

**City of Cupertino
Budget Document and Performance Measures Improvements**

February 2025



Baker Tilly US, LLP

2055 Gateway Place
Suite 140
San Jose, CA 95110
United States of America

T: +1 (408) 625 5100
F: +1 (408) 625 5125

bakertilly.com

February 12, 2025

Ms. Pamela Wu, City Manager
Ms. Kristina Alfaro, Director of Administrative Services
City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014

Dear Ms. Wu and Ms. Alfaro:

Baker Tilly is pleased to present our report resulting from our analysis of the City of Cupertino's current budget document and the performance measures upon which City services are evaluated. The budget document is one of the most critical policy documents that reflect the priorities of the City in the provision of services to the community. The ability to tell the story regarding those priorities and the allocation of resources that the community has entrusted to City leaders to spend wisely is critical to informing the City Council's policy priorities and provision of resources to achieve those goals.

We have identified 32 recommendations for change and improvement in the City's budget document, related processes, and a set of performance measures that better reflect the success in providing services to the community and its stakeholders.

We look forward to presenting this report to the City's Audit Committee and, ultimately, the City Council.

Sincerely,

A handwritten signature in blue ink that reads "Carol Jacobs".

Carol Jacobs, Managing Director

+1 (949) 809 5588 | carol.jacobs@bakertilly.com

Table of Contents

Executive Summary	2
Key Observations	2
Key Recommendations.....	3
Project Introduction	4
Project Approach.....	4
Methodology.....	4
Guiding Principles	5
Report Content	7
Budget Document	8
Budget Document Interview Themes.....	8
<i>Interview Themes - City Councilmembers</i>	8
<i>Interview Themes- City Staff</i>	9
<i>Key Takeaways from Interviews</i>	10
Current Budget Document Review and Analysis	10
Comparative Research.....	12
Budget Document Observations and Recommendations	14
<i>Budget Formatting</i>	14
<i>Budget Message</i>	14
<i>Budget Guide</i>	16
<i>Community Profile</i>	16
<i>Financial Policies</i>	16
<i>All Funds Financial Schedules</i>	17
<i>General Fund Financial Schedules</i>	17
<i>Department Sections</i>	18
<i>Capital Budget/Capital Improvement Plan</i>	19
<i>Other Budget-Related Matters</i>	21
Recommended Document Framework (Table of Contents)	23
Performance Measures	30
Performance Measures Interview Themes	30
<i>Interview Themes – Council</i>	30
<i>Interview Themes – Staff</i>	30
<i>Key Takeaways</i>	31
Current Performance Measures Review and Analysis	31
Performance Measures Observations and Recommendations	32
<i>Performance Measures vs. Workload Indicators</i>	32

<i>Strategic Planning</i>	34
Recommended Performance Measures.....	37
Conclusion	45
Attachment A – List of Recommendations	46

Table of Contents - Tables

Table 1. Defining Guiding Principles in Local Government Budgeting and Performance Measurement	6
Table 2. Shared Themes on Budget Document from City Councilmembers and Staff	10
Table 3. Components of the Budget Document	12
Table 4. Performance Measures Versus Workload Indicators	33
Table 5. Suggested Performance Measures	37

Table of Contents - Figures

Figure 1. Guiding Principles in Local Government Budgeting and Performance Measurement	6
Figure 2. Strategic Planning Framework	36

Executive Summary

The City of Cupertino engaged Baker Tilly US, LLP to conduct a comprehensive review of its budget document and performance measures. The primary objective of this engagement was to enhance the clarity, accessibility, and strategic alignment of the City's annual budget document and to improve the effectiveness of performance measures in tracking progress toward key citywide goals.

The project was divided into two distinct phases:

1. **Budget Document Review:** This phase focused on assessing the structure and content of Cupertino's existing budget document. While Cupertino has a history of producing award-winning budgets, opportunities exist to refine the document to improve readability, transparency, and accessibility for a wider range of stakeholders, including elected officials, community members, and non-financial professionals.
2. **Performance Measures Assessment:** The second phase involved evaluating Cupertino's current performance measures and workload indicators. Many existing measures were developed several years ago and no longer align with the City's evolving priorities and strategic objectives. The project sought to establish a robust framework for performance measurement that reflects current service delivery priorities, fosters accountability, and supports continuous improvement.

Our approach included reviewing key city documents including the budget document, performance measure data, and strategic goals of the City. We conducted interviews with City Councilmembers and staff across multiple departments, and conducted comparative research with peer cities to identify best practices and potential improvements.

Key Observations

Our analysis identified several key themes related to both the budget document and performance measures:

- **Budget Document Challenges:** Stakeholders noted that the budget document is highly detailed but difficult to navigate, leading to underutilization. Complex financial terminology and inconsistent formatting further hinder accessibility.
- **Performance Measurement Gaps:** Existing performance measures lack alignment with strategic goals, are inconsistently applied across departments, and often focus on workload indicators rather than true performance outcomes.
- **Capital Improvement Plan (CIP) Integration:** The absence of a dedicated and consistently published CIP document limits transparency in capital project planning and funding.
- **Public Engagement:** The City's budget process includes limited direct engagement with community members outside of Council meetings and publication of various budget reports and materials, reducing opportunities for public input and education.

- **Strategic Planning Alignment:** The City's budgeting process and performance measures lack a comprehensive citywide strategic plan upon which they should be based, creating a disconnect between resource allocation and long-term priorities.

Key Recommendations

Based on our findings, we recommend the following actions to improve Cupertino's budget document and performance measurement framework:

- **Refine the Budget Document Structure:** Implement a more intuitive layout, including a clearer table of contents, a standalone budget message, and an elevated Budget Overview section.
- **Improve Budget Transparency and Accessibility:** Condense complex financial terminology, move non-essential sections to an appendix, and leverage OpenGov for detailed budget data.
- **Streamline Departmental Budget Presentations:** Standardize departmental sections to include key priorities, performance measures, and financial summaries.
- **Enhance Capital Improvement Plan (CIP) Reporting:** Develop a five-year CIP document integrated into the annual budget and assign clear roles for its preparation and publication.
- **Increase Public Engagement:** Expand community outreach efforts, review efficacy of educational materials explaining budget priorities, and explore additional interactive budget tools for greater accessibility.
- **Integrate Strategic Planning into Budgeting:** Establish a structured strategic planning framework to ensure that budget allocations align with citywide priorities and performance tracking is consistent across departments.
- **Revamp Performance Measures:** Align performance measures with the City's strategic goals, differentiate between workload indicators and true performance metrics, and standardize the reporting process.

By implementing these recommendations, Cupertino can create a budget document that is not only more user-friendly and transparent but also a more effective tool for decision-making and accountability. Additionally, refining performance measures will provide meaningful insights into service delivery and help track the City's progress in achieving its strategic vision.

Project Introduction

Project Approach

The City of Cupertino ("Cupertino" or "the City") has engaged Baker Tilly US, LLP ("Baker Tilly") to review the City's current budget document and performance measures. The goal of this project is to help the City enhance its annual budget document and performance measures to ensure they are meaningful, accessible, and insightful for all stakeholders.

The project is divided into two phases. Phase 1 focuses on reviewing the structure and content of the budget document. Cupertino has a strong history of producing award-winning budgets. Yet there is a need for more relevant, clear, and easily understandable budget document that can be accessed by a broader audience. Specifically, the challenge is to provide elected officials, community stakeholders, and non-financial professionals with a budget document that helps them understand how the City allocates and invests resources to achieve its highest priorities. Phase 1 aims to revamp the structure and content of the City's budget document to help increase transparency and accessibility.

Phase 2 shifts focus on Cupertino's current performance measures and workload indicators. The existing performance measures, developed several years ago, no longer align with the City's evolving priorities and strategic objectives. With recent shifts in development activity, service delivery, and the City's strategic goals, there is a need to revisit and update these measures. Phase 2 aims to bridge the gap between outdated metrics and the City's evolving priorities, ensuring that the new performance measures reflect current goals and foster continuous improvement and accountability. The ultimate objective is to develop a set of robust, dynamic performance measures that accurately track the City's progress in achieving its strategic vision.

Methodology

To achieve the goals of this project, Baker Tilly requested and reviewed data provided by City staff. The following serves as a summary of the data we reviewed the following resources:

- Current and prior year budgets,
- Performance measure information,
- Budget process and timeline,
- Budget award documentation,
- OpenGov portal,
- Cupertino budget website, and
- City Council strategic goals.

The data received was used to facilitate interviews with City Councilmembers and staff. Baker Tilly consultants interviewed the following participants:

- Mayor, Vice-Mayor and three Councilmembers,
- Nine staff members from the following departments:

- City Manager’s Office,
- Administrative Services,
- Public Works,
- Parks and Recreation,
- Innovation and Technology, and
- Community Development.

Each provided unique insights into both the budget document and current performance measures as shown below. These activities offered a detailed understanding of how current budget practices intersect with the city’s broader objectives.

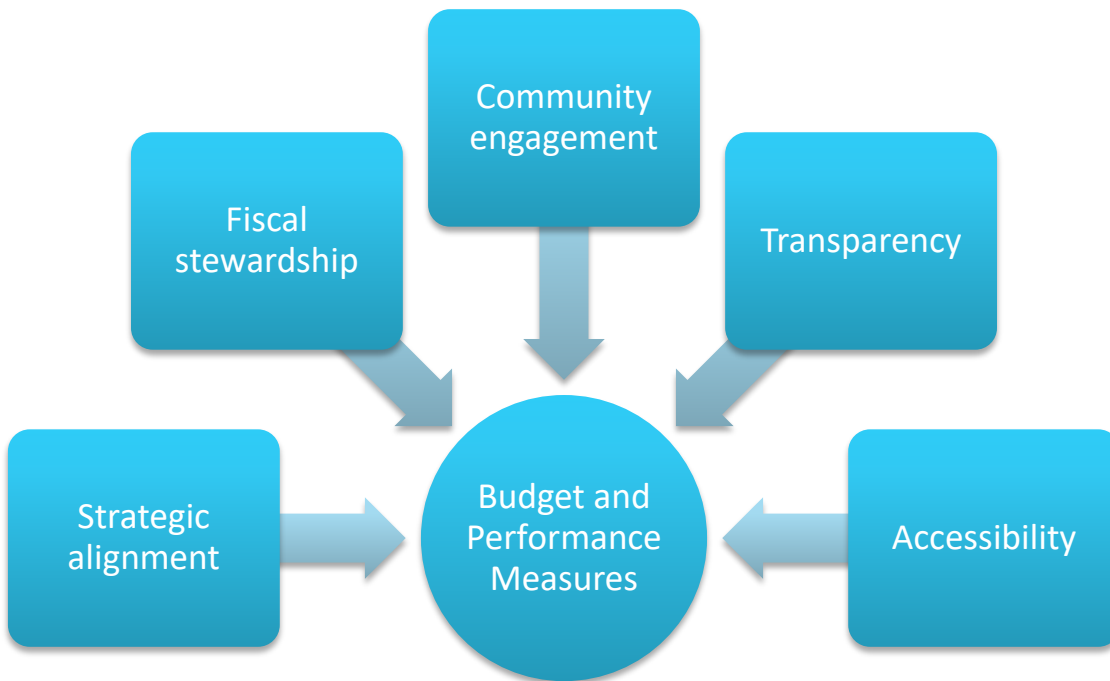
Guiding Principles

Local governments use the budget process to distribute limited resources among various programs and services, making it one of their most critical functions. As the centerpiece of resource allocation decisions, the budget process culminates in the adopted budget document, which serves as a powerful decision-making tool. The effectiveness and acceptance of these decisions depend heavily on the structure and characteristics of the budgeting process itself.

