

CC 04-13-2023

Oral
Communications

Written
Communications

From: [Cathy Helgerson](#)
To: [Loquist, Kristina](#); [Supervisor Joe Simitian](#); [Congressman Ro Khanna](#); [Sheila Mohan](#)
Cc: FRYHOUSE@EARTHLINK.NET; [Kitty Moore](#); [Hung Wei](#); [Liang Chao](#); [McCann, Lisa@Waterboards](mailto:McCann.Lisa@Waterboards); [J.R. Fruen](#); [City Clerk](#)
Subject: Lehigh meeting in Cupertino
Date: Wednesday, April 12, 2023 7:09:32 AM

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Hello All,

I am wondering why there has been no word to the public via e-mail about the Lehigh meeting Joe Simitian's scheduled meeting on April 26 at 6:30 pm to 8:30 pm is this meeting still taking place? This is the annual meeting with all the agencies and Lehigh open to the public.

I also wonder how the meeting will be conducted: will the public write their questions down on a card and submit them for Joe Simitian to read them off to the agencies. It would be nice to have an open forum, something I have wanted for too many years to count. The land acquisition is another question of interest and the public has a right to know what the county will do to acquire the property from Lehigh. Has Lehigh been approached about such an acquisition last word I had from Lehigh was no they have not. Santa Clara county has mentioned to me from a staff person that the land is too expensive but I wonder how much is it worth that it is too expensive? These questions need answers.

Well please get back to me and the public with a public notice for all of Santa Clara County to be included in this meeting. I also understood that someone from Ro Kahanna's office may attend this meeting. I could be wrong.

I have many questions that go unanswered and that is not doing justice to the public who needs the latest information on Lehigh. One of the main questions is when will the new reclamation plan be submitted by Lehigh for the public to read and comment on?

I have included others in this e-mail message so that they can also get the word out and be ready to ask their own questions.

Well please get back to me.

Thanks,
Cathy Helgerson - Environmental Enforcement Advocate
CAP - Citizens Against Pollution
408-253-0490

CC 04-13-2023

Item No. 2

Accounts Payable for
Feb 10, Feb 17, Feb 24,
and March 3, 2023

Written Communications

CC 04-13-2023

Item No. 3

Consider authorizing City
funding of up to \$2,200 for
the visit to Sister City
Hsinchu, Taiwan

Written Communications

From: [Peggy Griffin](#)
To: [City Council](#); [Pamela Wu](#)
Cc: [City Clerk](#)
Subject: 2023-04-13 City Council Mtg - ITEM3 Sister City Trip to Taiwan for City Manager
Date: Saturday, April 8, 2023 6:12:54 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please include this email in the Written Communications for the above agenda item.

Dear City Council and City Manager,

The cultural exchange program is important to build understanding and acceptance. Mayor Wei will be able to provide guidance and perspective to those attending from Cupertino.

I have several issues with the city paying for City Manager Wu's travel.

In the "Sister City and Friendship City Policy 2018" (Attachment A), Page 4:

Travel Expenses:

- The City will pay for 50% of one trip per year, per Councilmember, provided the trip is in conjunction with an official delegation.

All other Council or City Staff travel for Sister City programs must be funded by Sister City Committee fundraising activities, or by the individual traveling council or staff member, unless authorized in advance by the City Council.

1-This approval is coming the NIGHT BEFORE THE TRIP! This is not asking for approval in advance. The money has been spent! To do this in this manner is an abuse of the policy procedures. City Manager Wu has pushed for policies to be in place and followed yet the ticket has been purchased. Approval should come BEFORE spending the money, not after.

2-This request is to cover ALL City Manager Wu's travel yet the mayor, who is entitled to go, is only getting reimbursed for 50% of her trip. This is wrong. No one should have their full cost covered.

3-I cannot remember when a City Manager has gone on one of these trips. The City Manager has not even been with the city a year and we're being asked to pay all this? I could see this if it was a long-time city manager and even then, only at 50%.

4-The optics look very bad. In the same City Council meeting as you present a budget crash (Agenda Item #6), you are requesting to spend money that is not necessary just because there is money in an account! Asking the public to "give up" when you are spending unnecessarily is inexcusable.

5-Approving this sets a precedent that policies and procedures are just words, that only apply to "some people", not all.

REQUEST: Do not approve this expenditure for the above 5 reasons. Words matter. Money matters. Optics matter.

Sincerely,
Peggy Griffin

From: [Peggy Griffin](#)
To: [City Council](#)
Cc: [City Clerk](#)
Subject: 2023-04-13 City Council Mtg ITEM3 - Sister City Trip - allow CM to borrow vacation
Date: Tuesday, April 11, 2023 10:18:23 PM

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PLEASE INCLUDE THIS EMAIL AS PART OF WRITTEN COMMUNICATIONS FOR THE 4-13-2023 CITY COUNCIL MEETING, AGENDA ITEM #3

Dear City Council,

I realized that since City Manager Wu has been with the city less than a year, she may want to go to Taiwan but not have enough vacation time saved up. I do not know what the staff policy is for borrowing vacation time or allowing days off without pay. It seems like these two options could be provided to City Manager Wu.

It does not make sense that this trip is a “working trip” paying her salary using public funds for her staff time “working” in a country where we have no city business. I would expect that all the adults going on this trip are either using their vacation times or going without pay. Why should this person be any different?

Please offer City Manager Wu the opportunity to either borrow from vacation or take the time without pay.

Thank you,
Peggy Griffin

From: [Liana Crabtree](#)
To: [City Council](#)
Cc: [City Clerk](#); [Cupertino City Manager's Office](#)
Subject: written communication: 4/13/2023 Council meeting, Agenda Item 3, consider authorizing City funding of up to \$2,200 for the visit to Sister City Hsinchu, Taiwan
Date: Wednesday, April 12, 2023 3:55:26 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Honorable Mayor Wei, Vice Mayor Mohan, and Council Members Chao, Fruen, and Moore:

Please include this letter as written communication for the 4/13/2023 City Council meeting, Agenda Item 3 "Consider authorizing City funding of up to \$2,200 for the visit to Sister City Hsinchu, Taiwan".

I request that Council Members pull Agenda Item 3 from the Consent Calendar for discussion and a vote.

I have reviewed the documents that are linked by reference to Agenda Item 3:

- [Staff Report](#)
- [Attachment A - Sister City and Friendship City Policy 2018](#)

It is my understanding that the request for \$2,200 additional City funding of the Hsinchu, Taiwan trip comes to Council 1 day before the 2023 Cupertino Sister City delegation departs for Taiwan. *I have no expectation that anyone changes travel plans or jeopardizes the Sister City trip in any way as a result of whatever Council may decide for Agenda Item 3.*

The Cupertino Sister Cities program of cultural exchange is valued and revered. I hope everyone who is part of the 2023 Cupertino Sister City delegation to Hsinchu, Taiwan has a safe and rewarding trip.

Regarding Agenda Item 3, I have questions that I could not find answers to in the Staff Report or in Attachment A. I hope Council Members will consider asking questions similar to those I have included here during the discussion of Agenda Item 3.

The Staff Report states that City Manager Pamela Wu will join the 2023 Cupertino Sister City delegation as "a part of the delegation and will be supporting the Mayor on official City business".

Attachment A "Policies and Guidelines on Sister Cities, Friendship Cities, and International Delegations for the City of Cupertino" describes the City's commitment

to reimburse travel expenses as limited to payment "for 50% of one trip per year, per Councilmember, provided the trip is in conjunction with an official delegation." The Policy also provides that "(a)ll other Council or City Staff travel for Sister City programs must be funded by Sister City Committee fundraising activities, or by the individual traveling council or staff member, unless authorized in advance by the City Council."

Questions

Is the City Manager participating in the trip as a chaperone for the CUSD and FUHSD students who are also part of the delegation?

If traveling as a chaperone (a volunteer role in support of a local 501[c][3] not-for-profit organization), why is the City Manager's travel described as "supporting the Mayor on official City business" in the Staff Report?

If "supporting the Mayor on official City business", will the City Manager record the trip days as work days (paid by the City) or personal time off days (paid by the employee by banked or future earned days off)?

If the Staff Report requests reimbursement for the City Manager's travel expenses not to exceed \$2,200 and the City Manager will be paid for days worked during the trip (not taking personal time off), where is the accounting of funds to be paid to the City Manager in the form of salary for the City Manager's participation in the trip?

Comment: If the trip days are recorded as work days by the City Manager, it seems the true cost of the City Manager's travel for the City likely exceeds \$2,200 before the City Manager's flight and ground transportation expenses are considered.

If the City Manager participates in the trip on an official capacity not related to or limited to a chaperone role, what is included in the City Manager's itinerary of official City business that would be conducted in a foreign country? Who will the City Manager and/or Mayor meet on official City business while visiting Taiwan? What would be the purpose or nature of the meeting(s), if any? How and when will the outcome(s) of meeting(s) held in a foreign country as part of official City business be reported out to the Council and the public?

In light of information shared in the [presentation](#) for Agenda Item 6 "Consider the FY 2023-24 10-Year Budget Forecast Informational Update" (also part of the 4/13/2023 Council meeting), where Staff recommendations include austerity measures to be borne by Cupertino residents and Staff and not limited to sale of "City Hall Annex, Byrne House, Municipal Water System, and Blackberry Farm Golf Course" and numerous project deferrals and reductions of employee positions and employee benefits, I request Council consider carefully its decision whether to subsidize the City Manager's travel and/or salary expenses for the purpose of participating in the 2023 Cupertino Sister City delegation to Hsinchu, Taiwan.

Possibly, individual donors could pay for the City Manager's flight and ground

transportation costs. If the City Manager participates as a chaperone, possibly the City Manager could draw upon accrued personal time off to cover time spent on the trip. Or, if needed, possibly the City could float the City Manager a loan of personal time off to extend until enough hours can be earned to resolve any debt incurred as a result of participation in the 2023 Cupertino Sister City delegation.

Thank you for your consideration of the questions and comments I have shared in this letter.

Sincerely,

Liana Crabtree
Cupertino resident

From: [Liang Chao](#)
To: [City Clerk](#)
Subject: Written Communication: Questions on Item 3 sister city trip
Date: Thursday, April 13, 2023 12:29:19 AM

Please enter this into the written communication for Item 3.



From: Liang Chao <LiangChao@cupertino.org>
Sent: Wednesday, April 12, 2023 10:44 AM
To: Pamela Wu <PamelaW@cupertino.org>
Subject: Re: Questions on Item 3 sister city trip

Q10: The staff report states "City Manager Pamela Wu is a part of the delegation and will be supporting the Mayor on official City business."

Please clarify what "official city business" the Mayor will be conducting, which will require the City Manager's assistance.

Q11: The Sister City Policy (Attachment A) states "The City Council will, **as part of its annual budget adoption process**, establish a program budget for anticipated City supported Sister City program activities. This budget will include up to \$ 2, 500 for a Sister City with a student exchange program of 5 to 9 student delegates and up to \$5,000 for a Sister City with a student exchange program of 10 or more student delegates, as funds allow. An additional \$5,000 will be considered for adult delegation visits every 5 years. This adopted budget, less the cost of the Sister City membership fee, will be remitted to the Committee **once an accounting of the prior year expenditures have been received and reviewed by the Finance Department.**"

How much has the city budgeted for the Hsinchu Sister Committee in FY2022-23? How much for FY 2023-24? Have they requested the additional \$5000 per year for an adult delegation?

Q12: The Sister City and Friendship Policy (Attachment A) states "Friendship City travel and program expenses will be treated as those of international delegations and will follow the

guidelines outlined in this policy in the " Travel and Program Expenses" section **under " INTERNATIONAL DELEGATIONS."**

Under the " INTERNATIONAL DELEGATIONS." section, the policy states "International travel shall be **at the expense of the traveling Councilmember unless authorized in advance by the City Council.**"

According to this policy for international delegation, there is no coverage of any travel expenses for "city employees," with or without Council approval.
That policy applies only for city councilmembers.

Please point me to any city policy is for the approval of any international trip for city employees on official city business.



Liang Chao
Council Member
City Council
LiangChao@cupertino.org
408-777-3192



From: Liang Chao <LiangChao@cupertino.org>
Sent: Wednesday, April 12, 2023 10:07 AM
To: Pamela Wu <PamelaW@cupertino.org>
Subject: Re: Questions on Item 3 sister city trip

Q8: Has any of the two council members who are serving as liaisons for the Sister Cities Committees been consulted on whether they would like to join the delegation?

Q9: My understanding is that goal of the Hsinchu sister city committee is mainly to support their very well-run student exchange program. Which part of the City Manager's trip is a necessary part to the student exchange program to justify their funding a portion of the city manager's travel expenses?

Liang Chao
Council Member
City Council



LiangChao@cupertino.org
408-777-3192



From: Liang Chao
Sent: Wednesday, April 12, 2023 10:00 AM
To: Pamela Wu <PamelaW@cupertino.org>
Subject: Questions on Item 3 sister city trip

I really appreciate the initiative since I am from Taiwan, and I attended the university in Hsinchu. But the taxpayers of Cupertino would have questions... when the city is paying for a city employee on an extended trip to spend 6 working days in a foreign country.

The City Manager told me earlier that she will be in Taiwan from 4/14 to 4/25, which includes 7 weekdays. She will take one day off to visit her parents in Taiwan. The City Manager also told me that she and the delegation will visit a few cities, including Hsin Chu, New Taipei City and a few others, which is why the trip takes these many days.

Q1: The policy for Sister Cities is meant for the Councilmembers, who are not a paid employee of the city, and the community members to engage in culture exchange activities. What actions Mayor Wei will conduct which will require the assistance of the City Manager, the top paid employee of the City?

Q2: What's the itinerary of the trip? Which cities the delegation will visit and what city officials they will meet?

Q3: The delegation leaves the day after the 4/13 Council meeting. When was the decision made that the City Manager will join this delegation? When was the flight ticket purchased by the City?

Q4: My understanding is that the City Manager is not invited by the Hsinchu Sister City Committee to join the delegation. Mayor Wei invited the City Manager to join the delegation. Is my understanding correct?

Q5: As a paid employee of the City and while not on vacation, what official city business will the City Manager conduct, which falls under Cupertino's Municipal Code? For each day of this

trip.

Q6: In which City Council meeting has the City Council discussed any city business related to any foreign country or specific to Hsinchu, the sister city, or other cities being visited?

Q7: Has the City ever sent any city employee on a sister city delegation and using their working days to visit a foreign country? Please clarify.



Liang Chao
Council Member
City Council
LiangChao@cupertino.org
408-777-3192

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From: [Liang Chao](#)
To: [City Clerk](#)
Subject: Written Communication for Item 3:Fw: Questions on Item 3 sister city trip
Date: Thursday, April 13, 2023 12:27:58 AM

Please enter this into the written communication for Item 3.



From: Liang Chao
Sent: Wednesday, April 12, 2023 10:00 AM
To: Pamela Wu <PamelaW@cupertino.org>
Subject: Questions on Item 3 sister city trip

I really appreciate the initiative since I am from Taiwan, and I attended the university in Hsinchu. But the taxpayers of Cupertino would have questions... when the city is paying for a city employee on an extended trip to spend 6 working days in a foreign country.

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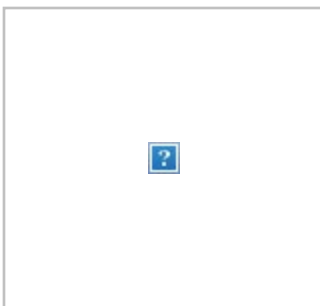
Q6: In which City Council meeting has the City Council discussed any city business related to any foreign country or specific to Hsinchu, the sister city, or other cities being visited?

Q7: Has the City ever sent any city employee on a sister city delegation and using their working days to visit a foreign country? Please clarify.

(combined from a later email)

Q8: Has any of the two council members who are serving as liaisons for the Sister Cities Committees been consulted on whether they would like to join the delegation?

Q9: My understanding is that goal of the Hsinchu sister city committee is mainly to support their very well-run student exchange program. Which part of the City Manager's trip is a necessary part to the student exchange program to justify their funding a portion of the city manager's travel expenses?



Liang Chao
Council Member
City Council
LiangChao@cupertino.org
408-777-3192



From: [Rhoda Fry](#)
To: [City Clerk](#); [City Council](#)
Subject: 4/13/2023 Agenda Item #3 Consider Authorizing City funding of up to \$2200 for Sister City Trip
Date: Thursday, April 13, 2023 2:55:28 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Regarding the 4/13/2023 Agenda Item #3 Consider Authorizing City funding of up to \$2200 for Sister City Trip

1. Why is this coming before council the day before the trip, when it had been planned long ago?
2. Note that I am supportive of Mayor Wei's trip, especially having been on the FUHSD board.
3. Why does Mayor Wei need the support of the City Manager on this trip? And why couldn't she have chosen a different person to assist her?
4. The intent of the sister city trip is for cultural exchange, it seems strange to me to have the City pay for two immigrants from that country to go?
5. How will the manager's trip bring economic value to the City that no other individual can bring?
6. Other delegates pay their own way to go on the trip and take time off. I think that the City Manager as being a duplicate representative from the City and should not be reimbursed from the City for this trip and should take vacation in order to go. I wish that Mayor Wei had selected a different traveling companion – especially given the current budget shortfall.
7. The staff report suggests paying for the Manager's trip with the conference meeting account. The sister city trip is not a conference meeting. The account must not be used. Given our budget crunch, the conference meeting account should be used to subsidize expenses that serve more people – such as Shakespeare in the Park that is slated for cancellation due to economic troubles.
8. My ask is that City Council NOT fund this trip for the City Manager
9. My ask is that City Council require that the City Manager take vacation time during her entire absence and get a loan for that time if she needs it

CC 04-13-2023

Item No. 4

Development Proposal
Apple Valico Parkway

Written Communications

From: [Peggy Griffin](#)
To: [City Council](#); [Gian Martire](#)
Cc: [City Clerk](#)
Subject: 4-13-2023 City Council Mtg-ITEM 4 Apple Development on Vallco Parkway RETAIL ISSUES
Date: Tuesday, April 11, 2023 6:27:15 PM

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PLEASE INCLUDE THIS EMAIL AS PART OF WRITTEN COMMUNICATION FOR THIS MEETING AND ITEM.

Dear City Council and Staff,

The Main Street “retail” in the 2 Apple buildings has been a farce. In the past, it has not welcomed the public. In the past it has posted 2 prices, one for employees and one for “others”. It has not accepted payment except using ApplePay or employee methods. It has shutdown completely at 5 pm when the public is off work and can shop and has not been open on the weekends! It’s basically been a shop for Apple employees, not the public which was the intent of the retail space requirement in exchange for the additional floor!

