



*Honorable Mayor and Members of the City Council:*

**Introduction**

I am pleased to present for your review and consideration the FY 2013/14 Recommended Budget and Twenty-Year Resource Allocation Plan. This is now the fifth budget I have presented as Sunnyvale's City Manager and I thought it would be valuable to review where we were when I first arrived and the key decisions we've made to get us to where we are today – a proposed budget that not only maintains the structural balance that came into place last year, but also moves us toward providing services at optimal levels and securing a more stable financial future. As I look back over the past five years, a singular theme emerges that I am convinced will continue to serve us well going forward: Develop a comprehensive plan that truly addresses our challenges and, above all, stay the course.

When I arrived in Sunnyvale in December 2008, we were in the midst of the worst global recession since the Great Depression. As a result, the City was facing the worst of both worlds; significant declines in our major revenue sources compounded by escalating expenses due to the loss of asset value in the California Public Employees Retirement System (CalPERS). If ever there was a silver lining, it was that the City's well-established long-term financial planning process gave us the time to address these challenges strategically and for the long term. On the other hand, the recession brought to light that we weren't as financially prepared as we could have been. While our budget had always been balanced and reserves were at comfortable levels, in reality those reserves were artificially high because we were not adequately

funding core services such as paving roads, trimming trees and maintaining facilities and infrastructure.

One of the things I might be accused of is that I call it as I see it. And it was clear to me that we needed to make swift and decisive changes in the time we had remaining to prepare the FY 2009/10 Budget and then immediately get to work on longer term solutions for our structural deficit. That first year, we put together a budget focused on operating more efficiently to reduce costs without significantly impacting services, realigning our assumptions for future personnel costs to match our reduced revenue base and judiciously using the Budget Stabilization Fund to reduce the impact on services until the economy began to improve. All of this was just the beginning. Over the course of the next several years, we made it our goal to put in place budget measures that would stabilize the core components affecting our operations and long-term financial stability. Each year, we continued to build on the one before as we made – and you, the Council, approved – difficult but necessary recommendations.

You might recall that I laid out Five Key Commitments in my transmittal letter to you with last year's budget. Rather than simply summarize the numbers in the budget, I intended for this letter to evolve into a policy document that outlines the development of and basis for the budget and financial plan. This letter's essential purpose now is to set a course of action based on past experience and critical future decision points. The

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first three commitments all relate to personnel. Because we are a service-providing organization it stands to reason that most of our costs are driven by personnel. And while these three commitments are inextricably linked, I believe we must call them out separately because of their significance and the strategies we are using to resolve them. The fourth commitment focuses on enhancing our funding for infrastructure needs and the fifth emphasizes the interconnectedness of the strategies and the importance of staying the course. I am happy to report we have made significant progress in each but we have much left to do.

### *Commitment 1: Manage our Personnel Costs*

Employee salaries and benefits constitute the largest component of the City's budget, particularly the General Fund where they are 82% of total operational costs. Because personnel costs are such a high percentage of overall costs, the actions we've taken to manage them over the past several years have had a significant impact on our ability to return structural balance to the City's budget in both the short and long term, as well as restore some of the service levels that had declined over the years. One of the first steps I took in the FY 2009/10 Budget was to lower the salary increase assumptions in the long-term financial plan to ensure that salary adjustments competed with all other expenses that needed to be budgeted within the sustainable revenue base. During FY 2009/10, I also pursued and achieved a year with no salary increases with all bargaining units. We then assumed an additional two years of no salary increases in the FY 2011/12 Budget. These two actions resulted in all non-sworn employees agreeing to a total of three years without a salary increase. I commend both the City Council and City employees for their commitment to slowing the annual growth of personnel cost increases to a more sustainable long-term level.

While great progress has been made in this area, there is still significant work to do. Most notably, the assumptions we've included for future salary increases for sworn public safety officers in the FY 2013/14 Recommended Budget are lower than historical average annual salary increases. Because the contract with the Public Safety Officers' Association (PSOA) uses a salary survey to determine salary increases and the Public Safety Managers' Association (PSMA) salary adjustments are tied to those of the PSOA, the City's ability to contain salary increases for these two groups has been limited. The salary survey formula, with some minor modifications over the years, has been in place for decades and yielded strong results for PSOA. The historical average annual salary increases have been approximately 4.5%. As part of the commitment to manage personnel costs, this budget continues to assume salary increases will average 3% annually in the first ten years of the long-term plan and 4% annually in the final ten years. To achieve these results, it is imperative that the City negotiate a modified survey with the PSOA when its contract expires in 2015. If this does not occur and the assumptions for future increases align with historical averages, we will need substantial cuts in other areas to maintain a balanced long-term plan.

### *Commitment 2: Fund Retirement Costs for Long-term Sustainability*

Since 2010, we have been taking essential steps to address the rising costs of pensions and move to a fiscally sustainable structure for the long term. These actions include moving all new employees to a pension plan with reduced defined benefits and increasing the contribution that our current employees make to the employee share of the pension expense. When I first arrived in 2008, non-sworn employees were paying 1% of salary toward their pension costs and sworn employees were

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not paying anything. To put that in perspective, in general, current non-sworn and sworn employees would need to pay 8% and 9% of their salaries respectively if they were paying their entire employee contribution rate which is set by state law. Now, as of July 2013, all employees will be contributing 3% of salary toward the cost of their pension expense. Additionally, the contract we recently negotiated with the Sunnyvale Employees' Association (SEA) increased that bargaining unit's contribution to 4% beginning in July 2014.

Through negotiations, sworn employees led the way to a second-tier pension plan by agreeing to move their new employees onto the 3% at age 55 formula effective July 2011. A second-tier pension plan for non-sworn employees required negotiations with four bargaining units and was ultimately contingent on SEA agreeing to move its new employees onto a second tier. We achieved this late last year and the 2% at age 60 formula became effective December 2012. These changes to the pension formulas for new employees put the cost of the City's pension benefit on the path to sustainability; however, it will take years before the new formulas will yield the type of savings that will allow this cost to be considered truly sustainable. As a result, we need to take more action in the near term to reduce the City's cost for the pension expense.

The primary way to do this is to continue moving toward employees paying the entire employee contribution rate that funds retirement benefits. To that end, the FY 2013/14 Recommended Budget assumes non-sworn employees will contribute 8% of pay by FY 2018/19 and sworn employees will contribute 9% of pay by FY 2019/20. These dates are several years away but it is important to remember that we must negotiate the contribution changes with all of the bargaining units. So while we show these changes occurring incrementally over the next five years for the purposes of budget

planning (Figure 1), the negotiations will primarily take place after each labor contract expires so the timing of the contribution changes will likely be different.

Figure 1: Employee Contributions to Retirement - Budgetary Assumptions

Fiscal Year	Non-Sworn	Sworn
FY 2013/14	3%	3%
FY 2014/15	4%	3%
FY 2015/16	5%	5%
FY 2016/17	6%	6%
FY 2017/18	7%	7%
FY 2018/19	8%	8%
FY 2019/20	8%	9%

Similar to the assumed changes to the sworn personnel salary survey, it is critical that we successfully negotiate the assumed increases in the employee contribution to their pension expense. Based on the City's salary base, savings of nearly \$1 million annually for each additional 1% contribution are already included in the FY 2013/14 Recommended Budget. To the extent these contribution increases are not achieved, we will be required to reassess service levels in terms of affordability and actual need which will likely result in major course corrections in future budgets.

The other significant component of retirement costs is the cost of retiree medical insurance. I am pleased to report that the funding plan the City has implemented to address this unfunded liability remains on track. We have contributed nearly \$42 million to the City's Other Post-Employment Benefits (OPEB) Trust since FY 2010/11, which includes an initial contribution of \$32.6 million, and we expect the trust to be 38% funded by the end of FY 2012/13. We also have continued to include annual contributions to the trust according to our long-term plan in our FY 2013/14 Recommended Budget, and we remain on

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track with our anticipated timeframe to satisfy that liability in FY 2030/31.

### *Commitment 3: Get to Optimum Service Levels through Strategic Review/Analysis*

In many ways, I have been working to achieve optimal service levels since the day I arrived. This is accomplished by ensuring we have the appropriate number and types of staff and that they are well-equipped and organized efficiently. Almost immediately, I looked critically at how we were providing services and began realigning the organization. While the major components of the reorganization were completed last year, I will continue to explore strategic and creative ways to improve our service levels while maintaining a structurally-balanced budget within the confines of our revenue base. A good example of this is the civilian Community Services Officer (CSO) model that we implemented in the Department of Public Safety in FY 2012/13. These uniformed, highly trained CSOs will be out in the field seven days a week supporting our public safety officers in ways that free these officers up to do more proactive policing.

During this time of fiscal crisis, I also reduced City staffing out of necessity by eliminating certain vacant positions; we simply could not financially support the number of budgeted staff at the time. As a service-providing organization, our primary cost is our people, and because increases in personnel-related costs have outpaced growth in revenues, this has necessitated a smaller workforce – despite a population that is nearly 8% larger than a decade ago, our staffing levels are down 20% over that same period.

My goal, which has largely been achieved, has been to reduce staffing to a sustainable level while minimally impacting the services we provide to the community. We've been able to mitigate much of the impact of the staffing reductions with technological advances, organizational restructures, and other efficiencies that have allowed us to maintain service levels with fewer employees. However, I also want to emphasize that while I believe the City is now operating much more efficiently and effectively, we are not yet at the level I want us to be. And while I have stated on several occasions that 1,021 budgeted employees in 2003 were too many, 816 budgeted full-time employees in 2012 are not enough.

Based on our analysis and evaluation of where additional resources are needed to best improve services levels, I am recommending seven new positions across four departments in the FY 2013/14 Budget: two public safety officers and one crime analyst in the Department of Public Safety; one principal human resources analyst in the Department of Human Resources; two technology coordinators in the Department of Information Technology; and one civil engineer in the Department of Public Works. We carefully selected these seven positions to provide the best service-level value while maintaining a structurally-balanced budget and I believe these additional positions will bring us closer to the optimal level of staffing. Looking beyond FY 2013/14, I also envision incorporating an additional five to seven employees into the long-term financial plan over the next few years; however, this is entirely dependent on revenue increases that would support the additional operating expenditures.

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### *Commitment 4: Establish Long-term Funding for the City's Infrastructure Needs*

As with the personnel-related commitments, the Council should be pleased with the progress that has been made to restore adequate funding to address the City's infrastructure needs. In the FY 2011/12 Budget, we programmed \$28 million over the 20-year planning period to accelerate street rehabilitation and reconstruction work, including \$12.75 million over the first five years. Our goal is to return the City's Pavement Condition Index (PCI) from 76 to 80 over five years and then maintain that optimal level for the 20-year planning period. In FY 2012/13 we used new revenue from a vehicle registration fee to restore tree-trimming services. We're now underway with that contract and are on pace to maintain an average seven-year cycle by trimming a minimum of 5,000 trees per year. Also in the FY 2012/13 Budget, we programmed a total of \$30 million over the 20-year planning period towards additional investment in our infrastructure. While we have not yet earmarked these funds for a specific purpose, the intent is to use them to address the needs of the City's administrative facilities, specifically the Civic Center campus and Corporation Yard.

Even with this progress, I want to stress the importance of staying the course as it relates to funding our infrastructure. Because we have budgeted the \$28 million for specific street rehabilitation projects, I am confident that we will reach our PCI goal on schedule and are adequately funded to maintain that optimal level going forward. As for the \$30 million that has been planned but not yet specifically appropriated, we must continue to move forward with next steps in the process. Specifically, now that we have executed a funding plan to begin to

address our City administrative infrastructure, the key next step will be to make decisions on what to do with the Civic Center campus and administrative facilities. Once those decisions are made, the set-aside funds can be appropriated to specific projects and we can proceed with the rehabilitation and/or renovation of our facilities.

### *Commitment 5: Commit to a Long-term Comprehensive Solution and Stay the Course*

The budget and 20-year financial plan to achieve long-term fiscal sustainability come together much like a large tapestry. From afar, you see the tapestry as one piece of art displaying a complete picture. Up close, you see the thousands, if not millions, of interwoven threads. If you were to take one thread and pull it out, you would alter the image. Even more problematic, you won't necessarily know how the image will change because all of the threads are so integrally woven together. You could change the tapestry more significantly or in a far different area than you could ever have guessed.

And so it is with the different pieces we have built upon each other to create a long-term plan for fiscal sustainability. For example, if the PSOA salary survey yields a 3% increase for FY 2013/14 instead of the 2% that is currently budgeted, the General Fund Budget Stabilization Fund will go negative in Year 18 of the long-term plan and end the twentieth year at negative \$14.8 million, a decrease of over \$25 million for just that one percent change.

Now, does this mean we must rigidly follow the plan and never change it? Of course not. With the Silicon Valley economy and the

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resulting volatility of our major revenue sources, we continually experience changes in our fiscal environment and must react and adapt. The critical piece is our ability to ride out the inevitable up and down cycles by staying committed to our long-term approach and the principles of our plan. This will allow us to maintain focus on reaching our goals while tackling new issues and challenges as they arise.

For instance, while much of our focus has been on controlling our expenses, we also need more discussion and action related to increasing our revenues and strengthening our revenue base. Over the next year, we should discuss the Utility Users Tax (UUT) which makes up 5% of our total General Fund revenue. The UUT has not been adjusted since 1975 when it was set at 2%. This rate is now nearly 50% lower than the Santa Clara

County average of 3.7% and it is only applied to a limited set of utilities. Local voters set the UUT rate and the City retains 100% of the revenue. Because we have full control over this revenue source, it is vitally important that we analyze our rate compared to our neighboring jurisdictions and ensure we are collecting an appropriate amount of revenue to help keep pace with the ever-increasing demand for our services.

The Five Key Commitments form the basis of our long-term budget strategy. They are all rooted in the hard work we have done together and I strongly believe they will give us a solid path forward. I commend the City Council for demonstrating such commitment to the long-term comprehensive plan over the past four years and I remain confident that you will be able to keep us on this path.



