

RESPONSE TO COUNCIL QUESTIONS RE: 12/12/17 CITY COUNCIL AGENDA

Agenda Item #: 1.D

Title: Award of Bid No. PW18-08 for the Landscape Improvements on Caribbean Drive Re-Bid Project, Finding of California Environmental Quality Act (CEQA) Categorical Exemption, and Approval of Budget Modification No. 29

Council Question: Are any of the conditions we are seeking to mitigate a direct result of PG&E's tree removal? If so, doesn't PG&E bear some responsibility for the cost to restore this area?

Staff Response: In 2012, the City and PG&E worked through a mitigation plan for tree removals along Caribbean Drive. Due to the presence of a gas line and proximity to the closed landfill, the decision was to provide mitigation in the form of tree plantings in the median island along Caribbean Drive which PG&E completed.

Council Question: Doesn't PGE replace landscaping? Why couldn't they pay some like they did on California?

Staff Response: In 2012, the City and PG&E worked through a mitigation plan for the tree removals along Caribbean Drive. Due to the presence of a gas line and proximity to the closed landfill, the decision was to provide mitigation in the form of tree plantings in the median island along Caribbean Drive which PG&E completed.

Council Question: Will any of this work need to be redone when we add the parking and bike path along Caribbean?

Staff Response: These two projects were carefully planned and coordinated during the design effort to avoid any disruption to new landscaping improvements once they are constructed.

Council Question: Can you give more information on the funding for this effort? I remember PG&E cutting down the trees. Did PG&E pay into the fund to re-landscape the area? I am also assuming that this effort is being in conjunction with the Bay Trail access changes being done in accordance with the parking re-configuration along Borregas/Caribbean because of the Water Treatment Plant. When will this landscaping project happen relative to the upcoming bike path and parking project?

Staff Response: This effort is being funded through the Solid Waste Management Fund (Fund 485). In 2012, the City and PG&E worked through a mitigation plan for the tree removals along Caribbean Drive. Due to the presence of a gas line below and proximity to the closed landfill, the decision was to provide mitigation in the form of tree plantings in the median island along Caribbean Drive which PG&E completed. Yes, the landscaping project and the Bay Trail access changes were closely coordinated during the design process. The landscaping project will start construction within the next two to three months. The bike path and parking project will start construction in summer 2018.

Agenda Item #: 3**Title: Review Draft Work Plan for 2017 Housing Strategy (Study Issue)**

Council Question: What would it take to accelerate consideration of a rental inclusionary ordinance consistent with AB 1505, instead of waiting for completion of the entire study? For example, with the repeal of Palmer (with AB1505) we can re-instate the 15% inclusionary housing for apartments. I'm assuming that it be done without additional study?

Staff Response: Staff is not proposing to wait for the entire Housing Strategy to conclude before completing this item. However, it would be helpful to have the Housing consultant team on board to help staff analyze options for a new inclusionary rental ordinance consistent with both AB 1505 and current state density bonus law, which the prior BMR program was not fully aligned with. State density bonus law has also evolved slightly since 2009, when the Palmer decision occurred. The consultant and/or interim staff could also assist staff with preparing public outreach materials, planning and holding outreach meetings, and preparing a set of alternatives for the Housing and Human Services Commission, Planning Commission, and Council to consider prior to adopting the new ordinance. If Council so desires, staff can set up the contract to have this item be the first objective for the consultant team to complete.

Council Question: The Age-Friendly component is new and I wondered what role CDD is playing with the Age-Friendly project, which I understood to be run with LCS or PR staff? Housing is one of 8 areas for Age-Friendly work, but there is not yet an age-friendly task force identified to prioritize efforts for age-friendly housing.

Staff Response: Community Development (CDD) staff will participate on the Age-Friendly internal task force that Library and Community Services is leading. The reference in the Housing Strategy Workplan is intended to demonstrate the coordination between these two efforts.

Council Question: The staff report asks for Council to provide staff flexibility in setting scope and also for focus of scope. Would you elaborate on what flexibility of scope would look like? Which does staff prefer in the current climate - flexibility or focus?

Staff Response: Staff is requesting flexibility to respond to the results of the various phases of the study and to prioritize the most pressing issues (e.g. state/federal funding or laws) whereas the focus is to acknowledge the new items that have been added since the strategy was first scoped and to limit the addition of additional study efforts.

Council Question: Timing - with so many things going on that can "help inform" the strategy and with it being in the middle of an 8-year housing element period, does staff think the timing is good? If not, would a tactical approach better serve the residents of Sunnyvale in the short term?

Staff Response: The Housing Strategy was selected as the number one policy study for CDD in 2017. While there is considerable uncertainty regarding a number of factors affecting local housing

development and affordability, there are still a number of policy items that can be examined through this study. Community members have expressed a sense of urgency regarding the study.

Council Question: How do the new state housing laws play with the Housing Study?

Staff Response: The new state laws do not require the scope of the Housing Strategy to be changed, and does not materially affect any of the original topics of the study. They do, however, create additional workload for CDD staff by requiring revisions to development review timelines for Planning and possibly Building, adding new data tracking and reporting requirements, etc. Additionally, staff has suggested, in response to stakeholder suggestions, that the new state laws could be further analyzed as part of the Housing Strategy, to the extent time and funding for the Strategy allows, and to the extent necessary after operational activities have concluded.

Council Question: Will the planned Council legislation update in January cover the implementation of all Housing Related items, or should there be an effort that is part of the Housing Study?

