

# Fiscal Year 2024-25 Community Budget Meeting #1

February 29, 2024



**CITY OF  
CUPERTINO**

# Agenda



# CDTFA Audit

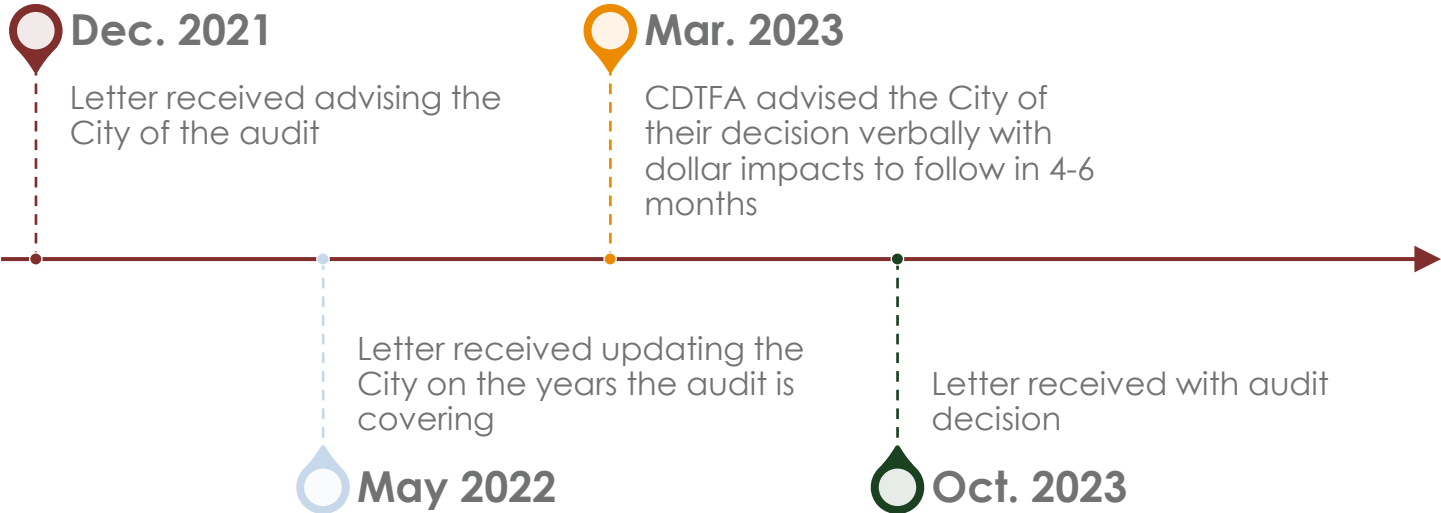


# California Department of Tax and Fee Administration (CDTFA) Audit

The City is  
experiencing a  
73% reduction in  
sales tax revenue...



# CDTFA Audit



# Council Actions



# Recommended Budget Balancing to Date

Goal: To maintain as many City Services as possible

- 85% of \$30M recommended as expenditure reductions
- Remaining \$4.5M or 15% needed as reductions and/or revenue enhancements not yet identified

# Balancing the Budget

Revenue Generation?  
Fee Increases?





## FY 2023-24: \$15 million in Reductions

- Eliminating 14 vacant positions \$2.6 million
- Decreasing materials, contract services, special projects, capital outlays, and contingency expenditures \$5.9 million
- Decreasing transfers from the General Fund to other funds \$5.5 million
- Using the City's Section 115 Trust to fund OPEB (Other Post-Employment Benefits/Retiree Health) costs \$1.4 million

