

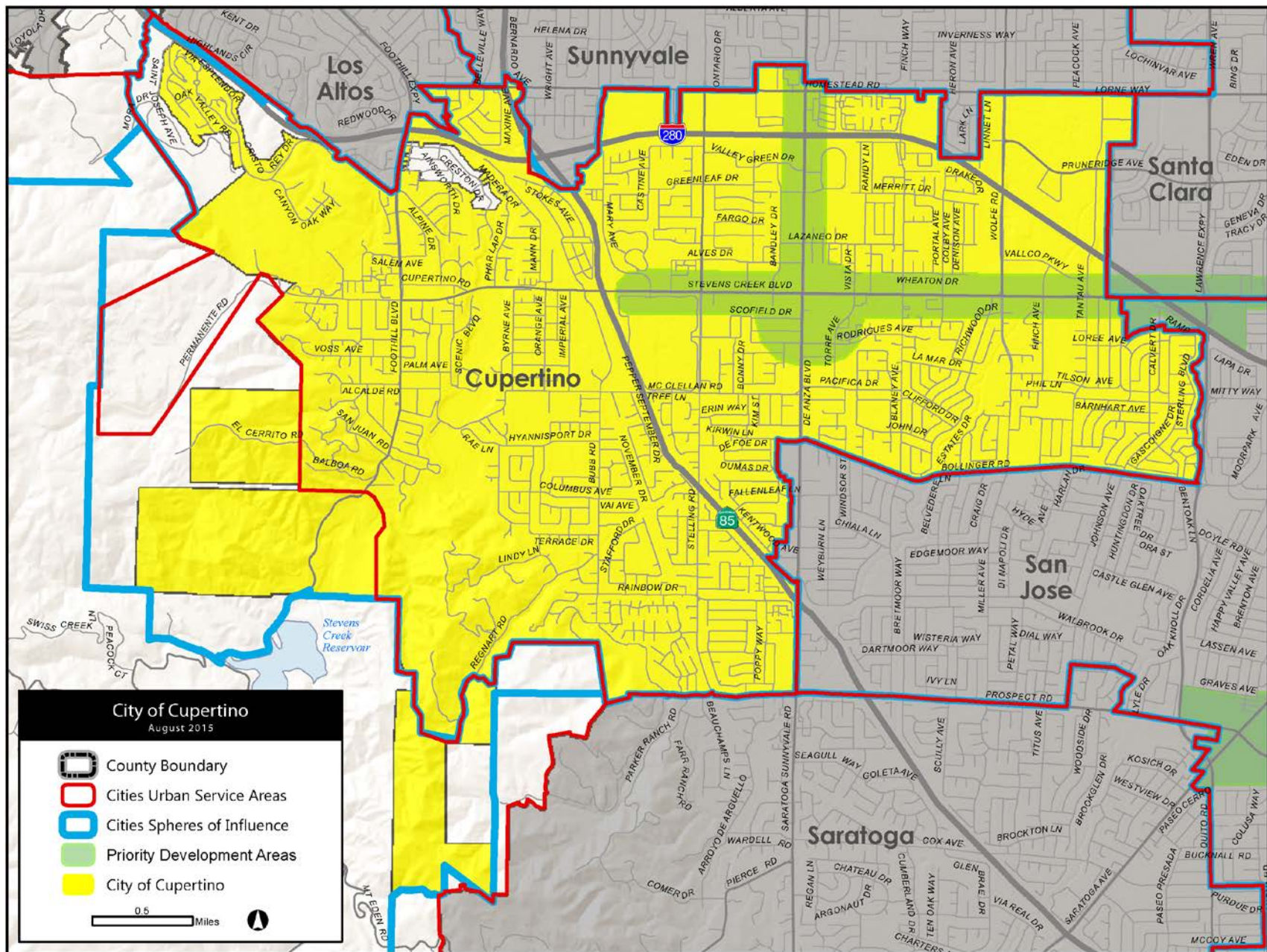
4 City of Cupertino



4.1 Agency Overview

The City of Cupertino was incorporated in October 1955. According to the DOF 2015 estimates, the population of Cupertino is 59,796. As of 2015, the City's incorporated area spans 11.32 square miles. Bordered by the cities of Santa Clara, Saratoga, and Sunnyvale, the City of Cupertino has a mixture of residential, retail and commercial land uses. Cupertino is home to De Anza Community College, and is part of a group of five jurisdictions that comprise the West Valley cities along with the cities of Campbell, Monte Sereno, Saratoga and the Town of Los Gatos. As of 2015, Cupertino's USA spans 10.93 square miles, and its SOI encompasses 12.58 square miles. These boundaries can be seen in Figure 11.

