

FISCAL YEAR  
2020 - 2021  
**BUDGET**  
AT A GLANCE





## A Message from the City Manager

As the City of Cupertino enters a time of economic uncertainty, I am pleased to present the City Council with a balanced budget for Fiscal Year 2020-2021. Forecasting anything, be it the economy or the weather, is not an exact science. There are many variables and a lot that we cannot see. But what we can do, and what we are doing, is preparing for the worst while taking steps to ensure the continual financial stability of our organization.

The COVID-19 pandemic, and the ensuing lockdowns, has negatively affected the economies of all countries and likely caused a worldwide recession. The City, for purposes of our budget forecast, is anticipating at least a two-year recession.

The FY 20-21 Adopted Budget presents a General Fund with revenues of \$79.1 million and expenditures of \$80.5 million. The City's top three revenue sources have been property, sales, and transient occupancy taxes. While this will continue to be true, the City will not see the same level of revenue as in recent years. Sales tax is anticipated to experience an approximately 20% decline, while transient occupancy tax is expected to drop by 25%. The City also expects a decline in fee revenues, mostly attributed to Parks & Recreation Department programs being ceased, but also due to economic strains on the local, state, and national levels.

With declining revenues for the next several years, difficult but necessary decisions must be made to bring expenditures into line. The City is implementing several budget balancing strategies to the General Fund forecast as noted below:

- Phasing in an increase of vacant staff positions from five (5) to twenty (20) within a three-year period, which will result in up to \$3.2 million in annual savings.
- Reducing contingencies by 50%, which is expected to save approximately \$850,000.
- Reducing materials by 10%, which is expected to save approximately \$670,000 in Fiscal Year 20-21.
- Reducing contract services by \$1 million.
- Reducing special projects by \$500,000.

In conclusion, the City—along with every other municipality—is heading into much uncertainty. While there is a lot we do not know, the picture will become clearer as we move forward and receive more information. Fortunately, the City stands on a solid financial foundation and decisions have already been made, and will continue to be made, to ensure that stays true into the foreseeable future.

Respectfully,

Deborah L. Feng, City Manager

## Services Provided By Each Department (Listed in Alphabetical Order)



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



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



**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 program development, governmental transparency through geographic information systems (geospatial data), business applications (City website, mobile apps, and e-service applications), and infrastructure (information technology)



**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 primarily to fund capital project costs



**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, streetlighting, 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

