locations for resilience hubs, cooling centers, disaster assistance and supplies. These locations will also need to develop backup power sources in the event of a power outage.	3.5	3	4	4	4	3.7
<b>Homeless support</b>	Expand support services to people experiencing homelessness during all extreme weather and hazard events (e.g., extreme heat, flooding, wildfires).	3	3	3	5	4	3.5
<b>Community climate action grant</b>	Establish an annual micro-grant program to support local citizen-led projects and programs that will reduce emissions, adapt to climate change, and enhance equity.	2.5	4	4	4	3	3.5
<b>Incentives for adaptation upgrades</b>	Offer rebates and/or other financial incentives to encourage adaptation upgrades (e.g., cool roofs, green roofs, cool pavement) and installation of low-emissions space-cooling devices (e.g., ceiling fans, heat pumps), which increase resilience cost-effectively and with a lower environmental impact.	3	3	4	3	2	3.1

## STRATEGY 2: PREPARE FOR CLIMATE CHANGE.

Action	Description						Priority Score
<b>Restrict high-hazard development</b>	Restrict development in high-hazard areas.	3.5	4	4	3	3	3.6
<b>On-site &amp; natural stormwater systems</b>	Integrate natural stormwater systems within site and building design to expand on-site stormwater management capacity.	3.5	3.5	4	3	3	3.5
<b>Reduce urban-wildland fire risk</b>	Reduce wildfire risk in natural landscapes by investigating opportunities within zoning, home construction, and fire safe building and landscape codes for the urban-wildland interface. Ensure that vegetation management incorporates habitat management principles.	3	3.5	4	3	3	3.3
<b>Low-albedo parking lots</b>	As part of conditions of approval, require new parking lots to be surfaced with low-albedo materials to reduce heat gain during extreme heat events and to reduce energy consumption related to cooling.	3.5	3	4	3	2	3.3
<b>Climate Resilience Capital Improvement Program (CIP)</b>	Revise design standards to require climate considerations in development of discretionary CIP projects. Ensure that the infrastructure being developed will be designed with forecasted changes in climate (precipitation, temperature, wildfire, sea level rise) in mind.	3.5	3	3.5	3	2	3.2
<b>Planned retreat strategies</b>	Identify and consider relocation opportunities for critical facilities (i.e., planned retreat for structures at risk of recurring damages).	3	3.5	3	3	3	3.1



## Agenda Report

20-833

Agenda Date: 10/14/2020

### REPORT TO PLANNING COMMISSION

#### SUBJECT

STUDY SESSION: Climate Action Plan (CAP) Update

#### BACKGROUND

A study session was held with the Planning Commission on August 26, 2020, at which staff presented the Planning Commission with an update on the preparation of an update to the City's Climate Action Plan highlighting work on the regulatory framework and community engagement elements. Staff provided the Commission with three memorandums:

- 2013 CAP Progress Summary
- Forecast and Overarching Targets
- Initial Actions List

These memorandums along with the staff report and presentation from August 26 study session are included for review as attachments with this report.

#### DISCUSSION

This follow-up study session is being scheduled to provide information to the Commission in response to the August 26<sup>th</sup> discussion and receive additional comments from the Commission. This is also an opportunity for the Commission to discuss possible actions to be included in the Climate Action Plan and the implications of adopting a more aggressive reduction target.

At the meeting staff will be asking the Commission to weigh in on their top priority actions in the first two CAP focus areas: Buildings and Energy, and Transportation and Land Use, as they are related City activities that fall within the Planning Commission's purview. Staff is also looking for the Commission's input on potential actions included in the list that should be removed from consideration.

#### ENVIRONMENTAL REVIEW

This is an informational report only and no action is being taken by the Planning Commission and no environmental review under the California Environmental Quality Act ("CEQA") is required at this time.

#### FISCAL IMPACT

There is no additional cost to the City other than staff time and expense.

#### COORDINATION

This report has been coordinated with the City Attorney's Office.

#### PUBLIC CONTACT

Over the first week of April 2020, the City's consulting team hosted a series of stakeholder focus

group calls in lieu of the first Community Workshop for the Climate Action Plan Update. The first series of focus groups were held as online webinars. Overall, they spoke with 10 community members representing various community organizations, sectors, and opinions.

The City completed an online survey on the CAP, with nearly 400 responses received. The City also conducted a virtual community workshop on July 16, where people were asked to provide input on the City's climate goals and strategies. The 38 participants actively engaged in discussions on variety of topics including Land Use and Transportation, Buildings and Energy, Materials and Consumption, Natural Systems and Water Resources, and Community Resilience and Wellbeing. The [presentation <https://www.santaclaraca.gov/home/showdocument?id=69321>](https://www.santaclaraca.gov/home/showdocument?id=69321) from this workshop has been posted on the CAP webpage on the City's website. Summaries of the responses from the survey and the discussions during the Community Workshop have also been posted on the [CAP webpage. <https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan>](https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan)

A second online survey on the Climate Action Plan will be posted in October to further engage the community in the process.

Public contact was also made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) [<mailto:clerk@santaclaraca.gov>](mailto:clerk@santaclaraca.gov).

## **OUTCOME**

The goal of the study session is to get the Commission's confirmation on the recommended Greenhouse Gas (GHG) reduction target for the CAP update. Staff will also seek the Commission's input on the initial action list by asking the Commission as a whole to indicate their top priority actions and to indicate if there are actions that should not be included in the CAP Update.

Staff

Reviewed by: Reena Brilliot, Planning Manager

Approved by: Andrew Crabtree, Director of Community Development

## **ATTACHMENTS**

1. PC Study Session Staff Report 8.26.20
2. PC Study Session Staff Presentation 8.26.20
3. CAP Measures Status Memo
4. Forecast and Targets Memo
5. Initial Actions List
6. Comment Letter Sierra Club



## Agenda Report

20-402

Agenda Date: 8/26/2020

### REPORT TO PLANNING COMMISSION

#### SUBJECT

STUDY SESSION: Climate Action Plan (CAP) Update

#### BACKGROUND

The City's current CAP, adopted in December 2013, identifies measurable actions the City can implement through the year 2020 to reduce Greenhouse Gas (GHG) emissions to 1990 levels, as required by California's Global Warming Solutions Act of 2006 (Assembly Bill 32).

The City is now in the process of comprehensively updating the CAP to extend the City's Greenhouse Gas (GHG) reduction goals through 2030, and to address new State requirements imposed since the CAP was adopted. The City hired a consultant team led by Cascadia Consulting Group and including Raimi + Associates and David J. Powers and Associates, to provide professional services to assist with the CAP Update.

#### Regulatory Background

Since 2013 California has adopted a number of laws that add requirements for local jurisdictions to assess climate change, analyze and reduce GHG emissions and their effects, and prepare for the impacts of a warming planet. The following State policies are being addressed through the CAP update:

- **AB32, SB32, EO B-55-18:** AB 32 (2006) set California's first GHG target to reduce emissions to 1990 levels by 2020. SB 32 (2016) extended the goals of AB 32 and established a mid-term 2030 goal of reducing emissions 40% below 1990 levels and a long-term goal of reducing emissions 80% below 1990 levels by 2050. In 2018, Executive Order B-55-18 set the target of statewide carbon neutrality by 2045.
- **California Renewable Portfolio Standard Program:** This law requires that electrical utilities provide an increased amount of electricity from eligible renewable sources. SB350 (2015) established new clean energy, clean air, and greenhouse gas (GHG) reduction goals for 2030. SB100 (2018) sets targets for the Renewable Portfolio Standard, including sourcing 60% of all electricity sales from clean, renewable sources by 2030. In November 2018, Silicon Valley Power (SVP) adopted an Integrated Resource Plan (IRP) for the City of Santa Clara consistent with the goals and targets of both SB350 and SB100.
- **CBSC Energy Efficiency standards:** Title 24, the California Building Standards Code (CBSC), is a statewide set of construction codes applied by local agencies through the issuance of building permits. Part 6 of the CBSC, the California Energy Code, contains energy and water efficiency requirements for newly constructed buildings, additions to existing buildings, and alterations to existing buildings. California has set a goal for zero-net energy new construction by 2030.
- **California Clean Car Standards:** These state standards require that vehicles sold in California meet minimum fuel efficiency requirements, and that over time, fuel sold in the state



emits less GHGs during production and use.

- **SB 1383 (2016):** This law requires that food scraps and other organic material is diverted from landfill disposal. The State goal is that 75% of organic material is diverted from landfills by 2025.

## **DISCUSSION**

At the study session on August 26, 2020, staff will provide information on the following:

### **2013 CAP Progress Summary**

The consultant team conducted several interviews with City staff and key community and business stakeholders to prepare a progress report on the adopted measures in the 2013 CAP, the CAP Measures Status Memo, which is provided with this report as Attachment 1. Seven out of the 19 measures in the 2013 CAP have been completed.

### **Forecast and Overarching Targets**

The City's Greenhouse Gas (GHG) emission trends were analyzed and a series of focus group interviews were conducted with City staff and key stakeholders. Key findings are summarized in the Forecast and Targets Memo, which is available with this report as Attachment 2. The memo summarizes the GHG forecasts and provides options for the overall reduction target for the CAP Update. The memo further recommends that the City adopt the goal of carbon neutrality by 2045 to align with the State and peer cities in the Bay Area. This would require the City of Santa Clara to adopt strategies and take actions to reduce the GHG emissions to zero, including offsets for any remaining emissions that cannot be eliminated.

Staff will be asking the Planning Commission to provide input on the appropriate reduction target for the CAP. The choices include:

1. Santa Clara adopts the goal of carbon neutrality by 2045. This target is based on Former Governor Brown's Executive Order B-55-18.
2. Santa Clara adopts the State's emissions reduction targets set forth in SB 32. These targets include a mid-term and long-term goal of reducing GHG emissions 40% below baseline levels by 2030 and 80% by 2050.
3. Santa Clara chooses to set targets that are more stringent than State guidance, such as achieving carbon neutrality earlier than 2045.
4. Santa Clara sets a target that is less than the State's long-term reduction goals. This would have the drawback of not achieving the CEQA streamlining benefit of the adoption of a qualified Climate Action Plan.

### **Potential Strategies and Actions**

An initial list of actions has been developed and is available with this report as Attachment 3. This list has been developed through an iterative development and review process that included interviews with City staff, outreach to targeted stakeholders and the public, a review of current City planning documents and activities, consideration of peer city and industry best practices, and a qualitative multi-criteria prioritization analysis. The action list is divided into five focus areas:

- Buildings and Energy;
- Transportation and Land Use,
- Materials and Consumption,
- Natural Systems & Water Resources, and
- Community Resilience & Wellbeing.

At the meeting, staff will be asking the Commission as a whole to weigh in on their top priority actions on the first two focus areas, Buildings and Energy, and Transportation and Land Use, as they are more related to the Planning Commission's purview. Also, indicate if any potential actions should be removed from consideration. Comments on other focus areas can be sent to the staff through email.

### **ENVIRONMENTAL REVIEW**

This is an informational report only and no action is being taken by the Planning Commission and no environmental review under the California Environmental Quality Act ("CEQA") is required at this time.

### **FISCAL IMPACT**

There is no additional cost to the City other than staff time and expense.

### **COORDINATION**

This report has been coordinated with the City Attorney's Office and the Community Development Department.

### **PUBLIC CONTACT**

Over the first week of April 2020 the consulting team hosted a series of stakeholder focus group calls in lieu of the first Community Workshop for the Climate Action Plan Update. The first series of focus groups were held as online webinars. Overall, they spoke with 10 community members representing various community organizations, sectors, and opinions.

The City completed an online survey on the CAP, with nearly 400 responses received. The City also conducted a virtual community workshop on July 16, where people were asked to provide input on the City's climate goals and strategies. The 38 participants actively engaged in discussions on variety of topics including Land Use and Transportation, Buildings and Energy, Materials and Consumption, Natural systems and Water Resources, and Community Resilience and Wellbeing. The [presentation](https://www.santaclaraca.gov/home/showdocument?id=69321) <<https://www.santaclaraca.gov/home/showdocument?id=69321>> from this workshop has been posted on the CAP webpage on the City's website. Summaries of the responses from the survey and the discussions during the Community Workshop have also been posted on the [CAP webpage](https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan). <<https://www.santaclaraca.gov/our-city/departments-a-f/community-development/planning-division/general-plan/climate-action-plan>>

A second online survey on the Climate Action Plan will be posted in August to further engage the community in the process.

Public contact was also made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

### **OUTCOME**

The goal of the study session is to get Commission's confirmation on the recommended GHG target for CAP update. The staff will also seek the Commission's input on the initial action list by asking the

Commission as a whole to indicate their top priority actions and to indicate if there are actions that should not be included in the CAP Update. Given that the Planning Commission's purview is more related to Building and Energy, and Transportation and Land Use, we will discuss actions related to these two focus areas during the study session.

Staff

Reviewed by: Reena Brilliot, Planning Manager

Approved by: Andrew Crabtree, Director of Community Development

**ATTACHMENTS**

1. CAP Measures Status Memo
2. Forecast and Targets Memo
3. Initial Actions List

**TO:** Nimisha Agrawal, City of Santa Clara  
**FROM:** Andrea Martin and Angela Pietschmann, Cascadia Consulting Group  
**SUBJECT:** Progress Analysis of the City of Santa Clara's 2013 Climate Action Plan  
**DATE:** April 2020

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## INTRODUCTION

Cascadia Consulting Group reviewed the City of Santa Clara's 2013 Climate Action Plan (CAP), 2016 and 2018 CAP progress reports, and other related documents to assess the City's progress in implementing CAP measures and reducing greenhouse gases against the recommended baseline. This review was supplemented with a series of interviews in March 2020 with the following City staff and key stakeholders:

- Ann Hatcher - Assistant Director of Electric Utility
- Carol Shariat - Principal Transportation Planner
- Craig Johnson – Building Official
- Dan Sunseri – Fleet Manager
- Dave Staub – Deputy Director of Public Works
- Diane Asuncion- Acting Compliance Manager, Water & Sewer Utilities
- Michelle Templeton – Sustainability Manager
- Shilpa Mehta - Engineering Services Division Manager, Water and Sewer Utilities
- Sudhanshu Jain – Planning Commissioner

The following tables summarize progress to date across the 2013 CAP's 19 climate action measures.

## PROGRESS AS OF MARCH 2020

### FOCUS AREA 1: COAL-FREE AND LARGE RENEWABLES

**Goal:** Eliminate coal from SVP's portfolio and increase use of natural gas and renewable energy.

Ref	Measure	Performance target	Lead Department	2020 Status
1.1	<b>Coal-free by 2020</b> Replace the use of coal in Silicon Valley Power's (SVP) portfolio with natural gas by 2020.	100% of coal power replaced with natural gas.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> As of January 1, 2018, SVP (1) has completely divested from coal, eliminating the amount of coal in the City's energy mix; and (2) provides all residential customers with carbon-free energy.
1.2	<b>Renewable energy resources</b> Investigate the use of City-owned property for large-scale renewable energy projects.	N/A	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	Since the 2013 CAP was adopted, SVP developed a 20 MW wind farm in the Altamont Pass area and a 20 MW solar installation in Kern County.

Ref	Measure	Performance target	Lead Department	2020 Status
1.3	<b>Utility-installed renewables</b> Develop up to five solar PV projects with a total installed capacity of 3 to 5 MW.	New solar PV projects generating a total of 5 MW.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	By 2016, SVP installed 515 kW of solar projects in Santa Clara. Additional projects to date include: Hope Rehabilitation Services (4.0 kW), YMCA of Silicon Valley (30.450 kW), Pacific Autism Center for Education (47.150 kW), Belovida Santa Clara (32.400 kW), Muslim Community Association (35.020 kW). Three additional projects are currently in progress.

## FOCUS AREA 2: ENERGY EFFICIENCY PROGRAMS

**Goal:** Maximize the efficient use of energy throughout the community.

Ref	Measure	Performance target	Lead Department	2020 status
2.1	<b>Community electricity efficiency</b> Achieve City-adopted electricity efficiency targets to reduce community-wide electricity use by 5% through incentives, pilot projects, and rebate programs.	(2020): 159,100 MWh electricity savings.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> Combined savings from 2008 to 2017 amount to 165,260 MWh of community energy savings through incentives, pilot projects, and rebate programs, exceeding the original goal of 159,100 MWh.
2.2	<b>Community natural gas efficiency</b> Work with community and social services agencies to provide information from Pacific Gas & Electric (PG&E) to promote voluntary natural gas retrofits in 5% of multi-family homes, 7% of single-family homes, and 7% of nonresidential space through strategic partnerships connecting residents and business owners to available financing resources.	1,700 single-family homes, 1,000 multi-family homes, 410 commercial accounts, and 130 industrial accounts complete natural gas efficiency upgrades.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>PG&amp;E</li> </ul>	While SVP is a municipally owned utility, PG&E is not, making progress on this measure challenging. The City will pursue more effective measures as part of the 2020 CAP update.
2.3	<b>Data centers</b> Encourage new data centers with an average rack power rating of 15 kW or more to identify and implement cost-effective and energy-efficient practices.	10% of new data centers utilizing energy-efficient practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 100% of new data centers since 2013 have utilized energy-efficient economizers, exceeding the goal of 10% of new data centers.

Ref	Measure	Performance target	Lead Department	2020 status
2.4	<b>Customer-installed solar</b> Incentivize and facilitate the installation of 6 MW of customer-owned residential and nonresidential solar PV projects.	New solar PV projects generating 6 MW in total installed capacity on homes, nonresidential buildings, parking garages, parking lots, and other feasible areas. Equivalent to 900 residential and 330 nonresidential installations.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 16.1 MW of commercial and residential solar were installed between 2013-2018.
2.5	<b>Municipal energy efficiency</b> Reduce municipal electricity use by 10% through comprehensive energy retrofits of existing equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	Replace inefficient equipment in 50% of municipal buildings and facilities. Complete all previously identified cost-effective identified energy efficiency projects.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	Most City facilities are equipped with energy efficient computers, printers and air-cooled air conditioning units. The City installs/retrofits with LED lighting. When motors, boilers, and chillers are replaced (due to age or condition), the City uses energy efficient models. The City will continue efforts and investigate ways to participate in energy efficient programs.
2.6	<b>Municipal renewables</b> Install 1 MW of solar or other renewables at City-owned facilities.	New solar PV projects generating 1,000 kW in total installed capacity.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City has begun the process of completing this measure; two City facilities have been selected to attain solar panels, the Northside Library and the Police Department building. These solar panels are planned for installation by the end of 2020. The City will continue to determine other City facilities that could install solar panels and reach the goal of 1MW solar installs.

**FOCUS AREA 3: WATER CONSERVATION***Goal: Reduce GHG-intensive water use practices.*

Ref	Measure	Performance target	Lead Department	2020 status
3.1	<b>Urban Water Management Plan targets</b> Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	<ul style="list-style-type: none"> <li>Water &amp; Sewer Utilities</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City saved 6,328 acre-feet (2,060,000,000 gallons) of water from 2008 through 2016.

**FOCUS AREA 4: WASTE REDUCTION***Goal: Increase recycling opportunities for all disposed materials.*

Ref	Measure	Performance target	Lead Department	2020 status
4.1	<b>Food waste collection</b> Support the expansion of existing food waste and composting collection routes in order to provide composting services to 25% of existing restaurants.	Participation of 120 restaurants in Santa Clara.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	While 124 businesses are currently signed up for the commercial organics program, only 30 are restaurants. However, this total includes hotels, grocery stores, and other businesses with a food service component. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to source-separate organics from garbage.
4.2	<b>Increased waste diversion</b> Work with regional partners to increase solid waste diversion to 80% through increased recycling efforts, curbside food waste pickup, and construction and demolition waste programs.	Increase the waste diversion rate from 58% to 80%.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City's current diversion rate is approximately 58%. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to increase diversion through source-separation.



**FOCUS AREA 5: OFF-ROAD EQUIPMENT****Goal:** *Ensure efficient operations of off-road equipment.*

Ref	Measure	Performance target	Lead Department	2020 status
5.1	<b>Lawn and garden equipment</b> Support and facilitate a community-wide transition to electric outdoor lawn and garden equipment through outreach, coordination with BAAQMD, and outdoor electrical outlet requirements for new development.	Exchange 1,170 leaf blowers and 130 lawn mowers with electric models.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	As of 2016, only three residents used the program successfully. The program is no longer operational due to limited interest. The City will explore alternative strategies for off-road equipment as part of the 2020 CAP update.
5.2	<b>Alternative construction fuels</b> Require construction projects to comply with BAAQMD best management Practices, including alternative-fueled vehicles and equipment.	30% of construction equipment switches from conventional technologies to hybrid, compressed natural gas (CNG), electric, or biodiesel.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<p>As of July 2016, 12% of construction equipment (defined as forklifts, backhoes, loaders, rollers, chippers, stump grinders, cranes, concrete saws, and mowers) were upgraded to use alternative fuel technologies, nearly halfway to the 30% conversion target established in the CAP.</p> <p>All development approvals have requirements in their environmental documents to use BAAQMD best management practices, which includes the encouragement of fuel switching to alternative fuels.</p> <p>The City can make further progress on this measure by adding the use of alternative fuels in construction vehicles to the conditions of approval for new development permits and updating project monitoring software to account for the type of fuel used for construction vehicles at each development site. The City conducts pre-construction meetings to review developments' plans prior to construction; to further the progress of this measure; the City can open these meetings to include building and planning staff to ensure completion of CAP measures.</p>

**FOCUS AREA 6: TRANSPORTATION AND LAND USE****Goal:** Establish land uses and transportation options that minimize single-occupant vehicle use.

Ref	Measure	Performance target	Lead Department	2020 status
6.1	<b>Transportation demand management program</b> Require new development located in the city's transportation districts to implement a TDM program to reduce drive-alone trips.	TDM reporting results in a 1% overall reduction in citywide VMT, with individual projects achieving a minimum 5% to 10% reduction in VMT based on implementation of TDM best practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	Since the CAP's adoption, 46 new developments have been required to have a TDM Plan, and from those, 11 have been constructed and occupied, and two have implemented a TDM plan. The developments are required to create annual reports on their TDM plans to provide information to calculate overall VMT reduction. The City will continue to require TDM Plans in their conditions of approval for all new developments in transportation districts as well as monitor developments' annual report submissions.
6.2	<b>Municipal transportation demand management</b> Develop and implement a transportation demand management program for City employees to encourage alternative modes of travel and reduce single-occupant vehicle use.	Achieve a 20% reduction in commute related VMT from City employees	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	The City has taken steps to start a program by collecting and analyzing baseline data regarding employee commutes. The collected information expressed that 85% of employees drive alone to work resulting in approximately 102 MTCO2 emissions from City employee commutes. The City has also collected information regarding different departments' employee work schedule and has begun compiling possible TDM actions to reduce VMT. With the baseline data for City employee commute patterns, the City can begin development and implementation of targeted TDM measures.
6.3	<b>Electric vehicle parking</b> Revise parking standards for new multi-family residential and nonresidential development to allow that a minimum of one parking space, and a recommended level of 5% of all new parking spaces, be designated for electric vehicle charging.	430 parking spaces in new commercial, industrial, and multi-family development that utilize EV charging stations.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City of Santa Clara completed this measure as of 2018 with 455 charging stations installed in public spaces.

**FOCUS AREA 7: URBAN HEAT ISLAND EFFECT****Goal:** *Mitigate the heat island effect through shading and cooling practices.*

Ref	Measure	Performance metric	Lead Department	2020 status
7.1	<b>Urban forestry</b> Create a tree-planting standard for new development and conduct a citywide tree inventory every five years to track progress of the requirements.	Each new development incorporates a minimum of two shade trees near south-facing windows for a total tree-planting goal of 2,500.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City created a mandatory 2:1 replacement rule for developments, requiring 2 trees to be planted for every 1 tree removed during new construction. The City surpassed this goal by 2016 with the planting of 3,792 trees.
7.2	<b>Urban cooling</b> Require new parking lots to be surfaced with low-albedo materials to reduce heat gain, provided it is consistent with the Building Code.	All new uncovered parking lots and spaces utilize light-colored and/or permeable pavements.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	While the City has not yet required new parking lots to be surfaced with low-albedo materials, the 2019 California Green Building Standards Code includes guidance in its "Non-residential Voluntary Measures."

**NEXT STEPS**

The consultant team will use the updated information summarized above to support development of targets, strategies, and actions in the updated CAP in 2020.

## Memo

**To:** City of Santa Clara  
**From:** Raimi + Associates  
**Date:** 7/28/20  
**Re:** Task 2.3 Recommend and Forecast GHG Targets

---

The following memorandum summarizes the greenhouse gas (GHG) forecasts developed by Raimi + Associates for the City of Santa Clara through 2050 and presents recommendations for GHG reduction targets to be incorporated into the updated Climate Action Plan. Our review assesses the City's GHG emissions trends, the City's current emissions profile, and community focus group input.

### Key Findings

- Projections based on ABAG demographics data show that by 2050, the City's population is estimated to grow by 28% and the number of jobs in the city is estimated to increase by 172% from 2016.
- In 2016, nonresidential energy use accounted for 61% of total emissions.
- The Business-as-Usual forecast shows GHG emissions are projected to increase by 126% in 2050 from 2008 baseline levels.
- The Adjusted Business-as-Usual forecast shows GHG emissions are projected to decrease by 45% in 2050 from 2008 baseline levels.
- Initial community outreach demonstrates support for adopting State emissions targets (40% reduction in GHG emissions by 2030 and 80% by 2050 or carbon neutrality by 2045), at a minimum.

### California's Regulatory Landscape

California has been a leader in climate action since early 2000. AB 32 set California's first GHG target to reduce emissions to 1990 levels by 2020. Greenhouse gas reduction targets can be defined as emission reduction levels that governments set out to achieve by a specified time. In this memo, the terms goals and targets are used interchangeably; however, the term "goals" is also used to refer to desired climate action achievements more broadly. California is on track to exceed its 2020 climate target, while the economy continues to grow. SB 32 extended the goals of AB 32 and established a mid-term 2030 goal of reducing emissions 40% from 2020 levels and a long-term goal of reducing emissions 80% by 2050. In 2018, Executive Order B-55-18 set the target of statewide carbon neutrality by 2045.

The reduction targets specified by the State are consistent with substantial scientific evidence published by the IPCC and the United Nations Framework Convention on Climate Change (UNFCCC) regarding the need to ultimately reduce global GHG emissions down to 80% below 1990 levels by 2050. This consistency is important for creating a "qualified" CAP. The concept of having a "qualified" CAP means that a CAP meets the criteria specified in CEQA Guidelines Section 15183.5(b) for a plan for the reduction of greenhouse gas emissions, such that a



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“qualified” CAP may then be used for the specific purpose of streamlining the analysis of GHG emissions in subsequent projects. Local governments have discretion on what levels or targets are established in a “qualified” CAP, provided they are based on substantial evidence.

Furthermore, some GHG reduction measures applicable to new development can be implemented through codes, ordinances, or other rating systems. GHG reduction measures in a CAP that are determined to be applicable at the project-level and could be used for tiering by future projects should be specified as mandatory in the CAP (through building performance standards or building code requirements, for example), and not as voluntary measures that may not be enforced during development review. Ultimately, local agencies should put forth their best efforts to make sure that GHG reductions associated with the primary measures in a CAP are quantifiable and based on substantial evidence.

## 2050 Emission Forecasts

R+A developed two emissions forecasts through the year 2050, Business-as-Usual (BAU) and Adjusted Business-as-Usual (ABAU), to show future emissions trends for the City of Santa Clara. The forecast is based on changes to the number of people who live and work in Santa Clara. As the population grows and there are more jobs in the community, there will be an increase in the amount of energy used, vehicle miles traveled (VMT), trash generated, and other activities that produce GHG emissions. R+A utilized the City’s most recent GHG inventory from 2016 and demographics projections from the Association of Bay Area Government’s (ABAG) Plan Bay Area program. Table 1 shows the assumed demographic changes.

**Table 1. Santa Clara Demographics Projections (2020-2040)**

	2020	2025	2030	2035	2040	2045	2050
<b>Population</b>	131,655	137,215	142,425	151,715	159,500	167,285	175,070
<b>Jobs</b>	143,565	151,310	165,255	169,590	170,575	171,560	172,545
<b>Housing Units</b>	50,505	51,590	52,675	55,720	58,190	60,660	63,130
<b>Service Population</b>	275,220	288,525	307,680	321,305	330,075	338,845	347,615

The Business-as-Usual forecast shows how the City’s emissions would change over time due to projected growth without any climate action at the local or State levels. Climate action is the implementation of various strategies and measures that reduce greenhouse gas emissions. Strategies and measures are programs, policies, or standards that reduce the GHG emissions of activities (i.e. minimum energy efficiency standards for appliances or Transportation Demand Management programs). The analysis shows that the City’s BAU emissions are projected to increase from 1,862,824 MTCO<sub>2</sub>e in 2008 to 4,246,957 MTCO<sub>2</sub>e in 2050, a 126% increase. Table 2 shows the forecasted emission levels for each sector in future years.

**Table 2. Forecasted Business-as-Usual Total Annual Community GHG Emissions 2020-2040 (in MTCO2e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	65,370	66,775	68,179	72,120	75,317	78,514	81,711	19%
Residential natural gas	84,279	72,780	79,120	80,820	82,519	87,290	91,159	95,029	98,898	17%
Residential Energy	153,200	132,912	144,490	147,594	150,698	159,410	166,476	173,543	180,609	18%
Nonresidential electricity	805,360	980,317	2,364,897	2,364,897	2,582,851	2,650,604	2,665,999	2,681,394	2,696,789	235%
Nonresidential natural gas	304,181	99,945	228,764	241,106	263,326	270,234	271,804	273,373	274,943	-10%
Nonresidential Energy	1,109,541	1,080,262	2,593,662	2,606,003	2,846,177	2,920,838	2,937,803	2,954,768	2,971,732	168%
On-Road Transportation	523,000	505,989	774,137	811,561	865,440	903,764	928,432	953,101	977,769	79%
Landfilled Waste	36,686	38,744	56,861	59,610	63,568	66,382	68,194	70,006	71,818	96%
Wastewater Treatment	9,200	24,292	35,651	37,375	39,856	41,621	42,757	43,893	45,029	389%
Off-Road	31,300	8,634	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>1,862,824<sup>1</sup></b>	<b>1,790,833<sup>2</sup></b>	<b>3,604,801</b>	<b>3,662,143</b>	<b>3,965,739</b>	<b>4,092,016</b>	<b>4,143,663</b>	<b>4,195,310</b>	<b>4,246,957</b>	<b>126%</b>

<sup>1</sup> Difference in emissions from 2013 CAP due to addition of business waste tonnage.

<sup>2</sup> Difference in emissions from 2018 CAP progress report due to addition of business waste tonnage and off-road emissions.

It is important to note that the BAU forecast may overestimate the emissions due to electricity because it assumes the utility's emission factor from 2016 remains constant. The carbon intensity of SVP energy in 2016 was significantly higher than subsequent years because the utility still procured energy from a coal-fired power plant. SVP exited this coal contract in 2017, which greatly reduced their emissions. R+A will update this forecast with a more realistic emissions factor if one becomes available.

Additionally, the Adjusted Business-as-Usual (ABAU) forecast is presented to show how Santa Clara's emissions are anticipated to change accounting for the impacts of adopted State policies if no action is taken at the local level. There are four major policies that the State has adopted to reduce GHG emissions at the local level:

1. **Renewables Portfolio Standard (RPS):** This law requires that electrical utilities provide an increased amount of electricity from eligible renewable sources. SB 100 requires that 33% of electricity sold by utilities in 2020 be renewable, 60% be renewable in 2030, and 100% be carbon-free in 2045.

2. **Title 24:** Title 24 is the set of regulations that specifies how new buildings must be constructed, including specifying minimum energy efficiency standards. These standards are updated triennially to be more stringent. California has set a goal for zero-net energy new construction by 2030.
3. **Clean Car Standards:** These standards require that vehicles sold in California meet minimum fuel efficiency requirements, and that fuel sold in the state emits less GHGs during production and use.
4. **SB 1383:** This law requires that food scraps and other organic material is diverted from landfill disposal. The State goal is that 75% of organic material is diverted from landfill by 2025.

The measures listed above and their associated GHG reductions are counted toward Santa Clara's overall community emissions reductions and progress towards targets. Based on the results of the ABAU forecast, emissions are expected to fall from 1,862,824 MTCO<sub>2</sub>e in 2008 to 1,028,249 MTCO<sub>2</sub>e in 2050, a decrease of 45%. Table 3 shows the forecasted ABAU emission levels for each sector in future years. The ABAU forecast illustrates the importance of supporting the State's climate targets to reduce emissions statewide and kickstart local actions.

**Table 3. Forecasted Adjusted Business-as-Usual Total Annual Community GHG Emissions 2020-2050 (in MTCO<sub>2</sub>e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	25,711	20,646	18,559	15,612	11,193	6,747	1,892	-97%
Residential natural gas	84,279	72,780	76,521	80,123	81,823	85,334	89,573	93,442	97,311	15%
Residential Energy	153,200	132,912	102,232	100,768	100,382	100,946	100,766	100,189	99,203	-35%
Nonresidential electricity	805,360	980,317	629,907	716,787	676,169	578,692	401,943	233,583	63,257	-92%
Nonresidential natural gas	304,181	99,945	157,914	234,318	251,105	266,435	270,940	272,519	274,079	-10%
Nonresidential Energy	1,109,541	1,080,262	787,820	951,105	927,274	845,127	672,883	506,093	337,336	-70%
On-Road Transportation	523,000	505,989	593,606	511,767	480,335	470,138	458,688	477,609	491,181	-8%
Landfilled Waste	36,686	38,744	56,861	48,074	51,271	53,546	55,010	56,474	57,938	58%
Wastewater Treatment	9,200	24,292	35,374	37,085	39,547	41,298	42,425	42,572	42,590	363%
<b>TOTAL</b>	<b>1,862,821</b>	<b>1,790,833</b>	<b>1,575,894</b>	<b>1,648,799</b>	<b>1,598,809</b>	<b>1,511,055</b>	<b>1,329,771</b>	<b>1,182,936</b>	<b>1,028,249</b>	<b>-45%</b>

## Community Input

Over the first week of April 2020 Raimi + Associates hosted a series of stakeholder focus group calls in lieu of the first Community Workshop for the Climate Action Plan Update. The first series of focus groups were held as online webinars. Overall, R+A spoke with 10 community members representing various community organizations, sectors, and opinions. Each focus group was asked the following questions:



1. What climate issues are important to you and your industry/organization?
2. What does a climate friendly Santa Clara look like to you?
3. How much should Santa Clara strive to reduce its emissions? How ambitious should the City be relative to peer cities?
4. Should the City apply the existing State targets? 50% by 2030? 80% by 2050? or carbon neutrality by 2045?
5. What barriers or challenges do you think could prevent the City from reaching its emissions reduction targets?
6. What do you see as Santa Clara's biggest climate threat?

Overall, participants on the focus group calls were generally excited to hear the City of Santa Clara was updating its CAP and making climate action a priority for the City. However, many expressed a lack of knowledge about the topic and ways to reduce emissions. Common themes from across each sector are summarized below:

- Current imbalance between the number of jobs and housing units – there is a need for housing in the City to balance the large number of jobs and to improve regional mobility and mobility options. By 2040, the jobs to housing ratio will be almost 3:1.
- Lack of knowledge and awareness about the City's current climate action efforts and future GHG reduction strategies
- As companies establish their own climate goals, SVP's ability to provide an increasing amount of carbon-free energy or collaborate with companies on renewables solutions will be critical for business retention
- Santa Clara's GHG reduction targets should be aligned with peer cities and State regulation
- The City should consider sector-specific targets and total annual and per capita GHG targets
- Any near-term targets should set the City up to achieve long-term targets
- Climate related threats include: sea level rise, lack of awareness, lack of city/regional coordination, and political will

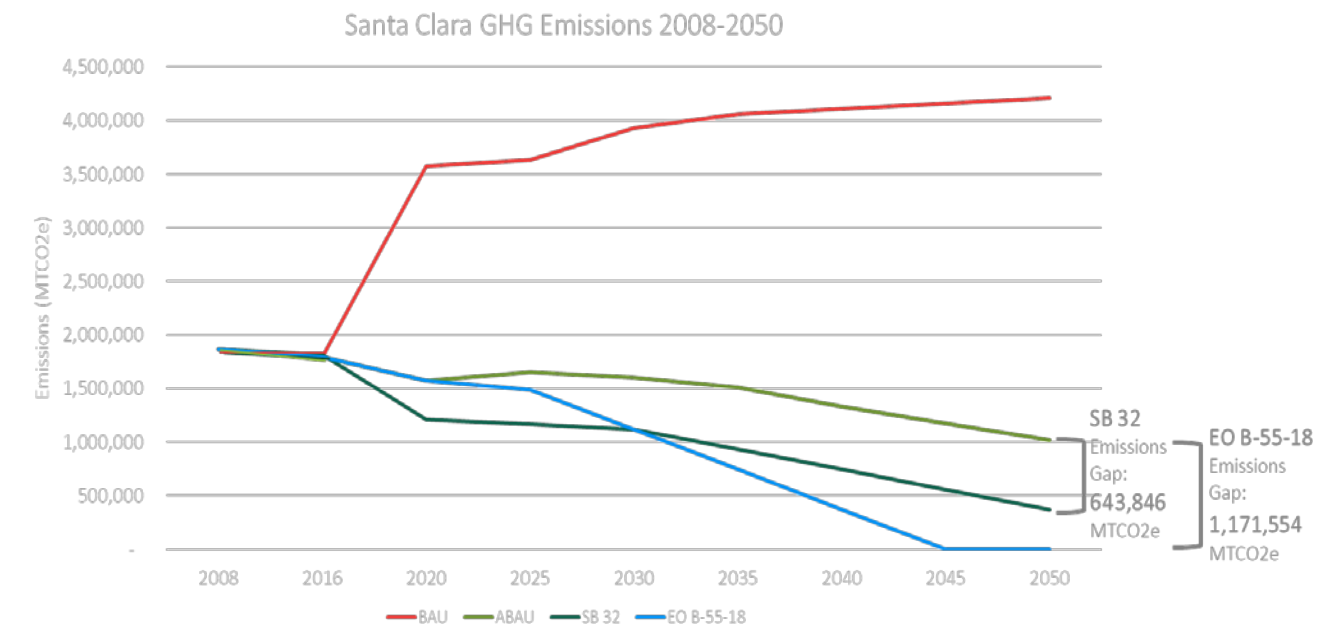
## Recommended GHG Targets

Based on the review of the City's GHG forecasts and community input, there are four options for climate targets.

**Option 1:** Santa Clara adopts the goal of carbon neutrality by 2045. This target is based on Former Governor Brown's Executive Order B-55-18, which is likely to become law based on the State's current trends and actions around climate change. Many local jurisdictions have already adopted the goal of carbon neutrality including the cities of Fremont, San Luis Obispo, Sacramento, Menlo Park, and the County of Santa Clara. Furthermore, this target would create a stronger basis on which to qualify the CAP in terms of CEQA and provide for future streamlining and tiering of projects. By 2045, the City would need to implement additional local climate action measures to close the 1,171,554 MTCO<sub>2</sub>e emissions gap. This is the recommended option because it aligns the City with the State as well as its peer cities in the Bay Area and cities across California.

**Option 2:** Santa Clara adopts the State's emissions reduction targets set forth in SB 32. These targets include a mid-term and long-term goal of reducing GHG emissions 40% below baseline levels by 2030 and 80% by 2050. Figure 1 shows the City's emissions gap between the BAU, ABAU, and state emissions targets through 2050. Reductions resulting from the State policies included in the ABAU forecast count toward Santa Clara's overall emissions reductions. The City should adopt measures in their CAP that close the gap in emissions between ABAU and State target emissions, 643,846 MTCO<sub>2</sub>e by 2050.

**Figure 1. Graph showing the City's Emissions Gap between BAU, ABAU, and State Emissions Targets**



**Option 3:** Demonstrate leadership by setting a target in excess of State guidance. For example, carbon neutrality by 2035. This is a realistic goal for some cities that have access to 100% carbon-free and/or renewable electricity. Thus, the implications for Santa Clara would be to aggressively transition SVP to procuring carbon-free energy, which would be difficult due to existing energy generation infrastructure, contracts, and pricing structures.

**Option 4:** Set a target that is less than the State's emissions reduction goals. For example, 50% reduction in baseline GHG levels by 2050. There is currently no requirement that the City match the State's climate goals and there are currently no repercussions for not meeting these targets. Although setting a lower target is an option available to the City, there are some drawbacks and it is not recommended. If the City were to set GHG reduction targets less than those adopted by the State, the CAP would not be eligible for CEQA streamlining so responsibility would fall on individual projects to demonstrate that their mitigated impacts are in alignment with State GHG standards, which can be very burdensome, including for City projects.

In addition to thinking about these reduction targets as total reductions in the community's overall emissions, to acknowledge Santa Clara's projected growth in population and jobs through 2050, these forecasts and targets can be expressed as per capita and per service population estimates. Table 4 presents the BAU, ABAU, and State targets in terms of Santa Clara's projected population and service population.

**Table 3. Forecasted Per Capita and Per Service Population Annual Community GHG Emissions 2020-2050 (in MTCO2e)**

		2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
<b>Business-as-Usual</b>	Per Capita	27.14	26.45	27.60	26.73	25.74	24.85	24.03	45%
	Per Service Population	12.98	12.58	12.77	12.62	12.44	12.27	12.10	4%
<b>Adjusted Business-as-Usual</b>	Per Capita	11.97	12.02	11.23	9.96	8.34	7.00	5.81	-65%
	Per Service Population	5.73	5.71	5.20	4.70	4.03	3.46	2.92	-75%
<b>SB 32</b>	Per Capita	9.20	8.48	7.85	6.14	4.67	3.34	2.13	-87%
	Per Service Population	4.40	4.04	3.63	2.90	2.26	1.65	1.07	-91%
<b>B-55-18</b>	Per Capita	11.97	10.86	7.85	4.91	2.34	-	-	-100%
	Per Service Population	5.73	5.17	3.63	2.32	1.13	-	-	-100%

The consultant team is recommending that the City adopt Option 1, the State’s emissions reduction targets set forth in Executive Order B-55-18, which best positions it to adapt to future State climate guidance and regulations. As the CAP update process continues and climate action measures are identified, the consultant team will determine whether it would be helpful for the City to incorporate sector or measure specific goals (i.e. incorporate specific mode split goals from the City’s Bicycle Plan) into the CAP.

## **Sources**

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<https://efiling.energy.ca.gov/GetDocument.aspx?tn=205065&DocumentContentId=21592>

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City of Santa Clara 2008 and 2016 Community Inventories

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US Census Bureau American Factfinder:

[https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_17\\_5YR\\_DP04&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_DP04&prodType=table)

US Census Bureau On the Map: <https://onthemap.ces.census.gov/>

To: Nimisha Agrawal, City of Santa Clara

From: Andrea Martin, Cascadia Consulting Group

Date: August 20, 2020

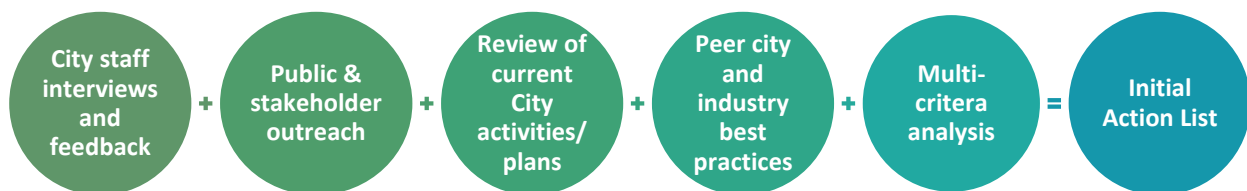
Subject: **Initial Actions List for City of Santa Clara Climate Action Plan Update**

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## Introduction

This memorandum presents the initial list of actions for consideration in the Climate Action Plan (CAP) Update. This action list represents the culmination of an iterative development and review process that included interviews with City staff, outreach to targeted stakeholders and the public, a review of current City planning documents and activities, consideration of peer city and industry best practices, and a qualitative multi-criteria prioritization analysis (see Figure 1 below).

