Meeting Date: 10/25/11

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 5A

Santa Clara All-America City 2001

Date: October 18, 2011

To: Mayor and Council for Action

From: Jennifer Sparacino, City Manager

Subject: First Quarter Report for 2011-2013 Council Principles and Priorities, and Schedule the Next Quarter Status Report on the Council's Principles and Priorities for 2011-2013 for the January 24, 2012 Council Meeting

EXECUTIVE SUMMARY:

Council adopted principles and priorities for the year 2011 through 2013 timeframe in addition to reaffirming the major focus statement: "The City Council priority is to focus on successful completion of existing City projects, postpone new City projects and proposals, and operate within Council adopted budget principles and priorities, with the goal of guiding the City successfully to economic recovery." The goals were then referred to the City Manager to develop an implementation plan for each goal. This is the First Quarter status report on specific goals that were identified by the City Council through consensus and prioritization. Attached are detailed status reports on each priority for your review. See "Discussion" for highlights in regards to each of the goals.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

The "Principles and Priorities for 2011-2013" will continue to help guide the City through budget and economic challenges ahead. Through the process of consensus and prioritization, specific goals were identified for the 2011-2013 timeframe.

ECONOMIC/FISCAL IMPACT:

Additional funds will be needed to complete some aspects of this program. Fiscal impacts will be addressed as part of the budget process, or may need to be delayed based on the serious budget challenges the City is facing in the 2011-2012 budget, as well as the Five Year Financial Plan projections of on-going deficits.

RECOMMENDATION:

It is recommended that Council accept the First Quarter Status Report for Council Principles and Priorities for 2011-2013; and schedule the next quarterly status report for Council Principles and Priorities for 2011-2013 for January 24, 2012 City Council meeting.

Jennifer Sparacino

Jennifer Sparacino
City Manager

Documents Related to this Report: Reports on the Council Goals Summary Analysis

I:\COUNCIL\2011-2013 Council Principles & Priorities\2011 First Quarterly Report\SOOB First Quarter Report Updates.doc

DISCUSSION:

- During the first quarter of fiscal year 2011/12, the construction of the remaining 2,500 feet of American Recovery and Reinvestment Act of 2009 (ARRA) funded recycled water mains was completed. The total 36,600 feet of new recycled water mains installed under the ARRA grants represents the largest single expansion of the City's recycled water system. As of September 30, 2011, construction of all pipelines has been completed and the City expended approximately $10,026,000 of the $10,400,000 contract. The ARRA funded projects were completed on time and under budget.

- Four proposals were received to conduct a study for pedestrian/bicycle access to Central Park. The City is currently in contract negotiations with RBF, Inc., transportation consultant, to conduct the study.

- Lodi Energy Center (LEC) is currently under construction. Project completion through the end of September is 75.1%. A tour of the LEC is planned for October 26, 2011 in conjunction with the NCPA Commission meeting being held in Lodi.

- SVP negotiated a Power Purchase Agreement with a local company. A power purchase agreement for a 20 Mw utility scale solar project was completed in mid-July. This facility is expected to come on-line at the end of calendar year 2013 and at full production will provide 55 Gigawatt-hours of eligible renewable energy to SVP's portfolio.

- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clara for its Comprehensive Annual Financial Report for fiscal year ended June 30, 2010 (2009-10 CAFR). The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the nineteenth consecutive year that the City has received the GFOA award for its CAFR.

- E-Source rank SVP second in the nation for large business satisfaction.

- Launched online business license renewal service that enables business owners to renew their license online rather than in person or by mail. Businesses that are eligible to renew online will receive a letter containing instructions for the option to renew their license on the City's website.

- An agreement was executed between the Stadium Authority and the 49ers in order to move forward with design work on the stadium. Volume Services was selected as the Stadium Concessionaire. Legends was chosen to market and sell Stadium Builders Licenses (SBL's) on behalf of the Stadium Authority.

- Assistant City Manager and Director of Parks & Recreation are participating in Santa Clara Sports Group implemented by Santa Clara Chamber of Commerce and Convention-Visitors Bureau exploring using

collective assets to attract large events to fill hotel/motel rooms and patronize other local businesses; also involved are Mission College, Santa Clara University

- A list of significant City-owned properties was reviewed by Council's Economic Development Committee, discussing the history and characteristics of the various parcels, and lease structures. The Committee also discussed project updates and the two Excellence Awards previously received from the California Association of Local Economic Development (CALED): one for the Commercial Broker Workshops and one for the City's economic development website, MoveToSantaClara.com.