# Capital Improvement Program (CIP) Budget



Street & Sidewalk Improvements  
\$300,000



Bicycle Plan Implementation  
\$750,000



Parks  
\$550,000



Buildings and Facilities  
\$607,000

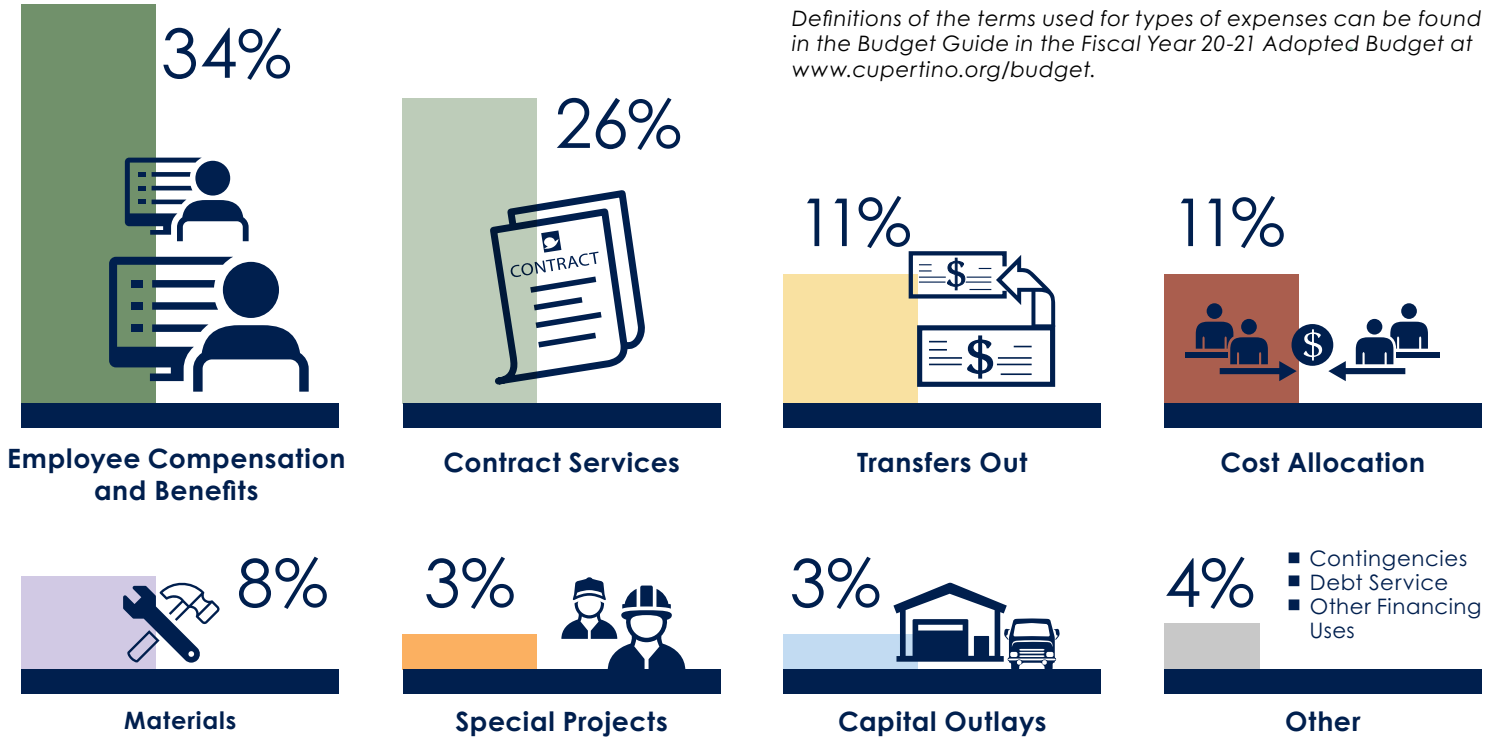


This excludes Project Development and Cost Allocation Charges as shown on page 5.