Figure 1. Development and Review Process for Initial Action List Development



## Focus Areas

The initial action list is organized into the following focus areas:








## Multi-Criteria Analysis

The criteria evaluated through the multi-criteria analysis (MCA) are presented in Table 1 below. Criteria were assigned relative weights based their perceived importance in meeting CAP objectives.

For each potential action, the consultant team assigned numerical rankings of 1 to 5 based on how well the action aligned with that criterion (1=very low alignment and 5= very high alignment). These rankings then underwent a weighted summation based on the criterion's assigned weight to arrive at an overall priority score for each action. The initial action list presented in this memorandum presents the top priority actions identified through this process.

**Table 1. Criteria Evaluated in the Multi-Criteria Analysis of Potential Actions**






	Criterion	Weight	Definition/Subcriteria
	Impact	0.3	How likely is it the action will work to address plan goals and targets?
			Is the action addressing a major sustainability need (e.g., high GHG emissions source)?
	Cost-effectiveness	0.2	How affordable is the action to residents/businesses?
			How affordable is the action to the City of Santa Clara?
	Feasibility	0.2	Is there strong support for action from the resident and business community?
			Are there regulatory, political, or technological constraints?
	Equity	0.2	Do the benefits of the action reduce historical or current disparities among communities of color, low-income populations, and/or front-line populations?
	Co-benefits or synergies:	0.1	Does the action address multiple goals, other City or community objectives, and/or other City/community plans?
	<b>TOTAL</b>	<b>1.0</b>	

An example of how these criteria rankings result in action priority scores is presented below. Below are two actions Cascadia evaluated to prepare the City of Everett's (WA) CAP. While both actions have the same impact, cost-effectiveness, and co-benefits scores, the second action is substantially more feasible and somewhat more equitable. As a result, the second action received an overall higher score and better achieves Everett's climate action goals.






Action						Priority Score
<b>Advocate for regional congestion pricing authority.</b>	4	4	2	1	3	2.6
<b>Accelerate "Complete Streets" policy implementation.</b>	4	4	4	2	3	3.4

## Buildings & Energy






### STRATEGY 1: SHIFT TO ELECTRIC FUELS IN NEW AND EXISTING BUILDINGS TO ACHIEVE ZERO-NET CARBON BUILDINGS.

Action	Description						Priority Score
<b>Electrification incentives</b>	Expand current financial incentives to accelerate electrification in new and existing buildings. Rebates could be structured by income level and prioritized for rental units to be used for panel upgrades, passive home design features, electric appliances, heat pumps, and renewable energy generation coupled with storage.	3.5	3	3.5	4	2	3.4
<b>Electrification outreach</b>	Continue to promote commercial and residential energy efficiency and electrification through education and outreach.	2	3.5	4.5	4	3	3.3
<b>Electrification retrofit upon sale</b>	Provide electric panel upgrades upon sale for low-rise residential, and small multifamily and commercial buildings to facilitate the transition to clean electricity buildings and vehicles.	3.5	3.5	2	3	3	3.1
<b>Municipal Electrification Action Plan</b>	Work with regional energy partnerships to develop and implement an Electrification Action Plan for City facilities. This will include new and existing buildings, incorporate strategies to address energy storage, focus on highlighting any hurdles or solutions that would be applicable to the broader community, and leverage existing rebates.	2	3	3	3	5	2.9






### STRATEGY 2: MANAGE ENERGY DEMAND AND IMPROVE ENERGY EFFICIENCY.

Action	Description						Priority Score
<b>Municipal energy retrofits</b>	Continue to conduct comprehensive energy retrofits of existing City equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	2	5	3.5	3	3	3.2
<b>Equitable clean energy</b>	Continue to provide free home-energy audits and upgrade incentives for low-income households and affordable housing developers and property owners.	2	3.5	4	4	3	3.2








Action	Description						Priority Score
<b>Energy-efficient &amp; electric-ready building code</b>	Update local building code to increase energy efficiency standards and require electric-ready construction (e.g., electric wiring at appliance locations).	3	3.5	3	3	3	3.1
<b>Pilot distributed energy resources at the City</b>	Pilot technologies like energy storage, vehicle-to-grid charging stations, web-enabled devices and microgrids within City facilities evaluate their ability to reduce utility costs and carbon emissions.	2.5	3	2.5	3	4	2.9

### STRATEGY 3: MAXIMIZE RENEWABLE ENERGY GENERATION AND STORAGE CAPACITY.






Action	Description						Priority Score
<b>City-owned renewable energy projects</b>	Continue to investigate the use of City-owned property for additional large-scale renewable energy projects.	5	3	3.5	3	4	3.8
<b>Renewable installations at municipal facilities</b>	Install solar or other renewables at City-owned facilities.	3.5	3.5	3	3	3	3.3
<b>Property owner access to renewable energy generation &amp; storage</b>	Expand financial assistance options to residents to increase the implementation of renewable energy generation systems and energy storage infrastructure, including streamlining of project permitting and developing a solar grant program.	3.5	3	3.5	3	3	3.3
<b>Promote grid improvements for SVP</b>	Work with SVP on accelerating improvements to the energy grid or storage to ease the transition to renewable energy. These improvements may include subsidy and grant programs for electrification in existing buildings to reduce the cost of battery storage and electric vehicle charging/storage system installations.	3.5	3	3.5	3	3	3.3






## Transportation & Land Use

### STRATEGY 1: TRANSITION VEHICLES TO ELECTRIC ALTERNATIVES.






Action	Description						Priority Score
<b>Implement EV Blueprint</b>	Implement the EV acceleration program in SVP's EV Blueprint.	3	3	4	3	4	3.4
<b>Multi-family EV chargers</b>	Require all new multi-family units to install, at a minimum, Level 2 EV chargers at 10% of parking spaces and level 1 EV chargers at 40% of parking spaces.	3	3	4	3	4	3.3
<b>Commercial EV chargers</b>	Require all new commercial units to install level 2 and level 1 chargers at of parking spaces with a minimum of 30% of spaces to be EV capable.	2.5	4	3	3	3	3.3
<b>Electrification of municipal fleet</b>	Adopt a policy requiring a minimum percentage of new standard light-duty, medium-duty, and heavy-duty City fleet vehicles to be electric vehicles or use alternative fuels.	2.5	2.5	3	3	3	3.1
<b>Heavy duty electric trucks</b>	Partner with businesses and industries to accelerate transition of heavy duty trucks to electric through incentives or local tax credits.	3	3	4	3	4	2.8

### STRATEGY 2: EXPAND USE OF NON-SOV TRANSPORTATION MODES.

Action	Description						Priority Score
<b>Pedestrian and Bicycle Master Plan</b>	Fund and accelerate implementation of the Pedestrian Master Plan and Bicycle Master Plan, focusing on 1) closing gaps in the bicycle network with a focus on high demand arterials; 2) installing painted buffers and physical buffers on high stress roadways; and 3) implementing spot improvements in high traffic areas (e.g., bicycle detection, parking, and wayfinding elements).	3	3	4	3	4	3.3
<b>Improve curb management</b>	Incentivize projects that optimize curbside areas for low-carbon modes and reduce VMT, such as designated rideshare parking and loading zones, scooter and bike share docks, bike parking, electric vehicle charging stations, and autonomous vehicle loading zones.	3	3	4	3	4	3.3






Action	Description						Priority Score
<b>Improve bike mobility</b>	Increase public access to bikes, including electric bikes, implementing a bikeshare program, expanded bike parking, electric bike rebates, and other opportunities. The City should look to prioritize low stress facilities to encourage increased ridership.	3	3	4	3	4	3.3
<b>Transit gap and improvement study</b>	Partner with VTA to conduct a public transit gap study to increase transit use within the City.	2.5	3	3.5	4	3	3.2

### STRATEGY 3: ADVANCE SUSTAINABLE LAND USE.






Action	Description						Priority Score
<b>TDM requirements</b>	Require plans for reducing vehicle miles traveled for all new developments over a square footage threshold (i.e., transportation demand management plans).	4	2.5	3.5	3	4	3.4
<b>Target sustainable development in underutilized commercial strips</b>	Expand on SB50 to require higher density development in underutilized commercial strips. These developments should include increased building heights, allowing projects to build out to approved densities, zoning changes to higher-density mixed residential, and consider opportunities for mixed land use and/or transit oriented development. Quantify the net benefits of specific plans.	3.5	2.5	3.5	3	4	3.3
<b>Transit-oriented development</b>	Create standards and/or incentives to facilitate transit-oriented development (TOD) in transit centers such as the Santa Clara BART station.	2	3	3.5	3	4	2.9
<b>City-owned telecommuting centers</b>	Expand the use of City-owned facilities such as libraries to enhance community and City employee telecommuting options.	2	3	4.5	3	2	2.9






## Materials & Consumption

### STRATEGY 1: INCREASE WASTE DIVERSION.






Action	Description						Priority Score
<b>Comply with state solid waste ordinances</b>	Comply with state solid waste ordinances, including AB1826, AB341, and SB1383.	4	2	3.5	4	4	3.5
<b>Waste diversion pricing signals</b>	Explore or promote existing incentives for recycling and composting and discourage landfill waste; for example: --University of California Cooperative Extension Compost Education program. --Environmental Days provided by Recology, household hazardous waste drop-off events, and battery recycling stations at City Hall, Corp Yard, and Fire Stations. --Collect used motor oil/oil filters/batteries/CFLs curbside. --Recyclestuff.org. --Countywide Bring Your Own Cup campaign, Reusable vs. Disposable, A La Carte, and South Bay Green Gardens.	3	3	3.5	3	2	3.0
<b>C&amp;D requirements</b>	Expand requirements for C&D waste diversion beyond the current 5,000 square foot minimum project size.	3	3.5	4	2	2	3.0

### STRATEGY 2: REDUCE LANDFILLED FOOD WASTE.

Action	Description						Priority Score
<b>Technical assistance to top food generators</b>	Provide education, outreach, and technical assistance to top food producers such as hotels, hospitals, corporate cafeterias, and campuses to prevent food waste, increase surplus food donations, and comply with SB1383. Options include food waste tracking software and food donation pickup services.	4	2.5	4	4	4	3.7






Action	Description						Priority Score
<b>Food recovery and donation</b>	Continue to partner with local agencies to implement an Edible Food Recovery Program as required under SB 1383. Establish an excess edible food baseline and then assist food recovery organizations in establishing pickup and redistribution.	3	3.5	4	4	4	3.6
<b>Food recovery organization partnerships</b>	Participate in regional partnerships for promoting food waste reduction, recovery, and security, such as Loaves and Fishes, A La Carte, Silicon Valley Food Recovery, Second Harvest of Silicon Valley, and the Santa Clara County Food System Alliance.	3	3.5	4	4	4	3.6

### STRATEGY 3: ENHANCE SUSTAINABLE PRODUCTION AND CONSUMPTION.






Action	Description						Priority Score
<b>Reuse of salvageable building materials</b>	Promote organizations in Santa Clara County that process and sell salvageable building materials to building contractors.	2	4	4	4	3	3.3
<b>City property consumption and waste diversion</b>	In all City contracts and event permits, require that all third-party vendors provide and utilize compostable and/or reusable food service items to serve 50 or more people, and provide recycling and composting infrastructure.	3	3.5	4	3	2	3.2
<b>Municipal Sustainable Procurement Policy</b>	Implement a municipal Sustainable Procurement Policy to prioritize improvements for the highest emissions reduction impact purchasing decisions within each department, including vehicle and fuel purchases and low-carbon concrete.	3	3	4	3	2	3.1
<b>Carbon-smart building materials</b>	Educate architects, designers, and contractors to enable and promote carbon-sequestering building materials in new construction and renovations. This could include requirements for the disclosure and/or limit the embodied carbon emissions of buildings through whole-building or material specific policies.	2.5	3	4	3	3	3.1
<b>Support for schools on low-carbon alternatives and solutions</b>	Partner with Santa Clara Unified School District to implement low-carbon solutions. This may include working with the schools on energy efficiency and electrification, waste reduction and recycling, and sustainable purchasing.	2.5	3.5	4	3	2	3.1

## Natural Systems & Water Resources






### STRATEGY 1: INCREASE TREE CANOPY COVER

Action	Description						Priority Score
<b>Right-of-way tree planting</b>	Require residential tree planting in the right-of-way (between sidewalk and road) at time of sale.	3.5	2.5	3	4	3	3.3
<b>Tree rebate program</b>	Support private property planting of trees on currently paved surfaces through partnerships with current programs such as Our City Forest. Advertise services on the City website.	3	3.5	4	3	2	3.2
<b>Plan for retiring trees and sidewalk uplift</b>	Update City Tree Ordinance to address retiring trees and unintended consequences such as sidewalk uplifts.	2	3	4	4	3	3.1

### STRATEGY 2: ENHANCE ECOSYSTEM RESILIENCE.

Action	Description						Priority Score
<b>Carbon farming on open space lands</b>	Partner with resource conservation districts to increase carbon farming, creek restoration, wetland restoration, and local offset opportunities in open space lands.	4	3.5	4	3	4	3.7
<b>Partnerships for compost management</b>	Establish partnerships with organizations such as conservation districts to manage and utilize compost products from organics processing in compliance with SB1383.	3.5	3.5	4	3	3	3.5
<b>Tree planting guide</b>	Support local organizations (e.g., ReScape California) in developing a planting guide that prioritizes increasing available soil, carbon sequestration, resilience, and other equitably-distributed co-benefits. The guide could include information on native and climate-adaptive plants, how to properly apply compost and mulch, reducing synthetic fertilizers to support soil health, how to store more water in the ground, and how to store carbon in soil, plants, and trees.	1	3.5	4	3	2	2.6






### STRATEGY 3: IMPROVE WATER SUPPLY & CONSERVATION.

Action	Description						Priority Score
<b>Incentives for community water fixture retrofits</b>	Encourage participation in Santa Clara Valley Water District's water conservation rebate programs. Expand the City's rain barrel and landscape rebate programs.	3	3.5	4	4	2	3.4
<b>Fixture replacement</b>	Expand replacement of inefficient water fixtures and appliances in high-end sectors (i.e., commercial, multi-family, and single-family).	3	3.5	4	4	2	3.4
<b>Water data accessibility</b>	Facilitate the sharing of geospatial data from the Silicon Valley 2.0 tool with Valley Water and the owners of the Regional Wastewater Facility.	3	3.5	4	3	3	3.3
<b>Water-efficient landscaping requirements</b>	Expand requirements for water-efficient landscaping practices, including requirements for cooling (trees, green roofs).	4	2.5	3	3	4	3.3
<b>Diversify the community water portfolio</b>	Continue collaboration with agency partners such as South Bay Water Recycling, Valley Water, BAWSCA, and SFPUC to diversify water supply portfolio and expand current sources. Diversified water portfolio towards drought resiliency could include utilizing a varying mix of surface and groundwater and requiring the increased use of recycled urban water in applicable sectors (e.g., irrigation, groundwater recharge, dual pump, cooling towers).	3.5	3	3	3	2	3.1
<b>Require recycled water connections for new development</b>	Require the use of recycled water for all non-potable uses where recycled water is available, per City Code 13.15.160. Require all new development where applicable to connect to the recycled water distribution system in order to provide recycled water for approved uses at the development site.	3.5	3	3	3	2	3.1








## Community Resilience & Wellbeing

### STRATEGY 1: IMPROVE COMMUNITY RESILIENCE.

Action	Description						Priority Score
<b>Community resilience networks</b>	Support neighborhood-based organizations and businesses in development of Neighborhood Resilience Hub Programs to prepare residents and respond to climate change. Identify suitable locations for resilience hubs, cooling centers, disaster assistance and supplies. These locations will also need to develop backup power sources in the event of a power outage.	3.5	3	4	4	4	3.7
<b>Homeless support</b>	Expand support services to people experiencing homelessness during all extreme weather and hazard events (e.g., extreme heat, flooding, wildfires).	3	3	3	5	4	3.5
<b>Community climate action grant</b>	Establish an annual micro-grant program to support local citizen-led projects and programs that will reduce emissions, adapt to climate change, and enhance equity.	2.5	4	4	4	3	3.5
<b>Incentives for adaptation upgrades</b>	Offer rebates and/or other financial incentives to encourage adaptation upgrades (e.g., cool roofs, green roofs, cool pavement) and installation of low-emissions space-cooling devices (e.g., ceiling fans, heat pumps), which increase resilience cost-effectively and with a lower environmental impact.	3	3	4	3	2	3.1

## STRATEGY 2: PREPARE FOR CLIMATE CHANGE.

Action	Description						Priority Score
<b>Restrict high-hazard development</b>	Restrict development in high-hazard areas.	3.5	4	4	3	3	3.6
<b>On-site &amp; natural stormwater systems</b>	Integrate natural stormwater systems within site and building design to expand on-site stormwater management capacity.	3.5	3.5	4	3	3	3.5
<b>Reduce urban-wildland fire risk</b>	Reduce wildfire risk in natural landscapes by investigating opportunities within zoning, home construction, and fire safe building and landscape codes for the urban-wildland interface. Ensure that vegetation management incorporates habitat management principles.	3	3.5	4	3	3	3.3
<b>Low-albedo parking lots</b>	As part of conditions of approval, require new parking lots to be surfaced with low-albedo materials to reduce heat gain during extreme heat events and to reduce energy consumption related to cooling.	3.5	3	4	3	2	3.3
<b>Climate Resilience Capital Improvement Program (CIP)</b>	Revise design standards to require climate considerations in development of discretionary CIP projects. Ensure that the infrastructure being developed will be designed with forecasted changes in climate (precipitation, temperature, wildfire, sea level rise) in mind.	3.5	3	3.5	3	2	3.2
<b>Planned retreat strategies</b>	Identify and consider relocation opportunities for critical facilities (i.e., planned retreat for structures at risk of recurring damages).	3	3.5	3	3	3	3.1



# Planning Commission Study Session

## **Climate Action Plan Update**

**August 26, 2020**



# Study Session Goals

- Progress update on the adopted measures in the 2013 CAP
- Confirmation on the recommended Greenhouse Gas (GHG) target
- Feedback on the initial actions list

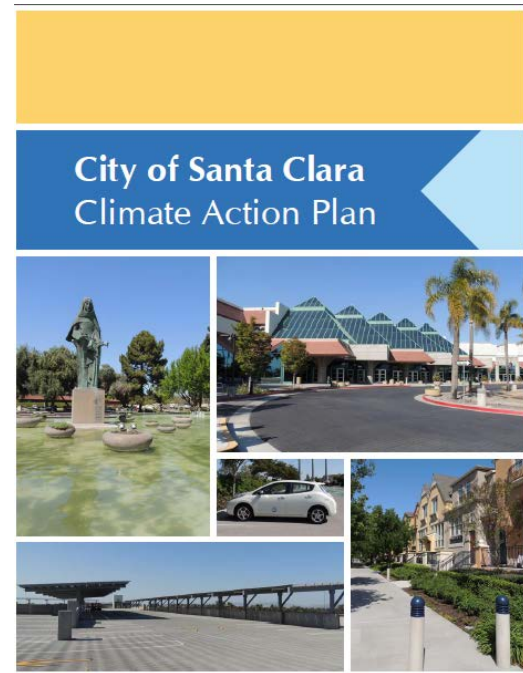




# Background

## Current Climate Action Plan

- Implements the City's sustainability and environmental quality Goals and Policies
- Adopted in December 2013
- Reduction target of 15 percent below 2008 levels through year 2020





# Background

## Why the Update?

- Extend the City's Greenhouse Gas (GHG) reduction goals through 2030, consistent with current AB32 targets
- Having a qualified CAP means CEQA streamlining benefits
- Address new State requirements





# Regulatory Background

- **AB32, SB32:** Reduce emissions 40% below 1990 levels by 2030 and 80% below 1990 levels by 2050
- **EO B-55-18:** Statewide carbon neutrality by 2045.
- **California Renewable Portfolio Standard Program:** Requirements for increased amount of electricity from eligible renewable sources.





# Regulatory Background

- **CBSC Energy Efficiency standards:** Title 24, the California Building Standards Code (CBSC). California has set a goal for zero-net energy new construction by 2030
- **California Clean Car Standards:** Requirements for minimum fuel efficiency and reduced GHGs during production and use
- **SB 1383 (2016):** State goal of 75% of organic material diverted from landfills by 2025



# CAP Progress Update- 2020

- Several interviews with city staff, and key community and business stakeholders
- CAP measures status memo prepared
- 7 out of the 19 measures in the 2013 CAP have been completed



# CAP Update: Forecast and Targets

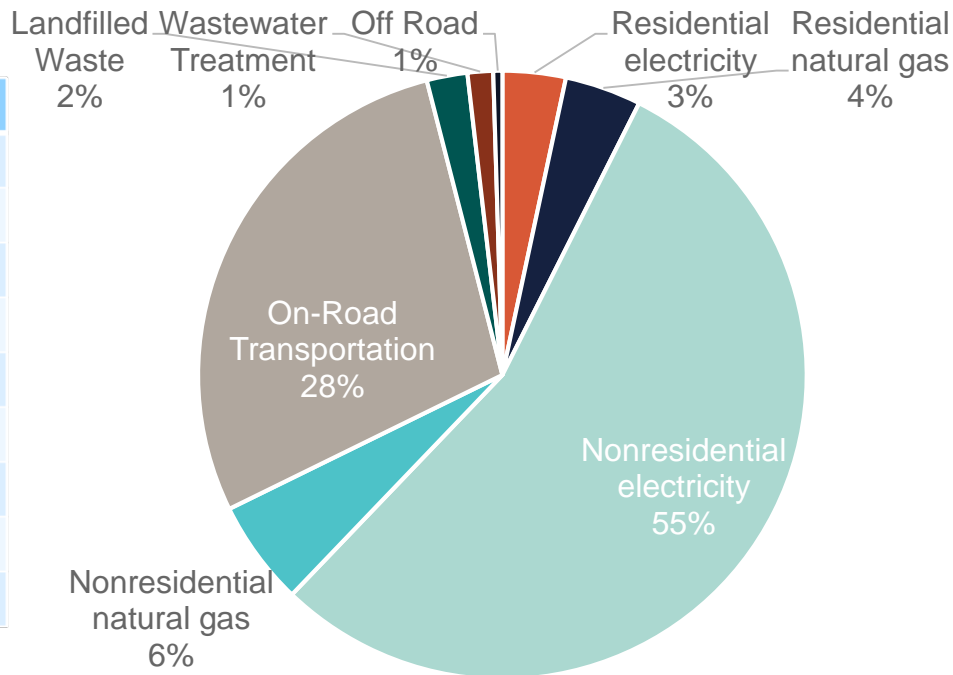
- Analyzed City's Greenhouse Gas (GHG) emission trends
- Series of focus group interviews with City staff and key stakeholders
- Key findings summarized in the Forecast and Targets Memo



# CAP Update: Forecast and Targets

## 2016 Green House Gas Emission Profile

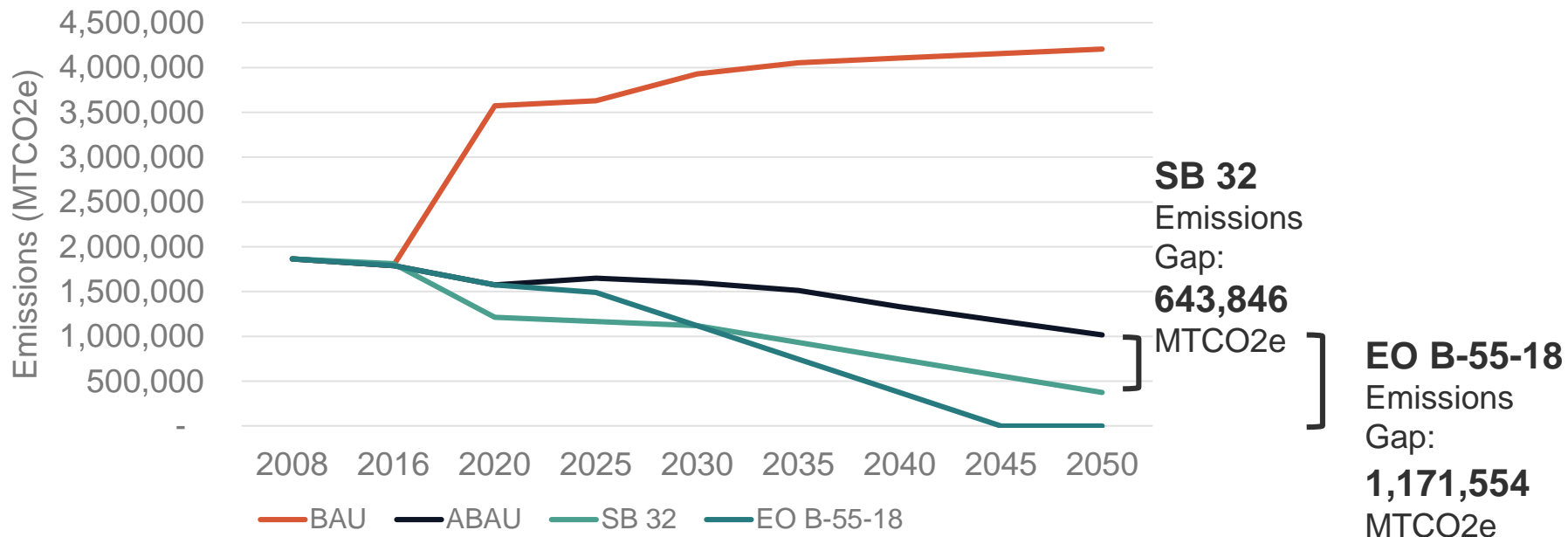
Sector	GHG Emissions (MTCO <sub>2</sub> e)
Nonresidential Electricity	980,317
Nonresidential Natural Gas	99,945
Mobility + Transportation	505,989
Residential Electricity	60,132
Residential Natural Gas	72,780
Solid Waste	25,724
Water + Wastewater	24,292
Off-Road Equipment	8,634
<b>TOTAL</b>	<b>1,790,833</b>





# CAP Update: Forecast and Targets

## Santa Clara GHG Emissions 2008-2050





# CAP Update: Forecast and Target

## **Recommended GHG Targets**

**Option 1:** Carbon neutrality by 2045 (EO B-55-18)

**Option 2:** State's emissions reduction targets set forth in SB 32 (40% below baseline levels by 2030 and 80% by 2050)

**Option 3:** Demonstrate leadership by setting a target in excess of State guidance

**Option 4:** Set a target that is less than the State's emissions reduction goals



# Community Engagement

- City staff interviews
- Stakeholder focus group held as online webinars
- Online survey #1: Nearly 400 responses
- Virtual community workshop: 38 participants
- Online survey #2



**Listening +  
Learning**

**Outreach**

**Engagement**

**Input**

**Decision  
Making**





# Community Engagement

## Common Themes

- GHG reduction targets should be aligned with peer cities and State regulations
- Near-term targets should set the City up to achieve long-term targets
- The City should consider sector-specific targets and per capita GHG targets
- Current lack of knowledge about City's climate action and GHG reduction efforts



# Community Engagement

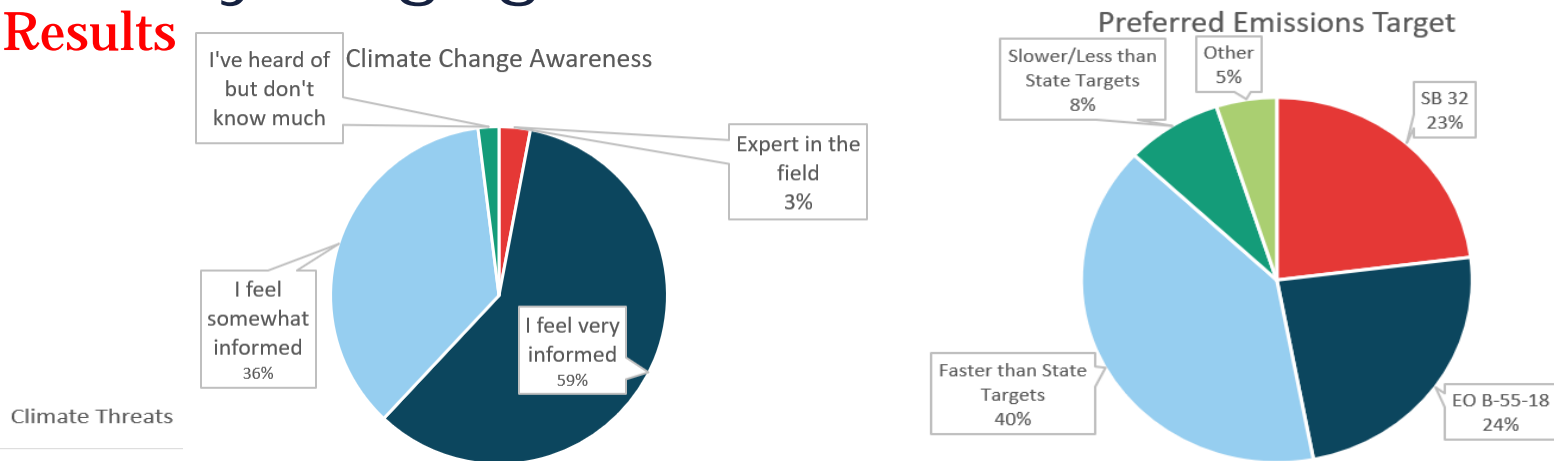
## Common Themes

- Imbalance between jobs and housing units— by 2040 the jobs to housing ratio will be almost 3:1 – exacerbates GHG emissions related to transportation
- Bicycle safety is a concern and facilities are not on par with other adjacent cities
- Data centers and tech companies have their own climate goals – SVP will need to be able to meet the demand for renewable energy as part of business retention
- Climate related threats include sea level rise, lack of awareness, lack of city/regional coordination, and political will

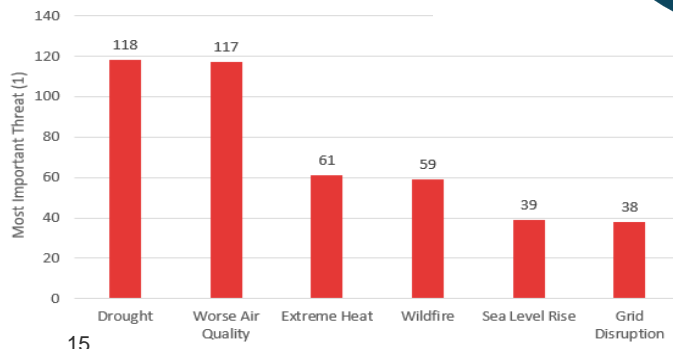


# Community Engagement

## Survey Results



Climate Threats



### Suggested strategies:

- renewable energy (solar)
- trees and green spaces
- mixed-use zones
- Transportation
- Electrification
- complete bike and ped network



# Community Engagement

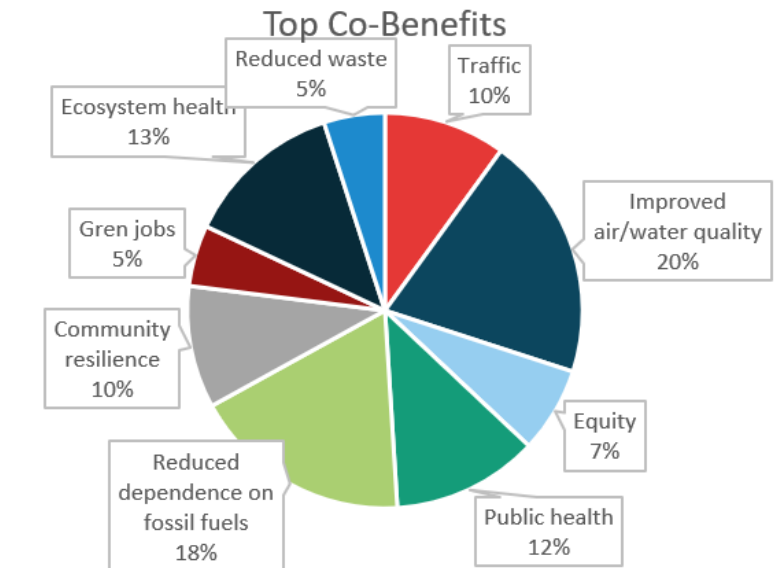
## Survey Results

### Responsibility for action:

- Federal government,
- residents, and
- State government

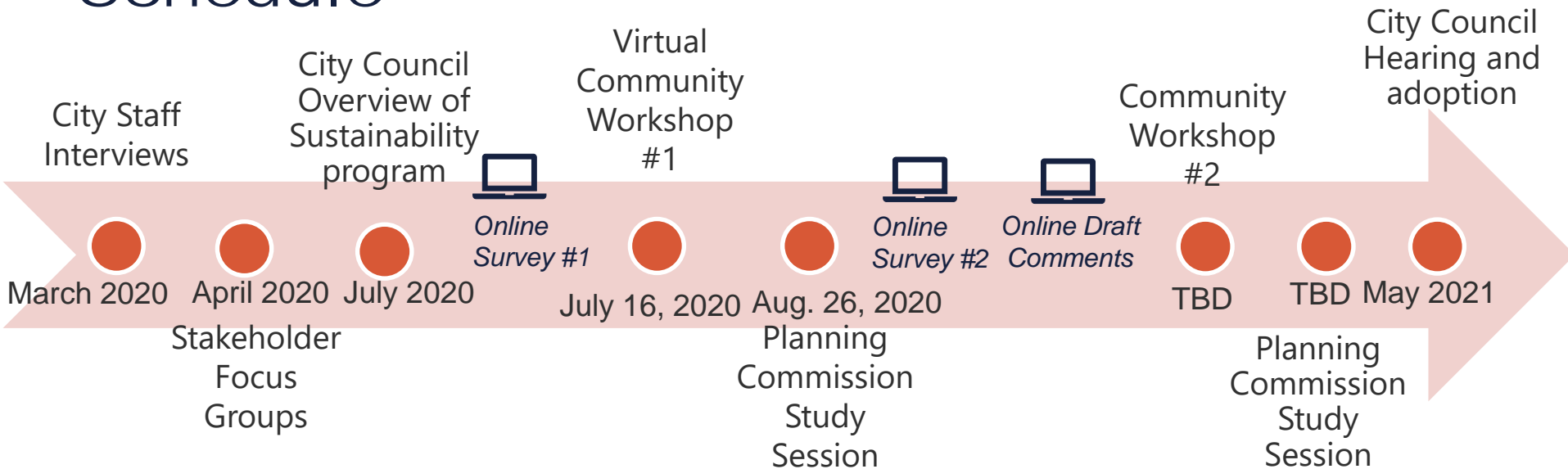
### Barriers to climate action:

- lack of public education/awareness
- Skeptics
- population growth/development
- cost of climate action
- lack of political will/city leadership
- car culture



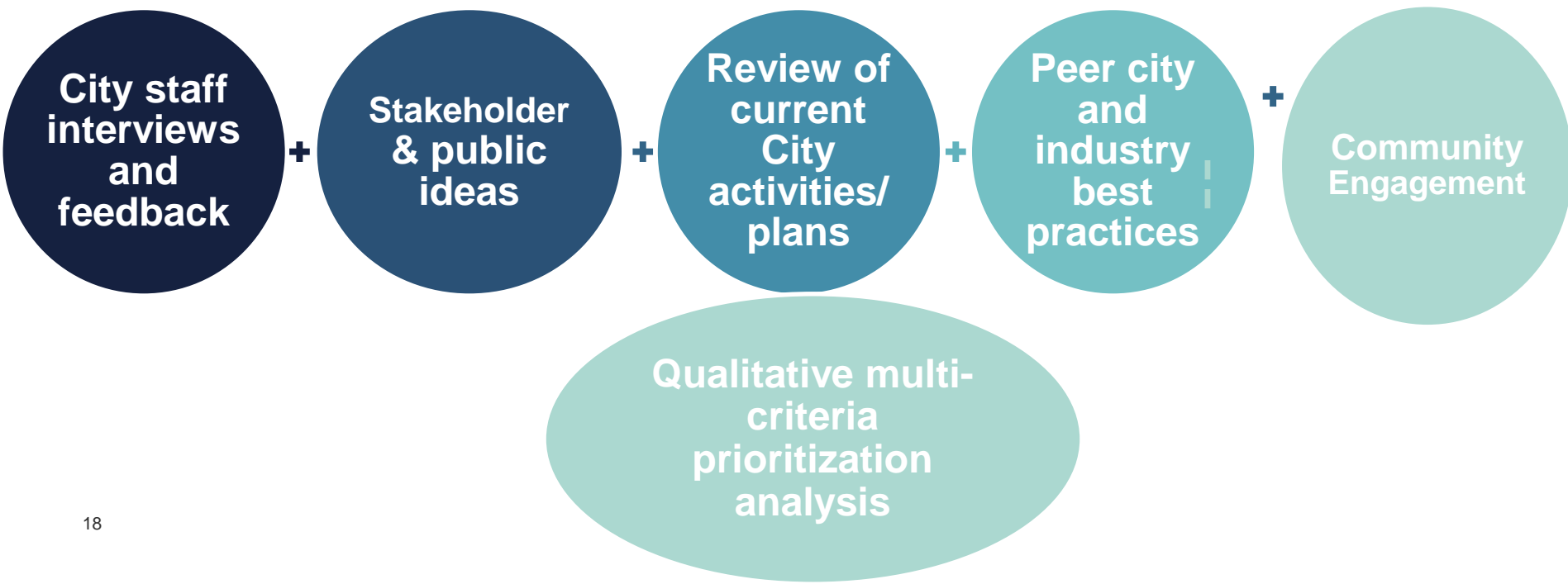


# Schedule





# Potential Strategies And Actions





# Potential Strategies And Actions

## **Five focus areas:**

- **Buildings and Energy;**
- **Transportation and Land Use;**
- **Materials and Consumption;**
- **Natural Systems & Water Resources, and**
- **Community Resilience & Wellbeing**







# Potential Strategies And Actions

## Priority Actions – Building and Energy

- **Strategy 1:** Shift to electric fuels in new and existing buildings to achieve zero-net carbon buildings
- **Strategy 2:** Manage energy demand and improve energy efficiency
- **Strategy 3:** Maximize renewable energy generation and storage capacity





# Priority Actions – Building and Energy

**Strategy 1: Shift to electric fuels in new and existing buildings to achieve zero-net carbon buildings.**

## **Actions:**

- **Electrification incentives** (electric appliances, heat pumps, etc.)
- **Electrification outreach** (promote commercial and residential efficiency and electrification)
- **Electrification retrofit upon sale** (electric panel upgrades)
- **Municipal Electrification Action Plan** (strategies for new and exiting buildings)





# Priority Actions – Building and Energy

## **Strategy 2: Manage energy demand and improve energy efficiency.**

### **Actions:**

- **Municipal energy retrofits** (for existing City equipment)
- **Equitable clean energy** (incentives for low-income households and affordable housing)
- **Energy-efficient & electric-ready building code** (e.g. electric wiring at appliance locations)
- **Pilot distributed energy resources at the City** (energy storage, vehicle-to-grid charging stations, web-enabled devices and microgrids)





# Priority Actions – Building and Energy

## **Strategy 3: Maximize renewable energy generation and storage capacity.**

### **Actions:**

- City-owned renewable energy projects (additional large-scale projects)
- Renewable installations at municipal facilities (e.g. solar)
- Property owner access to renewable energy generation & storage (e.g. a solar grant program)
- Promote grid improvements for SVP (subsidy and grant programs for electrification)





# Potential Strategies And Actions

## **Priority Actions – Transportation & Land Use**

- **Strategy 1:** Transition vehicles to electric alternatives
- **Strategy 2:** Expand use of non-SOV transportation modes
- **Strategy 3:** Advance Sustainable Land Use





# Priority Actions – Transportation & Land Use

## **Strategy 1: Transition vehicles to electric alternatives**

### **Actions:**

- Implement EV Blueprint (adopted by SVP)
- Multi-family EV chargers (install level 2 and level 1 chargers )
- Commercial EV chargers (install level 2 and level 1 chargers)
- Electrification of municipal fleet (policy requiring a minimum percentage)
- Heavy duty electric trucks (transition through incentives)





# Priority Actions – Transportation & Land Use

## **Strategy 2: Expand use of non-SOV transportation modes.**

### **Actions:**

- **Pedestrian and Bicycle Master** (closing gaps in the bicycle network; painted buffers and physical buffers; spot improvements)
- **Improve curb management** (designated rideshare parking and loading zones, scooter and bike share docks etc.)
- **Improve bike mobility** (electric bikes, bikeshare program, bike parking, electric bike rebates etc.)
- **Transit gap and improvement study** (Partner with VTA)







# Priority Actions – Transportation & Land Use

## **Strategy 3: Advance Sustainable Land Use.**

### **Actions:**

- TDM requirements (square footage threshold, TDM plans)
- Target sustainable development in underutilized commercial strips (increased building height, zoning changes to higher density mixed residential)
- Transit-oriented development (Create standards and/or incentives)
- City-owned telecommuting centers (such as libraries)





# Study Session Outcome

- Confirmation on the recommended Greenhouse Gas (GHG) target
- Feedback on the initial actions list





# Recommended GHG Targets

**Option 1:** Carbon neutrality by 2045 (EO B-55-18)

**Option 2:** State's emissions reduction targets set forth in SB 32.  
(40% below baseline levels by 2030 and 80% by 2050)

**Option 3:** Demonstrate leadership by setting a target in excess of  
State guidance.

**Option 4:** Set a target that is less than the State's emissions  
reduction goals.



# Planning Commission Study Session

## **CAP Update**

**August 26, 2020**



# Potential Strategies And Actions

## **Priority Actions – Materials and Consumption**

- **Strategy 1:** Increase waste diversion.
- **Strategy 2:** Reduce landfilled food waste.
- **Strategy 3:** Enhance sustainable production and consumption.





# Priority Actions – Materials and Consumption

## **Strategy 1: Increase waste diversion.**

### **Actions:**

- **Comply with state solid waste ordinances** (AB1826, AB341, and SB1383)
- **Waste diversion pricing signals** (household hazardous waste drop-off events, and battery recycling stations, collect used motor oil/oil filters/batteries/CFLs curbside.
- **C&D requirements** (expand current requirements)





# Priority Actions – Materials and Consumption

## **Strategy 2: Reduce landfilled food waste.**

### **Actions:**

- **Technical assistance to top food generators** (such as hotels, hospitals, corporate cafeterias, and campuses)
- **Food recovery and donation** (Edible Food Recovery Program, excess edible food baseline, assist food recovery organizations)
- **Food recovery organization partnerships**  
(regional partnerships for food waste reduction, recovery, and security, such as Loaves and Fishes, A La Carte, Silicon Valley Food Recovery etc.)







