

REPORT TO COUNCIL

SUBJECT

Approve Study Issue Presentation Dates for Studies Recommended for Study in 2017 and Approve the Recommended Actions as Identified in the Fiscal Impact of this Report

BACKGROUND

Council reviewed and prioritized by department the proposed 2017 Study Issues at its annual Study/Budget Issues Workshop on February 17, 2017. Upon establishing the inventory of Study Issues, the next step in the process is for the City Manager to assess the organization's ability to undertake those issues prioritized by Council and their connection to the Council approved Policy Priorities, operational initiatives, and day-to-day workload. This report presents, for Council consideration, the proposed start date and tentative Council presentation date(s) for items recommended for study in 2017, as well as an update on the newest Council Policy Priority.

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

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment and 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

DISCUSSION

At the February 17 Study/Budget Issues Workshop the Council ranked and prioritized Study Issues for 2017; 28 were originally proposed and Council's actions reduced the number to 17. In recent years, a manageable number of new Study Issues for City staff to absorb is about six to seven Study Issues, with between five to ten incomplete Study Issues from the prior year brought forward for completion.

This year, staff recommends assignment of seven Study Issues and will carry forward the five previously assigned Study Issues from the year before that still require completion. This means that staff will address 12 Study Issues over the next Study Issues cycle. While the City Council had the opportunity to eliminate and rescope Study Issues, the remaining 17 Study Issues can't be realistically completed and, given the significant number of remaining Study Issues, resulted in the need to share in detail our methodology for making this determination.

A departure from past “drawing the line” reports has been taken and a deeper review of staff conditions that support our recommendation is provided so that the City Council is fully aware of the staff resources available to (1) sustain basic operations, (2) make progress on existing operational and policy priorities, (3) absorb unanticipated work as it predictably surfaces, and (4) add new Study Issues while completing the previously assigned ones.

For context, our methodology began with the key conclusion that not all Study Issues are equal. For instance, some have higher degrees of complexity and/or have city-wide impacts, while others resolve a service change with a targeted stakeholder. As surfaced during the Study Issues Workshop, the ranking occurs by department which does not take into account the supporting departments required to complete it or, in the case where a department has one Study Issue, it carries the same weight of the highest prioritized Study Issue in departments that have more than one Study Issue (not because it is the highest priority, but because it was the only Study Issue).¹ The City’s “drawing the line” exercise is a function of an operational assessment of the ability of a group of staff (from multiple departments) to absorb the new work which builds on the Council’s prioritization of the strategic nature of the study issue. For this reason, departments assessed their ability to absorb more work and provide operational-level detail about staffing conditions that allow us to move forward or that present problems.

Methodology

While Council’s prioritization is completed by department, all work products must be approved by the City Manager and City Attorney prior to being considered by the City Council, as such our Council Appointees’ respective capacity must also be factored into the task of “drawing the line.” Attachment 1, *Proposed Presentation Dates for 2017 Council-ranked Study Issues*, shows the results of Council’s ranking by department and the City Manager’s Study Issue categorization. Issues are shown as above or below the line based on available resources/capacity (a two-dimensional review based on a structured categorization and, then, operational assessment). The City Manager’s evaluation for a connection to Policy Priorities is shown as priority criteria and identified by a rating of A, B, or C, using the following rating criteria:

A. Governance and Fiscal Sustainability

Study Issues that fall into this category are directly related to the City’s governance structure, charter, and tradition of strong fiscal practices (as outlined in the Charter). Typically, these issues would fall under the category of good government principles, such as protecting public dollars, ensuring public trust, and long-term operational and fiscal sustainability. These Study Issues are foundational to our governance and fiscal and service sustainability and provide high impact with sustaining these strong values and practices. The following Study Issues are recommended:

Category A:	Governance and Fiscal Sustainability
OCM 17-02	Evaluate Proposing a Charter Amendment to Revise Section 604 regarding Filling Vacant Council Seats by Special Election Criteria: This Study Issue is directly related to the City Charter, governance in the event of a vacant City Council seat, and prudent use of public funds.

OCM 16-02	Consider Adoption of a Wage Theft Ordinance Criteria: This Study Issue is directly related to the prudent use of public funds and ensuring that public funds are duly used for the purpose approved by the City Council. Through establishing provisions that prevent wage theft in public expenditures, the City Council is protecting public trust and funds.
FIN 17-01	Evaluation of New Revenue Strategies to Fund New and Increasing Service Demands and/or Unfunded Capital Investments Criteria: This Study Issue is directly related to maintaining the City's tradition of strong fiscal practices and process improvements. The City has not embarked in a comprehensive revenue opportunities study and this is a good government practice.

