Adopted Budget and Resource Allocation Plan

City of Sunnyvale, California – Fiscal Year 2015/16

Volume I

Summary

City of Sunnyvale

DIRECTORY OF CITY OFFICIALS

July 1, 2015

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Mayor

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Vice Mayor

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Councilmember

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Councilmember

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Director of Environmental Services

City of Sunnyvale

ADOPTED BUDGET and RESOURCE ALLOCATION PLAN
Fiscal Year 2015/16

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The Projects Budget includes City-wide projects that cover major improvements, construction, acquisition, infrastructure renovation and replacement as well as special projects that capture one-time costs, and outside group funding projects. Detailed project information sheets for all projects are included in this volume. The project information sheet provides the project description, scope, evaluation and analysis, fiscal impact, project costs, operating costs, and revenues and cost savings over the life of the project.

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FY 2015/16 Budget Supplements			
No.	**Title**	**Cost**	**Recommendation**
1.	Consider Multi-family Residential Transportation Demand Management Programs (Study Issue CDD 15-02)	$30,000 – one time	Fund – Development Enterprise Fund
2.	Determine Steps to Move Forward to Becoming a Silver Level in the League of American Bicyclists – Bicycle Friendly Communities (Study Issue DPW 15-03)	$25,000 – one time	Fund – General Fund
3.	Determine Feasibility of Establishing a Park Mitigation Fee for Non-Residential Development (Study Issue DPW 15-09)	$50,000 – one time	Fund – General Fund
4.	Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall (Study Issue DPW 15-10)	$50,000 – one time	Fund – General Fund
5.	Funding for an Economic Consultant to Evaluate the Market Potential and Appropriate Land Use Mix for the Town Center	$50,000 – one time	Fund – General Fund
6.	Funding for Tenant-Landlord Dispute Resolution Services	$30,000 – one time	Fund – General Fund
7.	Funding for Leadership Sunnyvale	$6,000 – one time	Fund – General Fund
8.	Sunnyvale Downtown Business Association $30,000 Funding	$30,000 – five years, $150,000 total	Fund – General Fund

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BUDGET SUPPLEMENT NO: 1

May 1, 2015

SUBJECT: Consider Multi-family Residential Transportation Demand Management Programs (Study Issue CDD 15-02)

BUDGET SUPPLEMENT REQUEST SUMMARY

Although office/industrial projects commonly require Transportation Demand Management (TDM) programs as part of their approval to assist in reducing traffic for a project, there is not a trip reduction requirement for residential developments and no municipal code requirements for residential TDM. This study to consider adding a TDM requirement to residential projects necessitates engaging a transportation professional with experience in creating the programs. Staff supports a budget supplement of $30,000 in order to complete the study.

BACKGROUND

Recent large multi-family residential projects have increased the concerns about increased traffic in the community. One method of reducing traffic from these uses includes preparing TDM guidelines for the developers to use for the new residential projects.

EXISTING POLICY

General Plan – Land Use and Transportation, Goal LT-4:
Quality Neighborhoods and Districts — Preserve and enhance the quality character of Sunnyvale's industrial, commercial, and residential neighborhoods by promoting land use patterns and related transportation opportunities that are supportive of the neighborhood concept.

General Plan – Land Use and Transportation, Policy LT-4.2:
Require new development to be compatible with the neighborhood, adjacent land uses, and the transportation system.

General Plan – Land Use and Transportation, Goal LT-5:
Attain a transportation system that is effective, safe, pleasant, and convenient.

General Plan – Land Use and Transportation, Policy LT-5.5:
Support a variety of transportation modes.

DISCUSSION

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. A transportation consultant would advise the City on realistic goals and the effectiveness of various tools for meeting these goals. Guidelines developed as a result of this expanded Study Issue will be given to residential project applicants to be able to prepare adequate TDM programs, and will be used by staff and decision-makers in reviewing the programs prepared by the applicants.

SERVICE LEVEL IMPACT

There is no impact to service levels from this study.

FISCAL IMPACT

The hiring of a transportation professional is estimated to cost $30,000. This one-time cost will be funded out of the Development Enterprise Fund as the guidelines will assist residential project applicants and staff involved in the project review process. Without external assistance, staff would need to re-prioritize workload in order to expend the time necessary to research and prepare the guidelines in-house. If Council chooses to develop TDM options and guidelines as originally envisioned by the Planning Commission, that work can be completed in house and absorbed into the operating budget for the Community Development Department.

ALTERNATIVES

1. Approve the supplement as proposed.
2. Direct staff to prepare the residential TDM guidelines and re-prioritize workload in order to absorb the staff time cost into the Community Development Department Operating Budget.
3. Direct staff to conduct develop TDM options/guidelines as originally envisioned by the Planning Commission, requiring no additional funding.
4. Other direction as Council deems appropriate.

STAFF RECOMMENDATION

Staff recommends approval of the supplement as proposed. The $30,000 supplement would enable the City to hire a transportation professional with experience in the subject area, and would provide a thorough understanding of the issue for the general public, applicants, staff and decision-makers.

Reviewed by:

Hanson Hom, Community Development Director
Prepared by Andrew Miner, Principal Planner
Prepared by Trudi Ryan, Planning Officer

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding
[ ] Do Not Approve Budget Supplement for funding

City Manager

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BUDGET SUPPLEMENT NO: 2

May 1, 2015

SUBJECT: Determine Steps to Move Forward to Becoming a Silver Level in the League of American Bicyclists – Bicycle Friendly Communities (Study Issue DPW 15-03)

BUDGET SUPPLEMENT REQUEST SUMMARY

This budget supplement is the result of Study Issue DPW 15-03. The $25,000 cost associated with this Study is for consultant services to evaluate the action items that the City would need to take to achieve Silver Level status. The consultant will also provide conceptual costs for any action items or needed improvements.

BACKGROUND

The City is currently at a Bronze Level status and has been for a number of years. While the City continues to improve its bicycle facilities, a more focused direction will provide the City with a way to better prioritize improvements, develop creative bicycle treatments, and help pursue grant opportunities.

EXISTING POLICY

General Plan Land Use and Transportation, Policy LT-5.5d:
Maximize the provision of bicycle and pedestrian facilities.

DISCUSSION

The Study would provide valuable information for the City to identify possible steps and associated costs to continue to improve Sunnyvale's overall bicycle program. This process would provide Sunnyvale with specific goals and priorities and help prioritize funding and staff resources.

SERVICE LEVEL IMPACT

Completing the Study will not impact current service levels. However, as a result of the Study, potential improvements may be made that enhance the City's bicycle program and increase bicycle ridership.

FISCAL IMPACT

Completing the Study is estimated to cost $25,000 for consulting services with an outside engineering firm. This would include the scope of work outlined in Study Issue DPW 15-03. The costs would be funded from the General Fund.

ALTERNATIVES

1. Approve the supplement as proposed
2. Other direction as Council deems appropriate.

STAFF RECOMMENDATION

Staff recommends approval of the budget supplement as proposed. The Study will provide valuable information on specific steps the City can take to reach Silver Level status. The Study will also help Sunnyvale pursue future grant opportunities.

Prepared by:

Manuel Pineda, Director of Public Works

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding
[ ] Do Not Approve Budget Supplement for funding

Deanna J. Santana, City Manager

BUDGET SUPPLEMENT NO: 3

May 1, 2015

SUBJECT: Determine Feasibility of Establishing a Park Mitigation Fee for Non-Residential Development (Study Issue DPW 15-09).

BUDGET SUPPLEMENT REQUEST SUMMARY

This budget supplement is the result of Study Issue DPW 15-09. The $50,000 cost associated with this Study is for consultant services to evaluate the action items that the City would need to take to establish a park mitigation fee for non-residential development. The consultant will also provide conceptual costs for any action items.

BACKGROUND

This study was initially proposed as part of Report to Council 11-083: Consider an Increase in the Parks Dedication Standard from 3.0 Acres to 5.0 Acres per 1,000 Population. Alternative 2 was for Council to direct staff to provide information regarding the possible implementation of a park mitigation fee for new industrial, commercial and retail development but it was not approved.

EXISTING POLICY

General Plan Land Use and Transportation, Goal LT-8 Adequate and Balanced Open Space:

Provide and maintain adequate and balanced open space and recreation facilities for the benefit of maintaining a healthy community based on community needs and the ability of the city to finance, construct, maintain and operate these facilities now and in the future.

DISCUSSION

The City currently collects parkland dedication or in-lieu fees from developers of specified residential subdivisions and rental housing projects to mitigate the impact an increasing population has on parks and recreation facilities but does not for non-residential development. There is no parkland dedication or in-lieu fees required for non-residential development and while these types of developments may not create the same impacts as residential, many daytime users of the City's parks and recreation facilities are from local companies participating in sports and recreation activities during their non—work hours and lunch breaks.

SERVICE LEVEL IMPACT

Completing the Study will not impact current service levels.

FISCAL IMPACT

Completing the Study is estimated to cost $50,000 for consulting services with an outside firm. This would include the scope of work outlined in Study Issue DPW 15-09. Funding would come from the General Fund.

