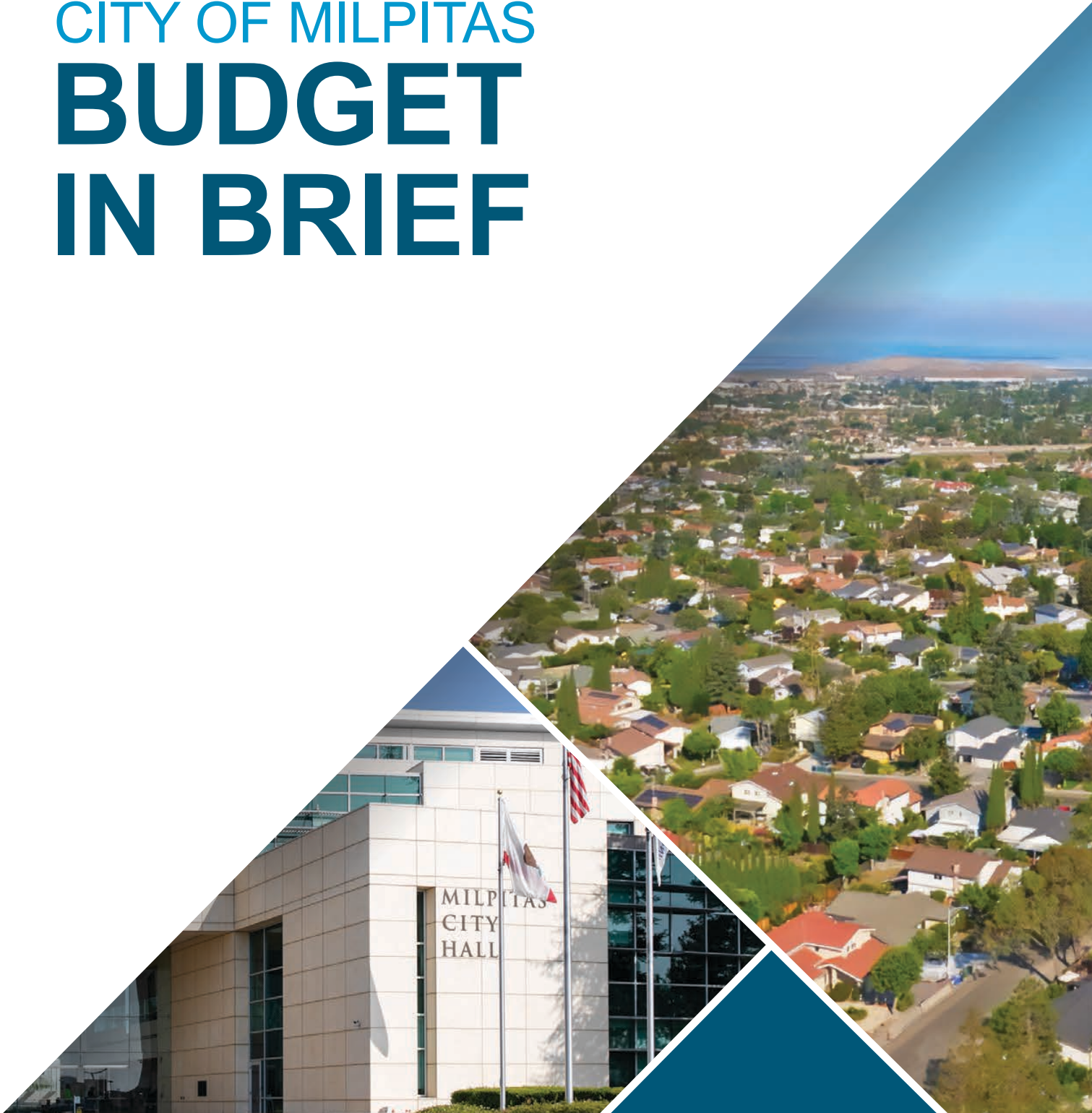




2023-2024

CITY OF MILPITAS
**BUDGET
IN BRIEF**





CITY OF MILPITAS

COMMUNITY VISION

Milpitas will preserve its close-knit community and rich cultural diversity as it moves with innovation into the future by supporting sustainable growth and development, ensuring public safety, enhancing the environment and natural landscape, and nurturing family and community connections.

ORGANIZATIONAL MISSION

The City of Milpitas is committed to accomplishing the community's vision by providing fiscally sound, superior services.

