



CITY OF SUNNYVALE

Memorandum

DATE: May 5, 2016

TO: Mayor, Councilmembers and Residents of Sunnyvale

FROM: Deanna J. Santana, City Manager

SUBJECT: **Fiscal Year 2016/17 Recommended Budget for the City of Sunnyvale**

I am pleased to present the FY 2016/17 Recommended Budget and 20-Year Resource Allocation Plan. This Recommended Budget balances the resource demands for core operations, City Council's strategic policy priorities, personnel costs, strategic investments, and the increasing demand for services from the community. It also provides new tools to respond to opportunities or address current issues that can no longer be deferred, setting the groundwork for an even more nimble and proactive organization that is positioned to continue to provide high-quality service in a modern, thriving, and active community. City staff had four goals while developing this Recommended Budget:

1. Carefully reflect the benefits of the strong economy with thoughtful and reasonable revenue growth projections that provide a sustainable resource base to make strategic investments, while maintaining our high-quality services and fiscal prudence.
2. Make investments in internal service departments to improve "backbone" support to externally focused departments that serve our community.
3. Invest in mission critical information technology systems.
4. Provide a foundation to fund future increases in total compensation costs for employees.

Sunnyvale's economic climate and fiscal condition are complex. On the one hand, Sunnyvale continues to be at the forefront of a strong state-wide economic recovery led by the Bay Area region. Businesses in the city are creating jobs, the economy is active, and unemployment is low. The City is on solid financial footing with a growing real estate market impacting property tax revenue in a significant and positive way. We are fortunate to experience this additional revenue during growing demand for resources and unanticipated cost increases. In this very complex economic context, we remain cautious as new revenues are quickly consumed by deferred investments that require immediate action to sustain core operations or cost escalations that are not necessarily within our control. That said, the Recommended Budget allows for some opportunity for investment in key service areas, but largely this budget has focused on stabilizing the City's primary information technology systems (\$15.7 million investment) and increasing pension costs (\$167+ million investment). As such, this requires the consideration of policy trade-offs, limited-term budgeting to pilot new services, and is placed in the context of the broader unfunded needs of the City. I believe that with this budget we have done a great job of

balancing these conditions under the circumstances we are facing to provide the best and most strategic set of resources to serve our community, while cautious and mindful of growing expenditures.

We are fortunate that the City Council has had the wisdom to establish policy priorities and has held several strategic sessions where, through a deliberative process, we have advanced each of them. In acknowledgement of our operational priorities and limited capacity, Council adopted the following policy priorities:

- Civic Center Campus and Main Library
- Ability of Infrastructure to Support Development and Traffic
- Open Space Acquisition Planning: Future of Golf Courses
- Downtown Sunnyvale
- Improved Processes and Services through the use of Technology

The Recommended Budget advances each of these priorities, applying resources both at a high level and on a very specific and targeted basis. Examples include: continued effort to identify a path forward on the Civic Center based on pending results from public opinion polling and potential Council action; targeted funding for projects that address infrastructure deficiencies, especially in transportation infrastructure; resourcing the golf courses to put them on a path to success; continued resources to make progress on the downtown; and investment in the City's technology services.

Investing Strategically to Address Increasing Demand and Strengthen Sunnyvale's Internal Service Departments

The Recommended Budget provides for investments in internal service departments to address increasing demands for service from the community. Examples include additional staffing resources for development-related services, permanently adding staff to meet the growing demand for care management services, very limited resources to continue implementation of the City's Climate Action Plan goals, and more.

During the recession, some of the hardest hit areas of the City's business operations were the internal service departments. Those departments remain under resourced and face significant infrastructure challenges. This is not unusual, as in tough times limited resources are generally preserved to focus on maintaining externally focused departments to preserve services levels for the community. However, the combination of deferred investment and growing service demand calls for investment in our internal service departments, advancing service innovations, and making strategic changes to align to community service trends. Given the deferred investments in these departments over the years, we are challenged with advancing the organization while keeping up with service demands due to insufficient staffing or resources (e.g. procurement, hiring, and training). The Recommended Budget begins to resolve this concern.

The Recommended Budget invests an additional \$15.7 million in technology initiatives including a new Enterprise Resource Planning Solution, permitting system, and Public Safety records management system. Funding not only includes the cost of acquisition of these systems, but staffing and resources to properly implement the systems. Another investment made in our internal service departments includes the addition of a Buyer for

the Purchasing Division in the Finance Department, which is heavily impacted by increased infrastructure renovation activities. Finally, resources and staffing have been added to the Human Resources Department in support of employee development, recruitment/retention, succession planning, wellness, recruitment, and training efforts. These investments are essential to developing and maintaining a quality workforce and advancing service demands and policy priorities.

Ensuring Stable and Sustainable Employee Compensation, at a Time of Significant Increases

Another important area to highlight in the Recommended Budget is employee total compensation. The City continues to face growing personnel-related expenses and long-term liabilities. Recognizing that our workforce is our most important asset and working collaboratively with our bargaining units over the past several years, we have made considerable progress towards sustainable compensation costs. Contributions made by our employees, such as moderated increases in salaries and increases in employee-paid pension contribution rates have been critical to stabilizing the City's finances and maintaining service levels. Unfortunately, due to poor investment returns last year and in the current year, current actuarial information suggests that CalPERS will need to again increase the employers' pension contributions. While this Recommended Budget includes a plan to resolve the projected \$167+ million of increased pension expenditures, it does so by using ongoing revenue and reserves while postponing investment in areas that were originally slated for funding. The City will need to continue to work with bargaining units and develop fiscal measures that alleviate salary and benefit expenditures. More details are provided in the budget highlights section of this Recommended Budget Message.

Identifying Unfunded Needs and Service Trade-offs and Buy Backs

As part of the development of the FY 2016/17 Recommended Budget, I initiated a process to identify potential adjustments to service levels and unfunded needs (e.g. programs, projects, and infrastructure). Departments were tasked to bring forward potential adjustments to service levels for my consideration that they felt aligned to service demand and begin the development of a list of unfunded needs. The latter is intended to be a dynamic and evolving document that captures funding priorities in a larger context and maintains the long-term vision for which Sunnyvale is so well known. The Recommended Budget also includes a series of 10 Budget Supplements that total \$4.2 million over 20 years, all of which impact the General Fund. Without any of these in place, the Recommended Long-Term General Fund Financial Plan reaches a low point in FY 2033/34 of approximately \$7.1 million in the Budget Stabilization Fund. If the Council opts to fund all the recommended budget supplements, the Budget Stabilization Fund is projected to be as low as \$3.3 million. Each of these supplements focus on areas that are responsive to the needs of the community; however, with the exception of only a few, the majority are discretionary in nature and, in most cases, are ultimately policy trade-offs against the Council's desire to maintain a Budget Stabilization Fund at a certain level. I've strategically reviewed each Budget Supplement and made a recommendation, identifying partial or limited term efforts where appropriate. To the extent that Council eliminates expenditures included in the Recommended Budget, identifies additional revenues, or draws reserves, Council can use those resources to add supplements, make service level adjustments, or begin to address unfunded needs.

In the following pages, the overview of the FY 2016/17 Recommended Budget provides greater detail by the key components: revenues, expenditures, and reserves. It also includes a section for Service Level Adjustments, Budget Supplements, and Unfunded Needs for the evaluation discussed above. For further information, *Volume I: Summary & Operating Budget* includes the 20-year financial plans for all funds and the operating budget by department. *Volume II: Projects* presents specific project detail by project category.

In summary, the FY 2016/17 Recommended Budget presents a balanced allocation of resources that maintains sufficient reserves to manage the volatility of our regional economy, and holds Sunnyvale's reputation for being strategic, prudent, and thoughtful in its long-term budgeting. It allows resources to continue advancing the policy priorities set by the City Council, invests in the internal service departments to better serve the community, and sustains service levels that our residents have ranked highly. While we will continue to be faced with challenges such as long-term compensation costs for our employees, inadequate technology, and aging infrastructure, with prudent fiscal planning and thoughtful deliberation on setting priorities, we are well positioned to address these issues. With patience, partnership, and persistence, along with a collective focus on providing the best for our community, we will find solutions to the challenges presented and continue Sunnyvale's strong tradition as a world class city.



Deanna J. Santana
City Manager

FY 2016/17 Recommended Budget Highlights

The FY 2016/17 Recommended Budget totals \$398 million and includes all City operations and project expenditures, as well as withdrawals and contributions to the City's reserves. Citywide budgeted expenditures are funded from multiple sources that include general taxes and revenues (the General Fund), restricted enterprise funds (Water, Wastewater, Solid Waste, Development Enterprise and Golf and Tennis), restricted special revenue funds such as Housing, Park Dedication and Gas Tax, and grant funding which include transportation related grants for capital projects and federal and state workforce grants for employment development. Restricted funds make up over half of the budget.

The City's General Fund, which accounts for 41% of the citywide budget, has proposed expenditures of \$165 million. The General Fund is balanced over the twenty-year financial plan with a Budget Stabilization Fund Reserve that ends with \$6.3 million in the twentieth year. The Budget Stabilization Fund is used strategically over the twenty-year planning period to ensure we provide a stable and consistent level of service over the long term and remain fiscally sustainable.

The Budget Stabilization Fund serves to provide flexibility to invest in services, deal with unexpected events, or absorb the impact when budgetary assumptions do not come in as planned. This is an important factor given two significant vulnerabilities in the General Fund long-term financial plan. First, several of the major revenue sources in the General Fund are highly volatile and heavily impacted by economic cycles. We are also budgeting at a time when several revenues appear to be at high-growth levels. While we have taken care to budget to historical growth averages over the long-term plan, the City has experienced years of slow revenue growth and dramatic revenue reductions during the last 20 years.

Second, in the context of more complex economic cycles, personnel expenditures have also become less predictable with growing focus on corrective action for pension sustainability and related directives that assume significant expenditures. As such, this budget includes projected increased costs for pension contributions totaling \$167 million over a twenty year planning period. However, the budgeted personnel cost assumptions may not be reflective of future increases in personnel costs given the City's long-term unfunded liabilities for pension and other post employment benefits. This, coupled with the need to remain a competitive employer in an improving economy puts additional pressure on the City's long term financial plans. Therefore, fiscal sustainability will have to be balanced with the totality of personnel costs, i.e., salaries and benefits. With these vulnerabilities in mind, funds from the Budget Stabilization Reserve should be used thoughtfully and strategically and, while this issue is resolved in this Recommended Budget for now, the City needs to vigilantly monitor this issue and develop additional fiscal measures to continue the City's fiscal sustainability and prepare for additional actions that the State may take relative to pension sustainability.

As part of the development of the budget, the City performs a detailed review of operations and projects in alternating years. For the FY 2016/17 Recommended Budget, the focus is on the two year operating budget. First and foremost, the Recommended Budget resolves two current requirements for investment: (1) \$15.7 million for antiquated information technology systems that are at a critical state, but not properly funded for replacement, and (2) \$167 million to stabilize our greatest asset, our workforce, and fund projected personnel costs (albeit additional fiscal impacts are projected). Upon assigning fiscal resources for the two priorities, all City operating budgets were updated and reviewed in detail for adjustments. Many existing budgets have increased reflecting the rising costs of doing business due to costs for materials and contract services. Additionally, costs have increased due to the rising demand for services. Requests for development services such as plan checking, building and fire inspections, and engineering review have been at record high levels. At the same time, a significantly higher number of public works construction projects are currently underway or in the pipeline than ever before. In addition, the Recommended Budget includes investments in several strategic areas, specifically in internal service departments, which provide backbone support to the City's externally focused departments. The FY 2016/17 operating budget for all funds totals \$262 million, up \$18.4 million or 7.5% from the FY 2015/16 Adopted Budget. Highlights are included below under "Major Operating Budget Highlights."

As FY 2016/17 is not a projects budget year, the projects budget is largely the same as presented in the FY 2015/16 Adopted Budget and Long-Term Financial Plan. The recommended budget includes a few changes based on Council

actions during FY 2015/16 with the exception of a few new projects that address Council strategic priorities. These are detailed in the “Projects Budget” section.

The FY 2016/17 Recommended Budget also includes ten Budget Supplements totaling \$4.2 million, which provide funding for a variety of services or initiatives. Detail is provided in the “Budget Supplements” section. These Budget Supplements require specific Council approval and the funding is included in the Recommended Budget. While all Budget Supplements are generally great concepts, staff proposes to fund some for a limited duration to learn more about the service before committing to funding them for a 20 year term. This is a fiscally prudent approach and leaves flexibility for decision making based on additional information on how successful these additional investments are with responding to the community’s demand for services. This is a departure from past practice, but warranted given the desire to remain fiscally flexible in future years.

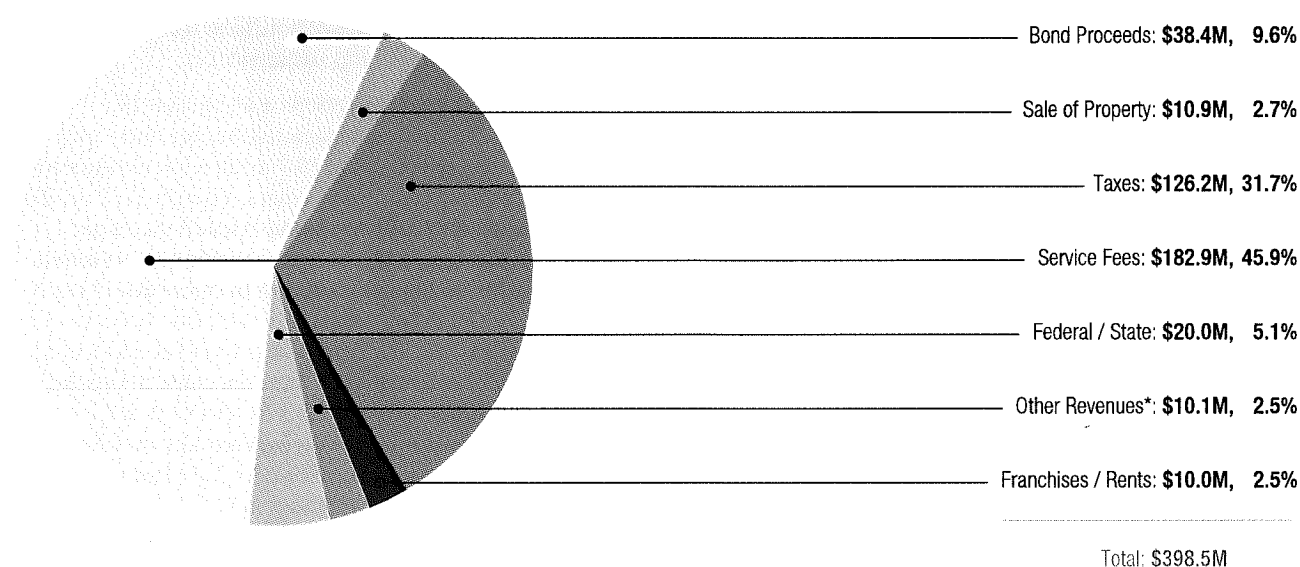
City’s Budget and Resource Allocation Plan

There are three key elements to the City’s budget and resource allocation plan that provide the financial picture of the City for both the short and long term: revenues, expenditures and reserves. The following sections discuss the highlights, key assumptions and changes included in this recommended budget for each of these elements. It is important to note these elements are budgeted into specific funds, such as the Park Dedication Fund and the Gas Tax Fund, primarily to ensure that revenues restricted to specific purposes are spent for those purposes. While the discussion here is not organized by fund, this important structure is reflected in the budget document with the presentation of twenty-year financial plans for each of the City’s funds. Detailed discussions about revenues, expenditures, and reserves by specific fund are included with the financial plans.

I. City Revenues and Resources

The City relies on many sources of revenues and the strategic use of reserves to fund services to the community at a stable and sustainable level. As Figure 1 shows, the largest revenue categories are taxes and service fees.

Figure 1. FY 2016/17 Recommended Budget/Revenues by Source



*Other Revenues include : interest income, fines / licenses /permits, miscellaneous revenues (ie: damage to City property, housing loan repayments), SMaRT Station Revs, reimbursement from the county, and other agencies' contributions.

Taxes

Taxes, imposed by a government for the purpose of raising revenue to support governmental activities, are distinctly different from fees in that a tax does not need to be levied in proportion to the specific benefit received by a person or property. Therefore, almost all of the City's tax revenues are in the General Fund, the primary general purpose fund of the City. Taxes account for 80% of the total revenues in the General Fund, supporting many of the most visible and essential city services such as police, fire, road maintenance, libraries and parks maintenance. The one major tax revenue accounted for in a separate fund is the Gas Tax, which is levied and distributed by the State. Gas Tax funds must be spent on maintenance and capital projects related to public streets and highways. Figure 2 presents recent revenue received and projections for the top tax revenues.

Figure 2 – Top Tax Revenues

| Revenue Source | 2013/14 Actual | 2014/15 Actual | 2015/16 Budget | 2015/16 Revised Projection | 2016/17 Proposed Projection |
|-------------------------------|----------------------|----------------------|----------------------|----------------------------------|-----------------------------------|
| Property Tax | \$50,293,385 | \$54,940,570 | \$56,486,757 | \$61,748,736 | \$62,777,052 |
| Sales Tax | 30,194,827 | 29,676,176 | 31,947,169 | 30,352,481 | 31,698,678 |
| Transient Occupancy Tax | 10,858,671 | 14,137,069 | 11,397,216 | 16,383,291 | 14,471,479 |
| Utility Users Tax | 6,754,263 | 6,774,027 | 6,809,616 | 6,809,616 | 6,903,949 |
| Gas Tax | 4,568,727 | 3,717,503 | 2,599,579 | 3,102,861 | 3,023,610 |
| Construction Tax | 2,983,677 | 3,066,351 | 3,102,861 | 2,948,440 | 2,582,427 |
| Total Top Tax Revenues | \$105,653,550 | \$112,311,896 | \$112,343,198 | \$121,345,425 | \$121,457,195 |

The proposed revenues present an overall positive outlook in the short term, but also reflect the volatility in key tax revenue sources such as the Transient Occupancy Tax. As part of the development of the recommended budget, the current year projections are also updated. Based on year-to-date figures, we anticipate FY 2015/16 revenues to exceed actual returns in the prior year with the exceptions of gas tax and construction tax. Revised FY 2015/16 estimates for these revenues estimate a slight decrease from FY 2014/15. It is important to note that we are currently working on a Council Study Issue to modernize the utility users' tax ordinance. In May, staff will share polling results related to the modernization of the Utility User Tax (UUT) which may result in Council adding a UUT modernization ballot measure for voter approval on the November 2016 ballot.

Property tax revenue has continued to experience very strong growth. The increased revenue is due to bustling development activity in both the residential and commercial real estate markets. In particular, Sunnyvale home sales prices have hit record levels with an average sale price of \$1.1M. Revenues from the residential sector increased 8.7% in FY 2015/16 while the commercial/industrial sector experienced 14.1% growth. While growth was forecast in the FY 2015/16 Adopted Budget, actual growth is higher than these estimates and therefore, the City's property tax revenue base was adjusted upward. In addition, we anticipate continued strong growth in property tax revenue for the next two years. The residential growth projection is adjusted up to 5.8% for FY 2016/17. On the commercial side, we have analyzed significant approved development projects and the estimated construction schedules for these projects. Based on this data, three years of high growth is projected as these projects are added to the tax roll. Beginning in FY 2019/20, we forecast property tax growth at a long-term historical average of 4.1%. With the higher property tax base and increased growth assumptions in the short term, the combined effect is that property tax revenues over the General Fund long-term financial plan are up \$128.6 million over twenty years.

Sales tax, the City's second largest tax revenue source, continues to provide unstable returns. The largest segment of activity in our sales tax base is business-to-business sales, which has declined over the last four years. In addition, a large negative adjustment made by the State Board of Equalization related to remittances from one of the City's largest sales tax producers impacted revenues for FY 2013/14 through FY 2015/16. With the end of this adjustment, projected FY 2015/16 sales tax revenue is anticipated to be up from FY 2014/15 by approximately \$675,000. For the long term, given the ongoing volatility and the erosion of the sales tax base as we continue to move into more of a service based economy, we have maintained modest sales tax growth projections. Projections for additional sales tax revenue from the redevelopment of the downtown have been pushed back one year to mid-FY 2017/18 and reduced from \$1.5 million annually to \$1 million annually. The overall impact of all these adjustments to the City's General Fund long-term financial plan is a \$30.4 million decrease over twenty years.

Transient occupancy tax (TOT) has shown significant growth over recent years, coming in above estimates for FY 2014/15 and anticipated to be above estimates again for FY 2015/16. Currently, TOT is one of the City's strongest growth revenues, and the recommended budget anticipates that room rates and occupancy levels will remain strong in the short-term, stepping down from current record level but remaining well above the historical average, through FY 2016/17. It is important to note that hotel activity in Sunnyvale is heavily reliant on business travel activity, and therefore this revenue source can be quite volatile and directly related to the economic climate. In the update of revenue projections for the FY 2016/17 Recommended Budget, we have adjusted the timing of projected new hotels forecast in the budget and have only included approved projects. Because of the heavy reliance on business travel and the resulting volatility, we utilize historical room and occupancy rates for projections starting in FY 2017/18 but have revised those up to reflect more recent trends.

