



FY 2019/20 Recommended Budget

Presented to a joint meeting of the Parks and Recreation and Arts Commissions

May 22, 2019



The FY 2019/20 Recommended Budget

- Continues the long tradition of thoughtful and performance based long term planning and short term action planning
- Second-year of the budget cycle – focused on projects
- Maintains the high level of service the Sunnyvale Community Expects
- Meets all City Charter and Policy Requirements
- Supports Council Strategic Priorities

The FY 2019/20 Recommended Budget

- Diverse portfolio of projects
- Investments in Public Safety
- Formalization of Civic Center Phase One
- Continuation of the Sunnyvale Clean Water Program



The FY 2019/20 Recommended Budget

- Investment in personnel to attract and retain a high quality work force
- Closed last year's fiscal strategies
- Investments in climate action including additional staff



Challenges Remain

- The Recommended Budget doesn't project our continued peak economic environment
- Revenue projections are moderated to long-term averages
- Retains sufficient reserves to weather a downturn or other unanticipated costs
- Includes a service level set-aside to address known, but loosely defined future challenges (e.g. new operating costs)



Budget Overview

Tim Kirby, Director of Finance

Grace Zheng, Assistant Director of Finance

Felicia Silva, Budget Manager

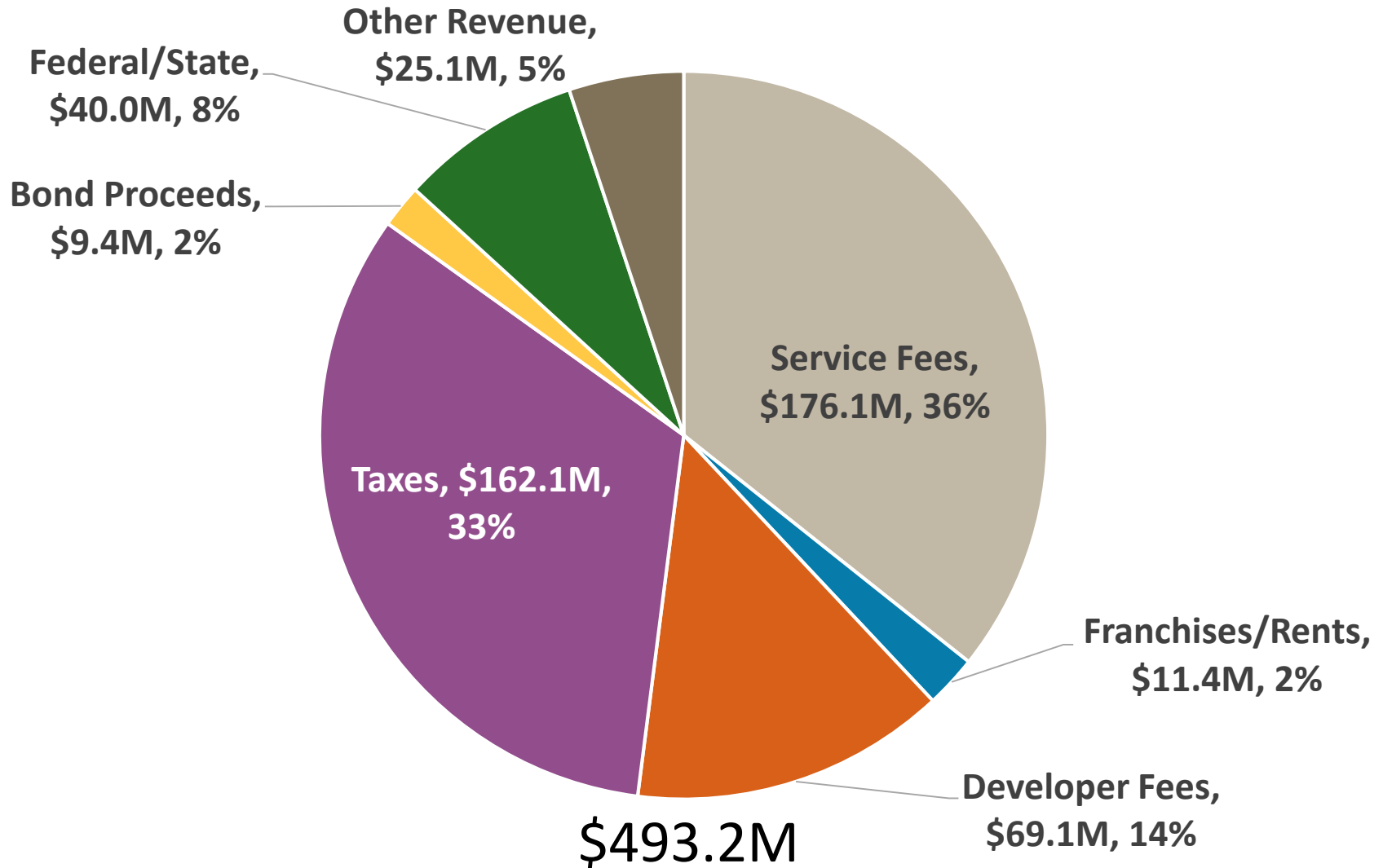
Legal Framework and Community Values

- 10-Year Balanced Budget Mandate (City Charter, Article 1302)
- 20-Year Resource Allocation Plan Requirement (City Council Policy 7.1.1)
- General Fund Budget Stabilization Fund Threshold requirement
 - 15% of revenues in first two years of the Financial Plan (City Council Policy 7.1.E (1.4))

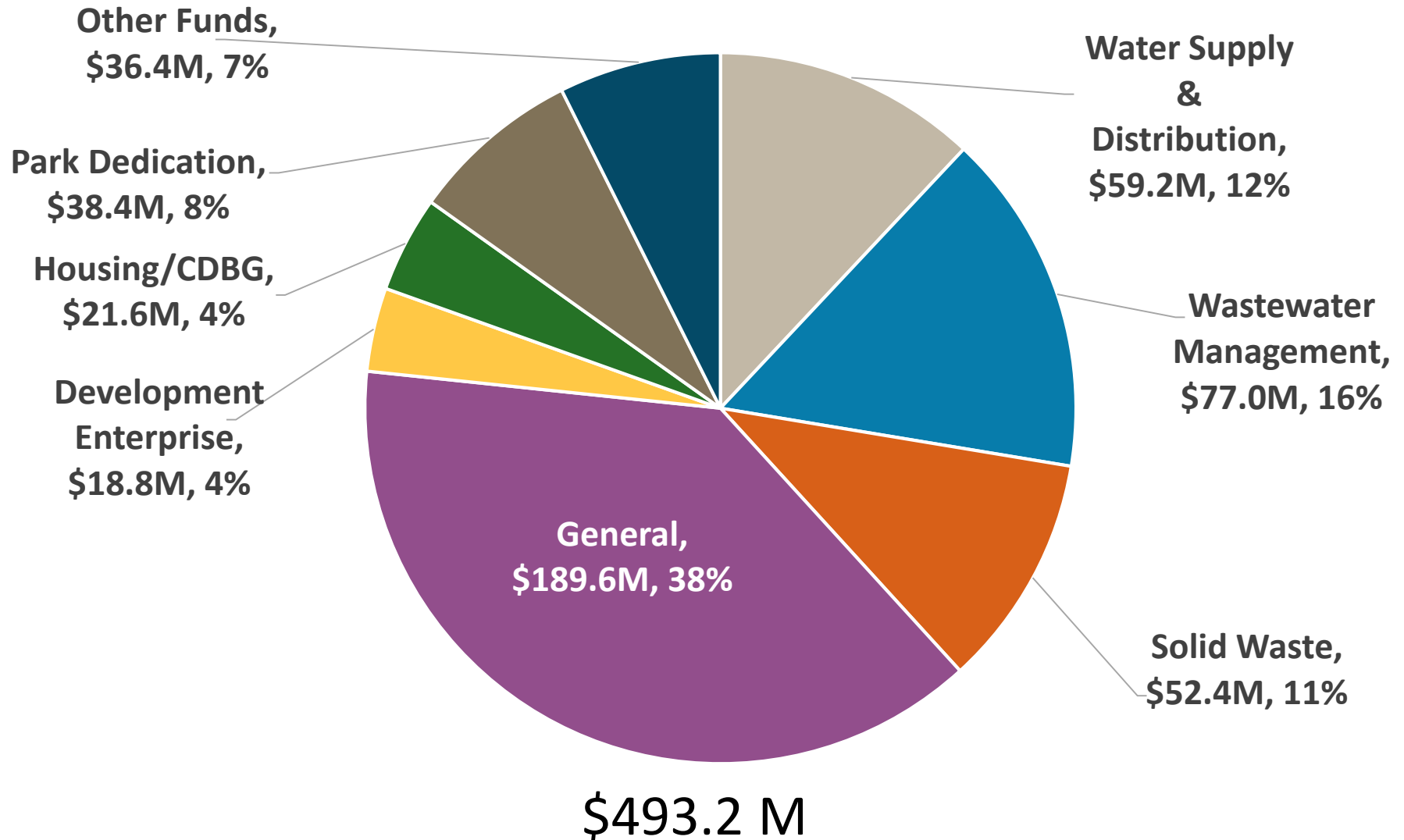
2019/20 Budget Summary

	<u>All Funds</u>
Total Revenue	\$493.2M
<u>Expenses</u>	
Operating	\$302.2M
Total Projects	96.9M
Other	9.6M
Contribution to Reserves	<u>84.5M</u>
Total Expenses	\$493.2M

