

# **FY 2019-20 Proposed Budget Study Session**

May 13, 2019



**CUPERTINO**

# Today's Presentation

- ❑ Major Accomplishments FY18/19
- ❑ Changes to the Budget Document
- ❑ General Fund Revenue
- ❑ General Fund Expenditures
- ❑ Fund Balance and Forecast
- ❑ All other Funds – Subsidy/New Revenue Sources

# Today's Presentation

- ❑ Recommended Expenditures by Dept.
- ❑ Staffing
- ❑ Issues and Challenges
- ❑ Next Steps

# Major Accomplishments

- ❑ Recruitment Software Implementation
- ❑ Tree City USA Growth Award Designation
- ❑ McClellan Road Class IV (separated) Bike Lanes Phase 1
- ❑ Recognition of the Safe Routes 2 School Program

# Major Accomplishments

- ❑ Investment Management Services
- ❑ Budget Community Workshop
- ❑ New Recreation Software
- ❑ Neighborhood Events
- ❑ Volunteers, Wellness, and Collaboration

# Changes to the Budget Document

- ❑ Base Budget
- ❑ Community Funding Policy
- ❑ Department Workload Indicators
- ❑ Appendix A

# FY20 Recommended Proposed Budget by Fund

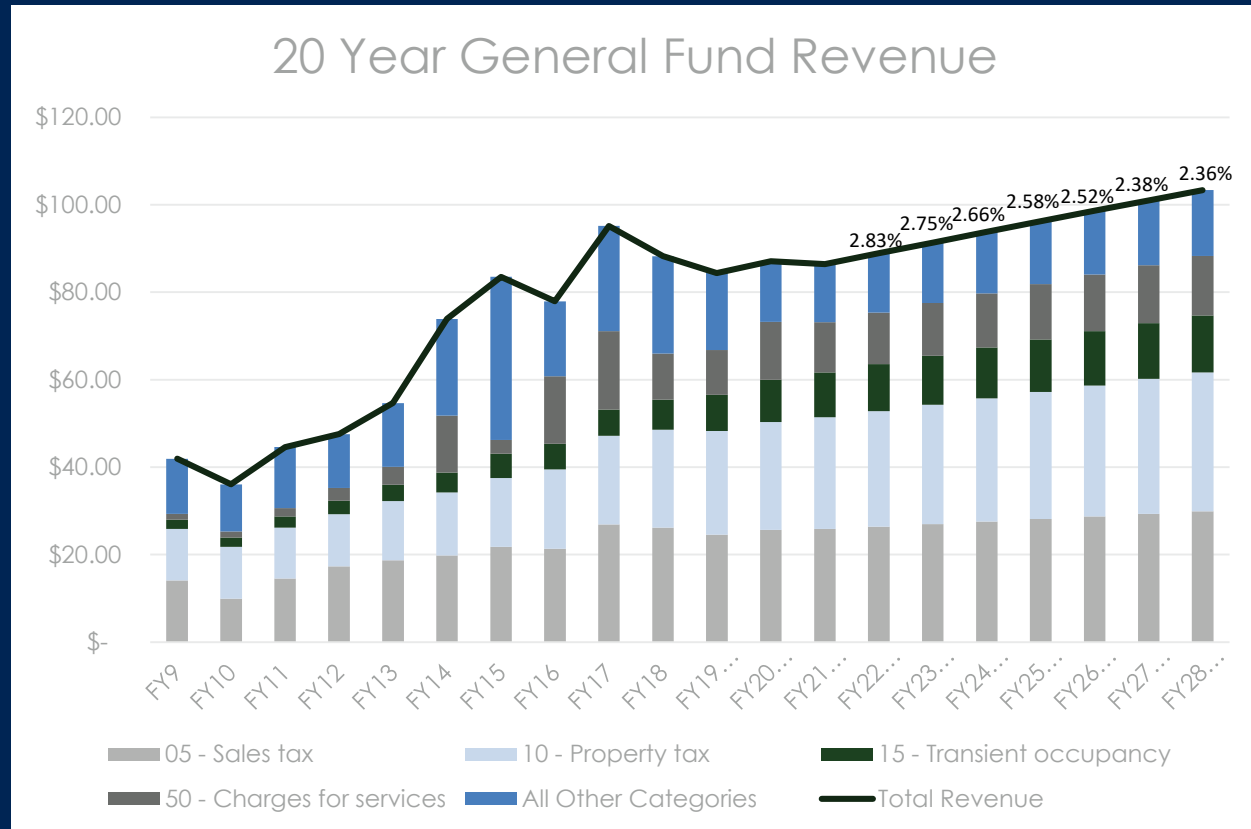
Fund Type	FY19 Adopted Budget	Proposed Budget	Change in \$	Change in %
<b>Revenues</b>				
General	\$ 76,888,476	\$ 87,100,152	\$ 10,211,676	12%
Special Revenue	\$ 12,565,191	\$ 9,906,203	\$ (2,658,988)	-27%
Debt Service Fund	\$ 3,169,438	\$ 3,172,838	\$ 3,400	0%
Capital Projects Fund	\$ 9,051,500	\$ -	\$ (9,051,500)	
Enterprise Funds	\$ 7,344,400	\$ 8,091,827	\$ 747,427	9%
Internal Service Funds	\$ 7,024,288	\$ 8,129,553	\$ 1,105,265	14%
<b>Total Revenues</b>	<b>\$ 116,043,293</b>	<b>\$ 100,179,193</b>	<b>\$ (15,864,100)</b>	<b>-16%</b>
<b>Appropriations</b>				
General	\$ 77,639,720	\$ 77,691,521	\$ 51,801	0%
Special Revenue	\$ 13,689,297	\$ 7,802,377	\$ (5,886,920)	-43%
Debt Service Fund	\$ 3,169,438	\$ 3,172,838	\$ 3,400	0%
Capital Projects Fund	\$ 17,868,000	\$ 177,500	\$ (17,690,500)	-99%
Enterprise Funds	\$ 10,854,026	\$ 9,843,236	\$ (1,010,790)	-9%
Internal Service Funds	\$ 8,498,378	\$ 7,104,589	\$ (1,393,789)	-16%
<b>Total Appropriations</b>	<b>\$ 131,718,859</b>	<b>\$ 105,792,061</b>	<b>\$ (25,926,798)</b>	<b>-20%</b>

# Recommended General Fund Revenue - \$87,100,152

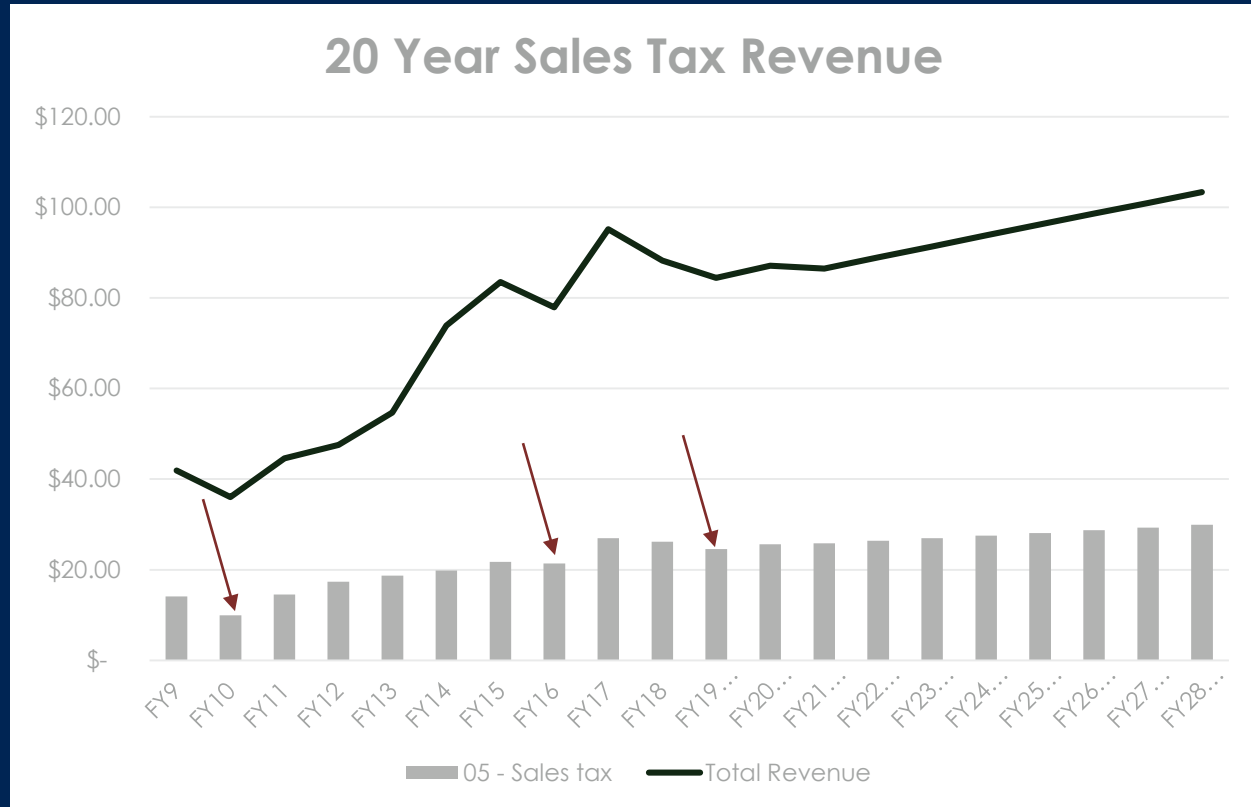
Sales tax	\$25,637,093
Property tax	\$24,703,218
Transient occupancy	\$9,666,056
Utility tax	\$3,198,644
Franchise fees	\$3,162,457
Other taxes	\$1,181,050
Licenses and permits	\$2,524,000
Use of money and property	\$1,330,579
Intergovernmental revenue	\$354,547
Charges for services	\$13,233,225
Fines and forfeitures	\$615,000
Miscellaneous	\$882,283
Transfers in	\$12,000
Other financing sources	\$600,000