Figure 11. City of Cupertino Existing Boundaries



4.1.1 City Staffing

In FY 2014, total City staffing included 164.8 FTE employees. As shown in Table 22, the greatest number of FTEs is assigned to the public works function. As discussed in section 4.4 of this document, Cupertino uses contracts to provide a number of services (e.g., law enforcement and animal control) or is served by special districts or other agencies with their own revenue sources (e.g., wastewater treatment).

Table 22. *City of Cupertino Staffing in Top Four Functions*

City Staffing by Major Service Function	FY 2014 FTEs
Public Works	74.1
Parks and Recreation	31.5
Community Development	24.8
Administrative Services	11.0

Source: CAFR

4.1.2 Form of Government

Cupertino is a general law city that operates under a council-manager form of government. The City Council consists of five members who are elected at-large. Council members serve four year terms and select a mayor and vice mayor annually.

4.1.3 Joint Powers Authorities

The City of Cupertino is a member of two JPAs, as shown in Table 23.

Table 23. *City of Cupertino Joint Powers Authorities by Major Service Function*

Name of JPA	Major Service Function
Santa Clara County Library District	Library services
Silicon Valley Regional Interoperability Authority	Identify, coordinate, and implement public safety communications interoperability

Source: City website and City staff interviews

4.1.4 Awards and Recognition

The City of Cupertino has been the recipient of several awards between 2010 and 2015, as shown in Table 24.

Table 24. *City of Cupertino Recent Awards*

Name of Award	Issuer	Year(s) Received
Certificate of Achievement for Excellence in Financial Reporting	Government Finance Officers Association (GFOA)	2010-2014
Operating Budget Excellence Award	California Society of Municipal Finance Officers (CSMFO)	2011-2014

Name of Award	Issuer	Year(s) Received
Distinguished Transportation Award –Mary Avenue Bicycle Footbridge Project	California Transportation Foundation	2010
Site Design Award - Stevens Creek Corridor Phase I	Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPP)	2010
Project of the Year – Stevens Creek Corridor Park and Creek Restoration	American Society of Civic Engineers	2010
Outstanding Park and Recreation Project – Stevens Creek Corridor Phase I	American Society of Civil Engineers	2011
Bicycle Friendly Community Award	The League of American Bicyclists	2011
Excellence in Structural Engineering Award - Mary Avenue Bicycle Footbridge	Structural Engineers Association of California	2011
Engineering Excellence Merit Award – Stevens Creek Corridor Park and Restoration Phase I project	American Council of Engineering Companies of California	2012
Certificate of Achievement for Distinguished Budget Presentation	Government Finance Officers Association (GFOA)	2014
Tree City USA Growth Award	Arbor Day Foundation	2014
Award of Excellence - Recreation Programming	California Park and Recreation Society Awards	2014
Project of the Year in the Environment/Parks - \$5-\$25M category	The American Public Works Association – Silicon Valley Chapter	2014
Turning Red Tape into Red Carpet – Sustainable Green Development	Silicon Valley Leadership Group	2014
Award of Excellence - Facility Design – Stevens Creek Corridor Park and Restoration Phase 2	California Park and Recreation Society	2015
National Cultural Diversity Award – Cupertino Block Leaders	National League of Cities	2015

Source: City of Cupertino staff

4.2 Growth and Population

4.2.1 Growth and Population Projections

State law requires ABAG to prepare an SCS that considers how the region will accommodate projected growth over a long period while also reducing the region's generation of GHGs consistent with state goals for GHG reduction. "Plan Bay Area" is this region's SCS, adopted by ABAG and the MTC in July 2013.

The fundamental thrust of Plan Bay Area is to accommodate the majority of growth in PDAs. PDAs include infill areas within a city, usually served by transit, such as historic downtowns and underutilized commercial strips. This approach is consistent with and supportive of LAFCO's goals to encourage orderly boundaries, discourage urban sprawl, and preserve agricultural and open space

lands. Plan Bay Area includes projections for the region's population, housing and jobs growth within existing urbanized areas. These projections demonstrate that the region has the capacity to accommodate expected growth over the next 30 years without sprawling further into undeveloped land on the urban fringe.

