BUDGET IN BRIEF
CITY OF MILPITAS
Fiscal Year 2019-20
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
Public Safety • Environment • Transportation and Transit Economic Development and Job Growth • Neighborhoods and Housing Community Wellness and Open Space • Governance and Administration
INTRODUCTION

The City Council adopted the FY 2019-20 Budget in the amount of $247.9 million at the June 11, 2019 City Council meeting. It is a balanced budget that reflects the funding necessary to address the highest priority needs of the Council, community and organization, while anticipating demands of a growing community and saving for the future.

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.

To enhance City services for you, this budget includes the addition of 24.75 new positions, increasing the City’s budgeted positions to 431.25. The Council added positions for Public Safety to respond to continued growth and development (e.g.: the new BART station anticipated to open later this year), focus on community policing services including crime prevention, and supplement County ambulance service to increase response time for critical incidents, pending receipt of federal grant funds. Through increased staffing in Community Services and Sustainable Infrastructure, the City will enhance maintenance of the City’s trees, ensure compliance with stormwater and solid waste state and regional mandates, and increase the levels of customer service in the City’s recreational services and special events (over 40 events and concerts are currently offered). This budget also invests in affordable housing projects and operations; a pilot Community Beautification program and Façade Improvement Grant program; a Better Block community engagement strategy; and a Citywide Rate Assistance program. These enhancements in direct services also require increased staffing in Leadership and Support Services, and investments in technology to better support public safety and other front-line departments and ensure compliance with current laws and regulations, and implement best practices.

The FY 2019-24 Five Year Capital Improvement Program (CIP) in the amount of $429.3 million was also approved in June 2019. For FY 2019-20, the first year of the plan, the CIP budget is $62.5 million, or 25% of the total FY 2019-20 Adopted Budget of $247.9 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 2019-20 include Fire Station #2 Replacement; resurfacing of streets; upgrades to our wells; an update to our Parks and Recreation Master Plan; TASP (Transit Area Specific Plans) trails; a Citywide Traffic Safety assessment; an update to our Climate Action Plan; 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 2019-20) 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 $157.5 million over the Five Year CIP budget that do not have identified funding sources. These projects include Recycled Water Pipeline Segments 1-5 ($45.0 million) to diversify the water supply system; various renovations at parks upon completion of the Parks and Recreation Master Plan ($44.0 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 2019-20 Operating Budget and the FY 2019-24 Five Year CIP Budget by visiting the City of Milpitas website at www.ci.milpitas.ca.gov. For comments regarding the budget or this document, please send an email to budgetgroup@ci.milpitas.ca.gov.

Respectfully,
Steven G. McHarris
Interim City Manager
CITYWIDE BUDGET

The Fiscal Year (FY) 2019-20 Citywide expenditure budget totals $247.9 million and funds 431.25 full time equivalent positions. As shown in the chart below, the majority of expenditures support 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 most 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 $62.5 million is for Capital Improvements. These are funds for the cost of all acquisition, construction, expansion or rehabilitation of the City’s physical plant and facilities. Projects completed in the last year included traffic management enhancements that provided software and equipment upgrades to monitor and control the roadway network throughout the City, traffic counts and studies, and a speed survey; roadway improvements and repairs throughout the City at McCarthy Blvd., N. Milpitas Blvd., Dixon, A. Abbott Ave., Tasman Dr, Yosemite Dr. and S. Dempsey Dr., and S. Main St; and the rehabilitation of the existing 30” sewer main along Marylinn Dr. and under the I-880 freeway. Further detail on the City’s FY 2019-20 Capital Budget is provided on page 9.

Utility Funds are budgeted at $79.3 million (includes CIP (capital improvement program) and operating costs) for FY 2019-20. 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 are 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 2019-20 ADOPTED BUDGET
BY FUND TYPE

- General Fund: $121.6 million (49%)
- Capital Improvements: $42.9 million (25%)
- Water and Sewer (operations) Funds: $20.9 million (17%)
- Other Funds: $62.5 million (9%)

Total = $247.9 million

*Includes Water and Sewer Capital Improvement Program costs of $36.4 million
FY 2019-20 BUDGET HIGHLIGHTS

**Police Department Staffing: $1,390,000**
Added staffing to increase response capacity due to continued growth and the new BART station, community policing services including crime prevention, and analytical support.

**Ambulance Service $630,000**
Added funding to operationalize the enhanced ambulance service supplementing the County-provided ambulance service.

**Development Services staffing $672,000**
Added staffing and reassigned existing positions to increase response times for development-related activities such as long-term planning, plan check, and inspection services.

