SPECIAL MEETING OF THE MILPITAS CITY COUNCIL

AGENDA

TUESDAY, MAY 10, 2022

CITY COUNCIL CHAMBERS, 455 E CALAVERAS BLVD, MILPITAS, CA
5:30 PM

For assistance in the following languages, you may call:
Đối với Việt Nam, gọi 408-586-2400
Para sa Tagalog, tumawag sa 408-586-3051
Para español, llame 408-586-3072

CITY OF MILPITAS - NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Milpitas City Council will be held at 5:30 p.m. on May 10, 2022, in the City Council Chamber at City Hall, 455 E. Calaveras Blvd., Milpitas and via teleconference/Zoom webinar.

You may watch the Council meeting without providing public comment by accessing it via links here.

Meeting shall be livestreamed - Go to:
Facebook: https://www.facebook.com/CityofMilpitas/
YouTube: https://www.ci.milpitas.ca.gov/youtube
Web Streaming: https://www.ci.milpitas.ca.gov/webstreaming

PUBLIC COMMENT INSTRUCTIONS

Oral public comments may be provided live during the City Council meeting by first registering for the zoom meeting in advance by providing email address (not disclosed) and a name. To minimize technical difficulties, please make sure that you have the latest version of Zoom Meetings. Here is the link to register for this meeting only:

https://ci-milpitas-ca-gov.zoom.us/webinar/register/WN_EyCgUUaXQoqkL0kjWWRXvA

A link will be sent to you to join the City Council meeting in order to give your comments. All registered meeting attendees who wish to speak must click on the “raise hand” icon when the Mayor calls for public comments. If participating by calling in on your phone, dial *9 to use the “raise hand” feature, and when you are called upon, hit *6 to unmute your phone. Your phone number will be displayed in the live meeting. The Mayor or staff will call the speakers to begin.

All comments provided shall be limited to three minutes or less as determined by the Mayor. All members of the public will be limited to one comment per agenda item, and one comment for non-agenda items. online written comment form previously used is no longer available for public comment.

MILPITAS CITY COUNCIL CODE OF CONDUCT

- Be respectful and courteous (words, tone, and body language).
- Model civility.
- Avoid surprises.
- Praise publicly and criticize privately.
- Focus on the issue, not the person.
- Refrain from using electronic devices while on the Council dais.
- Disclose conflicts of interest and affiliations related to agenda items.
- Separate governing from campaigning.
- The Council speaks with one voice after making policy on issues.
- Respect the line between policy and administration.
- Council will hold one another accountable to comply with this Code of Conduct.

CALL MEETING TO ORDER by Mayor and ROLL CALL by City Clerk

PLEDGE OF ALLEGIANCE

PUBLIC FORUM

Those in the audience and via Zoom are invited to address City Council on any subject not on tonight's agenda. In-person speakers wishing to address the Council are requested, but not required to complete a Speaker Card and submit it to the Mayor. In-person speakers will then be asked to come up to the podium and state their name for the record. Those interested in speaking via Zoom may do so by following the instructions on page one (1) of the agenda. Comments may be limited to three (3) minutes or less at the Mayor's discretion. As an item not listed on the agenda, no response is required from City staff or the Council and no action can be taken. The City Council may instruct the City Manager to place the item on a future meeting agenda.

ANNOUNCEMENT OF CONFLICT OF INTEREST

READING OF THE CITY COUNCIL CODE OF CONDUCT

APPROVAL OF AGENDA

AGENDA ITEMS

1. Receive Presentation on the FY 2022-23 Proposed City of Milpitas Operating Budget and Provide Feedback (Staff Contact: Lauren Lai, Finance Director, 408-586-3111)

Recommendation: Receive a presentation on the FY 2022-23 Proposed City of Milpitas Operating Budget and provide feedback to staff.

ADJOURNMENT

KNOW YOUR RIGHTS UNDER THE OPEN GOVERNMENT ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions and other City agencies exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and City operations are open to the people's review. For more information on your rights under the Open Government Ordinance or to report a violation, contact the City Attorney's office at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, CA 95035
e-mail:mmutalipassi@ci.milpitas.ca.gov / Phone: 408-586-3040

The Open Government Ordinance is codified in the Milpitas Municipal Code as Title I Chapter 310 and is available online at the City's website www.ci.milpitas.ca.gov by selecting the Milpitas Municipal Code link.

Materials related to an item on this agenda submitted to the City Council after initial distribution of the agenda packet are available for public inspection at the City Clerk's office at Milpitas City Hall, 3rd floor 455 E. Calaveras Blvd., Milpitas and on City website. City Council agendas and related materials can be viewed online: www.ci.milpitas.ca.gov/government/council/agenda_minutes.asp (select meeting date)

APPLY TO SERVE ON A CITY COMMISSION

Commission application forms are available online at www.ci.milpitas.ca.gov or at Milpitas City Hall. Contact the City Clerk's Office at 408-586-3001 for more information.

If you need assistance, per the Americans with Disabilities Act, for any City of Milpitas public meeting, please call the City Clerk at 408-586-3001 or send an e-mail to CityClerk@ci.milpitas.ca.gov prior to the meeting. You may request a larger font agenda.

CITY OF MILPITAS
AGENDA REPORT
(AR)

Item Title:	**Receive Presentation on the FY 2022-23 Proposed City of Milpitas Operating Budget and Provide Feedback (Staff Contact: Lauren Lai, Finance Director, 408-586-3111)**
Category:	Leadership and Support Services
Meeting Date:	5/10/2022
	Recommendation: Receive a presentation on the FY 2022-23 Proposed City of Milpitas Operating Budget and provide feedback to staff.

Background:

This agenda report is supplemental to the FY2022-23 Proposed Operating Budget (Proposed Budget) and City Manager transmittal letter. It also provides updates on council referrals and summarizes the changes to the fiscal policies and budget guidelines. Modifications to the Milpitas American Rescue Plan Act (ARPA) Investment Plan were most recently discussed on March 15, reflected accordingly in an ARPA section of the Proposed Budget and will be reported periodically thereafter to Council.

At the FY 2022-23 Preliminary Budget Study Session held on January 25, 2022, the City Council received the preliminary ten-year General Fund Financial Forecast, the budget community engagement plan, reports on accomplishments, workplans and operational challenges by City Service Areas, and request for prioritization of additional workplan items. Moreover, in August 2021, January 2022, and May 2022, City Council discussed additional workplan items to be potentially incorporated into the development of FY 2022-23 budget. This report provides an update on the Council referrals of that workplan.

On April 29, the City Manager released a balanced FY2022-23 Proposed Operating Budget, available on the City's website and attached here, consistent with his duties as City Manager as outlined in the City's Municipal Code. The Proposed FY 2022-23 Budget in the amount of $207.7 million transitions the City from the severe impacts caused by the Pandemic to a recovery mode while being cautiously optimistic. With the Pandemic significantly behind us after two years, we are optimistic about the future but remain tempered by possible economic impacts that may stem from the unfortunate war in Europe, rising interest rates, rising inflation rates, historic fuel prices and continued supply chain challenges. This budget includes enhanced service levels especially in public safety, public works and infrastructure, and modest investments in internal support departments as well as contract services and part-time services to support housing, long term planning, and community services. This is a balanced budget that maintains Council approved reserves and leverages funding from the ARPA to support impacted residents and businesses in our community. We continue transitioning with incremental and measured strategies to maximize City resources and optimize services to the community.

The economic impacts of the Pandemic significantly affected the financial condition of the City's General Fund, which pays for most City services such as police and fire; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and internal support departments and administration. In comparison to the last pre-pandemic revenue for FY 2018-19, the City's General Fund incurred cumulative revenue losses of approximately $30 million over FY2019-20 and FY2020-21. Despite the revenue loss, the Council's decisive actions and strategies which included Measure F, a ¼ cent local sales tax measure with an eight-year sunset, defunding 20 capital improvement projects ($5.7 million), use of reserves, interfund transfers, deferred maintenance, and defunding of positions (23.75), as well as significant employee wage concessions, guided the City through this financial downturn. This collective effort helped the City navigate the

Pandemic with minimal service level reductions while maintaining fiscal stability. As the City recovers, the City's General Fund is projected to receive higher revenues, provide for restorations and/or measured increases of services, and generate modest annual surpluses in the coming years.

During the finalization of the Proposed Budget, the Measure F Oversight Committee held its meeting on March 16, which is summarized in this report. In addition to the Proposed Budget, Staff also recommends updates to the fiscal policy and budget guidelines.

Analysis:

This staff report provides supplemental information related to the FY 2022-23 Proposed Budget such as a summary of recommended changes to the City's fiscal policies and budget guidelines including attached redline versions of the documents, updates to the Council referrals, written responses of the online Town Hall community survey, updates on Measure F Committee, and next steps in the FY 2022-23 budget process.

Fiscal Policies and Budget Guidelines Recommendations

As part of the annual budget process, staff reviews the Fiscal Policies and Budget Guidelines. These policies and guidelines set the fiscal framework for the annual budget process and long-term financial decisions. Below please find a summary of recommended changes to the Fiscal Policies and Budget Guidelines. Included in the Council's agenda packet are clean and red line versions of the recommended changes.

Recommended Changes to Fiscal Policies

The City's Fiscal Policies are broken down into General Financial Goals; Operating Budget, Revenue, and Expenditure Policies; Utility Rates and Fees; Capital Budget Policies; Debt, Reserve, and Investment Policies; and Accounting, Auditing, and Financial Reporting Policies. It is important to note that the City Council also adopted separate debt and investment policies consistent with State law.

This balanced proposed budget remains focused on sound City fiscal policies and preserving existing reserves. The proposed changes are minor and provide some flexibility and emphasis to facility, infrastructure and technology needs. The revision to the PERS Stabilization Reserve inserts a confirmation from the City's actuary for additional contribution from any savings and removes the adjustment for additional costs. The revision to the PERS Stabilization Reserve establishes a mechanism using an annual actuarial analysis to determine adequate funding of the reserve consistent with previous Council direction.

Other minor changes pertain to the waterfall of operating surplus wherein the PERS Rate Stabilization Reserve would be dependent upon actuary confirmation and the subsequent allocations will be emphasizing facility, infrastructure, and technology.

Changes to Budget Guidelines

Through adoption of this budget, the City Council also approves the Budget Guidelines. The Budget Guidelines set forth the Basis of Budgeting; Budget Calendar requirements; form and content of the City Manager's Proposed Budget; adoption of the Budget by June 30; the City Manager's budget authority; requirement that budget amendments be approved by the City Council; budget transfers and modification procedures; automatic adjustments and re-appropriations; budget monitoring and reporting; and reserve requirements for all funds.

The changes to the Budget Guidelines memorialize the Council direction on August 9, 2021, wherein for ARPA funding, the City Council delegated authority to the City Manager including appropriation and contract approval authority up to the approved amount for each program approved by Council, once compliance with ARPA procurement, contracting and reporting requirements. For budget monitoring and reporting, it includes a quarterly ARPA report for program updates to the City Council.

Council referrals

In August 2021, January 2022 and May 2022, Council reviewed various Council agenda item requests ("Referrals"). Below is a listing of Referrals that were prioritized from these study sessions or referred to the operating budget process through other Council action and require funding. The listing below provides a short description of the referrals, the one-time funding needed, and a potential funding source. Similar to the referrals discussed and advanced through the capital budget process, staff is seeking Council direction which

referrals should be brought forward for inclusion in the FY 2022-23 Budget scheduled for adoption on June 7, 2022. These requests are summarized under four sections: (1) No General Fund Needed (2) General Fund Needed (3) Funding is TBD (to be determined) and (4) City Council Clarification/Confirmation Requested:

No General Fund Needed:

- **Homelessness Task Force – feasibility study of Tiny Homes village** (estimated $130,000), which may be funded with Housing Authority Fund #295. Council provided direction on this item on April 19, 2022 and the proposed budget will be updated to reflect this appropriation.
- **Senior Center Mural** (estimated $20,000), which may be funded from the Public Arts Fund.

General Fund Needed (total $200,000):

- **3-Day Roller skate summer event** (estimated $100,000), which may be funded with one-time General Fund. It is important to note that the skating event, if funded, will be scheduled for summer 2023.
- **Ferris Wheel – 4th of July** (estimated $55,000), which may be funded with one-time General Fund. After an unsuccessful solicitation process, staff contacted potential ferris wheel vendors in preparation for the last ARPA Council discussion on March 15, 2022. At that time, staff was able to identify two vendors. In preparation for the Study Session, staff followed up whether a ferris wheel is still available and did not receive a response. Further, it is important to note that the time for contracting for this amenity, even if available, is running short.
- **Solar Panels at City facilities** (estimated $25,000 for financial feasibility analysis), which may be funded with one-time General Fund.
- **Address on City Hall façade** ($20,000 for design cost), which may be funded with one-time General Fund.

Funding is TBD (To Be Determined):

- **Ballot Measure(s)**, if any, may be funded with Unanticipated Expenditure Appropriation.
- **Childcare Center Initial Assessment** – initial assessment will be handled by staff and no funding is requested at this time.
- **Third-party food delivery fee caps** – estimated fiscal impact cannot be determined at this time. It needs additional legal analysis, and therefore the City Attorney's Office and the Office of Economic Development will collaborate on next steps. Per the Urgency Ordinance adopted by the City Council on October 20, 2020, the third-party food delivery per service fee is capped at 15% and non-delivery services is capped at 10%. Although the Urgency Ordinance is temporary in nature, it is still in effect until the City Council terminates the local emergency declared by the City Council on March 17, 2020.
- **Lease 230 N. Main St.** – No additional funding is needed at this time however, moving forward with this project will require interest and engagement by property owner. Although the City has reached out multiple times to the owner about leasing the site no response has been forthcoming.

City Council Clarification/Confirmation Requested:

- **Murals on VTA and CalTrans Pillars** – On January 11, 2022, the City Council approved a referral for mural installations on pillars located on Main Street and owned by CalTrans below State Route 237 along with a suspension of the annual mural programming for two years to fund the pillar mural installation in the amount of $100,000. On May 3, the City Council approved a referral for mural installations on up to six pillars owned by VTA located on Great Mall Parkway across from the Milpitas Transit Center along with a suspension of the annual mural programming for two years to fund the pillar mural installation in the amount of $100,000. Staff seeks clarification whether Council intended to move forward with the mural installations on Main Street and on Great Mall Parkway, suspending the annual mural program for four years from FY 2022-23 to FY 2025-26 and, if so, which site should be prioritized.
- **Homelessness Encampment Response Team Funding –** During Announcements near the beginning of the March 15, 2022 Council meeting, Council requested funding be considered to implement a homelessness encampment response team as part of budget discussion. Subsequently, during item 22 discussion of ARPA funding, Council provided direction to reallocate $100,000 to continue homeless outreach, assessment, and street-based case management services with Santa

Clara County's Homeless Engagement and Access Team (HEAT). The HEAT Team provides specialized services and is integrated within the County's housing, health, and human services system. Staff believes this direction is responsive to the Council's overall goal of conducting outreach and providing referrals to connect the unhoused community to a Countywide network of unhoused services and is seeking confirmation from Council on this approach.

On May 4, 2022, the Santa Clara County Library District (SCCLD) finalized the funding requested from the City for the additional operating hours to be $54,842. This is supplemental information and is an improvement to the FY2022-23 proposed budget. Specifically, the Proposed Budget assumed $300,000 which is the typical annual funding; however, this action provides the City with one-time General Fund resources of $245,000, which Council may consider funding one-time services or purchases for FY 2022-23.

Community Survey

The community outreach program included a statistically valid resident survey, an Open Townhall survey, two virtual community meetings (March 11 and April 7), and an employee townhall (April 7). In the January 2022 community engagement survey, 83% of adult residents rated that they are satisfied with the overall quality of life in Milpitas, a significant increase from last year's 79% and suggesting that residents continue to view living in Milpitas favorably; 88% of residents overwhelmingly agree that Milpitas' diversity is an asset, 84% of residents feel that different cultures are celebrated, and 87% agree that the city is family friendly. Further, Police, 911 response and infrastructure continue to rate as residents' top priorities. However, slightly more funding is given to environment, community wellness, and transportation in 2022 compared to 2021.

Community members were also given a hypothetical $100 budget and asked to allocate dollars based on what they considered the most important of the six Council Priority Areas the City should invest for the upcoming year. The dollars respondents allocated to each Council Priority Area shows how important, in the aggregate, a particular Priority Areas is. Based on the responses, Public Safety was ranked as the most important Council Priority Area with $22.46 of the allocations, followed by Neighborhoods and Housing ($17.23), Economic Development ($16.60), Environment ($15.03), Community Wellness and Open Space ($14.65), and Transportation and Transit ($14.03).

Graph 1 – Community Survey Response

Measure F Oversight Committee

On March 17, the Measure F Oversight Committee (Committee) reviewed and confirmed that the services recommended to be maintained with Measure F funding are an allowable expenditure consistent with Measure F. The estimated Measure F revenues in the amount of $6.4 million are equivalent to 5.4% of the $117.7 million General Fund revenues estimated for Fiscal Year 2022-2023. At the March 17th meeting, the Committee received the following summary of services that the City is able to maintain with Measure F. With the new budget information for Library services, the City will adjust funding for maintaining other services.

Description of Services Maintained with Measure F Funds	FY 2022-23 Budget Cost ($ Million)
Respond to 911 calls within established parameters, resolve crime, dedicate staff to traffic safety and practice community-oriented policing and maintain necessary fleet & equipment	$1.9
Fire stations to ensure 24/7 coverage across the City and maintain necessary fleet & equipment	$1.8
Services for aquatic, senior, and youth services	$0.5
Services for parks, tree and facility maintenance and necessary fleet & equipment	$1.3
Support local businesses in their economic recovery, retain existing business and attract new businesses, workforce development and property asset management	$0.2
Neighborhood preservation and code enforcement	$0.4
Maintain library hours which keep the library open on weekday evenings and weekends	$0.3
Total Services Funding	**$6.4**

For Council consideration, the Committee made the following recommendations for increases and/or decreases in City spending:

- Milpitas Fire Department to cease funding and operation of a dedicated EMS vehicle
- Double the square footage available for community gardens
- City to work with school district to enable community use of tennis courts
- City to fund a grant of $2,000 towards the Calaveras Hills High School Garden Club to maintain a fruit orchard within their compounds

Next Steps

Adoption of the FY 2022-23 Budget is scheduled during a public hearing on June 7, 2022. In preparation for the public hearing, staff will bring forward any amendments to the Proposed Budget, budget and position related resolutions, the debt ceiling calculation, Gann Limit calculation, and request authorization for award of contracts related to the approval of the FY 2022-23 Budget.

Policy Alternative:

Not applicable

Fiscal Impact:
The FY 2022-23 Citywide Proposed Budget of $207.7 million includes 440.5 funded positions (full time equivalent FTEs), with the General Fund proposed budget estimate at $117.7 million.

California Environmental Quality Act:
This item is not a Project under CEQA in accordance with CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption) as it can be seen with certainty that a general discussion of funding priorities by the City Council will not have a significant effect on the environment. Further, the item is also not a Project pursuant to CEQA Guidelines Section 15378(b)(2) as an administrative activity which is defined in the CEQA Guidelines to include the purchase of supplies and personnel related actions. It is further exempt under CEQA Guideline 15378(b)(4) as it is a government fiscal activity that does not involve a commitment to any specific project which may result in a potentially significant physical impact on the environment. Although the use of funding will be discussed for various potential projects, future environmental analysis will be conducted for the various potential projects prior to the City making any commitment or approval of any project, or it is covered by the CEQA Guideline 15061(b)(3) and/or 15378(b)(2).

Recommendation:
Receive a presentation on the FY 2022-23 Proposed City of Milpitas Operating Budget and provide feedback to staff.

Attachments:
1. FY 2022-23 Proposed Budget (binder edition previously distributed to City Council)
2. Recommended Fiscal Policies
3. Recommended Fiscal Policies redline version
4. Recommended Budget Guidelines clean redline version
5. Recommended Budget Guidelines redline version
6. Open Townhall Online Survey – Written Responses

2022-2023

Milpitas

PROPOSED BUDGET & FINANCIAL PLAN

City of Milpitas

Community Vision

Milpitas will preserve its close-knit community and rich cultural diversity as it moves with innovation into the future by supporting sustainable growth and development, ensuring public safety, enhancing the environment and natural landscape, and nurturing family and community connections.

Organizational Mission

The City of Milpitas is committed to accomplishing the community's vision by providing fiscally sound, superior services.

Our Values

Superior Customer Service • Open Communication • Integrity and Accountability
Trust and Respect • Recognition and Celebration

City Council

Rich Tran
Mayor

Carmen Montano
Vice Mayor

Anthony Phan
Councilmember

Karina R. Dominguez
Councilmember

Evelyn Chua
Councilmember

Council Priority Areas

Community Wellness and Open Space

Continue to provide parks and amenities for people of all ages and abilities to enjoy higher levels of physical and mental health.

Economic Development and Job Growth

Continue to strengthen our economic foundations that support community prosperity and opportunity while ensuring a sustainable and livable city.

Environment

Promote a sustainable community and protect the natural environment.

Governance and Administration

Continue to streamline processes for enhanced service and remain committed to long-term fiscal discipline and financial stewardship.

Neighborhoods and Housing

Continue to explore innovative approaches to incentivize affordable housing projects, collaborate with key stakeholders to care for our most vulnerable populations, and support and engage neighborhoods through dedicated programs and services.

Public Safety

Continue to invest in police and fire protection, in partnership with our community.

Transportation and Transit

Continue to seek and develop collaborative solutions to meet the transportation challenges facing our community and our region.

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April 29, 2022

Honorable Mayor and Members of the City Council

As the City continues to recover from this unprecedented pandemic, the Proposed FY 2022-23 Budget in the amount of $207.7 million transitions the City from the severe impacts caused by the Pandemic to a recovery mode while being cautiously optimistic. The Proposed FY 2022-23 Budget will be presented at the May 10, 2022 City Council meeting for Council consideration and community input. With the Pandemic significantly behind us after two years, we are optimistic about the future but remain tempered by possible economic impacts that may stem from the unfortunate war in Europe, rising interest rates, rising inflation rates, historic fuel prices and continued supply chain challenges. This budget includes enhanced service levels especially in public safety, public works and infrastructure, and modest investments in internal support departments as well as contract services and part-time services to support housing, long term planning, and community services. This is a balanced budget that maintains Council approved reserves and leverages funding from the American Rescue Plan Act to support impacted residents and businesses in our community. We continue transitioning with incremental and measured strategies to maximize City resources and optimize services to the community.

In early 2022, the State experienced a third pandemic surge with Omicron, but we are now seeing the light at the end of the tunnel with 85.1% of Milpitas residents fully vaccinated and test positivity at only 2.45%. With new COVID-19 infections and hospitalizations falling to pre-surge levels, on February 25, 2022, Governor Gavin Newsom acted to lift almost all of the remaining provisions of his COVID-19 executive orders (EOs). Also on March 11, 2022, the State adopted new indoor mask policies and moved from indoor mask requirements to mask recommendations, with the exception of high transmission settings (i.e. public transit, health care settings, etc.). As the State recovers, the Governor continues to focus on scaling back mandatory COVID-19 regulations while maintaining essential testing, vaccination, and health care system supports that ensure California has the needed tools and flexibility to strategically adapt our response for what lies ahead. Through collaboration at all levels -- Federal, State and County – the City played an active role in providing Pandemic health response through testing, vaccination and Emergency Operations Center management.

Additionally, President Biden's American Rescue Plan Act (ARPA) is providing direct relief to our residents and businesses in need, funding efforts to combat the virus, and allocating $16.7 million to the City of Milpitas over a period of two years, partially offsetting the financial impact the City experienced. Council authorized five Investment Areas including Community Services, Economic Vitality, Infrastructure, Public Safety, and Technology and over 25 diverse programs to directly help the residents and businesses while also funding essential City services and infrastructure.

The economic impacts of the Pandemic significantly affected the financial condition of the City's General Fund, which pays for most City services such as police and fire; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and internal support departments and administration. In comparison to the last pre-pandemic revenue for FY 2018-19, the City's General Fund incurred cumulative revenue losses of approximately $30 million over FY2019-20 and FY2020-21. Despite the revenue loss, the Council's decisive actions and strategies which included Measure F, a ¼ cent local sales tax measure with an eight-year sunset, defunding 20 capital improvement projects ($5.7 million), use of reserves, interfund transfers, deferred maintenance, and defunding of positions (23.75), as well as significant employee wage concessions, guided the City through this financial downturn. This collective effort helped the City navigate the Pandemic with minimal service level reductions while maintaining fiscal stability. As the City recovers, the City's General Fund is

projected to receive higher revenues, provide for restorations and/or measured increases of services, and generate modest annual surpluses in the coming years (see Table 1).

Table 1 – 5-Year General Fund Forecast ($ in millions)

	FY 21-22 Adopted Budget	FY 22-23 Proposed Budget	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast
Revenues and other Sources	$110.8	$117.7	$124.0	$130.1	$134.4	$138.8
Expenditures	(110.8)	(117.7)	(122.6)	(126.8)	(130.5)	(135.2)
Annual Surplus/(Deficit)	**$0.0**	**$0.0**	**$1.4**	**$3.3**	**$3.9**	**$3.6**

During the FY 2022-23 Preliminary Budget Study Session held on January 25, staff projected a structurally balanced budget, modest revenues increases and a status quo service level. Since that time, more data has been provided to inform the revenue assumptions and service prioritizations through the City Council, community engagement and employee townhall. This is a transitional stage that allows incremental strategies to utilize City resources in a manner that optimize services to the community.

Economic Outlook

Two years after the National COVID-19 Emergency Declaration, we are confident with the fiscal recovery and forecast ahead. The proposed state of California FY23 budget correlates with growth of nearly 30% from 2019-20 to 2020-21 and estimates average year-over-year growth rate of 3.7% through 2025-26. Also, the State estimates economic growth will continue after 2021 with real Gross Domestic Product (GDP) growth averaging 2.8% through 2024. Locally, the Milpitas unemployment rate rebounded to pre-pandemic levels with only 2.9% unemployment as of December 2021 compared to the peak of 12.9% in April 2020.

At the Federal level, the American Rescue Plan Act (ARPA) injected a $2 trillion fiscal stimulus into the economy with $16.7 million allocated to the City. Federal COVID funding efforts continue in Congress to provide response to COVID health and economic impacts. On April 4, 2022, Congress approved $10 billion to fund domestic needs for vaccines, tests and therapeutic drug treatment. This leverages the City's path to recovery.

In early 2022, the third surge of OMICRON was significantly more contagious, and fortunately cases have reduced significantly with Santa Clara County test positivity at 2.45% in April. Vaccination remains a critical community tool in fighting COVID. Per the December 2021 UCLA Anderson School Economic Forecast, "The forecast for the second quarter of 2022 calls for stronger growth than previously predicted, as the economists expect in-person service consumption to rebound". For the third and fourth quarters of 2022, growth is forecast at 4.6% and 2.4%, respectively.

Despite all the good news on the horizon, there are other factors that temper our economic outlook. These include the tragic war in Ukraine, inflation with historically high CPI and fuel prices, rising interest rates, rising inflation rates, reduction of Federal Reserve economic easing, continued supply chain challenges and labor shortage. Another critical variable is how the Pandemic may permanently impact society, such as cut back to in-person commerce or services through online shopping, virtual work, conferences and/or leisure services to name only a few. While the City forecasts our sales tax revenues will recover to pre-pandemic levels, we forecast the Pandemic will permanently alter business travel impairing the City hotel (transient occupancy tax) revenues.

FY 2022-23 Citywide Budget

As stated above, the FY 2022-23 Proposed Budget funds restored and enhanced service levels as compared to the current fiscal year. The FY 2022-23 citywide Proposed Budget of $207.7 million has increased $12.5 million,

or 6.4%, in comparison to the Fiscal Year 2021-22 Adopted Budget of $195.2 million. As part of Council approved actions related to American Rescue Plan Act (ARPA), 4 Firefighter/Paramedics, 2 Police Officers and 1 Program Coordinator (Recreation) were funded earlier than originally planned. Consistent with FY 2021-22 Adopted Budget actions, 1 Human Resource Technician and 1 Information Technology Analyst were funded effective January 1, 2022 and July 1, 2022, respectively. With these actions, the FY 2021-22 Amended Budget funded position count increased by 9 positions from 415.50 FTEs to 424.50 FTEs. This Budget proposes to increase the position count by 16 FTEs, which includes the restructure of City Attorney Office, to 440.50 FTEs.

Table 2 – FY 2022-23 Funded Position Summary by City Service Area

City Service Area	FY 2021-22 Adopted Budget	FY 2021-22 Changes*	FY 2021-22 Amended Budget	FY 2022-23 Proposed Budget Changes	FY 2022-23 Proposed Budget
Public Safety	190.00	6.00	196.00	2.00	198.00
Community Development	65.00		65.00		65.00
Community Services and Sustainable Infrastructure*	101.00	1.00	102.00	10.00	112.00
Leadership and Strategic Support	59.50	2.00	61.50	4.00	65.50
Total	**415.50**	**9.00**	**424.50**	**16.00**	**440.50**

*Positions which were only defunded partially as approved in the FY 2021-22 Adopted Budget or authorized to be funded with ARPA funds

The City's population expanded by 16,017 residents, or 24%, from 66,729 in 2009 to 82,746 in 2023, estimated population based on trends available from the U.S. Census Bureau for the last three years. At the same time, the City's funded positions to provide services only expanded by 13.8% from 387 positions to 440.5 positions, an increase of 53.5 positions.

As shown in Table 3 below, the FY 2022-23 Proposed Budget is balanced with $207.7 million in revenues (including Transfers In) and $207.7 million in expenditures (including Transfers Out). The FY 2022-23 estimated revenue across all funds of $207.7 million is an increase of $12.5 million, or 6.4%, compared to the FY 2021-22 Adopted Budget estimated revenue of $195.2 million. The FY 2022-23 estimated expenditures across all funds of $207.7 million is an increase of $12.5 million, or 6.4%, compared to FY 2021-22 adopted expenditures of $195.2 million. This is primarily due to proposed service enhancements, an increase in Capital Improvement Program funding, and scheduled salary increases. Also to note, the Housing Authority budget variance is primarily due to clerical over estimation of prior year budget appropriation.

Table 3 – FY 2022-23 Citywide Budget Summary (All Funds)
Citywide Revenues and other Financing Sources ($ in millions)

	FY 2021-22 Adopted Budget	FY 2022-23 Proposed Budget	% Change from Prior Year Adopted
General Fund	$110.8	$117.7	6.2%
Housing Authority	1.0	0.5	(50.0)%
Other Funds	16.5	16.1	(2.4)%
Water Fund	31.5	34.1	8.3%
Sewer Fund	21.8	23.7	8.7%
Net Operating Funds Total	**181.6**	**192.1**	**5.8%**
Capital Projects Funds	13.6	15.6	14.7%
Total	**$195.2**	**$207.7**	**6.4%**

Citywide Expenditures

	FY 2021-22 Adopted Budget	FY 2022-23 Proposed Budget	% Change from Prior Year Adopted
Personnel Services	$99.5	$105.9	6.4%
Supplies & Contractual Services	55.8	60.2	7.9%
Capital Outlay	1.0	2.1	110.0%
Operating Transfers Out	12.1	10.9	(9.9)%
Subtotal	168.4	179.1	6.4%
Capital Improvements	22.3	23.9	7.2%
Debt Service	4.5	4.7	4.4%
Total	**$195.2**	**$207.7**	**6.4%**

General Fund

The Fiscal Year 2022-23 Proposed General Fund budget of $117.7 million is balanced with $117.7 million in estimated revenues and other sources (Revenues) without the use of reserves. The Fiscal Year 2022-23 Revenues are estimated at $117.7 million, an increase of $6.9 million, or 6.2 percent, in comparison to the Fiscal Year 2021-22 Revenue estimate of $110.8. The increase in revenue is primarily due to estimates from Sales Tax ($2.0 million), and charges for services ($1.6 million) such as fees related to recreation activities, licenses, permits and fines ($1.2 million) and Property Tax ($1.4 million).

This budget and the accompanying FY 2023-2032 Ten-Year General Fund Financial Forecast (Forecast) assume that the Pandemic was transformative, and that brick and mortar shopping and business travel will not return to pre-pandemic levels resulting in ongoing revenue loss estimated in the millions per year.

With the passage of Measure F, a sales tax measure with a sunset in eight years and requiring independent audits and a citizens' oversight committee, the voters set the foundation for the City to maintain fiscal stability and preserve City services during these trying times. Consistent with the ballot measure, the City Council established the Measure F Oversight Committee (Committee) and approved the roles and responsibilities of the Committee. One of Committee's responsibilities is to annually review the projected revenues and recommended expenditures for the funds generated by Measure F as part of the development of the budget and to advise the Council whether the recommended Measure F funded expenditures are consistent with the ballot measure. The City Council appointed the Committee members and March 16, 2022, the Committee reviewed and confirmed that the services recommended to be maintained with Measure F funding are an allowable expenditure consistent with Measure F. The estimated Measure F revenues in the amount of $6.4 million are equivalent to 5.4% of the $117.7 million General Fund revenues estimated for Fiscal Year 2022-2023. With this additional tax revenue, the City is able to maintain the services as summarized in the table below:

Services Maintained by Measure F Funds ($ in millions)

Description of Services Maintained with Measure F Funds	FY 2022-23 Budget Cost ($ Million)
Respond to 911 calls within established parameters, resolve crime, dedicate staff to traffic safety and practice community-oriented policing and maintain necessary fleet & equipment	$1.9
Fire stations to ensure 24/7 coverage across the City and maintain necessary fleet & equipment	$1.8
Services for aquatic, senior, and youth services	$0.5
Services for parks, tree and facility maintenance and necessary fleet & equipment	$1.3
Support local businesses in their economic recovery, retain existing business and attract new businesses, workforce development and property asset management	$0.2
Neighborhood preservation and code enforcement	$0.4
Maintain library hours which keep the library open on weekday evenings and weekends	$0.3
Total Services Funding	**$6.4**

As shown in Table 4 below, with the sunsetting of Measure F effective April 1, 2029, deficits are anticipated starting with FY 2029-30. The City continues to prioritize economic development, innovations, and cost management to eliminate this forecasted deficit.

The Fiscal Year 2022-23 General Fund proposed expenditures of $117.7 million are $6.9 million, or 6.2% higher, in comparison to the Fiscal Year 2021-22 General Fund expenditures of $110.8 million primarily due to increase in salaries and benefits ($5.1 million), services and supplies ($1.3 million) and capital outlay ($0.4 million). The increase in salaries is due to cost of living adjustment (COLA) per labor contracts, positions approved for funding during the current fiscal year and proposed prioritized positions to be restored and added in the upcoming fiscal year. There are no newly added employee benefits; however, as salaries increase, benefit costs also increase as they are directly correlated. Risk management costs for liability and property insurance will increase approximately $0.6 million for all funds, with 69% allocated to General Fund and 31% to other funds. As a member of the Common Interest Group (CIG) which has sued San Jose and Santa Clara over contractual disputes at the San Jose Santa Clara Regional Wastewater Facility (RWF), the City's 40% share of legal costs is anticipated to be $1 million. Eleven (11) vehicles are planned to be purchased within the police, fire and public work departments.

Table 4 below shows the FY 2023-2032 Ten-Year General Fund Financial Forecast. Over the ten years of the Forecast based on information available in March, staff projects annual surplus and deficits between $1.4 million and -$11.2 million respectively. With the sunsetting of Measure F effective April 1, 2029, deficits are anticipated starting with FY 2029-30.

Table 4 – Ten-Year General Fund Financial Forecast ($ in millions)

	FY 21-22 Adopted Budget	FY 22-23 Proposed Budget	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast
Revenues and other Sources	$110.8	$117.7	$124.0	$129.8	$134.4	$138.8
Expenditures	(110.8)	(117.7)	(122.6)	(126.8)	(130.5)	(135.2)
Annual Surplus/(Deficit)	**$0.0**	**$0.0**	**$1.4**	**$3.3**	**$3.9**	**$3.6**

	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	FY 30-31 Forecast	FY 31-32 Forecast
Revenues and other Sources	$143.6	$146.6	$146.0	$148.9	$153.6
Expenditures	(139.5)	(145.8)	(152.0)	(158.9)	(164.8)
Annual Surplus/(Deficit)	**$4.1**	**$0.8**	**($6.0)**	**($10.0)**	**($11.2)**

American Rescue Plan Act

On Thursday March 11, 2021, President Biden signed into law the American Rescue Plan, a $1.9 trillion stimulus package, to counteract the economic impacts of the Pandemic. The bill contains a $350 billion allocation for state and local government aid including $45.5 billion allocated to metropolitan cities (pop. over 50,000), such as the City of Milpitas, utilizing a modified CDBG (Community Development Block Grant) formula. Based on this formula, our City will receive $16.7 million paid in two tranches - first half was received on June 1, 2021 and the second half one year later. The U.S. Treasury issued the Interim Final Rule (IFR) on May 10, 2021 and the Final Rule on January 6, 2022, which went into effect on April 1, 2022. Council began ARPA discussions in March 2021 and adopted guidelines, investments plans and project appropriations by August 2021. The five ARPA investment areas include: community services, economic vitality, infrastructure, public safety, and technology. Council also provided direction to Staff to bring back a proposed preliminary ARPA Investment Plan for Council consideration in August 2021.

Utility Funds

The City's Utility Funds for the Water and Sewer utilities are balanced. On February 19, 2019, the City Council adopted Ordinance Nos. 120.48 and 208.53, adjusting water, recycled water, and sewer service charges and fees for Fiscal Years FY 2018-19 through FY 2022-23. In accordance with the rate ordinances, Water and Sewer rates will increase by approximately 6 percent and 5 percent, respectively. For a typical single-family residential household, the bi-monthly water charge will increase by $8.15 from $135.77 to $143.92; and the bi-monthly sewer charge will increase by $5.8 from $118.34 to $124.14. The combined bi-monthly increased cost for a typical single-family residential household will be $16.43.

With the increased water rates, the Water Utility is better positioned to respond to water system gaps including infrastructure repair and rehabilitation identified in the Water Master Plan. The increased water rates will also ensure sufficient funds are available to pay for projected wholesale rates from our two providers for future years. However, Staff will continue to monitor wholesale rates which may increase at a higher rate than the budget assumption consequently diminishing water fund resources for infrastructure repair. Similarly, the sewer rate increase will better position the Sewer Utility to cover anticipated funding needs for CIP projects expected to be identified in the Sewer Master Plan, and the many unknowns associated with the modernization of the San Jose/

Santa Clara Regional Wastewater Facility (RWF). Both the water and sewer master plans and financial plans will be revised in the upcoming months.

Capital Improvement Program

May 3, the City Council is scheduled to approve the 2023-2027 Capital Improvement Program (CIP). A summary of the CIP can be found in this document as resources from various funds are transferred to capital projects annually. The funds for the first year of the Council approved FY 2023-2027 CIP are scheduled to be appropriated with the approval of the FY 2022-23 budget. The FY 2022-23 Proposed Capital Improvement Program funding in the amount of $23.9 million is $1.6 million more than the FY 2021-22 Adopted CIP of $22.3 million, which includes projections amongst community improvements, parks, streets, water, sewer and storm.

Council Priority Areas

During the FY 2022-23 Preliminary Budget Study Session held on January 26 as continued to the February 2nd City Council meeting, the City Council reviewed its seven priority areas to guide the development of the Budget.

Community Wellness and Open Space: *Continue to provide parks and amenities for people of all ages and abilities to enjoy higher levels of physical and mental health.*

Economic Development and Job Growth: *Continue to strengthen our economic foundations that support community prosperity and opportunity while ensuring a sustainable and livable city.*

Environment: *Promote a sustainable community and protect the natural environment.*

Governance and Administration: *Continue to streamline processes for enhanced service and remain committed to long-term fiscal discipline and financial stewardship.*

Neighborhoods and Housing: *Continue to explore innovative approaches to incentivize affordable housing projects, collaborate with key stakeholders to care for our most vulnerable populations, and support and engage neighborhoods through dedicated programs and services.*

Public Safety: *Continue to invest in police and fire protection, in partnership with our community.*

Transportation and Transit: *Continue to seek and develop collaborative solutions to meet the transportation challenges facing our community and our region.*

Citywide Budget Process, Council Referrals, and Community Engagement

The The budget process is an exercise in fiscal strategic planning that involves overall guidance from the City Council, input from the community, and close coordination between the executive team and numerous staff budget representatives across all departments. At the January 11, 2022 meeting, Council selected the top ten work plan items including some with budgetary implications to move forward. Work plan items with potential one-

time budgetary implications still require further refinement and any funding needs related to these work plan items are not assumed in this budget. The next quarter prioritization is scheduled to take place at the upcoming May 3, 2022 City Council meeting with selection of an additional top five work plan items. At the May 10, 2022 Preliminary Budget Study Session, the City Council will also provide input to staff's budget considerations.

The community outreach program included a statistically valid resident survey, an Open Townhall survey, two virtual community meetings (March 11 and April 7), and an employee townhall (April 7). In the January 2022 community engagement survey, 83% of adult residents rated that they are satisfied with the overall quality of life in Milpitas, a significant increase from last year's 79% and suggesting that residents continue to view living in Milpitas favorably; 88% of residents overwhelmingly agree that Milpitas' diversity is an asset, 84% of residents feel that different cultures are celebrated, and 87% agree that the city is family friendly. Further, Police, 911 response and infrastructure continue to rate as residents' top priorities. However, slightly more funding is given to environment, community wellness, and transportation in 2022 compared to 2021.

Community members were also given a hypothetical $100 budget and asked to allocate dollars based on what they considered the most important of the six Council Priority Areas the City should invest for the upcoming year. The dollars respondents allocated to each Council Priority Area shows how important, in the aggregate, a particular Priority Areas is. Based on the responses, Public Safety was ranked as the most important Council Priority Area with $22.46 of the allocations, followed by Neighborhoods and Housing ($17.23), Economic Development ($16.60), Environment ($15.03), Community Wellness and Open Space ($14.65), and Transportation and Transit ($14.03).

Graph 1 - Community Survey Response

'Dollars' allocated to Council Priority Areas

Proposed Service Level Changes

This Proposed Budget includes service level changes reflecting additions which are legally mandated; responds to prioritized City Council referrals; restores defunded priority positions; addresses areas of concern in Public Safety; adds positions to support increased service demands in park/land maintenance and capital improvements. The consideration of City Council referrals is on-going and will be incorporated in the budget as prioritized and funding becomes available.

In FY 2018-19, the City structured its operations into City Services Areas (CSAs) that foster interdepartmental coordination of efforts, resources, and goals. Service level changes are described briefly within each CSA section below and in more detail in the Department Budget sections including statements regarding the performance outcome and impacts if the service level change is not approved.

Public Safety CSA

(Fire and Police)

Service Level Changes

1. **Fire Fleet Enhancement ($200,000 one-time)**

   This action funds 2 command/deployment vehicles (model F250s) to replace part of an aging fleet. Fire department (Department) currently utilizes repurposed retired Police patrol vehicles. These repurposed vehicles are approaching 20 years of useful life and are no longer reliable. This funding will start the gradual process of modernizing the Department's command vehicle fleet.

2. **Lifepak for Ambulance Program ($37,728 one-time)**

   This action funds an additional Lifepak 15 Monitor and Defibrillator, primarily used for emergency response and resuscitation of patients and it will be placed on the new ambulance. Defibrillators are devices that restore a normal heartbeat by sending an electric pulse or shock to the heart. They are effective in preventing or correcting an arrhythmia and temporarily restoring cardiac function.

3. **Interra Operations Module Enhancement ($33,000 one-time)**

   This action funds the Regional Interra Operations, Preplan and Incident Management Milpitas bridge invoices for the current regional system agencies for one full calendar year. Interra is National Fire Protection Agency (NFPA) 950/951 Compliant, which covers the standard for data development and exchange for the Fire Service. This sole source is also based on interoperability with other governmental agencies within Santa Clara County (SCC) as Interra is the only provider of the regional Operations, Preplanning and Incident Management to Santa Clara County Fire as well as the City of Santa Clara Fire Department - no other system provides this functionality to the region and interoperability is required for sharing of information and reporting.

4. **Fire Administrative Support Staffing ($152,913)**

   This action adds 1.0 Administrative Analyst to assist with multiple programs/projects across multiple divisions in the Fire Department. This position will relieve critical workload gaps and support critical business services in Fire Administration, Suppression, Training, EMS, and the Office of Emergency Management (OEM). Insufficient administrative capacity has significantly impacted the Fire Department's ability to accomplish required operations, program management, personnel development, data analysis, and service enhancements to the City. This position will be able to manage projects currently being managed by Battalion Chiefs (BC). The Battalion Chiefs are working a 48/96 shift schedule which creates difficulties coordinating and communicating with internal and external stakeholders which work traditional

40-hour schedule. The shift schedule causes delays in project implementation and coordination and ultimately creates frustration with the project managers in other departments supporting the Fire Department. Approximately 60-70% of the BC's work time is spent coordinating/managing department level programs/projects and performing administrative tasks.

5. **Police Property Evidence Unit Staffing ($136,855)**

   This action adds 1.0 Police Evidence Technician in response to increasing workload in the Property Evidence Unit (PEU). The PEU is responsible for receiving, documenting, storing, managing, and maintaining the integrity and security of the property and evidence retained by the Milpitas Police Department. The primary job functions include but are not limited to: intake; custody/control; disposition; discovery requests,; property returns; report processing, crime lab submissions; and purging evidence/ property.

6. **Axon Taser Upgrade ($39,235)**

   This action adds additional funding to Axon Enterprises contractual services to upgrade the current Taser X26P to Taser 7 model. The department currently issues Axon Enterprise, Inc. body worn cameras and conducted energy weapons to sworn personnel and subscribes to their cloud-based digital evidence management system for data storage, items critical to operations. Conducted energy weapons have been part of Milpitas Police officers' daily equipment for 25+ years and are an integral tool that provide officers with a less than lethal force option, reducing risk of injury to officers and suspects. The Department has issued the Taser X26P model to all sworn officers for 10+ years. Due to advancing technology, Axon Enterprise, Inc. developed the Taser 7 model and will not support the currently issued model. The Taser 7 model offers enhancements including close-range optimization, more effective connection, enhanced inventory and data management, daylight laser, improved ergonomic design, and more.

7. **Wellness Services Enhancement ($30,000)**

   This action funds additional wellness services for the Police Department staff to enhance existing Peer Support and Employee Wellness Program by implementing additional wellness resources for staff, such as attending Post-Traumatic Stress Retreats and providing an on-call mental health clinician for those seeking help and for post-critical incident debriefs.

Community Development CSA

(Building Safety and Housing, Economic Development, Planning, Engineering - Land Development, Fire Prevention)

Service Level Changes

1. **Professional Services Enhancement ($200,000, net $0, one-time)**

   This action funds Building Safety and Housing (Department) Professional Services to assist with Building Safety Programs for FY2022-23. Building safety professional services contracts are for services on an as-needed and on-call basis and can encompass plan review, inspection, or permit processing. Recruitments stopped due to the pandemic and while recruitments began again in FY2021-22, staffing has been insufficient compounded further by staff departures and vacancies in the department. In light of the uncertain staff situation and increased workload, the use of contractual services can enable the department to maintain a minimum level of service. This proposal will be funded from departmental vacancy savings as availability allows resulting in net zero impact on the budget.

2. **Accessibility Training ($20,000)**

   This action funds accessibility training to improve compliance with federal and state disability laws. The expenditure is offset with state fees revenues collected from local business licenses to increase disability access and compliance with construction related accessibility requirements.

3. **Housing Staff Enhancement ($172,302)**

   This action funds a limited-term Administrative Analyst II (Housing) position for three years to administer the rent and mortgage relief program, homeless response services, resources and prevention initiatives, and Council priorities. Existing Staff resources are fully committed to delivering existing services and programs, many of which include require complying with federal and state mandates. Multiple new programs and initiatives have been added because of significantly increased funding, including ARPA, and other Council funded priorities. These include managing CDBG and Coronavirus funding programs; implementing rent and mortgage relief programs; implementing homeless outreach and assessment services; implementing mobile shower and laundry for unhoused residents; and conducting research on homeless resources and programs. Staff has also been working on several policy initiatives including the Housing Element, Assessment of Fair Housing, and Affordable Housing Ordinance. In order to accomplish these new programs and initiatives, ensure compliance, and achieve Council's housing priorities, this limited term position is being proposed.

