

Five-Year Financial Plan 2010-11 to 2014-15



TRENDS AND ANALYSIS

In preparing the resource and expenditure projections, and developing the recommendations presented in this Five-Year Financial Plan ("Plan"), staff analyzed results of operations from the General Operating Funds for 4 fiscal years from 2004-2005 through 2007-2008 and July through March of fiscal year 2008-2009. The analysis focused on identifying and understanding trends in revenues and expenditures, quantifying any significant variances in these trends. and then determining the reasons for these variances, where possible. In addition, staff also considered the economic outlook of the national, state and local economies in determining future growth trends. Schedule A (page 322) provides a history of resources and expenditures of the General Operating Funds from fiscal year 2005-2006 to fiscal year 2007-08. The schedule also contains an estimate of the General Operating Fund's operating results for fiscal year 2008-09, and the adopted fiscal year 2009-10 annual budget. Based on historical operating results and an evaluation of future economic outlook data, staff has presented a projection of resources and expenditures for the General Fund for five fiscal years 2010-11 through 2014-15 (page 323).

Results of Operation

The General Fund had an operating surplus of \$1.3 million in fiscal year 2005-06 followed by surpluses in fiscal years 2006-07 of \$10.4 million, and 2007-08 of \$7.8 million. The surpluses were due to an improved local economy combined with the City's continuing efforts to control its operating costs. In fiscal years 2005-06 and 2006-07 the City experienced significant improvements in several key revenue sources including property tax, sales tax, transient occupancy tax and charges for current services. In fiscal year 2007-08, the city saw a decline in sales tax revenues and continued improvement in charges for current services.

In fiscal year 2008-09, due to the worst recession in recent history, Staff is projecting a significant decrease in sales tax revenue, transient occupancy taxes, interest income, rents and leases and

several other key revenue sources and slower revenue growth from property taxes. This deceleration in overall revenue combined with the projected increases in expenditures during the Plan period is forecasted to result in structural deficit in the General Fund starting in fiscal year 2008-09. 2009-10 is seeing the impact of the economic meltdown and the global financial crisis. Weak growth is expected for first half of 2010 with moderate recovery in mid fiscal year 2010-11. The major risks to the regional economy are the duration of the housing slump, the severity of the continued turmoil in the financial sector, and the delayed impact of the Federal stimulus package known as the American Recovery and Reinvestment Act of 2009 (ARRA).

The resulting deficit in the Plan period is due primarily to operating and maintenance expenses increasing faster than revenues. The General Fund cumulative deficit is projected to total approximately \$55.5 million dollars. During the prior economic downturn, the Working Capital (Emergency) Reserve was significantly depleted from fiscal year 2002-03 through 2004-05 to help balance the General Fund budget. The City's Emergency Reserves at the end of fiscal year 2009-10 are projected to be \$9.2 million, approximately 6.1% of the General Fund Budget for 2009-10. This is below the 25% policy target as established by City Council.

Salaries and benefits remain the most significant operating expenses and in the latter part of the Plan period, the addition of a new Bayshore North Branch Library and the updated International Swim Center are projected to increase operating and maintenance costs. These projected deficits may be smaller if economic recovery is significantly stronger than projected, and/or projected increases in operating expenditures are moderated because of additional efficiencies or cost control measures. The current expenditure assumptions in the Plan reflect the City's efforts to contain costs by continuing to freeze approximately 27.5 positions in the General Fund and deferring non-essential capital projects in the Capital Improvement Program.

The Plan's revenue forecast assumes increases in property, sales and transient occupancy taxes returning to historic averages, increases in fees and customer service charges closer to recovery, and increases in rent and lease revenue based on current agreements. In addition, if all the capital projects are approved, the General Contingency Reserve for Capital Projects will be depleted sometime in fiscal year 2010-11. Staff will continue to identify further measures that must be taken to address the City's financial situation.

For a better perspective on Silicon Valley's economic condition, key economic indicators, such as total jobs, median household income. venture capital investment and commercial vacancy rates are analyzed each year in Joint Venture's Index of Silicon Valley. The indicators in the 2009 Index of Silicon Valley provide valuable data on the Silicon Valley's overall economic health over the last few years. They show that until the last quarter of 2008, Silicon Valley seemed to be weathering the global financial crisis and economic recession better than the nation. But since November 2008, the Valley has experienced a spike in job losses and a significant drop in commercial property markets. Venture capital investment is down for the first time since 2005, but the valley has maintained its 29% national share. Silicon Valley's per capita national income stalled for the first time since 2003, along with statewide and national incomes. The national mortgage crisis has hit the Valley particularly hard. Home foreclosure sales went up faster in Silicon valley than in California as a whole in 2008.

Silicon Valley continued to increase its investment in key areas of innovation despite global financial turmoil. Clean Technology and related business have seen 23% growth since 2005. Job growth has been strongest in Green Building (424%), Transportation (140%) and Advanced Materials (54%). In 2007, the median household income grew by 2% percent to approx \$85,000. In 2008, the per capita income declined slightly by 0.8% vs. 2007 while the national average grew modestly at 0.2%. For 2008, Venture Capital investment was down 7.7%, with VC investment in Clean Technology up by 94%. Compared to December 2007, total job growth decreased by 1.3% in December 2008. Commercial vacancy rates dropped precipitously

rising to 8% in 2008. The net change in occupied space entered negative territory for the first time in four years with a net loss of 7.6 million occupied square feet. Climbing 105% from 2007, vacancies in Industrial Space increased by the largest margin. From 2007 to 2008, productivity as measured in value added per employee was down by 0.5% in Silicon Valley. Finally, the falling home values have increased the number of foreclosure sales rose from 2,429 in 2007 to 6,900 in 2008. In December 2008, foreclosed home sales represented 41.2% of sales in Santa Clara county. Compared to Silicon Valley, other California regions have faced steeper price declines and as a result, Silicon Valley has now become the least affordable region for housing in California – with less than 30% of first time home buyers being able to afford a median priced home. Apartment rental rates have slowed to a 2% increase between 2007 and 2008.

Silicon Valley economy had steadily improved till 2007. However, the national and California recessions are worsening at an increasing rate. The current forecast reflects a deeper and longer recession than previously thought. UCLA Anderson forecast and ABAG are both forecasting a slowing economy throughout 2009 with recovery in mid 2010. Bay area economy will approximately mirror the rest of the nation. 2009 will be a weak year for both the economies. Current economic data is beginning to show some signs of stability. The economic challenges facing the Valley are greater than ever before. Home foreclosures, economic instability and spike in job losses have wrecked the Silicon Valley. Energy prices and state budget continue to weigh on the economy. Current prevalent economic opinion is that the local economy is in for a rough ride in 2009 and is not going to see economic growth return until shortly after the U.S. economy begins to grow towards the end of 2009. Continued job losses will lead to more foreclosures and more uncertainty about the ultimate bottom in housing prices. In late 2009, the housing market may show some signs of stabilization and bring an end to the contraction in residential construction. Projected slow growth in 2010 will keep unemployment at elevated levels through second quarter of 2010. For 2009, the Federal Stimulus substitutes for some of the shortfall in the State Budget. In the long run, the Valley will benefit from the Stimulus funds for medical research, for information technology application in health

care services, and for the development of alternate energy and propulsion systems. Silicon valley has become a magnet for green innovation and a new epicenter for solar technology. During the Plan period, new technologies and employment in the green sector may help offset the Valley's economic woes.

