



CITY OF
CUPERTINO

FISCAL YEAR
2021 - 2022

Budget at a Glance



A Message from the City Manager

I am pleased to present the City Council with a balanced budget for Fiscal Year 2021-2022. The Adopted Budget presents a General Fund with revenues of \$89.6 million and expenditures of \$89.8 million.

I am proud of the tremendous efforts our City has and continues to put forth toward mitigating the impacts of the COVID-19 pandemic. Although the City remains fiscally well-positioned, there is much uncertainty as we move toward a recovery.

While we move forward with optimism, it will take some time before we can see the full picture of our revenue stream with the effects of the pandemic. The City's top three revenue sources have historically been property, sales, and transient occupancy taxes. While this will continue to be true for both property and sales tax, transient occupancy taxes have been significantly impacted by the lack of travel and the effects of the telework environment.

Sales tax revenues experienced tremendous growth during FY 2020-21 due to increases in business-to-business and online sales. However, we believe this to be a one-time experience due to statewide shelter-in-place orders. Property taxes are anticipated to remain stable in the near-term, but we have yet to identify how potential telework structures might impact these revenues in the long-term. Transient occupancy taxes rely heavily on local businesses' employees being at the workplace. As a result, potential telework structures will also have a significant impact on these revenues.

What does this mean? It's likely that we will see a slight drop in revenue as other cities hit much harder financially begin to recover.

The slight drop is expected for a few reasons:

- Sales tax revenue will decline as businesses begin to open and online sales decrease.
- Property tax—while stable currently—could be affected as new telecommute policies impact property values in the Bay Area.
- Transient occupancy tax is not expected to fully recover until FY 2023-24. And the extent of a "full recovery" is unknown. Like property taxes, we do not fully understand how telecommute policies will impact the demand for City hotels.

While we continue on the road to recovery and return to some type of normal, the City will monitor the situation and adjust when necessary. I intend to keep the City Council and our residents fully informed. I understand that having the latest information and up-to-date data will allow for informed decision-making.

Respectfully Submitted,

Deborah L. Feng, City Manager

Services Provided by Each Department (Listed in Alphabetical Order)



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



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, economic development, 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
\$2,420,000



Bicycle Plan
Implementation
\$2,075,000



Parks
\$5,565,000



Buildings and
Facilities
\$4,748,000

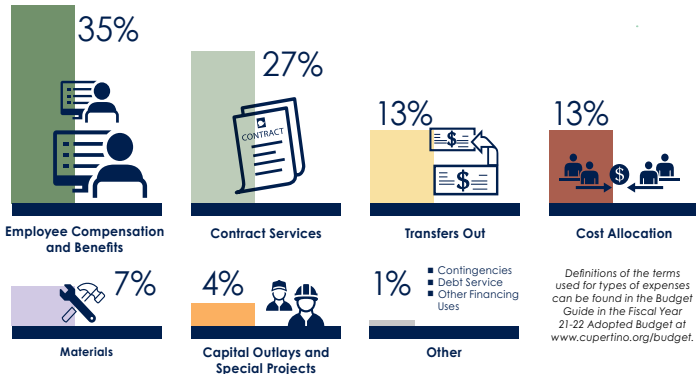
New Capital Projects FY 21-22



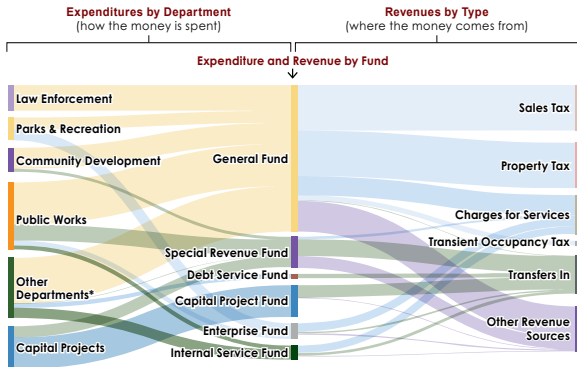
Please refer to cupertino.org/budget for a full list of FY 21-22 Capital Improvement Program Budget projects.

