Santa Clara - Market Cap in Billions $

Company	January, 2020	January, 20	%age Growth
nVidia	$148	$320	116.22%
Intel	$255	$225	-11.76%
ServiceNow	$66	$106	60.61%
AMD	$50	$104	108.00%
Aplied Material	$50	$90	80.00%
Analog Devices	$41	$54	31.71%
Agilent Tech	$25	$37	48.00%
Marvel Tech	$16	$35	118.75%
Palo Alto Netw	$22	$34	54.55%
Arista Networks	$17	$23	35.29%
Citrix	$15	$17	13.33%

Total Market Cap	$673	$1,005	49.33%

From: Public Comment
To: Melissa Meslo
Subject: FW: City Council Priority Setting Session - Public Comment 2/2/21
Date: Tuesday, February 2, 2021 2:23:27 PM

From yesterday

From: KingCharLeMan <KingCharLeMan@gmail.com>
Sent: Monday, February 1, 2021 2:39 PM
To: Public Comment <PublicComment@santaclaraca.gov>
Subject: City Council Priority Setting Session - Public Comment 2/2/21

Hello,

Here is my public comment for the City Council priority setting session on 2/2/21:

Do not spend money on tourism. Santa Clara is not and probably never will be a tourist destination. We need to focus on strengthening City services, keeping residents housed, fed, and healthy. We should not be hiring or paying any consultants related to tourism. We need to focus on having strong eviction and foreclosure moratoriums that make sure our State and County moratoriums do not leave people homeless. We already have many people who are jam packed into tiny apartments and houses because of how unaffordable it is to live here. **Please focus on protecting people – keeping them housed, fed, and healthy.** These are your basic duties as our elected officials. **Please do not skimp on environmental protections and sustainability endeavors.** Climate change is upon us and will ensure many more disasters which will create local emergencies. **Austerity measures against City services will only hurt the citizens of Santa Clara.**

Thanks,
KC

02-01-21

RTC#21-97

Santa Clara City Council Priority Setting Session

Day 1 – February 1, 2021

City of Santa Clara
The Center of What's Possible

POST MEETING MATERIAL

An Organization in Transition

- New Council
- Governance Structure – fully implemented districts and current Emergency Proclamation
- Budget and Resource Impacts due to COVID-19
- Organizational COVID-19 Response and Efforts

Welcome and Schedule

DAY ONE SCHEDULE	DAY TWO SCHEDULE
• Welcome & Session Framework • Accomplishments & Challenges • Fiscal Outlook and Resources Update • City Governance in Transition • Governing Body: Communication, Expectations and Governance	• Set Context for Day 2 • COVID-19 Response and Review of Council Pillars • Council Discussion on Future Items • Wrap-Up and Council Questions/Comments

Vision for a Successful Session

- Elicit the range of views from Council
- Encourage listening and understanding
- Generate solutions
- Promote civility
- Work towards agreement and consensus

Public Presentations

City of Santa Clara
The Center of What's Possible

Accomplishments and Challenges Facilitator, Shawn Spano

City of Santa Clara
The Center of What's Possible

Accomplishments and Challenges

- What do you see as the **top City Accomplishment** in 2020?
- What is the one thing about your work and the work of the City that is **most concerning** to you? Put differently, **what is keeping you up at night?**

Fiscal Outlook and Resources Update

City of Santa Clara
The Center of What's Possible

Fiscal Outlook

10-Year General Fund Forecast

Kenn Lee, Finance Director

February 2021

Agenda

- Overview
- Economic Outlook
- 10-Year General Fund Forecast
- Budget Balancing
- Revenue Opportunities / Long Term Sustainability
- Budget Principles
- Next Steps/Policy Discussion

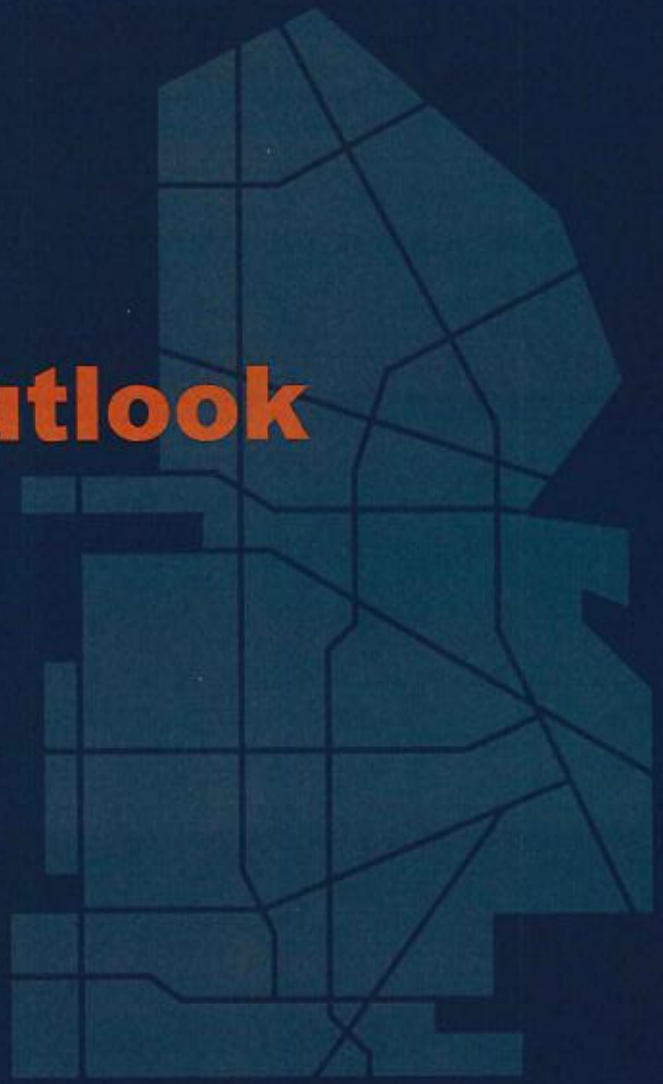
Overview

City of Santa Clara
The Center of What's Possible

Overview
Financial Update as a Strategic Planning Tool

- Evaluate current condition
- Foundation for looking at priorities
- Know risk factors and vulnerabilities
- Understand trade-offs moving forward
- Develop mitigation efforts
- Strategic positioning and use of reserves

Economic Outlook



City of Santa Clara
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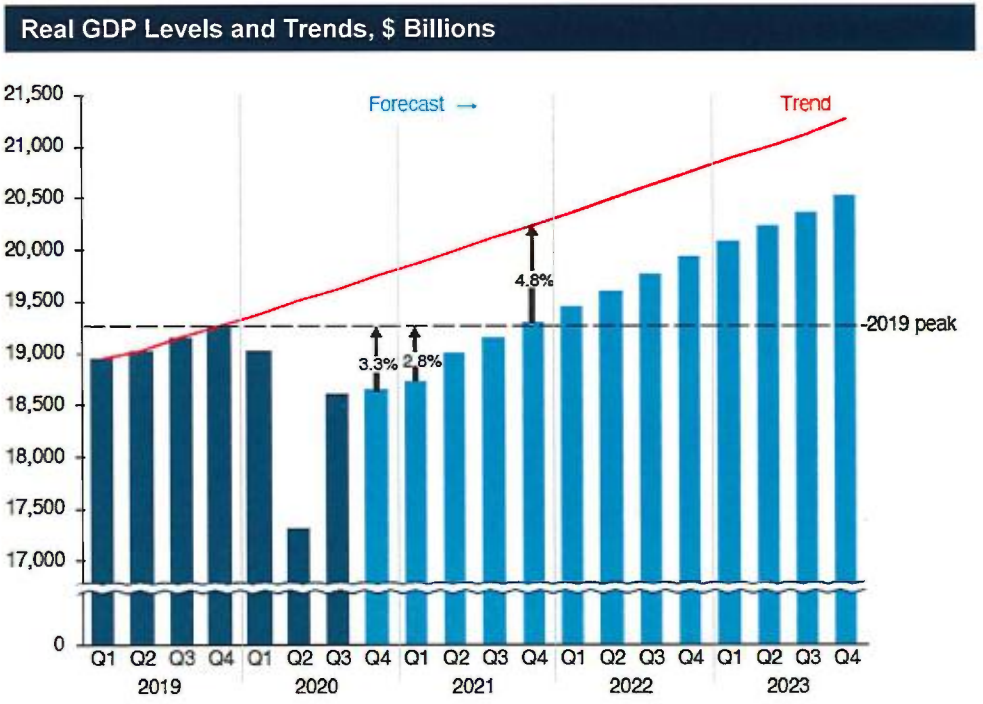
Economic Outlook

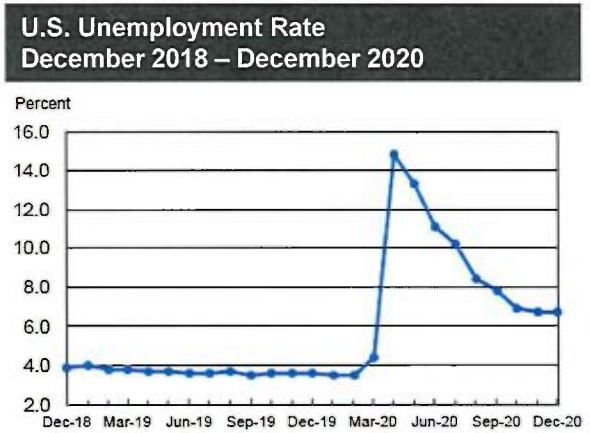
- COVID-19 spurred abrupt end to longest expansion in U.S. history
- With mass vaccinations, strong growth expected in 2021; UCLA Forecast assumes economy reaching previous peak by the end of 2021, but still below expected pre-COVID trend
- Uneven impacts to businesses and residents with some facing significant hardships



Source: U.S. Department of Commerce, Bureau of Economic Analysis and UCLA Anderson Forecast
Notes: Real GDP growth rate, seasonally adjusted annual rate

Economic Outlook

- Unemployment improving after unprecedented increase in March 2020; Silicon Valley lower that State and U.S.
- Santa Clara residential real estate market experienced growth despite COVID-19
- UCLA expects housing market to remain hot through at least 2023
- Development activity also remains strong; can change quickly based on economic conditions



Single Family Residential Home Sales

Data Source: Santa Clara County Association of Realtors

10-Year General Fund Forecast

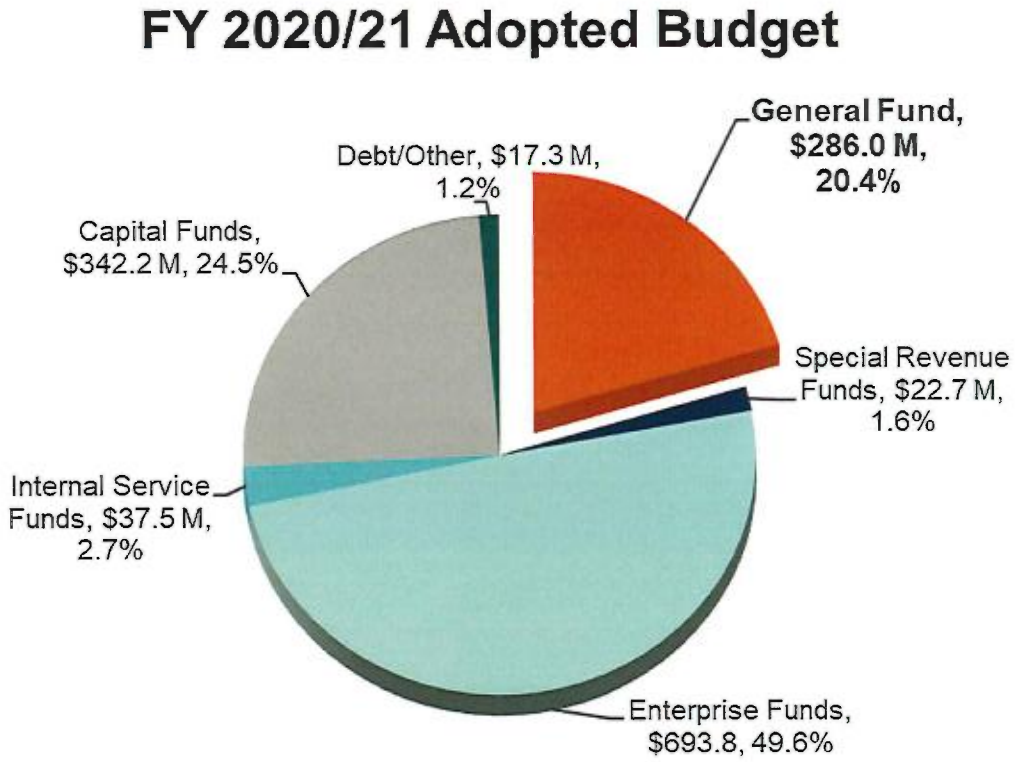
City of Santa Clara
The Center of What's Possible

10-Year General Fund Forecast

- Planning tool
- Compare ongoing General Fund revenues and expenditures
- Projected deficits/surpluses if solved with ongoing dollars (Net Operating Margin)

10-Year General Fund Forecast

- 10-Year General Fund Forecast for long-term planning
- Focused on the General Fund portion of the budget that provides many of the direct services to community (police, fire, libraries, parks and recreation)
- Base General Fund shortfall in FY 2021/22 due to COVID-19 impacts



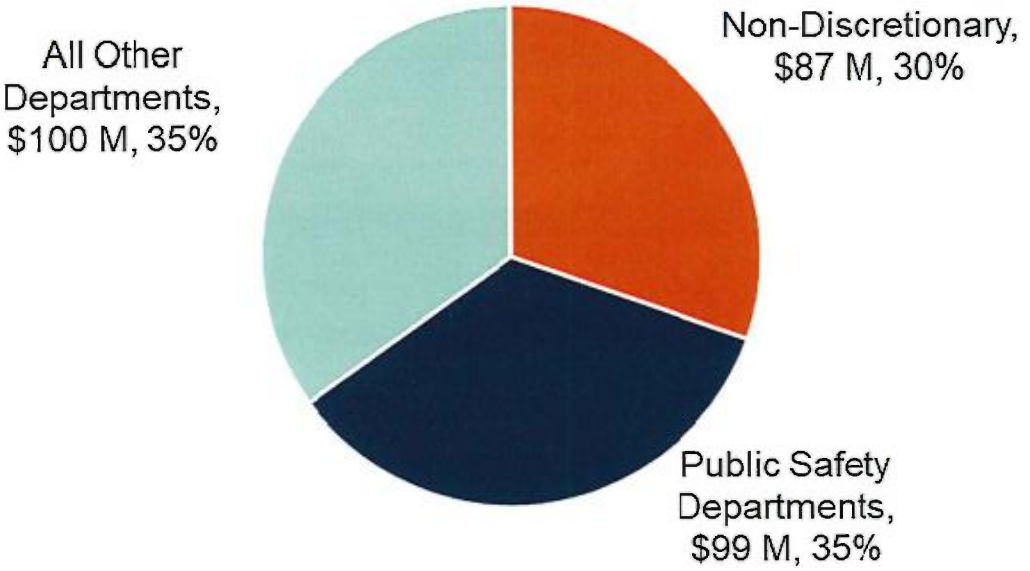
10-Year General Fund Forecast

Expenditure Budget

Limited control in certain areas

- Non-Discretionary costs represent approx. 30% of the General Fund budget
- CalPERS costs – unfunded liability
- Debt service costs
- Fixed facility operating costs
- Fee-supported activities

FY 2020/21 General Fund Budget ($286 million)



10-Year General Fund Forecast
Development and Assumptions

Major assumptions:

- Post COVID-19 continued economic recovery with longer-term impacts to Transient Occupancy Tax
- Current CalPERS direction/ methodology for payments
- Revenue and expenditure review
- Adjustments for latest salaries and benefits costs

