



CITY OF CUPERTINO

AGENDA

CITY COUNCIL

This will be a teleconference meeting without a physical location.

Tuesday, March 8, 2022

6:00 PM

Televised Special Meeting - Continued from March 1, 2022

TELECONFERENCE / PUBLIC PARTICIPATION INFORMATION TO HELP STOP THE SPREAD OF COVID-19

In accordance with Government Code 54953(e), this will be a teleconference meeting without a physical location to help stop the spread of COVID-19.

Members of the public wishing comment on an item on the agenda may do so in the following ways:

1) E-mail comments by 4:30 p.m. on Tuesday, March 8, 2022 to the Council at citycouncil@cupertino.org. These e-mail comments will also be forwarded to Councilmembers by the City Clerk's office before the meeting and posted to the City's website after the meeting.

2) E-mail comments during the times for public comment during the meeting to the City Clerk at cityclerk@cupertino.org. The City Clerk will read the emails into the record, and display any attachments on the screen, for up to 3 minutes (subject to the Mayor's discretion to shorten time for public comments). Members of the public that wish to share a document must email cityclerk@cupertino.org prior to speaking.

3) Teleconferencing Instructions

Members of the public may provide oral public comments pertaining to the agenda during the teleconference meeting as follows:

Oral public comments will be accepted during the teleconference meeting. Comments may be made during the public comment period for each agenda item.

To address the City Council, click on the link below to register in advance and access the meeting:

Online

Register in advance for this webinar:

https://cityofcupertino.zoom.us/webinar/register/WN_je-0z55OSWeO98q0G-5RZg

Phone

Dial: 669-900-6833 and enter Webinar ID: 990 1250 6368 (Type *9 to raise hand to speak).
Unregistered participants will be called on by the last four digits of their phone number.

Or an H.323/SIP room system:

H.323:

162.255.37.11 (US West)

162.255.36.11 (US East)

Meeting ID: 990 1250 6368

SIP: 99012506368@zoomcrc.com

After registering, you will receive a confirmation email containing information about joining the webinar.

Please read the following instructions carefully:

1. You can directly download the teleconference software or connect to the meeting in your internet browser. If you are using your browser, make sure you are using a current and up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers, including Internet Explorer.
2. You will be asked to enter an email address and a name, followed by an email with instructions on how to connect to the meeting. Your email address will not be disclosed to the public. If you wish to make an oral public comment but do not wish to provide your name, you may enter "Cupertino Resident" or similar designation.
3. When the Mayor calls for the item on which you wish to speak, click on "raise hand," or, if you are calling in, press *9. Speakers will be notified shortly before they are called to speak.
4. When called, please limit your remarks to the time allotted and the specific agenda topic.

In compliance with the Americans with Disabilities Act (ADA), anyone who is planning to attend this teleconference City Council meeting who is visually or hearing impaired or has any disability that needs special assistance should call the City Clerk's Office at 408-777-3223, at least 6 hours in advance of the Council meeting to arrange for assistance. In addition, upon request, in advance, by a person with a disability, City Council meeting agendas and writings distributed for the meeting that are public records will be made available in the appropriate alternative format.

NOTICE AND CALL FOR A SPECIAL MEETING OF THE CUPERTINO CITY COUNCIL

NOTICE IS HEREBY GIVEN that a special meeting of the Cupertino City Council is hereby called for Tuesday, March 08, 2022, commencing at 6:00 p.m. In accordance with Government Code 54953(e), this will be a teleconference meeting without a physical location to help stop the spread of COVID-19. Said special meeting shall be for the purpose of conducting business on the subject matters listed below under the heading, "Special Meeting."

SPECIAL MEETING

ROLL CALL

ORDINANCES AND ACTION ITEMS - CONTINUED FROM MARCH 1, 2022

1. Subject: (Item 11 on March 1, 2022 Agenda) Consider accepting the Mid-Year Financial Report for Fiscal Year 2021-22; consider adopting Resolution No. 22-032 approving Budget Modification #2122-189 increasing appropriations by \$9,457,951 and revenues by \$10,220,000

Recommended Action: 1. Consider Accepting the City Manager's Mid-Year Financial Report for FY 2021-22

2. Consider Adopting Resolution No. 22-032 approving Budget Modification #2122-189 increasing appropriations by \$9,457,951 and revenues by \$10,220,000

3. Consider Approving the Conversion of (One) Limited-Term Project Manager Position to Full-Term Position.

4. Consider Approving Amendments to City's Committed, Unassigned Fund Balance, and Use of One Time Funds Policy which includes the following changes:

a. Consider Approving \$2,000,000 contribution from the General Fund to the City's Section 115 Pension Trust

b. Consider Increasing the City's General Fund Economic Uncertainty Committed Reserve by \$5,000,000

c. Consider Establishing a General Fund Capital Project Committed Reserve in the amount of \$10,000,000

Presenter: Kristina Alfaro, Administrative Services Director

[March 1, 2022 Staff Report](#)

[A - Draft Resolution](#)

[B - Mid-Year Financial Report for Fiscal Year 2021-22](#)

[C - Mid-Year Performance Measures](#)

[D - Mid-Year Budget Adjustment Journal](#)

[E - Budget Transfers Detail as of 12.31.2021](#)

[F - Committed, Unassigned Fund Balance, and Use of One Time Funds Policy \(Clean\)](#)

[G - Committed, Unassigned Fund Balance, and Use of One Time Funds Policy \(Redline\)](#)

2. Subject: (Item 12 on March 1, 2022 Agenda) Progress update of the Housing Element Update, and review, discuss, and approve selection of stakeholders group
Recommended Action: Receive report and provide feedback on the progress, review the stakeholders selection process, and consider approval of the stakeholders group
Presenter: Ben Fu, Community Development Director
[March 1, 2022 Staff Report](#)
[Supplemental Staff Report Memo by EMC](#)
[A - 6th Cycle Housing Element Update—Public Engagement Activities to date](#)
[B - Stakeholder group Questions](#)
[C - List of Recommended stakeholder scores and response to primary narrative question](#)
[D - HCD Revision request letter for Monterey Park](#)

ADJOURNMENT

The City of Cupertino has adopted the provisions of Code of Civil Procedure §1094.6; litigation challenging a final decision of the City Council must be brought within 90 days after a decision is announced unless a shorter time is required by State or Federal law.

Prior to seeking judicial review of any adjudicatory (quasi-judicial) decision, interested persons must file a petition for reconsideration within ten calendar days of the date the City Clerk mails notice of the City's decision. Reconsideration petitions must comply with the requirements of Cupertino Municipal Code §2.08.096. Contact the City Clerk's office for more information or go to <http://www.cupertino.org/cityclerk> for a reconsideration petition form.

In compliance with the Americans with Disabilities Act (ADA), anyone who is planning to attend this teleconference meeting who is visually or hearing impaired or has any disability that needs special assistance should call the City Clerk's Office at 408-777-3223, at least 6 hours in advance of the meeting to arrange for assistance. In addition, upon request, in advance, by a person with a disability, meeting agendas and writings distributed for the meeting that are public records will be made available in the appropriate alternative format.

Any writings or documents provided to a majority of the Cupertino City Council after publication of the packet will be made available for public inspection in the City Clerk's Office located at City Hall, 10300 Torre Avenue, Cupertino, California 95014, during normal business hours; and in Council packet archives linked from the agenda/minutes page on the Cupertino web site.

IMPORTANT NOTICE: *Please be advised that pursuant to Cupertino Municipal Code section 2.08.100 written communications sent to the Cupertino City Council, Commissioners or City staff concerning a matter on the agenda are included as supplemental material to the agenda item. These written communications are accessible to the public through the City's website and kept in packet archives. Do not include any personal or private information in written communications to the City that you do not wish to make public, as written communications are considered public records and will*

be made publicly available on the City website.



CITY OF CUPERTINO

Agenda Item

22-10559

Agenda Date: 3/8/2022
Agenda #: 1.

Subject: (Item 11 on March 1, 2022 Agenda) Consider accepting the Mid-Year Financial Report for Fiscal Year 2021-22; consider adopting Resolution No. 22-032 approving Budget Modification #2122-189 increasing appropriations by \$9,457,951 and revenues by \$10,220,000

1. Consider Accepting the City Manager's Mid-Year Financial Report for FY 2021-22
2. Consider Adopting Resolution No. 22-032 approving Budget Modification #2122-189 increasing appropriations by \$9,457,951 and revenues by \$10,220,000
3. Consider Approving the Conversion of (One) Limited-Term Project Manager Position to Full-Term Position.
4. Consider Approving Amendments to City's Committed, Unassigned Fund Balance, and Use of One Time Funds Policy which includes the following changes:
 - a. Consider Approving \$2,000,000 contribution from the General Fund to the City's Section 115 Pension Trust
 - b. Consider Increasing the City's General Fund Economic Uncertainty Committed Reserve by \$5,000,000
 - c. Consider Establishing a General Fund Capital Project Committed Reserve in the amount of \$10,000,000

Presenter: Kristina Alfaro, Administrative Services Director



ADMINISTRATIVE SERVICES DEPARTMENT

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

CITY COUNCIL STAFF REPORT

Meeting: March 1, 2022

Subject

Accept the Mid-Year Financial Report for Fiscal Year 2021-22; Consider Adopting Resolution No. 22-XXX approving Budget Modification #2122-189 increasing appropriations by \$9,457,951 and revenues by \$10,220,000.

Recommended Action

1. Consider Accepting the City Manager's Mid-Year Financial Report for FY 2021-22.
2. Consider Adopting a draft resolution 22-XXX approving Budget Modification #2122-189 increasing appropriations by \$9,457,951 and revenues by \$10,220,000.
3. Consider Approving the Conversion of (One) Limited-Term Project Manager Position to Full-Term Position.
4. Consider Approving Amendments to City's Committed, Unassigned Fund Balance, and Use of One Time Funds Policy which includes the following changes:
 - a. Consider Approving \$2,000,000 contribution from the General Fund to the City's Section 115 Pension Trust.
 - b. Consider Increasing the City's General Fund Economic Uncertainty Committed Reserve by \$5,000,000.
 - c. Consider Establishing a General Fund Capital Project Committed Reserve in the amount of \$10,000,000.

Background

On June 15, 2021, the City Council adopted the Fiscal Year (FY) 2021-22 Budget, a \$148,845,235 spending plan for the City of Cupertino that was funded by \$132,850,958 of revenues and \$15,994,277 of fund balance. On November 16, 2021, Council received an update on the City's spending plan as part of the City Manager's First Quarter Financial Report, which revised the budget to account for encumbrances of \$16,868,361 and carryover appropriations of \$53,863,626 from FY 2021-22. These carryover appropriations included \$18.5 million in capital projects, \$19 million for Vallco Town Center, and \$5.9 million for Transportation projects. Encumbrances represent funds for

obligations related to unfilled purchase orders or unfilled contracts that are rolled over from one year to the next until those obligations are fulfilled or terminated. Carryover appropriations are unencumbered funds for unfinished projects that are carried over for use in the following fiscal year in order to complete those projects.

In the first two quarters of FY 2021-22, Council approved \$9.6 million in additional appropriations mostly related to the American Rescue Plan Act of 2021 (\$4.9 million), Junipero Serra Trail (\$1.9 million) and First Quarter Adjustments (\$1.6 million).

This resulted in an amended budget of \$229,162,354. These FY 2021-22 budget adjustments are summarized in the following table:

Mid-Year Financial Report Summary of Budget Adjustments by Fund

Fund	FY 21-22 Adopted	Carryovers	Encumbrances	Adjustments Approved in 1st & 2nd Quarters	FY 21-22 Amended Budget as of December 31, 2021
General	\$ 89,767,034	\$ 22,657,533	\$ 4,906,141	\$ 7,138,606	\$ 124,469,314
Special Revenue	18,597,024	11,749,252	2,414,116	212,681	32,973,073
Debt Service	2,676,000	-	-	-	2,676,000
Capital Projects	19,540,048	18,540,682	9,149,571	1,936,000	49,166,301
Enterprise	9,417,117	855,369	189,833	107,800	10,570,119
Internal Service	8,848,012	60,790	208,700	190,045	9,307,547
Total All Funds	\$ 148,845,235	\$ 53,863,626	\$ 16,868,361	\$ 9,585,132	\$ 229,162,354

Discussion

The Mid-Year Financial Report focuses on the status of the City's budget as of December 31, 2021 and recommends adjustments to ensure the budget reflects the City's current revenue outlook and is responsive to changing spending priorities. As shown in the chart below, \$11.3 million in budget adjustments are being requested that are offset with \$1.8 million in budget reductions and \$10.2 million in revenue. Included in the requested budget adjustments is a \$10,000,000 transfer of excess unassigned fund balance from the General Fund to the Capital Reserve in accordance with the City's Reserve and One Time Use Policy. Also included is the fourth of five annual \$2 million contributions to the Section 115 Pension Trust, increase in Economic Uncertainty Reserve, and establishment of Capital Projects Reserve. If approved, the City's new spending plan would total \$238,620,305 across all funds.

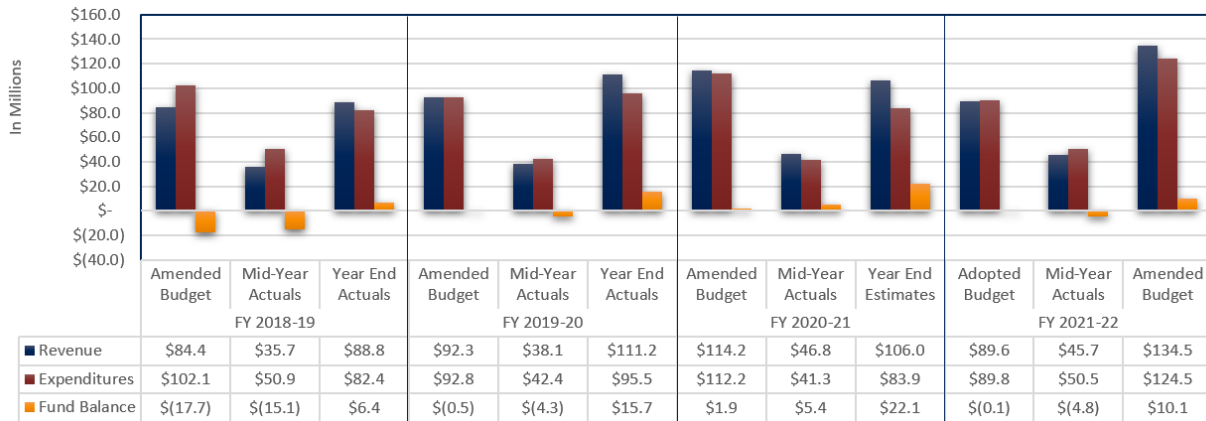
Fund	Amended Budget as of December 31, 2021	Requested Mid- Year Adjustments	Year-End Projections
General	\$ 124,469,314	\$ 10,000,000	\$ 134,469,314
Special Revenue	32,973,073	910,000	33,883,073
Debt Service	2,676,000	-	2,676,000
Capital Projects	49,166,301	(1,847,699)	47,318,602
Enterprise	10,570,119	369,650	10,939,769
Internal Service	9,307,547	26,000	9,333,547
Total All Funds	\$ 229,162,354	\$ 9,457,951	\$ 238,620,305

A projected increase to unassigned fund balance in the amount of \$740,119 across all funds would occur as summarized in the table below.

Fund	Department	Expenditure	Revenue	Fund Balance (Use of)	Description
PARKS & RECREATION DEPARTMENT					
560	P&R	10,300	-	(10,300)	Tree Maintenance
560	P&R	9,350	220,000	210,650	Additional Revenue Estimate and Bank Charges
	TOTAL PARKS & RECREATION DEPARTMENT	19,650	220,000	200,350	
PUBLIC WORKS DEPARTMENT					
280	Public Works - CIP	910,000	-	(910,000)	Lawrence-Mitty Park Debris Removal, Clean Up, and Tree Removal
420	Public Works - CIP	(1,847,699)	-	1,847,699	All-Inclusive Play Area Budget Reduction
520	Public Works	350,000	-	(350,000)	New Landfill Agreement and Solid Waste Consulting Services
630	Public Works	26,000	-	(26,000)	Leaf Blower Replacement
	TOTAL PUBLIC WORKS DEPARTMENT	(561,699)	-	561,699	
NON-DEPARTMENTAL					
100	Non-Departmental	10,000,000	-	(10,000,000)	Transfer from General Fund to Capital Reserve
429	Non-Departmental	-	10,000,000	10,000,000	Transfer from General Fund to Capital Reserve
	TOTAL NON-DEPARTMENTAL	10,000,000	10,000,000	-	
	TOTAL ALL DEPARTMENTS	9,457,951	10,220,000	762,049	

General Fund Update

4-Year Comparison of Revenues, Expenditures and Changes to Fund Balance



The City's General Fund historical revenue, expenditures and fund balance demonstrates the City has historically budgeted the use of fund balance. This means the General Fund's amended budget estimated appropriations to exceed revenues. This use was not due to a structural deficit but due to the transfer out of excess fund balance from the General Fund to the Capital Reserve in accordance with the City's One-time use policy. Due to the City's encumbrance and budget carryover process, actual expenditures in FY 2020-21 came in lower than expected which resulted in additional excess fund balance.

Revenue

As of mid-year, General Fund revenue is tracking at \$46 million or 2% lower than the same time last year due to changes in the City's in various revenue sources as shown in the following table.

Comparison of FY 2020-21 and FY 2021-22 General Fund Mid-Year Revenues

Revenue Category	Mid-Year 2021	Mid-Year 2022	Variance	% Change
05 - Sales tax	\$ 24,060,027	\$ 13,818,656	\$ (10,241,371)	-43%
10 - Property tax	7,887,124	8,331,800	444,676	6%
15 - Transient occupancy	879,019	1,336,855	457,837	52%
20 - Utility tax	1,291,056	1,276,177	(14,879)	-1%
25 - Franchise fees	627,465	684,498	57,033	9%
30 - Other taxes	1,704,385	1,056,602	(647,783)	-38%
35 - Licenses and permits	1,951,667	2,188,177	236,511	12%
40 - Use of money and property	891,614	926,372	34,758	4%
45 - Intergovernmental revenue	1,022,927	3,433,481	2,410,554	236%
50 - Charges for services	5,230,311	6,905,845	1,675,534	32%
55 - Fines and forfeitures	53,744	105,865	52,121	97%
60 - Miscellaneous	1,048,256	989,591	(58,665)	-6%
65 - Transfers in	15,000	4,862,387	4,847,387	32316%
70 - Other financing sources	87,567	52,224	(35,342)	-40%
Grand Total	\$ 46,750,161	\$ 45,968,532	\$ (781,629)	-2%

Sales Tax received as of mid-year was \$10.2 million (or 43%) less than last year due to the timing for which payments from the State Board of Equalization are received. Staff anticipate the final second quarter allocation will result in comparable performance year-over-year. Since the start of the pandemic, the City's business-to-business industry group and its County Pool allocation share has increased substantially. HdL, the City's sales tax consultant, recently provided a report on sales tax performance during the period July-September 2021. Restaurants and Hotels, General Consumer Goods, Fuel and Service Stations, Building and Construction, and Autos and Transportation were up 71%, 16%, 75%, 3%, and 4%, respectively, representing substantial recovery from conditions experienced earlier in the pandemic. This strong recovery was vastly overshadowed activities in the business to business and pool allocations. Since the start of the pandemic, the City's business-to-business and county pool allocations have vaulted and as has been expected, we are seeing some tapering of those trends as the State continues to recover and open businesses to the public.

Property Tax revenue has come in higher than the same time last year by \$445,000 (or 6%). Residential use values increased \$829.9 million (or 5%) and represented 84.1% of all growth experienced in the City. Commercial properties posted an increase of \$572.8 million or a year-over-year increase of 7.6%. Unsecured assets in Cupertino decreased \$700 million (or 28.9%) and were primarily attributable to assets owned by Apple Inc. that were transferred to commercial. Overall, the FY 21-22 property tax revenues are anticipated to increase by 3.5% over the previous fiscal year. There is still uncertainty around post-pandemic impacts to property values, such as expanded and/or permanent

telecommuting. Despite the uncertainty, the City's property tax base remains strong and HdL is currently projecting property taxes over the next five years as presented below:

FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
\$29,627,822	\$30,897,951	\$32,223,088	\$33,616,114	\$35,072,217

Transient Occupancy Tax continued to be impacted by COVID-19 and the shelter-in-place orders. As of December 31, 2021, the City recognized \$1.3 million in transient occupancy tax, which represents 45% of the total amount budgeted in FY 21-22. It also represents an increase of 52% over the Mid-Year point of FY 2020-21 and indicates recovery consistent with the City's estimations.

Utility Tax decreased approximately \$15,000 (or 1%) representing consistent performance over the previous year.

Franchise Fees have increased by \$57,000 (or 9%) primarily due to an increase in Recology franchise fees collected.

Other Taxes have decreased by approximately \$648,000 (or 38%) primarily due to a one-time construction tax payment received from PSI Storage in FY 20-21.

Licenses and Permits increased by \$237,000 (or 12%) due to increased volume in building inspection fees.

Use of Money and Property increased by \$35,000 (or 4%) due to increased interest earnings from the City's investment portfolio.

Intergovernmental Revenue has increased by \$2.4 million (or 236%) due to the American Rescue Plan Act funding received.

