



Budget Hearing
May 18, 2017

Budget Study Session Summary

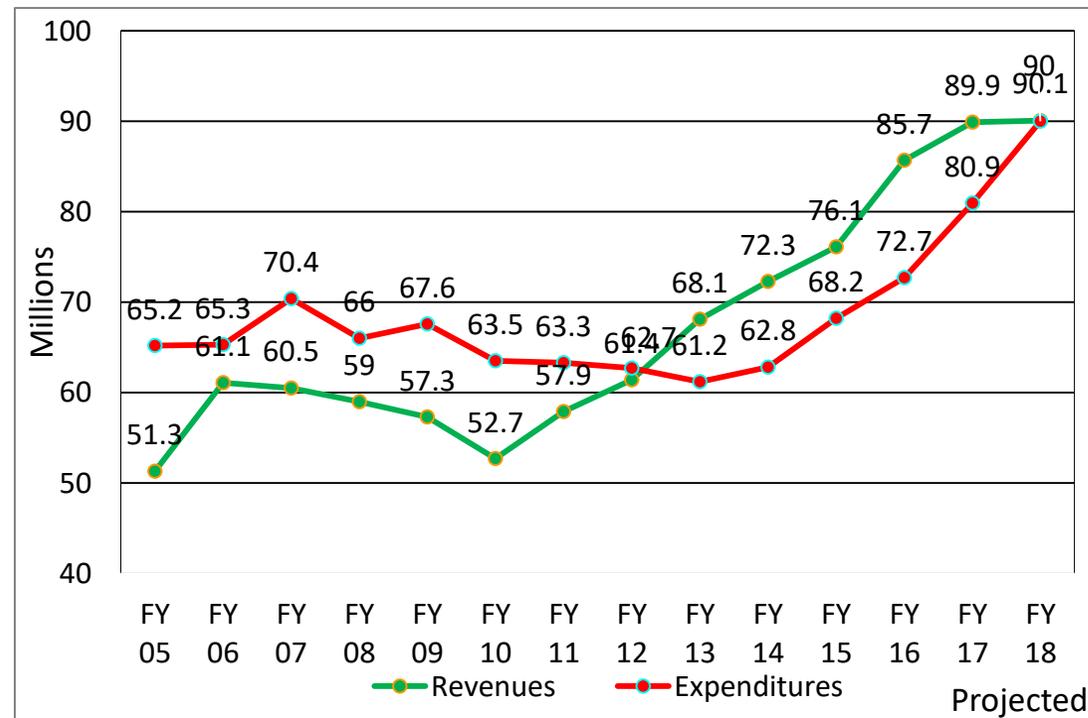


- Themes: Balanced General Fund, Reserves Maintained, Focus remains on core services as well as additional service enhancements.
- General Fund Revenues of \$90,182,000
- Estimated GF Expenditures of \$90,182,000

GF Expenditures by Dept.

Service Areas	17-18	Percentage
Building and Safety	4,743	5.26%
City Attorney	734	0.81%
City Clerk	546	0.61%
City Council	427	0.47%
City Manager	720	0.80%
Economic Development	843	0.93%
Engineering	3,147	3.49%
Finance	3,058	3.39%
Fire	20,173	22.37%
Human Resources	1,427	1.58%
Information Services	2,636	2.92%
Non-Departmental	6,958	7.72%
Planning	2,862	3.17%
Police	30,784	34.14%
Public Works	6,425	7.12%
Recreation	4,691	5.20%
TOTAL	90,182	100%

Historical Budget Vs. Revenue



Proposed General Fund Expenditures Allocation

(in thousands)



Service Areas	13-14	14-15	15-16	16-17	17-18
Building and Safety	4.19%	4.03%	4.41%	4.27%	5.26%
City Attorney	1.09%	1.36%	1.35%	0.89%	0.81%
City Clerk	0.52%	0.61%	0.51%	0.73%	0.61%
City Council	0.37%	0.36%	0.37%	0.36%	0.47%
City Manager	1.07%	1.97%	1.52%	1.28%	0.80%
Economic Dev.	N/A	N/A	N/A	N/A	0.93%
Engineering	2.53%	2.77%	3.05%	3.57%	3.49%
Finance	3.14%	3.08%	3.04%	2.99%	3.39%
Fire	23.05%	21.45%	22.19%	21.67%	22.37%
Human Resources	1.40%	1.38%	1.35%	1.49%	1.58%
Information Services	3.29%	3.05%	3.14%	2.85%	2.92%
Non-Departmental	9.88%	9.73%	8.57%	9.77%	7.72%
Planning	2.63%	2.81%	3.05%	3.28%	3.17%
Police	34.15%	35.13%	35.13%	33.97%	34.14%
Public Works	7.57%	7.36%	7.25%	7.46%	7.12%
Recreation	5.11%	4.92%	5.08%	4.96%	5.20%
TOTAL	100%	100%	100%	100%	100%



