



The Forum (photo by Torin Scott, City of Cupertino)



**CITY OF
CUPERTINO**

FISCAL YEAR 2022-2023 BUDGET AT A GLANCE



The Veranda (photo by Jeff Peters, Vantage Point Photography Inc.)

A Message from the City Manager

As the City emerges from the COVID-19 pandemic, we are defining our future and the opportunities and challenges the future presents. From how we offer services to the development of our financial and human resources and the needs of residents, the City is not in the same place as it was pre-pandemic. In Fiscal Year (FY) 2021-2022, we saw increases in expenditures after experiencing a decrease across various categories due to the pandemic. We saw transient occupancy taxes, the hardest hit of our revenue sources, rebound. We transitioned from online-only to hybrid service models, and we saw the revitalization of in-person events.

Fortunately, the City is on solid financial footing in FY 2022-23 to weather any of the challenges ahead.

The budget is balanced with ongoing revenues meeting or exceeding ongoing expenditures, and fund balance is being used to fund one-time projects. The Adopted Budget is \$130,587,325 and is funded by \$130,244,157 in revenue. The General Fund, the City's largest tax-supported fund, is budgeted at \$95,167,779 and is funded by \$94,661,388 in revenue.

The City is currently in the midst of a sales tax audit by the California Department of Tax and Fee Administration (CDTFA). The impact of this audit is unknown, but it has the potential to have a significant impact on the City's sales tax revenue. Once more information is known, staff will provide updates to City Council. The Adopted Budget does take into consideration a potential reduction in sales tax revenue, as the City does take a conservative stance in financial matters. Additionally, a major impact of the pandemic has been on the City's ability to retain and recruit employees. As mentioned previously, the City experienced a spike in retirements and resignations, compounded by challenges in recruiting.

To date, the City has been successful in mitigating these impacts and has been able to complete projects on time. However, if current staffing trends continue, we may experience major impacts on service delivery to our residents.

A growing area of concern for the City is our aging infrastructure. The need to address our infrastructure will have a significant impact on the City's budget. The City will need to decide how and when to update, remodel, or rebuild existing infrastructure while balancing safety concerns with new infrastructure projects and ongoing operations.

Despite challenges and uncertainty in the State, Nation, and Globally, the City's fiscal outlook remains strong. Our City has a strong financial foundation to build upon for the successful future of Cupertino. And it will be more incredible than any of us can possibly imagine.

Services Provided by Each Department (Listed in Alphabetical Order)



Administration: City Manager's office, sustainability programs, records management, communications, legal counsel, emergency services, community outreach, economic development



Administrative Services: Human resources, risk management, finance, business licensing, budget, purchasing



Capital Improvement Program (CIP) managed by the Public Works Department: Design and construction administration for all capital improvement projects including streets, storm drainage, buildings, parks, and other public facilities



Community Development: Planning code and land use regulations, building and government codes, permit review, field inspections, public information, housing programs and services, and code enforcement



Council and Commissions: Establishment of public policies with advisory support from Council appointed Commissions



Innovation & Technology: City strategic planning, governance, policy setting, management and transparency in the use of computer, video, radio, GIS, and telecommunications technologies to support the delivery of cost-effective services



Law Enforcement: Police, animal, and noise control, emergency response, vehicle code enforcement



Non Departmental: Funding of the City's debt service and transfers out to other funds



