



## ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL  
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255  
TELEPHONE: (408) 777-3220 • FAX: (408) 777-3109  
CUPERTINO.ORG

### CITY COUNCIL STAFF REPORT

#### DESK ITEM

Meeting: May 15, 2025

#### Agenda Item #4

#### Subject

*Initial Study Session on Fiscal Year (FY) 2025-26 Proposed Budget and FY 2025-26 Capital Improvement Programs*

#### Recommended Action

*Initial Study Session on Fiscal Year (FY) 2025-26 Proposed Budget and FY 2025-26 Capital Improvement Programs*

#### Background:

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

Q1: I looked up the staffing needs and total cost for the existing commissions and the support level is 0.1 FTEs for commissions that meet monthly, for example

- the Bike and Ped Commission (meets monthly): 0.1 FTE - total cost \$16,815
- Parks and Rec Commission (meets monthly): 0.1 FTE - total cost \$25,230
- Teen Commission (meets monthly): 0.1 FTE - total cost \$14,908
- Sustainability Commission (meets quarterly): 0.1 FTE - total \$17,210

I do not see a budget section for Economic Development Commission. Since the Council has adopted the ordinance to re-enact the Economic Development Commission, I would expect that there is a section on the ED Commission so that we budget for the ED Commission properly in the FY 2025-26 budget.

*Staff Response: City Council adopted the second reading of the ordinance to reestablish EDC in March. The Cupertino Muni Code should be updated by the end of May. It is anticipated that the CMO department will be able to support the new EDC with existing staff. However, if needed, a budget amendment to include the necessary resources to support the EDC will be prepared once the*

*Muni Code is updated.*

Q2: I don't think any previous city manager has ever requested 0.5 FTE alone just to support one Commission, which meets monthly. Please provide more information to justify such a request. Even Parks and Rec Commission which has a full agenda in almost every meeting with updates from Senior Center, Sports Center to park projects, only requires 0.1 FTE to support it.

*Staff Response: This position request is being recommended for removal as part of the Proposed Budget Hearing. The CMO department will be able to support the new EDC with existing staff.*

Q3: Please budget for Economic Development Commission for FY 2025-26, following Council Direction.

*Staff Response: Once the Cupertino Muni Code has been updated, we will prepare a budget amendment to include the necessary resources to support the EDC if needed.*

Q4: It seems the Impact Fee Nexus Study appears under both CDD and Public Works and the amounts are slightly different.

- \$400,000 for "Impact Fee Study" under CDD
- \$350,000 for both "Economic Development for Retail and Small Businesses and Defensible Impact Fee Nexus Study for Traffic Impact Fee, Retail Impact Fee, BMR Impact Fee, and Parkland Impact Fee" under CDD Economic Development Division
- \$300,000 for "Traffic Impact Fee" under Public Works
- \$300,000 for "Parkland Impact Fee" under Public Works

Thus, it's kind of confusing ... Are they the same projects or different projects? Or different portions of the same project?

Under Traffic Engineering with 3.0 FTEs: "This budget includes a request for \$300,000 for City Work Program (CWP) item Traffic Impact Fee Study.

- CDD- Proposed Budget (PDF Page 321): This budget also includes funding request for on-call contracts in building and the following City Work Program items:
  - o **Economic Development for Retail and Small Businesses - \$200,000**
  - o Permit Streamlining and Simplification for Small Home Upgrades - \$250,000
  - o Add notification for SB 330 and other projects during the application approval process - \$10,000
  - o Unhoused Policies - \$100,000
  - o **Impact Fee Study - \$400,000**

- CDD - Economic Development Division (PDF Page 331): This budget includes the following City Work Program items:

"Economic Development for Retail and Small Businesses and Defensible Impact Fee Nexus Study for Traffic Impact Fee, Retail Impact Fee, BMR Impact Fee, and Parkland Impact Fee **\$350,000**"

- Public Works - Proposed Budget (PDF Page 372): This budget also includes the following City Work Program items in addition to department requests totaling, \$2,048,699:
  - City Properties: Planning for Optimal Use - \$200,000
  - **Traffic Impact Fee - \$300,000**
  - **Parkland Impact Fee - \$300,000**
  - Water Conservation Policy - \$250,000
  - Urban Forest Program/Tree List - \$140,000
- Public Works - Traffic Engineer (PDF Page 469):
  - This budget includes a request for **\$300,000 for City Work Program (CWP) item Traffic Impact Fee Study.**
- Public Works - Public Works Administration - Proposed Budget (PDF Page 376): This increase is due to the addition of two City Work Programs:
  - \$200,000 City Properties: Planning for Optimal Use and
  - **\$300,000 for Parkland Impact Fee Study.**

*Staff Response: The information provided above is for two separate City Work Program items:*