Forecast does not include:

- Additional contributions to reserves (Council Policy for BSR, Pension)
- One-time funding sources
- One-time expenditures
- The cost to address unmet/ deferred infrastructure needs

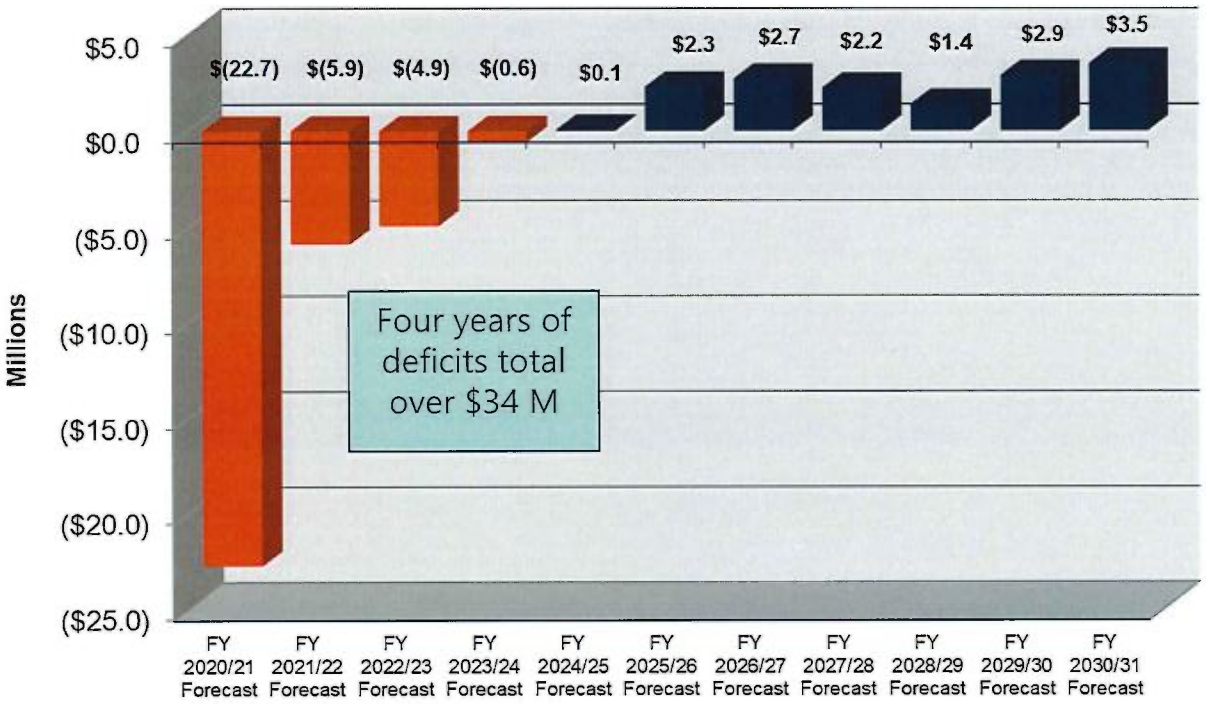
10-Year General Fund Forecast

Known Risks

- More significant impact from COVID-19 / vaccine roll out timing
- Prolonged economic slowdown/recession
- Property Tax – re-assessment of non-residential properties
- State/federal legislative changes and legal challenges
- Labor costs outside the budget assumptions
- Impacts of updated Cost Allocation Plan and Fee Study
- CalPERS actuarial changes or reform actions
- Capital/infrastructure - unanticipated critical maintenance needs
- Maintenance impacts and timing of development projects

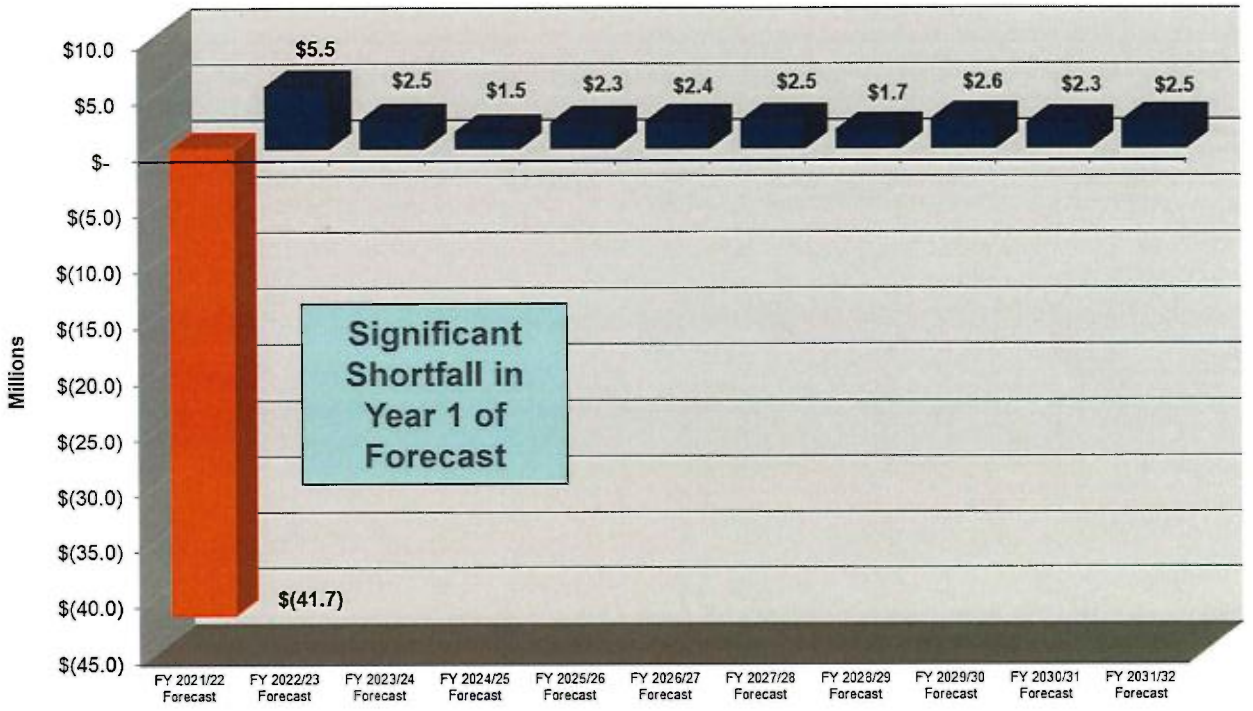
General Fund Forecast - April 2020
Net Operating Margin

- April Forecast was based on very early understanding of COVID-19 assuming we would open up in summer 2020
- Revision in September increased the projected deficit to $40 M over three years
- With Phase I solutions, we would have a $28 M ongoing deficit to solve



General Fund Forecast - January 2021
Net Operating Margin

- 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, $30 M ongoing deficit to solve



General Fund Forecast Comparison

FY 2022-2032 General Fund Ten-Year Forecast Net Operating Margin - Ongoing Surplus/(Deficit) ($ in millions)										
2021/22	**2022/23**	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
JANUARY 2021 FORECAST										
($41.7 m)	**$5.5 m**	**$3.3 m**	**$1.6 m**	**$2.3 m**	**$2.5 m**	**$2.0 m**	**$1.7 m**	**$2.7 m**	**$2.2 m**	**$2.4 m**
APRIL 2020 FORECAST										
($28.6 m)*	**($4.9 m)**	($0.6 m)	$0.1 m	$2.3 m	$2.7 m	$2.2 m	$1.4 m	$2.9 m	$3.5 m	N/A
CHANGE FROM PRIOR FORECAST										
($13.1 m)	**$10.4 m**	$3.9 m	$1.5 m	$0.0 m	($0.2 m)	($0.2 m)	$0.3 m	($0.2 m)	($1.3 m)	N/A

* Includes the $22.7 M shortfall from FY 2020/21 and the $5.9 M shortfall from FY 2021/22

Major Changes from Prior Forecast

Revenues - Down $10.0 M in 2021/22 (Approx. 4% of revenue budget)

- Drops in Transient Occupancy Tax ($6.8 M), Interest Income ($2.7 M) in 2021/22; Charges for Services - Stadium reimbursements, fees for services ($2.6 M); Rents - Related lease payments extended timeline ($2.4 M)
- Sales Tax up $4.5 M in 2021/22 (previously assumed slowdown)

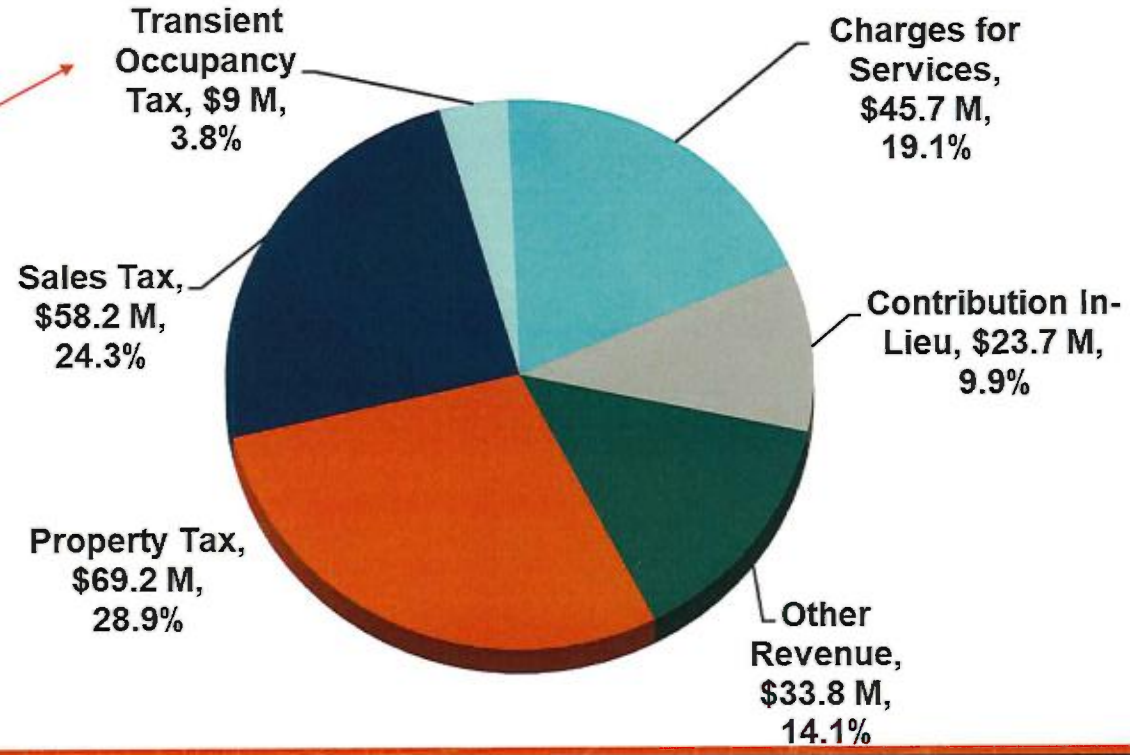
Expenditures - Up $3.1 M in 2021/22 (Approx. 1% of expenditure budget)

- Salaries and Benefits down $0.5 M
  - Salaries down $3.4 M in 2021/22 (savings generated in Units 5-7-8, 6 and 9)
  - Retirement costs up $0.9 M in 2021/22
  - Fire overtime up $2.1 M with cost escalation
- Non-Personnel Costs up $1.1 M
- Other Operating Costs up $2.5 M in 2021/22
  - Interfund Services up $0.7 M (Unemployment, Special Liability)
  - Development Reserves up $1.8 M in FY 2021/22 (offset by revenues)

10-Year General Fund Forecast

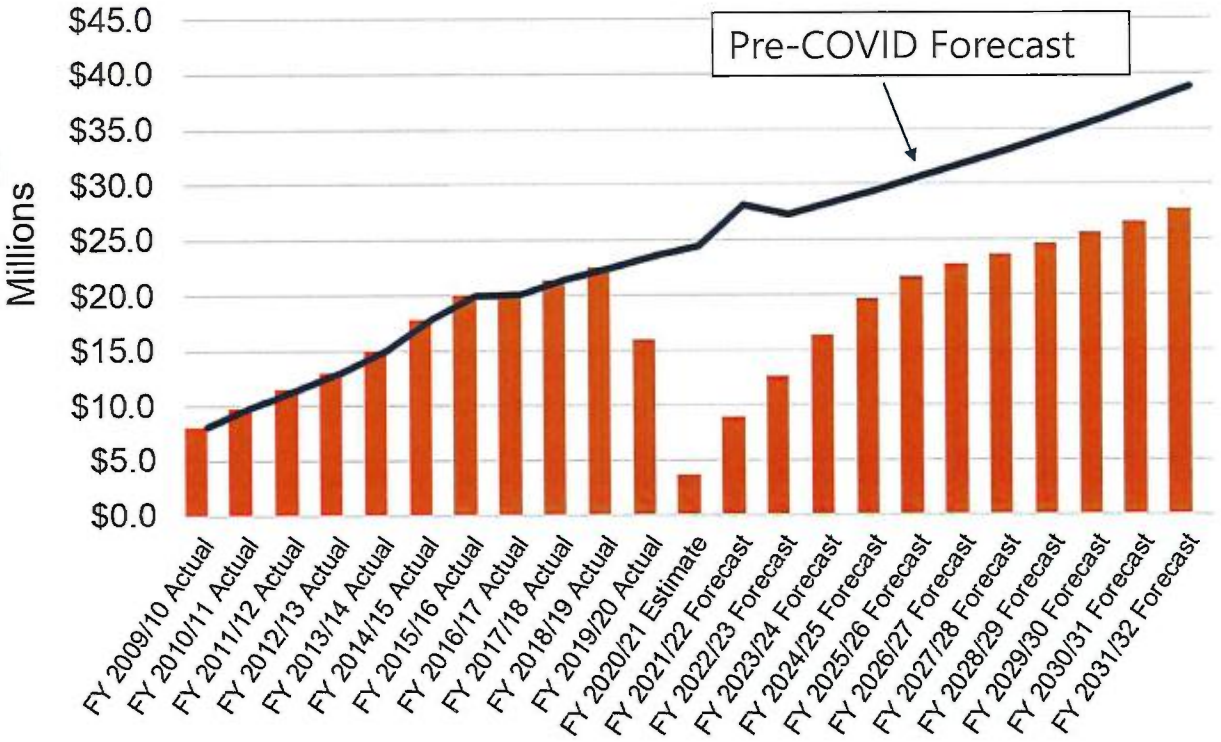
2021/22 General Fund Revenues = $239.6 M

$136.4 M or 57% of General Fund Revenue



10-Year General Fund Forecast
Transient Occupancy Tax (TOT)