**Community Vitality Pilot Programs $350,000**
The Pilot Community Beautification Grants Program ($200,000) dedicates funds for beautification projects including art projects throughout the City. The Pilot Façade Improvement Grant Program ($100,000) available to businesses and property owners along S. Main Street in downtown dedicates funds to enhance the physical appearance and economic vitality of commercial businesses including the creation of outdoor dining or gathering spaces to promote activity in the downtown. The Better Block Events ($50,000) transform several blocks of a commercial corridor over a few days with temporary pop-up shops, parklets, bike paths, outdoor seating and other place-making activities that will help transform S. Main Street into a vital commercial corridor and community-gathering place.

**Affordable Housing Projects and Homeless Services $2,185,000**
Established a $2 million Housing Community Benefit Fund; provided and added funding for tenant protection, tenant support, and homeless services.

**Rate Assistance Program $462,000**
Provided funding for a Rate Assistance Program for water and sewer charges and Building and Planning fees.

**Recreation Programs, Special Events and Concerts $670,000**
Added staffing to increase support for recreation classes, youth and aquatics programs, facility room rentals, park rentals, special events and concerts.

**Parks and Tree Maintenance $480,000**
Added staffing for the City’s park and tree maintenance program and to assist in the implementation of the Urban Forest Management Plan.

**Vehicle Charging Stations $200,000**
Added funding to install electric vehicle charging stations partnering with Silicon Valley Clean Energy and the private sector.

**Community Engagement $275,000**
Adding funding for translation services and an improved website, additional community outreach related to the 2020 Census, and an annual community survey.
GENERAL FUND REVENUES

Total = $121.6

All numbers indicated are in $ millions.

**Property Taxes**
For every $1,000 in property taxes paid, the City receives approximately $162. The majority of property taxes support 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.

**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.

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

**Licenses and Permits**
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.

**Use of Reserves**
Use of Fund Balance for revenues to equal expenditures.
GENERAL FUND EXPENDITURES

**Public Safety 49%**
Police .......................................... $36.4
Fire .............................................. $23.2
Total = $59.6

**Community Development 15%**
Development Services ................ $14.1
Housing and Neighborhood Services ................ $3.5
Total = $17.6

**Community Services & Sustainable Infrastructure 18%**
Recreation Programs and Special Events .............. $6.5
Facilities, Park, Streets, and Trees Maintenance ........ $9.2
Public Works Construction .............. $6.3
Total = $22.0

**Leadership & Support Services 18%**
City Council .................................... $0.6
City Manager .................................... $2.3
City Administrative Services ............ $19.5
Total = $22.4

All numbers indicated are in $ millions.
ENTERPRISE FUNDs

Total = $79.3

All numbers indicated are in $ millions.

$28.6 Water Maintenance and Operations

$7.9 Water Capital Improvement Program

$14.3 Sewer Maintenance and Operations

$28.5 Sewer Capital Improvement Program
The City includes the cost of all acquisition, construction, expansion or rehabilitation of the City’s physical plant and facilities in the Capital Improvement Budget. The total FY (Fiscal Year) 2019-20 Capital Improvement Program (CIP) funding is $62.5 million, $18.6 million more than the FY 2018-19 CIP, primarily due to the San Jose/Santa Clara Regional Waste Water Facility (“the Facility”) project budgeted at $25.2 million for FY 2019-20. The City contracts with the Facility to treat the City’s sewage.

Other noteworthy projects approved for funding in FY 2019-20 include Street Resurfacing Project 2019-20 ($4.6 million) for annual roadway improvement and repairs to Bellew Dr., Technology Dr., SanDisk Dr., Murphy Ranch Rd., and North and South Hillview Dr.; Fire Station #2 Replacement ($4.3 million) for the replacement of the existing 50 year old fire station located at 1263 Yosemite Drive; Well Upgrade Project ($3.5 million) for a future well at the McCandless Park site and upgrades to Pinewood and Curtis wells for water supply augmentation; TASP (Transit Area Specific Plan) Multi-Use Trails along Penitencia Creek ($3.27 million) for bicycle and pedestrian use; Automated Water Meter Replacement Program ($2.9 million) for the replacement of all City water meters with automated remote reading meters; Parks and Recreation Master Plan Update ($0.6 million) for updates to the current Master Plan to plan for future growth of the City; Citywide Traffic Safety Assessment ($0.4 million) for an assessment to determine enhanced safety measures throughout the City; and Climate Action Plan Update ($0.2 million) for an update to the current Plan.