4. **Property Asset Management Service ($50,000 one-time)**

   This action provides one-time funding for a consultant to provide services for developing and managing the City's real estate portfolio, and plan for future acquisition, disposition, leasing, relocation, valuation, and property management. The consultant will provide a real estate management report that describes the City's real estate assets; mapping of assets; develop real property policies and activities; business relocation services; procedures for property disposition and leasing, appraisals, preliminary title reports, grant deeds, purchase and sale agreements, and due diligence and administration of all real estate transactions. The consultant's real estate management services and report will result in a better understanding of current and future real property asset needs.

5. **Special Project Associate for Zoning Ordinance Update ($93,142)**

   This action funds a limited term Senior Planner to help with the update of the Zoning Ordinance to align with the new General Plan adopted in March 2021. The Zoning Ordinance is the primary implementation tool of the General Plan, impacting housing, transportation, economic development, public safety and general well-being of the residents in this community. State Law requires land use classifications and regulations in the Zoning Ordinance to be consistent with the Land Use designations established in the General Plan. Currently, the City's Zoning Ordinance is not consistent with the new General Plan. Parts of the City's current Zoning Ordinance date back to 1955, and the document has been amended multiple times over the past several decades and is need of a comprehensive update.

6. **Part-time Staff Assistant ($72,147 one-time)**

   This action funds a part-time Staff Assistant for one fiscal year to mitigate increased administrative workload. During the closure of City Hall due to the COVID-19 pandemic, the department experienced a significant increase in incoming phone calls and email inquiries from residents, developers, and business owners. Many customers, either for convenience or to avoid contact with other people, are requesting continued remote business practices rather than coming to City Hall. This has resulted in significant added workload and increased response times because of the need to manage increased phone calls and email messages with other work such as meetings, staff report preparation, and project coordination.

7. **Granicus Annual Renewal Subscription Fees ($10,000)**

   This action funds the City's annual subscription renewal fee with Granicus Host Compliance to identify and monitor STRs operating in Milpitas. On March 3, 2020, the Milpitas City Council adopted Ordinance 38.835 to regulate short-term rentals (STRs) within the City of Milpitas. The new Ordinance established a Short-term Rental program that includes a fee as well as a clear and simple process for new and existing STRs to come into conformance with the new operating standards, registration requirements, and record-keeping obligations. The City will continue its contract with Granicus Host Compliance to identify and monitor STRs operating in Milpitas. Based on the information provided, the Planning Department will continue to notify non-compliant STR operators of their obligations under the City's STR Ordinance.

Community Services and Sustainable Infrastructure CSA

(Engineering-Capital Improvement Programs, Recreation and Community Services, and Public Works)

Service Level Changes

1. **CIP Design and Construction Principal Engineer Position ($69,358)**

   This action funds 1.0 Principal Engineer in Design and Construction (D&C) section. The section serves the community by completing City Council approved and funded Capital Improvement Program (CIP) projects identified in the annual 5-year CIP document. Projects include, but are not limited to, repair and improvement of City streets, repair and replacement of underground utilities, rehabilitation of parks, Transit Area Specific Plan (TASP) infrastructure and other community improvements. The D&C Section is led by the CIP Manager and has two Associate Civil Engineer and four Junior/Assistant Engineer positions with one vacancy. The Principal Engineer will assist the CIP manager in project managing and planning, preparing the annual CIP document, supervising project teams and develop and implement goals, policies, procedures and priorities of the Section.

2. **CIP Design and Construction Junior/Assistant Engineer Position ($63,203)**

   This action funds 1.0 Junior/Assistant Engineer position in the Design and Construction Engineering Section (D&C).The section serves the community by completing City Council approved and funded Capital Improvement Program (CIP) projects identified in the annual 5-year CIP document. Projects include, but are not limited to, repair and improvement of City streets, repair and replacement of underground utilities, rehabilitation of parks, TASP infrastructure and other community improvements. The D&C Section is led by the CIP Manager and has two Associate Civil Engineer and four Junior/Assistant Engineer positions with one vacancy. The Junior/Assistant Engineer will assist the Associate Engineers in project administration from design through construction, review and prepare construction documents and manage contracts from design consultant and contractor.

3. **Organic Waste Diversion Program and Solid Waste Contract Administration Funding ($0 Expenditure, $400,000 in Revenue)**

   This action funds ongoing existing programs required to ensure compliance with new regulations from the passing of Senate Bill 1383 (SB1383). Senate Bill 1383 (SB 1383), which became effective on January 1, 2022, mandates jurisdictions to divert organic waste from the landfill by requiring all residents and businesses to collect organic waste, such as food scraps. The staff cost related to the one-time implementation of SB 1383 has been charged to the Solid Waste Fund; however, there is no identified ongoing revenue source for the ongoing compliance work such as compliance inspections, route reviews, education and outreach, recordkeeping/documentation. Further, this action is the first phase of eliminating the structural deficit in the Solid Waste Fund, which is projected to have insufficient resources by the end of fiscal year 2022-23 to support solid waste programs. The City will charge an administrative fee of $400,000

to MSI, and MSI will incorporate this into their rates, effective July 1, 2022. $400,000 is approximately 2% (or $0.87) increase per month charge for the typical residential household or $10.50 annually.

4. **Common Interest Group Legal Services Contribution ($1,000,000 one-time)**

   This action funds legal costs incurred as part of the cost sharing agreement entered into by the City and Common Interest Group (CIG) formed by various sanitation districts in the region. In 2018, due to failed efforts to resolve contractual disputes in the Master Agreements with San Jose Santa Clara Regional Wastewater Facility (RWF), CIG filed lawsuits against the cities of San Jose and Santa Clara.

5. **Utility Maintenance Fleet Addition ($37,356 one-time)**

   This action funds one F250 with tommy lift gate for the Storm/Sewer Senior Lead. As part of the FY 2021-22 Adopted Budget, the City Council approved the addition of 1.0 Senior Lead position in the Utility Maintenance Division. The Senior Lead is currently using the truck that is assigned to the defunded Equipment Maintenance Worker III (EMWIII) (Storm) position, which is proposed to be restored as part of this budget.

6. **Park Maintenance Staffing ($12,362)**

   This action funds the addition of 3.0 limited term Maintenance Assistants and shifts 1.0 Maintenance Worker III position from the Trees and Landscape Maintenance Function to the Parks Maintenance Function in-lieu of contracting out park maintenance for 10 parks. New total programmatic cost (1.0 Maintenance Worker III, 3.0 Maintenance Assistants and supplies) for enhanced services is $459,153 in comparison with the prior contract service appropriation of $446,791.

7. **Landscape Maintenance Staffing ($134,046)**

   This action funds the addition of 2.0 Maintenance Worker I and one limited term 1.0 Maintenance Assistant to provide enhanced landscape maintenance services. On October 19, 2021, the City Council received a report on the status of Citywide Landscape and Park Maintenance and expressed to enhance the service levels for landscape maintenance. The 1.0 Maintenance Worker I and 1.0 Maintenance Assistant will be deployed to address work requests that are submitted to Public Works which must be completed within established time frames. The second Maintenance Worker I position will provide additional work support when the Maintenance Worker III position is supervising the Parks Maintenance Function.

8. **Supervisory Control and Data Acquisition (SCADA) Contract Service ($150,000)**

   This action funds Supervisory Control and Data Acquisition (SCADA) contract service. In October 2020, Council approved a contract with ENGIE to implement energy and water savings measures for the City. One of the Council approved measures is the implementation of SCADA, a remote utility infrastructure monitoring and operation system. SCADA will require ongoing monitoring of network, equipment and systems troubleshooting and maintenance, programming, user upkeep, security maintenance and integration with existing CMMS and GIS systems.

9. **Storm Water Maintenance Staffing ($164,802)**

   This action restores the previously defunded 1.0 Equipment Maintenance Worker III (EMWIII). On February 16, 2021, Council approved to defund multiple vacant positions to offset the budget shortfall, including a vacant EMWIII leadership position in the Utility Maintenance Division. This EMWIII position is responsible for ensuring ongoing operations of mechanical equipment at the City's 13 storm water pump stations; provides Standby coverage and leads storm water pump station emergency response during storms; assists Sewer and Water Pump Station crews when additional staff are needed for large repair and maintenance jobs; and is responsible for building and ground maintenance at the 13 pump station facilities.

10. **Recreation and Community Services Organizational Study ($50,000 one-time)**

    This action provides for one-time funding of an organizational study for the Department of Recreation and Community Services (Department). The Council approved Parks Master Plan Update included a Department cost-recovery policy, which set the cost-recovery goals for certain services provided by the Department. This organizational study will focus on the effective and efficient delivery of these services and the current structure and staff complement.

11. **Community Engagement Program Staffing ($77,551)**

    This action restores the previously defunded Recreation Assistant III with a modified list of duties in response to changes in service demands. As the pandemic continues to dissipate, Council has provided more referrals in the function area of engagement and inclusion such as the forthcoming opening of the Alviso Adobe Building this year, which necessitates the development and oversight of a Docent Program, community-collaborative programs like the Children's Memorial Garden, Park Champions, and mural programs as well as the development of the cultural/historical program.

12. **Part-time Staff Salary Alignment ($27,423)**

    This action provides funding for temporary Recreation and Community Services (RCS) staff salary increases in response to minimum wage increases to retain experienced PT employees. RCS is increasingly unable to hire and retain part-time staff at the salary rates budgeted. Frequent staff turn-over and lengthy vacancies are making it difficult for the department to maintain its expected outstanding customer service.

Leadership and Strategic Support CSA

(City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, and Information Technology)

Service Level Changes

1. **Part-time Staff Enhancement ($32,264)**

   This action funds 0.5 Staff Assistant to support City Manager's Office (CMO), Mayor and Councilmembers. The Staff Assistant will provide office coverage and full-time assistance to the entire City Manager's Office staff with various internal and external projects/initiatives to meet the Council priorities.

2. **Risk Management Staffing ($145,893)**

   This action funds 1 Financial Analyst in the risk management section. The Financial Analyst position will be tasked primarily with the development and operation of a robust citywide Risk Management Program including but not limited to analysis of historical claims data, identification of training and policies to minimize reoccurrence of historical claims experience in the future, and liaison with PLAN JPA for integration of risk management best practices into City operations and also strengthening the City's cybersecurity practices.

3. **Labor Negotiations Survey ($35,000)**

   This action funds professional services to conduct a survey of its comparative cities to benchmark classifications in Milpitas Professional and Technical Group (PROTECH) and Milpitas Employee Association (MEA). The contracts for these two bargaining units expire in June 2023, the survey is needed to prepare for labor negotiations.

4. **Reclassification of Information Technology Manager ($28,752)**

   This action funds the reclassification of Information Technology Manager to Deputy Director of Information Technology. The Information Technology (IT) Department has grown from 10 positions to 13 positions since

FY 17-18. This growth reflects the increased technology needs of the City and the critical role IT plays in supporting all departments to deliver services to the community in an efficient and effective manner. Currently, the IT Director directly oversees 50% of his staff. So as to more effectively distribute the work and supervisory responsibilities, a reclassification of an existing vacant IT Manager (1 of 3 IT Managers) position is proposed.

5. **Enhanced Cellular Service ($37,000)**

   This action funds additional cellphones to deploy to the Milpitas Police Department. Police Department continuously performs market research for technology products that will improve efficiency and help enhance the law enforcement services delivered to our community. Many products are becoming increasingly mobile and web-centric, and to enable officers' remote access to these services, the Police Department is looking to deploy approximately 70 smartphones to its officers. The City procured late-model smartphones at discounted pricing which was covered by the IT operating budget. The cellular service cost associated with the citywide cellular services is also in IT's operating budget. To cover the substantial increase in the service cost for the newly procured devices, funding is requested for the increased annual service cost of approximately $37,000.

6. **Office 365 Feature Enhancement ($37,533)**

   This action funds additional features in Office 365 to improve connectivity and efficiency. On January 25, 2019, Council approved the purchase of Office 365 subscription for a 3-year period. Office 365 subscription includes a suite of essential Office software, as well as the City's email, online collaboration, communication, and virtual meeting services. IT staff has evaluated various add-on features that will improve productivity and efficiency and determined that the following three new features be added for the next renewal period. The Audio Conferencing feature allows meeting attendees to use traditional phones to dial into the meeting. This allows in-field staff with unreliable or no internet connectivity, and staff without a smartphone to join virtual meetings by dialing a number assigned to a meeting. Mobile Device Management (MDM) feature allows IT staff a centralized oversight of mobile devices, including software license assignments, device configurations, and critical security features necessary to deploy mobile devices for law enforcement. Azure AD Premium is an advanced set of tools that will help IT Staff to better manage the interface between Microsoft services and the City systems. This feature will greatly impact the management efficiency for essential tasks such as remote management of Multi-factor Authentication (MFA).

7. **Public Records Act Management Software ($9,500)**

   This action funds a software platform to manage requests related to the Public Records Act (PRA). As part of the budget strategy in July of 2021, the City Clerk's office took over the PRA request program from the City's Attorney's office. The California PRA was created to foster transparency, accountability, and greater public access. When a PRA is received, the City must provide all requested records unless there is a legal basis not to do so. Request for public records can be very broad and the legal exceptions to producing those are very limited. Many requests ask for an expansive range of communications that must be identified by individual employees and then reviewed in detail for responsiveness. As a result of the volume and complexity of these requests, the Clerk's Office has identified the need to implement an automated Public Records Request system. The automated system will increase efficiency in tracking and managing the workflow of requests from receipt to production. It will centralize all requests for improved staff response and action. The system also includes functions that help staff review responsive documents for privileged or confidential information, resulting in a cost savings of staff time and making responsive documents available to the requestor more quickly.

Amendments to Fiscal Policies and Budget Guidelines

As part of the annual budget process, staff reviews the Fiscal Policies and Budget Guidelines, which can be found in a separate section of this budget document. These policies and guidelines set the fiscal framework for the annual budget process and long-term financial decisions. Below please find a summary of changes to the Fiscal Policies and Budget Guidelines. A red line version of the recommended changes will be submitted as part of the staff report for the Operating Budget Study Session on May 10, 2022.

Changes to Fiscal Policies

The City's Fiscal Policies are broken down into General Financial Goals; Operating Budget, Revenue, and Expenditure Policies; Utility Rates and Fees; Capital Budget Policies; Debt, Reserve, and Investment Policies; and Accounting, Auditing, and Financial Reporting Policies. It is important to note that the City Council also adopted separate debt and investment policies consistent with State law.

This balanced proposed budget remains focused on sound City fiscal policies and to preserving existing reserves. The proposed changes are minor and provide some flexibility and emphasis to facility, infrastructure and technology needs. The revision to the PERS Stabilization Reserve inserts a confirmation from the City's actuary for additional contribution from any savings and removes the adjustment for additional costs. This enables the City to incorporate information from the actuary as an additional measure for implementing this policy and reduces adjustments from the reserve without bringing this for Council consideration.

Other minor changes pertain to the waterfall of operating surplus wherein the PERS Rate Stabilization Reserve would be dependent upon actuary confirmation and the subsequent allocations will be emphasizing facility, infrastructure, and technology.

Changes to Budget Guidelines

Through adoption of this budget, the City Council approves the Budget Guidelines found in a separate section of this document. The Budget Guidelines set forth the Basis of Budgeting; Budget Calendar requirements; form and content of the City Manager's Adopted Budget; adoption of the Budget by June 30th; the City Manager's budget authority; requirement that budget amendments be approved by the City Council; budget transfers and modification procedures; automatic adjustments and re-appropriations; budget monitoring and reporting; and reserve requirements for all funds.

The changes to the Budget Guidelines memorialize the Council direction on August 9, 2021 wherein for ARPA funding, the City Council delegated authority to the City Manager including appropriation and contract approval authority up to the approved amount for each program approved by Council, once compliance with ARPA procurement, contracting and reporting requirements. For budget monitoring and reporting, it includes a quarterly ARPA report for program updates to the City Council.

Reserves

This budget retains the City's reserves and balance sheet position by not utilizing the contingency reserve, budget stabilization reserve, future year deficit reserve nor PERS stabilization reserve to fund FY 2022-23 appropriations. Specifically, as of the audited FY2021 reserve balances, the City will retain $85 million of reserves as show below in the "committed" category of $13.3 million, "unassigned" category of $38.1 million and Section 115 Pension Irrevocable Trust of $33.9 million. The table below summarizes the Audited Comprehensive Financial Report (ACFR) for the General Fund balance and considers the footnote for the Section 115 Trust (effective June 30, 2021), which is presented separately from the General Fund in the ACFR.

Table 5 – General Fund – Fund Balance FY2017 – FY2021 (Audited balances, $ in Millions)

($ in Million)	FY2017	FY2018	FY2019	FY2020	FY2021
Nonspendable:					
Loan receivable	$10.3	$0.0	$0.0	$0.0	$0.0
Prepaids, materials, supplies and deposits	$0.6	$0.7	$0.7	$0.6	$0.6
Property held for resale	$4.2	$4.2	$4.2	$4.2	$4.2
Advance to Other Funds	$5.1	$5.2	$5.3	$5.4	$0.0
Subtotal Nonspendable	**$20.2**	**$10.1**	**$10.2**	**$10.2**	**$4.8**
Committed to:					
PERS stabilization*	$19.0	$29.9	$33.9	$33.9	$2.8*
Artificial turf replacement	$0.0	$0.8	$1.0	$1.2	$1.4
Technology replacement	$0.0	$1.0	$2.0	$2.0	$2.0
Facilities replacement	$0.0	$2.0	$7.0	$7.0	$7.0
Subtotal Committed	**$19.0**	**$33.7**	**$43.9**	**$44.1**	**$13.2***
Assigned to:					
Change in investment market values	$0.0	$0.0	$0.0	$1.1	$0.0
Uninsured claims payable	$2.8	$2.8	$2.8	$2.0	$2.3
Contracts	$0.8	$1.2	$3.1	$3.0	$2.4
Other assigned	$0.0	$0.0	$0.0	$0.0	$1.8
General government capital projects	$4.5	$4.6	$0.0	$0.0	$0.0
Subtotal Assigned	**$8.1**	**$8.6**	**$5.9**	**$6.1**	**$6.5**
Unassigned:	$0.0	$0.0	$0.0	$0.0	$0.0
General Fund Contingency Reserve	$0.0	$0.0	$0.0	$17.3	$18.3
Budget stabilization	$0.0	$4.0	$9.5	$17.1	$18.3
Future deficit	$0.0	$0.0	$0.0	$0.0	$1.5
Unassigned	$25.4	$36.5	$31.2	$0.0	$0.2
Subtotal Unassigned	**$25.4**	**$40.5**	**$40.7**	**$34.4**	**$38.3**
Total fund balances	**$72.7**	**$92.9**	**$100.7**	**$94.8**	**$62.8**

*$33.9 million of PERS stabilization are put into a Section 115 Pension Trust on June 30, 2021 at Council's direction.

Major Development Activities in the City

Milpitas 2040 General Plan – In June 2008, the Milpitas City Council adopted the Transit Area Specific Plan (TASP) to establish a vision for future pedestrian-oriented development in the area surrounding the future Milpitas Transit Center. The TASP also established a strategy for creating a regional transportation hub in Milpitas connecting Valley Transportation Authority (VTA) light rail and regional bus service with the long-awaited extension of Bay Area Rapid Transit (BART) into the South Bay. Consistent with TASP vision and strategy, much

of the plan area has transitioned from low-intensity industrial buildings and uses into an emerging new mix of residential, commercial, and office/employment uses at significantly higher densities and intensities of development to create a true transit-oriented community.

In February 2020, the City of Milpitas teamed up with consultants from Urban Field Studio to update the TASP and enhance the plan vision consistent with the City's new General Plan. This update effort, rebranded as the Milpitas Metro Specific Plan, envisions a robust expansion of the TASP to take advantage of the unique relationship and proximity to both BART and VTA light rail. The Metro Plan will provide clear policy guidance for the future development of nearly 168 acres (48% of the plan area) that have yet to be redeveloped in accordance with the original TASP vision and standards. In addition to providing for a new jobs-rich Innovation District within walking distance of the Transit Center, the Metro Plan will play an important role in the City's efforts to develop new affordable housing to meet its Regional Housing Needs Allocation (RHNA) from the State of California.

Work is substantially complete on the draft Metro Specific Plan and its associated Subsequent Environmental Impact Report, and both documents will be presented to the City Council for final adoption later this year.

Gateway-Main Street Specific Plan (Midtown Specific Plan Update) – In March 2002, the Milpitas City Council adopted the Milpitas Midtown Specific Plan to establish a framework for redevelopment of the City's historic Main Street and adjacent areas along the Calaveras Blvd. corridor between Main Street and Interstate 880. The overall strategy for the Midtown area was to create a mixed-use community that includes high-density, transit-oriented housing and a central community "gathering place" while maintaining needed retail and commercial service uses. The original Midtown Plan was amended in 2008 concurrent with adoption of the Transit Area Specific Plan.

In October 2021, the City of Milpitas teamed up with consultant from Ascent Environmental to update the Midtown Specific Plan with three primary focus areas: South Main Street between Great Mall Parkway and Weller Ave.; Calaveras Blvd. Between Main Street and I-880; and the I-880 frontage along Abbott Ave and Thompson Court. These three inter-related areas form an important gateway into the City via Highway 237, and the updated Midtown Plan has been rebranded as the Milpitas Gateway-Main Street Specific Plan. The Gateway-Main Street Plan will establish the types, locations, and intensities of land uses to be accommodated within each focus area. A variety of uses will be allowed, including entertainment, retail, civic, cultural, office, and high-density mixed-use residential in a compact, walkable, and unique centralized setting. Work is now underway in preparation of the existing conditions report and urban form analysis, and the Plan's estimated completion date is June 2023.

Economic Development Strategy – Economic Development and Job Growth is a key City Council priority, which is vital to the health of the local economy. The City Council adopted the Economic Development Strategy and Implementation Actions report (EDS) on May 5, 2020 to serve as Milpitas' road map to grow and diversify the City's economy, support businesses and workers, and improve quality of life in the community. Staff has executed several implementation actions of the EDS. Accomplishments include, but are not limited to, business attraction/retention/expansion, Fiscal Benefits of Employment Lands Study as part of the Innovation District, COVID-19 Workforce Recovery Program, launched the International Trade and Commerce Program, regional Hotel and Travel Report, and hosted the 5th Annual Manufacturing Day. The Office of Economic Development is engaged in various American Rescue Plan Act (ARPA) Economic Vitality Investment Framework actions including the Small Business Assistance Grant Program, Hotel Grants, Milpitas Chamber of Commerce Financial Assistance, and Workforce Development focused on various programming categories that include at-risk youth, youth and adult, green/sustainable jobs, childcare workforce and to partner with the unhoused population on community beautification. Staff will continue to work on the ARPA funded Storefront Improvement Grant Program and will partner with a consultant on a Business Improvement District (BID) feasibility analysis as part of the ARPA Main Street Revitalization efforts.

Residential Development – The City approved several new residential and mixed-use projects in FY 2021-22. Within the Milpitas Metro Area, the City approved an 85-unit multi-family residential project (100% affordable) by

Pacific Communities at 308 Sango Court and a 32-unit townhome project by the True-Life Company at 2001 Tarob Court. Within the Metro Area, construction will also soon be underway on a 102-unit multifamily residential project (100% affordable) at 355 Sango Court as well as a 213-unit mixed-use residential-commercial project at 1320 McCandless Drive (The Fields – Elion). In addition, construction will soon be completed on a 216-unit mixed-use residential-commercial project at 720 Montague Expressway (Lantana) as well as a 213-unit mixed-use residential project at 1400 McCandless Drive (The Fields – Gideon). Several other townhome projects are currently making their way through the development review process.

Non-residential Development – In FY 2021-22, the City approved several new non-residential development projects. In August 2021, Stratford Schools received approval to convert the former Orchard Supply Hardware store at 125 North Milpitas Blvd. into a new private early education facility for up to 480 students, kindergarten through 2nd grade. This project is now under construction and includes exterior alterations to the building façade, development of two outdoor play areas, and site improvements such as new fencing and parking lot upgrades for efficient circulation and access. In March 2022, Stratford also completed renovations to an existing office building at 25 Corning Street and opened that facility for up to 576 students. In September 2021, the City approved plans for a new 216-room business hotel at 1851 McCarthy Blvd. The five-story hotel will include an 11,000-square foot outdoor pool and patio courtyard, a 3,750-square foot indoor meeting area, a 2,227-square foot dining area, a 1,312-square foot bar and lounge, and a one-story, ground-floor parking garage with space for 241 vehicles. The City also approved two new commercial childcare facilities and the expansion of several local retail businesses. In addition, vital business attraction and investment efforts are underway in Milpitas. The following businesses have signed leases for space in Milpitas: Apple, Amazon, Corsair Gaming, Weee!, Virtusa Corporation, Advanced Energy Industries, SMTC Manufacturing, and Socionext. These new Milpitas businesses will create new jobs and generate sales tax revenues through business-to-business relationships.

Conclusion

I submit this Proposed FY 2022-23 Budget with tempered optimism for your consideration. We are pleased to restore and enhance priority service areas during this recovery and will continue to monitor the situation for timely decisions.

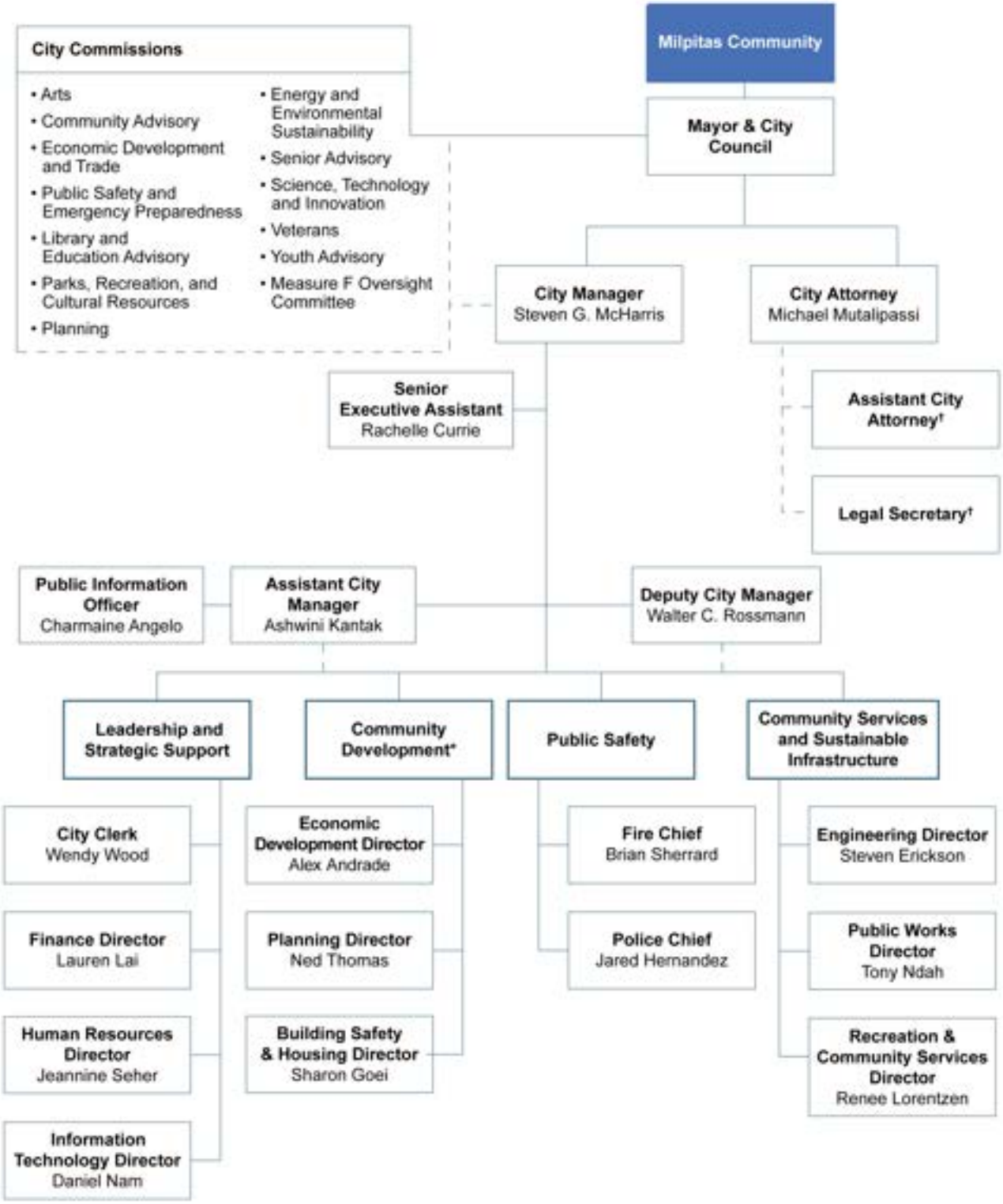
We remain committed to leveraging the Federal ARPA funds to aid the community and maintain fiscally sound policies to fund City reserves and continue long-term planning. This balanced budget provides a portfolio of essential City services and infrastructure funding. Staff will present the Proposed Budget on May 10 with the goal of budget adoption on June 7. Throughout this process, we seek Council, community, and employee feedback to inform the budget development.

This budget could not be accomplished without the tremendous work of the Executive Leadership Team and their staff as well as the Finance Department for helping me maneuver through this Pandemic and developing this budget. However, we only arrived at this juncture through the foresight, leadership and direction of the Mayor and Members of our City Council, for which I am grateful. With your guidance, Milpitas has successfully navigated through this uncertainty we experienced and is poised to continue our recovery.

Respectfully submitted,

Steven G. McHarris
City Manager

Organization Chart



*Fire Prevention (Fire Department) and Land Development (Engineering Department) are part of Community Development.
†Temporary placeholder positions, final positions to be determined by City Council and City Attorney

History

Before roads were carved and houses were built, Milpitas and its surrounding areas were home to Native Americans in the Costanoan and Ohlone tribes. Living off the bounty of the land around San Francisco Bay, the Costanoans and the Ohlones prospered for hundreds of years long before Mexican or Spanish immigrants came to conquer the land.

In the 18th century, Spanish explorers surveyed the land and were the first to give Milpitas its name - milpa - or little cornfields. Three large ranches began, and two families, the Alvisos and the Higueras, built adobes in the mid-1800s which still stand today.

In 1850, the California Gold Rush began, and "American" settlers started taking over the region. In 1852, a settler from Ireland, Michael Hughes, built the first redwood-framed house in what is now Milpitas. Soon after, the first school was built, and by 1857, Milpitas had a hotel, general store and a post office.

Fruit orchards began to spring up in the 1870s, and later the region was known for its hay growing. The population continued to grow into the 1880s and settlers numbered over 1,500. But by the turn of the century, only about a third of those people remained.

Populations would remain low until shortly after World War II, when Western Pacific Railroad bought a 300 acre industrial park within the city and Ford Motor Company announced it would shift its manufacturing plant from Richmond (just north of Oakland) to Milpitas. The population grew to 825. Sewer and water service, and fire protection were set up shortly after, as was one of the country's first integrated housing communities.

On January 26, 1954, the city was officially incorporated, after fighting off annexation attempts by neighboring San Jose. Ten years later, populations grew to 7,000.

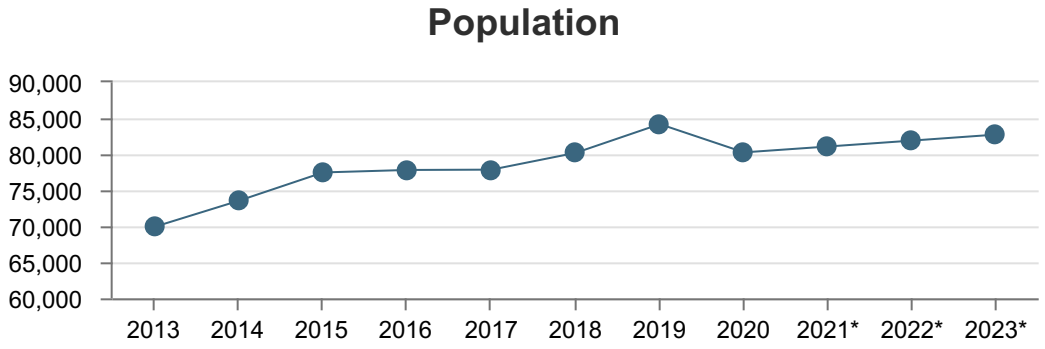
Following the computer firm boom of the 1980s and the opening of one of the nation's largest malls in 1994, the city is now home to 82,746 residents[1].

Photos courtesy of: Eliren Pasion
History courtesy of: The Milpitas Post

Demographic Profile

Population

Once a small agricultural town and later a stopover point for travelers between Oakland and San Jose, Milpitas has blossomed into one of the world's premier computer and semiconductor producers. Tenants of the burgeoning city of 82,746 are family-centered communities that embrace cultural diversity, quality schooling, and conveniently located neighborhood parks and shopping centers. The table below reflects estimated City population based upon Census annual growth assumptions, with the exception of 2020, which was based upon the actual 2020 Census that determined the City population to be 80,273. The 2019 to 2020 decline reflects an overestimation of annual growth leading into the 2020 Census.



*US Census Estimates plus growth factor of ten year historical average

Development

Incorporated in 1954 with 825 residents, Milpitas is located at the southern tip of the San Francisco Bay and in Silicon Valley. City covers 13.6 square miles, with grassy foothills and picturesque Mount Hamilton to the east and the Santa Clara Valley floor to the west. The city is located in Santa Clara County, home to approximately 1.9 million residents. To the north is the city of Fremont. To the south lies San Jose, the third largest city in California. As of 2019, Milpitas had an existing inventory of approximately 14.5 million square feet of office, R&D, and manufacturing space.[1] This inventory is flexible and includes a diversity of building types and sizes, which can accommodate businesses in need of different types of spaces. About 5.5 million square feet of warehouse and distribution space existed in Milpitas in 2019.[2]

Milpitas has a large and diverse offering of retail stores and restaurants, mostly concentrated in suburban-style shopping centers. As of 2019, Milpitas had nearly 5 million square feet of retail, of which three quarters was located in retail centers of different sizes and trade areas.[2] Milpitas has an ethnically diverse array of retail and restaurants, and a significant portion of retail in Milpitas is specialized in Asian products. Milpitas has major regional retail destinations that attract shoppers from beyond the city. The largest centers are the Great Mall, a 1.4 million square feet super-regional mall, and McCarthy Ranch, a 415,000 square feet power center.[2]

Employment

With over 40,800 jobs[8] and 39,600 employed residents, Milpitas is a jobs rich community.[3] The two largest employers in Milpitas are Cisco Systems with over 3,000 employees and KLA with over 2,000 employees.[3] Other major employers are, Flex, Headway Technologies and Milpitas Unified School District. Several of these top employers have made Milpitas their corporate headquarters location. The largest percentage of the Milpitas workforce, approximately 26%, are employed in professional, scientific, and management, and administrative and waste management, 23% manufacturing, and approximately 16% educational services, and health care and social assistance.[4]

The City's largest own-source revenue is property tax. Top ten property tax payers are shown below:[5]

Principal Property Tax Payers: Fiscal Year 2021-22

Taxpayers	Taxable Assessed Value[1]	% of Total City Assessed Value
1. Cisco Systems Inc.	$502,128,423	2.46%
2. KLA Tencor Corporation	465,867,697	2.28%
3. Milpitas-District 1 Owner LLC	345,971,636	1.69%
4. Milpitas Mills LP	345,901,346	1.69%
5. Sandbox Expansion LLC	244,429,905	1.2%
6. McCarthy Center Holdings LLC	199,182,830	0.98%
7. Amalfi Milpitas LLC	172,689,312	0.85%
8. Lago Vista Milpitas LLC	172,078,619	0.84%
9. Essex Portfolio LP	166,647,097	0.82%
10. Anton Milpitas LLC	164,604,890	0.81%
Total	$2,779,501,755	14%

[1] The total City assessed valuation for fiscal year 2021-22 is $20,427,309,061.
Source: California Municipal Statistics, Inc.

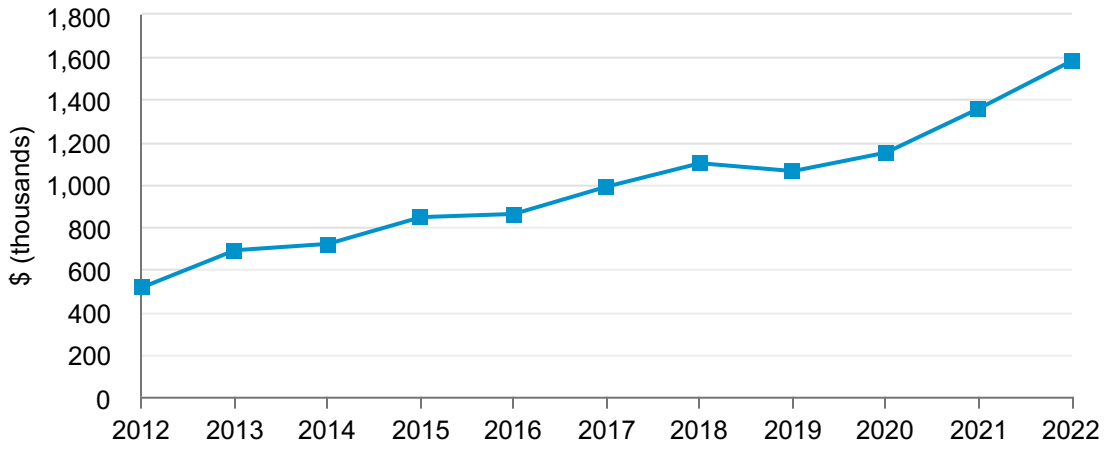
Community

At 20 feet above sea level, Milpitas' mild climate averages 59 degrees, with gentle winds from the northwest and little more than 13 inches of rain expected in a typical year. Milpitas' neighborhoods are dotted with over 20,000 households and well-placed parks. Thirty-two community parks are maintained by Milpitas, in addition to one dog park and 21 tennis courts. The City provides a multitude of outstanding recreational opportunities, including aquatics, cultural arts and theater, sports leagues and activities, youth programming, and senior activities and services. Milpitas' median household income is $137,000.[6]

Housing[4]

Close to 63.7 percent of Milpitans own their own home. The median gross rent in Milpitas is $2,626. The median price of a single family residence as of February 2022 in Milpitas is $1,583,000. About 22.1 percent of the city's population are under 18 years of age. About 78 percent of the population are 18 years and over. About 12 percent of residents are 65 years and over.

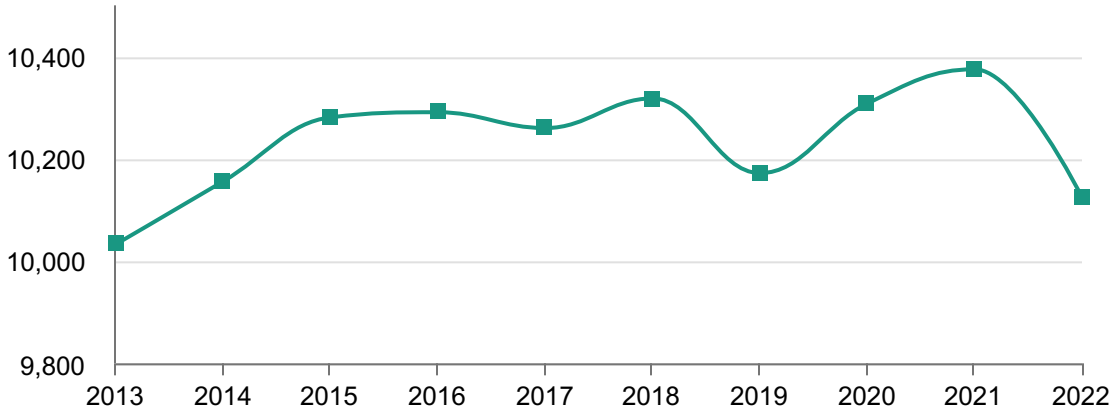
Medium Home Price (in thousands)



Education

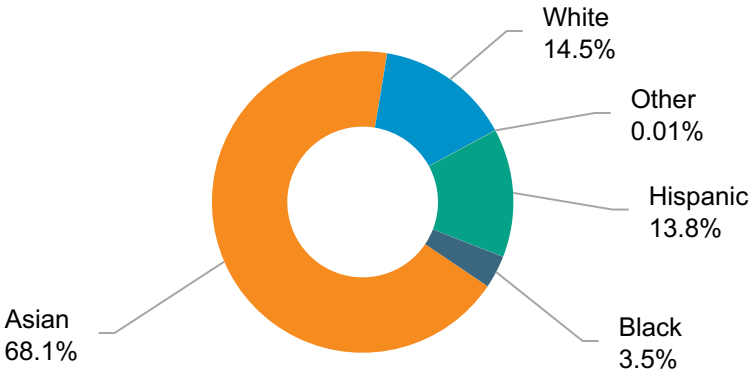
The Milpitas Unified School District operates ten elementary schools (K-6), two middle schools (7-8), two high schools (9-12), one continuation high school, and one adult education school. The district employed over 500 individuals on a full-time basis to serve approximately 10,000 students as a Pre K-12 grade school system.[7]

School Enrollment



Facts About Our Residents

According to census data, an estimated 68.1 percent of residents are Asian; 14.5 percent are White; 13.8 percent are Hispanic or Latino; and 3.5 percent are Black. According to the 2014-2018 American Community Survey, 52% of Milpitas residents are foreign born compared with 39% of residents in Santa Clara County and 27% of residents in California.



Government

The bustling general law city is supervised by a council-manager form of government. The Milpitas City Council is the flagship decision making body that appoints members to many commissions that serve in advisory capacities. The mayorship is an elected position, as are all the council seats. Mayors serve two-year terms; council members have four-year seats.

The City Council makes the ultimate planning and policy decisions for residents, and oversees the city's $208 million budget. The five members carry out twice a month public meetings. At these times, the public's comments are usually heard, under the citizen's forum.

The Council's meetings are held the first and third Tuesdays of each month at 7:00 p.m. in the Milpitas City Hall, 455 E. Calaveras Blvd.

There are 12 advisory commissions on which residents can participate - the Planning Commission, Arts Commission, Youth Advisory Commission, Library and Education Advisory Commission and Senior Advisory Commission, to name a few.

Issues challenging most commissions these days are development, quality of life and how to streamline traffic bottlenecks that plague this area at commute times.

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[1] July 1, 2022 population estimated by City using U.S. Census estimates growth rate
[2] City of Milpitas Economic Development Strategy and Implementation Actions Report (May 2020)
[3] California EDD (February 2022)
[4] 2020 ACS 5-Year Estimates Data Profiles
[5] HdL Coren & Cone
[6] Santa Clara County Association of Realtors, Marketing Housing Statistics, February 2022
[7] https://dq.cde.ca.gov/dataquest/
[8] The decline is due to different reporting methodology. In prior budgets, a different data set was used that included jobs held by non-Milpitas residents.

Milpitas at a Glance

Date of Incorporation:
January 26, 1954

Form of Government:
Council-Manager

Population (estimated*)	82,746
Land area (Square Miles)	13.6
Miles of Streets	308
Number of Street Lights	4,516

Fire Protection	
Number of Stations	4
Number of Firefighters	64
Fire Apparatus	13
Number of Fire Hydrants	2,308

Police Protection	
Number of Stations	1
Number of Substations	1
Number of Sworn Officers	93
Number of Crossing Guard Posts	38
Number of Police Patrol Vehicles	30

Employees - FY 23 Budget	
Permanent	440.5
Temporary (FTE)	80.3

*July 1, 2022 population estimated by City using U.S. Census estimates growth rate
City of Milpitas - Finance
City of Milpitas - Fire
City of Milpitas - Information Technology
City of Milpitas - Police
City of Milpitas - Public Works
City of Milpitas - Recreation and Community Engagements

Water Utility	
Number of Customers	
Residential	14,728
Commercial	2,232
Recycled Water	236
Average Daily Consumption (in million gallons)	
Potable Water	7.49
Recycled Water	1.01
Miles of Water Mains	206

Sewer Utility	
Miles of Sanitary Sewers	173
Miles of Storm Drains	99

Public Schools Serving the Community	
Elementary Schools	10
Middle Schools	2
High Schools	2
Community College Extension	1

Parks and Recreation	
Acres of Parkland	153.81
Number of Parks	36
Number of Playgrounds	33
Number of Tennis Courts	21
Number of Swimming Pools	3

Map

The City of Milpitas is located near the southern tip of San Francisco Bay, forty-five miles south of San Francisco. Milpitas is often called the “Crossroads of Silicon Valley” with most of its 13.63 square miles of land situated between two major freeways (I-880 and I-680), State Route 237, and a county expressway.

A light rail line opened for service in 2004 and an extension of BART, including a major multi-model station opened for service in June 2020.

FY 2023-2032 Ten-Year General Fund Financial Forecast

Starting with the FY 2021-22 Budget, staff developed a Ten-Year General Fund Financial Forecast to highlight long-term impacts of projected revenues and expenditures primarily to enhance the City's fiscal long-term stability and pension costs management. When the California Public Employees Retirement System (CalPERS) changes the actuarial assumptions of the pension portfolio, such as lowering the interest earning or demographic assumptions, such changes become fully effective seven years after CalPERS Board approval. In addition, Measure F is an eight-year tax measure, consequently, long-term forecasts provide an invaluable planning tool to understand the fiscal implications of today's budget actions and are an indication of sound fiscal planning and strategy.

The table below shows the FY 2023-2032 Ten-Year General Fund Financial Forecast starting with the FY 2022-23 Proposed Budget. Over the ten years of the Forecast based on information available in March, staff projects annual surplus and deficits between $1.4 million and -$11.2 million. With the sunsetting of Measure F effective April 1, 2029, deficits are anticipated starting with FY 2029-30. Therefore, to prevent service reductions, the City continues with economic development, cost management and innovations. The table below also includes the information on the City's current year Adopted Budget for FY 2021-22. Revenues and other Sources includes taxes, fees, overhead charges and use of reserves, as applicable. Uses includes personnel and non-personnel expenditures, debt service and contributions to reserves, as applicable.

Table 1 – FY 2023-2032 Ten-Year General Fund Financial Forecast - Overview ($ in millions)

	FY 21-22 Adopted Budget	FY 22-23 Proposed Budget	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast
Revenues and Other Sources	$110.8	$117.7	$124.0	$130.1	$134.4
Expenditures	(110.8)	(117.7)	(122.6)	(126.8)	(130.5)
Annual Surplus/ (Deficit)	**$0.0**	**$0.0**	**$1.4**	**$3.3**	**$3.9**

	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	FY 30-31 Forecast	FY 31-32 Forecast
Revenues and Other Sources	$138.8	$143.6	$146.6	$146.0	$148.9	$153.6
Expenditures	(135.2)	(139.5)	(145.8)	(152.0)	(158.9)	(164.8)
Annual Surplus/ (Deficit)	**$3.6**	**$4.1**	**$0.8**	**($6.0)**	**($10.0)**	**($11.2)**

The following sections discuss the year-over-year change between the FY 2021-22 Adopted Budget, as amended on February 15th, 2022 and the FY 2022-23 Proposed Budget as well as assumptions embedded in the FY 2023-2032 Ten-Year General Fund Financial Forecast for major revenue and expenditure categories.