If you are exchanging height for retail, make it real retail, open to the public and make it welcoming to the public. Do not give height away for free! The General Plan intent was to allow an additional floor if the ground floor was retail. This is just a token corner of the building!

Regarding the proposed retail on the bottom floor in exchange for additional height:

1. RETAIL Square Footage Too Small- 2300 sq ft is too small for an adequate bike shop. Normal bike shops are at least 4000-5000 sf or larger.
2. RETAIL Days/Hours of Operation - If this is really retail, open to the general public, it should stay open later and be open on weekends. It should not close at 5pm when Apple employees go home.
3. Payment Accepted - The public should be able to pay with cash, credit cards, etc. instead of being limited to their Apple employee accounts and ApplePay.
4. Prices Posted for General Public - Prices need to be posted that are for all - not just employee prices!
5. Parking for the Public – Q: Will there be parking spaces for retail shoppers or people bringing in their broken bikes?
6. Q: Will it be a real bike shop run by a 3rd party or operated by Apple employees?

We need retail. We need tax dollars. Don’t give away height in a token exchange.

REQUEST: Please add the following to the development agreement:

- Double the size to 4600 sf
- That it SHALL BE open to the public.
- Specify exact number of spaces for retail shoppers.
- Specify days and hours of operation will match or exceed other bike shops in Cupertino.
- Specify it will follow the Bird Safe AND Dark Sky Ordinances.

Thank you.

Sincerely,
Peggy Griffin

From: [Ashley M. Gjovik](#)
To: [City Clerk](#)
Cc: [Gian Martire](#)
Subject: Public Comments for Public 4/13 Hearing on 19191 Vallco Parkway Project (Apple VP1)
Date: Wednesday, April 12, 2023 10:12:48 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello,

I'm submitting written comments for the April 13 2023 City Council meeting. Gian Martire approved written comments for the agenda item about 19191 Vallco Parkway.

This item: <https://content.govdelivery.com/accounts/CACUPERTINO/bulletins/352f189>

Public Comments for Public Hearing on 19191 Vallco Parkway Redevelopment Project (Apple VP1)

I reviewed the project documentation posted on the Cupertino city website, as well as the 2021 Phase I Environmental Site Assessment provided directly by the city by request. I also skimmed the state EPA documentation for the adjacent toxic waste clean-up site at 19333 Vallco (a site so contaminated it was previously considered for federal Superfund status). I have a few concerns I'd like to raise about the 19191 project. Because of these concerns I'd argue against a full CEQA waiver, and suggest either a modified negative declaration or a full EIR due to the environmental risks at the site, and the site being located so close to restaurants and hotels.

Per the documentation, only a fraction of the 19191 building was tested for solvent vapors from pollution in the soil. Both 2007 & 2021 test results show that only the northeast corner of the building was tested, which is only about 1/5th of the overall building. The report notes that Apple apparently didn't let the environmental consultant even visually survey the rest of the building. That does not seem sufficient. Apple's argument was apparently that the rest of the building was secure lockdowns; however, after the building is vacated, additional testing could still be done. The justification for only testing the NE corner appears to be that historic data points to that area for chemical storage, however that type of documentation isn't always complete and at least a visual survey should be required to assess risk, especially considering the variety of solvent contamination that has already been found in the soil onsite and next-door. I also don't see why additional testing wasn't done in at least the atrium, which would not disrupt work in the lockdown areas. Considering the known contamination onsite and at adjacent properties, any request to waive an EIR seems like it should be justified with thorough preliminary testing. If the team would like to request a full CEQA waiver, I suggest they should do additional testing first, or obtain a sign off from the experts at the Santa Clara County Department of Environmental Health that their testing was adequate.

Similarly, since there is literally no data about the status of potential pollution for the majority of the building, if the team does not want to do additional testing, perhaps they can fill knowledge gaps with EH&S data, as the building has been occupied by Apple for some time now. Have any employees reported headaches, dizziness, or other symptoms of solvent exposure? Has Apple performed any indoor air testing that could provide insight into risk?

Nothing is mentioned in the report. If prior indoor air testing shows contamination, that could signal the need for an EIR. If prior testing has always come back with great results, that could be evidence of lower risk and support a mitigated negative declaration.

Next, the Apple offices at 19333 next-door to the project site, per Geotracker, are subject to an restrictive land use covenant due to the contamination known to be on site. In fact, the restrictions include a prohibition of day care, elder care, residence use, or schools for anyone 21 and under - among other bans. Has it been confirmed these restrictions do not apply to any part of 19191? Even if not, I'd like to review consideration as to why land directly next to this site is so polluted as to ban children from being present, while the project team for this site would also like a full CEQA waiver. This seems odd to me.

Finally, the 2007 report notes the building and site has asbestos pipes, tiles, and roof materials. The CEQA waiver request notes that demolition can easily pollute air, water, and soil with asbestos. If you look at the site under satellite view on a maps program, you can see it's right next to hotels (residential windows) and restaurants (with outdoor patios). It seems fair those businesses be given a notice and comment opportunity through a formal EIR for the demolition, at least related to that potential asbestos exposure. If not an EIR, I'd suggest some sort of formal oversight on the asbestos in the site control plan for the demolition work, that also includes a notice to the community.

The 2021 site assessment report was labeled "Confidential" and "Need to Know" by Apple and EKI. The Cupertino community needs more transparency, not less, with projects like this that are expected to disturb carcinogenic and otherwise toxic substances so close to short-term residential and outdoor eating spaces.

- Ashley Gjovik, a prior Cupertino resident & ex-Apple employee
(last name pronounced JOE-vick)

From: [Rhoda Fry](#)
To: [City Clerk](#); [City Council](#)
Subject: City Council 4-13-2023 Agenda #4 New Apple Building Public Comment
Date: Wednesday, April 12, 2023 11:32:50 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

City Council 4-13-2023 Agenda #4 New Apple Building Public Comment

Dear City Council,

I have a few questions and observations regarding this new beautiful building proposal.

1. How many more people will be occupying the building and how will this affect housing demand?
2. This area had been designated for all ground-floor retail. Why is there a density bonus when ground floor retail is already expected? Regardless, it looks like the height of the building does fit in with what is across the street and it also provides more opportunities to plant trees.
3. When the new Apple building was built, there had been models made to determine that the normally-required parking area could be made smaller due to alternative modes of transportation. How has the model worked out? Is the same model being used for this new building?
4. It seems that the ground floor retail is on the small side when compared with the size of other bicycle shops as outlined in my comments to the planning commission. I hope that it is successful and helps to serve the community and bring in sales tax money.
5. As mentioned earlier, this area had been anticipated for ground-floor retail. I think that having a large-employer head-count tax could help mitigate the loss of ground-floor retail sales-tax income to the City.
6. Apple builds beautiful buildings and we're lucky to have them in our community. I do hope that they'll also consider Connie Cunningham's suggestions to do the best for birds and even more so because the building has so much fenestration and it is adjacent to a creek.

Thank You,
Rhoda Fry

From: [Peggy Griffin](#)
To: [City Council](#); [Gian Martire](#)
Cc: [City Clerk](#)
Subject: 2023-04-13 City Council Mtg ITEM4 - Apple re-development COVENANT REQUIRED BEFORE ANY TOC!
Date: Wednesday, April 12, 2023 4:17:53 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

PLEASE INCLUDE THE EMAIL BELOW AS PART OF THE WRITTEN COMMUNICATION FOR THE 4-13-2023 CITY COUNCIL MEETING AGENDA ITEM 4 - Apple Redevelopment on Vallco Parkway.

Dear City Council and Staff,

If this re-development is approved, the conditions of approval should REQUIRE:

1. A deed restriction i.e. covenant to be filed with the Santa Clara County Recorder's office and it should run with the land. If the property is sold, it should apply to any current and future owners. Permits should validate that it continues to be followed.
2. This covenant should be reviewed and signed off by the City Attorney to ensure it meets the conditions of approval and is legally binding.
3. Proof of the recording MUST BE REQUIRED prior to ANY Temporary Occupancy permit is approved/issued.

Main Street is an example of what can go wrong if these steps are not taken. The Planning Dept had negotiated retail space in both buildings but the covenant the developer initially filed to get a TOC permit was grossly wrong. It took 5-6 months after they were using the building to get the developer to fix the errors in the covenant.

Examples of the covenant errors were:

- The 2 Main Street office buildings were on 2 parcels but the covenant only applied to one parcel!
- The covenant stated that as long as Apple had a lease the retail condition would not be honored and Apple's lease could go for 25 years!
- Square footage was left up to negotiation with Planning! It should be specified in the conditions of approval! Then the amount of square footage ended up stating 1600 sf when Planning had stated 3200 sq ft, half in each building (1600 sf in each building).

These are serious errors and it took extra work to undo and the city had no leverage to get the developer to resolve it quickly.

Please do not make the same mistakes again! MAKE SURE IT'S RIGHT AND PROPERLY RECORDED the first time to save the city many hours of staff time fixing it later.

Sincerely,

Peggy Griffin

From: [Kirsten Squarcia](#)
To: [City Clerk](#)
Subject: FW: SHP Support Letter - Apple 19191 VP Redevelopment
Date: Thursday, April 13, 2023 4:23:11 PM
Attachments: [SHP Support Letter - 19191 VP.pdf](#)
[image001.png](#)
[image003.png](#)
[image005.png](#)
[image007.png](#)
[image009.png](#)
[image011.png](#)
[image013.png](#)
[image015.png](#)
[image025.png](#)
[image026.png](#)
[image027.png](#)
[image028.png](#)
[image029.png](#)
[image030.png](#)
[image031.png](#)
[image032.png](#)



Kirsten Squarcia

City Clerk
City Manager's Office
KirstenS@cupertino.org
[\(408\) 777-3225](tel:4087773225)



From: Pamela Wu <PamelaW@cupertino.org>
Sent: Thursday, April 13, 2023 4:18 PM
To: Kirsten Squarcia <KirstenS@cupertino.org>; Lauren Sapudar <LaurenS@cupertino.org>; Benjamin Fu <BenjaminF@cupertino.org>; Luke Connolly <LukeC@cupertino.org>
Subject: FW: SHP Support Letter - Apple 19191 VP Redevelopment



Pamela Wu

City Manager
City Manager's Office
PamelaW@cupertino.org
[\(408\) 777-1322](tel:4087771322)



From: Reed Moulds <rmoulds@shpco.com>
Sent: Thursday, April 13, 2023 4:06 PM
To: Gian Martire <GianM@cupertino.org>

Cc: Pamela Wu <PamelaW@cupertino.org>

Subject: FW: SHP Support Letter - Apple 19191 VP Redevelopment

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----- Forwarded message -----

From: **Kai Stockwell** <kstockwell@shpco.com>

Date: Thu, Apr 13, 2023 at 4:02 PM

Subject: SHP Support Letter - Apple 19191 VP Redevelopment

To: <citycouncil@cupertino.org>

Hello,

Please find attached Sand Hill Property's letter of support for the proposed Apple Redevelopment on Vallco Parkway (City Council Meeting 4/13 Agenda Item #4).

Very best,
Kai Stockwell

--

Kai Stockwell
Project Manager

Sand Hill Property Company

2600 El Camino Real, Suite 410

Palo Alto, CA 94306

Direct: (650) 772-4334

From: [Connie Cunningham](#)
To: [City Clerk](#); [City Council](#); [Cupertino City Manager's Office](#)
Subject: Apple project Agenda Item 4, CC April 13, 2023
Date: Thursday, April 13, 2023 8:56:30 PM

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Dear City Clerk, please add my public oral comments to the written records.

Apple project Agenda Item 4, CC April 13, 2023

Specifically, for the Alternative Plan for Bird- Safe and Dark Skies Ordinance, Annie Yang and I urge Apple to consider the ABC Threat Level 20 or less for ALL glass used. Avoid using UV treatments as the treatment on the windows because not all birds in our region can see UV.

Clear window corners are not made safer with fritting or other bird safe glass. Need non see-through material for corners.

We urge that Apple use lighting with Correlated Color Temperature of 2700 or less.

We attended the Planning Commission meeting to discuss this topic before it came to Council today.

We understand this plan will be in an approval process in 4-6 months from approval of the project today.

We thank Gian Martire, Project Manager, for his time to discuss our concerns on Wednesday.

Thank you for consideration.

Connie Cunningham, Resident and Audubon Society Member; and
Annie Yang, Resident and Chair, Environmental Advocacy Committee (EAC), Santa Clara Valley Audubon Society (SCVAS)

From Connie's iPhone



SAND HILL PROPERTY COMPANY

Cupertino City Council
10300 Torre Avenue
Cupertino, CA 95014
Via Electronic Mail

Re: Cupertino City Council Meeting April 13, 2023 Item #4 – Apple, Inc. Proposed Redevelopment of 19191 Vallco Parkway

Dear Mayor Hung Wei and Cupertino City Council Members,

Sand Hill Property Company submits this letter in support of the proposed redevelopment of 19191 Vallco Parkway (VP1). As a major property owner in Cupertino, particularly in the area immediately adjacent to the subject site, we are supportive of this project as a good example of thoughtful development and investment within Cupertino's emerging downtown district.

Redeveloping to increase office capacity at this location will produce fiscal benefits for the City of Cupertino and create high quality jobs for our local economy at a critical point in time. The additional workers will invigorate surrounding commercial areas still attempting to recover from pandemic-era declines in business activity – we are confident Apple's project will help the restaurants and retailers in our Main Street Cupertino center located directly across the street. In addition, Apple's thoughtful TDM approach will ensure those new workers will leave their cars at home and visit neighboring businesses on foot or bike.

We hope the City Council approves this redevelopment and look forward to seeing it built.

Sincerely,

Reed Moulds
Managing Director
Sand Hill Property Company

CC 04-13-2023

Item No. 6

Consider the FY 2023-24
10-Year Budget Forecast
Informational Update
presentation

Written Communications

From: [Peggy Griffin](#)
To: [City Council](#); [Kristina Alfaro](#); [Thomas Leung](#)
Cc: [City Clerk](#)
Subject: 23-04-13 City Council Mtg-ITEM 6 10-Yr Budget Forecast QUESTIONS
Date: Monday, April 10, 2023 4:33:22 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please include this email in Written Communications for the above City Council Meeting agenda item.

Dear City Council and Staff,

I have the following questions regarding the document "A – Presentation.pdf"

PDF PAGE 7 of 29, 3rd bullet regarding CDTFA Audit

- 73% ongoing reduction in overall Sales Tax, which includes a proportional reduction to County pools

Q1: What does "includes a proportional reduction to County pools" mean exactly?

- Does it mean a 73% reduction there, too?

Q2: What has been the typical range of the county pool in percentage and in dollars?

PDF PAGE 7 of 29, 4th bullet regarding CDTFA Audit

- Potential payback of revenues already received

Q3: When will the city know for sure whether we will need to payback any revenues received?

Q3a: Did they verbally indicate this in the March 2023 phone call?

PDF PAGE 10, 3rd bullet regarding Forecast Assumptions

- Other Post Employment Benefits (OPEB/Retiree Health) costs funded by the Section 115 OPEB Trust starting FY 2022-23

Q4: What does this really mean?

- Does it mean you are assuming the fund is large enough to cover the year costs?
- If so, how has it worked during FY 2022-23 which is about over?

PDF PAGE 19 of 29, Fund Balance Impacts – 10 Years

Fund Balance Impacts -10 Years

(\$ In millions)

	FY 2022-23	FY 2032-33	Change
General Fund			
Unassigned	53.1	-	(53.1)
Capital Projects Reserve	10.0	-	(10.0)
Section 115 Pension Trust	17.2	5.4	(11.8)
Economic Uncertainty Reserve	24.0	24.0	-
Total	\$104.4	\$29.4	\$(75.0)

Q5: Why not use a portion of the \$24M in the Economic Uncertainty Reserve?

- Isn't this a situation it was designed to help smooth out?
- If not, what is its intended use?

Q6: Section 115 Pension Trust...Is the \$11.8M decrease due to borrowing from this trust to use on non-pension expenditures?

- If so, will it be "paid back" or considered a permanent funds transfer?
- If not, is it to cover anticipated CalPERS investment return volatility?

PAGE 21 of 29, Budget Balancing Strategies, 3rd column "Potential Impact"

Budget Balancing Strategies

Strategy	Description	Potential Impact
Section 115 Pension Trust	In FY 2017-18, the City established a Section 115 Pension Trust to mitigate pension rate volatility when CalPERS investment returns are below the discount rate or when CalPERS changes assumptions. The City can also use it to offset pension costs in any given year.	The fund has a balance of \$17.2 million. ¹
Section 115 OPEB Trust	In FY 2009-10, the City established a Section 115 OPEB Trust to help fund its retiree health obligations, also known as other post-employment benefits (OPEB). The OPEB plan is fully funded. Starting in FY 2022-23, retiree health costs will be funded by the OPEB Trust rather than the General Fund.	The fund has a balance of \$33.3 million. ¹
Capital Projects Reserve	The City has \$10 million in its Capital Projects Reserve (General Fund).	The fund is currently at \$10 million.
Economic Uncertainty Reserve	The City has \$24 million in its Economic Uncertainty Reserve (General Fund).	The fund is currently at \$24 million.

¹ As of June 30, 2022

Q7: Why are the Section 115 Pension Trust and OPEB Trust numbers almost a year old?

Q7a: Why didn't you use the latest Treasurer's Monthly Investment Report totals?

- The Treasurer's Monthly Investment Report for Feb 2023 (Att C) has the following balances:
 - Section 115 Pension Trust = \$18.0M
 - Section 115 OPEB Trust = \$32.8M

Q8: What are the dates associated with the fund amount for the Capital Projects Reserve and the Economic Uncertainty Reserve?

Q9: Has there been or will there be a Variance Analysis done to breakdown the revenue loss into components then for each component figure out if it's a 1-time hit or recurring?

Thank you.
Sincerely,
Peggy Griffin

From: [Rhoda Fry](#)
To: [City Council](#); [City Clerk](#)
Subject: Restoring tax revenues with an employee headcount tax
Date: Tuesday, April 11, 2023 7:27:36 AM
Attachments: [Staff Report July 31 2018 Head Count Tax.pdf](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear City Council,

The April 13 report explores various methods of raising City revenue through taxation, utility tax, parcel tax, temporary occupancy tax. It even considers one-time infusions by selling our water rights to a private company and selling our precious open-space, neither of which can be replaced. Instead, we should reconsider the large-employer head-count tax that was first proposed on July 31, 2018 (please see the attached staff report).