When the budget process and its outcomes are closely aligned with other government functions, such as strategic planning and operational management, they lead to more informed financial and programmatic decisions, ultimately enhancing government performance. An inclusive budgeting approach that actively engages stakeholders—including elected officials, administrators, employees and their representatives, community organizations, and business leaders—ensures that diverse needs and priorities are reflected. This approach fosters positive public relations and strengthens trust and confidence in government among citizens and other stakeholders.

Best practices in local government budgeting and measuring performance suggest a series of guiding principles to provide meaningful information that informs the allocation of fiscal resources to accomplish the agency’s objectives. The overarching principles guiding this assessment focus on five essential areas that are foundational to improving the current budget document and performance measures, displayed in Figure 1.

Figure 1. Guiding Principles in Local Government Budgeting and Performance Measurement



Each is summarized in Table 1 below.

Table 1. Defining Guiding Principles in Local Government Budgeting and Performance Measurement

Guiding Principle	Definition
Strategic Alignment	<ul style="list-style-type: none"> Clearly reflect how the city’s resources, initiatives, and policies are aligned with long-term vision and goals. Strategic objectives integrated into the budget Demonstrate a purposeful allocation of resources supporting future growth and sustainability Performance measures track progress toward strategic goals, allowing for more informed adjustments in future planning cycles
Fiscal Stewardship	<ul style="list-style-type: none"> Demonstrate responsible management of public funds Highlight efforts to maximize value of taxpayer dollars while maintaining financial stability Performance measures track key fiscal metrics to ensure effectively use of City funds, identify potential inefficiencies, and make necessary improvements to support essential programs and services
Community Engagement	<ul style="list-style-type: none"> Collaboration with community stakeholders fosters transparency, builds trust, and empowers residents to take an active role in shaping the city’s future Leads to better alignment with community-driven goals
Transparency	<ul style="list-style-type: none"> Provide clear, accessible information about the city’s financial resources Clarify and communicate decision-making processes Demonstrate how funds are allocated across departments and initiatives

	<ul style="list-style-type: none"> • Performance measures track and report progress toward specific goals, providing transparency in how the city is meeting its objectives
Accessibility	<ul style="list-style-type: none"> • Ensures that the budget and performance measures are understandable and accessible to all stakeholders. • Presents financial information in a clear, user-friendly format • Uses plain language and visual aids to make complex data more digestible • Performance measures include clear metrics that allow residents, community groups, and decision-makers to easily track the city’s progress toward its goals

Together, these principles form a comprehensive framework for updating the budget document to align with these goals, ensuring that the city’s financial planning and resource allocation support its long-term vision and foster transparency.

Report Content

This report includes the following sections that discuss the results of our data gathering and interviews, common themes, our independent analysis and recommendations,

- **Budget Document** – This section is focused on our observations, analysis and recommendations to improve the budget document reflective of the guiding principles discussed earlier. This section includes:
 - *Interview Themes* – an overview of what we heard from our interviews with City Councilmembers and staff
 - *Review and Analysis* – a summary of our analysis of the data and documents reviewed
 - *Comparative Research* – the results of our review of various budget documents of comparable agencies in Santa Clara County and the region
 - *Observations and Recommendations* – a summary of our analysis and recommendations to improve the budget document
 - *Recommended Budget Document Framework* – a summary of our recommendations in the form of a proposed table of contents with descriptions for the proposed new format of the budget document.
- **Performance Measures** – This section is focused on our observations and recommendations to develop performance measures that are reflective of the City’s top priorities as they are known today. This section includes:
 - *Interview Themes* – an overview of what we heard from our interviews with City Councilmembers and staff
 - *Review and Analysis* – a summary of our analysis of the data and documents reviewed
 - *Observations and Recommendations* – a summary of our analysis and recommendations of performance measures to be considered for inclusion in a revised budget document and to track and report on during the fiscal year.
 - *Recommended Performance Measures* – a list of proposed new performance measures.

Budget Document

Budget Document Interview Themes

As mentioned earlier, we conducted individual interviews with all City Councilmembers and nine staff members. The following represents the themes we heard as part of our interview of each group, respectively.

Interview Themes - City Councilmembers

The common themes regarding the budget document from council interviews is summarized in the following five themes:

- 1. Transparency and Accessibility**
 - a. The "Budget at a Glance" document and departmental summaries provide an accessible overview of the City's financial plan, highlighting key allocations and priorities.
 - b. The budget document frequently uses complex financial terms that are difficult for the reader to understand.
 - c. City staff always make themselves available to answer questions and provide clarification and was consistently noted as a positive aspect.
- 2. Clarity and Presentation**
 - a. The introduction section is perceived as too lengthy.
 - b. Layout issues, such as the use of portrait versus landscape orientation and the absence of a title page, have been noted as affecting readability.
 - c. The table of contents appears to need refinement to enhance navigability. A more clearly structured and detailed table would help readers easily locate relevant sections within the document.
- 3. Capital Improvement Projects (CIP)**
 - a. The CIP projects cause confusion, especially regarding how they are prioritized and how their funding overlaps with other programs.
 - b. There is a lack of cohesiveness between the operating and capital budgets
 - c. There is limited visibility into fund transfers, consulting services, and community grant funding, making it harder to fully understand resource allocation.
- 4. Data and Accountability**
 - a. Insufficient tracking of special project carryovers and enterprise fund allocations raises concerns about accountability.
 - b. Some budgetary elements, such as contingencies and extended library hours, are viewed as unnecessary "bloat."
 - c. Revenue projections are perceived as overstated, and cash management practices seem to be underutilized.
- 5. Engagement and Strategy**
 - a. The budget's role as a planning document is not clear.

- b. The budget does not adequately reflect Council priorities or provide a clear strategic plan.
- c. Simplifications, such as the "Budget in Brief," are seen as overly reductive.

Interview Themes- City Staff

The common themes regarding the budget document and its preparation from staff interviews is summarized into the following six themes:

1. Detail, Transparency and Usability

- a. The budget document is extremely detailed, reflecting the City Council priority for transparency.
- b. The "Budget at a Glance" section, City Manager's budget message and departmental summaries are helpful for informing the public.
- c. Although OpenGov is a valuable resource for accessing budget information, finance staff are readily available to clarify and provide additional detail on budget to council members and staff as needed.
- d. While some departments find the detailed program-level information necessary, others feel overwhelmed by the volume of content.
- e. The document's size and complexity lead to confusion and underutilization by many staff and stakeholders.
- f. Definitions and explanations can be simplified to help explain complex financial topics in layman's terms.

2. Communication and Process Challenges

- a. The budget process is effectively communicated internally, but time constraints hinder thorough review and input from departments.
- b. Additional requests from Administrative Services, councilmembers, or administration add pressure and exacerbate time limitations.

3. Document Accessibility and Navigation

- a. Finance staff can navigate the document but recognize that others may struggle to utilize it effectively.
- b. The budget message is seen as overly lengthy and redundant, contributing to user frustration.

4. Technology and Tools

- a. Departments find OpenGov challenging to use but believe training and layout improvements could make it a more effective tool for presenting the budget.

5. Connection to Capital Improvement Projects (CIP)

- a. There is city-wide confusion about why the CIP budget is not integrated into the departmental sections of the budget document.
- b. The CIP projects cause confusion, particularly regarding prioritization and funding overlaps with other programs.

6. Relevance and Usage

- a. The document is infrequently used by staff and becomes outdated as soon as the fiscal year begins.

Key Takeaways from Interviews

Our interviews of Council and staff members identified several commonalities that should be highlighted. They are presented in Table 2 below.

Table 2. Shared Themes on Budget Document from City Councilmembers and Staff

Common Theme	Description
Transparency and Accessibility	<ul style="list-style-type: none"> • Council and staff acknowledge the importance of transparency, with positive mentions of tools like the "Budget at a Glance" and the availability of City staff to clarify questions • Most also find the budget document overwhelming or too complex, suggesting a need for a focused simplification of explanations of financial terms and processes
Strategic Alignment	<ul style="list-style-type: none"> • Both groups note a lack of strategic alignment with City priorities, in part due to the lack of a citywide strategic plan
Clarity and Presentation	<ul style="list-style-type: none"> • Both groups raise concerns about the document's readability and navigability • There is also agreement that certain sections, such as the introduction and budget message, are overly lengthy, negatively impacting their utility • Both groups observe that the budget is not user-friendly for all stakeholders
Capital Improvement Projects	<ul style="list-style-type: none"> • Council and staff identify significant confusion regarding Capital Improvement Plan (CIP) prioritization, funding overlaps, and its lack of integration with the operating budget • They also both highlight a lack of visibility into specific resource allocations within the CIP, such as funding sources and fund transfers
Data and Accountability	<ul style="list-style-type: none"> • Understanding that the budget is a planning document for allocation of resources, both groups mention challenges with deciphering or tracking financial details, such as enterprise fund allocations and the status and origination of City work programs completed or underway in the prior budget cycle that may influence budgetary carryover needs in the current budget year • Councilmembers and staff also agree on the need for clarity in terms of revenue projections and how any dedicated revenue sources were allocated

By addressing these shared concerns, the City can improve the budget document's utility and alignment with stakeholder needs.

Current Budget Document Review and Analysis

We reviewed the current and past two years of budget documents, focusing on the latest FY 2025 adopted budget document. We also reviewed all of the other information provided to us as indicated earlier, including the OpenGov portal used by staff, Council and the community. Based on our understanding of Cupertino's needs, using the guiding principles as a reference point, and our years of experience in developing and working with local government budgets in California and across the country, our initial observations about the budget document and its preparation are summarized into the following four themes:

1. Budget Document Structure:

- a. The document is redundant and includes repeated information in the five-year forecast, budget message, and notable accomplishments section.
- b. The document lacks a clear definition of its purpose, leading to the inclusion of financial data not typically found in a budget.
- c. The Budget's role as a planning document is not clear.
- d. Additions to the document, driven by City Council requests over the years, have been made without evaluating the overall structure.

2. Components of the Budget Document:

- a. The CIP is not part of the budget document and is handled separately by Public Works.
- b. The "Budget in Brief" for FY 2024-25 has been completed, but not yet published as of the date of this report.

3. Program and Department Information:

- a. Although the City Work Program is tied to Council priorities, the projects are not aligned with the specific departments responsible for carrying out the projects.
- b. The City Work Program and Special Projects sections are confusing, with no clear distinction between them.
- c. Insufficient tracking of special project carryovers and enterprise fund allocations raises questions about accountability.
- d. Department write-ups go into excessive program-level detail.
- e. Personnel by department is repeated multiple times throughout the document.
- f. The General Fund and other restricted funds are presented as totals, with no breakdown by individual fund.

4. Tools Readily Available to Improve Accessibility:

- a. OpenGov could serve as an alternative for users who need additional detail, reducing the need for excessive information in the document itself.

Comparative Research

Comparative research provides a perspective to help understand how functions are budgeted, staffed and organized in similar settings. This type of research informs discussions by organizational leaders about service level alignment and can often surface opportunities for improvement.

