

2024-2025



# 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 2024-25 Budget in the amount of \$249.8 million at the June 4, 2024 City Council meeting. This balanced budget continues to transition the City toward fiscal stability. As the City continues to recover from the financial impacts of the worldwide COVID-19 pandemic, we remain optimistic about the future but wary of near-term economic uncertainty arising from the continued war in Ukraine, ongoing conflict in the Middle East, high interest rates, high-to-moderate inflation, growing income disparity, and the high cost of housing. Additionally, we are cognizant that rising labor costs and the expiration of a key revenue source - the Milpitas Public Services Measure (Measure F) – in FY 2028-29 will require us to continue to maintain fiscal discipline while simultaneously identifying ways to increase revenue while controlling expenses.

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 2025-29 Five-Year Capital Improvement Program (CIP) in the amount of \$243.2 million was adopted on April 16, 2024. For FY 2024-25, the first year of the plan, the CIP budget is \$33.2 million, or 13% of the total FY 2024-25 Adopted Budget of \$249.8 million. The CIP budget includes the cost of the design and construction of new capital assets and repairs and replacements of aging infrastructure of the City's infrastructure. Noteworthy projects being funded in FY 2024-25 include: the Annual Street Resurfacing Project; the City's capital contribution to the San Jose-Santa Clara Regional Wastewater Facility; the design and replacement of the air handlers at City Hall; the design and replacement of the land management/permit system software; the planning of the basic infrastructure plan and developer impact study for

the Milpitas Gateway-Main St. Specific Plan; the master planning of the fountain and landscaping renovation at the City Hall campus; the design of improvements for the play area at Sinnott Park.

Items included in the CIP document (FY 2025) are funded from a variety of sources of available revenue such as the General Government CIP, General, park, street, and utility funds, grants, and developer fees. There are always more projects in need than funding available, and specifically, there are projects totaling \$58.0 million over the five-year CIP budget that do not have identified funding sources. These projects include approximately \$22.5M in ongoing infrastructure repairs, rehabilitation, or replacement projects such as Citywide Park Rehabilitation (\$2.4M), Sandalwood Park Renovation (\$2.2M), City Building Improvements (\$2.0M), Community Center Roof Renovation (\$2.0M); Sport Center Football Bleacher Replacement (\$1.5M), Median Conversion Project (\$1.2M), and On-Call Facilities Maintenance & Repair Services (\$1.2M). Approximately \$35.5M is estimated for new infrastructure projects with partial or no funding, including the Montague Pedestrian Overcrossing at Penitencia Creek (\$21.5M), Cardoza Park Softball Fields Improvement (\$7.0M), South Main Street Lighting Project (\$4.8M), and South Main Street Utility Undergrounding Project (\$2.0M).

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 2024-25 Operating Budget and the FY 2025-29 Five-Year CIP Budget by visiting the City of Milpitas website at [www.milpitas.gov](http://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](mailto:budget@milpitas.gov).

Respectfully,



Ned Thomas  
City Manager





# CITYWIDE BUDGET

The Fiscal Year (FY) 2024-25 Citywide expenditure budget totals \$249.8 million and funds 455.0 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.

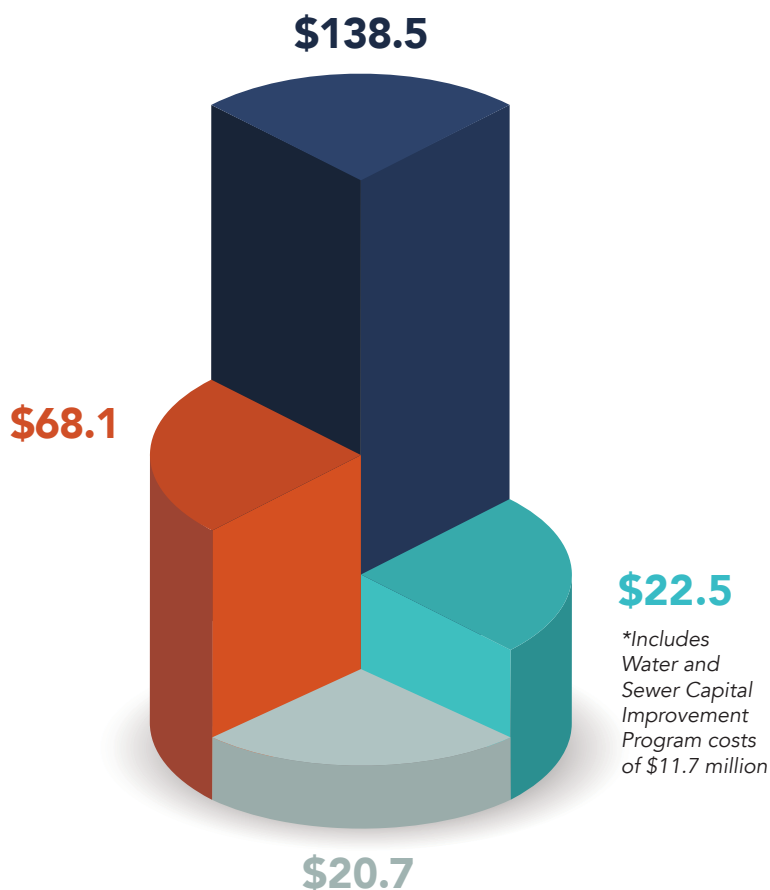
Some activities in the General Fund, such as building inspection and some recreation functions, are also intended to be substantially and partially self-supporting, respectively, through fees for services. Detail on services provided by the General Fund are shown on page 8.

