2019/20 through 2028/29
Ten-Year Financial Plan

June 2018

ABOUT THIS REPORT

The purpose of the Ten-Year Financial Plan (Plan) is to provide policy-makers and the public an updated assessment of the City's fiscal health that takes into account the latest economic developments. The report includes historical perspective on revenues and expenditures and a ten-year financial outlook beyond the adopted budget year. The value of this type of analysis is to give the City Council, staff, and the public a tool to assist with strategic decision-making as they work to adopt the budget for the coming year.

The Plan is a collaborative effort between the City Manager's Office, Finance Department, and City departments. Individual projections of revenues and expenditures are developed based on trend analyses, input from available economic reports, consultant recommendations (e.g., our sales tax consultant MuniServices and property tax consultant HdL), and input from other subject matter experts. The most current information available is incorporated into the Plan and refined on a moving forward basis as part of the City's commitment to fiscal responsibility.

EXECUTIVE SUMMARY

The combination of an improved economy, careful management of limited resources, development and redevelopment projects happening throughout the City, and monies flowing to the City from events at Levi's Stadium have generated General Fund budget surpluses the last several years which have allowed the City to fully fund its Budget Stabilization Reserve (formerly Working Capital Reserve), make additional contributions to the Capital Projects Reserve, which funded an increase in capital project funding, and allocate funding to the recently established Pension Trust Program to pre-fund pension obligations. Looking to fiscal year 2018/19 and beyond, the City is projecting that the regional economy will continue to grow at a moderate rate. However, due to rising pension costs it is projected that the City's expenditures will begin to outpace revenues in the next ten years.

As with any multi-year forecast, the accuracy of the results are only as good as the assumptions upon which they are based. While this Plan has been based on the primary assumption that the economy will continue to grow at a moderate rate, an appropriate amount of conservatism has been built into the projections given the typical amount of economic volatility in the local and regional economies. For example, although there are several large development projects currently under review that are likely to begin construction in the next couple of years, the forecast does not include the likely positive impact that these projects will have on General Fund tax collections.

ECONOMIC OUTLOOK

Summing up Silicon Valley's economy and community is not an easy task. On the positive side, Santa Clara has experienced strong revenue growth and development activity. Unemployment is at a historic low with job growth outpacing the rest of the state and the nation, with mixed opinions on the result of rising housing prices and a significant increase in commercial and residential development activity. Looking to 2018/19 and beyond, the City is projecting that the regional economy will continue to grow. However a word of caution, the probability of a change to the local economy resulting in an economic slowdown, or another recession, increases as this growth continues.

The U.S. Economy is in its ninth consecutive year of expansion and most economists believe that the economic recovery will continue for the next few years. The Department of Commerce records show that the nation's Gross Domestic Product (GDP), the broadest measure of economic activity, has continued to rise over the last four years. In addition soaring consumer confidence, a healthy job market and improving retail sales are giving the U.S. economy a further boost.

Over the last five years, job growth picked up significantly and unemployment rates have continued to decline to more healthy levels, particularly in Silicon Valley. According to data from the Bureau of Labor Statistics, the national unemployment rate peaked at 10.0% in October 2009, the first time the rate had been at 10% or above since 1983. Over the last 12 months, the U.S. unemployment rate has declined from 4.4% in April 2017 to 3.8% in May 2018.

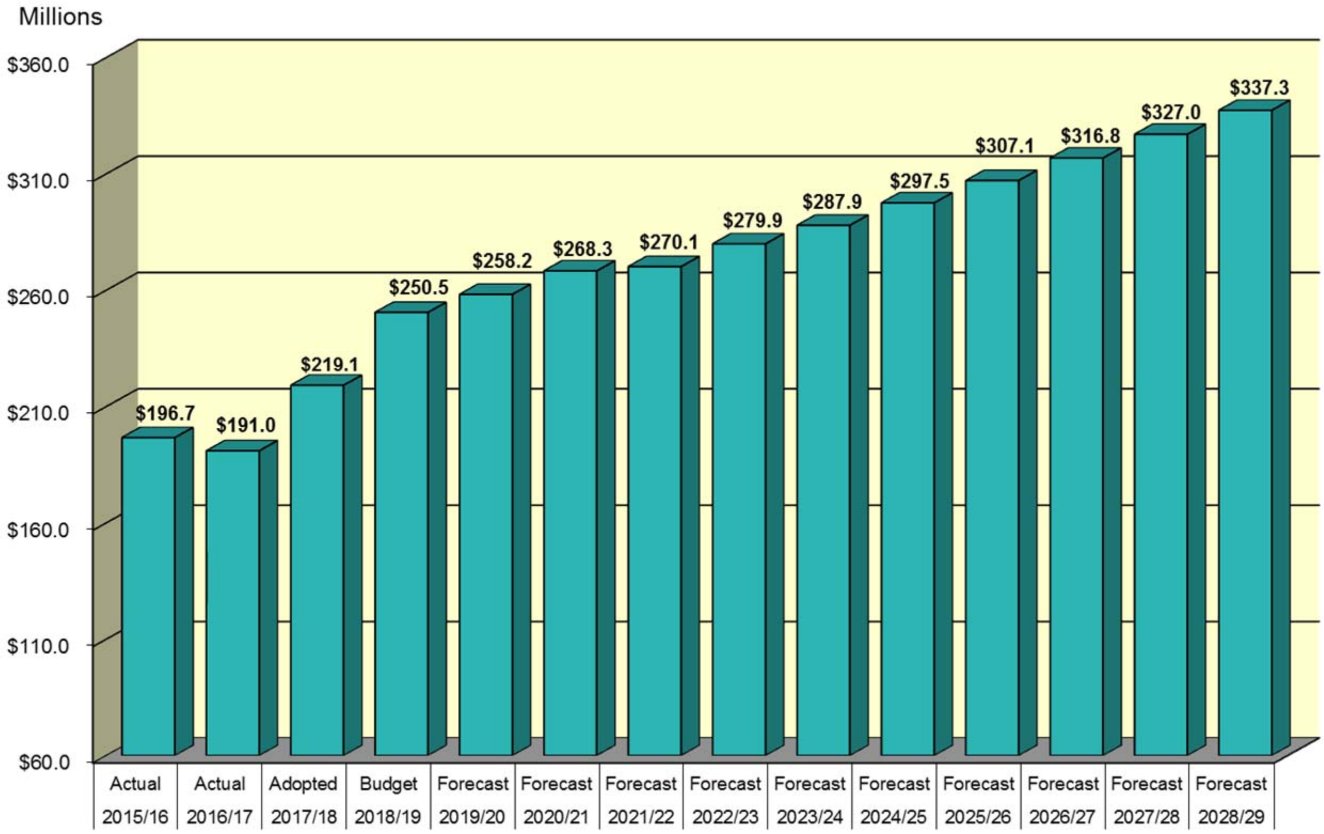
California's economy is projected to remain strong with continued job growth, pressure to raise salaries and hourly rates of pay, and a robust technology industry. The Employment Development Department reported California's unemployment rate rose past the 10% level in February 2009, reached a peak of 12.4% in early 2010, and began declining in late 2010. In the last year, the California unemployment rate declined from 5.2% in March 2017 to 4.3% in March 2018. Santa Clara County's and the City of Santa Clara's experience over the last year have been similar with March unemployment rates declining from 3.4% to 2.6% and 2.7% to 2.5%, respectively.

CITY OF SANTA CLARA'S GENERAL FUND

Total General Fund resources are estimated at $250.5 million in 2018/19, representing an increase of $31.4 million or 14.3% when compared to the adopted 2017/18 budget (see Chart 1). The primary reason for this increase is due to a restructuring in budgeting the way transfers are shown in the 2018/19 budget; previously transfers were shown as net transfers in the revenue section of the budget. This budget reflects transfers-in as a revenue and transfers-out as an expenditure. In addition, there were increases in Property Tax, due to rising home prices and in Contribution In-Lieu of Taxes received from Silicon Valley Power based on projected increases in customer service charges for electric usage.

As shown in Chart 1, General Fund resources are expected to grow at an average annual rate of 3% in the future years as moderate economic growth continues, reaching an estimated $337.3 million by the end of the forecast period (i.e., 2028/29).

Chart 1
General Fund Resources

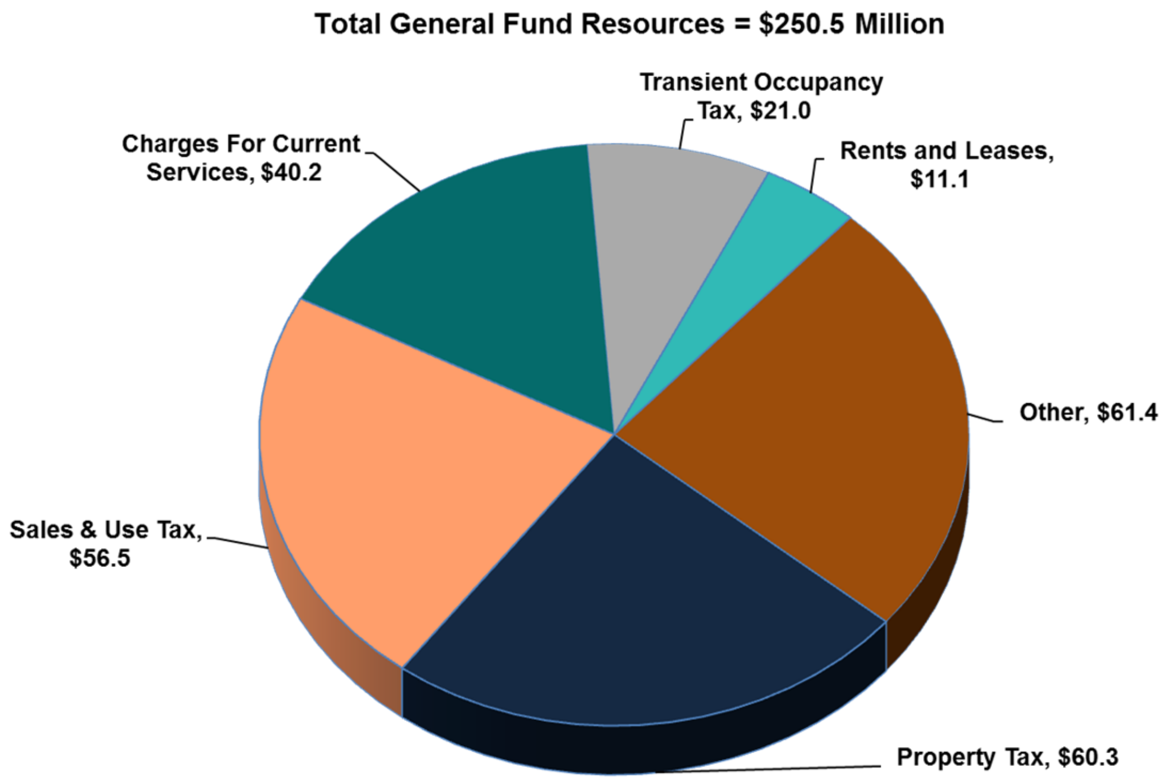


Note: Revenue for years 2018/19 through 2022/23 include transfers-in from the General Fund Capital Reserve Fund to fund projects listed in the City's five-year Capital Improvement Program (CIP) Budget.

Sources of General Fund Revenues

Major sources of General Fund revenue are shown below in Chart 2. Sales tax and property tax comprise the largest individual sources of General Fund revenues, representing a combined $116.8 million or 46.6% of the total. These and other major sources of revenue are described on the following pages.

