

REVENUES:

Where does the City get its money?

Total City revenues for Fiscal Year 2016-2017 are expected to be \$149,550,233 — an increase of \$50,751,963 or 51% from the prior year's revenues. Revenues by fund for the City are projected as follows:

General Fund

Pays for core services like public safety, parks and recreation, community development, and public works. Revenue for this fund comes primarily from property and sales tax, franchise fees, and charges for services.

Special Revenue Fund

Accounts for the proceeds of special revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund

Pays principal, interest and associated administrative costs incurred with the issuance of debt instruments.

Capital Projects Fund

Pays for the acquisition and construction of major capital facilities from General Fund revenues.

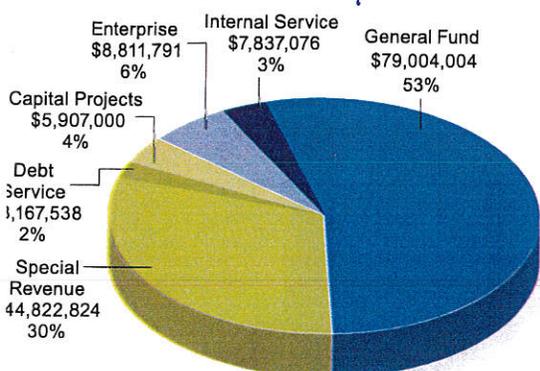
Enterprise Fund

Pays for specific services that are funded directly by fees charged for goods or services.

Internal Service Fund

Pays for goods or services provided amongst City departments or governments on a cost-reimbursement basis.

Revenues by Fund

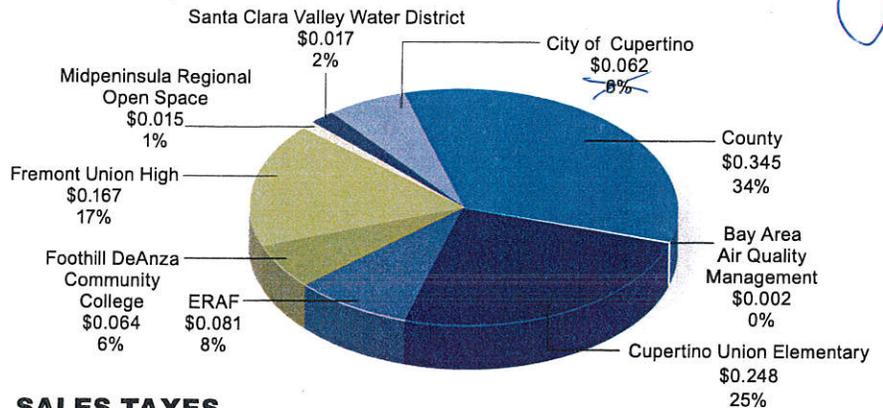


Your Taxes

PROPERTY TAXES

For every dollar collected in property taxes, agencies receive a portion per the following breakdown:

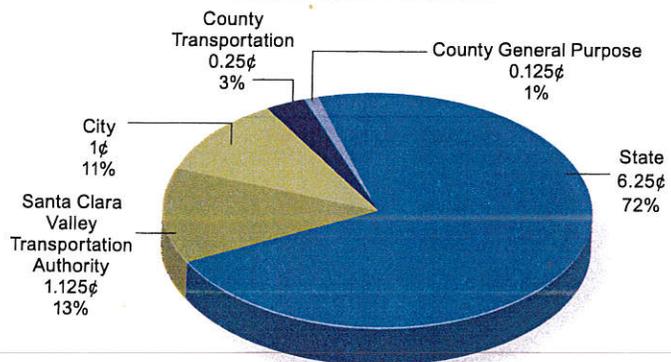
Property Tax Distribution



SALES TAXES

For every dollar you spend, you are taxed 8.75 cents. Agencies receive a portion in the following breakdown:

Sales Tax Distribution

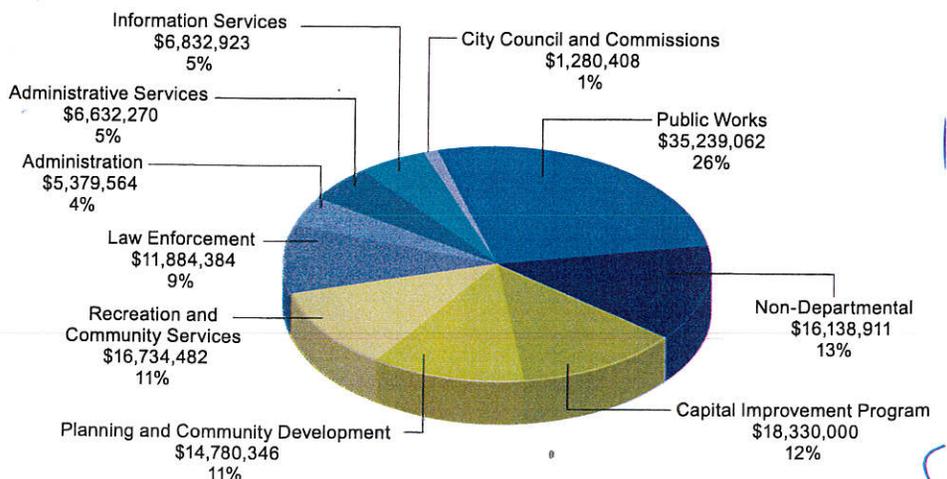


EXPENDITURES:

How does the City spend its money?

Final Budget Appropriations for Fiscal Year 2016-2017 were adopted at \$133,232,350 — an increase of \$14,666,712 or 12% from the prior year's Final Budget. The City allocates appropriations by department as follows:

Expenditures by Department



To the Citizens of Cupertino, Honorable Mayor and Members of the City Council:

Cupertino continues to remain financially sound, with revenues outpacing expenditures over the next five years. The City is returning to a more stable level of growth after a two-year period of unprecedented short-term development activity. Strong growth is anticipated in the City's sales tax, property tax, and transient occupancy tax revenue — in part due to Main Street, Apple Campus 2, and other development projects currently underway.

The short-term windfalls received during this two-year period allowed the City to make strategic one-time investments in capital infrastructure, transportation, and technology upgrades. With healthy reserves, multiple years of budget surplus, and increased demand for service, our focus in last year's budget was meeting operational needs and service enhancements. The City struggled to provide the high level of public service our residents, businesses, and customers have come to expect with limited growth in staffing as demands for service grew. Improved ongoing revenues allowed the City to make strategic investments in service delivery and corresponding staffing. A total of 12.0 new positions were approved last year, which have helped the City keep up with demands for service and enhance services in recreation, senior services, and sustainability.