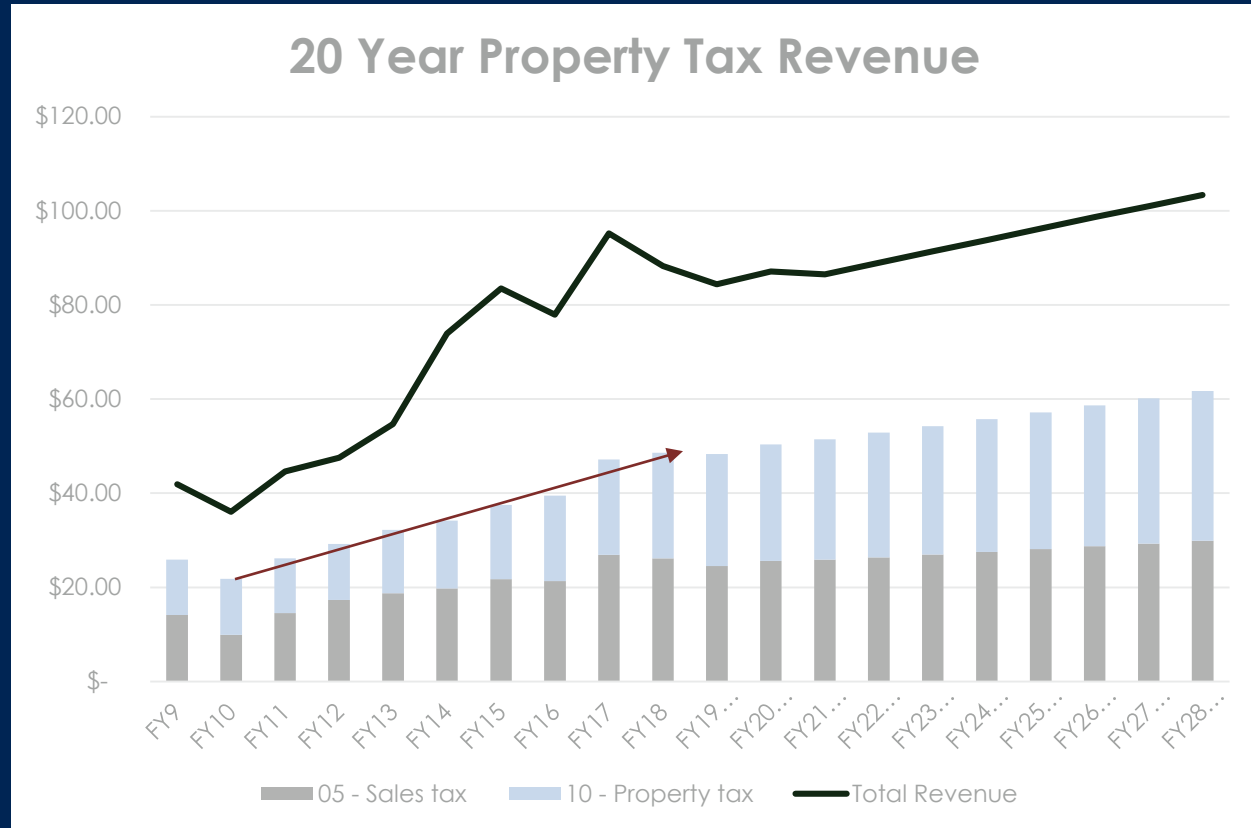
# General Fund Revenue



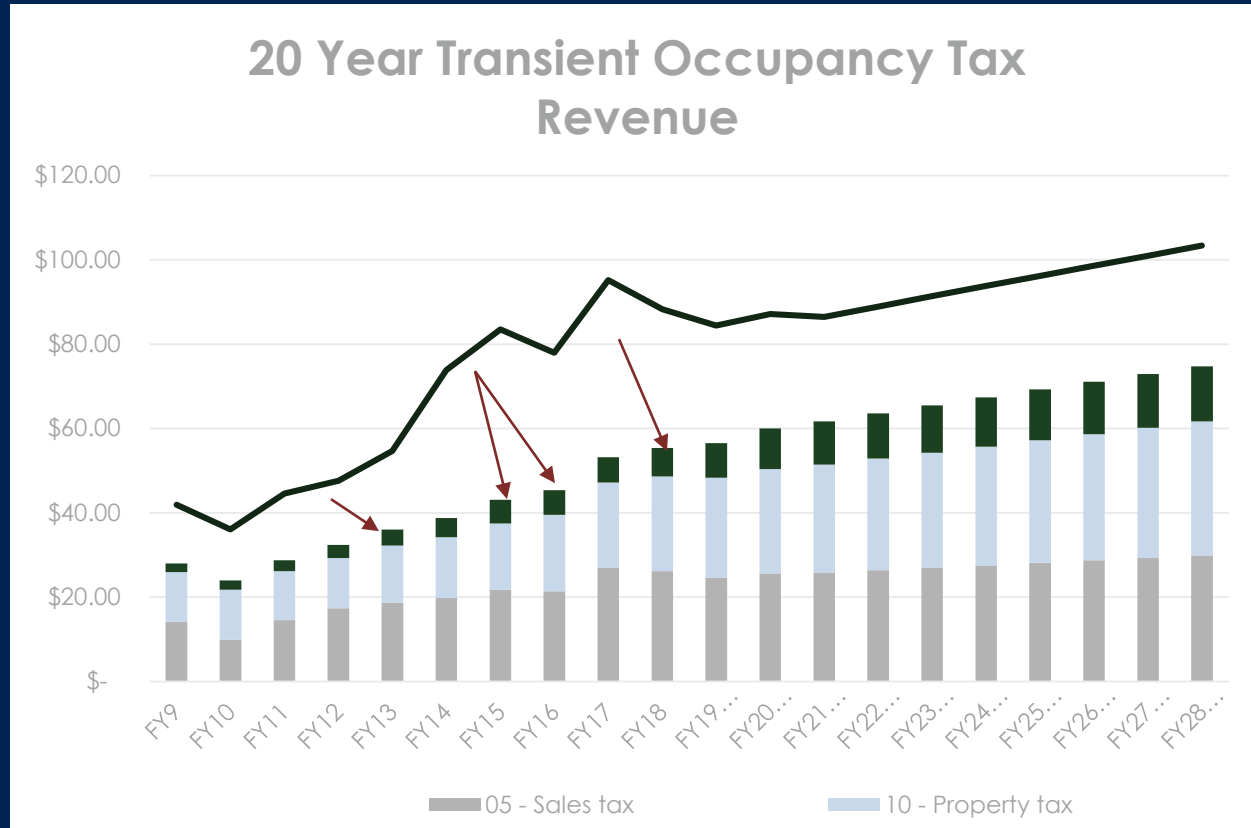
# General Fund - Sales Tax



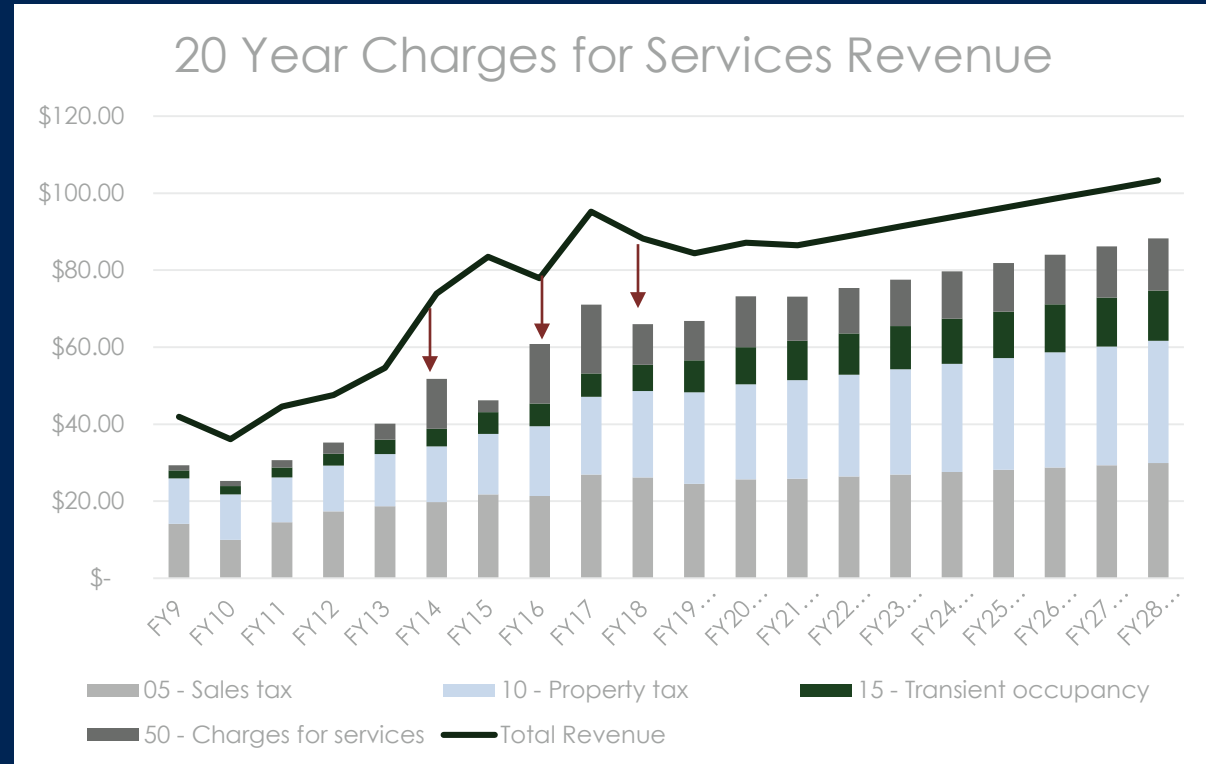
# General Fund - Property Tax



# General Fund - TOT



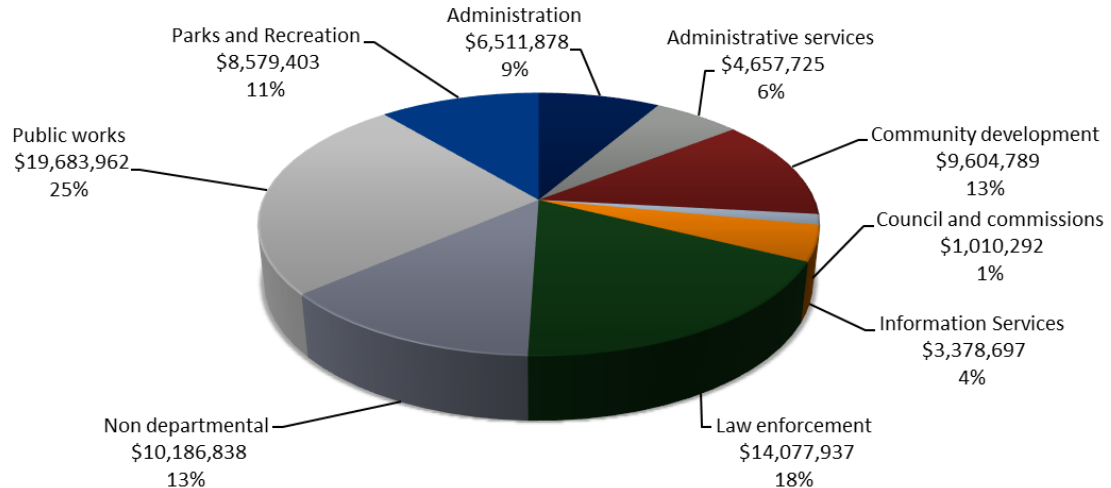
# General Fund - Charges for Services



# Recommended Expenditures

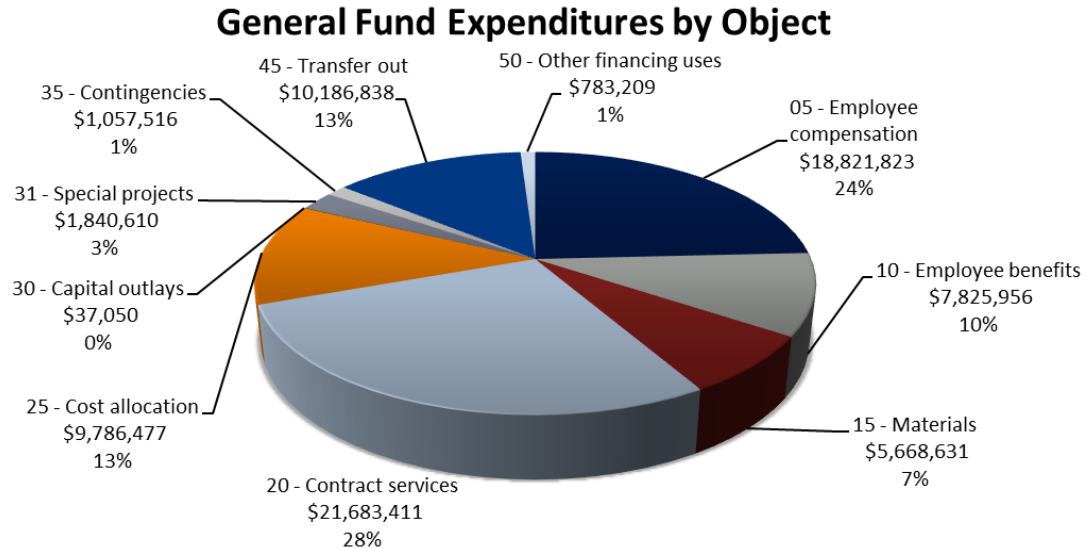
