



New Barbara Lee Senior Center Opened in August 2010

FY 11-12 Proposed Budget



2011-12 Budget Hearing

- Overview - Proposed FY 11-12 Budget
- Capital Improvement Program
- Parks & Recreation Fee Adjustments
- Council discussion and direction



Major Accomplishments

- **Facilitated the partnership of Sun Power and Flextronics**
- **RDA Plan Amendment**
- **Improved General Credit Rating to “AA+”**



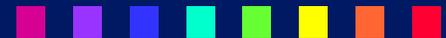
Major Accomplishments (Cont'd)

- Senior Center Construction on time and on budget
- Added GIS service to web site and on-line permit services
- Completed Gibraltar Pump Station rehabilitation project and Cardoza Park



Decade of Economic Challenge

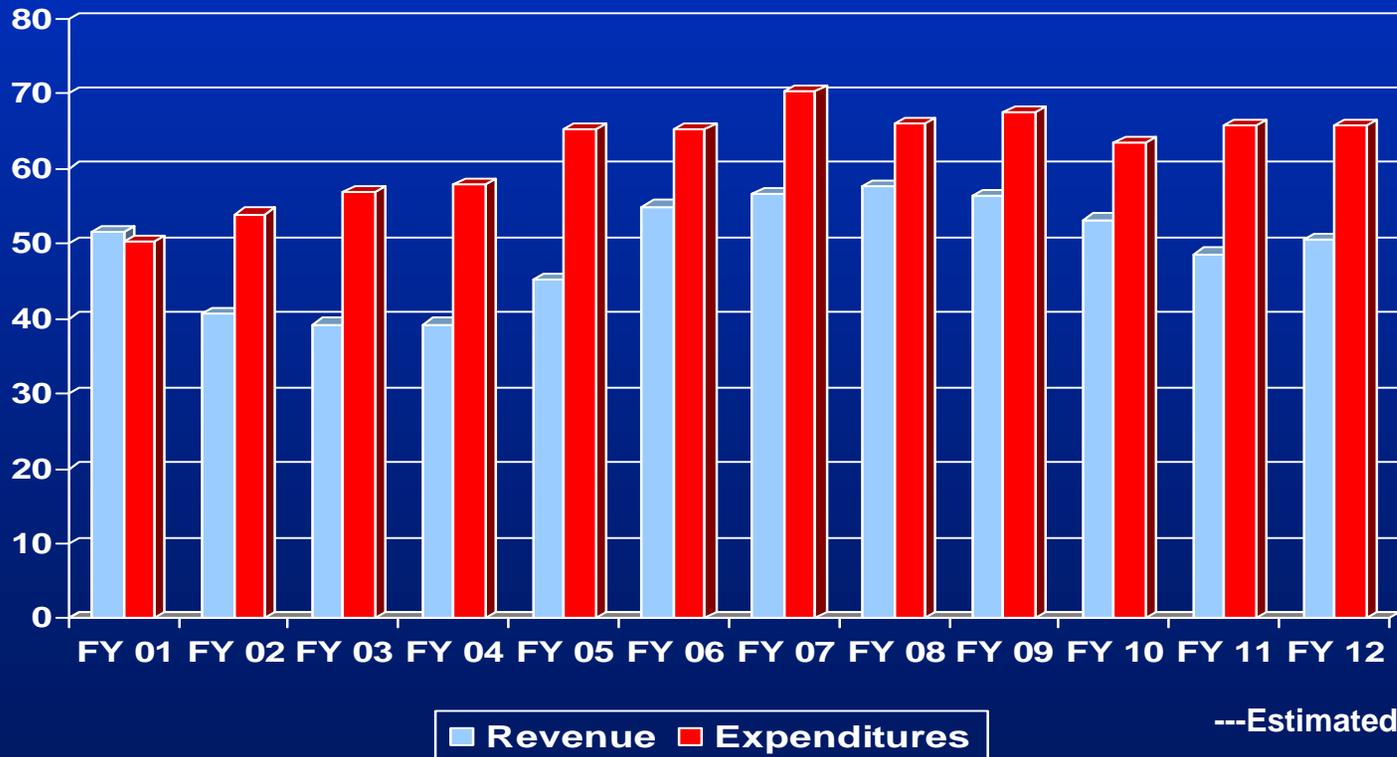
- Over the last decade City has experienced a \$9-\$12 million General Fund Shortfall
- In an era of great economic decline, City can no longer afford to deliver services and maintain operations as in years past.
- Difficult decisions must be made to resolve the on-going structural deficit issue.
- Focus priorities on core services



