

CITY OF SUNNYVALE BUDGET WORKSHOP

Fiscal Year 2017/18 Recommended Budget
May 19, 2017

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AGENDA

1. Introduction
2. Regional Economic Outlook
3. Fiscal & Budget Overview
4. Review by Fund
5. Project Reviews
6. Budget Supplements
7. Budget Restructure Review
8. Budget System/Conventionalizing the Budget Overview
9. Q & A



CITY MANAGER MESSAGE

Deanna Santana, City Manager
City of Sunnyvale



BALANCED BUDGET FRAMEWORK

- Legal and Policy Requirements
- Economic Climate & Impacts
- Significant Impacts
- Strategic Approach – Solution

Revenue	\$48M	➔	(\$48M)
Total Comp Reserve	\$121M	➔	(\$57M)
Fiscal Strategies		➔	(\$52M)

- Significant Investment in Projects and City Council Policy Priorities



REGIONAL ECONOMIC OUTLOOK

Steve Levy, Director & Senior Economist
Center for Continuing Study of the California Economy



A Hot, Slowing and Changing Economy: Implications for Housing and Fiscal Policy

Stephen Levy

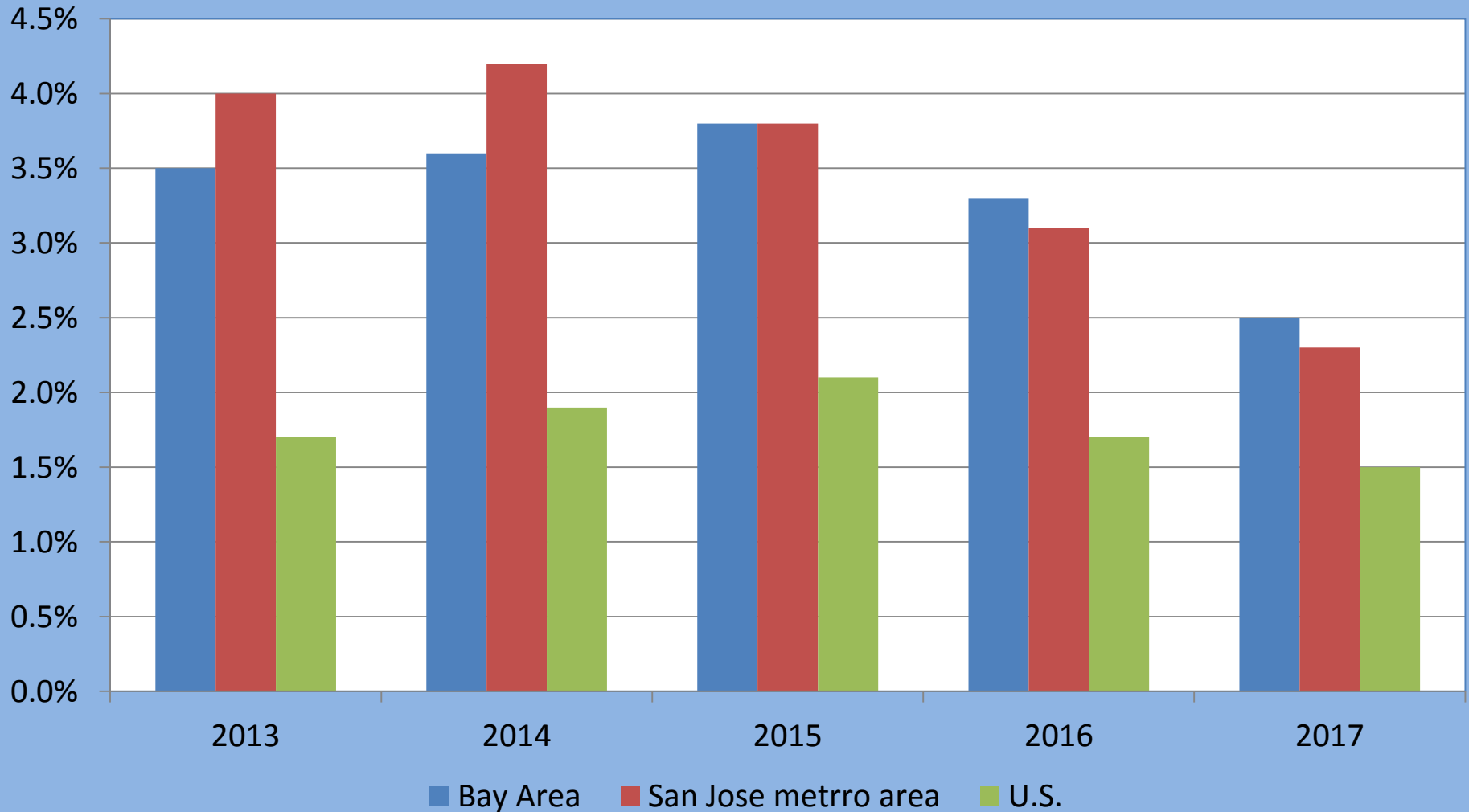
Center for Continuing Study of the
California Economy

Sunnyvale City Council May 19, 2017

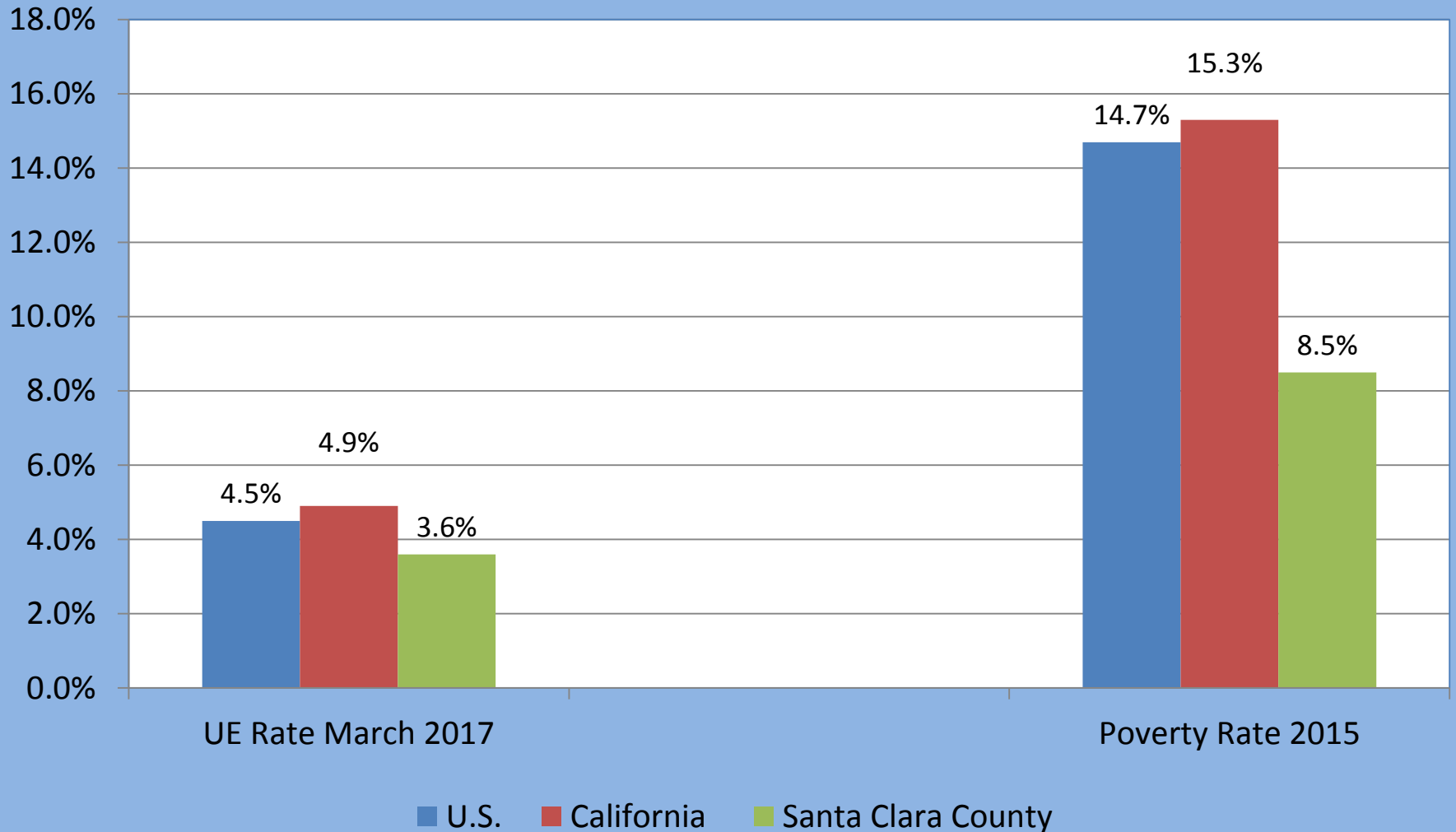
A Strong and Attractive Economy with Slower and Changing Growth Ahead

- County and region outpace nation
- Below average unemployment and poverty rates. Above average median wages, minimum wage thresholds and household income
- Job growth will slow everywhere after 2016
- Companies plan more expansions
- Workforce shortages and housing challenges threaten region's competitiveness

Job Growth Rates



Unemployment and Poverty Rates



Job Growth Will Slow

- Job growth will slow across the nation as baby boomers retire and unemployment is low
- Except for renovations, which are important, office and retail expansion will slow
- Local challenges include a shortage of skilled workers (NOVA is working on this) and housing costs and supply.

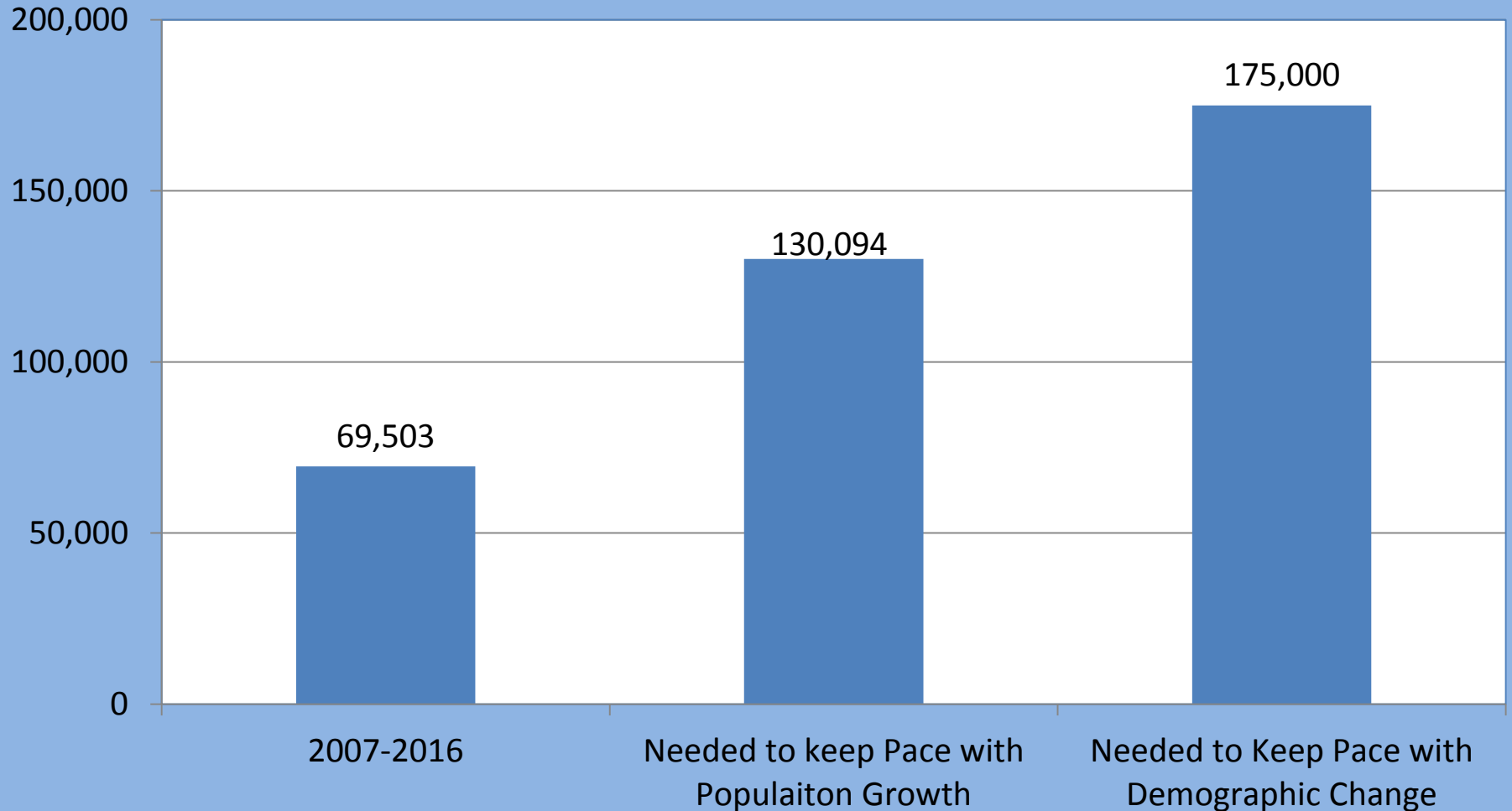
Yet the Region Continues to Attract New Jobs

- LinkedIn and Google swap land for expansions in Mt View and Sunnyvale
- Major tech job expansions in San Jose around Diridon and with BART openings
- Facebook, Apple and Tesla expanding
- And a wave of auto tech office openings—Porsche, Ford, Tesla—as the Valley embraces a new tech opportunity

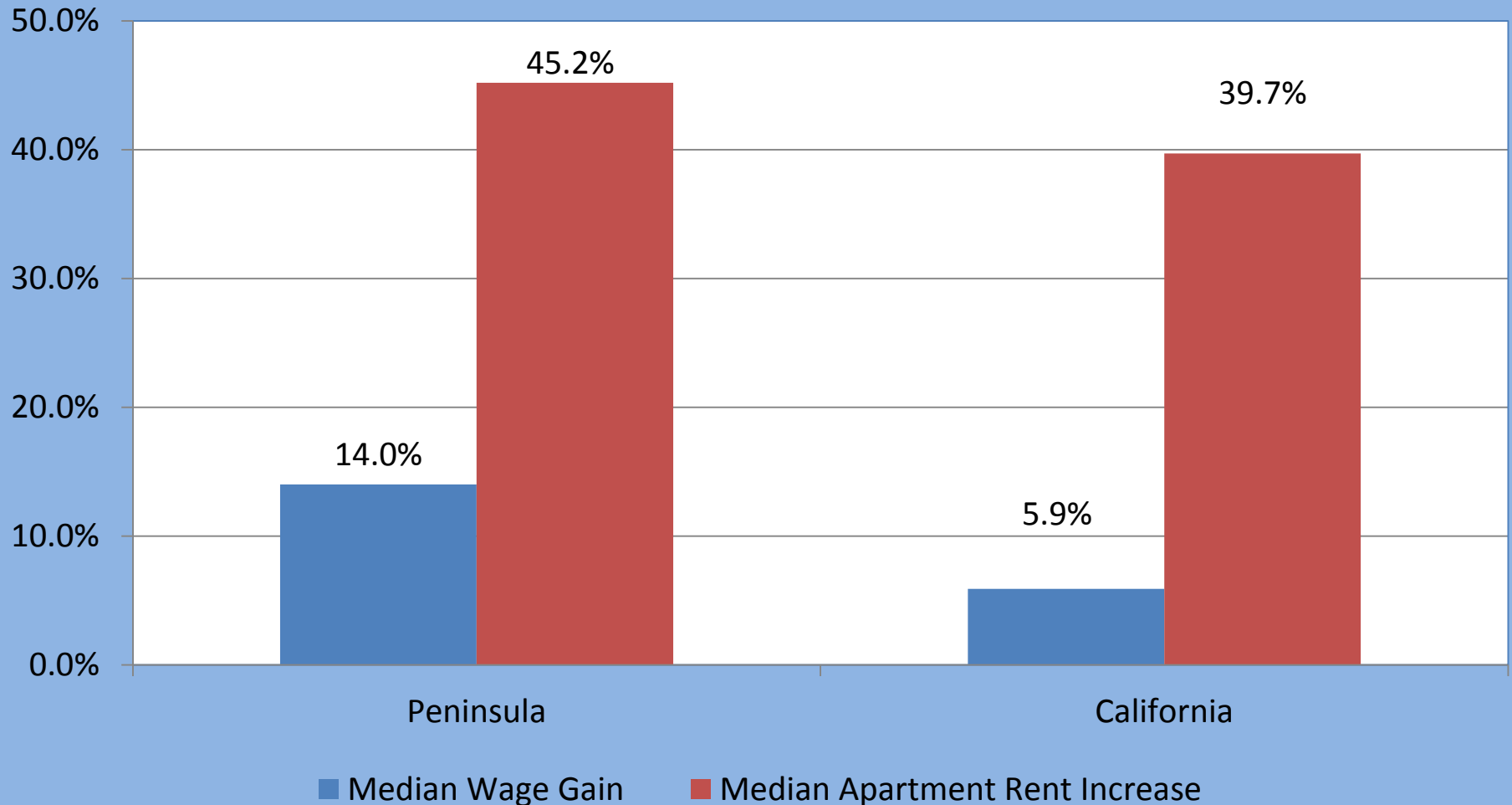
Housing Costs and Supply—Causing Distress for Resident AND the Economy

- The economic distress caused by housing shortages and soaring rents are well known.
- But this human distress is also an economic threat.
- Company expansion plans in a time of low unemployment and worker shortages depend on workers being able to move to the region.

Anatomy of a Regional Housing Shortage (Units Added Vs Needed)



Rent Increases Outpace Wage Gains 2011-2016



Challenges in Addressing Housing

- Not every city has to add housing but if every city does not step up, the shortage will grow.
- Reducing costs and incentives (carrots) for cities are needed from local and state action
- Local efforts can include density bonuses, reduced parking requirements, zoning for smaller units, permit streamlining—all of these can reduce costs and increase supply

But Cities Need Help from the State and Region

- CEQA reform
- By right approval for qualifying projects
- State or regional backfilling of impact fees
- Direct infrastructure funds where housing is welcomed
- Other fiscal incentives for housing including lowering housing bond threshold to 55%

Fiscal Challenges in a Slowing Economy

- You know and are dealing with employee retirement costs.
- With slowing retail, getting a fair share of Internet sales tax is important—same for AirBnB.
- With slowing commercial space growth, renovations are important. BUT SO IS REGIONAL ECONOMIC COMPETITIVENESS.
- Long term a sales tax on services (SHARED BY LCOAL AGENCIES) is a policy goal along with more fiscal incentives for housing

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FISCAL AND BUDGET OVERVIEW



EMPLOYMENT



	NOVA	California	USA
Labor Participation Rate	67.9%	63.1%	63.3%
Educational Attainment (Bachelor/Post)	56.3%	32.0%	31.3%
Cost of Living Index	174.9	140.1	100.0

Industry Snapshot	NOVA
Professional, Scientific, and Technical Services	16.6%
Manufacturing	11.9%
Healthcare and Social Assistance	10.0%
Information	9.7%

KEY SELECT EMPLOYMENT STATISTICS

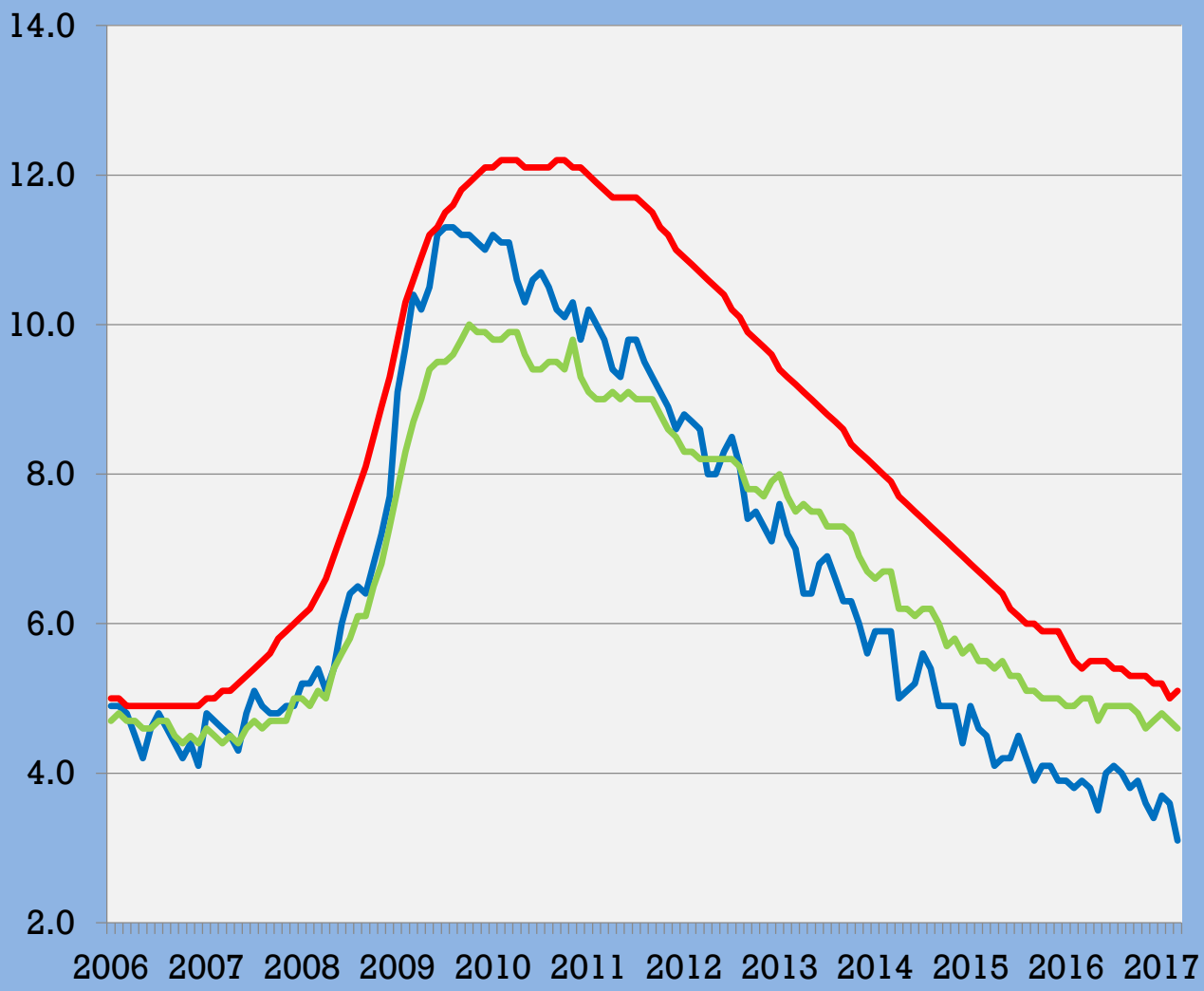
- NOVA region includes Sunnyvale, Palo Alto, Los Altos, Mountain View, Cupertino, Santa Clara, Milpitas, and all of San Mateo County
- Source: NOVA/Chmura Economics and Analysis

Business Name	Employees
Lockheed Martin Space Systems	4,610
Apple Inc.	4,000
Yahoo! Inc.	3,877
Juniper Networks, Inc.	3,180
Google	3,176
NetApp, Inc.	2,209
A2Z Development Center, Inc.	2,021
LinkedIn Corp.	1,840
West Valley Engineering Inc.	1,476
Northrop Grumman Marine Systems	1,226

SUNNYVALE TOP EMPLOYERS

- As of January 2017

UNEMPLOYMENT



Federal 
California 
Sunnyvale 

Source: Bureau of Labor
Statistics through March 2017

- Sunnyvale - 3.1%
- California - 5.1%
- Federal - 4.6%

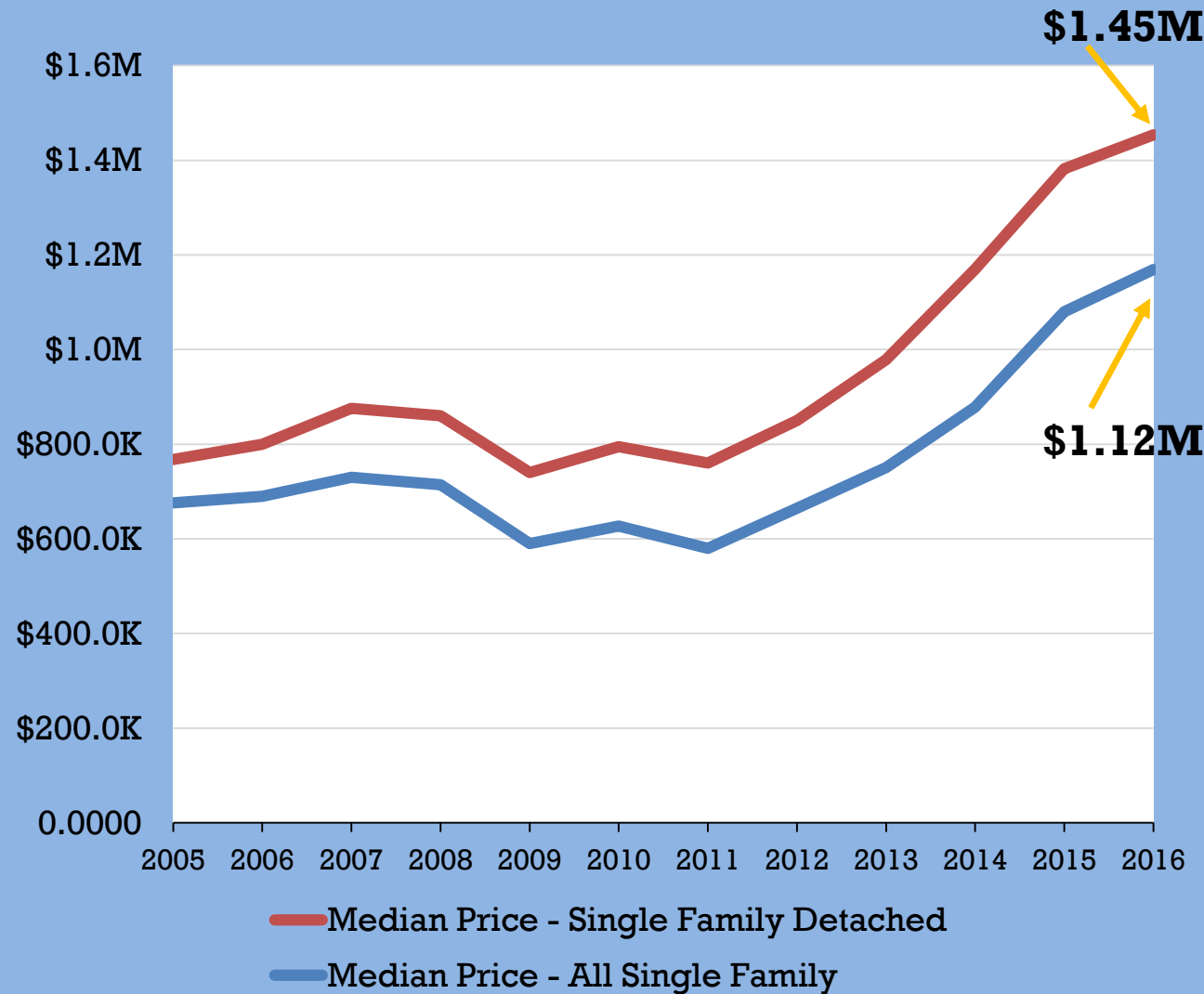


REAL ESTATE



SUNNYVALE HOME SALES

- Median Secured Net Value for Single Family Detached: \$511,616
- Median Secured Net Value for ALL Single Family: \$488,240



High Rents Across California's Metro Areas

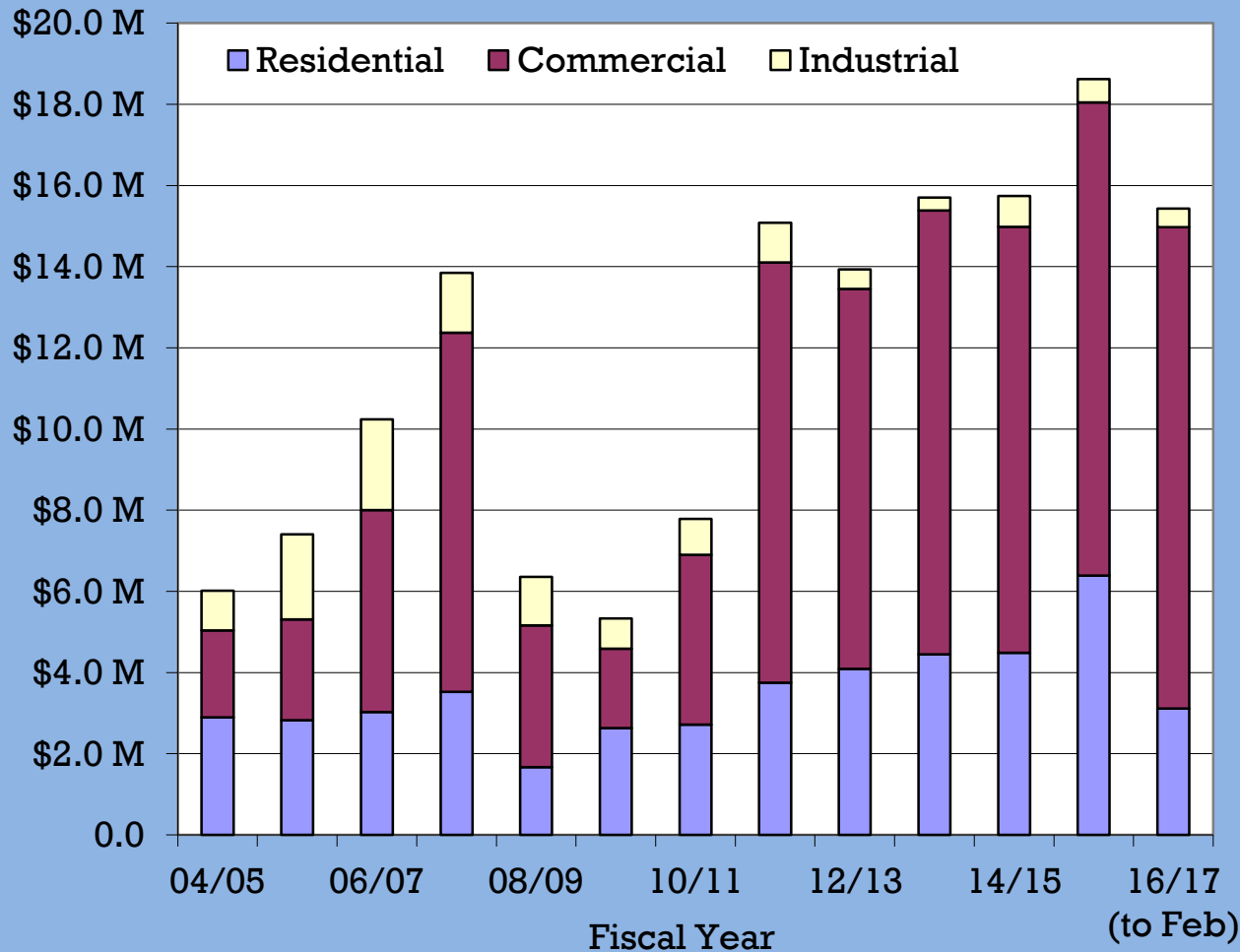
Location	Annual Wages (\$)	Monthly Rents	Rent as (%) of Wage/Mo
Santa Cruz	49,364	1,954	47
Sonoma	51,878	1,598	37
San Joaquin	45,401	1,084	29
Orange	62,666	1,799	34
Monterey	47,141	1,418	36
Tulare	39,552	878	27
Santa Barbara	53,240	1,511	34
San Bernardino	46,874	1,262	32
Riverside	45,622	1,262	33
Contra Costa	67,516	2,112	38
San Diego	61,233	1,669	33
San Francisco	106,151	2,932	33
Alameda	73,889	2,112	34
Fresno	42,616	915	26
Kern	45,901	957	25
Sacramento	58,979	1,178	24
Santa Clara	120,947	2,468	24

Source: QCEW, REIS, Compiled by Beacon Economics

CALIFORNIA RENTAL HOUSING

- With homeownership rate at its lowest level in decades, high demand for rental units has driven rents up and rental vacancy rates down.
- The rental market will offer little relief as renters face yet another year of rent hikes, prompting concern about affordability in many communities around the state.