1. *Defensible Impact Fee Nexus Study for Traffic Impact Fee, Retail Impact Fee, BMR Impact Fee, and Parkland Impact Fee - \$1 Million*
  - *Traffic Impact Fee - \$300,000 in Public Works*
  - *Parkland Impact Fee - \$300,000 in Public Works*
  - *Retail Impact Fee - \$150,000 in Community Development*
  - *BMR Impact Fee - \$250,000 in Community Development*
2. *Economic Development for Retail and Small Businesses - \$200,000*

*These are separate items that are budgeted in both Community Development and Public Works. These appear in the budget under each respective department and division. For clarity on the City Work Program budgets, please refer to page 12-13 in the proposed budget book. However, page 265 BMR Affordable Housing Fund show the incorrect CWP item, Develop ELI Housing \$250,000, this should be labeled BMR Impact Fees. ELI Housing is funded in FY 2024-25. A correction will be made in the Final Budget.*

Q5: Include detailed breakdown of how water lease is presented in the forecast (**Proposed Budget Briefing Questions Received**)

*The water lease revenue is included under the Miscellaneous Revenue category at \$1,841,667 annually in all years of the forecast. This figure is based on the upfront lease payment the City received, which has been amortized evenly over the 12-year term of the agreement with San Jose Water Company for financial planning purposes.*

*Staff Response:*

- *One-time cost – occur only once and are not included in ongoing base costs*
- *Recurring costs – occur in the budget year in which they are requested and then added to department base budget. Lastly, they are incorporated into the 10-year forecast.*

*Staff Response: The table below shows year to date costs in the column shown in pink and yellow.*

			Waived Fees FY 2025-26			City Paid Expenses FY 2025-26		Total Costs FY 2025-26	Waived Fees FY 2024-25			City Paid Actuals FY 2024-25	
Festival	Date	Festival Producer	Recreation	Facility/ Park/ Road Permits	Public Works	Sheriff	Materials	Total	Recreation	Facility/ Park/ Road Permits	Public Works	Sheriff	Materials
Kids N Fun Festival	Saturday, August 23, 2025	Taiwanese Cultural and Sports Association	\$1,861	\$5,177	\$3,447	\$4,495		\$14,979	\$1,850	\$4,283	\$3,395	\$4,041	
Day N Night Fun Fest	Saturday, September 13, 2025	Cupertino Rotary	\$2,977	\$7,760	\$5,205	\$4,495		\$20,437	\$2,788	\$7,259	\$5,179	\$4,202	
Bhubaneswar Sister City Initiative (CBSCI)	Saturday, September 20, 2025	Cupertino Bhubaneswar Sister City	\$2,543	\$5,690	\$3,967	\$3,720		\$15,920	\$2,522	\$6,140	\$3,961	\$3,612	
Diwali Festival	Saturday, October 11, 2025	Cupertino Chamber of Commerce	\$2,419	\$5,123	\$3,404	\$4,805		\$15,751	\$2,405	\$4,490	\$3,404	\$4,596	
Ikebana*	Sat.-Sun., October 18-19, 2025	WAFL Ikebana Society	\$3,031	\$25,427	\$17	\$0		\$28,475	\$0	\$0	\$0	\$0	
Veterans Day	Tuesday, November 11, 2025	Veteran's Memorial	\$1,312	\$0	\$0	\$0	\$1,500	\$2,812	\$1,308	\$0	\$0	\$0	\$1,009
Egg Hunt*	No Application Submitted for 25/26	The Home of Christ Church in Cupertino	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	
Holi	Date TBD for 25/26	Cupertino Chamber of Commerce	\$1,476	\$2,000	\$2,605	\$3,410		\$9,491	\$1,471	\$2,000	\$2,605	\$2,790	
Cherry Blossom	Sat.-Sun., April 25-26, 2026	Toyokawa Sister City	\$4,693	\$20,956	\$11,633	\$11,780		\$51,061	\$6,622	\$21,649	\$11,633	\$11,780	
Dill Haat	Saturday, June 6, 2026	Empower Uplift Inc.	\$2,406	\$2,288	\$3,505	\$4,030		\$12,230	\$2,849	\$7,270	\$2,913	\$5,425	
<b>Costs for FY 25/26 Events</b>			<b>\$24,718</b>	<b>\$74,421</b>	<b>\$33,783</b>	<b>\$36,735</b>	<b>\$1,500</b>	<b>\$171,156</b>	<b>\$21,816</b>	<b>\$53,091</b>	<b>\$33,091</b>	<b>\$36,446</b>	<b>\$1,009</b>
*These events did not occur in FY24/25.			<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>
			<b>Waived Fees FY25/26</b>	<b>City Paid FY25/26</b>	<b>Public Works FY25/26</b>	<b>Sheriff FY25/26</b>	<b>Materials FY25/26</b>	<b>Waived Fees FY24/25</b>	<b>City Paid FY24/25</b>	<b>Public Works FY24/25</b>	<b>Sheriff FY24/25</b>	<b>Materials FY24/25</b>	<b>City Paid Actuals FY24/25</b>
			<b>\$132,922.00</b>	<b>\$322,000.00</b>	<b>\$175,225.00</b>	<b>\$187,235.00</b>	<b>\$1,500.00</b>	<b>\$711,156.00</b>	<b>\$107,997.00</b>	<b>\$261,149.00</b>	<b>\$107,997.00</b>	<b>\$111,780.00</b>	<b>\$111,780.00</b>