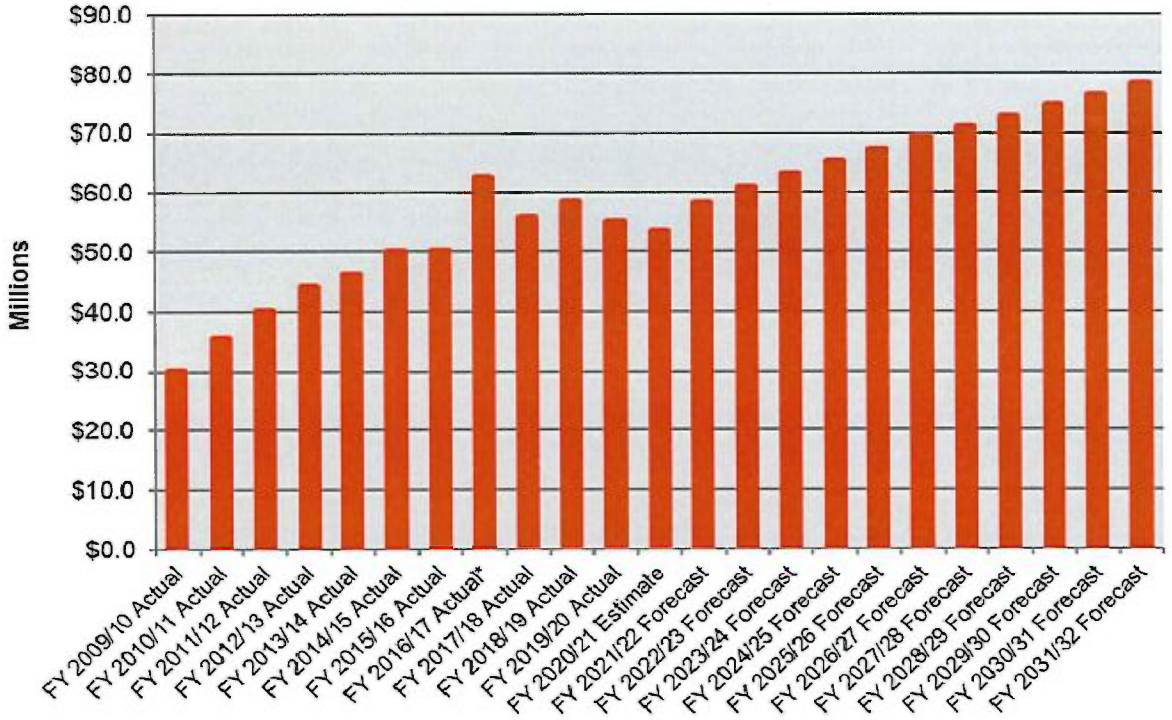
- 3rd largest General Fund revenue source
- COVID-19 Significantly Impacted TOT receipts
- Occupancy and room rates plummeted in 2020; slow return assumed
- Rate increase approved in November 2020 up to 4 percentage points (assume 2% increase from 9.5% to 11.5%)
- No additional hotels assumed



10-Year General Fund Forecast

Sales Tax

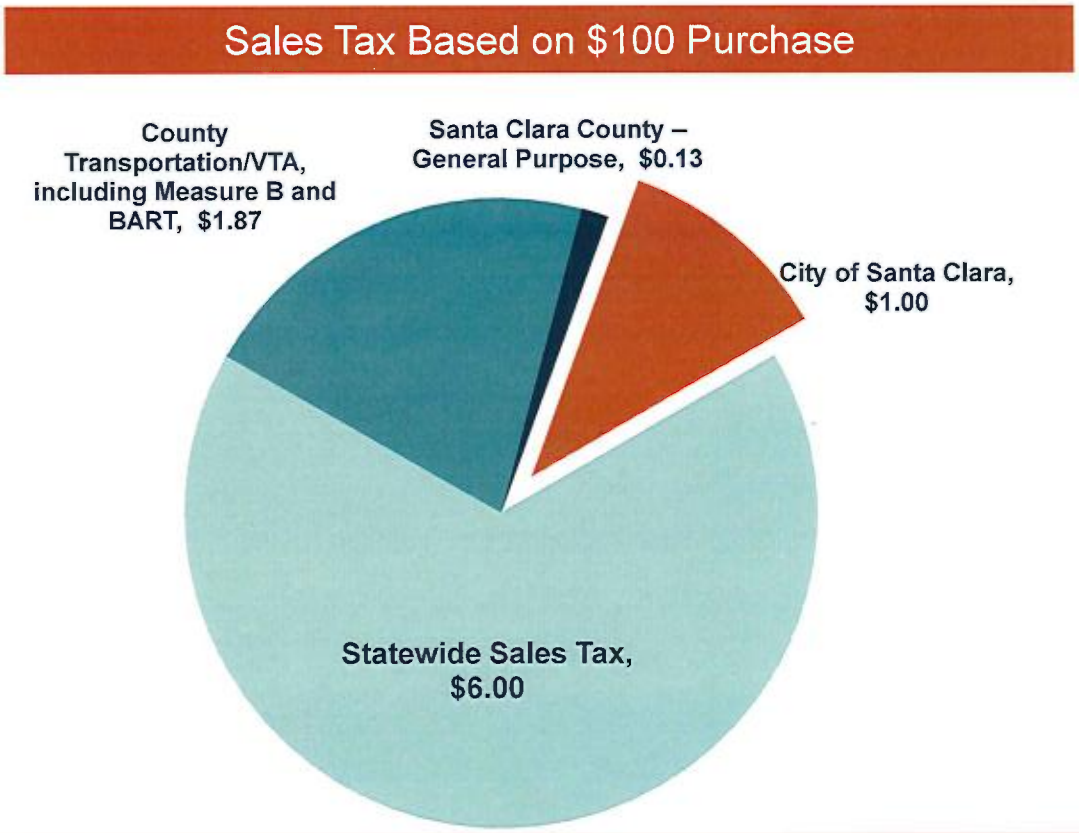
- 2nd largest General Fund revenue source
- COVID-19 Impacted Collections in FY 2019/20 and 2020/21
- Business to Business sales make up over 40% of the City's Sales Tax
- Economically sensitive



*FY 2016/17 includes one-time $7.0 million true-up payment due to the unwinding of the State's Triple Flip.

10-Year General Fund Forecast
Sales Tax

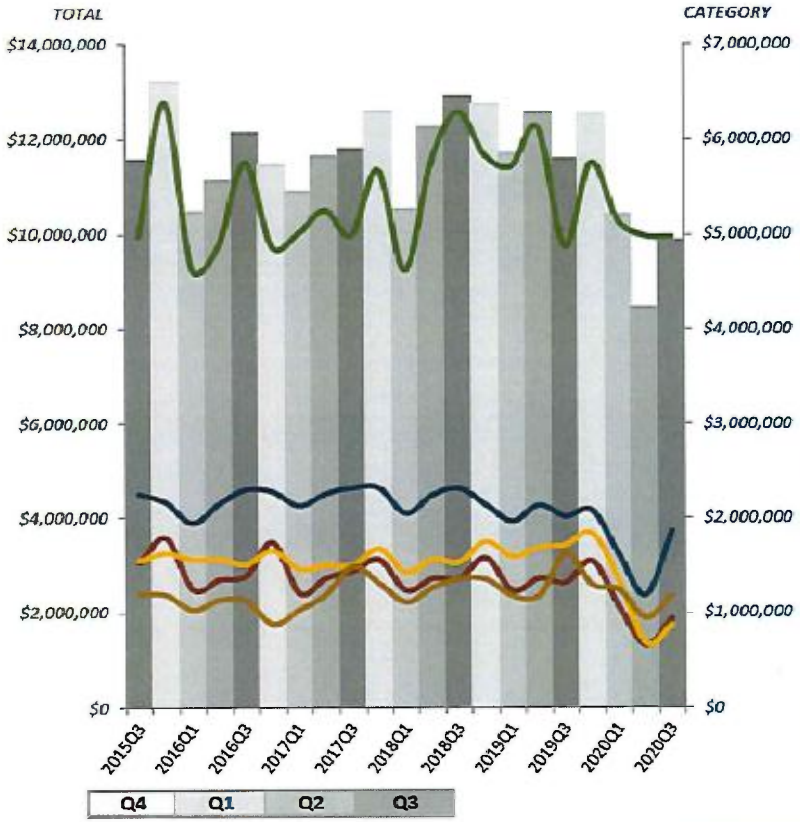
- The City of Santa Clara receives $1 of every $9 of sales tax collected
- Most of sales tax revenues support the State and County Transportation



10-Year General Fund Forecast

Sales Tax

- Sales Tax by Sector shows the steepest declines in General Retail and Food Products (including restaurants) due to COVID-19
- Stronger Business to Business performance helps offset the large declines in other areas



TOTAL

2020Q3	QoQ %Δ	QoQ $Δ	YoY %Δ	YoY $Δ
$9,883,338	-14.8%	-$1,711,782	-15.0%	-$7,313,106

GENERAL RETAIL

2020Q3	QoQ %Δ	QoQ $Δ	YoY %Δ	YoY $Δ
$938,593	-28.7%	-$376,888	-23.7%	-$1,294,935
% of 2020Q3 Total:		9.5%		

FOOD PRODUCTS

2020Q3	QoQ %Δ	QoQ $Δ	YoY %Δ	YoY $Δ
$866,620	-49.5%	-$849,261	-30.2%	-$2,031,763
% of Total:	8.8%			

TRANSPORTATION

2020Q3	QoQ %Δ	QoQ $Δ	YoY %Δ	YoY $Δ
$1,862,056	-7.7%	-$154,295	-18.5%	-$1,527,872
% of Total:	18.8%			

CONSTRUCTION

2020Q3	QoQ %Δ	QoQ $Δ	YoY %Δ	YoY $Δ
$1,184,614	-27.0%	-$438,492	-12.5%	-$665,300
% of Total:	12.0%			

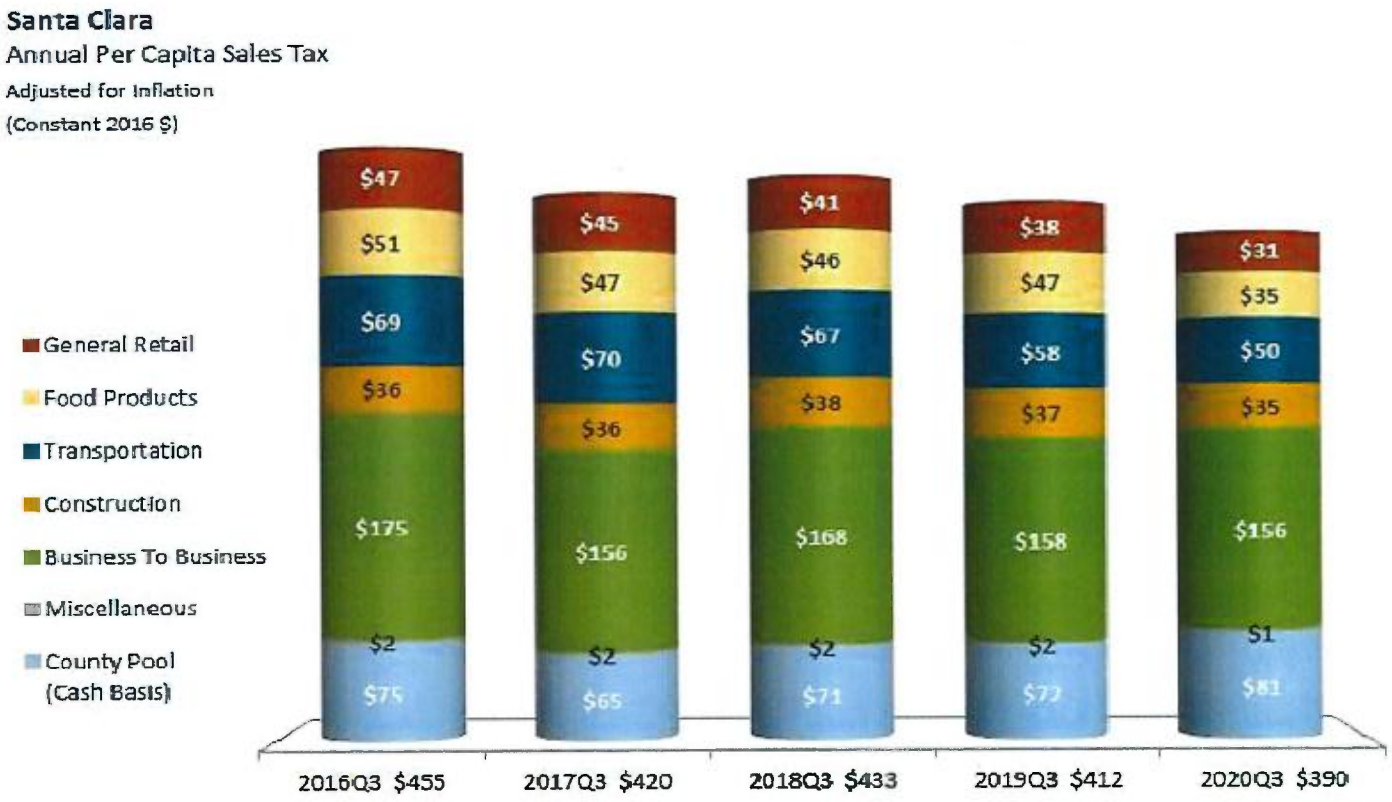
BUSINESS TO BUSINESS

2020Q3	QoQ %Δ	QoQ $Δ	YoY %Δ	YoY $Δ
$4,973,539	2.0%	$98,846	-7.5%	-$1,689,944
% of Total:	50.3%			

QoQ = 20Q3 / 19Q3 *YoY = YE 20Q3 / YE 19Q3*

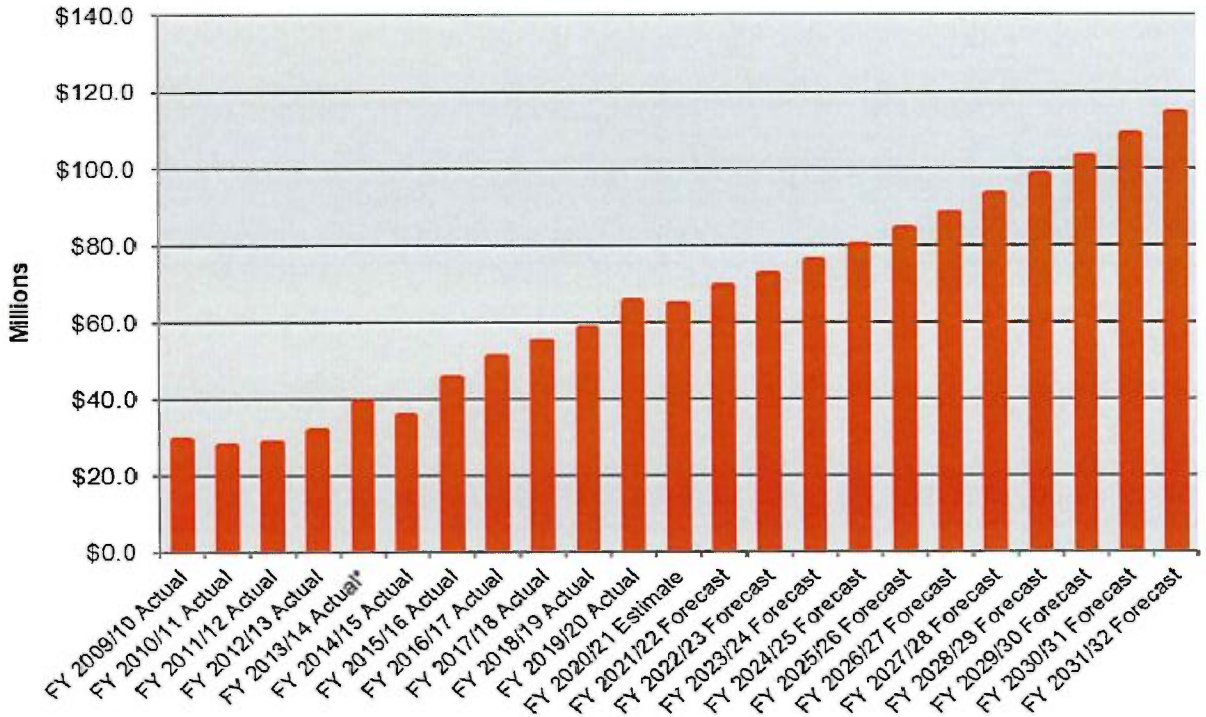
10-Year General Fund Forecast
Sales Tax

- Annual Per Capita Sales Tax down in the most recent quarter
- Business to Business is the backbone of the City's sales tax