BUILDING CONSTRUCTION REVENUE HISTORY



- Totals include Building Permits, Fire Prevention Permits, Plan Check Fees, Construction Tax, Electrical Permits, and other construction-related permits
- FY 2016/17 on-track to become the **sixth** consecutive elevated year



BUDGET OVERVIEW

Tim Kirby, Director of Finance
Kenn Lee, Assistant Director of Finance



- Budget continues a high level of service to the community
- Sustains or improves our public services
- Focuses on projects that support City services and infrastructure
- Allocates reserves to position the City well for foreseeable new challenges
- Strategic, prudent and thoughtful
- Continues a focus on community engagement and collaboration

FY 2017/18 RECOMMENDED BUDGET

- Second year of two-year cycle
- Focused on projects
- Includes adjustments to operations

- Investment in City Council strategic priorities
- Balanced inventory of proposed projects
- Funds major transportation infrastructure projects - Measure B
- Increased funding due to the rising construction costs
- Investment in the significant needs of our aging infrastructure and equipment
- Operating budget refinements
- Detailed phased planning that reflects staff capacity - goal of preparing for a slowed economy

**FY 2017/18
RECOMMENDED
BUDGET**

- Civic Center Campus and Main Library – funding continued
- Ability of infrastructure to support development and traffic investments
- Open space acquisition planning
- Downtown Sunnyvale
- Improved processes and services through use of technology
- Accelerate the Climate Action Plan

INVESTMENTS IN COUNCIL STRATEGIC PRIORITIES



LEGAL AND POLICY FRAMEWORK



- **10-Year Balanced Budget Mandate (City Charter, Article 1302)**
- **20-Year Resource Allocation Plan Requirement (City Council Policy 7.1.1)**
- **General Fund Budget Stabilization Fund Threshold requirement**
 - **15% of revenues in first two years of the Financial Plan (City Council Policy 7.1.E (1.4))**

COMMUNITY VALUES

- **City Charter**
- **Council Policy**



CITYWIDE OVERVIEW

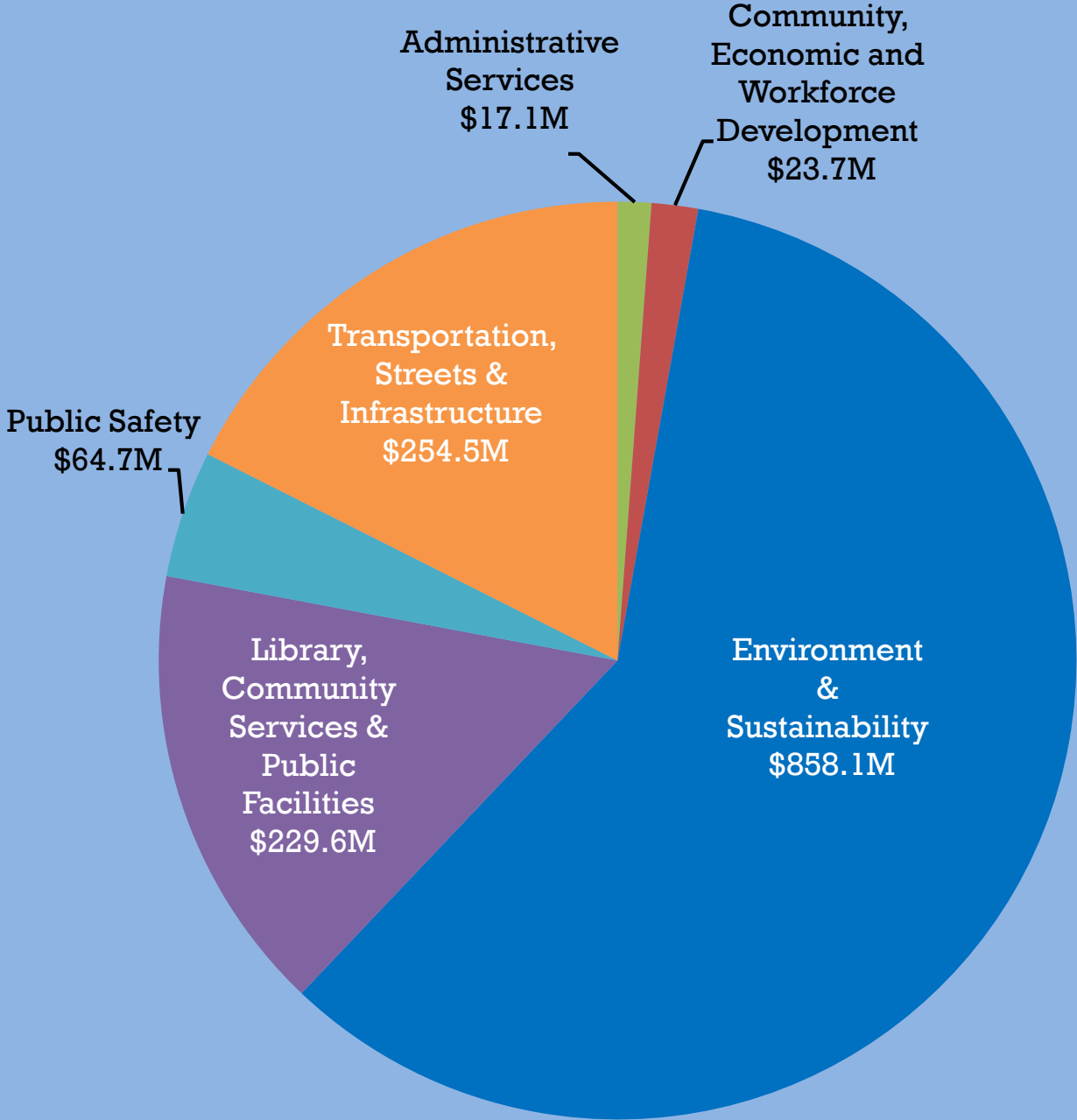


**Total Budget –
All Funds**

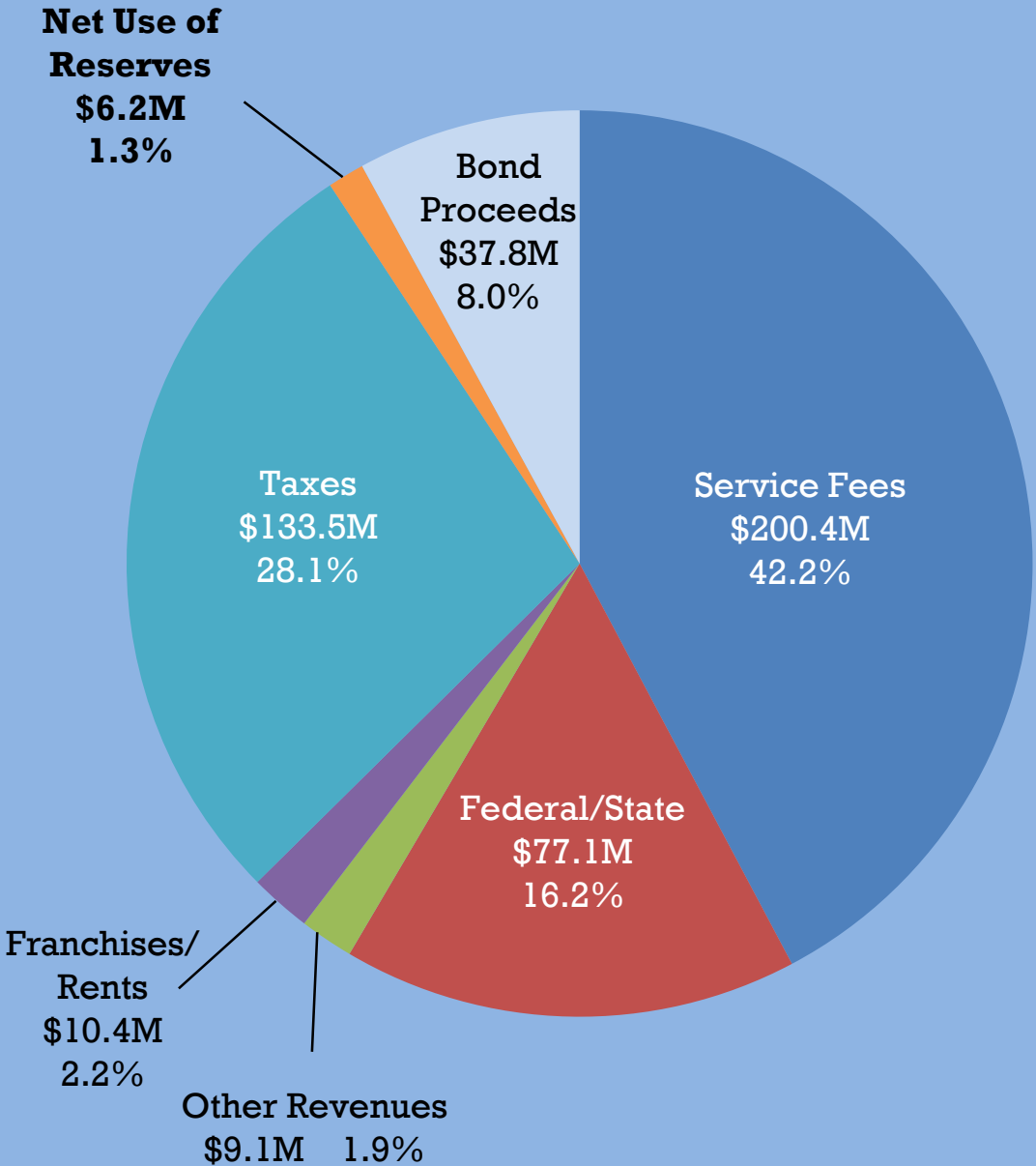
\$474.6M

PROJECTS BY SERVICE CLUSTER

- 20 Year Impact \$1,447.9M

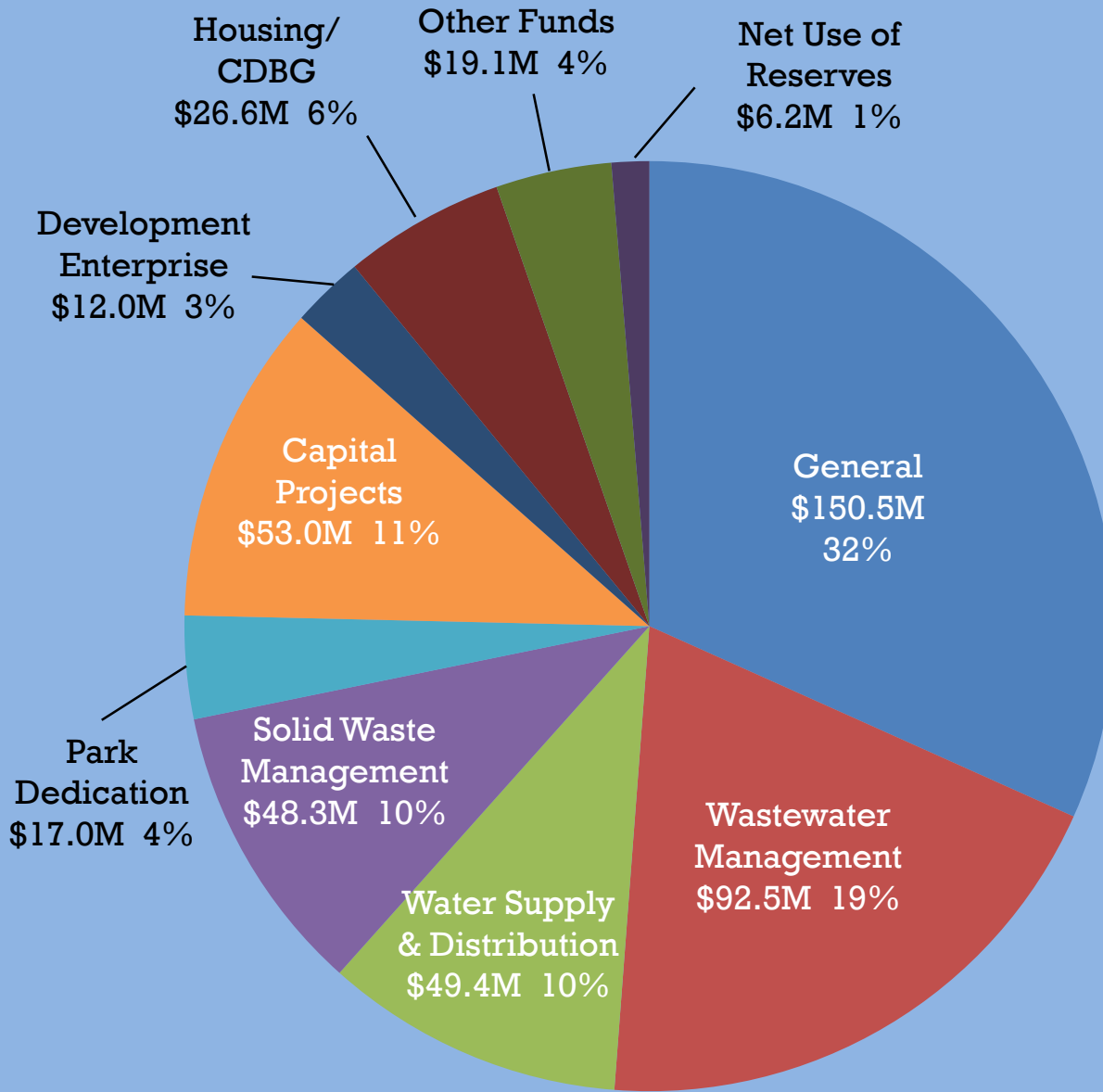


FY 2017/18 CITYWIDE REVENUES BY SOURCE



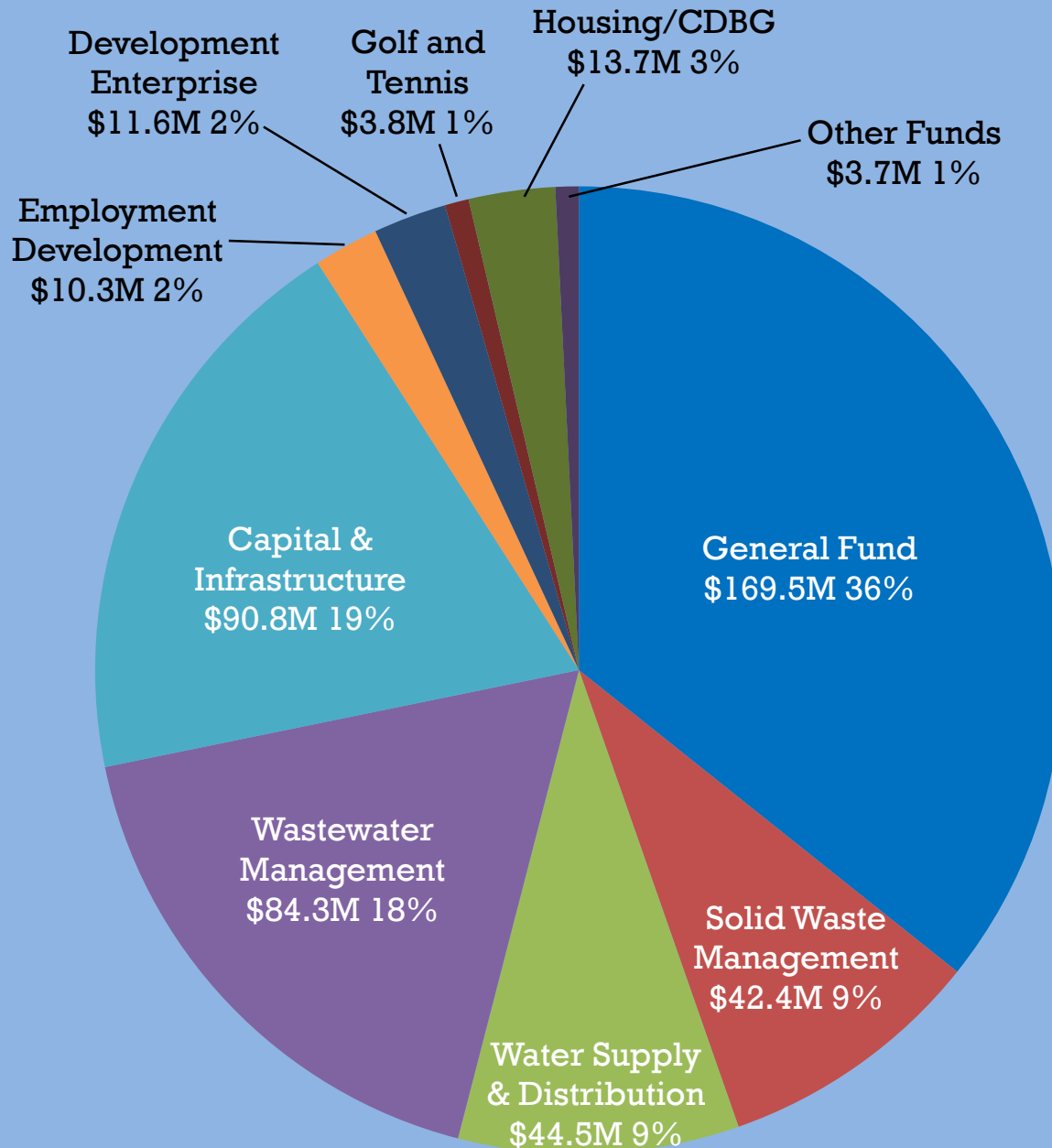
- Total Revenues \$474.6M
- Gap between Expenditures and Revenues achieved through \$6.2M net drawdown of Reserves
- Excludes internal service fund charges and inter-fund transfers

FY 2017/18 REVENUES BY FUND

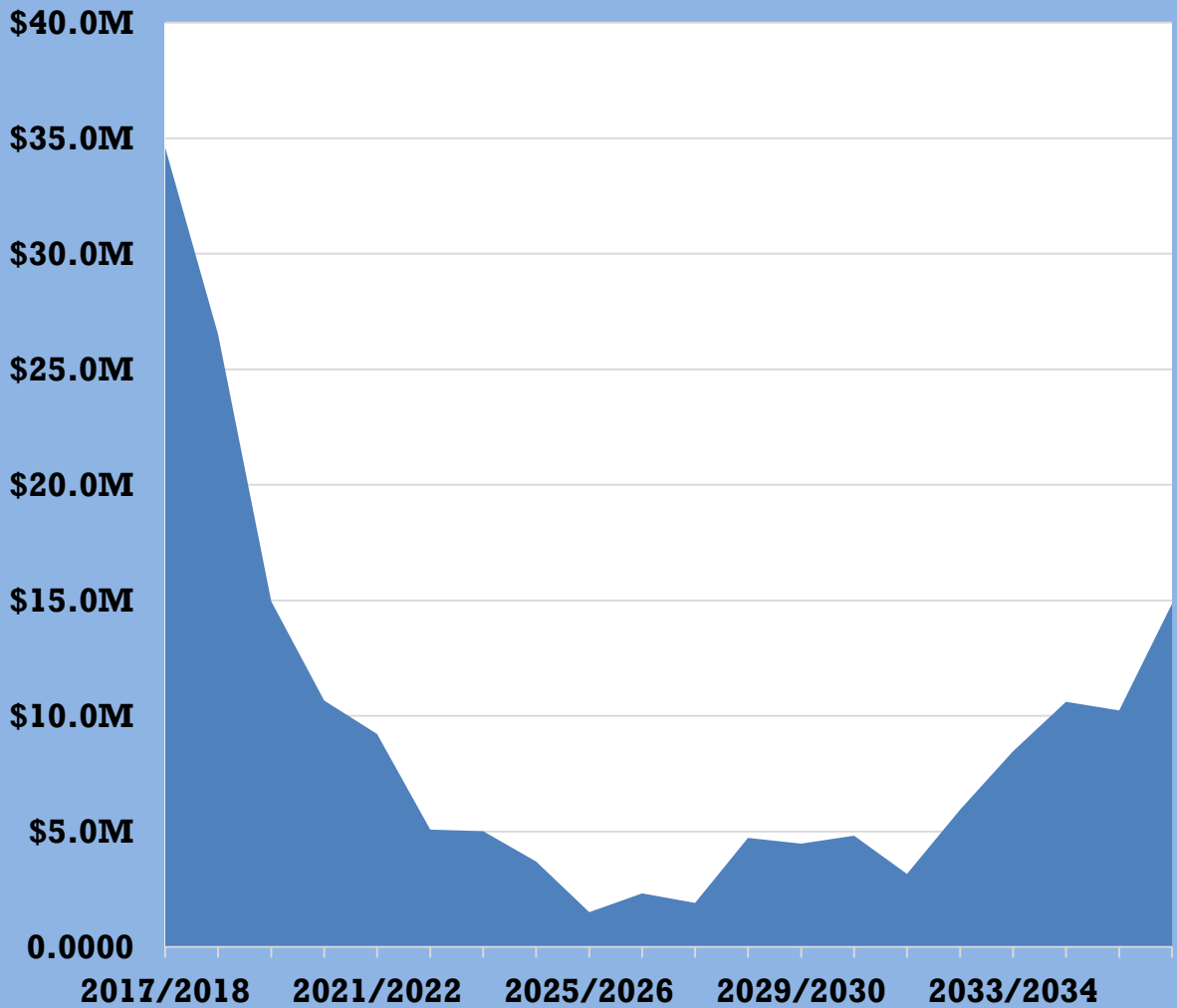


- Total Revenues \$474.6M
- General Fund revenue almost one-third of total revenue
- Utility Funds over one-third
- Wastewater Fees and Bonds represents second largest group
- Excludes internal service fund charges and inter-fund transfers
- Net Use of reserves (\$6.2M) reflects all funds
 - General Fund - \$19M

FY 2017/18 RECOMMENDED BUDGET CITYWIDE EXPENDITURES BY FUND



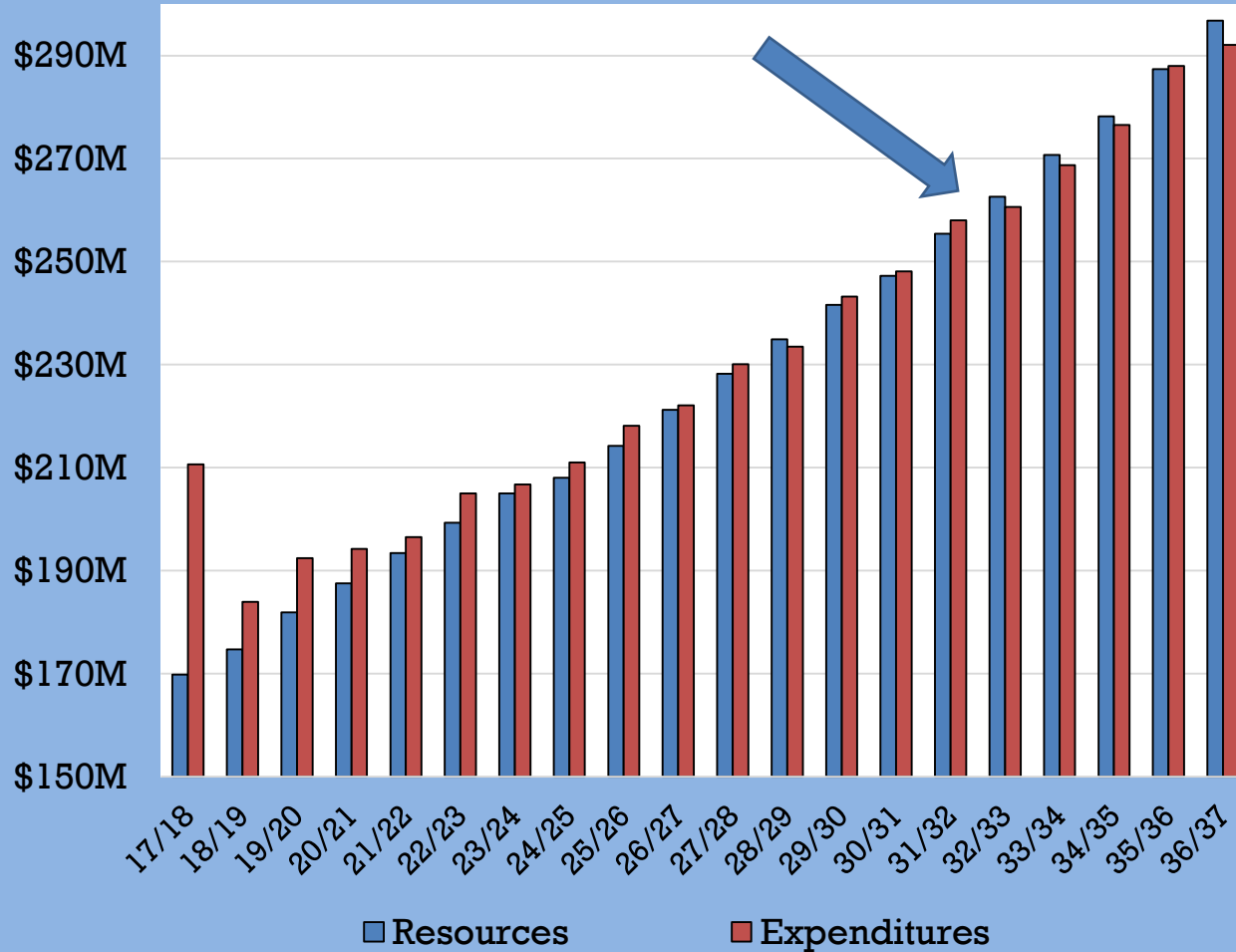
- Total Expenditures \$474.6M
- Other Funds include Park Dedication, Asset Forfeiture, Police Services Augmentation, Parking District, Community Facilities District No.3, Gas Tax, VRF Local Road Improvement Program, Youth and Neighborhood Services.
- Excludes internal service fund charges and inter-fund transfers



GENERAL BUDGET STABILIZATION FUND

- Council policy: Budget Stabilization Fund must be 15% of revenue in first two years of the Financial Plan
- Methodology change: Large project expenditures (Lakewood Branch Library and ERP were transferred to the Capital Projects Fund) to reflect more appropriate accounting for those projects

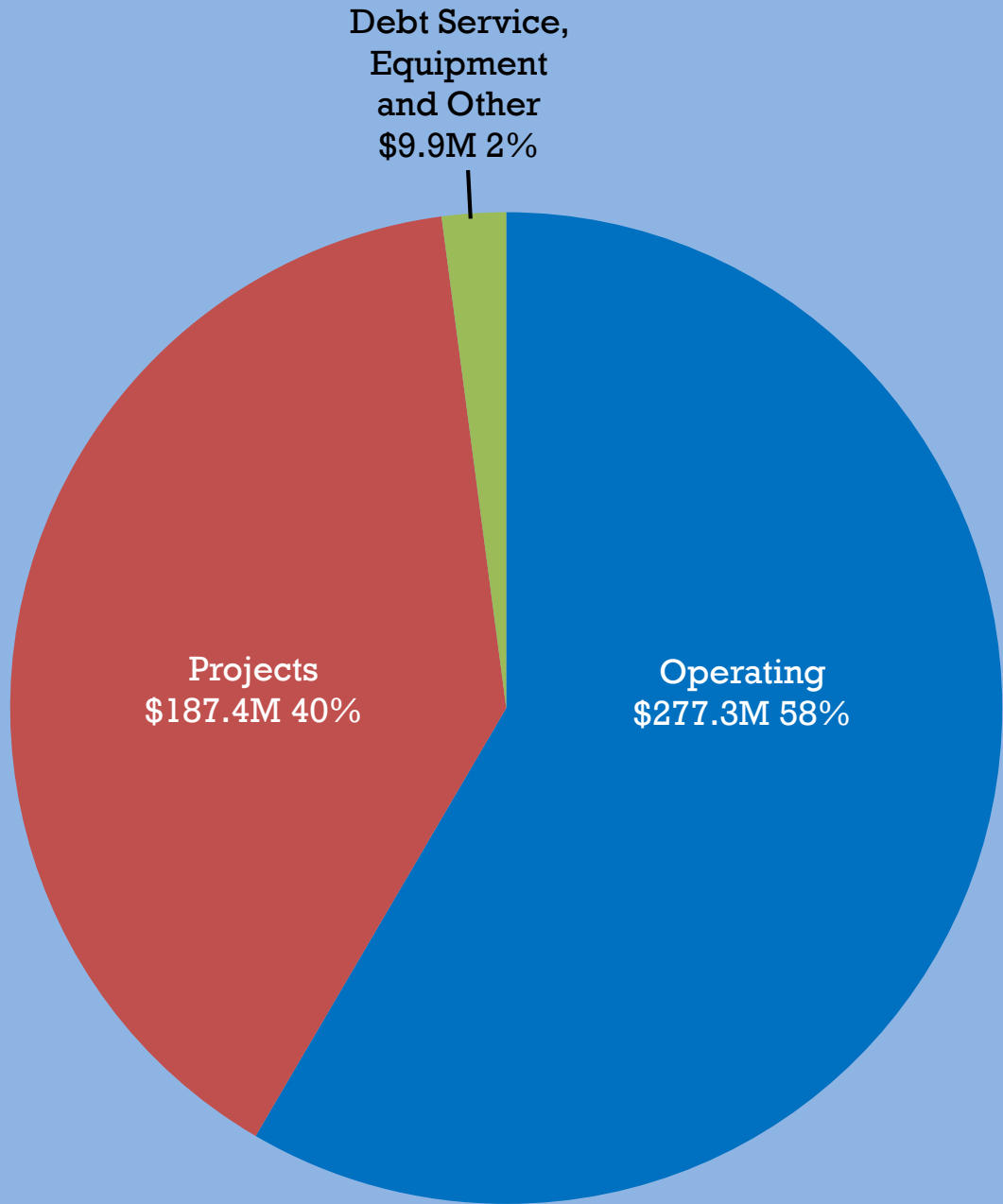
Expenditures exceed
Resources until FY 2032/33