Utility users tax (UUT) revenue, generated from the sale of electricity, telecom services, and the sale of gas, is forecasted to remain flat over the long term as compared to the FY 2015/16 Budget. The decline is being driven by two factors, energy efficiency and how the City's current ordinance applies to telecom services. High development activity, in particular the impact of additional buildings within the City, is growing the base. However, the impact of this growth has been substantially negated by energy efficiency, resulting in only modest growth in revenue related to gas, and electricity usage. The majority of telecom utility user tax revenue is based on land-lines, while services such as data transmission are not included in the tax calculation due to the City's current ordinance. Upon analysis of the UUT returns for the past several years, we have seen that the telecom tax base is deteriorating at a faster pace than previously projected as the market shifts away from traditional land lines. In Spring, Council is scheduled to consider placing a measure on the November 2016 ballot to modernize the City's UUT ordinance. It is expected that the UUT modernization will stem the flattening or decline of UUT revenue and growth will return, however this assumption is not included in the FY 2016/17 Recommended Budget, as the change in the tax structure requires voter approval.

Gas tax, levied as a flat rate per gallon sold, is projected to decline in the short term and then hold flat in the long term over the twenty-year financial plan. The majority of the tax is based on volume sold and not on the price of gasoline, and therefore, our projections consider advancements in fuel economy offsetting increased population and number of vehicles. The short-term decrease is due to a true-up rate set by the State for the portion that is based on price, caused by gas prices in FY 2013/14 declining much further than projected. While this revenue source holds flat over time, the costs and needs for street maintenance and improvements continue to climb. There is discussion at the State and Federal level to make changes to the gas tax and how it is levied. In the meantime, in this 20-year Financial Plan, the City's General Fund is picking up the increased funding requirement for these important expenditures.

Construction tax returns have been very strong, an indication of the high level of development activity that the City has sustained for three consecutive years. We anticipate that this current peak level will cool off, stepping down over the next three years although still estimated at elevated amounts as compared to historical averages through FY 2018/19 and return to the historical average level planned beginning in FY 2019/20.

Service Fees

Service fees are the City's largest source of revenue. A diverse set of fees are charged to recover all or a portion of the City's costs for providing a service or access to public property, or for mitigating the impacts of the fee payer's activities on the community. Intended for cost recovery, a fee may not exceed the estimated reasonable cost of

providing the service or facility for which the fee is charged. Because of this basis and the legal restrictions related to the expenditure of many of the fees, many of the City's fees are accounted for in separate funds. By far, the largest source of fee revenue comes from the provision of water, sewer and solid waste collection services. The proposed increases in utility rates are discussed below, as well as significant highlights in other fee categories.

Utility Rates. The City has three utility funds that are fully self-supporting: the Water Supply and Distribution Fund, the Solid Waste Management Fund, and the Wastewater Management Fund. Each year, as part of the budget process, staff analyzes the current condition and long-term outlook for all three funds. The analysis includes a review of fund balances; State and Federal environmental requirements; revenues; anticipated capital, infrastructure, and operational requirements; and a detailed inspection of significant expenditure areas. The results lead to proposed adjustments to rates that will generate the revenues necessary to meet planned expenditures. Through the long-term planning model, staff attempts to keep utility rates as stable as possible with modest increases annually, rather than keeping rates flat and impacting customers with a high increase in one year. The overall recommended increase for FY 2016/17 is shown below, in Figure 3, with a comparison to the original projection made in the FY 2015/16 Adopted Budget:

Figure 3. Table of Planned and Recommended Utility Rate Increases

| Utility | Original Projection | Recommended FY 2016/17 | Change in Percentage Points |
|-------------|---------------------|------------------------|-----------------------------|
| Water | 6.00% | Varies* | Varies* |
| Wastewater | 8.00% | 8.00% | 0.00% |
| Solid Waste | 3.00% | 3.50% | 0.50% |

*Percentages vary by customer group as a result of cost of service adjustments

Each of the utility enterprises has its own unique pressures that are driving rate adjustments. The FY 2016/17 Recommended Budget is the first year in the two year operating budget cycle. As such, each utility submitted updated operating budgets as discussed in more detail below.

In the water utility, the two drivers affecting rates are the extended drought being experienced across the State for four consecutive years, and increased infrastructure needs. The drought adds a layer of financial uncertainty to the Fund. Water demand and corresponding sales are down significantly over the last several years. In fact, from FY 2012/13 to FY 2014/15, water demand in Sunnyvale is down 23.4%. The State has continued its call for reductions in water use. Due to some of the landscape and water smart appliance incentives that have been available, we are projecting that water consumption will remain relatively flat with moderate growth into the future. The financial plan assumes that the drought will affect both revenues and expenditures as customers adjust to the mandate and the City sells and buys less water. In FY 2015/16, both wholesalers have agreed to reduce the City's minimum purchase requirements, so the revenue loss will be largely offset by savings in buying less water. The plan anticipates that these reductions will continue for another year. However, both wholesalers have also announced proposed rate increases of approximately 8-20% or more. These are much larger than what was previously in the plan, and as such, the City's rates must also be adjusted significantly.

As with all utilities, there are fixed costs to operate the water system that are not based on the volume of water delivered. These include large capital needs in the Fund, mainly associated with pipe, tank, and well replacements and rehabilitation. The recommended budget includes approximately \$108 million in projects over 20 years, the most significant of which is \$71 million for water pipe and main replacements. The plan also includes investment in recycled water through the Continuous Recycled Water Production project being implemented at the City's Water Pollution Control Plant. This investment leverages a \$1.5 million grant from the State Department of Water Resources and supports both an investment in recycled water within the City and a more regional approach in partnership with the Santa Clara Valley Water District to secure and stabilize water supply.

Also, the City completed a Water Cost of Service Rate Study for the FY 2016/17 rates. This practice, which periodically recalibrates rates to reflect the current costs of providing water service proposes modifications to the City's pricing structure to adjust rates to more closely reflect the cost of providing service. The proposed pricing structure shifts costs from the variable water consumption charges to the fixed service charge to reflect the fixed costs of

providing water service. Additionally, in response to recent statewide rate structure changes, the modifications include a flattening of the tiered pricing structure, which will have a varying effect on different customer classes.

Wastewater rates are rising as planned driven primarily by costs associated with improvements to the City's wastewater collection and treatment system and stricter regulatory requirements. The main driver of rates in the Wastewater Management Fund is the need to replace the City's aging wastewater treatment plant. The rates include an assumption that the City will issue 30-year utility revenue bonds to fund the project over many years; annual debt service costs are expected to be over \$22 million by FY 2023/24 after all the bonds have been issued. This debt service expense is substantial as it will eventually make up a third of the Fund's total expenditure requirements. It is notable that the City is in the final stages of approval to receive State Clean Water Revolving Funds for the project, which will come at a significantly lower rate than traditional municipal bonds. Once approved, we will include the reduced debt service costs in the long term financial plan for this enterprise.

Solid waste rates are rising approximately as planned, driven primarily by the implementation of the City's Zero Waste Strategic Plan. This plan, which targets increasing the City's waste diversion rate to 75% by 2020 and 90% by 2030, is scheduled to achieve these goals through a combination of new services and enhanced public education and outreach. A portion of the increases from zero waste are offset by savings through waste being diverted from the landfill.

Solid waste rates also include the costs of operating and maintaining the Sunnyvale Materials Recovery and Transfer Station (SMaRT Station). These costs are shared by the cities of Mountain View and Palo Alto proportionally by the amount of recyclable material processed.

Overall, the utility funds remain on solid footing and are performing well. As the City continues its disciplined approach in reviewing the financial condition of each of these critical funds every year, it affords sufficient time to make adjustments and minimize the fiscal impact on each utility's customers over the twenty-year horizon.

Development-Related Fees Effective FY 2014/15, a separate Development Enterprise Fund was established that includes all development-related fees (e.g. plan check fees, inspection fees and permit application fees) and related expenditures. In addition to ensuring full cost recovery, the fund allows us to track revenues and expenditures separately and build and draw down on a separate reserve. This is especially important as development-related fee revenues are highly volatile and, as large development projects take many years to complete, expenditures related to specific fees can occur later fiscal years than the one in which the revenue was collected.

With several large scale development projects in the Moffett Park and Peery Park areas, staff estimates revenue to remain elevated over historical averages through FY 2017/18 however have stepped projections down slightly from peak year numbers. History has shown us that this revenue is highly volatile with very wide swings between the peaks and valleys. As a result, a historical average has been budgeted starting in FY 2018/19.

On the expenditure side, a detailed analysis was conducted to ensure all direct and indirect costs are reflected in the Fund and each of the departments with operations in this fund updated their operating budgets. Additionally, Council took action to add staffing to development related operations to address increasing demands for service. These staff were added on a limited term basis, with the assumption that attrition will occur over time to reduce staffing levels to reflect more normal (as opposed to peak) demands for services. Once the projection for revenues drops back to historical averages, the long-term financial plan indicates revenues will not fully cover expenditures over the long term. As a result, in out-years of the financial plan, fees will need to be increased or expenses reduced. Careful monitoring of development activity within the City and the effects on the Development Enterprise fund will be key in the coming years.

Development Impact Fees The City imposes four development impact fees to mitigate the impact of a development on the community: Park Dedication fees, Transportation Impact fees, Housing Mitigation fees and Sense of Place fees. Impact fees have strict requirements, set by state government code, that require fees to be roughly proportional to the impacts of the project and imposed for purposes related to the impacts of the project. Therefore, each of these fees is accounted for separately in its own fund or sub-fund. With development activity in the City at record levels, revenue from these fees has been significant. The City collected \$12 million in revenue from these four fees in FY 2014/15. Based on year-to-date figures and approved projects, we estimate collecting \$27.3 million

in FY 2015/16. With the known development projects in the permitting process currently, a high level of revenue is anticipated for FY 2016/17 and FY 2017/18. Because of the volatile nature of development projects, it is challenging to forecast impact fee revenue beyond the most immediate years. The revenue projected above last year's budget is primarily appropriated in projects, or reflected as increases to fund reserves that will be dedicated to future projects.

Figure 4. Impact Fee Revenue

| Revenue Source | FY 2014/15 Actual | FY 2015/16 Budget | FY 2016/17 Plan | FY 2017/18 Plan | FY 2018/19 Plan | FY 2019/20 Plan |
|----------------------------|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| Park Dedication Fee | 6,214,777 | 23,001,064 | 22,291,133 | 25,488,824 | 7,527,168 | 7,527,168 |
| Housing Mitigation Fee | 2,833,200 | 2,320,526 | 8,410,030 | 18,679,705 | 4,785,526 | 4,881,237 |
| Transportation Impact Fee | 2,929,329 | 1,901,680 | 5,801,648 | 6,444,394 | 1,939,858 | 1,978,655 |
| Sense of Place Fee | 63,609 | 54,223 | 915,111 | 56,876 | 251,226 | 256,250 |
| IMPACT FEES – TOTAL | 12,040,915 | 27,277,493 | 37,417,922 | 50,669,799 | 14,503,778 | 14,643,310 |

Golf Fees Newly configured in FY 2012/13, the Golf and Tennis Fund has struggled over the last four years to operate as a true enterprise fund, with all activities attempting to be self-supporting. This has been a strategic focus for Council, and staff has made good progress in restructuring activities to reduce expenditures; however growing revenues has been a challenge and the Fund will require continued subsidy, as illustrated during the Fall 2015 study session and proposed study issue. Recently, we have contracted with new restaurant operators for both courses and Sunken Gardens is now open for business with the restaurant operator at Sunnyvale Municipal Golf Course just beginning preparations to open. While staff will continue to explore cost saving opportunities, the Fund remains in a precarious position and requires Council action to again provide General Fund monies to the Golf and Tennis Operations Fund due to a projected shortfall in FY 2016/17. In FY 2015/16, the Golf and Tennis Operations Fund received a \$450,000 subsidy from the General Fund. It is estimated that an additional \$550,000 will be required in FY 2016/17 to keep the fund in a positive cash position and allow time for the establishment of the new restaurant owner. As a separate action, the City Council can act to reexamine this Fund and fund the study issue to alleviate future subsidies as any cost-saving efficiencies developed by staff would not likely resolve entirely the structural shortage that exists.

An additional longer term pressure is the funding of capital improvements. Current planned capital projects are funded by Park Dedication Fees through FY 2032/33, but subsequently the Golf and Tennis Fund is expected to fund its own capital and infrastructure. Given the many challenges, the recently begun discussion of the long-term viability of the golf course operations and the current funding model needs to will continue in earnest FY 2016/17.

Other Revenue Sources

The remaining revenue sources are varied including franchises, rents, fines, licenses and interest income. There are also one-time revenues in this category such as bond proceeds, federal and state grants and sale of property. Highlights of other revenue sources are discussed below.

Debt Financing We use debt financing as a tool to maintain long-term financial stability by paying for certain expenditures over time. Debt financing is a tool for managing cash flow when large, one-time outlays are required, generally for large infrastructure projects.

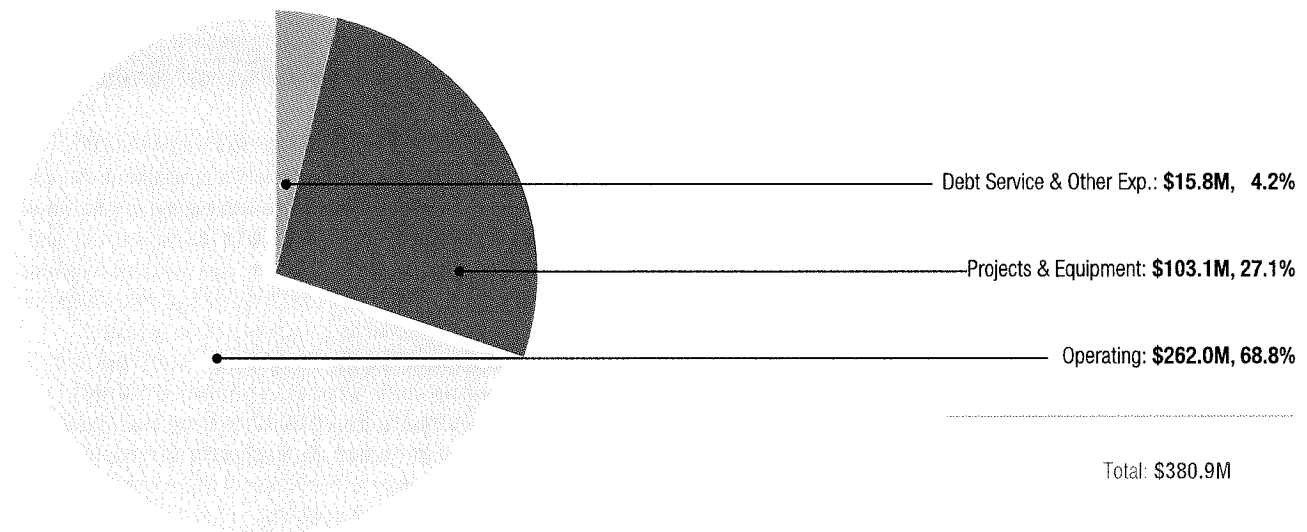
The City currently carries debt for both the Water and Wastewater Systems, the SMarT Station, the Redevelopment Successor Agency and the Government Center property at 505 West Olive Avenue ("Sunnyvale Office Center"). All of the currently held debt is funded by rate revenues, former tax increment or lease payments paid by various funds. The City does not maintain any general obligation debt (commonly called "GO Bonds") and continues to maintain the highest issuer credit rating issued by Standard & Poors (AAA) and Moody's (Aaa).

Sale of Property One-time in nature, proceeds from the sale of property go to the fund that owned or purchased the property. By City policy, one-time revenues are spent on one-time expenditures. As such, in the General Fund, sale of property revenue is placed in the *Capital Improvement Reserve* within the Fund. For FY 2015/16, the General Fund reflects \$14 million for the sale of the Raynor Activity Center. Sale proceeds from the Raynor Activity Center are planned for design and construction of a branch library on the Lakewood Park site. The recommended budget also reflects updated sales numbers for the Unilever Margarine Plant site. The estimated value (based on an appraisal) is \$11 million. Unilever has exited the property and an evaluation of its disposition has begun.

II. City Expenditures

City expenditures fall into three broad categories: operating, projects and equipment, and debt service. As Figure 5 shows, operating expenditures make up most of the City's expenditures.

Figure 5. FY 2016/17 Recommended Budget Citywide Expenditures by Type



*The difference between total Citywide revenues and expenditures is reflects as an increase to reserves of \$17.6 million.

Operating Expenditures

City departments are extremely integrated and highly reliant on each other to deliver services and achieve the goals and results established by the City Council. With this in mind, the subsequent overview discusses the changes in the context of service delivery clusters. These are:

- The Office of the City Attorney
- The Office of the City Manager
- Administrative Services
- Library & Community Services and Public Facilities
- Transportation, Streets, and Infrastructure
- Public Safety
- Community, Economic, and Workforce Development; and
- Environment and Sustainability

Citywide Operations

Employee Compensation

As a service delivery organization, the majority of the operating expenditures are the salaries and benefits costs for our employees. Therefore, the City has focused on managing compensation costs during and after the deep recession and will continue this effort to ensure our financial sustainability over the long term.

The most significant change in employee compensation for the FY 2016/17 Recommended Budget is the projected increase in pension benefits costs. The cost to fund the CalPERS retirement benefit provided to employees is broken down into two contributions, the employer contribution and the employee contribution. The FY 2016/17 Budget, consistent with the prior year budget, assumes that tier one and two employees will contribute their full employee share by FY 2018/19 (Miscellaneous) and FY 2019/20 (Safety, excluding a 2.25% employee cost share paid by the City). Tier three employees (those employees hired under the Public Employees Pension Reform Act, PEPRRA), must pay half their normal cost at the end of any existing labor agreement, or by January 1, 2018.

While the employee contribution rate is set by law, the employer contribution rate is adjusted annually by CalPERS through an actuarial analysis which considers factors such as demographic information and investment earnings. The contribution rates that are received from CalPERS are applied against the City's employee salaries (PERSable earnings) in order to calculate the dollar amounts the City must contribute.

Over the past decade, employer contribution rates have increased significantly, predominantly due to the significant market losses experienced in the early 2000s and in FY 2008/09. Other factors contributing to the sharp increase in contribution rates have been enhanced pension benefits for employees, applied retroactively, and changes in actuarial experience (i.e. employees retiring earlier at higher salaries and living longer in retirement).

As part of the budget process, the City engages a consulting actuary to review the latest CalPERS valuation reports, and project long term rates based on those reports as well as reasonable assumptions based on current information. Poor recent CalPERS returns, plus the implementation of new mortality assumptions and their de-risking strategy are projected to have a significant impact on the City's cost for pensions during the next 20 years. The City's consulting actuary updated the contribution rate projections for the twenty-year plan, revising the rates significantly upward primarily due to CalPERS efforts on risk mitigation strategies, assumption changes and contribution policy changes. The resulting impact is approximately \$167 million in additional cost over the twenty year plan.

The Recommended Budget addresses the additional pension costs of \$167 million in several ways. The City accounts for pension costs in a separate Employee Benefits Fund. The FY 2015/16 Budget for this fund had several assumptions to hedge against future pension cost volatility built in and the fund has a healthy reserve level. The FY 2015/16 Budget assumed that the City will make additional contributions to CalPERS to pay down the City's long term liability. The plan included an additional 1% per year towards safety pensions, and an additional half a percent towards miscellaneous pensions. These additional contributions, which total \$16 million have been used to offset the increased cost. Also as part of the FY 2015/16 Budget, the City set aside an additional \$1.2 million per year in savings that came from reduced projections on pension costs. These reductions reflected two strong years of CalPERS earnings. In order to offset the increased cost in the FY 2016/17 Recommended Budget, staff also used these savings, which totaled \$33 million over twenty years. Lastly, the Recommended Budget draws down reserves in the Employee Benefits fund by \$13 million over twenty years. The total of these three actions provided \$62 million in resources to offset the additional anticipated cost for pensions. With these adjustments, the additional pension cost remaining is approximately \$105 million for all funds with the largest impact on the General Fund. The other funds are able to pay for the increased pension costs through use of reserves and increased revenue.

Combined with other changes in personnel cost assumptions including salaries, insurances, and a rise in total number of employees, the total employee compensation costs will rise approximately \$167 million over twenty years. This increase has been offset by the addition of new revenue, primarily property tax and transient occupancy tax as discussed above. We will be closely watching total compensation costs into the future, with a continued emphasis on providing sustainable and competitive compensation while managing our long term liabilities. As a change to previous 20-year financial plans, planned increases in salaries are combined with related benefits costs. For example as salaries increase, the related increased in pension costs is included in that line item.