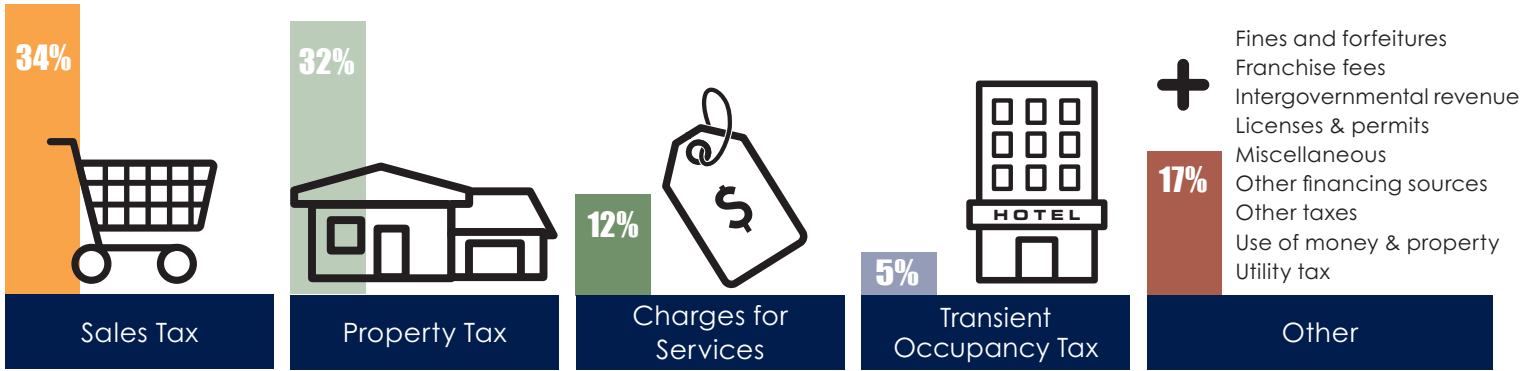
Parks & Recreation: Park development and supervision, programs and activities for all ages, community and recreational events and festivals, outdoor and indoor facility and site rentals



Public Works: Maintenance of streets, street lighting, street sweeping, parks, City facilities, City vehicles and equipment, and public trees and medians; graffiti removal, traffic operations, transportation planning, management of storm water and solid waste/recycling contract, development review, and encroachment permitting

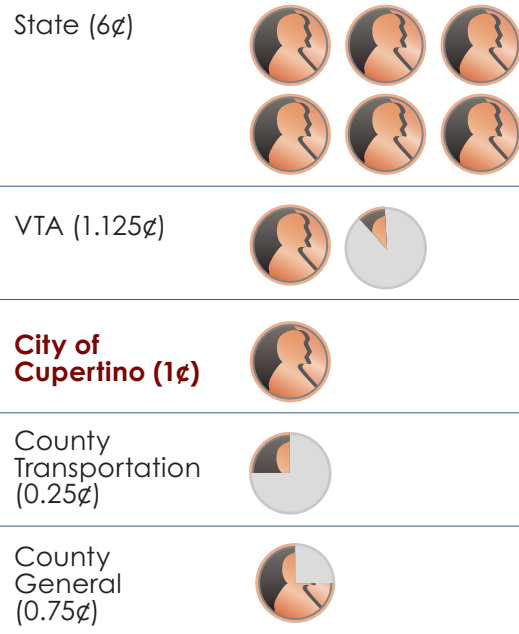
GENERAL FUND REVENUES: \$94,661,388

Where does the City get its money?



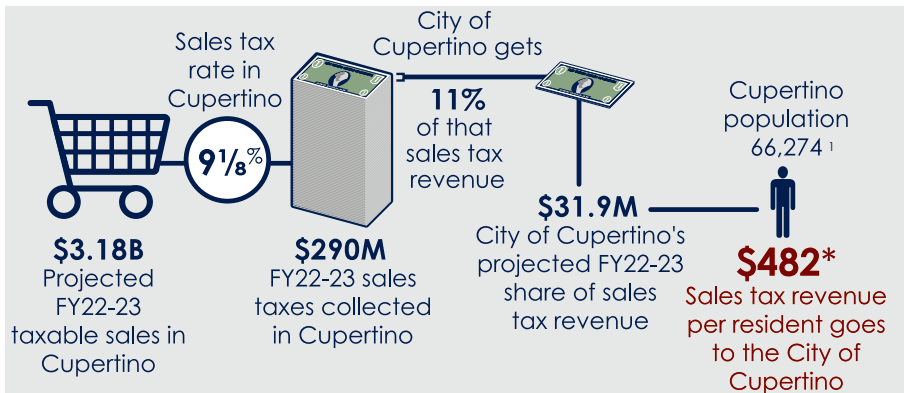
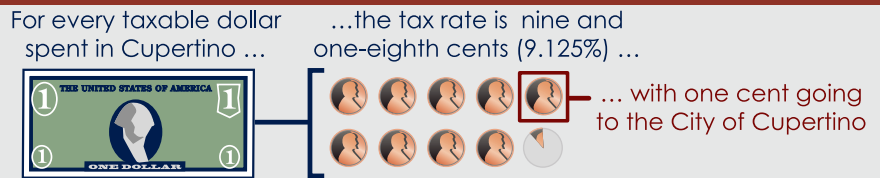
SALES TAXES

For every dollar you spend, you are taxed 9.125%



Cupertino Residents and the Budget: Sales Taxes

How much of your sales tax does the City receive?