OUR VALUES

Superior Customer Service • Open Communication • Trust and Respect
Integrity and Accountability • Recognition and Celebration

COUNCIL PRIORITY AREAS



Community Wellness
and Open Space



Economic Development
and Job Growth



Environment



Governance and
Administration



Neighborhoods
and Housing



Public Safety



Transportation
and Transit



INTRODUCTION

The City Council adopted the FY 2023-24 Budget in the amount of \$231.9 million at the June 6, 2023 City Council meeting. This balanced budget continues to transition the City toward fiscal stability with tempered optimism. We are optimistic about the future but remain tempered by possible near-term economic impacts that may stem from the continued war in Ukraine, high interest rates, fluctuating inflation rates, continued supply chain challenges, and the banking concerns following the recent collapse of Silicon Valley Bank. Additionally, we are cognizant that the expiration of a key revenue source – the Milpitas Public Services Measure (Measure F) – in 2028-29 will require the City to continue to maintain fiscal discipline and look for ways to simultaneously increase revenue while controlling expenses. In the November – December 2022 community engagement survey, 89% of adult residents see Milpitas as a “good place to live, play and work,” 88% rated that they are satisfied with the overall quality of life in Milpitas, 80% approve of City government overall, and 90% are “proud to live in Milpitas.”

The annual budget represents the City's priorities for making resource investments, both for the upcoming year and for the long-term future. The budget priorities reflect a significant level of participation from the Mayor and Council, our community, key stakeholders, and City staff. Through the budget, our common goal is to ensure that we use our limited resources as effectively as possible to deliver the services our community expects and deserves, and to operate with strong fiscal discipline and fiscal responsibility as stewards of the future.

This budget continues to invest in essential services such as public safety, economic development, public works, recreation and community services, utilities and other services. This budget also enables the City to provide additional services to the community based on Council priorities and community feedback.

The FY 2024-28 Five-Year Capital Improvement Program (CIP) in the amount of \$244.3 million was also approved on April 18, 2023. For FY 2023-24, the first year of the plan, the CIP budget is \$32.1 million, or 14% of the total FY 2023-24 Adopted Budget of \$231.9 million. The CIP budget includes the cost of construction, expansion or rehabilitation of the City's infrastructure. Noteworthy projects being funded in FY 2023-24 include: the annual Street Resurfacing; the assessment and feasibility study for the Force Main “A” project; the design and replacement of the financial management system; the design and construction of bicycle facility improvements; the replacement of the Council Chambers audio & visual equipment; the design for the replacement of the home bleachers and ADA improvements

at the Milpitas Sports Center football field; funding reserve for future pickleball improvement, various maintenance and rehabilitation projects and programs managed by Engineering, Fire, Information Technology, Planning, Police, Public Works, and Recreation and Community Services Departments, and contributions to the San Jose-Santa Clara Regional Wastewater Facility.

Items included in the CIP document (FY 2024) are funded from a variety of sources of available revenue such as the Water Fund, gas tax, grants, and developer fees. There are always more projects in need than funding available, and specifically, there are projects totaling \$58.1 million over the five-year CIP budget that do not have identified funding sources. These projects include approximately \$35.5M in ongoing infrastructure repairs, rehabilitation, or replacement projects such as Citywide Park Rehabilitation (\$2.4M), City Building Improvements (\$2.0M), Dempsey Road Storm Drain Replacement (\$1.4M), On-Call Facilities Maintenance & Repair Services (\$1.3M), Annual Sidewalk, Curb & Gutter Repair (\$1.16M), Annual Street Light, Signal, and Signage (\$1.05M) and Sport Center Football Bleacher Replacement (\$1.0M). Approximately \$22.6M is estimated for new infrastructure projects with partial or no funding, including the Montague Pedestrian Overcrossing at Penitencia Creek (\$14.4M), Cardoza Park Softball Fields Improvement (\$7.0M), South Main Street Lighting Project (\$4.8M), South Main Street Utility Undergrounding Project (\$2.1M), and Sandalwood Park Renovation (\$2.2M).

This Budget-In-Brief document is intended to highlight major investments being made in the City of Milpitas for the upcoming year and to provide facts about the City. It will also present the major sources of funding and the services provided by the City, including the infrastructure it constructs and maintains. For a more detailed description of major funding changes, I invite you to read the transmittal letter of the FY 2023-24 Operating Budget and the FY 2024-28 Five-Year CIP Budget by visiting the City of Milpitas website at www.milpitas.gov. Additionally, the City's budget transparency tool on the City's website provides line item detail of all expenditures and revenues. For comments regarding the budget or this document, please send an email to budget@milpitas.gov.