May 3, 2013

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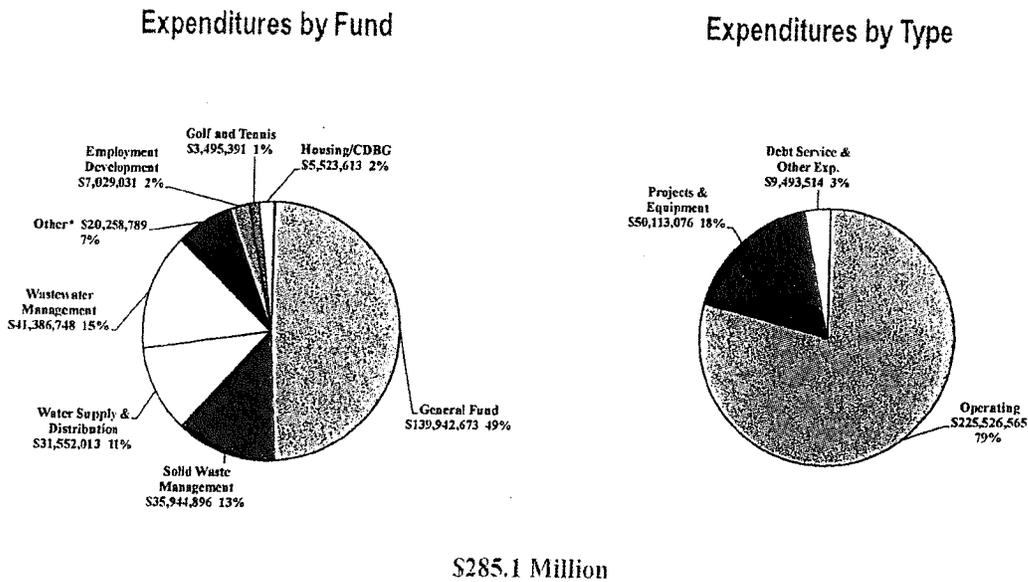
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### Overview of the Recommended Budget

#### Citywide Expenditures

The Citywide FY 2013/14 Recommended Budget and 20-Year Resource Allocation Plan as presented for Council consideration totals \$285.1 million. This encompasses all City funds, the largest of which are the General Fund, at 49%, and the Utilities Funds, with 39% of the total. As Figure 2 shows, operating expenditures make up 79% of the total budget, with projects and equipment expenditures at 18% of the total, accounting for nearly all of the rest. The FY 2013/14 Budget is a projects budget year in which a detailed review of the City's twenty-year projects budget was conducted and projects were updated accordingly for this recommended budget. Next year, a detailed review of the operating programs will be performed.

Figure 2: FY 2013/14 Citywide Expenditures



\*Other Funds include Park Dedication, Asset Forfeiture, Police Services Augmentation, Parking District, Gas Tax, Youth and Neighborhood, Redevelopment Successor Agency Fund, Capital Projects, and Infrastructure Renovation and Replacement. Interfund transfers excluded.

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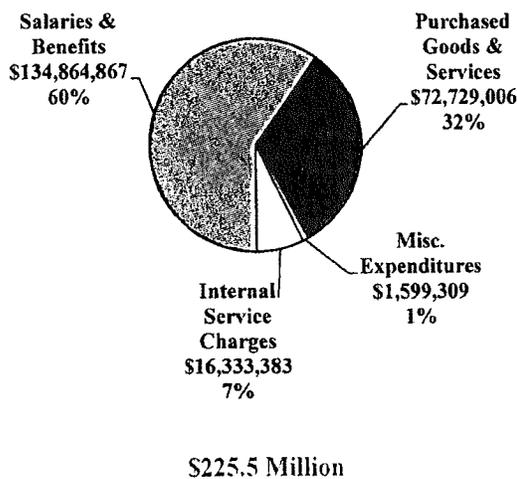
### Operations

The total Citywide operating budget of \$225.5 million is up \$6.6 million, or 3%, from the FY 2012/13 Adopted Budget. The largest component of the increase is in purchased goods and services which are up \$4.3 million, primarily the result of increased costs for the refuse collection contract. Salaries and benefits are up \$1.7 million, or 1.3%, from the prior year's budget. While seven new positions have been added Citywide, this increase in personnel costs is partially offset by a lower public safety salary base than what was assumed last year. The base is lower for two reasons: the 2012 salary survey results came in with a negative adjustment whereas a 2% increase was budgeted, and the salary adjustment assumption for FY 2013/14 has been lowered from 2.5% to 2.0%. The budgeted additive rate to cover costs for benefits is up over the FY 2012/13 rate but is in line with the estimate for FY 2013/14 made in last fiscal year's long-term plan.

### Salaries and Benefits

Within Citywide operations, 60% of budgeted costs are for salaries and benefits. Therefore, personnel cost containment has been a priority over the last several years, and the City and its employees have made significant progress in this area. Over the past two years, all Miscellaneous employees, which includes all employees who are not sworn officers, have agreed to the concessions first laid out in the FY 2011/12 Budget. These concessions included no salary increases for two years, contributing an additional 2% toward pension costs, and implementing a lower-tier retirement formula for new hires. As of last year at this time, all Miscellaneous bargaining units except SEA had agreed to these concessions. In December 2012, SEA and the City reached agreement on a new contract that included these concessions. As a result, a second-tier retirement plan, the 2% @ 60 formula, was implemented for non-Safety employees. In addition, SEA agreed to an additional 3% contribution toward their retirement costs, phased in over the term of the contract so that by July 2014, SEA employees will be paying a total of 4% of salary for retirement costs.

Figure 3: Operating Expenditure by Type



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For the City's sworn officers, good progress has also been made in containing personnel costs; however, there is more work to be done. Over FY 2010/11 and FY 2011/12, both PSOA and PSMA agreed to compensation concessions that have started to address the significant increase in pension expenses that the City has experienced over the past decade. These concessions include both units agreeing to contribute 3% of the employee contribution of the pension expense, as well as new employees going on the lower tier 3% @ 55 pension formula instead of the 3% @ 50 formula. These concessions have assisted in containing rising personnel costs; however, the

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salary survey utilized to determine PSOA salaries was not a part of these concessions.

The salary survey uses a modified total compensation base and includes base salaries, employer paid contributions to retirement, and employer paid health benefits. Twelve agencies are surveyed and the four lowest agencies from a total compensation perspective are removed from the final calculation. The total compensation for the remaining eight agencies is averaged and PSOA members are compensated 11% higher than that average. As noted previously, this salary survey formula has yielded strong results for sworn officers over the years, with historical average annual salary increases of approximately 4.5%.

Due to the recent fiscal climate, the salary survey has produced results lower than the historical average in the last two years. For FY 2011/12,

***It is imperative that the City negotiate a modified survey with the PSOA to have any hope of meeting the budgetary assumptions for long-term Safety salary increases and retirement costs.***

the survey yielded an increase of 1.25% and for FY 2012/13, the survey produced a negative 0.37%, resulting in a \$1 million reduction to the public safety salary base when compared to what was budgeted. Based on preliminary survey information, this budget assumes a 2% increase for FY 2013/14. In FY 2014/15, the final year of the current contract, the assumed increase is 4%. Starting in FY 2015/16, assumed increases are 3% annually through FY 2022/23 and then increase to 4% annually for the remainder of the long-term plan.

While the 3% and 4% salary increase projections may seem reasonable given the recent survey results for the past two years, it is likely as cities

regain their financial footing that compensation for Safety employees will begin to again rise at more historical levels and may even go higher to compensate for low years as historical trends have shown. In fact, recent budget discussions in the City of San Jose include potential salary increases for police officers even though San Jose still has a budget deficit. As such, the salary increase projections that are maintained in the FY 2013/14 Recommended Budget assume adjustments to the salary survey formula when the MOU expires in 2015. It is imperative that the City negotiate a modified survey with the PSOA to have any hope of meeting the budgetary assumptions for long-term Safety salary increases and retirement costs.

Going forward, the efforts to further contain personnel costs will continue, and the focus will be on increasing the amount City employees contribute to pay for the employee share of the pension expense. As of July 1, 2013, all City employees will be paying 3% of pay towards the employee share of the pension expense. The FY 2013/14 Recommended Budget assumes that the contribution for Miscellaneous employees will increase to the full 8% of pay by FY 2018/19, with Safety employees increasing to the full 9% of pay by FY 2019/20. It is important to note, however, that these increases must be negotiated with the bargaining units.

### Pension Update

In addition to the progress the City and its employees made to move new employees onto lower-tier pension formulas, the State also passed a comprehensive pension reform bill in 2012. This bill, known as the California Public Employees' Pension Reform Act (PEPRA), included a number of components aimed at addressing the cost of providing defined-benefit pension plans to public employees. From a long-term cost savings perspective, the most significant

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components of the bill include a lower pension formula for new employees who are not already part of the CalPERS system (which created a third-tier pension formula for the City), a mandatory employee contribution equal to half of the normal cost of the pension benefit for new employees to CalPERS, and a cap on earnings eligible to be included in the pension calculation for new employees. The impact of PEPRAs has been incorporated into the City's short- and long-term employer contribution rate, which is developed by the City's consulting actuary.

Unlike the employee rate, which is a fixed percentage of pay, the employer rate is adjusted annually by CalPERS through an actuarial analysis that takes into account demographic information

and investment earnings on the asset portfolio. Over the past decade, CalPERS contribution rates have increased significantly, predominantly due to market losses experienced in the early 2000s and in FY 2008/09. To mitigate the impact to employer contribution rates, CalPERS applied smoothing methodologies that phased in rate increases but results in higher rates over the long run and leaves employers subject to high rate volatility if investment returns do not meet CalPERS assumptions. This methodology also does not fully pay down the unfunded liability.

In an effort to mitigate some of this rate volatility, as well as to more aggressively fund the City's pension plans, the City has contributed more to CalPERS than required over the past several years

Figure 4: Sunnyvale & CalPERS Employer Contribution Rates and Costs

Fiscal Year	CalPERS Safety Employer Rate	Sunnyvale Safety Employer Rate	Cost of Sunnyvale Contribution	CalPERS Miscellaneous Employer Rate	Sunnyvale Miscellaneous Employer Rate	Cost of Sunnyvale Contribution
FY 2013/14	35.2%	38.5%	\$11.7M	21.0%	23.7%	\$12.9M
FY 2014/15	37.1% (est)	39.4%	\$12.5M	22.2% (est)	24.3%	\$13.6M
FY 2015/16	--	41.0%	\$13.4M	--	25.1%	\$14.3M
FY 2016/17	--	44.1%	\$14.9M	--	26.7%	\$15.6M
FY 2017/18	--	45.0%	\$15.6M	--	27.2%	\$16.2M

based on rates developed by our consulting actuary. Recently, the chief actuary of CalPERS proposed, and the CalPERS Board approved, eliminating the current smoothing methodologies in favor of a more direct-rate smoothing method that will recognize gains and losses over five years, and setting rates to pay down unfunded liabilities over a fixed period. These changes will increase rates in the near term. The chief actuary is also looking to incorporate mortality improvements that will further increase rates. Our consulting actuary has adjusted our employer contribution rates to include these changes, as well as the savings for the new pension formulas. Because we have already been paying higher rates, the City has effectively implemented some of the CalPERS changes early. In addition, with the recommended budget assuming employees will contribute more towards their retirement costs, the net impact to the City's retirement cost is modest savings over the 20-year plan in comparison to projections made last

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fiscal year, which is a significant accomplishment. Through the City's long-term planning model, we identified the real cost of retirement over the long term, built in these costs, took steps to contain costs, and developed a funding plan. Sunnyvale is now in a better position financially than most other agencies, as we are paying into CalPERS now at rates that reflect changes that will not be fully implemented by CalPERS until FY 2019/20. This more aggressively addresses the imminent rate increases, which, as noted, reduces some of our rate volatility, fully amortizes the City's unfunded liability, and will result in lower long-term rates in comparison to other jurisdictions.

While we are in a better place than most, like everyone else, our costs depend heavily on the investment returns of our assets in CalPERS. Therefore, a concern of moving to a more direct-rate smoothing method that will recognize gains and losses faster is that we will be subject to more rate volatility on a year-to-year basis with the normal ups and downs of the investment market. In addition, the CalPERS chief actuary has stated the economic assumptions, including the discount rate, or rate of return, will be reviewed next spring. He has discussed the three likely scenarios to result from this review: keeping the current rate of 7.5%, a 0.25% reduction, or a 0.50% reduction. A reduction will have a significant impact on

***Sunnyvale is now in a better position financially than most other agencies, as we are paying into CalPERS now at rates that reflect changes that will not be fully implemented by CalPERS until FY 2019/20.***

employers' contribution rates. For Sunnyvale, even a 0.25% reduction will increase rates by 5% of pay for Safety employees and 3% of pay for Miscellaneous employees. This would increase retirement costs by over \$3 million annually. To

deal with the year to year volatility and prepare for the potential change to the discount rate, we are increasing the reserve levels in the Employee Benefits Fund. The PERS Rate Uncertainty Reserve is estimated to be \$2.7 million at the end of FY 2012/13 and is projected to grow to \$16.4 million over twenty years.

### **Increase in Budgeted Positions**

The FY 2013/14 Recommended Budget includes seven new positions across four departments: two public safety officers and one crime analyst in the Department of Public Safety; one principal human resources analyst in the Department of Human Resources; two technology coordinators in the Department of Information Technology; and one civil engineer in the Department of Public Works. One of the public safety officer positions will be funded with Supplemental Law Enforcement (SLES) grant funds. The positions in the Department of Public Safety were added for the direct impact they will have on services to the community. The positions in Human Resources and the Information Technology Department will increase operational effectiveness within the organization. Reductions to internal service departments are often the first ones made during a fiscal crisis and that is what occurred here several years ago. While staff managed, it has impacted services as these areas provide the essential tools and resources for all operating departments. The position in Public Works is essential to managing and completing the extensive capital project plan we have in front of us. As the *Major Projects Highlights* section of this transmittal letter details, we have numerous capital efforts occurring across the City. Additional resources are necessary to ensure successful execution.

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### **Projects**

Nearly half of the \$50.1 million budgeted for projects and equipment is for utilities infrastructure, with \$22 million for the Wastewater Fund alone. Highlights of the significant projects in this FY 2013/14 Recommended Budget are detailed later in this transmittal letter, under *Overview of the Recommended Budget – Projects*. Because of the City's long-term planning framework, project expenditures and resulting operating costs are identified over the twenty-year planning period. Of note is a new project to build a branch library in north Sunnyvale. In addition to the costs of construction, new operating costs are expected to be \$439,000 annually starting in FY 2014/15. Of this amount, \$242,000 represents net new operating costs, while the remaining \$197,000 will be reallocated from the existing Library budget.

### **RDA Losses Continue**

With the dissolution of redevelopment agencies (RDAs) in early 2012, last year's budget absorbed a net loss of \$91 million in the General Fund 20-year financial plan. This accounted for the loss of projected loan repayments from Sunnyvale's RDA to the City. Subsequent actions by the State's Department of Finance (DOF) have resulted in additional losses to the City. DOF has denied reimbursement of lease payments made in connection with a RDA related debt, certificates of participation, requiring \$11 million to be absorbed within the General Fund 20-year plan. In early April 2013, DOF ordered the return of \$13.8 million from the City for loan repayments made in FY 2010/11 and FY 2011/12, prior to the RDA dissolution. We feel strongly that DOF is not applying the dissolution legislation correctly and staff is currently in the administrative appeal process for both of these actions. However, because the appeals process is through DOF, we

are not optimistic on a positive resolution and may have to consider litigation. As a result, to be conservative, both of these losses have been reflected in this financial plan. If the City prevails, there will be a considerable positive impact that could address infrastructure funding, unfunded liabilities, and/or optimal staffing levels.