## General Fund - \$77,691,521

**General Fund Expenditures by Department**

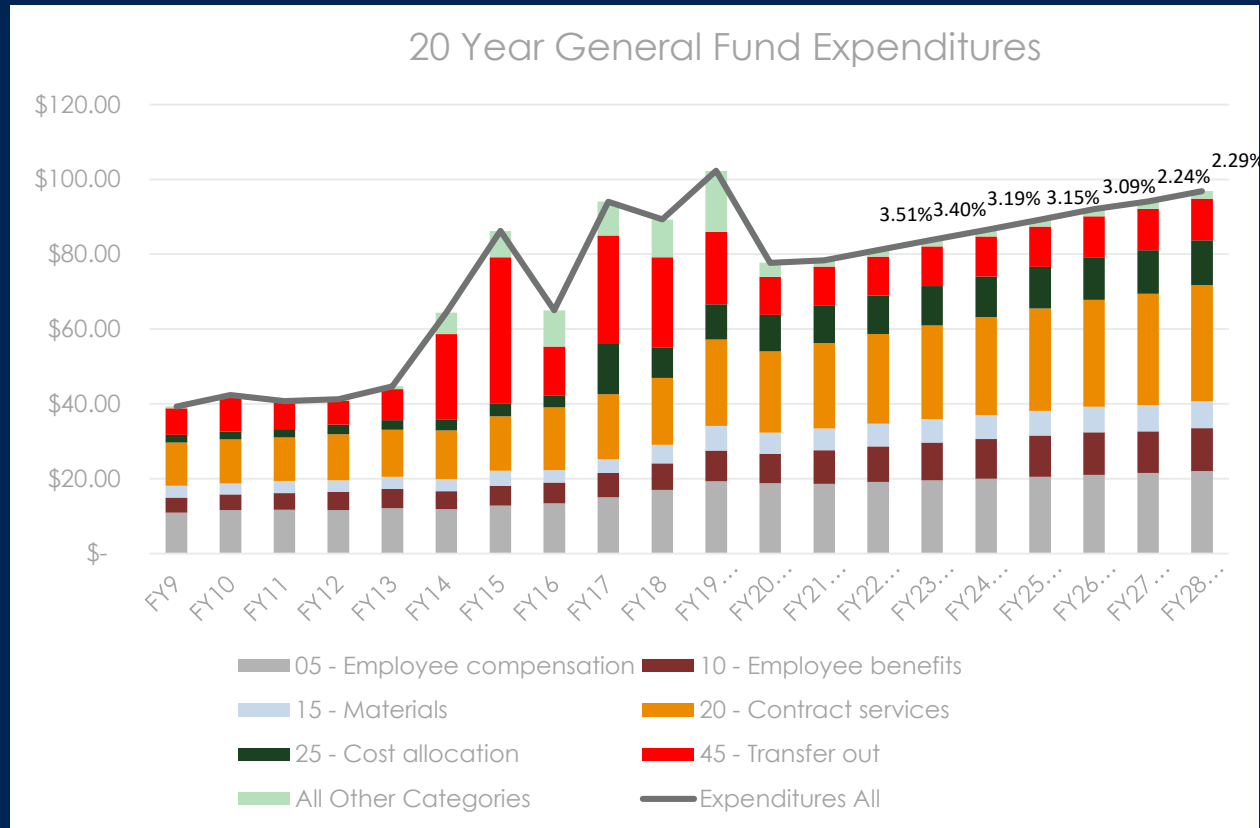


# Recommended Expenditures

## General Fund by Object \$77,691,521

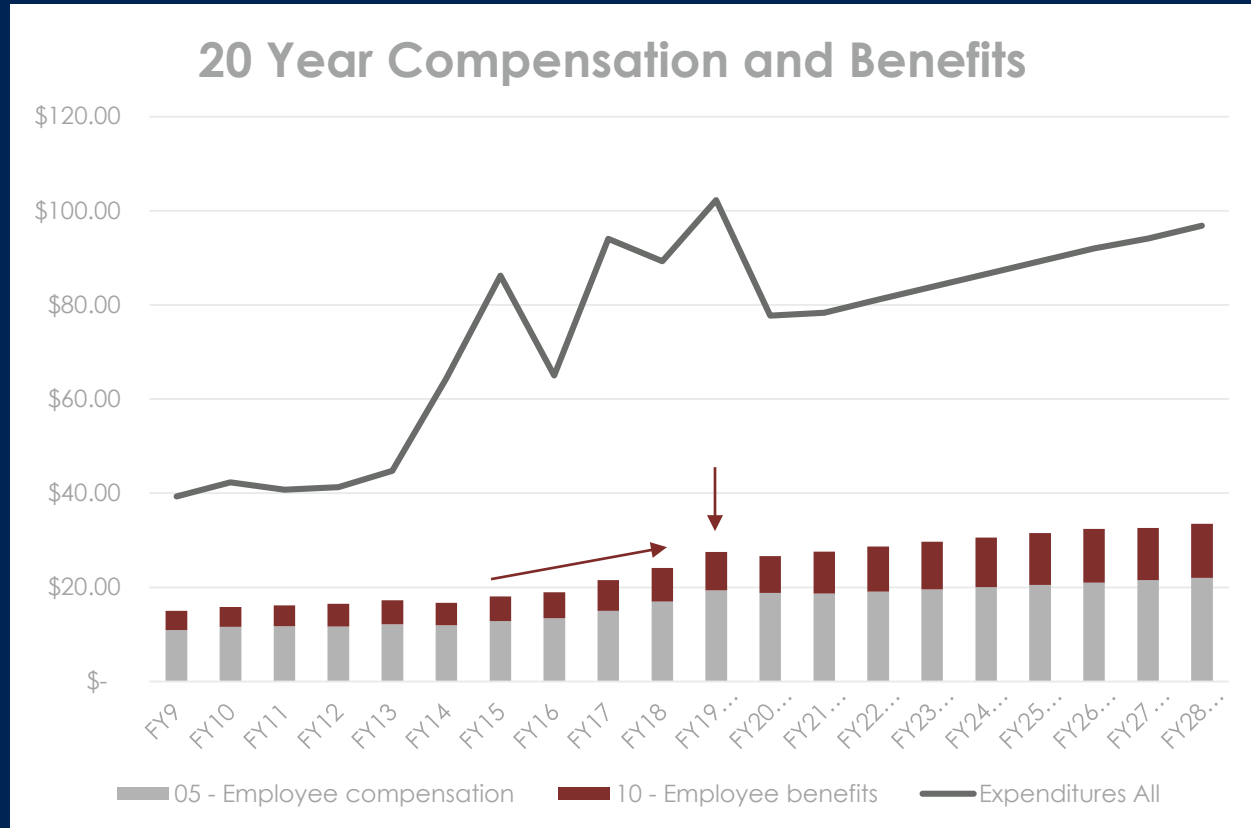


# General Fund Expenditures





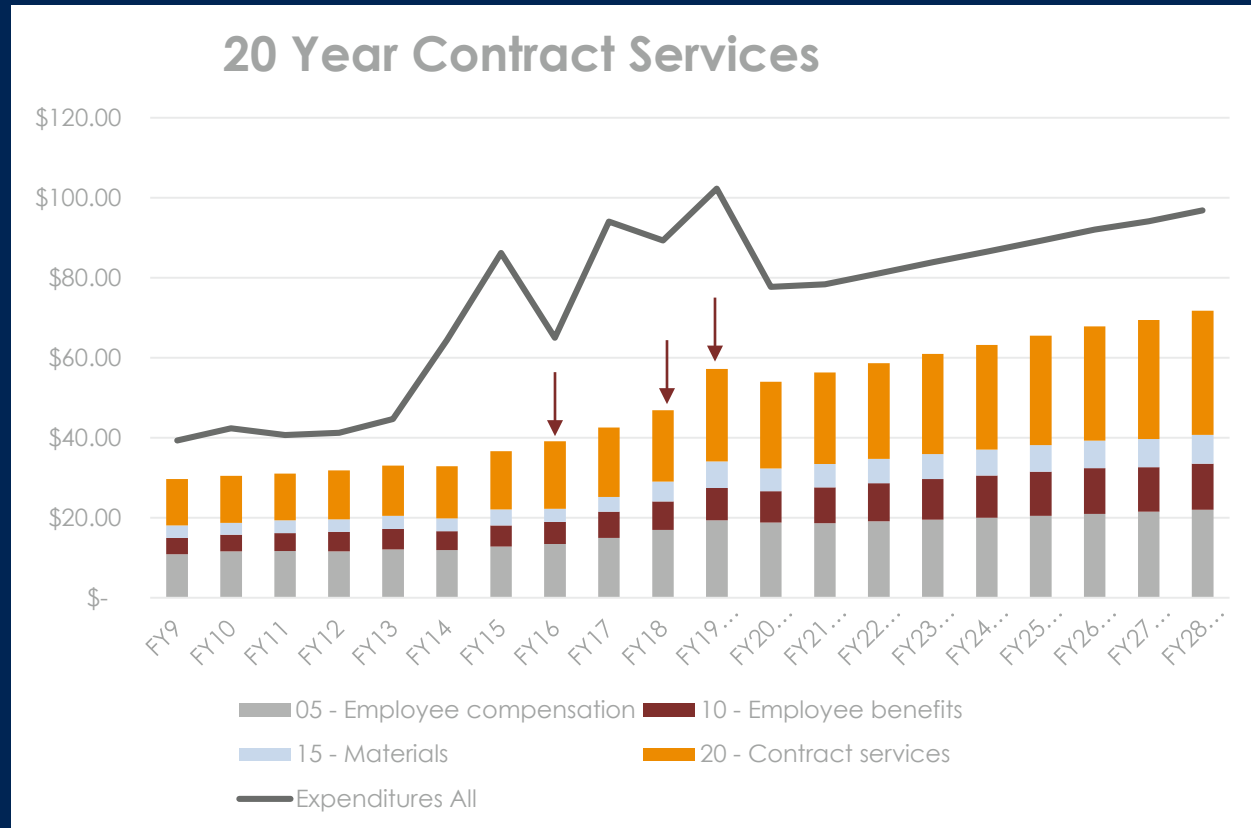
# General Fund Compensation & Benefits



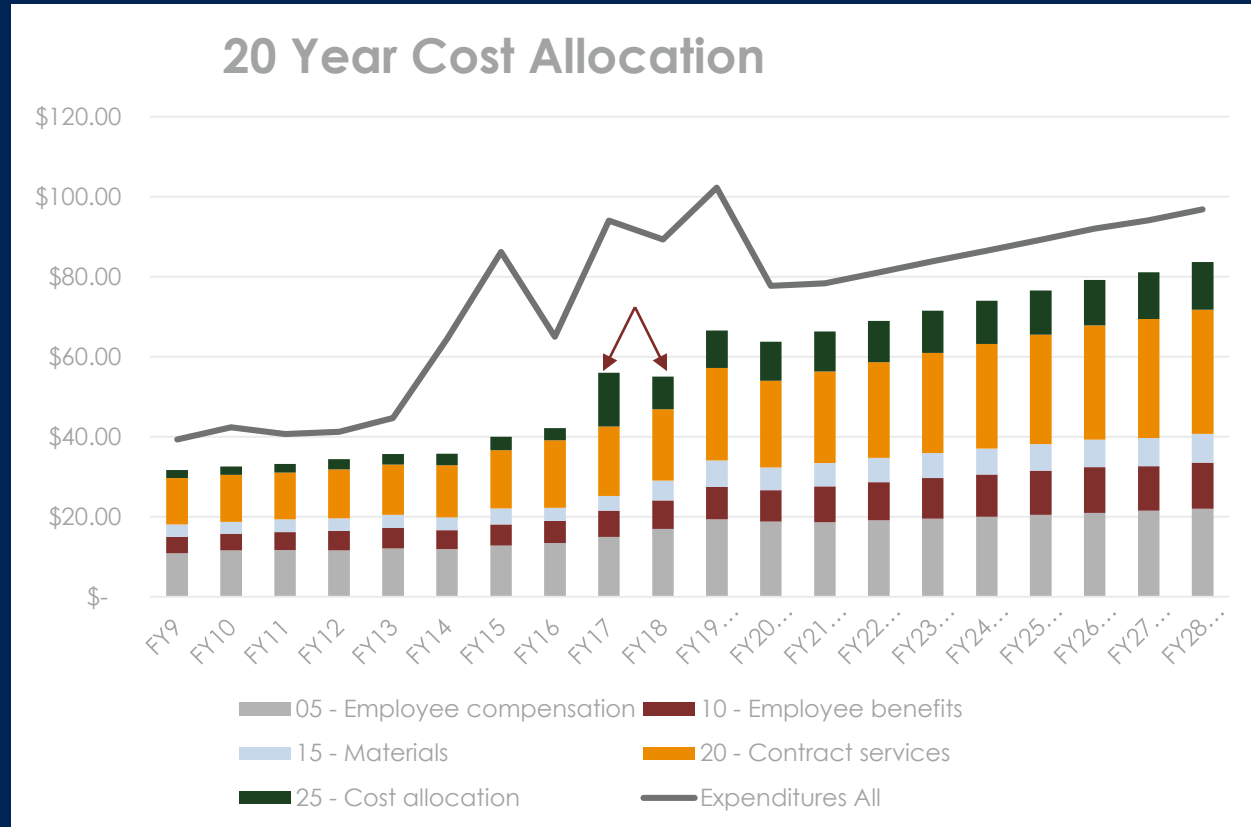
# General Fund Materials



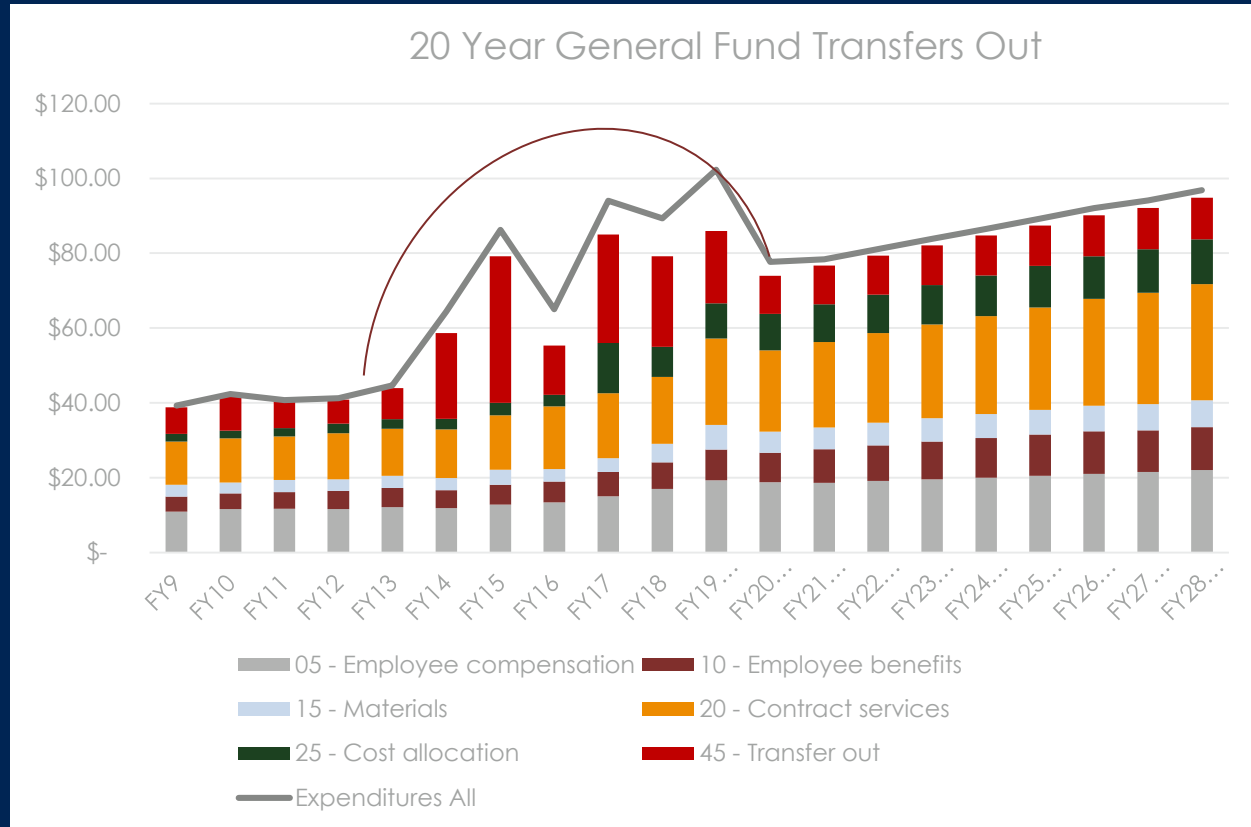
