

Sunnyvale City Council Summary - Tuesday, March 18, 2025

Sunnyvale City Council & Successor Agency Joint Meeting

Location: In-person and online via Zoom

Date: March 18, 2025

Start Time: 4:31 PM (Closed Session), 5:33 PM (Study Session)

Council Members Present:

- * Mayor Klein
- * Vice Mayor Sell
- * Council Member Cisneros
- * Council Member Mellinger
- * Council Member Srinivasan
- * Council Member Chang
- * Council Member Lay

I. Sunnyvale Clean Water Project Update:

- The \$1.3 billion, ~20-year project is approximately 10% complete; primary treatment exceeds expectations.
- Ongoing work includes plant rehabilitation, yard pipe repairs (under budget), master plan updates (final in 2026), pipeline replacement, cogeneration upgrades, and perimeter wall construction.
- Secondary treatment faces delays due to hazardous materials and site constraints; demolition is being considered. A \$25 million SRF loan increase addresses cost overruns; ~\$50 million more is anticipated in June 2025.
- Successful recycled water pilot program concluded; a package plant is planned, contingent on budget and construction. Project funding includes low-interest loans (\$635.6 million from SRF and WIFIA).
- Concerns were raised about WIFIA funding stability and its potential impact on the project timeline.

~\$90 million of the Phase 1 SRF loan has been drawn down.

II. Project Financing and Rate Increases:

- Significant debt service increases are expected post-2053 (WIFIA principal payments). Annual sewer rate increases will remain below double digits.
- The city's debt coverage ratio exceeds minimum requirements; a gradual rate increase strategy is preferred.
- Debt service payments will increase significantly when SRF Round 2 and WIFIA principal payments begin (structured like a mortgage, with interest-only payments initially).
- The city's 2044 revenue projection (\$123 million annually) is expected to cover these larger payments once the project nears completion. The financial plan accounts for variable TSS concentrations.

III. Project Timeline and Next Steps:

- Program management agreement amendments and Prop 218 notices (wastewater rates) will be issued.
- SRF loan authorization, reimbursement, and Clean Water Center construction contract awards are expected in June 2025.
- Easement negotiations with PG&E are scheduled for September 2025; cost-sharing and maintenance agreements with Valley Water are expected in November 2025.
- Digestion upgrade design contract award is anticipated in December 2025. Key milestones include plant rehabilitation completion (Summer 2026), master plan update (Fall 2026), perimeter wall completion (Spring 2028), and Clean Water Center completion (Spring 2029).

IV. PFAS and Environmental Concerns:

- Currently, no PFAS regulations govern wastewater; the master plan update will ensure "PFAS-readiness."
- City drinking water sources tested negative for PFAS; further testing will continue.

- Methane from sludge is used for energy, converting a greenhouse gas into carbon dioxide.

V. Partnership with Valley Water:

- Collaboration on a joint perimeter wall saves money and improves aesthetics. Design is underway; construction is scheduled for Spring 2028. This is a cost-sharing agreement related to Valley Water's flood protection project; permits are pending.

VI. Federal Funding and Earmarks:

- The city will resubmit requests for federal funding for the Clean Water Center and Safe Routes to School projects for Fiscal Year 26, plus a possible third project. A previously secured \$5 million earmark was lost but will be re-requested; if secured, it will function as a grant.

VII. Sea Level Rise and Moffett Park:

- The master plan accounts for sea level rise; potential solutions include increasing perimeter wall height if the regional shoreline protection project doesn't materialize.
- Sea level rise is a long-term issue (20-40 years), allowing time to address it; a regional solution (including Moffett Park) is preferred via the U.S. Army Corps of Engineers and Valley Water study.
- Existing building codes and floodplain management also offer some level of protection.

VIII. Sunnyvale Historical Society & Women's History Month/American Red Cross Month:

- March is Women's History Month ("Moving Forward Together" theme); the council proclaimed March 2025 as Women's History Month, recognizing women's contributions.
- The Sunnyvale Historical Society highlighted Mary West, Laura Babcock, and Janine Stanek's contributions. Sunnyvale is the first city in California with a full-time female mayor and has a majority female council for only the third year since 1913.
- March is also American Red Cross Month; the council proclaimed March 2025 as American Red Cross Month and encouraged volunteerism/donations.

IX. Village Center Projects and Fair Oaks Plaza Redevelopment:

- Public comments expressed deep concern over the loss of retail space in Village Centers 5 and 6

due to redevelopment plans. Residents highlighted the potential creation of food deserts and the negative impact on walkability and community character.

- Concerns were raised about the VTA strike impacting student access to schools, particularly in North Sunnyvale, and the need for a comprehensive transportation plan and a new high school.

- Comments highlighted the lack of accessible playing fields due to weather, impacting low-income children. Organically managed grass fields were suggested as an alternative to artificial turf.

