



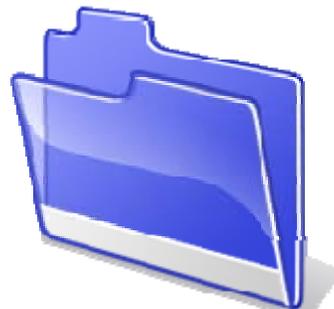
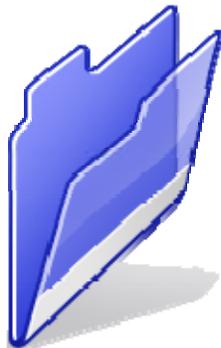
CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479
GENERAL INFORMATION: 408-586-3000, www.ci.milpitas.ca.gov

05/08/2012
Budget Hearing



ATTACHMENTS AND/OR ADDITIONAL MATERIALS RELATED TO AGENDA ITEM AFTER AGENDA PACKET DISTRIBUTION





Devries Place Senior Apartments

FY 12-13 Proposed Budget



2012-13 Budget Hearing

- Overview - Proposed FY 12-13 Budget
- Program Restructuring
- Capital Improvement Program
- Council discussion and adoption



Major Accomplishments

FY 11-12

- Negotiated with employee groups to achieve \$4.9 million cost savings in FY 11-12
- Pension Reform - Amended retirement formula to 3% at 55 (Public Safety) and 2% at 60 (Misc.) for new employees
- Assumed administrative duties of the former RDA, cooperate with the County and State audits, and staff oversight board



Major Accomplishments

FY 11-12 (Cont'd)

- Introduced “Business Resource Center” to provide guidelines to new business owners
- Participated in the VTA/BART project design and construction team
- Reduced crime rate by 8.26%, to a 42-year low
- Responded to 4,075 emergency incidents with an average response time of 4.32 minutes



Fiscal Challenges

- 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
- RDA dissolution – loss of \$7 million allocation to the General Fund, and loss of \$6 - \$8 million annually for infrastructure improvements
- Difficult decisions must be made to resolve the budget gap of \$9.2 million
- Focus priorities on core services
- Attempt to reduce high employee costs and benefits can only be accomplished at the bargaining table



City Council Leadership & Action to Date

- Hiring Freeze
- Restructure contractual services and reduce supplies
- Reduce work force
- Salary and Benefit Reductions range from 7% to 16%
- Pension Reform
- Strategic Reorganization
- Reduced structural deficit from \$12 million to current level of \$2.2 million, before RDA Dissolution



Balancing the Budget - Objectives

- **Cut costs with least impact on services delivered to the community**
- **Protect services that impact greatest number of City of Milpitas residents**
- **Maintain services through organization optimization**
- **Eliminate high cost centers of the City and deliver those services through less expensive and available means**



Budget strategies to close \$9.2 million General Fund Budget Gap

<u>Actions taken by the City Council</u>	(In millions)
Attrition and reorganization	\$ 1.8
Staff reduction - non Public Safety, non PW	<u>1.8</u>
Subtotal	3.6
Outsourcing Public Works	2.1
Public Safety departments savings	1.4
Restructure non-core programs & revenue enhancements	0.8
<u>To be approved by the City Council</u>	
Borrow from GF reserve or Use Equipment Replacement funds that are no longer necessary	<u>1.3</u>
Total	\$ 9.2



City of Milpitas

Proposed FY 12-13 Budget (All funds)

(in millions)

	FY 11-12 Adopted	FY 12-13 Proposed	Decr in \$	Decr in %
Salaries & Benefits	\$ 61.8	\$ 54.0	- \$ 7.8	- 12.6%
Services & Supplies	38.4	37.5	- 0.9	- 2.3%
Capital Outlay	6.8	0.4	- 6.4	- 94.1%
Capital Improvement	15.5	12.5	- 3.0	- 19.4%
Debt Service	<u>18.3</u>	<u>0.7</u>	<u>- 17.6</u>	- 96.2%
Total Budget	\$ 140.8	\$ 105.1	- \$ 35.7	- 25.4%



