

2021-2022



CITY OF MILPITAS **BUDGET** IN BRIEF



City of Milpitas • California

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 2021-22 Budget in the amount of \$195.2 million at the June 1, 2021 City Council meeting. This budget mostly maintains the Council approved service level without the use of reserves or funding from the American Rescue Plan Act. Equally important, this budget eliminates the General Fund structural deficit. In a January 2021 community engagement survey, 62% of adult residents who were randomly selected approved of the job the City is doing with an 89% approval rating for the Fire Department and 81% for the Police Department.

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, housing and business assistance, transportation, utilities and other services. This budget also enables the City to comply with laws related to underground utilities through our more cost-effective USA locate services. It funds revitalization of Main Street to foster long-term economic development and improves pruning cycles for City maintained trees to enhance safety and reduce risk. Further, we continue to tighten our belts through reductions in non-personnel and personnel expenditures.

The FY 2021-26 Five-Year Capital Improvement Program (CIP) in the amount of \$219.7 million was also approved on April 6, 2021. For FY 2021-22, the first year of the plan, the CIP budget is \$22.3 million, or 11% of the total FY 2021-22 Adopted Budget of \$195.2 million. The CIP budget includes the cost of construction, expansion or rehabilitation of the City's physical plant and facilities. Noteworthy projects being funded in FY 2021-22 include San Jose-Santa Clara Regional Wastewater Facility; S. Milpitas Blvd. Vehicle Bridge at Penitencia; Mobile Emergency Operations Center and Street Resurfacing. Projects included in the first year of the CIP document (FY 2022) 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 there is funding available,

and at this point, there are several projects totaling \$78.9 million over the Five-Year CIP budget that do not have identified funding sources. These projects include Fire Stations/City Building Improvements to upgrade and repair various elements of the building and site (\$23 million); various renovations at parks upon completion of the Parks and Recreation Master Plan (\$10.9 million) for citywide park and facilities rehabilitation; improvements of softball fields and sports courts; Widening Montague Expressway to four lanes in each direction from Great Mall Parkway to South Main Street (\$12.8 million); and Midtown Street Light Project (\$4.8 million) for the installation of Midtown decorative street lighting and signal improvements along South Main Street from Carlo Street to Great Mall Parkway.

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 2021-22 Operating Budget and the FY 2021-26 Five-Year CIP Budget by visiting the City of Milpitas website at www.ci.milpitas.ca.gov. Additionally, the City launched a budget transparency tool available on the City's website providing you with line item detail of all expenditures and revenues. For comments regarding the budget or this document, please send an email to budget@ci.milpitas.ca.gov.

Respectfully,



Steven G. McHarris
City Manager



CITYWIDE BUDGET

The Fiscal Year (FY) 2021-22 Citywide expenditure budget totals \$195.2 million and funds 415.5 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, administration, street maintenance, and recreation. These activities utilize mostly tax dollars, such as property tax and sales tax, but are also supported by licenses and permits, fines, and investment earnings.

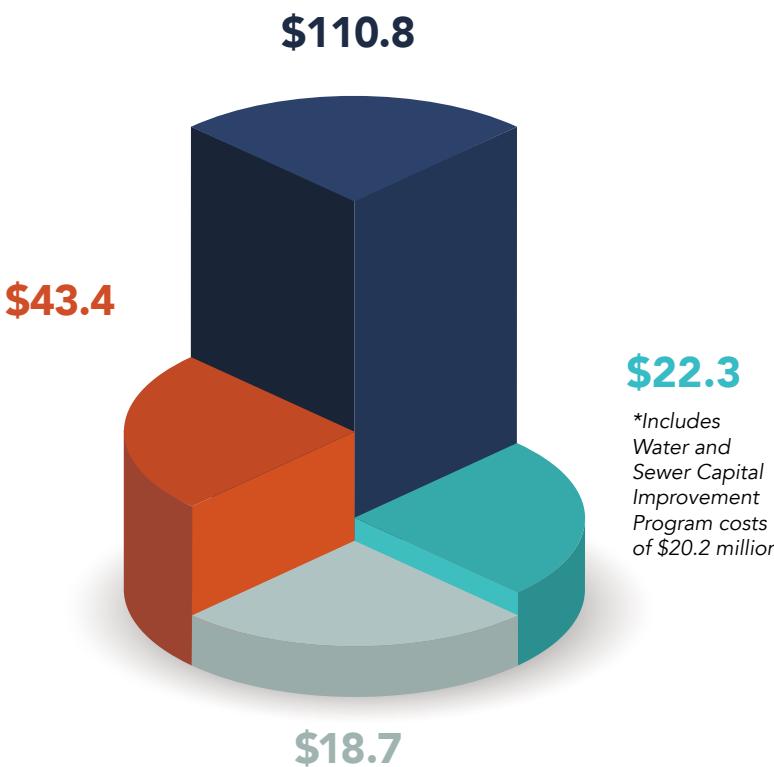
Some activities in the General Fund, such as building inspection and some recreation functions, are also intended to be substantially and partially self-supporting, respectively, through fees for services. Detail on services provided by the General Fund are shown on page 7.