Due to the cyclical nature of the economy and concerns about development, it is unclear to what extent the City will be able to rely on ongoing one-time development-related revenues. As a result, the budget forecast has been determined conservatively with the expectation that large-scale development activity will not continue at the same pace as the last few years. The FY 2016-17 Final Budget takes a more conservative approach that reflects this expectation. Budget resources are proposed for maintaining existing service levels and infrastructure with few service level enhancements. The focus for next fiscal year will be on better utilizing existing resources to maximize efficiency in delivering services to our residents, including reorganizations. It's important to note that the City is in the process of negotiating new contract agreements with its bargaining units. I will be returning to request a budget amendment to account for changes to employee compensation once agreements have been reached.

The FY 2016-17 Final Budget is a balanced and fiscally responsible spending plan. I want to take this opportunity to thank the budget team for their enormous effort in preparing the budget for Council consideration this year. I also want to thank the department heads and staff for their work on this year's budget. Last but not least, I want to thank the Council for their leadership, guidance and support in making Cupertino the best community to live, work, and enjoy.

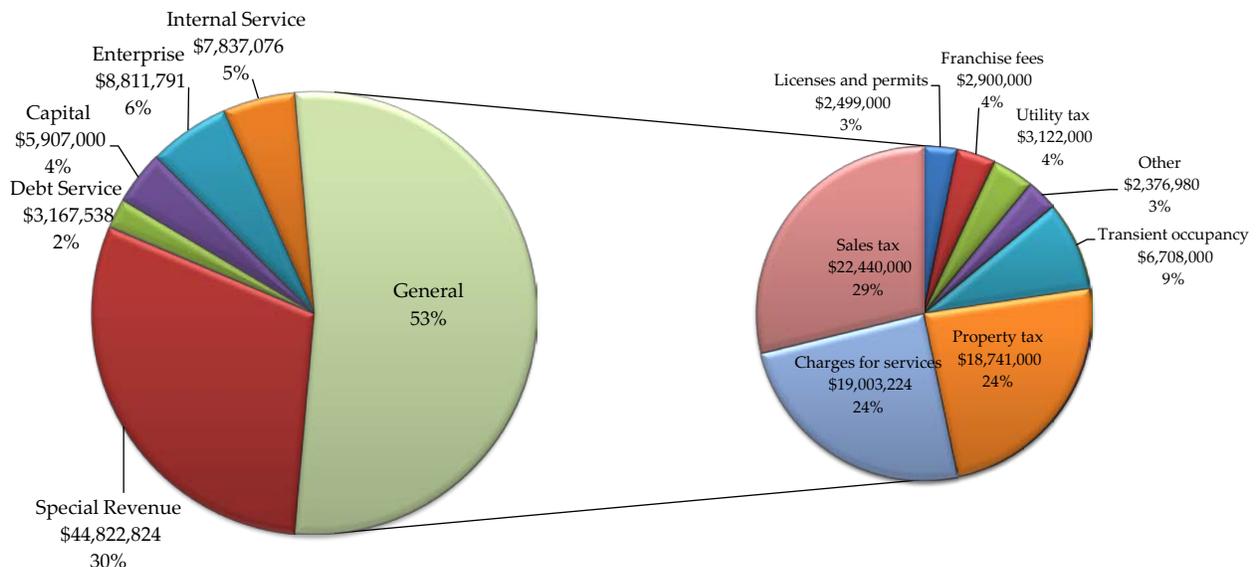
Respectfully submitted,

David Brandt

REVENUES:

Where does the City get its money?

Revenues by Fund with General Fund Breakout



SALES TAX AND PROPERTY TAX

Where does the City get its money?

Sales Tax

For every dollar you spend you are taxed 8.75¢

State (6.25¢)



VTA (1.125¢)



City (1¢)



County Transportation (.25¢)



County General (.125¢)



Property Tax

How your property tax dollars are distributed:



School Districts
48%

County
35%

ERAF
8%

City
6%

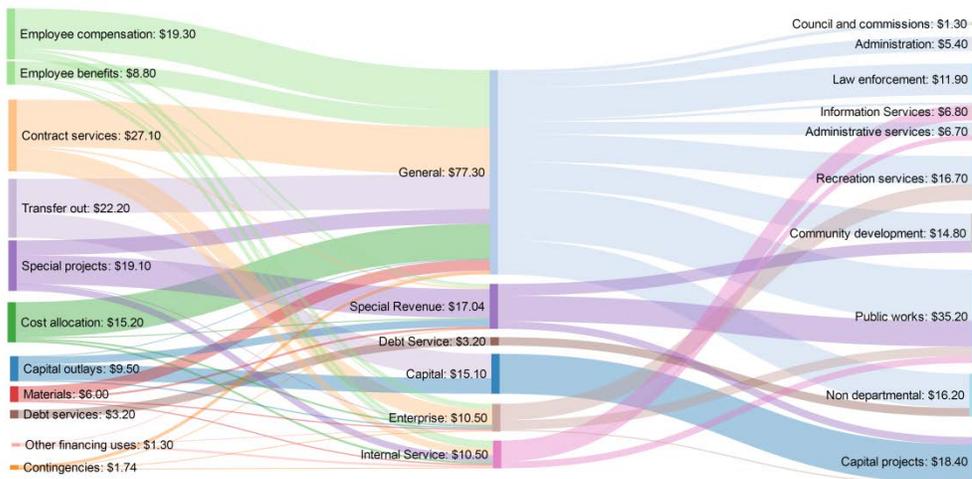
Other
3%

City Services section to remain the same

EXPENDITURES

How does the City spend its money?

Final Budget Appropriations for Fiscal Year 2016-17 were adopted at \$133,232,350 – an increase of \$14,666,712 or 12% from the prior year's Final Budget. The City allocates its appropriations as follows:



The City, its Residents, and the Budget

■ General Fund

- What funds our core services?
- How do we use these funds?
- What does this cost me as a resident?



The City, its Residents, and the Budget

- Top 2 funding sources (Taxes)
 - Sales Tax 28.5%
 - Property Tax 25.9%



The City, its Residents, and the Budget (Sales Tax)

For every taxable
dollar spent in
Cupertino

Tax Rate
9% or 9 cents

City's Share
1% or 1 cent

City
Population



\$9 dollars

\$1 dollar

60,572

FY18 Total
Taxable Sales
\$450 million

\$40.5 million

\$4.5 million

FY18 sales tax
paid/resident
\$75 annually

The City, its Residents, and the Budget

(Property Tax)

Median Sales Price
in Cupertino
(Assessed Value)