B. Strategic and Long-Term Service Impact

This category is for Study Issues that align to established Council Policy for approved programs and services. The Study Issues acknowledge the routine process improvements and/or service delivery refinements to support our ever-changing community and high quality of life. In general, these Study Issues focus on a strategic policy change to further advance or leverage our service delivery to be more responsive to our residents (and have a City-wide impact for the whole community). The following Study Issues are recommended:

Category B:	Strategic and Long-Term Service Impact
CDD 11-02	Downtown Development Policies for Parking Criteria: This Study Issue supports the City Council Policy Priority to complete "Downtown Sunnyvale" (Council Priority 4). Given the recent Town Center development activity, along with the active Downtown retail, it is good timing to review parking policies to support new development. This Study Issues works to improve our parking services to all Downtown visitors.
CDD 17-09	2017 Housing Strategy Criteria: As presented in the Study Issue, there were a number of Study Issues on this topic and staff desired to complete a more comprehensive Study Issue to thoroughly evaluate our existing policies and possible refinements that address our interest in solutions relative to affordability and availability of housing in Sunnyvale. This Study Issue has the opportunity to have high impact for housing development and residents.
ESD 13-05C	Eco-district Feasibility and Incentives Criteria: The City Council recently adopted <i>Accelerating Climate Action</i> as a new City Council Policy Priority (#6) and established a separate Budget Issue to fund the study to accelerate implementation, strategic initiatives to achieve new targets, and establish an aspirational goal. Council prioritized Phase 1 of this Study Issue and this supports the City Council Policy Priority.
LCS 17-02	Potential Membership in the Global Network of Age-Friendly Cities and Communities (GNAFCC) Criteria: This Study Issue strategically recognizes the existing inventory of City Council approved programs and services offered through the Library and Community Services Department and joins the County and Global Network to leverage our services in future opportunities in a manner that supports our growing aging community. Given that this demographic is a growing population, this strategic partnership and designation has the opportunity to leverage our services and, if achieved, maintains a high quality of living for our community.

C. New Service or New Service Practice

This category is for Study Issues that introduce new or a targeted service. In this category, the Council identifies the need to study a new or targeted service area that is narrow in scope. The goal

is to recognize new approaches to service that staff will need to examine and make a policy recommendation for the City Council to consider for moving forward. These Study Issues have the capacity to have a city-wide impact but, more likely, serve a targeted service or narrow population. Where new service is entertained, staff capacity to support new services/practices, funding to support them, and Council policy setting is required to move forward. Any new areas of service, should be considered in the context of our existing workload and limited staff capacity (See Attachment 3). The following Study Issues are recommended for this Category, are not likely to be absorbed in the current year, and would only be absorbed if the capacity presents itself. If not, these Study Issues would carry forward for City Council consideration in the next Study Issue cycle:

Category C:	New Service or New Service Practice
DPS 17-01	Regulation of Marijuana Cultivation in the City of Sunnyvale for Research and Development (CDD for Land Use & DPS for Regulation) Criteria: This Study Issue would implement a new land use permit for the cultivation of marijuana for research and development only. This permit would be aligned to the State Licensing requirements (ETA Early 2018) and/or contingent on a State License. City Council policy for this new service area has not been set, although the City has developed land use permits for unique uses in the past.
ESD 17-01	Eliminate the Use of Chemical Pesticides on City Owned or Leased Property Criteria: This Study Issue would require research and policy setting for the procurement and use of pesticides. The City has not conducted such study and we would need to assign the needed capacity to complete research on policies that other municipalities have established, chemical pesticides and alternative approaches to achieve the results that pesticides provide, and best practices relative to new operational practices and alternatives to chemical pesticides.
DPW 17-12	Evaluate the Development of a Class I Bicycle and Pedestrian Trail along Evelyn Avenue adjacent to the Caltrain Railroad Tracks, Between Sunnyvale and Mountain View Criteria: This Study Issue would require collaboration with the City of Mountain View to evaluate and develop a new trail. This effort would require staff capacity, funding to conduct the required studies, etc. The City Manager has been in communication with the Mountain View City Manager to track movement on this topic. There is no new information on this since we last reported on the Study Issue.

Staff is recommending that Council approve proceeding with Study Issues in Categories A and B.

Staff Workload Context

While the 17 Study Issues have merit and value to the overall needs of the City, it is simply unrealistic for staff to commit to more than the proposed seven studies in addition to the five *Continuing* studies which are still underway from a previous year. This workload in the context of advancing the six Policy Priorities that the City Council has established and the operational priorities that staff presented.

It is unfortunate that City staff does not have the capacity to implement each of them and, given the high number of Study Issues prioritized, we are taking this extraordinary step of sharing our methodology and staff workload conditions that present challenges.