- Completed 9th Broker Workshop on October 12, 2011 to highlight value of Santa Clara as a good place to locate business; Council Member Gillmor and the City Manager provided remarks; presentations were made by Department Heads and a Division Manager from Planning & Inspection, Water & Sewer Utilities, and Electric Utility, as well as the Chamber/CVB; certified 11 additional regional commercial real estate brokers as City of Santa Clara Certified Brokers

- An "Economic Development" four page full color insert was written and distributed to all addresses in the City to explain the importance of economic development, and encourage patronage of local businesses

- Downtown Plan Committee was convened and available information reviewed including confirmation of University Redevelopment Area budgetary capabilities and timeline. Council approved initiating an Environmental Impact Report for the Downtown Plan.

- Council actions completed approving Voluntary Opt-In for Redevelopment Agency per recently passed State laws.

- Projects Progress/Accomplishments during the past quarter leading to visible results include:
  - Coresite Data Center Grand Opening on Stender Way (07/21/11)
  - Sobrato Lawson Lane project re-activation of permit for first two office buildings
  - Owens Corning Plant Conversion for new line of insulation
  - K1 Speed use permit approval by Planning Commission (08-03-11)
  - Irvine Company Phase I Office campus Architectural Committee approval (09/14/11)
  - Walgreens relocation plans at Byer's (Target) center to ECR frontage
  - Tasman Parking Garage groundbreaking and commencement of construction
  - Core Development's Presidio project permit issuance
  - Dell Silicon Valley Research and Development Center consolidation, 5480 GAP
  - ROEM Development senior housing project entitlement process, 2525 ECR

- Recent Process on Upcoming Economic Development Events for 2011:
  - Lawson Lane has 2 steel structures up since they reactivated permits in July 2011
  - K1 Speed has a Grand Opening coming up on October 27, 2011
  - The Irvine Company (TIC) has submitted for a grading/utilities permit on Phase I (430k sq ft, 3 buildings)
  - Tasman Garage has foundations and columns coming out of the ground
  - Presidio groundbreaking on October 24, 2011
  - Dell's Grand Opening with the Governor, the Mayor and CEO Michael Dell on October 19, 2011
  - ROEM's senior housing recommendation for approval by the PC on October 19, 2011 to City Council on November 15, 2011

Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Proactively extend recycle water project using economic stimulus grants and other resources.

City's Value: Professional; Fiscally Responsible

Project Manager Responsible for Implementing the Council Priority: Acting Director of Water & Sewer

Quarterly Reporting of Highlights of Progress/Accomplishments:

- On July 1, 2009, the U.S. Bureau of Reclamation (USBR) selected the South Bay Water Recycling (SBWR) projects for funding from the federal American Recovery and Reinvestment Act of 2009 (ARRA). The City was granted $10.4 million to construct approximately 7 miles of new recycled water pipelines within the City.

- During the first quarter of fiscal year 2011/12, the construction of the remaining 2,500 feet of ARRA funded recycled water mains was completed. The total 36,600 feet of new recycled water mains installed under the ARRA grants represents the largest single expansion of the City's recycled water system. As of September 30, 2011, construction of all pipelines have been completed and the City expended approximately $10,026,000 of the $10,400,000 contract. The ARRA funded projects were completed on time and under budget.

- The work has been a team effort involving staff from the Water & Sewer Utilities, Silicon Valley Power, Public Works, and the Street Department. City crews have installed recycled water pipeline along:

    - Norman Avenue,
    - Duane Avenue,
    - Martin Avenue,
    - Mission College Boulevard
    - Peterson Way, Tannery Way, Augustine Drive, Montgomery Drive, Coronado Drive, Stender Way, Northwestern Parkway, and Walsh Avenue
    - Central Park, Los Padres Boulevard, and Las Palmas Drive

- Contractors completed recycled water pipeline construction along Walsh Avenue from Lafayette Street to San Tomas Aquino Creek, and along Homestead Road, Kiely Boulevard and Benton Street. A contractor constructed the portions of the recycled water main crossing Highway 101 and Central Expressway.

Next Quarter:

In the next quarter, the Water and Sewer Utilities will continue to connect new customers to the newly constructed recycled water mains including City facilities such as the Street Corporation Yard, Walsh Substation and Fire Station 2. The Parks and Recreation Department will be involved with installing retrofits to existing irrigation systems at City facilities including Central Park, Central Park Library, and Steve Carli Park.

In addition, the Water and Sewer Utilities is continuing work on non ARRA funded extensions of the recycled water system. These include an extension in the Space Park Drive Area (Industrial 3B Phase 1) for which a $1 million of funding from South Bay Water Recycling was authorized in April 2011. Construction projected to be completed by December 31, 2012.

Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Develop Master Plan to expand creek trails in City

City's Value: Service-Oriented

Project Manager Responsible for Implementing the Council Priority: Director of Public Works

Quarterly Reporting of Highlights of Progress/Accomplishments:

Feasibility analysis and public outreach phases have been completed. Public meetings were held with residents, businesses, and commercial property owners on May 31 at the Central Park Library and June 21 at the Santa Clara Convention Center.

