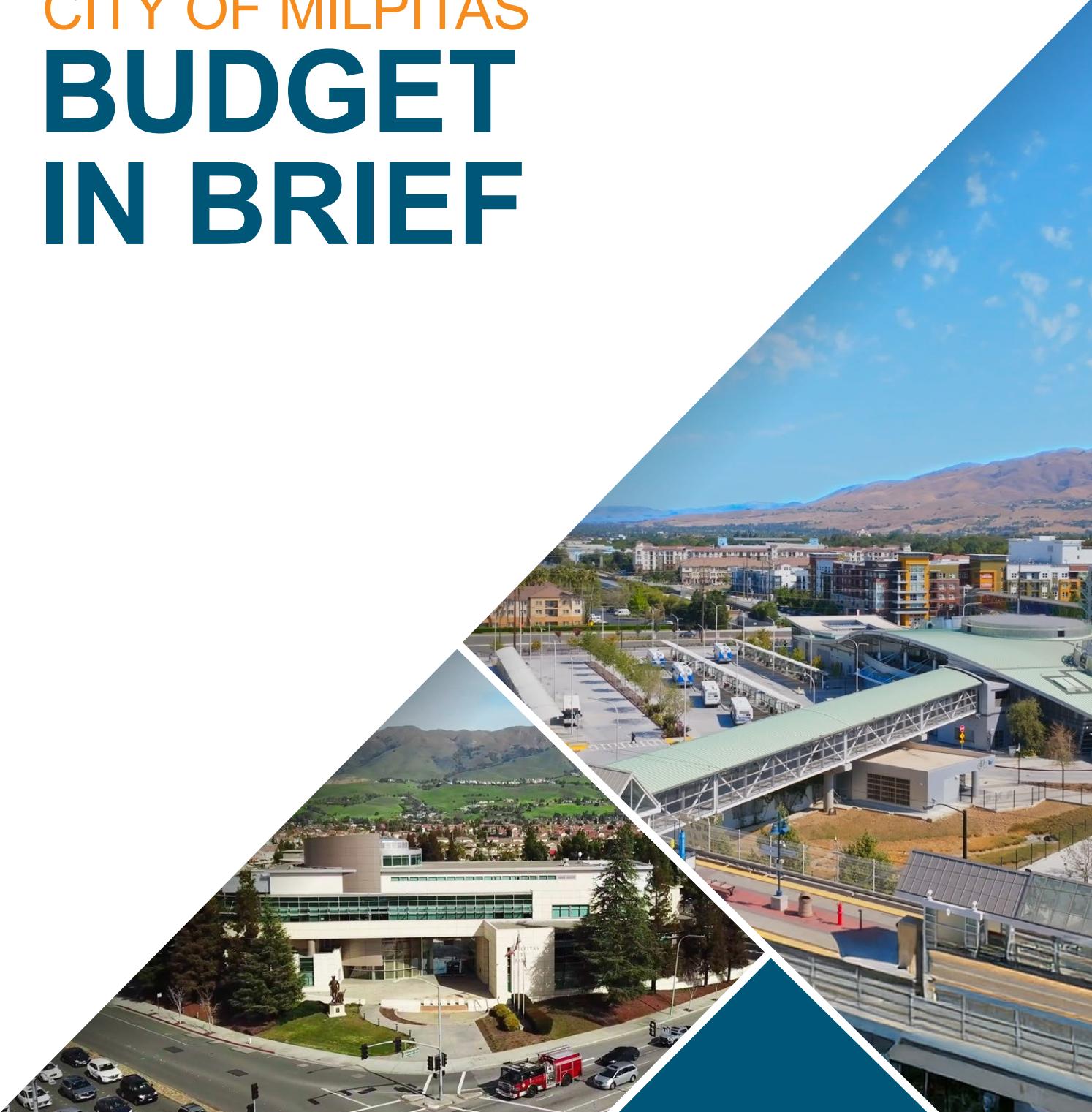




2025-2026

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 Fiscal Year (FY) 2025-26 Budget in the amount of \$268.5 million at the June 3, 2025 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 watchful of near-term economic uncertainty arising from the high-to-moderate inflation, growing income disparity, high cost of housing, high interest rates, ultimate impact of inconsistent federal tariff policy and its effect on trade flows, continued war in Ukraine, and ongoing conflict in the Middle East and other arenas. . Additionally, we are aware rising labor costs will require us to continue maintaining fiscal discipline while simultaneously identifying ways to increase revenue while controlling expenses.