The City is organized into eleven operating departments. Figure 6 summarizes the changes in the budget for each department:

Figure 6. Budgeted and Actual Operating Costs by Department

| Fund/Program | Actual 2013/14 | Budget 2014/15 | Actual 2014/15 | Budget 2015/16 | Plan 2016/17 | % Change 15/16 to 16/17 |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------|
| Community Development | 6,966,614 | 7,271,984 | 7,206,305 | 7,548,975 | 8,529,105 | 13.0% |
| Environmental Services * | 76,495,173 | 81,501,963 | 75,351,517 | 84,211,327 | 87,406,197 | 3.8% |
| Finance | 7,860,003 | 8,396,376 | 8,200,684 | 8,490,746 | 8,996,089 | 6.0% |
| Human Resources | 3,529,369 | 4,152,879 | 4,027,665 | 4,419,667 | 5,041,213 | 14.1% |
| Information Technology | 6,142,175 | 6,949,480 | 6,715,674 | 7,100,904 | 7,837,713 | 10.4% |
| Library and Community Services | 16,192,208 | 17,364,506 | 16,731,226 | 17,847,712 | 18,554,883 | 4.0% |
| NOVA Workforce Services | 6,917,787 | 8,103,883 | 7,193,894 | 10,055,000 | 10,462,945 | 4.1% |
| Office of the City Attorney | 2,057,641 | 1,946,939 | 1,738,918 | 1,856,142 | 1,956,799 | 5.4% |
| Office of the City Manager | 4,457,164 | 4,326,582 | 4,303,071 | 4,621,502 | 6,469,079 | 40% |
| Public Safety | 78,795,895 | 85,995,244 | 82,754,365 | 89,778,056 | 95,928,241 | 6.9% |
| Public Works | 34,370,048 | 35,481,432 | 34,886,063 | 36,745,801 | 39,332,963 | 7.0% |
| TOTAL EXPENDITURES | 243,784,076 | 261,491,267 | 249,109,381 | 272,675,831 | 290,515,227 | 6.4% |

*Excludes SMaRT Station Operating Program

Overall, the operating budget is up 6.4%. Some of this change is due to base changes in employee compensation, and some is due to increases in the number of employees, goods and services budgets to meet increasing demands. The following discusses some of the significant changes that were made in each service cluster.

City Attorney and City Manager

These two departments serve as support to all service clusters, providing overall legal and policy guidance as well as organizational leadership and strategic direction. They support the City Council in its policy making and strategic planning while also providing core services such as the City Clerk, Elections, and City-wide printing and mailing services. 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.

The overwhelming majority of the increase in the Office of the City Managers is associated with the 2016 Special and General Elections. The cost for a General Election totals approximately \$460,000 and is held every other year. Additionally, \$772,000 is included in FY 2016/17 for a Special Election to be held in August to fill a vacant seat on Council. Costs in the Office of the City Attorney reflect primarily the true up of personnel related costs to fully reflect the number of hours staff in the department are working. The Office of the City Manager has made similar adjustments to more accurately reflect the hours staff in the department work.

Administrative Services

The Administrative Services cluster includes the Departments of Finance, Human Resources, and Information Technology (also referred to as internal service departments throughout this Recommended Budget). Changes in this group primarily reflect the addition of personnel resources. In Finance an additional Buyer has been added to keep pace with the procurement demands of the organization and large scale projects (e.g., WPCP, capital projects, etc.). The department also reorganized to better align its personnel and service delivery structure at no additional cost. In Human Resources, additional resources were added to support our workforce with recruitment and retention efforts, succession planning, training, employee engagement and wellness programs. These additions will enable the department to keep up with recruitment demands and reinvest in the City's workforce. In the Information Technology Department, the addition of an IT Manager is required to support the delivery of projects. Also, consistent with Council's recent action to prioritize the proper planning and investment in mission-critical technology systems, the budget includes an additional \$15.7 million for critical information technology systems such as the Enterprise Resource Planning System, the permitting system, and the public safety records management system.

Library, Community Services, and Public Facilities

The Library, Community Services and Public Facilities cluster includes services provided through the Library and Community Services Department and the Facilities Division of the Department of Public Works. While largely remaining flat in terms of year over year budget, Library and Community Services did make some minor adjustments, restoring full funding for performing arts and adjusting budgeted personnel resources and materials as appropriate. The Recommended Budget also includes continued efforts to modernize the City's public facilities including the Library and Civic Center. Separately, as a continued practice, the City included a Budget Supplement to fund care management services but added additional resources to more accurately reflect the increasing growing demand for service.

Transportation, Streets and Infrastructure

The Transportation, Streets and Infrastructure cluster includes Divisions within the Department of Public Works. While most investments in this area are through the capital projects budget, several additions were made to the operating budget to address increasing demands. Two additional limited duration positions were funded in Traffic Engineering through a cooperative agreement with Google. Additional funding was included to address the increasing costs related to emergency signal and street light repair and the ever increasing cost of electricity.

Public Safety

The Recommended Budget for the Department of Public Safety now includes funding for four previously authorized Public Safety Officers that were not included in prior years as they were anticipated to be progressing through the training program. Additional overtime hours were included for dispatch and the addition of a Dispatcher in Training position shore up the needs in the Communications Division. Lastly, funding was added to provide resources for a contract with the County to continue services provided by a probation officer targeted toward youth. In the near term, the City Council will consider additional Public Safety Officer staffing increases through a development agreement.

Community, Economic, and Workforce Development

The Community, Economic, and Workforce Development cluster combines services from the Community Development Department, the Office of the City Manager and NOVA. Community development activity has been at a high level for the past several years and the FY 2016/17 Recommended Budget reflects the addition of one planner as well as some increase and reallocation of hours to meet service demands. Additionally, Council added six positions to in the middle of FY 2015/16 to address workload and development services. These included two Building Inspectors, a Public Works Construction inspector, a senior transportation engineer, and two Fire Protection Engineers. The City's Workforce Development effort is grant funded and the FY 2016/17 Recommended Budget reflects the recent expansion of services into San Mateo County.

Environment and Sustainability

The Environment and Sustainability cluster includes the City's water, wastewater and solid waste utilities as well as efforts toward environmental sustainability and is largely supported by utility rates. The results of the drought on the cost of water, reduced demand for water and the maintenance requirements of the aging utility system continue to be major contributing factors in the cost of service provision.

Projects Budget

This year is the second year of the projects budget cycle, so the only changes made to projects were on an exception basis. We categorize our projects into three broad categories, Capital, Infrastructure, and Special. Capital projects are efforts to construct new or expanded facilities or infrastructure. Infrastructure projects are to rehabilitate existing infrastructure. Special projects are efforts like special studies or initiatives.

As only minimal changes were made to projects, the following highlights notable changes or new projects added in the FY 2016/17 Budget that are forthcoming within the next several years.

Projects Budget Highlights

Public Safety Recruitment Projects All of the costs associated with the recruitment, selection and training of new Public Safety Officers are accounted for separate from the Operating Budget in special projects by recruitment class. The Department of Public Safety recently completed a comprehensive staffing analysis. The result from the analysis is a revised timeline and cost estimate for each project. The FY 2016/17 recruit total was increased from eleven to twenty, with an increased cost of \$2.6 million. The overall cost increase of recruitment projects included in the FY 2016/17 budget is \$4.2 million. This aligns to the previous Council action to put in place an accelerated recruitment strategy to resolve the higher than usual anticipated vacancies.

Sidewalks Annual funding is provided for the replacement of damaged or raised sidewalks, curbs and gutters throughout the City. The City has programmed one-time revenue from additional property tax that was received in FY 2015/16 to increase the budgeted project costs over the next three years. Approximately \$1.5 million was received in Excess ERAF, which was used to increase the overall project budget to \$15.77 over the twenty years.

Technology Initiatives

\$8.4 million has been programmed to replace the City's aging financial and budget systems as well as the current HRIS system. The ERP System Acquisition, Implementation and Support project enables the City to modernize our technological infrastructure with enhanced functionality and reporting capabilities. The FY 2016/17 Recommended Budget also funds a new project to replace the City's Permitting System with \$1.2 million from the Development Enterprise fund. In addition, approximately \$758,700 is budgeted to provide additional staffing for the City's Website Redesign project.

Budget Supplements, Service Level Adjustments, and Unfunded Needs

As part of the development of the FY 2016/17 Recommended budget, we identified potential adjustments to service levels, unfunded needs (i.e. programs, projects, and infrastructure) and carried forward Budget Supplements that came out of the Study/Budget Issues Workshop. Departments were tasked to bring in potential adjustments to service levels and begin the development of a list of unfunded needs which is intended to be a dynamic and evolving document that helps illustrate funding priorities in a larger context and maintain the long term vision for which Sunnyvale is so well known. The Recommended Budget also includes a series of ten Budget Supplements, all of which impact the General Fund.

With these in place, the Recommended Long-Term General Fund Financial Plan ends the twenty years with \$6.3 million in the Budget Stabilization Fund. To the extent that Council eliminates expenditures included in the Recommended Budget, identifies additional revenues, or draws reserves, Council can use those resources to add supplements, service level adjustments, or begin to address unfunded needs.

The following list includes all Budget Supplements, Service Level Adjustments, and currently identified unfunded needs for the evaluation discussed above. The City Manager has recommended certain Budget Supplements for inclusion in the Adopted Budget. Any service Level Adjustments brought forward by departments that were recommended by the City Manager were included in the base Recommended Budget. No unfunded needs have been addressed at this time as many are still in the early stages of development or other funding requirements were necessary to structurally cure the budget in the twenty year plan.

Budget Supplements

Budget supplements are proposals to increase, decrease or change service levels. Each supplement is presented separately and recommended for inclusion or exclusion from the FY 2016/17 Recommended Budget. This year, the recommended budget includes eight Budget Supplements. Figure 7 lists the supplements and the City Manager's recommendation. If the supplement is recommended for funding, it will be included in the financial plan of the affected fund for budget adoption. Details of each supplement can be found in the Budget Supplements section of this recommended budget.

Figure 7. Proposed Budget Supplements

| FY 2016/17 Budget Supplements | | | | |
|-------------------------------|--|--|--------------|---|
| No. | Title | Cost | Fund | Recommendation |
| 1 | Silicon Valley Talent Partnership | \$3,000 annually for 3 years \$9,000 total | General Fund | Recommended for Limited Duration Funding |
| 2 | Implementation of Green Bike Lanes | \$250,000 one-time + | General Fund | Recommend partial funding/Defer to Projects Budget Cycle for further review |
| 3 | Tenant-Landlord and Community Mediation Services | \$45,000 one-time | General Fund | Recommended for Funding |
| 4 | Safe Routes to School | \$176,279 one-time + \$453,637 over three years | General Fund | Recommended for Limited Duration Funding |

| FY 2016/17 Budget Supplements | | | | |
|-------------------------------|--|--|--------------|---|
| No. | Title | Cost | Fund | Recommendation |
| 5 | Care Management | \$81,264 annually \$2,108,776 over 20 years | General Fund | Recommended for Funding |
| 6 | Inflation Adjustment to Planned Supplemental Human Services Funding | \$478,332 over 20 years | General Fund | No action as Council has the discretion to fund above or below average rate of expenditure based on its assessment of need. |
| 7 | Sustainability Speaker Series | \$25,000 annually \$131,408 over five years | General Fund | Recommended for Limited Duration Funding, Limited to Five Years |
| 8 | Scoping of Grade Separation for Caltrain Crossings at Mary Avenue and Sunnyvale Avenue | \$500,000 one-time | General Fund | Recommended for Funding |
| 9 | Vision Zero | \$150,000 one-time | General Fund | Recommended for Funding |
| 10 | Update to the Murphy Avenue Design Guidelines | \$25,000 one-time | General Fund | Recommended for Funding |
| 20 Year Total | | 4,151,153 | | |

Service Level Adjustments

The following reflects the adjustments to service levels requested by various departments that were not included in the Recommended Budget. They are organized by Service Cluster.

| FY 2016/17 Service Level Adjustment Requests | | |
|--|--|------------------|
| Title | Cost | Fund |
| Community, Economic & Workforce Development | | |
| Senior Planner | \$175,120 annually \$4.4 million over twenty years | Development Fund |
| Public Safety | | |
| Street Crimes – 3 PSO IIs | \$898,853 one time \$17.6 million over 20 years | General Fund |
| Traffic Officer | \$322,648 one time \$7.95 million over twenty years | General Fund |
| Hazardous Materials – 3 PSO IIs | \$814,740 annually \$22.9 million over twenty years | General Fund |
| Animal Control Officer | \$125,523 annually \$3.2 million over twenty years | General Fund |
| Community Services Officer for Investigations | \$169,474 one time \$3.5 million over twenty years | General Fund |

| FY 2016/17 Service Level Adjustment Requests | | |
|--|---|--------------|
| Title | Cost | Fund |
| Assistant Fire Marshal (reclassification) | \$28,053 annually \$710,500 over twenty years | General Fund |
| Fire Protection Specialist | \$156,808 one time \$3.4 million over 20 years | General Fund |
| Fire Protection Specialist - Apartments | \$156,808 one time \$3.4 million over 20 years | General Fund |
| Public Safety Specialist | \$127,706 one time \$3.2 million over twenty years | General Fund |
| Sr. Hazardous Materials Inspector (reclassification) | \$24,052 one time \$609,168 over twenty years | General Fund |
| Library, Community Services & Public Facilities | | |
| Parks Staff | \$158,960 annually \$4 million over twenty years | General Fund |
| Parks Worker II OT & Materials | \$34,855 annually \$882,777 over twenty years | |
| Office of the City Attorney | | |
| Deputy City Attorney | \$210,200 annually \$5.1 million over 20 years | General Fund |

Unfunded Programs and Projects

The following list enumerates known areas that are unfunded or underfunded. It is important to note that this list is dynamic and will change with each budget cycle and as the City identifies new needs or funds items on the list.

Unfunded Projects Listing

Transportation, Streets & Infrastructure

- Transportation Strategic Plan Projects
- Bicycle CIP Improvement Program Projects
- Downtown Specific Plan Projects

Traffic Signal Infrastructure Replacement

- Sidewalk Repair
- Street maintenance (addl to maintain PCI)

Environment and Sustainability

- CAP Program Funding
- Water Infrastructure
- Wastewater Collection Infrastructure

- Stormwater Collection Infrastructure
- Power Generation Facility Funding
- Stormwater Program Funding

Library, Community Services & Public Facilities

- Civic Center Modernization
- Corporation Yard Modernization
- Fire Station Replacements/Rehabilitation
- Gap funding for repairs to corporation yard
- Golf building replacements
- Golf operations subsidy
- Branch Library operating and ongoing costs

Public Safety

- Fully functioning Emergency Operations Center

Administrative Services

- Work order and Asset Management Systems
- GIS Assessment - GIS Coordinator
- Modernization of various customer interface systems (POS, non-CDD permitting, etc)

III. City Reserves

The backbone of our financial planning process is the Twenty-Year Resource Allocation Plan. This planning document provides the framework to maintain a structurally balanced budget by requiring financial discipline in making policy and service level decisions. One of the key components of the financial plans is the various reserves contained within each plan, which is considered a best practice. While many organizations have reserves, our use of them in this strategic and disciplined way is different and more active than a typical city. We maintain reserves for different purposes; some are restricted in use while others are available for a variety of priorities. Examples of restricted reserves include debt service reserves or reserves of special revenues. Unrestricted reserves are used strategically over the twenty-year planning period to balance each fund. We plan to increase or decrease reserve levels as business and economic cycles pass, allowing us to provide a stable and consistent level of service. This is especially critical when several of our large revenue sources are volatile by nature. Reviewing reserves over a long period forces policymakers, staff and the community to think carefully before adding services that must be sustained through growing and recessionary economic periods.

In the General Fund, the unrestricted reserve is the Budget Stabilization Fund. Disciplined and strategic use of this reserve has allowed us to weather the great recession, and is helping us to strategically add back services in a planned way to ensure sustainability over the long run. Most significantly, in this Recommended Budget and as directed by former Council actions, it helped manage the significant increase in projected pension costs.

In the utility funds, the use of the Rate Stabilization Reserves allows for the measured increase of rates to cover rapidly increasing costs such as wholesale water costs and tightening regulations on wastewater discharge. This reserve also allows us to incrementally increase rates to the level needed to support the significant debt service associated with the replacement of the WPCP.

In both these cases, and throughout the budget, reserves also allow us to deal with unexpected expenditures. In the most extreme case, each significant fund carries large contingency reserves for emergencies such as natural disasters; however, reserves also allow us to address projects that may be more expensive than estimated or absorb unanticipated operating costs. In all cases, reserves are one of our most critical tools to achieve and maintain financial sustainability.

Conclusion

With the economic recovery in full swing, this budget focuses on deploying resources strategically to meet the increasing demands of the community and improve the City's infrastructure while continuing to maintain a sustainable financial position for the long term. The recommended budget resources the vast array of services the City provides and funds a wide variety of projects that improve our transportation and utility infrastructure, adds wonderful new amenities like the Washington Community Swim Center and a branch library, upgrades parks and recreational facilities, and more. Revenues are growing, as are expenditures, which requires that the City look critically at any actions taken to augment services and resource allocations. While this budget allows for some additional ongoing costs, it resolves projected pension and retiree medical liabilities that will continue into the future. This budget is both strategic in advancing the City Council's goals, and services that the residents highly value, while being fiscally prudent to sustain our service in the long-term.

We will continue to be faced with tough decisions regarding management of personnel costs, use of debt for large infrastructure needs and mitigating volatility in our major revenues. Our twenty-year planning allows us to take a balanced approach, to evaluate decisions in a long-term fiscal context and plan ahead. To that end, this budget presents a responsible, sustainable, and balanced plan for the future of Sunnyvale and, like many other California jurisdictions, more work is required to remain competitive and sustainable over the years.

General Fund

The General Fund is used by the City to account for all financial resources except those required by law or practice to be accounted for in other funds. It supports many of the most visible and essential City services such as police, fire, road maintenance, libraries, parks, and open space maintenance. General government support functions are also included in this fund, and their costs are apportioned through the use of indirect administrative fees to other City funds. Because the General Fund receives the preponderance of its revenue from taxes, it has been the most affected by voter-approved initiatives and State legislative actions. As a result of such action over the past two decades, revenues to the General Fund are significantly less than they would have otherwise been. Additionally, the General Fund has a very close relationship with several other funds: the Youth and Neighborhood Services Fund, the Gas Tax Fund, the Internal Service Funds, the Capital Projects Fund, and the Infrastructure Renovation and Replacement Fund. In each case, the condition of these funds has a direct bearing on the General Fund because the General Fund is a significant source of their financial support. The relationship between these various funds, where appropriate, will be discussed as a part of the General Fund, as well as in the review of each of these individual funds.

General Fund Revenues

Revenue Estimation Methodology

All revenue assumptions and projections are reviewed and revised each fiscal year. Further, considerable analysis is undertaken to identify the key elements that impact our major revenue sources so that the projection methodology is as reliable as possible over the long term. Historical data underscores the fact that a significant swing in revenues can occur due to economic cycles, as these cycles have produced very different revenue yields to the City in a number of major categories. Projecting revenues based on the high point of the economic cycle could overstate the City's financial position significantly for future years and result in spending patterns that cannot be sustained. Conversely, projecting revenues from the lowest point of the

economic cycle could understate the long-term financial position of the City and cause unnecessary service reductions.

Each revenue source has unique characteristics that have been used to make projections. In general, actual and trend data for each major source are used to calculate projections for the next two years. For the balance of the financial plan, however, projections are based on the history of each revenue source. Following the adoption of each long-term financial plan, the major revenue sources are monitored throughout the budget year to detect any change in patterns or circumstances.

General Fund Major Revenue Sources

Five key sources generate over 84% of the City's General Fund revenues (excluding property sale proceeds). These sources are Property Tax, Sales Tax, Utility Users Tax (UUT), Franchise Fees, and Transient Occupancy Tax (TOT). The recent performance of each of these top four sources has generally exceeded projections. In FY 2014/15, Property Tax and TOT both had significant growth. Property Tax revenue increased 9.2% in FY 2014/15 (up \$4.6 million), and TOT revenue increased 30.2% (up \$3.3 million). UUT revenue also increased, however the growth from this source was very minimal. The one General Fund revenue source that did not perform well in FY 2014/15 was Sales Tax, with revenue declining \$0.5 million. These year-over-year results, as well as the revised FY 2015/16 projections call attention to several important trends, like the significant volatility of past returns, which will be discussed in greater detail below.

The FY 2015/16 Adopted Budget assumed growth for Property Tax, Sales Tax and UUT/Franchise Fees revenues in FY 2015/16 over expected FY 2014/15 results. TOT revenue was projected to remain at an elevated level for one year, but to then decline to its historical average. As FY 2015/16 unfolded, Property Tax and TOT exceeded expectations. In the FY 2015/16 Adopted Budget, TOT revenues were projected to decrease 8.4% in FY 2015/16. Despite the fact that FY 2014/15 revenue finished higher than anticipated, year-to-date returns for FY 2015/16 reflect significant further growth in TOT. The

revised estimate for FY 2015/16 TOT is growth of 15.9%, with revenue of \$14.1 million. Property Tax revenues will also exceed expectations in FY 2015/16. The revised projection is for growth of 12.4%, greater than the original 5.6% growth estimated. On the Sales Tax side, the original estimate was for modest growth, with revised estimates projecting revenue to increase by 2.3% in FY 2015/16. Revised estimates for FY 2015/16 Utility Users Tax and Franchise Fee revenues are up slightly from the original projections in the FY 2015/16 Adopted Budget.

