



City of Milpitas

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City Releases Balanced FY 2022-23 Budget and Lays the Groundwork for COVID-19 Recovery

Milpitas, CA – April 29, 2022 – FOR IMMEDIATE RELEASE

Today, City Manager Steve McHarris released the FY 2022-23 Proposed Budget in the amount of \$207.7 million. The Budget advances the City from severe impacts caused by the pandemic to a recovery mode. Two years after the pandemic struck, the City is optimistic about the future but remains tempered by possible economic impacts anticipated to stem from the war in Europe, rising interest rates, intensifying inflation dynamics, escalating fuel prices and continued supply chain challenges. The Budget includes enhanced service levels especially in public safety, public works and infrastructure, and modest investments in internal support departments as well as contract services and part-time services to support housing, long term planning, and community services. The FY 2022-23 Proposed Budget is balanced and maintains Council approved reserves and leverages funding from the American Rescue Plan Act (ARPA) to support impacted residents and businesses in the Milpitas community. The City will continue to transition with incremental and measured strategies to maximize City resources and optimize services to our community. The City Council will review the Budget at the May 10, 2022 Special City Council Meeting.

Mayor Rich Tran shared, "As we continue to emerge from the pandemic, our City is committed to making up for missed opportunities. It is also an exciting time because we can put ARPA funds to work and make a significant impact to our residents and business owners and secure our City's future."

With the release of the Budget, City Manager McHarris stated, "We are pleased to restore and enhance priority service areas during this recovery and will continue to monitor the situation for timely decisions. As shown in this budget, the City of Milpitas has successfully regained fiscal stability through the foresight, leadership and direction of the Mayor and Members of our City Council and the support of our community and employees."

The economic impacts of the pandemic significantly affected the financial condition of the City's General Fund, which pays for most City services such as police and fire; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and internal support departments and administration. In comparison to the last pre-pandemic revenue for FY 2018-19, the City's General Fund incurred cumulative revenue losses of approximately \$30 million over FY2019-20

and FY2020-21. Despite the revenue loss, the Council's decisive actions and strategies, and with the community's support, such as Measure F, a ¼ cent local sales tax measure with an eight-year sunset, defunding 20 capital improvement projects (\$5.7 million), use of reserves, interfund transfers, deferred maintenance, and defunding of positions (23.75), and significant employee wage concessions agreed to by most employee groups, guided the City through this financial downturn. The collective effort helped the City navigate the pandemic with minimal service level reductions while maintaining fiscal stability. As the City recovers, the General Fund is projected to receive higher revenues, provide for restorations and/or measured increases of services, and generate modest annual surpluses in the coming years.

The City gathered community feedback on budget and funding priorities through a citywide community engagement and an online survey, which were offered in English, Chinese, Spanish, and Vietnamese. In January, as part of the annual citywide community engagement statistically valid survey, respondents prioritized funding of Council Priority Areas in three tiers with public safety on the top followed by neighborhoods/housing, economic development and environment, and the third comprised of community wellness and transportation. The online survey was available from February 18 to April 30, 2022. In the online survey, respondents were asked to allocate imaginary money to fund the same Council Priority Areas. The top three priorities were public safety, community wellness and open space, and economic development. Staff also held two virtual budget community meetings during March and April, which were made available through the City's social media channels.

The proposed FY 2022-23 Budget is scheduled for a City Council study session on May 10, 2022 and a public hearing and adoption on June 7, 2022. Both meetings will be live streamed on the City's Facebook account and can be accessed by visiting the City's Website and clicking on the City Council Agendas and Minutes link.

To register for the May 10th Special Meeting, visit: <https://milpitas.info/0510BudgetSession>.

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About the City of Milpitas

Located at the southern end of San Francisco Bay, Milpitas is a progressive community that is an integral part of Silicon Valley. A full-service City with water utility, sewer utility, police and fire services, Milpitas celebrates a diverse population of 80,273. Under a Council-Manager form of government, the City Council has established the following seven priority areas of service and policy: public safety, environment, transportation and transit, economic development and job growth, neighborhoods and housing, community wellness and open space, and governance and administration. For more information, visit: <https://www.milpitas.gov/>.