### **Golf and Tennis Fund Structural Imbalance**

In FY 2011/12, recreation operations were moved into the General Fund and the Community Recreation Fund became the Golf and Tennis Fund. The newly configured fund was first presented in the FY 2012/13 Budget. The intent was for golf and tennis operations to continue to operate as a true enterprise fund, with all activities self-supporting.

The Golf and Tennis Fund faced significant challenges in FY 2012/13. In August 2012, the long-time operator of the restaurants at the golf courses closed its doors with virtually no notice to the City. The operator's contract was subsequently terminated and a new operator took over in the spring of 2013. This reduced revenue to the Fund for rental income, but more importantly, rounds of play at both courses declined approximately 10% from FY 2011/12 to year-end projections for FY 2012/13. While staff has been able to reduce expenses this year by not filling some vacant positions, the reductions in revenue will cause the Golf and Tennis Fund to run a deficit of approximately \$300,000 in FY 2012/13, which is more than the available balance in the Fund's reserve. Based on current revenue and expense projections for FY 2012/13 and FY 2013/14, a \$300,000 budget modification from the General Fund will be requested in FY 2012/13 to cover the expected deficits in both of those years.

As a result of the restaurants reopening prior to the start of FY 2013/14, staff is projecting that golf

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course revenues will return to FY 2011/12 levels and then trend up slowly going forward. Even with modest increases in revenue, expenses are also projected to increase, resulting in a projection of ongoing deficits in the 20-year financial plan. In addition, planned capital improvements at the golf courses are currently funded by Park Dedication Fees. This is expected to be eliminated by FY 2032/33, which will place added pressure on the Fund by requiring it to fund its own capital and infrastructure.

In FY 2013/14, staff will focus on both growing golf course revenues and looking for additional opportunities to reduce expenses. This will include reviewing current operations and staffing levels to look for efficiencies, including the possibility of contracting out some portions of the operation.

On a more positive note, the new operator of the Tennis Center has done very well. Feedback from the tennis community has been very positive and much needed improvements to the pro shop and locker room were completed as scheduled and funded by the new operator.

### **New Enterprise Fund for Development Activities**

Over the last several years, staff has been evaluating development-related fees and costs to ensure the City is charging the appropriate level of fees and obtaining full cost recovery. As part of this effort, staff will be creating a separate enterprise fund for development-related activities over the next fiscal year. The enterprise fund will allow all direct and indirect costs related to development activities that occur across several departments to be accounted for in one place. Because expenditures related to specific fees can occur later than when the revenue is collected, a separate fund will provide for better tracking

of expenditures and revenues over time as cost recovery is validated. As a start to this process, a separate reserve has been created in the General Fund entitled *Development Enterprise Reserve*. At the end of FY 2012/13, this reserve will hold revenues collected in excess of what was budgeted for development-related revenue for the fiscal year. This reserve will transfer over to the new enterprise fund when it is created. Staff anticipates the new fund will be set up for FY 2014/15 and will be presented in next year's budget.

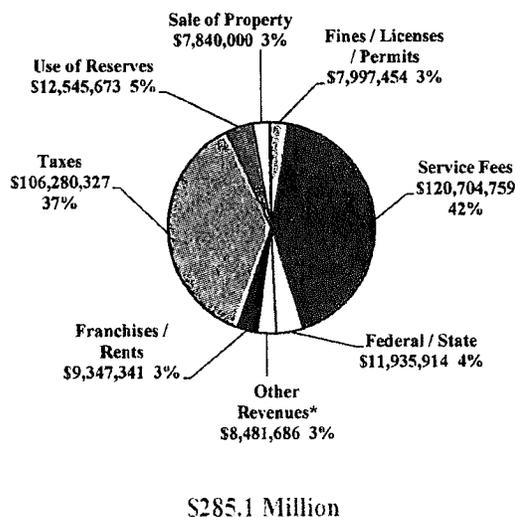
# CITY MANAGER'S MESSAGE

## FY 2013/14 Recommended Budget

### Citywide Revenues

On the resources side, the largest sources of revenue are service fees and taxes as Figure 5 indicates. Service fees are primarily utility fees for water, sewer, and refuse services, but also include recreation fees and development impact fees such as Park Dedication and Traffic Impact fees. The majority of the tax revenue is comprised of property tax, sales tax, transient occupancy tax, and utility users tax revenue, which are all in the General Fund.

Figure 5: Citywide Revenue by Source



\*Other Revenues include interest income, SMaRT Station revenues, and housing loan repayments.

### Utility Fees

The City has three utilities that are fully self-supporting: the Water Supply and Distribution Fund, the Solid Waste Management Fund, and the Wastewater Management Fund. Each year, as part of the budget process, staff analyzes the current condition and long-term outlook for all of the

City's utility funds. The analysis includes a review of fund balances, state and federal environmental requirements, revenues, anticipated capital, infrastructure and operational requirements, and a detailed inspection of significant expenditure areas. The results of these analyses lead to proposed adjustments to rates that will generate the revenues necessary to meet planned expenditures. Through the long-term planning model, staff attempts to keep utility rates as stable as possible with modest increases annually, rather than keeping rates flat and hitting customers with a high increase in one year. The overall recommended increase for FY 2013/14 is just below the total planned increase established last fiscal year:

Figure 6: Planned & Recommended Utility Rate Increases

Utility	Original Projection	Recommended FY 2013/14	Change in Percentage Points
Water	6.5%	5.0%	-1.5%
Wastewater	6.5%	6.5%	0.0%
Solid Waste	3.0%	4.0%	1.0%

The primary drivers of rate adjustments for the water utility are the costs of purchased water and the rehabilitation and replacement of the City's aging water infrastructure. The increases in wastewater rates are largely due to the needed improvements for the wastewater collection and treatment infrastructure including the replacement of the wastewater treatment plant. Solid waste rates are driven primarily by increases in the cost of the collection contract. Additional details on the utility infrastructure projects are included in this transmittal letter under *Overview of the Recommended Budget – Projects*. Detailed information on the utilities funds are included in Volume I of this recommended budget under *Financial Plans – Enterprise Funds*.

# CITY MANAGER'S MESSAGE

## FY 2013/14 Recommended Budget

### General Fund Revenue Highlights

The proposed revenues reflect the continued robust economic activity in the region and Sunnyvale in particular. Based on year to date figures, we anticipate FY 2012/13 revenues for transient occupancy tax, property tax, and development-related revenue to exceed projections made for the FY 2012/13 Adopted Budget. In fact, it appears that development activity for FY 2012/13 will come close to the record high activity of FY 2011/12. This also bodes well for future growth in property tax for commercial properties, which is incorporated into this year's long-term plan.

Overall, five sources generate nearly 78% of the City's General Fund revenues (excluding property sale proceeds). These sources are property tax, sales tax, transient occupancy tax, utility users tax/franchise fees, and development-related taxes and fees. Our projections for FY 2013/14 and beyond vary based on the revenue source. For development-related taxes and fees and transient occupancy tax, which are both currently tracking above a sustainable level, FY 2013/14 projections reflect a reduction in revenues towards an updated baseline amount, with modest growth factored in thereafter. Property tax is projected to experience healthy growth over the next three years before growth returns to more historical levels. Sales tax growth is also expected to be strong in FY 2013/14, with modest growth projected thereafter. Utility users tax/franchise fees are expected to rebound in FY 2013/14 and then also see modest annual growth from there. Detailed information on projections for all of the General Fund's major revenue sources is included in the *Financial Plan – General Fund* tab of *Volume I* of the budget document.

Figure 7: General Fund Top Five Revenues

Revenue Source	2010/11 Actual	2011/12 Actual	2012/13 Revised Projection	2013/14 Proposed Projection	% Change 2013/14 Over 2012/13
Property Tax	\$42,356,100	\$43,407,026	\$49,362,825	\$49,025,162	-0.7%
Sales Tax	29,228,078	30,345,514	31,039,146	32,236,373	3.9%
Utility Users Tax/Franchise Fees	13,052,500	13,203,372	12,970,987	13,514,205	4.2%
Development-Related Revenue	7,306,662	13,968,981	13,500,000	9,000,000	-33.3%
Transient Occupancy Tax	6,589,448	7,777,583	8,856,790	8,588,303	-3.0%
<b>Total Top Five Revenues</b>	<b>\$98,532,788</b>	<b>\$108,702,476</b>	<b>\$115,729,748</b>	<b>\$112,364,043</b>	<b>-2.9%</b>

CITYWIDE REVENUES

# CITY MANAGER'S MESSAGE

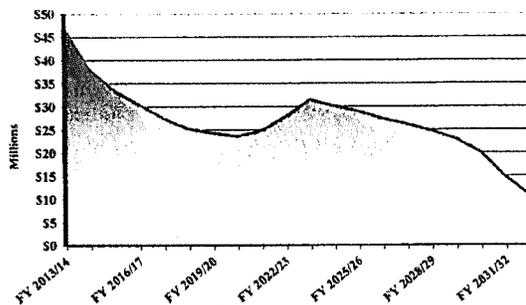
## FY 2013/14 Recommended Budget

### *A Structurally Balanced Budget Over the Long Term*

The FY 2013/14 Recommended Budget maintains the short- and long-term balance that was established with the FY 2012/13 Budget. Overall, the Budget Stabilization Fund is expected to begin the first year of the long-term financial plan with a balance of \$49.1 million and finish the 20th year with a balance of \$10.5 million. While it may initially seem concerning that nearly \$40 million is being drawn from the Budget Stabilization Fund during the 20-year planning period, the long-term financial plan being presented actually strikes the right balance between ensuring the Budget Stabilization Fund is prudently and thoughtfully funded throughout the long-term plan, but that it is not so well-funded, especially in the latter years, that the City is not maximizing its current service delivery opportunities.

infrastructure, the \$100,000 annual set aside for Council, and the service-level enhancements for the tree trimming cycle and sidewalk repair.

Figure 8: 20-Year Projection of Budget Stabilization Fund



With additions to the revenue base and a lower than previously anticipated salary baseline for the Department of Public Safety, the Budget Stabilization Fund was able to absorb the impact of adding four additional positions into the operations in FY 2013/14. This is in addition to maintaining all of the new funding incorporated into the FY 2012/13 Adopted Budget, including \$1.5 million annually as a set aside for administrative

# CITY MANAGER'S MESSAGE

## FY 2013/14 Recommended Budget

### Overview of the Recommended Budget - Projects

The City operates on a two-year budget cycle. While Council approves a budget annually, the first year of the two-year cycle focuses on the City's operations budget, while the second year focuses on the City's projects budget. The FY 2013/14 Recommended Budget is in the second year of the two-year budget cycle, and as such, this budget focuses on the City's projects. During the development of this budget, there was a detailed review of all City projects for the entire 20-year planning period. Detailed information on all of the projects is included in *Volume II - Projects Budget*.

Figure 9: Total Projects Budget by Fund

Fund	Fund Title	2013/14	2014/15	2015/16	20-Yr Total
35	General	\$3,088,138	\$2,731,611	\$2,677,329	\$61,514,092
70	Housing Mitigation	871,610	25,674	17,281	1,249,311
71	HOME	2,450,000	-	-	2,450,000
110	CDBG	967,455	274,300	224,300	7,079,155
141	Park Dedication	15,070	-	-	15,070
175	Asset Forfeiture	44,500	60,690	46,298	1,380,369
245	Downtown Parking District	51,376	-	210,780	262,156
280	Gas Tax	5,000	5,100	5,202	151,650
315	RDA Successor	369,681	125,000	125,000	934,681
385	Capital Projects	3,126,770	19,929,016	22,273,679	56,443,328
460	Water	1,841,330	4,442,123	1,196,514	32,037,849
465	Wastewater	22,011,920	17,919,370	27,671,926	377,405,921
485	Solid Waste	192,771	406,309	117,237	3,616,807
490	SMaRT Station	703,508	88,345	201,245	35,877,627
595	General Services	160,000	94,452	270,504	1,166,460
610	Infrastructure Replacement	11,799,624	14,051,316	6,515,272	195,248,683
<b>Grand Total</b>		<b>\$47,698,753</b>	<b>\$60,153,306</b>	<b>\$61,552,567</b>	<b>\$776,833,159</b>

The FY 2013/14 Recommended Budget includes 280 projects, 247 proposed for funding and 33 unfunded projects. Unfunded projects are typically in this category because they are dependent on grant funding or other outside funding sources that have not been identified or awarded at this time. In addition, there are many unfunded projects identified in the long-range plans for traffic and transportation that guide the development of the capital projects budget in the short and long term. The list of specific projects related to the traffic and transportation plans are included in the *Traffic and Transportation* section of *Volume II - Projects Budget*.

PROJECTS OVERVIEW

# CITY MANAGER'S MESSAGE

## FY 2013/14 Recommended Budget

### Major Project Highlights

#### Prioritization and Strategic Plan for the Utilities Infrastructure

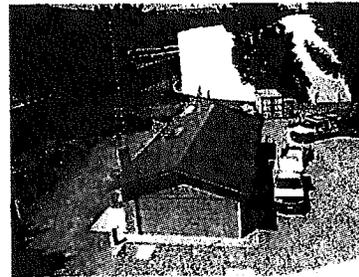
The City has been addressing its aging water and wastewater utility infrastructure for several years now. Like many municipalities in the state and the country, Sunnyvale's water storage and distribution systems and wastewater collection and treatment systems are over fifty years old and in need of significant rehabilitation. Due to the physical location of the infrastructure, the need to make investments that will benefit the City over a very long time, and the ever-changing policy and regulatory environment, there is no cheap, easy, or simple solution.

Two years ago, the City reorganized, carving utility-related activities out of the Public Works Department and creating a new Environmental Services Department with the intent of bringing more focus to these critical services. With the creation of the Environmental Services Department, staff has taken a fresh look at the plan for replacement and rehabilitation of the utility infrastructure and the prioritization of projects. The primary focus to date has been to complete projects funded by bond proceeds from the issuance of \$40 million in Water and Wastewater Utility Revenue Bonds. With that effort coming to a close, and the majority of the proceeds anticipated to be expended by the end of calendar year 2013, the Environmental Services Department is moving to focus its effort on the next set of infrastructure replacement projects needed to keep the City's utility systems in good condition.

#### The Water Supply and Distribution System

The Sunnyvale water system is a comprehensive water storage and delivery system. The City is divided into three pressure zones. Zone 1

comprises the northerly two-thirds of the City and is supplied by six San Francisco Public Utilities Commission (SFPUC) turnouts. Zones 2 and 3 comprise the southerly one-third of the City and are supplied by two Santa Clara Valley Water District (SCVWD) turnouts, and by seven wells. The distribution system also consists of three booster pump plants and ten storage tanks with a capacity of 26 million gallons. There is also one recycled water reservoir with a storage capacity of two million gallons. The system also serves an important role in providing fire protection for the City, featuring approximately 3,400 public fire hydrants and many private fire service connections. The system is managed



by an automated Supervisory Control and Data Acquisition (SCADA) system that controls distribution of water throughout the system.

