City of Santa Clara

The Center of What's Possible

FY 2025/26 and FY 2026/27 Proposed Biennial Operating Budget

Budget-in-Brief

City of Santa Clara Budget-in-Brief

FY 2025/26 and FY 2026/27
Proposed Biennial Operating Budget

To Our Santa Clara Residents:

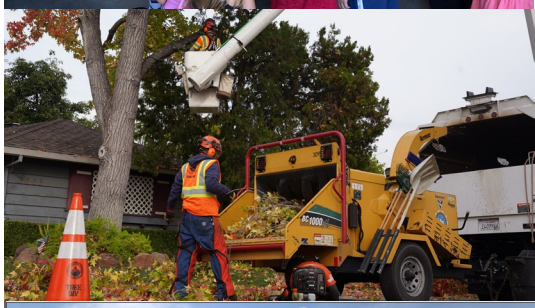
The Proposed Biennial Operating Budget for fiscal years (FY) 2025/26 and 2026/27 is presented for consideration and continues our two-year budgeting process that alternates between the operating and capital budgets. This year's budget focuses on our day-to-day operations that support vital City services, and important amendments to the second year of the biennial capital budget that you approved last year.

As part of the budget deliberation process, two City Council study sessions are scheduled **for May 13, 2025**, and **May 27, 2025**, before the public hearing and planned budget adoption on **June 10, 2025**. The City Council approved amendments to the City's Municipal Fee Schedule on April 29, 2025. The effective date of those fee changes aligns with the July 1, 2025 start date for the Proposed Biennial Operating Budget.

For FY 2025/26, the Proposed Operating Budget totals $1.2 billion. The enterprise funds that are used to manage the City's utilities (Silicon Valley Power, water, sewer, and solid waste) represent the largest share of the budget at 57.9%. The General Fund budget totals $333.6 million, or 19.5% of the budget, and is used to fund many direct services, such as police and fire public safety services, libraries, parks, community centers, and streets maintenance.

The City's financial position has improved since the adoption of the last biennial operating budget. When looking at projected revenue and expenses, the Ten-Year General Fund Forecast is positive by $9.3 million in FY 2025/26 and projects a deficit of $0.1 million in FY 2026/27. Small deficits and surpluses are projected for the remaining years of the forecast; however, the forecast does not include the capacity to fully restore prior cuts, add capacity to support new service areas and growth in the City, and to fully fund capital infrastructure maintenance and replacement.

This improved financial picture provides for targeted investments that fund many of the City Council's identified priorities as well as enhance the City's operating reserves, restoring the Budget Stabilization Reserve (BSR) to the Council policy level of 25% of expenditures. The budget includes enhancements to key City services and funding for the implementation of Measure I – General Obligation (GO) Bond approved by the voters in November 2024.



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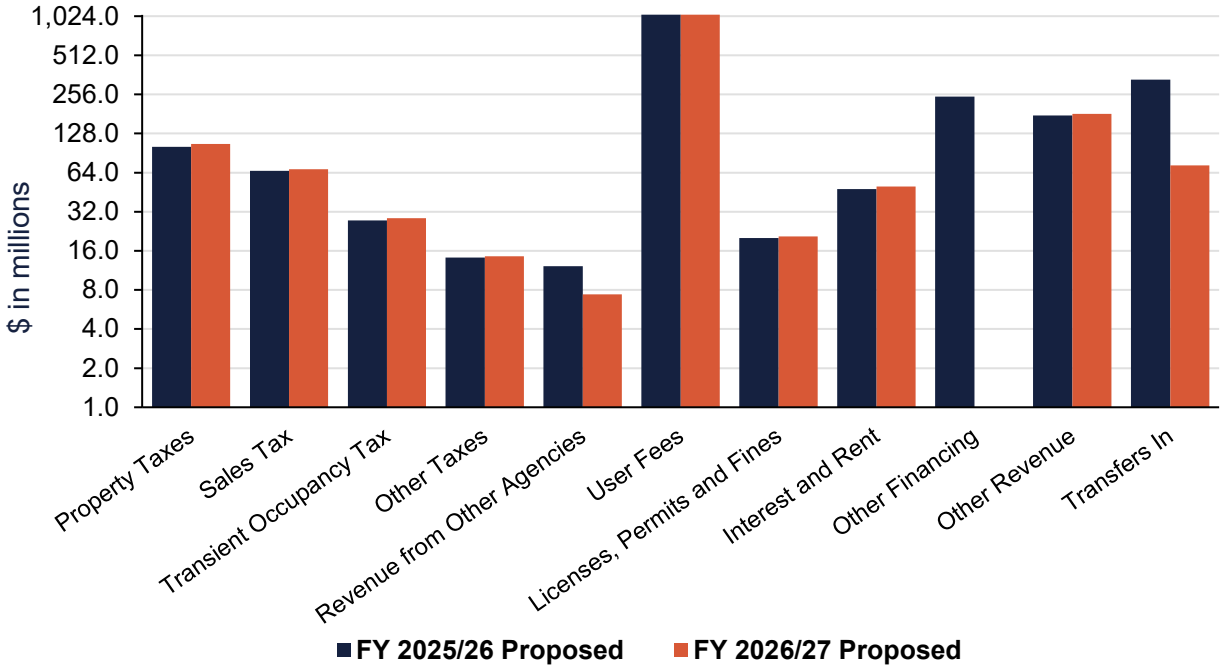
Where the City Gets Its Money