Tax Rate
1%

City's Share
6.44%

\$1.8 million

\$18,000

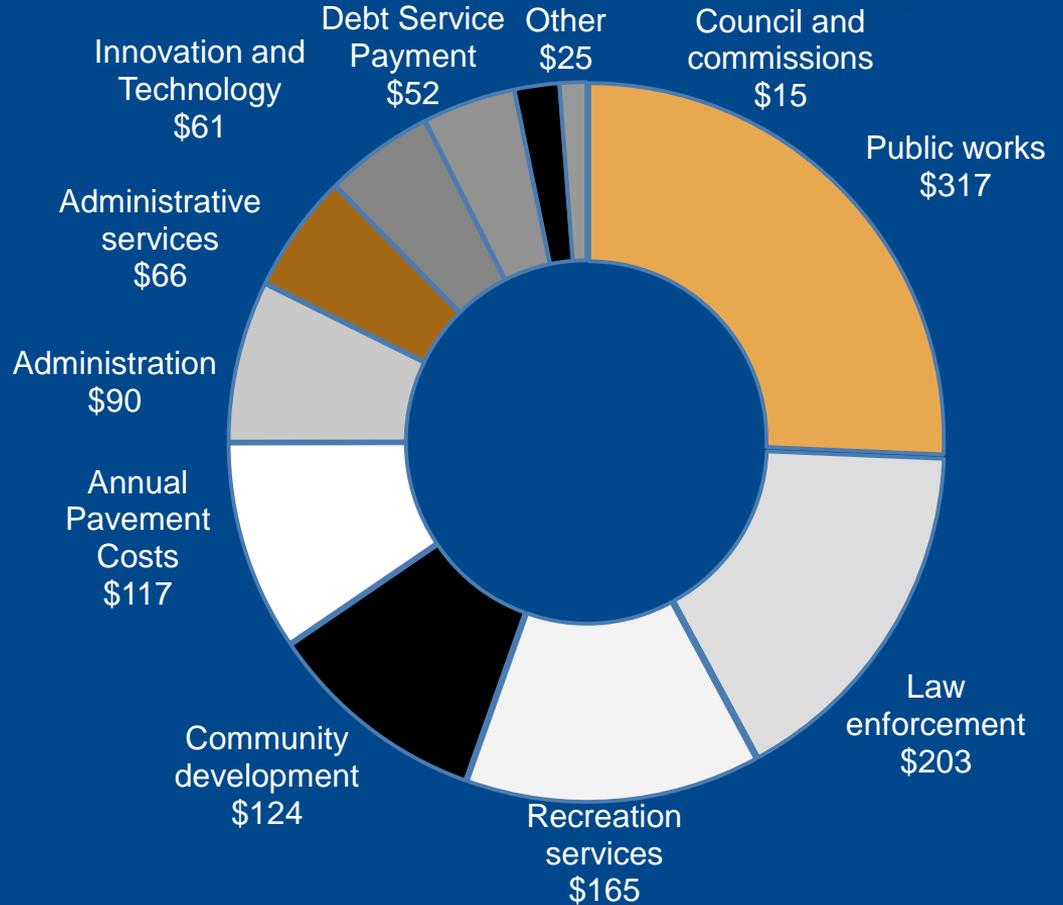
\$1,160

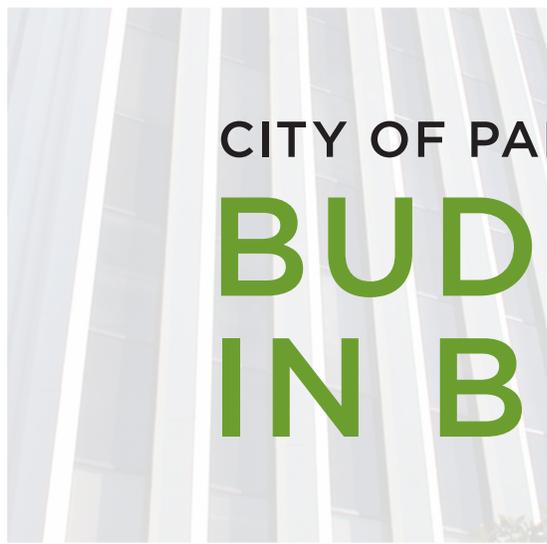
Annual
Property Taxes
paid to City



The City, its Residents, and the Budget

■ \$1,235 Annually





CITY OF PALO ALTO

BUDGET IN BRIEF



FISCAL YEAR
2016



CITY OF
**PALO
ALTO**



OUR MISSION

The government of the City of Palo Alto exists to promote and sustain a superior quality of life in Palo Alto. In partnership with our community, our goal is to deliver cost-effective services in a personal, responsive and innovative manner.

OUR VALUES

Quality

Superior delivery of services

Courtesy

Providing service with respect and concern

Efficiency

Productive, effective use of resources

Integrity

Straight-forward, honest and fair relations

Innovation

Excellence in creative thought and implementation

INTRODUCTION



Dear Palo Altans,

In June 2015, the City Council adopted the Budget for Fiscal Year 2016 (July 1, 2015 through June 30, 2016) in the amount of \$563.6 million, which includes ongoing funding for the City's public safety, library, parks and recreation, utility, and internal support department functions as well as improvements to our roads, facilities, and utility infrastructure. Despite the growing economy and increased tax revenues, the City continues to prudently enhance service levels while remaining cognizant of the City's long-term fiscal sustainability.

To enhance the quality of life for you, this budget includes increased Library opening hours (see p. 3 for branch library hours) for the newly renovated and expanded facilities, adds funding for special events, and adds staff to respond quicker to code enforcement cases. Further, we added staff to support initiatives in response to the City's parking and transportation issues such as the Residential Preferential Parking program, Downtown and California Avenue parking studies, and commute programs through a Transportation Management Authority (in process of implementation).

In June 2014, the City Council approved a \$126 million infrastructure plan which includes funding for a new public safety building, two new parking garages, rehabilitation of two existing fire stations, and the implementation of a bicycle and pedestrian plan, among other projects. In the first year of the Infrastructure Plan implementation funds were budgeted for the design of the new Public Safety Building, the new Downtown Parking Garage, and Fire Station 3 (Embarcadero and Newell) replacement as well as the next phase for the implementation of the Bicycle and Pedestrian Plan. In addition, the City will continue the rehabilitation of streets and sidewalks and make improvements to the existing utility infrastructure.

The City's Utility continues to provide excellent services in the delivery of electricity, gas, and water as well as wastewater treatment and garbage and recycling collection services at competitive rates. For Fiscal Year 2016, the City Council approved rate increases for several utility services primarily due to rising commodity costs and to fund the rehabilitation of existing utility infrastructure. The approved rate adjustments will increase the average monthly residential bill by approximately \$15.

This Budget-in-Brief document is intended to provide you with facts about our City; the City's approach to balancing the budget; the major sources of funding (e.g.: taxes, customer charges) which pay for the services the City provides and the infrastructure the City maintains and rebuilds; as well as major changes included in the Fiscal Year 2016 budget. For a more detailed description of major funding changes, I invite you to read the transmittal letter of the Fiscal Year 2015 Operating and Capital Budgets by visiting the City of Palo Alto website at www.cityofpaloalto.org/budget. For comments regarding the budget or this document, please send an email to **budget@cityofpaloalto.org**.