The annual budget represents the City 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 is aligned with high priority areas for the community and ensuring financial stability for the City of Milpitas. We have identified expenditure efficiencies, capacity constraints, economic alternatives, and allocated costs to appropriate sources or activity across the organization, saving \$2.5 million in staffing and services. This budget also enables the City to provide strategic investments for technology systems, exploring revenue generating options, identifying operational efficiencies, and enhancing quality of life for Milpitas residents. The FY 2026-2030 five-year Capital Improvement Program (CIP) in the amount of \$246.07 million also was adopted on June 3, 2025. For FY 2025-2026, the first year of the plan, the CIP budget is \$38.8 million, or 14% of the total FY 2025-2026 Adopted Budget of \$268.5 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 2025-2026 include the construction of S. Milpitas Boulevard Road extension; the Annual Street Resurfacing Project; the design and construction for the SS4A improvement project; the City's capital contribution to the San Jose-Santa Clara Regional Wastewater Facility; the purchase of an Urban Search and

Rescue vehicle for the Fire Department; the construction to renovate the play area at Sinnott Park; and the replacement of the bleacher including ADA improvements at the Milpitas Sports Center.

Items included in the CIP document (FY 2026) are funded from a variety of sources of available monies 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; there are projects totaling \$57.5 million over the five-year CIP budget that do not have identified funding sources. These projects include approximately \$21.6 million in ongoing infrastructure repairs, rehabilitation, or replacement projects such as Community Center Roof Renovation (\$4.0 million); Citywide Park Rehabilitation (\$2.4 million), Sandalwood Park Renovation (\$2.2 million), City Building Improvements (\$2.0 million); City Building Roof Improvements (\$1.65 million), On-Call Facilities Maintenance & Repair Services (\$1.6 million), and City Buildings HVAC System Improvement (\$1.13 million). Approximately \$35.9 million is estimated for new infrastructure projects with partial or no funding, including the Montague Pedestrian Overcrossing at Penitencia Creek (\$21.5M), Main Street's Street Light Project (\$4.8M), Main Street's Utility Undergrounding (\$2.0M), and Hammond Way Street Light (\$400k).

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 2025-2026 Operating Budget and the FY 2026-2030 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,

Deanna J. Santana

Deanna J. Santana
City Manager



CITYWIDE BUDGET

The FY 2025-2026 Citywide expenditure budget totals \$268.5 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.

