

# **CITY OF SANTA CLARA**

## **PROPOSED BUDGET PRINCIPLES FOR FY 2022/23**

1. Make decisions within the context of the City's Code of Ethics and Values, especially being Fiscally Responsible, Communicative, and Service-Oriented.
  2. Consider budget decisions with long-term implications taking into account data from the Ten-Year Financial Forecast.
  3. To the extent possible, align ongoing expenditures with ongoing revenues to avoid negative impacts on future budgets and maintain the City's high financial management standards.
  4. When addressing General Fund shortfalls, use a combination of ongoing and one-time solutions to balance the competing goals of aligning ongoing revenues and expenditures and minimizing the service delivery impacts to the community.
  5. Continue cost control measures until the ongoing General Fund revenues and expenditures are in alignment.
  6. Approve an exception to the Council Policy that dictates setting the General Fund Budget Stabilization Reserve at or above 25% of adopted budget expenditures; set the Reserve level at a minimum of 15% of expenditures and address any remaining FY 2022/23 shortfall with the use of the Land Sale Reserve.
  7. Focus on projects and services that benefit the community as a whole.
  8. Pursue economic development objectives and strategies to foster new public and private investment within Santa Clara, and to create employment opportunities.
  9. Balance between compensation adjustments to retain and attract employees and funding for positions.
  10. Use one-time unrestricted revenues (e.g., annual General Fund surplus) for one-time uses such as increasing reserves, funding capital or Information Technology projects, paying off debt, and/or paying off unfunded pension or other post-employment benefits liabilities.
  11. Inform and communicate clearly and broadly to residents, businesses and employees regarding the City's fiscal position and budget; schedule hearings to promote active participation in the City Council's budget deliberations.
  12. With limited exceptions, establish fees based on full cost recovery where individuals/businesses rather than the community at-large are benefitting from City services. This preserves limited unrestricted resources for providing services that benefit the community as a whole.
  13. Focus on business process redesign in order to improve employee productivity and the quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).
  14. Explore expanding existing revenue sources and/or adding new revenue sources.
  15. Engage employees to contribute new and innovative ideas during the department budget development process.
  16. Use the General Plan as a primary long-term fiscal planning tool and link ability to provide City services to development policy decisions.
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2. Consider budget decisions with long-term implications taking into account data from the Ten-Year Financial Forecast.
3. To the extent possible, align ongoing expenditures with ongoing revenues to avoid negative impacts on future budgets and maintain the City's high financial management standards.
4. ~~To address the projected General Fund shortfall~~ **When addressing General Fund shortfalls**, use a combination of ongoing and one-time solutions to balance the competing goals of aligning ongoing revenues and expenditures and minimizing the service delivery impacts to the community.
5. Continue cost control measures until the ongoing General Fund revenues and expenditures are in alignment.
6. ~~If an exception to the Council Policy to set the General Fund Budget Stabilization Reserve at or above 25% of adopted budget expenditures is considered, maintain the Reserve level at a minimum of 15% of expenditures.~~ **Approve an exception to the Council Policy that dictates setting the General Fund Budget Stabilization Reserve at or above 25% of adopted budget expenditures; set the Reserve level at a minimum of 15% of expenditures and address any remaining FY 2022/23 shortfall with the use of the Land Sale Reserve.**
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