The projections for FY 2016/17 and beyond vary based on the revenue source. Property Tax is projected to experience healthy growth over the next three years before growth returns to more historical levels. Sales Tax, historically a very volatile revenue source, is expected to recover the losses

experienced in recent years and grow over the next two years. Moving forward, Sales Tax is projected to have modest growth in the following years. The projection for Transient Occupancy Tax, which is driven by business travel, is to gradually return to the historical average, based on average room rates and average occupancy data. Utility Users Tax and Franchise Fees are expected to show a small increase in FY 2016/17 and then grow at an inflation factor moving forward.

Total General Fund revenue is projected to be down 1.4% in FY 2016/17. The table below reflects projected sources of General Fund revenues for FY 2016/17 and compares those sources with the FY 2015/16 revised projections. Actual revenues for FY 2013/14 and FY 2014/15 are also included.

Exhibit 1: Major Revenues

| Revenue Source | 2013/14 Actual | 2014/15 Actual | 2015/16 Revised Projection | 2016/17 Proposed Projection | % Change 2016/17 over 2015/16 |
|----------------------------|----------------------|----------------------|-------------------------------|--------------------------------|----------------------------------|
| Property Tax | \$50,293,385 | \$54,940,570 | \$61,748,736 | \$62,777,052 | 1.7% |
| Sales Tax | 30,194,827 | 29,676,176 | 30,352,481 | 31,698,678 | 4.40% |
| Transient Occupancy Tax | 10,858,671 | 14,137,069 | 16,383,291 | 14,471,479 | -11.70% |
| UUT & Franchises | 13,448,599 | 13,671,830 | 13,820,890 | 14,057,666 | 1.70% |
| Construction Tax | 2,983,677 | 3,066,351 | 2,948,440 | 2,582,427 | -12.40% |
| Business License Tax | 1,742,401 | 1,845,883 | 1,734,000 | 1,768,680 | 2.00% |
| Real Property Transfer Tax | 1,674,362 | 1,764,551 | 1,911,527 | 988,022 | -48.31% |
| Permits & Fees | 9,796,323 | 1,308,386 | 1,247,915 | 1,261,679 | 1.10% |
| Service Fees | 10,405,558 | 6,028,267 | 5,788,278 | 5,503,194 | -4.90% |
| Rents and Concessions | 2,299,404 | 2,439,797 | 2,426,454 | 2,451,331 | 1.00% |
| Interest | 548,687 | 668,696 | 866,330 | 721,012 | -16.77% |
| Other Revenue | 5,191,944 | 4,793,806 | 5,201,519 | 4,113,250 | -20.92% |
| SUBTOTAL | \$139,437,838 | \$134,341,382 | \$144,429,861 | \$142,394,470 | -1.41% |
| Sale of Property | 7,509,406 | 14,069 | 14,011,083 | 11,022,794 | - |
| TOTAL RESOURCES | \$146,947,244 | \$134,355,451 | \$158,440,944 | \$153,417,264 | -3.17% |

* Excludes In Lieu Charges / Transfers & Interfund Revenues

| Revenue Source | 2013/14 Actual | 2014/15 Actual | 2015/16 Revised Projection | 2016/17 Proposed Projection | % Change 2016/17 over 2015/16 |
|----------------------------|----------------------|----------------------|-------------------------------|--------------------------------|----------------------------------|
| Property Tax | \$50,293,385 | \$54,940,570 | \$61,748,736 | \$62,777,052 | 1.7% |
| Sales Tax | 30,194,827 | 29,676,176 | 30,352,481 | 31,698,678 | 4.4% |
| Transient Occupancy Tax | 10,858,671 | 14,137,069 | 16,383,291 | 14,471,479 | -11.7% |
| UUT & Franchises | 13,448,599 | 13,671,830 | 13,820,890 | 14,057,666 | 1.7% |
| Construction Tax | 2,983,677 | 3,066,351 | 2,948,440 | 2,582,427 | -12.4% |
| Business License Tax | 1,742,401 | 1,845,883 | 1,734,000 | 1,768,680 | 2.0% |
| Real Property Transfer Tax | 1,674,362 | 1,764,551 | 1,911,527 | 988,022 | -48.3% |
| Permits & Fees | 9,796,323 | 1,308,386 | 1,247,915 | 1,261,679 | 1.1% |
| Service Fees | 10,405,558 | 6,028,267 | 5,788,278 | 5,503,194 | -4.9% |
| Rents and Concessions | 2,299,404 | 2,439,797 | 2,426,454 | 2,451,331 | 1.0% |
| Interest | 548,687 | 668,696 | 845,530 | 722,374 | -14.6% |
| Other Revenue | 5,191,944 | 4,793,806 | 5,201,519 | 4,113,249 | -20.9% |
| SUBTOTAL | \$139,437,838 | \$134,341,382 | \$144,409,062 | \$142,395,831 | -1.4% |
| Sale of Property | 7,509,406 | 14,069 | 14,011,083 | 11,022,794 | — |
| TOTAL RESOURCES | \$146,947,244 | \$134,355,451 | \$158,420,145 | \$153,418,625 | -3.2% |

* Excludes In Lieu Charges / Transfers & Interfund Revenues

In the following sections are detailed discussions of the City's four major revenue sources, including explanations of the revenue forecasts for FY 2016/17 and beyond. Discussions of several other revenue sources of particular note follow.

Property Tax

Property Tax represents the largest source of General Fund revenue, estimated to be about 42% of all General Fund revenues in FY 2016/17. For each dollar of Property Tax paid by property owners in Sunnyvale, approximately \$0.13 is now allocated to the City of Sunnyvale.

The City's Property Tax revenue consists of several categories. Secured Tax, which represents the vast majority of the overall Property Tax, is the

tax on real property and the structures on that real property. Unsecured Tax represents the tax on appurtenances such as furniture, machinery, and equipment. Supplemental Tax is the result of reassessing the value of real property when there is a change of ownership or new construction is completed after the official lien date. Other sources of Property Tax revenue come from Unitary Tax, which is assessed by the State Board of Equalization on property such as utilities or railroad lines that cross county lines, and Tax Delinquencies.

Property Tax has also been the revenue most shaped by voter initiatives and legislative actions. Approval of Proposition 13 in 1978 reduced Property Tax revenue by approximately two-thirds and thereafter limited the growth of assessed valuation to 2% annual increases or the California Consumer

Price Index (CA-CPI), whichever is less. In the early 1990s, the State legislature permanently shifted a larger portion of the Property Tax to schools. This shift was made to the State's Educational Revenue Augmentation Fund (ERAF) to backfill a portion of the State's obligation for school funding. This original "ERAF shift" results in an annual loss to the City of Sunnyvale of approximately \$9 million. In FY 2004/05 and FY 2005/06 the State shifted an additional \$4.1 million over those two years from Sunnyvale Property Tax to the ERAF as part of a solution to its ongoing budget crisis (ERAF III).

Also included in the State Budget deal with local governments in FY 2004/05 was a permanent redistribution of two of the City's revenue sources. Under this agreement, the Vehicle License Fee (VLF) rate for cities was permanently reduced from 2% to 0.65%. For FY 2004/05, the VLF that the City would have gotten at the 2% rate was calculated and this amount was added to our Property Tax base through transfers from the ERAF. In FY 2005/06, the City began to receive our portion of VLF revenues at the lower rate of 0.65%, while the Property Tax base was adjusted to reflect its new, permanent base.

Overall FY 2016/17 Property Tax revenues are expected to be up when compared to FY 2015/16, continuing the growth seen over the past several years. The outlook for Property Tax is positive, with expectations of increased assessed valuations in both the residential and commercial sectors driving revenue growth.

Secured Tax, which accounts for approximately 88% of total Property Tax revenue, has experienced strong growth in FY 2015/16 and is expected to increase significantly over the next two fiscal years. The residential market has performed strongly for three consecutive years, and this FY 2016/17 Recommended Budget adds to the residential property tax base by building in an additional 1.8% of growth in FY 2016/17. Significant growth is also expected in the short term for commercial and industrial property values. Staff identified several major projects that have added, or are on schedule to add, substantial assessed value to the City's Property Tax roll. Continued strong development activity, increasing the amount of new commercial building square footage in Sunnyvale, is reflected in these projections. Overall, the combined residential and commercial growth rate is expected to be 5.6% in FY 2016/17 and FY 2017/18, and 4.2% in FY 2018/19, and 4.4%

in FY 2019/20. After that, growth is expected to continue at the historical average of approximately 4.1% annually. This historical average includes the maximum 2% increase in CPI as well as an additional 2.1% historical average growth from new construction and change of ownership.

In addition, the Secured Property Tax base has been increased with the dissolution of the Sunnyvale Redevelopment Agency (RDA). After the payment of enforceable obligations, the former property tax increment is distributed as Property Tax to all applicable taxing agencies, and \$38.9 million has been programmed into the long-term financial plan to account for the City's expected allocation over twenty years. In FY 2016/17 the distribution of the former property tax increment is expected to provide \$1.4 million in revenue to the City.

In FY 2015/16 the City received an additional one-time distribution of \$1.8 million as its share of a \$14 million payment the City made to the County for distribution to the affected taxing entities. This \$14 million payment was the amount transferred for the former Redevelopment Agency to the City the State Department of Finance later determined the City was not eligible to receive.

Two other important elements of Property Tax revenue are the Unsecured Property Tax and Supplemental Property Tax rolls. Unsecured Property Tax revenue was up in FY 2014/15 after several years of flat returns. This revenue source is projected to slightly increase in FY 2015/16 and decline sharply in FY 2016/17 due to a negative adjustment for personal property that shifted from the Unsecured tax roll to the Secured tax roll. Unsecured tax revenue is projected to grow modestly from FY 2017/18 forward.

The Supplemental Property Tax roll reflects properties that are sold or transferred after the official lien date. Supplemental assessments pick up the higher or lower value on the property immediately by using a floating lien date, and the added or reduced assessed value is placed on a separate Property Tax bill. Revenue from the supplemental roll is dependent strictly upon timing of sales and thus is difficult to forecast. Another factor that makes this revenue source difficult to forecast is the fact that it is pooled at the County level. All Supplemental Property Tax collected by the County is allocated to the cities based on a formula and not on transactions within each jurisdiction. As such, the significant valuation changes in other parts of the

county impact the City of Sunnyvale's Supplemental Property Tax revenues. Over the past several years, this revenue source hit a record low in FY 2010/11 of \$175,000 and climbed to \$1,328,200 in FY 2014/15. Staff projects that Supplemental Property Tax revenue will remain high in FY 2015/16 and FY 2016/17, before returning to a historical average, beginning in FY 2017/18. Our projection revises the FY 2015/16 forecast to \$939,000. FY 2016/17 revenue is projected to be \$1.1 million. The long-term average of \$863,000 is projected in FY 2017/18, increasing modestly from there throughout the remainder of the long-term plan.

Another component of the City's Property Tax is the administrative fee the County of Santa Clara charges to collect and distribute Property Tax.

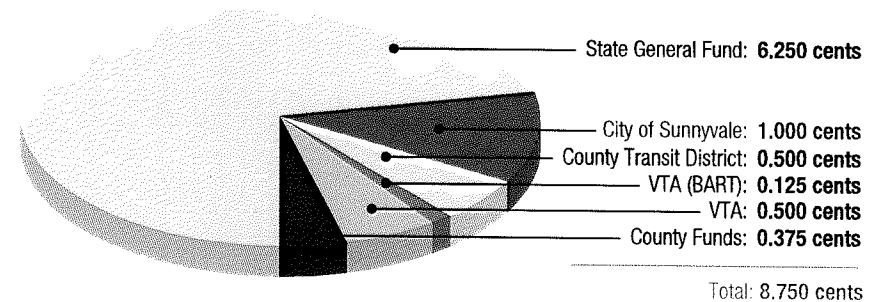
Administrative fees are projected to increase 16% in FY 2015/16 due to increased costs for the Santa Clara County Assessor's Office. The baseline Property Tax Administrative Fee used in our twenty year plan, beginning in FY 2016/17, is the long-term average of \$491,000, increasing by the same rate of growth projected for Secured Tax in future years.

Sales and Use Tax

Sales and Use Tax (Sales Tax) represents the second largest source of revenue to the General Fund. Sales Tax is expected to make up 21% of budgeted revenues in FY 2016/17. Sales and Use Tax also represents one of the General Fund's most volatile revenue sources, with drastic swings over the past decade. In FY 2000/01, Sales Tax was the General Fund's largest revenue source, constituting 32% of total revenue at \$36.3 million. The subsequent economic downturn caused by the technology industry bust saw Sales Tax revenue plummet to \$22.8 million by FY 2002/03. Revenues recovered over the following four fiscal years, reaching \$30.9 million in FY 2006/07, then dropped 4% in FY 2007/08 with the onset of the Great Recession. In the seven years since the recession returns have been volatile, but revenue has recovered to pre-recession levels, with Sales Tax revenue of \$29.7 million in FY 2014/15.

Exhibit 2: Sales Tax Distribution

8.75 Cents per Dollar – Santa Clara County



Source: CA Board of Equalization

Exhibit 2 shows how Sales Tax dollars are distributed within Santa Clara County. The State receives the largest share of the eight and three-quarter cents per dollar of sales, while cities receive only one cent of the rate. There have been three increases to the Sales Tax implemented since 2011, and the increases have added a total of one-half cent to the Sales Tax. Measure B, approved by voters in 2008, added an eighth-cent Sales Tax to support the BART extension and became effective July 1, 2012. This additional eighth-cent will be effective for 30 years. In 2012, voters approved two additional Sales Tax measures. One was Proposition 30, a quarter-cent increase to the statewide base Sales Tax rate. This addition became effective on January 1, 2013 and is set to end on December 31, 2016. The other was Measure A, an eighth-cent increase to the portion of Sales Tax the County of Santa Clara receives for general County purposes. This addition became effective April 1, 2013 and is set to end on March 31, 2023. While these changes have impacted the sales tax rates paid by Sunnyvale residents, the City of Sunnyvale is not a beneficiary of either of these increases and continues to receive only 1% of all taxable sales.

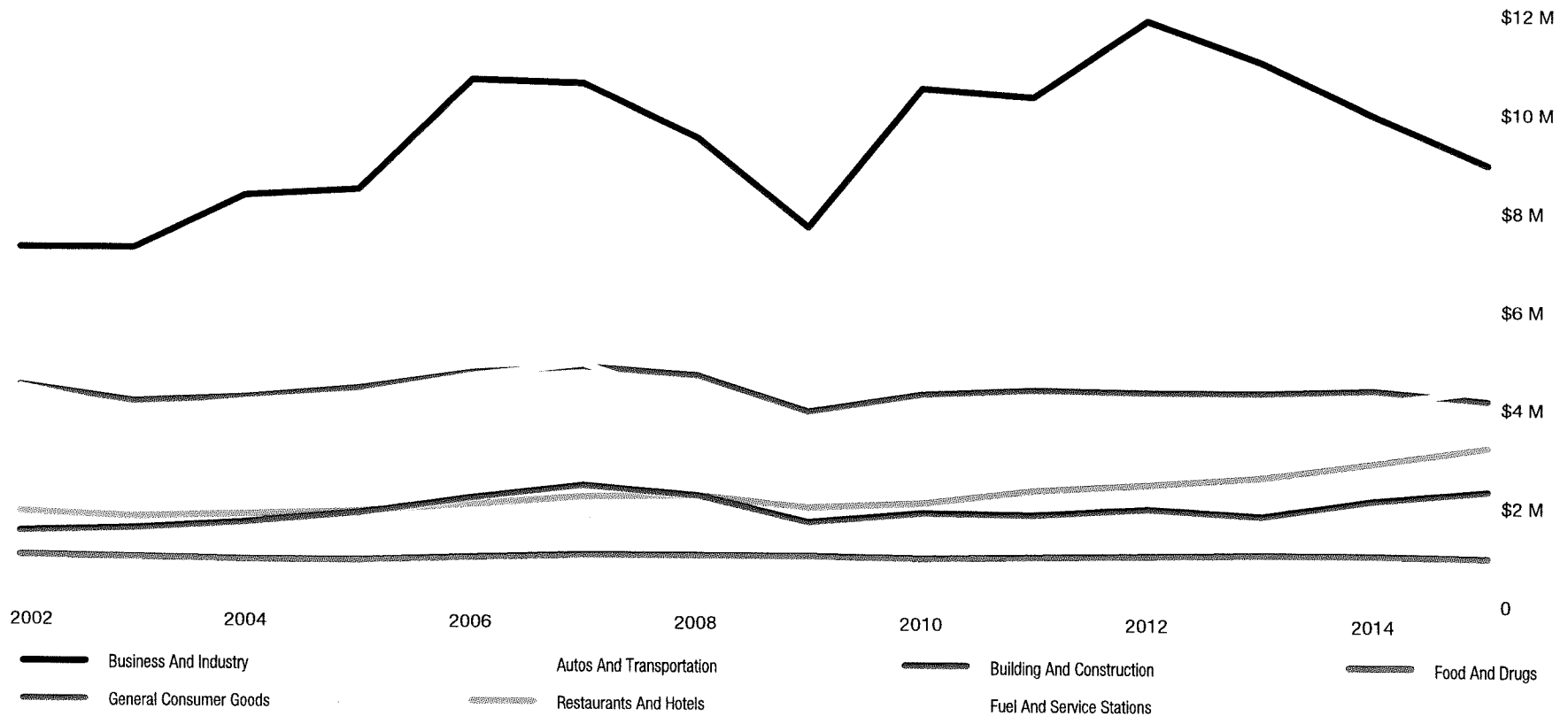
Sales and Use Tax is composed of primary categories of transactions - general retail sales and business-to-business sales. In Sunnyvale, as well as some other Silicon Valley cities, a high percentage of overall Sales Tax has traditionally been business-to-business in nature. This sector currently

constitutes 37% of our point-of-sale sales tax revenue, as compared to the statewide average of approximately 17%. This makes Sales Tax complicated and difficult to predict because it is often one time in nature.

Specific year-over-year growth projections are developed by dividing Sales Tax receipts into five major segments that have similar economic

characteristics: Business and Industry, General Consumer Goods, Autos and Transportation, County Pool, and Other. The Other category includes Restaurants and Hotels, Building and Construction, Fuel and Service Stations, and Food and Drugs. As can be seen from the following graph listing Sunnyvale's Sales Tax receipts by sector between 2002 and 2015, each category has a unique pattern:

Exhibit 3. Sales Tax Receipts by Major Sector
(Calendar Year 2002 - 2015)



While the majority of the sectors are relatively stable and experience swings within a narrow band, the business and industry sector, by its very nature, is highly volatile as can be seen above. This makes revenues in this area very unpredictable and forecasting future revenues very challenging. As previously noted, in FY 2006/07, Sales Tax reached \$30.9 million. Two years later, by FY 2008/09, the Great Recession had taken its toll and Sales Tax had dropped to \$25.1 million, a 19% loss over two years. Sales Tax has recovered to nearly FY 2006/07 levels, as revenues of just over \$30 million were received in FY 2012/13 and FY 2013/14.

Our revised Sales Tax estimate for FY 2015/16 is \$30.4 million, up slightly from the prior year actual revenue of \$29.7 million. This increase was primarily caused by recovering from a negative adjustment in the Business and Industry category that reduced revenue in FY 2014/15. This adjustment impacted Sales Tax revenue over the prior two years. Excluding the one-time adjustment, the sales tax base is projected to be down 0.4% in FY 2015/16. However, modest growth is anticipated in the upcoming years as the economic recovery continues. Specifically, staff is forecasting sustained high activity in the Building/Construction and Auto/Transportation categories, as well as increased projections on revenue received from the County pool. Pooled revenues are expected to increase as a percentage of the City's overall Sales Tax revenue as e-commerce continues to become a larger part of the economy. When transactions occur online for Sales Tax-eligible purchases, the 1% share received by cities instead goes into a County pool for distribution. For example, if a Sunnyvale resident goes to Target in Sunnyvale and purchases a television, the City receives 1% of the sale price in Sales Tax revenue. If that same Sunnyvale resident buys that television off of Target's website, the 1% of the sale price instead goes to the County pool for distribution to all agencies, as the revenue from online purchases is tracked to the county where the customer is located rather than to a more precise location due to the lack of detail in the seller's tax return. The County pool is distributed based on each jurisdiction's share of total taxable sales. For the last reporting period, Sunnyvale's share of the pool was 7.5%. This increasing trend not only makes Sales Tax revenue increasingly difficult to project, but it also means that a larger part of this significant revenue source has less to do with activity in Sunnyvale.

