

CITY OF MILPITAS BUDGET IN BRIEF

Fiscal Year 2020-21



Milpitas Transit Center and BART Station



City Hall



Community



Future Development: 355 Sango Court
(100% Affordable Housing)



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

During unprecedented uncertain times, the City Council adopted the FY 2020-21 Budget in the amount of \$220.3 million at the June 2, 2020 City Council meeting. It is a balanced, mostly status-quo budget based on certain economic assumptions that continues to provide the high-quality service Milpitas residents, businesses and visitors have come to expect. In a January 2020 community engagement survey, 67% of adult residents who were randomly selected approved of the job the City is doing with an 86% approval rating for the Fire Department and 84% for the Police Department.

Since the adoption of the budget, the number of Coronavirus cases has been increasing, and governors across the nation are slowing down the reopening of economies. If the local, regional and national economies recover more slowly than anticipated, the City will have to significantly reduce ongoing expenditures or seek approval of new revenues from voters. Reducing ongoing expenditures most likely will result in service reductions to services such as police and fire protection, youth, senior and recreation services, and business retention and attraction. Alternatively, the City Council has been considering putting a ballot measure on the November 2020 ballot for a ¼ cent General Sales Tax to maintain these services.

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.

As I mentioned, this budget continues to invest in essential services such as utilities and public safety. This budget also enables the City to comply with new laws related to underground utilities and adds staff to provide more cost-effective custodial services. It funds neighborhood clean-ups to bring unwanted materials, furniture, or appliances to debris boxes for disposal or recycling to designated areas and increases funding for after-school programs. Further, we started to tighten our belts through reductions in non-personnel expenditures.

The FY 2020-25 Five-Year Capital Improvement Program (CIP) in the amount of \$396.6 million was also approved on June 2, 2020. For FY 2020-21, the first year of the plan, the CIP budget is \$39.7 million, or 18% of the total FY 2020-21 Adopted Budget of \$220.3 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 2020-21 include Fire Station #2 Replacement; resurfacing of streets; upgrades to our wells; and the replacement of the City's water meters to electronically collect water usage. Projects included in the first year of the CIP document (FY 2021) 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 \$186.5 million over the Five-Year CIP budget that do not have identified funding sources. These projects include Police Department/Public Works Building Improvements located on S. Milpitas Blvd. to upgrade various elements of the building and site that are non-code compliant and have reached the end of their useful life (\$26 million); various renovations at parks upon completion of the Parks and Recreation Master Plan (\$46.8 million) for picnic and playground improvements, ADA (Americans with Disabilities Act) access and path improvements, restroom installation, and renovation of lighting, irrigation, and landscaping; Fire Station #3 Replacement located on Midwick Drive (\$21.5 million) to be designed to meet the current "Essential Services Buildings" requirements as well as current Building and Fire codes; replacement of pump stations and equipment at the Jurgens Pump Station and Penitencia Pump Stations that have reached the end of their useful life (\$15.0 million); and Midtown Street Light Project (\$7.0 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 2020-21 Operating Budget and the FY 2020-25 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) 2020-21 Citywide expenditure budget totals \$220.3 million and funds 439.25 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.