10-Year General Fund Forecast
Property Tax

- Largest General Fund revenue source
- Secured valuation growth ranging from 5.0% - 5.5% over the forecast period
- Assumes approximately $750 M - $1.0 billion annual development growth valuation in out years

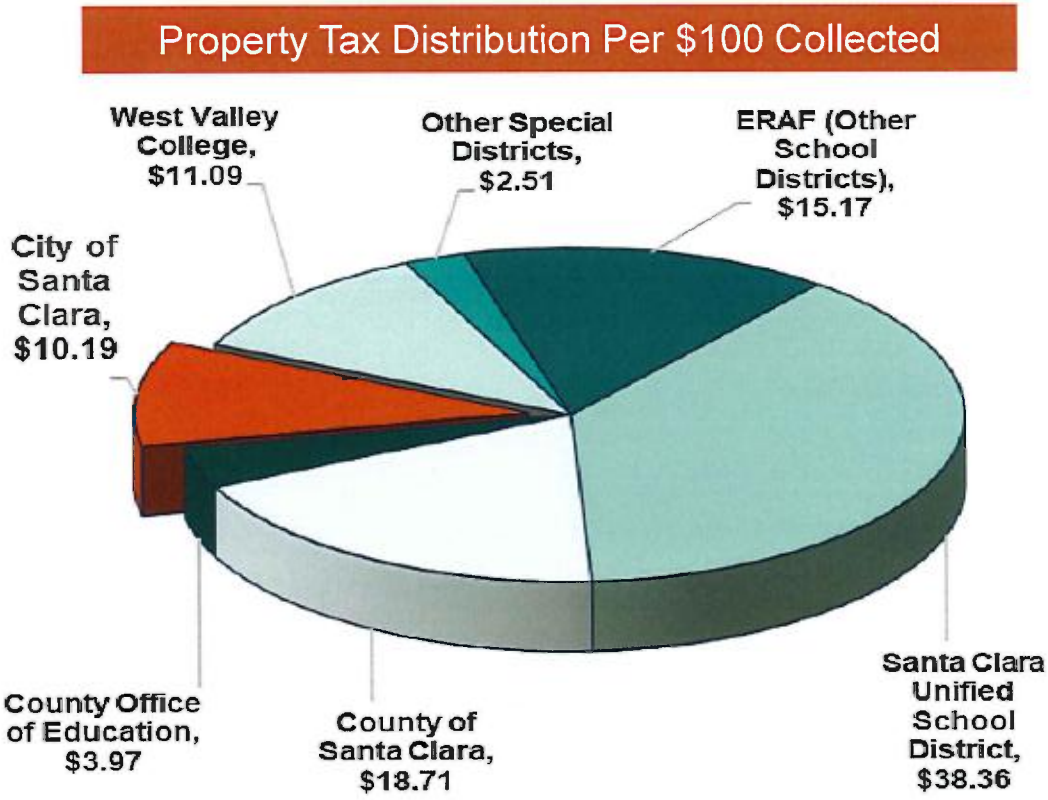


*FY 2013/14 includes one-time $6.1 million due to Redevelopment Agency dissolution

10-Year General Fund Forecast
Property Tax

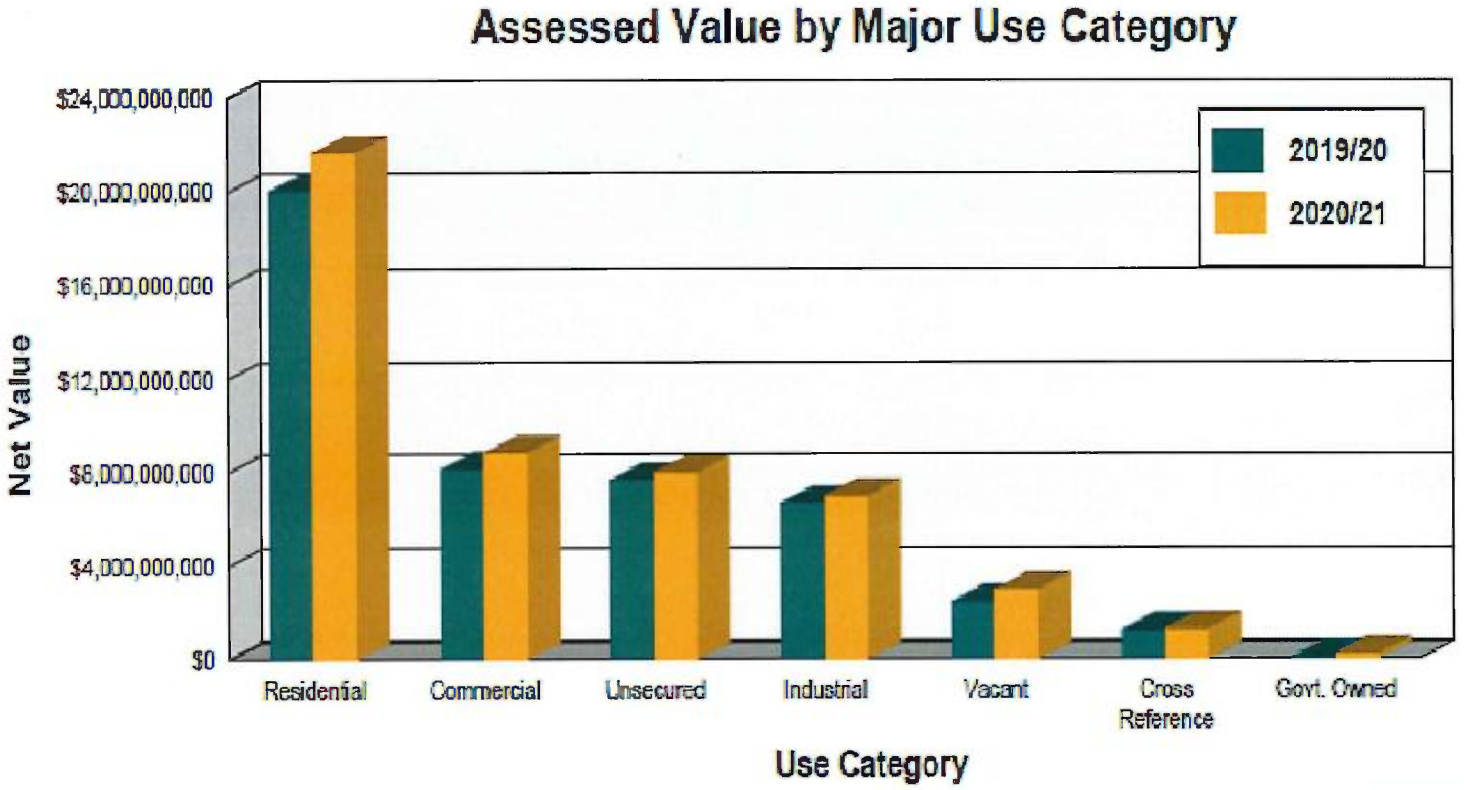
- The City of Santa Clara receives $10.19 of every $100 collected in property tax

- Most of property tax revenues support schools and the County



10-Year General Fund Forecast
Property Tax

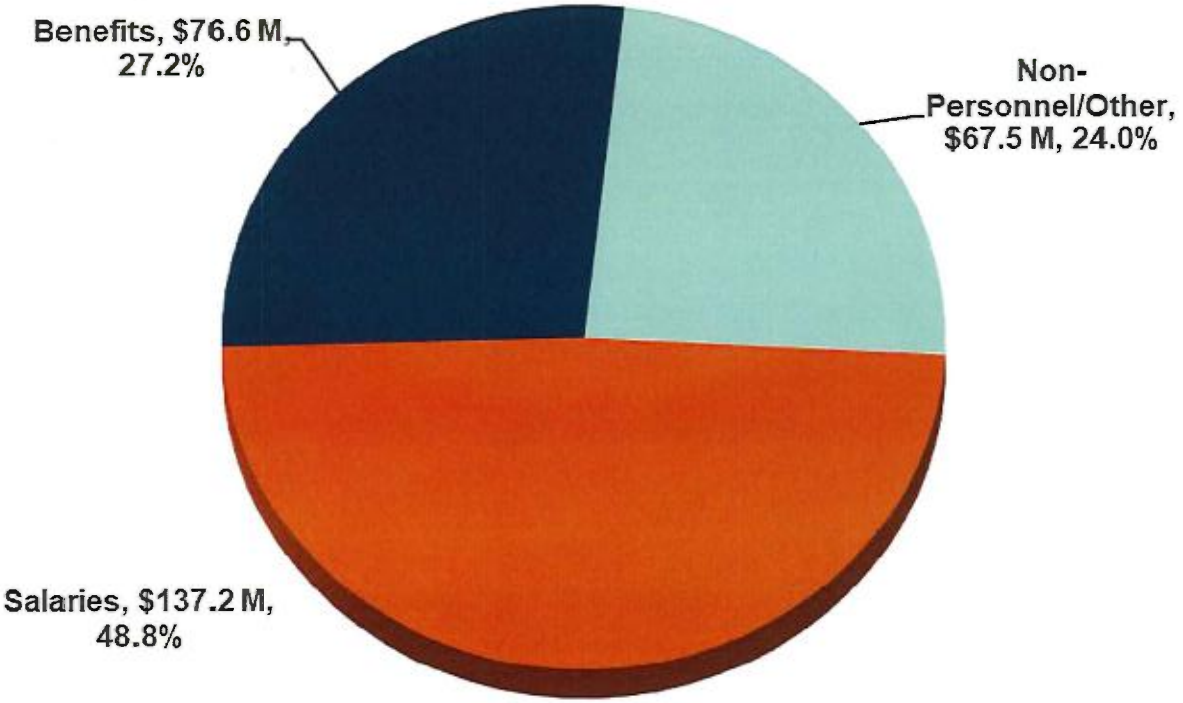
- City of Santa Clara's mix of residential and non-residential property assessed values



10-Year General Fund Forecast

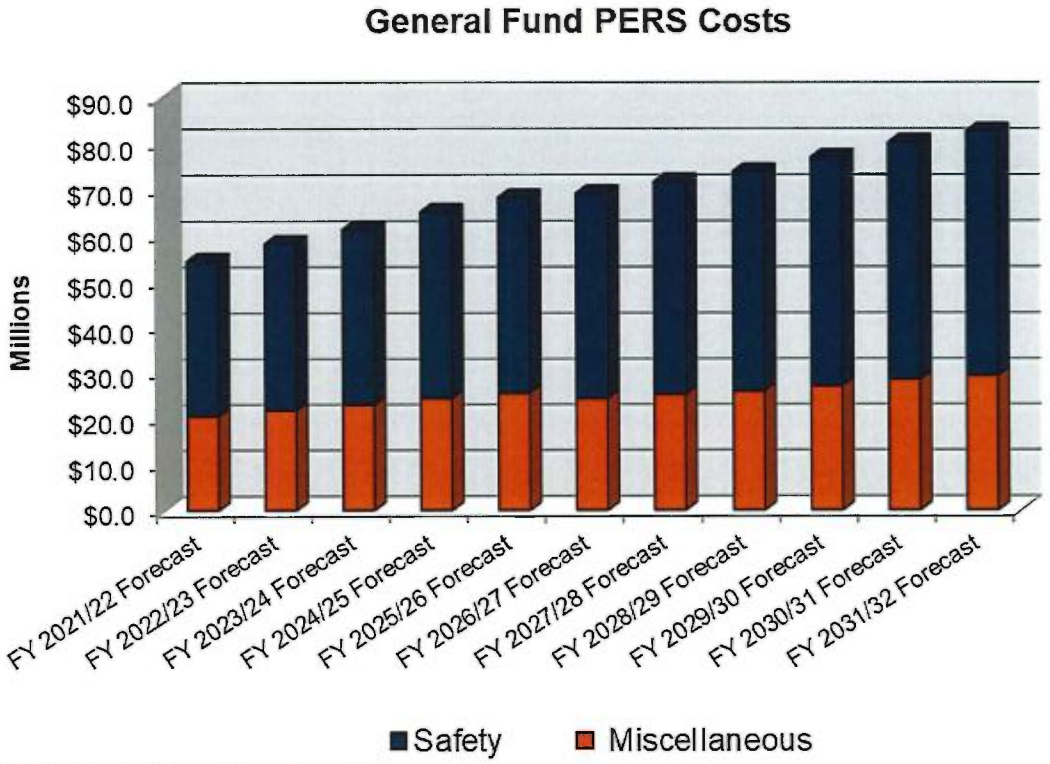
2021/22 General Fund Expenditures by Type

$213.8 M or 76% of General Fund Expenditures



10-Year General Fund Forecast
Rising Pension Costs

- Managing three impacted categories: retirees, classic members, and new employees (under PEPRA)
- From FY 2021/22 to 2031/32 General Fund projected to increase $28.2 M (from $54.3 M to $82.5 M)
- Current Unfunded Actuarial Liability (UAL) (all funds) of $602 M[1]
  - 66% of Miscellaneous and 72% of Safety Accrued Liability is due to retirees
- Payments part of CalPERS reform efforts; Actuary projects rates to peak at end of forecast period, followed by declines
- Labor agreements can impact UAL



1 Combined Safety and Miscellaneous Unfunded Accrued Liability, as of June 30, 2019 CalPERS valuation report

Unfunded Infrastructure Needs

Close to $1 billion of identified capital needs not in Forecast:

- Parks Assessment (December 2017-Kitchell Report) identified $100 M of parks grounds and building needs ($156 M w/ escalation)
- 2015 Storm Drain Master Plan identified $343 M in projects (2018 dollars), including almost $68 M in high priority projects
- Transportation infrastructure (e.g., traffic signal infrastructure replacement ($50 M), uncontrolled crosswalks ($50 M), Bicycle Plan ($40 M), Creek Trail Master Plan ($50 M), pavement ($9 M annually beyond CIP)
- Public Buildings (New City Hall ($236 M – $300 M), existing City Hall ($39 M); fire stations, historic buildings, corporation yard, ADA plan)
- Expand capacity (e.g., library)

Budget Balancing

City of Santa Clara
The Center of What's Possible

Budget Balancing
Cost Control Measures Already Implemented

- Hiring freeze, with limited exceptions
- Stricter expenditure controls
- Decreased temporary staffing (by over 500 staff or 55%)
- Limited travel
- Limited training
- Reduced expenditures for IT
- Reduced expenditures for vehicle and fleet purchases
- Evaluating current contracts and other non-personnel expenditures

Potential Budget Balancing Strategy

- Combination of strategies to balance FY 2021/22 and FY 2022/23 General Fund budget ($41.7 M shortfall) (see scenario slide)
  - Ongoing expenditure reductions of approximately $24 M
  - Revenue-generating actions (TBD)
  - Potential labor negotiations (TBD)
- Use of Budget Stabilization Reserve and Other Reserves ($30 M)
- Future ballot measures (Business Tax, Utility Tax, Transfer Tax)

Potential Budget Balancing Strategy
Reductions Implemented in Local Jurisdictions

Palo Alto sees biggest budget reduction in decades

Palo Alto concluded one of its most brutal budget seasons in recent memory on Monday night, when the City Council approved over $40 million in cuts and agreed to eliminate more than 70 City Hall positions.

...The budget represents a $41.8 million reduction from the current year, which includes $4.9 million in cuts from community services and libraries, $7.3 million from public safety and $3.26 million from planning and transportation, including the elimination of the city's shuttle program. The general fund includes $197 million in expenditures and reduces staffing levels by 74 full-time positions.

by Gennady Sheyner / Palo Alto Weekly

Gilroy Moves To Cut City Jobs Amid Budget Crunch: Report

The city is facing an $8 million budget shortfall amid the coronavirus crisis as revenues from sales and hotel taxes have plummeted, the rep

GILROY, CA — Cash-strapped by the coronavirus crisis, the city of Gilroy has moved to lay off 10 employees after negotiations with a group representing employees collapsed, The Gilroy Dispatch reports.