We conducted a review of budget documents from cities within the region. We researched various components of their budget document. The components we researched included the following:

- Frequency – annual or biennial budgets
- Pages – total number of pages in the document
- Budget presentation level – whether by department, program, or other
- CIP – whether the CIP plan is included in the overall budget document
- Budget in brief – whether a budget in brief document is also produced
- Online – the extent to which the budget is online and interactive
- Hard copy – whether the agency produces a hard copy version of their budget that is available online
- GFOA award – whether the agency submitted and received a GFOA award of achievement
- CSMFO award – whether the agency submitted and received a CSMFO award of achievement

Working with staff, and referencing input received from the City Council during their interviews, we identified nine cities to which to compare. These cities are similar in terms of population, size and geographic location. Table 3 summarizes the various aspects of their budget documents.

Table 3. Components of the Budget Document

City	Frequency	Pages	Budget Level (Dept, Division or Program)	CIP Included	Budget in Brief Y/N	Online Interactive Budget	Hard Copy Budget	GFOA Award	CSMFO Award
Cupertino	Annual	650	Program	Separate	Yes	Yes	Yes	Yes	Yes
Campbell	Annual	762	Department - Fund	Included	No	No	Yes	Yes	Yes
Los Altos	Annual	181	Department	Included capital budget Separate 5-year plan	No	No	Yes	Yes	Yes Excellence in Operating Budget
Menlo Park	Annual	136	Department	Included	No	Yes	Yes	No, won award for ACFR	No

City	Frequency	Pages	Budget Level (Dept, Division or Program)	CIP Included	Budget in Brief Y/N	Online Interactive Budget	Hard Copy Budget	GFOA Award	CSMFO Award
Milpitas	Annual	385	Budget summarized by Division With no narrative by Division	Included capital budget Separate 5-year plan	Yes	Yes	Yes	Yes, won a special distinction for performance measures	Yes Innovation Awards
Morgan Hill	Annual	332	Department	Separate Capital Budget	No	No	Yes	No	Yes Excellence in Operating Budget
Palo Alto	Annual	585 & 697	Department - Fund	Separate Capital Budget	No	Yes	Yes	Yes, won a special distinction for performance measures	Yes Capital and Operating
San Bruno	Annual	302	Department	Included capital budget Separate 5-year plan	Yes	No	Yes	No	Yes (2020) Excellence in Operating Budget
Sunnyvale	Annual	726 & 676	Fund - Department	Separate Projects Budget	Yes	No	Yes	Yes, won a special distinction for performance measures	No

Review of the components of the comparable cities shows that the budget is broken down by Department and Fund level compared to Cupertino which goes into programmatic detail. Additionally, for all cities compared, the capital budget document is posted together with the operating budget online or as a separate volume or incorporated in the main budget document. The size of the budget varies for most cities, but the majority are under 400 pages.

Budget Document Observations and Recommendations

The City of Cupertino has an extensive budget document that contains detailed budget information at the program level. There is also duplication of information throughout the document. We developed recommendations to reduce the information contained in the document but still capturing the pertinent information for the user of the document.

Budget Formatting

The budget document needs to include consistent formatting and typical items in any document such as a title page and a table of contents that is easily understood and navigable. We also noted some pages are not formatted in proper orientation (portrait vs. landscape). Consistency is important in the appearance of what can be considered a complex document.

Recommendation 1. Ensure the document includes a title page, improved table of contents, consistent layout and orientation.

Budget Message

The Budget Message section currently contains five subsections:

- Budget Message,
- Strategic Goals,
- Notable Accomplishments,
- New Initiatives and
- Budget Overview.

We believe this section needs to be reorganized to better emphasize its various components and streamline the budget presentation. The section name is confusing as it includes other separate sections besides the Budget Message. The Budget Message itself is well written and offers the reader good information on the state of the City. Because of its importance, a best practice of other agencies is to have the Budget Message stand on its own as its own section. We believe this should be adopted in the City's budget document as well.

Recommendation 2. Isolate the Budget Message as a standalone section.

The Strategic Goals section is well written and offers the reader good information on the City Council's priorities. In the absence of a full strategic plan, this section best captures the highest priorities upon which the budget should be based. (See "Strategic Planning" subsection of this report within the Performance Measures section for recommendations regarding strategic planning.) Because the City's mission and its priorities provide an overarching theme upon which the budget should be developed, this section belongs at the front of the document in the Introduction section.

Recommendation 3. Incorporate the City's Mission in the Budget Guide section with the Strategic Goals subsection and move them to the Introduction section after the City's organization chart.

Other areas of the current Budget Message section can be condensed for consistency and moved to other sections of the document.

Recommendation 4. Eliminate the Notable Accomplishments and New Initiatives sections by condensing its content into a bulleted one or two sentence description for each accomplishment and relocate each relevant accomplishment to the respective department section.

Recommendation 5. Summarize high-level notable accomplishments and new initiatives within the City Manager’s Budget Message

The Budget Overview subsection contains a summary of all funds that reads like a Budget-in-Brief document and is very useful for the reader. Given our other recommendations above, this is the sole remaining subsection of the current Budget Message section of the budget. The Budget Overview should be a standalone section within the budget document.

Recommendation 6. Elevate the Budget Overview subsection as its own section in the budget document.

The Budget Overview section will now contain the following subsections as currently included in the City’s existing budget:

- Budget Roadmap,
- Changes to the Budget and Policies,
- Budget by Fund,
- Service-Level Reductions,
- Special Projects,
- Current Economic Update,
- Key Budget Assumptions, and
- Ongoing Challenges

Each of these sections add value to the document, however there are ways to streamline their presentation to focus on the important elements in the City’s Budget Overview. The Service Level reductions sub section by department details each proposed reduction at the program level and it is difficult to consume the impact of the reductions. This should be condensed to a summary level with details spelled out in each relevant department section. When the time comes that the City no longer needs to reduce services, this element can be eliminated or changed into “key budget changes” that are discussed in the City Manager’s Budget Message.

Recommendation 7. Report department reductions at the summary level and refer to the department section for further detail.

The resulting Budget Overview section can become the basis of the City’s “Budget at a Glance” document for the future. It would need to be summarized and condensed into no more than four letter-size pages written in easy-to-understand non-financial language so that stakeholders within the community with no training in municipal finance can understand the key elements of the City’s adopted budget. This should be published upon adoption of the final budget for each budget cycle.

Recommendation 8. Complete and publish the FY 2024-25 Budget at a Glance document to summarize the budget for the casual user.

Budget Guide

This section is unnecessary for the budget document and pertinent sub sections should be moved to other sections of the document. As long as they are included within the appendix or other pertinent sections, the City can still qualify its budget document for the GFOA award.

Recommendation 9. Move the Mission Statement to the strategic goals section.

Recommendation 10. Move the Elements of the Budget Document, Glossary of Budget Terminology, Commonly Used Acronyms, and Revenues/Expenditures/Fund Balance Table to the Appendix.

Community Profile

The Community Profile section currently includes eight subsections.

- History,
- Community Economic Profile,
- City Profile,
- Education,
- Programs and Applications,
- Community Statistics,
- Community and Recreation Services, and
- Things to Do and See

The History, Community Economic Profile, and Community Statistics sections are the only sections needed for the GFOA award. The other sections have good information but is not normally provided in a budget document. This information is better served on the City's website or in a program guide and only extends the size of the budget document.

Recommendation 11. Eliminate the City Profile, Education, Programs and Applications, Community and Recreation Services and Things to Do and See subsections of the Community Profile section from the budget document.

Financial Policies

Including key financial (budget) policies upon which the budget is based is a best practice to inform the reader of the policies that inform the preparation of the Budget. The GFOA only requires a summary of financial policies. This section in the budget document contains the entire policy. Each policy should contain a summary and a link to the website for the entire policy, similar to how the Investment Policy is currently shown in the document.

Recommendation 12. Update all policies to provide a summary of the policy and include a link to the official policy on the City's website.

All Funds Financial Schedules

This section is a good summary of the budget that includes all funds. This is a best practice and required for the GFOA award. The Flow of Funds Chart (Sankey) is somewhat confusing, even with the explanation provided at the bottom of the chart. It is not a typical chart used in local government budgets. Instead, a narrative discussion of how taxes are used to fund City services is rightfully an area that public stakeholders are interested in, which could be supplemented by graphic depictions of, for example, a \$100 bill that shows how taxes are allocated to various programs/services. This can be provided in the Budget Overview section instead of this section.

Recommendation 13. Eliminate the Flow of Funds Chart and replace it with a narrative description of how taxes are used to fund City services within the Budget Overview section of the budget.

General Fund Financial Schedules

This section provides important information on one of the most focused-upon funds in local government – the General Fund. It includes the following subsections:

- Contribution Schedule,
- Summary,
- Revenues,
- Expenditures,
- Transfers,
- Fund Balance, and
- Long-Range Forecast

The section starts out with a General Fund Contribution Schedule which is meant to depict how General Fund resources are subsidizing or supporting operations in various General Fund departments and other funds (e.g., Special Revenue funds, Enterprise funds, etc.). The table can be confusing to the casual reader. General Fund departments already identify what revenues they specifically bring in within their department sections. Contributions to other funds are already demonstrated in the Transfers subsection. This table can instead be summarized to show where the General Fund is contributing resources to other funds in a narrative overview. Readers can refer to the City's OpenGov site to find more details.

Recommendation 14. Revise the General Fund Contribution Schedule subsection to include a brief narrative of General Funds resources that are being contributed to other funds, refer to the General Fund Transfers subsection, and eliminate the existing table.

Recommendation 15. Refer the reader to the department section or OpenGov for further detail.

The Revenues section contains an in-depth review of each type of revenue which is contained in the long-range financial forecast schedule. The definition of each of the revenue components is useful but is, in many ways, duplicative in nature to the information that is included in the long-range financial forecast section. Information about each revenue source would best be

presented as condensed information within this subsection, and the more exhaustive descriptions and relevant charts and graphics included in the long-term financial forecast.

Recommendation 16. Condense the General Fund Revenues to provide an overview of the key revenue sources, and include the more detailed descriptions and analysis in the General Fund Forecast subsection.

The Expenditure section includes good summary information and a reference to OpenGov for further detail could be added in case the reader wants to see additional detail. Otherwise, we recommend no changes in this section.

The General Fund Transfer section and the General Fund Fund Balance section also provide summary information, and no changes are recommended.

The General Fund Forecast section goes into great detail on the revenue components as the revenue forecast and the key assumptions upon which the long-range financial forecast is based are core ingredients in this section. The City might wish to review this level of detail and condense some of the information presented, but otherwise we believe the composition of these sections is good and proper.

Department Sections

The department section of any local government budget is important in demonstrating how fiscal resources have been appropriated to provide services to the community that the agency serves. The key question that a department section should answer is “How are City resources being used to accomplish its mission in serving the community?”

Best practices suggest that the following key elements should be included in any department section of a local government agency, influenced by the nature of the agency (e.g., city, county, special district):

- Description of the department and its services;
- Organizational structure (personnel and/or divisions/programs);
- Personnel summary (FTEs and FTE-equivalents for seasonal positions)
- Key priorities, with emphasis on how they achieve the citywide strategic plan/priorities; and
- Revenues and Expenditure appropriations by division and/or program.

