



Memorandum

Date: May 8, 2017

To: Honorable Mayor, Councilmembers and Residents of Sunnyvale

From: Deanna J. Santana, City Manager

Subject: Fiscal Year 2017/18 Recommended Budget and 20-Year Resource Allocation Plan

I am pleased to present the FY 2017/18 Recommended Budget and 20-Year Resource Allocation Plan. As background, Sunnyvale's budget process alternates each year between an operating and projects budget. This Recommended Budget focuses on the City's projects plan which is comprised of capital projects, strategic initiatives, and multi-year projects not requiring on-going funds over 20 years. As we focus on the projects budget, part of the normal course of this process includes presenting operating budget adjustments or corrections that require fiscal consideration/action. This Recommended Budget maintains the high level of service that our community enjoys and invests in strategic projects needed to sustain and improve our public services. In the following pages, the FY 2017/18 Recommended Budget Highlights provides greater detail on the budget by its key components. This year's Recommended Budget includes:

- Balanced inventory of proposed projects that reflect the City's wide range of services;
- Investment in multiple City Council strategic priorities;
- Funds for major transportation infrastructure projects, including the funds allocated from Measure B's successful passage;
- Increased funding due to the rising construction costs to deliver projects during a competitive economic market;
- Investment in the significant needs of our aging infrastructure and equipment;
- Operating budget refinements that require budget consideration in advance of next year's more detailed review; and,
- Detailed phased planning that reflects staff capacity with a goal of preparing for a slowed economy and delivering capital projects at a lower cost when the market is less competitive.

Legal and Policy Framework

The Recommended Budget and 20-Year Resource Allocation Plan is a set of community values reflecting the Council's public policies and related resources to implement them. Unlike many other public agencies, Sunnyvale is relatively unique in that it does not budget year-to-year or over two years. Sunnyvale's reputation of strong financial management rests

in the wisdom and strong community values of City Charter voter mandates and long-established City Council Policies that together require that the City remain fiscally strategic and sustainable. These disciplined laws and policies promote fiscal solvency over the long term, for example:

- **10-Year Balanced Budget Mandate** – Sunnyvale voters have mandated a City Charter provision requiring “At least thirty-five days prior to the beginning of each fiscal year, the City Manager shall submit to the City Council the proposed budget as prepared by him/her. Said budget shall be a balanced 10-year budget, reflect a minimum of 10 years long-range financial planning” (Article 1302);
- **20-Year Resource Allocation Plan Requirement** – In addition to voter mandates, City Council Policy 7.1.1 requires decision making focused on long-range implications of short-range budgeting decisions, with specific focus on the following:
 - A.1.3 A balanced 20-Year Resource Allocation Plan shall be presented to the City Council annually.
 - A.2.1 The City shall maintain a long term fiscal perspective by annually preparing a 20-Year Long Term Financial Plan for each fund. Those funds which account for intergovernmental grants will only include known entitlements.
 - A.2.2. Major financial decisions should be made in the context of the 20-Year Long Term Financial Plan.
 - A.2.3 Long term financial planning should enable the current service level provided to be sustained over time through the strategic use of reserves.
 - A.2.4 The Long Term Financial Plans should be used to communicate the fiscal impact of City decisions to all stakeholders whenever possible.
- **Budget Stabilization Fund Threshold Requirement** – City Council Policy 7.1.E. (1.4) requires that the General Fund “Budget Stabilization Fund will be a minimum of 15% of projected revenues for the first two years of the 20-year planning period. Beyond year two, the Budget Stabilization Fund will always have a balance of at least zero.”

Continuing the City’s long standing tradition, the FY 2017/18 Recommended Budget seeks to maintain the balance of resource demands for core operations and strategic investments. As we review the Recommended Budget we must be deliberate in investing in present day needs, sufficiently plan for unanticipated events that cause for additional expenditures, and be mindful that our budget and service needs change quickly but must rest within a long-term fiscal context.

Economic Climate

Sunnyvale’s economy is local with global impact. While our multi-year economic boom results in revenue growth, expenditures are growing at an even faster pace. The economic climate and fiscal condition in Sunnyvale are complex and dynamic with key indicators, such as:

- Unprecedented low unemployment rates for the region (3.1%);
- Record breaking year after year volume of business development and/or expansion;
- Year to date increase in private sector layoff or closure WARN notices (4.7%);

- Multi-year drop in sales tax revenue, with a paradigm shift in the retail economic sector, causing for a projected \$35 million reduction in sales tax in this budget; and
- Economic uncertainty with the Federal Administration's policy initiatives that potentially impact community well-being, programs for employees, and businesses in the innovation economy.

The innovation economy experienced in Silicon Valley has a major impact on the global economy and private sector; however, as revenue growth is both shared and restricted by State law, the City's revenue does not grow as fast as the private sector but, nonetheless, the City has experienced some revenue growth. Historically, periods of expansion are followed by periods of economic contraction. With an average economic boom lasting about five to eight years, our current economic expansion has exceeded well beyond the average term. While we must continue to plan for the inevitable economic slow-down, it has proven challenging. New revenues are quickly consumed by cost escalations that are not always in our control and previously deferred investments that require immediate action to sustain core operations.

While the underlying financial foundation of the City is solidly fueled by a growing real estate market impacting property tax revenue, uncertainty in other revenues sources, mixed signals from economic indicators, as well as significant expenditure pressures temper the ability to absorb new services and meet demands.

Last, the Federal Administration's recommended budget threatens key sources of funding for service delivery that directly benefits a slowed economy and unemployed (NOVA). With potential impacts to the workforce development, Community Development Block Grant, the HOME Program, environment and sustainability, and transportation funding, we must prepare for the absence of these services or develop alternate strategies to maintain these critical services to vulnerable parts of our community. In the context of an unprecedented housing and transportation crisis, with long-term consequences, it is imperative that these larger policy and service impacts are given proper consideration when evaluating our local budget. Unfortunately, while the Recommended Budget sustains past year's programs, and absorbs new funding resulting from Measure B (Transportation Initiative), this budget does not present options for stabilizing appropriation reductions or eliminations resulting from any federal action.

Recommended Budget Context and Significant Impacts

The City's budget is developed based on review of revenue and expenditure trends and projections. Within the above policy framework and economic climate, this Recommended Budget maintains service levels and invests in strategic policy priorities and projects that continue to advance the above average level of service that our community enjoys. We are fortunate to review our budget with a long-term focus and, it is with that in mind, that the below context and significant impacts are provided to add to a more robust conversation and long-term focus of the work that we will need to continue to stabilize areas in our budget that require solutions.

Like last year, budget presentations and Council deliberations will continue to focus on investment opportunities and expenditure challenges emerging quickly that have a significant impact to the City's Budget. As already mentioned, key economic indicators are

across the board showing complex patterns that directly impact our budget projections. Below are additional topics to consider when deliberating on the Recommended Budget and considering resource investment trade-offs against each other:

The CalPERS Challenge – The California Public Employee Retirement System (CalPERS), the agency that manages the City’s pension benefits, has taken steps to de-risk the system. There is no greater single factor of our budget impacting costs, that we do not have policy control over, than retirement costs. In most cases, the City can control cost escalation by local policy actions to contain them. In this case, the management of this pension system is by a different board charged with managing the total fund, ensuring that CalPERS members receive the vested pension benefit, and issuing actions, that require member compliance, in order to continue to participate in this system.

In this Recommended Budget, the payment to CalPERS is set at \$36.5 million for FY 2017/18. In the tenth year, the payment is anticipated to rise to a total of \$65.5 million, illustrating the rapid growth resulting from reforms, corrections due to lower than expected rate of returns, or new de-risking efforts. This Recommended Budget resolves this near doubling of CalPERS payments over 10 years, as required by the City Charter.

After two consecutive years of virtually no return on investments (upon which benefit payments depend), the FY 2016/17 Budget included a projection of a significant increase in Sunnyvale’s cost for pensions totaling an additional \$167 million over 20 years to make up for those losses. On the heels of resolving this mandate, the CalPERS Board implemented a reduction in the assumed rate of return on investments from 7.5% annually to 7%. This is projected to have an additional impact of \$108 million over 20 years. Combined with increases in the cost for the retiree medical benefit, this year’s budget assumes another \$130 million in just these two categories, totaling approximately \$300 million over the past two budgets. To simplify, in order to fund these increased mandated costs, the City is required to generate approximately \$15+ million of new revenue per year to support this benefit (equivalent to an additional investment of about \$333,000/full-time position over 20 years).

We know that this is not the end of these increases, as it is already predicted that further significant reforms to the system will be required to stabilize it in the short- and long-term. This is not unique to Sunnyvale. California public agencies that are CalPERS members will face additional corrections; however, given our City Charter and Council Policies, we are required to balance the budget over a 10-year term and, additionally, plan for these costs over 20 years. As an example, in the long term, CalPERS has discussed bringing down its rate of return to 6% to further stabilize the pension system; true to our long-term fiscal focus, our actuarial review and expenditure planning, assumes a rate of return of 6% in the long-term to begin to plan for the inevitable fiscal impact and understand the fiscal conditions that result from absorbing additional costs. This is exactly why these local mandates exist, to provide advanced time to prepare for these fiscal events and manage services and resources in the long term.

Unfunded Liabilities – This FY 2017/18 Recommended Budget projects the City’s Unfunded Liability level at \$291 million (\$146.6 Public Safety and \$144.3 Miscellaneous). This is up \$40 million from last year due to poor returns. Additionally, the change in the discount rate lowers the project funded status of City’s pension plans from the prior year’s projection. That

means that in addition to the above base projected annual payments, along with the recent CalPERS actions resulting in \$300 million fiscal impacts, the City must also address the Unfunded Liability over time. For FY 2017/18, the Unfunded Liability payment totals approximately \$19.5 million. This climbs to \$45.6 million in 10 years. The cost is roughly split in half between public safety and miscellaneous employees, despite a much smaller number of safety employees.

Unfunded Infrastructure – In the face of rising personnel cost challenges, the City also faces continued challenges with unfunded or underfunded infrastructure. In fact, this manifested itself this winter with the storms bringing down the City’s 911 call center for a brief period, and the loss of a transformer at City Hall, closing the facility for almost a full day. Most recently, equipment failures have partially and fully shut down Fire Station #2 and the Library, respectively. Infrastructure is aging across the City. The Council is scheduled to consider an award of contract for the Civic Center master planning effort; the corporation yard is currently under a master planning process to address old facilities; evidence storage is outdated and in need of modernization; fire stations are over fifty years old and in need of remodel or rebuild; and, the City does not have a modern Emergency Operations Center from which to manage recent local service emergencies or the inevitable disaster that we know is on the horizon. A more complete list of unfunded projects is provided as part the Overview of the Recommended Budget and 20-Year Resource Allocation Plan attached to this budget message. As alarming as this issue may sound, infrastructure maintenance and replacement is a national issue and has been discussed significantly at a state and federal level.

A Strategic Approach to a Solution

In order to address long term uncertainty, unfunded needs, and rising personnel and other costs, the Recommended Budget takes a three-pronged approach: partial use of reserves, full use of revenue growth, and focused fiscal strategies. Holding true to one of Sunnyvale’s core values, challenges are being taken in the context of the 20-year planning period.

First, we are fortunate to experience additional revenue during a period of growing demand for resources and unanticipated cost increases. In this Recommended Budget, as the first step to balancing the budget, all new revenue was used to fund planned service levels. Last year, we increased citywide revenue projections and, as a result, we worked off a higher revenue base for our 20-year revenue projections with this Recommended Budget. In the event that more revenue is realized, we would recommend that funds first be invested in the third category to preserve service levels and then replenish reserve levels.

Second, the City strategically set aside a reserve fund for unanticipated increases in total compensation. A portion of this funding has also been allocated to absorb the escalations in cost. It is important to note that there is much uncertainty in total compensation costs outside of just pensions. With the health care market in flux due to the uncertainty around the fate of the Affordable Care Act, and increasing costs in workers’ compensation, maintaining capacity to absorb future increases will be critical. This Recommended Budget uses a portion of this reserve, leaving funds for unanticipated costs while focusing on more structural changes to our long-term fiscal management. If new revenue is achieved, a portion of those funds should be invested in this reserve because, based on past cost impacts, the balance is unlikely to be able to fully absorb any additional costs.

Lastly, the General Fund recommended budget plans for fiscal strategies needed to keep the fund in overall health. These needs may be met through new revenue sources, alternative methods of service delivery, or moderation/cost control of current expenditures. The first step in achieving this goal will be through the Study Issue to evaluate New Revenue Strategies. From there, other actions may need to be taken. However, as Sunnyvale plans over a long period, we can foresee this need and have several years to plan and implement the needed changes. In the near term, the City will rely on approximately \$4 million in unanticipated revenue and/or cost control strategies for FY 2017/18 to help maintain current services levels while fiscal strategies are explored. This combination comes from an estimate of actual current year operational savings from vacancies and controlling goods and services costs, as well as anticipated revenues meeting or exceeding planned levels.

Overall, this three-pronged approach serves to balance our budget over the long term, but not without significant impacts. In fact, were we not faced with the challenges from CalPERS, if we had made the crucial timely infrastructure investments in the past that were needed, the new revenues we are experiencing could be used to enhance services to our community, instead of absorbing ever increasing costs for providing the same level of service.

Budget Stabilization Fund

One of the key tools the City uses in its budget are reserves. Reserves are purposed for many different needs, including emergencies, holding restricted monies, or to balance out cash flow and economic volatility. We frequently discuss the Budget Stabilization Fund in the General Fund, which serves as the General Fund's economic volatility and cash flow reserve, however there are other similar "discretionary" reserves in other funds (e.g. the Rate Stabilization Reserves in the Utility Funds). As part of the budget presentation and Council deliberations, we will review the City's reserves, funding levels, and strategic uses over 20 years.

One of the long-standing practices Sunnyvale has used is to budget large, multi-year, one-time expenditures over multiple years on a cash flow basis. This results in reserves appearing to be much larger than they are, as these one-time multi-year expenditures are really already committed to Council Approved expenditures. During preparation of the Recommended Budget, staff changed this practice for the Budget Stabilization Fund, removing multi-year one-time expenditures. This serves to surface what portion of the Budget Stabilization Fund is really discretionary. In fact, this reduces the Budget Stabilization Fund to less than one million of discretionary funding within nine years, showing just how precarious a financial position the General Fund maintains. This fundamental shift in Budget Stabilization Fund management provides for greater transparency of actual discretionary funds and provides for a clearer fiscal picture for the City Council to make informed policy decisions.

Projects Budget

As mentioned early on in this cover letter, the FY 2017/18 Recommended Budget focuses on projects, as we alternate between a detailed review of operations and projects each year. The proposed projects budget, totaling \$165.9 million in FY 2017/18 (\$1.5 billion over 20 years), reflects rising construction costs, the significant needs of our aging infrastructure,

but also the forethought and detailed planning that goes into the City's capital project program.

Addressing multiple City Council strategic priorities, the positive side of this budget is that service levels are preserved, maintaining a high level of service for our community and the project budget includes planned parks projects, major transportation infrastructure projects, the Lakewood Branch Library and Learning Center, and the Washington Community Swim Center. Additionally, with the passage of Measure B providing \$3 million per year, the City can invest in streets and sidewalks to maintain a Pavement Condition Index or PCI of 77 and hold the current backlog of sidewalk repairs steady at five years. Due to the timing of the subsequent gas tax legislation approved by the governor, the City is anticipating additional investments in this critical area of infrastructure. The City's utilities infrastructure is also addressed with the replacement of the water pollution control plant now fully funded and increased funding for waterline replacements.

In 2014, the Department of Public Works reviewed the implementation process for capital projects. In the past all capital projects "started" on July 1st, with the new Fiscal Year budget. This caused a number of issues, as it was not really feasible to start all new projects at the same time. The approach caused confusion because too many projects were being managed at one time, the phases of projects would extend beyond typical timeframes, and it made reasonable and realistic scheduling difficult. In 2015, Public Works staff modified the approach by dividing the fiscal year into quarters, and developing realistic schedules based on the number of projects that would start each quarter. It considered the number of projects each project manager had, and the phase of each project (scoping, request for proposals, design, etc.) as each phase has different work requirements.

In 2017, this new scheduling approach was maintained and further refined allowing the City to be proactive instead of reactive, and giving the City flexibility to pace, accelerate, decelerate, or replace projects as needed (without delaying active projects). This flexibility can also allow staff to decelerate project schedules to take advantage of better bidding markets in the future or delay planned projects and replace them with unplanned near-term needs (such as the recent need to accelerate the City generators project). This scheduling approach also better aligns with the City's new modern project management database, which complements this recent project management strategy.

Council Policy Priorities

The City Council has established strategic policy priorities and has held several sessions that help guide the development of the recommended budget. In acknowledgement of our operational priorities and limited capacity, Council adopted the following policy priorities:

1. **Civic Center Campus and Main Library** – The City Council will work on the Master Plan process and determine next steps for surplus land over this fiscal year.
2. **Ability of Infrastructure to Support Development and Traffic** – Efforts to implement several capital projects and absorb the positive impact of Measure B passage will begin.
3. **Open Space Acquisition Planning: Future of Golf Courses** – The City Council will consider up to approximately 8.5 acres of new park space this year and evaluate policy options for the golf courses over the next five years.

4. **Downtown Sunnyvale** – Phase 1 completion continues with the pending announcement of the theater lease, housing construction, and preparation work on Phase 2.
5. **Improved Processes and Services through the Use of Technology** – This budget requests additional staff to begin implementation of critical IT projects and to provide proactive operational support such as IT security and risk aversion. Major accomplishments include core information technology service updates (e.g., Microsoft O365, Skype for Business, expanded remote access to service - Virtual Private Network (VPN) - enhanced network bandwidth) along with the establishment of an IT Governance Structure (IT Steering and IT Solutions) to prioritize and approve IT projects, standards, policies and procedures.
6. **Accelerate the Climate Action Plan** – Council consideration of a collaborative effort to determine required actions to accelerate the City's efforts on implementing the climate action plan and develop aspirational goals.

The Recommended Budget advances each of these priorities, applying resources both at a high level and on a very specific and targeted basis. While these are important strategic priorities, the City is resourced for core operations and, therefore, supporting policy priorities does heavily impact staff. Staff is taking care to add resources where appropriate to support Council's policy priorities, as well as pacing the work to meet resource and staffing levels. Continued focused discussions of staff's capacity is important in order to be able to maintain core operations, advance administrative initiatives to stabilize services, and implement strategic policy priorities.

Budget Supplements

The Recommended Budget also includes a series of 10 Budget Supplements, eight of which are recommended for funding. These total \$1.04 million over 20 years, all of which impact the General Fund. With these in place, the Recommended Long-Term General Fund Financial Plan reaches a low point in FY 2025/26 of approximately one million in the Budget Stabilization Fund. If the Council opts to fund all budget supplements, the Budget Stabilization Fund would be projected to reach a dangerously low level of \$1.5 million in FY 2025/26. Except for only a few, the majority rise from the Study Issues process. These are ultimately policy tradeoffs against the Council's desire to maintain a Budget Stabilization Fund at a certain level. I have strategically reviewed each Budget Supplement and made a recommendation, identifying partial or limited-term efforts where appropriate.

