

CC 03-08-2022

Item No. 1

Mid-Year Financial Report
Fiscal Year 2021-22

Presentation

MID-YEAR FINANCIAL REPORT

FISCAL YEAR 2021-22



CUPERTINO

Agenda



Budget Reporting Cycle



Amended Budget as of December 31, 2021



General Fund Update



American Rescue Plan Act of 2021

Agenda



Recommended Adjustments

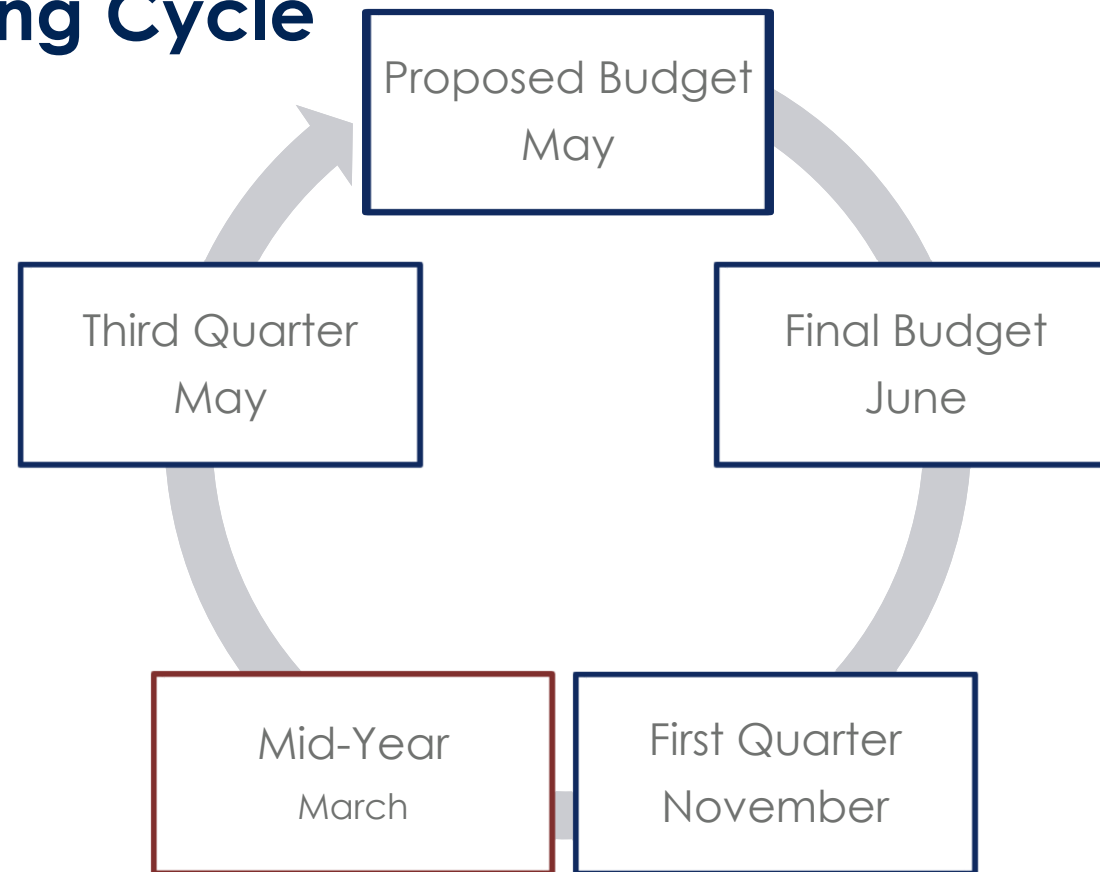


Recommendations and
Next Steps

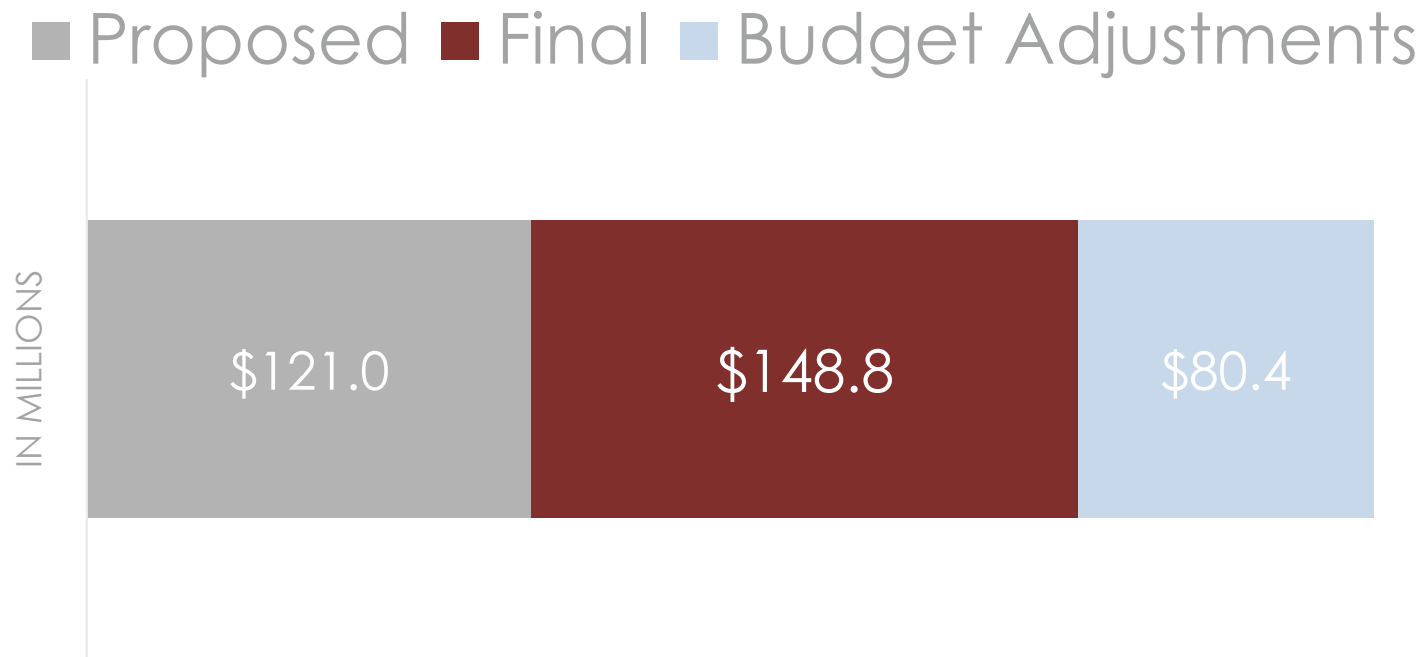


Transparency and
Engagement

Budget Reporting Cycle



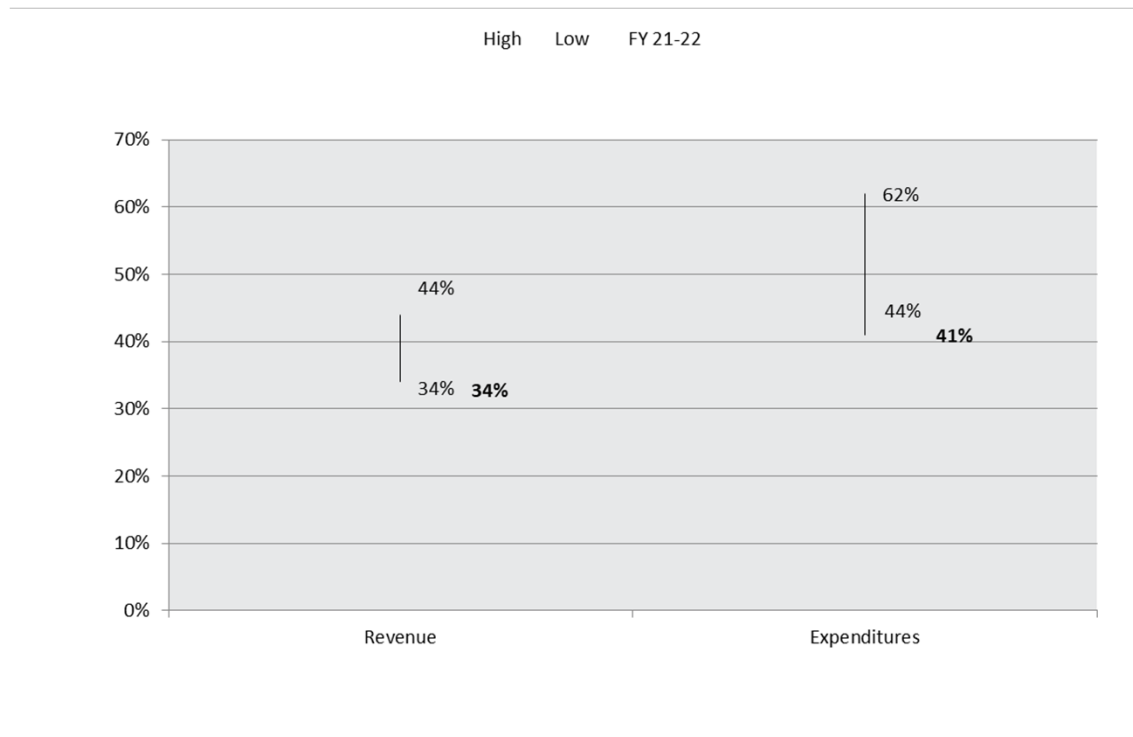
FY22 Amended Budget as of December 31, 2021 - \$229.2M