Respectfully,



Ned Thomas
Acting City Manager



CITYWIDE BUDGET

The Fiscal Year (FY) 2023-24 Citywide expenditure budget totals \$231.9 million and funds 452.0 full time equivalent positions. As shown in the chart below, the majority of expenditures are supported by the General Fund, the City's main fund to pay for city services such as police and fire protection, street maintenance, and recreation and community services, administration, economic development and building safety and planning. These activities utilize mostly tax dollars, such as property tax and sales tax, but are also supported by licenses and permits, charges, fines, and investment earnings.

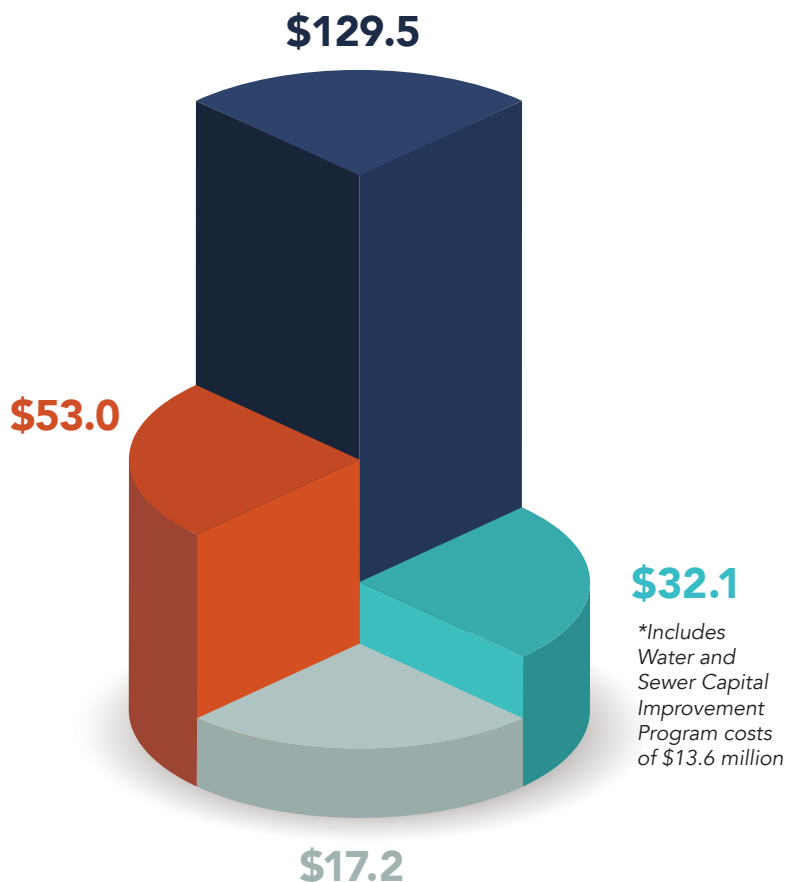
Some activities in the General Fund, such as building inspection and some recreation functions, are also intended to be substantially and partially self-supporting, respectively, through fees for services. Detail on services provided by the General Fund are shown on page 8.

The second largest expenditure of \$32.1 million is for Capital Improvements. These are funds for the cost of acquisition, construction, expansion or rehabilitation of the City's infrastructure. Projects completed in the last year included the Climate Action Plan Update, City LED Lighting Retrofit Project, City Facilities Water Fixtures

Retrofit, City Metro Specific Plan Update, Citywide LED Lighting Upgrade Project, Community and Senior Center Resilience Project, Facilities Water Fixtures Retrofit Project, Fire Station No. 2 Replacement, Fire Vehicle "No Smoke System, Pedestrian Overcrossing Mural, and Public Work/ Police Exterior Painting & Repairs. Further detail on the City's FY 2023-24 Capital Budget is provided on page 12.

Utility Funds are budgeted at \$66.0 million (includes capital improvement projects and operating costs) for FY 2023-24. These funds are used to account for specific services which are funded directly by utility fees and charges to users. In Milpitas, Enterprise Funds include the Water Fund and Sewer Fund. The intent is that these funds be completely self-supporting and not subsidized by general fund revenue or taxes. The utility bills sent to each household and business in the community charge for the cost of providing water and sewer services. Please see page 11 for further detail on the Enterprise Funds.

Other funds include Special Revenue Funds such as the Housing Authority Fund, Gas Tax Fund, Community Facility Districts Funds, and Measure B Fund.