The second largest expenditure of \$33.2 million is for Capital Improvements. These are funds for the cost of design and construction of new asset and repair and replacement of aging City's infrastructure. Projects completed in the last year included the replacement of the AV system at Committee Conference Room and storefront doors at Community Center, installation of

an art sculpture at Dixon Landing Park and gateway "Welcome" signs, resurfacing of basketball and tennis courts at four parks, Mobile Emergency Operations Center (MEOC) vehicle for public safety, the annual hydrant replacement, sidewalk repair, and street resurfacing projects, and minor sanitary sewer and storm drain repairs. Further detail on the City's FY 2024-25 Capital Budget is provided on page 12.

Utility Funds are budgeted at \$66.0 million (includes capital improvement projects and operating costs) for FY 2024-25. 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 2024-25 ADOPTED BUDGET BY FUND TYPE

56% General Fund

27% Water and Sewer  
(operations) Funds

9% Capital Improvements

8% Other Funds

**Total = \$249.8**

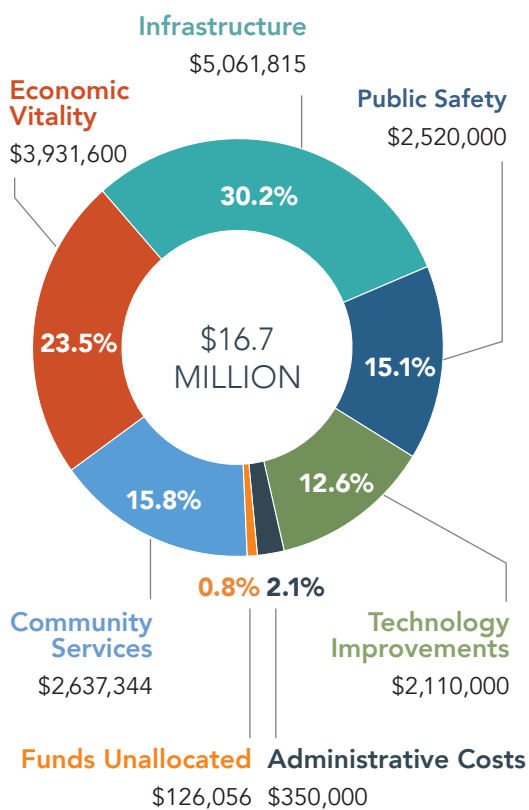
All numbers indicated are in \$ millions.



# COMMUNITY INVESTMENT FUNDS

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

## MILPITAS COMMUNITY INVESTMENTS FUNDS



PROGRAM/ACTIVITY		APPROVED APPROPRIATION
<b>Community Services</b>		
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
<b>Subtotal</b>		<b>\$2,637,344</b>
<b>Economic Vitality</b>		
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
<b>Subtotal</b>		<b>\$3,931,600</b>
<b>Infrastructure</b>		
15	Parks Rehabilitation	\$4,386,815
16	Public Safety Facilities' Rehabilitation	\$250,000
17	Mobile Emergency Operations Center (MEOC)	\$425,000
<b>Subtotal</b>		<b>\$5,061,815</b>
<b>Public Safety</b>		
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
<b>Subtotal</b>		<b>\$2,520,000</b>
<b>Technology</b>		
22	Human Resources Information System	\$1,100,000
23	Cybersecurity programs and training	\$300,000
24	Technology infrastructure	\$710,000
<b>Subtotal</b>		<b>\$2,110,000</b>
<b>Administration</b>		
25	Funds Administration	\$350,000
<b>Subtotal</b>		<b>\$350,000</b>
<b>Recommendation for Unassigned Allocation</b>		
26	Funds - Unallocated	\$126,056
<b>Subtotal</b>		<b>\$126,056</b>
<b>GRAND TOTAL</b>		<b>\$16,736,815</b>