The second largest expenditure of \$22.3 million is for Capital Improvements. These are funds for the cost of acquisition, construction, expansion or rehabilitation of the City's physical plant and facilities. Projects completed in the last year included the demolition and improvement of Fire Station No. 2, Alviso Adobe interior renovation, Milpitas Skate Park & snack shack/restroom building

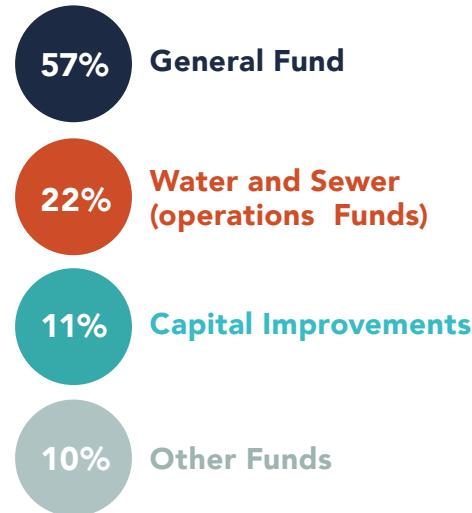
replacement, Traffic Signal at McCarthy Blvd and SanDisk Drive, Soil Vapor Intrusion Mitigation Measures for Sal Cracolice building, Creighton Park Renovation, S. Park Victoria/Yosemite Signal cabinet Relocation and McCandless Well Drilling. Further detail on the City's FY 2021-22 Capital Budget is provided on page 9.

Utility Funds are budgeted at \$53.3 million (includes capital improvement projects and operating costs) for FY 2021-22. 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 8 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 2021-22 ADOPTED BUDGET BY FUND TYPE



Total = \$195.2

All numbers indicated are in \$ millions.

FISCAL YEAR 2020-21

KEY ACCOMPLISHMENTS

COVID TESTING AND VACCINATION

Fire Department administered over 17,000 mobile COVID tests and 30 in-home vaccinations that strategically targeted locations with residents who could not access fixed County sites.

PANDEMIC SERVICES

During the pandemic, City provided services for senior citizens through distribution of 30,000 senior meals and 25 loaner laptops to help them stay connected to family and loved ones during the pandemic. The City also expanded social services outreach programs including County fixed site vaccination assistance (800), COVID testing (24,000), mask distribution (2,000) and food distribution (68,000 boxes of food).

FISCAL STABILITY

With the support of the community, Measure F (1/4 cent sales tax) was approved, which alongside other one-time and ongoing personnel and non-personnel reductions eliminated the General Fund structural deficit with minimal service level impact and no use of reserve.

BUSINESS AND HOUSING ASSISTANCE

During the pandemic, the City helped the Milpitas business community through financial hardship and provided essential services for the unhoused and low-income residents. The Office of Economic Development reached out to the business community through webinars, provided \$5,000 grants to 38 microenterprise businesses and conducted shop local campaigns. The City entered into agreement with the County for unhoused outreach and assessment services. Housing Department established mobile laundry/shower pilot program and provided rent relief assistance in amount of \$450,000 for over 280 residents.

CONTINUITY OF CITY SERVICES DURING THE PANDEMIC

After the initial stay at home order, the City quickly adapted through user-friendly online tools to continue to provide excellent services for the residents virtually. Planning Department implemented online plan review services, established safety protocol and published comprehensive information to keep residents, builders and developers informed about service accessibility.