CITYWIDE FY 2023-24 ADOPTED BUDGET BY FUND TYPE

56%

General Fund

23%

**Water and Sewer
(operations) Funds**

14%

Capital Improvements

7%

Other Funds

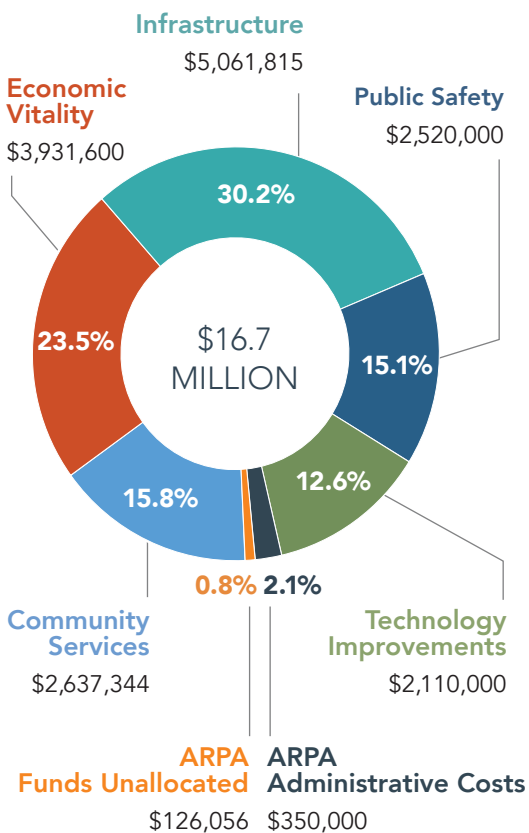
Total = \$231.8

All numbers indicated are in \$ millions.

AMERICAN RESCUE PLAN ACT (ARPA)

Funding for the Five Investment areas of Community Services, Economic Vitality, Infrastructure, Public Safety, and Technology is as follows:

MILPITAS ARPA FUNDING INVESTMENTS



PROGRAM/ACTIVITY

APPROVED APPROPRIATION

Community Services

1	Rent and mortgage relief	\$1,100,000
2	Social services – mental health services, services for domestic violence and abuse victims and LGBTQ plus community	\$500,000
3	Financial assistance to low and moderate income residents for utility payments and childcare costs	\$575,000
4a	Beautify Milpitas program	\$100,000
4b	Weed Abatement	\$90,000
5	Homeless outreach and assessment	\$100,000
6	Public Works Maintenance Staffing	\$172,344
Subtotal		\$2,637,344

Economic Vitality

7	Small Business Assistance Grant Program	\$1,565,100
8	Hotel Assistance Grant Program	\$130,000
9	Accessory Dwelling Unit program	\$990,000
10	Storefront Improvement Grant Program	\$365,000
11	Community events	\$125,000
12	Workforce Development Program	\$300,000
13	Limited term Economic Development Specialist position	\$330,000
14	Business Improvement District	\$126,500
Subtotal		\$3,931,600

Infrastructure

15	Parks Rehabilitation	\$4,386,815
16	Public Safety Facilities' Rehabilitation	\$250,000
17	Mobile Emergency Operations Center (MEOC)	\$425,000
Subtotal		\$5,061,815

Public Safety

18	Public Safety staffing (2 Police and 4 Fire positions for one year)	\$1,200,000
19	Fire Pumper Truck	\$920,000
20	Emergency Management Program Assessment Study	\$200,000
21	Catalytic Converter Public Safety Initiative	\$200,000
Subtotal		\$2,520,000

Technology

22	Human Resources Information System	\$1,100,000
23	Cybersecurity programs and training	\$300,000
24	Technology infrastructure	\$710,000
Subtotal		\$2,110,000

Administration

25	ARPA Funds Administration	\$350,000
Subtotal		\$350,000

Recommendation for Unassigned Allocation

26	ARPA Funds - Unallocated	\$126,056
Subtotal		\$126,056

GRAND TOTAL \$16,736,815

FISCAL YEAR 2023-24

KEY SERVICE ENHANCEMENTS

1. Public Safety Staffing

Added a limited term Lieutenant position for two years to allow the police department to develop existing supervisory staff for long term succession planning and provide an opportunity to evaluate the organizational structure. Enhanced Fire Department administrative support with temporary staff intern.

2. Crossing Guard Program Enhancement

Transitioned the crossing guard program to a third-party contract service. The new program model is intended to improve safety by ensuring there are crossing guards at all approved locations while allowing police officers and community service officers to not fill in for vacant crossing guards and instead focus on other public safety needs in the community.

3. Public Works Trees, Parks, Landscape, Streets and Utilities Services

Added staff capacity to Public Works with seven positions (one Fleet Maintenance Worker, two Maintenance Workers, one Equipment Maintenance Worker II, one Cross Connection Control Specialist, one Instruction Control Technician, one Environmental Inspector) that will increase Citywide public works services directly to the community. Added funding to ongoing tree service to prioritize removal of trees that pose high risk of failure.