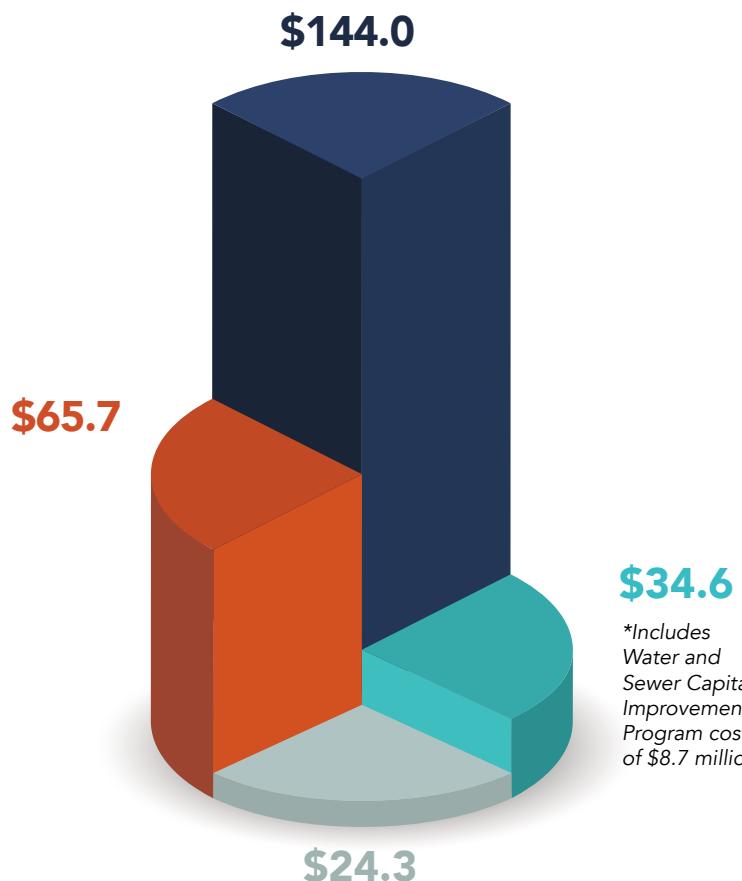
Some activities in the General Fund, such as building inspection and some recreation functions, are also intended to be substantially and partially self-supporting, respectively, through fees for services. Detail on services provided by the General Fund are shown on page 6.

The second largest expenditure of \$38.8 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 installation of a digital sign at City Hall, the roof replacement at the City library and Milpitas Sports Center, replacement of the

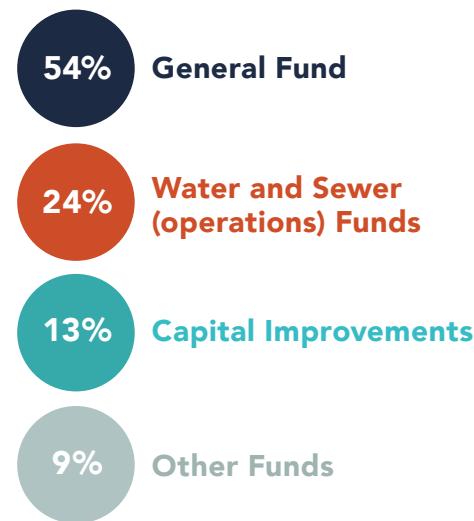
AV system at Committee Conference Room, design to replace the Fire Station No. 1 modular building, ARPA park rehabilitation improvements, resurfacing of Hall Memorial Park tennis/pickleball court, construction of the state Route 237 HOV lane, the annual hydrant replacement, sidewalk repair, and street resurfacing projects, and minor sanitary sewer and storm drain repairs. Further detail on the City's FY 2025-2026 Capital Budget is provided on page 10.

Utility Funds are budgeted at \$65.7 million (includes capital improvement projects and operating costs) for FY 2025-2026. 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 9 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 2025-26 ADOPTED BUDGET BY FUND TYPE



Total = \$268.5

All numbers indicated are in \$ millions.

FISCAL YEAR 2025-26

KEY SERVICE ENHANCEMENTS

1. Enhanced Revenue Strategy

Implementing a fiscal strategy to address its structural deficit. It advances revenue-enhancing efforts, including a Citywide fee study, potential business tax reform via ballot measure, and a debt and grants toolkit for infrastructure needs. An organizational assessment will improve service delivery. Funding is requested to engage experts essential to executing these initiatives.

2. Business Tax Reform

Added funding to review and potentially reform the Milpitas' business license tax structure, which could increase annual revenue from \$330,000 to between \$900,000 and \$3 million, depending on the model adopted, either gross receipts or square footage. Using existing property data, the City can better align taxes with business activity. The proposal recommends City Council direction to analyze options, conduct community outreach, and prepare for a potential voter measure on the November 3, 2026 ballot. Funding will cover economic and communications consultants and anticipated election costs.