ALTERNATIVES

1. Approve the supplement as proposed.
2. Other direction as Council deems appropriate.

STAFF RECOMMENDATION

Staff recommends approval of the budget supplement as proposed. Additional funds are required to purchase acreage and develop parks and recreation facilities to meet the needs of day-time residents in areas of the City that are commercial, industrial and retail and are underserved.

Prepared by:

Manuel Pineda, Director of Public Works

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding
[ ] Do Not Approve Budget Supplement for funding

Deanna J. Santana, City Manager

BUDGET SUPPLEMENT NO: 4

May 1, 2015

SUBJECT: Relocation of the Butcher House to Heritage Garden Park and Review of the Need for a Retaining Wall (Study Issue DPW 15-10)

BUDGET SUPPLEMENT REQUEST SUMMARY

This budget supplement is the result of Study Issue DPW 15-10. The $50,000 cost associated with this Study will be used to help masterplan and identify a possible location for the Butcher House at Heritage Park, including conceptual infrastructure needs and a discussion on possible impacts. It will also be used to review the existing site drainage and determine if modifications such as a retaining wall are required to prevent future flooding.

BACKGROUND

The Butcher property, located at 870 E. El Camino Real, has been purchased by a developer who is exploring development options for the property. A house on the site referred to as the "Butcher House" is over 100 years old and is considered to be of historical value by the Sunnyvale Historical Society and Museum Association (SHSMA). The SHSMA requested that Council support a project to move the Butcher House to Heritage Park at the Community Center. This study will determine the appropriate location for the house within the park and discuss possible impacts.

In addition, the Heritage Museum experienced flooding during the last major storm. The study will include a review of the existing drainage and a determination if any drainage modifications should be constructed to address any flooding and drainage issues.

EXISTING POLICY

General Plan – Community Character, Policy CC-5.1:
Preserve existing landmarks and cultural resources and their environmental settings.

DISCUSSION

The Orchard Heritage Park project (830480) is a funded capital project to remove and construct a new maintenance building and dumpster enclosure within the park. The purpose of the project is to make the museum and surrounding area more accessible, usable, and attractive. Staff is currently preparing to select a design consultant for this project. Since the study issue items contemplate additional modifications to the park, it would be most effective to combine all projects into one single project. This will impact the schedule for project 830840, but it will allow for a comprehensive plan for all the proposed improvements. The Butcher House relocation will involve more masterplan review, preliminary engineering and additional outreach, but the drainage item is an engineering issue which should fit within the expertise of the designer that will be selected for the current project.

The results of the study will include an estimate of the construction cost to implement drainage improvements or a retaining wall to address drainage issues. The actual design, relocation and construction of the Butcher House would be funded by private funds.

SERVICE LEVEL IMPACT

Completing the Study will delay the project 830840 by approximately three months, and the additional work will add approximately another six months to the overall project.

FISCAL IMPACT

Completing the Study is estimated to cost $50,000 for consulting services with an outside landscape architecture firm. This includes the scope of work outlined in Study Issue DPW 15-10, consisting of masterplan review, preliminary engineering concerns, and additional outreach. The cost for construction activities related to relocating the Butcher house and constructing the retaining wall are not included. If Council approves moving forward with these two items then additional construction money will have to be added to the project at a later date. This budget supplement would be funded by the General Fund.

ALTERNATIVES

1. Approve the supplement as proposed.
2. Other direction as Council deems appropriate.

STAFF RECOMMENDATION

Staff recommends approval of the budget supplement as proposed. The Study will determine the appropriate location for the Butcher House within Heritage Park as well as provide a recommendation to correct any existing drainage issues between the orchard and the museum.

Prepared by:

Manuel Pineda, Director of Public Works

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding

[ ] Do Not Approve Budget Supplement for funding

Deanna J. Santana, City Manager

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BUDGET SUPPLEMENT NO: 5

May 21, 2015

SUBJECT: Funding for an Economic Consultant to Evaluate the Market Potential and Appropriate Land Use Mix for the Town Center

BUDGET SUPPLEMENT REQUEST SUMMARY

At the March 17, 2015 City Council meeting, Council recommended a $50,000 budget supplement for the FY 2015/16 Recommended Budget for the purpose of obtaining an economic consultant to evaluate market potential and appropriate land use mix for the Town Center, with particular emphasis on assessing the feasible amount and type of retail uses for the Town Center project.

BACKGROUND

On September 2, 2014, day 2 of the Council Strategic Workshop, Council discussed and included questions, comments, and provided general direction related to the Town Center project. In particular, Council informally expressed support for updating the Downtown Specific Plan (Plan), which was last updated in 2003, within the next two years and exploring possible strategies to pursue in the near term. Staff described two primary options for amending the Plan based on the desired scope and objectives. Option one was to work with the property owner to do a Specific Plan Amendment focused on the Town Center. Staff explored option one with the property owner, but the property owner did not initiate the study. Option two was for Council to initiate the study at the City's expense. Council did not direct staff to pursue option two. Instead, Council directed staff to proceed with an intermediate strategy to obtain the services of an economic consultant to analyze the market potential for the Town Center project prior to embarking on a Specific Plan Amendment study.

EXISTING POLICY

General Plan – Land Use and Transportation – Land Use Policy LT-4.3:
Support a full spectrum of conveniently located commercial, public, and quasi-public uses that add to the positive image of the City.

General Plan – Land Use and Transportation – Economy Policy LT-7.4:
Create a strong, identifiable central business district that provides regional and City wide shopping opportunities.

General Plan – Community Vision - Citywide Vision Goals – IX Dynamic Downtown:
To create and support a strong and attractive traditional downtown which serves as the community's central marketplace, common gathering place and symbolic center.

DISCUSSION

On March 17, 2015, staff recommended and Council approved that staff prepare a budget supplement to obtain the services of an economic consultant to analyze the market potential for the Town Center project before embarking on a Specific Plan Amendment study. The market analysis will be beneficial and assist in defining the scope of a future Specific Plan Amendment study. The economic consultant will be

asked to perform a thorough market and fiscal analysis to identify the appropriate mix and quantity of retail, office, and residential units for a successful project. An economic consultant will be able to provide a thorough market assessment as well as an objective evaluation of the realistic market potential and fiscal implications of various land uses.

FISCAL IMPACT

This supplement requires $50,000 in funding for FY 2015/16 only. Funding would be provided by the General Fund. Associated staff costs would be absorbed within the existing operational budget.

ALTERNATIVES

Approval of the budget supplement would allow staff to hire an economic consultant to perform a thorough market and fiscal analysis to identify the appropriate mix and quantity of retail, office, and residential space for the development of a successful Town Center project.

STAFF RECOMMENDATION

Staff recommends approving a budget supplement for $50,000 to evaluate the market potential and appropriate land use mix for the Town Center project, with an emphasis on assessing the amount and type of retail uses.

Reviewed by:

Robert A. Walker, Assistant City Manager
Prepared by: Connie Verceles, Economic Development Manager

Reviewed by:

Grace K. Leung
Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding
[ ] Do Not Approve Budget Supplement for funding

Deanna J. Santana, City Manager

BUDGET SUPPLEMENT NO: 6

May 1, 2015

SUBJECT: Funding for Tenant-Landlord Dispute Resolution Services

BUDGET SUPPLEMENT REQUEST SUMMARY

This supplement would provide one-time funding in FY 2015/16 for dispute resolution and mediation services by the contractor currently providing these services, Project Sentinel. The focus of this service is on tenant/landlord disputes, but other types of community disputes can also be accommodated to the extent possible. Approval of this request would allocate $30,000 from the General Fund for this purpose.

BACKGROUND

Sharply increasing rents and fierce competition for available rental units have been a topic of much local and regional concern and media coverage in the last several years. Average asking rents for apartments in Santa Clara County increased by nearly 12% over the past twelve months, reaching an average of $2,457 in the first quarter of 2015, according to RealFacts. The average one-bedroom apartment rent in Sunnyvale was $2,284 in the first quarter of 2015.[1] These increases are consistent with the double-digit rent increases of the prior several years.[2]

Another trend that has been generating an increased volume of calls and requests for assistance, according to local service providers, is the increased incidence of habitability problems, such as pests, mold, and other hazards or code compliance issues. These arise as lower-income renters have been driven to rent more marginal or poorly maintained units, because the rents for higher-quality units have increased beyond what they can afford. Many renters are afraid to complain to their landlords until the problem becomes very severe for fear they will be evicted. In such situations, tenant-landlord mediation can help tenants and landlords work amicably to get such problems corrected, reducing the burden on city code enforcement staff to mediate between two parties that are often at odds over such situations.

One way to respond to resident concerns about rent increases and related concerns is to provide landlord-tenant mediation services to mediate between the tenant and landlord in such situations. The City has funded dispute resolution services provided by an outside agency for several years. Most of the disputes handled were related to housing issues, primarily tenant/landlord disputes; however other types of cases were also handled, many of which were referred by Department of Public Safety staff, particularly from the Neighborhood Preservation Division, such as disputes between neighbors, or between residents and adjacent businesses. In 2009, a three-year services contract for these services ended.

