

6/4/19

Item # 5

# **City of Santa Clara Joint Study Session**

**Item 5 (19-1609): Joint Study Session to Review  
Proposed FY 2019/20 and FY 2020/21 Biennial  
Operating Budget and Capital Improvement  
Program Budget Adjustments and Review the FY  
2019/20 Convention Center Budget**

June 4, 2019



## **Agenda**

- Budget Calendar
- Council Strategic Pillars
- Key Initiatives
- New Look
- Budget Overview
- Changes to the Proposed Budget
- Convention Center Budget



## Budget Calendar

- **April 30** – Proposed Biennial Operating Budget Released
- **May 7** – City Council Study Session on Operating Budget, Capital Improvement Program Changes, and the City Council Priority Matrix
- **May 17** – Final reconciliation of the Council Priority Matrix was transmitted to the City Manager's Office
- **May 21** – City Council Study Session on Revenue Strategies began with User Fees

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## Budget Calendar

- **June 4** – Second City Council Study Session on Operating Budget, Capital Improvement Program Changes, and the City Council Priority Matrix
  - Review and approval of Convention Center Budget from Spectra
  - Responses from May 7 Study Session in report / Attachment 4
- **June 25** – City Council Adoption of Biennial Operating Budget, GANN limit, CIP Changes and CIP Carryovers

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## Budget Calendar

- **June 25** – Adoption of Municipal Fee Schedule/ Workplan on review of User Fees. Additional Study Sessions on User Fees will be provided to evaluate Fee increases and decreases, while adopting the current User Fee Schedule (with slight increases) until final action by the Council

## Council Strategic Pillars



Promote and Enhance Economic and Housing Development



Deliver and Enhance High Quality Efficient Services and Infrastructure



Enhance Community Sports and Recreational Assets



Enhance Community Engagement and Transparency



Ensure Compliance with Measure J and Manage Levi's Stadium



Manage Strategically Our Workforce Capacity and Resources



Sustainability (new)



## Key Initiatives

- Continue to work to eliminate deficits in the General Fund - revenue opportunities and expenditure control
- Address City Council priorities within limited resources
- Shared resource/service approach
- Real Estate Program
- Citywide Sustainability Program
- Improve Stadium Oversight
- Increase Strategic Communications
- Strategic use of one-time funds for turnaround initiatives to update outdated policies and procedures (\$2.0 million)

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## New Look

- Transition from a transactional budget organized by fund to one that highlights department performance and service delivery
  - Example would be the Public Works which was previously shown across Funds (General Fund, Streets and Highways, Solid Waste, etc..) has now been combined into the Public Works Department budget
- Revenues are now reflected as "Sources" and Expenditures/Expenses are "Uses"
- Service level changes (budget proposals) align with the City Council strategic pillars
- Includes Budget and Fiscal Policies
- New Internal Service Funds – Information Technology and Public Works
- Comprehensive budgetary financial statements that include beginning and ending fund balances

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## Proposed Budget - FY 19/20 & 20/21

- Budget is balanced, fiscally responsible approach, and known risk factors noted for our fiscal outlook
- Ten - Year Financial Forecast provides a road-map for managing forward in a fiscally responsible manner
- Reserves are proposed for strategic use and are at unprecedented levels
- Invests in City Council Policy Priorities and in Administration's needs to advance improvements in service or gaps/risk areas
- Significantly more transparent with a complete change in how the Budget is presented

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## Public Funds Managed by Santa Clara's Public Entities

(\$ millions)

Budget Type	FY 2019/20	FY 2020/21	Status
Capital Improvement Program (CIP)	\$ 128.6	\$ 145.8	Adopted - June 2018; Amended
Proposed Operating Budget (including Convention Center)	844.5	846.4	Study Session – May 7/June 4, 2019
Santa Clara Stadium Authority (SCSA)	88.1	90.0*	Adopted – March 27, 2019
<b>Total Funds Administered</b>	<b>\$1,061.2</b>	<b>\$1,082.2</b>	

Note: Excludes interfund transfers and Internal Service Fund charges to avoid double counting;

10 includes contributions to reserves, debt service

\* SCSA FY-2020/21 Estimated





# Summary of City Reserves

(\$ millions)