3. Milpitas Community Concert Choir

Allocates \$10,000 to support the Milpitas Community Concert Choir, a new City arts and culture initiative. Funds cover a choir director, piano accompanist, music materials, and marketing to recruit participants and promote performances. The choir will rehearse weekly at City Recreation facilities and perform three concerts annually. Registration will be available online and at City Recreation counters.

4. Expenditure Efficiencies

Defunded two full-time equivalent (2.0 FTE) positions, one Building Inspector and one Fire Prevention Inspector, related to decreased development activity. Eliminating these positions are anticipated to have little to no impact on service delivery, service quality or customer satisfaction, given the ongoing decline in inspection activity and the capacity of existing staff

to absorb the duties of the defunded position. In addition, one Police Officer was defunded. While recruiting efforts for sworn positions are ongoing and continuous, with the current vacancies and anticipated upcoming vacancies, it is unlikely the City would be able to fill all vacant Police Officer positions within FY 2025-2026. These savings reflect the pace of recruitment and dollars saved during the vacant term for one position.

5. Milpitas Youth Force Program Extension

Added one-time funding to expand the Milpitas Youth Force (MYF) Program for Summer 2026, increasing capacity from 20 to 45 high school-aged participants. MYF provides paid summer work experience, career development, and mentorship by matching students with local businesses and City departments. Due to high demand (81 applicants in 2025), this funding will support wages, transportation (SMART rides), professional attire, skill-building workshops, and a closing ceremony for an additional 25 students.

6. Milpitas Summer College Intern Program

Added one-time funding to launch the Milpitas Summer College Intern Program to support five (5) college interns. While the City currently hosts 8-12 interns across departments, there is no formal structure for college-level internships. This program will create a cohesive, organized summer experience, enhancing the City's talent pipeline and strengthening pathways into public service careers.