FY22 Appropriation Changes since Adopted Budget

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

General Fund Revenues & Expenditures – Mid-Year Trends (3-year)



General Fund Revenues – Mid-Year FY 21 vs. FY 22

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

General Fund Expenditures – Mid-Year FY 21 vs. FY 22

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

City Manager Discretionary Fund

- \$75,000 Adopted Budget
- \$2,400 used to assist with funding Housing Op-Ed
- Staff will continue to report out on the use of this fund

American Rescue Plan Act of 2021

Of the \$4.8M in funding, \$3.1M in revenues recognized

- Transportation Transfer - \$1,333,773
- Law Enforcement Services - \$972,987
- General Liability Insurance - \$182,112
- Administration Overhead - \$191,573
- CDD Customer Service Solution - \$49,343
- Climate Action Plan - \$78,000
- Municipal Water System - \$10,000
- General Plan and Muni Code Update - \$19,052

Mid-Year Budget Adjustments Summary by Fund

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Total
Revenues	\$ -	\$ -	\$ -	\$10,000,000	\$ 220,000	\$ -	\$10,220,000
Expenditures	\$ 10,000,000	\$ 910,000	\$ -	\$ (1,847,699)	\$ 369,650	\$ 26,000	\$ 9,457,951
Fund Balance	\$ (10,000,000)	\$ (910,000)	\$ -	\$11,847,699	\$ (149,650)	\$ (26,000)	\$ 762,049

Mid-Year Budget Adjustments by Fund and Department

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

Adjustments by Department

- CIP- (\$937,699)

Description	Revenue	Expenditure	Fund Balance
Lawrence-Mitty Park Debris Removal, Clean up, and Tree Removal	-	\$910,000	(\$910,000)
All-Inclusive Play Area Budget Reduction	-	(\$1,847,699)	\$1,847,699

Adjustments by Department

- Public Works- \$376,000

Description	Revenue	Expenditure	Fund Balance
New Landfill Agreement and Solid Waste Consulting Services	-	\$350,000	(\$350,000)
Leaf Blower Replacement	-	\$26,000	(\$26,000)

Adjustments by Department

- Parks & Recreation- \$19,650

Description	Revenue	Expenditure	Fund Balance
Tree Maintenance	-	\$10,300	(\$10,300)
Additional Revenue Estimate and Bank Charges	\$220,000	\$9,350	\$210,650

Adjustments by Department

- Non-Departmental- \$10,000,000

Description	Revenue	Expenditure	Fund Balance
General Fund Transfer to Capital Reserve	\$10,000,000	\$10,000,000	-

Fund Balance Adjustments

- Pension Section 115 Trust
 - \$2M contribution (4th of 5 annual contributions)
 - Estimated June 30, 2022 balance = \$20.8M
- Economic Uncertainty Reserve
 - Increase from \$19M to \$24M
 - Alignment with expenditure/revenue growth

Fund Balance Adjustments (continued)

- Capital Projects Committed Reserve
 - Establish \$10M reserve in General Fund
 - Assist with capital program short- and long-term planning
 - Used to fund future capital projects
 - Requires City Council authorization, transfer, and appropriation before use

Fund Balance Adjustments (continued)

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



Staffing

- Reclassify (One) Limited-Term Project Manager Position to Full Term Position
-

Recommended Actions

- Consider Accepting the City Manager's Mid-Year Financial Report for FY 2021-22.
- Consider Adopting a draft resolution 22-032 approving Budget Modification #2122-189 increasing appropriations by \$9,457,951 and revenues by \$10,220,000.
- Consider Approving the Conversion of (One) Limited-Term Project Manager Position to Full-Term Position.

