



# FISCAL YEAR 2023-2024 BUDGET AT A GLANCE



# A Message from the City Manager

While the City's budget situation for this year and beyond may feel like a dark and uncertain place, it presents an opportunity for transformation and innovation. To deal with a significant reduction in sales tax revenue, as described in greater detail below, the City must be nimble and adapt to change. In the face of these challenges, I firmly believe that the best for Cupertino is yet to come, and that the commitment of the City's residents, City Council, and employees will create a new and different Cupertino.

The adopted budget for FY 2023-2024 is \$121,765,857, funded with \$110,201,505 in revenue and \$11,564,352 in the use of one-time funds. The General Fund, the City's largest tax-supported fund, was adopted at \$86,062,998, funded with \$80,281,229 in revenue and \$5,781,769 in the use of one-time funds. The use of fund balance and reserves are necessary to close the structural deficit, which is an unprecedented situation.

The estimated impact of the state's sales tax audit includes a 73% drop in sales tax revenue, which translates to a \$30 million ongoing decrease. This has put the City in a structural deficit, meaning ongoing expenses exceed ongoing revenue.

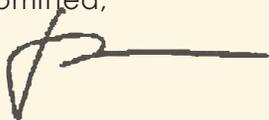
The Adopted Budget serves to inform the impacts that the currently recommended budget reduction strategies will have on day-to-day operations and the residents of Cupertino. Those strategies include reduced spending across all categories including full time staffing, the use of both the pension trust and retiree health trust, and significant use of reserves.

Additionally, the City will need to reduce or eliminate some services. City leadership understands this will be difficult for residents and staff but will be necessary to ensure the City's long-term success. Details of these reductions are included in the Adopted Budget book. These reductions include the elimination of some free events, a reduction in free Wi-Fi in parks, fewer professional development opportunities, a decrease in technology purchases, a reduction in services and longer response times for Cupertino 311 requests, reduced pavement maintenance expenditures, and decreased frequency of maintenance at City facilities, parks, streets, and trees.

While the current situation may appear dire, the City Council's and staff's advanced planning over the years have established an unparalleled solid financial foundation. I am committed to continuing communication and feedback with our residents, City Council, and staff as we navigate these changes. I am confident that with our hard work, dedication, and innovative thinking, we will emerge from these difficult times even better than before.

Respectfully Submitted,

Pamela Wu  
City Manager



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



**Administration:** City Manager's office, 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, manage animal services contract, and code enforcement



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



**Innovation and 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 services and noise control



**Parks and 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 and medians, street lighting, parks, storm water system, City facilities, vehicles and equipment, and public trees. Provide services for environmental and sustainability efforts, graffiti removal, traffic operations, transportation planning, development review, and encroachment permitting. Manage the solid waste and recycling contract

