

CC 05-17-2023

#1

FY 2023-24 Proposed  
Budget

Updated Presentation

5/17/23 Updated  
Presentation Slides  
23, 29 and 72

# Fiscal Year 2023-24 Proposed Budget

May 17, 2023



**CITY OF  
CUPERTINO**

# Study Session Objectives



Present City Manager's Proposed Budget



Receive comments and questions from Council and Public



Gather feedback and return with updates for Final Budget Hearing on June 6<sup>th</sup>

# FY 2023-24 Themes

The new  
normal



Building on a  
strong fiscal  
foundation

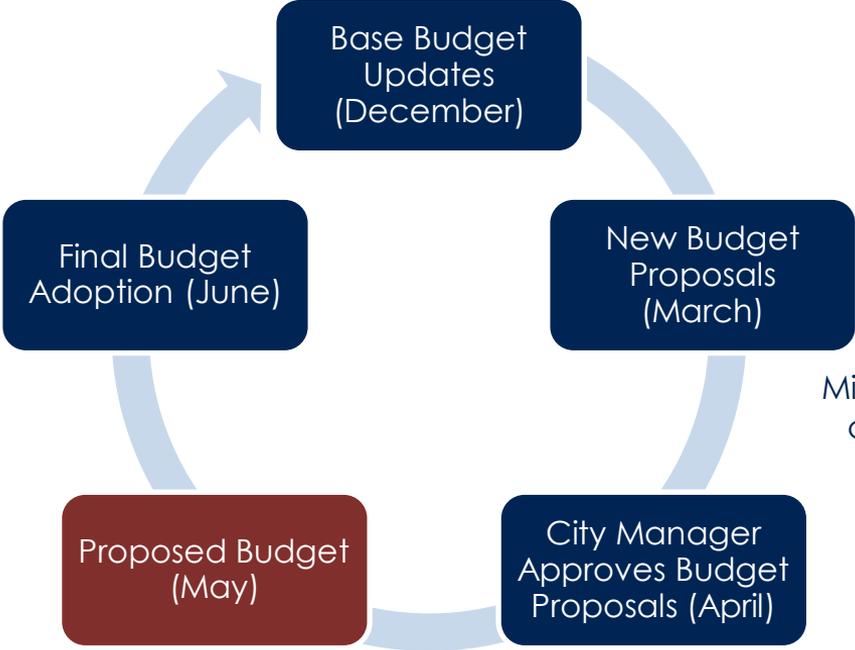


Balancing  
multiple  
priorities



Redefining  
the essential

# Annual Budget Cycle



Mid-March 2023: CDTFA verbally communicates its preliminary determination to the City

# Accessing the Budget

- City Website  
[cupertino.org/budget](https://cupertino.org/budget)
- Interactive Financial Transparency Portal  
[cupertino.org/opengov](https://cupertino.org/opengov)
- Resident Tax Calculator and Budget Forecast Tool  
[cupertino.org/interactive-budget-tools](https://cupertino.org/interactive-budget-tools)

The screenshot shows the City of Cupertino website's navigation and content. At the top left is the City of Cupertino logo. To its right is a search bar with the placeholder text "Search the Site...". Below the logo and search bar is a horizontal navigation menu with tabs: "I WANT TO...", "RESIDENTS", "BUSINESSES", "VISITORS", "ONLINE SERVICES", and "OUR CITY". The "OUR CITY" tab is highlighted in a dark blue color. Below the navigation menu is a sidebar with a list of links: "Finance", "Budget at a Glance", "Budget & Reports" (highlighted in a dark grey box), "Fund Structure", "Business License", "Budget Forecast and CDFA Audit", "Forms & Fees", and "Fraud, Waste, and Abuse Program". To the right of the sidebar, the breadcrumb "Our City > Departments > Finance >" is visible above the main heading "BUDGET & REPORTS". Below the heading are icons for "Print", "Feedback", "Share & Bookmark", and "Font Size". Under the heading is a section titled "Updates" with two bullet points: "Cupertino's FY 2023-24 Proposed Budget is now available" with a link to "FY 2023-24 Proposed Budget", and "Cupertino's FY 2022-23 Mid-Year Financial Report is now available" with links to "FY 2022-23 Mid-Year Financial Report" and "FY 2022-23 Mid-Year City Council Staff Report and Attachments".

# Community Budget Survey and Outreach

# Community Budget Outreach

Throughout April and May, City staff hosted a variety of budget outreach events to educate the community on budget related topics at local farmer's markets, Cupertino festivals, and in front of the Cupertino Library.



# Community Budget Survey

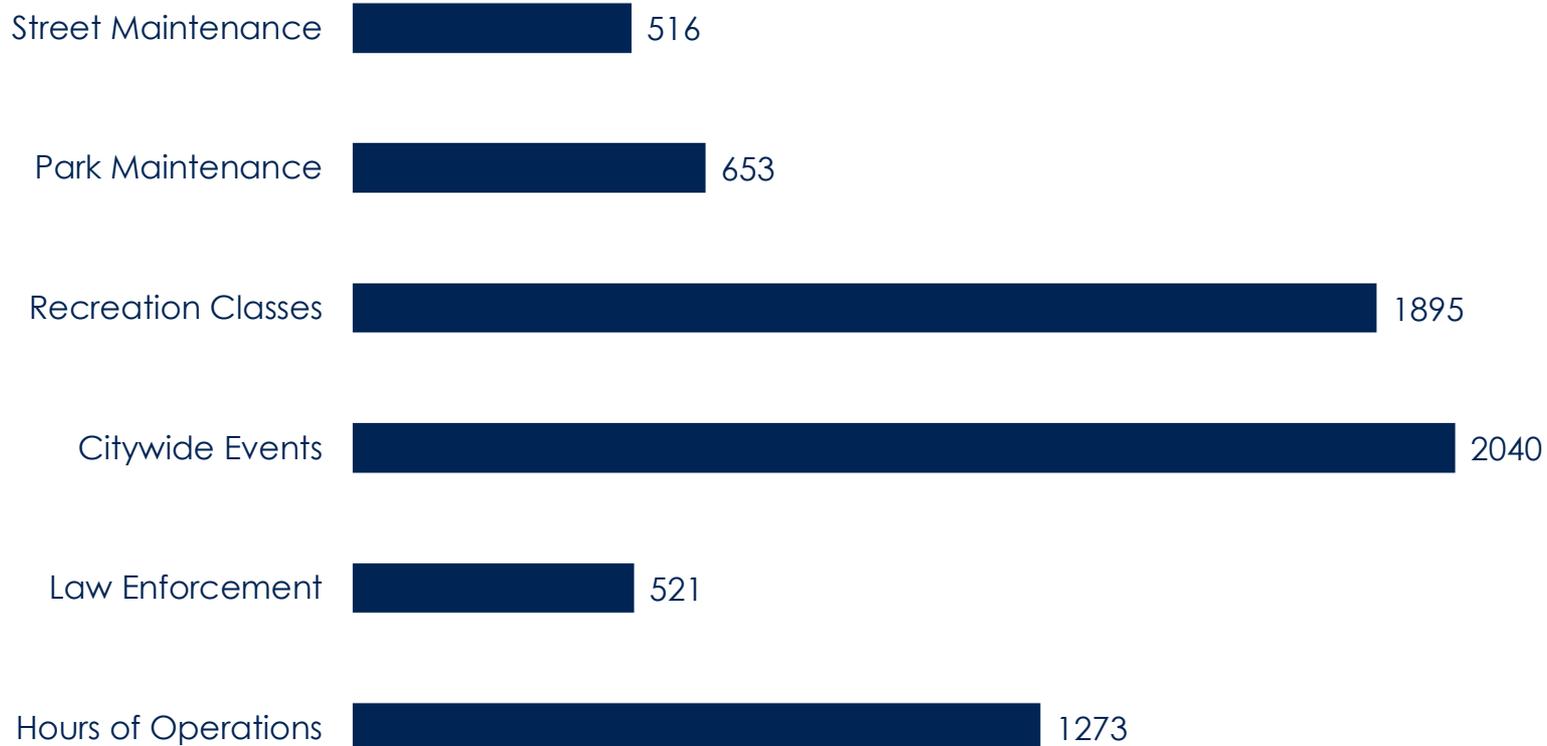
- Opened April 20, 2023
- Closes May 31, 2023
- 727 responses as of May 16, 2023, 5:26 PM
- [cupertino.org/BudgetSurvey](https://cupertino.org/BudgetSurvey)



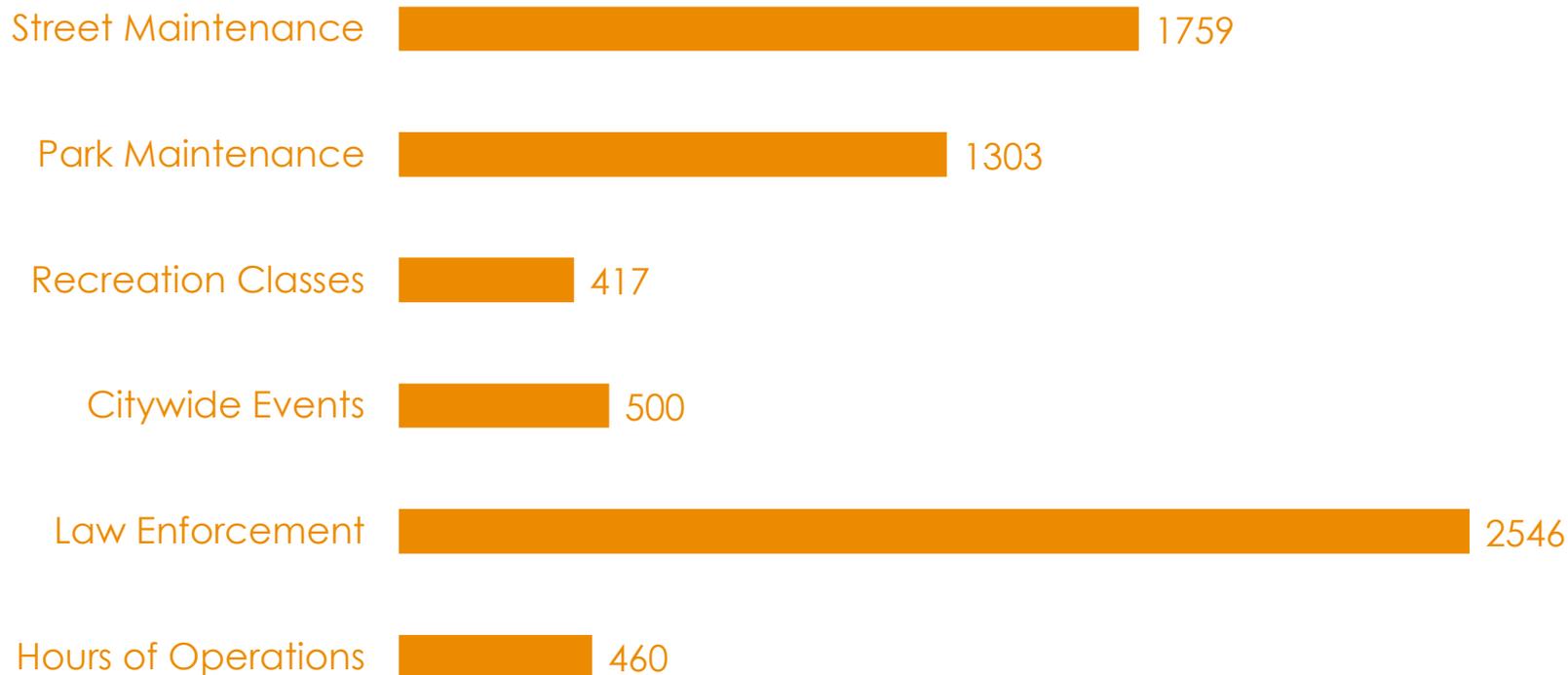
# Community Budget Survey Questions

1. You have 10 dots to allocate to the list of services that the City should reduce funding for. Indicate how many dots you would assign to each service based on your priorities. Reducing funding for a service may have consequences, such as decreased quality or availability of that service.
2. You have 10 dots to allocate to the list of services that you would like the City to NOT reduce funding for. Please review the list and indicate how many dots you would assign to each service based on your priorities.
3. You have a maximum of 10 dots to decide what revenue-generating avenues you would want the City to pursue.

# 1. Which services would you reduce funding for?



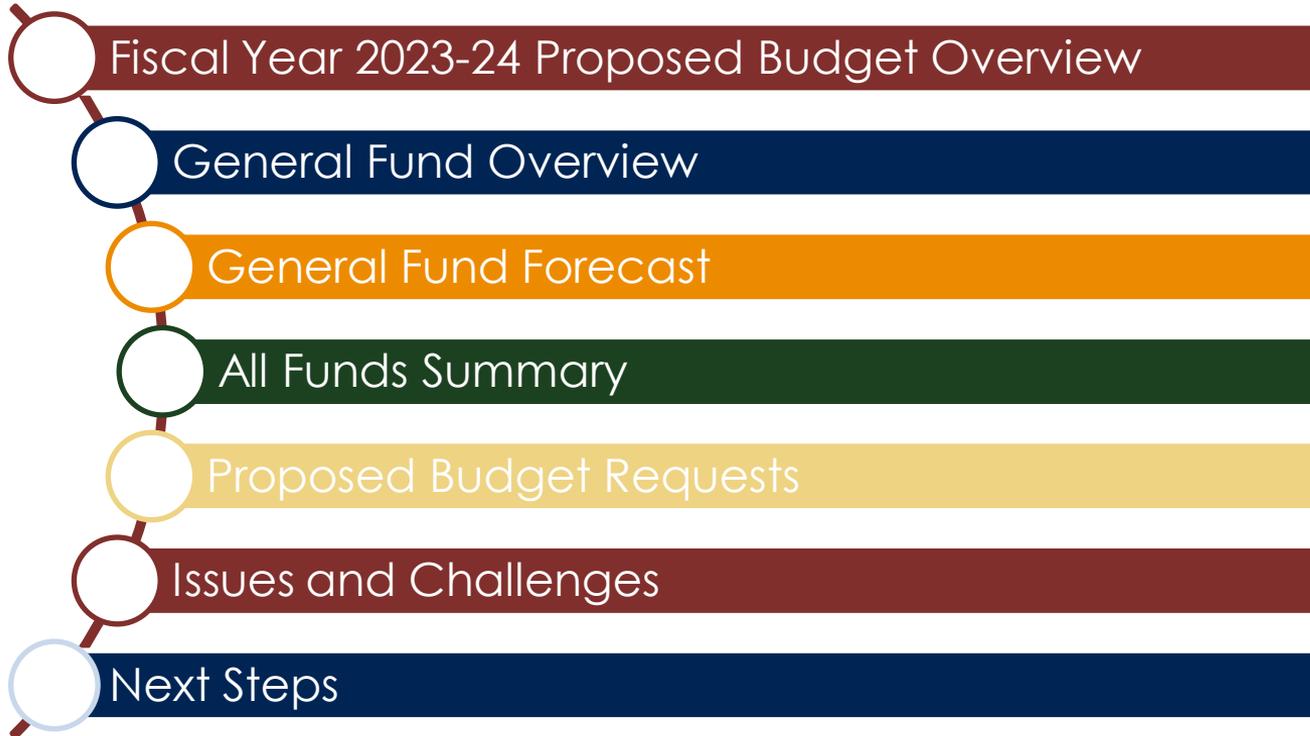
## 2. Which services would you NOT reduce funding for?