Smaller agencies might include line-item details within the department sections. Larger agencies, however, will summarize those details within the department section and may refer to a separate document or resource (e.g., OpenGov) for the detailed line-items upon which the budget is developed.

The City’s budget includes department sections with summary information by division level but also includes all of the details of each program including FTE allocation and all funds budget appropriation. This is primarily the reason for the voluminous size of the operating budget document, and the confusion which many departments find in understanding their

appropriations each year. Most comparable cities show this information at the division or department level and while programs are shown as part of divisions, the overall budget information is rolled up to the division level.

The summary revenue and expenditure charts for each department provides the high-level analysis necessary to understand what revenue sources the department specifically brings in and how its resources are used to serve the community in the form of personnel, materials, contract services and allocation of costs from support departments (“cost allocation”).

The reader can drill down for more detail through OpenGov. The City posts its budget to OpenGov and there is a robust amount of information that the user can drill down and see. To condense the budget document, information should be shown at the division level with links to the OpenGov portal so budget document users can drill down to the specific program detail within the division.

We have two recommendations to streamline the presentation of department information that will provide transparency in services provided and the allocation of resources and streamline budget presentation.

Recommendation 17. Review each department section to include the following components: 1) Department description; 2) Organizational chart (by division/program including number of assigned personnel FTE equivalents); 3) Personnel summary (subtotals by position); 4) Key priorities, with emphasis on how they achieve the citywide strategic plan/priorities; 5) Performance measures with a reference to key departmental priorities and citywide strategic plan/priorities; and 6) Revenue and Expenditure summary by division/program and by expenditure type (personnel costs, materials and services, capital outlay, etc.).

Recommendation 18. Eliminate the program budget information in the department sections and refer the user to OpenGov to obtain further detail.

Capital Budget/Capital Improvement Plan

The City has not issued an official capital budget/capital improvement plan (CIP) document in three years. This is a critical step in the process of providing additional information and transparency to the capital budget. This is also a mandatory criterion for the GFOA award and the City risks losing the award if this is not completed.

Best practices for creation of the capital improvement plan to be incorporated within the budget include the following elements:

- Capital Improvement Plan Overview, including the following elements:
 - Overview of what is included in the CIP (e.g., infrastructure improvements/maintenance, types such as parks and streets, whether capital outlay for equipment is included)

- Summary of projects completed and closed out in the previous budget cycle/year
- Key Projects for Current Budget Year with abbreviated summary descriptions of each
- Summary Five-Year Funding Analysis, including a summary of all projects by priority level and whether any projects are underfunded or unfunded.
- CIP Budgeting Process, including:
 - Definition of what a CIP project is
 - Planning process (e.g., identifying CIP projects, project prioritization criteria, cost estimates, cost components, funding sources and development of the five-year plan)
- CIP Project Descriptions, including each of the following elements:
 - Project total by year by funding source
 - Project total by year by expenditure category (estimated project cost, inflation/escalation, contingency)
 - Project Priority Category Assignment, with any description of reasons therefore
 - Project Description (high-level summary, may include graphics where necessary)
 - Funding Sources, including any matching requirements for grant funding
 - Estimated Project Milestones (e.g., project design, project bid, construction, implementation/completion)
- Financial Summary by year, grouped by project type (e.g., utilities, transportation/roads, storm drains, parks, facilities, etc.)
- Funding Availability, grouped by priority level, displaying fund source and projected available revenue sources in total for the five-year outlook.

The City should incorporate these concepts in its CIP Plan section to be included in each budget and should be updated by the Public Works Department and integrated within the preparation of each budget for Council consideration and adoption.

Recommendation 19. Develop a minimum five-year Capital Improvement Plan and incorporate the CIP plan into the budget document.

Public Works is currently assigned as the department primarily responsible for development the City's long-range CIP plan. Most agencies will assign development of the CIP plan to Public Works or Engineering, although there are some that assign that responsibility to the budget office or the department that acts in that capacity. Yet development of the CIP plan relies heavily on Public Works/Engineering expertise as stewards of the public infrastructure. We believe this assignment to Public Works for Cupertino is appropriate. However, the CIP plan cannot be developed in a vacuum. While Public Works takes the lead in developing most of the City's long-range CIP plan, collaboration with other departments providing input into the various projects (e.g., Parks and Recreation for parks projects) and funding sources is necessary. A spirit of shared responsibility is necessary, with Public Works in the lead role. The Administrative Services Department, as the City's budget office, is then ultimately responsible for compiling and publishing the document as part of the overall budget document.

Recommendation 20. Affirm primary responsibility and lead role of the development of the CIP Plan to Public Works as a shared responsibility and collaboration with other departments.

Recommendation 21. Assign compilation and publication of the CIP Plan section of the budget document to the Administrative Services Department's Budget division.

Recommendation 22. Complete the FY 2024-25 Capital Budget and issue as Volume 2 of the current adopted budget.

Recommendation 23. Provide clear quarterly tracking of CIP priorities, progress, and alignment with Council work programs.

Recommendation 24. Create a detailed appendix for fund transfers, enterprise funds, and grant funding usage.

Recommendation 25. Ensure all appropriated funds and consulting services are tracked and reported against original purposes.

Other Budget-Related Matters

During the course of our work, other budget-related matters came to our attention that have an impact on the usefulness of the budget document and meeting the core principles discussed earlier. Those are discussed here.

Special Projects

The City uses the concept of Special Projects to indicate various priority projects that have been identified outside of the ordinary course of serving the community. The City has tracked these special projects within the context of the annual budget, providing a report on projects that were developed and their status heading into the subsequent budget year. The City also provides updates on special projects as a part of its quarterly financial report.

Concerns were raised as part of our interview process about the timeliness of the reporting, understanding the costs associated with each project, and the authority upon which the special project was developed and approved (e.g., staff-level authority vs. Council authority). There also seems to be confusion regarding how projects that either are not completed or span multiple fiscal years are budgeted and carried over. Staff indicates that quarterly reports are provided to the City Council as part of its quarterly financial reporting.

The issue that needs to be addressed is how Special Projects should be defined, the form of reporting, how often the reports should be prepared and discussed during Council meetings, and how best to follow-up on items that result from policy direction on those Special Projects as the year progresses. There needs to be a common understanding of these parameters among Council and staff.

We believe that a policy that addresses these issues should be created. The policy should be developed considering the context of the City's highest priorities evidenced in the citywide strategic plan or strategic priorities (in the absence of a strategic plan). We believe that the reporting should be conducted quarterly, understanding that check-ins on specific projects may be necessary throughout the year.

Recommendation 26. Develop and implement a Special Projects policy to address such issues as definitions, approval authorities, timelines, projects spanning multiple fiscal years, budget carryovers for projects extending into a subsequent fiscal year, and periodic reporting timelines and form.

Contracted/Consulting Services

Concerns were also expressed relative to the use of contracted and/or consulting services throughout the budget year. Currently, the use of consulting services to support the delivery of services is within the context of the City Manager's budget authority through the annual budget resolution as well as the Expenditure Policies of the City that are currently spelled out in the annual budget document. Most local government agencies in the region and in California include a provision within the annual budget adoption resolution that provides their City Manager or chief executive with the authority to expend funds appropriated at the fund/department level. The typical budget resolution also expresses that the City Council is the authority relative to position control, meaning that new positions cannot be created without Council approval. It is not uncommon for the city manager to be granted authority to use appropriated funds, within the fund/department limitation, to use contracted and/or consulting services to support operational needs in achieving the objectives within the budget. In many cases, city managers will use contracted/consulting services to support operational needs where temporary staffing vacancies exist and where services must be delivered timely to meet the operational objectives.

To the extent that the City Council wishes to address this issue in the coming fiscal year, we recommend that this be clarified through the Expenditure Policy and/or the annual budget resolution.

Recommendation 27. Review the City's annual budget resolution and/or expenditure and budget policies to ensure they align with City Council authorities provided to the City Manager or designee in managing the annual budget, including use of contracted and/or consulting services to achieve the City's annual service delivery goals expressed in the adopted budget.

Budget Public Engagement

Budget public engagement is becoming more critical in assuring that community needs are being adequately addressed and to create a partnership environment with stakeholders in the community to ensure the agency is accomplishing its most important needs with the financial

resources it has been entrusted to oversee. Such public engagement can take on the form of various strategies including public information, education materials, and in-person community engagement activities to solicit input and inform the community on fiscal-related matters.

Moreover, it is important to stress that a budget document represents a “financial planning tool” that provides the allocation of resources to accomplish the agency’s objectives in service delivery to the community. These elements are important in conveying budget information to the community.

Increasing engagement with the budget is essential for fostering transparency and understanding within the community. By actively involving the public in the budgeting process, governments can build trust and ensure that residents feel informed and empowered.

The City’s existing Budget Roadmap indicates various points in the budget process for public engagement. Typically, those are included as part of City Council meetings rather than separate engagement opportunities with community stakeholders. Yet the City publishes several well-designed and informational documents, notices, and engagement opportunities via the City website and social media accounts to inform and engage the community in budget deliberations.

Recommendation 28. Review the City’s current budget community engagement strategy with the City Council to ensure it is successfully meeting the needs for identifying community priorities and to inform the community about how City services are funded.

Recommendation 29. Review educational content on the budget’s role as a financial planning tool and document in light of any changes to the engagement strategy using easy-to-understand content and graphics.

Recommendation 30. Leverage tools like OpenGov to create interactive, department-focused summaries for each user type including the community, council and staff.

Recommended Document Framework (Table of Contents)

Based on our recommendations indicated above, we recommend the following changes to the budget document framework that will streamline its presentation and make it easier to navigate. These changes balance the need for detailed information with creating a document that is understandable by finance professionals, City/department leaders, stakeholders and community members alike. These changes will still allow the City to pursue GFOA awards for excellence in budgeting. Changes are indicated in **red font**.

