

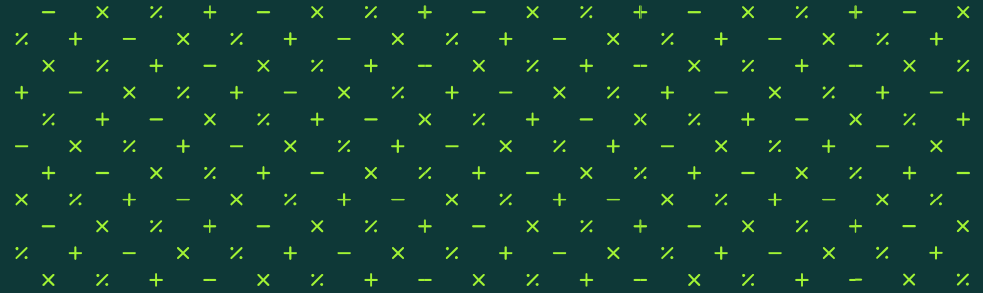
CC 07-02-2024

Special Meeting

1

Enterprise Risk Assessment
Final Report and Internal
Audit Work Plan

Presentation



City of Cupertino FY 24-25 Internal Audit Program and Enterprise Risk Assessment

City Council Meeting
July 2024

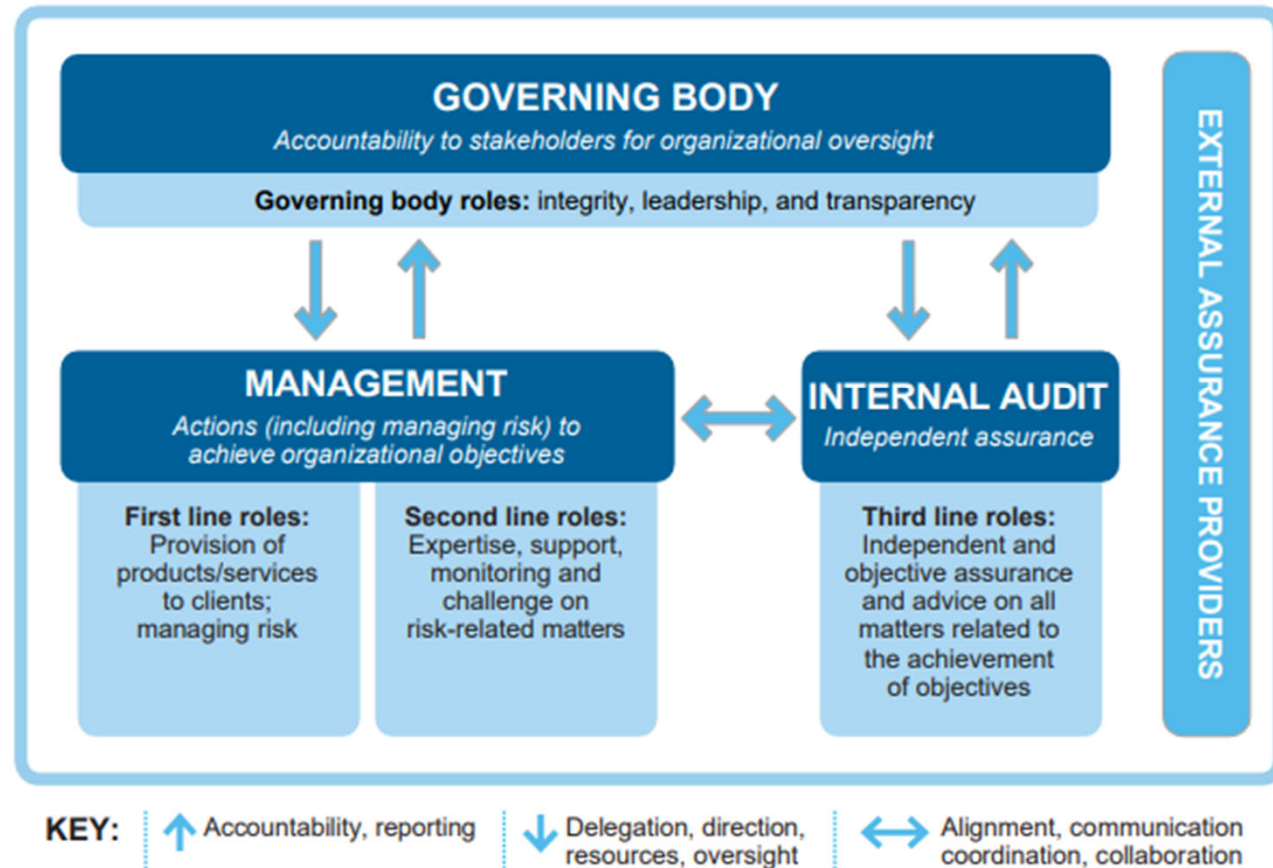


Internal Audit Overview

- The City retained Moss Adams to serve as the designated Internal Auditor and conduct projects focusing on:
 - Risks
 - Internal controls
 - Efficiency and effectiveness
 - Best practices
 - Compliance
- Work is being completed under appropriate industry standards (IIA, GAGAS, AICPA)