# FISCAL YEAR 2024-25

## KEY SERVICE ENHANCEMENTS

### 1. Public Works Facilities Maintenance Staffing

Added 1.0 FTE Equipment Maintenance Worker III position ongoing to the Facility Maintenance section. The Facility Maintenance section maintains 23 buildings totaling 454,655 square feet. Current industry standards for staffing for facility maintenance is 1 technician for every 50,000 square feet.

### 2. Public Works Utility Maintenance Staffing

Added two Water System Operators ongoing that will initially serve in a succession planning initiative with the eventual transfer to oversight and operations of the City's new drinking water wells. The City's Drinking Water System is regulated by the State's Division of Drinking Water and is required to have operations staff with a Distribution System Level 5 certification.

### 3. Transit Area Specific Plan Administrative Support

Added a Management Analyst ongoing to support the projects funded by the Transit Area Specific Plan (TASP) developer impact fees and assist in updates to the infrastructure plan and impact fees in the expanded TASP, now called the Milpitas Metro Plan. This position will track all revenues and expenditures associated with developer impact fees in both the old TASP area and the new Milpitas Metro area to ensure timely and effective use of the funds as well as compliance with current legislation related to impact fees.

### 4. Public Works Trees & Landscape Maintenance Equipment Enhancement

Added funding to acquire one chipper in support of the tree-trimming operation and to better

facilitate emergency tree and stump grinding work. This additional piece of equipment will also aid in the deployment of a secondary tree-trimming operation in order to more quickly respond to service requests by the community.

### 5. Affordable Housing Ordinance

Added funding for one-time basis for consultant support for revisions to the Affordable Housing Ordinance. This would allow for the amendment of the Affordable Housing Ordinance to increase the level of affordable housing required from 15% to 20% and/or other changes that could entice additional low income housing.

### 6. Finance Department Staffing

Added staff capacity for a buyer to ensure that the Finance department can efficiently, accurately, and fairly administer the City's procurement policies in a timely manner to meet the needs of all City departments.

### 7. Human Resources Department Staffing

Added staff capacity for a Human Resource Analyst to ensure that the Human Resources department can attract efficiently, accurately, and fairly administer the City's hiring policies in a timely manner to meet the needs of all City departments and attract new talent to the City.