Revenues and Other Sources

Table 2 – FY 2023-2032 Ten-Year General Fund Financial Forecast – Revenues and Other Sources ($ in millions)

	FY 21-22 Adopted Budget	FY 22-23 Proposed Budget	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast
Revenues/Sources					
Property Taxes	$41.3	$42.6	$44.3	$46.6	$48.4
Sales & Use Tax	25.6	27.5	28.5	29.1	29.7
Sales Tax – Measure F	6.3	6.4	6.6	6.7	6.9
Transient Occupancy Tax	7.7	8.3	9.4	9.9	10.2
Licenses, Permits & Fines	10.3	11.5	13.0	14.1	14.6
Charges for Services	4.2	5.9	6.5	6.7	6.9
Franchise Fees	5.8	5.4	5.6	5.8	6.0
Use of Money and Property	0.5	0.4	0.4	0.4	0.4
Other Taxes	1.0	1.1	1.1	1.1	1.1
Intergovernmental	1.2	1.0	0.2	0.2	0.2
Other Revenues	0.4	0.4	0.4	0.4	0.4
Operating Transfers In	6.6	7.2	8.0	9.0	9.6
Budget Stabilization Reserve	0	0	0	0	0
Total Revenues/Sources	**$110.8**	**$117.7**	**$124.0**	**$130.1**	**$134.4**

	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	FY 30-31 Forecast	FY 31-32 Forecast
Revenues/Sources						
Property Taxes	$50.2	$52.1	$54.0	$56.1	$58.2	$60.4
Sales & Use Tax	30.3	31.1	31.9	32.7	33.5	34.3
Sales Tax – Measure F	7.0	7.2	5.5	0.0	0.0	0.0
Transient Occupancy Tax	10.5	10.8	11.1	11.4	11.8	12.1
Licenses, Permits & Fines	15.2	15.7	16.3	16.9	17.5	18.1
Charges for Services	7.1	7.3	7.6	7.8	8.0	8.2
Franchise Fees	6.1	6.3	6.5	6.7	7.0	7.2
Use of Money and Property	0.5	0.5	0.5	0.5	0.5	0.5
Other Taxes	1.2	1.2	1.2	1.2	1.3	1.3
Intergovernmental	0.2	0.2	0.2	0.2	0.2	0.2
Other Revenues	0.4	0.4	0.4	0.4	0.4	0.5
Operating Transfers In	10.2	10.8	11.4	12.1	10.6	10.8
Deficit Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenues/Sources	**$138.8**	**$143.6**	**$146.6**	**$146.0**	**$148.9**	**$153.6**

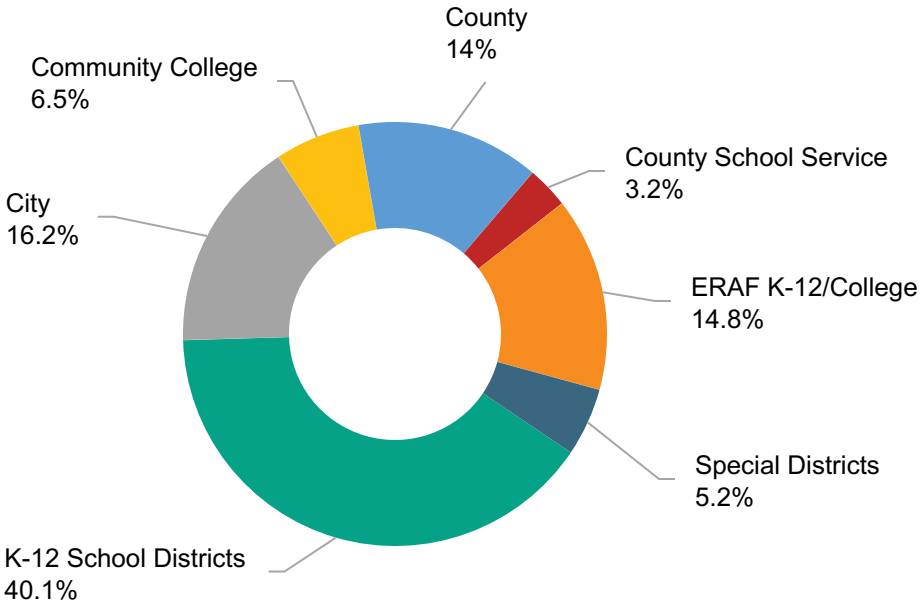
Property tax revenues are estimated to be $42.6 million in FY 2022-23, an increase of $1.4 million, or 3.3%, compared to the FY 2021-22 Adopted Budget of $41.3 million. Excess ERAF (Educational Revenue Augmentation Fund) of $2.2 million was included for FY 2022-23 and a increase in FY2023-24 by $1.7 million, or 4%, from estimated FY2022-2023 ERAF, based on recent developments and 30% contingency. Excess ERAF is the mechanism that moves state funds through the County system. The California Legislature created the Educational Revenue Augmentation Fund in 1991 to reduce state general fund spending on schools, therefore a portion of property tax revenue goes to ERAF to support local school districts. The Excess ERAF formula for allocation to cities is based on various factors, mainly the countywide property tax growth, Redevelopment Agency assets sale, department of education's local control funding formula, school districts attendance rate, and special education charges. Staff develops the Property Tax revenue estimates based on information provided by the City's property tax consultant and the County of Santa Clara. For FY 2023-24, staff has built in a slight increase of property tax revenue estimates returning to historical annual growth rates over the remainder of the Forecast between 2.5% and 4.0%.

Proposition 13 limits the base property tax rate to 1% of the assessed value and an annual increase of the assessed value at the lesser of 2% or the California consumer price index (CCPI). Based on a 10-year average, staff estimated that the California consumer price index in the San Francisco/San Jose metropolitan area will likely increase at a rate of 2 to 5% in each of the next five years and therefore the 2% limit of Proposition 13 will apply. Added assessed valuation from new housing and the reassessment of existing properties with change of ownerships are factored into the forecast.

Allocation of Property Tax 1% Base Rate

The chart below shows the allocation of the property tax 1% base rate to all the taxing entities within the jurisdiction. The City's share is approximately 16.2% of the 1% base rate.

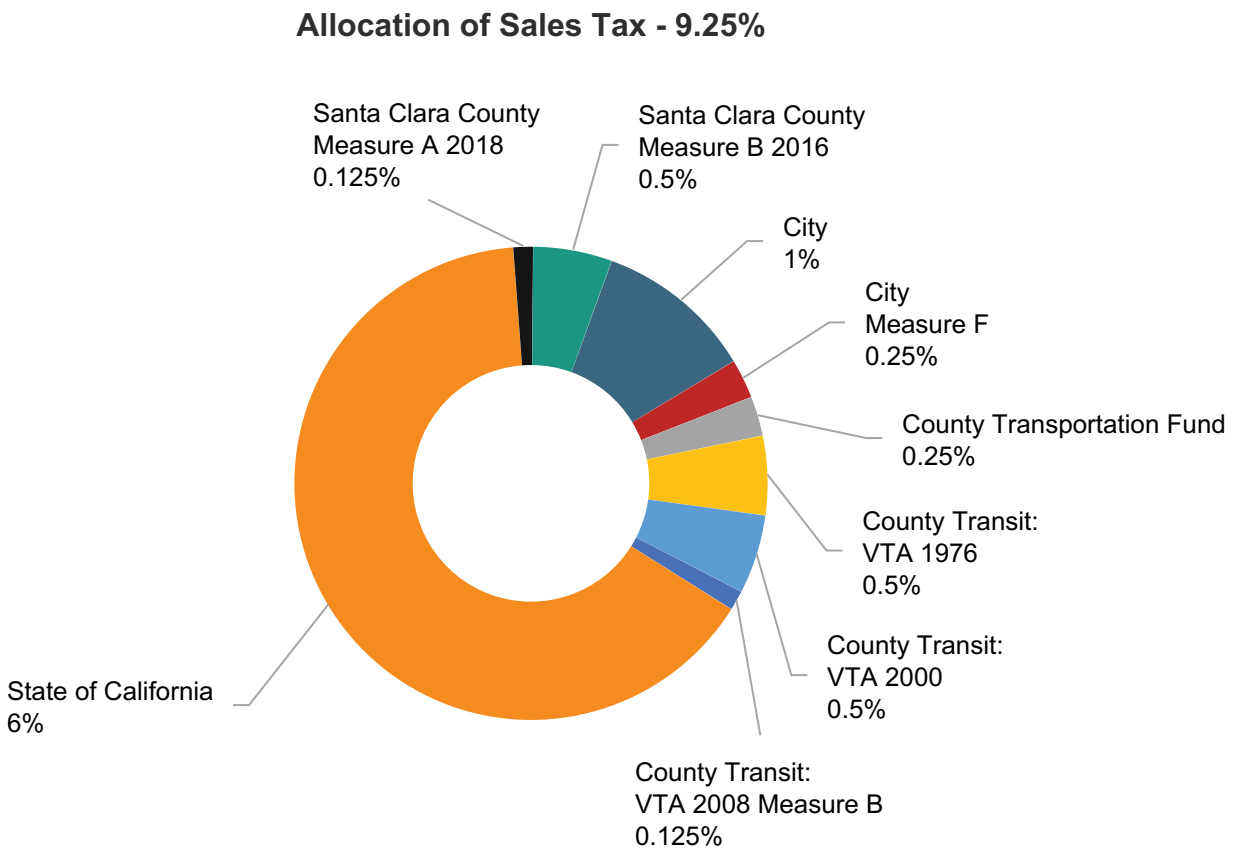
Chart 1: Property Tax Allocation by Percent among various Governmental Entities



Sales tax revenue is projected to be $27.5 million in FY2022-23, an increase of $1.9 million, or 7.4% compared to FY2021-22 Adopted Budget of $25.6 million. At the February 15th City Council meeting, the City Council approved the increase of the FY2021-22 revenue estimate for sales tax in amount of $1.0 million, or 3.9%, from $25.6 million to $26.6 million. In comparison to the FY2021-22 Amended Budget, the revenue estimate for the FY2022-23 Proposed Budget is expected to increase by $0.9 million, or 3.3%, from $26.6 million to $27.5 million. With the lifting of the shelter-in-place order and mask mandates, consumer spending is assumed to return to more sustained levels. An annual historical growth rate between 2.0% and 2.9% is projected for the remainder of the Forecast. The projected increase is mostly based on estimates from the City's sales tax consultant.

The chart below shows the allocation of sales tax rate among the taxing jurisdictions. The City's share of the total sales tax rate is one percentage point.

Chart 2: 9.25% Sales Tax Allocation by Percentage Points among various Governmental Entities



Measure F ¼ Cent Local Sales Tax, approved by the voters of the City of Milpitas in November 2020 with an eight-year sunset clause, is projected to be $6.4 million in FY2022-23. The City of Milpitas Public Services Measure provides funding to maintain the City's finances and services including: police and fire protection, 9-1-1 emergency response, and natural disaster preparation; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and attracting and retaining local businesses.

Transient Occupancy Tax (TOT), or Hotel/Motel tax Revenues, is projected to be $8.3 million in FY2022-23, an increase of $0.6 million, or 8.0% compared to FY2021-22 Adopted Budget of $7.7 million. The COVID-19 Pandemic continues to impact the travel and hotel industry. At the February 15th City Council meeting, the City Council approved a reduction of the FY 2021-22 revenue estimate for TOT in the amount of $0.2 million, or 3.2%, from $7.7 million to $7.5 million– primarily due to the delayed opening to two new hotels. In comparison to the FY 2021-22 Amended Budget, the revenue estimate for the FY 2022-23 Proposed Budget is expected to increase by $0.9 million, or 11.5% from $7.5 million to $8.3 million. This Forecast further assumes that the travel and hotel industry will never regain the occupancy levels as assumed prior to the Pandemic. TOT revenue estimates are projected to increase between 3.0% and 4.5% for the remainder of the Forecast.

Licenses and permits consist of building permits and fire permits which are primarily construction related.The estimated revenue for licenses and permits, for the FY 2022-23 Proposed Budget is $11.5 million. It is projected to increase by $1.6 million, or 15.8% from $9.9 million to $11.5 million in comparison to the FY 2021-22 Amended Budget (an increase of $1.2 million, or 11.8%, from the FY2021-22 Adopted revenue estimates of $10.3 million). Thereafter, it is projected that these revenues will resume pre-recession levels by FY 2023-24, primarily due to continued interest in residential developments in the Transit Area, and annual growth rates around 3.5% based on the assumed annual growth rate of personnel cost increases.

Charges for Services are primarily user fees, including charges for private development related services, engineering fees and recreation service charges.The FY 2022-23 estimated revenue from Charges for Services is $5.9 million, an increase of $1.2 million, or 25.5%, to FY 2021-22 amended revenue estimates of $4.7 million (an increase of $0.5 million, or 10.9%, from the FY 2021-22 adopted revenue estimates of $4.2 million). Charges for Services is projected to increase between 2.5% and 2.8% for the remainder of the forecast. As demand for recreation services increases over the next few years, expenditures and revenues will be adjusted accordingly.

Franchise Fees are a regulatory fee charged to utility companies for the privilege of doing business in the City of Milpitas (i.e.: garbage franchise fee, gas and electric franchise fee). The FY 2022-23 estimated revenue from Franchise Fees is $5.4 million, a decrease of $0.3 million, or 5.3%, compared to FY 2021-22 Adopted Budget revenue estimates of $5.8 million. The decrease in Franchise Fees is primarily due to the decline in Cable Television franchise fee revenues. Franchise Fees are projected to increase an average of 3.0% for the remainder of the Forecast.

Use of Money and Property includes interest earnings on the City's cash pool. The City expects a decrease of $0.1 million, or 17.2%, from the FY 2021-22 estimate of $0.5 million to the FY 2022-23 estimate of $0.4 million due to the declining interest rate environment.

Other Taxes include real estate transfer tax and business license tax. As residential units are being developed and occupied, it is anticipated that the City will collect more real estate transfer tax. Due to the Pandemic, there has been a slight decrease in revenues, therefore the FY 2022-23 estimated revenue from Other Taxes is $1.1 million, a slight increase of $0.04 million, or 4.3%, compared to FY 2021-22 Adopted Budget of $1.0 million. Average annual increases of 3.0% are projected for the remainder of the Forecast.

Intergovernmental represents the revenue account for federal and state grants. The main grant sources for the City include the annual Community Development Block Grants allocation and the three-year SAFER Grant for the addition of six Firefighter positions effective October 2019. In FY2021-22, the City also received Coronavirus Relief Funds. The FY2022-23 estimated revenue for Intergovernmental is $1.0 million, a decrease of $0.2 million, or 13.2%, from FY2021-22 Adopted Budget of $1.2 million.

Operating Transfers In are mainly reimbursements from other funds for the staff support and administrative services provided by the General Fund. These costs are determined through a methodological allocation process (known as the Cost Allocation Plan, or CAP). Net transfers into the General Fund will increase in conjunction with operating expenditure increases, an average of 3.4% annually over the Forecast period. Operating Transfers are projected to be $7.2 million in FY 2022-23, an increase of $0.6 million, or 9.4%, compared to FY 2021-2022 Adopted Budget revenues estimates of $6.6 million.This increase was primarily due to an increase in operating transfer in from Community Facility District (CFD) 2008 of $0.5 million.

Expenditures

Table 3 – FY 2022-2032 Ten-Year General Fund Financial Forecast - Expenditures ($ in millions)

	FY 21-22 Adopted Budget	FY 22-23 Proposed Budget	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast
Expenditures					
Salaries	$54.1	$57.8	$60.3	$62.3	$64.2
Benefits	34.3	35.8	37.1	38.1	38.7
Services & Supplies	21.0	22.3	22.9	24.1	25.2
Debt Services	1.0	1.2	1.2	1.2	1.3
Capital Outlay	0.0	0.4	0.3	0.3	0.3
Operating Transfers Out	0.3	0.3	0.8	0.8	0.8
Total Expenditures	**$110.8**	**$117.7**	**$122.6**	**$126.8**	**$130.5**

	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	FY 30-31 Forecast	FY 31-32 Forecast
Expenditures						
Salaries	$66.1	$68.1	$70.2	$72.3	$74.5	$76.8
Benefits	39.9	40.9	43.2	45.5	48.0	49.4
Services & Supplies	26.7	28.0	29.8	31.5	33.8	36.0
Debt Services	1.3	1.4	1.4	1.4	1.4	1.4
Capital Outlay	0.3	0.3	0.3	0.3	0.4	0.4
Operating Transfers Out	0.8	0.8	0.8	0.8	0.8	0.8
Total Expenditures	**$135.2**	**$139.5**	**$145.8**	**$152.0**	**$158.9**	**$164.8**

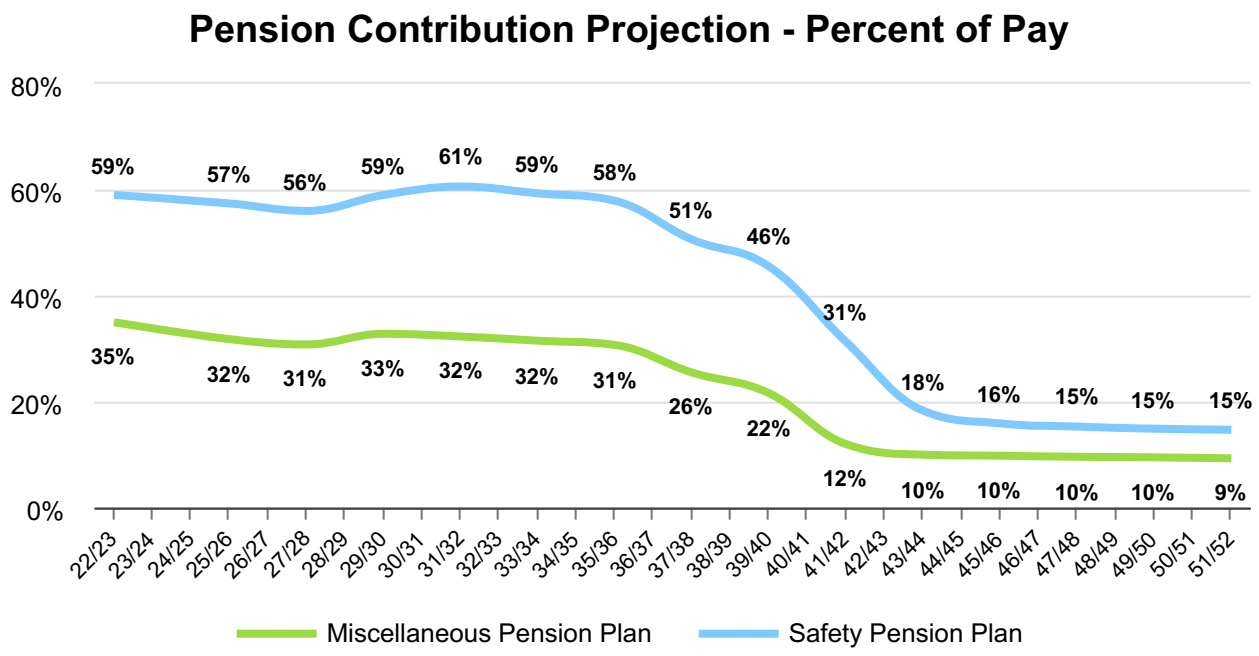
Salaries and Benefits is projected to increase due to scheduled salary increases along with related benefit increases. As part of Council approved actions related to American Rescue Plan Act (ARPA), 4 Firefighter/ Paramedics, 2 Police Officers and 1 Program Coordinator were funded earlier than originally planned. Consistent with FY 2021-22 Adopted Budget actions, 1 Human Resource Technician and 1 Information Technology Analyst were funded effective January 1, 2022 and July 1, 2022, respectively. With these actions, the FY 2021-22 Amended Budget funded position count increased by 9 positions from 415.50 FTEs to 424.50 FTEs. This Budget proposes to increase the position count by 16 FTEs, which includes the restructure of City Attorney Office, to 440.50 FTEs. Of the $5.1 million salaries and benefits increase, approximately $2.6 million is related to scheduled cost of living adjustment and $2.5 million is related to added/restored positions. Based upon current contract, the scheduled COLA are as follows: MEA (3% 7/1/2022), PROTECH (3% 7/1/2022), MidCon (2% 7/1/2022), IAFF (2% 1/1/2023), MPOA (2.5% 7/1/2022), UNREP (3% 7/1/2022).

The California Public Employees Retirement System (CalPERS) annually provides member agencies with an actuarial valuation of member agencies' pension plans. The City has two pension plans with CalPERS, the Safety Plan for sworn Police and Fire Department employees and the Miscellaneous Plan for non-sworn employees working in all City Departments. For FY 2022-23, the City budget reflects pension contribution costs based on the most recent actuarial valuation available by CalPERS dated July 2021. These valuations are based on data, including payroll data, as of June 30, 2020. Often, due to increased positions and granted salary increases per MOUs with the City's bargaining units, the budgeted payroll data is higher than CalPERS' assumption in its valuations.

In Fiscal Year 2015-16, CalPERS started to change its pension contribution methodology for agencies. Agencies are being charged a flat fee for the unfunded accrued liability (UAL), which is not based on a percent of payroll, and the normal cost of the pension benefit, which is based on a percent of payroll. Normal cost is the percentage of payroll that is required to fully fund the annual cost of service for the upcoming fiscal year for active employees only. Unlike normal costs, UAL represents outstanding funding needed for services provided by active or former City employees. The UAL is impacted when current plan benefit, demographic assumptions (retiree longevity), or assumed rate of investment earnings change, or when CalPERS does not meet or exceed its investment earnings target.

The charts below were part of the report titled "CalPERS Actuarial Analysis – 6/30/20 Valuation" prepared by Bartel and Associates, the City's actuary. With a 50% probability, the City's Sworn Plan contribution percentages will peak in just over 10 years at 59% of payroll; similarly, the City's Miscellaneous Plan contribution percentages will peak in just over 10 years at 32% of payroll. By the end of the Forecast Period, based on information from the City's actuary, staff projects that the City's pension contributions will be $33.9 million for all funds and $30 million for the General Fund. In Fiscal Year 2021, CalPERS experienced significantly higher than expected return of 21.3%. Consequently, the return lowered overall unfunded accrued liability (UAL) for out years, reducing contribution rates . Currently, the retirement plan has three tiers based on the hire date of the employee. Tier 1 consists of employees hired before October 9, 2011. Tier 2 consists of employees hired on or after October 9, 2011. Lastly, PEPRA (Public Employees' Pension Reform Act), applies to employees hired on or after January 1, 2013. Tier 1 and 2 retiree benefits are significantly more costly than the PEPRA tier because PEPRA has a much lower pensionable compensation cap. Accordingly, as the chart for both pension plan shows, due to the demographic changes of the plans' population over the next 30 years as Tier 1 and 2 member population declines, the pension contributions as a percent of payroll are expected to decline substantially.

Chart 3: Miscellaneous and Safety Plans Contribution Projections as a Percent of Payroll (Bartel & Associates, January 2022)



On March 3, 2020, the City Council reviewed the City's Pension Actuarial Report and directed staff to return to City Council with the necessary documents for the establishment of a 115 Pension Trust to invest reserve funds set aside to pay future pension obligations. After a competitive procurement process and a detailed legal review, staff brought forward a plan for Council consideration and awarded the contract to PFM to establish a Section 115 Trust with the $33.9 million CalPERS reserve. The charts below were prepared by Bartel & Associates to demonstrate scenarios where annual withdrawal from Section 115 Trust is used to stabilize contribution rates to smooth out the peak years for Miscellaneous and Safety plans.

Chart 4: Payment to 115 Trust - Miscellaneous Contribution Rate Projection (Bartel & Associates, January 2022)

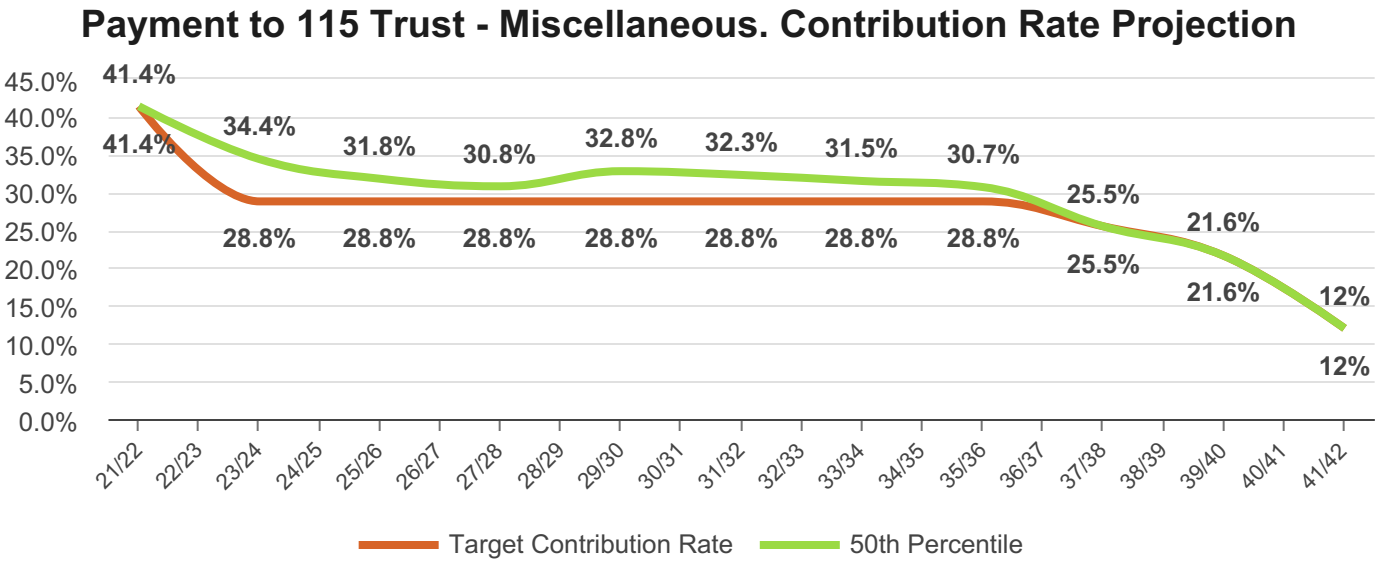
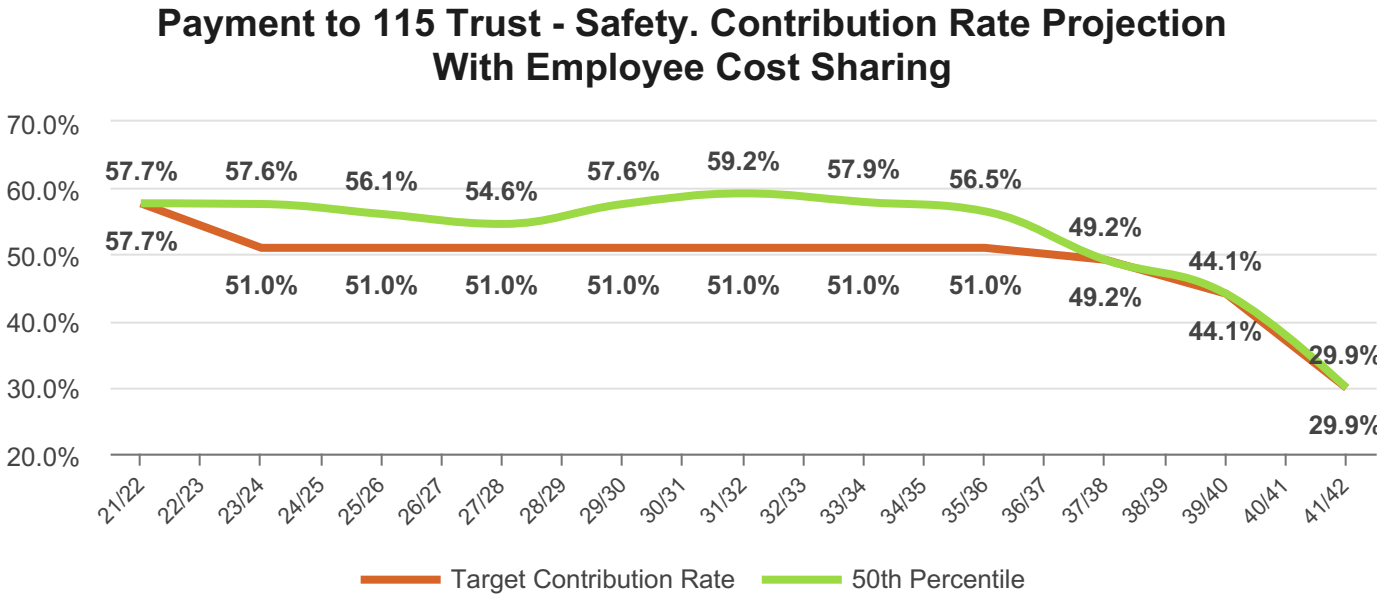


Chart 5: Payment to 115 Trust - Safety Contribution Rate Projection With EE Cost Sharing (Bartel & Associates, January 2022)



Services and Supplies costs are anticipated to be $22 million in FY 2022-23, a increase of $1 million, or 4.7%, compared to FY 2021-22 adopted budget of $21 million. This increase is primarily in the areas of PLAN JPA premium, election cost, utility cost and proposed enhanced services. An average annual increase of 2.89% is projected for the remainder of the Forecast but consumer price index (CPI) may increase given the current inflationary economic conditions. There are also fluctuations of cost increases every other year due to election costs that are incurred by the City. The City may experience more fluctuations due to labor shortage, supply chain challenges and inflation.

Debt Service The City issued Lease Revenue Bonds in the principal amount of $18.4 million authorized by Council on October 20, 2020 to fund the Fire Station #2 Construction Project and Energy Efficiency projects with ENGIE Services. This Forecast assumes annual General Fund debt service to be $1.2 million starting in FY 2022-23 partially offset with assumed energy cost savings from the energy efficiency projects.

Capital Outlay consists of the purchase of equipment with an estimated replacement value greater than $5,000. Annually, departmental budgets are funded and charged for ongoing equipment replacement charges. These charges are based on the anticipated replacement cost for existing equipment. However, annually the General Fund supplements these costs with an additional amount. For FY 2022-23, additional $0.4 million is requested to fund capital assets (6 Police vehicles, 2 Fire vehicles and 3 Public Works vehicles). On average, for the remainder of Forecast period, $323,000 of supplemental funding is anticipated to be budgeted annually based on historical trends.

Operating Transfers Out consists of transfers to the Information Technology Equipment Fund ($300,000) per the current Fiscal Policies. As approved as part of the FY2021-22 Adopted Budget, this budget suspends the annual transfer to the Storm Drain Fund for FY 2022-23 and the transfer will resume in FY 2023-24. Further, the City is undergoing a master plan study of its storm drain system which will assess the long-term funding need for the maintenance and repair of the system.

Milpitas

Fiscal Policies

General Financial Goals

1. To maintain a financially viable City that can maintain an adequate level of municipal services.
2. To maintain financial flexibility in order to be able to continually adapt to local, regional, and national economic change.
3. To maintain and enhance long-term the sound fiscal condition of the City.

Operating Budget Policies

4. The City will adopt a balanced budget by June 30th of each year.
5. An annual base operating budget will be developed by accurately and realistically projecting revenues and expenditures for the current and forthcoming fiscal year.
6. During the annual budget development process, the existing base budget will be thoroughly examined to assure cost effectiveness and need of the services or programs provided.
7. Once the City Council has adopted the budget, the Administration will track revenues and expenditures closely and will bring forward budget adjustment recommendations at Mid-Year, as needed.
8. Annual operating budgets will include the cost of operations of capital projects.
9. The City will avoid balancing the current budget at the expense of future budgets, unless the use of reserves is expressly authorized by the City Council.
10. The City's operating budget will be prepared on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase and capital project expenditures are budgeted on a project length basis.

Revenue Policies

11. The City will try to maintain a diversified and stable revenue system to avoid over-reliance on any one revenue source.
12. Revenue estimates are to be accurate and realistic, sensitive to local, regional, and national economic conditions.
13. The City will estimate its annual revenues by an objective, analytical process utilizing trend, judgmental, and statistical analysis, as appropriate.
14. User fees will be reviewed annually for potential adjustments to recover the full cost of services provided, except when the City Council determines that a subsidy is in the public interest. To maintain cost recovery, annually, staff shall bring forward the Master Fee Schedule as part of the budget process with an escalation to reflect increases in staff cost.
15. The City will actively pursue federal, state, and other grant opportunities when deemed appropriate. Before accepting any grant, the City will thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.
16. One-time revenues will be used for one-time expenditures only including capital outlay and reserves.

Expenditures Policies

17. The City will maintain levels of service, as approved by the City Council, to provide for the public well-being and safety of the residents of the community.
18. Employee benefits and salaries will be maintained at competitive levels.
19. Fixed assets will be maintained and replaced as necessary, minimizing deferred maintenance.
20. The City will develop and use technology and productivity enhancements that are cost effective in reducing or avoiding increased personnel costs.

Utility Rates and Fees

21. Water and sewer utility customer rates and fees will be reviewed annually as part of the budget process and adjusted as needed to ensure full cost recovery.
22. All utility enterprise funds will be operated in a manner similar to private enterprise. As such, the City will set fees and user charges for each utility fund at a level that fully supports the total direct and indirect cost of the activity, including depreciation of assets, overhead charges, and reserves for unanticipated expenses and capital projects.

Capital Budget Policies

23. The City will develop an annual Five-Year Capital Improvement Program (CIP) with the goal to develop and maintain infrastructure in support of existing residences and businesses and future anticipated development.
24. The CIP will identify the estimated full cost of each project which includes administration, design, development and implementation, and operating costs once the projects are completed.
25. The CIP will identify potential funding sources for each proposed capital project, prior to submitting proposed projects to the City Council for approval. When appropriate, the CIP will seek other funding sources such as State and Federal funds, private funds and leverage these funding sources with public money to help meet the highest priority community needs.
26. The City Council will provide funding for the first year of the Five-Year CIP as a component of the annual operating budget and appropriate funding at the project level. Funding for future projects identified in the Five-Year CIP may not have been secured and/or legally authorized and is therefore subject to change.
27. Each CIP project will be assigned to a project manager whose responsibilities are to monitor all phases of the project to ensure timely completion of the project and compliance with the project budget and all regulations and laws.

Debt Policies

28. The City will limit long-term debt to only those capital improvements or long-term liabilities that cannot be financed from current revenue sources.
29. The City will utilize debt financing for projects which have a useful life that can reasonably be expected to exceed the period of debt service for the project.
30. The City will utilize conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.
31. The City may utilize inter-fund loans rather than outside debt to meet short-term cash flow needs.
32. The City will not issue long-term debt to finance operating expenses and routine maintenance expenses.

Investment Policies

33. The Finance Director/City Treasurer will annually render an investment policy for the City's cash pool for City Council's review no later than the beginning of the Fiscal Year and recommend modifications as appropriate. The review will take place at a public meeting and the policy shall be adopted by resolution of the City Council.

34. City funds and investment portfolio will be managed in a prudent and diligent manner with emphasis on safety, liquidity, and yield, in that order.

35. Reports on the City's investment portfolio and cash position shall be developed by the Finance Director/City Treasurer and reviewed by the City Council quarterly.

36. Generally Accepted Accounting Principles require that differences between the costs of the investment portfolio and the fair value of the securities be recognized as income or losses in a government's annual financial report. These variances shall not be considered as budgetary resources or uses of resources unless the securities are sold before maturity or the values of the investments are permanently impaired.

37. The City has set up an Other Post Employment Benefits (OPEB) Trust Fund to prefund its retiree medical benefit to eligible former employees with the California Employers' Retiree Benefit Trust (CERBT). Bi-annually, the City shall engage an actuary to provide the City with an actuarial valuation. Working with the actuary, staff shall review the assumed interest earnings, investment strategy, and other factors to ensure the long-term health of the fund.

38. Per the pension valuation provided by the City's actuary, the City's pension costs will continue to rise during the next ten plus years. The City set aside and invested the CalPERS Rate Stabilization Reserve funds in the City of Milpitas Section 115 Pension Trust Fund in order to invest funds with moderate risk achieving a 3% to 6% investment earnings goal during the next 5 to 10 years to mitigate the rising pension costs. The City may use the trust funds to fund either the annual actuarially determined pension contribution amounts, pay down unfunded pension liabilities with CalPERS, or reduce the length of pension cost amortization schedules with CalPERS.

Reserve Policies

39. The City will fund the following reserves as follows with any General Fund audited year end operating surplus after the General Fund Contingency Reserve and General Fund Budget Stabilization Reserve requirements are met and pension budgetary surplus are allocated to the PERS Rate Stabilization Reserve.

- **Part I**
  - Contingency Reserve (Policy Statement #41)
  - General Fund Budget Stabilization Reserve (Policy Statement #42)
- **Part II (any remaining balance)**
  - If confirmed by actuary, 20% to PERS Rate Stabilization Reserve (Policy Statement #43)
  - If not confirmed by actuary, 0% to PERS Rate Stabilization Reserve (Policy Statement #43);
- **Part III (any remaining balance)**
  - Artificial Turf Replacement ($230,000) (Policy Statement #54)
- **Part IV (any remaining balance)**
  - 20% to the General Government Capital Improvement Fund (Policy Statement #56);
  - 30% to Storm Drain Fund
  - 10% to the Affordable Housing Community Benefit Fund (Fund 216);
  - 10% to Transportation/Transit (Fund 310)
  - 20% to Technology Replacement Fund; and
  - 10% Unassigned

40. The City will periodically review and update reserve guidelines, to ensure that the City has sufficient reserve balances to adequately provide for emergencies, economic uncertainties, unforeseen operating or capital needs, economic development opportunities, and cash flow requirements.

41. The City will maintain a Contingency Reserve of at least 16.67% or two months of the annual operating expenditures in the General Fund to be used only in the case of dire need as a result of physical or financial emergencies and disasters as determined by the City Council. Any use of the General Fund Contingency Reserve shall require a majority vote by the City Council through the adoption of the Operating Budget or by appropriation action during the fiscal year. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserve.

42. The City will maintain a General Fund Budget Stabilization Reserve with a target of 16.67%, or two months, of annual operating expenditures. The purpose of this reserve is to provide budget stability when there are fluctuations that result in lower than projected revenues and/or higher than projected expenditures that cannot be rebalanced within existing budget resources in any given fiscal year. This reserve is intended to provide a buffer, or bridge funding, to protect against reducing service levels when these fluctuations occur. This reserve will be funded only after General Fund Contingency Reserve requirements have been met. Any use of the General Fund Budget Stabilization Reserve shall require a majority vote by the City Council through the adoption of the Operating Budget or by appropriation action during the fiscal year. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserve.

43. The City will maintain in the General Fund and the Water and Sewer Utility Enterprise Funds or in a Section 115 Trust a Public Employees Retirement (PERS) Rate Stabilization Reserve. The City's actuary has determined that the General Fund portion of the Unfunded Actuarial Liability for the Miscellaneous Retirement Plan is 84.9% and for the Water and Sewer Utility Enterprise Funds portion of the Unfunded Actuarial Liability for the Miscellaneous Retirement Plan is 8.5% and 6.6%, respectively. The contributions to the PERS Rate Stabilization Reserve from the Utility Funds shall be consistent with the General Fund contributions. If confirmed by City's actuary that contributions are advised for that respective year, then any savings resulting from the pension budgeting methodologies shall be contributed to the PERS Rate Stabilization Reserve. However, the General Fund portion of any pension savings shall only be allocated to the PERS Rate Stabilization Reserve after the General Fund Contingency Reserve and the General Fund Budget Stabilization Reserve requirements have been met. The Utility Funds' portion of any pension savings shall only be allocated to the PERS Rate Stabilization Reserve after the Capital Reserve and Rate Stabilization Reserve (RSR) requirements in the Water and Sewer utility funds have been met. If confirmed by City's actuary that contributions are advised for that respective year, then additionally, 20% of any General Fund or Enterprise Funds annual operating surpluses shall be allocated to the PERS Rate Stabilization Reserve.

44. Annually, the City will endeavor to transfer $500,000 from the General Fund to the Storm Drain Fund to replace and repair storm drain infrastructure.

45. The City will maintain a retiree medical benefits account established by an irrevocable trust and fund the annual actuarially determined contribution. Any savings resulting from the budgeting methodologies shall be used to pay off the actuarial unfunded liability.

46. The City will maintain a General Liability and Workers' Compensation Claims Reserve of at least $2 million in the General Fund, which will be reviewed for adjustments annually. As part of closing out a fiscal year, any Workers' Compensation savings in the General Fund may be allocated to this General Fund reserve and any Workers' Compensation savings in the Utility Funds may be allocated to a Workers' Compensation Claims Reserve established for each utility fund.

47. The City will maintain a Rate Stabilization Reserve (RSR) in the Water and Sewer utility enterprise funds with a goal of at least 16.67% or two months of the respective annual operating expenditures after the

Capital Reserve requirements have been met. The RSR shall be used to mitigate the effects of occasional shortfalls in revenue or unanticipated expenditures that cannot be rebalanced within existing budgeted resources in any given fiscal year. Revenue shortfalls may result from a number of events such as weather factors (wet weather or drought events and natural disasters), increased water conservation, and poor regional economic conditions. The Rate Stabilization Reserves should be used to assist in smoothing out revenue variability resulting from these factors and ensure that adequate resources are available during such times that might otherwise require large rate increases to utility customers. The City Council will set the reserve amounts annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The RSR funding will be phased within five years, or sooner, as part of the fiscal year-end closing process. Thereafter, the replenishment of these reserves may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserves.

48. The City will maintain capital reserves in the Water and Sewer utility enterprise funds to provide for future capital projects and unanticipated emergencies, such as water main break repairs, pump station repairs. The City will attempt to maintain a capital reserve of approximately 30% of the annual operating and maintenance expenses for the Water utility fund and 25% of the annual operating and maintenance expenses for the Sewer utility fund. The City Council will set the reserve amounts annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known.

49. In addition, the City will maintain Infrastructure Replacement Funds for both water and sewer utilities. The goal is to accumulate at least $2 million a year from each utility fund to set-aside for replacement of infrastructure as the infrastructure reaches the end of its useful life after Capital Reserve, the Rate Stabilization Reserve, and CalPERS Rate Stabilization Reserve requirements have been met.

50. Reserve levels for Debt Service Funds will be established and maintained as prescribed by the bond covenants authorized at the time of debt issuance.

51. The City will maintain a capital reserve in an Equipment Replacement Fund, set up as an internal service fund, to enable the timely replacement of vehicles and depreciable equipment as cost. The City will maintain a minimum fund balance of at least 30% of the replacement costs for equipment accounted for in this fund.

52. Annually, the City will endeavor to transfer $300,000 from the General Fund to the Technology Replacement Fund set aside in a reserve with a target of $5 million. This reserve shall be used to accrue funding for technology projects such as the major rehabilitation or replacement of the City's technology infrastructure or new technology initiatives.

53. The City will maintain a capital reserve for Facilities Replacement with a target of $10 million. This reserve shall be used to accrue funding for major rehabilitation or replacement of City facilities (buildings/ structures). Eligible uses of this reserve may include both the direct funding of public facility improvements and the servicing of related debt. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget as resources are available to replenish the reserve.

54. The City will maintain a capital reserve for Artificial Turf Replacement with a target of $2 million and an annual set-aside amount of at least $230,000 until the target is reached. This reserve shall be used to accrue funding for the normal depreciation expense of the City's artificial turf fields over their useful life. Eligible uses of this reserve may include the replacement of the City's artificial turf fields so as to eliminate large spikes in capital expenses and normalize annual costs. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget as resources are available to replenish the reserve.

55. The City may direct any loan repayments from the former Redevelopment Agency and residual property tax distributions from the Redevelopment Property Tax Trust Fund to a General Government Capital Improvement Fund to address the funding needs of capital improvement projects.

56. The City may direct 20% of any General Fund audited year end operating surplus after General Fund Contingency and General Fund Budget Stabilization reserve requirements have been met to a General Government Capital Improvement Fund to address the funding needs of capital improvement projects.

Accounting, Auditing, and Financial Reporting Policies

57. The City's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles as they apply to governmental accounting.
58. An annual audit will be performed by an independent public accounting firm with the subsequent issuance of a Comprehensive Annual Financial Report, within six months of the close of the previous fiscal year.
59. Quarterly financial reports and status reports will be submitted to the City Council within six weeks after the end of each Quarter and be made available to the public. The report will provide an analysis of budgeted versus actual revenues and expenditures, on a year-to-date basis. At the minimum, the report shall include the status of the General Fund and Water and Sewer utility fund revenues and expenditures.

Budget Guidelines

Through the adoption of the annual operating budget, the City Council approves the funding of City services and estimates of resources available to fund the City's services. Through adoption of this budget, the City Council also approves these budget guidelines providing certain responsibilities and authority to the City Manager to adjust the budget given fluctuations in revenues. These budget guidelines provide sufficient flexibility to make budget adjustments during the year, provided these adjustments do not materially alter the general intent of the City Council approved budget, and establish adequate controls through budget monitoring and periodic reporting.

Annually, the City Council establishes Council Priority Areas regarding service levels to provide guidance to management in preparing the adopted budget. This budget reflects the City Council Priority Areas. Through its legislative authority, the Council approves and adopts the budget by resolution.

The City Manager is responsible for proposing to the City Council a balanced budget which is consistent with the Council's service level priorities and sound business practices. A Balanced Budget is defined as a budget where the anticipated operating revenues and other financing resources including carryover of outstanding encumbrances from prior year are equal to or exceed operating expenditures. The City Manager is also responsible for establishing a system for the preparation, execution, and control of the budget which provides reasonable assurances that the intent of Council priorities is met.

The Finance Director is responsible for developing the operating budget on behalf of the City Manager, synchronizing the operating budget with the annual capital plan, developing a ten-year General Fund Financial Forecast, establishing budget and fiscal policy, providing periodic budget status reports to the City Manager and the City Council, and developing internal monthly budget management reports for the Department Heads to facilitate control and compliance with the budget.

The Department Heads are responsible for assisting in the development of annual budgets and monitoring their respective budgets for compliance with the intent of Council priorities to ensure that appropriations of the aggregate total of the department are not exceeded.

Summary of Budget Guidelines

1. Basis of Budgeting

City budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital

project expenditures are budgeted on a project length basis rather than a fiscal year. For all governmental funds, revenues and expenditures are budgeted on a modified accrual basis. For all proprietary funds, revenues and expenditures are budgeted on an accrual basis.

2. Budget Calendar

The Finance Director publishes a budget preparation calendar to the Department Heads and to the City Council at the beginning of the budget process each year. The calendar sets forth, at a minimum, dates for the following:

- Review of service level priorities by the City Council at an annual Planning Session.
- Review and update of the Master Fee Schedule.
- Community Engagement and Outreach.
- Engagement and Outreach for City employees.
- Capital Improvement Projects Budget.
- Presentation of the City Manager's Proposed Budget to the City Council, which shall be no later than the second week in May.

3. Form and Content of the City Manager's Proposed Budget

The Ten-Year General Fund Financial Forecast and the City Manager's Proposed Budget shall be presented in a form which facilitates the City Council to determine and review, as applicable:

- Alignment of the proposed service level changes to City Council priorities as established at the annual Planning Session.
- Projected revenues by major category; based on an updated Master Fee Schedule.
- Operating expenditures by major category.
- Historical and proposed authorized staffing levels.
- Department and Office Proposed budgets as follows:
    - Service level descriptions.
    - Summary of accomplishments and initiatives.
    - Performance and workload measures.
    - Expenditure comparison with the preceding year's budget and two years of actual results.
    - Authorized staffing comparison with the preceding three years.
    - Budget reconciliation from the prior fiscal year to the Proposed Budget.
    - Recommendations for service level changes with a detailed description, performance outcome, and impact statement if the recommendation is not funded.
- Capital improvement appropriations by project.
- A schedule showing General Fund Revenue and Expenditure projection for the next nine years.

4. Adoption of the Budget

The City Council will adopt the budget by resolution no later than June 30th of the previous fiscal year, setting forth the amount of appropriations and authority of the City Manager to administer the adopted budget. Unless otherwise directed, all funds that are presented in the operating budget document are subject to Council approval of appropriations.

5. Budget Authority of the City Manager

The City Manager shall have the authority to make revisions involving transfers from the appropriated Unanticipated Expenditure Reserve account less than or equal to the aggregate amount of amount adopted within the budget in any one fiscal year ($1,140,000 in FY 2022-23, or 1% of total General Fund appropriations),

provided that the Council is notified in writing of the revision, giving the reason, the amount of the revision and the year-to-date total amount of revisions as part of the quarterly financial reports.

Additionally, the City Manager shall have the authority to:

- Amend and/or transfer appropriations among departments and projects within any one fund, provided that the amount of the amended appropriation is $100,000 or less;
- Accept grants or donations up to $100,000 or less, increase department revenues and appropriations accordingly and execute related agreements as long as no matching funds are required, and/or departments do not require additional funding for ongoing maintenance costs or future replacement costs.
- Reasonably deviate from the budgeted personnel allocation schedule provided that at no time the number of permanent funded positions or personnel cost appropriations authorized by the City Council is exceeded;
- Hire full-time employees in overstrength positions for no more than one year as long as appropriations are not exceeded to ensure adequate staffing levels for sworn positions, to facilitate training of new employees in critical positions by the outgoing incumbents, or to respond to urgent staffing needs; and
- Add/delete positions or to move positions between departments to respond to organizational needs, as long as the number of permanent funded positions and the approved personnel cost appropriations remain the same.