GENERAL FUND EXPENDITURE GROWTH CONTINUES TO OUTPACE REVENUE

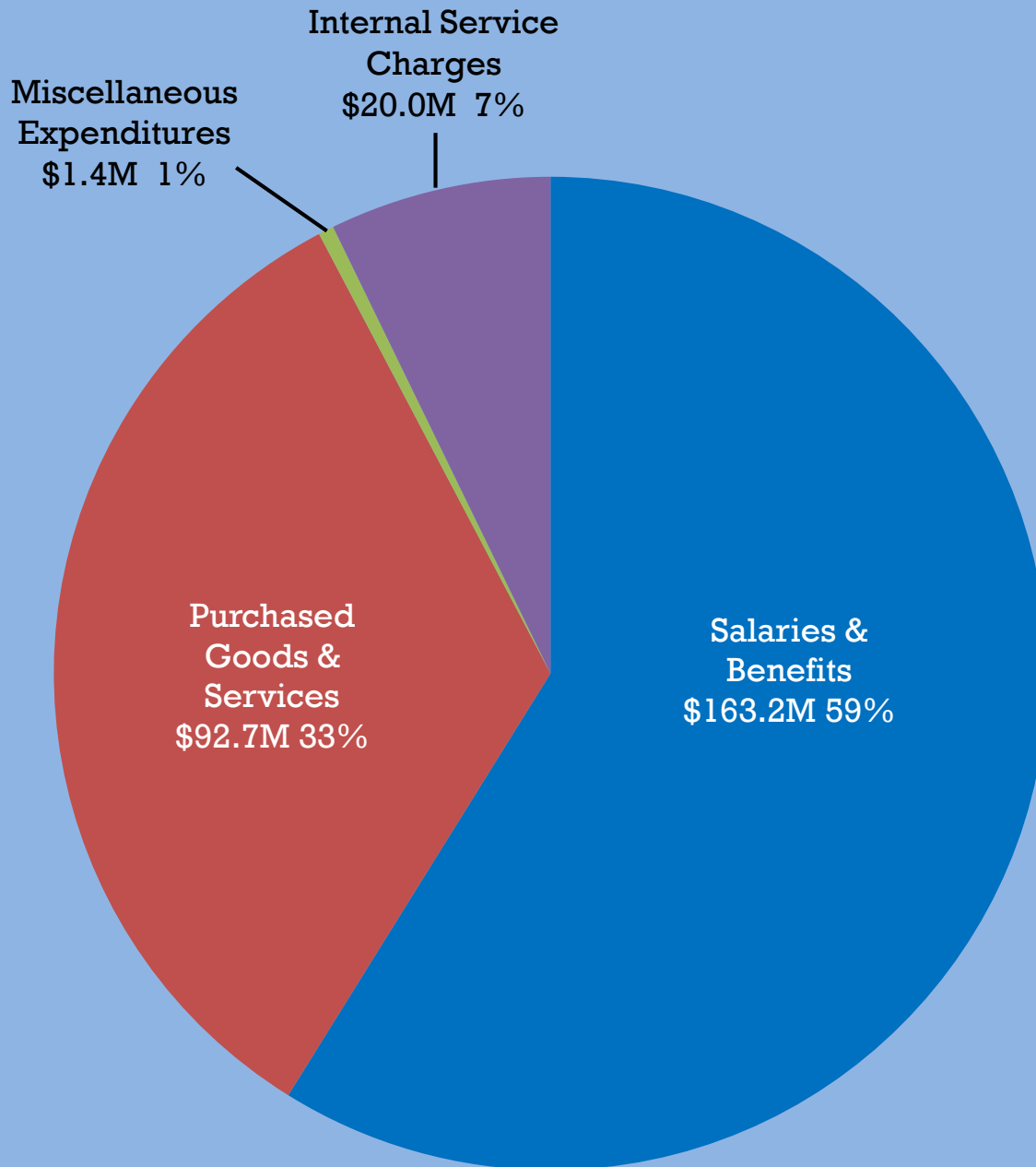
- Year 1 reflects amended approach to funding projects
- Long-term expenditures continue to exceed resources until FY 2032/33
- To balance this, one-time Fiscal Strategies are necessary totaling \$2.4M in FY 2018/19 to meet 15% Budget Stabilization Fund Council Policy
- Ongoing Fiscal Strategies totaling \$2.8M ongoing starting in FY 2020/21 are required to fix the imbalance

FY 2017/18 CITYWIDE EXPENDITURES BY TYPE



- Total Expenditures \$474.6M
- Excludes internal service fund charges and inter-fund transfers

FY 2017/18 RECOMMENDED BUDGET CITYWIDE OPERATING EXPENDITURES BY TYPE



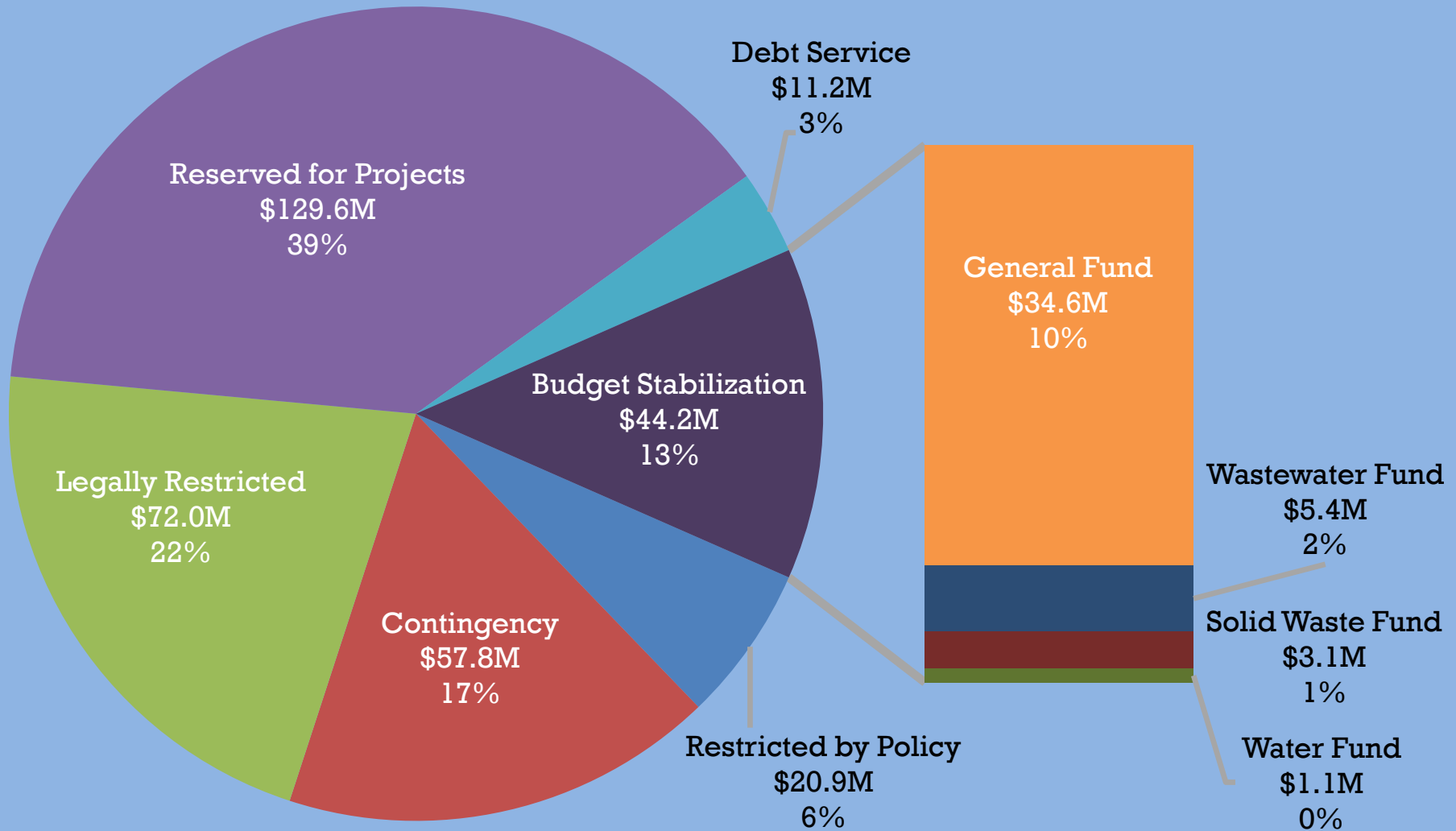
- Total Operations \$277.3M
- Salaries and Benefits almost two-thirds of Operations
- Purchase of Water and Solid Waste Services represent 70% of goods and services
 - Water purchase (\$29.9M)
 - Solid Waste collections (\$21.2M)
 - SMaRT Station landfill (\$13M)
- Excludes internal service fund charges and inter-fund transfers

OPERATING EXPENDITURES BY DEPARTMENT

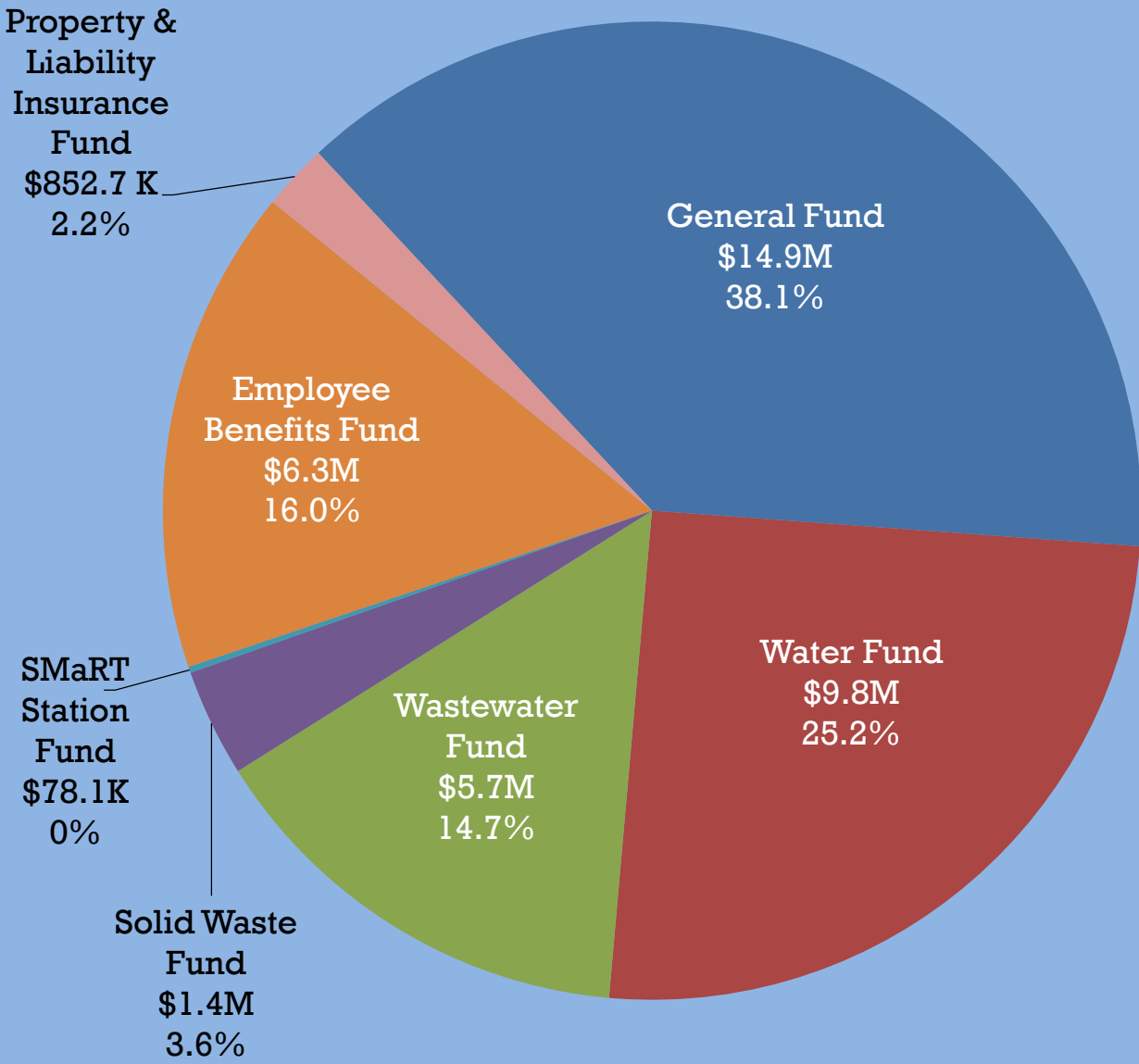
- Environmental Services
Excludes SMaRT Station
- Public Safety includes
recruitment projects and
equipment
- in \$M

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	7.2	7.6	7.6	8.7	9.4	8.1%
Environmental Services	75.4	84.2	79.4	86.5	93.8	8.4%
Finance	8.2	8.5	8.3	9.0	10.4	15.1%
Human Resources	4.0	4.4	4.2	5.0	5.3	5.2%
Information Technology	6.7	7.1	7.0	7.9	9.1	15.5%
Library and Community Services	16.7	17.8	17.3	18.6	19.8	6.2%
NOVA Workforce Services	7.2	10.3	10.1	10.1	10.2	1.9%
Office of the City Attorney	1.7	1.9	1.8	2.0	2.3	15.8%
Office of the City Manager	4.3	4.6	4.7	6.5	4.8	-25.2%
Public Safety	82.8	90.8	89.1	97.7	99.5	1.9%
Public Works	34.9	36.8	35.1	39.7	41.8	5.3%

FY 2017/18 Reserve Balances By Type



Planned Fund Balance in Yr 20 (FY 2036/37)

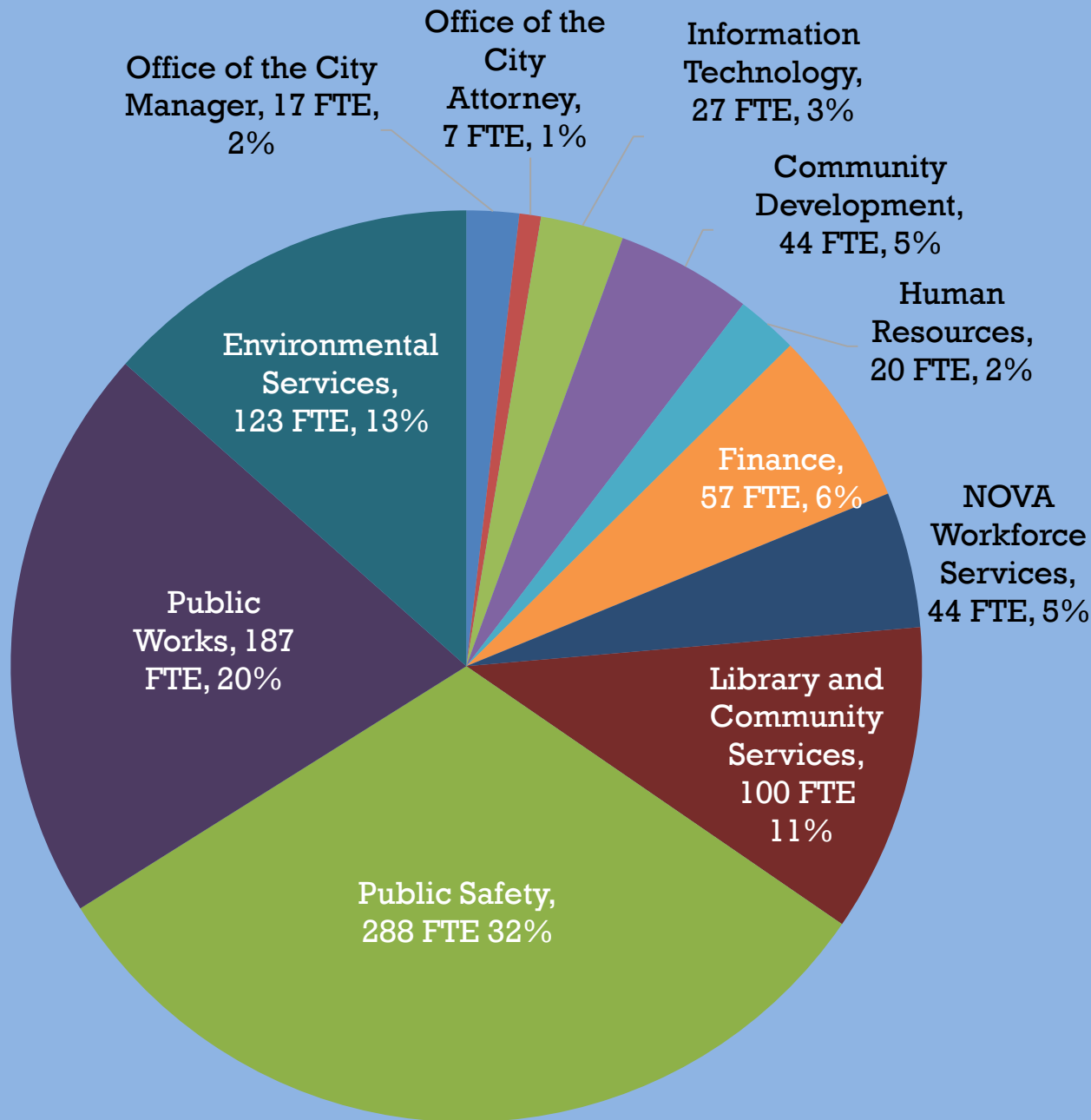


RESERVE BALANCES

- Un-restricted Reserve Balances across all funds total \$39.0 M
- General Fund reserve amount is the Budget Stabilization Fund Reserve
- Does not include the Set Aside for Total Compensation. The Total Compensation Set Aside balance in Plan Year 20 is \$63.8 M

FY 2017/18 BUDGETED FTE BY DEPARTMENT

- Total 914 FTEs



Total Compensation **Components**

- Salaries
 - Reflect Current MOUs, Tentative Agreements (SEA, SEIU), and adjustments for Confidential (Non-Mgmt)
 - Most agreements expire in few years
- Retirement & OPEB
 - Combined with \$167 million impact last year, impact totals over \$300 million
 - Pensions
 - Routine annual contribution at \$36.5M in FY 2017/18 with projected growth to \$65.5M over 10 years
 - Increased \$108M (all funds) over 20 years – reforms reflect changes to investment returns and reflects CalPERS actions (7.5% to 7%) – full impact FY 2024/25

TOTAL COMPENSATION ASSUMPTIONS

- Summary of major total compensation components

Total Compensation **Components (continued)**

- **Pensions (Cont.)**
 - Actuary assumes returns reduced to 6% - full impact in year 20
 - Additional CalPERS reforms are projected to further de-risk pension system
 - Concern that CalPERS does not meet annual investment target
- **Other Post Employment Benefits (OPEB)**
 - Increased \$33M to OPEB Trust
 - Achieves 95% funded status at end of 20 years
- **Healthcare and other benefits**
 - Annual contribution for active employees at \$11.7M in FY 2017/18 with projected growth to \$18.6M over 10 years
 - Workers' Compensation Claims increased \$20M over 20 years

TOTAL COMPENSATION ASSUMPTIONS

- Summary of major total compensation components



REVIEW BY FUND





GENERAL FUND











TOP GENERAL FUND REVENUES

- FY 2016/17 Property Tax reflects elevated Unsecured & Supplemental tax revenue
- FY 2017/18 reflects long-term average
- FY 2016/17 TOT based on 8 months of Actuals
- FY 2017/18 TOT set to 3 Year average room rates and occupancy %
- in \$M

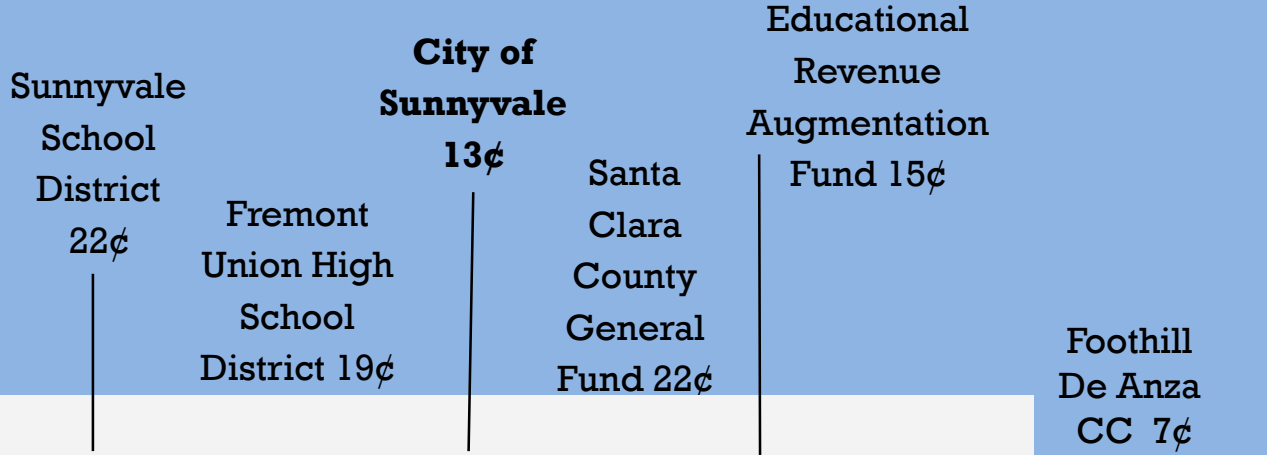
Revenue Source	2015/16 Actual	2016/17 Projection	2017/18 Projection	% Change 2017/18 over 2016/17
Property Tax	\$62.4	\$67.3	\$69.0	2.4%
Sales Tax	32.9	33.0	32.8	-0.8%
Transient Occupancy Tax	16.3	16.8	15.3	-9.0%
Utility Users Tax & Franchise	14.0	14.1	14.3	1.9%
Major Revenues Subtotal	125.6	131.3	131.4	0.1%
Total General Fund Revenue	178.4	207.3	169.8	-18.1%
Total General Fund (adjusted*)	147.6	150.0	150.5	0.3%

* Adjusted excludes: Sale of Property, Inter-fund revenues, In Lieu Charges & Transfers From Other Funds

FY 2017/18 TOP GENERAL FUND REVENUE TRENDS

	Stable	Trend	City Controlled	Percent of General Fund ¹
Property Tax				46%
Sales Tax				22%
TOT				10%
UUT				5%
			Total	83%

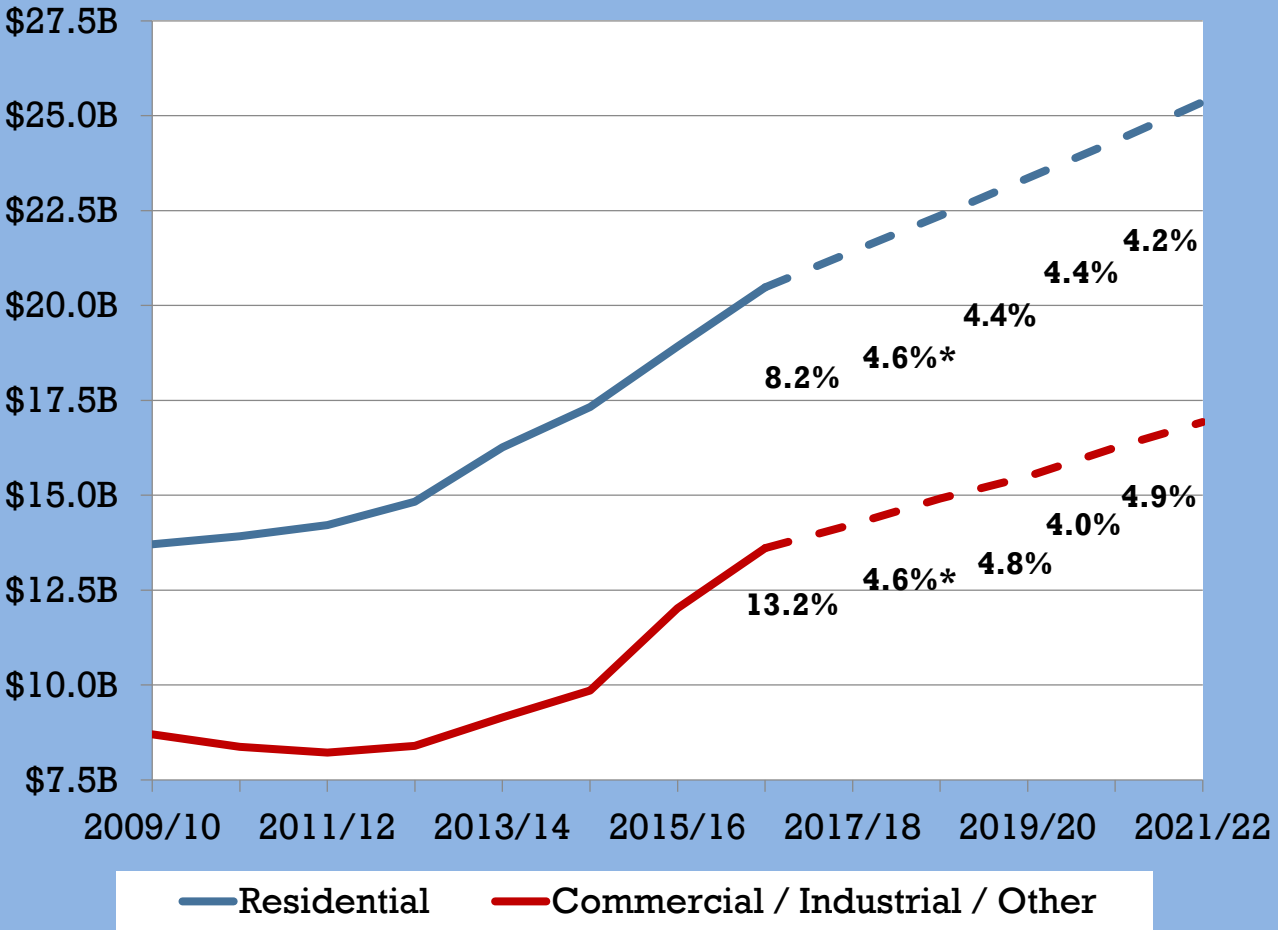
1. Excludes revenue from Sale of Property



PROPERTY TAX \$1 BREAKDOWN

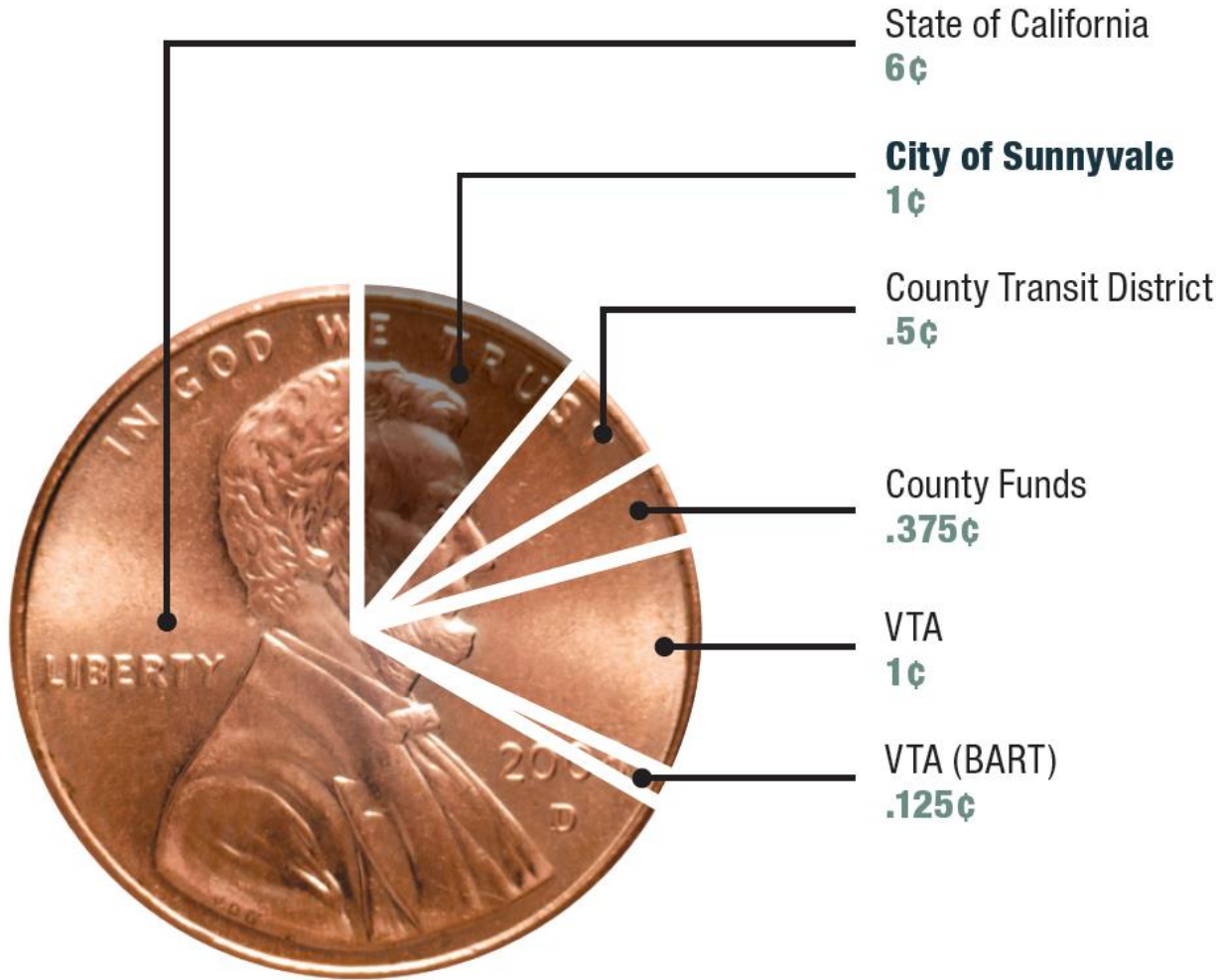
- 20 Year Impact: Up \$90M
- Property Tax received In Lieu of Vehicle License Fee (VLF) is accounted for separately. If included in the total, the City share would be 17¢