Next Quarter:

Schedule has been revised slightly from the last report due to changes in priorities, unforeseen workload increases, and grant deadlines for existing projects.

Finalize Feasibility Study ..... December 2011

Master Plan Timeline:

Develop Scope and Issue RFP ..... January 2012

Review Proposals and Consultant Contract ..... March 2012

Draft Master Plan ..... June 2012

Final Master Plan ..... October 2013

City Council Approval ..... January 2013

Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Study pedestrian/bicycle access to Central Park

City's Value: Service-oriented

Project Manager Responsible for Implementing the Council Priority: Director of Public Works

Quarterly Reporting of Highlights of Progress/Accomplishments:

Four proposals were received and a transportation consultant has been selected. The City is currently in contract negotiations with RBF, Inc. to conduct the study.

Next Quarter:

Schedule has been revised slightly from the last report due to changes in priorities, unforeseen workload increases, and grant deadlines for existing projects.

Award Consultant Contract..... December 2011

Start Study..... January 2012

Finish Access Study (estimated)..... February 2013

Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Pursue new electric generation including Lodi Energy Center and solar projects

City's Value: Progressive; Collaborative

Project Manager Responsible for Implementing the Council Priority: Director of Electric Utility

Quarterly Reporting of Highlights of Progress/Accomplishments:

PURSUE NEW ELECTRIC GENERATION

- Lodi Energy Center (LEC) is currently under construction. Project completion through the end of September is 75.1% with construction and commissioning completed at 59.2%.
  - Active SVP participation on the LEC Project Participant Committee through meetings held at least monthly. Most currently, the committee has been confirming the budget for the project. Weekly telephone conferences are attended with occasional in-person events.
  - A tour of the LEC is planned for October 26, 2011 in conjunction with the NCPA Commission meeting in Lodi.
  - Current commercial operation date is expected to be in August 2012.

- Large-scale Solar Projects
  - SVP negotiated a Power Purchase Agreement with a local company. A power purchase agreement for a 20 Mw utility scale solar project was completed in mid-July. This facility is expected to come on-line at the end of calendar year 2013 and at full production will provide 55 Gigawatt-hours of eligible renewable energy to SVP's portfolio.

- Continued exploration of other sources of clean generation to meet expected load growth.
  - Staff attended meetings of the NCPA green power pool and discussed potential joint purchases.
  - Have had several direct discussions with different wind developers of projects within California.

NEW ELECTRIC GENERATION & SOLAR PROJECTS

Silicon Valley Power (SVP), the City's municipal electric utility, is a recognized national leader in the development of sustainable renewable energy. SVP's energy portfolio currently contains approximately 25% eligible renewable energy (geothermal, small hydroelectric, solar and wind), far exceeding the current state goal of 20%. SVP continues to work to meet the City Council adopted target of 33% renewable energy by 2020.

This Council Priority is met through a combination of customer partnerships, community programs, local clean generation projects, and larger-scale solar projects.

Customer Partnerships

- Solar Electric Rebates continue to be offered to customers who have installed solar photovoltaic (PV) systems at their facilities or homes. These cash rebates make PV more affordable for our customers.
  - Continue to offer customers information and rebates; continue improvements to the solar permitting process.
  - Offer appropriate solar rebates to residential and commercial customers

Community Programs

- Santa Clara Green Power Program (SCGP) allows the City electric utility customers to purchase up to 100% renewable energy certificates (RECs) from solar and wind power facilities by paying a 1.5 cent per kilowatt premium on their electric bill. Large commercial and industrial customers can purchase green power in 1,000 kilowatt blocks at the price of $15 per block. Cumulative total GWh enrolled has exceeded the original goal and now exceeds 73 GWh..
  - We are exploring green power outreach campaigns to our customers beyond the traditional bill inserts and direct mail pieces and on higher touch marketing to our customers. We are working with some other partnerships to encourage higher enrollment in the program, to attain our previously set goal of 10% participation from the current 7.6% participation. Staff provided displays and informational handouts at the Santa Clara Art and Wine festival.

- SVP's Neighborhood Solar Program supports renewable energy at the facilities of local non-profits. The program collects small monthly donations from residential customers and larger one time donations from local corporations and then matches those donations to provide grants toward installation of solar PV systems. This provides long term financial assistance to these organizations by helping to reduce their monthly utility costs.
  - Working to develop list of viable candidates for the next installation.

Local Clean Generation

- Tasman Parking Garage PV Project will design and install a solar electric facility on top of the new convention center parking structure.
  - A power purchase agreement with the selected design-build developer was finalized.