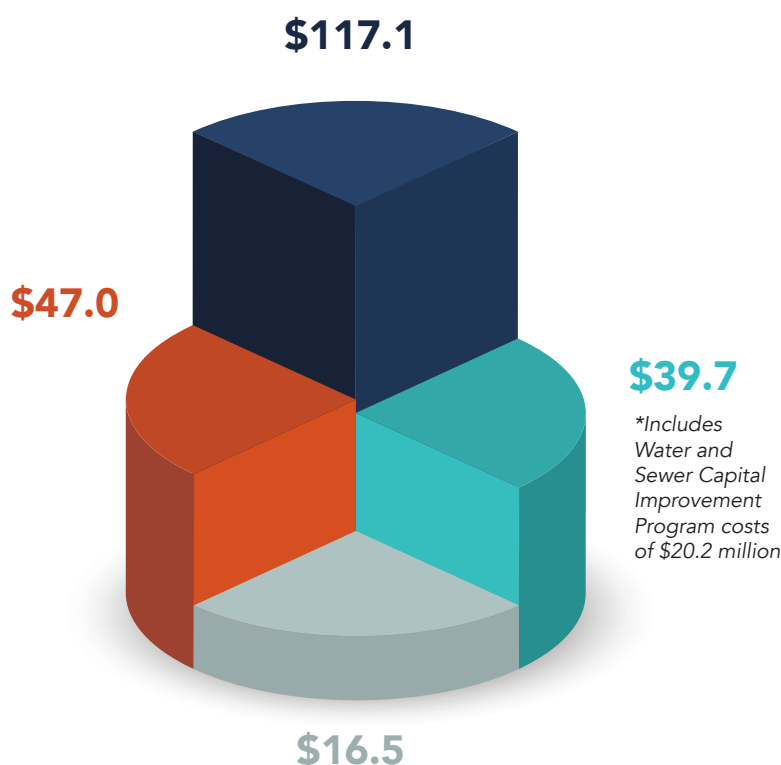
Some activities in the General Fund, such as building inspection and some recreation functions, are also intended to be substantially and partially self-supporting, respectively, through fees for services. Detail on services provided by the General Fund are shown on page 7.

The second largest expenditure of \$39.7 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 building assessment of Fire Station No. 1 and Police Department/Public Work facilities; an update to the Milpitas Sport Center Master Plan to identify needed renovations and planned future amenities and circulation; relocation of Fire Station

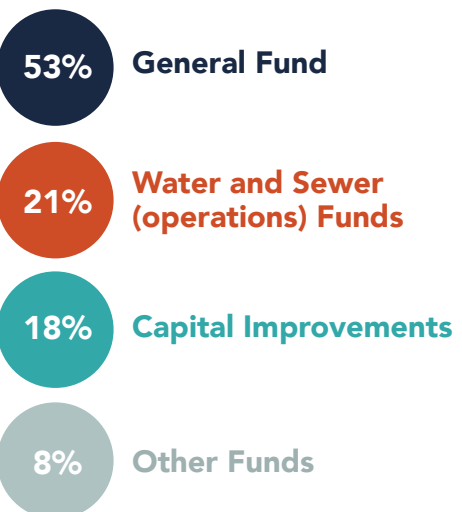
No. 2 staff and equipment to a temporary facility ahead of replacement of the existing fire station; interior restoration of Alviso Adobe for future installation of historical exhibits and media; roadway improvements and repairs throughout the City at McCarthy Blvd., Jacklin Rd., and Hillview Dr.; and installation of a new traffic signal at Sandisk Dr. and S. McCarthy Blvd. Further detail on the City's FY 2020-21 Capital Budget is provided on page 9.

Utility Funds are budgeted at \$67.2 million (includes capital improvement projects and operating costs) for FY 2020-21. 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 2020-21 ADOPTED BUDGET BY FUND TYPE



Total = \$220.3

All numbers indicated are in \$ millions.

FY 2020-21 BUDGET HIGHLIGHTS

Portable Generators \$700,000

Added funding for four portable generators which will be assigned to water and sewer pump stations to increase the reliability of the water and sewer system in preparation for catastrophic power failure events such as PG&E's Public Safety Power Shutoffs.

USA Locate \$201,000

Added funding for locating and accurately marking the location of the City's underground utility facilities on the surface of the ground upon request prior to excavations by contractors as required by State law. This is a health and safety requirement with the purpose of preventing contractors from damaging underground infrastructure.

Police Department Staffing \$140,500

Added staffing capacity by reclassifying 3 Patrol Officer to Police Officer positions.