# Priority Actions – Materials and Consumption

## **Strategy 3: Enhance sustainable production and consumption**

### **Actions:**

- **Reuse of salvageable building materials**
- **City property consumption and waste diversion**
- **Municipal Sustainable Procurement Policy**
- **Carbon-smart building materials**
- **Support for schools on low-carbon alternatives and solutions**





# Potential Strategies And Actions

## **Priority Actions – Natural Systems & Water Resources**

- **Strategy 1:** Increase Tree Canopy Cover.
- **Strategy 2:** Enhance Ecosystem Resilience.
- **Strategy 3:** Improve Water supply & conservation.





# Priority Actions – Natural Systems & Water Resources

## **Strategy 1:** Increase Tree Canopy Cover

### **Actions:**

- **Right-of-way tree planting**
- **Tree rebate program**
- **Plan for retiring trees and sidewalk uplift**





# Priority Actions – Natural Systems & Water Resources

## **Strategy 2: Enhance Ecosystem Resilience.**

### **Actions:**

- **Carbon farming on open space lands**
- **Partnerships for compost management**
- **Tree planting guide**





# Priority Actions – Natural Systems & Water Resources

## **Strategy 3: Improve Water supply & conservation.**

### **Actions:**

- Incentives for community water fixture retrofits
- Fixture replacement
- Water data accessibility
- Water-efficient landscaping requirements
- Diversify the community water portfolio
- Require recycled water connections for new development





# Potential Strategies And Actions

## **Priority Actions – Community Resilience & Wellbeing**

- **Strategy 1:** Improve community resilience.
- **Strategy 2:** Prepare for climate change.





# Priority Actions – Natural Systems & Water Resources

## **Strategy 1: Improve community resilience.**

### **Actions:**

- **Community resilience networks**
- **Homeless support**
- **Community climate action grant**
- **Incentives for adaptation upgrades**







# Priority Actions – Natural Systems & Water Resources

## **Strategy 2: Prepare for climate change.**

### **Actions:**

- Restrict high-hazard development
- On-site & natural stormwater systems
- Reduce urban-wildland fire risk
- Low-albedo parking lots
- Climate Resilience Capital Improvement Program (CIP)
- Planned retreat strategies



**TO:** Nimisha Agrawal, City of Santa Clara  
**FROM:** Andrea Martin and Angela Pietschmann, Cascadia Consulting Group  
**SUBJECT:** Progress Analysis of the City of Santa Clara's 2013 Climate Action Plan  
**DATE:** April 2020

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## INTRODUCTION

Cascadia Consulting Group reviewed the City of Santa Clara's 2013 Climate Action Plan (CAP), 2016 and 2018 CAP progress reports, and other related documents to assess the City's progress in implementing CAP measures and reducing greenhouse gases against the recommended baseline. This review was supplemented with a series of interviews in March 2020 with the following City staff and key stakeholders:

- Ann Hatcher - Assistant Director of Electric Utility
- Carol Shariat - Principal Transportation Planner
- Craig Johnson – Building Official
- Dan Sunseri – Fleet Manager
- Dave Staub – Deputy Director of Public Works
- Diane Asuncion- Acting Compliance Manager, Water & Sewer Utilities
- Michelle Templeton – Sustainability Manager
- Shilpa Mehta - Engineering Services Division Manager, Water and Sewer Utilities
- Sudhanshu Jain – Planning Commissioner

The following tables summarize progress to date across the 2013 CAP's 19 climate action measures.

## PROGRESS AS OF MARCH 2020

### FOCUS AREA 1: COAL-FREE AND LARGE RENEWABLES

**Goal:** Eliminate coal from SVP's portfolio and increase use of natural gas and renewable energy.

Ref	Measure	Performance target	Lead Department	2020 Status
1.1	<b>Coal-free by 2020</b> Replace the use of coal in Silicon Valley Power's (SVP) portfolio with natural gas by 2020.	100% of coal power replaced with natural gas.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> As of January 1, 2018, SVP (1) has completely divested from coal, eliminating the amount of coal in the City's energy mix; and (2) provides all residential customers with carbon-free energy.
1.2	<b>Renewable energy resources</b> Investigate the use of City-owned property for large-scale renewable energy projects.	N/A	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	Since the 2013 CAP was adopted, SVP developed a 20 MW wind farm in the Altamont Pass area and a 20 MW solar installation in Kern County.

Ref	Measure	Performance target	Lead Department	2020 Status
1.3	<b>Utility-installed renewables</b> Develop up to five solar PV projects with a total installed capacity of 3 to 5 MW.	New solar PV projects generating a total of 5 MW.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	By 2016, SVP installed 515 kW of solar projects in Santa Clara. Additional projects to date include: Hope Rehabilitation Services (4.0 kW), YMCA of Silicon Valley (30.450 kW), Pacific Autism Center for Education (47.150 kW), Belovida Santa Clara (32.400 kW), Muslim Community Association (35.020 kW). Three additional projects are currently in progress.

## FOCUS AREA 2: ENERGY EFFICIENCY PROGRAMS

**Goal:** Maximize the efficient use of energy throughout the community.

Ref	Measure	Performance target	Lead Department	2020 status
2.1	<b>Community electricity efficiency</b> Achieve City-adopted electricity efficiency targets to reduce community-wide electricity use by 5% through incentives, pilot projects, and rebate programs.	(2020): 159,100 MWh electricity savings.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> Combined savings from 2008 to 2017 amount to 165,260 MWh of community energy savings through incentives, pilot projects, and rebate programs, exceeding the original goal of 159,100 MWh.
2.2	<b>Community natural gas efficiency</b> Work with community and social services agencies to provide information from Pacific Gas & Electric (PG&E) to promote voluntary natural gas retrofits in 5% of multi-family homes, 7% of single-family homes, and 7% of nonresidential space through strategic partnerships connecting residents and business owners to available financing resources.	1,700 single-family homes, 1,000 multi-family homes, 410 commercial accounts, and 130 industrial accounts complete natural gas efficiency upgrades.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>PG&amp;E</li> </ul>	While SVP is a municipally owned utility, PG&E is not, making progress on this measure challenging. The City will pursue more effective measures as part of the 2020 CAP update.
2.3	<b>Data centers</b> Encourage new data centers with an average rack power rating of 15 kW or more to identify and implement cost-effective and energy-efficient practices.	10% of new data centers utilizing energy-efficient practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 100% of new data centers since 2013 have utilized energy-efficient economizers, exceeding the goal of 10% of new data centers.

Ref	Measure	Performance target	Lead Department	2020 status
2.4	<b>Customer-installed solar</b> Incentivize and facilitate the installation of 6 MW of customer-owned residential and nonresidential solar PV projects.	New solar PV projects generating 6 MW in total installed capacity on homes, nonresidential buildings, parking garages, parking lots, and other feasible areas. Equivalent to 900 residential and 330 nonresidential installations.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 16.1 MW of commercial and residential solar were installed between 2013-2018.
2.5	<b>Municipal energy efficiency</b> Reduce municipal electricity use by 10% through comprehensive energy retrofits of existing equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	Replace inefficient equipment in 50% of municipal buildings and facilities. Complete all previously identified cost-effective identified energy efficiency projects.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	Most City facilities are equipped with energy efficient computers, printers and air-cooled air conditioning units. The City installs/retrofits with LED lighting. When motors, boilers, and chillers are replaced (due to age or condition), the City uses energy efficient models. The City will continue efforts and investigate ways to participate in energy efficient programs.
2.6	<b>Municipal renewables</b> Install 1 MW of solar or other renewables at City-owned facilities.	New solar PV projects generating 1,000 kW in total installed capacity.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City has begun the process of completing this measure; two City facilities have been selected to attain solar panels, the Northside Library and the Police Department building. These solar panels are planned for installation by the end of 2020. The City will continue to determine other City facilities that could install solar panels and reach the goal of 1MW solar installs.

**FOCUS AREA 3: WATER CONSERVATION***Goal: Reduce GHG-intensive water use practices.*

Ref	Measure	Performance target	Lead Department	2020 status
3.1	<b>Urban Water Management Plan targets</b> Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	<ul style="list-style-type: none"> <li>Water &amp; Sewer Utilities</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City saved 6,328 acre-feet (2,060,000,000 gallons) of water from 2008 through 2016.

**FOCUS AREA 4: WASTE REDUCTION***Goal: Increase recycling opportunities for all disposed materials.*

Ref	Measure	Performance target	Lead Department	2020 status
4.1	<b>Food waste collection</b> Support the expansion of existing food waste and composting collection routes in order to provide composting services to 25% of existing restaurants.	Participation of 120 restaurants in Santa Clara.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	While 124 businesses are currently signed up for the commercial organics program, only 30 are restaurants. However, this total includes hotels, grocery stores, and other businesses with a food service component. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to source-separate organics from garbage.
4.2	<b>Increased waste diversion</b> Work with regional partners to increase solid waste diversion to 80% through increased recycling efforts, curbside food waste pickup, and construction and demolition waste programs.	Increase the waste diversion rate from 58% to 80%.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City's current diversion rate is approximately 58%. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to increase diversion through source-separation.

**FOCUS AREA 5: OFF-ROAD EQUIPMENT****Goal:** *Ensure efficient operations of off-road equipment.*

Ref	Measure	Performance target	Lead Department	2020 status
5.1	<b>Lawn and garden equipment</b> Support and facilitate a community-wide transition to electric outdoor lawn and garden equipment through outreach, coordination with BAAQMD, and outdoor electrical outlet requirements for new development.	Exchange 1,170 leaf blowers and 130 lawn mowers with electric models.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	As of 2016, only three residents used the program successfully. The program is no longer operational due to limited interest. The City will explore alternative strategies for off-road equipment as part of the 2020 CAP update.
5.2	<b>Alternative construction fuels</b> Require construction projects to comply with BAAQMD best management Practices, including alternative-fueled vehicles and equipment.	30% of construction equipment switches from conventional technologies to hybrid, compressed natural gas (CNG), electric, or biodiesel.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<p>As of July 2016, 12% of construction equipment (defined as forklifts, backhoes, loaders, rollers, chippers, stump grinders, cranes, concrete saws, and mowers) were upgraded to use alternative fuel technologies, nearly halfway to the 30% conversion target established in the CAP.</p> <p>All development approvals have requirements in their environmental documents to use BAAQMD best management practices, which includes the encouragement of fuel switching to alternative fuels.</p> <p>The City can make further progress on this measure by adding the use of alternative fuels in construction vehicles to the conditions of approval for new development permits and updating project monitoring software to account for the type of fuel used for construction vehicles at each development site. The City conducts pre-construction meetings to review developments' plans prior to construction; to further the progress of this measure; the City can open these meetings to include building and planning staff to ensure completion of CAP measures.</p>

**FOCUS AREA 6: TRANSPORTATION AND LAND USE****Goal:** *Establish land uses and transportation options that minimize single-occupant vehicle use.*

Ref	Measure	Performance target	Lead Department	2020 status
6.1	<b>Transportation demand management program</b> Require new development located in the city's transportation districts to implement a TDM program to reduce drive-alone trips.	TDM reporting results in a 1% overall reduction in citywide VMT, with individual projects achieving a minimum 5% to 10% reduction in VMT based on implementation of TDM best practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	Since the CAP's adoption, 46 new developments have been required to have a TDM Plan, and from those, 11 have been constructed and occupied, and two have implemented a TDM plan. The developments are required to create annual reports on their TDM plans to provide information to calculate overall VMT reduction. The City will continue to require TDM Plans in their conditions of approval for all new developments in transportation districts as well as monitor developments' annual report submissions.
6.2	<b>Municipal transportation demand management</b> Develop and implement a transportation demand management program for City employees to encourage alternative modes of travel and reduce single-occupant vehicle use.	Achieve a 20% reduction in commute related VMT from City employees	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	The City has taken steps to start a program by collecting and analyzing baseline data regarding employee commutes. The collected information expressed that 85% of employees drive alone to work resulting in approximately 102 MTCO2 emissions from City employee commutes. The City has also collected information regarding different departments' employee work schedule and has begun compiling possible TDM actions to reduce VMT. With the baseline data for City employee commute patterns, the City can begin development and implementation of targeted TDM measures.
6.3	<b>Electric vehicle parking</b> Revise parking standards for new multi-family residential and nonresidential development to allow that a minimum of one parking space, and a recommended level of 5% of all new parking spaces, be designated for electric vehicle charging.	430 parking spaces in new commercial, industrial, and multi-family development that utilize EV charging stations.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City of Santa Clara completed this measure as of 2018 with 455 charging stations installed in public spaces.



**FOCUS AREA 7: URBAN HEAT ISLAND EFFECT****Goal:** *Mitigate the heat island effect through shading and cooling practices.*

Ref	Measure	Performance metric	Lead Department	2020 status
7.1	<b>Urban forestry</b> Create a tree-planting standard for new development and conduct a citywide tree inventory every five years to track progress of the requirements.	Each new development incorporates a minimum of two shade trees near south-facing windows for a total tree-planting goal of 2,500.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City created a mandatory 2:1 replacement rule for developments, requiring 2 trees to be planted for every 1 tree removed during new construction. The City surpassed this goal by 2016 with the planting of 3,792 trees.
7.2	<b>Urban cooling</b> Require new parking lots to be surfaced with low-albedo materials to reduce heat gain, provided it is consistent with the Building Code.	All new uncovered parking lots and spaces utilize light-colored and/or permeable pavements.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	While the City has not yet required new parking lots to be surfaced with low-albedo materials, the 2019 California Green Building Standards Code includes guidance in its "Non-residential Voluntary Measures."

**NEXT STEPS**

The consultant team will use the updated information summarized above to support development of targets, strategies, and actions in the updated CAP in 2020.

## Memo

**To:** City of Santa Clara  
**From:** Raimi + Associates  
**Date:** 7/28/20  
**Re:** Task 2.3 Recommend and Forecast GHG Targets

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The following memorandum summarizes the greenhouse gas (GHG) forecasts developed by Raimi + Associates for the City of Santa Clara through 2050 and presents recommendations for GHG reduction targets to be incorporated into the updated Climate Action Plan. Our review assesses the City's GHG emissions trends, the City's current emissions profile, and community focus group input.

### Key Findings

- Projections based on ABAG demographics data show that by 2050, the City's population is estimated to grow by 28% and the number of jobs in the city is estimated to increase by 172% from 2016.
- In 2016, nonresidential energy use accounted for 61% of total emissions.
- The Business-as-Usual forecast shows GHG emissions are projected to increase by 126% in 2050 from 2008 baseline levels.
- The Adjusted Business-as-Usual forecast shows GHG emissions are projected to decrease by 45% in 2050 from 2008 baseline levels.
- Initial community outreach demonstrates support for adopting State emissions targets (40% reduction in GHG emissions by 2030 and 80% by 2050 or carbon neutrality by 2045), at a minimum.

### California's Regulatory Landscape

California has been a leader in climate action since early 2000. AB 32 set California's first GHG target to reduce emissions to 1990 levels by 2020. Greenhouse gas reduction targets can be defined as emission reduction levels that governments set out to achieve by a specified time. In this memo, the terms goals and targets are used interchangeably; however, the term "goals" is also used to refer to desired climate action achievements more broadly. California is on track to exceed its 2020 climate target, while the economy continues to grow. SB 32 extended the goals of AB 32 and established a mid-term 2030 goal of reducing emissions 40% from 2020 levels and a long-term goal of reducing emissions 80% by 2050. In 2018, Executive Order B-55-18 set the target of statewide carbon neutrality by 2045.

The reduction targets specified by the State are consistent with substantial scientific evidence published by the IPCC and the United Nations Framework Convention on Climate Change (UNFCCC) regarding the need to ultimately reduce global GHG emissions down to 80% below 1990 levels by 2050. This consistency is important for creating a "qualified" CAP. The concept of having a "qualified" CAP means that a CAP meets the criteria specified in CEQA Guidelines Section 15183.5(b) for a plan for the reduction of greenhouse gas emissions, such that a



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“qualified” CAP may then be used for the specific purpose of streamlining the analysis of GHG emissions in subsequent projects. Local governments have discretion on what levels or targets are established in a “qualified” CAP, provided they are based on substantial evidence.

Furthermore, some GHG reduction measures applicable to new development can be implemented through codes, ordinances, or other rating systems. GHG reduction measures in a CAP that are determined to be applicable at the project-level and could be used for tiering by future projects should be specified as mandatory in the CAP (through building performance standards or building code requirements, for example), and not as voluntary measures that may not be enforced during development review. Ultimately, local agencies should put forth their best efforts to make sure that GHG reductions associated with the primary measures in a CAP are quantifiable and based on substantial evidence.

## 2050 Emission Forecasts

R+A developed two emissions forecasts through the year 2050, Business-as-Usual (BAU) and Adjusted Business-as-Usual (ABAU), to show future emissions trends for the City of Santa Clara. The forecast is based on changes to the number of people who live and work in Santa Clara. As the population grows and there are more jobs in the community, there will be an increase in the amount of energy used, vehicle miles traveled (VMT), trash generated, and other activities that produce GHG emissions. R+A utilized the City’s most recent GHG inventory from 2016 and demographics projections from the Association of Bay Area Government’s (ABAG) Plan Bay Area program. Table 1 shows the assumed demographic changes.

**Table 1. Santa Clara Demographics Projections (2020-2040)**

	2020	2025	2030	2035	2040	2045	2050
<b>Population</b>	131,655	137,215	142,425	151,715	159,500	167,285	175,070
<b>Jobs</b>	143,565	151,310	165,255	169,590	170,575	171,560	172,545
<b>Housing Units</b>	50,505	51,590	52,675	55,720	58,190	60,660	63,130
<b>Service Population</b>	275,220	288,525	307,680	321,305	330,075	338,845	347,615

The Business-as-Usual forecast shows how the City’s emissions would change over time due to projected growth without any climate action at the local or State levels. Climate action is the implementation of various strategies and measures that reduce greenhouse gas emissions. Strategies and measures are programs, policies, or standards that reduce the GHG emissions of activities (i.e. minimum energy efficiency standards for appliances or Transportation Demand Management programs). The analysis shows that the City’s BAU emissions are projected to increase from 1,862,824 MTCO<sub>2</sub>e in 2008 to 4,246,957 MTCO<sub>2</sub>e in 2050, a 126% increase. Table 2 shows the forecasted emission levels for each sector in future years.

**Table 2. Forecasted Business-as-Usual Total Annual Community GHG Emissions 2020-2040 (in MTCO2e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	65,370	66,775	68,179	72,120	75,317	78,514	81,711	19%
Residential natural gas	84,279	72,780	79,120	80,820	82,519	87,290	91,159	95,029	98,898	17%
Residential Energy	153,200	132,912	144,490	147,594	150,698	159,410	166,476	173,543	180,609	18%
Nonresidential electricity	805,360	980,317	2,364,897	2,364,897	2,582,851	2,650,604	2,665,999	2,681,394	2,696,789	235%
Nonresidential natural gas	304,181	99,945	228,764	241,106	263,326	270,234	271,804	273,373	274,943	-10%
Nonresidential Energy	1,109,541	1,080,262	2,593,662	2,606,003	2,846,177	2,920,838	2,937,803	2,954,768	2,971,732	168%
On-Road Transportation	523,000	505,989	774,137	811,561	865,440	903,764	928,432	953,101	977,769	79%
Landfilled Waste	36,686	38,744	56,861	59,610	63,568	66,382	68,194	70,006	71,818	96%
Wastewater Treatment	9,200	24,292	35,651	37,375	39,856	41,621	42,757	43,893	45,029	389%
Off-Road	31,300	8,634	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>1,862,824<sup>1</sup></b>	<b>1,790,833<sup>2</sup></b>	<b>3,604,801</b>	<b>3,662,143</b>	<b>3,965,739</b>	<b>4,092,016</b>	<b>4,143,663</b>	<b>4,195,310</b>	<b>4,246,957</b>	<b>126%</b>

<sup>1</sup> Difference in emissions from 2013 CAP due to addition of business waste tonnage.

<sup>2</sup> Difference in emissions from 2018 CAP progress report due to addition of business waste tonnage and off-road emissions.

It is important to note that the BAU forecast may overestimate the emissions due to electricity because it assumes the utility's emission factor from 2016 remains constant. The carbon intensity of SVP energy in 2016 was significantly higher than subsequent years because the utility still procured energy from a coal-fired power plant. SVP exited this coal contract in 2017, which greatly reduced their emissions. R+A will update this forecast with a more realistic emissions factor if one becomes available.

Additionally, the Adjusted Business-as-Usual (ABAU) forecast is presented to show how Santa Clara's emissions are anticipated to change accounting for the impacts of adopted State policies if no action is taken at the local level. There are four major policies that the State has adopted to reduce GHG emissions at the local level:

1. **Renewables Portfolio Standard (RPS):** This law requires that electrical utilities provide an increased amount of electricity from eligible renewable sources. SB 100 requires that 33% of electricity sold by utilities in 2020 be renewable, 60% be renewable in 2030, and 100% be carbon-free in 2045.

2. **Title 24:** Title 24 is the set of regulations that specifies how new buildings must be constructed, including specifying minimum energy efficiency standards. These standards are updated triennially to be more stringent. California has set a goal for zero-net energy new construction by 2030.
3. **Clean Car Standards:** These standards require that vehicles sold in California meet minimum fuel efficiency requirements, and that fuel sold in the state emits less GHGs during production and use.
4. **SB 1383:** This law requires that food scraps and other organic material is diverted from landfill disposal. The State goal is that 75% of organic material is diverted from landfill by 2025.

The measures listed above and their associated GHG reductions are counted toward Santa Clara's overall community emissions reductions and progress towards targets. Based on the results of the ABAU forecast, emissions are expected to fall from 1,862,824 MTCO<sub>2</sub>e in 2008 to 1,028,249 MTCO<sub>2</sub>e in 2050, a decrease of 45%. Table 3 shows the forecasted ABAU emission levels for each sector in future years. The ABAU forecast illustrates the importance of supporting the State's climate targets to reduce emissions statewide and kickstart local actions.

**Table 3. Forecasted Adjusted Business-as-Usual Total Annual Community GHG Emissions 2020-2050 (in MTCO<sub>2</sub>e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	25,711	20,646	18,559	15,612	11,193	6,747	1,892	-97%
Residential natural gas	84,279	72,780	76,521	80,123	81,823	85,334	89,573	93,442	97,311	15%
Residential Energy	153,200	132,912	102,232	100,768	100,382	100,946	100,766	100,189	99,203	-35%
Nonresidential electricity	805,360	980,317	629,907	716,787	676,169	578,692	401,943	233,583	63,257	-92%
Nonresidential natural gas	304,181	99,945	157,914	234,318	251,105	266,435	270,940	272,519	274,079	-10%
Nonresidential Energy	1,109,541	1,080,262	787,820	951,105	927,274	845,127	672,883	506,093	337,336	-70%
On-Road Transportation	523,000	505,989	593,606	511,767	480,335	470,138	458,688	477,609	491,181	-8%
Landfilled Waste	36,686	38,744	56,861	48,074	51,271	53,546	55,010	56,474	57,938	58%
Wastewater Treatment	9,200	24,292	35,374	37,085	39,547	41,298	42,425	42,572	42,590	363%
<b>TOTAL</b>	<b>1,862,821</b>	<b>1,790,833</b>	<b>1,575,894</b>	<b>1,648,799</b>	<b>1,598,809</b>	<b>1,511,055</b>	<b>1,329,771</b>	<b>1,182,936</b>	<b>1,028,249</b>	<b>-45%</b>

## Community Input

Over the first week of April 2020 Raimi + Associates hosted a series of stakeholder focus group calls in lieu of the first Community Workshop for the Climate Action Plan Update. The first series of focus groups were held as online webinars. Overall, R+A spoke with 10 community members representing various community organizations, sectors, and opinions. Each focus group was asked the following questions:

1. What climate issues are important to you and your industry/organization?
2. What does a climate friendly Santa Clara look like to you?
3. How much should Santa Clara strive to reduce its emissions? How ambitious should the City be relative to peer cities?
4. Should the City apply the existing State targets? 50% by 2030? 80% by 2050? or carbon neutrality by 2045?
5. What barriers or challenges do you think could prevent the City from reaching its emissions reduction targets?
6. What do you see as Santa Clara's biggest climate threat?

Overall, participants on the focus group calls were generally excited to hear the City of Santa Clara was updating its CAP and making climate action a priority for the City. However, many expressed a lack of knowledge about the topic and ways to reduce emissions. Common themes from across each sector are summarized below:

- Current imbalance between the number of jobs and housing units – there is a need for housing in the City to balance the large number of jobs and to improve regional mobility and mobility options. By 2040, the jobs to housing ratio will be almost 3:1.
- Lack of knowledge and awareness about the City's current climate action efforts and future GHG reduction strategies
- As companies establish their own climate goals, SVP's ability to provide an increasing amount of carbon-free energy or collaborate with companies on renewables solutions will be critical for business retention
- Santa Clara's GHG reduction targets should be aligned with peer cities and State regulation
- The City should consider sector-specific targets and total annual and per capita GHG targets
- Any near-term targets should set the City up to achieve long-term targets
- Climate related threats include: sea level rise, lack of awareness, lack of city/regional coordination, and political will

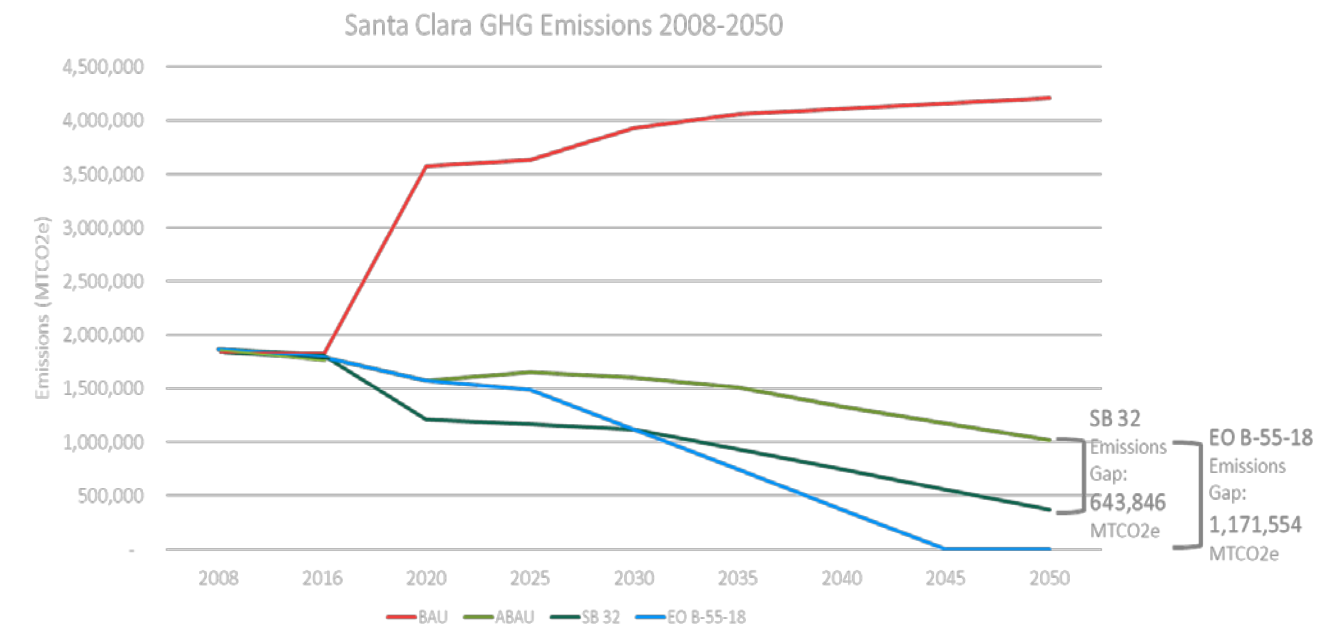
## Recommended GHG Targets

Based on the review of the City's GHG forecasts and community input, there are four options for climate targets.

**Option 1:** Santa Clara adopts the goal of carbon neutrality by 2045. This target is based on Former Governor Brown's Executive Order B-55-18, which is likely to become law based on the State's current trends and actions around climate change. Many local jurisdictions have already adopted the goal of carbon neutrality including the cities of Fremont, San Luis Obispo, Sacramento, Menlo Park, and the County of Santa Clara. Furthermore, this target would create a stronger basis on which to qualify the CAP in terms of CEQA and provide for future streamlining and tiering of projects. By 2045, the City would need to implement additional local climate action measures to close the 1,171,554 MTCO<sub>2</sub>e emissions gap. This is the recommended option because it aligns the City with the State as well as its peer cities in the Bay Area and cities across California.

**Option 2:** Santa Clara adopts the State's emissions reduction targets set forth in SB 32. These targets include a mid-term and long-term goal of reducing GHG emissions 40% below baseline levels by 2030 and 80% by 2050. Figure 1 shows the City's emissions gap between the BAU, ABAU, and state emissions targets through 2050. Reductions resulting from the State policies included in the ABAU forecast count toward Santa Clara's overall emissions reductions. The City should adopt measures in their CAP that close the gap in emissions between ABAU and State target emissions, 643,846 MTCO<sub>2</sub>e by 2050.

**Figure 1. Graph showing the City's Emissions Gap between BAU, ABAU, and State Emissions Targets**



**Option 3:** Demonstrate leadership by setting a target in excess of State guidance. For example, carbon neutrality by 2035. This is a realistic goal for some cities that have access to 100% carbon-free and/or renewable electricity. Thus, the implications for Santa Clara would be to aggressively transition SVP to procuring carbon-free energy, which would be difficult due to existing energy generation infrastructure, contracts, and pricing structures.

**Option 4:** Set a target that is less than the State's emissions reduction goals. For example, 50% reduction in baseline GHG levels by 2050. There is currently no requirement that the City match the State's climate goals and there are currently no repercussions for not meeting these targets. Although setting a lower target is an option available to the City, there are some drawbacks and it is not recommended. If the City were to set GHG reduction targets less than those adopted by the State, the CAP would not be eligible for CEQA streamlining so responsibility would fall on individual projects to demonstrate that their mitigated impacts are in alignment with State GHG standards, which can be very burdensome, including for City projects.

In addition to thinking about these reduction targets as total reductions in the community's overall emissions, to acknowledge Santa Clara's projected growth in population and jobs through 2050, these forecasts and targets can be expressed as per capita and per service population estimates. Table 4 presents the BAU, ABAU, and State targets in terms of Santa Clara's projected population and service population.



**Table 3. Forecasted Per Capita and Per Service Population Annual Community GHG Emissions 2020-2050 (in MTCO2e)**

		2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
<b>Business-as-Usual</b>	Per Capita	27.14	26.45	27.60	26.73	25.74	24.85	24.03	45%
	Per Service Population	12.98	12.58	12.77	12.62	12.44	12.27	12.10	4%
<b>Adjusted Business-as-Usual</b>	Per Capita	11.97	12.02	11.23	9.96	8.34	7.00	5.81	-65%
	Per Service Population	5.73	5.71	5.20	4.70	4.03	3.46	2.92	-75%
<b>SB 32</b>	Per Capita	9.20	8.48	7.85	6.14	4.67	3.34	2.13	-87%
	Per Service Population	4.40	4.04	3.63	2.90	2.26	1.65	1.07	-91%
<b>B-55-18</b>	Per Capita	11.97	10.86	7.85	4.91	2.34	-	-	-100%
	Per Service Population	5.73	5.17	3.63	2.32	1.13	-	-	-100%

The consultant team is recommending that the City adopt Option 1, the State’s emissions reduction targets set forth in Executive Order B-55-18, which best positions it to adapt to future State climate guidance and regulations. As the CAP update process continues and climate action measures are identified, the consultant team will determine whether it would be helpful for the City to incorporate sector or measure specific goals (i.e. incorporate specific mode split goals from the City’s Bicycle Plan) into the CAP.

## **Sources**

Association of Bay Area Governments: <http://projections.planbayarea.org/>

California Air Resources Board EMFAC: <https://arb.ca.gov/emfac/2014/>

California Air Resources Board 2017 Scoping Plan:

[https://ww3.arb.ca.gov/cc/scopingplan/scoping\\_plan\\_2017\\_es.pdf](https://ww3.arb.ca.gov/cc/scopingplan/scoping_plan_2017_es.pdf)

California Department of Finance: <http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>

California Energy Commission:

<https://efiling.energy.ca.gov/GetDocument.aspx?tn=205065&DocumentContentId=21592>

California OPR CEQA Guidelines: [http://opr.ca.gov/docs/OPR\\_C8\\_final.pdf](http://opr.ca.gov/docs/OPR_C8_final.pdf)

City of Santa Clara 2008 and 2016 Community Inventories

Silicon Valley Power 2018 IRP: <https://www.siliconvalleypower.com/home/showdocument?id=62481>

US Census Bureau American Factfinder:

[https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_17\\_5YR\\_DP04&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_DP04&prodType=table)

US Census Bureau On the Map: <https://onthemap.ces.census.gov/>

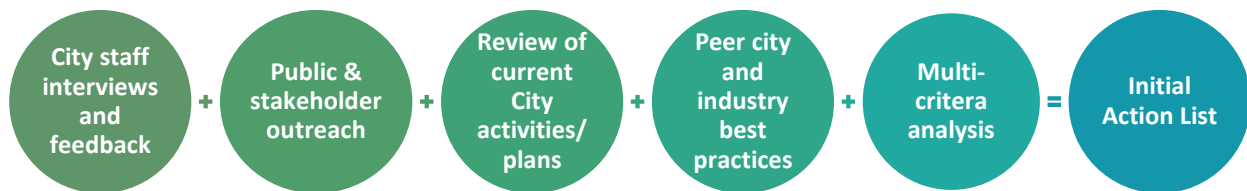
To: Nimisha Agrawal, City of Santa Clara  
From: Andrea Martin, Cascadia Consulting Group  
Date: October 7, 2020  
Subject: **Initial Actions List for City of Santa Clara Climate Action Plan Update**

---

## Introduction

This memorandum presents the initial list of actions for consideration in the Climate Action Plan (CAP) Update. This action list represents the culmination of an iterative development and review process that included interviews with City staff, outreach to targeted stakeholders and the public, a review of current City planning documents and activities, consideration of peer city and industry best practices, and a qualitative multi-criteria prioritization analysis (see Figure 1 below).

Figure 1. Development and Review Process for Initial Action List Development



## Focus Areas

The initial action list is organized into the following focus areas:

**Buildings & Energy**



**Transportation & Land Use**



**Materials & Consumption**



**Natural Systems & Water Resources**



**Community Resilience & Wellbeing**








## Multi-Criteria Analysis






The criteria evaluated through the multi-criteria analysis (MCA) are presented in Table 1 below. Criteria were assigned relative weights based their perceived importance in meeting CAP objectives.

For each potential action, the consultant team assigned numerical rankings of 1 to 5 based on how well the action aligned with that criterion (1=very low alignment and 5= very high alignment). These rankings then underwent a weighted summation based on the criterion’s assigned weight to arrive at an overall priority score for each action. The initial action list presented in this memorandum presents the top priority actions identified through this process.

**Table 1. Criteria Evaluated in the Multi-Criteria Analysis of Potential Actions**






	Criterion	Weight	Definition/Sub-criteria
	Impact	0.3	How likely is it the action will work to address plan goals and targets?
			Is the action addressing a major sustainability need (e.g., high GHG emissions source)?
	Cost	0.2	How affordable is the action to residents/businesses?
			How affordable is the action to the City of Santa Clara?
	Feasibility	0.2	Is there strong support for action from the resident and business community?
			Are there regulatory, political, or technological constraints?
	Equity	0.2	Do the benefits of the action reduce historical or current disparities among communities of color, low-income populations, and/or front-line populations?
	Co-benefits or synergies:	0.1	Does the action address multiple goals, other City or community objectives, and/or other City/community plans?
	<b>TOTAL</b>	<b>1.0</b>	

An example of how these criteria rankings result in action priority scores is presented below. Below are two actions Cascadia evaluated to prepare the City of Everett’s (WA) CAP. While both actions have the same impact, cost, and co-benefits scores, the second action is substantially more feasible and somewhat more equitable. As a result, the second action received an overall higher score and better achieves Everett’s climate action goals.

Action						Priority Score
Advocate for regional congestion pricing authority.	4	4	2	1	3	2.6
Accelerate “Complete Streets” policy implementation.	4	4	4	2	3	3.4

## Buildings & Energy






### STRATEGY 1: SHIFT TO ELECTRIC FUELS IN NEW AND EXISTING BUILDINGS TO ACHIEVE ZERO-NET CARBON BUILDINGS.

Action	Description						Priority Score
<b>Electrification incentives &amp; financing</b>	Expand current financial incentives to accelerate electrification in new and existing buildings, which could include (1) options for low- or zero-interest financing; and/or (2) targeted upstream and midstream incentives to distributors and contractors. Rebates could be structured by income level and prioritized for rental units to be used for panel upgrades, passive home design features, electric appliances, heat pumps, and renewable energy generation coupled with storage.	3.5	3	3.5	4	2	3.4
<b>Electrification outreach</b>	Continue to promote commercial and residential energy efficiency and electrification through education and outreach, which could include creation of a clearinghouse of trained/certified contractors and professionals.	2	3.5	4.5	4	3	3.3
<b>Electrification retrofit upon sale</b>	Require electric panel upgrades upon sale and/or rental turnover for low-rise residential, and small multifamily and commercial buildings to facilitate the transition to clean electricity buildings and vehicles.	3.5	3.5	2	3	3	3.1
<b>Municipal Electrification Action Plan</b>	Work with regional energy partnerships to develop and implement an Electrification Action Plan for City facilities. This will include new and existing buildings, incorporate strategies to address energy storage, focus on highlighting any hurdles or solutions that would be applicable to the broader community, and leverage existing rebates.	2	3	3	3	5	2.9
<b>Reach codes for new construction<sup>1</sup></b>	Implement proposed reach codes requiring: <ul style="list-style-type: none"> <li>All new single-family residences to be all electric OR mixed fuel buildings at least 10 Energy Design Rating (EDR) points less than the calculated total for the Standard Design Building.</li> </ul>	3.5	3.5	3.5	3	3	3.4






<sup>1</sup> Note that all actions related to Reach Codes reflect the latest available draft Reach Codes, proposed by City Staff (updated July 2020). These codes have not yet been approved by Santa Clara City Council and are still considered to be under development.

	<ul style="list-style-type: none"> <li>• All new multi-family residences 3 stories or less to be all electric OR mixed fuel buildings at least 11 EDR points less than the calculated total for the Standard Design Building.</li> <li>• All new non-residential/commercial construction (except office and retail) or new multi-family residences over 3 stories to be all electric OR mixed fuel buildings 6% more efficient than the 2019 State Energy Code.</li> <li>• All new office or retail construction over 3 stories to be all electric OR mixed fuel buildings 14% more efficient than the 2019 State Energy Code.</li> </ul>						
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## STRATEGY 2: MANAGE ENERGY DEMAND AND IMPROVE ENERGY EFFICIENCY.