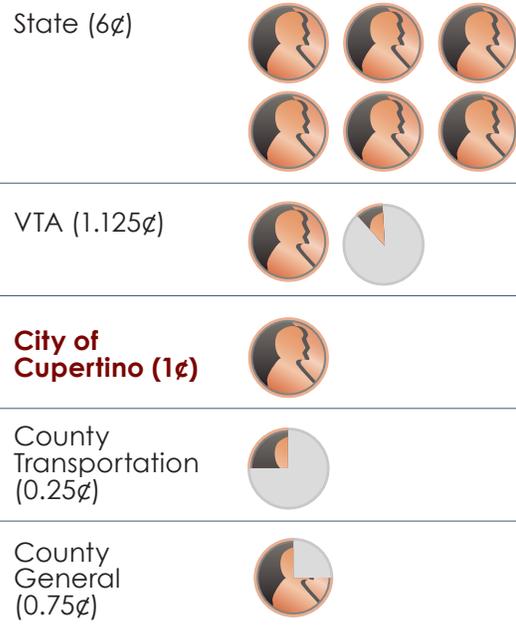
# GENERAL FUND REVENUES: \$80,281,229

## Where does the City get its money?



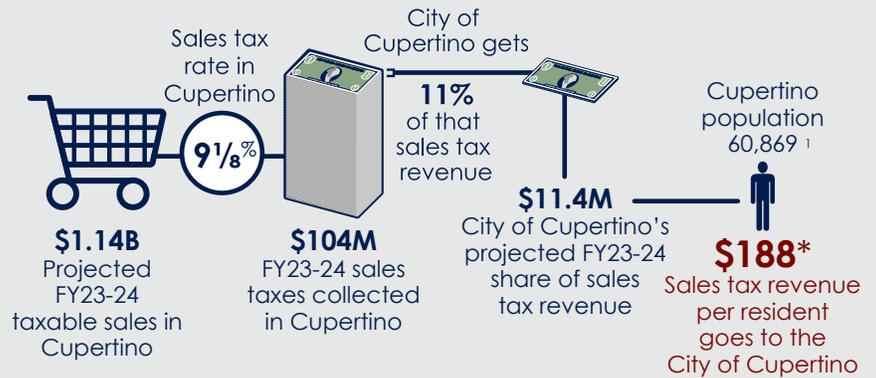
### SALES TAXES

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?

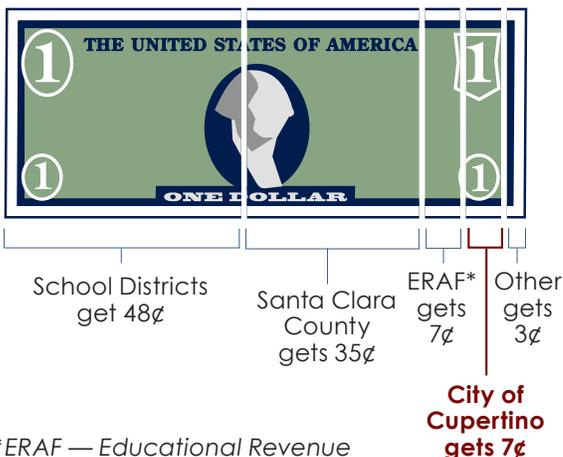


\* For consistency and comparability with the FY23-24 Adopted Budget, this figure includes sales tax attributable to business and construction.

<sup>1</sup> Claritas 2023 estimates

### PROPERTY TAXES

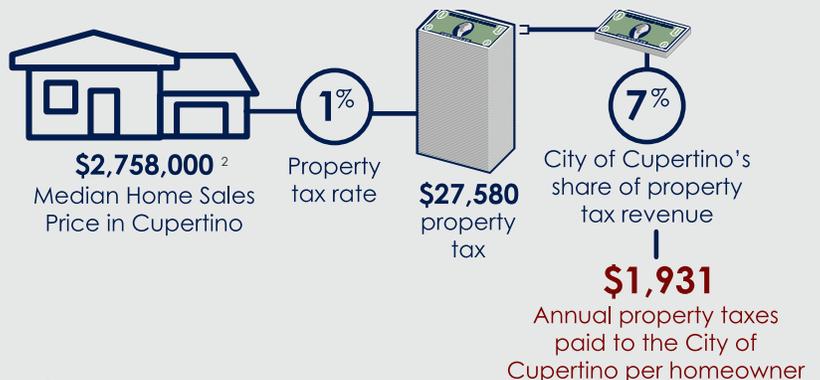
For every dollar paid in property taxes:



\*ERAF — Educational Revenue Augmentation Fund

### Cupertino Residents and the Budget: Property Taxes

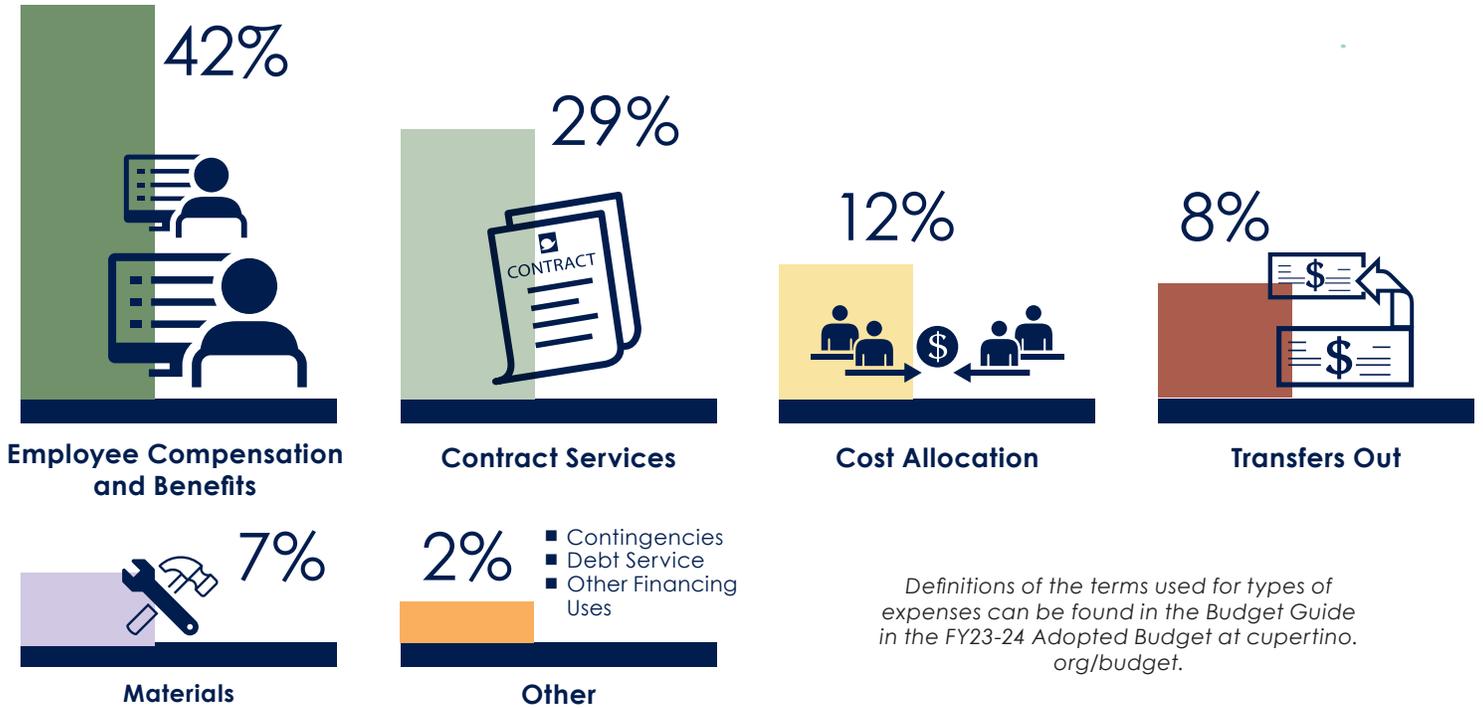
How much of your property tax does the City receive?