Citywide Revenues by Source



Citywide Revenues by Fund



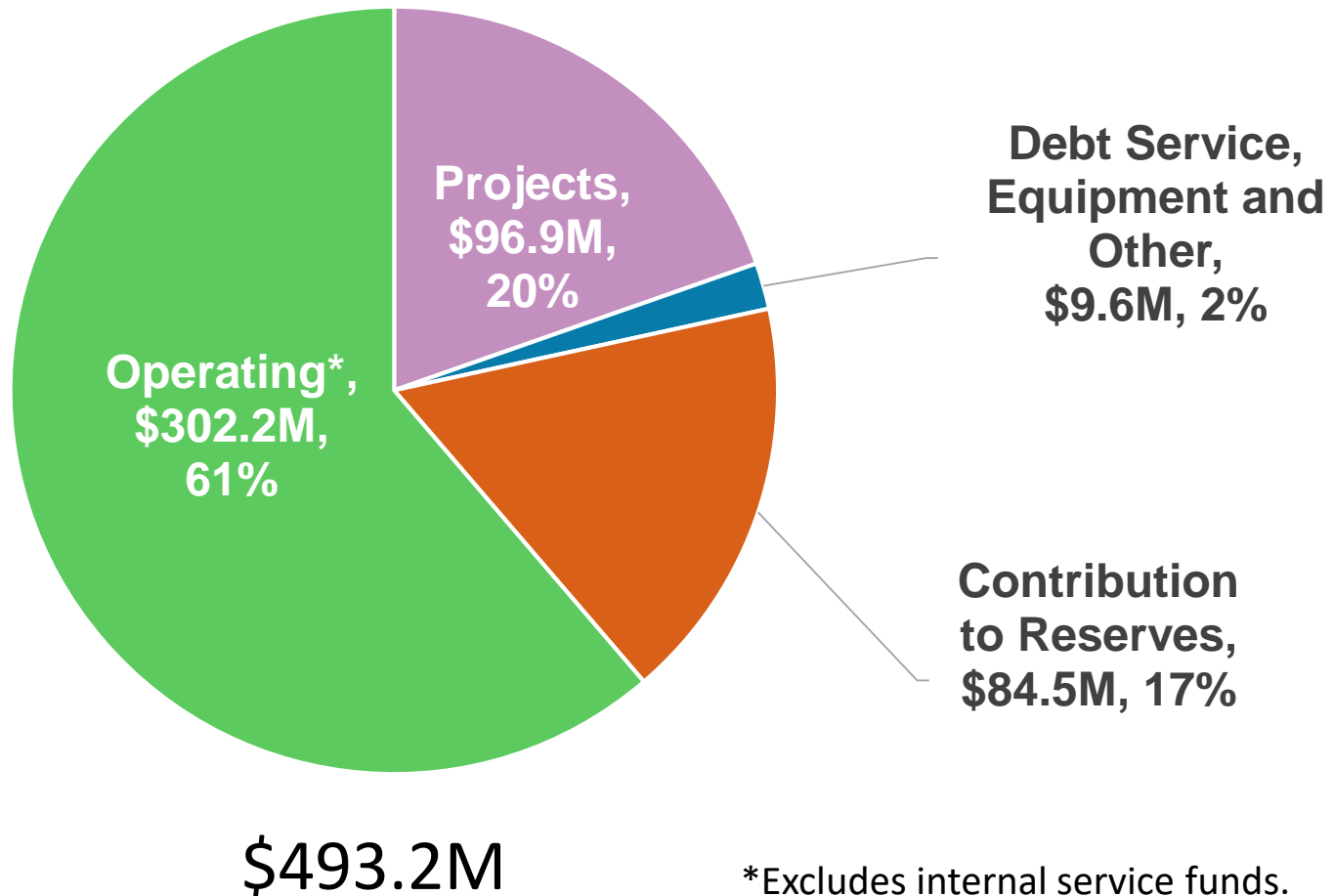
Top Tax Revenues

Revenue Source	2016/17 Actual	2017/18 Actual	2018/19 Budget	2018/19 Revised Projection	2019/20 Proposed Projection
Property Tax	\$66.6M	\$74.3M	\$75.1M	\$83.8M	\$88.4M
Sales Tax	31.0	33.0	31.9	33.3	30.6
Transient Occupancy Tax	16.6	17.7	16.5	20.7	21.9
Utility Users Tax	7.3	7.9	8.3	8.2	8.3
Gas Tax	2.8	3.2	3.8	3.3	3.8
RMRA Funds ⁽¹⁾	-	0.9	2.5	2.4	2.5
Measure B Funds ⁽²⁾	-	-	-	-	2.9
Construction Tax	4.7	5.0	4.6	4.8	4.3
Total Top Tax Revenues	\$129.1	\$142.0	\$142.7	\$156.5	\$162.7

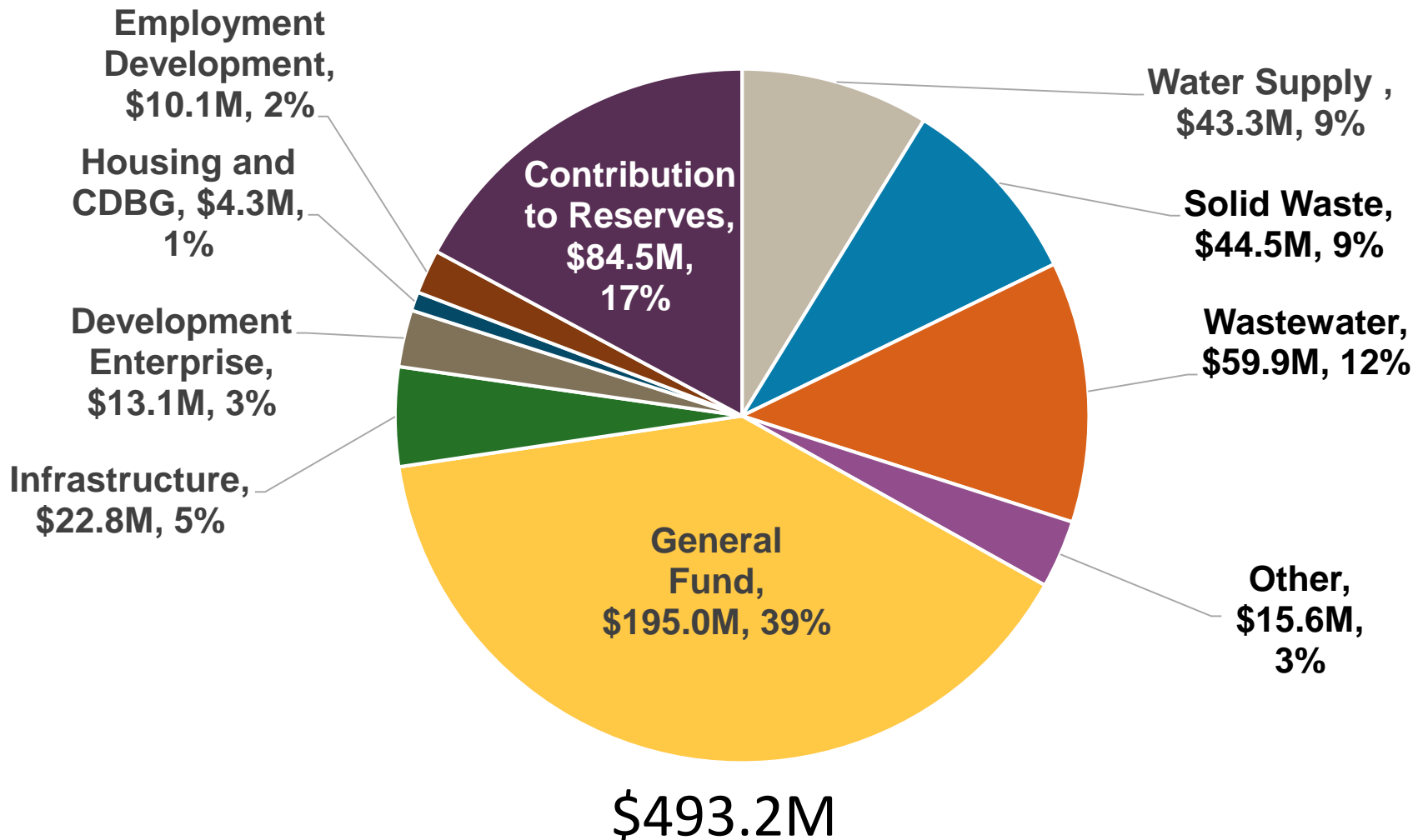
1. Road Maintenance and Rehabilitation Funds (Senate Bill 1)