By now it is obvious that Cupertino will be losing its lucrative sales-tax-sharing arrangement with Apple. The deal treats all online transactions of Apple products within California as though they happened in Cupertino. For every \$100 spent, Cupertino receives \$1 in taxes and gifts \$0.35 of it to Apple. Consequently, Cupertino allows 35 cents from all sales-taxes on Apple goods purchased online in California to be siphoned away from public good and denies point-of-sale revenues to California's other cities. This is not fair. As an example, when all California Apple stores were closed during COVID, our State's residents were given no other choice than to shop online. Cities with Apple stores were denied that sales-tax revenue and that's not fair either.

At the same time, having Apple headquartered in Cupertino, along with other large companies, has created a loss of available retail space, increased traffic, and raised the cost of housing, to name a few. For example, on April 13, a new Apple office building is being proposed in an area that is designated for ground-floor retail, which eliminates the opportunity to generate sales-tax income. On top of that, Apple is getting a massive density-bonus for the addition of a small ground-level store. Will the increase in size of this building cause an increase in employees and housing demand?

A large-employer head-count tax would mitigate these impacts. On July 31, 2018, the City Council had explored this idea, which does not appear to be on the table right now. Now is the time to reconsider the large-employer head-count tax.

Regards,
Rhoda Fry



OFFICE OF THE CITY MANAGER

CITY HALL

10300 TORRE AVENUE • CUPERTINO, CA 95014-3255

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CITY COUNCIL STAFF REPORT

Meeting: July 31, 2018

Subject

Proposed measure to restructure Cupertino's basic business license tax from a tax based on square footage to a tax based on employee count.

Recommendation

Take action to approve submission to the voters of a measure to amend the City's business license tax or defer the measure and provide further direction to staff. Council can take the following actions:

- A. (1) Adopt draft Resolution No. 18-, "A Resolution of the City Council of the City of Cupertino ordering the submission to the qualified electors of the City a measure to amend the business license tax at the Tuesday, November 6, 2018 general election called by Resolution No. 18-054, and providing for written arguments regarding the measure and directing the City Attorney to prepare an impartial analysis"; and (2) submit to voters at the November 6, 2018 General Municipal Election "An Ordinance of the people of the City of Cupertino amending Chapter 5.04 of the Cupertino Municipal Code regarding business license taxes, fees, and charges;" or
- B. Defer placing the business license tax measure to the November 2020 election and direct staff to undertake further study and continue working with stakeholders on preparing a transportation spending plan and draft business license tax measure.

Background

The City's business license tax was enacted in 1992 with minor amendments in 2001. Rates have been increased periodically based on inflation and are estimated to generate approximately \$800,000 in fiscal year (FY) 2017-18. Council requested that staff work on a proposal to restructure the City's business license tax from a square footage-based tax to an employee-based tax as part of the FY 2018-19 Work Program.

As shown in the timeline below, staff has presented information on restructuring the City's business license tax at three previous Council study sessions.

Date	Activity
<i>March 6, 2018</i>	Council adopts work plan
<i>May 23-25, 2018</i>	Public opinion poll
<i>June 5, 2018</i>	Study session – Council directs staff to develop several models for restructuring the business tax and conducting business outreach
<i>June 18, 2018</i>	Business outreach, including forum
<i>June 19, 2018</i>	Study session – Council directs staff to prepare sample resolution and ordinance for November 2019
<i>July 3, 2018</i>	Study session - Council directs staff to prepare draft resolution and ordinance for November 2018 election and conduct additional outreach

Discussion

Per Council direction at the July 3, 2018 study session, staff has refined business tax models previously presented to Council to generate proposed revenue targets, prepared a draft resolution placing the business tax measure on the November 6, 2018 ballot, prepared a draft ordinance, drafted a sample resolution for spending priorities, engaged in community and business outreach, and conducted community polls to test the ballot language.

Business Tax Models

Based on Council direction, staff prepared two tax models estimated to generate \$8 million and \$10 million in revenue. As previously presented, the models protect small and medium size businesses from the impacts of a per employee tax rate with businesses paying a flat fee for the first 99 employees. The employee tax rate progressively increases as the number of employees increase. The effective tax rate summarizes the total estimated business tax by total estimated number of employees.

Model 1: Per Employee Rates Up to \$325							
Employee Range	# of Businesses	% of Businesses in Tier	Estimated # Employees	Base Rate	Employee Rate	Total BL Tax	Effective Tax Rate
1-9	3,128	89.4%	3,400	\$150	\$ -	\$ 469,200	
10-49	300	8.6%	4,000	\$250	\$ -	\$ 75,000	
50-99	40	1.1%	2,400	\$500	\$ -	\$ 20,000	
100-249	25	0.7%	3,300	\$500	\$ 50	\$ 53,750	\$ 16
250-499	5	0.1%	1,300	\$500	\$ 100	\$ 45,250	\$ 35
500-999	1	0.0%	600	\$500	\$ 175	\$ 50,525	\$ 84
1,000-4,999		0.0%		\$500	\$ 250	\$ -	
5,000+	1	0.0%	24,000	\$500	\$ 325	\$ 7,295,250	\$ 304
Total	3,500	100.0%	39,000			\$ 8,008,975	

Model 2: Per Employee Rates Up to \$425							
Employee Range	# of Businesses	% of Businesses in Tier	Estimated # Employees	Base Rate	Employee Rate	Total BL Tax	Effective Tax Rate
1-9	3,128	89.4%	3,400	\$150	\$ -	\$ 469,200	
10-49	300	8.6%	4,000	\$500	\$ -	\$ 150,000	
50-99	40	1.1%	2,400	\$500	\$ -	\$ 20,000	
100-249	25	0.7%	3,300	\$500	\$ 50	\$ 53,750	\$ 16
250-499	5	0.1%	1,300	\$500	\$ 100	\$ 45,250	\$ 35
500-999	1	0.0%	600	\$500	\$ 200	\$ 53,050	\$ 88
1,000-4,999		0.0%		\$500	\$ 300	\$ -	
5,000+	1	0.0%	24,000	\$500	\$ 425	\$ 9,407,775	\$ 392
Total	3,500	100.0%	39,000			\$10,199,025	

Draft Resolution

Staff worked with outside counsel and the City Attorney's Office to draft a resolution adding a measure to amend the business license tax on the November 6, 2018 election (Attachment A). The ballot question was drafted in consultation with the Council's ad-hoc committee (Council Member Steven Scharf and Council Member Barry Chang), however, no consensus was reached. The committee recommended two ballot questions for Council consideration:

- A. Shall the measure to fund priorities such as infrastructure to reduce traffic congestion in Cupertino by imposing a yearly general business license tax of \$150 to \$500 per business, plus a progressively increasing per-employee rate of \$50 (100+ employees) to \$425 (5,000+ employees), replacing the existing square footage-based business license tax, raising about \$10 million yearly for general fund purposes, effective until voters amend or appeal it, with annual audits, be adopted?
- B. Shall the measure to fund priorities such as infrastructure to reduce traffic congestion in Cupertino by imposing a yearly business license tax of \$8 to \$392 per employee, on average, with larger companies paying more per employee, replacing the existing square footage-based business license tax with no changes to provisions for particular businesses taxes, generating about \$10 million yearly for general fund purposes, until ended by voters, with independent yearly audits, be adopted?

Option A explains the proposed tax structure, whereas option B focuses on the effective per-employee rate of the overall tax. Both questions are legally acceptable. Outside legal

counsel recommended option B, which is most similar to Mountain View's ballot question, however polling revealed that option A may be slightly more successful. For this reason, staff included the option A language in the draft resolution.

Draft Ordinance

The draft ordinance (Attachment B) is modeled after Mountain View's proposed measure. However, staff retained some provisions from our current business license tax code. Below is a summary of the key provisions of the draft ordinance:

- Replaces the "basic license" currently calculated based on square footage with one based on employee-count
- Proposes the Model 2 structure that generates approximately \$10 million per year with an effective per employee tax rate of \$17 to \$392 for businesses with 100 or more employees (basic license only).
- Retains rates for specified business, including auctioneers, amusement centers, apartments, coin operated devices, concerts/circuses/performances, contractors, home occupations, hotels/motels/lodging houses, lumberyards/materials yard/junkyards/nurseries, mobile vendors, private schools, rest/care homes/childcare centers, seasonal lot sales, solicitors, taxicabs, and theatres/shows.
- Maintains a reduced rate for small income business with gross receipts of \$1,000-\$5,000 of \$75 (or half the flat rate fee for businesses with 1-10 employees). Businesses with less than \$1,000 in gross receipts are exempt from the business license fee.
- Requires out-of-town businesses pay the same incremental tax rate based on number of employees, but prorated based on the average number of days working in the City in a calendar year (similar to San Jose).
- Authorizes Council to adjust the tax for CPI increases, subject to the annual fee resolution.
- Makes tax effective in 2020 for the smaller businesses subject to the flat "registration fee" with larger companies phased in from 2020 to 2022.

New provisions not currently included in the City's business license tax ordinance were included based on best practices from Mountain View's model ordinance:

- Allows for the Council to establish business license application and renewal fees to recover the cost of processing business licenses as part of the annual adoption of the City fee schedule.
- Includes a disturbance response charge for any disturbance which is directly or indirectly caused by a violation of business license provisions.

- Allows City to deny or suspend a business license for criminal convictions related to the business, felony convictions, and convictions for acts involving dishonesty, fraud, or deceit.

The draft ordinance currently does not include a sunset provision, which is similar to Mountain View's measure.

Spending Priorities

Council requested information on a resolution that would signal to voters the Council's commitment to use the revenue generated from the measure for transportation purposes. Staff has included a sample resolution (Attachment D) that could serve this purpose. Mountain View is using this approach for their ballot measure. However, it should be noted that such resolutions are not binding and spending priorities could be changed by subsequent Councils.

Business Outreach

Given the limited timeframe, staff targeted business outreach to the Cupertino Chamber of Commerce and the approximately 30 businesses that would likely be impacted by the restructuring. Email messages explaining the possibility of a business license tax restructuring and its implications to local businesses were sent to larger employers including Apple, Seagate, The Forum at San Antonio, Kaiser, Target, Whole Foods, and the California Restaurant Association (CRA). The email message requested an opportunity to meet one-on-one for a briefing on the issue. Phone messages were also left for store managers of Safeway and Ranch 99 who do not have a working email on file. Follow-up calls were made to and messages left for these larger employers who did not send representatives to the Business Forum event on Monday, June 18, 2018 with a request to meet in person or via conference call.

A second Business License Tax Forum was held on Tuesday, July 24 from 9:30am-11:00am at Cupertino Community Hall. The Business License Tax Forum was promoted in the City's Economic Development Business Buzz electronic newsletter issued on July 23, 2018. Invitation emails were sent to property managers of Nineteen800, The Marketplace, Main Street, Homestead Square, and the Cupertino Chamber of Commerce, and CRA inviting their tenants and members to attend and provide their input. Forum flyers were distributed at the Chamber's July 13, 2018 Legislative Action Committee Meeting.

At both Business Forums, attendees expressed that they believe it is a rushed process. They would like more time for the City to meaningfully engage with stakeholders (businesses and residents) in order to identify and discuss the best possible business tax structure to fund transportation projects. They voiced that there must be a clear link

between the tax revenues raised and the intended projects. Additionally, the attendees felt regional transportation projects would be most effective in addressing the area's transportation issues.

Staff also engaged one-on-one with the City's largest employer and business groups, and has a scheduled meeting with the City's second largest employer. Based on one-on-one conversations with these business leaders, including the Chamber of Commerce, there is a recognition that traffic is a significant issue affecting both residents and businesses. However, there continues to be concern that this measure does not provide a spending plan that clearly articulates how this measure would provide a solution to traffic congestion. They recommend that Council consider partnering with the business community to study potential solutions to traffic congestion instead of pursuing the proposed business license tax measure.

The Cupertino Chamber of Commerce has committed to partnering with the City to explore transportation solutions and has begun meeting with staff on a weekly basis. An Apple representative has also been in attendance and expressed support for such a collaborative approach, but the company has not yet committed to a partnership. Both the Chamber and Apple have expressed deep concern with the short timeline and limited dialogue regarding a restructured business license tax. They would like more time to explore transportation solutions and funding options with the City and are requesting that Council consider delaying the proposed measure to 2020 if alternative funding cannot be secured.

Community Outreach

To provide information on the proposed business license tax measure, staff created a webpage on the City's website (www.cupertino.org/businessstax) with background information for residents and businesses interested in the issue.

In addition, staff used Open City Hall to conduct a short survey on support for an employee-based business tax and funding preferences, which was promoted through Nextdoor and our BizBuzz Newsletter. The survey had over 85 responses. The vast majority of respondents reported that they live and/or work in Cupertino, however, only about half are registered users that have been verified by the platform. It's important to note that Open Town Hall survey is a self-selected survey and not a scientific poll that is statistically valid.

Among registered respondents, nearly 43% of respondents in the Open City Hall survey expressed support for a restructured business license tax with 49% opposed and 8% undecided. Including both registered and non-registered respondents, support for the

measure was only 38% with 56% opposed. Support for enhancing pedestrian/cyclist safety, local community shuttle, and improving mass transit in the West Valley all received 35-37% support.

Scientific Voter Polling

Staff also conducted three scientific polls with a third-party polling firm, Voxolca. In May, nearly 71% of likely November voters said they would support an increase in the business license tax with large business paying more than small businesses. The poll also showed 63% support for an increase in the business license tax for general purposes. However, when polled on the specific ballot questions in July, support eroded.

Voxolca conducted two polls of 300 likely November voters testing the two ballot question options the week of July 16-23, 2018 (Attachment E). In addition to a ballot question, the polls presented two arguments for and two arguments against the measure to determine the impact of messaging on support for the measure. Respondents were also asked what the most important factor was in considering the proposed business license tax measure.

Overall, the polling results show less support for this specific proposal compared to initial polling results. Both polls show initial support of 49% with 7-8% undecided. After presenting arguments for and against the measure, support increased to 51% in one poll and 55% in the other. Respondents indicated that the most important factor in considering the ballot measure was a well-designed spending plan and long-term stability and growth.

While a solid majority of respondents believe that it is fair for businesses to pay more to fund transportation improvements in Cupertino, a super majority agree with the “blank check” argument that this is a general tax measure with no transit solution. Given these polling results, staff is not confident that the proposed measure would be successful if placed on the November 2018 ballot.

Implementation Considerations

Implementing a revised ordinance will require some internal analysis of business license processing related to the City’s current business license application as well as the policies and procedures regarding the administration and collection of business license taxes and processing fees, respectively.

Additional resources will be vital in order to remain operationally efficient and compliant as we transition to a new collection structure. If the measure is implemented, the new

collection structure will require additional staffing and/or outside consultant support to ensure compliance with the new fees. Most significantly, the number of employees (full-time and part-time) will need to be obtained and recorded, information which has never been requested of applicants. Upon receiving head-count information from applicants, staff will need to verify this information via form DE-9C, submitted to the Employment Development Department. Ongoing staffing and/or consultant help may be required to monitor and ensure that all business are in compliance with the City's new business license fees.

Additionally, there will be a financial and staffing cost to reconfigure, adjust, and test the City's enterprise system from a fee based on square footage to a fee based on employee count, which is anticipated to take at least six months' time. Staff will also need 6-12 months to notify businesses of the change.

Staff Recommendation

Options for Council to consider, include:

1. Approving the draft resolution and draft ordinance to place the measure on the ballot for November 2018, authorize the subcommittee to prepare arguments and rebuttals for the proposal, and consider adopting a resolution on spending priorities at a future meeting.
2. Defer placing the measure on the ballot until 2020 and direct staff to continue working with business partners, including the Chamber of Commerce, on transportation solutions with the goal of developing a spending and funding plan by December 2019. This timeline would allow for more robust community and business engagement for a potential revenue measure in November 2020, if alternative funding is not identified.

Given that polling data does not show a clear majority of residents would support the proposal currently being considered by Council and the business community has been unsupportive for moving forward in November 2018, staff recommends that Council consider deferring the ballot measure to 2020. This would give staff time to meaningfully engage with all stakeholders to develop an infrastructure spending plan and work with the Chamber of Commerce and large businesses to consider a partnership for alternative funding, while working on the restructuring of the business license tax.

A November 2020 target, would also provide staff with ample time to prepare an internal transition plan and external communication plan. This may shorten the lead time needed to implement the tax and still allow full implementation by 2022, instead of the proposed phase in starting in 2020 with full implementation in 2022.

Sustainability Impact

To the extent that revenue measures support transportation infrastructure that reduces single vehicle miles traveled in Cupertino, there would be a reduction in greenhouse gases.

Fiscal Impact

If approved by voters, the proposed business license tax measure could increase revenues by millions of dollars and provide a consistent source of revenue for infrastructure projects. However, it is also anticipated that additional staffing, consultant, and system reconfiguration costs will be incurred to implement and monitor the new fee structure. The two business license models proposed will be more than adequate to support the additional resources required.

Prepared by: Jaqui Guzmán, Deputy City Manager

Reviewed by: Aarti Shrivastava, Assistant City Manager

Approved for Submission by: Amy Chan, Interim City Manager

Attachments:

- A – Draft resolution
- B – Draft ordinance
- C – Redlined draft ordinance
- D – Sample resolution on spending priorities
- E – Scientific voter polls

From: [Rhoda Fry](#)
To: [City Clerk](#)
Cc: [Kristina Alfaro](#); [Thomas Leung](#)
Subject: Public Comment 4/13 Agenda Item #6 budget shortfall
Date: Tuesday, April 11, 2023 8:14:48 AM
Attachments: [Budget Shortfall 4-13-23 City Council item 6.pdf](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear City Clerk,

Please include the text of the attachment for Public Comment 4/13 Agenda Item #6 budget shortfall

Thanks,

Rhoda Fry

PLEASE INCLUDE THE TEXT OF THIS ATTACHMENT IN WRITTEN COMMUNICATIONS
 RE: 4/13/2023 Agenda #6 **CDTFA Audit - Questions, Comments, & Revenue Generation and Savings Ideas**
 From: Rhoda Fry (40-year resident, recipient of 2022 CREST award for public safety)

Dear City Council, City Clerk, Finance Team,

1. When in March did the City get the call from CDTFA? City Council has been asked to make various financial commitments, even though the staff knew that the CDTFA audit was coming in December 2021 (and finally revealed it in May 2023). We only learned how bad it was on April 4 during oral communications when the Shakespeare in the Park organization announced the risk of cancellation by the Parks Dept. on March 30.