Over the past few years, staff has been working to identify and scope projects to replace the aging infrastructure and improve the system's reliability. \$17 million in capital, special, and infrastructure projects are included in the first 10 years of the FY 2013/14 long-term financial plan, and an additional \$15 million in fully-identified water infrastructure and capital projects are included in the second 10 years of the plan.

The \$32 million total is budgeted over 18 capital improvement projects. While focus on water line replacements will continue, particular emphasis is being placed on rehabilitation and maintenance of potable water tanks and wells and extending the recycled water system. Approximately \$15.9 million has budgeted for the renovation of water

# CITY MANAGER'S MESSAGE

## *FY 2013/14 Recommended Budget*

plants, wells, and tanks. An additional \$7.7 million in funding is provided to replace the City's aging water lines and pressure reducing valves. Additionally, by June 2013, the Environmental Services Department will complete the replacement and upgrade of the SCADA System.

A renewed focus has been placed on expansion of the recycled water system. Sunnyvale, in partnership with SCVWD, is participating in a regional effort that will expand Sunnyvale's recycled water system and bring recycled water to southern Sunnyvale. Regional benefits include the delivery of recycled water to northern Cupertino, including the future Apple campus, and the potential to extend the system to serve groundwater recharge facilities in other areas of the valley. \$2.1 million has been budgeted for Sunnyvale's share of the regional project to fund upgrades to the San Lucar Pump Station and the extension of the recycled water system along Wolfe Road to Homestead Road. Sunnyvale is working on an agreement with SCVWD to partner in funding this significant expansion of the recycled water system. If such an agreement is approved by Council, staff will return with suggested revisions to the projects budget that reflect the changes. It is anticipated that revisions to the projects will not result in any significant impact on water rates.

### **The Wastewater Collection and Treatment System**

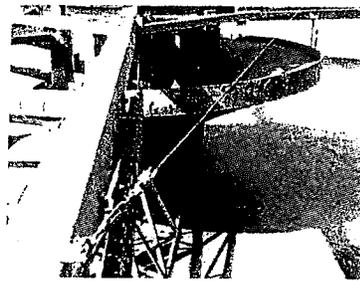
The Wastewater Utility continues to face even larger infrastructure challenges than the Water Utility. The most significant is the renovation of the City's Water Pollution Control Plant (WPCP). The FY 2013/14 Recommended Budget includes planned infrastructure expenditures of over \$377 million over 20 years, \$316 million of which are related solely to the replacement of the WPCP. Remaining funding is associated with projects to

manage the gap between the old and new plant, and infrastructure work on the sewer and storm collection systems.

### **Replacement of the Water Pollution Control Plant**

Rehabilitation and replacement of the WPCP continues to be the highest priority for the City's wastewater treatment system. Projects in the FY 2013/14 Recommended Budget include planning and implementation projects for the replacement of the WPCP and additional projects needed to keep the WPCP operating as the City transitions from the old plant to a new plant over many years.

Over the past several years, the City has been engaged in the early stages of renovating the WPCP. The renovation, which was originally



expected to take ten years and is now anticipated to take twelve years, is a program that will

have many components and a series of projects. As such, the projects will evolve and change over time as work progresses.

The proposed 20-year financial plan has included a project for \$316 million as a placeholder to provide funding for the full replacement of the plant. The initial planning stages have begun and specific projects are beginning to be identified. As a result, the financial impact of several new projects is being netted out of the placeholder project and reflected as new projects.

The most significant of these included in the FY 2013/14 Recommended Budget is a \$58

# CITY MANAGER'S MESSAGE

## *FY 2013/14 Recommended Budget*

million project to design and build new primary treatment facilities. It is anticipated that the primary treatment facilities, which will include new headworks, will be constructed on the current bio-solids drying beds. The financial plan also includes a new project to develop the WPCP Master Plan. The Master Plan will help to identify future secondary and tertiary treatment processes as well as prepare the programmatic EIR for the facility. Finally, the budget includes a new project totaling \$33.6 million for program management services. The program manager will provide overall program implementation services, oversight, project design management, construction management, and other services in support of the WPCP renovation program.

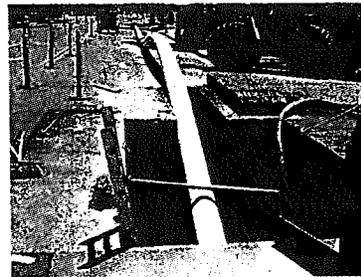
Work also continues on certain critical projects that were previously identified as necessary in the short term to address the most advanced areas of deterioration. Several such projects were recently completed or are currently in progress. These include a project to replace the gaseous chlorine disinfection system with a much safer liquid hypochlorite system and the rehabilitation of the digesters.

The FY 2013/14 Recommended Budget also includes \$4.4 million in funding for new projects to rehabilitate the existing power generation systems and the primary, secondary, and tertiary treatment systems to keep the WPCP functioning until these elements are rebuilt as part of the renovation program.

It is important to note that over time, the City will be issuing bonds to fund the renovation program. At its completion, the City will be paying significant annual debt service, anticipated to be around \$20 million per year, approximately 40% of the fund's total expenses. This level of debt service is estimated to remain for 21 years.

### **Wastewater Collection System**

The wastewater collection system consists of approximately 610 miles of sewer and storm mains and seven pump or lift stations. The system has five major sewer trunk lines that terminate at the WPCP, where sewage is treated.



The City's wastewater collection systems are in need of significant rehabilitation due to their

age. The FY 2013/14 Recommended Budget includes approximately \$19.7 million in the first 10 years in projects related to sewer and storm water collection and an additional \$15 million of fully-identified projects in the second 10 years of the plan. Major projects over the first 10 years include \$7.5 million for sewer and storm pipe improvements, \$6.7 million for rehabilitation of the Lawrence Expressway trunk line, and \$4.7 million for sewer and storm pump and lift station rebuilds.

Additionally, \$4.4 million in funding is allocated for storm system trash capture devices. To meet new permit requirements, trash capture devices need to be installed throughout the storm water collection system. The project funds the design and installation of two devices every other year over ten years.

### **Solid Waste Management System**

The City's solid waste management system infrastructure is comprised of the closed Sunnyvale Landfill and the Sunnyvale Materials Recovery and Transfer Station (SMaRT Station®). The FY

# CITY MANAGER'S MESSAGE

*FY 2013/14 Recommended Budget*

2013/14 Recommended Budget includes a variety of small projects in the short term to address primarily periodic infrastructure maintenance and regulatory issues.

The most significant project is a \$30.4 million project for the replacement of the SMaRT Station. The current agreement among the cities of Sunnyvale, Mountain View, and Palo Alto for the use of the SMaRT Station expires in 2021. This coincides with the end dates of the estimated useful life of the SMaRT Station, the refuse collection franchise, and the three cities' landfill disposal agreements. The year 2021 therefore provides an opportunity to consider changes in how Sunnyvale manages its waste and recyclables. The project provides funding for planning and inter-jurisdictional coordination in fiscal years 2016/17 through 2019/20. Funds for design and construction are scheduled for fiscal years 2020/21 through 2022/23, either to replace the SMaRT Station or to implement some other solution for the management of solid waste and recyclables in the City. The recommended budget is based on the initial construction cost of the SMaRT Station. It is anticipated that the cost for the ultimate replacement will be refined during the planning phase of the project.

### *Capital Improvement Projects Reserve Funding Prioritization*

As discussed earlier as one of the five key commitments, the budget includes \$1.5 million annually, totaling \$30 million over 20 years, for investment in the City's infrastructure. In addition to the \$1.5 million annual set aside, another source of funding for City infrastructure is the Capital Improvement Projects Reserve in the General Fund. This reserve houses proceeds received from the sale of property with the intent of using these one-time funds for one-time capital projects. There is currently \$5.6 million in this

reserve that is not appropriated. An estimated \$8 million is projected to come in for the sale of the Raynor Activity Center. These funds have been appropriated for a branch library in north Sunnyvale. There are also several other sales or long-term lease revenues anticipated in the next several years: long-term lease of the Armory site (\$7.4 million), sale of downtown houses (\$2.1 million), and sale or long-term lease of the margarine plant (\$11.5 million). These proceeds are not earmarked for a specific expenditure so they remain in the reserve and grow with interest earnings. At the end of the 20-year plan, this reserve is estimated to have \$49.7 million if funds have not been drawn down prior to that point. Together with the set aside, there will be \$81.2 million available in twenty years.

Given the well-documented need for rehabilitation and/or renovation of the Civic Center facilities, the Corporation Yard, and the Sunnyvale Office Center, as well as the current availability of funds from the Capital Improvement Projects reserve and the annual set aside, it is important that we begin taking action. The first step in this process is to determine the scope of rehabilitation and/or renovation, as that will drive the next steps and funding requirements. Whatever direction Council decides to take, a viable funding source is available to begin prioritizing components of the rehabilitation and creating projects to get those components funded.

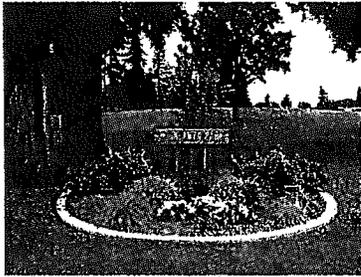
### *Park Dedication Fund Projects and Prioritization*

Significant increases in revenue to the Park Dedication Fund are expected as a result of Council's action in 2011 to gradually raise the park dedication facility standard from 3.0 acres to 5.0 acres per 1,000 population by July 2014. As a result, the long-term financial plan projects \$153 million in revenues to the Park Dedication Fund over the next 20 years. With this increase,

# CITY MANAGER'S MESSAGE

## FY 2013/14 Recommended Budget

staff has prepared a major update to the 20-year Capital Improvement Program (CIP) for the City's parks and recreational amenities. The CIP continues to fund the capital replacement needs for



infrastructure such as playgrounds, parking lots, and buildings. In addition, the increased funding has

allowed many new park projects to be proposed for the more complete renovations of parks, swimming pools, and buildings with a goal of meeting the recreation needs of the community over the next 40 years. New features in the existing parks are also planned, such as synthetic turf sports fields to improve the usability of parks for organized sports groups. Significant outreach efforts for each major renovation project will be conducted throughout the 20-year plan to ensure renovated parks meet the needs of current park users.

Currently funded projects involving facilities in the Golf and Tennis Operations Fund continue to be funded at the same level. Although there are no new golf and tennis facilities projects planned in this budget, any future new projects will be funded by the Golf and Tennis Operations Fund and not the Park Dedication Fund.

In 2012, staff worked with Council and the Parks and Recreation Commission to develop policies for allocation of Park Dedication Fees. Draft policies were developed and presented to Council in October 2012 for project prioritization criteria, a minimum set aside for park land acquisition, and a system to allocate funds geographically within the City. Council provided feedback on the draft policies and specific direction to

develop alternatives for the minimum set aside for park land acquisition that would accelerate the accumulation of funds for park land acquisition and improvement.

In the draft policy reviewed by Council to allocate Park Dedication Fees, staff recommended that a minimum of 20% of revenues be set aside for park land acquisition and improvement. This policy would result in over \$30 million of funds being set aside for land acquisition and improvement over the 20-year planning period. This is the base scenario that staff has built the FY 2013/14 Recommended Budget around. Only a small portion of this \$30+ million is allocated to specific projects, allowing flexibility to acquire and improve new park sites as opportunities arise.

As an alternative, staff has developed a scenario where 40% of Park Dedication Fees would be set aside for acquisition until \$20 million is reached, at which point the allocation changes to 10%. Under this scenario \$20 million is projected to be set aside for land acquisition in the first eight years of the plan. Over the course of the entire 20-year plan approximately the same amount of funds would be set aside for acquisitions. Under this scenario, numerous park improvement projects must be shifted to later years of the plan when more funding becomes available. Direction will be needed from Council on which approach will best meet the City's future needs.

### **Seven Seas/Morse Avenue Neighborhood Park Development**

Development of the new 5.3 acre Seven Seas Neighborhood Park began in FY 2009/10. This project includes the closing and demolition of the Fair Oaks Industrial Park and the construction of a new neighborhood park on the site. The Fair Oaks Industrial Park was purchased by the City in 1990 in anticipation of future park needs for the area

# CITY MANAGER'S MESSAGE

## *FY 2013/14 Recommended Budget*

between State Highway 237, U.S. Route 101, and Tasman Drive.

This project is currently in the final design phase, which is scheduled for completion in spring 2013. In addition, all work has been completed for the removal of soil contaminants in preparation of a clean site for construction. Construction of the park is expected to begin September 2013, and will be completed in the summer of 2014. The project, which is expected to cost a total of \$9.5 million, is funded by Park Dedication Fees. Operating costs, with the exception of utilities, will be absorbed within the existing Parks operating budget.

### *Other Major Projects and Initiatives*

#### **Mathilda/237/101 Interchange Project**

The City has initiated a project to reconstruct the Mathilda/237/101 interchange. This project will improve traffic operations and capacity in the area. The current project activities will include Caltrans approval of a project concept (the interchanges are largely Caltrans right-of-way), environmental review, and preparation of construction plans and specifications.

In March 2013, City Council accepted a \$2 million grant from the Santa Clara Valley Transportation Authority (VTA) that will be matched by the City to complete the design phase of the project. Alternatives analysis and environmental review will begin in 2013. Design is expected to be completed in October 2015, and construction should be complete by February 2017. Estimated construction costs for the project are \$16.5 million. The City expects VTA to pay for 50% of this cost with the remainder to come from City Traffic Impact Fees.

#### **Streets and Roadway Infrastructure Maintenance**

Maintenance of street surfaces was greatly affected by the economic downturn. In 2010, as a result of reduced street maintenance, the pavement condition index for Sunnyvale streets was at 76, which is not an optimal level from a cost-benefit perspective. In response, the City budgeted additional funds for pavement rehabilitation beginning in FY 2011/12. This included \$12.75 million for the first five years to accelerate rehabilitation work on our streets. In FY 2011/12, the City was able to complete maintenance on approximately 15 miles of streets. This included a number of projects on major corridors such as Hollenbeck Avenue, Remington Drive, and Evelyn Avenue.

A large street resurfacing project is planned for the summer of 2013. This includes significant rehabilitation projects on major roadways, including segments along Wolfe Road, Mathilda



Avenue, Evelyn Avenue, and Caribbean Drive. The additional funds will continue to be utilized

into FY 2014/15 with a goal of restoring the City-wide pavement condition index to at least 80 by the end of 2015.