Department Budget Overview

(in thousands)	FY 12 <u>Approved</u>	FY 13 <u>Proposed</u>	% <u>Change</u>
City Council	\$ 354	\$ 275	- 22.3%
City Manager	1,142	464	- 59.4%
City Clerk	753	536	- 28.8%
Building and Safety	2,311	1,893	- 18.1%
Information Services	2,886	2,279	- 21.0%
Human Resources & Recreation	4,695	4,261	- 9.2%
City Attorney	794	689	- 13.2%
Finance	3,266	2,912	- 10.8%
Public Works	11,699	10,017	- 14.4%
Engineering	3,548	2,803	- 21.0%
Planning & Neighborhood Svcs	2,382	2,173	- 8.8%
Police	22,884	22,002	- 3.9%
Fire	14,596	13,967	- 4.3%
Non-Departmental	<u>69,477</u>	<u>40,871</u>	- 41.2%
Total	\$140,787	\$105,143	- 25.4%



FY 12-13 General Fund Proposed Budget (in millions)

	FY 11-12 *Adopted	FY 12-13 Proposed	Incr/Decr in \$	Incr/Decr in %
Revenues	\$ 51.1	\$ 56.6	\$ 5.5	10.8%
Op. Transfers	10.4	3.7	- 6.7	- 64.4%
Use of GF reserve	<u>5.0</u>	<u>1.3</u>	<u>- 3.7</u>	- 74.0%
Total Revenues	\$ 65.5	\$ 61.6	- \$ 4.9	- 7.4%
Salaries & Benefits	\$ 56.1	\$ 49.3	- \$ 6.8	- 12.0%
Services & supplies	<u>10.4</u>	<u>12.3</u>	<u>1.9</u>	18.3%
Total Expenditures	\$ 66.5	\$ 61.6	- \$ 4.9	- 7.4%

* FY 11-12 Adopted budget includes 5 months of RDA operating budget



General Fund Five Year Projection

(in millions)

	<u>FY13-14</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>FY17-18</u>
Revenues	\$ 58.7	\$ 60.7	\$ 62.7	\$ 64.5	\$ 66.1
Op Transfers	<u>3.8</u>	<u>3.9</u>	<u>4.0</u>	<u>4.1</u>	<u>4.2</u>
Total Revenues	62.5	64.6	66.7	68.6	70.3
Salaries	\$ 31.7	\$ 32.4	\$ 33.0	\$ 33.6	\$ 34.3
Benefits	18.8	19.3	19.8	20.4	20.9
Supplies & Services	<u>12.9</u>	<u>13.1</u>	<u>13.5</u>	<u>13.7</u>	<u>14.0</u>
Total Expenditures	63.4	64.8	66.3	67.7	69.2
Surplus/(Deficit)	\$ (0.9)	\$ (0.2)	\$ 0.4	\$ 0.9	\$ 1.1



Proposed Program Restructuring

- Police Department
- Recreation Services



Preserving Core Services

Three Police Officer Vacancies:

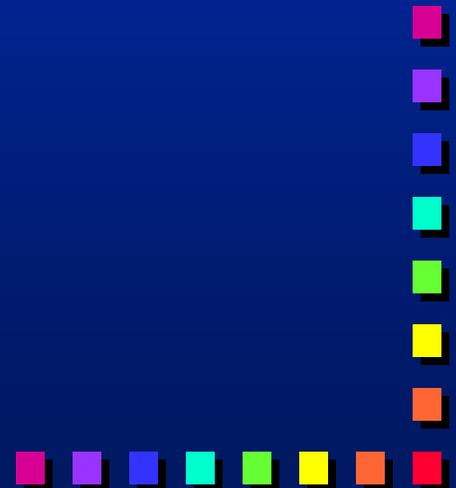
- Eliminate Character Counts Officer
- Eliminate One School Resource Officer
- Maintain vacancy in Investigations