Action	Description						Priority Score
<b>Municipal energy retrofits</b>	Continue to conduct comprehensive energy retrofits of existing City equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	2	5	3.5	3	3	3.2
<b>Equitable clean energy</b>	Continue to provide free home-energy audits and upgrade incentives for low-income households and affordable housing developers and property owners.	2	3.5	4	4	3	3.2
<b>Energy-efficient &amp; electric-ready building code</b>	Update local building code to increase energy efficiency standards and require electric-ready construction (e.g., electric wiring at appliance locations).	4	3.5	3	3	3	3.4
<b>Pilot distributed energy resources at the City</b>	Pilot technologies like energy storage, vehicle-to-grid charging stations, web-enabled devices and microgrids within City facilities evaluate their ability to reduce utility costs and carbon emissions.	2.5	3	2.5	3	4	2.9

### STRATEGY 3: MAXIMIZE RENEWABLE ENERGY GENERATION AND STORAGE CAPACITY.

Action	Description						Priority Score
<b>SVP Integrated Resource Plan (IRP)</b>	Examine resource procurement and cost scenarios to provide 100% carbon neutral electricity to all customers sooner than the state mandate in SVP's next Integrated Resources Plan.	5	2.5	2.5	3	5	3.6
<b>City-owned renewable energy projects</b>	Continue to investigate the use of City-owned property for additional large-scale renewable energy projects.	5	3	3.5	3	4	3.8
<b>Renewable installations at municipal facilities</b>	Install solar or other renewables at City-owned facilities.	3.5	3.5	3	3	3	3.3
<b>Property owner access to renewable energy generation &amp; storage</b>	Expand financial assistance options to residents to increase the implementation of renewable energy generation systems and energy storage infrastructure, including streamlining of project permitting and expanding the City's solar grant program.	3.5	3	3.5	3	3	3.3
<b>Promote grid improvements for SVP</b>	Work with SVP on accelerating improvements to the energy grid or storage to ease the transition to renewable energy. These improvements may include subsidy and grant programs for electrification in existing buildings to reduce the cost of battery storage and electric vehicle charging/storage system installations.	3.5	3	3.5	3	3	3.3
<b>Alternative fuel backups for data centers</b>	Provide information and technical assistance to data centers to transition from diesel to lower-carbon backup generators (e.g., renewable diesel).	2	3.5	4	3	2	2.9
<b>Data center renewable electricity options</b>	Support convening of a data center working group to identify and implement renewable electricity purchasing options for commercial customers.	2	3.5	4	3	2	2.9






## Transportation & Land Use

### STRATEGY 1: TRANSITION VEHICLES TO ELECTRIC ALTERNATIVES.






Action	Description						Priority Score
<b>Implement EV Blueprint</b>	Implement the EV acceleration program in SVP's EV Blueprint.	3	3	4	3	4	3.4
<b>Multi-family EV chargers</b>	Implement proposed Reach Code to require all new multi-family units (20 or less) to install one Level 2 EV ready charging stations per unit. Require all new multi-family units (over 20) to install 25% of parking spaces Level 2 EV ready and 75% of parking spaces Level 1 EV ready.	3	3	4	3	4	3.3
<b>Single family and two-family townhomes</b>	Implement proposed Reach Code to require all new single family and two-family townhomes with: <ul style="list-style-type: none"> <li>• 1<sup>st</sup> parking space to install Level 1 EV charging circuit.</li> <li>• 2<sup>nd</sup> parking space to install Level 2 EV charging circuit.</li> </ul>	4	2.5	3.5	3	3	3.3
<b>Commercial EV chargers</b>	Implement proposed Reach Code to require all new commercial units (excluding office use) to install Level 2 charging stations at 6% of parking spaces and Level 1 circuits at 5% of parking spaces.	2.5	4	3	3	3	3.2
<b>Office EV chargers</b>	Implement proposed Reach Code to require all new commercial office units to install Level 2 charging stations at 10% of parking spaces, Level 1 circuits at 10% of parking spaces, and 30% EV capable.	4	2.5	3.5	3	3	3.3
<b>Electrification of municipal fleet</b>	Adopt a policy requiring a minimum percentage of new standard light-duty, medium-duty, and heavy-duty City fleet vehicles to be electric vehicles or use alternative fuels.	2.5	2.5	4	3	3	3.3
<b>Heavy duty electric trucks</b>	Partner with businesses and industries to accelerate transition of heavy duty trucks to electric through incentives or local tax credits.	3	3	4	3	4	2.9



## STRATEGY 2: EXPAND USE OF NON-SOV TRANSPORTATION MODES.

Action	Description						Priority Score
<b>Pedestrian and Bicycle Master Plan</b>	Fund and accelerate implementation of the Pedestrian Master Plan and Bicycle Master Plan, focusing on 1) closing gaps in the bicycle network with a focus on high demand arterials; 2) installing painted buffers and physical buffers on high stress roadways; and 3) implementing spot improvements in high traffic areas (e.g., bicycle detection, parking, and wayfinding elements).	3	3	4	3	4	3.3
<b>Improve curb management</b>	Incentivize projects that optimize curbside areas for low-carbon modes and reduce VMT, such as designated rideshare parking and loading zones, scooter and bike share docks, bike parking, electric vehicle charging stations, and autonomous vehicle loading zones.	3	3	4	3	4	3.3
<b>Improve bike mobility</b>	Increase public access to bikes, including electric bikes, implementing a bikeshare program, expanded bike parking, electric bike rebates, and other opportunities. The City should look to prioritize low stress facilities to encourage increased ridership.	3	3	4	3	4	3.3
<b>Transit gap and improvement study</b>	Partner with VTA to conduct a public transit gap study to increase transit use within the City.	2.5	3	3.5	4	3	3.2






## STRATEGY 3: ADVANCE SUSTAINABLE LAND USE.

Action	Description						Priority Score
<b>TDM requirements</b>	Require plans for reducing vehicle miles traveled for all new developments over a square footage threshold (i.e., transportation demand management plans).	4	4	3.5	3	4	3.7
<b>Target sustainable development in underutilized commercial strips</b>	Require higher density development in underutilized commercial strips. These developments should include increased building heights, allowing projects to build out to approved densities, zoning changes to higher-density mixed residential, and consider opportunities for mixed land use and/or transit oriented development. Quantify the net benefits of specific plans.	3.5	2.5	3.5	3	4	3.3

<b>Transit-oriented development</b>	Introduce requirements and/or incentives to encourage transit-oriented development (TOD) in transit centers such as the Santa Clara BART station.	3.5	3	3.5	3	4	3.4
<b>City-owned telecommuting centers</b>	Expand the use of City-owned facilities such as libraries to enhance community and City employee telecommuting options.	2	3	4.5	3	2	2.9

## Materials & Consumption






### STRATEGY 1: INCREASE WASTE DIVERSION.

Action	Description						Priority Score
<b>Comply with state solid waste ordinances</b>	Comply with state solid waste ordinances, including AB1826, AB341, and SB1383.	4	2	3.5	4	4	3.5
<b>Waste diversion pricing signals</b>	Explore or promote existing incentives for recycling and composting and discourage landfill waste; for example: --University of California Cooperative Extension Compost Education program. --Environmental Days provided by Recology, household hazardous waste drop-off events, and battery recycling stations at City Hall, Corp Yard, and Fire Stations. --Collect used motor oil/oil filters/batteries/CFLs curbside. --Recyclestuff.org. --Countywide Bring Your Own Cup campaign, Reusable vs. Disposable, A La Carte, and South Bay Green Gardens.	3	3	3.5	3	2	3.0
<b>C&amp;D requirements</b>	Expand requirements for C&D waste diversion beyond the current 5,000 square foot minimum.	3	3.5	4	2	2	3.0

## STRATEGY 2: REDUCE LANDFILLED FOOD WASTE.

Action	Description						Priority Score
<b>Technical assistance to top food generators</b>	Provide education, outreach, and technical assistance to top food producers such as hotels, hospitals, corporate cafeterias, and campuses to prevent food waste, increase surplus food donations, and comply with SB1383. Options include food waste tracking software and food donation pickup services.	4	2.5	4	4	4	3.7
<b>Food recovery and donation</b>	Continue to partner with local agencies to implement an Edible Food Recovery Program as required under SB 1383. Establish an excess edible food baseline and then assist food recovery organizations in establishing pickup and redistribution.	3	3.5	4	4	4	3.6
<b>Food recovery organization partnerships</b>	Participate in regional partnerships for promoting food waste reduction, recovery, and security, such as Loaves and Fishes, A La Carte, Silicon Valley Food Recovery, Second Harvest of Silicon Valley, and the Santa Clara County Food System Alliance.	3	3.5	4	4	4	3.6






## STRATEGY 3: ENHANCE SUSTAINABLE PRODUCTION AND CONSUMPTION.

Action	Description						Priority Score
<b>Reuse of salvageable building materials</b>	Promote organizations in Santa Clara County that process and sell salvageable building materials to building contractors.	2	4	4	4	3	3.3
<b>City property consumption and waste diversion</b>	In all City contracts and event permits, require that all third-party vendors provide and utilize compostable and/or reusable food service items to serve 50 or more people, and provide recycling and composting infrastructure.	3	3.5	4	3	2	3.2
<b>Municipal Sustainable Procurement Policy</b>	Implement a municipal Sustainable Procurement Policy to prioritize improvements for the highest emissions reduction impact purchasing decisions within each department, including vehicle and fuel purchases and low-carbon concrete.	3	3	4	3	2	3.1






<b>Carbon-smart building materials</b>	Educate architects, designers, and contractors to enable and promote carbon-sequestering and low-albedo building materials in new construction and renovations. This could include requirements for the disclosure and/or limit the embodied carbon emissions of buildings through whole-building or material specific policies.	2.5	3	4	3	3	3.2
<b>Support for schools on low-carbon alternatives and solutions</b>	Partner with Santa Clara Unified School District and SVP to implement low-carbon solutions. This may include working with the schools on energy efficiency and electrification, waste reduction and recycling, and sustainable purchasing.	2.5	3.5	4	3	2	3.0

## Natural Systems & Water Resources

### STRATEGY 1: INCREASE TREE CANOPY COVER






Action	Description						Priority Score
<b>Right-of-way tree planting</b>	Require residential tree planting in the right-of-way (between sidewalk and road) at time of sale.	3.5	2.5	3	4	3	3.3
<b>Tree rebate program</b>	Support private property planting of trees on currently paved surfaces through partnerships with current programs such as Our City Forest. Advertise services on the City website.	3	3.5	4	3	2	3.2
<b>Plan for retiring trees and sidewalk uplift</b>	Update City Tree Ordinance to develop a procedure for retiring and replacing trees (when they are dying or creating hazards), with an emphasis on species that maintain tree canopy, and prevent unintended consequences, such as sidewalk uplifts from tree root growth.	2	3	4	4	3	3.1






### STRATEGY 2: ENHANCE ECOSYSTEM RESILIENCE.

Action	Description						Priority Score
<b>Carbon farming on open space lands</b>	Partner with resource conservation districts to increase carbon farming, creek restoration, wetland restoration, and local offset opportunities in open space lands.	4	3.5	4	3	4	3.7

<b>Partnerships for compost management</b>	Establish partnerships with organizations such as conservation districts to manage and utilize compost products from organics processing in compliance with SB1383.	3.5	3.5	4	3	3	3.5
<b>Tree planting guide</b>	Support local organizations (e.g., ReScape California) in developing a planting guide that prioritizes increasing available soil, carbon sequestration, resilience, and other equitably-distributed co-benefits. The guide could include information on native and climate-adaptive plants, how to properly apply compost and mulch, reducing synthetic fertilizers to support soil health, how to store more water in the ground, and how to store carbon in soil, plants, and trees.	1	3.5	4	3	2	2.6






### STRATEGY 3: IMPROVE WATER SUPPLY & CONSERVATION.

Action	Description						Priority Score
<b>Incentives for community water fixture retrofits</b>	Encourage participation in Santa Clara Valley Water District's water conservation rebate programs. Expand the City's rain barrel and landscape rebate programs.	3	3.5	4	4	2	3.4
<b>Fixture replacement</b>	Expand replacement of inefficient water fixtures and appliances in high-end sectors (i.e., commercial, multi-family, and single-family).	3	3.5	4	4	2	3.4
<b>Water data accessibility</b>	Facilitate the sharing of geospatial data from the Silicon Valley 2.0 tool with Valley Water and wastewater managers.	3	3.5	4	3	3	3.3
<b>Water-efficient landscaping requirements</b>	Expand requirements for water-efficient landscaping practices, including requirements for cooling (trees, green roofs) and drought-tolerant native plants.	4	2.5	3	3	4	3.3
<b>Diversify the community water portfolio</b>	Continue collaboration with agency partners such as South Bay Water Recycling, Valley Water, BAWSCA, and SFPUC to diversify water supply portfolio and expand current sources. Diversified water portfolio towards drought resiliency could include utilizing a varying mix of surface and groundwater and requiring the increased use of recycled urban water in applicable sectors (e.g., irrigation, groundwater recharge, dual pump, cooling towers).	3.5	3	3	3	2	3.1






Action	Description						Priority Score
<b>Require recycled water connections for new development</b>	Require the use of recycled water for all non-potable uses where recycled water is available, per City Code 13.15.160. Require all new development where applicable to connect to the recycled water distribution system in order to provide recycled water for approved uses at the development site.	3.5	3	3	3	2	3.1

## Community Resilience & Wellbeing

### STRATEGY 1: IMPROVE COMMUNITY RESILIENCE.

Action	Description						Priority Score
<b>Community resilience networks</b>	Support neighborhood-based organizations and businesses in development of Neighborhood Resilience Hub Programs to prepare residents and respond to climate change. Identify suitable locations for resilience hubs, cooling centers, disaster assistance and supplies. These locations will also need to develop backup power sources in the event of a power outage.	3.5	3	4	4	4	3.7
<b>Support for people experiencing homelessness</b>	Expand support services to people experiencing homelessness during all extreme weather and hazard events (e.g., extreme heat, flooding, wildfires).	3	3	3	5	4	3.5
<b>Community climate action grant</b>	Establish an annual micro-grant program to support local citizen-led projects and programs that will reduce emissions, adapt to climate change, and enhance equity.	2.5	4	4	4	3	3.5
<b>Incentives for adaptation upgrades</b>	Offer rebates and/or other financial incentives to encourage adaptation upgrades (e.g., cool roofs, green roofs, cool pavement) and installation of low-emissions space-cooling devices (e.g., ceiling fans, heat pumps), which increase resilience cost-effectively and with a lower environmental impact.	3	3	4	3	2	3.1

## STRATEGY 2: PREPARE FOR CLIMATE CHANGE.

Action	Description						Priority Score
<b>Restrict high-hazard development</b>	Restrict development in high-hazard areas.	3.5	4	4	3	3	3.6
<b>On-site &amp; natural stormwater systems</b>	Integrate natural stormwater systems within site and building design to expand on-site stormwater management capacity.	3.5	3.5	4	3	3	3.5
<b>Reduce urban-wildland fire risk</b>	Reduce wildfire risk in natural landscapes by investigating opportunities within zoning, home construction, and fire safe building and landscape codes for the urban-wildland interface. Ensure that vegetation management incorporates habitat management principles.	3	3.5	4	3	3	3.3
<b>Low-albedo parking lots</b>	As part of conditions of approval, require new parking lots to be surfaced with more sustainable pavement materials (e.g., low-albedo, permeable pavement, e-pavement, etc.) to reduce heat gain during extreme heat events, reduce energy consumption related to cooling, and reduce stormwater runoff.	3.5	3	4	3	2	3.3
<b>Climate Resilience Capital Improvement Program (CIP)</b>	Revise design standards to require climate considerations in development of discretionary CIP projects. Ensure that the infrastructure being developed will be designed with forecasted changes in climate (precipitation, temperature, wildfire, sea level rise) in mind.	3.5	3	3.5	3	2	3.2
<b>Planned retreat strategies</b>	Identify and consider relocation opportunities for critical facilities (i.e., planned retreat for structures at risk of recurring damages).	3	3.5	3	3	3	3.1

**From:** [PlanningCommission](#)  
**To:** [Nimisha Agrawal](#); [John Davidson](#)  
**Cc:** [Reena Brilliot](#); [Elizabeth Elliott](#)  
**Subject:** Re: Santa Clara's Climate Action Plan Update  
**Date:** Wednesday, August 26, 2020 11:21:53 AM

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Dear Ms. Kelsey,

Thank you for your correspondence regarding the climate action plan. A copy of your letter will be included in tonight's meeting and distributed to the Planning Commission.

Best regards,

Gloria

Gloria Sciara, AICP  
Development Review Officer  
City of Santa Clara

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**From:** PlanningCommission <PLANNINGCOMMISSION@santaclaraca.gov>  
**Sent:** Wednesday, August 26, 2020 11:20:07 AM  
**To:** Nimisha Agrawal <NAgrawal@SantaClaraCA.gov>; John Davidson <JDavidson@SantaClaraCA.gov>  
**Cc:** Reena Brilliot <RBrilliot@SantaClaraCA.gov>; Elizabeth Elliott <EElliott@santaclaraca.gov>  
**Subject:** Fwd: Santa Clara's Climate Action Plan Update

FYI  
Gloria

Gloria Sciara, AICP  
Development Review Officer  
City of Santa Clara

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**From:** Barbara Kelsey <barbara.kelsey@sierraclub.org>  
**Sent:** Wednesday, August 26, 2020 10:57 AM  
**To:** PlanningCommission  
**Cc:** Lance Saleme; Nancy Biagini; Priya Cherukuru; Anthony Becker; Yuki Ikezi; Sudhanshu Jain; Nimisha Agrawal; Gladwyn d'Souza; Gita Dev; Kristel Wickham; James Eggers  
**Subject:** RE: Santa Clara's Climate Action Plan Update

To: City of Santa Clara Planning Commissioners, and  
Nimisha Agrawal, Associate Planner

RE: Santa Clara's Climate Action Plan Update



We live in a climate crisis which threatens the survival of organized human life on Earth. Meanwhile, the federal government is weakening environmental regulations and accelerating the construction of fossil fuel projects. However, strong climate policies from Bay Area cities are already influencing state level policy. Time is running out, and our best opportunity for climate action is for cities to lead the way with strong local policies.

Please see our full comment letter attached.

Respectfully Submitted,

Gladwyn d'Souza, Co-Chair, Conservation Committee, Loma Prieta Chapter, Sierra Club

Gita Dev, Co-Chair, Sustainable Land Use Committee, Loma Prieta Chapter, Sierra Club

Kristel Wickham, Climate Action Leadership Team, Loma Prieta Chapter, Sierra Club

Cc James Eggers, Executive Director, Loma Prieta Chapter, Sierra Club

sent by:

*Barbara Kelsey*

Chapter Coordinator

Sierra Club, Loma Prieta Chapter

3921 E. Bayshore Rd, Suite 204

Palo Alto, CA 94303

[barbara.kelsey@sierraclub.org](mailto:barbara.kelsey@sierraclub.org)

*Please note that our Chapter office in Palo Alto is closed for the remainder of the year, so email is the best way to contact us. Thank you.*



Serving San Mateo, Santa Clara and San Benito Counties

**August 25, 2020**

**To: City of Santa Clara Planning Commissioners, and**

**Nimisha Agrawal, Associate Planner**

**RE: Santa Clara's Climate Action Plan Update**

We live in a climate crisis which threatens the survival of organized human life on Earth. Meanwhile, the federal government is weakening environmental regulations and accelerating the construction of fossil fuel projects. However, strong climate policies from Bay Area cities are already influencing state level policy. Time is running out, and our best opportunity for climate action is for cities to lead the way with strong local policies.

According to the [Risk Finder tool by ClimateCentral.org](https://riskfinder.climatecentral.org), the City of Santa Clara has property at risk during a 3 ft flooding event combined with sea level rise. The probability of a 3 ft flood event by 2030 is estimated at 35% – 68%, and by 2050 the probability range is 76 % – 100%<sup>1</sup>. In addition, the Silicon Valley 2.0 Climate Change Vulnerability Assessment tool<sup>2</sup> shows that by mid-century 27 million sq ft of buildings, 490 acres of land and 29 miles of roadway in the City of Santa Clara are classified as having High or Moderate Vulnerability to riverine flooding. By 2050, economic impact in the City of Santa Clara from replacement costs, interruption of economic activity, and loss of fiscal revenue is predicted at \$4.5 billion mostly due to buildings and roadways affected by riverine flooding.

The only certain way to mitigate climate change and delay and minimize sea level rise and flooding is to dramatically reduce greenhouse gas emissions (GHG). To this end, we recommend that Santa Clara set GHG reduction goals well beyond the current state targets and focus its Climate Action Plan (CAP) on feasible mitigation policies that are, as advised by the UN's Intergovernmental Panel on Climate Change (IPCC), "rapid, far-reaching and unprecedented." In addition, Santa Clara must strengthen itself against

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<sup>1</sup> ClimateCentral.org Risk Finder Assessment for City of Santa Clara: [https://riskfinder.climatecentral.org/place/santa-clara.ca.us?comparisonType=place&forecastType=NOAA2017\\_int\\_p50&impact=Property&impactGroup=Buildings&level=3&unit=ft&zillowPlaceType=place](https://riskfinder.climatecentral.org/place/santa-clara.ca.us?comparisonType=place&forecastType=NOAA2017_int_p50&impact=Property&impactGroup=Buildings&level=3&unit=ft&zillowPlaceType=place)

<sup>2</sup> Silicon Valley 2.0 Climate Change Vulnerability Assessment Tool using inputs of: Geography: City of Santa Clara / Climate Variables: Sea Level Rise, Riverine Flooding, Wildfire and Extreme Heat / Horizon Year: Mid-century- 2050 / Emissions Scenario: B1-Low / Sea Level Rise Scenario: zero cm and no storm surge / Assets: All assets selected (parcels, buildings, transportation, energy, wastewater, communications, hazardous materials and coastal protection). <http://siliconvalleytwopointzero.org/vulnerability>

climate impacts by including a vulnerability and adaptation plan for riverine flooding, extreme heat and wildfire impacts.

In order to support your development of a strong CAP, we invite you to complete the attached **Climate Action Plan Assessment Form**, which lists the elements of a CAP that we consider most critical. We recommend that Santa Clara streamline its CAP to focus on the measures that will achieve the largest reductions in greenhouse gas emissions and also consider adopting an abbreviated format,<sup>3</sup> so that the document is more accessible to all readers, including decision makers and members of the public. We strongly encourage you to create a clear plan for tracking the actions in your CAP, measuring progress publicly at least quarterly.

We appreciate the opportunity to present you with recommendations for climate action and are available for any further clarification. We look forward to working with Santa Clara staff, Planning Commissioners and City Council to create the strongest Climate Action Plan possible.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Gladwyn d'Souza". The signature is fluid and cursive, with the first name being more prominent.

Gladwyn d'Souza, Co-Chair, Conservation Committee, Loma Prieta Chapter, Sierra Club  
Gita Dev, Co-Chair, Sustainable Land Use Committee, Loma Prieta Chapter, Sierra Club  
Kristel Wickham, Climate Action Leadership Team, Loma Prieta Chapter, Sierra Club  
Cc James Eggers, Executive Director, Loma Prieta Chapter, Sierra Club

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<sup>3</sup> For an example of an abbreviated Climate Action Plan, see City of Menlo Park 2030 Climate Action Plan, July 2020, <https://menlopark.org/ArchiveCenter/ViewFile/Item/11486>

## Climate Action Plan Assessment Form

Please use the form below as an outline for Santa Clara's proposed Climate Action Plan and send it to the Sierra Club Loma Prieta Chapter's Climate Action Leadership Team at [dashiell.leeds@sierraclub.org](mailto:dashiell.leeds@sierraclub.org).

Action #	Description	Included in CAP?	Comments
1	<b>Adopt a bold goal</b> to reduce community wide GHGs by at least 80% by 2030, given that scientific findings now show California's goal of a 40% reduction is no longer sufficient to address the severity of the crisis. <sup>4</sup> Option 3 from Raimi + Associates memo from 7/28/20 Re: Task 2.3 Recommend and Forecast GHG Targets	<input type="checkbox"/>	
2	<b>Specify all resources</b> required to implement each action in the plan, including dollar amounts, staff hours and task owners.	<input type="checkbox"/>	
3	<b>Identify approximately 10 easy-to-track metrics</b> to help Council members and the public gauge success of the plan and define a reporting frequency for those metrics.	<input type="checkbox"/>	
4	<b>New buildings:</b> plan to immediately stop the expansion of natural gas fueled infrastructure, which can be accomplished by enacting a strong "Mountain-View style" All Electric Reach Code <sup>5</sup> requiring all new buildings to be 100% electric.	<input type="checkbox"/>	
5	<b>Existing buildings: create a plan to reduce 80% of GHG emissions from existing buildings by 2030</b> , which can be accomplished with a "Burnout Ordinance" paired with rebates that together aim to phase out the burning of natural gas in existing buildings, as was recently proposed in Menlo Park's CAP. <sup>6</sup>	<input type="checkbox"/>	
6	<b>Create a plan for reducing vehicle miles traveled by 25%</b> , which can be accomplished by a) rezoning to encourage higher density near transit and b) creating a Green Streets network <sup>7</sup> that makes the City easier and safer to navigate without a car. <sup>8</sup>	<input type="checkbox"/>	
7	<b>Create a plan to further increase access to electric vehicle (EV) charging</b> , especially for those living in multi-family housing and where charging can be done during the day, when clean solar energy is increasingly abundant on the electric grid.	<input type="checkbox"/>	
8	<b>Create a plan to replace 100% of the City's municipal assets that currently use fossil fuels</b> with efficient electric alternatives, including but not limited to: gas pool heating equipment, gasoline and diesel municipal fleet vehicles, gas furnaces, gas water heaters and gasoline-powered landscaping equipment.	<input type="checkbox"/>	
9	<b>Create a climate adaptation plan</b> focused on protecting areas of the community vulnerable to riverine flooding and extreme heat events, as forecasted by the National Oceanic and Atmospheric Administration (NOAA) and <a href="https://www.siliconvalleyclimatepartnership.org/2020/07/20/silicon-valley-2-0-climate-change-preparedness-decision-support-tool/">Silicon Valley 2.0 Climate Change Preparedness Decision Support Tool</a> .	<input type="checkbox"/>	
10	<b>Create a Citizen's Advisory Commission or Sustainability Commission</b> to support the development and implementation of a CAP, and then to monitor progress on the actions.	<input type="checkbox"/>	

<sup>4</sup> Palo Alto has adopted a goal of 80% GHG reduction by 2030. Menlo Park's adopted goal is 90% GHG reduction by 2030.

<sup>5</sup> See pages 23 – 30 of Mountain View's Chapter 8 Building Code Modifications effective January 1, 2020.

<https://www.mountainview.gov/civicax/filebank/blobdload.aspx?BlobID=31140>

<sup>6</sup> City of Menlo Park 2030 Climate Action Plan, July 2020, <https://www.menlopark.org/ArchiveCenter/ViewFile/Item/11486>

<sup>7</sup> Sierra Club Guidelines for a Green Streets Network:

<https://www.sierraclub.org/sites/www.sierraclub.org/files/sceaauthors/u4142/Sierra%20Club%20Loma%20Prieta%20Open%20Streets%205-1-20.pdf>

<sup>8</sup> For an example of a City that has implemented Green Streets, see Oakland's Slow Streets Program,

<https://www.oaklandca.gov/projects/oakland-slow-streets>

**TO:** Nimisha Agrawal, City of Santa Clara  
**FROM:** Andrea Martin and Angela Pietschmann, Cascadia Consulting Group  
**SUBJECT:** Progress Analysis of the City of Santa Clara's 2013 Climate Action Plan  
**DATE:** April 2020

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## INTRODUCTION

Cascadia Consulting Group reviewed the City of Santa Clara's 2013 Climate Action Plan (CAP), 2016 and 2018 CAP progress reports, and other related documents to assess the City's progress in implementing CAP measures and reducing greenhouse gases against the recommended baseline. This review was supplemented with a series of interviews in March 2020 with the following City staff and key stakeholders:

- Ann Hatcher - Assistant Director of Electric Utility
- Carol Shariat - Principal Transportation Planner
- Craig Johnson – Building Official
- Dan Sunseri – Fleet Manager
- Dave Staub – Deputy Director of Public Works
- Diane Asuncion- Acting Compliance Manager, Water & Sewer Utilities
- Michelle Templeton – Sustainability Manager
- Shilpa Mehta - Engineering Services Division Manager, Water and Sewer Utilities
- Sudhanshu Jain – Planning Commissioner

The following tables summarize progress to date across the 2013 CAP's 19 climate action measures.

## PROGRESS AS OF MARCH 2020

### FOCUS AREA 1: COAL-FREE AND LARGE RENEWABLES

**Goal:** Eliminate coal from SVP's portfolio and increase use of natural gas and renewable energy.

Ref	Measure	Performance target	Lead Department	2020 Status
1.1	<b>Coal-free by 2020</b> Replace the use of coal in Silicon Valley Power's (SVP) portfolio with natural gas by 2020.	100% of coal power replaced with natural gas.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> As of January 1, 2018, SVP (1) has completely divested from coal, eliminating the amount of coal in the City's energy mix; and (2) provides all residential customers with carbon-free energy.
1.2	<b>Renewable energy resources</b> Investigate the use of City-owned property for large-scale renewable energy projects.	N/A	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	Since the 2013 CAP was adopted, SVP developed a 20 MW wind farm in the Altamont Pass area and a 20 MW solar installation in Kern County.

Ref	Measure	Performance target	Lead Department	2020 Status
1.3	<b>Utility-installed renewables</b> Develop up to five solar PV projects with a total installed capacity of 3 to 5 MW.	New solar PV projects generating a total of 5 MW.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	By 2016, SVP installed 515 kW of solar projects in Santa Clara. Additional projects to date include: Hope Rehabilitation Services (4.0 kW), YMCA of Silicon Valley (30.450 kW), Pacific Autism Center for Education (47.150 kW), Belovida Santa Clara (32.400 kW), Muslim Community Association (35.020 kW). Three additional projects are currently in progress.

## FOCUS AREA 2: ENERGY EFFICIENCY PROGRAMS

**Goal:** Maximize the efficient use of energy throughout the community.

Ref	Measure	Performance target	Lead Department	2020 status
2.1	<b>Community electricity efficiency</b> Achieve City-adopted electricity efficiency targets to reduce community-wide electricity use by 5% through incentives, pilot projects, and rebate programs.	(2020): 159,100 MWh electricity savings.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> </ul>	<b>Completed.</b> Combined savings from 2008 to 2017 amount to 165,260 MWh of community energy savings through incentives, pilot projects, and rebate programs, exceeding the original goal of 159,100 MWh.
2.2	<b>Community natural gas efficiency</b> Work with community and social services agencies to provide information from Pacific Gas & Electric (PG&E) to promote voluntary natural gas retrofits in 5% of multi-family homes, 7% of single-family homes, and 7% of nonresidential space through strategic partnerships connecting residents and business owners to available financing resources.	1,700 single-family homes, 1,000 multi-family homes, 410 commercial accounts, and 130 industrial accounts complete natural gas efficiency upgrades.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>PG&amp;E</li> </ul>	While SVP is a municipally owned utility, PG&E is not, making progress on this measure challenging. The City will pursue more effective measures as part of the 2020 CAP update.
2.3	<b>Data centers</b> Encourage new data centers with an average rack power rating of 15 kW or more to identify and implement cost-effective and energy-efficient practices.	10% of new data centers utilizing energy-efficient practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 100% of new data centers since 2013 have utilized energy-efficient economizers, exceeding the goal of 10% of new data centers.

Ref	Measure	Performance target	Lead Department	2020 status
2.4	<b>Customer-installed solar</b> Incentivize and facilitate the installation of 6 MW of customer-owned residential and nonresidential solar PV projects.	New solar PV projects generating 6 MW in total installed capacity on homes, nonresidential buildings, parking garages, parking lots, and other feasible areas. Equivalent to 900 residential and 330 nonresidential installations.	<ul style="list-style-type: none"> <li>Silicon Valley Power</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> 16.1 MW of commercial and residential solar were installed between 2013-2018.
2.5	<b>Municipal energy efficiency</b> Reduce municipal electricity use by 10% through comprehensive energy retrofits of existing equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	Replace inefficient equipment in 50% of municipal buildings and facilities. Complete all previously identified cost-effective identified energy efficiency projects.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	Most City facilities are equipped with energy efficient computers, printers and air-cooled air conditioning units. The City installs/retrofits with LED lighting. When motors, boilers, and chillers are replaced (due to age or condition), the City uses energy efficient models. The City will continue efforts and investigate ways to participate in energy efficient programs.
2.6	<b>Municipal renewables</b> Install 1 MW of solar or other renewables at City-owned facilities.	New solar PV projects generating 1,000 kW in total installed capacity.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City has begun the process of completing this measure; two City facilities have been selected to attain solar panels, the Northside Library and the Police Department building. These solar panels are planned for installation by the end of 2020. The City will continue to determine other City facilities that could install solar panels and reach the goal of 1MW solar installs.

**FOCUS AREA 3: WATER CONSERVATION***Goal: Reduce GHG-intensive water use practices.*

Ref	Measure	Performance target	Lead Department	2020 status
3.1	<b>Urban Water Management Plan targets</b> Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	Meet the water conservation goals presented in the 2010 Urban Water Management Plan to reduce per capita water use by 2020.	<ul style="list-style-type: none"> <li>Water &amp; Sewer Utilities</li> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City saved 6,328 acre-feet (2,060,000,000 gallons) of water from 2008 through 2016.

**FOCUS AREA 4: WASTE REDUCTION***Goal: Increase recycling opportunities for all disposed materials.*

Ref	Measure	Performance target	Lead Department	2020 status
4.1	<b>Food waste collection</b> Support the expansion of existing food waste and composting collection routes in order to provide composting services to 25% of existing restaurants.	Participation of 120 restaurants in Santa Clara.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	While 124 businesses are currently signed up for the commercial organics program, only 30 are restaurants. However, this total includes hotels, grocery stores, and other businesses with a food service component. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to source-separate organics from garbage.
4.2	<b>Increased waste diversion</b> Work with regional partners to increase solid waste diversion to 80% through increased recycling efforts, curbside food waste pickup, and construction and demolition waste programs.	Increase the waste diversion rate from 58% to 80%.	<ul style="list-style-type: none"> <li>Public Works</li> </ul>	The City's current diversion rate is approximately 58%. The City expects its new relationship with Green Waste Recovery's mixed waste processing facility (beginning in 2021) will be more effective than this measure's attempt to increase diversion through source-separation.



**FOCUS AREA 5: OFF-ROAD EQUIPMENT****Goal:** *Ensure efficient operations of off-road equipment.*

Ref	Measure	Performance target	Lead Department	2020 status
5.1	<b>Lawn and garden equipment</b> Support and facilitate a community-wide transition to electric outdoor lawn and garden equipment through outreach, coordination with BAAQMD, and outdoor electrical outlet requirements for new development.	Exchange 1,170 leaf blowers and 130 lawn mowers with electric models.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	As of 2016, only three residents used the program successfully. The program is no longer operational due to limited interest. The City will explore alternative strategies for off-road equipment as part of the 2020 CAP update.
5.2	<b>Alternative construction fuels</b> Require construction projects to comply with BAAQMD best management Practices, including alternative-fueled vehicles and equipment.	30% of construction equipment switches from conventional technologies to hybrid, compressed natural gas (CNG), electric, or biodiesel.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<p>As of July 2016, 12% of construction equipment (defined as forklifts, backhoes, loaders, rollers, chippers, stump grinders, cranes, concrete saws, and mowers) were upgraded to use alternative fuel technologies, nearly halfway to the 30% conversion target established in the CAP.</p> <p>All development approvals have requirements in their environmental documents to use BAAQMD best management practices, which includes the encouragement of fuel switching to alternative fuels.</p> <p>The City can make further progress on this measure by adding the use of alternative fuels in construction vehicles to the conditions of approval for new development permits and updating project monitoring software to account for the type of fuel used for construction vehicles at each development site. The City conducts pre-construction meetings to review developments' plans prior to construction; to further the progress of this measure; the City can open these meetings to include building and planning staff to ensure completion of CAP measures.</p>

**FOCUS AREA 6: TRANSPORTATION AND LAND USE****Goal:** Establish land uses and transportation options that minimize single-occupant vehicle use.

Ref	Measure	Performance target	Lead Department	2020 status
6.1	<b>Transportation demand management program</b> Require new development located in the city's transportation districts to implement a TDM program to reduce drive-alone trips.	TDM reporting results in a 1% overall reduction in citywide VMT, with individual projects achieving a minimum 5% to 10% reduction in VMT based on implementation of TDM best practices.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	Since the CAP's adoption, 46 new developments have been required to have a TDM Plan, and from those, 11 have been constructed and occupied, and two have implemented a TDM plan. The developments are required to create annual reports on their TDM plans to provide information to calculate overall VMT reduction. The City will continue to require TDM Plans in their conditions of approval for all new developments in transportation districts as well as monitor developments' annual report submissions.
6.2	<b>Municipal transportation demand management</b> Develop and implement a transportation demand management program for City employees to encourage alternative modes of travel and reduce single-occupant vehicle use.	Achieve a 20% reduction in commute related VMT from City employees	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	The City has taken steps to start a program by collecting and analyzing baseline data regarding employee commutes. The collected information expressed that 85% of employees drive alone to work resulting in approximately 102 MTCO2 emissions from City employee commutes. The City has also collected information regarding different departments' employee work schedule and has begun compiling possible TDM actions to reduce VMT. With the baseline data for City employee commute patterns, the City can begin development and implementation of targeted TDM measures.
6.3	<b>Electric vehicle parking</b> Revise parking standards for new multi-family residential and nonresidential development to allow that a minimum of one parking space, and a recommended level of 5% of all new parking spaces, be designated for electric vehicle charging.	430 parking spaces in new commercial, industrial, and multi-family development that utilize EV charging stations.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City of Santa Clara completed this measure as of 2018 with 455 charging stations installed in public spaces.

**FOCUS AREA 7: URBAN HEAT ISLAND EFFECT****Goal:** *Mitigate the heat island effect through shading and cooling practices.*

Ref	Measure	Performance metric	Lead Department	2020 status
7.1	<b>Urban forestry</b> Create a tree-planting standard for new development and conduct a citywide tree inventory every five years to track progress of the requirements.	Each new development incorporates a minimum of two shade trees near south-facing windows for a total tree-planting goal of 2,500.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	<b>Completed.</b> The City created a mandatory 2:1 replacement rule for developments, requiring 2 trees to be planted for every 1 tree removed during new construction. The City surpassed this goal by 2016 with the planting of 3,792 trees.
7.2	<b>Urban cooling</b> Require new parking lots to be surfaced with low-albedo materials to reduce heat gain, provided it is consistent with the Building Code.	All new uncovered parking lots and spaces utilize light-colored and/or permeable pavements.	<ul style="list-style-type: none"> <li>Planning &amp; Inspection</li> </ul>	While the City has not yet required new parking lots to be surfaced with low-albedo materials, the 2019 California Green Building Standards Code includes guidance in its "Non-residential Voluntary Measures."

**NEXT STEPS**

The consultant team will use the updated information summarized above to support development of targets, strategies, and actions in the updated CAP in 2020.

## Memo

**To:** City of Santa Clara  
**From:** Raimi + Associates  
**Date:** 11/3/20  
**Re:** Task 2.3 Recommend and Forecast GHG Targets

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The following memorandum summarizes the greenhouse gas (GHG) forecasts developed by Raimi + Associates for the City of Santa Clara through 2050 and presents recommendations for GHG reduction targets to be incorporated into the updated Climate Action Plan. Our review assesses the City's GHG emissions trends, the City's current emissions profile, and community focus group input.

### Key Findings

- Projections based on ABAG demographics data show that by 2050, the City's population is estimated to grow by 28% and the number of jobs in the city is estimated to increase by 172% from 2016.
- In 2016, nonresidential energy use accounted for 61% of total emissions.
- The Business-as-Usual forecast shows GHG emissions are projected to increase by 126% in 2050 from 2008 baseline levels.
- The Adjusted Business-as-Usual forecast shows GHG emissions are projected to decrease by 49% in 2050 from 2008 baseline levels.
- Initial community outreach demonstrates support for adopting State emissions targets (40% reduction in GHG emissions by 2030 and 80% by 2050 or carbon neutrality by 2045), at a minimum.

### California's Regulatory Landscape

California has been a leader in climate action since early 2000. AB 32 set California's first GHG target to reduce emissions to 1990 levels by 2020. Greenhouse gas reduction targets can be defined as emission reduction levels that governments set out to achieve by a specified time. In this memo, the terms goals and targets are used interchangeably; however, the term "goals" is also used to refer to desired climate action achievements more broadly. California is on track to exceed its 2020 climate target, while the economy continues to grow. SB 32 extended the goals of AB 32 and established a mid-term 2030 goal of reducing emissions 40% from 2020 levels and a long-term goal of reducing emissions 80% by 2050. In 2018, Executive Order B-55-18 set the target of statewide carbon neutrality by 2045.

The reduction targets specified by the State are consistent with substantial scientific evidence published by the IPCC and the United Nations Framework Convention on Climate Change (UNFCCC) regarding the need to ultimately reduce global GHG emissions down to 80% below 1990 levels by 2050. This consistency is important for creating a "qualified" CAP. The concept of having a "qualified" CAP means that a CAP meets the criteria specified in CEQA Guidelines Section 15183.5(b) for a plan for the reduction of greenhouse gas emissions, such that a



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“qualified” CAP may then be used for the specific purpose of streamlining the analysis of GHG emissions in subsequent projects. Local governments have discretion on what levels or targets are established in a “qualified” CAP, provided they are based on substantial evidence.

Furthermore, some GHG reduction measures applicable to new development can be implemented through codes, ordinances, or other rating systems. GHG reduction measures in a CAP that are determined to be applicable at the project-level and could be used for tiering by future projects should be specified as mandatory in the CAP (through building performance standards or building code requirements, for example), and not as voluntary measures that may not be enforced during development review. Ultimately, local agencies should put forth their best efforts to make sure that GHG reductions associated with the primary measures in a CAP are quantifiable and based on substantial evidence.

## 2050 Emission Forecasts

R+A developed two emissions forecasts through the year 2050, Business-as-Usual (BAU) and Adjusted Business-as-Usual (ABAU), to show future emissions trends for the City of Santa Clara. The forecast is based on changes to the number of people who live and work in Santa Clara. As the population grows and there are more jobs in the community, there will be an increase in the amount of energy used, vehicle miles traveled (VMT), trash generated, and other activities that produce GHG emissions. R+A utilized the City’s most recent GHG inventory from 2016 and demographics projections from the Association of Bay Area Government’s (ABAG) Plan Bay Area program. Table 1 shows the assumed demographic changes.

**Table 1. Santa Clara Demographics Projections (2020-2040)**

	2020	2025	2030	2035	2040	2045	2050
<b>Population</b>	131,655	137,215	142,425	151,715	159,500	167,285	175,070
<b>Jobs</b>	143,565	151,310	165,255	169,590	170,575	171,560	172,545
<b>Housing Units</b>	50,505	51,590	52,675	55,720	58,190	60,660	63,130
<b>Service Population</b>	275,220	288,525	307,680	321,305	330,075	338,845	347,615

The Business-as-Usual forecast shows how the City’s emissions would change over time due to projected growth without any climate action at the local or State levels. Climate action is the implementation of various strategies and measures that reduce greenhouse gas emissions. Strategies and measures are programs, policies, or standards that reduce the GHG emissions of activities (i.e. minimum energy efficiency standards for appliances or Transportation Demand Management programs). The analysis shows that the City’s BAU emissions are projected to increase from 1,862,824 MTCO<sub>2</sub>e in 2008 to 4,246,957 MTCO<sub>2</sub>e in 2050, a 126% increase. Table 2 shows the forecasted emission levels for each sector in future years.

**Table 2. Forecasted Business-as-Usual Total Annual Community GHG Emissions 2020-2040 (in MTCO2e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	65,370	66,775	68,179	72,120	75,317	78,514	81,711	19%
Residential natural gas	84,279	72,780	79,120	80,820	82,519	87,290	91,159	95,029	98,898	17%
Residential Energy	153,200	132,912	144,490	147,594	150,698	159,410	166,476	173,543	180,609	18%
Nonresidential electricity	805,360	980,317	2,364,897	2,364,897	2,582,851	2,650,604	2,665,999	2,681,394	2,696,789	235%
Nonresidential natural gas	304,181	99,945	228,764	241,106	263,326	270,234	271,804	273,373	274,943	-10%
Nonresidential Energy	1,109,541	1,080,262	2,593,662	2,606,003	2,846,177	2,920,838	2,937,803	2,954,768	2,971,732	168%
On-Road Transportation	523,000	505,989	774,137	811,561	865,440	903,764	928,432	953,101	977,769	79%
Landfilled Waste	36,686	38,744	56,861	59,610	63,568	66,382	68,194	70,006	71,818	96%
Wastewater Treatment	9,200	24,292	35,651	37,375	39,856	41,621	42,757	43,893	45,029	389%
Off-Road	31,300	8,634	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>1,862,824<sup>1</sup></b>	<b>1,790,833<sup>2</sup></b>	<b>3,604,801</b>	<b>3,662,143</b>	<b>3,965,739</b>	<b>4,092,016</b>	<b>4,143,663</b>	<b>4,195,310</b>	<b>4,246,957</b>	<b>126%</b>

<sup>1</sup> Difference in emissions from 2013 CAP due to addition of business waste tonnage.

<sup>2</sup> Difference in emissions from 2018 CAP Progress Report due to addition of business waste tonnage and off-road emissions.

It is important to note that the BAU forecast may overestimate the emissions due to electricity because it assumes the utility's emission factor from 2016 remains constant. The carbon intensity of SVP energy in 2016 was significantly higher than subsequent years because the utility still procured energy from a coal-fired power plant. SVP exited this coal contract in 2017, which greatly reduced their emissions. R+A will update this forecast with a more realistic emissions factor if one becomes available.

Additionally, the Adjusted Business-as-Usual (ABAU) forecast is presented to show how Santa Clara's emissions are anticipated to change accounting for the impacts of adopted State policies if no action is taken at the local level. There are four major policies that the State has adopted to reduce GHG emissions at the local level:

1. **Renewables Portfolio Standard (RPS):** This law requires that electrical utilities provide an increased amount of electricity from eligible renewable sources. SB 100 requires that 33% of electricity sold by utilities in 2020 be renewable, 60% be renewable in 2030, and 100% be carbon-free in 2045.
2. **Title 24:** Title 24 is the set of regulations that specifies how new buildings must be constructed, including specifying minimum energy efficiency standards. These standards are updated triennially to be more stringent. California has set a goal for zero-net energy new construction by 2030.

3. **Clean Car Standards:** These standards require that vehicles sold in California meet minimum fuel efficiency requirements, and that fuel sold in the state emits less GHGs during production and use.
4. **SB 1383:** This law requires that food scraps and other organic material is diverted from landfill disposal. The State goal is that 75% of organic material is diverted from landfill by 2025.

The measures listed above and their associated GHG reductions are counted toward Santa Clara's overall community emissions reductions and progress towards targets. Based on the results of the ABAU forecast, emissions are expected to fall from 1,862,824 MTCO<sub>2</sub>e in 2008 to 932,574 MTCO<sub>2</sub>e in 2050, a decrease of 49%. Table 3 shows the forecasted ABAU emission levels for each sector in future years. The ABAU forecast illustrates the importance of supporting the State's climate targets to reduce emissions statewide and kickstart local actions.