Budget Challenges

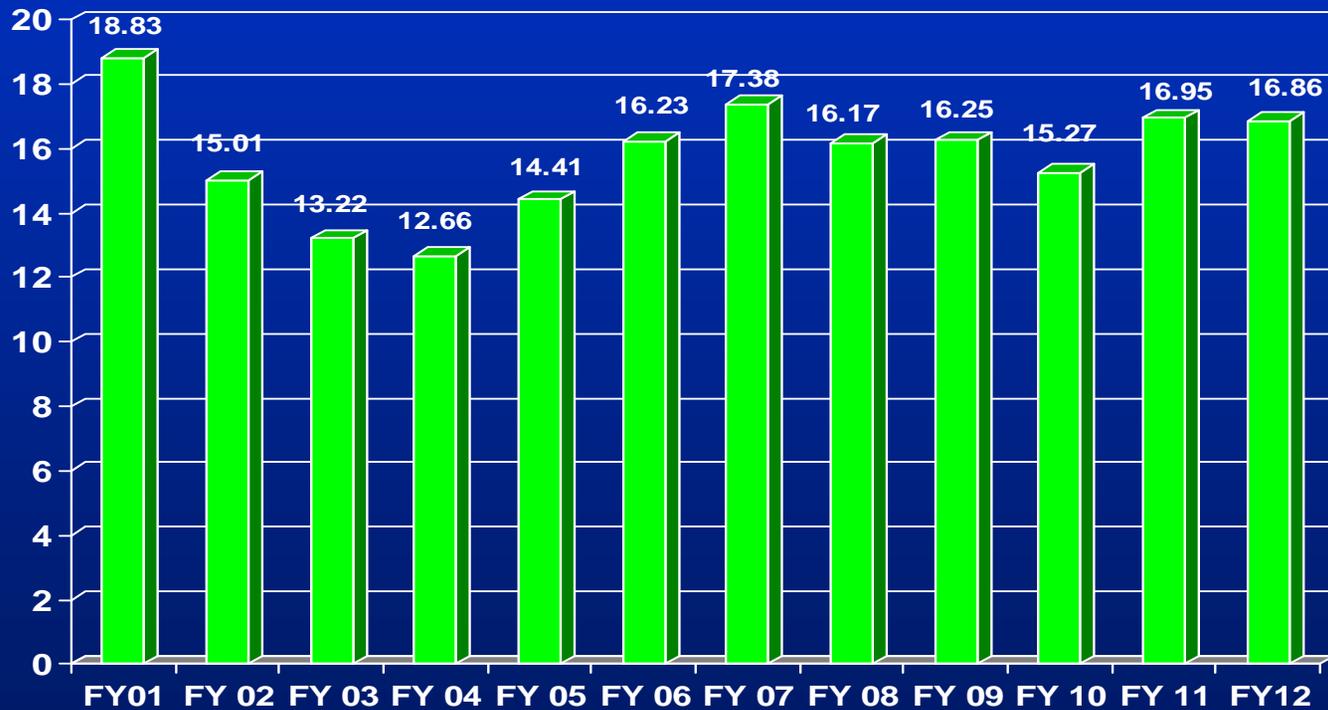
General Fund expenditures outpaced revenues

(In millions)



Sales Tax Cash Receipts By Fiscal Year (Not Adjusted for Inflation) Still Below FY 2001 Level