Chart 2
2018/19 General Fund Resources



Sales Tax

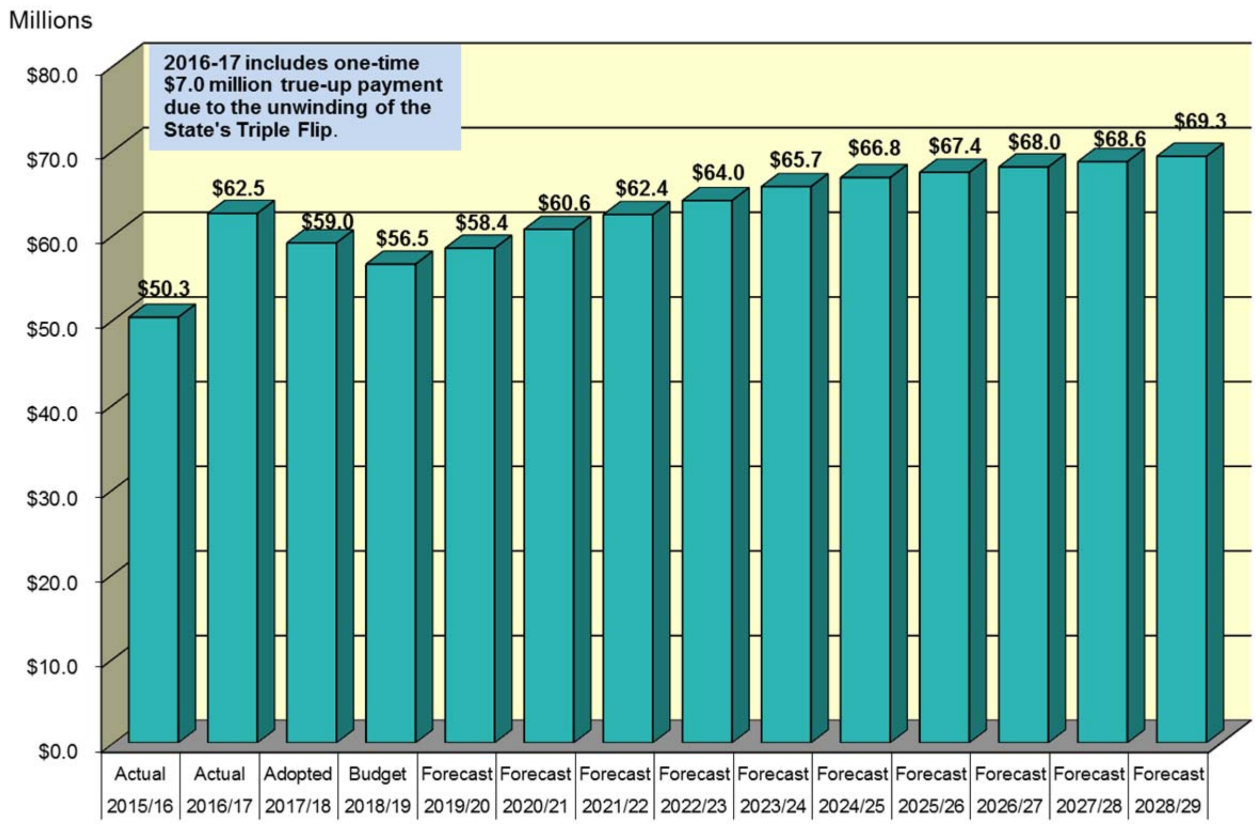
Santa Clara's sales tax collections are directly influenced by local, regional, national, and international economic and business cycles. Because of this, sales tax collections are one of the most economically sensitive General Fund revenue sources. As one of the City's largest revenue sources, sales tax collections reached a dot-com high of $51.1 million in 2000/01. After falling almost $17.0 million by 2002/03, collections rebounded to $43.2 million by 2006/07 as rising home values and stock prices fueled consumer spending. Over the next three years, sales tax revenues fell $13.1 million or 30% due to the impact of the Great Recession. Sales tax revenues began to grow again in 2010/11, and the strong growth in collections the last five fiscal years is expected to continue in 2018/19 (see Chart 3).

The 2016/17 fiscal year included a one-time $7.0 million true-up payment due to the unwinding of the State's Triple Flip. The triple flip was due to the State's takeaway of ¼ of the local Bradley-Burns 1% sales tax rate which the State then used to guarantee their economic recovery bonds (flip 1). They then directed counties to backfill the loss to local agencies with property tax revenue from the County Education Revenue Augmentation Fund known as ERAF (flip 2). The shortfall in ERAF monies was then backfilled from the State General Fund (flip 3).

The 2018/19 projection of $56.5 million is a decrease of $2.5 million when compared to the prior year. This projection is based on information from the City's sales tax consultant, MuniServices. Their estimates are based on individual category/segment projections with adjustments for known individual business anomalies such as missed payments or misallocations.

Collections are expected to grow at an average annual rate of 2.1% over the ten-year forecast period. Based on these projections, annual collections will continue to surpass the 2000/01 all-time high of $51.1 million.

Chart 3
General Fund Sales Tax Revenue



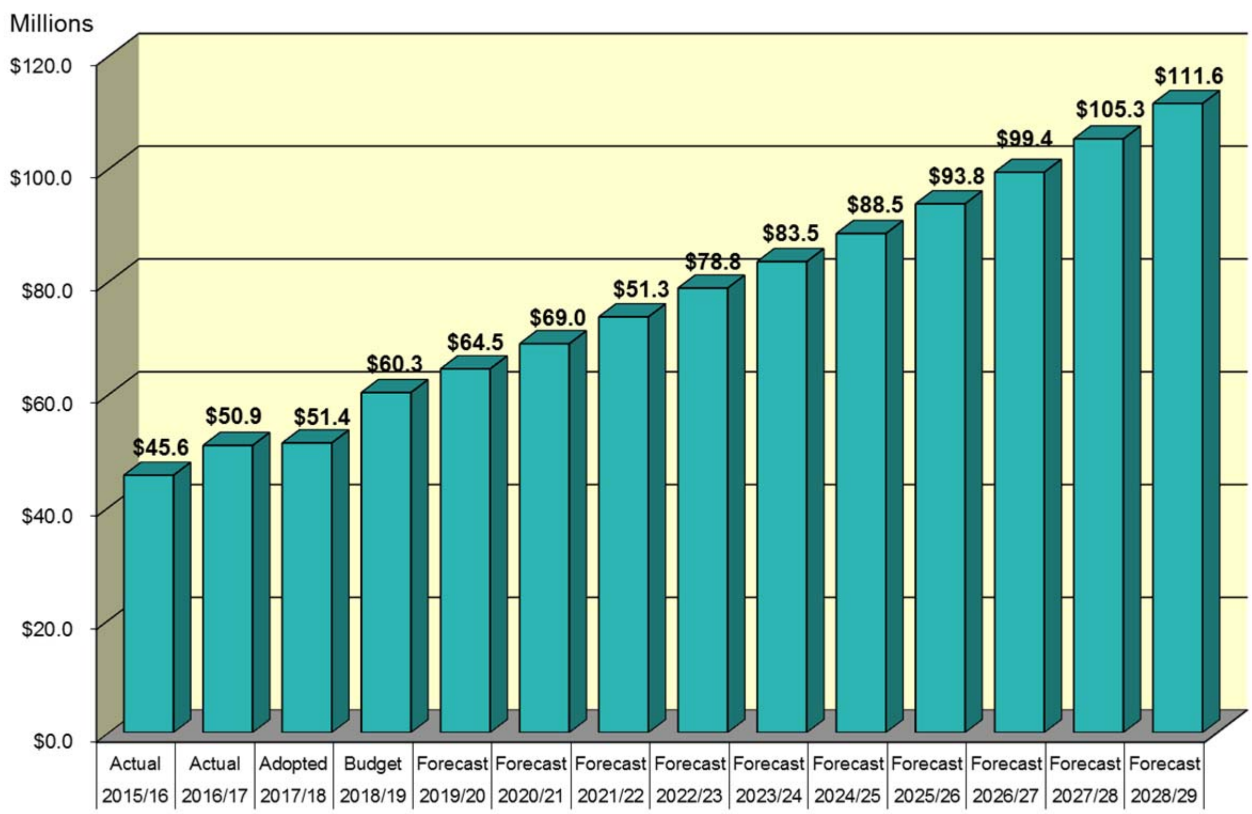
Property Tax

Under Proposition 13, the assessed valuation of properties held by the same owner from year-to-year is adjusted each year by the lesser of 2.0% or the percent change in the October to October California Consumer Price Index (CCPI). For 2018/19 the adjustment factor based on CCPI is 2.0%.

Property tax revenue for fiscal year 2018/19 is projected at $60.3 million, $8.9 million or 17.4% increase from the 2017/18 Adopted Budget of $51.4 million. Assessed valuation growth on secured property is projected at 2.4% based on rising home values plus the value of new construction projects being added to the rolls (see Chart 4). The Property Tax projection is based on information provided to the City from our third party property tax consultant, Hdl.

Note that these projections do not include new property tax collections for development projects that are either already entitled or currently under review. This Ten-Year Financial Plan only includes new development impacts once the projects are fully entitled <u>and</u> under construction. There are currently billions of dollars of construction projects in various stages of the development review process. Should any of these projects move forward, actual property tax collections should exceed the projections reflected below in Chart 4.

Chart 4
General Fund Property Tax Revenue



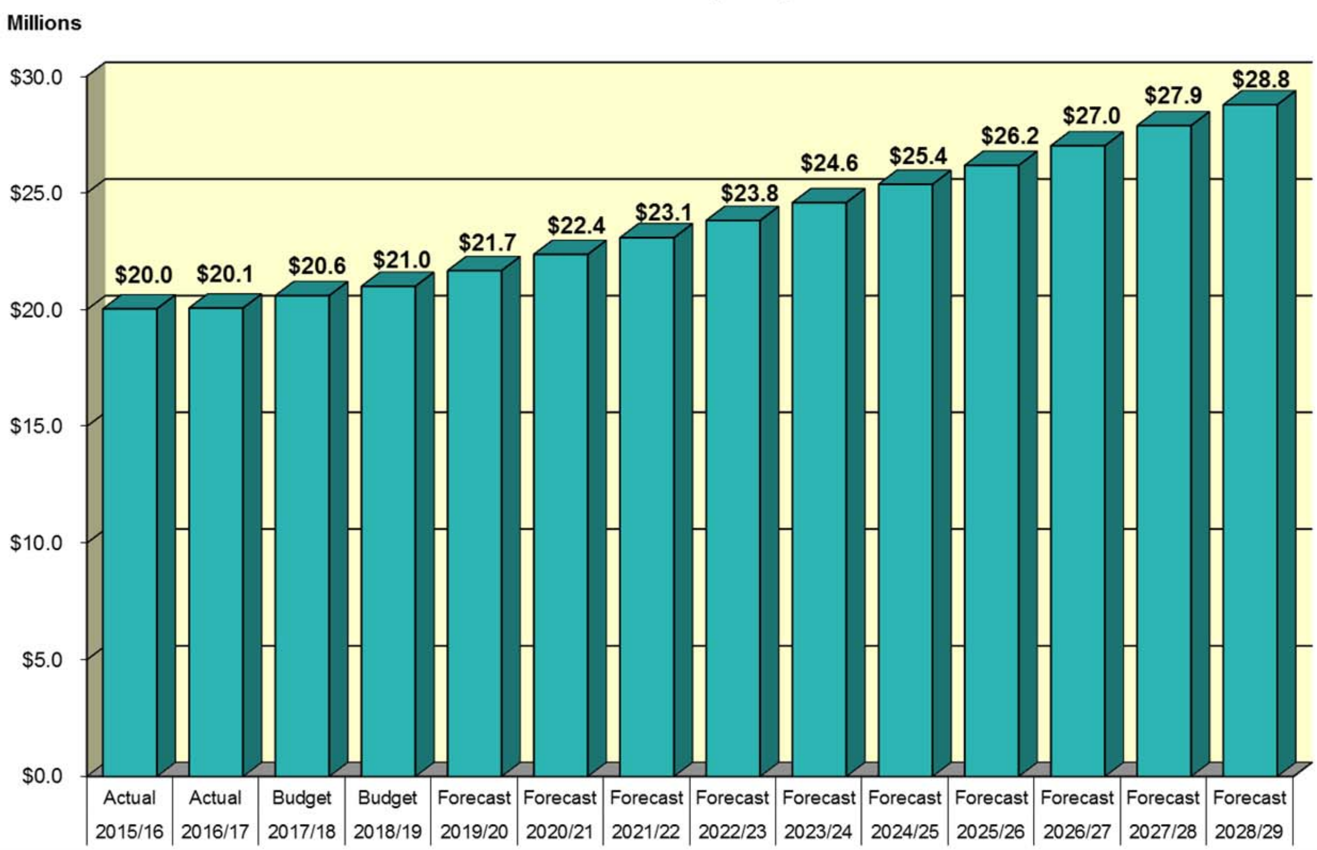
Transient Occupancy Tax

Transient Occupancy Tax (TOT), also known as hotel/motel tax, is another key revenue source for the General Fund. As with sales tax, TOT is sensitive to business cycles and therefore prone to volatility. After reaching a pre-recession peak of $11.3 million in 2007/08, this revenue source fell to $8.1 million in 2009/10. Collections began to grow again in 2010/11 due to the combination of higher occupancy levels and increases in the average daily rate (ADR) and strong growth occurred each year through 2017/18 with year-end collections expected to reach over $20.0 million (influenced by high weekday demand from tech companies, Convention and Visitors Bureau bookings, and Levi's Stadium events).

Transient Occupancy Tax (TOT) is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 9.5%. This revenue stream is extremely sensitive to changes in economic conditions and can vary greatly from year-to-year based on occupancy and room rates. TOT revenue is budgeted to remain relatively flat at $21.0 million for 2018/19; this is slightly above the 2017/18 Adopted Budget of $20.6 million (see Chart 5).

The forecast model projects that future TOT collections will grow at a rate of 3.2% per year from 2018/19 through the end of the Plan horizon in 2028/29. Although new hotels have been proposed in the Stadium area, they will not be included in the forecast until they start construction.

Chart 5
General Fund Transient Occupancy Tax Revenue



Charges for Current Services

Charges for Current Services are estimated at $40.2 million in 2018/19, down by $1.1 million or 2.7% over the 2017/18 budget of $41.3 million. This decrease is primarily due to moving Fire prevention fee revenue from Charges for Current Services to Business Tax revenue to accurately reflect the correct revenue category.