Introduction

City Organizational Chart

City Mission and Strategic Goals (moved from Budget Summary and Budget Guide and combined)

Directory of City Officials
Commissions and Committees
GFOA Distinguished Budget Presentation Award
CSMFO Operating Budget Excellence Award
Resolutions

Budget Message (moved out of Budget Summary into its own section)

Budget Overview (moved out of Budget Summary into its own section)

~~Budget Summary~~

~~Budget Message~~

~~City Mission and Strategic Goals~~ (move to Introduction section)

~~Notable Accomplishments~~ (move to department section)

~~New Initiatives~~ (move to department section)

~~Budget Overview~~

~~Budget Guide~~

~~Our Mission~~ (move to Introduction section)

~~Elements of the Budget Document~~ (move to appendix)

~~Glossary of Budget Terminology~~ (move to appendix)

~~Commonly Used Acronyms~~ (move to appendix)

~~Revenues, Expenditures, and Fund Balance Table~~ (move to appendix)

Community Profile

History

Community Economic Profile

~~City Profile~~ (leverage City website to host such information)

~~Education~~ (leverage City website to host such information)

~~Programs and Applications~~ (leverage City website to host such information)

Community Statistics

~~Community and Recreation Services~~ (leverage City website to host such information)

~~Things To Do and See~~ (leverage City website to host such information)

Financial Policies (summarize key policies rather than detailed policy descriptions)

Annual Budget Process

Structure of City Finances

Fund Structure

Department/Fund Relationship

Balanced Budget Policy

Revenue Policies

Expenditure Policies

Capital Improvement Programs Policy

Information Technology Replacement and Capitalization Policy

Pension and Retirement Funding Policy

Long Term Financial Stability Policies

Committed, Unassigned Fund Balance, and Use of One Time Funds Policy

Investment Policy

Community Funding Policy

- Appropriations Limit
- Legal Debt Margin
- All Funds Financial Schedules
 - Financial Overview by Fund
 - ~~Flow of Funds Chart (Sankey)~~ (eliminate and summarize use of tax resources)
 - All Funds Summary
 - All Funds Revenues
 - All Funds Expenditures
 - All Funds Expenditures by Department
 - All Funds Fund Balance
- General Fund Financial Schedules
 - General Fund Contribution Schedule
 - General Fund Summary
 - General Fund Revenues
 - General Fund Expenditures
 - General Fund Transfers
 - General Fund Fund Balance
 - General Fund Forecast
- Departments (see Recommendation #17 regarding streamlined content to include for each section listed below)
 - Council and Commissions
 - Department Overview
 - City Council
 - Commissions
 - ~~Community Funding~~ (summarized in overview)
 - ~~Historical Society~~ (summarized in overview)
 - ~~Sister Cities~~ (summarized in overview)
 - ~~Technology, Information & Communications Commission~~ (summarized in overview)
 - ~~Library Commission~~ (summarized in overview)
 - ~~Arts and Culture Commission~~ (summarized in overview)
 - ~~Public Safety Commission~~ (summarized in overview)
 - ~~Bicycle and Pedestrian Commission~~ (summarized in overview)
 - ~~Parks and Recreation Commission~~ (summarized in overview)
 - ~~Teen Commission~~ (summarized in overview)
 - ~~Planning Commission~~ (summarized in overview)
 - ~~Housing Commission~~ (summarized in overview)
 - ~~Sustainability Commission~~ (summarized in overview)
 - ~~Audit Committee~~ (summarized in overview)
 - Administration
 - Department Overview
 - City Manager
 - ~~Sustainability~~ (summarized in overview)

- ~~Office of Communications~~ (summarized in overview)
- ~~Multimedia~~ (summarized in overview)
- ~~Public Access Support~~ (summarized in overview)
- ~~Community Outreach and Neighborhood Watch~~ (summarized in overview)
- ~~Office of Emergency Management~~ (summarized in overview)
- ~~Economic Development~~ (summarized in overview)
- City Clerk
- ~~Duplicating and Mail Services~~ (summarized in overview)
- ~~Elections~~ (summarized in overview)
- City Manager Contingency
- City Attorney
- Law Enforcement
 - Department Overview
 - Law Enforcement
 - ~~Interoperability Project~~ (summarized in overview)
- Innovation and Technology
 - Department Overview
 - Innovation & Technology Administration
 - Video
 - Applications
 - Infrastructure
 - GIS
- Administrative Services
 - Department Overview
 - ~~Administrative Services Administration~~ (summarized in overview)
 - ~~Accounting~~ (summarized in overview)
 - ~~Business Licenses~~ (summarized in overview)
 - ~~Purchasing~~ (summarized in overview)
 - ~~Budget~~ (summarized in overview)
 - Finance
 - Human Resources
 - ~~Retiree Benefits~~ (summarized in overview)
 - ~~Insurance Administration~~ (summarized in overview)
 - ~~Workers Compensation Insurance~~ (summarized in overview)
 - ~~Long Term Disability~~ (summarized in overview)
 - ~~Compensated Absences~~ (summarized in overview)
- Parks and Recreation
 - Department Overview
 - Parks and Recreation
 - Business and Community Services
 - Recreation and Education
 - Sports, Safety and Outdoor Recreation
 - ~~Recreation Administration~~ (summarized in overview)

~~Library Services~~ (summarized in overview)
~~Administration~~ (summarized in overview)
~~Cultural Events~~ (summarized in overview)
~~Facilities~~ (summarized in overview)
~~Administration~~ (summarized in overview)
~~Youth Teen Recreation~~ (summarized in overview)
~~Senior Center~~ (summarized in overview)
~~Teen Programs~~ (summarized in overview)
~~Neighborhood Events~~ (summarized in overview)
~~Park Facilities~~ (summarized in overview)
~~Administration~~ (summarized in overview)
~~Blackberry Farm Golf Course~~ (summarized in overview)
~~Outdoor Recreation~~ (summarized in overview)
~~Sports Center Operations~~ (summarized in overview)

Community Development

Department Overview

Community Development ~~Administration~~

~~Current~~ Planning

~~Mid and Long Term Planning~~ (summarized in overview)

Housing Services

~~CDBG General Admin~~ (summarized in overview)

~~CDBG Capital/Housing Projects~~ (summarized in overview)

~~CDBG Public Service Grants~~ (summarized in overview)

~~BMR Affordable Housing Fund~~ (summarized in overview)

~~Human Service Grants~~ (summarized in overview)

~~General Building~~

~~Building Plan Review~~ (summarized in overview)

~~Building Code Enforcement~~ (summarized in overview)

~~Muni Code Enforcement~~ (summarized in overview)

Code Enforcement

Public Works

Department Overview

Public Works Administration

Environmental Programs

Developmental Services

Service Center

Grounds

Streets

Trees and Right of Way

Facilities and Fleet

Transportation

~~Sustainability~~ (summarized in overview)

~~Resource Recovery~~ (summarized in overview)

~~Non-Point Source~~ (summarized in overview)
~~Storm Drain Fee~~ (summarized in overview)
~~General Fund Subsidy~~ (summarized in overview)
~~Storm Drain Maintenance~~ (summarized in overview)
~~Plan Review~~ (summarized in overview)
~~CIP Administration~~ (summarized in overview)
~~Service Center Administration~~ (summarized in overview)
~~Golf Grounds Maintenance~~ (summarized in overview)
~~McClellan Ranch Park~~ (summarized in overview)
~~Memorial Park~~ (summarized in overview)
~~BBF Ground Maintenance~~ (summarized in overview)
~~School Site Maintenance~~ (summarized in overview)
~~Neighborhood Parks~~ (summarized in overview)
~~Sport Fields Jollyman, Creekside~~ (summarized in overview)
~~Civic Center Maintenance~~ (summarized in overview)
~~Sidewalk Curb and Gutter~~ (summarized in overview)
~~Street Pavement Maintenance~~ (summarized in overview)
~~Street Sign Marking~~ (summarized in overview)
~~Street Lighting~~ (summarized in overview)
~~Equipment Maintenance~~ (summarized in overview)
~~Environmental Materials~~ (summarized in overview)
~~Trail Maintenance~~ (summarized in overview)
~~Overpasses and Medians~~ (summarized in overview)
~~Street Tree Maintenance~~ (summarized in overview)
~~Sheriff Work Program~~ (summarized in overview)
~~BBF Golf Maintenance~~ (summarized in overview)
~~City Hall Maintenance~~ (summarized in overview)
~~Library Maintenance~~ (summarized in overview)
~~Service Center Maintenance~~ (summarized in overview)
~~Quinlan Community Center Maintenance~~ (summarized in overview)
~~Senior Center Maintenance~~ (summarized in overview)
~~McClellan Ranch Maintenance~~ (summarized in overview)
~~Monta Vista Community Center Maintenance~~ (summarized in overview)
~~Wilson Park Maintenance~~ (summarized in overview)
~~Portal Park Maintenance~~ (summarized in overview)
~~Sports Center Maintenance~~ (summarized in overview)
~~Creekside Park Maintenance~~ (summarized in overview)
~~Community Hall Maintenance~~ (summarized in overview)
~~Teen Center Maintenance~~ (summarized in overview)
~~Park Bathrooms Maintenance~~ (summarized in overview)
~~Blackberry Farm Maintenance~~ (summarized in overview)
~~Franco Traffic Operations Center~~ (summarized in overview)
~~City Hall Annex~~ (summarized in overview)

~~Community Shuttle~~ (summarized in overview)
~~Traffic Engineering~~ (summarized in overview)
~~Traffic Signal Maintenance~~ (summarized in overview)
~~Safe Routes 2 School~~ (summarized in overview)
Non-Departmental (Fixed Assets Acquisition)

Non-Departmental

~~Department~~ Overview
~~General Fund Non-Departmental~~ (summarized in overview)
~~Tree Fund Non-Departmental~~ (summarized in overview)
~~Debt Service Non-Departmental~~ (summarized in overview)
~~Capital Reserve Non-Departmental~~ (summarized in overview)
Facility Lease Debt Service

Appendix

Unfunded Needs
CIP Schedule
All Funds Forecast Schedule
Personnel Schedule
Elements of the Budget Document
Glossary of Budget Terminology
Commonly Used Acronyms
Revenues, Expenditures, and Fund Balance Table

Performance Measures

Performance Measures Interview Themes

As mentioned earlier, we conducted individual interviews with all City Councilmembers and nine staff members. The following represents the themes we heard as part of our interview of each group, respectively.

Interview Themes – Council

The common themes regarding the performance measures from council interviews are summarized into the following themes:

- 1. Governance and Oversight**
 - a. There is a lack of oversight in public works and other areas.
 - b. There is a need for improved transparency, particularly regarding project statuses and permitting.
- 2. Performance Measures Needed**
 - a. Council addressed the following areas that need improved performance measures:
 - i. Public safety community perception
 - ii. Community amenities and service utilization
 - iii. Code enforcement responsiveness
 - iv. Permitting process efficiency and equity
 - v. Financial and economic performance
 - vi. Employee and resource management

Interview Themes – Staff

The common themes regarding the performance measures from staff interviews are summarized in the following five themes:

- 1. Lack of Alignment with Goals**
 - a. Performance measures often do not align with departmental goals, which themselves are closer to mission statements rather than actionable objectives.
 - b. The disconnect between measures and goals reflects limited initial input from department directors during the creation of performance measures.
- 2. Limited Engagement and Emphasis**
 - a. There is no clear mandate or directive emphasizing the importance of performance measures, leading to a lack of priority across departments.
 - b. Most departments primarily update existing metrics with little effort to develop or refine new measures.
- 3. Process Challenges and Misunderstandings**

- a. Staff are unclear about the timeline, process, and format for updating performance measures during the budget cycle.
 - b. Confusion exists between workload indicators (operational data) and performance measures (outcome-focused metrics).
- 4. Lack of Standardization and Collaboration**
- a. There is no standardized timeline or regular meetings for department heads to collaborate on and review performance measures.
 - b. Departments have ideas for improvement but lack a coordinated process to update measures effectively.
- 5. Data Dependencies and Interdepartmental Impact**
- a. Changes to performance measures may require verification of data availability by I&T, creating additional hurdles.
 - b. Shared data sets between departments mean that updates to one department's measures can have cascading effects on others.

Key Takeaways

The interviews with both Council and staff reveal consistent themes related to the need for improved performance measures but highlight different areas of concern. Both groups emphasize the importance of aligning performance measures with the City's overarching goals. Council members focused on the need for clear governance and oversight, particularly in public works and project transparency, while staff point to the lack of alignment between departmental goals and performance metrics. Both also identify a lack of prioritization and emphasis on performance measures, with Council seeking clearer accountability and staff noting limited engagement and unclear directives. Additionally, both groups agree that there is a need for a more structured process, with Council advocating for more strategic direction and staff noting confusion in how performance measures are developed and updated.