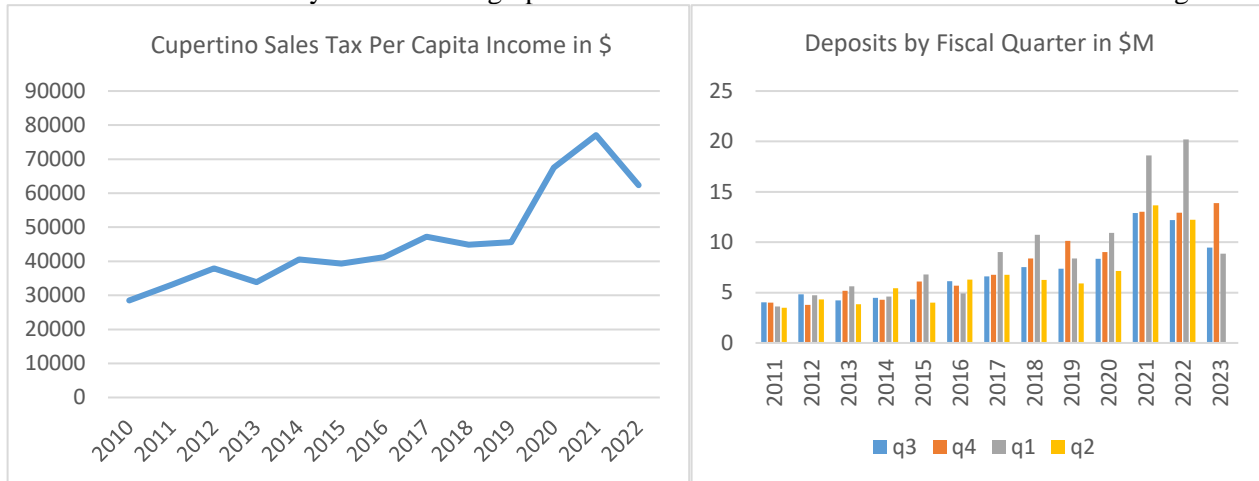
2. What is the status of the Apple (and Insight) tax-sharing agreement?

Excerpt of Apple Agreement (emphasis added)

If, for any fiscal year during the term covered by this Agreement, new local tax revenue exceeds Two Hundred Fifty Thousand Dollars (\$250,000), then Consultant shall receive the sum of Sixty Two Thousand Five Hundred Dollars (\$62,500) plus an amount equal to thirty-five percent (35%) of all such new local tax revenue in excess of Two Hundred Fifty Thousand Dollars (\$250,000).” The Tax Consulting Agreement shall also include provisions that require payments, refunds and deposits into escrow so that the compensation paid by the City thereunder shall accurately reflect the tax revenues allocated to and retained by the City. Apple represents that it has not entered into a tax consulting agreement, similar to the existing Tax Consulting Agreement, with any other city and/or county in California, and Apple agrees not to do so during the term of this Agreement. The amendment to the Tax Consulting Agreement shall be effective no later than thirty-one (31) days after the expiration of all applicable challenge periods to the Project Approvals, without the filing of litigation. **Apple will assist City at Apple’s sole expense in defending against any administrative proceedings instituted by the State Board of Equalization relating to whether the City is the proper point-of-sale location.**

cupertino.granicus.com/MetaViewer.php?view_id=18&clip_id=1551&meta_id=85282

3. How did staff arrive at the 73% reduction in sales/use tax calculation? Also, this is 73% reduction of what number? One would expect an asynchronous relationship between sales outside of Cupertino for Apple/Insight products and general sales within Cupertino. Notice how sales/use tax income has varied greatly and increased substantially in 2020. The graphs below were created from data extracted from cdtfa.gov.



4. When will we know whether the City will have to pay back revenues already received? Can staff please create a chart that illustrates the worst case scenario of pay backs?

5. If there are pay backs, will Apple and Insight refund their 35% share that the City paid them?

You can learn more about tax-sharing agreements by reading these articles:

- [bloomberg.com/news/features/2023-02-23/e-commerce-sales-tax-deals-flow-to-only-some-california-cities](https://www.bloomberg.com/news/features/2023-02-23/e-commerce-sales-tax-deals-flow-to-only-some-california-cities)
- [news.bloombergtax.com/daily-tax-report-state/apple-taps-covid-shopping-boom-for-record-tax-haul-in-hometown](https://www.bloombergtax.com/daily-tax-report-state/apple-taps-covid-shopping-boom-for-record-tax-haul-in-hometown)
- [news.bloombergtax.com/daily-tax-report-state/apples-hometown-pays-70-million-and-counting-to-keep-hq](https://www.bloombergtax.com/daily-tax-report-state/apples-hometown-pays-70-million-and-counting-to-keep-hq)
- [news.bloomberglaw.com/daily-tax-report-state/apples-22-year-tax-break-part-of-billions-in-california-bounty](https://www.bloomberglaw.com/daily-tax-report-state/apples-22-year-tax-break-part-of-billions-in-california-bounty)

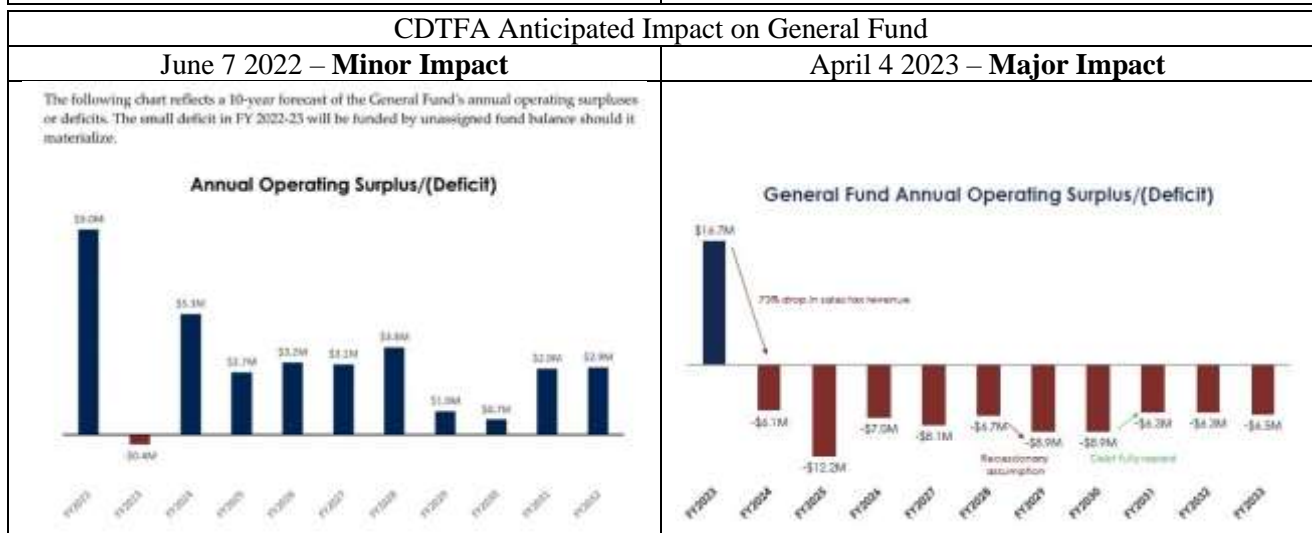
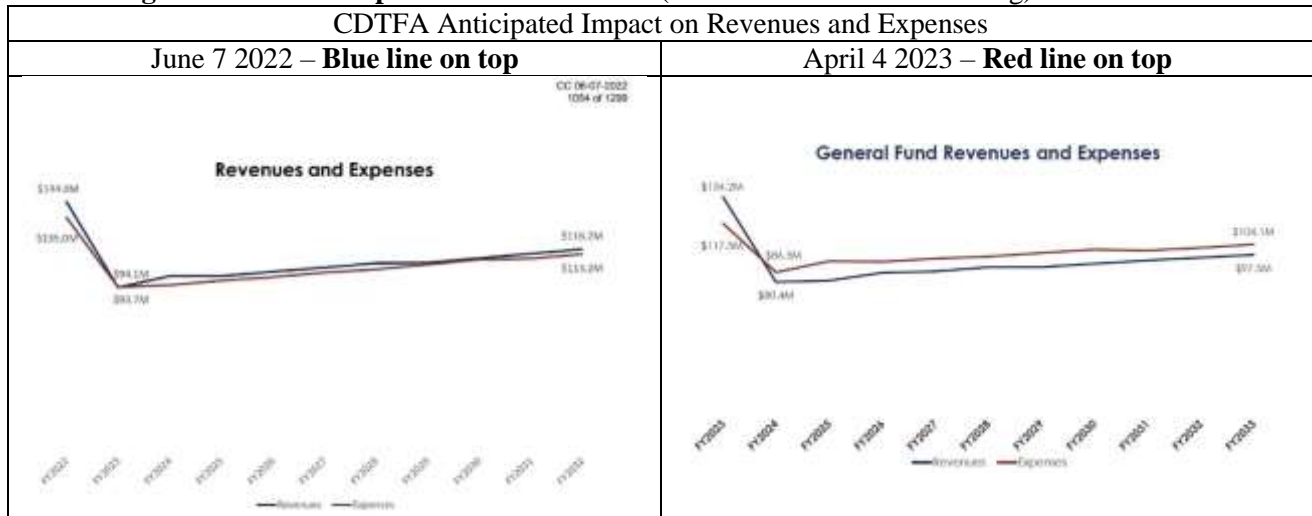
6. What has the City done to dispute the CDTFA audit?

7. What is the reason for the significant decline in sales/use tax revenue in calendar quarters Q4 2022 and Q1 2023 and what are those projections? We will not know what the true-up (reconciliation of estimates vs actual) for Q1 until May 24, 2023.

8. Please explain more about the County tax pool and how it worked in the past and how it will work in the future? How is it connected with the audit? The tax share had been 7.6% (5/21/2019 council packet page 278).

9. Regarding staffing payroll, how competitive are Cupertino salaries as compared with neighboring cities? If we cut pay, are we at risk of losing our most experienced employees? How do the wage-reduction strategies compare with what was proposed in August 2022? (See the 23rd page, Expenditure Reduction Strategies) The 8/16/2022 City Council Agenda Packet (page 1175) predicted a potential salary impact due to the CDTFA audit; it is unclear as to how this statement maps onto the slide presentation: Effective the first full pay period after July 1, 2022, a 5.0% salary increase will be added to the salary range of each classification in this bargaining unit. The parties further agree to reopen wage negotiations for FY23-24 and FY24-25 upon the California Department of Tax and Fee Administration's (CDTFA) completion of the sales tax review, but in no event later than March 1, 2023. The union may propose changes to salary steps, deferred compensation and special skills compensation as part of the wage reopener discussion.

10. The June 7 2022 final budget shows impacts of the CDTFA audit; these slides were not shown again in subsequent budget discussions (agenda item #38 Staff Report page 8). Other predictions were provided on 05/17/2022, shown later in this document. Why are the April 2023 impacts different? Please also create new slides that go back to 2013 to provide better context (as has been done with staffing).



11. **What is being done to make sure that we have the right jobs filled and less critical jobs reduced?** With respect to staffing levels, freezing vacant positions might not get us the right mix of staffing needs.
12. **Will this situation affect our bond rating? How is the bond rating determined?**
13. **On the 19th page, Fund Balance Impacts, why isn't the Economic Uncertainty Reserve being used?**
14. **On the 19th page, is the suggestion to borrow or to appropriate the Section 115 Pension Trust?**
15. **On the 19th page, use (or non-use) of the OPEB trust is not mentioned but it is on the 21st page, Budget Balancing Strategies. Why?**
16. **No assets should be sold aside from Byrne.** The Byrne house had been well-maintained. Since the City purchased it, it has been vacant and is causing blight in the neighborhood. It should be sold. We cannot replace open space, our water, or even easily replace the City annex building.

REVENUE GENERATION IDEAS

1. Institute a large-company head-count tax as had been previously proposed at City Council July 31, 2018 agenda item #5: Proposed measure to restructure Cupertino's basic business license tax from a tax based on square footage to a tax based on employee count.
cupertino.legistar.com/LegislationDetail.aspx?ID=6034631&GUID=D5F90545-7ACB-43C8-9C52-A230702D6E15&Options=&Search=
2. Attract high sales-tax generating businesses to Cupertino.
3. Increase room rental fees and only 501c3 organizations get reduced rates (not membership organizations).
4. Ensure that all subcontractors have current business licenses (as other cities do)
5. Reduce/eliminate subsidies on festivals run by organizations that profit from them (note Ikebana does not make money). Work on public/private support strategies for July 4 fireworks, Shakespeare, etc....
6. Create a grass-roots "Buy-Cupertino" initiative – put on website and newsletter

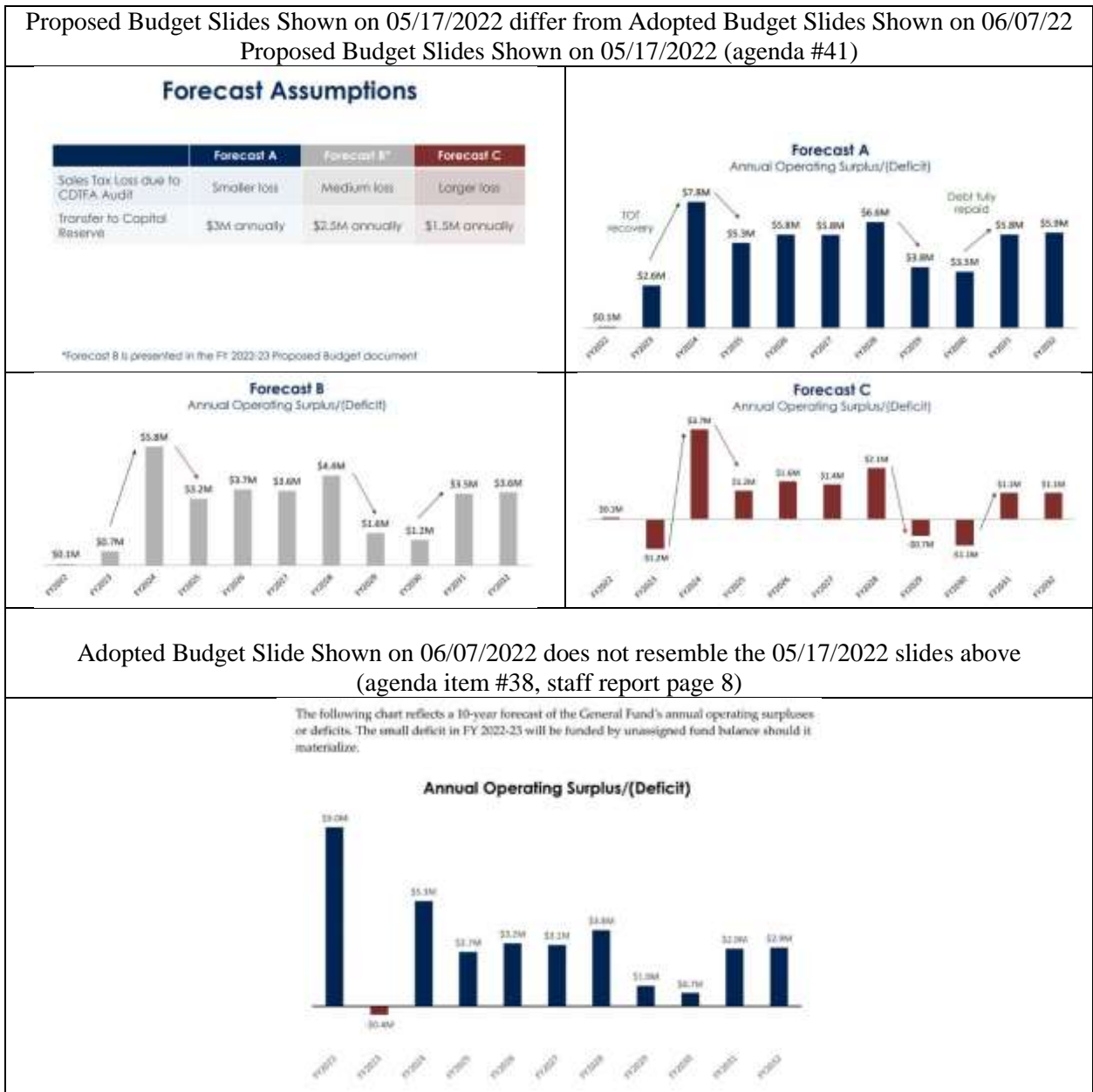
SAVINGS IDEAS

1. Consider CIPs or ongoing contracts that can be removed/modified
2. Lower thresholds on expenses to be approved without City Council approval
3. Restore Audit Committee to monthly
4. Make sure that expenses are assigned to the proper budget line items (too many items are being assigned to the General Fund)
5. Track amenities that run like businesses such as the Senior Center and Blackberry Farm pool/picnic (these were previously tracked as enterprise funds and are no more - - - and by the way, money was taken out of the Golf fund that should not have been, such as numerous studies) and make appropriate adjustments of fees
6. Increase non-resident fees (and resident fees) – that and others can be done pre-emptively before the Matrix report becomes available
7. Does the Parks and Rec catalog need to be mailed to all residents – can a postcard be sent out to mention that it is available online? At least offer an opt-out for the catalog and send only postcard reminder.
8. Stop replacing vehicles so quickly (I had my car for 27 years until it was totaled last year in a head-on accident while I was stopped at a stop sign).

HISTORICAL CONTEXT

- 12/??/21: City staff first becomes aware of the CDTFA audit by letter
- 01/03/2022: City Manager Jim Throop installed as City Manager
- 03/20/2022: Staff salary negotiations (would the outcome have been different had we been notified?)

- 05/??/2022: Second letter received by City staff regarding the CDTFA audit
- 05/17/2022: In the City Council Proposed Budget (agenda item #41), Council was finally made aware of the CDTFA audit. Only the medium impact (Forecast B) is shown. Staff salaries and health benefits are up by 5% and 7%, respectively. **The Proposed Budget slides on 5/17/2022 do not resemble the Adopted Budget slides on 06/07/2022. And now, the CDTFA audit prediction outlook is again different. Why?**



- 06/21/2022: City Manager Jim Throop resigns. In the FY 2022-23 Budget at a Glance, he stated: The City is currently in the midst of a sales tax audit by the California Department of Tax and Fee Administration (CDTFA). The impact of this audit is unknown but it has the potential to have a significant impact on the City's sales tax revenue. Once more information is known, staff will provide updates to City Council. The proposed budget does take into consideration a potential reduction in sales tax revenue, as the City does take a conservative stance in financial matters . . . **Our City has a strong financial foundation to build upon for the successful future of Cupertino. And it will be more incredible than any of us can possibly imagine.** Jim Throop, City Manager
 link: cupertino.org/our-city/departments/finance/budget-at-a-glance#:~:text=The%20City%20is%20on%20solid,funded%20by%20%24130%2C244%2C157%20in%20revenue.