Council Input and Community Feedback

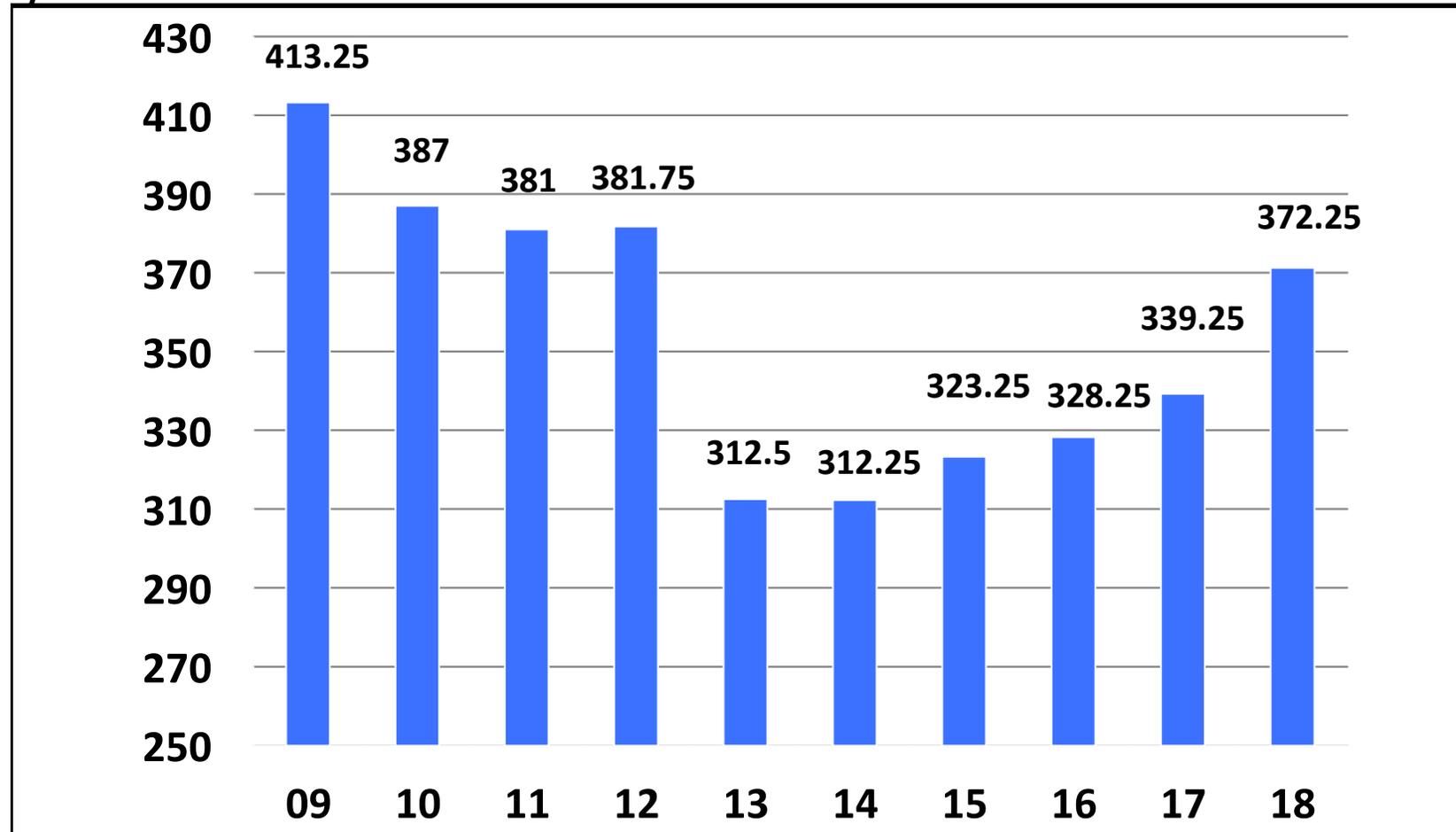
Based on the budget study sessions, these items are of interest to the Council and Community:

- Additional Microphones for the children's theater \$30K
- Money for Children's theater set design \$30K
- 1 FTE Additional Economic Development Specialist \$160K
- A membership to the Silicon Valley Organization \$1K
- Implementation of Business Round Table
- Translation services for City Council meetings \$6.6K
- Remember this Budget is a dynamic document the city staff will continue to monitor the needs of the city in terms of safety and infrastructure as the city changes throughout the year, especially when it comes to BART. Staff will come to the City Council with solutions