Ultimately, both Council and staff recognize the importance of performance measures but agree that the current system requires better alignment, clearer guidelines, and improved collaboration to be effective.

Current Performance Measures Review and Analysis

Our initial observations about the department performance measures and the process are summarized into the following two themes:

- 1. Alignment with Overall City Goals**
 - a. Department goals do not directly align with the City Council's five priority goals; they are too broad to be linked to any one specific goal.
 - b. Internal auditors have suggested the need for a strategic plan.
 - c. Departments list a single, mission-like goal in the budget, with all performance measures tied to it, but no other specific departmental goals
 - d. Staff invest little time in performance measures due to their disconnect from overall city goals.

2. Performance Measures Utilization

- a. There are no clear instructions for creating new or updating performance measures.
- b. Departments are reluctant to develop performance goals, believing no one reviews them.
- c. Staff feel the existing goals are sufficient and don't need revision.
- d. Departments would like to update their performance measures but with no importance placed on the measures, they fill in the current performance measures.

Performance Measures Observations and Recommendations

The City's budget document includes performance measures, something that several other cities in the region do not. For that, the City is to be complimented. However, the performance measures need to be relevant to those key metrics that evaluate the City's performance in meeting the priority needs of the community. We developed recommendations to identify meaningful performance measures for the City's consideration in evaluating performance in the years to come.

Performance Measures vs. Workload Indicators

Currently in the budget document, there is no clear distinction between a performance measure and workload indicator. Additionally, there is no standardized approach in the budget document to determine which departments, divisions or programs should have either a performance measure, a workload indicator, or a combination of both. This inconsistency can make it difficult to assess and compare the effectiveness or efficiency of different departments or services. For example, the Recreation and Community Services Department has overarching departmental performance and workload indicators on a divisional level while the Public Works Department has both performance measures and workload indicators at a division and program level.

Guidelines for which types of metrics should be applied departmentally, divisionally and programmatically can help ensure consistency. A standardized approach would help ensure that the performance metrics and workload indicators are tailored to its goals, operations, and desired outcomes.

Additionally, the current budget document lacks a clear and consistent differentiation between performance measures and workload indicators, which are two distinct and important types of metrics.

- **Performance measures** are indicators that assess the effectiveness, efficiency, and outcomes of a program or service. These metrics focus on the results achieved relative to the goals set, offering a gauge of whether objectives are being met and how well resources are being utilized to achieve these outcomes. Performance measures often involve qualitative or quantitative data that demonstrate the success or impact of a

program. For example, a performance measure could include metrics such as customer satisfaction rates, reduction in response time for a service, or improvements in a specific outcome. These measures help stakeholders understand the value delivered by a program and can guide decisions on areas for improvement, funding allocation, or program expansion.

- **Workload indicators** measure the volume or level of activity within a program or service, tracking the inputs or resources required to carry out specific tasks. Workload indicators typically quantify aspects such as the number of transactions processed, the number of people served, the amount of time spent on activities, or the frequency of certain events or processes. These indicators help to assess the scope of operations, and the demand placed on staff and resources. For instance, a workload indicator might include metrics like the number of calls answered, the volume of permits issued, or the number of inspections conducted. While workload indicators provide insight into the operational aspects of a program, they do not necessarily reflect the effectiveness or quality of the services being delivered.

Table 4 presents our analysis of the current “performance measures” included in the current budget document as to whether those items are performance measures or workload indicators.

Table 4. Performance Measures Versus Workload Indicators

Departments	Division	Program	Current PM	Current WI
City Attorney				
City Manager				
	City Clerk		x	x
	Public Affairs		x	x
	Sustainability Program		x	
	Economic Development		x	x
Law Enforcement				
City Treasurer				
Administrative Services				
	Finance		x	x
	Human Resources		x	x
Community Development				
	Building			x
	Planning			x
	Economic Dev			
	Code Enforcement			
	Housing			x
Recreation and Community Services				
	Rec and Ed			x
	Sports, Safety, Outdoor Rec			x
	Business and Comm Services			x
Public Works				
	Capital Improvement Program		x	x
	Development Services		x	x
	Transportation		x	x
	Environmental Programs		x	x
	Service Center			
		Grounds	x	x
		Streets	x	x

Departments	Division	Program	Current PM	Current WI
		Trees & ROW	x	x
		Facilities and Fleets	x	x
Innovation and Technology				
	GIS		x	x
	Multimedia		x	
	Infrastructure		x	x
	Apps		x	x
	Video			

While workload indicators can identify how busy a department might be, the focus should instead be on performance measures to determine whether departments are being successful in delivering services to the community and identify areas that require additional focus or resources as part of the budget process.

Strategic Planning

Since the creation of the original performance measures and workload indicators, there has been a lack of clear, consistent guidance on how departments should update and refine these metrics over time. Without a structured approach for periodic review and adjustment, these metrics may become outdated, misaligned with evolving departmental goals, or insufficient to reflect changes in service delivery, operations, or external factors. As a result, the data collected through these metrics may no longer provide an accurate or comprehensive picture of a department's performance or workload.

Integrating the update of these metrics into a formal, ongoing strategic planning process can help address this issue. For Cupertino, implementing a structured strategic planning process is crucial to ensuring that its programs and services remain effective, relevant, and aligned with the city's evolving needs. In 2020, the City Council adopted five overarching goals to guide the city's priorities, which are reviewed every two years. These goals feed directly into the City's Two-Year Work Plan, but they currently do not tie into the budget, leaving a gap in how the city's objectives are measured and funded. By creating an overarching City Strategic Plan, Cupertino can establish a high-level roadmap for all departments, aligning their performance measures and workload indicators with the city's long-term goals.

A City Strategic Plan would provide a clear framework for ensuring that each department's metrics are directly tied to the city's priorities and resources, promoting consistency across departments and ensuring that all efforts are aligned with the broader vision for Cupertino's future. This process would help the city maintain a unified vision, guide resource allocation, and evaluate performance based on clear, well-defined objectives. Additionally, by incorporating the update of performance measures and workload indicators into the strategic planning cycle, the city can ensure these metrics remain relevant and effective as the city grows and its needs evolve.

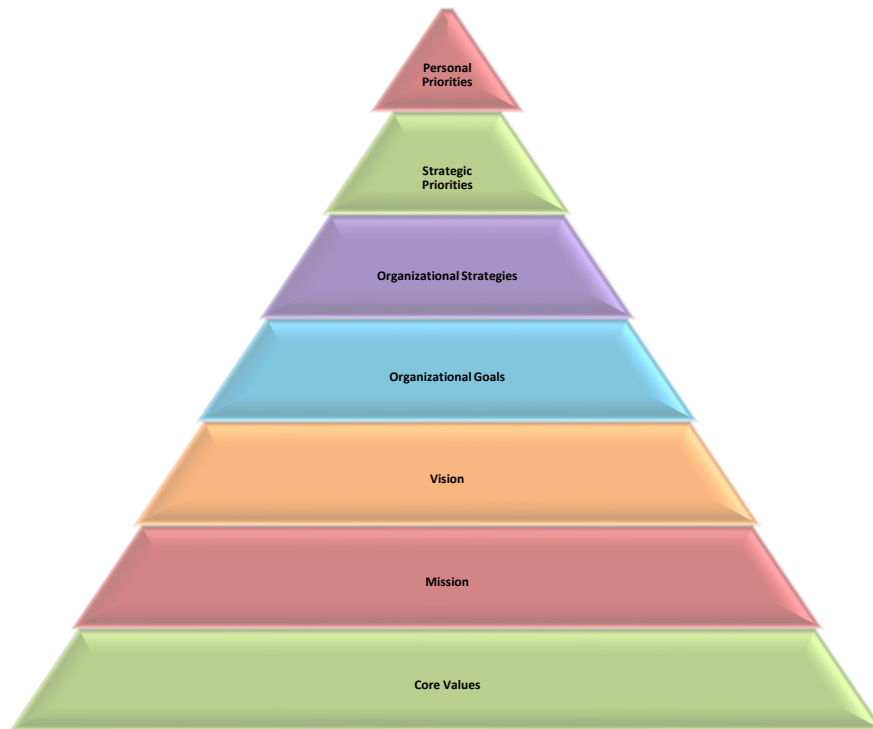
Moreover, this process would foster a culture of continuous improvement by encouraging regular reflection on past performance, identifying areas for adjustment, and implementing data-driven decisions. By embedding performance measures and workload indicators within a

citywide strategic planning framework, Cupertino can ensure a cohesive and efficient approach to meeting its goals and improving service delivery.

The pyramid structure in Figure 2 that follows provides a framework for how to begin thinking about strategic planning for the City.

- **Core Values** – Core values form the foundation of an organization, guiding decisions and actions in fulfilling its mission and vision. They define what the organization stands for, providing boundaries around leadership, service philosophy, priorities, and strategies.
- **Mission** – The mission statement focuses on the present, defining the organization's purpose and answering, "What do we do?"
- **Vision** – The vision, on the other hand, looks to the future, answering "Where are we going?" and offering inspiration for the community, staff, and policymakers.
- **Organizational Goals** – Organizational goals outline the direction and desired future, offering the "why" behind specific actions.
- **Organizational Strategies** – Strategies are the means to achieve these goals, providing a method to ensure success. Performance measures are developed to assess whether the goals are being met, and these can be organization-wide or department-specific.
- **Strategic Priorities** – Strategic priorities form an implementation action plan (IAP) that assigns responsibility across departments, ensuring goals and strategies are achieved.
- **Personal Priorities** – Personal priorities create action plans for staff and volunteers, aligning their efforts with the organization's broader mission and vision to serve the community effectively.

Figure 2. Strategic Planning Framework



Based on the foregoing, we believe that the City should develop a strategic plan along the lines of what we have presented above.

Recommendation 31. Develop a citywide strategic plan that includes a review of the core values, mission and vision by the City Council to form the appropriate strategic goals and priorities for the organization and its operating departments.

Recommended Performance Measures

As stated earlier, this project seeks to bridge the gap between outdated performance metrics and the City’s evolving needs, ensuring that the measures not only reflect current service delivery priorities but also support continuous improvement and accountability across departments. We have also taken care to eliminate workload indicators from this list since, as indicated earlier, workload indicators merely represent how busy a department might be whereas performance measures are the key indicators of whether the City is achieving the outcomes it desires based on its strategic initiatives and priorities.

Table 5 details current performance measures by department and proposed new performance measures, with the **performance measures in red being new proposed performance measures**.

Priority 1 performance measures should be implemented in the next budget. Priority 2 performance measures should be reviewed and implemented as soon as possible. Standards for performance will need to be established, with City Council approval, to have a basis upon which to evaluate performance and an indicator of areas that require greater focus or attention.

This set of recommended performance measures will need to be updated when the City conducts a strategic planning process as discussed above.