# FY 2024-25: Potential Reductions (1/17/2024)

Grouping	Reductions
<b>Operations and Maintenance*</b> Reduce sidewalk, curb, and gutter. Move some Public Works contract services in-house, extending maintenance timelines. Reduce Public Works PT staffing. Shift credit card fees to customers. Remove library extra hours from the base due to available State funding to cover these costs. Various other reductions.	3,030,725
<b>Infrastructure</b> Reduce funding to CIP of \$2M annually for the first 5 years of the forecast. Will utilize the existing fund balance to cover these costs. Shift sidewalk and street tree maintenance to property owners and shift school district grounds maintenance to the school district.	4,372,402
<b>Fiscal Accountability</b> Align law enforcement costs with prior year actual hours. Reduce applications used in the City, extend tech refresh cycles, and remove the new Enterprise Resource Planning (ERP) software from the budget.	2,555,421
<b>Community Benefit</b> Reduce 4 <sup>th</sup> of July Event, partnerships, City events/outreach, paid events, concerts and movies, select City Work Program projects.	463,690
<b>Total*</b>	<b>\$10,422,238</b>

\* Crossing Guard Reduction (\$50,000) will not be included per Council direction on 1/17/2024

# Balancing the Budget

How can the City balance the budget?



Who provides most of the service to residents?



City Employees



How is City government funded?



Taxes and Fees

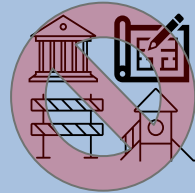


# Balancing the Budget – Some Community Feedback

"City needs to reduce expenses."



"But **the City** should **not** reduce services **to residents.**"

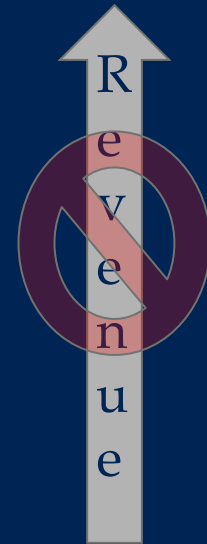


"Instead, the City should reduce the number of employees."



However, majority of services are provided by employees. Reduction in the number of employees **will result in a reduction of services.**

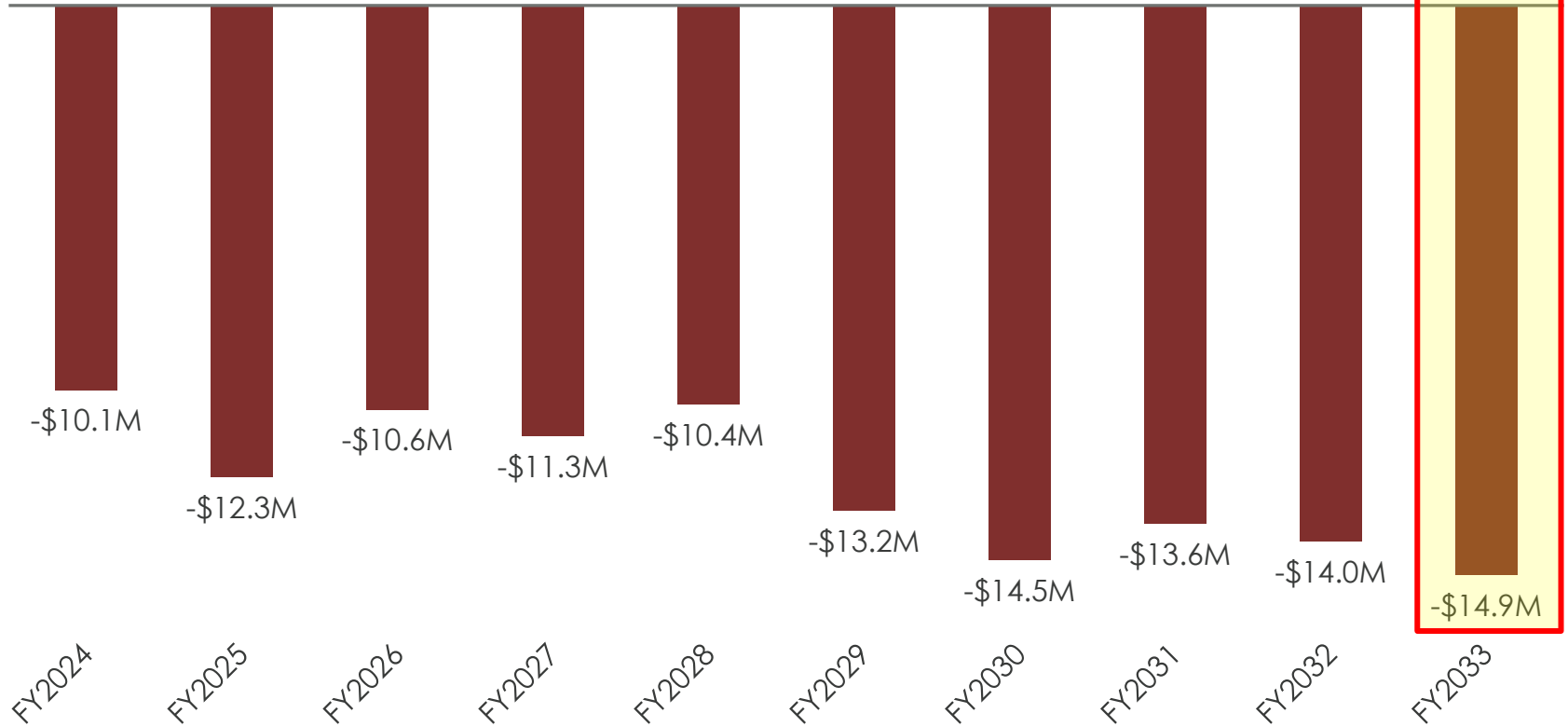
"And the City should also **not** increase fees or taxes."