Many Bay Area cities use ABAG's projections as the basis for long-range planning. When ABAG prepared Plan Bay Area in 2013, it made projections for population and housing for 2015 for each city in the region. However, some cities believe that the state DOF estimates for population (based on information received on housing development and other current information) are more accurate. The City of Cupertino uses the ABAG population projections for its long-term planning. ABAG's projections for population, households (occupied housing units) and jobs are shown in Table 25.

Table 25. City of Cupertino Population, Jobs and Housing Projections through 2040

	2010	2015	2020	2025	2030	2035	2040
Population	58,302	60,200	62,100	64,100	66,300	68,700	71,200
Total Jobs	26,090	27,950	29,960	30,580	31,220	32,150	33,110
Total Households	20,181	20,810	21,460	22,080	22,750	23,380	24,040

Source: 2010 population from US Census. ABAG data used for 2015 to 2040 projections.

4.2.2 Jobs and Housing

In 2015, according to ABAG estimates, the City has 27,950 jobs within the community and 25,890 employed residents. Within Cupertino, there are 1.08 jobs for every employed resident. The U.S. Census American Community Survey 2013 estimates that Cupertino has 20,494 housing units; when combined with ABAG's estimate of 27,950 jobs within the City, jobs and housing balance is 1.36.

State law requires that ABAG quantify and allocate housing needs to each jurisdiction within the Bay Area. In periodic updates to the general plan's Housing Element, each Bay Area jurisdiction must then demonstrate how it will meet that need over the next planning period. The current Housing Element update cycle is from 2015 to 2023.

As Table 26 shows, the majority of housing units in Cupertino are owner-occupied single-family housing units. According to ABAG, between January 1, 2014 and October 31, 2022, the City of Cupertino's assigned housing need is 1,064 units. In May 2015 Cupertino adopted its 2014-2022 Housing Element in which it identified priority housing opportunity sites that can accommodate up to 1,400 units at a density of 20 units per acre or more. A zoned density of 20 units or more per acre is assumed by ABAG to allow for multi-family housing that can meet the needs of very low-, low- and moderate-income households. These priority sites can alone accommodate 336 units more than Cupertino's assigned regional share of 1,064 units. The City of Cupertino's housing element was certified by the State of California's Housing and Community Development Department in May 2015.

Table 26. City of Cupertino Housing Profile

Housing Statistic	Number
Number of total existing housing units	20,494
Owner-occupied (SFR) housing units	13,055
Renter-occupied housing units	7,439
RHNA by income category	2014 to 2022
Above moderate	270
Moderate	231
Low	207
Very Low	356
Total	1,064

Sources: U.S. Census American Community Survey 2013 (number of total housing units); ABAG (housing needs)

4.2.3 Planning and Building

In calendar year (CY) 2014, Cupertino issued a total of 2,124 residential and commercial building permits. Total building permit valuation is estimated at \$664,320,814.

The City's total assessed valuation for FY 2014 is approximately \$16.2 billion. This represents a 23% increase from FY 2009.

4.2.4 Priority Development Areas

The City has one potential PDA (see section 22.1.4 for complete definition). This area is part of a Santa Clara VTA PDA. The PDA encompasses approximately 435 acres along Stevens Creek Boulevard and North De Anza Boulevard and is categorized as a future mixed-use corridor. According to City staff, this area is presently the densest portion of the City. The introduction of bus rapid transit or other enhanced transit service along this corridor will be a key element of this potential PDA.

4.2.5 Planning for an Aging Population

The City of Cupertino's efforts to plan for the needs of its aging population can be found in the City's 2015-2023 approved Housing Element, which asserts that the Cupertino Senior Center provides programs that support a healthy lifestyle for seniors through quality education, recreation, services, travel, socials, and volunteer opportunities. The City's 2015-2023 approved Housing Element also incorporates measures to facilitate the ability of seniors to age in place. The element incorporates measures to facilitate the ability of seniors to age in place.

4.3 Boundaries, Islands and Disadvantaged Unincorporated Communities

4.3.1 Planning Boundaries

The City's USA and municipal boundaries are nearly coterminous with the exception of five unincorporated islands along the City's western municipal boundary. These islands are discussed in section 4.3.2.

