



File #: 18-0480, Version: 1

REPORT TO PLANNING COMMISSION

SUBJECT

Review Planning Program Budget and Fees for FY 2018-19

REPORT IN BRIEF

Attached is the Planning Program budget proposed for Fiscal Year (FY) 2018-2019. The full recommended budget is available online at:

<https://sunnyvale.ca.gov/civicax/filebank/blobdload.aspx?blobid=25605>

Staff recommends that the Commission review the City Manager's Letter of Transmittal. In addition, the Commission should also review the Community Development Department Narrative in Volume I, Summary & Operating Budget. This discussion includes information on past and projections of future activity.

The Planning program budget starts in Volume one (follows the department narrative). An excerpt which includes the Planning Program budget is included in Attachment 1. Boards and Commissions are asked to provide comments to the City Council on the recommended City budget where it could affect the Commission's work.

ENVIRONMENTAL REVIEW

The recommendation of the Planning Commission on the budget is not subject to environmental review.

DISCUSSION

Sunnyvale's budget process alternates each year between an operating and projects budget, and this year is focused on the operating budget. The City has moved from the long-used "productive hour" approach to a more commonly used Full Time Equivalent (FTE) method, which simplifies our process and still provides needed detail on staffing costs and allocations. The expenses are slightly higher, reflecting changes in the cost of living.

The Community Development Department added expenditures to reflect the continued high demand for services, including supplies, increasing credit card fees, and overtime for inspections and attendance at after hour meetings. In addition, the department added one Management Analyst to provide analytical support and assist with special projects.

Overview

The Planning Program oversees policy planning and current planning, with the aim of improving the quality of life in the City through comprehensive and effective policy planning. Program activities include preparing and administering the City's General Plan, specific plans and other land use policy documents, reviewing and processing development applications for planning permits, conducting

research on Council-adopted study issues, reviewing proposed legislation affecting the City's zoning authority, monitoring community conditions and conducting community outreach. Program staff also provides support to the Planning Commission and the Heritage Preservation Commission.

Recent Accomplishments

- Deleted 1.0 Planning Official position and added 1.0 Assistant Director of Community Development position in March 2018. The exchange was made to optimize department oversight and provide for succession planning opportunities within the department.
- Managed a large pipeline of residential, industrial/office/commercial (I/O/C) and hotel applications. New applications continue to be submitted, keeping the pipeline at approximately 4,000 housing units (10% affordable), 13.8 million gross square feet of I/O/C (7 million net square feet), and 14 hotel projects.
- Issued building permits for two housing projects with significant affordable housing components (St. Anton 20% and Mid-Pen 100%).
- Issued building permits and started construction for Lawrence Station Area Plan projects and Peery Park Projects.
- Start process to implement e-plan review; if implemented in full it will reduce the need for paper submittals and the storage area required for plans.
- Reviewed an extraordinarily high level of housing related legislation that came out in 2017 (and resulted in 17 bills adopted by the Governor).
- Completed accessory dwelling unit policy study with code amendments (including changes required by recent state legislation).

Budget Highlights

- Requesting 1.0 Management Analyst position to provide budget preparation and monitoring support, collect and manage department data and assist with special projects, thereby freeing up Planning time in completing those tasks.
- Require funding for attendance at after-hours meetings, which were previously unbudgeted.
- Continue coordinating updates to several large area plans:
 - Downtown Specific Plan (formal applications from four property owners are being coordinated, EIR consultant hired, RFP for plan consultant pending);
 - Lawrence Station Area Plan (preferred alternative for study selected expected in June 2018);
 - Precise Plan for El Camino Real (preferred alternative for study was selected);
 - Moffett Park Specific Plan (search for interim staff has commenced, staffing to be funded by outside sources).

Significant increases are expected to fees imposed through development applications due to the increased development activity in:

Housing mitigation fees (pages 69 and 81). By the end of FY 2018/19, the Housing Mitigation Reserve is expected to have balance of approximately \$23 million. These funds are available for future affordable housing projects in the City, as new sites are identified.

Park in-lieu fees (pages 73 and 93). State law allows local communities to require developers of housing units to offset the impact of the demand from those units on the City's open space by providing additional open space or paying a comparable fee. The Park Dedication Fund was

established to meet statutory requirements regarding the accounting for Park Dedication Fees paid by developers. In general, the City collects park in-lieu fees for housing projects that do not dedicate land for use as parks or open space. It is estimated that \$26.1 million in Park Dedication Fees will be received during FY 2017/18. Based on current development projects in process, revenues for FY 2018/19 and FY 2019/20 are expected to be \$24.8 million and \$13.6 million respectively. The Park Dedication Fund provides funding for capital and infrastructure projects at community parks and recreational facilities.