Neighborhood Clean-Up \$84,000

Added funding for four annual events across the City in designated areas for residents to bring unwanted materials, furniture, or appliances to debris boxes for disposal or recycling.

Recycle Right and Food

Waste Prevention Education \$80,000

Added funding for community education efforts to increase recycling and prevent food waste in response to various State laws that are placing increasing requirements on cities to divert recyclables and organics from the landfill.

After School

Program Enhancements \$13,000

Provided funding for the City's After the Bell program by serving an additional 15 children; increasing from 60 children to 75 children.

Janitorial Services

Expenditure Reduction (\$65,000)

Insourced janitorial services to improve janitorial services at City facilities (Sports Center, Community Center, Senior Center, Police Department, Police Substation, and Sal Cracolice) offset with a reduction in contractual services.

4th of July Event

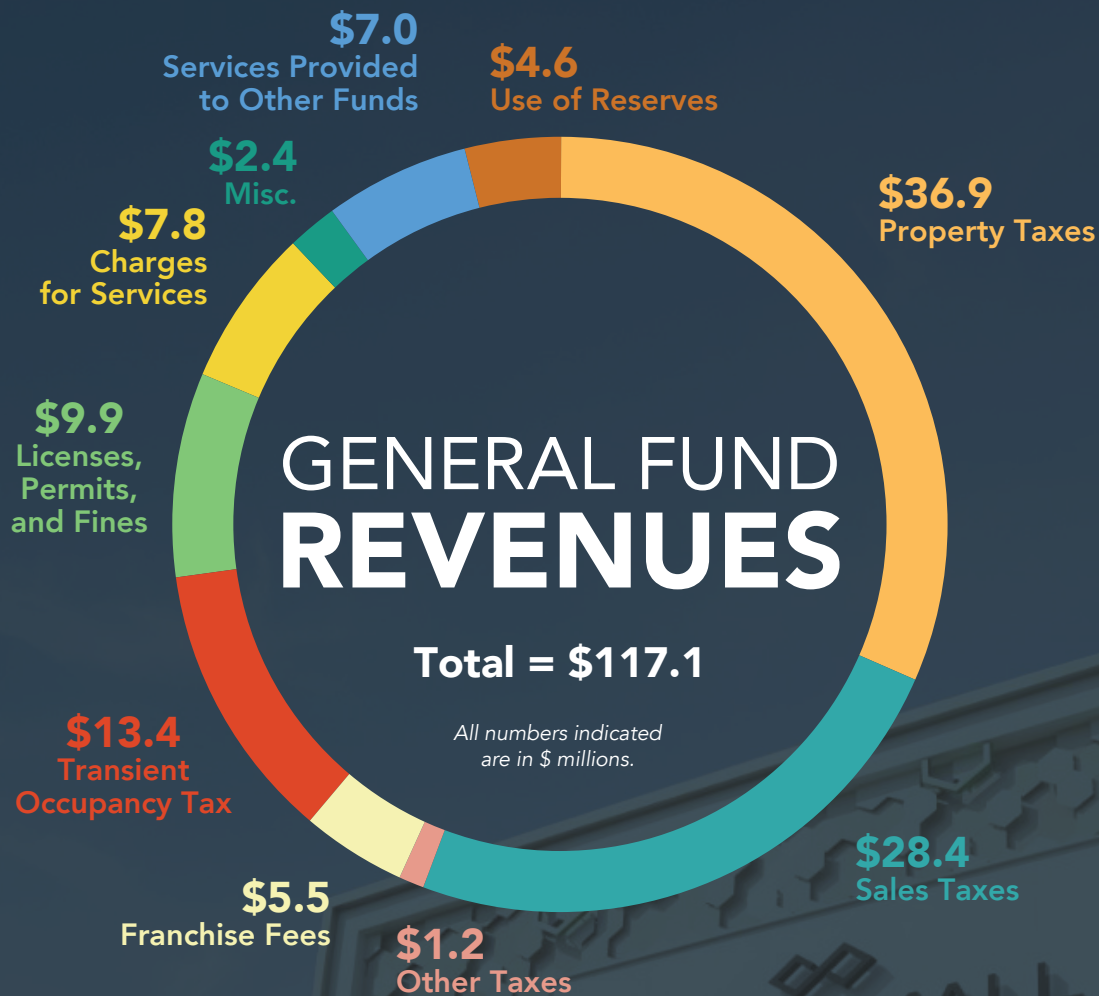
Cancellation Savings (\$113,500)