Major sources of revenue within this category include charges for services provided to outside entities and other funds, such as the City's utility enterprise funds of ($18.9 million), HazMat charges ($2.9 million), planning and engineering fees ($8.0 million), and various other customer service fees. The amount charged to outside entities and other funds also includes $5.7 million to reimburse the General Fund for stadium-related services provided to the San Francisco 49ers and the Santa Clara Stadium Authority.

Contribution In-Lieu of Taxes

In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues to the General Fund as contribution-in-lieu of taxes (CLT). For 2018/19, CLT is projected to total $23.1 million. The forecast is that CLT will increase to $33.9 million by the end of the forecast period. The forecast is primarily driven by market projections for electric consumption and any rate increases assumed in the Electric Ten-Year Financial Plan.

Rents and Leases

In 2018/19, revenue recorded as Rents and Leases is estimated to total $11.1 million. The amount projected for 2018/19 includes the ground lease with the Santa Clara Stadium Authority for the Levi's Stadium site (includes ground rent and performance rent totaling $3.0 million), right-of-way rental fees charged to the water and sewer utilities ($3.3 million), and other smaller leases ($4.6 million). Growth projections for the Ten-Year Financial Plan are based on individual lease agreements.

Interest Income

The City invests all funds not needed for current cash requirements in accordance with the City Council approved Investment Policy. These funds are invested in securities having a maximum maturity of five years. The factors that directly influence General Fund interest income include prevailing interest rates, the size of the portfolio, and the relative percentage of the portfolio allocated to the General Fund. Over the last several fiscal years, the return on the City's portfolio declined from 4.92% in 2005/06 to a low of 0.68% in August 2014. These declines are primarily due to the extraordinary actions by the Federal Reserve to hold interest rates low. The City's portfolio return has increased over the last year with the April 2018 earnings return at 1.55%. Based on the expectation that the Federal Reserve will gradually increase interest rates over the next couple of years, the General Fund is expected to receive $4.0 million in interest in 2018/19.

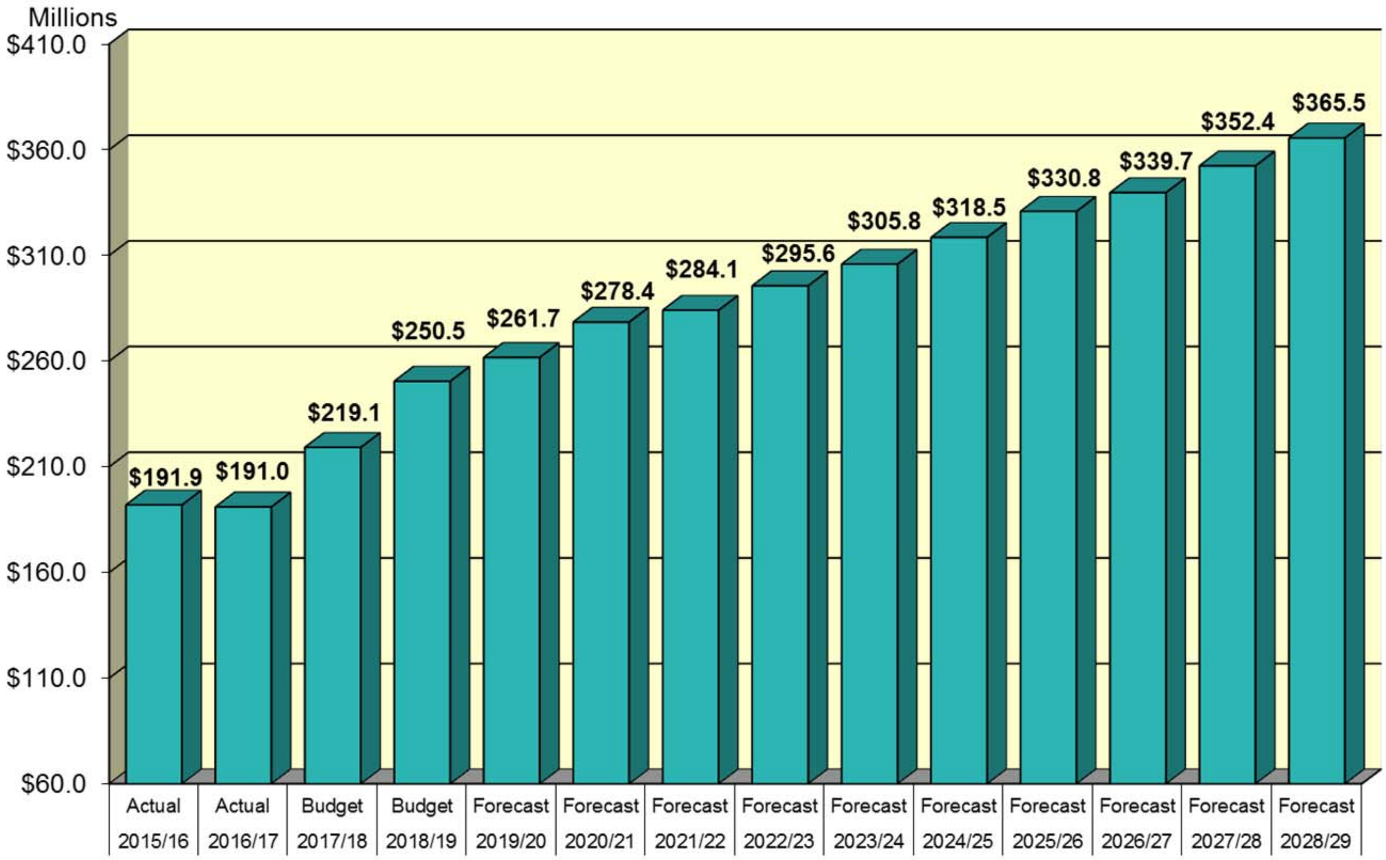
Expenditures

Chart 6 provides historic information on General Fund expenditures. Expenditures are projected to grow to $250.5 million in 2018/19 and to $365.5 million by the end of the forecast period. Despite actions to reduce expenditure growth, the primary growth driver continues to be increases in salary and benefit costs. On December 21, 2016, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.5% to 7.0% over the next three years. This will increase the City's contribution costs beginning in 2018/19. Lowering the discount rate means that the City will see increases in both the normal cost (the cost of pension benefits accruing in one year for active members) and the unfunded accrued liability.

Also of importance in this budget is the clear indication of transfers as transfers-in (revenue) and transfers-out (expenditure/expense) versus showing net transfers in the revenue section. This budget change accounts for $12.8 million of the increase in General Fund expenditures from the Adopted 2017/18 Budget to the Proposed 2018/19 Budget.

Consistent with calendar year Memorandums of Understanding (MOUs), 2018/19 includes general salary adjustments and other benefit enhancements for bargaining groups that have current agreements with the City.

Chart 6
General Fund Expenditures



Note: Expenditures for years 2018/19 through 2022/23 include transfers-out from the General Fund Capital Reserve Fund to fund projects listed in the City's five-year Capital Improvement Program (CIP) Budget.

As shown in Charts 7 and 8, Salary & Benefit costs represent the majority ($184.8 million) of budgeted 2018/19 operating expenditures. Salary & Benefit costs as a percentage of total operating expenditures grew from 71.8% in 2015/16 to 73.8% in 2018/19 (see Chart 9). Significant factors driving this growth include the addition of new funded positions, negotiated labor agreements, and rising pension costs.

Chart 7
General Fund Salary & Benefit Expenditures

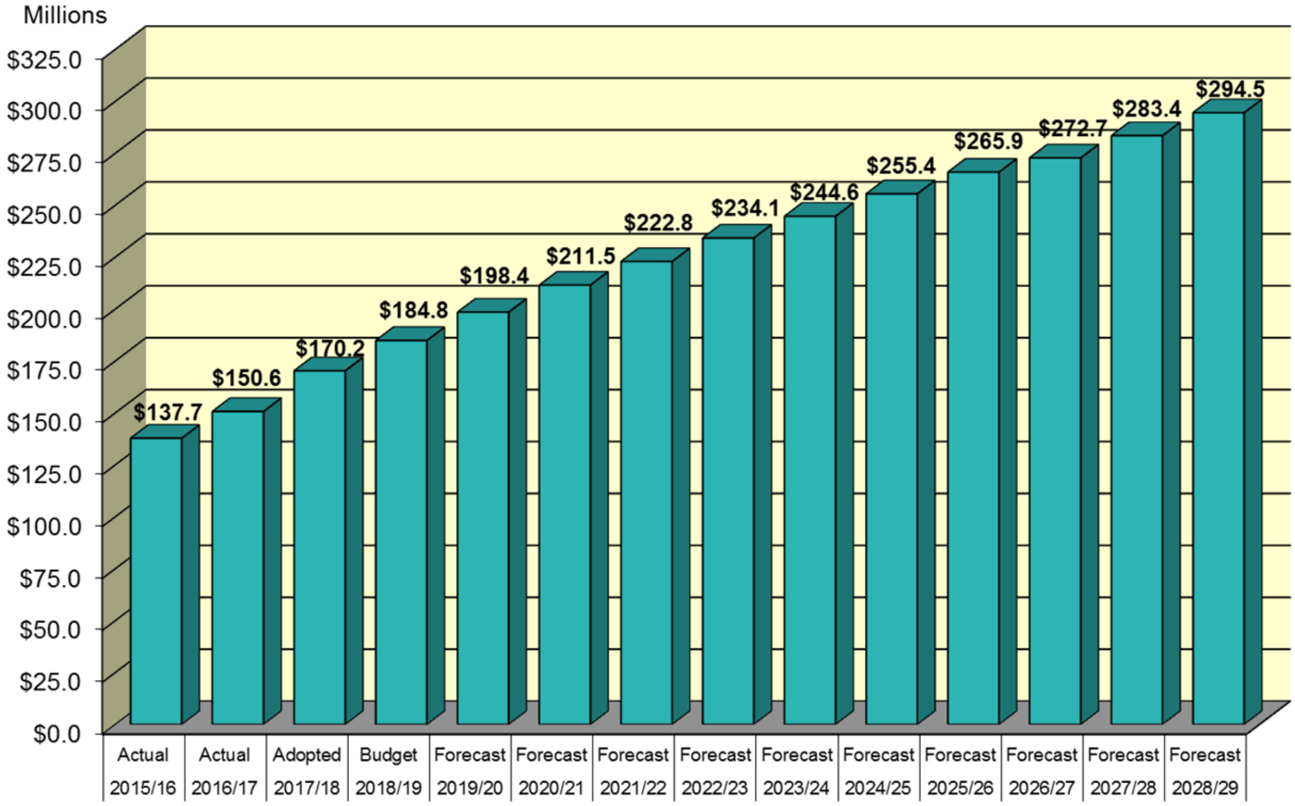


Chart 8
2018/19 General Fund Expenditure Components
Total General Fund Expenditures = $250.5 Million

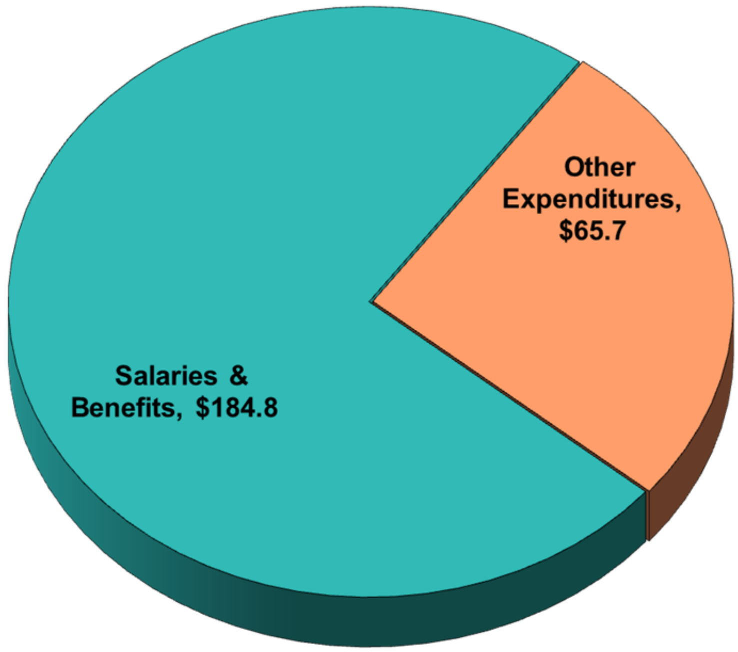
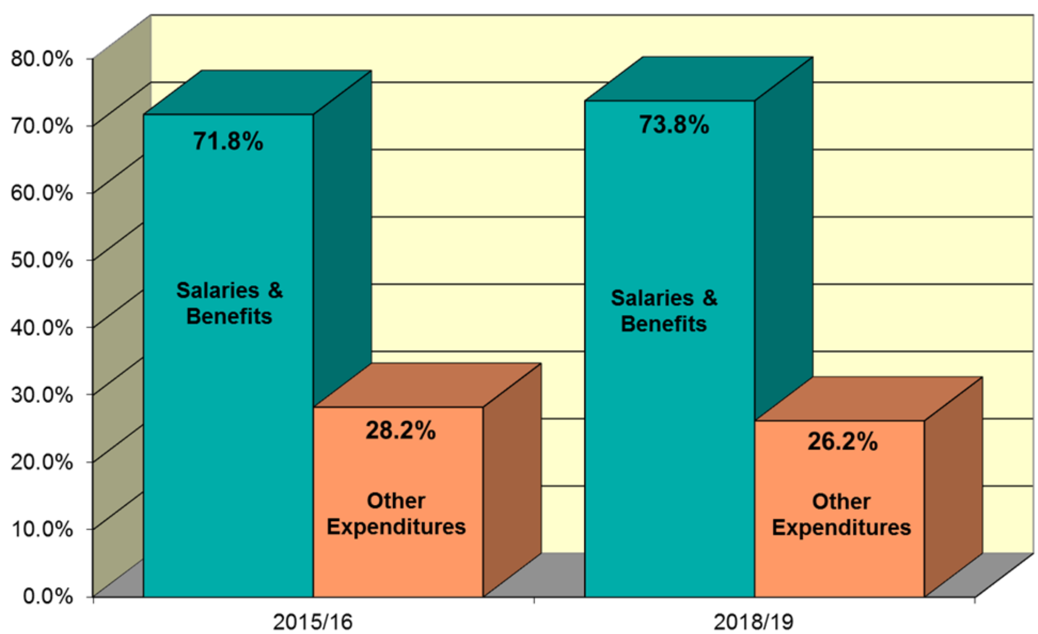