In FY 2013/14 the City Council allocated $20,000 from the General Fund for this service. A contract for this service was subsequently awarded to Project Sentinel. In FY 2014/15, Council approved a budget supplement of $45,000 for this program. So

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[1] Nathan Donato Weinstein, "Apartment rents resume upward march in Q1: Here's how much," *Silicon Valley Business Journal*, April 16, 2015.

[2] Average apartment rents in Sunnyvale increased 23.3% between December 2011 and December 2013, according to RealFacts.

far this fiscal year, Project Sentinel is on track to meet its annual performance objectives goals under its current contract with the City, and has reported that the level of demand for these services is higher than the service level funded through the City contract.

Most of the Sunnyvale cases relate to tenant/landlord disputes, due mainly to sharply increasing rents, and concerns about repairs or habitability, while some cases relate to disputes between other community members, such as between neighbors, resident/business conflicts, HOA matters, or issues with mobile home park managers and tenants.

Although the County of Santa Clara also provides a community mediation program to all county residents, County staff have reported to City staff that they do not have the capacity to handle the volume of calls they have been receiving from community members throughout the County. Some Sunnyvale residents also reported not getting timely service through the County program when the City's program was suspended for several years. In addition, the County does not typically fund this type of service on a county-wide basis, as it is not one of the state- or federally mandated social services programs provided by counties in California (such as CalWorks or MediCal).

In an attempt to secure other funding for this program, Project Sentinel applied for a CDBG Human Services grant of $50,000 in response to the CDBG request for proposals issued by Housing staff in January 2015. However, its proposal was the lowest-ranked of those received in this category, and there was not enough funding for all of the proposals received, therefore this program was not recommended for funding.

EXISTING POLICY

General Plan - Housing Sub-Element, Goal HE-5:
Promote equal housing opportunities for all residents, including Sunnyvale's special needs populations, so that residents can reside in the housing of their choice.

General Plan - Housing Sub-Element, Policy HE-5.1:
Support the provision of fair housing services and tenant/landlord mediation to residents.

DISCUSSION

Sunnyvale has had a long tradition of supporting tenant/landlord mediation and dispute resolution services to help local renters and landlords, as well as other community members, resolve disputes in an amicable manner, as much as possible. Some cases require the services of a professional attorney-mediator, which is provided under the current contract. Administrative tasks, including: contract renewal, invoice processing, performance monitoring, and referring residents to the agency, would be performed by staff in the Department of Community Development, Housing Division.

A professional dispute resolution agency or firm has the capacity and expertise to provide specialized dispute resolution and mediation services that City staff does not have the ability to provide directly. City staff can continue to provide general referrals to affordable housing resources and various informational resources available online. The requested supplement would pay for specialized, professional dispute resolution and mediation services provided by trained professionals, such as attorney mediators and/ or conflict resolution specialists with expertise in tenant/landlord law and in general conflict resolution.

With the economy recovering and housing costs increasing faster than household incomes for a large segment of the local population, the need for dispute resolution services has also increased. In the first three quarters of this fiscal year, Project Sentinel recorded a 34 percent increase in the number of requests for assistance from Sunnyvale residents, compared to the same period in FY 2013/14. Project Sentinel reported that the increasing demand for this service is a county-wide trend, based on the tightening rental market. The agency handed 32 percent more cases in all the cities it serves within the county in the first three quarters of this fiscal year, compared to the same period in the prior fiscal year. So far year to date, Project Sentinel has received more requests for assistance (496) from Sunnyvale residents than from those of any other city it serves in the county. The next highest level of demand was from Mountain View, a smaller city, at 445 requests for assistance.

SERVICE LEVEL IMPACT

The proposed budget supplement of $30,000 would be a slight reduction in service level compared to that provided in FY 2014/15, but it is 50 percent higher than the supplemental amount recommended by staff last year, which was $20,000. Staff has limited its recommendation to $30,000 to be mindful of constraints on the General Fund, however Council may consider a higher amount, as it did last year when it recommended a total supplement of $45,000 for this program, considering the recent increase in demand for this service reported by Project Sentinel. The current service provider has expressed an interest in training a team of local volunteer mediators, as it has done in Mountain View. This option could help the agency serve more clients with less funding in future years, and offers residents a community service opportunity that has proven popular in Mountain View and Palo Alto. However, establishing and training a group of volunteers would require an additional $10,000 in start-up funding to pay for training costs, and it would take several months before the volunteers would be ready to begin services.

Council approval of this supplement would fund this program for FY 2015/16 only. Renewal may be considered by Council in subsequent years if the need for this service continues to exist.

Approval of this budget supplement would provide enough funding for dispute resolution services (approximately 86 dispute resolution cases and 8 mediation cases) which are frequently requested by many residents, as well as some property owners and related agencies, such as Sunnyvale Community Services and Tri-Counties

Apartment Association, and, on occasion, the City's Neighborhood Preservation staff or other City staff. To support this program, staff activities include: maintaining the service provider's current contact information on the City's website, making printed referral materials available to the public and staff, updating the scope of work and contract, and processing contract invoices.

FISCAL IMPACT

This supplement proposes $30,000 from the General Fund for FY 2015/16 only. Associated administrative costs would be absorbed by the Department of Community Development, Housing Division. This funding request may be brought to Council annually, or not, depending on the perceived level of need for this service, measured by the number of requests for service received by staff throughout the year. This annual process enables Council to allocate funding for the upcoming year's budget based on the current economic and financial environment, and the level of community need for this service.

ALTERNATIVES

1. Approve the budget supplement for $30,000 to fund dispute resolution and mediation services, to be reviewed on an annual basis.
2. Approve a budget supplement for a different amount to fund dispute resolution services and identify a funding source.
3. Do not approve a budget supplement to fund these services.
4. Other direction as provided by Council.

STAFF RECOMMENDATION

Staff recommends Alternative 1, Approve the budget supplement for $30,000 to fund dispute resolution services, to be reviewed on an annual basis. If Council wishes to fund the program at a higher service level, such as the $45,000 provided last year, a funding source would also need to be identified. Council may also wish to consider designating some of this funding for the provider to establish a new volunteer mediator program in Sunnyvale, which may cost a little more initially but could provide some cost savings in the long run. Reducing this service further, beyond staff's recommended level, could present other problems, such as leaving code enforcement staff to handle difficult habitability enforcement cases without the assistance of experienced mediators and experts in tenant-landlord law, or generating complaints from residents who would like to receive services but cannot be served within the budgetary constraints of a more limited City contract.

Reviewed by:

Hanson Hom, Community Development Director
Prepared by: Suzanne Isé, Housing Officer, Program Manager

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding
[ ] Do Not Approve Budget Supplement for funding

Deanna J. Santana, City Manager

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BUDGET SUPPLEMENT NO: 7

May 21, 2015

SUBJECT: Funding for Leadership Sunnyvale

BUDGET SUPPLEMENT REQUEST SUMMARY

Silicon Valley Leadership (SVL) is an independent, nonprofit community-based organization that has submitted an outside group funding request to continue providing Leadership Sunnyvale in FY 2015/16. Approval of this request would provide $6,000 to SVL from the General Fund.

BACKGROUND

Leadership Sunnyvale is a nine-month public affairs and leadership training program aimed at expanding participants' perspectives on issues affecting Sunnyvale, and developing the skills needed for effective civic and community leadership. For more than ten years the City has provided General Fund support to SVL for Leadership Sunnyvale in accordance with the City's Outside Group Funding guidelines.

The City's past financial support for SVL and the number of Sunnyvale stakeholders served by the program are included in the following table:

Fiscal Year	City Funding	Total Number of SVL Participants
2014/15	$6,000	18
2013/14	$5,000	15
2012/13	$6,000	12
2011/12	$6,000	12
2010/11	$6,000	18
2009/10	$6,000	18
2008/09	$8,000	22
2007/08	$8,000	23
2006/07	$8,323	19
2005/06	$10,000	15
2004/05	$7,000	22

EXISTING POLICY

Council Policy 7.2.1 - Community Engagement

- **Goal B:** Achieve a community in which all community members can be actively involved in shaping the quality of life and participate in local community and government activities.
- **Policy B.1:** Encourage community involvement in the development and implementation of City and community activities, programs and services.

Council Policy 7.2.4 - Relationships with Outside Groups

DISCUSSION

SVL is requesting $6,000 in Outside Group Funding (OGF) for FY 2015/16 and anticipates enrolling 18 participants in the program. Similar to the FY 2014/15 agreement in place, staff is recommending that funding will be provided commensurate with the actual number of enrolled participants in Quarter 1. In FY 2013/14, SVL requested $6,000 yet only had 15 enrolled participants; based on the pro-rated award per participant, the program received $5,000 total.

In addition to this request, on September 30, 2014, the City Manager approved an In-Kind Services Agreement between the City and SVL. In-kind services include use of City facilities and City staff presentations at leadership classes.