# General Fund Contract Services



# General Fund Cost Allocation



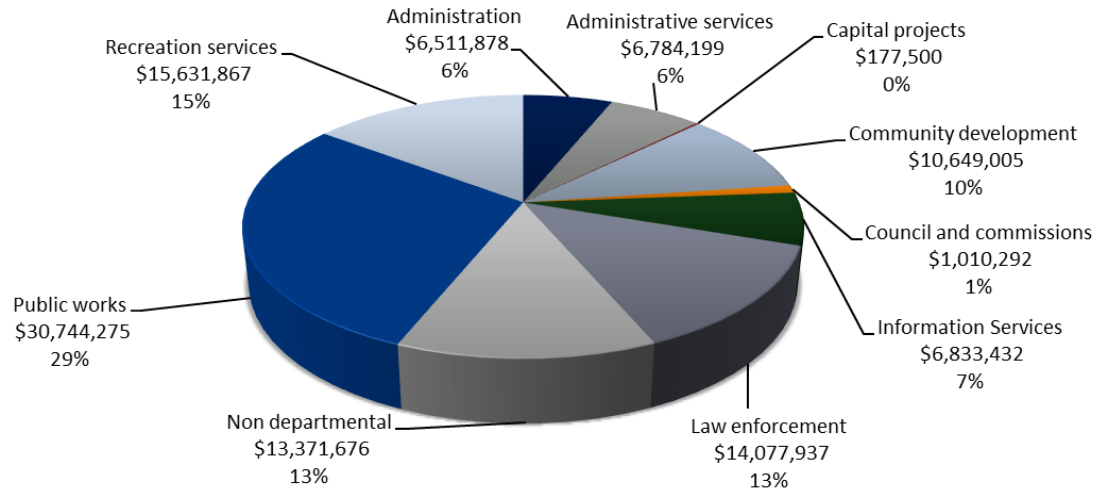
# General Fund Transfer Out



# Recommended Expenditures

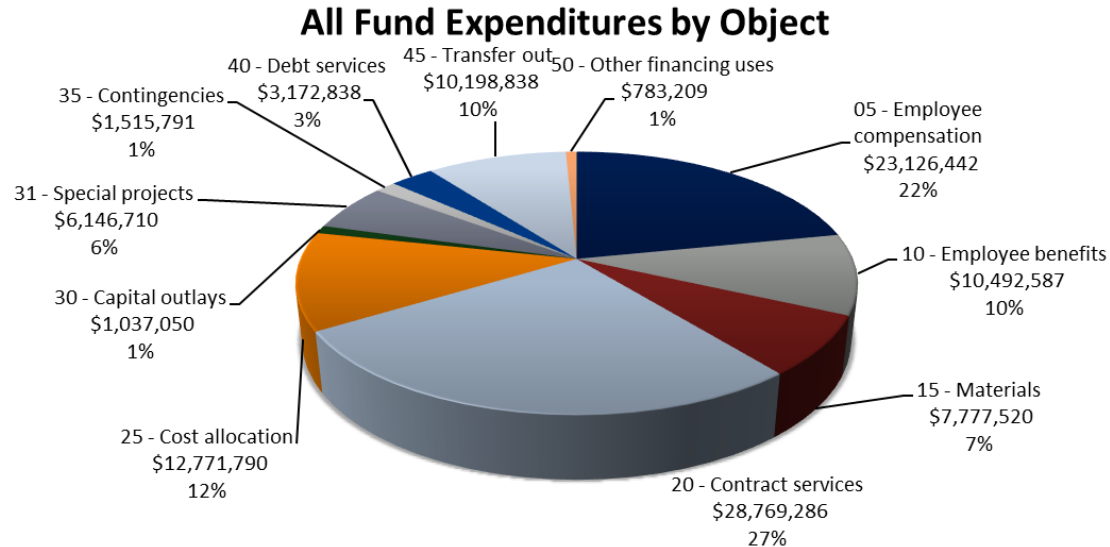
## All Funds - \$105,792,061

**All Fund Expenditures by Department**



# Recommended Expenditures

## All Funds (By object) - \$105,792,061

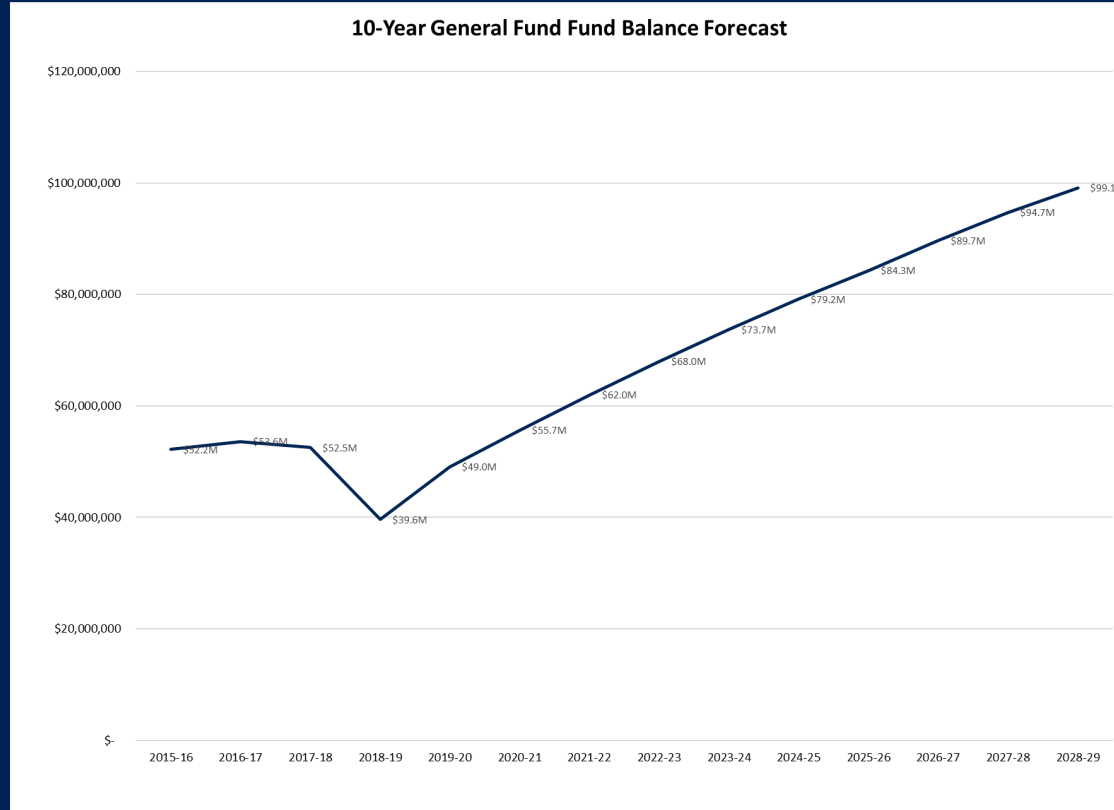