Chart 9
Time Comparison of Major Expenditure Categories



Retirement Costs

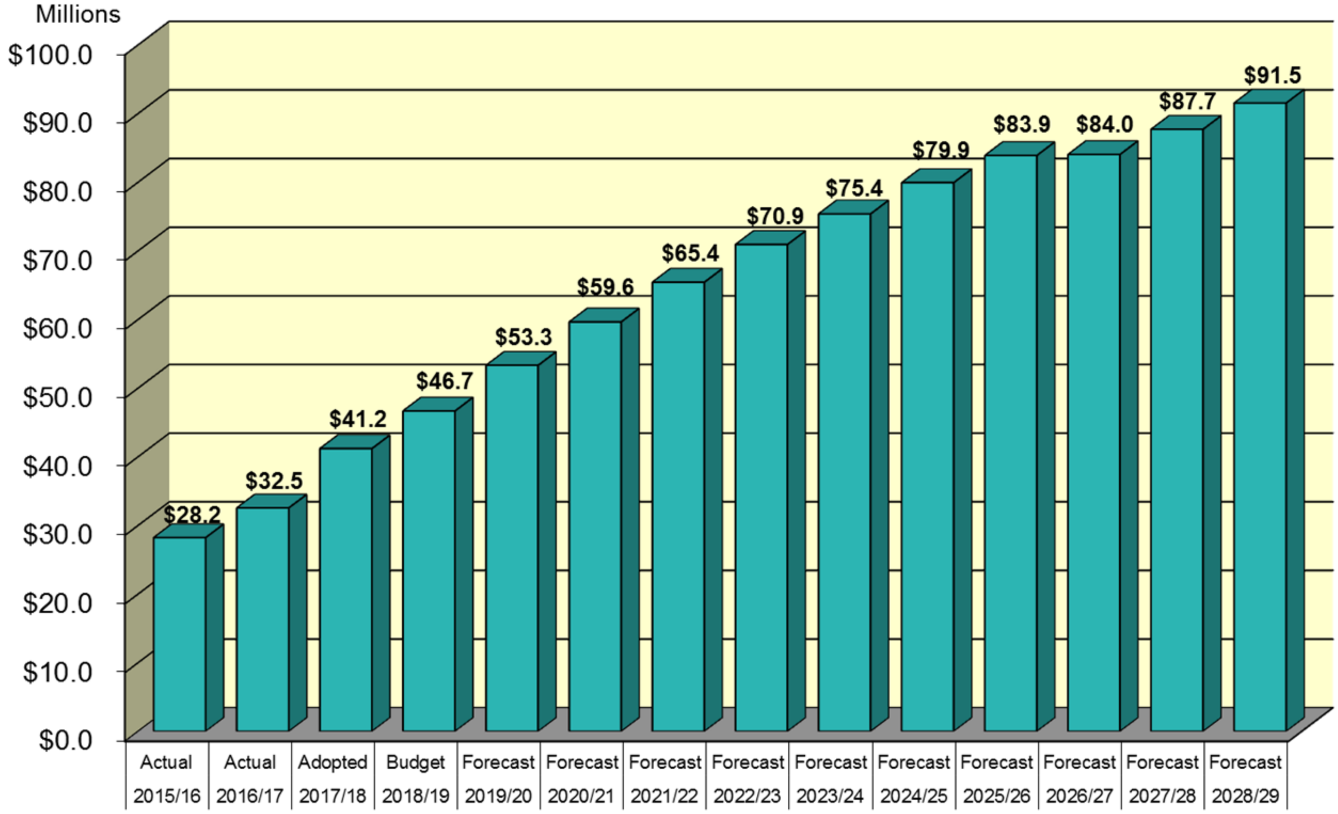
The City contributes to the California Public Employees Retirement System (CalPERS), which provides a defined benefit plan for participating public entities within the State of California. CalPERS offers a menu of benefit provisions that are established by State statutes within the Public Employee Retirement Law. The City selected its benefit provisions from the benefit menu by contract with CalPERS and adopted those benefits through local ordinance, following negotiations with employee bargaining groups.

The City's two defined benefit pension plans (Miscellaneous Plan and Safety Plan) with CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits for employees in the Miscellaneous Plan and Safety Plan vest after five years of CalPERS credited service. The retirement benefits under both plans are based on the retiree's age, years of CalPERS credited service, and a benefit factor of 2.7% at age 55 for Miscellaneous Plan members and 3.0% at age 50 for Safety Plan members.

In September 2012, the Governor signed AB 340, the Public Employees' Pension Reform Act of 2013 (PEPRA). This Act replaced existing pension benefit formulas for new hires with new lower benefit formulas for those new members who begin service January 1, 2013 or after. The City's PEPRA Miscellaneous Plan benefit formula is 2.0% at age 62 and the PEPRA Safety Plan benefit formula is 2.7% at age 57. Additionally, the salary basis for the retirement benefit is changed for all new hires from single highest year to highest average annual compensation over a three-year period. These changes are expected to slowly reduce rates over the next generation of employees.

CalPERS retirement costs rose sharply over the past decade as a result of the market losses in the early 2000s followed by benefit enhancements in the mid-2000s. In 2011/12, General Fund pension costs were $18.9 million; seven years later, 2018/19 pension costs are projected to be $46.7 million. As shown in Chart 10, retirement payments on behalf of employees are expected to rise dramatically as required employer rate increases are rolled in to make up for investment losses, a lower investment return assumption, shorter smoothing and amortization periods, and other demographic assumption changes, including longer lifespans for retirees. These increases accelerated beginning in 2011/12, and continue to ramp up as CalPERS phases each of them in. By the end of the Ten-Year Financial Plan period, PERS expenditures are projected to reach an estimated $91.5 million and consume an estimated 27.1% of General Fund revenues.

Chart 10
General Fund PERS Expenditures



The first major driver behind current and future rising retirement costs is the steep market losses experienced during the Great Recession. The CalPERS investment portfolio lost 4.9% in 2007/08 and 24.0% in 2008/09. CalPERS' actuarial assumption at that time was that it would earn a 7.75% annual investment return; this is the rate of growth needed to keep employer rates stable, all other things being equal. Given this assumption, CalPERS fell short of its actuarial estimate by 44.4% over this two year period, placing significant upward pressure on future rates. Rate increases to make up for these losses were phased in over three years beginning in 2011/12.

The second major driver behind pension rate increases are decisions made by the CalPERS Board. In 2012, the CalPERS Board revised their investment earnings assumption downward from 7.75% to 7.5% and in 2013 the Board modified smoothing policies from 15-year rolling average to five-year direct smoothing and changed the amortization period for investment gains and losses from a rolling to a fixed 30-year period. These changes were designed to help agencies move toward 100% funding faster than under the prior policies. The lower investment earnings assumption was incorporated into the calculation of rates beginning in 2014/15. The smoothing and amortization policy changes were implemented beginning in 2015/16. In 2014, the CalPERS Board approved new actuarial assumptions including mortality assumptions which show that retirees and their beneficiaries are expected to live longer than previously assumed, necessitating higher rates to fund higher lifetime pension payouts. These changes were implemented over a five year period beginning in 2016/17.

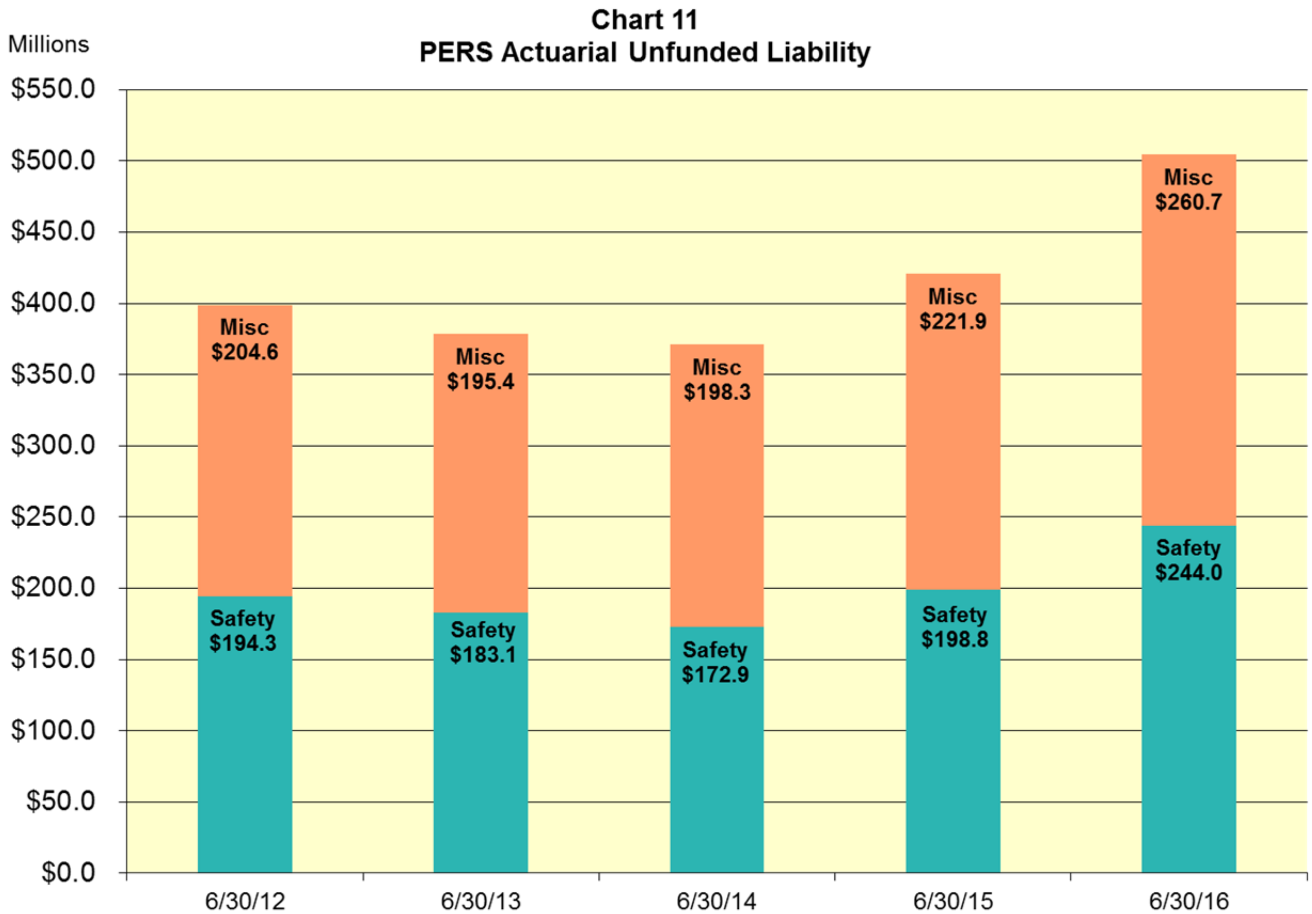
On December 21, 2016, the CalPERS Board approved lowering the investment earnings assumption (discount rate) downward from 7.5% to 7.0% over the next three years. This change will increase rates beginning in Fiscal Year 2018/19. Most recently, in February 2018, the CalPERS Board approved shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. This policy will become effective as of the June 30, 2019 CalPERS actuarial valuations.

Year-by-year pension rate projections are shown below in Table 1.