SUNNYVALE ASSESSED VALUES



- FY 16/17 growth rates are Actuals
- FY 17/18 estimate based on total assessed value growth of 4.6% (breakdown between Residential / CI not yet available)

How 9 cents of Sales Tax is Distributed

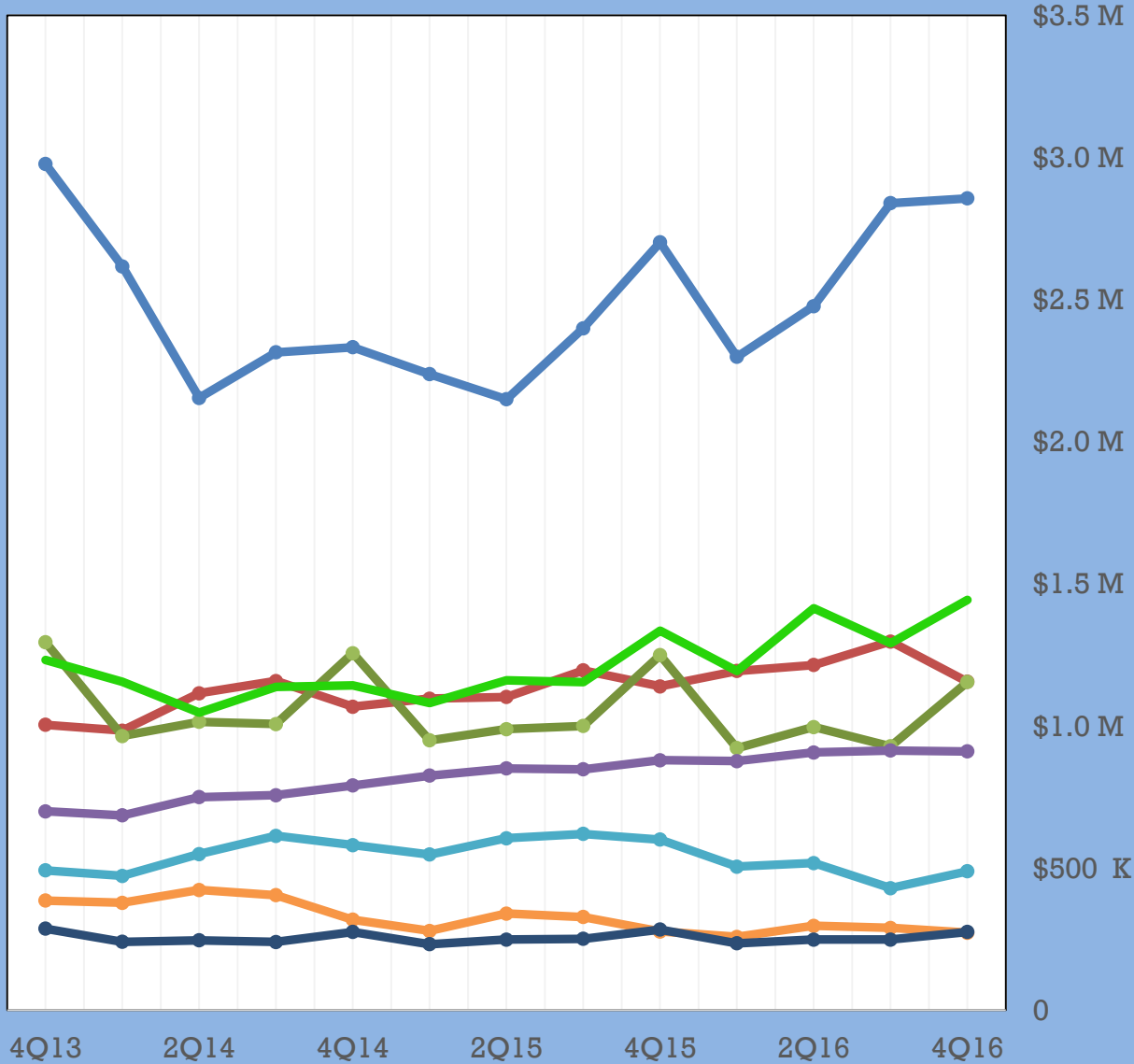


SALES TAX

- 20 Year Impact: Down \$35M

SALES TAX – MAJOR INDUSTRY GROUPS

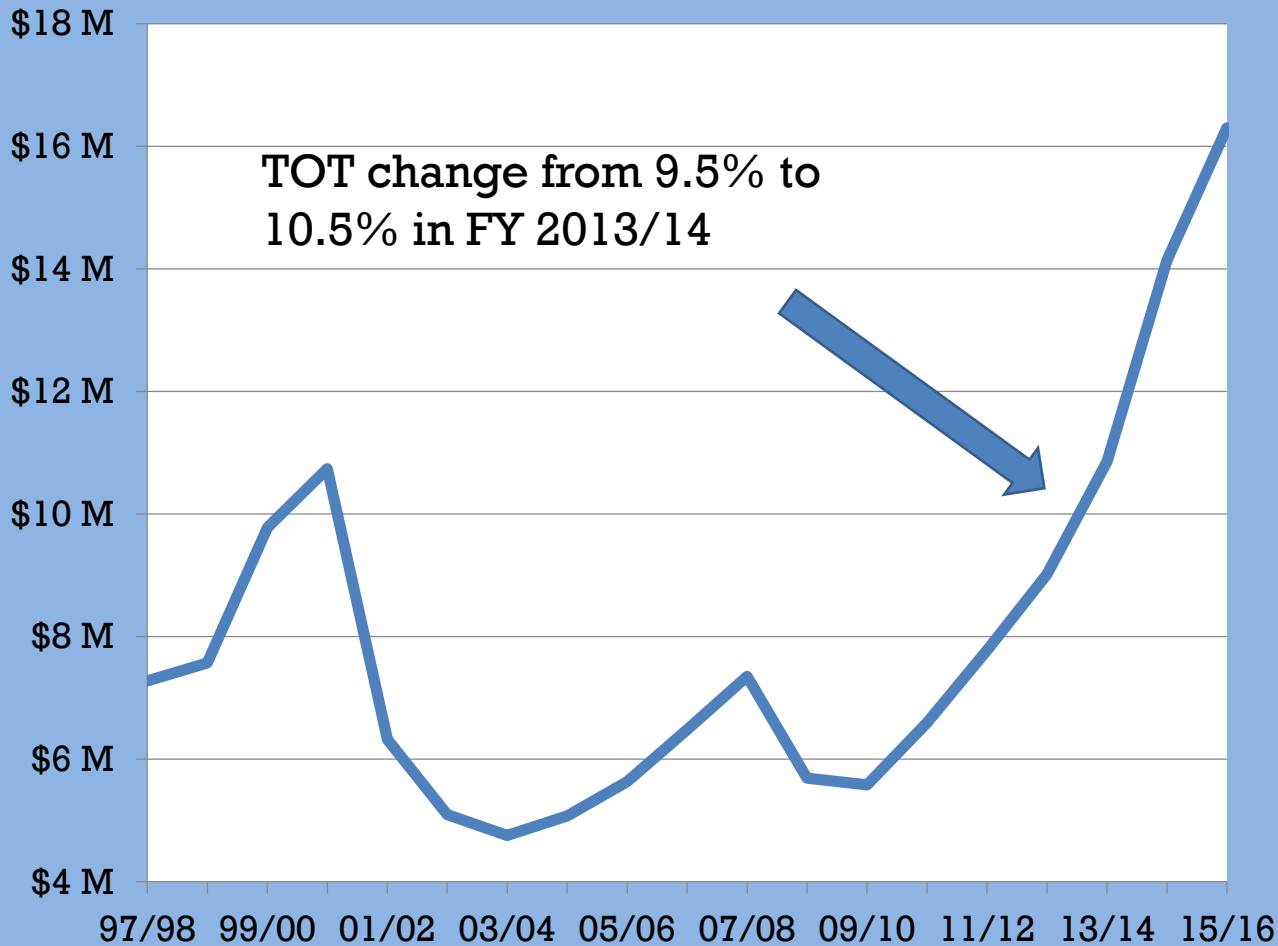
- Business and Industry category accounts for ~40%
- County Pool – 2nd largest, steady growth
 - Allocated based on point-of-sale tax revenue generated
 - Sunnyvale share in 4Q16 = 7.4%



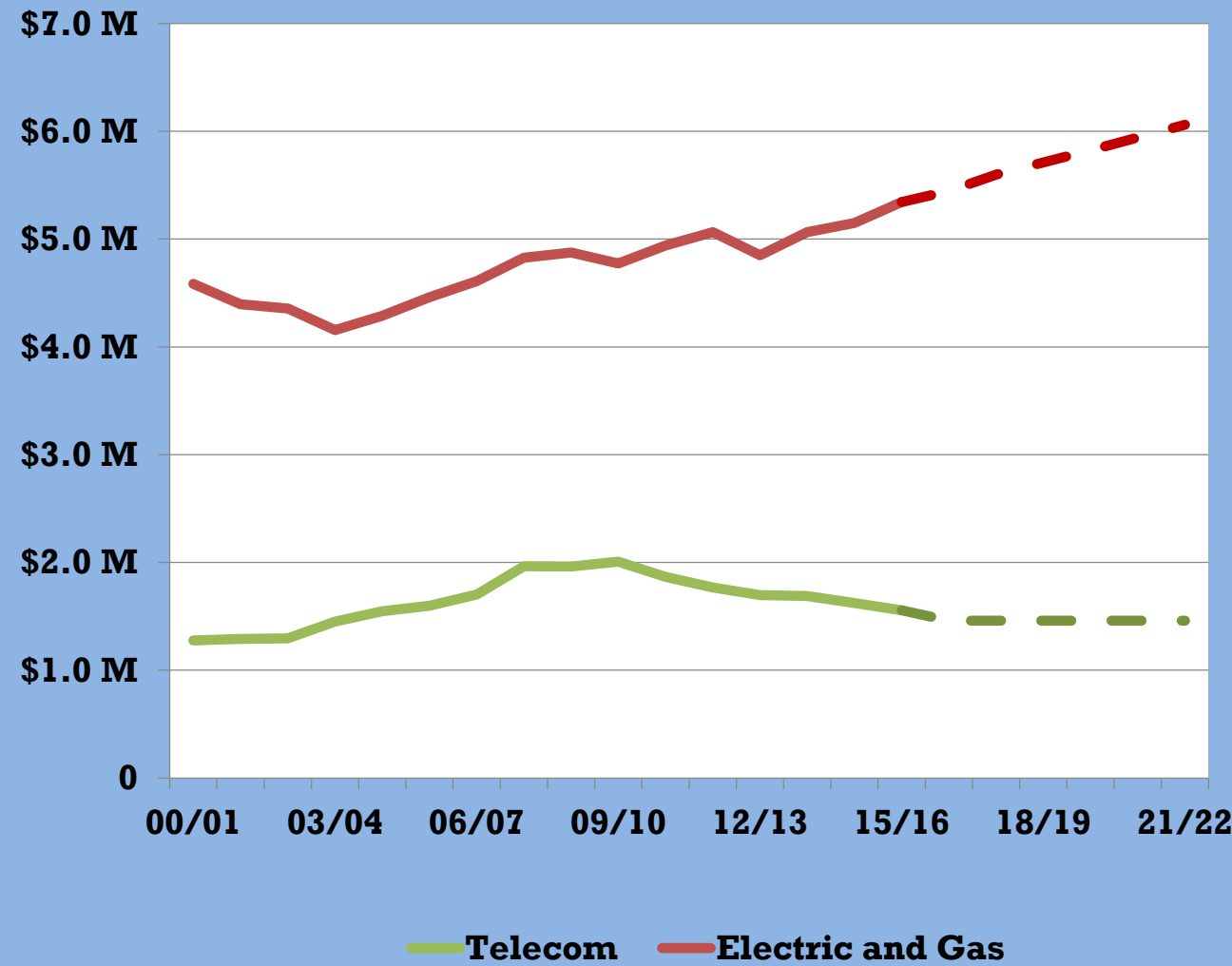
- Business And Industry
- Autos And Transportation
- General Consumer Goods
- Restaurants And Hotels
- Building And Construction
- Fuel And Service Stations
- Food And Drugs
- County Pool

TRANSIENT OCCUPANCY TAX

- 20 Year Impact:
Up \$57M
- Estimated to increase
\$.5M in FY 2016/17 from
FY 2015/16
- FY 2017/18 projection
based on 3 Yr average of
Room Rates and
Occupancy percentages
- **Avg. Room Rate: \$146**
- **Avg. Occupancy: 76%**
- Projected to increase 13%
in FY 19/20 due to new
hotels



UTILITY USERS TAX

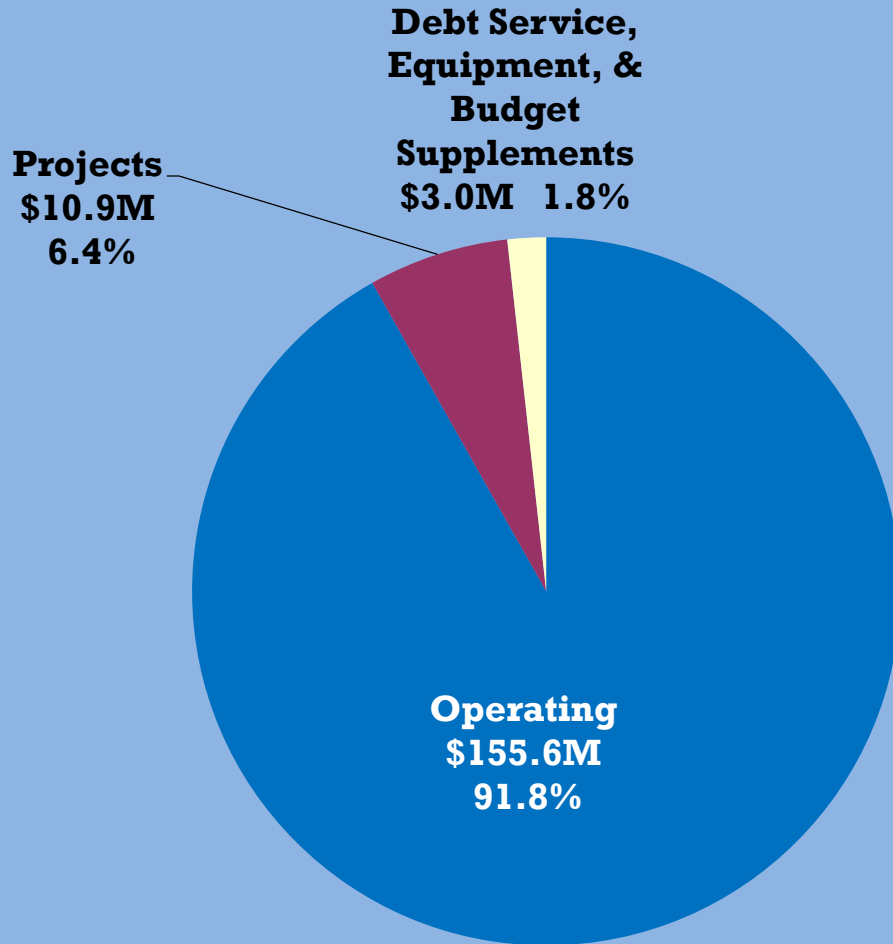


- Voters approved Measure N in 2016, modernized the City's UUT Ordinance and stabilized returns from Telecom companies
- 20 Year Impact: Up \$6.1M
- Historically Flat Revenue
- Projecting 2% increase in FY 2017/18
- Projecting approximately 1.6% growth for the front 10 and 2.5% growth for back 10

- **Construction Tax**
 - Tracking high in 16/17
 - Project to remain elevated for 17/18
 - Return to 5 Yr Avg in 18/19
- **Sale of Property**
 - 1484 Kifer Rd. (Unilever)
 - Onizuka Parcels D & E
- **Service Fees**
 - Held flat in FY 2017/18 (0.5%)
 - Increase 1.8% in FY 2018/19
 - Increase 3.0% in FY 2019/20

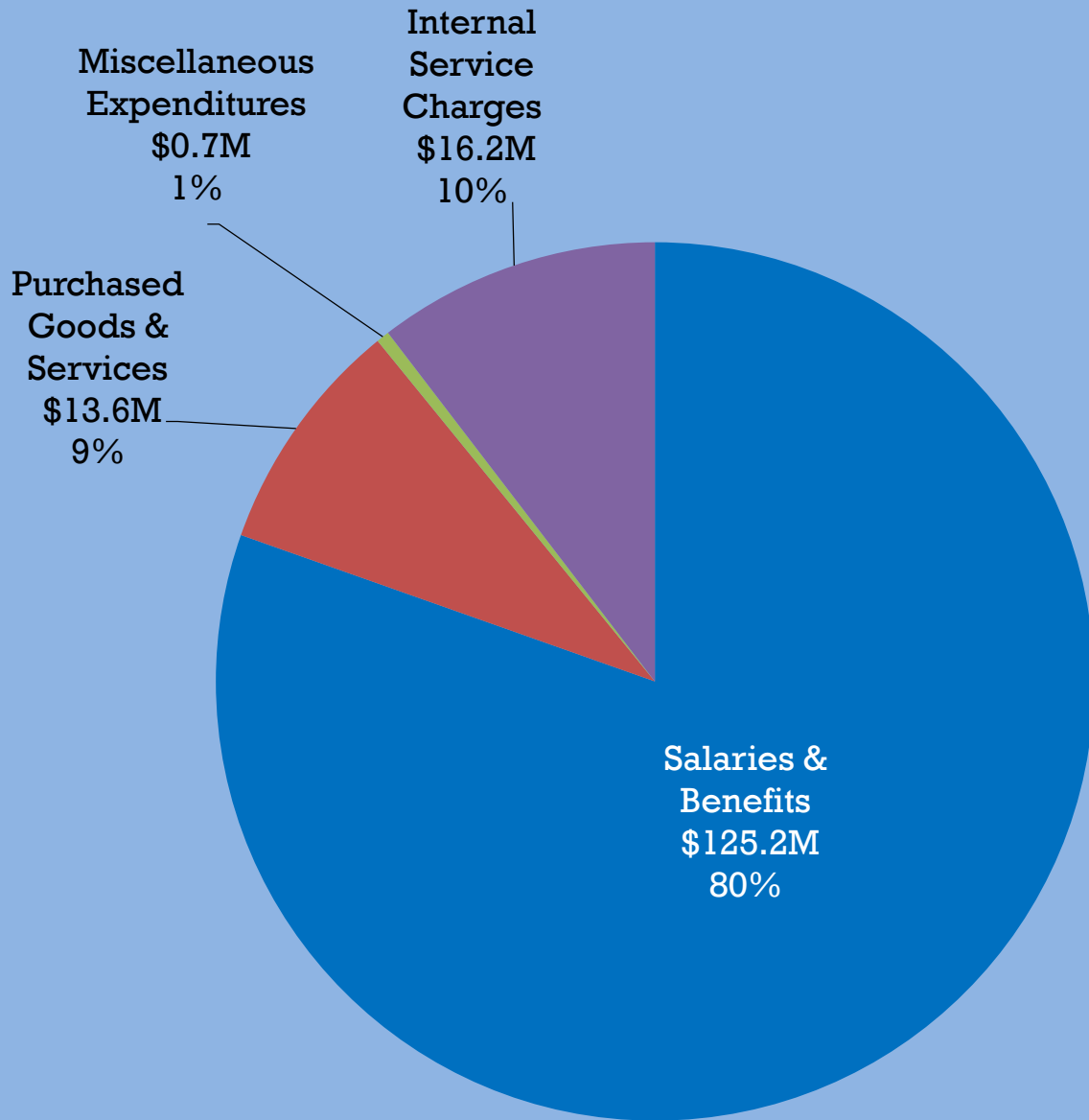
OTHER REVENUE HIGHLIGHTS

GENERAL FUND EXPENDITURES BY TYPE



- FY 2017/18 General Fund
- Total Expenditures :
\$169.5M

GENERAL FUND OPERATING EXPENDITURES BY TYPE



- FY 2017/18 General Fund – Total Operating Expenditures :
\$155.6M

GENERAL FUND OPERATING EXPENDITURES BY DEPARTMENT

	Actual	Budget	Actual	Budget	Budget	%Change
Department	2014/15	2015/16	2015/16	2016/17	2017/18	2016/17 to 2017/18
Community Development	1.0	1.0	1.0	1.2	1.2	0.0%
Finance	8.1	8.4	8.2	8.9	9.7	9.0%
Human Resources	3.7	4.0	3.8	4.6	4.8	4.3%
Library and Community Services	16.0	17.1	16.6	17.8	18.9	6.2%
Office of the City Attorney	1.4	1.5	1.4	1.5	1.8	20.0%
Office of the City Manager	3.6	3.9	3.9	5.8	4.8	-17.2%
Public Safety	75.8	80.9	80.9	86.5	91.1	5.3%
Public Works	20.1	18.7	20.2	20.1	23.3	15.9%

• In \$M

- **Contingency Reserve**
 - Council Policy to be 15% of the operating budget in the first year of the long-term plan
- **Reserve for Capital Improvement Projects**
 - Funds held from one-time sources to fund CIP projects
- **Budget Stabilization Fund**
 - Functions to normalize service levels
 - Council Policy: BSF threshold to be at least 15% of total projected revenues in years 1 & 2 of the Financial Plan

PRIMARY RESERVES



ENTERPRISE FUNDS

Utility Funds

Development Enterprise Fund

Golf & Tennis Operations Fund



UTILITY FUNDS

Segregated into four self supporting enterprise funds

- Water Supply and Distribution
- Wastewater Management
- Solid Waste Management
- SMaRT Station(pass through)
- Revenues derived from services fees (commonly called 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%

- Public hearing on rates – June 20th

WATER SUPPLY AND DISTRIBUTION FUND

CITY OF SUNNYVALE 460. WATER SUPPLY AND DISTRIBUTION FUND LONG TERM FINANCIAL PLAN JULY 1, 2016 TO JUNE 30, 2017

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020	PLAN 2020/2021	PLAN 2021/2022	PLAN 2022/2023	PLAN 2023/2024	PLAN 2024/2025	PLAN 2025/2026	PLAN 2026/2027	PLAN 2027/2028	FY 2016/2017 TOTAL
RESERVE/FUND BALANCE, JULY 1	22,922,779	22,320,515	15,972,026	16,371,383	23,228,569	25,389,215	26,675,563	25,255,164	22,648,773	23,205,635	25,374,725	25,692,266	28,542,007	22,320,515
CURRENT RESOURCES:														
Water Sales and Water Service Fees	34,887,330	42,031,021	47,284,899	50,831,266	53,373,830	56,941,471	58,843,545	63,258,810	68,317,355	71,247,469	74,329,487	75,865,440	77,433,147	1,513,058,549
Development and Connection Fees	1,048,252	1,363,874	1,611,244	1,643,469	1,631,633	1,694,266	1,697,551	1,731,502	1,766,133	1,801,455	1,837,484	1,875,652	1,931,921	40,707,337
Miscellaneous Revenues	364,566	312,177	328,913	341,675	352,134	362,984	374,241	389,434	406,200	418,157	430,591	439,340	450,825	9,236,474
Interest Income	154,764	111,027	202,116	399,509	497,828	776,958	735,587	699,673	675,892	739,070	746,571	831,231	1,104,284	19,120,686
Transfer From Other Funds	62,809	0	0	0	79,591	0	0	0	0	0	0	0	0	180,473
TOTAL CURRENT RESOURCES	36,519,720	43,798,098	49,427,172	53,215,919	55,934,016	58,945,679	61,650,925	66,037,420	71,165,640	74,206,151	77,344,133	79,011,752	80,920,178	1,582,393,520
TOTAL AVAILABLE RESOURCES	59,502,499	66,078,613	65,399,198	69,587,302	79,162,585	84,234,894	88,326,488	91,292,584	93,814,414	97,411,786	102,718,858	104,644,018	109,462,185	1,604,614,034
CURRENT REQUIREMENTS:														
OPERATING REQUIREMENTS:														
Operations:														
Purchased Water	6,207,990	6,316,385	6,955,949	7,194,669	7,422,908	7,642,008	7,854,552	8,058,312	8,260,651	8,303,984	8,523,463	8,673,227	8,636,564	180,333,439
Project Opening Costs	23,072,769	21,807,037	30,255,070	32,007,351	34,006,881	38,397,742	42,774,819	46,079,700	49,631,726	52,972,722	55,152,554	56,066,000	58,143,346	1,125,664,686
Is-Lean Charge	3,435,690	3,789,477	3,975,623	3,840,575	4,113,212	3,875,857	4,164,930	4,966,784	4,436,314	4,200,722	4,834,821	4,582,955	4,984,443	101,173,652
TOTAL OPERATING REQUIREMENTS	32,806,411	35,934,285	41,186,942	43,042,595	45,543,002	49,915,607	54,794,301	59,104,795	62,328,691	65,477,428	68,510,839	69,862,263	71,665,154	1,407,013,143
NON-OPERATING REQUIREMENTS:														
Debt Service	1,927,706	1,936,286	1,937,426	1,435,580	1,437,018	1,442,984	1,447,115	1,446,346	1,449,246	1,449,498	1,448,081	1,449,994	1,450,346	30,882,072
Transfer To General Fund	130,000	0	0	0	92,819	94,675	0	0	0	0	0	0	0	379,908
Transfer To General Services Fund	0	0	597,940	0	0	0	0	0	0	0	0	0	0	611,230
Transfer To Infrastructure Fund	3,672	28,237	6,180	18,243	6,430	6,538	6,689	6,823	6,990	7,099	7,312	7,531	55,423	256,171
Transfer To Solid Waste Fund	0	513,000	452,562	0	0	0	0	0	0	0	0	0	0	645,562
Transfer To Wastewater Fund	799,248	155,000	0	0	0	0	0	0	0	0	0	0	0	155,000
TOTAL NON-OPERATING REQUIREMENTS	2,819,626	2,632,643	2,974,108	1,453,823	1,536,267	1,544,217	1,453,804	1,453,169	1,456,206	1,456,597	1,455,393	1,463,680	1,505,768	33,230,943
CAPITAL AND INFRASTRUCTURE REQ:														
Projects - Debt Funded	409,394	0	0	0	0	0	0	0	0	0	0	0	0	0
Projects - Revenue Funded	1,106,553	11,539,679	4,866,765	1,862,316	6,694,101	6,099,507	6,823,218	8,085,846	6,823,882	5,103,036	7,120,361	4,776,068	7,581,885	122,404,206
TOTAL CAPITAL AND INFRASTRUCTURE REQ	1,515,947	11,539,679	4,866,765	1,862,316	6,694,101	6,099,507	6,823,218	8,085,846	6,823,882	5,103,036	7,120,361	4,776,068	7,581,885	122,404,206
TOTAL CURRENT REQUIREMENTS	37,181,864	50,106,587	49,027,815	46,358,733	52,773,270	57,539,331	63,071,324	68,643,810	70,608,779	72,687,061	77,086,592	76,102,011	80,750,808	1,562,647,294
RESERVES:														
Debt Service	1,008,651	1,008,552	1,007,764	754,819	755,168	755,827	756,418	756,940	757,394	758,055	758,055	758,679	759,180	761,397
Contingencies	7,343,488	8,055,835	9,302,755	9,800,555	10,357,447	11,509,938	12,657,343	13,534,503	14,473,094	15,319,177	15,919,094	16,319,827	16,694,678	21,308,729
Capital and Infrastructure Reserve	11,539,679	1,866,765	4,922,506	5,281,641	5,535,660	5,806,872	6,091,534	6,537,775	7,048,975	7,346,708	7,659,756	7,818,043	7,981,589	10,058,501
Rate Stabilization Reserve	2,429,496	5,039,833	1,188,258	7,391,804	8,740,941	8,802,927	5,749,870	1,819,556	928,172	1,950,785	1,295,300	3,645,497	3,275,924	9,838,113
TOTAL RESERVES	22,320,515	15,972,026	16,371,383	23,228,569	25,389,215	26,675,563	25,255,164	22,648,773	23,205,635	25,374,725	25,692,266	28,542,007	28,711,377	41,966,741
FUND BALANCE, JUNE 30	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STATISTICS:														
Recommended Water Rate Increase	20.0%	25.0%	12.5%	7.5%	5.0%	5.0%	5.0%	7.5%	8.0%	7.5%	7.5%	2.0%	2.0%	2.0%
Prior Year Water Rate Increase	20.0%	25.0%	15.0%	10.0%	7.0%	4.0%	3.5%	3.5%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%

- Water demand has been volatile
- 24% decrease in quantity between FY 2012/13 and FY 2015/16
 - 4 consecutive years of drought
 - Consumer conservation

WATER SUPPLY AND DISTRIBUTION FUND

CITY OF SUNNYSIDE
460. WATER SUPPLY AND DISTRIBUTION FUND
LONG TERM FINANCIAL PLAN
JULY 1, 2016 TO JUNE 30, 2020

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020
RESERVE/FUND BALANCE, JULY 1	22,982,779	22,320,515	15,972,026	16,371,383	23,228,569
CURRENT RESOURCES:					
Water Sales and Water Service Fees	34,887,330	42,031,021	47,284,899	50,831,266	53,372,830
Development and Connection Fees	1,048,252	1,303,874	1,611,244	1,643,469	1,631,633
Miscellaneous Revenues	364,566	312,177	328,913	341,675	352,134
Interest Income	156,764	111,027	202,116	399,509	497,828
Transfer From Other Funds	62,809	0	0	0	79,591
TOTAL CURRENT RESOURCES	36,519,720	43,758,098	49,427,172	53,215,919	55,934,016
TOTAL AVAILABLE RESOURCES	59,502,499	66,078,613	65,399,198	69,587,302	79,162,585
CURRENT REQUIREMENTS:					
OPERATING REQUIREMENTS:					
Operations	6,297,990	6,316,385	6,955,949	7,194,669	7,422,908
Purchased Water	23,072,760	25,907,037	30,255,070	32,007,351	34,006,881
Project Operating Costs	0	(58,634)	0	0	0
In-Lieu Charges	3,435,660	3,769,477	3,975,923	3,840,575	4,113,212
TOTAL OPERATING REQUIREMENTS	32,806,411	35,934,265	41,186,942	43,042,595	45,543,002

- Purchased water is the largest expense
- Purchased water costs projected to rise due to quantity increases
 - More customers using less quantity, individually
 - Wholesalers to enforce minimum purchase requirements
- Accounts for over 70% of direct operating expenses