FY 2025/26 and FY 2026/27 Funding Sources

User Fee Detail	FY 2025/26	FY 2026/27
• Electric Utility Fees	$ 851.9 M	$ 938.0 M
• Water Utility Fees	82.3 M	89.9 M
• Sewer Utility Fees	51.2 M	55.9 M
• Solid Waste Fees	41.4 M	43.3 M



FY 2025/26 and FY 2026/27 City Expenditure Budget

Fund Type	FY 2024/25 Adopted Budget	FY 2025/26 Proposed Budget	% Change	FY 2026/27 Proposed Budget	% Change
General Fund	$ 310,698,189	$ 333,645,699	7.4%	$ 342,802,597	2.7%
Special Revenue	41,458,963	42,154,763	1.7%	38,806,836	(7.9%)
Enterprise	945,192,918	1,011,491,693	7.0%	1,100,414,703	8.8%
Internal Service	45,724,215	51,116,529	11.8%	48,281,729	(5.5%)
Debt/Other	152,273,904	273,236,049	79.4%	27,245,993	(90.0%)
Capital Improvement Program*	567,113,844	366,289,203	(35.4%)	149,309,062	(59.2%)
Less (Contributions, Transfers and Reserves)**	(416,866,269)	(528,008,962)	26.7%	(302,635,147)	(42.7%)
Total Budget	**$ 1,645,595,764**	**$ 1,549,924,974**	**(5.8%)**	**$ 1,404,225,773**	**(9.4%)**

*FY 2024/25 Capital Improvement Program budget includes CIP carryover.
**Excludes contributions, reserves, and transfers to avoid double counting.

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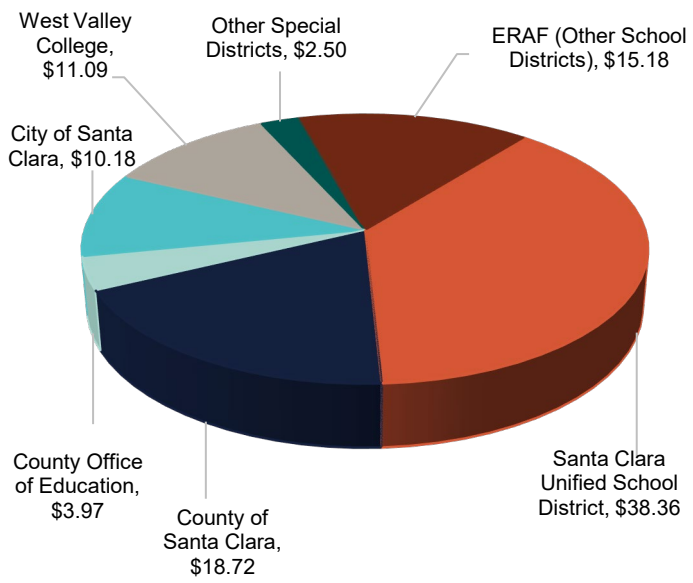
Property Tax

When you pay your property tax bill to the County, the City of Santa Clara General Fund receives $10.18 for every $100 collected. The City anticipates receiving $101.2 million in FY 2025/26 and $106.0 million in FY 2026/27.