City of Morgan Hill

Council to vote on two-year budget June 17

At least $6.5M worth of cuts identified over next three years

By: MICHAEL MOORE

June 10, 2020

The city's estimated long-term budget deficit continues to grow due to cascading impacts of Covid-19 and related shelter-in-place orders. An advisory group of Morgan Hill citizens recently estimated the budget shortfall will top $17 million over the next three years.

"There will be cuts to every possible department, which means fewer services," reads a statement from the Morgan Hill Community Advisory Group. The projected $17 million shortfall is "expected to rise" as the pandemic continues to dampen the economy.

City of San Jose Releases 2020-2021 Proposed Operating Budget

Impacts of COVID-19 global pandemic results in significant revenue declines; estimated General Fund budget shortfall of $71.6 million projected

The City's $4.1 billion 2020-2021 Proposed Operating Budget successfully closes a $71.6 million General Fund shortfall through a combination of a limited number of new revenue sources, expenditure reductions, and the strategic use of reserves and other one-time dollars. The recommendations include decreases to position levels throughout the organization. No employee layoffs are anticipated at this stage because of the City's high position vacancy rate, although some limit dated positions will expire on June 30, 2020, as previously planned.

Potential Budget Balancing Scenario

	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 (Sworn 2 Yr @ 0% = $5 M)	TBD				
Remaining Shortfall	**($17.6 M)**	**($12.1 M)**	**($8.8 M)**		
Use of Budget Stabilization Reserve	$14.0 M				
Land Sale Reserve	$3.6 M	$12.1 M			
Remaining Budget (Shortfall)/Surplus	**$0 M**	**$0 M**	**($8.8 M)**	**$1.6 M**	**$2.3 M**

Potential Budget Balancing Strategy
February 2021 Potential Reduction Proposals

- Eliminate vacancies (some services have already been absorbed) ($7.7 million)
  - 43.5 net position reduction
- Reduce budget for Boards & Commissions
- Continue strong fiscal management controls/non-personnel reductions ($5.7 million)
  - 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 requesting discounts when contracts are up for renewal

Potential Budget Balancing Strategy
February 2021 Potential Position Reductions

Department	Net Position Change
City Attorney's Office	(1.0)
City Clerk's Office	(1.0)
City Manager's Office/Non-Departmental	(4.0)
Community Development	(1.75)
Finance	(1.0)
Fire	(12.75)
Parks and Recreation	(4.0)
Police	(15.0)
Public Works	(3.0)
Total Adjustments	**(43.5)**

Net reduction of 43.5 positions saving $7.7 million ongoing

No Layoffs

4 employees reallocated to different functions or departments

Potential Budget Balancing Strategy
Select Department Proposals (Phase 1)

Fire Department

- Alternate paramedic response, suspend two Supplemental Ambulances
- Reduce minimum staffing overtime

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

Potential Budget Balancing Strategy
Select Department Proposals (Phase 1)

Parks and Recreation Department

- Restructure City-wide 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

Potential Budget Balancing Strategy
Select Department Proposals (Phase 1)

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

Potential Budget Balancing Strategy
Select Department Proposals (Phase 1)

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)

Potential Budget Balancing Strategy
Select Department Proposals (Phase 1)

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

Potential Budget Balancing Strategy
Next Round of Expenditure Reductions (Phase 2)

- **Public Safety** – impacts to non-sworn and sworn personnel in areas such as police administration and field operations, fire special units and fire engine brownouts
- **Parks and Library** – ongoing changes to service delivery and hours of operation of community facilities, impacts to services provided by other agencies and funding for community groups, potential change in mix of classes that improve cost recovery
- **Community Development** – impacts to non cost-recovery activities, such as planning and code enforcement

Potential Budget Balancing Strategy
Next Round of Expenditure Reductions (Phase 2)

- **Public Works** – maintenance of city infrastructure (buildings, vehicles, etc.) and capital project oversight
- **Strategic Support**– reductions to services that support city operations, including Human Resources, Finance, and Information Technology which would impact timeliness of services and process improvements
- **City Management and Oversight**– potential reductions that impact support to the Council and departments
- **Council Appointees** – impacts to offices that are appointed directly by the City Council and support all city operations

Budget Balancing
Select General Fund Reserves

Reserve Type	2020/21 Current Balance
General Fund Budget Stabilization (BSR)	$57.7 M
General Fund Capital Projects	$5.4 M
Land Sale Reserve	$23.7 M
Pension Trust (General Fund)	$21.6 M

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

Revenue Opportunities / Long Term Sustainability

City of Santa Clara
The Center of What's Possible

Budget Balancing
Revenue Opportunities

- **City generates General Fund revenues through a variety of sources:**
  - Taxes (e.g., property tax, sales tax, transient occupancy tax – needs implementation)
  - Permits and fees for services (e.g., development fees, recreation fees)
  - Rents (e.g., Related property, right-of-way)
  - Other sources (fines, interest earning, other agencies, miscellaneous)
- **Governed by State law and Council policies on cost recovery**
- **Tax measures require voter approval** (majority approval for general tax and two-thirds supermajority for special tax/parcel tax/G.O. bonds)
- **City has lower taxes and fees than many neighboring jurisdictions; the larger subsidies and foregone tax revenue impact ability to support services**

Budget Balancing
Revenue Opportunities

- One component of the budget balancing strategy
- Revenue opportunities are needed to:
  - Continue to deliver key city services
  - Preserve quality of day-to-day life and ensure safety for our community in times of emergency
  - Reduce expenditure reductions necessary
  - Address critical infrastructure backlog

Budget Balancing
Potential New Revenue Sources

Potential New Revenue Sources

- Federal stimulus funding
- Improve municipal fee cost recovery
- Utility User Tax
- Business License
- Documentary Transfer Tax
- New or modernization of impact fees
- Parcel Tax and/or General Obligation Bond (Capital Infrastructure)

Budget Balancing
Potential New Revenue Sources

Stimulus Funding update

- Approximately $350 billion allocated to State and Local Government
- Lobbyist estimate of $2 - $10 million to Santa Clara
- Still under development
  - Timing and restrictions are still unknown

Budget Balancing
Potential New Revenue Sources

Municipal Fees

- Fees and Charges approved each year to recover the costs of services provided
- Fee study underway to update fees
- Many City fees are below cost recovery
- Policy decision – what level of subsidy for senior, youth, planning, etc.

Budget Balancing
Potential New Revenue Sources

- General Fund Fees Under Cost Recovery by approx. **$16 M**
- Local parks fees are typically 20%-40% cost recovery (An increase from 17% to 25% in our cost recovery would generate **$1.2 M annually**)
- Continued phase in of Fire CUPA fees and other Finance improvements would generate approx. **$0.9 M annually**

General Fund Fees - Cost Recovery After 2019 Fee Study

Department	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
Non-Development				
City Clerk	$33,920	$33,920	$0	100%
Finance	$2,317,244	$2,624,117	($306,873)	88%
Fire - CUPA	$1,103,535	$1,676,096	($572,560)	66%
Fire - Occupancy Inspections	$1,355,924	$1,356,695	($770)	100%
Housing & Community	$37,844	$37,844	($0)	100%
Library	$113,837	$330,892	($217,056)	34%
Police	$45,615	$61,278	($15,663)	74%
Recreation	$2,550,324	$15,053,849	($12,503,525)	17%
Total Non-Development	**$7,558,243**	**$21,174,691**	**($13,616,447)**	**36%**
Development Related*				
Planning	$1,629,303	$3,038,661	($1,409,358)	54%
Fire	$4,570,618	$4,809,986	($239,368)	95%
Streets	$301,602	$729,461	($427,859)	41%
Engineering	$3,302,530	$3,319,262	($16,732)	99%
Total Development Related	**$9,804,052**	**$11,897,370**	**($2,093,317)**	**82%**
TOTAL	**$17,362,296**	**$33,072,060**	**($15,709,765)**	**52%**

* Excludes Building Fees that are cost recovery

Budget Balancing
Potential New Revenue Sources

Tax Measures

- Require Voter Approval
- Significant stakeholder engagement is required, and takes time, for initiatives to be successful
- November 2022 potential ballot date

Voter Approval Required

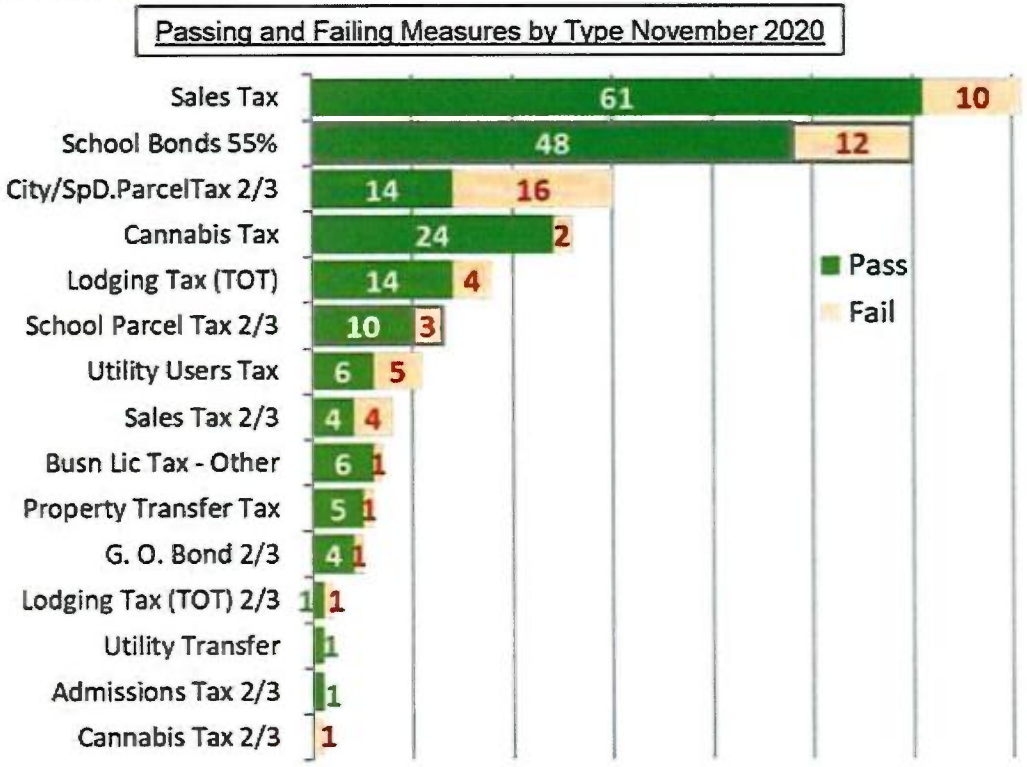
General Tax:	Majority
Special Tax:	2/3 supermajority
Parcel Tax:	2/3 supermajority
G.O. Bond:	2/3 supermajority (Bill to reduce to 55%)

Budget Balancing
Potential New Revenue Sources

November 2020 California Ballot Measures by Type

Local Revenue Measures November 2020

	Total	Pass	Passing%
City General Tax (Majority Vote)	132	109	83%
County General Tax (Majority Vote)	8	8	100%
City SpecialTax or G.O.bond (2/3 Vote)	14	6	43%
County Spec.Tax, G.O.bond (2/3 Vote)	8	5	63%
Special District (2/3 vote)	25	13	52%
School ParcelTax 2/3	13	10	77%
School Bond 55%	60	48	80%
Total	260	199	77%



Budget Balancing
Potential New Revenue Sources

Utility Users Tax (UUT)

- Common tax imposed by a City on the consumption of utility services
- The rate and use is determined by the City
- Tax is levied on the utility customer
- The City does not currently have a UUT
- Voter approval required
- UUT rates vary in the area
  - The most common rate is 5%
  - The rates in Santa Clara County range from 2% to 5%
- Potential estimated revenue of $4 M - $6 M (Water, Gas, Telephone)

Budget Balancing
Potential New Revenue Sources

Utility Users Tax - Several local Cities charge some form of UUT:

City	Rate	Categories	FY 21 Budget
Cupertino	2.4%	Gas/Electric/Telecom	$3.2 M
Gilroy	4.5%-5.0%	Gas/Electric/Telecom/Steam/Cable	$4.6 M
Los Altos	2.5%-3.5%	Gas/Electric/Telecom/Water/Cable	$2.9 M
Mountain View	3.0%	Gas/Electric/Telecom	$7.7 M
Palo Alto	4.75% - 5.0%	Gas/Electric/Water/Telecom	$15.1 M
San Jose	4.5% - 5.0%	Gas/Electric/Water/Telecom	$95.8 M
Sunnyvale	2.0%	Gas/Electric/Telecom	$8.3 M

Budget Balancing
Potential New Revenue Sources

Business Tax

- Santa Clara Business Tax last updated in 1992
- Business Tax ranges from $15 to $500 per company
- No cost escalator
- Current annual revenue of approx. $0.9 M annually
- Potential increases of $1 M - $3 M depending on the rate structure

Budget Balancing
Potential New Revenue Sources

Business Tax Comparison

City	Annual Rate	FY 21 Budget
Cupertino	$155 - $306 plus per unit costs in limited cases	$0.6 M
Gilroy	$70 - $2,000	$0.7 M
Los Altos	$75 - $335 plus addtl. amt. per employee/unit; $3,000 max.	$0.5 M
Mountain View	$75 - $584K + $150/employee (tiered by no. employees)	$4.4 M
San Jose	$204 - $164K (tiered by no. employees/units)	$25.7 M
Santa Clara	$15 - $500 (tiered by no. employees/units)	$0.9 M
Sunnyvale	$40 - $13K (tiered by no. employees/units)	$1.9 M

Budget Balancing
Potential New Revenue Sources

Documentary Transfer Tax

- Documentary Transfer Tax is a tax imposed on the transfer of the title of real property from one person (or entity) to another within the jurisdiction
- Based on the property's sale price
- Current County Transfer Tax is $1.10 for each $1,000 sale amount
  - City receives $0.55 and the County receives the remaining $0.55
  - Increase in this tax would go to the City but the entire $1.10 would stay with the County

Budget Balancing

Potential New Revenue Sources

Documentary Transfer Tax

- Current revenue of approximately $1.4 million
- Increase in the tax of $1.10 (for a total tax of $2.20 for each $1,000) would generate an additional $1.4 million; for a $1.5 million property sale, the tax would increase from $1,650 to $3,300
- Increase of $3.30 (for a total tax of $4.40 for each $1,000) would generate $7 million annually; for a $1.5 million property sale, the tax would increase from $1,650 to $6,600
- This would further impact the cost of purchasing property within the City
- Stakeholder engagement is required for this initiative to be successful

Budget Balancing
Potential New Revenue Sources
Documentary Transfer Tax Comparison for Santa Clara County Charter Cities*

City	City Rate	FY 21 Budget
Gilroy	$0.55 per $1,000 (base set for all counties)	$0.3 M
Mountain View	$3.30 per $1,000	$4.0 M
Palo Alto	$3.30 per $1,000	$4.7 M
San Jose – Conveyance Tax	$3.30 per $1,000	$30.0 M
San Jose – Transfer Tax	$7.50 - $15.00 per $1,000 (tiered - over $2 M)	$30.0 M
Santa Clara	$0.55 per $1,000 (base set for all counties)	$1.2 M
Sunnyvale	$0.55 per $1,000 (base set for all counties)	$1.8 M