Charges for Services have increased by \$1.7 million (or 32%) driven mainly by increases in cost allocation charges. Additionally, charges for services experienced increases due to plan check fees.

Fines and Forfeitures have increased \$52,000 (or 97%) primarily due to increases in citations administered over the prior year.

Miscellaneous revenue has decreased by \$59,000 (or 6%) due primarily to an increase to an ongoing donation from Apple Inc. to fund additional law enforcement services that were offset with decreases in miscellaneous development agreement contributions.

Transfers In have increased by \$4.8 million (or 32,316%) due to a \$4.8 million transfers related to the American Rescue Plan Act.

Other Financing Sources decreased \$35,000 (or 40%) due to a reduction in refundable deposit administrative fees collected over the previous fiscal year.

Expenditures

As of mid-year, overall expenditures in the General Fund are up \$9.2 million (or 22%) when compared to the same time last year due primarily to increases in transfers out for the American Rescue Plan Act. The following table shows the differences between General Fund expenditures as of the mid-year in the current fiscal year and the prior fiscal year:

Comparison of FY 2020-21 and FY 2021-22 General Fund Mid-Year Expenditures

Expenditure Category	Mid-Year 2021	Mid-Year 2022	Variance	% Change
05 - Employee compensation	\$ 8,829,205	\$ 10,018,381	\$ 1,189,176	13%
10 - Employee benefits	4,117,014	4,701,573	584,559	14%
15 - Materials	1,926,628	1,826,518	(100,110)	-5%
20 - Contract services	10,271,661	10,595,937	324,275	3%
25 - Cost allocation	5,236,770	5,974,031	737,261	14%
30 - Capital outlays	23,470	32,700	9,230	N/A
31 - Special projects	658,758	953,489	294,731	45%
45 - Transfer out	10,148,689	16,099,371	5,950,682	59%
50 - Other financing uses	101,433	336,005	234,572	231%
Grand Total	\$ 41,313,629	\$ 50,538,005	\$ 9,224,377	22%

Salary and Benefits increases are approximately \$1.8 million (or 14%). Compensation increases are due primarily to labor negotiations approved by Council on July 16, 2019. Increases in salary, driven by cost-of-living adjustments and equity adjustments, can be anticipated for the span of the negotiation term ending June 30, 2022. Additionally, the FY 21-22 Adopted Budget included 6 new full-time benefitted positions (FTE). Shortly after the start of the fiscal year, the City Attorney's Office moved from a contract service to in-house which also increased the FTE count. These classifications also experienced increases due to the timing of pay periods year-over-year. In FY 20-21, there were 12 pay periods in the first half the year and 13 pay periods in FY 21-22. These increases

were offset by increases due to vacancy savings through attrition. Benefit increases were primarily due to retirement, health, and workers' compensation costs.

Materials costs are down approximately \$100,100 (or 5%) due primarily to decreases across Public Works materials accounts, specifically water and electrical charges.

Contract Services have increased approximately \$324,000 (or 3%) due primarily to increases in the City's sheriff contract with the County. The increases were offset by reductions due to the City Attorney function moving from contract to in-house.

Cost Allocation increases are approximately \$737,000 (or 14%) due primarily to increases in I&T and Human Resources charges.

Capital Outlay costs are up approximately \$9,000, due to capitalizable facilities costs that were not incurred in the previous fiscal year.

Special Projects increases are approximately \$295,000 (or 45%) due to fluctuations in one-time expenditures.

Transfers Out increases are approximately \$6.0 million (or 59%) and are due to a one-time transfer out within the General Fund for the American Rescue Plan Act.

Other Financing Uses have increased \$235,000 (or 231%) due to refundable deposit on-call contracts for the Community Development Department.

All Other Funds Update and Year End Projections

Revenue

As of mid-year, revenue in all other funds is tracking at \$40.2 million (or 91%) higher than the same time last year due primarily to an increase in transfers from the General Fund to the Capital Improvement Program and a one-time development agreement contribution to the City's Park Dedication Special Revenue Fund.

Revenue Category	Mid-Year 2021	Mid-Year 2022	Variance	% Change
30 - Other taxes	\$ 263,532	\$ 9,367,692	\$ 9,104,160	3455%
40 - Use of money and property	545,022	646,636	101,614	19%
45 - Intergovernmental revenue	1,706,607	1,689,213	(17,394)	-1%
50 - Charges for services	4,227,676	5,244,077	1,016,401	24%
55 - Fines and forfeitures	3,923	34,133	30,210	770%
60 - Miscellaneous	2,042,549	2,167	(2,040,382)	-100%
65 - Transfers in	12,138,138	23,040,032	10,901,894	90%
70 - Other financing sources	156,140	188,157	32,016	21%
Grand Total	\$ 21,083,588	\$ 40,212,106	\$ 19,128,518	91%

Other Taxes increased approximately \$9.1 million (or 3,455%) due to a one-time development agreement (Westport) received in the Park Dedication Special Revenue Fund.

Use of Money and Property increased by approximately \$102,000 (or 19%) due to increased interest earnings from the City's investment portfolio compared to the previous fiscal year.

Intergovernmental Revenue remained relatively consistent over the previous fiscal year.

Charges for services increased approximately \$1.0 million (or 24%) primarily due to increases in Youth, Teen, and Recreation and Sports Center compared to the previous fiscal year.

Fines and forfeitures increased approximately \$30,000 (or 770%) due to an increased volume in citations administered over the prior year.

Miscellaneous revenue decreased approximately \$2.0 million (or 100%) due primarily to a relative reduction year-over-year in Apple donations received for various City bike/ped capital projects as these projects near completion.

Transfers In increased approximately \$10.9 million (or 90%) due to an increase in new Capital Improvement Program projects in FY 21-22 require a transfer out of the Capital Reserve.

Other financing sources increased approximately \$32,000 (or 21%) due to an increase in cost allocation revenues received by Human Resources for Workers' Compensation.

Expenditures

As of mid-year, overall expenditures are tracking at \$28.0 million (or 40%) higher than the same time last year due primarily to increases in transfers out and contract services.

Expenditure Category	Mid-Year 2021	Mid-Year 2022	Variance	% Change
05 - Employee compensation	\$ 2,187,881	\$ 2,347,874	\$ 159,993	7%
10 - Employee benefits	1,592,695	1,719,788	127,093	8%
15 - Materials	933,459	928,387	(5,072)	-1%
20 - Contract services	1,513,681	2,577,781	1,064,100	70%
25 - Cost allocation	1,095,270	1,210,435	115,165	11%
30 - Capital outlays	6,282,774	5,109,770	(1,173,005)	-19%
31 - Special projects	2,348,076	1,609,569	(738,507)	-31%
40 - Debt services	1,726,694	398,000	(1,328,694)	-77%
45 - Transfer out	2,004,449	11,803,048	9,798,599	489%
Grand Total	\$ 19,974,936	\$ 27,991,803	\$ 8,016,867	40%

Salary and Benefits increases are approximately \$287,000 (or 7.6%). Compensation increases are due primarily to labor negotiations approved by Council on July 16, 2019. Increases in salary, driven by cost-of-living adjustments and equity adjustments, can be anticipated for the span of the negotiation term ending June 30, 2022. These classifications also experienced increases due to the timing of pay periods year-over-year. In FY 20-21, there were 12 pay periods in the first half of the year and 13 pay periods in FY 21-22.

Materials have remained relatively consistent over the previous fiscal year.

Contract Services have increased approximately \$1.1 million (or 70%) due, but not limited, to increased services provided at the Sports Center.

Cost Allocation increased approximately \$115,000 (or 11%) due primarily to increases in Innovation & Technology, Human Resources, and Finance charges.

Capital Outlays decreased approximately \$1.2 million (or 19%) due to a relative reduction in the number of projects progressing compared to last year including, but not limited to, the Library Expansion and the acquisition of Lawrence Mitty Park.

Special Projects decreased approximately \$739,000 (or 31%) due to decreases in annual asphalt project spending.

Debt Service decreased approximately \$1.3 million (or 77%) due to the refinancing of the City's Certificates of Participation.

Transfers Out increased \$9.8 million (or 489%) due to an increase in new Capital Improvement Program projects in FY 21-22 that require a transfer out of the Capital Reserve.

Budget Adjustment Requests

As of the mid-year a few departments are requesting budget adjustments to ensure they end the year within budget appropriations. The recommended adjustments are summarized in the table below:

		Recommended Adjustments			
Fund	Department	Expenditure	Revenue	Fund Balance (Use of)	Description
GENERAL FUND					
100	Non-Departmental	10,000,000	-	(10,000,000)	Transfer from General Fund to Capital Reserve
TOTAL GENERAL FUND		10,000,000	-	(10,000,000)	
SPECIAL REVENUE FUND					
280	CIP	910,000	-	(910,000)	Lawrence-Mitty Park Debris Removal, Clean Up, and Tree Removal
TOTAL SPECIAL REVENUE FUND		910,000	-	(910,000)	
CAPITAL PROJECTS FUND					
420	CIP	(1,847,699)	-	1,847,699	All-Inclusive Play Area Budget Reduction
429	Non-Departmental	-	10,000,000	10,000,000	Transfer from General Fund to Capital Reserve
TOTAL CAPITAL PROJECTS FUND		(1,847,699)	10,000,000	11,847,699	
ENTERPRISE FUND					
520	Public Works	350,000	-	(350,000)	New Landfill Agreement and Solid Waste Consulting Services
560	Parks & Recreation	10,300	-	(10,300)	Tree Maintenance
560	Parks & Recreation	9,350	220,000	210,650	Additional Revenue Estimate and Bank Charges
TOTAL ENTERPRISE FUND		369,650	220,000	(149,650)	
INTERNAL SERVICE FUND					
630	Public Works	26,000	-	(26,000)	Leaf Blower Replacement
TOTAL INTERNAL SERVICE FUND		26,000	-	(26,000)	
TOTAL ALL FUNDS		9,457,951	10,220,000	762,049	

Lawrence-Mitty Park (CIP) (280-99-009)

The future site of the Lawrence Mitty Park is a vacant parcel of land that is easily accessible and attracted numerous trespassers to congregate on the property. Although the Lawrence Mitty Park and Trail Master plan is underway, some pre-development work is necessary to secure the site and make it less attractive to trespassers until construction commences. Since the site was mainly used by the County as a storage yard, there are stockpiles of construction and demolition debris on site which create barriers for trespassers to be fully obstructed from Lawrence Expressway. The removal

of the debris and enhancing security measures would make it less attractive for those trespassers currently residing on the property. The pre-development work includes coordination efforts to relocate the trespassers, removal, and disposal of approximately 3,300 cubic yards of debris, clean-up of the materials left onsite by trespassers, and tree trimming. The total cost is estimated to be approximately \$910,000.

All-Inclusive Play Area (CIP) (420-99-051)

All-Inclusive Play Area Budget Reduction – On February 19, 2021, staff issued a memorandum to City Council to provide an update on Jollyman Park All-Inclusive Playground and Grant. As stated, a Request for Proposals (RFP) was issued in December 2019 for professional fundraising services for the Jollyman Park Playground. Three firms were found qualified to provide services. Further evaluation following this process concluded that the fundraising goal for the Playground was too high. During this time, the COVID-19 pandemic shutdowns commenced and it was not appropriate to proceed with designing a project that might substantially exceed the available funding. Experiences by other similar all-inclusive projects elsewhere in the County indicated that the greater than \$2 million donation goal was too high. After this conclusion, staff contacted the County to inquire about adjusting the project to structure it for success. Collaboration continued with County staff to identify lower, more realistic fundraising target, associated adjustment of project features to meet goals while reducing total project cost, and longer timeline for project delivery. As a result, staff are recommending a reduction to the fundraising goal of \$1 million and an associated reduction of the total project budget of \$1,847,699.

Resource Recovery (520-81-801)

New Landfill Agreement and Solid Waste Consulting Services – The City's current landfill agreement expires in November 2023. All available options for waste disposition need to be considered, including renewing the current agreement, routing construction and demolition debris to a separate facility, and routing materials through a materials recovery facility. Additionally, the current Franchise Agreement with Recology requires a cost-based rate adjustment review process to inform the maximum rates for year four, which begins February 1, 2024, and recommends a performance review during rate year four. Originally anticipated to begin in July 2022, review of timelines and deadlines suggests an earlier start to this long process is advisable, so creation of this special project and one-time appropriations of \$350,000 are being requested as a mid-year adjustment to allow preliminary work to begin during FY 21-22.

Blackberry Farm Golf Course (560-63-616)

Tree Maintenance - \$10,300 in additional appropriations are being requested for tree maintenance, including preventative tree work to remove dense or dead trees at the

Blackberry Farm Golf Course. Due to the recent drought, more tree maintenance has been needed to reduce risk to the golf course users.

Additional Revenue Estimate and Bank Charges - The Blackberry Farm (BBF) Golf Course requires \$9,350 of additional appropriations for bank charges that have resulted due to unanticipated increases in program revenues. Due to the pandemic, golf continues to be popular and one of the safer outdoor activities available to the community. Revenue received from club and cart rentals, merchandise sold at the pro shop, and green fees have exceeded what was originally estimated. The program requires additional funds to continue to cover the excess bank charges from the additional revenue earned and the projected revenue (\$220,000) for the rest of the fiscal year.

Equipment Maintenance (630-85-849)

Leaf Blower Replacement – Staff are requesting \$26,000 in additional appropriations to replace the City's numerous leaf blowers. These funds will be used to comply with Cupertino's new blower noise ordinance that goes into effect November 2022 and reduce noise pollution in the community. This request will replace 55 blowers for service center maintenance staff. Due to supply shortages, staff are recommending the request at this time as opposed to waiting to include in the FY 22-23 Proposed Budget.

Non-Departmental (100-90-001 & 420-90-001)

Transfer to Capital Reserve – Staff are recommending a \$10,000,000 transfer of excess General Fund fund balance to the Capital Reserve for purpose of funding current and future capital projects. This request does not appropriate these dollars for specific projects; rather, it simply moves the cash out of the General Fund and into the Capital Reserve.

Section 115 Trust (PRSP) – Staff are recommending an additional contribution of \$2,000,000 to the City's Section 115 Trust (Pension Rate Stabilization Program). The City established this trust with PARS in 2018 for purposes of 1) maintaining local control over assets, 2) mitigating impact of large pension cost fluctuations, 3) potential for higher investment returns than General Fund, and 4) asset diversification. The trust's assets are required to be used to pay CalPERS for related retirement costs; however, at this time, staff do not anticipate drawing down from this trust in the near future. In 2018, the City made an additional contribution of \$8,000,000 and had recommended funding \$2 million annually for five (5) years. With this strategy, the trust would accumulate sufficient funds to pay the difference between a 7% and 6.25% discount rate, or approximately \$42 million. With a total principal contribution amount of \$14 million to date, approving this \$2 million additional contribution will allow the City to be on schedule to address this funding gap by 2037. This transfer request moves

funds from the General Fund's unassigned fund balance classification to the restricted fund balance classification and therefore does not require a budget adjustment or appropriation. Per the City's Committed, Unassigned Fund Balance, and Use of One Time Funds Policy, funds in this trust may be used only at the discretion of City Council.

Staffing

The Amended Budget as of December 31, 2021, has a total of 203.75 FTEs (208.75 including City Council). Staff are recommending the following changes which will have no fiscal impact for the remainder of FY 21-22.

Reclassify (One) Limited-Term Project Manager Position to Full Term Position - The majority of active projects residing with the CIP group are longer than 1 - 2 year projects. Presently there are two limited term CIP Project Manager positions, expiring November 2022 and June 2023, that we'd ask to convert into regular term positions. The project manager in this position is working on long term projects, as are all the Project Managers, and it would be a disruptive and financially ineffective to the progress of the projects if CIP were to lose this Project Manager positions. CIP Group staff strive to complete the numerous projects in the City's Work Plan and having talented, dependable, and experienced Project Managers is important. The reclassification of this position will allow the City to continue utilizing the Project Managers to complete their projects and take on additional projects without any disruption.

Fund Balance

The City's General Fund ended FY 2020-21 with \$96.9 million in total fund balance. As part of the FY 2021-22 Adopted Budget, the City projected ending the fiscal year with \$83.1 million in total fund balance. As of the First Quarter Report, the City updated its year-end projections for FY 2021-22 to \$111.9 million in total fund balance, an increase of \$28.8 million due to increases in revenues received and lower expenditures in FY 2020-21. Projected year-end fund balance as of mid-year FY 2021-22 is estimated to be \$101.8 million. The \$101.8 million projection includes a one-time transfer out of \$10 million to the Capital Improvement Program Reserve Fund, a \$2 million contribution to the Section 115 Pension Trust, an increase to the Economic Uncertainty Reserve from \$19 million to \$24 million, and the establishment of a \$10 million Committed Capital Projects Reserve. If approved, projected ending unassigned fund balance will be \$37.2 million.

General Fund Classification of Fund Balance

CLASSIFICATION	Actuals 2019-20	Year End Projection 2020-21	Adopted Budget 2021-22	1st Quarter Year End Projection 2021-22	Mid-Year End Projection 2021-22
Non Spendable	3.45	3.44	3.44	3.44	3.44
Restricted	14.32	20.14	21.87	21.92	22.20
Committed	19.13	19.13	19.13	19.13	34.13
Assigned	3.18	4.91	3.00	4.91	4.91
Unassigned	34.43	49.23	35.70	62.47	37.15
TOTAL FUND BALANCE	74.51	96.85	83.13	111.87	101.84

To date, the City's external auditors have not completed their review of the City's financials. Revenue, expenditure, and fund balance totals listed in this report are preliminary and subject to change after a full review by the City's auditors. City Staff does not anticipate many, if any, changes to these figures.

Per the City's Committed, Unassigned Fund Balance, and Use of One Time Funds Policy, unassigned fund balance over \$500,000 are to be used in the following order to replenish committed fund balances with any remaining balances to be placed in the Capital Reserve:

1. Economic Uncertainty – **increasing from \$19 million to \$24 million**
2. PERS - **\$2 million contribution (4th of 5 contributions)**
3. Sustainability Reserve
4. **Capital Projects - \$10 million**
5. Unassigned

Staff recommend increasing the Economic Uncertainty Reserve from \$19 million to \$24 million. This increase more accurately reflects the formula stated in the City's "Committed, Unassigned Fund Balance, and Use of One Time Funds Policy" (page 105 of the Adopted Budget).

	FY					
	2019	2020	2021	Monthly Average	1.5 Month Average	Two Month Average
General Fund Revenue	\$ 88,802,313	\$ 111,064,590	\$ 106,217,493	\$ 8,502,344	\$ 12,753,517	\$ 17,004,688.67
General Fund Expenditures	\$ 63,014,100	\$ 64,589,176	\$ 68,723,837	\$ 5,453,531	\$ 8,180,296	\$ 10,907,061.83
Economic Uncertainty Reserve Calculation						
\$ 23,660,578.33						

Staff are also recommending the establishment of a Committed Capital Projects Reserve with a starting balance of \$10 million. The City's Capital Improvement Program (CIP), while it has been funded with grants and donations, has primarily been funded with General Fund resources (\$68 million over the last 6 fiscal years). As a result, the CIP has

become heavily reliant on a funding source that may not always have similar levels of funding from one year to the next. Establishing a Committed Reserve will provide financial planning support to ensure resources are readily available to fund future CIP projects. This reserve will be established at \$10 million and, only with City Council authority, will be used to fund future capital projects.

Performance Measures & Workload Indicators

Updated performance measures and workload indicators that align with government and private industry best practices have been included in the Mid-Year Financial Report. Attachment C represents the status of the performance measures as of Mid-Year.

City Manager Discretionary Fund

As part of the FY 2021-22 Adopted Budget, City Council recommended and approved the reduction of the City Manager Discretionary Fund to an annual amount of \$75,000. The quarterly budget reports will detail the City Manager's use of the discretionary fund and may include recommendations to replenish depending on the extent and nature of use. As of December 31, 2021, \$2,400 was used to assist with funding a Tripepi Smith contract for the Housing Op-Ed.

American Rescue Plan Act of 2021 (ARP)

On September 7, 2021, City Council approved use of American Rescue Plan Act of 2021 funding allocation and approved budget modification #2122-162 increasing appropriations in the General Fund (100-90-001 page 583 of the FY 2021-22 Adopted Budget) by \$4,847,386.50 and revenues in the General Fund by \$4,847,386.50. Of the four (4) allowable uses of funds:

1. Public Health/Negative Economic Impacts,
2. Premium Pay,
3. Revenue Loss, and
4. Investments in Water, Sewer, and Broadband

Staff recommended, and City Council approved the allocation of use towards Revenue Loss. City staff anticipate realizing these "losses" before December 31, 2023, the end of the period of availability. This action allows the City to maintain current levels of operations and government services and affords City Council the continued ability to consider new projects and initiatives in the future. The budget modification moves dollars from the General Fund's Non-Departmental Department to all other Departments in the General Fund for purposes of substantiating and reporting the use of grant dollars received. As expenditures are incurred, and revenue losses are realized, the City will recognize the \$4,847,386.50 in revenues on a matching basis. As of

December 31, 2021, the City has recognized \$3,054,213 of ARP revenues (\$286,248 in Q2). Below is the status of the specific items as of December 31, 2021, that were approved by ARP funding.