### 3. Which revenue-generating avenues would you want the City to pursue?



# Agenda

- 
- Fiscal Year 2023-24 Proposed Budget Overview
  - General Fund Overview
  - General Fund Forecast
  - All Funds Summary
  - Proposed Budget Requests
  - Issues and Challenges
  - Next Steps

# **Fiscal Year 2023-24 Proposed Budget Overview**



# Financial Overview by Fund<sup>1</sup>

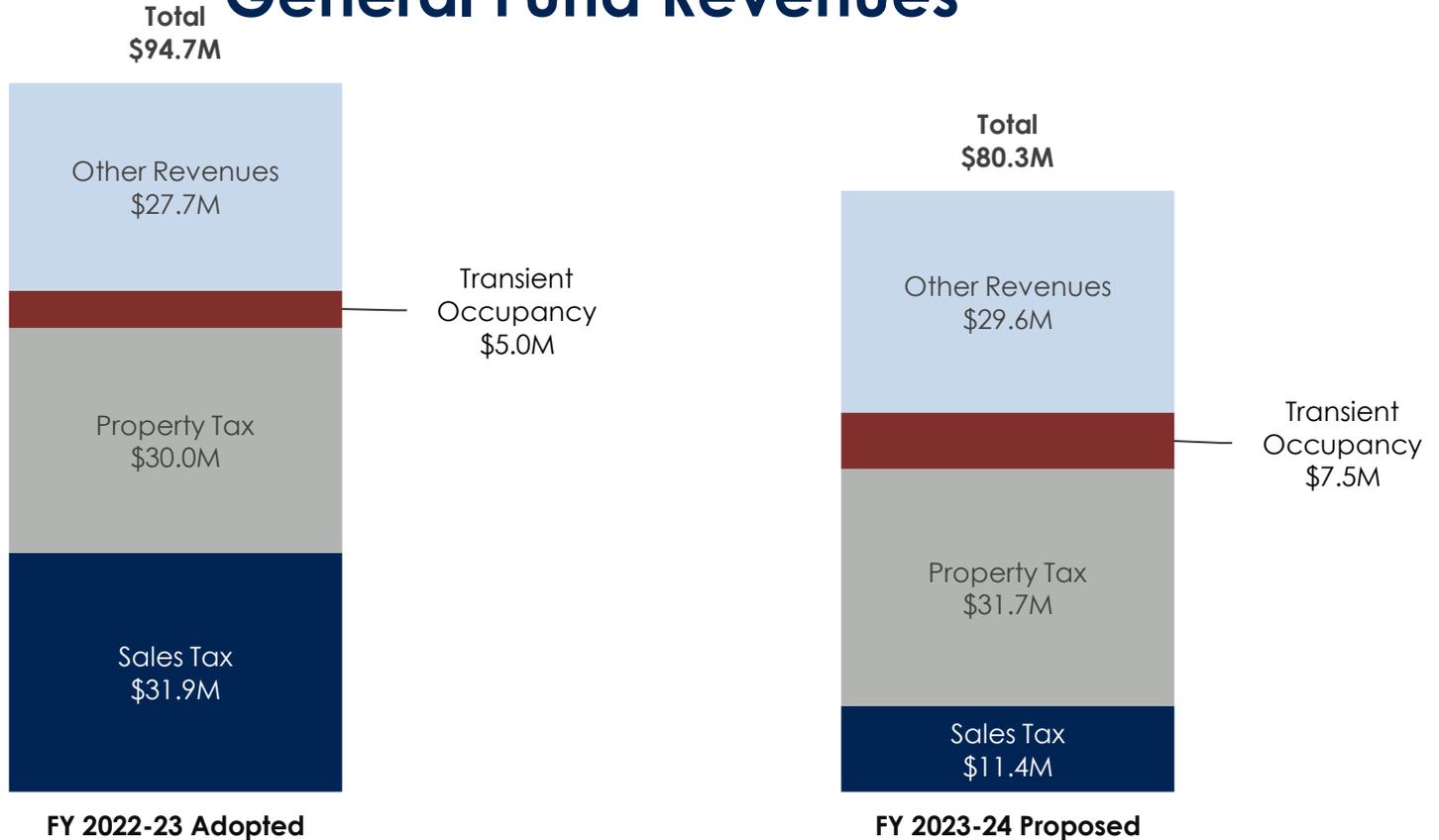
Fund	Revenues	Expenditures	Change in Fund Balance/ Net Position
General Fund	80,281,054	86,311,553	(6,030,499)
Special Revenue Funds	12,678,745	10,411,018	2,267,727
Debt Service Funds	2,677,600	2,677,600	-
Capital Projects Funds	-	175,000	(175,000)
Enterprise Funds	6,744,789	9,454,105	(2,709,316)
Internal Service Funds	5,478,924	8,733,704	(3,254,780)
<b>Total All Funds</b>	<b>\$107,861,112</b>	<b>\$117,762,980</b>	<b>\$(9,901,868)</b>

<sup>1</sup>Excludes Capital Improvement Program

# **Fiscal Year 2023-24 General Fund Overview**



# General Fund Revenues

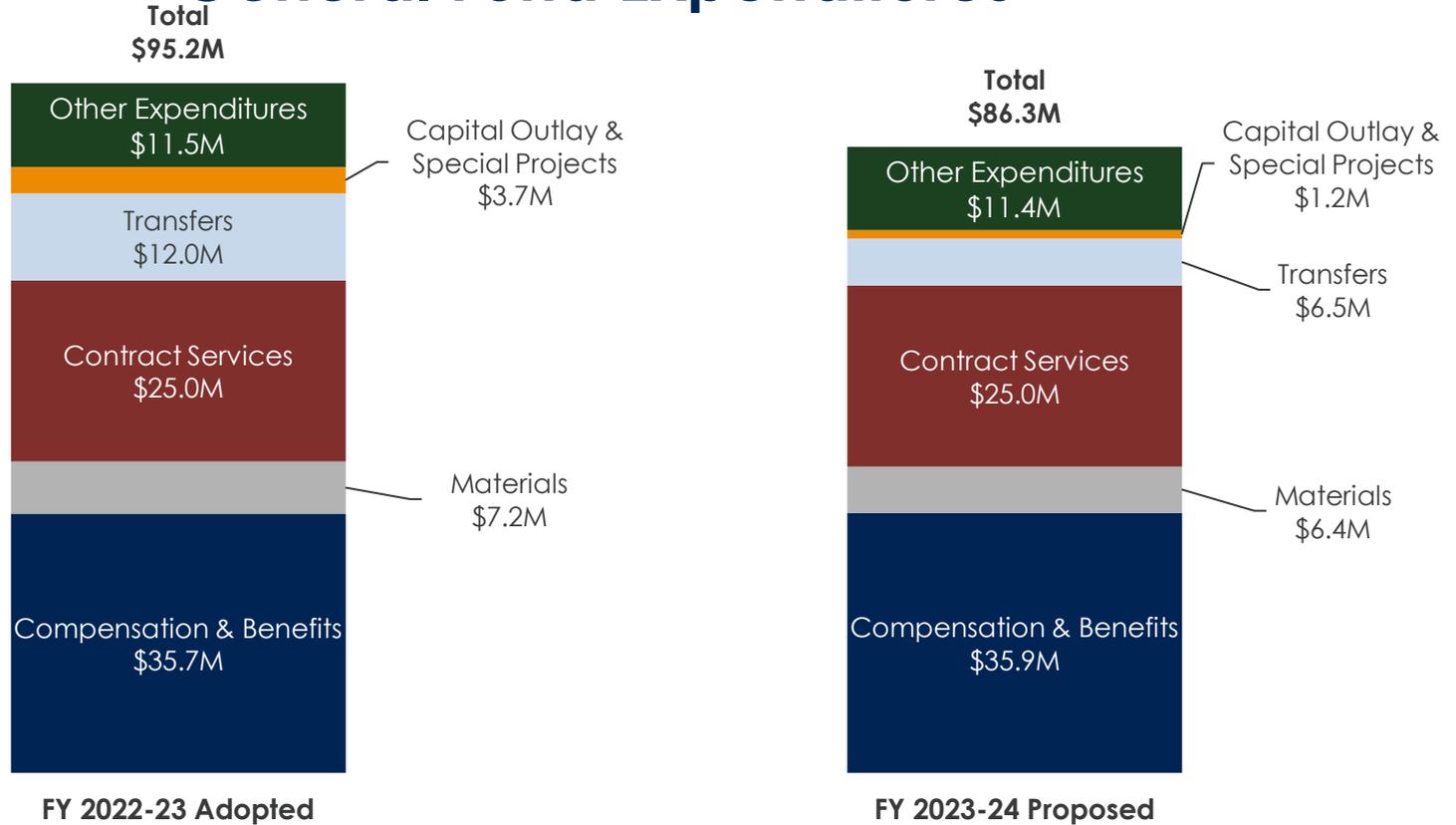


Note: Numbers may not add to total due to rounding.

# General Fund Revenues

Category	FY 2022-23 Adopted	FY 2023-24 Proposed	\$ Change	% Change
Sales Tax	31,944,089	11,428,930	(20,515,159)	-64%
Property Tax	30,039,574	31,736,834	1,697,260	6%
Transient Occupancy	5,000,000	7,500,000	2,500,000	50%
Utility Tax	2,955,404	3,304,742	349,338	12%
Franchise Fees	3,230,101	3,443,574	213,473	7%
Other Taxes	1,787,691	1,641,486	(146,205)	-8%
Licenses & Permits	3,541,012	4,265,081	724,069	20%
Use of Money & Property	1,277,013	2,328,336	1,051,323	82%
Intergovernmental	1,434,491	807,624	(626,867)	-44%
Charges for Services	11,528,436	11,894,611	366,175	3%
Fines & Forfeitures	427,000	405,000	(22,000)	-5%
Miscellaneous	1,160,437	1,142,836	(17,601)	-2%
Transfers in	61,140	15,000	(46,140)	-76%
Other financing sources	275,000	367,000	92,000	34%
<b>Total Revenues</b>	<b>\$94,661,388</b>	<b>\$80,281,054</b>	<b>\$(14,380,334)</b>	<b>-15%</b>

# General Fund Expenditures



Note: Numbers may not add to total due to rounding.

# General Fund Expenditures

Category	FY 2022-23 Adopted	FY 2023-24 Proposed	\$ Change	% Change
Employee Compensation	24,295,660	24,756,604	460,944	2%
Employee Benefits	11,440,636	11,124,035	(316,601)	-3%
<b>Total Personnel Costs</b>	<b>35,736,296</b>	<b>35,880,639</b>	<b>144,343</b>	<b>0%</b>
Materials	7,219,073	6,387,746	(831,327)	-12%
Contract Services	25,026,032	24,975,024	(51,008)	0%
Cost Allocation	10,385,961	10,257,656	(128,305)	-1%
Capital Outlays & Special Projects	3,657,378	1,211,157	(2,446,221)	-67%
Contingencies	451,739	216,731	(235,008)	-52%
Transfers Out	11,996,300	6,457,600	(5,538,700)	-46%
Other Financing Uses	695,000	925,000	230,000	33%
<b>Total Expenditures</b>	<b>\$95,167,779</b>	<b>\$86,311,553</b>	<b>\$(8,856,226)</b>	<b>-9%</b>

# Proposed Budget Update

(\$ In Millions)

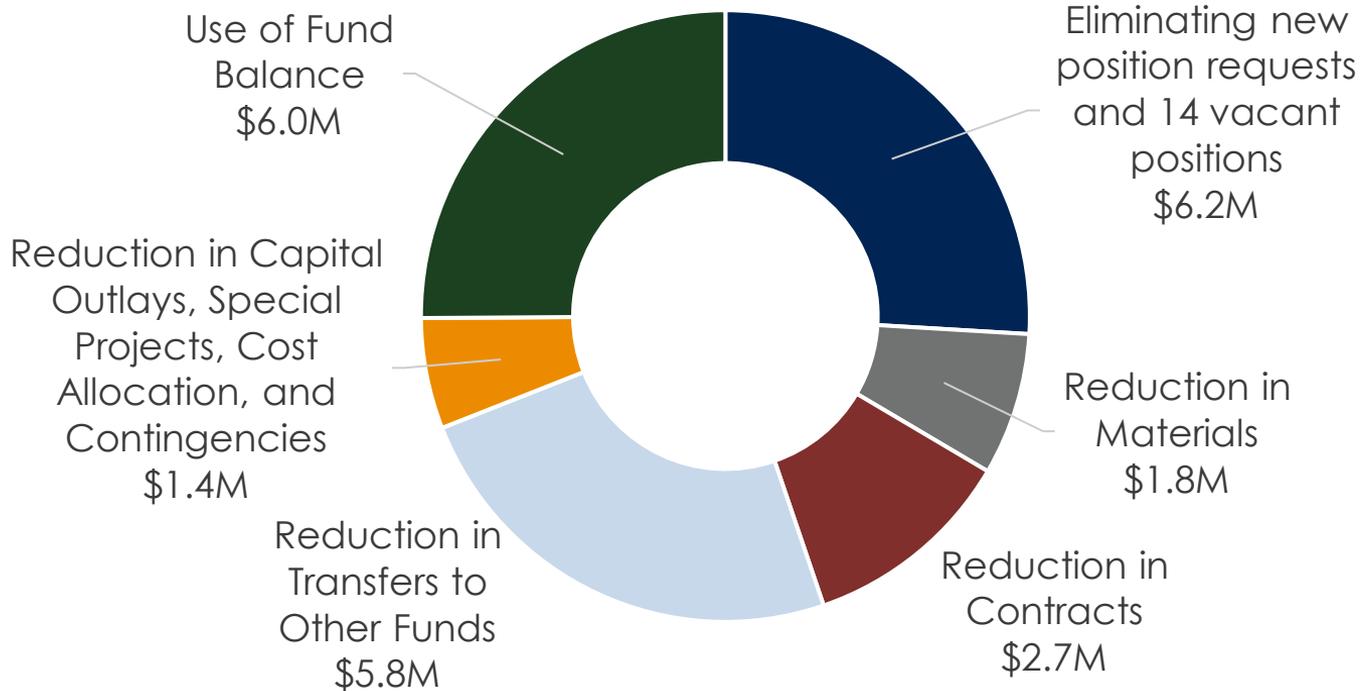
Category	FY 2023-24 Original Budget <sup>1</sup>	FY 2023-24 Forecast (April 13, 2023)	FY 2023-24 Proposed Budget (May 5, 2023)
Sales Tax	42.1	11.4	11.4
Other Revenues	69.0	69.0	68.9
<b>Total Revenues</b>	<b>111.1</b>	<b>80.4</b>	<b>80.3</b>
Compensation & Benefits	42.1	35.8	35.9
Materials	8.2	4.9	6.3
Contract Services	27.7	25.7	25.0
Cost Allocation	10.4	10.4	10.3
Transfers	12.2	8.1	6.5
Other Expenditures	3.6	1.6	2.3
<b>Total Expenditures</b>	<b>104.2</b>	<b>86.5</b>	<b>86.3</b>
<b>Net Revenues - Expenditures</b>	<b>6.8</b>	<b>(6.1)</b>	<b>(6.0)</b>



<sup>1</sup>This was the City's budget before the CDTFA informed the City about potential revenue loss. Expenses were determined using the previous year's base budget, with adjustments by the Consumer Price Index (CPI) when applicable and additions of new requests.

# Closing the \$23.9 Million Deficit

FY 2023-24 Original Budget vs FY 2023-24 Proposed Budget



# **Fiscal Year 2023-24 General Fund Forecast**



# Forecast Revenue Assumptions<sup>1</sup>

Account	Assumption	Description
Sales Tax	Conservative (1.6% AAGR)	HdL's forecast in FY 2023-24 73% (\$30 million) sales tax loss Conservative trend after
Property Tax	Moderate (3.1% AAGR)	HdL's forecast in FY 2023-24 Moderate trend after
Transient Occupancy Tax	Moderate (1.9% AAGR)	Recovery to \$7.5M in FY 2023-24 Moderate trend after

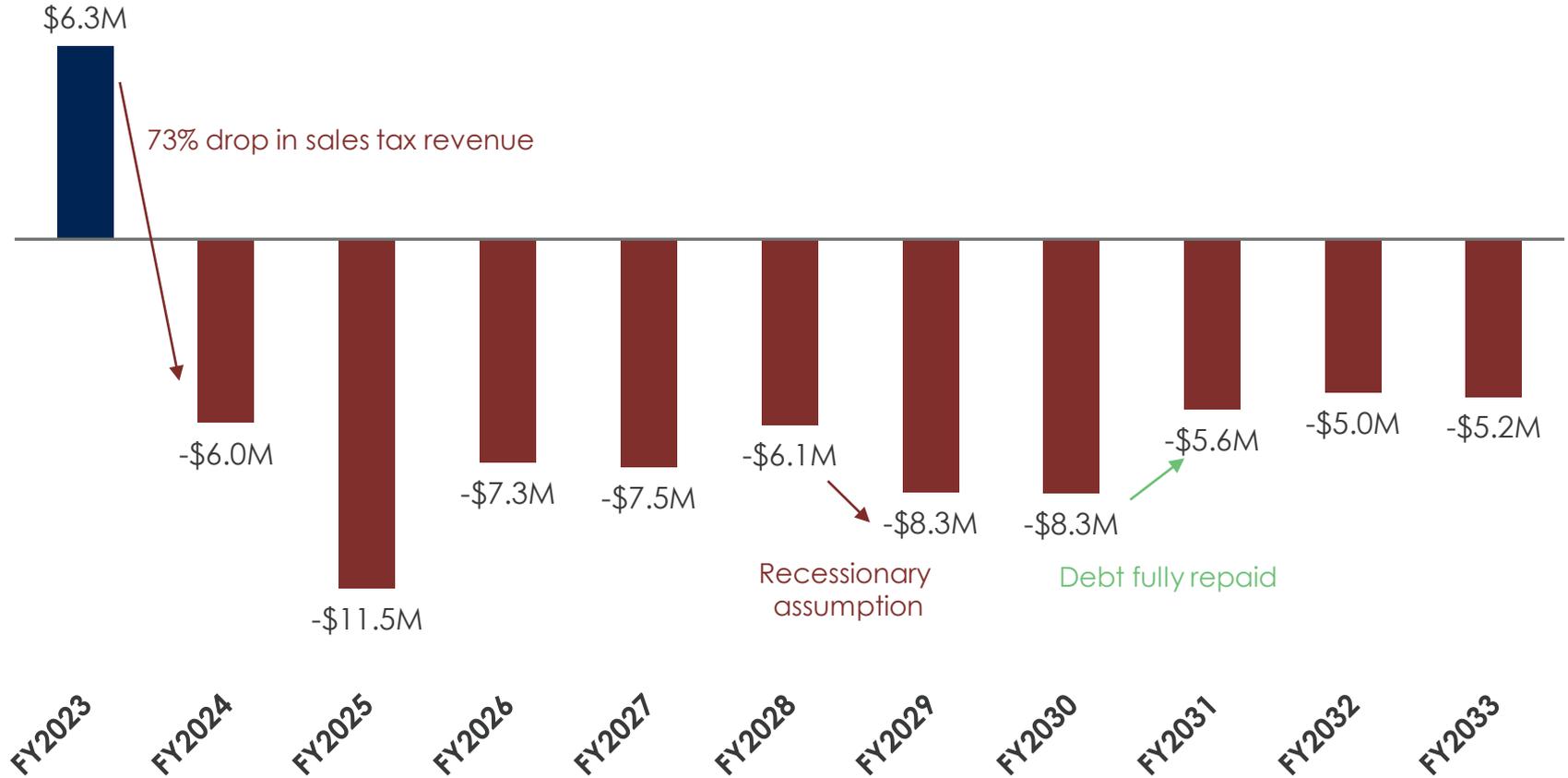
<sup>1</sup>Forecasts assume recession (no growth) in FY 2024-25 and FY 2028-29 for all revenue categories