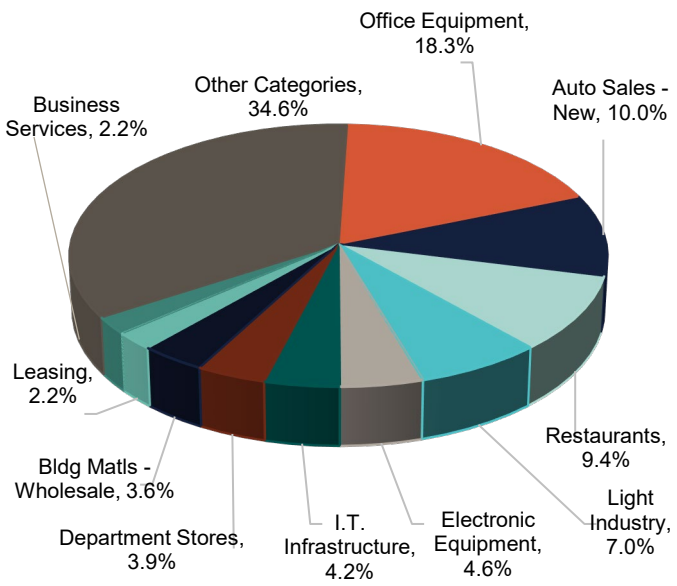
Per $100 Collected



Sales Tax

Sales tax revenue in the City of Santa Clara comes from multiple sources. Office equipment, new vehicles, restaurants, lights, electronic equipment an I.T. infrastructure were the City's leading economic sales categories in the fourth quarter of 2024, making up almost 54% of sales tax collections.

Sales Tax Generators



Where Your Sales Tax Goes

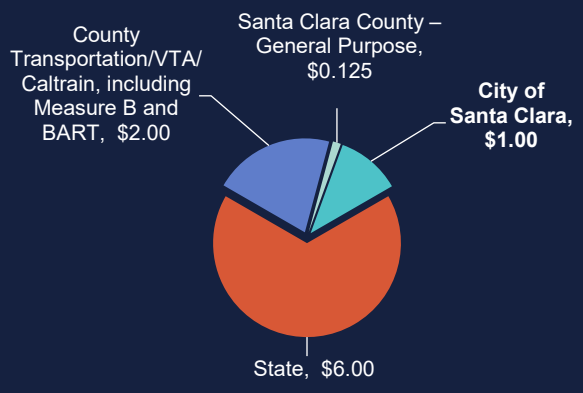
For every dollar you spend in Santa Clara on taxable purchases, you pay **9.125%** in sales tax or **$9.125** for each **$100** purchased.

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. The City anticipates receiving $65.9 million in FY 2025/26 and $67.8 million in FY 2026/27.

California statewide sales tax rate is 7.25%, of which the City of Santa Clara receives 1.00%. The total countywide sales tax rate 9.125%. Santa Clara County has the following six voter-approved add-on tax measures:

- 0.125% for County Retail Sales Transactions and Use
- 0.125% for VTA BART
- 0.125% for Peninsula Corridor Joint Powers Board (Caltrain)
- 0.500% for Silicon Valley Transportation Solutions Tax
- 0.500% for Santa Clara County Transit District (SCCT)
- 0.500% for Santa Clara County Valley Transportation Authority (SCVT)