Project Title	Budgeted Amount	Expenditures as of September 30, 2021*	Expenditures as of December 31, 2021*	Total Expenditures Life-to-Date	Budget Remaining
CWP - Climate Action Plan	\$ 78,000	\$ 40,465.94	\$ 37,534	\$ 78,000	\$ -
CWP - Personal Preparedness	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Administration Overhead (Cost Allocation)	\$ 249,106	\$ 62,276.50	\$ 62,277	\$ 124,553	\$ 124,553
Administration Overhead (Cost Allocation)	\$ 134,039	\$ 33,509.75	\$ 33,510	\$ 67,020	\$ 67,020
Internal Audit	\$ 150,000	\$ -	\$ 50,425	\$ 50,425	\$ 99,575
General Liability Insurance	\$ 182,112	\$ 182,112.00	\$ -	\$ 182,112	\$ -
CWP - Homeless Jobs Program	\$ 200,000	\$ -	\$ 5,187	\$ 5,187	\$ 194,813
CWP - General Plan and Muni Code Update	\$ 250,000	\$ 8,264.74	\$ 10,787	\$ 19,052	\$ 230,948
CWP - RHNA	\$ 295,000	\$ -	\$ 59,645	\$ 59,645	\$ 235,355
CWP - Encouraging Dark Sky Compliance	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
CWP - Development Accountability	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
CWP - Sign Ordinance Update	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Regulating Diversified Retail Use	\$ 4,862	\$ -	\$ -	\$ -	\$ 4,862
Community Funding	\$ 82,396	\$ 82,396.00	\$ -	\$ 82,396	\$ -
Accela Business License	\$ 17,500	\$ -	\$ 17,500	\$ 17,500	\$ -
Customer Service Solution	\$ 65,000	\$ 42,180.00	\$ 7,163	\$ 49,343	\$ 15,658
ERP exploration	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Performance Management Application	\$ 13,808	\$ -	\$ -	\$ -	\$ 13,808
Law Enforcement Services (SCC)	\$ 972,987	\$ 972,987.00	\$ -	\$ 972,987	\$ -
CWP - Municipal Water System	\$ 10,000	\$ 10,000.00	\$ -	\$ 10,000	\$ -
CWP - Revisit 5G	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Replenish Transfer to Fund 270 for Pavement Maintenance	\$ 1,333,773	\$ 1,333,773.00	\$ -	\$ 1,333,773	\$ -
CWP - Mental Health Support	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
CWP - Senior Strategy	\$ 34,000	\$ -	\$ 2,221	\$ 2,221	\$ 31,779
CWP - Dogs Off Leash Area	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
CWP - Revamping Block Leader and Neighborhood Watch	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Library Services	\$ 403,304	\$ -	\$ -	\$ -	\$ 403,304
TOTAL	\$ 4,847,387	\$ 2,767,965	\$ 286,248	\$ 3,054,213	\$ 1,793,174
* To the extent of ARP allocations that have been budgeted.					

Conclusion

The Mid-Year Financial Report shows the City is well-positioned to move forward. City staff recommend adjustments of \$9,457,951 in new appropriations funded by \$10,220,000 in revenues. If approved, the City's fund balance will increase by \$762,049.

Prepared by: Zach Korach, Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Jim Throop, City Manager

Attachments:

A – Draft Resolution

B – Mid-Year Financial Report for Fiscal Year 2021-22

C – Mid-Year Performance Measures

D – Mid-Year Budget Adjustment Journal

E – Budget Transfers Detail as of 12.31.2021

F – Committed, Unassigned Fund Balance, and One Time Funds Policy (Clean)

G – Committed, Unassigned Fund Balance, and One Time Funds Policy (Redline)

Attachment A

RESOLUTION NO. 22-XXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CUPERTINO
AMENDING THE OPERATING BUDGET FOR FISCAL YEAR 2021-22 BY
APPROPRIATING, TRANSFERRING, AND UNAPPROPRIATING MONIES
FOR SPECIFIED FUNDS**

WHEREAS, the orderly administration of municipal government depends on a sound fiscal policy of maintaining a proper ratio of expenditures within anticipated revenues and available monies; and

WHEREAS, accomplishing City Council directives, projects and programs, and performing staff duties and responsibilities likewise depends on the monies available for that purpose; and

WHEREAS, the City Manager has determined that the balances from the funds specified in this resolution are adequate to cover the proposed amended appropriations, and therefore recommends the fund reallocations described herein.

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby approve the recommended fund reallocations and ratifies the attached amended appropriations as set forth in Exhibit A.

PASSED AND ADOPTED at a special meeting of the City Council of the City of Cupertino this 8th day of March 2022, by the following vote:

Vote

Members of the City Council

AYES:

NOES:

ABSENT:

ABSTAIN:

SIGNED: _____ Darcy Paul, Mayor City of Cupertino	_____ Date
ATTEST: _____ Kirsten Squarcia, City Clerk	_____ Date

Attachment A

Appropriation Amendment by Fund	Appropriation Amendment	Revenue Amendment	Fund Balance (Use of)
General Fund	\$10,000,000	\$-	(\$10,000,000)
Special Revenue Fund	\$910,000	\$-	(\$910,000)
Capital Projects Funds	(\$1,847,699)	\$10,000,000	\$11,847,699
Enterprise Fund	\$369,650	\$220,000	(\$149,650)
Internal Service Fund	\$26,000	\$-	(\$26,000)
Total Appropriation Amendment All Funds	\$9,457,951	\$10,220,000	\$762,049

(Exhibit A)

CITY OF CUPERTINO

FY 2021-22 Mid-Year Financial Report

The following is the Mid-Year Financial Report, submitted by the Administrative Services Department for the period of July 1, 2021 to December 31, 2021 for the 2021-22 Fiscal Year. It has been prepared to inform the City Council, City leadership and the public of the City's fiscal status.

This [Financial Report](#) is interactive. Click on a chart to learn more.

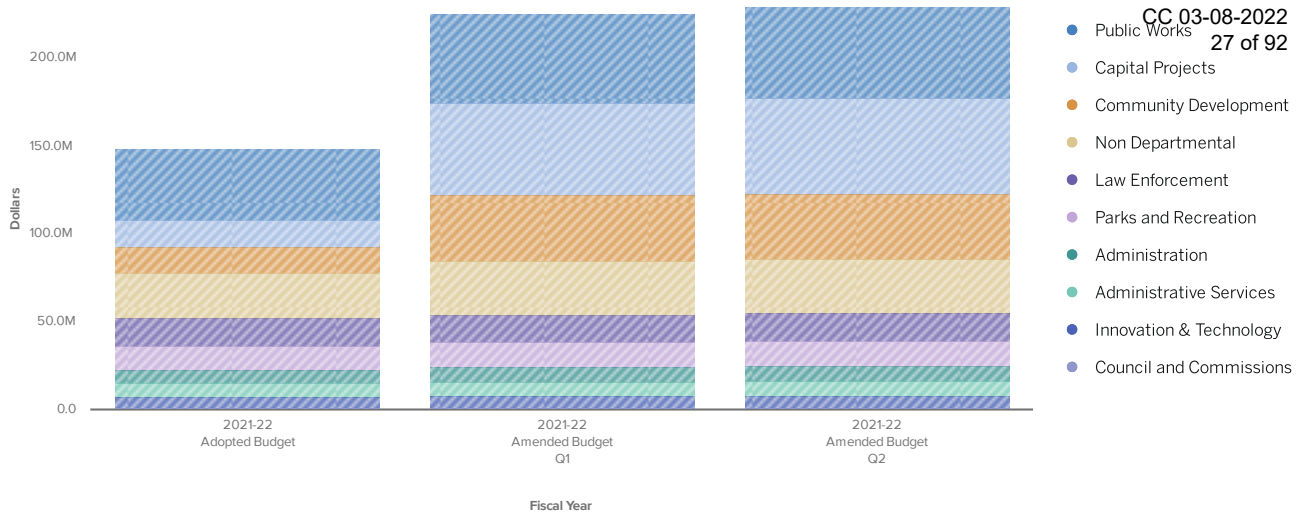
Background

On June 15, 2021, the City Council adopted the Fiscal Year (FY) 2021-22 Budget, a \$148,845,235 spending plan for the City of Cupertino that was funded by \$132,850,958 of revenues and \$15,994,277 of fund balance. On November 16, 2021, Council received an update on the City's spending plan as part of the City Manager's First Quarter Financial Report, which revised the budget to account for encumbrances of \$16,868,361 and carryover appropriations of \$53,863,626 from FY 2021-22. These carryover appropriations included \$18.5 million in capital projects, \$19 million for Vallco Town Center, and \$5.9 million for Transportation projects. Encumbrances represent funds for obligations related to unfilled purchase orders or unfilled contracts that are rolled over from one year to the next until those obligations are fulfilled or terminated. Carryover appropriations are unencumbered funds for unfinished projects that are carried over for use in the following fiscal year in order to complete those projects.

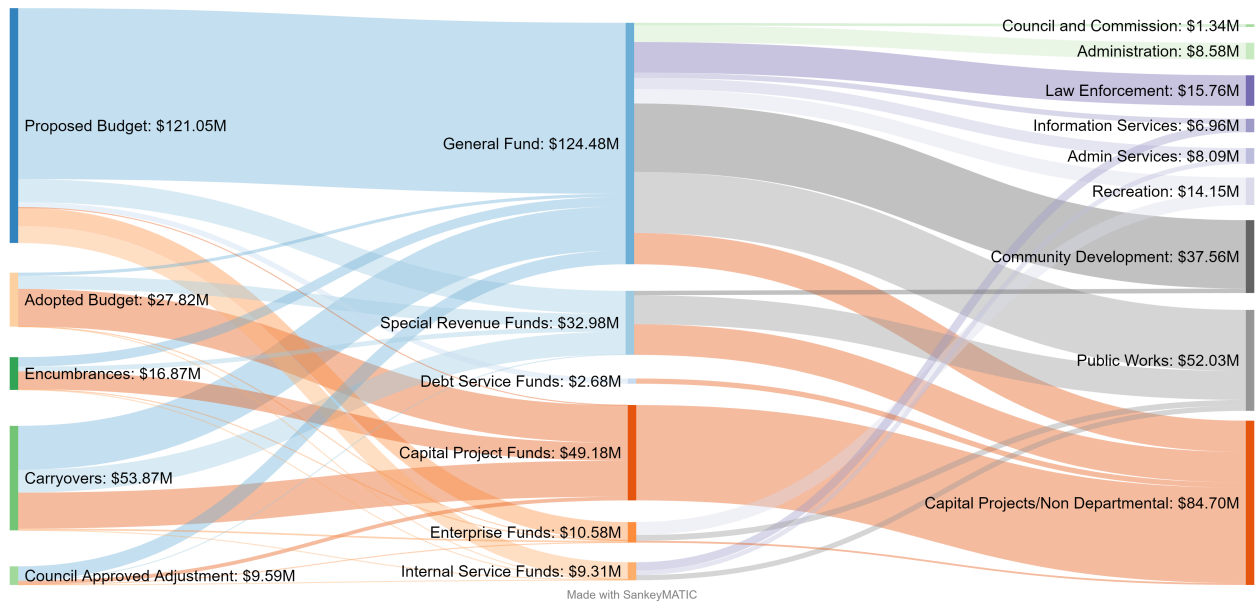
In the first two quarters of FY 2021-22, Council approved \$9.6 million in additional appropriations mostly related to the American Rescue Plan Act of 2021 (\$4.9 million), Junipero Serra Trail (\$1.9 million) and First Quarter Adjustments (\$1.6 million).

This resulted in an amended budget of \$229,162,354.

Amended Budget

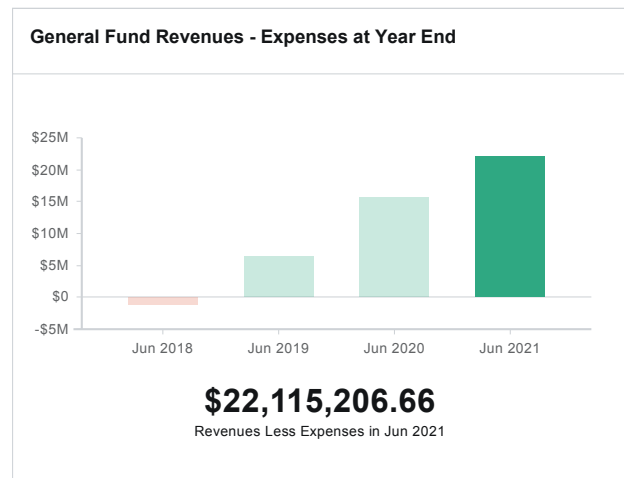
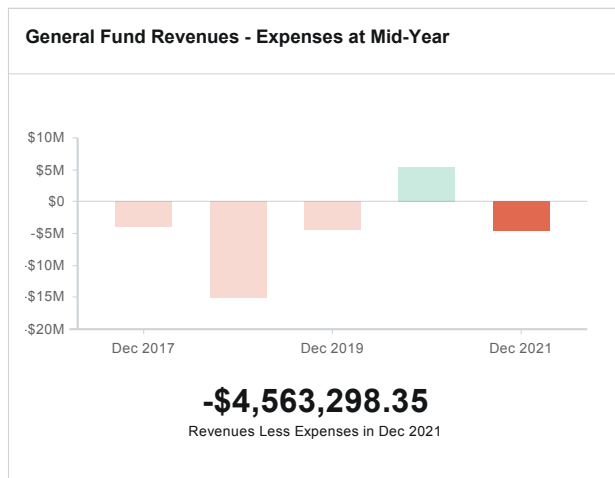
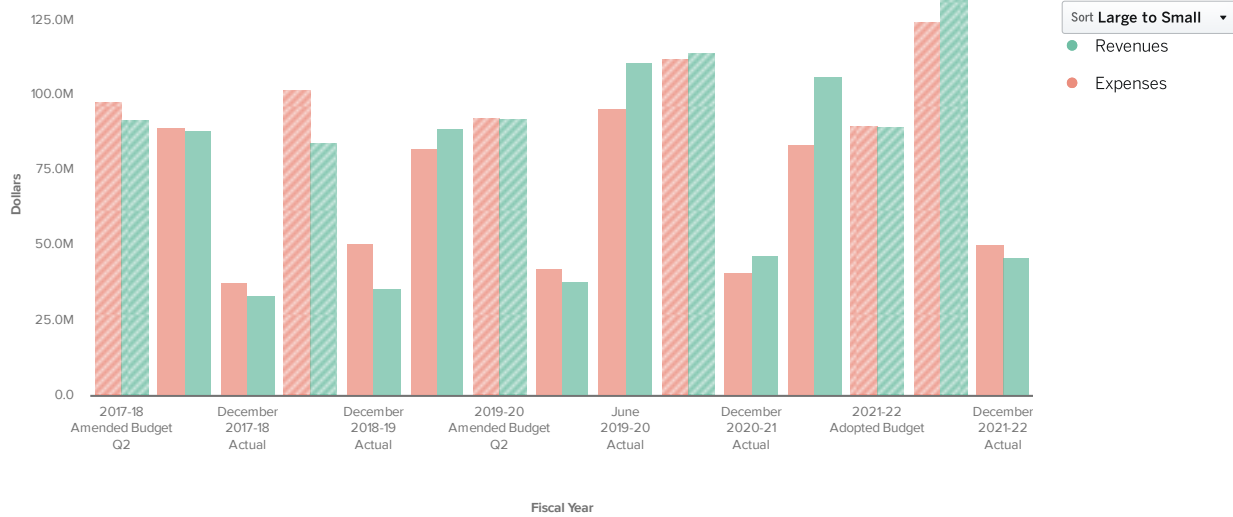


Flow of Funds Chart (in Millions)



General Fund Revenues, Expenditures, and Fund Balance

To date the City's financial statement audit has yet to be issued and revenue, expenditure, and fund balance totals listed in this report are preliminary and subject to change after a full review by the City's auditors. City staff does not anticipate many if any changes from the auditors.

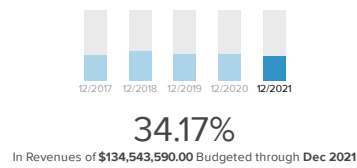


General Fund Revenue and Expenditure Trends

As of December 31, 2021, General Fund expenditures are \$50.5 million; this represents 41% of budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged between 44% and 62% of the final actual expenditures which places current mid-year actuals slightly below the range. General Fund revenues are at \$46.0 million; this represents 34% of the budgeted revenue. Revenues at the mid-year point of the prior three years were between 34% and 44%, placing this year within the range. Staff will continue to monitor its leading revenue sources as the year progresses.

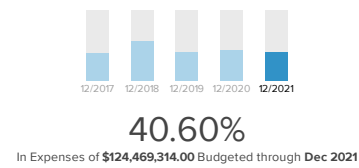
General Fund Revenues - Mid-Year Actuals vs Budget

Data Updated today



General Fund Expenses - Mid-Year Actuals vs Budget

Data Updated today



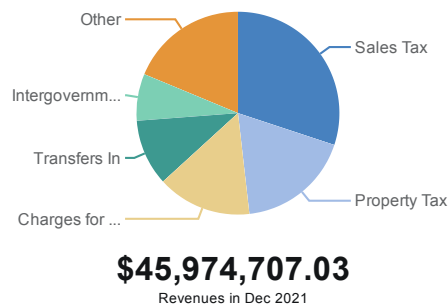
General Fund Revenues - Mid-Year vs Year End Actuals



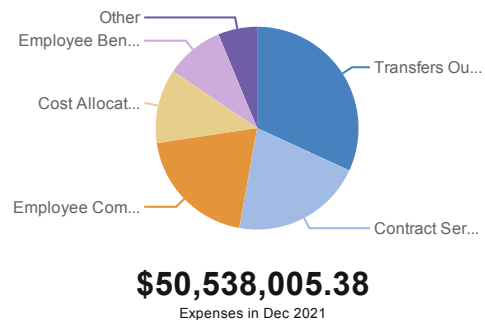
General Fund Expenses - Mid-Year vs Year End Actuals



General Fund Revenues by Type



General Fund Expenses by Type



General Fund Classification of Fund Balance

Projected year-end fund balance as of mid-year FY 2021-22 is estimated to be \$101.8 million. The \$101.8 million projection includes a one-time transfer out of \$10 million to the Capital Improvement Program Reserve Fund, a \$2 million contribution to the Section 115 Pension Trust, an increase to the Economic Uncertainty Reserve from \$19 million to \$24 million, and the establishment of a \$10 million Committed Capital Projects Reserve. If approved, projected ending unassigned fund balance will be \$37.2 million.

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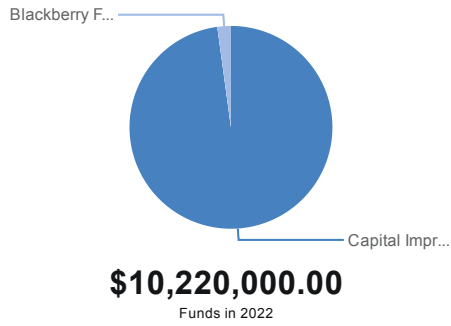
CLASSIFICATION	Actuals 2019-20	Year End Projection 2020-21	Adopted Budget 2021-22	1st Quarter Year End Projection 2021-22	Mid-Year End Projection 2021-22
Non Spendable	3.45	3.44	3.44	3.44	3.44
Restricted	14.32	20.14	21.87	21.92	22.20
Committed	19.13	19.13	19.13	19.13	34.13
Assigned	3.18	4.91	3.00	4.91	4.91
Unassigned	34.43	49.23	35.70	62.47	37.15
TOTAL FUND BALANCE	74.51	96.85	83.13	111.87	101.84

Recommended Adjustments

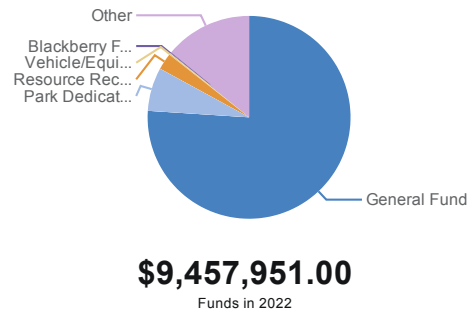
As of Mid-Year, departments are requesting budget adjustments to ensure they end the year within budget appropriations. The recommended adjustments are summarized in the table below:

Recommended Adjustments					
Fund	Department	Expenditure	Revenue	Fund Balance (Use of)	Description
GENERAL FUND					
100	Non-Departmental	10,000,000	-	(10,000,000)	Transfer from General Fund to Capital Reserve
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SPECIAL REVENUE FUND					
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ENTERPRISE FUND					
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560	Parks & Recreation	9,350	220,000	210,650	Additional Revenue Estimate and Bank Charges
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TOTAL ALL FUNDS		9,457,951	10,220,000	762,049	

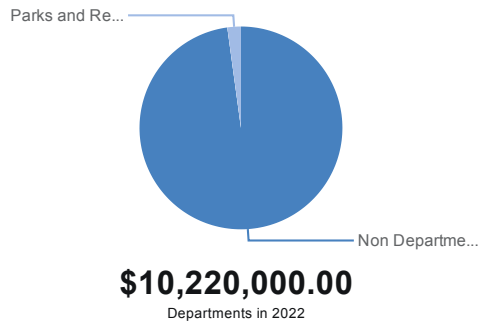
Revenue Adjustments by Fund



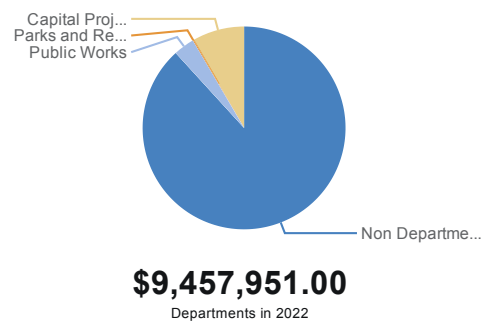
Expense Adjustments by Fund



Revenue Adjustments by Department



Expense Adjustments by Department



Summary

The Mid-Year Financial Report shows the City is well-positioned to move forward. City staff recommend adjustments of \$9,457,951 in new appropriations funded by \$10,220,000 in revenues. If approved, the City's fund balance will increase by \$762,049.