The City is considering how it can work with the City of San Jose to address property owned by County Roads and Airports along the Lawrence Expressway near Mitty Avenue that Cupertino believes it would be better able to maintain. This may require a minor adjustment to the City's USA. The City has no other plans to amend its USA or SOI within the next five years. It is not currently providing services to the area outside of its city boundaries.

4.3.2 Unincorporated Islands

Five unincorporated islands exist within the City of Cupertino's USA. Located primarily in the western and northwestern portions of the City, these islands total approximately 513.3 acres. Cupertino's two largest islands, CP01 (189.1 acres) and CP03 (267.7 acres) are located along the foothills of the Santa Cruz Mountains and include both open space and low density residential uses. According to analysis conducted by LAFCO in 2011, one of the five islands, known as CP02 or Creston, may be eligible for streamlined annexation. Creston is a primarily residential private development. The other two islands, CP04 (3.8 acres) and CP05 (1.4 acres) may also qualify for streamlined annexation according to the 2011 analysis. According to staff, parcels are annexed as applications for development are submitted. However, there has not been a collective effort to annex the remaining islands within Cupertino's USA.

Maps of each city's unincorporated islands are included in Attachment B.

4.3.3 Disadvantaged Unincorporated Communities (DUCs)

No disadvantaged unincorporated communities were identified within the City of Cupertino.

4.4 City Services

In Cupertino core municipal services are delivered by a combination of City staff, JPAs and contract service providers. As noted earlier, Cupertino is part of the West Valley cities group, which collaborates on many aspects of service delivery. Such collaboration is noted where applicable. The primary service provider for the major municipal services discussed in this report is summarized in Table 27.

Unless specifically noted, the City of Cupertino did not anticipate difficulty in continuing to provide services or maintain infrastructure or facilities related to service delivery in the following areas.

Table 27. City of Cupertino Service Delivery Model by Major Service Function

Major Service Function	Primary Service Provider	Non-City Service Provider, if applicable
Animal Control	Contract	City of San Jose Animal Care and Services Department
Law Enforcement	Contract	Santa Clara County Sheriff's Office
Library	JPA	Santa Clara County Library District
Parks and Recreation	City	
Planning/Building	City	
Solid Waste	Franchise Agreement	Recology South Bay
Streets	City	
Stormwater	City	
Utilities		
Electricity	Franchise Agreement	Pacific Gas and Electric
Gas	Franchise Agreement	Pacific Gas and Electric
Telephone, High-Speed Internet	Franchise Agreement	AT&T, Comcast <u>(State-Issued Franchise)</u>
Wastewater Collection	Contract Special District	City of Sunnyvale Cupertino Sanitary District

Source: City website and City staff interviews

In the past five years the City has not stopped or started providing any municipal services. Given the expected population growth for the City of Cupertino, City staff does not anticipate any difficulty providing municipal services to its community.

A summary of key service level statistics is compiled as part of Attachment A to this report.

4.4.1 Animal Control

The City of San Jose is the contract service provider for animal control within the City of Cupertino. In FY 2014 total City expenditures for this function were \$202,364. Service level statistics are included in Attachment A.

4.4.2 Law Enforcement

The Santa Clara County Sheriff's Office is the contract service provider for law enforcement and dispatch services within the City of Cupertino. The County operates the West Valley Division Substation located in Cupertino, which maintains regular business hours of operation and has 87 personnel assigned to the division. During FY 2014, there were 38,850 calls for service. The Sheriff's response time for Priority One calls averaged 4 minutes and 30 seconds. The City's goal for response time for Priority One calls is 5 minutes.

In FY 2014, total City expenditures on this function were \$10,062,192. Approximately 23% of the City's General Fund is dedicated to law enforcement.

Through its contract with the County, the City of Cupertino has access to many shared specialized resources. These include a SWAT team, helicopter, bomb squad, dive team, crowd control, and crime scene investigation.

4.4.3 Library

The Santa Clara County Library District provides library services within the City of Cupertino. There is one facility located within the City. Annual print circulation exceeds 2.5 million, and over 123,000 digital books are available for download to library patrons.

4.4.4 Lighting

Street lighting within the City is provided and maintained by the City, except for a small number of streetlights still owned and operated by PG&E. Traffic signals within the City are provided and maintained by the City. In total, there are 56 signalized intersections within the City; eight of these are state-owned, but maintained by the City. A summary of lighting infrastructure is provided in Attachment A.