2. Measure B is a half cent County-Wide sales tax for transportation funding

Expenditures by Type – All Funds



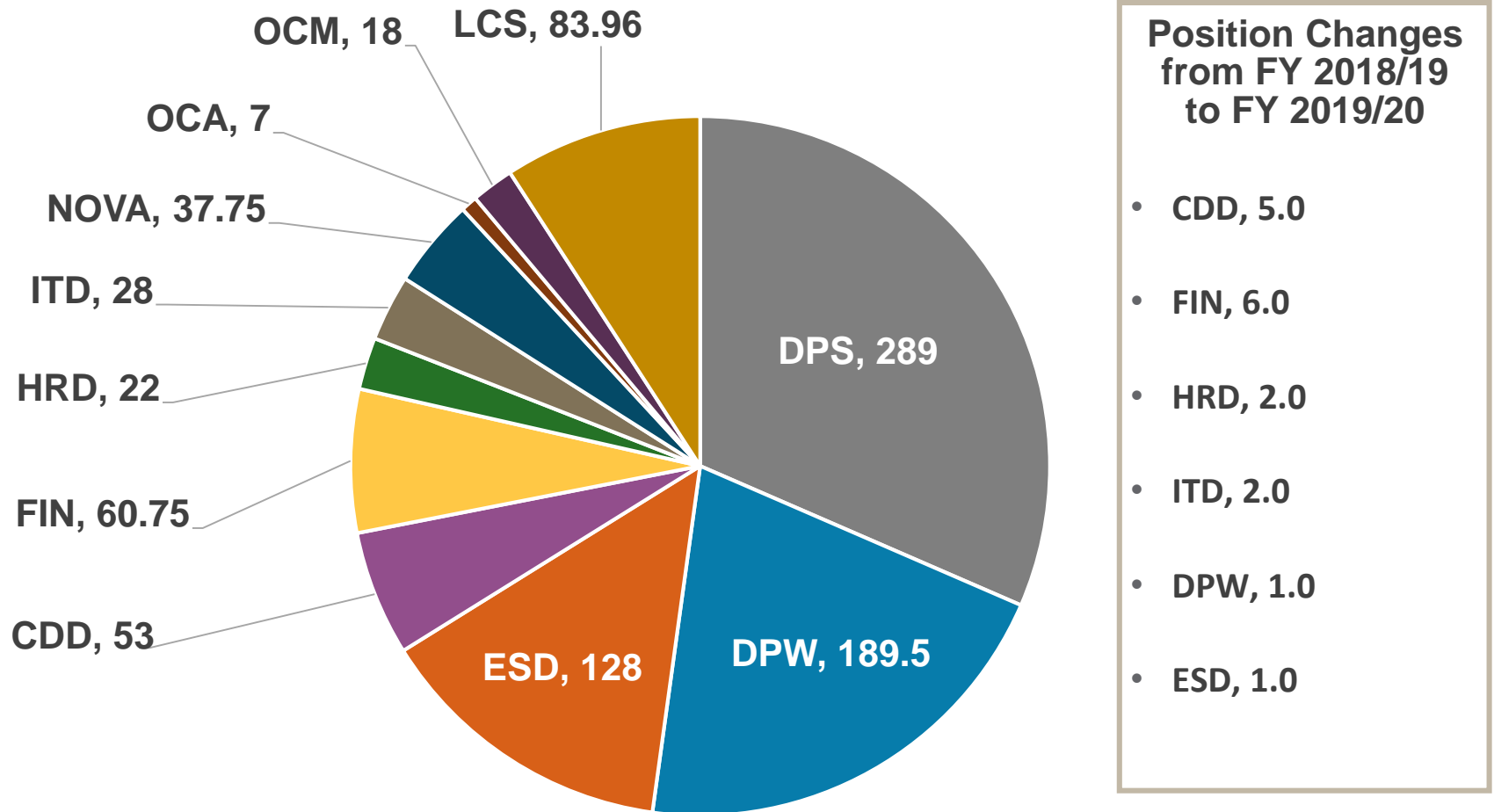
Expenditures by Fund



Operating Budget by Department – All Funds

Department	Actual 2017/18	Budget 2018/19	Plan 2019/20	% Change FY 2018/19 to FY 201/20
Community Development	\$9.8M	\$10.4M	\$11.1M	6.7%
Environmental Services	117.7	127.2	132.3	4.0%
Finance	10.2	11.2	11.7	4.5%
Human Resources	5.2	5.3	5.6	5.7%
Information Technology	9.0	9.9	9.9	0.0%
Library and Community Services	17.8	20.5	21.1	2.9%
NOVA Workforce Services	10.8	10.1	10.4	3.0%
Office of the City Attorney	2.1	2.2	2.3	4.5%
Office of the City Manager	4.1	5.8	5.4	(6.9)%
Public Safety	90.1	95.1	99.6	4.7%
Public Works	42.6	45.1	46.2	2.4%
TOTAL EXPENDITURES	\$319.4	\$342.8	\$355.6	3.7%

Positions by Department – All Funds



916.96 City-Wide Full-Time Equivalent (excludes Mayor/Council)

Total Compensation Assumptions

Salaries

- Reflects current MOUs and maintains market competitiveness

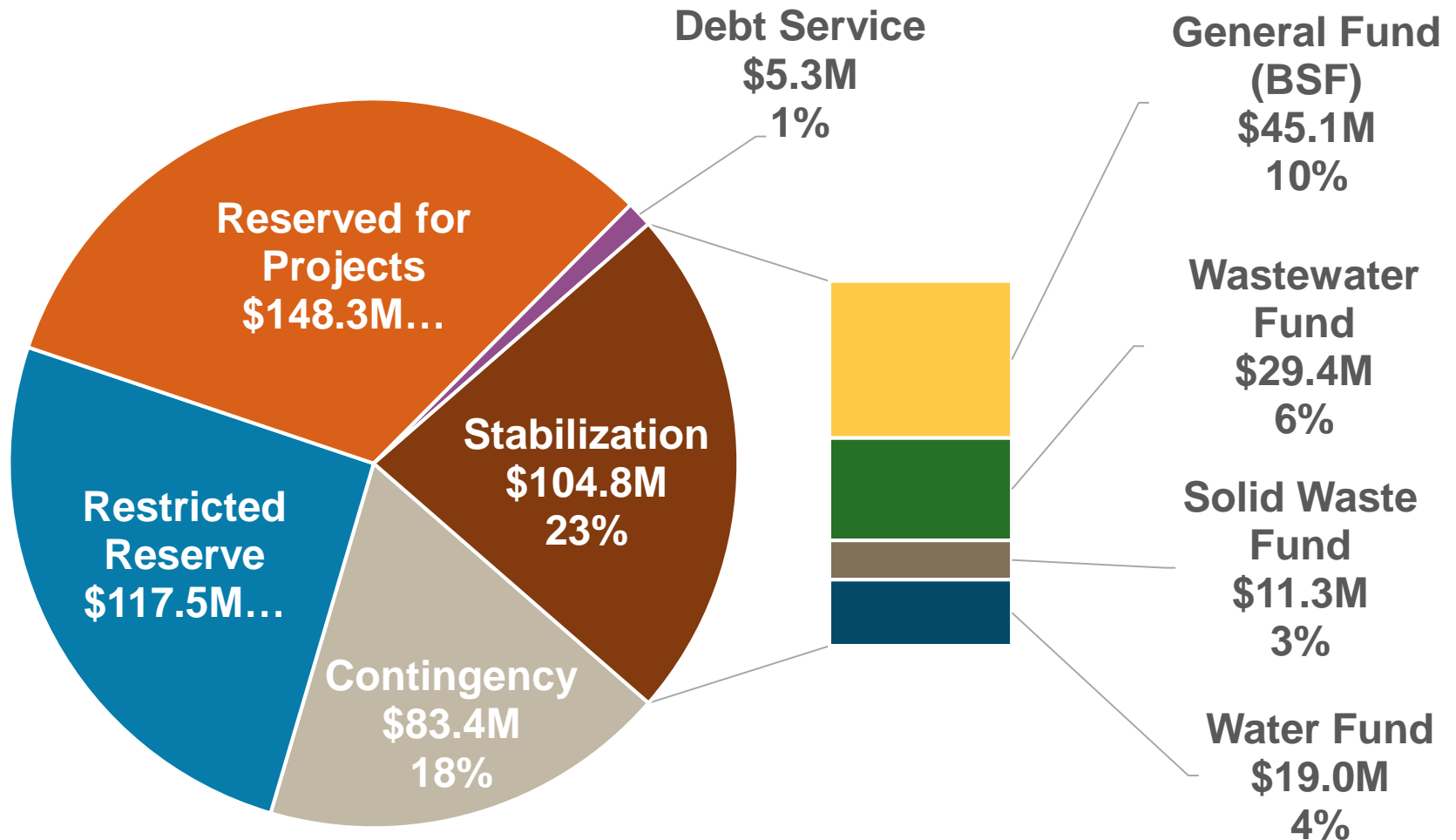
Benefits

- Updated pension assumptions based on latest actuarial information
- Continued contributions to OPEB and Pension trust
- Revised healthcare costs to reflect current enrollment and demographic data

Total Compensation

- 6% change between FY 2018/19 and FY 2019/20

Reserve Balances by Type – All Funds





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Revenue and Expenditures by Fund











General Fund

Top General Fund Revenues

Revenue Source	2017/18 Actual	2018/19 Budget	2018/19 Revised Projection	2019/20 Budget	% Change 2019/20 over 2018/19
Property Tax	\$74.3M	\$75.1M	\$83.8M	\$88.4M	5.5%
Sales Tax	33.0	31.9	33.3	30.6	(8.1)%
Transient Occupancy Tax	17.7	16.5	20.7	21.9	5.8%
Utility Users Tax & Franchise	15.0	15.7	15.6	15.9	1.9%
Top General Fund Revenues Subtotal	\$140.0M	\$139.2M	\$153.4M	\$156.8M	2.2%
Total General Fund Revenue	\$207.4	\$214.9	\$204.3	\$210.1	2.8%
Total General Fund Revenue (adjusted*)	\$167.9	\$162.1	\$177.5	\$180.6	1.8%