- 11/15/2022 City Council Agenda Packet (page 599): Due to the uncertainty around a California Department of Tax and Fee Administration (CDTFA) sales tax audit of one of the City's taxpayers, City staff is not recommending any transfers to reserves currently. The impact of this audit is unknown but has the potential to significantly affect the City's sales tax revenues. Staff anticipates bringing recommendations on the use of fund balance to the City Council at mid-year in March 2023 once more information regarding the sales tax audit is available. The Financial Report (item #23) does not show the CDTFA audit impact that was predicted in May and June and does not mention potential impact on employee salaries.
- 12/13/2022 The staff report mentions an Administrative Key Project that will: Lead, plan, and strategize impacts of California Department of Tax and Fee Administration (CDTFA) audit. **Where is that project?**
- 02/08/23 Councilmember Chao requests a future agenda item: Fee Administration (CDTFA) and upcoming legislation. This idea is deferred. (City Council packet page 44).
- 02/21/2023 The City Hall Subcommittee reports back that the CDTFA Audit has the potential for short- and long-term funding impacts. (City Council Agenda item #5 page 3).
- 03/7/2023 City Council Agenda Packet (pages 33 and 34): As of mid-year, all priority areas have been fully funded. Per the City's Fund Balance policy, it has been the City's practice to recommend the transfer of unassigned fund policy, it has been the City's practice to recommend the transfer of unassigned fund recommending the use of unassigned fund balance at mid-year due to the uncertainty recommending the use of unassigned fund balance at mid-year due to the uncertainty Department of Tax and Fee Administration (CDTFA). While the impact of this audit is unknown, it has the potential to significantly affect the City's sales tax revenues.
records.cupertino.org/WebLink/DocView.aspx?id=1012592&page=34&dbid=0&repo=CityofCupertino&searchid=e2b5033f-8c39-40d4-83db-d0d488fa0243
 Mid-Year Financial Report: Shows sales tax income down by 28% between mid-year 2022 and mid-year 2023 and other reductions (TOT is up). Staff does not make any recommendations as to appropriations or revenues at mid-year. The City will continue to monitor its expenditure and revenue trends. There is mention of a staffing addition for a limited-term special project executive (did this happen?) A slide mentions a CDTFA audit update but there is no further detail.
- 03/??/2023 City staff receives a phone call about the CDTFA audit from the State.
- 04/04/2023 City Council Oral Communications - Residents mention zero sales tax income for February and concerns about CDTFA audit. Shakespeare in the Park executive director reports potential cancellation by Parks and Rec due to lack of funds.
- 04/13/2023 City Council Agenda #6 Catastrophic change in budget outlook due to CDTFA audit and City Council Closed Session 54957.6 Conference with labor negotiators.

From: [Peggy Griffin](#)
To: [City Council](#)
Cc: [City Clerk](#)
Subject: 2023-04-13 City Council Mtg-ITEM6 FY 2023-24 Budget Forecast - CIP and WORK PLAN ITEMS
Date: Tuesday, April 11, 2023 11:23:07 PM
Attachments: [CC 02-21-23 Item #1 City Hall Renovation Responses to Councilmember Questions Attachment CIP Projects List.pdf](#)
[P16of29 2023-03-01 Presentation Work Plan-existing funding Qtr2 FY 22-23.pdf](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

PLEASE INCLUDE THIS EMAIL AND BOTH ATTACHMENTS AS PART OF WRITTEN COMMUNICATION FOR THE 4-13-2023 CITY COUNCIL MEETING, AGENDA ITEM #6 FY 2023-24 BUDGET FORECAST.

Dear City Council,

I've attached the following 2 documents I thought might be helpful to you:

- latest CIP Projects list provided in the 2-21-2023 Written Communications
- Work Plan Items as of FY 2022-23 Qtr2. City Manager Wu stated Qtr3 would be on the website at the end of April 2023.

As you can see, there are several big ticket items that can be postponed or significantly reduced in scope to help mitigate this budget situation.

- Do a complete review of all CIP and Work Plan projects
- Projects can be brought to a close/postpone state.
- **Q: What contracts can be paused, discontinued or not signed?**
- Stop the subsidies, fee waivers, free use of facilities all over the city
- Lower the contract approval amount for staff.
- Lower/significantly reduce the spending accounts/contingency accounts.
- Add an opt in for electronic receipt of the Parks and Rec brochures and the Cupertino Scene to reduce printing costs. Use cheaper paper.

REQUEST: DO NOT SELL ASSETS, except the Byrne property. It does not solve the problem of living within our means. Solve the problem! Every bit of savings helps.

You are all bright, creative people. PLEASE work together on this. You each bring skills to the table.

Peggy Griffin

ATTACHMENT A

List of Proposed FY22-23 CIP Projects

PROJECT TITLE	PROJECT TYPE/ COMMISSION	PROJECT DESCRIPTION	FY22-23 budget	FY24-27 (w/o escalation)
CATEGORY 1 - NEW PROJECTS - FISCAL YEAR 2022 -2023				
Blackberry Farms Pools Splash Pad	Parks & Recreation	Design and construct a splash pad to replace the slide feature at the Blackberry Farm Pools.	\$ 500,000	
City Hall Renovation/ Replacement and Library Parking Garage: Design and Construction	Facilities	The full project includes Construction of both buildings, but the proposal for this fiscal year includes only the design and consulting services for the Library Parking Garage, and Conceptual Design services for the City Hall project. Phasing the work will address Civic Center parking needs first, with a completed evaluation and decision on options for City Hall Renovation/ Replacement to be prepared for discussion in early 2023 in advance of the next CIP budget cycle. The City Hall scope which includes structural upgrades, renovation of mechanical/ electrical and life-safety infrastructure, improvements to workplace and accessibility, and purposeful construction of the emergency operations center (EOC). The Library Parking garage will be a 3-story above-ground structure in the SE corner of the existing parking lot.	\$ 4,000,000	\$75.6M
City Lighting - LED Lighting	Streets & Grounds	Implement the transition of City's streetlight infrastructure from induction and other fixtures to LED fixtures to meet the "Dark Sky" Ordinance requirements and reduce light pollution and energy cost.	\$ 1,300,000	
De Anza Boulevard Buffered Bike Lanes	Transportation/ Bike & Ped	Restripe De Anza Blvd to include a painted buffered zone between the existing bike lane and the vehicle lanes.	\$ 525,000	
Jollyman All Inclusive Play Area: Adult-Assistive Bathroom Facilities	Parks & Recreation	Design and construct a new adult-assistive bathroom facility adjacent to the All-Inclusive Play Area.	\$ 850,000	
Major Recreation Facilities: Use and Market Analysis	Parks & Recreation	Commission a report to study the possible locations for new major recreation facilities: Aquatic, Fine Arts/ Performance and/or Recreation Facilities. Existing recreational and arts facilities, both public and private, will be reviewed and a recommendation based on need, available locations, and financial investments required. The Market Analysis and Business Plan will be the first phase in the potential development of additional recreation facilities in the City.	\$ 350,000	
Stockmeir, Bryne and Blesch: Inspection Reports and Analysis	Facilities	Instigate property inspection reports and work with outside consultants to develop initial use and business strategies appropriate for the three residential properties owned by the City.	\$ 50,000	

ATTACHMENT A

List of Proposed FY22-23 CIP Projects

PROJECT TITLE	PROJECT TYPE/ COMMISSION	PROJECT DESCRIPTION	FY22-23 budget	FY24-27 (w/o escalation)
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CATEGORY 1 - NEW PROJECTS FOR CONSIDERATION - FISCAL YEARS 2023 - 2027

ADA 2015 report Update/Dashboard	Facilities	Update the findings of the 2015 ADA self evaluation report.		\$ 200,000
Blackberry Farms Golf Course Improvements	Parks & Recreation	BBF Golf Course Use feasibility Study is currently underway. This project proposes to secure funding for the outcome of that Study, to continue the work as directed by City Council and the Community.		\$ 2,500,000
Stevens Creek Blvd Separated Bikeway, Phase 3 - Design	Transportation/ Bike & Ped	Construct a separated Class IV bike lane along Stevens Creek Blvd, between Highway 85 and Foothill Blvd. The scope is for design funding only.		\$ 225,000
Regnart Road Improvements: Ph. 3 - 6	Streets & Grounds	This project continues the stabilization efforts along Regnart Road and compliments the 2017 Outfall Repair and Slope Stabilization project and the Retaining wall project. The 2017 Regnart Road Slope Stability Study identified several areas along Regnart Road that exhibit poor drainage characteristics, slope stability concerns that require partial road reconstruction in order to avoid costly road or slope failures and lengthy road closures. Proposed improvements include additional drainage structures, regrading/repaving the road to drain towards the creek, slope stabilization and erosion control measures and retaining walls.		\$ 2,200,000
Bollinger Road Bike Improvements	Transportation/ Bike & Ped	Implement improvements as proposed in the 2021 Bollinger Road Corridor Safety Study.		\$ 1,500,000
Carmen Road Bridge - Design	Transportation/ Bike & Ped	Design a bicycle/pedestrian bridge across Stevens Creek Blvd at Carmen Road.		\$ 750,000
Carmen Road Bridge - Construction	Transportation/ Bike & Ped	Construct a bicycle pedestrian bridge across Stevens Creek Blvd at Carmen Road.		\$ 4,500,000
Don Burnett Bridge LED Lighting Upgrade	Streets & Grounds	Upgrade the existing 16 architectural light fixtures to LED.		\$ 150,000
Memorial Park Softball Field LED Lighting Upgrade	Streets & Grounds	Upgrade the existing 38 light fixtures to LED. Existing light fixtures are 4K 1000W Metal Halide bulbs.		\$ 150,000
Blackberry Farm Bocce Ball Shade Structure	Parks & Recreation	Design and construct a new shade structure over the player areas at the Blackberry Farm Bocce Ball Courts.		\$ 125,000
Linda Vista Park Picnic Area Shade Structure	Parks & Recreation	Design and construct a shade structure over the barbecue in the picnic area at Linda Vista Park.		\$ 125,000
Portal Park Picnic Area Shade Structure	Parks & Recreation	Design and construct a shade structure over the barbecue in the picnic area at Portal Park.		\$ 125,000

ATTACHMENT A
List of Proposed FY22-23 CIP Projects

PROJECT TITLE	PROJECT TYPE/ COMMISSION	PROJECT DESCRIPTION	FY22-23 budget	FY24-27 (w/o escalation)
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CATEGORY 1 - NEW PROJECTS FOR CONSIDERATION - FISCAL YEARS 2023 - 2027

Jollyman Park Dog Off-Leash Area (DOLA) Pathway	Parks & Recreation	Design and construct a paved pathway to provide access to the DOLA at Jollyman Park along the south side of the park.		\$ 111,000
QCC skylight renovation	Facilities	Replace the aging skylight with like panels and frame.		\$ 350,000
Memorial Park - Design & Construction	Parks & Recreation	Design and Construction project[s] resulting from FY22-23 Specific Design project		TBD
Lawrence Mitty Park - Design & Construction	Parks & Recreation	Design and Construction project[s] resulting from FY22-23 Master Plan project		TBD
Community Hall Improvements	Facilities	Design and Construction project[s] resulting from IT/AV operational upgrades required		TBD
Major Facilities [Results] - Programming and Design	Parks & Recreation	Major project result from the Fy22-23 study		TBD

CATEGORY 2 - EXISTING PROJECTS - MULTI-YEAR FUNDING

ADA Improvements	Facilities	This is an ongoing program funded annually to improve accessibility at all public facilities throughout the City.	\$ 95,000	\$ 100,000
Annual Playground Replacement (FY22-23: Creekside Tot Lot)	Parks & Recreation	Replacement of older playground equipment that is dated and worn, starting with Creekside (1998) and Varian (2002) (Year 3 of 5)	\$ 300,000	\$ 300,000
Park Amenity Improvements	Parks & Recreation	Funding for various park amenities such as benches, hydration stations, outdoor table tennis, cornhole, shade (structures and/or trees), dog-off-leash, pickleball striping, etc. (Year 3 of 5)	\$ 200,000	\$ 200,000
Street Light Installation - Annual Infill	Streets & Grounds	This is an ongoing program funded annually to Sesign and install street lights on an as-needed basis.	\$ 75,000	\$ 75,000

Existing City Work Program



City Work Program Second Quarter FY 22-23

Project Status:
 Project Department:
 Commission / Committee:
 Project Category:
 FY:

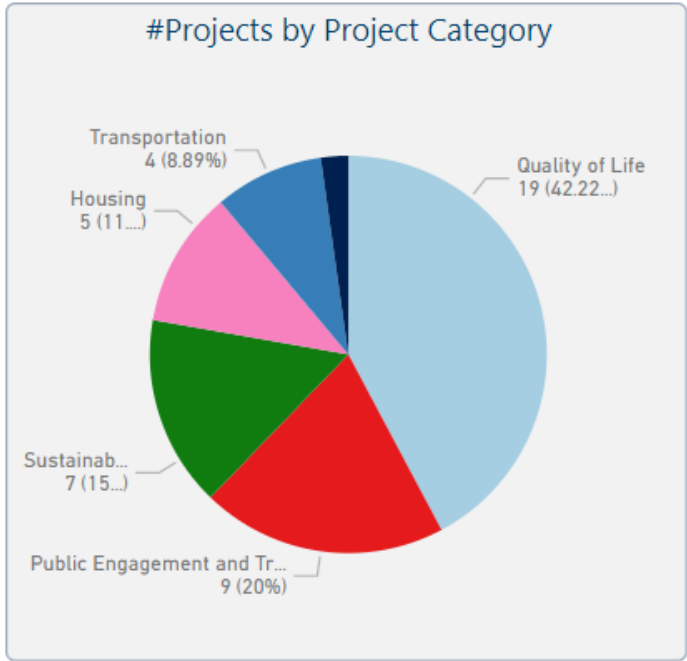
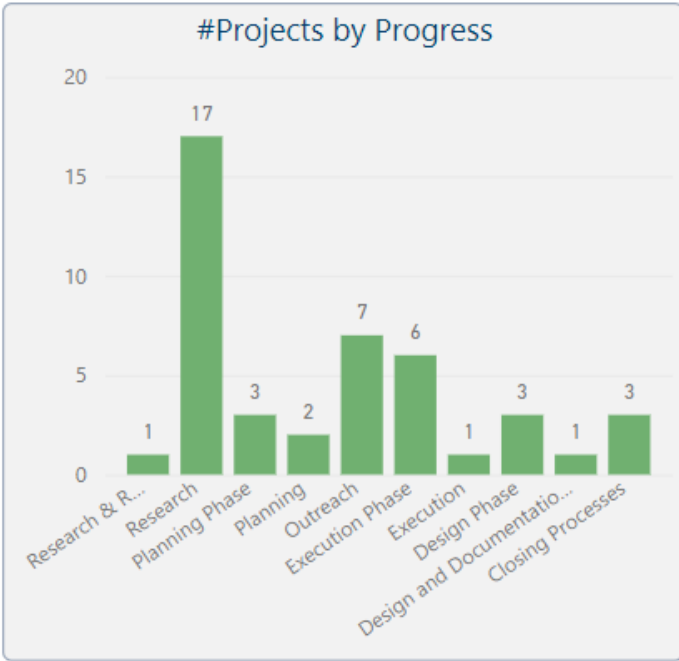
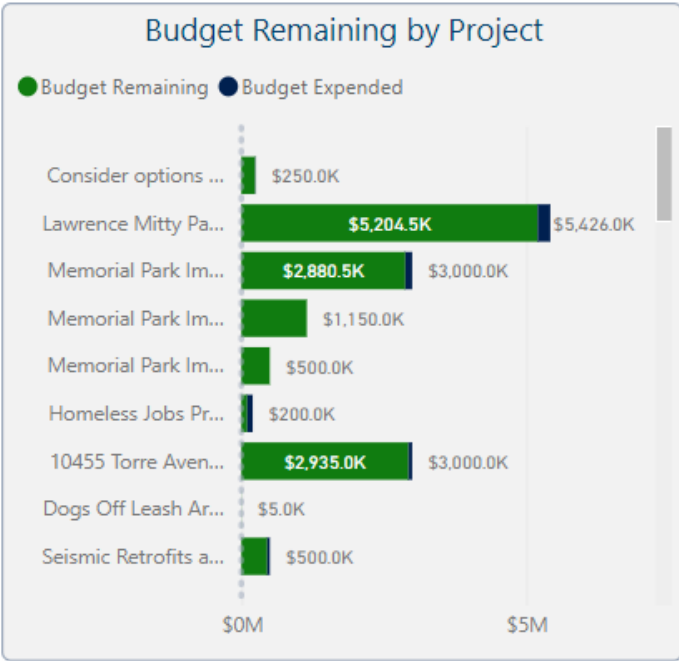
Projects
45

Allocated Budget
\$19.27M

Budget Expended / Encumbered
\$2.49M

Budget Remaining
\$16.78M

Budget Estimated
\$19.42M



From: [Rhoda Fry](#)
To: [City Clerk](#); [City Council](#)
Subject: 4/13/2023 Agenda Item #6 - Rhoda Fry Presentation
Date: Wednesday, April 12, 2023 10:37:04 AM
Attachments: [Presentation1 - 2023 Budget 4-14-2023.pdf](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi City Clerk,

Can you please include this presentation in the comment packet inline (rather than just a link).

Also, I would appreciate it if you could show it during my public comments on this item on Thursday.