4. Public Safety, Public Works and Other Department Equipment Modernization

Added funding to acquire twenty vehicles and large equipment due to obsolescence and/or equipment required for providing more efficient and enhanced services.

5. Affordable Housing and Unhoused Services

Added funding for Below Market Rate (BMR) program with long-term contract for BMR administration to assist very-low, low- and moderate-income households in becoming homeowners.

6. Economic Development

Added a Permit Navigator to the Office of Economic Development to streamline the permitting process for development projects as well as those who wish to relocate to, expand in, or renovate their homes and businesses in Milpitas.

7. Recreation and Community Service

Added staff capacity to Recreation and Community Services with the restoration of a Recreation Services Supervisor who will oversee Community Center operations and administration, facility and park rentals, youth and teen programs, contract classes and contract management. Added funding for a new City Black April event which is a day to reflect on the fall of Saigon and of South Vietnam which took place April 30, 1975.

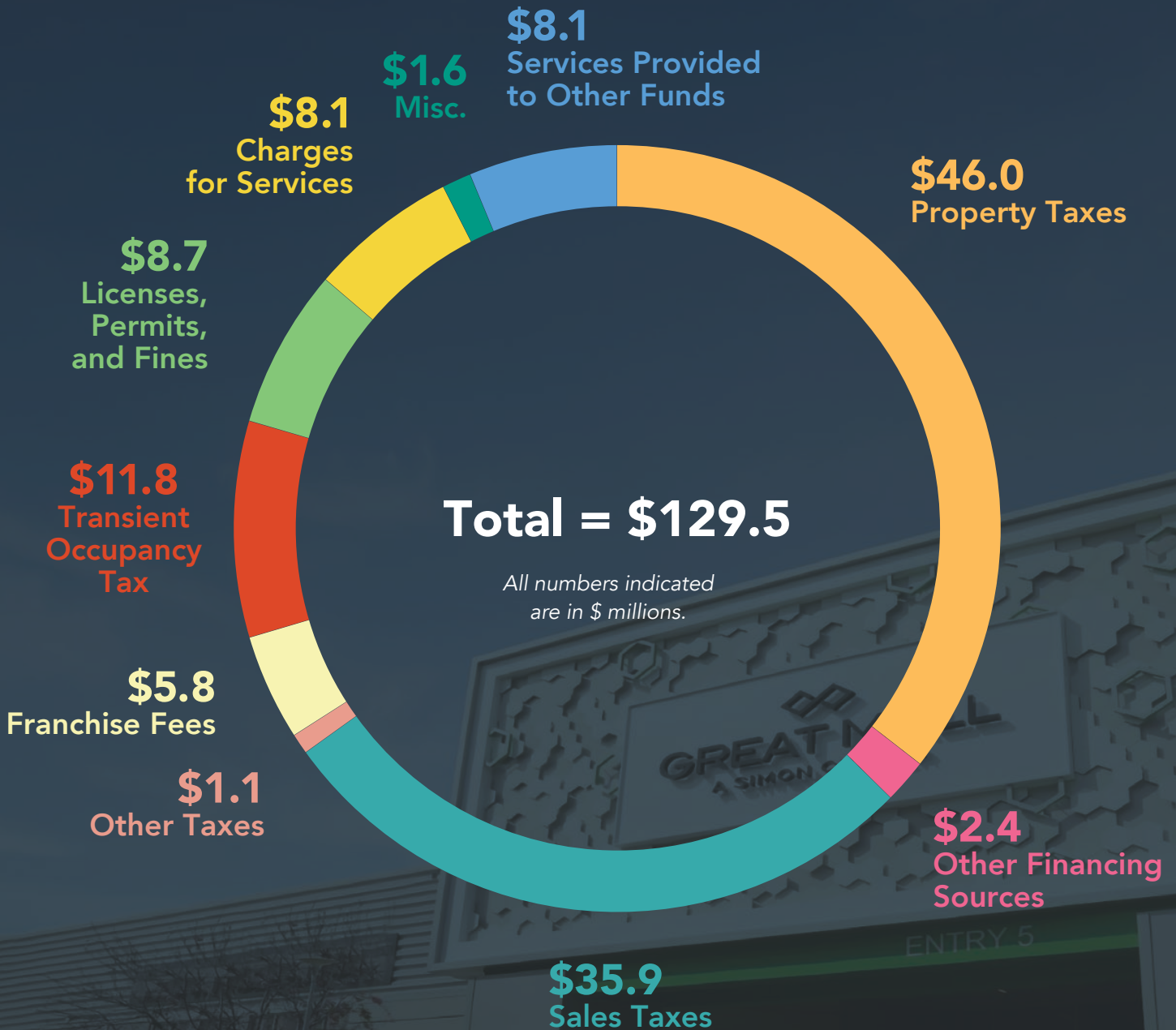
8. Leadership and Strategic Support Services

Added net of one administrative support position to enhance support services to the City Clerk, City Council, City Manager and citywide programs and projects. Added legislative consultant services to support City Council's Legislative Advocacy Policy and ensure the City's interests are represented at the Federal and State level.