SERVICE LEVEL IMPACT

SVL's leadership training is consistent with the City of Sunnyvale's Community Vision Goals and Policies. This service is not offered by the City, nor is it included in current budgeted service levels.

FISCAL IMPACT

This Budget Supplement would allocate $6,000 from the General Fund for SVL to continue Leadership Sunnyvale in FY 2015/16.

ALTERNATIVES

1. Approve the SVL funding request for $6,000 of Outside Group Funding for FY 2015/16 commensurate with the actual number of enrolled participants; and authorize the City Manager to enter into an Outside Group Funding Agreement for disbursement of the funds in substantially the same format as presented in Attachment 1.
2. Reject the SVL funding request for $6,000 of Outside Group Funding for FY 2015/16.
3. Other direction as provided by Council.

STAFF RECOMMENDATION

Staff recommends approval of funding commensurate with the actual number of enrolled participants.

Reviewed by:

Robert A. Walker, Assistant City Manager
Prepared by: Yvette Blackford, Senior Management Analyst

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding
[ ] Do Not Approve Budget Supplement for funding

Deanna J. Santana
City Manager

Attachments

1. Outside Group Funding Agreement

OUTSIDE GROUP FUNDING AGREEMENT

THIS AGREEMENT is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and a non-profit corporation Silicon Valley Leadership ("SVL" or "CONTRACTOR")

WITNESSETH

WHEREAS, SVL has applied to CITY for and has been appropriated City funds in the amount up to $6,000 for the purpose of providing public affairs and leadership training to community members for fiscal year 2015/16 ("Program").

NOW, THEREFORE, THE PARTIES agree to comply with the requirements set forth in the following documents, which are attached hereto and incorporated by these references herein:

1) Exhibit A: Standard Provisions

2) Exhibit B: Budget, Method of Payment and Reporting

3) Exhibit C: Quarterly Performance Report and Request for Reimbursement

4) Exhibit D: SVL Application

DRAFT

I. PROGRAM COORDINATION

A. ROBERT WALKER, ASSISTANT CITY MANAGER, or his designee, shall be the PROGRAM MANAGER for CITY and shall render overall supervision of the progress and performance of this agreement by CITY. All services agreed to by CITY shall be performed under the overall direction of the PROGRAM MANAGER.

B. SVL shall assign a single PROGRAM DIRECTOR who shall have overall responsibility for the progress and execution of this agreement. The PROGRAM DIRECTOR may also name a designee to perform these functions. Should circumstances or conditions subsequent to the execution of this agreement change, CONTRACTOR shall notify CITY immediately of such occurrence.

C. All notices or other correspondence required or contemplated by this agreement shall be sent to the parties at the following addresses:

CITY: Robert Walker – Program Manager
P.O. Box 3707
Sunnyvale, CA 94088-3707
(408) 730-7458

CONTRACTOR: SVL
Board President
P.O. Box 2156
Sunnyvale, CA 94087-0156

This agreement shall be for the period of July 1, 2015, through June 30, 2016.

IN WITNESS WHEREOF, the parties have executed this agreement in duplicate.

APPROVED AS TO FORM:

("CITY")

BY: _____

Joan Borger, City Attorney

Deanna J. Santana, City Manager

ATTEST:

("CONTRACTOR")

BY: _____

City Clerk

Board President

("CONTRACTOR")

BY: _____

DRAFT

EXHIBIT "A"

STANDARD PROVISIONS

I. OBLIGATIONS OF CONTRACTOR

CONTRACTOR shall be responsible for the following:

A. Organization

1. Provide CITY with
   a) Articles of Incorporation or other organic documents under the laws of the State of California or under the laws of the state of incorporation that the organization is incorporated.
   b) A copy of its current bylaws.
   c) Documentation of nonprofit status under Section 501(c)(3) of the Internal Revenue Code, if applicable.
   d) Names and addresses of current Board of Directors.
   e) An updated copy of organization's financial policies.

2. Report any changes in the Corporation's Articles of Incorporation, bylaws, or tax exempt status promptly to the PROGRAM MANAGER.

3. Permit no member of its Board of Directors to become a paid employee or paid agent of CONTRACTOR, or to receive any funds under this agreement, or to have any financial interest in this agreement.

B. Program Operations

1. Coordinate its services with other existing organizations providing similar services in order to foster community cooperation and to avoid unnecessary duplication of services.

2. Include acknowledgment of CITY funding and support on all appropriate publicity and publications, using words to the effect that "services are provided in cooperation with City of Sunnyvale" or "funded in whole or part by City of Sunnyvale."

3. Fully cooperate and communicate with the PROGRAM MANAGER relating to any PROGRAM areas of concern and the impact of PROGRAM on residents of CITY.

C. Fiscal Responsibilities of CONTRACTOR

1. Appoint and submit the name of a fiscal agent who shall be responsible for the financial and accounting activities of the CONTRACTOR, including the receipt and disbursement of program funds.

2. Establish and maintain a system of accounts that shall be in conformance with generally accepted principles of accounting for budgeted funds. Such system of accounts shall be subject to review and approval by CITY for compliance with the applicable requirements for the administration of funds referenced in this Agreement.

3. Document all costs by maintaining complete and accurate records of all financial transactions, including but not limited to contracts, invoices, time cards, cash receipts, vouchers, cancelled checks, bank statements and/or other official documentation evidencing in proper detail the nature and propriety of all charges.

4. Ensure proper internal control practices are in place. This includes complying with the following standard financial policies and procedures:
   a) All cash received by CONTRACTOR is counted and verified by a minimum of two people.
   b) Authorized signatories are established for checks and signature bank cards updated when officers change.
   c) An invoice from a vendor, or standard reimbursement claim form from an individual, is required in order to process a reimbursement.
   d) All checks, accompanied by supporting documentation, are signed by the fiscal agent and/or other required signatories. Any check written in an amount less than $251 requires one signature. Any check written for $251 or greater requires two account signatories.
   e) All checks are pre-numbered and accounted for monthly. The fiscal agent shall retain a copy of all written checks with supporting documents. All voided checks must be defaced and retained either on the check stub or with the bank account statement.
   f) No checks may be written to "cash" or "bearer." Blank checks may never be signed in advance, and shall be kept in secured storage.
   g) The executive director's personal expense checks require two signatures (excluding the executive director) regardless of amount.

5. If the operating budget of the CONTRACTOR is greater than $500,000, the CONTRACTOR is required to have an independent audit performed. The auditor's report and financial statements, prepared in accordance with generally accepted auditing standards, must be submitted to the CITY within 150 days of the end of the CONTRACTOR'S fiscal year. Exceptions can be made to this requirement with prior approval from the CITY'S Director of Finance.

6. If the operating budget of the CONTRACTOR is $500,000 or less, or if the CONTRACTOR is not required to have an independent audit performed, CONTRACTOR must provide an annual financial report, which includes a profit and loss statement, a cash flow statement, and budget comparisons in an understandable manner. This annual financial report must be signed by the fiscal agent and must be submitted within 90 days of the end of the CONTRACTOR'S fiscal year.

D. Records, Reports and Audits of CONTRACTOR

1. Preservation of Records: CONTRACTOR shall preserve and make available its records pertaining to the operation of this agreement
   a) until expiration of three years from the date of final payment pursuant to this agreement, and
   b) for such longer period, if any, as is required by applicable law, or,
   c) if this agreement is completely or partially terminated, records shall be preserved and made available for a period of three years from the date of any resulting final settlement.

2. Examination of Records, Facilities: At any time during normal business hours, and as often as may be reasonably necessary, CONTRACTOR agrees that CITY, or its duly authorized representatives, shall have access to and the right to examine its plants, offices, worksites and facilities used in performance of this agreement and its records with respect to all matters covered by this agreement, excepting those falling within the attorney-client privilege. CONTRACTOR also agrees that the CITY or its duly authorized representatives have the right to audit, examine and make excerpts or transcripts of and from, such records, and to make audits of all contracts and subcontracts, invoices, payrolls, records of personnel, conditions of employment, materials and all other data pertaining to this agreement.

3. Audits: The CITY may perform an independent audit of CONTRACTOR'S financial records for consistency with Financial Policies and Procedures. Such audit may cover programmatic as well as fiscal matters. CONTRACTOR will be notified in advance that an audit will be conducted. CONTRACTOR will be afforded an opportunity to respond to any audit findings, and have the responses included in the final audit report. Cost of such audits will be borne by the CITY.

E. Insurance

1. CONTRACTOR shall obtain, at its own expense and from an admitted insurer authorized to operate in California, the insurance coverage detailed below and shall submit Certificates of Insurance to the City of Sunnyvale's Program Manager.

2. CONTRACTOR shall take out and maintain during the life of the contract **Workers' Compensation and Employer's Liability Insurance** for its employees. The amount of insurance shall not be less than $1,000,000 per accident for bodily injury or disease.