# Forecast Expenditure Assumptions

Account	Assumption	Description
Compensation	CalPERS projections	No cost-of-living adjustments (COLAS), excluding payroll growth forecasted by CalPERS
Benefits	1.2% AAGR	Based on CalPERS projections
Materials	2.5% AAGR	Average of State and County CPI
Contracts	6.3% AAGR	Average of State and County CPI Law enforcement contract = CPI + 2%
Special Projects <sup>1</sup>	Baseline + CPI	\$0.5 million baseline
Contingencies	0.2% AAGR	1.25% of Materials and Contracts
Transfers	Baseline + CPI	\$7.5 million baseline

<sup>1</sup>Will impact ability to fund work program and other one-time items

# General Fund Annual Operating Surplus/(Deficit)



# Fund Balance Impacts -10 Years

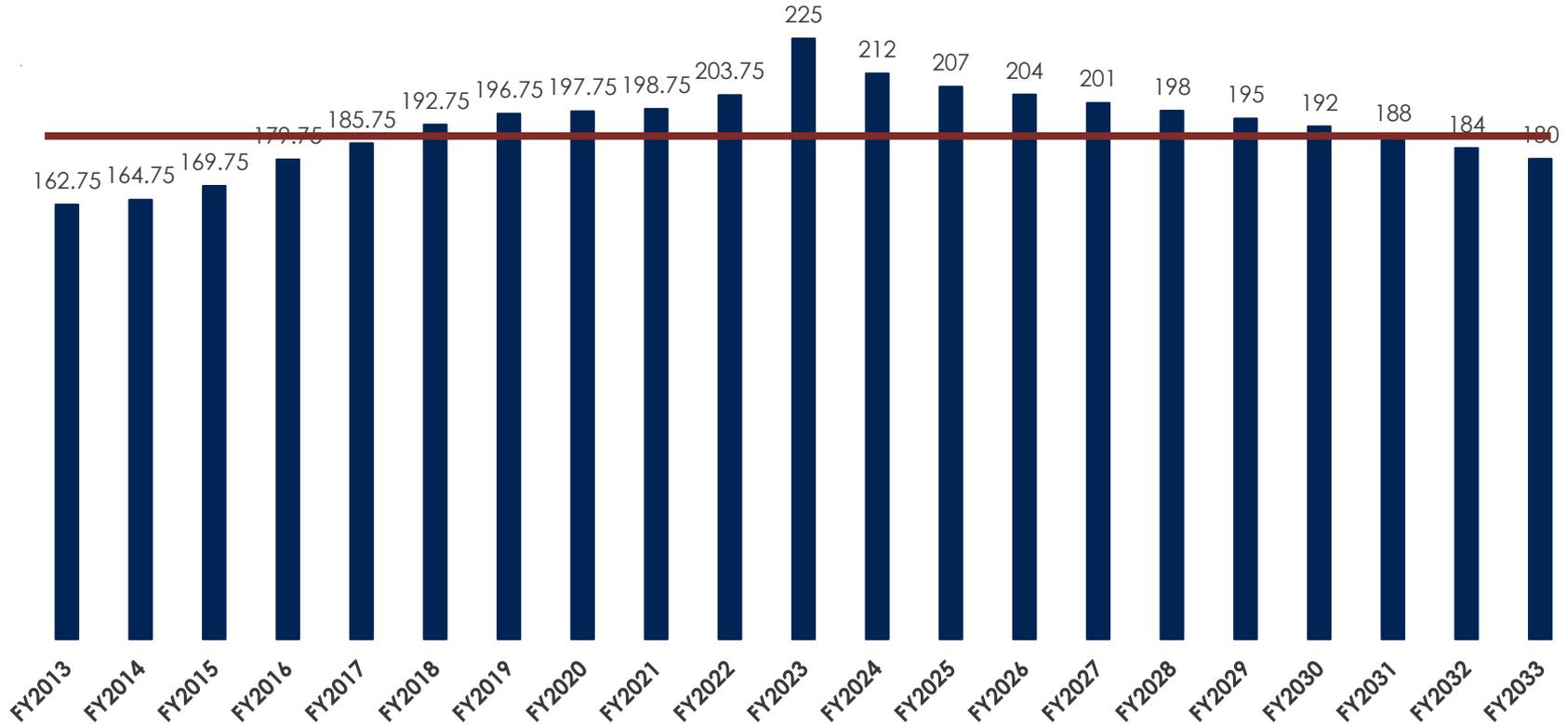
(\$ In millions)

	FY 2022-23	FY 2032-33	Change
<b>General Fund</b>			
Unassigned	52.8	-	(52.8)
Capital Projects Reserve	10.0	-	(10.0)
Section 115 Pension Trust	17.2	13.3	(4.0)
Economic Uncertainty Reserve	24.0	24.0	-
<b>Total</b>	<b>\$104.0</b>	<b>\$37.3</b>	<b>\$(66.8)</b>
<b>Capital Project Funds (420 &amp; 429)</b>			
Unassigned	\$13.3	TBD	TBD

Note: Numbers may not add to total due to rounding.

# Historical and Forecasted Staffing

## Adopted Budget and Forecast



# **Fiscal Year 2023-24 All Funds Summary**



## All Other Funds Financial Overview

Fund	Revenues	Expenditures	Change in Fund Balance/ Net Position
Special Revenue Funds	12,678,745	10,411,018	2,267,727
Debt Service Funds	2,677,600	2,677,600	-
Capital Projects Funds	-	175,000	(175,000)
Enterprise Funds	6,744,789	9,454,105	(2,709,316)
Internal Service Funds	5,478,924	8,733,704	(3,254,780)
<b>Total All Other Funds</b>	<b>\$27,580,058</b>	<b>\$31,451,427</b>	<b>\$(3,871,369)</b>

# All Other Funds Expenditures

Category	FY 2022-23 Adopted	FY 2023-24 Proposed	\$ Change	% Change
Employee Compensation	5,640,309	5,889,704	249,395	4%
Employee Benefits	3,833,322	3,906,958	73,636	2%
Materials	2,920,174	2,545,032	(375,142)	-13%
Contract Services	8,020,243	7,954,378	(65,865)	-1%
Cost Allocation	2,043,548	2,217,594	174,046	9%
Capital Outlays	4,406,600	880,224	(3,526,376)	-80%
Special Projects	4,466,921	4,111,582	(355,339)	-8%
Contingencies	242,632	104,335	(138,297)	-57%
Debt Services	2,675,800	2,677,600	1,800	0%
Transfers Out	23,600	15,000	(8,600)	-36%
Other Financing Uses	1,146,397	1,149,020	2,623	0%
<b>Total</b>	<b>\$35,419,546</b>	<b>\$31,451,427</b>	<b>\$(3,968,119)</b>	<b>-11%</b>

# Fiscal Year 2023-24 Proposed Budget Requests



# Budget Requests by Fund

Fund	One-Time Special Projects	Ongoing Special Projects	Total Proposals
General Fund	1,211,157	-	1,211,157
Special Revenue Funds	227,868	3,175,981	3,403,849
Enterprise Funds	135,733	-	135,733
Internal Service Funds	572,000	-	572,000
<b>Total All Funds</b>	<b>\$2,146,758</b>	<b>\$3,175,981</b>	<b>\$5,322,739</b>

# Budget Requests by Department

Department	One-Time Special Projects	Ongoing Special Projects	Total Proposals
Council & Commissions	-	-	-
Administration	10,000	-	10,000
Innovation & Technology	691,475	-	691,475
Administrative Services	-	-	-
Parks & Recreation	25,000	-	25,000
Community Development	100,000	-	100,000
Public Works	1,320,283	3,175,981	4,496,264
Non-Departmental	-	-	-
<b>Total All Departments</b>	<b>\$2,146,758</b>	<b>\$3,175,981</b>	<b>\$5,322,739</b>

# Council & Commissions

- The FY 2023-24 Proposed Budget decreased by \$144,551 (-11.1%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- No budget requests

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 177-218.

# Community Funding

Organization	Requested Funding	Recommended Funding <sup>1</sup>
Cupertino Symphonic Band	4,000	3,015
No Time to Waste	5,000	3,769
West Valley Community Services	10,000	7,539
STEMBoost Corporation	4,000	3,015
AINAK	2,500	1,885
Omniware Networks	4,000	3,015
Asian American Parents Association	3,000	2,262
<b>Total</b>	<b>\$32,500</b>	<b>\$24,500</b>

<sup>1</sup>25% reduction to all organizations

# Council & Commissions – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	286,824	161,259	125,565	Reduced meeting expenses such as food and coffee, conference and meetings, and tech reimbursements. Council members now use City devices.
<b>Total</b>	<b>\$286,824</b>	<b>\$161,259</b>	<b>\$125,565</b>	

# Council & Commissions – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduce<ul style="list-style-type: none"><li>• coffee service and food</li><li>• professional development opportunities from conference attendance and trainings</li><li>• tech reimbursements. Council now uses City devices</li><li>• Mayor's fund to \$10k per year from \$15K</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Reduce<ul style="list-style-type: none"><li>• Community Funding by \$8,000 from \$32,500 to \$24,500. In addition, staff will be recommending eliminating funding beginning next fiscal year.</li><li>• funding for artist awards</li></ul></li><li>• Remove<ul style="list-style-type: none"><li>• cyber security education funding</li><li>• parting gift for Poet Laureate</li><li>• Art in Unexpected Places</li><li>• School Waste Audit</li><li>• Grant Programs for Students in sustainability commission</li><li>• contingency planning for an outdoor Public Safety Forum event</li><li>• Commission dinners and conferences</li></ul></li></ul>

# Administration

(City Manager's, City Clerk's, City Attorney's Office)

- The FY 2023-24 Proposed Budget decreased by \$1,894,863 (-19.6%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for two City Work Program projects

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 219-266.

# Administration – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	535,812	400,223	135,589	Reduction in conferences/ trainings, office supplies, meeting expenses, supplies for City events, some emergency/ business/and sustainability programs
Contracts	1,362,790	941,380	421,410	Reduction in funds available for new/unexpected litigation and other legal issues, translation services, and water conservation rebate agreement
<b>Total</b>	<b>\$1,898,602</b>	<b>\$1,341,603</b>	<b>\$556,999</b>	

# Administration – Detailed Impacts

## Internal Impacts

- Reduce
  - professional development opportunities from conference attendance and training
  - office supplies and meeting expenses
  - funds available for new/unexpected litigation and other legal issues

## Community Impacts

- Reduce
  - CREST award and State of the City budgets
  - funds for annual volunteer recognition for Block Leaders and Citizen Corps
  - CM Contingency to \$50k from \$75k
  - funds for water conservation rebate agreement

# Administration – Staffing

- Eliminate 2 FTEs
  - Assistant City Manager (Vacant)
  - Communications Analyst (Vacant)

# Administration – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	CWP Public Safety in both residential/commercial areas	One-Time		10,000
<b>Total</b>				<b>\$10,000</b>

# Law Enforcement

- The FY 2023-24 Proposed Budget increased by \$998,089 (5.9%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- This budget was not reduced. Interoperability contract was removed due to program ending.
- The budget increase is due to the City's contract with Santa Clara County Sheriff's department.
- The current contract term ends on June 30, 2024.

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 267-278.

# Innovation & Technology

- The FY 2023-24 Proposed Budget decreased by \$428,630 (-5.4%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Transfer of 1.5 FTEs from City Manager's Office
- Requests for infrastructure and applications enhancements

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 279-306.

# Innovation & Technology – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	2,794,442	1,812,505	981,937	Extended Tech Refresh Cycle, Less Software Licenses, Reduce WAN Link Redundancy, Less City Parks with Wi-Fi, Less Training & Conferences
Contracts	791,240	620,119	171,121	Reduced Outside Support – application configuration and/or modification changes, Less Pilots of Future Tech, Less Outside Scanning
<b>Total</b>	<b>\$3,585,682</b>	<b>\$2,432,624</b>	<b>\$1,153,058</b>	

# Innovation & Technology – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced professional development opportunities from conference attendance</li><li>• Extended tech refresh cycles for laptops, iPads, iPhones, and other IT equipment</li><li>• Reduced WAN Link Redundancy</li><li>• Reduced outside support of applications</li></ul>	<ul style="list-style-type: none"><li>• Less pilots of future tech</li><li>• Less City parks with Wi-Fi</li></ul>

# Innovation and Technology – Staffing

- Eliminate 1 FTE
  - Manager

## Innovation & Technology – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	ERP (Phase III)	Ongoing	FY 2023-24: 310,000	FY 2023-24: 450,000 Ongoing: 300,000
General Fund	ProjectDox	Ongoing		FY 2023-24: 129,475 Ongoing: 117,100
I&T Fund	VR Decarb	One-Time	111,500	112,000
<b>Total</b>			<b>\$421,500</b>	<b>\$691,475</b>

\*Refer to pages 36-37 of the FY 2022-23 Proposed Budget for the full list of special projects

# Administrative Services

- The FY 2023-24 Proposed Budget increased by \$2,998 (0.0%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- No budget requests

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 307-344.

# Administrative Services – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	186,223	108,808	77,415	Reduced conference attendance, office and general supplies, recruitment advertisements, printing, citywide coffee and tea and reduced citywide employee events.
Contracts	4,152,414	4,020,746	131,668	Reduced citywide trainings, reduced executive recruitments and reduced consultant costs.
<b>Total</b>	<b>\$4,338,637</b>	<b>\$4,129,554</b>	<b>\$209,083</b>	

# Administrative Services – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced<ul style="list-style-type: none"><li>• professional development opportunities from conference attendance</li><li>• Citywide trainings</li><li>• advertising for recruitment</li><li>• costs for lunch for outside interview panels</li><li>• executive recruitments from two annually to one</li><li>• internal audit budget to \$80,000 from \$100,000 in line with budget reduction targets</li><li>• citywide employee events (years of service and holiday party) from two events to one</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Reduced printing of Budget, Budget at a Glance and Annual Comprehensive Financial Report (ACFR)</li></ul>

# Administrative Services – Staffing

- Eliminate 1 FTE
  - Administrative Assistant (Vacant)

# Parks & Recreation

- The FY 2023-24 Proposed Budget decreased by \$1,155,198 (-8.6%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for two City Work Program projects

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 345-396.

# Parks & Recreation – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Part-Time Staffing – Department Wide	1,606,998	1,381,602	225,396	Reduced PT Staff budgets to minimum levels necessary to operate currently open Recreational facilities and ongoing programs.
Materials	779,829	457,723	322,106	Reduced conferences and training, reduced materials and supplies and marketing efforts, simplified programs and events.
Contracts	4,532,489	3,953,917	578,572	Reduced free events. Reduced budget for new classes and programs. Removed budget to cover festival fees.
<b>Total</b>	<b>\$6,919,316</b>	<b>\$5,793,242</b>	<b>\$1,126,074</b>	

# Parks & Recreation – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced professional development opportunities from conference and training attendance</li><li>• Reduced materials and supplies across the department by 30%</li></ul>	<ul style="list-style-type: none"><li>• Cutting the pages in the recreation brochure, incorporating the 50+ Scene into the recreation brochure, and reducing social media ad funding</li><li>• Reduced<ul style="list-style-type: none"><li>• expansion of current or new offerings for contracted programs, camps, and classes</li><li>• funding for events (Tree Lighting, Big Bunny 5K, Fourth of July, Summer Events)</li></ul></li><li>• Removed<ul style="list-style-type: none"><li>• extra office hours at appropriate buildings and close teen center</li><li>• budget to cover fees for festivals.</li><li>• Council may consider further reductions to fee waivers.</li><li>• free events (Volunteer Fair, Bobateeno, Movies in the Park, Harvest Day, Corridor Stroll, Commissioner's Dinner)</li><li>• funding for Shakespeare in the Park, but work with San Francisco Shakespeare to continue offering through fundraising</li></ul></li></ul>

# Parks & Recreation – Staffing

- Eliminate 2 FTEs
  - Recreation Manager (Vacant)
  - Community Outreach Specialist (Vacant)
- Delay Filling of vacancies where possible
- Reduced PT staff budgets to minimum levels necessary to operate current facilities and programs.