**Table 3. Forecasted Adjusted Business-as-Usual Total Annual Community GHG Emissions 2020-2050 (in MTCO<sub>2</sub>e)**

Sector	2008	2016	2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
Residential electricity	68,818	60,132	26,122	20,730	18,634	15,780	11,286	-	-	-100%
Residential natural gas	84,279	72,780	77,742	80,450	82,150	86,253	90,318	94,188	98,057	16%
Residential Energy	153,200	132,912	103,864	101,180	100,784	102,034	101,605	94,188	98,057	-36%
Nonresidential electricity	805,360	980,317	827,740	731,322	699,205	584,468	402,839	-	-	-100%
Nonresidential natural gas	304,181	99,945	207,509	239,069	259,660	269,094	271,545	273,114	274,684	-10%
Nonresidential Energy	1,109,541	1,080,262	1,035,249	970,391	958,865	853,562	674,384	273,114	274,684	-75%
On-Road Transportation	523,000	505,989	593,606	511,767	480,335	470,138	458,688	466,227	479,476	-8%
Landfilled Waste	36,686	38,744	56,861	48,074	51,271	53,546	55,010	56,474	57,938	58%
Wastewater Treatment	9,200	24,292	35,374	37,085	39,547	41,298	42,425	42,572	42,590	363%
<b>TOTAL</b>	<b>1,862,821</b>	<b>1,790,833</b>	<b>1,824,955</b>	<b>1,668,497</b>	<b>1,630,802</b>	<b>1,520,578</b>	<b>1,332,111</b>	<b>932,574</b>	<b>952,745</b>	<b>-49%</b>

## Community Input

Over the first week of April 2020 Raimi + Associates hosted a series of stakeholder focus group calls in lieu of the first Community Workshop for the Climate Action Plan Update. The first series of focus groups were held as online webinars. Overall, R+A spoke with 10 community members representing various community organizations, sectors, and opinions. Each focus group was asked the following questions:

1. What climate issues are important to you and your industry/organization?
2. What does a climate friendly Santa Clara look like to you?

3. How much should Santa Clara strive to reduce its emissions? How ambitious should the City be relative to peer cities?
4. Should the City apply the existing State targets? 50% by 2030? 80% by 2050? or carbon neutrality by 2045?
5. What barriers or challenges do you think could prevent the City from reaching its emissions reduction targets?
6. What do you see as Santa Clara's biggest climate threat?

Overall, participants on the focus group calls were generally excited to hear the City of Santa Clara was updating its CAP and making climate action a priority for the City. However, many expressed a lack of knowledge about the topic and ways to reduce emissions. Common themes from across each sector are summarized below:

- Current imbalance between the number of jobs and housing units – there is a need for housing in the City to balance the large number of jobs and to improve regional mobility and mobility options. By 2040, the jobs to housing ratio will be almost 3:1.
- Lack of knowledge and awareness about the City's current climate action efforts and future GHG reduction strategies
- As companies establish their own climate goals, SVP's ability to provide an increasing amount of carbon-free energy or collaborate with companies on renewables solutions will be critical for business retention
- Santa Clara's GHG reduction targets should be aligned with peer cities and State regulation
- The City should consider sector-specific targets and total annual and per capita GHG targets
- Any near-term targets should set the City up to achieve long-term targets
- Climate related threats include: sea level rise, lack of awareness, lack of city/regional coordination, and political will

## Recommended GHG Targets

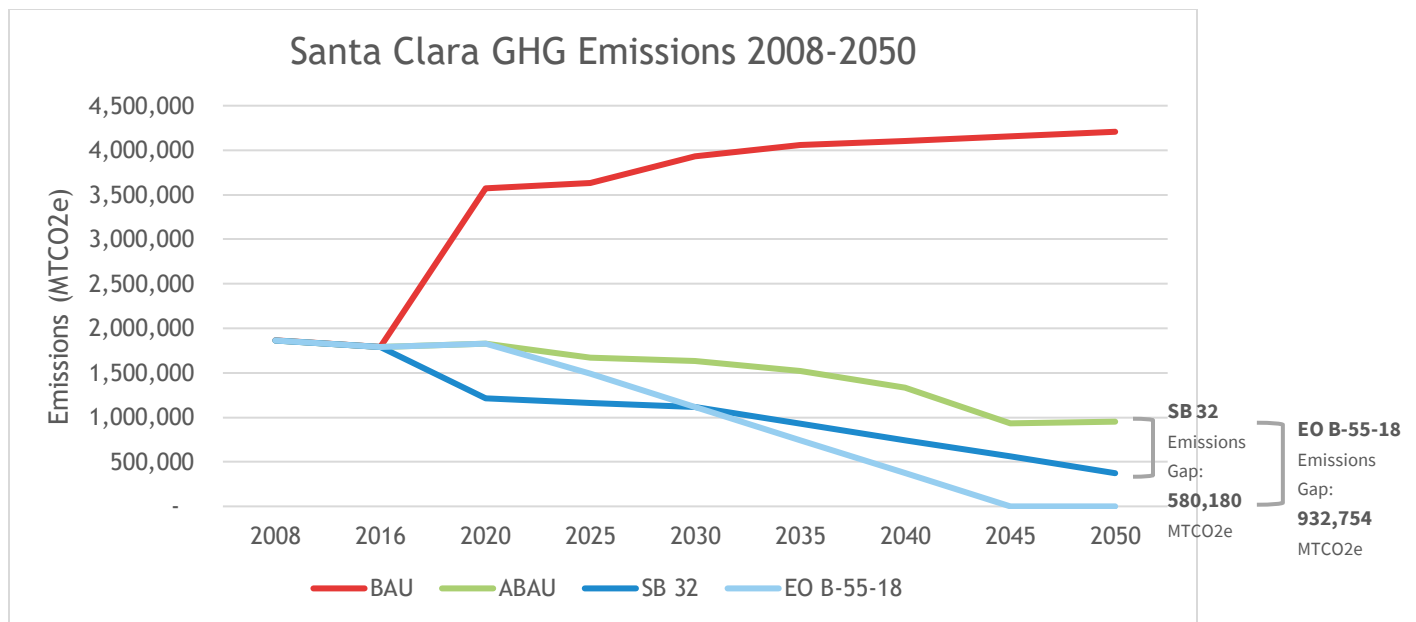
Based on the review of the City's GHG forecasts and community input, there are four options for climate targets.

**Option 1:** Santa Clara adopts the goal of carbon neutrality by 2045. This target is based on Former Governor Brown's Executive Order B-55-18, which is likely to become law based on the State's current trends and actions around climate change. Many local jurisdictions have already adopted the goal of carbon neutrality including the cities of Fremont, San Luis Obispo, Sacramento, Menlo Park, and the County of Santa Clara. Furthermore, this target would create a stronger basis on which to qualify the CAP in terms of CEQA and provide for future streamlining and tiering of projects. By 2045, the City would need to implement additional local climate action measures to close the 932,574 MTCO<sub>2</sub>e emissions gap. This is the recommended option because it aligns the City with the State as well as its peer cities in the Bay Area and cities across California.

**Option 2:** Santa Clara adopts the State's emissions reduction targets set forth in SB 32. These targets include a mid-term and long-term goal of reducing GHG emissions 40% below baseline levels by 2030 and 80% by 2050. Figure 1 shows the City's emissions gap between the BAU, ABAU, and state emissions targets through 2050. Reductions resulting from the State policies included in the ABAU forecast count toward Santa Clara's overall emissions reductions. The City should adopt measures in their CAP that close the gap in emissions between ABAU and State target emissions, 580,180 MTCO<sub>2</sub>e by 2050.

**Figure 1. Graph showing the City's Emissions Gap between BAU, ABAU, and State Emissions Targets**





**Option 3:** Demonstrate leadership by setting a target in excess of State guidance. For example, carbon neutrality by 2035. This is a realistic goal for some cities that have access to 100% carbon-free and/or renewable electricity. Thus, the implications for Santa Clara would be to aggressively transition SVP to procuring carbon-free energy, which would be difficult due to existing energy generation infrastructure, contracts, and pricing structures.

**Option 4:** Set a target that is less than the State’s emissions reduction goals. For example, 50% reduction in baseline GHG levels by 2050. There is currently no requirement that the City match the State’s climate goals and there are currently no repercussions for not meeting these targets. Although setting a lower target is an option available to the City, there are some drawbacks and it is not recommended. If the City were to set GHG reduction targets less than those adopted by the State, the CAP would not be eligible for CEQA streamlining so responsibility would fall on individual projects to demonstrate that their mitigated impacts are in alignment with State GHG standards, which can be very burdensome, including for City projects.

In addition to thinking about these reduction targets as total reductions in the community’s overall emissions, to acknowledge Santa Clara’s projected growth in population and jobs through 2050, these forecasts and targets can be expressed as per capita and per service population estimates. Table 4 presents the BAU, ABAU, and State targets in terms of Santa Clara’s projected population and service population.

**Table 3. Forecasted Per Capita and Per Service Population Annual Community GHG Emissions 2020-2050 (in MTCO2e)**

		2020	2025	2030	2035	2040	2045	2050	Percent Change (2008-2050)
<b>Business-as-Usual</b>	Per Capita	27.14	26.45	27.60	26.73	25.74	24.85	24.03	45%
	Per Service Population	12.98	12.58	12.77	12.62	12.44	12.27	12.10	4%
<b>Adjusted Business-as-Usual</b>	Per Capita	13.86	12.16	11.45	10.02	8.35	5.57	5.44	-67%
	Per Service Population	6.63	5.78	5.30	4.73	4.04	2.75	2.74	-76%
<b>SB 32</b>	Per Capita	9.20	8.48	7.85	6.14	4.67	3.34	2.13	-87%
	Per Service Population	4.40	4.04	3.63	2.90	2.26	1.65	1.07	-91%
<b>B-55-18</b>	Per Capita	13.86	10.86	7.85	4.91	2.34	-	-	-100%
	Per Service Population	6.63	5.17	3.63	2.32	1.13	-	-	-100%

The consultant team is recommending that the City adopt Option 1, the State’s emissions reduction targets set forth in Executive Order B-55-18, which best positions it to adapt to future State climate guidance and regulations. As the CAP update process continues and climate action measures are identified, the consultant team will determine whether it would be helpful for the City to incorporate sector or measure specific goals (i.e. incorporate specific mode split goals from the City’s Bicycle Plan) into the CAP.

### **Recommended Topics for Discussion**

1. Land use changes and addressing the jobs-housing balance
2. Energy decarbonization – SVP power mix, renewable generation, advanced energy strategies (i.e. microgrids, battery storage, distributed energy resources, etc.)
3. Leadership – how can the City lead by example?

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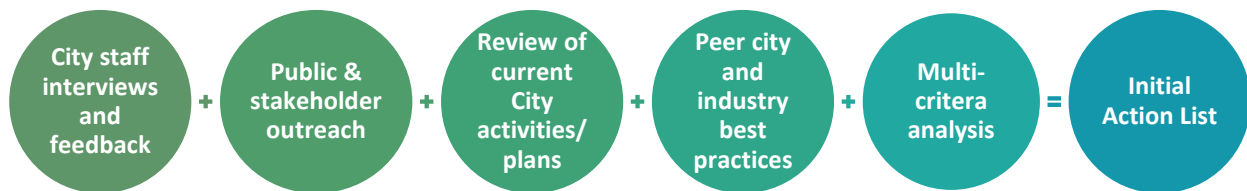
To: Nimisha Agrawal, City of Santa Clara  
From: Andrea Martin, Cascadia Consulting Group  
Date: November 2020  
Subject: **Initial Actions List for City of Santa Clara Climate Action Plan Update**

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## Introduction

This memorandum presents the initial list of actions for consideration in the Climate Action Plan (CAP) Update. This action list represents the culmination of an iterative development and review process that included interviews with City staff, outreach to targeted stakeholders and the public, a review of current City planning documents and activities, consideration of peer city and industry best practices, and a qualitative multi-criteria prioritization analysis (see Figure 1 below).

Figure 1. Development and Review Process for Initial Action List Development



## Focus Areas

The initial action list is organized into the following focus areas:

**Buildings & Energy**



**Transportation & Land Use**



**Materials & Consumption**



**Natural Systems & Water Resources**



**Community Resilience & Wellbeing**








## Multi-Criteria Analysis






The criteria evaluated through the multi-criteria analysis (MCA) are presented in Table 1 below. Criteria were assigned relative weights based their perceived importance in meeting CAP objectives.

For each potential action, the consultant team assigned numerical rankings of 1 to 5 based on how well the action aligned with that criterion (1=very low alignment and 5= very high alignment). These rankings then underwent a weighted summation based on the criterion's assigned weight to arrive at an overall priority score for each action. The initial action list presented in this memorandum presents the top priority actions identified through this process.

**Table 1. Criteria Evaluated in the Multi-Criteria Analysis of Potential Actions**






	Criterion	Weight	Definition/Sub-criteria
	Impact	0.3	How likely is it the action will work to address plan goals and targets?
			Is the action addressing a major sustainability need (e.g., high GHG emissions source)?
	Cost	0.2	How affordable is the action to residents/businesses?
			How affordable is the action to the City of Santa Clara?
	Feasibility	0.2	Is there strong support for action from the resident and business community?
			Are there regulatory, political, or technological constraints?
	Equity	0.2	Do the benefits of the action reduce historical or current disparities among communities of color, low-income populations, and/or front-line populations?
	Co-benefits or synergies:	0.1	Does the action address multiple goals, other City or community objectives, and/or other City/community plans?
	<b>TOTAL</b>	<b>1.0</b>	

An example of how these criteria rankings result in action priority scores is presented below. Below are two actions Cascadia evaluated to prepare the City of Everett's (WA) CAP. While both actions have the same impact, cost, and co-benefits scores, the second action is substantially more feasible and somewhat more equitable. As a result, the second action received an overall higher score and better achieves Everett's climate action goals.






Action						Priority Score
Advocate for regional congestion pricing authority.	4	4	2	1	3	2.6
Accelerate "Complete Streets" policy implementation.	4	4	4	2	3	3.4

## Buildings & Energy






### STRATEGY 1: SHIFT TO ELECTRIC FUELS IN NEW AND EXISTING BUILDINGS TO ACHIEVE NET-ZERO CARBON BUILDINGS.

Action	Description						Priority Score
<b>Electrification incentives &amp; financing</b>	Expand current financial incentives to accelerate electrification in new and existing buildings, which could include (1) options for low- or zero-interest financing; and/or (2) targeted upstream and midstream incentives to distributors and contractors. Rebates could be structured by income level and prioritized for rental units to be used for panel upgrades, passive home design features, electric appliances, heat pumps, and renewable energy generation coupled with storage.	3.5	3	3.5	4	2	3.4
<b>Electrification outreach</b>	Continue to promote commercial and residential energy efficiency and electrification through education and outreach, which could include creation of a clearinghouse of trained/certified contractors and professionals.	2	3.5	4.5	4	3	3.3
<b>Electrification retrofit upon sale</b>	Require electric panel upgrades upon sale and/or rental turnover for low-rise residential, and small multifamily and commercial buildings to facilitate the transition to clean electricity buildings and vehicles.	3.5	3.5	1.5	3	3	3.0
<b>Municipal Electrification Action Plan</b>	Work with regional energy partnerships to develop and implement an Electrification Action Plan for City facilities. This will include new and existing buildings, incorporate strategies to address energy storage, focus on highlighting any hurdles or solutions that would be applicable to the broader community, and leverage existing rebates.	2	3	3	3	5	2.9
<b>Reach codes for new construction<sup>1</sup></b>	Implement proposed reach codes requiring: <ul style="list-style-type: none"> <li>All new single-family residences to be all electric OR mixed fuel buildings at least 10 Energy Design Rating (EDR) points less than the calculated total for the Standard Design Building.</li> </ul>	3.5	3.5	3.5	3	3	3.4






<sup>1</sup> Note that all actions related to Reach Codes reflect the latest available draft Reach Codes, proposed by City Staff (updated July 2020). These codes have not yet been approved by Santa Clara City Council and are still considered to be under development.

Action	Description						Priority Score
	<ul style="list-style-type: none"> <li>All new multi-family residences 3 stories or less to be all electric OR mixed fuel buildings at least 11 EDR points less than the calculated total for the Standard Design Building.</li> <li>All new non-residential/commercial construction (except office and retail) or new multi-family residences over 3 stories to be all electric OR mixed fuel buildings 6% more efficient than the 2019 State Energy Code.</li> <li>All new office or retail construction over 3 stories to be all electric OR mixed fuel buildings 14% more efficient than the 2019 State Energy Code.</li> </ul>						

## STRATEGY 2: MANAGE ENERGY DEMAND AND IMPROVE ENERGY EFFICIENCY.

Action	Description						Priority Score
<b>Municipal energy retrofits</b>	Continue to conduct comprehensive energy retrofits of existing City equipment and implementation of previously identified energy efficiency projects with a benefit-cost ratio of one or greater.	2	5	3.5	3	3	3.2
<b>Equitable clean energy</b>	Continue to provide free home-energy audits and upgrade incentives for low-income households and affordable housing developers and property owners.	2	3.5	4	4	3	3.2
<b>Energy-efficient &amp; electric-ready building code</b>	Update local building code to increase energy efficiency standards and require electric-ready construction (e.g., electric wiring at appliance locations).	4	3.5	3	3	3	3.4
<b>Pilot distributed energy resources at the City</b>	Pilot technologies like energy storage, vehicle-to-grid charging stations, web-enabled devices and microgrids within City facilities evaluate their ability to reduce utility costs and carbon emissions.	2.5	3	2.5	3	4	2.9






### STRATEGY 3: MAXIMIZE RENEWABLE ENERGY GENERATION AND STORAGE CAPACITY.

Action	Description						Priority Score
<b>SVP Integrated Resource Plan (IRP)</b>	Examine resource procurement and cost scenarios to provide 100% carbon neutral electricity to all customers sooner than the state mandate in SVP's next Integrated Resources Plan.	5	2.5	2.5	3	5	3.6
<b>City-owned renewable energy projects</b>	Continue to investigate the use of City-owned property for additional large-scale carbon-neutral energy and storage projects.	5	3	3.5	3	4	3.8
<b>Renewable installations at municipal facilities</b>	Install solar or other renewables at City-owned facilities.	3.5	3.5	3	3	3	3.3
<b>Property owner access to renewable energy generation &amp; storage</b>	Expand financial assistance options to residents to increase the implementation of renewable energy generation systems and energy storage infrastructure, including streamlining of project permitting and expanding the City's solar grant program.	3.5	3	3.5	3	3	3.3
<b>Promote grid improvements for SVP</b>	Work with SVP on accelerating improvements to the energy grid or storage to ease the transition to renewable energy. These improvements may include subsidy and grant programs for electrification in existing buildings to reduce the cost of battery storage and electric vehicle charging/storage system installations.	3.5	3	3.5	3	3	3.3
<b>Alternative fuel backups for data centers</b>	Provide information and technical assistance to data centers to transition from diesel to lower-carbon backup generators (e.g., renewable diesel).	2	3.5	4	3	2	2.9
<b>Data center renewable electricity options</b>	Support convening of a data center working group to identify and implement renewable electricity purchasing options for commercial customers.	2	3.5	4	3	2	2.9








## Transportation & Land Use






### STRATEGY 1: TRANSITION VEHICLES TO ELECTRIC ALTERNATIVES.

Action	Description						Priority Score
<b>Implement EV Blueprint</b>	Implement the EV acceleration program in SVP's EV Blueprint. Priority actions include: <ul style="list-style-type: none"> <li>Expanding multi-unit dwelling and low-income charging availability.</li> <li>Electrifying City fleets.</li> <li>Expand public charging availability.</li> <li>Electrify transit fleets.</li> </ul>	3	3	4	3	4	3.4
<b>Multi-family EV chargers</b>	Implement proposed Reach Code to require all new multi-family units (20 or less) to install one Level 2 EV ready charging stations per unit. Require all new multi-family units (over 20) to install 25% of parking spaces Level 2 EV ready and 75% of parking spaces Level 1 EV ready.	3	3	4	3	4	3.3
<b>Single family and two-family townhomes</b>	Implement proposed Reach Code to require all new single family and two-family townhomes with: <ul style="list-style-type: none"> <li>1<sup>st</sup> parking space to install Level 1 EV charging circuit.</li> <li>2<sup>nd</sup> parking space to install Level 2 EV charging circuit.</li> </ul>	4	2.5	3.5	3	3	3.3
<b>Commercial EV chargers</b>	Implement proposed Reach Code to require all new commercial units (excluding office use) to install Level 2 charging stations at 6% of parking spaces and Level 1 circuits at 5% of parking spaces.	2.5	4	3	3	3	3.2
<b>Office EV chargers</b>	Implement proposed Reach Code to require all new commercial office units to install Level 2 charging stations at 10% of parking spaces, Level 1 circuits at 10% of parking spaces, and 30% EV capable.	4	2.5	3.5	3	3	3.3
<b>Electrification of municipal fleet</b>	Adopt a policy requiring a minimum percentage of new standard light-duty, medium-duty, and heavy-duty City fleet vehicles to be electric vehicles or use alternative fuels.	2.5	2.5	4	3	3	3.3
<b>Heavy duty electric trucks</b>	Partner with businesses and industries to accelerate transition of heavy duty trucks to electric through incentives or local tax credits.	3	3	4	3	4	2.9

## STRATEGY 2: EXPAND USE OF NON-SOV TRANSPORTATION MODES.

Action	Description						Priority Score
<b>Pedestrian and Bicycle Master Plan</b>	Fund and accelerate implementation of the Pedestrian Master Plan and Bicycle Master Plan, focusing on 1) closing gaps in the bicycle network with a focus on high demand arterials; 2) installing painted buffers and physical buffers on high stress roadways; and 3) implementing spot improvements in high traffic areas (e.g., bicycle detection, parking, and wayfinding elements).	3	3	4	3	4	3.3
<b>Improve curb management</b>	Incentivize projects that optimize curbside areas for low-carbon modes and reduce VMT, such as designated rideshare parking and loading zones, scooter and bike share docks, bike parking, electric vehicle charging stations, and autonomous vehicle loading zones.	3	3	4	3	4	3.3
<b>Improve bike mobility</b>	Increase public access to bikes, including electric bikes, implementing a bikeshare program, expanded bike parking, electric bike rebates, and other opportunities. The City should look to prioritize low stress facilities to encourage increased ridership.	3	3	4	3	4	3.3
<b>Transit gap and improvement study</b>	Partner with VTA to conduct a public transit gap study to increase transit use within the City.	2.5	3	3.5	4	3	3.2






## STRATEGY 3: ADVANCE SUSTAINABLE LAND USE.

Action	Description						Priority Score
<b>TDM requirements</b>	Require plans for reducing vehicle miles traveled for all new developments over a square footage threshold (i.e., transportation demand management plans).	4	4	3.5	3	4	3.7
<b>Target sustainable development in underutilized commercial strips</b>	Require higher density development in underutilized commercial strips. These developments should include increased building heights, allowing projects to build out to approved densities, zoning changes to higher-density mixed residential, and consider opportunities for mixed land use and/or transit oriented development. Quantify the net benefits of specific plans.	3.5	2.5	3.25	3	4	3.2

<b>Transit-oriented development</b>	Introduce requirements and/or incentives to encourage transit-oriented development (TOD) in transit centers such as the Santa Clara BART station.	3.5	3	3.5	3	4	3.4
<b>City-owned telecommuting centers</b>	Expand telecommuting options. For example, by extending City-owned facilities such as libraries, supporting improvements to fiber infrastructure, extending remote work options to City employees.	2	3	4.5	3	2	2.9

## Materials & Consumption






### STRATEGY 1: INCREASE WASTE DIVERSION.

Action	Description						Priority Score
<b>Comply with state solid waste ordinances</b>	Comply with state solid waste ordinances, including AB1826, AB341, and SB1383.	4	2	3.5	4	4	3.5
<b>Waste diversion pricing signals</b>	Explore or promote existing incentives for recycling and composting and discourage landfill waste; for example: --University of California Cooperative Extension Compost Education program. --Environmental Days provided by Recology, household hazardous waste drop-off events, and battery recycling stations at City Hall, Corp Yard, and Fire Stations. --Collect used motor oil/oil filters/batteries/CFLs curbside. --Recyclestuff.org. --Countywide Bring Your Own Cup campaign, Reusable vs. Disposable, A La Carte, and South Bay Green Gardens.	3	3	4	3	2	3.1
<b>C&amp;D requirements</b>	Expand requirements for C&D waste diversion beyond the current 5,000 square foot minimum.	3	3.5	4	2	2	3.0

## STRATEGY 2: REDUCE LANDFILLED FOOD WASTE.

Action	Description						Priority Score
<b>Technical assistance to top food generators</b>	Provide education, outreach, and technical assistance to top food producers such as hotels, hospitals, corporate cafeterias, and campuses to prevent food waste, increase surplus food donations, and comply with SB1383. Options include food waste tracking software and food donation pickup services.	4	2.5	3.5	4	4	3.6
<b>Food recovery and donation</b>	Continue to partner with local agencies to implement an Edible Food Recovery Program as required under SB 1383. Establish an excess edible food baseline and then assist food recovery organizations in establishing pickup and redistribution.	3	3.5	4	4	4	3.6
<b>Food recovery organization partnerships</b>	Participate in regional partnerships for promoting food waste reduction, recovery, and security, such as Loaves and Fishes, A La Carte, Silicon Valley Food Recovery, Second Harvest of Silicon Valley, and the Santa Clara County Food System Alliance.	3	3.5	4	4	4	3.6






## STRATEGY 3: ENHANCE SUSTAINABLE PRODUCTION AND CONSUMPTION.

Action	Description						Priority Score
<b>Reuse of salvageable building materials</b>	Promote organizations in Santa Clara County that process and sell salvageable building materials to building contractors.	2	4	4	4	3	3.3
<b>City property consumption and waste diversion</b>	In all City contracts and event permits, require that all third-party vendors provide and utilize compostable and/or reusable food service items to serve 50 or more people, and provide recycling and composting infrastructure.	3	3.5	4	3	2	3.2
<b>Municipal Sustainable Procurement Policy</b>	Implement a municipal Sustainable Procurement Policy to prioritize improvements for the highest emissions reduction impact purchasing decisions within each department, including vehicle and fuel purchases and low-carbon concrete.	3	3	4	3	2	3.1






<b>Carbon-smart building materials</b>	Educate architects, designers, and contractors to enable and promote carbon-sequestering and low-albedo building materials in new construction and renovations. This could include requirements for the disclosure and/or limit the embodied carbon emissions of buildings through whole-building or material specific policies.	2.5	3	4	3	3	3.2
<b>Support for schools on low-carbon alternatives and solutions</b>	Partner with Santa Clara Unified School District and SVP to implement low-carbon solutions. This may include working with the schools on energy efficiency and electrification, waste reduction and recycling, and sustainable purchasing.	2.5	3.5	4	3	2	3.0

## Natural Systems & Water Resources

### STRATEGY 1: INCREASE TREE CANOPY COVER






Action	Description						Priority Score
<b>Right-of-way tree planting</b>	Require residential tree planting in the right-of-way (between sidewalk and road) at time of sale.	3.5	2.5	2.75	4	3	3.2
<b>Tree rebate program</b>	Support private property planting of trees on currently paved surfaces through partnerships with current programs such as Our City Forest. Advertise services on the City website.	3	3.5	4	3	2	3.2
<b>Plan for retiring trees and sidewalk uplift</b>	Update City Tree Ordinance to develop a procedure for retiring and replacing trees (when they are dying or creating hazards), with an emphasis on species that maintain tree canopy, and prevent unintended consequences, such as sidewalk uplifts from tree root growth.	2	3	4	4	3	3.1






### STRATEGY 2: ENHANCE ECOSYSTEM RESILIENCE.

Action	Description						Priority Score
<b>Carbon farming on open space lands</b>	Partner with resource conservation districts to increase carbon farming, creek restoration, wetland restoration, and local offset opportunities in open space lands.	4	3.5	4	3	4	3.7

<b>Partnerships for compost management</b>	Establish partnerships with organizations such as conservation districts to manage and utilize compost products from organics processing in compliance with SB1383.	3.5	3.5	4	3	3	3.5
<b>Tree planting guide</b>	Support local organizations (e.g., ReScape California) in developing a planting guide that prioritizes increasing available soil, carbon sequestration, resilience, and other equitably-distributed co-benefits. The guide could include information on native and climate-adaptive plants, how to properly apply compost and mulch, reducing synthetic fertilizers to support soil health, how to store more water in the ground, and how to store carbon in soil, plants, and trees.	1	3.5	4	3	2	2.6






### STRATEGY 3: IMPROVE WATER SUPPLY & CONSERVATION.

Action	Description						Priority Score
<b>Incentives for community water fixture retrofits</b>	Encourage participation in Santa Clara Valley Water District's water conservation rebate programs. Expand the City's rain barrel and landscape rebate programs.	3	3.5	3.5	4	2	3.3
<b>Fixture replacement</b>	Expand replacement of inefficient water fixtures and appliances in high-end sectors (i.e., commercial, multi-family, and single-family).	3	3.5	4	4	2	3.4
<b>Water data accessibility</b>	Facilitate the sharing of geospatial data from the Silicon Valley 2.0 tool with Valley Water and wastewater managers.	3	3.5	4	3	3	3.3
<b>Water-efficient landscaping requirements</b>	Expand requirements for water-efficient landscaping practices, including requirements for cooling (trees, green roofs) and drought-tolerant native plants.	4	2.5	3	3	4	3.3
<b>Diversify the community water portfolio</b>	Continue collaboration with agency partners such as South Bay Water Recycling, Valley Water, BAWSCA, and SFPUC to diversify water supply portfolio and expand current sources. Diversified water portfolio towards drought resiliency could include utilizing a varying mix of surface and groundwater and requiring the increased use of recycled urban water in applicable sectors (e.g., irrigation, groundwater recharge, dual pump, cooling towers).	3.5	3	3.5	3	2	3.2






Action	Description						Priority Score
<b>Require recycled water connections for new development</b>	Require the use of recycled water for all non-potable uses where recycled water is available, per City Code 13.15.160. Require all new development where applicable to connect to the recycled water distribution system in order to provide recycled water for approved uses at the development site.	3.5	3	3.5	3	2	3.2

## Community Resilience & Wellbeing

### STRATEGY 1: IMPROVE COMMUNITY RESILIENCE.

Action	Description						Priority Score
<b>Community resilience networks</b>	Support neighborhood-based organizations and businesses in development of Neighborhood Resilience Hub Programs to prepare residents and respond to climate change. Identify suitable locations for resilience hubs, cooling centers, disaster assistance and supplies. These locations will also need to develop backup power sources in the event of a power outage.	3.5	3	4	4	4	3.7
<b>Support for people experiencing homelessness</b>	Expand support services to people experiencing homelessness during all extreme weather and hazard events (e.g., extreme heat, flooding, wildfires).	3	3	3	5	4	3.5
<b>Community climate action grant</b>	Establish an annual micro-grant program to support local citizen-led projects and programs that will reduce emissions, adapt to climate change, and enhance equity.	2.5	4	3	4	3	3.4
<b>Incentives for adaptation upgrades</b>	Offer rebates and/or other financial incentives to encourage adaptation upgrades (e.g., cool roofs, green roofs, cool pavement) and installation of low-emissions space-cooling devices (e.g., ceiling fans, heat pumps), which increase resilience cost-effectively and with a lower environmental impact.	3	3	4	3	2	3.1

## STRATEGY 2: PREPARE FOR CLIMATE CHANGE.

Action	Description						Priority Score
<b>Restrict high-hazard development</b>	Restrict development in high-hazard areas.	3.5	4	4	3	3	3.6
<b>On-site &amp; natural stormwater systems</b>	Integrate natural stormwater systems within site and building design to expand on-site stormwater management capacity.	3.5	3.5	4	3	3	3.5
<b>Reduce urban-wildland fire risk</b>	Reduce wildfire risk in natural landscapes by investigating opportunities within zoning, home construction, and fire safe building and landscape codes for the urban-wildland interface. Ensure that vegetation management incorporates habitat management principles.	3	3.5	4	3	3	3.3
<b>Low-albedo parking lots</b>	As part of conditions of approval, require new parking lots to be surfaced with more sustainable pavement materials (e.g., low-albedo, permeable pavement, e-pavement, etc.) to reduce heat gain during extreme heat events, reduce energy consumption related to cooling, and reduce stormwater runoff.	3.5	3	4	3	2	3.3
<b>Climate Resilience Capital Improvement Program (CIP)</b>	Revise design standards to require climate considerations in development of discretionary CIP projects. Ensure that the infrastructure being developed will be designed with forecasted changes in climate (precipitation, temperature, wildfire, sea level rise) in mind.	3.5	3	3.5	3	2	3.2
<b>Planned retreat strategies</b>	Identify and consider relocation opportunities for critical facilities (i.e., planned retreat for structures at risk of recurring damages).	3	3.5	3	3	3	3.1





Serving San Mateo, Santa Clara, and San Benito Counties

February 22, 2021

To: City of Santa Clara Mayor Gilmore, Vice Mayor Chahal, and City Councilmembers  
Watanabe, Hardy, Park, Jain, and Becker  
(via email to: [MayorandCouncil@santaclaraca.gov](mailto:MayorandCouncil@santaclaraca.gov) )

Cc: City Manager Santana ([Manager@santaclaraca.gov](mailto:Manager@santaclaraca.gov) ) and Associate Planner Agrawal  
([NAgrawal@SantaClaraCA.gov](mailto:NAgrawal@SantaClaraCA.gov) )

RE: Santa Clara's Climate Action Plan Update

We live in a climate crisis which threatens the survival of organized human life on Earth. Meanwhile, the federal government has weakened environmental regulations and accelerated the construction of fossil fuel projects. However, strong climate policies from Bay Area cities are already influencing state level policy. Time is running out, and our best opportunity for climate action is for cities to lead the way with strong local policies.

According to the [Risk Finder tool by ClimateCentral.org](https://riskfinder.climatecentral.org), the City of Santa Clara has property at risk during a 3 ft flooding event combined with sea level rise. The probability of a 3 ft flood event by 2030 is estimated at 35% – 68%, and by 2050 the probability range is 76 % – 100%<sup>1</sup>. In addition, the Silicon Valley 2.0 Climate Change Vulnerability Assessment tool<sup>2</sup> shows that by mid-century 27 million sq ft of buildings, 490 acres of land and 29 miles of roadway in the City of Santa Clara are classified as having High or Moderate Vulnerability to riverine flooding. By 2050, economic impact in the City of Santa Clara from replacement costs, interruption of economic activity, and loss of fiscal revenue is predicted at \$4.5 billion mostly due to buildings and roadways affected by riverine flooding.

The only certain way to mitigate climate change and delay and minimize sea level rise and flooding is to dramatically reduce greenhouse gas emissions (GHG).

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<sup>1</sup> ClimateCentral.org Risk Finder Assessment for City of Santa Clara: [https://riskfinder.climatecentral.org/place/santa-clara.ca.us?comparisonType=place&forecastType=NOAA2017\\_int\\_p50&impact=Property&impactGroup=Buildings&level=3&unit=ft&zillowPlaceType=place](https://riskfinder.climatecentral.org/place/santa-clara.ca.us?comparisonType=place&forecastType=NOAA2017_int_p50&impact=Property&impactGroup=Buildings&level=3&unit=ft&zillowPlaceType=place)

<sup>2</sup> Silicon Valley 2.0 Climate Change Vulnerability Assessment Tool using inputs of: Geography: City of Santa Clara / Climate Variables: Sea Level Rise, Riverine Flooding, Wildfire and Extreme Heat / Horizon Year: Mid-century- 2050 / Emissions Scenario: B1-Low / Sea Level Rise Scenario: zero cm and no storm surge / Assets: All assets selected (parcels, buildings, transportation, energy, wastewater, communications, hazardous materials and coastal protection).  
<http://siliconvalleytwopointzero.org/vulnerability>

To this end, we recommend that Santa Clara set GHG reduction goals well beyond the current state targets and focus its Climate Action Plan (CAP) on feasible mitigation policies that are, as advised by the UN's Intergovernmental Panel on Climate Change (IPCC), "rapid, far-reaching and unprecedented."

In addition, Santa Clara must strengthen itself against climate impacts by including a vulnerability and adaptation plan for relevant risks such as riverine flooding, extreme heat and wildfire impacts.

In order to support your development of a strong CAP, we invite you to complete the attached **Climate Action Plan Assessment Form**, which lists the elements of a CAP that we consider most critical. We recommend that Santa Clara streamline its CAP to focus on the measures that will achieve the largest reductions in greenhouse gas emissions and also consider adopting an abbreviated format,<sup>3</sup> so that the document is more accessible to all readers, including decision makers and members of the public. The "Multi-Criteria Analysis" in the Cascadia Consulting Group "Initial Actions List" only weights 'Impact' (like GHG emissions reduction) at 30% of the priority ranking which could end with leaving out actions that are necessary to achieve 2030 and 2050 targets.

We recognize the unique position of the city with respect to Silicon Valley Power (SVP). Community Choice Energy entities are accelerating the transition to renewable and greenhouse gas free electricity and SVCE (for example) already provides greenhouse gas free electricity to all customers - residential and commercial. Although there are complexities for SVP to transition completely from fossil fuels, it is likely the single biggest step the city can take to reduce greenhouse gas emissions. It is a critical and necessary step to take as soon as possible to leverage the gains in shifting residential and commercial new construction and existing buildings to all-electric.

We appreciate the opportunity to present you with recommendations for climate action and are available for any further clarification. We look forward to working with Santa Clara staff and City Council to create the strongest Climate Action Plan possible.

Respectfully submitted,



Gladwyn d'Souza, Co-Chair, Conservation Committee, Loma Prieta Chapter, Sierra Club

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<sup>3</sup> For an example of an abbreviated Climate Action Plan, see City of Menlo Park 2030 Climate Action Plan, July 2020, <https://menlopark.org/ArchiveCenter/ViewFile/Item/11486>

A handwritten signature in black ink, appearing to read "Gita Dev".

Gita Dev, Co-Chair, Sustainable Land Use Committee, Loma Prieta Chapter, Sierra Club

A handwritten signature in black ink, appearing to read "Kristel Wickham".

Kristel Wickham, Climate Action Leadership Team, Loma Prieta Chapter, Sierra Club

Cc James Eggers, Executive Director, Loma Prieta Chapter, Sierra Club

## Climate Action Plan Assessment Form

Please use the form below as suggestions for Santa Clara's Climate Action Plan Update and send it to the Sierra Club Loma Prieta Chapter's Climate Action Leadership Team at [dashiell.leeds@sierraclub.org](mailto:dashiell.leeds@sierraclub.org).

Action #	Description	Included in CAP?	Comments
1	<b>Adopt a bold goal</b> to reduce community wide GHGs by at least 80% by 2030, given that scientific findings now show California's goal of a 40% reduction is no longer sufficient to address the severity of the crisis. <sup>4</sup> <u>Select Option 3 from Raimi + Associates memo from 11/3/20 Re: Recommend and Forecast GHG Targets</u>	<input type="checkbox"/>	
2	<b>Specify all resources</b> required to implement each action in the plan, including dollar amounts, staff hours and task owners.	<input type="checkbox"/>	
3	<b>Identify approximately 10 easy-to-track metrics</b> to help Council members and the public gauge success of the plan and define a quarterly reporting frequency for those metrics.	<input type="checkbox"/>	
4	<b>New buildings:</b> plan to immediately stop the expansion of natural gas fueled infrastructure by enacting a strong All Electric Reach Code <sup>5</sup> requiring all new buildings to be 100% electric. Mixed fuel options, even if highly efficient, will 'lock-in' natural gas usage for decades. Especially for residential where SVP provides GHG free electricity, all-electric is especially important.	<input type="checkbox"/>	
5	<b>Existing buildings:</b> create a plan to reduce 80% of GHG emissions from existing buildings by 2030, which can be accomplished with a "Burnout Ordinance" paired with rebates and financing that together aim to phase out the burning of natural gas in existing buildings, as was proposed in Menlo Park's CAP. <sup>6</sup> The Cascadia Consulting Group's "Initial Actions List for City of Santa Clara Climate Action Plan Update" for Buildings and Energy Strategy 1 notes an action for "Electrification incentives & financing". As a first effort, we applaud the specific action to encourage fuel switching in existing buildings through "options for low- or zero-interest financing", specifically if payments are paid through the utility bill.	<input type="checkbox"/>	
6	<b>Create a plan for reducing vehicle miles traveled by 25%,</b> which can be accomplished by a) rezoning to encourage higher density near transit and b) creating a Green Streets network <sup>7</sup> that makes the City easier and safer to navigate without a car. <sup>8</sup>	<input type="checkbox"/>	

<sup>4</sup> Palo Alto has adopted a goal of 80% GHG reduction by 2030. Menlo Park's adopted goal is 90% GHG reduction by 2030.

<sup>5</sup> See pages 23 – 30 of Mountain View's Chapter 8 Building Code Modifications effective January 1, 2020.

<https://www.mountainview.gov/civicax/filebank/blobdload.aspx?BlobID=31140>. See also Sunnyvale's all-electric reach code for residential and non-residential new construction effective January 26, 2021.

<https://sunnyvale.ca.gov/news/displaynews.htm?NewsID=645&TargetID=49>

<sup>6</sup> City of Menlo Park 2030 Climate Action Plan, July 2020, <https://www.menlopark.org/ArchiveCenter/ViewFile/Item/11486>

<sup>7</sup> Sierra Club Guidelines for a Green Streets Network:

<https://www.sierraclub.org/sites/www.sierraclub.org/files/sceauthors/u4142/Sierra%20Club%20Loma%20Prieta%20Open%20Streets%205-1-20.pdf>

<sup>8</sup> For an example of a City that has implemented Green Streets, see Oakland's Slow Streets Program,

<https://www.oaklandca.gov/projects/oakland-slow-streets>

7	<b>Create a plan to further increase access to electric vehicle (EV) charging</b> , especially for those living in multi-family housing and where charging can be done during the day, when clean solar energy is increasingly abundant on the electric grid. Please incorporate the proposed action for “Multifamily EV Chargers” when adopting the Reach Code.	<input type="checkbox"/>	
8	<b>Create a plan to replace 100% of the City’s municipal assets that currently use fossil fuels</b> with efficient electric alternatives, including but not limited to: gas pool heating equipment, gasoline and diesel municipal fleet vehicles, gas furnaces, gas water heaters and gasoline-powered landscaping equipment. These three suggested actions by Cascadia Consulting Group are a good start: “Municipal Electrification Action Plan”, “Electrification of municipal fleet”, and “Municipal Sustainable Procurement Policy”	<input type="checkbox"/>	
9	<b>Create a climate adaptation plan</b> focused on protecting areas of the community vulnerable to riverine flooding and extreme heat events, as forecasted by the National Oceanic and Atmospheric Administration (NOAA) and <a href="#">Silicon Valley 2.0 Climate Change Preparedness Decision Support Tool</a> .	<input type="checkbox"/>	
10	<b>Create a Citizen’s Advisory Commission or Sustainability/Environmental Commission</b> to support the development of the updated CAP, and then to review progress on the implementation.	<input type="checkbox"/>	

# Council and Authorities Concurrent Meeting on 2021-02-23 4:00 PM

Meeting Time: 02-23-21 16:00

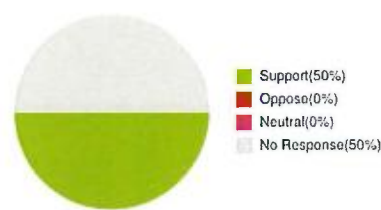
## eComments Report

Meetings	Meeting Time	Agenda Items	Comments	Support	Oppose	Neutral
Council and Authorities Concurrent Meeting on 2021-02-23 4:00 PM	02-23-21 16:00	47	2	1	0	0

### Sentiments for All Meetings

The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

#### Overall Sentiment



## Council and Authorities Concurrent Meeting on 2021-02-23 4:00 PM

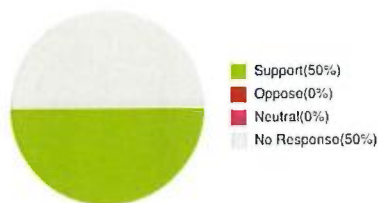
02-23-21 16:00

Agenda Name	Comments	Support	Oppose	Neutral
5. 21-974 Actions for Target Setting and Priority Strategies for Climate Action Plan (CAP) Update	1	0	0	0
7. 21-262 Action on a Written Petition Submitted by Councilmember Becker Requesting a Discussion on Amending of Section 18.102.010 ("Commercial Marijuana Activity Prohibited") of Chapter 18.102 ("Regulation of Marijuana") of Title 18 ("Zoning") of "The Code of the City of Santa Clara, California" on removing the ban on all Commercial Cannabis Activity	1	1	0	0

### Sentiments for All Agenda Items

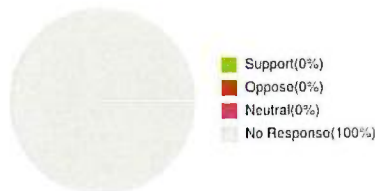
The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

#### Overall Sentiment



Agenda Item: eComments for 5. 21-974 Actions for Target Setting and Priority Strategies for Climate Action Plan (CAP) Update

#### Overall Sentiment



### Carolyn Zhao

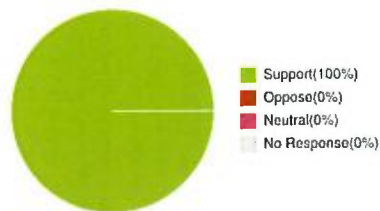
Location:

Submitted At: 4:40pm 02-23-21

Good evening, my name is Carolyn and I am a junior at Saint Francis High School. The consequences of climate change have become commonplace in our community, from unprecedented droughts, to wildfires, and imminently, rising sea levels, and has already begun to have disruptive and dangerous effects on people's lives. To protect the future of our's and communities around the world, I implore the council to take urgent action and vote to adopt the most aggressive GHG target available. Thank you!