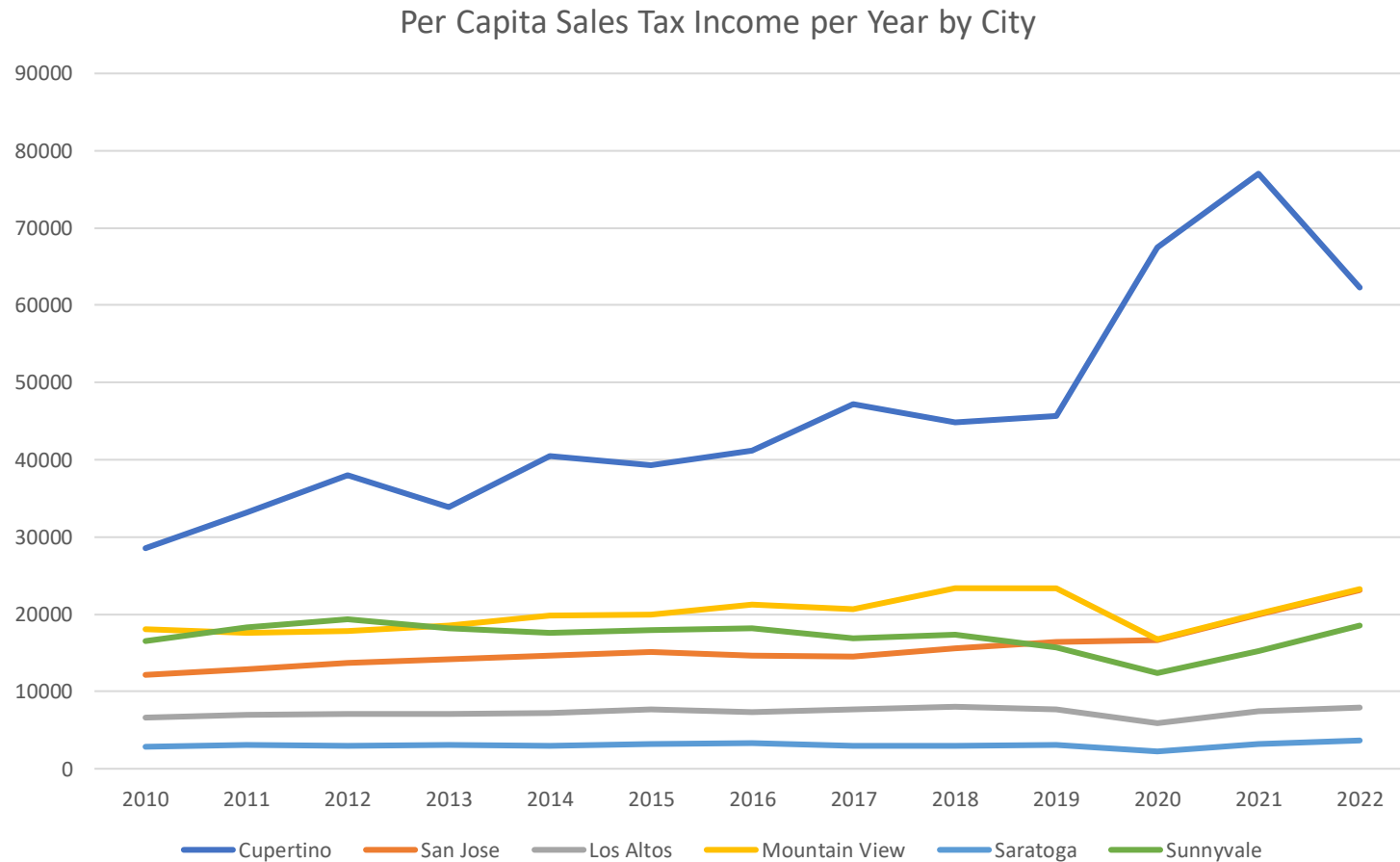
Thank You very much,

Rhoda Fry

Projected Decline in Sales/Use Tax Revenue

Comments / Questions / Solutions

(our neighbor cities get by with less – we can too – where'd all the money go?)

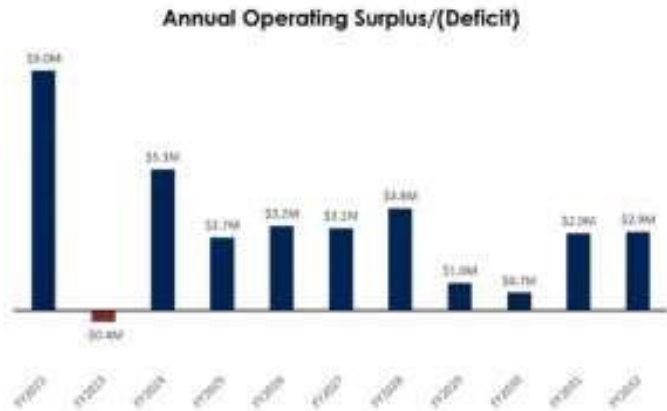


Why a Variety of Predictions – Which one is Right?

December 2021, Staff Notified of Audit – May 2022 Council/Public Notified with 3 Scenarios



The following chart reflects a 10-year forecast of the General Fund's annual operating surpluses or deficits. The small deficit in FY 2022-23 will be funded by unassigned fund balance should it materialize.



← June 9, 2022

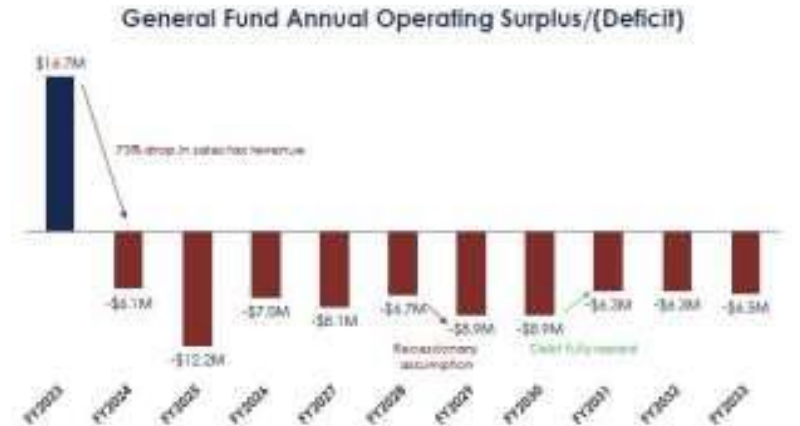
Report Looks Good

Anticipates minor impact and assures that “Our City has a strong financial foundation to build upon for the successful future of Cupertino. And it will be more incredible than any of us can possibly imagine. Jim Throop, City Manager”

June 21, 2022

City Manager Resigns

No Update until April 4, 2022. We continue spending. Why is new outlook so bad? No scenario for potential payback.



August 16, 2022

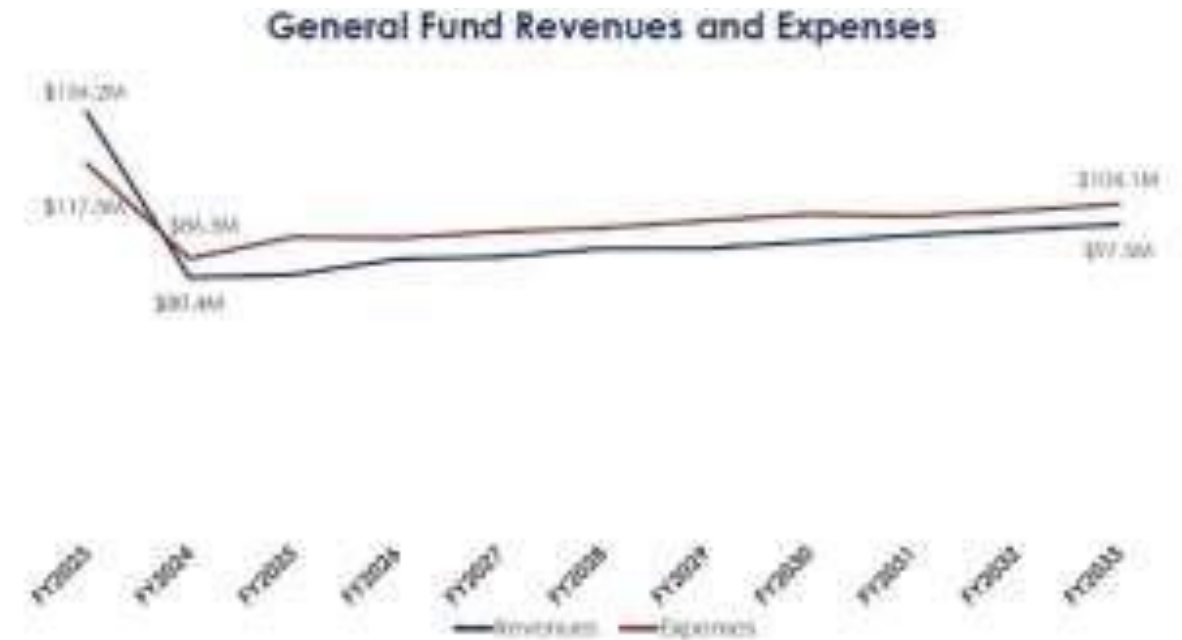
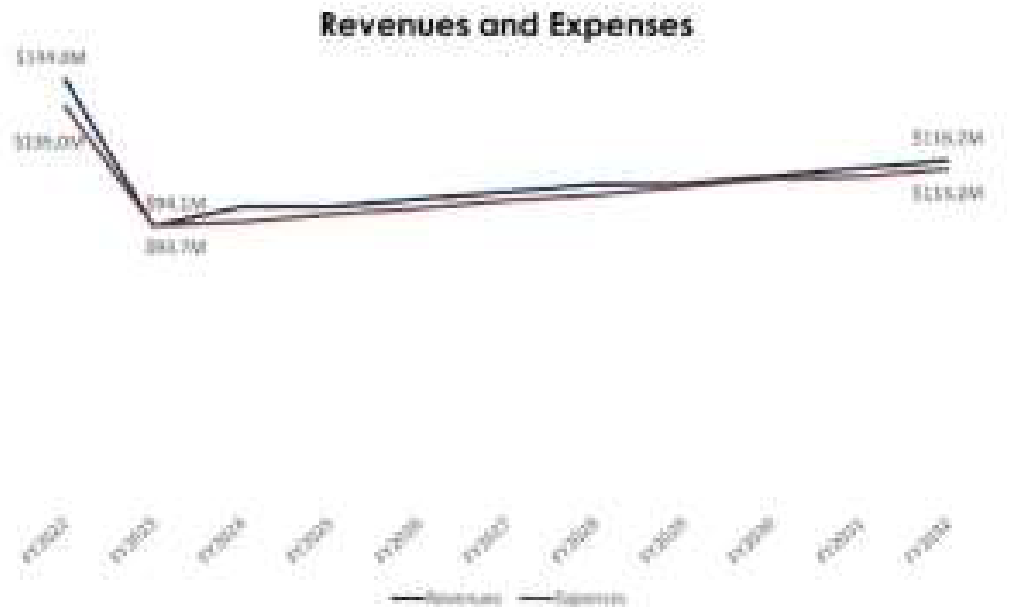
Potential salary impact due to CDTFA - tbd no later than March 1 2023

CDTFA Audit Anticipated Impact on Revenues and Expenses

June 7 2022 – Minor Impact
(blue line on top)

April 4 2023 – Major Impact
(blue line on bottom)
... without worst-case scenario

ICG 06-07-2022
1054 of 1200



How to Make Up for Lost Revenue Moving Forward?

DO NOT SELL IRREPLACABLE ASSETS LIKE WATER and OPEN SPACE

WATER – Selling our water rights to a separate company over which we have no control is not okay. San Jose Water is owned by SJW Group, a publicly-traded company that also owns Connecticut Water Company in CT; Maine Water Company in Maine; and Texas Water Company in Texas.

OPEN SPACE – You can't replace it. We voted for the Utility Users Tax (UUT) in order to purchase the Blackberry Farm property from the Nelson Family to prevent development. The Golf Course offers a unique recreational area for our residents and provides for a riparian habitat wildlife buffer – at night, there are coyotes. We do not want to push wildlife into neighborhoods.

CITY HALL ANNEX – Perfect home for our Emergency Response Team (ERT) that saves money on the City Hall renovation. ERC building standards need to be higher than those of other municipal buildings, so it is best to have it in a separate smaller building. It also provides space for staff during City Hall renovation.

Revenue Side Opportunity not Mentioned in Presentation

Large-Company Head-Count Tax

Discussed in 2018 when Cupertino was receiving \$0.65 in sales tax per \$100 for all online purchases in California of Apple goods. It looks like this arrangement is going away. Cupertino large companies include: Apple, The Forum at San Antonio, Kaiser, Target, and Whole Foods. This tax provides a way to mitigate City costs in loss of revenue from retail (newly proposed Apple building is zoned for all ground floor retail), traffic, increased housing cost (we need permanent affordable housing – developer agreements are temporary).

Neighbor Cities have Large-Company Head-Count Tax

Mountain View, City of Santa Clara, Palo Alto, Sunnyvale . . .
(East Palo Alto has a commercial office-space tax)

No Increases in UUT, Parcel Taxes, Hotel Taxes

- Utility costs are going up, City will naturally get more revenue (and it was originally put in place to buy Blackberry Farm)
- Parcel Tax, no recent success on school tax, already have parcel taxes
- TOT (Transient Occupancy Tax) already in place and burden would be mainly on hotels

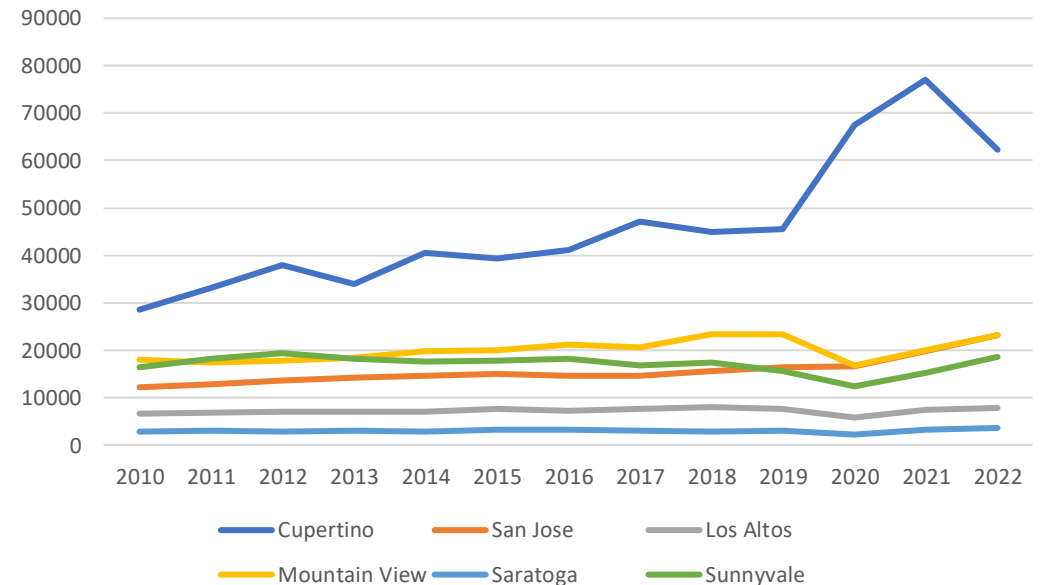
- - - Please Read Rhoda Fry's 5-page response for more ideas - - -

SAVINGS IDEAS (from Rhoda Fry written comments)

1. Consider CIPs or ongoing contracts that can be removed/modified
2. **Lower thresholds on expenses to be approved without City Council approval**
3. **Restore Audit Committee to monthly**
4. **Make sure that expenses are assigned to the proper budget line items** (too many items assigned to General Fund)
5. **Track amenities that run like businesses** such as the Senior Center and Blackberry Farm pool/picnic (these were previously tracked as enterprise funds and are no more - - - and by the way, money was taken out of the Golf fund that should not have been, such as numerous studies) and make appropriate adjustments of fees
6. **Reduce Subsidies by increasing non-resident fees (and resident fees)**
can be done pre-emptively before the Matrix report becomes available
7. Does the Parks and Rec catalog need to be mailed to all residents – can a postcard be sent out to mention that it is available online? At least offer an opt-out for the catalog and send only postcard reminder.
8. **Stop replacing vehicles so quickly**

**Work Smarter
other Cities manage with
less sales-tax revenue per
person than we have**

Per Capita Sales Tax Income per Year by City



From: [Ram Kumar](#)
To: [Cupertino City Manager's Office](#); [City Clerk](#); [City Council](#)
Subject: Written communications for April 13 2023 City Council Meeting
Date: Wednesday, April 12, 2023 12:35:33 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Honorable Mayor Wei, City Council, and City Manager:

It's extremely shortsighted to try to balance the Cupertino budget with one-time sales of City assets like the Blackberry Farm golf course, the new building for the Emergency Operations Center, or the Monta Vista city-owned water system.

Cupertino needs to make cuts that will reduce ongoing expenditures and implement revenue enhancement measures. Some of these will be unpopular and painful but the long term outlook for revenue is not likely to improve.

Suggested Budget Cuts

1. No more fee waivers for use of city facilities
2. Reduce road paving and let pavement condition fall to "good" from "very good." Cupertino presently has the best pavement condition in the entire Bay Area and there is no reason to continue spending so much money on road paving.
3. Eliminate City-paid maintenance of sidewalks, requiring property owners to pay for repairs, like in San Jose and San Francisco.
4. Eliminate City subsidy for extended library hours. This will be very unpopular but the City can put a tax measure on the ballot to raise money to restore extended hours.
5. Eliminate City-funded tree replacement in front of houses.
6. Eliminate non-essential travel, i.e. Sister-City trips, including the trip up for approval on April 13th.
7. Extend time between computer and phone replacement.
8. Extend time between city vehicle replacement.
9. No new unnecessary capital projects like a new City Hall.
10. 15% budget cut across departments.
11. Eliminate deputy or assistant city manager position.
12. Do not fill empty FTE openings.
13. Eliminate City payments to Cupertino Chamber of Commerce.
14. Eliminate City subsidies to non-profit groups.
15. Eliminate the VIA shuttle once grant funding is used up.
16. Make the Cupertino Scene online-only.

Revenue Enhancement (voter approval required)

1. Increase Transient Occupancy Tax to 14% (same as Palo Alto).
2. Implement employee head tax like Mountain View. Mountain View's tax is \$150 per employee over 5000, but Cupertino could go higher, maybe \$250 or \$300. This would partially offset the loss of sales tax revenue from Apple.
3. Try for a parcel tax to fund specific infrastructure: library hours, parks, streets.

Revenue Enhancement (no voter approval required)

1. Raise impact fees to what nexus studies justify (stop subsidizing private developers with impact fees that do not properly mitigate impacts).

Please do not reduce spending on public safety.

Sincerely
Ram Kumar
Cupertino Resident
RamBKumar95014@gmail.com



From: [Liang Chao](#)
To: [City Clerk](#)
Subject: Written Communication for budget: Palo Alto had to cut spending by 20% in 2020
Date: Thursday, April 13, 2023 9:42:11 AM

Please enter this into written communication for the 4/13 meeting.

	Liang Chao Council Member City Council LiangChao@cupertino.org 408-777-3192						
	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>						
							

From: Liang Chao
Sent: Thursday, April 13, 2023 9:40 AM
To: Pamela Wu <PamelaW@cupertino.org>
Cc: Kristina Alfaro <KristinaA@cupertino.org>; Matt Morley <MattM@cupertino.org>
Subject: Palo Alto had to cut spending by 20% in 2020

In anticipation of the budget shortfalls during the pandemic, Palo Alto cut their spending by 20% in 2020, which was a process of many months and a series of public hearings and ended with 30 hours of deliberation by the Council before a final budget was adopted.

Please do not expect that the staff would be able to propose a budget and then the Council should just approve it in a couple of meetings.