# Parks & Recreation – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	CWP Senior Services and Youth Engagement	One-Time		20,000
General Fund	CWP Dogs off leash area (DOLA)	One-Time		5,000
<b>Total</b>				<b>\$25,000</b>

# Festival Costs<sup>1</sup>

Festival	Date	Festival Producer	Waived Fees			City Paid expenses		Total Costs	Notes
			Recreation	Facility/Park /Road Permits	Public Works	Sheriff*	Materials	Total	
Day N Night Fun Fest	Sept. 9, 2023	Cupertino Rotary	\$2,346	\$3,590	\$4,652	\$6,912		\$17,501	
Bhubaneswar Sister City Initiative (CBSCI)	Sept. 23, 2023	Cupertino Bhubaneswar Sister City	\$2,160	\$6,980	\$3,517	\$3,744		\$16,401	
Diwali Festival	Oct. 6, 2023	Cupertino Chamber of Commerce	\$2,025	\$3,490	\$3,555	\$5,760		\$14,829	
Veterans Day	November 11, 2023	Veteren's Memorial	\$1,028	\$1,000	\$0	\$0	\$1500**	\$3,528	
Egg Hunt	April 6, 2024	The Home of Christ Church in Cupertino	\$629	\$1,000	\$35	\$0		\$1,664	
Holi	April 7, 2024	Cupertino Chamber of Commerce	\$1,238	\$1,000	\$681	\$2,592		\$5,511	
Cherry Blossom	April 27- 28, 2024	Toyokawa Sister City	\$5,578	\$17,520	\$9,010	\$10,944		\$43,052	
Dilli Haat		EnActe	\$2,399	\$6,270	\$2,796	\$5,040		\$16,505	
Relay for Life	June 15, 2024	American Cancer Society	\$705	\$1,000	\$14	\$0		\$1,719	
<b>Costs for FY 23/24 Events</b>			<b>\$18,108</b>	<b>\$41,850</b>	<b>\$24,260</b>	<b>\$34,992</b>	<b>\$1,500</b>	<b>\$120,710</b>	
				<b>TOTAL Waived Fees</b>	<b>\$84,218</b>	<b>TOTAL City Paid</b>	<b>\$36,492</b>	<b>TOTAL Festival Costs</b>	<b>\$120,710</b>

<sup>1</sup> Data not available at the time of the proposed budget printing

\* Staff recommends cutting the budget for Sheriff costs and having the festival organizers pay those fees

\*\* Staff recommends cutting the budget for the rental of chairs and having the festival organizers pay those fees

# Community Development

- The FY 2023-24 Proposed Budget increased by \$173,371 (1.3%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for two City Work Program projects:
  - Update Tree List
  - Support for the Unhoused

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 397-444.

## Community Development – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	1,186,321	1,121,866	64,455	Consolidation and reduction of conference attendance and professional development opportunities, and reduction of materials and supplies.
Contracts	665,080	565,580	89,500	Termination of on-call contracts and negotiation of new contracts will reduce service level and response time.
<b>Total</b>	<b>\$1,841,401</b>	<b>\$1,687,446</b>	<b>\$153,955</b>	

# Community Development – Detailed Impacts

<b>Internal Impacts</b>	<b>Community Impacts</b>
<ul style="list-style-type: none"><li>• Reduced<ul style="list-style-type: none"><li>• professional development opportunities from conference and training attendance</li><li>• printing and office materials</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Removed commission meals and beverages for public meeting days</li><li>• Permit review and public inquiry response time will experience delays due to reduced staff levels and contractors</li></ul>

# Community Development – Staffing

- Eliminate 3 FTEs
  - Office Assistant (Vacant)
  - Senior Housing Planner (Vacant)
  - Consolidation of roles will result in elimination of a manager vacancy
- Total 13 current vacancies
- Evaluate priorities and timing of recruitments for remaining vacancies
- Reduce on-call contracts and materials

# Community Development – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	CWP Tree List	One-Time		50,000
General Fund	CWP Support for the Unhoused	One-Time		50,000
<b>Total</b>				<b>\$100,000</b>

# Public Works

- The FY 2023-24 Proposed budget decreased by \$1,366,792 (-3.4%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for City Work Program projects and special projects

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 445-604.

# Public Works – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	5,439,339	4,852,483	586,857	Reduced or eliminated office and general supplies; meetings, conference and trainings; memberships; equipment not covered under the MOU; small tools and equipment; and printing and advertising.
Contracts	5,460,208	4,859,824	600,384	Reduced services and response to work requests; Decreased frequency of maintenance at City facilities, parks, streets & trees.
Special Projects	5,290,259	4,496,264	793,995	Delayed or deferred sidewalk repairs and pavement maintenance.
Capital Outlays	1,100,280	880,224	220,056	Delayed or deferred pavement maintenance, which will lower the City's Pavement Condition Index (PCI) rating.
<b>Total</b>	<b>\$17,290,086</b>	<b>\$15,088,795</b>	<b>\$2,201,292</b>	

# Public Works – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced<ul style="list-style-type: none"><li>• professional development opportunities from conference attendance</li><li>• frequency of janitorial cleaning services for most City facilities</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Reduced frequency of janitorial cleaning services for most City facilities</li><li>• Cessation of goose control services at Memorial Park</li><li>• Reduced funds for concrete and pavement maintenance with an expectation of a reduction in the City's Pavement Condition Index (PCI)</li></ul>

## Public Works – Staffing

- Eliminate 3 currently vacant Maintenance Worker FTEs
- Eliminate 2 currently vacant Project Manager FTEs
- Delay Filling of FTE vacancies
- 6 Current Vacancies are not being filled

# Public Works – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
Transportation Fund	Annual Asphalt Project	Ongoing		1,943,668
Transportation Fund	Annual Sidewalk Curb & Gutter	Ongoing		1,232,313
Vehicle/Equipment	Vehicle & Equip Replacement	One-Time		460,000
Various	Other Projects*	One-Time		303,550
General Fund	Fluted Street Light Pole Replacement	One-Time		230,000
Env Mgmt Cln Crk	Envirosight ROVER X Remote Control Camera System	One-Time		131,000
Resource Recovery	HHW and Paint Care	One-Time		115,733
General Fund	CWP Tree List	One-Time		60,000
General Fund	CWP Vision Zero	One-Time		20,000
<b>Total</b>				<b>\$4,496,264</b>

\*High level overview. Refer to page 44 of the FY 2023-24 Proposed Budget for the full list of special projects

# Non-Departmental

- The FY 2023-24 Proposed Budget decreased by \$5,521,900 (-37.6%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- No budget requests

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details are available in the FY 2023-24 Proposed Budget on pages 605-622.

## Non-Departmental – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Transfers Out	12,236,355	6,472,600	5,763,755	Reduced subsidies of other funds (e.g., Special Revenue, Capital Projects, Enterprise Funds)
<b>Total</b>	<b>\$12,236,355</b>	<b>\$6,472,600</b>	<b>\$5,763,755</b>	

## Changes Since Proposed Budget Printing

Fund	Request	Revenue	Expenditure	Description
General Fund	Festival Waivers	84,218	-	Staff recommends festival organizers pay Recreation, Facility/Park/Road Permit, and Public Works fees that were waived in previous years. In addition, staff recommends reducing the budget for sheriff and materials costs and asking festival organizers to pay those costs.
General Fund	Position Reclassification	-	25,360	Reclassification of the Emergency Services Manager as Assistant to the City Manager
<b>Total</b>		<b>\$84,218</b>	<b>\$25,360</b>	

# City Work Program

# FY 2023-24 City Work Program

Strategic Goal	Project	Description	Department	Funded in FY 2022-23	FY 2023-24 Recommended Funding
Quality of Life	CWP - Public Safety in both residential/commercial areas	1) Deploy city-owned license plate readers and implement policies to allow neighborhood-owned ones. 2) Strengthen Block Leader/Neighborhood Watch programs to ensure the leaders are active and expand the coverage of active neighborhoods. 3) Explore best practices to deter crime in commercial areas and	Administration	60,000	10,000
Publ Eng and Transparency	CWP - Senior Services and Youth Engagement	1) Assess Survey results and develop a plan to increase awareness of programs and services for seniors based on gaps identified by the survey. 2) Connect seniors with youth and their families	Parks and Recreation	-	20,000
Quality of Life	CWP - Dogs Off Leash Area	1) Transition successful trial DOLA programs to permanent programs with a staff level permitting process housed in Parks and Rec 2) Amenities for DOLA programs in City parks, e.g., water facilities for dogs, fencing, benches, etc.	Parks and Recreation	200,000	5,000
Sustainability & Fiscal Strategy	CWP - Tree List	Project phases: 1) Review and revise development tree list (per Ch. 14.18: Protected Trees) with an emphasis on appropriate trees and native species. 2) Review, revise, and communicate street tree list with an emphasis on appropriate trees and native species. 3) Develop an Urban Forest program scope and cost for future consideration.	Community Development/ Public Works	-	110,000
Housing	CWP - Support for the Unhoused	Collaborate and fund jointly with West Valley efforts to address regional needs and find workable support for the Unhoused.	Community Development	-	50,000
Transportation	CWP - Planned Transportation Project (Vision Zero)	Develop a Vision Zero Policy and Action Plan and hire a consultant. The Plan will guide policies and programs with the goal of eliminating fatalities on Cupertino roadways. Special emphasis will be placed on routes to, and streets surrounding, Cupertino schools.	Public Works	80,000	20,000

Strategic Goal	Project	Description	Department	Funded in FY 2022-23	FY 2023-24 Recommended Funding
Sustainability & Fiscal Strategy	CWP - Analyze Potential Revenue Resources	Analyze potential revenue resources such as transient occupancy tax, sales tax, property tax, utility users tax, the City-owned municipal water system, and potential lease/rental income to address possible future financing challenges.	Administrative Services	50,000	-
Sustainability & Fiscal Strategy	CWP - Fiscal Procedures and Policies Handbook	Develop the handbook to ensure standardization of accounting, budget, investment, procurement policies, procedures, rules and regulations.	Administrative Services	45,000	-
Sustainability & Fiscal Strategy	CWP - Budget Audit	Audit the Budget and Budget Policies.	Administrative Services	15,000	-
Publ Eng and Transparency	CWP - Whole City Policy Review	Repeat the 2013 process of compiling and reviewing all City Policies including 1) Administrative and 2) Council policies and provide recommendations/updates, e.g. Green Purchasing, Property Acquisition	Administrative Services/City Attorney's Office/City Manager's Office	10,000	-
Publ Eng and Transparency	CWP - Council Governance Reform Package	1. Revised Ethics Policy consistent with City response to the Civil Grand Jury Report authorized on 2/21/2023 2. Investigate and report back on incidents of violations of the Municipal Code and Ethics Policy relative to the Council-staff relationship cited in the Civil Grand Jury Report	City Attorney's Office/City Manager's Office	25,000	-
Publ Eng and Transparency	CWP - Commission Governance Reform Package	1. Revised Commissioner's Handbook to align it with Council Procedures Manual 2. Investigate & report back on incidents of violations of the Muni Code re: the Commission-Staff relationship 3. Realignment of Commissioner terms of office 4. Establishment/revision of commissioner qualifications	City Attorney's Office/City Manager's Office	-	-
Sustainability & Fiscal Strategy	CWP - Study Session on City-Owned Properties	Inventory and assess existing facilities and prepare a long-range planning report for three City-owned properties (including, but not limited to Blesch, Byrne, and Stocklemeir)	City Manager's Office	90,000	-
Housing	CWP - Preserve existing and develop new BMR/ELI Housing	Explore opportunities to preserve existing expiring BMR housing. Develop ELI (Extremely Low Income) and BMR housing units for Developmentally Disabled individuals (IDD) on City-owned property as well as the County-owned sites.	Community Development	250,000	-
Housing	CWP - Housing Element Update	Update Housing Element and complete rezoning, General Plan Amendments and EIR by December 2023.	Community Development	1,714,625	-
<b>TOTAL</b>				<b>\$2,539,625</b>	<b>\$215,000</b>

# FY 2024-25 City Work Program

Strategic Goal	Project	Description	Department	Funding Requests for FY 2024-25
Publ Eng and Transparency	CWP - The Rise: construction stakeholder engagement	Improve engagement with stakeholders to ensure progress with construction and reduce barriers.	City Manager's Office	100,000
Sustainability & Fiscal Strategy	CWP - Real Estate Purchasing Policy	Create Real Estate Purchasing Policy	City Manager's Office	75,000
Quality of Life	CWP - Revise & Update Heart of the City Special Area	Prioritize following completion of Housing Element: 1. Address effect of AB 2011 and build on Housing Element goals to facilitate housing production in transit-oriented locations 2. Tailor permissible uses to revitalize local public-facing commercial uses (retail/restaurant/entertainment/professional office, etc.)	Community Development	1,050,000
Housing	CWP - Homelessness Jobs Project and Transitional Housing	Continue the Homeless Jobs program for two individuals for the third year. Revisit for review and consider Transitional Housing	Community Development	225,000
Quality of Life	CWP - Privacy Screening and Balconies Code	Prioritize following completion of Housing Element: Muni Code (Ch.19.28: R-1 Zones) Privacy Screening and Balconies. Update privacy planting list to be climate appropriate/native	Community Development	200,000
Sustainability & Fiscal Strategy	CWP - Recycled Water Feasibility Study	Develop Recycled Water Feasibility Study. Include Blackberry Farm focus and extension of recycled water from SCVWD.	Public Works	200,000
Quality of Life	CWP - Pond Repurposing at Blackberry Farm	Repurposing ponds at Blackberry Farm, focus on groundwater recharge.	Public Works	50,000
Transportation	CWP - New Bicycle-Pedestrian Plan	1) Update the current Bicycle and Pedestrian Plans and combine them to create a comprehensive Active Transportation Plan. 2) Consider Complete Streets concepts to enhance the interface between Active Transportation improvements and public and private transportation systems.	Public Works	200,000
Quality of Life	CWP - 280 stretch as scenic highway	Establish/maintain I-280 as scenic highway	Public Works	25,000
			<b>TOTAL</b>	<b>\$2,125,000</b>

# Capital Improvement Program (CIP)

# CIP – Proposed FY23–24 Projects

## New Projects:

1. Stevens Creek Blvd./Calabazas Creek Storm Drain Repair (infrastructure)	\$420,000
2. Stevens Creek Bridge Repair (infrastructure)	\$172,000
	<hr/>
	<b>\$592,000</b>

## Additional Funding for existing projects:

1. Street Light Installation – Annual Infill (infrastructure)	\$35,000
2. Annual Playground Replacement (parks)	\$300,000
3. ADA Improvements (facilities)	\$100,000
4. Citywide Building Condition Assessment Implementation (facilities)	\$1,000,000
	<hr/>
	<b>\$1,435,000</b>

**\$2,027,000\***

*\*This Funding will come from the existing CIP Capital Reserve Fund (Fund 429) rather than the General Fund (Fund 100).*

# Issues and Challenges



# Issues and Challenges

- CDTFA Sales Tax Audit
- Capital Project Funding
- Labor Negotiations
- Law Enforcement Costs
- Reduced Staffing



# Staffing Reductions

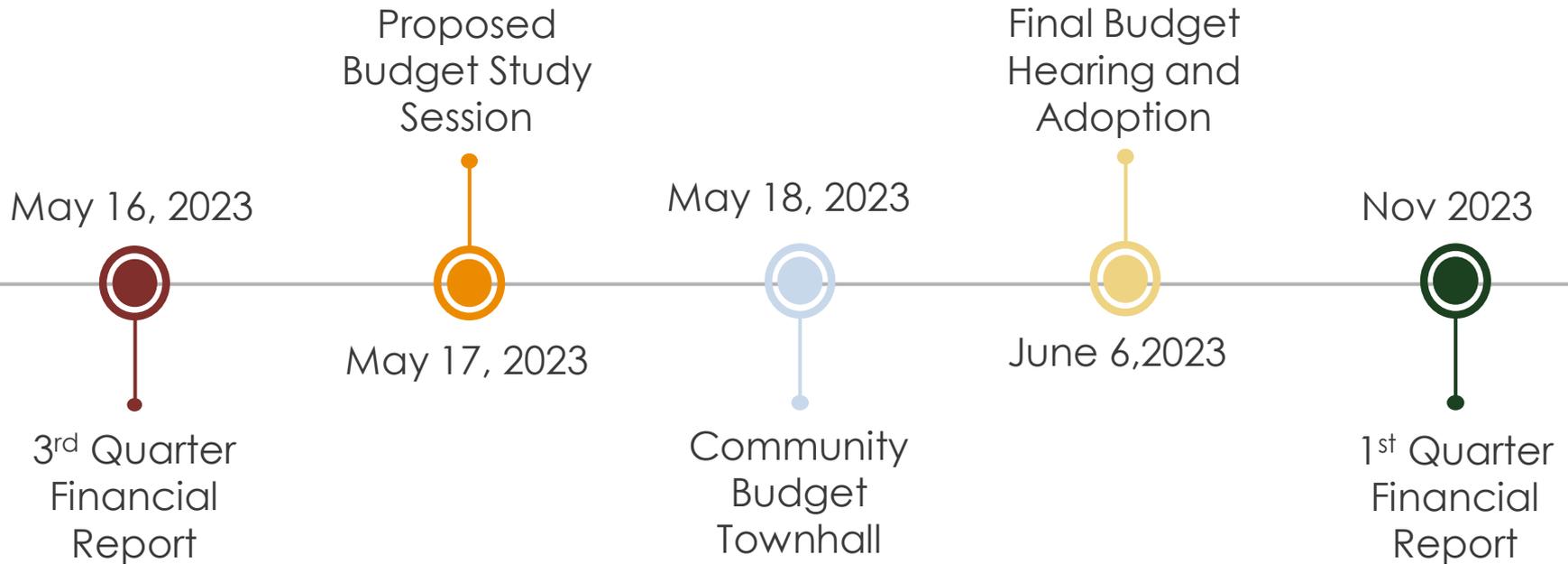
Position	Department	FTE
Assistant City Manager	Administration	-1.00
Communications Analyst (Limited-Term)	Administration	-1.00
Administrative Assistant	Administrative Services	-1.00
Office Assistant	Community Development	-1.00
Senior Housing Planner	Community Development	-1.00
Permit Center Manager	Community Development	-1.00
Recreation Manager	Parks and Recreation	-1.00
Community Outreach Specialist	Parks and Recreation	-1.00
Maintenance Worker I	Public Works	-1.00
Maintenance Worker I	Public Works	-1.00
Maintenance Worker Lead	Public Works	-1.00
Project Manager	Public Works	-1.00
Project Manager (Limited-Term)	Public Works	-1.00
Assistant Director of Public Works	Public Works	-1.00
<b>Total</b>		<b>-14.00</b>

Note: 1 FTE in the IT department is expected to be eliminated later this year due to an upcoming vacancy.