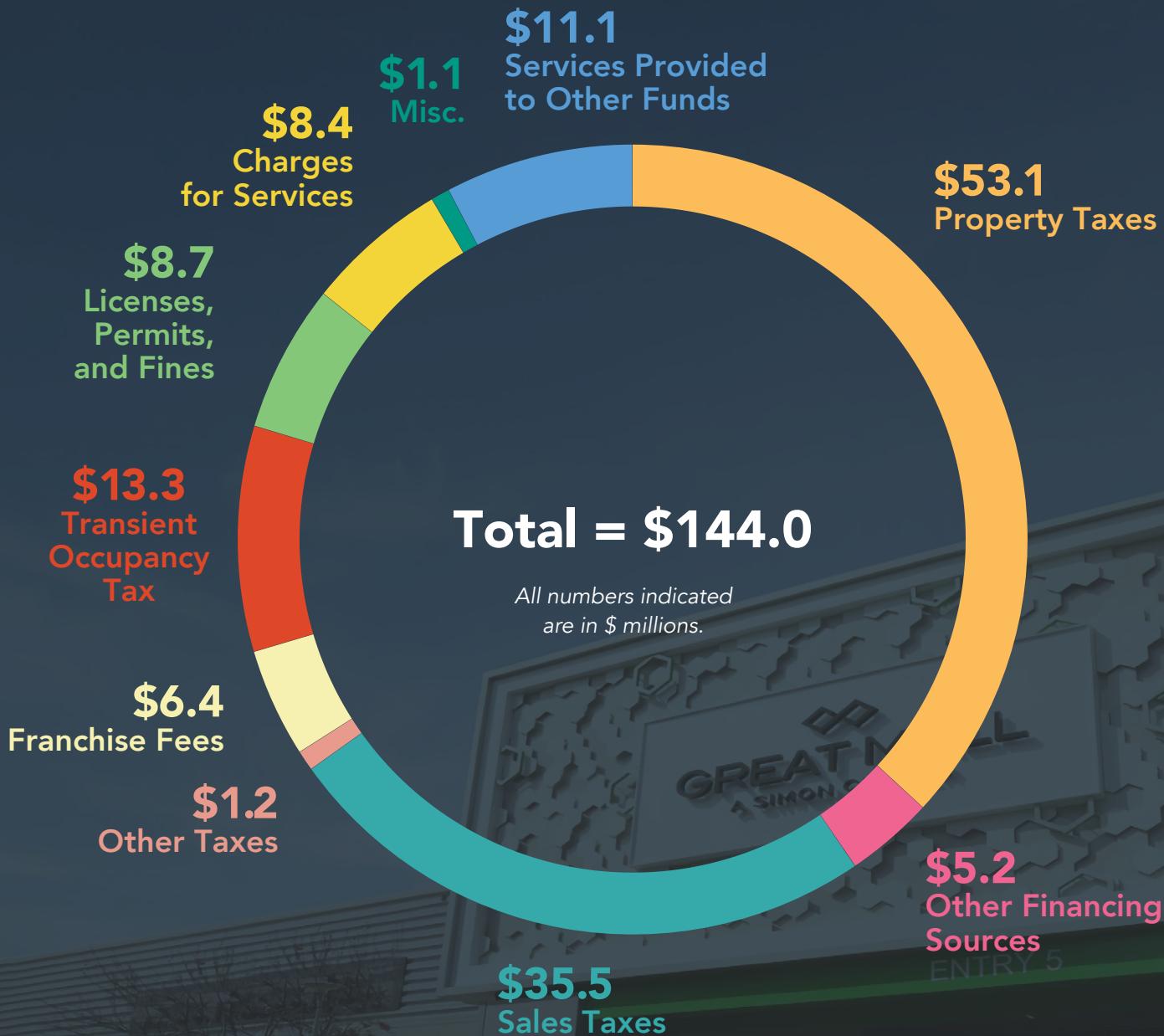
7. Technology Systems

Added funding for ongoing software and maintenance renewals critical to the City's operations and disaster recovery readiness. Covered services include secure off-site storage, infrastructure upgrades, automated data backups, and web filtering. Continued investment ensures data integrity, IT performance, and service reliability in alignment with the City's strategic goals.

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 55%

Police	\$48.7
Fire.....	\$30.6
Total = \$79.2	



Leadership & Support Services 18%

City Council	\$0.6
City Manager.....	\$2.6
City Administrative Services	\$23.0
Total = \$26.2	



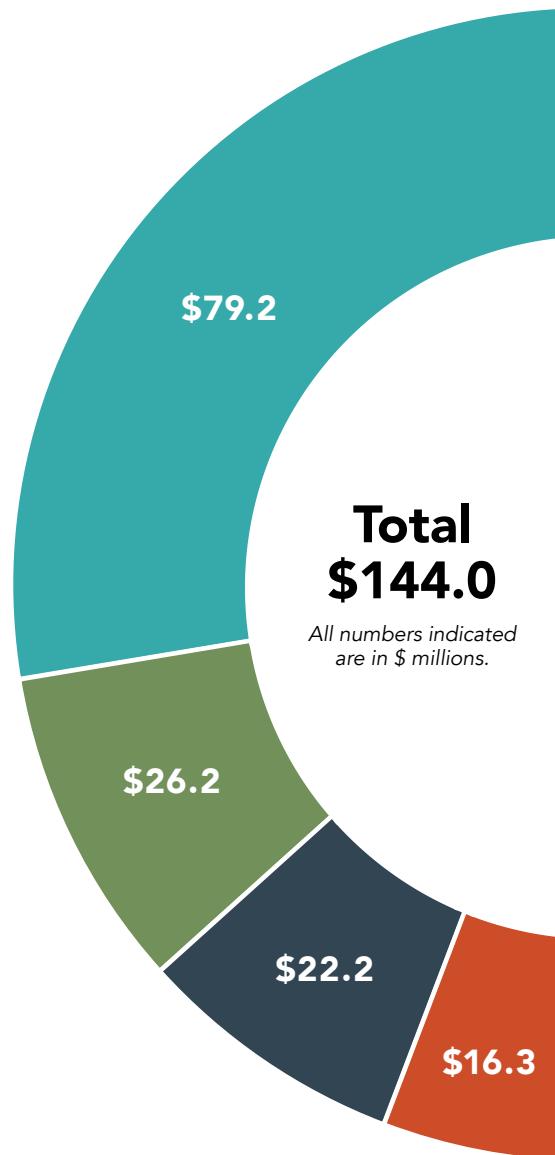
Community Services & Sustainable Infrastructure 15%