A budget shortfall of the magnitude of what we are expecting must go through a series of public hearings and multiple Council meetings to consider many options.

=====

Excerpts from the article:

“On Tuesday, the council concluded **a series of public hearings that had spanned four days and more than 30 hours of debate before voting on a budget** that no one was thrilled about but that nearly all deemed acceptable.”

It would **eliminate 74 full-time positions from a City Hall workforce of about 1,033 employees, a 7% reduction**. It would also eliminate 26 full-time-equivalent positions that are held by part-time workers, a move that impacts about 100 employees **the council is expecting to see a \$38.8 million drop in revenues. The budget includes about \$196 million in general fund expenses, a 20% reduction from the budget that the city was considering before the pandemic. ... the roughly \$3 million that the city expects to**

save in the general fund from [cuts to managers' salaries](#). Shikada announced last Thursday that the **roughly 230 employees in the city's "managers and professionals" group, the only group not represented by a union, had agreed to concessions that represent about 15% of their compensation. He said he will be taking an additional 5% pay cut.**

=====

Palo Alto prepares to cut more than 70 positions as revenues plummet
City Council approves reductions that will leave a \$744K surplus
by Gennady Sheyner / Palo Alto Weekly

Uploaded: Tue, May 26, 2020

<https://www.paloaltoonline.com/news/2020/05/26/facing-budget-shortfall-palo-alto-agrees-to-cut-more-than-70-positions>

Facing a public outcry about recent proposals to cut funding for teen services, art programs and public safety staffing, the Palo Alto City Council on Tuesday agreed to scale back some of the cuts as it endorsed a budget that **would eliminate more than 70 positions at City Hall.**

The proposed budget, which the council plans to formally adopt on June 22, reverses some of the most contentious cuts that City Manager Ed Shikada had proposed in April. Responding to a council mandate to reduce costs, the budget had initially proposed closing the College Terrace Library, eliminating all Children's Theatre productions and cutting dozens of positions in the Police Department.

Under the [revised budget](#), the Children's Theatre would still see major cuts, but it would now be able to have two major productions and nine minor ones. The College Terrace Library would now stay open, though under the new model it would be one of three branches (along with the Children's and Downtown libraries) that are only open three days per week. And the Police Department will still see heavy cuts, though not as steep as the council envisioned two weeks ago.

Even with the revisions, the budget represents the largest contraction of city services in decades. It would **eliminate 74 full-time positions from a City Hall workforce of about 1,033 employees, a 7% reduction.** It would also eliminate 26 full-time-equivalent positions that are held by part-time workers, a move that impacts about 100 employees, Chief Financial Officer Kiely Nose told the council. The shuttle program, which runs along two routes, would be shut down; park maintenance would be reduced; and the city's footprint at Cubberley Community Center would shrink, creating uncertainty for the various nonprofit groups that have been subleasing space at the eclectic but dilapidated campus for years. The budget that the council approved by a 6-1 vote, with Councilman Greg Tanaka dissenting, is **based on the council's assumption that the local economy will take many months to recover from the debilitating impacts of the economic shutdown.**

With the city's sales- and hotel-tax revenues plunging over the course of the shelter-in-place order that the county enacted more than two months ago, **the council is expecting to see a \$38.8 million drop in revenues. The budget includes about \$196 million in general fund expenses, a 20% reduction from the budget that the city was considering before the pandemic.**

On Tuesday, the council concluded **a series of public hearings that had spanned four days and more than 30 hours of debate before voting on a budget** that no one was thrilled about but that nearly all deemed acceptable.

"I hope there's not going to be another year like this," Councilwoman Liz Kniss said at the conclusion of the Tuesday meeting.

The council's Tuesday task was made somewhat easier by **the roughly \$3 million that the city expects to save in the general fund from [cuts to managers' salaries](#).** Shikada announced last Thursday that the **roughly 230 employees in the city's "managers and professionals" group, the only group not represented by a union, had agreed to concessions that represent about 15% of their compensation. He said he will be taking an additional 5% pay cut.**

Shikada also indicated Tuesday that management continues to talk to the other labor groups about similar concessions, which could potentially mitigate some of the cuts. The discussions, he said, are "proceeding positively."

Tanaka voted against the budget after his colleagues rejected a series of motions that he proposed at the conclusion of the marathon meeting. He suggested that the city forgo a computer upgrade that Shikada had proposed. He also suggested that the city has too many managers and requested a "scope of control" analysis at City Hall (the council rejected both of these proposals).

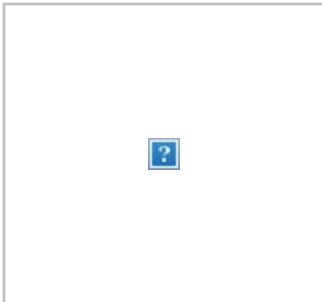
While Tanaka said he hopes to see other labor groups participate in the "shared sacrifice" of balancing the budget, he and his colleagues weren't banking on any further concessions as they approved budget cuts for nearly every department.

The new budget **restores six of the positions in the Police Department that were on the chopping block in the prior proposal.** The council approved restoring positions in information management, animal services and investigations divisions. As a result of the Tuesday restorations, the council will **no longer have to limit hours in the public lobby or shut down weekend service for animal control.** More critically, patrol officers would not have to take up functions that have been traditionally held by civilians, Nose said.

"We really restored a lot of civilian staffing so we can make sure police officers will focus on patrol and they won't be distracted by other collateral duties that would creep into the scope of their work with reduced civilian staffing," Nose said.

The department, however, **still stands to lose 21 positions, seven of which are currently vacant.** And the Fire Department is still planning to switch to a "brownout" model that could result in temporary closures of stations when staffing levels are too low and increased reliance on county paramedics for emergency services. Park maintenance would now be slashed by 25%, not 50% as originally proposed. And the Lucy Evans Interpretive Center in the Baylands would now be open half the time, rather than completely shuttered, as previously proposed.

"These are not impacts that we take lightly to bring forward, and (we) recognize the significance of the impact to the community and to our workforce, quite frankly," Shikada said.

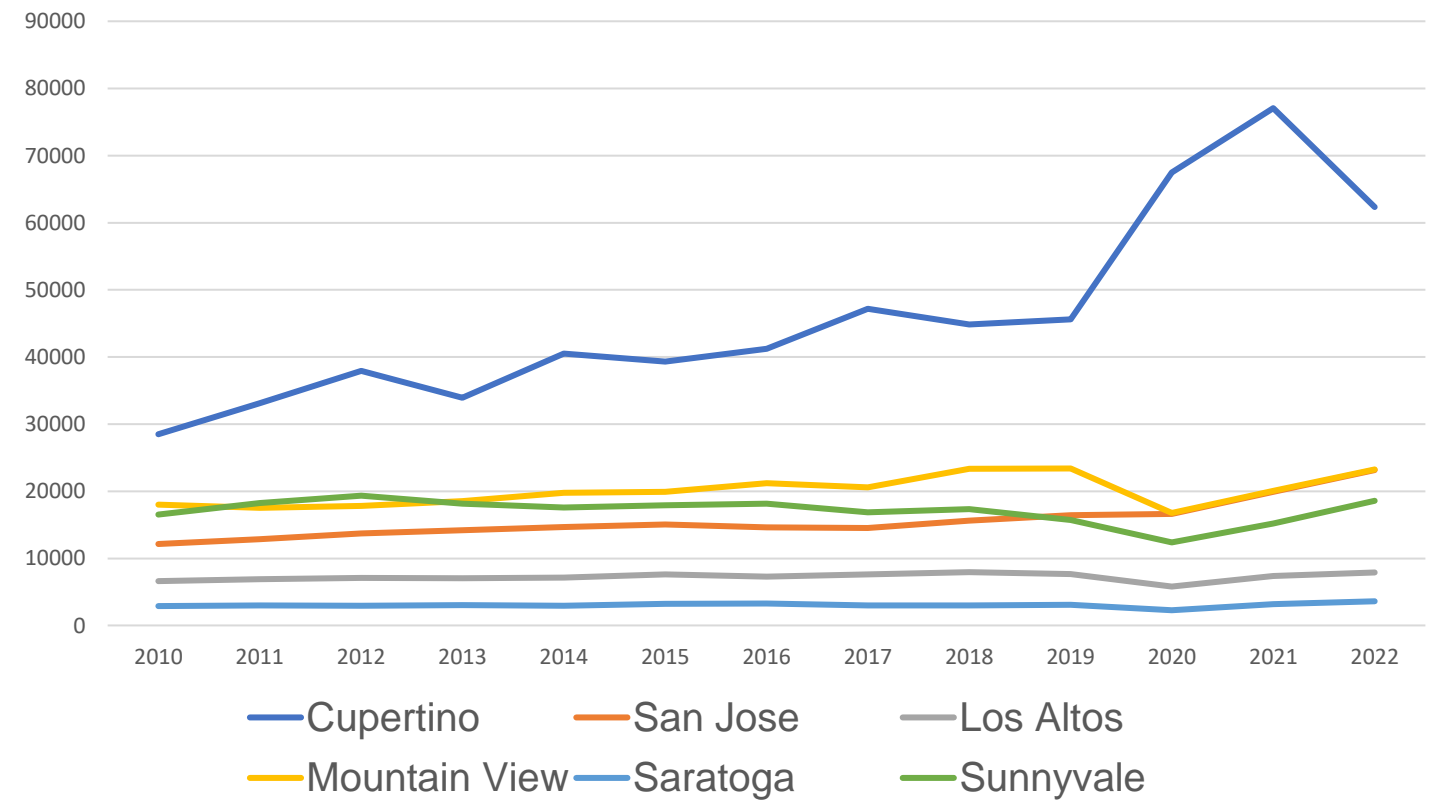
	Liang Chao
	Council Member City Council LiangChao@cupertino.org 408-777-3192
	

Projected Decline in Sales/Use Tax Revenue - Comments / Questions / Solutions
neighbor cities get by with less – we can too if we prepare

Where'd All the Money Go?

Let's be Smart – Accountability, Transparency, Frequency in Monitoring/Evaluating
Do Not Sell Our Assets

Per Capita Sales/Use Tax Income by City



Agenda Item
Title is Obscure:
Consider the FY
2023-24 10-Year
Budget Forecast

Unusual Time:
Thursday at 4PM
instead of
Tuesday 6:45 PM

Which Prediction is Right? Where's the Transparency?

December 2021, State Notifies Staff of Audit – May 2022, Council presented with 3 Scenarios



May 2022



May 2022



May 2022

June 2022: Minor Impact “Our City has a strong financial foundation to build upon for the successful future of Cupertino. And it will be more incredible than any of us can possibly imagine. Jim Throop, City Manager” 12 days later manager resigns

August 2022: Potential salary impact due to audit – determined by March 1 2023

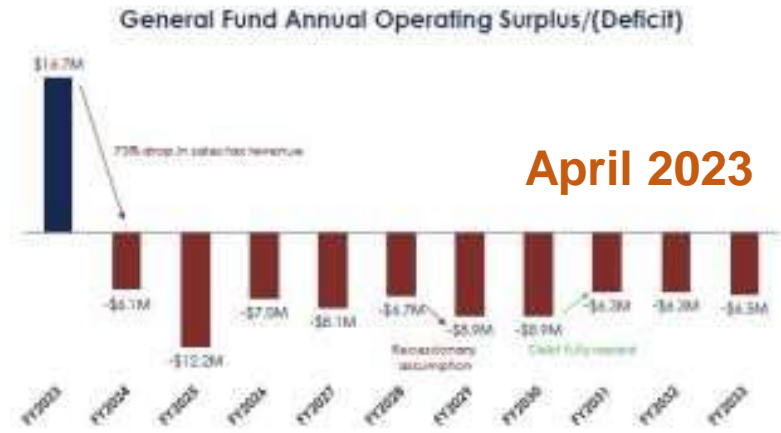
October 2022: City Hall Subcommittee reports that audit has potential for short and long-term funding impacts. (repeated on 2/21/2023)

November 2022: Due to audit uncertainty, City staff is not recommending any transfers to reserves.

No Update until April 2023. We continue spending. Why is new outlook so bad? **No scenario for potential payback.**



June 2022



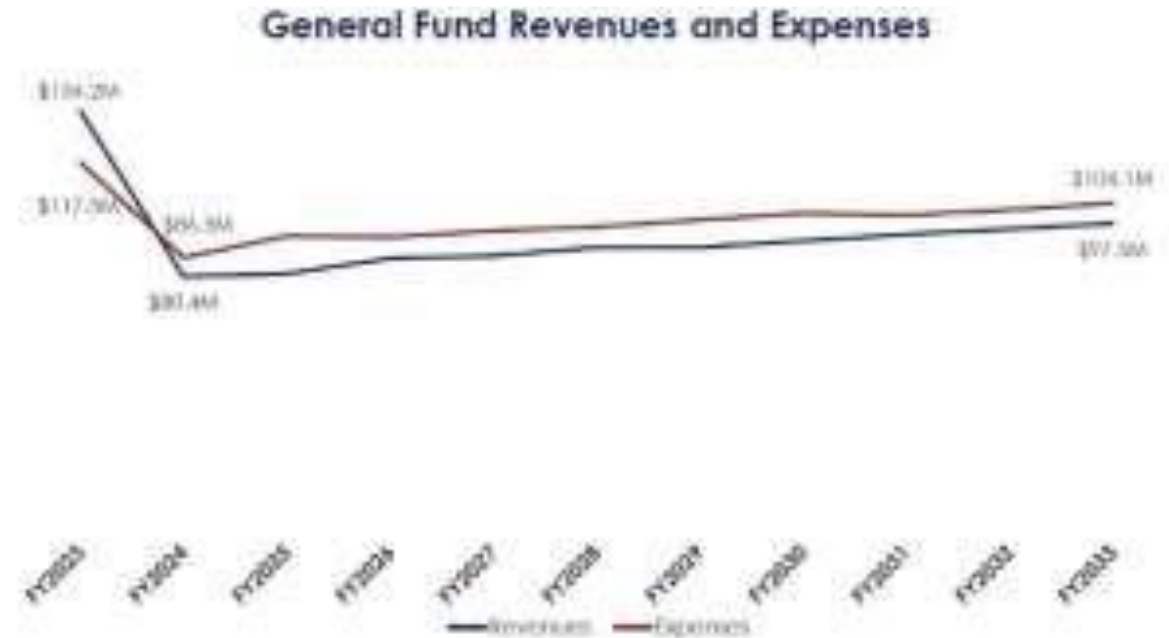
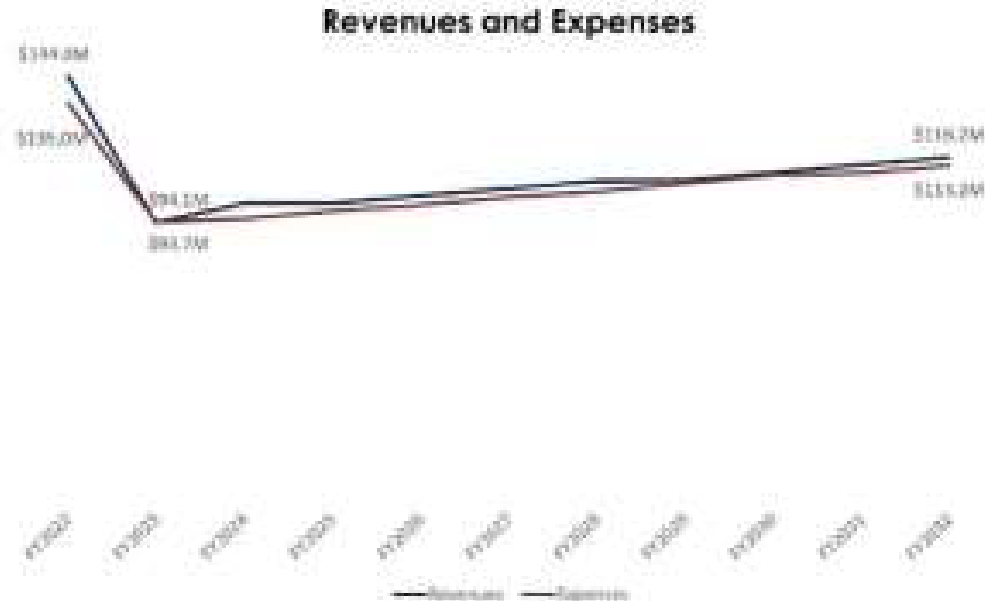
April 2023

CDTFA Audit Anticipated Impact on Revenues and Expenses

June 7 2022 – Minor Impact
(blue line on top)

CC 06-07-2022
1004 of 1200

April 4 2023 – Major Impact
(blue line on bottom)
... without worst-case scenario



- What is the worst case scenario?
- What is the furthest back CDTFA can go?
- What is Cupertino doing to negotiate the payback date (or if there will be one)?
- If Cupertino has to pay Apple sales-tax money back, will Apple reimburse its 35% share?

How to Make Up for Lost Revenue Moving Forward?

DO NOT SELL OUR IRREPLACABLE ASSETS **WATER** and **OPEN SPACE**

WATER – Selling our water rights to a separate company over which we have no control is not okay. San Jose Water is owned by SJW Group, a publicly-traded company that also owns Connecticut Water Company in CT; Maine Water Company in Maine; and Texas Water Company in Texas.

OPEN SPACE – You can't replace it. We voted for the Utility Users Tax (UUT) in order to purchase the Blackberry Farm property from the Nelson Family to prevent development. The Citizens of Cupertino bought it – City Council must not sell it. The Golf Course offers a unique recreational area for our residents and provides for a riparian habitat wildlife buffer – at night, there are coyotes. We do not want to push wildlife into neighborhoods.

CITY HALL ANNEX – Perfect home for our Emergency Response Team (ERT) that saves money on the City Hall renovation. ERC building standards need to be higher than those of other municipal buildings, so it is best to have it in a separate smaller building. It also provides space for staff during City Hall renovation.

Revenue Side (not in presentation) - Consider a Large-Company Head-Count Tax

Discussed in 2018 when Cupertino was receiving \$0.65 in sales tax per \$100 for all online purchases in California of Apple goods. It looks like this arrangement is going away. Cupertino large companies include: Apple, The Forum at San Antonio, Kaiser, Target, and Whole Foods. This tax provides a way to mitigate City costs in loss of revenue from retail (newly proposed Apple building is zoned for all ground floor retail), traffic, increased housing cost (we need permanent affordable housing – developer agreements are temporary).