Role of Internal Audit

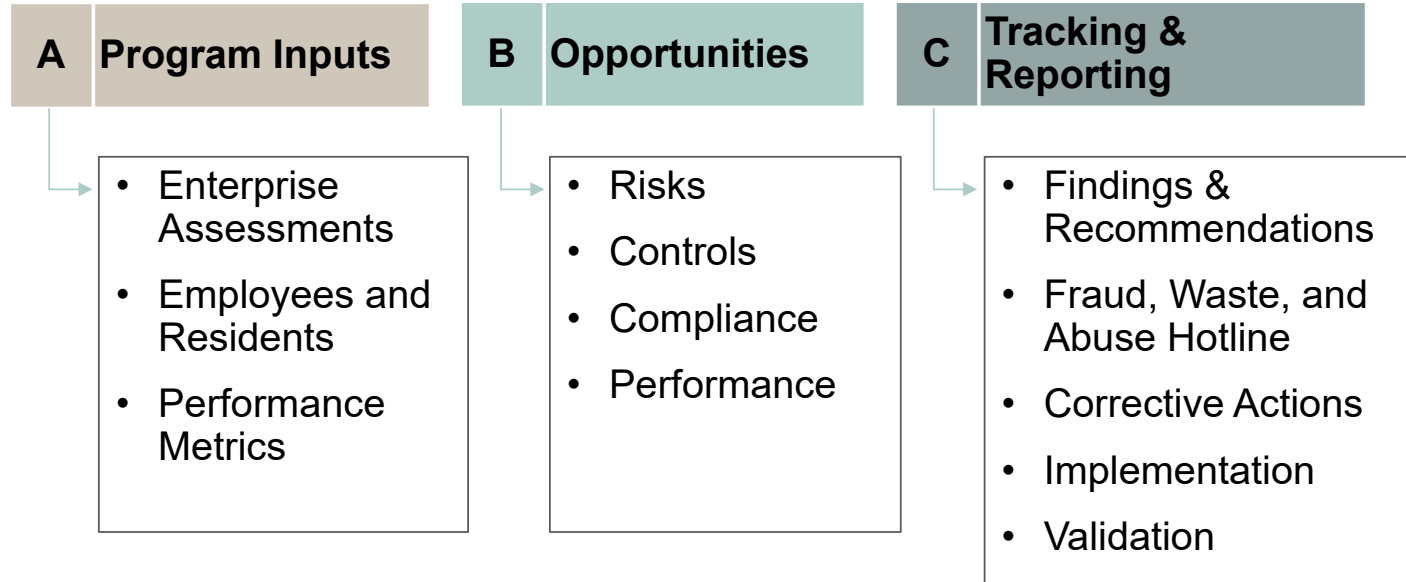
The IIA's Three Lines Model



Source: IIA



Holistic Internal Audit Program Components



Internal Audit Program Review

Focus Area	Status
Enterprise Risk Assessments	2021, 2024
Internal Controls Projects Completed	2
Performance/Efficiency Projects Completed	5
Policies Reviewed	133
Recommendations Delivered	52
Ethics Hotline Reports	21
Recommendations Validated	<i>To Come in 2025</i>



2024 Enterprise Risk Assessment



6







As the City's internal auditor, Moss Adams conducted its triennial Enterprise Risk Assessment (ERA).

The ERA was conducted between December 2023 and May 2024 and focused on identifying, categorizing, and evaluating risks that may interfere with the City's ability to achieve its mission.



Assessing Risks



RISK LEVEL	<p>Level of uncertainty that could impair functions and processes, in the absence of any actions taken to alter either the risk's likelihood or impact.</p>	<ul style="list-style-type: none"> • Low • Low to Moderate • Moderate • Moderate to High • High
IMPACT 	<p>Level of potential impact of a negative event on strategy, people, operations, systems, and resources.</p>	<ul style="list-style-type: none"> • Low • Low to Moderate • Moderate • Moderate to High • High
LIKELIHOOD 	<p>Qualitative assessment of the probability of a negative event occurring, given the current risk conditions.</p>	<ul style="list-style-type: none"> • Low • Low to Moderate • Moderate • Moderate to High • High
PREPAREDNESS 	<p>Level of preparedness through activities and resources to manage risks and minimize and limit potential losses.</p>	<ul style="list-style-type: none"> • Low • Low to Moderate • Moderate • Moderate to High • High
TRAJECTORY 	<p>Trajectory of the risk level, given the current risk conditions.</p>	<ul style="list-style-type: none"> • Decreasing – High • Decreasing – Low • Flat • Increasing – Low • Increasing – High
RISK MITIGATION 	<p>Potential strategies for reducing risk.</p>	<p>Based on the current risk conditions.</p>
RESIDUAL RISK 	<p>Possible remaining exposure after known risks have been mitigated through specific actions.</p>	<ul style="list-style-type: none"> • Low • Low to Moderate • Moderate • Moderate to High • High



Risk Assessment Results



RISK CATEGORY	OVERALL RISK LEVEL
Funding and Economics	High
Capital Improvement Program	Moderate to High
Compliance and Financial Reporting	Moderate to High
Human Resources	Moderate to High
Planning and Strategy	Moderate to High
Asset Management	Moderate
Governance	Moderate
Internal Controls	Moderate
Management and Leadership	Moderate
Operations and Service Delivery	Moderate
Organization and Staffing	Moderate
Policies and Procedures	Moderate
Procurement and Contracting	Moderate
Reputation and Public Perception	Moderate
Risk Programs	Moderate
Accounting and Finance	Low to Moderate
Ethics and Fraud, Waste, and Abuse	Low to Moderate
Information Technology	Low to Moderate
Public Safety and Security	Low to Moderate



High Risk Categories

	Impact	Likelihood	Preparedness	Trajectory
Funding and Economics	High	High	Moderate to High	Flat