* Only Charter Cities may impose a transfer tax above the amount set by State

Long-Term Sustainability
Potential New Revenue Sources

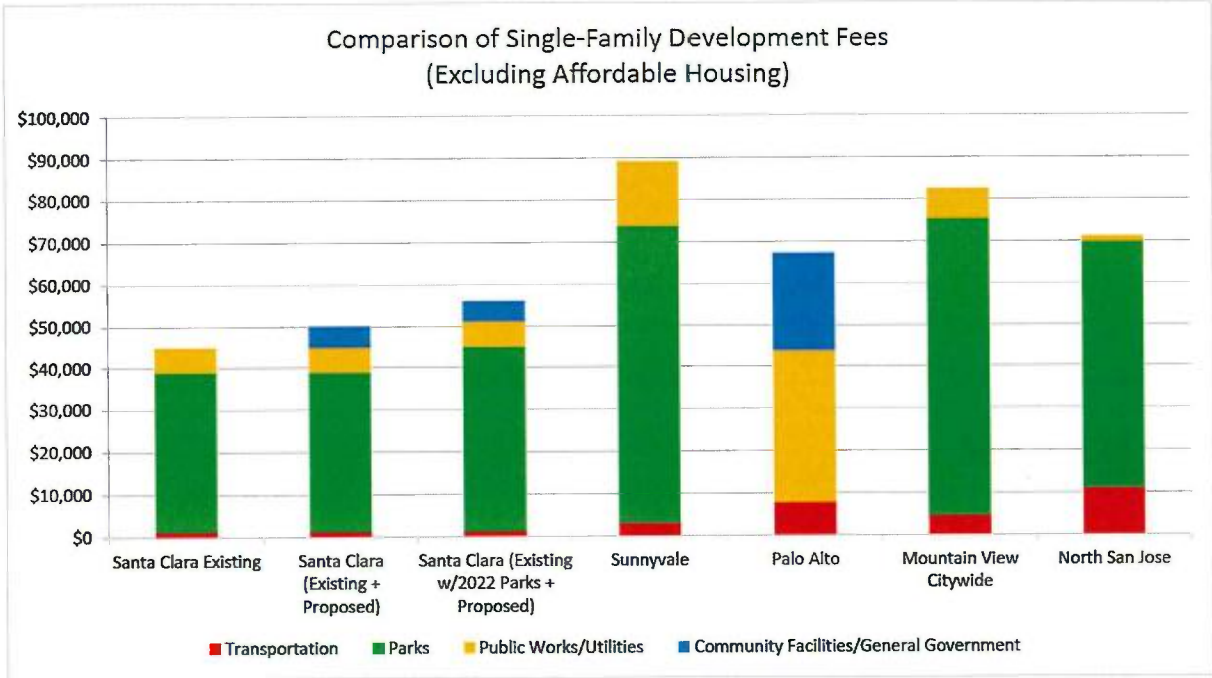
Impact Fees Study Background

- 2020 Consultant study – fee comparison and feasibility analysis
- Compared Santa Clara's impact fees with those of four peer jurisdictions
- Existing fees cover parks, public works, transportation and affordable housing
- Consider new fees including public protection, libraries, and general government
- Does not address current deficit, but addresses new outstanding needs in the future
- Was put on hold due to COVID-19, including evaluation of a Public Art Impact Fee

Long-Term Sustainability
Potential New Revenue Sources

Impact Fees

- Single-Family Development Fee Comparison
- Existing and potentially new impact fees are below similar fees in neighboring jurisdictions surveyed

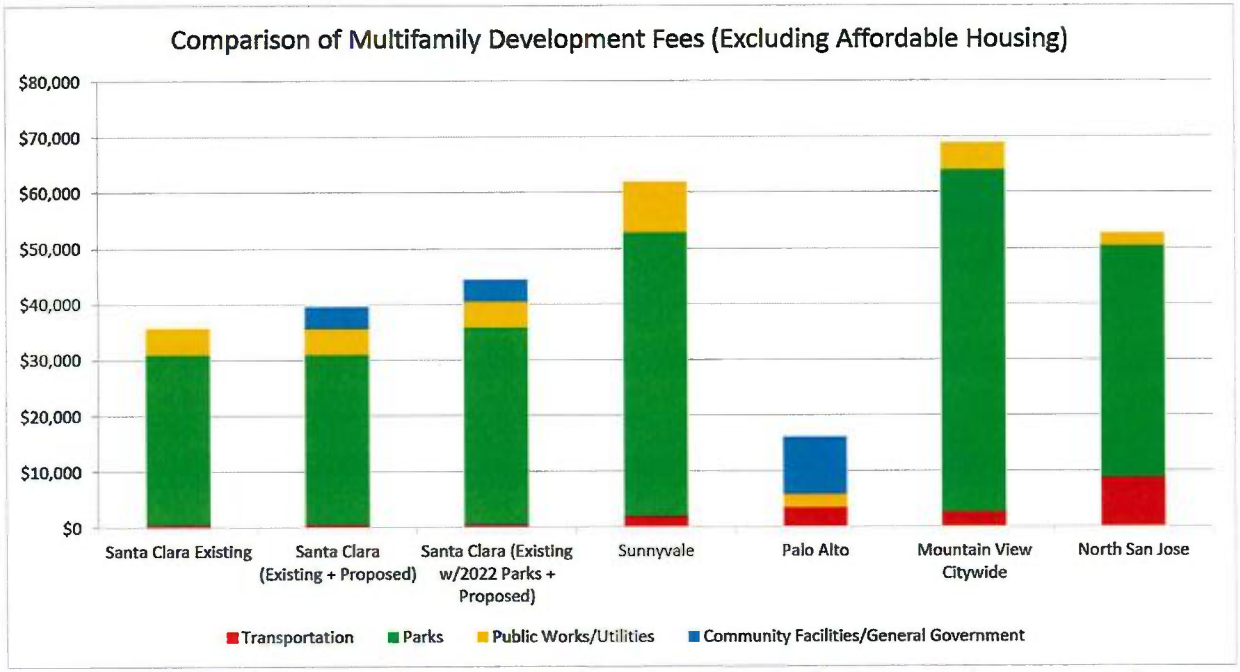


NOTE: Fees shown are per unit. The Palo Alto Community Facilities Fee includes parks, libraries, community center, general government, and public safety components. There are no MV North Bayshore Single Family fees because residential development is not allowed in that subarea. There are no public art fees for residential development.

Long-Term Sustainability
Potential New Revenue Sources

Impact Fees

- Multi-Family Development Fee Comparison
- Existing and potentially new impact fees are below similar fees in three of the four neighboring jurisdictions surveyed

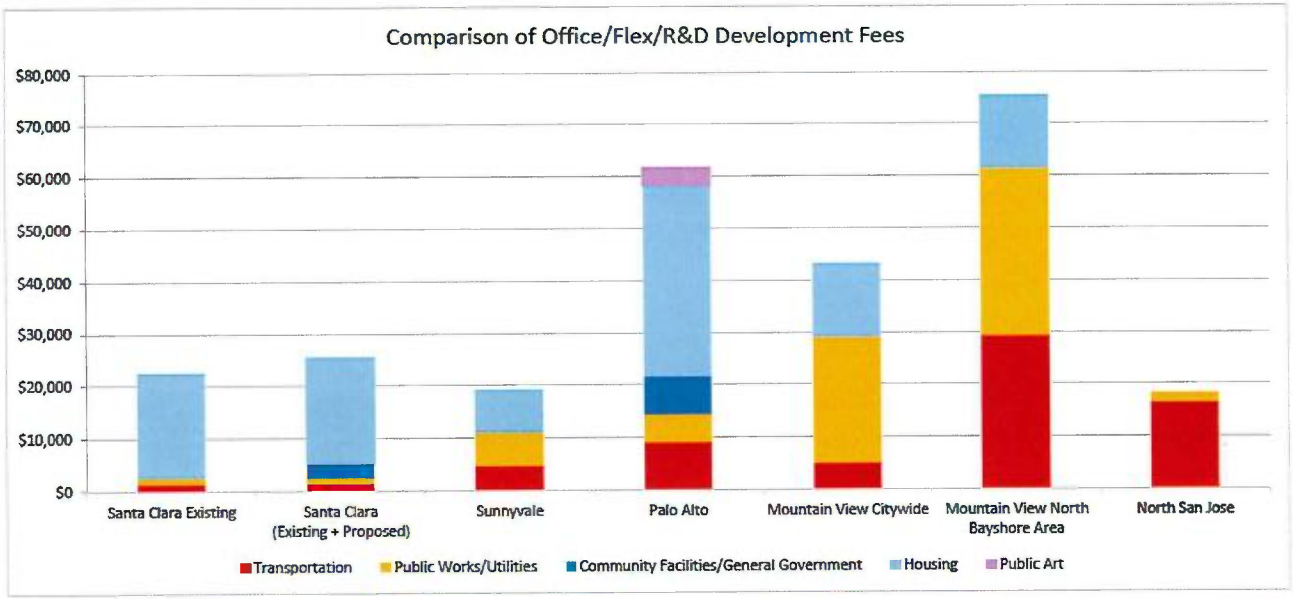


NOTE: Fees shown are per unit. The Palo Alto Community Facilities Fee includes parks, libraries, community center, general government, and public safety components. There are no MV North Bayshore Single-Family fees because residential development is not allowed in that subarea. There are no public art fees for residential development.

Long-Term Sustainability
Potential New Revenue Sources

Impact Fees

- Office/Flex/R&D Fee Comparison
- Existing and potentially new impact fees are in the mid range of similar fees in neighboring jurisdictions surveyed

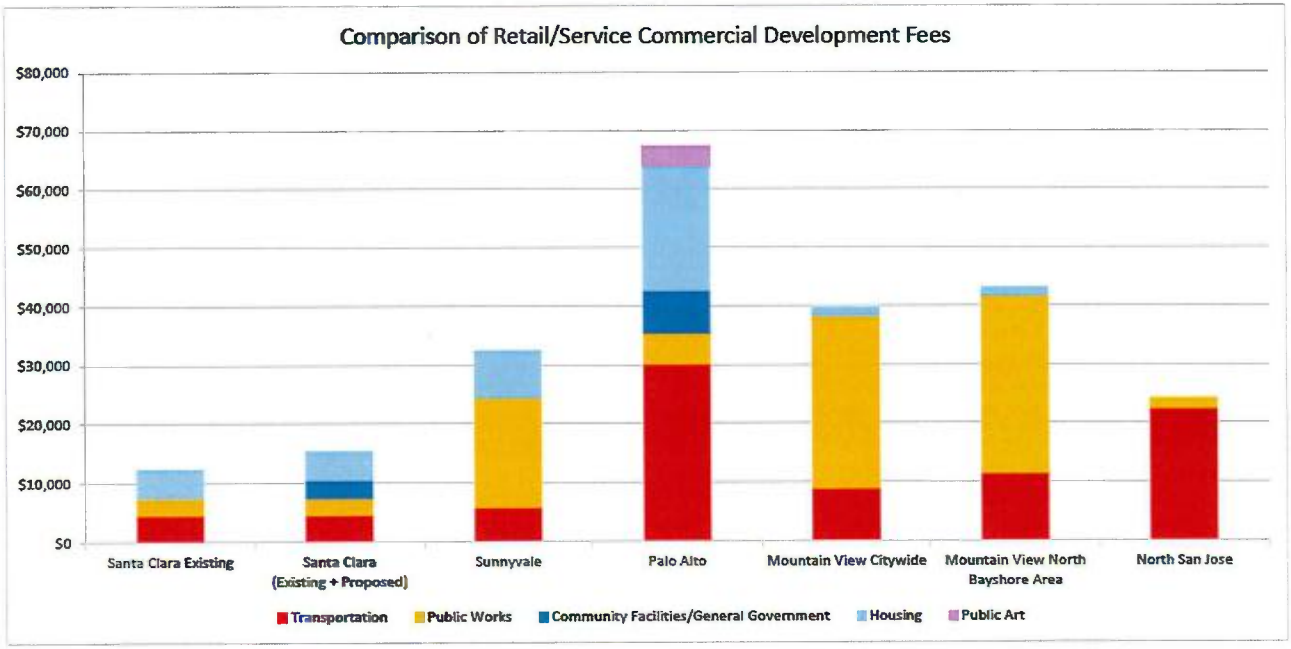


NOTE: Fees shown are per 1,000 square feet. The Palo Alto Community Facilities Fee includes parks, libraries, community center, general government, and public safety components. The Santa Clara Proposed Fee total amount may also include a public art fee, but since the City has yet to finalize it is not included in this assessment. There are no parks fees for office/flex/R&D development.

Long-Term Sustainability
Potential New Revenue Sources

Impact Fees

- Retail/Service/ Commercial Fee Comparison
- Existing and potentially new impact fees are below similar fees in neighboring jurisdictions surveyed



NOTE: Fees shown are per 1,000 square feet. The Santa Clara Proposed Fee total amount may also include a public art fee, but since the City has yet to finalize it is not included in this assessment. There are no parks fees for retail/service commercial development.

Long-Term Sustainability
Potential New Revenue Sources

Potential Measures to Address Capital Infrastructure Needs

- General Obligation Bond
- Infrastructure Parcel Tax
- Both require voter approval
- Help ensures the long-term health of the City

Long-Term Sustainability
Potential New Revenue Sources

General Obligation (GO) Bond Key Features:

- Used for long-term capital project financing
- Requires two-thirds supermajority vote
- One-time revenue, up front
- Secured by levying ad valorem property taxes in addition to the 1% general ad valorem property tax

Swim Center Boiler

Fire Training Tower

Long-Term Sustainability

Potential New Revenue Sources

GO Bonds are based on assessed values – four options below assume 30-year amortization

	Bond Issuance Amount	Interest (5%)	Total Debt	Secured & Unsecured - Rate / $ 1 M	Estimated Annual Debt Service Payment
Option 1	$ 100 M	$ 95.2 M	**$ 195.2 M**	$ 142	**$ 6.6 M**
Option 2	$ 200 M	$ 190.3 M	**$ 390.3 M**	$ 283	**$ 13.1 M**
Option 3	$ 300 M	$ 285.5 M	**$ 585.5 M**	$ 424	**$ 19.6 M**
Option 4	$ 400 M	$ 380.6 M	**$ 780.6 M**	$ 565	**$ 26.1 M**

Cost to property owner

Long-Term Sustainability
Potential New Revenue Sources
Recent General Obligation Bond Measures Approved

City/County	Approved	Amount	Purpose
San Francisco	November 2020	$487.5 M	Housing, Homeless
Alameda County Fire	November 2020	$90 M	Fire/EMS
San Francisco	November 2019	$600 M	Affordable Housing
San Jose	November 2018	$650 M	Public safety, infrastructure, and roads
San Francisco	November 2018	$425 M	Earthquake/flooding facilities and infrastructure
Berkeley	November 2018	$135 M	Affordable housing
Campbell	November 2018	$50 M	Police Emergency Operations Center and library facility
Foster City	June 2018	$90 M	Levee improvements for flooding
Emeryville	June 2018	$50 M	Affordable housing
Santal Clara County	November 2016	$950 M	Affordable housing

Long-Term Sustainability
Potential New Revenue Sources

Infrastructure Parcel Tax Key Features:

- Could be used for infrastructure, operations and programs
- Requires two-thirds supermajority vote
- Levied on property owner's property tax bill – as a fixed amount or based on square footage (land or building)
- Ongoing or fixed term

Long-Term Sustainability
Potential New Revenue Sources

Parcel taxes – four options below based on revenue generation goal and basis for assessment

	Parcel Tax Revenue	Fixed Rate	Option 1: median $135 (5,850 sq. ft) Rate Based on Land Size (per 1,000 sq. ft)	Option 1: median $89 (1,465 sq. ft) Rate Based on Building Size (per 1,000 sq. ft)
Option 1	$ 6.5 M	$225	$23	$61
Option 2	$ 13.0 M	$450	$46	$122
Option 3	$ 19.5 M	$675	$70	$183
Option 4	$ 26.0 M	$900	$93	$245