Recreation Programs and Special Events	\$7.7
Facilities, Park, Streets, and Trees Maintenance	\$11.1
Public Works Construction	\$3.5
Total = \$22.2	



Community Development 11%

Development Services.....	\$2.6
Housing and Neighborhood Services	\$13.6
Total = \$16.3	



ENTERPRISE FUNDS

Total = \$65.7

All numbers indicated are in \$ millions.

\$37.7 Water Maintenance and Operations



\$17.3 Sewer Maintenance and Operations



\$5.9 Sewer Capital Improvement Program



\$4.8 Water Capital Improvement Program



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)	81,915
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	\$176,822
Percentage of homeowners	59%
Median price of a home (as of February 2023)	\$1,400,000

Utilities

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

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

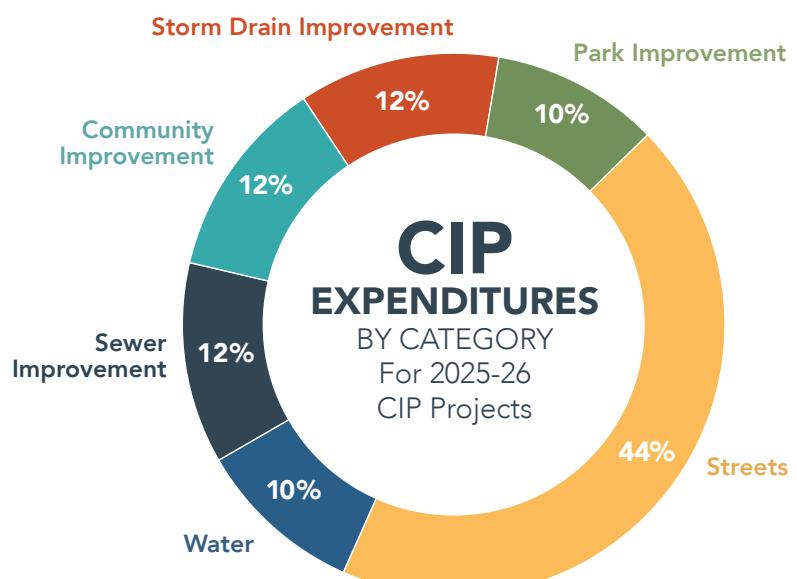
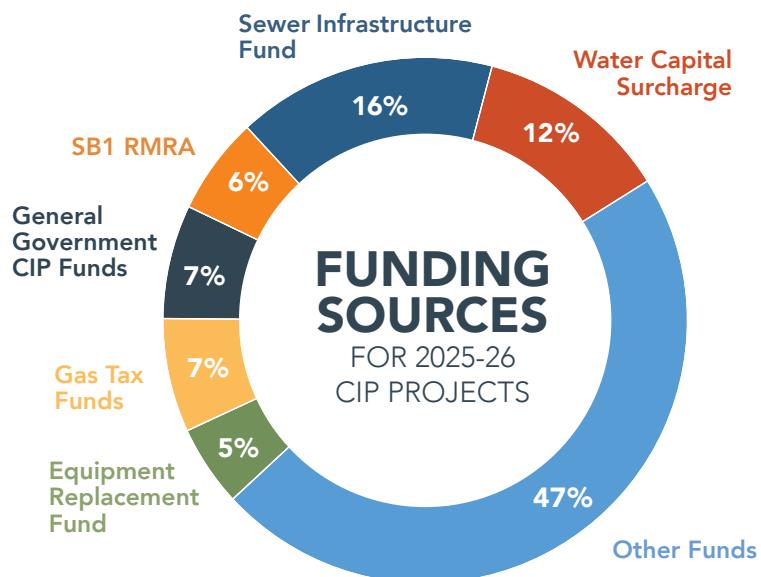
Parks and Recreation

Acres of parkland	165
Number of parks	37
Number of playgrounds	35
Number of tennis courts	25
Number of swimming pools	3

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 2025-26 Capital Improvement Program (CIP) funding is \$38.8 million, \$5.6 million more than the FY 2024-25 CIP.