City of Cupertino, California

Cupertino City Hall
10300 Torre Avenue
Cupertino, CA 95014-3202



[View the City Council Meeting Agenda](#)

[View the City's Budgets](#)

[View the City's Financial Transparency Portal](#)

City of Cupertino
FY 21-22 Budget Performance Measures
Department: City Manager's Office, City Clerk Division

GOAL: Streamline information processing for Council, staff and community members for compliance with State requirements and facilitate independent and transparent access to public information.

Enabled by...		Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
	<p>Online information and updated records that can be easily accessed in a timely manner.</p>	City Council minutes for meetings presented for Council approval by the following regular meeting	100%	100%	100%	100%
		Adopted City Council resolutions and ordinances processed and scanned to Laserfiche within a week of Clerk's office receipt of final, signed document	60%	80%	80%	100%
	 <p>Response to records requests to comply with State law of 10 days.</p>	Public Record Act requests responded to by the Statutory deadline date	100%	100%	100%	100%

So that...

All can fully participate in local government to achieve the community & organizational goals.




City of Cupertino
FY 21-22 Budget Performance Measures
Department: Administration, City Manager's Office, Sustainability Division

GOAL: Implement Cupertino's Climate Action Plan and General Plan Sustainability Element to achieve quantifiable emissions reductions, conserve finite resources, and achieve utility cost avoidance and savings across municipal operations and community partners.

Enabled by...

An agency implementing Council and community sustainability goals to effectively safeguard shared resources.

Engaged community partners and volunteers supporting CAP implementation

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
	% community-wide emissions reduced from baseline of 307,288 MT CO2e/yr	2018 inventory: 24% decrease in emissions from baseline (258,659 MT CO2e/yr)			15% reduction by 2020 (261,195 MT CO2e/yr)
	Initiate and implement all Climate Action Plan near-term measures				
	% initiated	100%	100%	100%	100%
	% complete or ongoing	79%	79%	79%	100%
	% municipal operations emissions reduced from baseline of 1,865 MT CO2e/yr	2018 inventory: 66% reduction in emissions from baseline: 642 MTCO2e			15% reduction by 2020

¹ Cupertino's GHG inventories are conducted roughly every 3-5 years.

So that...



Cupertino is a thriving City to live, work, learn and play.

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Administration, City Manager's Office, Office of Communications Division

GOAL: Promote and increase interest and participation in City services, programs, initiatives, and projects while building community pride and positive identification with the City among its residents.

Enabled by...

Leveraging the communication skills, knowledge, and experience of employees while utilizing existing and emerging technologies to enhance, improve, and streamline the communication process.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
	Social media engagement: total number of followers including City Hall Nextdoor, Facebook, Twitter, and Instagram accounts	31,906	35,177	37,367	10% annual increase
	Social media engagement: average number of engagements (reactions, comments, shares, and clicks) per post on City Hall Facebook account	72.3	66.5	85.1	10% annual increase
	Cupertino 311: Average response time to customers organization-wide (in days):	2.8 Days	3.5 Days	3.3 Days	Average Close Time 5 Days

So that...

Residents have access to timely, engaging, and important information

Clicks have now been added to the engagement metric, which will bump up the average number.

The performance measure for "Access Cupertino: Average response time to customers organization-wide" was revised as Access Cupertino was replaced by Cupertino 311 in September 2017. The target has been revised to "Average Close Time," which reflects how many days it took to handle a request.

The Cupertino 311 Application is administered through the IT Department, but each individual department is responsible for responding to its own requests. Response times are organized by request category.

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Administration, City Manager's Office, Video Division

GOAL: Video Division oversees numerous outreach projects, public meetings, internal equipment upgrades, and public events. These activities coincide with the City Council and City's expectation for a positive presence in the community and communications and transparency to residents.

Enabled by...

24/7 government access channel, radio station, digital signage network, City website, and numerous online video platforms.

	FY20	FY21	FY22	Ongoing
Measure	Jul-Jun	Jul-Jun	Jul-Dec	Target
Percentage of total video productions performed vs scheduled productions (city meetings excluded)	145% 32/22	522% 47/9	362% 29/8	100%
Percentage of total engineering projects vs scheduled projects	233% 7/3	250% 15/6	300% 6/2	100%
Total video views on YouTube and Granicus platforms combined*	215,607	246,313	83,417	5% annual increase

* Percentage skewed due to pandemic - more overall views due to daily press conference postings

So that...



Public awareness, interest, understanding, and participation in the issues, programs, and services presented by the City of Cupertino can be enhanced.

City of Cupertino
FY 21-22 Budget Performance Measures
Department: City Manager's Office, Economic Development Division

GOAL: To actively pursue opportunities in the areas of business attraction, retention, and expansion as a means of promoting economic vitality, and strengthening the City's sales tax base to support Cupertino's excellent quality of life for its residents, businesses, and daytime population.

Enabled by...

Effective partnerships and proactive Economic Development programs to support local businesses.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
	Maintain Economic Development Business Connect Subscribers	2,000	2,500	2,500	2,800
	Economic Development Business Workshops & Events	11	3*	2	12 per year

*limited due to COVID

So that...

Cupertino's economy and sales tax revenue base are diversified to further enhance the City's financial stability and its ability to provide quality amenities to the community.

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Law Enforcement

Law Enforcement

Goal: Maintain a safe environment to live, work, learn and play.

Enabled by...		Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target	
All members of the community are safe, informed, empowered and supported.	i	Response time for emergency calls	Priority 1	3.51	3.40	4.31	5 minutes
			Priority 2	6.37	6.07	6.52	9 minutes
			Priority 3	11.96	11.80	11.28	20 minutes
		% programs maintaining minimum attendance	Teen Academy	83%	92%	90%	80%
			Citizen Academy	65%	N/A	N/A	80%

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Innovation & Technology

Innovation & Technology

Goal: Provide superior delivery of information and technology services to city employees and constituents while continually enhancing levels of engagement.



Enabled by...		Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
Tools and services leverage existing, emerging and innovative technologies to enhance, improve, and streamline business and communications processes	i	GIS: % of time spent Developing Application	10%	25%	25%	35%
		GIS: % of time Maintaining applications	90%	75%	70%	65%
		GIS: Met Requests within SLA (map, data, Web maps, Cityworks, schema, other) completed	97%	98%	100%	100%
		GIS: Increase Property Information (Internal/External) site visits per month	665/2,671	691/533	838/575	900/600
		GIS: Cityworks utilization - # of assets Cupertino maintains vs # of assets maintained in Cityworks. Also the % increase of work units completed (WOs, INSP,SRs)	45/31 70%	45/31 20%	45/35 50%	45/45 20%
		Infrastructure: Percentage based upon number of scheduled projects/Number of projects completed on time	80%	86%	71%	100%
Integrated information services enable customers' access to the tools and information they need, when and where they need it	h	Infrastructure: Percentage based upon number of HelpDesk tickets/SLA measurements	93%	94%	93%	90%
		Infrastructure: % Customer satisfaction based upon Satisfaction Rate from helpdesk tickets	99.1%	98.7%	100.0%	85%
	i	Infrastructure: % of network uptime (not including planned maintenance)	99.9%	99.9%	100.0%	99%
		Applications: % of citywide-enterprise application project management performed on time and on budget	96%	95%	95%	95%
		Applications: Number of website site visits/Number of site hits	1,624,377	800,164	823,496	5% annual increase
		Applications: Number of support request for the applications support per month	45	65	55	20

* Not tracked

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Administrative Services

Finance

Goal: Financial Stability - Provide a sustainable level of core services that are funded from ongoing and stable revenue sources.

So that...		Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
The City is financially responsible.		General Fund fund balance as a % of budgeted appropriations	69%	103%	78%	35%
		Credit Rating	AA+	AA+	AA+	AA+
		Actual revenue vs. budget (% below budget)	-7%	-19%	-35%	10%
		Actual expenditures (% below budget)	17%	15%	23%	5%
The City can invest in Community priorities.		Funding allocated to high priority services (Public Works, Community Development, Law Enforcement)	43%	53%	53%	63%







So that...

Citizens can enjoy high quality services that meet community priorities.

Human Resources

Goal: To create a thriving organization with meaningful careers in public service.

So that...

		Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
		# of Worker's Compensation Cases	15	10	13	0
		Total recordable Injury Rate YTD	5.70%	LM	LM	0%
		% absenteeism (% of total annual work hours)	3%	2%	2%	2%
		% turnover rate	3%	5%	3%	1%
		% Employee satisfaction	N/A	N/A	N/A	100%
		% Employee participation in wellness activities	47%	43%	47%	75%
		Average # of applications received per recruitment	41	70	48	50
		Recruitment timeline - # days from hiring request to offer letter	85	78	70	60
		# of employees using the Telework program	N/A	N/A	N/A	17
		% Utilization of full-service employee portal	100%	N/A*	N/A*	100%

*Data not applicable



So that...

Citizens can enjoy high quality services that meet community priorities.

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Community Development Department

Community Development

Goal: Review and guide development activity to ensure compliance with relevant codes and policies, and alignment with community values to promote and enhance Cupertino's community-wide quality of life.

Enabled by...		Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
Efficient planning and building services and enhanced customer service.		Building permit applications shall be plan reviewed within 15 business days.	92%	93%	93%	80%
		Customer/Applicants visiting the Building Permit Counter shall be assisted within 15 minutes	93%	**	100%***	80%
		Applicants visiting the Planning Counter shall be assisted within 15 minutes	91%	**	100%***	50%
Building permit applications reviewed/issued over-the-counter (OTC)		63%	**	**	75%	
Below market rate rental and purchase vacancies filled		11	14	11	15 per year	
Housing resources and referrals provided		109	129	82	100 per year	
Complimentary/courtesy prelim app reviews completed within 4 weeks		83%	79%	69%	80%	
Effective code enforcement services.		Average number of days to initiate investigation of code complaints	0.21	0.077	0.059	< 7
		Code enforcement cases resolved without issuance of citations	85%	98%	91%	80%
		Landlord-tenant counseling and dispute resolution cases provided	28	46	23	100 per year
		Public Outreach Events	4	**	**	12 per year
Affordable and Below Market Rate Housing programs and public service grants.						

*Data provided from July 2019 - February 2020 due to shelter-in-place mandate.

** No data due to closure of city hall.

*** In-person appointment started July 15, 2021, the counters were temporary closed in January 10, 2022 due to the surge of the COVID-19 Omicron variant.

So that...

Cupertino is a thriving City to live, work, learn and play.

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Parks and Recreation



Parks and Recreation

Goal: Create a positive, healthy and connected community.

Enabled by...

City investment in
quality recreation
and community
programs

Improved
business processes
to improve
customer
experience

		FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
	Measure				
	% of Parks and Recreation Department customers surveyed who rate services as good or excellent	98%	94%	91%	85%
	% of programs maintaining minimum registration	62%	46%	79%	80%
	% Department's total cost recovery for all (direct and indirect) costs	37%	39%	50%	40%
	% change in participants*	-16%	-39%	117%	+1%
	# of new programs or events offered	89	37	4	50

*Increase due to more programs offered and partial reopening of services.

So that...

Cupertino has an exceptional system of parks and services that align with community values.

City of Cupertino
FY 21-22 Budget Performance Measures
Department: Public Works

Capital Project Delivery

Goal: Develop and deliver projects on time and within budget that serve the resident's needs and supports the City's stability and growth

So that...

City funds capital improvement projects.

Projects are utilized by the community.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
i	Percentage of projects completed on budget	95%	90%	100%	95%
	Percentage of construction projects completed on time	78%	90%	100%	95%

*FY21: 10 projects completed, 9 projects on budget and time

*FY22: 2 projects completed

Benefit: Residents and businesses are assured their community is being improved by insightful, targeted and efficient use of taxes and fees towards maintaining and improving the City's facilities and assets.

Environment

Goal: Protect our natural environment for current and future generations.




So that...

City is responsible for a comprehensive storm water pollution prevention program.

Potential pollutants are stopped before entering the storm drain system.

City implements solid waste collection services that encourage diversion of waste from landfills.

Diversion of solid waste from landfill is maximized, compost is produced for community use, recyclable material is sold to help offset collection costs and methane gas emissions at landfills are reduced.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
	Percent of businesses in compliance during annual proactive stormwater pollution prevention inspections	95%	96%	N/A*	75%
	Percent of non-exempt businesses and multi-family accounts separating organics	CY 2019 64%	79%**	81%***	100% by 7/1/2022 (SB1383)
	Percent trash/litter reduction achieved to meet Stormwater Permit requirements	92%	88%	N/A****	100% by 7/1/2022
	Diversion rate from all single-family, multi-family, and commercial accounts as reported by Recology tonnage reports	54%	53%	52%	55%
	Respond to reports of actual or potential discharge the same business day	89%	89%	97%	95%
	% of plan reviews completed in required number of days	83%	90%	91%	100%
	Cubic yards of compost distributed via compost site	740 CY	1,165 CY	240 CY	1,000 CY
	% of vegetation obstructions resolved within 15 days from time of report*	38%	31%	35%	100%

*Inspections occur in the spring only

**as of 12/31/2020

***as of 9/7/2021

****calculated for Annual Report in September

Benefit: Current and future residents enjoy a healthy, sustainable environment.

Development Services

Goal: Provide timely review and permitting of privately completed improvements within the public right of way.

So that...

Improvements within the public right of way have engineering oversight and are constructed to City standards.

Public improvements are consistent and meet the needs of the community.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
i	Respond to complete plan submittals or applications within two (2) weeks	95%	93%	95%	90%
	Respond to complete encroachment permit applications within two (2) weeks	93%	92%	94%	90%
	Respond to public inquiries at the Public Works counter in City Hall within 15 minutes	95%	*	*	95%

*In-person counter closed starting March 2020

Benefit: Customers can expect quality reviews and permitting on a defined schedule, and the community can expect quality public facilities.

Grounds Division

Goal: Provide well maintained, clean, and safe areas for the community's recreational use and enjoyment at optimal life cycle costs.

So that...

The City consistently funds park maintenance and safety improvement programs.

Parks are maintained in good, usable condition; safety programs are effective.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
i	Percentage of 311 requests that are responded to and closed within 3 business days	72%	74%	85%	80%
	Percentage of the 2,964 park inspections, including play grounds, performed 3 times weekly	100%	100%	50%	100%
	Percentage of Backflow Prevention Devices inspected, tested and repaired annually	100%	100%	50%	100%

Benefit: Cupertino has a well maintained public park system that meets the needs of the community and is beneficial to personal wellness.

Streets Division

Goal: Timely maintenance of public sidewalks, streets, streetlights and storm drain system in good condition to ensure safe, environmentally compliant, and accessible infrastructure that minimizes liability and has an optimal life cycle cost.

So that...

The City consistently funds street and storm drain maintenance and safety improvement programs.

Street and storm drain systems are maintained in a good condition; safety programs are effective.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
i	Pavement condition index (PCI) > or equal to 82	85	85	85	82
	Percent of the 2199 storm drain inlets inspected and cleaned in fiscal year	94%	95%	1%	100%
	Percent of Inlets with Trash Capture Screens inspected and cleaned twice yearly	100%	100%	50%	100%
	Percentage of roadway regulatory & street name signs repaired or replaced	5.1%	5.5%	2.8%	7%
	Percentage of trip and fall complaints investigated and mitigated within 2 business days	100%	100%	100%	98%
	Percentage of reported streetlight outages investigated and repaired in 3 business days	89%	90%	90%	90%

Benefit: Cupertino has well maintained street and storm drain systems that meet the needs of the community.

Trees and Right of Way Division

Goal: Maintain and enhance the City's street trees and medians to ensure a safe, healthy and environmentally conscious Urban Forest.

So that...

The City consistently funds street tree and median maintenance and safety programs

Street trees and medians remain in good health and condition

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
i	Percentage of 311 requests that are responded to and closed within 3 business days	96%	95%	83%	95%
	Percentage of trees inspected and maintained in the yearly maintenance zone (8 year maintenance cycle)	76%	97%	23%	100%
	Percentage of trees planted versus trees removed # planted/# removed	76% 69/91	92% 187/202	78% 66/84	101%

Benefit: Cupertino has a healthy and safe urban forest and medians provide good aesthetic and environmental value.

Facilities and Fleet Division

Goal: Timely maintain City Facilities and City Fleet to meet staff, community and environmental requirements at an optimal life cycle cost.

So that...

The City consistently funds facility and fleet maintenance, fleet procurement, and safety improvement programs.

Facilities and Fleet remain in good and operable condition.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
i	Percentage of preventative maintenance work orders completed for Fleet assets within 14 days of the due date.	82%	83%	97%	85%
	Percentage of facilities maintenance requests closed within 30 days.	90%	89%	83%	90%

Benefit: Cupertino has well maintained, usable, and safe facilities and fleet in order to meet the needs of staff and the community.

Transportation Division

Goal: Ensure the efficiency and safety of the transportation system for all modes of travel.

So that...

Infrastructure indicates good condition; safety programs are effective.

	Measure	FY20 Jul-Jun	FY21 Jul-Jun	FY22 Jul-Dec	Ongoing Target
i	Percentage of non-emergency traffic signal requests addressed within 72 hours.	90%	90%	93%	100%
	Percentage of emergency traffic signal requests addressed within 2 hours.	100%	100%	100%	100%
	Percentage of traffic engineering requests responded to within 72 hours	95%	95%	95%	95%
	Annual mileage increase of separated bicycle lanes and pedestrian paths.	0.72	1.30	0.66	1 mile

Benefit: Having a safe and efficient transportation system that is inviting for all modes of travel.