In the following pages, the FY 2017/18 Recommended Budget Highlights provide greater detail by the key components: revenues, expenditures, and reserves. It also includes a section for Budget Supplements and Unfunded Needs for the evaluation discussed above. For further information, *Volume I: Summary & Operating Budget* includes the 20-year financial plans for all funds and the operating budget by department. *Volume II: Projects* presents specific project detail by project category.

Conclusion

In summary, the FY 2017/18 Recommended Budget presents a sustained level of resources required to maintain a high level of service to our community and invest in strategic projects. Additionally, this Recommended Budget is an allocation of resources that maintains reserves to position the City well to manage new challenges sure to come in the future. It holds Sunnyvale's reputation for being strategic, prudent, and thoughtful in its long-term

budgeting. It allows resources to continue advancing the policy priorities set by the City Council, invests in infrastructure to modernize and improve service to the community, and sustains services levels that our residents have ranked highly.

While we will continue to be faced with challenges such as long-term compensation costs for our employees and underfunded infrastructure, with continued prudent fiscal planning and thoughtful deliberation on setting priorities, we are well positioned to address these issues and there is time to work on the identified challenges. With a continued focus on community engagement and collaboration we will find solutions to the challenges presented and continue Sunnyvale's strong tradition as a top City. I look forward to presenting this Recommended Budget to the City Council and engaging in a thoughtful discussion of our ultimate highest priority – ensuring a strong fiscal foundation to maintain quality and strategic services for our community!



Deanna J. Santana
City Manager

FY 2017/18 Recommended Budget Highlights

The FY 2017/18 Recommended Budget totals \$474.6 million and includes all City operations and project expenditures, as well as withdrawals and contributions to the City's reserves. Citywide budgeted expenditures are funded from multiple sources that include general taxes and revenues (the General Fund), restricted enterprise funds (Water, Wastewater, Solid Waste, Development Enterprise), restricted special revenue funds such as Housing, Park Dedication and Gas Tax, and grant funding which include transportation related grants for capital projects and federal and state workforce grants for employment development. Restricted funds make up over half of the budget.

The total City budget is up 19.0% over FY 2016/17 primarily due to new and already planned capital projects as well as increases in personnel costs. Citywide operations, which total \$277.4 million are up 6.3% due primarily to increases in costs for total compensation of employees and some strategic position additions. The total projects budget is up \$80 million (74.3%) over the prior year. It is important to note that much of this increase was already planned in the FY 2016/17 Budget and is almost wholly related to a small number of very large infrastructure projects including the Water Pollution Control Plant renovation, and several large grant or impact fee funded transportation and housing projects.

The City's General Fund, which accounts for 36% of the citywide budget, has proposed expenditures of \$169.8 million. The General Fund is balanced over the ten year financial plan with a Budget Stabilization Fund Reserve that ends with \$2 million in the tenth year, however, the reserve is dipping down to \$1.5 million in FY 2025/26. In order to balance the fund to the tenth year per charter and the twentieth year per Council Policy, the General Fund has to implement fiscal strategies through reduced services, enhanced revenue, or alternative service delivery starting in Fiscal Year 2020/21 by \$2.8 million on an ongoing basis. In addition, cost control measures are underway in FY 2016/17 to ensure vacancy savings that are assumed in this budget. An additional \$2.4 million of cost control measures are required in FY 2018/19 in order to meet the City Council Policy of 15% Budget Stabilization Fund Balance in the first two years of the twenty year plan. We also will review revenue projections next year again, which may yield slightly more revenue for FY 2018/19 in order to meet Council policy.

The Budget Stabilization Fund is used strategically over the twenty-year planning period to ensure a stable and consistent level of services is provided over the long term. One of the long standing practices Sunnyvale has used is to budget large, multi-year, one time expenditures over multiple years on a cash flow basis. This resulted in the Budget Stabilization Fund appearing to be much larger than it really was, as Council committed funds for expenditures in future years were included in the Budget Stabilization Fund. During preparation of the Recommended Budget, staff changed this practice for the Budget Stabilization Fund, removing multi year one-time expenditures. This serves to surface the really discretionary portion within the reserve. In fact, this reduces the Budget Stabilization Fund to less than one million within nine years, showing just how precarious a financial position the General Fund maintains.

It is important to note that this plan takes real, long term risk. While it uses the Budget Stabilization Fund to absorb increases in cost to maintain services over the mid term, longer term projections reflect the need to slow expenditure growth to the pace of revenue growth. The current budget is prepared at a time when several revenues appear to be at high-growth levels. Care has been taken to budget to historical growth averages over the long-term plan, as the City has experienced years of slow revenue growth and dramatic revenue reductions during the last 20 years.

Additionally, in the context of more complex economic cycles, personnel expenditures have also become less predictable, with growing focus on corrective action for pension sustainability and uncertainty in the health care market as a result of federal actions. As such, this budget includes projected increased costs for pension (\$108 million) and other post employment benefit contributions (\$35 million) totaling \$143 million over a twenty year planning period. It is important to note that planned personnel cost assumptions may not be reflective of future increases given the City's long-term unfunded liabilities for pension and other post employment benefits. This, coupled with the results of recent labor negotiations and their corresponding ripple effect, puts significant additional pressure on the City's long term financial plans. Therefore, long-term, fiscal sustainability will have to be balanced with controlling the total cost of compensation for our employees. With these vulnerabilities in mind, funds from the Budget Stabilization Reserve should be used thoughtfully and strategically.

The FY 2017/18 Recommended Budget also includes ten Budget Supplements, eight of which are recommended for funding totaling \$1.03 million. Detail is provided in the “Budget Supplements” section. These Budget Supplements, while included in the budget, require specific Council approval.

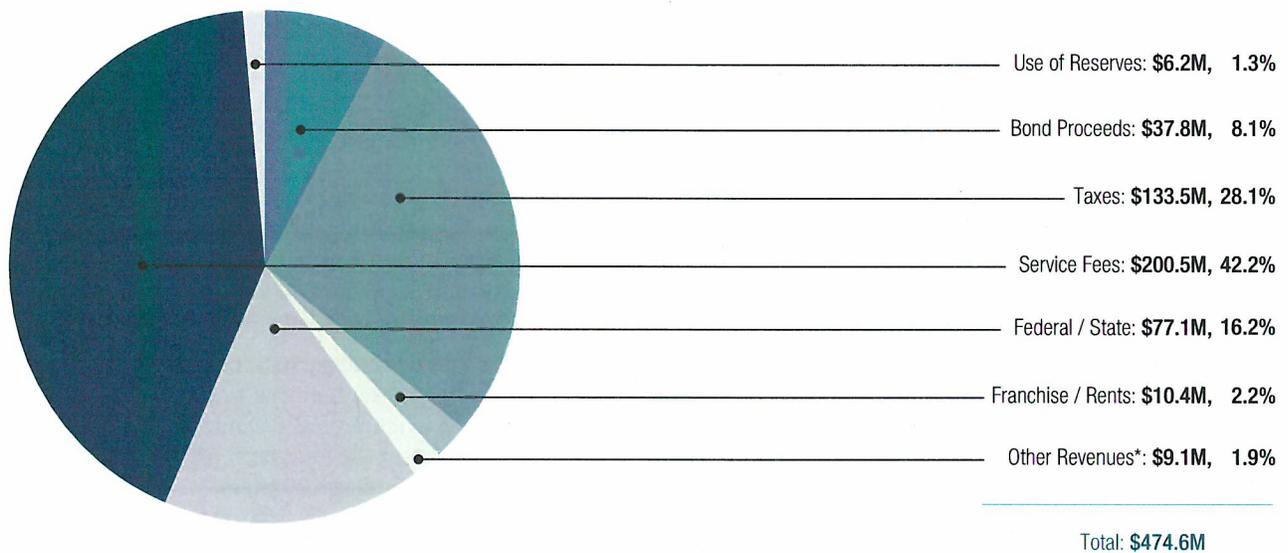
City’s Budget and Resource Allocation Plan

There are three key elements to the City’s budget and resource allocation plan that provide the financial picture of the City for both the short and long term: revenues, expenditures and reserves. The following sections discuss the highlights, key assumptions and changes included in this recommended budget for each of these elements. It is important to note these elements are budgeted into specific funds, such as the Park Dedication Fund and the Gas Tax Fund, primarily to ensure that revenues restricted to specific purposes are spent for those purposes. While the discussion here is not organized by fund, this important structure is reflected in the budget document with the presentation of twenty-year financial plans for each of the City’s funds. Detailed discussions about revenues, expenditures, and reserves by specific fund are included with the financial plans.

I. City Revenues and Resources

The City relies on many sources of revenues to fund services to the community at a stable and sustainable level. As Figure 1 shows, the largest revenue categories are taxes and service fees.

Figure 1. FY 2017/18 Citywide Revenue by Source



*Other Revenues include: miscellaneous revenues (e.g. damage to City property, housing loan repayments), SMaRT Station Revenues, reimbursement from the county, and other agencies contributions.

Taxes

Taxes, imposed by a government for the purpose of raising revenue to support governmental activities, are distinctly different from fees in that a tax does not need to be levied in proportion to the specific benefit received by a person or property. Therefore, almost all of the City’s tax revenues are in the General Fund, the primary general

purpose fund of the City. Taxes account for 80% of the total revenues in the General Fund, supporting many of the most visible and essential city services such as police, fire, road maintenance, libraries and parks maintenance. The one major tax revenue accounted for in a separate fund is the Gas Tax, which is levied and distributed by the State. Gas Tax funds must be spent on maintenance and capital projects related to public streets and highways. Figure 2 presents recent revenue received and projections for the top tax revenues.

Figure 2 – Top Tax Revenues

Revenue Source	2014 /15 Actual	2015/16 Actual	2016/17 Budget	2016/17 Revised Projection	2017/18 Proposed Projection	% Change 2017/18 over 2016/17
Property Tax	\$54,940,570	\$62,390,637	\$62,777,052	\$67,335,066	\$68,974,004	2.43%
Sales Tax	29,676,176	31,356,775	31,698,678	31,488,243	31,230,324	-0.82%
Transient Occupancy Tax	14,137,069	16,295,589	14,471,479	16,798,573	15,294,653	-8.95%
Utility Users Tax	6,774,027	6,900,881	6,903,949	6,903,949	7,058,149	2.23%
Gas Tax	3,717,503	3,219,726	3,023,610	2,894,726	3,275,903	13.17%
Construction Tax	3,066,351	3,298,178	2,582,427	3,378,579	3,026,335	-10.43%
Total Top Tax Revenues	\$112,311,696	\$123,461,786	\$121,457,195	\$128,799,136	\$128,859,368	0.05%

The proposed revenues present an overall positive outlook in the short term, but also reflect the volatility in key tax revenue sources such as the Transient Occupancy Tax. As part of the development of the recommended budget, the current year projections are also updated. Based on year-to-date figures, we anticipate FY 2017/18 revenues to exceed actual returns in the prior year with the exceptions of gas tax and sales tax. Revised FY 2017/18 estimates for these revenues estimate a slight decrease from FY 2015/16.

Property tax revenue has continued to experience strong growth. The increased revenue is due to property sales and new construction in both the residential and commercial real estate markets. In particular, Sunnyvale home sales prices have hit record levels with an average sale price of \$1.2 million. Revenues from the residential sector increased 8.2% in FY 2016/17 while the commercial/industrial sector experienced 13.3% growth. While growth was forecast in the FY 2016/17 Adopted Budget, actual growth is higher than estimated and therefore, the City's property tax revenue base was adjusted upward. In addition, we anticipate continued strong growth in property tax revenue for the next two years. The residential growth projection is adjusted to 4.6% for FY 2017/18. Additionally, we have analyzed significant approved commercial development projects and the estimated construction schedules for these projects. Based on this data, three years of high growth is projected as these projects are added to the tax roll. Beginning in FY 2021/22, we forecast property tax growth at a long-term historical average of 4.1%. With the higher property tax base and increased growth assumptions in the short term, the combined effect is that property tax revenues over the General Fund long-term financial plan are up \$90 million over twenty years.

Sales tax, the City's second largest tax revenue source, continues to provide unstable returns. The largest segment of activity in the sales tax base is business-to-business sales, which has been essentially flat over the last five years. For the long term, given the ongoing volatility and the erosion of the sales tax base as we continue to move into more of a service based economy, we have maintained modest sales tax growth projections. Projections for additional sales tax revenue from the redevelopment of the downtown are estimated to start in FY 2018/19, phased in over eight years to add an estimated \$1.1 million annually to the base. The overall impact of all these adjustments to the City's General Fund long-term financial plan is a \$33 million decrease over twenty years.

Transient occupancy tax (TOT) has shown significant growth over recent years, coming in above estimates for FY 2015/16 and anticipated to be above estimates again for FY 2017/18. Currently, TOT is one of the City's strongest

growth revenues, and the recommended budget anticipates that room rates and occupancy levels will remain strong in the short-term, stepping down from current record level but remaining well above the historical average. It is important to note that hotel activity in Sunnyvale is heavily reliant on business travel activity, and therefore this revenue source can be quite volatile and directly related to the economic climate. In the update of revenue projections for the FY 2017/18 Recommended Budget, we have adjusted the timing of projected new hotels forecast in the budget and have only included approved projects. Because of the heavy reliance on business travel and the resulting volatility, we utilize historical room and occupancy rates for projections starting in FY 2017/18 but have revised those up to reflect more recent trends.

Utility users tax (UUT) revenue, generated from the sale of electricity, telecom services, and the sale of gas, is forecasted to grow moderately in the FY 2017/18 Budget. The forecast is driven by two factors, the recent modernization of the ordinance around telecom services and the increase in energy efficiency improvements. In November 2016, the voters passed a UUT Modernization ballot measure, updating the tax to include new telecom services such as pre-paid wireless. Although, it is expected that the modernization of telecom services will stem the decline of telecom UUT revenue and growth will slowly return, no growth from telecom was forecasted in the FY 2017/18 Recommended Budget, as the City had not received new data on the impacts of the UUT modernization as of the development of the Recommended Budget. Additionally, energy efficiency improvements continue to impact the City's gas and electricity UUT. High development activity, in particular the impact of additional buildings within the City, is growing the base. However, the impact of this growth has been substantially negated by energy efficiency improvements, resulting in only moderate growth in revenue related to gas, and electricity usage.

Gas tax, levied as a flat rate per gallon sold, is projected to decline in the short term and then hold flat in the long term over the twenty-year financial plan. The majority of the tax is based on volume sold and not on the price of gasoline, and therefore, projections consider advancements in fuel economy offsetting increased population and number of vehicles. The short-term increase is due to a true-up rate set by the State for the portion that is based on price. While this revenue source holds flat over time, the costs and needs for street maintenance and improvements continue to climb.

In April 2017, State lawmakers approved a plan to raise fuel tax rates and vehicle registration fees to generate \$52 billion for transportation purposes over a 10-year period. The measure raises the gasoline tax by 12 cents per gallon and the diesel fuel tax by 20 cents per gallon starting November 1, 2017. The increase in vehicle registration fees will range from \$25 to \$175, depending on the value of the vehicle, beginning January 1, 2018, with an additional \$100 per year charge on electric vehicles starting July 1, 2020. The measure also includes annual inflation adjustments that will be applied to both fuel taxes and vehicle registration fees. The funds raised will be allocated to repairing local streets, state highways and local transit projects. Based on revenue projections provided by the State Department of Finance, it is estimated that the City of Sunnyvale will be eligible to receive approximately \$34 million over this 10-year period for local street and road projects. It is also important to note that as part of this program, there are maintenance of effort and other requirements that must be met to obtain the funding. While it is anticipated that the City will receive some funding in FY 2017/18, staff is evaluating the fiscal impact and funding restrictions, and will incorporate the future revenue into the FY 2018/19 Recommended Budget.

Construction tax returns have been strong, reflecting the high level of development activity that the City has sustained for three consecutive years. It is anticipated that this current peak level will cool off, stepping down over the next two years although still estimated at elevated amounts as compared to historical averages through FY 2018/19.

Service Fees

Service fees are the City's largest source of revenue. A diverse set of fees are charged to recover all or a portion of the City's costs for providing a service or access to public property, or for mitigating the impacts of the fee payer's activities on the community. Intended for cost recovery, a fee may not exceed the estimated reasonable cost of providing the service or facility for which the fee is charged. Because of this basis and the legal restrictions related to the expenditure of many of the fees, many of the City's fees are accounted for in separate funds. By far, the largest source of fee revenue comes from the provision of water, sewer and solid waste collection services. The proposed increases in utility rates are discussed below, as well as significant highlights in other fee categories.

Utility Rates The City has three utility funds that are fully self-supporting: the Water Supply and Distribution Fund, the Solid Waste Management Fund, and the Wastewater Management Fund. Each year, as part of the budget process, staff analyzes the current condition and long-term outlook for all three funds. The analysis includes a review of fund balances; State and Federal environmental requirements; revenues; anticipated capital, infrastructure, and operational requirements; and a detailed inspection of significant expenditure areas. The results lead to proposed adjustments to rates that will generate the revenues necessary to meet planned expenditures. Through the long-term planning model, staff attempts to keep utility rates as stable as possible with modest increases annually, rather than keeping rates flat and impacting customers with a high increase in one year. The overall recommended increase for FY 2017/18 is shown below, in Figure 3, with a comparison to the original projection made in the FY 2016/17 Adopted Budget:

Figure 3. Utility Rates

Utility	Original Projection	Recommended FY 2017/18	Change in Percentage Points
Water	15.00%	12.50%	-2.50%
Wastewater	8.00%	10.00%	2.00%
Solid Waste	3.00%	3.00%	0.00%

*Percentages vary by customer group as a result of cost of service adjustments

Each of the utility enterprises has its own unique pressures that are driving rate adjustments. The FY 2017/18 Recommended Budget is a capital budget cycle. As such, each utility updated current project budgets as well as adding new projects. These projects are highlighted in the “Major Project Highlights” section below. There are other significant drivers as detailed below.

In the water utility, the two drivers affecting rates are the extended drought being experienced across the State for four consecutive years, and increased infrastructure needs. Although the drought is now over, Sunnyvale residents and businesses have done an outstanding job conserving water and as a result, water demand and corresponding sales are down significantly over the last several years. In fact, from FY 2012/13 to FY 2015/16, water demand in Sunnyvale is down 24%. Coming out of the drought, the region is experiencing a wetter than normal year. This also negatively affects the revenues to the fund, as demand slows due to the extensive rain. Due to the underlying behavior change that has occurred during the drought water consumption is projected to remain relatively flat with moderate growth into the future. Another factor in increasing rates is related to the City’s take or pay provisions in its water supply agreements. In FY 2017/18, both wholesalers agreed to reduce the City’s minimum purchase requirements, so the revenue loss is largely offset by savings in buying less water. The wholesalers have notified the City that they will no longer reduce the take or pay provisions going forward. As such, the City’s rates must also be adjusted significantly.

