

NEWS



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SUNNYVALE BUDGET DEFINES SOUND FISCAL POLICY COMMITMENT

**Structural balance, optimal service levels, and sustainable financial future
achieved with five key commitments**

SUNNYVALE, Calif. – Sunnyvale City Manager Gary Luebbers delivered the City’s proposed Fiscal Year 2013/14 budget to the City Council this week noting that it “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.” Since arriving in Sunnyvale in December 2008 during the worst global recession since the Great Depression, Luebbers has been focused on resolving the impacts of significant declines in revenues and escalating personnel expenses. The City’s long-range financial planning model and willingness to make difficult financial decisions have been essential to restoring structural balance to the City’s budget. However, to maintain that balance, the proposed budget necessarily assumes the results of key decisions that have yet to be made.

In his letter to Council members, Luebbers took the opportunity to articulate the policy basis for his recommended course of action that relies on past experience and critical future decision points. “As I look back over the past five years,” Luebbers emphasized, “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*.” To that end, the policy outlines a framework of five key commitments – the first three all relate to personnel, the fourth focuses on enhancing funding for infrastructure and the fifth emphasizes the interconnectedness of all of the strategies and remaining true to them.

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In summary, the proposed balanced budget recommends, and already accounts for in the City's long-range financial plan, the following key actions:

Commitment 1: Manage the City's personnel costs – Implement reduced salary increases over the next twenty years for members of the public safety bargaining units. This is dependent upon contract negotiations with the Public Safety Officers Association and adjustments to the salary survey methodology for determining salary increases.

Commitment 2: Fund retirement costs for long-term sustainability – Move all employees toward paying their full contribution (8% of salary for non-sworn and 9% for sworn employees) to the California Public Employees Retirement System (CalPERS) by Fiscal Year 2019/20. The current employee contribution rate is 3% and the Sunnyvale Employees' Association will move to 4% beginning July 2014.

Commitment 3: Get to optimum service levels through strategic review/analysis – Move closer to optimum staffing levels by adding 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 senior engineer in the Department of Public Works.

Commitment 4: Establish long-term funding for the City's infrastructure needs – Appropriate the \$30 million in long-term funding earmarked last year for renovating or rehabilitating the Civic Center Campus. Continue on the current path of adequate long-range funding for significant utility infrastructure improvements.

Commitment 5: Commit to a long-term comprehensive solution and stay the course – Remember that the elements of the proposed budget and long-term financial plan are interdependent; changes to the built-in assumptions will likely result in major course corrections in future budgets and require the City to reassess service levels.

Luebbers commended both City employees and the City Council for their hard work and ability to make tough choices over the past several years to control costs. He also pointed out that the economic volatility of the Silicon Valley region requires the City to

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have a plan but also be flexible enough to adapt to changing conditions. “The critical piece,” he advised, “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.”

The citywide Fiscal Year 2013/14 proposed budget totals \$285.1 million, and encompasses all of the City’s funds including two of its largest which are the General Fund and the Utilities Funds at 49% and 39% of the total respectively. Sunnyvale conducts its budget planning in two-year cycles alternating the focus between its operating and projects budgets. Fiscal year 2013/14 is a projects budget year in which the City conducts a detailed review of its twenty-year projects budget and updates it accordingly. This year, nearly half of the \$50.1 million budgeted for projects and equipment is allocated for utilities infrastructure. Next year, the City will review the operating programs.

Sunnyvale City Council will hold a budget workshop beginning at 8:30 a.m., Thursday, May 23, in City Council Chambers. The public hearing on the proposed budget is scheduled as part of the regular June 11 City Council meeting, with adoption of the budget scheduled for June 25. The workshop and both meetings will be broadcast live on KSUN-15, Sunnyvale’s government access television station, and streamed on the Internet at *Webcast.inSunnyvale.com*. Budget documents are available online by visiting *Budget.inSunnyvale.com*.

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