Mid-Year FY 2021-22 Recommended Adjustments					
Fund	GL Account	Expenditures	Revenues	Fund Balance	Description
GENERAL FUND					
100 General Fund	100-90-001-800-902	10,000,000	-	(10,000,000)	Transfer from General Fund to Capital Reserve
TOTAL GENERAL FUND		10,000,000	-	(10,000,000)	
SPECIAL REVENUE FUND					
280 Park Dedication	280-99-009 700-702	910,000	-	(910,000)	Lawrence-Mitty Park Debris Removal, Clean Up, and Tree Removal
TOTAL CAPITAL PROJECTS FUND		910,000	-	(910,000)	
CAPITAL PROJECTS FUND					
420 Capital Improvement Projects	420-99-051-900-905	(1,847,699)	-	1,847,699	All-Inclusive Play Area Budget Reduction
429 Capital Reserve	429-90-001-421-401	-	10,000,000	10,000,000	Transfer from General Fund to Capital Reserve
TOTAL CAPITAL PROJECTS FUND		(1,847,699)	10,000,000	11,847,699	
ENTERPRISE FUNDS					
520 Resource Recovery	520-81-801-750-XXX	350,000	-	(350,000)	New Landfill Agreement and Solid Waste Consulting Services
560 Blackberry Farm Golf Course	560-63-616-420-433	-	7,700	7,700	Additional Revenue Estimate and Bank Charges
560 Blackberry Farm Golf Course	560-63-616-420-444	-	6,300	6,300	Additional Revenue Estimate and Bank Charges
560 Blackberry Farm Golf Course	560-63-616-450-403	-	206,000	206,000	Additional Revenue Estimate and Bank Charges
560 Blackberry Farm Golf Course	560-63-616-700-702	10,300	-	(10,300)	Tree Maintenance
560 Blackberry Farm Golf Course	560-63-616-700-707	9,350	-	(9,350)	Additional Revenue Estimate and Bank Charges
TOTAL ENTERPRISE FUNDS		369,650	220,000	(149,650)	
INTERNAL SERVICE FUNDS					
630 Vehicle Replacement	630-85-849-600-608	26,000	-	(26,000)	Leaf Blower Replacement
TOTAL INTERNAL SERVICE FUNDS		26,000	-	(26,000)	
TOTAL ALL FUNDS		9,457,951	10,220,000	762,049	

Budget Transfers as of December 31, 2021		
GL Account	Amount	Description
100-10-100 700-702 - Contract Services General Service Agreement	\$ 2,400	Housing Op Ed Tripepi Smith - CM Discretionary
100-14-123 719-705 - Contingencies Contingencies	\$ (2,400)	Housing Op Ed Tripepi Smith - CM Discretionary
	\$ -	
100-12-120 600-642 - Materials Telephone and Data Services	\$ (1,040)	Divisional transfer to fund satellite phone with County
100-12-633 600-642 - Materials Telephone and Data Services	\$ 1,040	Divisional transfer to fund satellite phone with County
	\$ -	
100-71-705 500-501 - Employee Compensation Salaries Full Time	\$ 115,115	Economic Development Manager Transfer from Contract Services
100-71-705 501-500 - Employee Benefits Retirement System	\$ 36,019	Economic Development Manager Transfer from Contract Services
100-71-705 501-502 - Employee Benefits Pers 1959 Surv Empr	\$ 41	Economic Development Manager Transfer from Contract Services
100-71-705 501-505 - Employee Benefits Health Insurance	\$ 12,473	Economic Development Manager Transfer from Contract Services
100-71-705 501-506 - Employee Benefits Dental Insurance	\$ 918	Economic Development Manager Transfer from Contract Services
100-71-705 501-507 - Employee Benefits Medicare	\$ 1,669	Economic Development Manager Transfer from Contract Services
100-71-705 501-508 - Employee Benefits Life Insurance	\$ 482	Economic Development Manager Transfer from Contract Services
100-71-705 501-509 - Employee Benefits Long Term Disability	\$ 438	Economic Development Manager Transfer from Contract Services
100-71-705 501-511 - Employee Benefits Vision Insurance	\$ 120	Economic Development Manager Transfer from Contract Services
100-71-705 501-513 - Employee Benefits Rec Bucks	\$ 335	Economic Development Manager Transfer from Contract Services
100-71-705 700-702 - Contract Services General Service Agreement	\$ (167,610)	Economic Development Manager Transfer from Contract Services
	\$ -	
100-15-141 600-642 - Materials Telephone and Data Services	\$ 432	Senior Assistant CAO Cell Phone
100-15-141 700-702 - Contract Services General Service Agreement	\$ (432)	Senior Assistant CAO Cell Phone
	\$ -	
100-15-141 600-642 - Materials Telephone and Data Services	\$ 432	CAO Cell Phone
100-15-141 700-702 - Contract Services General Service Agreement	\$ (432)	CAO Cell Phone
	\$ -	
100-15-141 600-613 - Materials General Supplies	\$ 10,425	CAO annual subscriptions
100-15-141 700-702 - Contract Services General Service Agreement	\$ (10,425)	CAO annual subscriptions
	\$ -	
100-15-141 500-501 - Employee Compensation Salaries Full Time	\$ 158,398	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-500 - Employee Benefits Retirement System	\$ 49,563	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-502 - Employee Benefits Pers 1959 Surv Empr	\$ 42	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-505 - Employee Benefits Health Insurance	\$ 12,426	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-506 - Employee Benefits Dental Insurance	\$ 915	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-507 - Employee Benefits Medicare	\$ 2,297	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-508 - Employee Benefits Life Insurance	\$ 480	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-509 - Employee Benefits Long Term Disability	\$ 436	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-511 - Employee Benefits Vision Insurance	\$ 120	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 501-513 - Employee Benefits Rec Bucks	\$ 334	Senior Assistant City Attorney reclass for salary and benefits
100-15-141 700-702 - Contract Services General Service Agreement	\$ (225,011)	Senior Assistant City Attorney reclass for salary and benefits
	\$ -	
100-15-141 500-501 - Employee Compensation Salaries Full Time	\$ 255,000	City Attorney reclass for salary and benefits
100-15-141 500-506 - Employee Compensation Car Allowance	\$ 4,200	City Attorney reclass for salary and benefits
100-15-141 501-500 - Employee Benefits Retirement System	\$ 79,790	City Attorney reclass for salary and benefits
100-15-141 501-502 - Employee Benefits Pers 1959 Surv Empr	\$ 62	City Attorney reclass for salary and benefits
100-15-141 501-505 - Employee Benefits Health Insurance	\$ 4,500	City Attorney reclass for salary and benefits
100-15-141 501-506 - Employee Benefits Dental Insurance	\$ 1,372	City Attorney reclass for salary and benefits
100-15-141 501-507 - Employee Benefits Medicare	\$ 3,698	City Attorney reclass for salary and benefits
100-15-141 501-508 - Employee Benefits Life Insurance	\$ 720	City Attorney reclass for salary and benefits
100-15-141 501-509 - Employee Benefits Long Term Disability	\$ 654	City Attorney reclass for salary and benefits
100-15-141 501-511 - Employee Benefits Vision Insurance	\$ 179	City Attorney reclass for salary and benefits
100-15-141 501-513 - Employee Benefits Rec Bucks	\$ 500	City Attorney reclass for salary and benefits
100-15-141 501-517 - Employee Benefits Deferred Comp	\$ 19,500	City Attorney reclass for salary and benefits
100-15-141 700-702 - Contract Services General Service Agreement	\$ (370,175)	City Attorney reclass for salary and benefits
	\$ -	
100-32-308 600-606 - Materials Software	\$ (8,000)	Software purchase to contract service
100-32-308 700-702 - Contract Services General Service Agreement	\$ 8,000	Software purchase to contract service
	\$ -	
100-32-308 600-606 - Materials Software	\$ (15,000)	Software purchase to contract service
100-32-308 700-702 - Contract Services General Service Agreement	\$ 15,000	Software purchase to contract service
	\$ -	
100-88-846 700-702 - Contract Services General Service Agreement	\$ (435,185)	Transfer to specific contract service account for tracking purposes
100-88-846 700-709 - Contract Services Crossing Guard	\$ 435,185	Transfer to specific contract service account for tracking purposes
TOTAL	\$ -	

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

PURPOSE

To establish assigned and unassigned fund balance and one time use policies.

SCOPE

The General Fund and Capital Funds.

POLICY

To maintain sufficient committed and unassigned fund balance (general fund only) in each fund for the ability to meet following economic uncertainties:

Economic Uncertainty – \$24,000,000 and represents two months of General Fund (GF) operating expenditures excluding transfers out plus a two year drop in total general fund revenue of 13% or approximately 1.5 months, excluding the use of reserves. Transfers out are primarily used to fund Capital Projects and do not represent on-going expenditures. This assignment will change from year to year based on budgeted general fund expenditures and revenues.

- Mitigate short-term economic downturns and volatility in revenues (2 years or less)
- Sustain city services in the event of an emergency
- Meet requirements for debt reserves
- Meet operating cash flow requirements as a result of delay in the receipt of taxes, grant proceeds and other operating revenues

PERS – \$20,491,004 and represents the initial investment into the City's Pension Rate Stabilization Program (PRSP). As a result of the significant increase in retirement costs based on the most recent actuarial forecast, the City elects to establish and fund a secondary pension trust to assist in stabilizing the potential impact of pension cost volatility on the City's operating budget. Annual contributions subsequent to the initial funding are determined by calculating the difference between CalPERS' current discount rate and a more conservative rate determined by the City. This difference is to be transferred to the pension trust and to be used solely for the benefit of members in the plan. Funds in this trust are technically "restricted" under Governmental Accounting Standards Board (GASB) Statement No. 54 in that the funds are legally restricted to be used for retirement costs; however, the timing for which these funds may be used is only at the discretion of City Council.

Capital Projects - \$10,000,000 and represents the amount of General Fund resources readily available to fund future capital projects in the City's Capital Improvement Program (CIP). The City's Capital Projects Funds has a \$5,000,000 reserve threshold; however, establishing a secondary reserve in the City's General Fund will enable more efficient and accurate short- and long-term capital budgeting and planning.

Sustainability Reserve – Cupertino's Sustainability Division oversees the City's Climate Action Plan (CAP), which defines strategies to reduce greenhouse gas emissions, and provides residents, businesses and schools with programs and services focused on energy efficiency, renewable energy, water conservation, alternative transportation and other sustainable actions. The City receives rebates for projects that successfully meet the eligibility requirements such as energy or water efficiency. If the rebates were not initially budgeted, they are categorized as committed fund balance in the General Fund. The purpose of this reserve is to help support future sustainability projects/programs.

Unassigned – \$500,000 and represents 1% of the total general fund operating budget. This assignment may change from year to year based on budgeted general fund expenditures.

- Absorb unanticipated operating needs that arise during the fiscal year that were not anticipated during the budget process
- Absorb unexpected claims or litigation settlements

Capital Improvement – \$5,000,000 and represents average dollars spent for capital projects in the last three fiscal years. This assignment may change from year to year based on actuals dollars spent on capital projects and anticipated future capital project needs.

- Meet future capital project needs so as to minimize future debt obligations

The City shall not use fund balances/reserves in lieu of revenues to pay for ongoing expenses except as specifically provided in the City's reserve policy.

The chart below summarizes reserve policy levels as described above:

Funding Priority	Reserve	Reserve Level	Escalator ¹	Description
GENERAL FUND				
1	Economic Uncertainty	\$24,000,000	GF Budgeted Operating Expenditures ² GF Budget Revenue ³	For economic downturns and major revenue changes.
2	PERS	\$20,491,004	Budgeted Citywide Retirement Costs	For pension cost increases.
3	Capital Projects	\$10,000,000	None	For future capital project funding.
4	Sustainability Reserve	\$127,891	GF Budget Revenue ³	For future sustainability projects/programs.
5	Unassigned	\$500,000	Budgeted GF Operating Expenditures ²	For mid-year budget adjustments and redeployment into the five year budget.
CAPITAL PROJECTS FUNDS				
6	Capital Improvement	\$5,000,000	None	Reserves set aside for future capital projects.

¹ Rounded to the nearest hundred thousand

² Excludes Transfers Out

³ Excludes the use of reserves

Changes to Committed Fund Balance – All reserves listed in this policy, with the exception of the PERS restricted reserve, are classified as Committed Fund Balance under GASB Statement No. 54. Committed fund balance is comprised of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-

making authority. Changes to committed fund balances must be approved by City Council. This policy will be reviewed annually as part of the budget process.

Replenishment process – Should the City need to utilize any of the committed fund balances listed in this policy, recommendation will be brought to City Council for approval and a plan to replenish the committed balance will be developed in conjunction with its use.

Excess – Funding of these reserves will come generally from one-time revenues, annual net income, and transfers from other reserves that exceed policy levels. They will be funded in the following priority order with any remaining funds to be placed in the Capital Reserve:

- 1) Economic Uncertainty
- 2) PERS
- 3) Capital Projects
- 3) Sustainability Reserve
- 4) Unassigned

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

PURPOSE

To establish assigned and unassigned fund balance and one time use policies.

SCOPE

The General Fund and Capital Funds.

POLICY

To maintain sufficient committed and unassigned fund balance (general fund only) in each fund for the ability to meet following economic uncertainties:

Economic Uncertainty – ~~\$1924~~,000,000 and represents two months of General Fund (GF) operating expenditures excluding transfers out plus a two year drop in total general fund revenue of 13% or approximately 1.5 months, excluding the use of reserves. Transfers out are primarily used to fund Capital Projects and do not represent on-going expenditures. This assignment will change from year to year based on budgeted general fund expenditures and revenues.

- Mitigate short-term economic downturns and volatility in revenues (2 years or less)
- Sustain city services in the event of an emergency
- Meet requirements for debt reserves
- Meet operating cash flow requirements as a result of delay in the receipt of taxes, grant proceeds and other operating revenues

PERS – \$20,491,004 and represents the initial investment into the City's Pension Rate Stabilization Program (PRSP). As a result of the significant increase in retirement costs based on the most recent actuarial forecast, the City elects to establish and fund a secondary pension trust to assist in stabilizing the potential impact of pension cost volatility on the City's operating budget. Annual contributions subsequent to the initial funding are determined by calculating the difference between CalPERS' current discount rate and a more conservative rate determined by the City. This difference is to be transferred to the pension trust and to be used solely for the benefit of members in the plan. Funds in this trust are technically "restricted" under Governmental Accounting Standards Board (GASB) Statement No. 54 in that the funds are legally restricted to be used for retirement costs; however, the timing for which these funds may be used is only at the discretion of City Council.

Capital Projects - \$10,000,000 and represents the amount of General Fund resources readily available to fund future capital projects in the City's Capital Improvement Program (CIP). The City's Capital Projects Funds has a \$5,000,000 reserve threshold; however, establishing a secondary reserve in the City's General Fund will enable more efficient and accurate short- and long-term capital budgeting and planning.

Sustainability Reserve – Cupertino’s Sustainability Division oversees the City’s Climate Action Plan (CAP), which defines strategies to reduce greenhouse gas emissions, and provides residents, businesses and schools with programs and services focused on energy efficiency, renewable energy, water conservation, alternative transportation and other sustainable actions. The City receives rebates for projects that successfully meet the eligibility requirements such as energy or water efficiency. If the rebates were not initially budgeted, they are categorized as committed fund balance in the General Fund. The purpose of this reserve is to help support future sustainability projects/programs.

Unassigned – \$500,000 and represents 1% of the total general fund operating budget. This assignment may change from year to year based on budgeted general fund expenditures.

- Absorb unanticipated operating needs that arise during the fiscal year that were not anticipated during the budget process
- Absorb unexpected claims or litigation settlements

Capital Improvement – \$5,000,000 and represents average dollars spent for capital projects in the last three fiscal years. This assignment may change from year to year based on actuals dollars spent on capital projects and anticipated future capital project needs.

- Meet future capital project needs so as to minimize future debt obligations

The City shall not use fund balances/reserves in lieu of revenues to pay for ongoing expenses except as specifically provided in the City’s reserve policy.

The chart below summarizes reserve policy levels as described above:

Funding Priority	Reserve	Reserve Level	Escalator ¹	Description
GENERAL FUND				
1	Economic Uncertainty	\$ 19 24,000,000	GF Budgeted Operating Expenditures ² GF Budget Revenue ³	For economic downturns and major revenue changes.
2	PERS	\$20,491,004	Budgeted Citywide Retirement Costs	For pension cost increases.
<u>3</u>	<u>Capital Projects</u>	<u>\$10,000,000</u>	<u>None</u>	<u>For future capital project funding.</u>

4	Sustainability Reserve	\$127,891	GF Budget Revenue ³	For future sustainability projects/programs.
5	Unassigned	\$500,000	Budgeted GF Operating Expenditures ²	For mid-year budget adjustments and redeployment into the five year budget.
CAPITAL PROJECTS FUNDS				
6	Capital Improvement	\$5,000,000	None	Reserves set aside for future capital projects.

¹ Rounded to the nearest hundred thousand

² Excludes Transfers Out

³ Excludes the use of reserves

Changes to Committed Fund Balance – All reserves listed in this policy, with the exception of the PERS restricted reserve, are classified as Committed Fund Balance under ~~Government Accounting Standards Board~~ (GASB) Statement No. 54. Committed fund balance is comprised of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Changes to committed fund balances must be approved by City Council. This policy will be reviewed annually as part of the budget process.

Replenishment process – Should the City need to utilize any of the committed fund balances listed in this policy, recommendation will be brought to City Council for approval and a plan to replenish the committed balance will be developed in conjunction with its use.

Excess – Funding of these reserves will come generally from one-time revenues, annual net income, and transfers from other reserves that exceed policy levels. They will be funded in the following priority order with any remaining funds to be placed in the Capital Reserve:

- 1) Economic Uncertainty
- 2) PERS
- 3) Capital Projects
- 3) Sustainability Reserve

4) Unassigned



CITY OF CUPERTINO

Agenda Item

22-10560

Agenda Date: 3/8/2022
Agenda #: 2.

Subject: (Item 12 on March 1, 2022 Agenda) Progress update of the Housing Element Update, and review, discuss, and approve selection of stakeholders group

Receive report and provide feedback on the progress, review the stakeholders selection process, and consider approval of the stakeholders group

Presenter: Ben Fu, Community Development Director



**COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION**

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
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CUPERTINO.ORG

CITY COUNCIL STAFF REPORT

Meeting: March 1, 2022

Subject

Progress update report from EMC Planning Group regarding the Housing Element update process. Discussion and approval of the Housing Element update Stakeholders group.

Recommended Action

Receive report and provide feedback on the progress of the Housing Element update, review the Stakeholders selection process, and consider approval of the Stakeholders group membership.

Discussion

Background

The City is currently preparing its 6th Cycle Housing Element update, which covers the planning period of 2023 to 2031. The Housing Element is part of Cupertino's General Plan and identifies policies and programs intended to meet the housing needs of the City's current and future residents, at all levels of income. State law requires that every city and county in California adopt a Housing Element every eight years to reflect the Regional Housing Needs Allocation (RHNA) established for each jurisdiction by the State. The City's RHNA is 4,588 units for the 2023-2031 planning period.

Once a jurisdiction's RHNA has been determined cities must demonstrate that they have adequate housing sites to accommodate their RHNA. There are guidelines and specific requirements on site selection, that ensure the City has policies in place to support the development of housing for persons at all income levels, as specified by State law. The City is presently in the process of refining and finalizing its site selection inventory, which has been the focus of two Planning Commission study sessions on January 25, and February 22, 2022, with a follow up study session on February 28, 2022. Completing the site selection inventory is a key step in the housing Element update process that will enable the City to define the scope of the Housing Element update and assess the update in accordance with the California Environmental Quality Act (CEQA).

Analysis

On September 21, 2021, the City Council awarded a consultant agreement to prepare the 6th Cycle Housing Element update to EMC Planning Group (EMC). Since that time EMC and City staff have held two City Council study sessions, on September 28 and November 16, 2021, focusing on the overall Housing Element update process and State requirements that have greatly expanded the role and extent of public outreach required for the 6th Cycle. Additionally, a separate Housing Commission study session and community workshop were held on December 9, 2021. These meetings were followed by the three previously mentioned Planning Commission study sessions in January and February 2022 that focused on the site selection inventory process.

Attached to this brief staff report is a memorandum prepared by EMC that discusses the principal State requirements of the Housing Element update process, the current status of the City's Housing Element update, and the sites selection inventory guidance received from the Planning Commission at the Commission's recent study sessions. Additionally, EMC's memorandum provides an update on the Stakeholders Group application and selection process. The formation of a Stakeholders Group is part of an extensive ongoing outreach effort by EMC to solicit input from and include a broad spectrum of community members' ideas and perspectives into the Housing Element update.

Next Steps

EMC's scope of work includes a robust public engagement plan, including public meetings and study sessions, community workshops, stakeholder group meetings, online engagement, and translation/interpretation services to be completed in a manner ensuring that a State-compliant Housing Element can be presented to the City Council by the State's January 31, 2023 deadline.

The next immediate step in the Housing Element update process is a City Council work session scheduled for March 15, 2022 to further discuss the sites selection process.

Sustainability Impact

No sustainability impacts.

Fiscal Impact

No fiscal impact.

Prepared by: Luke Connolly, Senior Planner
Piu Ghosh, Planning Manager

Reviewed by: Benjamin Fu, Director of Community
Dianne Thompson, Assistant City Manager
Christopher Jensen, City Attorney

Approved by: Jim Throop, City Manager

Attachments:

Supplemental Staff Report Memo by EMC

A - 6th Cycle Housing Element Update—Public Engagement Activities to date

B - Stakeholder group Questions

C - List of Recommended stakeholder scores and response to primary narrative question

D - HCD Revision request letter for Monterey Park



To: Planning Commission
From: Ande Flower, EMC Planning Group;
Date: March 1, 2022
Re: Public outreach update and recommended Stakeholder Group list

SUMMARY

This memorandum describes public outreach to date for the Housing Element update process and presents a list of recommended candidates for the Stakeholder Group.

ACTION REQUEST

Receive the report for current and planned public outreach, review the proposed list of stakeholders, and provide guidance for next steps.

BACKGROUND

The success of the 6th Cycle Housing Element Update process hinges in part on a community outreach and engagement program that is robust, inclusive, and meaningful. In 2018, Assembly Bill 686 (AB 686) established a state mandate that expanded the duty of all California's public agencies to affirmatively further fair housing (AFFH). This mandate included outreach to equitably include all stakeholders in the Housing Element public participation program. Through our process, we encourage capacity-building for those who have not traditionally been part of policy discussions to better understand the housing need in the region in a way that helps create long-term engagement

Staff and consultants continue to strive to engage all economic segments of the community within and surrounding Cupertino (including residents and/or their representatives) in the development and update of the housing element thus far. To date, this public participation effort has included:

- Developing Housing Element Update webpages in 5 languages
- Developing a mapping exercise for the public (Cupertino Housing Simulator tool)
- Providing updates to City Council, Planning Commission, and Housing Commission
- Contributing Housing Element Updates to the Scene and Items of Interest Newsletters
- Hosting a December 9th Virtual Community Workshop
- Distributing a mailed postcard to all Cupertino residents
- Creating a Stakeholder Group
- Distributing letters to property owners for the sites inventory process

Additionally, our team has worked directly with West Valley Community Services (WVCS) to better understand the housing needs of the region. Working regionally is particularly important because understanding the needs of those who are not able to currently live in Cupertino, but would like to, is essential for HCD requirements for our next steps with policy discussions. Our engagement with WVCS includes a current survey of needs.

EMC Planning Group is also working directly with the ABAG Santa Clara Collaborative Steering Committee for AFFH. By participating with this Committee, we are positioned to provide Cupertino with the most current information for AFFH data integration, particularly with the draft Lawyers' Committee AFH report for Civil Rights work for Santa Clara County, which may be reviewed this spring by Council.

DISCUSSION

Increased participation is encouraged and we remain open to discovering additional ways to bring people to the Housing Element update discussion. The numbers of people who have joined the December Workshop and who have submitted draft housing plans with the Cupertino Housing Simulator tool have, however, been less than anticipated.