Because of the volatility of this revenue source, staff has taken a conservative approach toward projecting growth. Growth is anticipated at a normal rate in FY 2016/17, reaching \$31.7 million, for a 4.5% increase over the projected FY 2015/16 revenue. This represents a growth to the base of 3.6% increase over the FY 2015/16 projection when you factor out the audit adjustment. Growth projections past FY 2017/18 are very modest, averaging 2.8% annually through FY 2035/36, which is only slightly above the inflation expectation during that time period. While it is not possible to predict the next slowdown or how that slowdown will impact Sales Tax revenues, the projections for future revenues reflect overall positive growth with the expectation that some years of growth will be offset by losses in other years due to economic fluctuations.

Further, following completion of the Town Center project, it is anticipated that the City will receive additional Sales Tax revenue of approximately \$1.1 million per year once the project is complete. This value is increased slightly from the \$1.0 million that was projected in the FY 2015/16 Adopted Budget. However, the revised estimate reflects an updated timeline, with the project not coming fully online until FY 2019/20. Staff revised the projection to reflect a conservative estimate for when various stages of the project will be completed. We begin showing a portion of these funds starting in FY 2017/18. In total, the revised projections reduce the total Sales Tax revenue by \$4.2 million over the twenty-year plan.

Utility Users Tax and Franchise Fees

Utility Users Tax (UUT) and Franchise Fees represent the third largest source of General Fund revenue, generating about 10% of the total for FY 2015/16. Historically, these two revenue categories have been combined because one of the primary sources of revenue for both is the sale of electricity and gas. After declining in FY 2012/13, combined UUT & Franchise Fee revenue increased 3.4% to \$13.4 million in FY 2013/14. The City's UUT rate is 2% on electricity, gas, and intrastate telephone providers, which is lower than the 3.7% average of those cities in Santa Clara County which have UUT. It is also lower than the UUT rate of 3.6% for Santa Clara County when weighted by population and significantly lower than the statewide average of 6%.

Approximately 67% of UUT revenue is derived from the sale of electricity, 22% is related to intrastate telephone usage, and 11% is derived from the sale of gas.

The single largest component of UUT revenue is the electric rates charged by Pacific Gas & Electric (PG&E). With the elevated level of commercial development over recent years, and as the new square footage gets occupied, electric usage is expected to go up. However, in recent years the City has experienced very modest growth, indicating that the anticipated growth from new development has been almost entirely offset by the fact that many of these new buildings are more energy-efficient than prior uses. Modest growth is projected to continue. The revised projection for UUT on electric is \$4.25 million in FY 2015/16 and \$4.38 million in FY 2016/17.

The City is expecting to receive approximately \$1.51 million in FY 2015/16 from UUT on intrastate telephone usage. This is down approximately 2.8% from the \$1.55 million received in FY 2014/15. The long-term viability of this revenue source is a concern. Despite growth in the overall telecommunications industry, the City has not benefitted with increased UUT revenue. This is due to the fact that most of the growth in the market is in services that are not included in the UUT calculation, such as data transmission. As a result, revenue projections for FY 2016/17 and beyond reflect the continued degradation of this revenue source. The FY 2015/16 Adopted Budget projected declines of 2.8% annually. In the FY 2016/17 Recommended Budget, given the UUT telecom tax returns, this rate of decline was unchanged.

The City receives a one-time franchise payment from PG&E each year which represents approximately 38% of all Franchise Fee revenue. The PG&E franchise rate is 1% of gross receipts. Statewide, franchise rates range from .5% to 2%. The City's other main franchise agreements are with our cable television providers and Specialty Solid Waste. For FY 2016/17, Franchise Fees are projected to increase by approximately 2% over the revised FY 2015/16 projection. This mixed growth is comprised of modest growth from the Specialty garbage and Cal Water franchises and cell phone tower franchise agreements.

Transient Occupancy Tax

Transient Occupancy Tax (TOT) represents the fourth largest revenue source of the General Fund, constituting over 10% of the total projected revenue for FY 2016/17.

TOT revenue is expected to finish at nearly \$16.4 million in FY 2015/16. This represents a 15.9% increase over FY 2014/15. This increase in TOT revenue is the result of three factors. Effective midway through FY 2013/14, on January 1, 2014, the TOT tax rate increased from 9.5% to 10.5%. The second driving factor is business-related travel, the core business of Sunnyvale's hotels, remains at a high level. As the economic recovery has continued and business travel continues to be strong, Sunnyvale hotels have benefited from increasing room rates and occupancy rates, which has positively impacted the City's TOT revenues. The third factor is that the City added one hotel in FY 2014/15. Anticipated TOT revenue from this additional hotel was included in the projections made in the FY 2015/16 Adopted Budget.

Projections for future years consider a number of factors, including room rates and occupancy rates returning to their historical average, as well as projecting four new hotels to begin generating revenue in future years. Due to the very high, peak level that the City is currently experiencing, the long-term plan resets revenue projections to a sustainable base over a period of two years. The anticipated decline reflects projected decreases in room rates and occupancy rates to their historical averages; which is then used as sustainable level base level for future years. The long-term plan has growth built in future years. The first of the new hotels is projected to come online in FY 2017/18. When fully operational, these new hotels are expected to bring in approximately \$2.1M in net new TOT revenue annually. While there have been many additional hotel applications submitted, due to the volatile nature of hotel development, only likely projects are included in the long-term plan. Beyond FY 2017/18, growth is expected to be relatively steady, reflecting primarily flat occupancy rates with modest annual increases in room rates. This revenue is reliant on business-travel, and therefore revenue is very volatile. Modest growth is projected.

Other Revenue Highlights

The FY 2016/17 Recommended Budget includes certain other revenue sources which warrant some discussion.

Other Taxes

Construction Tax, Business License Tax, and Real Property Transfer Tax revenue have each had strong returns in recent years. Construction Tax revenues have been strong through FY 2015/16, an indication of the high level of development activity that the City has sustained for three consecutive years. The long-term financial plan anticipates that this historically high level will cool off, with an elevated amount estimated for FY 2016/17 and the historical average level planned beginning in FY 2017/18. Business License Tax has seen steady growth, in line with the strong level of economic activity in the City in recent years. Real Property Transfer Tax, which is driven by property turnover and changes in valuation, has also been high in recent years. The long-term financial plan anticipates that this revenue will return to its historical average in FY 2016/17.

Permits & Service Fees

This category includes revenue collections from fees charged for services provided by City operations. The majority of revenue in this category comes from the Department of Public Safety, the Recreation Division in the Department of Library and Community Services, the Community Development Department, and the Department of Public Works. The high level in FY 2013/14 actuals is due to the strong Development-related results which are no longer accounted for in the General Fund. Effective in FY 2014/15, fees related to development activities were shifted to the Development Enterprise Fund.

Sale of Property

This revenue item reflects the sale of some of the City's property. There are two sales of City property included in the General Fund's long-term financial plan for the FY 2016/17 Recommended Budget. The sale of the Raynor Activity Center (\$14 million) is planned in FY 2015/16. The sale of the margarine plant has been updated to \$10.9 million to be received in FY 2016/17.

Revenues from the sale of property, as one-time funds, are best utilized for one-time capital needs. As such, these revenues are segregated into the Capital Improvement Projects Reserve. A portion of the sale proceeds from the Raynor Activity Center have been programmed for the Lakewood Branch Library project. The proceeds from the other sale have not been appropriated to any projects.

In-Lieu Charges and Transfers

In-Lieu Charges and Transfers are primarily funds transferred into the General Fund from other City funds to pay for projects and the cost of City-Wide administration, including the cost of the Department of Finance, the Human Resources Department, the Office of the City Manager, and the Office of the City Attorney. The FY 2016/17 in-lieu charges are up 8.6% due to increases in the General Fund and Development Enterprise Fund operating budgets.

Inter-Fund Revenues

Inter-Fund Revenues are primarily loan repayments to the General Fund from other funds, including the utility funds. Year-to-year fluctuations in this revenue source are expected, as loan repayment schedules are not always on fixed amortization periods and often change based on cash considerations.

FY 2014/15 was the final year of repayment from the Water Fund (for its share of the purchase of property adjacent to the corporation yard), and from the General Services Fund / Sunnyvale Office Center Sub-fund (\$248k rebate for rental income). The Sunnyvale Office Center Sub-fund rebate was removed in the FY 2015/16 Adopted Budget to strengthen reserves in this sub-fund, which funds the lease payments associated with the purchase of the debt financed Sunnyvale Office Center. The final loan repayment of \$4.1 million from the Solid Waste fund is scheduled in FY 2023/24.

General Fund Expenditures

General Fund expenditures fund common and core City operations like public safety, libraries, and parks and provide critical infrastructure funding for streets and sidewalks and more. The 2016/17 Recommended General Fund expenditures, including budget supplements, projects, lease

payments, equipment, and transfers total \$169.9 million. Of this amount, operating expenditures are the majority, totaling \$148.2 million, or 87%, of total expenditures. Operating expenditures are up 8.7% over the current FY 2015/16 budget primarily due to the addition of budgeted personnel to address increasing demands for service and rising compensation costs.

Operations — Employee Total Compensation

Employee Total Compensation makes up the largest portion of operating expenditures. For accuracy in projections, compensation is broken into two categories, Safety and Miscellaneous. Changes in safety Total Compensation is driven by salary surveys and the cost of pensions and other benefits. For FY 2016/17, safety total compensation is budgeted at \$65.2 million. This is a \$5.1 million, or 8.5%, increase from the \$60.1 million in the current budget for FY 2015/16. Safety salaries were adjusted downward in FY 2014/15 due to a lower salary increase than budgeted. The annual market survey of total compensation calculated increases that were lower than the current budgeted increase of 3%, thereby lowering the safety Salary base for FY 2015/16.

A total of three public safety officers have been added to the Operating Budget in FY 2016/17. These three new officers are to staff the new fire station in North Sunnyvale, however the cost was included in the FY 2015/16 twenty-year plan for the General Fund and therefore there is no impact from these additions.

For FY 2016/17, Miscellaneous Total Compensation is budgeted at \$53.2 million. This is a slight increase over the FY 2015/16 budget primarily due to the strategic addition of personnel.

Benefits, which consist of leave, retirement, insurance, and workers compensation costs, are up approximately 7.8% for Miscellaneous and 9.2% for Safety employees. This is primarily due to increases in retirement and insurance benefits costs anticipated in FY 2016/17. As more fully discussed in the Internal Service Fund section, employer contribution rates for retirement are projected to rise steeply over the next five to ten years and medical premium increases are estimated in the 5-7.5% range over the next several years. These increases are the same or exceed what was planned in the last long-term financial plans.

Operations — Other

Other operations are expenditures for purchased goods and services and overhead charges. Over the twenty-year planning period, these expenditures are up \$20.6 million over the current budget. About half of the change is attributable to Adjustments in goods and service needed to meet increasing demands and the rising cost of electricity.

Each year a portion of the Public Works Pavement Operations program, which is accounted for in the General Fund, is supported by the Gas Tax Fund. The amount that is used for this purpose varies depending upon funds available and project requirements. As mentioned above, this support is projected to decrease in the future, primarily due to lower volumes and sale prices of gas sold. In FY 2016/17, the support is held flat to the current budgeted amount of \$2.025 million. For FY 2017/18 and FY 2017/18, this amount is reduced to \$1.4 million a year, and then to \$1.1 million the remainder of the first ten-year period.

Technology Project Funding is a new expenditure line-item in the General Fund. Over the twenty-year period, a total of \$27.1 million, or approximately \$1.4 million per year, has been added to the expenditure budget for investments in the City's I.T. infrastructure by fully funding critical projects and planning for their eventual replacement. The fund is able to afford these new costs primarily due to the increase in the property tax base.

Public Safety Recruitment Projects, Projects and Project Administration, and Project Operating Costs reflect General Fund expenditures related to capital, special, and Department of Public Safety recruitment projects. The content of these expenditures is discussed below in the General Fund Projects section.

The **Equipment** line item contains the appropriations for equipment for the Departments of Public Safety and assistance to the Library and Community Services based on their replacement schedules. These costs are up slightly, primarily due to adjustments and additions for some public safety equipment. In particular, due to decreasing Asset Forfeiture funds, the replacement of Tasers has been moved to the General Fund.

Lease payments in the amount of \$1,200,750 are included in the appropriation for FY 2016/17 as well. These payments fulfill the City's agreement with the former Redevelopment Agency to pay lease payments equal to the annual debt service on one of the downtown parking structures. Previously a Redevelopment Agency obligation, this item remains a subject of litigation in the redevelopment dissolution process.

Council Service-Level Set Aside is an annual \$100,000 set aside for Council's use at its discretion for unplanned projects, services, or other initiatives that come up over the course of the fiscal year.

The FY 2016/17 General Fund Budget includes funding for ten **Budget Supplements**. Details on each of the supplements are included in the Budget Supplement section in this volume of the FY 2016/17 Recommended Budget. The total expenditures budget for the ten supplements in FY 2016/17 is \$1,005,543 with total costs over the twenty year plan of \$3.7 million.

Transfers to Other Funds reflect transfers from the General Fund to other funds for operating and capital project purposes. These include transfers to the Youth and Neighborhood Services Fund for support of Columbia Neighborhood Center, the Liability and Property Insurance Fund for the General Fund's share of claims and insurance, and the Capital and Infrastructure Project Funds to cover project expenditures. As established in the FY 2012/13 Budget, the long-term financial plan for the General Fund reflects an annual transfer of \$1.5 million for investment in the City's administrative infrastructure. These funds are not set aside for a specific project or set of projects at this point but will accumulate in the Infrastructure Fund and be appropriated as projects are identified and prioritized. Starting in FY 2016/17, approximately \$11.6 million is planned to be transferred over three years to the Capital Projects Fund for the design and construction work on the Lakewood Branch Library Facility project. \$550,000 has also been budgeted to transfer to the Golf and Tennis Fund to address the deficit in that Fund anticipated for FY 2016/17.

General Fund Projects

The FY 2016/17 Recommended Budget for the General Fund includes \$10.8 million for capital, special, and outside group funding projects. This amount also includes Project Administration costs of \$402,979. This is the cost of Public Works staff for design and inspection of General Fund supported capital projects. The majority of the projects budget in FY 2016/17, or \$7.8 million, is in a special project for the recruitment and training of sworn public safety officers. In FY 2014/15, \$6.3 million was been brought forward from future years' recruitment budgets to accelerate recruitment efforts, fill vacancies and reach the current authorized sworn staffing. The additional funds supported the recruitment of additional recruits through FY 2016/17 in anticipation of the elevated level of projected separations in the next few years. In the FY 2016/17 Recommended Budget \$10.7 million was added to the recruitment projects over twenty years. The practice of budgeting for the recruitment, selection, and training of new public safety officers in a series of recurring special projects rather than in the operating budget began in FY 2006/07. This methodology allows expenditures to fluctuate each year based on the number of recruitments and allows for better monitoring and tracking of costs. It should be noted that the fixed costs associated with this activity, which include management oversight and other recruitment expenses, continue to be part of the Public Safety Department operating budget.

Other projects include \$867,000 for the Emergency Vehicle Traffic Signal Preemption project to upgrade and expand existing outdated traffic signal preemption equipment in the City of Sunnyvale. \$316,200 is budgeted for Climate Action Plan Implementation, and \$152,150 for the Website Redesign project. There is also one ongoing special project for \$30,000 a year related to a minimum wage enforcement agreement with the San Jose Office of Equality Assurance, totaling \$600,000 over the twenty-year plan. The FY 2016/17 Budget also contains \$100,000 for Outside Group Funding per Council policy.

Often times, one-time capital projects will result in ongoing operational costs. The Project Operating Costs line reflects the future operating costs of budgeted projects. The first set of operating costs arising from projects starts in FY 2016/17, with the majority of the total being attributable to the DPS Body Worn Cameras (\$204,000). Another significant increase to project

operating costs comes in FY 2019/20, when approximately \$267,000 is added annually to cover the net new ongoing costs of the Lakewood Branch Library and \$128,000 is added annually to cover the ongoing costs of the Washington Community Swim Center project. These ongoing costs are expected to be partially offset by increased revenues at Washington Pool once expansion is complete.

General Fund Reserves

One of the most powerful aspects of multi-year financial planning is its capability to recognize trends over time and begin at an early point to consider the necessary steps to alter the long-term forecasted position of a particular fund should that appear necessary. The reserves contained in the General Fund's long-term financial plan play a pivotal role in the City's multi-year planning strategy.

The City has established reserves in the General Fund that are restricted by prior policy or legal requirements to specific uses. Most of the City's reserves are established in accordance with policies adopted by Council.

The General Fund has five reserves that are contained in its long-term financial plan under the sub-heading, Reserves. The first is the Contingencies Reserve. By Council policy, this reserve must be equal to 15% of the operating budget in the first year of the long-term plan, in this case FY 2016/17, and then grow by the estimated change in the Consumer Price Index in each subsequent year. Prior to FY 2011/12, this reserve was set at 20% of General Fund operational expenditures annually; however, Council changed this reserve policy in 2011 to better reflect the intent and potential uses of this reserve. It is important to note that this reserve is not intended for normal unanticipated expenditures and is instead to be used for non-fiscal emergencies or disasters as determined by Council.

A second reserve in the General Fund mandated by Council policy is the Budget Stabilization Fund. The Budget Stabilization Fund functions to normalize service levels through economic cycles. In essence, the intent is for this fund to increase during periods of economic growth and to be drawn down during the low points of economic cycles to maintain stable service levels. Using the Budget Stabilization Fund prevents us from adding services at the top of the economic cycle that cannot be sustained while allowing us

to maintain Council-approved services levels during economic downturns.

In August 2011, Council adopted a new policy governing the balance of the Budget Stabilization Fund. This policy requires that the Budget Stabilization Fund be maintained at no less than 15% of total projected revenue for the first two years of the 20-year plan and that it never go below \$0 in any year. For the FY 2016/17 Budget, the Budget Stabilization Fund balance is 26% of revenues in FY 2016/17 and 24% in FY 2017/18.

The FY 2016/17 Recommended Budget continues to maintain the short- and long-term balance. Over the twenty-year plan, Total Available Resources are up \$162 million, and Total Expenditures are also up, approximately \$201 million.

The third reserve in the General Fund is the Reserve for *Capital Improvement Projects*. Originally entitled the Land Acquisition Reserve, it was established in FY 1994/95 for the purpose of purchasing land or property in the downtown area with an emphasis on future income generation through economic development. In FY 2006/07 the reserve name was changed to Reserve for Capital Improvement Projects to reflect its expanded purpose. At the end of FY 2015/16, it is projected that the balance in this reserve will be \$23 million, an increase from the prior year due to the anticipated sale of the Raynor Activity Center for \$14 million in FY 2015/16. It is anticipated that the Reserve for Capital Improvement Projects will increase again in FY 2016/17 due to the sale of the Margarine Plant. After FY 2017/18, the reserve is projected to increase with interest earnings.

Lastly, the Equipment & Project C/O Reserve accounts for actual FY 2014/15 project carryover costs (and related revenues). Since a significant portion of the current budgeted project costs are from the prior year (FY 2014/15) carryover, it was prudent to separate out this reserve to increase transparency of unspent project costs. Additionally, accounting for this reserve separately helps ensure that the available funds in the Budget Stabilization Fund are not overstated.

Total Reserves in the General Fund increase or decrease depending upon the relationship between Total Current Resources and Total Current Requirements in the long-term financial plan. Put simply, when revenues and resources are greater than expenditures and transfers, money is put into the

reserves, and when expenses are higher, money is taken out. The relationship between these can be seen at the bottom of the plan in the rows marked Total Current Resources, Total Current Requirements, and Difference. It should be noted that Sunnyvale's Reserves are actual funds rather than estimated surpluses as is the case in the State Budget and some other local jurisdictions. The advantage of funded reserves includes the substantial interest earnings that are generated and added to annual revenues.

Capital And Infrastructure Projects Funds

Capital and Infrastructure Projects Funds are used for major capital acquisition, construction activities, and renovation or replacement of general City fixed assets. The City currently accounts for these activities in two funds: the Capital Projects Fund and the Infrastructure Renovation and Replacement Fund. Capital and Infrastructure projects related to the Utility Enterprise Funds are budgeted and accounted for within each individual utility fund.

Capital Projects Fund

The Capital Projects Fund was established in FY 1997/98 to account for financial resources to be used for new or substantially enhanced assets or for major rehabilitation of capital facilities. These projects are funded by the General Fund, other governmental funds, or outside sources. Outside revenues into the Capital Projects Fund include federal and state grants, intergovernmental revenues, developer contributions, Traffic Impact and Mitigation Fees, and Sense of Place Fees.

The Capital Projects Fund is divided into distinct sub-funds that receive direct transfers from the funds that are responsible for particular projects. Each sub-fund records revenues, interest earnings, transfers and expenses separately.