In fiscal year 2009-10, City revenues are expected to decline approximately 1% compared to the prior fiscal year 2008-09. Sales tax revenue, the City's largest source of revenue, is expected to drop 4% and Transient Occupancy Tax is expected to see a decline of 19% compared to the prior fiscal year. Due to the current economic and financial crisis, the outlook is negative growth in 2009-10, moderate recovery in 2010-11 and average revenue growth of under 3% for the latter part of the Plan period. Increases in the City's operating expenditures including materials and supplies, salaries, health and retirement benefits reflect CPI based inflation and current MOU agreements. National and regional economic statistics from the Association of Bay Area Governments and Congressional Budget Office are presented in more detail in the economic conditions section.

General Operating Fund Resources

General Operating Fund resources include General Fund revenues plus transfers from other City funds. Consistent with current economic forecasts, the Plan reflects a slowly growing regional economy. During the Plan period, General Operating Fund resources are expected to grow 6.1% in 2010-11, 3.5% for 2011-12 and then at an average annual rate of approximately 2.8% from 2012-13 to 2014-15. These growth estimates assume a slow gradual recovery from the broad, deep recession. The forecast assumes continuing gradual repair of the financial system. A gradual upturn in 2010 is based on the assessment that the housing market is stabilizing and inventory liquidation by business will slow. The fiscal stimulus package has improved the household spending power in first quarter of 2009, but other factors such as the weak labor market, tight credit, and loss of home equity over the past two years will restrain consumer spending. During the Plan period, projected regional economic growth is

expected to mirror that of the national economy. After two years of decline in 2008-09 and 2009-10, Staff forecasts growth of local sales and transient occupancy taxes which are particularly sensitive to changes in national and local economic conditions. With the plunge in home values, Property taxes are expected to remain flat for 2010-11 and have a moderate increase for the rest of the Plan period. Other revenue sources, contribution in lieu of taxes, rents and leases and charges for current services, which experience much less volatility when economic conditions change, are expected to grow at historical average growth rates during the Plan period. A more detailed discussion of the major General Operating Fund revenue sources including property tax, sales tax, transient occupancy tax, interest income, rents and leases and contribution in-lieu of taxes follows.

Property Tax and Motor Vehicle License Fee Swap

In fiscal year 2008-09, Staff forecasts the City will receive \$29.8 million in property tax revenues. This figure includes both revenue from local property taxes and the Vehicle License Fee backfill which is now considered as property tax and paid by the County for the loss of motor vehicle license fees. From fiscal year 2008-09 to 2009-10 property taxes are projected to decrease 1.7%. Due to the current meltdown in home values and mortgage crisis, during the plan period, Santa Clara should see flat to moderate increase of 3.5%, which is lower than the average historical growth rate for property tax. Due to the economic downturn, declines in property tax roll are expected in 2009-10. During the Plan period the City is expected to see very moderate increases in assessments for the City's residential real estate sector. However, these future growth rates for assessments of residential property are expected to be significantly lower than those experienced by the City over the last few years. Finally, since fiscal year 1992-93 the State has shifted a portion of the City's property tax revenue to fund public schools. As a result of this continuing shift in City property taxes to ERAF, the City's General Fund will lose approximately \$4.5 million in fiscal year 2009-10. Since the inception of this ERAF program, which shifts revenues to the State, the City has lost approximately \$48.7 million.

Sales Tax

Sales tax revenue performance is directly linked to the economic and business cycles. It remains the City's most significant source of revenue as well as one of its most volatile. Fiscal year 2008-09 sales tax revenues are forecasted to be \$36.0 million, down 13.7% from the prior year. This figure is consistent with the downturn in general retail and restaurant sales, depressed auto sales, construction related sales and business to business sales in the national and local economies.

Sales tax revenues are further expected to drop 4% in 2009-10 to \$34.5 million. The projected sales tax figure is taking into consideration estimates from MBIA MuniServices, the City's sales tax consultant and SBE-State Board of Equalization projections. Moderate recovery is expected in 2010-11 and stock market gains, coupled with the sale of foreclosure homes and increased new housing starts offer hopes of moderate recovery in the plan period. During the Plan period the forecast projects an average increase of 4.0% in sales tax revenue and a boost of 15% in 2011-12 with the return of consumer confidence. While growing consistently throughout the Plan period, sales tax revenues are still not projected to reach the 06-07 levels till 2012-13.

Transient Occupancy Tax

Transient Occupancy Tax (TOT) revenue estimates of \$10.5 million for fiscal year 2008-09 represent a decline of approximately \$0.8 million or 7% compared to fiscal year 2007-08. This decrease in TOT receipts is due to both lower average occupancy rates and lower hotel room rates. Compared to November 2007, Hotel occupancy rates were down 19% and hotel room rates were down 5% in November 2008.

As the economy recovers slowly in 2010, TOT is forecasted to increase in 2010-2011 by 15%. It is expected that increases in occupancy and room rates will begin to occur in 2010-11 with the rebound of the economy. During the Plan period, Staff forecasts an increase of 15% in 2010-11 and 9% in 2011-12, and an average growth of 4% thereafter. Staff believes the Plan's TOT revenue growth

rates are reasonable given the City's past performance and projected economic outlook over the next five years.

Interest Income

The City invests all funds not needed for current cash requirements in accordance with the City Council approved investment policy. These funds are invested in a pooled portfolio consisting of securities having a maximum maturity of five years. The factors that directly influence General Fund interest income are the prevailing interest rates, the size of the portfolio and the relative percentage of the portfolio allocated to the General Fund. Over the last 2 fiscal years the return on the City's portfolio has ranged from 3.9% to 4.4%. Currently, the return on the City portfolio is approximately 3% and is forecasted to generate \$3.2 million in interest income in fiscal year 2008-09. including interest from the land sale reserve. During the five-year Plan period, the return on the portfolio is projected to be between 1% and 2%. Overall, the Plan reflects a small increase in interest income. This is due to a slight increase in long-term interest rates during the Plan period and decreasing General Fund money in the investment portfolio due to the structural deficits. Based on the current forecast, Staff projects interest income rising from \$3.9 million in fiscal year 2009-10 to approximately \$4.2 million by the end of Plan period.

Rents and Leases and Inter-Agency Transfers

Lease revenues are reported in the Plan under Rents and Leases and Inter-Agency Transfers. In fiscal year 2009-10, revenue reported in Rents and Leases is estimated to be \$5.5 million due to an additional lease of \$2.4 million and will grow to \$6.5 million by the end of the Plan period. This includes Redevelopment Agency lease revenues transferred to the General Fund of approximately \$1.4 million from the Hyatt Regency Hotel and \$1.1 million from Techmart. The remaining revenues are from a number of smaller General Fund leases.

In fiscal year 2008-09, Inter-Agency Transfers include approximately \$11.2 million in lease revenues which are expected to grow to \$11.4 million by the end of the Plan period. Approximately \$3.7 million comes from development agreements between the City, the Redevelopment Agency and The Irvine Company and \$5.3 million

comes from the Great America Theme Park Lease. An additional \$1.6 million comes from the Interland lease with SOSA and approximately \$540 thousand from the Hilton hotel lease.

Charges for Current Services

Staff forecasts that Charges for Current Services will be \$19.1 million in fiscal year 2008-09. In fiscal year 2009-10 Charges for Current Services will increase to \$20.6 million growing to \$21.4 million by the end of the Plan period. Major sources of revenue for this category include charges for services provided to non-General Fund departments, recreation charges, plan check and engineering fees and customer service fees and CIP cross-charging. As a result of a comprehensive Fee Study in 2008-09, many fees have been increased to reflect gradual attainment of cost recovery for fees over the next several years.