Table 1
Projected CalPERS Employer Rates

	Percent of Salary:	
Fiscal Year	**Miscellaneous Plan**	**Safety Plan**
2015/16	29.562%	41.948%
2016/17	32.267%	44.431%
2017/18	33.430%	47.317%
2018/19	35.928%	51.348%
2019/20	40.100%	56.200%
2020/21	42.800%	60.300%
2021/22	45.000%	64.300%
2022/23	46.900%	67.600%
2023/24	48.000%	69.600%
2024/25	49.000%	71.500%
2025/26	49.600%	72.600%
2026/27	45.100%	73.400%
2027/28	45.400%	74.100%
2028/29	45.800%	74.700%

Chart 11 examines the City's unfunded PERS liability. In 2000/01, after years of double-digit returns on PERS investments, the value of the City's assets held by CalPERS actually exceeded projected liabilities, resulting in a super-funded scenario that allowed rates for the Miscellaneous Plan to drop to zero. However, due to investment losses, changes in actuarial assumptions, and benefit enhancements, by June 30, 2016 (the most recent actuarial valuation date) the unfunded liability increased to $504.7 million with the funded status decreasing to 60.4% for the Miscellaneous Plan and 64.6% for the Safety Plan.

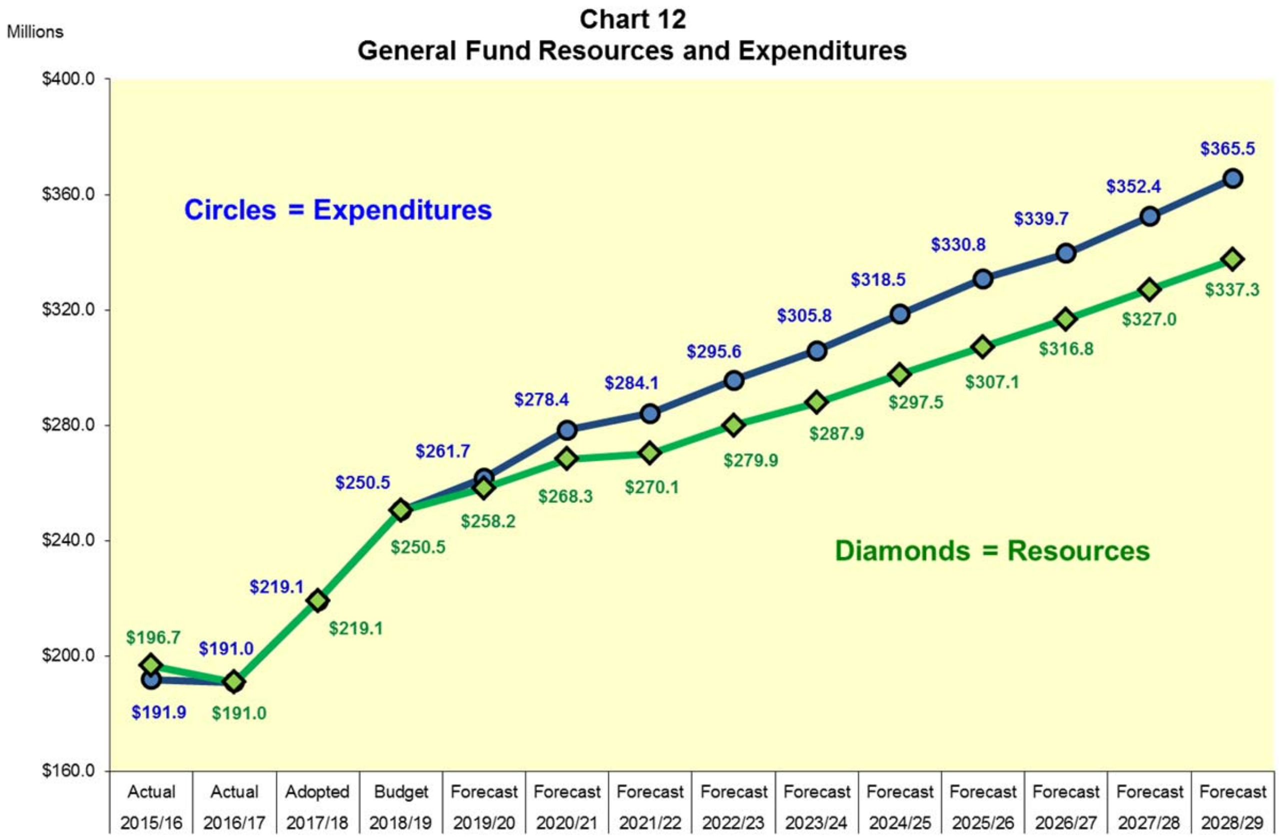


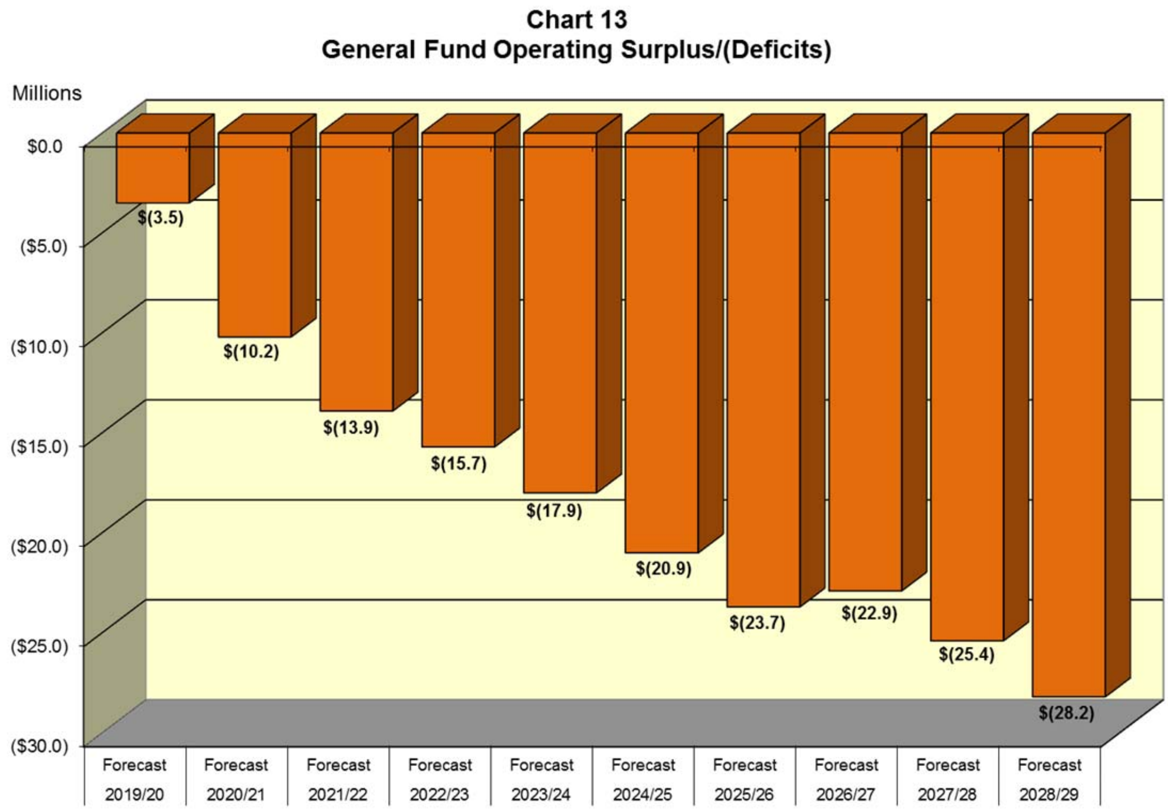
Budget Deficits Projected for the Forecast Horizon

The Plan shows a General Fund budget deficit beginning in 2019/20 and continuing to grow throughout the forecast (as shown in Chart 13). While revenues are anticipated to continue to grow at a moderate pace during the ten-year forecast, expenditures are projected to outpace revenues beginning in 2019/20. The primary drivers behind the higher growth rate for expenditures continue to be rising pension costs and increases in salary and other benefit costs.

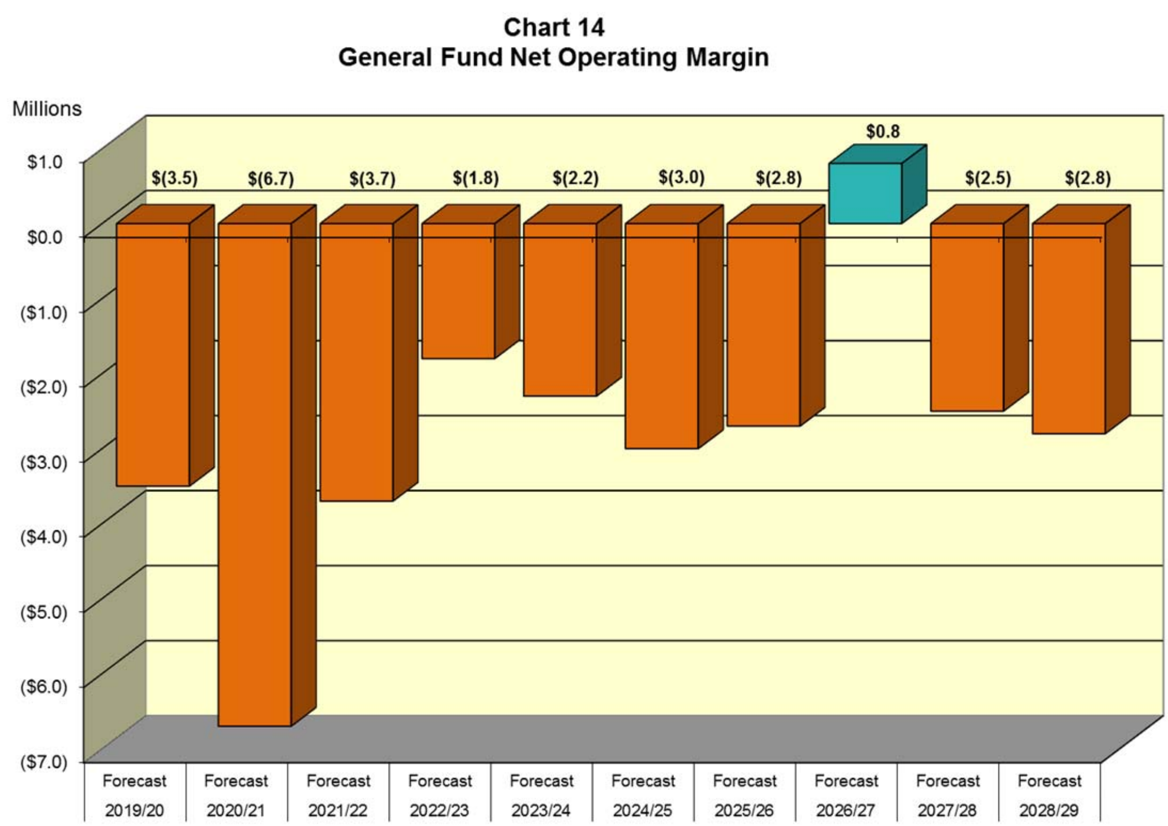
The 2018/19 General Fund budget is balanced. However, there was not sufficient funding to budget for transfers to the Budget Stabilization Reserve (formerly the Working Capital Reserve) or to the Capital Projects Reserve. It is anticipated that staff will bring forward a recommendation to allocate funding towards these reserve funds if the FY 2017/18 General Fund includes a surplus at year-end.

It is important to note that revenue projections assume a moderately growing economy throughout the forecast period, but do not include project specific revenues that may result from several large commercial and residential development projects currently under review or entitled but not yet under construction. If any of the development projects are completed and yield positive economic benefit, the outlook would improve. In addition, this forecast does not include a possible recession scenario.