WATER SUPPLY AND DISTRIBUTION FUND

TOTAL RESERVES	22,320,515	15,972,026	16,371,383	23,228,569	25,389,215	26,675,563
FUND BALANCE, JUNE 30	0	0	0	0	0	0
STATISTICS:						
Recommended Water Rate Increase	20.0%	25.0%	12.5%	7.5%	5.0%	5.0%
Prior Year Water Rate Increase	20.0%	25.0%	15.0%	10.0%	7.0%	4.0%

- Rate Stabilization Fund helps to stabilize rates in the short term
- Recommended rate increases lower than planned but still significant
- Funding capital and increases in water costs

WASTEWATER MANAGEMENT FUND

CITY OF SUNNYVALE
465. WASTEWATER MANAGEMENT FUND
LONG TERM FINANCIAL PLAN
JULY 1, 2016 TO JUNE 30, 2027

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020	PLAN 2020/2021	PLAN 2021/2022	PLAN 2022/2023	PLAN 2023/2024	PLAN 2024/2025	PLAN 2025/2026	PLAN 2026/2027	FY 2016/2017 TO FY 2026/2027 TOTAL
RESERVE FUND BALANCE, JULY 1	26,537,989	25,781,949	17,632,469	22,977,804	27,910,406	29,231,556	31,686,041	31,287,996	34,645,847	33,598,969	35,284,869	34,861,678	25,781,949
CURRENT RESOURCES:													
Service Fees	31,311,298	34,079,842	37,487,826	41,236,608	44,947,903	48,993,214	53,402,604	56,606,760	59,720,132	61,511,736	62,126,533	62,748,121	562,861,598
Connection and Development Fees	4,574,323	1,701,500	835,130	852,241	869,285	886,671	904,405	922,493	940,942	959,761	988,554	1,018,211	10,879,593
Other Revenues	11,851,132	140,046	398,150	618,631	21,794	238,221	339,331	247,817	256,132	261,568	265,209	268,932	3,111,979
Interest Income	183,244	180,000	244,836	416,031	131,672	817,478	822,925	846,186	814,133	856,497	923,134	1,009,800	7,702,781
Transfer From General Fund (Storm Sewer)	0	0	3,146,100	3,721,202	2,626,308	3,619,298	3,034,222	2,160,133	2,213,760	2,445,132	3,167,411	2,387,791	28,251,337
Transfer From Solid Waste Management Fund	410,911	404,744	404,744	404,744	404,744	404,744	243,614	0	0	0	0	0	2,267,334
Transfer From Water Fund	798,248	15,000	0	0	0	0	0	0	0	0	0	0	155,000
State Revolving Fund Loan	0	51,798,600	15,760,000	32,836,399	24,700,000	2,005,227	0	0	0	0	0	0	127,100,226
New WPCP Bond Proceeds	0	0	37,840,000	18,840,000	18,840,000	66,434,773	84,390,000	41,650,000	13,700,000	8,870,000	16,000,000	11,480,000	320,114,773
TOTAL CURRENT RESOURCES	38,473,156	88,459,734	96,087,186	98,921,856	95,197,833	123,389,626	143,037,100	102,533,388	77,745,098	75,004,695	83,471,161	78,912,944	1,062,764,641
TOTAL AVAILABLE RESOURCES	65,011,145	114,241,682	113,719,655	121,903,660	123,108,259	152,621,183	174,723,141	133,821,384	112,390,945	108,603,644	118,756,030	113,774,623	1,088,546,590
CURRENT REQUIREMENTS:													
OPERATING REQUIREMENTS:													
Operations	15,701,830	18,093,139	19,043,809	19,944,041	20,377,776	20,966,167	21,529,248	21,602,263	22,178,411	22,808,331	23,436,778	24,036,018	234,017,981
In-Line Charges and Fund Transfers	3,773,135	4,123,190	4,743,332	3,836,473	3,884,131	3,584,432	3,341,656	3,395,083	3,526,358	3,539,265	3,632,478	3,711,956	41,318,376
Project Operating	0	0	45,900	93,030	163,569	166,541	291,020	296,541	302,171	307,914	313,772	322,737	2,303,195
TOTAL CURRENT OPERATING REQUIREMENTS	19,474,965	22,216,329	23,833,062	23,875,546	24,425,476	24,717,140	25,161,924	25,293,887	26,006,939	26,655,510	27,383,029	28,070,710	277,639,551
NON-OPERATING REQUIREMENTS:													
Interfund Loan Repayment	1,264,380	1,264,380	1,316,438	1,316,438	1,316,438	949,615	949,615	949,615	949,615	949,615	949,615	949,615	11,861,001
Debt Service	2,899,391	2,897,444	2,904,316	2,327,103	2,339,788	2,334,853	2,602,702	2,609,810	2,608,213	2,605,790	2,609,889	2,614,987	28,444,096
New WPCP Debt Service	0	0	0	6,241,360	6,241,360	6,241,360	17,549,576	17,549,576	22,520,481	22,520,481	22,520,481	23,080,180	146,465,235
Water Pollution Control Plant Rent	365,174	371,478	502,797	645,778	794,278	1,011,663	826,366	842,894	859,752	885,544	912,110	939,474	8,991,633
Transfer To Water Supply and Distribution Fund	62,809	0	0	0	79,591	0	0	0	0	0	0	0	79,591
Wastewater Equipment Replacement	283,188	729,371	1,191,217	809,006	549,364	1,007,647	477,207	697,108	668,330	526,174	688,948	688,948	7,833,421
Transfer To General Fund (Power Generation Facility)	908,081	926,243	994,767	963,663	982,936	1,002,595	1,022,647	1,043,100	1,063,961	1,095,880	1,128,757	1,162,619	11,337,167
Transfer To Solid Waste Management Fund	0	0	166,934	0	0	0	0	0	0	0	0	0	166,934
TOTAL NON-OPERATING REQUIREMENTS	5,781,023	6,189,915	7,026,589	12,103,349	12,293,755	12,346,233	28,428,113	28,491,903	33,670,353	33,583,485	33,809,801	34,436,223	244,579,718
CAPITAL AND INFRASTRUCTURE REQ.:													
Projects - Revenue Funded	7,220,986	28,821,400	6,282,200	6,337,960	5,547,472	5,431,769	5,455,108	3,539,748	5,414,684	4,209,800	2,701,322	727,020	74,468,683
Replacement of WPCP	6,455,771	38,782,162	53,600,000	51,676,339	45,610,000	68,440,000	84,390,000	41,650,000	13,700,000	8,870,000	16,000,000	11,480,000	434,198,561
Replacement of WPCP - Revenue Funded	292,450	599,407	0	0	6,800,000	10,000,000	0	0	0	0	4,000,000	0	20,599,407
TOTAL CAPITAL AND INFRASTRUCTURE REQ.	13,969,208	68,202,969	59,882,200	58,014,359	57,157,472	83,871,769	89,845,108	45,189,748	19,114,684	13,079,800	22,701,322	12,207,020	529,266,651
TOTAL CURRENT REQUIREMENTS	39,229,196	96,609,213	90,741,851	93,893,254	93,876,703	120,935,142	143,435,145	99,175,537	78,791,976	73,318,795	83,894,351	76,713,954	1,051,485,921
RESERVES:													
Debt Service	3,804,945	3,804,945	9,075,879	12,196,559	12,196,559	12,196,559	17,850,667	17,850,667	20,336,119	20,336,119	19,915,608	21,195,657	21,195,657
Contingencies	3,925,457	4,523,283	4,760,932	4,986,510	5,094,444	5,241,542	5,382,312	5,400,566	5,544,603	5,702,083	5,859,195	6,009,004	6,009,004
Capital and Infrastructure Reserve	14,410,700	6,282,200	3,748,783	4,123,461	4,494,790	4,899,221	5,340,260	5,660,676	5,972,013	6,151,174	6,212,855	6,274,813	6,274,813
Rate Stabilization Reserve	3,640,946	3,022,040	5,392,190	6,603,876	7,445,763	7,445,763	7,474,757	7,533,938	7,746,234	3,095,493	2,874,191	3,581,193	3,581,193
TOTAL RESERVES	25,781,949	17,632,469	22,977,804	27,910,406	29,231,556	31,686,041	31,287,996	34,645,847	33,598,969	35,284,869	34,861,678	37,060,669	37,060,669
FUND BALANCE, JUNE 30	0	0	0	0	0	0	0	0	0	0	0	0	0
STATISTICS:													
Sewer Rate Increase	8.0%	8.0%	10.0%	10.0%	9.0%	9.0%	9.0%	6.0%	5.5%	3.0%	1.0%	1.0%	
Price Year Sewer Rate Increase	8.0%	8.0%	8.0%	7.5%	7.5%	7.0%	4.5%	4.5%	4.5%	4.5%	4.0%	1.5%	

- Rates driven by Water Pollution Control Plan (WPCP) replacement project
- First phase funded through state revolving fund loan
- Annual debt service projected to reach \$48M by FY 2034/35

WASTEWATER MANAGEMENT FUND

TOTAL NON-OPERATING REQUIREMENTS	5,785,023	6,189,915	7,026,589	12,103,349	12,293,755	12,346,233
CAPITAL AND INFRASTRUCTURE REQ.:						
Projects - Revenue Funded	7,220,986	28,821,400	6,282,200	6,337,960	5,547,472	5,431,769
Replacement of WPCP	6,455,771	38,782,162	53,600,000	51,676,399	45,610,000	68,440,000
Replacement of WPCP - Revenue Funded	292,450	599,407	0	0	6,000,000	10,000,000
TOTAL CAPITAL AND INFRASTRUCTURE REQ.	13,969,208	68,202,969	59,882,200	58,014,359	57,157,472	83,871,769
TOTAL CURRENT REQUIREMENTS	39,229,196	96,609,213	90,741,851	93,993,254	93,876,703	120,935,142
RESERVES:						
Debt Service	3,804,945	3,804,945	9,075,879	12,196,559	12,196,559	12,196,559
Contingencies	3,925,457	4,523,285	4,760,952	4,986,510	5,094,444	5,241,542
Capital and Infrastructure Reserve	14,410,700	6,282,200	3,748,783	4,123,661	4,494,790	4,899,321
Rate Stabilization Reserve	3,640,846	3,022,040	5,392,190	6,603,676	7,445,763	9,348,619
TOTAL RESERVES	25,781,949	17,632,469	22,977,804	27,910,406	29,231,556	31,686,041
FUND BALANCE, JUNE 30	0	0	0	0	0	0
STATISTICS:						
Sewer Rate Increase		8.0%	10.0%	10.0%	9.0%	9.0%
Prior Year Sewer Rate Increase	8.0%	8.0%	8.0%	7.5%	7.5%	7.0%

- Projects supplemented through cash funding where possible
- Level rate increases over near term to build rate base

**CITY OF SUNNYVALE
485. SOLID WASTE MANAGEMENT FUND
LONG TERM FINANCIAL PLAN
JULY 1, 2016 TO JUNE 30, 2027**

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020	PLAN 2020/2021	PLAN 2021/2022	PLAN 2022/2023	PLAN 2023/2024	PLAN 2024/2025	PLAN 2025/2026	PLAN 2026/2027	FY 2016/2017 TO FY 2026/2027 TOTAL
RESERVE/FUND BALANCE, JULY 1	7,346,972	9,851,140	7,238,437	6,797,694	8,038,932	9,981,565	10,727,700	11,206,278	11,949,970	12,515,449	15,439,244	17,705,524	9,851,140
CURRENT RESOURCES:													
Rental Income	195,812	202,655	207,701	212,893	218,216	223,671	229,263	234,995	240,869	246,891	253,063	259,390	2,529,588
Service Fees	44,784,062	45,529,589	46,094,122	47,842,204	48,799,048	49,531,034	50,273,999	50,776,739	51,284,507	51,797,352	52,315,325	52,838,478	547,892,397
Miscellaneous Revenues	745,213	227,523	229,356	232,835	236,375	239,436	242,540	245,132	248,131	250,409	253,095	255,813	2,710,645
Transfers In	0	812,000	684,678	0	0	0	0	0	0	0	0	0	1,496,678
SMaRT Station Revenues	736,023	739,262	703,385	722,010	735,935	750,166	764,712	779,579	794,776	810,309	826,187	842,076	8,476,498
County Wide AB939 Fee	156,656	133,012	130,511	130,511	130,511	130,511	130,511	130,511	130,511	130,511	130,511	130,511	1,438,118
Interest Income	77,755	45,444	83,022	138,262	195,717	312,457	326,396	348,057	364,528	448,087	515,695	549,871	3,330,036
TOTAL CURRENT RESOURCES	46,695,522	47,689,565	48,948,674	49,278,716	50,315,801	51,187,275	51,967,421	52,515,013	53,113,321	53,685,159	54,293,877	54,879,138	567,873,960
TOTAL AVAILABLE RESOURCES	54,042,494	57,540,705	56,187,111	56,076,409	58,354,733	61,168,840	62,695,122	63,721,291	65,069,291	66,200,607	69,733,120	72,584,662	577,725,101
CURRENT REQUIREMENTS:													
Interfund Loan Repayment	4,504,300	4,504,300	3,874,946	3,874,946	3,874,946	3,874,946	3,713,816	3,470,202	3,048,003	0	0	0	30,236,106
Debt Service	1,519,481	1,524,025	466,274	577,168	580,750	586,965	1,185,897	1,186,131	1,186,284	1,186,730	1,187,081	1,187,336	10,854,640
Operations	2,145,422	2,606,968	2,701,133	2,774,063	2,856,548	2,936,441	3,013,382	3,091,331	3,171,820	3,258,279	3,340,204	3,422,678	33,172,846
Solid Waste Collection Contract	19,600,121	20,437,174	21,197,428	21,833,351	22,488,352	23,163,002	23,857,892	24,573,829	25,310,838	26,070,163	26,852,268	27,657,836	263,441,934
Special Projects	348,632	2,736,484	2,859,409	1,879,813	929,577	2,079,757	2,149,564	2,000,861	1,908,048	1,900,107	1,862,357	2,000,951	22,316,030
Infrastructure Projects	0	1,500,000	1,264,800	0	0	0	0	0	0	0	0	0	2,764,800
Project Operating	0	0	(667,420)	(850,388)	(1,071,956)	(1,075,609)	(1,079,335)	(1,083,136)	(1,087,012)	(1,090,966)	(1,095,000)	(1,101,171)	(10,201,993)
Project Administration	2,102	115,703	47,285	0	0	0	0	0	0	0	0	0	162,987
SMaRT Capital Replacement	152,020	207,300	138,200	124,380	124,380	0	0	0	63,572	64,943	66,140	68,124	856,939
In-Lies Charges	2,557,907	2,783,099	2,981,043	3,043,058	3,106,329	3,170,882	3,236,743	3,303,470	3,371,549	3,440,981	3,512,290	3,585,044	35,534,497
SMaRT Expense Share (Sunnyvale)	12,685,270	13,200,825	13,458,943	13,696,644	14,123,653	14,316,932	14,075,565	13,866,799	14,179,308	14,500,283	14,828,385	15,367,777	155,613,035
Long Term Rent - SMaRT and Landfill	672,931	686,389	885,415	1,084,441	1,283,467	1,309,136	1,335,319	1,362,025	1,389,266	1,430,944	1,473,872	1,518,088	13,758,364
Transfer To General Fund	0	0	0	0	77,123	78,666	0	0	0	0	0	0	155,789
Transfer To Infrastructure Fund	0	0	38,997	0	0	0	0	0	0	0	0	0	28,997
Transfer To General Services Fund	0	0	145,064	0	0	0	0	0	0	0	0	0	145,064
Transfer To Waste Supply & Dist. Fund	6,167	0	0	0	0	0	0	0	6,167	0	0	0	6,167
TOTAL CURRENT REQUIREMENTS	44,191,353.87	50,302,269	49,389,417	48,037,477	48,373,168	50,441,139	51,488,843	51,771,321	52,547,842	50,761,364	52,027,596	53,705,764	558,846,203
RESERVES:													
Contingencies	3,442,781	3,624,497	3,735,540	3,830,406	3,946,855	4,041,640	4,094,684	4,153,176	4,266,197	4,382,873	4,502,086	4,644,829	4,644,829
Rate Stabilization Reserve	6,408,359	3,613,940	3,062,153	4,208,526	6,034,710	6,686,061	7,111,594	7,796,794	8,249,252	11,056,371	13,203,438	14,234,069	14,234,069
TOTAL RESERVES	9,851,140	7,238,437	6,797,694	8,038,932	9,981,565	10,727,700	11,206,278	11,949,970	12,515,449	15,439,244	17,705,524	18,878,898	18,878,898
FUND BALANCE, JUNE 30	0	0	0	0	0	0	0	0	0	0	0	0	0
STATISTICS:													
Refuse Rate Increase		3.5%	3.0%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Poor Year Refuse Rate Increase	5.0%	3.5%	3.0%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

SOLID WASTE FUND

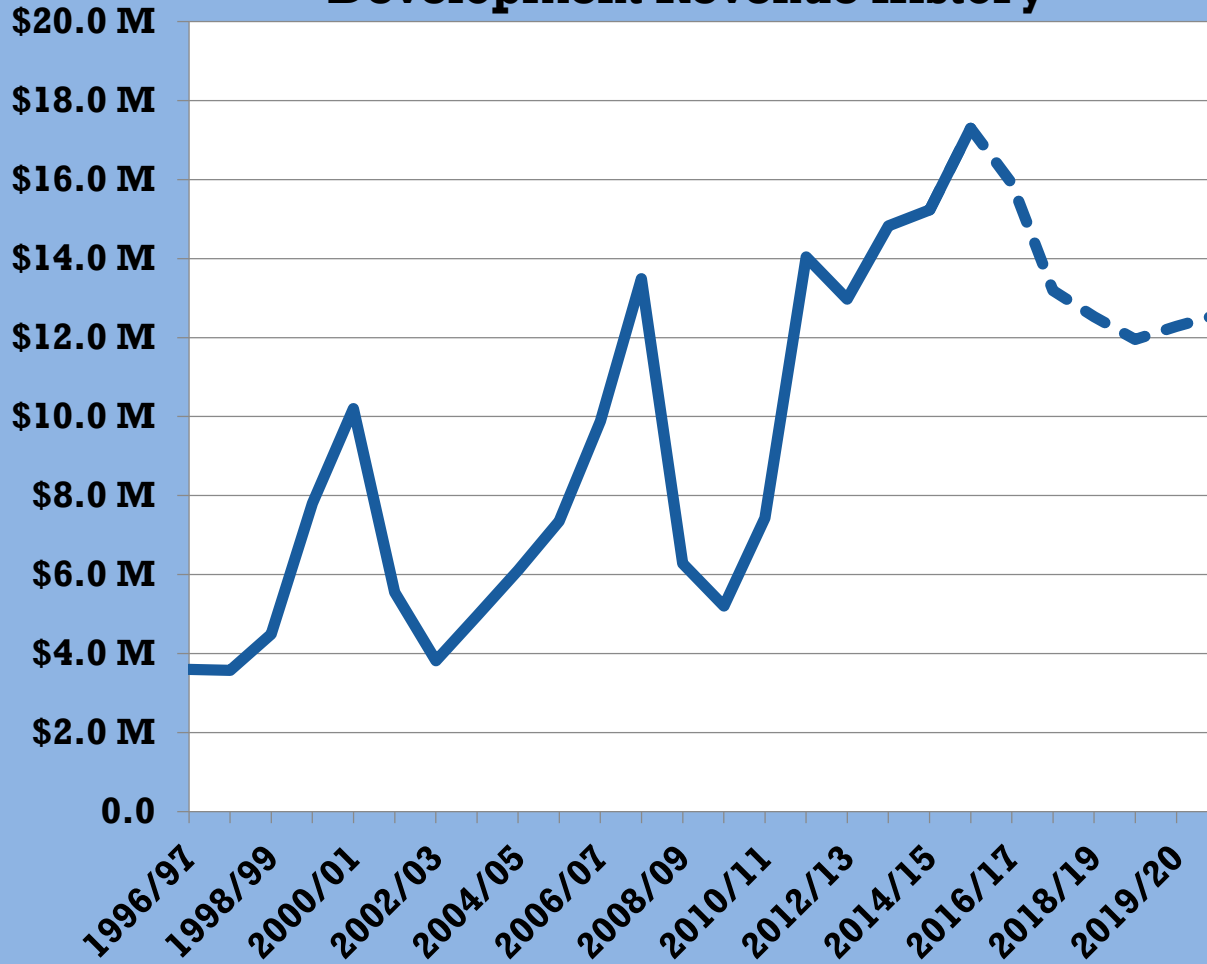
- Rates driven by Zero Waste Strategic Plan implementation
 - Diversion rate to 75% by 2020
 - Diversion rate to 90% by 2030
- Includes City's proportionate share of SMaRT Station[®] operations costs

SOLID WASTE FUND

- Three primary contracts drive cost
- SMaRT Station Operations
- Landfill disposal
- Solid Waste Collection

Operations	2,142,422	2,606,968	2,701,133	2,774,063	2,856,548	2,936,441
Solid Waste Collection Contract	19,600,121	20,437,174	21,197,428	21,833,351	22,488,352	23,163,002
Special Projects	348,632	2,736,486	2,869,409	1,879,813	929,577	2,079,757
Infrastructure Projects	0	1,500,000	1,264,800	0	0	0
Project Operating	0	0	(667,420)	(850,388)	(1,071,956)	(1,075,609)
Project Administration	2,102	115,703	47,285	0	0	0
SMaRT Capital Replacement	152,020	207,300	138,200	124,380	124,380	0
In-Line Changes	2,657,007	2,702,000	2,001,042	2,042,050	2,106,220	2,170,000

Development Revenue History



DEVELOPMENT ENTERPRISE FUND

- Development activity level to moderate starting FY 2017/18
- Revenues include:
 - Major fees for permits and licenses
 - Plan Check fees
- Projection bases:
 - FY 2018/19: 7 Year Average
 - FY 2019/20: 10 Year Average
- Funds are restricted; to be used for providing development services

DEVELOPMENT ENTERPRISE FUND

CITY OF SUNNYVALE 510. DEVELOPMENT ENTERPRISE FUND LONG TERM FINANCIAL PLAN JULY 1, 2016 TO JUNE 30, 2027

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020	PLAN 2020/2021	PLAN 2021/2022	PLAN 2022/2023
RESERVE/FUND BALANCE, JULY 1	13,952,385	20,150,347	21,042,413	18,163,857	16,522,378	14,624,880	12,780,857	10,793,466
CURRENT RESOURCES:								
Development Revenues	15,850,274	14,334,878	11,691,999	11,130,878	10,552,915	10,869,461	11,141,177	11,419,685
Interest Income	150,491	208,341	263,030	317,868	330,448	438,746	383,426	323,804
TOTAL CURRENT RESOURCES	16,000,765	14,543,219	11,955,029	11,448,746	10,883,362	11,308,208	11,524,602	11,743,489
TOTAL AVAILABLE RESOURCES	29,953,149	34,693,566	32,997,442	29,612,603	27,405,740	25,933,087	24,305,460	22,536,954
CURRENT REQUIREMENTS:								

- Established in FY 2014/15 to align development-related revenues and expenses
- Historical average revenues are projected starting in FY 2019/20
- Operational expenses increases due to
 - Rising personnel costs
 - Limited term staff to meet current demand

DEVELOPMENT ENTERPRISE FUND

	PLAN 2027/2028	PLAN 2028/2029	PLAN 2029/2030	PLAN 2030/2031	PLAN 2031/2032	PLAN 2032/2033
RESERVE/FUND BALANCE, JULY 1	0	0	0	0	0	0
CURRENT RESOURCES:						
Development Revenues	12,983,255	13,372,753	13,773,935	14,187,153	14,612,768	15,051,151
Interest Income	0	0	0	0	0	0
TOTAL CURRENT RESOURCES	12,983,255	13,372,753	13,773,935	14,187,153	14,612,768	15,051,151
TOTAL AVAILABLE RESOURCES	12,983,255	13,372,753	13,773,935	14,187,153	14,612,768	15,051,151
CURRENT REQUIREMENTS:						
Operating Costs	13,810,050	14,090,549	14,413,884	14,681,362	14,054,404	14,321,581
Projects	63,394	65,295	67,254	69,272	71,350	73,491
Program In-Lieu Charges	1,799,628	1,854,540	1,911,098	1,969,352	2,029,353	2,091,261
Transfer To General Fund	0	0	0	0	0	0
Transfer To General Services Fund	0	0	0	0	0	0
Fiscal Strategies	(2,689,818)	(2,637,632)	(2,618,301)	(2,532,833)	(1,542,339)	(1,435,182)
TOTAL CURRENT REQUIREMENTS	12,983,255	13,372,753	13,773,935	14,187,153	14,612,768	15,051,151

- Over the long-term, two options to balance the fund:
 - Increase fees
 - Reduce expenses through fiscal strategies

GOLF & TENNIS OPERATIONS FUND

CITY OF SUNNYVALE
525/100. GOLF AND TENNIS
LONG TERM FINANCIAL PLAN
JULY 1, 2016 TO 2020

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020
RESERVE/FUND BALANCE, JULY 1	68,807	96,305	127,718	29,200	20,516
CURRENT RESOURCES:					
Rents and Concessions - Tennis Center	125,660	126,256	126,273	131,273	136,273
Rents and Concessions - Golf	0	89,563	102,473	104,083	106,164
Golf Fees - Sunnyvale	1,665,849	1,559,417	1,590,605	1,622,417	1,654,865
Golf Fees - Sunken Gardens	606,845	548,659	559,633	570,788	582,166
Golf Cart Rentals	355,661	316,264	322,589	329,041	335,622
Driving Range Fees	212,902	179,278	182,864	186,521	190,251
Other Golf Revenue	189,937	161,375	164,603	167,895	171,253
Tower Lease Revenue	28,912	30,374	31,285	32,224	33,190
Transfer From General Fund	450,000	550,000	1,400,000	1,200,000	1,300,000
Additional Transfer from General Fund	0	300,000	0	0	0
Interest Income	181	0	0	0	0
Miscellaneous Revenue	274	0	0	0	0

- Loss of revenues due to
 - Decline in golf rounds
 - Restaurant closures
- Rising costs resulting from
 - Higher water rates
 - Higher retirement costs
- General Fund transfers to maintain operations

				FY 2016/2017 TO FY 2026/2027 TOTAL
AN	PLAN	PLAN	PLAN	
024	2024/2025	2025/2026	2026/2027	
60	104,038	91,809	80,752	96,305
73	161,273	166,273	171,273	1,613,986
26	135,439	138,288	141,173	1,330,663
80	1,827,105	1,863,647	1,900,920	18,976,098
00	642,563	655,376	668,484	6,674,735
88	370,554	377,965	385,524	3,848,527
34	210,053	214,254	218,539	2,181,583
70	189,077	192,859	196,716	1,963,732
56	38,477	39,631	40,820	389,024
00	0	0	0	10,350,000
0	0	0	0	300,000
0	0	0	0	0
0	0	0	0	0
27	3,574,540	3,648,293	3,723,449	47,628,348
87	3,678,578	3,740,101	3,804,202	47,724,653
76	4,607,092	4,764,886	4,907,043	46,058,796
58	93,744	96,088	98,490	951,841
50	180,489	185,199	190,046	1,861,978
19	310,397	368,228	375,804	3,678,940
55)	(4,953)	(5,052)	(5,203)	(34,065)
0	0	0	0	319,141
0	(1,600,000)	(1,750,000)	(1,850,000)	(5,200,000)
48	3,586,769	3,659,349	3,716,180	47,636,631

GOLF & TENNIS OPERATIONS FUND

- Fiscal Strategies start in FY 2024/25



SPECIAL REVENUE FUNDS

Park Dedication Fund

Gas Tax Fund



**CITY OF SUNNYVALE
141. PARK DEDICATION FUND
LONG TERM FINANCIAL PLAN
JULY 1, 2016 TO JUNE 30, 2027**

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020	PLAN 2020/2021	PLAN 2021/2022	
RESERVE/FUND BALANCE, JULY 1	25,030,734	46,933,069	41,425,423	35,197,331	35,050,623	28,730,097	32,944,242	32
CURRENT RESOURCES:								
Interest Income	362,919	457,392	440,607	611,296	572,980	973,867	950,431	
Land Sale Proceeds	754,427	0	0	0	0	0	0	
Park Dedication Fees	23,053,336	18,320,933	16,556,388	11,282,310	8,232,840	8,397,497	8,565,447	8
TOTAL CURRENT RESOURCES	24,170,682	18,778,325	16,996,995	11,893,606	8,805,820	9,371,364	9,515,878	9
TOTAL AVAILABLE RESOURCES	49,201,416	65,711,394	58,422,418	47,090,937	43,856,443	38,101,461	42,460,120	41
CURRENT REQUIREMENTS:								
New Acquisition	0	0	0	0	0	0	0	
Special Projects	385	0	0	0	0	0	0	
Project Administration	651,185	1,046,871	1,468,944	1,237,857	686,559	413,167	919,948	
Transfer To Capital Projects Fund	494,780	1,132,308	5,825,740	1,329,637	2,164,864	0	0	
Transfer To Infrastructure/General	1,048,558	21,031,745	15,740,963	6,964,163	11,896,868	3,108,050	9,400,574	8
Transfer To Infrastructure/Golf and Tennis	73,439	1,075,047	189,440	2,508,657	378,055	1,636,002	0	
TOTAL CURRENT REQUIREMENTS	2,268,347	24,285,971	23,225,087	12,040,314	15,126,346	5,157,219	10,320,522	9
RESERVES:								
Capital Projects Reserve	37,508,339	28,336,507	18,797,137	16,706,087	10,903,857	13,438,503	10,920,769	9
Land Acquisition Set-Aside (20%)	9,424,730	13,088,916	16,400,194	18,344,536	17,826,240	19,505,739	21,218,829	22
TOTAL RESERVES	46,933,069	41,425,423	35,197,331	35,050,623	28,730,097	32,944,242	32,139,598	32
FUND BALANCE, JUNE 30	0	0	0	0	0	0	0	

PARK DEDICATION FUND

- Provides funding to provide additional park-related projects
- Collects park in-lieu fees at \$129 per square foot for FY 2017/18
- Revenues projected to grow at:
 - 2% per year for 1st 10-yr period
 - 0% per year for 2nd 10-yr period

PARK DEDICATION FUND

- Land purchase estimated in FY 2024/25

PLAN 2023/2024	PLAN 2024/2025	PLAN 2025/2026	PLAN 2026/2027	
32,761,386	33,030,524	3,674,548	6,940,272	
958,270	107,026	202,144	282,689	
0	0	0	0	
8,911,491	9,089,721	9,271,515	9,456,945	
9,869,761	9,196,747	9,473,659	9,739,634	1
42,631,147	42,227,271	13,148,207	16,679,906	1
	25,000,000	0	0	
0	0	0	0	
713,006	1,189,548	570,580	531,054	
0	0	0	0	
8,391,921	12,363,174	5,637,355	6,443,206	1
495,696	0	0	0	
9,600,623	38,552,722	6,207,935	6,974,260	1
8,282,046	2,108,126	3,519,547	6,247,835	