Based on Purchase of $100 Sales Tax Paid is $9.125

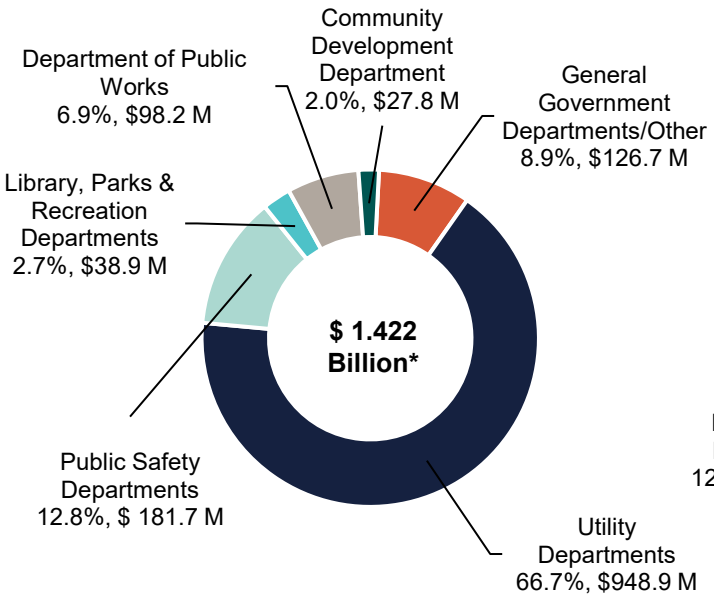


City of Santa Clara Budget-in-Brief

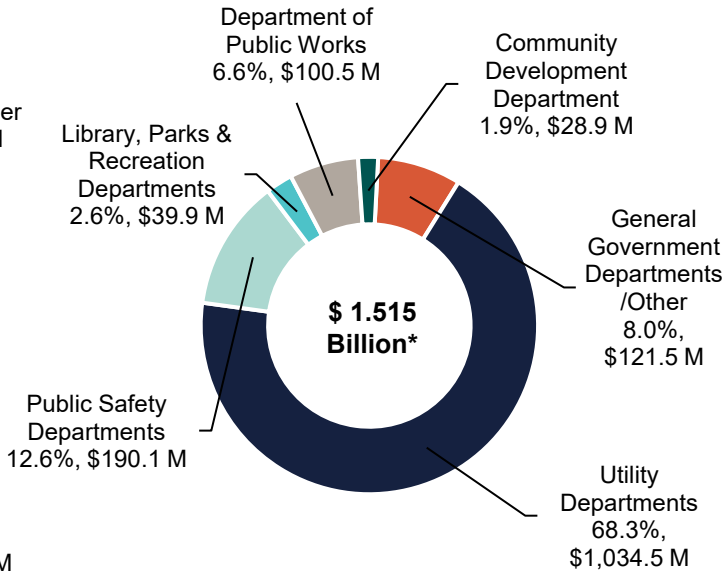
FY 2025/26 and FY 2026/27
Proposed Biennial Operating Budget

