



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 19-0293, Version: 1

REPORT TO COUNCIL

SUBJECT

Approve Updates to Council Policy 7.1.1 in Council Policy Manual Chapter 7, Section 1 - Fiscal Policies and Long Range Goals

BACKGROUND

Council Policy 7.1.1 was established to guide Council's decision making regarding the City's fiscal operations. The Policy is broad and wide ranging, governing all areas of fiscal management for the City. The last significant revision was in August of 2011 when the policy regarding reserves was modified during the great recession. The policy is currently outdated and in need of update. For example, the City no longer has a Community Recreation Enterprise Fund and has recently established a Pension Trust Fund.

EXISTING POLICY

Council Policy 7.1.1, *Fiscal - Long Range Goals and Financial Policies*

ENVIRONMENTAL REVIEW

The action being considered is not a "project" that requires environmental review under the California Environmental Quality Act (CEQA) because it is a fiscal activity that does not involve a commitment to any specific project that may result in a potentially significant physical impact on the environment. (CEQA Guidelines, Section 15378(b)(4))

DISCUSSION

Attachment 1 provides a redline version of all the proposed changes. Some of the changes are material and others are just clean up language. They are summarized as follows:

Long Range Goals

Removal of language referring to "products" and "product costs." Tracking of workload statistics has moved to the Workload Indicators section of the budget for each department.

Addition of a new Section V to call out making investments to stabilize service levels over time and reduce pension and other post-employment benefit liabilities (OPEB).

Financial Policies

Section 7.1A - Budget Policies A.1: Development of the Budget and Resource Allocation Plan: Clean up edits to modernize the policy language and be consistent with the City's current budget terminology.

Section 7.1A - Budget Policies A.4: Budget Monitoring and Modification: Changes to section A.4.3 to place appropriation control at the department level instead of program level, within the same fund. This aligns the policy with the changes made to the FY 2018/19 Budget, where the budget was rolled up a level to provide more transparency of services.

Section 7.1B - Revenue Policies B.1. Revenue Base: Minor clean up and clarifying edits.

Section 7.1B - Revenue Policies B.3 Revenue Collection: Clarifying language added to section B.3.1 to ensure staff does not seek to collect Federal and State Reimbursements for mandates where it costs more to obtain the reimbursement than the benefit received.

Section 7.1B - Revenue Policies B.4. Grants and Intergovernmental Assistance: Deleted, replaced with Council Policy 7.1.5 - Grants, Donations, Contributions, and Sponsorships which was established in 2007 and last amended in 2015.

Section 7.1B - Revenue Policies B.5. User Fees: Language added to section B.5.4 to allow for subsidized user fees when approved by Council. Increased the City Manager's authority to waive fees or fines up to \$50 for the first offense (penalty waiver authority). Recreation Fee policies were moved from *Section 7.1I - Enterprise Fund Policies I.2. Community Recreation Fund Policies*. Additional clean up provided to footnote of section.

Section 7.1C - Capital Improvement Policies C.1. Capital Improvement Plan: Clean up edits to modernize the policy language and be consistent with the City's current budget terminology. Specifically removed a reference to the "City's Long Range Infrastructure Plan." The City's long range plans, which used to be maintained separately, are contained within the budget.

Section 7.1C - Capital Improvement Policies C.3. Design and Evaluation: Addition of a new section to ensure the City is properly growing anticipated construction costs to fully capture the cost for projects.

Section 7.1E - Reserve Policies E.1. General Fund Reserves: Clean up edits to modernize the policy language and be consistent with the City's current budget terminology.

Section 7.1E - Reserve Policies New Section E.4. Pension and Other Post Employment Benefit Funding: Sets standards for managing the City's pension and OPEB liabilities.

Section 7.1G - Accounting Policies G.2. Internal Controls: Amended language on scheduling performance audits to give authority to the City Manager to operate the performance audit program.

Section 7.1I - Enterprise Fund Policies I.2. Community Recreation Fund Policies: Amended language to reflect the shift from the Community Recreation Fund to the Golf and Tennis Operations Fund. Removed language that is no longer relevant or will be replaced eventually by the Analysis of Sunnyvale Golf Program and Property Options Study Issue. Recreation Fee policies were moved to *Section 7.1B - Revenue Policies B.5. User Fees*. Removed language regarding Co-op Sports Reserve, which is no longer in use.

FISCAL IMPACT

While there is no direct fiscal impact, prudent and complete fiscal policies are a best practice to maintain fiscal sustainability through economic cycles and ensure the long term financial health of the City.

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.

ALTERNATIVES

1. Approve revisions to Council Policy 7.1.1 Fiscal - Long Range Goals and Fiscal Policies as presented in Attachment 1 to this report.
2. Approve revisions to Council Policy 7.1.1 Fiscal - Long Range Goals and Fiscal Policies with amendments.
3. Do not Approve revisions to Council Policy 7.1.1 Fiscal - Long Range Goals and Fiscal Policies.

STAFF RECOMMENDATION

Alternative 1: Approve revisions to Council Policy 7.1.1 Fiscal - Long Range Goals and Fiscal Policies as presented in Attachment 1 of the report.

Prepared by: Timothy J. Kirby, Director of Finance

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Redline of Council Policy 7.1.1 Fiscal - Long Range Goals and Fiscal Policies