# Budget Forecast



# General Fund Annual Operating Surplus/(Deficit) (1/17/2024)



# Fund Balance: General Fund

Classification	Year End Projection 2022-23	Q1 Year-End Projection 2023-24	Q2 Year-End Projection 2023-24
Restricted	20.7	18.8	20.7
Committed			
Capital Projects Reserve	10.0	10.0	-
Economic Uncertainty Reserve	24.0	24.0	18.0
Sales Tax Repayment Reserve	-	-	56.5
Sustainability Reserve	0.1	0.1	0.1
Unassigned	80.3	66.3*	26.0*
Other Classifications	5.4	5.4	5.4
<b>Total Fund Balance</b>	<b>\$140.6</b>	<b>\$124.6*</b>	<b>\$126.8*</b>

As shown in the FY24 Mid-Year Financial Report

\*Excludes unrealized revenues from The Rise

Total  
Fund Balance  
\$137.5M



Non  
Spendable  
(\$0.5M)

Restricted  
(\$20.7M)

Committed  
Fund  
Balance  
(\$74.6M)

Assigned  
(\$5M)

Unassigned  
Fund Balance  
\$26M

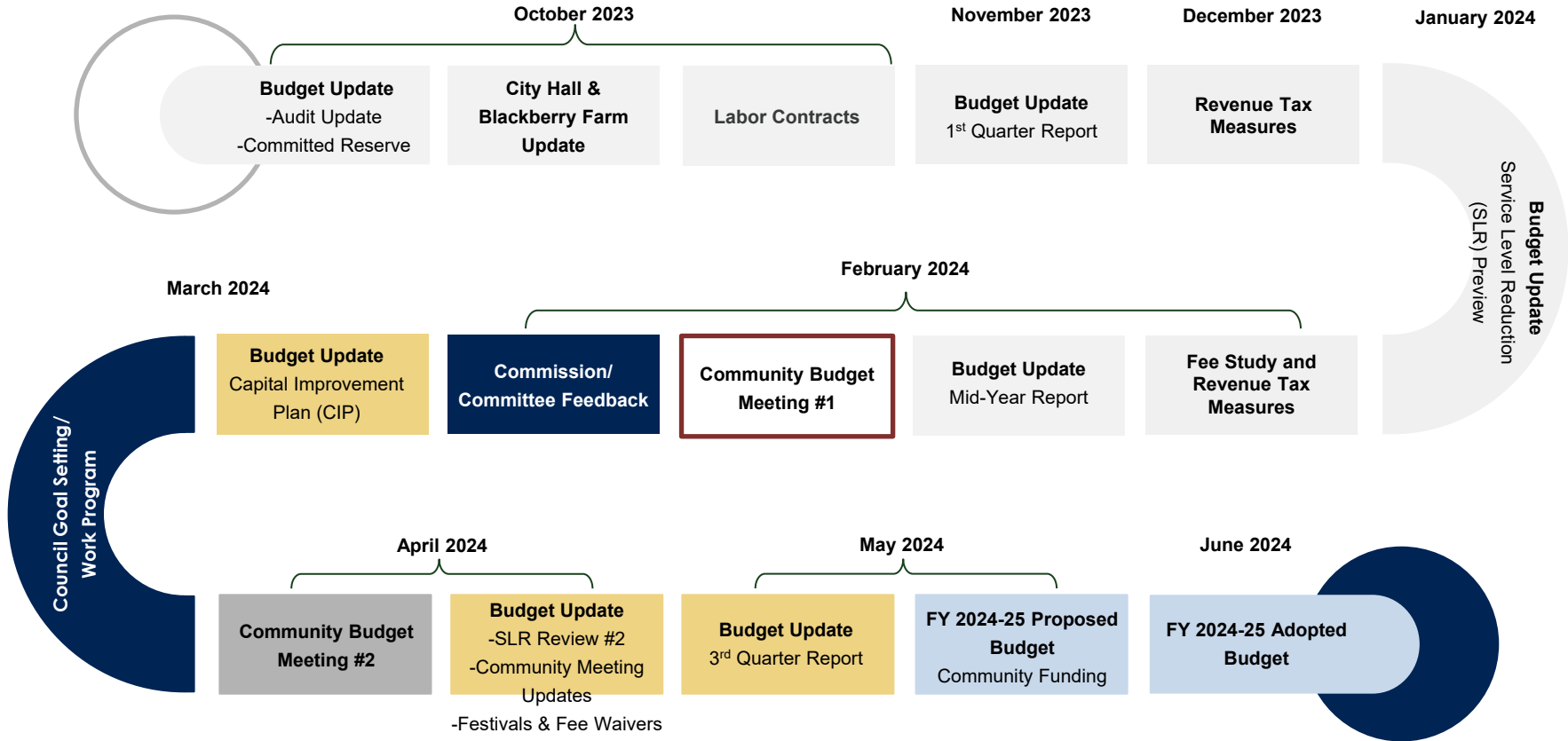
**How much fund  
balance is available  
for use?**



# Next Steps



# Roadmap to FY 2024-25 Budget Adoption and Balancing



# Community Engagement



# Community Engagement

- Interactive town hall meetings in February and April
- Surveys and community outreach gather diverse perspectives from residents, businesses, and stakeholders
- Feedback integrated into recommendations, ensuring community voices and concerns actively considered in decision-making

# Resources

## Budget Learning Library



Budget Bites  
(Budget 101)  
[www.cupertino.org/budgetlearninglibrary](http://www.cupertino.org/budgetlearninglibrary)



Forecast Tool  
Resident Tax Calculator  
[www.cupertino.org/budgetlearninglibrary](http://www.cupertino.org/budgetlearninglibrary)



# Resources (continued)

## CDTFA Website



City's CDTFA Audit Website  
[www.Cupertino.org/budget-forecast](http://www.Cupertino.org/budget-forecast)



## Interactive Financial Transparency Portal



OpenGov  
[www.Cupertino.org/opengov](http://www.Cupertino.org/opengov)



Contact Us:  
[BudgetTeam@cupertino.gov](mailto:BudgetTeam@cupertino.gov)

# Community Budget Meeting - Survey

- Survey to go out after this meeting
- Will be sent to email provided in zoom or sign in
- Survey will work for only the email submitted
- Survey can only be submitted once per email

**Questions?**