Table 5. Suggested Performance Measures

Department/Division	Current Performance Measures	Recommended Performance Measures
City Manager’s Office		
City Attorney	N/A	<p>Priority 1:</p> <ul style="list-style-type: none"> Percent of City Council resolutions reviewed within 7 business days Percent of public information requests for legal review submitted to City Attorney’s office reviewed within 7 business days Percent of legal opinion requests from external department responded to within 5 business days Percentage of contract reviews completed within 10 business days
City Manager	N/A	<p>Priority 1:</p> <ul style="list-style-type: none"> Percent of council requests responded to within 24 hours Percentage of citizen requests to the City Manager’s Office acknowledged in 3 business days Percent of Council requests/inquiries on published agenda items that are provided to Council at or before the Council meeting

Department/Division	Current Performance Measures	Recommended Performance Measures
City Clerk	<ul style="list-style-type: none"> City Council minutes for meetings presented for Council approval by the following regular meeting Adopted City Council resolutions and ordinances processed and city scanned to Laserfiche within a week of Clerk's office receipt of final, signed document Public Record Act requests responded to by the Statutory deadline date 	<p>Priority 1:</p> <ul style="list-style-type: none"> Percent of City Council preliminary agenda posted on time, in accordance with Open Government Ordinance, 6 business days prior to meeting Percent of City Council Agendas packets prepared, posted and delivered 4 days prior to meeting Percent of timely filings of Fair Political Practices Commission Form 700 Statements of Economic Interest Percent of timely filings of Fair Political Practices Commission Forms 460/Campaign Committee reports <p>Priority 2:</p> <ul style="list-style-type: none"> Percent of City Council minutes for regular meetings presented for Council approval by the following regular meeting" Percent of adopted City Council resolutions and ordinances processed and scanned to Laserfiche within 1 week of Clerk's office receipt of final, signed document Percent of Public Record Act requests responded to by the Statutory deadline date
Public Affairs/ Communication	<ul style="list-style-type: none"> Social media engagement: total number of followers including City Hall Nextdoor, Facebook, Twitter, and Instagram accounts Community engagement: total number of IOI recipients Total number of Gov Delivery Notices sent Cupertino 311: Average response time to customers organization-wide (in days) 	<p>Priority 1:</p> <ul style="list-style-type: none"> Growth of number of total followers on City social media channels (Facebook, LinkedIn, X, Instagram, Nextdoor) <p>Priority 2:</p> <ul style="list-style-type: none"> Percent of residents that rate the overall quality of information on the City's communications channels as good or excellent Social media engagement: total number of followers including City Hall Nextdoor, Facebook, Twitter, and Instagram accounts Social media engagement: average number of engagements (reactions, comments, shares, and clicks) per post on City Hall Facebook account Community engagement: total number of IOI recipients Total number of Gov Delivery Notices sent
Economic Development	<ul style="list-style-type: none"> Maintain Economic Development Business Connect Subscribers Economic Development Business Visits, Workshops & Events 	<p>Priority 1:</p> <ul style="list-style-type: none"> Number of meetings conducted with developers and prospective businesses Growth in the number of people subscribing to Business Connect Newsletter Percentage growth of number of corporate visits
Law Enforcement	<ul style="list-style-type: none"> Response Time for <ul style="list-style-type: none"> Priority 1 Calls Priority 2 Calls Priority 3 Calls Total Teen/Community maintaining minimum attendance 	<p>Priority 1:</p> <ul style="list-style-type: none"> Percent of calls that met response time standards for <ul style="list-style-type: none"> Priority 1 Calls Priority 2 Calls Priority 3 Calls Percent of graduates from the Teen Academy

Department/Division	Current Performance Measures	Recommended Performance Measures
Administrative Services		
Finance	<ul style="list-style-type: none"> • General Fund committed, assigned, and unassigned fund balance as a % of budgeted appropriations" • Credit Rating • Actual revenue vs. budget (% below budget)" • Actual expenditure (% below budget) • Funding allocated to high priority services (Public Works, Community Development, Law Enforcement)" 	<p>Priority 1:</p> <ul style="list-style-type: none"> • General Fund committed, assigned, and unassigned fund balance as a % of budgeted appropriations • Total actual revenue vs. budget within 10% of original projections • Consecutive years of maintaining a credit rating of A+ or better • Consecutive years of timely completion of debt compliance reporting • Number of high-risk internal audit issues identified • Number of consecutive years that the City's annual financial statements receive an unmodified opinion from the External Auditors with no significant deficiencies or material weaknesses <p>Priority 2:</p> <ul style="list-style-type: none"> • Actual expenditure (% below budget) • Average number of days from approved invoice received to check issuance • Percent of funding allocated to high priority services (Public Works, Community Development, Law Enforcement) • Number of consecutive years the City's Annual Comprehensive Financial Report (ACFR) receives the Government Finance Officers Association Award
Human Resources	<ul style="list-style-type: none"> • # of Worker's Compensation Cases • Total recordable Injury Rate YTD • % absenteeism (% of total annual work hours) • % turnover rate • % Employee participation in wellness activities • Average # of applications received per recruitment • Recruitment timeline - # days from hiring request to offer letter" 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Decline in workers compensation costs • Citywide turnover rate percentage • Percentage of recruitments completed within established timelines <p>Priority 2:</p> <ul style="list-style-type: none"> • Number of workers compensation claims processed • The total recordable Injury Rate • Percent absenteeism (% of total annual work hours) • Percent of Employee participation in wellness activities • Percentage of employees participating in Citywide training program • Average number of applications received per recruitment
Community Development		
Building	<ul style="list-style-type: none"> • Building permit applications shall be plan reviewed within 15 business days. • Customer/Applicants visiting the Building Permit Counter shall be assisted within 15 minutes 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Percent of building permit applications reviewed within 15 business days • Percent of customers/applicants visiting the building/permit counter that are assisted within 15 min • Percent of customers/applicants visiting the building/permit counter rating the service received as good or better • Percent compliance with regulations such as Permit Streamlining Act and AB1633 • Percent of building inspections performed versus the building inspections received

Department/Division	Current Performance Measures	Recommended Performance Measures
Planning	<ul style="list-style-type: none"> Applicants visiting the Planning Counter shall be assisted within 15 minutes Building permit applications reviewed/issued over-the-counter (OTC) 	<p>Priority 1:</p> <ul style="list-style-type: none"> Number of staff decision planning permit applications (excluding Design Review) submitted and percent receiving 1st set of staff comments in 30 or fewer calendar days Average number of days to review a revision Percentage of development applications scheduled for Planning Commission review within 90 business days of the project deemed complete Percent of Applicants visiting the Planning Counter assisted within 15 minutes Percent of building permit applications reviewed/issued over the counter (OTC) <p>Priority 2:</p> <ul style="list-style-type: none"> Number of required public meetings for applications deemed complete and heard by a hearing body within 90 days.
Code Enforcement	<ul style="list-style-type: none"> Average number of days to initiate investigation of code complaints Code enforcement cases resolved without issuance of citations 	<p>Priority 1:</p> <ul style="list-style-type: none"> Average number of days to initiate investigation of code complaints Percent of code complaints through the 311 system that received an update on the status within 48 hours of initial contact Percent of code complaints through the 311 system that were resolved
Housing	<ul style="list-style-type: none"> Below market rate rental and purchase vacancies filled Landlord-tenant counseling and dispute resolution cases provided Public Outreach Events Funds received from Community Block Grant (CDBG) federal entitlement program 	<p>Priority 1:</p> <ul style="list-style-type: none"> Percent of below market rate rental and purchase vacancies filled Number of landlord-tenant counseling and dispute resolution cases provided Number of housing program applications (including BMR, first-time homebuyer and rehabilitation) and percent processed within 21 calendar days. Percentage decline in number of censused unhoused individuals within the community (Note: County is responsible for providing unhoused remediation programs; measure indicates whether greater coordination with County is needed) <p>Priority 2:</p> <ul style="list-style-type: none"> Growth in outreach to target groups identified in Housing Element for housing redevelopment opportunities

Department/Division	Current Performance Measures	Recommended Performance Measures
Recreation and Community Services		
All divisions	<ul style="list-style-type: none"> • % Department's total cost recovery for all (direct and indirect) costs • # of new programs or events offered • % of Parks and Recreation Department customers surveyed who rate services as good or excellent • % of programs maintaining minimum registration 	<p>Priority 1:</p> <ul style="list-style-type: none"> • % of Parks and Recreation Department customers surveyed who rate services as good or excellent • % Department's total cost recovery for all (direct and indirect) costs • % growth in total Enrollment in classes/camps/programs. • Average enrollment-to-capacity percentage in all recreation offerings • % of programs maintaining minimum registration • Growth in reservations (e.g., facility rentals, picnic/court reservations) • Percent growth in memberships (e.g., senior center and sports center)
Public Works		
Capital Improvement Program	<ul style="list-style-type: none"> • Percentage of projects completed on budget • Percentage of construction projects completed on time 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Timely completion of Capital Improvement Plan and incorporation into the budget document • Consecutive years of publishing an updated Capital Improvement Plan • Percentage of projects completed within the originally adopted budget (unless formally amended) • Percentage of projects completed on time • Percentage of projects that have been started or completed from latest Capital Improvement Plan
Development Services	<ul style="list-style-type: none"> • Respond to complete plan submittals or applications within two (2) weeks • Respond to complete encroachment permit applications within two (2) weeks • Respond to public inquiries at the Public Works counter in City Hall within 15 minutes 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Percent of complete plan submittals or applications responded to within 2 weeks • Percent of complete encroachment permit applications responded to within 2 weeks • Percent of public inquiries at the Public Works counter in City Hall responded to within 15 minutes • Cupertino 311: Average response time to customers organization-wide (in days)
Transportation	<ul style="list-style-type: none"> • Percentage of non-emergency traffic signal requests addressed within 72 hours • Percentage of emergency traffic signal requests addressed within 2 hours. • Percentage of traffic engineering requests responded to within 72 hours • Annual mileage increases of separated bicycle lanes and pedestrian paths. 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Percentage of non-emergency traffic signal requests addressed within 72 hours • Percentage of emergency traffic signal requests addressed within 2 hours. • Percentage of traffic engineering requests responded to within 72 hours • Annual mileage increases of separated bicycle lanes and pedestrian paths.