Due to the current COVID-19 pandemic, Santa Clara County Public Health restrictions prohibit large gatherings that preclude the traditional festivities. In lieu of the physical event, staff created virtual 4th of July activities including decoration of City Hall and Calaveras Blvd., online activities, games, recipes, slideshow of previous 4th of July events, virtual Fireworks, and community giving drives.

Non-Personnel

Expenditure Reductions (\$770,000)

Reduced funding across several departments for contractual services, repair and maintenance, supplies, and training and travel consistent with recent expenditure history.



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 is collected in sales tax. Of this amount, the City receives approximately \$1. The majority of the \$9 in sales tax benefits the State.

Other Taxes

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

Franchise Fees

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

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.

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.

Charges for Services

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

Miscellaneous

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

Services Provided to Other Funds

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

Use of Reserves

Use of Fund Balance for revenues to equal expenditures.

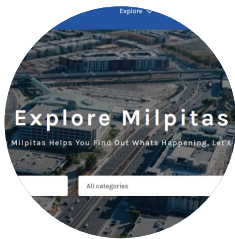
GENERAL FUND EXPENDITURES



Public Safety 53%

Police\$38.3
Fire.....\$24.1

Total = \$62.4



Community Development 14%

Development Services.....\$14.6
Housing and Neighborhood
Services\$1.3

Total = \$15.9



Community Services & Sustainable Infrastructure 15%

Recreation Programs
and Special Events\$6.3
Facilities, Park, Streets,
and Trees Maintenance\$8.0
Public Works Construction\$3.5