### List of Major Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>2019-20 Funding Amount</th>
<th>Projected 5 Year Cost</th>
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</thead>
<tbody>
<tr>
<td>San Jose/Santa Clara Regional Waste Water Facility</td>
<td>$25,190,050</td>
<td>$57,107,101</td>
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<tr>
<td>Street Resurfacing</td>
<td>4,600,000</td>
<td>23,000,000</td>
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<tr>
<td>Fire Station #2 Replacement</td>
<td>4,300,000</td>
<td>19,500,000</td>
</tr>
<tr>
<td>Well Upgrade</td>
<td>3,500,000</td>
<td>17,000,000</td>
</tr>
<tr>
<td>Transit Area Specific Plan Multi-Use Trails</td>
<td>3,270,000</td>
<td>3,270,000</td>
</tr>
<tr>
<td>Automated Meter Replacement Program</td>
<td>2,900,000</td>
<td>8,990,000</td>
</tr>
<tr>
<td>Parks and Recreation Master Plan Update</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Citywide Traffic Safety Assessment</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Climate Action Plan Update</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$44,960,050</strong></td>
<td><strong>$130,067,101</strong></td>
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</table>
## General Data

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year that Milpitas residents incorporated as a city</td>
<td>1954</td>
</tr>
<tr>
<td>Total square miles of City limit</td>
<td>13.62</td>
</tr>
<tr>
<td>Population (U.S. Census, July 1, 2018 population estimate)</td>
<td>80,430</td>
</tr>
<tr>
<td>Total registered voters (November 2018)</td>
<td>29,931</td>
</tr>
<tr>
<td>Total number of votes cast in the November 2018 election</td>
<td>19,817</td>
</tr>
<tr>
<td>Miles of streets</td>
<td>298</td>
</tr>
<tr>
<td>Number of street lights</td>
<td>5,119</td>
</tr>
<tr>
<td>Average household income</td>
<td>$110,752</td>
</tr>
<tr>
<td>Percentage of homeowners</td>
<td>64</td>
</tr>
<tr>
<td>Median price of a home (as of June 2018)</td>
<td>$1,040,250</td>
</tr>
</tbody>
</table>

## Utilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of residential water utility customers</td>
<td>14,721</td>
</tr>
<tr>
<td>Number of commercial water utility customers</td>
<td>2,206</td>
</tr>
<tr>
<td>Number of recycled water customers</td>
<td>205</td>
</tr>
<tr>
<td>Average daily consumption of water in million gallons</td>
<td>7.56</td>
</tr>
<tr>
<td>Miles of water mains</td>
<td>213</td>
</tr>
<tr>
<td>Miles of sanitary sewers</td>
<td>175</td>
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<tr>
<td>Miles of storm drains</td>
<td>105</td>
</tr>
</tbody>
</table>

## Parks and Recreation

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acres of parkland</td>
<td>195</td>
</tr>
<tr>
<td>Number of parks</td>
<td>36</td>
</tr>
<tr>
<td>Number of swimming pools</td>
<td>3</td>
</tr>
<tr>
<td>Number of playgrounds</td>
<td>40</td>
</tr>
<tr>
<td>Number of participants in recreation programs/classes</td>
<td>22,019</td>
</tr>
<tr>
<td>Number of attendees at special events (FY2018-19)</td>
<td>31,700</td>
</tr>
</tbody>
</table>

## Public Safety

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fire stations</td>
<td>4</td>
</tr>
<tr>
<td>Number of fire apparatus</td>
<td>15</td>
</tr>
<tr>
<td>Number of fire hydrants</td>
<td>2,038</td>
</tr>
<tr>
<td>Number of police stations</td>
<td>2</td>
</tr>
<tr>
<td>Number of crossing guard posts</td>
<td>30</td>
</tr>
<tr>
<td>Number of police patrol vehicles</td>
<td>29</td>
</tr>
</tbody>
</table>
MAJOR DEVELOPMENT ACTIVITIES

GENERAL PLAN UPDATE
- Considered the blueprint for future development, the General Plan defines a long-term vision for future growth, traffic circulation, economic development, health, housing and resource conservation
- The Plan has not had a comprehensive update since it was adopted in 1994
- The update to the General Plan identifies opportunity sites where changes to land uses and development patterns may be appropriate 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 early 2020
- To follow the development of the General Plan Update, please visit: milpitas.generalplan.org

TRANSIT AREA SPECIFIC PLAN (TASP)
- Adopted in June 2008 and updated in 2011
- Medium to high-density development surrounding the future Montague/Capitol BART station and two VTA light rail stations
- Foster economic development of the area, strengthen and expand retail uses to increase sales tax revenues, attract major retailers and provide housing and amenities, such as parks, retail and restaurants
- As of July 2019, the residential unit cap imposed is very close to being met, and an update to the Plan to address additional housing units is expected to be completed by 2020

RESIDENTIAL DEVELOPMENT
- An improving economy and high median home prices led to a heightened interest in residential developments
- Outside of Midtown and Transit Area, there are several residential developments that are under construction or completed and occupied
- Proposed single family home development for 36 lots, including 10 accessory dwelling units (ADUs) at 1005 Park Victoria Drive
- A new townhome development at 1210 California Circle
- Various small-scale infill projects throughout the City
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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.