- The proposed Fair Oaks Plaza redevelopment plan faces overwhelming public opposition due to the replacement of essential services and jobs with mostly unaffordable townhomes (15% moderate-income housing, ~\$800,000). Concerns exist about job losses, community gathering space loss, and increased car dependency. The potential loss of the Taj Mahal grocery store is a specific concern.

- Village Centers 5 and 6 are under review; a commercial incentive program is proposed to reduce below-market-rate housing requirements to encourage retail development. The program prioritizes sites north of El Camino Real, larger than 6 acres, and somewhat isolated from other retail areas. Concerns remain about traffic impact from the proposed 105 townhomes. Additional retail preservation incentives are being explored. The current market makes higher-density development financially unfeasible for developers.

X. Public Safety Officers Association MOU:

- Negotiations for a successor MOU, expiring December 31, 2024, began last summer; a tentative agreement was reached in February 2025, ratified March 3, 2025.

- The 3-year agreement (with a possible 4th year) addresses a demographic shift towards "PEPRA" employees (not eligible for all classic member benefits).

- Changes include eliminating the 6% employer-paid member contribution for classic members (July 2025), increasing medical contributions, and adding compensation items (education, holiday, premium pay, etc.).

- A career incentive program is included, offering pay increases at 12, 16, and 20 years of service.

A staffing study will be conducted in 2026.

- The council voted 6-0 (Srinivasan absent) to approve the MOU, the salary schedule, and the CalPERS resolution.

XI. Public Safety and Infrastructure Concerns:

- Oral communications included concerns about bright headlights causing glare. A request was made for Sunnyvale PD to address this issue.
- Dr. Omar Torres (new De Anza College president) spoke about the college's commitment to Sunnyvale and future collaborations.
- Announcements were made regarding the Sunnyvale Sustainability Speaker Series and Earth Day festivities.

XII. Charter Review Committee Vacancy:

- Committee member Saldana (District 4) resigned from the 11-member Charter Review Committee.
- The committee is nearing completion of its work; subcommittees are submitting reports, and section-by-section charter review is complete.
- No remaining applicants are from District 4. Public comments favored either appointing Steve Scandelis (demonstrated commitment and familiarity with city governance) or leaving the vacancy unfilled due to the committee's advanced progress. Council members expressed varied opinions but ultimately voted to leave the seat vacant.
- The council voted 6-0 (Srinivasan absent) to leave the vacancy unfilled.

XIII. 2024 Housing Element Annual Progress Report:

- The report tracks housing accomplishments for calendar year 2024, including planning applications, entitlements, building permits, and units completed. Includes emergency repairs, home accessibility improvements, and roof grants.
- Planning applications for 377 units were complete in 2024 (down from 726 in 2023), mostly within the El Camino Real specific plan. This includes 69 ADUs.

- 340 units were approved/entitled, 278 permits issued, and 676 units completed (including the 90-unit Meridian affordable housing project). At least 30% of units are considered affordable to moderate incomes or below.
- ADU permits have significantly increased since 2018. In 2024, 73 ADUs were permitted, and 74 were finalized. A new regional survey will improve ADU affordability data collection. A pre-approved ADU plans gallery was launched online.
- The city has issued building permits for 14% of its Regional Housing Needs Allocation (RHNA), slightly behind schedule for low-to-moderate income units. The city maintains sufficient sites to meet its RHNA obligation. Significant accomplishments were made in housing element programs, including funding for affordable projects and programs addressing homelessness. An ordinance was adopted to eliminate/reduce commercial requirements for 100% affordable housing developments on El Camino Real, and East Sunnyvale industrial areas were rezoned for residential development.

XIV. VTA Strike and Student Transportation:

- The VTA strike significantly impacts student access to schools, particularly in North Sunnyvale.
- The Fremont Union High School District is chartering buses to transport students to Fremont and Homestead High Schools at considerable expense.
- Council members expressed gratitude to the school district for their efforts in addressing the transportation issue.
- The hope is for a quick resolution to the VTA strike so funds can be reallocated. The importance of student transportation was highlighted.

XV. Other Discussions:

- A follow-up study session is planned next year to review the master plan update, the timing of SRF Loan 3, its cost, and funding sources.
- Council emphasized transparent communication with residents about rate increases, focusing on predictability and minimizing impact on low-income households.

- A ceremonial oath of office for a new Board and Commission member was postponed due to their absence.
- Councilmember Lay expressed condolences regarding the VTA strike's impact.
- Councilmember Chang reported on the Cities Association Legislative Action Committee meeting, including discussion of SB 753 (abandoned shopping carts).
- Councilmember Chang also reported on Silicon Valley Clean Energy's new headquarters purchase in Sunnyvale and planned mid-year customer refunds due to PG&E high rates.