General Assets Sub-Fund

The General Assets Sub-Fund is the largest Capital Projects sub-fund. In FY 2016/17 it accounts for \$8.3 million in appropriations to projects, \$6.2million of which comes from federal grant funding. Of this amount, \$7 million is planned for the completion of the Fair Oaks Ave Overhead Bridge renovation project. The Lakewood Branch Library Facility is also accounted for in this Fund. A total of \$11.5 million is budgeted for the design and construction. This project is contingent on the final sale of the Raynor Activity Center, and the recommended project budget has been adjusted to accommodate the sale timeline accordingly. This Sub-fund also includes funding for the Washington Community Swim Center renovation, which originated in FY 2015/16 with a total \$8 million over four years.

There are also a significant number of currently funded projects that will not fully expend their appropriations in FY 2015/16, and these unspent funds will be carried over into FY 2016/17. Projects that are currently underway include the East and West Channel Trails project for \$4.4 million, the Orchard Gardens Park Expansion project, which is funded by a \$1 million transfer from the Park Dedication Fund, the Safe routes to School, and the Neighborhood Guided Bike Routes project which is funded by a federal grant. Beyond FY 2016/17, significant projects in this Sub-Fund include Downtown Wayfinding and Gateways, the Plaza Del Sol Phase II project, and GIS support for the mapping of utilities.

Gas Tax Sub-Fund

The Gas Tax Sub-Fund accounts for capital projects funded partially or fully by Gas Tax revenues. There are no new appropriations in FY 2016/17; however, carryover from FY 2015/16 is expected for the design phase of the Calabazas Creek Bridge project.

Calabazas Creek Bridge Sub-Fund

A new sub-Fund was established in the Capital Projects Fund in FY 2013/14 to account for \$565,000 from the City of Santa Clara to fund its share of the Calabazas Creek Bridge renovation. The purpose of this Sub-Fund is to account for the interest allocation from the City of Santa Clara contribution that the City will be managing and administering.

Traffic Mitigation and Traffic Impact Fees Sub-Funds

The Cumulative Traffic Mitigation Fees and Traffic Impact Fees are accounted for in individual sub-funds of the Capital Projects Fund. Prior to the adoption of the Transportation Strategic Program in November 2003, an interim funding mechanism was implemented for transportation mitigation of major land development. This mechanism was known as Cumulative Traffic Mitigation Fees. The Traffic Mitigation Sub-Fund was created in order to use Cumulative Traffic Mitigation Fees for capital projects that improve traffic capacity or alternative transportation facilities. Funds are allocated to

**CITY OF SUNNYVALE
FY 2016/17 BUDGET SUMMARY**

EXPENDITURES:

Operating Budget:

| | | |
|---|------------|--------------|
| Office of the City Attorney | | \$1,956,799 |
| Office of the City Manager | | \$5,836,609 |
| Community Development Department | | |
| Building Safety | 3,832,882 | |
| Planning | 2,729,622 | |
| Housing and CDBG Program | 1,360,752 | |
| Community Development Department Management | 526,103 | |
| Total Community Development Department | | \$8,449,359 |
| NOVA Workforce Services Department | | \$10,462,945 |
| Finance Department | | |
| Wholesale Water Purchases | 27,190,303 | |
| Utility Billing | 2,575,560 | |
| Accounting and Financial Services | 2,024,314 | |
| Purchasing | 1,511,931 | |
| Budget Management | 962,286 | |
| Revenue Collection and Audit | 960,512 | |
| Financial Management and Analysis | 930,143 | |
| Total Finance Department | | \$36,155,048 |
| Human Resources Department | | \$4,588,585 |
| Library and Community Services Department | | |
| Library | 8,730,564 | |
| Arts and Recreation Programs and Operation of Recreation Facilities | 8,624,503 | |
| Youth, Family and Child Care Resources | 1,199,817 | |
| Total Library and Community Services Department | | \$18,554,883 |
| Public Safety Department | | |
| Fire Services | 31,161,740 | |
| Police Services | 30,690,368 | |
| Public Safety Administrative Services | 5,770,381 | |
| Investigation Services | 4,861,829 | |
| Community Safety Services | 4,299,095 | |
| Communication Services | 4,192,385 | |
| Fire Prevention Services | 2,585,304 | |
| Personnel and Training Services | 2,133,109 | |
| Records Management and Property Services | 2,103,318 | |
| Total Public Safety Department | | \$87,797,529 |

Library and Community Services

Department Description

The Department of Library and Community Services (LCS) encourages the growth and development of a strong community by providing life-long learning opportunities, safe and welcoming spaces for community engagement and life skills support for persons of all ages and abilities.

One of the few combined Library and Community Services Departments in the State, the Department provides a continuum of library, recreation and community services to inspire healthy living, a love of learning, and access to community information, programs and resources. The Library Division provides services from a central facility open 7 days a week, a library lending machine is provided at the Columbia Neighborhood Center and online services are available 24/7. The Community Services Division offers programs in arts, sports, fitness, and aquatics, as well as youth and family services. In addition, the Community Services Division oversees facility rentals, the citywide Special Event Permitting process, produces the annual State of the City event and coordinates the Community Grant Program.

The Community Services Division operates primarily at the Sunnyvale Community Center complex (which includes the Recreation Center, Sunnyvale Senior Center, Indoor Sports Center, Sunnyvale Theatre and Creative Arts Center) and at the Columbia Neighborhood Center. The Division partners with local schools, non-profits and neighborhood associations to maximize its reach and impact in building a stronger Sunnyvale community.

In addition, the Department provides staff support to the Library Board of Trustees, the Parks and Recreation Commission, and the Arts Commission.

LIBRARY DIVISION

General Information

| | |
|--|----------------|
| Number of books and other library materials checked out during FY 2014/15: | 2,576,329 |
| Number of Library patrons who visited during FY 2014/15: | 699,128 |
| Number of logins to the Internet from Library PCs during FY 2014/15: | 88,480 |
| Number of people attending Library programs during FY 2014/15: | 48,481 |
| Size of Library's facility: | 60,800 sq. ft. |

Programs and Services

The Library Program is organized into six service delivery plans: Borrower Services/Circulation, Library Services for Adults, Library Services for Children and Teens, Technology Services, Prepare Library Materials for the Public, and Management, Supervisory and Administrative Support Services.

Borrower Services/Circulation

The Library enables customers to access and borrow library materials by checking items in/out, renewing items, shelving returned items to their proper location, and processing reserved items and materials requested from other libraries for customers. Staff encourages timely return of materials by notifying borrowers of overdue items, sending replacement bills for items long overdue, and collecting fines/fees. Staff also keeps existing library customer accounts updated and issues library cards to new borrowers. In addition, staff delivers materials to a resident's home if that person is unable to come to the Library due to physical disability.

Library Services for Adults

The Library enhances the use of library materials and information resources for adults by providing one-on-one assistance locating and utilizing those resources as well as providing programming in support of community interests and educational pursuits. Staff attends community events and meetings to promote Library services for adults. The Library provides quality adult collections by selecting and acquiring new and relevant materials in a wide variety of formats in response to community interest and demand. Staff evaluates the collection areas in terms of age, relevancy and condition.

Library Services for Children and Teens

The Library provides the same services as discussed in the paragraph above to children and teens. Resources are leveraged with those of the Community Services Division and local non-profit organizations to provide family literacy programs at the Columbia Neighborhood Center.

Technology Services

During the last few years, the Library has increased its online service delivery and maintained patron access to computers. At the Library, computers, photocopiers and other equipment provide access to information and services. Through the Library website, patrons have access to an online catalog and mobile app. The catalog allows customers to search for library materials, magazine and newspaper articles, and e-Books. The website and app allow customers to manage their account, renew materials, place items on hold, request materials from other libraries, pay fines, and register for new library cards. Technology Services maintains all systems and equipment in working order to ensure continuity of services.

Prepare Library Materials for the Public

The Library prepares materials for easy access and use by cataloging new materials accurately using national standards; updating the catalog to keep it current; physically processing new books, media items, periodicals and newspapers; and extending the life of materials through basic repair and rebinding. Staff also orders and receives materials, processes invoices and monitors purchases.

Management, Supervisory, and Administrative Support Services

The Library delivers cohesive and cost-effective operations of the Library facility, maintaining a safe and welcoming environment for customers and staff. High-quality customer service is provided through programs and services designed to meet community needs. Staff provides leadership and manages employees to support the overall effectiveness and efficiency of service delivery. The financial condition and results of Library programs are monitored and analyzed to ensure optimal use of resources. Staff explores options for grants in order to supplement services with non-City funding. The Library partners with civic groups, the local business community, City departments, the Board of Library Trustees, and others to effectively inform the community about the services and resources available to them.

COMMUNITY SERVICES DIVISION

General Information

| | |
|---|---------|
| Number of participant hours in Community Services programs and services in FY 2014/15: | 866,755 |
| Number of occupancy hours in recreation facilities in FY 2014/15: | 103,122 |
| Number of volunteer hours managed by Community Services staff in 2014/15: | 21,418 |
| Number of Senior Center memberships in FY 2014/15: | 2,121 |
| Number of recipients benefiting from the Recreation Fee Waiver program in FY 2014/15: | 211 |
| Number of participant hours generated by CNC service providers in FY 2014/15: | 99,712 |
| Number of dollars leveraged for each dollar City contributed towards CNC operations in FY14/15: | \$4.70 |
| Percent increase in number of child care slots in FY 2014/15: | 3.6% |

Programs and Services

The Community Services Division is organized into two programs: 1) Arts and Recreation; and 2) Youth and Family Services.

The Arts and Recreation Program includes the following eight service delivery plans: Preschool, Middle, and High School After School and Summer Recreation Programs; Senior Recreation Classes, Activities and Services/Therapeutic Recreation; Youth and Adult Visual and Performing Arts Programs; Aquatics Activities and Facilities; Sport Classes and Activities; Recreation Facility Rentals and Use; Registration, Reception Services, Community Outreach/Promotions and Special Events; and Management and Administrative Support. The Youth and Family Services Program includes the following two service delivery plans: Columbia Neighborhood Center and Youth, Family and Child Care Resources.

Arts and Recreation Program

The Arts and Recreation Program provides arts, recreation, health and wellness, and other enrichment activities for preschool-aged children through senior adults. Program staff operates and oversees City-owned and leased recreational facilities including four swimming pools; multiple rooms at the Community Center complex; one gym and one skate park; ten park buildings; 53 picnic sites; 44 athletic fields, as well as over 30,000 annual visits to Baylands Park.

Community building and civic engagement are additional areas of focus for this program. As such, staff provides support to a variety of Council and Departmental advisory bodies, including the Parks and Recreation Commission, the Arts Commission, the Teen Advisory Committee and the Senior Center Advisory Committee.

Additional responsibilities include permitting of Citywide Special Events, coordination of the City's neighborhood association program, administration of the community grants programs, and oversight of the Art in Private Development and Art in Public Places Programs.

Finally, the Arts and Recreation Program also develops, maintains, and grows community partnerships and resources. The partnerships allow the Program to achieve its goals of providing varied, unduplicated programs that are attractive to the community, maximize the resources partners offer to benefit existing or new clients, and provide a high quality product for the customer.

Youth and Family Services Program

The Youth and Family Services Program is based out of the Columbia Neighborhood Center (CNC). The City of Sunnyvale operates CNC in collaboration with the Sunnyvale School District, non-profit organizations, and community businesses to provide a connected network of services and programs in the areas of community education, mental health services, health care, recreation, and youth and neighborhood safety. The philosophy behind this web of services is to provide the support that children in the service area need to develop the life skills necessary to be successful in school and beyond.

CNC focuses on serving at-risk youth attending Bishop, Fairwood, Lakewood, San Miguel, and Columbia schools, as well as families with limited access to basic services residing in the Center's service area. The MayView Community Health Clinic offers a satellite facility at CNC. The Center and its partners also promote a strong community through events and activities for the neighborhood. The Columbia Neighborhood Center Joint Task Force, CNC's governance and oversight board, includes representation by the Sunnyvale School District Superintendent, the Assistant City Manager, the Director of Library and Community Services, and departmental staff. The CNC Community Advisory Committee, whose members are appointed by the Joint Task Force, advises CNC staff on community needs of the service area.

In addition, the Youth and Family Services offers programs and services that support the City's child care providers, families with young children, Citywide youth and family issues, and the Child Care Staff Advisory Board, which acts in an advisory capacity to City staff on early care and education topics, are also based at CNC.

Department Budget Summary

| Library and Community Services | | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fund/Program | Budget 2014/15 | Actual 2014/15 | Budget 2015/16 | Budget 2016/17 | Budget 2017/18 |
| General Fund | | | | | |
| Youth and Family Services | 335,036 | 353,613 | 350,919 | 360,128 | 363,893 |
| Library | 8,262,295 | 7,931,746 | 8,550,171 | 8,730,564 | 8,793,665 |
| Arts and Recreation | 7,992,442 | 7,698,120 | 8,152,617 | 8,591,787 | 8,665,564 |
| Youth and Neighborhood Services | | | | | |
| Youth and Family Services | 745,350 | 719,789 | 763,619 | 839,688 | 854,190 |
| Development Enterprise Fund | | | | | |
| Arts and Recreation Programs | 29,383 | 27,957 | 30,386 | 32,716 | 33,045 |
| TOTAL EXPENDITURES | 17,364,506 | 16,731,226 | 17,847,712 | 18,554,883 | 18,710,357 |

Budget Overview and Significant Changes

FY 2016/17 combined budgeted expenditures for all three programs in the Library and Community Services Department has risen slightly over 1% from the current FY 2015/16 budget; and increased about 9%, as compared to FY 2014/15 actual results. Overall, staff hours are up approximately 3% from current FY 2015/16; and have increased around 10% over FY 2014/15 actual results.

Having experienced multiple vacancies due to retirements and internal promotions over the past year, the Department will continue to analyze its service delivery model and will reallocate resources accordingly, to realize both operational efficiencies and improved responsiveness to changing community needs. The specific details of each program are noted below.

Library Program

Overall, the Library Program budget proposes a decrease of expenditures by 0.23% in FY 2016/17, as compared to FY 2015/16. For FY 2016/17, a total of 150 staff hours were removed based on examination of a three-year average of productive hours. An unusually high number of staff vacancies (11 in FY 2013/14 and 15 in FY 2014/15) impacted actual performance. With each vacancy, Program staff conducts critical reviews of operations and services, to determine if efficiencies can be incorporated.

Two budget position allocation changes are reflected in the proposed FY2016/17 budget. The first change, approved in June 2014, shifted 1,000 hours from Part-time Staff Office Assistant to Library Specialist III. The \$6,170 cost difference between these two positions was utilized to lower ongoing costs associated with the implementation of Innovative Sierra software in April 2015. The second change is a conversion of a Full-time Librarian to a Full-time Library Assistant. The \$23,073 cost difference between these two positions has been redistributed to Library Materials Preprocessing to supplement funds for pre-processing new materials. This allows the Library to have more items closer to shelf-ready upon delivery, and therefore, more items accessible for patrons at an earlier date.

Since FY 2011/12, Council has authorized a reallocation of \$60,000 in Librarian vacancy savings to expand library collections. This funding remains represented in the FY 2016/2017 and FY 2017/18 budget proposal as Librarian hours. The collection budget also reflects a continuation of the \$75,000 increase requested by Council that took effect in FY 2015/16 bringing the total collection budget to \$808,181 for FY 2016/17. The permanent and temporary increases in funding will allow the Library to augment collections in high demand, such as eBooks and children's materials. As a result, eBook circulation increased 46% and children's book circulation increased 2.4% compared to the previous year.

As a result of the high number of vacancies experienced at the Library, it is important to invest in organizational and staff development. To that end, the FY 2016/17 budget restores expense reductions made in FY 2009/10, including \$12,893 in Training and Conferences and \$6,158 in Memberships.

The revised \$19,750 training budget will pay for registration and travel expenses, when appropriate, for 59 Library staff. Due to the limited funding available, staff training and conference participation has been severely restricted. Professional library conferences offer opportunities to learn best practices in the field, observe trends that may impact Sunnyvale, discover grant opportunities, network, and learn from colleagues. The increased funding will allow up to 2 staff to participate in six conferences annually, including: Internet Librarian, Public Library Association, American Library Association, California Library Association, Innovative Users Group, and Patent and Trademark Resource Center.

The revised \$24,041 Memberships budget will add institutional membership in Urban Libraries Council and California Library Association. Urban Libraries Council is an organization of leading public libraries in the country whose mission is to provide a variety of services, programs and resources designed to continually keep members on the cutting edge of 21st century library practice. Institutional membership, at a cost of \$6,000 annually, provides Sunnyvale with access to experts from around the world, a comprehensive knowledge base of peers about initiatives relevant to Sunnyvale, annual innovations showcase, distinctive award programs, and learning opportunities and resources. California Library Association institutional membership, at a cost of \$1,000 annually, provides Sunnyvale with full-time legislative advocacy support, job posting, and three basic member conference registrations.

The reallocation of savings in goods and services also accounted for a \$16,359 reduction that was necessary to offset the increase in the Department of Information Technology's budget due to the migration to Innovative Sierra (\$5,331), as well as the connection of the Library to California's broadband network (\$11,028).

Community Services Programs

Arts and Recreation Program

Overall budget costs are up 2.6% for the Program as compared to FY 2015/16 plan, and 8.91% higher than FY 2014/15 actual results, with the increases attributable to personnel costs.

Proposed personnel-related adjustments to the Program include: 1) restoration of full funding for a Community Services Coordinator II, assigned to the performing arts area (1,100 hours); 2) revision in the budget where a Staff Office Assistant was inadvertently budgeted at 311 hours in only the second year of the current two-year budget cycle; and 3) an increase in casual staffing in response to customer demand for expanded teen camp programming (1,000 hours for Pioneer Camp and 600 hours for Leaders in Training.) These increased costs in casual hours will be fully offset by new camp program's associated revenues.

Proposed non-personnel related adjustments include: 1) an increase in the allocation for training and membership that will support memberships, registration, and travel expenses for up to 45 Community Services' staff (increase of \$4,072). Professional community services and recreation conferences and seminars offer opportunities to learn best practices, receive information about local, regional and national trends that could be incorporated in Community Services programs and activities, discover grant opportunities, as well as network and learn from colleagues. The proposed funding would allow staff to participate in annual conferences such as: National Parks and Recreation Association, California Parks and Recreation Association, and Learning Resources Network. This allocation will also fund music licensing from SESAC, BMI and ASCVAP; and 2) \$23,000 in printing and mailing to allow for increased production and distribution of the Activity Guide - the Department's primary vehicle for marketing and promoting its programs and services; and 3) a reallocation of \$40,000 in expenditures for the State of the City event by decreasing the operating budget and funding a special project, which results in no change in the level of service.

With the exception of the service levels noted above, all other service levels remain the same. The added expenses described above were offset by the tightening of budgets to account for actual versus planned costs. Some resources within activities and service delivery plans were shifted to more accurately reflect where current offerings are being coordinated and to take advantage of programming areas within identified age groups and areas of focus, while also adding new vendors and eliminating other vendors/programs that were not successful.

Two large capital projects are planned in the budget that will impact operations. The Washington Pool project may require the pool to be closed for a summer. In this case, significant operational savings are not anticipated but revenues will likely be negatively impacted depending on the time of the actual pool closure. Additionally, the Community Center Infrastructure project will likely impact facility reservations, as buildings are taken offline temporarily. In this case, significant operational savings are not anticipated, but revenues will likely be negatively impacted.

Revenue is an important component of the Program, Looking at expenses alone doesn't present a complete picture of its performance. This Program has historically underspent budgeted expenditures and revenue has consistently met or exceeded all targets.

Youth and Family Services

The overall budget costs are up 1.6% for the Youth and Family Services Program, as compared to FY 2015/16 plan, and rose 4.9% as compared to FY 2014/15 actual results, with the increases in costs attributable to salary costs. Casual hours are up by 1,776 hours from current budget due to the planned implementation of a full-day Summer Drop-In program (historically half-day), accounting for 850 additional hours, new fitness room offerings (345 hours), and an increase of 529 hours of Recreation Attendants to address the increased use of the CNC facility. The new casual salary costs, as described above, will be offset by comparable new revenues associated with new or expanded programming. Two position reclassifications (from Program Coordinator to Community Services Coordinator II) will result in a budget increase of \$10,524.

Non-salary costs proposed for FY 2016/17 are down 0.85% as compared to current FY 2015/16 budget, but up 8.02%, as compared to FY 2014/15 actual results, with net impacts of \$1,953 and \$16,911, respectively. The Program budget provides for continuing services in line with past years for two components: 1). the neighborhood services; and 2). the Citywide family and child care resources.

A concerted effort is being initiated to help close the gap in STEM achievement and a new one-day conference promoting college will be offered to CNC families at San Jose State. Enrichment excursions such as College Tours are powerful motivators for low-income youth. Since CNC realizes many partnerships with local agencies and organizations, it needs to be responsive to a variety of needs and opportunities, and, as such, services provided and outside funding support may vary from year to year.