**CITY OF SUNNYVALE
280. GAS TAX FUND
LONG TERM FINANCIAL PLAN
JULY 1, 2016 TO JUNE 30, 2027**

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019	PLAN 2019/2020	PLAN 2020/2021	2022
RESERVE/FUND BALANCE, JULY 1	6,401,153	5,667,223	3,645,687	1,997,102	2,118,899	1,996,326	2,882,239
CURRENT RESOURCES:							
Gas Tax	3,219,726	2,894,726	3,275,903	3,335,308	3,335,308	3,335,308	3,335,308
Interest Income	47,209	45,765	37,274	49,980	59,021	103,826	117,726
Transfer From Wastewater Mgmt Fund	30,609	19,391	0	0	0	0	0
TOTAL CURRENT RESOURCES	3,297,544	2,959,882	3,313,177	3,385,288	3,394,329	3,439,134	3,453,034
TOTAL AVAILABLE RESOURCES	9,698,697	8,627,105	6,958,864	5,382,390	5,513,228	5,435,460	6,335,273
CURRENT REQUIREMENTS:							
Operations	2,017,295	2,025,000	2,025,000	1,365,000	1,375,000	1,100,000	1,100,000
Capital Projects	122,435	254,065	561,000	0	0	0	0
Infrastructure Projects	0	10,100	5,100	5,202	5,306	5,412	5,412
Project Administration	209,417	273,564	130,282	205,511	114,412	88,280	130,282
Transfer To General Services Fund	2,010	0	0	0	0	5,413	0
Transfer To Capital Projects/General	187,194	77,467	0	0	0	0	0
Transfer To Capital Projects/Gas Tax	74,180	503,294	0	0	0	0	0
Transfer To Infrastructure/General	1,418,943	1,837,929	2,240,379	1,687,779	2,022,184	1,354,115	2,190,000
TOTAL CURRENT REQUIREMENTS	4,031,474	4,981,419	4,961,761	3,263,492	3,516,902	2,553,220	3,435,702
RESERVES:							
20 Year RAP	5,667,223	3,645,687	1,997,102	2,118,899	1,996,326	2,882,239	2,882,239
TOTAL RESERVES	5,667,223	3,645,687	1,997,102	2,118,899	1,996,326	2,882,239	2,882,239
FUND BALANCE, JUNE 30	0	0	0	0	0	0	0

GAS TAX FUND

- Provides funding for street renovation projects
- Revenue projection is flat for long-term plan due to advancements in vehicle fuel economy
- Governor Brown recently signed SB1, a transportation funding package in California's state budget; this funding was not included in the Financial Plan

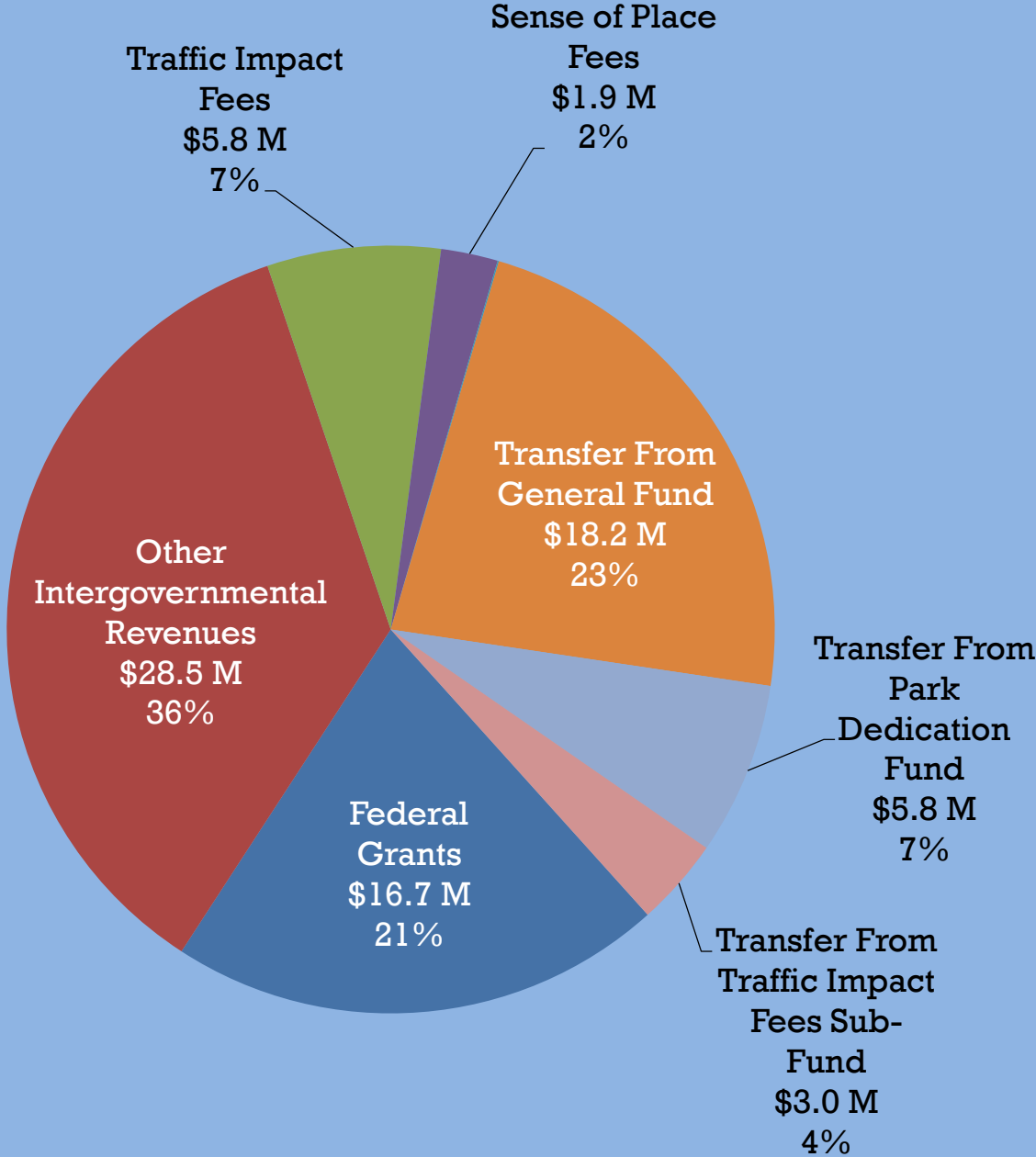
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CAPITAL AND INFRASTRUCTURE FUNDS

Capital Projects Fund

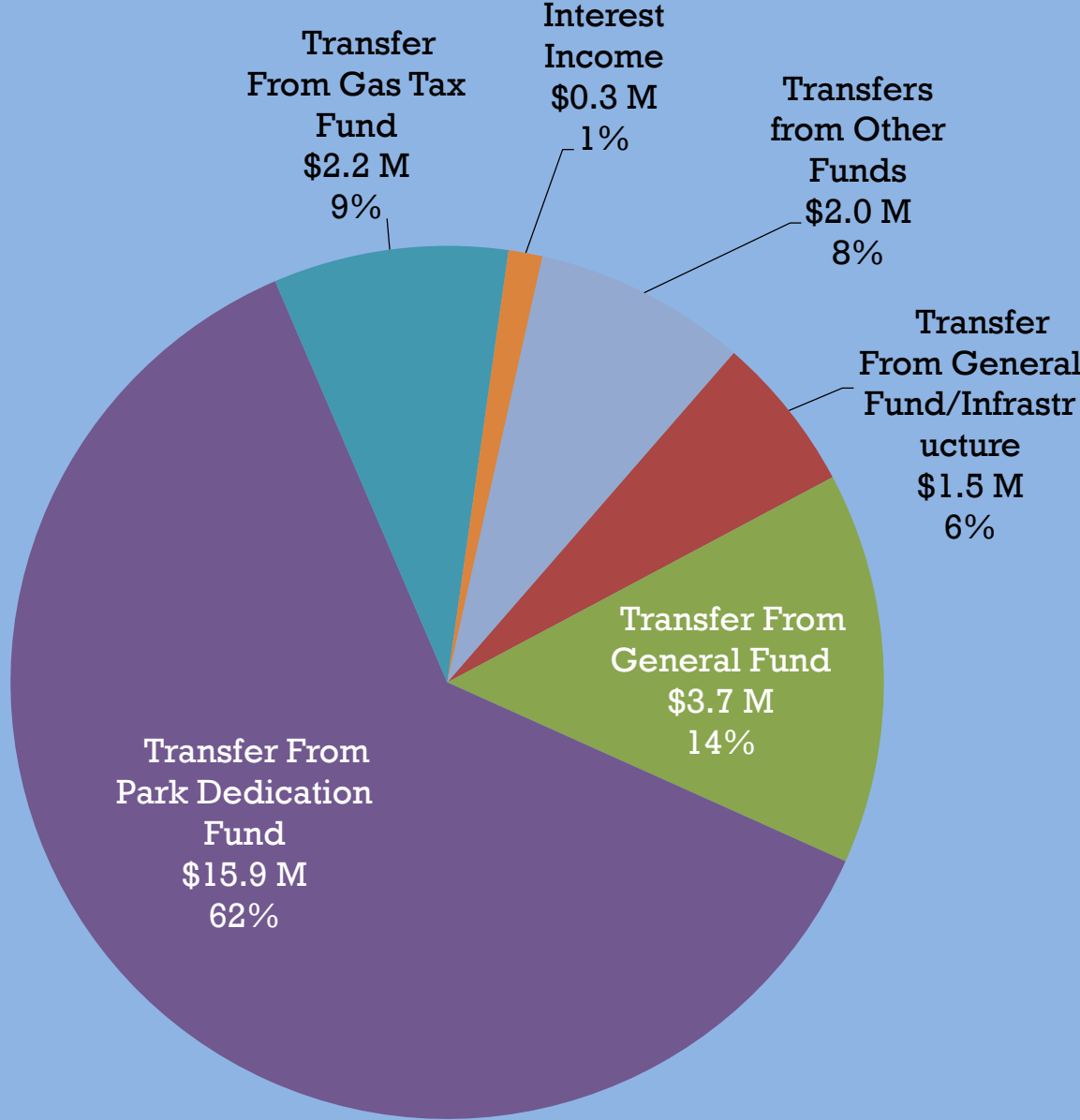
Infrastructure Renovation and Replacement Fund

CAPITAL PROJECTS FUND



- FY 2017/18 Funding Resources totals: \$80M
- Used to account for new or enhanced non-utility assets or major rehabilitation of capital facilities
- Distinct Sub-Funds:
 - General Assets
 - Traffic Mitigation
 - Gas Tax
 - Traffic Impact Fee
 - Sense of Place
 - Community Benefit Contributions
- Diverse Funding Sources

INFRASTRUCTURE RENOVATION AND REPLACEMENT FUND



- FY 2017/18 Funding Resources totals: \$25.7M
- To account for long-term renovation and replacement of the City's non-utility, existing physical assets
- Sub-Funds:
 - General Assets
 - Golf and Tennis
- Includes \$1.5M per year from General Fund for future infrastructure



INTERNAL SERVICE FUNDS

General Service Fund

Employee Benefits Fund



GENERAL SERVICES FUND

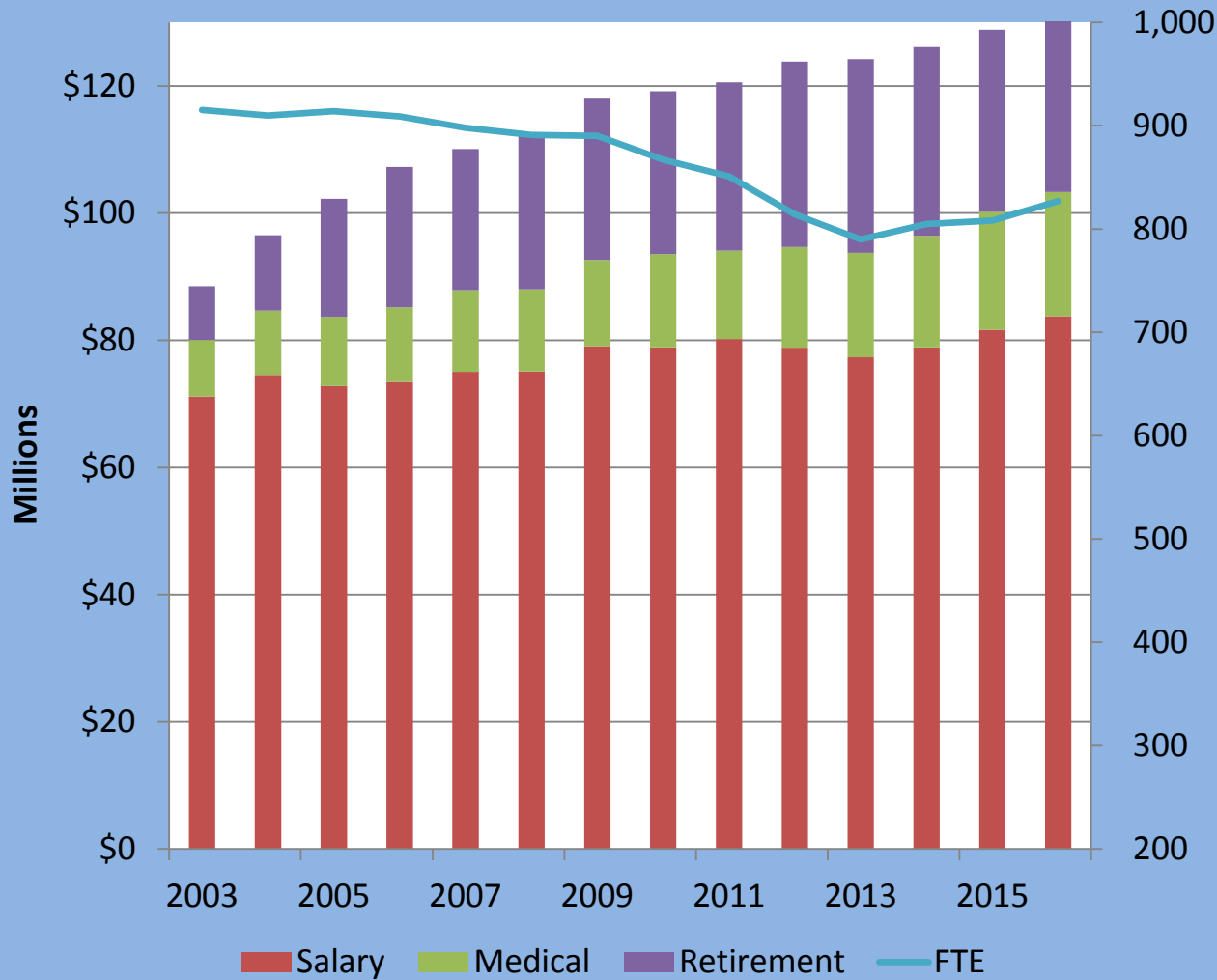
- Separate fund/sub-funds account for Fleet, Facilities, Technology Services
- Includes fleet, facilities and technology replacement over 20 Years
 - Fleet based on age/mileage
 - Facilities based on age/condition
 - Technology based on replacement cycle of systems; includes operational staff
- Internal Service Charges are assessed to operating programs/funds
- Rental rates up mainly due to inclusion of technology upgrades, averaging 4.2% over the 1st ten year period, 2.2% over the 2nd ten year period

640. COMBIN
LONG
JUL

	ACTUAL 2015/2016	CURRENT 2016/2017	BUDGET 2017/2018	PLAN 2018/2019
RESERVE/FUND BALANCE, JULY 1	17,231,883	17,398,663	17,782,765	19,115,786
CURRENT RESOURCES:				
Employee Leaves	14,127,579	16,687,810	17,488,882	17,817,775
Miscellaneous PERS	16,283,275	17,013,264	19,139,922	21,245,313
Public Safety PERS	14,699,590	16,156,442	17,852,869	19,905,949
Workers' Compensation	4,665,847	4,024,084	6,056,047	6,114,171
Insurance and Incentives	24,331,149	26,457,666	26,457,666	26,457,666
Transfer From Other Funds	0	800,000	0	0
Interest Income	243,695	321,504	406,221	597,188
TOTAL CURRENT RESOURCES	74,351,134	81,460,770	87,401,606	92,138,061
TOTAL AVAILABLE RESOURCES	91,583,017	98,859,433	105,184,372	111,253,847
CURRENT REQUIREMENTS:				
Employee Leave Benefits	14,560,067	17,306,743	17,672,819	18,080,437
PERS Retirement Benefits	30,387,172	33,818,614	36,513,770	40,613,009
Workers' Compensation Program	3,830,886	5,085,350	5,381,946	5,520,918
Insurance Benefits	14,182,218	14,791,960	15,465,051	16,355,984
Retiree Medical	5,403,913	5,437,629	5,976,000	6,403,000
Transfer To OPEB Trust	4,420,100	4,636,371	4,059,000	3,819,000
Additional Contribution To PERS	1,400,000	0	0	0
Directors Home Mortgage Program	0	0	1,000,000	0
TOTAL CURRENT REQUIREMENTS	74,184,356	81,076,666	86,068,586	90,792,348
RESERVES:				
RESTRICTED:				
Employee Leaves	(325,330)	0	0	0
PERS Rate Uncertainty	2,315,188	1,689,432	2,189,570	2,766,140
Workers' Compensation	14,151,276	13,231,523	14,071,018	14,910,514
Insurance Rate Uncertainty	1,257,529	2,861,810	2,855,198	2,784,846
TOTAL RESERVES	17,398,663	17,782,765	19,115,786	20,461,499
FUND BALANCE, JUNE 30	0	0	0	0

EMPLOYEE BENEFITS FUND

- Accounts for personnel benefit expenses
- Pension costs
- Leave costs
- Insurance costs
- Workers' compensation

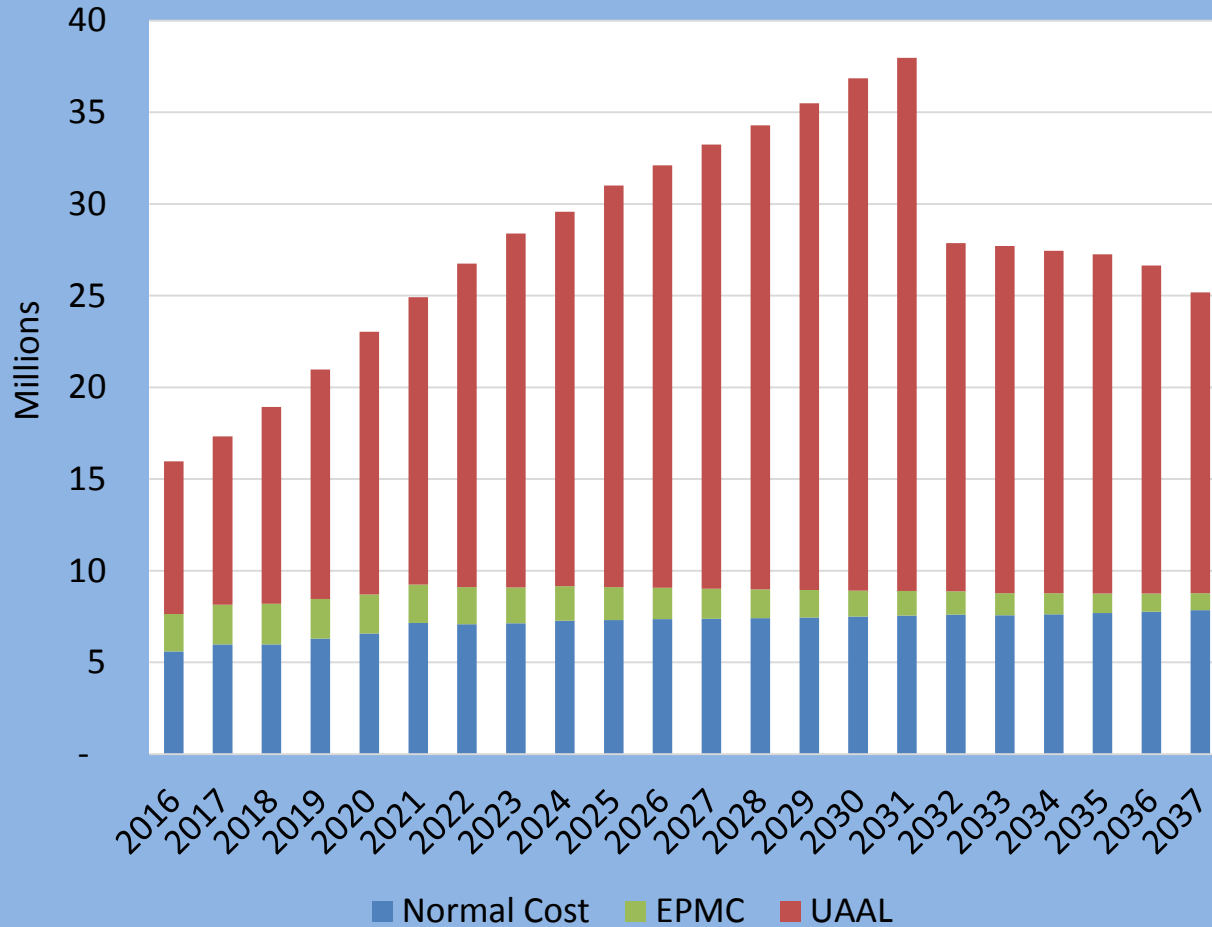


HISTORICAL TOTAL COMPENSATION

- FY 2017/18 budgeted FTE of 914
- Actual Filled: 826
Vacancies: 88
 - as of April 2017

MISCELLANEOUS EMPLOYEES PENSION CONTRIBUTION

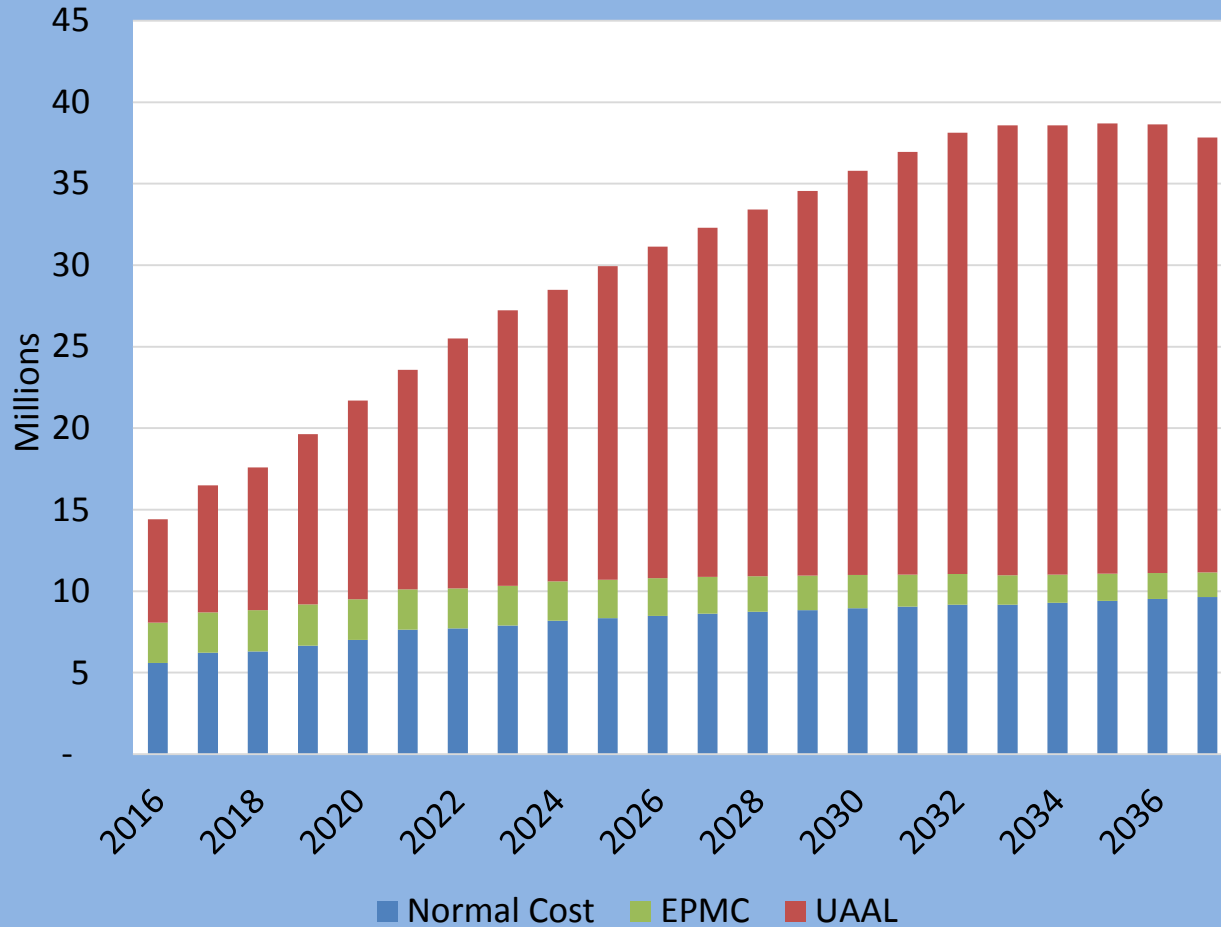
City Contributions - Misc



- Normal contribution rate remains relatively flat
- Largest increase comes from UAAL contribution
- Employer Paid Member Contribution (EPMC) rate unchanged

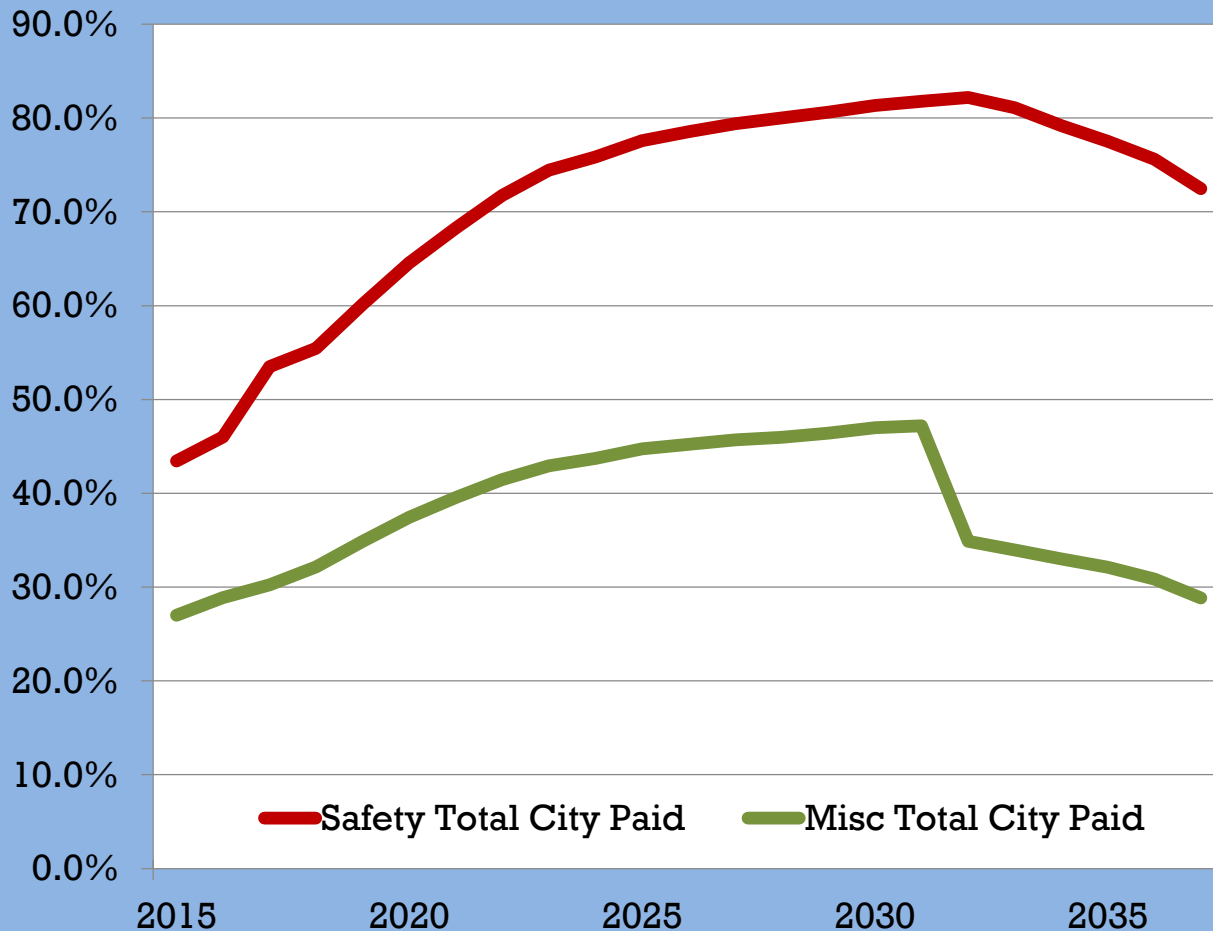
SAFETY EMPLOYEES PENSION CONTRIBUTION

City Contribution - Safety



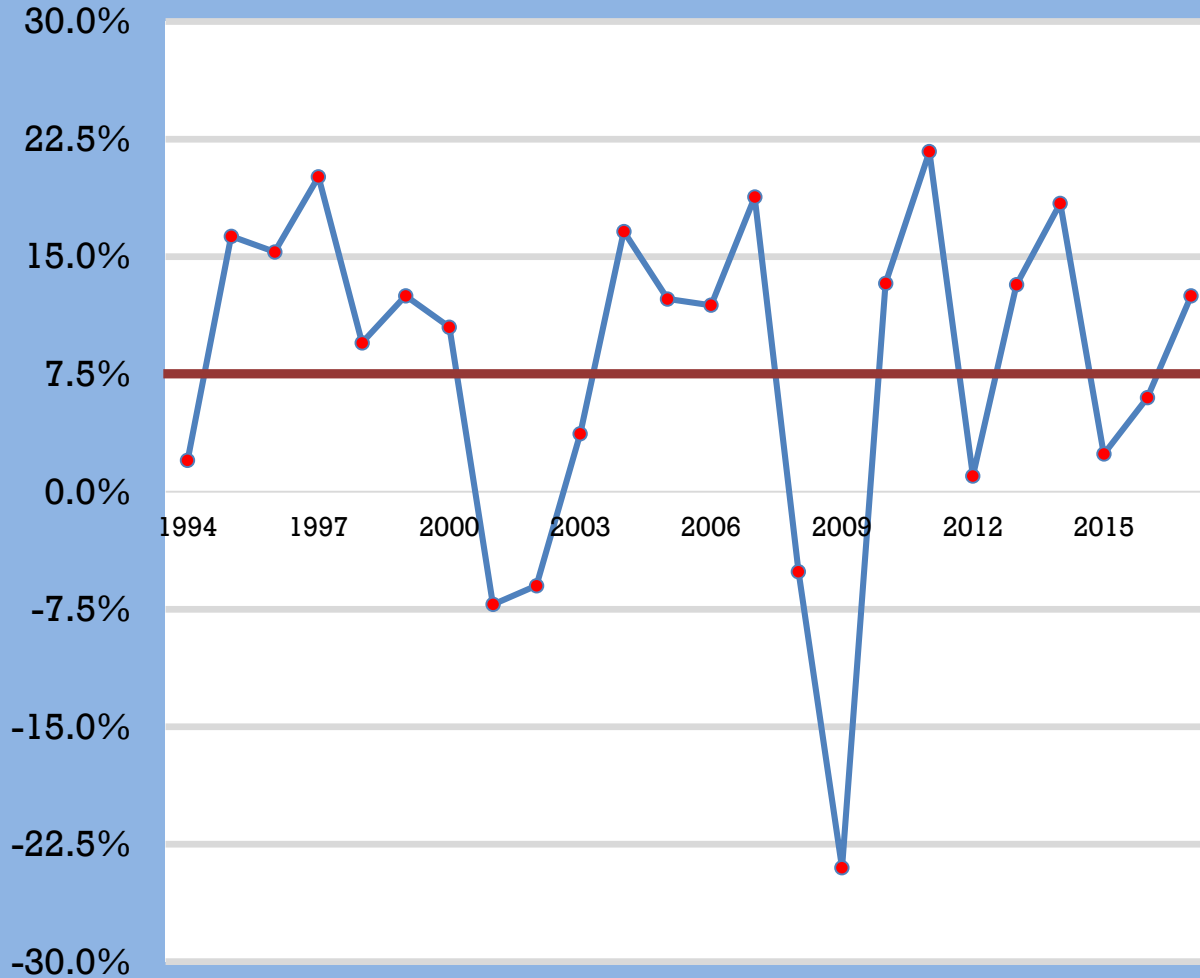
- Normal contribution rate remains relatively flat
- Largest increase comes from UAAL contribution
- Employer Paid Member Contribution (EPMC) rate unchanged