PUBLIC OUTREACH NEXT STEPS:

- We welcome ideas for additional attention for the public to become engaged with this Housing Element update process, such as a banner similar to what has been used in Saratoga.
- Streamline communications from EMC Planning Group to the public subscribed the housing website: <https://engagecupertino.org/housingelement>.
- EMC Planning Group provide bi-weekly updates to the City Council.
- The second Cupertino Housing Simulator tool iteration will soon be available.
 - We invite all decision-makers to use the tool to submit a proposed plan, and to act as ambassadors to encourage others in the community to participate and share their comments and ideas.
 - Those who have submitted plans will be invited to test out the beta version of Cupertino Housing Simulator 2.0 and to provide feedback for how we may be able to improve the experience.
 - Companion documents will be available for participants to take notes in preparation for a plan submittal.
 - The website will include detailed information about areas, sites, and addresses for the Cupertino Housing Simulator 2.0 mapping exercise.

STAKEHOLDER GROUP

We received thirty (30) excellent applications with the online form and paper copies available at the Library and Senior Center. There was one double entry, which explains the strikethrough for number SHapp 21. Using a point system, and a blind-review so that reviewers could not see candidate names or contact information, we had four (4) staff members of EMC Planning Group select the top ten (10) candidates, as follows:

- John Zhao
- Abdullah Memon
- Jennifer Shearin
- Joseph Fruen

- Shankar Krishnan
- Sean Hughes
- Janet Van Zoeren
- Ava Pai-Chi Chiao
- Elizabeth Moore
- Lisa Warren

A point system was initiated to assess potential applicants for the 6th Cycle Housing Element Stakeholder Group. Selection criteria is intended to result in a diverse cross-section of perspectives with people willing to be dedicated to the process. Collaboration with this stakeholder group will be focused on meeting goals of affirmatively furthering fair housing. Residents of all incomes, races, and ethnic backgrounds as well as employees of local businesses, community- and faith-based organizations, and public agencies are encouraged to participate. Throughout the lifespan of the regulatory update process, stakeholders are encouraged to provide meaningful input on how the City may achieve the overarching goal of accommodating the increased housing needs allocation for the 6th RHNA cycle in a responsible manner that considers the needs of existing and future residents.

Stakeholders are anticipated to inform the planning process and review draft plan materials. The goal for selection of this group is that it consists of a representative group of residents, local employees, community-based organizations, service providers, and/or other involved community members in the plan area. A minimum of three Stakeholder meetings will be organized throughout the planning process, including, but not limited to: (1) Plan Kickoff & Goal-Setting Meeting, (2) Policies & Strategies Meeting, and (3) Draft Plan Meeting.

Attached is the list of application questions with corresponding points dedicated to each response. A primary goal involved with this selection process is to minimize barriers to increase opportunity for a more diverse group of participants to support inclusion of those who may have not contributed to land-use decisions for their community in the past. A commitment and dedication to the role of stakeholder is recognized as essential for a potential applicant. Points are weighted to favor those who may represent either an under-represented role in the community for policy discussion, or embody a cross-section of perspectives. Description of qualifications and a check-box for self-identification are equally weighted evaluation criteria, with this goal for inclusive participation for the Stakeholder Group selection.

Staff suggests that Council consider adding three (3) additional stakeholders, specifically Applicants numbered 18, 26, and 28 to more fully include a variety of directly represented stakeholders.

EXAMPLE OF AN HCD REVISION-REQUEST LETTER

As requested from Vice-Mayor Chao, we have included a revision request letter from an Asian majority city within southern California City that has achieved certification. Following is a link for Monterey Park's final Housing Element:

<https://mpkhousingupdate.com/wp-content/uploads/2022/01/Monterey-Park-Final-Housing-Element.pdf>

ATTACHMENTS:

Attachment A: 6th Cycle Housing Element Update—Public Engagement Activities to date

Attachment B: Stakeholder group Questions

Attachment C: List of Recommended stakeholder scores and response to primary narrative question

Attachment D: HCD Revision request letter for Monterey Park

6th Cycle Housing Element Update—Public Engagement Activities to date

This attachment provides more detail on the public engagement and outreach activities for the 6th Cycle Housing Element Update.

Housing Element Update pages on EngageCupertino.org

Through the existing www.EngageCupertino.org website, distinctive Housing Element Update pages were created in [English](#), [Spanish](#), [Vietnamese](#), [Simplified Chinese](#), and [Russian](#). The initial pages launched in September 2021 and an updated and improved version of the pages launched December 6, 2021. Providing access to new contributors to this policy discussion in Cupertino is in keeping with goals for meeting AB 686 equity and inclusiveness requirements.

These dedicated Housing Element pages serve as the project hub of online activity, including important information, updates, engagement opportunities, and more. It is updated regularly and users can subscribe for updates.

Cupertino Housing Simulator Tool (Balancing Act)

To date, Cupertino residents have submitted 20 responses to the [Cupertino Housing Simulator tool](#) (Balancing Act), and there have been a total of 602 pageviews.

The first version of the Cupertino Housing Simulator was introduced at the December 9, 2021 Community Workshop. This initial version allowed residents to distribute housing across Cupertino's Neighborhoods and Special Areas that are designated in the General Plan.

To gain additional feedback, the mapping exercise and instructional video will remain active and online for approximately one additional month. As intended, more mapping exercises will follow the initial Balancing Act version with iterative maps becoming more focused on specific potential sites based on feedback from the community.

Working with West Valley Community Services (WVCS)

Since September, EMC has met with WVCS on a bi-weekly basis to develop outreach materials and engagement opportunities for their homeless and low-income clients. This includes:

- Developing a dedicated webpage on the [WVCS website](#);
- Distributing educational fliers in 5 languages at the 12/11/21 Gift of Hope drive-through event;
- Distributing a Housing Needs & Desires survey in 5 languages at WVCS mobile food markets;
- Working with WVCS staff to leverage contacts at other community-based organizations that serve Cupertino-area residents

City Council, Planning Commission, and Housing Commission Meetings

EMC has provided Housing Element progress updates on the at the following meetings:

- October 5, 2021 City Council Study Session
- November 16, 2021 City Council Meeting
- December 9, 2021 Housing Commission Meeting
- December 9, 2021 Housing Element Update Community Workshop
- January 25, 2022 Planning Commission Meeting
- February 22, 2022 Planning Commission
- February 28, 2022 Planning Commission

EMC will provide additional progress updates at public meetings for the City Council, Planning Commission, and Housing Commission through adoption of the final, certified Housing Element. It is anticipated that decision-making bodies will provide input at four stages: Sites Inventory; Housing Policy; Draft Housing Element adoption and Final Housing Element adoption.

December 9, 2021 Virtual Community Workshop

The purpose of this workshop was to introduce the public to the Housing Element Update process, help them understand the importance of their participation, and show them how to contribute their feedback on potential sites in the Cupertino Housing Simulator tool.

The following posts were made on relevant Cupertino social media channels to promote the workshop:

	Facebook	Nextdoor	Twitter	eNotification
Post 1 (11/30/21) Housing Element Community Workshop	Reach: 453 Engagement: 10	Reach: 1013 Engagement: 1	Reach: 783 Engagement: 1	Reach: 15010 Engagement: 594
Post 2 (12/6/21) Workshop Reminder	Reach: 303 Engagement: 1	Reach: 656 Engagement: 1	Reach: 1096 Engagement: 16	Reach: 1444 Engagement: 118

Reach refers to the number of people who saw the post, and engagement refers to any clicks, likes, comments, and shares.

A total of 40 residents attended the workshop and approximately 7 submissions were made to the Housing Simulator tool during or soon after the workshop.

Scene Newsletter and Items of Interest Newsletter

Housing Element updates were featured in the Scene Newsletter that went out on December 1, 2021 and February 1, 2022. Updates were also featured in the City Manager's Items of Interest newsletter, which is provided to City Council and 685 email subscribers, on December 9 and December 22, 2021.

Mailed Postcards

Postcards introducing the Housing Element Update website were mailed to 23,351 Cupertino households the week of January 10-14, 2022. The postcard focused on announcing the Housing Element webpages, promoting the Stakeholder Group application process, and inviting residents to participate in the Cupertino Housing Simulator tool.

Stakeholder Group

The Stakeholders Group application period was extended from its original deadline of January 31 to February 11, 2022, due to an initially slow response. However, by February 11, 30 applications for the Stakeholder Group were received. The Stakeholders Group application was made available online on January 10. Hard copies of the application were also made available at the Library and Senior Center.

Letters to Property Owners and Property Interest Form

EMC and City staff also sent out letters of interest to groups of property owners throughout Cupertino to gauge their interest in adding housing opportunities on their property. These letters focused on prior

housing opportunity sites, sites between 0.5-10 acres in area (a size range specified by HCD) and sites located along major transportation corridors.

Stakeholder Group Application



The Stakeholder Group will include up to 10 community members representative of a cross-section of Cupertino residents. It is anticipated that the Stakeholder Group will have three meetings throughout the Housing Element update process. Meetings will include discussions of possible housing site locations, policy for increasing probability that future units will include an appropriate ratio of affordable units, and general topics related to drafting updates to Cupertino's Housing Element in the General Plan.

1. Name _____
2. Email address _____
3. Physical address _____
4. I am interested in contributing to the discussion for Cupertino's Housing Element update process.
 - ☐ Yes
 - ☐ No
 - ☐ Maybe, I need more information
5. I would like to be an ambassador to share information about Cupertino's Housing Element update process.
 - ☐ Yes
 - ☐ No
 - ☐ Maybe, I need more information
6. I am willing to commit, on average, 8 hours for each Stakeholder meeting (3-5 anticipated meetings) to prepare for discussing many different aspects of the Housing Element update.
 - ☐ Yes
 - ☐ No
 - ☐ Maybe, I need more information

Stakeholder Group Application

7. I believe that I should be considered as a candidate for Cupertino's Stakeholder group for the Housing Element update.
 - Yes
 - No
 - Maybe, I need more information
8. Please state in less than 200 words why you are qualified to be a member of Cupertino's Stakeholder group (please use back of page if additional space is needed for writing).

Stakeholder Group Application

9. Have you participated in a policy advisory group either in Cupertino or another location?

- ☐ Yes
- ☐ No
- ☐ If yes, what role and where?

10. Please check all of the following that apply to you:

- ☐ Renter
- ☐ Property owner
- ☐ Major employer
- ☐ Small business owner
- ☐ Landlord
- ☐ School Employee
- ☐ Service Industry employee
- ☐ Long-term Cupertino resident
- ☐ Recent resident
- ☐ Faith-based organization Leader
- ☐ Parent group Leader
- ☐ Older Adult
- ☐ Lived experience of being unhoused
- ☐ Non-profit housing developer
- ☐ De Anza Community College student
- ☐ Advocacy Group Leader

8. Do you speak a language in addition to English? (check all that apply)

- ☐ No
- ☐ Spanish
- ☐ Russian
- ☐ Chinese
- ☐ Vietnamese
- ☐ Hindi
- ☐ Other?

Email address	I am interested in contributing to the discussion for Cupertino's Housing Element update process.	I would like to be an ambassador to share information about Cupertino's Housing Element update process.	I am willing to commit to prepare for and attend Stakeholder meeting (3-5 anticipated meetings) to prepare for discussing many different aspects of the Housing Element update.	I believe that I should be considered as a candidate for Cupertino's Stakeholder group for the Housing Element update.	Please state in less than 200 words why you are qualified to be a member of Cupertino's Stakeholder group.	Have you participated in a policy advisory group either in Cupertino or another location?	Please check all of the following that apply to you:	Do you speak a language in addition to English?	Total
SHapp-02	5	5	5	5	24.25	Yes	22.25	22	88.75
SHapp-17	5	5	5	5	23.50	Yes	22.50	23	88.50
SHapp-07	5	5	5	5	23.00	No	21.75	22	86.50
SHapp-06	5	5	5	5	22.25	No	21.50	22	85.25
SHapp-20	5	5	5	5	22.25	Yes	21.25	21	84.75
SHapp-24	5	5	5	5	23.50	Yes	20.50	24	84.50
SHapp-11	5	5	5	5	23.75	No	20.00	20	83.75
SHapp-01	5	5	5	5	21.75	Yes	20.00	20	81.75
SHapp-30	5	5	5	5	21.75	Yes	19.75	20	81.25
SHapp-22	5	5	5	5	19.50	Yes	19.25	19	78.00
SHapp-15	5	5	5	5	19.00	No	19.25	19	77.50
SHapp-18	5	5	5	5	21.25	No	18.00	18	77.25
SHapp-29	5	5	5	5	18.25	Yes	19.25	20	77.25
SHapp-16	5	5	5	5	20.25	No	18.00	18	76.25
SHapp-28	5	5	5	5	18.25	Yes	18.75	19	75.75
SHapp-23	5	5	5	5	15.00	No	20.25	20	75.50
SHapp-10	5	5	5	3	22.25	No	16.75	17	73.75
SHapp-25	5	5	0	5	16.50	Yes	21.00	21	73.50
SHapp-04	5	5	5	5	21.50	Yes	15.25	15	72.00
SHapp-27	5	5	5	5	17.00	No	15.50	16	68.00
SHapp-24	5	5	5	5	16.75	Yes	15.50	16	67.75
SHapp-03	5	5	5	5	15.75	No	15.25	15	66.25
SHapp-09	5	5	5	5	16.75	No	13.75	14	64.25
SHapp-19	5	5	5	5	17.00	No	12.50	13	62.00
SHapp-14	5	5	5	5	14.25	Yes	13.75	14	61.75
SHapp-12	5	5	5	5	11.75	No	13.25	13	58.25
SHapp-13	5	5	5	5	14.25	No	12.00	12	58.25
SHapp-08	5	5	5	5	10.00	No	9.50	10	49.00
SHapp-26	0	5	0	0	9.25	No	12.50	13	39.25
SHapp-05	0	5	0	0	6.25	No	13.25	13	37.75

ID	Please state in less than 200 words why you are qualified to be a member of Cupertino's Stakeholder group.	Scorer's Narrative/Bullet Point Response for Column B				Total	
SHapp-02	I am 16 years old and a lifelong resident of Cupertino. I am also from a low-income, immigrant, and Muslim family that has lived in BMR housing for close to twenty years. We were recently given the opportunity to be part of the Section 8 Housing Voucher program, where I was personally exposed to housing discrimination. I believe I am qualified to be in the Stakeholder Group because I am a direct result of our housing crisis and understand how to get young people involved. I understand how the lack of housing affects families, young people, and our culture, while also understanding what needs to be done to bring change and improve the quality of life for students and families. I will use my experience as a community and youth leader, as well as my lived experiences, to tackle to complexities of our housing crisis as well as public opinion of the crisis. It is important to have a younger, minority voice on the stakeholder group, to make sure we get all opinions and perspectives, to make sure the group makes appropriate	This is someone with a lived experience of BMR housing during formative years, with a minority perspective of what it's like to live in Cupertino. Including this person with our stakeholder group may help us better understand housing need from this unique perspective. Having diverse team members for brainstorming solutions may help our programs be more inclusive and may give us better insight for our approach.	voice is one that hasn't always been represented and needs to be. fresh first hand insight into specifics we are trying to address.	Representative of youth and lived immigrant experience in BMR housing and Section 8 program. Energetic and well articulated.	Current student, experience with housing, represents an important stakeholder group that is usually not directly represented (under 18)	88.75	93.42%
SHapp-17	I am a Asian American millennial / Gen Z young adult who grew up in the City of Cupertino. I have experience with planning, housing, and transportation in various contexts: as a student advocate as part of Stanford Coalition for Planning an Equitable 2035 (SCoPE 2035); as a Housing Commissioner from 2017 to 2019 (Vice Chair in 2018 and Chair in 2019); as a practitioner who recently got a Masters in Community and Regional Planning from University of British Columbia, and previously interned with the Metropolitan Transportation Commission (MTC) and San Francisco Municipal Transportation Agency (SFMTA). I have a nuanced understanding of issues relevant to housing and development from my past experiences. I believe that youth perspectives are critical in the conversation on housing, since this will have long lasting impacts in our community and regionally. I am a youth organizer in my paid work, so I have connections and relationships to young people not just in Cupertino but throughout the South Bay. I hope that I can leverage those connections to effectively represent the interests of	This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities. - Lived experience as an Asian American millennial/Gen Z and planning advocate in the community - Strong likelihood of ambassador multiplier communication effects, particularly with youth	potentially a unique voice and perspective unheard in the past, wide reach for and to youth (another voice that needs to be boosted, also, a wide range of experience with issues pertaining to housing and transportation.	Representative of young adults. Education and experience with equity, housing and transportation.	Represents a group significantly affected by rising housing costs, has experience within the government and transportation. Is willing to work	88.50	93.16%
SHapp-07	I have a multitude of qualifications that make me an excellent candidate. My 12+ years of home rental in Cupertino give me a strong understanding of the needs and wants of those seeking housing in Cupertino. Secondly, as Senior Warden (Board of Directors Chairperson) at Saint Jude's Episcopal Church in Cupertino, I regularly discuss housing with a wide variety of local residents. Recently, I helped organize a series of forums at the church on local housing standards and housing allocations, working with local resident groups and advocacy organizations to discuss the complicated issues surrounding housing in Cupertino. I've acted to bring positive change to Cupertino for over a decade, with a focus on creating safe and enjoyable means of using alternative transport, which affects residents wherever they live and work. I've served as a Bike/Ped Commissioner and am currently a boardmember for Walk-Bike Cupertino, a local advocacy group. I'm also a Cupertino High School PTSA boardmember and Safe Routes to School Parent Champion. Furthermore, I avoid partisanship in local issues, consistently discussing community concerns with residents with diverse views on local politics. I care deeply about this city's future, and would welcome the opportunity to share in its shaping.	This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities. - It may be helpful to partner with the faith-based community (St. Jude's Episcopal Church) - Lived experience as a renter - This person brings a wealth of dialogue with the community about housing issues - This person has a strong dedication to the school system - Strong likelihood of ambassador multiplier communication effects, particularly among the faith-based community	long term renter perspective, has connection with local community and voices that may not have been heard in the past, seems to have experience with gathering information and dialogue with community. also seems to really care about this community and the work	Represents rental community constituency. Involved in local housing issues with St. Jude's and other advocacy organizations. Expresses a desire to work together and avoid divisiveness on contentious issues.	Well connected with important constituent groups, connected to parent groups and renter who lives the challenges in today's economy and high cost of living	86.50	91.05%