(In millions)

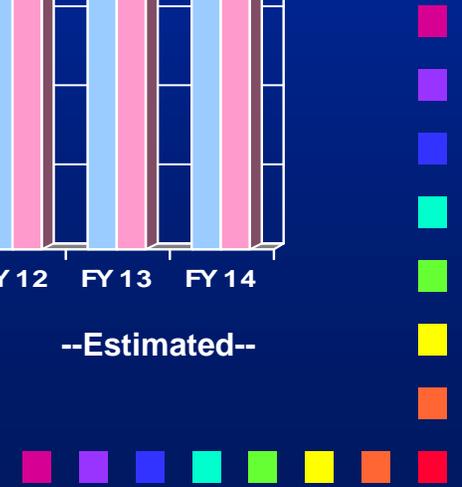
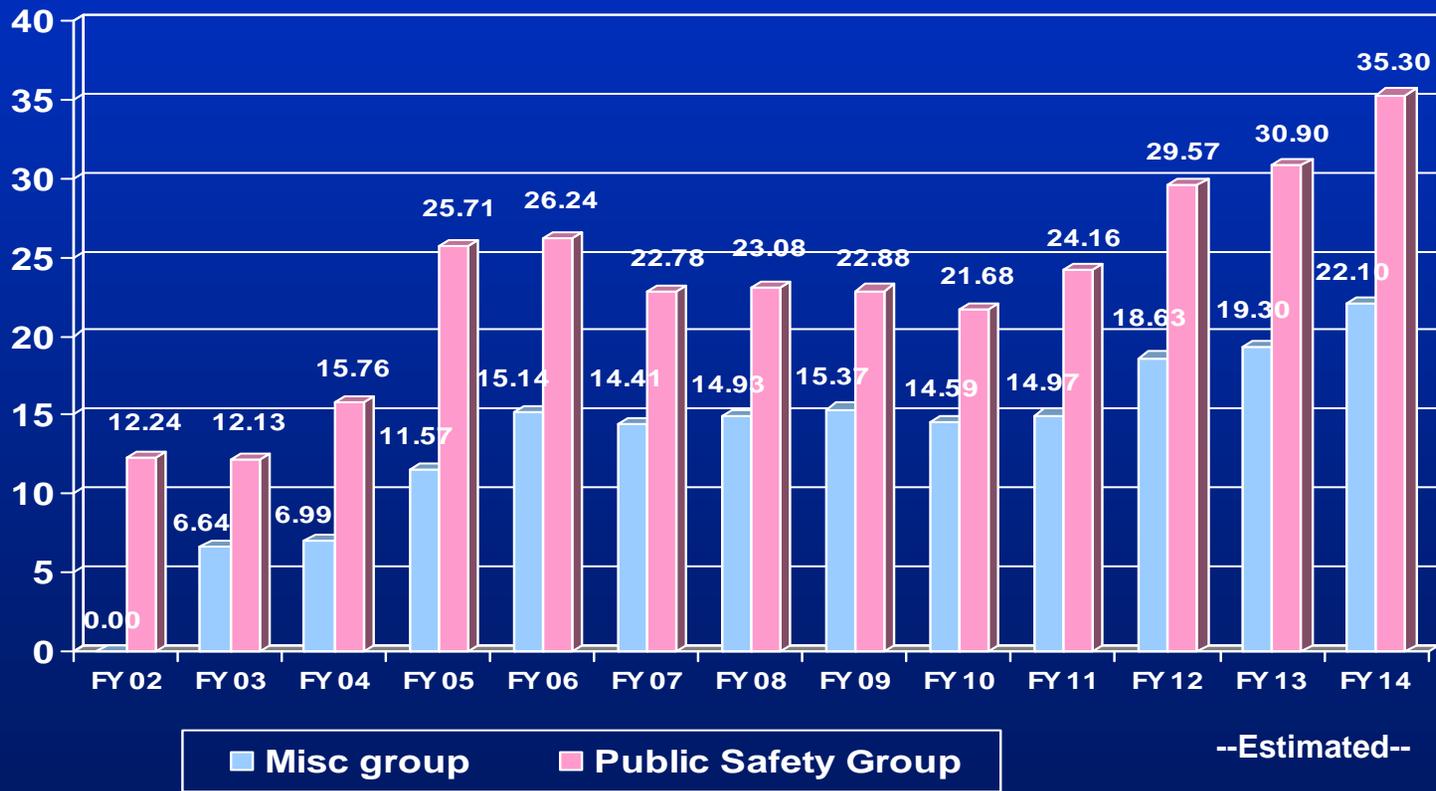