4.4.5 Parks and Recreation

The City is the primary service provider for parks and recreation. In FY 2014 total expenditures for parks and recreation were \$ 4,536,519. The City has 21 parks and approximately 165 acres of public parks and open space areas. The City's park system is supplemented by a network of over 220 miles of local and regional interconnected trails. In addition, there are many acres of open space preserves surrounding the City that are operated and maintained through public access agreements with Midpeninsula Open Space District, Santa Clara County Parks, and Santa Clara Valley Water District. The City reports 3.12 park acres per 1,000 population, exceeding its goal of 3.0 parks per 1,000 population.

The City operates one community center, one senior center, one teen center, a sports center, Blackberry Farm swim and picnic complex, Blackberry Farm golf course, and an environmental/nature preserve. As part of the Cupertino Union School District/City of Cupertino MOU, the City issues field use permits for 10 sports fields located on school grounds.

4.4.6 Solid Waste

The City of Cupertino receives solid waste services through a franchise agreement with Recology South Bay. In FY 2014, City expenditures for landfill use was \$1,537,334.

In FY 2014, Cupertino disposed of 37,040 tons of solid waste, including construction debris. Cupertino offers green waste and yard trimming disposal and recycling of mixed paper, bottles, cans and other recyclable materials. In 2013, the City's amount of pounds of solid waste disposed per person per day was 3.3 for its general population, meeting the state's goal for the community of 4.3 pounds. The pounds of solid waste per person per day for employees in the community was 5.5, meeting the state's goal for the community of 8.1 pounds.

4.4.7 Streets

The City of Cupertino maintains 300 lane miles, 142 center lane miles and approximately 100 sidewalk miles. The City has recently expended approximately \$8.5 million annually on street-related expenditures. Street sweeping is provided by contract. The City maintains approximately 14,000 street trees. In 2013 the City released a smartphone app named “Trees 95014” that provides detailed information about trees planted by the City. Each tree has a QR code tag embedded with species, maintenance, and other specific details about the tree.

The City’s pavement condition index (PCI) is 66, which falls below its PCI goal of 80.

4.4.8 Stormwater

The City’s stormwater system is managed and maintained by the City’s Public Works Department and makes ongoing repair and improvements to the system on an annual basis. The City is considering an update to the Storm Drain Master Plan to include new state mandated regulations.

Cupertino participates in the SCVURPPP along with several other cities and the County to address water pollution on a regional basis (more information on SCVURPPP is included in the Shared Services chapter of this document). SCVURPPP members share a common NPDES permit, allowing member agencies to discharge stormwater into the San Francisco Bay (see the Shared Services chapter for more information). The City reports that it is compliant with NPDES standards.

4.4.9 Utilities

PG&E is the electricity and gas provider within Cupertino. PG&E did not respond to requests to identify the total number of PG&E gas and electric meters in the City of Cupertino. The City did not indicate concerns about PG&E’s ability to serve Cupertino’s existing population or its future demand for energy and natural gas. City staff noted that Cupertino is partnering with Sunnyvale, Mountain View, Monte Sereno and unincorporated areas of the County to discuss the possibility of becoming a Community Choice Aggregation (CCA) under the provisions of AB 118 to allow them to pool electricity demand of their residential, business and municipal accounts to purchase or develop power on their behalf.

Telecommunications providers (telephone, high speed internet and land-based video/cable services) serving Cupertino are AT&T and Comcast. Cupertino indicated no concerns about the availability or reliability of telecommunications services, including high-speed internet.

4.4.10 Wastewater

The City of Cupertino does not provide wastewater service. The City is served by two sanitary districts: The City of Sunnyvale and Cupertino Sanitary District. Together, the agencies have approximately 190 miles of sewer within the City. The City reports 1.7 gallons of annual sewer overflow per 100 miles of pipe in 2014.

Cupertino does not operate a wastewater treatment plant. Treatment is handled by the San Jose-Santa Clara Regional Wastewater Facility and the City of Sunnyvale. Sludge is treated and processed (converted to biosolids) and used as alternate daily cover for landfills. Recycled water is not available

within the City. It is anticipated that a recycled water pipeline will be constructed within the City in the near future.

4.5 Financial Information

The following section provides key financial data points related to Cupertino's municipal operations based on the most recent audited financial statements available from FY 2014. Select information is provided from FY 2009 for trend and comparative information.