As with all utilities, there are fixed costs to operate the water system that are not based on the volume of water delivered. These include large capital needs in the Fund, mainly associated with pipe, tank, and well replacements and rehabilitation. The recommended budget includes approximately \$113 million in projects over 20 years, the most significant of which is \$73 million for water pipe and main replacements. The plan also includes investment in recycled water through the Wolfe Road Pipeline and the Continuous Recycled Water Production project being implemented at the City’s Water Pollution Control Plant. This investment leverages a \$1.5 million grant from the State Department of Water Resources and supports both an investment in recycled water within the City and a more regional approach in partnership with the Santa Clara Valley Water District to secure and stabilize water supply.

Also, the City implemented a Water Cost of Service Rate Study for the FY 2017/18 rates. This practice, which periodically recalibrates rates to reflect the current costs of providing water service modified the City’s pricing structure to adjust rates to more closely reflect the cost of providing service. The new structure shifts costs from the variable water consumption charges to the fixed service charge to reflect the fixed costs of providing water service. Additionally, in response to recent statewide rate structure changes, the modifications include a flattening of the tiered pricing structure, which has had a varying effect on different customer classes.

Wastewater rates are rising as planned driven primarily by costs associated with improvements to the City's wastewater collection and treatment system and stricter regulatory requirements. The main driver of rates in the Wastewater Management Fund is the need to replace the City's aging wastewater treatment plant. The recommended budget includes the full impact of the master plan for the plant. The rates include the debt service on a \$127 million loan from the State for the first phase of the project, as well as an assumption that the City will issue 30-year utility revenue bonds to fund the project over many years; annual debt service costs are expected to be over \$48 million by FY 2034/35 after all the bonds have been issued. This debt service expense is substantial as it will eventually make up a third of the Fund's total expenditure requirements.

Solid waste rates are rising approximately as planned, driven primarily by the implementation of the City's Zero Waste Strategic Plan. This plan, which targets increasing the City's waste diversion rate to 75% by 2020 and 90% by 2030, is scheduled to achieve these goals through a combination of new services and enhanced public education and outreach. A portion of the increases from zero waste are offset by savings through waste being diverted from the landfill.

Solid waste rates also include the costs of operating and maintaining the Sunnyvale Materials Recovery and Transfer Station (SMaRT Station). These costs are shared by the cities of Mountain View and Palo Alto proportionally by the amount of recyclable material processed.

Overall, the utility funds remain on solid footing and are performing well. As the City continues its disciplined approach in reviewing the financial condition of each of these critical funds every year, it affords sufficient time to make adjustments and minimize the fiscal impact on each utility's customers over the twenty-year horizon.

Development-Related Fees Effective FY 2014/15, a separate Development Enterprise Fund was established that includes all development-related fees (e.g. plan check fees, inspection fees and permit application fees) and related expenditures. In addition to ensuring full cost recovery, the fund allows us to track revenues and expenditures separately and build and draw down on a separate reserve. This is especially important as development-related fee revenues are highly volatile and, as large development projects take many years to complete, expenditures related to specific fees can occur later fiscal years than the one in which the revenue was collected.

With several large scale development projects in the Moffett Park and Peery Park areas, staff estimates revenue to remain elevated over historical averages through FY 2018/19 however have stepped projections down slightly from peak year numbers. History has shown us that this revenue is highly volatile with very wide swings between the peaks and valleys. As a result, a historical average has been budgeted starting in FY 2019/20.

On the expenditure side, total operations are up \$10.2 million over twenty years. This reflects rising personnel costs as well as the addition of limited term staffing to meet the current high level of demand for services. This addition comes with the assumption that attrition will occur over time to reduce staffing levels to reflect more normal (as opposed to peak) demands for services. Once the projection for revenues drops back to historical averages, the long-term financial plan indicates revenues will not fully cover expenditures over the long term. As a result, in out-years of the financial plan, fees will need to be increased or expenses reduced. Careful monitoring of development activity within the City and the effects on the Development Enterprise fund will be key in the coming years.

Development Impact Fees The City imposes four development impact fees to mitigate the impact of a development on the community: Park Dedication fees, Transportation Impact fees, Housing Mitigation fees and Sense of Place fees. Impact fees have strict requirements, set by state government code, that require fees to be roughly proportional to the impacts of the project and imposed for purposes related to the impacts of the project. Therefore, each of these fees is accounted for separately in its own fund or sub-fund. With development activity in the City at record levels, revenue from these fees has been significant. The City collected \$36 million in revenue from these four fees in FY 2015/16. Based on year-to-date figures and approved projects, we estimate collecting \$23.3 million in FY 2016/17. With the known development projects in the permitting process currently, a high level of revenue is anticipated for FY 2017/18 and FY 2018/19. Because of the volatile nature of development projects, it is challenging to forecast impact fee revenue beyond the most immediate years. The revenue projected above last year's budget is primarily appropriated in projects, or reflected as increases to fund reserves that will be dedicated to future projects.

Figure 4. Development Impact Fee Revenue

Revenue Source	2015/16 Actual	2016/17 Budget	2017/18 Budget	2018/19 Plan	2019/20 Plan	2020/21 Plan
Park Dedication Fee	23,053,336	18,320,933	16,556,388	11,282,310	8,232,840	8,397,497
Housing Mitigation Fee	8,488,706	2,439,908	21,515,745	18,297,353	4,893,666	4,991,540
Transportation Impact Fee	4,047,810	1,765,793	5,841,007	7,500,111	2,969,586	3,028,977
Sense of Place Fee	54,223	727,719	1,915,116	1,214,345	183,885	187,563
IMPACT FEES - TOTAL	35,644,075	23,254,353	45,828,256	38,294,119	16,279,977	16,605,577

Golf Fees Newly configured in FY 2012/13, the Golf and Tennis Fund has struggled over the last five years to operate as a true enterprise fund, with all activities attempting to be self-supporting. This has been a strategic focus for Council, and staff has made good progress in restructuring activities to reduce expenditures; however growing revenues has been a challenge and the Fund will require continued subsidy. Recently, we have contracted with new restaurant operators for both courses with both restaurants now open. While staff will continue to explore cost saving opportunities, the Fund remains in a precarious position requiring annual subsidies of \$1.4 million in FY 2017/18. In April of this year, staff brought forward a report acknowledging the fiscal condition of this fund and committed to presenting policy options to the Council next fiscal year. An additional pressure is the funding of capital improvements. Current planned capital projects are funded by Park Dedication Fees through FY 2032/33, but subsequently the Golf and Tennis Fund is expected to fund its own capital and infrastructure. General Fund monies are recommended for appropriation to the Golf and Tennis Operations Fund over the next seven years, totaling \$9.8 million. This will allow time for the stabilization of Golf Operations and a strategic review of how to address the issue in the long run.

Other Revenue Sources

The remaining revenue sources are varied including franchises, rents, fines, licenses and interest income. There are also one-time revenues in this category such as bond proceeds, federal and state grants and sale of property. Highlights of other revenue sources are discussed below.

Debt Financing We use debt financing as a tool to maintain long-term financial stability by paying for certain expenditures over time. Debt financing is a tool for managing cash flow when large, one-time outlays are required, generally for large infrastructure projects.

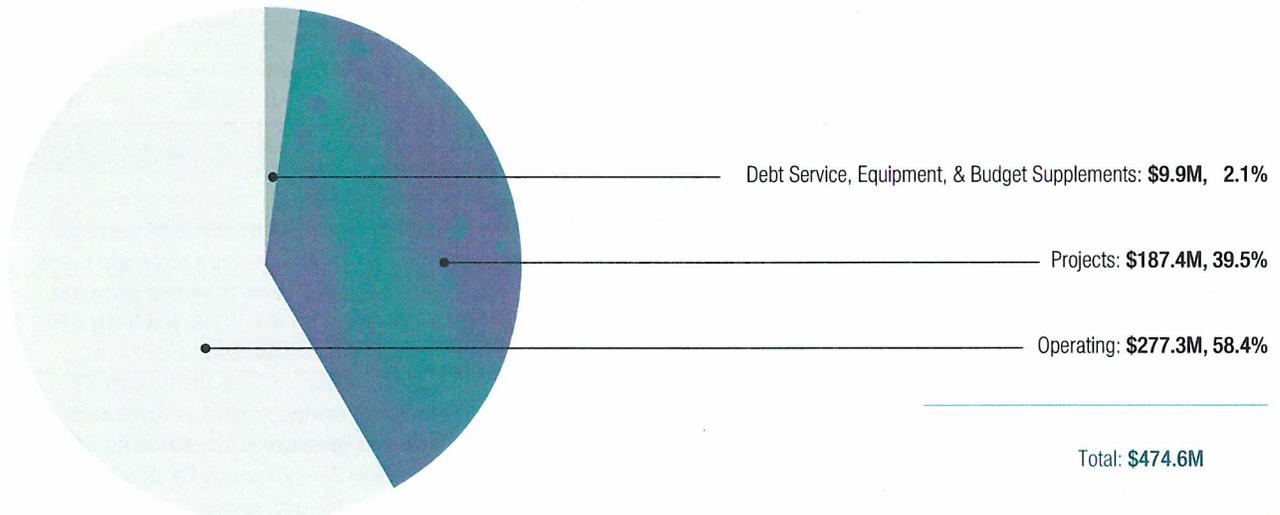
The City currently carries debt for both the Water and Wastewater Systems, the SMaRT Station, the Redevelopment Successor Agency and the Government Center property at 505 West Olive Avenue ("Sunnyvale Office Center"). All of the currently held debt is funded by rate revenues, former tax increment or lease payments paid by various funds. The City does not maintain any general obligation debt (commonly called "GO Bonds") and continues to maintain the highest issuer credit rating issued by Standard & Poors (AAA) and Moody's (Aaa).

Sale of Property One-time in nature, proceeds from the sale of property go to the fund that owned or purchased the property. By City policy, one-time revenues are spent on one-time expenditures. As such, in the General Fund, sale of property revenue is placed in the Capital Improvement Reserve within the Fund. For FY 2015/16, the General Fund reflects \$14 million for the sale of the Raynor Activity Center. Sale proceeds from the Raynor Activity Center are planned for design and construction of a branch library on the Lakewood Park site. The recommended budget also reflects updated sales numbers for the Unilever Margarine Plant site. The estimated value (based on an appraisal) is \$11 million. Unilever has exited the property and an evaluation of its disposition has begun.

II. City Expenditures

City expenditures fall into three broad categories: operating, projects and equipment, and debt service. As Figure 5 shows, operating expenditures make up most of the City's expenditures.

Figure 5. FY 2017/18 Recommended Budget Citywide Expenditures By Type



Operating Expenditures

The City alternates budget years, focusing on operating in one year and projects in the other. This recommended budget is a projects budget. As such, the majority of the operating budget remains intact. However each year staff does review major expenditure areas such as employee compensation assumptions, and overall budgetary inflation factors, as well as large single expenditures such as the cost for buying water or paying for solid waste collection services.

Total Employee Compensation

As a service organization, total employee compensation, which includes salaries and benefits, are the largest component of the City's operating expenditures, accounting for 59% of total operations. Throughout the twenty-years of the financial plan, keeping the growth of salaries, retirement and healthcare costs balanced with revenue growth will continue to be a major driver in Sunnyvale's ability to maintain current services or provide enhanced services without a new revenue source. As of the production of this document, a potential tentative agreement with Sunnyvale Employee's Association (SEA) is being considered. The assumptions of that agreement and the impact of that agreement on other bargaining units has been assumed in this budget. In the event an agreement cannot be approved by the SEA or modifications to the tentative agreement is required, changes to this budget may be required. In the recommended budget, pay increases are based on current agreements reached with each of the City's bargaining units. While the majority of the agreements are set to expire within the first few years of the twenty years of the financial plan, modest increases are assumed for all bargaining units in the out-years in anticipation of negotiations for years beyond the current contract period.

In recent years, retirement costs have risen steeply due to investment losses and demographic changes that have increased unfunded liabilities. Additionally, CalPERS has changed its rate methodology to recognize gains and losses over a shorter period of time. Lastly, this spring, CalPERS dialed down the investment return assumption over the next three years (from 7.5% to 7.0%). These factors have resulted in increasing employer contribution rates (what the City pays for retirement) for the next several years and more rate volatility on a year to year basis in general. This rate volatility is reflected in the updated rates in this long-term financial plan. On average, the long-term rates developed by our consulting actuary are several percentage points higher than the rates we have in the FY 2016/17 Adopted

Budget. It is also important to note that the City's retirement plans are around 70% funded with a total unfunded liability currently at \$291 million. Therefore, this recommended budget reflects an increase of approximately \$108 million to pension costs, in addition to the \$167 million increase from June 2016 in order to pay down the unfunded liabilities within the next 30 years with a majority of the unfunded liability scheduled to be paid off within the 20-year plan horizon. Combined with retiree medical increases, this increase totals over \$300 million over the past two years. As we monitor CalPERS current information indicates that the recent reduction to the investment return rate will not be the last. The rates developed by the City's actuary assume the investment return rate drops to 6% by the last year of the financial plan.

There is also greater uncertainty with increases in medical premiums over the next several years. The City contracts with CalPERS for medical benefits and rate increases have varied by different medical plans in recent years. Another part of the uncertainty is the impact of revisions of the Affordable Care Act on our premiums. With the regulations continuing to evolve, we do not know the full impact at this time. To address these uncertainties, increases are throughout the long-term financial plan. Another element of medical costs is the cost for retiree medical benefits. Retiree medical costs have continued to grow. The City began addressing this issue several years ago by prefunding retiree medical costs through a trust. We continue to be on track to pay down the unfunded liability over the next twenty years.

The City is organized into eleven operating departments. Figure 6 summarizes the changes in the budget for each department:

Figure 6. Budgeted and Actual Operating Costs by Department

Fund/Program	Actual 2014/15	Budget 2015/16	Actual 2015/16	Budget 2016/17	Budget 2017/18	% Change FY 2016/17 to FY 2017/18
Community Development	7,206,305	7,596,975	7,636,757	8,682,219	9,382,868	8.1%
Environmental Services *	75,351,517	84,211,327	79,398,618	86,494,304	93,755,874	8.4%
Finance	8,200,684	8,490,746	8,317,651	8,996,089	10,356,607	15.1%
Human Resources	4,027,665	4,419,667	4,209,209	5,041,213	5,305,105	5.2%
Information Technology	6,715,674	7,100,904	7,033,848	7,877,713	9,099,053	15.5%
Library and Community Services	16,731,226	17,847,712	17,332,406	18,637,047	19,787,776	6.2%
NOVA Workforce Services	7,193,894	10,344,250	10,111,368	10,055,000	10,249,975	1.9%
Office of the City Attorney	1,738,918	1,856,142	1,773,735	1,956,799	2,265,877	15.8%
Office of the City Manager	4,303,071	4,626,672	4,660,763	6,469,079	4,840,753	-25.2%
Public Safety	82,754,465	90,783,057	89,085,098	97,656,943	99,524,423	1.9%
Public Works	34,886,063	36,768,298	35,102,817	39,708,133	41,824,394	5.3%
TOTAL EXPENDITURES	249,109,481	274,045,749	264,662,269	291,574,539	306,392,705	5.1%

*Excludes SMaRT Station Operating Program

Overall, the operating budget is up 5.1% across all funds. Some of this change is due to base changes in employee compensation, and some is due to increases in the number of employees, goods and services budgets to meet increasing demands. The following discusses some of the significant changes that were made in each service cluster.

Project and Equipment Expenditures

We categorize our projects into four broad categories, Capital, Infrastructure, Special and Outside Group Funding. Capital projects are efforts to construct new or expanded facilities or infrastructure. Infrastructure projects are to rehabilitate existing infrastructure. Special projects are efforts like special studies or initiatives. Outside Group Funding projects are separate to capture funding to community organizations. These categories overlay the more specific project types by which the projects are grouped with the Projects Budget Volume III. Project categories and types have meaning from a budgetary and funding perspective, however have little meaning when viewed from the organizational and operational viewpoint under which city services are provided on a daily basis.

As City departments are extremely integrated and highly reliant on each other to deliver services and achieve the goals and results established by the City Council, city services are grouped into functional areas or service clusters as illustrated in the diagram below. Services and strategy are highly dependent on collatoration, teaming and working beyond departmental boundries as many priorities and decisions do not fall into a single department. With this in mind, the subsequent overview highlights the major projects presented in the FY 2017/18 Recommended Project Budget in the context of service delivery clusters.

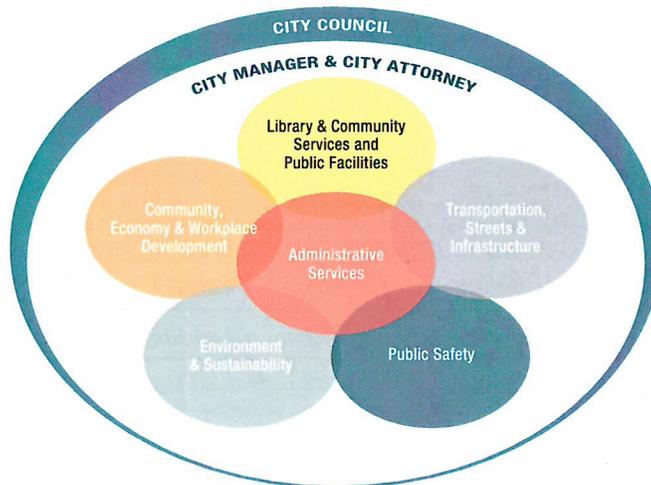


Figure 7. Projects Budget by Service Cluster

Projects by Service Delivery Cluster				
	2017/18 Budget	2018/19 Plan	2019/20 Plan	20-Year Project Totals
Administrative Services	8,325,519	2,720,968	1,577,320	17,122,796
Community, Economic and Workforce Development	12,826,221	430,630	936,302	23,735,779
Environment & Sustainability	42,704,772	61,563,454	64,258,757	858,130,285
Library, Community Services & Public Facilities	33,882,011	18,893,286	15,665,880	229,641,549
Public Safety	7,233,781	7,442,779	3,185,784	64,729,491
Transportation, Streets & Infrastructure	60,972,006	8,587,534	10,494,553	254,523,303
Grand Total	165,944,310	99,638,651	96,118,596	1,447,883,203

City Attorney and City Manager

These two departments serve as support to all service clusters, providing overall legal and policy guidance as well as organizational leadership and strategic direction. They support the City Council in its policy making and strategic planning while also providing core services such as the City Clerk, Elections, and City-wide printing and mailing services. The Office of the City Manager is directly responsible for all day-to-day operations, through collaboration and coordination with departments. The Office of the City Attorney ensures that actions are legally compliant and minimize risk or liability to the City.