Reserve Type	July 1, 2018 Beginning Balance	July 1, 2019 Beginning Balance	Estimated One-Time Additional Increase in 2019	2019/20 Proposed Contribution/ Use of Reserves	2019/20 Reserve Balance	2020/21 Proposed Contribution/ Use of Reserves	2020/21 Reserve Balance
General Fund Budget Stabilization (BSR)	\$55.1	\$56.5	\$15.0	(\$1.0)	\$70.5	(\$1.2)	\$69.3
General Fund Capital Projects	\$31.0	\$24.3		(\$9.6)	\$14.7	(\$10.2)	\$4.5
Land Sale Reserve *	\$29.1	\$21.1		-	\$21.1	-	\$21.1
Pension Trust (all funds)	\$15.6	\$20.2		\$1.8	\$22.0	\$1.3	\$23.3
Utility Fund Rate ** Stabilization/O&M (NEW)	-	-		\$19.1	\$19.1	(\$0.4)	\$18.7
Electric Rate Stabilization/O&M	\$121.0	\$120.7		\$25.6	\$146.3	\$7.2	\$153.5
<b>Total</b>	<b>\$251.8</b>	<b>\$242.8</b>	<b>\$15.0</b>	<b>\$35.9</b>	<b>\$293.7</b>	<b>(\$3.3)</b>	<b>\$290.4</b>

Note: Does not include additional reserves anticipated at the close out of FY 2018/19 which will be brought forward to the City Council in November/December 2019.

\* Balance does not include outstanding loan \$10.2 million for Reed and Grant

\*\* Includes Sewer, Solid Waste, Water, Water Recycling



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Santa Clara**  
The Center of What's Possible

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## City of Santa Clara

## FY 2019/20 & FY 2020/21 Proposed Biennial Operating Budget – Citywide

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## Proposed Biennial Operating Budget

Fund Type (\$ millions)	2018/19 Adopted	2019/20 Proposed	Increase/ (Decrease)	2020/21 Proposed	Increase/ (Decrease)
General Fund	\$ 250.1	\$ 262.7	\$ 12.6	\$ 269.3	\$ 6.6
Special Revenue Funds	13.6	29.3	15.7	13.8	(15.5)
Internal Service Funds	17.5	35.8	18.3	35.3	(0.5)
Enterprise Funds	578.3	652.1	73.8	740.2	88.1
Debt Service/Other	-	24.5	24.5	26.8	2.3
Subtotal	\$ 859.5	\$ 1,004.4	\$ 144.9	\$ 1,085.4	\$ 81.0
Net Adjustments*	-	(159.9)	(159.9)	(239.0)	(79.1)
Total Operating Budget	\$ 859.5	<b>\$ 844.5</b>	\$ (15.0)	<b>\$ 846.4</b>	\$ 1.9

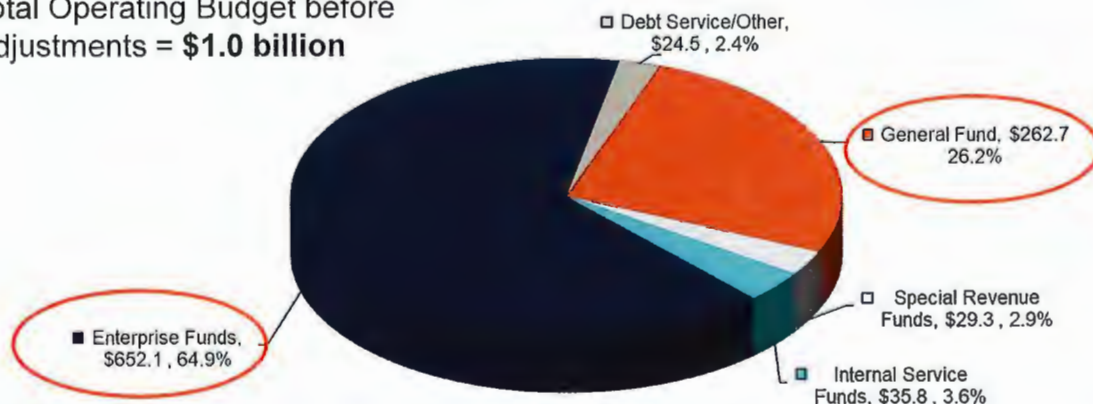
13 \* Excludes interfund transfers and Internal Service Fund charges to avoid double counting



## FY 2019/20 Proposed Operating Budget

(\$ millions)