CITY CALPERS CONTRIBUTION RATES



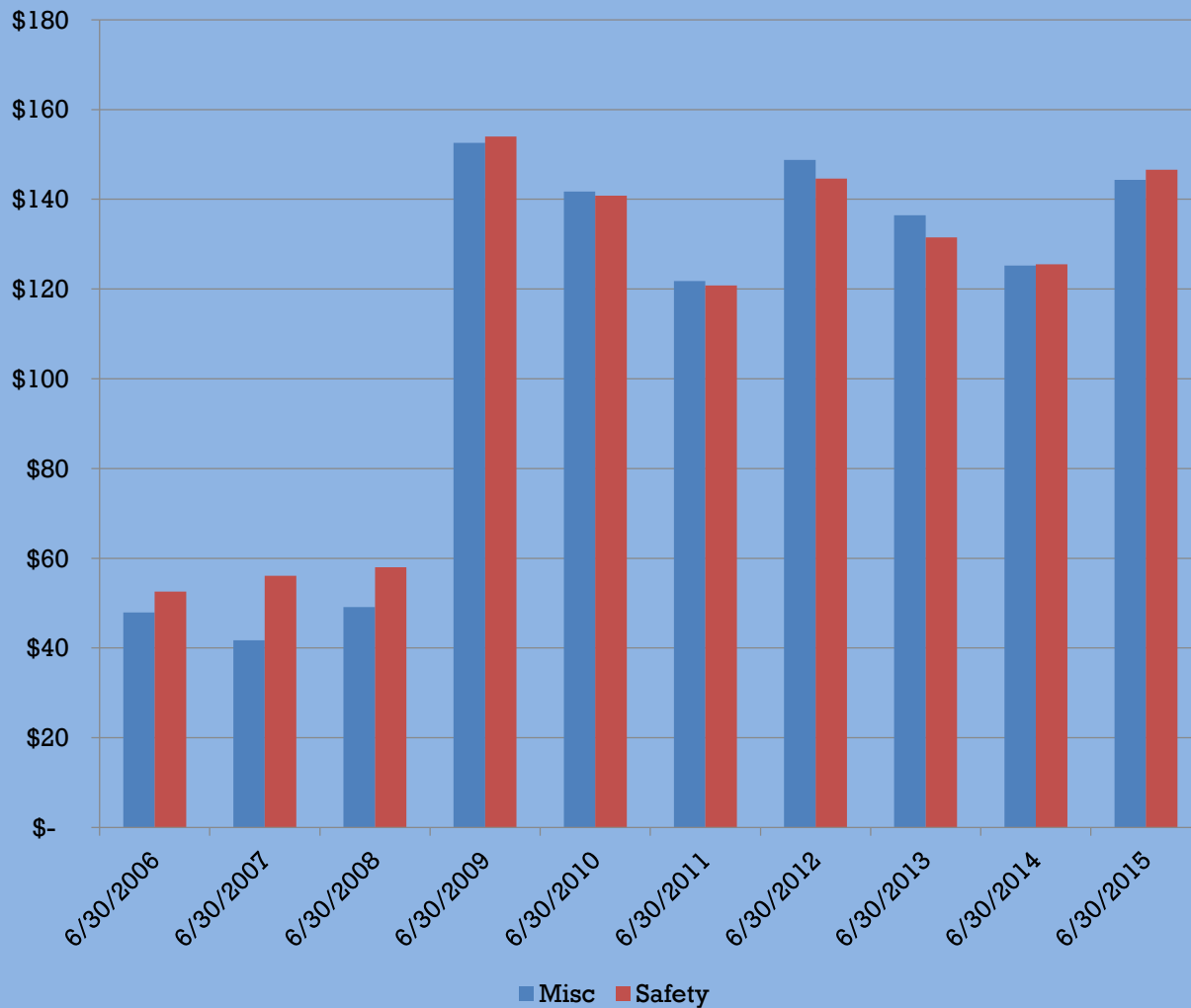
- CalPERS lowered investment return rate from 7.5% to 7%
 - Phased into in three years;
 - 7% at June 30, 2018
- Actuary's model assumes a 6% investment return starting with the June 30, 2040 Actuarial valuation
- Misc 20-yr increase averages 3.2%
- Safety 20-yr increase averages 5.3%

CALPERS INVESTMENT RETURNS

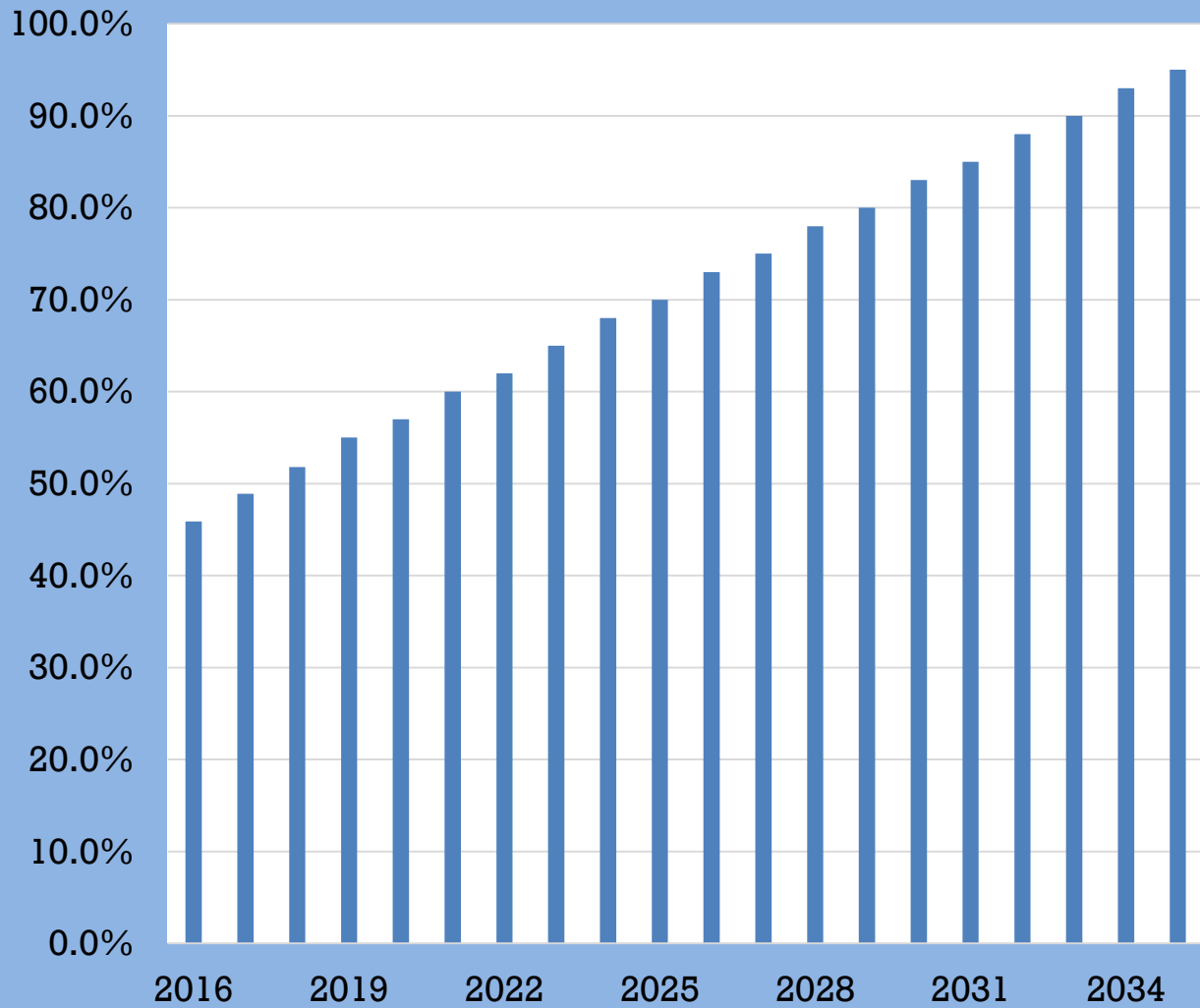


- June 30, 2017 rate of investment return is estimated to be 12.5%
- Source: CalPERS and Bartel Associates LLC

CALPERS UNFUNDED LIABILITY



- June 30, 2015 Unfunded Actuarial Accrued Liabilities (UAAL) increased \$40.2M
- Mostly due to poor investment returns at CalPERS



PROJECTED OPEB FUNDED STATUS

- Annual contribution made to fund OPEB Trust
- Ranges from \$4M to \$2.8M in 1st ten-year period
- Ranges from \$2.7M to \$0.9M in 2nd ten-year period



PENSION TRUST FUND



PENSION COST SUMMARY

- Citywide total, including Misc and Safety
- FY 2017/18 employer contribution breakdown:
 - Normal: \$12.3M
 - UAAL: \$19.5M
 - EPMC: \$4.7M

Actuarial Liability	\$1,015.2M
Assets	\$724.3M
Unfunded Liability	\$290.9M
Funded Ratio	71.3%
Total Employer Contribution Amount for FY 2017/18	\$36.5M

PENSION TRUST FUND

- Current practice is to reserve funds in an internal service fund – Pension Rate Uncertainty Reserve
- Subject to conservative general investment policy
- Not restricted to be used for Pensions – can be re-appropriated by Council
- Previously only way to reduce liability was additional contributions
- The new rules increase the period over which the additional contributions are amortized

PENSION TRUST FUND

- Pension Rate Stabilization Program (PRSP)
 - Uses an Internal Revenue Code Section 115 Irrevocable Trust to pre-fund pension costs and reduce GASB 68 Net Pension Liabilities
- Very much like the City's OPEB Trust, it is a tool to address one of the City's liabilities
- Separate trust fund managed by a Investment Manager under a separate investment policy

- Reduce unfunded pension liability under GASB 68
- Enhanced control of retirement assets
 - Currently within one system - CalPERS
- Smooth retirement system contribution volatility, restricting funds for that use
- Flexibility to affect stabilize costs by absorbing unexpected future increases

PENSION TRUST STRATEGY OUTCOME

INVESTMENT POLICY

- Investment Restrictions that apply to the general fund
 - Safeguard Principal
 - Meet Liquidity Requirements
 - Earn a return on funds invested
- Safety is primary goal over returns
- Restrictions are not applicable to assets held in an Irrevocable Section 115 Trust

- City Council authorizes establishment of a Pension Trust
- Generation and signature of legal documents
- Develop an Investment Policy and guidelines for Investment Manager
 - Identify risk tolerance
 - Choose an active or passive investment strategy
 - Determine discount rate
 - Prohibit certain investments

PENSION TRUST NEXT STEPS

- Recommended Initial funding source
 - PERS Uncertainty Reserve (Internal Service Fund)

- Future annual contributions and/or disbursements
 - Year-end savings
 - Pre-payment savings
 - Future budget processes

- Scheduled Reviews of Investment Performance

PENSION TRUST NEXT STEPS



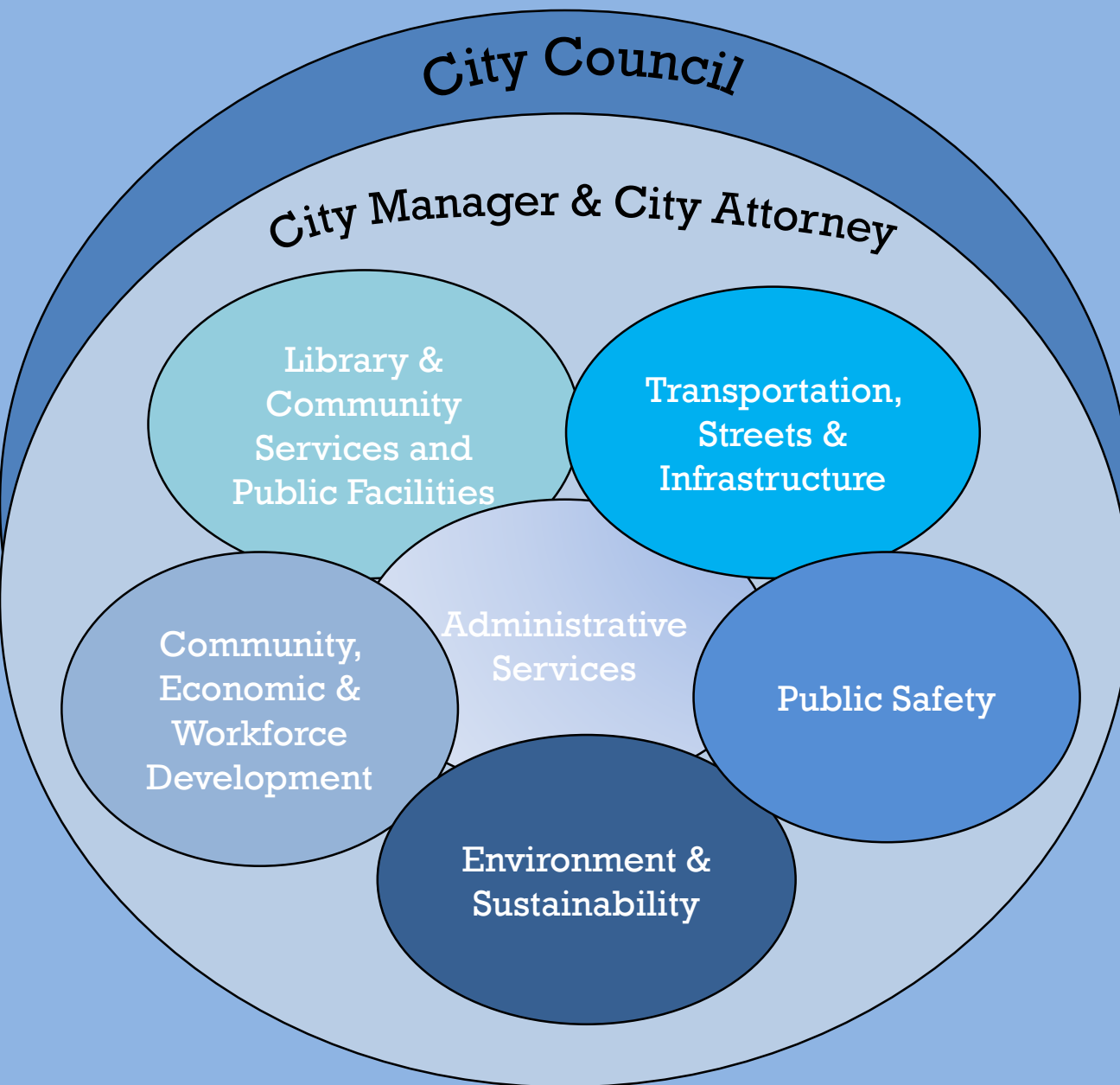
PROJECT REVIEWS





SERVICE CLUSTERS





INTEGRATED SERVICE DELIVERY

Services are grouped into functional areas or clusters. Overlap reflects cross-departmental service projects and/or areas. Services and strategy are highly dependent on collaboration, teaming and working beyond department services.

The Offices of the City Attorney and City Manager serve as support to all service clusters, providing overall legal and policy guidance as well as organizational leadership and strategic direction.

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.

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ADMINISTRATIVE SERVICES

- 17 projects totaling \$17.1M
- Unfunded projects – None

▪ Highlights

- Continued High Demand for Procurement Services
- Budget Restructure/Continued shift toward more conventional budget & finance practices
- Complex Financing – SCWP SVCEA and WPCP State Loan/Funding
- Technology Projects and Systems

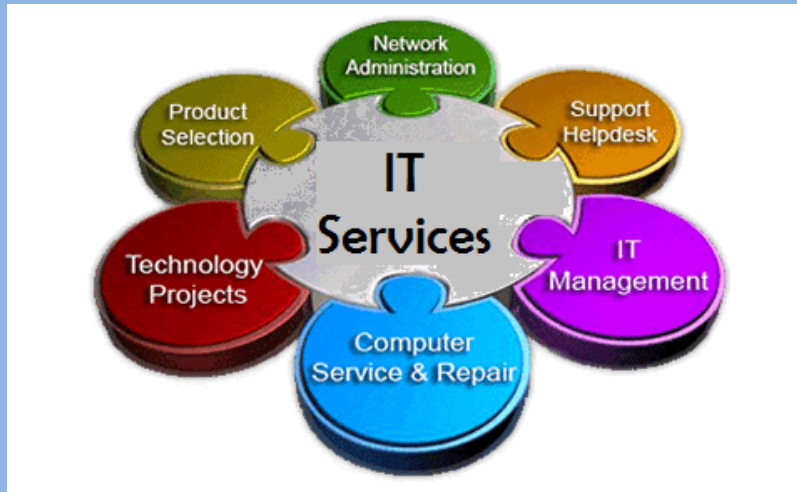
▪ Initiatives

- Wastewater Cost of Service Study
- Redevelopment Agency Dissolution
- Administrative Hearing Officer
- Sale of City Property
- Technology Process Improvements

ADMINISTRATIVE SERVICES

Program & Services

- Budget Management
- Purchasing
- Financial Management & Analysis
- Accounting & Financial Services
- Revenue Collection & Audit
- Utility Billing
- Employee Relations & Development
- Recruitment & Classification
- Employee Benefits
- Risk Management
- Volunteer Relations
- IT Services & Support



Information Technology Department's
Vision Statement:

To provide innovative solutions and a solid IT framework that enhances the business operations of our City's departments and ultimately delivers effective services to the public.

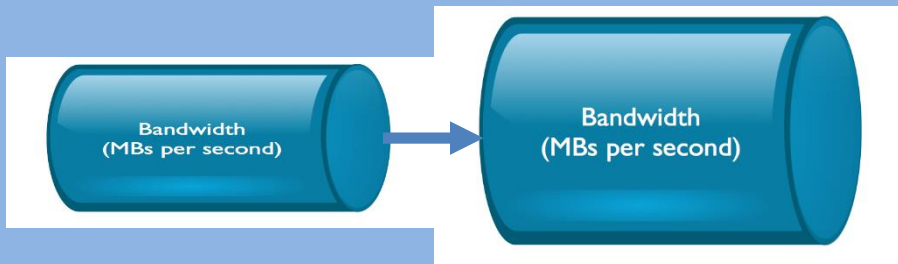
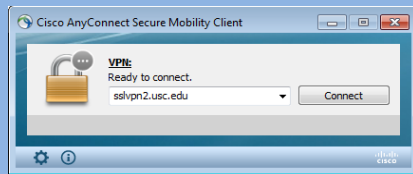
IT INITIATIVES

- Citywide IT Governance Structure
- Information Security
- Succession Planning and Cross-Training - no single point of failure
- Streamlined Operations and Space Utilization
- Centralized Repository of all Applications, Online Subscriptions and Tools



COMPLETED TECHNOLOGY PROJECT HIGHLIGHTS

- Police Records Management
- Email & Calendaring (Office 365, Outlook 2016 Office 2016, Skype for Business)
- Core IT Infrastructure Updates (remote access, increased bandwidth)



ERP & BUDGET SYSTEMS PROJECT HIGHLIGHTS



- Budget Restructure for FY 2018/19 Underway
- Budget System Procurement in Contract Negotiations
- Enterprise Resource Planning (ERP) System



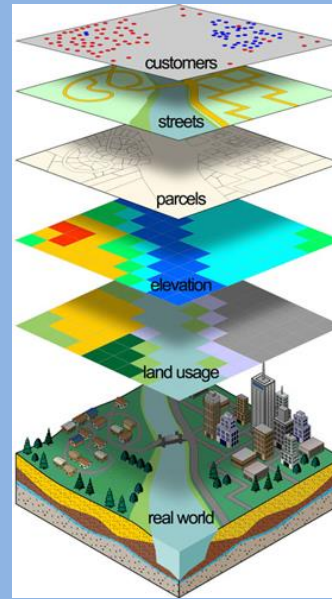
DEPARTMENT-SPECIFIC TECHNOLOGY PROJECT HIGHLIGHTS

- Permitting System
- WPC Plant Asset Management - Enterprise Asset Management (EAMS)





Co-Location Facility (Data Center)



Regional GIS

CITYWIDE TECHNOLOGY PROJECT HIGHLIGHTS

- Customer Relationship Management (CRM)
- Geographic Information Systems (GIS) – Regional Strategies
- Enhanced IT Infrastructure – Co-Location
- Security/Network Assessment and Risk Mitigation
- IT Service Management (ITSM)/Project Portfolio Management (PPM)
- eDiscovery and Archive Tool for PRA Requests & Investigations





WASTEWATER COST OF SERVICE STUDY

- Completed once every five years
- Detailed review of wastewater rates and how costs are distributed across customers
- Ensures compliance with Prop 218





SALE OF CITY PROPERTY PROJECT HIGHLIGHTS

- 1050 & 1060 Innovation way - Onizuka
- 1484 Kifer Road - Unilever



COMMUNITY, ECONOMIC & WORKFORCE DEVELOPMENT

- 19 projects totaling \$23.7M
- Unfunded projects – None

- **Highlights**

- 5th Year of Unprecedented Development Activity & Demand for Development Services
- Under construction, approved or pending:

	Net New	Gross
Housing Units	4,503	4,547
Office/Industrial/Commercial Development (s.f.)	7.1M	15.7M
Hotel Rooms	2,261	2,914

- **Initiatives**

- 2017 Housing Strategy
- Update of Specific Plans
- Affordable Housing Projects
- Minimum Wage Enforcement
- Town Center Construction
- Minimum Wage Ordinance Changes to Align to Regional Effort

COMMUNITY, ECONOMIC & WORKFORCE DEVELOPMENT

Program & Services

- Building Safety
- Planning
- Housing & CDBG
- CDD Mgmt
- Land Development
- Engineering Services
- Fire Prevention
- Economic Development
- Employment Development
 - Job Seeker Services
 - Employer Services
 - Youth Services
 - Enterprise Services



HOUSING & CDBG PROJECT HIGHLIGHTS

- **Projects**
 - Edwina Benner Plaza:
460 Persian Drive
 - Stoney Pine
Rehabilitation
 - Block 15 Affordable
Housing Site
 - Persian Drive
Sidewalk Extension
 - 2017 Housing
Strategy
- **Programs**
 - Tenant Based Rental
Assistance
 - Homeless
Prevention/Rapid
Re-Housing
 - First Time Home
Buyer Loans
 - WorkFirst Sunnyvale

*Photos courtesy of Bruce
Damonte for MidPen Housing*

PLANNING PROJECT HIGHLIGHTS

- Precise Plan for El Camino Real Update
- Murphy Avenue Design Guidelines Update
- General Plan Updates: Air Quality and Noise

-
- Lawrence Station Area Plan – follow on
 - Housing
 - Sense of Place
 - Downtown Parking Study



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LIBRARY & COMMUNITY SERVICES & PUBLIC FACILITIES

- 81 projects totaling \$229.6M
- 4 unfunded projects

LIBRARY & COMMUNITY SERVICES & PUBLIC FACILITIES

Program & Services

- Youth & Family Services
- Library
- Arts & Recreation
- Downtown Parking Lot Maintenance
- Neighborhood & Open Space Management
- Golf & Tennis Operations
- Facility Services
- Fleet Services

- Highlights
 - Fair Oaks Park Renovation
 - All-Inclusive Playground
 - Washington Swim Center
 - Branch Library and Learning Center
 - Community Center Infrastructure Upgrades
 - Civic Center Modernization Project
- Initiatives
 - Green Fleet Policy
 - Public Arts Master Plan
 - Age Friendly City Designation



WASHINGTON SWIM CENTER HIGHLIGHTS

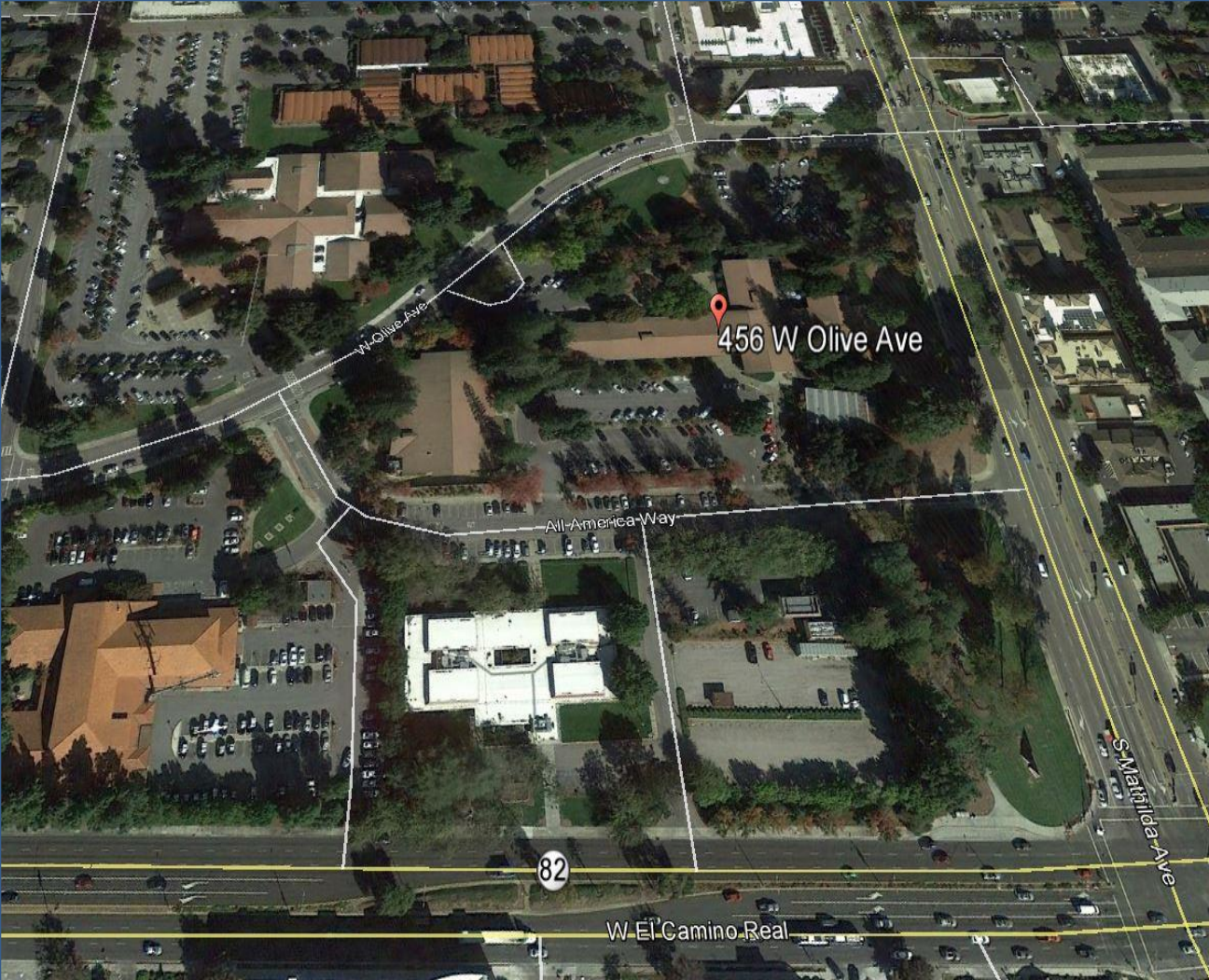
- Design Underway
- Conceptual Design – Council July 2017
- Start Construction in 2018
- Opening in 2019
- Updated Operating Costs