Contribution In-Lieu of Taxes

In accordance with the City's charter, the City's enterprise funds pay 5% of gross revenues as Contribution-in-Lieu of Taxes (CLT). For fiscal year 2009-10, CLT is forecasted to be \$14.2 million. The forecast is that CLT will increase to approximately \$16.9 million by end of the Plan period. The Plan estimate is primarily driven by the market projections for electric consumption that anticipate moderate growth in power demand during the Plan period.

Expenditures

General Fund expenditures are expected to exceed revenues during the Plan period. The expenditure assumptions in the Plan reflect the current Memoranda of Understanding and recognize City efforts to contain costs by continuing to freeze approximately 27.5 positions, by keeping costs for contracts, materials, supplies and capital outlay at or below CPI inflation and by deferring non-essential capital projects in the Capital Improvement Program. The expenditure forecast also includes the operation and maintenance costs associated with the planned opening of the new International Swim Center and the Bayshore North Branch Library in fiscal year 2013-14.

For fiscal year 2009-10 total expenditures are estimated to increase by 4% over fiscal year 2008-09. Expenditures for salaries and benefits are estimated to increase by 4.6% in fiscal year 2009-10 over the prior year, 5.1% in fiscal year 2010-11 and 4.5% in fiscal year 2011-12. The increase in salaries and benefits reflects the increased cost for salaries and benefits including retirement and retirement health benefits as defined in the Memoranda of Understanding (MOU's) for the various bargaining units. From 2012-13 to 2014-15, salaries and benefits are expected to increase an average of 3%. These costs include retiree healthcare, pension benefits, dental insurance, life insurance, Medicare, Social Security, anticipated payouts for retirees and the Employee Assistance Program.

Other operating expenses in fiscal year 2009-10 are estimated to decrease by 3.1% compared to fiscal year 2008-09. In fiscal year 2009-10, the departments reduced their As-needed and Overtime budgets, Conference and Travel, Training and Contractual Services for materials and supplies. Average annual increases in other operating expenses are estimated to be 2.5% during the Plan period. These increases are consistent with the local consumer price index and reflect increases in maintenance and operating costs.

CIP incremental operating costs are expected to range from \$532 thousand to \$2.6 million during the Plan period. These costs represent incremental operating costs from new facilities that are planned for construction during the Plan period.

The General Fund continues to fund the debt service related to the 1997 Police Building Certificates of Participation (Police Building COPS) and 2002 Central Park Library Certificates of Participation (Central Park Library COPS) from current revenues. Annual debt service payments on the Police Building COPs will average \$1.2 million through the year 2022 and annual debt service on the Central Park Library COPS will average \$1.6 million through the year 2032. The total General Fund annual debt service is \$6.3 million.

NATIONAL, REGIONAL AND LOCAL ECONOMIC ASSUMPTIONS

National, regional and local economic and demographic statistics were analyzed in making the projections presented in this Plan. The economic and demographic projections presented in this section are obtained from various sources including the UCLA Anderson Forecast, Association of Bay Area Governments and the Congressional Budget Office. They are summarized in Table 1a, 1b and 1c, Appendix B (page 339). They include such economic indicators as gross domestic product (GDP), employment projections, interest rates, and changes in the national and Bay Area consumer price index. The demographic information includes population trends, household size, and mean household income for the City of Santa Clara.

Economic Conditions

The Bay Area economy, and in particular the Silicon Valley region, continues to grow slowly. Growth in fiscal year 2009-10 is projected to be negative since the City will be working its way out of a worst recession. During the Plan period, regional economic growth is forecasted to be moderate with the Silicon Valley forecast expected to mirror the national economy. Regional inflation is expected to remain moderate with income growth in Santa Clara County flat to weak during fiscal year 2009-10 and gradually increasing at inflation rates during the Plan period. The major risks to the regional economy are the duration of the housing slump, the severity of the continued turmoil in the financial sector, and the delayed impact of the Federal stimulus package known as the American Recovery and Reinvestment Act of 2009 (ARRA). Per EDD, February 2009 unemployment rate in Santa Clara County is at 9.9%. Unemployment rate is expected to rise in 2010 and gradually recover in 2011.

The Association of Bay Area Governments (ABAG) Jan 09 forecast predicts regional growth to be very weak and parallel the national economy. The Santa Clara Metropolitan Statistical Area (MSA) is projected to remain one of the bright spots in the State. Bay Area inflation is expected to be 2.0% in 2009 and 2.5% in 2010. In the San

Jose/Santa Clara/Sunnyvale Metropolitan Statistical Area, the unemployment rate increased by 1.3% in December 2008 over December 2007. Silicon Valley is a hot bed for clean technology. Jobs in Energy generation account for the largest percentage of all green jobs, and these are primarily in solar system installation. Job growth since 2005 has been strongest in Green Building (424%), Transportation(140%), and Advanced Materials (54%). Compared to 2007, first half of 2008 saw employment growth in three major areas of economic activity: Information Products and Services (4%), Life Sciences (3%), and Community Infrastructure (1%).

For the first time since 2003, Silicon Valley's per capita income slipped slightly declining 0.8%, while the national average increased very slightly by 0.2%. Median household income in Silicon Valley rose 2% in 2007. The percentage of households earning more than \$100,000 per year continued to grow — now accounting for 42% of all households vs. 35% in 2002. The proportion of households with middle incomes (\$35,000-\$99,000) continued to decline more by 2% vs. prior year. Also, the percentage of households earning less then \$35,000 continued the decline since 2003, reaching at 20%.

Silicon Valley's demand for commercial real estate slowed following the end of 2007 and dropped precipitously in the last quarter of 2008. As a result of falling demand and an addition of one million square feet of new commercial space, the net change in occupied space entered negative territory for the first time in four years with a net loss of 7.6 million occupied square feet. After falling four years, vacancy rates increased across all commercial space categories, rising 8% overall. Climbing 105% from 2007, vacancies in industrial office space increased by the largest margin of all commercial product categories. Compared to 2007, inflation-adjusted rents rose for Industrial (5%), Office (3%), and Warehouse (1%) Space but dropped 9% for R&D Space.

After a projected 3.9% decline in Real Gross Domestic Product (GDP) during 2009, Real GDP is expected to grow slowly at 1.1% nationally in 2010 to 3.6% in 2011 as the economy recovers. Inflation as measured by the CPI is expected to decline by 1.4% in 2009 and rise

slowly during the Plan period. At a national level, Unemployment is expected to continue to rise in 2010 to 10.4% and slowly decline from 2011 to 9.8% and average at 5.6% during 2012-15. The interest rate for the 10-year Treasury is forecasted to rise from approximately 3% in 2009-10 and rise to 5% by 2012-15. Based on ABAG's economic forecast for the Bay Area, the regional economy is expected to mirror the national economy. Local wage increases are also expected to be flat in 2009 and only slightly improved in 2010. But during the Plan period, economic growth is expected to return gradually to historical averages. The Plan reflects these moderate growth and inflation assumptions.

