

RESPONSE TO COUNCIL QUESTIONS RE: 3/17/20 CITY COUNCIL AGENDA

- Revised -

Agenda Item #: 1.C

Title: Approve the List(s) of Claims and Bills Approved for Payment by the City Manager

Council Question:

Please provide additional information regarding the following payments:

- \$100,945.08 to AT&T for Engineering Services
- \$139,738.44 and \$102,266.64 to RAYS ELECTRIC for Construction Services; and \$15,726.72 to RAYS ELECTRIC for Construction Project Contract Retainage

Staff Response: The payment to AT&T is pursuant to an agreement for the Fair Oaks Overhead Bridge project. The agreement was approved on July 31, 2018 (RTC 18-0335).

The payments to Ray's Electric are related to construction work on the traffic signal on Mathilda Ave and Indio Way. The payments are two progress payments and final release of construction retention. The contract was approved on February 26, 2019 (RTC 18-1132).

Agenda Item #: 1.D

Title: Receive and File the City of Sunnyvale Investment Report - 4th Quarter 2019

Council Question: Can someone provide some comments about the City Finances in context of the current emergency. I realize that this report was written before the current emergency.

Page 2 of 3. Economic Update. "Economic growth has slowed over the last year.... A recession is not anticipated by the....."

- Given the current crisis we are in, do we need to be doing anything different with our investment strategy?
- Is our perspective of a possible recession starting in 2020 changing?
- Can someone speak to the strength of the City's financial position and our ability to continue through this crisis?

Staff Response: The City's investment policy, in compliance with government code, is structured to weather this type of market condition. Our investment manager is closely watching and managing our portfolio (its value has actually increased recently due to the rush to secure investments). Staff will keep Council updated on changing economic conditions and how they are affecting the portfolio.

The chance of recession has increased significantly, especially locally, as the response to the coronavirus changes rapidly. Staff is anticipating a steep drop in TOT revenue and a longer term drop in Sales Tax revenue, somewhat offset by the current rush on goods and supplies. The City maintains reserves for contingency and budget stabilization. In the General Fund, those two reserves total approximately \$87 million. This would be sufficient to provide direct operating expenditures for 5-6 months if no other revenue was received to the General Fund. However, this would place the Fund in a severe deficit going forward and require deep cuts to services to recover. Again, this is the absolute worst case scenario. Any revenue received (total revenue stoppage is unlikely), or federal reimbursement would help mitigate the impact. Additionally, under an emergency scenario, staff would evaluate drawing resources from other funds and replenishing those at a later date.

Each of the City's utility enterprises also carries reserves. In water and wastewater, those reserves allow operations for at least three to four months without any revenue being received. In Solid Waste, the reserves are lower as the physical infrastructure is not as significant. However, in that fund, reserves are also available to carry the fund for three to four months.

Overall, the City is in a strong fiscal position to weather a severe emergency. It is not anticipated that all ongoing funding would cease. Staff will continue to keep Council updated.

Council Question: Does Staff intend to increase the allocation of funds to the LAIF, commensurate with the City Manager's proclamation of a Local Health Emergency? How is this handled in the City's Investment Policy?

Staff Response: The City currently has \$45 million in LAIF, one of our more liquid assets, but can put up to \$70 million in. Funds are being drawn as needed and will be replenished as other securities mature. The City doesn't maximize its LAIF as it tends to be a lower return than can be achieved in other markets. We do have the ability to liquidate other investments if needed. Staff will continue to closely monitor cash management, as it is an essential function, and move cash between investments as appropriate.

Agenda Item #: 1.I

Title: Adopt a Resolution authorizing display of the Prisoners of War/Missing in Action (POW/MIA) flag on Armed Forces Day, Memorial Day, Flag Day, Independence Day, National POW/MIA Recognition Day and Veterans Day

Council Question: Assuming Council adopts the Resolution, what is the first day the City would display the POW/MIA flag?

Staff Response: The first of the six days it will fly in Sunnyvale is May 16, 2020. The six days the flag will be displayed are listed below:

- Armed Forces Day (3rd Saturday in May)
- Memorial Day (Last Monday in May)
- Flag Day (June 14)
- Independence Day (July 4)
- National POW/MIA Recognition Day (3rd Friday in September)
- Veterans Day (November 11)

Agenda Item #: 2

Title: Adopt a Resolution Ratifying the City Manager's Proclamation of a Local Health Emergency in Response to the 2019 Novel Coronavirus

Council Question: When has the city manager declared a local emergency in the past?

Staff Response: After a preliminary search, the last local emergency was declared after the 1989 Loma Prieta earthquake. If requested, we can continue to search for other occurrences.

Agenda Item #: 4

Title: Approve the 2019 Annual Progress Report on Implementation of the General Plan Housing Element

Council Question: Great to see the increase in ADUs, however, what is the biggest barrier to permits and certificate of occupancy? I'm surprised to see overall less occupancy in 2019 (considering the entitled number).

Staff Response: The demand for an ADU is increasing however it is by no means universal as many single-family homeowners do not want to share their property. For those property owners who have taken steps to provide an ADU on their property there are delays in getting design professionals and contractors to work on the site due to the strong construction economy. As the most recent relaxation of regulations did not take effect until December 2019, we should see more ADUs started and completed in 2020. As of March 16, 23 building permit applications have been submitted (less than a quarter through the year). Planning reviews are no longer required for all ADUs, so the review process is further streamlined.

Council Question: Are there additional tools that Staff should be doing to promote ADUs (conversions/new production) in our community? (Perhaps easiest way to put more housing in established neighborhoods). Will changes be part of our new Housing Strategy?

Staff Response: The Housing Strategy identifies promoting ADUs as a strategy which will be recommended by staff as a Tier 1 activity. The current regulations allow an ADU on any property zoned for single-family.

Council Question: Is it true that all ADU applications in 2019 disapproved, as indicated in column 8 of table A? If true, why were they all disapproved.

Staff Response: Sorry for the error. There were no disapproved ADUs or other housing units in 2019.