- Jenny Strand adjunct solar test and demonstration project will work with a local solar R&D company to install approximately 1000 PV panels on a parcel owned by the City. This is expected to result in a 100 Kilowatt solar electric facility in SVP's portfolio.
  - CEQA was completed in September.
  - Work is still in progress to complete a public works bid package for construction of the support structure, negotiate appropriate contracts, maintain oversight in final project construction, and develop on-going R&D monitoring, maintenance and operation plans.

Next Quarter:

Lodi Energy Center: On-going participation in the LEC Project Participant Committee and receipt of regular construction milestone briefings will continue until the power plant comes into commercial operation during 2012, and on-going participation in the Committee for the life of the facility or as long as SVP has ownership/operation interest in the facility. Power purchase agreement was approved by Council in June 2011. Construction is underway and NCPA will provide a Tour of the Lodi Energy Center on October 26.

New Electric Generation & Solar Projects:
On-going implementation will continue for the Solar Rebates, Santa Clara Green Power Program, and Neighborhood Solar Program.

- Solar Rebates: 2011 has been active for residential customers as solar installers have targeted our territory to offer residents opportunities to take advantage of our higher than average rebate programs.
- A non-profit will be selected from nominations for the Neighborhood Solar Program in the next six months.

Tasman Parking Garage PV installation is expected to come on-line after the garage is completed in 2012. A design-build contract will be brought to Council this quarter.

Jenny Strand adjunct solar test and demonstration project will complete donation of panels in 2011. The project will have a design-build RFP out for bid in early 2012.

Council Principles & Priorities
Exceptional Services & Fiscal Responsibility
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Actively pursue economic recovery stimulus grants to maintain & improve City's infrastructure & provide Capital Improvement funding opportunities

City's Value: Professional; Fiscally Responsible

Project Manager Responsible for Implementing the Council Priority: Director of Public Works

Quarterly Reporting of Highlights of Progress/Accomplishments:

Second phase of ARRA (American Recovery and Reinvestment Act) has not received Federal approval to proceed and this remains unchanged from the last report.

Projects that received funding in Phase I of ARRA have been completed and the City has received $1.455M in reimbursement.

Next Quarter:

Staff continues to actively pursue funding from other local, regional, state, and federal grant sources.

Council Principles & Priorities
Exceptional Services & Fiscal Responsibility
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Continue to focus on fiscal responsibility & balanced budget, and replenish City's General Fund Emergency Reserves

City's Value: Fiscally responsible; Ethical

Project Manager Responsible for Implementing the Council Priority: Director of Finance

Quarterly Reporting of Highlights of Progress/Accomplishments:

Focus On Fiscal Responsibility & Balanced Budget
Even with the decisive actions taken to close the General Fund's structural budget deficit over the past two budget cycles, (e.g., eliminating funding for more than 100 full-time equivalent positions; reducing funding for as-needed staffing and overtime as well as materials, services, and supplies budgets; raising fees to move closer to full cost recovery; refinancing the Police administration building debt; and selling the Altamont Pass property to the Electric Utility and scheduling the sale of other smaller properties to the Housing Authority for future affordable housing projects), the Five Year Plan continues to show that the deficit is expected to return once unpaid furloughs end during 2013-14. Therefore, it is critical that the City continue to exercise expenditure constraint while fostering economic development to boost future revenues.

During the past quarter:

- The City Council unanimously passed the 2011-12 Operating and CIP budgets. Final budget documents have been completed and submitted to the California Society of Municipal Finance Officers (CSMFO) for their Excellence in Capital Budgeting and Excellence in Operational Budgeting Award programs. These awards are the highest form of recognition in governmental budgeting. The documents have also been posted on our website along with the summary Budget Brochure.

- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clara for its Comprehensive Annual Financial Report for fiscal year ended June 30, 2010 (2009-10 CAFR). To be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the nineteenth consecutive year that the City has received the GFOA award for its CAFR.

- In late June 2011, the Governor approved the State Budget for fiscal year 2011-12, and signed a number of implementing trailer bills. Two of these trailer bills significantly modify

the California Community Redevelopment Law ("CRL") and fundamentally alter the future of California redevelopment: AB 1X 26 (the "Dissolution Act") and AB 1X 27 (the "Voluntary Program Act") (together, the "Redevelopment Restructuring Acts"). The Dissolution Act first immediately suspends all new redevelopment activities and incurrence of indebtedness, and dissolves redevelopment agencies, effective October 1, 2011. The Voluntary Program Act then allows redevelopment agencies to avoid dissolution under the Dissolution Act by opting in to an "Alternative Voluntary Redevelopment Program" (the "Voluntary Program") that requires annual contributions to local schools and special districts. Based on the recommendation of the City Manager, the City Council elected to participate in the Voluntary Program allowing the Redevelopment Agency to continue.