To assist Council with interpreting the impact of taking on additional studies, staff is providing context for how Study Issues fit into existing workload and operations. Attachment 3 presents an assessment of the tradeoffs Council should consider and operations conditions that are unique. City staff provides

this information to eliminate any conclusion that we have been discretionary in which Study Issues we propose for completion. Indeed, when the Council prioritizes 17 Study Issues, the burden to prioritize and illustrate our ability to absorb is more greatly placed on staff.

Budget Issues

There are two significant Budget Issues that surfaced during the Strategic Policy Session and Study Issues Workshop: *Accelerate Climate Action* and *Parkland/Open Space Policy/Initiative*. The Climate Action Budget Issue has already been addressed through previous discussion in this report and acknowledges that the City Council established this as a formal Policy Priority. However, the Parkland/Open Space Policy/Initiative also presents a significant workload impact for City staff, mainly in the Public Works Department, City Attorney's Office, and City Manager's Office. Based on the direction that this Budget Issues takes, it may have set deadlines that require completion of this work by June 2018.

Next Steps Upon Council Action on Study Issues

Change in Scope Actions for Housing Strategy Study

During the workshop, the City Council provided various directions to staff on the scope of work for CDD 17-09 (2017 Housing Strategy) as follows:

- Remove the contents of the study related to CDD 17-05 (Mobile Home Conversion requirements) and provide a higher-level overview of the general effectiveness of the current mobile home park conversion policy (Chapter 19.72).
- Regarding tools and options related to mobile home parks, explore rent stabilization and the feasibility of resident acquisition of mobile home parks. The acquisition evaluation may include approaches such as forming a limited equity co-op to purchase the park, non-profit acquisition, and/or subdivision and sale of individual lots to current mobile home owners.
- Remove the contents of the study related to CDD 17-06 (Rent Stabilization for apartments).
- Consider issues related to age-friendliness of housing.

Assuming the required funding for this study is approved by Council in June, staff plans to return to Council in July/August with a refined scope of work consistent with the above changes, and a draft work plan for this Study Issue for Council review and comment.

Proposed Presentation Dates

Every effort will be made to keep Study Issues on track to meet the approved presentation dates; however, scheduled dates are tentative and changes will be reported to the public and City Council through the Tentative Council Meeting Agenda Calendar (TCMAC), City Manager's Bi-Weekly Report and Blog. 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 TCMAC is maintained and updated weekly on the City's website.

Remaining Study Issues

Study Issues that are not recommended for study in 2017 would be deferred to the 2018 process, including Council consideration at the 2018 Study/Budget Issues Workshop. For those in Category C, staff will make an attempt to get to them if the capacity arises and we are able to absorb them. If that is the case, disclosure of our work efforts will be communicated through the TCMAC, City Manager Bi-Weekly Report, and City Manager's Blog. While the Study Issues have merit, we must continue to

remind ourselves that absorbing ten Study Issues would be extraordinary and would impact the ability to be successful in other areas of operations and priorities already funded and underway.

Update on New Council Strategic Policy Priority

Implementing the Climate Action Plan was added as a Policy Priority at the January 2017 Strategic Workshop. At the February 17 Study Issues Workshop, Council requested an updated, more thorough name for this issue. A broader title is appropriate as the original adopted Plan will evolve over time as will the City's strategy for addressing climate change. Staff is proposing *Accelerating Climate Action*. Council also provided feedback on the preliminary cost-estimate and scope for a budget supplement that will be presented as part of the May Budget Workshop materials. The budget supplement is focused on funding for consulting services that would be needed to establish new GHG reduction targets, conduct community outreach, and create a framework for accelerated CAP implementation.

In evaluating Climate Action as a new Council Strategic Policy Priority staff will also be looking at staff resources needed to augment the City's current efforts. Overall tracking and reporting on the CAP is currently assigned to the Regulatory Programs Division of the Environmental Services Department. Implementation of various CAP strategies is assigned to various departments but primarily resides with Environmental Services, Public Works and Community Development. In most cases, implementing CAP strategies are special projects or collateral duties that are in addition to the delivery of core City services. Having additional dedicated staff resources in strategic areas will be evaluated further with staff recommendations included in the FY 2017/18 budget.

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 2017/2018 Recommended Budget. Staff has determined that five Budget Issues identified below with level A and B priority criteria will require a General Fund budget allocation in the amount of \$300,000.

This cost is separate from additional costs that will be required to continue to advance the City Council's Policy Priorities, as discussed during the two-day Strategic Session. As a reminder, more Information Technology Department staff will be needed to make progress on the City's very fragile technology systems, additional funds for CAP goal setting and related staffing, and other requests to ensure success on these priorities.