Current economic indicators like a large decline in inventory and an uptick in consumer spending suggest that the recession's end may be drawing closer. We may be moving toward stabilization of the economy. The economic outlook has improved modestly but is likely to remain weak for a long time. The long-term fundamentals and economic health of the Bay Area remain solid. The Silicon Valley work force remains one of the most productive in the world. This labor productivity combined with the region's vibrant economic infrastructure should result in the region's long-term economic expansion and the continued production of value added goods and services. With the repositioning of local area businesses, there has been a renewed focus on the high-tech areas of green, clean technology and biotechnology as high growth industries. Additional venture capital investment is flowing into these areas, resulting in the Silicon Valley emerging as one of the top regions in the country for green, clean technology investment. A key to sustaining this regional expansion will be the continued growth in the high technology industries. The local and national economies are expected to have a pick up in 2010 and grow at more normal levels. Once growth returns in 2011, employment will begin to rise. While economic turbulence and globalization will continue to affect the Silicon Valley, innovation based economies like the one found here should continue to thrive in this rapidly changing environment. Clean technology is one area wherein the region may already have a long term competitive advantage with 29% of the nation's cleantech venture funding coming to Silicon Valley. The local economy should experience broad

changes across a variety of economic sectors. Outsourcing will continue to be a factor affecting the local economy. However, the highly productive, well educated work force and the high concentration of venture capital should continue to give Silicon Valley a competitive advantage in the global market place.

Demographic Statistics

Population growth projections indicate that Santa Clara County will continue to be the most populous county in the region. As of January 2009 Santa Clara County has a population of 1.86 million. By 2015 The Association of Bay Area Government (ABAG) forecasts that the Santa Clara County population will grow to 1.95 million.

As of January 2009 the City has a population of 117,242. ABAG estimates that the City's population will grow to approximately 120,700 in 2015. The development of the former BAREC site for Senior Housing and market rate housing, and the planned development of several below market housing projects and some mixed-use developments will also contribute to the City's population growth. With this population growth, demands for City services will also increase.

OTHER ISSUES AND CITY POLICY ITEMS

Other issues that are significant in assessing and projecting the City's fiscal capacity over the Plan period include City Council goals, General Contingency Reserves policy, legal and administrative requirements, electric power industry environment, City land use issues, economic development activities including provision of affordable housing, and technological improvements.

Political, Legal and Administrative Requirements

Santa Clara is a Charter City, with the current charter approved by the electorate in 1951 and updated in 2000. The City Charter establishes the form of government, sets forth the powers and duties of the Mayor, City Council, and the City Manager and organizes the City's various boards and commissions.

The residents elect a City Council composed of seven citizens, a Mayor and six councilmembers, all directly elected at large, who serve terms of four years each and who, in turn, appoint a City Manager. The City operates under a Council-Manager form of government. The City Manager is the Chief Executive Officer responsible for the proper administration of all affairs of the City.

The City Charter contains strict requirements for a balanced budget and provisions to ensure that funds are not expended without legal appropriation. Administrative guidelines with respect to budget development and execution ensure strict adherence to the Charter requirements. The City is also subject to various other finance-related legal requirements such as the legal debt limit, appropriations limits of Propositions 111 and 4, Proposition 218 and various financial audit requirements that it has consistently met through requisite administrative guidelines.

Electric Power Industry

Silicon Valley Power (SVP), the City's Electric Utility, operates in a relatively favorable but competitive business environment, providing electric power to nearly 60,000 City customers. SVP owns power generation facilities, has investments in joint ventures that produce electric power, and trades power on the open market. One of its primary goals is to remain competitive in the marketplace and maintain its continuous focus on customer service. While the business environment has changed, and continues to do so, SVP's dedication to its customers and its traditional values remains paramount. Each year SVP prepares a five-year financial plan (see page 333). SVP also develops a Strategic Plan to adapt to the changes in the electrical power industry. During the Plan period, the City and SVP will continue to monitor the ever-changing situation and future developments in the power industry. SVP will continue to develop and modify its strategies to successfully adapt to the power industry's operating environment. This means preparing for the new competitive electric market by continuing to implement green technologies, further streamlining operations and working with its

customers to enhance the value they receive from municipal ownership of their electric utility.

City Land Issues

General information regarding the City's current land use, development potential, and specific plans as outlined in the City General Plan (2000-2010) dated July, 2002, updated in February, 2005, has been considered in the preparation of the Plan. A key project currently underway is the comprehensive update of the City's General Plan. This effort will include the environmental analysis and community outreach efforts necessary to chart the City's future. Several significant projects are scheduled for completion during the Plan period. The former Bay Area Research Extension Center (BAREC) site when realized will include 165 senior housing units and 110 single-family homes. The South of Forest neighborhood improvement project will upgrade streets to City standards, improve drainage and increase safety of pedestrians and vehicular traffic. The Bill Wilson Center Commons Project is a 28 unit apartment complex being renovated for use as permanent housing for youth transitioning out of foster care and staff counselors who mentor youth residents. Lastly, the Northside Branch Library, fully funded by the Redevelopment Agency, will be completed within the Plan period. The City will continue its financing program to provide mortgage financing to moderate income first time home buyers. While new residential development in the City is necessary, it will also require additional General Fund expenditures to meet the costs associated with the increased demand for recreation, police and fire services. These costs are in addition to those already estimated in the Plan.

Another major project, included in this year's capital plan, is the International Swim Center project which will include the construction of 4 new pools. The City is also expanding its Green Program which includes low emitting diode traffic signals, evaluating the construction of a completely green office building and using solar panels on substations. There are also several upgrades and new additions to the Silicon Valley Power's infrastructure including construction of

several substations, modifications to the medium voltage distribution system, modifications to high voltage power line distribution system and requested fiber optic connections and extensions. The City also plans a major upgrade to the sanitary sewer system to enhance the capacity and reliability of service. Operating costs associated with these new capital projects have been incorporated into the Plan or the appropriate utilities' 5 year plan which are part of this document.

Finally, the City and the 49'ers are in the process of developing a Term Sheet describing the stadium transaction before submitting the project to the citizens as part of a ballot measure. Since only those projects are included in the Plan for which an estimated occupancy date is known, there is nothing included in the Plan for this project. As completion dates for specific projects become better known, additional revenues and expenditures are added to the Plan.

The City has generally followed a policy of leasing, rather than selling. City land. As a policy, ground leases of City land will continue to be used, when appropriate, as additional sources of long-term revenue. The ground lease of the Yerba Buena property to The Irvine Company is consistent with this policy. These decisions were intended to enhance industry and business expansion in the City and as such are consistent with the City Council's goal to promote the economic success of Santa Clara. The City Council has also adopted a policy that the proceeds of the sale of City-owned land be placed in a designated General Contingency Reserve for the Proceeds of Land Sales. On June 10, 1997 City Council authorized staff to establish the General Contingency Reserve for Non-Expendable Land Sale Proceeds (Land Sale Reserve). Net proceeds from the sale of Cityowned land are held in the Land Sale Reserve and the interest earned on these funds is available for General Fund appropriations. Only the interest earnings from the account are available for appropriation through the annual budget process, or by specific City Council action. The projected balance in the account as of June 30, 2009 is approximately \$17.0 million.

Long Term Maintenance - City Buildings/Structures

The City has a preventive maintenance program designed to maintain the appearance and operating efficiency of City buildings and facilities. The funds budgeted for the program cover regular maintenance such as repairs, replacement, or upgrade of building components, and minor landscape work. Staff has incorporated the projected expenditures for this program in the Plan. The proposed Plan includes expenditure projections for requested major projects and regular maintenance items that may be needed during the next five years.