# Changes from the FY 2018-19 Adopted Budget

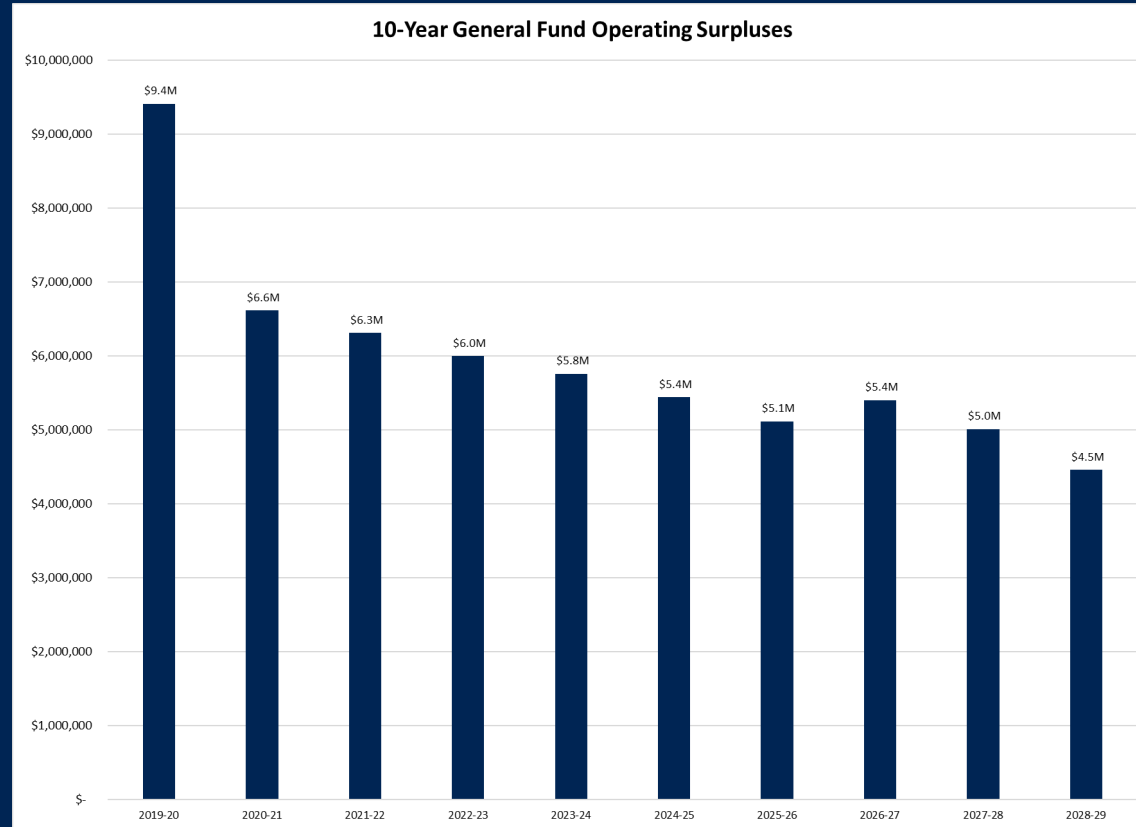
Category	FY 18-19 Adopted	FY 19-20 Proposed	Change	% Change
Employee Compensation	\$ 23,603,885	\$ 23,126,442	\$ (477,443)	-2%
Employee Benefits	\$ 10,823,413	\$ 10,492,587	\$ (330,826)	-3%
Total Personnel Costs Changes	\$ 34,427,298	\$ 33,619,029	\$ (808,269)	-2%
Materials	\$ 8,177,788	\$ 7,777,520	\$ (400,268)	-5%
Contract Services	\$ 28,378,516	\$ 28,769,286	\$ 390,770	1%
Cost Allocation	\$ 11,427,121	\$ 12,771,790	\$ 1,344,669	12%
Capital outlays/Special Projects	\$ 20,524,177	\$ 7,183,760	\$(13,340,417)	-65%
Contingencies	\$ 1,589,249	\$ 1,515,791	\$ (73,458)	-5%
Debt Services/Other Uses	\$ 5,099,298	\$ 3,956,047	\$ (1,143,251)	-22%
Transfers Out	\$ 22,095,412	\$ 10,198,838	\$(11,896,574)	-54%
Total All Funds	\$ 131,718,859	\$ 105,792,061	\$(25,926,798)	-20%