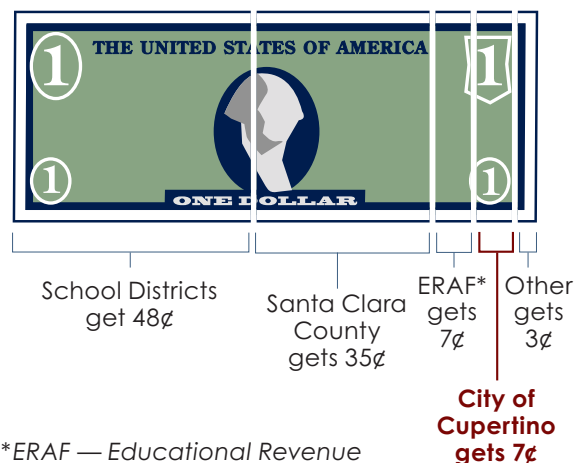


* For consistency and comparability with the FY22-23 Adopted Budget, this figure includes sales tax attributable to business and construction.

¹ Claritas Population estimates for Cupertino, 2013-2021 with 2010 Benchmark from U.S. Census

PROPERTY TAXES

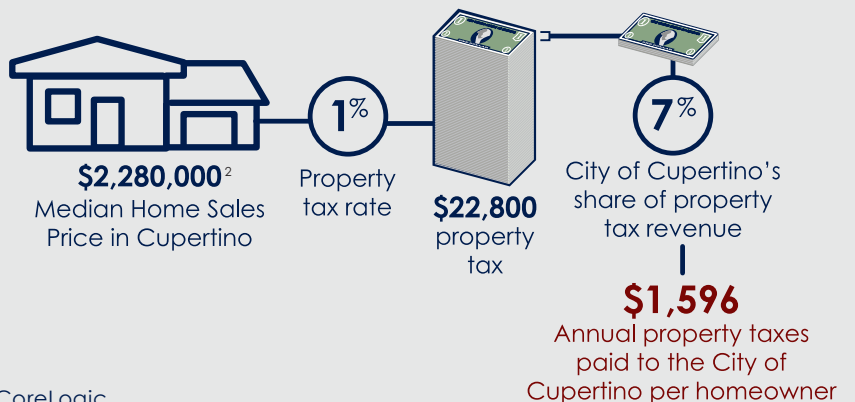
For every dollar paid in property taxes:



*ERAF — Educational Revenue Augmentation Fund

Cupertino Residents and the Budget: Property Taxes

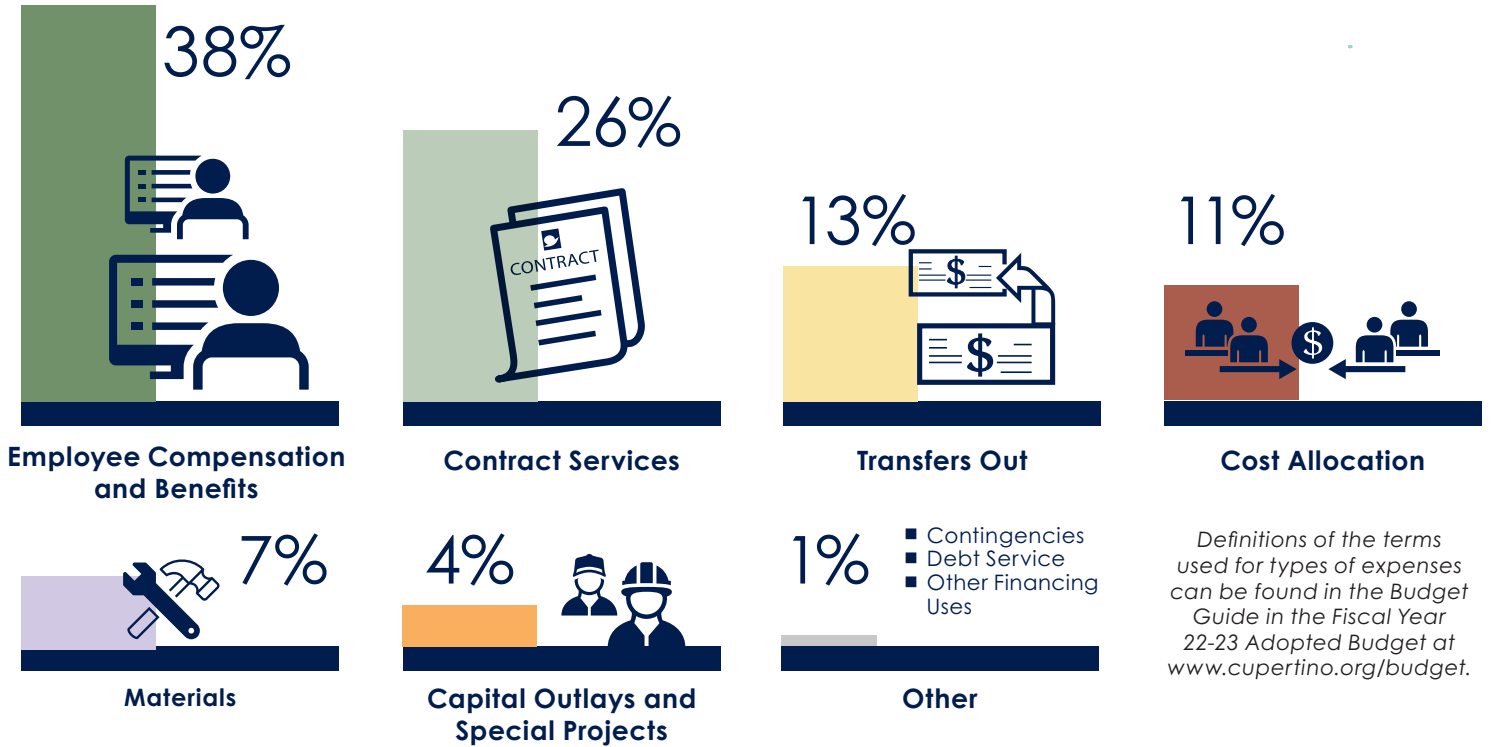
How much of your property tax does the City receive?