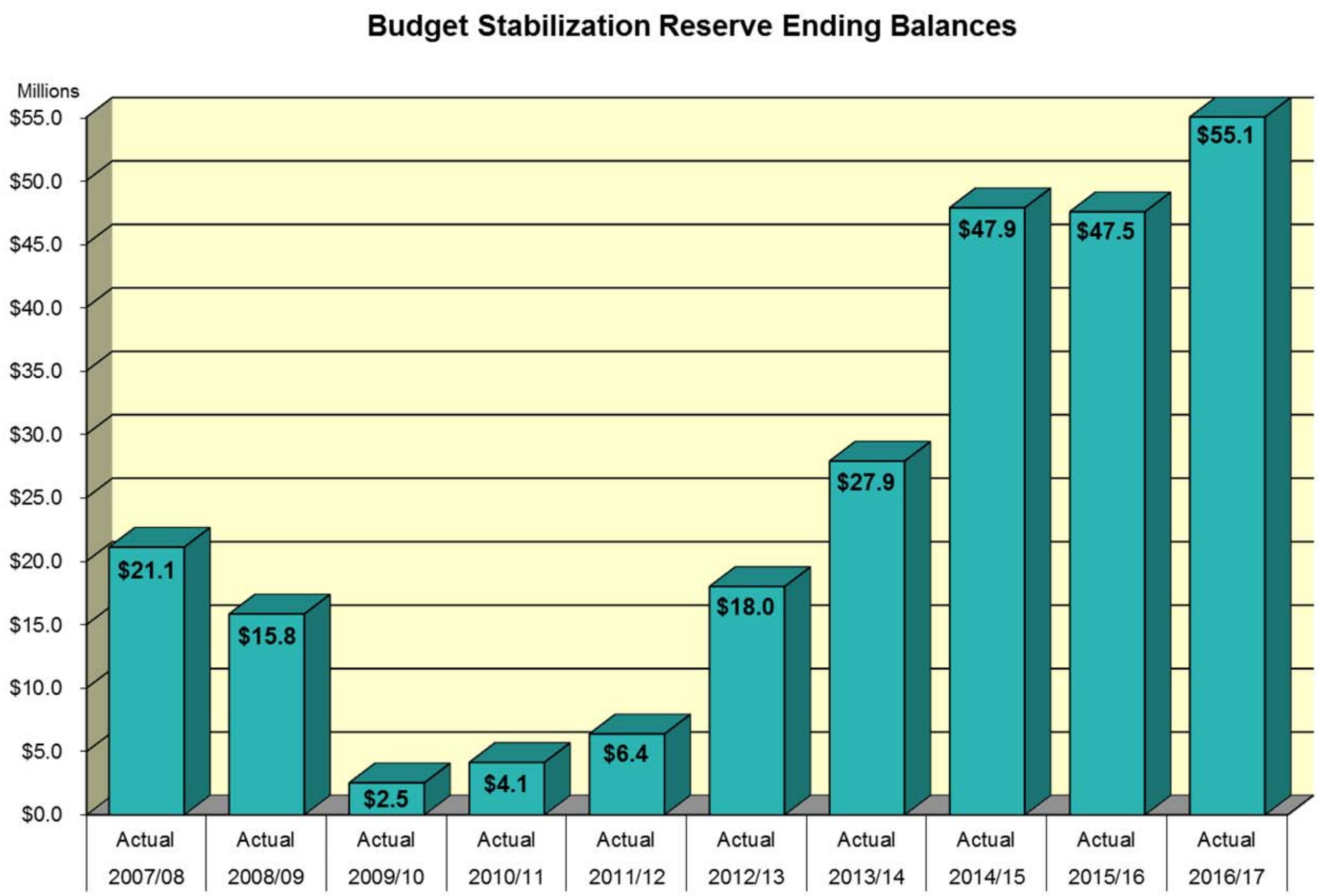


By committing to correct the deficit each year through fiscal discipline and addressing the annual deficits with cost reductions, alternative service delivery options, or increasing revenue, the year-over-year deficits are forecasted to range between $1.8 million to a high of $6.7 million (see Chart 14).

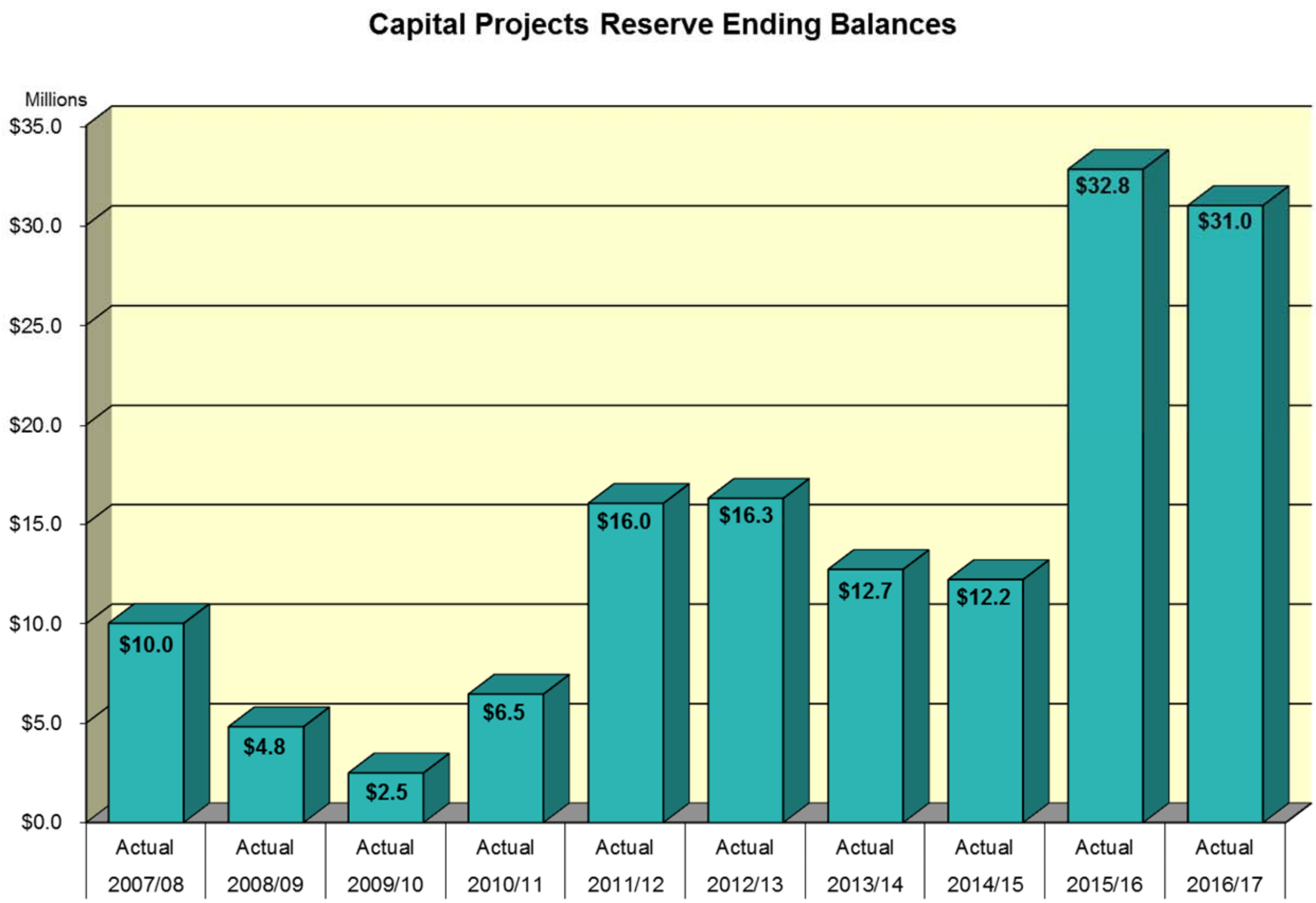


Reserves

During 1985/86, the City Council established a policy regarding use of the City's General Contingency Reserve funds. Under that policy, two separate reserves were established: a *Working Capital Reserve* and a *Capital Projects Reserve*. To differentiate the Working Capital Reserve from the Capital Projects Reserve and to better reflect the purpose of this reserve, staff is recommending renaming the Working Capital Reserve to Budget Stabilization Reserve. The Budget Stabilization Reserve (BSR) is set aside to protect vital General Fund services through economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-days or 25% of budgeted appropriations).The BSR reserve level for the end of FY 2017/18 is currently projected to be $55.1 million. Per Council policy, the FY 2018/19 BSR level needs to be set at $59.3 million, which is adjusted upward to reflect an increase in expenditures. To make up the shortfall of $4.2 million, as part of closing the current fiscal year budget, staff will bring forward a recommendation to allocate $4.2 million of the current estimated FY 2017/18 General Fund surplus of a projected $7 million.



The Capital Projects Reserve is set aside to fund the portion of the City's Capital Improvement Program (CIP) that has no other funding sources to support it. The projects funded from this critical reserve provide basic City infrastructure and quality facilities. The Council adopted a policy in 1996/97 to maintain a minimum of $5.0 million in the Capital Projects Reserve. The Proposed FY 2018/19 & FY 2019/20 CIP Budget includes the expenditure of Capital Projects Reserves in the amount of $10.1 million in FY 2018/19 and $7.8 million in FY 2019/20. The remaining balance in the Capital Projects Reserve in FY 2018/19 equals $20.8 million and is allocated towards approved projects included in the Capital Improvement Program Budget. It is estimated that the Capital Projects Reserve will be depleted by the end of fiscal year 2022/23, with an unfunded balance of $1.2M, if no additional action is taken by the City Council to replenish this fund. As with the Budget Stabilization Reserve, the Fiscal Year 2018/19 Proposed General Fund Operating budget does not anticipate any savings and/or surpluses; therefore, no transfer of funds have been included to the 2018/19 Capital Projects Reserve. However, as part of closing the FY 2017/18 Budget, the City Council may allocate a portion of the projected General Fund surplus to the Capital Projects Reserve.



ENTERPRISE TYPE ACTIVITIES

The City owns and operates various enterprise type activities including the Electric, Water and Sewer Utilities, City Cemetery, and Solid Waste program. A five-year projection of major enterprise fund revenues and expenses is included in the attached schedules. The projections were prepared by the respective entities with underlying economic and other pertinent assumptions that may differ from those outlined in this Plan. Presentation of enterprise fund information in this plan is designed to draw attention to their financial relationship to the City's General Fund.

Silicon Valley Power

Silicon Valley Power (SVP) provides electric power and services to over 55,000 City customer accounts. In calendar year 2017, the SVP served approximately 1,660 industrial accounts that comprised 90% of the City's load and more than 88% of customer service revenues. The Electric Department provides diverse services including operating, maintaining and dispatching electric service, engineering, system design and planning, administrative and financial management, marketing, customer services, wholesale power trading, free outdoor Wi-Fi (powered by SVP Meter Connect) and dark fiber leasing services -- all of which makes SVP a successful and reliable resource for the City and its citizens. SVP owns power generation facilities, invests in joint ventures on generation and transmission projects, and trades wholesale power on the open market. Its primary goals are to provide safe, reliable service while remaining competitive in the marketplace and placing a premium on a high level of customer satisfaction. While the business environment has changed due to high-tech load growth, SVP remains dedicated to responsive, low cost and reliable customer service.

Over the next ten years, SVP will continue to build and expand its state-of-the-art power and communications infrastructure. SVP's mission is to be a progressive, service-oriented utility, and to offer reliable, competitively priced energy services for the benefit of Santa Clara and its customers. This means implementing energy efficiency programs, green technologies, ensuring reliable service, streamlining operations, and improving communications. SVP continually works with Santa Clara customers to enhance the value they receive from municipal ownership of their electric utility.

Also, over the coming years, SVP will take significant measures to proactively comply with continually increasing legislative and regulatory mandates such as California's Renewable Portfolio Standard (RPS) and the Cap-and-Trade Program. The State's RPS program requires electric service providers to increase procurement of eligible renewable resources to 33% of total procurement by 2020, and in 2015 the Governor signed Senate Bill 350 increasing that to 50% of total procurement by 2030. While SVP already exceeded state-wide RPS goals for Compliance Period 1 and 2 (2011-2016) and expects to fulfill the requirement for Compliance period 3 (2017-2020), the RPS requires SVP to continue its support of this broad range of programs encouraging wise use of energy resources, especially renewable energy generation. The California Cap-and-Trade Program began in mid-2012 and intends to cap and reduce CO_2 emissions by auctioning emission allowances and investing the proceeds in consumer benefits such as energy efficiency, renewable energy, and other clean energy technologies. At the Federal level, the North American Electric Reliability Corporation (NERC) has issued new reliability standards with mandatory requirements to ensure power system reliability throughout the country. SVP has established a framework to assure that the City is in and stays in compliance with NERC mandatory standards. Furthermore, Fitch Ratings upgraded the rating on SVP's revenue bonds to AA- from A+ and Standard and Poor's Global Ratings revised SVP's outlook to stable from negative, reinforcing the need to maintain a positive net income during normal operating years and keep Electric Utility reserves over the $120 million target.

The cost of producing and procuring energy is projected to increase primarily due to higher electric transmission costs, increased gas transportation costs, and higher power purchase and generation expenses to serve the projected increase in retail load. Because the additional renewable resources were acquired to meet future state mandates and are not immediately needed for current period compliance, the higher costs are being partially offset by wholesale sales of the bundled renewable energy. Special efforts are made to assure that costs for the procurement of natural gas and emissions allowances for carbon are properly projected.

To ensure safety and comply with reliability requirements, SVP continues its multi-year substation rebuilding projects. The forecast assumes capital expenditures including substation upgrades, equipment replacement, new technology deployment, and economic development projects. The Phase Shifting Transformer has been reducing the operating costs as well as improving the Utility's reliability. This project was funded by a short-term loan, which will be repaid through the operating cost savings.

In other ongoing capital projects, the Electric Department continues to improve, demonstrate, and implement new technologies to support tomorrow's power grid. Some key projects being deployed in this area are the continuing development of an Advanced Metering Infrastructure (AMI) Project; the SVP Meter Connect program (which powers the City's free outdoor Wi-Fi); the ongoing Operational and Technology Project, updating the power scheduling and back office systems required to schedule, track and settle power purchase and sales transactions; LED streetlight upgrade projects; and the improvement of the electric system cyber and physical security as required by mandatory federal reliability standards.

SVP continues to improve electric infrastructure to provide a reliable and low-cost business environment so Santa Clara's economy can grow and thrive. Rapid growth in energy demand, aging grids, communication technologies, and environmental impacts are driving change in how utilities do business and operate. New services, customer demand, and regulatory requirements continue to drive the need for advanced technology solutions to improve customer energy services.

The Electric Department's Ten-Year Financial Plan assumes a 2% rate increase in each of the next three fiscal years, 2018/19 through 2020/21, subject to further review and City Council approval. The inflationary rate increase is needed to cover increasing transmission and gas transportation costs. Additionally, it is important that we maintain our current reserve levels at the $120 million target in the event there is a market disruption causing prices to increase beyond what was projected. Santa Clara's Electric Utility continues to offer among the lowest electric rates in the State of California while maintaining a strong balance sheet.