Cost to property owner based on parcel, land size or building size

Long-Term Sustainability
Potential New Revenue Sources

- There is flexibility in structuring parcel tax measures
- Consider complexity and equity issues
- East Palo Alto measure (approved Nov. 2018):

  Shall the measure to impose a parcel tax on commercial office space over 25,000 square feet at an annual rate of $2.50 per square foot, estimated to annually raise $1,675,000, for affordable and supportive housing programs; programs that facilitate access to job opportunities in the S.T.E.M. sectors, building trades and strengthen First Source Hiring; and for City to administer the ordinance and provide annual reports, which shall continue until repealed by the voters, be adopted

Long-Term Sustainability

Potential New Revenue Sources

Recent Parcel Tax Measures Approved

Agency	Year Approved	Amount	Purpose
Santa Clara Open Space Authority	November 2020	$24 / parcel	Preserve open space
Santa Clara Valley Water District	November 2020	$0.006 per sq. ft.	Clean water & flood protection
La Selva Beach Park District	November 2018	$50 / parcel	Recreational facilities
East Bay Regional Park District	November 2018	$12 / single family parcel	Parks facilities and trails
East Palo Alto	November 2018	$2.50 / commercial sq. ft.	Affordable housing/other services
Oakland	June 2018	$75 / single family parcel	Library services
Union City	November 2016	$123 / residential parcel	Public safety
Boulder Creek Fire Protection District	November 2016	$35 / parcel	Fire protection and emergency medical services

Long-Term Sustainability
Potential New Revenue Sources
GO Bond vs. Parcel Tax

Things to consider:

- Types of Projects – What projects to include?
- Equity/Fairness – Who pays?
- Timing of Revenue – Upfront or ongoing?
- Use of Funds – Capital only or Capital/Operating?
- Bond Potential – Direct bond or Special Tax Ordinance?
- Complexity of tax - likeliness of passage based on how voters understand the tax being considered

Budget Balancing

Summary of Potential New Revenue Sources

FY 2021/22 and FY 2022/23 Potential General Fund Sources

- Federal stimulus funding (TBD - $2 M - $10 M one-time)
- Improve municipal fee cost recovery ($1 M - $3 M ongoing)

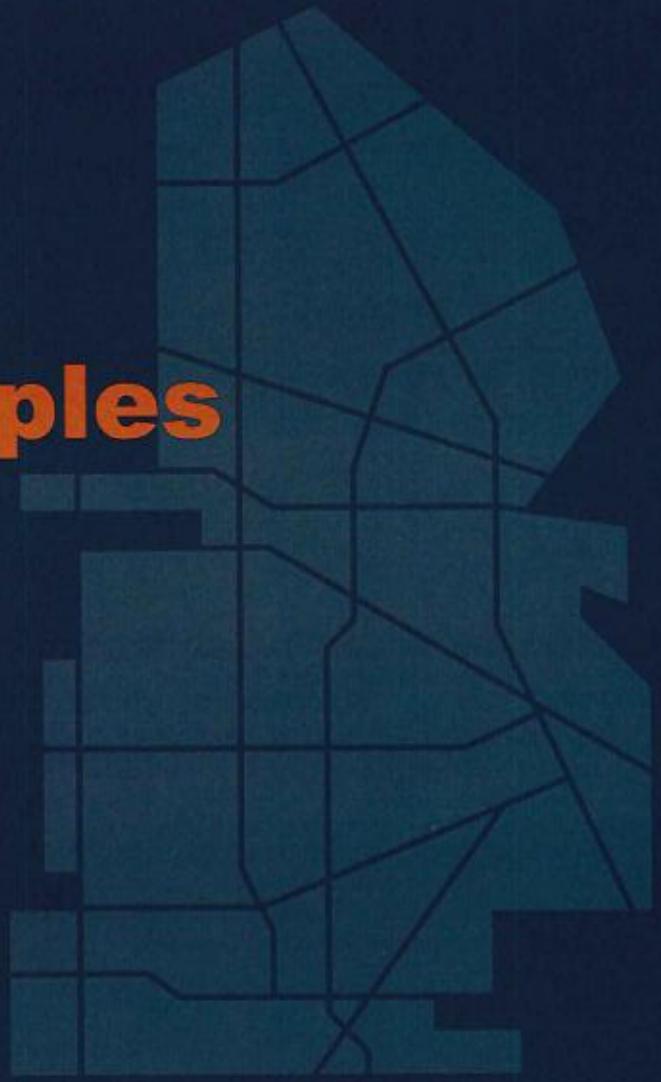
Future Potential General Fund Revenue Sources

- Utility User Tax ($4 M - $6 M)
- Business License ($1 M - $3 M)
- Documentary Transfer Tax ($1.4 M - $7 M)

Future Long-Term Sustainability Revenue Measures

- Impact fees (Residential: $4k-$5k/unit; Non-Residential: $1K-$3K per 1,000 sq. ft)
- Parcel Tax and/or General Obligation Bond (wide range of options; $6.5 M - $26 M ongoing or $100 M - $400 M one-time)

Budget Principles



City of Santa Clara
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Budget Principles

- Provide framework and approach for developing the City's budget
- Budget Principles approved by Council each year

BUDGET PRINCIPLES FOR FY 2021/22 AND 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. To address the projected General Fund shortfall, 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.
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.

Budget Principles

Updates for the FY 2021/22 and FY 2022/23 Operating Budget

#3 Modify principle to recognize that the budget with be balanced with ongoing solutions to the extent possible

#4 Added principle to address the budget shortfall with 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 Added principle to continue cost control measures until General Fund revenues and expenditures are in balance

#6 Modified principle that would maintain the BSR at a minimum of 15% of expenditures if an exception to the Council Policy for the BSR is considered

Next Steps / Policy Discussion

City of Santa Clara
The Center of What's Possible

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
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

Moving Forward
City Council Policy Discussion

- Budget Balancing: use of reserves and ongoing solutions; input on Feb 2021 and May 1 budget == this is the policy decision
  - Specific input on 2 Year Budget balancing Scenario using $30 M reserves and $24 M ongoing
  - Consider exception to BSR policy – potential reduction to 15%
- TOT increase timing and amount (up to 4% approved in Nov 2020)
- Revenue strategy for November 2022 or other ballot
- Cost Recovery of Service Fees / Subsidy Level
- Impact Fee Strategy (Public Art, Public Protection, Governmental)
- Unmet Capital Infrastructure

Fiscal Outlook

10-Year General Fund Forecast

Kenn Lee, Finance Director

February 2021

Transforming Resources

Deanna Santana, City Manager

City of Santa Clara
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Lines of Business

City of Santa Clara

Silicon Valley Power

Stadium Authority

Convention Center

Regional Wastewater Facility*

Council Appointees have defined roles in each of these efforts and support the Council/Board with policy-making.

City of Santa Clara
The Center of What's Possible

Approximately $3.5 billion of assets and $1.3 billion of operational budget
**Co-owner with City of San Jose*

Full Time Equivalents Per Capita (updated 12/2/20)

Cities nearly half our size have more staff per capita. Comparable city is are far less complex with almost 100 more staff.

City	Population	Total FTE	Utility	Utility % of Total FTE	SWORN	SWORN % of total FTE	TOTAL FTE**	Other % of Total FTE	Other FTE Per Capita
Milpitas	77,961	439.25			156	35.52%	283.25	64.48%	0.003633
Mt. View	82,272	661.25			175	26.47%	486.25	73.53%	0.005910
Palo Alto	69,226	1034.85	111.34	10.76%	186	17.97%	737.51	71.27%	0.010654
Santa Clara	129,104	1155.25	198.00	17.14%	308	26.66%	649.25	56.20%	0.005029
Sunnyvale	156,503	935.95			201	21.48%	734.95	78.52%	0.004696
Cupertino *	59,549	203.75					203.75	100.00%	0.003422
San Jose*	1,049,187	6592			1864	28.28%	4728	71.72%	0.004506

City of Santa Clara
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*San Jose and Cupertino are outliers
http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/

**does not include Sworn Safety, Electric Utilities

General Fund Personnel Costs Comparison*

- Adopted Budgets include transfers and capital expenditures that differ by jurisdiction
- Further comparative analysis required to compare budgeting of similar costs by jurisdiction to ensure apples to apples comparison (e.g. treatment of retirement costs and comparison of GF services)

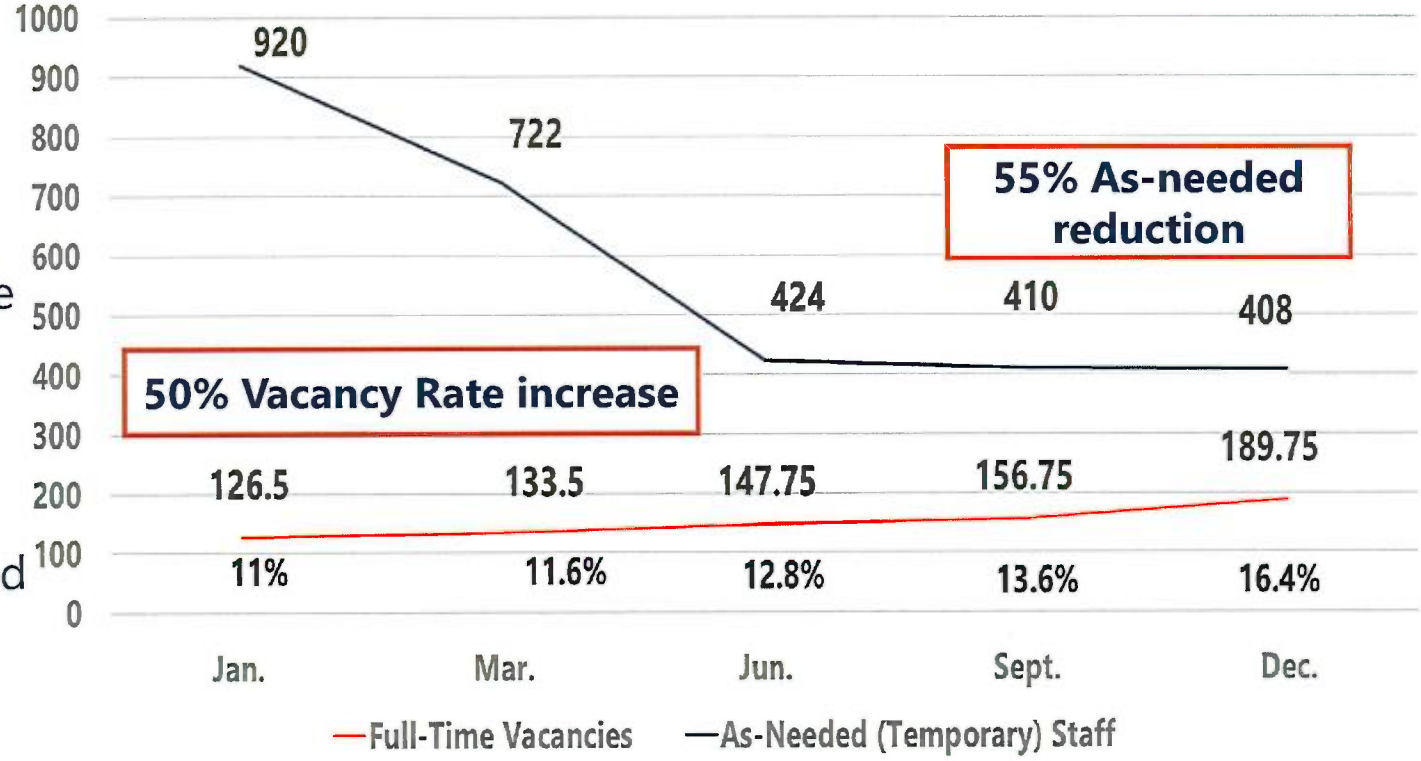
City	Total Personnel Costs	Total General Fund Budget	Personnel Costs as % of GF (avg 70%)
Santa Clara	$204,576,598	$285,968,205	71.5%
San Jose	$901,317,256	$1,286,656,707	70.1%
Palo Alto	$124,541,000	$196,973,000	63.2%
Sunnyvale**	$137,511,929	$201,696,039	68.2%
Mountain View	$114,297,000	$148,021,000	77.2%

FY 2020/21 Adopted Budget figures

***Sunnyvale Public Safety model reflects combined Police and Fire response*

Staffing Reductions and Vacancy Rate

- **512** less as-needed employees (512k hours of lost productivity)
- **63.25** more vacant positions—50% increase (132k hours lost of productivity)
- **842,624** less productivity hours to deliver COVID-19 related programs and regular operations



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Full Time Equivalent (FTE) Capacity

Individual FTE Capacity	Hours
80 hrs./pay period with 26 pay periods/year	2,080
13 holiday closure days	(104)
10 vacation days	(80)
5 sick days	(40)
4 days personal leave	(32)
4 furlough days	(32)
Average productivity hours/year	**1,792**

Organizational Capacity—approx. 30% loss

Pre-COVID-19 Staff Capacity	Hours
1,151.5 FTEs x 1,792 hrs.	2,063,488
920 as-needed x 1,000 hrs.	920,000
Total full capacity productivity hours	**2,983,488**

Post-COVID-19 Staff Capacity	Hours
967 FTEs x 1,792 hrs.	1,732,864
408 as-needed x 1,000 hrs.	408,000
Total current productivity hours	**2,140,864**

Organizational Capacity

- Loss of **approximately 30% of productivity hours** results in reduced service levels
- Naturally, some tasks will not get done and new tasks are more difficult to absorb
- Loss of **56% as-needed staff hours** results in less flexibility to schedule work and absorb off-business hour work
- Capacity is finite, resource allocation requires intentionality and must be evaluated against other priorities and "urgent" and "important" tasks

2020 Impact of COVID-19 on Resources/Staffing

- Costs to salaries and insurance due to COVID-19 are over **$3.9 million**, including EFMLA, Paid Sick Leave, unemployment insurance
- Total no. of employees – **967***
- Total no. of employees working hybrid – **284 (28.2% of workforce)****
- Total citywide vacancy rate – **16.4%**

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**As of 1/8/2021*
***Information from Oct. 2020*

Staffing Response to COVID-19

- Employees not immune to COVID-19. Productivity loss from exposure, COVID-19, and quarantine/isolating.
- Activation of Disaster Service Workers in support of the following areas, as well as new programming needs:
  - Youth Service Meal Program (Mar.-Aug. 2020)
  - Senior Meal Program (Mar.-present)
  - COVID-19 Testing Site (ongoing)
  - Library Curbside Pickup (ongoing)
  - Salvation Army Food Distribution (Nov. 2020-present)
  - Small Business Assistance Grant program
  - Emergency Rental Assistance
  - Outdoor Dining Permit
  - Mayor@Noon COVID-19 Awareness Program

Staffing Response to COVID-19

- Develop policies, programs and procedures to comply with Federal, State and local Orders
  - Disaster Service Worker Policy
  - Remote Workplace Policy
  - Temporary Administrative Leave Policy
    - Family First Coronavirus Response Act
      - Emergency Family Medical Leave
      - Emergency Paid Sick Leave

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Staffing Response to COVID-19

- Implementation of Safety Protocol Measures
  - Responding, tracking and monitoring potential COVID-19 exposures
  - Social Distancing and Safety Protocols
  - Mandatory citywide COVID-19 Training
  - Cloth face coverings provided to all employees
  - Conversion of paper forms to electronic forms to minimize paper contact
  - Zoom and Microsoft Teams used to hold meetings
  - Individual hand sanitizer bottles provided to each employee
  - Self-screening and wellness checks prior to entering the workplace
  - Safety Officers identified for each department to assist with compliance and assist with communication