Reorganization of Community Relations Unit

Programs Retained

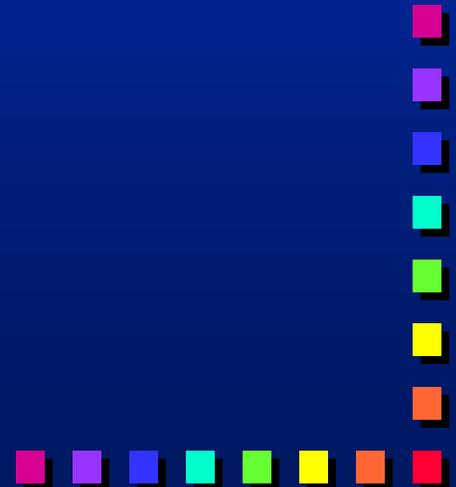
- School Resource Officer (one not two)
- Neighborhood Watch
- College Intern Volunteers
- Neighborhood Mediation
- Citizen Volunteers
- Torch Run (Special Olympics)



Reorganization of Community Relations Unit (cont'd)

Programs Retained

- Explorers
- Citizen Rider Program
- National Night Out
- Vacation House Checks
- Livescan Service



Reorganization of Community Relations Unit (cont'd)

Services Discontinued

- Character Counts Instruction
- Bank Safety Training
- Criminal History Checks for MUSD
- Parent Project
- PACES Citizen Academy
- P.A.L. –Wind down police involvement
- Tip-A-Cop Fundraiser (Special Olympics)



Restructuring of Recreation Services

Revamp of Rainbow Theater

- Delete 2 permanent positions (Rec Assistant IV & Rec Assistant II at .75)
- Continue to offer 3 shows per year as a contract class

Teen Center

- Option 1: Continue to offer the program on a contract basis through a local youth organization
- Option 2: Revamp the existing program to an "After the Bell" after school program at the middle schools (Rancho & Russell)





Paragon

Capital Improvement Program



2012-2017 Capital Improvement Program

- Reviewed by Finance Subcommittee on Mar. 22th
 - Recommend the Proposed CIP to the Council
- Reviewed by Parks, Recreation and Cultural Resources Commission (PRCRC) on April 2nd
 - Recommend Parks projects for Council approval
- Reviewed by Planning Commission on April 11th
 - Found Proposed CIP in conformance with the General Plan
- Reviewed by the City Council on May 1st



2012-2017

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, City buildings, water, sewer and storm system infrastructure.



2012-17 CIP Funding Summary

GRAND SUMMARY (Thousands)

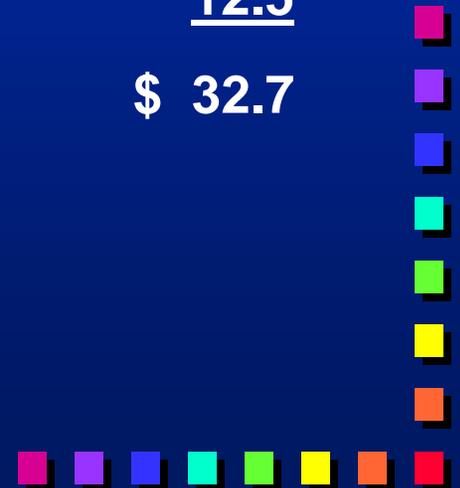
Project Expenses	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Community Improvement	\$ 0	\$ 2,825	\$ 500	\$ 125	\$ 1,000	\$ 4,450
Park Improvement	750	2,250	4,600	3,400	7,400	18,400
Streets	1,860	3,134	2,384	2,000	2,200	11,578
Water	2,775	3,775	9,305	7,695	4,000	27,550
Sewer Improvement	6,550	1,000	1,100	1,250	2,600	12,500
Storm Drain Improvement	550	600	2,900	1,750	3,180	8,980
Total	\$12,485	\$13,584	\$20,789	\$16,220	\$20,380	\$83,458



Capital Improvement Projects Unidentified Funding

(In millions)

Storm Improvements	\$ 7.3
Community Improvements	4.5
Park Improvements	8.4
Street Improvements	<u>12.5</u>
Total	\$ 32.7