3. CONTRACTOR shall take out and maintain during the life of the contract such **Commercial General Liability Insurance** as shall protect CONTRACTOR, CITY, its officials, officers, directors, employees and agents from claims which may arise from services performed under the

contract, whether such services are performed by CONTRACTOR, by CITY, its officials, officers, directors, employees or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single Limit Coverage Applying to Bodily and Personal Injury Liability and Property Damage: $1,000,000.

4. The liability insurance shall include, but shall not be limited to:
   a) Protection against claims arising from bodily and personal injury and damage to property, resulting from CONTRACTOR'S OR CITY'S operations and use of owned or non-owned vehicles.
   b) Coverage on an "occurrence" basis.
   c) Notice of cancellation to CITY'S Program Manager at least thirty (30) days prior to the cancellation effective date.

5. The following endorsements shall be attached to the liability insurance policy, and copies shall be submitted with the Certificate(s) of Insurance:
   a) The policy must cover complete contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries and property damage must be eliminated.
   b) CITY must be named as additional insured with respect to the services being performed under the contract.
   c) The coverage shall be primary insurance so that no other insurance effected by CITY will be called upon to contribute to a loss under this coverage.

F. Assignability and Independent Contractor Requirements

1. None of the work or services to be performed hereunder shall be delegated or subcontracted to third parties without prior written CITY approval.

2. No subcontractor of CONTRACTOR will be recognized by CITY as such; rather, all subcontractors shall be deemed to be employees of CONTRACTOR and CONTRACTOR agrees to be responsible for their performance and any liabilities attaching to their actions or omissions.

G. Nondiscrimination

CONTRACTOR shall not discriminate in employment under the PROGRAM, deny any person the benefits of the PROGRAM, exclude any person from participating in the PROGRAM or subject any person to discrimination under any part of the PROGRAM, on the basis of race, color, religious creed, national origin, ancestry, disability, medical condition, marital status, sex, age of a person forty (40) years of age or older, or any other basis as to which discrimination is prohibited by state or federal law. CONTRACTOR certifies that it is aware of the requirements of the Americans with Disabilities Act and does not discriminate in the provision of its services on the basis of disability.

H. Surveys

CONTRACTOR will submit forms acceptable to CITY, and either independently or at CITY'S request, to clients served through the course of this agreement. These forms are expressly for the purpose of obtaining client satisfaction information which may at any time be used as part of the CITY'S monitoring program.

II. OBLIGATIONS OF CITY

A. CITY staff shall provide assistance to CONTRACTOR in explaining CITY imposed procedural or substantive contract requirements.

B. Monitoring and Evaluation

Evaluation of the PROGRAM performance shall be the responsibility of CITY, through its PROGRAM MANAGER. CONTRACTOR shall furnish all data, statements, records, information and reports necessary to monitor, review and evaluate the performance of the PROGRAM and its components. CITY shall have the right to request the services of an outside agent to assist in any such evaluation. Such services shall be paid for by CITY.

C. Payment of Invoices

Upon submittal of invoices by CONTRACTOR, CITY agrees to provide payment to the CONTRACTOR, within 30 days of submittal of invoice, subject to the conditions of other provisions in this agreement. CONTRACTOR shall submit invoices on forms provided by CITY.

III. DISCLOSURE OF CONFIDENTIAL INFORMATION

Confidential information pertaining to or acquired from an individual by CONTRACTOR while performing under this Agreement shall not be disclosed without the permission of that individual unless compelled by order or subpoena of a court or tribunal of competent jurisdiction. Nothing herein shall prevent CONTRACTOR or CITY from using confidential information to perform statistical analyses or other evaluations related to the performance of this Agreement, provided the identity of the individual who is the subject of the information is not disclosed.

IV. HOLD HARMLESS

CONTRACTOR shall defend, indemnify and save CITY, its officers, employees and elected officials, boards and commissions, harmless with respect to any damages arising from:

A. Any noncompliance by CONTRACTOR or PROGRAM with such laws, ordinances, codes, regulations and decrees;

B. Any torts committed by CONTRACTOR, its agents, employees or officials, in performing any of the work or providing any of the services embraced by this agreement;

C. All suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of CONTRACTOR'S performance under this agreement, including CONTRACTOR'S failure to comply with or carry out any of the provisions of this agreement.

V. CONTRACT NON-COMPLIANCE

Upon receipt of evidence of a failure by CONTRACTOR to comply with any provision of this agreement, including EXHIBITS, the CITY shall have the right to require corrective action to enforce compliance with such provisions. CITY shall have the right to require the presence of any CONTRACTOR's officers at any hearing or meeting called for the purpose of considering corrective action within five (5) days of issuing such notice.

In the event of contract non-compliance, the CITY shall forward CONTRACTOR a set of recommended specific actions to correct unsatisfactory program performance and a reasonable timetable for implementing the recommendations. Following implementation of corrective actions, CONTRACTOR shall forward to CITY, within the time specified by CITY, any documentary evidence required by CITY to verify that corrective actions have been taken.

In the event CONTRACTOR does not implement satisfactory corrective actions in accordance with the corrective action timetable, CITY may immediately suspend payments hereunder and/or provide notice of intent to terminate this agreement.

To be eligible for the full funding award of $6,000, CONTRACTOR must enroll 18 participants at the beginning of the training program and all reasonable efforts must be made to maintain the full enrollment throughout the entire program. If 18 participants are not enrolled at the beginning of Quarter One, then the City shall deduct a pro rata share of the funding award commensurate with the actual enrollment numbers (currently $333.33 per program participant). Once these amounts are deducted from the total award amount, then the Quarterly reimbursements shall be based on the new revised award amount.

VI. TERMINATION

A. CITY may suspend or terminate this agreement for any reason by giving thirty (30) days written notice to the other party. Upon the expiration of such notice period, performance of the services hereunder will be immediately discontinued, and such termination will take effect, if notice thereof is not earlier rescinded in writing by CITY.

B. Upon suspension or termination of this agreement by CITY, CITY shall be under no obligation to pay CONTRACTOR except for services previously performed for which payment had not previously been made.

C. Upon suspension or termination, CONTRACTOR shall:

1. Be paid for all services actually rendered to CITY to the date of such suspension or termination; provided, however, if this agreement is suspended or terminated for fault of CONTRACTOR, CITY shall be obligated to compensate CONTRACTOR only for that portion of CONTRACTOR's services which are determined by CITY to be of benefit to CITY.

2. Turn over to CITY promptly any and all copies of studies, reports and other data, whether or not completed, prepared by CONTRACTOR or its subcontractors, if any, in connection with this agreement. Such materials shall become property of CITY. CONTRACTOR, however, shall not be liable for CITY's use of incomplete materials or for CITY's use of complete documents if used for other than the services contemplated by this agreement.

D. Unless sooner terminated by the parties, or by CITY pursuant to paragraph VI.A. of this Exhibit "B", this agreement shall terminate upon completion of the PROGRAM and final payment by CITY to CONTRACTOR.

VII. TERMS AND AMENDMENTS

If either party shall desire any amendment to this agreement, it may submit a written request for such amendment to the other party. No amendment to this agreement shall be effective except upon the mutual written consent of the parties.

VIII. COSTS AND ATTORNEY'S FEES

The prevailing party in any action brought to enforce the terms of this agreement or arising out of this agreement may recover its reasonable costs and attorney's fees expended in connection with such an action from the other party.

IX. WHEN RIGHTS AND REMEDIES WAIVED

In no event shall any payment by CITY or any acceptance of payment by CONTRACTOR hereunder constitute or be construed as a waiver by CITY or CONTRACTOR of any breach of covenants or conditions of this agreement or any default which may then exist on the part of CITY or CONTRACTOR, and the making of any such payment while any such breach or default shall exist shall in no way impair or prejudice any right or remedy available to CITY or CONTRACTOR with respect to such breach or default.

X. INTEGRATED DOCUMENT

This agreement embodies the agreement between CITY and CONTRACTOR and its terms and conditions. No oral agreements or conversations with any officer, agent or employee of CITY shall affect or modify any of the terms contained in the documents

comprising this agreement. Any such oral agreement shall be considered as unofficial information and in no way binding upon CITY.

XI. AGREEMENT BINDING

The terms, covenants and conditions of this agreement shall apply to, and bind, the heirs, successors, executors, administrators, assigns and subcontractors to both parties.

XII. GENERAL ASSURANCES

The CONTRACTOR hereby assures and certifies compliance with the regulations, policies, guidelines and requirements referenced in its application with the CITY, as they relate to the application, acceptance and use of CITY funds for this program. Also, the CONTRACTOR assures and certifies to the CITY that:

1. It possesses legal authority to apply for the funding which CITY has appropriated in connection with this agreement; that a resolution, motion or similar action has been duly adopted or passed as an official act of the CONTRACTOR'S governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the CONTRACTOR to act in connection with that application and to provide such additional information as may be required.

2. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other activities.

EXHIBIT "B"

BUDGET, METHOD OF PAYMENT, AND REPORTING

I. BUDGET

Reimbursement to CONTRACTOR shall not exceed $6,000 for agreement period.