Agenda Item: eComments for 7. 21-262 Action on a Written Petition Submitted by Councilmember Becker Requesting a Discussion on Amending of Section 18.102.010 ("Commercial Marijuana Activity Prohibited") of Chapter 18.102 ("Regulation of Marijuana") of Title 18 ("Zoning") of "The Code of the City of Santa Clara, California" on removing the ban on all Commercial Cannabis Activity

#### Overall Sentiment



#### Lisa Hiatt

Location:

Submitted At: 5:17pm 02-23-21

I am fully in support of Councilmember Becker's petition. The issue of Cannabis sales has been settled in California and in Santa Clara. The public wants this product to be available for consumption. It is irresponsible for the City not to move forward with setting up policies and procedures for the commercial sale of this product. The voters have spoken and it the job of the council to take the next step. We are losing time and revenue the city can not afford to lose.





## Agenda Report

21-370

Agenda Date: 3/2/2021

### REPORT TO COUNCIL

#### SUBJECT

Continuance of FY 2020/21 Budget Rebalancing Actions to Address COVID-19 Pandemic Impacts  
(Continued from February 23, 2021)

#### COUNCIL PILLAR

Enhance Community Engagement and Transparency

#### BACKGROUND

At the February 23, 2021 Council and Authorities Concurrent Meeting, the City Council took action to continue the following item to March 2, 2021 to allow for to allow community input and a broader discussion about public safety impacts.

#### COORDINATION

This report has been coordinated with the City Attorney's Office and all city departments.

#### PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, or email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

#### RECOMMENDATION

1. Approve the FY 2020/21 budget amendments detailed in Attachment 1 for all Departments and Offices, except the Mayor and Council and the City Auditor's Office and City Attorney's Office appointees, as recommended by the City Manager (five affirmative Council votes required for revenue actions only); and
2. Consider and approve the FY 2020/21 budget amendments detailed in Attachment 2 for the Mayor and Council, the City Auditor's Office, and City Attorney's Office appointees.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

#### ATTACHMENTS

1. FY 2020/21 Budget Amendments
2. FY 2020/21 Budget Amendments for City Council and Appointees
3. RTC 21-43 from February 23, 2021 Council Meeting
4. PowerPoint Presentation from February 23, 2021 Council Meeting

## FY 2020/21 General Fund Revenue Adjustments

Revenue Category	Description	FY 2020/21 Source of Funds	Ongoing Source of Funds
Transient Occupancy Tax	This action reduces the Transient Occupancy Tax revenue estimate by \$14.0 million (from \$17.6 million to \$3.6 million) based on the significantly lower TOT receipts actually received as a result of COVID-19. Through December 2020, collections this fiscal year are down 88% compared to the prior year with receipts under \$0.2 million per month. To meet the budgeted estimate of \$17.6 million, collections of almost \$1.5 million per month are needed. The revised estimate of \$3.6 million requires improvement in the remaining months of the fiscal year. The Ten-Year General Fund Forecast factored in the ongoing projected impacts to TOT receipts with some recovery starting in FY 2021/22.	(14,000,000)	

## FY 2020/21 General Fund Revenue Adjustments

Revenue Category	Description	FY 2020/21 Source of Funds	Ongoing Source of Funds
Charges for Services	<p>This action reduces the Charges for Services revenue estimate by \$2,176,000 (from \$45,721,818 to \$43,545,818). This includes downward adjustments for the following: fees for parks classes (\$1.8 million), Stadium reimbursement for Deputy City Manager position that is recommended for elimination (\$329,000), Adventures to Go senior travel fee revenue (\$99,000), Roberta Jones Theater program (\$68,000), special events (\$65,000), Senior Center snack bar revenue (\$36,000), Montague swim center (\$26,000), therapeutic recreation services (\$25,000), adult sports programming (\$4,000), and library community room rentals (\$3,000). The ongoing reduction reflects the loss of Stadium reimbursement for the eliminated Deputy City Manager positions and the loss of revenue from restructuring special events.</p> <p>The revenue reduction is partially offset by an increase of \$279,000 that reflects reimbursement from the Solid Waste Fund for Public Works maintenance staff that will work on the 2020 and 2021 Cleanup Campaigns (CUC). The maintenance staff will be assigned to work on both campaigns instead of using a temporary staffing agency or outside contractors that are currently not being used due to COVID restrictions. No non-emergency maintenance functions will be performed by the department during the CUC. There is no change in Solid Waste expenditures as the contractual payments will be shifted to interdepartmental payment for services.</p>	(2,176,000)	(394,000)
Interest Earnings	<p>This action reduces the Interest Earnings projection by \$1.1 million (from \$5.5 million to \$4.4 million) based on lower interest rates and cash balances. The Ten-Year General Fund Forecast factored in lower collections in this category.</p>	(1,066,828)	

## FY 2020/21 General Fund Revenue Adjustments

Revenue Category	Description	FY 2020/21 Source of Funds	Ongoing Source of Funds
Fines and Penalties	The action reduces the fines and penalties revenue estimate by \$250,000 (from \$1,570,000 to \$1,320,000). As a result of COVID-19, many of the normal city activities are not occurring as planned, which has reduced the fines and penalties collections. This reduction includes adjustments to collection charges (\$150,000), traffic and vehicle code fines (\$74,000), and library fines (\$24,000).	(250,000)	
Transfer from the Streets and Highways Capital Fund	This action establishes a transfer from the Streets and Highways Capital Fund to reflect the return of funding for the Public Right-of-Way Landscaping Improvement capital project that is proposed for elimination. This project, which is budgeted in the Streets & Highways Capital Fund and was funded by the General Fund, supports the purchase of hanging baskets and artificial flowers that are on the light poles along El Camino Real (ECR). Because this project was supported by the General Fund, the savings from eliminating the project would be returned to the General Fund.	204,857	
Transfer from the Parking Maintenance District Fund	This action establishes a transfer from the Parking Maintenance District Fund to reflect savings in that fund that can be returned to the General Fund. Budget actions in that fund include turning off the Franklin Mall fountains and reducing sweeping services for the sidewalks and parking lots of the mall. Because these expenditures in the District are funded by the General Fund, the savings from these proposals can be returned to the General Fund.	6,000	19,400
<b>Total Revenue Adjustments</b>		<b>(17,281,971)</b>	<b>(374,600)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Fire Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Non-Personnel Reduction	<p>This proposal reduces the Non-Personnel budget by \$171,000, broken down as follows:</p> <ul style="list-style-type: none"> <li>- Emergency Response Program (\$76,000): a reduction of \$75,000 for one-time fire station maintenance, resulting in deferred maintenance; and a \$1,000 contractual services reduction for Fireflex wellness program moving online.</li> <li>- Administration Program (\$59,000): a one-time reduction of \$10,000 for recruitment activities; a reduction of \$25,000 for operating supplies; and a reduction of \$24,000 for conferences and training.</li> <li>- Emergency Services Program (\$5,000): a reduction of \$5,000 for conferences.</li> <li>- Training Program (\$31,000): a reduction of \$21,000 in the education reimbursement program; a reduction of \$5,000 in recruitment testing; and a one-time reduction of \$5,000 for Fire Academy supplies.</li> </ul>	0.00	(171,000)	(81,000)
Elimination of Quality Improvement Nurse	<p>This proposal eliminates the 0.75 Quality Improvement (QI) Nurse (\$123,319).</p> <p>The QI Nurse position has been vacant since its creation in FY 2017 to address QI issues and manage 911 ambulance transport. In the absence of a QI Nurse, the EMS division Battalion Chief has assumed responsibility for the QA/QI program. Currently, the Fire Department provides ambulance transportation infrequently and only for critically ill patients. Should the frequency of ambulance transportation increase and service delivery changed, the QI Nurse position will be re-evaluated at that time.</p>	(0.75)	(123,319)	(123,319)

## FY 2020/21 General Fund Budget Reduction Summary

### Fire Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Special Operations Management, HazMat, Rescue, and EMS Support Changes	<p>This proposal converts 1.0 Assistant Training Officer (ATO) assigned to Special Ops/Stadium to 1.0 Battalion Chief of Special Operations. The Battalion Chief would serve in a management role overseeing all special operations, including Stadium, Hazardous Materials (HazMat) and the Urban Search &amp; Rescue (Rescue) Programs, and EMS support.</p> <p>Currently, the ATO Special Ops/Stadium position is filled by a Fire Captain – Training on an 18-month rotation basis. Due to this rotation, there can be a loss of continuity in overseeing this function. In addition, there are challenges in addressing Stadium-related issues because the ATO rank is not a management-level position. An upgrade would be able to provide stability, consolidate all special events logistics, support EMS, and manage all HazMat and Rescue training and personnel, especially considering the possible reduction of the two special apparatuses. The actual incremental cost to this conversion is approximately \$15,000 per year. The increase is small due to these factors: the Battalion Chief is not paid overtime; the current Fire Captain is paid a training premium and receives out of class pay; and the current position receives an education incentive. The Stadium reimbursement will increase slightly based on the cost of the Battalion Chief position and will offset approximately \$8,700 of the increase annually, resulting in a net cost of approximately \$6,000 annually.</p>	0.00	4,911	14,732

## FY 2020/21 General Fund Budget Reduction Summary

### Fire Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Suspend Two Supplemental Ambulance Resources	<p>This proposal suspends two Advanced Life Support (ALS) supplemental ambulance units by eliminating 6.0 Firefighter positions, 2 per shift, for Medic 91 at Station #1, and 6.0 Firefighter positions, 2 per shift, for Medic 96 at Station #6 . There is a related non-personnel expenditure reduction totaling \$40,000 for EMS supplies (\$25,000), ambulance transport permits (\$11,000), and EMT and Paramedic licenses (\$4,000).</p> <p>Each unit is staffed with 1 Paramedic and 1 Emergency Medical Technician (EMT), budgeted as Firefighter positions. These units respond to medical calls and are also certified by the County as supplemental ambulances that can be used to transport critically ill or injured patients to the hospital and can augment the private 911 ambulance service in the event of a disaster or system surge. With the County responsible for ambulance services, the number of actual transports performed by these units is minimal (4 transports in calendar year 2018 and 11 transports in calendar year 2019; \$10,000 in transport reimbursement received in FY 2019/20). The FY 2020/21 budget assumes no revenue for transport services as collections have been inconsistent.</p> <p>It is important to note that ALS capabilities will be maintained in the City given that all fire engines and fire trucks are staffed with a minimum of 1 Paramedic. In past years, these two supplemental ambulance units have been browned-out on occasions to reduce overtime expenditures and to avoid browning-out a fire engine or fire truck. The Fire Department was able to effectively respond to EMS calls without this resource.</p> <p>This reduction in service delivery may potentially impact transport of patients if the County ambulance was delayed. These units would also be an important resource in the event of a large-scale disaster, active-shooter, or other multi-casualty incident (MCI) in the County.</p> <p>Currently, daily minimum staffing totals 40 sworn personnel per shift. This proposal would reduce daily staffing by 4 positions per shift bringing daily minimum staffing to 36.</p>	(12.00)	(751,314)	(2,253,941)

## FY 2020/21 General Fund Budget Reduction Summary

### Fire Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Minimum Staffing Overtime Reduction/Engine Company Brown-Outs	<p>This proposal reduces overtime funding that is used to meet daily minimum staffing needs on a one-time basis. When a fire engine or truck company has a vacancy (e.g., vacation, sick leave, disability leave), the position is backfilled with relief staff or staff on overtime.</p> <p>This proposal would reduce the overtime funding, which would necessitate the brown out of companies at times when there are insufficient resources. This action equates to brown-out of approximately one engine company for four months on a one-time basis, 3 positions per shift for a total of 9 positions.</p> <p>In combination with the ambulance units' brown-out, this proposal would bring daily minimum staffing down to 33 sworn personnel. The department would determine which resources to brown-out in order to best meet operational needs. This proposal could impact the department's ability to provide a consistent response to all incidents.</p> <p>Response times, customer satisfaction surveys, percentage of fire and life safety inspections completed, and other metrics will be closely monitored to evaluate service level impacts, resulting from this proposal. These metrics, along with input from the Fire Chief, will be used to determine the viability of this proposal on an ongoing basis.</p>	0.00	(705,174)	-
<b>Total Departmental Expenditure Proposals</b>		<b>(12.75)</b>	<b>(1,745,896)</b>	<b>(2,443,528)</b>
Internal Service Fund Reduction	<p>This proposal reduces the internal service allocations for information technology (\$168,284), fleet operation (\$68,221), and vehicle replacement (\$130,728) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.</p>	0.00	(367,233)	(128,916)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(12.75)</b>	<b>(2,113,129)</b>	<b>(2,572,444)</b>



# FY 2020/21 General Fund Budget Reduction Submittal Summary

## Police Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Police Special Operations Division - Special Events Support COVID-19 Impact	This proposal freezes 1.0 vacant Police Sergeant position assigned to the Special Events Unit during FY 2020/21. This program oversees Special Event Officers (SEOs - 142 active) and Traffic Control Officers (TCOs - 41 active). SEOs and TCOs are unique in that these are part-time positions that work full-time for another agency, and part-time for the City of Santa Clara for major events, such as Levi's Stadium. This work would be assigned to remaining staff. The Sergeant position is also responsible for the recruiting, hiring, training and scheduling for the SEOs and TCOS. This position also ensures that the SEOs and TCOs meet all Peace Officer Standards and Training (POST) requirements. With the lack of events due to COVID-19, this one-time reduction is expected to have a minimal impact.	0.00	(227,345)	
Police Department As-Needed Patrol Reserves Reduction	This proposal reduces the Patrol Reserves as-needed budget by \$210,000 (from \$267,570 to \$57,570), specifically for park patrols. The Police Department currently conducts proactive patrols around the City's 38 parks. There are 8-hour shifts 6 days a week, and every Saturday has 2, 8-hour shifts, for a total of 64 hours of patrol each week. The impact of this cut would result in less of a proactive presence in the parks and an increase in call volume for our patrol teams.	0.00	(210,000)	(210,000)
Police Department Materials/Services/Supplies Reduction	This proposal reduces the operating supplies and contractual services budgets. The operating supplies budget would be reduced by \$104,000 (from \$799,994 to \$695,994), and the contractual services budget would be reduced by \$146,000 (from \$1,464,426 to \$1,318,426). This reduction would impact the Department's ability to cover unanticipated costs in their respective categories.	0.00	(250,000)	(250,000)

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Police Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Police Administrative Services Division - Training Support	This proposal eliminates 1.0 vacant Office Specialist II in the Training Unit. In FY 2019/20, following the departure of the Police Training Coordinator, the Training Unit was evaluated for workload and efficiency. It was determined to transition to 1.0 Police Sergeant, 1.0 Training Coordinator and 1.0 Office Specialist. Due to the time it took to hire and train the specialized positions within this unit, no recruitment has occurred for the Office Specialist. As a result, this Unit has functioned without this resource. The vacant Office Specialist position was intended to assist with room reservations, confirmations with instructions, payment of training invoices, travel logistics (e.g. hotel, air, conference registration, etc.) and training records. Currently, the Police Training Coordinator is performing this function.	(1.00)	(120,570)	(120,570)
Police Administrative Services Division - Records Support	<p>This proposal eliminates 2.0 vacant Records Specialists positions in the Records Unit. The Records Specialist positions have been vacant for over one year and these duties have been absorbed by existing staff. The department was also using as-needed Records Specialists to assist with the workload over the past year; these individuals were let go once COVID-19 struck. Existing staff have absorbed these duties along with an increase in Public Records Act (PRA) requests and the workload associated with the current implementation of the records management system that will incorporate the new requirements for the National Incident-Based Reporting System (NIBRS) effective January 1, 2021.</p> <p>The Records Unit consists of four records groups with one Records Supervisor and three or four Records Specialists. This proposal would result in a decrease from 15 to 13 Records Specialists. When needs arise, a CSO or a JSO can be assigned to help with various administrative duties.</p>	(2.00)	(254,511)	(254,511)

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Police Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Police Special Operations Division - Drone Program Operations	<p>This proposal eliminates 1.0 vacant Sergeant position responsible for the day-to-day operations of the drone program. This program is new to the Police Department and not yet operational. Duties would include training drone team members, developing standard operating procedures for the program, ensuring compliance with the Federal Aviation Administration, adherence to policy and proper documentation of all flights. The elimination of this position would result in existing staff taking on this work and likely implementation of the program would be delayed.</p> <p>The long-term goal is to implement a Drone Program based on the model in Chula Vista where the mission is to provide airborne support to police operations (e.g. overhead view for ground personnel, search for lost/missing/criminals on the run, safely clear a building, detailed documentation of crime/accident scene, etc.) to reduce response times and provide for enhanced officer safety. A drone would be deployed for crimes in progress, major traffic accidents and reports of dangerous subjects, referred to as Priority 1 calls for service. The Sergeant would be responsible for oversight of the program, as well as to maintain the required documentation.</p> <p>Other jurisdictions with an active drone program include the cities of Mountain View, Campbell, San Jose and Sunnyvale. Should this program not continue in Santa Clara, the City can reach out to these neighboring jurisdictions for use of their drone program; however, that is dependent on the availability of their drones.</p>	(1.00)	(218,098)	(290,797)

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Police Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Police Field Operations Division - Field Training Officer Program / Academy	This proposal eliminates 4.0 vacant Police Officer positions in the Field Training Officer (FTO) Program / Police Academy. All new officers/recruits must complete this program before they can be assigned to a patrol unit. The FTO Program is traditionally 22-weeks; however, with the pandemic, this has been slowed down, bringing the program closer to 26-30 weeks to complete. Once recruits complete the Academy and FTO program, they can be assigned to the active Patrol Unit. The Department is able to eliminate these positions as the current economic environment has resulted in a hiring freeze.	(4.00)	(649,738)	(974,606)

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Police Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Police Administrative Services Division - Task Force Unit (A)	<p>This proposal eliminates 1.0 vacant Sergeant position and 1.0 vacant Police Officer position in the Task Force Unit, reducing the staffing level from 5.0 positions to 3.0 positions. While the Sergeant position would oversee the several officers in this unit, the Police Officer position to be eliminated would work directly with the Regional Auto Theft Task Force (RATTF). This task force spans multiple jurisdictions within Santa Clara County. This agency provides additional resources to all police agencies to help prevent and investigate auto theft crimes. RATTF works to identify theft trends, determine specific locations that are susceptible to this type of crime, and provide a central auto theft investigation team.</p> <p>The remaining staff in this unit are currently assigned to the Drug Enforcement Agency (DEA), Regional Computer Forensic Lab (RCFL), and Santa Clara County Specialized Enforcement Team (SCCSET). While working with these agencies is not required, participation affords staff with more learning/growth opportunities and more resources including the use of the drug clearing lab and seized asset money from the DEA that is contingent upon participation (ranging from \$10,000 - \$100,000 per year), as well as priority in electronic evidence analysis.</p> <p>The department receives assistance from these outside agencies depending on the case SCPD is working on; all task forces provide additional support for surveillance if needed, particularly getting plain clothes units out, assist with writing complex search warrants, and reduce the need for overtime. If SCPD does not participate with these task forces and they need assistance with an active case, SCPD would have to submit a request for assistance, which would then be prioritized among all agencies that are not participating. SCPD would, in essence, lose its priority for case assistance.</p>	(2.00)	(470,556)	(557,096)

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Police Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Police Field Operations Division - Community Service Officers (B)	This proposal eliminates 4.0 vacant Community Service Officer (CSO) positions in the Field Operations Division. This includes one position that supports the Northside Substation, two positions in patrol, and one position that supports parking enforcement. The positions that support patrol and parking enforcement also handle abandoned vehicle complaints. The elimination of these positions results in slower response time to these types of complaints and the absorption of these duties to the existing Patrol Unit. With this elimination, the Northside Substation, would remain closed. Currently, the closure of the Northside Substation is in compliance with the County's Shelter-in-Place order for non-essential services.	(4.00)	(534,655)	(534,655)
Police Administrative Services Division - Professional Standards Unit (C)	<p>This proposal eliminates 1.0 Police Officer in the Professional Standards Unit, bringing the group from 4.0 to 3.0 positions. In order to alleviate the impact to recruiting, the Police Department will aim to always have an active eligibility lists for sworn and non-sworn positions to address any vacancies that occur in the future.</p> <p>The Professional Standards Unit responds to inquiries from the public regarding career opportunities, locate, register for and attend career/job fairs, facilitate orientations, tests, panel and Chief interviews, work with in-house and contractual employees to facilitate the background process, make appointments with practitioners (e.g. psychological test, polygraph, medical, etc.), coordinate acquisition of spaces in the Police Academy/Public Safety Dispatcher Training, distribute equipment to new employees (and, collect supplies from departing employees), act as the concierge to applicants throughout the process (e.g. correspondence, appointments, equipment, etc.) and serve as the liaison between PD and HR. A similar process is conducted for internal lateral movement and promotions.</p>	(1.00)	(133,070)	(199,605)

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Police Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
<b>Total Departmental Expenditure Proposals</b>		<b>(15.00)</b>	<b>(3,068,543)</b>	<b>(3,391,840)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$309,100), fleet operation (\$172,868), and vehicle replacement (\$68,870) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.	0.00	(550,838)	(250,281)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(15.00)</b>	<b>(3,619,381)</b>	<b>(3,642,121)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Community Development Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Housing Division Staffing COVID-19 Impact	Housing Division Staffing: This proposal reduces General Fund salaries by \$200,000 in FY 2020/21. The City anticipates receiving two one-time Community Development Block Grant (CDBG) entitlements for FY 2020/21 totaling approximately \$1,500,000 that were included in the Annual Action Plan approved by the City Council. These entitlements are part of the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) stimulus package to help address the COVID-19 Crisis. In response, staff is developing an Emergency Rental Assistance Program (ERAP) to assist low-income Santa Clara residents affected by COVID-19. As per HUD guidelines, the City may retain up to 20% of those funds to offset administrative costs, which will be used to cover existing staff costs for this program in lieu of the General Fund.	0.00	(200,000)	-
Housing Division Training	Housing Division: This proposal reduces the training, conferences and travel budget by \$10,224 (from \$28,050 to \$17,826)		(10,224)	(10,224)
Planning Division Plan Review Staffing	Planning Division - Plan Review: This proposal eliminates 1.0 vacant Associate Planner position. The Planning Division recently had an employee with a 30+ year tenure retire. Eliminating this position will result in slower processing time for development entitlements. Previously, the incumbent in this position was primarily assigned to work related to the Historical Landmark Commission and large complex projects that is now being absorbed by a Senior Planner.	(1.00)	(184,211)	(184,211)



## FY 2020/21 General Fund Budget Reduction Summary

### Community Development Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Planning Division Administrative Staffing	<p>Planning Division - Administration: This proposal eliminates 0.75 vacant Office Specialist II position and reduces the as-needed staff budget by \$29,236 (from \$85,900 to \$56,664).</p> <p>Part-Time Office Specialist: This position was newly added in FY 2020/21. The intent was to promote an as-needed staff into a benefited role and reduce staff turnover. This change will reduce service levels that may impact performance measures related to responsiveness and application processing. Likely outcomes include increased time for returning calls and emails and increased processing time for applications from start-to-finish.</p> <p>As-Needed Budget: This proposal reduces funding for as-needed staff by \$29,236 (from \$85,900 to \$56,664). This change will reduce service levels that may impact performance measures related to responsiveness and application processing. Prior to the shelter in place order, Planning had two as-needed Planners and two as-needed administrative staff to help with the retention project (digitize physical planning documents) and to assist with public inquiries and walk-in customers so that the full-time Planners could have capacity to do plan reviews. Since the shelter in place order, Planning now only has one as-needed planner and one as-needed administrative staff to help with those tasks.</p>	(0.75)	(94,789)	(94,789)

## FY 2020/21 General Fund Budget Reduction Summary

### Community Development Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Planning Division - Planning Commission and Historical Landmarks Commission Budget	<p>Planning Division - Commissioners: This proposal reduces the training budgets for the Planning Commission by \$12,200 (from \$28,200 to \$16,000) and the Historical Landmarks Commissions budget by \$2,670 (from \$8,670 to \$6,000). Funding would be retained for the League of California Cities training estimated at \$12,000.</p> <p>As the world adapts to the current Shelter in Place orders, it is likely that the landscape of future trainings will include virtual attendance options which would significantly reduce the costs associated with training and educational opportunities for the commissioners of both the Planning Commission and the Historical Landmarks Commission.</p>	0.00	(14,870)	(14,870)
<b>Total Departmental Expenditure Proposals</b>		<b>(1.75)</b>	<b>(504,094)</b>	<b>(304,094)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$107,660), fleet operation (\$5,212), and vehicle replacement (\$8,118) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.	0.00	(120,990)	(68,994)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(1.75)</b>	<b>(625,084)</b>	<b>(373,088)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Library Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Staffing and Non-Personnel Reductions COVID-19 Impact	This one-time proposal reduces the staffing (\$377,000), security services (\$48,400), and utilities (\$22,000) budgets to align with actual experience as a result of changes in operations to comply with COVID-19-related restrictions. The department has several vacancies that have not been filled during the pandemic, generating vacancy savings. With reduced Library hours and restrictions on public attendance, the budgets for staffing, security services, and utilities can be reduced.		(447,400)	-
Overtime and Conference, Travel and Training Budget Reductions	<p>This proposal reduces the overtime and conference, travel and training budgets. The overtime budget would be reduced by \$6,326 (from \$7,576 to only \$1,250), with overtime funding remaining for technology services, youth services and emergency situations. There is no significant service level impact with this reduction.</p> <p>This proposal also reduces the budget for training, travel and conferences by \$17,330 (from \$25,327 to \$7,997). With the travel and conference attendance limitations presented by COVID-19 in the foreseeable future, the Library will eliminate funding for attendance to the American Library Association Annual Conference and reduce the number of staff able to attend the annual California Library Association conference that was rescheduled to Spring 2021. There will be opportunities for virtual conferences and training, some of which may be tied to COVID-19 related response by libraries, as well as professional development. Funding remains for required training and travel tied to grants or other additional funding. There is limited service level impact from this reduction.</p>		(23,656)	(23,656)

# FY 2020/21 General Fund Budget Reduction Summary

## Library Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Library Materials Budget Reduction (Phased Implementation)	<p>This proposal reduces the Library materials and resource budget by \$40,000 (from \$927,301 to \$887,301) in FY 2020/21 and by \$125,000 ongoing, eliminating one-time increases and funding for the unsustainable on-demand digital service. As a budget reduction strategy, this proposal eliminates \$40,000 in FY 2020/21 from the Printing Binding and Books budget that was added as a limited two-year budget augmentation to improve customer wait times for high demand items. The service impact will be longer wait times for some high demand titles in both print and digital formats.</p> <p>In FY 2021/22, the Library materials budget would be reduced by \$125,000 on an ongoing basis, eliminating funding for Hoopla, which is one part of the Library's many digital services and subscriptions offered to the public. Hoopla was added in 2017 and is a pay-per-use digital service that allows patrons to select from a collection of ebooks, eaudiobooks, and other materials. The service is different than traditional e-lending platforms in that no items are purchased for the library's collection and instead are charged per checkout. This service is proposed to be phased out due to the increasing cost of the service and the limited ability to control costs. In 2020, there was a 78% increase in the average monthly cost and the FY 2020/21 budget of \$125,000 is expected to be exceeded by approximately \$50,000, which will have to be absorbed with savings in other areas. Even before the pandemic, this service was under review due to its unsustainable model, and other libraries nationally and locally have restricted Hoopla access to lessen its financial impact. While Hoopla is popular with users, the Library has other, more cost effective services that can provide similar access to resources. For example, the Library's subscription to Northern California Digital Library has a sustainable pricing model and provides over 46,000 items for patrons to check out. Unlike Hoopla, this service also allows the purchase of titles to meet our patrons' specific needs. Given the importance of e-resources during the pandemic, this reduction would be implemented once the library is open for in-person services.</p>		(40,000)	(125,000)

# FY 2020/21 General Fund Budget Reduction Summary

## Library Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Non-Personnel Expenses Budget Reduction	<p>This proposal reduces the non-personnel budget for routine maintenance, supplies, events and activities, and marketing expenses.</p> <p>The budget for routine maintenance would be reduced by \$42,000 (from \$428,825 to \$386,825), a 10% reduction. Routine maintenance throughout all three libraries that could be deferred including annual gutter cleaning, sorting machine, power washing exterior sidewalks and entrances, door repair, lamp replacements, furniture repair and boiler repair. There is a potential for increased and unexpected repair and replacement costs in the future.</p> <p>The budget for Operating Supplies will be reduced by \$35,700 (from \$119,442 to \$83,742), which will limit supplies purchases to those that are most essential, increasing the efficient and effective use of resources.</p> <p>The Miscellaneous Services and Supplies budget for events and activities will be reduced by \$14,000 (from \$27,566 to \$13,566), which will impact activities such as Comic CON and STEM programs. While all in-person events will be cancelled this year, the Library will continue to host virtual events using Zoom and other online platforms and will be creating other programming to educate, inform, and enrich the community that are anticipated to cost 50% of the existing budget on an ongoing basis. The Advertising and Community Promotions budget would be reduced by \$2,100 (from \$3,672 to \$1,572).</p>		(93,800)	(93,800)
<b>Total Departmental Expenditure Proposals</b>		-	<b>(604,856)</b>	<b>(242,456)</b>
Internal Service Fund Reduction	<p>This proposal reduces the internal service allocations for information technology (\$94,238), fleet operation (\$1,043), and vehicle replacement (\$381) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.</p>	0.00	(95,662)	(59,296)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		-	<b>(700,518)</b>	<b>(301,752)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recreation Programs - Instructors COVID-19 Impact	The Recreation Division reduced operations due to COVID-19 closures, which is assumed to continue until the end of this fiscal year. This proposal reduces the contractual services budget by \$979,000 on a one-time basis to reflect the lower activity level. Due to the COVID-19 restrictions, the Division expects a 30% reduction in programming, impacting both program expenditures and revenues. This proposal reflects a reduction in contractual services for instructors associated with the reduced programming. The reduced revenues are reflected separately in the revenue adjustments.		(979,000)	-
Recreation Programs - As-Needed Staffing and Overtime Reduction COVID-19 Impact	With the reduced operations due to COVID-19 closures, the Division reduced its as-needed staffing, which will generate savings of \$1,272,000 this fiscal year. This includes reduced operations across facilities, including the Senior Center, the Youth Activity Center, the Community Recreation Center, recreation facilities, health and wellness, aquatics, and the Teen Center. These savings have been impacted by the additional costs to accommodate and implement County Health and Safety Protocols, such as additional staff have to provide social distance monitoring, implement lower staff to participant ratios, and to clean/sanitize program space. This figure does not include the As-Needed budget reductions separately included in other proposals for the Travel Program Coordinator, Volunteer Program Coordinator, Adult Sports program and the Recreation Program facility hours described separately below.		(1,272,000)	

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recreation Programs - Facility Hours Reduction COVID-19 Impact	<p>This proposal reflects the reduction in hours of operation at the following facilities due to COVID-19:</p> <ul style="list-style-type: none"> <li>- Community Recreation Center (from 56 hours to 51 per week),</li> <li>- Youth Activity Center (from 52 to 30 hours per week),</li> <li>- Teen Center (only open for scheduled programming) and</li> <li>- Senior Center (from 61 to 56 hours per week).</li> </ul> <p>These changes were necessary to comply with COVID-19 protocols as they relate to indoor programming, gathering restrictions and social distancing requirements. This reduction in programmable hours will result in a corresponding reduction of \$287,000 in funding for as-needed staff support. Service impacts will include a reduction in the number of days the skate park will be open (from 7 to 4) and the establishment of 6 weeks of non-programmed time throughout the year in order to comply with intermittent programming in compliance with COVID-19 protocols. Staff will use this time to plan upcoming programming, negotiate vendor agreements, complete facility maintenance, and ensure adequate staffing levels through the year.</p>		(287,000)	
Recreation Programs - Adventures to Go Travel Program Reduction COVID-19 Impact	<p>This proposal eliminates the Adventures to Go Travel Program resulting in a cost savings of \$126,000. Due to the COVID-19 pandemic, travel programs for seniors have been suspended. This proposal eliminates the as-needed Travel Program Coordinator and the programming funding of \$99,000. The savings from the programming funding of \$99,000 is completely offset by the loss of revenue from trip fees; the revenue loss is reflected separately in the revenue adjustments.</p>		(126,000)	

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recreation Programs - Senior Center Snack Bar COVID-19 Impact	Due to the COVID-19 pandemic, the snack bar at the Senior Center is closed for the foreseeable future. This proposal eliminates the as-needed Volunteer Program Coordinator (\$33,400) that manages the snack bar volunteers and eliminates an additional \$25,700 in snack bar supply expenses. This will result in total cost savings of \$59,100 that are partially offset by the loss of revenue of \$35,000 that is reflected separately in the revenue adjustments.		(59,100)	
Recreation Programs - Senior Center Cost Savings	This proposal reduces miscellaneous supplies at the Senior Center (lapidary supplies (\$3,500), woodshop supplies (\$2,500) and health & wellness supplies (\$12,000).		(18,000)	
COVID Impacts Parks and Recreation Supplies Reduction COVID-19 Impact	This proposal reduces the supplies budget by \$262,000 as a result of reduced operations due to COVID-19 closures assumed to continue until the end of this fiscal year. This includes a \$13,000 reduction to the Parks Division and a reduction of \$249,000 to the Recreation Division.		(262,000)	-
Cultural Commission Advertising and Promotions Reduction COVID-19 Impact	In recognition of COVID19 restrictions on large gatherings, this proposal eliminates programming for the Summer Concert Series and Street Dance (\$24,000), Cultural events, (\$15,600) and Visual Arts (\$4,500).		(44,100)	



## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Maintenance of Closed School Sites - Sports Fields COVID-19 Impact	Since 1998, the City has entered into year-long agreements with the Santa Clara Unified School District to fund maintenance of sports fields at designated closed school sites in exchange for community use. The most recent agreement expired on June 30, 2020. Due to COVID-19, the District has indicated that it will not be permitting field use. This proposal recognizes that policy decision resulting in a one-time savings of the annual fee.		(36,000)	
Latchkey Program COVID-19 Impact	Since 1997, the City has provided funding to the Santa Clara Unified School District to support its Latchkey program. The most recent agreement expired on June 30, 2020. The District has indicated that due to COVID-19, it will be offering child care only for its staff during FY2020/21. This proposal recognizes that decision resulting in a savings of this year's annual allocation.		(108,450)	
Parks Division Full-Time and As-Needed Reduction COVID-19 Impact	This proposal reduces the budget for as-needed staffing in the Parks Division by \$96,000 on a one-time basis. Due to the COVID-19 restrictions, the rentals of indoor facilities have been suspended. In addition, as-needed staff were reduced by about 50% in April 2020 in response to the pandemic.		(96,000)	
Recreation Programs - As Needed Staffing Reduction - Aquatics COVID-19 Impact	This proposal suspends programming at Montague Swim Center and reduces the as-needed budget by \$47,800 on a one-time basis in FY 2020/21 due to COVID-19 restrictions. Overall use of the facility remains low in comparison to other neighborhood swim centers with only an average of 7 patrons served per day.		(47,800)	

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recreation Programs - Eliminate Jr. Giants Program COVID-19 Impact	Due to the COVID-19 restrictions, the Jr. Giants summer camp was not able to occur this summer. As a result, there are one-time savings of \$9,400 in as-needed staffing costs.		(9,400)	
Recreation Division - Theater Program Staffing Reduction COVID-19 Impact	This proposal freezes the vacant 1.0 Recreation Supervisor (\$169,000) that previously supported the Roberta Jones Theater (RJTT) program and reduces funding for related as-needed staff support by \$34,000 in FY 2020/21. The Recreation Supervisor position has been vacant since November, 2019 and some of the program responsibilities have been redistributed within the Recreation Division. This move eliminates the performance arm of the program, reducing productions from 4 (24 performances) annually to 0. Given COVID-19 social distancing requirements and limitations on indoor activities, these performances are not expected to occur this fiscal year. This program typically generates revenue of approximately \$68,000 annually and this revenue loss is reflected separately in the revenue adjustments.		(203,000)	-

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recreation Division - Therapeutic Recreation Services Staffing Reduction COVID-19 Impact	This proposal freezes 1.0 Recreation Coordinator position (\$144,300) on a one-time basis that has been vacant since November 2019 and reduces funding for as-needed staff support by \$13,300 in FY 2020/21. Due to COVID social distancing requirements, it is anticipated that recreation programming will not occur in FY 2020/21. This Recreation Coordinator position oversees therapeutic recreation services at the Senior Center, Teen Center and other parks and recreation facilities. These responsibilities have been suspended since March due to the reduction in as-needed staff and the Coordinator vacancy within the Division. Historically, incumbents have possessed requisite training and certifications to oversee interns; thereby enabling the City to leverage the position with as-needed staffing. The vacancy in this position has resulted in a loss of this capacity and limits the City's ability to provide services to the City's special needs programming. Primary service impacts will include a one-time reduction in the number of therapeutic recreation classes and a decrease in the number of I.D.FIT assessments for participants under 50 years old with special needs that would like to use the Senior Center exercise equipment (approx. 10 performed annually). The Therapeutic Recreation Services Program generates approximately \$25,500 in revenue annually and this revenue loss is reflected separately in the revenue adjustments.		(157,600)	-
Cultural Commission Community Grants Reduction COVID-19 Impact	This proposal eliminates \$20,850 in funding for community grants to groups that support the arts. The Grantees support arts groups that cater to the Santa Clara Community. These groups typically host indoor gatherings and performances that are not allowed under COVID-19.		(20,850)	

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recreation Programs - As Needed Staffing Reduction - Adult Sports COVID-19 Impact	This proposal reduces adult sports programming offerings by 25% in FY 2020/21. Due to COVID19, adults sports programming will be limited and this proposal recognizes the limitations on drop-in activities. The as-needed staffing budget will be reduced by \$20,900 on a one-time basis.		(20,900)	
Adjustments for Senior Nutrition Program CPOD Budget COVID-19 Impact	Due to COVID-19 the demand for senior lunches has increased from 63 meals per day to 140 meals per day. The County of Santa Clara has agreed to cover the costs of the additional meals through September 30, 2020. This proposal would fund the cost of additional meals through December 2020.		25,064	
Citywide Special Events Reduction/ Elimination - COVID-19 Impact	This one-time proposal eliminates funding allocated for special events in FY2020/21. The current COVID protocols prohibit large gatherings. As such, the FY2020/21 special events have been cancelled. This one-time proposal recognizes savings of \$448,770 (Contractual Services of \$238,600, supplies of \$136,370 and As-Needed and overtime of \$73,800) from the cancellation of the following events: July 4th All City Picnic & Fireworks Extravaganza; Holiday Tree Lighting; Seasonal Ice Rink, and the Silicon Valley BBQ Championships by Rotary Foundation.		(448,770)	
<b>Sub-Total COVID-19 Impacts</b>		0.00	<b>(4,170,907)</b>	-

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Citywide Special Events Reduction/ Elimination (Ongoing Restructuring)	This proposal seeks to improve the ongoing cost effectiveness of the City's special events by re-envisioning the scope of activities of the following events: July 4th All City Picnic & Fireworks Extravaganza - limit activities to fireworks and picnic only (savings of \$43,000 from the elimination of the stage, entertainment, and security); Holiday Tree Lighting - limit event to tree lighting and recognition of the Honorary Tree Lighter (savings of \$52,000 related to entertainment, security, fireworks, rentals); Seasonal Ice Rink - eliminate the seasonal ice rink (\$186,400); and Silicon Valley BBQ Championships by Rotary Foundation - eliminate City support (\$36,000) and miscellaneous entertainment and rental contracts, including event contingency funds (\$40,716). The City will be returning to the level of events that the community previously experienced. (This proposal does not reflect the one-time savings from the elimination/reduction of these events in FY 2020/21 due to COVID-19 restrictions as these savings are included in a separate proposal.)			(358,116)
Commissions Conference, Travel and Training Reduction	All travel and discretionary training has been suspended as part of the City's initial cost containment strategy. This proposal eliminates all discretionary training and travel for Parks and Recreation-related Commissions as follows: Cultural Commission (\$6,000); Senior Advisory Commission (\$2,295); Parks and Recreation Commission (\$5,283) and Youth Commission (\$4,131).		(18,814)	(18,814)
Department Conference, Travel and Training Reduction	All travel and discretionary training has been suspended as part of the City's initial cost containment strategy. This proposal eliminates all discretionary training and travel for the Parks and Recreation Department staff as follows: Parks (\$15,195) and Recreation (\$7,650) for a total of \$22,845.		(22,845)	(22,845)

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recreation Division - Teen Center Administrative Staffing Reduction	This proposal eliminates 1.0 Office Specialist II position, vacant since August 2019, that is assigned to the Teen Center. This position is responsible for Teen Center front desk reception duties, Division payroll and content work related to the development of the Youth Activity Guide, and support for three full time coordinators and several as-needed staff. It is anticipated that this reduction will have minimal additional service impact as this workload has already been re-distributed within the Division and there is an Office Specialist III at the adjacent Youth Activity Center that has assumed responsibility for front desk reception duties.	(1.00)	(101,289)	(101,289)
Parks Division Full-Time Personnel and Services Reduction	This proposal eliminates 1.0 FTE Grounds Maintenance Worker I that has been vacant since February 2020, and 2.0 FTE Grounds Maintenance Worker II positions that have been vacant since July 2019 and November 2019, respectively. The Grounds Maintenance Worker positions are responsible for litter removal, landscape maintenance and the sanitation of restrooms in City Parks. The Parks Division has re-distributed assignments of the maintenance crews in response to the current vacancies and this proposal would continue current service levels. Due to the vacancies the Division experienced changes in service levels including less frequent litter removal (once per day), longer intervals between mowing (from 7 to 10 or 12 days depending on the site) and a lower overall level of landscape maintenance (from 3 hours to 1 hour per site). Resources were also directed to maintaining clean restrooms and compliance with COVID19 requirements.	(3.00)	(371,067)	(371,067)
Parks Division Personnel - Uniform Services Elimination	This proposal eliminates laundry service of work uniforms for Parks personnel. The City MOU does not specify that the City will provide laundry services for employees. There is no service level impact.		(4,000)	(4,000)