ADOPTION OF MILPITAS 2040 GENERAL PLAN

Adopted on March 9, 2021, the General Plan established goals, policies and actions to guide city's growth and evolution over the next 20 years. In addition to the goals and policies related to land use, transportation and open space, the general plan also included detailed policies for economic development, community design, conservation and environmental sustainability, public safety and community health and wellness.

FACILITATION OF DEVELOPMENT

Between July 2020 and April 2021, the City issued 2,820 building permits valued at \$168 million, 214 planning permits, 176 encroachment permits, completed 4,700 plan reviews and 17,000 inspections, entitled 8 major residential and commercial projects, conducted 9 zoning administrative hearings using streamlined approval process.

COMMUNITY OUTREACH

Public Information Officer and staff reached out to the diverse Milpitas community through 55 info memos and 170 social media campaigns in multiple languages. The City also held 160 virtual Council and Commission meetings to encourage public engagement. Upcoming projects include the Milpitas Connected Newsletter and completion of community identification and branding.

CAPITAL IMPROVEMENT PROGRAM (CIP)

On April 6, 2021, Council approved the five-year CIP plan in amount of \$219.7 million. Staff implemented a new CIP budget planning system with improved transparency. Construction started on the Fire Station #2 replacement project and staff will break ground on the McCandless project soon.

NEIGHBORHOOD CLEAN UP PROGRAM

The City in partnership with Milpitas Sanitation was approved to hold four clean-up events by appointment only to provide debris bins for residents to dispose of bulky items such as mattresses, cabinets, etc. These events had high resident participation with hopes of more dates in the future.



Property Taxes

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

Franchise Fees

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

Charges for Services

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

Sales Taxes

For every \$100 in taxable purchases, \$9.25 is collected in sales tax. Of this amount, the City receives approximately \$1.25. The majority of the \$9.25 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.

Miscellaneous

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

Other Taxes

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

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.

Services Provided to Other Funds

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

GENERAL FUND EXPENDITURES



Public Safety 54%

Police \$35.7
Fire \$23.7

Total = \$59.4



Community Development 12%

Development Services \$1.07
Housing and Neighborhood Services \$12.5

Total = \$13.6



Community Services & Sustainable Infrastructure 14%

Recreation Programs and Special Events \$5.3
Facilities, Park, Streets, and Trees Maintenance \$8.1
Public Works Construction \$2.2

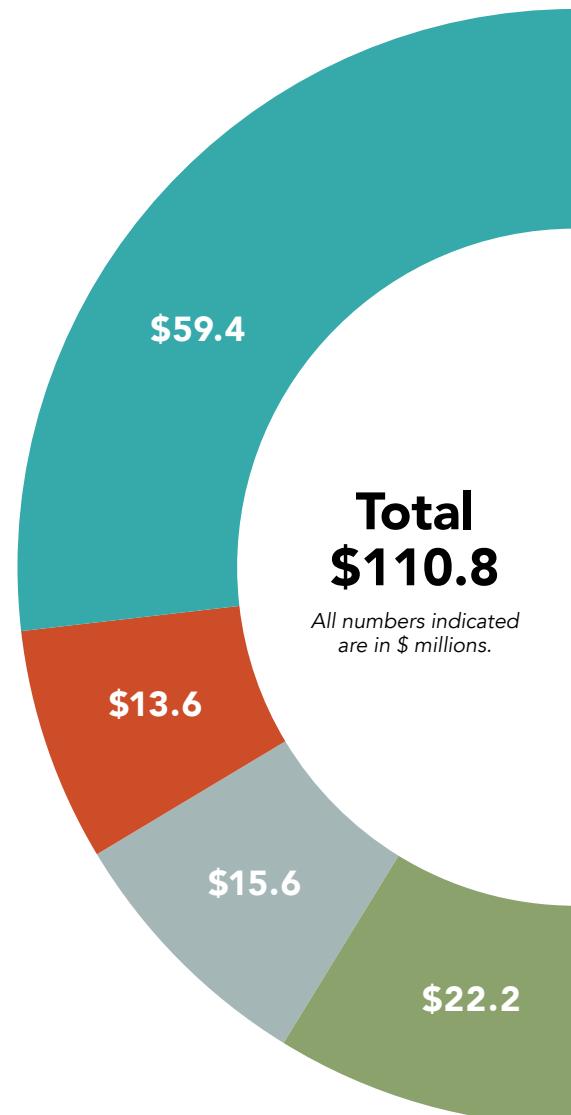
Total = \$15.6



Leadership & Support Services 20%

City Council \$0.5
City Manager \$2.1
City Administrative Services \$19.7

Total = \$22.3



ENTERPRISE FUNDS

Total = \$53.3

All numbers indicated are in \$ millions.