Contingency Reserve Policy

During fiscal year 1985-86, the City Council established a policy regarding use of the City's General Contingency Reserve funds. Under that policy, two separate reserves were established: a Working Capital (Emergency) Reserve and a General Contingency Reserve for Capital Projects. The Working Capital (Emergency) Reserve is set aside for emergency, financial crisis or disaster situations. Current policy for the Working Capital (Emergency) Reserve is to provide funding for 90 days of General Fund budgeted expenditures. For fiscal year 2009-10 this would be approximately \$37.7 million compared to an estimated available balance of \$15.9 million as of June 2009. During fiscal years 2002-03, 2003-04 and 2004-05 approximately \$20.5 million in reserves were used to meet the City's financial needs. Over the last few years because of the severity of the City's financial situation, the 90 day Working Capital (Emergency) Reserve for the General Fund has not been met. The City's Emergency Reserves at the end of fiscal year 2009-10 are projected to be \$9.2 million, approximately 6.1% of the General Fund Budget for 2009-10. This is below the 25% policy target as established by City Council. During the Plan period, the balance in the Working Capital (Emergency) Reserve is expected to decrease from an estimated surplus of \$9.2 million at the beginning of fiscal year 2010-11 to a deficit of \$46.3 million at the end of fiscal year 2014-15. The current and projected balances of both the Working Capital (Emergency) Reserve and the

General Contingency Reserve for Capital Projects are presented in Schedule D, page 329.

The General Contingency Reserve for Capital Projects funds are set aside to fund the City's capital spending program. The projects in the program maintain basic City infrastructure and quality facilities. The Council adopted a policy in fiscal year 1996-97 to maintain a minimum of \$5 million in the General Contingency Reserve for Capital Projects. As of June 2009 the balance in this fund is estimated to be \$2.5 million. It will be drawn down to \$2.0 million in 2009-10 in order to fund Capital Projects of \$4.5 million, as part of the total funding for the CIP budget. During the Plan period, the General Contingency Reserve for Capital Projects fund is not projected to meet the \$5 million balance. If all the projects in the Plan were approved the balance in the General Contingency Reserve for Capital Projects would be depleted sometime in fiscal year 2010-11.

Historically, these precautionary reserve balances, coupled with the City's excellent credit rating and above revenue coverage of its obligations, allowed the City to maintain its sound financial position. This has made it unlikely that the City would have to levy higher taxes or take similar measures to fund necessary General Operating Fund expenditures. For this reason Staff will be carefully monitoring changes in the City's financial situation as well as our local economy.

CAPITAL IMPROVEMENTS PROGRAM FUNDING OPTIONS

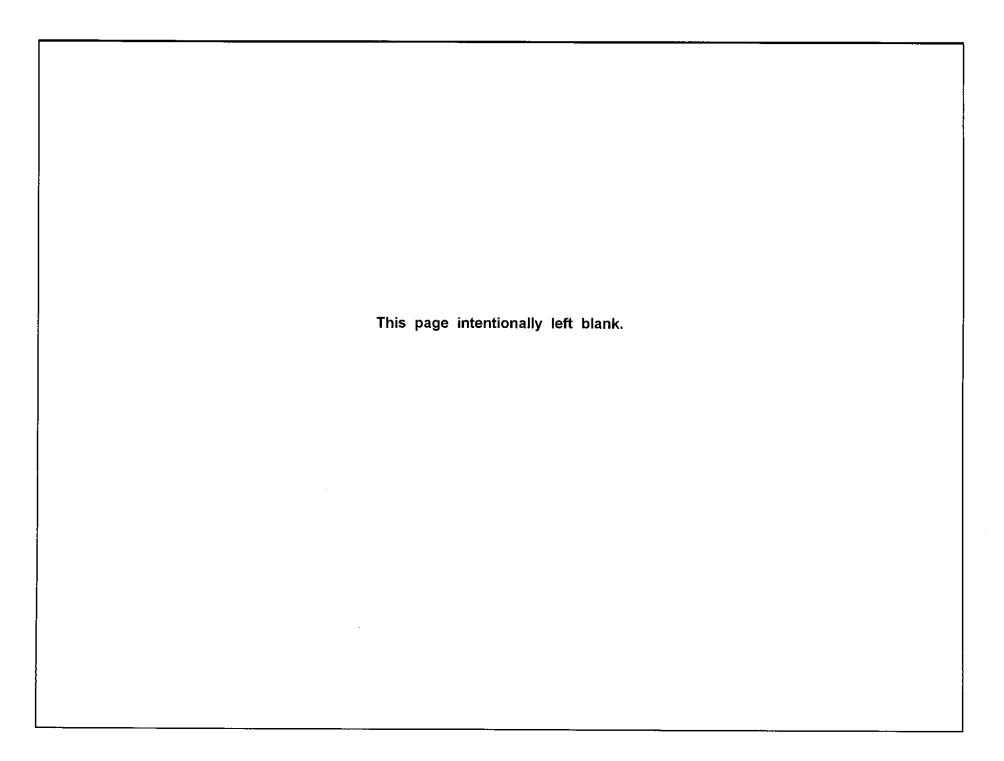
Another function of the Plan is to determine the City's financial capacity to fund its capital improvement program. A summary of the Proposed Capital Project Costs is contained in Schedule B (pages 326-327) along with available project funding. The amount of "Net to be Funded Costs" is shown in Schedule C (page 328). Details of all proposed projects are contained in the Capital Improvement Plan.

Staff analysis indicates that the balance in the General Contingency Reserve for Capital Projects will be approximately \$2.0 million as of July 1, 2010, after appropriating project expenditures for 2009-10. If all the projects in the Plan are approved then sometime in fiscal year

20010-11, the balance in the General Contingency Reserve for Capital Projects will be depleted.

ENTERPRISE TYPE PROGRAMS

The City owns and operates various enterprise type activities including the Electric, Water, and Sewer utilities, Solid Waste program, City Cemetery, and the Sports and Open Space Authority. A five year projection of individual enterprise fund revenues and expenses is included as part of Appendix A of this Plan. The projections were prepared by the respective entities with underlying economic and other pertinent assumptions that may differ from those outlined in this Plan. Also, this Plan does not include any analysis of the respective enterprise entities' reserves or plans for financing the listed projects. Presentation of enterprise fund information in this Plan is designed to draw attention to their financial relationship to the City's General Fund, and to give Council an overview of their major capital improvement projects over the next five years.