Prior approval of the City Council is required for changes that:

- Increase the overall appropriation level within any one Fund.
- Transfer or reallocate appropriations between different Funds.
- Cause an increase or decrease in funded authorized position counts in the Adopted Budget.
- Cause the aggregate amount of contract change orders to exceed 15 percent of the contract amount and/or exceed prior approved appropriation levels for the subject contract.
- Cause transfers from unanticipated expenditure reserve to exceed the aggregate amount of $1,140,000 during the fiscal year.
- Result in changes not consistent with the purpose and intent of the Budget as adopted.
- Require an appropriation action from any unassigned fund balances or reserves.

Pertaining to ARPA:

- On August 9, 2021 wherein for ARPA funding, the City Council delegated authority to the City Manager including appropriation and contract approval authority up to the approved amount for each program approved by Council, once compliance with ARPA procurement, contracting and reporting requirements. For budget monitoring and reporting, it includes a quarterly ARPA report for program updates to the City Council.

6. Budget Amendments by the City Council

At City Council meetings, the City Council may from time to time approve expenditures and identify funding sources not provided for in the adopted budget including those expenditures funded through unassigned fund balances or reserves.

7. Budget Transfers and Modification Procedures

Procedures to implement budget transfers or budget modifications are detailed in Standard Operating Procedure No. 21-1, subject to any changes by the Budget Resolution.

8. Automatic Adjustments and Reappropriations

Outstanding encumbrances at prior fiscal year-end will automatically be carried over to current year's budgets.

Unspent appropriations that are authorized and funded by grant revenues or donations from prior fiscal year will automatically be carried over to current year's budgets. Unspent City funded grant appropriations from prior fiscal year will automatically be carried over to the current year's budgets.

Incomplete multiple year project (capital improvement project) balances will automatically be appropriated.

Any unused non-salary and benefits-related appropriations, subject to the approval of the City Manager, at the end of the fiscal year may be re-appropriated for continued use in the subsequent fiscal year. Furthermore, any outstanding contract and/or purchase order obligations (or encumbrances) remaining at the end of FY 2021-22 are subject to carry over into FY 2022-23.

9. Budget Monitoring and Reporting

Monthly Financial Reports - The Director of Finance will prepare and make available a monthly budget report including actual expenditures and encumbrances for distribution to the City Manager and Department Heads, to facilitate monitoring of the budget.

Quarterly Financial Status Reports - The Director of Finance will periodically prepare financial status reports for presentation to the City Council. At the minimum, the report shall include the status of the General Fund revenues and expenditures; Water and Sewer utility fund revenues and expenditures; and document any use of the appropriated Unanticipated Expenditure Reserve; and report the acceptance of any grants and donations as authorized in these budget guidelines.

Annually, as part of the 4th Quarter Financial Status Report, the Director of Finance shall report on all active grants and grants closed out during the fiscal year including the purpose of the grant, the granting agency, the grant amount awarded, remaining grant funds, and grant activities completed or underway.

10. Reserves

Various unallocated reserves are desired in each of the City's funds to protect the City in emergencies, economic uncertainties, and to finance unforeseen opportunities and/or requirements. Key reserve policies for various funds are described in detail in the document entitled "City of Milpitas Fiscal Policies".

City of Milpitas FY 2022-2023 Budget Process

01

NOVEMBER 2021 – JANUARY 2022

Nov. – Jan. 2022	Ten-Year General Fund Forecast and FY 2022 Base Budget Development
Jan. 25, 2022	Preliminary Council Budget Study Session (Council Priorities, CSA Workplans, etc.)

02

JANUARY 2022 – MARCH 2022

January 2022	Proposed Budget Development
Jan. – Feb. 2022	Internal Staff Budget Review Meetings
February 10, 2022	CIP Budget Study Session
March 2022	Preparation of Master Fee Schedule

03

APRIL 2022

April 5, 2022	Council Feedback on CIP Budget
April 19, 2022	Master Fee Schedule Public Hearing
April 2022	Finalization of Proposed Budget and Preparation for Budget Hearings
April 29, 2022	Proposed Operation Budget Released

04

MAY 2022 – JULY 2022

May 3, 2022	Adoption of Five-Year CIP
May 10, 2022	Council Study Session Operating Budget
June 7, 2022	Adoption of Operating Budget
July 2022	Publication of Adopted Operating Budget and Five-Year Adopted CIP

Budget Development and Document

Annual Budget Development

Every year the City Council adopts a Budget and Financial Plan for the next fiscal year, (the City's fiscal year runs from July 1 of one year through June 30 of the next year). Through the adoption of the annual budget, the City Council approves the funding of City services and estimates of resources available to fund the City's services. The budget is also developed based on the following:

- The City Council's Priority Area and other City Council directives.
- The City's ten-year General Fund Financial Forecast, which is updated annually and presented to the City Council prior to the release of the proposed budget.
- Input from the Community through surveys and community meetings.
- Service level prioritization as identified by the City Manager.
- Availability and sustainability of revenues.
- Legal mandates.
- Prioritization criteria outlined in the capital budget.

In the fall of each year, staff develops the base budget for the upcoming fiscal year and the ten-year General Fund Financial Forecast based on available information. The base budget reflects the Council approved service level with updated costs. As part of developing the base budget for the upcoming fiscal year, staff projects the revenues and expenditures for the next 10 fiscal years to develop the Forecast. The ten-year General Fund Financial Forecast projects whether the City will experience budget shortfalls or surpluses in the next fiscal year and thereafter.

The annual public budget development process begins in January with a review of City Council Priority Areas and the presentation of the ten-year General Fund Financial Forecast. Through surveys and community meetings, staff engages the community for input into budget priorities. In May, based on the input from City Council and the community, the City Manager publishes the proposed budget for the upcoming year. During May and June, the City Council holds study sessions and public hearings prior to adopting the annual budget. The City Council adopts the Proposed Budget as it may be amended based on discussion or direction during the budget hearings. In summer, the City publishes its Adopted Budget. For the Fiscal Year 2022-23 budget development process, please review the timeline and steps shown on the previous page.

Understanding the Budget Document

The operating budget document includes city-wide information as well as information specific to each fund and each department. The City receives revenue from numerous different sources, many of which have restrictions on how they can be used. Separate funds are established to account for the different types of revenues and allowable uses of those revenues. The annual budget information is available after the publication of the annual Adopted Budget, which occurs in July or August. At this time, staff also publishes a Budget-in-Brief document and the annual budget will also be available on Open Budget, which is described below. In the Appendix, the City lists all fund names by fund type.

General Fund: This is the primary fund used to account for all general revenues of the City (e.g. property, sales, transient occupancy and utility user taxes). In general, these funds are allocated at the discretion of the City Council. This revenue is used to support citywide services such as public safety, community services, planning and community environment, and administrative support services. Some activities in the General Fund, such as building inspection and recreation functions, are also intended to be substantially self-supporting through fees for services charged to individuals. In areas where specific benefit for a service can be identified to specific individuals, the City has a policy of charging a fee to offset the cost of providing the service.

Enterprise Funds: These funds are established to function as self-supporting operations wherein expenditures are entirely offset by fees or charges for services. These funds are used to account for specific services which are funded directly by fees and charges to users. In Milpitas, Enterprise Funds include the Water Fund and the Sewer

Fund. The intent is that these two funds be completely self-supporting and not be subsidized by any general revenue or taxes. The utility bills sent to each household and business in the community charge for the cost of providing water and sewer customer services.

Internal Service Fund: This type of fund is established to account for a variety of business services provided by one City department (or division) to other City departments. The City's main internal service fund, the Equipment Management Fund, provides vehicle and fleet maintenance services that are provided to all City departments through an internal service fund. Departments are charged for these services based on their respective utilization.

Capital Projects Funds: Revenues and expenses for capital projects are accounted for in separate funds. A capital improvement is usually a large construction project such as the resurfacing of City streets, the development of park land, the construction of an overpass, the installation of a traffic signal, or the acquisition of land and construction or remodeling of a public building. The City's Capital Improvement Funds include Street Improvement Fund, the Park Fund, General Government Fund, and Storm Drain Fund Construction Fund.

Special Revenue Funds: These funds are used to account for the proceeds of revenues that are designated for specific or restricted uses. These funds include gas tax funds from the State, federal revenue for Justice Assistance Grants, and Lightning and Maintenance District funds.

Budgets and Budgetary Accounting

The City’s budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital project expenditures are budgeted on a project length basis.

The legal level of budgetary control or authorized appropriations is exercised at the departmental level for those funds which have annually adopted budgets such as the General Fund, Enterprise Funds, Special Revenue Funds and Capital Improvement Funds. Finance is responsible that appropriations are not exceeded during the fiscal year.

Appropriations automatically lapse at the end of the fiscal year unless an encumbrance exists, with the exception of balances remaining in the capital project accounts and grant accounts at the end of the fiscal year. These balances are carried forward to the following fiscal year until the project is completed.

Prop 4 - Appropriations Limit

The City establishes an appropriations limit by resolution consistent with the State Constitution, each year during the budget process, which commences after the beginning of each fiscal year. The appropriation base is adjusted each year by changes in population, cost of living and transfers of financial responsibility. As shown in the Financial Information section of the Adopted Budget document, the City has not exceeded its annual Appropriations Limit for the last ten years and in any single fiscal year since this requirement was approved by the voters in 1979.

Budget Amendments

The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions consistent with the Council approved Budget Guidelines. Per the Guidelines, the City Manager is authorized to amend and/or transfer appropriations among departments and projects within any one fund, provided that the amount of the amended appropriation is $100,000 or less as well as other authorizations related to positions. Otherwise, any other budget amendment which changes the total appropriation for a department or fund requires Council approval.

Examples of these amendments include but are not limited to:

- The acceptance of additional grant money which might become available;
- The number of positions approved in the Budget;
- The appropriation of additional funding if expenditures are projected to exceed budgeted amounts; or
- The re-appropriation of monies from one fund to another.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement that is applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Fund revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Those revenues susceptible to accrual are property and sales taxes and interest revenue. Transient Occupancy Tax, forfeitures, licenses, permits, and miscellaneous revenue are not susceptible to accrual because they are not measurable until received in cash. Revenues not considered earned but received are accounted for as revenue collected in advance.

Expenditures are also generally recognized under the modified accrual basis of accounting. An exception to this rule is principal and interest on general long-term debt, which is not recognized until it is due. Financial resources usually are appropriated in funds responsible for repaying debt in the period in which maturing debt principal and interest must be paid.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Revenues for services provided but not billed at the end of the fiscal year are not material and are not accrued.

Cost Accounting

The City uses cost accounting to determine the proper allocation to recover costs for services provided. For each City service or program, in addition to direct staff support and appropriations for supplies and services, it also receives support from the administrative staff and benefits from centralized services such as equipment maintenance. These indirect costs (also known as administrative and overhead costs) need to be allocated to each major service or program in order to determine the full cost of providing City services. Similarly, the centralized service costs also need to be allocated to various operating funds. Centralized service costs are typically budgeted and advanced by the General Fund. Cost allocation is necessary to ensure that each of these operating funds share the administrative and overhead costs equitably.

Department Information

The Budget Narrative and Summary section of the budget document summarizes the service delivery and budgetary information for each department as follows: Mission Statement, Description, and Services highlight the purpose and functions for each department.

Organizational Chart: this functional organizational chart depicts full-time equivalent (FTE) positions, which report to a department director and identifies any position changes such as additions, deletions, or reclassifications; position moves from one department to another; and temporary positions.

Accomplishments: identifies the department's noteworthy accomplishments over the past 12 to 18 months and their alignment to Council Priority Areas.

Initiatives: highlights the major work plan items for the department for the upcoming Fiscal Year and their alignment to Council Priority Areas.

Performance and Workload Measures: lists key department performance measures and identifies key quantifiable department outputs.

Budget Summary: summarizes key expenditure data for the department for several fiscal years (FY 2020 Actuals, FY 2021 Actuals, FY 2022 Adopted, and FY 2023 Proposed) by function, if applicable, and expenditure categories.

Staffing: lists all full-time equivalent (FTE) positions for the department for several fiscal years (FY 2020 Actuals, FY 2021 Actuals, FY 2022 Adopted, and FY 2023 Proposed) by function, if applicable, and by classifications. Positions were defunded as part of the FY 2020-21 Mid-Year and FY 2021-22 Proposed Budget process and they are noted in the staffing tables and footnotes.

Budget Reconciliation: outlines the major base budget and service level changes from the previously adopted budget to the newly presented proposed or adopted budget. Base budget reconciliation changes include deletion of one-time expenditures, updated salary and benefits cost in accordance with the salary and benefits structure approved the City Council, or addition of ongoing expenditures as approved by the City Council. The service level change table itemizes service level changes and related expenditures.

Service Level Changes: describes service level changes compared to the prior fiscal year in alignment with the dominant Council Priority Area identified with one of the icons below; the anticipated performance impact as it relates to Quality, Cost, Cycle Time, Customer Satisfaction, and Sustainability with the icons identified below; and the impact, if the service level change is not funded.

Council Priority Areas Icons:

Community Wellness and Open Space	Continue to provide parks and amenities for people of all ages and abilities to enjoy higher levels of physical and mental health.
Economic Development and Job Growth	Continue to strengthen our economic foundations that support community prosperity and opportunity while ensuring a sustainable and livable city.
Environment	Promote a sustainable community and protect the natural environment.
Governance and Administration	Continue to streamline processes for enhanced service and remain committed to long-term fiscal discipline and financial stewardship.
Neighborhoods and Housing	Continue to explore innovative approaches to incentivize affordable housing projects, collaborate with key stakeholders to care for our most vulnerable populations, and support and engage neighborhoods through dedicated programs and services.
Public Safety	Continue to invest in police and fire protection, in partnership with our community.
Transportation and Transit	Continue to seek and develop collaborative solutions to meet the transportation challenges facing our community and our region.

Performance Impact Icons:

- Cost
- Cycle Time
- Customer Satisfaction
- Quality
- Sustainability

Open Budget

In order to facilitate understanding and transparency of the budget document, the City presents budget information through OpenGov, an online tool that provides users with different views of the City's budget data by fund, department, revenues, and expenditures. The tool can be accessed by visiting www.milpitasca.opengov.com. The City invites you to use the online tool to:

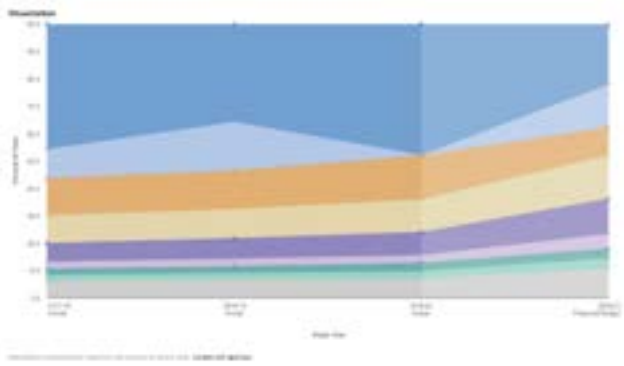
- Search the current year's budget and financial data.
- View trends in revenues and expenditures over time.
- Drill down into expenses by department or account type.
- Display the data as graphs or charts.
- Download into Excel.
- Share with friends using email or social media.
- Send comments directly to the City online.

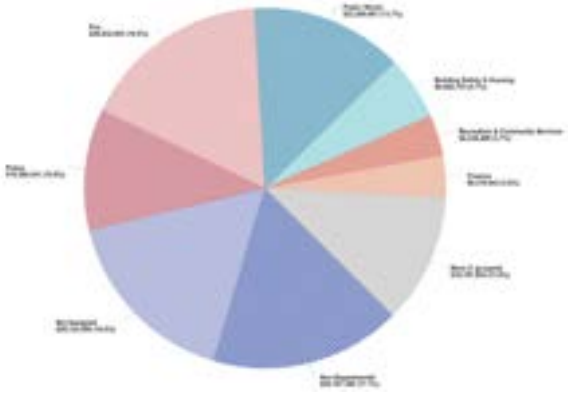
How Does it Work?

Governmental budgets are composed of funds, departments, and accounts. Using a pull-down filter, you can choose the combination you want to explore.

By clicking on one these icons, you can choose whether you want to display graphs showing changes over the years, a pie chart for a single year, or download portions into Excel.

You can also cut and paste any illustration into another document, send it to friends using email or Twitter, or post it on Facebook!





Note: On the OpenGov portal, numbers may appear slightly different due to rounding.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Milpitas
California

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morrill

Executive Director

California Society of
Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award
Fiscal Year 2021-2022

Presented to the

City of Milpitas

For meeting the criteria established to achieve the CSMFO Excellence Award in Budgeting.

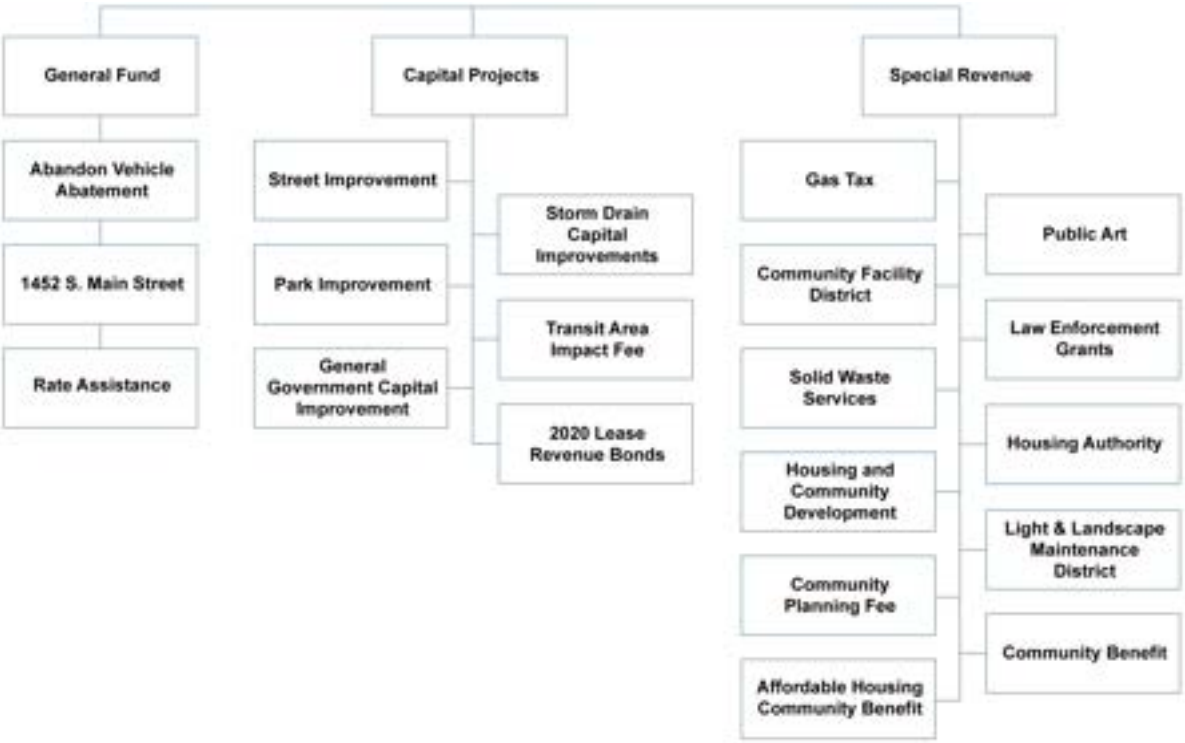
February 28, 2022

Marcus Pimentel
CSMFO President

Michael Manno, Chair
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

Fund Structure



Accrual Basis of Budgeting

Basis of Budgeting
City budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital project expenditures are budgeted on a project length basis rather than a fiscal year. For all governmental funds, revenues and expenditures are budgeted on a modified accrual basis for all proprietary funds, revenues and expenditures are budgeted on an accrual basis.

Accrual Basis is a basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received and spent.

Modified Accrual Basis is a basis of accounting in which revenues are recognized when measurable and available and expenditures are recorded when the related fund liability is incurred.

Budget Summary

	Grand Total	General Fund[1]
Estimated Revenues		
Property Taxes	$42,636,192	$42,636,192
Sales Taxes	33,927,435	33,927,435
Transient Occupancy Tax	8,329,238	8,329,238
Licenses, Permits & Fines	11,484,759	11,484,759
Charges For Services	72,076,668	5,969,453
Franchise Fees	6,058,428	5,448,428
Use of Money & Property	3,031,210	264,000
Other Taxes	4,984,984	1,067,452
Intergovernmental Revenue	3,629,128	1,081,728
Other Revenue	32,030,807	349,657
Operating Transfers In	10,942,934	7,168,628
sub-total	**229,131,783**	**117,726,970**
Other Financing Sources		
(Increase) Decrease in Fund Balance	(10,039,020)	0
(Increase) Decrease in CIP Reserve	(11,417,591)	0
Other Financing Sources	0	0
sub-total	(21,456,611)	0
TOTAL	**$207,675,172**	**$117,726,970**
Budgeted Appropriations		
Personnel Services	$105,885,225	$93,532,069
Non-Personnel Expenditures	60,171,857	22,284,917
Capital Outlay	2,074,032	371,318
Operating Transfers Out	10,942,934	341,866
sub-total	**179,074,048**	**116,530,170**
Capital Improvements	23,926,000	0
Debt Service	4,675,125	1,196,800
sub-total	28,601,125	1,196,800
TOTAL	**$207,675,172**	**$117,726,970**
Fund Balance		
Fund Balance 7/01/2022	324,387,606	53,739,788
Net Changes in Fund Balance	21,456,612	0
TOTAL	**$345,844,218**	**$53,739,788**
Restricted	$28,567,987	$0
Restricted for CIP	158,300,137	0
Committed for CIP	80,515,966	0
Committed, Artificial Turf	1,440,000	1,440,000
Committed, Technology	7,000,000	7,000,000
Committed, Facilities	2,000,000	2,000,000
Committed for PERS	7,958,147	2,826,484
Committed, Workers' Compensation	2,344,962	2,344,962
Future Deficit Reserve	1,452,576	1,452,576
Capital Reserve, Unassigned	12,178,036	
Contingency Reserve, Unassigned	18,253,286	18,253,286
Budget (Rate) Stabilization, Unassigned	26,209,542	18,253,286
TOTAL	**$345,844,218**	**$53,739,788**

(1) General Fund Fund, Abandon Vehicle Abatement Fund, 1452 S. Main St Fund and administration funds of the former Redevelopment Agency.

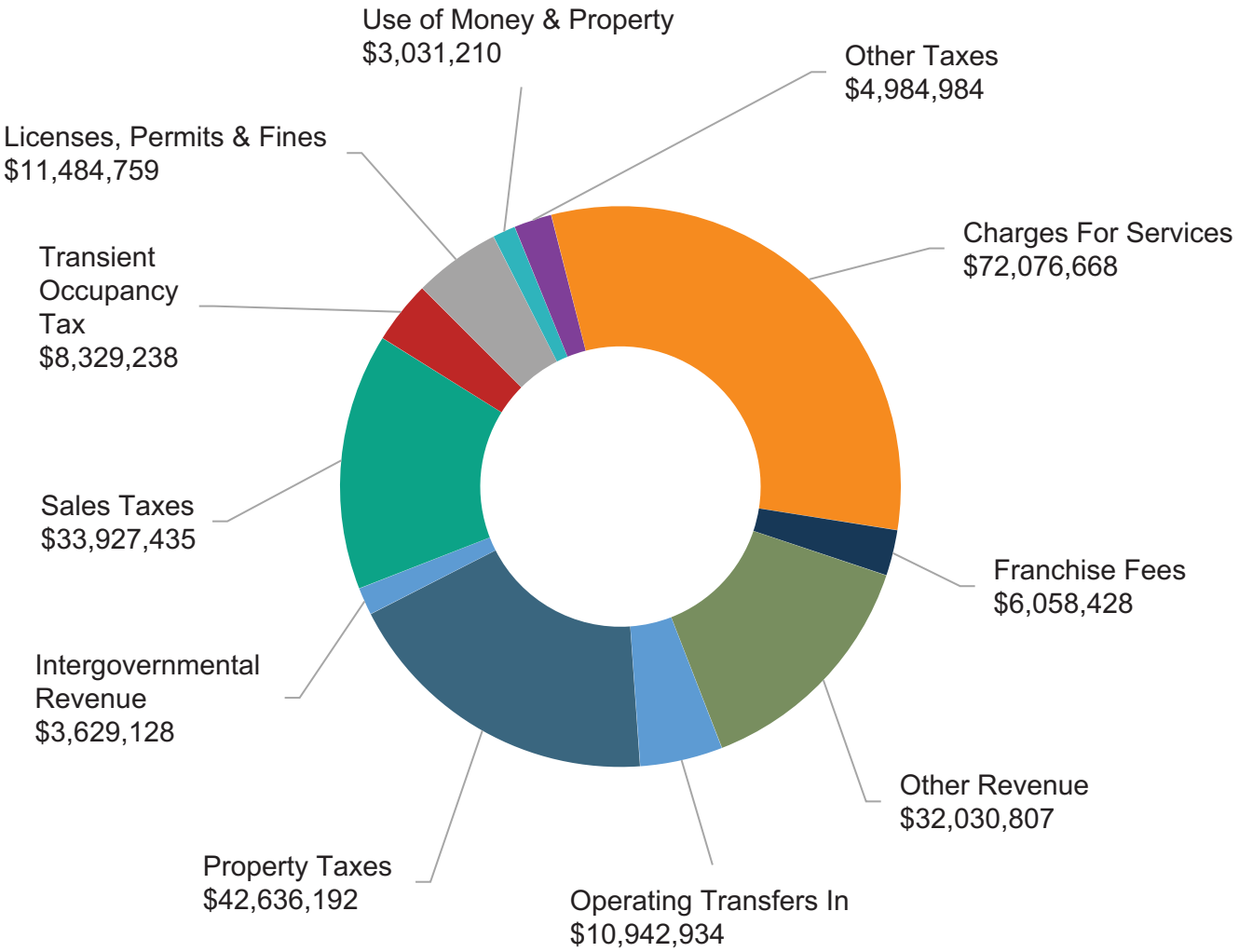
(2) Other Funds include Community Benefit Fund, Community Facility District Funds, Community Planning Fee Fund, Gas Tax Fund, Equipment Replacement Fund, Housing and Community Development Fund, Information Technology Replacement Fund, Law Enforcement Grant Funds, Light & Landscape Maintenance District Funds, Measure B Fund, Permit Automation Fund, Public Art Fund, and Solid Waste Services Fund. The decrease in Fund Balance is mostly attributed to changes in Solid Waste Services and Housing Authority Fund.

Housing Authority	Other Funds[2]	Capital Projects[3]	Water Fund[4]	Sewer Fund[5]
$0	$0	$0	$0	$0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
100,000	4,453,999	0	37,070,999	24,482,217
0	610,000	0	0	0
214,605	768,591	0	724,561	1,059,453
0	3,917,532	0	0	0
0	785,840	1,761,560	0	0
0	5,116,044	24,138,599	1,009,370	1,417,137
0	341,866	3,432,440	0	0
314,605	**15,993,872**	**29,332,599**	**38,804,930**	**26,958,807**
230,007	205,003	0	(2,260,480)	(8,213,550)
0	(65,988)	(13,822,940)	(2,466,936)	4,938,273
0	0	0	0	0
230,007	139,015	(13,822,940)	(4,727,416)	(3,275,277)
$544,612	**$16,132,887**	**$15,509,659**	**$34,077,514**	**$23,683,530**
$0	$5,356,519	$25,659	$4,154,186	$2,816,792
544,612	3,205,530	20,000	24,371,884	9,744,914
0	1,625,358	0	40,000	37,356
0	5,945,479	0	2,949,393	1,706,196
544,612	**16,132,886**	**45,659**	**31,515,463**	**14,305,258**
0	0	15,464,000	1,515,000	6,947,000
0	0	0	1,047,050	2,431,275
0	0	15,464,000	2,562,050	9,378,275
$544,612	**$16,132,886**	**$15,509,659**	**$34,077,513**	**$23,683,533**
883,094	27,508,299	125,451,151	63,530,143	53,275,131
(230,007)	(139,015)	13,822,940	4,727,416	3,275,277
$653,087	**$27,369,284**	**$139,274,091**	**$68,257,559**	**$56,550,408**
$653,087	$27,914,900	$0	$0	$0
0	0	85,964,710	34,334,531	38,000,896
0	0	53,309,381	18,928,362	8,278,223
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	1,097,481	4,034,182
0	0	0	0	0
0	0	0	0	0
0	0	0	8,687,233	3,490,803
0	0	0	5,209,952	2,746,304
$653,087	**$27,369,284**	**$139,274,091**	**$68,257,559**	**$56,550,408**

(3) Capital Projects include Street Improvement Fund, Park Improvement Funds, General Government Capital Improvement Fund, Storm Drain Capital Improvement Fund and Transit Area Impact Fee Fund.
(4) Water Fund includes Water Maintenance & Operations Fund, 2019 Water Bonds Fund, Water CIP Fund, Water Line Extension Fund, and Water Infrastructure Replacement Fund.
(5) Sewer Fund includes Sewer Maintenance & Operations Fund, 2019 Wastewater Bonds Fund, Sewer Fund CIP, Treatment Plant Construction Fund and Sewer Infrastructure replacement Fund.

FY 2022-23 Revenues (All Funds)

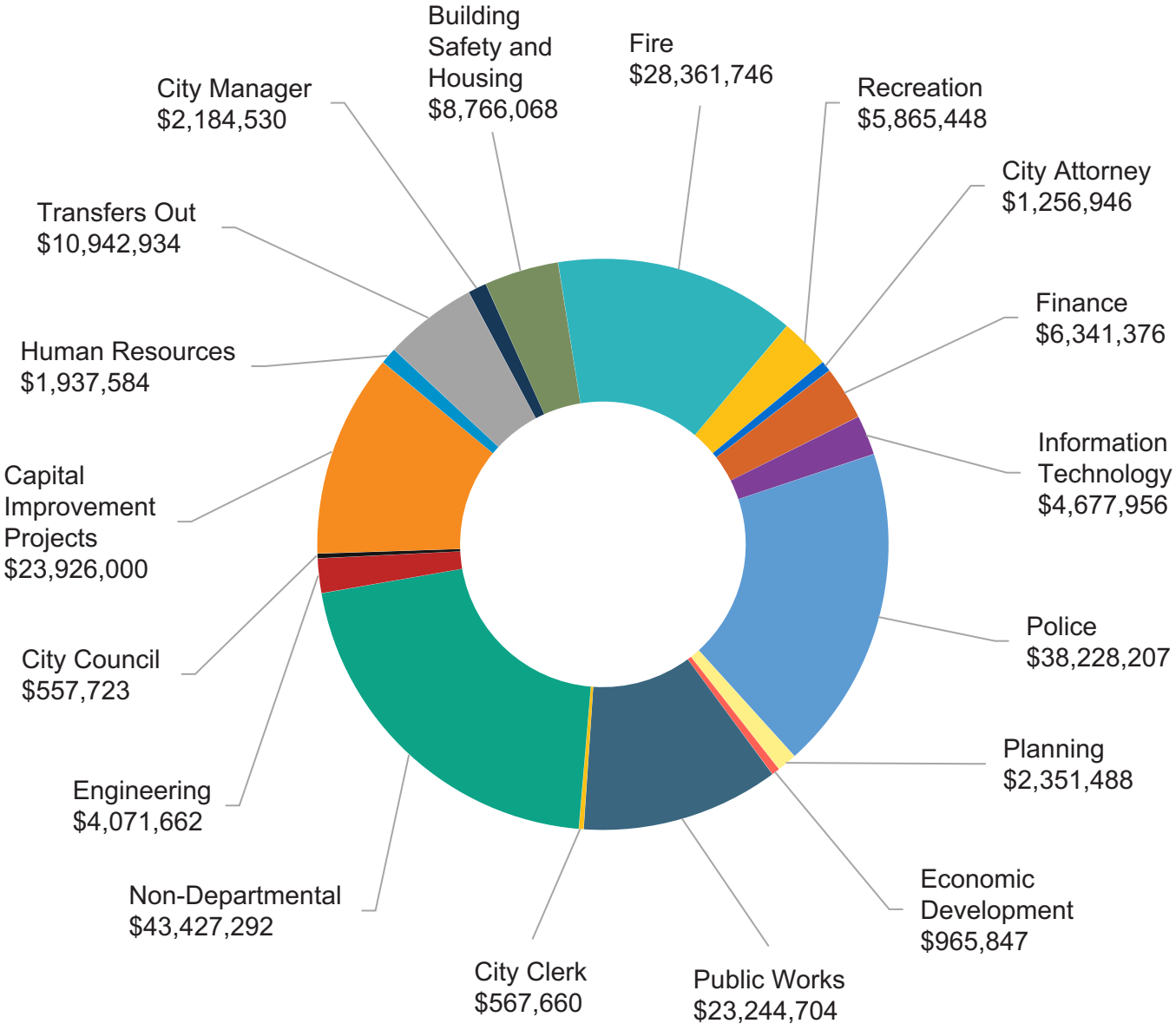
$207.7 Million



*$207.7 Million revenue excludes changes in fund balance and/or CIP reserve of $21.5 million and interfund transfers of $18.7 million.

FY 2022-23 Expenditures (All Funds)

$207.7 Million



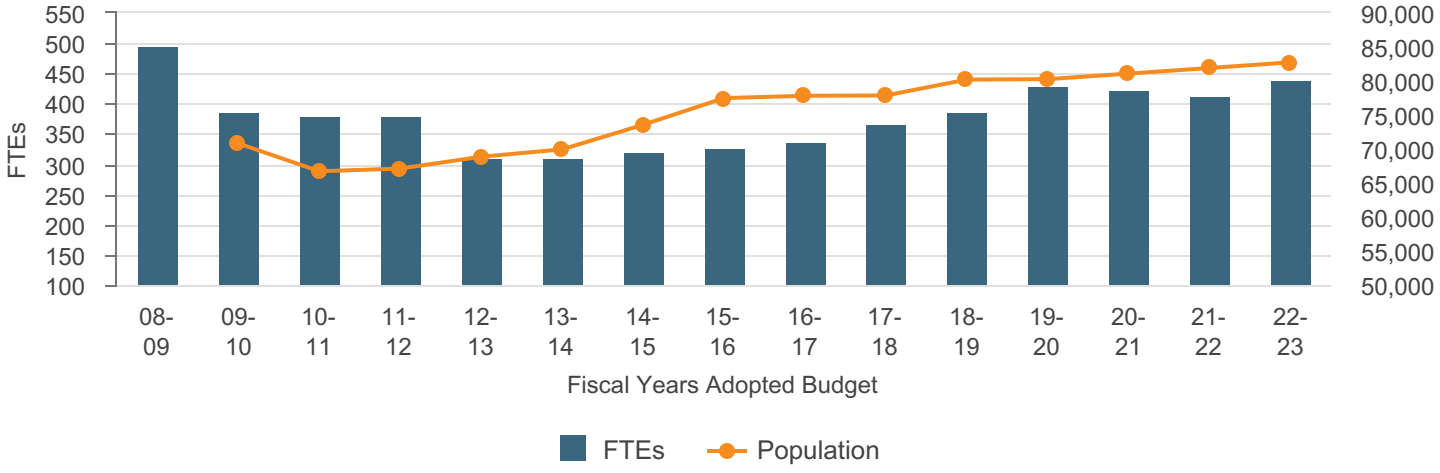
Funded Permanent Positions by Department

	Adopted Budget 19-20	Change from the prior FY	Adopted Budget 20-21	Change from the prior FY	Adopted Budget 21-22	Change from the prior FY	Proposed Budget 22-23	Change from the prior FY
City Council	5.00	0.00	5.00	0.00	5.00	0.00	5.00	0.00
City Manager	6.00	0.00	6.00	0.00	5.50	(0.50)	5.50	0.00
City Clerk	3.00	0.00	3.00	0.00	2.50	(0.50)	2.50	0.00
Economic Development	3.00	0.00	3.00	0.00	3.00	0.00	3.00	0.00
City Attorney	1.00	0.00	1.00	0.00	0.00	(1.00)	3.00	3.00
Building Safety and Housing	33.00	9.00	33.00	0.00	31.00	(2.00)	31.00	0.00
Engineering	25.00	2.00	24.00	(1.00)	23.00	(1.00)	25.00	2.00
Finance	29.50	2.00	29.50	0.00	28.50	(1.00)	29.50	1.00
Fire	77.00	8.00	83.00	6.00	77.00	(6.00)	82.00	5.00
Human Resources	7.00	2.00	7.00	0.00	6.00	(1.00)	7.00	1.00
Information Technology	12.00	1.00	13.00	1.00	12.00	(1.00)	13.00	1.00
Planning	10.00	1.00	10.00	0.00	9.00	(1.00)	9.00	0.00
Police	126.00	9.00	126.00	0.00	124.00	(2.00)	127.00	3.00
Public Works	73.00	5.00	75.00	2.00	74.00	(1.00)	81.00	7.00
Recreation and Community Services	20.75	2.75	20.75	0.00	15.00	(5.75)	17.00	2.00
TOTAL	**431.25**	**41.75**	**439.25**	**8.00**	**415.50**	**(23.75)**	**440.50**	**25.00**

*In FY 2021-22, 9 positions were amended and added. The Proposed FY22-23 Budget adds 16 positions.

Funded Permanent Positions

440.50 FTEs - All Funds



*FY 2019 population data is used as placeholder due to absent population data for FY 2021 and FY 2022
**Great Recession occurred in FY 2009-10 and Redevelopment Agency Dissolution (RDA) occurred in FY 2012-13.

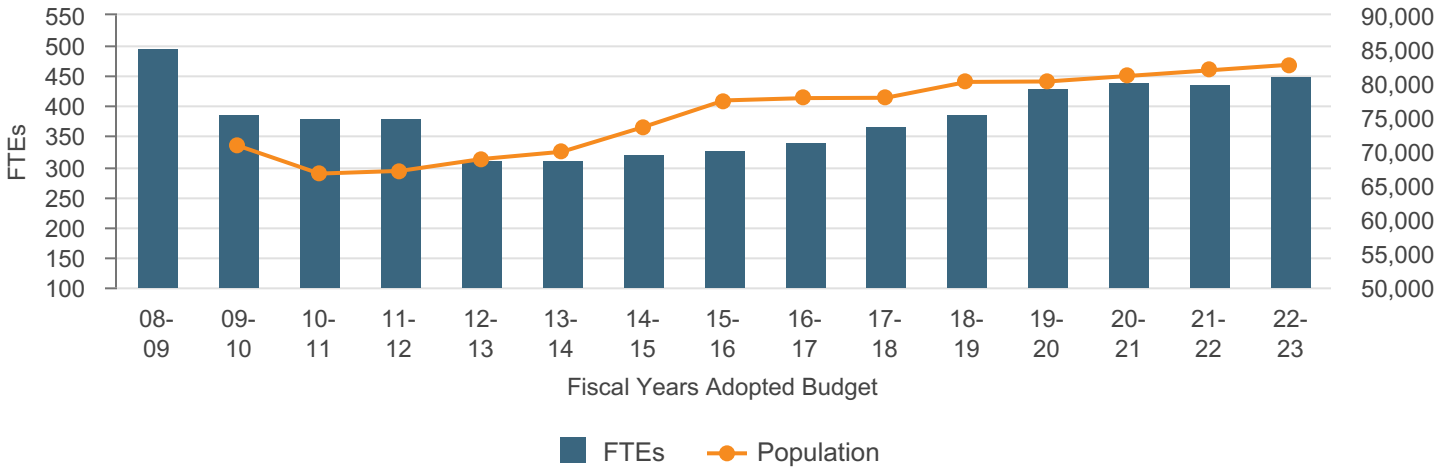
All Permanent Positions by Department*

	Adopted Budget 19-20	Change from the prior FY	Adopted Budget 20-21	Change from the prior FY	Adopted Budget 21-22	Change from the prior FY	Proposed Budget 22-23	Change from the prior FY
City Council	5.00	0.00	5.00	0.00	5.00	0.00	5.00	0.00
City Manager	6.00	0.00	6.00	0.00	6.00	0.00	6.00	0.00
City Clerk	3.00	0.00	3.00	0.00	3.00	0.00	3.00	0.00
Economic Development	3.00	0.00	3.00	0.00	3.00	0.00	3.00	0.00
City Attorney	1.00	0.00	1.00	0.00	0.00	(1.00)	3.00	3.00
Building Safety and Housing	33.00	9.00	33.00	0.00	33.00	0.00	33.00	0.00
Engineering	25.00	2.00	24.00	(1.00)	24.00	0.00	26.00	2.00
Finance	29.50	2.00	29.50	0.00	29.50	0.00	29.50	0.00
Fire	77.00	8.00	83.00	6.00	82.00	(1.00)	83.00	1.00
Human Resources	7.00	2.00	7.00	0.00	7.00	0.00	7.00	0.00
Information Technology	12.00	1.00	13.00	1.00	13.00	0.00	13.00	0.00
Planning	10.00	1.00	10.00	0.00	9.00	(1.00)	9.00	0.00
Police	126.00	9.00	126.00	0.00	126.00	0.00	127.00	1.00
Public Works	73.00	5.00	75.00	2.00	76.00	1.00	82.00	6.00
Recreation and Community Services	20.75	2.75	20.75	0.00	20.75	0.00	20.75	0.00
TOTAL	**431.25**	**41.75**	**439.25**	**8.00**	**437.25**	**(2.00)**	**450.25**	**13.00**

*This table includes 9.75 defunded positions for FY 2022-23.

All Permanent Positions

450.25 FTEs - All Funds



*FY 2019 population data is used as placeholder due to absent population data for FY 2021 and FY 2022
**Great Recession occurred in FY 2009-10 and Redevelopment Agency Dissolution (RDA) occurred in FY 2012-13.