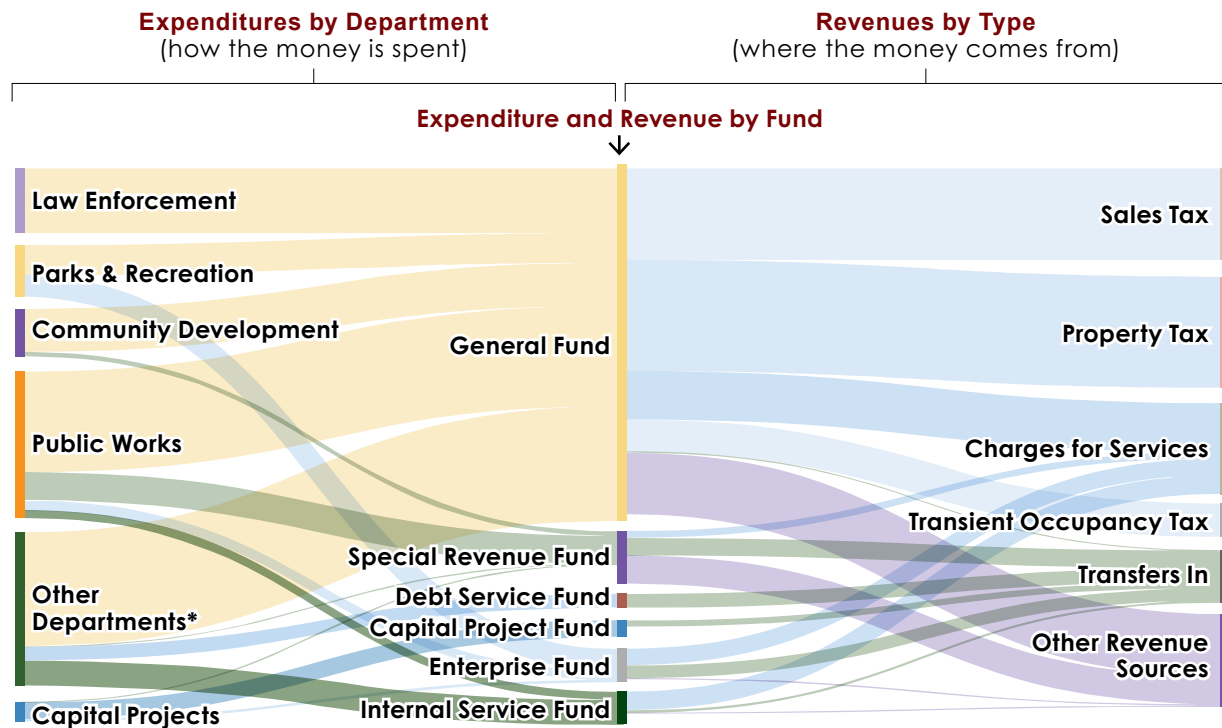
# Total Budget

How the budget dollars are distributed — by type of expense

Definitions of the terms used for types of expenses can be found in the Budget Guide in the Fiscal Year 20-21 Adopted Budget at [www.cupertino.org/budget](http://www.cupertino.org/budget).



## Flow of Funds



\*Other Departments: Consist of Administration, Administrative Services, Council and Commissions, Innovation & Technology, Non Departmental

### The three most important things to learn from this chart:

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

## Fiscal Year 2020-21 Adopted Budget

### FY 20-21 Adopted Budget Reconciliation

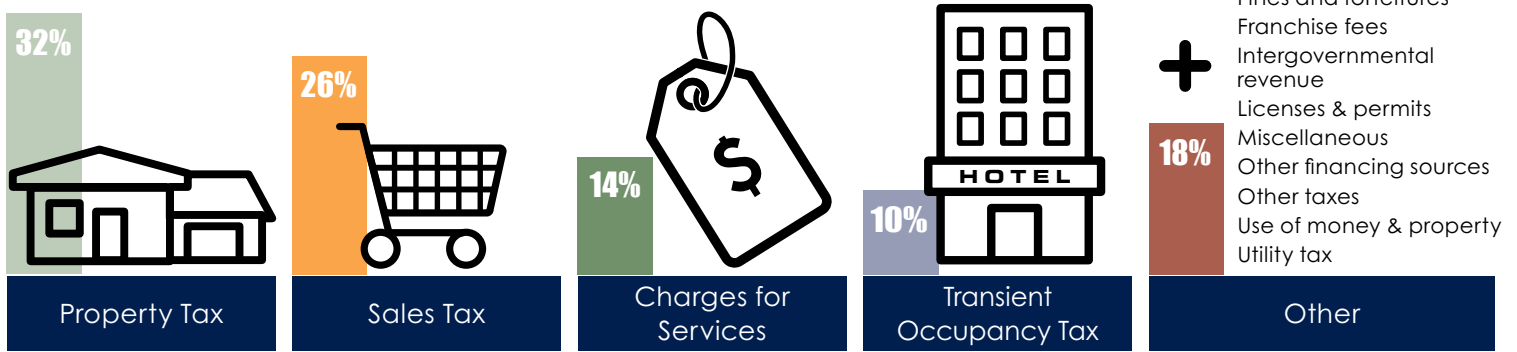
| <b>FY 20-21 Revenue</b>               | <b>FY 20-21 Adopted Budget</b> |
|---------------------------------------|--------------------------------|
| General Fund Revenue                  | \$79,060,125                   |
| All Other Revenue                     | 28,643,724                     |
| <b>Total Revenue</b>                  | <b>\$107,703,849</b>           |
| <br>                                  |                                |
| <b>FY 20-21 Operating Budget</b>      |                                |
| Administration                        | \$8,017,844                    |
| Administrative Services               | 7,235,016                      |
| Community Development                 | 10,884,715                     |
| Council and Commissions               | 1,200,811                      |
| Innovation & Technology               | 5,495,778                      |
| Law Enforcement                       | 14,792,448                     |
| Non Departmental                      | 15,122,276                     |
| Parks & Recreation                    | 11,717,347                     |
| Public Works                          | 33,498,783                     |
| <b>Total Operating Budget</b>         | <b>\$107,965,018</b>           |
| <br>                                  |                                |
| <b>FY 20-21 Capital Budget</b>        |                                |
| Road Improvements                     | \$650,000                      |
| Bike & Pedestrian                     | 400,000                        |
| Parks & Recreation                    | 550,000                        |
| Facilities                            | 607,000                        |
| Project Development & Cost Allocation | 419,207                        |
| <b>Total Capital projects</b>         | <b>\$2,626,207</b>             |
| <br>                                  |                                |
| <b>Total FY 20-21 Revenue</b>         | <b>\$107,703,849</b>           |
| Total FY21 Adopted Budget             | 110,591,225                    |
| <b>Changes to Fund Balance</b>        | <b>\$(2,887,376)</b>           |