Priority Criteria A and B

No Cost to study this issue

OCM 17-02 Evaluate Proposing a Charter Amendment to Revise Section 604 regarding Filling Vacant Council Seats by Special Election

ESD 13-05C Eco-district Feasibility and Incentives

LCS 17-02 Potential Membership in the Global Network of Age-Friendly Cities and Communities (GNAFCC)

Cost to Study - Will be referred to the Budget Workshop as a Budget Supplement

OCM 16-02 Consider Adoption of a Wage Theft Ordinance.
\$20,000/General Fund

FIN 17-01 Evaluation of New Revenue Strategies to Fund New and Increasing Service Demands and/or Unfunded Capital Investments
\$20,000/General Fund; May require more after assessment of options and further scoping of workplan

CDD 11-02 Downtown Development Policies for Parking
\$60,000/General Fund

CDD 17-09 2017 Housing Strategy
\$200,000/General Fund

Total Cost of Studies, Categories A & B: \$300,000

Priority Criteria C

The following Study Issues are recommended for this Category, are not likely to be absorbed in the current year, and would only be absorbed if the capacity presents itself. If not, these Study Issues would carry forward for City Council consideration in the next Study Issue cycle.

No Cost to study this issue.

DPS 17-01 Regulation of Marijuana Cultivation in the City of Sunnyvale for Research and Development (CDD for Land Use & DPS for Regulation)

If there is capacity to study these Study Issues, staff will return to the City Council for a Budget appropriation.

ESD 17-01 Eliminate the Use of Chemical Pesticides on City Owned or Leased Property
\$100,000/No source identified

DPW 17-12 Evaluate the Development of a Class I Bicycle and Pedestrian Trail along Evelyn Avenue adjacent to the Caltrain Railroad Tracks, Between Sunnyvale and Mountain View
\$100,000/No source identified

Total Cost of Studies, Category C: \$200,000

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 2017 Study/Budget Issues, including results from Council's ranking Workshop can be reviewed at the Sunnyvale Study Issues Website (Attachment 2).

ALTERNATIVES

1. Approve the Proposed Presentation Dates for the 2017 Council-ranked Study Issues in Priority Categories A and B, as noted in Attachment 1 to the report.
2. Authorize the City Manager to initiate work on the studies in Priority Category C, as noted in Attachment 1 to the report, within existing capacity, and based on timing and availability of staff capacity; otherwise, carry these issues forward for City Council consideration in the next Study Issue cycle.
3. Approve the study of 2017 Council-ranked Study Issues in Priority Category C, as noted in Attachment 1 to the report; and Direct staff to schedule the presentation dates of these studies.
4. Approve the cost to study and refer the following Priority Category A and B Study Issues to the FY 2017/2018 Recommended Budget:
 - a. OCM 16-02 Consider Adoption of a Wage Theft Ordinance
 - b. FIN 17-01 Evaluation of New Revenue Strategies to Fund New and Increasing Service Demands and/or Unfunded Capital Investments
 - c. CDD 17-09 2017 Housing Strategy
 - d. CDD 11-02 Downtown Development Policies for Parking
5. Approve the Cost to Study and refer the following Priority Category C Study Issues to the FY 2007/2018 Recommended Budget:
 - a. ESD 17-01 Eliminate the Use of Chemical Pesticides on City Owned or Leased Property
 - b. DPW 17-12 Evaluate the Development of a Class I Bicycle and Pedestrian Trail along Evelyn Avenue adjacent to the Caltrain Railroad Tracks, Between Sunnyvale and Mountain View

STAFF RECOMMENDATION

Alternatives 1, 2, and 4:

1. Approve the Proposed Presentation Dates for the 2017 Council-ranked Study Issues in Priority Categories A and B, as noted in Attachment 1 to the report.
2. Authorize the City Manager to initiate work on the studies in Priority Category C, as noted in Attachment 1 to the report, within existing capacity, and based on timing and availability of staff capacity; otherwise, carry these issues forward for City Council consideration in the next Study Issue cycle.
4. Approve the cost to study and refer the following Priority Category A and B Study Issues to the FY 2017/2018 Recommended Budget:
 - a. OCM 16-02 Consider Adoption of a Wage Theft Ordinance
 - b. FIN 17-01 Evaluation of New Revenue Strategies to Fund New and Increasing Service Demands and/or Unfunded Capital Investments
 - c. CDD 17-09 2017 Housing Strategy

d. CDD 11-02 Downtown Development Policies for Parking

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Reviewed by: Timothy J. Kirby, Director, Department of Finance
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Proposed Presentation Dates for 2017 Council-ranked Study Issues
2. Sunnyvale Study Issues Website (Hyperlink)
3. Staff Workload Context

ENDNOTE

1. In future years, staff is considering using our Service Clusters to present Study Issues so that they are viewed more comprehensively against the true workload impact of key departments and prioritized with this concept in mind. As background, staff already presents our Operational and Policy Priorities by Service Clusters, as well as Operational and Project Budget presentations. Over the next years, we will organize our budget documents to be reflective of the same to more fully recognize our integrated service model to deliver services.