Revenues by Fund

	Description	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
100	General Fund	$105,057,100	$109,208,085	$110,639,648	$117,576,970
103	1452-1474 S. Main	155,536	88,867	70,000	70,000
105	Abandon Veh Abatement	79,152	91,290	70,000	80,000
106	Short Term Disability	45	52,617	0	0
109	Utility Rate Assistance	266,930	9,485	0	0
150	Redevelopment Administration	29,037	14,252	0	0
211	Hetch Hetchy Ground Lease	32,063	7,294	24,000	39,539
213	Public Art Fund-Nonrestricted	507,423	104,848	18,500	30,944
214	Community Planning Fee Fund	353,211	998,949	389,500	270,846
215	Community Benefit Fund	5,209	103,239	4,000	9,414
216	Affordable Housing Fund	1,865,619	2,088,278	850,500	629,124
217	Affordable Housing Unrestricted	2,165,406	64,067	32,500	56,574
221	Gas Tax Fund	3,620,270	1,717,117	1,970,804	2,235,494
225	SB1 Road Maintenance & Rehab	0	1,454,502	1,489,911	1,724,712
235	95-1 Lighting/Lscape Dist	357,727	368,936	412,677	433,600
236	98-1 Lighting/Lscape Dist	43,802	45,624	69,210	69,617
237	05 Community Fclty Dist	1,232,078	1,291,849	1,253,200	1,272,958
238	08 Community Fclty Dist	1,918,900	2,169,104	2,463,179	2,935,942
250	HCD Fund	397,259	1,473,732	1,265,213	685,840
251	HCD Loan	89,915	182,134	4,400	10,952
261	Supplemental Law Enforcement	210,896	162,391	3,000	106,078
262	State Asset Seizure	5,991	2,582	1,000	1,237
263	Federal Asset Seizure	1,241	667	1,000	1,128
267	Federal Grants Police Department	34,082	141,293	0	0
268	State Grants Police Department	40,246	107,520	12,200	13,972
269	Grants Fire Department	(42)	17,799	200	0
280	Solid Waste Services	242,768	313,484	237,000	646,650
295	Housing Authority	737,206	516,359	271,000	314,605
310	Street Fund	215,305	22,214	70,100	0
311	Street CIP	10,267,043	3,979,044	4,450,000	4,384,000
312	Traffic Impact Fee	7,831	0	0	0
314	Vehicle Registration Fee	515,617	271,759	271,132	0
315	Calaveras Widening Impact Fee	294,255	(105,688)	238,500	0
316	Montague Widening Impact Fee	0	0	0	0

	Description	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
317	Milpitas Business Park Impact Fee	373,460	0	0	0
320	Park Improvement Fund	1,549,758	547,517	167,500	5,124,443
321	Park Improvement CIP	2,950,000	0	135,000	580,000
322	Midtown Park Fund	627,033	46,049	272,500	0
330	General Government	11,240,289	8,265,133	396,000	0
331	General Government CIP	13,090,296	12,273,421	5,991,932	6,801,000
334	2020 Fire Station Bonds	0	21,230,021	0	0
340	Storm Drain Development	821,221	708,400	390,900	306,332
341	Storm Drain CIP	1,755,000	3,386,590	0	200,000
350	Transit Area Impact Fee Fund	27,318,903	14,062,032	14,000,000	18,707,824
351	Transit Area Impact Fee CIP Fund	11,619,251	3,401,250	3,400,000	3,499,000
400	Water M & O Fund	29,683,288	30,803,073	31,533,170	33,513,944
401	Water CIP	5,126,172	10,293,306	2,090,000	1,515,000
402	Water Line Extension Fund	339,255	365,621	346,216	1,088,049
403	2019 Water Bonds	372,984	20,177,078	0	0
405	Water Infrastructure Replacement	7,888,030	6,971,884	4,134,653	4,202,937
450	Sewer M & O Fund	20,173,838	20,254,874	20,908,555	24,688,080
451	Sewer CIP	22,682,019	10,474,415	6,480,000	6,947,000
452	Treatment Plant Construction	443,970	480,024	536,400	1,573,859
453	2017 Sewer Refunding Bonds	58	0	0	0
454	2019 Sewer Bonds	202,844	35,478,145	0	0
455	Sewer Infrastructure Replacement	6,363,877	9,490,960	310,500	696,868
500	Equipment Replacement Fund	3,718,482	3,550,101	3,555,000	3,680,052
505	Information Technology Replacement	0	306,847	310,500	319,197
506	Permit Automation Fund	0	704,080	769,500	820,002
	TOTAL	**$ 299,089,149**	**$ 340,234,514**	**$ 222,310,700**	**$ 247,863,783**
	Less Interfund Operating Transfers*			(16,672,304)	(18,732,000)
	(Increase) Decrease of Reserves			(10,469,256)	(21,456,612)
	TOTAL BUDGET SUMMARY REVENUES			**$ 195,169,140**	**$ 207,675,172**

*Interfund Operating Transfers are transfers within the same fund group on the Budget Summary

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
GENERAL FUND (100)					
PROPERTY TAXES					
3010	Secured & Unsecured	$19,745,532	$21,345,836	$21,312,839	$22,449,950
3013	VLF	7,912,802	8,498,010	9,007,880	9,195,231
3014	ERAF	2,295,848	3,303,865	2,467,078	2,162,451
3051	RPTTF	7,844,901	7,945,590	8,482,120	8,828,560
	sub-total	**37,799,083**	**41,093,301**	**41,269,917**	**42,636,192**
SALES TAXES					
3110	Sales and Use Tax	24,173,315	22,839,166	24,655,000	26,425,044
3111	Public Safety Sales and Use Tax	885,010	944,357	978,000	1,093,372
3113	Measure F Sales Tax	0	1,330,572	6,308,250	6,409,019
	sub-total	**25,058,325**	**25,114,095**	**31,941,250**	**33,927,435**
OTHER TAXES					
3120	Real Estate Transfer Tax	720,932	677,039	686,526	695,996
3140	Business License Tax	328,115	312,676	306,699	312,676
3511	Motor Vehicle In-Lieu	60,333	57,179	30,196	58,780
	sub-total	**1,109,380**	**1,046,894**	**1,023,421**	**1,067,452**
FRANCHISE FEES					
3131	Electric Franchise	1,325,038	1,469,518	1,571,470	1,642,186
3132	Gas Franchise	282,339	290,889	277,035	291,395
3133	Garbage Franchise-Commercial	3,069,769	2,837,837	3,238,808	3,129,455
3138	CATV Franchise	496,045	437,232	663,820	385,392
	sub-total	**5,173,191**	**5,035,476**	**5,751,133**	**5,448,428**
TRANSIENT OCCUPANCY TAX					
3150	Transient Occupancy Tax	11,376,522	4,213,326	7,713,639	8,329,238
	sub-total	**11,376,522**	**4,213,326**	**7,713,639**	**8,329,238**
LICENSES, PERMITS, AND FINES					
3210	Building Permit & Inspection Fees	4,585,232	6,428,337	4,329,292	6,538,000
3217	Building Plan Review Fees	1,958,461	2,100,846	3,021,296	2,415,000
3220	Fire Permit & Inspection Fees	1,361,750	1,358,782	1,647,182	1,440,000
3240	Fire Annual Permit & Inspection Fees	751,662	783,525	764,067	789,013
3260	Other Licenses & Permits	43,482	51,627	142,935	52,500
3300	Fines & Forfeits	338,753	270,179	372,045	250,246
	sub-total	**9,039,340**	**10,993,296**	**10,276,817**	**11,484,759**
USE OF MONEY AND PROPERTY					
3430	Investment Interest	2,047,377	1,142,062	500,000	264,000
3770	Sale of Property, Plant, & Equipment	2,764	2,500	0	0
	sub-total	**2,050,141**	**1,146,633**	**500,000**	**264,000**

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
INTERGOVERNMENTAL					
3550	Federal Contributions	985,984	4,472,801	834,571	561,728
3560	State Contributions	172,576	145,264	0	200,000
3570	County Contributions	226,726	165,021	230,000	220,000
3580	Other Restricted Grants	57,605	59,874	20,000	20,000
	sub-total	**1,442,891**	**4,842,960**	**1,084,571**	**1,001,728**
CHARGES FOR CURRENT SERVICES					
3600	General Government Service Charges	660,803	702,661	311,538	528,574
3610	Engineering Service Charges	1,881,074	1,375,646	1,148,994	1,427,052
3630	Fire Service Charges	301,174	464,305	183,258	471,500
3640	Police Service Charges	756,983	800,068	290,822	775,521
3650	Recreation Service Charges	1,144,804	761,935	1,894,481	2,115,386
3660	Building Service Charges	11,488	(33,244)	18,326	31,000
3680	Planning Service Charges	467,355	420,597	308,550	550,420
	sub-total	**5,223,681**	**4,496,538**	**4,155,969**	**5,899,453**
OTHER REVENUE					
3710	Development	50,412	143,901	120,000	149,657
3740	Reimbursements	0	15,639	0	0
3750	Donations	0	0	50,000	0
3790	Miscellaneous Other Revenue	231,313	277,900	200,000	200,000
	sub-total	**281,725**	**437,440**	**370,000**	**349,657**
OPERATING TRANSFERS IN					
3806	Op Trfs in from Solid Waste Service	99,456	109,778	138,558	157,997
3809	Op Tfrs in Street Improv Fund	26,564	0	0	0
3812	Op Trfs in from Water Fund	2,725,061	2,748,779	2,571,407	2,687,393
3815	Op Trfs in from Sewer Fund	1,568,485	1,585,433	1,482,966	1,444,196
3819	Op Trfs in from Other	1,600,000	2,175,000	2,360,000	2,879,042
3822	Op Trfs in from General Gov't Fund	0	0	0	0
3826	Op Trfs in from Measure I TOT Fund	0	0	0	0
3852	Appn Tfr in from General Gov't Fund	0	4,000,000	0	0
	sub-total	**6,019,566**	**10,618,990**	**6,552,931**	**7,168,628**
	TOTAL (100)	**104,573,845**	**109,038,949**	**110,639,648**	**117,576,970**
1452-1474 S. MAIN (103)					
3430	Investment Interest	21,440	11,767	0	0
3600	General Government Service Charges	134,096	77,100	70,000	70,000
	TOTAL (103)	**155,536**	**88,867**	**70,000**	**70,000**

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
ABANDON VEH ABATEMENT (105)					
3570	County Contributions	79,078	91,364	70,000	80,000
3899	Op Trfs in from Subsidiary CIP Fund	0	0	0	0
	TOTAL (105)	**79,078**	**91,364**	**70,000**	**80,000**
SHORT TERM DISABILITY (106)					
3899	Op Trfs in from Subsidiary CIP Fund	0	52,662	0	0
	TOTAL (106)	**0**	**52,662**	**0**	**0**
UTILITY RATE ASSISTANCE (109)					
3430	Investment Interest	8,517	4,416	0	0
3790	Miscellaneous Other Revenue	158,413	5,069	0	0
3899	Op Trfs in from Subsidiary CIP Fund	100,000	0	0	0
	TOTAL (109)	**266,930**	**9,485**	**0**	**0**
REDEVELOPMENT ADMINISTRATION (150)					
3899	Op Trfs in from Subsidiary CIP Fund	29,037	14,252	0	0
	TOTAL (150)	**29,037**	**14,252**	**0**	**0**
HETCH HETCHY GROUND LEASE (211)					
3430	Investment Interest	30,002	22,382	24,000	39,539
	TOTAL (211)	**30,002**	**22,382**	**24,000**	**39,539**
PUBLIC ART FUND-NONRESTRICTED (213)					
3430	Investment Interest	22,767	12,483	18,500	30,944
3710	Development	475,411	103,857	0	0
	TOTAL (213)	**498,178**	**116,340**	**18,500**	**30,944**
COMMUNITY PLANNING FEE FUND (214)					
3430	Investment Interest	16,291	6,902	9,500	16,846
3680	Planning Service Charges	336,920	242,047	380,000	254,000
	TOTAL (214)	**353,211**	**248,949**	**389,500**	**270,846**
COMMUNITY BENEFIT FUND (215)					
3430	Investment Interest	5,209	3,239	4,000	9,414
3710	Development	0	100,000	0	0
	TOTAL (215)	**5,209**	**103,239**	**4,000**	**9,414**
AFFORDABLE HOUSING FUND (216)					
3430	Investment Interest	63,987	39,167	50,500	129,124
3710	Development	1,801,632	2,049,111	800,000	500,000
3819	Op Trfs in from Other	0	0	0	0
3831	Appn Transfers in from General Fund	0	0	0	0
	TOTAL (216)	**1,865,619**	**2,088,278**	**850,500**	**629,124**

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
AFFORDABLE HOUSING FUND UNRESTR. (217)					
3434	Investment Interest	41,407	26,159	32,500	56,574
	TOTAL (217)	**41,407**	**26,159**	**32,500**	**56,574**
GAS TAX FUND (221)					
3430	Investment Interest	38,848	18,200	29,500	42,674
3540	Gas Tax	1,739,693	1,698,917	1,941,304	2,192,820
3802	Op Trfs in from Gas Tax Fund	0	0	0	0
3809	Op Tfrs in Street Improv Fund	131,350	0	0	0
	TOTAL (221)	**3,230,202**	**1,717,117**	**1,970,804**	**2,235,494**
SB1 ROAD MAINTENANCE & REHABILITATION (225)					
3549	Road Maintenance & Rehabilitation	0	1,445,283	1,489,911	1,724,712
	TOTAL (225)	**0**	**1,445,283**	**1,489,911**	**1,724,712**
95-1 LIGHTING/LSCAPE DIST (235)					
3430	Investment Interest	570	302	200	1,084
3720	Special Assessments	356,565	368,147	392,493	411,156
3801	Op Trfs in from General Fund	0	0	19,984	21,360
	TOTAL (235)	**357,135**	**368,449**	**412,677**	**433,600**
98-1 LIGHTING/LSCAPE DIST (236)					
3430	Investment Interest	107	130	100	794
3720	Special Assessments	43,622	45,434	48,504	48,317
3801	Op Trfs in from General Fund	0	0	20,606	20,506
	TOTAL (236)	**43,729**	**45,564**	**69,210**	**69,617**
05 COMMUNITY FCLTY DIST (237)					
3430	Investment Interest	26,716	16,330	23,200	42,958
3720	Special Assessments	1,203,336	1,273,881	1,230,000	1,230,000
	TOTAL (237)	**1,230,052**	**1,290,211**	**1,253,200**	**1,272,958**
08 COMMUNITY FCLTY DIST (238)					
3430	Investment Interest	3,682	12,043	5,100	9,371
3720	Special Assessments	1,913,461	2,154,437	2,458,079	2,926,571
	TOTAL (238)	**1,917,143**	**2,166,480**	**2,463,179**	**2,935,942**
HCD FUND (250)					
3550	Federal Contributions	397,259	1,473,732	1,265,213	685,840
	TOTAL (250)	**397,259**	**1,473,732**	**1,265,213**	**685,840**
HCD LOAN (251)					
3430	Investment Interest	0	0	4,400	10,952
	TOTAL (251)	**0**	**0**	**4,400**	**10,952**

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
SUPPLEMENTAL LAW ENFORCEMENT (261)					
3430	Investment Interest	3,011	1,905	3,000	6,078
3560	State Contributions	207,885	160,486	0	100,000
	TOTAL (261)	**210,896**	**162,391**	**3,000**	**106,078**
STATE ASSET SEIZURE (262)					
3430	Investment Interest	1,274	705	1,000	1,237
3560	State Contributions	4,717	1,877	0	0
	TOTAL (262)	**5,991**	**2,582**	**1,000**	**1,237**
FEDERAL ASSET SEIZURE (263)					
3430	Investment Interest	1,241	667	1,000	1,128
	TOTAL (263)	**1,241**	**667**	**1,000**	**1,128**
FEDERAL GRANTS POLICE DEPARTMENT (267)					
3550	Federal Contributions	34,082	111,516	0	0
	TOTAL (267)	**34,082**	**111,516**	**0**	**0**
STATE GRANTS POLICE DEPARTMENT (268)					
3430	Investment Interest	14,532	9,663	12,200	13,972
3560	State Contributions	25,714	97,857	0	0
	TOTAL (268)	**40,246**	**107,520**	**12,200**	**13,972**
GRANTS FIRE DEPARTMENT (269)					
3550	Federal Contributions	0	0	0	0
3570	County Contributions	(44)	18,290	0	0
	TOTAL (269)	**(42)**	**17,799**	**200**	**0**
SOLID WASTE SERVICES (280)					
3139	County-wide AB 939 Fee	200,198	272,781	210,000	210,000
3134	Garbage Franchise-NonComm-Resi	0	0	0	400,000
3430	Investment Interest	37,017	16,921	27,000	36,650
3560	State Contributions	5,553	23,850	0	0
3610	Engineering Service Charges	0	0	0	0
3670	Utility Charges	0	0	0	0
3740	Reimbursements	0	0	0	0
3790	Miscellaneous Other Revenue	0	(68)	0	0
3822	Op Trfs in from General Gov't Fund	0	0	0	0
	TOTAL (280)	**242,768**	**313,484**	**237,000**	**646,650**
HOUSING AUTHORITY (295)					
3430	Investment Interest	154,220	82,959	122,000	214,605
3600	General Government Service Charges	102,487	139,679	149,000	100,000
3770	Sale of Property, Plant, & Equipment	0	0	0	0
	TOTAL (295)	**256,707**	**222,638**	**271,000**	**314,605**

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
STREET FUND (310)					
3430	Investment Interest	88,064	68,471	70,100	0
3790	Miscellaneous Other Revenue	0	0	0	0
3831	Appn Transfers in from General Fund	0	42,298	0	0
	TOTAL (310)	**88,064**	**110,769**	**70,100**	**0**
STREET CIP (311)					
3560	State Contributions	0	1,615,314	500,000	1,761,560
3570	County Contributions	3,097,585	0	0	0
3710	Development	0	314	0	0
3802	Op Trfs in from Gas Tax Fund	4,371,569	1,596,569	1,585,568	378,026
3810	Op Trfs in from Park Improvement	0	0	0	0
3815	Op Trfs in from Sewer Fund	0	0	0	0
3819	Op Trfs in from Other	0	0	1,500,000	1,444,414
3822	Op Trfs in from General Gov't Fund	0	0	100,000	0
3824	Op Trfs in Transit Area Fund	245,000	0	0	0
3826	Op Trfs in from Measure I TOT Fund	0	0	0	0
3849	Other Appn Transfers In	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	880,000	74,335	764,432	800,000
	TOTAL (311)	**10,194,154**	**3,286,532**	**4,450,000**	**4,384,000**
TRAFFIC IMPACT FEE (312)					
3430	Investment Interest	0	0	0	0
3710	Development	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	7,831	0	0	0
	TOTAL (312)	**7,831**	**0**	**0**	**0**
VEHICLE REGISTRATION FEE (314)					
3430	Investment Interest	4,793	7,327	6,700	0
3570	County Contributions	510,824	0	0	0
3809	Op Tfrs in Street Improv Fund	0	0	0	0
3822	Op Trfs in from General Gov't Fund	0	0	264,432	0
3829	Op Trfs in from Vehicle Registration Fee	0	0	0	0
	TOTAL (314)	**515,617**	**7,327**	**271,132**	**0**
CALAVERAS WIDENING IMPACT FEE (315)					
3430	Investment Interest	28,220	16,436	23,500	0
3710	Development	11,087	(122,124)	215,000	0
	TOTAL (315)	**294,255**	**(105,688)**	**238,500**	**0**
MONTAGUE WIDENING IMPACT FEE (316)					
3430	Investment Interest	0	0	0	0
	TOTAL (316)	**0**	**0**	**0**	**0**
MILPITAS BUSINESS PARK IMPACT FEE (317)					
3430	Investment Interest	(1,804)	0	0	0
	TOTAL (317)	**(1,804)**	**0**	**0**	**0**

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
PARK IMPROVEMENT FUND (320)					
3430	Investment Interest	386,347	105,295	167,500	0
3712	Park Development Fees	0	0	0	5,124,443
3822	Op Trfs in from General Gov't Fund	0	0	0	0
3824	Op Trfs in Transit Area Fund	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	1,100,000	649,000	0	0
	TOTAL (320)	**1,486,347**	**754,295**	**167,500**	**5,124,443**
PARK IMPROVEMENT CIP (321)					
3815	Op Trfs in from Sewer Fund	0	0	0	0
3822	Op Trfs in from General Gov't Fund	1,250,000	0	0	0
3824	Op Trfs in Transit Area Fund	300,000	0	0	0
3831	Appn Transfers in from General Fund	0	0	0	0
3852	Appn Transfers in from General Gov't	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	1,400,000	0	135,000	580,000
	TOTAL (321)	**2,950,000**	**0**	**135,000**	**580,000**
MIDTOWN PARK FUND (322)					
3430	Investment Interest	19,632	17,035	22,500	0
3710	Development	607,401	0	250,000	0
3899	Op Trfs in from Subsidiary CIP Fund	0	0	0	0
	TOTAL (320)	**627,033**	**17,035**	**272,500**	**0**
GENERAL GOVERNMENT (330)					
3430	Investment Interest	570,581	278,955	396,000	0
3801	Op Trfs in from General Fund	4,000,000	0	0	0
3809	Op Tfrs in Street Improv Fund	0	200,000	0	0
3810	Op Trfs in from Park Improvement	0	0	0	0
3822	Op Trfs in General Government	0	1,500,000	0	0
3823	Op Trfs in Storm Drain Fund	1,000,000	1,580,000	0	0
3831	Appn Transfers in from General Fund	0	84,597	0	0
3899	Op Trfs in from Subsidiary CIP Fund	4,352,245	4,600,387	0	0
3982	Capital Leases	0	0	0	0
	TOTAL (330)	**9,922,826**	**8,243,939**	**396,000**	**0**
GENERAL GOVERNMENT CIP (331)					
3560	State Contributions	0	0	433,429	0
3580	Other Restricted Grants	29,000	0	0	0
3710	Development	0	0	0	0
3801	Op Trfs in from General Fund	0	0	0	0
3802	Op Trfs in from Gas Tax Fund	800,000	395,090	608,947	595,000
3803	Op Trfs in from Gas Tax Fund	0	0	273,500	80,000
3809	Op Tfrs in Street Improv Fund	0	1,200,000	0	0
3810	Op Trfs in from Park Improvement	0	750,000	0	650,000
3815	Op Trfs in from Sewer Fund	0	129,910	0	0

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
3817	Op Trfs in from Equipment Replacement	0	0	161,131	0
3819	Op Trfs in from Other	2,075,000	1,350,000	1,422,485	924,000
3824	Op Trfs in Transit Area Fund	0	0	78,000	144,000
3827	Op Trfs in from LLMD Fund	108,000	97,500	4,000	11,000
3847	Appn Transfers in from Equipment	0	0	0	0
3849	Other Appn Transfers In	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	9,664,143	8,067,296	3,010,440	4,397,000
	TOTAL (331)	**12,676,143**	**11,989,796**	**5,991,932**	**6,801,000**
2020 FIRE STATION BONDS (334)					
3970	Bond Proceeds	0	0	0	0
	TOTAL (331)	**0**	**0**	**0**	**0**
STORM DRAIN DEVELOPMENT (340)					
3430	Investment Interest	132,357	40,132	50,900	0
3710	Development	105,739	664,673	340,000	306,332
3831	Appn Transfers in from General Fund	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	0	75,000	0	0
	TOTAL (340)	**238,096**	**779,805**	**390,900**	**306,332**
STORM DRAIN CIP (341)					
3815	Op Trfs in from Sewer Fund	0	0	0	0
3822	Op Trfs in from General Gov't Fund	250,000	0	0	200,000
3852	Appn Transfers in General Government	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	1,505,000	3,386,590	0	0
	TOTAL (341)	**1,755,000**	**3,386,590**	**0**	**200,000**
TRANSIT AREA IMPACT FEE FUND (350)					
3430	Investment Interest	1,278,584	683,854	1,000,000	0
3710	Development	22,158,628	13,065,471	13,000,000	18,707,824
3812	Op Trfs in from Water Fund	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	2,700,000	599,609	0	0
	TOTAL (350)	**26,137,212**	**14,348,934**	**14,000,000**	**18,707,824**
TRANSIT AREA IMPACT FEE CIP FUND (351)					
3570	County Contributions	0	0	0	0
3710	Development	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	11,619,251	3,401,250	3,400,000	3,499,000
	TOTAL (351)	**11,619,251**	**3,401,250**	**3,400,000**	**3,499,000**
WATER M & O FUND (400)					
3430	Investment Interest	552,105	352,604	372,000	369,729
3550	Federal Contributions	0	13,761	0	0
3580	Other Restricted Grants	140,154	97,807	0	0
3620	Public Works Service Charges	0	0	0	0
3670	Utility Charges	28,727,511	30,582,368	31,143,569	33,144,215
3790	Miscellaneous Other Revenue	17,601	0	17,601	0
3981	Contributions-Proprietary Fund	0	0	0	0

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
3809	Op Trfs in from Street Fund	3,089	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	0	150,000	0	0
	TOTAL (400)	**29,440,460**	**31,196,540**	**31,533,170**	**33,513,944**
WATER CIP (401)					
3810	Op Trfs in from Park Improvement	0	0	0	0
3824	Op Trfs in Transit Area Fund	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	5,126,172	10,293,306	2,090,000	1,515,000
	TOTAL (401)	**5,126,172**	**10,293,306**	**2,090,000**	**1,515,000**
WATER LINE EXTENSION FUND (402)					
3430	Investment Interest	50,975	29,582	42,000	78,679
3710	Development	281,064	326,418	297,000	1,002,155
3790	Miscellaneous Other Revenue	7,216	9,621	7,216	7,215
3812	Op Trfs in from Water Fund	0	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	0	0	0	0
	TOTAL (402)	**339,255**	**365,621**	**346,216**	**1,088,049**
2019 WATER BONDS (403)					
3970	Bond Proceeds	0	0	0	0
	TOTAL (403)	**0**	**0**	**0**	**0**
WATER INFRASTRUCTURE REPLACEMENT (405)					
3430	Investment Interest	200,083	103,066	150,000	276,153
3670	Utility Charges	3,937,947	3,946,747	3,984,653	3,926,784
3899	Op Trfs in from Subsidiary CIP Fund	3,750,000	2,820,000	0	0
	TOTAL (405)	**7,888,030**	**6,869,813**	**4,134,653**	**4,202,937**
SEWER M & O FUND (450)					
3430	Investment Interest	285,147	228,486	251,000	205,863
3435	Gain/Loss on Investments	254,038	254,038	0	0
3670	Utility Charges	19,293,825	19,897,503	20,657,555	24,482,217
3550	Federal Contributions	0	13,761	0	0
3580	Other Restricted Grants	0	0	0	0
3790	Miscellaneous Other Revenue	0	0	0	0
3809	Op Trfs in from Street Fund	103,089	0	0	0
3899	Op Trfs in from Subsidiary CIP Fund	0	207,646	0	0
	TOTAL (450)	**19,936,099**	**20,601,434**	**20,908,555**	**24,688,080**
SEWER CIP (451)					
3899	Op Trfs in from Subsidiary CIP Fund	22,651,274	10,474,415	6,480,000	6,947,000
	TOTAL (451)	**22,651,274**	**10,474,415**	**6,480,000**	**6,947,000**
TREATMENT PLANT CONSTRUCTION (452)					
3430	Investment Interest	106,447	57,522	84,400	156,722
3710	Development	337,523	422,502	452,000	1,417,137
	TOTAL (452)	**443,970**	**480,024**	**536,400**	**1,573,859**

Revenues by Fund (Detail)

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
2017 SEWER REFUNDING BONDS (453)					
3430	Investment Interest	58	0	0	0
	TOTAL (453)	**58**	**0**	**0**	**0**
2019 SEWER BONDS (454)					
3970	Bond Proceeds	0	0	0	0
	TOTAL (454)	**0**	**0**	**0**	**0**
SEWER INFRASTRUCTURE REPLACEMENT (455)					
3430	Investment Interest	283,877	251,601	310,500	696,868
3899	Intrafund Trf In-Parent/Child	6,080,000	9,239,359	0	0
	TOTAL (455)	**6,363,877**	**9,490,960**	**310,500**	**696,868**
EQUIPMENT REPLACEMENT FUND (500)					
3430	Investment Interest	189,351	105,981	155,000	280,052
3610	Engineering Service Charges	1,200	1,100	0	0
3620	Public Works Service Charges	3,422,578	3,355,930	3,400,000	3,400,000
3670	Utility Charges	0	0	0	0
3770	Sale of Property, Plant and Equipment	42,754	25,043	0	0
3790	Miscellaneous Other Revenue	1,696	148,690	0	0
3981	Contributions-Proprietary Fund	0	0	0	0
3822	Op Trfs in from General Gov't Fund	0	0	0	0
	TOTAL (500)	**3,657,579**	**3,636,744**	**3,555,000**	**3,680,052**
INFORMATION TECHNOLOGY REPLACEMENT (505)					
3430	Investment Interest	0	6,847	10,500	19,197
3801	Op Trfs in from General Fund	300,000	300,000	300,000	300,000
	TOTAL (505)	**300,000**	**306,847**	**310,500**	**319,197**
PERMIT AUTOMATION FUND (506)					
3430	Investment Interest	0	9,988	19,500	20,003
3601	General Government Service Charges	0	694,092	750,000	800,000
	TOTAL (506)	**0**	**704,080**	**769,500**	**820,003**
	TOTAL REVENUES	**$ 290,480,853**	**$ 261,960,568**	**$ 222,310,700**	**$ 247,863,784**
	Less Interfund Operating Transfers*			(16,672,304)	(18,732,000)
	(Increase) Decrease of Reserves			(10,469,256)	(21,456,612)
	TOTAL BUDGET SUMMARY REVENUES			**$ 195,169,140**	**$ 207,675,172**

*Interfund Operating Transfers are transfers within the same fund group on the Budget Summary

Expenditures by Fund

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
100	General Fund	$111,291,794	$141,732,697	$110,435,632	$117,380,000
103	1452-1474 S. Main	64,724	34,214	61,000	64,000
105	Abandon Veh Abatement	77,904	94,083	10,000	10,000
109	Utility Rate Assistance	5,540	14,349	256,700	256,700
150	Redevelopment Administration	27,740	15,793	16,315	16,270
211	H-Hetch Ground Lease	35,258	36,209	37,500	39,000
213	Public Art Fund-Nonrestricted	9,587	97,500	273,500	95,466
214	Community Planning Fee Fund	664,988	909,165	826,768	530,533
215	Community Benefit Fund	0	0	0	0
216	Affordable Housing Fund	176,420	636,750	692,742	1,194,209
221	Gas Tax Fund	5,244,458	1,991,659	2,194,515	973,026
222	Measure B	0	0	0	0
225	SB1 Road Maintenance & Rehab	0	0	1,500,000	1,444,414
235	95-1 Lighting/Lscape Dist	488,462	407,232	382,549	407,017
236	98-1 Lighting/Lscape Dist	52,390	36,582	58,650	66,139
237	05 Community Fclty Dist	898,188	1,085,225	1,439,385	1,764,888
238	08 Community Fclty Dist	1,661,933	2,293,813	2,463,179	2,935,942
250	HCD Fund	397,259	1,473,732	1,265,213	685,840
251	HCD Loan	8	0	0	0
261	Supplemental Law Enforcement	212,342	163,315	0	0
262	State Asset Seizure	0	0	90,000	30,000
263	Federal Asset Seizure	0	0	90,000	30,000
267	Justice Assistance Grant	34,082	141,292	0	0
268	Justice Assistance Grant 2009	25,714	97,858	0	0
269	Grant Fund	0	18,290	0	0
280	Solid Waste Services	243,201	619,442	970,527	942,390
295	Housing Authority	795,197	407,578	952,973	544,612
310	Street Fund	164,092	1,610,661	0	300,000
311	Street CIP	8,035,899	2,820,601	4,450,000	4,384,000
314	Vehicle Registration Fee	764,432	74,335	764,432	500,000
317	Milpitas Business Pk Impact Fe	380,000	0	0	0
320	Park Improvement Fund	0	954,656	35,000	655,000
321	Park Improvement CIP	8,831,573	6,152,071	135,000	580,000
322	Midtown Park Fund	1,475,000	300,000	450,000	575,000
330	General Government	11,943,179	6,501,129	3,110,440	4,597,000

Expenditures by Fund

		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed
331	General Government CIP	11,719,782	20,261,489	5,991,932	6,801,000
334	2020 Fire Station Bonds	0	5,273,158	0	0
340	Storm Drain Development	1,505,000	2,520,000	0	0
341	Storm Drain CIP	1,872,108	3,779,969	0	200,000
350	Transit Area Impact Fee Fund	18,120,524	14,717,501	3,493,429	3,688,659
351	Transit Area Impact Fee CIP Fund	6,910,743	1,684,920	3,400,000	3,499,000
400	Water M & O Fund	26,380,537	21,529,448	28,306,246	31,253,463
401	Water CIP	5,886,781	11,252,303	2,090,000	1,515,000
402	Water Line Extension Fund	200,000	228,000	0	0
403	2019 Water Bonds	1,115,055	5,488,307	0	0
405	Water Infrastructure Replmnt	5,027,519	25,477,973	3,220,050	2,824,050
450	Sewer M & O Fund	17,643,288	59,434,004	15,083,053	16,474,533
451	Sewer CIP	23,796,569	3,319,288	6,480,000	6,947,000
452	Treatment Plant Construction	1,200,000	200,000	0	6,300,000
454	2019 Wastewater Bonds	19,627,801	9,676,415	2,062,755	0
455	Sewer Infrastrture Repmnt	2,150,000	653,910	4,633,730	909,000
500	Equipment Mgnt Fund	1,856,047	3,227,474	3,047,834	3,723,503
505	Information Tec Replmt	0	315,828	250,000	250,000
506	Permit Automation Fund	0	1,303,493	820,395	1,020,518
	TOTAL	**$ 299,272,651**	**$ 361,063,711**	**$ 211,841,444**	**$ 226,407,172**
	Less Interfund Operating Transfers*			(16,672,304)	(18,732,000)
	TOTAL BUDGET SUMMARY EXPENDITURES			**$ 195,169,140**	**$ 207,675,172**

*Interfund Operating Transfers are transfers within the same fund group on the Budget Summary

Expenditures by Fund (Detail)

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
GENERAL FUND (100)							
City Council	$348,723	$209,000	$0	$0	$0	$0	$557,723
City Manager	1,834,015	315,350	0	0	0	0	2,149,365
City Clerk	527,660	40,000	0	0	0	0	567,660
Economic Development	764,737	201,110	0	0	0	0	965,847
City Attorney	827,846	371,100	0	0	0	0	1,198,946
Building Inspection	2,270,659	64,577	0	0	0	0	2,335,236
Building Safety and Housing Administration	685,904	11,000	0	0	0	0	696,904
Housing and Neighborhood Svcs	609,548	594,427	0	0	0	0	1,203,975
Permit Center	460,278	12,000	0	0	0	0	472,278
Plan Review	1,254,470	212,600	0	0	0	0	1,467,070
Design & Construction	1,564,940	7,480	0	0	0	0	1,572,420
Engineering Administration	319,517	20,338	0	0	0	0	339,855
Land Development	1,223,700	171,250	0	0	0	0	1,394,950
Traffic Engineering	547,686	116,445	0	0	0	0	664,131
Finance Administration	1,837,389	346,409	0	0	0	0	2,183,798
Finance Operations	1,740,675	60,590	0	0	0	0	1,801,265
Fiscal Services-Utilities	275,780	108,250	0	0	0	0	384,030
EMS Transport Services	0	68,627	37,728	0	0	0	106,355
Fire Administration	1,811,289	80,191	0	0	0	0	1,891,480
Fire Prevention	2,626,114	25,800	0	0	0	0	2,651,914
Fire Prevention Administration	977,788	61,186	0	0	0	0	1,038,974
Office of Emergency Management	212,673	39,500	0	0	0	0	252,173
Operations Division	19,419,198	2,577,012	251,763	0	0	0	22,247,973
Human Resources	1,418,862	518,722	0	0	0	0	1,937,584
Information Technology	2,563,103	1,528,841	0	0	0	0	4,091,944
Long Range Planning	39,857	0	0	0	0	0	39,857
Planning	1,828,756	59,200	0	0	0	0	1,887,956
Communications	4,523,352	304,295	0	0	0	0	4,827,647
Community Relations	1,029,138	26,763	0	0	0	0	1,055,901
Crossing Guards	510,946	2,000	0	0	0	0	512,946
Investigations	4,680,529	382,183	8,026	0	0	0	5,070,738
Patrol Services	20,392,218	887,549	66,139	0	0	0	21,345,906
Personnel & Training	389,631	213,175	0	0	0	0	602,806
Police Administration	1,223,081	15,073	0	0	0	0	1,238,154
Records	1,268,219	232,867	0	0	0	0	1,501,086
Traffic	1,682,257	87,763	0	0	0	0	1,770,020
Compliance	68,056	295,854	0	0	0	0	363,910

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
Facilities Maintenance	1,741,463	1,048,375	0	0	0	0	2,789,838
Park Maintenance	99,740	1,165,889	0	0	0	0	1,265,629
Public Works Administration	723,964	75,180	0	0	0	0	799,144
Solid Waste Services	8,000	56,000	0	0	0	0	64,000
Street Maintenance	1,348,342	525,521	7,662	0	0	0	1,881,525
Trees & Landscape Mnt	944,264	540,701	0	0	0	0	1,484,965
Utility Maintenance	794,851	223,302	0	0	0	0	1,018,153
Aquatics	397,040	11,300	0	0	0	0	408,340
General Classes	109,113	269,599	0	0	0	0	378,712
Marketing	181,111	77,200	0	0	0	0	258,311
Performing Arts	0	79,900	0	0	0	0	79,900
Recreation Administration	1,656,008	155,092	0	0	0	0	1,811,100
Senior Services	449,391	241,518	0	0	0	0	690,909
Social Services	143,288	29,000	0	0	0	0	172,288
Special Events	176,977	252,418	0	0	0	0	429,395
Sports & Fitness	540,340	35,759	0	0	0	0	576,099
Youth Programs	900,188	144,740	0	0	0	0	1,044,928
Equipment to be Depreciated	0	0	0	0	0	0	0
Non-Departmental	(465,875)	6,763,196	0	0	0	0	6,297,321
Transfers Out	0	0	0	0	0	341,866	341,866
sub-total (100)	**93,506,799**	**21,963,217**	**371,318**	**1,196,800**	**0**	**341,866**	**117,380,000**
1452-1474 S. MAIN (103)							
1452 S. Main Street Properties	0	64,000	0	0	0	0	64,000
sub-total (103)	**0**	**64,000**	**0**	**0**	**0**	**0**	**64,000**
ABANDON VEHICLE ABATEMENT (105)							
Traffic	10,000	0	0	0	0	0	10,000
sub-total (105)	**10,000**	**0**	**0**	**0**	**0**	**0**	**10,000**
UTILITY RATE ASSISTANCE (109)							
Non-Departmental	0	256,700	0	0	0	0	256,700
sub-total (109)	**0**	**256,700**	**0**	**0**	**0**	**0**	**256,700**
REDEVELOPMENT ADMINISTRATION (150)							
Finance Administration	3,944	0	0	0	0	0	3,944
Finance Operations	10,959	0	0	0	0	0	10,959
Fiscal Services-Utilities	367	0	0	0	0	0	367
sub-total (150)	**15,270**	**1,000**	**0**	**0**	**0**	**0**	**16,270**

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
HETCH HETCHY GROUND LEASE (211)							
Non-Departmental	0	39,000	0	0	0	0	39,000
sub-total (211)	**0**	**39,000**	**0**	**0**	**0**	**0**	**39,000**
PUBLIC ART FUND-NONRESTRICTED (213)							
Recreation Administration	15,466	0	0	0	0	0	15,466
Transfers Out	0	0	0	0	0	80,000	80,000
sub-total (213)	**15,466**	**0**	**0**	**0**	**0**	**80,000**	**95,466**
COMMUNITY PLANNING FEE FUND (214)							
Long Range Planning	225,856	0	0	0	0	0	225,856
Planning	104,677	0	0	0	0	0	104,677
Non-Departmental	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	200,000	200,000
sub-total (214)	**330,533**	**0**	**0**	**0**	**0**	**200,000**	**530,533**
AFFORDABLE HOUSING FUND (216)							
City Manager	35,165	0	0	0	0	0	35,165
Planning	93,142	0	0	0	0	0	93,142
Building Safety and Housing Administration	181,410	0	0	0	0	0	181,410
City Attorney	0	21,000	0	0	0	0	21,000
Housing and Neighborhood Svcs	766,650	0	0	0	0	0	766,650
Finance Operations	96,842	0	0	0	0	0	96,842
sub-total (216)	**1,173,209**	**21,000**	**0**	**0**	**0**	**0**	**1,194,209**
GAS TAX FUND (221)							
Transfers Out	0	0	0	0	0	973,026	973,026
sub-total (221)	**0**	**0**	**0**	**0**	**0**	**973,026**	**973,026**
SB1 ROAD MAINT & REHAB (225)							
Transfers Out	0	0	0	0	0	1,444,414	1,444,414
sub-total (225)	**0**	**0**	**0**	**0**	**0**	**1,444,414**	**1,444,414**
95-1 LIGHTING/LSCAPE DIST (235)							
Land Development	400	94,766	0	0	0	0	95,166
Public Works Administration	6,512	0	0	0	0	0	6,512
Street Maintenance	34,806	0	0	0	0	0	34,806
Trees & Landscape Mnt	141,537	128,996	0	0	0	0	270,533

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
Transfers Out	0	0	0	0	0	0	0
sub-total (235)	**183,255**	**223,762**	**0**	**0**	**0**	**0**	**407,017**
98-1 LIGHTING/LSCAPE DIST (236)							
Land Development	800	4,340	0	0	0	0	5,140
Street Maintenance	437	0	0	0	0	0	437
Trees & Landscape Mnt	28,762	20,800	0	0	0	0	49,562
Transfers Out	0	0	0	0	0	11,000	11,000
sub-total (236)	**29,999**	**25,140**	**0**	**0**	**0**	**11,000**	**66,139**
05 COMMUNITY FCLTY DIST (237)							
Park Maintenance	167,960	256,260	0	0	0	0	424,220
Public Works Administration	152,116	0	0	0	0	0	152,116
Street Maintenance	280,860	0	0	0	0	0	280,860
Trees & Landscape Mnt	687,019	164,873	0	0	0	0	851,892
Non-Departmental	0	5,800	0	0	0	0	5,800
sub-total (237)	**1,287,955**	**426,933**	**0**	**0**	**0**	**50,000**	**1,764,888**
08 COMMUNITY FCLTY DIST (238)							
Park Maintenance	0	53,000	0	0	0	0	53,000
Non-Departmental	0	3,900	0	0	0	0	3,900
Transfers Out	0	0	0	0	0	2,879,042	2,879,042
sub-total (238)	**0**	**56,900**	**0**	**0**	**0**	**2,879,042**	**2,935,942**
HCD FUND (250)							
Housing and Neighborhood Services	0	678,840	0	0	0	0	678,840
Non-Departmental	0	7,000	0	0	0	0	7,000
sub-total (250)	**0**	**685,840**	**0**	**0**	**0**	**0**	**685,840**
STATE-ASSET SEIZURE (262)							
Investigations	0	0	30,000	0	0	0	30,000
sub-total (262)	**0**	**0**	**30,000**	**0**	**0**	**0**	**30,000**
FEDERAL ASSET SEIZURE (263)							
Investigations	0	0	30,000	0	0	0	30,000
sub-total (263)	**0**	**0**	**30,000**	**0**	**0**	**0**	**30,000**
SOLID WASTE SERVICES (280)							
Solid Waste	586,323	198,070	0	0	0	0	784,393
Transfers Out	0	0	0	0	0	157,997	157,997
sub-total (280)	**586,323**	**198,070**	**0**	**0**	**0**	**157,997**	**942,390**

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
HOUSING AUTHORITY (295)							
Housing and Neighborhood Services	0	445,200	0	0	0	0	445,200
1432 S. Main Street Properties	0	33,500	0	0	0	0	33,500
City Attorney	0	8,000	0	0	0	0	8,000
Non-Departmental	0	57,912	0	0	0	0	57,912
sub-total (295)	**0**	**544,612**	**0**	**0**	**0**	**0**	**544,612**
STREET IMPROVEMENT (310)							
Transfers Out	0	0	0	0	0	300,000	300,000
sub-total (310)	**0**	**0**	**0**	**0**	**0**	**300,000**	**300,000**
STREET CIP (311)							
Capital Improvement Projects	0	0	0	0	4,384,000	0	4,384,000
Transfers Out	0	0	0	0	0	0	0
sub-total (311)	**0**	**0**	**0**	**0**	**4,384,000**	**0**	**4,384,000**
VEHICLE REGISTRATION FEE (314)							
Transfers Out	0	0	0	0	0	500,000	500,000
sub-total (314)	**0**	**0**	**0**	**0**	**0**	**500,000**	**500,000**
PARK IMPROVEMENT FUND (320)							
Transfers Out	0	0	0	0	0	655,000	655,000
sub-total (320)	**0**	**0**	**0**	**0**	**0**	**655,000**	**655,000**
PARK IMPROVEMENT CIP (321)							
Capital Improvement Projects	0	0	0	0	580,000	0	580,000
Transfers Out	0	0	0	0	0	0	0
sub-total (321)	**0**	**0**	**0**	**0**	**580,000**	**0**	**580,000**
MIDTOWN PARK FUND (322)							
Transfers Out	0	0	0	0	0	575,000	575,000
sub-total (322)	**0**	**0**	**0**	**0**	**0**	**575,000**	**575,000**
GENERAL GOVERNMENT (330)							
Transfers Out	0	0	0	0	0	4,597,000	4,597,000
sub-total (330)	**0**	**0**	**0**	**0**	**0**	**4,597,000**	**4,597,000**

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
GENERAL GOVERNMENT CIP (331)							
Capital Improvement Projects	0	0	0	0	6,801,000	0	6,801,000
Transfers Out	0	0	0	0	0	0	0
sub-total (331)	**0**	**0**	**0**	**0**	**6,801,000**	**0**	**6,801,000**
2020 FIRE STATION BONDS (334)							
Transfers Out	0	0	0	0	0	0	0
sub-total (334)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
STORM DRAIN DEVELOPMENT (340)							
Transfers Out	0	0	0	0	0	0	0
sub-total (340)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
STORM DRAIN CIP (341)							
Capital Improvement Projects	0	0	0	0	200,000	0	200,000
Transfers Out	0	0	0	0	0	0	0
sub-total (341)	**0**	**0**	**0**	**0**	**200,000**	**0**	**200,000**
TRANSIT AREA IMPACT FEE FUND (350)							
Debt Service	0	0	0	0	0	0	0
Finance Administration	25,659	0	0	0	0	0	25,659
City Attorney	0	20,000	0	0	0	0	20,000
Transfers Out	0	0	0	0	0	3,643,000	3,643,000
sub-total (350)	**25,659**	**20,000**	**0**	**0**	**0**	**3,643,000**	**3,688,659**
TRANSIT AREA IMPACT FEE CIP FUND (351)							
Capital Improvement Projects	0	0	0	0	3,499,000	0	3,499,000
sub-total (351)	**0**	**0**	**0**	**0**	**3,499,000**	**0**	**3,499,000**
WATER M & O FUND (400)							
Land Development	0	0	0	0	0	0	0
Finance Administration	8,171	0	0	0	0	0	8,171
Finance Operations	0	0	0	0	0	0	0
Fiscal Services-Utilities	832,022	271,029	0	0	0	0	1,103,051
Compliance	188,183	57,780	0	0	0	0	245,963
City Attorney	0	9,000	0	0	0	0	9,000
Public Works Administration	688,408	210,285	0	0	0	0	898,693
Street Maintenance	0	0	0	0	0	0	0
Utility Engineering	675,256	171,160	0	0	0	0	846,416
Utility Maintenance	1,687,561	653,584	40,000	0	0	0	2,381,145

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
Non-Departmental	74,585	22,999,046	0	0	0	0	23,073,631
Transfers Out	0	0	0	0	0	2,687,393	2,687,393
sub-total (400)	**4,154,186**	**24,371,884**	**40,000**	**0**	**0**	**2,687,393**	**31,253,463**
WATER CIP (401)							
Capital Improvement Projects	0	0	0	0	1,515,000	0	1,515,000
Transfers Out	0	0	0	0	0	0	0
sub-total (401)	**0**	**0**	**0**	**0**	**1,515,000**	**0**	**1,515,000**
WATER LINE EXTENSION FUND (402)							
Transfers Out	0	0	0	0	0	0	0
sub-total (402)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2019 WATER BONDS (403)							
Transfers Out	0	0	0	0	0	0	0
sub-total (403)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
WATER INFRASTRUCTURE REPLACEMENT (405)							
Debt Service	0	0	0	1,047,050	0	0	1,047,050
Transfers Out	0	0	0	0	0	1,777,000	1,777,000
sub-total (405)	**0**	**0**	**0**	**1,047,050**	**0**	**1,777,000**	**2,824,050**
SEWER M & O FUND (450)							
Fiscal Services-Utilities	473,857	212,670	0	0	0	0	686,527
Finance Administration	24,778	0	0	0	0	0	24,778
Compliance	120,128	71,751	0	0	0	0	191,879
Public Works Administration	586,328	1,038,755	0	0	0	0	1,625,083
Street Maintenance	0	0	0	0	0	0	0
Utility Engineering	378,364	102,150	0	0	0	0	480,514
Utility Maintenance	1,158,752	387,681	37,356	0	0	0	1,583,789
Debt Service	0	0	0	2,431,275	0	0	2,431,275
Non-Departmental	74,585	7,931,907	0	0	0	0	8,006,492
Transfers Out	0	0	0	0	0	1,444,196	1,444,196
sub-total (450)	**2,816,792**	**9,744,914**	**37,356**	**2,431,275**	**0**	**1,444,196**	**16,474,533**
SEWER CIP (451)							
Capital Improvement Projects	0	0	0	0	6,947,000	0	6,947,000
Transfers Out	0	0	0	0	0	0	0
sub-total (451)	**0**	**0**	**0**	**0**	**6,947,000**	**0**	**6,947,000**

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
TREATMENT PLANT CONSTRUCTION (452)							
Transfers Out	0	0	0	0	0	6,300,000	6,300,000
sub-total (452)	**0**	**0**	**0**	**0**	**0**	**6,300,000**	**6,300,000**
2019 WASTEWATER BONDS (454)							
Transfers Out	0	0	0	0	0	0	0
sub-total (454)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
SEWER INFRASTRUCTURE REPLACEMENT (455)							
Transfers Out	0	0	0	0	0	909,000	909,000
sub-total (455)	**0**	**0**	**0**	**0**	**0**	**909,000**	**909,000**
EQUIPMENT MGNT FUND (500)							
Compliance	0	10,000	0	0	0	0	10,000
Finance Administration	11,985	0	0	0	0	0	11,985
Operations	0	0	156,877	0	0	0	156,877
Investigations	0	0	34,987	0	0	0	34,987
Patrol Services	0	0	198,016	0	0	0	198,016
Street Maintenance	0	0	136,531	0	0	0	136,531
Utility Maintenance	0	7,500	0	0	0	0	7,500
Fleet Maintenance	926,060	1,047,121	98,000	0	0	0	2,071,181
Public Works Administration	190,515	0	0	0	0	0	190,515
Equipment to be Depreciated	0	0	690,947	0	0	0	690,947
Non-Departmental	0	214,964	0	0	0	0	214,964
sub-total (500)	**1,128,560**	**1,279,585**	**1,315,358**	**0**	**0**	**0**	**3,723,503**
INFORMATION TECH REPLMT (505)							
Information Technology	0	0	250,000	0	0	0	250,000
sub-total (505)	**0**	**0**	**250,000**	**0**	**0**	**0**	**250,000**
PERMIT AUTOMATION FUND (506)							
Permit Center	342,374	90,000	0	0	0	0	432,374
Plan Review	86,131	0	0	0	0	0	86,131
Fire Prevention Administration	0	16,000	0	0	0	0	16,000
Information Technology	192,712	143,300	0	0	0	0	336,012
Transfers Out	0	0	0	0	0	150,000	150,000
sub-total (506)	**621,217**	**249,300**	**0**	**0**	**0**	**150,000**	**1,020,517**

FUND/FUNCTION	Personal Services	Supplies Contractual Services	Capital Outlay	Debt Service	Capital Improvements	Operating Transfers Out	Total
TOTAL EXPENDITURES	**105,885,223**	**60,171,857**	**2,074,032**	**4,675,125**	**23,926,000**	**29,674,934**	**226,407,172**
Less Interfund Operating Transfers*	0	0	0	0	0	(18,732,000)	(18,732,000)
TOTAL BUDGET SUMMARY EXPENDITURES	**$105,885,223**	**$60,171,857**	**$2,074,032**	**$4,675,125**	**$ 23,926,000**	**$10,942,934**	**$ 207,675,172**

*Interfund Operating Transfers are transfers within the same fund group on the Budget Summary

Milpitas

Expenditures by Function

Function	General Fund[1]	Housing Authority	Water Fund[2]	Sewer Fund[3]	Other Funds[4]	Total
City Council	$557,723	$0	$0	$0	$0	$557,723
City Manager	2,149,365	0	0	0	35,165	2,184,530
City Clerk	567,660	0	0	0	0	567,660
Economic Development	965,847	0	0	0	0	965,847
City Attorney	1,198,946	8,000	9,000	0	41,000	1,256,946
Building Inspection	2,335,236	0	0	0	0	2,335,236
Building Safety and Housing Administration	696,904	0	0	0	181,410	878,314
Housing and Neighborhood Svcs	1,203,975	445,200	0	0	1,445,490	3,094,665
Permit Center	472,278	0	0	0	432,374	904,652
Plan Review	1,467,070	0	0	0	86,131	1,553,201
Design & Construction	1,572,420	0	0	0	0	1,572,420
Engineering Administration	339,855	0	0	0	0	339,855
Land Development	1,394,950	0	0	0	100,306	1,495,256
Traffic Engineering	664,131	0	0	0	0	664,131
Finance Administration	2,187,742	0	8,171	24,778	37,644	2,258,335
Finance Operations	1,812,224	0	0	0	96,842	1,909,066
Fiscal Services-Utilities	384,397	0	1,103,051	686,527	0	2,173,975
EMS Transport Services	106,355	0	0	0	0	106,355
Fire Administration	1,891,480	0	0	0	0	1,891,480
Fire Prevention	2,651,914	0	0	0	0	2,651,914
Fire Prevention Administration	1,038,974	0	0	0	16,000	1,054,974
Office of Emergency Management	252,173	0	0	0	0	252,173
Operations Division	22,247,973	0	0	0	156,877	22,404,850
Human Resources	1,937,584	0	0	0	0	1,937,584
Information Technology	4,091,944	0	0	0	586,012	4,677,956
Long Range Planning	39,857	0	0	0	225,856	265,713
Planning	1,887,956	0	0	0	197,819	2,085,775
Communications	4,827,647	0	0	0	0	4,827,647
Community Relations	1,055,901	0	0	0	0	1,055,901
Crossing Guards	512,946	0	0	0	0	512,946
Investigations	5,070,738	0	0	0	94,987	5,165,725
Patrol Services	21,345,906	0	0	0	198,016	21,543,922
Personnel & Training	602,806	0	0	0	0	602,806
Police Administration	1,238,154	0	0	0	0	1,238,154
Records	1,501,086	0	0	0	0	1,501,086
Traffic	1,780,020	0	0	0	0	1,780,020

Function	General Fund(1)	Housing Authority	Water Fund(2)	Sewer Fund(3)	Other Funds(4)	Total
Compliance	363,910	0	245,963	191,879	10,000	811,754
Facilities Maintenance	2,789,838	0	0	0	0	2,789,838
Fleet Maintenance	0	0	0	0	2,071,181	2,071,181
Park Maintenance	1,265,629	0	0	0	477,220	1,742,849
Public Works Administration	799,144	0	898,693	1,625,083	349,143	3,672,063
Solid Waste Services	64,000	0	0	0	784,393	848,393
Street Maintenance	1,881,525	0	0	0	452,634	2,334,159
Trees & Landscape Mnt	1,484,965	0	0	0	1,171,987	2,656,952
Utility Engineering	0	0	846,416	480,514	0	1,326,930
Utility Maintenance	1,018,153	0	2,381,145	1,583,789	7,500	4,990,587
Aquatics	408,340	0	0	0	0	408,340
General Classes	378,712	0	0	0	0	378,712
Marketing	258,311	0	0	0	0	258,311
Performing Arts	79,900	0	0	0	0	79,900
Recreation Administration	1,811,100	0	0	0	15,466	1,826,566
Senior Services	690,909	0	0	0	0	690,909
Social Services	172,288	0	0	0	0	172,288
Special Events	429,395	0	0	0	0	429,395
Sports & Fitness	576,099	0	0	0	0	576,099
Youth Programs	1,044,928	0	0	0	0	1,044,928
1432 S. Main Street Properties	0	33,500	0	0	0	33,500
1452 S. Main Street Properties	64,000	0	0	0	0	64,000
Debt Service	1,196,800	0	1,047,050	2,431,275	0	4,675,125
Equipment to be Depreciated	0	0	0	0	690,947	690,947
Non-Departmental	6,555,021	57,912	23,073,631	8,006,492	270,664	37,963,720
Capital Improvement Projects	0	0	1,515,000	6,947,000	15,464,000	23,926,000
Transfers Out*	341,866	0	2,949,393	1,706,196	5,945,479	10,942,934
TOTAL	**$ 117,726,970**	**$ 544,612**	**$ 34,077,513**	**$ 23,683,533**	**$ 31,642,543**	**$ 207,675,172**

* Interfund Transfers Out are excluded from this schedule

(1) General Fund Fund, Abandon Vehicle Abatement Fund, 1452 S. Main St Fund and administration funds of the former Redevelopment Agency.

