

MEMORANDUM

Office of the City Manager



DATE: November 30, 2021

TO: Mayor and Council

THROUGH: Steve McHarris, City Manager *Steve McHarris*

SUBJECT: **FY 2022-23 Budget Process and Community Engagement**

This memorandum provides an overview of the planned FY 2022-23 Budget and community engagement process starting in January 2022 through the Council adoption of the FY 2022-23 Budget scheduled for June 2022.

Budget Calendar

The table below outlines the major milestones and dates for the development of the FY 2022-23 budget.

Date	Milestone
January 2022	Statistically-valid Community Survey
January 25, 2022	Preliminary City Council Budget Study Session
March and April 2022	Open Town Hall Budget Survey and Community Engagement Meetings
February 10, 2022	Capital Improvement Program Study Session
February 15, 2022	FY2021-22 Budget Mid-Year Update
April 19, 2022	Master Fee Schedule Public Hearing
April 19, 2022	Adoption of FY2023-27 CIP Budget
May 10, 2022	Operating Budget Study Session
June 7, 2022	Public Hearing and Budget Adoption

City Council Preliminary Budget Study Session

At the Preliminary Budget Study Session, scheduled for January 25, 2022, staff will present the preliminary FY 2023-2032 Ten-Year General Fund Forecast; present and seek Council review and input to the City's fiscal policies; seek approval of the Council Priority Areas; outline the budget community engagement process; and highlight Department accomplishments and current workplan efforts.

FY2021-22 Mid-Year Budget Update

While the FY2021-22 Mid-year budget update pertains to the current fiscal year, this information will inform the City Staff and Council in the budget development for FY2022-23.

Community Engagement Process

Staff will continue the City's community engagement practice regarding the upcoming Capital Improvement Program (CIP) and Operating Budget. A number of engagement tools will be utilized including a dedicated website (www.ci.milpitas.ca.gov/budget); social media channels (Facebook, NextDoor and Twitter); press release(s) to local media; and flyers and fact sheets available at City facilities and shared with stakeholders. Target audiences include various stakeholders such as residents, businesses, commissions, Milpitas Unified School District, community-based organizations, media partners, etc.

In January 2022, a statistically-valid community survey will be conducted by Fairbank, Maslin, Maullin, Metz and Associates (FM3), polling residents regarding their satisfaction of programs and services provided in accordance with the Council Priority Areas. It will be a dual-mode survey – online and via telephone – and will be available in multiple languages. Draft survey questions will be sent to Council in advance of the survey being conducted. In addition, an employee satisfaction survey will be conducted, also in January 2022, with the goal of soliciting direct, anonymous feedback from employees on their satisfaction levels of areas within the organization and to ascertain priority topics and initiatives for Council consideration.

Two Open Town Hall meetings will be held, and an online survey made available during the March/April time frame to seek input from the community on opportunities for service enhancements.

Operating Budget Development Process

The development of the budget will be divided into three phases: (1) Base Budget; (2) Proposed Budget; and (3) Adopted Budget.

The FY 2022-23 Base Budget represents the funding level needed to provide the same service level to the community as approved through the adoption of the FY 2021-22 Operating Budget. To establish the Base Budget, personnel, and non-personnel costs as well as revenues are updated in coordination and discussion with departments. Staff intends to finalize the FY 2022-23 Base Budget by mid- to late-January as it informs the preliminary FY 2023-2032 Ten-Year General Fund Forecast and the proposed budget phase.

By January 31, 2022, departments are asked to submit service level adjustment proposals consistent with the Council Priority Areas, Council input from the Study Session, and community input received so far to develop the Proposed Budget. Depending on the FY 2022-23 Base Budget, departments may be asked to submit reduction proposals (if the FY 2022-23 Base Budget indicates a deficit) or service level enhancements (if the FY 2022-23 Base Budget indicates a surplus).

The City Manager's FY 2022-23 Proposed Budget is scheduled for release on April 29, 2022, which will clearly identify any base budget costs and proposed service level changes. At the May 10, 2022, Operating Budget Study Session, the Council, and public will review the budget and discuss changes to the FY 2022-23 Proposed Budget. Any Council approved changes will be incorporated in the Adopted Budget scheduled for approval as part of Public Hearing during the June 7, 2022, City Council meeting.

Five-Year Capital Improvement Plan Development Process

On October 25, staff kicked-off the development of the 2023-2027 Capital Improvement Program with proposals submitted to the Engineering Department by November 19, 2021. In conjunction with departments and discussion with the City Manager, proposals will be prioritized for funding and the 2023-2027 Capital Improvement Program will be presented to Council for input at the February 10, 2022, Capital Improvement Program Study Session. Community feedback on proposed projects will be solicited through the budget community engagement process. The 2023-2027 Capital Improvement Program is scheduled for Council adoption during the April 19, 2022, City Council meeting.