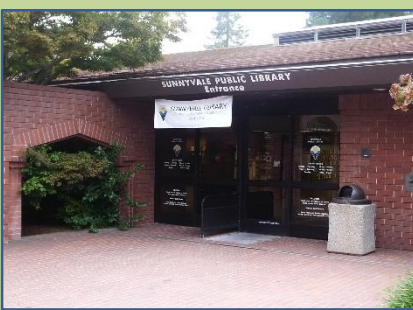
FAIR OAKS PARK RENOVATION HIGHLIGHTS

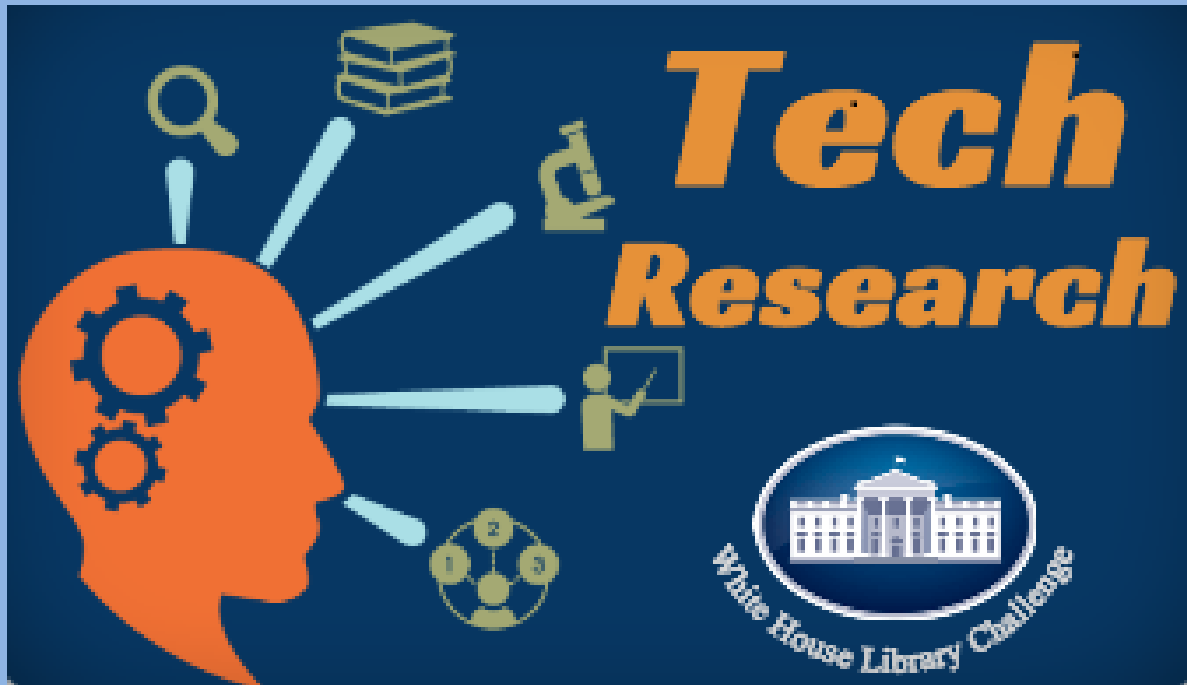
- Grant Projects Recently Renovated/Underway:
 - Park Building and Aux Restroom
 - Lighting at skate park
 - Parking lot
 - Landscaping
- Full Renovation Design completion in 2018/19
- Construction in 2019/20
 - First artificial fields in the City – will allow year-round use
- Proposed location for All-Inclusive Playground
- Proposed Agreement with Magical Bridge Foundation to Council in July 2017



CIVIC CENTER MODERNIZATION PROJECT HIGHLIGHTS

- Master Planning Contract Award - May 23
- Campus-wide Site Master Plan
- LEED Platinum City Hall
- Open Space Improvements
- Public Safety Improvements (Dedicated EOC)





LAKWOOD BRANCH LIBRARY AND LEARNING CENTER

- Pre-Planning Meetings Completed – April, 2017
- Consultant Agreement Executed – May, 2017
- Study Session on Site Alternatives – Spring, 2017
- White House ConnectED Passport to Learning Pilot Completed – May, 2017
- Lakewood Activation – Summer, 2017



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TRANSPORTATION, STREETS & INFRASTRUCTURE

- 62 projects totaling \$254.5M
- 17 unfunded projects

- **Highlights**
 - Reconstruction of the Water Pollution Control Plant
 - 237/101/Mathilda Interchange
 - Over 23 Grants for \$23.5M
 - Construction of Fair Oaks Bridge and Calabazas Bridge
 - LED Streetlight Conversion Project

- **Initiatives**
 - Intelligent Transportation Systems
 - Complete Streets
 - Vision Zero
 - Measure B
 - Bike Master Plan

TRANSPORTATION, STREETS & INFRASTRUCTURE

Program & Services

- Transportation & Traffic
- Pavement Maintenance
- Street Lights
- Street Tree Services
- Capital Project Management



BRIDGE PROJECTS HIGHLIGHTS

- Calabazas Bridge
 - \$4.3M New Bridge
 - Completion 2017
- Fair Oaks Bridge
 - Estimated at \$13.2M
 - Final Design Underway
 - Construction starts in 2018
 - Completion in 2019





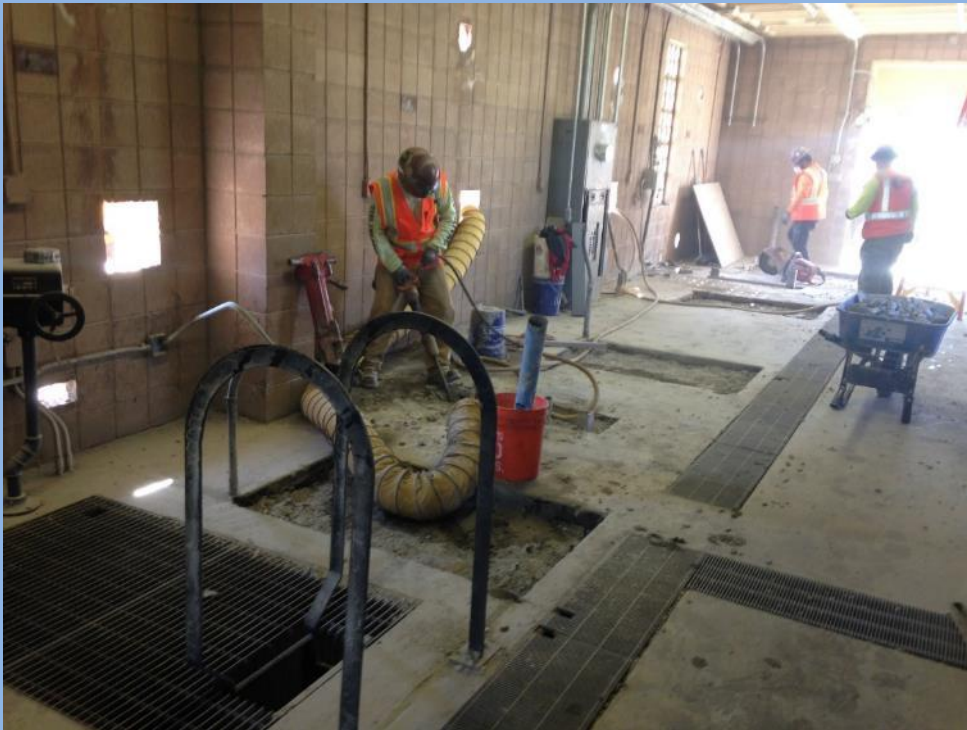
TRANSPORTATION PROJECTS HIGHLIGHTS

- Sidewalks
- Pavement
- Signal
- Bicycles
- Intelligent Transportation Systems
- LED Streetlights



PUMP STATION #2 HIGHLIGHTS

- \$3.4M Project
- Completion Date 2017
- Project Will
 - Upgrade pumps, motors, electrical systems, back up generators
 - Can pump up to 86 MGD
 - Life Expectancy 30+ Years





PUBLIC SAFETY

- 14 projects totaling \$64.7M
- Unfunded projects – None

▪ Highlights

- Strengthening of City's Emergency Management Operations
- Executed agreement with All City Management Services, Inc. to provide crossing guard services
- Purchased enhanced ballistic protective equipment to provide first responders with additional protection from firearms and/or high powered rifles
- Development of the department's first Youth Leadership Academy

▪ Initiatives

- Body Worn Cameras fully implemented
- Sustainment of Safe Routes to School Program
- Working with State 9-1-1 and major wireless service providers to implement text 9-1-1 service in Sunnyvale

PUBLIC SAFETY

Program & Services

- Police
- Fire
- Community Safety
- Personnel & Training
- Communications
- Investigations
- DPS Administration
- Records Management & Property
- Fire Prevention



PUBLIC SAFETY RECRUITMENT AND TRAINING

- \$73.6M over 20 years for recruitment and training of sworn officers
- Funding accelerated in order to address reduced staffing levels in the department
- New schedule reflects \$9.2M over the next twenty years to fund increased recruitment efforts



1948 Sunnyvale Fire Station on Washington at Frances
1942 Seagrave, 1936 Ford, 1926 Segrave * (The driveway to right is the alley that still exists to the rear of the Tao Tao)



FIRE STATION MASTER PLAN

- Conduct a study to evaluate the five existing fire stations
- Proactively develop long-term plan to address:
 - Continued city growth;
 - Locations and conditions of existing fire stations; and
 - Potential need for additional stations to meet demand, traffic congestion and building types.
- Budget of \$750,000 over two years



PUBLIC SAFETY HEADQUARTERS — SECURITY UPGRADES

- A report by the Northern California Regional Intelligence Center (NCRIC) identified and recommended specific security elements at DPS Headquarters be upgraded
- Improvement to exterior lighting in and around premises
- Upgrade to bomb resistant trash receptacles
- Budget: \$75,000



ALARM PERMITTING, BILLING & TRACKING SOFTWARE

- An advanced software solution fully compatible with existing RMS and CAD programs
- Will replace outdated and unsupported 2009 database system
- Will significantly improve staff efficiencies and customer service to approximately 4,800 registered alarm permit users: residential and business
- Budget: \$50,000



DEPARTMENT INTERNAL AFFAIRS ASSESSMENT

- Consultant to be hired to conduct a professional study to assess efficiencies and areas for improvement
- Overall goal is to modernize and improve the Internal Affairs Unit, keeping with current best practice
- Budget: \$95,000

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ENVIRONMENT & SUSTAINABILITY

- 77 projects totaling \$858.1M
- 5 unfunded projects

ENVIRONMENT & SUSTAINABILITY

Program & Services

- Solid Waste Management
- SMaRT Station
- Water Resources
- Wastewater Collection System
- Wastewater Management
- Regulatory Programs (includes Sustainability & Energy)

- Highlights
 - Solar Installations of City Facilities
 - Wolfe Road Recycled Water Pipeline
 - Caribbean Drive Trail Access
- Initiatives
 - Accelerating Climate Action
 - Zero Waste – FoodCycle Program
 - Green Streets
 - Stormwater Trash Reduction



WATER POLLUTION CONTROL PLANT HIGHLIGHTS

- Complete the following gap projects:
 - Emergency Flow (\$1.5M)
 - Hypochlorite (\$4.2M)
- Complete Primaries Package 1 - (\$6.2M)
- Start Primaries Package 2 - (\$100M)



Ortega Park Well

SMaRT Station



Baylands Park

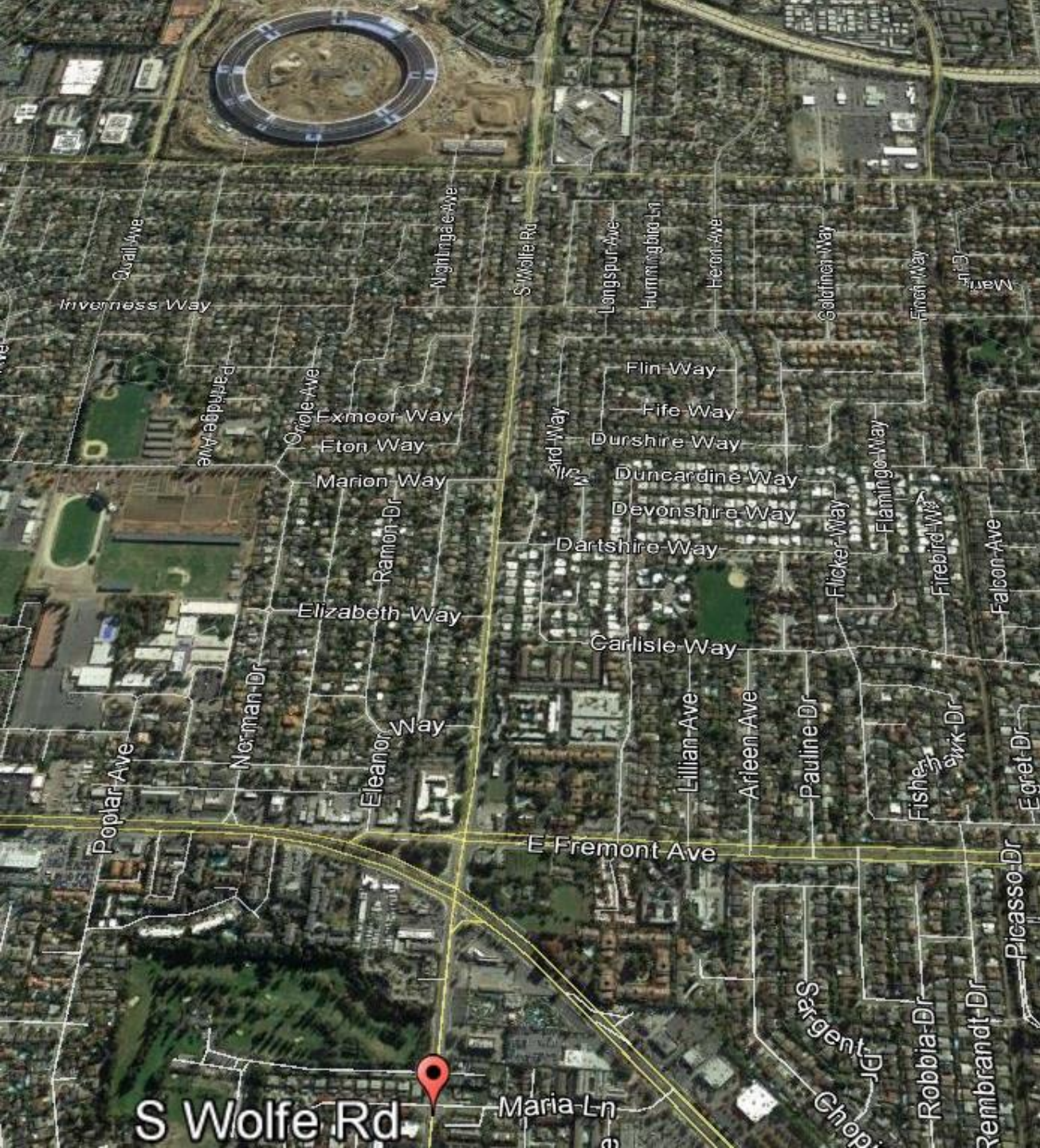


Corporation Yard



SOLAR INSTALLATIONS ON CITY FACILITIES HIGHLIGHTS

- 4 Locations Planned
- Construction in 2018



WOLFE ROAD RECYCLED WATER PIPELINE HIGHLIGHTS

- Construction Complete
- Start Up Planned
- Highlight



STORMWATER: GREEN STREETS

- Example of Green Infrastructure
- Caribbean Avenue Project
 - Complement to parking relocation
 - Grant funding secured from EPA: \$380,000
 - Feasibility study first
 - Construction in 2018/19



ACCELERATING CLIMATE ACTION

- Implement current CAP
 - \$90,000 grant for home energy efficiency
 - EV Chargers for City fleet
 - Green Building Program Update
- New Initiative: CAP 2.0: Planning beyond 2020
 - Evaluate options to set bold long term targets
 - Budget Supplement: \$250,000, consultant support and community engagement
 - Advisory Committee
 - Input on Work Plan

FoodCycle

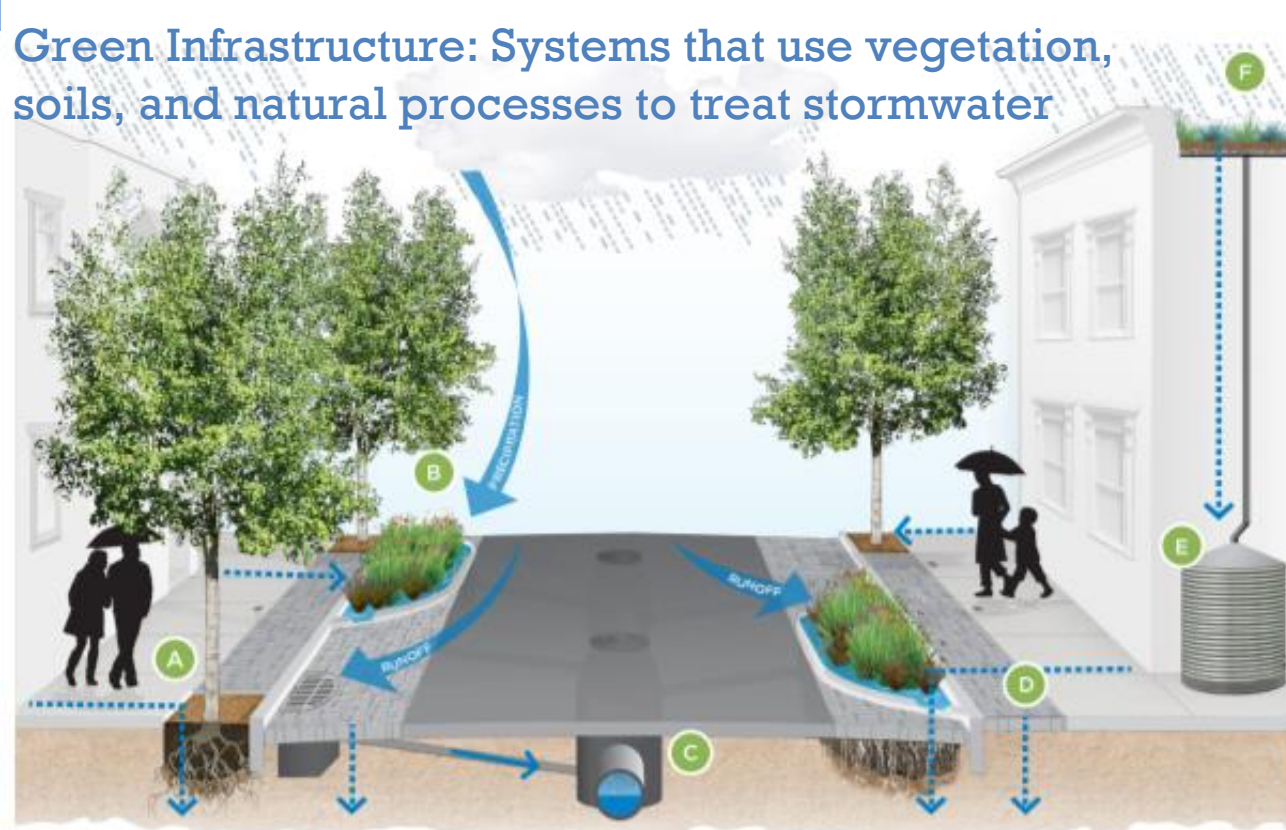


Select Your New Split
Garbage Cart by June 16

ZERO WASTE — FOOD SCRAPS RECYCLING HIGHLIGHTS

- Outreach efforts have begun
- Residents to select new cart sizes in June
- Full implementation this fall

Green Infrastructure: Systems that use vegetation, soils, and natural processes to treat stormwater



(A) street trees with flow through planters (B) rain gardens (C) upgraded sewer pipes
(D) permeable pavement (E) cisterns (F) vegetated roofs



STORMWATER: GREEN INFRASTRUCTURE

- Benefits:
 - Flow and pollutant reduction
 - Urban greening
 - Complementary to safe streets
 - Climate benefits
- Green Infrastructure Planning launched
 - ID planned and potential projects; evaluate CIP projects
 - Update related plans and guidelines
 - Evaluate funding options
 - Track progress
- GI Plan Framework to Council in June 2017
 - GI Plan in June 2019

Keep the Lid on Litter

- Choose the right size and pick-up frequency for bins.
- Don't allow bins to overflow.
- Keep lids closed on bins to keep rain from getting in and trash blowing out.
- Do not stack materials outside of the bins.
- Consider a locking bin if there is a problem with illegal dumping. You may also want to consider fencing, roofing, or video surveillance.
- Remove illegally dumped materials immediately.

Train for Success

- Train staff to inspect the parking and landscaped areas on and around the perimeter of your business for litter regularly. If litter is found, collect and put in trash bins.
- Empty trash receptacles regularly.
- Have maintenance staff to do a thorough collection of litter in the landscaped areas.

Cigarette Butts are a Big Problem

- Sweep often and dispose of collected cigarette butts.
- Remove cigarette butts from landscaped areas and parking medians.
- Consider addition of cigarette receptacles.



STORMWATER TRASH REDUCTION

- Requirements:
 - 60% by July 1, 2016
 - 70% by July 1, 2017
 - 80% by July 1, 2019
 - 100% by July 1, 2022
- Infrastructure solutions:
 - Trash capture devices
 - Increased ongoing maintenance
- Programmatic solutions:
 - Business inspections
 - Solid waste service alignment
 - Community engagement





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		

FY 2017/18 BUDGET SUPPLEMENTS

- 8 of 10 Supplements recommended for funding
- \$1.038M additional funding required



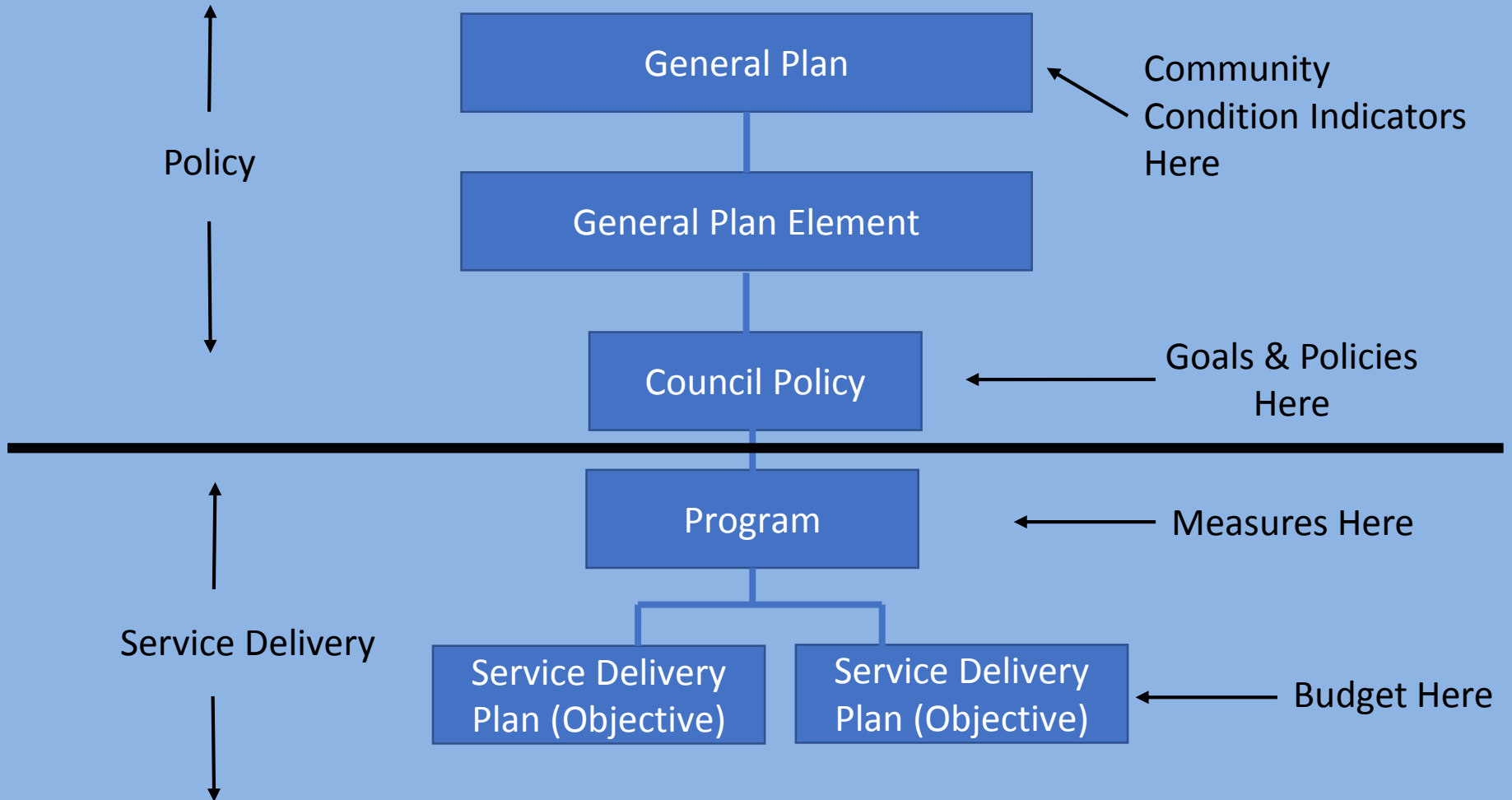
BUDGET RESTRUCTURE REVIEW

Budget reorganization and upcoming changes for FY 2018/19
Budget



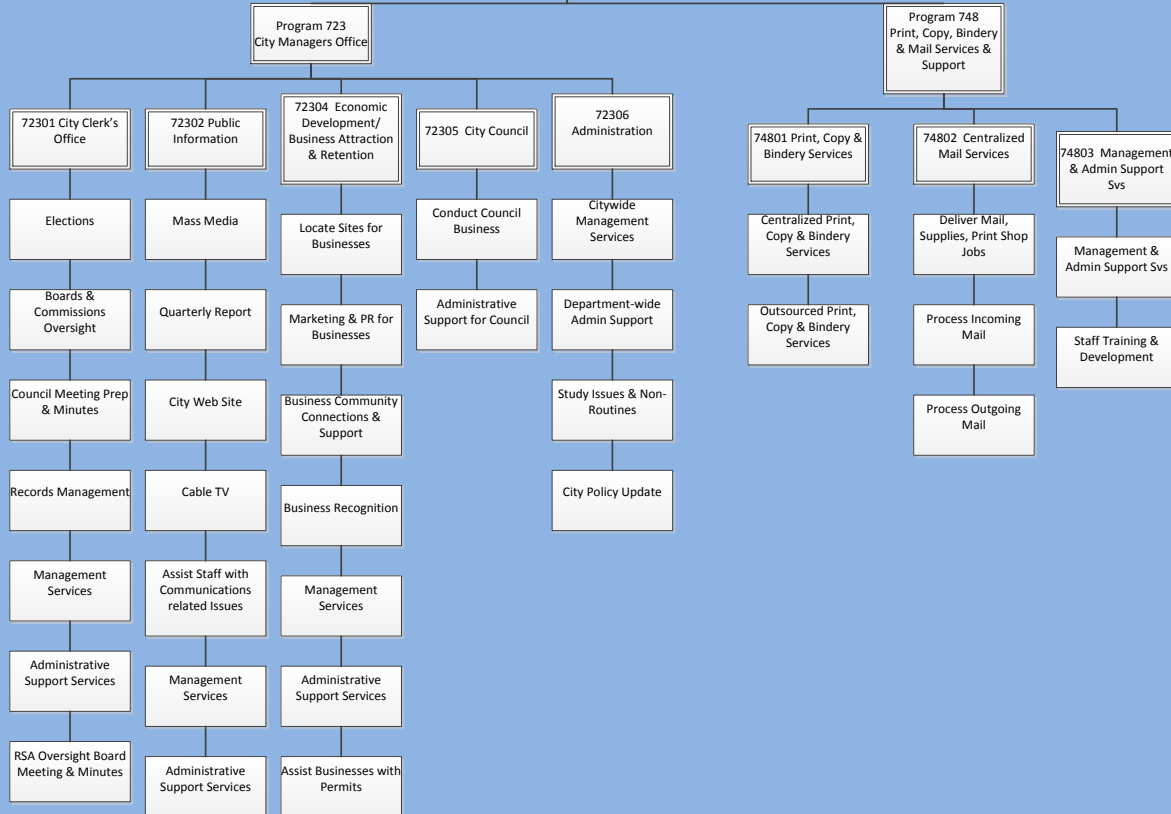
- Charter: “The budget shall depict planned City expenditures and revenues, as well as their relationship to the levels of service planned to be provided to the community. Financial efficiency and effectiveness measures shall be included, as well as historical trend data regarding past financial performance at the program budget level, at a minimum” (Section 1302)
- Goal: Restructure budget to report out and provide service focused information for four main audiences:
 - Public
 - City Council
 - City Manager
 - Departmental Managers
- Transition from hourly, activity-oriented, performance based budget to a position-based, service-delivery oriented performance based budget
- Activities are optional based on need/lower level of management
- Set up background for new budget system and ERP

PERFORMANCE BUDGET STRUCTURE



FY 2014/15

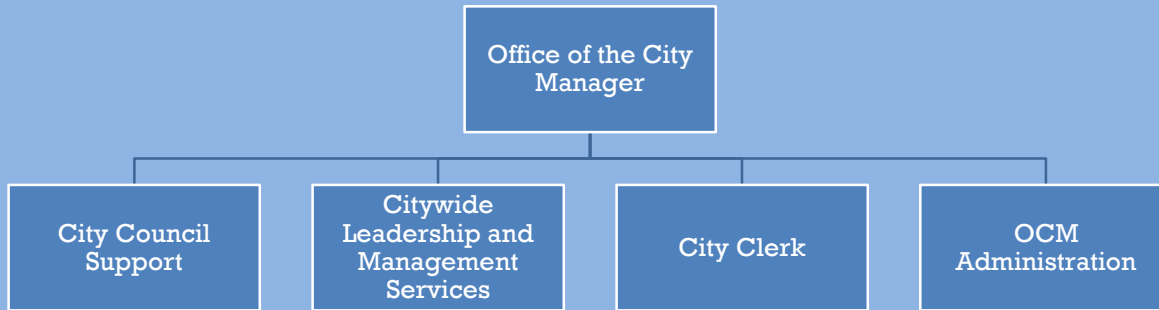
DEPARTMENT:
Office of the City Manager



OFFICE OF THE CITY MANAGER

- Old structure
- Reflected many very granular activities
- Didn't focus on primary goals of OCM – leading the City and Strategic Initiatives

OFFICE OF THE CITY MANAGER



- New Structure reflects primary objectives
- Moves the focus from widgets and binder clips to strategic planning and leadership



BUDGET SYSTEM/ CONVENTIONALIZING THE BUDGET OVERVIEW

Upcoming changes for FY 2018/19 Budget



BUDGET CHANGES FOR FY 2018/19

- **Budget System Replacement Update**
- **Appropriation Control**
 - **Currently**
 - Program level for most funds
 - Fund level for Enterprise/Proprietary Funds
 - Administrative Budget Modification Authority
 - **Proposed**
 - Raise to Department/Fund level
 - Fund level for Enterprise/Proprietary Funds
 - Administrative Budget Modification Authority
- **Position Budgeting**
 - Position-level costing vs. Hourly
 - Position Control Management
- **Performance Targets / Methodologies**
- **Budgeting reporting will be done at
Department / Program / Service Delivery
(Activities no longer reported)**

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QUESTION AND ANSWER