Total Budget

How the budget dollars are distributed — by type of expense



Flow of Funds



*Other Departments: 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 out of and 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 2021-22 Adopted Budget

FY 21-22 Adopted Budget Reconciliation

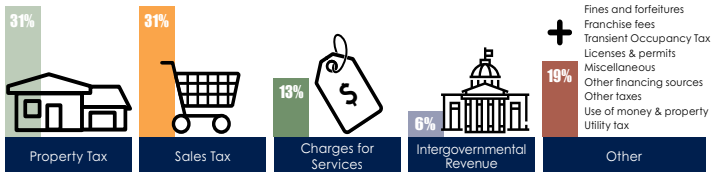
FY 21-22 Revenue	FY 21-22 Adopted Budget
General Fund Revenue	\$89,647,891
All Other Revenue	43,203,067
Total Revenue	\$132,850,958
FY 21-22 Operating Budget	
Administration	\$7,629,629
Administrative Services	7,771,115
Community Development	14,689,938
Council and Commissions	1,334,303
Innovation & Technology	6,266,270
Law Enforcement	15,756,350
Non Departmental	25,382,535
Parks & Recreation	13,920,774
Public Works	41,286,321
Total Operating Budget	\$134,037,235
FY 21-22 Capital Budget	
Road Improvements	\$2,420,000
Bike & Pedestrian	2,075,000
Parks & Recreation	5,565,000
Facilities	4,748,000
Total Capital projects	\$14,808,000
Total FY 21-22 Revenue	\$132,850,958
Total FY22 Adopted Budget	148,845,235
Changes to Fund Balance	\$(15,994,277)

Estimated Changes to Fund Balance from FY 21-22

	FY 20-21 Estimated Fund Balance	Changes to Fund Balance	FY 21-22 Estimated Fund Balance
General Fund	\$83,259,456	\$(119,143)	\$83,140,313
Special Revenue Funds	28,888,315	533,265	29,421,580
Debt Service Funds	55,016	(55,000)	16
Capital Project Funds	39,384,351	(11,597,048)	27,787,303
Enterprise Funds	6,935,949	(2,595,738)	4,340,211
Internal Service Funds	5,194,719	(2,160,613)	3,034,106
Total Fund Balance by Fund	\$163,717,806	\$(15,994,277)	\$147,723,529

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¢)



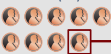
Cupertino Residents and the Budget: Sales Taxes

How much of your sales tax does the City receive?

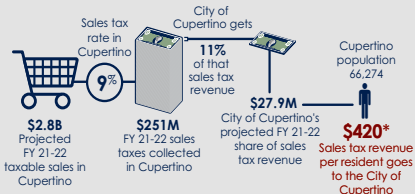
For every taxable dollar spent in Cupertino ...



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



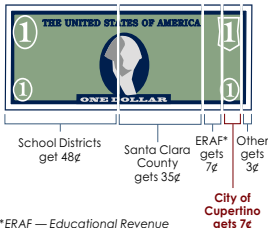
... with one cent going to the City of Cupertino



*For consistency and comparability with the FY 21-22 Adapted Budget, this figure includes sales tax attributable to business and construction.

PROPERTY TAXES

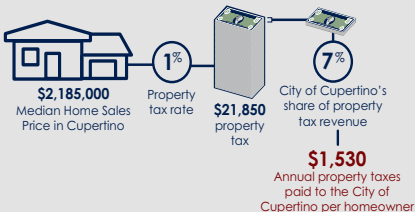
For every dollar paid in property taxes:



*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

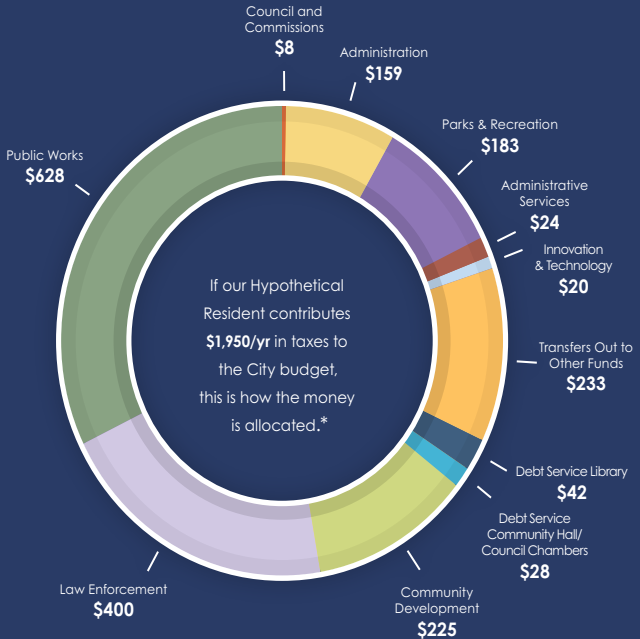
ANNUAL SALES TAX CONTRIBUTION

If Cupertino's population totals 66,274...and if sales tax revenues collected in Cupertino total \$251M, of which the City of Cupertino would get \$27.9M (11%)...then the sales tax contribution to the City per resident is **\$420**

ANNUAL PROPERTY TAX CONTRIBUTION

If Median Home Price is \$2,185,000, the property tax generated is \$21,850...then the City of Cupertino gets **\$1,530** (7%) of that property tax

TOTAL ANNUAL SAMPLE CONTRIBUTION TO THE CITY FROM TAXES: \$1,950



*General Fund Expenditures less department charges for services (\$72.3 million)

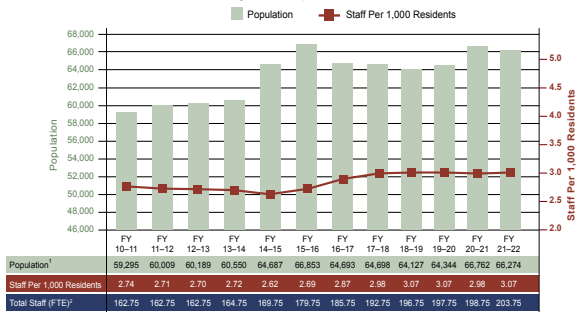
Hypothetical resident contributions are based on a single-family homeowner. Total taxable sales, median home price, and general population figure are from the City of Cupertino FY 21-22 Adopted Budget. Sales tax is 9%; City share is 11%; City share of property tax is 7%.

New Personnel to Provide Services

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

- Emergency Management Analyst
- Senior Planner
- Plan Check Engineer
- Environmental Programs Assistant
- Permit Technician
- CIP Project Manager

Ten-Year Staffing and Population Growth Chart



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

² See page 595-596 in the FY 21-22 Adopted Budget for full staffing reconciliation

CITY OF CUPERTINO FAST FACTS:



Population
66,274
Median Age
40

Average Household Income
\$259,061



Bike Friendly Community
Bronze Level

Contact Information

For additional information:

- Visit our website: www.cupertino.org
- Access City budget and financial information: 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
- Follow the City at www.cupertino.org/twitter and www.cupertino.org/facebook

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

Sheriff & Fire	(dial 911 for emergencies)	Economic Development	(408) 777-7607
Sheriff Westside Station, 1601 S DeAnza Blvd.	(408) 868-6600	Emergency Preparedness	(408) 777-3335
Administrative Services/Finance	(408) 777-3220	Human Resources	(408) 777-3227
Building	(408) 777-3228	Library (Santa Clara County)	(408) 446-1677
City Clerk	(408) 777-3223	Neighborhood Watch	(408) 777-3335
City Manager	(408) 777-3212	Parks & Recreation	(408) 777-3120
Code Enforcement	(408) 777-3182	Planning	(408) 777-3308
		Public Works	(408) 777-3354

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