Schedule A

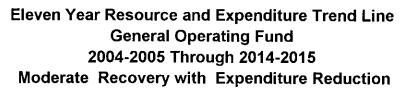
ELEVEN YEAR RESOURCE AND EXPENDITURE TREND GENERAL OPERATING FUNDS

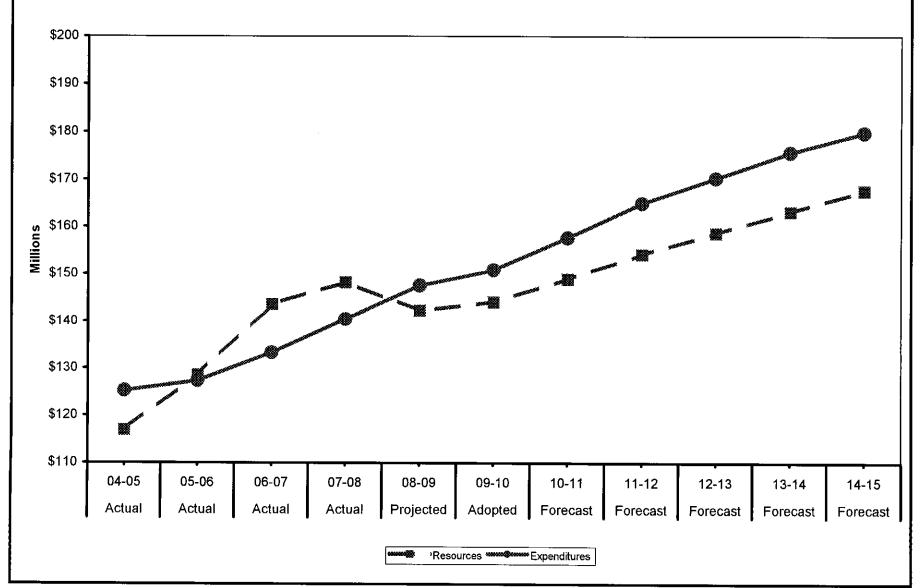
		Actual - Fiscal Ye	Projected		
	2004-2005	2005-2006	2006-2007	2007 - 2008	2008 - 2009
ESTIMATED RESOURCES					
Property Tax and VLF Swap	\$ 19,934,5 1 3	\$ 22,032,336	\$ 25,468,193	\$ 27,591,808	\$ 29,753,000
Sales Tax	37,076,578	38,142,524	43,217,143	41,691,543	36,000,000
Transient Occupancy Tax	7,795,616	9,341,790	10,306,555	11,278,026	10,500,000
Franchise Tax	2,755,470	2,907,192	3,166,797	3,281,082	3,000,000
Documentary Transfer Tax	1,146,343	1,708,157	1,173,816	1,120,943	500,000
Subtotal	68,708,520	74,131,999	83,332,504	84,963,402	79,753,000
Licenses and Permits	3,636,945	3,432,757	3,351,007	3,225,600	2,965,000
Fines and Penalties	1,504,816	1,561,111	1,772,055	2,032,371	1,631,000
nterest	5,946,076	4,651,653	5,146,005	5,551,741	3,157,000
Rents and Leases	6,983,264	2,823,148	3,047,454	3,172,387	3,052,000
Vehicle License Fee	1,155,322	2,447,284	735,999	487,247	360,000
Revenue From Other Agencies	1,124,264	763,604	1,328,540	712,619	415,000
Charges For Current Services	13,325,909	18,325,581	18,796,584	20,624,272	20,083,000
Contribution In-Lieu of Taxes	11,992,617	12,860,316	14,722,138	14,731,755	15,000,000
Other Revenue	198,347	118,938	607,331	243,295	716,000
Subtotal	45,867,560	46,984,392	49,507,113	50,781,287	47,379,000
Inter-fund Transfers	2,362,190	7,490,947	10,870,111	12,551,420	15,250,000
Total Estimated Resources	116,938,270	128,607,338	143,709,728	148,296,109	142,382,000
ESTIMATED EXPENDITURES					
Salaries and Benefits	94,047,591	96,026,943	101,400,335	106,087,906	112,661,000
Other Operating Expenditures	20,167,740	19,858,896	20,256,136	21,468,117	21,530,000
CIP Incremental Operating Costs		-	· •	-	
Total Operating Expenditures	114,215,331	115,885,839	121,656,471	127,556,023	134,191,000
nterfund Services	4,717,358	5,056,066	5,345,919	6,566,210	7,024,000
Debt Service	6,341,549	6,347,106	6,347,083	6,346,388	6,357,000
Total Estimated Expenditures	125,274,238	127,289,011	133,349,473	140,468,621	147,572,000
Surplus or (Deficit)	\$ (8,335,968)	\$ 1,318,327	\$ 10,360,255	\$ 7,827,488	\$ (5,190,000

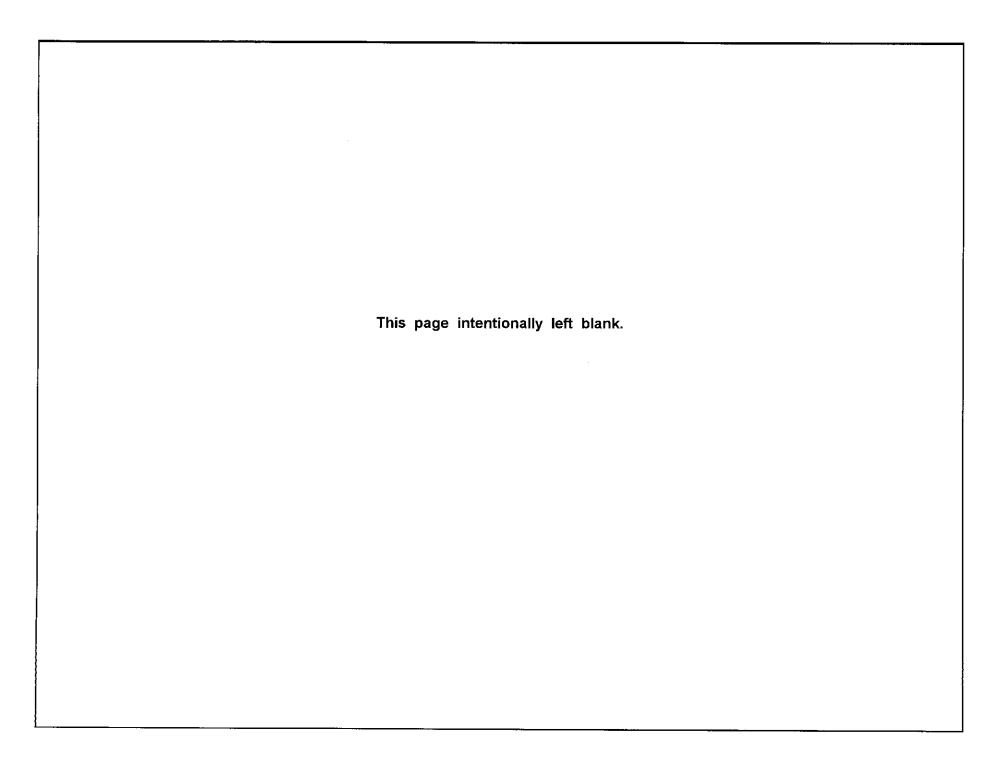
Schedule A

ELEVEN YEAR RESOURCE AND EXPENDITURE TREND (continued) GENERAL OPERATING FUNDS

	Adopted	Forecasted - Fis	cal Year			
	2009 - 2010	2010 - 2011	2011-2012	2012-2013	2013-2014	2014-2015
ESTIMATED RESOURCES				 		
Property Tax and VLF Swap	\$ 29,254,000	\$ 29,254,000	\$ 29,839,000	\$ 30,883,000	\$ 31,964,000	\$ 33,083,000
Sales Tax	34,500,000	39,675,000	41,659,000	43,325,000	45,058,000	46,860,000
Transient Occupancy Tax	8,500,000	9,775,000	10,655,000	11,188,000	11,747,000	12,334,000
Franchise Tax	3,000,000	3,060,000	3,121,000	3,183,000	3,247,000	3,312,000
Documentary Transfer Tax	500,000	550,000	743,000	1,003,000	1,053,000	1,106,000
Subtotal	75,754,000	82,314,000	86,017,000	89,582,000	93,069,000	96,695,000
Licenses and Permits	2,695,000	2,722,000	2,749,000	2,776,000	2,804,000	2,832,000
Fines and Penalties	2,087,000	2,129,000	2 182 000	2,237,000	2,293,000	2,350,000
Interest	3,910,000	3,988,000	4,040,000	4,093,000	4,146,000	4,200,000
Rents and Leases	5,491,000	5,514,000	5,758,000	5,966,000	6,280,000	6,482,000
Vehicle License Fee	376,000	451,000	496,000	546,000	601,000	661 000
Revenue From Other Agencies	856,000	877,000	899,000	921,000	944,000	968,000
Charges For Current Services	21,580,000	20,992,000	21,097,000	21,202,000	21,308,000	21,415,000
Contribution In-Lieu of Taxes	14,213,000	15,386,000	16,204,000	16,416,000	16,637,000	16,853,000
Other Revenue	743,000	750,000	758,000	766,000	774,000	782 000
Subtotal	51,951,000	52,809,000	54,183,000	54,923,000	55,787,000	56,543,000
Inter-fund Transfers	16,412,000	13,908,000	14,047,000	14,187,000	14,329,000	14,472,000
Total Estimated Resources	144,117,000	149,031,000	154,247,000	158,692,000	163,185,000	167,710,000
ESTIMATED EXPENDITURES						
Salaries and Benefits	116,240,000	122,110,000	128,541,000	132,068,000	136,282,000	140,427,000
Other Operating Expenditures	20,781,000	21,197,000	21,727,000	22,270,000	22,827,000	23,398,000
CIP Incremental Operating Costs		532,000	826,000	2,036,000	2,646,000	2,015,000
Total Operating Expenditures	137,021,000	143,839,000	151,094,000	156,374,000	161,755,000	165,840,000
Interfund Services	7,466,000	7,496,000	7,526,000	7,556,000	7,586,000	7,616,000
Debt Service	6,352,000	6,328,000	6,320,000	6,332,000	6,332,000	6,332,000
Total Estimated Expenditures	150,839,000	157,663,000	164,940,000	170,262,000	175,673,000	179,788,000
Surplus or (Deficit)	\$ (6,722,000)	\$ (8,632,000)	\$ (10,693,000)	\$ (11,570,000)	\$ (12,488,000)	\$ (12,078,000)