(2) Water Fund includes Water Maintenance & Operations Fund, 2019 Water Bonds Fund, Water CIP Fund, Water Line Extension Fund, and Water Infrastructure Replacement Fund.

(3) Sewer Fund includes Sewer Maintenance & Operations Fund, 2019 Wastewater Bonds Fund, Sewer Fund CIP, Treatment Plant Construction Fund and Sewer Infrastructure replacement Fund.

(4) Other Funds include Community Benefit Fund, Community Facility District Funds, Community Planning Fee Fund, Gas Tax Fund, Equipment Replacement Fund, Housing and Community Development Fund, Information Technology Replacement Fund, Law Enforcement Grant Funds, Light & Landscape Maintenance District Funds, Measure B Fund, Permit Automation Fund, Public Art Fund, Solid Waste Services Fund, Street Improvement Fund, Park Improvement Funds, General Government Capital Improvement Fund, Storm Drain Capital Improvement Fund, and Transit Area Impact Fee Fund.

Internal Cost Allocation

				DIRECT COST
INDIRECT COSTS	**Police**	**Fire**	**Building Safety & Housing**	**Planning**
Legislation & Policy	$34,097	$35,721	$10,554	$89,302
General Administration			0	0
City Manager	520,523	490,757	311,016	167,537
City Clerk	64,341	51,559	12,138	36,484
City Attorney	445,435	284,001	80,216	148,745
Human Resources	667,651	429,204	135,120	41,066
Finance	1,073,042	774,595	178,419	56,793
Information Technology	1,435,964	923,120	290,612	88,323
General Liability, Uncollectable and Audit Fees	322,186	238,226	50,989	16,439
Unanticipated Expenditures Reserve	376,597	278,457	59,600	19,215
Facilities Maintenance	614,352	434,536	40,692	49,757
Utilities	650,545	460,135	43,089	52,688
Building Occupancy	413,796	292,681	27,408	33,514
TOTAL INDIRECT COSTS	6,612,714	4,689,254	1,238,676	799,505
TOTAL DIRECT COSTS	37,857,985	28,227,019	5,979,662	1,927,812
TOTAL COSTS	$44,470,699	$32,916,272	$7,218,337	$2,727,317
INDIRECT COST RATE	**0.175%**	**0.166%**	**0.207%**	**0.415%**

PROGRAMS						
Public Works	**Engineering**	**Recreation**	**Water**	**Sewer**	**Solid Waste**	**TOTAL**
$12,989	$241,114	$83,619	$36,532	$11,366	$2,435	**$549,474**
0	0	0	0	0	0	
105,735	262,333	227,952	638,173	285,875	25,417	**2,847,883**
6,013	96,830	48,123	52,672	21,376	2,535	**429,534**
25,692	56,310	149,771	64,569	55,416	11,430	**1,011,838**
16,824	121,873	171,470	118,625	77,204	15,896	**1,771,871**
23,484	127,888	330,463	697,697	314,046	32,167	**3,527,538**
36,184	262,120	368,792	255,134	166,048	34,190	**3,484,318**
6,814	33,868	102,880	115,611	66,721	10,099	**1,608,498**
7,965	39,588	120,255	66,688	56,419	11,805	**1,017,711**
241,410	75,594	1,001,140	235,219	142,874	4,450	**2,646,305**
255,632	80,047	1,060,119	249,076	151,291	4,713	**3,150,552**
162,601	50,916	674,316	158,431	96,233	2,998	**1,912,892**
901,196	1,447,420	4,337,407	2,687,394	1,444,197	157,997	**26,690,360**
7,060,697	3,971,865	5,811,233	34,364,337	16,494,361	1,322,952	**143,017,923**
$7,961,894	$5,419,287	$10,148,639	$37,051,730	$17,938,557	$1,480,949	**$167,333,681**
12.8%	**36.4%**	**74.6%**	**7.8%**	**8.8%**	**11.9%**	**17%**

Operating Transfers Statement

Origin and Purpose of Transfer			Transfer Distribution
From the General Fund	To the Information Technology Replacement Fund for:		
	IT Equipment Replacement		300,000
		sub-total	**300,000**
From the General Fund	To the LLMD 95-1 Fund for:		
	General Benefit Contribution		21,360
		sub-total	**21,360**
From the General Fund	To the LLMD 98-1 Fund for:		
	General Benefit Contribution		20,506
		sub-total	**20,506**
From the Public Art Fund	To the General Government CIP for:		
	Public Art Project (3489)		80,000
		sub-total	**80,000**
From the Community Planning Fund	To the General Government CIP for:		
	Comprehensive Zoning Ordinance Update (3460)		200,000
		sub-total	**200,000**
From the Gas Tax Fund	To the General Government CIP for:		
	Annual Sidewalk, Curb & Gutter Repair (3426)		220,000
	Annual Street Light, Signal, and Signage (3440)		375,000
		sub-total	**595,000**
From the Gas Tax Fund	To the Street CIP for:		
	Street Resurfacing Project 2022-23 (4304)		378,026
		sub-total	**378,026**
From the SB1 RMRA	To the Street CIP for:		
	Street Resurfacing Project 2022-23 (4304)		1,444,414
		sub-total	**1,444,414**
From the 98-1 Light & Landscape Maint D	To the General Government CIP for:		
	Sinclair LLMD Improvements 98-1 (3411)		11,000
		sub-total	**11,000**

Note: *Interfund Transfers, within the same fund group, are not included in the Budget Summary.

Origin and Purpose of Transfer

		Transfer Distribution
From the 2008 Community Facility Dist	To the General Fund for:	
	Operating Cost Reimbursement	2,879,042
	sub-total	**2,879,042**
From the 2005 Community Facility Dist	To the General Government CIP for:	
	On-Call Parks and Landscaping Services (3463)	50,000
	sub-total	**50,000**
From the Solid Waste Services Fund	To the General Fund for:	
	Operating Cost Reimbursement	157,997
	sub-total	**157,997**
From Street Improvement Fund	To the Street CIP Fund for:	
	Soundwall and Barrier Repair and Renovation Program (4267)	300,000
	sub-total	**300,000**
From the Vehicle Registration Fee Fund *	To the Street CIP Fund for:	
	Street Resurfacing Project 2022-23 (4304)	500,000
	sub-total	**500,000**
From the Park Improvement Fund *	To the General Government CIP for:	
	Cardoza Park Softball Fields Improvement (3491)	500,000
	sub-total	**500,000**
From the Park Improvement Fund *	To the Subsidiary CIP Fund for:	
	Minor Sports Courts Rehabilitation (5113)	155,000
	sub-total	**155,000**
From the Midtown Park Fund *	To the Subsidiary CIP Fund for:	
	Sports Fields Turf Rehab. Program (5108)	225,000
	Rose Garden with Children's Memorial (3504)	150,000
	Minor Sports Courts Rehabilitation (5113)	200,000
	sub-total	**575,000**
From the General Government *	To the Storm Drain CIP	
	City Parking Lot Rehabilitation Program (3716)	200,000
	sub-total	**200,000**

Note: *Interfund Transfers, within the same fund group, are not included in the Budget Summary.

Origin and Purpose of Transfer

		Transfer Distribution
From the General Government *	To the General Government CIP for:	
	Fire Station Improvements (3403)	200,000
	City Building Improvements (3406)	800,000
	Annual Tree Replacement Program (3438)	125,000
	Street Landscape Irrigation Repair (3449)	360,000
	On-Call Facilities Maintenance & Repair Services (3462)	330,000
	On-Call Parks and Landscaping Services (3463)	150,000
	Fire Training/OES Facility Portable (3465)	550,000
	Capital Improvement Program Administration (3490)	252,000
	Public Safety Mobile Computer Terminals (3497)	360,000
	HVAC Repairs and Upgrades (3499)	620,000
	Railroad Quiet Zone Feasibility Study (3485)	300,000
	Landmark Policy - Historic Resource Master Plan Update and Marker Program (3503)	200,000
	Rose Garden with Children's Memorial (3504)	150,000
	sub-total	**4,397,000**
From the Transit Area Impact Fee Fund *	To the Subsidiary CIP Fund for:	
	Land/Right-of-Way Value Determination (2010)	9,000
	S. Milpitas Blvd. Vehicle Bridge at Penitencia (2016)	700,000
	Montague Ped. Overcrossing at Penitencia (2018)	2,490,000
	(Rmb) Metro Recycled Water Distribution (2019)	300,000
	sub-total	**3,499,000**
From the Transit Area Impact Fee Fund *	To the General Government CIP for:	
	Capital Improvement Program Administration (3490)	144,000
	sub-total	**144,000**
From the Water M&O Fund	To the General Fund for:	
	Operating Cost Reimbursement	2,687,393
	sub-total	**2,687,393**
From the Water Infrastructure Replacement	To the General Government CIP for:	
	Capital Improvement Program Administration (3490)	162,000
	GIS Development and Data Collection (3496)	100,000
	sub-total	**262,000**

Note: *Interfund Transfers, within the same fund group, are not included in the Budget Summary.

Origin and Purpose of Transfer

			Transfer Distribution
From the Water Infrastructure Replacement *	To the Subsidiary CIP Fund for:		
	Well Upgrade Project (7076)		515,000
	Hydrant Replacement Program (7110)		90,000
	Reservoir Cleaning (7112)		60,000
	Water Conservation Program (7126)		160,000
	Minor Water Projects (7133)		390,000
	On-Call Water Maintenance & Repair Services (7137)		300,000
		sub-total	**1,515,000**
From the Sewer M & O Fund	To the General Fund for:		
	Operating Cost Reimbursement		1,444,196
		sub-total	**1,444,196**
From the Sewer Treatment Fund *	To the Subsidiary CIP Fund for:		
	SJ/SC Regional Waste Water Facility (6118)		6,300,000
		sub-total	**6,300,000**
From the Sewer Infrastructure Replacement *	To the General Government CIP for:		
	GIS Development and Data Collection (3496)		100,000
	Capital Improvement Program Administration (3490)		162,000
		sub-total	**262,000**
From the Sewer Infrastructure Replacement *	To the Subsidiary CIP Fund for:		
	SJ/SC Regional Waste Water Facility (6118)		330,000
	Sewer Pump Station Rehab. Program (6124)		200,000
	Minor Sewer Projects (6126)		50,000
	On-Call Sewer Maintenance & Repair Services (6134)		67,000
		sub-total	**647,000**
From the Permit Automation Fund	To the General Government CIP for:		
	GIS Development and Data Collection (3496)		150,000
		sub-total	**150,000**
	TOTAL TRANSFERS		**$29,674,934**

Note: *Interfund Transfers, within the same fund group, are not included in the Budget Summary.

ARPA Informational Schedule

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA), a $1.9 trillion stimulus package, to counteract the economic impacts of the pandemic. The City's ARPA allocation of $16,736,815 is available in two tranches; the first half was received in June 1, 2021, and the second half will be provided in June 2022.

The U.S. Treasury issued the Interim Final Rule (IFR) on May 10, 2021 and the Final Rule on January 6, 2022, which went into effect on April 1, 2022. Funds need to be either expended or encumbered by December 31, 2024, with all funds to be expended by December 31, 2026.

Council began ARPA discussions in March 2021 and adopted guidelines, investments plans and project appropriations by August 2021. Specifically, in June 2021, Council approved the ARPA Investment Framework including the Fiscal Guidelines and Five Investment Areas. Fiscal Guidelines include the following:

1. Identify and promote other ARPA or State funding sources to the extent possible before dedicating local ARPA funds.
2. Use one-time ARPA funds for one-time expenditures such as investment in infrastructure or technology with minimum ongoing operating costs.
3. Avoid ongoing General Fund commitments with additional programs and positions.
4. Avoid creating a structural budget deficit if restoring any reduced services.
5. Leverage regional agencies, non-profit partners, and existing programs to maximize efficiency in delivering programs and services.

On August 9, Council approved funding for 25 programs (and later expanded) in the ARPA Investment Plan and delegated authority to the City Manager to proceed with appropriation actions and contract approvals, up to the approved amount for each program approved by Council, once compliance with ARPA procurement, contracting, and reporting requirements are confirmed. This allows the funding to go to residents and businesses significantly impacted by the pandemic, in an efficient and expeditious manner.

Funding for the Five Investment areas of **Community Services, Economic Vitality, Infrastructure, Public Safety,** and **Technology** is as follows:

Milpitas ARPA Funding Investments

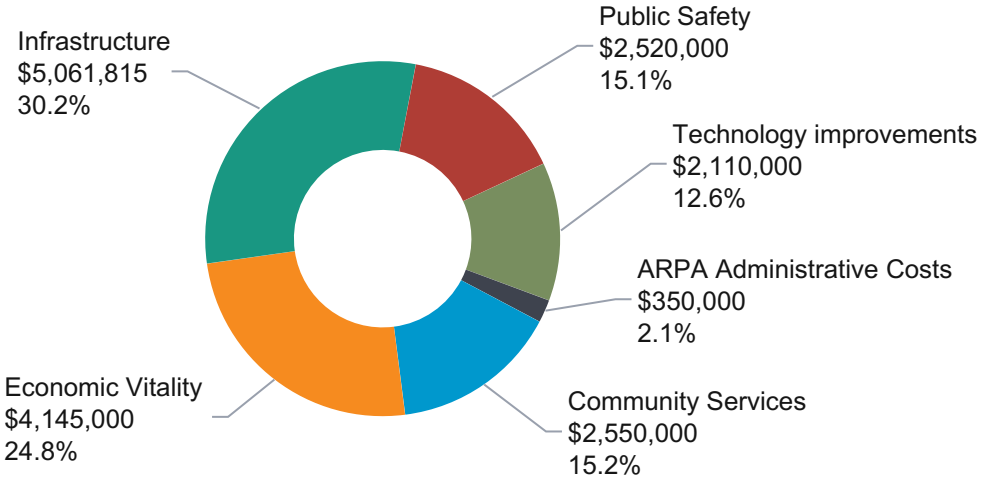


Table 1: Summary of ARPA Investment Plan – as of April 13, 2022

No.	Program/Activity	Approved Appropriation
Community Services		
1	Rent and mortgage relief	$1,100,000
2	Social services – mental health services, services for domestic violence and abuse victims and LGBTQ plus community	$500,000
3	Financial assistance to low and moderate income residents for utility payments and childcare costs	$575,000
4a	Beautify Milpitas program	$100,000
4b	Weed Abatement	$90,000
5	Pilot curbside trash pickup program	$85,000
6	Homeless outreach and assessment	$100,000
	Subtotal	**$2,550,000**
Economic Vitality		
7	Small Business Assistance Grant Program	$1,500,000
8	Hotel Assistance Grant Program	$200,000
9	Accessory Dwelling Unit program	$990,000
10	Storefront Improvement Grant Program	$365,000
11	Community events	$125,000
12	Financial assistance to the Chamber of Commerce	$200,000
13	Workforce Development Program	$300,000
14	Limited term Economic Development Specialist position	$330,000
15	Business Improvement District	$75,000
16	Sustainable Neighborhood Program	$60,000
	Subtotal	**$4,145,000**

No.	Program/Activity	Approved Appropriation
Infrastructure		
17	Parks Rehabilitation	$4,386,815
18	Public Safety Facilities' Rehabilitation	$250,000
19	Mobile Emergency Operations Center (MEOC)	$425,000
	Subtotal	**$5,061,815**
Public Safety		
20	Public Safety staffing (2 Police and 4 Fire positions for one year)	$1,200,000
21	Fire Pumper Truck	$920,000
22	Emergency Management Program Assessment Study	$200,000
23	Catalytic Converter Public Safety Initiative	$200,000
	Subtotal	**$2,520,000**
Technology		
24	Human Resources Information System	$1,100,000
25	Financial Management System	$100,000
26	Cybersecurity programs and training	$300,000
27	Technology infrastructure	$610,000
	Subtotal	**$2,110,000**
Recommendation for Unassigned Allocation		
28	ARPA Funds Administration	$350,000
	Subtotal	**$350,000**
	Grand Total	**$16,736,815**

TABLE 2: ARPA-funded Positions – as of April 13, 2022

Investment Area	Position/Title	FTE	Duration
Public Safety	Police - Police Officers	2	1 year
Public Safety	Fire - Firefighter/Paramedics	4	1 year
Economic Vitality	Economic Development – Special Project Associate	1	Limited Term
Economic Vitality	Recreation Services – Events Coordinator	1	1 year
Economic Vitality	Recreation Services – Youth Recreation Program Temporary Staffing	—	Limited Term
Economic Vitality	Economic Development – Workforce Development - Recreation Youth Program Temporary Staffing	—	Limited Term
Community Services	Public Works - Maintenance Worker	2	Seasonal/Part-time
Technology Improvements	Information Technology Staff	1	2 years
Administration	Finance - Senior Buyer (Reclassification)	1	Limited Term

ARPA Programs

1. **Rent and mortgage relief**
   This Milpitas ARPA allocation will expand eligibility for the Milpitas Rent Relief Program and create a Milpitas Mortgage Relief program.
2. **Social services – mental health, domestic violence, LGBTQ plus**
   This Milpitas ARPA allocation will provide a variety of social services such as mental health services and services to the LGBTQ plus community and at-risk youth as well as victims of domestic violence and abuse. The City would partner with non-profits that are already serving in these areas.
3. **Low income assistance – utility bills, childcare**
   Financial assistance to low and moderate income residents for utility payments and childcare costs.
4. **Beautify Milpitas**
   The City will provide staffing support and materials for one clean-up day every month and a National Clean-Up Day once a year.
5. **Curbside trash pick-up pilot program**
   Under the current Bulky Item/On Call Clean-up Program, single-family residential customers are entitled to four bulky item/clean ups per a rolling 12-month period. Residents can either dispose of their unwanted items into two 1.5-cubic yard bags or instead of using the bags, one (1) large/bulky item may be set out for collection. Under the pilot program, residents would be able to set out up to three (3) large/bulky items for collection.
6. **Homeless Outreach and Assessment**
   This Milpitas ARPA allocation will continue services with Santa Clara County Office of Supportive Housing and the County's Homeless Engagement and Access Team to provide direct outreach, assessment, and case management services to the City's unhoused residents.

7. **Small Business Assistance Grant Program**
   The City of Milpitas launched the Milpitas Small Business Assistance Grant Program to support local businesses that have been negatively impacted by the COVID-19 pandemic. The grant program is funded by the American Rescue Plan Act (ARPA) to assist Milpitas small businesses with resiliency and recovery efforts. The grant program will provide $5,000 grants and free technical assistance to approximately 285 Milpitas small businesses.

8. **Hotel Assistance Grant Program**
   Milpitas is home to twenty hotels which serve the Silicon Valley region. The local lodging industry plays a significant multiplier role in the local economy. During the pandemic, hotels have suffered tremendous loss in revenues and jobs. The Department of Treasury has determined that aid to impacted industries such as tourism, travel, and hospitality take place to restore these industries to pre-pandemic levels. The City of Milpitas is providing $10,000 grants to each local hotel to assist with COVID-19 business impacts.

9. **Accessory Dwelling Unit (ADU) program**
   The Milpitas ARPA allocation will provide payment of permit fees to incentivize the building of new ADUs and encourage the legalization of unpermitted ADUs through the ADU Incentive Program and the Safe ADU Legalization Program. These ADU programs can provide housing options, foster economic growth through increased construction activity, and increase property value.

10. **Storefront Improvement Grant Program**
    The Storefront Improvement Grant Program is meant to spur Main Street revitalization and economic vitality. The grant program will include five Level 1 Grants of up to $15,000 each, six Level 2 Grants of up to $25,000 each and design services estimated at $75,000 for a total grant program amount of $300,000.

11. **Community events**
    Community events over the next two years and funding could be used to partner with external entities to host events such as Cultural Celebrations, Art Walk and/or 5k Run.

12. **Milpitas Chamber of Commerce**
    The Milpitas Chamber of Commerce will receive ARPA funding for staff to assist with supporting local businesses through the following events and business assistance activities: Crab Feed, Art and Wine Festival, Business Workshops, and Job Fair(s).

13. **Workforce Development Program**
    The Workforce Development Program includes funding for Milpitas Youth Force ($40,000) to support low-income youth and develop a local workforce pipeline, Evergreen Valley College for an Amazon Web Services Cloud Practitioner Program ($50,000), First 5 Santa Clara County for a Pilot Early Childhood Education Teacher Apprenticeship program ($40,000), Rising Sun Center for Opportunity Climate Careers will develop a program addressing climate change by employing local youth to provide energy efficiency services ($10,000), and Build It Green to implement a Certified Green Building Professional training program ($10,000).

14. **Limited term Economic Development Specialist position**
    In order to assist with the ARPA Economic Vitality Investment Framework, the City Council approved funding for a two-year limited term Economic Development Specialist position for the Office of Economic Development ($330,000).

15. **Business Improvement District**
    ARPA funding will be used for a Business Improvement District (BID) feasibility analysis and technical support for property owners and business owners on North and South Main Street to assist with the formation of a BID and an Engineer's Report. A feasibility and analysis study will cost approximately $75,000 in one-time funding. A business improvement district (BID) is a geographic area in which businesses or property owners opt to pay a self-assessed levy to fund projects and services within the district's boundaries. BIDs are employed as an economic development tool to fund services such as cleaning streets, providing security, making capital improvements, construction of pedestrian and streetscape enhancements, various public infrastructure improvements, restoring and re-establishing

historic districts, and marketing the area. The establishment of BID is aligned with the City Council's goal of Main Street Revitalization and the City's Economic Development Strategy.

16. **Sustainable Neighbor Program**
The purpose of this program is to support Milpitas in achieving its CAP (Climate Action Plan) goals by demonstrating how the community can utilize the many city-promoted and city-supported sustainability and resiliency programs to reduce GHG emissions; developing and instilling long term skills and behaviors that can be shared with neighbors, family, friends and future generations to continue a low environmental impact community; promoting "how-to" steps that work; and proving Milpitas' resilience to global trends, like climate change and pandemics.

17. **Parks Rehabilitation – Engineering & Public Works**
This provides ARPA funding for needed repairs and improvements to 20 of the City's 36 parks. The implementation of these repairs and improvements will address health and safety repairs and improve the condition of parks noted as in critical and poor condition.

18. **Public Safety Facilities' Rehabilitation**
This project would complete a safety risk assessment for Fire Station 1 to identify weak areas in safety, to determine and implement the proper technology and infrastructure to mitigate the identified risks.

19. **Mobile Emergency Operation Center (MEOC)**
This project provides partial funding for the purchase of a Mobile Emergency Operations Center (MEOC) to be used by the Police and Fire Department during extended incidents and field deployments. This vehicle provides a safe operational environment for staff to plan and coordinate resources during a major incident. The MEOC will also serve as a backup Public Safety Answering Point (PSAP) allowing the City to provide continuous and uninterrupted service to the community in the event the primary system fails.

20. **Public Safety Staffing (Police and Fire)**
This project supports the funding of these two positions with ARPA funds, in order for the Police Department to restore pre-pandemic funded staffing levels. This project will also fund four Firefighter-Paramedic positions which will enable the Fire Department to deploy an ambulance during FY 2021-22 and FY 2022-23.

21. **Fire equipment (1 fire pumper)**
The addition of this new fire pumper will substantially improve the reliability of the reserve fleet as well as allowing the reduction of the reserve fleet from three to two reserve fire pumpers. By adding a new pumper to the fleet in front line status, the most utilized current pumper will be placed in the reserve fleet thereby extending the useful life of the existing front-line apparatus.

22. **Implementation of Emergency Mgt Plan (EMP)**
This funding will partially fund the high priority Emergency Management Program (EMP) Assessment Study.

23. **Catalytic Converter**
This provides funding for various catalytic converter program(s) to address this public safety challenge.

24. **HR Information System**
This funding enables the City to implement a new HR Information System (HRIS). Currently, the City relies upon a 24-year old Financial Management System, that has a HRIS component. This new system will address many of the current system deficiencies.

25. **Financial Management System evaluation**
This ARPA funding will provide a financial management system evaluation and operational assessment, as the City plants to replace its 26 year old legacy system.

26. **Cybersecurity and training**
This ARPA funding will assist the City in cyber threats by funding possibly 1) hardware and software protection systems and/or 2) end-user security training.

27. **Technology improvements**
This project supports general technology improvements. This includes, but not limited to 1) addressing outdated and vulnerable systems, 2) improving security, 3) implementing additional infrastructure necessary to better support the City's remote workforce, 4) supporting hybrid public meeting requirements.

28. **Procurement, monitoring, compliance**
The U.S. ARPA program is a Federal program wherein the U.S. Treasury imposes comprehensive, complex procurement, monitoring and compliance requirements. These mandates endeavor to ensure best practices in procurement, fiscal oversight and achieving the primary desired program outcome of helping the United States rebuild from the COVID-19 pandemic. The City set aside 2% of the total Milpitas ARPA funding to assist with procurement, monitoring and compliance.

City Council

Mayor: Rich Tran

Mission Statement

The City Council serves as the informed, legislative governing body of the City on all issues, provides guidance in assessing the needs of the community and policy direction for the development of programs and provision of services to the Milpitas community.

Description

The City has a Council/Manager form of government. The Council sets policy and approves the budget, contracts, and programs.

Services

- Serves as governing body of the City.
- Provides legislative direction to the City.
- Promulgates policies for provision of services and direction for the City.
- Enacts ordinances and resolutions necessary for governing the affairs of the City.
- Adopts the Annual Operating Budget and Five-Year Capital Improvement Program.
- Serves as City Representatives at public events and functions.

Council Priority Areas

Community Wellness and Open Space

Economic Development and Job Growth

Environment

Governance and Administration

Neighborhoods and Housing

Public Safety

Transportation and Transit

Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Mask Mandate (first City in Santa Clara County)	✓				✓	✓	
2.	Milpitas COVID-19 Testing sites	✓				✓	✓	
3.	Authorized Community Assistance during the Pandemic (e.g.: food distribution, rent relief program, small business grants)	✓	✓		✓	✓		
4.	General Plan Adoption	✓	✓	✓	✓	✓	✓	✓
5.	FY2021-22 Budget Adoption	✓	✓	✓	✓	✓	✓	✓

Initiatives

1.	Supporting implementation of a Milpitas Mobile Vaccination Program	✓				✓	✓	
2.	Assisting Small Businesses	✓	✓		✓			
3.	Investing American Rescue Plan Act funds strategically	✓	✓	✓	✓	✓	✓	✓
4.	Adopting long-term infrastructure and utility strategies	✓	✓	✓	✓	✓	✓	✓
5.	Enhancing Transportation and Transit Connectivity Options	✓	✓	✓		✓	✓	✓
6.	Continue to support policies and programs that promote equity, inclusion and diversity	✓	✓	✓	✓	✓	✓	✓

Budget Summary

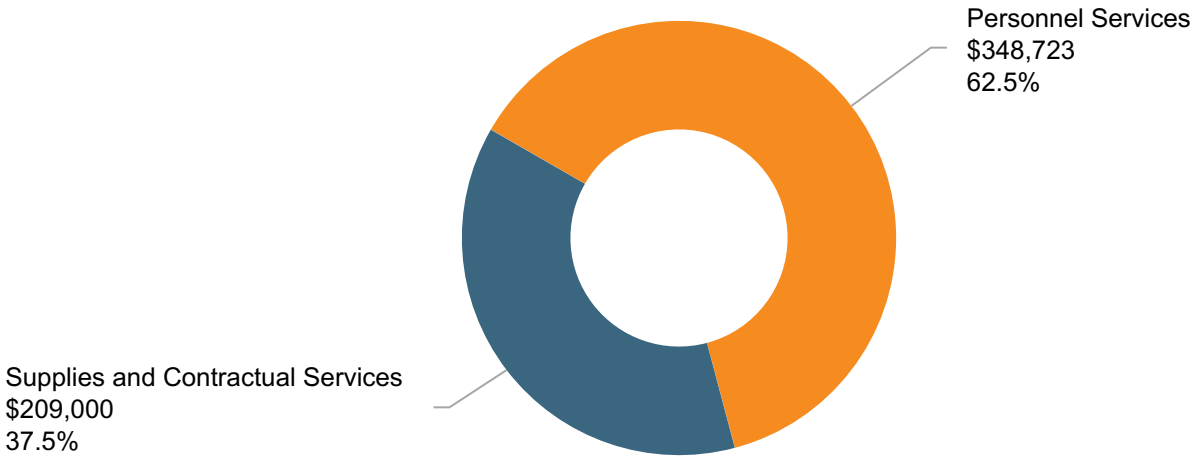
DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$60,199	$57,784	$67,844	$58,688	($9,156)	(13.5)%
4112	Temporary Salaries	10,360	6,655	144,728	144,722	(6)	0.0%
4121	Allowances	37,883	37,581	38,700	38,700	0	0.0%
4131	PERS	14,966	14,314	13,762	15,095	1,333	9.7%
4132	Group Insurance	83,639	83,292	77,042	83,220	6,178	8.0%
4133	Medicare	1,456	1,413	2,269	2,136	(133)	(5.9)%
4135	Worker's Compensation	702	2,395	2,438	2,392	(46)	(1.9)%
4139	PARS	185	106	2,171	2,171	0	0.0%
4146	Short Term Disability	0	0	252	1,200	948	376.2%
4161	Retiree Medical Reserve	6,888	265	273	399	126	46.2%
	sub-total	**218,958**	**203,805**	**349,479**	**348,723**	**(756)**	**(0.2)%**
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	14,354	8,071	37,500	39,500	2,000	5.3%
4220	Supplies	1,127	222	11,000	11,000	0	0.0%
4230	Services	18,161	1,286	31,600	35,000	3,400	10.8%
4500	Training, Travel, & Memberships	79,933	66,002	107,895	111,500	3,605	3.3%
4520	Commissions & Boards	763	750	12,000	12,000	0	0.0%
	sub-total	**114,338**	**76,331**	**199,995**	**209,000**	**9,005**	**4.5%**
	TOTAL	**$333,296**	**$280,136**	**$549,474**	**$557,729**	**$8,249**	**1.5%**

Staffing*

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
City Council	4.00	4.00	4.00	4.00	0.00
Mayor	1.00	1.00	1.00	1.00	0.00
Total Positions	**5.00**	**5.00**	**5.00**	**5.00**	**0.00**

*Funding for 5 interns (2.5 Temporary FTEs) included in the City Council budget.

Expenditures by Category



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**5.00**	**$549,474**	**$0**	**$549,474**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		(1,750)		(1,750)
Non-Personnel Expenditure Alignment to Historical Trend		10,005		10,005
Adjustments to Costs of Ongoing Activities	**0**	**8,255**	**0**	**8,255**
Total FY 2022-23 Budget	**5.00**	**$557,729**	**$0**	**$557,729**

City Manager

City Manager: Steven G. McHarris

Mission Statement

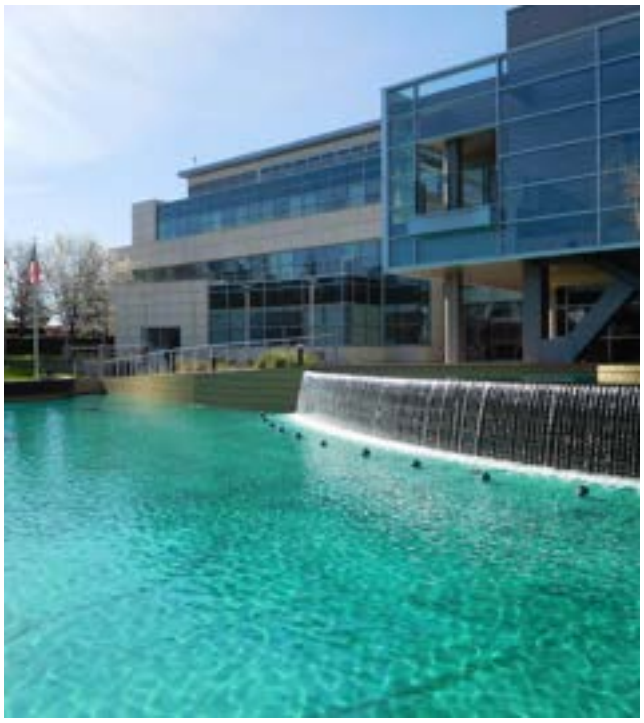
The City Manager's Office is responsible for implementing and supporting City Council direction, managing day-to-day operations of the City, and providing leadership and professional management to the organization.

Description

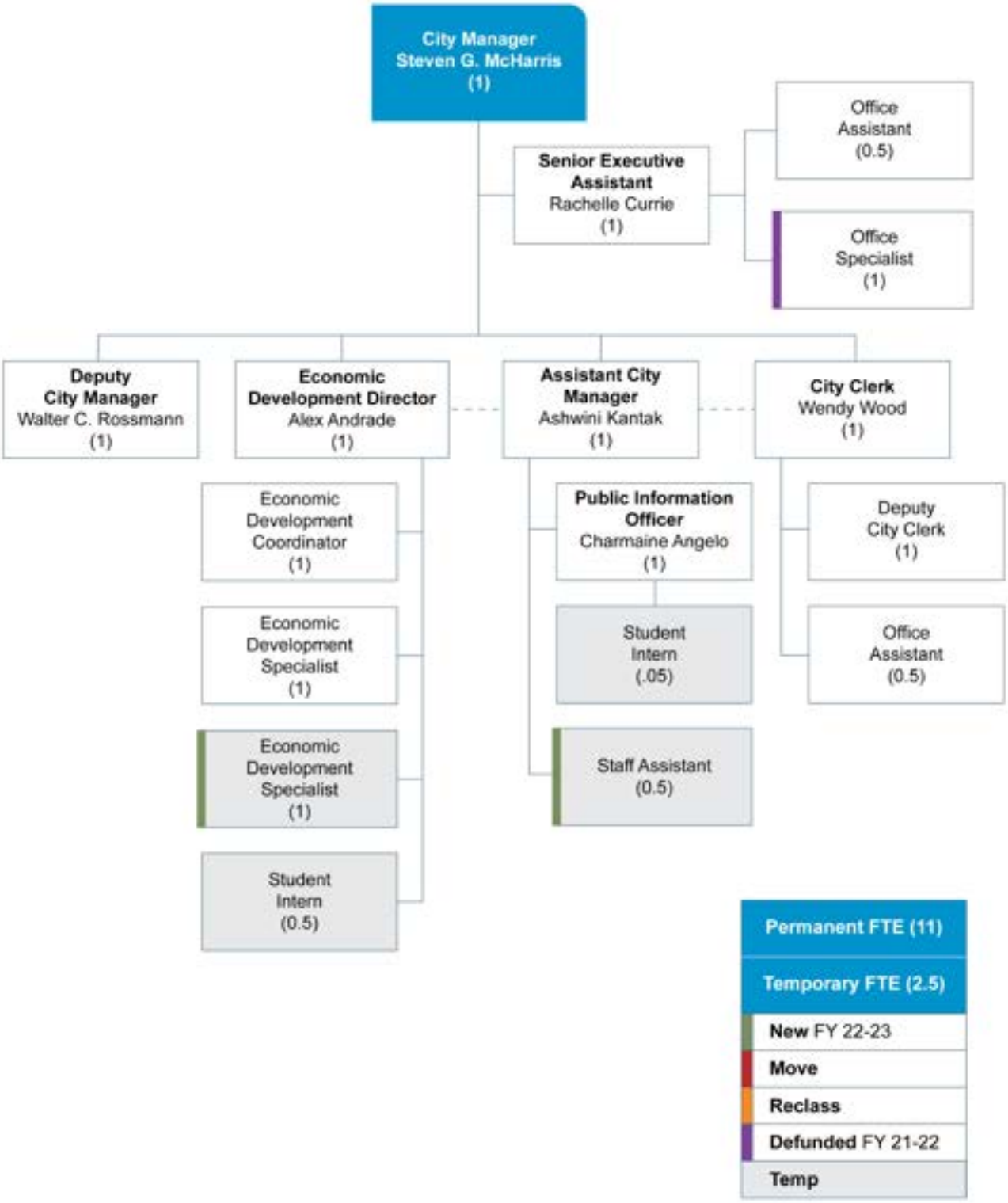
This function provides the administration of City government in an efficient and effective manner according to the general policy guidelines of the City Council and recommends strategies and solutions to issues for Council consideration.

Services

- Provides professional expertise and support to the City Council in formulation, interpretation and application of public policy to achieve community goals and objectives.
- Implements the City Council approved policies.
- Ensures the delivery of services to the Milpitas community in an effective and efficient manner.
- Administers the operations of City government.
- Advances organizational vision, determines organizational accountability, goals, and organizational capacity.
- Provides strong leadership and ensures timely dissemination of critical information to the community during times of emergency.
- Submits for adoption a balanced budget that identifies all the anticipated revenues and expenditures.
- Communicates with the City's diverse community about services, programs, and policies.
- Responds to inquiries from Milpitas residents and businesses, external agencies, customers, and other interested parties.
- Follows legislative activities of federal, state, regional and local political bodies and keeps Council apprised of the potential impact to the City.



City Manager



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	EOC Lead and Management during COVID-19	✓			✓	✓	✓	
2.	Proposed a Balanced FY2022-23 Budget	✓	✓	✓	✓	✓	✓	✓
3.	Completed Successful Appointments of Two Executive Positions				✓			
4.	Vaccination and Testing Sites Partnership	✓			✓		✓	
5.	Adoption and Implementation of Community Identification and Branding Strategy		✓		✓	✓		
6.	Adoption of Climate Action Plan	✓	✓	✓	✓	✓	✓	✓
7.	Adoption of Water, Sewer, Storm Master Plan and Financial Utility Master Plan	✓	✓	✓	✓	✓	✓	
8.	Adoption and Implementation of $16.7M ARPA Investment Plan	✓	✓	✓	✓	✓	✓	
9.	Led Prioritization and Implementation of over 100 individual Council Requests	✓	✓	✓	✓	✓	✓	✓
10.	Adoption of City Council Procedures and Protocols Handbook				✓			

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Lead Initiatives to Prevent Homelessness and increase Affordable Housing Options	✓		✓	✓	✓	✓	
2.	Continue Implementation of ARPA Investment Plan	✓	✓	✓	✓	✓	✓	✓
3.	Adopt and Implement Trails, Bikeway and Pedestrian Master Plan	✓		✓	✓			✓
4.	Adopt and Implement Milpitas Metro Specific Plan	✓	✓	✓	✓	✓		✓
5.	Develop and Implement Strategic Communications Plan		✓		✓			
6.	Develop and Implement Street Landscape and Parks Maintenance Plan	✓		✓	✓	✓		
7.	Implement Milpitas OnDemand Micro-Transit Pilot Program		✓		✓			✓
8.	Implement Emergency Management Program						✓	

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goal	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Residents that are satisfied or very satisfied with the quality of City services		76%	79%	75%	83%	83%
Residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy and competency of City employees		76%	77%	80%	78%	78%
Employees who feel their work is valued by the City *		67%	67%	70%	70%	70%
Employees who feel safe at work		75%	85%	90%	90%	90%
Employees receiving timely annual performance appraisals		N/A	N/A	90%	93%	95%

ACTIVITY AND WORKLOAD DATA	Strategic Goal	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
City Council agenda items		494	503	450	450	450
Information Memos published[1]		38	64	26	45	50
City Manager Weekly Reports[2]		43	15	26	19	19
Press Releases[3]		33	22	20	13	15
Communications to all employees[4] (emails, newsletters, town hall meetings)		87	74	30	57	60

* Employee survey is only conducted every two years
1 - 26 out of 64 info memos are related to COVID-19 in FY21, 5 of these 45 memos are related to COVID-19 in FY22
2 - No weekly reports were published during the peak of the COVID-19 pandemic in FY21
3 - 3 items are COVID-19 related
4 - 30 items are related to COVID-19 in FY21, 5 of the 57 communications are related to COVID-19 in FY22

Budget Summary

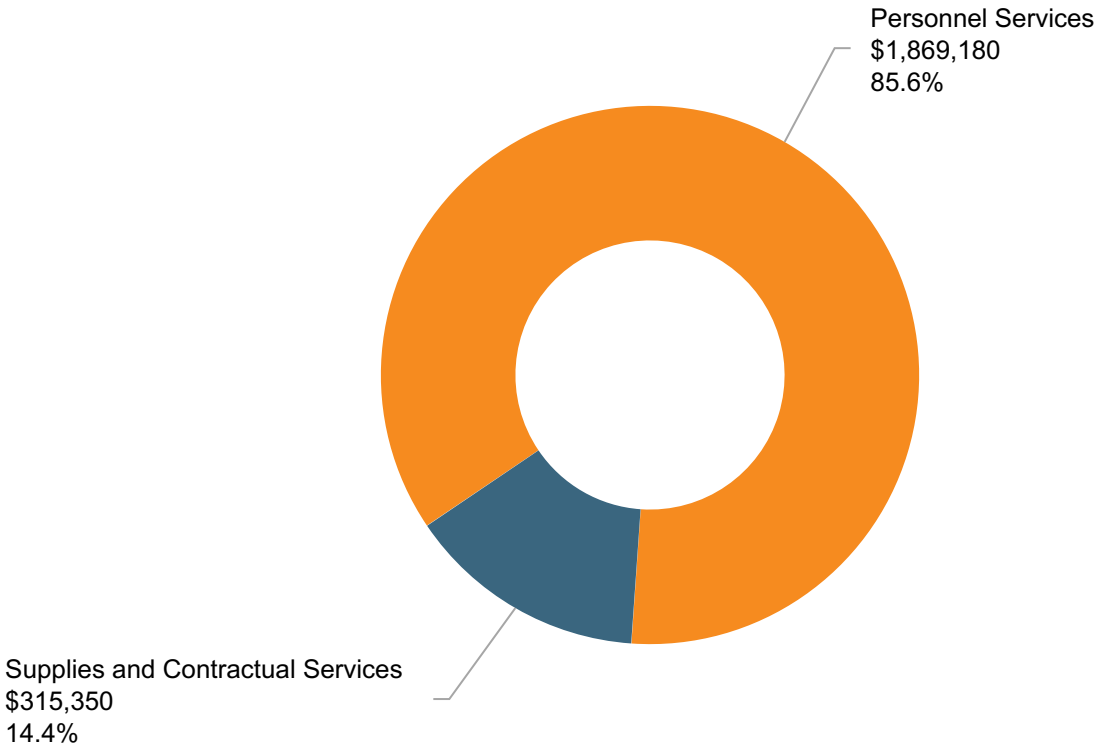
DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$896,147	$1,113,859	$1,204,273	$1,251,444	$47,171	3.9%
4112	Temporary Salaries	203,635	184,318	17,362	41,977	24,615	141.8%
4113	Overtime	60,588	22,269	0	0	0	0.0%
4121	Allowances	16,556	7,222	19,532	26,384	6,852	35.1%
4124	Leave Cashout	60,256	96,381	0	0	0	0.0%
4131	PERS	381,793	421,897	385,227	378,299	(6,928)	(1.8)%
4132	Group Insurance	106,620	135,496	88,709	94,509	5,800	6.5%
4133	Medicare	17,742	20,831	18,266	19,049	783	4.3%
4135	Worker's Compensation	(3,676)	372	6,118	6,422	304	5.0%
4138	Deferred Comp-Employer	6,774	38,565	38,516	39,387	871	2.3%
4139	PARS	1,750	283	539	539	0	0.0%
4146	Short Term Disability	0	0	470	1,649	1,179	250.9%
4161	Retiree Medical Reserve	55,704	8,720	8,149	8,672	523	6.4%
	sub-total	**1,803,889**	**2,050,213**	**1,787,161**	**1,869,180**	**82,019**	**4.6%**
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	15,009	0	25,000	26,550	1,550	6.2%
4210	Department Allocations	0	0	0	0	0	0.0%
4220	Supplies	5,704	8,172	8,200	8,800	600	7.3%
4230	Services	141,760	144,177	250,000	250,000	0	0.0%
4500	Training, Travel, & Memberships	25,686	10,433	27,000	30,000	3,000	11.1%
	sub-total	**188,159**	**162,782**	**310,200**	**315,350**	**5,150**	**1.7%**
	TOTAL	**$1,992,048**	**$2,212,995**	**$2,097,361**	**$2,184,532**	**$87,169**	**4.2%**

Staffing

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2022 Change
Assistant City Manager	1.00	1.00	1.00	1.00	0.00
City Manager	1.00	1.00	1.00	1.00	0.00
Deputy City Manager	1.00	1.00	1.00	1.00	0.00
Executive Assistant	1.00	0.00	0.00	0.00	0.00
Office Specialist*	1.00	1.00	0.00	0.00	0.00
Office Assistant II*	0.00	0.00	0.50	0.50	0.00
Public Information Officer	1.00	1.00	1.00	1.00	0.00
Senior Executive Assistant	0.00	1.00	1.00	1.00	0.00
Total Positions	**6.00**	**6.00**	**5.50**	**5.50**	**0.00**

*1.0 Office Specialist is defunded, 0.5 Office Assistant II from City Clerk is transferred over for administrative support.