\$15.1 **Sewer Maintenance and Operations**



\$3.2 **Water Capital Improvement Program**



\$28.3 **Water Maintenance and Operations**



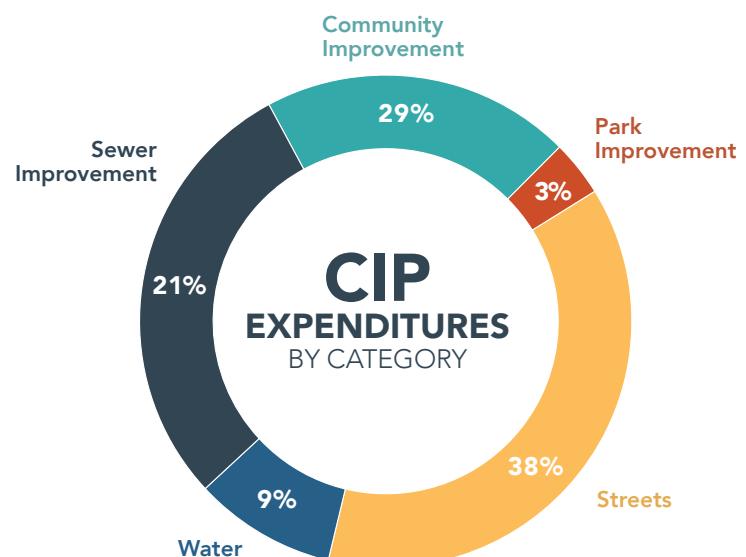
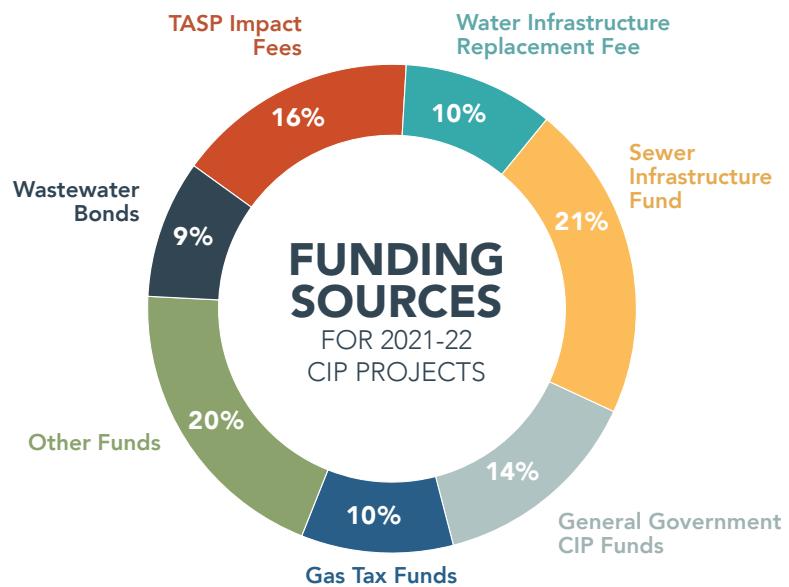
\$6.7 **Sewer Capital Improvement Program**



CAPITAL BUDGET INFORMATION

The City includes the cost of acquisition, construction, expansion or rehabilitation of the City's physical plant and facilities in the Capital Improvement Budget. The total FY 2021-22 Capital Improvement Program (CIP) funding is \$22.3 million, \$17.4 million less than the FY 2020-21 CIP, primarily due to decreased funding for community improvement projects and bond funded projects.

Noteworthy projects approved for funding in FY 2021-22 include San Jose-Santa Clara Regional Wastewater Facility (\$5.73 million) for the City's cost sharing of the plant's rehabilitation project; Mobile Emergency Operations Center (\$1.25 million) for the purchase of an emergency vehicle used by Police and Fire departments during field deployments; Street Resurfacing Project 2021-22 (\$3.75 million) for annual roadway improvements and repairs; Well Upgrade Project (\$1.5 million) for a future well at the McCandless Park site and upgrades to Pinewood and Curtis wells for water supply augmentation; S. Milpitas Blvd. Vehicle Bridge at Penitencia (\$3.3 million) to acquire property for the street connection between Sango and Tarob Courts; Citywide Park Rehabilitation (\$0.35 million) for various park playgrounds needing improvements; Milpitas Gateway – Main Street Plan Update (\$0.35 million) to update the Midtown Specific Plan.