# General Fund - Fund Balance Forecast



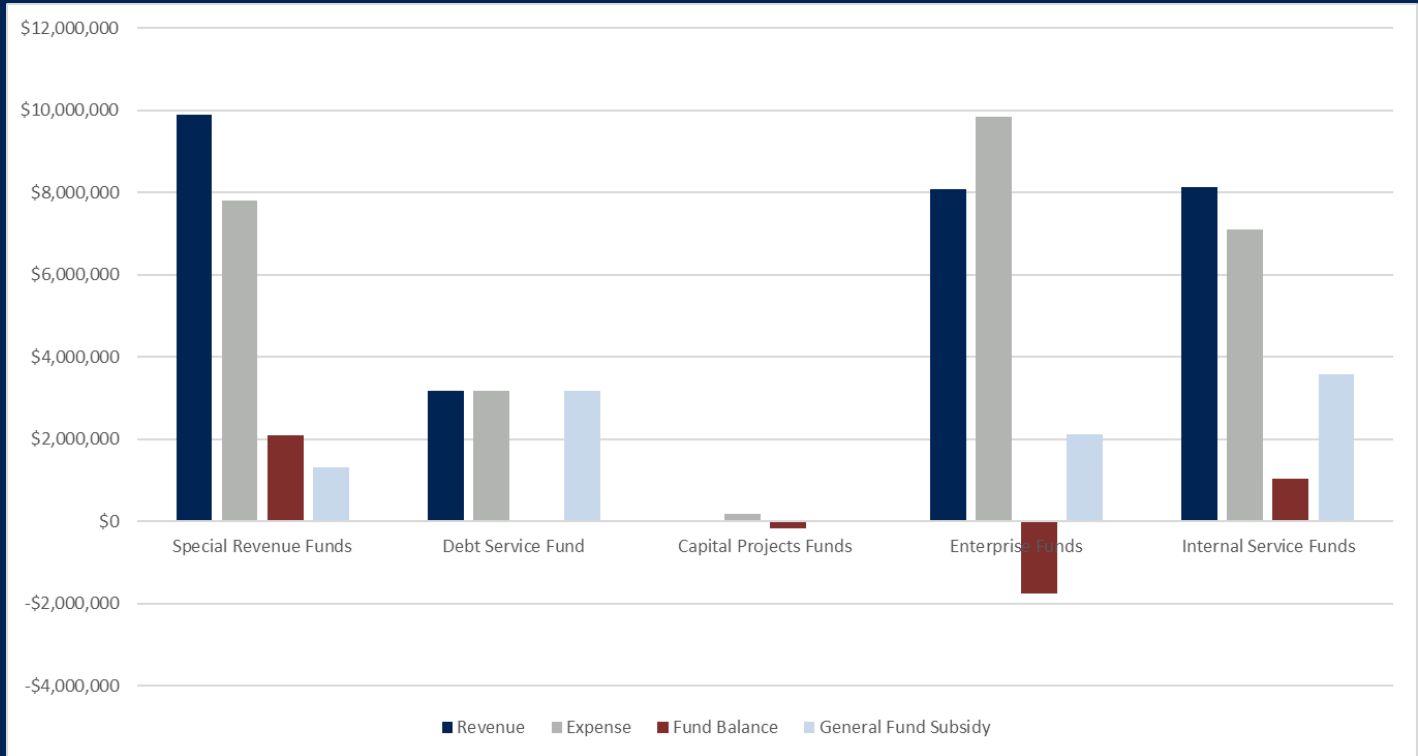
# General Fund Fund Balance Forecast (Cont.)



# 1% Salary Increase

Fiscal Year (FY)	1% Salary Increase
FY20	220,000
FY21	222,000
FY22	224,220
FY23	226,462
FY24	228,727
FY25	231,014
FY26	233,324
FY27	235,657
FY28	238,014

# All Funds Subsidy Analysis



# Council and Commissions

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$948,652	\$1,010,292	\$61,640

- ❑ Salary and Benefits -\$2,164
- ❑ Materials +36,701
- ❑ Contract Services +\$30,763
- ❑ Cost Allocation -\$6,243
- ❑ Contingencies +2,583

# Community Funding Requests

Non-Profit Organization	FY 18-19	FY 19-20	Change
Friends of Deer Hollow Farm - White Barn Renovation	\$15,000	\$15,000	\$ -
Rotary - Cupertino Fall Festival	\$12,000	\$12,000	\$ -
Euphrat Museum of Art	\$10,000	\$10,000	\$ -
Bay Area Chrysanthemum - Show	N/A-1	\$ 1,300	\$ 1,300
Cupertino Symphonic Band - Equipment	N/A-1	\$ 2,000	\$ 2,000
Santa Clara Audubon Society - Wildlife & Harvest Day	N/A-1	\$10,000	\$ 10,000
Cupertino De Anza Lion's Charities - Ride4Diabetes	N/A-1	\$10,000	\$ 10,000
Heart of the Valley - Reaching Hearts	N/A-1	\$ 7,000	\$ 7,000
West Valley Community Services - Pantry Overhang	N/A-1	\$20,000	\$ 20,000
Breathe CA - Seniors Breath	N/A-1	\$ 2,500	\$ 2,500
Cupertino Historical Society	\$15,000	N/A-2	\$ (15,000)
Iranian Federated Women's Club	\$ 400	N/A-3	\$ (400)
<b>TOTAL</b>	<b>\$52,400</b>	<b>\$89,800</b>	<b>\$ 37,400</b>

1 – Organization did not apply for Community Grant Funding in FY19

2 – Parks and Recreation Commission recommends guaranteed funding to the Cupertino Historical Society each Fiscal Year

3 – Organization did not apply for Community Grant Funding in FY20

# Administration

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$5,939,788	\$6,511,878	\$572,090

- Salary and Benefits -\$625,822
- Contract Services +\$1,363,634
- Materials +\$77,323
- Cost Allocation +\$47,401
- Special Projects -\$139,470
- Contingencies -\$150,976

# Special Projects - Administration

Special Projects	Work Program	Costs
Public Relations Project	X	\$50,000
Continuity of Operations Contract	X	\$75,000
	Total	\$125,000



# Law Enforcement

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$12,988,353	\$14,077,937	\$1,089,584

- ❑ Increased Contract Costs

# Innovation and Technology

Category	FY 18-19 Adopted Budget	FY 19-20 Proposed Budget	Variance
EXPENDITURES	\$7,895,286	\$6,833,432	(\$1,061,854)