Department Position Allocation

| Classification | FY 2015/16 Budgeted Positions | FY 2016/17 Budgeted Positions |
|--|----------------------------------|----------------------------------|
| Director of Library and Community Services | 1 | 1 |
| Community Services Manager | 4 | 4 |
| Superintendent of Community Services | 1 | 1 |
| Youth and Family Resources Manager | 1 | 1 |
| Library Circulation Manager | 1 | 1 |
| Administrative Librarian | 2 | 2 |
| Supervising Librarian | 3 | 3 |
| Administrative Aide | 1 | 1 |
| Administrative Aide-Confidential | 1 | 1 |
| Administrative Analyst | 1 | 1 |
| Program Coordinator | 3 | 0 |
| Librarian | 11 | 11 |
| Library Assistant | 5 | 5 |
| Community Services Coordinator II | 14 | 17 |
| Community Services Coordinator I | 1 | 1 |
| Senior Library Assistant | 1 | 1 |
| Facility Attendant I | 2 | 2 |
| Facility Attendant II | 1 | 1 |
| Office Assistant | 1 | 1 |
| Office Clerk | 1 | 1 |
| Principal Office Assistant | 1 | 1 |
| Senior Office Assistant | 5 | 5 |
| Staff Office Assistant | 1 | 1 |
| Part-Time Office Assistant | 2 | 2 |
| Part-Time Staff Office Assistant | 1 | 1 |
| Part-Time Senior Office Assistant | 1 | 1 |
| Part-Time Librarian | 6 | 6 |
| Part-Time Library Specialist I | 6 | 6 |
| Part-Time Library Specialist III | 20 | 20 |
| Part-Time Administrative Analyst | 1 | 1 |
| Library and Community Services Department Total | 100 | 100 |

Library and Community Services Performance Indicators

2011 Consolidated General Plan Goals: Chapter 4, Community Character (CC)

Goal CC-7: Appropriate Library Facilities

Goal CC-8: Broad and Diverse Library Collection

Goal CC-9: Appropriate Arts Facilities

Goal CC-10: High Quality Recreation Programming

Goal CC-11: Prioritization for Recreation Programming

Goal CC-12: Maximize access to recreation services, facilities, and amenities

Please refer to the General Plan Executive Summary for further details on goals

| | General Plan Goal | FY 2012/13 Results | FY 2013/14 Results | FY 2014/15 Results |
|---|-------------------|--------------------|--------------------|--------------------|
| DEPARTMENT OF LIBRARY & COMMUNITY SERVICES | | | | |
| PERFORMANCE INDICATORS | | | | |
| Percent of total department planned operating budget expended. | | 94.5% | 93.1% | 96.4% |
| LIBRARY | | | | |
| WORKLOAD INDICATORS | | | | |
| Number of library programs for adults. | CC-7, CC-8 | 234 | 251 | 285 |
| Number of library programs for children, teens and families. | CC-7, CC-8 | 661 | 613 | 563 |
| Average circulation of library materials per Sunnyvale resident. [Deleted in FY 2014/15] | CC-8 | 19 | 18 | N/A |
| Average number of library visits annually per Sunnyvale resident. [Deleted in FY 2014/15] | CC-7, CC-8 | 5 | 5 | N/A |
| Number of books circulated. | CC-8 | 2,748,170 | 2,711,856 | 2,576,329 |
| Number of library visitors. | CC-7, CC-8 | 743,311 | 707,922 | 699,128 |
| PERFORMANCE INDICATORS | | | | |
| Number of customer survey respondents and percent rating Library services as good or better. [1] | CC-7, CC-8 | 258 89% | N/A | 198 86% |
| Number of customer survey respondents and percent rating programs for adults as good or better. | CC-7, CC-8 | 515 98% | 675 96% | 433 98% |
| Percent of library materials re-shelved within 48 hours after check-in. | CC-8 | 98% | 99% | 98% |
| Average number of days from receipt of materials to availability. | CC-8 | 16 | 11 | 12 |
| Percent of total Library operating budget expended. | | 99% | 93% | 96% |
| ARTS AND RECREATION | | | | |
| WORKLOAD INDICATORS | | | | |
| Number of youth and teen participant hours in arts and recreation programs, including preschool, elementary, middle school and high school. | CC-10, CC-11 | 356,826 | 379,367 | 356,897 |

| | General Plan Goal | FY 2012/13 Results | FY 2013/14 Results | FY 2014/15 Results |
|--|---------------------------|--------------------|--------------------|--------------------|
| Number of adult participant hours in arts and recreation programs (may include participation by seniors and older teens). | CC-10, CC-11 | 376,385 | 451,611* | 410,416** |
| Number of duplicated enrollees. [New in FY 2012/13, Deleted in FY 2014/15] | CC-10, CC-11 | 237,568 | 237,843 | N/A |
| Number of volunteer hours managed by Community Services staff. | CC-10 | 17,581 | 21,171 | 21,418 |
| Number of recipients benefiting from the Recreation Fee Waiver Program. | CC-12 | 182 | 224 | 211 |
| Number of occupancy hours from rentals of recreation facilities. | CC-9, CC-10, CC-11, CC-12 | 74,404 | 96,517 | 103,122 |
| Number of Neighborhood Associations. [Deleted in FY 2012/13] | CV-1 | N/A | N/A | N/A |
| Number of special event applications received. | CC-11, CC-12 | 42 | 43 | 52 |
| Number of neighborhood grant applications received. | CC-11, CC-12 | 5 | 10 | 8 |
| PERFORMANCE INDICATORS | | | | |
| Number of customer survey respondents and percent rating arts and recreation programs as good or better. | CC-10 | 4,612 96% | 7,345 96% | 6,585 92.7% |
| Number of customer survey respondents and percent rating arts and recreation facilities as good or better. | CC-9, CC-10 | 56 100% | 263 98% | 153 98.7% |
| Percent of cost recovery for the Arts and Recreation Program. | CC-12 | 55% | 55% | 57% |
| Percent of total Arts and Recreation operating budget expended. | | 92% | 92% | 96% |
| Number of Neighborhood Association leaders responding to survey, and number rating overall support from community resources staff as satisfactory or better. [Deleted in FY 2012/13] | CV -1 | N/A | N/A | N/A |
| YOUTH AND FAMILY RESOURCES | | | | |
| WORKLOAD INDICATORS | | | | |
| Number of participant hours generated by Columbia Neighborhood Center service providers in the areas of: Community Education, Mental Health Services, Recreation and Enrichment, Health Services, and Youth & Neighborhood Safety. | CC-10, CC-11, CC-12 | 105,884 | 102,025*** | 99,712 |
| PERFORMANCE INDICATORS | | | | |
| Number of adult customer survey respondents and percent rating a Youth & Family Resources sponsored program/activity/service as good or better. | CC-10, CC-11, CC-12 | 396 98% | 692 96% | 327 97.9% |
| Number of youth customer survey respondents and percent rating a Youth & Family Resources sponsored program/activity/service as good or better. | CC-10, CC-11, CC-12 | 787 91% | 807 81% | 697 86.7% |
| Number of customer survey respondents and percent rating medical services provided at Columbia Neighborhood Center (CNC) as good or better. | CC-10 | 177 97% | 89 96% | 192 97.4% |
| Number of Columbia Neighborhood Center (CNC) area residents and percent who utilized CNC services during this past year. [External Survey] **** [Deleted in FY 2014/15] | CC-12 | 256**** 12% | N/A | N/A |

| | General Plan Goal | FY 2012/13 Results | FY 2013/14 Results | FY 2014/15 Results |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| Amount of Grants and In-Kind Contributions Received. | CC-12 | \$2,129,007 | \$2,359,501 | \$2,567,225 |
| Number of customer survey respondents and percent rating the quality of child care information services as good or better. | CC-10, CC-12 | 33 97% | 37 97% | 104 100% |
| Percent of total Youth and Family Resources operating budget expended. | | 84% | 96% | 99% |

[1] Resident satisfaction survey conducted bi-annually, with next survey scheduled for 2015.

*Variance in numbers between FY 2012/13 and FY 2013/14 due to changes in how Fremont Pool reported products.

**Fremont Pool reporting process internally audited and standardized. Current number reflects comparable participation levels as previous years.

***Misreported as 120,278 in FY 2013/14.

****Resident satisfaction survey measured the % of City residents utilizing CNC, not the % of the CNC area, based on the number of people responding to the question.

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Service Delivery Plan 62001 - Borrower Services/Circulation

| | 2014/2015 Budget | 2014/2015 Actual | 2015/2016 Current | 2016/2017 Plan | 2017/2018 Plan |
|--|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| Activity 620100 - Check Out Library Materials | | | | | |
| Product: An Item Checked Out or Renewed | | | | | |
| Costs: | 1,379,414.76 | 1,380,870.77 | 1,419,730.23 | 1,493,404.81 | 1,502,912.37 |
| Products: | 2,750,000.00 | 2,576,329.00 | 2,750,000.00 | 2,600,000.00 | 2,600,000.00 |
| Hours: | 19,772.00 | 19,146.40 | 19,772.00 | 20,137.00 | 20,137.00 |
| Activity 620110 - Shelf Library Materials | | | | | |
| Product: An Item Shelled | | | | | |
| Costs: | 822,125.25 | 856,202.64 | 843,467.29 | 902,341.39 | 902,751.18 |
| Products: | 2,225,000.00 | 1,997,100.00 | 2,225,000.00 | 2,000,000.00 | 2,000,000.00 |
| Hours: | 17,139.00 | 16,956.90 | 17,139.00 | 18,020.00 | 18,020.00 |
| Activity 620120 - Circulate Materials through Interlibrary Loan | | | | | |
| Product: An Item Borrowed from or Loaned to another Library | | | | | |
| Costs: | 145,484.95 | 98,244.41 | 149,226.98 | 139,828.46 | 140,824.36 |
| Products: | 21,000.00 | 20,056.00 | 21,000.00 | 21,000.00 | 21,000.00 |
| Hours: | 1,940.00 | 1,225.10 | 1,940.00 | 1,300.00 | 1,300.00 |
| Activity 620130 - Recovery of Overdue or Missing Materials | | | | | |
| Product: A Notification of an Item to be Recovered | | | | | |
| Costs: | 70,609.28 | 71,254.18 | 72,315.02 | 71,459.19 | 72,022.74 |
| Products: | 51,000.00 | 47,522.00 | 51,000.00 | 47,000.00 | 47,000.00 |
| Hours: | 720.00 | 681.20 | 720.00 | 690.00 | 690.00 |
| Activity 620140 - Materials Delivery to Homebound Residents | | | | | |
| Product: An Item Delivered | | | | | |
| Costs: | 45,822.04 | 43,774.42 | 47,316.45 | 46,207.90 | 46,487.90 |
| Products: | 4,000.00 | 3,705.00 | 4,000.00 | 3,700.00 | 3,700.00 |
| Hours: | 640.00 | 582.00 | 640.00 | 625.00 | 625.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Totals for Service Delivery Plan 62001 - Borrower Services/Circulation

| | | | | | |
|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Costs: | 2,463,456.28 | 2,450,346.42 | 2,532,055.97 | 2,653,241.75 | 2,664,998.55 |
| Hours: | 40,211.00 | 38,591.60 | 40,211.00 | 40,772.00 | 40,772.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Service Delivery Plan 62002 - Library Services for Adults

| | 2014/2015 Budget | 2014/2015 Actual | 2015/2016 Current | 2016/2017 Plan | 2017/2018 Plan |
|---|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| Activity 620200 - Provide Services to Adults | | | | | |
| Product: A Response Given [Deleted] | | | | | |
| Costs: | 899,918.01 | 804,218.92 | 925,260.22 | 1,013,841.66 | 1,023,468.08 |
| Products: | 61,800.00 | 30,919.00 | 61,800.00 | 0.00 | 0.00 |
| Hours: | 9,479.00 | 8,167.10 | 9,479.00 | 10,150.00 | 10,150.00 |
| Activity 620210 - Create and Present Programs for Adults | | | | | |
| Product: A Program Presented to the Public | | | | | |
| Costs: | 329,078.21 | 200,312.94 | 337,992.70 | 365,107.38 | 368,654.12 |
| Products: | 220.00 | 285.00 | 220.00 | 260.00 | 260.00 |
| Hours: | 3,274.00 | 1,984.10 | 3,274.00 | 3,470.00 | 3,470.00 |
| Activity 620220 - Collection Management for Adults | | | | | |
| Costs: | 0.00 | 0.00 | 0.00 | 751,346.49 | 755,766.79 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 0.00 | 0.00 | 0.00 | 1,637.00 | 1,637.00 |
| Totals for Service Delivery Plan 62002 - Library Services for Adults | | | | | |
| Costs: | 1,228,996.22 | 1,004,531.86 | 1,263,252.92 | 2,130,295.53 | 2,147,888.99 |
| Hours: | 12,753.00 | 10,151.20 | 12,753.00 | 15,257.00 | 15,257.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Service Delivery Plan 62003 - Library Services for Children and Teens

| | 2014/2015 Budget | 2014/2015 Actual | 2015/2016 Current | 2016/2017 Plan | 2017/2018 Plan |
|---|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| Activity 620300 - Provide Services to Children and Teens | | | | | |
| Product: A Response Given [Deleted] | | | | | |
| Costs: | 639,170.26 | 668,948.21 | 656,924.94 | 716,553.80 | 723,355.20 |
| Products: | 47,000.00 | 47,325.00 | 47,000.00 | 0.00 | 0.00 |
| Hours: | 6,716.00 | 7,033.50 | 6,716.00 | 7,192.00 | 7,192.00 |
| Activity 620310 - Create and Present Programs for Children and Teens | | | | | |
| Product: A Program Presented to the Public | | | | | |
| Costs: | 308,837.61 | 187,945.29 | 317,375.77 | 313,453.85 | 316,454.29 |
| Products: | 650.00 | 563.00 | 650.00 | 600.00 | 600.00 |
| Hours: | 3,010.00 | 1,949.00 | 3,010.00 | 2,850.00 | 2,850.00 |
| Activity 620320 - Collection Management for Children and Teens | | | | | |
| Costs: | 0.00 | 0.00 | 0.00 | 265,048.71 | 266,785.44 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 0.00 | 0.00 | 0.00 | 960.00 | 960.00 |
| Totals for Service Delivery Plan 62003 - Library Services for Children and Teens | | | | | |
| Costs: | 948,007.87 | 856,893.50 | 974,300.71 | 1,295,056.36 | 1,306,594.93 |
| Hours: | 9,726.00 | 8,982.50 | 9,726.00 | 11,002.00 | 11,002.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Service Delivery Plan 62004 - Acquire Library Materials for the Public

| | 2014/2015 Budget | 2014/2015 Actual | 2015/2016 Current | 2016/2017 Plan | 2017/2018 Plan |
|--|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| Activity 620420 - Order and Receive Library Materials [Deleted] | | | | | |
| Product: An Item Received | | | | | |
| Costs: | 208,753.95 | 238,405.46 | 214,598.63 | 0.00 | 0.00 |
| Products: | 44,000.00 | 43,368.00 | 44,000.00 | 0.00 | 0.00 |
| Hours: | 2,466.00 | 2,815.40 | 2,466.00 | 0.00 | 0.00 |
| Activity 620430 - Select/Merchandise Library Materials - Adults [Deleted] | | | | | |
| Product: An Item Selected | | | | | |
| Costs: | 632,722.79 | 615,297.34 | 716,472.76 | 0.00 | 0.00 |
| Products: | 22,000.00 | 19,819.00 | 22,000.00 | 0.00 | 0.00 |
| Hours: | 1,598.00 | 1,376.20 | 1,598.00 | 0.00 | 0.00 |
| Activity 620440 - Select/Merchandise Library Materials - Child/Teens [Deleted] | | | | | |
| Product: An Item Selected | | | | | |
| Costs: | 229,932.28 | 254,176.47 | 233,268.47 | 0.00 | 0.00 |
| Products: | 20,000.00 | 20,727.00 | 20,000.00 | 0.00 | 0.00 |
| Hours: | 654.00 | 412.30 | 654.00 | 0.00 | 0.00 |
| Activity 620460 - Evaluate Materials-Repair/Replace/Discard - Adults [Deleted] | | | | | |
| Product: An Item Evaluated | | | | | |
| Costs: | 45,929.34 | 30,929.91 | 47,201.07 | 0.00 | 0.00 |
| Products: | 13,000.00 | 15,533.00 | 13,000.00 | 0.00 | 0.00 |
| Hours: | 492.00 | 317.40 | 492.00 | 0.00 | 0.00 |
| Activity 620470 - Evaluate Materials-Repair/Replace/Discard - Child/Teens [Deleted] | | | | | |
| Product: An Item Evaluated | | | | | |
| Costs: | 39,214.75 | 20,766.88 | 40,294.05 | 0.00 | 0.00 |
| Products: | 13,500.00 | 10,634.00 | 13,500.00 | 0.00 | 0.00 |
| Hours: | 411.00 | 216.80 | 411.00 | 0.00 | 0.00 |

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Totals for Service Delivery Plan 62004 - Acquire Library Materials for the Public

| | | | | | |
|---------------|---------------------|---------------------|---------------------|-------------|-------------|
| Costs: | 1,156,553.11 | 1,159,576.06 | 1,251,834.98 | 0.00 | 0.00 |
| Hours: | 5,621.00 | 5,138.10 | 5,621.00 | 0.00 | 0.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Service Delivery Plan 62005 - Technology Services

| | 2014/2015 Budget | 2014/2015 Actual | 2015/2016 Current | 2016/2017 Plan | 2017/2018 Plan |
|---|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| Activity 620450 - Provide/Maintain Technology to Access Library Services | | | | | |
| Costs: | 420,350.70 | 358,397.64 | 428,858.70 | 382,028.69 | 384,987.96 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 3,743.00 | 2,547.40 | 3,743.00 | 3,424.00 | 3,424.00 |
| Totals for Service Delivery Plan 62005 - Technology Services | | | | | |
| Costs: | 420,350.70 | 358,397.64 | 428,858.70 | 382,028.69 | 384,987.96 |
| Hours: | 3,743.00 | 2,547.40 | 3,743.00 | 3,424.00 | 3,424.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Service Delivery Plan 62006 - Acquire and Prepare Library Materials for the Public

| | 2014/2015 Budget | 2014/2015 Actual | 2015/2016 Current | 2016/2017 Plan | 2017/2018 Plan |
|--|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| Activity 620500 - Catalog Titles | | | | | |
| Product: A Title Cataloged | | | | | |
| Costs: | 283,726.03 | 278,498.68 | 291,402.90 | 219,080.09 | 220,893.85 |
| Products: | 17,000.00 | 57,523.00 | 17,000.00 | 26,500.00 | 26,500.00 |
| Hours: | 2,864.00 | 2,616.70 | 2,864.00 | 2,240.00 | 2,240.00 |
| Activity 620510 - Process Library Materials | | | | | |
| Product: An Item Processed | | | | | |
| Costs: | 259,661.86 | 253,181.09 | 265,574.20 | 297,682.97 | 299,415.49 |
| Products: | 48,000.00 | 48,471.00 | 48,000.00 | 48,000.00 | 48,000.00 |
| Hours: | 2,885.00 | 2,779.20 | 2,885.00 | 3,041.00 | 3,041.00 |
| Activity 620520 - Repair Library Materials | | | | | |
| Product: An Item Repaired or Discarded [Deleted] | | | | | |
| Costs: | 58,961.03 | 55,911.60 | 60,803.18 | 49,643.61 | 49,901.60 |
| Products: | 9,000.00 | 8,558.00 | 9,000.00 | 0.00 | 0.00 |
| Hours: | 921.00 | 814.10 | 921.00 | 750.00 | 750.00 |
| Activity 620530 - Edit the Library Catalog | | | | | |
| Product: An Item Record Deleted [Deleted] | | | | | |
| Costs: | 160,744.11 | 153,917.07 | 165,080.67 | 166,263.85 | 167,541.53 |
| Products: | 35,000.00 | 33,501.00 | 35,000.00 | 0.00 | 0.00 |
| Hours: | 2,066.00 | 2,011.10 | 2,066.00 | 2,104.00 | 2,104.00 |
| Activity 620540 - Order and Receive Library Materials | | | | | |
| Costs: | 0.00 | 0.00 | 0.00 | 203,351.57 | 205,117.53 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 0.00 | 0.00 | 0.00 | 2,357.00 | 2,357.00 |