Noteworthy projects approved for funding in FY 2025-26 include the construction of S. Milpitas Boulevard Road Extension Project (\$6,300,000); the design and construction of the Annual Street Resurfacing Project for FY 2025- 26 (\$4,956,235); repair of the roadway and utilities along Technology Drive (\$4,600,000); design and construction for safety enhancement project along established routes to school funded by the SS4A grant (\$3,625,000); the City's capital contribution to the San Jose-Santa Clara Regional Wastewater Facility (\$3,551,000); the purchase of the Urban Search and Rescue vehicle for the Fire Department (\$1,850,000); the renovation of the playground area at Sinnott Park (\$1,700,000); replacement of the bleachers including ADA improvements at the Milpitas Sports Center (\$1,500,000); the Annual Sidewalk Repair Program (\$765,000); design of the first phase of water main upgrades identified in the adopted Water Master Plan (\$750,000); design of the Metro Tango Subdistrict Park (\$500,000); design and replacement of the audio-visual system at the Community Center (\$400,000); replacement of 191 computers/laptops (\$290,000); and various maintenance and rehabilitation projects and programs managed by the Information Technology, Public Works, and Recreation & Community Services Departments (\$7,974,500).



List of Noteworthy Projects

Project	2025-26 Funding Amount	Project 5 Year Cost
San Jose-Santa Clara Regional Wastewater Facility	\$3,551,000	\$34,844,000
Annual Street Resurfacing Project	\$4,956,235	\$22,722,344
City Building Improvement	\$1,075,000	\$3,075,000
S. Milpitas Blvd. Road Extension	\$6,300,000	\$6,300,000
Fire Flow Pipeline Improvement	\$750,000	\$5,805,000
Asset Renewal and Replacement Program	\$1,185,000	\$7,925,000
Annual Sidewalk Repair Program	\$765,000	\$3,455,000
Streetlight, Signage, Traffic Signal Improvements	\$600,000	\$3,950,000
SS4A Improvement Project	\$3,625,000	\$3,625,000
Total	\$ 22,807,235	\$ 91,701,344



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 Midtown Specific Plan was originally adopted by the City Council in 2002.
- In 2021, the City initiated a comprehensive update of the Midtown Specific Plan and rebranded this effort as the Gateway-Main St. Specific Plan.
- The Gateway-Main St. Specific Plan establishes policies and strategies to facilitate mixed-use redevelopment along the City's historic Main Street, Calaveras

Boulevard, and Serra Way while retaining the local, community-oriented character of the neighborhood. The Plan seeks to encourage retail and pedestrian activity, outdoor dining, and public gatherings along Main Street to transform it into a vibrant and multimodal corridor.

- The Planning Commission recommended the City Council approve the Gateway-Main St. Specific Plan. The adoption hearing with the City Council is tentatively scheduled for October 2025.
- The Public Hearing Draft Specific Plan and its associated EIR are available at <https://www.milpitasmainstreet.org/>.

MILPITAS METRO 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

- In 2023, the City opened its first 100% affordable housing development located at 355 Sango Court. This development is the first County Measure A Affordable Housing Bond funded project in Milpitas and was made possible in part due to the City of Milpitas' \$6.5 million investment. Sango Court is made up of 102 apartments with 93 apartments being reserved for very-low income households, 8 reserved for low-income households, and 1 market rate manager unit.
- In late 2025, the City expects its second 100% affordable housing development to open at 308 Sango Court. They are currently accepting applications. Of the 85 units, 18 are reserved for very-low income households, 66 for low-income households, and 1 market rate manager's unit.



MILPITAS
CITY
HALL

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