Historical Staffing Levels

Number of Employees



Fiscal Year

Historic Staffing levels by Department



Funded Permanent Positions by Department

	16-17 Funded	% of Total	17-18 Proposed	% of Total
City Council	5.00	1.5%	5.00	1.3%
City Manager	4.00	1.2%	3.00	0.8%
City Clerk	2.00	0.6%	3.00	0.8%
Economic Development	0.00	0.0%	3.00	0.8%
City Attorney	1.00	0.3%	1.00	0.3%
Building and Safety*	18.00	5.3%	22.00	5.9%
Information Services	10.00	2.9%	10.00	2.7%
Human Resources	4.00	1.2%	5.00	1.3%
Recreation Services	15.75	4.6%	15.75	4.2%
Finance	23.50	6.9%	24.50	6.6%
Public Works	46.00	13.6%	65.00	17.5%
Engineering	25.00	7.4%	18.00	4.8%
Planning & Nghbrhd Srves	11.00	3.2%	16.00	4.3%
Police	111.00	32.7%	113.00	30.4%
Fire	63.00	18.6%	68.00	18.3%
TOTAL	339.25	100.0%	372.25	100.0%



Position Changes

- New Positions
- Reorganizations/ Service Enhancements
- Existing Position Changes

Proposed New Positions



Dept.	Position Title	Cost	Cost Savings/ Offset	Net Fiscal Impact
Building	Sr. Plan Check Engineer	\$213K		\$213K
Building	3 Apprentices	\$305K		\$305K
City Clerk	Office Assistant (0.5 position)	\$55K		\$55K
City Manager	Assistant City Manager	\$367K		\$367K
Economic Development	Economic Development Specialist	\$160K		\$160K
Engineering	Public Works Inspector	\$174K	Delete 1 Temp. Public Works Inspector	-0-
Finance	Senior Accountant	\$178K		\$178K
Fire	3 Firefighters & 1 Captain	\$882K	Increase Fire Service Revenue	\$581K
HR	HR Assistant	\$113K		\$113K
Police	Police Support Services Manager	\$218K		\$218K
Police	2 Police Officers	\$454K	1 position funded from CFD 2008	\$446K
Total	16.5	\$3,119K		\$2,637K

Proposed Reorganizations/ Service Enhancements



Dept.	Position Title	Cost	Cost Savings/ Offset	Net Fiscal Impact
Public Works Sewer	1 Equipment Maintenance Worker II 1 Maintenance Worker II	\$216K	100% Funded by Utility Funds	\$216K
Public Works Trees and landscape	2 Maintenance Worker I 2 Maintenance Worker II 2 Maintenance Worker III 1 Sr. Public Works Lead	\$1,002K	Partially funded by CFD & LLMDs; Contractual savings of \$734K	\$268K
Total	9	\$1,221K		\$485K



Existing Position Changes

- 4 Fiscal Assistants to Accounting Technicians
- 1 Secretary to Executive Secretary
- 1 Assoc. Civil Engineer to Sr. Admin. Analyst
- 1 Assoc. Civil Engineer to Asst. Civil Engineer
- 1 Admin. Analyst II to Sr. Admin. Analyst
- 1 Building Inspector to Sr. Building Inspector
- 1 Engineering Permit Tech. to Engineering Aide

Net Fiscal Impact: \$79K



Position Changes All Funds Impact

- New Positions – \$2.6M
- Reorganizations/ Service Enhancements- \$485K
- Existing Position Changes (Including Reclassifications)- \$79K
- Total - \$3.2M



Vacant Position Summary FY 16-17

Department	Position	Vacant Positions Funded	Time Vacant (months)	Accrued Savings to Date
Engineering	Assistant Transportation Planner	1	11.0	87,727
Engineering Total:		1	11.0	87,727
Fire	Chief Fire Enforcement Officer	1	4.5	65,768
	Fire Prevention Inspector	1	10.7	127,828
Fire Total:		2	15.1	193,596
Police	Communication Dispatch Supervisor	2	6.0	122,903
	Police Officer	5	4.7	241,056
Police Total:		7	10.7	363,959
Building and Safety	Building Inspection Manager	1	10.7	122,553
	Permit Center Manager	1	10.7	122,553
Building Total:		2	21.3	245,106
Total FTE's		12.00		890,387

Five Year General Fund Forecast - Assumptions



- All FY17-18 position changes included
- CalPERS Rates increasing per their 5-Year actuary reports (Includes drop in CalPERS discount rate)
- Group Medical Insurance 7.5% average per year
- Property Tax Growth – Average 5 Year 3.5%
- Sales Tax Growth – Average 5 Year 2.0%
- Hotel Tax Growth – Average 5 Year 2.65%

Five Year General Fund Forecast (thousands)