---Estimated---



Employer PERS Contribution rates are expected to increase and remain high

Percent of payroll



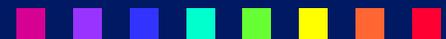
Cost Cutting Measures

- Hiring Freeze
- Reduce contractual services and supplies
- Lay off of 21 positions in FY 2009-10
- Furloughs to reduce salaries by 7% in FY 2010-11
- Current negotiations with employee groups to reduce compensation
- Analyze elimination or restructuring of programs



Balancing the Budget - Objectives

- Reduce our employee cost by 7% to 16% for upcoming fiscal year
- Continuing negotiations with two City unions
- Analyze potential savings through contract services
- Cost Sharing with Milpitas Unified School District



Balancing the Budget – Objectives (cont'd)

- Focus priorities on Core Service Areas
 - Does the City compete with local businesses/private sector to deliver services at the cost of tax payers that are otherwise provided in the market place?
 - How many residents does a program serve and consider the cost versus benefit of the program?
 - Is the service a municipal core function?
 - Is the City top heavy in any function such that reorganization of departments, supervisors and directors is prudent?



Labor Concessions & Non-Program Cost Reductions from Departments

(In millions)

	<u>General Fund</u>	<u>All Funds</u>
POA	\$ 1.2	\$ 1.3
IAFF	1.2	1.2
MEA	0.8	1.1
MSA	0.1	0.1
ProTech	1.0	1.3
Mid-Management	0.2	0.3
Unrepresented	<u>0.3</u>	<u>0.4</u>
Personnel Cost Subtotal	\$ 4.8	\$ 5.7
Services & Supplies	<u>1.1</u>	<u>1.7</u>
Grand Total	\$ 5.9	\$ 7.4



Restructuring of Programs

- Restructuring of Major Cost Center for non-core service programs that add to City's deficit
 - Tidal Waves
 - Rainbow Theatre
 - Pre-school including child care grants & coordinator
 - DARE
 - Chamber of Commerce
 - Contributions to other governmental agencies or private interests



Proposed Program Restructuring net cost savings

Preschool (including child care coordinator and grant)	\$ 123,000	
Rainbow Theatre	40,000	
Tidal Waves	129,000	■
Chamber of Commerce	12,000	■
DARE	<u>192,000</u>	■
Total	\$ 496,000	■



Budget Solution Summary

(in millions)

■ Employee & Dept. Cost Reductions -	\$ 5.9
■ Program Restructuring -	0.5
■ PERS Stabilization -	2.0
■ RDA Loan Repayment -	<u>3.6</u>
Total	\$12.0



FY 11-12 General Fund

Remaining Fund Balance (in millions)

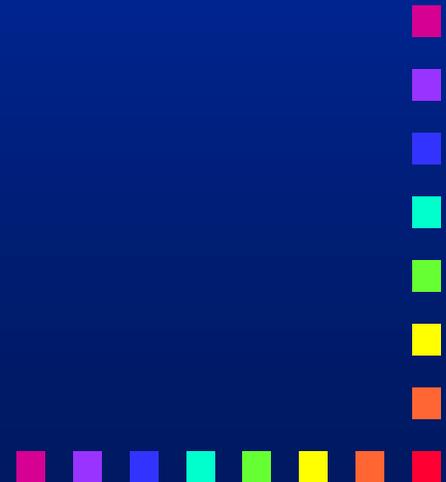
■ PERS Rate Stabilization	\$ 3.4
■ Designated for uninsured claims	2.8
■ Undesignated	<u>14.7</u>
Total	\$ 20.9

- 1) Fiscal policy allows the use of PERS Rate Stabilization reserve if PERS rates increase more than 3% of payroll
- 2) Remaining undesignated reserve is approx. 22.3% of budgeted expenditures. Policy requires minimum of 15%.