### Estimated Changes to Fund Balance from FY 20-21

|                                   | <b>FY 19-20 Estimated Fund Balance</b> | <b>Changes to Fund Balance</b> | <b>FY 20-21 Estimated Fund Balance</b> |
|-----------------------------------|--|--------------------------------|--|
| General Fund                      | \$53,438,546                           | \$(1,468,367)                  | \$51,970,179                           |
| Special Revenue Funds             | 23,397,927                             | \$4,247,649                    | 27,645,576                             |
| Debt Service Funds                | 1,660,760                              | -                              | 1,660,760                              |
| Capital Project Funds             | 48,538,113                             | (2,332,723)                    | 46,205,390                             |
| Enterprise Funds                  | 5,001,676                              | (712,204)                      | 4,289,472                              |
| Internal Service Funds            | 6,825,172                              | (2,621,731)                    | 4,203,441                              |
| <b>Total Fund Balance by Fund</b> | <b>\$138,862,194</b>                   | <b>\$(2,887,376)</b>           | <b>\$135,974,818</b>                   |

# GENERAL FUND REVENUES

## Where does the City get its money?



### SALES TAXES

For every dollar you spend, you are taxed 9¢

State (6¢)



VTA (1.125¢)



**City of Cupertino (1¢)**



County Transportation (0.25¢)



County General (0.625¢)



### Cupertino Residents and the Budget: Sales Taxes

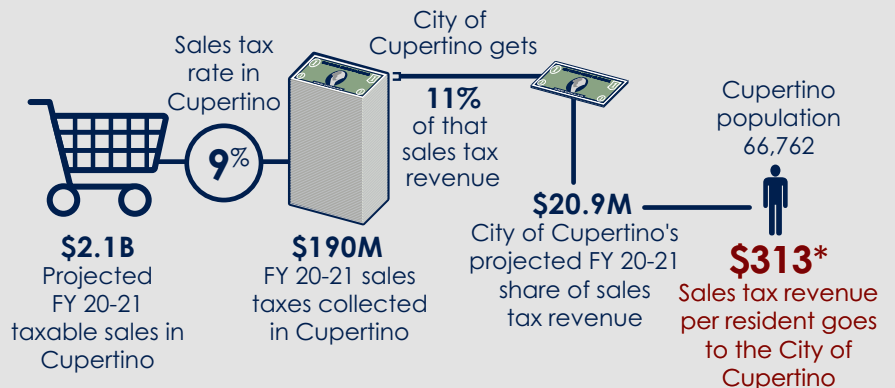
How much of your sales tax does the City receive?