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Quimby and Mitigation Fee Act Administration Funding Shift	This proposal shifts staff costs that support the Quimby and Mitigation Fee Act programs to that funding source. The City collects 2% of Quimby and Mitigation Fee Act Fees for program administration. The funds used here provide that support and more accurately represent the needed service level for the review of residential proposals, park acquisition and development plans, improvement and maintenance agreements, recordings, annual land valuation, nexus studies, etc. While the City has used these funds primarily for contractual services for the annual land valuation appraisal, the appraisal of parcels for potential purchase for new parkland, and the Nexus Study, the City may also use it for the positions which support the program on a frequent basis. These positions include the Staff Aide II - 100% \$155,284, Office Specialist II - 10% \$12,365, Office Specialist III - 10% \$12,494, and the Management Analyst - 25% \$46,117. This proposal represents a funding shift for these positions and does not have a performance measure impact. This funding shift limits the availability of administration funding to support the Quimby and Mitigation Fee Act programs.		(236,820)	(236,820)
Recreational Program Vendors Reduction	This proposal reduces the vendor payment budget due to re-negotiated cost share vendor agreements. As a result, the City's vendor payment expenses have decreased.		(300,000)	(300,000)
Recreation Programs - Senior Center Cost Savings	This proposal recognizes a reduction in the cost for maintaining fitness equipment (\$1,500) that has been recently negotiated.		(1,500)	(1,500)
Healthier Kids Foundation Program Discontinuation	This proposal eliminates the ongoing allocation of \$70,000 for the Healthier Kids Foundation (HFK). The Agreement expired on June 30,2020 .		(70,000)	(70,000)

## FY 2020/21 General Fund Budget Reduction Summary

### Parks & Recreation Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Latchkey Program COVID-19 Impact	Since 1997, the City has provided funding to the Santa Clara Unified School District to support its Latchkey program. The most recent agreement expired on June 30, 2020. This proposal would reduce this funding on an ongoing basis. The School District also has access to State funding for this type of service.			(108,450)
<b>Total Departmental Expenditure Proposals</b>		<b>(4.00)</b>	<b>(5,297,242)</b>	<b>(1,592,901)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$104,210), fleet operation (\$38,247), and vehicle replacement (\$34,906) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.		(177,363)	(78,977)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(4.00)</b>	<b>(5,474,605)</b>	<b>(1,671,878)</b>



## FY 2020/21 General Fund Budget Reduction Summary

### Public Works Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Conference, Training and Travel Reduction	This proposal reduces the budget for Conference, Travel and Training by \$36,950 (from \$111,680 to \$74,730), representing one-third of this budget. Reduced training may affect staff productivity and efficiency as less professional development will be provided. These reductions are spread across the divisions as follows: Administration (\$2,430 - this division will only keep budget for membership fees or any mandatory training); Design (\$4,917 - this division will limit attendance to APWA trainings); Facility Services (\$6,459 -this proposal eliminates the entire budget for this division); Fields Services (\$6,045 - the training in this division will be limited to only to those required by operational or safety regulations/laws). Alternate (no-cost) training opportunities will be explored.		(36,950)	(36,950)
Operating Supplies Reduction	<p>This proposal reduces the budget for operating supplies by \$21,824 (from \$544,101 to \$522,277). This includes reduced funding for general office supplies, FEMA Community Rating System (CRS) materials, repairs and maintenance supplies, janitorial supplies, and one-time supplies for Arbor Day/Earth Day.</p> <p>Funding was budgeted for both CRS outreach and FEMA's new floodmap outreach. The Department will primarily use non-print materials for CRS outreach; however, \$1,500 will be retained for FEMA's new floodmap outreach that is not available online. This reduction is not expected to impact the flood insurance premium reductions for residents and businesses due to reduction in printed material. Since less staff physically work at the City Hall, there will be less usage of paper, ink and other office supplies. One-time savings are also available for Arbor Day supplies. Because Arbor Day 2020 was observed virtually in April, there are giveaways that promote reuse that were already purchased and can be used next year.</p>		(21,824)	(18,724)

## FY 2020/21 General Fund Budget Reduction Summary

### Public Works Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Contractual Services Reduction	<p>This proposal reduces the contractual Services budget by \$126,270, or 5% of the budget of \$2,668,810.</p> <ul style="list-style-type: none"> <li>- Design Division (\$8,750): this will retain funding for professional license fees, which was the only spending in the prior year.</li> <li>- Field Services Division (\$117,520): this will reduce the budget for surveying consultant services by \$97,520 (from \$197,520 to \$100,000), which will result in a lower level of consultant support for surveying activities and the maintenance activities. Survey benchmark and monumentation systems will likely be postponed/delayed from the current two-year interval to a three- to four-year interval. The budget for the City of San Jose Materials Testing Lab Agreement will also be reduced by \$20,000 (from \$124,500 to \$104,500). This agreement covers testing of materials and methods used for construction projects. The Department will evaluate project requirements to determine if testing should be included in the construction contract requirement thereby shifting the costs to the project.</li> </ul>		(126,270)	(8,750)
Street Personnel Uniform Services Elimination	<p>This proposal eliminates rental and laundry service of work pants for Street personnel. The City MOU does not specify that the City will provide pants for employees. There is no service level impact but there will be less consistency in overall look of pants of personnel who are public facing. This action assumes a March 2021 implementation.</p>		(5,750)	(23,000)
City Hall Water Fountain Shut Off	<p>This proposal shuts down the water fountain at City Hall and removes the need to pay a contractor to maintain and repair the fountain. It may be expensive to restart the water fountain in the future based on the experience following the end of the 2011-2017 drought. This proposal will impact the aesthetics of City Hall. This action assumes a March 2021 implementation.</p>		(3,120)	(10,000)

## FY 2020/21 General Fund Budget Reduction Summary

### Public Works Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Facility Services Maintenance Reduction	This proposal reduces funding for as-needed repairs and maintenance, which funds basic repairs in City Hall by outside contractors. Efforts are underway to provide more services in house. This reduction aligns the budget with actual expenditures for the past three years.		(45,000)	(45,000)
As-Needed Staff Elimination	<p>This proposal reduces the budget for as-needed staffing by \$100,000 (from \$190,000 to \$90,000). This will impact operations as follows:</p> <ul style="list-style-type: none"> <li>- Facility Services (\$26,000): eliminates As-Needed hours used to help in City Hall building maintenance and repairs jobs by 20 hours/week.</li> <li>- Field Services Division (\$16,000): eliminates as-needed hours that support administrative responsibilities as well as field operations. Full-time staff will need to take on additional workload while prioritizing critical work with delays. Response times to complaints, inspection requests, and construction issues will be lengthened. Performance measures for quality of construction management services and number of projects meeting their target schedules may be impacted.</li> <li>- Land and Property Division (LPD) (\$34,000): eliminates as-needed hours that support preparation and review of title/legal documents and work on Encroachment Permits (EP) and title documents with current staff absorbing the workload. Response times for reviews of maps, major and minor EPs will be slower and staff is currently not meeting the performance targets.</li> <li>- Traffic Division (\$24,000): eliminates funding for student interns, which will delay the response to the public and turnaround times for requests such as traffic studies, data collection, traffic calming, signal timing, permit parking, and Bicycle and Pedestrian Advisory Committee (BPAC) inquiries.</li> </ul>		(100,000)	(100,000)

## FY 2020/21 General Fund Budget Reduction Summary

### Public Works Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Design Division Staffing Reduction	This proposal eliminates 1.0 Associate Engineer position in the Design Division that has been vacant since May 2020. This position performs Sewer Model Run reviews, including coordinating with the applicant, Land and Property Division staff, and consultant, and reviewing the consultant's technical memo. This position also works on the FEMA's Community Rating System (CRS) annual recertification for annual CRS activities aiming to maintain the City's CRS Class 7 rating by completing activities and meeting the deadline. This position was responsible for 50% of annual activities and 90% of recertification work to meet the deadline. This position also works on the FEMA CRS annual certification-Program for Public Information (PPI) 5-Year Update Report that must be completed per Valley Water's schedule. The position used to handle 25% of PPI annual report work. With this reduction, all efforts will be performed by a Senior Engineer or Associate Engineer, and their time would be shifted from CIP project support, which will impact CIP delivery.	(1.00)	(200,167)	(208,367)

## FY 2020/21 General Fund Budget Reduction Summary

### Public Works Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Traffic Division Staffing Reduction	This proposal eliminates the Assistant Engineer position in the Traffic Division that has been vacant since February 2020. This position works on traffic data collection, analysis, and reporting for speed studies, parking complaints, stop signs warrants, and traffic calming requests. There are three Associate Engineers which will be impacted with this additional work. The work on traffic calming requests will be reduced from 3 per week to 1 per week as work is assumed by other staff. This position also supports Community Development Department's permit center walk-ins for traffic inquiries of 2-3 per week. Responses to inquiries will be prioritized by the other staff. In addition, this position assists the Traffic Division with CIP reporting and other miscellaneous duties. This reduction would delay the response to the public and turnaround times for requests such as traffic studies, data collection, traffic calming, signal timing, permit parking, and BPAC inquiries. The performance measures and workload indicators involving response times and completing reports would be negatively impacted. Staff expects the amount of resident traffic calming requests to remain high. On average, about 11 requests are received per month (132 per year).	(1.00)	(179,774)	(190,960)
<b>Total Departmental Expenditure Proposals</b>		<b>(2.00)</b>	<b>(718,855)</b>	<b>(641,751)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$95,537), fleet operation (\$75,497), and vehicle replacement (\$106,689) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.	-	(277,723)	(83,532)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(2.00)</b>	<b>(996,578)</b>	<b>(725,283)</b>

# FY 2020/21 Other Funds Budget Reduction Summary

## Public Works Department - Other Funds

Proposal Title:	Description/Service Level Impact	FTE	FY 2020/21	Ongoing
			Use of Funds	Use of Funds
Expenditure Proposals - Downtown Parking Maintenance District				
Franklin Square Mall - Eliminate Operation of Two Water Fountains	This proposal eliminates the funding to support the two water fountains at the Franklin Square Mall that operate on a daily basis, resulting in the shut down of these fountains. The annual ongoing reduction of \$10,400 is 18% of the Parking Maintenance District's contractual services budget of \$56,975. In the current fiscal year, the reduction totals \$3,000 based on a March 2021 implementation. It may be expensive to restart the water fountains in the future based on the experience following the end of the 2011-2017 drought. There will be a corresponding reduction to the transfer from the General Fund to the Downtown Parking Maintenance District Fund that supports this cost.		(3,000)	(10,400)
Franklin Square Mall - Reduce Sweeping Services	This proposal reduces the City's maintenance support at the Franklin Mall by cutting the frequency of sweeping sidewalks and parking lots at Franklin Square Mall from 6 days/week to 3 days/week. This action assumes a March 2021 implementation. With this cut there would be increased amount of debris around Franklin Mall. There is no specific contractual requirement in maintaining the Franklin Square Mall. There will be a corresponding reduction to the transfer from the General Fund to the Downtown Parking Maintenance District Fund that supports this cost.		(3,000)	(9,000)
Transfer to the General Fund	The proposal transfers the savings from the two cost reduction proposals discussed above to the General Fund that supports these expenditures.		6,000	19,400
Total Expenditure Proposals - Downtown Parking Maintenance District		0.00	-	-

# FY 2020/21 Other Funds Budget Reduction Summary

## Public Works Department - Other Funds

Proposal Title:	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
<b>Revenue Proposals - Vehicle Replacement Fund</b>				
Reduction in Interdepartmental Revenue from Vehicle Replacement Amortization	This proposal reduces the interdepartmental charges to the General Fund departments for the amortization of their replacement vehicles. Fleet management is continuing efforts to right size the fleet which allows for the reduction in rates. With this change, the total revenue would be reduced from \$3,458,289 to \$3,100,289. There will be an associated reduction to the departmental internal service fund expense and translates to savings in the General Fund of \$358,000.		(358,000)	-
<b>Total Revenue Proposals - Vehicle Replacement Fund</b>		<b>0.00</b>	<b>(358,000)</b>	<b>-</b>
<b>Expenditure Proposals - Vehicle Replacement Fund</b>				
Reduction in Vehicle Replacements - Ending Fund Balance	This action reduces the ending fund balance to offset the reduction to the interdepartmental revenue rates charged to departments. There is sufficient fund balance to offset the revenue reduction, and staff will continue to evaluate potential expenditure reductions to offset the loss of revenue.		(358,000)	-
<b>Total Expenditure Proposals - Vehicle Replacement Fund</b>		<b>0.00</b>	<b>(358,000)</b>	<b>-</b>

## FY 2020/21 Other Funds Budget Reduction Summary

### Public Works Department - Other Funds

Proposal Title:	Description/Service Level Impact	FTE	FY 2020/21	Ongoing
			Use of Funds	Use of Funds
Expenditure Proposals - Fleet Operations				
Conference, Training and Travel Reduction for Fleet Operations	This proposal reduces the budget for conference, training and travel by \$7,400 (from \$17,307 to \$9,907). Trainings will be limited to those required for licenses and certifications. Funding will remain for trainings that are critical to services such as Fire apparatus repair and maintenance. Travel for trainings will be limited to locations with closer proximity to the City.		(7,400)	(7,400)
Fleet Operations Staffing Reduction	This proposal eliminates one of six Automotive Technician III positions that has been vacant since December 2019. The position works on repairs, inspections and preventive maintenance of City vehicles. This reduction will extend vehicle out of service times. There are approximately 3,000 repair and service work orders per year and this will potentially reduce the capacity by 450 services or work orders.	(1.00)	(152,345)	(157,937)
Fuel and Generation Budget Reduction for Fleet Operations	This proposal reduces the Fuel and Generation budget by \$30,000 (from \$918,000 to \$888,000), a 3% reduction in fuel expenses. Departments are using less fuel as a result of COVID-19 with stay in place and/or remote work. There has also been a decline in fuel prices but those prices are slowly starting to rise. Further savings may be realized in the future when the Electric Department will support the switching of vehicles to electric power instead of gas. This proposal will not impact service levels.		(30,000)	-



## FY 2020/21 Other Funds Budget Reduction Summary

### Public Works Department - Other Funds

Proposal Title:	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Part Inventory Reduction for Fleet Operations	This proposal reduces the parts inventory budget for fleet operations by \$30,000 (from \$618,768 to \$588,768). Savings are planned to be achieved by reducing the parts inventory levels and a moving to a greater percentage of Just-In-Time (JIT) operation. This could potentially result in vehicle repairs taking longer as staff waits for parts.	-	(30,000)	-
Contractual Services Budget Reduction	This proposal reduces the contractual services budget by \$125,000 (from \$646,020 to \$521,020) for maintenance and repairs performed by contractors. This 19% reduction will reduce services such as generator repair and maintenance, forklifts, tire repair, vehicle wash and other repairs and maintenance by outside providers. Internal Fleet staff will be used to perform the services as skills and tools allow. Approximately 500 of the 3,000 work orders in FY 2019/20 contained some level of contractual services. This reduction will potentially extend vehicle out-of-service time waiting for internal labor as well as a risk of exhausting contractual funds before the end of the fiscal year with vehicles kept out of service until start of following fiscal year. This may impact the operating departments providing City services. In FY 2019/20, 92% of preventive maintenance was performed on time. With this change, the percentage of preventive maintenance could be reduced below 90% in FY 2020/21. In this scenario, some contractual services are not performed by City staff such as accident repair.		(125,000)	-
<b>Total Expenditure Proposals - Fleet Operations</b>		<b>(1.00)</b>	<b>(344,745)</b>	<b>(165,337)</b>

# FY 2020/21 Other Funds Budget Reduction Summary

## Public Works Department - Other Funds

Proposal Title:	Description/Service Level Impact	FTE	FY 2020/21	Ongoing
			Use of Funds	Use of Funds
Revenue Proposals - Fleet Operations				
Reduction in Interdepartmental Revenue from Vehicle Equipment Maintenance	<p>This line item accounts for the revenue impact associated with the proposal to reduce fleet operations expenses as well as changes in the fleet. With lower operating costs, the interdepartmental charges to recover these costs are reduced by \$344,745. In addition, Fleet Operations plans to remove unfunded retained vehicles from the fleet. There are currently 34 vehicles in the City's unfunded retained fleet. This proposal targets 12 of 34 vehicles for removal which are initially identified by fleet that may have the least impact to City operations if removed. It is also planned to remove non-essential low use vehicles and equipment from the fleet. This proposal targets 13 of 60 vehicles for removal which are initially identified by Fleet that may have the least impact to City operations if removed. The estimated revenue generated from the sale of these vehicles is \$69,000 and can be used to lower interdepartmental charges to support Fleet Operations.</p> <p>With these changes, total interdepartmental revenue would be reduced by \$413,745, from \$5,129,221 to \$4,715,476. This reduction has an offsetting reduction in departmental internal service fund expenses related to vehicle maintenance. Total change in interdepartmental rates translates to savings in the General Fund of \$376,508.</p>		(413,745)	(165,337)
Sale of Unfunded Retained Vehicles and Non-Essential Low Use Vehicles	<p>This proposal would generate revenue from the sale of 12 vehicles identified as unfunded retained and 13 non-essential low use vehicles and equipment from the fleet. Proceeds from sale will be additional revenue to the fund and can be used to reduce the contribution from the General Fund.</p>		69,000	
Total Revenue Proposals - Fleet Operations		0.00	(344,745)	(165,337)

## FY 2020/21 Other Funds Budget Reduction Summary

### Public Works Department - Other Funds

Proposal Title:	Description/Service Level Impact	FTE	FY 2020/21	Ongoing
			Use of Funds	Use of Funds
Expenditure Proposals - Streets and Highways Capital Fund				
Public Right-of-Way Landscaping Improvement Capital Project Elimination	This proposal eliminates the Public Right-of-Way Landscaping Improvement capital project in the Streets & Highways Capital Fund. This project covers the purchase of hanging baskets and artificial flowers that are on the light poles along El Camino Real (ECR) amounting to \$241,500. The current baskets and artificial flowers will be removed before they look bad. While funding for this project is in a capital fund, it was supported by the General Fund and the project savings would be returned to the General Fund.		(204,857)	
Transfer to General Fund	This action establishes a transfer to the General Fund to account for the return of funds associated with the elimination of the Public Right-of-Way Landscaping Improvement project described above.		204,857	
Total Expenditure Proposals - Streets and Highways Capital Fund		0.00	-	-

## FY 2020/21 Others Funds Reduction Summary

### Information Technology Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
<b>Expenditure Proposals - Information Technology Services Fund</b>				
One-Time Contract Reductions - Network Infrastructure	This one-time proposal postpones several upgrades and system implementations related to the City's technology infrastructure. In FY 2019/20, the Information Technology Department had a third-party consultant conduct a risk assessment which resulted in some recommendations to the City's current program. Several of these recommendations are well underway, while there are several projects that have been identified as the lowest risk to the City's overall infrastructure. These particular items are recommended to be postponed. Most of these initiatives are upgrades to automate processes which ITD staff is already doing manually. These postponements of upgrades and implementations will not cause any major disruptions or issues with City operations.	0.00	(590,000)	
Ongoing Contract Reductions - Network Infrastructure	This proposal reduces the Cyber Security Consultant by 0.25 FTE (from 0.5 FTE to 0.25 FTE) (\$118,739): The scope of work for this consultant consisted of the risk assessment, which completed last fiscal year, PCI compliance, in addition to various initiatives identified as cyber security priorities. This work will be absorbed by ITD's senior IT management staff.		(118,739)	(118,739)

## FY 2020/21 Others Funds Reduction Summary

### Information Technology Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Contractual Services (Unisys)	<p>This proposal eliminates various contractual services in the Information Technology Department that have been identified as no longer needed because the duties have absorbed and/or the services are not required. As part of the Unisys contract, various services are offered to the City; however, these services are all optional and ITD has not exercised any of these services as they are not needed or applicable:</p> <p>1 - The Security Risk Management Service is proposed to be delayed. An IT risk assessment was conducted in FY 2019/20 with favorable notes on the City's cyber security program from another third-party consultant. While some items were identified for improvement, ITD already has projects in place to address these areas. It should be noted that a security assessment is recommended to be completed every two years. Forgoing this option results in savings of \$75,333.</p> <p>2 - The Statement of Standards for Attestation Engagements No. 16 Report (SSAE16), the digital strategy plan, and the innovative products and services support. The SSAE16 report provides an organization with a confirmation that it has the appropriate compliance controls in place. Because this type of report is not applicable to the City's needs, ITD is comfortable with not receiving the report, generating savings of \$20,114.</p> <p>3 - The digital strategy plan, which is meant to help the City modernize the City's legacy applications and processes. While ITD would like to have this plan done, it is not a high priority project. This would result in savings of \$48,173.</p>	0.00	(324,558)	(324,558)

## FY 2020/21 Others Funds Reduction Summary

### Information Technology Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Contractual Services (Unisys) (Cont'd.)	<p>4 - This proposal also eliminates the innovative products and services, which allows for workshops to be held with Unisys subject matter experts. No workshops have been held through this option. Savings from this elimination would be \$39,859.</p> <p>5 - The Unisys contract includes cost of living adjustments (COLA) based on the CPI; however, the contract also includes language allowing the City to revisit to COLA should the City be met with budget constraints. In the current environment, ITD has reached out to Unisys to discuss the FY 2020/21 COLA increase, which is estimated to be \$141,079. Unisys has agreed to waive the COLA for FY 2021.</p>			
IT Consultant Services (Ongoing)	<p>This proposal eliminates various consultant allocations in the IT Department. There will be a reduction of \$48,500 in the miscellaneous consultants allocation which will limit the Department's ability to bring in specialized training, should needs arise. The Avasant (\$102,000) and TransPak (\$51,000) allocations would also be eliminated. Avasant provided Information Technology outsourcing advisory services; however, with the Unisys contract underway, ITD will continue to manage without the market data, best practices, and contract development. The TransPak services have been assumed by the Unisys Enterprise Architect. This vendor was initially brought on to consult with ITD on various projects such as VoIP implementation, SCADA project review, networking, security, and disaster recovery. ITD also had an allocation of \$10,200 for Peak Democracy, which is also known as OpenGov. This allocation can be eliminated as these costs have been included in the City Manager's Office operating budget.</p>	0.00	(211,700)	(211,700)

## FY 2020/21 Others Funds Reduction Summary

### Information Technology Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
IT Applications Support (Ongoing)	<p>This proposal removes 2.0 positions funded under the Unisys contract, including 1.0 Utility Management Information System Business Analyst and 1.0 Applications Analyst.</p> <p>- 1.0 Utility Management Information System Business Analyst (\$164,677): This position, which has been vacant for the past year, is one of two UMIS Business Analyst positions, the other being filled. The workload that would have been assigned to this second position will be absorbed by the filled IT UMIS analyst as well as the Municipal Services Business Analyst in the Finance Department. The absorption of these duties may lead to a delay in project delivery. Staff will continue to prioritize all project work efforts to ensure the least service impact.</p> <p>- 1.0 Applications Analyst (\$164,677): This position, which has been vacant for the past year, in one of nine Application Analyst positions in the Unisys contract. The elimination of this position would require the work to be absorbed by the 8.0 existing positions for smaller City applications. Staff will continue to prioritize all project work efforts to ensure the least service impact.</p>		(329,354)	(329,354)
<b>Total Expenditure Proposals - Information Technology Services Fund</b>		<b>0.00</b>	<b>(1,574,351)</b>	<b>(984,351)</b>

## FY 2020/21 Others Funds Reduction Summary

### Information Technology Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
<b>Revenue Proposals - Information Technology Services Fund</b>				
Reduction in the Information Technology Services Fund - Interdepartmental Charges - General Fund	This proposal decreases the interdepartmental charges revenue estimate in the Information Technology Services Fund, consistent with the reductions being made to the ITD expenditures. This reflects the reduction in the General Fund allocation to the IT Services Fund only.		(1,165,020)	(728,420)
Reduction in the Information Technology Services Fund - Other Funds	This proposal decreases the interdepartmental charges revenue estimate in the Information Technology Services Fund, consistent with the reductions being made to the ITD expenditures. This reflects the reduction in the allocation from other funds to the IT Services Fund.		(409,331)	(255,931)
<b>Total Revenue Proposals - Information Technology Services Fund</b>		<b>0.00</b>	<b>(1,574,351)</b>	<b>(984,351)</b>



## FY 2020/21 General Fund Budget Reduction Summary

### City Manager's Office Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Strategic Planning - Budget Reduction in Conference, Training and Travel COVID-19 Impact	The proposal reduces the budget for conference, training, and travel budget by \$5,000 on a one-time basis as these items are not needed due to COVID-19. The reductions include miscellaneous conferences (\$1,068), ICMA (\$104), Legislative Action Conference (\$1,403), International Council of Shopping Centers Southern California (\$637), and a monthly meeting allocation (\$1,788).	0.00	(5,000)	-
Assistant City Manager Positions Elimination/ Vacancy Savings	This proposal eliminates 1.0 Assistant City Manager position that is currently vacant as the previous incumbent is serving as the Chief Electric Operating Officer. While these savings are partially used to offset other staff costs, this proposal recognizes the remaining portion of savings in FY 2020/21 and the full savings ongoing. Also, this proposal recognizes FY 2020/21 savings for 1.0 Assistant City Manager position as the incumbent is anticipated to be assigned to the Library Department in FY 2020/21 on an interim basis.	-1.00	(470,138)	(348,607)
Intergovernmental Relations and Advocacy - Legislative Advocacy Budget Reduction	This proposal reduces the legislative advocacy allocation by \$55,000 (from \$150,000 to \$95,000).	0.00	(55,000)	-
Day-to-Day Operations - Budget Reduction in Contractual Services	This proposal reduces various contractual services allocations, including miscellaneous consultants (\$41,565), property audits (\$2,557), economic analysis and development (\$56,100), property appraisals (\$40,545), the commercial cannabis program (\$56,386), and legal services for property management (\$22,440).	0.00	(219,593)	(219,593)

## FY 2020/21 General Fund Budget Reduction Summary

### City Manager's Office Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Day-to-Day Operations - Budget Reduction in Advertising and Community Promotion	This proposal reduces the marketing allocation by \$5,000 (from \$10,200 to \$5,200).	0.00	(5,000)	(5,000)
Strategic Planning - Budget Reduction in Contractual Services	This proposal eliminates the risk consultant allocation.	0.00	(51,000)	(51,000)
Strategic Planning - Budget Reduction in Conference, Training and Travel	The proposal reduces the budget for conference, training, and travel budget by \$20,000 (from \$40,991 to \$20,991), including Municipal Management Association of Northern California (\$765), ICMA (\$1,044), GFOA (\$1,530), US Conference of Mayors (\$2,550), PARMA (\$2,256), Laserfiche (\$2,550), Legislative (\$3,060), International Council of Shopping Centers Nor Cal (\$622), International Council of Shopping Centers Las Vegas (\$4,988), and training (\$635).	0.00	(20,000)	(20,000)
<b>Total Departmental Expenditure Proposals</b>		<b>(1.00)</b>	<b>(825,731)</b>	<b>(644,200)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$50,477) and fleet operation (\$2,889) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.	-	(53,366)	(32,631)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(1.00)</b>	<b>(879,097)</b>	<b>(676,831)</b>

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Non-Departmental Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Citywide Programs - Miscellaneous Services & Supplies Reduction COVID-19 Impact	This proposal reduces the community grants program budget by \$51,000 (from \$102,000 to \$51,000). These items are being recommended to be reduced one-time due to the COVID-19 pandemic; however, these could potentially be eliminated on an ongoing basis for further cost savings.	-	(51,000)	-
Citywide Programs - Budget Reduction in Community Promotion COVID-19 Impact	This proposal reduces the following Special Community Group allocations: Miss Santa Clara (\$12,000), Championship Team Fund (\$36,000), and Sister Cities (\$849). These items are being recommended to be reduced one-time due to the COVID-19 pandemic; however, these could potentially be eliminated on an ongoing basis for further cost savings.	-	(48,849)	-
Non-Departmental Personnel Reductions	This proposal recognizes salary savings from the elimination of 1.0 vacant Deputy City Manager that supported the Stadium function (\$297,672); the elimination of 1.0 vacant Office Specialist III (\$110,137) that was added as part of the FY 2019/20 Adopted Operating Budget to support the Risk Manager function, but has been held vacant; and the lower actual cost of a new incumbent (\$9,728). The elimination of the Deputy City Manager position also results in the reduction of the Stadium reimbursement that is reflected in the revenue adjustments.	(2.00)	(417,537)	(407,809)
Non-Departmental - Reallocation of 1.0 Risk Manager to Human Resources	This proposal reallocates 1.0 Risk Manager from Non-Departmental to the Human Resources Department. In the Human Resources Department, there is a corresponding action to delete 1.0 Division Manager in order to compensate for this position reallocation.	(1.00)	(307,943)	(307,943)
SVACA Funding Reduction	This proposal reduces the Silicon Valley Animal Control Authority allocation from \$1,143,258 to \$1,063,542. This aligns with the SVACA operating budget for FY 2020/21.	-	(79,716)	(79,716)

## FY 2020/21 General Fund Budget Reduction Submittal Summary

### Non-Departmental Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Citywide Programs - Budget Reduction in Contingency Funds	This proposal eliminates the City Manager's Office contingency funds (\$408,000) and reduces the City Council contingency allocation (\$76,500).	-	(484,500)	(484,500)
<b>Total Non-Departmental Expenditure Proposals</b>		<b>(3.00)</b>	<b>(1,389,545)</b>	<b>(1,279,968)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$20,191) and fleet operation (\$7,395) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.	-	(27,586)	(15,608)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(3.00)</b>	<b>(1,417,131)</b>	<b>(1,295,576)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Assistant City Clerk Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Supplies, Closed Captioning, Training, and Overtime	<p>Assistant City Clerk Division: This proposal reduces the Assistant Clerk's materials, services, supplies and training budget by \$39,298 (from \$241,260 to \$201,962). No impact on performance is expected as a result of this proposal. However, the reduction in the training budget would disrupt the professional development goal. Trainings are essential to staying current in the Clerk profession and this action would defund the Master Municipal Clerk's Academy training. This will slow down the succession planning.</p> <p>This proposal also reduces overtime by \$8,000 (from \$9,000 to \$1,000). Previously, overtime was used for Council agenda production when the Clerk's Office has to produce it outside of normal business hours on meeting days. As a result, reducing funding for overtime would minimize that level of support. In order to continue with agenda production outside of normal business hours, the work would be absorbed by the Deputy City Clerk and/or non management staff would receive compensatory time off (CTO) in lieu of overtime.</p>	0.00	(39,298)	(39,298)

## FY 2020/21 General Fund Budget Reduction Summary

### Assistant City Clerk Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Deletion of 1.0 Deputy City Clerk	<p>Assistant City Clerk Division: This proposal deletes a vacant Deputy City Clerk position. In FY 2019/20, Council approved the reallocation of 1.0 Public Records Manager position from Non-Departmental to the Assistant Clerk's Office, followed by an action to delete the 1.0 Public Records Manager to add 1.0 Deputy City Clerk position. This position has not been filled since the reallocation.</p> <p>Deleting this position will result in reduced staffing to provide support in agenda packet production after hours, support during Council/Stadium Authority meeting after hours, increase the turnaround time on public records requests, slower assistance to public inquiries and internal support, and inability to meet project timelines with Laserfiche implementation.</p> <p>Additionally, the number of public records requests have increased exponentially since the COVID-19 pandemic. While the work is currently absorbed by the Assistant City Manager and Deputy City Clerk, Staff anticipates that the turnaround time will increase for public records requests if the number continues to trend upward.</p>	(1.00)	(156,535)	(156,535)
<b>Total Departmental Expenditure Proposals</b>		<b>(1.00)</b>	<b>(195,833)</b>	<b>(195,833)</b>
Internal Service Fund Reductions	This proposal reduces the internal service allocation for information technology services (\$8,574). This decrease aligns to the recommended budget reductions in the internal service fund. Further detail regarding the impact of these reductions can be found in the Information Technology Department Summary.	0.00	(8,574)	(5,361)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(1.00)</b>	<b>(204,407)</b>	<b>(201,194)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Human Resources Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Summer Internship Program COVID-19 Impact	<p>Recruitment, Classification, and Staff Development Division: This proposal reduces as-needed funding for the Summer Internship Program by \$100,000 (from \$135,000 to \$35,000). As part of the operating biennial budget, one-time funding was approved for a Summer Internship Program in FY 2019/20 and FY 2020/21. The program was part of an effort to promote strong partnerships between the Santa Clara Unified School District and the City of Santa Clara to offer students opportunities to gain relevant work skills and build interest in public service careers.</p> <p>In an effort to the implement this program, the Human Resources Department has developed a Student Internship Policy, worked with agencies to promote targeted outreach, and created a classification for student interns to formalize the program, which was approved by the City Council.</p> <p>Due to budget constraints resulting from the COVID-19 pandemic, the City has imposed a hiring freeze and anticipates that it is unlikely that this program can proceed. Depending on the final budget reductions, some of the MOUs state that the City has to release as-needed employees first if positions are cut. In the event of layoffs, as-needed employees should not be hired, which would include students.</p> <p>Although the program may not proceed this fiscal year, Human Resources has established the foundation to implement this program in the future. Should this program resume, the City will seek to partner with the school district to support the program.</p>	0.00	(100,000)	-

## FY 2020/21 General Fund Budget Reduction Summary

### Human Resources Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
City of Santa Clara Leadership Program COVID-19 Impact	<p>Recruitment, Classification, and Staff Development Division: This proposal eliminates funding for the City of Santa Clara Leadership program on a one-time basis. Given the City's fiscal situation, the COVID-19 restrictions, and the potential reductions that may take place in the area of employee development, staff proposes to eliminate this program in FY 2020/21. This program serves approximately 35-50 resident and 2-4 employee participants annually. The cost per participant is approximately \$750.</p> <p>Staff will survey neighboring jurisdictions to understand how they are able to implement the program at a lower rate and explore issuing a request for proposal to ensure that the City is receiving competitive pricing for this program.</p> <p>An alternative for employee development is the Working Scholars Program, which the City currently offers to our employees. The Working Scholars Program provides an opportunity to obtain a Bachelor's Degree, that may provide career advancement and leadership opportunities to our existing workforce.</p>	0.00	(40,545)	
Employee Recognition Luncheon COVID-19 Impact	Employee Benefits and Records Division: Due to COVID-19 restrictions on large gatherings, staff is proposing to eliminate the annual luncheon for all employees in FY 2020/21 and resume in the following years.		(21,000)	



## FY 2020/21 General Fund Budget Reduction Summary

### Human Resources Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recruiting, Classification and Employment Development Materials, Services, and Supplies	<p>Recruitment, Classification, and Staff Development Division: This proposal reduces the recruiting written examinations by \$20,000 (from \$40,800 to \$20,800), oral board lunches budget by \$6,000 (from \$10,200 to \$4,200), employment backgrounds by \$8,000 (from \$12,240 to \$4,240), and public safety polygraphs by \$12,000 (from \$28,560 to \$16,560). Due to the reduction in recruiting activity, the funding for these services does not need to be maintained at the current level.</p> <p>- Recruiting Written Examinations (\$20,000): With the hiring freeze city-wide and only a limited number of positions exempted from the hiring freeze, it is recommended that funding for written examinations be reduced.</p> <p>- Oral Board Lunches (\$6,000): During FY 2019/20, the City provided breakfast and lunch to all interview panel members, which included half and full day interviews. It is recommended to eliminate breakfast and lunches for oral board panel interviews and arrange interviews to allow for a lunch break. The remaining funding would be used to provide a continental breakfast during the new hire orientation and only provide lunches when interview schedules are a full day and do not provide an opportunity for a lunch break.</p> <p>- Employment Backgrounds (\$8,000): It is proposed to reduce funding for employment screening and eliminate the background check for non-management employments, excluding NERC and management employees. The elimination of the background check may accelerate recruitment, as it eliminates one-step in the process for some positions. The City will continue to require live scan fingerprinting for all employees.</p>	0.00	(46,000)	(46,000)

## FY 2020/21 General Fund Budget Reduction Summary

### Human Resources Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Recruiting, Classification and Employment Development Materials, Services, and Supplies (Cont'd.)	- Public Safety Polygraphs (\$12,000): Public Safety positions require a polygraph at the time a conditional offer is extended. In Fiscal Year 2019/20 approximately \$17,000 was expended on polygraphs. Since it is anticipated recruiting activity will be significantly reduced, it is proposed to reduce funding for polygraphs.			
Employee Benefits and Records Materials, Services, and Supplies	<p>Employee Benefits and Records Division: Eliminates the budget of \$20,000 for employee service Awards , eliminates funding of \$20,000 for organization and classification studies, reduces the budget for city-wide training budget by \$7,000 (from \$54,060 to \$47,060), and reduces the budget for labor negotiation consultants by \$131,761 (from \$280,500 to \$148,739).</p> <p>- Service Awards (\$20,000): eliminates funding for service pins/gift cards and watches (\$30,000). As an alternative, it is recommended that the employee receive a certificate of recognition for the years of service signed by the City Manager and/or Mayor. There is no impact to service delivery.</p> <p>- Organization and Classification Studies (\$20,000): eliminates the funding for a consultant to conduct organization and classification studies. In Fiscal Year 2019-20, this funding was not used to conduct any organizational studies or classification studies. The Human Resources Department conducted several classification studies; however, the studies were conducted in-house. It is anticipated the recruitment activity will be significantly reduced and the number of classification study requests may be minimized. Staffing resources will be available to complete classification studies.</p> <p>The City Council previously directed staff to include a comprehensive staffing capacity study to evaluate the programs and services that our departments deliver. As a result of this budget reduction proposal, staff does not recommend pursuing the study at this time.</p>	0.00	(188,761)	(188,761)

## FY 2020/21 General Fund Budget Reduction Summary

### Human Resources Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Continued - Employee Benefits and Records Materials, Services, and Supplies	<p>- Citywide Training (\$7,000): The Department has funding to provide city-wide training and offered eight city-wide trainings in FY 2019/20. Approximately 200 employees participated in these training. As of now, City facilities are closed, and a large number of our workforce is working remotely. Since it is unknown when City facilities will re-open and when large gatherings will be allowed, it is not likely that in-person training opportunities will be available for our employees for some time. It is recommended that the training budget be reduced. The Department does not anticipate on providing fewer trainings as a result of this reduction because staff is exploring online training opportunities and will be conducting trainings utilizing in-house staff.</p> <p>- Labor Negotiation Consultants (\$131,761): The City currently uses Meyers Nave for labor negotiations consultation. The Human Resources Department is in the process of finalizing the RFP process to select several consultants that can assist with labor negotiations when needed. The Human Resources Department has historically used a labor consultant to lead all the negotiations, including drafting of contract language. The Department is shifting from this practice and intends to lead more of the negotiations in-house and minimize the use of labor consultants. Therefore, it is recommended to reduce the funding for labor consultants.</p>			

## FY 2020/21 General Fund Budget Reduction Summary

### Human Resources Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Reallocation of 1.0 Risk Manager to HR and Deletion of 1.0 Division Manager	<p>Benefits, Workers' Compensation, and Safety: This proposal reallocates 1.0 Risk Manager from the City Manager's Office to Human Resources Department and deletes 1.0 HR Division Manager. This shift will realign functions between departments at an overall cost savings.</p> <p>The HR Division Manager is responsible for workers compensation, safety, benefits and the Deferred Compensation Committee. If this proposal is approved, the Risk Manager would perform the workers compensation and Deferred Compensation Committee responsibilities. The functions of safety and benefits would be distributed and managed by the Director and Assistant Director of Human Resources, with day to day administration handled by a management analyst and three HR technicians (processing transactional items).</p>	0.00	42,214	42,214
Reduce Budget for Pre-Employment Physical Examinations	Recruitment, Classification, and Staff Development Division: This proposal reduces the budget for pre-employment physical examinations by \$6,000 (\$35,700 to \$29,700) for job classifications that are not required to perform routine manual and physical labor.		(6,000)	(6,000)
<b>Total Departmental Expenditure Proposals</b>		-	<b>(360,092)</b>	<b>(198,547)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocation for information technology services (\$34,689). This decrease aligns to the recommended budget reductions in the internal service fund. Further detail regarding the impact of these reductions can be found in the Information Technology Department Summary.	0.00	(34,689)	(21,689)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		-	<b>(394,781)</b>	<b>(220,236)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Finance Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Impact	Ongoing Impact
Supplies/Materials and Consultant Services Reduction	<p>This proposal reduces the non-personnel budget by \$107,500 based on actual expenditure trends, updated banking services costs based on the latest banking services agreement, and the elimination of employee uniform laundry services. The reductions are broken down as follows: Budget Printing: (\$6,780), from \$12,240 to \$5,460; Postage: (\$7,000), from \$7,956 to \$956; Conferences, Travel, and Training: (\$13,000), from \$46,869 to \$33,869; Contractual Services/Workiva: (\$23,460), eliminate Workiva line item that is no longer used; Banking Services: (\$54,760), from \$89,760 to \$35,000 based on the revised agreement; and the elimination of employee uniform laundry services (\$2,500).</p> <p>This proposal will result in reduced training opportunities, including conferences, for Budget and Accounting staff or a shift to online training courses. In addition, fewer physical budget books will be printed; however, online materials will continue to be available.</p>		(107,500)	(107,500)

## FY 2020/21 General Fund Budget Reduction Summary

### Finance Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Impact	Ongoing Impact
Accounting/ Purchasing Support Reduction	<p>This proposal eliminates 1.0 filled Office Specialist III position that provides administrative support to the accounts payable and payroll units in the Accounting Division as well as serves as a liaison with the Purchasing Division. This position, which is one of three Office Specialist positions within the Finance Department, is responsible for all check printing for accounts payable and payroll. This position also tracks and reviews purchase orders within the division. The duties associated with this position would be reassigned to remaining Office Specialist positions as well as other accounting and purchasing staff. In addition, this proposal reduces As-Needed staffing (\$25,000) for Purchasing mailroom functions. Mailroom duties would be absorbed by the remaining Warehouse staff.</p> <p>This proposal reduces the limited administrative support for the Finance Department. The reassignment of the duties may result in longer turnaround times for review of purchase orders and delays in other accounting functions as priority is placed on printing payroll and other checks.</p>	(1.00)	(101,918)	(152,877)

## FY 2020/21 General Fund Budget Reduction Summary

### Finance Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Impact	Ongoing Impact
Accounting/Budget Reorganization	<p>In the Accounting Division, this proposal eliminates 1.0 filled Accounting Division Manager and 1.0 filled Principal Accountant and adds 1.0 Senior Management Analyst. In the Budget Division, this proposal eliminates 1.0 vacant Principal Financial Analyst and adds 1.0 Budget Manager and 1.0 Senior Management Analyst.</p> <p>This proposal restructures the management of the Finance Department's Accounting and Budget Divisions and reduce high-level accounting support. Under this structure, the Assistant Finance Director will oversee the accounting and treasury functions and the Budget Manager will oversee the budget function. Through the downgrade of higher-level management positions, each division would have one Senior Management Analyst focused on revising and establishing policies and automating manual processes to achieve efficiencies. With the elimination of a Principal Accountant and an Accounting Division Manager, the Assistant Finance Director and remaining accountants in the Accounting Division would have to absorb this workload. Reduced overall department management resources will result from the focus of the Assistant Director on Accounting and Treasury functions.</p> <p>While the Accounting and Budget Divisions are still expected to perform all of the required functions, there will be less accounting oversight, less ability to support new Finance Department improvement efforts, and potentially longer turnaround times for various accounting transactions.</p>	0.00	(56,376)	(87,733)
<b>Total Departmental Expenditure Proposals</b>		<b>(1.00)</b>	<b>(265,794)</b>	<b>(348,110)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### Finance Department Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Impact	Ongoing Impact
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$137,839), fleet operation (\$4,984), and vehicle replacement (\$8,271) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.	0.00	(151,094)	(87,548)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(1.00)</b>	<b>(416,888)</b>	<b>(435,658)</b>