Operating Budget Expenditures by Department *

FY 2025/26 Proposed Budget

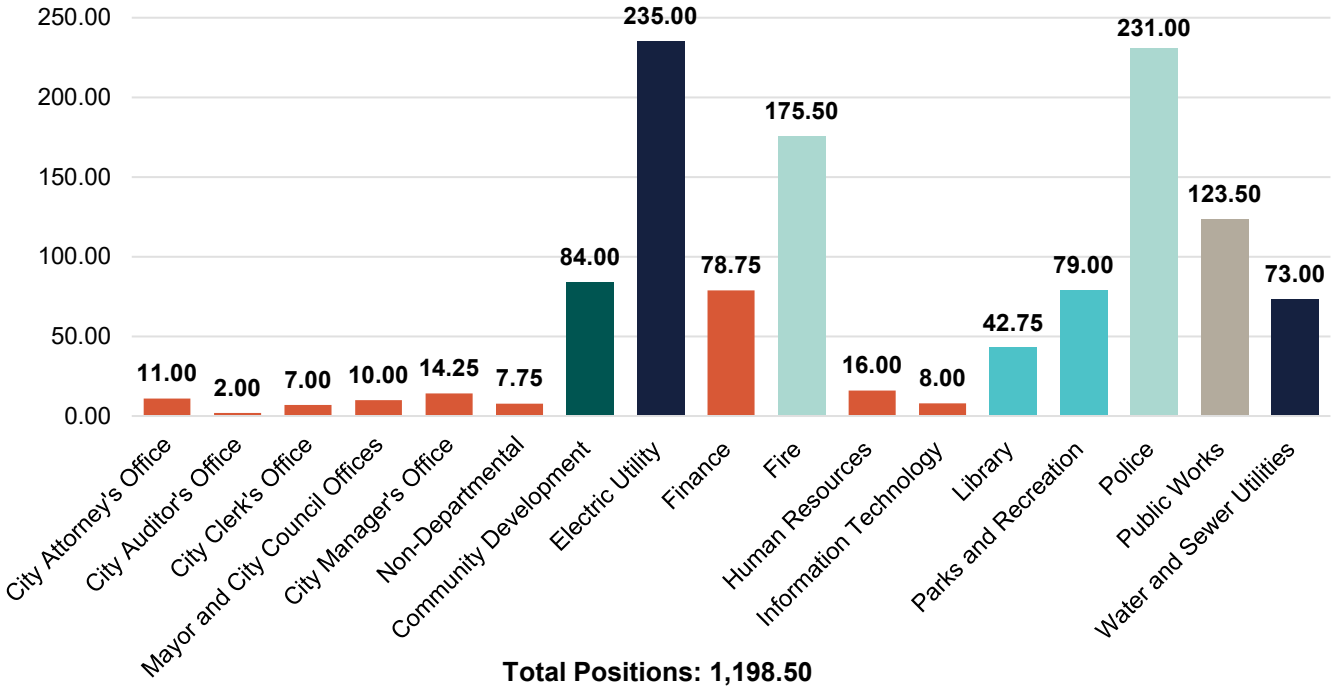


FY 2026/27 Proposed Budget



* Excludes internal service funds not tied to a particular department and debt service.

FY 2025/26 Positions by Department **



Total Positions: 1,198.50

** In FY 2026/27, 6.0 grant-related positions expire in the Fire Department, 3.0 positions are restored in the Police Department and 1.0 position is added in the Department of Public Works, for a total net position count of 1,196.50.

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Priority Areas of Focus

As part of the 2025 City Council Priority Setting session held on April 3, 2025, the City Council agreed on the following priorities as the most important for the next 12-18 months.

Excellent City Government

- Maintaining Quality of Life / Core Services
- Financial Stability
- Prioritize Services for those Most in Need

Reliable Infrastructure

- Bond Measure Implementation
- Maintain Existing Structure

Outstanding Quality of Life

- Climate Action Plan
- Parks & Recreation Master Plan

Thriving Community

- Business Growth & Expansion
- Process Improvements
- Downtown Revitalization
- Small Business Retention

2026 Major Planning 1) Superbowl & FIFA Planning 2) Showcase Santa Clara

Budget Overview: What Does This Budget Do?

The Proposed Budget focuses on City Council priorities identified during Council Priority Setting sessions as well as improvements to vital City services. The budget proposals also address existing service gaps and restore and maintain public safety positions. This includes the continuation of 12.0 firefighter positions that were funded by the Staffing for Adequate Fire and Emergency Response (SAFER) grant as well as the restoration of 3.0 frozen police sworn positions. Positions are added to ensure the City can successfully deliver the capital projects funded by the $400 million bond measure. The Proposed Budget also includes one-time expenses, and associated reimbursement, to ensure the safety of our community during major events planned at the Stadium, including the Super Bowl and World Cup matches. In addition, this budget helps prepare the City for the future by supporting planning efforts, restoring key reserves to 25%, and funding modest annual contributions to support the City's capital infrastructure.

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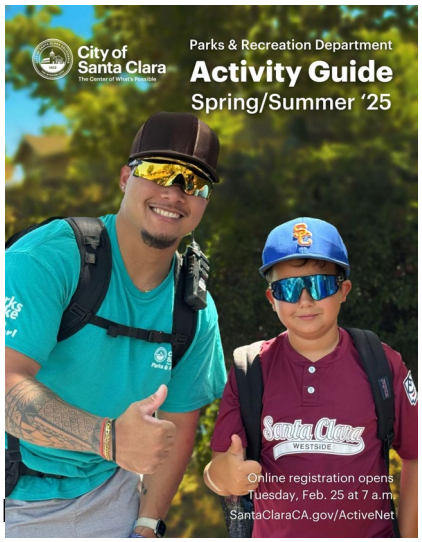
Budget Highlights

Community Services

- Add two positions in the Community Development Department's Housing Division to address City Council priorities including to help manage the implementation of the Homelessness Response Plan and to support items related to the implementation of the Housing Element.
- Add funding for library materials in FY 2025/26 and FY 2026/27.
- Library will finalize the Library Strategic Plan and Facilities Master Plan to provide data-based planning.