The FY 2017/18 Recommended Budget reflects funding for two primary projects falling under the direct oversight of the City Manager's Office. This includes \$340,000 over the 20-year plan for the City's website redesign, implementation and maintenance and \$204,000 in FY 2017/18 for a Charter Assessment. An additional \$240,000 is set aside over the next 20 years to fund project management for the Town Center Development Agreement overseen by the Office of the City Attorney.

Administrative Services

The Administrative Services cluster includes the Departments of Finance, Human Resources, and Information Technology (also referred to as internal service departments throughout this Recommended Budget). Consistent with Council's action in FY 2016/17 to prioritize the proper planning and investment in mission-critical technology systems, the recommended budget continues funding for critical information technology systems such as the Enterprise Resource Planning System, the permitting system, and the public safety records management system over the next 20 years. Additionally, the budget reflects funding to support the sale of Onizuka and the Unilever plant, a Wastewater Cost of Service Study and contracting out for Administrative Hearing Officer services.

Major Project Highlights

Enterprise Resource Planning System In FY 2014/15 initial funding was provided to begin the process of replacing the City's financial and budget systems. As the project has evolved, the scope expanded from a stand-alone financial system to an Enterprise Resource Planning (ERP) system that will integrate core financials with payroll and human resources functionality within one system and a specialized budget system. The project will replace the City's current aging systems with modern, integrated systems that will provide real-time access and reporting of financial information to City leaders and managers and can provide greater functionality and ease of use for all staff. The FY 2017/18 project budget includes funding to meet the cost of the ERP and Budget System acquisition; to provide for the consulting expertise and staffing backfill needed to ensure a successful implementation; and complete an upgrade of the current HRIS system to bridge the system through the HRIS phase of the ERP. Funding for the ERP was added in FY 2016/17 as part of the City's overall investment in technology with \$8.1 million of the City's \$15.7 million investment directed to the ERP project. In FY 2016/17 the project funding, combined with funds set aside in Informational Technology Internal Services Fund, equaled \$12.6 million. The FY 2017/18 project budget increased \$1.1 million to \$13.7 million and, reflects the allocation of project costs across City funds resulting in the Enterprise Funds contributing \$2.8 million to the project and reducing the share paid by the General Fund by approximately \$1.7 million.

Community, Economic, and Workforce Development

The Community, Economic, and Workforce Development cluster combines services from the Community Development Department, the Office of the City Manager and NOVA. Community development activity has been at a high level for the past several years and the FY 2017/18 budget reflects funding for contracted services to support this effort. The City's support of on-going housing efforts continue to be funded in the recommended budget including projects for first time home buyer and housing rehabilitation loans as well as homeless prevention and rapid re-housing. Minimum wage enforcement and an economic strategy initiative are also included in the recommended budget. The City's Workforce Development effort is grant funded and the FY 2017/18 Recommended Budget reflects the recent expansion of services into San Mateo County.

Library, Community Services, and Public Facilities

The Library, Community Services and Public Facilities cluster includes services provided through the Library and Community Services Department and the Facilities Division of the Department of Public Works. The FY 2017/18 recommended budget reflects on-going City investments in community services including funding for recreational fee waivers and the State of the City. The budget also reflects funding for city facilities as well as funding for a number of parks related projects. Parks projects, which are primarily funded through park dedication fees, underwent a significant review and update through this budget process. Each project received a detailed review and costs for design and construction were updated to reflect the City's most recent construction bid experience and design consultant estimates. The FY 2017/18 Recommended Budget reflects projects throughout the twenty-year plan that renovate and update all the City's existing parks. Several major park projects are in the near term.



Major Project Highlights

Fair Oaks Park and Lakewood Park Enhancements Over \$18.5 million in the next three years is planned to replace features that are over fifty years old. Updates include the planting of more drought tolerant plants, more efficient irrigation, energy efficient lighting and ADA compliance. These parks will be the first in the City to have artificial turf fields installed, which will allow for year-round and all weather programming.

All-Inclusive Playground This project provides for an all-inclusive playground at one of the City's Community Parks. The playground will have equipment suitable for all park users including the elderly and children with various physical and cognitive abilities. This project schedule is aligned with the Fair Oaks Park renovation.

Other Park Renovation Projects Renovation of parks throughout the City other than Lakewood and Fair Oaks are spaced over the twenty-year planning period to allow for workload considerations, as well as timing them when renovation is appropriate. Some of the major highlights include the renovation of Ortega Park starting in FY 2020/21, Baylands Park starting in FY 2022/23, Las Palmas and Serra Parks starting in FY 2023/24. The budget also includes funding for the replacement of playground equipment at various parks. As the project budget is reviewed in detail every two years, adjustments may be made to the current schedules based on need or other considerations.



Recreational Facilities The City also maintains numerous recreational facilities, the renovations of which are also funded largely by park dedication fees. The Washington Community Swim Center is one of many highlights in this Recommended Budget. Funded at \$7.8 million over the next few years, this facility will be fully rebuilt, completely replacing the pool complex. Included will be a new family observation area, zero depth entry pools, water play equipment, slides and wading areas. This will increase the footprint of the facility, and the surrounding areas will also be improved, as appropriate. Design is underway with construction scheduled to start in 2018.

At the Community Center, progress is being made to upgrade the infrastructure at the site. Work includes roof repair, heating and air conditioning replacement, theatre house lighting, and miscellaneous finishes and upgrades in the various rooms throughout the facility. In addition, infrastructure repair and renovation to exiting park buildings are included in this projects budget.

Projects currently funded by park dedication fees involving facilities in the Golf and Tennis Operations Fund continue to be funded at the same level. Although there are no new golf and tennis facilities projects planned in this budget, any future new projects will be funded by the Golf and Tennis Operations Fund and not the Park Dedication Fund. As that fund may not have sufficient operational revenue to support capital projects, fiscal strategies will be required to operate and fund necessary capital improvements at the City's golf and tennis center facilities.

Civic Center and Library Facility Modernization The City provides an array of services from six different buildings located at the Civic Center. These include buildings that were built from 1958 to 1985, with one additional small modular building purchased in 2001. The City Council has provided direction to create a Master Plan for the entire campus, implement a phased approach to the project, create a financing plan based on existing City assets and to not sell any land at the Civic Center. In FY 2017/18, a Civic Center Master Plan will be completed to address future building locations, site circulation, open space and sustainability features.



Funding for the construction of a new or renovated Civic Center and Library is not included in the FY 2017/18 Recommended Budget. Funding strategies will be identified once a project approach and scope has been further developed.

Branch Library and Learning Center at Lakewood Park In order to increase access to library services for residents in north Sunnyvale, Council directed staff in 2012 to explore a branch library at the Lakewood School and Park site in partnership with the Sunnyvale School District. In line with the City’s policy to utilize one-time funds for one-time expenditures, the proceeds from the sale of the Raynor Activity Center were planned to provide funding for the construction of the branch library. Additional funding from the Park Dedication Fund and the General Fund to fund a community learning center are included in this budget to supplement the project funding. In total, \$20.9 million is included in this budget, with \$13.5 million of the proceeds from the sale of Raynor Activity Center set aside for design, construction, and startup costs of a new branch library. The City is exploring a partnership with Sunnyvale School District to construct and operate the project. Design is anticipated to start in FY 2017/18. Operating costs for the branch library are estimated to be approximately \$500,000. Of this amount, \$197,000 will be reallocated funding from the Library’s existing operating budget and will not constitute new funding. The remaining \$292,000 will be the net new annual funding requirement. This amount has been reflected in the General Fund twenty-year financial plan beginning in FY 2019/20.

Transportation, Streets and Infrastructure

The Transportation, Streets and Infrastructure cluster includes Divisions within the Department of Public Works. The City’s transportation infrastructure is a critical component for ensuring livable local communities while supporting economic development. Sunnyvale has developed an excellent transportation infrastructure, but regional and local growth and the passage of time has put continual strain on capacity and maintenance needs. The City has proactively conducted long range planning for traffic and transportation needs for a number of years and is actively involved in countywide planning efforts. Several long-range plans guide the development of the projects budget for the short and long term. These are: Valley Transportation Plan (VTP) 2040, Transportation Strategic Program, Downtown Specific Plan (2003), Bicycle Capital Improvement Program, 2007 Pedestrian Safety and Opportunities Study, Tasman/Fair Oaks Bicycle and Pedestrian Circulation Plan, Moffett Park Specific Plan, and Fair Oaks Junction Sense of Place Plan.



Each of these plans identifies traffic and transportation projects that are important for the specific area, the City, and/or the region. These plans allow the City to undertake a coordinated traffic and transportation capital projects program and to position itself to compete strongly for outside specialized discretionary funding as it becomes available.

Major Project Highlights



Mathilda/237/101 Interchange Project Work has begun on design of the reconstruction of the Mathilda Avenue interchanges with SR 237 and US 101. The objective is to provide for safe and efficient movement of traffic at one of the busiest and most complex roadway junctures in the region. Design of the project has been funded by a \$2 million grant from the Valley Transportation Authority, combined with a \$2 million City match. The estimated construction cost is \$36 million, out of which \$8.25 million is planned to be funded by the City with the remaining being funded through grants and developer contributions.

Pavement Rehabilitation and Annual Slurry Seal of City Streets Each year, the Department of Public Works Pavement Operations staff surveys one half of the City's streets and inputs the data in the City's pavement management system. The system produces a list of deteriorated streets and plans are made to repair, slurry seal, double chip seal, overlay, or reconstruct the streets, as needed. Over the past several years, the City accelerated investment in pavement, with the intent of providing sufficient funding to maintain the City's Pavement Condition Index (PCI) at the current level, rating in the high seventies, going forward. Funding from Measure B is included in this recommended budget to maintain that PCI level through the twenty-year plan. Funding is provided through two projects with combined budgets totaling \$94.6 million for the twenty-year plan. The Annual Slurry Seal of City Streets project covers contract construction costs of slurry sealing a portion of the City's streets each year. The Pavement Rehabilitation project budgets the additional funds needed in the years where more extensive rehabilitation work is required.

Calabazas Creek Bridge at Old Mt. View-Alviso

Road The Calabazas Creek Bridge, located on Old Mountain View Road near Highway 237, is shared by the cities of Sunnyvale and Santa Clara. Design is currently underway with construction expected to begin mid-2017. The total project is estimated to cost \$9.9 million, with Sunnyvale's share of the local match at \$565,000. The project has a construction completion goal of 2017.



Fair Oaks Bridge The State of California Department of Transportation (CalTrans) rated the existing Fair Oaks Avenue Overhead bridge "structurally deficient" in 2004 during their biannual inspection. The rating is primarily due to severe deck cracking and spalling; and inadequate sidewalk width, barrier railings, approach railing and lateral clearance to the columns. Funding for this project includes design and construction. Upon completion, the estimated life of the bridge will be 40 years. The design phase of this project and environmental studies began in FY 2012/13. Design is expected to be complete in 2017 and construction will begin in 2018.

The total project cost is budgeted at \$22.8 million. Highway Bridge Program funds from CalTrans were received for the Preliminary Engineering phase. Additional applications to fund future phases of the project will be submitted to CalTrans. It is anticipated that 88% of the project cost will be covered by grant funding, with the remainder to be funded by reserves in the Infrastructure Fund.



Sidewalks, Curbs, and Gutters The City maintains the vast majority of sidewalks, curbs and gutters throughout the City. This infrastructure is often pushed up or broken by street trees; as they grow over time, trees slowly damage sidewalks, curbs, and gutters with their roots. The budget includes two projects to address this issue, one to provide ongoing funding to repair damaged sidewalks, and the other to repair sidewalks which become out of compliance with the Americans for Disabilities Act. The two projects provide a combined \$42.6 million over twenty years in funding for these repairs.

Environment and Sustainability

The Environment and Sustainability cluster includes the City's water, wastewater and solid waste utilities as well as efforts toward environmental sustainability and is largely supported by utility rates. The results of the drought on the cost of water, reduced demand for water and the maintenance requirements of the aging utility system continue to be major contributing factors in the cost of service provision. The City has been addressing its aging water and wastewater utility infrastructure for many years now and will continue to for the foreseeable future. Like many municipalities in the state and the country, Sunnyvale's water storage and distribution systems and wastewater collection and treatment systems are over fifty years old and in need of significant rehabilitation. Due to the physical location of the infrastructure, the need to make investments that will benefit the City over a very long time, and the ever-changing policy and regulatory environment, there is no cheap, easy, or simple solution.

Major Project Highlights

The Water Supply and Distribution System The Sunnyvale water system is a comprehensive water storage and delivery system. The City is divided into three zones. Zone 1 comprises the northerly two-thirds of the City and is supplied by six San Francisco Public Utilities Commission (SFPUC) turnouts. Zones 2 and 3 comprise the southerly one-third of the City and are supplied by two Santa Clara Valley Water District (SCVWD) turnouts, and by seven wells. The distribution system also consists of three booster pump plants and ten storage tanks with a capacity of 26 million gallons. There is also one recycled water reservoir with a storage capacity of two million gallons. The system also serves an important role in providing fire protection for the City, featuring approximately 3,400 public fire hydrants and many private fire service connections. The system is managed by an automated Supervisory Control and Data Acquisition (SCADA) system that controls distribution of water throughout the system.

Over the past few years, staff has been working to identify and scope projects to replace the aging infrastructure and improve the system's reliability. The FY 2017/18 Recommended Budget includes \$141.8 million over 22 projects. While the main focus on water line replacements will continue, comprising \$75 million of the total, emphasis is also being placed on rehabilitation and maintenance of potable water tanks and wells and ensuring reliability for recycled water production and delivery. Approximately \$13 million has been budgeted for the renovation of water plants, wells, and tanks.

The Wastewater Collection and Treatment System The Wastewater Utility continues to face large infrastructure challenges. The most significant is the renovation of the City's Water Pollution Control Plant (WPCP). The Wastewater Utility recently completed a master planning effort which consists of a number of projects that will renovate the City's existing wastewater treatment. The Master Plan, which was approved by City Council in August of 2016, will serve as a long-term guide for replacing the WPCP's facilities and operations. The FY 2017/18 Recommended Budget includes planned infrastructure expenditures of approximately \$723 million over twenty years, with 91% (or \$658 million) allocated to the WPCP Master Plan. In addition, funds are budgeted for projects to manage the gap between the old and new plant, and infrastructure work on the sewer and storm collection systems.



Replacement of the Water Pollution Control Plant Rehabilitation and replacement of the WPCP continues to be the highest priority for the City's wastewater treatment system. The first phase of the Master Plan is underway with site demolition and grading work nearing completion and the construction contract award of the Primary Treatment Facility anticipated in Spring 2017. This includes a new headworks facility, which removes large debris from incoming sewage and pumps the sewage into new primary treatment tanks which, in turn, slow down the wastewater to

settle out large solids. The existing primary treatment facilities are structurally deficient, deteriorated, and susceptible to significant failure during a seismic event. The current influent sewage pump station includes gas-powered influent engines that will not meet future emissions limits and need replacement. The new headworks and primary facilities will be located at the previous biosolids drying operation site, adjacent to the current influent pump station. Currently, biosolids drying operations are being performed mechanically by a vendor contract until new bio-solids facilities are constructed. Other phase 1 projects include new parking on Caribbean Drive and Bay Trail access enhancements, and rehabilitation of influent pipelines to the treatment facility.

The second phase of the Master Plan includes new buildings for maintenance, administration staff and a laboratory, new secondary treatment, as well as a new thickening and dewatering facility and other piping and draining upgrades. Pre-construction and design activities are underway.

The WPCP Master Plan also includes \$46.5 million for Program Management Services and \$33.0 million for Construction Management over the next 20 years. The Program Management Consultant (PMC) is responsible for quality assurance related to project design documents and will assist the City in evaluating design consultant recommendations for equipment selection and design features. The PMC provides oversight and coordination for the overall program implementation of the reconstruction program including establishing, maintaining, and tracking project budgets and schedule. The construction management consultant provides additional technical, engineering and project support such as contractibility reviews, construction oversight, inspection services, quality assurance testing, construction schedule and budget management, construction coordination, meeting management and records management to deliver the projects in the program.

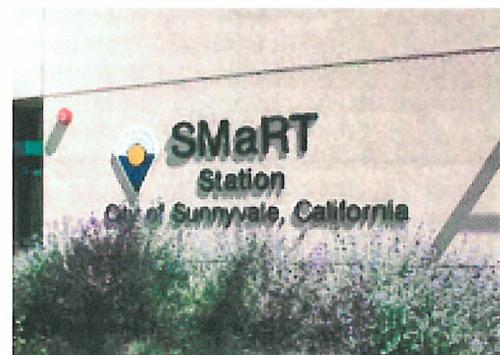
It is important to note that over time, the City will be issuing bonds to fund the renovation project. In addition, the City signed final papers completing Clean Water State Revolving Fund Loans totaling \$127 million.

Wastewater Collection System The City's wastewater collection systems are also in need of significant rehabilitation due to their age. The FY 2017/18 Recommended Budget includes projects related to sewer and stormwater collection. The wastewater collection system consists of approximately 613 miles of sewer and storm mains, and seven pump or lift stations. The system has five major sewer trunk lines that terminate at the WPCP, where sewage is treated. Major projects include \$17 million for sanitary sewer pipe improvements and \$10.7 million for storm water infrastructure. Funding of \$1.4 million is allocated for immediate repairs and further analysis of the Lawrence Expressway trunk line. Additional funding may be necessary based upon the conclusion of additional analysis on that sewer project.

Over \$45 million has been included in the Recommended Budget for stormwater program costs. The City stormwater system operates under the terms of a Municipal Stormwater National Pollutant Discharge Elimination System (NPDES) permit. This allocation also includes project funding to implement trash reduction programs and other maintenance activities in order to meet permit requirements. The funds will provide for outreach and enforcement efforts, and fund retrofit projects that would redirect stormwater to biotreatment areas.

Solid Waste Management System In 2013, the City Council approved the Zero Waste Strategic Plan, a policy which seeks to increase the City's waste diversion rate to 75% by 2020 and 90% by 2030. The FY 2017/18 Recommended Budget includes \$39.2 million to initiate new collection programs, such as multi-family yard waste collection, conduct outreach and education, and improve processes at the SMaRT Station.

There are four projects that relate to the replacement of equipment and the operating contract for the SMaRT Station. These projects include Sunnyvale's contribution to financing the equipment replacement plan and the actual replacement of the equipment. A fifth project is for the replacement of the SMaRT Station facility, which is budgeted at \$30.4 million, half of which will be paid for by Sunnyvale.