DARE Restructure

- Convert DARE to Character Counts
- Defund one Officer Position
- Cost Savings: \$192,000



Proposed Program Restructuring

- **Rainbow Theatre – Form a “Friends of Rainbow” to Partner with Parks & Recreation Foundation, and Alliance of the Arts to raise \$40,000 in grants, sponsorships, etc. for supplies and production costs**

- **Child Care Coordinator and Preschool**
 - Eliminate programs
 - 33 local schools offering similar programs

- **Milpitas Tidal Waves – Eliminate Head Coach Position**



Park Maintenance Performance

■ Goals

- Reduce Water Usage
- Weed Control
- Improve turf area and ground cover

■ Measurements

- Increase aeration
- Photos before and after
- Evaluate every 6 months
- Review water usage



FY 11-12 General Fund Proposed Budget (in millions)

	<u>FY 11 Adopted</u>	<u>FY 12 Proposed</u>	<u>Incr/Decr in \$</u>	<u>Incr/Decr in %</u>
Revenues	\$ 48.6	\$ 50.5	\$ 1.9	3.9%
Op. Transfers	9.7	9.7	0.0	0%
RDA loan payment	5.4	3.6	(1.8)	(33.3%)
Use of GF reserve	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>	0%
Total Revenues	65.7	65.8	0.1	0.2%
Salaries & Benefits	\$ 57.7	\$ 59.7*	\$ 2.0	3.5%
Salary reduction	<u>(3.2)</u>	<u>(4.3)</u>	<u>(1.1)</u>	34.4%
After reduction	54.5	55.4	0.9	1.7%
Services & supplies	<u>11.2</u>	<u>10.4</u>	<u>(0.8)</u>	(7.1%)
Total Expenditures	65.7	65.8	\$ 0.1	0.2%

* Overtime savings of \$0.5 million already deducted from Salaries & Benefits



City of Milpitas

Proposed FY 11-12 Budget (All funds)

(in millions)

	FY 11 Adopted	FY 12 Proposed	Incr/Decr in \$	Incr/Decr in %	
Salaries & Benefits	\$ 65.2	\$ 67.0*	\$ 1.8	2.8%	
salary reduction	<u>(3.6)</u>	<u>(5.2)</u>	<u>(1.6)</u>	44.4%	
Total Salaries & Benefits	61.6	61.8	0.2	0.3%	
Services & Supplies	41.6	38.4	(3.2)	(7.7%)	■
Capital Outlay	0.6	6.8	6.2	1,033.3%	■
Capital Improvement	5.7	15.5	9.8	171.9%	■
Debt Service	<u>20.7</u>	<u>18.3</u>	<u>(2.4)</u>	(11.6%)	■
Total Budget	\$ 130.2	\$ 140.8	\$ 10.6	8.1%	■

* Overtime savings of \$0.5 million already deducted from Salaries & Benefits



Redevelopment Agency Proposed FY 2011-12 Budget

(in millions)

Revenue		\$ 36.5
Appropriations		
Salary & Benefits		\$ 1.8
Services & grants/loans		2.7
Capital Outlay		6.0
Debt Services		17.6
Capital Projects		6.3
Loan Payment to City		3.6
Operating Transfers		3.7
Total Annual Budget		\$ 41.7
Decrease in Fund balance		\$ (5.2)





***Proposed 2011-2016
Capital Improvement Program***



2011-2016

Capital Improvement Program

- 5 year plan of capital improvement projects;
- Protect and enhance the City's infrastructure;
- Preserve and improve the quality of life;
- Projects involve construction & renovation;
- Streets, Parks, Public buildings, City water, sewer and storm system infrastructure.