In FY 2014, Cupertino's total citywide expenditures exceeded \$57.2 million. Approximately 73% (\$41.5 million) of these expenditures constituted General Fund expenditures.

4.5.1 Revenues and Expenditures

The City's primary source of revenue is sales tax. Since FY 2009, sales tax revenue has increased by about \$5.7 million (40%) above pre-Great Recession levels. Property tax revenues, which now include the excess property tax increment previously collected by the City's former redevelopment agency that was dissolved by the state in 2012, have increased by \$1.7 million (22%) during the same period (see Table 28).

Table 28. City of Cupertino Tax Revenues

Tax Revenue Type	FY 2009	FY 2014
Sales Tax	\$14,139,190	\$19,794,036
Property Tax	\$7,491,965	\$9,168,183
Utility Users Tax	\$3,205,073	\$3,098,639

Source: CAFR

A summary of the City's General Fund revenues and expenditures is shown in Table 29.

Table 29. City of Cupertino Major Sources of General Fund Revenue and Expenditures

	FY 2009	FY 2014
Total General Fund Revenues	\$41,292,940	\$73,999,513
Total General Fund Expenditures	\$32,276,491	\$41,509,191
Top Four Sources of General Fund Revenues		
Taxes	\$34,861,876	\$55,090,481
Charges for services	\$1,265,509	\$12,975,029
Licenses and permits	\$2,740,463	\$3,679,943
Use of money and property	\$1,163,492	\$690,484
Top Four Sources of General Fund Expenditures		
Public works	\$10,687,626	\$12,485,925
Law enforcement	\$8,133,168	\$9,626,121

	FY 2009	FY 2014
Community Development	\$3,209,030	\$7,870,610
Administration (including Administrative Services)	\$4,970,964	\$6,402,409

Source: CAFR

4.5.2 Debt

A summary of the City's obligations, debt, and liabilities is provided in Table 30.

Table 30. City of Cupertino Obligations, Debt and Liabilities

Obligations, Debt and Liabilities	FY 2009	FY 2014
General Bonded Debt	\$0	\$0
Ratio of Direct Debt (General Bonded Debt) to Net Assessed Valuation	0.4%	0.3%
Ratio of Combined Debt (Direct and Overlapping Debt) to Net Assessed Valuation	2.7%	2.9%
Unfunded pension liability	\$9,084,223	\$20,375,318

Source: CAFR

4.5.3 Reserves

Cupertino's unassigned General Fund reserve levels have increased significantly since FY 2009. The reserve levels have increased by \$19.5 million (301%). Such increases are a positive indicator of economic recovery from the Great Recession and proactive fiscal management practices employed by the City (see Table 31).

Table 31. City of Cupertino Reserves

Line Item	FY 2009	FY 2014
Unassigned General Fund Reserve Levels	\$6,456,574	\$25,917,331
Economic Uncertainty Reserve Fund (separate from General Fund Reserve)	\$13,415,000	\$15,900,000

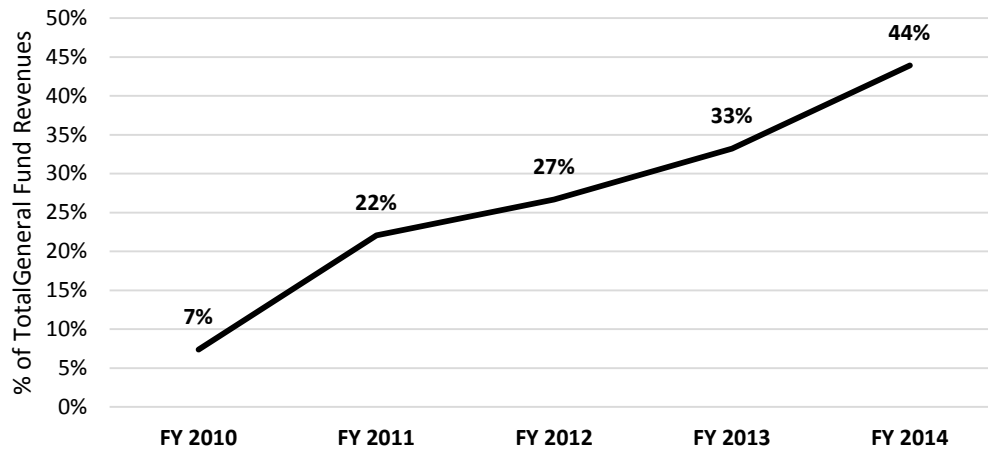
Source: CAFR

4.5.4 Financial Health Indicators

By applying a combination of industry best practices and select indicators from the League of California Cities' Financial Health Diagnostic Tool, we are able to determine that the City of Cupertino is in positive fiscal health.