Total Operating Budget before Adjustments = **\$1.0 billion**



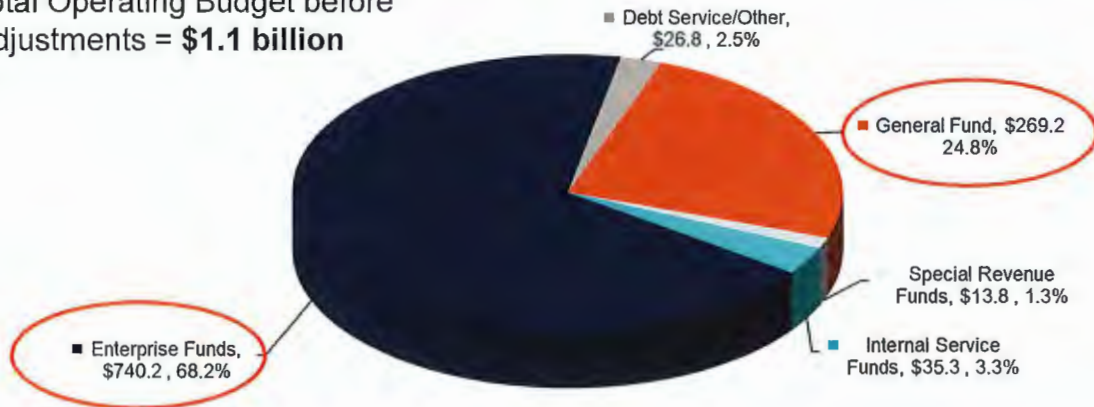
14 NOTE: Includes interfund transfers and Internal Service Fund charges



## FY 2020/21 Proposed Operating Budget

(\$ millions)

Total Operating Budget before  
Adjustments = **\$1.1 billion**



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NOTE: Includes interfund transfers and Internal Service Fund charges



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## Summary of Full Time Equivalent (FTE) Positions

Fund Type	2018/19	2019/20	Change*	2020/21	Change
General Fund	822.35	805.84	(16.51)	806.84	1.00
Special Revenue Funds	0.60	6.82	6.22	6.82	0.00
Internal Service Funds	15.75	37.44	21.69	37.44	0.00
Enterprise Funds	272.55	281.65	9.10	281.65	0.00
<b>Total</b>	<b>1,111.25</b>	<b>1,131.75</b>	<b>20.50</b>	<b>1,132.75</b>	<b>1.00</b>

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\* Includes 6.00 Base Budget changes and 14.50 Proposed Service Level changes



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## Change in Full Time Positions

Departments	2018/19	2019/20	Change*	2020/21	Change
City Council	10.00	10.00	0.00	10.00	0.00
City Attorney	7.00	7.00	0.00	8.00	1.00
City Clerk	6.00	5.00	(1.00)	5.00	0.00
City Auditor	0.00	3.33	3.33	3.33	0.00
City Manager	13.00	13.00	0.00	13.00	0.00
Community Development	65.00	66.00	1.00	66.00	0.00
Electric Utilities	189.00	197.00	8.00	197.00	0.00
Finance	61.00	61.42	0.42	61.42	0.00
Fire	167.25	167.25	0.00	167.25	0.00
Human Resources	15.00	15.75	0.75	15.75	0.00
Information Technology	7.00	7.00	0.00	7.00	0.00
Library	46.75	46.75	0.00	46.75	0.00
Parks and Recreation	80.75	82.75	2.00	82.75	0.00
Police	239.00	239.00	0.00	239.00	0.00
Public Works	127.50	128.50	1.00	128.50	0.00
Water and Sewer Utilities	73.00	73.00	0.00	73.00	0.00
Non-Departmental	4.00	9.00	5.00	9.00	0.00
<b>Total</b>	<b>1,111.25</b>	<b>1,131.75</b>	<b>20.50</b>	<b>1,132.75</b>	<b>1.00</b>

\* Includes 6.00 Base Budget changes and 14.50 Proposed Service Level changes



**City of  
Santa Clara**  
1942 General City Ordinance

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## City of Santa Clara

## Changes to the Proposed Biennial Budget



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## City Council Matrix Changes