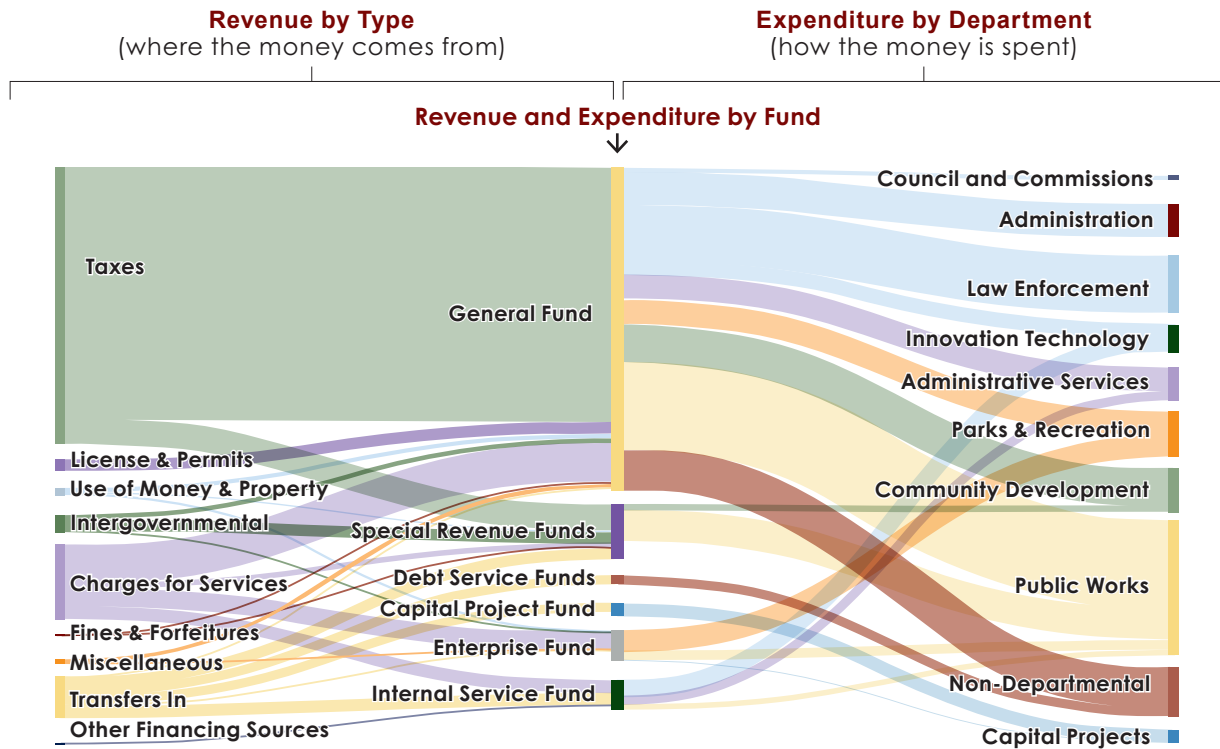
² CoreLogic

GENERAL FUND EXPENDITURES: \$95,167,779

How are the budget dollars distributed? (by type of expense)



City-wide Flow of Funds



The three most important things to learn from this chart:

- The chart above demonstrates how revenues (left to right) and expenditures (right to left) flow out of and into each type of City fund.
- Where revenues meet expenditures at the center of the chart (fund type line), a gap to the left is indicative of expenditures exceeding revenue and a decrease in fund balance/savings for that type of fund.
- A gap to the right is indicative of an increase in fund balance/savings for that type of fund.

Fiscal Year 2022-23 Adopted Budget

FY22-23 Adopted Budget Reconciliation

FY23 Revenue	FY23 Adopted Budget
General Fund Revenue	\$94,661,388
All Other Revenue	\$35,582,769
Total Revenue	\$130,244,157
FY23 Operating Budget	
Administration	\$9,648,419
Administrative Services	10,036,464
Community Development	13,126,224
Council and Commissions	1,306,376
Innovation & Technology	7,999,979
Law Enforcement	16,814,519
Non Departmental	14,689,603
Parks & Recreation	13,386,546
Public Works	39,921,995
Total Operating Budget	\$126,930,125
FY23 Capital Budget	
Street & Sidewalk Improvements	\$1,375,000
Bicycle Plan Implementation	525,000
Parks	1,373,600
Buildings and Facilities	185,000
Capital Project Planning & Support	175,000
Transfers	23,600
Total Capital Budget	\$3,657,200
Total FY23 Revenue	\$130,244,157
Total FY23 Adopted Budget	130,587,325
Changes to Fund Balance	\$(343,168)

FY23 Changes to Fund Balance

	FY22 Projected Fund Balance	Changes to Fund Balance	FY23 Adopted Fund Balance
General Fund	\$110,610,704	\$(506,391)	\$110,104,313
Special Revenue Funds	28,911,396	5,070,972	33,982,368
Debt Service Funds	8,350	-	8,350
Capital Project Funds	40,633,544	(1,133,600)	39,499,944
Enterprise Funds	7,494,168	(2,820,939)	4,673,229
Internal Service Funds	3,666,923	(953,210)	2,713,713
Total Fund Balance by Fund	\$191,325,085	\$(343,168)	\$190,981,917

CASE STUDY:

How a (Hypothetical) Resident Contributes to Cupertino's Budget

ANNUAL SALES TAX CONTRIBUTION

If Cupertino's population totals 66,274...and if sales tax revenues collected in Cupertino total \$290M, of which the City of Cupertino would get \$31.9M (11%)...then the sales tax contribution to the City per resident is **\$482**

