



# MEMORANDUM

*Office of the City Manager*

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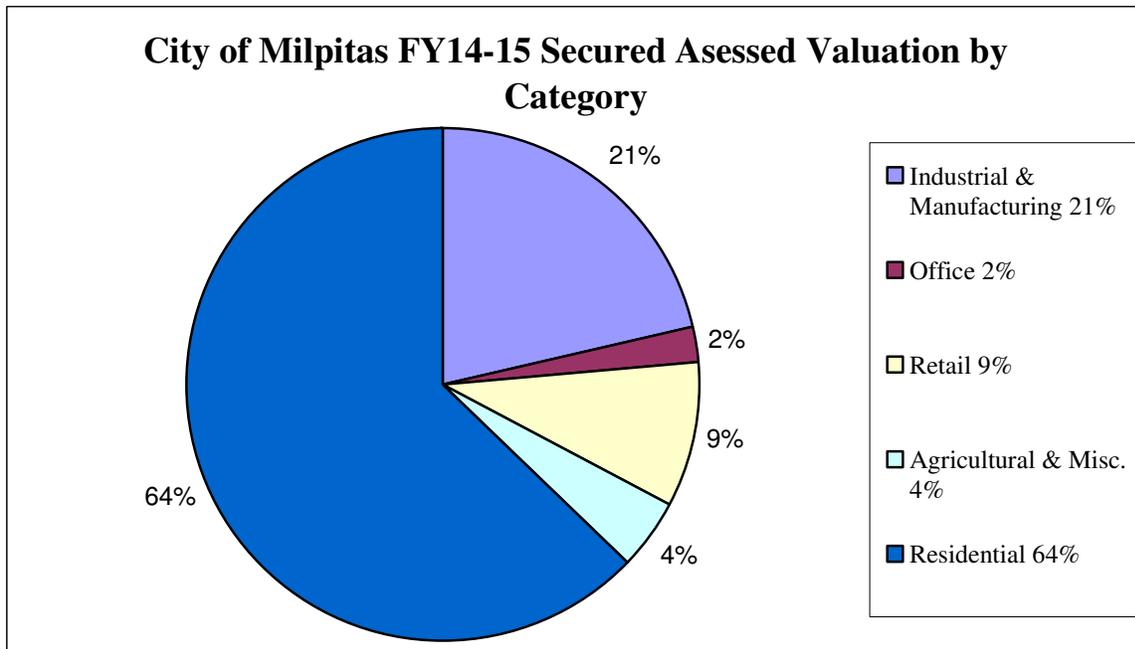
**To:** Honorable Mayor and City Council  
**From:** Tom Williams, City Manager  
Emma Karlen, Assistant City Manager  
**Subject:** **FY 2015-16 Budget Study Session Follow-Up**  
**Date:** April 13, 2015

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In response to the questions raised by the City Council during the Budget Study session, the following information is provided:

1) What’s the breakdown of residential property values vs. non-residential property values?

Within the City of Milpitas, residential properties account for approximately 64% of the secured assessed valuation while non-residential properties account for the remaining 36%. In recent years, the percentage of residential property values increased from 60% to 64% while non-commercial property values remain stagnant and decreased to 36% of the total secured property values.



It should be noted that the non-residential property values within Santa Clara County experienced an overall increase higher than Milpitas. For example, the property values for office buildings in Santa Clara County increased approximately 89% in 10 years while Milpitas’ increased 40%. The property values for retail businesses in Santa Clara County increased 46% in 10 years while Milpitas’ increased 26%. It’s difficult to pinpoint why the commercial values in Milpitas did not increase as much. It could be due to Proposition 13 that limits the assessed valuation increase of these properties to 2% maximum per year unless there are ownership changes. As communicated by commercial brokers, it could be due to the significant building functional and economic obsolescence. This is related to the older 1970-1980 buildings that are not yet cost effective to either renovate or tear down and redevelop. The cost to do this in combination with the high land values and competition in Silicon Valley make these older buildings in Milpitas infeasible. However, we are seeing a change as we recover from the recession.

2) Provide historical cost of funding the City Attorney Department and a graph.

The following table shows the cost breakdown for in house counsel services and outside counsel services annually since fiscal year 2000-2001 and the graph shows the trend of funding for the City Attorney Department on page 3.