- ❑ Salary and Benefits +\$12,304
- ❑ Cost Allocation +\$84,559
- ❑ Materials -\$55,184
- ❑ Contract Services -\$493,079
- ❑ Special Projects -\$421,000
- ❑ Contingencies -\$42,948
- ❑ Other Financing Uses -\$146,506

# Special Projects – IT

Special Project	Work Program	Costs
Cupertino Room Audio/Video Upgrade		\$155,000
Laserfiche Data WORM Replication		\$50,000
Plotter and Scanner Replacement		\$11,000
Building Security and Video	X	\$49,500
Total		\$265,500

# Administrative Services

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$6,792,256	\$6,784,199	(\$8,057)

- ❑ Salary and Benefits -\$1,629
- ❑ Materials +\$160,428
- ❑ Contract Services -\$179,542
- ❑ Cost Allocation -\$33,182
- ❑ Contingencies +45,868

# Parks and Recreation

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$17,442,432	\$15,631,867	(\$1,810,565)

- ❑ Salary and Benefits -\$672,337
- ❑ Materials -\$286,504
- ❑ Contract Services -\$575,603
- ❑ Cost Allocation +\$108,133
- ❑ Special Projects -\$75,500
- ❑ Contingency -\$41,974
- ❑ Other Financing Uses -\$266,780

# Special Projects – Parks and Recreation

Special Project	Work Program	Costs
Sports & Outdoor Field Use Analysis	X	\$30,500
Health & Safety Equipment		\$27,000
Total		\$57,500

# Festivals

Festival	Date	Festival Producer	Approximate Attendance	Waived Fees			City Expenses		Total
				Recreation	Facility/ Park/Road Permits	Public Works	Sheriff	Materials	
Kids 'N Fun Festival	Aug. 10, 2019	Taiwanese Cultural and Sports Association	6,000	\$1,385	\$10,802	\$2,871	\$5,853		\$ 20,911
Fall Festival	Sept. 14, 2019	Cupertino Rotary	4,000	\$1,472	\$6,998	\$3,047	\$5,853		\$ 17,370
Diwali	October 10, 2019	Cupertino Chamber of Commerce	5,000	\$1,555	\$6,710	\$3,070	\$5,853		\$ 17,187
Veteran's Day	Nov. 11, 2019	Cupertino Veteran's Memorial	750	\$612	\$1,000	\$18		\$1,593	\$ 3,223
Ikebana Flower Show	March 7-8, 2020	WAFU Ikebana Society	1,000	\$294	\$19,065				\$ 19,359
Egg Hunt	April 4, 2020	Home of Christ Church	800	\$483	\$2,120	\$23	\$0		\$ 2,626
Holi	March 29, 2020	Cupertino Chamber of Commerce	2,000	\$1,122	\$3,000	\$18	\$965		\$ 5,106
Cherry Blossom	April 25-26, 2020	Toyokawa Sister City	10,000	\$3,496	\$17,826	\$5,892	\$4,826		\$ 32,040
World Journal	May 9, 2020	World Journal/Cupertino Chinese School	3,000	\$1,564	\$4,960	\$3,043	\$4,908		\$ 14,475
Tournament of Bands	October 11, 2019	Cupertino Tournament of Bands	4,625	\$0	\$3,220		\$3,000	\$175	\$ 6,395
CEEF 5k	Aug. 24, 2019	Cupertino Educational Endowment Fund	1,500		\$3,220		\$3,000		\$6,220
Heroes Run	Nov. 2019	County of Santa Clara	1,000	\$0	\$3,220	\$74	\$0		\$ 3,294
Costs for FY 19-20 Events				\$ 11,983	\$ 82,141	\$ 18,058	\$ 34,258	\$ 1,768	\$ 148,207
TOTAL				TOTAL			TOTAL		\$36,026

# Planning and Community Development

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$9,476,056	\$10,649,005	\$1,172,949

- ❑ Salary and Benefits +\$60,862
- ❑ Materials -\$201,973
- ❑ Contract Services +12,720
- ❑ Cost Allocation +\$46,376
- ❑ Special Projects +\$1,403,500
- ❑ Contingencies -\$3,536
- ❑ Other Financing Uses -\$145,000



# Special Projects – Planning and Community Development

Special Project	Work Program	Costs
Short-Term Rentals Outreach	X	\$8,500
General Plan Update	X	\$1,000,000
Urban Village		\$250,000
MuniCode Updates	X	\$25,000
Dark Sky	X	\$5,000
Housing Strategies	X	\$20,000
Homelessness	X	\$10,000
ELI Housing Units	X	\$150,000
Green Building Code Standards	X	\$35,000
		<b>\$1,503,500</b>

# Public Works

Category	FY 18-19 Adopted Budget	FY 19-20 Proposed Budget	Variance
EXPENDITURES	\$34,629,686	\$30,744,275	(\$3,885,411)

- ❑ Salary and Benefits +\$765,734
- ❑ Materials -\$114,284
- ❑ Contact Services -\$1,426,418
- ❑ Cost Allocation +1,112,084
- ❑ Special Projects -\$3,024,790
- ❑ Contingencies +\$124,957
- ❑ Other Financing Uses -\$588,365
- ❑ Capital Outlays -\$734,329

# Special Projects – Public Works

Special Project	Work Program	Costs
Solid Waste Hauler Franchise Agreement		\$250,000
Office Reconfigurations		\$75,000
Kennedy Middle School Field Maintenance		\$19,500
BBF Windmill & Fence Refinishing		\$12,610
Annual Sidewalk, Curb, and Gutter		\$1,100,000
Pavement Maintenance		\$2,000,000
Street Tree Maintenance		\$12,000
Quinlan Community Center Reception Remodel		\$40,000
Senior Center Exterior Deck Resealing		\$12,000
Environmental Education Center HVAC		\$30,000
Sports Center Water Bottle Filler/Fountains		\$14,000

# Special Projects – Public Works

Special Project (Cont.)	Work Program	Costs
Infinity Room Glass Door Installation		\$17,000
Torre Ave Streelight LED Upgrade		\$11,500
Traffic Box Art Coating		\$7,500
Vehicle Replacement		\$594,100
	<b>Total</b>	<b>\$4,195,210</b>

# Non-Departmental

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$25,264,850	\$13,371,676	(\$11,893,174)

\* This table does not include Capital Reserve transfers out.

# CIP

Category	FY 18-19	FY 19-20	Variance
	Adopted Budget	Proposed Budget	
EXPENDITURES	\$10,341,500	\$177,500	(\$10,164,000)

# Additional Proposals

- ❑ On-Demand Community Shuttle Bus Pilot Program - \$2.4M

# FY 2019-20 Staffing Requests

- ❑ Current FTEs 201.75
- ❑ Recommended FTEs 202.25

Department(s)	Classification	Salaries	Benefits	Total Costs	Funding Source/Purpose
Public Works	Senior Office Assistant	\$64,725	\$37,772	\$102,497	General Fund Replace 2 part-time staff currently working on administrative duties
Public Works	Maintenance Worker I/II	\$60,267	\$36,796	\$97,063	General Fund Street Tree Maintenance Program
Administrative Services	Accounting Technician*	\$87,975	\$44,720	\$132,695	General Fund Intradivisional re-org and segregation of duties to implement internal control enhancements

\*Accounting Technician was not included in Proposed Budget as the Audit Committee did not approve staff recommendation until April 24, 2019



# Issues and Challenges

- ❑ Retirement Costs
  - ❑ Discount Rate from 7.5% to 7%
- ❑ Revenue Volatility
- ❑ Maintaining Existing Talent
- ❑ Health Benefits
- ❑ Capital Project Funding

# Next Steps

- FY 2018-19

- Third Quarter Report      May 21<sup>st</sup>

- FY 2019-20

- CIP Presentation      May 13<sup>th</sup>

- Hearing and Adoption      June 18<sup>th</sup>

- First Quarter Report      Nov 2019

# Accessing the Budget

- ❑ Online at [www.cupertino.org/budget](http://www.cupertino.org/budget)
- ❑ On the City's transparency portal  
[www.cupertino.org/opengov](http://www.cupertino.org/opengov)
- ❑ Copies available at City Hall and the Cupertino Library

## Study Session Objective

- Receive comments and questions from Council and Public
- Gather requests and return with updates for Final Budget Hearing when Council will vote on the Final Budget

# Questions?



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