Recommended Actions (continued)

- Consider Approving Amendments to the City's Committed, Unassigned Fund Balance, and Use of One Time Funds Policy which includes the following changes:
 - Consider Approving \$2,000,000 contribution from the General Fund to the City's Section 115 Pension Trust.
 - Consider Increasing the City's General Fund Economic Uncertainty Committed Reserve by \$5,000,000.
 - Consider Establishing a General Fund Capital Project Committed Reserve in the amount of \$10,000,000.



Next Steps

- FY 2021-22
 - Third Quarter Report to Council May 17, 2022
 - FY 2021-22
 - Proposed Budget Study Session May 17, 2022
-

Transparency and Engagement

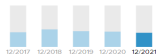
<https://www.cupertino.org/budget>

General Fund Revenue and Expenditure Trends

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

General Fund Revenues - Mid-Year Actuals vs Budget

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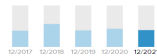


34.17%

In Revenues of \$134,543,590.00 Budgeted through Dec 2021

General Fund Expenses - Mid-Year Actuals vs Budget

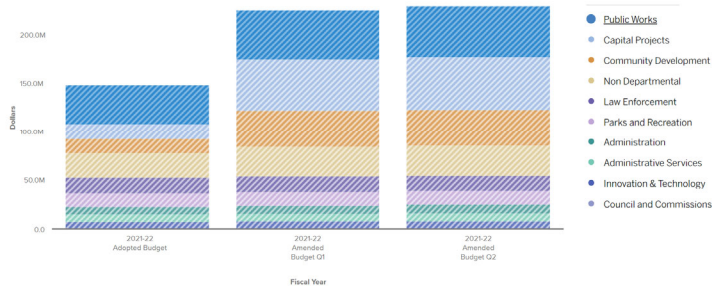
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40.60%

In Expenses of \$124,469,314.00 Budgeted through Dec 2021

Amended Budget



Questions?



CC 03-08-2022

Item No. 2

Housing Element Update

Presentation

Housing Element Update: Stakeholder Group & Next Steps



CUPERTINO

Council Meeting March 8, 2022

Presentation

- Stakeholder Group.
- Strategy Advisory Sub-Committee.
- Project Timeline.
- Council Feedback.



Stakeholder Group Recommendations

- Nonprofit and community-based organizations
- Housing providers
- Lower income and special needs community members and households, including representative organizations
- Churches and community groups serving ethnic or linguistic minorities
- Local and regional advocates and service providers, such as homeless service agencies



Stakeholder Group Options

OPTION A:

Re-consider
accepting the staff-
recommended List
of Stakeholders.

OPTION B:

Council is invited to add
up to 10 additional
Stakeholder candidates
to the recommended
List.

OPTION C:

Council is invited to
enact a blind
assessment of
Stakeholders to
provide a list of
accepted candidates.