II. METHOD OF PAYMENT

A. Payment for Substantial Compliance with Program Objectives - Payments will be made *quarterly* upon receipt of the Quarterly Performance Report and Request for Reimbursement with sufficient documentation of services provided. CONTRACTOR shall submit Quarterly Performance Report and Request for Reimbursement within fifteen (15) days of the end of payment period (with the exception of quarter four which must be submitted by June 30, 2016). Total reimbursement under this agreement shall not exceed actual allowable documented expenses.

B. "Payment Period" is the *quarter* for which a payment is made.

III. REPORTING

Within fifteen (15) days of the end of quarters one, two and three the CONTRACTOR agrees to provide written reports to the CITY which detail PROGRAM performance in the attached Quarterly Performance Report and Request for Reimbursement. **The written report for quarter four must be submitted by June 30, 2016.** Such reports must include the following information:

A. A narrative description of the services which have been provided to date for the performance year, related to the objectives and performance indicators set forth in this agreement.

B. A numerical comparison of actual-to-planned performance, listing the performance indicators.

C. Identification of performance indicators that are not being achieved, with a written explanation of why performance is below plan, and

timetable for corrective action. If implementation of corrective action requires a substantial change in contract requirements, a modification must be requested also.

D. Identification of any operational difficulties that may affect the present or future performance of the contract.

Forms for quarterly reports are provided by the CITY.

Due Dates for Reports

Period	Date
July – September	October 15, 2015
October - December	January 15, 2016
January – March	April 15, 2016
April - June	**June 30, 2016**

EXHIBIT "C"

City of Sunnyvale – Outside Group Funding
Quarterly Performance Report and Request for Reimbursement

AGENCY: SVL

ACTIVITY NAME: Leadership Training

ADDRESS: P.O. Box 2156

CITY & ZIP: Sunnyvale CA 94087-0156

PHONE: (408) 733-8182

FAX: (408) 733-2671

REPORT PERIOD: FY 2015-16

FISCAL SUMMARY					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Actual Expenditures	$_____	$_____	$_____	$_____	$_____
Planned Expenditures	*$*	*$*	*$*	*$*	*$*

PERFORMANCE Indicators *Please indicate as appropriate:* ***Households****, Individuals, other (specify.)*					
Indicators (noted in Application) -- Actual and Plan	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
1 Actual					
1 Plan					
2 Actual					
2 Plan					
3 Actual					
3 Plan					
4 Actual					
4 Plan					

Reporting Period	Due	Reimbursement Requested*
___ 1st Quarter	10/15/15	$_____
___ 2nd Quarter	1/15/16	$_____
___ 3rd Quarter	4/15/16	$_____
___ 4th Quarter	6/30/16	$_____

**Based on award amount, including any provisions in this Agreement to pro-rate the reimbursement amount ($6000/# of students in Q1 = $ new annual award; divided by 4 = new quarterly reimbursement requested).*

1. **NARRATIVE.**
   Provide a narrative of program/project services rendered to date. Relate to the appropriate objectives.

2. **PROBLEM IDENTIFICATION AND CORRECTIVE ACTION.**
   Identify any performance standards not being achieved. Provide an analysis of problem, with corrective action plan and timetable. Attach additional sheet as necessary.

3. **IDENTIFICATION OF OPERATIONAL PROBLEMS.**
   Identify any operational difficulties which affect the present or future performance of the contract. Attach additional sheet as necessary.

Performance Report
Expenditures

Program Administrative Cost	Activity Name:	
	Annual Budget (7/1/15-6/30/16)	**Expenditures to Date**
Salaries		
Employee Benefits		
Professional Fees		
Supplies		
Telephone / Communication		
Occupancy		
Equipment Costs		
Printing / Publications		
Insurance		
Travel		
Other		
Total Budget		

NOTE: Budgeted amount should reflect the amounts submitted in your application.
Attach additional sheets if there are more than two activities.

Program Director: _____ **Date:** _____
(sign)

Board President: _____ **Date:** _____
(sign)

REVISED BUDGET SUPPLEMENT NO: 8

May 1, 2015

SUBJECT: Sunnyvale Downtown Business Association $30,000 Funding Request

BUDGET SUPPLEMENT REQUEST SUMMARY

The Sunnyvale Downtown Association (SDA), on behalf of the Business Improvement District (BID), requests five years of annual funding of $30,000 from the City to support promotional efforts through special events and other marketing tools. Approval of this request would create a project budget for annual funding of $30,000 to the BID from the General Fund for five years starting with Fiscal Year 2015/2016.

BACKGROUND

The SDA requests five years of annual funding of $30,000. The request is detailed in Attachment A.

The SDA coordinates downtown events including the Summer Music and the Jazz & Beyond series. These are summer events and range from nine (9) to twelve (12) events each year. The fluctuation in number of events is due to annual funding available to the SDA. In order to create a consistent schedule that will support the community and continue with a recognized brand for Downtown Sunnyvale, the SDA would like to use the requested funds to implement a set number of annual events in the downtown and expand their marketing tools to include social media, banner placement at the intersection of El Camino Real and Wolfe Road, and opportunities for cross-promotion between the City's and SDA's social media tools.

On June 24, 2014, Council approved a budget supplement for $30,000 in matching funds to support the SDA's events including the Summer Music Series, Game Day, The Magic of Sunnyvale and Wine Stroll, and an update to the business directory. This funding was approved for use during the SDA's 2014/2015 Fiscal Year. The Summer Music Series events were successful and continued to attract over 2,000 people per event. The SDA was also able to fund "The Magic of Sunnyvale and Wine Stroll" event currently scheduled for May 9, 2015.

The SDA receives sponsorships from businesses and other agencies to supplement event budgets. These sponsorships include financial and in-kind services. These sponsorships fluctuate on an annual basis and are not a dependable source of income. The partnership and requested funding would enable the SDA to work with City staff to develop and/or enhance events that will continue to serve the community and attract new visitors.

EXISTING POLICY

General Plan - Land Use and Transportation, Policy LT_4.3:

Support a full spectrum of conveniently located commercial, public, and quasi-public uses that add to the positive image of the City.

General Plan - Land Use and Transportation, Policy LT -7.4:

Create a strong, identifiable central business district that provides regional and City wide shopping opportunities.

General Plan - Citywide Vision, Goal IX – Dynamic Downtown:
To create and support a strong and attractive traditional downtown which serves as the community's central marketplace, common gathering place and symbolic center.

DISCUSSION
According to the SDA, the funding will allow them to stabilize their budget to continue producing the same number of annual events. The SDA would schedule eleven (11) Summer Music and eight (8) Jazz & Beyond events, and continue The Magic of Sunnyvale and Wine Stroll on an annual basis. The funding would also be used to develop additional marketing tools that continue to support Downtown Sunnyvale as a place to visit for entertainment, dining, and a variety of shopping opportunities.

Staff contacted several neighboring communities regarding their support for associations, non-profits and neighborhood group events. Cities such as Palo Alto, San Jose, and Mountain View issue grants in support of events that help attract the public and support their cities' branding efforts. These same cities support their BIDs by providing in-kind services to administer BID legal processes, billing and payment collections. The City currently charges the SDA an average of $2,000 annually for administration of billing and payment collection. While there is no direct partnership between the cities and business associations, these cities do continue to provide staff support and approve annual funding through their grant programs. Additionally, San Jose and Mountain View have contracts with their downtown associations and/or Chambers in order for those agencies to develop and distribute marketing materials promoting their communities.

Service Level Impact
Funding of this budget supplement will not impact current service levels.

FISCAL IMPACT
This budget supplement would allocate $30,000 annually from the General Fund to the SDA for a total of $150,000 at the end of the project life. The annual funding would be disbursed on a reimbursement basis.

ALTERNATIVES
1. Approve the $30,000 annual funding for five fiscal years requested by the Sunnyvale Downtown Association and direct staff to create a project budget account to distribute on a reimbursement basis.
2. Do not approve the $30,000 annual funding requested by the Sunnyvale Downtown Association.
3. Approve an amount to be funded annually over the course of a specific number of years to the Sunnyvale Downtown Association, to be disbursed on a reimbursement basis and for specific purposes only, as directed by City Council. If the amount is greater than proposed in Alternative 1, a funding source must be identified.

4. Other direction as provided by Council.

STAFF RECOMMENDATION

Staff recommends Alternative 1: Approve the $30,000 annual funding for five fiscal years requested by the Sunnyvale Downtown Association and direct staff to create a project budget account to distribute funds on a reimbursement basis.

Staff recommends approval of the annual funding for the next five years. Council recently made the Downtown a policy priority in order to improve the recognition of downtown as a destination and increase economic vitality. Summer events coordinated by the SDA continue to draw over 2,000 people to Downtown Sunnyvale on a weekly basis. Increasing marketing/outreach for these events can help increase attendance and at the same time create a sense of place for people to visit and enjoy.