Respectfully,

James Keene

BUDGET DEVELOPMENT



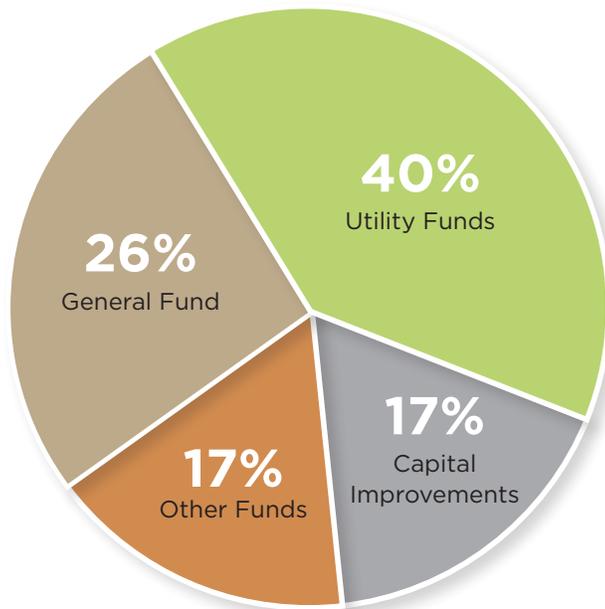
The Fiscal Year 2016 Budget development was guided by the City Council's 2015 Top Four Priorities, the City's long-range financial sustainability, legal mandates, and City Manager service level prioritization. The City Council 2015 Top Four Priorities are:

- > **The Built Environment: multi-modal transportation, parking, and livability**
- > **Infrastructure Strategy and Implementation**
- > **Healthy City, Healthy Community**
- > **Completion of the Comprehensive Plan update with increased focus from Council**



Citywide Budget

The Fiscal Year 2016 citywide expenditure budget amounts to \$563.6 million. As depicted in the pie chart, the majority of the expenditures support the City Utilities, which brings water, gas, and electricity to residents and businesses and collects and/or treats refuse and wastewater (please refer to p. 6 of this document for a detailed discussion). The second largest expenditure of \$185.7 million is attributable to the General Fund, which primarily funds police, fire, library, planning, transportation, parks and recreation services as well as internal support functions (please refer to p. 4 of this document for a detailed discussion). In Fiscal Year 2016, the City is expected to fund approximately \$124.7 million in capital expenditures to rehabilitate our roads and sidewalks, rehabilitate and replace aging utility infrastructure, and start implementing the City Council approved Infrastructure Plan (please refer to p. 6 of this document for a detailed discussion). Other funds include Internal Services Funds such as the Vehicle Fund and Special Revenue Funds such as development impact fee funds, parking funds, or housing funds.



Citywide Fiscal Year 2016
Adopted Budget
by Fund Type

Major Changes to the Budget

- **Increased Library Opening Hours effective mid-August 2015 by 32 hours per week (\$493,000):**

Day of the Week	Childrens	College Terrace	Downtown	Mitchell Park	Rinconada
Monday	10 am–6 pm	closed	closed	10 am–9 pm	10 am–9 pm
Tuesday	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–9 pm	10 am–9 pm
Wednesday	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–9 pm	10 am–9 pm
Thursday	10 am–6 pm	closed	10 am–6 pm	10 am–9 pm	10 am–9 pm
Friday	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm
Saturday	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm
Sunday	1 pm–5 pm	closed	closed	10 am–6 pm	10 am–6 pm

- **Implementation of parking and transportation strategies (\$574,000):** Staffing was added to manage the Residential Preferential Parking program, downtown and California Avenue parking studies, and commute programs through the Transportation Management Authority.
- **Infrastructure Plan implementation (\$154,000):** In June 2014, the City Council approved a \$126 million infrastructure plan which includes funding for a new public safety building, two new parking garages, rehabilitation of two existing fire stations, and the implementation of a bicycle and pedestrian plan, among other projects. To support the Infrastructure Plan one position was added. In the first year of the Infrastructure Plan implementation funds were budgeted for the design of the new Public Safety Building, the new Downtown Parking Garage, and Fire Station 3 (Embarcadero and Newell) replacement as well as the next phase for the implementation of the Bicycle and Pedestrian Plan.
- **Code Enforcement (\$115,000):** With the addition of one position, the City will be able to respond more quickly to an increased number of code enforcement cases.
- **Recreation and Special Events (\$273,000):** Added one position for special events and recreation classes’ oversight and funding for additional special events for the community.
- **Information Technology investments (\$550,000):** As a continuous effort to replace outdated systems and equipment, this budget adds funding for a new Council Chamber video recording system and IT HelpDesk and asset management system.



General Fund Budget and Infographic

For Fiscal Year 2016, the General Fund budget amounts to \$185.7 million. The General Fund pays for various City services such as police, fire, libraries, parks and recreation, and internal support functions such as finance, human resources, and legal services. As depicted on the following page, the majority of revenues for the General Fund are from taxes and charges for services.



GENERAL FUND REVENUES

WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO? The City's General Fund revenue portfolio is quite diversified. About 53% of all annual revenues are from taxes such as Property Tax, Sales Tax, or Transient Occupancy Tax. The remaining revenue sources include fees and charges from residents and businesses, charges to other funds for services provided, and rental income.



TOTAL \$185.7

*All numbers indicated above are in \$ millions.

GENERAL FUND EXPENSES

COMMUNITY INVESTMENTS = \$27.8

	EXPENSE
Infrastructure	19.0
Cubberley Community Center	7.4
Technology Enhancements	1.1
City Airport Loan	0.3



SAFETY & INFRASTRUCTURE MAINTENANCE = \$94.0

	EXPENSE
Police	35.2
Fire and Emergency Services	27.6
Building, Plan Check, and Permit Issuance	11.9
Streets, Sidewalks, and Tree Maintenance	6.5
Planning and Transportation	8.9
Public Works and Engineering	2.3
Palo Alto Animal Services	1.6



15%

Community Investments

\$185.7 million

51%

Safety and Infrastructure Maintenance

18%

Services & Programs that Make Palo Alto Unique

16%

Citywide Internal Support Departments

SERVICES & PROGRAMS THAT MAKE PALO ALTO UNIQUE = \$33.3

	EXPENSE
Five Library Branches	8.6
Parks, Fields, Open Space, and CSD services	10.1
Recreation Programs	5.9
Arts & Science Programs	3.5
Municipal Golf Course	1.3
Junior Museum and Zoo	2.0
Support for Non-Profits	1.9



CITYWIDE INTERNAL SUPPORT DEPARTMENTS = \$30.6

	EXPENSE
Council Appointed Officials, City Council, Finance, and Human Resources	24.4
Facility Repair and Maintenance	6.2



*All numbers indicated above are in \$ millions.

Enterprise Funds Budget and Infographic

The City of Palo Alto delivers electricity, gas, and water to its residents and customers, collects and treats wastewater, collects and properly disposes garbage and recyclable materials, and maintains the City's Storm Drain system. Throughout the year the utility customers pay for these services. As depicted below, for Fiscal Year 2016, for providing these services, the City will receive approximately \$285.5 million in revenue and use \$57 million of reserves. The majority of these revenues will be used to purchase commodities from third party providers such as electricity, gas, and water, maintain the capital infrastructure, and administer the utilities.