- "Love Santa Clara" Program – Instead of adding 1.0 Web and Digital Media Manager (\$194,224), add 1.0 Management Analyst (\$139,404) and \$50,000 ongoing supplies, materials and outreach to provide additional written and online communications to promote Santa Clara. These resources are in addition to an existing \$200,000 allocated for communications in the City Manager's Office budget that could also be used to support the "Love Santa Clara" Program – submitted by Mayor Gillmor/Councilmember O'Neill
  - Staff has an alternate proposal to accomplish the goal of implementing a Love Santa Clara Program and to provide more strategic communications bandwidth, increase community engagement and outreach, and expand pro-active media relations, it is recommended for the proposed budget to include a manager-level communications position (Communications and Outreach Manager) that would replace the previously proposed Web and Digital Media Manager and the revised request of a Management Analyst. The position provides increased flexibility for job duties and greater knowledge of the principles, techniques and methods of public communications, outreach and marketing. In addition to developing community outreach and engagement strategies for City priorities and projects, the manager would develop and oversee the "Love Santa Clara" program.

## City Council Matrix Changes

- Human Resources Department Internship Program – this program would provide an opportunity for high school students that need a supportive summer job.
  - Would provide direction and experience for future jobs, including careers in public service (\$100,000 funded from General Budget Stabilization Reserve) – submitted by Councilmember Watanabe.

## Other Proposed Budget Changes

- Reallocate Sister Cities funding from Parks and Recreation to Non-Departmental to increase transparency for these costs (\$5,659)
- Increase the Police Department budget to reflect the recent agreement approved for the Police Officer's Association (POA). Elements of the approved contract were within City Council authority and proposed to be funded by one-time sources. As a result, increases to the Police Department budget (\$370,000) in FY 2019/20 and FY 2020/21 is recommended, to be funded from the General Fund Budget Stabilization Reserve to fund costs associated with deferred compensation and Voluntary Employee Beneficiary Association (VEBA) costs
- Increase Convention Center budget by \$100,000 for City related contingency items

## City of Santa Clara

### FY 2019/20 Convention Center Budget



## Convention Center Proposed Budget – FY 2019/20 ProForma

Category	FY 2019/20 Budget
Event Revenue	\$ 18,310,340
Other Revenue	174,200
<b>Total Revenue</b>	<b>18,484,540</b>
Event Expense	8,474,474
Personnel Expense	5,704,528
Other Operating Expense	2,021,841
<b>Total Expense</b>	<b>16,200,843</b>
<b>Net Income</b>	<b>\$ 2,283,697</b>

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## Convention Center Proposed Budget - Spectra Recommendations

**ProForma Net Income: \$2,283,697**

### **Recommended Adjustments (\$350,000):**

- Personnel expense - \$130,000 for a full-time sales manager position
- Maintenance expense - \$85,000 for preventative maintenance and repair contracts
- Travel/Trade Show expense - \$70,000 for additional travel to trade shows and conferences
- Marketing expense - \$65,000 for additional marketing to increase potential client base

**Net Income including Recommended Adjustments: \$1,933,697**

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## Convention Center Proposed Budget - Spectra Recommendations

	FY 2019/20 Budget
ProForma Net Income	\$ 2,283,697
<b>Recommended Adjustments</b>	
Personnel expense	(130,000)
Maintenance expense	(85,000)
Travel/Trade Show expense	(70,000)
Marketing expense	(65,000)
<b>Total Recommended Adjustments</b>	<b>(350,000)</b>
<b>Recommended Net Income</b>	<b>\$ 1,933,697</b>

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## Convention Center Proposed Budget - Capital Improvement Program Needs

Fiscal Year	Estimated CIP Need
2019/20	\$ 6,522,000
2020/21	7,282,000
2021/22	2,227,000
2022/23	1,446,000
2023/24	1,208,000
<b>Total Five-Year CIP</b>	<b>\$ 18,685,000</b>

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## **Convention Center Proposed Budget - Capital Improvement Program**

**FY 2019/20 Estimated CIP Need: \$6,522,000**

**Available CIP Budget (\$4,150,000):**

- Spectra Investment - \$1,150,000
- City of Santa Clara Budget - \$3,000,000

**FY 2019/20 Capital Priorities (estimated costs):**

- Replacement of carpet, doors and paint - \$1,900,000
- Repair of roof and terrace - \$1,300,000
- Repair of marquees - \$520,000
- Repair and upgrade of HVAC and security systems - \$320,000

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## **City of Santa Clara Joint Study Session**

**Item 5 (19-1609): Joint Study Session to Review Proposed FY 2019/20 and FY 2020/21 Biennial Operating Budget and Capital Improvement Program Budget Adjustments and Review the FY 2019/20 Convention Center Budget**

June 4, 2019