Neighbor Cities have Large-Company Head-Count Tax

Mountain View, Santa Clara, Palo Alto, Sunnyvale . . .
(East Palo Alto has a commercial office-space tax)

No Increases in UUT or Parcel Taxes

- Utility costs are going up, City will naturally get more revenue
(and it was originally put in place to buy Blackberry Farm, it should end)
- Parcel Tax, no recent success on school tax, already have parcel taxes
- TOT (Transient Occupancy Tax) already in place and burden would be mainly on hotels

Let's be Smart – Accountability, Transparency, Frequency in Monitoring/Evaluating

- Re-Prioritize Budget
- Improve Accounting Practices (too many items in general fund)
- Go back to monthly treasurer reports and monthly Audit Committee meetings

- - - Please Read Rhoda Fry's 5-page response for more ideas and expense savings - - -



PROFESSIONAL & TECHNICAL ENGINEERS, LOCAL 21, AFL-CIO
An Organization of Professional, Technical, and Administrative Employees

April 13, 2023

Mayor Hung Wei
Vice-Mayor Sheila Mohan
Councilmember Liang Chao
Councilmember Kitty Moore
Councilmember J. R. Fruen

Honorable Mayor and Members of the City Council,

The Cupertino Employees Association (CEA) affiliated with the International Federation of Professional and Technical Engineers (IFPTE), Local 21 are a proud and unified group of professionals serving the Cupertino community. Our talents and skills are given daily to fulfill the City's mission statement to provide exceptional service, encourage all members of the community to take responsibility for one another, and support the values of education, innovation, and collaboration.

CEA has an April reopener in our three-year contract which was executed in July 2022. As we prepare to negotiate fair wages and sustaining an effective workforce, we are committed to negotiate fairly, honestly, and with transparency. In turn we are requesting those core principals are reciprocated to the CEA Board and all CEA members. CEA acknowledges the challenging financial times ahead and has confidence in the City Council and the Executive leadership of the City that CEA members and their families will be given fair consideration to maintain working conditions and compensation that will provide for the retention of the institutional knowledge and professionalism that has and will continue to carry this organization in the stated mission of the City.

Yours Respectfully,

Gian Martire, Senior Planner
Nicole Lee, Environmental Programs Assistant
Monica Diaz, Senior Code Enforcement Officer
Alex Wykoff, Environmental Programs Specialist

cc: Stanley Young, IFPTE, South Bay Office Representative

10-year Budget Forecast FY 2023-2024

1 message

Cathy Helgerson <cathyhelger@gmail.com>

Thu, Apr 13, 2023 at 8:32 AM

To: Hung Wei <hwei@cupertino.org>, smohan@cupertino.org, Liang Chao <liangchao@cupertino.org>, jrfruen@cupertino.org, Kitty Moore <kmoore@cupertino.org>

Hello All,


Please review my comments regarding item 6 of the 10-year Budget Forecast FY 2023-2024 pertaining to the meeting today 4/13/23.

I will be attending the meeting today and am sending this e-mail for your review and hope you will consider my suggestions and view my concerns.

I would also like you to consider that maybe it is time to bring in a Think tank company. Think Tanks provide or can provide a safe forum to discuss sensitive City and County Manager issues. The highly qualified format is an avenue to dig deeper, tap into the group's mindset and gain valuable insights from each County Administrator and City Manager.

Think tanks can work also with citizens, city staff, City Council and the public sector. I would also suggest that young people be brought into this arena who could provide their ideas progressively and in turn could become the Cities next City Council members.

Thank you,
Cathy Helgerson - Environmental Enforcement Advocate
CAP-Citizens Against Pollution
408-253-0490

 **City 10 year budget 2023.docx**
15K

April 13, 2023

Regarding:

Item 6 Meeting regarding – 10-year Budget Forecast FY 2023-2024 information update.

To: Cupertino City Council Members: Liang-Fang Chao, J.R. Fruen, Kitty Moore, Hung Wei, Sheila Mohan

From: Cathy Helgerson – Citizen of Cupertino - Phone: 408-253-0490 E-mail Address:

Cathyhelger@gmail.com

This Budget Forecast is an outrage and should not be approved. From the beginning of the deal between Apple Computer and the City of Cupertino which authorized a percentage of sales tax revenue money each year allocated back to Apple Computer. Other cities that are also involved with sending half or more of the local sales tax back to the companies, in the name of economic development is wrong. Sales taxes should only go to and should have gone to the cities, City of Cupertino in this case, State of California, and Santa Clara County. If Apple and other corporations want to contribute money to the City of Cupertino than that should be separate and voluntary.

I would like to suggest a solution to the problem. It seems that other cities feel it is unfair that the City of Cupertino is receiving way too much money from their agreement with Apple Computer so why not in all fairness pool the money the (revenue) together in one collective tax fund and divide it up evenly with the Cities, State of California, and Santa Clara County. Apple Computer and other companies that also have agreements like this would not participate in any way with sales tax money revenue. This would eliminate the issue stated in complaints of the haves and have nots. Having a Finance Company hired to divide the monies instead of expensive lawyers would save a great deal of money.

Companies such as Apple Computer, E Bay, Home Depo, Best Buy, Nike Inc. William-Sonoma Inc., Walmart Corporation, and more companies with agreements requiring portions of tax funds directed to them have benefited greatly in the past this may have not been legally correct.

I do not propose that these companies should be required to pay back the funds they acquired in the past but going forward they should not be allowed to continue their agreements between the parties. The taking of this tax revenue from the cities, Santa Clara County and the state who need this money is wrong. This hardship on each city in the Silicon Valley is causing a great deal of pain and suffering and the public needs to be aware of what is taking place.

Now asking the City of Cupertino or any other cities to compensate the lack of revenue by selling off their assets, cutting back on employee salaries, laying people off from their jobs, and not filling open positions once people leave will harm and hurt the cities. Many city projects will be cut in order to fill the revenue that the city has lost, I am very much against these possibilities and ask the City Council of Cupertino to take the lead in stopping what is taking place.

Please review my comments and take them to heart and provide them to the Cities Staff members.

From: [Zhang YiWei](#)
To: [Cupertino City Manager's Office](#); [City Council](#); [City of Cupertino Planning Commission](#); [City Clerk](#)
Subject: Cupertino Budget Problem for City Council Meeting of Tonight April 13
Date: Thursday, April 13, 2023 3:46:12 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Mayor Wei, vice-mayor Mohan, and city council members Chao, Moore, and Fruen and Planning Commission Scharf, Mahdipatla, Lindskog, Fung, and Mistry, and city manager Wu:

Cupertino is in financial crisis because of loss sales tax. Its not be possible just spending less. We need to get more money.

There are three things we can do besides cut spending to get budget balanced.

1. We need to increase more taxes. We can try a 0.25% sales tax increase. We can try a business tax like Mountain View did where they head tax large corporation like Google. Apple is not paying enough tax in Cupertino.

2. We should build way more expensive housing as much as we can because it will generate more property tax money. \$2 million condominium has property tax of around \$25,000 per year and Cupertino gets \$1750. Affordable housing unit cost only \$400,000 and generate property tax of only \$5000 per year and Cupertino gets only \$350 of that. You can't run the city services on \$350 a year. Where will money come from to run the city?

Someone told me that that the State can fines the city because of not much low-income housing but we can worry later. If the city bankruptcy then we can get Apple to give us money since it would look bad for Apple if Cupertino went bankrupt.

3. We should support laws that will help Vallco owner. There is new bill that will reduce the amount of affordable housing cities are allowed to require that developer build. This will also encourage low-income residents that pay very little taxes to move away since they can't afford housing. We need more bills like this to be made laws. We need to reduce affordable housing and get low-income people to go away to someplace else like San Jose or Sacramento or Texas. Rich people also spend more so they make the City more money in sales tax. We don't want rich people moving to Nevada or Texas or Florida, we want them to stay here and pay more tax.

Too many liberal Democrat groups are trying to stop these new laws that will stop having to make developers build affordable housing which doesn't make them as much money and which doesn't make the city as much money either. I was born in China during the Cultural Revolution. It is like communism to stop private landlords from making as much money as

possible. Housing is not a right, you need to work to make money to buy housing, everyone knows that there are no free dinners.

We should have nice shelters with food for poor people so they are safe but criminals should go to prison in another state. The old city manager Debra Feng sent homeless people from Cupertino to a motel in San Jose. The governors of Florida and Texas sent illegal immigrants to other states. We should support laws to make only expensiver housing for people in California because that makes the most money for everyone. Tell our politicians to support Weiner Scott and make more laws that get rid of poor people in California.

Zhang Wei (Zhang.YiWei2@hotmail.com)

Cupertino homeowner for 19 years

From: [Liang Chao](#)
To: [City Clerk](#)
Cc: [Kitty Moore](#)
Subject: Written Communication: Revisit the 2023-25 Work Program
Date: Thursday, April 13, 2023 7:46:30 PM

What I shared at the Council meeting.



From: Kitty Moore <Kmoore@cupertino.org>
Sent: Thursday, April 13, 2023 11:31 AM
To: Liang Chao <LiangChao@cupertino.org>; Peggy Griffin <griffin@compuserve.com>; Pamela Wu <PamelaW@cupertino.org>
Cc: Matt Morley <MattM@cupertino.org>; Chad Mosley <ChadM@cupertino.org>; Debra Nascimento <DebraN@cupertino.org>
Subject: Re: Revisit the 2023-25 Work Program

Hi Liang,

I agree to revisit the Work Program.

I think we need more information to do our jobs regarding the budget moving forward.

I suggest we collect more complete information, and in one packet, to provide the following at a future agenda:

1. New Work Program items proposed for FY 23-24
2. Work Program still underway and cost to complete
3. Work Program items approved in the Budget and not yet begun (to evaluate for elimination)
4. CIP items still underway with an explanation if they are past design and into construction, or just in design, to evaluate for elimination, stoppage, or fund to completion
 - a. Tamien Trail, for example, may not get funding to complete, may need Public-Private-Partnership (P3) to complete
 - b. Lawrence-Mitty is funded to completion, continues (as an example)
 - c. Jollyman All-Inclusive playground has various grants, continues (with added funds, for example)
5. CIP items planned to begin, to evaluate for elimination
6. Special Projects, suggest Special Projects not completed at the end of the Fiscal Year they

were introduced in should have been eliminated and only be returned to the next FY by the request of the department. That being said, Special Projects could be considered for removal from the Special Projects designation and would be in the budget as regular item details by department. Painting a building, for example, should be within building maintenance and not a Special Project. The Department would decide the scheduling. The McClellan AR project, no offense, should have been suggested to Council, and not as a Special Project without deliberation especially when we are not looking at dropping a lower-priced Shakespeare event. Staff needs to figure Special Projects out.

- a. Cut all Special projects and move them to regular projects if they are to continue?
 - b. Departments list Special projects as regular projects?
7. Grants: accounting for grants proposed in the Budget with a recommendation to align the amount with peer cities in similar financial condition (the CDTFA condition). If this means stop grants, then suggest it.
8. Waivers
- a. Festival fee waivers to be listed with cost breakdown and recommendation to reduce costs to the City
 - b. Facility use waivers to be listed with cost breakdown and recommendation to reduce costs to the City. This is for transparency to the public.
 - i. Sister Cities facility use waivers per Sister City Policy 2018
 1. Sister Cities Budget item under City Council, Budget Unit 100-10-110
 - ii. Senior Volunteer Advisory Council use waivers, staff, materials
 1. Bingo, Hidden Treasures, Appreciation Event
 - iii. Audubon McClellan lease agreement
 - iv. Friends of Stevens Creek Trail lease agreement
 - v. 4H use agreement
 - vi. Coffee Society lease agreement and Covid adjustment
 - vii. Blue Pheasant lease agreement and Covid adjustment
 - viii. Any other space leased or let?
 - c. Cultural Events – which Cultural events are either waived and provided by an outside entity or contracted by the City?
8. Neighborhood Events – Cost Breakdown
9. Library – Cost of adding hours and contract for Budget Unit 100-60-636. Should Cupertino fund this exclusively? \$600,266 in the Budget for FY 22-23.

What do you think?

Kitty

Kitty Moore
Councilmember



City Council
Kmoore@cupertino.org
(408) 777-1389



From: Liang Chao <LiangChao@cupertino.org>
Date: Wednesday, April 12, 2023 at 11:16 PM
To: Peggy Griffin <griffin@compuserve.com>, Pamela Wu <PamelaW@cupertino.org>, Kitty Moore <Kmoore@cupertino.org>
Cc: Matt Morley <MattM@cupertino.org>, Chad Mosley <ChadM@cupertino.org>, Debra Nascimento <DebraN@cupertino.org>
Subject: Revisit the 2023-25 Work Program

Pamela,

I hereby request a future agenda item to revisit the adopted 2023-25 Work Program, given the fact that the Council made the decision without knowing the extent of the budget shortfalls.

Councilmember Moore,

Would you please kindly recons my request?

Thanks.

Liang



Liang Chao
Council Member
City Council
LiangChao@cupertino.org
[408-777-3192](tel:408-777-3192)



From: Peggy Griffin <griffin@compuserve.com>
Sent: Wednesday, April 12, 2023 11:04 PM
To: Pamela Wu <PamelaW@cupertino.org>
Cc: Liang Chao <LiangChao@cupertino.org>; Matt Morley <MattM@cupertino.org>; Chad Mosley <ChadM@cupertino.org>; Debra Nascimento <DebraN@cupertino.org>
Subject: Re: 2023-04-13 City Council Mtg-ITEM6 FY 2023-24 Budget Forecast - CIP and WORK PLAN ITEMS

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

City Manager Wu,

The Council was forced to make CIP and Work Plan priority assignments given no indication/information that this current budget crisis was severe. In fact, several Council members kept asking for an update before making these priority decisions, concerned, but were ignored and told to prioritize anyway.

The priorities are no longer valid! Given the severity of this situation, re-doing a bike plan is very low on the list. It can wait along with several other items but it's not my opinion and not staff's job. It's the Council's!

The Council's job is to give direction and they need information to make reasonable, informed decisions. The staff has the ability to review all CIP and Work Plan items, identifying which are critical, nice-to-have or future.

How can you do a budget without first having the Council review the priorities? This is not a business-as-usual event! The "plan" needs to change.

Thank you,
Peggy Griffin

On Apr 12, 2023, at 5:38 PM, Pamela Wu <PamelaW@cupertino.org> wrote:

Councilmember Chao and Peggy, I believe bike master plan update is part of the adopted Council Work Program, not a CIP project. The \$200,000 estimate is to retain a consultant to prepare the necessary update.

As for your other suggestions on ongoing CIP projects and all city contracts, they are duly noted. However, given staff is focused on the preparation of FY23-24 budget, we will provide a response to your questions later in the year.

Pamela



Pamela Wu
City Manager
City Manager's Office
PamelaW@cupertino.org
[\(408\)777-1322](tel:(408)777-1322)



From: Liang Chao <LiangChao@cupertino.org>

Sent: Wednesday, April 12, 2023 2:39 AM

To: Peggy Griffin <griffin@compuserve.com>; Pamela Wu <PamelaW@cupertino.org>

Cc: Matt Morley <MattM@cupertino.org>; Chad Mosley <ChadM@cupertino.org>

Subject: Re: 2023-04-13 City Council Mtg-ITEM6 FY 2023-24 Budget Forecast - CIP and WORK PLAN ITEMS

Removed the city council.

Peggy,

Thanks for the input.

Pamela,

I found that Palo Alto's Bike Master Plan was adopted in 2012. And they are only moving towards updating the plan this year, after they received a \$160,000 grant from the federal Department of Transportation.

See this article for more details.

<https://www.paloaltoonline.com/news/2023/02/14/palo-alto-bicyclists-get-a-boost-in-push-for-safe-system>

Cupertino's Bike Master Plan was adopted in 2016. The Pedestrian Master Plan was adopted in 2018. The City has just finished the Road Safety Plan this year and the Bike Ped Commission is still working on the Vision Zero plan, which was started in 2021.

Why do we need to spend another \$200,000 to update the Bike Master Plan at this time?

I'd like to suggest that we consider all existing ongoing CIP projects and proposed ones and categorize them as "necessity", "nice-to-have", "plan for the future".

We should do the same for all current and likely to-be-renewed contracts.

The contract for the Shakespeare in the Park is a start. What other contracts are there?

We should have a list and then categorize them and prioritize.

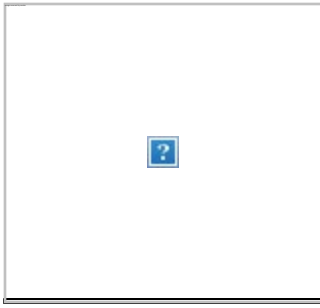
We must examine our current expenditures honestly first to reduce our operating expenses.

Please propose how we could examine our operating expenses critically in the next month.

Thanks.

Liang

Liang Chao
Council Member
City Council



LiangChao@cupertino.org
[408-777-3192](tel:408-777-3192)



From: Peggy Griffin <griffin@compuserve.com>

Sent: Tuesday, April 11, 2023 11:24 PM

To: City Council <CityCouncil@cupertino.org>

Cc: City Clerk <CityClerk@cupertino.org>

Subject: 2023-04-13 City Council Mtg-ITEM6 FY 2023-24 Budget Forecast - CIP and WORK PLAN ITEMS

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

PLEASE INCLUDE THIS EMAIL AND BOTH ATTACHMENTS AS PART OF WRITTEN COMMUNICATION FOR THE 4-13-2023 CITY COUNCIL MEETING, AGENDA ITEM #6 FY 2023-24 BUDGET FORECAST.

Dear City Council,

I've attached the following 2 documents I thought might be helpful to you:

- latest CIP Projects list provided in the 2-21-2023 Written Communications
- Work Plan Items as of FY 2022-23 Qtr2. City Manager Wu stated Qtr3 would be on the website at the end of April 2023.

As you can see, there are several big ticket items that can be postponed or significantly reduced in scope to help mitigate this budget situation.

- Do a complete review of all CIP and Work Plan projects
- Projects can be brought to a close/postpone state.
- **Q: What contracts can be paused, discontinued or not signed?**
- Stop the subsidies, fee waivers, free use of facilities all over the city
- Lower the contract approval amount for staff.
- Lower/significantly reduce the spending accounts/contingency accounts.
- Add an opt in for electronic receipt of the Parks and Rec brochures and the Cupertino Scene to reduce printing costs. Use cheaper paper.

REQUEST: DO NOT SELL ASSETS, except the Byrne property. It does not solve the problem of living within our means. Solve the problem! Every bit of savings helps.

You are all bright, creative people. PLEASE work together on this. You each bring skills to the table.

Peggy Griffin

CC 04-13-2023

Item No. 7

Councilmember Reports

Written Communications



CITY COUNCIL ACTIVITY REPORT

Meeting:

Reporting Councilmember:

Report Activity Dates: to

Event Date, Title, and Description:

