Meeting Date: 4/20/10

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 6C

Santa Clara All-America City 2001

Date: April 15, 2010

To: Mayor and Council for Information

From: Jennifer Sparacino, City Manager

Subject: 2010-11 Budget Status Report

At the March 30, 2010 City Council meeting, staff presented the 2009-10 mid-year revenue report, providing breakdowns on all sources of revenues, including the General Fund and the status of Utility funds, the Redevelopment Agency, the Convention Center and the Sports & Open Space Authority.

When the budget was approved for fiscal year 2009-10, a gap of $6.7 million in the General Fund was covered with the use of reserves. What the mid-year budget report is now revealing is that the gap will be closer to $13.5 million. Although expenses are projected to be about $2.1 million lower than budgeted, due to the managed hiring freeze and multiple departmental efforts to reduce expenditures, it is clear that more reserves will need to be tapped to get through the remainder of this fiscal year, which ends June 30, 2010.

The 2010-11 fiscal year's budget is now in development and will be considered by the City Council in study sessions and public hearings in May and June. Revenues are expected to remain negatively affected by the lingering impacts of the recession and expenses have increased due to previously negotiated agreements with City employee bargaining units. After the estimated additional withdrawal of reserves needed to close the budget gap this year, only $2.5 million will remain in the City's working capital reserves "Emergency Reserves" to assist the General Fund if revenues come even lower.

Staff is exploring a variety of ways to close the revenue/expenditure gap. Solving the serious structural deficit budget situation facing the City of Santa Clara is a significant challenge, more challenging then any other budget situation faced over the past two decades.

Listed below are the upcoming meetings for discussion on the 2010-11 budget. A presentation is also scheduled for the Chamber of Commerce Board of Directors on April 29, 2010. In addition, consistent with past budget cycles, I will offer to make a presentation at the Citizens Advisory Committee in May 2010. City staff has developed a communication plan and will be getting information to employees, and businesses and residents through various outreach methods.

Council Meeting schedule for the proposed Fiscal Year 2010-11 budget:

- April 27 Adoption of Budget Principles
- May 11 Joint study session to review significant proposed capital improvement projects
- May 18 Joint study session to review the proposed Five-Year Financial Plan and Capital Improvement Project Budget

- May 25 Joint study session to review the proposed 2010-11 Operating Budget
  - Public hearing regarding proposed Water, Sewer and Recycled Water Rate Increases
  - Public hearing regarding proposed rate increase for Collection and Disposal of Garbage, Clean Green and Recycling
- June 15 Public hearing on the proposed 2010-11 budget and municipal fee schedule

Jennifer Sparacino

Jennifer Sparacino
City Manager

Documents Related to this Report: None