*Pictured: Milpitas Transit Center
and Bay Area Rapid Transit (BART) Station*



GENERAL FUND REVENUES



Property Taxes

For every \$1,000 in property taxes paid, the City receives approximately \$162. The majority of property taxes supports the local schools.

Sales Taxes

For every \$100 in taxable purchases, \$9.38 is collected in sales tax. Of this amount, the City receives approximately \$1.25. The majority of the \$9.38 in sales tax benefits the State.

Transient Occupancy Tax

Visitors staying at hotels in Milpitas pay an additional 14% tax applied to their room rate. This rate was increased from 10% to 14% effective January 2019.

Other Taxes

Includes the Real Estate Transfer Tax and the Business License Tax.

Charges for Services

Services, mostly from Recreation and Engineering fees, are collected for general government purposes.

Services Provided to Other Funds

Funds received from Utilities and other funds for support services provided by the General Fund.

Franchise Fees

Fees from utilities and organizations to operate facilities within the City for Electric, Gas, Garbage, Natural Gas, and Cable Television services.

Miscellaneous

Includes interest income, money received from other agencies, and other miscellaneous revenues.

Licenses, Permits and Fines

Fees paid to ensure that structures are up to the current Building and Fire codes to ensure safety of the occupants and environment.



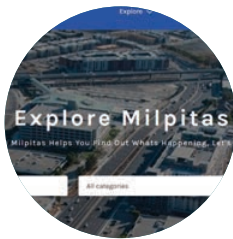
GENERAL FUND EXPENDITURES



Public Safety 51%

Police\$41.2
Fire.....\$25.4

Total = \$66.6



Community Development 12%

Development Services.....\$2.4
Housing and Neighborhood
Services\$13.3

Total = \$15.7



Community Services & Sustainable Infrastructure 15%

Recreation Programs
and Special Events\$6.8
Facilities, Park, Streets,
and Trees Maintenance\$9.8
Public Works Construction\$2.9

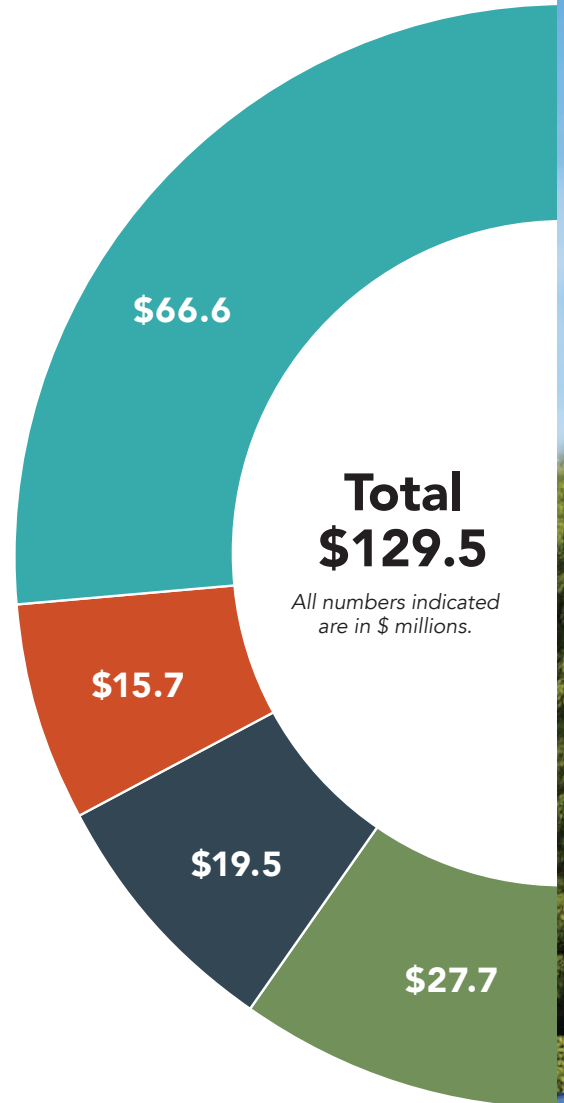
Total = \$19.5



Leadership & Support Services 21%

City Council\$0.6
City Manager.....\$2.4
City Administrative Services\$24.7

Total = \$27.7



ENTERPRISE FUNDS

Total = \$66.0

All numbers indicated are in \$ millions.