### 8. Business License Contractual Services

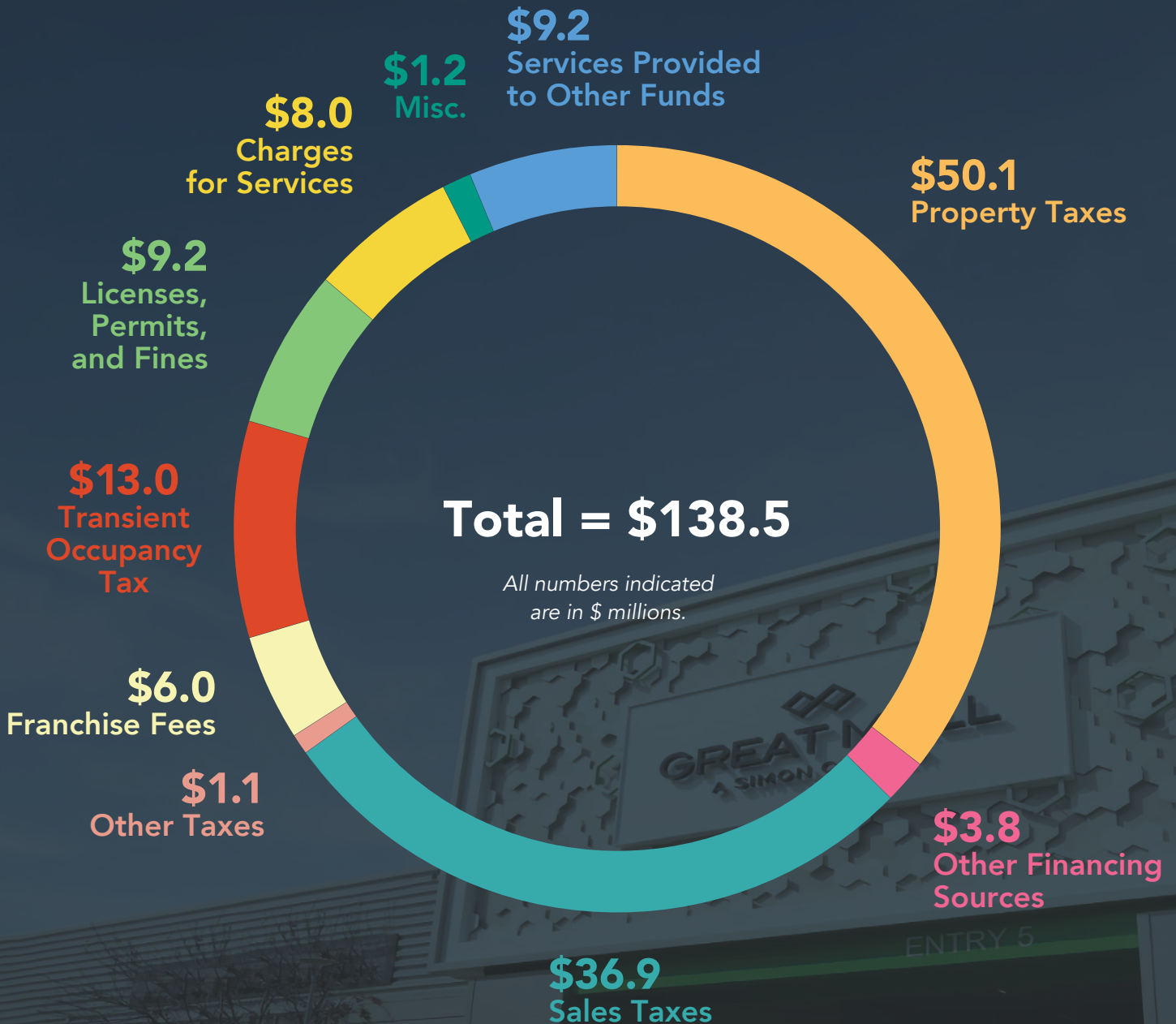
Added funding to enhance services provided by the City to the business community by funding HdL Companies to provide full business license service and administration. This will streamline the business licensing process.

*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.





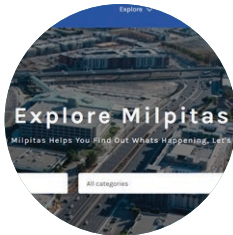
# GENERAL FUND EXPENDITURES



## Public Safety 53%

Police .....\$45.8  
Fire.....\$27.3

**Total = \$73.2**



## Community Development 12%

Development Services.....\$2.6  
Housing and Neighborhood  
Services .....\$14.2

**Total = \$16.8**



## Community Services & Sustainable Infrastructure 15%

Recreation Programs  
and Special Events .....\$7.0  
Facilities, Park, Streets,  
and Trees Maintenance .....\$10.4  
Public Works Construction .....\$3.5