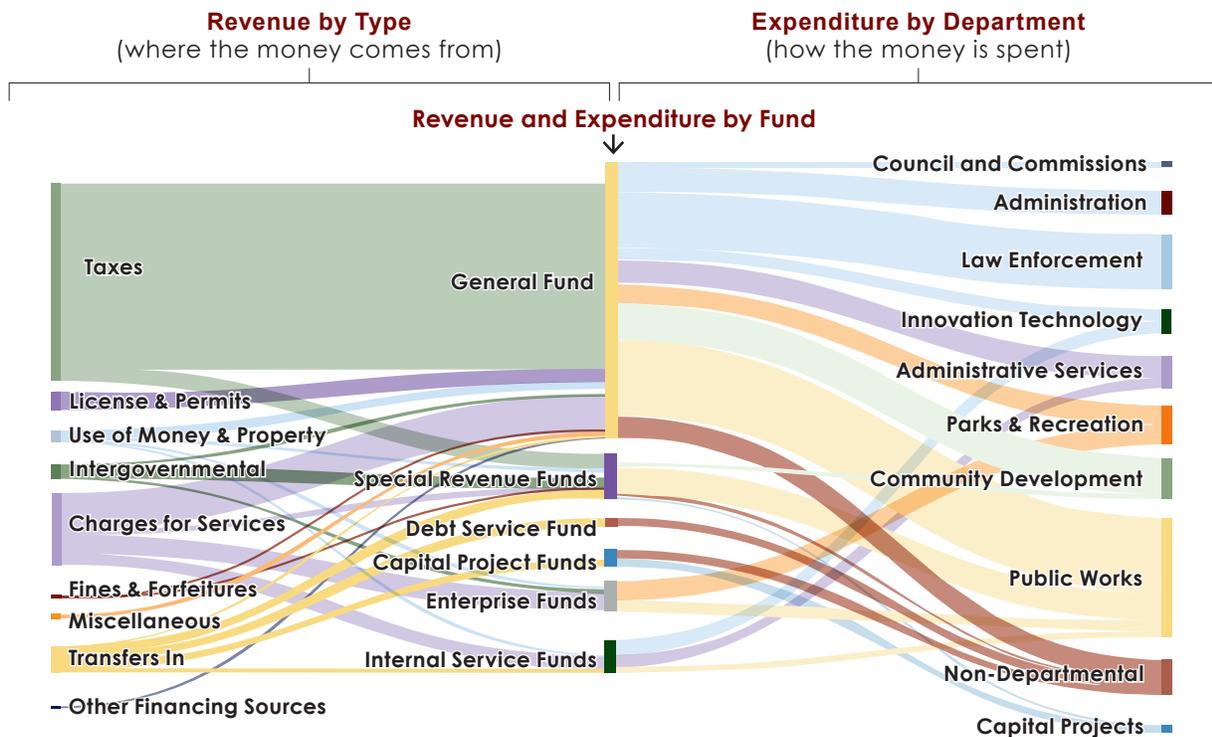
<sup>2</sup> Redfin

# GENERAL FUND EXPENDITURES: \$86,062,998

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



## City-wide Flow of Funds



### What 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.
- A gap to the left of the center line shows expenditures exceed revenues (General Fund, Capital Project Funds, Enterprise Funds, Internal Service Funds).
- A gap to the right shows revenues exceed expenditures (Special Revenue Funds).
- See Changes to Fund Balance table on the following page for detailed information.

# Fiscal Year 2023-24 Adopted Budget

## FY23-24 Adopted Budget Reconciliation

<b>Revenue</b>	<b>Adopted Budget</b>
General Fund Revenue	\$80,281,229
All Other Revenue	29,920,276
<b>Total Revenue</b>	<b>\$110,201,505</b>
<b>Operating Budget</b>	
Administration	\$7,759,330
Administrative Services	10,024,229
Community Development	13,270,637
Council and Commissions	1,169,301
Innovation and Technology	7,557,145
Law Enforcement	17,812,608
Non Departmental	11,194,703
Parks and Recreation	12,355,726
Public Works	38,420,178
<b>Total Operating Budget</b>	<b>\$119,563,857</b>
<b>Capital Budget</b>	
Stevens Creek Blvd./Calabazas Creek Storm Drain Repair	\$420,000
Stevens Creek Bridge Repair	172,000
Street Light Installation - Annual Infill (Annually funded)	35,000
Citywide Building Condition Assessment Implementation	1,000,000
ADA Improvements (Annually funded)	100,000
Annual Playground Replacement (Year 4 of 5)	300,000
Capital Project Planning and Support	175,000
<b>Total Capital Budget</b>	<b>\$2,202,000</b>
<b>Total Revenue</b>	<b>\$110,201,505</b>
<b>Total Adopted Budget</b>	<b>121,765,857</b>
<b>Changes to Fund Balance</b>	<b>\$(11,564,352)</b>

## FY24 Changes to Fund Balance

	<b>FY23 Projected Fund Balance</b>	<b>Changes to Fund Balance</b>	<b>FY24 Adopted Fund Balance</b>
General Fund	\$110,191,729	\$(5,781,769)	\$104,409,960
Special Revenue Funds	29,157,683	2,590,791	31,748,474
Debt Service Fund	8,350	-	8,350
Capital Project Funds	15,878,564	(2,202,000)	13,676,564
Enterprise Funds	7,204,651	(2,926,786)	4,277,865
Internal Service Funds	5,859,065	(3,244,588)	2,614,477
<b>Total Fund Balance by Fund</b>	<b>\$168,300,042</b>	<b>\$(11,564,352)</b>	<b>\$156,735,690</b>