## FY 2020/21 General Fund Budget Reduction Summary

### City Council Offices Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
City Council As-Needed Reduction	This proposal reduces the as-needed employee budget by \$18,000 (from \$33,120 to \$15,120), which represents a reduction of over 50%. The as-needed staff was the primary back-up to the Executive Assistant position and assisted with various tasks, including but not limited to: records retention and maintenance, calendaring, Special Order of Business reports as assigned, processing incoming mail, Conflict of Interest (COI) checks, travel expense reports, back-up on phones, and special projects as assigned (e.g., developing log of incoming resident inquiries and assisting with Sister Cities delegation visits). While the current staff has absorbed the additional tasks to ensure that performance and service delivery is not negatively impacted by the as-needed budget reduction, this proposal limits administrative capacity to support the Council. The addition of any new initiatives may require re-prioritization of tasks to ensure staff capacity.	0.00	(18,000)	(18,000)
City Council - Conference, Training, and Travel Reduction	This proposal reduces, on a one-time basis, the Conference, Training and Travel budget allocation by \$15,328, from \$67,363 to \$52,035. The following allocations are recommended for this one-time reduction: Sister Cities by \$4,788, the League of CA Cities by \$7,378, and training by \$3,162.	0.00	(15,328)	
<b>Total Departmental Expenditure Proposals</b>		-	<b>(33,328)</b>	<b>(18,000)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocations for information technology (\$8,247), fleet operation (\$153), and vehicle replacement (\$37) services. These decreases align to the recommended budget reductions in each of these internal service funds. Further detail regarding the impact of these reductions can be found in the Information Technology Department and Public Works Department Summaries.	0.00	(8,437)	(5,199)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		-	<b>(41,765)</b>	<b>(23,199)</b>

## FY 2020/21 General Fund Budget Reduction Summary

### City Attorney's Office Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Materials/Services/ Supplies Reduction	<p>City Attorney's Office Administration: This proposal reduces the non-personnel budget for legal couriers (from \$3,672 to \$1,172), eliminates the legal subscriptions budget of \$600, reduces the budget for parking fees for court appearances (from \$1,991 to \$991), reduces the budget for general operating supplies (from \$25,959 to \$21,459), and eliminates the budget for commercial negotiation skills training of \$5,100.</p> <p>- Legal Couriers (\$2,500): Legal couriers have been impacted as a result of the initial shut down of the courts and many cases have been pushed out. The budget can be reduced given that the need for legal couriers has decreased.</p> <p>- Legal Subscriptions (\$600): This proposal eliminates the legal subscriptions budget.</p> <p>- Parking Fees for Court Appearances (\$1,000): This proposal reduces the budget for parking fees-court appearances from \$1,991 to \$991. The office is anticipating fewer court cases because the Superior Court was shut down full time at the beginning of SIP so many cases were rescheduled.</p> <p>- General Operating Supplies (\$4,500): This proposal reduces the budget for general operating supplies such as postage and shipping from \$25,959 to \$21,459.</p> <p>- Commercial Negotiation Skills Training (\$5,100): This proposal eliminates the budget for commercial negotiation skills training that was added in FY 2017/18 but has not been expended. While commercial negotiation skills training may improve levels of competency for our attorneys, it is not necessary in order to meet the minimum continuing legal education requirement.</p>	0.00	(13,700)	(13,700)

## FY 2020/21 General Fund Budget Reduction Summary

### City Attorney's Office Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21 Use of Funds	Ongoing Use of Funds
Administrative Staffing Reduction	<p>City Attorney's Office Administration: This proposal eliminates 1.0 Legal Office Specialist III position. The City Attorney's Office currently has two administrative support positions - Legal Office Specialist III and Executive Assistant to draft legal documents such as legal service agreements, manage schedules for court appearances and court assignments, process legal services requests and ensure the general efficiency and effectiveness of the office. With this proposal, the administrative functions would be consolidated into the remaining Executive Assistant position.</p> <p>While the City Attorney's Office has worked diligently to maintain a high level of service for the Mayor, City Council, City Departments, and Boards and Commissions, the loss of one primary support position will result in delayed processing of assignments and transactions through the City Attorney's Office. Additionally, the loss of this position will require alternate back-up support services to be identified from another department.</p> <p>Although Staff is proposing to eliminate the vacant Legal Office Specialist III position, it is ultimately incumbent upon the City Council's direction to Staff to retain or eliminate this position.</p>	(1.00)	(133,932)	(133,932)
<b>Total Departmental Expenditure Proposals</b>		<b>(1.00)</b>	<b>(147,632)</b>	<b>(147,632)</b>
Internal Service Fund Reduction	This proposal reduces the internal service allocation for information technology services (\$25,975). This decrease aligns to the recommended budget reductions in the internal service fund. Further detail regarding the impact of these reductions can be found in the Information Technology Department Summary.	0.00	(25,975)	(16,241)
<b>Total Expenditure Proposals with Internal Service Fund Adjustments</b>		<b>(1.00)</b>	<b>(173,607)</b>	<b>(163,873)</b>

# FY 2020/21 General Fund Budget Reduction Summary

## City Auditor's Office Expenditure Changes

Proposal Title	Description/Service Level Impact	FTE	FY 2020/21	Ongoing
			Use of Funds	Use of Funds
Audit Services Reduction	This proposal overfills the existing Sr. Performance Auditor with an Audit Manager and keeps the City Auditor position vacant. There are three positions in the City Auditor's Office (1.0 City Auditor, 1.0 Senior Performance Auditor, and 1.0 Management Analyst). This proposal reduces the number of audits that would be able to be performed by the City Auditor's Office. The Audit Manager would continue to manage City Audits, which would primarily be contracted out. City audits provide valuable information to improve City operations and address issues independently identified as part of the audit process.		(225,000)	-
<b>Total Departmental Expenditure Proposals</b>		<b>0.00</b>	<b>(225,000)</b>	<b>-</b>



## Agenda Report

21-43

Agenda Date: 2/23/2021

### REPORT TO COUNCIL

#### SUBJECT

FY 2020/21 Budget Rebalancing Actions to Address COVID-19 Pandemic Impacts

#### COUNCIL PILLAR

Enhance Community Engagement and Transparency

#### BACKGROUND

The FY 2020/21 budget was adopted during a time of unprecedented uncertainty with both a global public health and economic crisis as a result of the COVID-19 pandemic.

The pandemic suddenly altered the trajectory of the national economy and, while the long-lasting impacts are still not known, they have already been significant for residents, businesses, and the city. Prior to COVID-19, the City's financial forecast was manageable and well-planned; however, like many other cities, COVID-19 has had significant impacts on all facets of regular life and, likewise, is the source of these fiscal impacts presented in this report.

At a local level, several of the City's General Fund revenues have been impacted, with the largest declines in the transient occupancy tax and fees for services categories. When the budget was approved by the City Council in June 2020, the Budget Stabilization Reserve was used to close the projected General Fund deficit of \$22.7 million as a first step. The strategy of revisiting the City's fiscal condition during FY 2020/21 was put into place for the purpose of obtaining more economic data, evaluating the duration of COVID-19, and developing expenditure reduction proposals. As the year has progressed, the economic effects from the pandemic have continued, with more severe impacts on the City's revenues than originally anticipated. Through strong fiscal management efforts, the City has been able to develop proposals that suspend expenditures where appropriate due to COVID-19, minimize service delivery impacts, to the extent possible, and avoid employee layoffs.

This memorandum was originally scheduled for Council consideration on September 29, 2020 with subsequent follow-up in December 2020. However, this item was deferred to February 2021 to allow additional time for potential federal stimulus funding to be determined. While the federal stimulus package has not yet been finalized, this action is recommended to move forward at this time given that stimulus funding is not expected to be sufficient to address the current year shortfall and the FY 2021/22 deficit of \$41.7 million. Additional actions are planned to be brought forward as part of the FY 2021/22 and FY 2022/23 Biennial Operating Budget and could factor in any stimulus funding received.

An incremental approach to addressing the COVID-19 related shortfalls will continue to be used to allow time to evaluate the longer-term impacts of COVID-19, implement cost reduction strategies that start with those with moderate impacts and progressively move to those with more significant impacts, and to evaluate other balancing actions such as revenue solutions, the labor negotiations,

and the strategic use of reserves.

### **DISCUSSION**

Since the adoption of the budget, staff has continued to monitor COVID-19 economic impacts on the City's revenues. Many of the economic indicators experienced steep declines at the beginning of the pandemic but have continued to improve. On a national level, the U.S. unemployment rate was 6.7% in December 2020 and the number of unemployed persons totaled 10.7 million, which were well below the peak in April 2020 but remain well above the pre-pandemic levels in February 2020 (3.5% unemployment and 5.7 million unemployed). Significant impacts have also been experienced on the State and local level. The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 6.0% in December 2020, up from a revised 5.2% in November 2020 and significantly higher than the December 2019 level of 2.3%. Between December 2019 and December 2020, employment in this region dropped by 80,300 jobs, or 6.9%.

Staff has continued to evaluate the impact of COVID-19 on the City's revenues. Unfortunately, based on the latest data available, the drop in revenues in FY 2020/21 is now expected to be greater than originally anticipated when the budget was adopted in June 2020. General Fund revenues are now tracking to fall \$20 million - \$25 million below the budgeted estimate. Budget actions to address \$17 million of this shortfall are included in this report. Additional downward adjustments may be necessary at year end, and the goal would be to offset these lower collections with expenditure savings to the extent possible. These impacts are in addition to the \$22.7 million budget shortfall addressed in June 2020 with the use of the Budget Stabilization Reserve. Of the \$17 million in budget balancing actions included in this report, 70% of the additional deficit is proposed to be closed with ongoing solutions. The remaining 30% reflects one-time cuts and savings from COVID-19 activities that are prohibited at this time.

### **February 2021 Budget Balancing Actions**

The budget actions recommended in this memorandum address the additional drop in revenues identified since the adoption of the budget. The table below summarizes the revenue and expenditure adjustments. The details associated with these revenue and expenditure actions are included in Attachments 1 and 2 to this memorandum.

**Table 1: February 2021 General Fund Budget Balancing**

<b>General Fund Adjustments</b>	<b>2020/21 Source of Funds</b>	<b>2020/21 Use of Funds</b>
Revenue Adjustments	(\$17.3 M)	
COVID-Related One-Time Expenditure Reductions		(\$5.2 M)
Other Expenditure Reductions		(\$12.1 M)
<b>Total Adjustments</b>	<b>(\$17.3 M)</b>	<b>(\$17.3 M)</b>

### **Revenue Adjustments**

The revenue adjustments recommended in this memorandum are summarized in the chart below and detailed in Attachment 1. The largest adjustment is to the transient occupancy tax (TOT) category that has been the most severely impacted by COVID-19. Other downward adjustments are recommended to the charges for services, interest earnings, and fines and penalties categories that have also been impacted this year. The FY 2022 - FY 2032 Ten-Year General Fund Forecast also

factored in these lower collection levels.

These downward adjustments are partially offset by the increases that are brought forward as budget balancing actions. These include reimbursements for staff costs associated with the Clean-Up Campaign and transfers from other funds.

**Table 2: Proposed General Fund Revenue Adjustments**

Category	FY 2020/21 Impact
Transient Occupancy Tax	(\$14.0 M)
Charges for Services	(\$2.2 M)
Interest Earnings	(\$1.1 M)
Fines and Penalties	(\$0.2 M)
Transfer from Other Funds	\$0.2 M
<b>Total Adjustments</b>	<b>(\$17.3 M)</b>

Additional revenue adjustments may be necessary at year end. State challenges to the Education Revenue Enhancement Fund (ERAF) property tax distribution and changes to the distribution of former Redevelopment Agency residual receipts may result in a property tax shortfall of up to \$4 million. Sales tax collections, which are trending better, may end the year slightly below budget.

#### Expenditure Adjustments

Budget actions are recommended in this memorandum to offset additional revenue declines. These actions, however, are not sufficient to restore the Budget Stabilization Reserve that was used to balance the FY 2020/21 budget in June.

The recommended proposals reduce costs by \$17.3 million in FY 2020/21 and \$12.3 million on an ongoing basis. Over \$5 million of these reductions in FY 2020/21 are possible due to the COVID-19 restrictions that have limited City operations, with the largest reductions in the Parks and Recreation Department. These proposals recognize the reduced level of staffing and services currently being provided.

The proposed General Fund expenditure reductions are broken down by department in the following table.

**Table 3: Proposed General Fund Expenditure Proposals by Department**

Department	Net Position Change	FY 2020/21	Ongoing
Mayor and City Council		(\$0.1 M)	(\$0.0 M)
City Attorney's Office	(1.00)	(\$0.2 M)	(\$0.2 M)
City Auditor's Office		(\$0.2 M)	(\$0.0 M)
City Clerk's Office	(1.00)	(\$0.2 M)	(\$0.2 M)
City Manager's Office/Non-Dept.	(4.00)	(\$2.3 M)	(\$2.0 M)

Community Development	(1.75)	(\$0.6 M)	(\$0.4 M)
Finance	(1.00)	(\$0.4 M)	(\$0.4 M)
Fire	(12.75)	(\$2.1 M)	(\$2.6 M)
Human Resources		(\$0.4 M)	(\$0.2 M)
Library		(\$0.7 M)	(\$0.3 M)
Parks and Recreation	(4.00)	(\$5.5 M)	(\$1.7 M)
Police	(15.00)	(\$3.6 M)	(\$3.6 M)
Public Works	(3.00)	(\$1.0 M)	(\$0.7 M)
<b>Total Adjustments</b>	<b>(43.50)</b>	<b>(\$17.3 M)</b>	<b>(\$12.3 M)</b>

Note: the figures above include reductions information technology services, fleet and vehicle replacement that are budgeted in internal services funds.

These proposals are detailed by department/office in Attachments 1 and 2 and are highlighted below.

- Police Department - eliminates vacant sworn and non-sworn positions that support various units and programs, including training, professional standards (recruiting and outreach), special events support, the drone program, parks patrol, records support, police officer field training program, community service officers, and the task force unit. Reductions are also proposed to non-personnel costs such as supplies and materials and contractual services.
- Fire Department - eliminates vacant positions, suspends the two supplemental ambulances, reduces minimum staffing overtime, and reduces the non-personnel budget for maintenance, supplies, training and conferences.
- Parks and Recreation Department - reduces staffing and non-personnel costs on a one-time basis to reflect COVID-19 related changes in services and programming, restructures special events programming and elements, reduces parks maintenance staffing, shifts eligible staffing costs to Quimby and Mitigation Fee Administration fees, eliminates Teen Center administrative staffing, reduces contributions to other agencies, and reduces conference, travel, and training funding for staff and commissions.
- Library Department - reduces staffing and non-personnel costs on a one-time basis to reflect COVID-19 related changes in services, reduces library materials funding including an unsustainable pay-per-use digital collection that would be implemented once the libraries are reopened, and reduces non-personnel costs for overtime, conference, training and travel as well as routine maintenance, supplies, events and activities, and marketing.
- Community Development Department - reduces staffing for Planning Division plan review and administration, reduces non-personnel funding for staff and commission training, and shifts eligible costs to CDBG funding for Emergency Rental Assistance Program administration.



- **Public Works** - eliminates vacant positions in the Design Division and the Traffic Division, reduces as-needed staffing support, reduces fleet operations and vehicle replacement funding (reflected as lower General Fund contributions to internal service funds), and reduces non-personnel funding for fountains at City Hall and Franklin Square, training and travel, operating supplies, contractual services, and facility maintenance.
- **City Manager's Office and Non-Departmental** - eliminates 1.0 vacant Assistant City Manager position and shifts funding for the City Librarian transition/recruitment, reduces the non-personnel budget for contractual services, conference, travel, and training, eliminates contingency funds for the City Manager's Office and reduces contingency funds for City Council, reduces community grants and special community groups funding on a one-time basis as a result of COVID-19, and reallocates the Risk Manager position to the Human Resources Department.
- **Strategic Support Departments** - reduces the Summer Internship Program, Leadership Program and employee recognition luncheon as a result of COVID-19, and reduces the non-personnel budget in the Human Resources Department; eliminates a vacant Deputy City Clerk position and reduces material, services, supplies and training in the Assistant City Clerk Office; reduces network infrastructure, security consultant staffing, contractual and consultant services, and Unisys staffing in the Information Technology Department (reflected as lower General Fund contributions to internal service funds); and eliminates administrative support, reduces the supplies and materials budget, and reorganizes the accounting and budget functions in the Finance Department.
- **Consideration of City Council and Council Appointees Proposals (Attachment 2)** - reduces as-needed staffing and conference, training, and travel funding for the City Council; eliminates a vacant Legal Office Specialist position and funding for materials, services, supplies and training in the City Attorney's Office; and recognizes one-time vacancy savings from the City Auditor position in the City Auditor's Office.

The recommended budget actions result in the net elimination of 43.5 positions. This includes four filled positions where employees would be reallocated to other departments and/or reallocated to perform different functions. These actions maintain the goal of preserving jobs and preventing layoffs.

#### General Fund Reserves

The General Fund has several reserves that may be considered for use as part of the budget balancing actions moving forward, including those identified in the table below:

**Table 4: Major General Fund Reserve Status**

<b>Reserve</b>	<b>2020/21 Balance</b>
General Fund Budget Stabilization Reserve	\$57.7 M
General Fund Capital Projects	\$5.4 M
Land Sale Reserve	\$23.7 M
Pension Trust (General Fund)	\$21.6 M

Any use of reserves would be considered one-time in nature and would only provide additional time to evaluate ongoing proposals or mitigate some of the service impacts that could result from future proposals. Budget balancing going forward must continue to contain ongoing expenditure reductions or additional ongoing revenues.

#### Employee Engagement

Online surveys and a suggestion drop box were provided as an opportunity for employees to submit cost-saving ideas. In addition, individual departments engaged employees for ideas that could achieve General Fund savings. Some of the themes of the suggestions include:

- Equity of pay reduction considerations
- Furloughs
- Early retirement program (CalPERS Golden Handshake)
- Reduced community services (e.g., fewer hours)
- Executive management pay cuts
- City Manager's Office position reductions
- Establishing new or increasing fees
- COVID-19 compliance fines

While a level of employee engagement took place, this process was also impacted by COVID-19 workplace restrictions. As such, departments were requested to work with their staff for departmental reduction proposals prior to submitting them to the Finance Department. Proposals were then evaluated based on mitigating service impacts, complying with labor agreements, and feasibility.

#### Moving Forward

The budget actions recommended in this memorandum are the first round of budget proposals to address the revenue shortfalls associated with current economic environment and COVID-19. These actions focus on expenditure reductions that are possible due to COVID-19 restrictions on service delivery as well as actions that avoid layoffs and major service delivery impacts.

In January 2021, staff prepared the Ten-Year General Fund Forecast that projects a shortfall of \$41.7 million in FY 2021/22. If the reductions proposed in this memorandum are approved, a General Fund shortfall of almost \$30 million will remain to be addressed in the FY 2021/22 and FY 2022/23 Biennial Operating Budget process as shown in the table below.

**Table 5: Ten-Year General Fund Forecast**

	<b>January 2020 Forecast</b>	<b>April 2020 Forecast</b>	<b>January 2021 Forecast</b>	<b>February 2021 (Assume Phase 1 Approved)</b>
General Fund Shortfall	(\$13 M)	(\$34 M)	(\$42 M)	(\$30 M)

The FY 2021/22 and FY 2022/23 Biennial Operating budget process will incorporate the continued refinement of the revenue estimates as well as budget actions that close the projected shortfalls with the goal of using ongoing solutions to the extent possible. The plan will also incorporate revenue solutions and use of reserves to balance the competing goals of aligning ongoing revenues and expenditures and minimizing the service delivery impacts to the community.

**COORDINATION**

This report has been coordinated with the City Attorney's Office and all city departments.

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, or email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

**RECOMMENDATION**

1. Approve the FY 2020/21 budget amendments detailed in Attachment 1 for all Departments and Offices, except the Mayor and Council and the City Auditor's Office and City Attorney's Office appointees, as recommended by the City Manager (five affirmative Council votes required for revenue actions only); and
2. Consider and approve the FY 2020/21 budget amendments detailed in Attachment 2 for the Mayor and Council, the City Auditor's Office, and City Attorney's Office appointees.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. FY 2020/21 Budget Amendments
2. FY 2020/21 Budget Amendments for City Council and Appointees

2/23/21

Item #3



**City Council Meeting**

**Item #3 - FY 2020/21 Budget Rebalancing Actions to Address COVID-19 Pandemic Impacts**

**February 23, 2021**

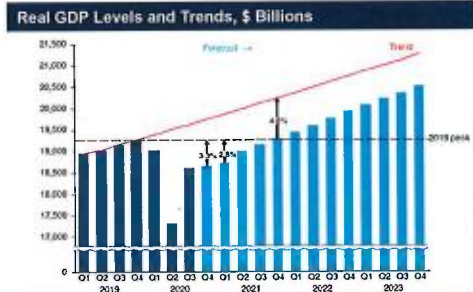
## Agenda

- Phase 1 - Rebalancing FY 2020/21
- Phase 2 - Budget Balancing for FY 2021/22 and Ongoing Forecast
- Next Steps and Recommendations

# Budget Balancing Overview

## Phase 1 – Rebalancing FY 2020/21

- COVID-19 impacts budgets nationally and regionally
- Council strategically built General Fund reserves over last several years
- Responded to community with food programs, rate assistance, community donations and partnerships
- Waited for data and information before rebalancing the budget
- Despite potential for stimulus funding and unknown timing, we need to rebalance this year's budget



# Budget Balancing Overview

## Phase 2 – A Strategic Approach to Budget Balancing

- Revenue impacts are long-term despite vaccine rollout and recovery
- Balanced approach combining new revenues, expenditure reductions and use of reserves
- Core essential City services will remain high
- Collaboration with all City departments with equity and service preservation in focus





## Phase 1 – Rebalancing FY 2020/21

5



# 88%



6

## Phase 1 - FY 2020/21 Revenue Update

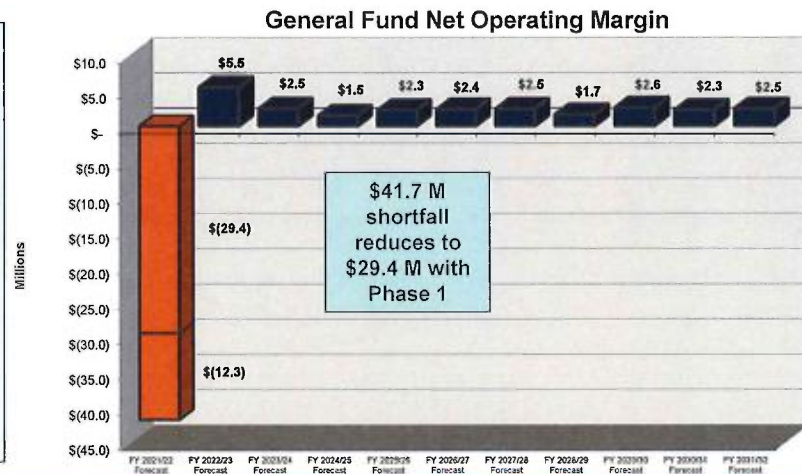
- Revenues tracking **\$20 M - \$25 M** below budget
- Downward adjustments of **\$17.3 M** recommended (detailed on adjustment slide)
- Remaining revenue shortfalls with expenditure savings to the extent possible

## Phase 1 - FY 2020/21 Revenue Adjustments

Category	FY 2020/21	Description
Transient Occupancy Tax	(\$14.0 M)	Reduces estimate from \$17.6 M to \$3.6 M based on actual TOT receipts. TOT down 88% through December. The Ten-Year Forecast factored in the ongoing projected impacts.
Charges for Services	(\$2.2 M)	Reduces estimate from \$45.7 M to \$43.5 M; recreation classes and programming down \$2.1 M, Stadium reimb. for Deputy CM down \$0.3 M, increase in reimb. for clean-up support (\$0.3 M)
Interest Earnings	(\$1.1 M)	Reduces estimate from \$5.5 M to \$4.4 M based on lower interest rates and cash balances. The Ten-Year Forecast factored in the lower receipts.
Fines and Penalties	(\$0.2 M)	Reduced estimate from \$1.5 M to \$1.3 M for collection charges, traffic/vehicle code fines, and library fines
Transfer from Other Funds	\$0.2 M	Transfer from the Streets Capital Fund for the Public Right-of-Way Landscaping Improvement Project
<b>Total Adjustments</b>	<b>(\$17.3 M)</b>	

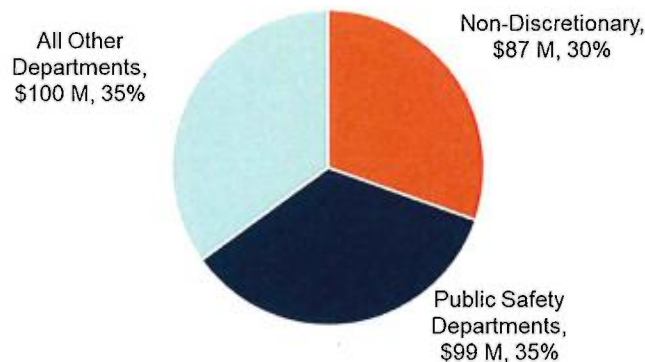
## Phase 1 Helps to Address Almost 30% of Forecasted Deficit

- We experienced a deep recession and assumes we recover upon roll out of the vaccine
- Does not assume budget reductions expected to be brought forward in FY 2020/21
- With potential FY 2020/21 reductions, \$29.4 M ongoing deficit to solve



## Non-Discretionary Expenses Limits Options

FY 2020/21 General Fund Budget  
(\$286 million)



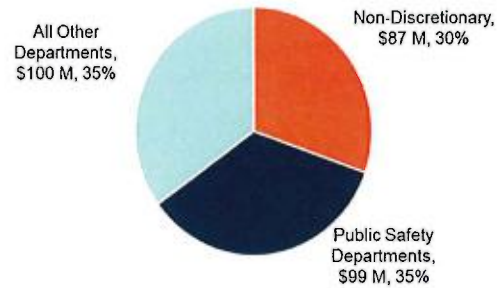


## Non-Discretionary is 30% of the General Fund Budget

### Non-Discretionary = \$87 M

- Retirement unfunded liability
- Council Appointees / Elected Officials
- Revenue backed
- Mandated
- Insurance
- Debt payments

FY 2020/21 General Fund Budget  
(\$286 million)

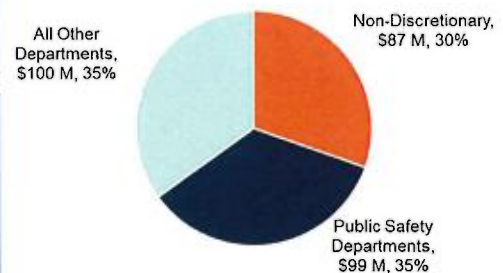


## Public Safety is Half of the Discretionary Budget

### Public Safety = \$99 M

- Fire Department \$41 M
- Police Department \$58 M
- Police increase in December 2020 cost \$1.7 M
- Among smallest % reduction in Phase 1
- Best case labor scenario = \$5 M Ongoing
- Needs to be considered for Budget Balancing

FY 2020/21 General Fund Budget  
(\$286 million)



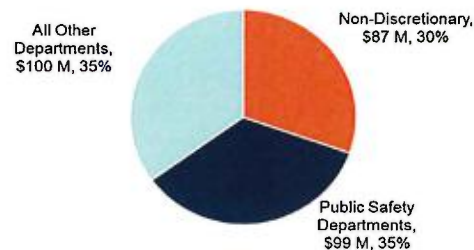
## All Other Departments are One-Third of the Budget

### Other Departments = \$100 M

- Mayor and Council \$107k
- City Attorney \$1.3 M
- City Clerk \$1.1M
- City Manager \$2.6 M
- Community Development \$2.9 M
- Finance \$3.2 M
- Human Resources \$2.7 M
- Information Technology \$9.4 M
- Library \$9.7 M
- Parks \$15.5 M

- Public Works / Fleet \$19.1 M
- Capital/One-Time \$19.9 M
- Non-Departmental \$12.5 M

FY 2020/21 General Fund Budget  
(\$286 million)



## Phase 1 - Solving the FY 2020/21 Budget Expenditure Adjustments

Department	FY 2020/21 Discretionary	% of Disc Budget	FY 2020/21 Reductions	Ongoing Reductions	% of Discretionary
Fire	\$41.1 M	22.9%	(\$1.7 M)	(\$2.4 M)	(5.8%)
Police	\$58.0 M	32.4%	(\$3.1 M)	(\$3.4 M)	(5.9%)
Community Development	\$2.9 M	1.6%	(\$0.5 M)	(\$0.3 M)	(10.3%)
Library	\$9.7 M	5.4%	(\$0.6 M)	(\$0.2 M)	(2.1%)
Parks and Recreation	\$15.5 M	8.6%	(\$5.3 M)	(\$1.6 M)	(10.3%)
Public Works	\$19.1 M	10.7%	(\$1.5 M)	(\$0.8 M)	(4.2%)
City Manager's Office & Strategic Support	\$30.7 M	17.2%	(\$4.2 M)	(\$3.4 M)	(11.1%)
Council and Appointees	\$2.2 M	1.2%	(\$0.4 M)	(\$0.2 M)	(7.7%)
<b>Total Adjustments</b>	<b>\$179.2 M</b>	<b>100.0%</b>	<b>(\$17.3 M)</b>	<b>(\$12.3 M)</b>	<b>(6.9%)</b>

## Phase 1 - Solving the FY 2020/21 Budget Position Impact – Protects Employees

Net reduction of  
43.5 positions  
saving \$7.7 million  
ongoing

No Layoffs

4 employees  
reallocated to  
different functions  
or departments

Department	Budgeted Positions	Net Position Change	% Change
City Attorney's Office	8.00	(1.00)	(13%)
City Clerk's Office	7.00	(1.00)	(14%)
City Manager's Office/Non- Dept.	24.00	(4.00)	(17%)
Community Development	68.75	(1.75)	(3%)
Finance/City Auditor's Office	72.75	(1.00)	(1%)
Fire	168.25	(12.75)	(8%)
Parks and Recreation	82.75	(4.00)	(5%)
Police	239.00	(15.00)	(6%)
Public Works	131.50	(3.00)	(2%)
<b>Total</b>		<b>(43.50)</b>	

## Phase 1 - Solving the FY 2020/21 Budget Expenditure Adjustments

- COVID-19 reduced/limited activities (\$5.2 million)
- Eliminate vacancies (some services have already been absorbed) (\$7.7 million)
  - 43.5 net position reduction
- Reduce budget for Boards & Commissions
- One-time savings from COVID-19/cost control measures
  - Hiring freeze (reflects some further service impacts)
  - Limited overtime (OT MUST BE PRE-APPROVED AND DEEMED FOR ESSENTIAL SERVICES)
  - Restricted conference, travel and training (NO DISCRETIONARY TRAVEL/TRAINING)
  - Lower supplies, materials and maintenance
  - Reduced contractual services and request discounts when contracts are up for renewal



## Phase 1 - Solving the FY 2020/21 Budget Expenditure Adjustments

### Fire Department

- Alternate paramedic response with Trucks/Engines instead of supplemental ambulances
- Reduce minimum staffing overtime through flexible deployment minimizing response time impacts citywide

### Police Department

- Reduce Administrative Services personnel in Training, Professional Standards, Records, and Task Force Unit
- Reduce Field Training Officer Program/Community Service Officers
- Suspend Special Operations Drone Program

## Phase 1 - Solving the FY 2020/21 Budget Expenditure Adjustments

### Parks and Recreation Department

- Restructure citywide special event programming and returns events to levels previously experienced
- Reduce Parks Division grounds maintenance resources at parks
- Consolidate Recreation Teen Center administrative staffing
- Remove Healthier Kids Foundation and Latchkey Programs per Council action

### Library Department

- Eliminate funding for the unsustainable pay-per-use digital collection (to be implemented once the libraries reopen)

## Phase 1 - Solving the FY 2020/21 Budget Expenditure Adjustments

### Public Works Department

- Reduce fleet operations, vehicle replacement, and implements just in time inventory
- Capital Projects Design Division staffing reduction
- Traffic Division staffing reduction
- Closure of fountains at City Hall and Franklin Square

### Community Development Department

- Reduce Planning Division plan review and administration staffing

## Phase 1 - Solving the FY 2020/21 Budget Expenditure Adjustments

### City Manager's Office/Non-Dept.

- Eliminate one Assistant City Manager, Deputy City Manager
- Eliminate Risk Management Office Specialist
- Eliminate contingency funds for the City Manager's Office and the City Council

### Assistant City Clerk

- Eliminate one Deputy City Clerk position (former Public Records Manager position)

## Phase 1 - Solving the FY 2020/21 Budget Expenditure Adjustments

### Mayor and City Council

- Decrease funding for as-needed staff

### City Attorney's Office

- Eliminate Legal Office Specialist II

### City Auditor's Office

- Assume continued vacancy and related savings for the City Auditor in FY 2020/21
- Relies on Audit Manager to manage current audit workplan during transition to a new City Auditor

## Phase 2 - Budget Balancing for FY 2021/22 and Ongoing Forecast



## Phase 2 – Budget Balancing for FY 2021/22 and Ongoing Forecast

### General Fund Forecast Timeline – COVID – 19 Induced Impact

	January 2020 Forecast	April 2020 Forecast	January 2021 Forecast	February 2021 (With Phase 1)
General Fund Shortfall	(\$13 M)	(\$34 M)	(\$42 M)	(\$30 M)

## Potential New Revenue Sources

### FY 2021/22 and FY 2022/23 Potential General Fund Sources

- Federal stimulus funding (TBD - one-time)
- Improve municipal fee cost recovery (\$1 M - \$3 M ongoing)

### Future Potential General Fund Revenue Sources

- Utility User Tax (\$4 M - \$6 M)
- Business License Tax (\$1 M - \$3 M)
- Documentary Transfer Tax (\$1.4 M - \$7 M)

### Future Development Projects

- Related Property Lease (\$0.6 M - \$5.3 M annually in first 10 Years) – reflected in Forecast
- Other Developments (\$TBD) – Gateway Crossings, Kylli and other major projects

## Phase 2 – Budget Balancing for FY 2021/22 and Ongoing Forecast

### Phase 1 – February 23rd

- Addresses \$12.3 M of the \$41.7 M shortfall

### Phase 2 – May 1st - FY 2021/22 and FY 2022/23 Biennial Proposed Budget

- Balance two years with a combination of expenditure reductions, revenues and use of reserves
- Other Budget Balancing Scenarios

## Scenario 1 – A Balanced Approach

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Forecast (Shortfall)/Surplus	(\$41.7 M)	\$5.5 M	\$3.3 M	\$1.6 M	\$2.3 M
Carried Over Deficit – 1x Solutions		(\$17.6 M)	(12.1 M)		
February 2021 Reductions (Phase 1)	\$12.3 M				
May 1 Proposed Budget (Phase 2)	\$11.8 M				
Revenue Solutions	TBD				
Potential Labor Negotiations	TBD				
<b>Remaining Shortfall</b>	<b>(\$17.6 M)</b>	<b>(\$12.1 M)</b>	<b>(\$8.8 M)</b>		
Use of Budget Stabilization Reserve	\$14.0 M				
Land Sale Reserve	\$3.6 M	\$12.1 M			
<b>Remaining Budget (Shortfall)/Surplus</b>	<b>\$0 M</b>	<b>\$0 M</b>	<b>(\$8.8 M)</b>	<b>\$1.6 M</b>	<b>\$2.3 M</b>



## Scenario 2 - No Public Safety Reductions

- Remaining departments would need a **30%** reduction in \$24 M scenario
- With Phase 1, remaining departments would need further **15%** reduction
- Significant service impacts and operational risk

Department	FY 2020/21 Discretionary	Current Phase 1 - Ongoing	No PS \$12 M Target (15% Disc.)	No PS \$24 M Target (30% Disc.)
Fire	\$41.1 M	(\$2.4 M)	\$0.0 M	\$0.0 M
Police	\$58.0 M	(\$3.4 M)	\$0.0 M	\$0.0 M
Community Development	\$2.9 M	(\$0.3 M)	(\$0.4 M)	(0.9 M)
Library	\$9.7 M	(\$0.2 M)	(\$1.5 M)	(\$2.9 M)
Parks and Recreation	\$15.5 M	(\$1.6 M)	(\$2.3 M)	(\$4.6 M)
Public Works	\$19.1 M	(\$0.8 M)	(\$2.9 M)	(\$5.7 M)
City Manager's Office & Strategic Support	\$30.7 M	(\$3.4 M)	(\$4.7 M)	(\$9.4 M)
Council and Appointees	\$2.2 M	(\$0.2 M)	(\$0.2 M)	(\$0.4 M)
<b>Total</b>	<b>\$179.2 M</b>	<b>(\$12.3 M)</b>	<b>(\$12.0 M)</b>	<b>(\$24.0 M)</b>

## Scenario 3 - Use Reserves Instead of Public Safety

- Draws down reserves by an additional \$13.3 M in the first year
- Significant reductions to BSR, Land Sale Reserve and/or Pension Trust
- Uses Pension Trust set aside to assist with long-term unfunded liability
- Reduces City safety net, funds to better position City in future

Department	Use Reserves for PS - \$12 M Target	Use Reserves for PS - \$24 M Target
Fire	\$0.0 M	\$0.0 M
Police	\$0.0 M	\$0.0 M
Community Development	(\$0.2 M)	(0.4 M)
Library	(\$0.7 M)	(\$1.3 M)
Parks and Recreation	(\$1.0 M)	(\$2.0 M)
Public Works	(\$1.3 M)	(\$2.6 M)
City Manager's Office & Strategic Support	(\$2.1 M)	(\$4.2 M)
Council and Appointees	(\$0.1 M)	(\$0.2 M)
<b>Reserves</b>	<b>(\$6.6 M)</b>	<b>(\$13.3 M)</b>
<b>Total</b>	<b>(\$12.0 M)</b>	<b>(\$24.0 M)</b>

## Scenario 3a – Use of Additional \$6.6 M Reserves in First Year

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Forecast (Shortfall)/Surplus	(\$41.7 M)	\$5.5 M	\$3.3 M	\$1.6 M	\$2.3 M
Carried Over Deficit – 1x Solutions		(\$24.2 M)	(\$18.7 M)		
February 2021 Reductions (Phase 1)	\$12.3 M				
May 1 Proposed Budget (Phase 2)	\$5.2 M				
Revenue Solutions	TBD				
Potential Labor Negotiations	TBD				
Remaining Shortfall	(\$24.2 M)	(\$18.7 M)	(\$15.4 M)		
Use of Budget Stabilization Reserve	\$14.0 M				
Land Sale Reserve	\$10.2 M	\$9.5 M			
Pension Trust Reserve		\$9.2 M			
Remaining Budget (Shortfall)/Surplus	\$0 M	\$0 M	(\$15.4 M)	\$1.6 M	\$2.3 M

## Scenario 3b – Use of Additional \$13.3 M Reserves in First Year

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Forecast (Shortfall)/Surplus	(\$41.7 M)	\$5.5 M	\$3.3 M	\$1.6 M	\$2.3 M
Carried Over Deficit – 1x Solutions		(\$30.9 M)	(\$25.4 M)		
February 2021 Reductions (Phase 1)	\$6.5 M				
May 1 Proposed Budget (Phase 2)	\$4.3 M				
Revenue Solutions	TBD				
Potential Labor Negotiations	TBD				
Remaining Shortfall	(\$30.9 M)	(\$25.4 M)	(\$22.1 M)		
Use of Budget Stabilization Reserve	\$14.0 M				
Land Sale Reserve	\$16.9 M	\$2.8 M			
Pension Trust Reserve		\$21.6 M			
Capital Projects Reserve		\$1.0 M			
Remaining Budget (Shortfall)/Surplus	\$0 M	\$0 M	(\$22.1 M)	\$1.6 M	\$2.3 M

## Budget Balancing Select General Fund Reserves

Reserve Type	2020/21 Current Balance	COVID Programs	Remaining Reserves Scenario 1 and 2	Remaining Reserves Scenario 3a	Remaining Reserves Scenario 3b
General Fund Budget Stabilization (BSR)	\$57.7 M		\$43.7 M	\$43.7 M	\$43.7 M
General Fund Capital Projects	\$5.4 M		\$5.4 M	\$5.4 M	\$4.4 M
Land Sale Reserve	\$23.7 M	(\$4.0 M)	\$4.0 M	\$0	\$0
Pension Trust (General Fund)	\$21.6 M		\$21.6 M	\$12.4 M	\$0
3 <sup>rd</sup> Year Forecast Ongoing Shortfall			(\$8.8 M)	(\$15.4 M)	(\$22.1 M)

## Phase 2 – Budget Balancing for FY 2021/22 and Ongoing Forecast

- No cuts to Public Safety – Remaining Departments would need to be cut up to 30% with significant service impacts and operational risk
- Use Reserve to Offset Public Safety – Drains key reserves and does not address ongoing shortfall



## Priority Setting Retreat Direction COVID-19 Programs

- Evaluating Small Business Grants
  - Expand eligibility criteria
  - Allows former grantees to reapply
- Loan program would require additional 2-3 staff resources
  - Would need to evaluate of ability to repay
  - Unknown collection rate / slow distribution rate
- ERAP – \$2.8 M allocated, approx. \$1 M distributed



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## Next Steps

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## Next Steps

### FY 2020/21 and 2021/22 Budget Calendar

Date	City/Stadium Authority Budget Schedule
February 1-2, 2021	Council Priority Setting Retreat / Adoption of Budget Principles
February 23, 2021	FY 2020/21 Rebalancing – Phase 1
March 2, 2021	Study Session on Stadium Authority Budget
March 16, 2021	Approval of Stadium Authority Budget
TBD	Study Session on Municipal Fee Schedule
April 27, 2021	Public Hearing and Adoption of Proposed Municipal Fee Schedule
April 30, 2021	Release Proposed Biennial Operating Budget and Summary of Capital Improvement Program Changes
May 25, 2021	Study Session to review Biennial Operating Budget and CIP changes
June 8, 2021	Study Session to review Biennial Operating Budget and CIP changes
June 22, 2021	Public Hearing/Adoption of Biennial Operating Budget and CIP changes



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## Recommendations

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## Recommendations

1. Approve the FY 2020/21 budget amendments detailed in Attachment 1 for all Departments and Offices, except the Mayor and Council and the City Auditor's Office and City Attorney's Office appointees, as recommended by the City Manager (five affirmative Council votes required for revenue actions only).
2. Consider and approve the FY 2020/21 budget amendments detailed in Attachment 2 for the Mayor and Council, the City Auditor's Office, and City Attorney's Office appointees.



## City Council Meeting

**Item #3 - FY 2020/21 Budget  
Rebalancing Actions to  
Address COVID-19  
Pandemic Impacts**

**February 23, 2021**