	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>
Estimated Revenues	93,426	97,180	100,130	102,926	105,744
Estimated Expenditures	92,105	97,982	103,666	108,905	112,561
Revenue Over Exp	1,321	(802)	(3,536)	(5,979)	(6,817)
Net Margin	1,321	(802)	(3,536)	(5,979)	(6,817)
Use of PERS Reserve (\$8.4 M)	-0-	802	3,536	4,102	-0-
Net After PERS Reserve	-0-	-0-	-0-	(1,878)	(6,817)

Fund	Function	Object	#	Description	Provider	Details	Object Total	Func Total
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City Council

100	100	4112	1	Meetings- 24 @ \$100 x 8 ppl	Planning Commission	19,200	19,200	
100	100	4202	6	Sister Cities Program	Various Providers	6,240	-	
100	100	4202	4	LAC Essay Contest	TBD	3,500	-	
100	100	4202	5	Plaques/Awards/Commendations	Various Providers	3,500	-	
100	100	4202	2	211 - United Way	TBD	8,000	21,240	
100	100	4203	1	Unallo Community Promotions	Miscellaneous	20,000	20,000	
100	100	4221	1	Miscellaneous Supplies	Various	4,500	4,500	
102	100	4237	1	Increased library hours	County library	470,052	-	
100	100	4237	1	MCTV Upgrade	Community TV	25,000	495,052	
100	100	4501	4	ABAG	TBD	14,000	-	
100	100	4501	5	Cities Association of SCC	TBD	6,100	-	
100	100	4501	2	LOCC Peninsula Division	TBD	150	-	
100	100	4501	6	Milpitas Chamber	TBD	395	-	
100	100	4501	3	National League of CA Cities	TBD	5,500	-	
100	100	4501	1	LOCC	TBD	20,000	-	
100	100	4501	7	LAFCO	TBD	10,000	56,145	
100	100	4503	1	Mayor & Council \$2000ea	tbd	10,000	10,000	
100	100	4506	1	Closed Session & Sp Mtgs Meals	Miscellaneous	1,500	1,500	
100	100	4522	13	Community Adv	Various Providers	1,000	-	
100	100	4522	4	PRCRC	Various Providers	1,000	-	
100	100	4522	5	Planning	Various Providers	6,200	-	
100	100	4522	1	BPAC	Various Providers	1,000	-	
100	100	4522	2	Econ Dev	Various Providers	1,000	-	
100	100	4522	7	Sister Cities	Various Providers	1,000	-	
100	100	4522	11	Telecom	VArious Providers	1,000	-	
100	100	4522	9	Arts	Various Providers	1,000	-	
100	100	4522	6	Senior Advisory	Various Providers	1,000	-	
100	100	4522	14	RSRAC	Various Providers	1,000	-	
100	100	4522	3	Library	Various Providers	1,000	-	
100	100	4522	12	Veteran Commission	Various Providers	1,000	-	
100	100	4522	10	EPC	Various Providers	1,000	-	
100	100	4522	8	Youth Advisory	Various Providers	1,000	19,200	646,837



What is a Reserve?

- Government Finance Officers Association (GFOA) recommends, at a minimum that general-purpose governments, maintain unrestricted fund balance in the general fund of no less than two months of regular general fund operating expenditures.
- This is to account for revenue shortfalls/timing, unanticipated expenditures and to mitigate current and future risks.

Key Reserves as of 6/30/17



Reserve Requirement			
Reserve Policy % of Operating Expenditures	15%	30%	25%
Unrestricted Reserve Requirement Amount	13.5 M	7.1 M	2.7 M

	General Fund	Water Fund	Sewer Fund
Restricted - Land	5.6 M	-	-
Restricted/Committed for CIP	-	17.8 M	17.2 M
Committed for PERS	8.4 M	-	-
Assigned/ Self-Insured Insurance	2.8 M	-	-
Required Unrestricted Reserve	13.6 M	7.5 M	14.7 M
TOTAL	30.4 M	25.3 M	31.9 M



Revenue Growth Opportunities

- Sales Tax rate increase of + 0.25% can generate \$5M Year
- Hotel Tax rate increase of + 2.0% can generate \$2M Year
- Growth in Community Facility District (CFD) assessments
- Sewer Fee Study to evaluate sustainable long term model
- Storm Drain Fee Study assessment for operations and capital
- Economic Development, including additional hotels and retail



Next Steps

1. Open the public hearing, and move to continue the hearing following any speakers to June 6.
2. Following the reading of the title by the City Attorney, move to waive the first reading beyond the title of Ordinance No. 197.14.
3. Introduce Ordinance No. 197.14.
4. Adopt a Resolution amending the Classification Plan to establish new classifications and make title changes.
5. Direct staff to post GANN for 15 days so as to be able to approve budget as of June, 6th 2017



Questions & Discussion





Ordinance 197.14

- Amend Milpitas Municipal Code to reinstate separate departments for:
 - Human Resources
 - Recreation and Community Services