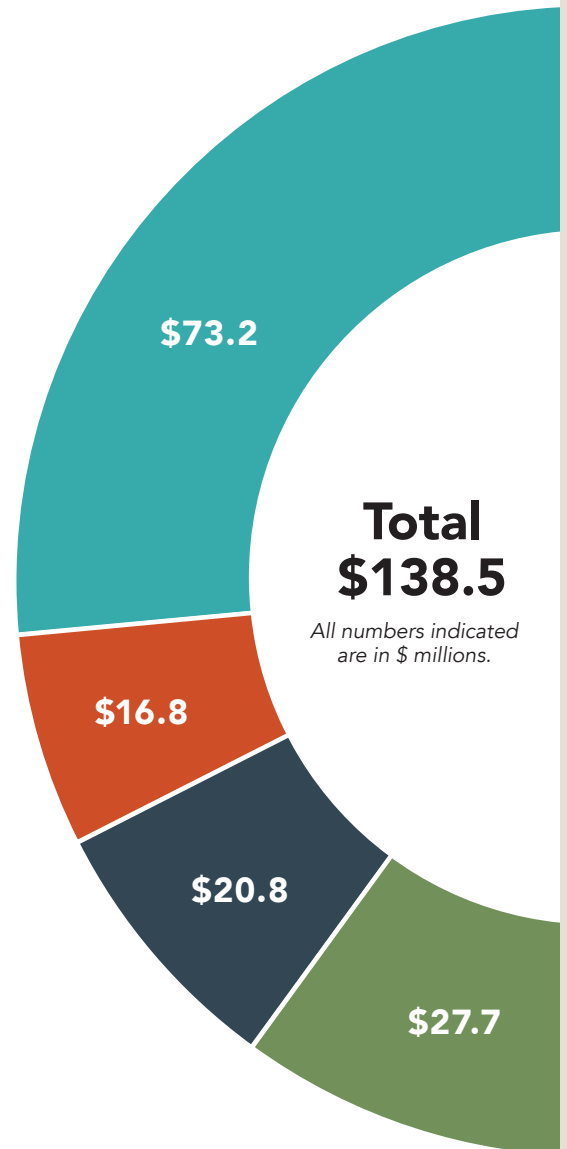
**Total = \$20.8**



## Leadership & Support Services 21%

City Council .....\$0.6  
City Manager.....\$2.2  
City Administrative Services .....\$24.9

**Total = \$27.7**



# ENTERPRISE FUNDS

**Total = \$68.1**

*All numbers indicated are in \$ millions.*

**\$37.3** Water Maintenance and Operations



**\$17.6** Sewer Maintenance and Operations



**\$6.8** Sewer Capital Improvement Program



**\$6.5** Water Capital Improvement Program

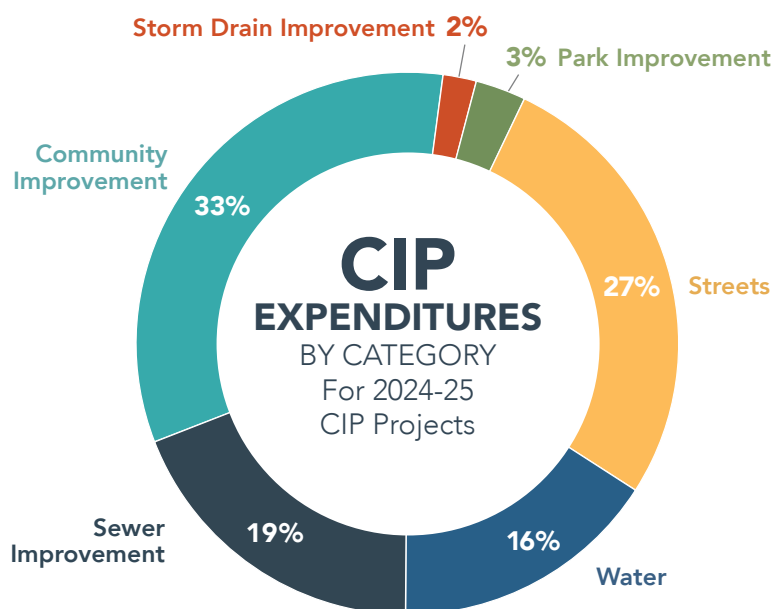
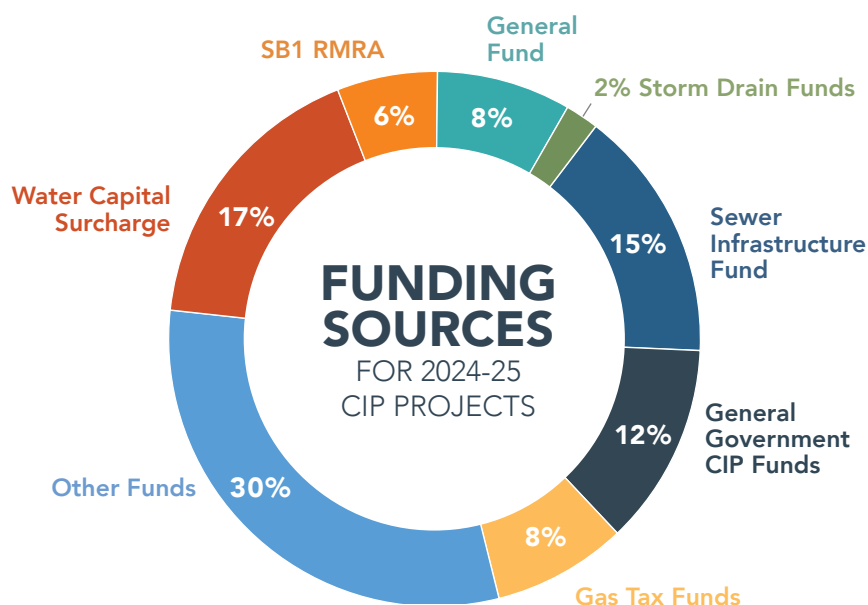