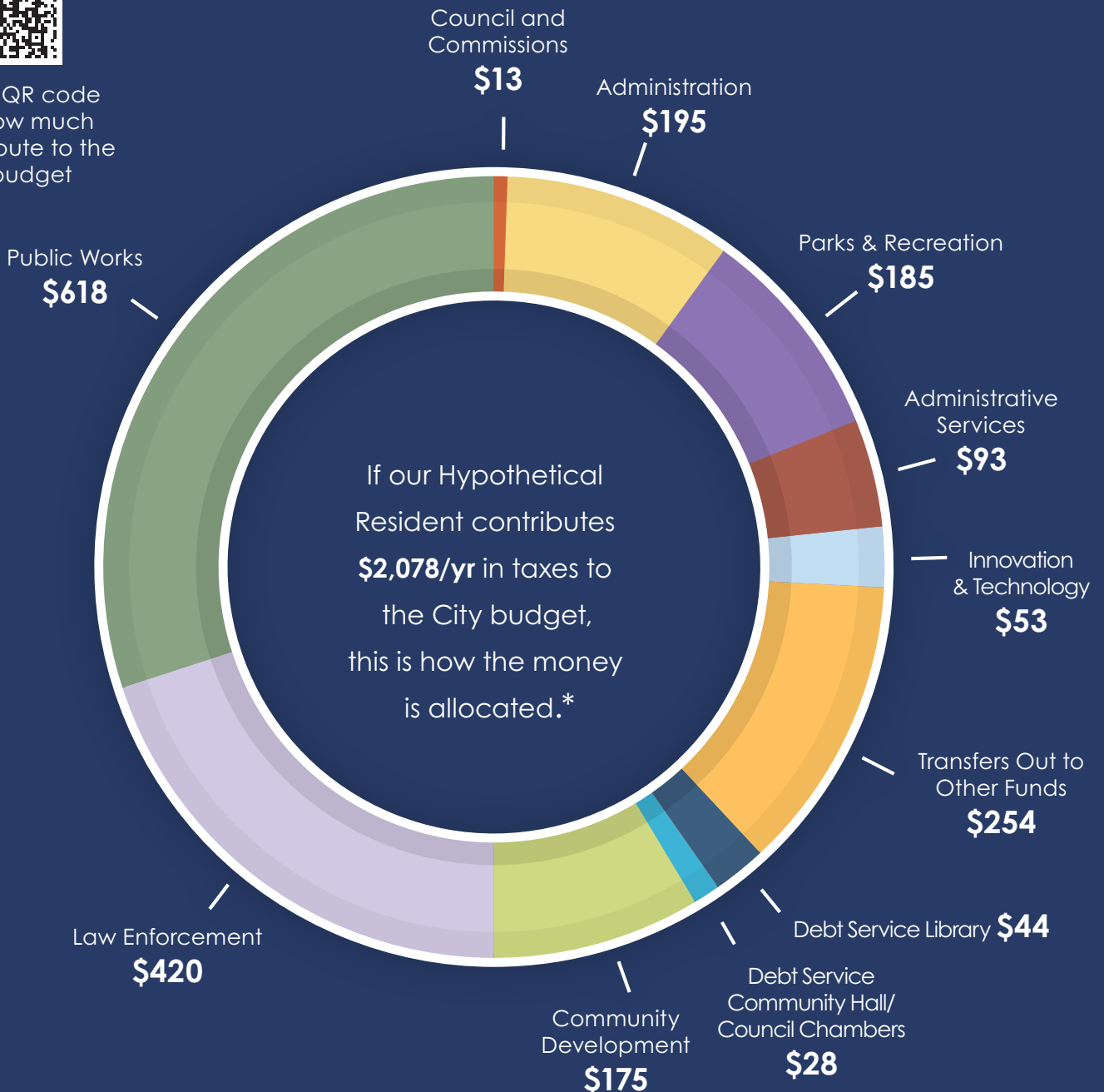
ANNUAL PROPERTY TAX CONTRIBUTION

If Median Home Price is \$2,280,000, the property tax generated is \$22,800...then the City of Cupertino gets **\$1,596** (7%) of that property tax

TOTAL ANNUAL SAMPLE CONTRIBUTION TO THE CITY FROM TAXES: \$2,078



Scan the QR code to see how much you contribute to the City's budget



*General Fund Expenditures less department charges for services (\$75.9 million)

Hypothetical resident contributions are based on a single-family homeowner. Total taxable sales, median home price, and general population figure are from the City of Cupertino FY22-23 Adopted Budget. Sales tax is 9.125%; City share is 11%; City share of property tax is 7%.

Capital Improvement Program (CIP) Budget



Street & Sidewalk Improvements
\$1,375,000



Bicycle Plan Implementation
\$525,000



Parks
\$1,373,600



Buildings and Facilities
\$185,000

FY22-23 Capital Projects



Please refer to cupertino.org/budget for a full list of FY22-23 Capital Improvement Program Budget projects.

New Personnel to Provide Services

Fourteen new positions were requested and approved by Council in this budget to help the City meet demands for increased services.