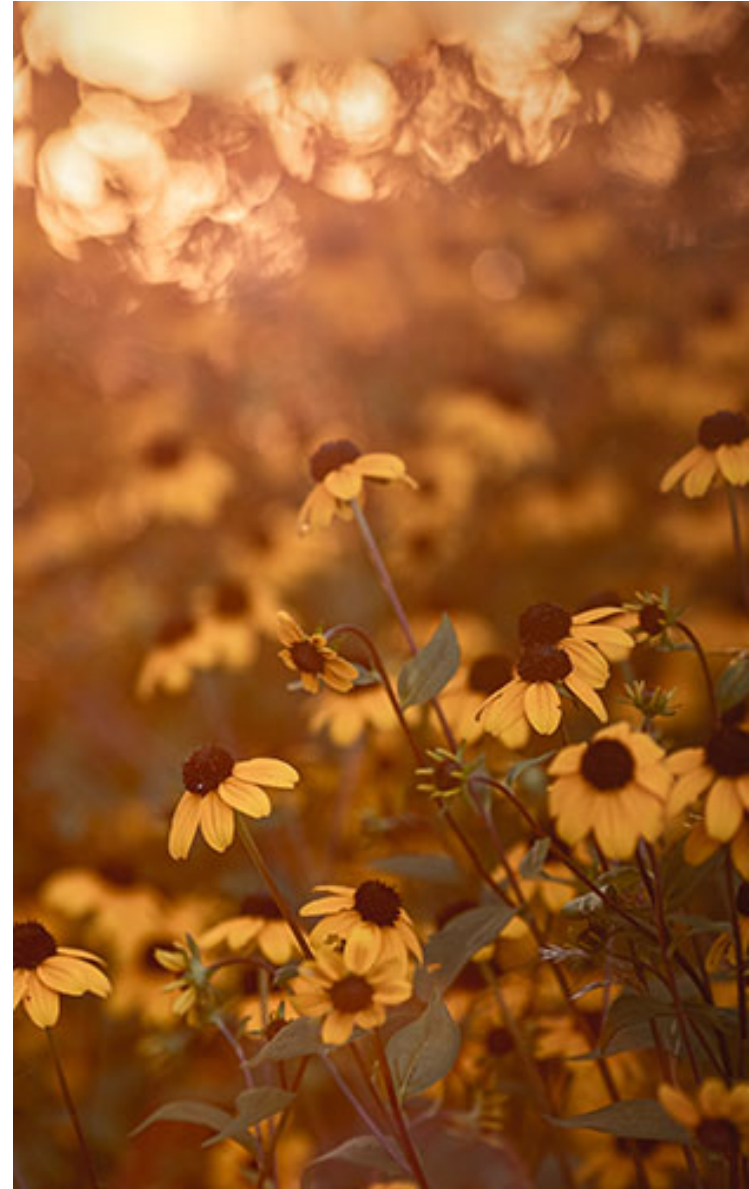
Moderate to High Risk Categories

	Impact	Likelihood	Preparedness	Trajectory
Capital Improvement Program	Moderate to High	Moderate	Low to Moderate	Increasing – Low
Compliance and Financial Reporting	Moderate	Moderate to High	Low to Moderate	Flat
Human Resources	High	Moderate to High	Moderate	Increasing – Low
Planning and Strategy	Moderate	Moderate to High	Moderate	Increasing – Low



Recommended Internal Audit Projects

- 1. Grants Management Internal Controls Review** Assess the internal controls in place over the City's grants management activities (including applications, review, administration, and reporting). (16 weeks, \$25,000)
- 2. Special Revenue Fund Process Review** Document the process used for special revenue fund accounting, identify gaps compared to best practices, and conduct testing of prior years' accounting. (16 weeks, \$18,000)
- 3. Recommendation Validation Process Establishment** Inventory prior internal and external audit recommendations, collaborate with City staff to develop a tracking mechanism and process to report and validate recommendation implementation. (20 weeks, \$10,000)
- 4. Ongoing Internal Audit Services** Attend Audit Committee and Council meetings, prepare status reports, manage internal audit program, and monitor FWA hotline. (\$7,000)





The material appearing in this presentation is for informational purposes only and is not legal or accounting advice. Communication of this information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although these materials may have been prepared by professionals, they should not be used as a substitute for professional services. If legal, accounting, or other professional advice is required, the services of a professional should be sought.

+ × - Resources

- Government Finance Officer's Association (GFOA)
 - GFOA Best Practices Guide on Audit Committees
- Institute of Internal Auditors
 - IIA Publication "The Audit Committee: Internal Audit Oversight"
- U.S. Government Accountability Office (GAO)
- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners



CC 7-02-2024

Item No. 7

Housing Element
Zoning

Presentation

6th Cycle Housing Element Update Rezoning

City Council
July 2, 2024



CUPERTINO HOUSING ELEMENT

1

Agenda

- Housing Element Overview/Sites Inventory
- Rezoning Scope: New Zoning Districts/Text Changes for consistency
- Related Amendments: HOC, BMR Manual
- Staff Recommendation
- PC Review and Recommendation
- Public Comments
- Next steps
- **Housing Element adopted May 14, 2024**



2

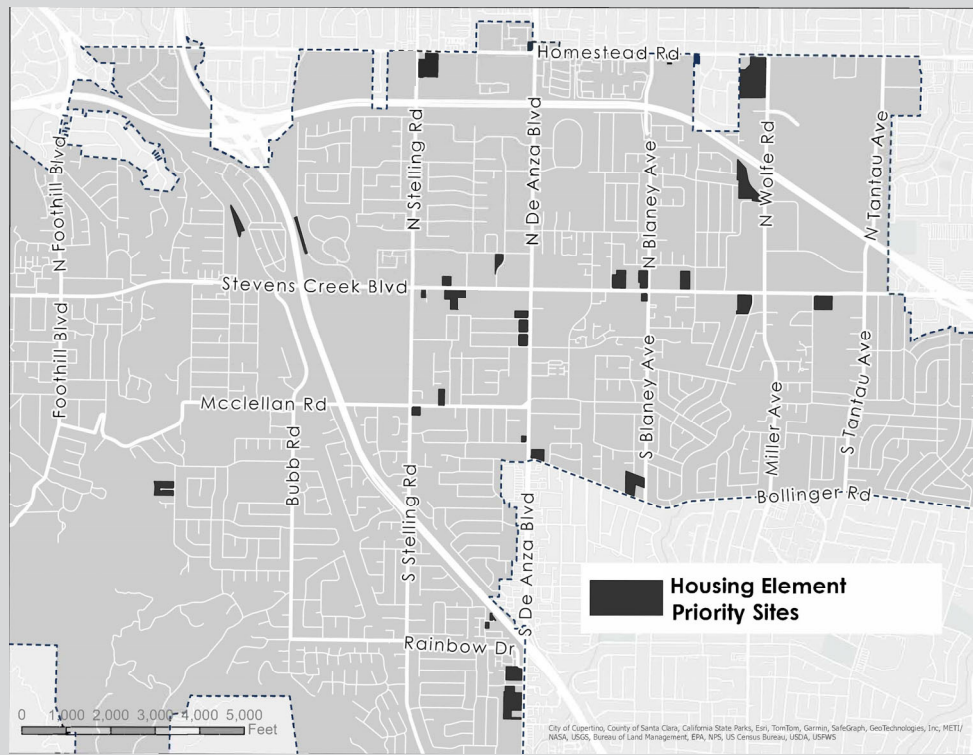
Housing Element Overview

- State-mandated General Plan Element
- Required to be updated every 8 years
- Consists of: Needs Assessment, Fair Housing Assessment, Constraints Analysis, Sites Inventory, Policies & Programs
- 6th Cycle Housing Element covers 2023-2031
- Oversight Agency: CA Dept of Housing and Community Development (HCD)
- **City received conditional compliance letter from HCD April 10, 2024**
- **Housing Element adopted by Council May 14**
- Rezoning to PC June 11