Over the past five years the City has accumulated annual surpluses in the General Fund. The City's General Fund surplus has increased by 37 percentage points since FY 2010, an indicator of positive fiscal health. The trend of the City's General Fund deficit/surplus is shown in Figure 12.

Figure 12. City of Cupertino Gross Annual General Fund Deficit/Surplus by year from FY 2010 to FY 2014



Source: CAFR

The City budgeted a surplus before transfers of \$10.1 million in its General Fund for FY 2015. In FY 2015 Cupertino changed its reserve policies for the General Fund. Starting in FY 2015, the City will transfer any unassigned fund balance above a \$400,000 maximum reserve from the General Fund to the Capital Reserve Fund. The City is projecting an ending fund balance in its total Capital Project Funds of \$17.6 million.

Table 32 shows the City's General Fund Fiscal Indicators. Not included in the City's FY 2015 operational surplus/deficit are transfers from the General Fund of \$5.0 million to fund capital projects, which if recurring in nature, would impact the General Fund's long-term fiscal health. Cupertino's liquidity ratio indicates the necessary cash to fund its liabilities. General Fund reserves of 62.6% as of FY 2014 greatly exceed the GFOA-recommended minimum reserve of 17% (or two months) of annual operating expenditures.

Table 32. City of Cupertino General Fund Fiscal Indicators

Fiscal Year	Indicator	Value
FY 2015	Net Operating Deficit/Surplus	11.7%
FY 2014	Liquidity Ratio ¹	4.1
FY 2014	Fund Balance as percent of Expenditures ²	62.6%

Source: CAFR, City Finance Staff

¹ Calculated by combining cash and short-term investments and then dividing by current liabilities

² Unreserved (unassigned and assigned) General Fund Reserves as a percent of annual operating expenditures

4.5.5 Financial Reporting

The City's CAFR is prepared in a timely manner and audited by an independent CPA. See Table 33.

Table 33. City of Cupertino Financial Reporting

Financial Reporting Indicator	Status
Unqualified opinion from independent CPA	Yes
Publication of CAFR within six months of fiscal year	Yes

4.6 Service Review Determinations

LAFCO is required to prepare a written statement of determination with respect to six key areas as specified by Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Using criteria described in section 2.4, the following determinations are provided for the City of Cupertino.

1. GROWTH AND POPULATION PROJECTIONS

As of 2015, the City of Cupertino serves 59,796 residents within its 11.32 square mile incorporated area. ABAG projects that the City's population will grow steadily by approximately 0.7% per year, leading to a population of 71,200 in 2040.

The City has five unincorporated islands that comprise approximately 513.3 acres. Because they are smaller than 150 acres, three of these islands may be eligible for streamlined annexation.

The City has identified sufficient housing opportunities to meet its RHNA of 1,064 housing units between 2014 and 2022. The City does not anticipate that growth patterns will expand beyond Cupertino's existing USA. One potential PDA exists within Cupertino for infill development.

The City's most recent general plan was adopted in December 2014.

The City's existing boundaries accommodate the level of growth projected by ABAG in Plan Bay Area.

2. LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

No DUCs were identified within or contiguous to Cupertino's SOI.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES, INCLUDING THOSE RELATED TO SEWERS, WATER AND FIRE IN ANY DUCs WITHIN OR CONTIGUOUS TO THE SOI

The City of Cupertino does not anticipate obstacles to maintaining existing service levels or meeting infrastructure needs in the next five years, given the growth and population increases projected.

The City's Pavement Condition Index of 66 in 2014 is currently below the goal index of 80 that it has established.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

Cupertino's General Fund has consistently operated at a surplus over the past five years, and the City has a five-year financial plan that maintains a healthy level of General Fund reserves. Cupertino's General Fund reserves of 62.6% exceed the minimum reserve threshold of two months of operating expenditures (17%) as recommended by the GFOA, indicative of the City's ability to meet future service needs in the event of an economic downturn. In addition, the City's liquidity ratio of 4:1 indicates the necessary cash to fund its short-term obligations with sufficient cash flow.