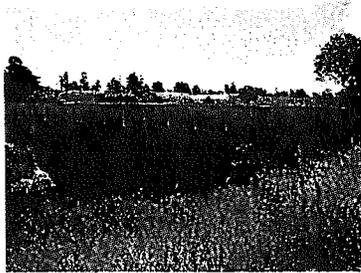
#### **Calabazas Creek Bridge at Old Mt. View-Alviso Road**

The Calabazas Creek Bridge, located on Old Mountain View Road near Highway 237, is shared by the cities of Sunnyvale and Santa Clara. The project received a commitment of Federal

# CITY MANAGER'S MESSAGE

## FY 2013/14 Recommended Budget

Highway Bridge program funding in the amount of \$1.2 million, or 88.53% of the estimated design cost for bridge replacement. The required local match for the design portion is \$154,000 which



will be split between both cities, with Sunnyvale's share of \$77,000 funded with Gas Tax revenues.

Currently staff is working on the request for proposals to select a consultant, and this summer the design, right-of-way certification, and environmental clearance work will start. Once completed, staff will submit a proposal to obtain construction funding. The total project is estimated to cost \$9.9 million, with Sunnyvale's share of the local match at \$565,000. The project has a construction completion goal of 2015, and once completed, the useful life of the new bridge is estimated to be 40 years.

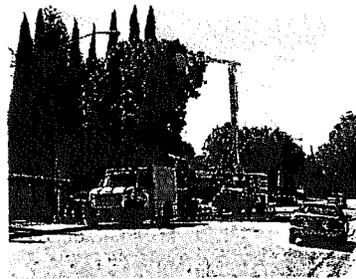
### Fair Oaks Bridge over Caltrain and Hendy Avenue

The Fair Oaks Bridge project will complete seismic upgrades, install sidewalks and bike lanes, rehabilitate the bridge deck, and replace lighting for the Fair Oaks Avenue Bridge over Caltrain. The City has received a commitment of Federal Highway Bridge program funding in the amount of \$2.6 million, or 88.53% of the estimated design cost to rehabilitate the bridge. The City's required local match for the preliminary design portion is \$337,000 and will be funded with Gas Tax revenues. The total project is estimated to cost \$22.8 million, with Sunnyvale's required local match at approximately \$2.8 million.

The design, right-of-way certification, and environmental process has commenced and is scheduled for completion in 2015. Once completed, staff will submit a proposal to Caltrans to obtain construction funding. The project has a construction completion goal of 2016, and once completed, the useful life of the new bridge is estimated to be 40 years.

### Street Tree Block Pruning Services

In FY 2012/13, Council approved increased service levels for street tree pruning by appropriating an additional \$475,000 annually. A contract for \$1.2 million was awarded to West Coast Arborists Inc. for a term of two-and-a-half years that will help to ensure sustainability of the urban forest in Sunnyvale. The contract calls for a minimum of 5,000 trees to be pruned annually so that each of the 37,000 trees in the inventory will be pruned on an average 7-year cycle, depending upon the



species. Previously, City staff was only able to prune 1,000-2,000 trees per year due to the focus

on abating hazardous conditions taking priority. Between the contractor and City staff, a minimum of 6,500 trees are planned for pruning in FY 2013/14, which represents a 300% increase over the previous year.

### Branch Library in North Sunnyvale

In order to increase access to library services for residents in north Sunnyvale, Council directed staff on July 31, 2012 to explore a branch library at the

# CITY MANAGER'S MESSAGE

## *FY 2013/14 Recommended Budget*

Lakewood School and Park site in partnership with the Sunnyvale School District. In line with the City's policy to utilize one-time funds for one-time expenditures, the proceeds from the sale of the Raynor Activity Center will fund the construction of the branch library. The process to sell the Raynor Activity Center is currently underway and is anticipated to be completed in the summer of 2013. The size and cost of the branch library will be determined based on the sale proceeds.

The branch library project is scheduled to start design in FY 2013/14 with construction to begin the following year. Current construction estimates are based on a 7,000 to 10,000 square-foot branch library at the Lakewood School and Park site totaling approximately \$7 to \$9 million. The annual operating costs for the branch library are estimated to be approximately \$439,000. Of this amount, \$197,000 will be reallocated funding from the Library's existing operating budget and will not constitute new funding. The remaining \$242,000 will be the net new annual funding requirement. This amount has been reflected in the General Fund 20-year financial plan beginning in FY 2014/15.

### **Recruitment and Training for Sworn Officers**

The Public Safety Department budgets for the recruitment, selection, and training of new public safety officers in a series of recurring special projects rather than in the operating budget. This methodology allows expenditures to fluctuate each year based on the number of recruitments and allows for better monitoring and tracking of costs. To meet the staffing needs of the department in FY 2013/14 and support the proposed sworn staffing level of 197, \$2.5 million in funding has been budgeted in two projects to provide for the selection, recruitment and training of new recruits.

This funding will provide for the continued training of 11 recruits hired during the FY 2012/13 hiring cycle and the training of nine new recruits during the FY 2013/14 hiring cycle. 13 of the 20 total recruits are anticipated to complete the process in FY 2013/14, with the remaining recruits anticipated to complete training in FY 2014/15. A total of \$54 million is included in the proposed budget over the 20-year period in these recurring special projects. These projects are adjusted each year, based on projected needs.

### **Downtown Projects**

The revitalization of Downtown Sunnyvale has been underway for several years. Frustratingly, there have been two significant challenges that are out of the City's control which have had a negative impact on the redevelopment of the downtown. First, the stalled development efforts of the privately owned Town Center Mall property and



the ensuing protracted legal battles has had a large impact because of its primary spot in the downtown

area. Second, the State's decision to dissolve redevelopment agencies in 2012 had a direct impact since the City's one redevelopment project area was our downtown. Despite these challenges, the City remains committed to making downtown a strong and viable city center. With the substantial progress in the redevelopment of the former Town and Country retail site, the Plaza del Sol Phase II project has been funded in this budget. Because the specific elements of this phase have not been developed yet, \$2.2 million

# CITY MANAGER'S MESSAGE

## *FY 2013/14 Recommended Budget*

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has been budgeted over two years starting in FY 2016/17 as a placeholder. This project is funded by the Park Dedication Fund. In addition, there is \$2.3 million budgeted over the next three years for various downtown traffic and transportation projects funded by the General Fund Capital Improvement Projects Reserve.

**CITY OF SUNNYVALE  
FY 2013/14 BUDGET SUMMARY**

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**EXPENDITURES:**

**Operating Budget:**

Office of the City Attorney		\$1,937,706
Office of the City Manager		\$4,139,741
Community Development Department		
Building Safety	2,823,399	
Planning	2,314,538	
Housing and CDBG Program	1,234,548	
Community Development Department Management	414,037	
Total Community Development Department	<u>414,037</u>	\$6,786,523
NOVA Workforce Services Department		\$7,029,031
Finance Department		
Utility Billing	2,253,114	
Accounting and Financial Services	1,787,057	
Purchasing	1,256,691	
Treasury Services	1,073,702	
Financial Management and Analysis	968,855	
Budget Management	677,382	
Total Finance Department	<u>677,382</u>	\$8,016,800
Human Resources Department		\$3,576,685
Library and Community Services Department		
Arts and Recreation Programs and Operation of Recreation Facilities	8,240,695	
Library	8,074,706	
Youth, Family and Child Care Resources	1,077,569	
Total Library and Community Services Department	<u>1,077,569</u>	\$17,392,971
Public Safety Department		
Police Services	27,040,599	
Fire Services	26,636,206	
Public Safety Administrative Services	5,554,526	
Investigation Services	5,488,323	
Community Safety Services	3,555,860	
Communication Services	3,119,392	
Records Management and Property Services	1,965,845	
Fire Prevention Services	1,770,725	
Personnel and Training Services	1,616,379	
Total Public Safety Department	<u>1,616,379</u>	\$76,747,854

# Library and Community Services

## FY 2013/14 Operating Budget

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### Department Description

The Department of Library and Community Services merges library services with recreation, youth and family services, and community resources. The Department provides a wide range of programs, services, resources, and events to meet the personal interests, educational, health and wellness as well as recreational pursuits of Sunnyvale residents of all ages. The Department is the largest single user of volunteers City-wide, with over 20,000 hours contributed in FY 2011/12. The Library Division offers equal access to a diversity of ideas, information, knowledge, and entertainment through its collection, programs, and services. The Library provides services from a central facility with expansive hours, a library lending machine at the Columbia Neighborhood Center, and online 24 hours a day, seven days a week. The Community Services Division offers an array of active, self-directed, and organized recreational programming. Programs are offered in arts, sports, fitness, and aquatics for all ages and skill levels. Community Services collaborates with local school districts and non-profit organizations to facilitate recreational, educational, child-care, social services, and health-care services based at the Columbia Neighborhood Center and the Sunnyvale Senior Center. Community Services also works with neighborhood associations, oversees the City-wide special events permitting process, and produces the annual State of the City event.

### General Information / Library Division

Number of books and other library materials checked out during FY 2011/12:	2,705,192
Number of Library patrons who visited during FY 2011/12:	743,363
Number of logins to the Internet from Library PCs during FY 2011/12:	143,136
Number of people attending Library programs during FY 2011/12:	40,928
Size of Library's facility:	60,800 sq. ft.

### Programs and Services

The Library Program is organized into seven service delivery plans: Borrower Services/Circulation, Library Services for Adults, Library Services for Children and Teens, Acquire Library Materials for the Public, Technology Services, Prepare Library Materials for the Public, and Management, Supervisory, and Administrative Support Services.

#### Borrower Services/Circulation

The Library enables customers to access and borrow library materials by checking items in/out, renewing items, shelving returned items to their proper location, and processing reserved items

# Library and Community Services

## FY 2013/14 Operating Budget

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and materials requested from other libraries for customers. Staff encourages the timely return of materials by notifying borrowers of overdue items, sending replacement bills for items long overdue, and collecting fines/fees. Staff also keeps existing library customer accounts updated and issues library cards to new borrowers. In addition, staff delivers materials to a resident's home if that person is unable to come to the Library due to physical disability.

### **Library Services for Adults**

The Library enhances the use of library materials and information resources for adults by providing one-on-one assistance locating and utilizing those resources as well as providing programming in support of community interests and educational pursuits. Staff attends community events and meetings to promote Library services for adults.

### **Library Services for Children and Teens**

The Library enhances the use of library materials and information resources for children and teens by providing one-on-one assistance locating and utilizing those resources as well as providing programming in support of community interests and educational pursuits. Staff attends community events and meetings to promote Library services for children and teens. Resources are leveraged with those of the Community Services Division and local non-profit organizations to provide family literacy programs at the Columbia Neighborhood Center.

### **Acquire Library Materials for the Public**

The Library provides quality collections for children, teens, and adults by selecting and acquiring new and relevant materials in a wide variety of formats in response to community interest and demand. Staff evaluates the collection areas in terms of age, relevancy, and condition. Staff also orders and receives materials, processes invoices, and monitors purchases.

### **Technology Services**

The Library maintains technology to support service delivery. Inside the Library, computers, photocopiers and other equipment provide access to information and services. Outside the Library, services are delivered through the Library website/catalog. The catalog allows customers to search for library materials, magazine and newspaper articles, and e-Books, as well as manage their own account, renew materials, place items on hold, request materials from other libraries, pay fines, and register for a new library card. Maintaining all systems and equipment in working order ensures continuity of services.

### **Prepare Library Materials for the Public**

The Library prepares materials for easy access and use by cataloging new materials accurately using national standards, updating the catalog to keep it current, physically processing new books,

# Library and Community Services

## FY 2013/14 Operating Budget

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media items, periodicals and newspapers, and extending the life of repairable materials through basic repair and rebinding.

### Management, Supervisory, and Administrative Support Services

The Library delivers cohesive and cost-effective operations of the Library facility, maintaining a safe and welcoming environment for customers and staff. High-quality customer service is provided through programs and services designed to meet community needs. Staff provides leadership and manages employees to support the overall effectiveness and efficiency of service delivery. The financial condition and results of Library programs are monitored and analyzed to ensure optimal use of resources. Library policies and procedures are developed and implemented to ensure even application. Long-range plans are developed in order to meet the needs of the community. Staff explores options for grants in order to supplement services with non-City funding. The Library partners with civic groups, the local business community, City departments, the Board of Library Trustees, and others to effectively inform the community about the services and resources available to them.

### General Information / Community Services Division

Number of participant hours in Recreation related programs in FY 2011/12	847,905
Number of occupancy hours in recreation facilities in FY 2011/12	132,819
Number of volunteer hours managed by Recreation staff in FY 2011/12	19,084
Number of Senior Center memberships in FY 2011/12	2,803
Number of recipients benefiting from the Recreation Fee Waiver program	184
Number of participant hours generated by CNC service providers in FY 2011/12	93,323
Number of unduplicated participants the CNC served in FY 2011/12	11,946
Number of dollars leveraged for each \$ contributed by the City towards CNC operations	\$3.06
Percent increase in number of child care slots in FY 2011/12	2.6%

### Programs and Services

The Community Services Division is organized into two programs: Arts and Recreation and Youth and Family Services. Community Resources is now a service delivery plan within the Arts and Recreation Program.

The Arts and Recreation Program includes the following nine service delivery plans: Preschool, Middle, and High School After School and Summer Recreation Programs; Senior Recreation Classes, Activities and Services/Therapeutic Recreation; Youth and Adult Visual and Performing Arts Programs; Aquatics Activities and Facilities; Sport Classes and Activities; Recreation

# Library and Community Services

## FY 2013/14 Operating Budget

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Facility Rentals and Use; Registration, Reception Services, Community Outreach/Promotions and Special Events; Community Resources; and Management and Administrative Support. The Youth and Family Services Program includes the following two service delivery plans: Columbia Neighborhood Center and Youth, Family and Child Care Resources.

### **Arts and Recreation Program**

The Arts and Recreation Program provides year-round arts, recreation, health and wellness, and enrichment activities for preschool-aged children through senior adults. Community Services staff schedules, operates, and rents out City-owned and leased recreation facilities, including four swimming pools, the recreation building, theater, creative arts center, indoor sports center, a senior center, dance studio, 11 park buildings, 36 athletic fields, and 49 picnic areas. The Teen Advisory Committee and Senior Center Advisory Committee are staffed by the Division. The Program also manages the City's Art in Private Development and Art in Public Places programs. A fee waiver program for eligible Sunnyvale residents 17 years of age and younger is available to provide a safety net for low-income families to afford to participate in classes and activities. The Arts and Recreation Program also develops, maintains, and grows community partnerships and resources. The partnerships allow the Division to achieve its goals of providing varied, unduplicated programs that are attractive to the community, maximize the resources partners can offer to benefit existing or new clients, and provide a high quality product for the customer.

Community building and civic engagement are the main areas of focus for the Community Resources portion of this program. Services include point of contact to address ADA concerns from the public, coordination of the City's neighborhood association program, administration of the special events permitting process, administration of two community grant programs (one for event organizers and one for neighborhood groups), and coordination of two staff advisory committees (Advisory Committee on Accessibility, Human Relations Cultural Diversity Advisory Committee). Additionally, City-wide special events, such as the Mayor's annual State of the City event, are included in this area. Finally, Community Services staffs and coordinates both the Parks and Recreation Commission and the Arts Commission.