SHapp-06	As a member of Cupertino's Stakeholder group, I would represent a number of stakeholders. I am the Public Policy Coordinator at West Valley Community Services (WVCS), a nonprofit serving Cupertino residents with significant focus on housing. I work directly with clients, and would be sure to gather information from and give information to our clients, many of whom are most in need of housing in Cupertino. I am 24 years old, and as a young person still advancing my career, I experience firsthand the struggle to find affordable housing and have unique desires in terms of housing, such as proximity to downtown, walkability, and type of housing. I am also a member of the Valley Transit Authority (VTA)'s Citizens Advisory Committee, giving me a unique and deep understanding of transportation, which greatly intersects with housing and will be crucial to consider in the Housing Element process. Last, I am knowledgeable about the Housing Element, and am tracking the process for four other municipalities through my role at WVCS. I serve as a Los Gatos Planning Commissioner and am a member of many community groups, all of whom I would be happy to serve as a liaison for.	This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities. - It may be helpful to increase our partnership with West Valley Community Services - This is a younger person within the community who wants to increase opportunities for inclusive housing - This person brings transportation experience with an understanding of how it relates to housing needs - Strong likelihood of ambassador multiplier communication effects, particularly with those with highest housing needs in the region	huge range of experience and expertise - specifically with HE process, also has a unique age perspective with a wide scope of outreach and resource.	Representative of young adult population. Experience with services and clients that are in need of housing. Function as a representative for Cupertino and other West Valley cities and bring more regional knowledge.	Great connections with critical stakeholders, is an age usually not well represented but significantly impacted by housing costs, as connection with VTA and is knowledgeable in the HE process.	85.25	89.74%
SHapp-20	I am an attorney by training and trade, which gives me an additional toolset in evaluating which sites and what policy changes would make the greatest impact in helping Cupertino equitably site and sufficiently encourage housing growth in the city. As Policy Director for Cupertino for All, I've hosted local events—including a joint town hall with West Valley Community Services—to bring people up to speed on the new Housing Element process, including explaining such laws that directly impact this process as AB 686 and AB 1397. Many residents approach this process with trepidation—a problem I've successfully confronted before as part of CUSD's Citizens Advisory Committee, which was tasked with the difficult and emotionally charged challenge of helping the board decide which schools to consolidate to address declining enrollment. As a younger professional who recently made the transition from renter to homeowner, I'm deeply and personally familiar with the challenges people struggling to afford to live here face. As a third generation resident, whose grandfather still lives here, I also daily witness what older seniors endure in a car-centric city. I want to help Cupertino achieve an HCD-compliant Housing Element so we can	This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities. - It may be helpful to partner with Cupertino for all to better understand housing needs - This person brings knowledge of AB 686 as an attorney - This person brings a lived-experience of transitioning from renter to home-owner - This person brings a lived-experience for a multi-generational perspective of housing needs - This person brings a nuanced understanding of school consolidation process	experience bring folks together to discuss fears and challenges, experience with HE process, interesting perspective as a new homeowner and insight to the senior experience.	Knowledgeable about housing legislation. Recently navigated renter and homeowner transition. Mentions seniors Special Needs group. Expresses collaborative efforts.	Brings knowledge on policy which could be a key addition to the stakeholders; is younger and can represent both recent renter and homeowner.	84.75	89.21%
SHapp-21	I represent an important constituency in Cupertino that should be of great concern—young adults and emerging professionals, who are in many ways the backbone of our future as a city. Currently, we are bleeding this demographic; they are fleeing to cities that are more conducive of young adult preferences—walkability, transit-oriented, night life options, and also full of other young adults. This is not a strong foundation for our future. Additionally, I am a 15 year+ renter of Cupertino and have spent the last several years of my life advocating for the needs of renters in our community. In doing so, I was elected to be the President of Cupertino for All—a non-profit here in Cupertino focused on housing. I have done extensive community organizing in Cupertino, when I was a student at De Anza College, building essential relationships with the district and other advocacy groups. I work with policy, its implementation, and the steps necessary to ensure its passage—in my capacity as a fulltime staff member at Working Partnerships USA. I have also done work in the Federal Government at the Consumer Financial Protection Bureau, the California Legislature, and worked minimum wage at multiple jobs right here in Cupertino. I believe this array of experiences makes me a strong candidate for this stakeholder group.	This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities. - It may be helpful to partner with Cupertino for all to better understand housing needs - This person brings an employed position with Working Partnerships USA to build the capacity of workers, low-income neighborhoods and communities of color to lead and govern. - This person brings a lived-experience of being a renter - This person brings a lived-experience of attending De Anza College - This person brings a lived-experience of being employed at minimum wage in Cupertino - This person brings a nuanced understanding of policy implementation processes - Strong likelihood of ambassador multiplier communication effects, particularly with disenfranchised clients of Working Partnerships USA	interesting perspective of young adults and emerging professionals, long time renter experience, professional experience focused on housing	Representative of young adults, renters, and shows knowledge of challenges faced by emerging professionals related to housing. Part of a non-profit related to housing.	Important representation for the age demographic and experienced in renting in the city. Will be very knowledgeable about policy and implementation.	84.50	88.95%
SHapp-11	As clergy and a faith leader, not to mention renter myself, I am keenly interested in how Cupertino can provide equitable and affordable housing for every member of our community. The crisis in housing is the preeminent social justice issue we are facing as a community in the Bay Area. I want to see us on the leading edge of creatively addressing this problem.	This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities. - Lived experience as a renter - Appreciate the sentence "I want to see us on the leading edge of creatively addressing this problem" - Strong likelihood of ambassador multiplier communication effects through the faith-based community	unique perspective as a clergy and faith leader and framing with social justice, may offer another voice and perspective that may not have been included in the past.	Represents renter community. Sees housing crisis as a social justice issue and recognizes the crisis in alignment with State messaging. Cites wanting to bring creativity to problem.	As a faith leader, has access to many opinions and has an interest in social justice; would provide an important stakeholder voice.	83.75	88.16%

SHapp-01	<p>During the nearly 25 years that I have been advocating for low-income housing, I helped found Housing Choices, an organization that very successfully functions as a catalyst to create very low and extremely very low-income housing, with preference for people who have IDD (Intellectual Disabilities). As a board member for this organization, I learned a great deal about the multitude of housing related issues people face, far beyond having enough money to cover their rent. Understanding the needs and many of the issues the developers face in trying to provide extremely low-income units has been important too. Funding is another big piece of the puzzle as is understanding the bureaucracy of city governments and the politics of its city leaders. Most important of all has been creatively thinking about ways to meet housing challenges.</p> <p>I have a PhD in neurophysiology and have done research at Michigan State University, Roswell Park Cancer Institute in Buffalo NY and at the University of Pittsburgh, where I taught and received tenure before moving to Cupertino in 1976. Here I taught at both West Valley and DeAnza Community Colleges. I have also been a leader of several parent advocacy groups in this area.</p> <p>My volunteer work in affordable housing and training as a scientific problem solver qualify me to be a member of Cupertino's stakeholder group.</p>	<p>This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities.</p> <ul style="list-style-type: none"> - It may be helpful to partner with Housing Choices to better understand housing needs - This person has had experience as a teacher and parent in the community - This person has experience and dedication to being an inclusive problem-solver for affordable housing, with a needs-based approach - Strong likelihood of ambassador multiplier communication effects, particularly with Housing Choice members 	<p>experience with housing - founded Housing Choices. highly engaged with housing related issues.</p>	<p>Very knowledgeable about low income housing issues and needs including Special Needs groups. Highlighted issues with funding and local government bureaucracy.</p>	<p>Long-term resident, knowledgeable in affordable housing policies and barriers, connected to parent advocacy.</p>	81.75	86.05%
SHapp-30	<p>My family owns the house I live in for more than twenty five years. I am an educator and see that our students and their families have moved due to the high cost of rent and to buy a house to live in. We have teachers who commute to teach in Cupertino and cannot afford to live near where they work.</p> <p>I know first hand, we have many seniors who live in large houses and properties alone or with their partners.</p> <p>I want to help us Cupertino move forward to keep our city alive with people who can afford to live here.</p>	<p>This is someone with a lived experience of being an educator while living in Cupertino. Including this person with our stakeholder group may help us better understand housing need from this unique perspective. Having diverse team members for brainstorming solutions may help our programs be more inclusive and may give us better insight for our approach.</p> <ul style="list-style-type: none"> - Lived experience as an educator - This person brings knowledge about experiences for older adults with large homes (potential lack of movement in housing market) 	<p>this is a voice that needs to have a space to be heard: commute to teach there, but cannot afford to live there.</p>	<p>Represents teachers/essential workers. Mentions seniors Special Needs group.</p>	<p>This candidate is interested on several different demographic fronts, making them a good choice both as a community member, but someone that can advocate for seniors and teachers.</p>	81.25	85.53%
SHapp-22	<p>I am a long-time advocate for innovation in housing and development, with a focus on creating greater opportunities for diversity and equity. I have a long volunteer history in Cupertino including terms as a Planning and Parks & Recreation Commissioner. I have been an energetic participant in the local and regional discussions around housing policy and have a great deal of experience in engaging and promoting the discussion around policy.</p>	<p>This reply does not contain enough information for further analysis, though we thoroughly encourage participation going forward with our update process. We hope to hear more from this person through the many engagement opportunities as they unfold. It may be that this person's experience and expressed devotion would make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p> <p>We value the sentence: "I have been an energetic participant in the local and regional discussions around housing policy and have a great deal of experience in engaging and promoting the discussion around policy" and remain curious about the advocacy groups that have been led by this person.</p>	<p>seems creative - use of innovative. mentioned diversity and equity, i wanted to know more. has experience engaging - that's helpful with this work.</p>	<p>Mentions diversity and equity related to housing and experience as a Commissioner. Policy experience related to housing.</p>	<p>Already engaged in housing issues and experience with local government. Interested in innovation, which may be a benefit for this process.</p>	78.00	82.11%

SHapp-15	<p>I have participated in local planning and 'politics' for decades. I have spent many long nights attending city council and commission meetings. I am someone who very closely follows our City's public process. I often notice that there are areas others have overlooked, or have difficulty understanding. I have a familiarity with the issues and often an eye for details.</p> <p>I would bring to the group a working relationship with the real-estate community, as I have worked in local residential real estate for 19 years.</p> <p>I work well with others and I have the trust of our community and elected officials. I believe that I can accurately represent a good cross section of current and future residents.</p> <p>I'd like to be involved to help ensure that this process is successful. There is always more to learn.</p> <p>I have two adult children in their early 30's who have navigated the rental market in the Bay Area and hope to be home owners at some point.</p> <p>I have a close family member who, within the last five years, held positions at two nonprofit organizations focused on housing the unhoused.</p>	<p>This person's experience and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p> <p>- Lived experience as a long-term Cupertino resident - Lived experience as a Property owner</p> <p>Thank you for your declared dedication to following complex processes such as these. We hope to hear more from this person through the many engagement opportunities as they unfold.</p>	unique real estate perspective, familiarity with city council and commission meetings	Represents realtor group that plays a fundamental role in housing and equity. Claims to work well with others and has adult children navigating the rental market. Follows City process and participated in planning and associated politics.	As both a real estate professional and having children in rental market can provide two important data points as we discuss what affordability means and how the housing crisis has impacted home sale prices and rental costs.	77.50	81.58%
SHapp-29	<p>As owner and developer of the former Valico Shopping Mall and numerous other properties in Cupertino, Sand Hill Property Company is uniquely positioned to make a significant contribution to Cupertino's Housing Element process. From the Cupertino Village revitalization in the 1990's to the Main Street Cupertino infill development completed in 2017, the company is among Cupertino's longest-standing and most active landowners, developers and housing providers in this community. Even though the Valico Town Center redevelopment project is approved and underway, the City might value our participation in the Housing Element stakeholder process (1) given our knowledge of prevailing housing development market conditions, (2) in order to explore opportunities to align the Valico project in real time with the City's Housing Element strategy, and (3) so that we are in position to serve as a Housing Element ambassador vis a vis the thousands of community members registered with us for Valico and related updates, as appropriate.</p> <p>Reed Moulds, Managing Director of Sand Hill Property Company, would participate on behalf of the company. We wish the City success in achieving its Housing Element goals and in the planning and eventual permitting of its 6th Cycle regional housing needs allocation.</p>	<p>This person's representative experience for Sand Hill Property Company makes them a viable candidate for supplying a Developer's perspective of constraints to housing development. Such information would be valuable for background analysis. Throughout our public engagement process, we strongly encourage feedback, including policy and program suggestions.</p>	They have an interesting perspective as a business and someone involved in this process	Developer knowledge with experience within Cupertino. Large developer perspective is important to include. Shows knowledge of HE and RHNA.	This candidate would provide a key perspective from the development side to help isolate constraints and solve issues from the perspective of those that would potentially build the housing.	77.25	81.32%
SHapp-18	<p>I grew up in Cupertino attending McAuliffe, Kennedy, & Monta Vista schools. Also, I taught kindergarten & first grade at two CUSD schools. Currently, I am at substitute in the district and take care of my two pre-school age children. I care deeply about the Cupertino Community and want it to thrive.</p>	<p>This is someone with a lived experience of being a school teacher while living in Cupertino. Including this person with our stakeholder group may help us better understand housing need from this unique perspective. Having diverse team members for brainstorming solutions may help our programs be more inclusive and may give us better insight for our approach.</p>	unique perspective of someone working in schools with children - may have broad outreach some unheard voices.	Represents teachers/essential workers and families with young children. Grew up in Cupertino.	A teacher and parent can bring an important dimension to the stakeholders.	77.25	81.32%
SHapp-16	<p>I am a retired Registered Nurse and worked at Stanford Hospital and Clinics and Palo Alto Medical Foundation. I have lived in Cupertino for over 40 years and before that went to school and worked in Los Altos, Mt View, and Santa Clara. My Children have gone to Cupertino Schools. I am interested in maximizing affordable housing in and around our city. I am not affiliated with any real estate or property development business. I am an average citizen of our city and wish to help.</p>	<p>This is someone with a lived experience of raising a family as a nurse while living in Cupertino. Including this person with our stakeholder group may help us better understand housing need from this unique perspective. Having diverse team members for brainstorming solutions may help our programs be more inclusive and may give us better insight for our approach.</p> <p>- Appreciate the sentence "I am interested in maximizing affordable housing in and around our city."</p>	may have a unique perspective from wide range of locations both lived in and attended school in.	Representative of First Responders and critical essential workforce that has lived in Cupertino for 40 years. Expresses interest in maximizing affordable housing.	Will understand the long-term history of how Cupertino has formed and could provide an important community voice.	76.25	80.26%

SHapp-28	I have been a Cupertino resident for 25 years and seen the city grow. Next, I have worked at HP in Cupertino for more than 10 years and know the business interests. Also as an active member of multiple volunteer organizations and Cupertino Sports center, I have interacted with a number of Cupertino residents and understand their concerns. Finally, as a resident of Cupertino West (Monta Vista), I can provide inputs on the unique concerns of residents in this neighborhood.	This is someone with a 25-year lived experience of operating a small business and being a landlord while residing in the Monta Vista neighborhood. Including this person with our stakeholder group may help us better understand housing need from this unique perspective. Having diverse team members for brainstorming solutions may help our programs be more inclusive and may give us better insight for our approach. We hope to hear more from this person through the many engagement opportunities as they unfold. If this person does not qualify for the ten stakeholder positions, then this person's experience and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.	seems to have a broad reach of residents and community members	Works for HP and claims can represent business interests. Mentions member of volunteer organizations and Sports Center. Could represent broader cross section.	This candidate lives, works and recreates in the city, and has been active in city organizations and can advocate for a neighborhood.	75.75	79.74%
SHapp-23	First and foremost, longevity. I have been a resident of Cupertino for over 20 years. I have seen buildings and businesses come and go. I would love to contribute my knowledge.	This reply does not contain enough information for further analysis, though we thoroughly encourage participation going forward with our update process. We hope to hear more from this person through the many engagement opportunities as they unfold. It may be that this person's experience and expressed devotion would make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.	my bring an interesting pov from a business and building perspective	Represents long time homeowners. More information related to their knowledge would be helpful.	Not enough information to understand how best this individual can contribute.	75.50	79.47%
SHapp-10	I am deeply interested in a future where Cupertino is more sustainable and accessible than it is today, and I believe housing is the main tool through which we can create a more inclusive, stronger, and sustainable community. I grew up in Cupertino, living 15 years here throughout primary, middle and high school, in addition to 2019 to 2021 as well. Leaving for college after high school showed me just how sheltered and isolated Cupertino is from the rest of the Bay, and country. I care deeply about climate change and equity outcomes for all citizens, and academic, professional, and personal experience have convinced me that housing and the built environment are crucial determinants on the success of climate-related and equity-concerned government policies. Personally, I also want to rent and live car-free, and Cupertino is neither a place I can afford to rent-in, nor a place that is enjoyable to live in without a car. I hope that we can use the HE process to build a Cupertino that is more accessible for more socio-economic classes, and more prepared for a climate-impacted future.	This is someone with a lived experience of being a young person who has been educated in Cupertino. Including this person with our stakeholder group may help us better understand housing need from this unique perspective. Having diverse team members for brainstorming solutions may help our programs be more inclusive and may give us better insight for our approach. - Lived experience as a renter - Appreciate the sentence "I hope that we can use the HE process to build a Cupertino that is more accessible for more socio-economic classes, and more prepared for a climate-impacted future."	unique perspectives on climate, sustainability and equity. Could be a unique voice to hear around ability to rent or live in without a car in Cupertino	Articulates how climate change and housing are related. Mentions equity and grew up in Cupertino and represents young adults.	Appreciate a focus on sustainability as this is a critical question on how the city approaches HE solutions. The respondent has a long history in the city and cares about equity.	73.75	77.63%
SHapp-25	I work with a non profit agency working on ending homelessness	This reply does not contain enough information for further analysis, though we thoroughly encourage participation going forward with our update process. We hope to hear more from this person through the many engagement opportunities as they unfold. It may be that this person's experience and expressed devotion would make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.	experience with homelessness specifically	Homeless are part of Special Needs group.	Would like to know more - we need advocates for homelessness.	73.50	77.37%

SHapp-04	<p>I'm part of the Age Friendly Cupertino task force, and president of the Cupertino Senior Center Advisory Council. Our members are deeply engaged in addressing the lack of senior housing and services for our aging population. Currently approximately 1 in 3 households has a resident over the age of 60, with minimal availability of facilities to address their needs. Our school enrollment is declining at the rate of an elementary school a year due to lack of housing for new families.</p> <p>The Housing Element is an opportunity to plan for badly needed housing to fit community needs as our community changes. As a resident of over 30 years, I can be a strong contributor to that conversation from my knowledge of the community, the city and civic operations. In my professional career, I've worked in universities, government and corporate positions as well as publishing. I served two terms on the Cupertino Library Commission and have been active in professional library roles, as well as a community volunteer. I look forward to participating in the Housing Element process.</p>	<p>This person represents voices of those who may not otherwise participate in policy-making discussions though they are likely the people in need of increased housing opportunities.</p> <ul style="list-style-type: none"> - It may be helpful to partner with Age Friendly task force and Cupertino Senior Center Advisory Council to better understand diverse housing needs - This person appears to understand connections between needs for new family housing, schools, and specific housing needs for older adults - Strong likelihood of ambassador multiplier communication effects, particularly with older adults 	<p>experience with addressing issues pertaining to senior housing and services, seems to be engaged and interested with and in the process.</p>	<p>Has experience with Special Needs group - seniors. Also expresses concern with lack of family housing and large families also a Special Needs group. Has previous local government volunteer experience.</p>	<p>Represents an important constituent group that has significant affordable housing needs and requires representation through the process. Previous experience working on housing elements and city operations</p>	72.00	75.79%
SHapp-27	<p>I believe that as a renter who has recently moved to Cupertino from a much less expensive housing market, I can provide helpful input from a different perspective than many of the other stakeholders are likely to have. I am an engaged citizen who is willing to put in the work in order to help the city develop in an inclusive and equitable way for all of its residents.</p>	<p>This person's experience and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p>	<p>interesting perspective and may represent voices that might not be heard</p>	<p>Represents renter community. Mentions equity for residents.</p>	<p>Eager to help, brings a perspective from outside the city which would be helpful.</p>	68.00	71.58%
SHapp-24	<p>Cupertino needs more housing but not more traffic. I want to help Cupertino figure out how to build housing and allow growth without increasing traffic or adversely affecting the quality of life in the neighborhoods.</p> <p>I lived in Cupertino for 3 years and on the border for 2 years. I've worked in Cupertino at Apple for almost 11 years as a manufacturing engineer. My daughter goes to high school at Monta Vista HS and my other one graduated from there last year. I want them to be able to live and work here when they grow up, even if they have a minimum wage job.</p> <p>I've lived in different cities in the US and China and have some ideas on how to make cities more livable, walkable, environmentally friendly, and able to handle growth comfortably. I want to hear other people's ideas on planning for the future and get feedback on some of my own ideas.</p> <p>When I lived in Pacifica in 2009 I worked on a climate action committee that put together policy recommendations for the city council, and hope to get the chance to contribute in a similar way to tackling the biggest issue & opportunity in Cupertino.</p>	<p>This is someone with a lived experience of being an Apple employee while renting a home to raise a family in Cupertino. Including this person with our stakeholder group may help us better understand housing need from this unique perspective. This person has had experiences in Pacifica that may translate to this opportunity to participate with policy. Having diverse team members for brainstorming solutions may help our programs be more inclusive and may give us better insight for our approach.</p> <p>We hope to hear more from this person through the many engagement opportunities as they unfold. It may be that this person's experience and expressed devotion would make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p>	<p>climate action work, has some experience with engagement at the city council level</p>	<p>Expresses interest in solving housing/traffic issues and overall livability. Mentions listening and willingness to hear others ideas and the ties with climate action.</p>	<p>Interested in policy, sustainability, and has some experience living in the city.</p>	67.75	71.32%
SHapp-03	<p>I have lived in Cupertino for 37 years and am very familiar with our city, the various areas, traffic, issues and the general Housing Element process. I have been active and participated in many city meetings, housing element/general plan amendments and would commit to attending and participating in these meetings to help come up with the best solution for all of Cupertino.</p>	<p>This person's experience and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p> <ul style="list-style-type: none"> - Long-term Cupertino resident - Actively engaged in policy conversations <p>Appreciate the partial sentence: "... would commit to attending and participating in these meetings to help come up with the best solution for all of Cupertino."</p> <p>We hope to hear more from this person through the many engagement opportunities as they unfold.</p>	<p>has lived in Cupertino for a good bit of time, has experience with culture and experience living there. has some knowledge of HE process - active and engaged. Not very specific in the experience or engagement</p>	<p>Long time Cupertino resident that expressed familiarity with key issues.</p>	<p>Longtime resident and familiar with the City; frequent contributor. Other candidates have similar backgrounds.</p>	66.25	69.74%

SHapp-09	1) Understand the need of increased housing density to sustain population and economic growth for Cupertino and California; 2) understand, suggest, and propose new building code changes to support higher housing density in Cupertino area; 3) Make people at all income levels benefit from higher housing density.	<p>This person's comprehension of the task at hand, experience, and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p> <p>- Lived experience as a long-term Cupertino resident - Lived experience as a Property owner</p> <p>We hope to hear more from this person through the many engagement opportunities as they unfold.</p>	the third point of making people at all income levels benefit feels like a valuable perspective	Expressed three succinct points related to housing.	Understands the competing issues for housing and that changes to planning may be required.	64.25	67.63%
SHapp-19	I am an active local citizen and lifelong Cupertino resident. I have served as a community block leader, attended city meetings, and would love to bring my perspective as a parent of two young children to the city's housing efforts.	<p>This person's experience and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p> <p>- Past experience as community block leader - Past experience with city meeting attendance - Lived experience as a long-term Cupertino resident - Lived experience as a Property owner</p> <p>We hope to hear more from this person through the many engagement opportunities as they unfold.</p>	experience and engagement on a city and community level.	Represents young families. Shows interest in engaging and being active.	Similar to other parents, can bring perspective of raising children in the city and has a history of being connected with the community.	62.00	65.26%
SHapp-14	At City level, I have participated in General plan and Housing element related meetings since 2014. In April 2018, I organized a Silicon Valley Housing Forum in Cupertino which had a five member (four elected council members and a moderator) panel from three different bay area counties. I also attended and spoke at ABAG/MTC CASA and RHNA meetings in 2018. I currently serve as a Cupertino City Housing Commissioner.	<p>This person's experience and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p> <p>- Lived experience as a long-term Cupertino resident - Lived experience as a Property owner</p> <p>We look forward to this person's continued participation in the process via the Housing Commission and through the many engagement opportunities as they unfold.</p>	wide range of experience with housing in the bay area, position as CCHC.	Deep experience working on housing related issues in Cupertino and current Housing Commissioner. Could be good Commissioner rep if City wants Housing Commissioner members on the Stakeholder Group.	Up to date with housing issues and serves as a commissioner. Could be an important voice and knowledgeable on the more technical matters	61.75	65.00%
SHapp-12	I am fairly engaged resident of the community on local issues that affect our community. Housing is an important part of the discussion in our city. I believe I can contribute to solving this problem.	<p>This person's experience and expressed devotion appears to make them a viable candidate for a Citizens Advisory Committee (CAC) if such a group is formed for focused concentration on zoning changes and specific plan updates.</p> <p>- Lived experience as a long-term Cupertino resident - Lived experience as a Property owner</p> <p>We value and support the sentence: "I believe I can contribute to solving this problem." We hope to hear more from this person through the many engagement opportunities as they unfold.</p>	engaged with community and process. not alot of detail about what they will bring to the process, but is interested	More information about knowledgde of some of the local issues this person is engaged on would be helpful.	Not much information regarding specific contributions or concerns.	58.25	61.32%

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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December 6, 2021

Steven Sizemore
Interim Director of Community & Economic Development
City of Monterey Park
320 W Newmark Avenue
Monterey Park, CA 91754

Dear Steven Sizemore:

RE: The City of Monterey Park of 6th Cycle (2021-2029) Draft Housing Element

Thank you for submitting the City of Monterey Park's (City) draft housing element received for review on October 7, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from the Public Counsel and Linda Tang pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describe the revisions needed to comply with State Housing Element Law.