LIST OF MAJOR PROJECTS

Project	2021-22 Funding Amount	Projected 5 Year Cost
San Jose/Santa Clara Regional Waste Water Facility	\$5,730,000	\$45,586,000
Mobile Emergency Operations Center	\$1,250,000	1,250,000
Street Resurfacing	\$3,750,000	\$20,150,000
S. Milpitas Blvd. Vehicle Bridge at Penitencia	\$3,300,000	\$10,300,000
Sanitary Sewer Catholic Protection Improvement	\$3,300,000	\$10,300,000
Well Upgrade Project	\$1,500,000	\$6,900,000
Citywide Park Rehabilitation	\$350,000	\$550,000
Milpitas Gateway – Main Street Plan Update	\$350,000	\$350,000
Total	\$19,530,000	\$ 95,386,000



CITY OF MILPITAS AT A GLANCE

General Data

Year that Milpitas residents incorporated as a city	1954
Total square miles of City limit	13.62
Population (July 1, 2021 population estimated by City using U.S. Census 10-year growth rate)	88,660
Total registered voters (November 2018)	36,665
Total number of votes cast in the November 2018 election	30,595
Miles of streets	303
Number of street lights	4,494
Median household income	\$132,320
Percentage of homeowners	64.8%
Median price of a home (as of February 2021)	\$1,357,500

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	38
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	7.44
Miles of water mains	206
Miles of sanitary sewers	173
Miles of storm drains	99

Parks and Recreation

Acres of parkland	154
Number of parks	36
Number of playgrounds	33
Number of tennis courts	21
Number of swimming pools	3



MAJOR DEVELOPMENT ACTIVITIES

GENERAL PLAN UPDATE

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

MILPITAS METRO SPECIFIC PLAN

- In 2008, the City adopted the Transit Area Specific Plan (TASP) to guide the conversion of 347 acres of primarily industrial land into a walkable, transit-oriented, mixed-use neighborhood with convenient access to transit.
- 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 Milpitas Metro Specific Plan will provide policies and strategies to guide the ongoing transition of older industrial lands into a walkable, transit-oriented, mixed-use neighborhood with convenient access to transit.
- The Milpitas Metro Specific Plan will focus on innovative urban design and architecture to support transit ridership and create a strong sense of place for those who live, work, study, and play in the area.
- The Metro Plan calls for an 'Innovation District' near the transit center to foster job creation and strengthen the City's economic development through development of new office, retail, restaurants, and other amenities.

AFFORDABLE HOUSING DEVELOPMENT

- The City continues to leverage public and private resources to support planning and development of new affordable housing.
- In summer 2020, the Planning Commission approved various permits for a mixed-use development located at 600 Barber Lane with 372 residential units, including 56 units affordable to very-low and low-income families.

- 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.
- The City is using \$310,000 in state grant funding to create a Development Review Handbook, objective design standards for residential and mixed-use development, and user-friendly online tools to guide residents who desire to develop ADUs on their property to increase ADU production.
- The City is developing a Safe ADU Legalization Program to encourage and assist residents legalize and improve the safety of an ADU, converted garage, or other structures constructed or converted without obtaining permits.



CONTACT INFORMATION

Rich Tran
Mayor

408-586-3029

rtran@ci.milpitas.ca.gov

Carmen Montano
Vice Mayor

408-586-3024

cmontano@ci.milpitas.ca.gov

Evelyn Chua
Councilmember

408-586-3023

echua@ci.milpitas.ca.gov

Karina Dominguez
Councilmember

408-586-3031

kdominguez@ci.milpitas.ca.gov

Anthony Phan
Councilmember

408-586-3032

aphan@ci.milpitas.ca.gov

Steven G. McHarris
City Manager

408-586-3059

smcharris@ci.milpitas.ca.gov

CITY HALL
455 E. Calaveras Blvd. Milpitas, CA 95035
(408) 586-3000 • www.ci.milpitas.ca.gov

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