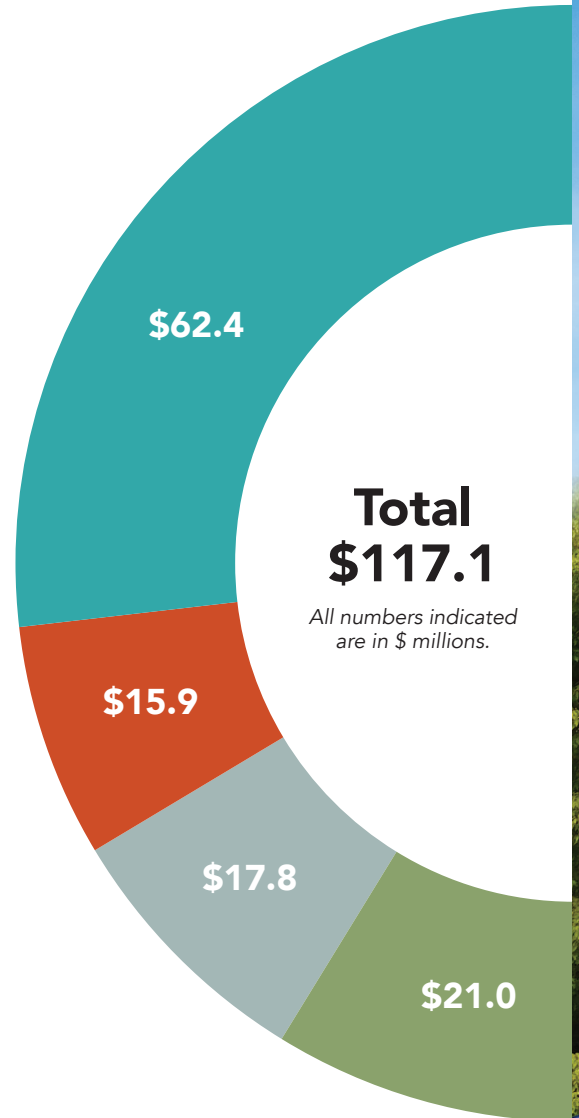
Total = \$17.8



Leadership & Support Services 18%

City Council\$0.5
City Manager.....\$2.4
City Administrative Services\$18.1

Total = \$21.0



ENTERPRISE FUNDS

Total = \$67.2

All numbers indicated are in \$ millions.

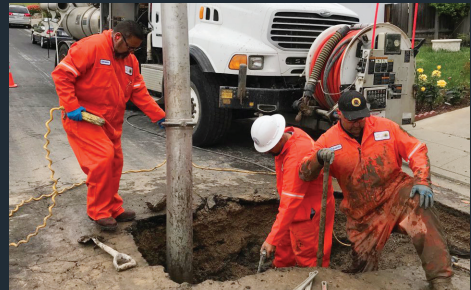
\$18.0 Sewer Maintenance and Operations



\$8.8 Sewer Capital Improvement Program



\$29.0 Water Maintenance and Operations



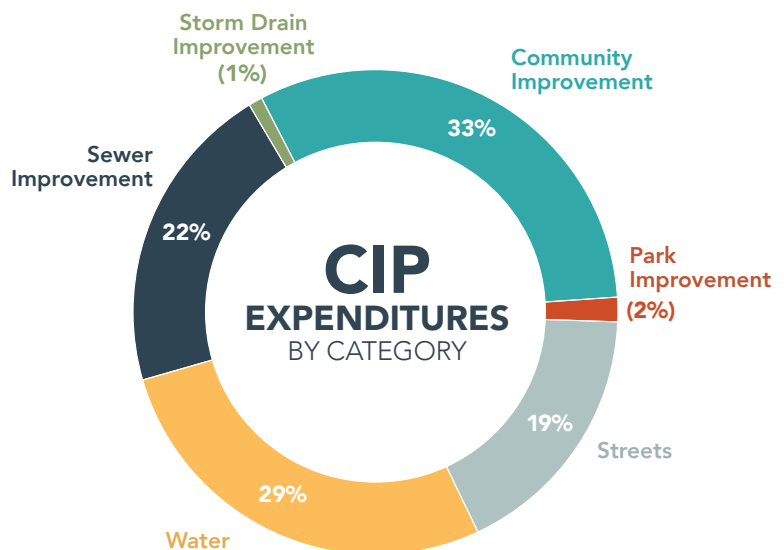
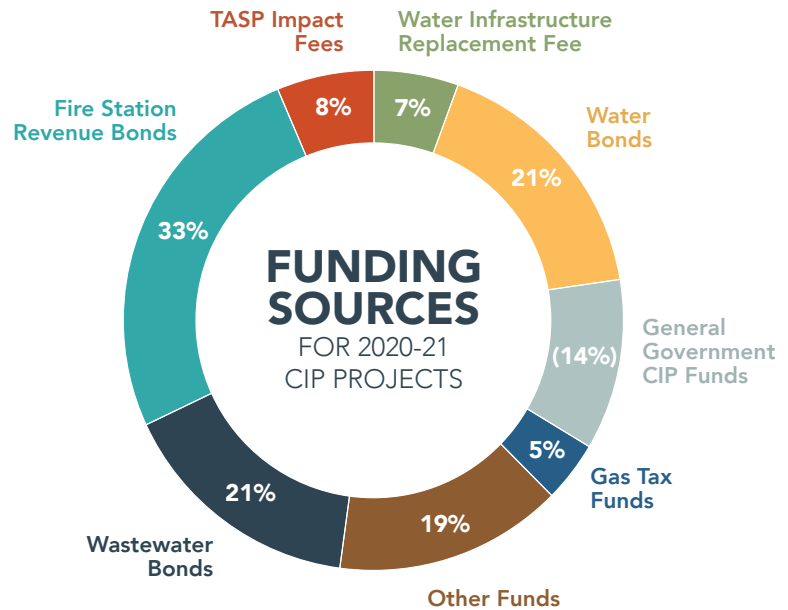
\$11.4 Water Capital Improvement Program