### **Youth and Family Services Program**

The Youth and Family Services Program is based out of the Columbia Neighborhood Center (CNC). The City of Sunnyvale operates CNC in collaboration with the Sunnyvale School District, non-profit organizations, and community businesses to provide a connected network of services and programs in the areas of community education, mental health services, health care, recreation, and youth and neighborhood safety. The philosophy behind this web of services is to provide the support that children in the service area need to develop the life skills necessary to be successful in school and beyond. CNC focuses on serving at-risk youth attending Bishop, Fairwood, Lakewood, San Miguel, and Columbia schools, as well as families with limited access to basic services

# Library and Community Services

## FY 2013/14 Operating Budget

residing in the Center's service area. The MayView Community Health Clinic offers a satellite facility in the CNC. The Center and its partners also promote a strong community through events and activities for the neighborhood. The CNC Community Advisory Committee advises CNC staff on community needs of the service area.

In addition, programs and services that support the City's child care providers, families with young children, Citywide youth and family issues, and the Child Care Staff Advisory Board, which acts in an advisory capacity to City staff on early care and education topics, are also based at CNC.

### Department Budget Summary

<b>Library and Community Services</b>					
<b>Fund/Program</b>	<b>2010/11 Actual</b>	<b>2011/12 Budget</b>	<b>2011/12 Actual</b>	<b>2012/13 Budget</b>	<b>2013/14 Plan</b>
<b>General Fund</b>					
Library	7,158,288	7,525,169	7,266,198	7,988,288	8,074,706
Youth and Family Services	324,767	264,397	251,276	338,682	338,055
Arts and Recreation	601,934	693,469	345,387	8,161,265	8,240,695
<b>Youth and Neighborhood Services</b>					
Youth and Family Services	588,159	753,721	796,088	746,557	739,515
<b>Community Recreation Fund</b>					
Arts and Recreation Programs	7,881,734	8,275,612	7,768,095	0	0
<b>TOTAL EXPENDITURES</b>	<b>16,554,881</b>	<b>17,512,368</b>	<b>16,427,045</b>	<b>17,234,792</b>	<b>17,392,971</b>

# Library and Community Services

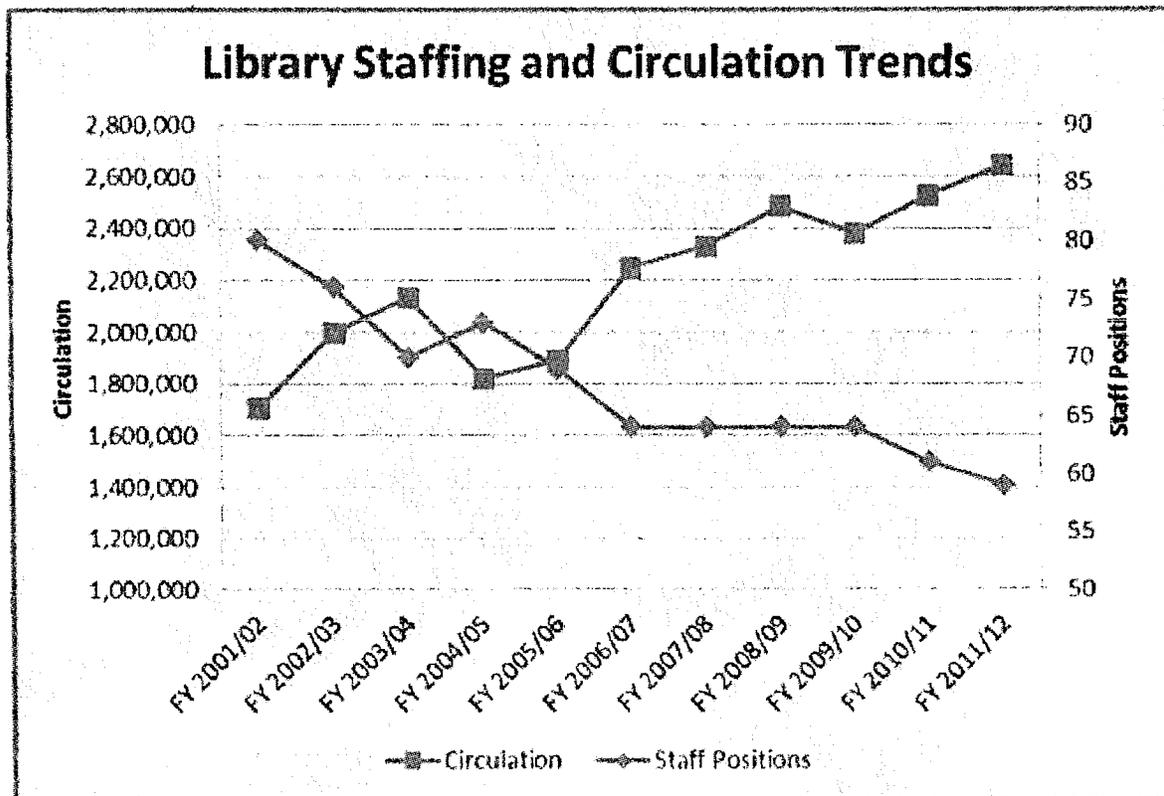
FY 2013/14 Operating Budget

## Budget Overview and Significant Changes

FY 2013/14 is the second year of a two-year operating budget cycle. As such, there were no significant changes to the Department's operating budget for FY 2013/14. Beginning with retirements and career transitions in FY 2011/12 and continuing into FY 2012/13, the Department of Library and Community Services took advantage of the opportunities created by vacancies to consider new ways of providing services with fewer resources. For the Library Division, this meant a temporary reallocation of dollars to address service shortfalls, and for the Community Services Division, this meant a reorganization of service delivery to best meet community needs. Strategic planning for optimal use of resources is expected to continue in FY 2013/14.

### Library Program

Overall business continues to be strong at the Library. Community members are borrowing items at record levels, and attendance at Library programs has increased by 53.8% in the past three years. Staffing levels, however, have declined 26% in the past 10 years and are now at record low levels, as seen in the chart below. This presents a challenge to the Library to meet the needs of the community, providing efficient and effective services with fewer staff.



# Library and Community Services

## FY 2013/14 Operating Budget

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Toward the end of FY 2009/10, the Library converted the entire Library collection from barcode to RFID technology and installed an automated materials handling system, six new self-check machines, four automated materials handling returns, and a new security gate. Since that time, checkout is faster as multiple items can be checked out at once. The option to pay fines by credit card at the self-check machines has helped to boost overall revenues collected by 23% since their introduction. At check-in, materials are instantly removed from a customer's account, and the customer has the option to print a receipt as proof of return. This provides for more consistency and accuracy in both patron accounts and the Library catalog.

Approximately 95% of materials are returned using the automated materials handling system, and approximately 94% of checkouts now occur at the self-check machines, compared with 55% in FY 2008/09. These efficiencies have allowed staff to keep up with rising circulation as well as continue to provide excellent customer service.

Beginning in FY 2012/13, the Department reallocated funding from an existing vacant position to allow for a \$60,000 increase in library materials acquisition. The additional collection development dollars helped to address the Library's most significant service delivery shortfall and was responsible for increasing the availability of materials to 2.12 materials per capita (a 3.3% increase from the previous year). It also contributed to the projected 1.7% increase in total checkouts in FY 2012/13 compared to the previous year. In addition, these reallocated funds provided for staffing to reopen Thursday evenings with limited services beginning in FY 2012/13. Though reference assistance and programs were unavailable on Thursdays between 6 and 9 p.m., approximately 555 patrons on average visited the Library on Thursday evenings in FY 2012/13. This was similar to visitor counts before the Library closed on Thursday evenings in FY 2011/12. The reallocated funding level that provided \$60,000 in collection dollars and staffing for limited services on Thursdays is anticipated to continue in FY 2013/14.

The percentage of the Library budget in FY 2012/13 allocated to the acquisition of library materials is 7.8%. With the temporary addition of \$60,000 to the collection budget in FY 2012/13, the percentage was 8.6%. This rate is on the lower end in Santa Clara County, with Palo Alto Library at 11.2%, Santa Clara County Library at 13.6%, San Jose at 10.7%, and Mountain View Library at 10.6% (based upon the most current data available in FY 2010/11 from the California State Library). The erosion of collection development dollars combined with a lack of capacity to grow the collection has resulted in Sunnyvale providing only 2.12 materials per capita, below the statewide median of 2.13 and the lowest in Santa Clara County. San Jose Public Library provides 2.36 items per capita, Santa Clara 3.40 items per capita, Santa Clara County 4.37 items per capita, Palo Alto 4.66 items per capita, and Los Gatos 5.61 items per capita.

# Library and Community Services

## FY 2013/14 Operating Budget

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### Community Services Programs

The Arts and Recreation Program budget completed its first full year as a General Fund program in FY 2012/13. Previously, it had been a part of the Community Recreation Fund.

The Community Services Division programs continue to support a balanced array of facilities, services and recreation and arts opportunities for all ages. On an ongoing basis, programs and services are evaluated and retooled to best meet the needs of community, with staff taking the opportunity to achieve efficiencies and create partnerships wherever possible. When designing new programs and services, Community Services staff considers likely participants, trends in participation, competing services and the expected market share for that specific group, allocation of financial and time resources, as well as motivation for participation. Community Services Division staff has identified a number of programming opportunities to explore and implement with an emphasis on the environment, cultural awareness, health and wellness, technology, youth sports, and the aging population. Programmatic offerings, and associated costs and revenues, contract and expand based on market, interest, and needs.

City Council granted \$40,000 in one-time funding to the Community Services Division to increase the Care Manager hours at the Senior Center through June 30, 2013. The funding has been used to recruit a temporary, casual employee to work part-time as a skilled social service professional at the Senior Center alongside the existing Care Manager providing support services such as assessment, care planning, service arrangements, and client monitoring. Resources have been included in the proposed budget (as a special project) to fund the pilot Care Manager Program through FY 2013/14. The Program will be evaluated at the conclusion of the pilot.

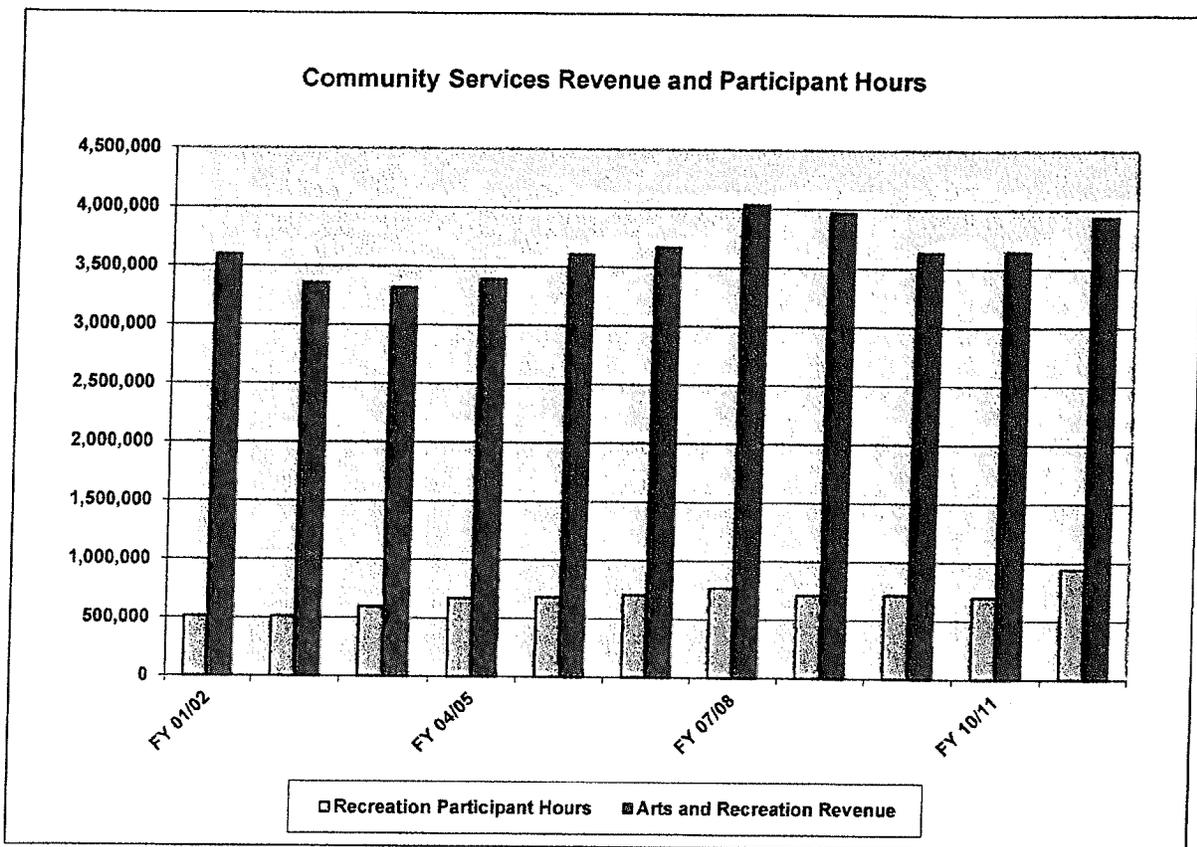
Casual salaries for unclassified temporary recreation employees used by the Community Services Division had not been increased since 2002. As a result, pay rates had not been adjusted to keep pace with changes in the region's cost of living, making it increasingly difficult to recruit qualified individuals and retain experienced staff. A comprehensive survey was conducted which revealed the majority of Sunnyvale pay rates for temporary/casual recreation employees were significantly below the market. City Council reviewed and approved proposed changes to temporary/casual recreation classifications and pay scales on December 4, 2012. The Community Services Division worked with the Department of Human Resources and Finance to implement the salaries effective January 20, 2013. A strategic decision was made not to fill a vacant position and to use some of those resources to fund the increase in casual salaries.

There has been a continued focus on identification and implementation of strategies to reduce dependence on the General Fund. Again the focus is on efficiencies, increased revenue generation,

# Library and Community Services

## FY 2013/14 Operating Budget

and service level adjustments, as necessary. Wherever possible, activities are structured to cover their costs, with programs for youth and seniors, in general, requiring the greatest amount of support from the General Fund. The budget also sets aside resources for the Recreation Fee Waiver Program, which assists qualifying low-income Sunnyvale youth with the payment of registration fees. The following graph shows trends in Community Services revenues and participation.