UTILITY FUNDS EXPENSES = \$342.5

ELECTRICITY \$153.3

GAS \$42.9

WATER \$48.1

WASTEWATER \$57.5

REFUSE \$31.0

STORM DRAIN \$9.7

Example Utility Bill

Account Number	Service Period	Service Days	Meter Read Date	Approx. Next Read Date	Statement Print Date
XXXXXX	07/11/2014-08/07/2014	28	08/07/2014	08/06/2014	Aug-08-2014

PREVIOUS BALANCE	AMOUNT	
PREVIOUS BALANCE	\$221.83	
PAYMENT(S) - THANK YOU	221.83	
BALANCE FORWARD	\$0.00	
CURRENT CHARGES	UNITS AMOUNT	
ELECTRICITY	663 KWH 81.23	
GAS	3.13 THERMS 12.33	
WATER	14 CCF 111.07	
SEWER		23.31
REFUSE		23.69
STORM DRAIN		11.73
UTILITY USERS TAX		10.22
TOTAL CURRENT CHARGES	279.58	
TOTAL AMOUNT DUE	279.58	

Annual Budget Process and Community Engagement

FALL:

- > In preparation for the next year's budget, the City calculates the cost for delivering the same services currently provided to the community with updated contractually obligated cost changes.
- > The City publishes the 10-year General Fund Long Range Financial Forecast, which projects the revenues and expenditures based on available information. The Forecast is discussed with the Finance Committee and the City Council during public meetings.

WINTER:

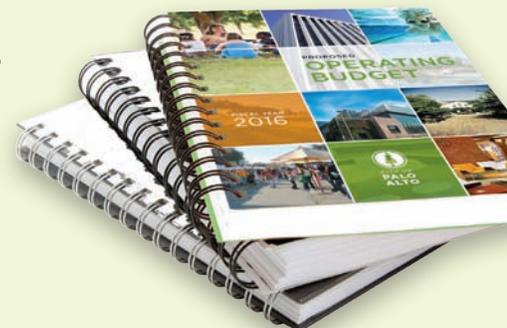
- > Departments submit budget change requests to reduce or augment budgets for existing services including targeted outcomes and performance measures associated with these requests.
- > Internal budget hearings are held with the City Manager to discuss department budget requests.

SPRING:

- > The City Manager releases and presents the proposed operating and capital budgets to the City Council.
- > The Finance Committee conducts a series of public hearings and recommends the proposed budget with or without amendments to the City Council.
- > The Public provides input to the budget as part of the Finance Committee hearings and City Council deliberations.
- > Final adoption by the City Council occurs at a public hearing in June.

SUMMER:

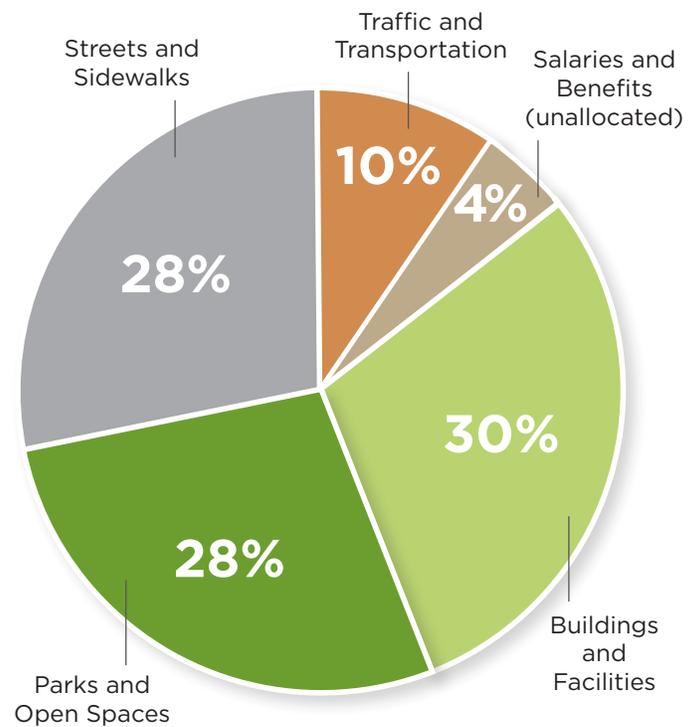
- > The City publishes the Adopted Budget and Budget-in-Brief documents.



Capital Budget

Of the \$124.7 million in capital funding approved, approximately 53.6%, or \$66.9 million, will be dedicated to maintain and rehabilitate the City's existing electric, gas, wastewater, and water infrastructure. About 38% of the total funding, or approximately \$47.4 million, is scheduled to be spent on the rehabilitation of streets and sidewalks as well as improvements and rehabilitation of parks and open space, buildings and facilities, and traffic and transportation. The remaining funding of \$10.4 million was approved for the replacement of vehicles and information technology infrastructure.

In June 2014, the City Council approved an Infrastructure Plan, which is scheduled to be completed during the next few years. The Plan includes funding for a new Public Safety Building (\$57 million), two parking garages (\$22.6 million), Bicycle Pedestrian transportation plan (\$20 million), rehabilitation of two Fire Stations (\$14.2 million), Charleston/Arastradero Corridor improvements (\$7.5 million), Byxbee Park completion (\$2.8 million), and gap funding for the Highway 101 Pedestrian Bridge (\$1.7 million).



Fiscal Year 2016 Capital Improvement Fund
\$47.4 million

Major projects:

Golf Reconfiguration & Baylands Athletic Center Improvements: \$9,960,000

Annual Street Rehabilitation: \$9,075,000

New Dewatering and Loadout Facility: \$5,082,000

Matadero Creek Storm Water Pump Station and Trunk Line Improvements: \$3,766,000

Electric System Improvements: \$2,983,000

New Anaerobic Digesters to Replace Incinerators: \$2,969,000

**Annual Sidewalk Maintenance Project:
\$2,513,000**

**New Downtown Parking Garage:
\$1,483,000**

**New Public Safety Building:
\$1,364,000**

**Radio Infrastructure Replacement:
\$1,296,000**



PALO ALTO AT A GLANCE

INCORPORATION:

April 23, 1894

GOVERNMENT:

Charter City operating under the City Council – City Manager form of government

POPULATION:

Approx. 66,000

AREA:

25.925 square miles

CREDIT RATING:

AAA, highest possible credit rating

PRINCIPAL EMPLOYERS:

- Palo Alto Unified School District
- Leland Stanford Jr. University
- Stanford University Medical Center/Hospital
- Lucille Packard Children's Hospital
- Veteran's Affairs Palo Alto Healthcare System
- VMWare, Inc.
- Hewlett-Packard Company
- SAP
- Space Systems/Loral
- IDEO
- Tesla
- Flipboard
- Survey Monkey
- Theranos
- Palantir
- Houzz

LIBRARIES:

Library Facilities: 5

Items Checked Out: 1.4 million

Books: 235,000

eBooks and eMusic: 59,000

Audio Visual Material: 47,000

PARKS, RECREATION, & COMMUNITY CENTERS:

Parks, Preserves, and Open Space:

8,271 acres

Parks: 36

Playgrounds: 29

Community and Youth Centers: 5

Gymnasiums and Fitness Rooms: 6

Walking/Biking Trails: 41.2 miles

INFRASTRUCTURE AND UTILITIES:

Streets: 473 miles

Water Mains: 236 miles

Water Delivered to Customers:

8-13 million gallons per day

Wastewater Mains: 216 miles

Wastewater Treated: 7.9 million

gallons per day

Gas Mains: 209 miles

Overhead Electrical Lines: 117 miles

Underground Electrical Lines: 175 miles

PUBLIC SAFETY:

Number of Police Calls for Service: 58,500

Number of Fire/Ambulance Calls for Service: 7,800

Police Vehicles: 28

Police Motorcycles: 5

Canine Units: 2

Fire Engines: 6

Fire Trucks: 1

Ambulances: 3

CONTACT INFORMATION

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CITY OF
**PALO
ALTO**

City Hall

250 Hamilton Avenue,
Palo Alto, CA 94301

General City Information

(650) 329-2100

Visit our website at:

www.CityofPaloAlto.org

Americans With Disabilities Act Statement

In compliance with Americans with Disabilities Act (ADA) of 1990, this document may be provided in other accessible formats.

For Information Contact:

ADA Coordinator, City of Palo Alto
250 Hamilton Avenue, Palo Alto, CA 94301
(650) 329-2496

Spanish explorers named the area for the tall, twin-trunked redwood tree they camped beneath in 1769. Palo Alto incorporated in 1894 and the State of California granted its first charter in 1909. The City has long been known for its innovative people and its exploration of ideas that have changed the world. In Palo Alto, our history has always been about the future.



Your City Budget 2016-17



**City of
Santa Clara**
The Center of What's Possible



A Balanced Budget

To ensure an open, efficient, and fiscally sound budget, the City Council held several public meetings on the 2016-17 Budget: 7 study sessions were held between February 16 and June 7, 2016 and a Public Hearing was held on June 21, 2016. Following the Public Hearing, the City Council adopted a balanced City budget for fiscal year 2016-17 of \$753.6 million. This budget includes:

- \$ 666.9 million City Operating Budget (including the \$ 201.4 million General Fund Budget)
- \$ 86.6 million Capital Improvement Project Budget



Budget Highlights

The City's adopted budget for 2016-17 is \$753.6 million. This represents an increase of 4.6% from the fiscal year 2015-16 adopted budget of \$720.2 million. The increase is primarily the result of added positions in response to Council's budget priority to restore and enhance core services. The increase also includes additional funding to address delayed capital improvements, major maintenance, and technology projects. The City has taken steps in the past few years to rebuild reserve levels. The 2016-17 budget continues this trend with a \$2.9 million transfer to the Working Capital Reserve, maintaining the reserve at its target of 25% of General Fund budgeted appropriations and a \$12.6 million contribution to the Capital Projects Reserves. Further review and explanation of these changes can be found later in this brochure and in the City Manager's Transmittal Letter of the 2016-17 Annual Budget document.



Budget Brochure

What you'll find inside –

- Details on City Services
- Total City revenues and expenditures
- Distribution of your tax and fee dollars
- Community enhancement projects



City Council deliberated budget issues during a study session held in May 2016.

The budget is now available online!

Please visit www.santaclaraca.gov/finance. Printed copies of the adopted budget are also available for review at City libraries and at the City Clerk's Office.



2016-17 Rate and Fee Impacts - Enterprise Funds

Santa Clara's Rates Are Still the Lowest in the Region!

There is no change in Municipal Solar Utility Rate and Household Hazardous Waste Charge for 2016-17. Rates that were changed include:

Average Residential Impact	
Electric Utility	3.0% rate increase proposed for 1-1-2017
Water Utility	\$9.48/month
Sewer Utility	\$3.71/month
Recycled Water Rate	20.0% (dollar amount depending on size of account)
Garbage Collection and Disposal Rate	\$0.37/month
Clean Green Charge	\$0.12/month
Residential Curbside Recycling Rate	\$0.08/month
Clean-Up Campaign Charge	\$0.85/month
Storm Drain Rate	\$0.37/month

- The City of Santa Clara's combined water, sewer and electric rates remain the lowest in the nine (9) Bay Area counties.
- Our combined refuse rates are also still among the lowest in Santa Clara County.

1500 Warburton Ave., Santa Clara, CA 95050
www.SantaClaraCA.gov

Your City Budget 2016-17



City of Santa Clara
The Center of What's Possible

Where the City Gets Its Money

Revenue and Other Financing Resources (in millions)

Taxes

Property Tax	\$ 46.7
Sales Tax	64.3
Transient Occupancy Tax	20.0
Other Taxes	5.3

Intergovernmental

Revenue from Other Agencies	6.5
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User Fees

Charges for Current Services – Enterprise	487.6
Charges for Current Services – Other	58.7

Other

Interest Income	3.6
Licenses & Permits / Fines & Penalties	11.5
Contribution In-Lieu	19.6
Rents and Leases	15.6
Misc. Revenue	1.5
Sale of Land	3.0
Capital Project Revenue	5.6
Beginning Balance/Reserves/Transfers	4.1

Total Revenue and Other Financing Resources **\$753.6**

What Your \$753.6 Million Buys



\$335.9
Electric



\$106.8
Police, Fire, 9-1-1
(Communications)



\$86.6
Capital Projects



\$64.6
Water & Sewer



\$23.7
Public Works



\$21.8
Solid Waste



\$21.7
Debt Service



\$19.1
City
Administration*



\$17.7
Parks &
Recreation



\$16.4
Internal Services



\$14.5
Finance &
Human Resources



\$13.4
Community
Development



\$9.9
Library



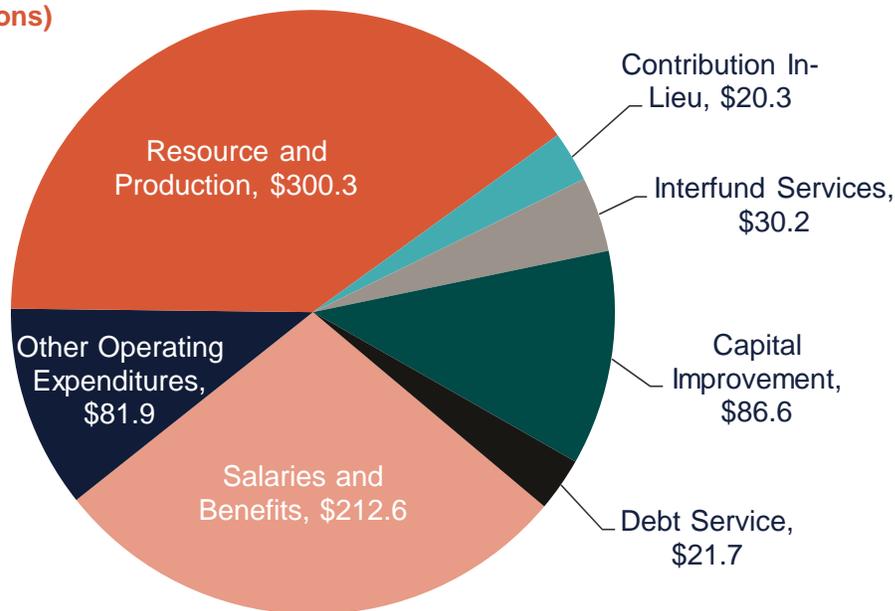
\$1.5
Convention/Visitors
Bureau

*Includes Information Technology, City Council, City Attorney, City Clerk & City Manager's offices