Water and Sewer Utilities

Water Utility expenditures are projected to increase by 14% between 2017/18 and 2018/19 and increase up to 7% per year over the ten-year planning period, primarily due to projected increases in the wholesale cost of water. Moderate increases are also projected in salaries and benefits, right-of-way fees, other operating expenditures, and Internal Service Fund allocations.

Sewer Utility expenditures are projected to increase 8% between 2017/18 and 2018/19 and approximately 3% per year for the duration of the ten-year forecast period. Increases are driven primarily by increases in operations and maintenance (O&M) costs for the San Jose/Santa Clara Regional Wastewater Facility (RWF), as well as moderate increases in salaries and benefits, right-of-way fees, and Internal Service allocations.

The exceptions to the 3% per year increase occur in Fiscal Years 2019/20 and 2021/22, during which there is an expected 15% increase in expenditures over the previous years. These increases are driven primarily by debt service payments on expected debt issuance in 2018/19 and 2020-21, respectively. This debt is being issued to keep rates from increasing significantly to cover capital expenditures at the RWF, as well as to spread the cost of RWF improvements over a 25-year period.

Recycled Water Utility expenditures are projected to increase by 9% between 2017/18 and 2018/19, and by 8% per year over the remainder of the planning period. Increasing demand for and sale of, recycled water, as well as wholesale purchase costs of recycled water, are the primary components of the projected increases.

Even with the projected increases in expenditures, the Utilities anticipate maintaining combined water, ewer, and recycled water rates at a competitive level that is affordable for residents and attractive for businesses.

Parks and Recreation Department - Cemetery Division

In continuous operation since 1864, Mission City Memorial Park (MCMP) is a 25+ acre historic property, a place of reverence and peace. Parks and Recreation staff honors the Park's past and are positioning MCMP for the future.

Fees for interment rights and services are reviewed annually to ensure they are set appropriately. The inventory of available graves, niches, and crypts is managed to ensure residents have continued choices. Marketing strategies are employed to ensure Santa Clara residents are aware of MCMP as an excellent choice for their final resting place. Expenses are continuously evaluated to ensure resources are used efficiently and effectively, while maintaining MCMP in optimal condition.

In fiscal year 2016/17 a fee study was performed. As a result of the study some components of burial fees were reduced and/or combined in fiscal year 2017/18, resulting in greater affordability and a more clear process for the resident-customer. While the trend for the previous three years showed increased revenue of 5%, the near term forecast projects flat revenues, except for interment rights and perpetual care which will need to increase as a function of maintaining cost recovery levels.

The categories of sales (components of burial) are as follows:

1. Interment rights (facilities) are a one-time fee which reserves a person's space in a grave, niche, or crypt;
2. Perpetual care (endowment) is a one-time fee collected for each person interred and whose principal and growth is reserved and portion of interest on growth is used to support future maintenance of the grounds and buildings;
3. Materials sold include burial vaults, flower vases and rings, niche plaques, and mono-bars;
4. Marker setting fees include the permanent placement of a personalized stone marker onto a grave;
5. Site preparation (labor) includes staff time required to prepare a site for burial, it is collected only at time of need, and each time the site is accessed.

To assure funds are available to support the maintenance grounds and buildings, a 25% increase was applied to interment rights and perpetual care (endowment) in fiscal year 2018/19.

The Cemetery's salaries and benefits are projected to increase 3.5% - 5.0% during the ten-year forecast period. Other operating expenditures and Internal Service Fund allocations are projected to increase by 3.2% annually during the same period.

CONCLUSION

The Ten-Year Financial Plan provides policy-makers and the public an updated assessment of the City's financial condition that takes into account the latest projections of economic conditions. The benefit of the Ten-Year Financial Plan is to provide the City Council, staff, and community a clear assessment of the City's finances and facilitate an informed discussion during budget deliberations. The Plan serves as a starting point to provide perspective and analysis of what will happen if current financial decisions and operating practices continue into the future.

City of Santa Clara
General Fund
Ten-Year Financial Plan

	2015/16 Actual	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
ESTIMATED RESOURCES														
Property Tax	$ 45,621,226	$ 50,920,368	51,359,000	60,300,000	64,495,000	68,954,530	73,723,471	78,823,344	83,520,841	88,498,592	93,773,333	99,362,800	105,285,788	111,562,217
Sales Tax	50,254,965	62,528,632	59,047,475	56,530,000	58,414,664	60,632,021	62,378,094	64,036,905	65,695,478	66,759,285	67,378,929	68,004,752	68,636,828	69,275,234
Transient Occupancy Tax	20,034,096	20,069,227	20,600,000	21,000,000	21,672,000	22,365,504	23,081,200	23,819,799	24,582,032	25,368,657	26,180,454	27,018,229	27,882,812	28,775,062
Franchise Tax	3,822,934	4,017,605	3,916,300	4,287,638	4,424,842	4,566,437	4,712,563	4,863,365	5,018,993	5,179,601	5,345,348	5,516,399	5,692,924	5,875,098
Documentary Transfer Tax	1,788,993	1,714,219	1,200,000	2,000,000	2,064,000	2,130,048	2,198,210	2,268,552	2,341,146	2,416,063	2,493,377	2,573,165	2,655,506	2,740,482
Subtotal	**121,522,214**	**139,250,050**	**136,122,775**	**144,117,638**	**151,070,506**	**158,648,541**	**166,093,538**	**173,811,965**	**181,158,490**	**188,222,198**	**195,171,441**	**202,475,344**	**210,153,858**	**218,228,092**
Licenses and Permits	9,291,969	8,946,598	8,459,000	9,698,000	10,008,336	10,328,603	10,659,118	11,000,210	11,352,217	11,715,487	12,090,383	12,477,275	12,876,548	13,288,598
Fines and Penalties	2,099,606	1,652,113	1,606,300	1,580,500	1,631,076	1,683,270	1,737,135	1,792,723	1,850,091	1,909,293	1,970,391	2,033,443	2,098,514	2,165,666
Interest	1,729,068	2,467,323	2,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Rents and Leases	13,163,166	10,978,486	11,019,497	11,063,022	11,063,022	11,063,022	11,063,022	11,063,022	11,063,022	11,063,022	11,063,022	11,063,022	11,063,022	11,063,022
Revenue From Other Agencies	1,836,292	8,534,059	1,310,000	702,000	702,000	702,000	702,000	702,000	702,000	702,000	702,000	702,000	702,000	702,000
Charges For Current Services	44,898,240	40,525,139	41,271,526	40,169,930	41,403,429	42,737,813	44,107,708	45,521,519	46,980,655	48,486,569	50,040,761	51,644,779	53,300,220	55,008,734
Contribution In-Lieu of Taxes	19,057,004	21,117,421	21,661,903	23,094,590	25,568,806	27,564,371	27,604,302	28,165,060	28,896,338	29,478,858	30,070,115	30,306,562	30,663,309	30,663,309
Other Revenue	582,604	2,357,869	415,920	757,308	110,742	114,286	117,943	121,717	125,612	129,631	133,780	138,061	142,479	147,038
Subtotal	**92,657,949**	**96,579,007**	**87,744,146**	**91,065,350**	**94,487,411**	**98,193,365**	**99,991,228**	**102,366,251**	**104,969,934**	**107,484,861**	**110,070,452**	**112,365,142**	**114,846,092**	**117,038,367**
Net Interfund Transfers	**(8,019,037)**	**(22,434,361)**	**(2,212,434)**	**15,284,335**	**12,649,417**	**11,439,846**	**4,056,314**	**3,730,140**	**1,757,323**	**1,813,557**	**1,871,591**	**1,931,482**	**1,993,289**	**2,057,074**
Total Estimated Resources	**$ 206,161,126**	**$ 213,394,696**	**$ 221,654,487**	**$ 250,467,323**	**$ 258,207,334**	**$ 268,281,751**	**$ 270,141,080**	**$ 279,908,357**	**$ 287,885,747**	**$ 297,520,616**	**$ 307,113,484**	**$ 316,771,968**	**$ 326,993,239**	**$ 337,323,533**
ESTIMATED EXPENDITURES														
Salaries	$ 92,932,775	$ 100,649,467	$ 106,054,342	$ 114,550,952	$ 119,926,834	$ 125,323,541	$ 129,709,865	$ 134,249,710	$ 138,948,450	$ 143,811,646	$ 148,845,054	$ 154,054,630	$ 159,446,542	$ 165,027,171
Separation Payouts	1,943,326	1,463,345	2,000,000	1,809,776	1,898,645	1,984,084	2,053,527	2,125,400	2,199,789	2,276,782	2,356,469	2,438,945	2,524,308	2,612,659
Benefits	42,872,044	48,525,117	62,149,879	68,441,561	76,616,264	84,147,874	91,063,147	97,752,336	103,462,447	109,326,636	114,663,758	116,249,179	121,438,766	126,865,029
Materials, Services, and Supplies	44,789,439	30,495,430	38,008,001	38,121,678	38,969,030	40,204,839	41,480,194	42,796,360	44,154,644	45,556,392	47,002,997	48,495,893	50,036,562	51,626,531
Interfund Services	9,190,715	9,629,547	10,202,144	11,323,818	11,686,180	12,060,138	12,446,062	12,844,336	13,255,355	13,679,526	14,117,271	14,569,024	15,035,233	15,516,360
Capital Outlay	177,211	211,488	735,400	912,008	319,203	333,567	345,242	357,325	369,832	382,776	396,173	410,039	424,390	439,244
Other Expenditures	2,498,975	2,500,860	2,504,721	15,307,530	12,316,628	14,393,812	6,960,211	5,480,072	3,453,764	3,457,264	3,458,358	3,451,958	3,456,708	3,456,708
Total Estimated Expenditures	**$ 194,404,485**	**$ 193,475,255**	**$ 221,654,487**	**$ 250,467,323**	**$ 261,732,784**	**$ 278,447,855**	**$ 284,058,247**	**$ 295,605,541**	**$ 305,844,281**	**$ 318,491,022**	**$ 330,840,080**	**$ 339,669,668**	**$ 352,362,509**	**$ 365,543,704**
Surplus/(Deficit)	**$ 11,756,641**	**$ 19,919,441**	**$ -**	**$ -**	**$ (3,500,000)**	**$ (10,200,000)**	**$ (13,900,000)**	**$ (15,700,000)**	**$ (18,000,000)**	**$ (21,000,000)**	**$ (23,700,000)**	**$ (22,900,000)**	**$ (25,400,000)**	**$ (28,200,000)**

CITY OF SANTA CLARA
ELECTRIC UTILITY (FUNDS 091,191 and 491)
TEN-YEAR FINANCIAL PLAN

Schedule B

	Budget	Forecast									
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
REVENUE											
Interest & Rents	$ 6,525,404	$ 8,118,855	$ 9,169,339	$ 9,804,224	$ 10,070,986	$ 10,456,074	$ 10,913,102	$ 11,330,657	$ 11,643,317	$ 11,932,158	$ 12,183,888
Charges for Services	442,466,956	492,355,119	534,484,779	556,154,586	569,303,285	583,972,801	594,722,631	609,403,045	623,642,413	640,851,418	660,181,726
Other Revenue	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Revenue	**$ 450,092,360**	**$ 501,573,975**	**$ 544,754,118**	**$ 567,058,811**	**$ 580,474,271**	**$ 595,528,875**	**$ 606,735,733**	**$ 621,833,702**	**$ 636,385,730**	**$ 653,883,576**	**$ 673,465,614**
EXPENDITURES											
Salaries and Benefits	$ 43,764,014	$ 46,817,530	$ 48,902,005	$ 50,384,219	$ 51,804,181	$ 52,818,690	$ 53,778,862	$ 54,700,632	$ 54,471,226	$ 55,307,161	$ 57,390,911
Mat/Serv/Sup	35,703,060	37,763,392	39,612,344	40,927,636	42,018,876	43,203,561	44,285,763	45,380,183	46,315,033	47,324,767	49,574,840
Resource and Production	285,144,875	317,467,043	345,630,749	366,939,235	383,678,200	384,825,544	399,166,464	415,109,367	427,232,175	442,231,733	461,995,173
Interfund Services	12,438,634	13,861,289	15,065,145	16,174,556	17,276,765	18,249,991	19,255,482	20,241,873	20,359,438	21,344,114	22,841,151
Contribution In Lieu of Taxes	23,094,590	25,763,699	28,280,206	28,642,941	29,221,214	29,978,944	30,536,787	31,291,685	32,019,287	32,894,179	33,873,281
Capital Outlay	482,000	496,460	511,354	526,694	542,495	558,770	575,533	592,799	610,583	628,901	647,768
Debt Service	20,998,844	20,990,145	20,983,670	20,958,059	20,947,325	20,948,766	20,821,668	16,670,603	16,597,719	16,750,369	8,509,705
CIP Expenditures	22,294,484	27,410,190	31,949,718	28,539,162	19,631,303	25,451,873	26,539,254	27,748,012	29,192,656	30,674,347	36,025,574
Transfers (From) To Reserves[2]	6,171,860	11,004,226	13,818,927	13,966,309	15,353,912	19,492,735	11,775,921	10,098,546	9,587,613	6,728,006	2,607,211
Total Expenditures	**$ 450,092,360**	**$ 501,573,975**	**$ 544,754,118**	**$ 567,058,811**	**$ 580,474,271**	**$ 595,528,875**	**$ 606,735,733**	**$ 621,833,702**	**$ 636,385,730**	**$ 653,883,576**	**$ 673,465,614**

1. Assumes 2% rate increase January 2019 to 2021 and 2026 to 2029, subject to further review and to City Council approval.
2. Includes contributions to Rate Stabilization, which includes the Cost Reduction Fund.

