

RESPONSE TO COUNCIL QUESTIONS ON THE FY 2019/20 RECOMMENDED BUDGET

Subject Area: Capital Improvement Project (CIP) Reserve

Council Question: Please help me reconcile the year-over-year changes to the CIP designated reserve. Please refer to the simple attached chart for what I have been able to figure out from the contents of the Recommended Budget.

Capital Improvement Projects, Designated Reserve

Per 2019/20 Recommended Budget	Actual 2017/18	Current 2018/19	Budget 2019/20	Plan 2020/21	Plan 2021/22	Plan 2022/23	Plan 2023/24
Beginning	18,438,631	23,597,462	6,010,266	11,723,023	12,016,098	12,316,501	12,413,245
Sale of Property (which are these?)	21,000,000		9,000,000				
ERAF (1)		3,044,000	5,500,000				
Transfer to Civic Center Modernization Project		-24,670,259					
826800 - Downtown Wayfinding and Gateways						-206,018	-1,436,507
826820 - Town Center Traffic Signal Modifications	-744,396						
830600 - Lakewood Branch Library Facility (is the CIP impact still \$16.4M?)	-16,400,000						
Interest from Sale of Property	348,337	435,365	262,757	293,076	300,402	302,762	274,418
Undetermined	-954,890	-3,603,698	9,050,000	1	-1	0	-1
Ending	23,597,462	6,010,266	11,723,023	12,016,098	12,316,501	12,413,245	11,251,157
Interest Income Rate	1.7%	2.9%	3.0%	2.5%	2.5%	2.4%	2.3%

(1) \$4.2 million ERAF in 18/19 of which \$1.156 million was programmed for Pump Stn 1. \$5.5 million for 19/20.

Council Question: Please clarify the \$955k in 2017/18?

Staff Response: The following is a reconciliation of the FY 2017/18 CIP reserve. Please note the City adjusted the FY 17/18 CIP beginning balance by \$210,494 (From \$18,438,631 to \$18,649,125) due to the following reasons:

Add back transfer from Water Fund (Raynor Well) from FY 2015/16	130,000
Interest earning adjustment for FY 2015/16 and FY 16/17	184,934
Remove scrap sales from previous years that should not be included in the CIP Balance	(27,166)
Add back expenses from various projects that did not account for in previous years	(77,274)
	210,494

The FY 2017/18 CIP Reserve reconciles as follows:

	FY 17/18
Beginning Balance	18,649,125
Sale 1050 & 1060 Innovation Way (Onizuka)	21,000,000
Interest on CIP Reserve	348,391
832560 - Sale of Property - 1484 Kifer Rd (Unilever)	(1,814)
830600 - Lakewood Branch Library	(16,347,328)
832550 - Sale of Property 1050 & 1060 Innovation Way (Onizuka)	(46,148)
In the \$18.6M beginning balance from last year, \$4,764 was included :	(4,764)
Ending CIP Balance	23,597,462

Council Question: Please clarify the \$3.6 million for 18/19?

Staff Response: The FY 2018/19 CIP Reserve reconciles as follows:

	FY 18/19
Beginning Balance	23,597,462
FY 17/18 YE saving. Council directed to put \$2M into CIP reserve	2,000,000
ERAF contribution	3,020,011
Interest on CIP Reserve	435,365
832550 - Sale of Property 1050 & 1060 Innovation Way (Onizuka). Project Closed. Return to Fund	277,687
831340 Civic Center Modernization	(23,320,259)
Ending CIP Balance	6,010,266

Council Question: Please clarify the \$9.1 million for 19/20?

Staff Response: The FY 2019/20 CIP Reserve reconciles as follows:

	FY 19/20
Beginning Balance	6,010,266
ERAF contribution	5,450,000
Sale of Charles St. Property	9,000,000
Interest on CIP Reserve	262,757
831340 Civic Center Modernization	(9,000,000)
Ending CIP Balance	11,723,023

Council Question: Is Project 830600 – Lakewood Branch Library still drawing \$16.4 million from the CIP Reserve?

Staff Response: Total draw from CIP reserve so far is \$17.9M, as first budgeted in the FY 2017/18 Budget.

Council Question: What do the \$21 million in FY 2017/18 and \$9 million in 2018/19 represent and how are they being used?

Staff Response: The \$21M (sale of Onizuka) and \$9M (sale of the Charles St properties) are allocated to the Civic Center Modernization project.

Subject Area: Sunnyvale Clean Water Program (SCWP)

Council Question: Would it be correct to say that any project not under the Cleanwater tab (e.g. projects under the Wastewater tab) are not related to the CWP Master Plan ratified by Council on 8/23/16?

Staff Response: That is correct. The Cleanwater tab only includes those projects approved in the Master Plan.

Council Question: Which phase from the Master Plan does project 833080 pertain to?

Staff Response: Project 833080 – SCWP Waste Gas Burner Replacement is not new but was not originally part of the SCWP but is now included due to its relationship to management and use of gas produced by the anaerobic digesters. It is now included in Phase 3.

Council Question: Would it be correct to say that new projects 834390 and 834400 pertain to overall CWP project management and are not attributable to a particular Master Plan Phase?

Staff Response: 834400 – SCWP Master Plan Update is related to project management for the whole SCWP. Project 834390 – SCWP Condition Assessment is associated with work to be done in Phase 3 of the SCWP and will complement the original condition assessment done in 2006. This project is only new in number but not in cost. It was originally included in project 833370 SCWP Cogeneration Upgrade, however, since the Condition Assessment touches multiple components of Phase 3 it made sense to pull it out as its own project. More details are outlined in the project description on the project sheet (attached).

Council Question: Deanna had previously identified 825521 and 833050 as CWP programs but I see them in the Recommended Budget as Wastewater Program Projects, not CWP. Can you please clarify.

Staff Response: 825521 – Biosolids Processing is separate from the SCWP in that it is a project focused on removing and processing biosolids from the oxidation ponds at the Water Pollution Control Plant (WPCP). While related to the SCWP and previously identified as in the SCWP, it is focused on maintaining the ponds in usable condition in advance of the design and construction of new solids dewatering facilities as part of the SCWP. Therefore, it was removed from being designated as a SCWP project with the FY 2019/20 Recommended Budget. 833050 – Wastewater Master Plan funds the master planning for the sanitary and storm systems and is not related to the SCWP.

Council Question: 833130 and 833140 were in the 18/19 Adopted Budget but are not in the Recommended Budget. What happened to them?

Staff Response: These projects were combined with 833150 – SCWP Existing Plant Rehabilitation – Split Flow in the FY 2019/20 Recommended Budget as the work is related to the efforts under this larger project.

Council Question: 833220, 833230 and 833250 were CWP projects identified by Deanna and last seen in the 17/18 Adopted Budget. What happened to them?

Staff Response: These three projects (833220 - SCWP Digester Supernatant PS and Drainage Piping Upgrades, 833230 - SCWP Thickening and Dewatering Facility – Stage 1, and 833250 - SCWP Maintenance Building) were combined into 833420 - SCWP Secondary Treatment Improvements-Split Flow CAS Stage 1 project. This reallocation was approved by the City Council on August 22, 2017 (RTC 17-0728).