Unidentified Funding

Storm Improvements (in thousands)

Project Name	2012-13	2013-14	2014-15	2015-16	2016-17
Storm Drain System Deficiency			\$ 400	\$ 1,500	
California Circle Pump Station					\$ 1,700
Minor Storm Drain Projects 2015			100		
Minor Storm Drain Projects 2017					100
Penitencia Pump Station Improvement			2,400		1,060
Storm Drain System Improvement 2017					
Total	\$ 0	\$ 0	\$ 2,900	\$ 1,500	\$ 2,860

5-year total unidentified funding: \$ 7.26 million



Unidentified Funding

Community Improvements (in thousands)

Project Name	2012-13	2013-14	2014-15	2015-16	2016-17
Soundwall Renovation		\$ 300			
Fire Station Improvements		1,500			\$ 1,000
City Facilities Improvement		500	\$ 500		
City Building ADA Compliance		50			
MSC Master Plan Update		150			
MSC Pool Resurfacing		500			
Total	\$ 0	\$ 3,000	\$ 500	\$ 0	\$ 1,000

5-year total unidentified funding: \$ 4.5 million



Unidentified Funding

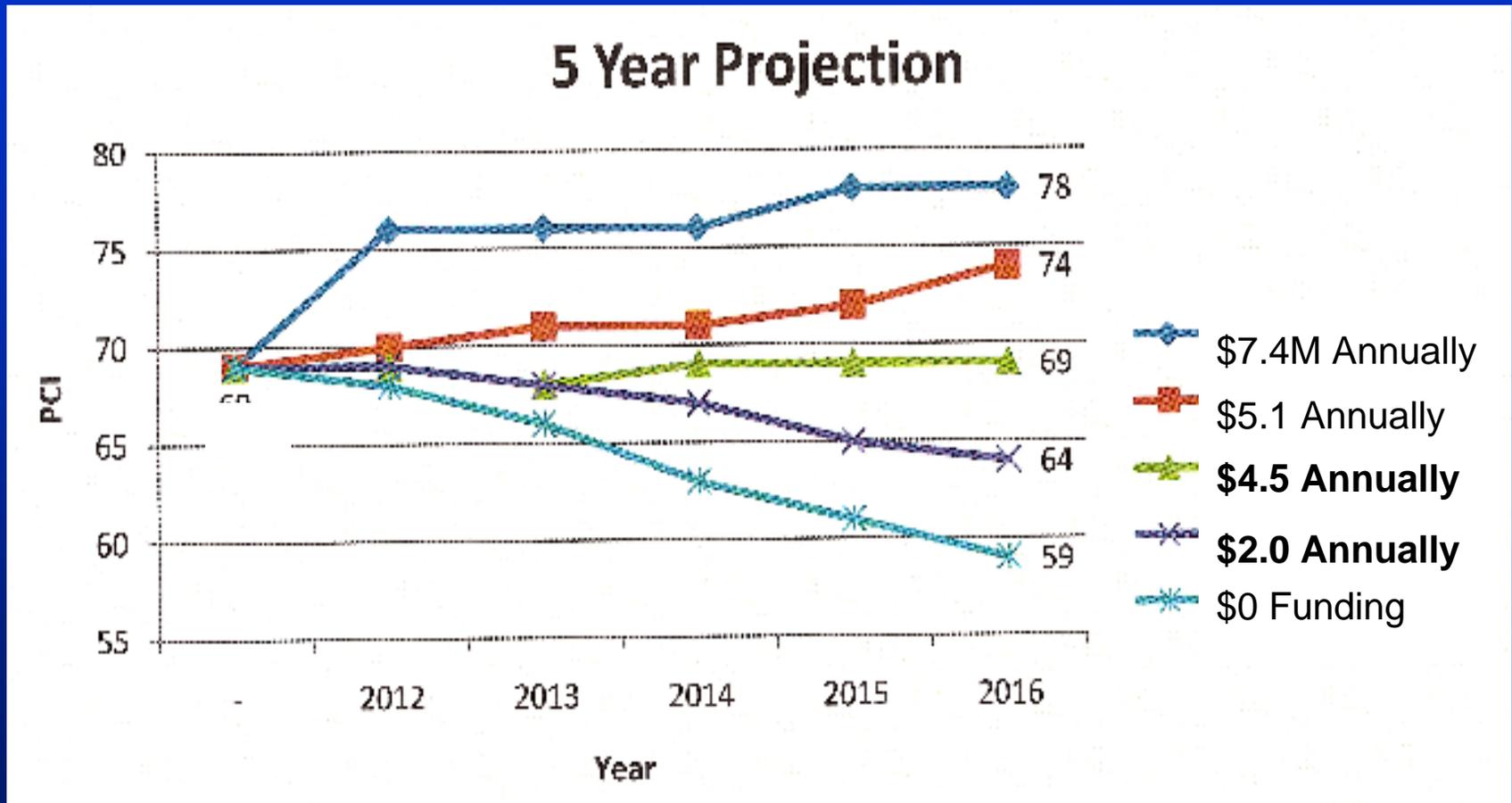
Park Improvements (in thousands)