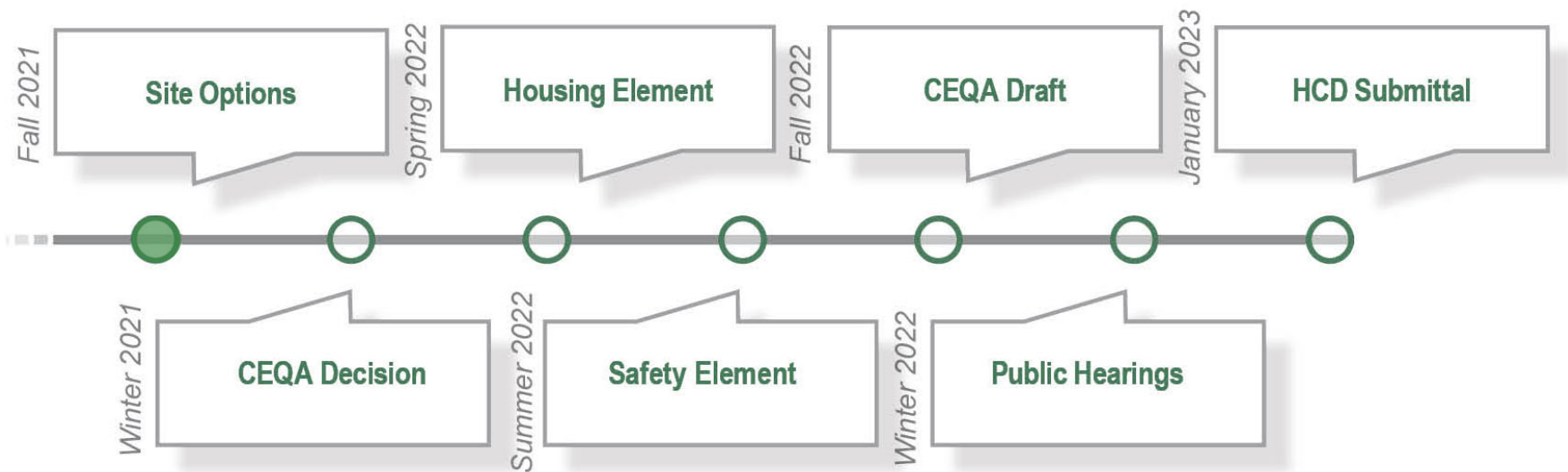


Stakeholder Group

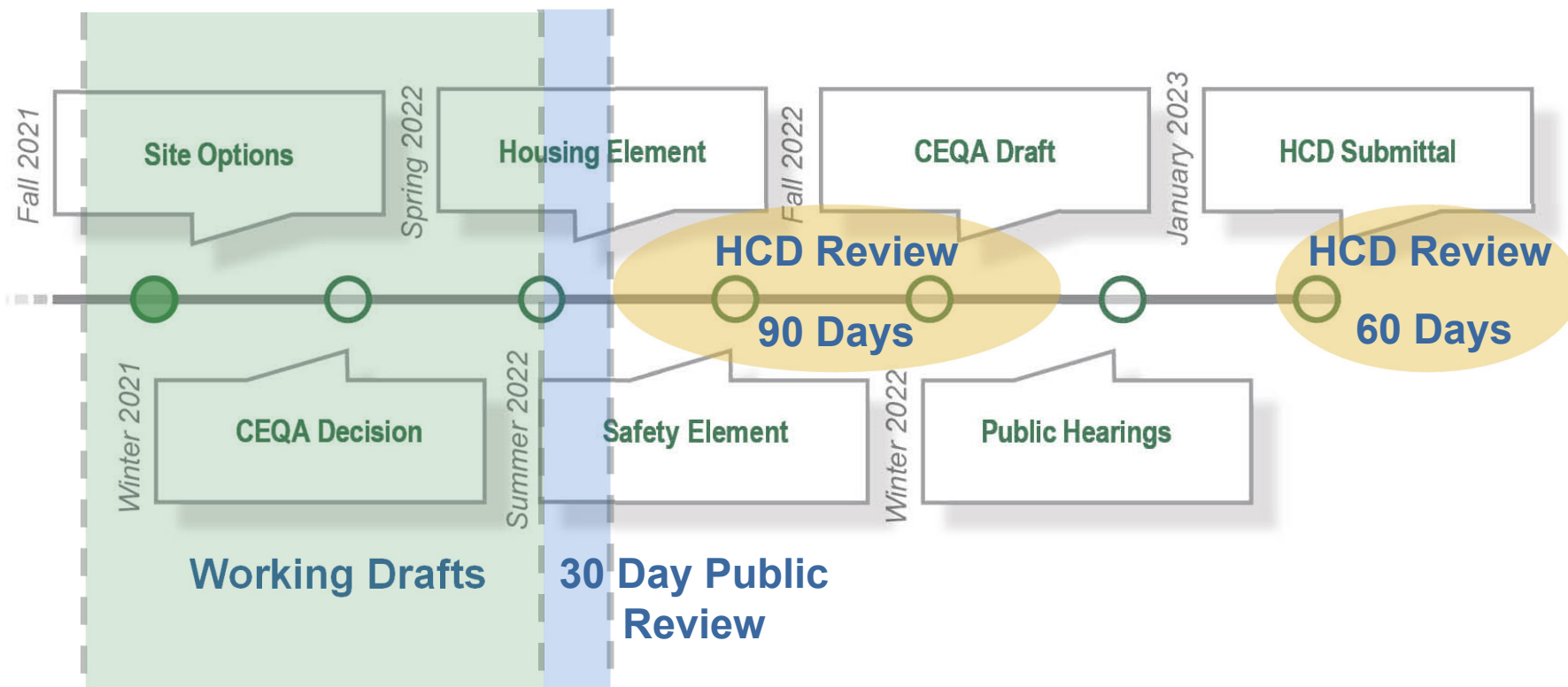
- John Zhao
- Abdullah Memon
- Jennifer Shearin
- Joseph Fruen
- Sean Hughes
- Janet Van Zoeren
- Ava Pai-Chi Chiao
- Elizabeth Moore
- Lisa Warren
- Kylie Clark*
- Aaron Klinefelter*
- David Fung*
- Susan Moore**
- Ravi Kumar**