- Add 1.0 Recreation Manager in the Recreation Division to provide additional leadership capacity and support the Parks Master Plan and Arts Master Plan processes, Measure I projects.
- Provide programming for the newly opened Nuevo Community Buildings at Lawrence Station Area.
- The City Manager's Office will continue to coordinate with various community groups and non-profit organizations to address needs of Santa Clara residents, including the continued effort of managing the MySantaClara application.
- Staff will enhance outreach and promotion of the Community Grants Program to encourage more applicants to apply to support high impact events/activities to benefit the community.

- Restoration of 3.0 sworn positions in the Field Operations and Special Operations Divisions.
- Maintain a net 12.0 firefighter positions after the end of the SAFER grant.
- Develop training to ensure personnel are prepared for major events, including Super Bowl LX and FIFA World Cup.
- Restore programs including Parks patrol, school resource officers, traffic/motorcycle unit, Northside Police Substation and community engagement programs.

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Budget Highlights

Development Services

- Fee-supported budget proposals are recommended to improve service and efficiency and support the high volume of development activity. In the Building Division, additions include 1.0 Plans Examiner and 1.0 Senior Inspector to help address the development workload and 1.0 Business Analyst to help improve the use of technology. In the Fire Department, proposed additions include 1.0 Fire Protection Engineer, 1.0 Fire Prevention Specialist, and 1.0 Management Analyst as well as funding for contractual plan review and inspection service.

Economic Development

- Continue to lead and support the significant development projects including Related Santa Clara, Nvidia expansion, Intel expansion, as well as other projects within the community.
- Develop economic development programs to support small and large businesses and revenue generation.
- The Convention Center is projected to have 176 events, with approximately 211,624 in attendance in FY 2025/26, and an estimated 228 events, with 306,969 in attendance in FY 2026/27.

Utility Operations

- The budget funds the operations of the City's various utilities (electricity, sewer, water, recycled water, and solid waste). These operations are primarily funded by user rates.
- For the Electric Utility, adds debt service funding to support system growth and adds funding for property to address staffing growth and storage for capital project materials.
- Adds 3.75 positions in the Finance Municipal Services Division to improve customer service and respond to the workload levels.

Sustainability and Environmental Protection

- Add 1.0 Management Analyst to support sustainability efforts. This position will report to the City's Director of Economic Development & Sustainability and assist with the implementation of and future amendments to the City's Climate Action Plan.
- Identify and implement a Climate Action Plan dashboard system across departments to report progress on adopted targets
- Optimize the recycled water system and increase supply while focusing on expansion opportunities with regional partners.
- Continue outreach regarding water conservation and overall environmental sustainability.

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Budget Highlights

Reliable Infrastructure and General Obligation Bond Projects

- Add 4.0 positions to support the implementation of General Obligation bond projects.
- Rehabilitate and expand park facilities, amenities and playgrounds for all ages and abilities at Warburton Park, Central Park Entrance, Parking Improvements, Henry Schmidt Park, Mary Gomez and Maywood Park.
- Initiate rehabilitation project for International Swim Center with the goal of reopening.
- Add funding to initiate a Public Arts Master Plan.
- Add funding for a feasibility study for a walkway at Tasman/Lafayette.
- Add funding to explore the potential expansion of the City's fiber network.
- Continue to deliver critical projects approved as part of the FY 2025/26 Capital Budget.

Stadium Operations and Special Events

- The Stadium Authority's stand-alone Fiscal Year 2025/26 Operating, Debt and Capital Budget was adopted by the Stadium Authority Board on March 11, 2025. The $79.5 million budget provides the necessary funding to administer the duties of the Stadium Authority,
- The Stadium budget and City budget include support for operating the Stadium for special events for Super Bowl LX and FIFA World Cup events. These events will be managed in alignment with the applicable agreements that set forth the City's role and reimbursement of City costs and in coordination with various stakeholders.