Expenditures by Category



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**5.50**	**$2,062,856**	**$34,505**	**$2,097,361**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		47,697	660	48,357
Non-Personnel Expenditure Alignment to Historical Trend		6,550		6,550
Adjustments to Costs of Ongoing Activities	**0.00**	**54,247**	**660**	**54,907**
Total FY2022-23 Base Budget	**5.50**	**2,117,103**	**35,165**	**2,152,268**
Service Level Changes				
Part-time Staff Enhancement		32,264		32,264
Total Service Level Changes	**0.00**	**32,264**	**0**	**32,264**
Total FY 2022-23 Budget	**5.50**	**$2,149,367**	**$35,165**	**$2,184,532**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1.	**Part-time Staff Enhancement**		**$32,264**	**$0**	**$32,264**

This action funds 0.5 Staff Assistant to support City Manager's Office (CMO), Mayor and Councilmembers. The Staff Assistant will provide office coverage and full time assistance to the entire City Manager's Office staff with various internal and external projects/initiatives to meet the Council priorities.

Performance Results

Temporary staff will support the CMO administratively and provide coverage for any gaps created by the defunding of the Office Specialist.

Impact if funding is not approved

If this action is not funded, CMO will not receive adequate administrative support and that can negatively impact project timeline, delaying alignment with Council priorities.

Total Service Level Changes		**$32,264**	**$0**	**$32,264**

City Clerk

City Clerk: Wendy Wood

Mission Statement

The City Clerk holds several statutory responsibilities, including administration of municipal elections and records management. City Clerk provides timely agenda material for the City Council to take action at bi-monthly regular meetings.

City Clerk ensures compliance with relevant laws aimed at safeguarding democracy and public transparency including the Ralph M. Brown Act, California Elections Code, the Political Reform Act and Public Records Act.

Description

The Milpitas City Clerk serves as the legislative administrator, elections official, and records manager of the City as well as the Clerk of City Council and Secretary to the Milpitas Public Financing Authority, Milpitas Municipal Financing Authority and Housing Authority.

Services

- Prepares, edits, and publishes City Council agenda and meeting minutes for all regular and special City Council meetings.
- Ensures municipal records are readily available and accessible to all and serve as main point of contact for residents, City officials and staff, and other governments.
- Complies with the Ralph M. Brown Act, the Public Records Act, and the City's Open Government Ordinance.
- Provides centralized records management, including production and retention of all meeting agendas and minutes of all City Council (and related entity) meetings.
- Coordinates outreach and tracking of terms of service and Mayor's appointments to 12 City Commissions.
- Maintains codification of ordinances, i.e., ensuring publication of Milpitas Municipal Code by vendor Municipal Code Corporation.
- Administers municipal elections, including candidate filing in November of even years, and receives required campaign finance reports on semi-annual basis.
- Receives and files annual Fair Political Practices Commission Forms 700 / Statements of Economic Interest for all designated employees, Commissioners, and elected officials.
- Responsible for requests for rental of City Hall facilities.
- Conducts Administrative Hearings, upon request, for Parking Citations and others municipal code violations.

Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Prepared all City Council, Housing Authority, and Public Financing Authority regular & special meeting including Study Session agendas, via use of MuniCode Meetings software, and wrote all meeting minutes	✓	✓	✓	✓	✓	✓	✓
2.	Tracked Council agenda items on: Tentative Agenda Items, Major Discussion Items, Preliminary and Final City Council Agenda and List of Requested Agenda Items				✓			
3.	Responded to Calif. Public Records Act and Milpitas Open Government Ordinance requests for records	✓	✓	✓	✓	✓	✓	✓
4.	Collected mandated Fair Political Practices Commission documents from filers, including all Statement of Economic Interests (From 700) and campaign committee reports				✓			
5.	Managed the Commission recruitment and appointment process for twelve Commissions, two Task Forces, and one Oversight Committee				✓			
6.	Provided Notary Public service for City staff, as needed				✓			
7.	Recruited for and hired a new Deputy City Clerk				✓			
8.	Implemented a new Commissioner application process				✓			
9.	Implemented an internal Public Records Request process				✓			
10.	Updated Open Government Ordinance to align with current City practices and State law				✓			

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Prepare all City Council, Housing Authority, and Public Financing Authority regular and special meeting agendas and minutes	✓	✓	✓	✓	✓	✓	✓
2.	Track Council agenda items on: Tentative Agenda Item Lists, Major Discussion Items (6 mos. excel), Preview List, Council referral items (excel), Preliminary and Final City Council Agenda and List of Requested Agenda items				✓			
3.	Respond to Public Records Act and Open Govt. Ord. requests for public records.				✓			
4.	Collect mandated Fair Political Practices Commission documents from filers, including all annual Statements of Economic Interests (700) and campaign committee reports				✓			
5.	Track all Commissioner terms, maintain directory, provide Commissioner Handbook and training to City of Milpitas appointed Commissioners				✓			
6.	Continue to Provide Notary Public service for City staff, as needed				✓			
7.	Review and revise the City's Records Retention Schedule				✓			
8.	Implement an automated Public Records Request System				✓			
9.	Conduct City Commission Liaison/ Chair and Vice Chair Training				✓			

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
City Council preliminary agenda posted on time, in accordance with Open Government Ordinance, 6 days prior to meeting		100%	100%	100%	100%	100%
City Council Agendas packets prepared, posted and delivered 5 days prior to meeting		97%	100%	100%	100%	100%
Compliance with timely filings of Fair Political Practices Commission Form 700 Statements of Economic Interest		92%	85%	100%	90%	100%
Comply with timely filings of fair Political Practices Commission Forms 460/Campaign Committee reports		81%	94%	100%	83%	100%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
City Council Agenda Reports (Regular and Special)		340	465	375	335	355
City Council Meeting Minutes prepared (# pages)		41 (207)	43 (205)	30(184)	35 (255)	37 (225)
Candidates Assisted in Municipal Election		0	11	0	0	11
Tort Claims received by City Clerk		34	34	45	38	40
Fair Political Practices Commission Forms 700 (SEI) received		161	152	200	215	200
Fair Political Practices Commission Campaign Committee Reports filed		37	37	70	35	45
Notary Public acknowledgments (or jurats)		22	22	35	45	38

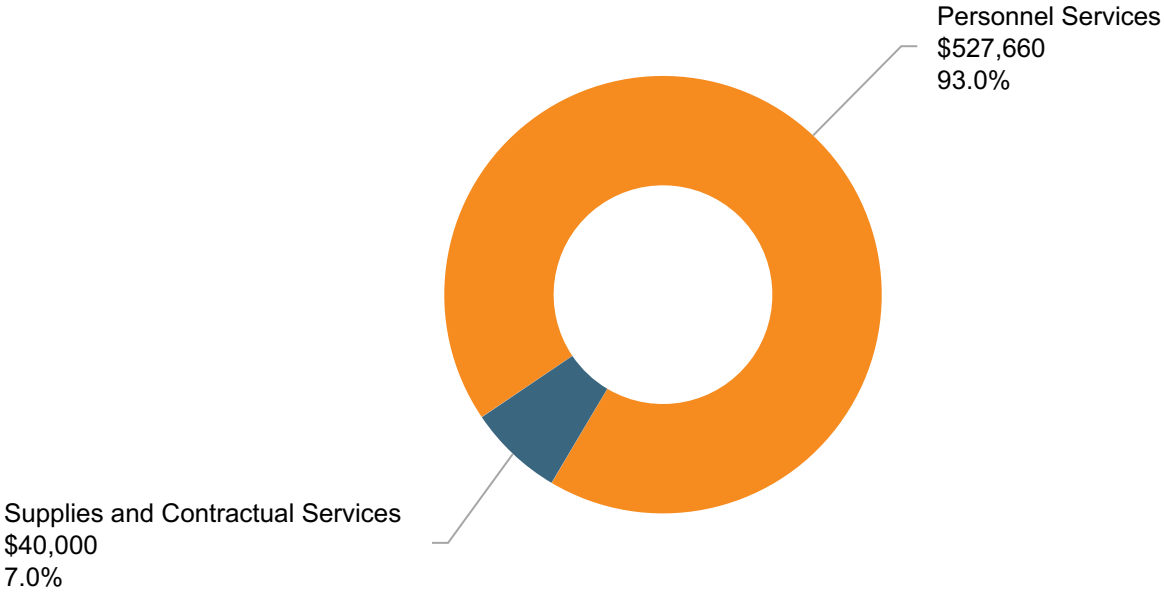
Budget Summary

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$349,318	$358,923	$340,227	$340,143	($84)	0.0%
4112	Temporary Salaries	0	0	0	0	0	0.0%
4113	Overtime	143	0	0	0	0	0.0%
4121	Allowances	6,600	3,554	6,430	6,600	170	2.6%
4124	Leave Cashout	7,751	33,560	0	0	0	0.0%
4131	PERS	138,415	120,851	114,571	103,031	(11,540)	(10.1)%
4132	Group Insurance	61,661	62,316	57,750	65,664	7,914	13.7%
4133	Medicare	5,334	5,704	5,027	5,028	1	0.0%
4135	Worker's Compensation	1,671	1,828	1,658	1,701	43	2.6%
4138	Deferred Comp-Employer	2,700	2,326	2,497	2,250	(247)	(9.9)%
4139	PARS	0	0	0	0	0	0.0%
4146	Short Term Disability	0	0	230	750	520	226.1%
4161	Retiree Medical Reserve	16,716	2,760	2,401	2,493	92	3.8%
	sub-total	**590,309**	**591,822**	**530,791**	**527,660**	**(3,131)**	**(0.6)%**
SUPPLIES AND CONTRACTUAL SERVICES							
4220	Supplies	1,029	355	3,000	3,000	0	0.0%
4230	Services	28,147	14,319	30,000	30,000	0	0.0%
4280	Elections	0	1,811	0	0	0	0.0%
4500	Training, Travel, & Memberships	2,173	245	7,000	7,000	0	0.0%
	sub-total	**31,349**	**16,730**	**40,000**	**40,000**	**0**	**0.0%**
	TOTAL	**$621,658**	**$608,552**	**$570,791**	**$567,660**	**($3,131)**	**(0.5)%**

Staffing

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
City Clerk	1.00	1.00	1.00	1.00	0.00
Deputy City Clerk	1.00	1.00	1.00	1.00	0.00
Office Assistant II	1.00	1.00	0.50	0.50	0.00
Total Positions	**3.00**	**3.00**	**2.50**	**2.50**	**0.00**

Expenditures by Category



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**2.50**	**$570,791**	**$0**	**$570,791**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		(3,131)		(3,131)
Adjustments to Costs of Ongoing Activities		**(3,131)**		**(3,131)**
Total FY 2022-23 Budget	**2.50**	**$567,660**	**$0**	**$567,660**

Economic Development

Economic Development Director: **Alex Andrade**

Mission Statement

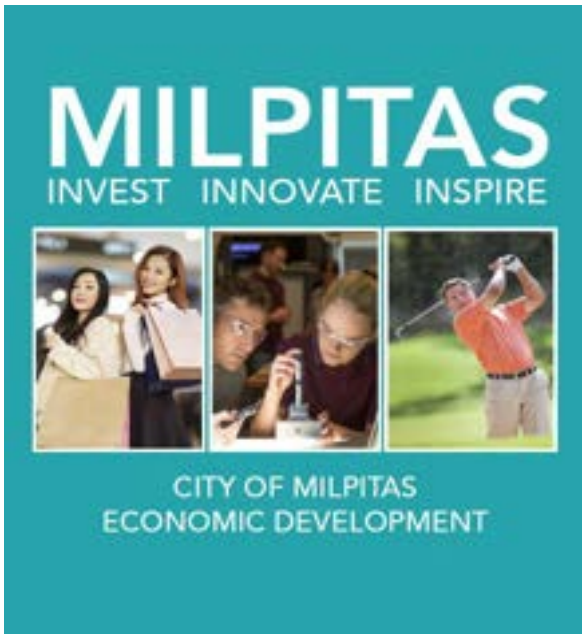
To provide services and resources to the business and development communities with the purpose of attracting, retaining and expanding business and employment opportunities for area residents, stimulating the local economy and expanding local retail sales, transient occupancy and commercial property tax bases while maintaining a positive balance between growth, social equity and the economic vitality of Milpitas.

Description

The Office of Economic Development strategizes, manages and directs programs and activities such as business retention, expansion, and attraction, workforce development, marketing and branding, and real estate transactions/asset management and development.

Services

- COVID-19: The Office of Economic Development continues to support Milpitas' diverse business community as it responds to the impacts of the COVID-19 pandemic. Continuing in FY 2022-23, the Office of Economic Development will continue to prioritize its resources to focus on business recovery and sustainability.
- Business Recruitment, Retention, and Expansion: Enhance the City's connection to the global economy by engaging with existing and prospective companies in order to attract and retain job-creating businesses.
- Small Businesses Assistance: Develop seminars, educational programs, and collateral materials to assist small businesses in various aspects of business management, permits, and marketing.
- Development Facilitation: Facilitate development projects that generate property tax, transient occupancy tax, and sales tax revenues. Ombudsman for permitting process to largest economic development projects from the inception of the project to the completion. Projects include hotels, mixed-use development, industrial, restaurants, retail, etc.
- Economic Development Studies: Conduct studies that enhance and sustain the city's economic vitality and utilize data to enhance the economic base of the city.
- Retail Development: Recruit key businesses that fill retail gaps and provide sales tax revenues and needed services to the community.
- Branding and Marketing: Develop and implement branding and marketing strategies to promote the city at regional, national, and international levels.
- Economic Development Analysis: Evaluate economic development data such as, but not limited to jobs, gross domestic product, populations growth locally, regionally, statewide, and nationally; and track sales and transient occupancy taxes to follow trends and gaps.
- Workforce Development: Support workforce development by collaborating with regional workforce development organizations, educational institutions, business corporations, and nonprofit organizations.
- Real Estate Transactions/Asset Management: Manage the City's real estate portfolio through property acquisition, disposition, leases, valuation, and analysis through CoStar research.



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Continued Economic Development Strategy implementation (yr. 2) w/COVID-19 business assistance, attraction, retention, diversifying the tax base, workforce development, and real estate transactions		✓					
2.	Implemented Council approved American Rescue Plan Act (ARPA) Programs: Small Business Grant Program, Hotel Assistance, Workforce Development, Storefront Improvements, Chamber of Commerce and hired limited-term Economic Development Specialist.		✓					
3.	Completed COVID-19 Workforce Recovery Program Phase I/II resulting in career assessment, navigation and counseling services for Milpitas residents.		✓					
4.	Completed Fiscal Benefits of Employment Lands Study Phase I/II to preserve and protect commercial property for the future Innovation District & Metro Specific Plan.		✓					
5.	Launched International Trade & Commerce and Storefront Improvement Grant Program.		✓					
6	Hosted 5th Annual Manufacturing Day in partnership with the Economic Development and Trade Commission, MUSD, and advanced manufacturing businesses.Over 250 MUSD students participated.		✓					
7	1432-1446 S. Main St. - Initiated environmental assessment analysis, exploring tenant relocation grants, and marketing for disposition of Parcel #1 per Council direction.		✓					
8	Executed a Commercial Lease Agreement with Nibbi Bros. General Contractor's for Sango and Tarob Court City-owned properties for construction staging, storage, and employee parking.		✓					
9	Developed and implemented 305 branding and marketing promotions through social medial, webinars, and other digital/print/email media platforms.		✓					
10	Co-hosted 8 monthly Community Development Roundtable meetings in collaboration with the City Manager's Office.		✓					

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Cultivate a strong, stable and diverse local economy (continued emphasis on COVID-19 business assistance and recovery)	✓	✓	✓				
2.	Achieve fiscal sustainability and maintain adequate revenues to provide quality and essential public services.	✓	✓	✓	✓	✓	✓	✓
3.	Encourage new development in key opportunity areas that provide high-quality work environments and competitive business locations.		✓					✓
4.	Pursue economic development opportunities that foster and improve local quality of life.	✓	✓					
5.	Increase community workforce preparedness and cultivate an entrepreneurial environment that fosters innovation.	✓	✓	✓				

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Corporate Visitation Program - Percent of corporate visits that may lead to a follow up		100%	0%*	100%	71%	100%
Business Engagement - Percent of meetings with the corporate, brokerage and development communities that may lead to business attraction, retention and expansion		1000%	473%	100%	250%	100%
Customer Service - Percent of business partners engaged with the Economic Development team who rank their experience as "very good" or "excellent" on a survey		N/A	80	70%	70%	70%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Corporate Visitation Program - Number of corporate visits		7	0*	7	5*	5
Business Engagement - Number of meetings with the corporate, brokerage and development communities		546	260	100	250	35
Permit Assistance - Number of firms who received permit and other assistance from Economic Development staff		35	36	30	27	20
Branding - Number of promotions and marketing of the local business community through social media and other digital media platforms		54	117	25	305	25

*Program has been on pause due to the pandemic

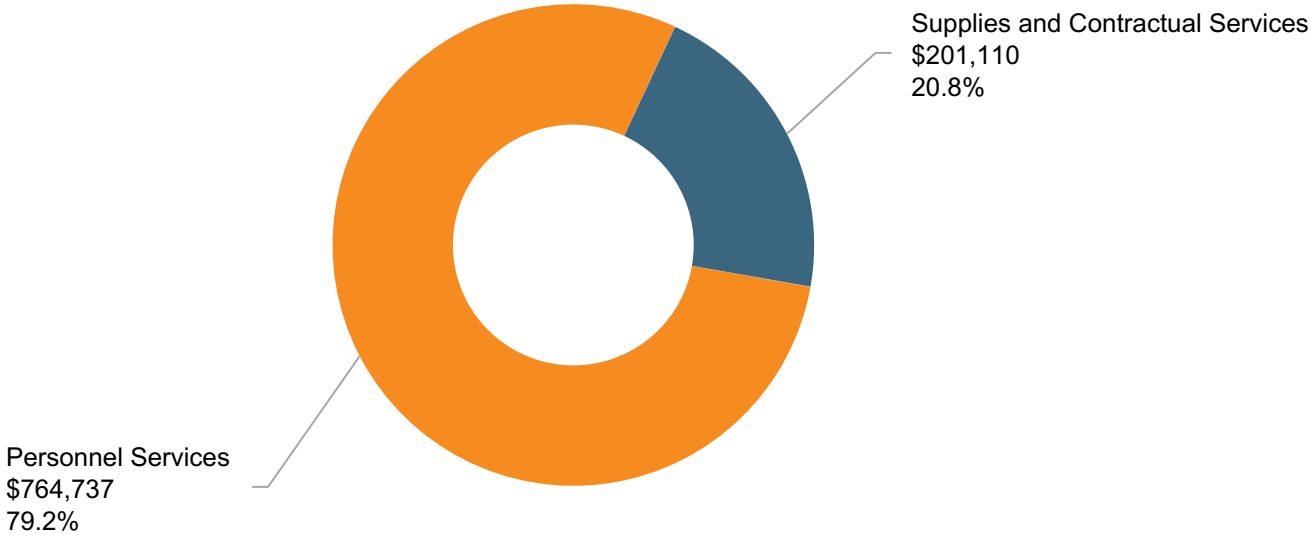
Budget Summary

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$337,646	$440,749	$461,683	$478,436	$16,753	3.6%
4112	Temporary Salaries	24,510	21,780	38,098	38,097	(1)	0.0%
4121	Allowances	6,600	3,554	6,600	6,600	0	0.0%
4124	Leave Cashout	0	2,957	0	0	0	0.0%
4131	PERS	127,129	145,251	155,336	151,114	(4,222)	(2.7)%
4132	Group Insurance	49,630	64,555	68,954	72,168	3,214	4.7%
4133	Medicare	5,260	6,697	7,242	7,839	597	8.2%
4135	Worker's Compensation	2,295	2,401	2,464	2,670	206	8.4%
4138	Deferred Comp-Employer	917	3,825	1,800	2,700	900	50.0%
4139	PARS	365	339	468	834	366	78.2%
4146	Short Term Disability	0	0	252	900	648	257.1%
4161	Retiree Medical Reserve	20,274	3,241	3,093	3,379	286	9.2%
	sub-total	**574,692**	**695,349**	**745,990**	**764,737**	**18,747**	**2.5%**
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	0	0	6,240	6,240	0	0.0%
4220	Supplies	408	82	1,500	1,593	93	6.2%
4230	Services	202,996	56,253	105,000	155,000	50,000	47.6%
4500	Training, Travel, & Memberships	26,970	29,592	37,077	38,277	1,200	3.2%
	sub-total	**230,374**	**85,927**	**149,817**	**201,110**	**51,293**	**34.2%**
	TOTAL	**$805,066**	**$781,276**	**$895,807**	**$965,847**	**$70,040**	**7.8%**

Staffing

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Econ Development Specialist	1.00	1.00	1.00	1.00	0.00
Economic Development Coordinator	1.00	1.00	1.00	1.00	0.00
Economic Development Director	1.00	1.00	1.00	1.00	0.00
Total Positions	**3.00**	**3.00**	**3.00**	**3.00**	**0.00**

Expenditures by Category



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**3.00**	**$895,807**	**$0**	**$895,807**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits	0.00	17,905	0	17,905
Non-Personnel Expenditure Alignment to Historical Trend		2,135		2,135
Adjustments to Costs of Ongoing Activities	**0.00**	**20,040**	**0**	**20,040**
Total FY 2022-23 Base Budget	**3.00**	**$915,847**	**—**	**$915,847**
Service Level Changes				
Property Asset Management Fees (One-Time)		50,000		50,000
Total Service Level Changes	**0**	**50,000**	**0**	**50,000**
Total FY 2022-23 Budget	**3.00**	**$965,847**	**$0**	**$965,847**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1	**Property Asset Management Service**		**$50,000**	**$0**	**$50,000**

This action provides one-time funding for a consultant to provide services for developing and managing the City's real estate portfolio, and plan for future acquisition, disposition, leasing, relocation, valuation, and property management. The consultant will provide a real estate management report that describes the City's real estate assets; mapping of assets; develop real property policies and activities; business relocation services; procedures for property disposition and leasing, appraisals, preliminary title reports, grant deeds, purchase and sale agreements, and due diligence and administration of all real estate transactions. The consultant's real estate management services and report will result in a better understanding of current and future real property asset needs.

Performance Results

The consultant is expected to develop a complete asset management portfolio, centralized location of relevant documents (i.e., grant deed documents, purchase of sale agreements, lease agreements, disposition of property, etc.), streamlined real estate transactions processes and a real estate management report.

Impact if funding is not approved

If this action is not funded, the City will miss an opportunity to develop a real property and asset management strategy, which could hinder economic and community development efforts and diversifying the City's tax base.

Total Service Level Changes		**$50,000**	**$0**	**$50,000**

City Attorney

City Attorney: Michael Mutalipassi

Mission Statement

The Office of the City Attorney provides cost effective legal representation, analysis and guidance to the City Council and City staff at the highest level of professionalism.

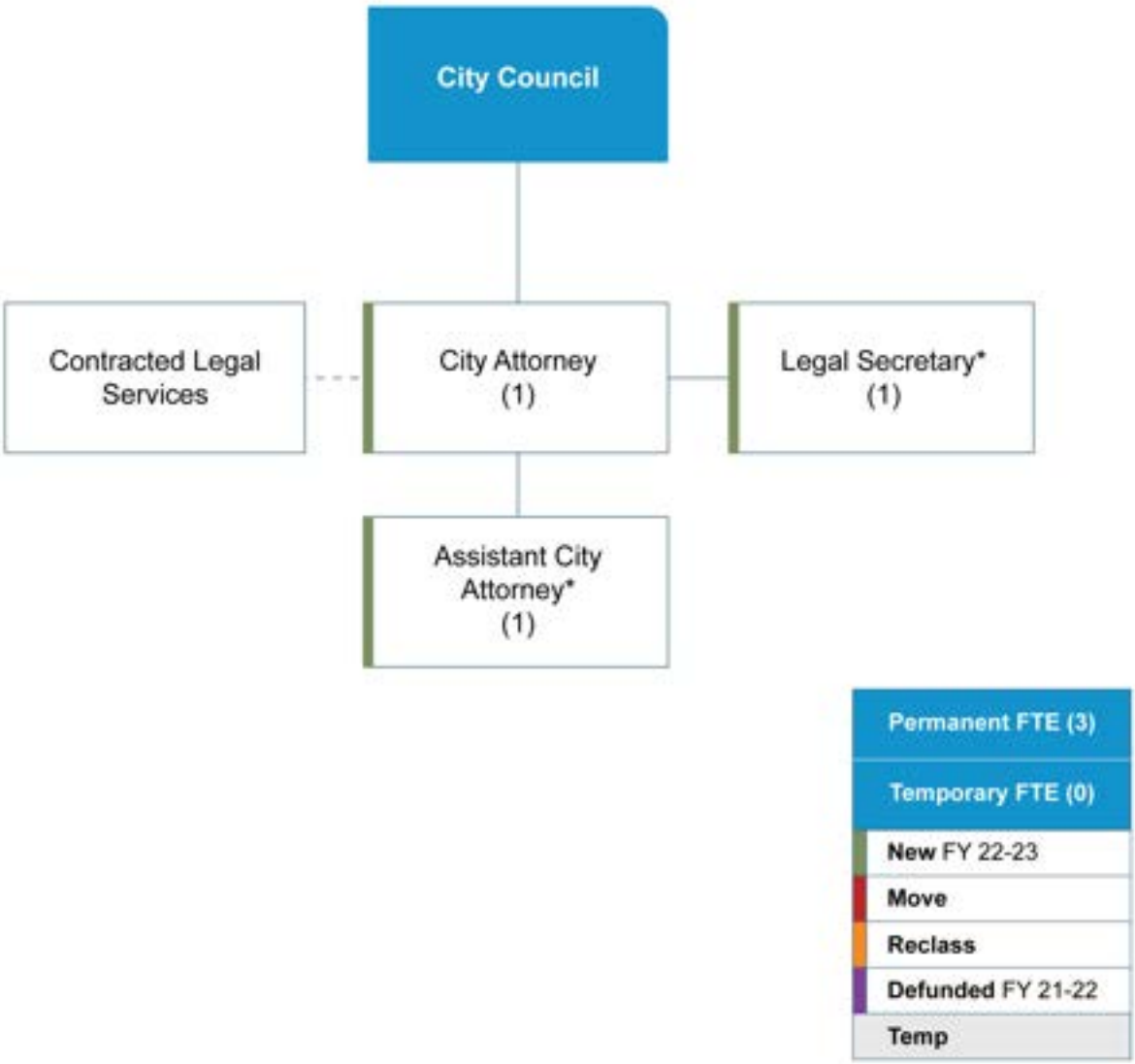
Description

This department provides general legal advice and services to the City Council, RDA Successor Agency, Housing Authority, City Commissions, City Manager, City departments and other entities as approved by City Council. The City Attorney's department prepares or approves as to form all proposed ordinances, resolutions, agreements and amendments thereto. This department negotiates and drafts complex agreements, including at times development agreements with developers. This department represents the City in litigation and supervises litigation of PLAN JPA appointed counsel. This department also provides guidance in personnel matters.

Services

- General legal advice
- Personnel advice
- Litigation
- Employee legal training
- Compliance advice related to current and forthcoming federal and State regulations
- Housing Authority and RDA Successor Agency legal services
- Land use advice and document preparation
- Conflict of Interest and Open Government guidance

City Attorney



*Temporary placeholder positions, final positions to be determined by City Council and City Attorney

Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Provided superior, affordable, timely legal advice and service	✓	✓	✓	✓	✓	✓	✓
2.	Continued to serve the Police Department on gun confiscation petitions and other related matters	✓						✓
3.	Provided ongoing legal training to staff, commissions, etc., including training on resolutions, ordinances and public hearings	✓						✓
4.	Provided ongoing advice re: TASP and development in the TASP, including BART project			✓	✓		✓	
5.	Updated various Municipal Code sections, as authorized	✓	✓	✓	✓	✓	✓	✓
6.	Assist staff with various ordinances regarding affordable housing				✓	✓		
7.	Prepare all legal documents for the sales tax ballot measure, review educational information to the community, and prepare legal documents, including ordinance, necessary for the State of California to collect the tax							✓
8.	Assist with complex litigation matters	✓	✓	✓				✓
9.	Aide the City Council in various conflict, gift, and ethics questions							✓
10.	Continue to advise on Public Records Act requests and provide training for City staff on the Public Records Act							✓

Initiatives

1.	Continue to provide superior, affordable, timely legal advice and service	✓	✓	✓	✓	✓	✓	✓
2.	Continue to advise the Council on various legal issues including conflicts of interest, gift rules, and ethics compliance							✓
3.	Continue to offer various legal trainings to staff and coordinate on ethics training, sexual harassment avoidance training, and other timely topics							✓
4.	Continue to update the Municipal Code based on changes in the law	✓	✓	✓	✓	✓	✓	✓
5.	Work in tandem with City staff to ensure legal compliance	✓	✓	✓	✓	✓	✓	✓
6.	Continue to monitor all pending litigation and provide timely updates to the Council							✓

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Contract complaints / Council agenda contracts		0 / 81	0 / 92	0 / 85	0 / 92	0 / 85
Documents timely produced for Council and Planning Commission Agendas		100%	100%	100%	100%	100%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Ordinances		16	15	15	15	15
Resolutions (Council & Planning Commission)		117	115	105	115	105
Contracts reviewed / approved		484	485	450	485	450
Court / administrative cases handled / supervised		39	40	40	40	40

Budget Summary

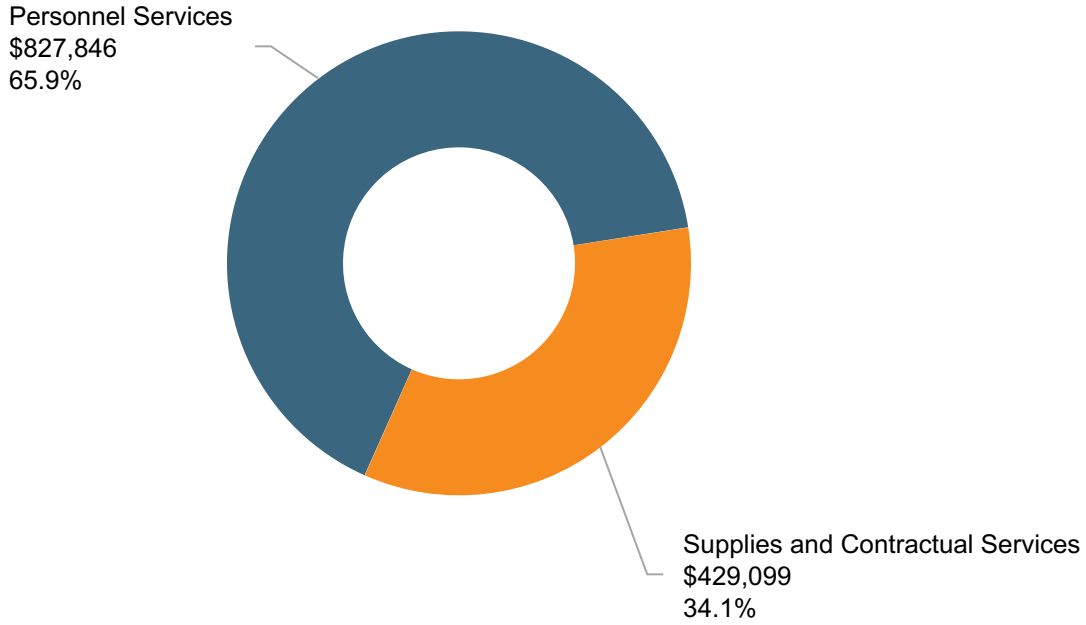
DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$116,176	$116,792	$0	$547,000	$547,000	0.0%
4124	Leave Cashout	0	4,204	0	0	0	0.0%
4131	PERS	42,138	36,891	0	0	0	0.0%
4132	Group Insurance	12,335	12,452	0	0	0	0.0%
4133	Medicare	1,694	1,774	0	0	0	0.0%
4135	Worker's Compensation	492	536	0	0	0	0.0%
4138	Deferred Comp-Employer	900	900	0	0	0	0.0%
4146	Short Term Disability	0	0	0	0	0	0.0%
4161	Retiree Medical Reserve	4,908	773	0	0	0	0.0%
	sub-total	**178,643**	**175,527**	**0**	**827,846**	**827,846**	**0.0%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
SUPPLIES AND CONTRACTUAL SERVICES							
4220	Supplies	384	0	0	0	0	0.0%
4230	Services	1,083,024	1,310,493	1,074,099	429,099	(645,000)	(60.1)%
	sub-total	**1,083,408**	**1,310,493**	**1,074,099**	**429,099**	**(645,000)**	**(60.1)%**
	TOTAL	**$1,262,051**	**$1,486,020**	**$1,074,099**	**$1,256,945**	**$182,846**	**17.0%**

Staffing

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Executive Assistant	0.00	1.00	0.00	0.00	0.00
Executive Secretary	1.00	0.00	0.00	0.00	0.00
City Attorney	0.00	0.00	0.00	1.00	1.00
Legal Secretary	0.00	0.00	0.00	1.00	1.00
Assistant City Attorney	0.00	0.00	0.00	1.00	1.00
Total Positions	**1.00**	**1.00**	**0.00**	**3.00**	**3.00**

Expenditures by Category



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**0.00**	**$1,029,100**	**$45,000**	**$1,074,100**
Adjustments to Costs of Ongoing Activities				
Departmental In-House Restructure Costs	3.00	169,846	13,000	182,846
Adjustments to Costs of Ongoing Activities	**3.00**	**169,846**	**13,000**	**182,846**
Total FY 2022-23 Budget	**3.00**	**$1,198,946**	**$58,000**	**$1,256,946**

Building Safety and Housing

Building Safety and Housing Director: Sharon Goei

Mission Statement

The Building Safety and Housing Department is dedicated to enhancing the community's safety, welfare, economic vitality, and quality of life by ensuring that buildings are reviewed, permitted, and inspected to be safe, sustainable, and resilient. Preserving the quality and beauty of neighborhoods through enforcement of City regulations and creating, increasing, and preserving affordable housing and supportive programs for the community are also at the forefront of efforts by the Department to promote the health and welfare of this vibrant and diverse City.

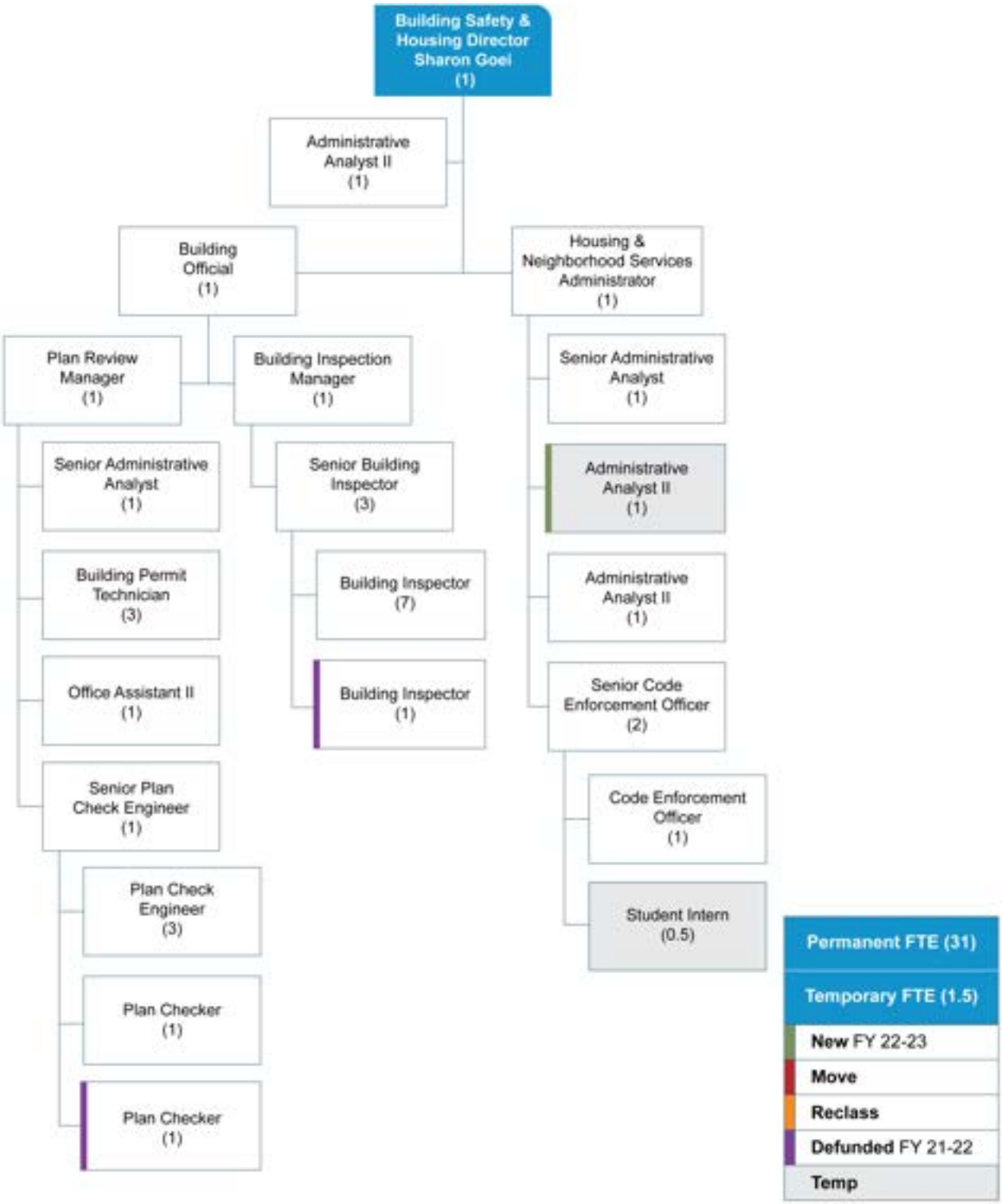
Description

The Building Safety and Housing Department provides plan review, permitting, and inspection services to implement building safety codes and standards to safeguard public health and safety for the built environment. The Department provides code enforcement services to enhance neighborhood quality and general welfare. The Department also administers the Housing Authority and Community Development Block Grant programs, and develops and implements policies and programs to create affordable housing, assist vulnerable residents, and enhance supportive services for the community.

Services

- Perform review of construction plans and documents, and conduct inspections, including occupancy inspections, to ensure safety through compliance with technical codes, State and local regulations, and acceptable engineering practices.
- Assist customers in obtaining building permits and monitoring plan submittal process from initial submittal to permit issuance using 'One Point of Contact' approach.
- Process permit applications, collect permit fees, perform records research, and maintain building plans and records.
- Implement technology systems and improvements to enhance service delivery to the community.
- Develop and update an easy-to-follow website allowing customers to receive up-to-date information on housing resources, housing policies, programs, and code requirements; submit permit applications; obtain submittal requirements; and ask questions regarding other Building Safety and Housing information.
- Meet with developers, design professionals, homeowners, and contractors to assist them in the timely issuance of permits and completion projects including after business hours services as requested.
- Provide assistance to the Fire Department in fire investigations and building owners for other emergencies.
- Provide assistance and inspections to mobile home parks.
- Provide code enforcement services to correct Health and Safety Code and Municipal Code violations to enhance neighborhood quality and general welfare.
- Administer programs for abandoned vehicles, shopping carts, animal control, and neighborhood beautification.
- Prepare the City's Housing Element, Assessment of Fair Housing, and administer the City's Affordable Housing Ordinance to advance toward the City's Regional Housing Needs Allocation (RHNA) goals.
- Administer the City's Rent Relief Program to aid Milpitas residents who are at risk of eviction.
- Conduct outreach events and workshops in partnership with regional nonprofits to communicate with and serve Milpitas' vulnerable population.
- Manage and maintain the City's Below Market Rate homeownership program and selection process.
- Identify or coordinate funding sources for affordable housing development and preservation.
- Administer the City's Housing Authority and related properties.
- Manage the Community Development Block Grant (CDBG) program to serve low and moderate income residents through public services, capital projects, and fair housing services.
- Serve as the staff liaison to the City Council Housing Subcommittee, Community Advisory Commission, and housing-related bodies.
- Administer programs to assist unhoused residents including the mobile shower and laundry program and the homeless outreach, assessment and street-based case management services in partnership with the Santa Clara County Office of Supportive Housing.

Building Safety and Housing



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Conducted extensive analysis and outreach, developed recommendations, and received Council direction for Housing Authority- and City-owned South Main St. properties.	✓	✓	✓	✓	✓	✓	✓
2.	Created Accessory Dwelling Unit (ADU) Incentive Program using ARPA funds to encourage ADU production and create more housing. Created Safe ADU Legalization Program to encourage residents to legalize and improve the safety of ADUs.		✓		✓	✓		
3.	Served as staff liaison to Homelessness Task Force and facilitated Task Force Report presentation to City Council.	✓	✓	✓	✓	✓	✓	
4.	Implemented services for unhoused residents; created monthly reports for outreach and assessment, and mobile shower and laundry services.	✓	✓	✓	✓	✓	✓	
5.	Managed the Community Development Block Grant program and partnered with non-profits to serve low and moderate income residents. Developed 3-year Consolidated Plan.	✓	✓	✓	✓	✓	✓	
6.	Developed amendments to Affordable Housing Ordinance to clarify and strengthen affordable housing policies and encourage on-site affordable housing production. Implemented Council-adopted selection criteria through developing a new process.	✓	✓		✓	✓		
7.	Initiated work on Assessment of Fair Housing and 2023-2031 Housing Element to plan for housing needs across community; initiated community engagement and sites inventory.	✓	✓		✓	✓		
8.	Continued providing housing resources and assistance programs (e.g., Rent Relief Program). Conducted outreach and workshops on fair housing and tenant support resources in partnership with nonprofits for vulnerable residents.	✓	✓		✓	✓		
9.	Overhauled building permit inspection list to streamline inspection process. Developed a new set of code enforcement notification letters to increase compliance.	✓	✓	✓	✓	✓	✓	
10.	Continued development review, permitting, and inspection functions through the pandemic; implemented safety protocols for internal staff and external builders.	✓	✓	✓	✓	✓	✓	

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Complete Assessment of Fair Housing and 2023-2031 Housing Element to plan for housing needs and establish policies and strategies to accommodate housing growth to meet the City's Regional Housing Needs Allocation (RHNA) goals and promote fair housing.	✓	✓		✓	✓		
2.	Develop and enhance reach codes to reduce greenhouse gas emissions; conduct community outreach to implement and promote green development.	✓	✓	✓	✓	✓		
3.	Expand Rent Relief Program and create mortgage relief program utilizing ARPA funding. Continue to conduct outreach on housing resources and assistance programs for vulnerable residents.	✓	✓		✓	✓		
4.	Implement FY2022-2025 Consolidated Plan and continue to manage the Community Development Block Grant program and partner with nonprofits to assist low and moderate income residents.	✓	✓	✓	✓	✓	✓	
5.	Continue homeless response and prevention efforts in collaboration with the County and other nonprofit partners.	✓	✓	✓	✓	✓	✓	
6.	Continue to collaborate with Departments on South Main St. properties' disposition or development.	✓	✓	✓	✓	✓	✓	✓
7.	Continue to facilitate affordable housing production and preservation. Identify, implement, and administer programs to create more affordable housing opportunities.	✓	✓		✓	✓	✓	
8.	Continue to conduct recruitment for vacant positions to enhance service delivery. Provide resources, training, and professional development opportunities for team members.		✓		✓	✓		
9.	Continue outreach with development community to improve service delivery. Continue to streamline and enhance plan review, permitting, and inspection processes for increased efficiency and effectiveness.	✓	✓	✓	✓	✓	✓	
10.	Continue to implement technology improvements, website updates, along with improvement of permit system and electronic plan review and integration with other systems, to increase efficiency and enhance service delivery to the community.	✓	✓	✓	✓	✓		

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Percent of customers rating service at Permit Center "Very Good" or "Excellent"		N/A	76%	85%	90%	90%
Percent of Over-the-Counter Building Permit Plan Reviews (including express tenant improvements)		28%	41%	40%	40%	40%
Building permits for new development projects:						
1) New development first submittal average plan review turnaround time (business days)		N/A	N/A	30	36	35
2) New development subsequent submittal average plan review turnaround time (business days)		N/A	N/A	25	28	25
Building permits for tenant improvements:						
1) Tenant Improvement first submittal average plan review turnaround time (business days)		N/A	N/A	25	29	25
2) Tenant Improvement subsequent submittal average plan review turnaround time (business days)		N/A	N/A	20	22	20
Building permits for residential remodel/addition:						
1) Residential remodel/addition first submittal average plan review turnaround time (business days)		N/A	N/A	20	30	25
2) Residential remodel/addition subsequent submittal average plan review turnaround time (business days)		N/A	N/A	15	27	20
Percent of building inspections completed within one day		97%	99%	95%	98%	98%
Percent of customers rating inspection services "Very Good" or "Excellent"		N/A	75%	85%	90%	90%
Percent of code enforcement cases in compliance within 30 days		77%	77%	75%	61%	75%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Total customers served by Permit Center		5,477	8,069	5,400	12,000	13,000
Total Over-the-Counter Permit Reviews		1,339	2,326	1,400	2,200	2,300
Total issued building permit construction valuation		$603,090,345	$187,485,526	$300,000,000	$200,000,000	$250,000,000
Total building permits issued		2,980	3,560	3,000	3,600	3,800
Total plan reviews completed		4,826	5,677	4,900	5,000	5,200
Total building inspections completed		17,711	16,935	18,000	16,000	17,000
Total code enforcement customer service requests		559	569	600	570	600
Total residents served through CDBG program service organizations		855	2,826	2,000	1,800	1,800

Budget Summary

DOLLARS BY FUNCTION	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
Building Inspection	$2,375,915	$2,291,862	$2,260,895	$2,335,236	$74,341	3.3%
Building Safety and Housing Administration	837,153	853,099	857,152	878,314	21,162	2.5%
Housing and Neighborhood Svcs	2,223,277	3,259,898	3,557,642	3,094,665	(462,977)	(13.0)%
Permit Center	612,487	892,992	882,633	904,652	22,019	2.5%
Plan Review	734,314	1,109,904	1,360,132	1,553,201	193,069	14.2%
TOTAL	**$6,783,146**	**$8,407,755**	**$8,918,454**	**$8,766,064**	**($152,390)**	**(1.7)%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$3,040,572	$3,409,987	$4,111,840	$4,344,745	$232,905	5.7%
4112	Temporary Salaries	149,400	79,513	17,850	17,850	0	0.0%
4113	Overtime	31,934	126,238	70,000	70,000	0	0.0%
4121	Allowances	6,600	3,554	5,282	13,200	7,918	149.9%
4124	Leave Cashout	75,452	154,522	0	0	0	0.0%
4131	PERS	1,253,381	1,168,314	1,375,684	1,341,179	(34,505)	(2.5)%
4132	Group Insurance	505,777	530,673	628,423	721,933	93,510	14.9%
4133	Medicare	47,570	54,437	59,957	63,463	3,506	5.8%
4135	Worker's Compensation	12,076	27,648	27,715	25,893	(1,822)	(6.6)%
4138	Deferred Comp-Employer	23,007	21,774	25,424	28,800	3,376	13.3%
4139	PARS	287	0	268	268	0	0.0%
4146	Short Term Disability	0	0	2,604	9,382	6,778	260.3%
4161	Retiree Medical Reserve	195,914	38,587	34,486	38,712	4,226	12.3%
	sub-total	**5,341,970**	**5,658,536**	**6,359,533**	**6,657,425**	**297,892**	**4.7%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	335,512	1,365,260	1,558,213	828,840	(729,373)	(46.8)%
4210	Department Allocations	53,971	31,574	26,907	22,704	(4,203)	(15.6)%
4220	Supplies	61,006	11,655	34,000	34,000	0	0.0%
4230	Services	960,315	1,316,428	894,900	1,158,200	263,300	29.4%
4500	Training, Travel, & Memberships	30,372	24,302	44,900	64,900	20,000	44.5%
	sub-total	**1,441,176**	**2,749,219**	**2,558,920**	**2,108,644**	**(450,276)**	**(17.6)%**
	TOTAL	**$6,783,146**	**$8,407,755**	**$8,918,453**	**$8,766,064**	**($152,384)**	**(1.7)%**

Staffing

POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Building Safety and Housing Administration	3.00	3.00	3.00	3.00	0.00
Building Inspection*	13.00	12.00	11.00	11.00	0.00
Housing and Neighborhood Svcs	6.00	6.00	6.00	6.00	0.00
Permit Center	5.00	5.00	5.00	5.00	0.00
Plan Review*	6.00	7.00	6.00	6.00	0.00
TOTAL	**33.00**	**33.00**	**31.00**	**31.00**	**0.00**

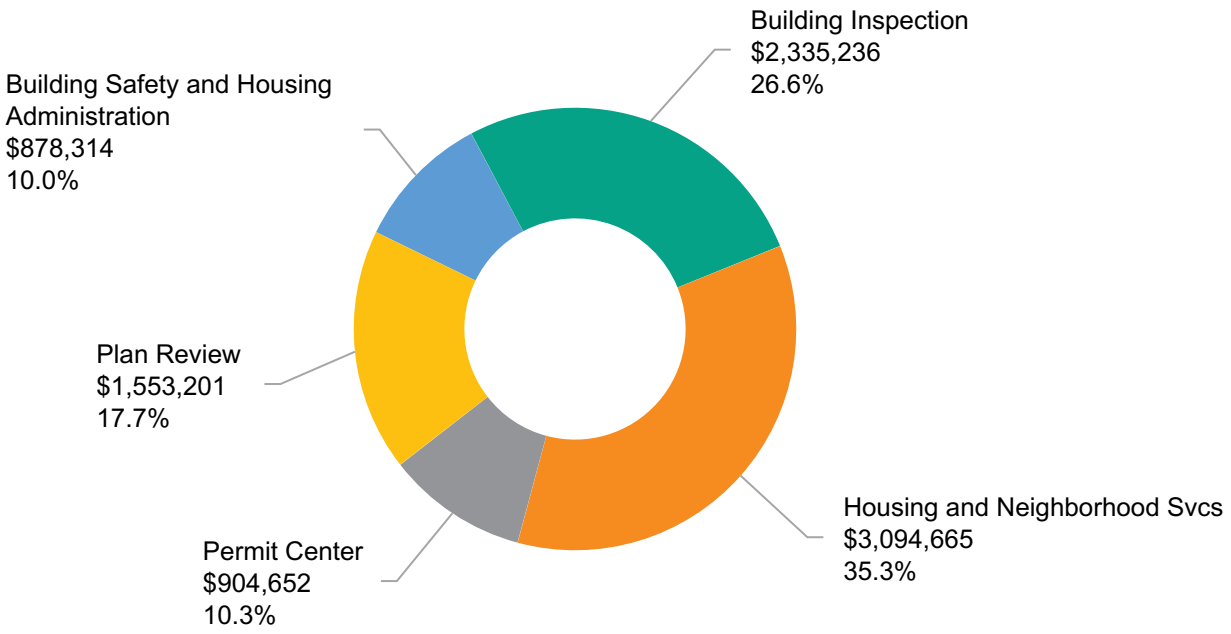
*1.0 Building Inspector and 1.0 Plan Checker are defunded.