Department/Division	Current Performance Measures	Recommended Performance Measures
Environmental Program	<ul style="list-style-type: none"> • Percent of businesses in compliance during annual proactive stormwater pollution prevention inspections" • Percent of non-exempt businesses and multi-family accounts separating organics • Percent trash/litter reduction achieved to meet Stormwater Permit requirements" • Diversion rate from all single-family, multi-family, and commercial accounts as reported by Recology tonnage reports • Respond to reports of actual or potential discharge the same business day • % of plan reviews completed in required number of days • Cubic yards of compost distributed via compost site • % of vegetation obstructions resolved within 15 days from time of report 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Percent of businesses in compliance during annual proactive stormwater pollution prevention inspections" • Percent of non-exempt businesses and multi-family accounts separating organics • Percent trash/litter reduction achieved to meet Stormwater Permit requirements" • Diversion rate from all single-family, multi-family, and commercial accounts as reported by Recology tonnage reports • Respond to reports of actual or potential discharge the same business day • % of plan reviews completed in required number of days • Cubic yards of compost distributed via compost site • % of vegetation obstructions resolved within 15 business days from time of report
Sustainability	<ul style="list-style-type: none"> • % community-wide emissions reduced from baseline of 307,288 MT CO2e/yr • Initiate, develop, and complete actions from the Climate Action Plan 2.0 • % initiated • % complete or ongoing • % municipal operations emissions reduced from baseline of 1,865 MT CO2e/yr 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Percentage of applicable capital improvement projects that integrate sustainability and resilience • % community-wide emissions reduced from baseline of 307,288 MT CO2e/yr • % municipal operations emissions reduced from baseline of 1,865 MT CO2e/yr <p>Priority 2:</p> <ul style="list-style-type: none"> • Initiate, develop, and complete actions from the Climate Action Plan 2.0 • % CAP actions initiated • % CAP actions complete or ongoing
Grounds	<ul style="list-style-type: none"> • Percentage of 311 requests that are responded to and closed within 3 business days • Percentage of the 1,872 park inspections, including playgrounds, performed weekly • Percentage of Backflow Prevention • Devices inspected, tested and repaired annually 	<p>Priority 1:</p> <ul style="list-style-type: none"> • Percentage of 311 requests that are responded to and closed within 3 business days • Percentage of the 1,872 park inspections, including playgrounds, performed weekly • Percentage of Backflow Prevention • Percent of parks and playgrounds rated as being maintained in good condition by visitors • Percentage of parks and facilities that pass routine inspections <p>Priority 2:</p> <ul style="list-style-type: none"> • Number of devices inspected, tested and repaired annually

Department/Division	Current Performance Measures	Recommended Performance Measures
Streets	<ul style="list-style-type: none"> Pavement condition index (PCI) > or equal to 82 Percent of the 2087 storm drain inlets inspected and cleaned in fiscal year Percent of Inlets with Trash Capture Screens inspected and cleaned twice yearly Percentage of roadway regulatory & street name signs repaired or replaced Percentage of trip and fall complaints investigated and mitigated within 2 business days" Percentage of reported streetlight outages investigated and repaired in 3 business days 	<p>Priority 1:</p> <ul style="list-style-type: none"> Pavement condition index (PCI) > or equal to 82 (or City standard as so established) Percent of the 2,087 storm drain inlets inspected and cleaned in fiscal year Percent of Inlets with Trash Capture Screens inspected and cleaned twice yearly Percentage of roadway regulatory & street name signs repaired or replaced Percentage of trip and fall complaints investigated and mitigated within 2 business days" Percentage of reported streetlight outages investigated and repaired in 3 business days
Trees & ROW	<ul style="list-style-type: none"> Percentage of 311 requests that are responded to and closed within 3 business days Percentage of trees inspected and maintained in the yearly maintenance zone (8-year maintenance cycle) Percentage of trees planted versus trees removed # planted # removed 	<p>Priority 1:</p> <ul style="list-style-type: none"> Percentage of 311 requests that are responded to and closed within 3 business days Percentage of trees inspected and maintained in the yearly maintenance zone (8-year maintenance cycle) Percentage of trees planted versus trees removed <ul style="list-style-type: none"> # planted # removed
Facilities and Fleets	<ul style="list-style-type: none"> Percentage of preventative maintenance work orders completed for Fleet assets within 14 days of the due date. Percentage of facilities maintenance requests closed within 30 days. 	<p>Priority 1:</p> <ul style="list-style-type: none"> Percentage of preventative maintenance work orders completed for Fleet assets within 14 business days of the due date. Percentage of facilities maintenance requests closed within 30 business days.
Innovation Technology		
GIS	<ul style="list-style-type: none"> GIS: % of time spent Developing Application GIS: % of time Maintaining applications GIS: Increase Property Information (Internal/External) site visits per month GIS: Cityworks utilization - # of assets Cupertino maintains vs # of assets maintained in Cityworks. Also, the % increase of work units completed (WOs, INSP,SRs) 	<p>Priority 1:</p> <ul style="list-style-type: none"> Cityworks utilization_ # of assets Cupertino maintains vs # of assets maintained in Cityworks. Also, the % increase of work units completed (WOs, INSP,SRs) <p>Priority 2:</p> <ul style="list-style-type: none"> GIS: % of time spent Developing Application GIS: % of time Maintaining applications GIS: Increase Property Information (Internal/External) site visits per month
Multimedia/ Video	<ul style="list-style-type: none"> Percentage of total video productions performed vs scheduled productions (city meetings excluded) Percentage of total engineering projects vs scheduled projects Total video views on YouTube 	<p>Priority 1:</p> <ul style="list-style-type: none"> Percentage of surveyed non-English speaking residents who are aware of and have accessed the City's video productions in any media form <p>Priority 2:</p> <ul style="list-style-type: none"> Percentage of total video productions performed vs scheduled productions (city meetings excluded) Percentage of total engineering projects vs scheduled projects Total video views on YouTube

Department/Division	Current Performance Measures	Recommended Performance Measures
Infrastructure	<ul style="list-style-type: none"> Infrastructure: Percentage based upon number of scheduled projects/Number of projects completed on time" Infrastructure: Percentage based upon number of Helpdesk tickets/SLA measurements Infrastructure: % Customer satisfaction based upon Satisfaction Rate from helpdesk tickets Infrastructure: % of network uptime (not including planned maintenance) 	<p>Priority 1:</p> <ul style="list-style-type: none"> % of network uptime (not including planned maintenance) Percentage based upon number of Helpdesk tickets/SLA measurements % Customer satisfaction based upon Satisfaction Rate from helpdesk tickets Percentage based upon number of scheduled projects/Number of projects completed on time" Percentage of helpdesk requests closed within 8 hours
Apps	<ul style="list-style-type: none"> Applications: % of citywide-enterprise application project management performed on time and on budget" Applications: Number of website site visits/Number of site hits Applications: Number of support requests for the applications support per month 	<p>Priority 1:</p> <ul style="list-style-type: none"> % of citywide-enterprise application project management performed on time and on budget" Number of website site visits/Number of site hits Number of support requests for the applications support per month Number of legacy systems replaced, eliminated or consolidated. Percent project implementations performed on time and budget

The performance measures identified herein will need to be reviewed in light of standards of performance expected for each Department. Performance measures for Parks and Recreation are consolidated for the overall department rather than division based on their operations and to provide an overall comprehensive view into parks and recreation services rather than by division. The final list will require review by City staff and City Council approval of those performance standards and should be updated at least biennially.

Recommendation 32. Establish performance standards for each performance measure and reevaluate at least biennially.

Conclusion

A city's budget document is one of the most important financial planning tools that the City Council and staff must review and complete each year. It should be reflective of the highest priorities that the City is facing in the budget year. The budget document should address the needs of the City Council to inform their decision-making, the staff to support their delivery of services to the community, and the community itself in understand how the City is spending its tax dollars and exercising its role as fiscal stewards of the tax dollars to which it has been entrusted. Performance measures relevant to achieving its strategic priorities are an important element that leads to trust in the services that the City provides.

The recommendations made herein will help the City streamline its budget document, which provides more meaningful information and is laid out in a way that is understandable. The performance measures we have identified will help the City evaluate its performance in achieving its goals.

Attachment A – List of Recommendations

Recommendation 1. Ensure the document includes a title page, improved table of contents, consistent layout and orientation.

Recommendation 2. Isolate the Budget Message as a standalone section.

Recommendation 3. Incorporate the City’s Mission in the Budget Guide section with the Strategic Goals subsection and move them to the Introduction section after the City’s organization chart.

Recommendation 4. Eliminate the Notable Accomplishments and New Initiatives sections by condensing its content into a bulleted one or two sentence description for each accomplishment and relocate each relevant accomplishment to the respective department section.

Recommendation 5. Summarize high-level notable accomplishments and new initiatives within the City Manager’s Budget Message

Recommendation 6. Elevate the Budget Overview subsection as its own section in the budget document.

Recommendation 7. Report department reductions at the summary level and refer to the department section for further detail.

Recommendation 8. Complete and publish the FY 2024-25 Budget at a Glance document to summarize the budget for the casual user.

Recommendation 9. Move the Mission Statement to the strategic goals section.

Recommendation 10. Move the Elements of the Budget Document, Glossary of Budget Terminology, Commonly Used Acronyms, and Revenues/Expenditures/Fund Balance Table to the Appendix.

Recommendation 11. Eliminate the City Profile, Education, Programs and Applications, Community and Recreation Services and Things to Do and See subsections of the Community Profile section from the budget document.

Recommendation 12. Update all policies to provide a summary of the policy and include a link to the official policy on the City’s website.

Recommendation 13. Eliminate the Flow of Funds Chart and replace it with a narrative description of how taxes are used to fund City services within the Budget Overview section of the budget.

Recommendation 14. Revise the General Fund Contribution Schedule subsection to include a brief narrative of General Funds resources that are being contributed to other funds, refer to the General Fund Transfers subsection, and eliminate the existing table.

Recommendation 15. Refer the reader to the department section or OpenGov for further detail.

Recommendation 16. Condense the General Fund Revenues to provide an overview of the key revenue sources, and include the more detailed descriptions and analysis in the General Fund Forecast subsection.

Recommendation 17. Review each department section to include the following components: 1) Department description; 2) Organizational chart (by division/program including number of assigned personnel FTE equivalents); 3) Personnel summary (subtotals by position); 4) Key priorities, with emphasis on how they achieve the citywide strategic plan/priorities; 5) Performance measures with a reference to key departmental priorities and citywide strategic plan/priorities; and 6) Revenue and Expenditure summary by division/program and by expenditure type (personnel costs, materials and services, capital outlay, etc.).

Recommendation 18. Eliminate the program budget information in the department sections and refer the user to OpenGov to obtain further detail.

Recommendation 19. Develop a minimum five-year Capital Improvement Plan and incorporate the CIP plan into the budget document.

Recommendation 20. Affirm primary responsibility and lead role of the development of the CIP Plan to Public Works as a shared responsibility and collaboration with other departments.

Recommendation 21. Assign compilation and publication of the CIP Plan section of the budget document to the Administrative Services Department’s Budget division.

Recommendation 22. Complete the FY 2024-25 Capital Budget and issue as Volume 2 of the current adopted budget.

Recommendation 23. Provide clear quarterly tracking of CIP priorities, progress, and alignment with Council work programs.

Recommendation 24. Create a detailed appendix for fund transfers, enterprise funds, and grant funding usage.

Recommendation 25. Ensure all appropriated funds and consulting services are tracked and reported against original purposes.

Recommendation 26. Develop and implement a Special Projects policy to address such issues as definitions, approval authorities, timelines, projects spanning multiple fiscal years, budget carryovers for projects extending into a subsequent fiscal year, and periodic reporting timelines and form.

Recommendation 27. Review the City’s annual budget resolution and/or expenditure and budget policies to ensure they align with City Council authorities provided to the City Manager or designee in managing the annual budget, including use of contracted and/or consulting services to achieve the City’s annual service delivery goals expressed in the adopted budget.

Recommendation 28. Review the City’s current budget community engagement strategy with the City Council to ensure it is successfully meeting the needs for identifying community priorities and to inform the community about how City services are funded.

Recommendation 29. Review educational content on the budget’s role as a financial planning tool and document in light of any changes to the engagement strategy using easy-to-understand content and graphics.

Recommendation 30. Leverage tools like OpenGov to create interactive, department-focused summaries for each user type including the community, council and staff.

Recommendation 31. Develop a citywide strategic plan that includes a review of the core values, mission and vision by the City Council to form the appropriate strategic goals and priorities for the organization and its operating departments.

Recommendation 32. Establish performance standards for each performance measure and reevaluate at least biennially.