

CC 11-19-2024

#12

Lifetime Activities Contract

Supplemental Report



PARKS AND RECREATION DEPARTMENT

QUINLAN COMMUNITY CENTER
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CITY COUNCIL STAFF REPORT SUPPLEMENTAL 1

Meeting: November 19, 2024

Subject

Award a contract to Lifetime Activities Inc. for Sports Center Instruction, Court Maintenance, and Retail Services at the Cupertino Sports Center for a total not-to-exceed amount of \$24,000,000.

Recommended Action

1. Award a 10-Year contract to Lifetime Activities Inc. to provide Sports Center Instruction, Court Maintenance, and Retail Services at the Cupertino Sports Center for a total not-to-exceed amount of \$24,000,000 with the estimated revenue amount of \$3,450,000; and
2. Authorize the City Manager to execute the contract with Lifetime Activities Inc. consistent with City Council direction.

Supplemental Report

Staff's responses to questions received from councilmembers are shown in italics.

Q1: Since there is proposed facility changes for Cupertino Sports Center, has this item gone to the Parks and Rec Commission for advise? (Chao)

Answer: Contracts and amendments are not reviewed by the Parks and Recreation Commission.

Q2: Some residents are not happy with the Lifetime. Has any satisfaction survey been conducted for their services?(Chao)

Answer: Surveys are provided to participants of Lifetime on a quarterly basis. On average, Overall Enjoyment & Quality of Instruction, 80% extremely satisfied, 20% Somewhat satisfied.

Q3: When was the last time we sought other vendors for this contract? (Chao)

Answer: As stated in the staff report on page 2, a request for proposals was issued September 6, 2024.

Q4: What's the timeline for this contract renewal? Can we do a an RFP? (Chao)

Answer: The current contract expires in December 2024. The draft agreement attached to the staff report is the result of an RFP that was issued September 6, 2024 (See page 2 of the staff report).

Q5: What has led to the decision to convert courts 9, 10 from tennis to pickleball? Have other courts been considered? Will the conversion be permanent or would the courts be double use? (Chao)

Answer: The Sports Center has received many inquiries regarding pickleball options at the Sports Center. As stated in the staff report, "[...] move the current pickleball courts away from the near by condominiums." The Cupertino Sports Center has had three tennis Courts (16, 17, 18) that are painted for pickleball since 2016. The current proposal is to return courts 16, 17, and 18, which back up to the Commons Condominiums, back to tennis only and paint two tennis courts, 9 and 10, for pickleball. Tennis Courts 9 and 10 are on the DeAnza Blvd side of the Sports Center. The conversion would be to pickleball only. Based on the proposal, there will be two tennis courts painted for pickleball, instead of three.

Q6: How's the current tennis court usage (Chao)?

Answer: Currently reservations for tennis courts average 570 per week with a total of 925 available reservations.

Q7: What's the percentage of Sports Center users that are Cupertino residents (Chao)?

Answer: Cupertino residents

Q8: What's the reservation policies for either the tennis courts or any newly added pickleball courts (Chao)?

Answer: While this information is not germane to the Council's decision in approving the contract, staff is including the following statistics for reference. To reserve a tennis or pickleball court you must be a member of the Cupertino Sports Center. Reservations can be made online, 7 days in advance, on a first come, first served basis.

Q9: Any consideration for the noise level of pickleball courts? (Chao)

Answer: There are currently three tennis courts at the sports center painted for pickleball. These courts are near other tennis courts and The Commons Condominiums. Tennis is already playing next to pickleball at the Sports Center. What the proposal does is convert the three tennis courts painted for pickleball near The Commons back into tennis courts and only replace two of the

pickleball painted tennis courts on the street (DeAnza Blvd) side of the Sports Center. Tennis would gain back one court from what is there now.

Q10: Any information on pickleball courts in other cities in a centralized sports facility?
(Chao)

Answer: Sunnyvale tennis center has 13 dedicated tennis courts, 2 shared use tennis/pickleball courts, and 4 permanent pickleball courts. Staff does not have further information on other cities at this time.

Prepared by: Jennifer Koverman, Recreation Manager
Rachelle Sander, Director of Parks and Recreation
Reviewed by: Tina Kapoor, Interim Assistant City Manager
Chris Jensen, City Attorney
Approved for Submission by: Pamela Wu, City Manager

CC 11-19-2024

#14

First Quarter Financial Report FY
2024-25

Supplemental Report



ADMINISTRATIVE SERVICES DEPARTMENT

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**CITY COUNCIL STAFF REPORT
 SUPPLEMENTAL 1
 Meeting: November 19, 2024**

Agenda Item #14

Subject

City Manager’s First Quarter Financial Report for Fiscal Year (FY) 2024-25

Recommended Action

- A. Accept the City Manager’s First Quarter Financial Report for Fiscal Year 2024-25; and*
- B. Adopt Resolution No. 24-XXX approving Budget Modification No. 2425-367, increasing appropriations by \$331,128 fund by unassigned fund balance*

Background:

The below table corrects the First Quarter Budget Adjustments table in the staff report to correct the spelling of chief.

Fund	Department	Revenue	Expenditure	Change in Fund Balance	Proposal
GENERAL FUND					
100 General Fund	Admin Services	-	50,000	(50,000)	Chief Negotiator for successor agreements
100 General Fund	Admin Services	-	75,000	(75,000)	General Liability potential settlement costs
100 General Fund	Admin Services	-	10,000	(10,000)	American Sign Language Translation Services
100 General Fund	Innovation & Technology	-	314,998	(314,998)	Correctly allocate deleted IT Manager (see reduction in internal service funds)
100 General Fund	Public Works	-	36,822	(36,822)	Purchase of a new bio holding tank
100 General Fund	Public Works	-	25,000	(25,000)	Replace structural column and foundation at materials bunker
100 General Fund	Public Works	-	24,490	(24,490)	Replace leaking fire hydrant at Creekside
100 General Fund	Public Works	-	41,246	(41,246)	QCC Spot Coolers Purchase
TOTAL GENERAL FUND		-	577,556	(577,556)	
SPECIAL REVENUE FUNDS					
260 Community Development Block Grant	Community Development	-	53,570	(53,570)	Develop the 2025-2030 Consolidated Plan
TOTAL SPECIAL REVENUE FUNDS		-	53,570	(53,570)	
INTERNAL SERVICE FUNDS					
610 Innovation & Technology	Innovation & Technology	-	(314,998)	314,998	Correcting position elimination
610 Innovation & Technology	Innovation & Technology	-	15,000	(15,000)	Overtime
TOTAL INTERNAL SERVICE FUNDS		-	(299,998)	299,998	
TOTAL ALL FUNDS \$		-	\$ 331,128	\$ (331,128)	

Staff’s responses to questions received from councilmembers are shown in italics.

Q1: In the past, the Q1 report for work program items are also included. Please include that. **(Council member Chao)**

Staff Response: The City Work Program Q1 report was published separately as an informational memorandum on October 24, 2024. This can be found at the [Informational memos](#) web page and the [City Work Program web page](#). All project updates are also reflected on the City Work Program Dashboard.

Q2: The staff report states "City staff recommends adjustments of \$331,128 in new appropriations, funded by one-time unassigned fund balance." I looked for the total "\$331,128" in the staff report and did not find where else it occurred. Please list the new appropriations, which totals "\$331,128". **(Council member Chao)**

Staff Response: The following table along with detailed descriptions of items requested are on page 23 of the staff report. This same chart can also be found in the First Quarter Financial Report (Attachment A)

Fund	Department	Revenue	Expenditure	Change in Fund Balance	Proposal
GENERAL FUND					
100 General Fund	Admin Services	-	50,000	(50,000)	Chief Negotiator for successor agreements
100 General Fund	Admin Services	-	75,000	(75,000)	General Liability potential settlement costs
100 General Fund	Admin Services	-	10,000	(10,000)	American Sign Language Translation Services
100 General Fund	Innovation & Technology	-	314,998	(314,998)	Correctly allocated deleted IT Manager (see reduction in internal service funds)
100 General Fund	Public Works	-	36,822	(36,822)	Purchase of a new bio holding tank
100 General Fund	Public Works	-	25,000	(25,000)	Replace structural column and foundation at materials bunker
100 General Fund	Public Works	-	24,490	(24,490)	Replace leaking firehydrant at Creekside
100 General Fund	Public Works	-	41,246	(41,246)	QCC Spot Coolers Purchase
TOTAL GENERAL FUND		-	577,556	(577,556)	
SPECIAL REVENUE FUNDS					
260 Community Development Block Grant	Community Development	-	53,570	(53,570)	Develop the 2025-2030 Consolidated Plan
TOTAL SPECIAL REVENUE FUNDS		-	53,570	(53,570)	
INTERNAL SERVICE FUNDS					
610 Innovation & Technology	Innovation & Technology	-	(314,998)	314,998	Correcting position elimination
610 Innovation & Technology	Innovation & Technology	-	15,000	(15,000)	Overtime
TOTAL INTERNAL SERVICE FUNDS		-	(299,998)	299,998	
TOTAL ALL FUNDS \$		-	\$ 331,128	\$ (31,128)	

Q3: Staff report states "Throughout FY 2015-16 through FY 2024-25, the City applied for 43 competitive grants totaling \$54.5 million. To date, the City has been awarded \$32.4 million. Also, during FY 2021-22 through FY 2024-25 the City applied for 26 non-competitive grants totaling \$4.6 million." I see a list of current grants in Attachment H. Please provide the list of the 43 grants applied in the ten years from FY 2015-16 through FY 2024-25 and which ones are granted for how much. Please include the matching fund required from the city for each grant. **(Council member Chao)**

Staff Response: Attachment H details the status and dollar amount for the 43 Competitive Grants. The first grant tracking list originally captured all competitive grants applied for during two fiscal years (FY 2021-22 and FY 2022-23). Since then, staff has reported on grants applied for through the current fiscal year. Although the grants in the spreadsheet reflect 43 competitive grants, this list

may not include every grant applied for during FY 2015-16 through FY 2020-21. Any matching fund requirements have been added to the tracking spreadsheet, which is provided as an attachment to this document.

Attachments Provided with Original Staff Report:

- A – Fiscal Year 2024-25 First Quarter Financial Report*
- B – Draft Resolution*
- C – Description of Carryovers and Adjustments as of September 30, 2024*
- D – Description of Budget Transfers as of September 30, 2024*
- E – First Quarter Recommended Budget Adjustments*
- F – FY 2023-24 Special Projects Update*
- G – FY 2024-25 First Quarter Special Projects Update as of September 30, 2024*
- H – Competitive and Non-Competitive Citywide Grants Tracking*
- I – FY 2024-25 First Quarter CIP Project Status*

Attachments Provided with Supplemental 1:

- J – Competitive Grants Revised*

Competitive Citywide Grants Tracking - FY25 First Quarter Update

Department	Name of Grant	Description of Grant	Requested Grant Amount	Date Applied	Date Due	Status (Grant Awarded, Pending Results, Grant Denied)	Grant Amount Awarded	City Matching Funds Required? Yes/No; If yes, please include amount	Date Awarded
Administration	National Association of City and County Health Officials (NACCHO) Respond, Innovate, Sustain, and Equip (RISE) Awards	To provide resources to the MRC network to support COVID-19 response efforts	\$25,000	3/4/2022	3/4/2022	Grant Awarded	\$25,000	No	8/11/2022
Administration	Local Governments: Connecting Neighbors to Neighbors	California Office of the Governor, CalVolunteers program funding for the Block Leader Program to hold events that expand networks of neighbors within the community	\$222,233	6/16/2023	6/16/2023	Grant Awarded	\$222,233	No	7/17/2023
Administration/Public Works	Emergency Radio Replacement Project	To purchase digital radio communication devices (handheld radios, headset and ear plugs, antennas, vehicle radio units) to replace the analog system	\$80,000	6/14/2024	6/14/2024	Grant Denied	N/A	N/A	N/A
Administration/ Information & Technology	Cybersecurity Exercise Planning	To hire a consultant to conduct Cybersecurity Exercise Planning	\$90,000	6/14/2024	6/14/2024	Grant Denied	N/A	N/A	N/A
Administration/ Information & Technology	Intrusion Protection, Security, and Intelligence	To improve the physical security and access controls at City of Cupertino facilities. Currently, not all key exterior doors at City facilities are controlled by an access control system	\$180,000	6/14/2024	6/14/2024	Grant Denied	N/A	N/A	N/A
Information & Technology	California Automated Permit Processing (CalAPP) Program	Grant to enhance solar permitting applications	\$60,000	3/13/2023	7/1/2027	Grant Awarded	\$60,000	No	4/4/2023
Community Development Department	2020 Local Early Action Planning (LEAP) Grants Program	CA Dept of Housing & Community Development (HCD) funding to accelerate progress of Housing Element towards state housing goals	\$300,000	7/1/2020	7/1/2020	Grant Awarded	\$300,000	No	10/6/2020
Public Works	TIRCP (Transit and Intercity Rail Program)	5-year expansion of Via shuttle, including partnership with City of Santa Clara	\$8,465,000	3/3/2022	3/8/2022	Grant Awarded	\$8,465,000	No "required" match, but City must fund the non grant-funded balance of the program, or \$8,465,000. This is shared with City of Santa Clara.	7/11/2022
Information & Technology and Community Development Department	Dept. of Housing and Community Development	Financial assistance for implementation of softwares that accelerate and streamline Housing Production	\$310,000	3/20/2020	12/31/2022	Grant Awarded	\$310,000	N/A	3/24/2020
Public Works	California Electric Vehicle Infrastructure Project	Purchase and installation of EV charging infrastructure at publicly-owned sites (\$4,500 per charging port)	\$130,500	12/22/2020	12/22/2020	Funds Partially Reserved	\$130,500	City is responsible for costs in excess of \$4,500 per charging port)	N/A
Public Works	HSIP (Highway Safety Improvement Program)	Improving safety at signalized intersections	\$2,005,900	9/12/2022	9/12/2022	Grant Denied	N/A	N/A	N/A
Public Works	HSIP (Highway Safety Improvement Program)	Improving safety on roadway segments	\$3,561,800	9/12/2022	9/12/2022	Grant Awarded	\$3,205,620	\$356,180	3/15/2023
Public Works	HSIP (Highway Safety Improvement Program)	Improving safety on roadway segments	\$4,450,200	9/12/2022	9/12/2022	Grant Denied	N/A	N/A	N/A
Public Works	OBAG (One Bay Area Grant) Cycle 3	De Anza Blvd buffered bike lanes	\$500,000	7/27/2022	7/27/2022	Grant Denied	N/A	N/A	N/A
Public Works	Safe Streets 4 All (SS4A)	Bollinger Road road diet traffic analysis, outreach and engineering design	\$532,000	7/10/2023	7/10/2023	Grant Awarded	\$425,600	\$106,400	12/13/2023
Public Works	Federal Community Project Funding Grant FY22	Funding for Jollyman All Inclusive Play Area	\$1,000,000	4/25/2022	6/10/2022	Grant Denied	\$1,000,000	N/A	N/A
Public Works	Federal Community Project Funding Grant FY22	Funding for Cupertino Library Expansion project	\$1,000,000	3/25/2021	6/10/2022	Grant Awarded	\$1,000,000	No	2/15/2024
Public Works	State Specified Grant	Funding for Jollyman All Inclusive Play Area	\$1,000,000	3/17/2022	7/1/2022	Grant Awarded	\$1,000,000	No	N/A
Public Works	PG&E Community Grant	Funding for Jollyman All Inclusive Play Area	\$25,000	8/8/2022	9/1/2022	Grant Awarded	\$25,000	No	10/3/2022
Public Works	McClellan Road Bridge Reconstruction	State Funding Grant	\$7,500,000	3/17/2022	7/1/2022	Grant Awarded	\$5,000,000	No	N/A
Public Works	Santa Clara County AIPG	Funding for Jollyman All Inclusive Play Area	\$1,440,000	10/10/2018	10/12/2018	Grant Awarded	\$1,440,000	\$1,591,799	5/13/2019
Public Works	McClellan Road Bridge Reconstruction	Federal Funding Grant - Ro Khanna	\$850,000	3/14/2023	3/17/2023	Pending Results	N/A	No	N/A

Competitive Citywide Grants Tracking - FY25 First Quarter Update

Department	Name of Grant	Description of Grant	Requested Grant Amount	Date Applied	Date Due	Status (Grant Awarded, Pending Results, Grant Denied)	Grant Amount Awarded	City Matching Funds Required? Yes/No; If yes, please include amount	Date Awarded
Public Works	TDA3	Funding for Tamien Innu (I-280 Trail)-East	\$1,015,022	12/1/2021	12/1/2021	Grant Awarded	\$1,015,022	\$830,000 (30% of total project cost - includes both Measure B Grants)	5/25/2022
Public Works	2016 Measure B Capital Projects	Funding for Tamien Innu (I-280 Trail)-East	\$920,978	12/1/2021	12/1/2021	Grant Awarded	\$920,978	\$830,000 (30% of total project cost - includes both Measure B Grants)	11/12/2021
Public Works	Sustainable Transportation Planning Grant	Bollinger Road road diet traffic analysis, outreach and engineering design	\$318,707	3/14/2023	3/14/2023	Grant Denied	N/A	N/A	N/A
Public Works	2016 Measure B Capital Projects	Funding for Tamien Innu (I-280 Trail)-Central	\$460,000	7/1/2020	7/1/2020	Grant Awarded	\$460,000	\$1,795,000 (30% of project cost - includes both Measure B Grants)	7/14/2020
Public Works	2016 Measure B Capital Projects	Funding for Tamien Innu (I-280 Trail)-Central	\$3,725,000	7/1/2020	7/1/2020	Grant Awarded	\$3,725,000	\$1,795,000 (30% of project cost - includes both Measure B Grants)	7/14/2020
Public Works	Office of Traffic Safety (OTS)	Bicycle and Pedestrian Education	\$152,000	1/31/2024	1/31/2024	Grant Awarded	\$160,000	No	10/22/2024
Public Works	2016 Measure B Noise Abatement Program	Funding for Tamien Innu (I-280 Trail)-Central	\$15,000	3/23/2023	3/31/2023	Grant Denied	N/A	N/A	N/A
Public Works	State of California Proposition 68	Funding for Wilson Park Basketball Court	\$214,549	12/6/2021	N/A	Grant Awarded	\$214,549	Completed.	1/21/2022
Public Works	BPMP (Bridge Preventative Maintenance Program)	Funding for recommended preventative maintenance on local roadway bridges	\$1,144,472	9/30/2020	N/A	Grant Awarded	\$1,144,472	\$148,278	4/12/2023
Public Works	HBP (Highway Bridge Program)	Repairs to bridge 37C0011, SCB over Stevens Creek	\$688,000	10/5/2018	N/A	Grant Awarded	\$688,000	\$172,000	10/12/2018
Public Works	BAAQMD - TFCA 40% Fund (Transportation Fund for Clean Air)	Funding for year three (FY25) of Silicon Valley (SV) Hopper.	\$500,000	3/14/2024	3/15/2024	Grant Awarded	\$500,000	No "required" match, but City must fund the non grant-funded balance of the program. City's contribution is \$882,704.	N/A
Public Works	EPA - CPRG (Climate Pollution Reduction Grants Program)	Funding for years three and four of SV Hopper	\$4,939,988	3/27/2024	4/1/2024	Pending Results	N/A	N/A	N/A
Public Works	Community Decarbonization Engagement Grant	Competitive grant for community engagement around decarbonization topics from SVCE. Grant Funds shall be disbursed to Recipient on a reimbursement basis.	\$100,000	4/1/2022	4/4/2022	Grant Awarded	\$111,500	No	2/2/2023
Parks and Recreation	NRPA: Supporting Healthy Aging Through Parks and Recreation 3.0	With the support of the Centers for Disease Control and Prevention (CDC), NRPA is offering instructor training grants for five arthritis-appropriate, evidence-based interventions (AAEBIs). Essentially, these are physical activity classes that are proven to help people with arthritis symptoms but can actually benefit anyone.	\$0	10/20/2023	10/23/2023	Grant Awarded	\$0 - Grant provides instructor training and material/equipment for the class	No	11/28/2023
Public Works - Environmental Programs Division	EPA Recycling Education and Outreach	Improve the effectiveness of residential and community recycling and composting programs through public education and outreach. Increase collection rates and decrease contamination across the nation	\$1,400,000	2/15/2023	2/15/2023	Grant Denied	N/A	N/A	N/A
Public Works	EPA - CPRG (Climate Pollution Reduction Grants Program)	Coalition member application with San Jose and SVCE as leads. Grant seeks to establish funding pool for muni building electrification as part of Measure #2 in County PCAP.	\$1,951,321	4/1/2024	4/1/2024	Grant Denied	N/A	N/A	N/A

Competitive Citywide Grants Tracking - FY25 First Quarter Update

Department	Name of Grant	Description of Grant	Requested Grant Amount	Date Applied	Date Due	Status (Grant Awarded, Pending Results, Grant Denied)	Grant Amount Awarded	City Matching Funds Required? Yes/No; If yes, please include amount	Date Awarded
Public Works	EPA - CPRG (Climate Pollution Reduction Grants Program)	Coalition member with Sunnyvale as lead. Grant seeks to establish regional reusable to-go foodware systems including niche for prepared food recovery closed systems. (Sunnyvale, San Jose, Mountain View, San Benito County, Cupertino)	Cupertino will not receive funds directly but would be part of a regional effort.	4/1/2024	4/1/2024	Grant Denied	N/A	N/A	N/A
Public Works and Administration	CalOES Hazard Mitigation Grant Program Project Subapplication	Cupertino Civic Center Plaza Microgrid study and construction	\$979,402	6/17/2021	6/17/2021	Grant Awarded	N/A	N/A. Grant was returned.	2/1/2023
Public Works	Extreme Heat and Community Resilience Program (EHCRP)	Integrated Climate Adaptation and Resilience Program and administered by the Governor's Office of Planning and Research (OPR)	\$900,000	5/7/2024	10/1/2024	Pending Results	N/A	No	N/A
Public Works	One Bay Area Grant (OBAG) Cycle 2	Stevens Creek Blvd Protected Bike Lanes Phase 2	\$807,000	7/28/2016	N/A	Grant Awarded	\$807,000	Yes, \$93,000 (11.47% of project cost)	1/24/2022
Public Works	Charging and Fueling Infrastructure (CFI) Discretionary Grant Program	San Jose and SVCE as leads on this federal bipartisan infrastructure grant for installing EV Chargers near MFDs. \$15M (\$7.5M for San Jose, \$7.5M for SVCE territory) There is a 20% match requirement that SVCE will contribute for projects in SVCE territory.	\$532,000	9/11/2024	N/A	Pending Results	N/A	No	N/A
			54,491,072						
			\$54,491,072					32,355,474	

CC 11-19-2024

#16

FY 2024-25 One-time Funds
Allocation Plan

Supplemental Report



ADMINISTRATIVE SERVICES DEPARTMENT

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**CITY COUNCIL STAFF REPORT
SUPPLEMENTAL 1**

Meeting: November 19, 2024

Agenda Item #16

Subject

Allocation plan for funds uncommitted from the Sales Tax Repayment reserve.

Recommended Action

Option A:

A. Adopt Option A

Option B:

A. Adopt Option B

B. Adopt Resolution No. 24-XXX approving budget modification No. 2425-366, increasing appropriations by \$11,688,705

C. Adopt Resolution No. 24-XXX amending the Unrepresented Employees' Compensation Program

D. Approve new three-year limited term Grants Analyst position for grants management

E. Approve new Assistant Director of Administrative Services, Grants Analyst, Senior Business Systems Analyst and Supervising Code Enforcement classifications

Option C:

A. Adopt Option C

B. Adopt Resolution No. 24-XXX approving budget modification No. 2425-366, increasing appropriations by \$11,688,705

C. Adopt Resolution No. 24-XXX amending the Unrepresented Employees' Compensation Program

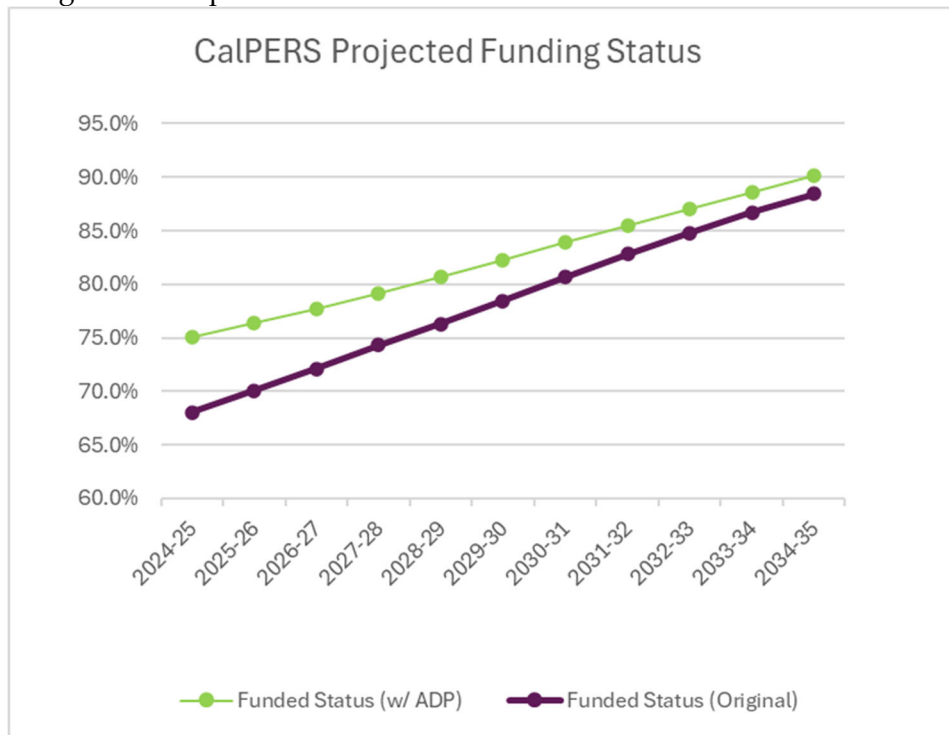
D. Approve new three-year limited term Grants Analyst position for grants management

E. Approve new Assistant Director of Administrative Services, Grants Analyst, Senior Business Systems Analyst and Supervising Code Enforcement classifications

Background:

The below table corrects the CalPERS Projected Funding Status table in the staff report to

revise the legend description.



Staff’s responses to questions received from councilmembers are shown in italics.

Q1: Why was paying off the City’s debt not considered? (**Council member Chao**)

Staff Response: The 2020 Certificates of Participation (COPs) are non-callable, meaning they cannot be prepaid before their scheduled maturity. This restricts the City’s ability to pay off this debt early, even if sufficient cash is available.

Q2: How does 115 Pension fund work with Additional Discretionary Payment? (**Council member Moore**)

Staff Response: The Section 115 Trust provides a strategic reserve to manage pension obligations, offering public agencies flexibility to set aside funds for future costs. If desired, these funds can be utilized to make an Additional Discretionary Payment (ADP), reducing the Unfunded Accrued Liability (UAL) and interest burden while stabilizing long-term pension contributions. The City created the 115 Pension to retain investment authority over these funds, and to use as a smoothing tool should CalPERS returns fall short or actuarial assumption changes and result in higher payments.

Q3: In Option A, if inflation outpaces investment returns why would the City invest any of its money? (**Council member Moore**)

Staff Response: Legal and accounting standards require the City to maintain certain reserves to reduce the risk of insolvency. There may be prudential reasons for the City to maintain additional reserves above the required minimum levels. The investment of these funds is a critical strategy to combat the impacts of inflation, which historically has outpaced the returns available through

permissible investments under the California Government Code. By actively managing the City's portfolio, we seek opportunities to enhance returns while maintaining compliance with safety, liquidity, and yield priorities.

Active investment management allows the City to strategically adjust the portfolio to respond to market conditions, mitigate risks, and protect purchasing power over time. This approach balances the need to retain adequate reserves for operational stability and service delivery while maximizing the value of public funds to support long-term fiscal health.

Q4: Can you provide a summary of Service Level Reductions (SLRs) and other budget reductions (**Council member Chao**)

Staff Response: For fiscal year 2023-24 budget reductions are listed on pages 48-52 of the final budget document. In addition, 13 positions were also eliminated as shown on page 42, both are included for reference below:

For fiscal year 2024-25 service level reductions are listed on pages 52-54 of the final budget document. In addition, five positions were also eliminated as shown on page 46, both are included for reference below:

Description	FY 2023-24 Original Budget	FY 2023-24 Proposed Budget	Reduction	Service Impact
COUNCIL AND COMMISSIONS				
Materials	\$ 286,824	\$ 161,259	\$ 125,565	Reduced meeting expenses, general supplies, and food and drink for Council meetings.
TOTAL COUNCIL AND COMMISSIONS	\$ 286,824	\$ 161,259	\$ 125,565	
ADMINISTRATION				
Materials	\$ 535,812	\$ 400,223	\$ 135,589	This reduction is primarily related to savings in supplies, meeting expenses, and conference and travel. This should have minimal impact on services throughout the department.
Contract Services	\$ 1,362,790	\$ 941,380	\$ 421,410	This reduction is primarily related to contract negotiations to reduce cost for services throughout the department.
TOTAL ADMINISTRATION	\$ 1,898,602	\$ 1,341,603	\$ 556,999	
INNOVATION & TECHNOLOGY				
Materials	\$ 2,794,442	\$ 1,812,505	\$ 981,937	Reduced applications utilized by staff, residents, and customers. Commissioners and part time staff limited to E-mail; Prolonged tech refresh cycles and significant reduction in replacement parts and supplies. Reduced Training and Conferences for department. Drone program and training reduced, and eliminate Wi-Fi in parks.
Contract Services	\$ 791,240	\$ 620,119	\$ 171,121	Reduce expert technical training; less outside technical support, and reduced LaserFiche document scanning. Reduced maintenance of equipment
TOTAL INNOVATION & TECHNOLOGY	\$ 3,585,682	\$ 2,432,624	\$1,153,058	

ADMINISTRATIVE SERVICES

Materials	\$ 186,223	\$ 108,808	\$ 77,415	Reduced conference attendance, office and general supplies, recruitment advertisements, printing, citywide coffee and tea and reduced citywide employee events.
Contract Services	\$ 4,152,414	\$ 4,020,746	\$ 131,668	Reduced citywide trainings, reduced executive recruitments and reduced consultant costs.
TOTAL ADMINISTRATIVE SERVICES	\$ 4,338,637	\$ 4,129,554	\$ 209,083	

PARKS AND RECREATION

Part-Time Staffing - Department Wide	\$1,606,998	\$1,381,602	\$225,396	Reduced PT Staff budgets to minimum levels necessary to operate currently open Recreational facilities and ongoing programs.
Materials	\$779,829	\$457,723	\$322,106	Simplification or streamlining of current programs and events and fewer marketing efforts and printed materials thereof. Removed budgets for nonessential trainings and conferences in the Department and additional savings from reduced expenditures for meetings and events for staff.
Contract Services	\$4,532,489	\$3,953,917	\$578,572	Reduced expansion of current or new offerings for contracted programs, camps, and classes. Reduction of free events offered and removed budget to cover fees for festivals
TOTAL PARKS AND RECREATION	\$6,919,316	\$5,793,242	\$1,126,074	

COMMUNITY DEVELOPMENT

Materials	\$1,186,321	\$1,121,866	\$64,455	Reduced conference attendance, professional development opportunities, and materials and supplies.
Contract Services	\$655,080	\$565,580	\$89,500	Termination of on-call contracts and negotiation of new contracts will reduce service level and response time.
TOTAL COMMUNITY DEVELOPMENT	\$1,841,401	\$1,687,446	\$153,955	

PUBLIC WORKS

Materials	\$5,439,339	\$4,852,483	\$586,857	Reduced or eliminated office and general supplies; meetings, conference and trainings; memberships; safety equipment not covered under the MOU; small tools and equipment; and printing and advertising.
Contract Services	\$5,460,208	\$4,859,824	\$600,384	Delayed services and response to work requests; deferred maintenance at City parks, facilities, streets and trees.
Special Projects	\$5,290,259	\$4,496,264	\$793,995	Delayed or deferred sidewalk repairs and pavement maintenance.
Capital Outlays	\$1,100,280	\$880,224	\$220,056	Delayed or deferred pavement maintenance, which will lower the City's Pavement Condition Index (PCI) rating.

TOTAL PUBLIC WORKS	\$17,290,086	\$15,088,795	\$2,201,292	
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TOTAL	\$ 36,160,548	\$ 30,634,523	\$5,526,026	
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Staffing Changes

Position	Department	Description	FTE
FY 2022-23 Adopted Budget			225.00
FY 2022-23 Amended Budget			
Special Project Executive (Limited-Term)	Administration	Adding New Position	1.00
FY 2022-23 Amended Budget			226.00
FY 2023-24 Adopted Budget			
Assistant City Manager	Administration	Eliminating Position	-1.00
Communications Analyst (Limited-Term)	Administration	Eliminating Position	-1.00
Administrative Assistant	Administrative Services	Eliminating Position	-1.00
Office Assistant	Community Development	Eliminating Position	-1.00
Housing Senior Planner	Community Development	Eliminating Position	-1.00
Permit Center Manager	Community Development	Eliminating Position	-1.00
Recreation Manager	Parks and Recreation	Eliminating Position	-1.00
Community Outreach Specialist	Parks and Recreation	Eliminating Position	-1.00
Maintenance Worker	Public Works	Eliminating Position	-3.00
Project Manager	Public Works	Eliminating Position	-1.00
Project Manager (Limited-Term)	Public Works	Eliminating Position	-1.00
Assistant Director of Public Works	Public Works	Eliminating Position	-1.00
FY 2023-24 Adopted Budget			212.00

Department	Grouping	Service-Level Reduction	Fiscal Impact	Service-Level Impact Narrative
Parks and Recreation	Community Benefit	Reduce 4th of July Funding	\$ (123,344)	Elimination of 4th of July evening fireworks.
TOTAL COMMUNITY BENEFIT			\$ (123,344)	
Administration	Fiscal Accountability	Contract Services and Materials	\$ (226,561)	Potential need for additional appropriations if unanticipated legal costs arise
Administration	Fiscal Accountability	Material operations that are no longer needed	\$ (8,892)	Reduction aligns budget with actuals
Administration	Fiscal Accountability	Econ Dev Strategy Outreach	\$ (20,000)	Reduction will result in minimal impact as existing staff is already implementing these duties.
Administrative Services	Fiscal Accountability	Reduce Unemployment Insurance	\$ (64,148)	New costs are reflective of post-COVID estimates
Innovation and Technology	Fiscal Accountability	Reduced Budget for I&T	\$ (2,850)	Reduced outside expert technical support. This reduction would reduce efficiencies from some technology uses where the city has historically been comparatively advanced. Reduced applications utilized by City staff; Cancelled ERP Implementation;
Innovation and Technology	Fiscal Accountability	Reduced Budget for I&T	\$ (743,175)	Reduced outside expert technical support. This reduction would reduce efficiencies from some technology uses where the city has historically been comparatively advanced. Prolonged tech refresh cycles; Significantly reduced replacement parts and supplies, Reduced outside expert technical support.
Innovation and Technology	Fiscal Accountability	Reduced Budget for I&T	\$ (33,522)	Consolidate Swim Lessons into BBF Operations, reducing overall part-time costs and program supplies.
Law Enforcement	Fiscal Accountability	Align law enforcement budget with actuals	\$ (1,000,000)	Reduction aligns budget with actuals.
Parks and Recreation	Fiscal Accountability	Consolidate Swim Lessons Program	\$ (72,971)	Consolidate Swim Lessons into BBF Operations, reducing overall part-time costs and program supplies.
Parks and Recreation	Fiscal Accountability	Consolidate Swim Lessons Program	\$ (14,147)	Consolidate Swim Lessons into BBF Operations, reducing overall part-time costs and program supplies.

Department	Grouping	Service-Level Reduction	Fiscal Impact	Service-Level Impact Narrative
Public Works	Fiscal Accountability	Utility True-up	\$ (564,278)	Reduction aligns with budget actuals
TOTAL FISCAL ACCOUNTABILITY			\$ (2,750,544)	

Non-Departmental	Infrastructure	Transfers Out	\$ (2,000,000)	City will initiate and complete CIP projects with the current Capital Reserve fund. Th A reduction in capital renewal will lead to a longterm aging of infrastructure impacting the attractiveness of this infrastructure to the public.
Public Works	Infrastructure	Contract Services	\$ (810,764)	Tree maintenance moved in-house/Reduction in tree maintenance
Public Works	Infrastructure	Defer vehicle and equipment replacements, increasing the replacement cycle from approximately 7 years to 10 years on average.	\$ (137,000)	May increase cost and staff time to repair assets that were deferred for replacement.
TOTAL INFRASTRUCTURE			\$ (2,947,764)	

Department	Grouping	Service-Level Reduction	Fiscal Impact	Service-Level Impact Narrative
Administration	Operations and Maintenance	- Management Analyst reclassification to Administrative Assistant - Removal of vacant shared Senior Office Assistant between CMO and City Clerk - Removal of PT Intern	\$ (61,755)	Staffing for the department has been reorganized for efficiency and to streamline workload.
Administration	Operations and Maintenance	Reduced a limited term Project Executive position	\$ (404,221)	Use of cost recoverable contract services will be used instead Reduction will result in minimal impact on staff time to administer
Administration	Operations and Maintenance	Minimum Wage Enforcement and Mailers	\$ (23,202)	enforcement of min wage annual increases. Removing printed mailers will require businesses to print it out and post in their place of business.

Department	Grouping	Service-Level Reduction	Fiscal Impact	Service-Level Impact Narrative
Administration	Operations and Maintenance	Regulate Diversified Retail	\$ (5,000)	Reduction will result in minimal impact as existing staff is already implementing these duties.
Administration	Operations and Maintenance	This reduction will remove funding for a PT Intern and Overtime Compensation. This reduction also includes the reclassification of a Public Information Officer to a Communications Coordinator.	\$ (78,249)	Staffing for the department has been reorganized for efficiency and to streamline workload.
Administration	Operations and Maintenance	Reduce cost of the quarterly Scene Newsletter by moving to a digital-only publication.	\$ (53,600)	Residents will no longer receive the Scene in the mail and will have to find the Scene on a City webpage instead.
Administrative Services	Operations and Maintenance	Reduce Budget for Internal Audit	\$ (40,000)	Reduction in the number of internal audit projects. Audits would occur on a less frequent basis.
Administrative Services	Operations and Maintenance	Shift credit card fees to customers	\$ (39,000)	Customers would pay a credit card transaction fee for any payments made using a credit card. Currently, the City does not charge credit card fees to customers. Many jurisdictions charge customers a credit card transaction fee for any payments made using a credit card.
City Council and Commissions	Operations and Maintenance	Reduce Commission Expenses	\$ (468)	Reduction aligns with budget actuals.
City Council and Commissions	Operations and Maintenance	Reduce Commission Expenses	\$ (1,855)	Reduced budget for Teen Commission.
Community Development	Operations and Maintenance	Shift Credit Card Fees to Customer	\$ (57,500)	Decrease bank charge contract services. Customers would pay a credit card transaction fee for any payments made using a credit card. Currently, the City does not charge credit card fees to customers. Many jurisdictions charge customers a credit card transaction fee for any payments made using a credit card.

Department	Grouping	Service-Level Reduction	Fiscal Impact	Service-Level Impact Narrative
Community Development	Operations and Maintenance	Reduce Conferences and Training	\$ (10,691)	Reduced conference attendance, trainings, and meeting expenses. Thus, resulting in reduced service level and response time. Reduction could potentially lead to higher staff turnover rates. The department is continuing to offer training by exploring and taking advantage of local and virtual opportunities.
Parks and Recreation	Operations and Maintenance	Reduce Senior Center Part-Time Staffing and Supplies	\$ (16,124)	Estimated longer wait times for the front desk, reduce rental support and amenities offered for Senior programs and events.
Parks and Recreation	Operations and Maintenance	Shift Credit Card Fees to Customers	\$ (159,620)	Customers would pay credit card transaction fees.
Parks and Recreation	Operations and Maintenance	Reduce Parks and Recreation Expenses	\$ (10,332)	Removed budget for overtime.
Parks and Recreation	Operations and Maintenance	Reduce Funding for Library Extra Hours	\$ (160,000)	No immediate impact on current operational hours. Santa Clara County Library District has historically received funds from the state to cover these costs.
Parks and Recreation	Operations and Maintenance	Reduce Park Ranger Services	\$ (31,155)	Reduced ranger presence at the Stevens Creek Corridor, Environmental Education Center, and some nature-based programs and events.
Parks and Recreation	Operations and Maintenance	Reduce Parks and Recreation Expenses	\$ (5,473)	Elimination of Helping Hands program, removed budget for overtime, and realign with budget actuals.
Parks and Recreation	Operations and Maintenance	Shift credit card fees to customers.	\$ (17,049)	Customers would pay credit card transaction fees.
Parks and Recreation	Operations and Maintenance	Reduce Senior Center Part-Time Staffing and Supplies	\$ (5,311)	Estimated longer wait times for the front desk, reduced rental support and amenities offered for Senior programs and events.
Parks and Recreation	Operations and Maintenance	Reduce Parks and Recreation Expenses	\$ (12,391)	Consolidated Preschool Program with a focus on the 3-year-old program and removed budgets for overtime.

Department	Grouping	Service-Level Reduction	Fiscal Impact	Service-Level Impact Narrative
Public Works	Operations and Maintenance	Materials	\$ (145,794)	Reduction in printing, ergonomics, memberships, office supplies, conference and meetings, etc.
Public Works	Operations and Maintenance	Contract Services	\$ (659,534)	Reduction in contract services for fence repairs, graffiti mitigation, bee removal, gas emission inventory, paid advertising, etc.
Public Works	Operations and Maintenance	Salary and Benefits	\$ (386,406)	Reduction in part-time staff
Public Works	Operations and Maintenance	Special Project	\$ (55,000)	Reduction of replaced fluted street light poles
Public Works	Operations and Maintenance	Staffing	\$ (463,716)	Eliminate two vacant Public Works Project Managers
TOTAL OPERATIONS AND MAINTENANCE			\$ (2,903,446)	

Position	Department	Description	FTE
FY 2023-24 Amended Budget			212.00
FY 2024-25 Adopted Budget			
Special Project Executive Limited-Term	Administration	Eliminating Position	-1.00
Public Works Project Manager	Public Works	Eliminating Position	-1.00
Public Works Project Manager	Public Works	Eliminating Position	-1.00
Maintenance Worker I/II	Public Works	Eliminating Position	-1.00
Innovation & Technology Manager	Innovation & Technology	Eliminating Position	-1.00
FY 2024-25 Adopted Budget			207.00

Q5: Why did we choose to pay \$10 million in the CalPERS Additional Discretionary Payment (ADP) and not \$5 or 15 million? **(Council member Chao)**

Staff Response: Staff recommends the \$10 million ADP amount as a balanced approach to address multiple priorities. This amount was chosen because it effectively reduces future required Unfunded Accrued Liability (UAL) annual payments while also preserving funds for other critical needs. Specifically, it allowed the City to allocate resources to the capital reserve fund, which has not received the typical \$8–\$10 million annual transfer in the past three years.

This recommendation reflects the City’s commitment to managing its long-term liabilities responsibly while maintaining financial flexibility to address deferred capital needs.

Q6: What restrictions does the City have on its investments that limits our investment returns? (Janet/Toni). **(Council member Moore)**

Staff Response: Per the City’s Investment Policy, page 11, that was adopted on May 14, 2024, see information below.

16. *Ineligible investments are those that are not described herein, including but not limited to, common stocks and long-term (over five years in maturity) notes and bonds are prohibited from use in this portfolio. It is noted that special circumstances arise that necessitate the purchase of securities beyond the five-year limitation. On such occasions, requests must be approved by City Council prior to purchase. Additionally:*

- *State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.*
- *In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.*
- *Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result zero- or negative-interest accrual if held to maturity are permitted.*
- *Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.*
- *Purchasing or selling securities on margin is prohibited.*
- *The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.*
- *The purchase of foreign currency denominated securities is prohibited.*

Q7: Please provide a list of services cut last year for consideration for restoration. (**Council member Chao**)

Staff Response: The 4th of July Fireworks and Shakespeare in the Park events were defunded last year. However, Shakespeare in the Park continued in the current fiscal year through the use of the Mayor's discretionary fund.

Q8: Please provide a projection of interest earnings for \$10M in 1-year, 5-year, 10-year investment, since the public has suggested to save some as Rainy-day fund or endowment fund. (**Council member Chao**)

Staff Response: Assuming a 10-year average annual return of 1.4% from the Local Agency Investment Fund (LAIF), interest earnings on \$10 million over 1 year, 5 years, and 10 years would be approximately \$0.14 million, \$0.7 million, and \$1.4 million, respectively, assuming the earnings are not reinvested.

It is also important to note that the City currently maintains a "Rainy Day Fund," officially called the Economic Uncertainty Fund, which has a balance of approximately \$24 million.

Q9: Please provide a list of grants that the staff plans to pursue with the 3-year limited term grant management position (**Council member Chao**)

Staff Response: In addition to identifying projects eligible for grant funding, the Grants Management Analyst will manage all aspects of grant application submittal, reporting, and ongoing compliance within City policy. No specific grants have been identified for the position to apply for,

but City staff identify grant opportunities as part of normal city operations.

Q10: Why do we have a Q1 budget amendment for the proposed agenda items. Why not include them with the normal FY 2025-26 budget? (**Council member Chao**)

Staff Response: The Q1 budget amendments are for FY 2024-25, reflecting items that were not originally anticipated or inadvertently excluded, therefore not included as part of the FY 2024-25 Budget. These are requests that would have been made regardless of the CDTFA settlement agreement.

Q11: It was mentioned it is not worthwhile to put the fund in investment of the city fund. Please clarify what limitations are there? (please quote any government code etc) What would be the anticipated returns for such Investment? (**Council member Chao**)

Staff Response: To clarify, the statement was not that investing City funds is not worthwhile but that it is not a sustainable strategy to invest funds solely to generate yield, as discussed in Q2. Instead, funds may often be more effectively utilized by investing in capital projects or making an Additional Discretionary Payment (ADP) to reduce long-term liabilities.

The City's investments must adhere to its adopted investment policy, which is guided by California Government Code Section 53600 et seq. The Government Code prioritizes safety, liquidity, and yield (in that order) and restricts the types of allowable investments, often resulting in conservative returns.

Attachments Provided with Original Staff Report:

- A – One-time Funds Allocation Plan Fiscal Year 2024-25*
- B - Committed, Unassigned Fund Balance, and Use of One Time Funds Policy Options A and B (Redline)*
- C - Option A Committed, Unassigned Fund Balance, and Use of One Time Funds Policy (Clean)*
- D – Option B Committed, Unassigned Fund Balance, and Use of One Time Funds Policy (Clean)*
- E – Detailed allocation plan for current use*
- F – Budget Resolution*
- G – Assistant Director of Administrative Services Position Description*
- H – Grants Management Analyst Position Description*
- I – Code Enforcement Supervisor Position Description*
- J – Senior Business Systems Analyst Position Description*