The City of Cupertino has sufficient financial resources to accommodate infrastructure expansion, improvements or replacement based on the agency's capital improvement plans.

The City prepared its CAFR in a timely manner, which was audited by an independent CPA with an unqualified opinion.

5. STATUS AND OPPORTUNITIES FOR SHARED FACILITIES

The City of Cupertino is engaged in service sharing agreements as identified in Table 34 below.

Table 34. -Summary of Shared Services in the City of Cupertino

Service Area	Type of Sharing Arrangement	Partnering Entity
Animal Control	Contract	City of San Jose
Law Enforcement – Operations	Contract	SCC Sheriff's Office
Law Enforcement – Radio Communications	JPA	SVRIA
Library Services	JPA	SCCLD
Public Works - Equipment	Joint Use Agreement	Shared between Cupertino, Campbell and Los Gatos
Stormwater	MOU	SCVURPPP
Wastewater Treatment	Contract	San Jose-Santa Clara Regional Wastewater Facility

Further opportunities to share services were identified in the area of recreation services, where some services overlap with the Santa Clara County Library District and the Rancho Rinconada Recreation and Park District.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

Cupertino provides comprehensive information about core municipal operations on its website, including public hearing notices, agendas, and minutes for the City Council and its various advisory commissions and committees; annual budget; CAFR; general plan; and various master plans. The City has expressed interest in consolidating recreation services with the Rancho Rinconada Recreation District.

Through the publication of these documents, the City of Cupertino promotes accountability for its community service needs.

4.7 Sphere of Influence Recommendations and Determinations

SOI BOUNDARY RECOMMENDATION

The City's existing SOI is coterminous with its City limits to the north, east, and southeast. The City's existing SOI boundary also extends beyond the City's USA to the west and includes lands that are largely undeveloped and designated as either parks, open space, and/or hillsides. The City of Cupertino is bounded by the Cities of Sunnyvale and Los Altos to the north, the Cities of San Jose and Santa Clara to the east, the City of Saratoga to the south, and unincorporated lands to the west.

It is recommended that LAFCO reaffirm the City of Cupertino's existing SOI boundary because the City's SOI boundary serves multiple purposes including serving as:

- A long range planning tool to help LAFCO evaluate USA boundary changes and annexation requests.
- Areas that will not necessarily be annexed to the City or will not necessarily receive services from Cupertino, but are areas in which the County and Cupertino may have shared interests in preserving non-urban levels of land use. Specific examples include the foothills and ridgelines located west of the City. Furthermore, both the City and the County share a mutual interest in protecting view sheds and natural resources.
- Areas where the City and the County have significant interaction.
- Areas that contain social and economic communities of interest to the City, such as areas within the City's jurisdictional boundaries.

In making this recommendation, it should be made clear that inclusion of an area within the City's SOI boundary should not necessarily be seen as an indication that the City will or should either annex or allow urban development and services in the area. The City's USA boundary is the more critical factor considered by LAFCO and serves as the primary means of indicating whether the areas will be annexed and provided urban services.

Finally, the City identified one opportunity during this service review to incorporate a parcel of public right-of-way along the Lawrence Expressway near Mitty Avenue within the jurisdiction of San Jose that Cupertino believe it might be best suited to maintain. This minor modification would need to be considered at a later date pending discussions between the respective cities on those boundary modifications.

SOI DETERMINATIONS FOR THE CITY OF CUPERTINO

Government Code §56425(e) requires written determinations with respect to the following four factors to update an agency's SOI. Based upon the information contained within Cupertino's service review profile in this chapter, the following determinations are provided to update the City's existing SOI:

1. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

A variety of urban uses are planned within Cupertino's USA boundary. The County's and City's general plans call for the continuation of non-urban uses beyond the City's USA boundary.

2. The Present and Probable Need for Public Facilities and Services in the Area

The type of public services and facilities required within Cupertino's SOI boundary is not expected to change, although the level of demand will increase slightly.

3. The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The present capacity of public facilities appears to be adequate.

4. The Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines That They are Relevant to the Agency

There exist social and economic conditions that cause interaction and interdependence between the City and the areas within its SOI boundary.

5. For Those Cities that Provide Public Facilities or Services Related to Sewers, Water or Fire Protection, the Present and Probable Need For Those Public Facilities and Services in Any DUCs within the Existing SOI

Not applicable.