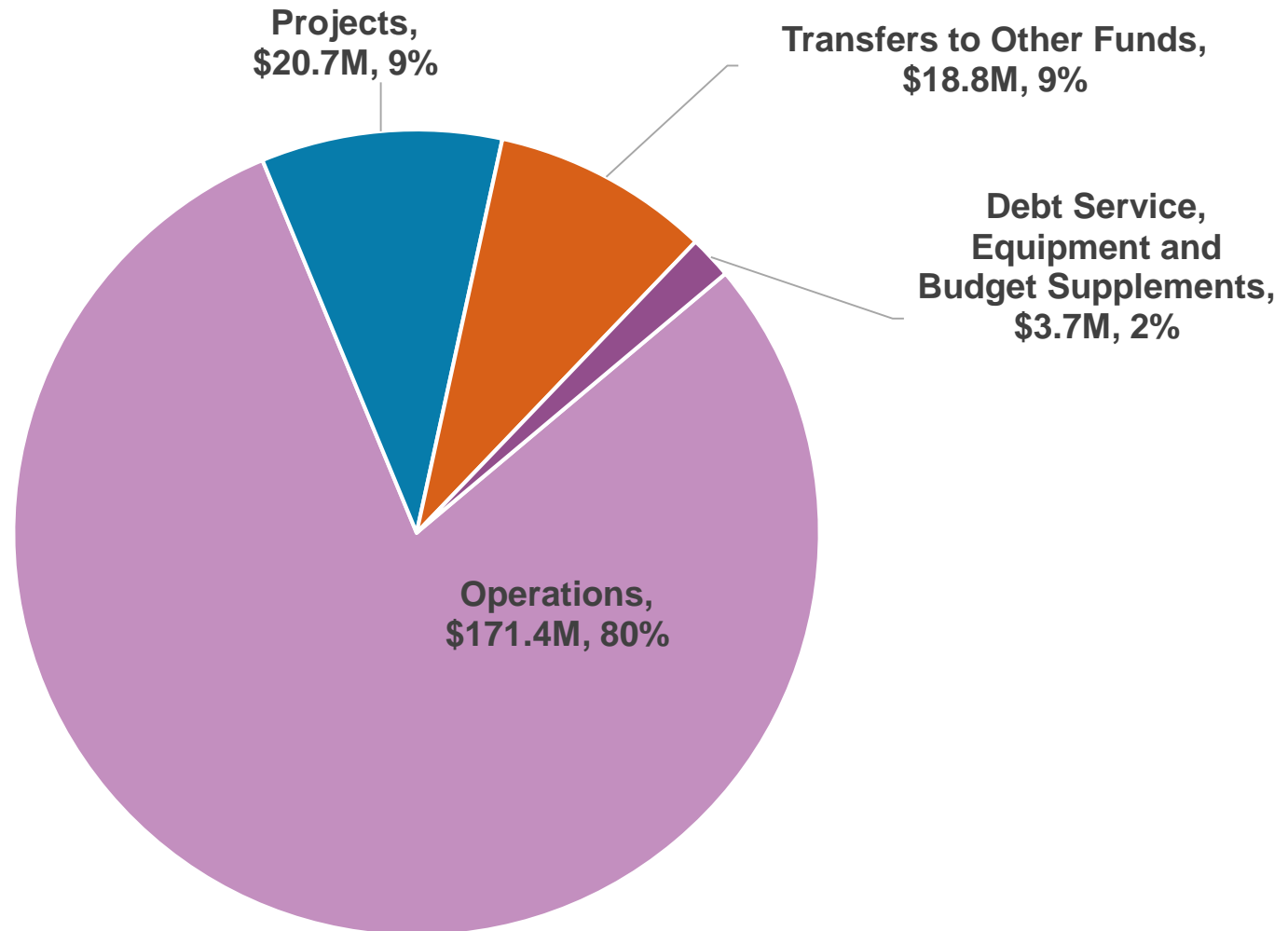
* Adjusted excludes: Sale of Property, Interfund revenues, In Lieu Charges and Transfers from Other Funds

Major General Fund Revenues

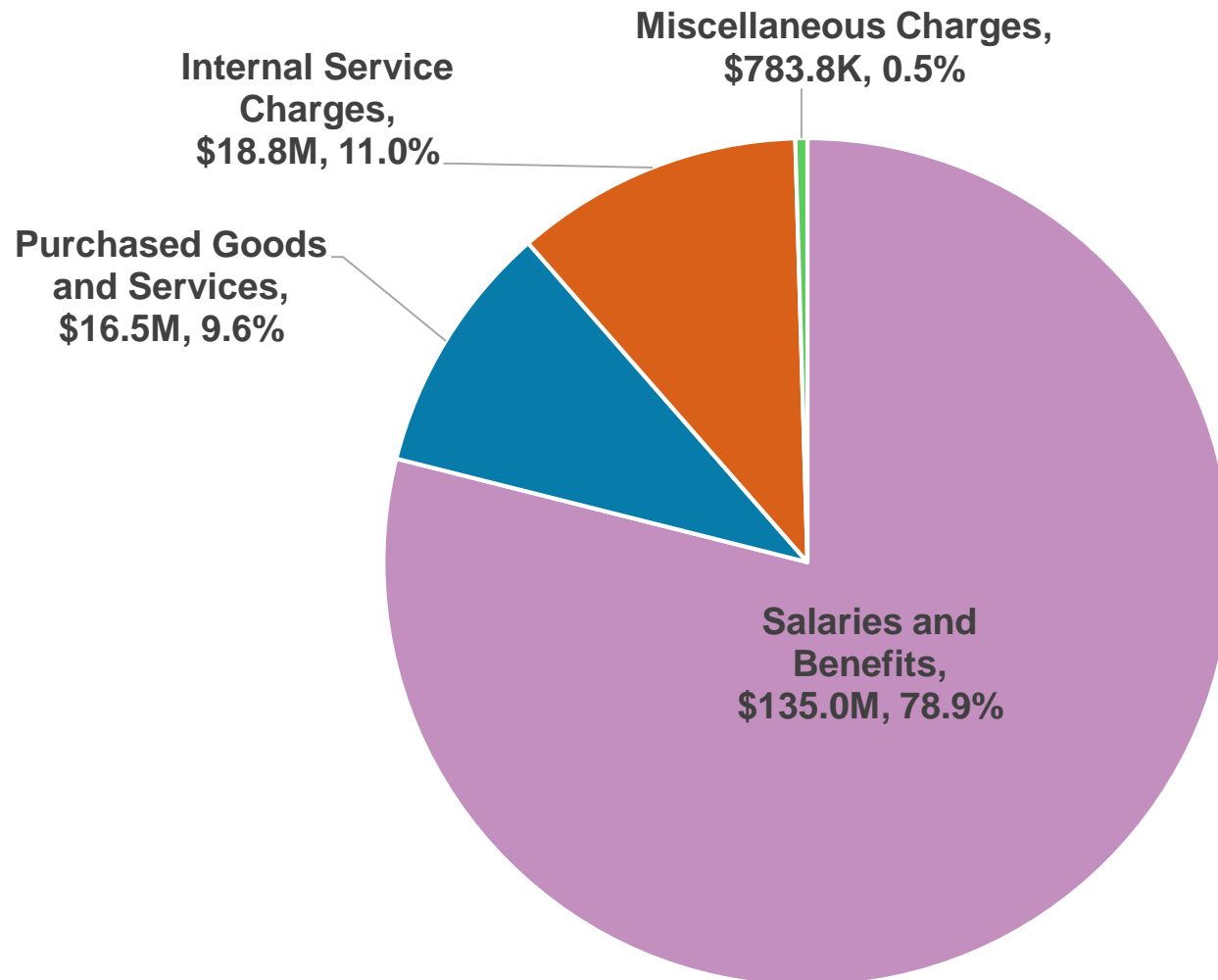
	Stable	Trend	City Controlled	Percent of General Fund
Property Tax				42%
Sales Tax				15%
TOT				10%
UUT				4%
			Total	71%