Schedule B

PROPOSED CAPITAL PROJECT COSTS

Fund	Fund Name		2010 - 11	 2011 - 12		cal Year 2012 - 13		2013-14		2014 - 1
treets a	and Highways Programs:	-							<u> </u>	
	Special Gas Tax (2105)	\$	429,900	\$ 388,000	\$	446,400	\$	405,000	\$	463,900
522	Special Gas Tax (2107)		1,187,700	1,304,700		1,387,700	,	1,125,000	•	1,125,000
524	Collier-Unruh Act (2106)		485,000	505,000		525,000		545,000		565,000
525	Traffic Mitigation		650,000	1,255,000		4,498,000		1,225,000		3,085,000
531	Street Beautification		375,000	790,000		175,000		175,000		80,000
533	Streets and Highways		5,430,000	1,537,000		1,712,000		100,000		75,000
	Sub-Total		8,557,600	5,779,700	7.7.7.	8,744,100	1 1441	3,575,000	734	5,393,900
eneral (Government Programs:									
	Parks and Recreation		3,135,000	34,625,000		20,830,000		12,315,000		2 440 000
	Storm Drains					, ,				3,110,000
			4,515,000	2,485,000		2,515,000		2,435,000		2,460,000
	Fire Department		663,700	403,700		605,000		635,000		
	Library		62,000	42,000		42,000		48,500		30,000
538	Public Buildings		2,797,000	6,690,000		2,695,000		5,315,000		1,020,000
539	General Government-Other		13,955,600	3,337,400		3,806,450		1,631,100		1,638,500
562	Community Services (HUD)		1,455,000	780,000		660,000		660,000		660,000
	Sub-Total		26,583,300	48,363,100		31,153,450		23,039,600		8,918,500

FUNDED / UNFUNDED PROJECT COSTS

				in terminal substitution of the second substitut	Fis	cal Year				
		2010 - 11		2011 - 12		2012 - 13		2013-14		2014 - 15
* Funded Project Costs:										
Streets and Highways Program	\$	6,987,600	\$	2,800,000	\$	5,771,400	\$	1,595,000	\$	1,673,900
General Government Program		3,450,500		1,774,800		1,866,150		1,288,000	·	998,900
Sub-Total		10,438,100	٠.	4,574,800		7,637,550		2,883,000	* * .	2,672,800
Unfunded Project Costs:										
Streets and Highways Program		1,570,000		2,979,700		2,972,700		1,980,000		3,720,000
General Government Program		23,132,800		46,588,300		29,287,300	:	21,751,600		7,919,600
Sub-Total		24,702,800		49,568,000		32,260,000		23,731,600		11,639,600
TOTAL SOURCES OF REVENUE	<u> </u>	35,140,900	\$	54,142,800	\$	39,897,550	\$	26,614,600	<u> </u>	14,312,400

^{*} See detailed listing of individual Capital Projects

							Schedule C
		SUN	MARY - N	IET TO BE FUNDED			
					Fiscal Year		
Fund	Fund Name		2010 - 11	2011 - 12	2012 - 13	2013-14	2014 - 1
Streets	and Highways Programs:					The state of the s	
521	Special Gas Tax (2105)	\$	-	\$ -	\$ -	\$ -	\$
522	Special Gas Tax (2107)		335,000	724,700	807,700	545,000	545,000
524	Collier-Unruh Act (2106)		-	-	· ·	,	1
525	Traffic Mitigation		650,000	1,255,000	1,615,000	1,225,000	3,085,000
531	Street Beautification		335,000	750,000	135,000	135,000	40,000
533	Streets and Highways		250,000	250,000	415,000	75,000	50,000
	Sub-Total	- 1	,570,000	2,979,700	2,972,700	1,980,000	3,720,000
Genera	I Government Programs:						
532	Parks and Recreation	3	3,085,000	34,575,000	20,780,000	12,265,000	3,060,000
535	Storm Drains		,315,000	2,285,000	2,315,000	2,235,000	•
536	Fire Department		663,700	403,700	605,000	635,000	2,260,000
537	Library		62,000	42,000	42,000	48,500	30,000
538	Public Buildings	2	2,797,000	6,690,000	2,695,000	5,315,000	1,020,000
539	General Government-Other		2,210,100	2,592,600	2,850,300	1,253,100	1,549,600
562	Community Services (HUD)		,210,100	2,002,000	2,000,000	1,200,100	1,548,666
	Sub-Total	23	,132,800	46,588,300	29,287,300	21,751,600	7,919,600
	Sub-Total General Funds		,702,800	49,568,000	32,260,000	23,731,600	11,639,600
Enterpr	rise Funds:						•
593	Cemetery		_	_	3,504,000	2,000,000	
596	Solid Waste		435,000	465,000	495,000	525,000	555,000
	Sub-Total		435,000	465,000	3,999,000	2,525,000	555,000
Anenev	Funds			·	• • • • • •		
840	SOSA			100.000		400.000	
040	303A			100,000	− tako atau arab	100,000	The second
		•	. =	100,000	e de la companie de La companie de la co	100,000	