**Table 1  
Historical City Attorney Department funding**

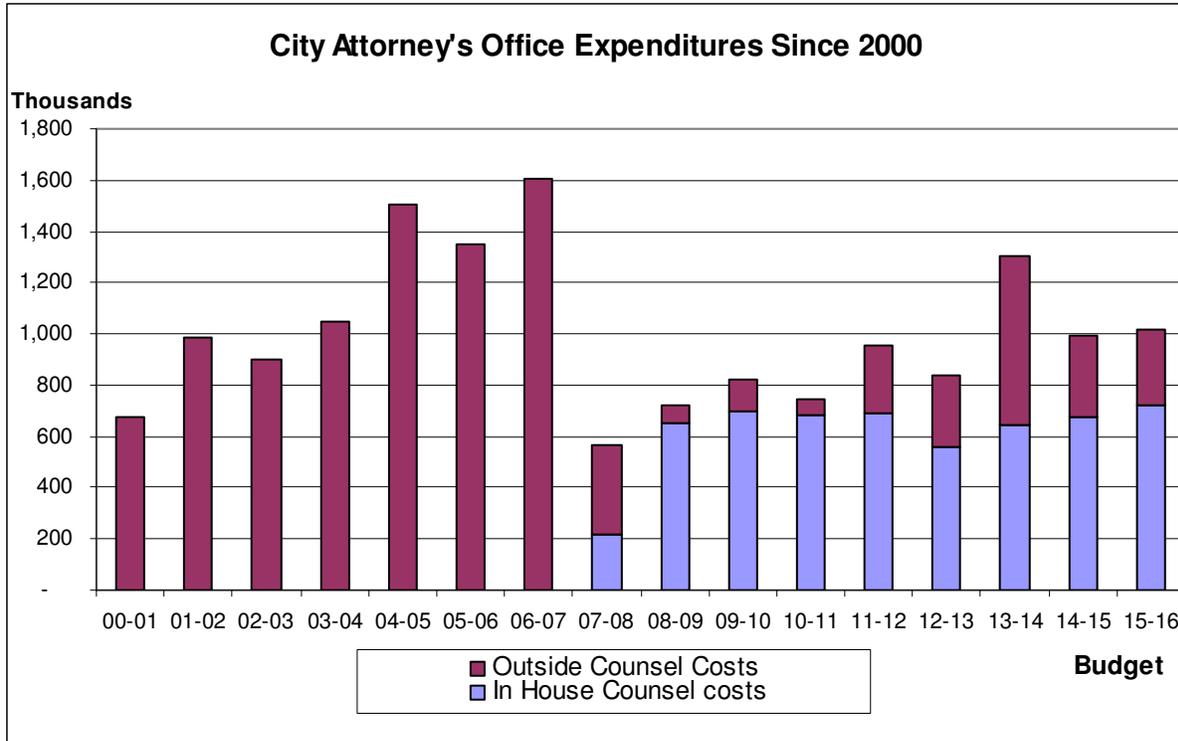
<b>Fiscal Year</b>	<b>In House Counsel costs</b>	<b>Outside Counsel Costs</b>	<b>Total</b>	
00-01		675,154	675,154	
01-02		982,943	982,943	
02-03		897,287	897,287	
03-04		1,046,486	1,046,486	*
04-05		1,501,801	1,501,801	*
05-06		1,352,562	1,352,562	*
06-07		1,602,912	1,602,912	*
07-08	213,627	354,459	568,086	
08-09	650,632	73,100	723,732	
09-10	701,667	118,000	819,667	
10-11	681,163	64,106	745,269	
11-12	693,684	257,664	951,348	
12-13	559,918	279,237	839,155	
13-14	644,871	658,193	1,303,064	**
14-15	676,604	318,955	995,559	
15-16	723,240	295,800	1,019,040	***

Notes:

\* City Hall construction litigation

\*\* RDA dissolution and litigation

\*\*\* The proposed Deputy Attorney has not been added to the draft 15-16 budget yet



3) The cost of each proposed reorganization/reclassification is as follows:

- a) In January 2015, the City Council approved a resolution to establish the Public Works Director and City Engineering as two separate positions. The annual salary and benefits cost for each position is approximately \$260,000. Since the two positions were previously combined as one position, the fiscal impact is an additional \$260,000 annually. The proposal is to reorganize Engineering and Public Works into two separate departments.
- b) The reorganization of the Recreation Services Manager to report to the City Manager's office directly instead of to the Human Resources Department has no fiscal impact.
- c) The reclassification of a 40-hour Fire Battalion Chief and the Fire Marshal to Deputy Fire chiefs will cost \$10,392. The Fire Marshal is already paid at the Deputy Fire Chief level therefore the additional cost will only apply to reclassification of the 40-hour Battalion Chief.
- d) The top pay range and related benefits difference between a Senior Code Enforcement Officer and a Code Enforcement Program Supervisor is approximately \$37,000 annually. It is not anticipated that the reclassified Code Enforcement Program Supervisor will be paid at the top range in FY 15-16.