## CASE STUDY:

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

#### ANNUAL SALES TAX CONTRIBUTION

If Cupertino's population totals 60,869...and if sales tax revenues collected in Cupertino total \$104M, of which the City of Cupertino would get \$11.4M (11%)...then the sales tax contribution to the City per resident is **\$188**

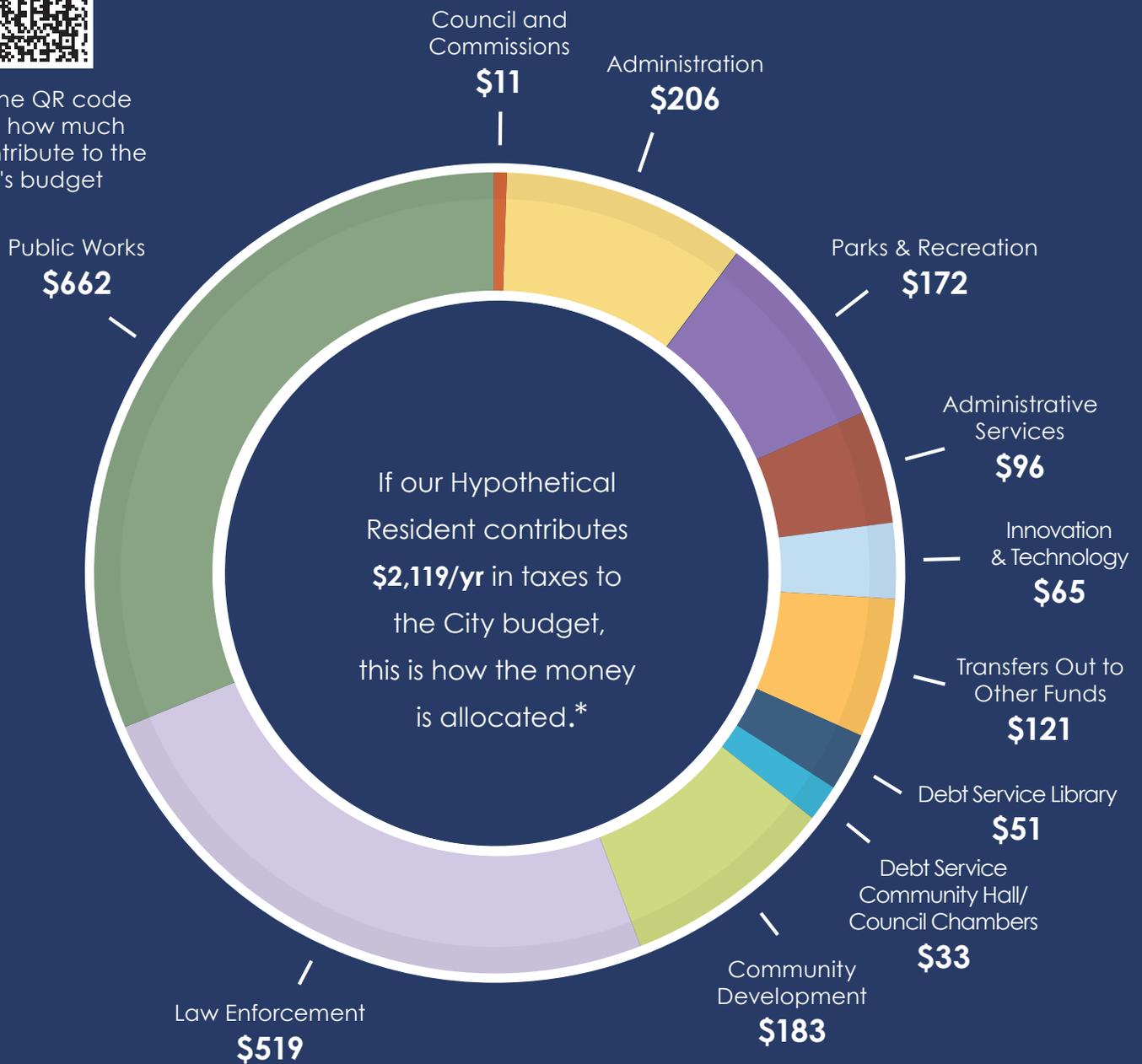
#### ANNUAL PROPERTY TAX CONTRIBUTION

If Median Home Price is \$2,758,000, the property tax generated is \$27,580...then the City of Cupertino gets **\$1,931** (7%) of that property tax