Project Name	2012-13	2013-14	2014-15	2015-16	2016-17
Berryessa Creek Trail, Reach 4,5,6A					\$ 3,500
Higuera Adobe Park Picnic&Play Grnd Renv		\$ 300	\$ 1,200		
Murphy Park Picnic&Play Ground Renovation				\$ 400	3,000
Total	\$ 0	\$ 300	\$ 1,200	\$ 400	\$ 6,500

5-year total unidentified funding: \$ 8.4 million



Street Resurfacing PCI Projection



5-year total unidentified funding to maintain PCI at 69: \$12.5 million



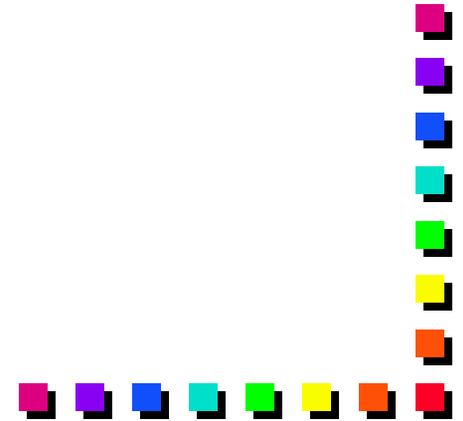
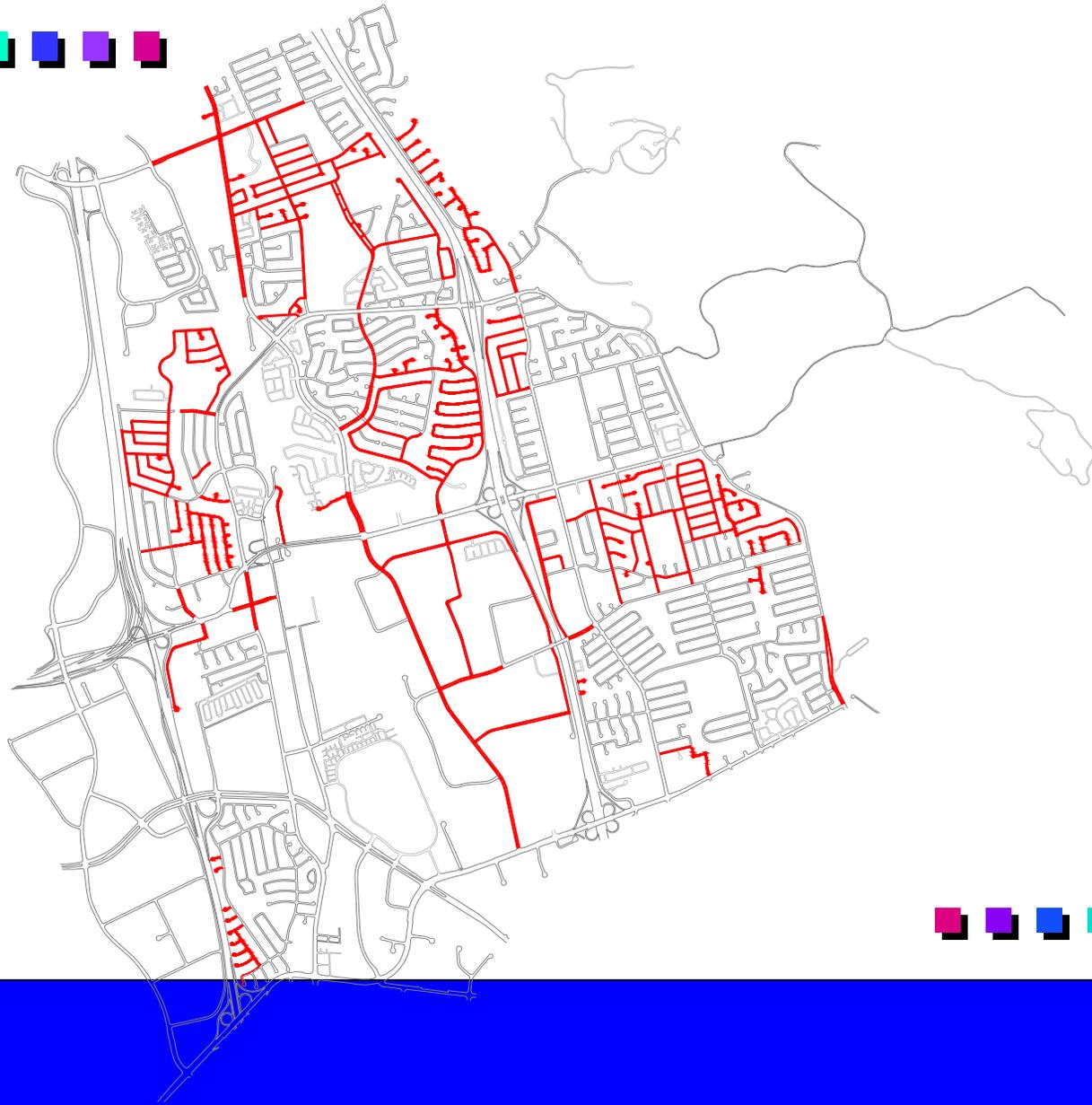
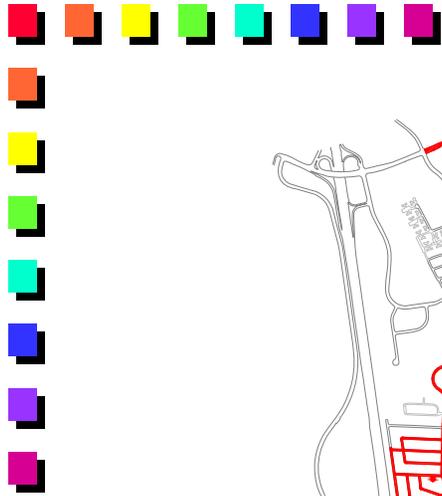
City PCI Comparison

CITY	PCI
Milpitas	69
Fremont	64
San Jose	64
Santa Clara	80
Cupertino	70
Palo Alto	73

2003 Bay Area PCI = 66



PAVEMENT PROJECTS 2012-2017



Council Action Items

- **Open the Public Hearing to receive public comments**
- **Close public hearing**
- **Take actions necessary to approve the FY 2012-13 Budget by adopting Resolutions and Introduce Proposed Ordinance**



Council Action Items (cont'd)

- 1. Adopt Joint Resolution of the City of Milpitas and the Housing Authority Commission to approve the City's Final FY 2012-13 Budget of \$105,142,850 including the FY 2012-13 Capital Improvement Budget of \$12,485,000**
- 2. Adopt City of Milpitas Resolution amending the Classification Plan**
- 3. Waive the first reading of Ordinance 197.12 to amend the Municipal Code to transfer the Parks Maintenance to the Public Works Department and the Recreation Services to the Human Resources Department**
- 4. Move to Introduce Ordinance No. 197.12**





Aspen Village

Thank You