The SDA may also provide support should Council hire an economic consultant to analyze the Town Center project area's market potential and land use fiscal implications. Consultants typically include outreach to stakeholders to collect current market data, and outreach to the community to evaluate current issues that could affect the area's economic vitality. A partnership with the SDA would support the outreach efforts utilizing the SDA's communication process already in place. This tool would provide the City direct contact with business owners. Also, direct communication from the SDA may provide a better way to improve participation in a committee, focus group, and attendance at outreach meetings. Also, inclusion of the SDA/BID members in the City's priorities for Downtown would enhance the City's ability to disseminate information to the public and reduce the opportunities for rumors.

Reviewed by:

Hanson Hom, Director of Community Development
Prepared by: Maria Rodriguez, Administrative Analyst

Reviewed by:

Grace K. Leung, Director of Finance

City Manager's Recommendation

[X] Approve Budget Supplement for funding
[ ] Do Not Approve Budget Supplement for funding

Deanna J. Santana, City Manager

Attachment

1. SDA's Funding Request

March 23, 2015

Ms. Deanna Santana
City of Sunnyvale
456 W. Olive Ave.
Sunnyvale, CA 94086

Dear Ms. Santana,

Thank you for meeting with us last week. Walking away from the meeting gave us hope that a partnership between us is much closer to a reality.

As you are aware, Sunnyvale Downtown Association (SDA) manages finances for the Sunnyvale Downtown Business Improvement District (BID). With the financial aspect of the BID, the SDA has worked to implement events and to market Downtown Sunnyvale for the past eight years. Our mission is to promote, advocate and enhance the vitality of downtown Sunnyvale.

For years, The SDA continues to receive positive feedback regarding the Summer Music and the Jazz & Beyond Series. These are well recognized as "Sunnyvale events" and not just as downtown events. These community events continue to attract over 2,000 people to downtown on a weekly basis. These community events have helped people identify Downtown Sunnyvale as a place to visit, enjoy good restaurants and shop. Since these events continue to be so successful in attracting new visitors to downtown, we feel that it is important to continue to produce quality and safe events.

Additionally, the SDA manages a website that includes: a downtown business directory and provides updates on downtown activities, construction, upcoming events and other information that affects downtown. With the financial help from the City of Sunnyvale, we are in the process of updating our electronic and print version of the downtown business directory. This directory will be distributed to downtown businesses and residents and will be made available to hotels and neighborhood associations.

<u>The SDA is requesting annual funding of $30,000 in support of SDA's special events and marketing efforts.</u> The annual costs of events and actual amount of collected assessments make it difficult for the SDA to coordinate events too far

ahead of time. We estimate the amount of assessments; however, the amount fluctuates on an annual basis. With the City's financial support approved as part of the General Fund, the SDA would be better able to stabilize a budget knowing that those funds will be available. If the City does not provide the partnership with the $30,000 annual funding, the events would need to be cut. For example, the SDA will typically hold 11 Summer Music Series and 8 Jazz & Beyond Series events each year. With City support will we be able to maintain our number of events without risk of reduction. Without City support the number of events would fluctuate. The Magic of Sunnyvale & Wine Stroll was cancelled a few years ago due to the lack of funds. With the City's financial support for our current fiscal year, we were able to coordinate the event for this year and it will be held on May 9, 2015.

The SDA is requesting a formal partnership with the City of Sunnyvale. As part of this partnership, the SDA would like to request annual funding of $30,000 in support of the SDA's marketing efforts of downtown Sunnyvale. This type of funding would support the stabilization of the budget to ensure that certain events remain consistent year after year. Also, we would like to invite the Vice Mayor to serve on the SDA BID's Board as a voting member. This would give council a firsthand understanding of how the SDA is organized and how the SDA continues to be a strong partner with the City. Because the proposed Vice Mayor position is assigned to the SDA board (as opposed to an individual council member) the position will rotate annually. This would eliminate the council member from having a long term commitment to serve on the board and thus would give multiple council members a chance to participate without having to go through a formal selection process on who would become our next board member.

In speaking with other cities, we have found that these partnerships are essential since the benefits of business associations also benefit a city's branding and marketing efforts. Cities such as Palo Alto sponsor events that support building a community or have a direct impact to increasing business. Their partnerships are mainly structured to provide in-kind city services such as Police, Public Works, Transportation, etc. Mountain View and San Jose partner with business associations by sponsoring events that support the business community. These events also help to market and create a sense of destination, even when there are no scheduled events. All three cities absorb BID processing fees for reauthorization, billing and payment collection.

SDA is aware that Council has made downtown a policy priority and we are interested in leveraging our current partnership to help the City move the downtown forward. Council's position of increasing the viability of downtown is important to the SDA because its members are comprised of downtown Sunnyvale business owners. The success of downtown will benefit SDA members and the community as a whole. SDA is committed to participating and assisting the City as changes take place in the downtown.

The SDA would like to maintain Economic Development staff presence at our monthly Board meetings. Economic Development staff continue to work with the SDA for information dissemination and for outreach to its members. Staff has served as the City liaison for SDA and SDA acts as the liaison for downtown merchants. This partnership has helped SDA stay better informed about policies, projects and anything else that may affect business. We believe that our support of staff as the "go-to" entity has helped simplify access to downtown business members and has helped to coordinate one response as a unit for the downtown community.

The SDA has been dedicated to working with the City for many years. We want to continue this support and offer assistance with any projects that may be coming up. A partnership may also include a contract for specific services that the City needs accomplished in the Downtown. We understand that staff and Council have worked hard to promote Sunnyvale and the SDA wants to be a part of this effort.

If you have any additional questions, need addition discussion or support materials please don't hesitate to call us at 408 516-7217 or email at sda94086@yahoo.com. We look forward to fostering a partnership between the SDA and the City of Sunnyvale.

Yours in community spirit,

Joe Antuzzi, Board Chair
Dr. Gary Gold, Vice Chair
Kathy Johnson, Member-At-Large
John Sevey, Member- At-Large

Joel Wyrick, Executive Director
Leigh Odum, Secretary
Donna Lang, Member-At-Large

Sunnyvale Downtown Association - P.O. Box 70785 Sunnyvale, CA 94086

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GLOSSARY OF BUDGET TERMS

Accrual	The basis of accounting that recognizes revenues when earned and expenses when incurred, regardless of when cash changes hands.
Activity	Under the City's Performance Based Budget structure, an activity is the lowest level cost center within an operating program. It incorporates everything that goes into providing a specific service.
Allocated Costs	A method for allocating overhead time and other expenses to activities that provide direct services.
Appropriations	Expenditure authority created by City Council.
Asset Forfeiture Fund	This fund accounts for the proceeds from sale of assets seized primarily from illegal narcotics activities. Asset Forfeiture funds are used for law enforcement purposes.
Basis of Budgeting	Basis of budgeting refers to the method used for recognizing revenues and expenditures in the budget. The City uses the modified accrual basis of accounting for budgetary purposes, which is in compliance with Generally Accepted Accounting Principles.
Base Budget	Those resources necessary to meet an established and existing service level.
Budget	A financial plan consisting of an estimate of proposed expenditures, the proposed means of financing those expenditures and the corresponding purposes for a given time period.
Budget Issue	A request to add a new service or increase/decrease an existing service level. Budget Issues referred for consideration by City Council to the City Manager become Budget Supplements.
Budget Modification	A change in expenditure levels and corresponding resources needed to accomplish an existing service level or unanticipated service. All budget modifications are reflected in the current year budget and have been approved by City
Budget Supplement	A proposal for an increase or decrease in an existing service level (over and above the base budget) or to add a new service. All Budget Supplements are considered with the City Manager's Recommended Budget.
Business License Tax	This two-year tax is based on the number of employees or rental units (for rental properties). Beginning in 2010, this tax was annually adjusted for inflation.
Comprehensive Annual Financial Report (CAFR)	A set of governmental financial statements that complies with the accounting standards set by the Governmental Accounting Standards Board.
Capital Project	A capital improvement that usually requires a major initial investment, and results in a new asset for the City.
Capital Projects Fund	Funds that are used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by enterprise funds).