Total City Appropriations by Object Category

(Dollars in Millions)



Salaries and Benefits

The expenditure category for salaries and benefits across all funds in the 2016-17 Adopted Budget rose to \$212.6 million, an increase of \$21.5 million or 11.3% from the 2015-16 Adopted Budget. In the General Fund, this category increased by \$15.1 million or 10.4% from the prior year's budget.

THERE ARE TWO PRIMARY REASONS FOR THIS GROWTH:

1

Increase of 68.75 funded full-time equivalent (FTE) positions. In the 2015-16 budget, the authorized position count was 1,054.50 FTEs. However, only 1,009.50 FTEs were funded. For the 2016-17 budget, the number of authorized positions increased by 23.75 FTEs to 1,078.25 FTEs, but the number of funded positions increased by 68.75 FTEs from 2015-16. For the first time in many years, our authorized position count is now a true reflection of our staffing level. The addition of these funded positions was in response to Council budget priorities, recently completed staffing studies, and the need for additional staff in the Community Development Department in response to increased development activity. The fees and charges related to the current level of development activity will help to fund the costs in that department.

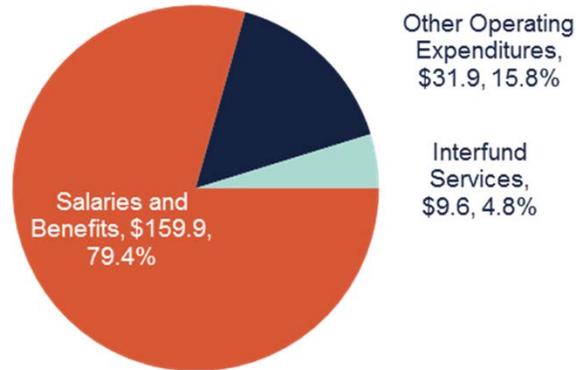
2

Increase in City share of pension costs due to higher CalPERS rates and funding for additional positions. The higher CalPERS rates help to make up for investment losses from the Great Recession, a lower investment return assumption, new demographic assumptions from the most recent experience study, and shorter smoothing and amortization periods. 2016-17 CalPERS employer contribution rates are 32.3% for miscellaneous employees and 44.4% for safety employees.

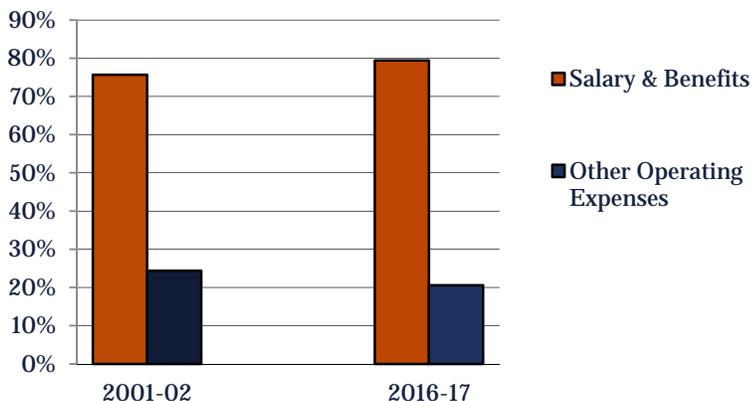
General Fund

Appropriations by Object Category (Dollars in Millions)

The City is an essential service provider for its residents and other stakeholders. Personnel related costs make up the majority of operating costs. Salary and benefits costs represent \$159.9 million of budgeted 2016-17 General Fund expenditures.



Time Comparison of Major Expenditure Categories



Salary and benefits costs as a percentage of total operating expenditures grew from 75.6% in 2001-02 to 79.4% in 2016-17. Key drivers include rising pension costs and negotiated labor agreements. In the fifteen-year period, other operating expenses, consisting mainly of materials, services, and supplies, fell from 24.4% to 20.6% of total operating expenditures.

Retirement Costs

The City is a member of the California Public Employees Retirement System (CalPERS), which provides a defined benefit plan for participating public entities within the State of California. Retirement costs are paid by the employees for the employee share and the City for the employer share. CalPERS retirement costs rose sharply over the past decade and are expected to continue to rise over the Five-Year Plan Financial Plan period. The City's unfunded liability for Miscellaneous employees as of June 30, 2014 was \$198.3 million (67.3% funded) and \$172.9 million (72.8% funded) for Safety employees. In September 2012, the Governor signed AB 340, the Public Employees' Pension Reform Act. This act reduced retirement benefits for new hires effective January 1, 2013 and is expected to slowly reduce pension costs over the next generation of employees.

The City also maintains an Other Post Employment Benefit (OPEB) Plan which provides reimbursement to retirees for qualified health care expenses. The City's unfunded OPEB liability as of June 30, 2014 was \$28.6 million (28.8% funded).

Your City Budget 2016-17



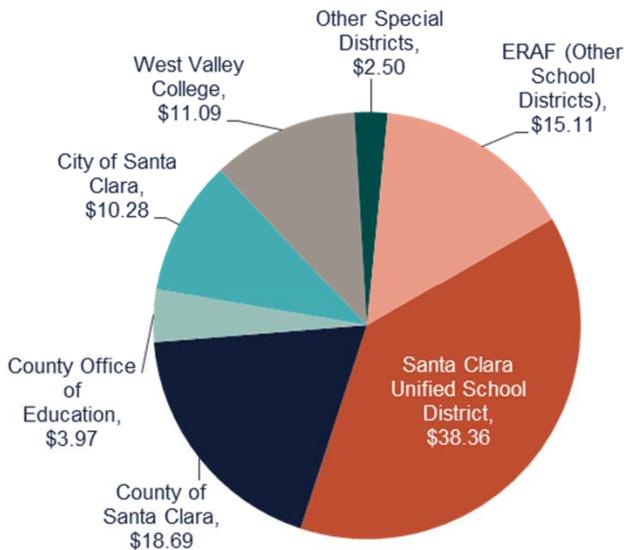
City of Santa Clara
The Center of What's Possible



Property Tax

When you pay your property tax bill to the County, the City of Santa Clara General Fund receives \$10.28 of every \$100 collected. This year the City anticipates receiving \$46.7 million.