CITY OF SANTA CLARA
WATER UTILITY (FUND 092)
TEN-YEAR FINANCIAL PLAN

Schedule C

	Budget	Forecast									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
REVENUE											
Cust. Serv. Charges & Fees[1]	48,755,900	52,478,413	56,377,034	60,623,352	65,189,503	68,814,040	72,640,100	76,678,890	80,942,236	85,442,625	90,193,235
Other Revenue	1,400,984	1,400,984	1,400,984	1,400,984	1,400,984	1,400,984	1,400,984	1,400,984	1,400,984	1,400,984	1,400,984
Use of Money and Property[2]	180,000	183,600	187,272	191,017	194,838	198,735	202,709	206,763	210,899	215,117	219,419
Total Revenue	**$ 50,336,884**	**$ 54,062,997**	**$ 57,965,290**	**$ 62,215,354**	**$ 66,785,325**	**$ 70,413,758**	**$ 74,243,794**	**$ 78,286,637**	**$ 82,554,119**	**$ 87,058,725**	**$ 91,813,638**
EXPENDITURES											
Salaries and Benefits[3]	$ 8,438,473	$ 8,776,012	$ 9,127,052	$ 9,492,134	$ 9,871,820	$ 10,266,693	$ 10,677,360	$ 11,104,455	$ 11,548,633	$ 12,010,578	$ 12,491,001
Other Operating Expenditures[3]	2,875,517	2,990,538	3,110,159	3,234,566	3,363,948	3,498,506	3,638,446	3,783,984	3,935,344	4,092,757	4,256,468
Resource and Production[4]	27,174,927	25,872,590	29,681,611	31,862,304	35,108,307	38,608,259	42,083,002	45,870,473	49,998,815	54,498,708	59,403,592
Internal Service Fund Allocations[3]	4,134,494	4,299,874	4,471,869	4,650,743	4,836,773	5,030,244	5,231,454	5,440,712	5,658,341	5,884,674	6,120,061
Right-of-Way Fee[5]	1,808,000	1,898,400	1,993,320	2,092,986	2,197,635	2,307,517	2,422,893	2,544,038	2,671,239	2,804,801	2,945,041
Inter/Intra Transfers Out[6]	5,905,473	10,225,584	9,581,279	10,882,620	11,406,842	10,702,539	10,190,638	9,542,976	8,741,747	7,767,206	6,597,474
Total Expenditures	**$ 50,336,884**	**$ 54,062,997**	**$ 57,965,290**	**$ 62,215,354**	**$ 66,785,325**	**$ 70,413,758**	**$ 74,243,794**	**$ 78,286,637**	**$ 82,554,119**	**$ 87,058,725**	**$ 91,813,638**
Operating Suplus/(Deficit)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

1. Assumes 3% increase in sales each year for the first 5 years of the planning period followed by 1.5% for each remaining year; also assumes 5.1% rate increase in 2018-19, and a 4.5%, 4.3%, 4.4% and 4.4% rate increase respectively for the remainder of first 5 years of the planning period. A 4 % rate increase is assumed from FY2023-24 through the end of the 10 year plan.
2. Assumes 2% per year increase.
3. Assumes 4% per year increase.
4. Assumes agency projections for wholesale rates.
5. Assumes 5% per year increase.
6. Includes Transfers to Reserves

Note that a portion of Transfers to Reserves is slated to fund project expenditures based on rate model. The remainder will fund Operating Reserves, Capital Reserves, and a Rate Stabilization Reserve

CITY OF SANTA CLARA
SEWER UTILITY (FUND 094,494)
TEN-YEAR FINANCIAL PLAN

Schedule D

	Budget	Forecast									
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/2023**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
REVENUE											
Cust. Serv. Charges & Fees[1]	40,911,800	42,139,154	43,403,329	45,964,125	48,951,793	51,399,383	53,969,352	56,667,820	59,501,211	62,476,271	65,600,085
Other Misc. Revenue	230,275	239,486	249,065	259,028	269,389	280,165	291,371	303,026	315,147	327,753	340,863
Inter/Intra Transfers[6]	2,991,962	-	-	-	-	-	-	-	-	-	-
Use of Money and Property	600,000	612,000	624,240	636,725	649,459	662,448	675,697	689,211	702,996	717,056	731,397
Other Financing-Proceeds[2]	-	50,000,000	-	25,000,000	-	-	-	-	-	-	-
Total Revenue	**$ 44,734,037**	**$ 92,990,640**	**$ 44,276,634**	**$ 71,859,878**	**$ 49,870,642**	**$ 52,341,996**	**$ 54,936,421**	**$ 57,660,057**	**$ 60,519,353**	**$ 63,521,080**	**$ 66,672,344**
EXPENDITURES											
Salaries and Benefits[3]	$ 4,250,023	$ 4,420,024	$ 4,596,825	$ 4,780,698	$ 4,971,926	$ 5,170,803	$ 5,377,635	$ 5,592,740	$ 5,816,450	$ 6,049,108	$ 6,291,072
Other Operating Expenditures	525,552	546,574	568,437	591,175	614,822	639,414	664,991	691,591	719,254	748,024	777,945
Resource and Production[4]	16,577,982	16,160,801	16,726,429	17,311,854	17,917,768	18,544,890	16,160,801	16,726,429	17,311,854	17,917,768	18,544,890
Internal Service Fund Allocations[3]	2,209,680	2,298,067	2,389,990	2,485,589	2,585,013	2,688,414	2,795,950	2,907,788	3,024,100	3,145,064	3,270,866
Right-of-Way Fee[5]	1,513,900	1,559,317	1,606,097	1,700,856	1,811,412	1,901,982	1,997,082	2,096,936	2,201,782	2,311,872	2,427,465
Debt Service	937,450	4,937,450	4,937,450	8,537,450	8,537,450	8,537,450	8,537,450	8,537,450	8,537,450	8,537,450	8,537,450
Inter/Intra Transfers Out[7]	18,719,450	63,068,407	13,451,407	36,452,256	13,432,251	14,859,043	19,402,512	21,107,123	22,908,463	24,811,794	26,822,656
Total Expenditures	**$ 44,734,037**	**$ 92,990,640**	**$ 44,276,634**	**$ 71,859,878**	**$ 49,870,642**	**$ 52,341,996**	**$ 54,936,421**	**$ 57,660,057**	**$ 60,519,353**	**$ 63,521,080**	**$ 66,672,344**
Operating Suplus/(Deficit)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

1. Assumes a rate increase of 3% per year through FY20-21, a 5.9% increase in FY21-22, a 6.5% increase in 22-23, and 5% increases per year beginning in FY23-24 for thre remainder of the planning period.

2. The Utility plans to issue debt to fund capital expenditures at the Regional Wastewater Facility (RWF). The proceeds are reflected in single years, debt service payments will be over 25 years on each issuance. Proceeds will be transferred out of O&M
3. Assumes 4% per year increase
4. Assumes agency projections operations and maintenance (O&M) allocations for the Regional Wastewater Facility (RWF).
5. Assumes 5% per year increase
6. Includes Transfers from Reserves
7. Primarily consists of Transfers Out to Capital Improvement Project (CIP) funds based on rate model. The remainder will fund Operating Reserves, Capital Reserves, and a Rate Stabilization Reserve

Schedule E

CITY OF SANTA CLARA
RECYCLED WATER UTILITY (FUND 097)
FIVE-YEAR FINANCIAL PLAN

	Budget	Forecast									
	2018/2019	**2019/20**	**2020/21**	**2021/22**	**2022/2023**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
REVENUE											
Customer Service Charges[1]	6,760,000	7,503,600	8,328,996	9,245,186	10,262,156	11,390,993	12,644,002	14,034,843	15,578,675	17,292,330	19,194,486
Other Revenue	300,000	311,250	311,250	311,250	311,250	311,250	311,250	311,250	311,250	311,250	311,250
Use of Money and Property[2]	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380
Total Revenue	**$ 7,080,000**	**$ 7,835,250**	**$ 8,661,054**	**$ 9,577,660**	**$ 10,595,055**	**$ 11,724,325**	**$ 12,977,776**	**$ 14,369,066**	**$ 15,913,359**	**$ 17,627,481**	**$ 19,530,116**
EXPENDITURES											
Salaries and Benefits[3]	$ 620,358	$ 645,200	$ 671,000	$ 697,800	$ 725,700	$ 754,700	$ 784,900	$ 816,300	$ 849,000	$ 883,000	$ 918,300
Other Operating Expenditures[3]	37,000	38,480	40,019	41,620	43,285	45,016	46,817	48,689	50,637	52,663	54,769
Resource and Production[4]	3,950,000	4,308,660	4,699,886	5,126,636	5,592,135	6,099,900	6,653,771	7,257,934	7,916,954	8,635,814	9,419,945
Internal Service Fund Allocations[3]	114,471	119,050	123,812	128,764	133,915	139,271	144,842	150,636	156,661	162,928	169,445
Right-of-Way Fee[5]	210,000	220,500	231,525	243,101	255,256	268,019	281,420	295,491	310,266	325,779	342,068
Inter/Intra Transfers Out[6]	2,148,171	2,503,360	2,894,812	3,339,738	3,844,764	4,417,418	5,066,025	5,800,016	6,629,840	7,567,298	8,625,588
Total Expenditures	**$ 7,080,000**	**$ 7,835,250**	**$ 8,661,054**	**$ 9,577,660**	**$ 10,595,055**	**$ 11,724,325**	**$ 12,977,776**	**$ 14,369,066**	**$ 15,913,359**	**$ 17,627,481**	**$ 19,530,116**
Operating Suplus/(Deficit)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

1. Assumes 2% increase in sales and 9% increase in retail rates each year.
2. Assumes 2% per year increases.
3. Assumes 4% increase per year.
4. Assumes agency projections for wholesale rates.
5. Assumes 5% per year increases
6. Includes Transfers to Reserves

CITY OF SANTA CLARA
CEMETERY (FUND 093)
TEN-YEAR FINANCIAL PLAN

Schedule F

	Budget	Forecast									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
REVENUE											
Sales-Facilities[1]	$ 250,000	$ 258,000	$ 266,256	$ 274,776	$ 283,569	$ 292,643	$ 302,008	$ 311,672	$ 321,646	$ 331,938	$ 342,560
Sales-Labor[2]	250,000	258,000	266,256	274,776	283,569	292,643	302,008	311,672	321,646	331,938	342,560
Sales-Material[3]	100,000	103,200	106,502	109,910	113,428	117,057	120,803	124,669	128,658	132,775	137,024
Operating Transfers[4]	31,150	32,147	33,175	34,237	35,333	36,463	37,630	38,834	40,077	41,360	42,683
General Fund Subsidy[5]	618,082	651,587	682,847	707,208	732,437	758,564	785,621	813,642	842,660	872,710	903,831
Total Revenue	**$ 1,249,232**	**$ 1,302,934**	**$ 1,355,037**	**$ 1,400,908**	**$ 1,448,336**	**$ 1,497,371**	**$ 1,548,070**	**$ 1,600,489**	**$ 1,654,686**	**$ 1,710,722**	**$ 1,768,659**
EXPENDITURES											
Salaries and Benefits	$ 762,580	$ 800,709	$ 836,741	$ 866,027	$ 896,338	$ 927,710	$ 960,179	$ 993,786	$ 1,028,568	$ 1,064,568	$ 1,101,828
Other Operating Expenditures	268,143	276,724	285,579	294,717	304,148	313,881	323,925	334,291	344,988	356,028	367,421
Internal Service Fund Allocations	189,509	195,573	201,832	208,290	214,956	221,834	228,933	236,259	243,819	251,621	259,673
Capital Outlay	29,000	29,928	30,886	31,874	32,894	33,947	35,033	36,154	37,311	38,505	39,737
Total Expenditures	**$ 1,249,232**	**$ 1,302,934**	**$ 1,355,037**	**$ 1,400,908**	**$ 1,448,336**	**$ 1,497,371**	**$ 1,548,070**	**$ 1,600,489**	**$ 1,654,686**	**$ 1,710,722**	**$ 1,768,659**
Operating Suplus/(Deficit)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

1. Pre-need sales throughout the Park (primarily internment rights).
2. Fees for labor services related to internment
3. Sales of burial materials
4. Transfers from Endowment Fund of interest earnings to be used for operations
5. Loan from Budget Stabilization Fund to cover revenue shortfalls.