For every taxable dollar spent in Cupertino ...

...the tax rate is nine cents (9%) ...



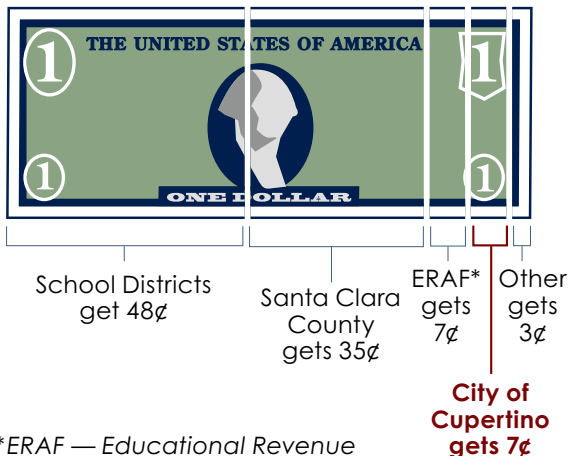
... with one cent going to the City of Cupertino



\* For consistency and comparability with the FY 20-21 Adopted Budget, this figure includes sales tax attributable to business and construction.

### PROPERTY TAXES

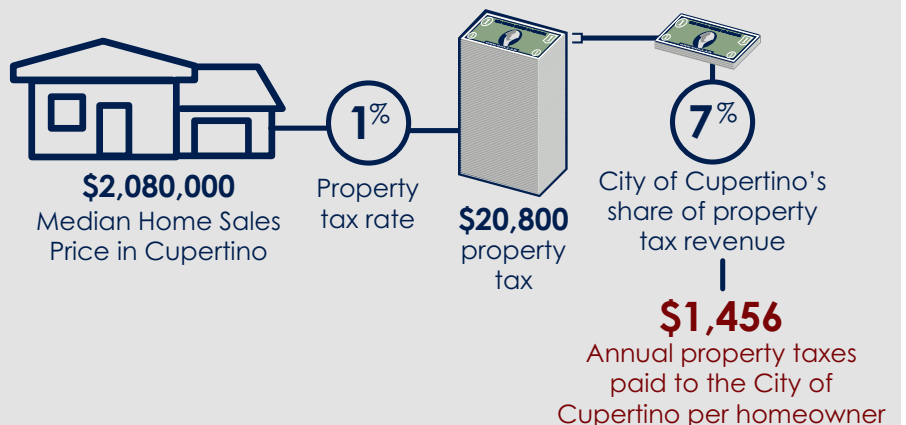
For every dollar paid in property taxes:



\*ERAF — Educational Revenue Augmentation Fund

### Cupertino Residents and the Budget: Property Taxes

How much of your property tax does the City receive?