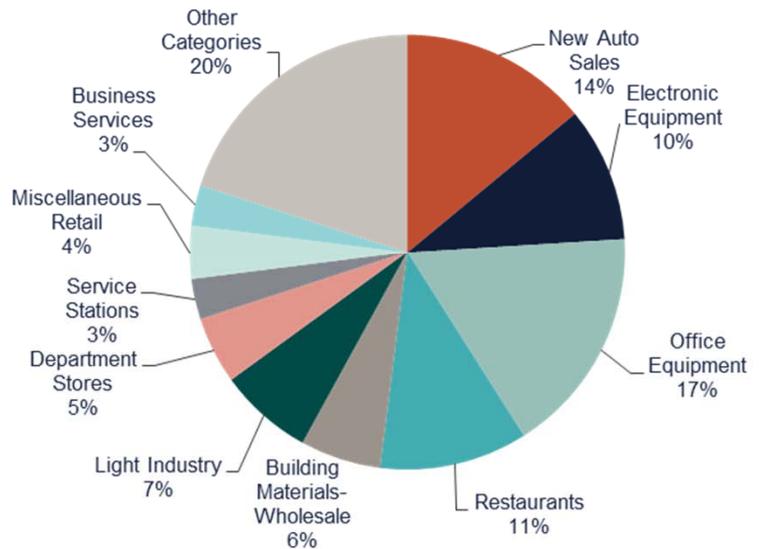
Per \$100 Collected



Sales Tax

Sales tax revenue in the City of Santa Clara comes from a wide range of sources. New auto, electronic equipment, restaurant, and office equipment sales were the City's leading economic sales categories last year making up 52% of sales tax collections.

Top 10 Sales Tax Generators



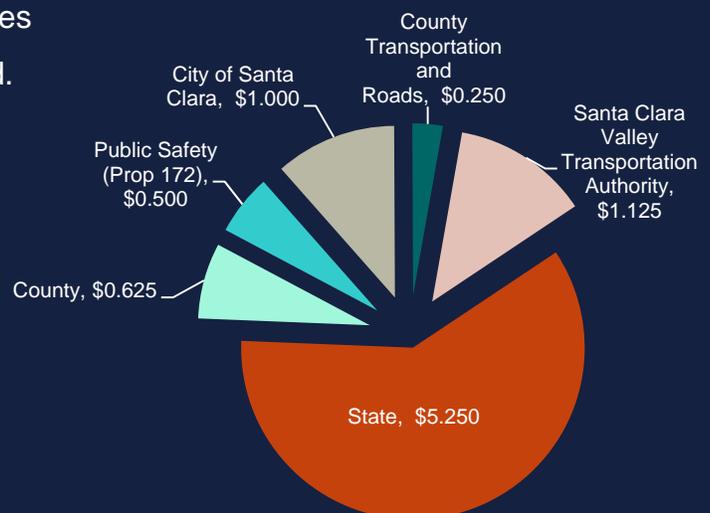
Where Your Sales Tax Goes

For every dollar you spend in Santa Clara on taxable purchases, you pay **8.75%** in sales tax or **\$8.75** for each **\$100** purchased.

Based on Purchase of \$100
Sales Tax Paid is \$8.75

Cities throughout the State receive a portion of the sales tax collected based on sales made within their respective city. For every \$100 purchase you make within the City of Santa Clara which is subject to sales tax, the City receives \$1.00. This year the City anticipates receiving \$64.3 million (note: this includes a \$7.0 million final one-time true-up payment for the unwinding of the State's Triple Flip).

California statewide sales tax rate is 7.50%, including an increase of 0.25% for voter approved Proposition 30 - Education Protection Account effective January 2013. Santa Clara County has four voter approved overrides including one for 0.125% effective April 2013 for County Retail Transaction Tax making the total local sales tax rate 8.75%.

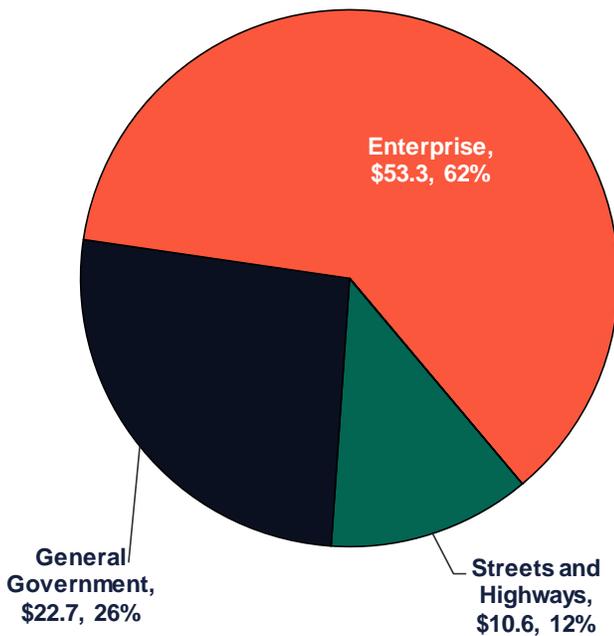


2016-17 Capital Improvement Project (CIP) Budget

In the 2016-17 Capital Improvement Project (CIP) budget, projects were prioritized based on Council priorities which included focusing on CIP projects that had been delayed, pursuing an "A" grade for our infrastructure and equipment, Parks improvements, and maintaining or improving the Pavement Condition Index ("PCI") for City streets. This pie chart shows the percentage allocations for the total 2016-17 CIP budget of \$86.6 million.

The combined CIP appropriation for City projects represents an increase of 18.9%, or \$13.7 million, over the CIP appropriation in 2015-16.

Appropriations By Category
(Dollars in Millions)



City Capital Improvement Projects



Roundabout installed to reduce traffic congestion at N. Cypress Ave. and Cecil Ave.

Each year, funds are set aside in the CIP budget for two broad purposes. The first is to provide for renewal, refurbishment, or replacement of existing facilities. The second purpose is to provide for the development of new City facilities and related public services when deemed necessary. Funds were allocated to complete existing projects and address critical infrastructure needs that had been delayed. With Council's direction, the City is focused on identifying funding sources to address the backlog of delayed CIP projects.

2016-17 Additional Projects:

- Central Park Arbor Playground
- Uncontrolled Crosswalk Improvements
- Computer Aided Dispatch (CAD) Alerting System Upgrade
- Cypress Avenue Area Streets Improvement
- Fire Station 5 Repair/Replacement
- Stationary Standby Generators
- Overhead Infrastructure Replacement
- Changeable Message Signs

Significant Continuing Projects:

- Annual Street Maintenance and Rehab Program
- Electric Generation Facilities Overhaul and Repairs
- GIS Enterprise System
- Implementation of Advanced Metering Infrastructure
- New Neighborhood Park & Community Garden
- Remodel of the Mission Branch Library
- Sanitary Sewer System Improvements
- S.J.-S.C Regional Wastewater Facility
- Water Distribution System Replacement/Restoration
- Youth Soccer Fields & Athletic Facilities