**City of Sunnyvale
Program Performance Budget**

Program 620 - Library

Totals for Service Delivery Plan 62006 - Acquire and Prepare Library Materials for the Public

| | | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Costs: | 763,093.03 | 741,508.44 | 782,860.95 | 936,022.09 | 942,870.00 |
| Hours: | 8,736.00 | 8,221.10 | 8,736.00 | 10,492.00 | 10,492.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Service Delivery Plan 62008 - Library Department Management and Support

| | <u>2014/2015 Budget</u> | <u>2014/2015 Actual</u> | <u>2015/2016 Current</u> | <u>2016/2017 Plan</u> | <u>2017/2018 Plan</u> |
|---|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| Activity 620600 - Management and Supervisory Services | | | | | |
| Costs: | 713,422.09 | 849,906.47 | 733,392.23 | 724,732.29 | 732,616.33 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 4,865.00 | 5,815.50 | 4,865.00 | 4,545.00 | 4,545.00 |
| Activity 620610 - Administrative Support Services | | | | | |
| Costs: | 486,409.22 | 448,718.37 | 499,497.90 | 511,540.49 | 515,553.30 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 4,620.00 | 4,077.60 | 4,620.00 | 4,635.00 | 4,635.00 |
| Activity 620620 - Page Support for Library Operations | | | | | |
| Costs: | 29,401.20 | 34,325.10 | 30,185.14 | 30,664.50 | 30,661.95 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 630.00 | 689.90 | 630.00 | 630.00 | 630.00 |
| Activity 620630 - Staff Training and Development | | | | | |
| Costs: | 52,604.98 | 27,955.18 | 53,931.38 | 66,982.07 | 67,492.73 |
| Products: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hours: | 481.00 | 205.40 | 481.00 | 479.00 | 479.00 |
| Totals for Service Delivery Plan 62008 - Library Department Management and Support | | | | | |
| Costs: | 1,281,837.49 | 1,360,905.12 | 1,317,006.65 | 1,333,919.35 | 1,346,324.31 |
| Hours: | 10,596.00 | 10,788.40 | 10,596.00 | 10,289.00 | 10,289.00 |

City of Sunnyvale
Program Performance Budget

Program 620 - Library

Totals for Program 620

| | | | | | |
|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Costs: | 8,262,294.70 | 7,932,159.04 | 8,550,170.88 | 8,730,563.77 | 8,793,664.74 |
| Hours: | 91,386.00 | 84,420.30 | 91,386.00 | 91,236.00 | 91,236.00 |

**035. GENERAL FUND
REVENUES BY SOURCE**

| | | ACTUAL 2014/2015 | CURRENT 2015/2016 | BUDGET 2016/2017 | PLAN 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 | FY 2015/2016 TO FY 2025/2026 TOTAL |
|----------------------------------|--|---------------------|----------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| 1667-01 | General Plan Maintenance Fees | 852,091 | 819,011 | 717,341 | 615,670 | 631,060 | 646,837 | 663,008 | 679,583 | 696,573 | 713,987 | 731,837 | 750,133 | 7,665,039 |
| 1677 | State Certified Access Specialist Fee | 4,943 | 3,500 | 3,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,000 |
| TOTAL COMMUNITY DEVELOPMENT FEES | | 857,034 | 822,511 | 720,841 | 615,670 | 631,060 | 646,837 | 663,008 | 679,583 | 696,573 | 713,987 | 731,837 | 750,133 | 7,672,039 |
| 1801-01 | Business License Processing-New Applications | 10,822 | 15,918 | 16,236 | 16,561 | 16,892 | 17,230 | 17,575 | 17,926 | 18,285 | 18,650 | 19,210 | 19,786 | 194,270 |
| 1801-02 | Business License Processing - Renewals | 261 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3100-05 | Internet & Phone Credit Card Fee | 795 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3101 | Notary Fee | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCE FEES | | 11,948 | 15,918 | 16,236 | 16,561 | 16,892 | 17,230 | 17,575 | 17,926 | 18,285 | 18,650 | 19,210 | 19,786 | 194,270 |
| 2102 | Library- Lost/Damaged Materials | 7,745 | 6,959 | 6,541 | 6,149 | 6,026 | 5,905 | 5,787 | 5,672 | 5,558 | 5,447 | 5,338 | 5,231 | 64,614 |
| 2105 | Miscellaneous Library Charges | 2,478 | 2,220 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,220 |
| TOTAL LIBRARY FEES | | 10,223 | 9,179 | 6,541 | 6,149 | 6,026 | 5,905 | 5,787 | 5,672 | 5,558 | 5,447 | 5,338 | 5,231 | 66,834 |
| 2310 | Recreation Credit (Net) | (701) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2347 | Senior Adult Services | 1,595 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2351 | Vending | 6,000 | 6,000 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 69,000 |
| 2357 | Youth Basketball League | 134,171 | 138,112 | 140,112 | 142,914 | 145,772 | 148,688 | 151,661 | 154,695 | 157,789 | 160,944 | 164,163 | 167,447 | 1,672,297 |
| 2359 | Adult Basketball | 65,857 | 50,500 | 51,510 | 52,540 | 53,591 | 54,663 | 55,756 | 56,871 | 58,008 | 59,169 | 60,352 | 61,559 | 614,518 |
| 2360 | Adult Volleyball | 40,388 | 33,000 | 40,000 | 40,800 | 41,616 | 42,448 | 43,297 | 44,163 | 45,046 | 45,947 | 46,866 | 47,804 | 470,989 |
| 2361 | Adult Drop-In Sports | 42,542 | 41,000 | 34,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 444,000 |
| 2364 | Youth Sports Classes | 232,819 | 250,000 | 252,500 | 257,550 | 262,701 | 267,955 | 273,314 | 278,780 | 284,356 | 290,043 | 295,844 | 301,761 | 3,014,805 |
| 2365 | Adult Sports Activities | 98,871 | 100,000 | 110,000 | 112,200 | 114,444 | 116,733 | 119,068 | 121,449 | 123,878 | 126,355 | 128,883 | 131,460 | 1,304,469 |
| 2367 | Youth Sports Camp | 212,310 | 210,000 | 214,200 | 218,484 | 222,854 | 227,311 | 231,857 | 236,494 | 241,224 | 246,048 | 250,969 | 255,989 | 2,555,430 |
| 2370 | Special Events HOTS | 9,120 | 10,000 | 10,200 | 10,400 | 10,608 | 10,820 | 11,037 | 11,257 | 11,482 | 11,712 | 11,946 | 12,185 | 121,648 |
| 2375 | Gymnastics - Youth | 407,570 | 380,000 | 391,400 | 403,142 | 415,236 | 427,693 | 440,524 | 453,740 | 467,352 | 481,373 | 495,814 | 510,688 | 4,866,962 |

**035. GENERAL FUND
REVENUES BY SOURCE**

| | | | | | | | | | | | | FY 2025/2026 TO FY 2035/2036 TOTAL | FY 2015/2016 TO FY 2035/2036 TOTAL |
|----------------------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|---|
| | | PLAN 2026/2027 | PLAN 2027/2028 | PLAN 2028/2029 | PLAN 2029/2030 | PLAN 2030/2031 | PLAN 2031/2032 | PLAN 2032/2033 | PLAN 2033/2034 | PLAN 2034/2035 | PLAN 2035/2036 | | |
| 1667-01 | General Plan Maintenance Fees | 772,637 | 795,816 | 819,690 | 844,281 | 869,609 | 895,697 | 922,568 | 950,245 | 978,753 | 1,008,115 | 8,857,412 | 16,522,451 |
| 1677 | State Certified Access Specialist Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,000 |
| TOTAL COMMUNITY DEVELOPMENT FEES | | 772,637 | 795,816 | 819,690 | 844,281 | 869,609 | 895,697 | 922,568 | 950,245 | 978,753 | 1,008,115 | 8,857,412 | 16,529,451 |
| 1801-01 | Business License Processing-New Applications | 20,380 | 20,991 | 21,621 | 22,270 | 22,938 | 23,626 | 24,335 | 25,065 | 25,817 | 26,591 | 233,632 | 427,903 |
| 1801-02 | Business License Processing - Renewals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3100-05 | Internet & Phone Credit Card Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3101 | Notary Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCE FEES | | 20,380 | 20,991 | 21,621 | 22,270 | 22,938 | 23,626 | 24,335 | 25,065 | 25,817 | 26,591 | 233,632 | 427,903 |
| 2102 | Library- Lost/Damaged Materials | 5,127 | 5,024 | 4,924 | 4,825 | 4,729 | 4,634 | 4,541 | 4,451 | 4,362 | 4,274 | 46,891 | 111,505 |
| 2105 | Miscellaneous Library Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,220 |
| TOTAL LIBRARY FEES | | 5,127 | 5,024 | 4,924 | 4,825 | 4,729 | 4,634 | 4,541 | 4,451 | 4,362 | 4,274 | 46,891 | 113,725 |
| 2310 | Recreation Credit (Net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2347 | Senior Adult Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2351 | Vending | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 6,300 | 63,000 | 132,000 |
| 2357 | Youth Basketball League | 172,470 | 177,644 | 182,973 | 188,463 | 194,116 | 199,940 | 205,938 | 212,116 | 218,480 | 225,034 | 1,977,174 | 3,649,471 |
| 2359 | Adult Basketball | 63,406 | 65,308 | 67,267 | 69,285 | 71,364 | 73,505 | 75,710 | 77,981 | 80,321 | 82,730 | 726,876 | 1,341,394 |
| 2360 | Adult Volleyball | 49,238 | 50,715 | 52,236 | 53,803 | 55,418 | 57,080 | 58,793 | 60,556 | 62,373 | 64,244 | 564,456 | 1,035,445 |
| 2361 | Adult Drop-In Sports | 41,000 | 41,000 | 41,000 | 41,000 | 50,400 | 50,400 | 50,400 | 50,400 | 50,400 | 50,400 | 466,400 | 910,400 |
| 2364 | Youth Sports Classes | 310,814 | 320,138 | 329,742 | 339,635 | 349,824 | 360,318 | 371,128 | 382,262 | 393,729 | 405,541 | 3,563,131 | 6,577,935 |
| 2365 | Adult Sports Activities | 135,404 | 139,466 | 143,650 | 147,960 | 152,398 | 156,970 | 161,679 | 166,530 | 171,526 | 176,671 | 1,552,255 | 2,856,724 |
| 2367 | Youth Sports Camp | 261,109 | 261,109 | 266,331 | 266,331 | 271,657 | 271,657 | 277,091 | 277,091 | 282,632 | 291,111 | 2,726,118 | 5,281,549 |
| 2370 | Special Events HOTS | 12,185 | 12,795 | 12,795 | 12,795 | 12,795 | 13,434 | 13,434 | 13,434 | 13,434 | 14,106 | 131,206 | 252,854 |
| 2375 | Gymnastics - Youth | 526,009 | 541,789 | 558,043 | 574,784 | 592,028 | 609,788 | 628,082 | 646,925 | 666,332 | 686,322 | 6,030,102 | 10,897,065 |

Library

The ultimate goal of the Sunnyvale Public Library is to provide a full service library which will meet the needs of the community. In addition, the Library strives to provide a balanced collection that represents all points of view. Library services are provided free of charge to library users.

Library projects are primarily funded by the General Fund. In addition, the Library receives State Grant funds to provide specific services to the community.

Library Projects

Lakewood Branch Library Facility. This project is to construct a branch library facility at the Lakewood School site. This will increase access to library services for those living in north Sunnyvale by making it more convenient for residents to visit. Construction involves removal of the existing Lakewood Pool and building a library facility in its place. The total project is budgeted for \$11.5 million, funded by proceeds from the sale of Raynor Activity Center. It is currently anticipated that the sale of the Raynor Activity Center will be completed by the close of FY 2015/16, however the sale is still pending. Should the sale be further delayed, the construction of the branch library will also be delayed.

**CITY OF SUNNYVALE
FUNDED / UNFUNDED PROJECTS
BUDGETED PROJECT COSTS SUMMARY**

[illegible]

Project Information Sheet

Project: 805150 Library Foundation Program Grant

| | | | | | |
|--------------------------|--------------------------------|------------------|-------------|----------------------|----------------------|
| Origination Year: | 1985-86 | Type: | Library | Fund: | 35 City General Fund |
| Planned Completion Year: | Ongoing | Category: | Special | Sub-Fund: | 100 General |
| Department: | Library and Community Services | Project Manager: | Steve Sloan | Project Coordinator: | Steve Sloan |

Project Description / Scope / Purpose

This project supports the costs of special projects not supported by the General Fund through the use of State Library Foundation Grant funds. Projects include staff development and training programs, acquisition of additional special print and non-print items, public relations, and facilities enhancements.

The State Library Foundation Grant was established in 1982 through the adoption of State Education Code 18010 of Chapter 1.5 Public Library Finance by the State Legislature. This chapter calls for continuing support of the grant, based on the availability of State funds with an allocation formula set by the State.

Project Evaluation and Analysis

This project supplements existing library services.

Fiscal Impact

The State Library Foundation Grant can only be used to supplement, not supplant, local revenues for basic library services. Spending categories for this project have been approved by the City Council through grant acceptance budget modifications.

Project Financial Summary

| Financial Data | Prior Actual | Current 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Y11-Y20 Total | Project Life Total |
|------------------------|--------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|--------------------|
| Project Costs | 1,417,142 | 242,362 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,659,504 |
| Revenues | | | | | | | | | | | | | | |
| Total | 1,475,750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,475,750 |
| Transfers-In | | | | | | | | | | | | | | |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Project Information Sheet

Project: 830600 Lakewood Branch Library Facility

| | | | | | |
|--------------------------|--------------|------------------|-------------|----------------------|-------------------------|
| Origination Year: | 2012-13 | Type: | Library | Fund: | 385 Capital Projects |
| Planned Completion Year: | 2018-19 | Category: | Capital | Sub-Fund: | 100 General Fund Assets |
| Department: | Public Works | Project Manager: | Jennifer Ng | Project Coordinator: | Cynthia Bojorquez |

Project Description / Scope / Purpose

This project is to construct a branch library facility in the Lakewood Village neighborhood. On November 19, 2013 (RTC 13-275), Council authorized the \$14.05 million sale and purchase agreement between the City of Sunnyvale and Stratford School, Inc. for the Raynor Activity Center. Upon close of escrow, they directed that \$11.5 million of the proceeds from the sale be used to provide for the capital project for design, construction, and startup costs of a new branch library located at Lakewood Park. Staff estimates that a branch library of approximately 12,000 square feet would cost approximately \$11.5 million. This would be large enough to incorporate a community room that could replace the existing recreation building at Lakewood Park and be used for both library services and recreational programs. The project is scheduled to start a two year design process in FY 2015/16 with construction to begin in FY 2017/18.

This project will increase access to library services for those living in north Sunnyvale by making it more convenient for residents to visit.

Project Evaluation and Analysis

Residents living in north Sunnyvale are the only residents who must travel more than two miles to access library services. In fact, many residents in north Sunnyvale live over four miles from any library. As a result, the Lakewood area has the lowest percentage of residents with Sunnyvale library cards than any neighborhood in Sunnyvale. Furthermore, there is a significant concentration of seniors and youth in this area - the age groups tending to make the most use of library services, but also the most restricted in terms of mobility. As such, some of the City's residents with the most to gain from library services have the most difficult time accessing those services. This project will address this issue and improve the quality of life for residents.

Fiscal Impact

This project is funded by proceeds from the sale of the Raynor Activity Center but will cause a corresponding increase in operating costs that must be funded by the General Fund. The annual operating costs for the branch library are estimated to be approximately \$439,000. Of this amount, \$197,000 will be reallocated funding from the existing operating budget and will not constitute new funding. The remaining \$242,000 will be the net new funding requirement, which will be funded by the General Fund.

Project Financial Summary

| Financial Data | Prior Actual | Current 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Y11-Y20 Total | Project Life Total |
|------------------------|--------------|-----------------|---------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|---------------|--------------------|
| Project Costs | 0 | 750,000 | 750,000 | 6,000,000 | 4,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,500,000 |
| Revenues | | | | | | | | | | | | | | |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers-In | | | | | | | | | | | | | | |
| General Fund - General | | | 750,000 | 6,000,000 | 4,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total | 0 | 750,000 | 750,000 | 6,000,000 | 4,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,500,000 |
| Operating Costs | 0 | 0 | 0 | 0 | 0 | 268,300 | 273,665 | 279,140 | 284,721 | 290,417 | 296,226 | 305,111 | 3,602,702 | 5,600,282 |

Project Information Sheet

Project: 831400 Make-Her Grant

| | | | | | |
|--------------------------|--------------------------------|------------------|--------------|----------------------|----------------------|
| Origination Year: | 2015-16 | Type: | Library | Fund: | 35 City General Fund |
| Planned Completion Year: | 2016-17 | Category: | Special | Sub-Fund: | 100 General |
| Department: | Library and Community Services | Project Manager: | Susan Kaplan | Project Coordinator: | Nancy Andrus |

Project Description / Scope / Purpose

This is a grant funded project in which there will be a series of workshops for girls and their mothers. In these workshops, the pairs of attendees will build a variety of projects in the STEM (Science, Technology, Engineering, Math) fields. STEM programs will be taught by women scientists and technology experts. By incorporating the active participation of mothers and opportunities for further STEM exploration, Make-HER fosters a tech identity in girls that can extend beyond the library into the home and school.

Project Evaluation and Analysis

The primary instrument to measure success will be surveys given at the end of each Make-HER workshop. Girls will assess their change in understanding of the topic covered, their enjoyment of the workshop, their confidence in learning new STEM-related content, and their desire to explore the topic further in school or at home, and to what degree the workshop might influence their future educational or career choices. Adults will assess their change in understanding of the topic covered, their enjoyment of the workshop, their desire to explore the topic further with their children, and to what degree the workshop impacted their ability to support their daughters in STEM learning.

Fiscal Impact

The grant money will provide all of the materials and presenters needed for all of the workshops. Library staff time will be covered as part of the regular Library budget.

Project Financial Summary

| Financial Data | Prior Actual | Current 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Y11-Y20 Total | Project Life Total |
|------------------------|--------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|--------------------|
| Project Costs | 9,342 | 2,958 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,300 |
| Revenues | | | | | | | | | | | | | | |
| Total | 9,342 | 2,958 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,300 |
| Transfers-In | | | | | | | | | | | | | | |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Project Information Sheet

Project: 831950 Pass It On: An Intergenerational Sewing Project

| | | | | | |
|--------------------------|--------------------------------|------------------|-------------------|----------------------|----------------------|
| Origination Year: | 2015-16 | Type: | Library | Fund: | 35 City General Fund |
| Planned Completion Year: | 2016-17 | Category: | Special | Sub-Fund: | 100 General |
| Department: | Library and Community Services | Project Manager: | Christine Mendoza | Project Coordinator: | Rachel Schmidt |

Project Description / Scope / Purpose

Pass It On: An Intergenerational Sewing Project is a grant funded library program in which Millennials and Generation X'ers will learn basic sewing techniques through the purchase of 5 sewing machines and simple hand sewing by working on projects for the community of Sunnyvale. With this project, the Sunnyvale Public Library will serve as a gateway to lifelong learning for this group by creating a physical space for the project. Local artisans of the American Sewing Guild (ASG) and the Sunnyvale Senior Center's Unique Boutique will teach sewing to another generation.

Project Evaluation and Analysis

Pass It On aligns with Sunnyvale Public Library's vision to "serve as a focal center for the community, providing programs of varying types and sizes, public discussions, community activities, and meeting spaces." This intergenerational maker project will transform an under-used Library area into a dedicated sewing space where adults can learn new skills or pass on age-old traditions, and work to serve the community of Sunnyvale.

Fiscal Impact

No city funds will be expended and the project will be funded from a Library Services and Technology Act grant.

Project Financial Summary

| Financial Data | Prior Actual | Current 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Y11-Y20 Total | Project Life Total |
|--------------------------------|--------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|--------------------|
| Project Costs | 0 | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,000 |
| Revenues | | | | | | | | | | | | | | |
| Library Serv & Tech Act (LSTA) | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total | 0 | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,000 |
| Transfers-In | | | | | | | | | | | | | | |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Project Information Sheet

Project: 831340 Civic Center Modernization

| | | | | | |
|--------------------------|----------------------------|------------------|---------------------------|----------------------|------------------------------------|
| Origination Year: | 2011-12 | Type: | Administrative Facilities | Fund: | 610 Infrastructure Renov & Replace |
| Planned Completion Year: | Ongoing | Category: | Infrastructure | Sub-Fund: | 100 General Fund Assets |
| Department: | Office of the City Manager | Project Manager: | Kent Steffens | Project Coordinator: | none |

Project Description / Scope / Purpose

The public buildings comprising the City's Civic Center campus are several decades old and in serious need of renovation or replacement. On September 2, 2014, during a strategic workshop conducted at the Sunnyvale Heritage Museum, Council reviewed related issues, adopted a path forward, and provided direction to staff. That direction calls for a comprehensive community engagement effort and market analysis prior to determining next steps.

Project Evaluation and Analysis

This project contemplates the replacement, renovation, and/or relocation of the Civic Center Campus buildings, including the main library.

The need to renovate the Civic Center Campus buildings, and to address issues related to functionality, staff adjacencies, and public service delivery, are well-documented in RTC 12-292 and 14-0746. Monies in FY 2014/15 are for consultant services related to a market analysis of the Civic Center Campus, space planning, as well as community engagement efforts discussed in RTC 14-0746.

Fiscal Impact

Funding for the initial phase of the Civic Center Modernization Project will be provided by the Infrastructure Fund. Funding for the larger project will be identified once the project approach and scope has been further developed.

Project Financial Summary

| Financial Data | Prior Actual | Current 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Y11-Y20 Total | Project Life Total |
|------------------------|--------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|--------------------|
| Project Costs | 266,627 | 283,373 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 550,000 |
| Revenues | | | | | | | | | | | | | | |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers-In | | | | | | | | | | | | | | |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |