

REPORT TO COUNCIL

SUBJECT

Adoption of Council-ranked Study Issue Presentation Dates for 2015, Council Policy Priorities Update, and Clarification on Issues Proposed for Completion

REPORT IN BRIEF

Council reviewed and took action on proposed 2015 study issues at its annual Study/Budget Issues Workshop on February 19, 2015. Since then, staff has assessed its ability to undertake those issues prioritized by Council. This report presents, for Council consideration, the proposed start date and Council presentation date for items to be completed in 2015, as well as an update on Council policy priorities, and clarity on issues that are proposed to be performed in 2015.

Staff recommends that Council:

- Approve the proposed presentation dates for 2015 Council-ranked study issues (Attachment 1);
- Forward a budget supplement for the City Manager's Recommended FY 2015/16 Budget to allocate \$50,000 to obtain an economic consultant to evaluate the market potential and appropriate land use mix for the Town Center (Attachment 7);
- Amend the intended scope of CDD 15-02 *Consider Multi-family Residential Transportation Demand Management Programs* to include the cost for a transportation consultant to provide technical research and analysis;
- Approve the combination of DPS 15-01 *Prohibit Smoking Inside All Units and in Common Areas of Multi-Family Residences* and OCA 14-03b *Expand Smoking Regulations to Prohibit Smoking near Doorways and Outdoor Areas of Retail and Commercial Businesses*;
- Confirm the original scope of DPW 15-10 *Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall*, which assures no cost to the City for implementation;
- Drop ESD 12-01C *Community and Operational Greenhouse Gas Inventory* (Attachment 2) in lieu of the study to be completed as part of the Climate Action Plan Workplan;
- Drop ESD 13-05C *Eco-district Feasibility and Incentives* (Attachment 3) from consideration;
- Defer DPW 13-10C *Pilot Bicycle Boulevard Project on East-West and North-South Routes* (Attachment 4) for reconsideration and potential ranking at the January 2016 Study/Budget Issues Workshop;
- Approve the staff recommended actions as identified in the Fiscal Impact section of this report; and
- Drop ESD 15-03 *Financing for Energy-Efficiency, Renewable-Energy and Water-Efficiency Improvements on Commercial Properties* (Attachment 5).

EXISTING POLICY

Council Policy 7.3.1 Legislative Management - Goals and Policies, Policy A1: Utilize the General Plan as the City's principal long-range planning tool; utilize the Resource Allocation Plan and Program Outcome Statements as the City's principal mid-range planning tool; and utilize the Council Study Calendar as the City's principal short-range planning tool.

ENVIRONMENTAL REVIEW

N/A

DISCUSSION

Since the February 19 workshop, staff has assessed its ability to undertake Council's prioritized issues, taking into consideration departmental workloads and available resources. Attachment 1 (Proposed Presentation Dates for 2015 Council-ranked Study Issues) shows each new issue, and indicates the department's intended start date and Council presentation date. Those items falling "below the line" are typically considered deferred and brought back to Council for consideration at the following year's Study/Budget Issues Workshop. Every effort will be made to keep study issues on track to meet the approved presentation dates; however, scheduled dates are tentative. To assist Councilmembers in responding to inquiries or concerns from constituents, staff will continue to advise Council of revisions to the approved presentation dates. The Calendar is maintained and updated weekly on the City's website.

Updates on Council Strategic Policy Priorities

As Council has heard before, Sunnyvale is a City organization that is resourced or built for operations and is very lean on capacity to advance new initiatives. To guide Council on where the line is drawn for each department and the timing of when studies are started/completed, a summary on the current status of the strategic goals established by Council on Day 2, September 2, 2014, of the Council Strategic Workshop and an update on additional Council priority topics is provided in Attachment 7.

Clarification on Issues Proposed for Study in 2015

New Study Issues

CDD 15-02 Consider Multi-family Residential Transportation Demand Management Programs: The study issue as scoped out with the Planning Commission envisioned developing a menu of TDM options/guidelines for residential developers. It did not envision setting city-wide TDM goals, regulations or implementation measures for residential projects. Based on Council comments, it appears there is interest to develop a residential TDM program similar to the requirement for office projects. This expanded scope would benefit from bringing in a transportation consultant to assess the appropriate TDM goals and measures based on factors such as development type, project size and location. If the study stays within the original scope, no consultant assistance would be needed. However, if the Council is interested in developing a residential TDM program, a budget supplement of \$30,000 is recommended to obtain a transportation consultant to advise the City on realistic goals and the effectiveness of various tools for meeting these goals. Staff recommends amending the study issue to include the cost for a transportation consultant to provide technical research and analysis, which would be presented as a budget supplement in the Recommended FY 2015/16 Budget.

FIN 15-01 Review Potential for a Utility Users Tax Ballot Measure and Discount Program for Low Income Customers: As part of the 2015 Study/Budget Issues process, Council ranked this issue to

provide a review of the City's Utility Users Tax (UUT) in time to consider a potential ballot measure for 2016. The review is scheduled to be completed at a Council Study Session tentatively scheduled for December 15, 2015, where staff will present the history of UUT in Sunnyvale, issues with current regulations, alternatives with modernization or rate and base increases, comparisons with other cities and any survey results. Staff will be focusing on strategies for growing the City's sustainable revenue base during 2015 and may conduct community surveys as part of this assessment that would inform Council on a UUT measure as well as other potential revenue strategies. No funding is required to advance the study to this point; however, should Council decide in December to further pursue a ballot measure, a budget modification will be necessary to conduct polling to determine the type of measure that will have the best chance for success with the community and voters. If Council directs staff to move forward, a Council Hearing on a potential UUT ballot measure is proposed for April 2016. If approved, a June 2016 hearing will be scheduled to allow Council to approve a Resolution calling for an election in November 2016.

DPS 15-01 *Prohibit Smoking Inside All Units and in Common Areas of Multi-Family Residences*: As identified in the study issue paper, the estimated cost to study this issue is \$75,000. The staff recommendation was that it be combined with OCA 14-03 (b) *Expand Smoking Regulations to Prohibit Smoking near Doorways and Outdoor Areas of Retail and Commercial Businesses* (estimated cost is \$50,000), which was carried over to 2015 due to a lack of grant funding and staff vacancies. These estimated costs would cover a contract for a qualified consultant to conduct the studies with DPS staff providing contract management and oversight. The cost of both studies individually is \$125,000; however, by combining the studies, staff anticipates an estimated cost savings of \$25,000. Staff is seeking \$100,000 to cover the cost of the combined studies, which would be presented as a budget supplement in the Recommended FY 2015/16 Budget. Staff is also in the process of applying for grant funding for the combined study [DPS 15-01 and OCA 14-03 (b)] through the Santa Clara County United for Health - Partnership to Improve Community Health (PICH) Project. It is expected that Sunnyvale will receive grant funding, at least in part, and be notified of the grant amount by the end of March 2015. If the grant amount awarded does not cover the full cost of the study, staff will amend the amount requested for a budget supplement.

DPS 15-02 *Car/Ride Share Impacts on Taxicab Franchises and Review of Taxicab Franchise Regulations*: This study proposed to review the impact of Transportation Network Companies (TNCs) on local taxicab franchise businesses, as well as present a comparison of Sunnyvale's regulations with that of neighboring cities, and potential policy options to allow increased competitiveness with TNCs. As identified in the study issue paper, the study is estimated to cost up to \$25,000 to enlist a consultant to conduct the study. Staff hoped to find grant funding to support the research but have been unsuccessful in identifying potential grant sources to fund the study. Upon further analysis, however, the cost of the consultant could be absorbed in DPS' current budget. DPS staff will provide project management and oversight. By absorbing the cost into the current budget, the department can initiate the study as soon as possible and would present findings in August 2015; however, this does result in less resources for other competing priorities.

DPW 15-10 *Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall*: As part of the Study Issue write up, staff's estimate of the cost to implement the study results was that the Butcher House relocation would have "no cost to implement" since it was expected that all costs associated with the relocation would be privately funded. However, it has been clarified that the museum requested that the City cover the cost of siting the house, such as the foundation, utilities, and driveway widening. While a full estimate has not been developed, staff

estimates those costs could be in the \$200,000 - \$400,000 range. At this time staff would like clarification on Council's position regarding costs. The options are to maintain it as originally scoped and discussed, with no cost to the City; or the Council could change the scope to cover these costs as part of the project. Staff recommends continuing with the original scope of the study, which would be no cost to the City for implementation.

Continuing Study Issues

ESD 12-01C *Community and Operational Greenhouse Gas Inventory*: On November 25, 2014, Council adopted the Climate Action Plan (CAP) Work Plan via RTC 14-0917. Included in the discussion was the staff recommendation that, with the approved work plan, the Council would drop previously ranked study issues because the studies were included in the work plan activities. This study issue (Attachment 2), ranked by Council in 2012, was included among that list, is covered by Implementation Measure IM-2.1 and is proposed as a project in the City Manager's Recommended FY 2015/16 Budget. The results of IM-2.1 will be presented to Council via the biennial CAP Report, tentatively scheduled for April 2016. In order to proceed with this individual study issue, outside of the CAP work plan schedule, the cost to conduct the study would be \$30,000. Council action is needed to either drop the study or to fund it. Staff recommends that Council drop the study issue.

ESD 13-05C *Eco-district Feasibility and Incentives*: This study issue (Attachment 3) was ranked by Council in 2013 and dependent on funding to complete the study. Council direction was to seek grant funds to cover the cost. Since that time, the study has been on hold as staff has been unsuccessful to in obtaining grant funding. In order to proceed with this individual study issue, Council action is needed to either fund the \$50,000 cost to study, drop the study issue, or defer it to be reconsidered in January 2016 at the next Study/Budget Issues Workshop. Staff recommends that Council drop this item due to the heavy resource commitment needed to implement the Climate Action Plan and particularly Community Choice Energy.

DPW 13-10C *Pilot Bicycle Boulevard Project on East-West and North-South Routes*: This study issue (Attachment 4), intended to identify corridors for bike boulevards, develop concepts, and conduct community outreach, was ranked by Council in 2013 and dependent on funding to complete the study. At Council direction, the funding for this study, estimated at \$60,000, was supposed to be from grants. While the City has received a number of grants during this time period, staff has not been successful at identifying grant funding for this particular project. Council action is needed to either fund the \$60,000, drop the study issue, or defer it to be reconsidered in January 2016 at the next Study/Budget Issues Workshop. Staff recommends deferring the item to be ranked in 2016. If the Council chooses to refer it to the budget process, adding this study to DPW's workload in 2015, it would replace the lowest ranked DPW study issue currently proposed to move forward for implementation - DPW 15-03 *Determine Steps to Move Forward to Becoming a Silver Level in the League of American Bicyclists - Bicycle Friendly Communities*; DPW 15-03 would be deferred to the January 2016 Study/Budget Issues Workshop for Council consideration.

Direction on Study Issue Inadvertently Dropped from Consideration in 2015

In 2014 the Sustainability Commission sponsored a paper, FIN 14-01 *Financing for Energy-Efficiency, Renewable-Energy and Water-Efficiency Improvements on Commercial Properties*. Council then deferred the issue at the January 2014 Study/Budget Issues Workshop. In 2014, ownership of the paper was transferred from the Department of Finance to the Environmental Services Department (ESD). ESD created the issue paper for routing, ESD 15-03 *Financing for*

Energy-Efficiency, Renewable-Energy and Water-Efficiency Improvements on Commercial Properties (Attachment 5), however, when it was presented for ranking to the Sustainability Commission, the Commission voted to drop the issue.

As a general rule, the sponsor of an issue can recall/drop it from Council consideration so long as the issue paper hasn't been acted on by Council - meaning that after Council action to rank/defer/drop an issue, it belongs to Council and the sponsor can't affect it any longer. In this case, the Commission (and ESD staff) didn't realize that they were not allowed to drop it from Council consideration and staff in the Office of the City Manager didn't catch it when preparing for the annual workshop.

Council action is needed to initiate the study, drop the study issue, or defer it to be reconsidered in January 2016 at the next Study/Budget Issues Workshop. As stated in the attached study issue paper, staff recommends dropping this study issue in light of newly available programs. California First began offering PACE financing to Sunnyvale property owners (residential and commercial) in August 2014. Property owners can now finance clean energy, energy efficiency, or water efficiency projects through a special assessment levied on the property. This program meets the intent of the proposed study without requiring to City to establish its own financing program. Also, at the hearing on this issue, Council expressed support for publicizing the availability of programs such as PACE rather than offering them directly using City resources.

FISCAL IMPACT

The study issues noted below require additional funding and, consistent with past practice, will be considered within the context of the City's overall fiscal situation as a budget supplement included in the City Manager's FY 2015/16 Recommended Budget. Staff has determined that some of the study issues can be absorbed within current operating budgets. Under the current assumptions, the potential one-time cost to the General Fund (including the supplement for the economic consultant to evaluate the market potential and appropriate land use mix for the Town Center) that can't be absorbed would total \$335,000 with an additional \$30,000 covered by the Development Enterprise Fund.

Study Issue	Cost of Study	Source/Type of Funding	Staff Recommendation
<i>New Study Issues</i>			
CDD 15-02 <i>Consider Multi-family Residential Transportation Demand Management Programs</i>	\$30,000	Development Services Enterprise Fund	Approve the expanded scope and cost of the study, and forward this funding request to the Recommended FY 2015/16 Budget as a budget supplement.
CDD 15-06 <i>Design Guidelines for Parking Structures</i>	\$20,000 \$5,000	Will be absorbed	Accept the revised cost of study and that it will be absorbed into the current operating budget.

DPS 15-01 <i>Prohibit Smoking Inside All Units and in Common Areas of Multi-Family Residences</i>	\$100,000	Grant Funding and General Fund	Staff is seeking grant funding with notification of award expected by late March; staff recommends forwarding any amount not covered by the award to the Recommended FY 2015/16 Budget as a budget supplement.
DPS 15-02 <i>Car/Ride Share Impacts on Taxicab Franchises and Review of Taxicab Franchise Regulations</i>	\$25,000	Will be absorbed	Accept that the estimated cost of \$25,000 to pay for a consultant to perform the study will be absorbed into the current operational budget.
DPW 15-03 <i>Determine Steps to Move Forward to Becoming a Silver Level in the League of American Bicyclists - Bicycle Friendly Communities</i>	\$15,000 to \$25,000	General Fund	Staff recommends forwarding this funding request to the Recommended FY 2015/16 Budget as a budget supplement.
DPW 15-04 <i>Convert Part-Time Bicycle Lanes on Homestead Road to Full-Time Bicycle Lanes</i>	\$10,000	Will be absorbed	Accept that the estimated cost of \$10,000 for outreach materials and design will be absorbed into the current operating budget.
DPW 15-09 <i>Feasibility of Establishing a Park Mitigation Fee for Non-residential Development</i>	\$50,000	General Fund	Staff recommends forwarding this funding request to the Recommended FY 2015/16 Budget as a budget supplement.
DPW 15-10 <i>Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall</i>	\$50,000	General Fund	Staff recommends forwarding this funding request to the Recommended FY 2015/16 Budget as a budget supplement.
Continuing Study Issues			
ESD 13-05C <i>Eco-district Feasibility and Incentives</i>	\$50,000	General Fund	Staff recommends dropping this study. Should Council desire to proceed with the study, staff recommends forwarding this funding request to the Recommended FY 2015/16 Budget as a budget supplement.

DPW 13-10C Pilot Bicycle Boulevard Project on East-West and North-South Routes	\$60,000	General Fund	Staff recommends deferring this study to Council's January 2016 Study/Budget Issues Workshop. Should Council desire to proceed with the study, staff recommends forwarding this funding request to the Recommended FY 2015/16 Budget as a budget supplement.
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PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

All 2015 Study Issues, including results from Council's ranking Workshop can be reviewed at the [Sunnyvale Study Issues Website <http://studyissues.insunnyvale.com/>](http://studyissues.insunnyvale.com/) (Attachment 6).

ALTERNATIVES

1. Approve the Proposed Presentation Dates for 2015 Council-ranked Study Issues (Attachment 1).
2. Recommend a budget supplement for the Recommended FY 2015/16 Budget to allocate \$50,000 to obtain an economic consultant to evaluate the market potential and appropriate land use mix for the Town Center, with particular emphasis on assessing the amount and type of retail uses that are feasible for the project.
3. Amend the intended scope of CDD 15-02 *Consider Multi-family Residential Transportation Demand Management Programs* to include the cost for a transportation consultant to provide technical research and analysis, which would be presented as a budget supplement in the Recommended FY 2015/16 Budget.
4. Approve the combination of DPS 15-01 *Prohibit Smoking Inside All Units and in Common Areas of Multi-Family Residences* and OCA 14-03b *Expand Smoking Regulations to Prohibit Smoking near Doorways and Outdoor Areas of Retail and Commercial Businesses*.
5. Confirm the original scope of DPW 15-10 *Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall*, which assures no cost to the City for implementation.
6. Drop ESD 12-01C *Community and Operational Greenhouse Gas Inventory* in lieu of the study to be completed as part of the Climate Action Plan Workplan.
7. Drop ESD 13-05C *Eco-district Feasibility and Incentives* from consideration.
8. Defer DPW 13-10C *Pilot Bicycle Boulevard Project on East-West and North-South Routes* for reconsideration and potential ranking at the January 2016 Study/Budget Issues Workshop.
9. Approve the staff recommended actions as identified in the Fiscal Impact section of this report. Specifically, refer the following studies to the Recommended FY 2015/16 Budget as budget supplements:
 - a. CDD 15-02 *Consider Multi-family Residential Transportation Demand Management Programs*, \$30,000
 - b. DPW 15-03 *Determine Steps to Move Forward to Becoming a Silver Level in the League of American Bicyclists - Bicycle Friendly Communities*, \$15,000 to \$25,000

- c. DPW 15-09 *Feasibility of Establishing a Park Mitigation Fee for Non-residential Development*, \$50,000
- d. DPW 15-10 *Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall*, \$50,000
- e. DPS 15-01 *Prohibit Smoking Inside All Units and in Common Areas of Multi-Family Residences*, \$100,000
10. Drop ESD *Financing for Energy-Efficiency, Renewable-Energy and Water-Efficiency Improvements on Commercial Properties*.
11. Other direction as approved by Council.

STAFF RECOMMENDATION

Alternatives 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10:

1. Approve the Proposed Presentation Dates for 2015 Council-ranked Study Issues (Attachment 1).
2. Recommend a budget supplement for the Recommended FY 2015/16 Budget to allocate \$50,000 to obtain an economic consultant to evaluate the market potential and appropriate land use mix for the Town Center, with particular emphasis on assessing the amount and type of retail uses that are feasible for the project.
3. Amend the intended scope of CDD 15-02 *Consider Multi-family Residential Transportation Demand Management Programs* to include the cost for a transportation consultant to provide technical research and analysis, which would be presented as a budget supplement in the Recommended FY 2015/16 Budget.
4. Approve the combination of DPS 15-01 *Prohibit Smoking Inside All Units and in Common Areas of Multi-Family Residences* and OCA 14-03b *Expand Smoking Regulations to Prohibit Smoking near Doorways and Outdoor Areas of Retail and Commercial Businesses*.
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9. Approve the staff recommended actions as identified in the Fiscal Impact section of this report. Specifically, refer the following studies to the Recommended FY 2015/16 Budget as budget supplements:
 - a. CDD 15-02 *Consider Multi-family Residential Transportation Demand Management Programs*, \$30,000
 - b. DPW 15-03 *Determine Steps to Move Forward to Becoming a Silver Level in the League of American Bicyclists - Bicycle Friendly Communities*, \$15,000 to \$25,000
 - c. DPW 15-09 *Feasibility of Establishing a Park Mitigation Fee for Non-residential Development*, \$50,000
 - d. DPW 15-10 *Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall*, \$50,000
 - e. DPS 15-01 *Prohibit Smoking Inside All Units and in Common Areas of Multi-Family Residences*, \$100,000
10. Drop ESD *Financing for Energy-Efficiency, Renewable-Energy and Water-Efficiency*

Improvements on Commercial Properties.

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Reviewed by: Robert A. Walker, Director, Office of the City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Proposed Presentation Dates for 2015 Council-ranked Study Issues
2. ESD 12-01C *Community and Operational Greenhouse Gas Inventory* (Study Issue Paper)
3. ESD 13-05C *Eco-district Feasibility and Incentives* (Study Issue Paper)
4. DPW 13-10C *Pilot Bicycle Boulevard Project on East-West and North-South Routes* (Study Issue)
5. ESD 15-03 *Financing for Energy-Efficiency, Renewable-Energy and Water-Efficiency Improvements on Commercial Properties* (Study Issue Paper)
6. [Sunnyvale Study Issues Website <http://studyissues.insunnyvale.com/>](http://studyissues.insunnyvale.com/) (Hyperlink)
7. Six Month Update on Council Strategic Policy Priorities