Climate Action Plan In 2014, the Council adopted the City's Climate Action Plan (CAP) aimed at significantly reducing greenhouse gas emissions. While some of the City's actions are large and resources needs are managed as discreet projects, this project is intended to support the aggregate of smaller actions. Current funding was previously in place through FY 2016/17 with an updated Projects Budget proposal included in the recommended budget to support current CAP implementation as well as a budget supplement proposed to initiate a more aggressive planning effort to advance climate action beyond 2020.

Public Safety

The City continues to deliver police, fire and EMS services to the community through the utilization of cross-trained personnel. This unique model of service provision provides the City with the ability to be more agile in the deployment of resources to best serve the needs of the community. The FY 2017/18 recommended budget reflects funding for a Fire Station Master plan, Safe Routes to School initiatives and equipment acquisition and maintenance.

Major Project Highlights

Recruitment and Training for Sworn Officers The Public Safety Department budgets for the recruitment, selection, and training of new public safety officers in a series of recurring Special Projects rather than in the operating budget. This methodology allows expenditures to fluctuate each year based on the number of recruitments and allows for better monitoring and tracking of costs. The total twenty-year budget for these recruitment and training projects is \$74 million. In December 2016, Council accelerated funding for recruitment and training to address continued low staffing levels in the department. The new schedule reflects an additional \$9.2 million over the next twenty years to fund increased recruitment efforts.

Budget Supplements and Unfunded Needs

As part of the development of the FY 2017/18 Recommended budget, we identified potential unfunded needs (i.e. programs, projects, and infrastructure) and carried forward Budget Supplements that came out of the Study/Budget Issues Workshop. Departments were tasked to develop a list of unfunded needs which is intended to be a dynamic and evolving document that helps illustrate funding priorities in a larger context and maintain the long term vision for which Sunnyvale is so well known. The Recommended Budget also includes a series of ten Budget Supplements, eight of which are recommended and will impact the General Fund.

Without any of these in place, the Recommended Long-Term General Fund Financial Plan ends the twenty years with \$15.9 million in the Budget Stabilization Fund. To the extent that Council eliminates expenditures included in the Recommended Budget, identifies additional revenues, or draws reserves, Council can use those resources to add supplements or begin to address unfunded needs.

The following lists include all Budget Supplements and currently identified unfunded needs for the evaluation discussed above. The City Manager has recommended certain Budget Supplements for inclusion in the Adopted Budget. No unfunded needs have been addressed at this time as many are still in the early stages of development or other funding requirements were necessary to structurally cure the budget in the twenty year plan.

Budget Supplements

Budget supplements are proposals to increase, decrease or change service levels. Each supplement is presented separately and recommended for inclusion or exclusion from the FY 2017/18 Recommended Budget. This year, the recommended budget includes eight Budget Supplements. Figure 8 lists the supplements and the City Manager's recommendation. If the supplement is recommended for funding, it will be included in the financial plan of the affected fund for budget adoption. Details of each supplement can be found in the Budget Supplements section of this recommended budget.

Figure 8. Proposed Budget Supplements

FY 2017/18 Budget Supplements				
No.	Title	Cost	Fund	Recommendation
1	Evaluation of New Revenue Strategies to Fund New and Increasing Service Demands and/or Unfunded Capital Investments Needs	\$20,000 one-time	General Fund	Recommended for Funding
2	2017 Housing Strategy	\$200,000 one-time	General Fund	Recommended for Funding
3	Downtown Development Policies for Parking	\$60,000 one-time	General Fund	Recommended for Funding
4	Funding for Consultant and/or Legal Services to Develop a Program for Implementation of a Wage Theft Ordinance	\$20,000 one-time	General Fund	Recommended for Funding
5	Public Access Programming for KSUN2	\$15,000 each, for 2.5 years	General Fund	Recommended for Funding
6	Accelerating Climate Action	\$250,000 one-time	General Fund	Recommended for Funding
7	Increased Supplemental Human Services Funding in FY 2017/18	\$50,000 one-time	General Fund	Not Recommended
8	Feasibility Study for Development of a Class 1 Cycle and Pedestrian Trail Along Evelyn Avenue	\$100,000 one-time	Traffic Impact Fees Fund	Not Recommended
9	Parkland/Open Space Policy/Initiative	\$250,000 one-time	General Fund	Recommended for Funding
10	Lawrence Station Area Plan - Increased Housing Study and Sense of Place Plan	\$200,000 one-time	General Fund	Recommended for Funding
20 Year Total		\$1,037,500		

Unfunded Programs and Projects

The following list enumerates known areas that are unfunded or underfunded. Some of the programs have numbers associated with them while others would require more study or scoping to fully identify. It is important to note that this list is dynamic and will change with each budget cycle and as the City identifies new needs or funds items on the list.

Figure 9. Unfunded Programs and Projects

Unfunded Projects Listing
Administrative Services
Work order and Asset Management Systems
GIS Assessment — GIS Coordinator
Modernization of various customer interface systems (POS, non-CDD permitting, etc.)
Library, Community Services & Public Facilities
Civic Center Modernization
Corporation Yard Modernization
Fire Station Replacements/Rehabilitation
Gap funding for repairs to corporation yard
Golf building replacements
Golf operations subsidy
Branch Library operating and ongoing costs
Transportation, Streets & Infrastructure
Transportation Strategic Plan Projects
Bicycle CIP Improvement Program Projects
Downtown Specific Plan Projects
Traffic Signal Infrastructure Replacement
Sidewalk Repair
Street Maintenance (additional to maintain PCI)
Public Safety
Fully functioning Emergency Operations Center
Environment and Sustainability
CAP Program Funding
Water Infrastructure
Wastewater Collection Infrastructure
Stormwater Collection Infrastructure
Power Generation Facility Funding
Stormwater Program Funding

III. City Reserves

The backbone of our financial planning process is the Twenty-Year Resource Allocation Plan. This planning document provides the framework to maintain a structurally balanced budget by requiring financial discipline in making policy and service level decisions. One of the key components of the financial plans is the various reserves contained within each plan, which is considered a best practice. While many organizations have reserves, our use of them in this strategic and disciplined way is different and more active than a typical city. We maintain reserves for different purposes; some are restricted in use while others are available for a variety of priorities. Examples of restricted reserves include debt service reserves or reserves of special revenues. Unrestricted reserves are used strategically over the twenty-year planning period to balance each fund. We plan to increase or decrease reserve levels as business and economic cycles pass, allowing us to provide a stable and consistent level of service. This is especially critical when several of our large revenue sources are volatile by nature. Reviewing reserves over a long period forces policymakers, staff and the community to think carefully before adding services that must be sustained through growing and recessionary economic periods.

In the General Fund, the unrestricted reserve is the Budget Stabilization Fund. Disciplined and strategic use of this reserve has allowed us to weather the great recession, and is helping us to strategically add back services in a planned way to ensure sustainability over the long run. Most significantly, in this Recommended Budget and as directed by former Council actions, it helped manage the significant increase in projected pension costs. A Capital Improvement Projects Reserve is set-aside for land or property purchases in the downtown area with an emphasis on future income generation through economic development. Proceeds from surplus land sales are deposited into this reserve

In the utility funds, the use of the Rate Stabilization Reserves allows for the measured increase of rates to cover rapidly increasing costs such as wholesale water costs and tightening regulations on wastewater discharge. This reserve also allows us to incrementally increase rates to the level needed to support the significant debt service associated with the replacement of the WPCP. Capital reserves are also set-aside in the utility funds to fund projects in the event of an emergency or unanticipated circumstances.

In both these cases, and throughout the budget, reserves also allow us to deal with unexpected expenditures. In the most extreme case, each significant fund carries large contingency reserves for emergencies such as natural disasters; however, reserves also allow us to address projects that may be more expensive than estimated or absorb unanticipated operating costs. In all cases, reserves are one of our most critical tools to achieve and maintain financial sustainability.

Conclusion

This budget focuses on deploying resources strategically to meet the increasing demands of the community and improve the City's infrastructure while continuing to maintain a sustainable financial position for the long term. The recommended budget resources the vast array of services the City provides and funds a wide variety of projects that improve our transportation, housing, and utility infrastructure, adds wonderful new amenities like the Washington Community Swim Center and a branch library, upgrades parks and recreational facilities, and more. Revenues are growing, as are expenditures, which requires that the City look critically at any actions taken to augment services and resource allocations. While this budget allows for some additional ongoing costs, it resolves projected pension and retiree medical liabilities that will continue into the future. This budget is both strategic in advancing the City Council's goals, and services that the residents highly value, while a fiscally prudent to sustain our service in the long-term.

We will continue to be faced with tough decisions regarding management of personnel costs, use of debt for large infrastructure needs and mitigating volatility in our major revenues. Our twenty-year planning allows us to take a balanced approach, to evaluate decisions in a long-term fiscal context and plan ahead. To that end, this budget presents a responsible, sustainable, and balanced plan for the future of Sunnyvale and, like many other California jurisdictions, more work is required to remain competitive and sustainable over the years.

**LIBRARY & COMMUNITY SERVICES
DEPARTMENT NARRATIVE
AND OPERATING BUDGET**

Library and Community Services

Department Description

The Department of Library and Community Services (LCS) encourages the growth and development of a strong community by providing life-long learning opportunities, safe and welcoming spaces for community engagement and life skills support for persons of all ages and abilities.

One of the few combined Library and Community Services Departments in the State, the Department provides a continuum of library, recreation and community services to inspire healthy living, a love of learning, and access to community information, programs and resources. The Library Division provides services from a central facility open 7 days a week, and online services are available 24/7. The Community Services Division offers programs in arts, sports, fitness, and aquatics, as well as youth and family services. In addition, the Community Services Division oversees facility rentals, the citywide Special Event Permitting process, produces the annual State of the City event and coordinates the Community Grant Program.

The Community Services Division operates primarily at the Sunnyvale Community Center complex (which includes the Recreation Center, Sunnyvale Senior Center, Indoor Sports Center, Sunnyvale Theatre and Creative Arts Center) and at the Columbia Neighborhood Center. The Division partners with local schools, non-profits and neighborhood associations to maximize its reach and impact in building a stronger Sunnyvale community.

In addition, the Department provides staff support to the Library Board of Trustees, the Parks and Recreation Commission, and the Arts Commission.

LIBRARY DIVISION

General Information

Number of books and other library materials checked out during FY 2015/16:	2,396,689
Number of Library patrons who visited during FY 2015/16:	669,796
Number of logins to the Internet from Library PCs during FY 2015/16:	85,105
Number of people attending Library programs during FY 2015/16:	47,572
Size of Library's facility:	60,800 sq. ft.

Programs and Services

The Library Program is organized into six service delivery plans: Borrower Services/Circulation, Library Services for Adults, Library Services for Children and Teens, Technology Services, Prepare Library Materials for the Public, and Management, Supervisory and Administrative Support Services.

Borrower Service/Circulation

The Library enables customers to access and borrow library materials by checking items in/out, renewing items, shelving returned items to their proper location, and processing reserved items and materials requested from other libraries for customers. Staff encourages timely return of materials by notifying borrowers of overdue items, sending replacement bills for items long overdue, and collecting fines/fees. Staff also keeps existing library customer accounts updated and issues library cards to new borrowers. In addition, staff delivers materials to a resident's home if that person is unable to come to the Library due to physical disability.

Library Services for Adults

The Library enhances the use of library materials and information resources for adults by providing one-on-one assistance locating and utilizing those resources as well as providing programming in support of community interests and educational pursuits. Staff attends community events and meetings to promote Library services for adults. The Library provides quality adult collections by selecting and acquiring new and relevant materials in a wide variety of formats in response to community interest and demand. Staff evaluates the collection areas in terms of age, relevancy and condition.

Library Services for Children and Teens

The Library provides the same services as discussed in the paragraph above to children and teens. Resources are leveraged with those of the Community Services Division and local non-profit organizations to provide family literacy programs at the Columbia Neighborhood Center.

Technology Services

During the last few years, the Library has increased its online service delivery and maintained patron access to computers. At the Library, computers, photocopiers and other equipment provide access to information and services. Through the Library website, patrons have access to an online catalog and mobile app. The catalog allows customers to search for library materials, magazine and newspaper articles, and e-Books. The website and app allow customers to manage their account, renew materials, place items on hold, request materials from other libraries, pay fines, and register for new library cards. Technology Services maintains all systems and equipment in working order to ensure continuity of services.

Prepare Library Materials for the Public

The Library prepares materials for easy access and use by cataloging new materials accurately using national standards; updating the catalog to keep it current; physically processing new books, media items, periodicals and newspapers; and extending the life of materials through basic repair and rebinding. Staff also orders and receives materials, processes invoices and monitors purchases.

Management, Supervisory, and Administrative Support Services

The Library delivers cohesive and cost-effective operations of the Library facility, maintaining a safe and welcoming environment for customers and staff. High-quality customer service is provided through programs and services designed to meet community needs. Staff provides leadership and manages employees to support the overall effectiveness and efficiency of service delivery. The financial condition and results of Library programs are monitored and analyzed to ensure optimal use of resources. Staff explores options for grants in order to supplement services with non-City funding. The Library partners with civic groups, the local business community, City departments, the Board of Library Trustees, and others to effectively inform the community about the services and resources available to them.

COMMUNITY SERVICES DIVISION

General Information

Number of participant hours in Community Services programs and services in FY 2015/16:	865,892
Number of occupancy hours in recreation facilities in FY 2015/16:	92,842
Number of volunteer hours managed by Community Services staff in 2015/16:	20,645
Number of Senior Center memberships in FY 2015/16:	2,078
Number of recipients benefiting from the Recreation Fee Waiver program in FY 2015/16:	269
Number of participant hours generated by CNC service providers in FY 2015/16:	88,194
Number of dollars leveraged for each dollar City contributed towards CNC operations in FY15/16:	\$4.19
Percent increase in number of child care slots in FY 2015/16:	-2.7%

Programs and Services

The Community Services Division is organized into two programs: 1) Arts and Recreation; and 2) Youth and Family Services.

The Arts and Recreation Program includes the following eight service delivery plans: Preschool, Middle, and High School After School and Summer Recreation Programs; Senior Recreation Classes, Activities and Services/Therapeutic Recreation; Youth and Adult Visual and Performing Arts Programs; Aquatics Activities and Facilities; Sport Classes and Activities; Recreation Facility Rentals and Use; Registration, Reception Services, Community Outreach/Promotions and Special Events; and Management and Administrative Support. The Youth and Family Services Program includes the following two service delivery plans: Columbia Neighborhood Center and Youth, Family and Child Care Resources.

Arts and Recreation Program

The Arts and Recreation Program provides arts, recreation, health and wellness, and other enrichment activities for preschool-aged children through senior adults. Program staff operates and oversees City-owned and leased recreational facilities including four swimming pools; multiple rooms at the Community Center complex; one gym and one skate park; ten reservable park buildings; 50+ picnic sites; 40+ athletic fields, as well as over 30,000 annual visits to Baylands Park.

Community building and civic engagement are additional areas of focus for this program. As such, staff provides support to a variety of Council and Departmental advisory bodies, including the Parks and Recreation Commission, the Arts Commission, the Teen Advisory Committee and the Senior Center Advisory Committee.

Additional responsibilities include permitting of Citywide Special Events, coordination of the City's neighborhood association program, administration of the community grants programs, and oversight of the Art in Private Development and Art in Public Places Programs.

Finally, the Arts and Recreation Program also develops, maintains, and grows community partnerships and resources. The partnerships allow the Program to achieve its goals of providing varied, unduplicated programs that are attractive to the community, maximize the resources partners offer to benefit existing or new clients, and provide a high-quality product for the customer.

Youth and Family Services Program

The Youth and Family Services Program is based out of the Columbia Neighborhood Center (CNC). The City of Sunnyvale operates CNC in collaboration with the Sunnyvale School District, non-profit organizations, and community businesses to provide a connected network of services and programs in the areas of community education, mental health services, health care, recreation, and youth and neighborhood safety. The philosophy behind this web of services is to provide the support that children in the service area need to develop the life skills necessary to be successful in school and beyond.

CNC focuses on serving at-risk youth attending Bishop, Fairwood, Lakewood, San Miguel, and Columbia schools, as well as families with limited access to basic services residing in the Center’s service area. The MayView Community Health Clinic offers a satellite facility at CNC. The Center and its partners also promote a strong community through events and activities for the neighborhood. The Columbia Neighborhood Center Joint Task Force, CNC’s governance and oversight board, includes representation by the Sunnyvale School District Superintendent, the Assistant City Manager, the Director of Library and Community Services, and departmental staff. The CNC Community Advisory Committee, whose members are appointed by the Joint Task Force, advises CNC staff on community needs of the service area.

In addition, the Youth and Family Services offers programs and services that support the City’s child care providers, families with young children, Citywide youth and family issues, and the Child Care Staff Advisory Board, which acts in an advisory capacity to City staff on early care and education topics, are also based at CNC.

Department Budget Summary

Library and Community Services					
Fund/Program	Actual 2014/15	Budget 2015/16	Actual 2015/16	Budget 2016/17	Budget 2017/18
General Fund					
Arts and Recreation	7,697,706	8,152,617	8,040,776	8,673,951	9,024,358
Library	7,932,159	8,550,171	8,225,752	8,730,564	9,479,444
Youth and Family Services	353,613	350,919	310,738	360,128	379,013
Youth and Neighborhood Services					
Youth and Family Services	719,789	763,619	739,411	839,688	870,152
Development Enterprise Fund					
Arts and Recreation Programs	27,957	30,386	15,728	32,716	34,809
TOTAL EXPENDITURES	16,731,224	17,847,712	17,332,405	18,637,047	19,787,776

Budget Overview and Significant Changes

FY 2017/18 is the second year of a two-year operating cycle. As such, there were no significant changes to the Department's operating budget for FY 2017/18.

FY 2017/18 combined budgeted expenditures for all three programs in the Library and Community Services Department has risen slightly over 5% from the current FY 2016/17 budget; and increased about 13.6%, as compared to FY 2015/16 actual results. Overall, staff hours remain the same from current FY 2016/17; and have increased 7.3% over FY 2015/16 actual results.

Having experienced multiple vacancies over the past year, the Department will continue to analyze its service delivery model and will reallocate resources accordingly, to realize both operational efficiencies and improved responsiveness to changing community needs.

Library Program

Overall, the Library Program budget has been adjusted for inflation and reflects an increase of expenditures by 7.9% in FY 2017/18, as compared to FY 2016/17. Collection expenditures, which had been temporarily augmented by \$60,000 per year, have been returned to budgeted amount of \$748,181 in FY 2017/18.

The reallocation of savings in goods and services also accounted for a \$16,359 reduction that was necessary to offset the increase in the Department of Information Technology's budget due to the migration to Innovative Sierra (\$5,331), as well as the connection of the Library to California's broadband network (\$11,028).

Community Services Programs

Arts and Recreation Program

Overall budget costs have been adjusted for inflation and are up 3.1% for the Program as compared to FY 2016/17 plan, and 11.96% higher than FY 15/16 actual results. . There are no changes in service levels from FY2016/17.