These are the budgeted amounts for FY 24/25. Invoices are in progress or event has yet to occur in FY 24/25.

*Staff Response: A response to this question is included in the staff presentation for tonight and will also be included in the Adopted Budget. "The deficit in the FY26 General Fund forecast differs from the FY26 proposed budget, due to the 4% vacancy savings that are factored into the forecast but cannot be factored into proposed as we budget by position and do not know where vacancies in the City will occur for the next fiscal year."*

*Staff Response: A response to this question is included in the staff presentation for tonight and will also be included in the Adopted Budget.*

Department	FY 2024-25 Adopted	FY 2025-26 Proposed	% of Total FY26
Administration	786,970	612,682	2%
<b>Administrative services</b>	<b>2,938,023</b>	<b>3,156,093</b>	<b>10%</b>
Community development	364,150	469,230	1%
Council and commissions	129,826	235,776	1%
Information Services	300,867	348,989	1%
<b>Law enforcement</b>	<b>18,285,280</b>	<b>19,353,570</b>	<b>60%</b>
<b>Public works</b>	<b>6,575,219</b>	<b>7,499,564</b>	<b>23%</b>
Recreation services	390,818	513,173	2%
<b>TOTAL</b>	<b>29,771,153</b>	<b>32,189,077</b>	<b>100%</b>

Q10: How did we calculate the 3k in CC meals (**Proposed Budget Briefing Questions Received**)

*Staff Response: It costs on average \$207 per meeting assuming 2 meetings a month, approximately \$5,000. There is already \$2,000 in the base budget allocated for this. The \$3,000 is the delta needed to fully fund meals for anticipated City Council meetings.*

Q11: Change chart (staff) showing beginning cost, new cost, and then additional/decrease in cost per position (**Proposed Budget Briefing Questions Received**)

*Staff Response: Included in the presentation is a response to this question which will be included in the Adopted Budget.*

Current Classification	Current Salary & Benefit Cost	Proposed Classification	Proposed Salary & Benefits	Difference
Business Systems Analyst	\$239,147	Sr. Business Systems Analyst	\$253,803	\$14,656
Budget Manager	\$274,521	Assistant Director of Administrative Services	\$291,532	\$17,011
Sr. Code Enforcement Officer	\$189,006	Code Enforcement Supervisor	\$242,552	\$53,546
Housing Manager	\$275,760	Assistant Housing Coordinator	\$170,634	\$(105,126)
Total	\$978,434		\$958,521	\$(19,913)

Q12: Change under filled position to show a decrease in cost (**Proposed Budget Briefing Questions Received**)

*Staff Response: A response to this question is included in the staff presentation for tonight and will also be included in the Adopted Budget. See table above that shows the decrease in cost.*

Q13: I found that the estimate for staffing support for commissions supported by CDD tend to be higher than those commissions supported by other departments, such as Public Works or Parks and Rec. For example, I was surprised that the Housing Commission would require 0.4 FTE to support when there is usually just one major item on the Housing Commission agenda, the CDBG grants. Occasionally, the Housing Commission might have some BMR policy on the agenda. But the effort to prepare the policy should not be charged to Housing Commission since the staff has to develop the policy anyway in order to bring it to the Council. Thus, I do not understand why the Housing Commission would budget 0.25 FTE or 0.35 FTE or even 0.15 FTE for staffing.

Position Title	2023 Actual	2024 Actual	2025 Adopted Budget	2026 Proposed Budget
ADMINISTRATIVE ASSISTANT	0.05	0.05	0.05	0.05
ASSISTANT HOUSING COORDINATOR	0	0	0	0.15
PLANNING MANAGER	0.10	0.10	0.00	0
SENIOR HOUSING COORDINATOR	0	0	0.20	0.15
<b>Total</b>	<b>0.15</b>	<b>0.15</b>	<b>0.25</b>	<b>0.35</b>

- In FY 23-24, Housing Commission had a total of 4 meetings with two other cancelled meetings. Most items are about CDBG grants and one is about a new fee "New Fee for Below Market Rate (BMR) Ownership Resales," which I do not remember any council direction on that. I might be confused.
- Per Muni Code, Housing Commission meets quarterly.