Sense of Place funds (pages 115 and 132). Sense of Place Fees are collected in specific locations in the city. The City currently has four land use areas subject to Sense of Place Fees: Tasman/Fair Oaks Area, the Duane/ Lawrence Expressway Industrial-to-Residential area, the Fair Oaks Junction area, and the Peery Park Area. A Lawrence Station Area Plan Sense of Place plan is underway, and the appropriate fee will be established in 2018. Dwelling units constructed in these areas are each subject to a Sense of Place Fee as a condition of approval.

Sense of Place Fee revenues are projected to be approximately \$2.6 million over the next two years, and then decreases to \$180,000 annually, adjusted for inflation, throughout the long-term plan. Approximately \$7.5 million is expected over the entire twenty-year planning period.

It is expected that Sense of Place Fees will be used more often as a tool to complete area-wide improvements for a specific planning area (e.g. special signage, area entry treatments, aesthetic enhancements, etc.). Sense of Place Fees could also be required in areas with special land use or public improvement plans (Specific Plans, Precise Plans, Pedestrian and Bicycle area plans, etc.). Specific projects for future fee revenues have not yet been identified. Anticipated future expenditures are shown as Future Sense of Place Projects in the long-term plan.

Development Enterprise Fund (pages 151 and 169)

This fund is used to better align development-related revenues and expenses. These revenue sources are tied directly to development activity and tend to increase and decrease with development cycles. FY 2016/17 ended with \$19.4 million in revenue and FY 2017/18 total development-related revenues are estimated to end the year at \$19.9 million. Projections indicate that the anticipated level of development activity will moderate beginning in FY 2018/19, with planned revenues of \$17.1 million and \$14.6 million for FY 2018/19 and FY 2019/20, respectively. For FY 2021/22 and going forward, fee revenue is escalated by 2% per year, reflecting estimated growth in development activity. It should be noted that this historical average has increased significantly over recent years, with seven consecutive years of record high development activity. Operating expenditures support the administration and regulation of development related activity in the City, include the Planning Division, and comprises approximately 60% of the total operating costs for the Community Development Department

Community Condition Indicators (page 219 and 222-228).

The Community Condition Indicators (CCIs) are an interesting snapshot of the City. These have been presented as an important part of the City's budget for many years. They have traditionally been used as a measurement tool to evaluate and implement General Plan goals and policies and are key demographic, economic, and physical data which describe the state of the City at a given point in time. The importance of reporting community condition indicators is that their numerical values change over time as the community changes, providing both a snapshot of current conditions and an indication of change over a longer period.

CDD Budget (pages 299-315 and Attachment 1)

The Planning program is a part of the CDD budget. The upcoming budget is expected to increase in FY 2018/19 overall by 16% and slightly reduced for FY 2019/20 to 3.3%. This reflects the expected continued high rate of application requests and studies necessary to complete with an eye for an anticipated reduction in those efforts in the future.

A new limited-term Principal Planner position is under recruitment to work specifically on the Moffett Park Specific Plan update, but that position is not a part of this budget because the position will be funded by the initiator of the requested update.

Staff support to the Planning and Heritage Preservation Commissions does not change. Planning Commission attendance at the annual Planning Commissioners Academy (previously known as the Planners Institute) is budgeted for 3-4 commissioners to attend. The 3-4 commissioner number is based on the average attendance of the last several years.

Fee Schedule

A recommended fee schedule is considered by the City Council along with the recommended budget. Recommendations for fees are primarily changed due to general cost of living increases.

PUBLIC HEARING

At the May 29, 2018 Planning Commission hearing, staff will make a short presentation to the Planning Commission on current activity levels and will be available for any questions about the budget. The Planning Commission has the option to make comments on the budget or to make a motion on the budget. The Planning Commission discussion (and motion, if there is one) will be provided to the City Council for the public hearing on the recommended budget on June 12, 2018, with adoption scheduled for June 26, 2018.

PUBLIC CONTACT

Public contact was made through posting of the Planning Commission agenda on the City's official-notice bulletin board and on the City's website.

RECOMMENDATION

Provide comments to the City Council or make a formal recommendation to the City Council on the Recommended FY 2018-2019 budget for the Planning Program.

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ATTACHMENTS

1. Community Development Program Budget Excerpt