\$17.0 Sewer Maintenance and Operations



\$4.8 Water Capital Improvement Program



\$33.8 Water Maintenance and Operations



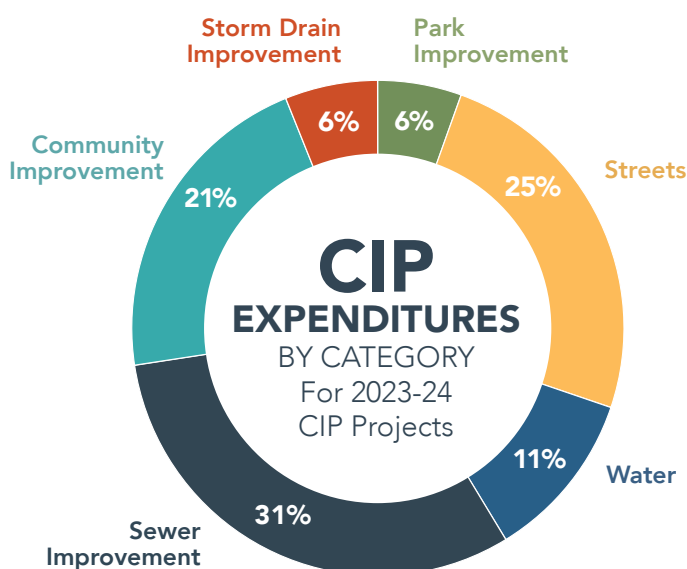
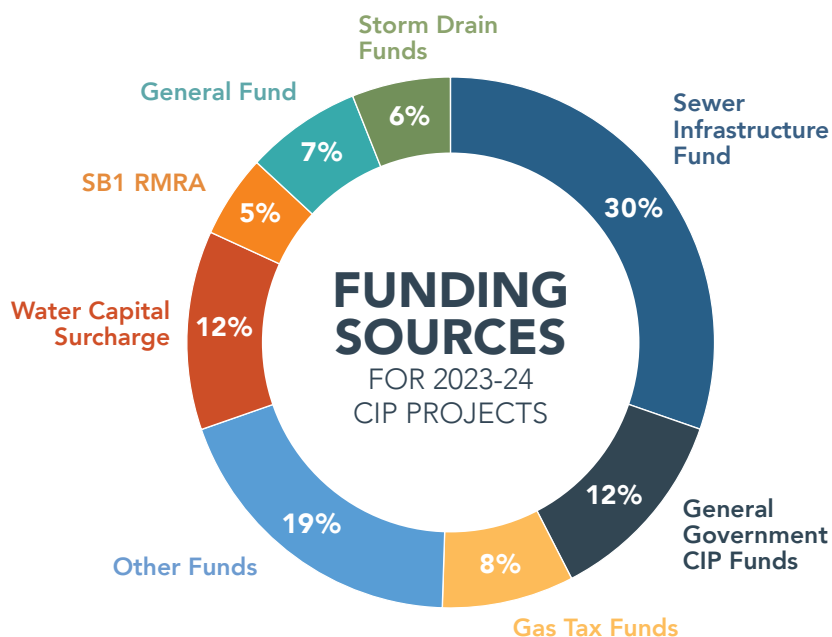
\$10.3 Sewer Capital Improvement Program



CAPITAL BUDGET INFORMATION

The City includes the cost of acquisition, construction, expansion or rehabilitation of the City's infrastructure in the Capital Improvement Budget. The total FY 2023-24 Capital Improvement Program (CIP) funding is \$32.1 million, \$8.1 million more than the FY 2022-23 CIP, primarily due to increase funding for sewer, storm drain, and water improvement projects and City Council priority projects.

Noteworthy projects approved for funding in FY 2023-24 include San Jose-Santa Clara Regional Wastewater Facility (\$6.8 million); the annual Street Resurfacing project (\$4 million); the assessment and feasibility study for the Force Main "A" project (\$2,000,000); the design and replacement of the financial management system (\$1,850,000); the design and construction of bicycle facility improvements (\$1,000,000); the replacement of the Council Chambers Audio & Visual Equipment (\$800,000); Citywide Park Rehabilitation (\$600,000); the design for the replacement of the home bleachers and ADA improvements at the Sports Center Complex Football Field (\$200,000); and funding reserve for future Pickleball improvement (\$100,000).