# Next Steps



# Next Steps



# Questions?



CUPERTINO

CC 05-17-2023

#1

FY 2023-24 Proposed  
Budget

Presentation

# Fiscal Year 2023-24 Proposed Budget

May 17, 2023



**CITY OF  
CUPERTINO**

# Study Session Objectives



Present City Manager's Proposed Budget



Receive comments and questions from Council and Public



Gather feedback and return with updates for Final Budget Hearing on June 6<sup>th</sup>

# FY 2023-24 Themes

The new  
normal



Building on a  
strong fiscal  
foundation



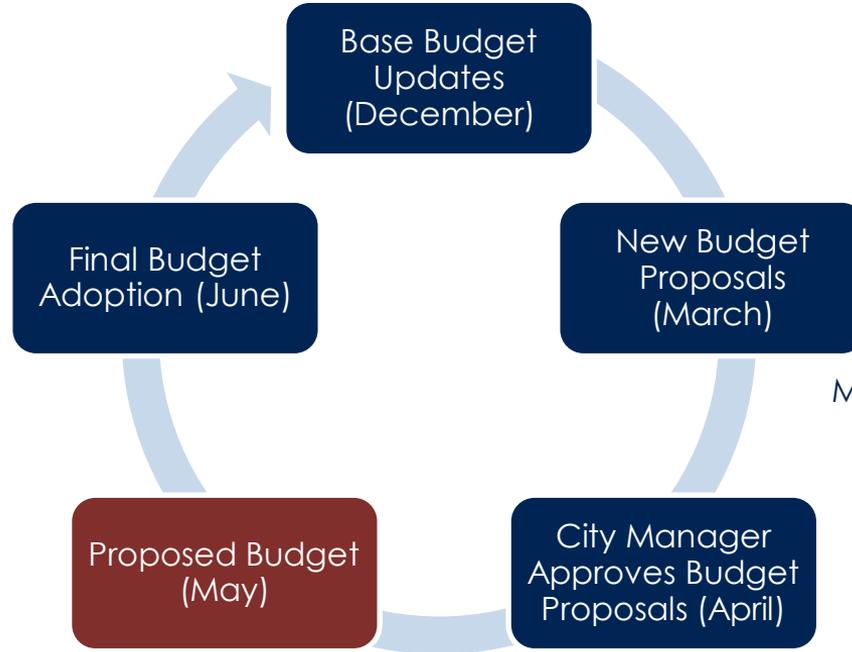
Balancing  
multiple  
priorities



Redefining  
the essential



# Annual Budget Cycle



Mid-March 2023: CDTFA verbally communicates its preliminary determination to the City

# Accessing the Budget

- City Website  
[cupertino.org/budget](https://cupertino.org/budget)
- Interactive Financial Transparency Portal  
[cupertino.org/opengov](https://cupertino.org/opengov)
- Resident Tax Calculator and Budget Forecast Tool  
[cupertino.org/interactive-budget-tools](https://cupertino.org/interactive-budget-tools)

The screenshot shows the City of Cupertino website's navigation and content. At the top left is the City of Cupertino logo. To its right is a search bar with the placeholder text "Search the Site...". Below the logo and search bar is a horizontal navigation menu with tabs: "I WANT TO...", "RESIDENTS", "BUSINESSES", "VISITORS", "ONLINE SERVICES", and "OUR CITY". The "OUR CITY" tab is highlighted in a dark blue color. Below the navigation menu is a sidebar with a list of links: "Finance", "Budget at a Glance", "Budget & Reports" (highlighted in a dark grey box), "Fund Structure", "Business License", "Budget Forecast and CDFA Audit", "Forms & Fees", and "Fraud, Waste, and Abuse Program". To the right of the sidebar, the breadcrumb path "Our City > Departments > Finance >" is visible above the main heading "BUDGET & REPORTS". Below the heading are icons for "Print", "Feedback", "Share & Bookmark", and "Font Size". Further down, the "Updates" section contains two announcements: "Cupertino's FY 2023-24 Proposed Budget is now available" with a link to "FY 2023-24 Proposed Budget", and "Cupertino's FY 2022-23 Mid-Year Financial Report is now available" with links to "FY 2022-23 Mid-Year Financial Report" and "FY 2022-23 Mid-Year City Council Staff Report and Attachments".

# Community Budget Survey and Outreach

# Community Budget Outreach

Throughout April and May, City staff hosted a variety of budget outreach events to educate the community on budget related topics at local farmer's markets, Cupertino festivals, and in front of the Cupertino Library.



# Community Budget Survey

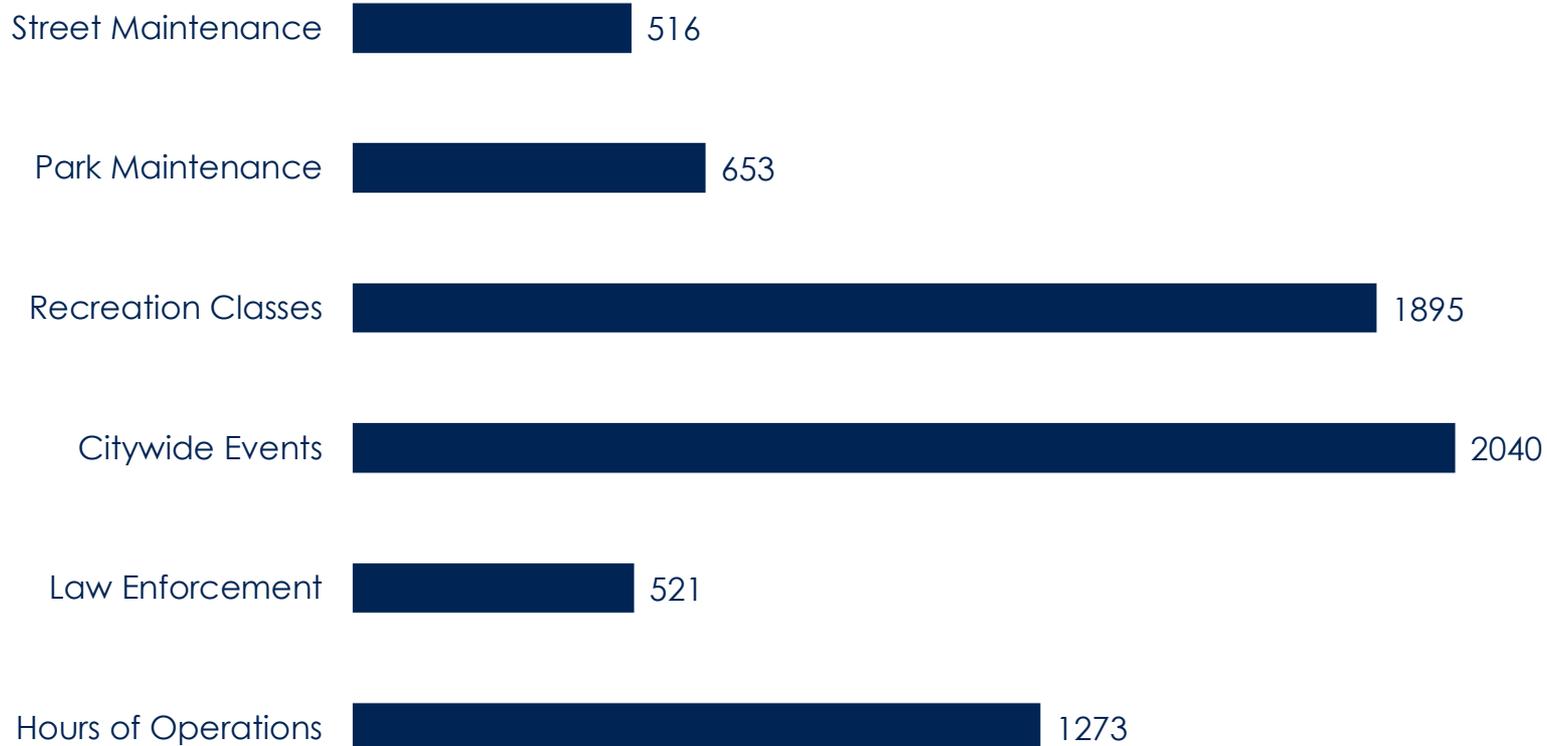
- Opened April 20, 2023
- Closes May 31, 2023
- 727 responses as of May 16, 2023, 5:26 PM
- [cupertino.org/BudgetSurvey](https://cupertino.org/BudgetSurvey)



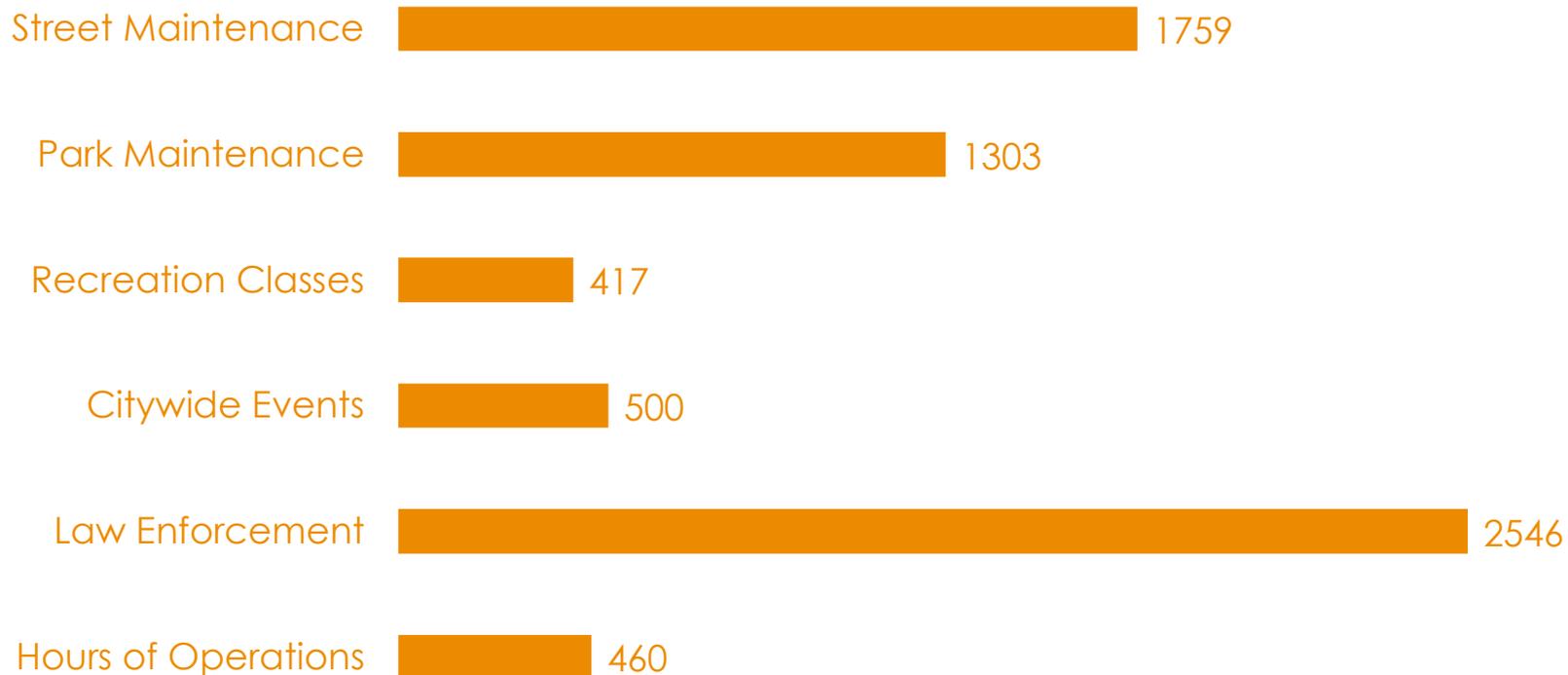
# Community Budget Survey Questions

1. You have 10 dots to allocate to the list of services that the City should reduce funding for. Indicate how many dots you would assign to each service based on your priorities. Reducing funding for a service may have consequences, such as decreased quality or availability of that service.
2. You have 10 dots to allocate to the list of services that you would like the City to NOT reduce funding for. Please review the list and indicate how many dots you would assign to each service based on your priorities.
3. You have a maximum of 10 dots to decide what revenue-generating avenues you would want the City to pursue.

# 1. Which services would you reduce funding for?



## 2. Which services would you NOT reduce funding for?



### 3. Which revenue-generating avenues would you want the City to pursue?



# Agenda

- 
- Fiscal Year 2023-24 Proposed Budget Overview
  - General Fund Overview
  - General Fund Forecast
  - All Funds Summary
  - Proposed Budget Requests
  - Issues and Challenges
  - Next Steps

# **Fiscal Year 2023-24 Proposed Budget Overview**



# Financial Overview by Fund<sup>1</sup>

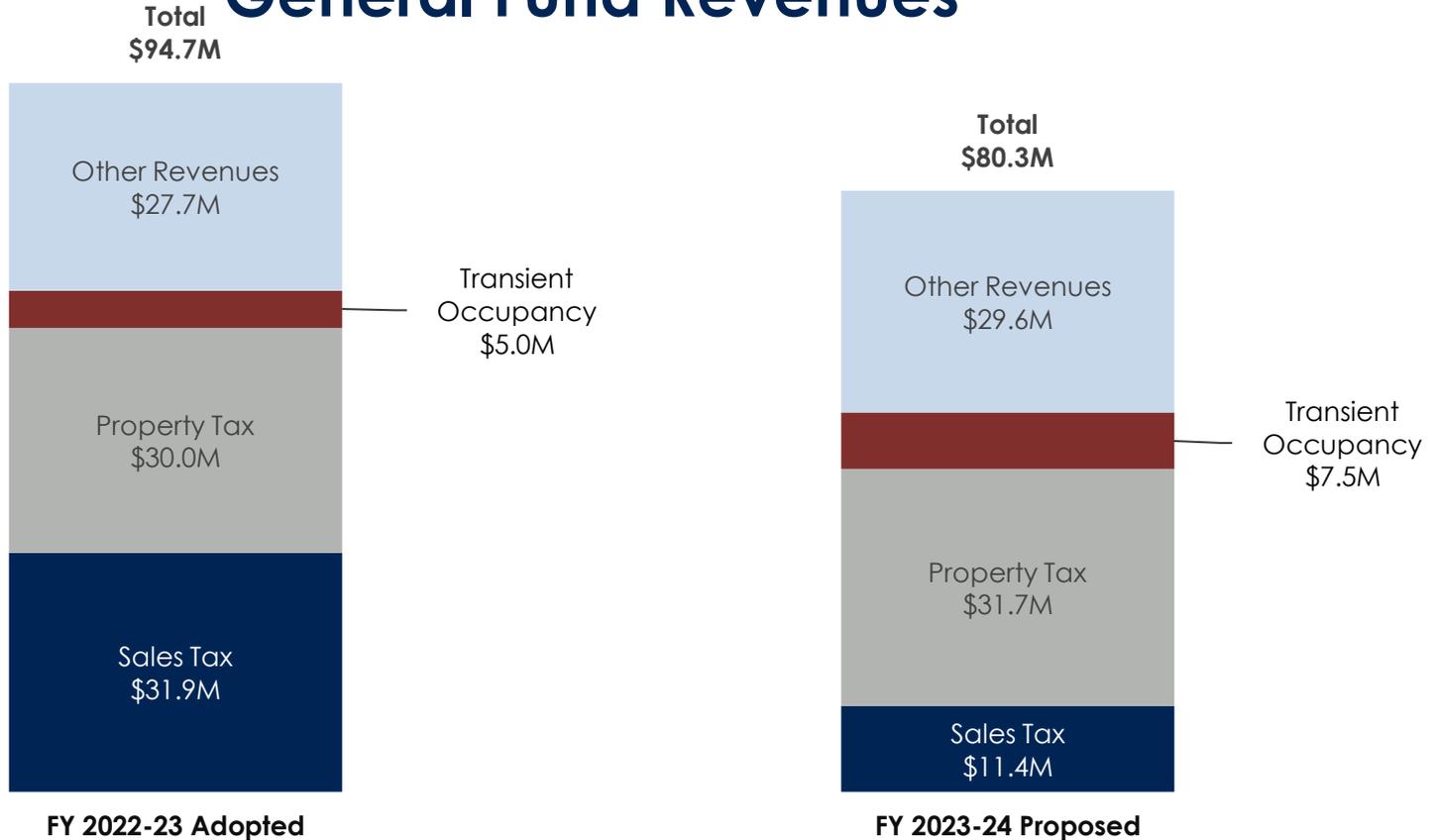
Fund	Revenues	Expenditures	Change in Fund Balance/ Net Position
General Fund	80,281,054	86,311,553	(6,030,499)
Special Revenue Funds	12,678,745	10,411,018	2,267,727
Debt Service Funds	2,677,600	2,677,600	-
Capital Projects Funds	-	175,000	(175,000)
Enterprise Funds	6,744,789	9,454,105	(2,709,316)
Internal Service Funds	5,478,924	8,733,704	(3,254,780)
<b>Total All Funds</b>	<b>\$107,861,112</b>	<b>\$117,762,980</b>	<b>\$(9,901,868)</b>