- Half the candidates have a lived experience aligned with HCD guidance.
- Half the candidates have experience as representative of those with housing needs.

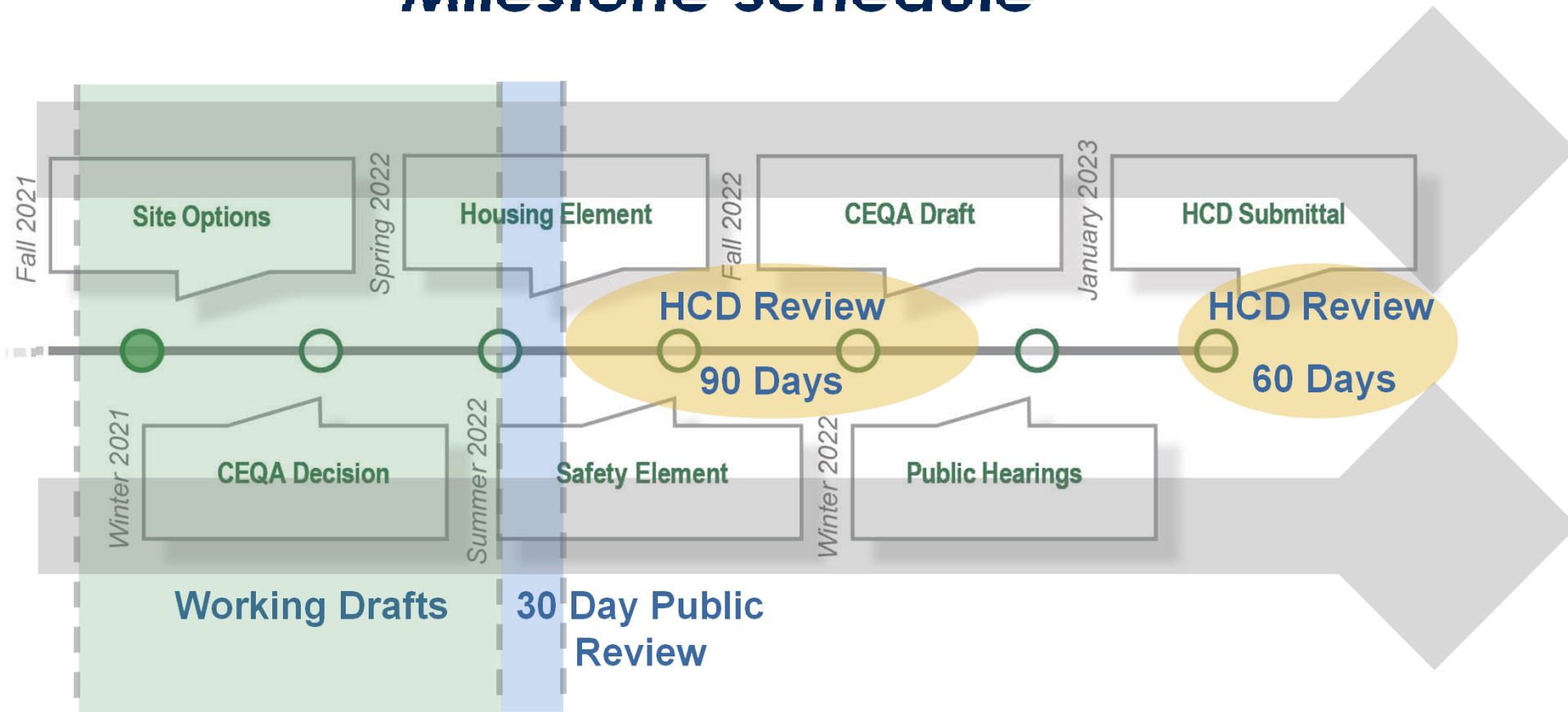
Milestone Schedule



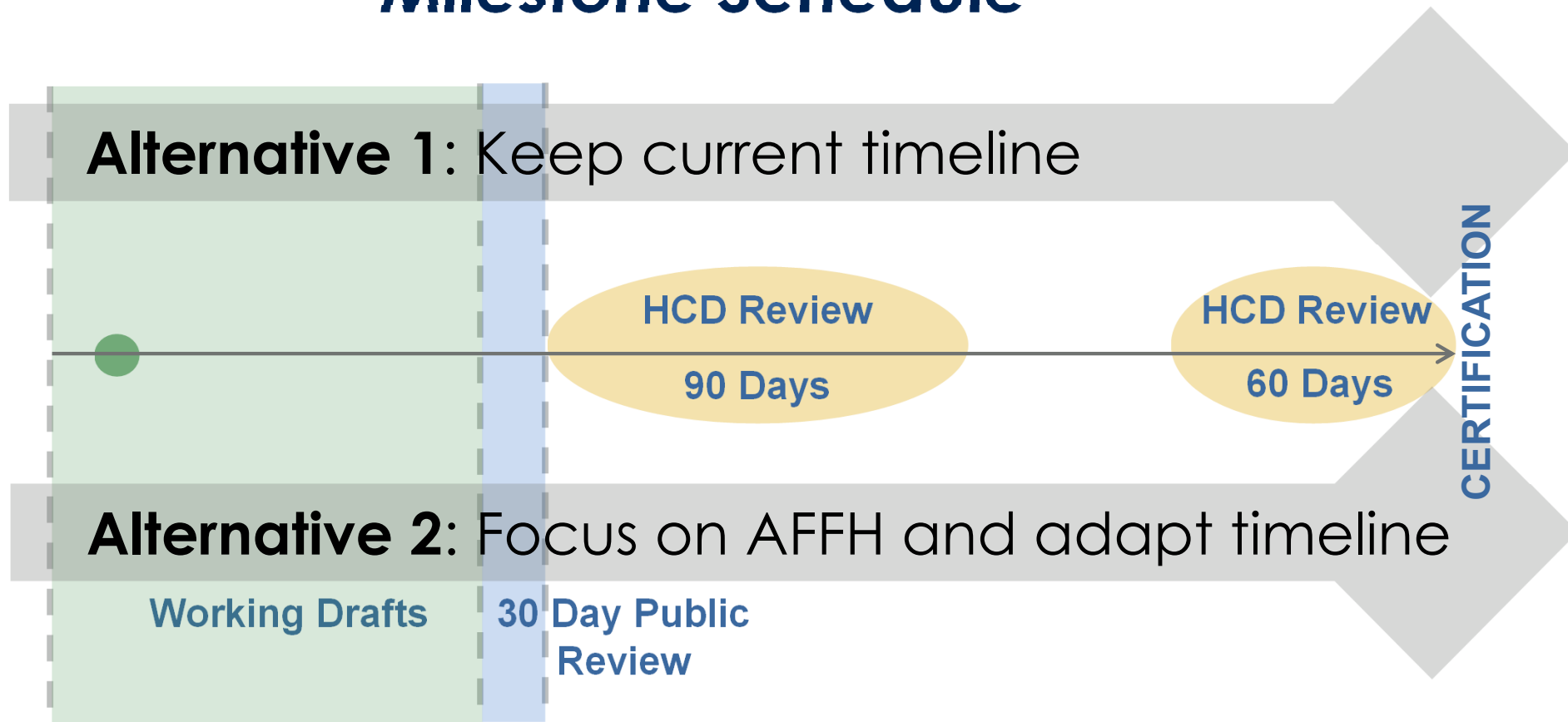
Milestone Schedule



Milestone Schedule



Milestone Schedule



Considerations for Changed Timeline

Alternative 2: Focus on AFFH and adapt timeline

- Up to 70% of SCAG jurisdictions have not received certification from HCD.
- The 4-year Cycle update consequence has been revoked
- Required timeline for re-zoning = 1 year instead of 3 years



Ways to Participate

- Public Meeting Comments
- Website interaction:
 - Surveys/ polls/ comments/ more
 - Mapping exercises
- Community Workshops
- Stakeholder representation

<https://engagecupertino.org/>



Council Feedback

Select option for moving forward with Stakeholder Group?

Appoint a Strategy Advisory Sub-Committee?