Two large capital projects are planned in the budget that will impact operations. The Washington Pool project may require the pool to be closed for a summer, with the timing of the project yet to be finalized. In this case, significant operational savings are not anticipated but revenues will likely be negatively impacted depending on the time of the actual pool closure. Additionally, the Community Center Infrastructure project will likely impact facility reservations, as buildings are taken offline temporarily, in a phased fashion between July 2017 and January 2018. In this case, significant operational savings are not anticipated, but revenues will likely be negatively impacted.

Revenue is an important component of the Program. Looking at expenses alone does not present a complete picture of its performance. This Program has historically underspent budgeted expenditures and revenue has consistently met or exceeded all targets.

Youth and Family Services

The overall budget costs are up 1.04% for the Youth and Family Services Program, as compared to FY 2016/17 plan, and rose 18.4% as compared to FY 2015/16 actual results, with the increases in costs over 2015/16 actuals attributable to full staffing (2015/16 had significant temporary vacancies).

The Program budget provides for continuing services in line with past years for two components: 1) the neighborhood services; and 2) the Citywide family and child care resources.

Department Position Allocation

Classification	FY 2016/17 Budgeted Positions	FY 2017/18 Budgeted Positions	Change
Director of Library and Community Services	1	1	—
Community Services Manager	4	4	—
Superintendent of Community Services	1	1	—
Youth and Family Resources Manager	1	1	—
Library Circulation Manager	1	1	—
Administrative Librarian	2	2	—
Supervising Librarian	3	3	—
Administrative Aide	1	1	—
Administrative Aide-Confidential	1	1	—
Administrative Analyst	1	1	—
Librarian	10	10	—
Library Assistant	6	6	—
Community Services Coordinator II	17	17	—
Community Services Coordinator I	1	1	—
Senior Library Assistant	1	1	—
Facility Attendant I	2	2	—
Facility Attendant II	1	1	—
Office Assistant	1	1	—
Office Clerk	1	1	—
Principal Office Assistant	1	1	—
Senior Office Assistant	5	5	—
Staff Office Assistant	1	1	—
Part-Time Office Assistant	2	2	—
Part-Time Staff Office Assistant	1	1	—
Part-Time Senior Office Assistant	1	1	—
Part-Time Librarian	6	6	—
Part-Time Library Specialist I	6	6	—
Part-Time Library Specialist III	20	20	—
Part-Time Administrative Analyst	1	1	—
Library and Community Services Department Total	100	100	—

Library and Community Services Performance Indicators

2011 Consolidated General Plan Goals: Chapter 4, Community Character (CC)

Goal CC-7: Appropriate Library Facilities

Goal CC-8: Broad and Diverse Library Collection

Goal CC-9: Appropriate Arts Facilities

Goal CC-10: High Quality Recreation Programming

Goal CC-11: Prioritization for Recreation Programming

Goal CC-12: Maximize access to recreation services, facilities, and amenities

Please refer to the General Plan Executive Summary for further details on goals

	General Plan Goal	FY 2013/14 Results	FY 2014/15 Results	FY 2015/16 Results
DEPARTMENT OF LIBRARY & COMMUNITY SERVICES				
PERFORMANCE INDICATORS				
Percent of total department planned operating budget expended.		93.1%	96.4%	97.2%
LIBRARY				
WORKLOAD INDICATORS				
Number of library programs for adults.	CC-7, CC-8	251	285	379
Number of library programs for children, teens and families.	CC-7, CC-8	613	563	584
Average circulation of library materials per Sunnyvale resident. [Deleted in FY 2014/15]	CC-8	18	N/A	N/A
Average number of library visits annually per Sunnyvale resident. [Deleted in FY 2014/15]	CC-7, CC-8	5	N/A	N/A
Number of books circulated.	CC-8	2,711,856	2,576,329	2,396,689
Number of library visitors.	CC-7, CC-8	707,922	699,128	669,796
PERFORMANCE INDICATORS				
Number of customer survey respondents and percent rating Library services as good or better.[1]	CC-7, CC-8	N/A	198 86%	N/A
Number of customer survey respondents and percent rating programs for adults as good or better.	CC-7, CC-8	675 96%	433 98%	495 97%
Percent of library materials re-shelved within 48 hours after check-in.	CC-8	99%	98%	97%
Average number of days from receipt of materials to availability.	CC-8	11	12	11
Percent of total Library operating budget expended.		93%	96%	96%
ARTS AND RECREATION				
WORKLOAD INDICATORS				
Number of youth and teen participant hours in arts and recreation programs, including preschool, elementary, middle school and high school.	CC-10, CC-11	379,367	356,897	370,092

	General Plan Goal	FY 2013/14 Results	FY 2014/15 Results	FY 2015/16 Results
Number of adult participant hours in arts and recreation programs (may include participation by seniors and older teens).	CC-10, CC-11	451,611	410,416**	407,606
Number of duplicated enrollees. [Deleted in FY 2014/15]	CC-10, CC-11	237,843	N/A	N/A
Number of volunteer hours managed by Community Services staff.	CC-10	21,171	21,418	20,645
Number of recipients benefiting from the Recreation Fee Waiver Program.	CC-12	224	211	269
Number of occupancy hours from rentals of recreation facilities.	CC-9, CC-10, CC-11, CC-12	96,517	103,122	92,842
Number of special event applications received.	CC-11, CC-12	43	52	41
Number of neighborhood grant applications received.	CC-11, CC-12	10	8	11
PERFORMANCE INDICATORS				
Number of customer survey respondents and percent rating arts and recreation programs as good or better.	CC-10	7,345 96%	6,585 92.7%	6,908 90.3%
Number of customer survey respondents and percent rating arts and recreation facilities as good or better.	CC-9, CC-10	263 98%	153 98.7%	73 100%
Percent of cost recovery for the Arts and Recreation Program.	CC-12	55%	57%	57%
Percent of total Arts and Recreation operating budget expended.		92%	96%	96%
YOUTH AND FAMILY RESOURCES				
WORKLOAD INDICATORS				
Number of participant hours generated by Columbia Neighborhood Center service providers in the areas of: Community Education, Mental Health Services, Recreation and Enrichment, Health Services, and Youth & Neighborhood Safety.	CC-10, CC-11, CC-12	102,025***	99,712	88,194
PERFORMANCE INDICATORS				
Number of adult customer survey respondents and percent rating a Youth & Family Resources sponsored program/activity/service as good or better.	CC-10, CC-11, CC-12	692 96%	327 97.9%	176 94.9%
Number of youth customer survey respondents and percent rating a Youth & Family Resources sponsored program/activity/service as good or better.	CC-10, CC-11, CC-12	807 81%	697 86.7%	1,092 91.5%
Number of customer survey respondents and percent rating medical services provided at Columbia Neighborhood Center (CNC) as good or better.	CC-10	89 96%	192 97.4%	326 96.9%
Amount of Grants and In-Kind Contributions Received.	CC-12	\$2,359,501	\$2,567,225	\$2,547,593
Number of customer survey respondents and percent rating the quality of child care information services as good or better.	CC-10, CC-12	37 97%	104 100%	92 100%
Percent of total Youth and Family Resources operating budget expended.		96%	99%	94%

[1] Resident satisfaction survey conducted bi-annually, with next survey scheduled for 2017.

**Fremont Pool reporting process internally audited and standardized. Current number reflects comparable participation levels as previous years.

**CITY OF SUNNYVALE
FY 2017/18 BUDGET SUMMARY**

EXPENDITURES:

Operating Budget:

Office of the City Attorney		\$2,256,472
Office of the City Manager		\$4,840,753
Community Development Department		
Building Safety	4,082,326	
Planning	3,234,720	
Housing and CDBG Program	1,425,723	
Community Development Department Management	544,238	
Total Community Development Department	<u>9,287,007</u>	\$9,287,007
NOVA Workforce Services Department		\$10,249,975
Finance Department		
Utility Billing	2,735,748	
Accounting and Financial Services	2,132,144	
Purchasing	1,789,496	
Budget Management	1,053,951	
Revenue Collection and Audit	1,006,792	
Financial Management and Analysis	939,262	
Total Finance Department	<u>9,657,393</u>	\$9,657,393
Human Resources Department		\$4,846,658
Library and Community Services Department		
Library	9,479,444	
Arts and Recreation Programs and Operation of Recreation Facilities	9,059,167	
Youth, Family and Child Care Resources	1,249,165	
Total Library and Community Services Department	<u>19,787,776</u>	\$19,787,775
Public Safety Department		
Police Services	32,314,247	
Fire Services	32,782,531	
Public Safety Administrative Services	6,503,263	
Investigation Services	5,123,761	
Community Safety Services	4,369,109	
Communication Services	4,301,891	
Records Management and Property Services	2,246,524	
Personnel and Training Services	2,210,305	
Fire Prevention Services	2,754,051	
Total Public Safety Department	<u>92,605,682</u>	\$92,605,682

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Service Delivery Plan 62001 - Borrower Services/Circulation

	<u>2014/2015 Actual</u>	<u>2015/2016 Budget</u>	<u>2015/2016 Actual</u>	<u>2016/2017 Current</u>	<u>2017/2018 Plan</u>
Activity 620100 - Check Out Library Materials					
Product: An Item Checked Out or Renewed					
Costs:	1,380,870.77	1,419,730.23	1,396,519.26	1,493,404.81	1,683,079.29
Products:	2,576,329.00	2,750,000.00	2,396,689.00	2,600,000.00	2,600,000.00
Hours:	19,146.40	19,772.00	19,452.50	20,137.00	20,137.00
Activity 620110 - Shelve Library Materials					
Product: An Item Shelved					
Costs:	856,202.64	843,467.29	849,822.54	902,341.39	1,028,542.15
Products:	1,997,100.00	2,225,000.00	1,756,866.00	2,000,000.00	2,000,000.00
Hours:	16,956.90	17,139.00	16,708.20	18,020.00	18,020.00
Activity 620120 - Circulate Materials through Interlibrary Loan					
Product: An Item Borrowed from or Loaned to another Library					
Costs:	98,244.41	149,226.98	113,791.99	139,828.46	149,164.50
Products:	20,056.00	21,000.00	20,126.00	21,000.00	21,000.00
Hours:	1,225.10	1,940.00	1,422.30	1,300.00	1,300.00
Activity 620130 - Recovery of Overdue or Missing Materials					
Product: A Notification of an Item to be Recovered					
Costs:	71,254.18	72,315.02	83,726.38	71,459.19	75,799.88
Products:	47,522.00	51,000.00	44,967.00	47,000.00	47,000.00
Hours:	681.20	720.00	883.70	690.00	690.00
Activity 620140 - Materials Delivery to Homebound Residents					
Product: An Item Delivered					
Costs:	43,774.42	47,316.45	43,393.25	46,207.90	52,540.75
Products:	3,705.00	4,000.00	3,408.00	3,700.00	3,700.00
Hours:	582.00	640.00	573.30	625.00	625.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Totals for Service Delivery Plan 62001 - Borrower Services/Circulation

Costs:	2,450,346.42	2,532,055.97	2,487,253.42	2,653,241.75	2,989,126.57
Hours:	38,591.60	40,211.00	39,040.00	40,772.00	40,772.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Service Delivery Plan 62002 - Library Services for Adults

	2014/2015 Actual	2015/2016 Budget	2015/2016 Actual	2016/2017 Current	2017/2018 Plan
Activity 620200 - Provide Services to Adults					
Product: A Response Given [Deleted]					
Costs:	804,218.92	925,260.22	818,126.35	1,013,841.66	1,104,699.39
Products:	30,919.00	61,800.00	74,075.00	0.00	0.00
Hours:	8,167.10	9,479.00	8,413.10	10,150.00	10,150.00
Activity 620210 - Create and Present Programs for Adults					
Product: A Program Presented to the Public					
Costs:	200,312.94	337,992.70	238,084.62	365,107.38	393,437.75
Products:	285.00	220.00	379.00	260.00	260.00
Hours:	1,984.10	3,274.00	2,398.90	3,470.00	3,470.00
Activity 620220 - Collection Management for Adults					
Costs:	0.00	0.00	0.00	751,346.49	769,848.71
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	0.00	0.00	0.00	1,637.00	1,637.00
Totals for Service Delivery Plan 62002 - Library Services for Adults					
Costs:	1,004,531.86	1,263,252.92	1,056,210.97	2,130,295.53	2,267,985.85
Hours:	10,151.20	12,753.00	10,812.00	15,257.00	15,257.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Service Delivery Plan 62003 - Library Services for Children and Teens

	<u>2014/2015 Actual</u>	<u>2015/2016 Budget</u>	<u>2015/2016 Actual</u>	<u>2016/2017 Current</u>	<u>2017/2018 Plan</u>
Activity 620300 - Provide Services to Children and Teens					
Product: A Response Given [Deleted]					
Costs:	668,948.21	656,924.94	737,615.37	716,553.80	780,727.72
Products:	47,325.00	47,000.00	38,448.00	0.00	0.00
Hours:	7,033.50	6,716.00	7,732.50	7,192.00	7,192.00
Activity 620310 - Create and Present Programs for Children and Teens					
Product: A Program Presented to the Public					
Costs:	187,945.29	317,375.77	164,653.33	313,453.85	334,841.05
Products:	563.00	650.00	594.00	600.00	600.00
Hours:	1,949.00	3,010.00	1,646.20	2,850.00	2,850.00
Activity 620320 - Collection Management for Children and Teens					
Costs:	0.00	0.00	0.00	265,048.71	275,040.38
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	0.00	0.00	0.00	960.00	960.00
Totals for Service Delivery Plan 62003 - Library Services for Children and Teens					
Costs:	856,893.50	974,300.71	902,268.70	1,295,056.36	1,390,609.15
Hours:	8,982.50	9,726.00	9,378.70	11,002.00	11,002.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Service Delivery Plan 62004 - Acquire Library Materials for the Public

	<u>2014/2015 Actual</u>	<u>2015/2016 Budget</u>	<u>2015/2016 Actual</u>	<u>2016/2017 Current</u>	<u>2017/2018 Plan</u>
Activity 620420 - Order and Receive Library Materials [Deleted]					
Product: An Item Received					
Costs:	238,405.46	214,598.63	251,011.86	0.00	0.00
Products:	43,368.00	44,000.00	45,350.00	0.00	0.00
Hours:	2,815.40	2,466.00	3,008.10	0.00	0.00
Activity 620430 - Select/Merchandise Library Materials - Adults [Deleted]					
Product: An Item Selected					
Costs:	615,297.34	716,472.76	736,132.06	0.00	0.00
Products:	19,819.00	22,000.00	20,275.00	0.00	0.00
Hours:	1,376.20	1,598.00	1,402.70	0.00	0.00
Activity 620440 - Select/Merchandise Library Materials - Child/Teens [Deleted]					
Product: An Item Selected					
Costs:	254,176.47	233,268.47	312,957.30	0.00	0.00
Products:	20,727.00	20,000.00	23,591.00	0.00	0.00
Hours:	412.30	654.00	648.30	0.00	0.00
Activity 620460 - Evaluate Materials-Repair/Replace/Discard - Adults [Deleted]					
Product: An Item Evaluated					
Costs:	30,929.91	47,201.07	46,731.11	0.00	0.00
Products:	15,533.00	13,000.00	12,597.00	0.00	0.00
Hours:	317.40	492.00	516.90	0.00	0.00
Activity 620470 - Evaluate Materials-Repair/Replace/Discard - Child/Teens [Deleted]					
Product: An Item Evaluated					
Costs:	20,766.88	40,294.05	33,139.79	0.00	0.00
Products:	10,634.00	13,500.00	18,704.00	0.00	0.00
Hours:	216.80	411.00	349.10	0.00	0.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Totals for Service Delivery Plan 62004 - Acquire Library Materials for the Public

Costs:	1,159,576.06	1,251,834.98	1,379,972.12	0.00	0.00
Hours:	5,138.10	5,621.00	5,925.10	0.00	0.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Service Delivery Plan 62005 - Technology Services

	<u>2014/2015 Actual</u>	<u>2015/2016 Budget</u>	<u>2015/2016 Actual</u>	<u>2016/2017 Current</u>	<u>2017/2018 Plan</u>
Activity 620450 - Provide/Maintain Technology to Access Library Services					
Costs:	358,397.64	428,858.70	464,368.31	382,028.69	404,448.69
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	2,547.40	3,743.00	3,445.00	3,424.00	3,424.00
Totals for Service Delivery Plan 62005 - Technology Services					
Costs:	358,397.64	428,858.70	464,368.31	382,028.69	404,448.69
Hours:	2,547.40	3,743.00	3,445.00	3,424.00	3,424.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Service Delivery Plan 62006 - Acquire and Prepare Library Materials for the Public

	<u>2014/2015 Actual</u>	<u>2015/2016 Budget</u>	<u>2015/2016 Actual</u>	<u>2016/2017 Current</u>	<u>2017/2018 Plan</u>
Activity 620500 - Catalog Titles					
Product: A Title Cataloged					
Costs:	278,498.68	291,402.90	242,786.35	219,080.09	242,152.12
Products:	57,523.00	17,000.00	78,612.00	26,500.00	26,500.00
Hours:	2,616.70	2,864.00	2,590.30	2,240.00	2,240.00
Activity 620510 - Process Library Materials					
Product: An Item Processed					
Costs:	253,181.09	265,574.20	263,980.45	297,682.97	322,355.97
Products:	48,471.00	48,000.00	47,595.00	48,000.00	48,000.00
Hours:	2,779.20	2,885.00	2,982.30	3,041.00	3,041.00
Activity 620520 - Repair Library Materials					
Product: An Item Repaired or Discarded [Deleted]					
Costs:	55,911.60	60,803.18	53,893.95	49,643.61	57,783.55
Products:	8,558.00	9,000.00	8,235.00	0.00	0.00
Hours:	814.10	921.00	788.20	750.00	750.00
Activity 620530 - Edit the Library Catalog					
Product: An Item Record Deleted [Deleted]					
Costs:	153,917.07	165,080.67	203,056.08	166,263.85	183,159.82
Products:	33,501.00	35,000.00	44,172.00	0.00	0.00
Hours:	2,011.10	2,066.00	2,582.90	2,104.00	2,104.00
Activity 620540 - Order and Receive Library Materials					
Costs:	0.00	0.00	0.00	203,351.57	224,256.82
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	0.00	0.00	0.00	2,357.00	2,357.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Totals for Service Delivery Plan 62006 - Acquire and Prepare Library Materials for the Public

Costs:	741,508.44	782,860.95	763,716.83	936,022.09	1,029,708.28
Hours:	8,221.10	8,736.00	8,943.70	10,492.00	10,492.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Service Delivery Plan 62008 - Library Department Management and Support