3

Adopted Housing Element Priority Housing Sites



4

Rezoning



5

Scope of Rezoning

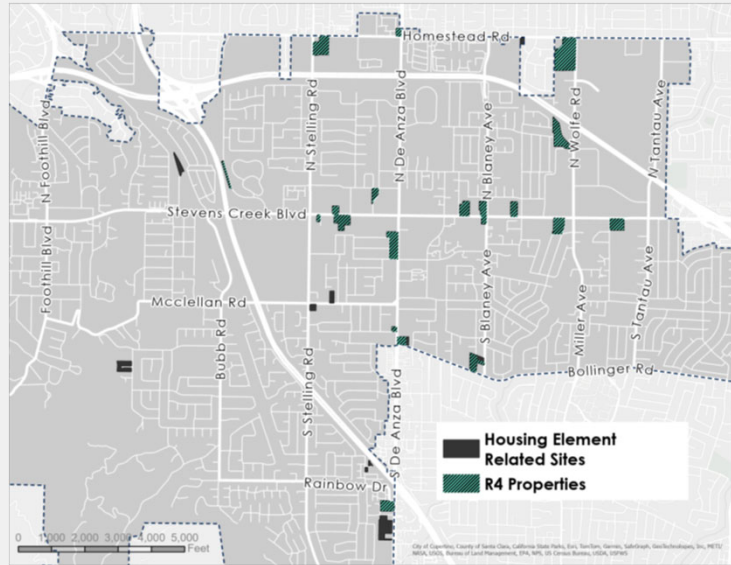
- **ONLY** related to Housing Element conformance
- Text amendments to:
 - Establish new zoning districts: R-4 and TH
 - Modify existing regulations
 - Edits for consistency with State law
 - Edits for internal consistency
- Map amendments limited to Priority Housing Sites
 - R-1 properties subject to Missing Middle Strategy HE-1.3.6 **not** being rezoned



6

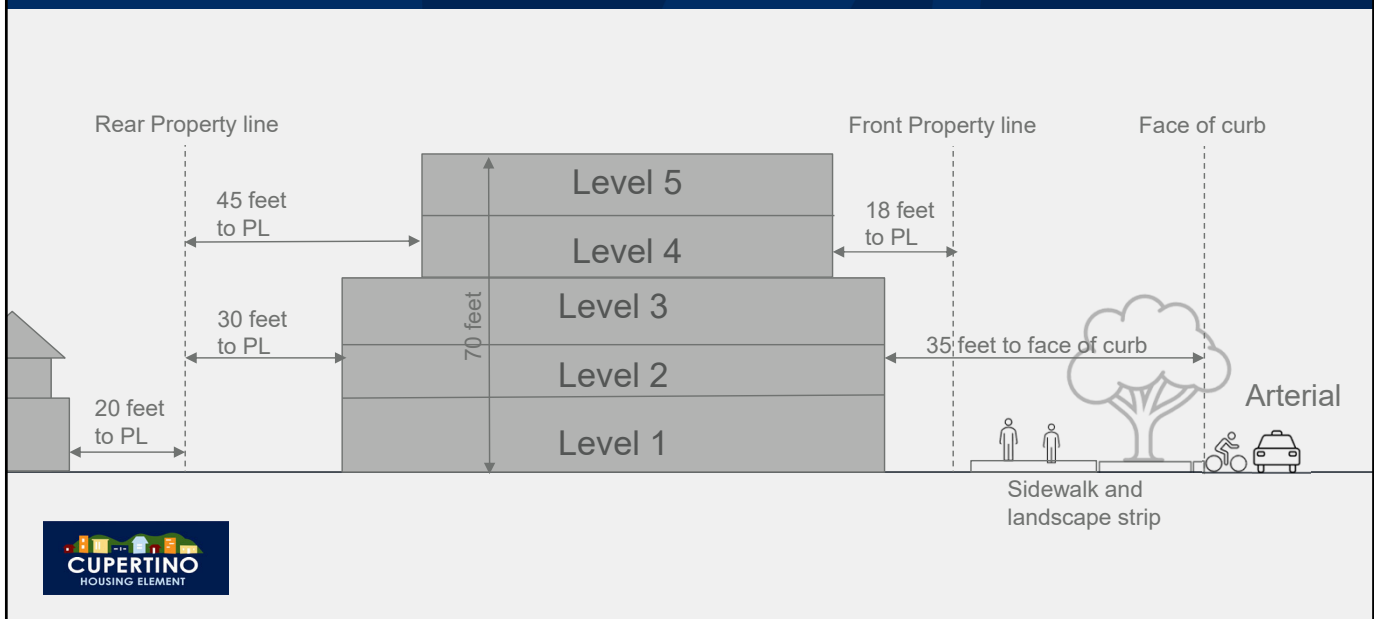
New Standards – R-4 zones

- Accommodates densities 50 du/acre and higher
- Aligns High/Very High (50-65 du/acre) and Very High (65-80 du/acre) General Plan designations
- 40 of 58 Priority Housing sites are R-4



7

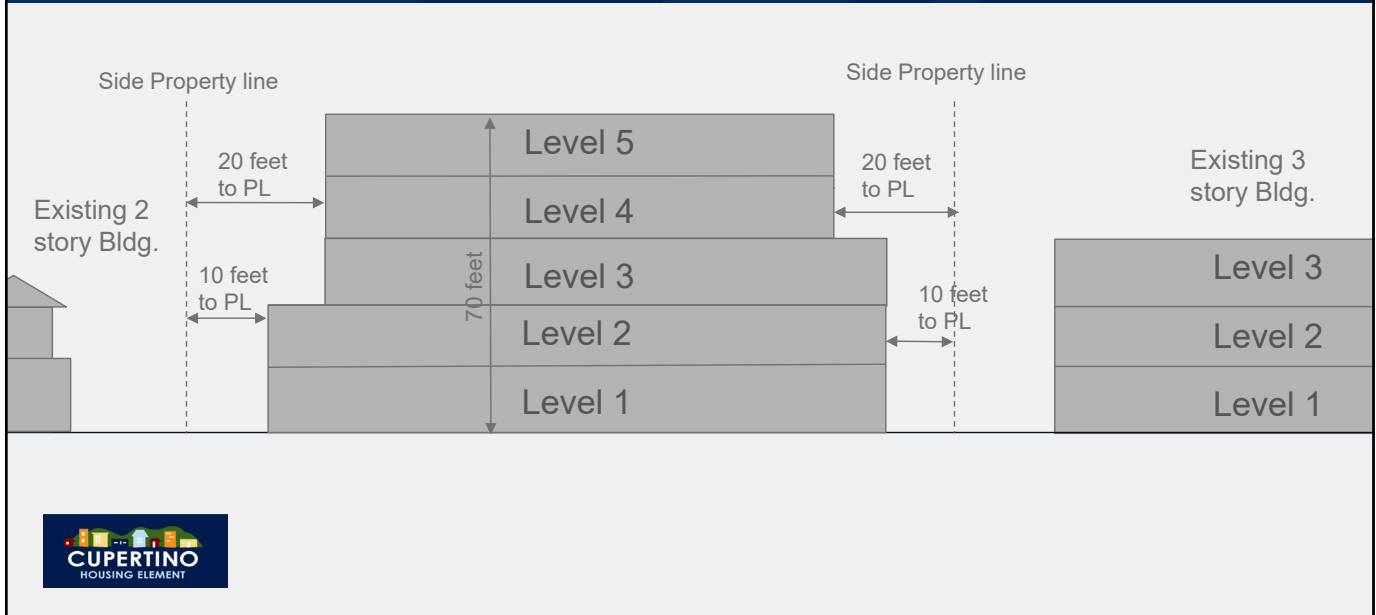
Front and Rear Setback Standards R-4 zones