As a reminder, the City's 6th cycle housing element was due October 15, 2021. As of today, the City has not completed the housing element process for the 6th cycle. The City's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the City to revise the element as described above, adopt, and submit to HCD to regain housing element compliance.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (October 15, 2021), then any rezoning to accommodate the regional housing needs allocation (RHNA), including for lower-income households, shall be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

Steven Sizemore
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Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the County to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf and http://opr.ca.gov/docs/Final_6.26.15.pdf.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City meets housing element requirements for these and other funding sources.

We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Tristan Lanza, of our staff, at tristan.lanza@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melinda Coy', with a long horizontal flourish extending to the right.

Melinda Coy
Housing Accountability

Enclosure

APPENDIX CITY OF MONTEREY PARK

The following changes are necessary to bring the City of Monterey Park's (City) housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <http://www.hcd.ca.gov/community-development/building-blocks/index.shtml> and includes the Government Code addressing State Housing Element Law and other resources.

A. Review and Revision

Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element. (Gov. Code, § 65588 (a) and (b).)

The element must provide a cumulative evaluation of the effectiveness of past goals, policies, and related actions in meeting the housing needs of special needs populations (e.g., elderly, persons with disabilities, large households, female-headed households, farmworkers, and persons experiencing homelessness).

B. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction (Gov. Code, § 65583, subd. (c)(10)(A))*

General: The element provides data regarding various socio-economic characteristics across all components of the required analysis (e.g., segregation and integration, access to opportunity, displacement). However, the element must discuss and analyze this data for trends and patterns.

Local Data and Knowledge: The element must include local data and knowledge to discuss and analyze any unique attributes about the City related to fair housing issues. The element should complement federal, state, and regional data with local data and knowledge where appropriate to capture emerging trends and issues, including utilizing knowledge from local and regional advocates and service providers. Also, the element must include other relevant factors that contribute to fair housing issues in the jurisdiction. For instance, the element can analyze historical land use and investment practices or other information and demographic trends.

Outreach: While the element included some information on public engagement and outreach efforts (Appx. C, pg.6), to address outreach requirements of AB 686 (Chapter 958, Statutes of 2018), the element must describe meaningful; frequent,

and ongoing public participation with the community including key stakeholders. The element should describe any specific outreach efforts to organizations that represent special needs populations or members of protected classes. The element could also describe targeted efforts to engage specific communities that are experiencing several fair housing issues.

Enforcement: While the element included a summary of fair housing complaints on a county-wide basis, the element needs to include information on fair housing complaints specific to the City and analyze those complaints for trends, patterns, and impact on protected classes. The element must also include an analysis of any findings, lawsuits, or judgements related to enforcement actions regarding fair housing. In addition, the element must discuss compliance with existing fair housing laws and regulations. For more information and guidance on this analysis, please visit pages 28-30 of the HCD's AFFH guidance memo: [Affirmatively Furthering Fair Housing \(ca.gov\)](https://www.hcd.ca.gov/fair-housing/fair-housing-guidance-memo).

Racial/Ethnic Areas of Concentration of Poverty (R/ECAP): The element includes information relative to R/ECAP, but the analysis must also provide a regional comparison. In addition, the City has not fully addressed its concentrated areas of affluence. The combination of the R/ECAP and areas of affluence analyses will help guide goals and actions to address fair housing issues. The analysis should evaluate the patterns and changes over time at a local and regional level. Furthermore, the element does list one area of high poverty and segregation therefore the City should analyze this concentration and consider relevant factors such as past policies, practices, and investments as well as whether or not there is a concentration of subsidized housing units in that area.

Sites Inventory: The element must include an analysis demonstrating whether sites identified to meet the regional housing needs allocation (RHNA) are distributed throughout the community in a manner that AFFH. Most of the sites identified in the inventory are concentrated in the northern part of the City. The element illustrated in Figure C-13 and C-18 that sites in the northern section of the City are areas that have higher concentrations of segregation and poverty. A full analysis should discuss this concentration and address the income categories of identified sites with respect to location, the number of sites and units by all income groups and how that effects the existing patterns for all components of the assessment of fair housing (e.g., segregation and integration, access to opportunity). The element should also discuss whether the distribution of sites improves or exacerbates conditions. If sites exacerbate conditions, the element should identify further program actions that will be taken to mitigate this (e.g., anti-displacement strategies).

Contributing Factors: The element identifies many contributing factors to fair housing issues. In addition, the element should consider prioritizing these factors to better formulate policies and programs and carry out meaningful actions to AFFH.

Goals, Priorities, Metrics, and Milestones: While the element provides additional analysis and identifies contributing factors to fair housing issues in the City, it does not

include sufficient action to overcome patterns of segregation and foster inclusive communities. As a result, programs must be added as appropriate to sufficiently respond to contributing factors to fair housing issues. The element must add, and revise programs based on a complete analysis and listing and prioritization of contributing factors to fair housing issues. Furthermore, the element must include metrics and milestones for evaluating progress on programs, actions, and fair housing results. For more information, please see HCD's guidance at <https://www.hcd.ca.gov/community-development/affh/index.shtml#guidance>.

2. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583, subd. (a)(2).)*

Cost-Burden: The element must quantify and analyze the total number of cost burdened households including cost burdened households by tenure.

3. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Progress in Meeting the RHNA: The element indicates (page 4-4) that 229 units including 40 units affordable to lower-income households are planned, approved, or pending. The element must include additional information on the status of these units including any remaining entitlement that are needed prior to approval; and for projects approved, but not yet built, the jurisdiction must demonstrate the units are expected to be built in the planning period. The element must also include an analysis to demonstrate the affordability of the 40 units affordable to lower-income households based on actual or projected sales prices, rent levels, or other mechanisms establishing affordability in the planning period.

Sites Identified in Prior Planning Periods: The sites inventory indicates that there are no sites that were included from previous planning period. However, pursuant to third party comments, there may be several sites that were included in the current sites inventory that had been utilized in past elements. The element should clarify and identify if sites were identified in prior planning periods.

Realistic Capacity: While the element provides assumptions of buildout for sites included in the inventory, it must also provide support for these assumptions. For example, the element should demonstrate what specific trends, factors, and other evidence led to the assumptions. The City lists maximum density allowed in a zone multiplied by the size of the parcel. The estimate of the number of units for each site must be adjusted as necessary, based on the land use controls and site improvements, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

In addition, the element appears to assume residential development on sites with zoning that allow 100 percent non-residential uses. While the element mentions the identified sites represent a substantial opportunity for housing and the area is located near employment, it must still account for the likelihood of non-residential uses. The element should include analysis based on factors such as development trends, performance standards or other relevant factors. For example, the element could analyze all development activity in these nonresidential zones, how often residential development occurs and adjust residential capacity calculations, policies, and programs accordingly.

Suitability of Nonvacant Sites: The element must include an analysis demonstrating the potential for redevelopment of nonvacant sites. The analysis mentioned a list of factors that were considered to determine development potential including improvement-to-land value ratio of less than one, the parcel's existing use vs. zoned use, age of structure and underutilization. However, the analysis should describe why and how the factors demonstrate that these sites are suitable for development. In addition, the element needs to also analyze the extent that existing uses may impede additional residential development. The element can summarize past experiences converting existing uses to higher density residential development, include current market demand for the existing use, provide analysis of existing leases or contracts that would perpetuate the existing use or prevent additional residential development and include current information on development trends and market conditions in the City and relate trends to the sites identified.

In addition, specific analysis and actions are necessary if the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households. For your information, the housing element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code, § 65583.2, subd. (g)(2).) Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA.

Small Sites: Sites smaller than a half-acre in size are deemed inadequate to accommodate housing for lower-income housing unless it is demonstrated that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower-income housing units as projected for the site or unless the housing element describes other evidence the site is adequate to accommodate lower income housing. While the element lists some recent development on smaller sites, it should relate these trends to identified sites. For example, almost all of the recent developments had at least 40 units, but lots to be consolidated result in projects at smaller scale. In addition, it is unclear whether the examples result in housing affordable to lower-income households. The element should relate these example projects to the site strategy for lot consolidation, particularly as it relates to facilitating housing affordable to lower-income households. The analysis should include conditions rendering parcels suitable and ready for consolidation.

Zoning for Lower-Income Households: The element must demonstrate densities appropriate to accommodate housing for lower-income households. The element is relying on sites within the R-3 zone which currently have a maximum density of 25 units per acre. The site inventory assumes the maximum allowable density in these zones will be 30 units per acre, but the element only states that it will “consider” increasing the density to 30. Unless the element commits to increasing the zoning to 30 units per acre, the element must contain the analysis demonstrating that 25 units per acre is appropriate for facilitating development affordable to lower-income households in the City. Please note because zoning is not already in place at the beginning of the planning period, rezoning for these sites must be consistent with Government Code, § 65583.2, subdivision (h) and (i).

Sites with Zoning for a Variety of Housing Types:

- **Emergency Shelters:** The element mentions emergency shelters are permitted in the Office Professional (O-P) Zone. The element must discuss available acreage in the OP zone, including typical parcel sizes and the presence of reuse opportunities and compare that capacity to identified need for emergency shelter. In addition, the analysis should address proximity to transportation and services and any conditions inappropriate for human habitability. "In addition, the element should describe how emergency shelter parking requirements are in line with AB139/Government Code section 65583, subdivision (a)(4)(A) or include a program to comply with this requirement."
 - **Employee Housing:** Employee Housing: The element must demonstrate zoning is consistent with the Employee Housing Act (Health and Safety Code, § 17000 et seq.) or add or modify programs. Specifically, section 17021.5 requires employee housing for six or fewer employees to be treated as a single-family structure and permitted in the same manner as other dwellings of the same type in the same zone.
4. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Government Code section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7). Transitional housing and supportive housing shall be considered a residential use of property, and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone. (Gov. Code, § 65583, subd. (a)(5).)*

Development Standards: The element must identify and analyze all relevant land use controls impacts as potential constraints on a variety of housing types. The analysis should analyze land use controls independently and cumulatively with other land use controls. Specifically, the element must analyze floor area ratio requirements and describe the requirements for the mixed-use projects including any requirements for commercial uses or if 100 percent residential is allowed.

Housing Overlay Zone: The element relies on sites Housing Overlay Zones that was adopted through the 2020 General Plan update. While some information was provided on how the overlay allows residential the element must include a complete description and analysis of the Overlay, including whether further zoning must be adopted to implement the overlay zones and the permitting procedure for access to the overlay. The element should also detail any affordability requirements, whether 100 percent residential uses are allowed, development standards, and what incentives or concessions for utilization.

Parking Standards: The element must analyze studio and one bedroom parking requirement and requirement for enclose parking for its impact as a potential constraint on housing including project cost. The analysis should examine whether parking standards impede a developer's ability to achieve maximum densities, and if there are provisions in place to provide parking reductions where less need is demonstrated, particularly for persons with disabilities, the elderly, affordable housing, and infill and transit-oriented development.

Development Fees: The element has identified planning fees; however, the element must describe all required fees including impact and building fees. For example, the analysis could identify the total amount of fees and their proportion to the development costs for both single family and multifamily housing.

Zoning and Fee Transparency: The element must clarify its compliance with new transparency requirements for posting all zoning and development standards for each parcel on the jurisdiction's website pursuant to Government Code section 65940.1(a)(1).

Local Ordinances: The element must specifically analyze locally adopted ordinances such as inclusionary ordinances or short-term rental ordinances that directly impact the cost and supply of residential development. The analysis should demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters.

Constraints on Housing for Persons with Disabilities: The element briefly describes its reasonable accommodation procedures including that a reasonable accommodation must be in general conformance with the City's development and municipal codes and comply with the California Environmental Quality Act. However, the purpose of the reasonable accommodation is to provide exception to zoning and land use. As a result, the element must include a program to address this constraint. In addition, group homes for seven or more persons appears to be excluded from several zones allowing

residential uses and subject to a conditional use permit (CUP). The element should evaluate these requirements as constraints and include programs as appropriate.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584. The analysis shall also demonstrate local efforts to remove nongovernmental constraints that create a gap between the locality's planning for the development of housing for all income levels and the construction of that housing. (Gov. Code, § 65583, subd. (a)(6).)*

Approval Time and Requests Lesser Density: The element must be revised to analyze requests to develop housing at densities below those anticipated in the sites inventory, including hinderance on the construction of the City's share of the regional housing need and include programs as appropriate.

6. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions. (Gov. Code, § 65583, subd. (a)(9) through 65583(a)(9)(D).)*

While the element identifies 441 assisted units, the element lists three properties that are at-risk of expiring within the next ten years for a total of 251 units. The element must identify local public agencies, public or private nonprofit corporations, and for-profit organizations with the legal and managerial capacity to acquire and manage at-risk projects pursuant to Government Code Section 65583, subdivision (a)(8)(C)). In addition, the element must list potential federal, state, and local funding sources that can be used to preserve the units.

While the element analyzes the cost of replacement for units designated high risk, the element must analyze replacement costs for all units with expiring restrictions in the next ten years. Furthermore, the analysis should contain the following:

- Estimate the costs of producing new rental housing (comparable in size and rent levels to existing at-risk units) to replace units converting from affordable to market rate. The analysis should consider current land costs and either current construction costs (square footage rates for multifamily development) or the actual cost of recently completed units.
- Estimate the cost of preserving the identified assisted housing developments including acquisition and rehabilitation costs long-term affordability controls and project-based rent subsidies.

A project-by-project replacement/preservation cost estimate is not required (Government Code Section 65583(a)(8)(B)). The element can make an assessment of the appropriate strategy (replace vs. preserve) based on sample cost estimates.

C. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, the provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions. (Gov. Code, § 65583, subd. (c).)*

To address the program requirements of Government Code section 65583, subdivision (c)(1-6), and to facilitate implementation, programs should include: (1) a description of the City's specific role in implementation; (2) definitive implementation timelines; (3) objectives, quantified where appropriate; and (4) identification of responsible agencies and officials. Programs to be revised include the following:

- General: The element must provide discrete timing for all programs (e.g., month, year) to account for how often the action will occur as well as to ensure a beneficial impact throughout the planning period and quantify objectives where feasible. In addition, all programs should be evaluated to ensure meaningful and specific actions and objectives. Programs containing unclear language (e.g., "Evaluate"; "Consider"; "Encourage"; etc.) should be amended to include more specific and measurable actions.
- Program 1 (Residential Rehabilitation Program): The program must be revised to include a timeframe for implementation.
- Program 4 (Housing for Special Needs Population): The program must be revised to specify the incentives for developers and clarify what actions will "nurture partnerships" to educate and execute the development of supportive and transitional housing.
- Program 5 (Flexibility in Development Standards): The program must be revised to specify a timeline for implementing the actions of the program.
- Program 6 (Monterey Park Municipal Code): The program must be revised to remove the "if required" language from its objectives and actions.
- Program 9 (Sites Used in Previous Planning periods Housing Elements): The element must be revised to remove the "consider" language from its objective for rezoning or amending the MPMC.
- Program 10 (Mixed-Use Sites): The program must be revised to include the timing for each of its objectives.

- Program 14 (Affordable Housing Development Incentives): The program must specify the actions that the city will take to “actively promote” housing development and to include timeframes with listed actions.
2. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city’s or county’s share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B.3, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised as follows:

Program 7 (Ensure Adequate Sites to Accommodate Regional Fair Share of Housing Growth): The program must be revised to clarify with specific actions and language how the city will “promote residential density” and list the measures that will be adopted to encourage affordability by design with timing. Also, if the element is relying on the R-3 zone and the City will need rezoning to allow up to 30 units per acre then the element will need a rezoning program for these sites that meet 65583.2(h) and (i).

Lot Consolidation: As the element relies on consolidated small sites to accommodate the RHNA for lower-income households, it should include a program(s) to facilitate lot consolidation and development of housing on small sites. For example, the program could commit to (1) granting density bonuses above state density bonus law (Gov. Code, § 65915.); (2) deferring fees specifically for consolidation; (3) expediting permit processing; (4) identifying and targeting specific financial resources; and (5) modifying development standards.

3. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Finding(s) B.4. and B.5, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results

of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

Specifically, the element recognizes that minimum lot size, high standards, and other standards in the MU-1 and MU-II zones are a constraint to achieving densities. However, the element lacks specific program commitments to mitigate or remove these constraints. The element could amend Program 6 (Monterey Park Municipal Code) to expressly state how that these standards will be modified or removed. This is especially critical because there are many sites identified in the inventory that do not meet minimum size requirements and would require lot consolidation to be developed.

4. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element must include a complete assessment of fair housing. Based on the outcomes of that analysis, the element must add or modify programs. While the element include Program 19 (Fair Housing Program) goals and actions must create meaningful impact to overcome contributing factors to fair housing issues and actions must have specific metrics and milestones. For example, Table 6-1 states the city will “incentives the development of more housing to accommodate the varied needs of different populations,” but does not describe how this action will be implemented. The program and its actions must each be concrete in affirmatively furthering fair housing (AFFH).

In addition, currently the element only addresses AFFH in Program 19. The element could revise other program actions to address the City’s obligation to AFFH including how programs address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

5. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (9) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (9) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance. (Gov. Code, § 65583, subd. (c)(6).)*

The element includes Program 2 (Conserve At-Risk Housing) and specifies actions to monitor at-risk units. However, the element must include contacting property owners within at least one year of the affordability expiration dates on projects. Also, the program should be modified to include noticing requirements within three years and six

months of the affordability expiration dates, in addition to coordinating with qualified entities such as non-profit organizations and establish specific time parameters around such actions. In addition, the element should be revised to adhere to current State Preservation Notice Law (Gov. Code 65863.10, 65863.11, 65863.13) which requires owners to provide tenants and affected public entities (including the City) notices regarding expiring rental restrictions starting three years before expiration.

D. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).)

The element must include quantified objectives to establish an estimate of housing units by income category that can be conserved over the planning period.

E. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(8).)

While the City made effort to include the public through workshops and surveys, moving forward, the City should employ additional methods for public outreach efforts, particularly including lower-income and special needs households and neighborhoods with higher concentrations of lower-income and special needs households. For example, the City could conduct targeted stakeholder interviews or establish a committee representative of lower-income and special needs households in future public outreach efforts. HCD also received comments with many meaningful suggestions and other issues related to zoning and AFFH. HCD encourages the City to consider these comments which will be provided under a separate cover.

In addition, HCD understands the City made the element available to the public concurrent with its submittal to HCD. By not providing an opportunity for the public to review and comment on a draft of the element in advance of submission, the City has not yet complied with statutory mandates to make a diligent effort to encourage the public participation in the development of the element and it reduces HCD's ability to consider public comments in its review. The availability of the document to the public and opportunity for public comment prior to submittal to HCD is essential to the public process and HCD's review. The City must proactively make future revisions available to the public, including any commenters, prior to submitting any revisions to HCD and diligently consider and address comments, including making revisions to the document where appropriate. HCD's future review will consider the extent to which the revised element documents how the City solicited, considered, and addressed public comments in the element. The City's consideration of public comments must not be limited by HCD's findings in this review letter.