<sup>1</sup>Excludes Capital Improvement Program

# **Fiscal Year 2023-24 General Fund Overview**



# General Fund Revenues

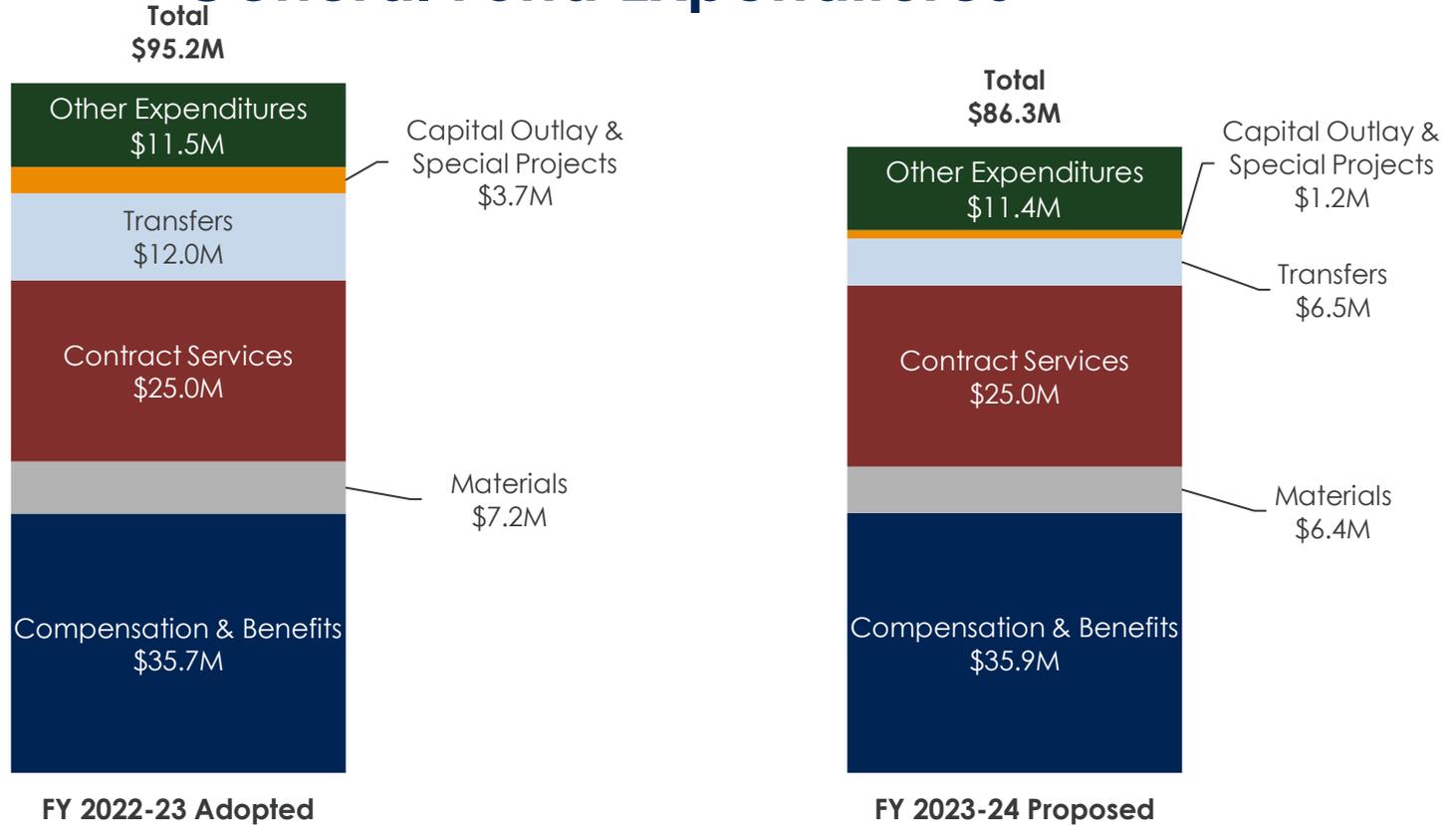


Note: Numbers may not add to total due to rounding.

# General Fund Revenues

Category	FY 2022-23 Adopted	FY 2023-24 Proposed	\$ Change	% Change
Sales Tax	31,944,089	11,428,930	(20,515,159)	-64%
Property Tax	30,039,574	31,736,834	1,697,260	6%
Transient Occupancy	5,000,000	7,500,000	2,500,000	50%
Utility Tax	2,955,404	3,304,742	349,338	12%
Franchise Fees	3,230,101	3,443,574	213,473	7%
Other Taxes	1,787,691	1,641,486	(146,205)	-8%
Licenses & Permits	3,541,012	4,265,081	724,069	20%
Use of Money & Property	1,277,013	2,328,336	1,051,323	82%
Intergovernmental	1,434,491	807,624	(626,867)	-44%
Charges for Services	11,528,436	11,894,611	366,175	3%
Fines & Forfeitures	427,000	405,000	(22,000)	-5%
Miscellaneous	1,160,437	1,142,836	(17,601)	-2%
Transfers in	61,140	15,000	(46,140)	-76%
Other financing sources	275,000	367,000	92,000	34%
<b>Total Revenues</b>	<b>\$94,661,388</b>	<b>\$80,281,054</b>	<b>\$(14,380,334)</b>	<b>-15%</b>

# General Fund Expenditures



Note: Numbers may not add to total due to rounding.

# General Fund Expenditures

Category	FY 2022-23 Adopted	FY 2023-24 Proposed	\$ Change	% Change
Employee Compensation	24,295,660	24,756,604	460,944	2%
Employee Benefits	11,440,636	11,124,035	(316,601)	-3%
<b>Total Personnel Costs</b>	<b>35,736,296</b>	<b>35,880,639</b>	<b>144,343</b>	<b>0%</b>
Materials	7,219,073	6,387,746	(831,327)	-12%
Contract Services	25,026,032	24,975,024	(51,008)	0%
Cost Allocation	10,385,961	10,257,656	(128,305)	-1%
Capital Outlays & Special Projects	3,657,378	1,211,157	(2,446,221)	-67%
Contingencies	451,739	216,731	(235,008)	-52%
Transfers Out	11,996,300	6,457,600	(5,538,700)	-46%
Other Financing Uses	695,000	925,000	230,000	33%
<b>Total Expenditures</b>	<b>\$95,167,779</b>	<b>\$86,311,553</b>	<b>\$(8,856,226)</b>	<b>-9%</b>

# Proposed Budget Update

(\$ In Millions)

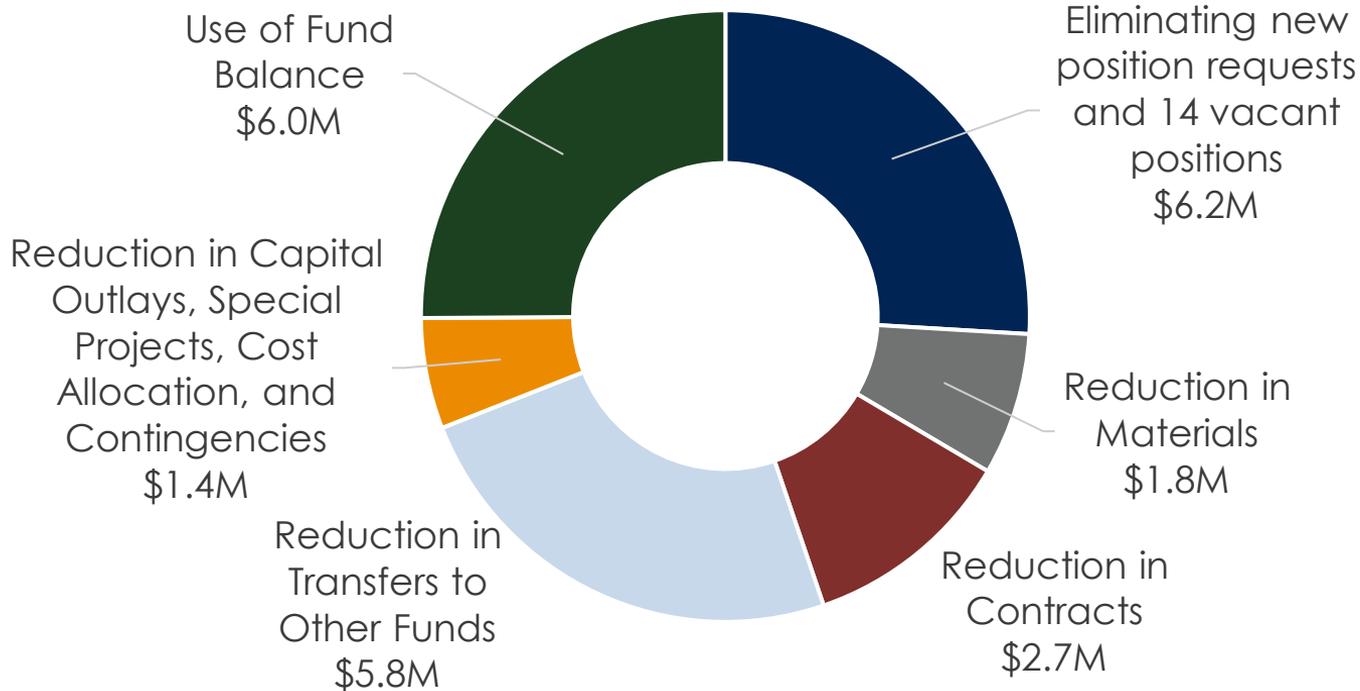
Category	FY 2023-24 Original Budget <sup>1</sup>	FY 2023-24 Forecast (April 13, 2023)	FY 2023-24 Proposed Budget (May 5, 2023)
Sales Tax	42.1	11.4	11.4
Other Revenues	69.0	69.0	68.9
<b>Total Revenues</b>	<b>111.1</b>	<b>80.4</b>	<b>80.3</b>
Compensation & Benefits	42.1	35.8	35.9
Materials	8.2	4.9	6.3
Contract Services	27.7	25.7	25.0
Cost Allocation	10.4	10.4	10.3
Transfers	12.2	8.1	6.5
Other Expenditures	3.6	1.6	2.3
<b>Total Expenditures</b>	<b>104.2</b>	<b>86.5</b>	<b>86.3</b>
<b>Net Revenues - Expenditures</b>	<b>6.8</b>	<b>(6.1)</b>	<b>(6.0)</b>



<sup>1</sup>This was the City's budget before the CDTFA informed the City about potential revenue loss. Expenses were determined using the previous year's base budget, with adjustments by the Consumer Price Index (CPI) when applicable and additions of new requests.

# Closing the \$23.9 Million Deficit

FY 2023-24 Original Budget vs FY 2023-24 Proposed Budget



# **Fiscal Year 2022-23 General Fund Forecast**



# Forecast Revenue Assumptions<sup>1</sup>

Account	Assumption	Description
Sales Tax	Conservative (1.6% AAGR)	HdL's forecast in FY 2023-24 73% (\$30 million) sales tax loss Conservative trend after
Property Tax	Moderate (3.1% AAGR)	HdL's forecast in FY 2023-24 Moderate trend after
Transient Occupancy Tax	Moderate (1.9% AAGR)	Recovery to \$7.5M in FY 2023-24 Moderate trend after

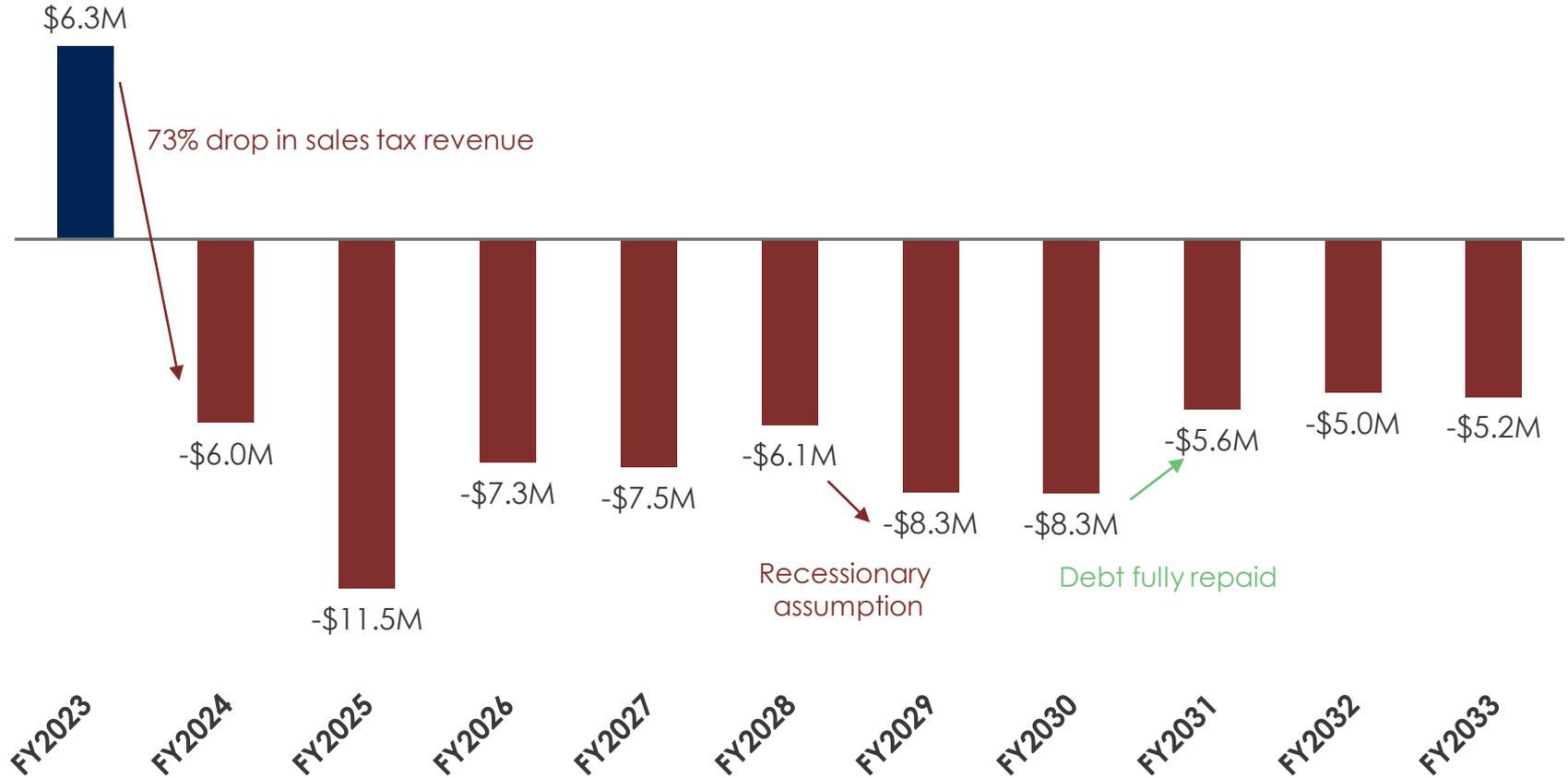
<sup>1</sup>Forecasts assume recession (no growth) in FY 2024-25 and FY 2028-29 for all revenue categories

# Forecast Expenditure Assumptions

Account	Assumption	Description
Compensation	CalPERS projections	No cost-of-living adjustments (COLAS), excluding payroll growth forecasted by CalPERS
Benefits	1.2% AAGR	Based on CalPERS projections
Materials	2.5% AAGR	Average of State and County CPI
Contracts	6.3% AAGR	Average of State and County CPI Law enforcement contract = CPI + 2%
Special Projects <sup>1</sup>	Baseline + CPI	\$0.5 million baseline
Contingencies	0.2% AAGR	1.25% of Materials and Contracts
Transfers	Baseline + CPI	\$7.5 million baseline

