

RESPONSE TO COUNCIL QUESTIONS RE: 9/11/18 CITY COUNCIL AGENDA

Agenda Item #: 1.B**Title: Approve the List(s) of Claims and Bills Approved for Payment by the City Manager**

Council Question: Please provide more information on the following payments:

- A. \$155,820.00 to COUNTY OF SANTA CLARA FINANCE DEPT FOR Contracts/Service Agreements

Staff Response: This payment is for the FY 2018/19 operation and maintenance fee for Silicon Valley Regional Interoperability Authority (SVRIA). SVRIA identifies, coordinates and implements communications interoperability solutions to its member agencies. The purpose of these projects is to seamlessly integrate voice and data communications between law enforcement, fire and rescue service, emergency medical services and emergency management for routine operations, critical incidents and disaster response and recovery. SVRIA also provides strategic planning support for its members. More information is available at www.SVRIA.org.

- B. \$360,085.00 to SCVURPPP for Consultants

Staff Response: This payment represents the City's Program Assessment for participating in the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP). This is an association of fifteen agencies in Santa Clara Valley that share a common permit to discharge stormwater to the South San Francisco Bay. SCVURPPP is established under an MOA signed by each co-permittee. Sunnyvale's share is 7.25% of the total. SCVURPPP supports the co-permittees in complying with permit requirements. More information about SCVURPPP is available at www.SCVURPPP-w2k.com

Council Question: What are our contract services with the Santa Clara County Finance Department for \$155K?

Staff Response: See response to A above.

Agenda Item #: 1.C**Title: Receive and File the City of Sunnyvale Investment Report - Second Quarter 2018**

Council Question: What does Staff estimate will be the results for the following three metrics on the Portfolio Evaluation three months from now (FY 18/19 Period 03)?

- Total Portfolio Market Value
- Average Life of Portfolio (Days)
- City - Weighted Yield (Current Period)

I am not asking for a major analysis to be performed and estimates are okay. The purpose of my question is that we have taken in a lot of cash over the past 12 months (increasing the portfolio from \$419 million to \$552 million) and almost all of this has gone in to investments with maturities of a year or less, thereby decreasing the average life of the portfolio from 395 to 307 days. What is the timetable for Chandler Asset Management to get to work investing the portfolio and increasing the City's returns? Of course we have to account for the City's cash flow needs and the requirements of the Investment Policy.

Staff Response: Staff anticipates that, given the conservative nature of how the City invests under government code (which mandates principal protection as the highest priority) market value is likely to be similar as it is today. Additionally, staff is not anticipating any large revenues coming in during the current quarter.

The City's portfolio duration decreased from one year ago while investable balances increased because staff elected to position investments in shorter maturities to capture competitive yields in shorter-maturity securities, as interest rates offered have been on the rise. This occurred prior to Chandler Asset Management being engaged. Staff also kept maturities short in anticipation of Chandler coming onboard and developing a longer-horizon strategy. It may be helpful to note that:

- The short positioning approach was advantageous to the City's portfolio during this period because it allowed reinvestments to occur quickly at increasingly higher rates. Though not an optimal strategy for longer-term horizons, on a tactical level, this approach benefited the City through an increase in interest revenue.
- As Chandler Asset Management ramped up management of the City's investments, they worked with staff to develop a two-pronged approach to the investments that divides the portfolio into two segments:
 - o A large portfolio with core funds that are not needed for immediate liquidity. The size of this portfolio was determined by statistical and budgetary cash flow analyses. This portfolio emphasizes longer-maturity investments. The portfolio will ultimately target a weighted average duration of approximately 2.5 years. Chandler's analysis anticipates that this strategy should net the City competitive returns (both in income and fair value appreciation) as measured over a long-term period, at a level of volatility that is acceptable to the City, and in compliance with its stated goals of safety, liquidity, and return.
 - o Staff and Chandler also developed a smaller, very liquid portfolio designed to offer competitive yields for funds that need to be kept very liquid short for immediate obligations.
- Chandler, however, is also cognizant of the direction of interest rates. 2-YR US Treasury Notes, for example, yielded 1.38% in late June 2017. As of June 30, 2018, the yield offered for this security increased to 2.55%, and is at 2.71% as of today. Moreover, the yield advantage of longer maturity securities versus shorter securities (maturity spread) has diminished considerably. For example, one year ago, the maturity spread between 2-YR and 10-YR Treasuries was 0.83%. Today this spread is at 0.22%. As a result of this environment, Chandler too, is taking a tactical approach to position the core portfolio to its target duration.
- The core portfolio duration was 1.35 years as of 8/31/2018. Chandler anticipates that they will reach their target duration in no later than six months. By doing so, Chandler can capture higher yields as rates are anticipated to continue increasing, and at the same time, limit fair value volatility on the invested funds.

Agenda Item #2:

Title: Approve City's Response to the 2017-2018 Santa Clara County Civil Grand Jury Report Titled, "Affordable Housing Crisis: Density is our Destiny".

Council Question: There is a typo of some sort in the first paragraph of Attachment 1 page 12 of 13, where it reads "The in-lieu option for has been approved for..." I think the first "for" is extraneous.