	<u>2014/2015 Actual</u>	<u>2015/2016 Budget</u>	<u>2015/2016 Actual</u>	<u>2016/2017 Current</u>	<u>2017/2018 Plan</u>
Activity 620600 - Management and Supervisory Services					
Costs:	849,906.47	733,392.23	591,308.99	724,732.29	745,638.25
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	5,815.50	4,865.00	4,002.30	4,545.00	4,545.00
Activity 620610 - Administrative Support Services					
Costs:	448,718.37	499,497.90	506,507.32	511,540.49	545,738.81
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	4,077.60	4,620.00	3,784.20	4,635.00	4,635.00
Activity 620620 - Page Support for Library Operations					
Costs:	34,325.10	30,185.14	31,272.86	30,664.50	35,218.30
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	689.90	630.00	635.00	630.00	630.00
Activity 620630 - Staff Training and Development					
Costs:	27,955.18	53,931.38	42,872.70	66,982.07	70,969.90
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	205.40	481.00	271.30	479.00	479.00
Totals for Service Delivery Plan 62008 - Library Department Management and Support					
Costs:	1,360,905.12	1,317,006.65	1,171,961.87	1,333,919.35	1,397,565.26
Hours:	10,788.40	10,596.00	8,692.80	10,289.00	10,289.00

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Totals for Program 620

Costs:	7,932,159.04	8,550,170.88	8,225,752.22	8,730,563.77	9,479,443.80
Hours:	84,420.30	91,386.00	86,237.30	91,236.00	91,236.00

**LIBRARY & COMMUNITY SERVICES
REVENUES**

**035. GENERAL FUND
REVENUES BY SOURCE**

		PLAN	FY 2027/2028 TO FY 2036/2037 TOTAL	FY 2016/2017 TO FY 2036/2037 TOTAL									
		2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037		
1371	Permit - Misc. Public Safety	44,877	46,223	47,609	49,038	50,509	52,024	53,585	55,192	56,848	58,554	514,459	945,594
1372	Permit - Liquidambar Street	0	0	0	0	0	0	0	0	0	0	0	0
1373	Adult Entertainment Permits	18,149	18,694	19,255	19,832	20,427	21,040	21,671	22,321	22,991	23,681	208,061	382,284
1374	OCM Special Event Permit Fee	6,052	6,234	6,421	6,613	6,812	7,016	7,227	7,443	7,667	7,897	69,382	127,527
TOTAL PERMITS AND LICENSES		1,613,140	1,661,534	1,711,380	1,762,722	1,815,603	1,870,071	1,926,173	1,983,959	2,043,477	2,104,782	18,492,841	33,797,004
1502-01	Fines - Overdue Material - Circulation Desk	41,655	41,238	40,826	40,418	40,014	39,613	39,217	38,825	38,437	38,053	398,296	908,782
1502-02	Fines - Overdue/Lost & Damaged-Internet	137,828	135,071	132,370	129,723	127,128	124,586	122,094	119,652	117,259	114,914	1,260,624	2,972,162
1503-01	Fines - Parking	621,507	640,152	659,356	679,137	699,511	720,497	742,112	764,375	787,306	810,925	7,124,878	13,105,597
1504	Fines - Traffic and Criminal	279,678	288,068	296,710	305,612	314,780	324,223	333,950	343,969	354,288	364,916	3,206,195	5,897,519
1506	Juvenile Diversion	2,535	2,611	2,689	2,770	2,853	2,939	3,027	3,118	3,211	3,308	29,061	53,100
1507	Late Payment Penalties	6,338	6,528	6,723	6,925	7,133	7,347	7,567	7,794	8,028	8,269	72,653	132,750
1509	Returned Check Charge	7,903	8,140	8,384	8,636	8,895	9,162	9,437	9,720	10,011	10,312	90,600	165,421
1516	Neighborhood Preservation Code Violations	50,700	52,221	53,788	55,402	57,064	58,775	60,539	62,355	64,226	66,152	581,221	1,062,004
TOTAL FINES AND FORFEITURES		1,148,143	1,174,030	1,200,848	1,228,622	1,257,378	1,287,142	1,317,942	1,349,807	1,382,766	1,416,849	12,763,528	24,297,335
1667-1	General Plan Maintenance Fees	795,816	819,690	844,281	869,609	895,697	922,568	950,245	978,753	1,008,115	1,038,359	9,123,134	16,741,798
1677	State Certified Access Specialist Fee	0	0	0	0	0	0	0	0	0	0	0	3,500
TOTAL COMMUNITY DEVELOPMENT FEES		795,816	819,690	844,281	869,609	895,697	922,568	950,245	978,753	1,008,115	1,038,359	9,123,134	16,745,298
1801-1	Business License Processing-New Applications	20,991	21,621	22,270	22,938	23,626	24,335	25,065	25,817	26,591	27,389	240,641	439,374
1801-2	Business License Processing - Renewals	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL FINANCE FEES		20,991	21,621	22,270	22,938	23,626	24,335	25,065	25,817	26,591	27,389	240,641	439,374
2102	Library- Lost/Damaged Materials	5,024	4,924	4,825	4,729	4,634	4,541	4,451	4,362	4,274	4,189	45,953	108,735
2105	Miscellaneous Library Charges	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIBRARY FEES		5,024	4,924	4,825	4,729	4,634	4,541	4,451	4,362	4,274	4,189	45,953	108,735
2310	Recreation Credit (Net)	0	0	0	0	0	0	0	0	0	0	0	0
2347	Senior Adult Services	0	0	0	0	0	0	0	0	0	0	0	0
2351	Vending	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	63,000	132,300
2357	Youth Basketball League	177,644	182,973	188,463	194,116	199,940	205,938	212,116	218,480	225,034	231,785	2,036,490	3,743,145
2359	Adult Basketball	65,308	67,267	69,285	71,364	73,505	75,710	77,981	80,321	82,730	85,212	748,682	1,376,106
2360	Adult Volleyball	50,715	52,236	53,803	55,418	57,080	58,793	60,556	62,373	64,244	66,172	581,390	1,068,617
2361	Adult Drop-In Sports	41,000	41,000	41,000	50,400	50,400	50,400	50,400	50,400	50,400	50,400	475,800	919,800
2364	Youth Sports Classes	320,138	329,742	339,635	349,824	360,318	371,128	382,262	393,729	405,541	417,708	3,670,025	6,745,643
2365	Adult Sports Activities	139,466	143,650	147,960	152,398	156,970	161,679	166,530	171,526	176,671	181,972	1,598,823	2,938,696
2367	Youth Sports Camp	261,109	266,331	266,331	271,657	271,657	277,091	277,091	282,632	291,111	299,845	2,764,854	5,371,393
2370	Special Events HOTS	12,795	12,795	12,795	12,795	13,434	13,434	13,434	13,434	14,106	14,811	133,832	257,666
2375	Gymnastics - Youth	541,789	558,043	574,784	592,028	609,788	628,082	646,925	666,332	686,322	706,912	6,211,005	11,223,977
2381	Swim Pool Rentals	48,121	48,121	48,121	48,121	50,527	50,527	50,527	50,527	50,527	50,527	495,644	990,697
2383	Washington Pool Adult Swim Lessons	15,544	15,699	15,856	16,015	16,175	16,337	16,500	16,665	16,832	17,000	162,622	317,620
2385	Special Interest - Youth	0	0	0	0	0	0	0	0	0	0	0	0
2388	Visual Arts - Youth	32,476	33,450	34,454	35,488	36,552	37,649	38,778	39,942	41,140	42,374	372,303	684,307
2391	Visual Arts - Adult	12,679	13,059	13,451	13,854	14,270	14,698	15,139	15,593	16,061	16,543	165,348	267,154
2392	Dance Classes - Child	102,628	105,707	108,878	112,145	115,509	118,974	122,543	126,220	130,006	133,906	1,176,517	2,162,482
2393	Dance Classes - Adult	76,563	78,860	81,226	83,663	86,173	88,758	91,421	94,163	96,988	99,898	877,714	1,613,270
2394	Drama - Youth	37,528	38,654	39,813	41,008	42,238	43,505	44,810	46,154	47,539	48,965	430,214	790,750
2396	Cultural Arts Theater Tickets	33,627	35,644	35,644	35,644	35,644	37,783	37,783	37,783	37,783	37,783	365,118	703,702
2397	Preschool Programs	308,552	317,809	327,343	337,163	347,278	357,697	368,428	379,480	390,865	402,591	3,537,207	6,618,954
2401	Neighborhood Recreation	498,309	513,258	528,656	544,516	560,851	577,677	595,007	612,857	631,243	650,180	5,712,556	10,499,893
2406	Senior Adults Dances	9,100	10,420	10,420	11,740	11,740	13,060	13,060	14,380	14,380	14,380	122,680	188,460
2407	Senior Adult Programs	129,997	133,897	137,914	142,051	146,313	150,702	155,223	159,880	164,676	169,617	1,490,270	2,686,921
2408	Senior Adult Trips	131,300	130,000	131,300	130,000	131,300	130,000	131,300	130,000	131,300	132,613	1,309,113	2,709,113

**LIBRARY & COMMUNITY SERVICES
PROJECTS**

Library

The Sunnyvale Public Library provides a full-service library to meet the needs of the community. In addition, the Library strives to provide a balanced collection that represents all points of view. Library services are provided free of charge to library users.

Library projects are primarily funded by the General Fund. In addition, the Library receives State Grant funds to provide specific services to the community.

Library Projects

Lakewood Branch Library Facility. This project is to construct a branch library facility at the Lakewood School site. This will increase access to library services for those living in north Sunnyvale by making it more convenient for residents to visit. Construction involves removal of the existing Lakewood Pool and building a library facility in its place. The total project is budgeted for \$20.9 million, supported with \$13.5 million of the proceeds from the sale of Raynor Activity Center for design, construction, and startup costs of a new branch library. The City is exploring a partnership with Sunnyvale School District to construct and operate the project. Design is anticipated to start in FY 2017/18.

Project Information Sheet

Project: 805150 Library Foundation Program Grant

Origination Year:	1985-86	Type:	Library	Fund:	35 City General Fund
Planned Completion Year:	Ongoing	Category:	Special	Sub-Fund:	100 General
Department:	Library and Community Services	Project Manager:	Steve Sloan	Project Coordinator:	Steve Sloan
Service Delivery Cluster:	Library, Community Services & Public Facilities				

Project Description / Scope / Purpose

This project supports the costs of special projects not supported by the General Fund through the use of State Library Foundation Grant funds. As of FY 2017/18, these funds will be used for Lakewood Library and Learning Center.

The State Library Foundation Grant was established in 1982 through the adoption of State Education Code 18010 of Chapter 1.5 Public Library Finance by the State Legislature. This chapter calls for continuing support of the grant, based on the availability of State funds with an allocation formula set by the State.

Project Evaluation and Analysis

This project supplements existing library services; as of FY 2017/18, these funds will be used for Lakewood Library and Learning Center.

Fiscal Impact

The State Library Foundation Grant can only be used to supplement, not supplant, local revenues for basic library services. Spending categories for this project have been approved by the City Council through grant acceptance budget modifications.

Project Financial Summary

Financial Data	Prior Actual	Current 2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Y11-Y20 Total	Project Life Total
Project Costs	1,417,142	242,362	0	0	0	0	0	0	0	0	0	0	0	1,659,504
Revenues														
Total	1,475,750	0	0	0	0	0	0	0	0	0	0	0	0	1,475,750
Transfers-In														
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Project Information Sheet

Project: 830600 Lakewood Branch Library Facility

Origination Year:	2012-13	Type:	Library	Fund:	385 Capital Projects
Planned Completion Year:	2018-19	Category:	Capital	Sub-Fund:	100 General Fund Assets
Department:	Public Works	Project Manager:	Humza Javed	Project Coordinator:	Cynthia Bojorquez
Service Delivery Cluster:	Library, Community Services & Public Facilities				

Project Description / Scope / Purpose

This project funds the construction of a branch library facility in the Lakewood Village neighborhood. On November 19, 2013 (RTC 13-275), Council authorized the \$14.05 million sale and purchase agreement between the City of Sunnyvale and Stratford School, Inc. for the Raynor Activity Center. Approximately \$13.5 million of the proceeds from the sale are allocated for the capital project for design, construction, and startup costs of a new branch library located at Lakewood Park. Staff estimates that a branch library of approximately 17,000 square feet would cost approximately \$20 million. This would be large enough to incorporate a community room that could replace the existing recreation building at Lakewood Park and be used for both library services and recreational programs. The project is scheduled to start a two year design process in FY 2015/16 with construction to begin in FY 2017/18.

This project will increase access to library services for those living in north Sunnyvale by making it more convenient for residents to visit.

Project Evaluation and Analysis

Residents living in north Sunnyvale are the only residents who must travel more than two miles to access library services. In fact, many residents in north Sunnyvale live over four miles from any library. As a result, the Lakewood area has the lowest percentage of residents with Sunnyvale library cards than any neighborhood in Sunnyvale. Furthermore, there is a significant concentration of seniors and youth in this area - the age groups tending to make the most use of library services, but also the most restricted in terms of mobility. As such, some of the City's residents with the most to gain from library services have the most difficult time accessing those services. This project will address this issue and improve the quality of life for residents.

Fiscal Impact

This project is funded by proceeds from the sale of the Raynor Activity Center, the Park Dedication Fund, and the General Fund. The annual operating costs for the branch library are estimated to be approximately \$439,000. Of this amount, \$197,000 will be reallocated funding from the existing operating budget and will not constitute new funding. The remaining \$242,000 will be the net new funding requirement, which will be funded by the General Fund. A one-time donation of \$500,000 is also expected from Friends of the Sunnyvale Library.

Project Financial Summary

Financial Data	Prior Actual	Current 2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Y11-Y20 Total	Project Life Total
Project Costs	0	1,500,000	10,000,000	9,415,000	0	0	0	0	0	0	0	0	0	20,915,000
Revenues														
Contributions			0	0	0	0	0	0	0	0	0	0	0	
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers-In														
General Fund - General			16,400,000	0	0	0	0	0	0	0	0	0	0	
Park Dedication - Subdivisions			0	3,015,000	0	0	0	0	0	0	0	0	0	
Total	0	1,500,000	16,400,000	3,015,000	0	0	0	0	0	0	0	0	0	20,915,000
Operating Costs	0	0	0	0	292,320	298,166	304,128	310,212	316,415	322,744	329,200	339,074	4,003,731	6,515,990

Project Information Sheet

Project: 831400 Make-Her Grant

Origination Year:	2016-17	Type:	Library	Fund:	35 City General Fund
Planned Completion Year:	2016-17	Category:	Special	Sub-Fund:	100 General
Department:	Library and Community Services	Project Manager:	Susan Kaplan	Project Coordinator:	Nancy Andrus
Service Delivery Cluster:	Library, Community Services & Public Facilities				

Project Description / Scope / Purpose

This is a grant funded project in which there will be a series of workshops for girls and their mothers. In these workshops, the pairs of attendees will build a variety of projects in the STEM (Science, Technology, Engineering, Math) fields. STEM programs will be taught by female scientists and technology experts. By incorporating the active participation of mothers and opportunities for further STEM exploration, Make-HER fosters a tech identity in girls than can extend beyond the library into the home and school.

Project Evaluation and Analysis

The primary instrument to measure success will be surveys given at the end of each Make-HER workshop. Girls will assess their change in understanding of the topic covered, their enjoyment of the workshop, their confidence in learning new STEM-related content, and their desire to explore the topic further in school or at home, and to what degree the workshop might influence their future educational or career choices. Adults will assess their change in understanding of the topic covered, their enjoyment of the workshop, their desire to explore the topic further with their children, and to what degree the workshop impacted their ability to support their daughters in STEM learning.

Fiscal Impact

The grant money will provide all of the materials and presenters needed for all of the workshops. Library staff time will be covered as part of the regular Library budget.

Project Financial Summary

Financial Data	Prior Actual	Current 2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Y11-Y20 Total	Project Life Total
Project Costs	12,300	0	0	0	0	0	0	0	0	0	0	0	0	12,300
Revenues														
Total	12,300	0	0	0	0	0	0	0	0	0	0	0	0	12,300
Transfers-In														
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Project Information Sheet

Project: 831950 Pass It On: An Intergenerational Sewing Project

Origination Year:	2016-17	Type:	Library	Fund:	35 City General Fund
Planned Completion Year:	2016-17	Category:	Special	Sub-Fund:	100 General
Department:	Library and Community Services	Project Manager:	Christine Mendoza	Project Coordinator:	Rachel Schmidt
Service Delivery Cluster:	Library, Community Services & Public Facilities				

Project Description / Scope / Purpose

Pass It On: An Intergenerational Sewing Project is a grant funded library program in which Millennials and Generation X'ers will learn basic sewing techniques through the purchase of five sewing machines and simple hand sewing by working on projects for the community of Sunnyvale. With this project, the Sunnyvale Public Library will serve as a gateway to lifelong learning for this group by creating a physical space for the project. Local artisans of the American Sewing Guild (ASG) and the Sunnyvale Senior Center's Unique Boutique will teach sewing to another generation.

Project Evaluation and Analysis

Pass It On aligns with Sunnyvale Public Library's vision to "serve as a focal center for the community, providing programs of varying types and sizes, public discussions, community activities, and meeting spaces." This intergenerational maker project will transform an under-used Library area into a dedicated sewing space where adults can learn new skills or pass on age-old traditions, and work to serve the community of Sunnyvale.

Fiscal Impact

No city funds will be expended and the project will be funded from a Library Services and Technology Act grant.

Project Financial Summary

Financial Data	Prior Actual	Current 2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Y11-Y20 Total	Project Life Total
Project Costs	5,000	0	0	0	0	0	0	0	0	0	0	0	0	5,000
Revenues														
Library Serv & Tech Act (LSTA)			0	0	0	0	0	0	0	0	0	0	0	
Total	5,000	0	0	0	0	0	0	0	0	0	0	0	0	5,000
Transfers-In														
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Project Information Sheet

Project: 832490 Sunnyvale Library Bike Mobile Project

Origination Year:	2016-17	Type:	Library	Fund:	35 City General Fund
Planned Completion Year:	2016-17	Category:	Special	Sub-Fund:	100 General
Department:	Library and Community Services	Project Manager:	Christine Mendoza	Project Coordinator:	Christine Mendoza
Service Delivery Cluster:	Library, Community Services & Public Facilities				

Project Description / Scope / Purpose

The bike-mobile project is designed to improve outreach to the community by providing a means to take library services to events, parks and other areas of Sunnyvale where access to the library is limited. Loaded with a tablet or laptop, a hotspot, lots of “library swag” and information about library services, we plan to meet with the public in person and show them how they can take advantage of all the library has to offer both remotely and in-house. With the purchase of an electric bike and the Burgeon book trailer, the Library hopes the bike-mobile will become an anticipated and enjoyable sight around Sunnyvale and ignite a spark of curiosity and imagination. Because the cost of this project goes beyond the scope of this grant, the Friends of the Sunnyvale Public Library has committed funding to purchase the Burgeon trailer.

