

**CITY OF SANTA CLARA  
MEASURE G**

**City of Santa Clara No Tax Increase/Services Protection Measure.** To protect essential services without raising taxes, such as 9-1-1 response; police patrols, fire protection; street/storm drain repair, and maintaining reliable local utility service; shall Section 1320 of the Charter continuing the annual budget transfer of funds from City utilities to the general fund at 5% of gross receipts until ended by voters, generating approximately \$30,000,000 annually, with independent audits, all funds local, be reaffirmed/adopted?

**YES**

**NO**

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF  
MEASURE G**

The Santa Clara City Council has placed Measure G on the ballot which, if approved by the voters, would amend City Charter Section 1320 ("Utilities Fund") to clarify that a fixed sum of 5% of utility gross receipts shall be transferred to the City's general fund annually, continuing the voter-approved utility tax transfers that have occurred since at least 1980. The revenues derived by the City from this transfer are unrestricted and can be used for police and fire, parks and recreation, streets and sidewalks, and other general municipal services.

Background

In 1951, City of Santa Clara voters approved a City Charter amendment authorizing the partial use of utility rate revenues for City services. It was subsequently amended by the voters in 1980 to increase the transfer percentage from 4.5% to 5%. City Charter Section 1320 currently allows for a transfer from the City-owned utilities to the City's general fund in an amount "not to exceed 5% of the gross receipts from such utilities." Pursuant to this charter section, transfers from the City's electric utility to the City's general fund have occurred annually since 1980 and have historically been for the full 5% of gross receipts.

After the adoption of the City's Charter provision, California voters approved Proposition 218 in 1996 and Proposition 26 in 2010, which amended the California Constitution to require that certain fees and charges must be approved by voters. To comply with changes in the law since the voters last took action in 1980, the City seeks express ratification by the voters of the transfer from the enterprise to the general fund in the fixed percentage of 5% of gross receipts.

The Measure

The proposed amendment to Section 1320 of the City Charter would delete the phrases "not to exceed" and "in payment for services rendered" from subsection (d) in order to clarify and establish the following: that the transfer percentage is fixed at 5%; that duplicative language is removed; that the voters are ratifying the existing practice of a fixed percentage transfer to the general fund, which is included in rate-setting calculations.

The utility transfer to the general fund is expected to continue to be approximately \$30,000,000 annually, based and dependent upon historical transfer amounts, electric rate-setting, and electric usage levels. Actual transfer fluctuates with the utility's gross receipts.

A "Yes" vote on Measure G amends Charter Section 1320 and aligns the continued transfer with current legal requirements.

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF  
MEASURE G-Continued**

A "No" vote means the proposed amendment to Charter Section 1320 would not go into effect and current Charter language, not aligned with current legal requirements, would continue.

Steve Ngo  
Interim City Attorney

## COMPLETE TEXT OF MEASURE G

The Charter of the City of Santa Clara shall be amended as follows:

**Section 1320** of the Charter of the City of Santa Clara is amended to be entitled and to read as follows:

### Sec. 1320 Utilities fund.

Receipts from the utilities operated by the City shall be paid into the City Treasury and maintained in a separate utilities fund for such utilities. Expenditures from such fund shall be made for the following purposes only for such utilities in the order named, viz.:

- (a) For the payment of operating expenses, pension charges and proportionate payments to such compensation and other insurance and accident reserve funds as the City or the City Council may establish;
- (b) For repairs and maintenance;
- (c) For the payment of interest and sinking funds on bonds issued for acquisition, construction or extensions;
- (d) For the payment of ~~not to exceed~~ five per cent of the gross receipts from such utilities to the general fund of the City ~~in payment for services rendered~~; subject, however, to such limitations as may be contained in any resolution or indenture heretofore adopted providing for the issuance of revenue bonds for the acquisition, construction or improvement of such utilities, which bonds are now outstanding or may hereafter be issued under such existing resolution or indenture;
- (e) For extensions and improvements;
- (f) For the establishment of a sinking fund within the utilities fund for the replacement of utilities property in the minimum amount of two million five hundred thousand dollars (\$2,500,000.00).

The City Council shall cause records to be kept of the receipts and expenditures of each utility and of credits and debits of each utility in the aforementioned utilities fund. The City Council may, however, order expenditures from the utilities fund for any utility even though that utility has no credit in the utilities fund, provided only that the balance in the utilities fund is greater than the proposed expenditure.

## ARGUMENT IN FAVOR OF MEASURE G

**Passage of Measure G will NOT increase your electric bill nor your taxes.** Measure G is only to comply with State passed proposition 26 and make appropriate change to City's charter.

Since 1980, about 5% of the gross electricity sales by the City's electric utility, Silicon Valley Power (SVP), have been transferred to the general fund. This amount is currently around \$30 million and it is a very stable source of revenue. After 1980, California voters passed Proposition 26 which requires such transfers to be approved by the voters. The purpose of Measure G is to ask voters to formalize this long-standing existing transfer and make the appropriate change to the City's charter.

The City of Santa Clara currently has a nearly \$20 million deficit in its general fund which has severely limited staffing levels and the services being provided, including public safety, parks maintenance and activities. This deficit is mostly the result of the COVID-19 pandemic, causing transit occupancy and sales tax revenues to decline dramatically. The City has already dug deep into reserves to cover deficits since the pandemic began, reducing reserves from 25% to 15%.

As of January 1, 2022, SVP domestic electricity rates are \$0.133 per kilowatt hour (kWh) which is **53% lower** than PG&E's equivalent E-1 rate of \$0.286/kWh. SVP rates already **include the 5% transfer** to Santa Clara's general fund which funds libraries, parks, police, fire, road repairs, and safety net services.

Failure to pass Measure G will add roughly \$30 million to our existing \$20 million deficit and will force the City to make cuts to essential services and may negatively impact staffing levels which will affect quality of life for our residents.

**Please VOTE YES on Measure G to maintain great City services without increasing taxes or electricity rates.**

Karen Hardy  
Council Member, City of Santa Clara

Raj Chahal  
Councilmember, City of Santa Clara

Sudhanshu Jain  
Vice Mayor, City of Santa Clara

Jeremy Schmidt  
POA President

Anthony Pascoal  
President, IAFF Local 1171, Santa Clara Firefighters

**NO ARGUMENT AGAINST MEASURE G WAS SUBMITTED**