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 2020-21 Capital Improvement Program (CIP) funding is \$39.7 million, \$22.8 million less than the FY 2019-20 CIP, primarily due to decreased funding for the San Jose/Santa Clara Regional Waste Water Facility ("the Facility") project in the amount of \$17.0 million. The City contracts with the Facility to treat the City's sewage.

Noteworthy projects approved for funding in FY 2020-21 include Fire Station #2 Replacement (\$13.7 million) for the replacement of the existing 50 year old fire station located at 1263 Yosemite Drive; Water Supervisory Control & Data Acquisition (\$5.5 million) for the installation of a network system to manage and operate the City water infrastructure; Street Resurfacing Project 2020-21 (\$4.6 million) for annual roadway improvements and repairs to Landess Avenue; Well Upgrade Project (\$3.0 million) for a future well at the McCandless Park site and upgrades to Pinewood and Curtis wells for water supply augmentation; Automated Water Meter Replacement Program (\$2.0 million) for the replacement of all City water meters with automated remote reading meters; Citywide Park Rehabilitation (\$0.6 million) for various park playgrounds needing improvements; Comprehensive Zoning Ordinance Update (\$0.6 million) to update ordinance according to changes in state law, zoning practice, and technology.



LIST OF MAJOR PROJECTS

Project	2020-21 Funding Amount	Projected 5 Year Cost
San Jose/Santa Clara Regional Waste Water Facility	\$8,247,194	\$46,460,198
Street Resurfacing	4,600,000	23,000,000
Fire Station #2 Replacement	13,700,000	13,700,000
Well Upgrade	3,000,000	13,500,000
Water Supervisory Control and Data Acquisition	5,500,000	5,500,000
Automated Meter Replacement Program	2,030,000	6,090,000
Comprehensive Zoning Ordinance Update	600,000	800,000
Citywide Park Rehabilitation	600,000	1,430,000
Total	\$38,277,194	\$110,480,198



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, 2019 population estimate, U.S. Census)	84,196
Total registered voters (November 2018)	29,931
Total number of votes cast in the November 2018 election	19,817
Miles of streets	298
Number of street lights	4,418
Median household income	\$132,754
Percentage of homeowners	64.8%
Median price of a home (as of March 2020)	\$1,050,000

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	29

Utilities

Number of residential water utility customers	14,728
Number of commercial water utility customers	2,232
Number of recycled water customers	236
Average daily consumption of water in million gallons	7.46
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

- 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.
- Although the General Plan has been amended over the years, it has not been comprehensively updated since it was adopted in 1994.
- The General Plan Update identifies opportunity sites where changes to land use and development patterns may occur over the next 20 years.
- With input from the community, stakeholders, appointed and elected officials, a draft of the Plan update is anticipated to be completed in late 2020.
- To follow the development of the General Plan Update, please visit: 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 TASP and rebranded this emerging new neighborhood as the Milpitas Metro area.
- The Milpitas Metro 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 will also create 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 late 2019, the City Council approved a 38-unit single-family residential subdivision with four duplex units reserved for below-market-rate households and 10 accessory dwelling units (ADUs).
- In early 2020, the City updated its ADU Ordinance to bring local regulations into conformance with State ADU laws.
- The City will use \$310,000 in state grant funding to develop online resources and objective standards to guide residents who desire to develop ADUs on their property.
- The City will receive an additional \$300,000 in state grant funding to streamline the review process for affordable housing and create new by-right housing regulations.



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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.