The California Redevelopment Association ("CRA") and the League of California Cities ("League") have filed a petition with the California Supreme Court challenging the constitutionality of both the Dissolution Act and the Voluntary Program Act and have requested a stay delaying enforcement of certain provisions of these two acts while the lawsuit is pending. The Supreme Court has agreed to take the case and established an expedited briefing schedule in order to reach a decision on the lawsuit before any payments are due in January 2012. If the California Supreme Court upholds the constitutionality of the Redevelopment Restructuring Acts, the City will be required to make annual Remittance Payments to the County Auditor-Controller estimated to total $11.2 million in fiscal year 2011-12 (note that this amount has been appealed to the State Department of Finance) and about $2.7 million in future years subject to increase under a complex formula.

- The City held a series of pension reform discussions with City safety and miscellaneous bargaining groups.

- The City Manager and staff have continued meeting with representatives of the San Francisco 49ers to negotiate the Disposition and Development Agreement and other related documents for the new professional football stadium approved by Santa Clara voters on June 8, 2010. This stadium is expected to foster economic development and yield additional revenue for the City's General Fund.

The following are summaries of additional actions that staff have taken which demonstrate fiscal responsibility and efforts to balance the City's structural budget deficit:

- 2011-12 Budget Principles were adopted by the City Council on April 19, 2011. The Budget Principles guided the development of the 2011-12 Budget and the City is on track with a multi-year approach to bringing revenues and expenditures into balance.

- Staff continue to charge personnel and overhead costs to CIP projects where outside funding allows. This practice has resulted in General Fund budget savings.

- Staff have closely monitored the State of California's 2009-11 $2.05 billion takeaway from redevelopment agencies throughout the state. The impact on the City of Santa Clara's redevelopment agency was an $11.8 million takeaway ($9.8 million in 2009-10 and $2 million in 2010-11). The California Redevelopment Association's (CRA's) lawsuit against the State was decided on May 4, 2010 in favor of the State. The CRA has appealed and the

City has preserved its right to a refund of the 2009-10 and 2010-11 payments should the appeal be successful. Staff will keep the Council informed on the status of the appeal.

- Staff have recommended actions as a result of the State's proposed elimination of Redevelopment Agencies. In order to protect the Agency's projects, the Agency and City entered into Cooperation Agreements in February 2011. Additionally, to protect against the possible loss of Agency assets, the Agency and City took actions in March 2011 to convey Agency-owned property to the City, to assign the Agency's interest in certain leases, subleases, and Cooperation Agreements to the City, transfer stadium-related Agency CIP projects and appropriations to the Stadium Authority, and transfer non-stadium-related CIP projects and appropriations to the City (housing-related projects were subsequently transferred to the Housing Authority).

Replenish City's General Fund Emergency Reserves

On November 16, 2010, Council approved the transfer of $6.2 million from the General Contingency Reserves for Working Capital (Emergency Reserve) to the General Fund to balance the 2009-10 General Fund Budget. This action brought the audited balance in this critical reserve down to $2.5 million or 1.8% of the fiscal year 2010-11 General Fund appropriations (vs. a policy of 25% - to cover 90 days of operations).

After the approved fiscal year 2010-11 transfers out of $0.3 million to the Enterprise Funds, the balance in the reserve stood at $2.2 million. This amount was sufficient to cover only six days of General Fund operations, leaving the City vulnerable to another downturn unless we can find ways to rebuild our reserves.

The mid-year Revenue Report was presented to Council on March 29, 2011. This report indicated that revenue performance has exceeded expectations in some areas and lagged behind budget expectations in others. Overall, General Fund revenues were projected to be on track to exceed budget.

As previously mentioned, staff completed the Proposed Budget for 2011-12 which was presented at a series of Council study sessions resulting in the Council's adoption of the 2011-12 Operating and CIP Budgets on June 14, 2011. In each of these presentations, staff included a discussion of reserve levels.

Based on almost final numbers, staff are projecting a 2010-11 General Fund surplus of about $6 million. A portion of this surplus is due to higher levels of development activity. In accordance with Council policy, the portion due to building-related activity would be transferred to the Building Inspection Reserve. The remaining portion, would fall under the Council's policy for replenishment of reserves. This policy, approved in fiscal year 2007-08, consists of the following steps:

- If excess revenues are available, set aside $3.0 million per year for the next five years in the Working Capital (Emergency) Reserve.
- If excess revenues are available above the level of $3.0 million, deposit the remaining excess funds in the Capital Projects Reserve.

Sales tax and transient occupancy tax collections have begun to rebound from the significant declines that occurred as a result of the "Great Recession." Property tax collections continue to be impacted with a decline occurring in 2010-11, and another decline projected for 2011-12. The 2011-12 Budget assumes that there will be positive growth in sales tax and transient occupancy tax collections. Staff will continue to closely monitor revenue collections during the year and take appropriate actions to assure that expenditures do not exceed revenues.

Next Quarter:

Final 2010-11 year-end accounting and financial statement preparation will be completed and the City's outside auditors will review the financial statements and supporting documentation for compliance with Generally Accepted Accounting Principles (GAAP). The Audit Committee will meet to review the audit and the City Council will be asked to accept the Comprehensive Annual Financial Report (CAFR).

Staff will continue to monitor State of California actions and will keep Council informed of any impacts on the City of Santa Clara and Redevelopment Agency.

The Executive Management Budget Committee and Reorganization Subcommittee will resume meeting during 2011-12 to further refine ideas to bring ongoing revenues and expenditures into balance (e.g., explore new and innovative service delivery methods).

Council Principles & Priorities
Exceptional Services & Fiscal Responsibility
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Maintain lowest combined electric, water & sewer rates in the nine Bay Area counties with emphasis on reliability and excellent customer services

City's Value: Fiscally responsible; Service-oriented

Project Manager Responsible for Implementing the Council Priority: Director of Electric Utility, Acting Director of Water & Sewer Utilities, and Acting Director of Street

Quarterly Reporting of Highlights of Progress/Accomplishments:

- *The lowest combined electric, water and sewer rates in the nine counties have been maintained even with rate increases across the utilities.*
  - SVP sold excess renewable energy credits in July. The revenue will fund projects to meet SVP's renewable portfolio standard goal of 33% of load served by 2020
  - SVP has taken advantage of low natural gas prices to make multi-year supply purchases for the power plants
  - Water & Sewer's implementation of the Computerized Maintenance Management System is ongoing. The Department is currently working with City IT on an upgrade to the software, and to develop process documentation.

- *Maintain reliability.*
  - SVP continues to follow best practices in design of new facilities and operation and maintenance of existing facilities and in power flow controls and operations.
  - In the last three months, SVP has restored 150 utility poles.
  - The rebuild and reconstruction of Uranium and Walsh substations continues

- *Excellent Customer Service.*
  - SVP completed biannual residential customer survey
  - E-Source rank SVP second in the nation for large business satisfaction.

Next Quarter:

- SVP will announce no electric rate increase in 2012.
- SVP will hold a Residential/Commercial Customer meeting on the Advanced Metering Initiative in October, 2011
- Completely new and with greater capacity, the Walsh substation will be completed.
- Third transformer bank will be completed at the Uranium substation
- Water & Sewer will be pursuing debt financing in October for critical Capital projects.

Council Principles & Priorities
Connect with Community
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Review options for Internet outreach for community input to Council decision making; and review options for enhanced communication with residents

City's Value: Communicative; Progressive

Project Manager Responsible for Implementing the Council Priority: Acting Assistant City Manager, Director of Information Technology, City Librarian, Electric Utility Division Manager

Quarterly Reporting of Highlights of Progress/Accomplishments:

City websites review and update

- Silicon Valley Power/Electric Utility (SVP) website – redesign and migration into the City's web content management system (CMS) is in progress. Utilizing the CMS will allow for an enhanced user experience, consistent branding and simplified maintenance.

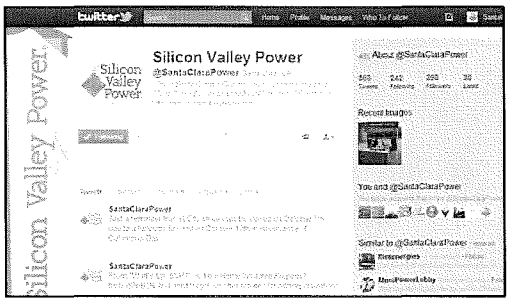
- Municipal Utilities Portal – The existing online bill payment service on the SVP website is being rebranded as a municipal utilities portal and will reside on the City's main website. This will lead to less confusion and improve visibility of the payment service. Residents and businesses will be able to pay their electric, garbage and water and sewer bills on the new site.
- SVP Online rebate submission – Residents are now able to submit rebate applications online and have the rebate credited to their utility bill.
- The City's web program was prominently featured at a recent conference of the Municipal Information Systems Association of California (MISAC). During a presentation on mobile websites, the City's site was used as an example of a good municipal mobile website. The session included statistics on increased mobile website usage since its launch. Staff also answered questions from other attendees interested in launching their own mobile websites.

Increase the City's and community's participation across multiple channels

- Implemented a new procedure to use eNotify (opt-in email service) to distribute the monthly Senior Center Newsletter to 2,500 subscribers. This has resulted in reduced staff

time needed to manage distribution and reduction of number of printed copies. The email content is also posted on the City's website enabling the content to be distributed to a wider audience including social media outlets.

- Launched Facebook pages for the SVP and the Santa Clara Green Power program. SVP's Twitter feed has also been re-launched.



- Twitter was used before and during the 2011 Santa Clara Art & Wine festival to promote the event to over 1,700 followers of the City's feed. Attendees were encouraged to tweet about the event and responded with comments and photographs.
- Staff has continued to research the area of community input to Council decision making. An informational agenda report has been prepared and is being forwarded to Council.

Increase business outreach and support economic development

- Launched online business license renewal service that enables business owners to renew their license online rather than in person or by mail. Businesses that are eligible to renew online will receive a letter containing instructions for the option to renew their license on the City's website.
- Launched Online Permit Center to simplify the process for obtaining a permit. Requests for simple permits such as replacement of a water heater, building applications that require design documents, and scheduling of inspections can be made 24/7 from the applicant's home or office.

Next Quarter/Future Quarters:

City websites review and update

- Launch new SVP website that will incorporate a new design and features that include power outage notification, business and residential areas, and a section dedicated to solar and green power.
- Launch the rebranded Municipal Utilities portal
- Continue to research and evaluate ways to improve the City websites that include critical review with action items and the development of a web program strategic plan
- Enable the submission of job applications online.
- Review, update and migrate remaining City websites into the CMS. The sites include SVACA, Move To Santa Clara, and Santa Clara Free WiFi. The MoveToSantaClara.com updates will include information received from the recent commercial broker's workshop.

Increase the City's and community's participation across multiple channels

- Implement a plan to promote the use of eNotify beginning with library card holders. Increasing the subscriber base for receiving updates news, events and jobs within the City.
- Publish a Social Media policy.
- Create a plan and implement the govTrack Citizen Request Management (CRM) tool that will allow residents to submit service requests online, track requests and receive timely updates. The current process is managed by general email boxes that have no tracking tools and results in requests that are difficult to track. Implementing the CRM will increase customer satisfaction and reduce administration time for staff.

Council Principles & Priorities
Connect with Community
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Complete senior needs assessment follow up with Senior Advisory Commission & non-profit agencies

City's Value: Service-oriented; Communicative

Project Manager Responsible for Implementing the Council Priority: Director of Parks and Recreation

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Developed draft report of findings
- Presented draft report findings to non-profit organizations
- Presented draft report findings to Senior Advisory Commission

Next Quarter:

- Present draft report of survey findings to City Council

Council Principles & Priorities
Pro-active Economic Development & Entertainment
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Complete Santa Clara Stadium project

City's Value: Progressive; Organized

Project Manager Responsible for Implementing the Council Priority: City Manager

Quarterly Reporting of Highlights of Progress/Accomplishments:

- A "Committee of the Whole" study session was held on June 7, 2011 to provide an update on the overall status of the stadium project.
- Volume Services, DBA Centerplate, Inc. was selected as the stadium concessionaire and is currently working with the 49ers on design of stadium concession areas.
- The Stadium Authority adopted a Subcontractor Selection and Procurement Plan, in order to implement the requirement of SB 43 that allows the Stadium Authority to award a design-build contract for the construction of the stadium under specific conditions.
- An agreement was executed between the Stadium Authority and the 49ers in order to move forward with design work on the stadium.
- Legends Premium Sales was selected to market and sell Stadium Builders Licenses on behalf of the Stadium Authority. This marketing and sales effort will be coordinated by the 49ers as they have also retained Legends for the marketing and sale of suites in the stadium.
- The Stadium Authority has begun work on the stadium Public Safety Plan.

Next Quarter:

- Finish negotiation of the terms and conditions of a Disposition and Development Agreement (DDA) and related documents, and bring the DDA forward to the Stadium Authority for review and consideration of approval.
- Work with the 49ers to begin exploring financing options for stadium construction
- Review and approve plans for make-ready construction work

Council Principles & Priorities
Pro-active Economic Development & Entertainment
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Refocus City's Economic Development Committee with policy discussion on development & asset management

City's Value: Fiscally Responsible; Professional; Progressive

Project Manager Responsible for Implementing the Council Priority: Economic Development Team; Lead Director of Planning & Inspection

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Directors of Public Works, Electric Utility, Water and Sewer Utility, and Planning & Inspection met to evaluate development procedures and explore options to coordinate and facilitate interdepartmental process of review/approvals

- Completed transfer of RDA properties and assets to City, Housing Authority, and Stadium Authority

- Assistant City Manager and Director of Parks & Recreation are participating in Santa Clara Sports Group implemented by Santa Clara Chamber of Commerce and Convention-Visitors Bureau exploring using collective assets to attract large events to fill hotel/motel rooms and patronize other local businesses; also involved are Mission College, Santa Clara University

- A list of significant City-owned properties was reviewed by Council's Economic Development Committee, discussing the history and characteristics of the various parcels, and lease structures. The Committee also discussed project updates and the two Excellence Awards previously received from the California Association of Local Economic Development (CALED): one for the Commercial Broker Workshops and one for the City's economic development website, MoveToSantaClara.com.

- Projects Progress/Accomplishments during the past quarter leading to visible results include:
    - Coresite Data Center Grand Opening on Stender Way (07/21/11)
    - Sobrato Lawson Lane project re-activation of permit for first two office buildings
    - Owens Corning Plant Conversion for new line of insulation
    - K1 Speed use permit approval by Planning Commission (08-03-11)
    - Irvine Company Phase I Office campus Architectural Committee approval (09/14/11)
    - Walgreens relocation plans at Byer's (Target) center to ECR frontage
    - Tasman Parking Garage groundbreaking and commencement of construction
    - Core Development's Presidio project permit issuance
    - Dell Silicon Valley Research and Development Center consolidation, 5480 GAP
    - ROEM Development senior housing project entitlement process, 2525 ECR

- Recent Process on Upcoming Economic Development Events for 2011:
    - Lawson Lane has 2 steel structures up since they reactivated permits in July 2011
    - K1 Speed has a Grand Opening coming up on October 27, 2011
    - The Irvine Company (TIC) has submitted for a grading/utilities permit on Phase I (430k sq ft, 3 buildings)
    - Tasman Garage has foundations and columns coming out of the ground
    - Presidio groundbreaking on October 24, 2011
    - Dell's Grand Opening with the Governor, the Mayor and CEO Michael Dell on October 19, 2011
    - ROEM's senior housing recommendation for approval by the PC on October 19, 2011 to City Council on November 15, 2011

Next Quarter:

- Complete General Plan Annual Report to define possible amendments, including to enhance business friendly development policies in new General Plan

- Prepare evaluation of development related procedures that could be improved

- Solicit information from Santa Clara-certified commercial brokers for potential updates to the MoveToSantaClara.com website

- Economic Development Committee to receive presentations and have discussions on the City's plan for implementing the MeterConnect program, the free wireless outdoor Internet service, dark fiber program, and an example of the City's planning process, to explore development opportunities

Council Principles & Priorities
Pro-active Economic Development & Entertainment
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Develop formal Economic Development Plan to encourage and support business community

City's Value: Progressive; Collaborative; Professional

Project Manager Responsible for Implementing the Council Priority: Economic Development Team; Lead Director of Planning & Inspection; Director of Electric Utility & Acting Assistant City Manager

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Initiated preliminary assessment of City's Finance business license database, which contains business characteristics that can be used to categorize and evaluate business market sectors

- Completed 9th Broker Workshop on October 12, 2011 to highlight value of Santa Clara as a good place to locate business; Council Member Gillmor and the City Manager provided remarks; presentations were made by Department Heads and a Division Manager from Planning & Inspection, Water & Sewer Utilities, and Electric Utility, as well as the Chamber/CVB; certified 11 additional regional commercial real estate brokers as City of Santa Clara Certified Brokers

- An "Economic Development" four page full color insert was written and distributed to all addresses in the City to explain the importance of economic development, and encourage patronage of local businesses

Next Quarter/Future Quarters:

- Evaluate array of business characteristics in City Finance database to define useful business profiles

- Work with Department Heads, new Economic Development Officer and Chamber to encourage and support business community

- Prepare potential measures and alternatives that the City could implement to support existing business and promote the City of Santa Clara as a good place for new business.

- Set next business recognition at upcoming City Council meeting.

Council Principles & Priorities
Pro-active Economic Development & Entertainment
Implementation Plan & Timeline
October 25, 2011

State Council Priority: Reinitiate implementation of Downtown Revitalization project

City's Value: Progressive

Project Manager Responsible for Implementing the Council Priority: Acting Assistant City Manager, and Director of Planning and Inspection

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Downtown Plan Committee was convened and available information reviewed including confirmation of University Redevelopment Area budgetary capabilities and timeline.

- Drafted Request for Proposals for environmental assessment of Downtown Plan to be distributed to the City's certified environmental consultants.

- Requested consultant update the tax increment study of the University Redevelopment Area and update the economic feasibility study.

Next Quarter:

- Complete RFP for environmental assessment of Downtown Plan and distributed to the City's certified environmental consultants.

- Invite Santa Clara University to present their current master plan to the Downtown Plan Committee.

- Downtown Plan Committee to review Downtown Plan in relation to Station Area Plan.