2011-2016 Capital Improvement Program

- Reviewed by Parks, Recreation and Cultural Resources Commission (PRCRC) on March 7th
 - Recommend Parks projects for Council approval
- Reviewed by Finance Subcommittee on Mar. 17th
 - Recommend the Proposed CIP to the Council
- Reviewed by Planning Commission on April 13th
 - Found Proposed CIP in conformance with the General Plan
- Reviewed by the City Council on April 19th





Senior Center

Accomplishments



Cardoza Park



Gibraltar Pump Station



2011-16 CIP Funding Summary

GRAND SUMMARY

Project Expenses	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Community Improvement	1,919,000	975,000	1,500,000	625,000	1,000,000	6,019,000
Park Improvement	750,000	2,950,000	1,450,000	1,200,000	7,175,000	13,525,000
Streets	8,031,651	7,144,000	7,359,000	1,800,000	1,650,000	25,984,651
Water	2,425,000	5,200,000	5,750,000	12,655,000	7,045,000	33,075,000
Sewer Improvement	1,550,000	1,550,000	1,500,000	1,500,000	2,750,000	8,850,000
Storm Drain Improvement	850,000	2,400,000	600,000	4,000,000	250,000	8,100,000
Total	\$15,525,651	\$20,219,000	\$18,159,000	\$21,780,000	\$19,870,000	\$95,553,651





New Barbara Lee Senior Center Opened in August 2010

Proposed Fee Adjustments



Proposed Program Fee Adjustments

	<u>Current</u>	<u>Proposed</u>	<u>Est. Revenue increase</u>
Rainbow Theatre			
School performance ticket price	\$1/child	\$5/child	\$ 4,496
Gen. ticket price (0-12 yrs)	\$6/child	\$6/child	
Gen. ticket price (13+)	\$8/each	\$12/each	4,320
Participant Fees – Resident	\$65 each	\$100 each	2,940
Participant Fees – Non Resident	\$85 each	\$150 each	1,430
Season Ticket Holder (new fee)		\$100	<u>1,000</u>
Subtotal			\$ 14,186
Special Events – July 4 th (13+)	\$ 0	\$2 each	\$ 15,000



Proposed Program Fee Adjustments

(cont'd)

	<u>Current</u>	<u>Proposed</u>	<u>Est. Revenue increase</u>
After the Bell	\$6/day	\$7/day	\$ 45,900
Summer Camp Fee	\$150/week	\$175/week	18,000
Summer Camp Extended Care	\$30/week	\$40/week	<u>1,890</u>
Subtotal			\$ 65,790
Senior Center Classes	\$1.5-\$3/hr	\$2-\$4/hr	\$ 6,729
Senior Center Non Resident Fee	n/a	\$10	1,750
Senior Trip Administration Fee	\$3-\$5	\$5-\$10	<u>1,000</u>
Subtotal			\$ 9,479



Proposed Program Fee Adjustments (cont'd)

	<u>Current</u>	<u>Proposed</u>	<u>Est. Revenue increase</u>
Adjust Sports Center (MSC) Hrs			
Daily opening hours	5:30am	6:00am	\$ 3,150
Closing hours on Fridays	9:00pm	2:00pm	Cost savings
Youth Sports User Fee	n/a	\$10/player	22,000
Swim lessons	\$49/\$69	\$69/\$89	74,560
Adult Sports (per team)	\$450	\$500+	1,750
Tidal Waves Swim Team	\$55/\$65/\$75	\$68/\$78/\$88	12,727
MSC annual user fee (non-resident)	\$30	\$50	<u>11,100</u>
Subtotal			\$ 125,287
Total Estimated Revenue Increase & cost savings			<u><u>\$ 229,742</u></u>