City Administration

- Budget actions are recommended to support the overall operations of the City, including the unfreezing of 1.0 Legal Office Specialist position in the City Attorney's Office, funding for election costs for a potential Charter amendment measure, improved tools for performance management and recruiting in the Human Resources Department, the addition of 1.0 Senior Information Technology Services Manager to support numerous technology projects, and the addition of 1.0 Accountant in Finance and 1.0 Management Analyst in Public Works to revise the capital project accounting.

Fiscal Sustainability

- Bring the General Fund Budget Stabilization Reserve to Council policy level of 25% of expenditures.
- Add funding for a Fiscal Sustainability Plan to serve as a blueprint moving forward.
- Add ongoing funding to partially address capital infrastructure needs.

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General Fund Budget Balancing Strategy

Each year, staff updates the General Fund Ten-Year Forecast that is used as the starting point in the development of the General Fund budget. The April 2025 Forecast showed a projected General Fund surplus of $9.3 million in FY 2025/26, followed by a small shortfall in FY 2026/27 of -$0.1 million. This was an improvement from the Forecast developed in April 2024 due to higher revenue projections.

The budget balancing strategy for FY 2025/26 and FY 2026/27 includes targeted investments and contributions to the Budget Stabilization Reserve (BSR).

- **Revenue Solutions** – recognize excess FY 2024/25 fund balance as a result of higher revenue collections in the Sales Tax category and Stadium performance rent; and increase reimbursement revenue in FY 2026/27 related to utility-supported positions
- **Expenditure Adjustments** – limited proposals to address items identified as part of the City Council Priority Setting sessions; addition of staffing resources to support the management and project delivery of the GO Bond implementation.
- **Use of Reserves** – set aside $6.5 million to address the anticipated shortall in FY 2026/27; allocate funding to the Budget Stabilization Reserve to bring reserve levels to 25% of expenditures.

The proposed balancing strategy addresses City Council priorities and other high priorities as identified by City Departments, while maintaining the City's fiscal stability.

Changes from General Fund Forecast to Proposed Budget

FY 2025/26 Sources
$23.1 M

Forecast Surplus: $9.3 M

2024/25 Carryover: $13.7 M

Use of Reserves: $0.1 M

FY 2025/26 Uses ($23.1 M)

- Council Priorities & City Services ($3.8 M)
- GO Bond Implementation ($1.0 M)
- Budget Stabilization Reserve ($11.8 M)
- Reserve for FY 2026/27 ($6.5 M)

FY 2026/27 Sources
$7.2 M

Forecast Shortfall: ($0.1 M)

2026/27 Budget Reserve: $6.5 M

Overhead/Reimb/Reserves: $0.8 M

FY 2026/27 Uses ($7.2 M)

- Council Priorities & City Services ($2.9 M)
- GO Bond Implementation ($2.0 M)
- Budget Stabilization Reserve ($2.3 M)

City Councilmembers	
Mayor	Lisa M. Gillmor
Councilmember District 1	Albert Gonzalez
Councilmember District 2	Raj Chahal
Councilmember District 3	Karen Hardy
Councilmember District 4	Kevin Park
Councilmember District 5	Sudhanshu Jain
Vice Mayor, Councilmember District 6	Kelly G. Cox

City Department Contact Information	
City Attorney's Office	(408) 615-2230
City Clerk's Office	(408) 615-2220
City Manager's Office	(408) 615-2210
Community Development Department	
Building Division	(408) 615-2440
Permit Center	(408) 615-2420
Planning Division	(408) 615-2450
Housing & Community Services	(408) 615-2490
Electric Utility Department	(408) 615-2300
Finance Department	(408) 615-2340
Fire Department	(408) 615-4900
Human Resources Department	(408) 615-2080
Information Technology Department	(408) 615-2022
Library Department	(408) 615-2900
Parks & Recreation Department	(408) 615-2260
Police Department	(408) 615-4700
Department of Public Works	
Engineering Office	(408) 615-3000
Corporation Yard	(408) 615-3080
Water & Sewer Utilities Department	(408) 615-2000

The Budget-in-Brief is intended to provide an overview of the City of Santa Clara's FY 2025/26 and FY 2026/27 Proposed Biennial Operating Budget. The complete budget document can be accessed on the Finance Department's website at: SantaClaraCA.gov/Finance

Questions about this report should be directed to:

City of Santa Clara - Finance Department
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Santa Clara, CA 95050
(408) 615-2340