<sup>1</sup>Will impact ability to fund work program and other one-time items

# General Fund Annual Operating Surplus/(Deficit)



# Fund Balance Impacts -10 Years

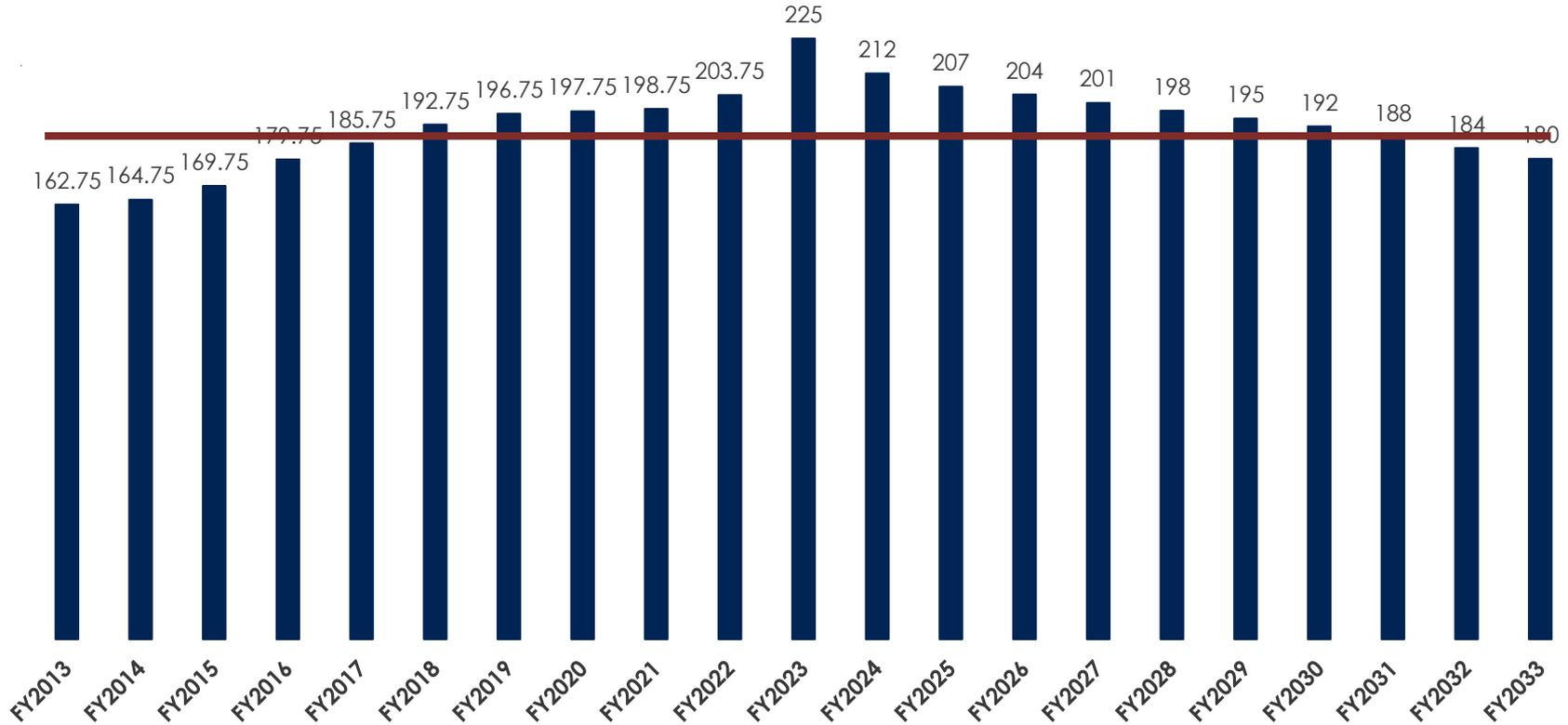
(\$ In millions)

	FY 2022-23	FY 2032-33	Change
<b>General Fund</b>			
Unassigned	52.8	-	(52.8)
Capital Projects Reserve	10.0	-	(10.0)
Section 115 Pension Trust	17.2	13.3	(4.0)
Economic Uncertainty Reserve	24.0	24.0	-
<b>Total</b>	<b>\$104.0</b>	<b>\$37.3</b>	<b>\$(66.8)</b>
<b>Capital Project Funds (420 &amp; 429)</b>			
Unassigned	\$13.3	TBD	TBD

Note: Numbers may not add to total due to rounding.

# Historical and Forecasted Staffing

## Adopted Budget and Forecast



# **Fiscal Year 2022-23 All Funds Summary**



## All Other Funds Financial Overview

Fund	Revenues	Expenditures	Change in Fund Balance/ Net Position
Special Revenue Funds	12,678,745	10,411,018	2,267,727
Debt Service Funds	2,677,600	2,677,600	-
Capital Projects Funds	-	175,000	(175,000)
Enterprise Funds	6,744,789	9,454,105	(2,709,316)
Internal Service Funds	5,478,924	8,733,704	(3,254,780)
<b>Total All Other Funds</b>	<b>\$27,580,058</b>	<b>\$31,451,427</b>	<b>\$(3,871,369)</b>

# All Other Funds Expenditures

Category	FY 2022-23 Adopted	FY 2023-24 Proposed	\$ Change	% Change
Employee Compensation	5,640,309	5,889,704	249,395	4%
Employee Benefits	3,833,322	3,906,958	73,636	2%
Materials	2,920,174	2,545,032	(375,142)	-13%
Contract Services	8,020,243	7,954,378	(65,865)	-1%
Cost Allocation	2,043,548	2,217,594	174,046	9%
Capital Outlays	4,406,600	880,224	(3,526,376)	-80%
Special Projects	4,466,921	4,111,582	(355,339)	-8%
Contingencies	242,632	104,335	(138,297)	-57%
Debt Services	2,675,800	2,677,600	1,800	0%
Transfers Out	23,600	15,000	(8,600)	-36%
Other Financing Uses	1,146,397	1,149,020	2,623	0%
<b>Total</b>	<b>\$35,419,546</b>	<b>\$31,451,427</b>	<b>\$(3,968,119)</b>	<b>-11%</b>

# Fiscal Year 2023-24 Proposed Budget Requests



# Budget Requests by Fund

Fund	One-Time Special Projects	Ongoing Special Projects	Total Proposals
General Fund	1,211,157	-	1,211,157
Special Revenue Funds	227,868	3,175,981	3,403,849
Enterprise Funds	135,733	-	135,733
Internal Service Funds	572,000	-	572,000
<b>Total All Funds</b>	<b>\$2,146,758</b>	<b>\$3,175,981</b>	<b>\$5,322,739</b>

# Budget Requests by Department

Department	One-Time Special Projects	Ongoing Special Projects	Total Proposals
Council & Commissions	-	-	-
Administration	10,000	-	10,000
Innovation & Technology	691,475	-	691,475
Administrative Services	-	-	-
Parks & Recreation	25,000	-	25,000
Community Development	100,000	-	100,000
Public Works	1,320,283	3,175,981	4,496,264
Non-Departmental	-	-	-
<b>Total All Departments</b>	<b>\$2,146,758</b>	<b>\$3,175,981</b>	<b>\$5,322,739</b>

# Council & Commissions

- The FY 2023-24 Proposed Budget decreased by \$144,551 (-11.1%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- No budget requests

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 177-218.

# Community Funding

Organization	Requested Funding	Recommended Funding <sup>1</sup>
Cupertino Symphonic Band	4,000	3,015
No Time to Waste	5,000	3,769
West Valley Community Services	10,000	7,539
STEMBoost Corporation	4,000	3,015
AINAK	2,500	1,885
Omniware Networks	4,000	3,015
Asian American Parents Association	3,000	2,262
<b>Total</b>	<b>\$32,500</b>	<b>\$24,500</b>

<sup>1</sup>25% reduction to all organizations

# Council & Commissions – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	286,824	161,259	125,565	Reduced meeting expenses such as food and coffee, conference and meetings, and tech reimbursements. Council members now use City devices.
<b>Total</b>	<b>\$286,824</b>	<b>\$161,259</b>	<b>\$125,565</b>	

# Council & Commissions – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduce<ul style="list-style-type: none"><li>• coffee service and food</li><li>• professional development opportunities from conference attendance and trainings</li><li>• tech reimbursements. Council now uses City devices</li><li>• Mayor's fund to \$10k per year from \$15K</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Reduce<ul style="list-style-type: none"><li>• Community Funding by \$8,000 from \$32,500 to \$24,500. In addition, staff will be recommending eliminating funding beginning next fiscal year.</li><li>• funding for artist awards</li></ul></li><li>• Remove<ul style="list-style-type: none"><li>• cyber security education funding</li><li>• parting gift for Poet Laureate</li><li>• Art in Unexpected Places</li><li>• School Waste Audit</li><li>• Grant Programs for Students in sustainability commission</li><li>• contingency planning for an outdoor Public Safety Forum event</li><li>• Commission dinners and conferences</li></ul></li></ul>

# Administration

(City Manager's, City Clerk's, City Attorney's Office)

- The FY 2023-24 Proposed Budget decreased by \$1,894,863 (-19.6%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for two City Work Program projects

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 219-266.

# Administration – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	535,812	400,223	135,589	Reduction in conferences/ trainings, office supplies, meeting expenses, supplies for City events, some emergency/ business/and sustainability programs
Contracts	1,362,790	941,380	421,410	Reduction in funds available for new/unexpected litigation and other legal issues, translation services, and water conservation rebate agreement
<b>Total</b>	<b>\$1,898,602</b>	<b>\$1,341,603</b>	<b>\$556,999</b>	

# Administration – Detailed Impacts

## Internal Impacts

- Reduce
  - professional development opportunities from conference attendance and training
  - office supplies and meeting expenses
  - funds available for new/unexpected litigation and other legal issues

## Community Impacts

- Reduce
  - CREST award and State of the City budgets
  - funds for annual volunteer recognition for Block Leaders and Citizen Corps
  - CM Contingency to \$50k from \$75k
  - funds for water conservation rebate agreement

# Administration – Staffing

- Eliminate 2 FTEs
  - Assistant City Manager (Vacant)
  - Communications Analyst (Vacant)

# Administration – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	CWP Public Safety in both residential/commercial areas	One-Time		10,000
<b>Total</b>				<b>\$10,000</b>

# Law Enforcement

- The FY 2023-24 Proposed Budget increased by \$998,089 (5.9%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- This budget was not reduced. Interoperability contract was removed due to program ending.
- The budget increase is due to the City's contract with Santa Clara County Sheriff's department.
- The current contract term ends on June 30, 2024.

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 267-278.

# Innovation & Technology

- The FY 2023-24 Proposed Budget decreased by \$428,630 (-5.4%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Transfer of 1.5 FTEs from City Manager's Office
- Requests for infrastructure and applications enhancements

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 279-306.

# Innovation & Technology – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	2,794,442	1,812,505	981,937	Extended Tech Refresh Cycle, Less Software Licenses, Reduce WAN Link Redundancy, Less City Parks with Wi-Fi, Less Training & Conferences
Contracts	791,240	620,119	171,121	Reduced Outside Support – application configuration and/or modification changes, Less Pilots of Future Tech, Less Outside Scanning
<b>Total</b>	<b>\$3,585,682</b>	<b>\$2,432,624</b>	<b>\$1,153,058</b>	

# Innovation & Technology – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced professional development opportunities from conference attendance</li><li>• Extended tech refresh cycles for laptops, iPads, iPhones, and other IT equipment</li><li>• Reduced WAN Link Redundancy</li><li>• Reduced outside support of applications</li></ul>	<ul style="list-style-type: none"><li>• Less pilots of future tech</li><li>• Less City parks with Wi-Fi</li></ul>

# Innovation and Technology – Staffing

- Eliminate 1 FTE
  - Manager

## Innovation & Technology – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	ERP (Phase III)	Ongoing	FY 2023-24: 310,000	FY 2023-24: 450,000 Ongoing: 300,000
General Fund	ProjectDox	Ongoing		FY 2023-24: 129,475 Ongoing: 117,100
I&T Fund	VR Decarb	One-Time	111,500	112,000
<b>Total</b>			<b>\$421,500</b>	<b>\$691,475</b>

\*Refer to pages 36-37 of the FY 2022-23 Proposed Budget for the full list of special projects

# Administrative Services

- The FY 2023-24 Proposed Budget increased by \$2,998 (0.0%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- No budget requests

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 307-344.

# Administrative Services – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	186,223	108,808	77,415	Reduced conference attendance, office and general supplies, recruitment advertisements, printing, citywide coffee and tea and reduced citywide employee events.
Contracts	4,152,414	4,020,746	131,668	Reduced citywide trainings, reduced executive recruitments and reduced consultant costs.
<b>Total</b>	<b>\$4,338,637</b>	<b>\$4,129,554</b>	<b>\$209,083</b>	

# Administrative Services – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced<ul style="list-style-type: none"><li>• professional development opportunities from conference attendance</li><li>• Citywide trainings</li><li>• advertising for recruitment</li><li>• costs for lunch for outside interview panels</li><li>• executive recruitments from two annually to one</li><li>• internal audit budget to \$80,000 from \$100,000 in line with budget reduction targets</li><li>• citywide employee events (years of service and holiday party) from two events to one</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Reduced printing of Budget, Budget at a Glance and Annual Comprehensive Financial Report (ACFR)</li></ul>

# Administrative Services – Staffing

- Eliminate 1 FTE
  - Administrative Assistant (Vacant)

# Parks & Recreation

- The FY 2023-24 Proposed Budget decreased by \$1,155,198 (-8.6%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for two City Work Program projects

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 345-396.

## Parks & Recreation – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Part-Time Staffing – Department Wide	1,606,998	1,381,602	225,396	Reduced PT Staff budgets to minimum levels necessary to operate currently open Recreational facilities and ongoing programs.
Materials	779,829	457,723	322,106	Reduced conferences and training, reduced materials and supplies and marketing efforts, simplified programs and events.
Contracts	4,532,489	3,953,917	578,572	Reduced free events. Reduced budget for new classes and programs. Removed budget to cover festival fees.
<b>Total</b>	<b>\$6,919,316</b>	<b>\$5,793,242</b>	<b>\$1,126,074</b>	

# Parks & Recreation – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced professional development opportunities from conference and training attendance</li><li>• Reduced materials and supplies across the department by 30%</li></ul>	<ul style="list-style-type: none"><li>• Cutting the pages in the recreation brochure, incorporating the 50+ Scene into the recreation brochure, and reducing social media ad funding</li><li>• Reduced<ul style="list-style-type: none"><li>• expansion of current or new offerings for contracted programs, camps, and classes</li><li>• funding for events (Tree Lighting, Big Bunny 5K, Fourth of July, Summer Events)</li></ul></li><li>• Removed<ul style="list-style-type: none"><li>• extra office hours at appropriate buildings and close teen center</li><li>• budget to cover fees for festivals.</li><li>• Council may consider further reductions to fee waivers.</li><li>• free events (Volunteer Fair, Bobateeno, Movies in the Park, Harvest Day, Corridor Stroll, Commissioner's Dinner)</li><li>• funding for Shakespeare in the Park, but work with San Francisco Shakespeare to continue offering through fundraising</li></ul></li></ul>

# Parks & Recreation – Staffing

- Eliminate 2 FTEs
  - Recreation Manager (Vacant)
  - Community Outreach Specialist (Vacant)
- Delay Filling of vacancies where possible
- Reduced PT staff budgets to minimum levels necessary to operate current facilities and programs.

# Parks & Recreation – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	CWP Senior Services and Youth Engagement	One-Time		20,000
General Fund	CWP Dogs off leash area (DOLA)	One-Time		5,000
<b>Total</b>				<b>\$25,000</b>

# Festival Costs<sup>1</sup>

Festival	Date	Festival Producer	Waived Fees			City Paid expenses		Total Costs	Notes
			Recreation	Facility/Park /Road Permits	Public Works	Sheriff*	Materials	Total	
Day N Night Fun Fest	Sept. 9, 2023	Cupertino Rotary	\$2,346	\$3,590	\$4,652	\$6,912		\$17,501	
Bhubaneswar Sister City Initiative (CBSCI)	Sept. 23, 2023	Cupertino Bhubaneswar Sister City	\$2,160	\$6,980	\$3,517	\$3,744		\$16,401	
Diwali Festival	Oct. 6, 2023	Cupertino Chamber of Commerce	\$2,025	\$3,490	\$3,555	\$5,760		\$14,829	
Veterans Day	November 11, 2023	Veteren's Memorial	\$1,028	\$1,000	\$0	\$0	\$1500**	\$3,528	
Egg Hunt	April 6, 2024	The Home of Christ Church in Cupertino	\$629	\$1,000	\$35	\$0		\$1,664	
Holi	April 7, 2024	Cupertino Chamber of Commerce	\$1,238	\$1,000	\$681	\$2,592		\$5,511	
Cherry Blossom	April 27- 28, 2024	Toyokawa Sister City	\$5,578	\$17,520	\$9,010	\$10,944		\$43,052	
Dilli Haat		EnActe	\$2,399	\$6,270	\$2,796	\$5,040		\$16,505	
Relay for Life	June 15, 2024	American Cancer Society	\$705	\$1,000	\$14	\$0		\$1,719	
<b>Costs for FY 23/24 Events</b>			<b>\$18,108</b>	<b>\$41,850</b>	<b>\$24,260</b>	<b>\$34,992</b>	<b>\$1,500</b>	<b>\$120,710</b>	
				<b>TOTAL Waived Fees</b>	<b>\$84,218</b>	<b>TOTAL City Paid</b>	<b>\$36,492</b>	<b>TOTAL Festival Costs</b>	<b>\$120,710</b>

<sup>1</sup> Data not available at the time of the proposed budget printing

\* Staff recommends cutting the budget for Sheriff costs and having the festival organizers pay those fees

\*\* Staff recommends cutting the budget for the rental of chairs and having the festival organizers pay those fees

# Community Development

- The FY 2023-24 Proposed Budget increased by \$173,371 (1.3%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for two City Work Program projects:
  - Update Tree List
  - Support for the Unhoused

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 397-444.