Project Evaluation and Analysis

This grant will be considered successful if the following goals are met:

- Increase the number of library cards issued to Sunnyvale residents by 5%. Currently 71% of library card holders are Sunnyvale residents.
- Increase the use of electronic resources, including both eBooks and databases by 5%.
- Foster curiosity and community connection by attending various community events.
- Increase the number of summer reading sign-ups by 5%.
- Increase awareness of library services and the level of community engagement in preparation for a new branch.

Fiscal Impact

The project is funded by a \$5,650 grant from the Pacific Library Partnership. The remaining funding is provided by the Friends of the Library.

Project Financial Summary

Financial Data	Prior Actual	Current 2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Y11-Y20 Total	Project Life Total
Project Costs	0	26,811	0	0	0	0	0	0	0	0	0	0	0	26,811
Revenues														
Total	0	5,650	0	0	0	0	0	0	0	0	0	0	0	5,650
Transfers-In														
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**LIBRARY & COMMUNITY SERVICES
FUNDS**

programs and other maintenance activities in order to meet permit requirements, as well as to provide for outreach and enforcement efforts. The transfer to the General Services Fund consists of the Technology Investments appropriation that was included in the FY 2016/17 Adopted Budget. The General Fund also funds several projects in the Capital Projects Fund and Infrastructure Fund. As established in the FY 2012/13 Budget, the long-term financial plan for the General Fund reflects an annual transfer of \$1.5 million for investment in the City's administrative infrastructure. These funds are not set aside for a specific project or set of projects at this point but will accumulate in the Infrastructure Fund and be appropriated as projects are identified and prioritized. The Transfer to the Infrastructure Fund includes \$772,650 for a new project to complete the Fire Station Master Plan.

Starting in FY 2016/17, approximately \$17.9 million is planned to be transferred over two years to the Capital Projects Fund for the design and construction work on the Lakewood Branch Library Facility project. In FY 2019/20, the General Fund will transfer \$6 million to the Capital Projects Fund for fire station rehabilitation. Lastly, funding of \$1.4 million is budgeted in FY 2017/18, and \$9.8 million over twenty years, to transfer to the Golf and Tennis Fund to address the structural deficit in that Fund.

Project Administration costs in the amount of \$485,395 are included in the Transfer to the General Services Fund in FY 2017/18. This reflects costs of Public Works staff for design and inspection of General Fund supported capital projects.

General Fund Projects

The FY 2017/18 Recommended Budget for the General Fund includes \$21.2 million for capital, special, and outside group funding projects. The majority the General Fund projects expenditures in FY 2017/18, over \$6 million, is in a special project for the recruitment and training of sworn public safety officers. This category of projects represents the largest share of General Fund project expenditures over the twenty-year plan, with \$64.5 million budgeted for this purpose. The practice of budgeting for the recruitment, selection, and training of new public safety officers in a series of recurring special projects rather than in the operating budget began in FY 2006/07. This methodology allows expenditures to fluctuate each year based on the number of recruitments and allows for better monitoring and tracking

of costs. It should be noted that the fixed costs associated with this activity, which include management oversight and other recruitment expenses, continue to be part of the Public Safety Department operating budget.

The FY 2016/17 Adopted Budget included an expenditure line-item for Technology Project Funding. In the FY 2017/18 Budget, this funding is transferred to the General Services Fund / Technology and Communication Sub-Fund which is the primary fund for Information Technology investments. This includes funding of \$8.1 million for the Enterprise Resource Planning (ERP) project.

There are seventeen new projects proposed for FY 2017/18 totaling approximately \$1.9 million. These include \$350,000 for Bicycle Master Plan Update project, \$250,000 for Downtown Pedestrian Traffic Signals, and \$148,000 for Library LED Lighting Conversion.

The FY 2017/18 Budget contains \$100,000 for Outside Group Funding per Council policy. This amount is reflected as an ongoing project cost through the entire twenty-year financial plan.

Often, one-time capital projects will result in ongoing operational costs. These Project Operating amounts are included in the budget in the Operations – Other line. The DPS Body Worn Cameras project accounts for a significant share of the Project Operating costs, totaling \$204,000. This amount will be programmed in the operating budget as part of the FY 2018/19 budget development process. Another project with ongoing operation costs is the project for maintenance of the pay parking systems downtown (\$59,105). The ongoing operating costs for the parking systems is expected to be fully offset by revenues, which are also programmed into the General Fund long-term financial plan. One significant offset to future operating costs comes in FY 2018/19. With the completion of the LED Streetlights project, the City anticipates savings on the cost of energy of approximately \$245,000 annually.

The **Total Compensation Set Aside** is a key funding mechanism used to balance the General fund. When Council adopted the FY 2016/17 Budget, the General Fund was under significant pressure due to increasing pension costs. Retirement cost increases, which were not known until late in the budget development process, resulted in increases to our projected contribution rates

Operations – Employee Total Compensation

Employee Total Compensation makes up the largest portion of operating expenditures. For accuracy in projections, compensation is broken into two categories, Safety and Miscellaneous. Changes in Safety Total Compensation are driven by salary surveys and the cost of pensions and other benefits. For FY 2017/18, safety total compensation is budgeted at \$67.8 million. This is a \$4.8 million, or 7.6%, increase from the \$63 million in the current budget for FY 2016/17. Safety salaries are adjusted annually based on a market survey of total compensation.

For FY 2016/17, Miscellaneous Total Compensation is budgeted at \$57.4 million. This is a \$5.1 million increase over the FY 2016/17 budget due to revised salary assumptions as well as the strategic addition of personnel.

Benefits, which consist of leave, retirement, insurance, and workers compensation costs, increased in FY 2017/18 approximately 5.7% for Miscellaneous and 7.8% for Safety employees. This is primarily due to increases in retirement costs in FY 2017/18. As more fully discussed in the Internal Service Fund section, employer contribution rates for retirement are projected to continue to rise steeply over the next five to ten years. These increases exceed what was planned in the FY 2016/17 Adopted Budget long-term financial plans.

Operations — Other

Other operations are expenditures for purchased goods and services and overhead charges. Over the twenty-year planning period, these expenditures are up \$40.7 million over the current budget. About half of the change is attributable to adjustments in goods and service needed to meet increasing demands and the rising cost of electricity.

Each year, a portion of the Public Works Pavement Operations program, which is accounted for in the General Fund, is supported by the Gas Tax Fund. The amount that is used for this purpose varies depending upon funds available and project requirements. As mentioned above, this support is projected to decrease in the future, primarily due to lower volumes and sale prices of gas sold. In FY 2016/17, the support is held flat to the current budgeted amount of \$2.025 million. Starting in FY 2018/19, this amount is reduced to \$1.1 million a year, and then to \$950,000 million terminating in FY 2031/32.

Public Safety Recruitment Projects, Projects and Project Administration, and Project Operating Costs reflect General Fund expenditures related to capital, special, and Department of Public Safety recruitment projects. The content of these expenditures is discussed below in the General Fund Projects section.

The **Equipment** line item contains the appropriations for equipment for the departments of Public Safety and assistance to the Library and Community Services based on their replacement schedules. These costs are up slightly, primarily due to adjustments to replacement timing. There was one addition to the public safety equipment schedule for an additional set of personal protective equipment for Public Safety Officers assigned to the fire division.

Lease payments in the amount of \$1,201,625 are included in the appropriation for FY 2017/18 as well. These payments fulfill the City's agreement with the former Redevelopment Agency to pay lease payments equal to the annual debt service on one of the downtown parking structures. Previously a Redevelopment Agency obligation, this item remains a subject of litigation in the redevelopment dissolution process.

Council Service-Level Set Aside is an annual \$100,000 set aside for Council's use at its discretion for unplanned projects, services, or other initiatives that come up over the course of the fiscal year.

The FY 2017/18 General Fund Budget includes funding for eight budget supplements. Details on each of the supplements are included in the **Budget Supplement** section in this volume of the FY 2017/18 Adopted Budget. The total expenditures budget for the eight supplements recommended in FY 2017/18 is \$1,015,000 with total costs over the twenty-year plan of \$1.04 million.

Transfers to Other Funds reflect transfers from the General Fund to other funds for operating and capital project purposes. These include transfers to the Wastewater Management Fund for Stormwater costs, Youth and Neighborhood Services Fund for support of Columbia Neighborhood Center, the Liability and Property Insurance Fund for the General Fund's share of claims and insurance. The transfer to the Wastewater Management Fund is to fund retrofit projects that would redirect stormwater to biotreatment areas. This funding is also used to implement trash reduction

Park Dedication Fund

State law allows local communities to require developers of housing units to offset the impact of the demand from those units on the City's open space by providing additional open space or paying a comparable fee. The Park Dedication Fund was established to meet statutory requirements regarding the accounting for Park Dedication Fees paid by developers. In general, the City collects park in-lieu fees for housing projects that do not dedicate land for use as parks or open space. This fee is calculated on an average fair market value per square foot as determined by the Community Development Department annually. In April 2011, Council raised the standard to 5.0 acres per 1,000 population, to be phased in over three years. In FY 2015/16, after completion of a land valuation study, the land value used in the fee calculation was set to \$129 per square foot, effective August 30, 2016. For the FY 2017/18 Recommended Budget, the Park Dedication Fee is held flat with land value at the current rate of \$129 per square foot.

Park Dedication Fee revenues are accounted for in the Park Dedication Fund as legally required, and then available resources are appropriated directly to projects in the fund or transferred to the Capital Projects Fund or the Infrastructure Fund for park-related projects.

Authorizing language in the State Quimby Act, which governs park dedication fees, requires that fees be used to pay for "developing new or rehabilitating existing neighborhood or community park or recreational facilities." Certain legal cases have clarified that park in-lieu fees may be used for parks or recreational facilities that are adjacent to the subdivision or multi-family development from which they are collected but may also be used for larger community parks and regional facilities that are reasonably available for use by the residents of the subdivision or development. Park Dedication Fees may not be used for operating or routine maintenance. For the last several years, Park Dedication Fees were also used to pay for golf course rehabilitation projects. In April 2011, Council acted to cease that practice for projects that were not already programmed, determining instead that golf course revenues associated with the Golf and Tennis Enterprise Fund would pay for these improvements.

Park in-lieu fees must be committed within a five-year period. This revenue source is subject to the Fee Mitigation Act, which requires specific review and findings every five years. The City conforms to both of these requirements.

It is estimated that \$18.3 million in Park Dedication Fees will be received during FY 2016/17. Based on current development projects in process, revenues for FY 2017/18 and FY 2018/19 are expected to be \$16.5 million and \$11.3 million respectively. For FY 2019/20 through the end of the first ten years of the plan, fee revenue is escalated by 2% per year, reflecting estimated growth. These projections yield approximately \$117 million in revenue over the first ten years, and \$97 million during the second ten years of the long-term plan. Revenues are held flat in the second ten years at \$9.7 million. This is based on the historical average of 200 fee eligible dwelling units per year at the current fee of \$105 per square foot.

The Park Dedication Fund provides funding for capital and infrastructure projects at community parks and recreational facilities. A total of \$207 million in transfers to the Capital and Infrastructure Funds are programmed throughout the long-term financial plan to ensure that park and recreational facilities are in good working condition and able to meet the demands of increased public use. During the last projects budget cycle costs for all projects, and especially park renovation projects, were updated to reflect the latest cost estimates for construction and materials.

In FY 2017/18, \$21.7 million is programmed for transfers to projects. The largest of funded projects include \$5.8 million for the Washington Community Swim Center, \$1.5 million for general park building rehabilitation, and \$12.3 million for the Lakewood Park renovation. Other notable projects in the near term of the plan include an additional \$6.2 million to complete the Fair Oaks Park Renovation, \$1.6 million over the next two years for golf irrigation replacement, and \$3 million to start the Lakewood Branch Library.

The Capital Projects Reserve includes funds that have not yet been appropriated to projects. Significantly more Park Dedication Fee revenue is projected in this financial plan as compared to last year. In addition to the Capital Projects Reserve, the twenty-year plan includes a second reserve fund that is specifically designated for Land Acquisition funds. This reserve

collects twenty percent of the annual revenue from Park Dedication Fees and allocates the funds to acquire and develop new land for the purpose of parks, open space, trails and other recreational facilities.

Asset Forfeiture Fund

The Asset Forfeiture Fund was established to account for monies received through drug and other law enforcement activities as allowed under Federal and State asset forfeiture guidelines. For the FY 2017/18 Budget, current projected revenues have been adjusted to assume no additional revenues will be received. These revenues were for the Department of Public Safety's participation in a regional task force operated by the Drug Enforcement Agency (DEA), and the original estimates were preliminary figures that have not come to fruition due to changes in the revenue distribution methodology. The purposes for which asset forfeiture can be used are limited, and funds are drawn down for new one-time expenses targeted for law enforcement services. As these funds are projected to discontinue, adjustments to expenses have been made.

The FY 2017/18 Budget includes a continuing transfer to the General Fund to support juvenile diversion activities within the Police Services program. The City currently has an agreement with the County of Santa Clara to pay for the direct salary, excluding benefits, of one Deputy Probation Officer. For FY 2017/18, this amount is \$110,412. It is the last year for such transfer, as there are not enough funds to support this expenditure along with other priorities. Funding for this program will be provided by the City's General Fund.

The FY 2017/18 Budget also includes \$136,596 for the Police Services Equipment Acquisition project. \$44,639 is funded in the Police Services Equipment - Cell Phones project, which supports the cost of specialized cellular phones used for police services. This project has been programmed to end in FY 2018/19, at which point the ending twenty-year reserve is unable to fund the project.

Police Services Augmentation Fund

The Police Services Augmentation Fund accounts for grant programs that provide monies for law enforcement purposes. The Supplemental Law Enforcement Services (SLES) program established by the State, and the smaller federal Edward Byrne Memorial Justice Assistance Grant from the Bureau of Justice Administration (BJA) have been the two sources of revenue to this Fund.

The State SLES monies constitute the major portion of revenue. However, over the years, the amounts of both grants have decreased or varied significantly. BJA decreased from a high of \$70,158 to a low of \$0 in FY 2011/12. SLES funding has also fluctuated over the years, with a high of nearly \$300,000 in FY 1996/97 and a low of \$100,000 in FY 2008/09. After initially being eliminated, funding for FY 2011/12 was restored to a level of nearly \$230,000, which was the result of the State shifting Motor Vehicle License funds away from local agency general funds into the grants that provide SLES funding. This was a permanent shift, and as such, funding in the amount of \$243,560 has been programmed for the entire twenty-year plan. Because of the stable funding, SLES monies will fund nearly one full-time lieutenant for the Department of Public Safety, with the remaining cost being funded by the General Fund. This is in keeping with past use of these funds, which has been for staffing for most of the years. Because BJA funds are uncertain, they are not projected in the long-term plan and instead will be appropriated as they become available.

Employment Development Fund

The City of Sunnyvale, as administrative entity for the North Valley (NOVA) Job Training Consortium, is required by legislation and regulations to account for the use of various federal and state funds and program revenues for the workforce development activities that are conducted for the consortium. The City established the Employment Development Fund to fulfill this obligation.

NOVA, formed in 1983, serves the cities of Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, Santa Clara and Sunnyvale. As of July 1, 2015, at the request of the San Mateo County Board of Supervisors and with the

Capital and Infrastructure Projects Funds

Capital and Infrastructure Projects Funds are used for major capital acquisition, construction activities, and renovation or replacement of general City fixed assets. The City currently accounts for these activities in two funds: the Capital Projects Fund and the Infrastructure Renovation and Replacement Fund. Capital and Infrastructure projects related to the Utility Enterprise Funds are budgeted and accounted for within each individual utility fund.

Capital Projects Fund

The Capital Projects Fund was established in FY 1997/98 to account for financial resources to be used for new or substantially enhanced assets or for major rehabilitation of capital facilities. These projects are funded by the General Fund, other governmental funds, or outside sources. Outside revenues into the Capital Projects Fund include federal and state grants, intergovernmental revenues, developer contributions, Transportation Impact and Mitigation Fees, and Sense of Place Fees.

The Capital Projects Fund is divided into distinct sub-funds that receive direct transfers from the funds that are responsible for particular projects. Each sub-fund records revenues, interest earnings, transfers and expenses separately.

General Assets Sub-Fund

The General Assets Sub-Fund is the largest Capital Projects sub-fund. In FY 2017/18, it accounts for \$38.1 million in appropriations to projects, \$16.6 million of which comes from federal grant funding. This Sub-Fund accounts for The Lakewood Branch Library Facility project, which is primarily funded by the General Fund Capital Improvement Reserve. A total of \$20.95 million is budgeted for the design and construction. The recommended project budget has been adjusted to reflect the latest timeline. This Sub-Fund also includes funding for the Washington Community Swim Center renovation, which originated in FY 2015/16 with a total \$7.8 million over four years.

There are also a significant number of currently funded projects that will not fully expend their appropriations in FY 2016/17, and these unspent funds will be carried over into FY 2017/18. Projects that are currently underway include the Fair Oaks Avenue Overhead Bridge project for \$20.4 million, the

Safe Routes to School Pedestrian Safety Project, which is funded by a federal grant, and the Fair Oaks Bike Lanes project which is also funded by a federal grant. Beyond FY 2017/18, significant projects in this Sub-Fund include the completion of the Lakewood Branch Library Facility project, the Plaza Del Sol Phase II project, and the Synthetic Turf Sports Field project.

Gas Tax Sub-Fund

The Gas Tax Sub-Fund accounts for capital projects funded partially or fully by Gas Tax revenues. There are no new appropriations in FY 2017/18; however, carryover from FY 2016/17 is expected for the construction of the Calabazas Creek Bridge project.

Calabazas Creek Bridge Sub-Fund

A new Sub-Fund was established in the Capital Projects Fund in FY 2013/14 to account for \$565,000 from the City of Santa Clara to fund its share of the Calabazas Creek Bridge renovation. The purpose of this Sub-Fund is to account for the interest allocation from the City of Santa Clara contribution that the City will be managing and administering.

Traffic Mitigation and Transportation Impact Fees Sub-Funds

The Cumulative Traffic Mitigation Fees and Transportation Impact Fees are accounted for in individual sub-funds of the Capital Projects Fund. Prior to the adoption of the Transportation Strategic Program in November 2003, an interim funding mechanism was implemented for transportation mitigation of major land development. This mechanism was known as Cumulative Traffic Mitigation Fees. The Traffic Mitigation Sub-Fund was created in order to use Cumulative Traffic Mitigation Fees for capital projects that improve traffic capacity or alternative transportation facilities. Funds are allocated to projects of local or regional significance, depending upon the nature of traffic impacts identified in association with the land development. The adoption of the Transportation Strategic Program in November 2003 replaced the interim Cumulative Traffic Mitigation Fees.