8

Side Setback Standards

R-4 zones



9

New Standards – TH combining zone

- Only for use with existing residential base zoning
 - 16 of 58 Priority Housing Sites with R-3 base zoning
- Goal: to allow lower-scale buildings near single-family neighborhoods and encourage different housing types
- Height: 30 feet max (General Plan standard)
- Front setback must meet underlying base residential zoning: 20 feet minimum unless on a major roadway
- Side and rear setbacks established

10

New Standards (contd.)

- Emergency Shelters
 - Required to be by-right in at least one zoning district
 - Allowed in BQ and R-4 zoning districts
- By-right approval for Priority Housing Sites that include 20 du/acre and 20% of total units for LI and VLI households:
 - Exempt from CEQA
 - Objective design review
 - Up to 50 units – Administrative Hearing
 - 50+ units – Planning Commission Review



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Modification of existing standards

- Multiple Family **(R-3)** zoning districts
 - Structure of ordinance modified to distinguish between fourplexes and five or more units
 - The regulations for developments with five or more units modified to accommodate higher densities
 - Language re: maintenance of common areas etc.
- Various Chapters in Title 19:
 - Conformance with State law re: types of housing that must be allowed by-right
 - Definitions updated for consistency with State law



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Zoning Map/BMR Manual

- Updated to reflect the Zoning District changes to Priority Housing Sites
- New colors and labels on Map to indicate new zoning designations, R-4 and TH
- Map clearly Identifies Priority Housing Sites
- BMR Manual update to modify program to match Housing Element (Strategy HE-2.3.3)



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PC Review and Recommendation



CUPERTINO
HOUSING ELEMENT

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PC Review and Recommendation

- Recommended approval of HOC Specific Plan Amendments, BMR Mitigation Manual and Zoning Map (4-0 Absent: Fung)
- **No** Recommendation on Municipal Code Amendments (2-2 Absent: Fung)



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PC Review – Topics discussed with motion - TH Combining District

- Height – increase to 35 feet (*no consensus*)
 - *Height established by General Plan*
 - *Located in or abut low density residential homes*
 - *Could be designed with lower plate heights or utilize CA Density Bonus law*
- Lot Coverage and Floor Area Ratio – Eliminate lot coverage and increase FAR (*no consensus*)
 - *Reduced areas for landscaping, urban canopy impacts*
 - *100% FAR would allow townhomes larger than in R1-5 zones. Changed to 85% FAR from 70% FAR.*



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PC Review – Topics discussed with motion – Single Family (R1) zones: Duplex Development

- Front Setback – use underlying zoning standard for R1-a (*consensus*)
 - *Change made to use underlying zoning standard for front setback in all R1 zoning districts using Missing Middle Policy*
- Rental – Eliminate word “rental” (*consensus*)
 - *Change made*
- Parking requirements – reduce standard for duplexes built in R1 zoning districts to 2 open and 2 enclosed (*no consensus*)
 - *No change made. Council could make change if desired*



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PC Review – Topics not discussed with motions – R-4 Zoning District

- No. of stories – Eliminate maximum number of stories and retain 70-foot building height standard
 - *One height standard could provide greater developer flexibility*
 - *Proposed standard based on construction types, building forms, activation of ground floor, visual preference surveys and developer feedback*
 - *Consensus reached on 70-foot maximum, not 5 stories. If desired, council could eliminate dual 5-story standard*



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PC Review – Topics not discussed with motions – Definitions

- Duplex – Eliminate/modify 200 sq. ft. standard between units
 - *Existing definition subjective under state law, not enforceable. Objective standard necessary*
 - *Elimination could result in greater flexibility when building*
 - *200 sq. ft. maximum separation allows one extra bedroom and bathroom in one of the units*
 - *If Council desires, it could eliminate, modify or change the proposed standard*



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PC Review – Topics not discussed with motions – R-1 zoning district – Duplex Development

- FAR standard – Eliminate 55% FAR standard (*minimal discussion, no consensus*)
 - *Proposed standard based on survey of neighboring jurisdictions – Mtn. View and Sunnyvale*
 - *Duplexes similar in size/scale to single family structures*
 - *Currently, no lot FAR limitation for R-2 development. Existing coverage standard (40%) could allow 80% FAR*
 - *Missing Middle policy primary focus of public based on comments received.*
 - *Issue: compatibility with Single-Family homes vs. encouraging expanded use of policy*
 - *If Council desires, it could eliminate or modify the proposed standard*



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Public Comments



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Public Comments - Received after PC meeting

- Several comments received to:
 - Eliminate no. of stories in R-4 zones
 - Eliminate size standard from definition of duplex
 - Expand/modify lot coverage limits for R-3 zones
 - Eliminate minimum lot size requirements for R-3 properties
 - Eliminate or modify following standards for duplexes in R-1 zoning districts per the Missing Middle strategy
 - Floor Area Ratio
 - Parking standards
 - Side yard setbacks
- Several comments also received to keep the proposed ordinance unchanged, including, specifically, the standards outlined above

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Lot Coverage and FAR Comparison across zones

Zoning	Scale	Lot Coverage		Floor Area Ratio	
		Existing	Proposed	Existing	Proposed
Single Family R-1	Single family Res (SFR)	45%+5% for eaves /covered patios	No change	45%	No change
NEW! Duplex in R-1 (Missing Middle)	Larger SFR	-	40%	-	55%
Duplex R-2 (not part of scope)	Larger SFR	40%	No change	No limit	No change
R-3	1-4 units	Larger SFR	40%	No limit	No change
	5+ units	Apt. scale	40%	55%	No change
NEW! Townhome TH	Six or eight-plex	-	55%	-	85%
NEW! Multi-family R-4	High Density scale	-	55%	-	No limit

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Recommendation



CUPERTINO
HOUSING ELEMENT

24

Recommendation

- That the City Council adopt resolutions (with the redlines proposed) to:
 - Municipal Code Amendments (Attachment A)
 - Specific Plan Amendments and BMR Mitigation Manual updates (Attachment B)
 - Zoning Map Amendments (Attachment C)



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Next Steps



CUPERTINO
HOUSING ELEMENT

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Next Steps

- Objective Design Standards – Fall 2024
- Safety Element update – Winter 2024/25

27

Questions?