In comparison, for the Parks and Rec Commission which has a fuller agenda, the staffing level is only 0.1 FTE.

### Staffing

The following table lists full-time equivalents (FTE) by position. It includes actuals for two prior fiscal years, the Adopted Budget for the prior fiscal year, and the Proposed Budget for the current fiscal year.

Position Title	2023 Actual	2024 Actual	2025 Adopted Budget	2026 Proposed Budget
ADMINISTRATIVE ASSISTANT	0.05	0.05	0.05	0.05
ASSISTANT ENGINEER	0	0	0.10	0
TRANSPORTATION MANAGER	0.10	0.10	0	0
<b>Total</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>	<b>0.05</b>

- In FY 23-24, Parks and Rec Commission had a total of 7 meetings with some other cancelled meetings.
- Per Muni Code, Parks and Rec Commission meets monthly.

For Bike and Ped Commission, which also has full agenda, the staffing level is only 0.5 FTE.

## Staffing

The following table lists full-time equivalents (FTE) by position. It includes actuals for two prior fiscal years, the Adopted Budget for the prior fiscal year, and the Proposed Budget for the current fiscal year.

Position Title	2023 Actual	2024 Actual	2025 Adopted Budget	2026 Proposed Budget
ADMINISTRATIVE ASSISTANT	0.05	0.05	0.05	0.05
DIRECTOR OF PARKS REC	0.05	0	0	0
RECREATION MANAGER	0	0.05	0.05	0.05
<b>Total</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>

- In FY 23-24, Bike and Ped Commission had a total of 11 meetings.
- Per Muni Code, Bike and Ped Commission meets monthly.

*Staff Response: Each commission and committee may require different levels of staffing support depending on their meeting frequency, duties, and functions. For example, although the Municipal Code requires the Housing Commission to meet quarterly, it has averaged nearly 8 meetings per year over the past four years. In addition to reviewing CDBG funding, the commission has also discussed complex topics such as BMR housing, homelessness, the Housing Element, and items from the City Work Program, and require the preparation of staff reports and presentations, which involve significant time and coordination, including internal meetings, research, drafts and revisions, reviews by senior staff, etc.*

*In the coming weeks, staff will be able to take a holistic approach to review staffing allocations across all commissions and committees and will return with recommendations, if necessary, to reallocate resources accordingly.*

**Q14: Plan check contract costs- what is the amount in contract services in replacement to Salary & Benefits (Proposed Budget Briefing Questions Received)**

*Staff Response:*

*On-call services provide support when there are peaks in applications is both advantageous and necessary to sustain the city's expected service level. All Plan Review costs are pass-through and paid for via plan check fees charged by the City and paid by the applicants. There is no actual funding allocation from the City to pay for services. Overall, 10% of the City's Plan Review projects are sent out to consultants.*

*Plan Review consultants are On-Call and utilized for additional assistance as needed. When large projects come through that require a sudden high volume of work and span multiple engineering sectors, the impact would cause a delay in daily operations and services such as plan review for smaller projects for our residents and the Cupertino community and counter reception and assistance. Having the plan review consultants on-call to send out the larger projects maximizes efficiencies since the consultants have large teams of specialized staff to review and process the plan review more expeditiously and cost effectively. Furthermore, the flexibility of having the consultants on-call is advantageous in adjusting to the ebbs and flows of the influx of projects. This flexibility is key to managing the flow of the workload in the most efficient way possible.*

*AB 2234 stipulates that jurisdictions must ascertain the completion of a post-entitlement phase permit application within 15 days of its submission. Project reviews for developments consisting of 25 units or fewer must be finalized within 30 days, while those with 26 units or more require completion within 60 days. The use of consultant plan reviewers allows CDD to comply with this mandate while maintaining the daily workflow timelines as expected by our citizens.*

<i>Plan Check 100-73-714</i>	<i>FY23</i>	<i>FY24</i>	<i>FY25</i>
<i>Revenue Received</i>	\$438,148	\$598,168	\$592,462
<i>Direct Contract Expenses</i>	\$284,796	\$388,809	\$385,100
<i>Available for City Staff and Material Costs</i>	\$153,352	\$209,359	\$207,362

*The fully loaded cost (salary + benefits) for Plan Check Engineer = \$242,337*

- *There are two full-time Plan Check Engineers in this program. There are no current vacancies.  $\$242,337 \times 2 = \$484,674$*

*Attachments Provided with Original Staff Report:*

*A – FY 2025-26 Proposed Budget*

*B – FY 2025-26 CIP*

*C – FY 25-26 Community Funding Recommendation from Parks and Recreation Commission*

*Attachments Provided with Supplemental Report:*

*D – Department Requests with Account Codes*