List of Noteworthy Projects

Project	2023-24 Funding Amount	Projected 5 Year Cost
San Jose-Santa Clara Regional Wastewater Facility	\$6,810,000	\$29,825,000
Street Resurfacing	\$4,000,000	\$20,000,000
Minor Water Projects	\$2,106,000	\$3,936,000
Force Main "A" Project	\$2,000,000	\$26,140,000
Financial System Enterprise Resource Planning	\$1,850,000	\$3,300,000
Storm Drain Improvement	\$1,558,000	\$1,558,000
Bicycle Improvement Project	\$1,000,000	\$1,000,000
Council Chamber AV	\$800,000	\$800,000
Citywide Parks Rehab	\$600,000	\$3,000,000
Total	\$ 20,724,000	\$ 89,559,000

CITY OF MILPITAS AT A GLANCE

General Data

Year that Milpitas residents incorporated as a city	1954
Total square miles of City limit	13.6
Population (Data from Department of Finance)	81,067
Total registered voters (November 2022)	37,353
Total number of votes cast in the November 2022 election	17,813
Miles of streets	308
Number of street lights	4,584
Median household income	\$169,460
Percentage of homeowners	63.7%
Median price of a home (as of February 2023)	\$1,290,250

Public Safety

Number of fire stations	4
Number of fire apparatus	13
Number of fire hydrants	2,308
Number of police stations	1
Number of crossing guard posts	34
Number of police patrol vehicles	30

Utilities

Number of residential water utility customers	14,721
Number of commercial water utility customers	2,206
Number of recycled water customers	232
Average daily consumption of water in million gallons	6.9
Miles of water mains	183
Miles of sanitary sewers	160
Miles of storm drains	112

Parks and Recreation

Acres of parkland	165
Number of parks	37
Number of playgrounds	35
Number of tennis courts	21
Number of swimming pools	3

MAJOR DEVELOPMENT ACTIVITIES

2040 GENERAL PLAN

- The Milpitas 2040 General Plan was adopted by the City Council on March 9, 2021.
- The General Plan defines a long-term vision for the City's future growth, identifies opportunity sites where growth may occur over the next 20 years, and provides a blueprint for land use, traffic, housing, open space, economic development, health, and resource conservation.
- The City continues to implement General Plan policies to fulfill the community's vision for Milpitas.
- Copies of the adopted new General Plan and its associated Environmental Impact Report (EIR) are available at <https://milpitas.generalplan.org/>.

MILPITAS GATEWAY MAIN STREET SPECIFIC PLAN

- The Milpitas Metro Specific Plan was adopted by the City Council on February 7, 2023.
- In early 2020, the City initiated a comprehensive update of the Transit Areas Specific Plan (TASP) and rebranded this effort as the Milpitas Metro Specific Plan.

- The Metro Plan establishes policies and strategies to guide the ongoing transition of older industrial lands near the Milpitas Transit Center into vibrant, walkable, mixed-use neighborhoods with convenient access to transit.
- The Metro Plan also envisions the long-term development of an "Innovation District" to accomplish the City's economic development goals and create job opportunities.
- Copies of the adopted Metro Plan and its associated EIR are available at <https://www.milpitas.gov/371/Milpitas-Metro-Specific-Plan>.

AFFORDABLE HOUSING DEVELOPMENT

- The City continues to leverage public and private resources to support planning and development of new affordable housing.
- In late 2020, the City Council approved the addition of 44 residential units with seven units reserved for extremely low-income households within the existing 171-unit Sunnyhills apartment community.
- In Spring 2021, the City launched the ADU Monday Program to

provide a simple and easy pathway for residents to explore the idea of developing an ADU on their property through dedicated one-stop consultation service.

- On January 24, 2023, the Milpitas City Council adopted the draft Housing Element, Resolution, and General Plan Amendment (GP23-0001). The Milpitas Housing Element update was certified by the California Department of Housing and Community Development (HCD) on May 17, 2023, and the City of Milpitas became the first city in Santa Clara County to obtain compliance by HCD. Community engagement was a key priority for the City on the Milpitas on the Housing Element. A total of 15 community engagement events took place, 31 stakeholders interviewed, >1,400 unique visits to the webpage, 268 participants were surveyed, and a total of 96 people participated in meetings.
- In March 2022, the City launched the Safe ADU Legalization Program to encourage and assist residents to legalize and improve the safety of an ADU, converted garage, or other structures constructed or converted without obtaining permits.



MILPITAS CITY HALL



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CITY HALL

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Americans With Disabilities Act Statement

In compliance with Americans with Disabilities Act (ADA) of 1990, this document may be provided in other accessible formats.