Redistribution of Staff due to COVID-19

- **Small Business Assistance Grant Program**
- Relaunched **Help Your Neighbor Program**
- **Emergency Rental Assistance**
- **Eviction Moratorium**
- Increased use of **video and digital communications** (Emergency Operations updates, Mayor@Noon)
- Expansion of **Senior Nutrition Program** to include curbside pickup and home delivery
- Six-month **Youth Meal Program** with school district to provide weekend meals for students
- Partnership with Salvation Army for **Food for Families** distribution
- Major deployment of IT to respond quickly to **remote and virtual services** and support needs to keep operations sustained

Ongoing Considerations

- Continued observance of COVID-19 State and County restrictions and compliance
- COVID-19 vaccine implementation coordination and support
- Staff capacity during COVID-19 (surge capacity) and during recovery, including impact of multiple months of working a surge capacity level: physical and mental impacts

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Lunch

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Governance In Transition

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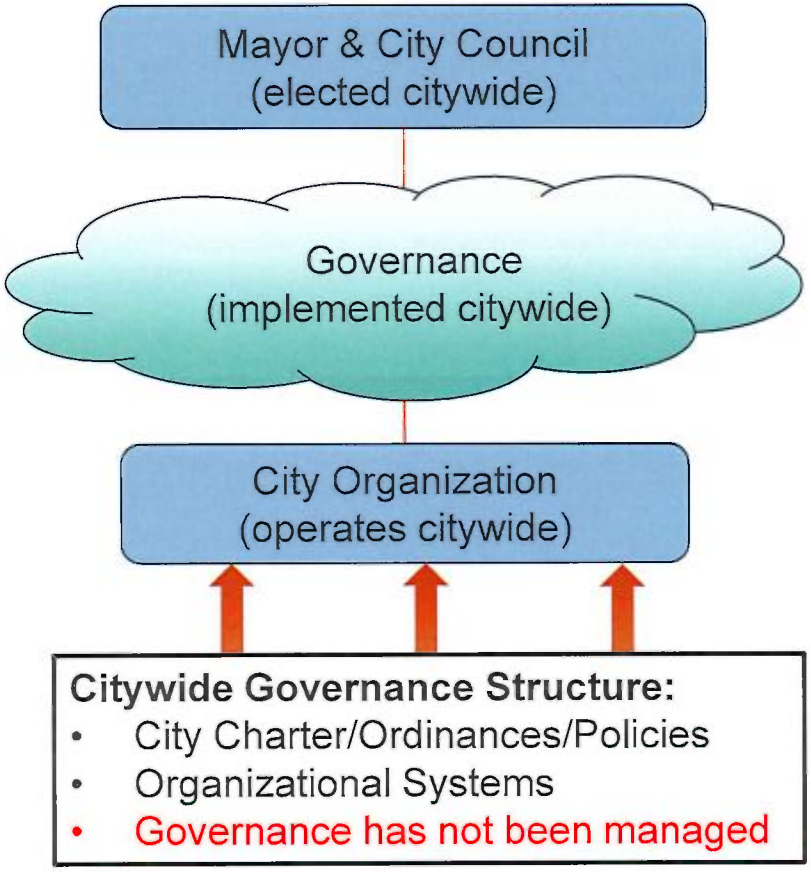
Past Governance Structure (FY 2017-2018)



Mayor and Council have own:

- Election realities
- Assumptions
- Perceptions
- Interests

Unknowns

- Current CVRA status
- Community input
- Resource and fiscal capacity to react and implement new governance system

Citywide Governance Structure:

- City Charter/Ordinances/Policies
- Organizational Systems
- Governance has not been managed

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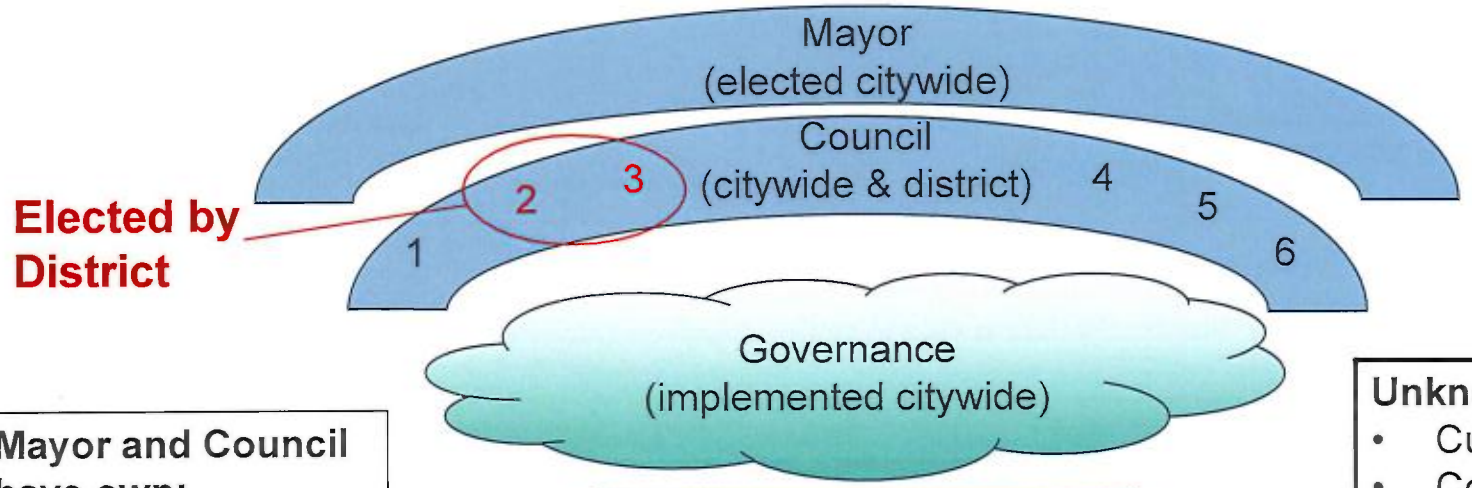
Past Governance Structure (FY 2018-2019)



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Citywide Governance Structure:

- City Charter/Ordinances/Policies
- Organizational Systems
- Governance needs to be intentional

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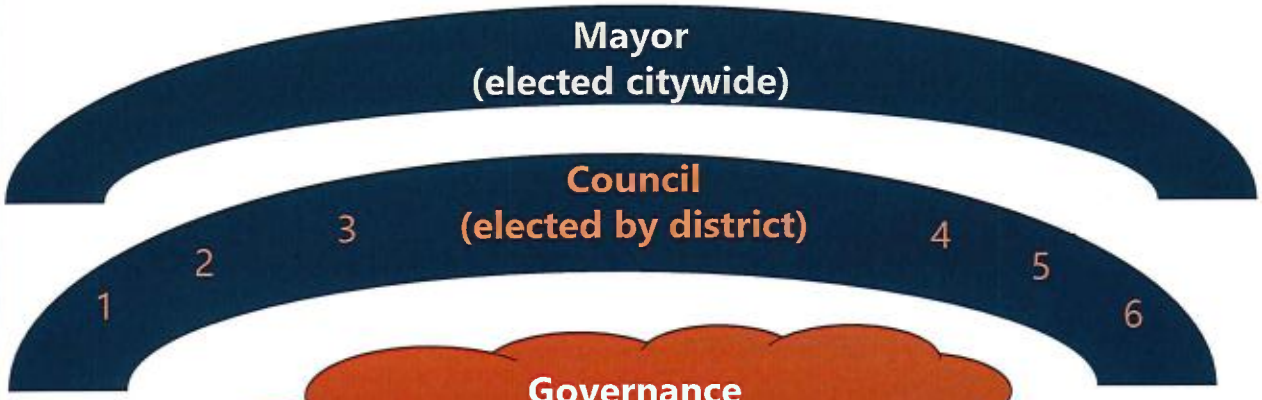
Current Governance Structure (FY 2020-2021)

"Effective governance is the foundation of our ability to manage change."
- *Deanna J. Santana*



Citywide Governance Structure:

- City Charter/Ordinances/Policies
- Organizational Systems
- Governance needs to be intentional
- Prolonged Emergency Proclamation

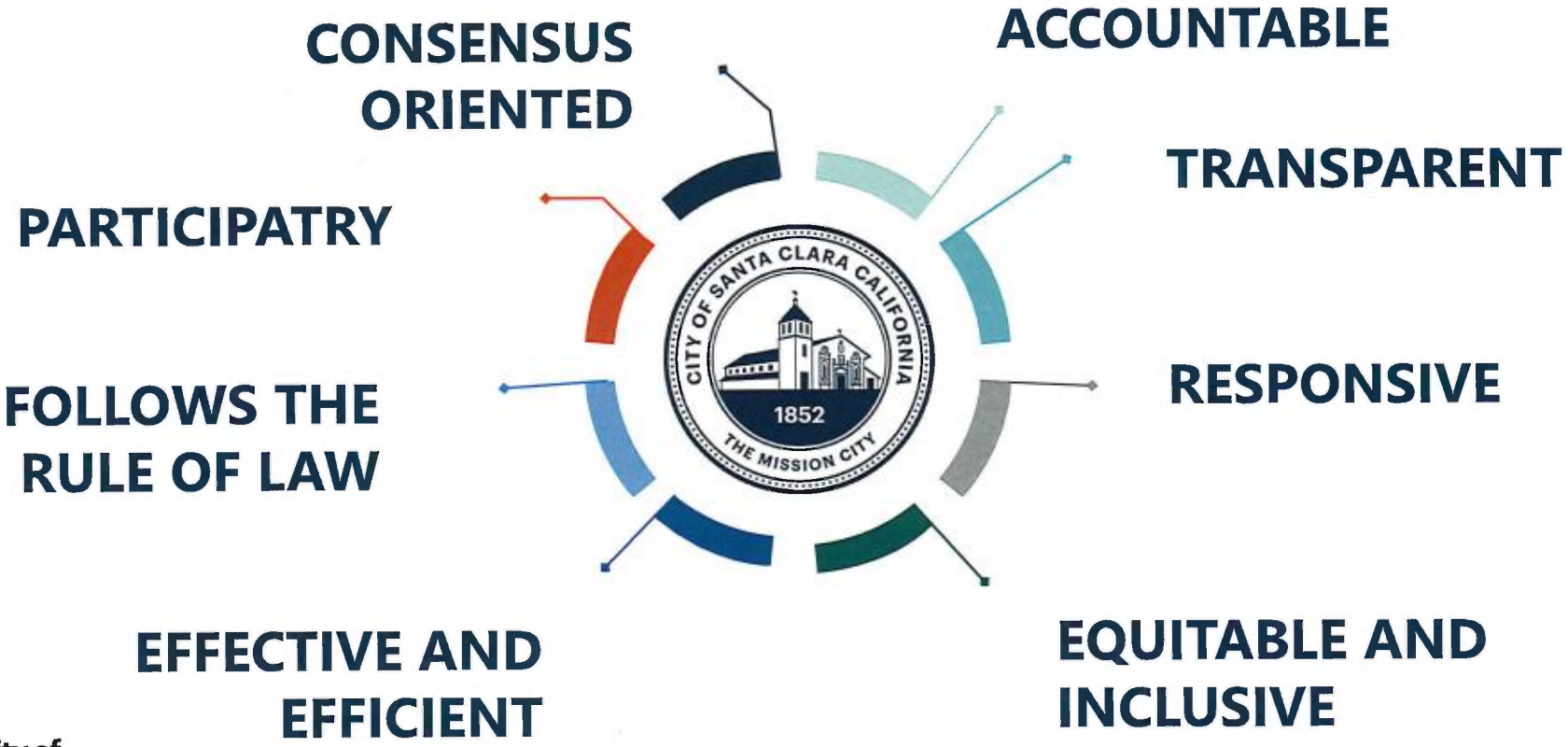
Unknowns

- Final CVRA outcome
- Resource and fiscal capacity to react and implement new governance system
- Duration of converging multiple crisis and COVID-19 induced impacts
- Federal, State and Local mandates
- Resources to support full-service levels

Evolving Governance Structure

- Governance is the **process of decision-making** and the process by which decisions are **implemented** (or not implemented).
- It assures that:
  - Predictability for community to know **how to engage** with government and process to respond
  - **Corruption is minimized**
  - The **views of the underrepresented are considered**
  - The **voices of the most vulnerable in society are heard** in decision-making
  - People know **how to participate**
- It is also responsive to the **present and future needs** of society.

Evolving Governance Structure



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Ongoing State of Emergency

- **March 11, 2020** – State of Emergency proclaimed by Director of Emergency Services, Deanna J. Santana, for COVID-19
- **March 17, 2020** – Emergency ratified by City Council

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Governance During Emergency Proclamation

1. Prolonged Emergency Proclamation and long-term impacts of COVID-19
2. Adhere to local, state and federal guidelines and labor laws; **directives change frequently and our need to implement quickly**
3. Disaster Service Worker activation/organizational capacity
4. Local economic impacts
5. Budget impacts (loss of 512 part-time staff, hiring freeze, General Fund Budget deficit)
6. Distribution of vaccination and regional assistance

Role of City Manager, Director of Emergency Services

- City Code Chapter 2.140
- Overall leadership and regional collaboration
- Planning
- Training
- Policy Direction
- Proclamation of Emergency

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Role of City Council and Communications

- Elected Officials' Guide to Emergency Management
- Preparedness
- Response, Ratify Proclamations
- Recovery
- Communications
  - Share City messaging to ensure that any new information is confirmed by the City
  - Follow Council Liaison structure when approached by media

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Governing Body: Communication, Expectations and Governance

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Governance Principles

Principles	Notes
1. We all care about and will govern for the entire Santa Clara community.	• Desire to avoid fragmented/disconnected council in other large cities with large districts • Districts – voting system vs. governance system • Link district-specific issues to citywide policy initiatives/goals • Development proposals create pressure on district-specific Councilmembers
2. We will follow our Santa Clara ethical values.	Referred review of Santa Clara Code of Ethics & Values to Governance and Ethics Council Committee* for discussion. Committee continued it as part of the Boards and Commissions Policy update.
3. We will follow our Council-Manager form of government.	• This provides a service-oriented focus • Procedures will be discussed • Adhere to role alignment: policy vs operations

From Sept. 2019 Governance Session

**Continued at their Oct. 2019 meeting*

How We Work Together

- What is important to you as a Councilmember as you work with your Council colleagues?
- What's important to you as you work with the City Manager, City Attorney, staff and the public?
- How do COVID-19 and the Emergency Proclamation impact Council's ability to work together and with staff productively?

Council Expectations*

Council Expects/Needs from one another in order to be successful:

1. Respect each other's opinion and do not speculate on the motives of others. Disagree with respect and don't put down others based on your more extensive knowledge of a subject.
2. Do not pigeon hole others or expect another person's vote. Respect the unexpected vote or position.
3. Strive to have a good understanding of the other person's view before critiquing it.
4. Don't speak ill of your colleagues. Be cautious about criticizing other councilmembers behind their back.
5. Convey to others, whenever possible, when there is no compromise for you on an issue. There is no need to prolong an issue in hopes of changing another's committed views.

From the Mayor/Council and Executive Expectations provided by Dr. John Nalbandian

Council Expectations*

Council Expects/Needs from one another in order to be successful:

6. We are elected at large; we each represent the entire city and should make our decisions based on what we believe is good for the city as a whole.
7. Respect each other, staff, the public, and the process, especially in a public setting.
8. Don't interrupt.
9. After an issue is settled, don't continue to bring it up.
10. If a vote doesn't go your way, try to find ways to support some aspect of the issue

**From the Mayor/Council and Executive Expectations provided by Dr. John Nalbandian*

Governance Norms

- Is there value in creating a set of norms and principles for Council?
- What is the process for achieving this outcome?

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Summary and Questions

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