Staff Response: Staff will include an update regarding the new laws affecting CDD and the 15 Housing bills as part of the report out on new legislation. Staff has not identified any additional work required to respond to the bills. Some of the response to legislation will also be addressed through routine CDD and Office of the City Attorney operations.

Agenda Item #: 4

Title: Approve Two Resolutions Authorizing the Advance Refunding of the City's Water Revenue Bonds, Series 2010 and Wastewater Revenue Bonds, Series 2010, Approval of the Official Documents Related to the Transactions, and Award a Contract in an Amount of \$193,000 plus Incidental Expenses to Jones Hall, A Professional Law Corporation for Bond and Disclosure Counsel Services, and Find that these Actions are Exempt from CEQA

Council Question: This item reminds me of actions we took regarding RDAs and the refinancing of RDA debt. In that case, we attempted to refinance our debt and "beat the clock", but it was subsequently decided that our refinancing efforts were not grandfathered in, making us subject to forfeiture of funds that we otherwise could have protected. Are we at risk through this effort of creating some new and unexpected liability because someone subsequently determines that we didn't meet some deadlines? For instance, what happens if the President signs the new budget before we can issue the bonds?

Staff Response: The tax bill currently being reconciled between the House and Senate will become effective for the 2018 tax year. Therefore, there is no risk from this refunding even if the President signs the bill prior to the issuance of the bonds, and no risk that the transaction could be otherwise undone by the bill as long as the sale is completed prior to the end of the calendar year.

Council Question: Appendix D of attachments 4 and 9 (Preliminary Official Statements) refer to Contra Costa County instead of Santa Clara County in several places, on pages D-1 and D-3. Page D-5 of attachments 4 and 9 shows only 2 new multifamily units received building permits in 2016. That number seems very low. Is it accurate?

Staff Response: Thank you for identifying the typos in Appendix D. Our Bond Counsel is revising the documents and they will be corrected prior to issuance. They have opined that these typos are not material and the documents attached can be adopted under the resolutions as in substantially the same form. Regarding the building permits, staff has confirmed that there are approximately 245 total building permits issued between single and multi-family. This demographic information was sourced from the Construction Industry Research Board. It is likely that the variance is simply an interpretation of multi-family vs. single-family. Staff's review found that there were about 205 permits for multi-family (all townhouses—but some may be considered as single-family attached). There were 40 permits for single-family, which were mostly rebuilding in place of a demolished house. The total of 245 is close to the 244 on the table. Staff is double-checking the numbers with the City's Bond Counsel who provided the information.

Council Question: Would staff elaborate on what quantitative benefit ratepayers would see with the City reducing debt service? Would ratepayers see lower rates or a less steep rise in rates?

Staff Response: Debt service is an annual expense that is carried through the life of the debt. Issuing debt is a good way to spread the cost of an asset that has a long life over the actual users of that asset. This refunding will provide \$430,000 in annual savings between the two utility enterprises (\$180,000 for water and \$250,000 for wastewater). These savings are not significant enough to lower rates (less than 1% of the total revenue needed to operate each utility), but they will have the effect of requiring a less steep rise in rates, all other things being equal.

Agenda Item #: 5

Title: Receive and File the FY 2016/17 Comprehensive Annual Financial Report (CAFR), Sunnyvale Retiree Healthcare Plan Report, and Sunnyvale Financing Authority Financial Report

Council Question: I would prefer to simply file the report rather than "receive and file" per Sturgis, Edition 4, page 188, #4. Is there any reason we need to adopt rather than simply file the reports?

OCA Response: The section of Sturgis referred to in the question addresses the consideration of committee reports. The CAFR is not emanating from a Council committee. It emanates from the Finance Department and the City's auditors. Sturgis does address the report of the auditor (see pages 213-214). However, Sturgis is silent on the Council's action regarding the auditor's report. Sturgis also addresses the reports of officers (see page 119). In this section, it addresses receiving a treasurer report, which is described as a "verbal report of the cash on hand or of the cash on hand and outstanding obligations; or it may include a summary of collections and expenditures since the previous meeting." There is also a specific section that addresses the report of the treasurer (see page 213), which is described as "a brief report or summary of the collections and expenditures" and also "call attention to any unusual items." The CAFR is a report from the Finance Department presenting the City's financial statements and would not be included in the treasurer's report. The term "receive and file" is a common term used by cities regarding the presentation of the CAFR to city councils. It reflects that the city council first hears or receives the report from its staff, normally the Finance Director, and then simply files the report in the official files of the city. The CAFR being presented to City Council includes a statement by the City auditor that the financial statements of the

City of Sunnyvale, in this case for the fiscal year that ended on 6/30/17, is free of material misstatements. As the City Council is receiving its auditor's statement on its financial statements, then there is no action, such as adopting the report, required to be taken by the City Council.

Council Question: The draft CAFR lists (Page 11) that while the developer contributions increase \$15.5 million, this was offset by \$10 million less in "donated infrastructure assets." What specifically are these "infrastructure assets?" (sidewalks? lightpoles?) Is this suggesting the City has been encouraging cash contributions in lieu of assets?

Staff Response: You are correct, the donated fixed asset category generally includes items, such as traffic signals, streetlight poles, easements, street-surface improvements, and infrastructure associated with stormwater and sewer services. The variance is simply related to how many of these donated assets the City received in a year and not an indicator that cash contributions have been encouraged in lieu of assets.