## CASE STUDY:

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

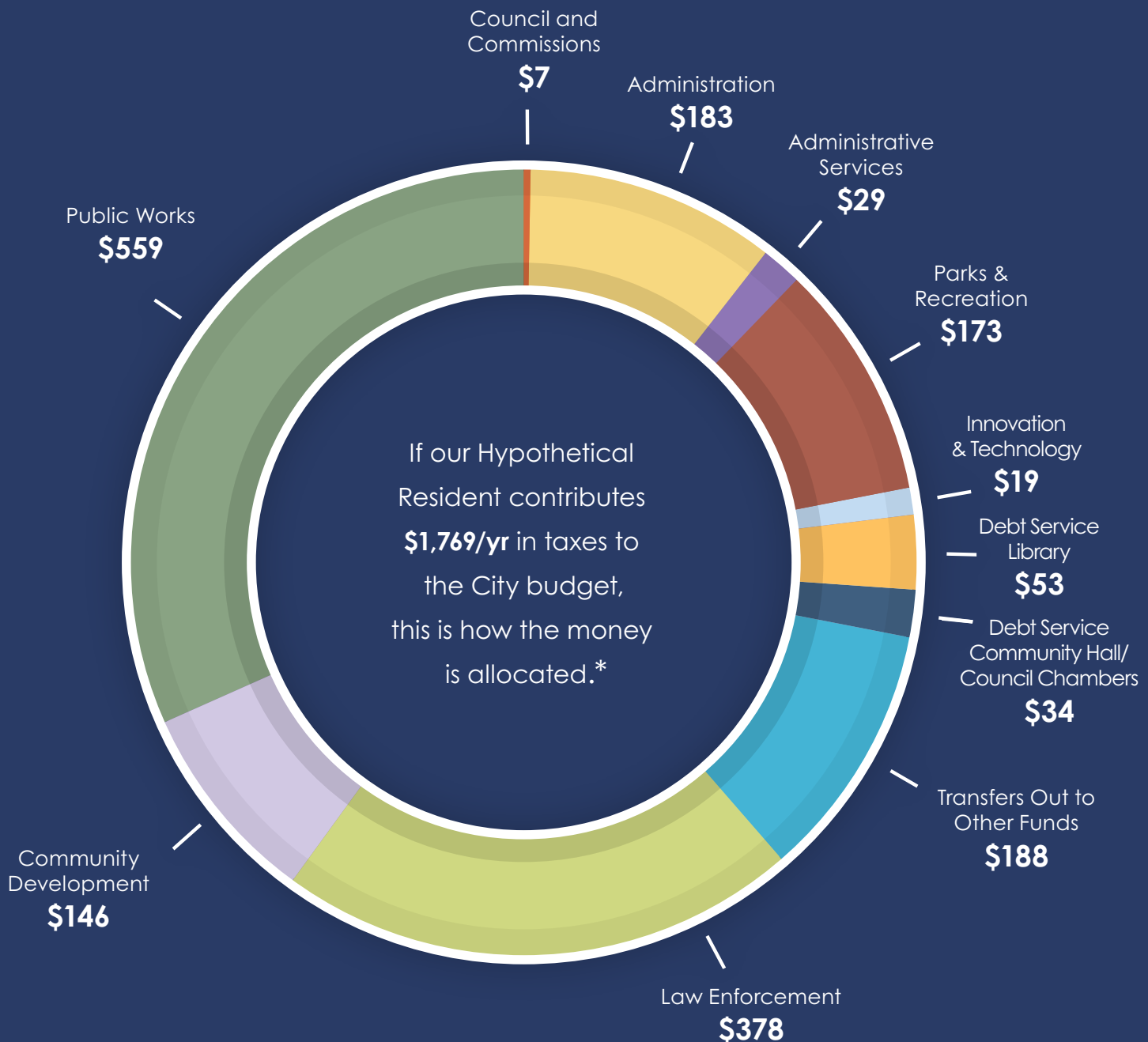
#### ANNUAL SALES TAX CONTRIBUTION

If Cupertino's population totals 66,762...and if sales tax revenues collected in Cupertino total \$190M, of which the City of Cupertino would get \$20.9M (11%)...then the sales tax contribution to the City per resident is **\$313**

#### ANNUAL PROPERTY TAX CONTRIBUTION

If Median Home Price is \$2,080,000, the property tax generated is \$20,800...then the City of Cupertino gets **\$1,456** (7%) of that property tax

**TOTAL ANNUAL SAMPLE CONTRIBUTION TO THE CITY FROM TAXES: \$1,769**



\*General Fund Expenditures less department charges for services (\$62.4 million)