CUPERTINO

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CC 07-02-2024

#8

Lawrence-Mitty Park and
Trail Project

Presentation

Lawrence-Mitty Park and Trail Project

Final Conceptual Plan and Initial Study Mitigated Negative Declaration

City Council meeting
July 2, 2024



CUPERTINO

Tonight's Action

Subject: Review Lawrence-Mitty Park and Trail Project Final Conceptual Design and consider the proposed Initial Study/Mitigated Negative Declaration.

Recommended Action:

1. Adopt Resolution No. 24-XXX, adopting Lawrence-Mitty Park and Trail Project's Initial Study/Mitigated Negative Declaration; and
2. Approve the Lawrence-Mitty Park and Trail Project Final Conceptual Design.

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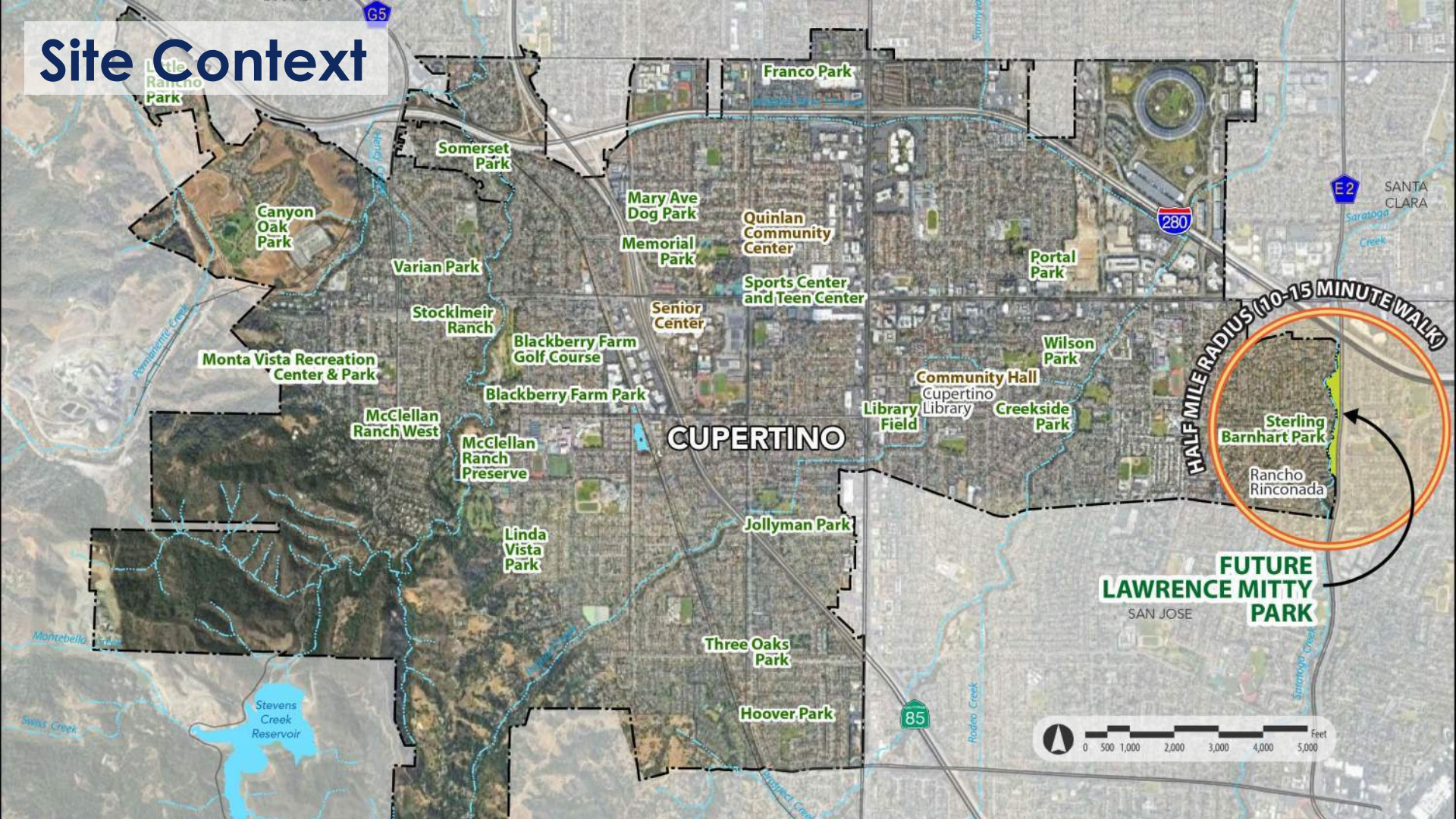
Lawrence – Mitty Park and Trail Project

Agenda

1. Project Background
2. Final Concept Plan
3. CEQA Summary
4. Next Steps

Project Background

Site Context



Existing Conditions



MAP LEGEND

- Saratoga Creek
- Lawrence-Mitty Park Boundary
- Existing Trees
- Existing Saratoga Creek Trail
- Existing Access Point
- Existing Bike/Pedestrian Route