Community Condition Indicator	A statistical measure of existing conditions within the City. These provide tangible and quantitative expressions of the General Plan's goals, while some indicators directly impact City services.
Community Development Block Grant Fund (CDBG)	This fund accounts for use of community development block grant funds received from the federal government. Other revenues in this fund include repayments of commercial and residential loans and rental income from City property. Funds are used for programs or projects that increase affordable housing and benefit people with special needs such as senior and handicapped citizens.
Construction Tax	This tax is levied by City ordinance at a rate of $0.0054 of the building permit valuation.
Debt Service	Principal and interest requirements on outstanding debt.
Depreciation	A method of allocating the cost of an asset over its useful life.
Development Enterprise Fund	This fund contains development-related activities, expenses, and associated revenues. This includes operating activities primarily within the Building and Planning divisions of the Community Development Department.
Employment Development Fund	This fund accounts for various Federal funds and program revenues used for workforce development activities conducted by the North Valley Job Training Consortium (NOVA).
Employee Benefits Fund	This fund accounts for charges to City salary expenditures for leave time, employee benefits, workers compensation and retirement benefits on a cost reimbursement basis.
Enterprise Fund	These funds are used to account for operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges (eg: Utility and Golf and Tennis activities).
Expenditure	The actual outlay of funds from the City treasury.
Fiscal Year	A 12-month period of time, from July 1 through June 30.
Full Cost Accounting	A managerial accounting technique that accumulates both direct and indirect costs for financial reporting and decision making purposes. This technique helps the City assess the true cost of providing a service in relation to the associated benefits.
Fund	A fiscal and accounting entity that has a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Funding Sources	Identifies resources that will support City expenditures.
Gas Tax Fund	This fund is required by state law to account for gas tax revenues received from the state and expended for construction and maintenance of City streets.
General Fund	A fund that accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, street maintenance, libraries, and parks and open space maintenance. Revenues to support the General Fund are derived from sources such as property tax, sales tax, franchise fees and service fees.
General Plan	The General Plan is a long range planning document that provides the City a framework for action and the direction in which to focus that action. General Plan chapters address the delivery of services to the community.
General Plan Goal	A long-term condition or end result that the City will work toward. Broad goals are set to maintain or affect community conditions.
General Services Fund	This fund accounts for charges to City Programs for use of fleet equipment, building space, print shop services and computer services on a cost reimbursement basis.
Golf and Tennis Fund	This fund is used to account for all of the revenues and expenses related to the two city-operated golf courses and the tennis center.
Governmental Funds	Governmental funds are used to account for functions of the City that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include planning and management, public safety, community development, transportation, socioeconomic, cultural and environmental management.
Grant	A contribution by a government or other organization to support a particular function.
Housing Fund	This fund is used to account for housing mitigation revenue and Below Market Rate (BMR) program funds for the City's affordable housing needs. Funds are expended on special and capital projects designed to achieve the City's goal of affordable housing and community development.
In-Lieu Charges	Each fund's share of Citywide overhead costs for programs such as: Finance, Human Resources, Office of the City Attorney, and Office of the City Manager.
Infrastructure Renovation and Replacement Fund	A fund used to account for resources used for the City's long-term infrastructure renovation and replacement program.
Infrastructure Project	A project that is designed for the renovation and/or replacement of infrastructure assets.
Interfund Transfer	Amounts transferred from one fund to another.

Internal Service Funds	These are funds used to account for the financing of goods or services provided by one department or program to other departments or programs of the based on actual usage.
Liability and Property Insurance Fund	This fund accounts for charges to City Funds for property and liability insurance. This fund is funded by transfers from dependent funds, the amount which is based on liability claims experience in recent years for liability costs and City property valuations for property insurance related costs.
Legislative Issues	Major policy decisions made by the City Council on matters such as General Plan policies, ordinances, and resolutions requiring study that need to be scheduled on Council's calendar.
Operating Budget	A financial plan for the provision of direct services and support functions.
Operating Program	The City manages under a performance budget concept organized by programs, service delivery plans and activities. There are two fundamental types of programs - direct services, which produce results directly affecting constituents or the environment; and support, which serve the direct services programs.
Origination Year	The origination year is the fiscal year a project and its related costs were put into the Resource Allocation Plan. This is not necessarily the year the project is started.
Outside Group Funding Project	A project that captures City contributions made to local community-based organizations. These projects are funded from Community Development Block Grant (CDBG) and General funds.
Park Dedication Fund	This fund is used to account for funds that developers contribute towards the acquisition, construction, or renovation of neighborhood and community parks and park facilities.
Parking District Fund	This fund accounts for special assessments levied on the real property located in the City’s downtown parking district. The revenues in this fund are used to maintain parking lots located within the district.
Performance Based Budget	A budget wherein expenditures are based primarily upon measurable performance of activities.
Police Services Augmentation Fund	This fund accounts for monies received from the federal and state governments, which are expended to enhance law enforcement services.
Products	In the City’s Performance Based Budget structure, products are the end results of activities that support program performance and workload indicators.
Program Manager	A supervisor or manager who plans and manages the execution of one or more of the City's operating programs.
Program Performance and Workload Indicators	Define the program’s quantifiable and measurable results that are expected to be produced by completing the work or activities included in the program.
Project Category	Projects are categorized into four areas: Capital, Special, Outside Group Funding, and Infrastructure.

Project Coordinator	A person who coordinates the project for the user department.
Project Costs	All the costs associated with a project. These costs include prior year actual expenditures, current year budgeted expenditures and future year planned expenditures over a 20 year planning period.
Project Description/Scope/ Purpose	Provides a summary description of a project, including the results to be accomplished, timeframe and basis for project
Project Evaluation and Analysis	Provides a discussion of the financial and operational justifications for the project. Addresses any cost savings or efficiency gains by completing this project and any other alternatives that were considered in the decision to fund the project.
Project Manager	A supervisor or manager who plans and manages the execution of one or more of the City's projects.
Project Number/Name	Existing number and title in the City's financial system that identifies a particular project.
Project Operating Costs /Savings	If applicable, estimated operating costs or savings associated with the completion of a project are budgeted into the resource allocation plan.
Property Tax	California State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount has been approved by voters. Santa Clara County assesses properties, bills and collects these property taxes. The City's share including all penalties and interest is remitted by the County.
Property Transfer Tax	This tax is levied at a rate of $0.55 per $500 of equity value transferred. The County collects the tax and the City receives one-half. Revenues are dependent on how frequently the property is transferred and on the accrued value at the time of
Proprietary Fund	Proprietary Funds consist of Enterprise Funds and Internal Service Funds, defined above. The City uses enterprise funds to account for its Water, Wastewater, Solid Waste, SMaRT Station, and Community Recreation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.
Redevelopment Successor Agency Fund	This fund accounts for the activities of the Redevelopment Successor Agency as a result of the dissolution of Redevelopment Agencies (RDAs) on February 1, 2012.
Reserve	Amount in a fund representing the difference between resources and requirements, taking into account all transfers in and out of the fund. Reserves can be restricted or unrestricted, and reserve levels may be mandated by law or by policy.
Revenue	Funds the City receives as income such as tax payments, fees for services, grants, fines, forfeitures and interest income.
Sales Tax	The City receives one percent of the County taxes on retail sales. The sales tax is one of the City's largest General Fund revenue sources.

Service Delivery Plans	Under the Performance Based Budget structure, these plans describe specific programming of targeted services to meet the program goals and measures.
SMaRT Station Fund	This fund was established to account for the revenues and expenses of the Sunnyvale Materials and Recovery and Transfer (SMaRT) Station operations. The SMaRT Station is a three wary partnership between the cities of Sunnyvale, Palo Alto and Mountain View.
Solid Waste Management Fund	This fund accounts for revenues and expenses related to refuse collection and solid waste disposal services.
Special Assessment Fund	A fund used to account for the financing of public improvements or services deemed to benefit primarily the properties against which special assessments are levied.
Special Revenue Funds	These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.
Spending Limitation (GANN LIMIT)	Article XIIIB of the California Constitution establishes a spending limitation on government agencies within California. The spending limit is a mandated calculation of how much the City is allowed to expend in one fiscal year. Annually, local governments may increase this limit by a factor comprised of the change in population combined with the California inflation rate and determined by the State finance department.
Sub-Fund Number	A three-digit number attached to a fund number that identifies a sub-division of the fund, thus capturing specific information as required.
Planned Completion Year	This is the fiscal year a project is planned to be finished. For projects that are continuous, "ongoing" is the designated planned completion year.
Transient Occupancy Tax	A 10.5 percent tax is levied on charges for occupancy of hotel and motel rooms for stays. The City's lodging industry is largely dedicated to serving its industrial base.
20-Year Resource Allocation Plan	The 20-Year Resource Allocation Plan is the backbone of the City's financial planning process. This long-range planning gives the Council a tool with which it can project revenues, operating requirements and capital spending and identify trends. It allows the cost of any policy decision to be measured in terms of long-range expenditure requirements, thereby raising "red flags" in areas where financial conditions may be unacceptable in the future. The 20-Year Resource Allocation Plan has helped the City fund a pay-as-you-go philosophy, allowing money to be set aside in reserve funds for future service expansion or major projects.
User Department	The department that initiated the project.
User Fee	A fee for direct receipt of a service paid by the party benefiting from the service.

Utility Users Tax	A two-percent tax on utility billings for gas and electric and intra-state telephone services.
Water Supply and Distribution Fund	This fund accounts for all revenues and expenses related to the City-operated water utility.
Wastewater Management Fund	This fund accounts for all the revenues and expenses related to the city-operated sewer collection and Water Pollution Control Plant systems.
Youth and Neighborhood Services Fund	This fund accounts for revenues and operating program expenditures of the Columbia Neighborhood Center, a partnership between the City of Sunnyvale, the Sunnyvale School District and a private corporation.

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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City of Sunnyvale

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For the Fiscal Year Beginning

July 1, 2014

Executive Director

Questions/Comments Please Contact:

Department of Finance
650 West Olive Avenue
P.O. Box 3707
Sunnyvale, CA 94086
or
Call (408) 730-7380

The Adopted FY 2015/16 Budget in its entirety may be viewed online at:
Budget.inSunnyvale.com