- Administrative Assistant
- Assistant City Manager
- Associate Planner
- Budget Manager
- Code Enforcement Officer
- Communications Analyst
- Community Outreach Specialist
- Legislative Aide
- Maintenance Worker Lead
- Management Analyst
- Office Assistant
- Purchasing Manager
- Senior Planner (Housing)
- Senior Planner (Planning)

City Council



Darcy Paul
Mayor

dpaul@cupertino.org



Liang Chao
Vice Mayor

lchao@cupertino.org



Kitty Moore
Councilmember

kmoore@cupertino.org



Hung Wei
Councilmember

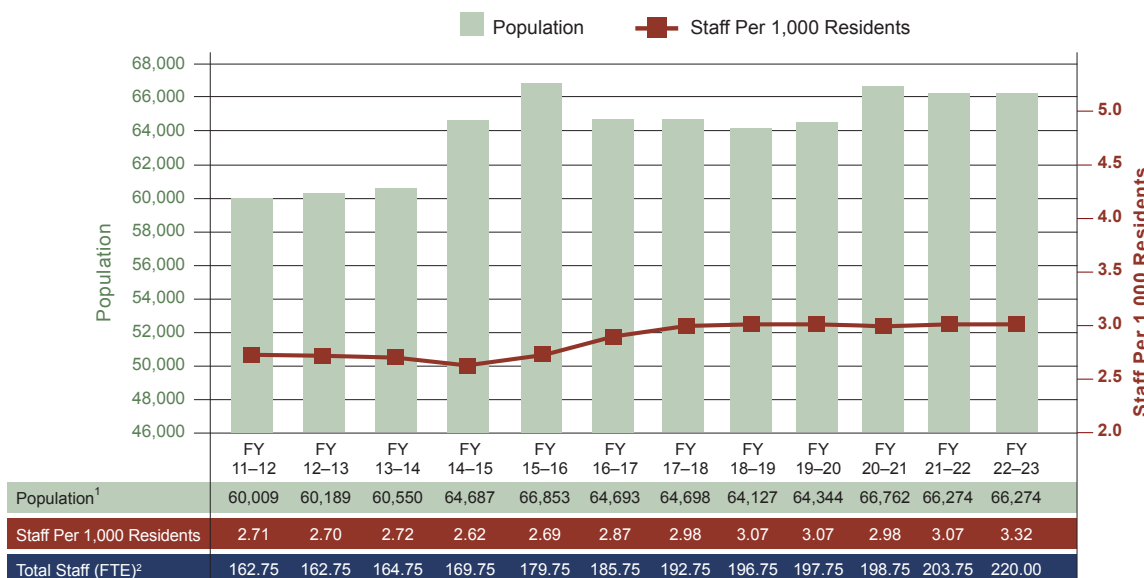
hwei@cupertino.org



Jon Willey
Councilmember

jwilley@cupertino.org

Ten-Year Staffing and Population Growth Chart



¹ Claritas Population estimates for Cupertino, 2013-2021 with 2010 Benchmark from U.S. Census

² See Page 12 of Appendix A in the FY 22-23 Adopted Budget for full staffing reconciliation

CITY OF CUPERTINO FAST FACTS:



Founded
1955



Population
66,274
Median Age
40



Average Household Income
\$259,061¹



Designated Tree City USA



Bike Friendly Community
Bronze Level

¹ Claritas Population estimates for Cupertino, 2013-2021 with 2010 Benchmark from U.S. Census

Contact Information

For additional information:

- Access City budget and financial information: cupertino.org/opengov
- Watch City Council meetings on Cable Channels 26/99 or at cupertino.org/youtube
- Submit a request online at cupertino.org/cupertino311
- Follow the City at cupertino.org/twitter, cupertino.org/facebook, and [Instagram.com/cityofcupertino](https://www.instagram.com/cityofcupertino)

For all City services call: 408-777-CITY (2489)

Sheriff & Fire (dial 911 for emergencies)

Sheriff Westside Station,
1601 S DeAnza Blvd. (408) 868-6600

Administrative Services

Finance (408) 777-3220
Human Resources (408) 777-3227

Community Development

Building (408) 777-3228
Code Enforcement (408) 777-3182
Planning (408) 777-3308

Administration

City Clerk (408) 777-3223
City Manager (408) 777-3212
Economic Development (408) 777-7607
Emergency Services (408) 777-3335
Neighborhood Watch (408) 777-3335

Library (Santa Clara County) (408) 446-1677

Parks & Recreation (408) 777-3120

Public Works (408) 777-3354



Scan the QR code to view the Budget at a Glance online.