View as a group, not individually

General Fund Expenditures by Type



General Fund Operating Expenditures by Type

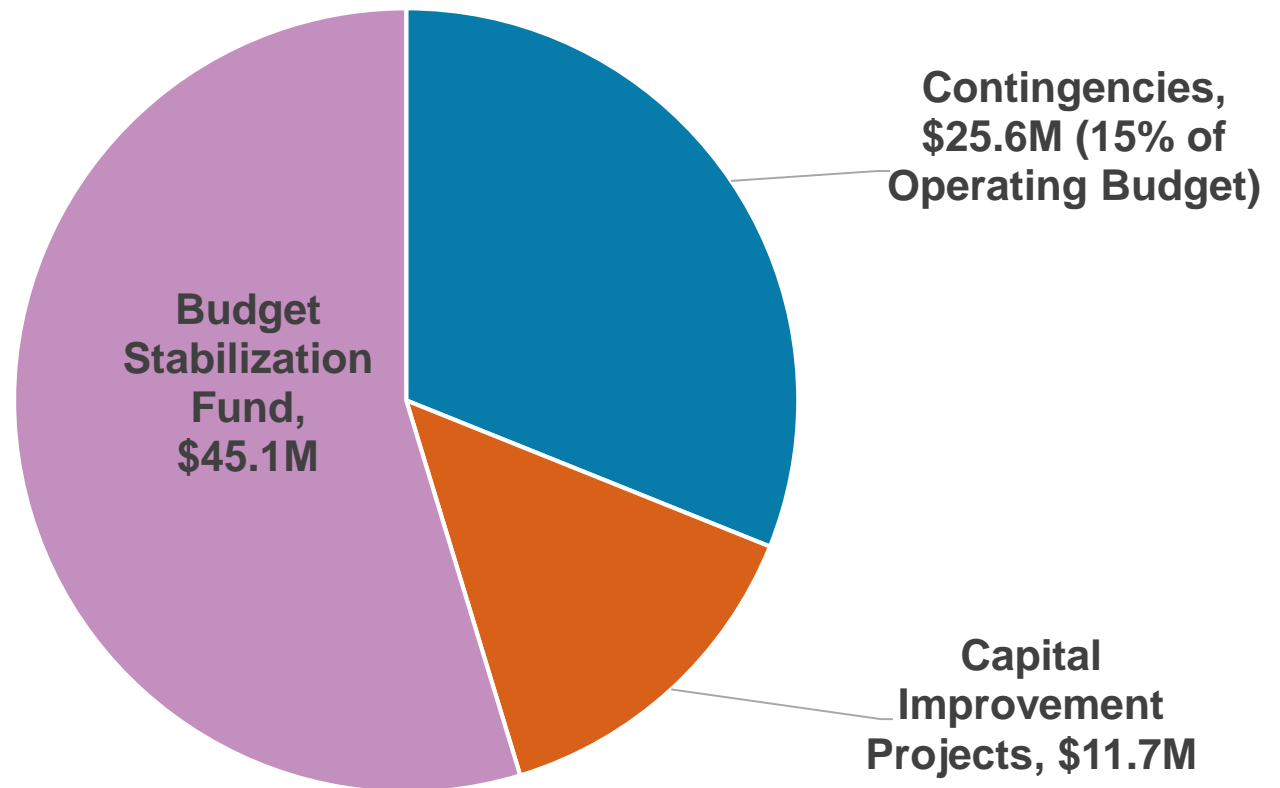


General Fund Operating Expenditures by Department

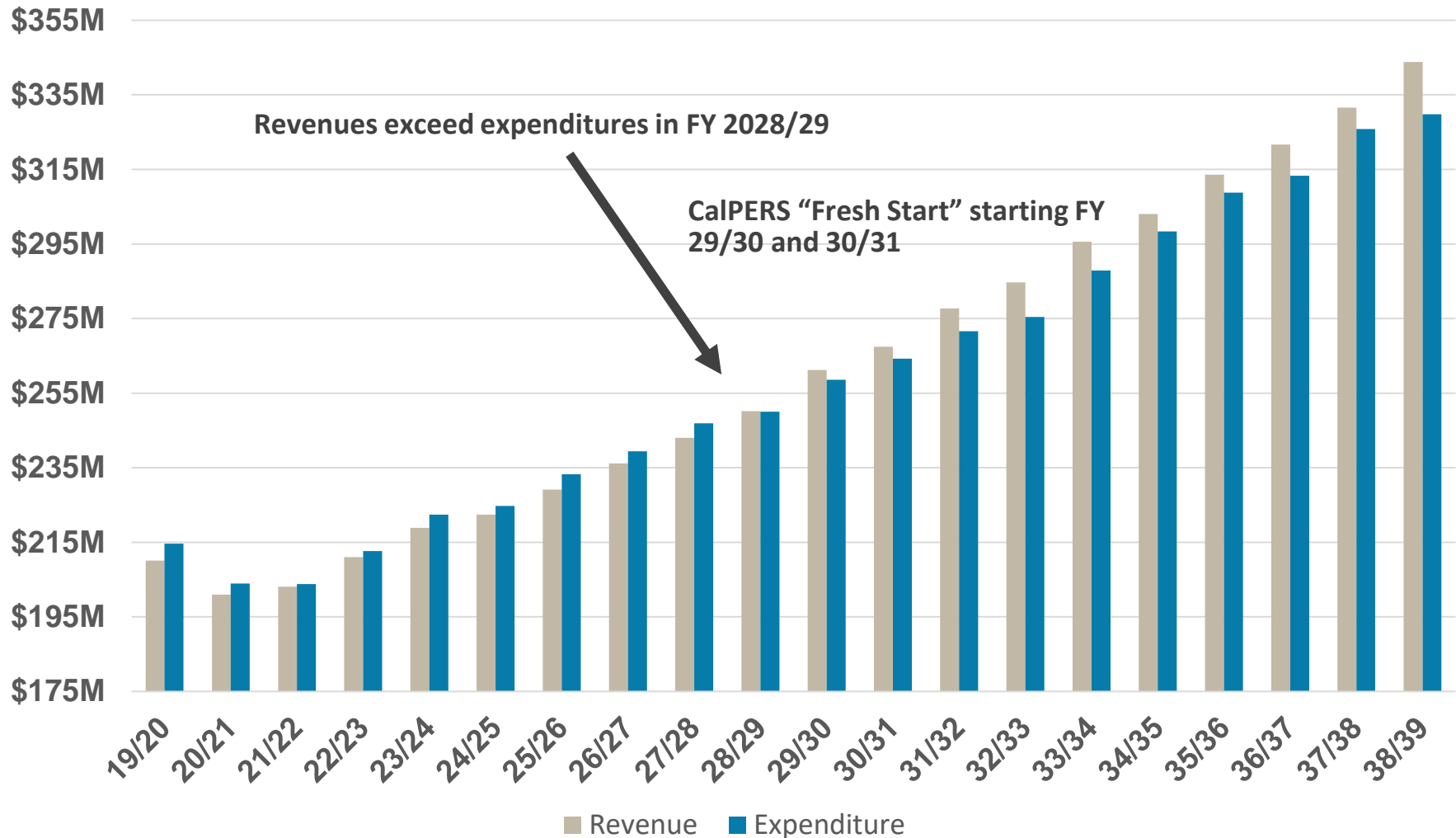
Department	Actual 2017/18	Budget 2018/19	Plan 2019/20	% Change 2018/19 to 2019/20
Community Development	\$1.1M	\$1.4M	\$1.4M	2.4%
Environmental Services	0.0	1.6	1.8	12.5%
Finance	9.4	10.3	10.8	5.1%
Human Resources	4.6	4.9	5.1	4.1%
Library and Community Services	17.0	19.5	20.4	2.6%
Office of the City Attorney	1.7	1.7	1.8	3.9%
Office of the City Manager	4.1	5.8	5.4	(6.8)%
Public Safety	89.3	93.6	98.2	6.2%
Public Works	22.5	25.4	26.4	2.2%
TOTAL EXPENDITURES	\$149.7	\$164.2	\$171.3	4.3%