## Community Development – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	1,186,321	1,121,866	64,455	Consolidation and reduction of conference attendance and professional development opportunities, and reduction of materials and supplies.
Contracts	665,080	565,580	89,500	Termination of on-call contracts and negotiation of new contracts will reduce service level and response time.
<b>Total</b>	<b>\$1,841,401</b>	<b>\$1,687,446</b>	<b>\$153,955</b>	

# Community Development – Detailed Impacts

<b>Internal Impacts</b>	<b>Community Impacts</b>
<ul style="list-style-type: none"><li>• Reduced<ul style="list-style-type: none"><li>• professional development opportunities from conference and training attendance</li><li>• printing and office materials</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Removed commission meals and beverages for public meeting days</li><li>• Permit review and public inquiry response time will experience delays due to reduced staff levels and contractors</li></ul>

# Community Development – Staffing

- Eliminate 3 FTEs
  - Office Assistant (Vacant)
  - Senior Housing Planner (Vacant)
  - Consolidation of roles will result in elimination of a manager vacancy
- Total 13 current vacancies
- Evaluate priorities and timing of recruitments for remaining vacancies
- Reduce on-call contracts and materials

# Community Development – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
General Fund	CWP Tree List	One-Time		50,000
General Fund	CWP Support for the Unhoused	One-Time		50,000
<b>Total</b>				<b>\$100,000</b>

# Public Works

- The FY 2023-24 Proposed budget decreased by \$1,366,792 (-3.4%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- Requests for City Work Program projects and special projects

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details for this department are available in the FY 2023-24 Proposed Budget on pages 445-604.

# Public Works – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Materials	5,439,339	4,852,483	586,857	Reduced or eliminated office and general supplies; meetings, conference and trainings; memberships; equipment not covered under the MOU; small tools and equipment; and printing and advertising.
Contracts	5,460,208	4,859,824	600,384	Reduced services and response to work requests; Decreased frequency of maintenance at City facilities, parks, streets & trees.
Special Projects	5,290,259	4,496,264	793,995	Delayed or deferred sidewalk repairs and pavement maintenance.
Capital Outlays	1,100,280	880,224	220,056	Delayed or deferred pavement maintenance, which will lower the City's Pavement Condition Index (PCI) rating.
<b>Total</b>	<b>\$17,290,086</b>	<b>\$15,088,795</b>	<b>\$2,201,292</b>	

# Public Works – Detailed Impacts

Internal Impacts	Community Impacts
<ul style="list-style-type: none"><li>• Reduced<ul style="list-style-type: none"><li>• professional development opportunities from conference attendance</li><li>• frequency of janitorial cleaning services for most City facilities</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Reduced frequency of janitorial cleaning services for most City facilities</li><li>• Cessation of goose control services at Memorial Park</li><li>• Reduced funds for concrete and pavement maintenance with an expectation of a reduction in the City's Pavement Condition Index (PCI)</li></ul>

## Public Works – Staffing

- Eliminate 3 currently vacant Maintenance Worker FTEs
- Eliminate 2 currently vacant Project Manager FTEs
- Delay Filling of FTE vacancies
- 6 Current Vacancies are not being filled

# Public Works – Special Projects

Fund	Project	One-Time/ Ongoing	Revenue	Amount
Transportation Fund	Annual Asphalt Project	Ongoing		1,943,668
Transportation Fund	Annual Sidewalk Curb & Gutter	Ongoing		1,232,313
Vehicle/Equipment	Vehicle & Equip Replacement	One-Time		460,000
Various	Other Projects*	One-Time		303,550
General Fund	Fluted Street Light Pole Replacement	One-Time		230,000
Env Mgmt Cln Crk	Envirosight ROVER X Remote Control Camera System	One-Time		131,000
Resource Recovery	HHW and Paint Care	One-Time		115,733
General Fund	CWP Tree List	One-Time		60,000
General Fund	CWP Vision Zero	One-Time		20,000
<b>Total</b>				<b>\$4,496,264</b>

\*High level overview. Refer to page 44 of the FY 2023-24 Proposed Budget for the full list of special projects

# Non-Departmental

- The FY 2023-24 Proposed Budget decreased by \$5,521,900 (-37.6%) from the FY 2022-23 Adopted Budget.<sup>1</sup>
- No budget requests

<sup>1</sup>Includes all expenditures including compensation, benefits, materials, contract services, cost allocation, special projects, and contingencies. Details are available in the FY 2023-24 Proposed Budget on pages 605-622.

## Non-Departmental – Reductions

Service	FY 2023-24 Original Budget	FY 2023-24 Reduced Budget	Reduction	Service Level Impact
Transfers Out	12,236,355	6,472,600	5,763,755	Reduced subsidies of other funds (e.g., Special Revenue, Capital Projects, Enterprise Funds)
<b>Total</b>	<b>\$12,236,355</b>	<b>\$6,472,600</b>	<b>\$5,763,755</b>	

## Changes since Proposed Budget Printing

Fund	Request	Revenue	Expenditure	Description
General Fund	Festival Waivers	86,598	-	Budget includes \$31,875 in reduced expenditures for Festivals
General Fund	Position Reclassification	-	25,360	Reclassification of the Emergency Services Manager to Assistant to the City Manager
<b>Total</b>		<b>\$86,598</b>	<b>\$25,360</b>	

# City Work Program

# FY 2023-24 City Work Program

Strategic Goal	Project	Description	Department	Funded in FY 2022-23	FY 2023-24 Recommended Funding
Quality of Life	CWP - Public Safety in both residential/commercial areas	1) Deploy city-owned license plate readers and implement policies to allow neighborhood-owned ones. 2) Strengthen Block Leader/Neighborhood Watch programs to ensure the leaders are active and expand the coverage of active neighborhoods. 3) Explore best practices to deter crime in commercial areas and	Administration	60,000	10,000
Publ Eng and Transparency	CWP - Senior Services and Youth Engagement	1) Assess Survey results and develop a plan to increase awareness of programs and services for seniors based on gaps identified by the survey. 2) Connect seniors with youth and their families	Parks and Recreation	-	20,000
Quality of Life	CWP - Dogs Off Leash Area	1) Transition successful trial DOLA programs to permanent programs with a staff level permitting process housed in Parks and Rec 2) Amenities for DOLA programs in City parks, e.g., water facilities for dogs, fencing, benches, etc.	Parks and Recreation	200,000	5,000
Sustainability & Fiscal Strategy	CWP - Tree List	Project phases: 1) Review and revise development tree list (per Ch. 14.18: Protected Trees) with an emphasis on appropriate trees and native species. 2) Review, revise, and communicate street tree list with an emphasis on appropriate trees and native species. 3) Develop an Urban Forest program scope and cost for future consideration.	Community Development/ Public Works	-	110,000
Housing	CWP - Support for the Unhoused	Collaborate and fund jointly with West Valley efforts to address regional needs and find workable support for the Unhoused.	Community Development	-	50,000
Transportation	CWP - Planned Transportation Project (Vision Zero)	Develop a Vision Zero Policy and Action Plan and hire a consultant. The Plan will guide policies and programs with the goal of eliminating fatalities on Cupertino roadways. Special emphasis will be placed on routes to, and streets surrounding, Cupertino schools.	Public Works	80,000	20,000

Strategic Goal	Project	Description	Department	Funded in FY 2022-23	FY 2023-24 Recommended Funding
Sustainability & Fiscal Strategy	CWP - Analyze Potential Revenue Resources	Analyze potential revenue resources such as transient occupancy tax, sales tax, property tax, utility users tax, the City-owned municipal water system, and potential lease/rental income to address possible future financing challenges.	Administrative Services	50,000	-
Sustainability & Fiscal Strategy	CWP - Fiscal Procedures and Policies Handbook	Develop the handbook to ensure standardization of accounting, budget, investment, procurement policies, procedures, rules and regulations.	Administrative Services	45,000	-
Sustainability & Fiscal Strategy	CWP - Budget Audit	Audit the Budget and Budget Policies.	Administrative Services	15,000	-
Publ Eng and Transparency	CWP - Whole City Policy Review	Repeat the 2013 process of compiling and reviewing all City Policies including 1) Administrative and 2) Council policies and provide recommendations/updates, e.g. Green Purchasing, Property Acquisition	Administrative Services/City Attorney's Office/City Manager's Office	10,000	-
Publ Eng and Transparency	CWP - Council Governance Reform Package	1. Revised Ethics Policy consistent with City response to the Civil Grand Jury Report authorized on 2/21/2023 2. Investigate and report back on incidents of violations of the Municipal Code and Ethics Policy relative to the Council-staff relationship cited in the Civil Grand Jury Report	City Attorney's Office/City Manager's Office	25,000	-
Publ Eng and Transparency	CWP - Commission Governance Reform Package	1. Revised Commissioner's Handbook to align it with Council Procedures Manual 2. Investigate & report back on incidents of violations of the Muni Code re: the Commission-Staff relationship 3. Realignment of Commissioner terms of office 4. Establishment/revision of commissioner qualifications	City Attorney's Office/City Manager's Office	-	-
Sustainability & Fiscal Strategy	CWP - Study Session on City-Owned Properties	Inventory and assess existing facilities and prepare a long-range planning report for three City-owned properties (including, but not limited to Blesch, Byrne, and Stocklemeir)	City Manager's Office	90,000	-
Housing	CWP - Preserve existing and develop new BMR/ELI Housing	Explore opportunities to preserve existing expiring BMR housing. Develop ELI (Extremely Low Income) and BMR housing units for Developmentally Disabled individuals (IDD) on City-owned property as well as the County-owned sites.	Community Development	250,000	-
Housing	CWP - Housing Element Update	Update Housing Element and complete rezoning, General Plan Amendments and EIR by December 2023.	Community Development	1,714,625	-
<b>TOTAL</b>				<b>\$2,539,625</b>	<b>\$215,000</b>

# FY 2024-25 City Work Program

Strategic Goal	Project	Description	Department	Funding Requests for FY 2024-25
Publ Eng and Transparency	CWP - The Rise: construction stakeholder engagement	Improve engagement with stakeholders to ensure progress with construction and reduce barriers.	City Manager's Office	100,000
Sustainability & Fiscal Strategy	CWP - Real Estate Purchasing Policy	Create Real Estate Purchasing Policy	City Manager's Office	75,000
Quality of Life	CWP - Revise & Update Heart of the City Special Area	Prioritize following completion of Housing Element: 1. Address effect of AB 2011 and build on Housing Element goals to facilitate housing production in transit-oriented locations 2. Tailor permissible uses to revitalize local public-facing commercial uses (retail/restaurant/entertainment/professional office, etc.)	Community Development	1,050,000
Housing	CWP - Homelessness Jobs Project and Transitional Housing	Continue the Homeless Jobs program for two individuals for the third year. Revisit for review and consider Transitional Housing	Community Development	225,000
Quality of Life	CWP - Privacy Screening and Balconies Code	Prioritize following completion of Housing Element: Muni Code (Ch.19.28: R-1 Zones) Privacy Screening and Balconies. Update privacy planting list to be climate appropriate/native	Community Development	200,000
Sustainability & Fiscal Strategy	CWP - Recycled Water Feasibility Study	Develop Recycled Water Feasibility Study. Include Blackberry Farm focus and extension of recycled water from SCVWD.	Public Works	200,000
Quality of Life	CWP - Pond Repurposing at Blackberry Farm	Repurposing ponds at Blackberry Farm, focus on groundwater recharge.	Public Works	50,000
Transportation	CWP - New Bicycle-Pedestrian Plan	1) Update the current Bicycle and Pedestrian Plans and combine them to create a comprehensive Active Transportation Plan. 2) Consider Complete Streets concepts to enhance the interface between Active Transportation improvements and public and private transportation systems.	Public Works	200,000
Quality of Life	CWP - 280 stretch as scenic highway	Establish/maintain I-280 as scenic highway	Public Works	25,000
			<b>TOTAL</b>	<b>\$2,125,000</b>

# Capital Improvement Program (CIP)

# CIP – Proposed FY23–24 Projects

## New Projects:

1. Stevens Creek Blvd./Calabazas Creek Storm Drain Repair (infrastructure)	\$420,000
2. Stevens Creek Bridge Repair (infrastructure)	\$172,000
	<hr/>
	<b>\$592,000</b>

## Additional Funding for existing projects:

1. Street Light Installation – Annual Infill (infrastructure)	\$35,000
2. Annual Playground Replacement (parks)	\$300,000
3. ADA Improvements (facilities)	\$100,000
4. Citywide Building Condition Assessment Implementation (facilities)	\$1,000,000
	<hr/>
	<b>\$1,435,000</b>

**\$2,027,000\***

*\*This Funding will come from the existing CIP Capital Reserve Fund (Fund 429) rather than the General Fund (Fund 100).*

# Issues and Challenges



# Issues and Challenges

- CDTFA Sales Tax Audit
- Capital Project Funding
- Labor Negotiations
- Law Enforcement Costs
- Reduced Staffing



# Staffing Reductions

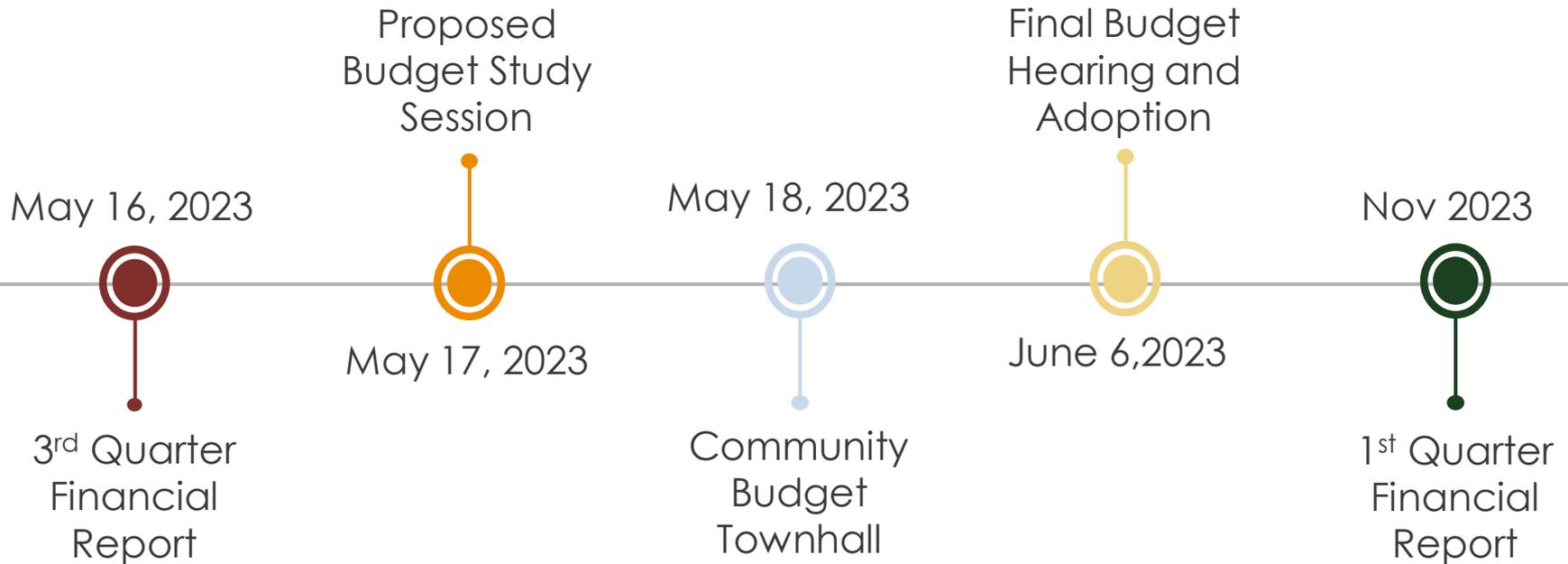
Position	Department	FTE
Assistant City Manager	Administration	-1.00
Communications Analyst (Limited-Term)	Administration	-1.00
Administrative Assistant	Administrative Services	-1.00
Office Assistant	Community Development	-1.00
Senior Housing Planner	Community Development	-1.00
Permit Center Manager	Community Development	-1.00
Recreation Manager	Parks and Recreation	-1.00
Community Outreach Specialist	Parks and Recreation	-1.00
Maintenance Worker I	Public Works	-1.00
Maintenance Worker I	Public Works	-1.00
Maintenance Worker Lead	Public Works	-1.00
Project Manager	Public Works	-1.00
Project Manager (Limited-Term)	Public Works	-1.00
Assistant Director of Public Works	Public Works	-1.00
<b>Total</b>		<b>-14.00</b>

Note: 1 FTE in the IT department is expected to be eliminated later this year due to an upcoming vacancy.

# Next Steps



# Next Steps



# Questions?



CUPERTINO