Community Vision

Top Community and Comfort Features



- Shaded Areas
- Walking Paths
- Restroom
- Seating

Top Recreation Features



- Nature Play
- Things to Climb
- Fitness Equipment

Top Wildlife, Nature, and Education Features



- Nature Trails
- Native Plants to Enhance Wildlife
- Creek Overlook



Summary: Preferred Concept

Preferred Concept Voting Combined Event Totals

CONCEPT A: WHEEL FUN



CONCEPT B: STORY TRAIL



CONCEPT C: PLAY IT UP



■ Library Pop-Up ■ Site Visit ■ Virtual Meeting ■ Online Survey

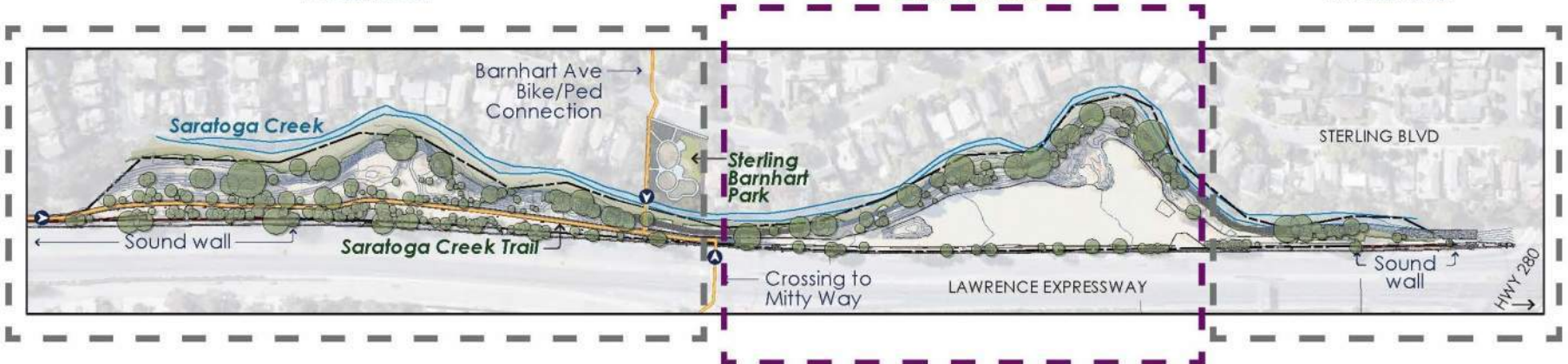
Final Concept Plan

Phasing

FUTURE PHASE

CURRENT PHASE

FUTURE PHASE

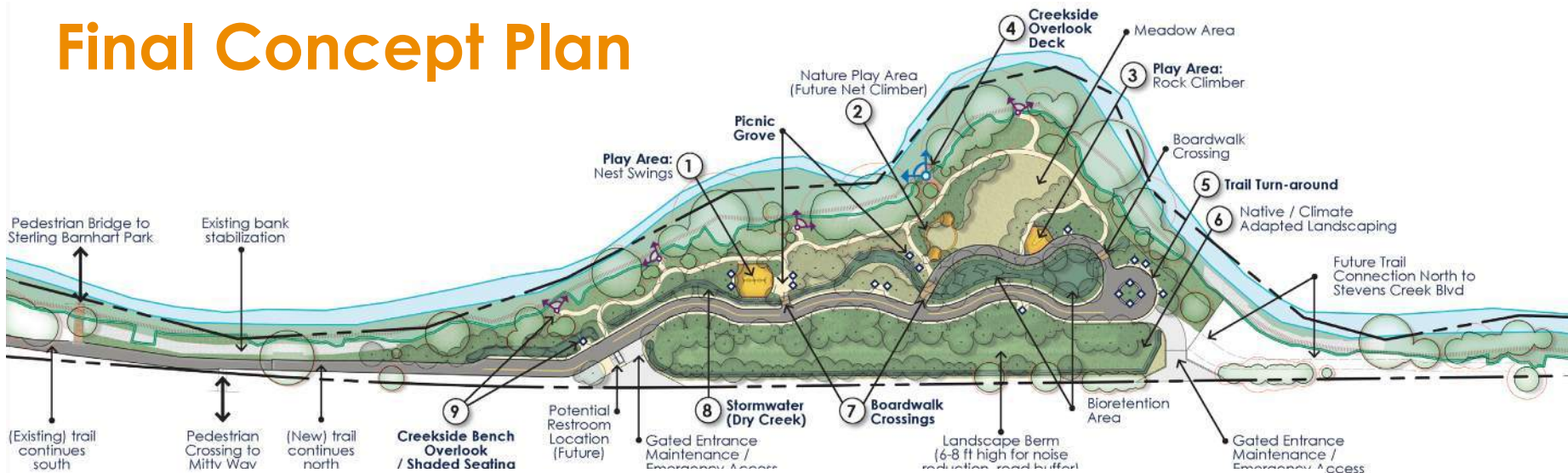


South Park and Trail:
Trail and recreation
enhancements

North Park and Trail:
Concept Plan
(Priority Project)

