



City of Milpitas

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City Releases Balanced FY 2021-22 Budget with Minimal Service Reductions *City Manager thanks Community, City Council and Employees*

Milpitas, CA – April 30, 2021 – FOR IMMEDIATE RELEASE

Today, City Manager Steve McHarris released the FY 2021-22 Proposed Budget with minimal impacts to the services provided to the Community. The Budget is balanced without the use of reserves and American Rescue Plan Act funds and reflects the continuation of the City's fiscal discipline. The City Council will review the Budget at the May 11, 2021 Special City Council Meeting.

The City's overall budget, including the General Fund, Capital Improvement Projects (CIP), and Water and Sewer funds, is \$194.4 million. The General Fund is balanced with expected revenues and expenditures of \$110.7 million primarily due to the passage of Measure F, four out of six employee groups (Police, Fire, management and confidential employees) stepping up in foregoing planned wage increases, reduction of 10 staff positions, and across the board benefit costs savings. Additionally, this budget sets aside a \$1.5 million Future Deficit Reserve if revenues fall short due to the uncertainty of the pandemic or unplanned expenditures.

With the release of the Budget, City Manager McHarris expressed his gratitude to Milpitas voters for passing Measure F in November 2020, a ¼ Cent Sales Tax Measure, generating additional revenue of \$6.3 million and to the four City's employee groups for foregoing promised wage increases saving \$2.4 million of expenditures. McHarris further stated, "As shown in this budget, the City of Milpitas has successfully regained fiscal stability through the foresight, leadership and direction of the Mayor and members of our City Council and the support of our community and employees."

After Council and voter support for Measure F, the Council directed staff to seek wage concessions from all six employee groups and reduce expenditures in order to address the looming General Fund budget shortfall of \$7.5 million as projected in January 2021. In February

2021, the Council reduced 14 positions and other expenditures thereby cutting the General Fund deficit in half. With the ten staff position reductions in this Budget, 24 positions, or about 5% of staff capacity has been reduced.

Consistent with Council and community feedback, the minimal service level changes proposed in this budget include the one-year delay of the deployment of the City ambulance service and the hiring of two police officers; alignment of senior, youth, sports and other recreation services to the anticipated service demand given the continuous although less restrictive gathering restrictions related to the pandemic; reduction in development-related City services to improve cost recovery versus increasing fees; and re-organization and streamlining of administrative functions.

The City gathered community feedback on budget and funding priorities through a citywide community engagement and an online survey, which were offered in English, Chinese, Spanish, and Vietnamese. In January, as part of the annual citywide community engagement statistically valid survey, respondents prioritized funding of Council Priority Areas in three tiers with public safety on the top followed by economic development and neighborhoods/housing and third environment, community wellness and transportation. The online survey, which received 135 responses, was available from January 18 to April 30. In the online survey, respondents were asked to allocate imaginary money to fund the same Council Priority Areas. The top three priorities were public safety (20.4%), community wellness and open space (18.9%), and transportation and transit (9.6%). Staff also held two virtual budget community meetings during March and April, which were made available through the City's social media channels and watched by over 200 viewers.

The City's General Fund, which is mostly funded with Property, Sales, and Hotel/Motel taxes, pays for most City services such as police and fire; youth, senior, and recreation services; repairing park equipment and maintaining parks, recreation centers and other facilities; and internal support departments and City administration.

The [proposed FY 2021-22 Budget](#) is scheduled for a study session with the Council open to the public on May 11, 2021 and a public hearing and adoption on June 1, 2021. Both meetings can be accessed by visiting the City's Website and clicking on the City Council Agendas and Minutes link. To register for the May 11th Special Meeting, visit: https://ci-milpitas-ca-gov.zoom.us/webinar/register/WN_5qf0-q2TRr2icx4aw5FvWQ.

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About the City of Milpitas

Located at the southern end of San Francisco Bay, Milpitas is a progressive community that is an integral part of Silicon Valley. A full-service city with water utility, sewer utility, police and fire services, Milpitas celebrates a diverse population of nearly 80,000. Under a Council-Manager form of government, the City Council has established the following seven priority areas of service and policy: public safety, environment, transportation and transit, economic development and job growth, neighborhoods and housing, community wellness and open space, and governance and administration. For more information visit: www.ci.milpitas.ca.gov