**TOTAL ANNUAL SAMPLE CONTRIBUTION TO THE CITY FROM TAXES: \$2,119**



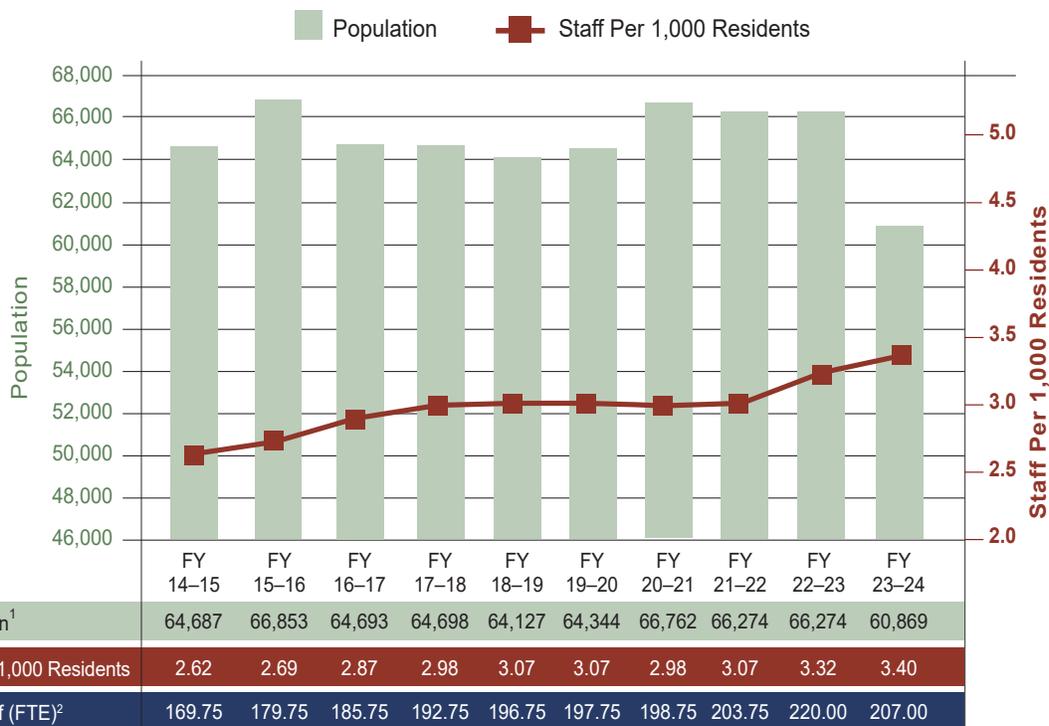
Scan the QR code to see how much you contribute to the City's budget



\*General Fund Expenditures less department charges for services (\$60.9 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 FY23-24 Adopted Budget. Sales tax is 9.125%; City share is 11%; City share of property tax is 7%.

### Ten-Year Staffing and Population Growth Chart



<sup>1</sup> Claritas 2023 estimates

<sup>2</sup> See Appendix Page 650 in the FY 23-24 Adopted Budget for full staffing reconciliation



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**Kitty Moore**  
Councilmember  
kmoore@cupertino.org

### CITY OF CUPERTINO FAST FACTS:

★ Founded  
**1955**

👤 Population  
**60,869**  
Median Age  
**40**

💰 Average Household Income  
**\$218,571<sup>1</sup>**

🌲 Designated Tree City USA

🚲 Bike Friendly Community  
**Bronze Level**

<sup>1</sup> Claritas 2023 estimates

### Contact Information

For additional information:

- Access City budget and financial information: [cupertino.org/opengov](http://cupertino.org/opengov)
- Watch City Council meetings on Cable Channels 26/99 or at [cupertino.org/youtube](http://cupertino.org/youtube)
- Submit a request online at [cupertino.org/cupertino311](http://cupertino.org/cupertino311)
- Follow the City at [cupertino.org/twitter](http://cupertino.org/twitter), [cupertino.org/facebook](http://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 Management	(408) 777-3335
Block Leader Program and 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.



**CUPERTINO**