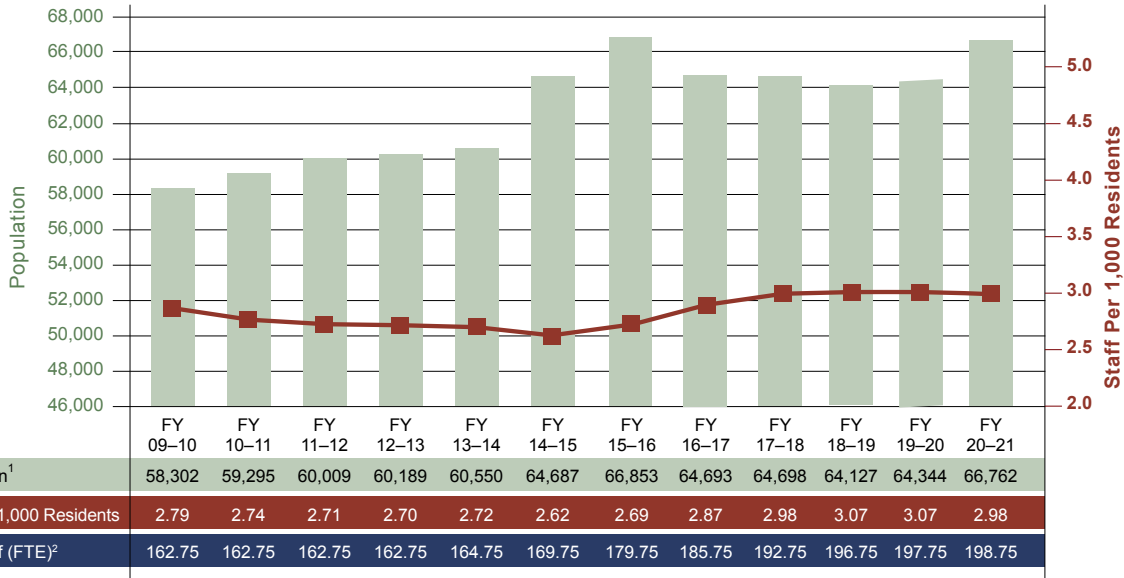
Hypothetical resident contributions are based on a single-family homeowner. Total taxable sales, median home price, and general population figure are from the City of Cupertino FY 20-21 Adopted Budget. Sales tax is 9%; City share is 11%; City share of property tax is 7%.

# New Personnel to Provide Services

Council adopted the conversion of the Administrative Services Department's limited term Senior Management Analyst to permanent effective July 1, 2020.

## Ten-Year Staffing and Population Growth Chart

Population Staff Per 1,000 Residents



<sup>1</sup> Claritas Population estimates for Cupertino, 2013-2020 with 2010 Benchmark from U.S. Census

<sup>2</sup> See page 523-524 in the FY 20-21 Adopted Budget for full staffing reconciliation

## CITY OF CUPERTINO FAST FACTS:

Founded  
**1955**



Population  
**66,762**



Median Age  
**40**

Average Household Income



**\$242,777**

Designated Tree City USA



Bike Friendly Community



Bronze Level

### Contact Information

For additional information:

- Visit our website: [www.cupertino.org](http://www.cupertino.org)
- Access City budget and financial information: [www.cupertino.org/opengov](http://www.cupertino.org/opengov)
- Watch City Council meetings on Cable Channels 26/99 or on the web
- Submit a request online at [Cupertino.org/Cupertino311](http://Cupertino.org/Cupertino311)
- Follow the City at [www.cupertino.org/twitter](http://www.cupertino.org/twitter) and [www.cupertino.org/facebook](http://www.cupertino.org/facebook)

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

|  |                              |          |
|--|------------------------------|----------|
| Sheriff & Fire (dial 911 for emergencies)              | Economic Development         | 777-7607 |
| Sheriff Westside Station, 1601 S DeAnza Blvd. 868-6600 | Emergency Preparedness       | 777-3120 |
| Administrative Services/Finance 777-3220               | Human Resources              | 777-3227 |
| Building 777-3228                                      | Library (Santa Clara County) | 446-1677 |
| City Clerk 777-3223                                    | Neighborhood Watch           | 777-3177 |
| City Manager 777-3212                                  | Parks & Recreation           | 777-3120 |
| Code Enforcement 777-3182                              | Planning                     | 777-3308 |
|  | Public Works                 | 777-3354 |

All numbers are area code 408

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