General Fund Reserves

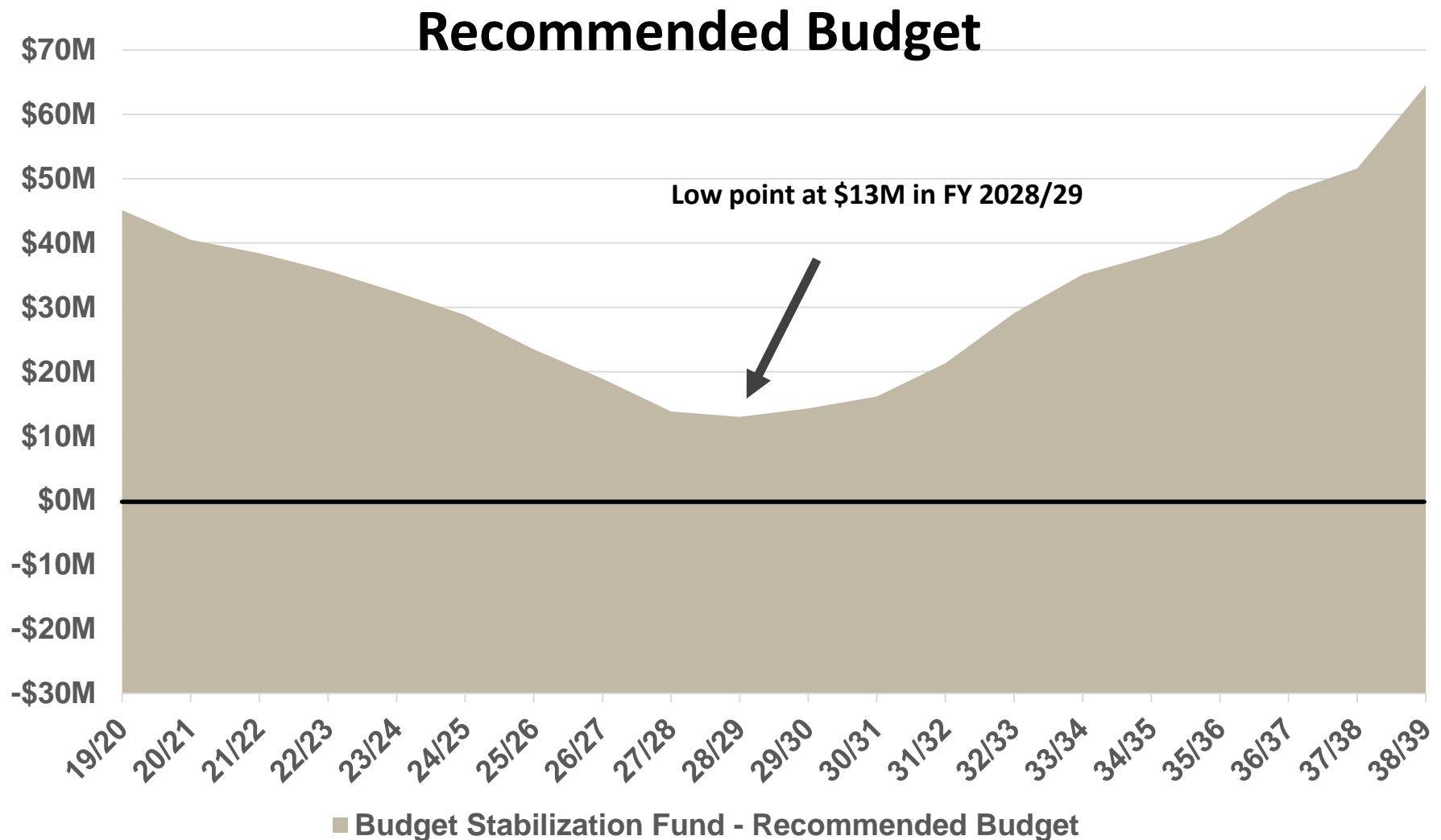
FY 2019/20 Designated Reserves



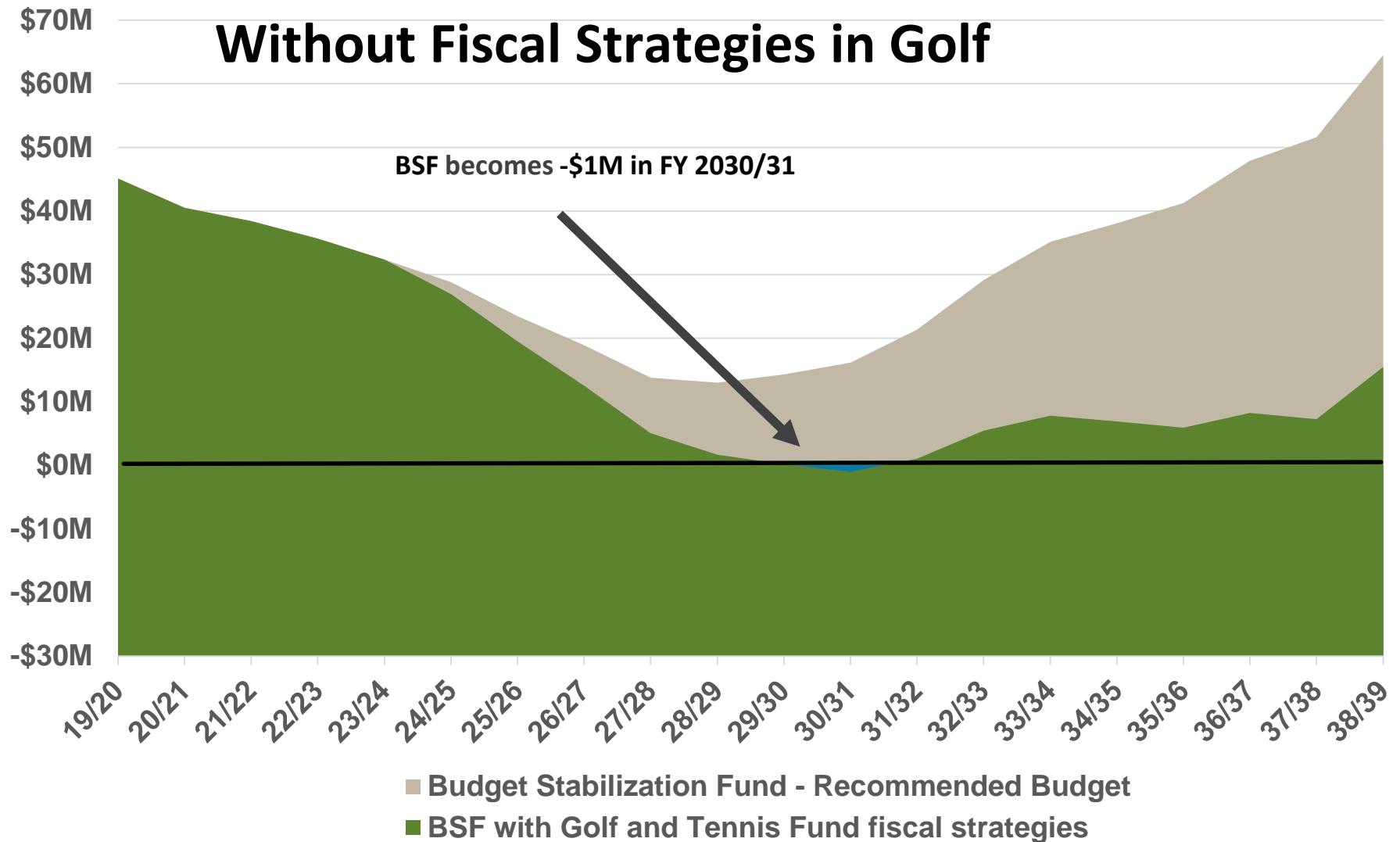
General Fund Revenue vs. Expenditure Growth



General Fund Budget Stabilization Fund



General Fund Budget Stabilization Fund





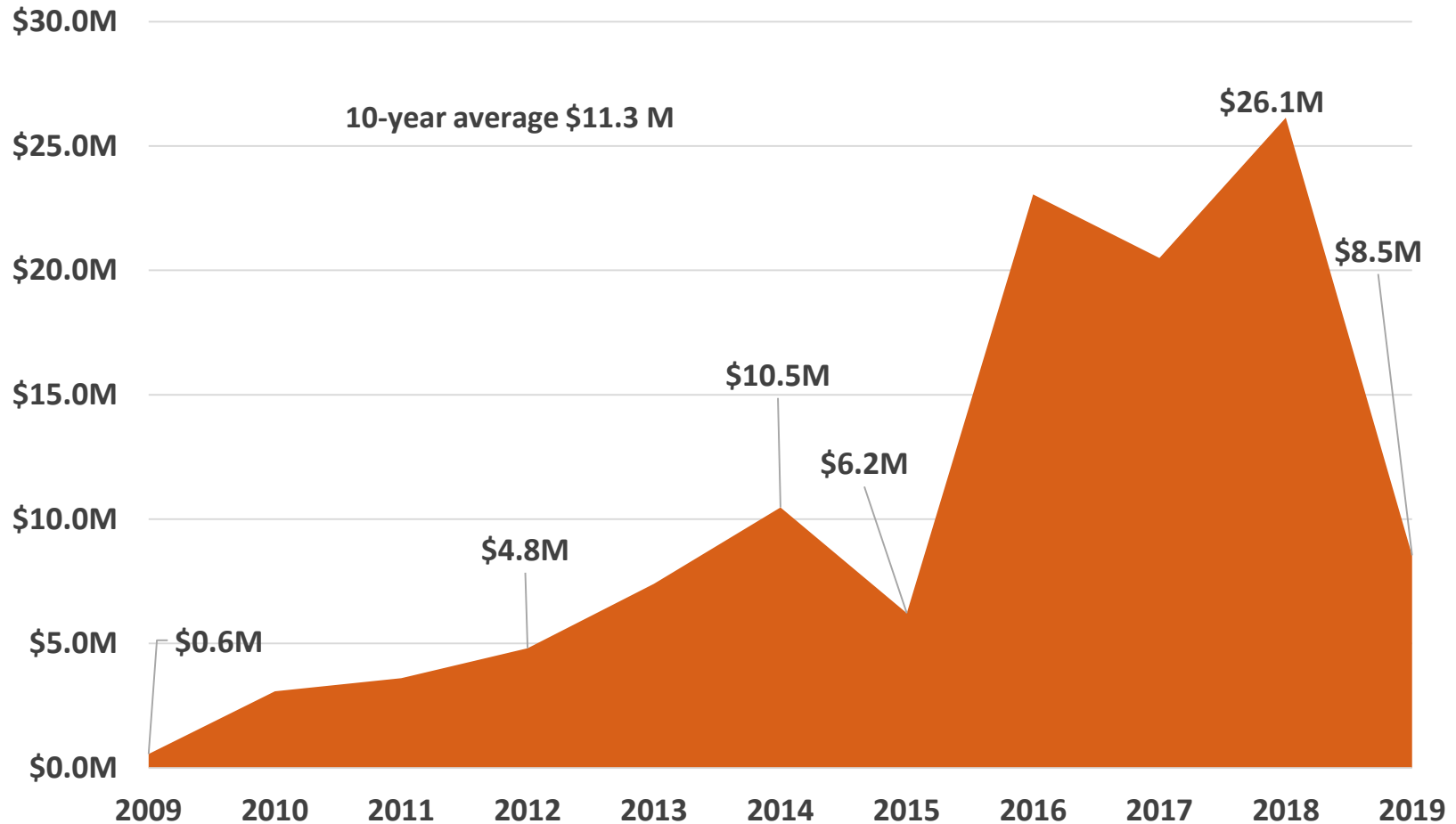
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Special Revenue Funds