Staff Response: Four corrections were made to the City's draft response letter regarding the Civil Grand Jury report on Affordable Housing (Attachment 1 of the report):

- Response to Recommendation ~~1b~~ 1c (page 7)
- Response to Recommendation ~~3a~~ 5 (page 11)
- Within Response to Finding 6: ... The in-lieu option ~~for~~ has been approved for two projects where it was found that in-lieu fees could finance one or more ... (page 12)

- Response to Finding 5a 7 (page 12)

These corrections are highlighted and reflected in the attached file. The revised version has been posted to the report to Council in Legistar.

Council Question: Please send out the PDF of the document (ASAO) and NOT the scan of the letter (it is impossible to highlight the scan).

Staff Response: Attached as requested.

Agenda Item #: 3

Title: Introduce an Ordinance to Amend Section 3.80.040 of Sunnyvale’s Minimum Wage Ordinance to Delay Future Consumer Price Index (CPI) Adjustments from January 1, 2019 to January 1, 2020, and Limit Future CPI Increases to a Maximum of Five (5) Percent

Council Question: Some questions on the minimum wage issue of Agenda Item 3.

1. How many minimum wage workers are there in Sunnyvale?

Staff Response: The City does not have access to this information. Staff contacted several of our partners, but this information is not available.

2. How many business owners or their managers have protested the increase in minimum wage of \$0.53?

Staff Response: As of the morning of September 10, staff has heard from approximately 15 businesses supporting the delay of the minimum wage’s Consumer Price Index (CPI) adjustment.

3. How many letters, emails or phone calls has the city received in opposition to the minimum wage increase?

Staff Response: As of the morning of September 10, the City’s Council AnswerPoint has received 30 emails (via Access Sunnyvale and the Council/Mayor answer points combined) opposing the delay of the minimum wage’s CPI adjustment.

4. How would the increase of \$0.53 affect the city tax base?

Staff Response: Staff is unable to identify the impact a minimum wage increase may have on the City’s tax base.

Council Question: Would staff provide the information in tabular form for all 15 cities in Santa Clara County with the following column entries (or other data that would aid in understanding)?

1. City in Santa Clara County
2. Current minimum wage
3. Date of next scheduled increase
4. Minimum wage after next scheduled increase
5. Notes about what actions or changes are under consideration (for instance, Sunnyvale and Mountain View would have entries here)

Staff Response: See attached.

Council Question: Also, is there any formal notice or letter on the topic from the Cities Association of Santa Clara County regarding the topic of regional minimum wage?

Staff Response: Staff has not received any formal notice from the Cities Association of Santa Clara County regarding the topic of regional minimum wage.

Agenda Item #: 4
Title: File #: 2017-7379
Location: 311 South Mathilda Avenue (APN: 165-13-050)
Proposed Project: Appeal by the Residents of Charles Street 300/400 Block of a decision by the Planning Commission to conditionally approve:
SPECIAL DEVELOPMENT PERMIT to redevelop a commercial site (Denny's) into a five-story mixed-use building consisting of 4,860 square feet of restaurant floor area (Denny's) and 75 residential units (rental apartments)

Council Question: How many current requests for Traffic Calming do we have backlogged in the city? (completed/in progress?)

Staff Response: There are a total of 99 warrant studies (stop sign requests, additional traffic control requests, etc.) including five traffic calming requests pending. With the given resources, staff can typically complete approximately 20 to 40 per year. The warrant studies and traffic calming requests have historically been completed on a first come first serve basis.

Council Question: How many Traffic Calming investigations have we done over the last five years?

Staff Response: Four investigations were completed over the last five years.

Council Question: Since the Applicant is willing to pay for Traffic Calming Study and parking permits on Charles, does it have to wait for DOTAT Staff or can this be an outside contractor?

Staff Response: Staff typically collects the data and performs the analysis because it needs to be coordinated and reviewed against other activities in the area, capital projects, and developments within the City. Use of an outside contractor would still require review by City staff and interaction with the requesting party which needs to be completed by City staff. Some data could be collected by an outside contractor, however due to the smaller scope of the data collection, it can be challenging in the current environment to find a contractor willing to provide that service. Construction of mitigation measures, if identified in the analysis, can be covered by an outside contractor.

Council Question: In the absence of any data specifically related to traffic calming, would staff provide a trend report for the last 5 years about accidents involving cars/trucks, pedestrians and bicycles and traffic tickets issued in the impacted area, bordered by Mathilda on the east, Olive on the south, Pastoria on the west, and Washington on the north?

It would also be helpful to have the raw data with dates, locations, and type with names, of course, redacted.

Staff Response: Collision Data: A combined total of 15 collisions at an average combined total frequency of three per year were recorded on Charles, Florence, and Waverly Streets located in the area. Out of 15

recorded collisions, 13 took place in the middle of the intersections and are directly attributed to traffic control (right-of-way) violations. Only two collisions took place on the street segments themselves. There was no pedestrian and bike collision recorded in the entire area. The collision history would not suggest any further action.

As for the traffic citation data, given the quick turnaround, there is a lot of data to collect responsive to the request, therefore, the data cannot be made available at this time.

Agenda Item #: 5

Title: Adopt a Resolution Appointing the Bay Area Water Supply & Conservation Agency as the City's Authorized Representative to Negotiate Amendments to the 2009 Water Supply Agreement with San Francisco Public Utilities Commission

Council Question: In 2007, Sunnyvale purchased 10.52% of the SFPUCs. Now we are at ~9%. What is the breakdown of the other municipalities getting water from the SFPUC?

Staff Response: Attached is a listing of other agency usages as requested.