Proposed Rental Fee Adjustments

Finance Subcommittee Recommendations

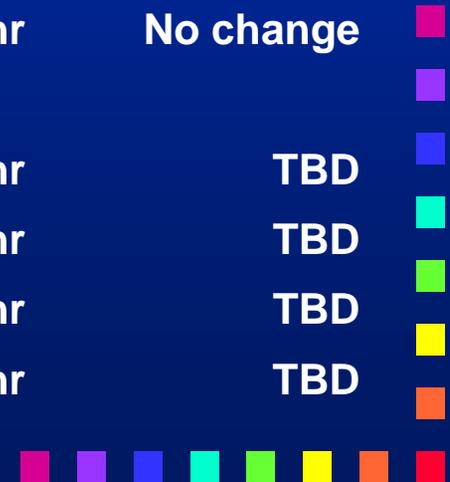
	<u>Current</u>	<u>Proposed</u>	<u>Est. Revenue increase</u>
Small Parks (with restrooms)			
Resident peak hrs (Fri-Sun)	\$40/day	\$60/day	\$ 1,240
Resident non peak hrs (Mon-Thurs)	\$40/day	\$40/day	0
Non-resident peak hrs (Fri-Sun)	\$54/day	\$90/day	
Non-resident non peak hrs (M-Th)	\$54/day	\$70/day	968
Large Parks			
Resident peak hrs (Fri-Sun)	\$60/day	\$120/day	\$ 8,880
Resident non peak hrs (Mon-Thurs)	\$60/day	\$80/day	
Non-resident peak hrs (Fri-Sun)	\$74/day	\$160/day	
Non-resident non peak hrs (M-Th)	\$74/day	\$120/day	2,580



Proposed Rental Fee Adjustments

Finance Subcommittee Recommendations

	<u>Current</u>	<u>Proposed</u>	<u>Est. Revenue increase</u>
Room capacity up to 100			
Resident	\$50/hr	\$60/hr	TBD
Non Resident	\$73/hr	\$90/hr	TBD
Room capacity 100- 200 (w/ kitchen)			
Resident	\$100/hr	\$100/hr	No change
Non Resident	\$150/hr	\$150/hr	No change
Room capacity 201- 300 (w/ kitchen)			
Resident	\$145/hr	\$160/hr	TBD
Non Resident	\$205/hr	\$220/hr	TBD
Barbara Lee Sr Ctr - Resident	\$250/hr	\$220/hr	TBD
Barbara Lee Sr Ctr – Non Resident	\$350/hr	\$320/hr	TBD



Council Action Items

- Close public hearing
- Alternative 1 - Move actions necessary to approve the FY 2011-12 Budget by adopting Resolutions listed
- Alternative 2 - Move actions necessary to conceptually approve the FY 2011-12 Budget
- Adopt Resolution of the City of Milpitas Revising certain parks and recreation fees



Council Action Items (cont'd)

Alternative 1 - Resolutions

1. **Joint Resolution of the Redevelopment Agency and the City of Milpitas approving the City's Final FY 2011-12 Budget of \$140,787,115 including the FY 2011-12 Capital Improvement Budget of \$15,525,651**
2. **Joint Resolution of the Redevelopment Agency and the City of Milpitas making findings following a Public Hearing for use of Redevelopment Funds**
3. **Resolution of the Redevelopment Agency authorizing payments to the City of Milpitas, pursuant to the Second Amended and Restated Public Works Agreement**
4. **Resolution of the Redevelopment Agency determining that the planning and administration expenses to be funded in FY 2011-12 by the Housing Reserve Fund are necessary for the production, improvement and/or preservation of affordable housing for the low and moderate-income households**



Council Action Items (cont'd)

Alternative 2

Conceptually approve:

- The FY 11-12 City/Agency Proposed Budget including the FY 11-12 Capital Improvement Budget
- The Five-year Capital Improvement Program (2011-2016)





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Thank You