# CAPITAL BUDGET INFORMATION

The City includes the cost of acquisition, construction, expansion or rehabilitation of the City's infrastructure in the Capital Improvement Budget. The total FY 2024-25 Capital Improvement Program (CIP) funding is \$32.1 million, \$1.1 million more than the FY 2023-24 CIP.

Noteworthy projects approved for funding in FY 2024-25 include the Annual Street Resurfacing Project (\$4,597,562; funded via Measure B, SB1 RMRA, Vehicle Registration Fee); the City's capital contribution to the San Jose-Santa Clara Regional Wastewater Facility (\$3,940,000; Sewer Fund); the design and replacement of the air handlers at City Hall (\$2,500,000; General Fund Facility Replacement Reserve); the design and replacement of the land management/permit system software (\$1,500,000; Information Technology Replacement Fund); the design and replacement of the financial management system (\$1,450,000; General Government CIP Fund, Sewer Fund, Water Fund); the planning of the basic infrastructure plan and developer impact study for the Milpitas Gateway-Main St. Specific Plan (\$600,000; MTC PDA Funding Grant); an assessment of the flooding occurrence on Main Street, Railroad Avenue, and Winsor Street (\$500,000; Storm Drain Fund); the master planning of the fountain and landscaping renovation at the City Hall campus (\$250,000; General Gov't CIP Fund); the design for the installation of street lights on Hammond Way (\$100,000; Street Improvement Fund); the design of improvements for the play area at Sinnott Park (\$100,000; Park Fund), and various maintenance and rehabilitation projects managed by Information Technology, Planning, Public Works, and Recreation Departments (\$17,635,000).



## List of Noteworthy Projects

Project	2024-25 Funding Amount	Project 5 Year Cost
San Jose-Santa Clara Regional Wastewater Facility	\$3,940,000	\$38,176,000
Annual Street Resurfacing Project	\$4,598,000	\$22,198,000
City Building Improvement	\$1,140,000	\$3,140,000
Force Main "A" Project	\$940,000	\$24,140,000
Citywide Park Rehabilitation	\$50,000	\$2,450,000
Community Center Roof Renovation	\$500,000	\$2,500,000
Annual Sidewalk Repair Program	\$890,000	\$3,870,000
Streetlight, Signage, Traffic Signal Improvements	\$1,220,000	\$4,715,000
Pressure Reducing Valve Station Relocation	\$465,000	\$2,045,000
<b>Total</b>	<b>\$ 13,743,000</b>	<b>\$ 103,234,000</b>

# CITY OF MILPITAS AT A GLANCE

## General Data

Year that Milpitas residents incorporated as a city	<b>1954</b>
Total square miles of City limit	<b>13.6</b>
Population (Data from Department of Finance)	<b>81,773</b>
Total registered voters (November 2022)	<b>37,353</b>
Total number of votes cast in the November 2022 election	<b>17,813</b>
Miles of streets	<b>308</b>
Number of street lights	<b>4,584</b>
Median household income	<b>\$169,818</b>
Percentage of homeowners	<b>63.7%</b>
Median price of a home (as of February 2023)	<b>\$1,400,000</b>

## Public Safety

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

## Utilities

Number of residential water utility customers	<b>14,704</b>
Number of commercial water utility customers	<b>2,425</b>
Number of recycled water customers	<b>248</b>
Average daily consumption of water in million gallons	<b>6.5</b>
Miles of water mains	<b>183</b>
Miles of sanitary sewers	<b>160</b>
Miles of storm drains	<b>112</b>

## Parks and Recreation

Acres of parkland	<b>165</b>
Number of parks	<b>37</b>
Number of playgrounds	<b>35</b>
Number of tennis courts	<b>25</b>
Number of swimming pools	<b>3</b>





# 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



## CONTACT INFORMATION

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### CITY HALL

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