Trail Connection North:
Continuation to
Stevens Creek Blvd

Final Concept Plan

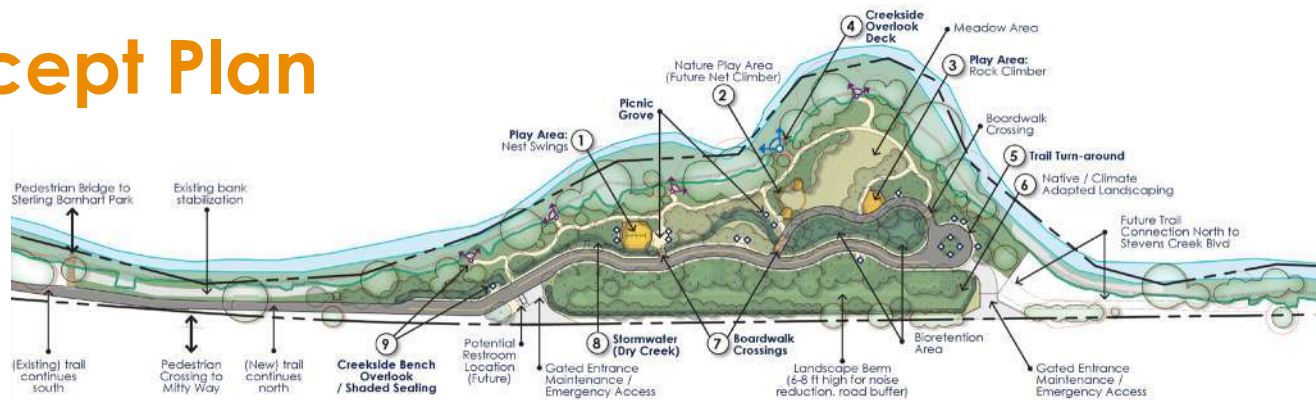


CONCEPT LEGEND

<ul style="list-style-type: none"> --- Park Boundary Light Blue Box Saratoga Creek (OHWM) Red Dotted Line Top of Bank Existing Vegetation: Green Box Riparian Zone Green Circle with Dots Tree Canopy (Existing) Pink Circle with Dots Tree Root Protection Zone 	<ul style="list-style-type: none"> New Vegetation: Green Circle with Dots Trees (Proposed) Dark Green Box Stormwater Areas Light Green Box Native/Climate Adapted Planting Yellow-Green Box Open Meadow Space Circulation: Grey Box Paved Multi-use Path Yellow Box Walking Path White Box Maintenance/Emergency Access 	<ul style="list-style-type: none"> Recreation Features: Yellow Box Play Area Blue Box with Dots Creekside Deck Overlook Purple Box with Dots Creekside Bench Overlook White Diamond Shaded Seating / Picnic Table Inspiration Images: Black Circle with # See image collage
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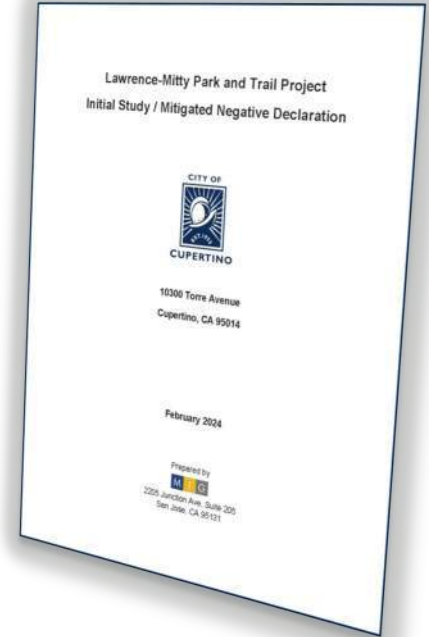
Final Concept Plan



CEQA Summary

CEQA Process

- Draft Initial Study / Mitigated Negative Declaration (IS/MND)
- 30-day Public Review Period: 2.12.24 – 3.13.24
- Five Comment Letters Received
- Final IS/MND, Responses to Comments, Mitigation Monitoring and Reporting Program
- Planning Commission Recommendation to City Council
- Parks & Recreation Commission Recommendation to City Council
- Adoption of MND by City Council



Environmental Impacts

Less than Significant with Mitigation Incorporated	Less than Significant or No Impact	
<ul style="list-style-type: none">• Biological Resources• Cultural Resources• Tribal Cultural Resources	<ul style="list-style-type: none">• Aesthetics• Agriculture & Forest Resources• Air Quality• Energy• Geology and Soils• Greenhouse Gas Emissions• Hazards and Hazardous Materials• Hydrology & Water Quality• Land Use & Planning	<ul style="list-style-type: none">• Mineral Resources• Noise• Population & Housing• Public Services• Recreation• Transportation• Utilities & Service Systems• Wildfire

Next Steps

Completed Concept Phases



Next Steps

July 2 **City Council adoption of the IS/MND
and approval of the conceptual design**

**Aug. 2024
to March 2025** **Design Development
& Regulatory Permitting**

**Apr. 2025
to Dec. 2025** **Construction Documents
& City Permitting**

**Jan. 2026
to Mar. 2027** **Bidding & Construction**

Tonight's Action

Subject: Review Lawrence-Mitty Park and Trail Project Final Conceptual Design and consider the proposed Initial Study/Mitigated Negative Declaration.

Recommended Action:

1. Adopt Resolution No. 24-XXX, adopting Lawrence-Mitty Park and Trail Project's Initial Study/Mitigated Negative Declaration; and
2. Approve the Lawrence-Mitty Park and Trail Project Final Conceptual Design.

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Thank You!



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#9

General Plan Amendment
(GPA) Authorization

Presentation

General Plan Amendment (GPA) Authorization

Cupertino City Council
July 2, 2024



**CITY OF
CUPERTINO**

Background

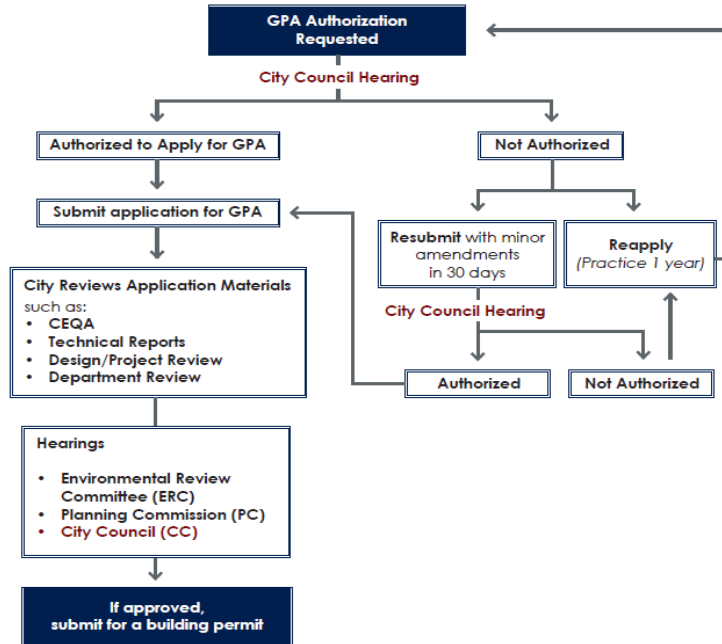
- GPA Authorization process was adopted by Council with Resolution 15-078 in 2015
- Procedure intended to address Council and community input

GPA Workflow



GENERAL PLAN AMENDMENT AUTHORIZATION WORKFLOW

Attachment C





Prior to GPA Authorization Procedure

- City may amend its general plan up to four times in one calendar year.
- Applications reviewed concurrently with GPA application.
- Public input solicited through citywide noticing, legal notices for meetings, site signage, and neighborhood meetings.
- Upon completion of review, public hearings scheduled for Planning Commission and City Council.

Reasons to Repeal

- Misunderstanding of the GPA project approval and modification process
- Unclear expectations
- Increased overall project review time and resources
- Misconception of quid pro quo for private developments

Recommended Actions

That the City Council adopt Resolution repealing the existing General Plan Amendment Authorization procedure and process and rescinding Resolution 15-078.