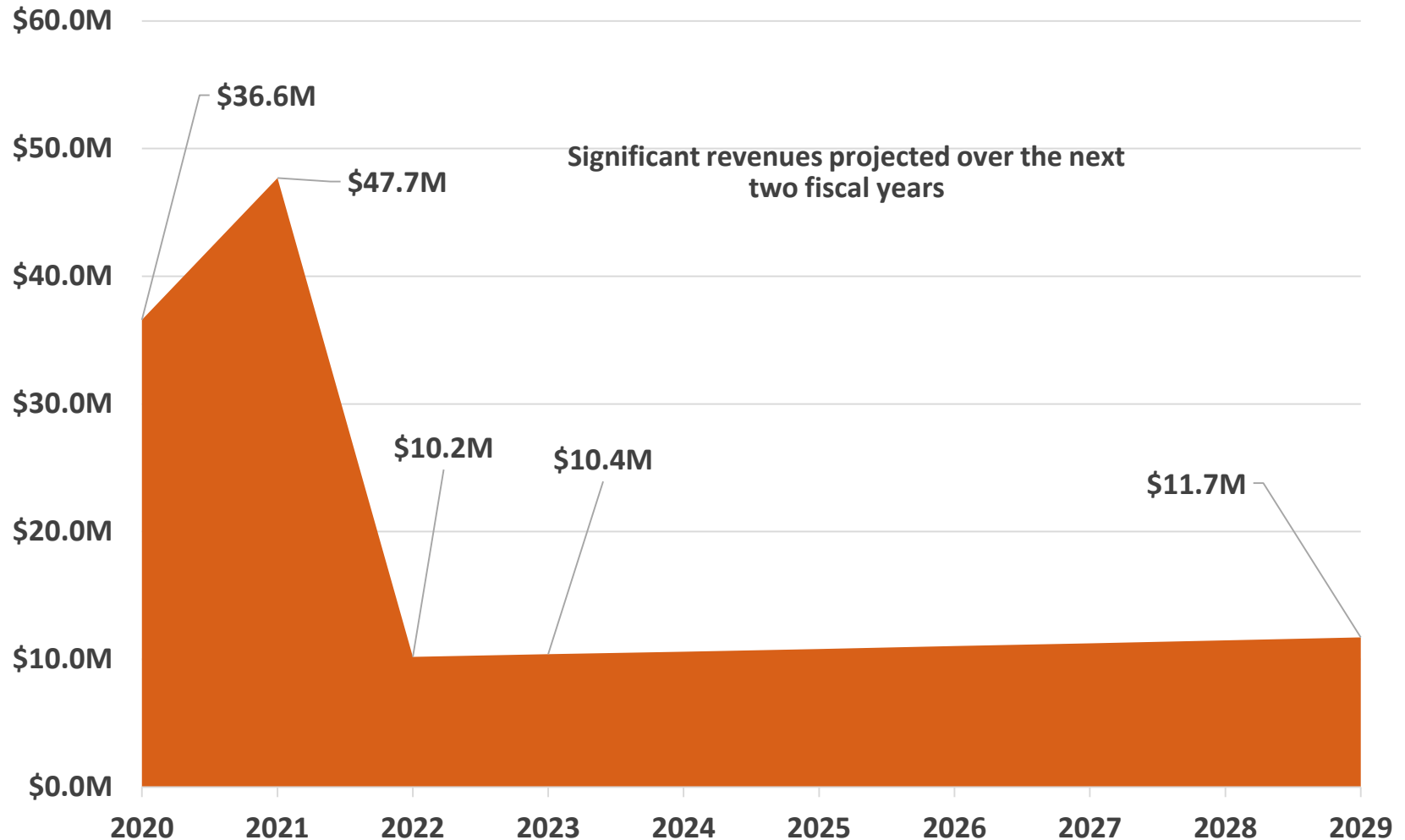
Park Dedication Fund

- Accounts for impact fee revenue collected from housing projects for park and recreation infrastructure
- Funds renovation of all city parks through the twenty year plan
- Currently \$213.8 M in projects budgeted from FY 2019/20 to FY 2038/39
- Revenues expected to peak in FY 2020/21
- Included basis for long-term revenue projection (land value X # of units)

Park Dedication Fund Revenue - History



Park Dedication Fund Revenue - Projected



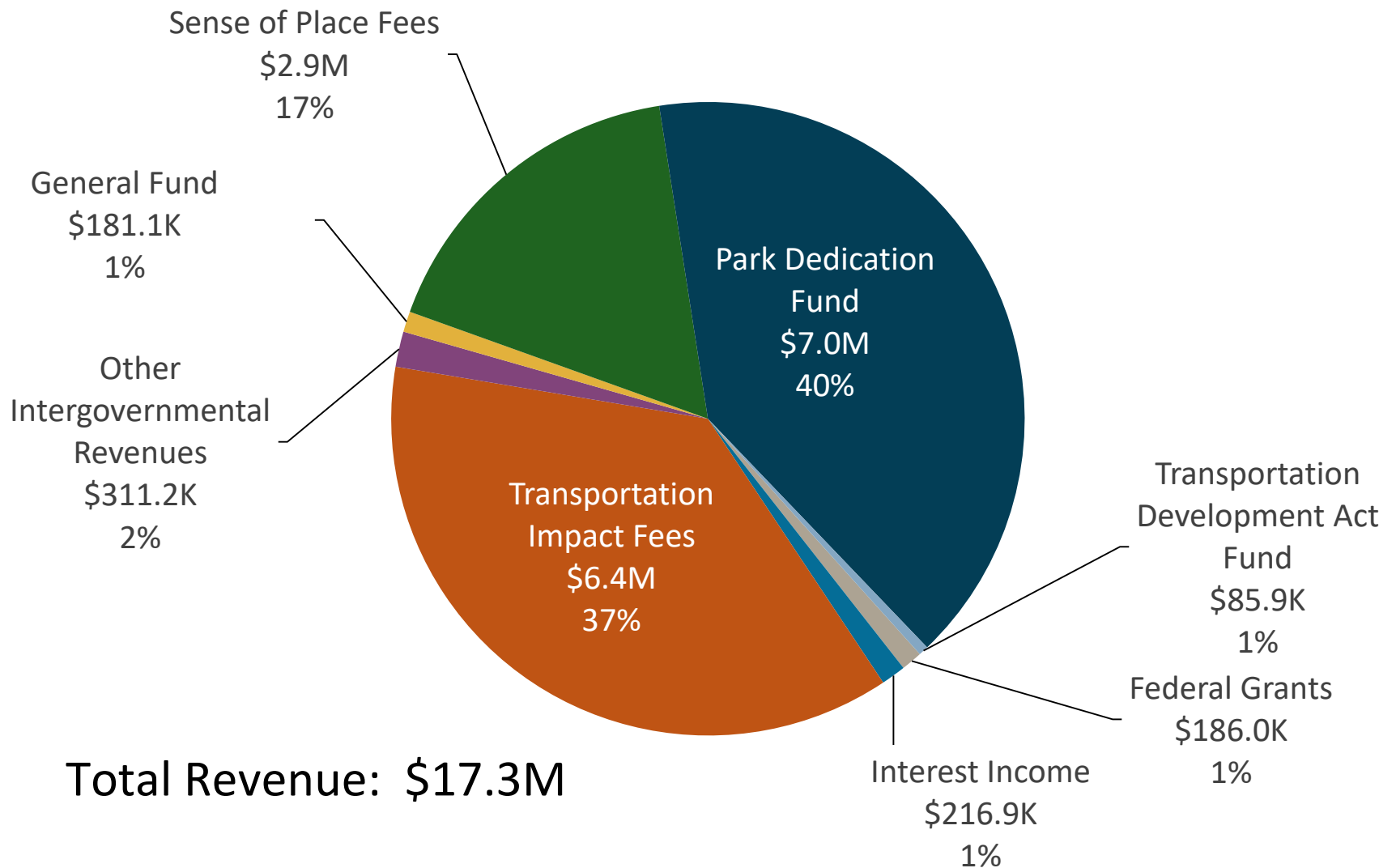


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Capital and Infrastructure Funds

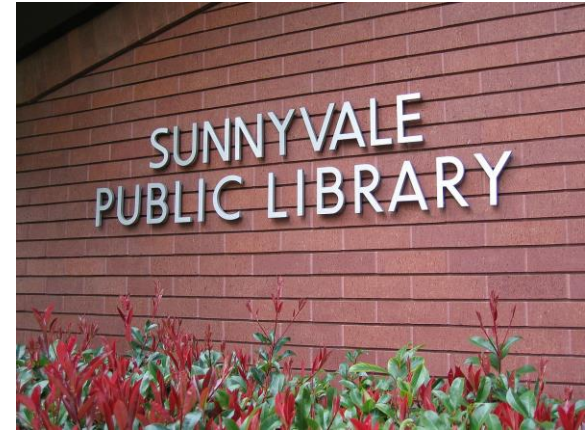
Capital Projects Fund – FY 2019/20

Projected Revenues

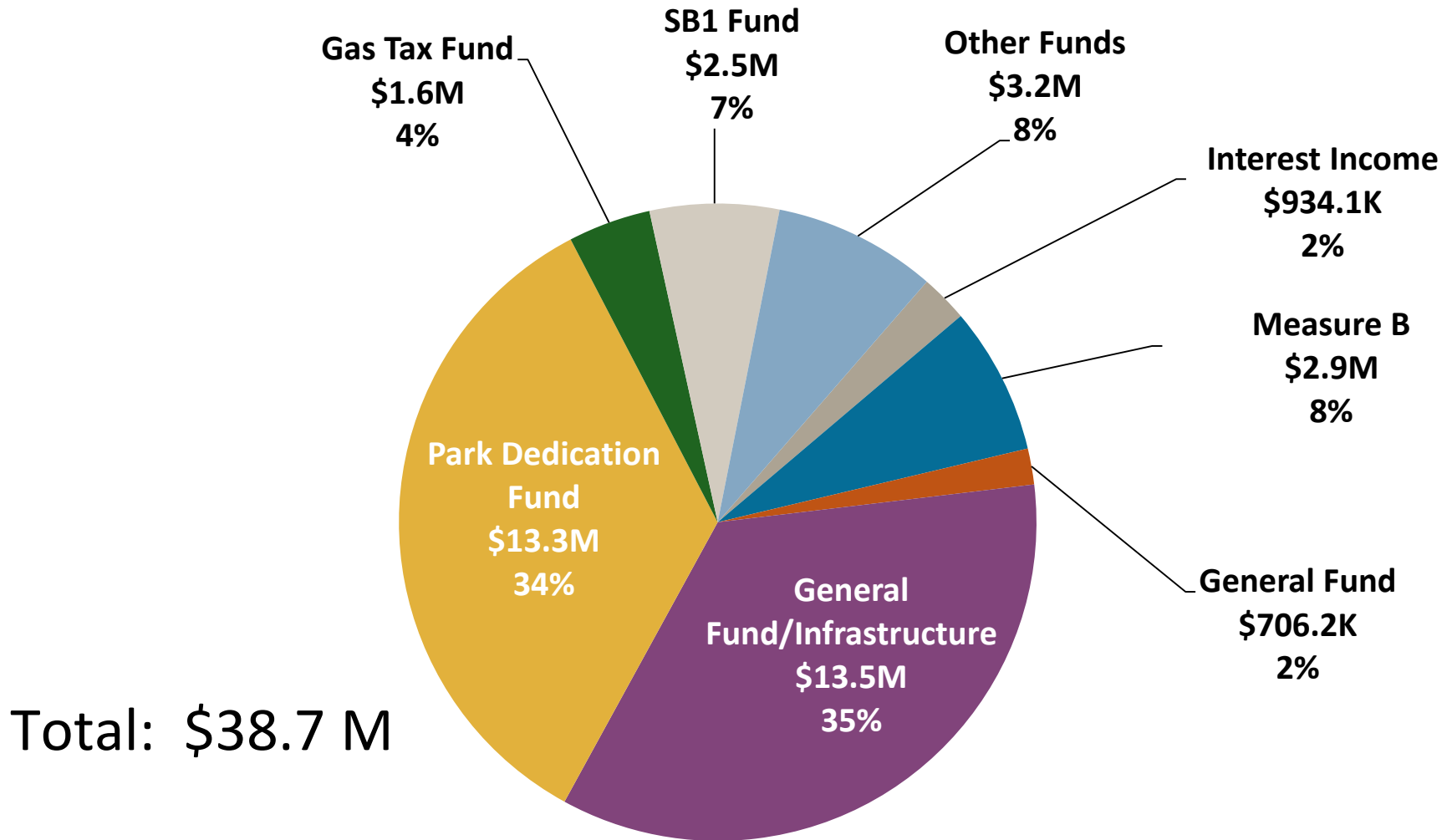


Major Capital Projects

- Lakewood Branch Library Facility
- Washington Pool Expansion
- Fair Oaks Avenue Overhead Bridge



Infrastructure Renovation and Replacement Fund



Civic Center Modernization Project

	Prior FY Actual	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total
Project Costs	\$1.6M	\$47.3M	\$400K	\$82.4M	\$82.4M	\$400K	\$214.5M
Project Revenues	-	33.0	-	101.0	-	-	134.0
Transfers from Other Funds	1.0	24.7	15.5	-	25.0	-	66.2



Other Major Infrastructure Projects

- All Inclusive Playground
- Fair Oaks Park Renovation and Enhancement
- Playground Equipment Replacement





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Park and Recreation

Chip Taylor
Director of Public Works



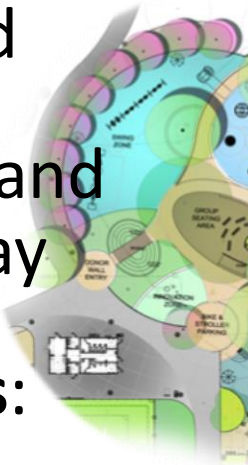
Washington Community Swim Center

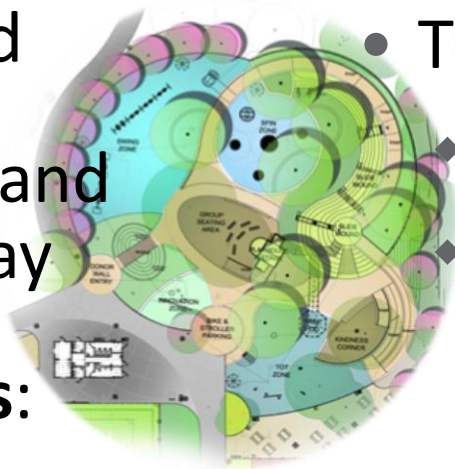
- **Project**
Status: Bid/award
Summer 2019;
construction Fall 2019
- **Project Budget:** \$14.3M
 - ◆ FY 19/20 added \$6.9M
- **Project Completion:**
FY 20/21



Park Enhancement Projects/Fair Oaks Park Update

Enhancement Projects

- **Project Status:** Ongoing
 - 17 Park Renovation Projects
 - Funded by the Park Dedication Fund
 - Park Standards and Details underway
 - **Project Budgets:** \$116.1M
- 



Fair Oaks Park

- **Project Budgets:**
\$14.9M
- **Project Status:** late summer/early fall 2019
- Turf replacement
 - ◆ Design FY 29/30
 - ◆ Construction FY 30/31

Parks Project Swap

- **Project 830310:**
Community Center
Grounds Renovation
and Enhancements
 - ◆ Moved forward to FY 21/22 (design) and FY 23/24 (construction)
 - ◆ Project Budget: \$13.4M
- **Project 830410:** Ortega Park
 - ◆ Pushed back to FY 32/33 (design) and FY 33/34 construction
 - ◆ Project Budget: \$16.8M



Playground Equipment Replacement

- **Project Status:** Ongoing
 - ◆ Seven park sites listed for FY 19/20
 - Washington Park
 - Victory Village
 - Encinal Park
 - Greenwood Manor
 - De Anza Park
 - Ponderosa Park
 - Baylands Park
- **Project Budget:** \$4M





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Library/Administrative Facilities

Chip Taylor, Director of Public Works



Lakewood Branch Library & Learning Center

- Size: 20,068 sq. ft.
- Total Project Cost \$20.9 M
 - ◆ Contributions from Fremont & SESD estimated at \$3 M each



Library Program Space

- Creates two group study rooms, with moveable wall to combine spaces
 - ◆ Smaller room seats 4-6
 - ◆ Larger room seats 10-12
- Creates Tech Training Lab for public and staff use
 - ◆ 18 PCs/seats
- \$210k funds construction and equipment



Civic Center Phase II Planning

- **Project Scope:** Includes a new or expanded Main Library, playground, and site improvements
 - Analyze concepts laid out by Master Plan
 - Determine scope, schedule, and budget for project
- **Project Budget:** \$1M
- **Project Completion:** FY 2023/24



Budget Supplements

No.	Title	Cost	Fund	Recommendation
1	Evaluation of Right to Lease Ordinance	\$60K one-time	General Fund	Recommended for Funding
2	Update and Review Heritage Resource Inventory and Include Potential Resources Associated with Technological Innovation	\$325K one-time	General Fund	Not Recommended
3	Responsible Construction Ordinance	\$25K one-time	General Fund	Recommended for Funding
4	Ascertain Suitable Location(s) for the Installation of Youth Cricket Batting Cages and Potential Funding Sources	\$25K one-time	General Fund	Recommended for Funding
5	Improving Traffic Operations at Fremont/Bernardo/Hwy 85	\$150K one-time	General Fund	Recommended for Funding
6	Consider the Feasibility of Establishing an Eruv in Sunnyvale	\$50K one-time	General Fund	Recommended for Funding
7	Single Use Plastics Strategy	\$50K one-time	Solid Waste Enterprise Fund	Recommended for Funding

Budget Supplements Continued

No.	Title	Cost	Fund	Recommendation
8	Evaluate Options for Revisions to the Sunnyvale Business License Tax	\$50K one-time	General Fund	Recommended for Funding
9	Explore Strategies to Promote Cultural Inclusion in City Programs and Services	\$60K one-time	General Fund	Recommended for Funding
10	Increase the Service Level Pertaining to City Advocacy in Sacramento and the Regional Area	\$70K on-going	General Fund	Recommended for Funding
11	Increase Community Events Grant Funding	\$10.5K on-going	General Fund	Recommended for Funding
12	Increase Neighborhood Grant Program Funding	\$3K on-going	General Fund	Recommended for Funding
13	Increase the Planned Contribution to the City's Pension Trust Fund	\$1 Million each, for nine years	Multiple Funds	Not Recommended