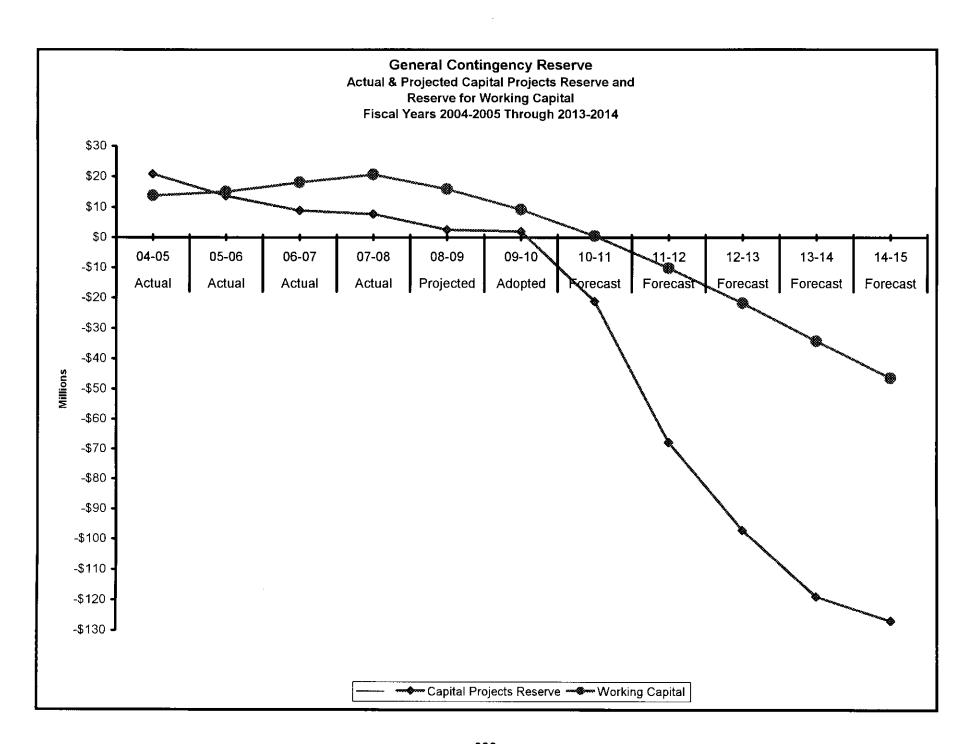
Schedule D

GENERAL CONTINGENCY RESERVE

PROJECTED FLOW OF FUNDS

CAPITAL PROJECTS RESERVE \$ 2,507,000	Balance Est. June 30, 2009	RESERVE FOR WORKING CAPITAL \$ 15,909,277
(4,485,000) 3,996,000	2009-2010 General Operating Funds (Page 323) Capital Projects - Net To Be Funded Working Capital Adjustment	(6,722,000)
\$2,018,000	BALANCE - JUNE 30, 2010	\$9,187,277
(23,132,800) -	2009-2010 General Operating Funds (Page 323) Capital Projects - Net To Be Funded (Page 328) Working Capital Adjustment	(8,632,000)
(\$21,114,800) *	BALANCE - JUNE 30, 2011	\$555,277
(46,588,300) -	2010-2011 General Operating Funds (Page 323) Capital Projects - Net To Be Funded (Page 328) Working Capital Adjustment	(10,693,000) - -
(\$67,703,100) *	BALANCE - JUNE 30, 2012	(\$10,137,723)
(29,287,300)	2011-2012 General Operating Funds (Page 323) Capital Projects - Net To Be Funded (Page 328) Working Capital Adjustment	(11,570,000) - -
(\$96,990,400) *	BALANCE - JUNE 30, 2013	(\$21,707,723)
- (21,751,600) -	2012-2013 General Operating Funds (Page 323) Capital Projects - Net To Be Funded (Page 328) Working Capital Adjustment	(12,488,000) - -
(\$118,742,000) *	BALANCE - JUNE 30, 2014	(\$34,195,723)
- (7,919,600) -	2013-2014 General Operating Funds (Page 323) Capital Projects - Net To Be Funded (Page 328) Working Capital Adjustment	(12,078,000) - -
(\$126,661,600) *	BALANCE - JUNE 30, 2015	(\$46,273,723)

^{*} Amount available for funding Capital Projects. Negative balances indicate a need for debt financing or delaying projects until future years.



HISTORICAL ANALYSIS of the GENERAL CONTINGENCY RESERVE

	Rigornaj Rigordaj Rigorna Rosovicoj kratika podiopo og aposta velišti dispelsi	Fiscal Year			
ITEM DESCRIPTION	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Beginning Balance:					
Date	July 1, 2004	July 1, 2005	July 1, 2006	July 1, 2007	July 1, 2008
Amount	\$ 45,158,265	\$ 34,693,658	\$ 26,472,755	\$ 32,194,695	\$ 31,106,986
Add: Transfer In					
General Operating Surplus (Deficit)	(8,335,968)	1,318,327	10,360,255	7,827,488	(5,189,000) *
Capital Projects Fund - Repmt.	6,373,925	· · ·	313	-	-
RDA Loan Repayment	-	-	473,000	511,000	-
Loan Repayment	24,853	23,401	24,687	12,011	1,397
Sub-Total	(1,937,190)	1,341,728	10,858,255	8,350,499	(5,187,603)
Less: Transfer Out					
General Operating	13,103	27,500	64,500	180,022	1,331
Capital Improvement Fund	6,304,000	6,267,859	3,361,400	8,134,098	7,156,720
Cemetery	155,838	410,940	175,190	93,154	100,920
Worker's Comp. Insurance	1,347,367	2,429,184	707,800	786,380	-
SOSA Loans	100,000	· -	· -	100,000	75,000
Special Liability Insurance	-	-	-	-	-
Solid Waste	582,669	396,252	504,160	123,019	169,135
Miscellaneous	24,440	30,896	23,265	21,535	
Sub-Total	8,527,417	9,562,631	4,836,315	9,438,208	7,503,106
Ending Balance:					
Amount	\$ 34,693,658	\$ 26,472,755	\$ 32,494,695	\$ 31,106,986	\$ 18,416,277
Date	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	Est. June 30, 2009
Working Capital Reserve	\$ 13,828,004	\$ 15,146,331	\$ 18,133,786	\$ 21,098,277	\$ 15,909,277
Capital Improvement Projects Res.	20,865,654	11,326,424	14,060,909	10,008,709	2,507,000
Total Reserve	\$ 34,693,658	\$ 26,472,755	\$ 32,194,695	\$ 31,106,986	\$ 18,416,277
* Estimated 2008/09 operating surplus	(deficit)				

ACTION PLAN

The following actions are included in Plan:

- Review the City's forecasted General Operating Fund expenditures to identify areas for future cost reductions and efficiencies and the City's revenue sources for possible revenue enhancements with the goal of implementing a balanced General Operating Fund budget.
- 2. Review the five-year capital improvement project plan included in the proposed 2009-10 Capital Improvement Project Budget to assure that the projects are consistent with the City's long-term Budget Principles including:
 - Budget decisions will be made with long-term implications taken into account, using data from the Five-Year Financial Plan
 - Value of fiscal responsibility will be used as a guide for decisions
 - Focus on benefit to community as a whole
 - The City will need a period of time to manage through the severe recession, and a period of time to determine when it can begin to recover
 - Inform residents, businesses and employees of challenges and the City's responses

- Budget decisions will be made as a whole in context, with no special requests considered in isolation
- Any reduction of permanent positions will be through attrition, retirement, with avoidance of layoffs as a goal
- Strong efforts will be made to balance the budget and to minimize the use of emergency reserves during the recession. The City recognizes it will need to make a conscious decision to use some of the City's reverses during the current 5-Year Financial Plan, but it must be minimal.
- Reduce hours of operations where possible while maintaining essential service levels
- Review options for consolidation of functions that reduce operational costs and improve efficiency
- Capital Improvement Projects (CIP) that have significant continuing staffing, operational and maintenance costs will be evaluated for deferral/elimination
- Consider delay in opening or phase in opening of new facilities
- The perception of funding actions, as well as the fiscal impact, will be considered before expenditures are made
- Complete a long-range plan to increase certain fees which reduce subsidy from the General Fund while maintaining the City's low-fee structure
- As soon as possible, return to strategy to rebuild General Fund Contingency Reserves (Working Capital and Capital) for the long-term financial health of the City