The expansion at Columbia Neighborhood Center (CNC) was completed in Spring 2012, adding an additional 3,000 square feet to the existing facility, doubling the number of offices for social services and the community health clinic, and adding a fitness room to be used by both the Columbia Middle School students and the community. The FY 2012/13 CNC programmatic operating budget was not increased in anticipation of the expansion because it is the intent of the City to establish new and expanded partnerships. These new partnerships, in conjunction with the expansion of CNC, will allow for increased programming and services for the youth and families that reside in the CNC service area. The FY 2012/13 budget for CNC was increased to account for additional maintenance costs associated with the expansion.

# Library and Community Services

FY 2013/14 Operating Budget

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## Department Position Allocation

Classification	FY 2012/13 Budgeted Positions	FY 2013/14 Budgeted Positions
Director of Library and Community Services	1	1
Community Services Manager	4	4
Superintendent of Community Services	1	1
Youth and Family Resources Manager	1	1
Library Circulation Manager	1	1
Administrative Librarian	2	2
Supervising Librarian	3	3
Administrative Aide-Confidential	1	1
Administrative Aide	1	1
Administrative Analyst	1	1
Program Coordinator	3	3
Librarian	11	11
Library Assistant	5	5
Community Services Coordinator II	14	14
Community Services Coordinator I	1	1
Senior Library Assistant	1	1
Facility Attendant I	2	2
Facility Attendant II	1	1
Office Assistant	1	1
Office Clerk	1	1
Principal Office Assistant	1	1
Senior Office Assistant	5	5
Staff Office Assistant	1	1
Part-Time Office Assistant	2	2
Part-Time Staff Office Assistant	2	2
Part-Time Senior Office Assistant	1	1
Part-Time Graphic Artist	1	1
Part-Time Librarian	6	6
Library Specialist I	6	6
Library Specialist III	18	18
Part-Time Administrative Analyst	1	1
<b>Library and Community Services Total</b>	<b>100</b>	<b>100</b>

## Library and Community Services Performance Indicators

**2011 Consolidated General Plan Goals: Chapter 4, Community Character (CC)**

Goal CC-7: Appropriate Library Facilities

Goal CC-8: Broad and Diverse Library Collection

Goal CC-10: High Quality Recreation Programming

Goal CC-11: Prioritization for Recreation Programming

Goal CC-12: Maximize access to recreation services, facilities, and amenities

Please refer to the General Plan Executive Summary for further details on goals

	General Plan Goal	FY 2010/11 Results	FY 2011/12 Results	FY 2012/13 Results
<b>Library</b>				
<b>Workload Indicators</b>				
Number of library programs for adults. [New in FY 2012/13]	CC-7, CC-8	--	--	
Number of library programs for children, teens and families. [New in FY 2012/13]	CC-7, CC-8	--	--	
Number of library customers attending programs for adults. [Deleted in FY 2012/13]		4,854	9,435	
Number of library customers attending programs for children, teen and families. [Deleted in FY 2012/13]		28,197	31,493	
Average circulation of library materials per Sunnyvale resident	CC-8	18	19	
Average number of library visits annually per Sunnyvale resident	CC-7, CC-8	5	5	
Number of books circulated.	CC-8	2,524,293	2,705,192	
Number of library visitors.	CC-7, CC-8	732,621	743,363	
<b>Performance Indicators</b>				
Number of customer survey respondents and percent rating Library services as good or better.*	CC-7, CC-8	86%	--	
Number of customer survey respondents and percent rating programs for adults as good or better.	CC-7, CC-8	99%	98%	
Percent of library materials re-shelved within 48 hours after check-in.	CC-8	99%	98%	
Average number of days from receipt of materials to availability.	CC-8	17	15	
Percent of the library collection published in or after the year 2000.	CC-8	83%	91%	
Percent of total Library operating budget expended. [New in FY 2012/13]		--	--	

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62001 - Borrower Services/Circulation**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620100 - Check Out Library Materials</b>					
Product: An Item Checked Out or Renewed					
Costs:	1,096,342.55	1,073,965.37	1,122,743.01	1,263,121.09	1,304,865.49
Products:	2,524,293.00	2,450,000.00	2,705,192.00	2,500,000.00	2,500,000.00
Hours:	18,483.29	17,706.00	17,834.30	18,876.00	19,426.00
<b>Activity 620110 - Shelve Library Materials</b>					
Product: An Item Shelved					
Costs:	691,002.43	731,100.99	683,363.42	898,629.91	921,493.75
Products:	2,111,461.00	2,200,000.00	2,164,144.00	2,200,000.00	2,200,000.00
Hours:	17,283.65	19,521.00	16,148.40	19,990.00	20,190.00
<b>Activity 620120 - Circulate Materials through Interlibrary Loan</b>					
Product: An Item Borrowed from or Loaned to another Library					
Costs:	104,794.43	102,582.66	91,987.98	116,480.91	132,797.88
Products:	16,956.00	14,000.00	19,265.00	17,000.00	17,000.00
Hours:	1,654.87	1,651.00	1,386.10	1,688.00	1,878.00
<b>Activity 620130 - Recovery of Overdue or Missing Materials</b>					
Product: A Notification of an Item to be Recovered					
Costs:	57,980.66	53,066.89	61,561.02	84,957.87	86,368.49
Products:	49,765.00	55,500.00	49,882.00	55,500.00	55,500.00
Hours:	765.62	615.00	766.30	954.00	954.00
<b>Activity 620140 - Materials Delivery to Homebound Residents</b>					
Costs:	0.00	0.00	0.00	45,341.19	44,722.19
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	0.00	0.00	0.00	605.00	605.00

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Totals for Service Delivery Plan 62001 - Borrower Services/Circulation**

<b>Costs:</b>	<b>1,950,120.07</b>	<b>1,960,715.91</b>	<b>1,959,655.43</b>	<b>2,408,530.97</b>	<b>2,490,247.80</b>
<b>Hours:</b>	<b>38,187.43</b>	<b>39,493.00</b>	<b>36,135.10</b>	<b>42,113.00</b>	<b>43,053.00</b>

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62002 - Library Services for Adults**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620200 - Provide Services to Adults</b>					
Product: A Response Given					
Costs:	713,724.21	629,416.56	736,611.21	784,058.74	805,694.03
Products:	93,965.00	85,000.00	78,783.00	90,000.00	90,000.00
Hours:	8,822.13	7,943.00	8,709.70	8,813.00	9,013.00
<b>Activity 620210 - Create and Present Programs for Adults</b>					
Product: A Program Presented to the Public					
Costs:	152,250.32	264,565.34	200,713.01	301,759.25	305,721.86
Products:	135.00	143.00	197.00	143.00	143.00
Hours:	1,735.20	3,120.00	2,170.00	3,275.00	3,275.00
<b>Totals for Service Delivery Plan 62002 - Library Services for Adults</b>					
Costs:	<b>865,974.53</b>	<b>893,981.90</b>	<b>937,324.22</b>	<b>1,085,817.99</b>	<b>1,111,415.89</b>
Hours:	<b>10,557.33</b>	<b>11,063.00</b>	<b>10,879.70</b>	<b>12,088.00</b>	<b>12,288.00</b>

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62003 - Library Services for Children and Teens**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620300 - Provide Services to Children and Teens</b>					
Product: A Response Given					
Costs:	611,570.50	555,131.60	606,593.09	613,662.25	635,100.22
Products:	47,652.00	35,000.00	57,480.00	47,000.00	47,000.00
Hours:	7,556.06	6,712.00	7,255.60	6,815.00	7,015.00
<b>Activity 620310 - Create and Present Programs for Children and Teens</b>					
Product: A Program Presented to the Public					
Costs:	178,843.52	240,657.86	215,101.62	288,487.26	291,719.14
Products:	689.00	435.00	764.00	500.00	500.00
Hours:	1,976.57	2,782.00	2,270.30	3,081.00	3,081.00
<b>Totals for Service Delivery Plan 62003 - Library Services for Children and Teens</b>					
Costs:	<b>790,414.02</b>	<b>795,789.46</b>	<b>821,694.71</b>	<b>902,149.51</b>	<b>926,819.36</b>
Hours:	<b>9,532.63</b>	<b>9,494.00</b>	<b>9,525.90</b>	<b>9,896.00</b>	<b>10,096.00</b>

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62004 - Acquire Library Materials for the Public**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620400 - Select and Merchandise Library Materials</b>					
Product: An Item Selected					
Costs:	789,480.53	944,347.65	865,362.64	0.00	0.00
Products:	35,581.00	32,000.00	39,669.00	0.00	0.00
Hours:	2,134.01	3,527.00	2,249.30	0.00	0.00
<b>Activity 620410 - Evaluate Materials for Repair, Replacement, or Discard</b>					
Product: An Item Deselected					
Costs:	67,538.45	73,560.80	80,477.75	0.00	0.00
Products:	21,648.00	25,000.00	19,767.00	0.00	0.00
Hours:	820.13	886.00	946.50	0.00	0.00
<b>Activity 620420 - Order and Receive Library Materials</b>					
Product: An Item Received					
Costs:	193,781.62	185,205.10	186,119.45	197,060.23	198,596.97
Products:	37,893.00	33,000.00	44,515.00	35,000.00	35,000.00
Hours:	2,691.27	2,572.00	2,415.50	2,452.00	2,452.00
<b>Activity 620430 - Select and Merchandise Library Materials for Adults</b>					
Product: An Item Selected					
Costs:	0.00	0.00	0.00	643,279.59	654,683.51
Products:	0.00	0.00	0.00	22,000.00	22,000.00
Hours:	0.00	0.00	0.00	1,874.00	1,874.00
<b>Activity 620440 - Select and Merchandise Library Materials for Children and Teens</b>					
Product: An Item Selected					
Costs:	0.00	0.00	0.00	215,156.40	218,980.75
Products:	0.00	0.00	0.00	13,000.00	13,000.00
Hours:	0.00	0.00	0.00	600.00	600.00

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62004 - Acquire Library Materials for the Public**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620460 - Evaluate Materials for Repair, Replacement, or Discard for Adults</b>					
Product: An Item Deselected					
Costs:	0.00	0.00	0.00	43,091.79	43,510.98
Products:	0.00	0.00	0.00	15,000.00	15,000.00
Hours:	0.00	0.00	0.00	486.00	486.00
<b>Activity 620470 - Evaluate Materials for Repair, Replacement, or Discard for Children and Teens</b>					
Product: An Item Deselected					
Costs:	0.00	0.00	0.00	32,600.66	32,992.99
Products:	0.00	0.00	0.00	10,000.00	10,000.00
Hours:	0.00	0.00	0.00	360.00	360.00
<b>Totals for Service Delivery Plan 62004 - Acquire Library Materials for the Public</b>					
Costs:	<b>1,050,800.60</b>	<b>1,203,113.55</b>	<b>1,131,959.84</b>	<b>1,131,188.67</b>	<b>1,148,765.20</b>
Hours:	<b>5,645.41</b>	<b>6,985.00</b>	<b>5,611.30</b>	<b>5,772.00</b>	<b>5,772.00</b>

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62005 - Technology Services**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620450 - Maintain Workstations/Equipment and Publish Web Pages</b>					
Costs:	354,130.34	524,043.48	370,143.62	407,060.58	414,704.58
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	3,537.61	6,002.00	3,302.70	4,035.00	4,060.00
<b>Totals for Service Delivery Plan 62005 - Technology Services</b>					
Costs:	<b>354,130.34</b>	<b>524,043.48</b>	<b>370,143.62</b>	<b>407,060.58</b>	<b>414,704.58</b>
Hours:	<b>3,537.61</b>	<b>6,002.00</b>	<b>3,302.70</b>	<b>4,035.00</b>	<b>4,060.00</b>

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62006 - Prepare Library Materials for the Public**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620500 - Catalog Titles</b>					
Product: A Title Cataloged					
Costs:	240,398.10	247,423.60	260,865.16	280,482.55	290,172.18
Products:	16,058.00	17,000.00	17,221.00	17,000.00	17,000.00
Hours:	2,726.28	2,841.00	2,869.50	2,996.00	3,096.00
<b>Activity 620510 - Process Library Materials</b>					
Product: An Item Processed					
Costs:	289,799.74	294,450.65	280,928.66	297,143.01	208,866.14
Products:	45,647.00	45,000.00	48,614.00	45,000.00	45,000.00
Hours:	3,774.08	3,970.00	3,740.50	3,506.00	2,251.00
<b>Activity 620520 - Repair Library Materials</b>					
Product: An Item Repaired or Discarded					
Costs:	62,850.22	44,477.27	58,699.97	64,234.31	63,701.30
Products:	11,679.00	6,590.00	9,446.00	9,000.00	9,000.00
Hours:	1,070.41	795.00	982.80	1,024.00	1,024.00
<b>Activity 620530 - Maintain the Library Catalog</b>					
Product: An Item Record Deleted					
Costs:	129,136.94	146,674.40	110,654.34	140,399.55	127,475.72
Products:	37,597.00	30,000.00	33,534.00	33,000.00	33,000.00
Hours:	2,031.18	2,230.00	1,677.00	1,955.00	1,755.00
<b>Totals for Service Delivery Plan 62006 - Prepare Library Materials for the Public</b>					
Costs:	<b>722,185.00</b>	<b>733,025.92</b>	<b>711,148.13</b>	<b>782,259.42</b>	<b>690,215.34</b>
Hours:	<b>9,601.95</b>	<b>9,836.00</b>	<b>9,269.80</b>	<b>9,481.00</b>	<b>8,126.00</b>

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62007 - Outreach Services**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620570 - Provide Community-based Library Services</b>					
Costs:	49,464.83	60,743.23	53,615.75	0.00	0.00
Products:	0.00	0.00	4,097.00	0.00	0.00
Hours:	584.87	680.00	660.80	0.00	0.00
<b>Totals for Service Delivery Plan 62007 - Outreach Services</b>					
Costs:	49,464.83	60,743.23	53,615.75	0.00	0.00
Hours:	584.87	680.00	660.80	0.00	0.00

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Service Delivery Plan 62008 - Library Department Management and Support**

	<u>2010/2011 Actual</u>	<u>2011/2012 Budgeted</u>	<u>2011/2012 Actual</u>	<u>2012/2013 Current</u>	<u>2013/2014 Plan</u>
<b>Activity 620600 - Management and Supervisory Services</b>					
Costs:	794,604.04	855,119.86	837,061.67	745,044.97	758,974.50
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	5,928.50	6,455.00	5,965.30	5,475.00	5,475.00
<b>Activity 620610 - Administrative Support Services</b>					
Costs:	472,453.51	404,043.42	367,513.39	414,982.05	421,963.82
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	5,774.45	4,310.00	3,885.00	4,405.00	4,405.00
<b>Activity 620620 - Page Support for Library Operations</b>					
Costs:	19,561.43	20,778.12	26,028.26	24,597.19	24,683.37
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	510.95	550.00	646.00	550.00	550.00
<b>Activity 620630 - Staff Training and Development</b>					
Costs:	88,579.51	73,814.28	50,053.19	86,656.91	86,916.33
Products:	0.00	0.00	0.00	0.00	0.00
Hours:	930.97	801.00	544.20	929.00	919.00
<b>Totals for Service Delivery Plan 62008 - Library Department Management and Support</b>					
Costs:	<b>1,375,198.49</b>	<b>1,353,755.68</b>	<b>1,280,656.51</b>	<b>1,271,281.12</b>	<b>1,292,538.02</b>
Hours:	<b>13,144.87</b>	<b>12,116.00</b>	<b>11,040.50</b>	<b>11,359.00</b>	<b>11,349.00</b>

**City of Sunnyvale  
Program Performance Budget**

**Program 620 - Library**

**Totals for Program 620**

<b>Costs:</b>	<b>7,158,287.88</b>	<b>7,525,169.13</b>	<b>7,266,198.21</b>	<b>7,988,288.26</b>	<b>8,074,706.19</b>
<b>Hours:</b>	<b>90,792.10</b>	<b>95,669.00</b>	<b>86,425.80</b>	<b>94,744.00</b>	<b>94,744.00</b>

## **Library**

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The ultimate goal of the Sunnyvale Public Library is to provide a full service library which will meet the needs of the community. In addition, the Library will strive to provide a balanced collection that represents all points of view. Library services are provided free of charge to library users.

Library projects are primarily funded by the General Fund. In addition, the Library receives State Grant funds to provide specific services to the community.

### **Library Projects**

**Lakewood Branch Library Facility.** This project is to construct a branch library facility at the Lakewood School site. This will increase access to library services for those living in north Sunnyvale by making it more convenient for residents to visit. Construction involves removal of the existing Lakewood Pool and building a 7,000 to 10,000 square foot library facility in its place. The project will be funded by proceeds from the sale of Raynor Activity Center, with the final size and cost of the project determined based on the available proceeds.



## Project Information Sheet

### Project: 805150 Library Foundation Program Grant

Origination Year:	1985-86	Type:	Library	Fund:	35 City General Fund
Planned Completion Year:	Ongoing	Category:	Special	Sub-Fund:	100 General
Department:	Library and Community Services	Project Manager:	Steve Sloan	Project Coordinator:	Steve Sloan

#### Project Description / Scope / Purpose

This project supports the costs of special projects not supported by the General Fund through the use of State Library Foundation Grant funds. Projects include staff development and training programs, acquisition of additional special print and non-print items, public relations, and facilities enhancements.

The State Library Foundation Grant was established in 1982 through the adoption of State Education Code 18010 of Chapter 1.5 Public Library Finance by the State Legislature. This chapter calls for continuing support of the grant, based on the availability of State funds with an allocation formula set by the State.

#### Project Evaluation and Analysis

This project supplements existing library services.

#### Fiscal Impact

The State Library Foundation Grant can only be used to supplement, not supplant, local revenues for basic library services. Spending categories for this project have been approved by the City Council through grant acceptance budget modifications.

#### Project Financial Summary

Financial Data	Prior Actual	Current 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Y11-Y20 Total	Project Life Total
<b>Project Costs</b>	1,417,142	242,362	0	0	0	0	0	0	0	0	0	0	0	1,659,504
<b>Revenues</b>														
<b>Total</b>	1,475,750	0	0	0	0	0	0	0	0	0	0	0	0	1,475,750
<b>Transfers-In</b>														
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Operating Costs</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Project Information Sheet

**Project: 829870 Library Materials Vending Machine**

Origination Year: 2012-13	Type: Library	Fund: 35 City General Fund
Planned Completion Year: 2013-14	Category: Special	Sub-Fund: 100 General
Department: Library and Community Services	Project Manager: Steve Sloan	Project Coordinator: none

**Project Description / Scope / Purpose**

This project provides for the installation of a library materials vending machine in the lobby of the Columbia Neighborhood Center.

**Project Evaluation and Analysis**

First 5 Santa Clara County funds were awarded in the amount of \$35,162 for installation of a library materials vending machine. Annual maintenance costs for the vending machine are anticipated to be approximately \$2,000 starting in FY 2013/14. The Library can absorb these costs and will not need additional funds incorporated into its baseline operating budget next fiscal year. The Library will seek external funding opportunities to acquire library materials for the machine.

**Fiscal Impact**

This project is funded by a grant from the County of Santa Clara

**Project Financial Summary**

Financial Data	Prior Actual	Current 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Y11-Y20 Total	Project Life Total
<b>Project Costs</b>	0	35,162	0	0	0	0	0	0	0	0	0	0	0	35,162
<b>Revenues</b>														
<b>Total</b>	0	35,162	0	0	0	0	0	0	0	0	0	0	0	35,162
<b>Transfers-In</b>														
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Operating Costs</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Project Information Sheet

**Project: 829960 LSTA: Learning Together**

Origination Year: 2012-13	Type: Library	Fund: 35 City General Fund
Planned Completion Year: 2013-14	Category: Special	Sub-Fund: 100 General
Department: Library and Community Services	Project Manager: Susan Denniston	Project Coordinator: Steve Sloan

**Project Description / Scope / Purpose**

This project provides funding for Learning Together programs for school-aged children and their parents. These programs will offer parents and their children the chance to learn about a new topic, such as discipline, healthy eating or bullying.

**Project Evaluation and Analysis**

The City Manager accepted grant funds in the amount of \$5,000 to provide a series of Learning Together programs, five monthly interactive workshops for parents and their school-aged children. Parents Place, a program of Jewish Family and Children's Services [501(c)(3)] in Palo Alto, will provide speakers for each chosen topic, and Columbia Neighborhood Center will provide facilities and assist with promotion of workshops.

**Fiscal Impact**

This project is funded by Library Services and Technology Act grant funds.

**Project Financial Summary**

Financial Data	Prior Actual	Current 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Y11-Y20 Total	Project Life Total
<b>Project Costs</b>	0	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
<b>Revenues</b>														
<b>Total</b>	0	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
<b>Transfers-In</b>														
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Operating Costs</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Project Information Sheet

**Project: 900909 Lakewood Branch Library Facility**

Origination Year: 2012-13	Type: Library	Fund: 385 Capital Projects
Planned Completion Year: 2014-15	Category: Capital	Sub-Fund: 100 General Fund Assets
Department: Public Works	Project Manager: Jennifer Ng	Project Coordinator: Lisa Rosenblum

**Project Description / Scope / Purpose**

This project is to construct a branch library facility at the Lakewood School site. Contingent upon funds from the sale of Raynor Activity Center, the project is scheduled to start design in FY 2013/14 with construction to begin the following year. The project includes removal of the existing Lakewood Pool and constructing a 7,000 to 10,000 square foot library facility in its place. The size and cost of the branch library will be determined based on the proceeds from the sale of Raynor Activity Center. Since this location is on school grounds, the City will seek a property use agreement with the Sunnyvale Elementary School District.

A branch library at the Lakewood site will increase access to library services for those living in north Sunnyvale by making it more convenient for residents to visit.

**Project Evaluation and Analysis**

Residents living in north Sunnyvale are the only residents who must travel more than two miles to access library services. In fact, many residents in north Sunnyvale live over four miles from any library. As a result, the Lakewood area has the lowest percentage of residents with Sunnyvale library cards than any neighborhood in Sunnyvale. Furthermore, there is a significant concentration of seniors and youth in this area - the age groups tending to make the most use of library services, but also the most restricted in terms of mobility. As such, some of the City's residents with the most to gain from library services have the most difficult time accessing those services. This project will address this issue and improve the quality of life for residents.

**Fiscal Impact**

This project is funded by proceeds from the sale of the Raynor Activity Center but will cause a corresponding increase in operating costs that must be funded by the General Fund. The annual operating costs for the branch library are estimated to be approximately \$439,000. Of this amount, \$197,000 will be reallocated funding from the existing operating budget and will not constitute new funding. The remaining \$242,000 will be the net new funding requirement, which will be funded by the General Fund.

**Project Financial Summary**

Financial Data	Prior Actual	Current 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Y11-Y20 Total	Project Life Total
<b>Project Costs</b>	0	0	1,455,000	6,675,900	0	0	0	0	0	0	0	0	0	8,130,900
<b>Revenues</b>														
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Transfers-In</b>														
General Fund - General			1,455,000	6,675,900	0	0	0	0	0	0	0	0	0	
<b>Total</b>	0	0	1,455,000	6,675,900	0	0	0	0	0	0	0	0	0	8,130,900
<b>Operating Costs</b>	0	0	0	242,224	247,068	252,010	257,049	262,190	267,434	272,782	278,238	283,804	3,351,093	5,713,892

### FY 2013/14 Revenue Projection: Library

OL3/4	Title	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Adopted Budget	12/13 Revised Budget (Estimated Actuals)	13/14 Updated Budget	14/15 Updated Budget	Notes
1022	State Library Grant	\$46,830	\$49,171	\$48,041	\$0	\$0	\$0	\$0	\$0	Funding for the Public Library Foundation grant program has been eliminated in the current state budget.
1034	Library Serv & Tech Act (LSTA)	\$40,661	\$8,500	\$18,109	\$20,936	\$0	\$23,780	\$0	\$0	LSTA projects vary from year to year, based on specific project proposals and availability of grant funding.
1107	CLSA Inter-Library Loan	\$11,976	\$8,500	\$8,110	\$5,401	\$5,401	\$0	\$0	\$0	Funding for transaction based reimbursements has been eliminated in the current state budget.
1502-1	Fines - Library-Overdue Mat - Circulation	\$141,876	\$120,326	\$117,395	\$101,066	\$67,141	\$82,120	\$80,478	\$78,868	FY 2012/13 actuals reflect the impact of the change in Feature DVDs/Blu-ray from \$1 to \$0.30 per day. Assumes 2% annual decrease due to continuing shift from cash/check payment to secure credit card online.
1502-2	Fines - Library-Fees Internet	\$46,139	\$75,797	\$119,392	\$153,004	\$161,076	\$156,885	\$161,592	\$166,440	FY 2012/13 actuals reflect the impact of the change in Feature DVDs/Blu-ray from \$1 to \$0.30 per day. Revenues collected online also are slowing (6% increase in FY 2012/13 compared to 10-15% increases in previous years). As of Period 8, FY 2012/13, approximately 61% of library revenues are collected online. Assumes 3% annual increase due to increasing materials use and continuing shift of preferred payment methods from cash/check to secure credit card online.
2102	Lib - Lost & Damaged Circulation	\$13,354	\$11,072	\$13,254	\$11,440	\$13,926	\$12,446	\$12,570	\$12,696	Assumes 1.0% annual increase due to increasing materials use.
2105	Misc Library Charges	\$3,965	\$3,126	\$2,697	\$3,003	\$2,905	\$3,040	\$3,192	\$3,352	Assumes current 0.5% annual increase continues due to rising numbers of new registrations.
		\$304,801	\$276,491	\$326,999	\$294,850	\$250,449	\$278,271	\$257,832	\$261,356	

**CITY OF WYVALE  
FISCAL YEAR 2013/2014  
FEE SCHEDULE**

DEPARTMENT OF LIBRARY AND COMMUNITY SERVICES	<u>Fiscal Year 2012/2013</u>	<u>Fiscal Year 2013/2014</u>	<u>Charge Code</u>	<u>Object Level 3 &amp; 4</u>	<u>Title (Obj. Lvl. 3)</u>	<u>Title (Obj. Lvl. 4)</u>
<b>SECTION 6.01 FINES AND FEES</b>						
A. <u>Patron Library Card</u>						
Replacement library card	<u>\$2.00</u>	<u>\$2.00</u>	799371	2105	Misc. Library Charges	
B. <u>Fines for Overdue Materials</u>						
Books, CDs, Books on CD, Magazines, etc.						
Per Day Per Item	<u>\$0.30</u>	<u>\$0.30</u>	620100	1502 - 1	Fines-Library Overdue Mat	Circulation Desk Payments
Not to Exceed Per Item	<u>\$10.00</u>	<u>\$10.00</u>	620100	1502 - 1	Fines-Library Overdue Mat	Circulation Desk Payments
DVDs						
Per Day Per Item	<u>\$0.30</u>	<u>\$0.30</u>	620100	1502 - 1	Fines-Library Overdue Mat	Circulation Desk Payments
Not to Exceed Per Item	<u>\$10.00</u>	<u>\$10.00</u>	620100	1502 - 1	Fines-Library Overdue Mat	Circulation Desk Payments
e-Book Readers						
Per Day Per Item	<u>\$5.00</u>	<u>\$5.00</u>	620100	1502 - 1	Fines-Library Overdue Mat	Circulation Desk Payments
Not to Exceed Per Item	<u>\$25.00</u>	<u>\$25.00</u>	620100	1502 - 1	Fines-Library Overdue Mat	Circulation Desk Payments
C. <u>Charges</u>						
Torn, Damaged or Missing Pages (Per Page)	<u>\$1.75</u>	<u>\$1.75</u>	799371	2102	Lib - Lost & Damaged-Circ Desk Pymts	
Replacement Cost for Lost or Damaged Bookcover, Media Case or Pamphlet Folder	<u>\$1.75</u>	<u>\$1.75</u>	799371	2102	Lib - Lost & Damaged-Circ Desk Pymts	
Replacement Cost for Lost or Damaged Item	<u>Cost of Item as Represented in Library Record</u>	<u>Cost of Item as Represented in Library Record</u>	799371	2102	Lib - Lost & Damaged-Circ Desk Pymts	
Processing Fee for Lost or Damaged Paperbacks, Boardbooks, Magazines, Pamphlets	<u>\$5.00</u>	<u>\$5.00</u>	799371	2102	Lib - Lost & Damaged-Circ Desk Pymts	
Processing Fee for Lost or Damaged Items (Except Paperbacks, Boardbooks, Magazines, Pamphlets)	<u>\$12.00</u>	<u>\$12.00</u>	799371	2102	Lib - Lost & Damaged-Circ Desk Pymts	
D. <u>Internet Payments</u>						
Library Fines and Fees Collected via Internet	<u>As-Described Above in Section 6.01 A, B and C</u>	<u>As Described Above in Section 6.01 A, B and C</u>	620100	1502 - 2	Fines & Fees-Library	Internet Payments

**SECTION 6.02 ACTIVITY AND FACILITY USE FEES**

The Director of Library and Community Services is authorized to administratively establish Activity and Facility Use Fee Schedules for recreation activities and services not otherwise specified in this document. Schedules shall be established based upon market conditions and City Council adopted

Contact Library and Community Services for fee information at 730-7350

**CITY OF SUNNYVALE  
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FEE SCHEDULE**

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policies to ensure fairness and accessibility while attaining fiscal self-sufficiency. Schedules shall be published and available to the public.

**Fiscal Year  
2012/2013**

**Fiscal Year  
2013/2014**

**Charge  
Code**

**Object Level  
3 & 4**

**Title  
(Obj. Lvl. 3)**

**Title  
(Obj. Lvl. 4)**