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Administrative Analyst II	1.00	1.00	1.00	2.00	1.00
Assistant Planner	1.00	1.00	1.00	0.00	(1.00)
Building Safety and Housing Director	1.00	1.00	1.00	1.00	0.00
Building Inspection Manager	1.00	1.00	1.00	1.00	0.00
Building Official	1.00	1.00	1.00	1.00	0.00
Building Permit Technician	2.00	3.00	3.00	3.00	0.00
Building/NP Inspector*	9.00	8.00	7.00	7.00	0.00
Code Enforcement Officer	1.00	1.00	1.00	1.00	0.00
Housing and Neighborhood Services Manager	1.00	1.00	1.00	0.00	(1.00)
Housing Authority Administrator	1.00	1.00	1.00	0.00	(1.00)

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Housing and Neighborh'd Services Administrator	0.00	0.00	0.00	1.00	1.00
Office Assistant II	1.00	1.00	1.00	1.00	0.00
Office Specialist	1.00	0.00	0.00	0.00	0.00
Plan Check Engineer	3.00	3.00	3.00	3.00	0.00
Plan Checker*	1.00	2.00	1.00	1.00	0.00
Plan Review Manager	1.00	1.00	1.00	1.00	0.00
Senior Administrative Analyst	1.00	1.00	1.00	2.00	1.00
Senior Building Inspector	3.00	3.00	3.00	3.00	0.00
Senior Plan Check Engineer	1.00	1.00	1.00	1.00	0.00
Sr. Code Enforcement Officer	2.00	2.00	2.00	2.00	0.00
Total Positions	**33.00**	**33.00**	**31.00**	**31.00**	0.00

*1.0 Building Inspector and 1.0 Plan Checker are defunded.

Expenditures by Function



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**31.00**	**$5,833,754**	**$3,084,700**	**$8,918,454**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		22,608	95,976	118,584
Contractual Service Increase (San Jose Animal Services)		108,900		108,900
Non-Personnel Expenditure Changes to Align with Current Trend		(5,600)		(5,600)
Contractual Service Decrease (Project Sentinel)			(40,000)	(40,000)
Decrease in CDBG Grant Funding			(722,373)	(722,373)
Equipment Replacement Amortization		(4,203)		(4,203)
Adjustments to Costs of Ongoing Activities	**0**	**121,705**	**(666,397)**	**(544,692)**
Total FY2022-23 Base Budget	**31.00**	**5,955,459**	**2,418,303**	**8,373,762**
Service Level Changes				
Accessibility Training		20,000		20,000
Professional Service Enhancement		200,000		200,000
Housing Staff Enhancement (1 FTE, Limited Term)			172,302	172,302
Total Service Level Changes	**0**	**220,000**	**172,302**	**392,302**
Total FY 2022-23 Budget	**31.00**	**$6,175,459**	**$2,590,605**	**$8,766,064**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1	**Housing Staff Enhancement**		**$0**	**$172,302**	**$172,302**

This action funds a limited-term Administrative Analyst II (Housing) position for three years to administer the rent and mortgage relief program, homeless response services, resources and prevention initiatives, and Council priorities. Existing Staff resources are fully committed to delivering existing services and programs, many of which include require complying with federal and state mandates. Multiple new programs and initiatives have been added because of significantly increased funding, including ARPA, and other Council funded priorities. These include managing CDBG and Coronavirus funding programs; implementing rent and mortgage relief programs; implementing homeless outreach and assessment services; implementing mobile shower and laundry for unhoused residents; and conducting research on homeless resources and programs. In order to accomplish these new programs and initiatives, ensure compliance, and achieve Council's housing priorities, this limited term position is being proposed. Staff has also been working on many policy initiatives including the Housing element, Assessment of Fair Housing and Affordable Housing Ordinance.

Performance Results

This position is expected to enable staff to carry out new programs, initiatives, and Council housing priorities funded by ARPA and other funding and ensure compliance with applicable state and federal regulations.

Impact if funding is not approved

If this action is not funded, some initiatives will be delayed. Without additional staff resources, staff will not be able to pursue potential funding or program opportunities that will benefit the Milpitas community.

2	**Professional Services Enhancement**		**$200,000**	**$0**	**$200,000**

This action funds Building Safety and Housing (Department) Professional Services to assist with Building Safety Programs for FY2022-23. Building safety professional services contracts are for services on an as-needed and on-call basis and can encompass plan review, inspection, or permit processing. Recruitments stopped due to the pandemic and while recruitments began again in FY2021-22, staffing has been insufficient and this issue was compounded by staff departures and vacancies in the department. In light of the uncertain staff situation and increased workload, the use of contractual services can enable the department to maintain a minimum level of service. Cost of this proposal will be paid from departmental vacancy savings as funding availability allows.

Performance Results:

Professional services contract will allow the Department to operate efficiently and effectively and maintain adequate level of service during staffing shortages.

Impact if funding is not approved

If this action is not funded, the Department service delivery can become negatively impacted and delay plan review, inspection and permit processing.

3	**Accessibility Training**		**$20,000**	**$0**	**$20,000**

This action funds accessibility training to improve compliance with federal and state disability laws. The expenditure is offset with state fees collected from local business licenses to increase disability access training and compliance with construction related accessibility requirements.

Performance Results:

Staff will be trained in accordance with state legislation and better equipped to enforce compliance with federal and state disability laws.

Impact if funding is not approved

If this action is not funded, compliance with federal and state disability laws may be negatively impacted.

Total Service Level Changes		**$220,000**	**$172,302**	**$392,302**

Engineering

Director of Engineering/City Engineer: Steven Erickson

Mission Statement

The Engineering Department provides resources to enhance and improve City infrastructure through the design, management, and construction of public improvements, including the administration of various public works programs in a safe, coordinated, timely, and cost-effective manner with responsive service to the entire community.

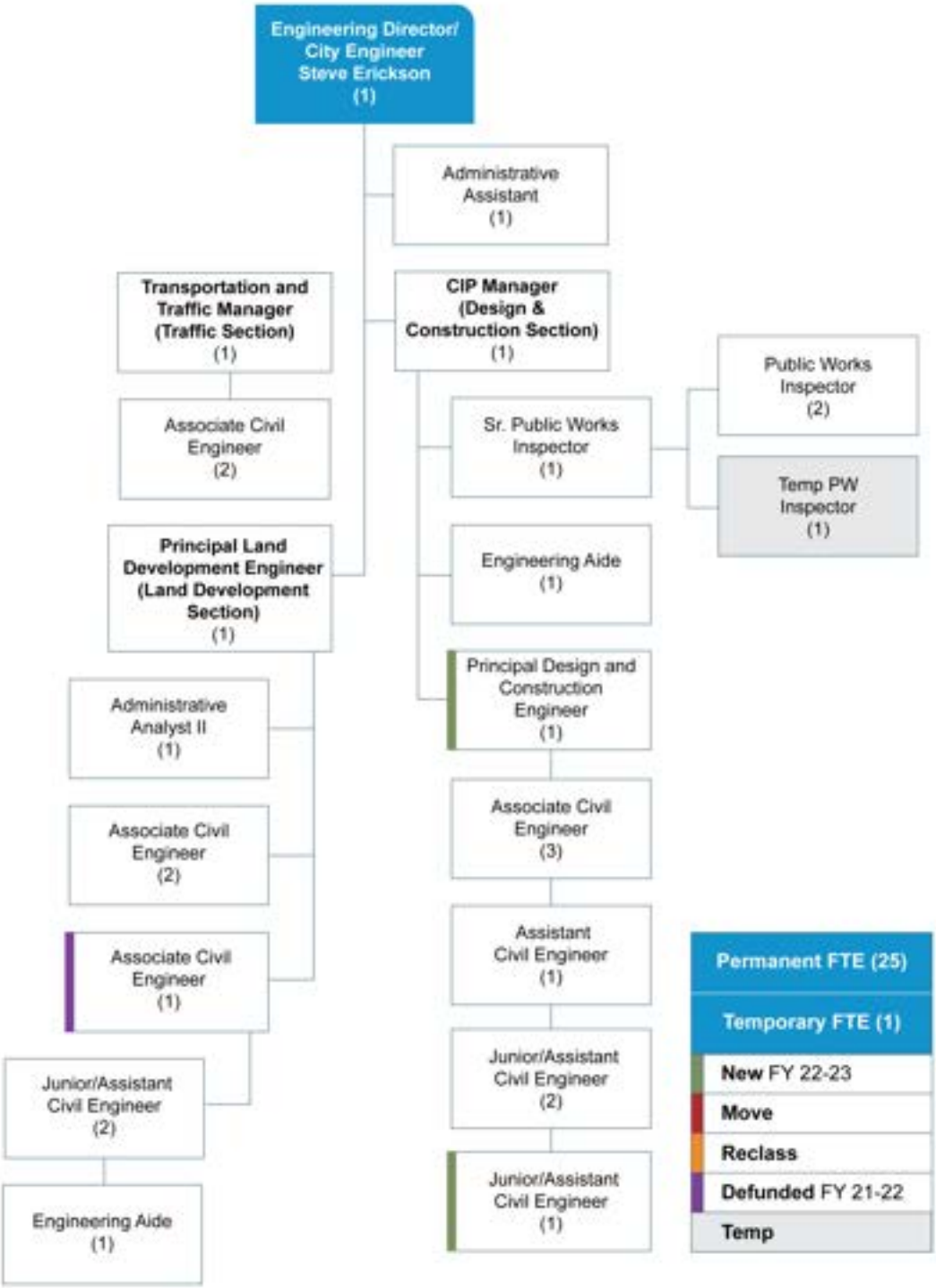
Description

The Department provides professional engineering services for the completion of the City's annual Capital Improvement Program (CIP), performs construction inspection services for both capital projects and private development construction impacting streets and the public right-of- way. Department staff provide review and plan check services for private development project drawings and maps to ensure compliance with adopted city standards, and they administer encroachment permits for construction work within the public right-of-way. Department staff participate in regional programs and coordinate with local agencies in the areas of flood control, urban runoff, and transportation. The Engineering Department has three functions: Design & Construction, Land Development, and Transportation & Traffic.

Services

- The Engineering Director/City Engineer leads the Department, including the allocation of resources, determination of staff assignments, and oversees the workload to ensure that infrastructure and work constructed within the City's right-of- way is completed in accordance with industry standards, City codes, state, and federal regulations to protect public health and safety.
- Design & Construction staff oversee the preparation of construction documents, administer and manage construction contracts for the completion of the City's Capital Improvement Program (CIP). Design & Construction Section staff, in conjunction with the Finance Department, create the annual 5-year Capital Improvement Program (CIP) document which funds and prioritizes the completion of capital projects for streets, water, sewer, storm drain utilities, parks, and community infrastructure. Design & Construction Inspection staff review city capital and private development construction projects for compliance with the City standards.
- Land Development staff manage right-of- way encroachments and review private development plans and maps for conformance with City Standards, local, state and federal requirements. Staff ensure private development projects provide required public infrastructure in accordance with development Conditions of Approval. Land Development staff manage encroachment permits for construction within City streets and the public right-of-way, regulate development within the designated floodplain, maintain the City's Community Rating System (CRS) flood insurance rating, and manage the Engineering record drawing library of city infrastructure.
- Transportation & Traffic engineering staff provide technical review and evaluation of traffic and transportation studies related to development within the City. Staff oversees the operation and timing of traffic signals to ensure safe and efficient operation, reviews construction documents for streets and transportation projects, manages the City's pavement condition index, and completion of annual pavement resurfacing projects.

Engineering



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Calaveras Bridge Widening CEQA			✓			✓	✓
2.	Fire Station 2 Replacement				✓		✓	
3.	Parks & Recreation Master Plan Update	✓		✓	✓	✓		
4.	McCandless Park Phase 1 Construction	✓		✓		✓		
5.	Montague Pedestrian Bridge						✓	✓
6.	City Building ADA Compliance Review				✓		✓	
7.	Annual City Street Resurfacing						✓	✓

Initiatives

1.	Costa Street Plan Line Study		✓			✓		✓
2.	Light Rail Pedestrian Bridge Study						✓	✓
3.	Citywide Traffic Modeling						✓	✓
4.	Traffic Safety Assessment						✓	✓
5.	LLMD Landscape Renovation	✓			✓			
6.	ARPA Park Improvements				✓	✓	✓	

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Mandated FEMA / CRS goals achieved		100%	100%	100%	100%	100%
State mandated storm water permit goals achieved		100%	100%	100%	100%	100%
CIP projects completed on schedule / budget (no additional time/budget requested)		100%	100%	100%	100%	100%
Number of Encroachment Permits for subdivisions and major projects/% first review completed within 45 calendar days		10/90%	0/100%	6/100%	4/100%	7/100%
Number of Minor Encroachment Permits/ % first review completed within 30 calendar days		242/90%	142/100%	220/100%	226/100%	310/100%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Value of CIP construction contracts awarded		$9M	$20.3M	$10.2M	$6M	$5.65M
Construction contracts awarded		12	12	8	1	5
CIP & Private Development Projects Completed		10	18	16	9	16
Professional services contracts awarded		20	36	11	5	11
Encroachment permits reviewed and approved		221	207	220	138	220
Number of Encroachment Permit Inspections Completed		2,434	2,261	2,300	1,522	2,300

Budget Summary

DOLLARS BY FUNCTION*	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
Design & Construction*	$917,688	$868,528	$1,158,233	$1,572,420	$414,187	35.8%
Engineering Administration*	487,691	468,931	357,424	339,855	(17,569)	(4.9)%
Land Development	1,747,671	1,912,621	1,691,177	1,495,256	(195,921)	(11.6)%
Traffic Engineering*	406,375	548,925	641,147	664,131	22,984	3.6%
TOTAL	**$3,559,425**	**$3,799,005**	**$3,847,981**	**$4,071,662**	**$223,681**	**5.8%**

	DOLLARS BY CATEGORY*	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$1,822,966	$1,979,046	$1,574,686	$1,635,578	$60,892	3.9%
4112	Temporary Salaries	9,396	33,000	108,873	117,749	8,876	8.2%
4113	Overtime	3,058	7,366	8,500	8,500	0	0.0%
4121	Allowances	6,600	3,554	5,851	6,600	749	12.8%
4124	Leave Cashout	43,972	111,878	0	0	0	0.0%
4131	PERS	731,481	674,652	1,101,229	1,061,498	(39,731)	(3.6)%
4132	Group Insurance	293,755	321,768	528,611	591,001	62,390	11.8%
4133	Medicare	27,418	31,018	48,056	49,178	1,122	2.3%
4135	Worker's Compensation	3,373	10,157	18,209	16,886	(1,323)	(7.3)%
4138	Deferred Comp-Employer	19,950	18,520	19,804	20,700	896	4.5%
4139	PARS	0	0	0	0	0	0.0%
4141	Adjustments-Payroll	0	0	(22,168)	112,908	135,076	(609.3)%
4146	Short Term Disability	0	0	1,920	6,900	4,980	259.4%
4161	Retiree Medical Reserve	141,423	28,320	32,737	29,545	(3,192)	(9.8)%
	sub-total	**3,103,392**	**3,219,279**	**3,426,308**	**3,657,043**	**230,735**	**6.7%**
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	0	0	0	0	0	0.0%
4210	Department Allocations	25,423	13,181	11,723	11,213	(510)	(4.4)%
4220	Supplies	9,737	3,233	9,750	9,900	150	1.5%

*For FY 2022-23, costs for staff for three functions in the Engineering Department totaling $1,652,051, which directly support the Capital Improvement Program, are charged to the capital projects as follows: Engineering Administration ($213,214); Design & Construction ($1,279,575); and Traffic Engineering ($159,262). These costs are not included in this presentation.

DOLLARS BY CATEGORY*		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
4230	Services	1,486,349	1,962,014	392,850	386,106	(6,744)	(1.7)%
4240	Repair & Maintenance	0	0	0	0	0	0.0 %
4500	Training, Travel, & Memberships	2,580	5,121	7,350	7,400	50	0.7 %
	sub-total	**1,524,089**	**1,983,549**	**421,673**	**414,619**	**(7,054)**	**(1.7)%**
	TOTAL	**$4,627,481**	**$5,209,692**	**$3,847,981**	**$4,071,662**	**$223,681**	**5.8 %**

Staffing

POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Design & Construction	11.00	11.00	11.00	13.00	2.00
Engineering Administration	2.00	2.00	2.00	2.00	0.00
Land Development*	9.00	8.00	7.00	7.00	0.00
Traffic Engineering	3.00	3.00	3.00	3.00	0.00
TOTAL	**25.00**	**24.00**	**23.00**	**25.00**	**2.00**

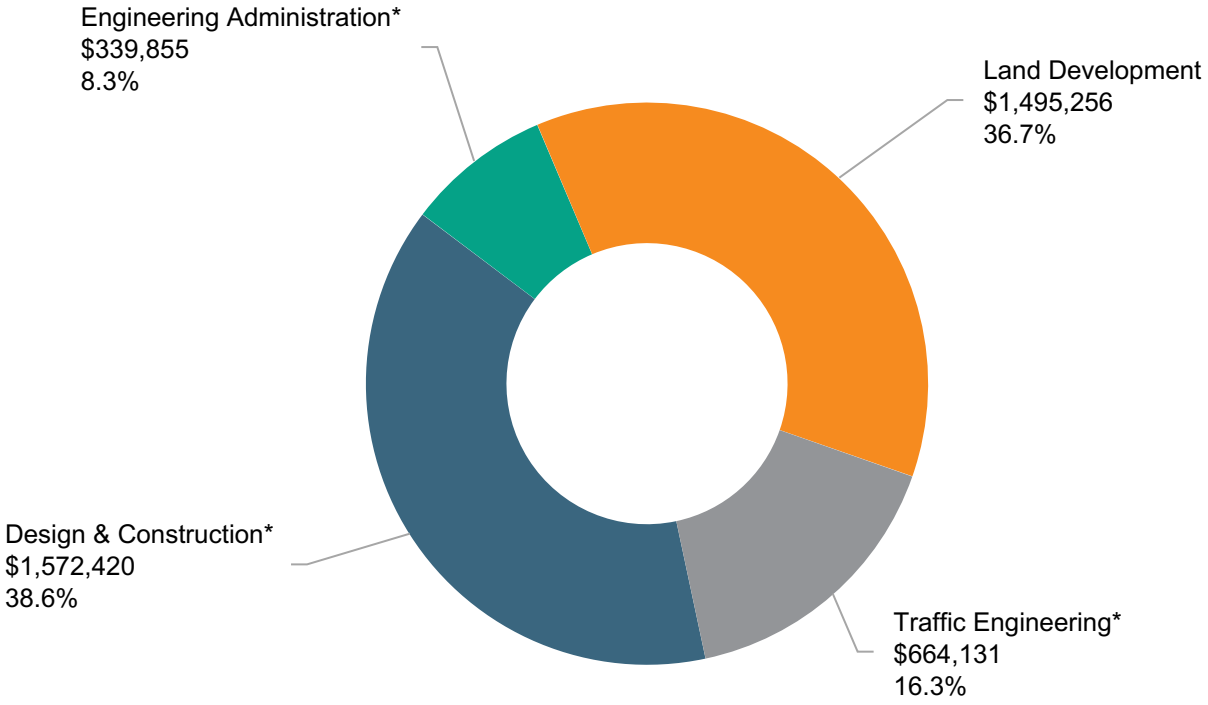
*1.0 Associate Civil Engineering in Land Development is defunded.

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Administrative Analyst II	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	0.00	0.00	0.00	1.00	1.00
Assistant Civil Engineer	5.00	4.00	4.00	4.00	0.00
Associate Civil Engineer*	7.00	8.00	7.00	7.00	0.00
CIP Manager	1.00	1.00	1.00	1.00	0.00
Engineering Aide	2.00	2.00	2.00	2.00	0.00
Engineering Director/City Eng	1.00	1.00	1.00	1.00	0.00
Executive Assistant	1.00	1.00	1.00	0.00	(1.00)
Executive Secretary	0.00	0.00	0.00	0.00	0.00
GIS Technician	1.00	0.00	0.00	0.00	0.00
Junior Civil Engineer	1.00	1.00	1.00	2.00	1.00
Principal Civil Engineer	1.00	1.00	1.00	2.00	1.00
Public Information Specialist	0.00	0.00	0.00	0.00	0.00
Public Works Inspector	2.00	2.00	2.00	2.00	0.00
Secretary	0.00	0.00	0.00	0.00	0.00

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Senior Public Works Inspector	1.00	1.00	1.00	1.00	0.00
Traffic Engineer	0.00	0.00	0.00	0.00	0.00
Transportation and Traffic Mgr	1.00	1.00	1.00	1.00	0.00
Total Positions	**25.00**	**24.00**	**23.00**	**25.00**	**2.00**

*1.0 Associate Civil Engineering in Land Development is defunded.

Expenditures by Function



*For FY 2022-23, costs for staff for three functions in the Engineering Department totaling $1,652,051, which directly support the Capital Improvement Program, are charged to the capital projects as follows: Engineering Administration ($213,214); Design & Construction ($1,279,575); and Traffic Engineering ($159,262). These costs are not included in this presentation.

Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**23.00**	**$3,740,281**	**$107,700**	**$3,847,981**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		118,637		118,637
Engineering Staff Capital Improvement Program Funding Alignment		(19,614)		(19,614)
LLMD Contractual Adjustments			(7,394)	(7,394)
Equipment Replacement Amortization		(510)		(510)
Adjustments to Costs of Ongoing Activities	**0.00**	**98,513**	**(7,394)**	**91,119**
Total FY 2022-23 Base Budget	**23.00**	**3,838,794**	**100,306**	**3,939,100**
Service Level Changes				
CIP Design and Construction Principal Engineer Position	1.00	69,358		69,358
CIP Design and Construction Junior/Assistant Engineer Position	1.00	63,203		63,203
Total Service Level Changes	**2.00**	**132,561**	**0**	**132,561**
Total FY 2022-23 Budget	**25.00**	**$3,971,355**	**$100,306**	**$4,071,661**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1.	**CIP Design and Construction Principal Engineer Position**	**1.00**	**$69,358**	**$0**	**$69,358**

This action funds 1.0 Principal Engineer in Design and Construction (D&C) section. The section serves the community by completing City Council approved and funded Capital Improvement Program (CIP) projects identified in the annual 5-year CIP document. Projects include, but not limited to, repair and improvement of City streets, repair and replacement of underground utilities, rehabilitation of parks, TASP infrastructure and other community improvements. The D&C Section is led by the CIP Manager and has two Associate Civil Engineer and four Junior/Assistant Engineer positions with one vacancy. The Principal Engineer will assist the CIP manager in project managing and planning, preparing the annual CIP document, supervising project teams and develop and implement goals, policies, procedures and priorities of the Section.

Performance Results:

Currently, the D&C Section is working on 12 projects in various projects stages for approximately value of $50.0M. There are planned $86.0M in projects between 2023 to 2027 in proposed 2023-2027 CIP Document, a potential $75M in projects that are identified in the Utility Master Plans to be completed in the next 10-20 years, and potential $75M to $150M in infrastructure projects for Metro Specific Plan. Current D&C staffing levels allows for staff to work on 6-9 project for approximately value between $15-$20M annually. In order to complete high volume of Projects, future infrastructure needs, and expedite City Council projects priorities such as Cardoza Park Softball Fields Improvement, South Milpitas Blvd. Bridge at Penitencia, Rose Garden Memorial, Railroad Quiet Zone, and Dempsey Road Water Line Project, additional staffing is required.

Impact if funding is not approved

If this action is not funded, the current staffing levels will not be able to reduce the CIP backlog or to deliver requested projects for the City Council, community or infrastructure needs.

2.	CIP Design and Construction Junior/ Assistant Engineer Position	1.00	$63,203	$0	$63,203

This action funds 1.0 Junior/Assistant Engineer position in the Design and Construction Engineering Section (D&C). The section serves the community by completing City Council approved and funded Capital Improvement Program (CIP) projects identified in the annual 5-year CIP document. Projects include, but not limited to, repair and improvement of City streets, repair and replacement of underground utilities, rehabilitation of parks, TASP infrastructure and other community improvements. The D&C Section is led by the CIP Manager and has two Associate Civil Engineer and four Junior/Assistant Engineer positions with one vacancy. The Junior/Assistant Engineer will assist the Associate Engineers in project administration from design through construction, review and prepare construction documents and manage contracts from design consultant and contractor.

Performance Results:

Currently, the D&C Section is working on 12 projects in various projects stages for approximately value of $50.0M. There are planned $86.0M in projects between 2023 to 2027 in proposed 2023-2027 CIP Document, a potential $75M in projects that are identified in the Utility Master Plans to be completed in the next 10-20 years, and potential $75M to $150M in infrastructure projects for Metro Specific Plan. Current D&C staffing levels allows for staff to work on 6-9 project for approximately value between $15-$20M annually. In order to complete high volume of Projects, future infrastructure needs, and expedite City Council projects priorities such as Cardoza Park Softball Fields Improvement, South Milpitas Blvd. Bridge at Penitencia, Rose Garden Memorial, Railroad Quiet Zone, and Dempsey Road Water Line Project, additional staffing is required.

Impact if funding is not approved

If this action is not funded, the current staffing levels will not be able to reduce the CIP backlog or to deliver requested projects for the City Council, community or infrastructure needs.

Total Service Level Changes	2.00	$132,561	$0	$132,561

Finance

Finance Director: **Lauren Lai, CPA, MPA**

Mission Statement

The Finance Department is dedicated to providing accurate, credible and timely financial information to support sound fiscal management and professional customer service to Milpitas residents, the business community, the City Council, and internal staff.

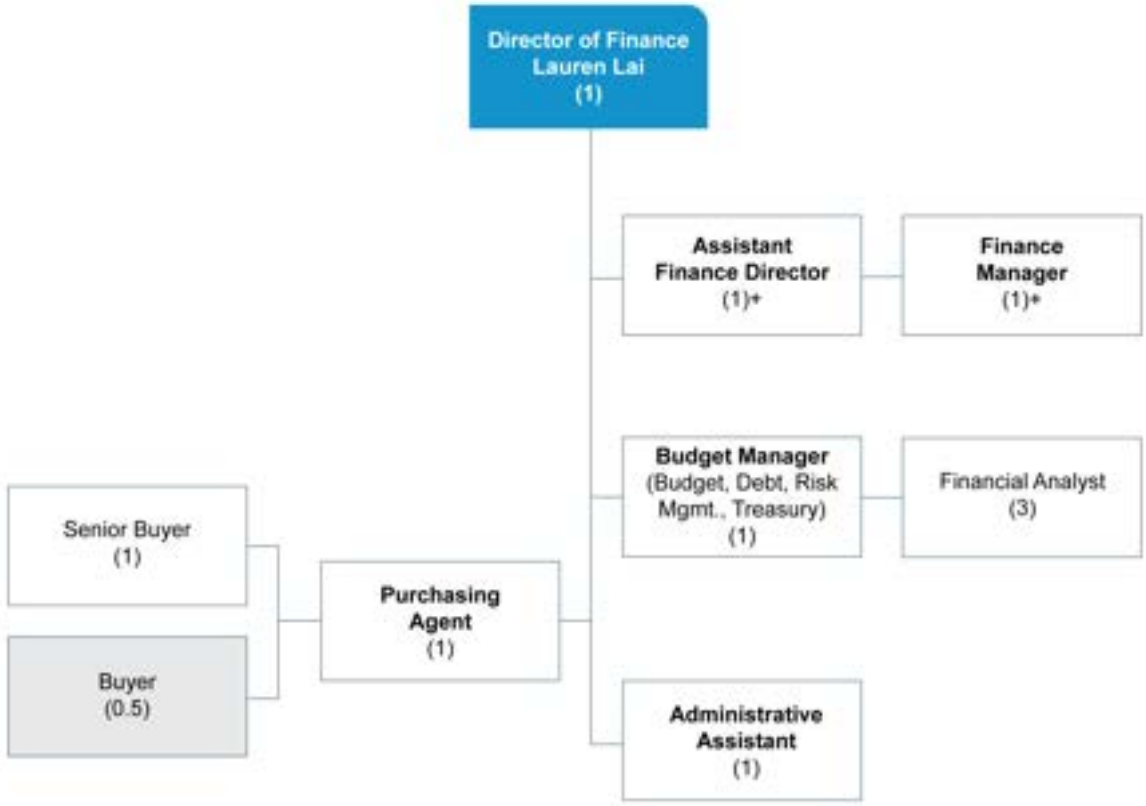
Description

Finance provides a key service role to all departments, the City Council, and the public and manages the City's financial operations in accordance with industry standards and established fiscal policies. Prudent fiscal stewardship, customer service, compliance, strategic planning, transparency and effective financial reporting are key elements of its mission. The department is organized into three functions: Administration, Operations, and Fiscal Services - Utilities; each provides essential customer services and support to City departments, the City Council, and the public.

Services

- Acts as an adviser to the City Manager, City Council and Departments in the areas of financial planning and fiscal analysis. Provides leadership in the development and implementation of sound financial policies for the City.
- Develops the Ten-Year General Fund Financial Forecast.
- Develops the annual Operating Budget on behalf of the City Manager including projection of revenues and expenditures; coordinates the preparation and publication of the Operating Budget document; and makes the annual budget available through its transparency tool.
- Prepares the Annual Financial Report in accordance with Generally Accepted Accounting Principles and pronouncements of the Governmental Accounting Standards Board (GASB).
- Prepares and maintains accurate financial records including grants, capital projects, enterprise funds, governmental funds, and fixed assets and files required grant reports with local, state, and federal agencies.
- Provides operating departments with timely and clear financial performance reports to assist them in their daily decision making.
- Monitors all the capital projects that have external funding sources to ensure collection of funds.
- Collects and records all City revenues including property tax, sales tax, various service fees, utility payments, business licenses, franchise fees, transient occupancy taxes, levies and other revenues.
- Provides customer service to the City's utility customers, including billing, new account setups, inquiries and meter readings.
- Procures goods and services at competitive prices and in compliance with Federal and State laws and City ordinances on behalf of City departments.
- Invests the City's idle cash in accordance with the Council approved Investment Policy to ensure that there is sufficient cash available to meet operating needs while maintaining safety, liquidity and competitive returns on the investment portfolio.
- Manages the City's and Successor Agency's outstanding bonds by ensuring timely payments, performance of arbitrage calculations and filing of required continual disclosure reports.
- Manages all the tort claims against the City and represents the City in the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) Board.
- Processes all the payments for goods and services timely and accurately.
- Issues payroll checks and benefits payments bi-weekly and files all the required Federal and State payroll tax withholding reports.
- Processes outgoing mail and distributes incoming mail citywide.

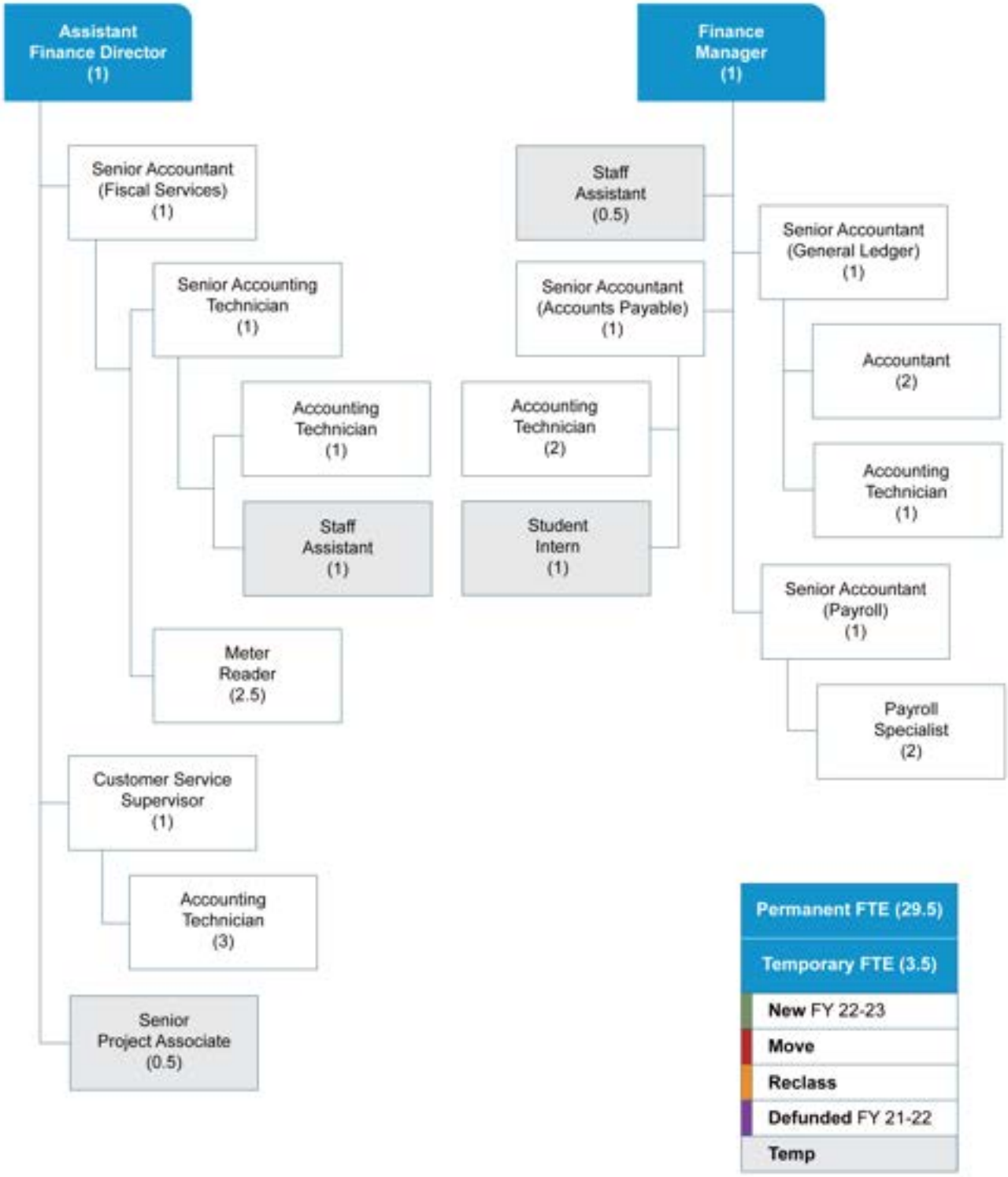
Finance Department



Permanent FTE (29.5)
Temporary FTE (3.5)
New FY 22-23
Move
Reclass
Defunded FY 21-22
Temp

+Detailed org chart on following pages

Finance Department



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Rebalanced the budget due to COVID-19 economic impacts				✓			
2.	Implemented invoice for online payments including misc AR, employee reimbursements, implemented upgrade of current ERP, implemented online business license application, online credit card payment	✓		✓	✓	✓	✓	✓
3.	Implemented citywide contract management system (ProcureNow)	✓			✓	✓	✓	✓
4.	Received GFOA and CSMFO award for Adopted Budget Book and GFOA award for Annual Comprehensive Financial Report.				✓			
5.	Assisted with energy savings company project and obtained financing		✓	✓	✓			
6.	Upgraded current ERP (Cayenta) to include new modules Connect Finance, Employee Self-Service Portal				✓			
7.	Improved financial reporting for departments (Department Budget Book, Management Reports and Trend Analysis) through replacement of manual reports with online analytic reporting/visualization (Tableau)				✓			
8.	Continued to manage debt obligations associated with previously issued Lease Revenue Bonds and Wastewater Bonds		✓		✓			
9.	Implemented online business license applications and online payment system for miscellaneous accounts receivable items	✓	✓	✓	✓	✓	✓	✓
10.	Assisted with the development of CIP budget in OpenGov.				✓			

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Review and maximize the funding from the American Rescue Plan Act				✓			
2.	Review and maximize FEMA reimbursements for COVID-19 Expenditures				✓			
3.	Implement a Loss Prevention Program including analysis of department loss and related claims experience	✓			✓	✓	✓	✓
4.	Continue to review and update finance related standard operating procedures				✓			
5.	Manage Section 115 Pension Trust to stabilize future PERS pension contribution costs				✓			
6.	Continue to update Finance standard operating protocol (SOP) for succession planning				✓			
7.	Continue to build ETL (extract, load and transform) workflows to replace manual reporting processes and enhance reporting				✓			
8.	Support Public Works with the implementation of the Automated Meter Infrastructure project			✓	✓	✓		
9.	Implement new banking services				✓			
10.	Support oversight committee for Measure F		✓		✓			

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Consecutive years receiving award for Distinguished Budget Presentation		19	20	21	21	22
Consecutive years receiving award for Excellence in Financial Reporting		26	27	28	28	29
Tort Claims Resolved within 180 Days		70%	75%	70%	80%	80%
Average number of days from approved invoice received to check issuance		4.71	4	4	4	4
Customers rating service as good or excellent		71%	N/A	75%	N/A	75%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Number of Contracts Processed		224	236	260	260	260
Number of Vendor Invoices Paid		22,998	17,820	24,000	19,500	19,500
Number of Utility Bills Issued		92,310	87,221	92,500	92,250	92,500
Number of Regulatory Reports Submitted to Appropriate Agencies		75	104	85	85	85
Number of Payroll Checks Paid		14,263	12,476	12,500	12,500	12,500

Budget Summary

DOLLARS BY FUNCTION	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
Finance Administration	$2,165,988	$2,280,073	$2,117,398	$2,258,335	$140,937	6.7%
Finance Operations	3,225,002	1,925,866	1,813,552	1,909,066	95,514	5.3%
Fiscal Services-Utilities	71,072	1,298,345	1,945,141	2,173,975	228,834	11.8%
TOTAL	**$5,462,062**	**$5,504,284**	**$5,876,091**	**$6,341,378**	**$465,287**	**7.9%**

	DOLLARS BY CATEGORY	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$2,474,456	$2,735,468	$3,089,531	$3,347,674	$258,143	8.4%
4112	Temporary Salaries	271,858	330,855	175,950	293,051	117,101	66.6%
4113	Overtime	6,313	11,489	15,000	15,000	0	0.0%
4121	Allowances	14,550	11,054	7,570	13,824	6,254	82.6%
4124	Leave Cashout	91,890	140,492	0	0	0	0.0%
4125	Accrued Leave	24,377	(3,578)	0	0	0	0.0%
4131	PERS	993,247	972,688	1,072,407	1,057,711	(14,696)	(1.4)%
4132	Group Insurance	409,796	417,624	550,575	579,979	29,404	5.3%
4133	Medicare	41,494	47,389	47,459	53,005	5,546	11.7%
4135	Worker's Compensation	2,047	9,389	17,146	18,296	1,150	6.7%
4138	Deferred Comp-Employer	20,001	21,560	23,594	24,300	706	3.0%
4139	PARS	3,086	1,762	1,178	2,075	897	76.1%
4143	Charged to CIPs	0	0	(71,758)	(100,000)	(28,242)	39.4%
4146	Short Term Disability	0	0	2,403	8,633	6,230	259.3%
4161	Retiree Medical Reserve	142,516	26,556	25,225	28,880	3,655	14.5%
	sub-total	**4,495,631**	**4,722,748**	**4,956,280**	**5,342,428**	**386,148**	**7.8%**
SUPPLIES AND CONTRACTUAL SERVICES							
4210	Department Allocations	19,166	18,450	18,075	10,599	(7,476)	(41.4)%
4220	Supplies	71,434	36,832	130,008	130,300	292	0.2%
4230	Services	833,882	715,412	690,095	785,414	95,319	13.8%
4240	Repair & Maintenance	6,651	2,414	47,750	37,750	(10,000)	(20.9)%
4500	Training, Travel, & Memberships	9,409	8,428	33,885	34,885	1,000	3.0%
	sub-total	**940,542**	**781,536**	**919,813**	**998,948**	**79,135**	**8.6%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
CAPITAL OUTLAY							
4870	Machinery and Equipment	25,889	0	0	0	0	0.0%
	sub-total	**25,889**	**0**	**0**	**0**	**0**	**0.0%**
	TOTAL	**$5,462,062**	**$5,504,284**	**$5,876,093**	**$6,341,378**	**$465,281**	**7.9%**

Staffing

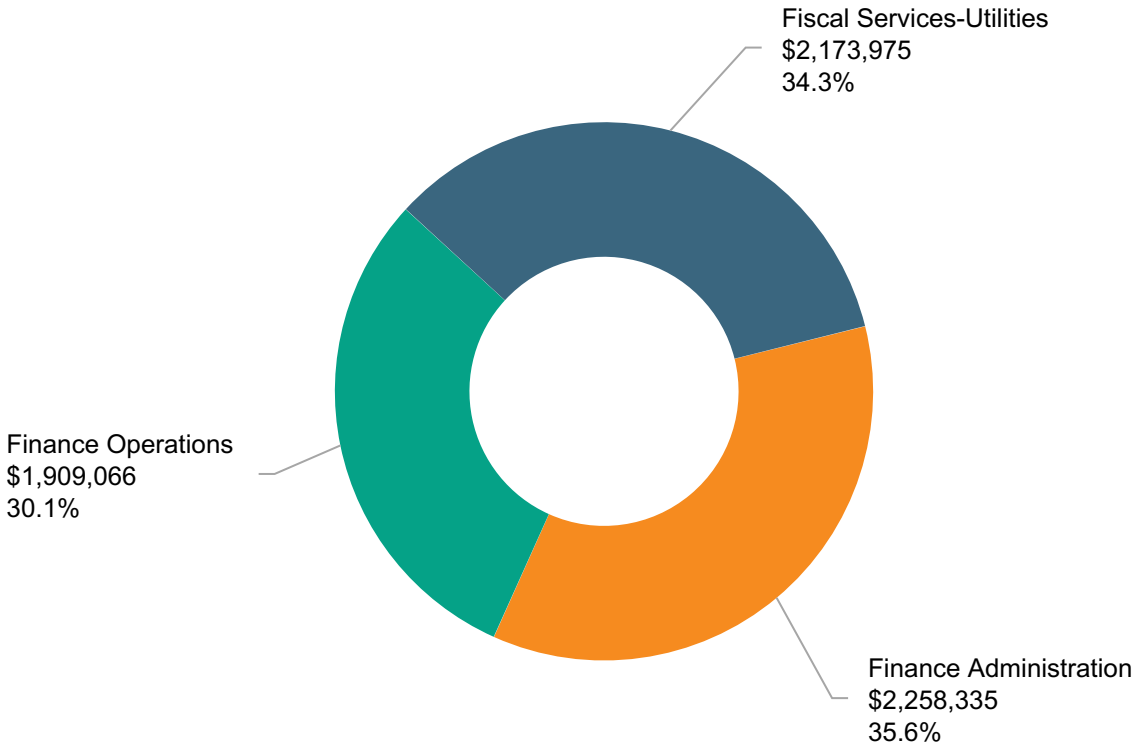
POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Finance Administration*	10.00	9.00	8.00	9.00	1.00
Finance Operations	19.50	11.00	12.00	12.00	0.00
Fiscal Services-Utilities	0.00	9.50	8.50	8.50	0.00
TOTAL	**29.50**	**29.50**	**28.50**	**29.50**	**1.00**

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Accountant	2.00	2.00	2.00	2.00	0.00
Accounting Technician I/II	6.00	6.00	6.00	7.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	0.00
Assistant Finance Director	1.00	1.00	1.00	1.00	0.00
Budget Manager	1.00	1.00	1.00	1.00	0.00
Buyer	1.00	1.00	1.00	1.00	0.00
Customer Services Supervisor	1.00	1.00	1.00	1.00	0.00
Director of Finance	1.00	1.00	1.00	1.00	0.00
Finance Manager	1.00	1.00	1.00	1.00	0.00
Finance Technician	1.00	0.00	0.00	0.00	0.00
Financial Analyst	2.00	3.00	2.00	3.00	1.00
Fiscal Assistant I	0.00	0.00	0.00	0.00	0.00
Fiscal Assistant II	0.00	0.00	0.00	0.00	0.00
Junior Accountant	1.00	1.00	1.00	0.00	(1.00)

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Payroll Specialist	2.00	2.00	2.00	2.00	0.00
Purchasing Agent	1.00	1.00	1.00	1.00	0.00
Senior Accountant	4.00	4.00	4.00	4.00	0.00
Senior Accounting Technician	1.00	1.00	1.00	1.00	0.00
Water Meter Reader II	2.50	2.50	2.50	2.50	0.00
Total Positions	**29.50**	**29.50**	**28.50**	**29.50**	**1.00**

*1.0 Financial Analyst is defunded.

Expenditures by Function



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**28.50**	**$4,180,124**	**$1,695,967**	**$5,876,091**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		94,485	141,753	236,238
Non-Personnel Expenditure Alignment to Historical Trend		8,796		8,796
Equipment Amortization			(7,476)	(7,476)
Contractual Services (Badger AMI Meters, Gateway Cellular Backhaul Service, Invoice Cloud, Cayenta, etc.)			57,196	57,196
Temporary Staff Cost			24,640	24,640
Adjustments to Costs of Ongoing Activities	**0.00**	**103,281**	**216,113**	**319,394**
Total FY2021-22 Base Budget	**28.50**	**4,283,405**	**1,912,080**	**6,195,485**
Service Level Changes				
Risk Management Staffing	1.00	100,959	44,934	145,893
Total Service Level Changes	**1.00**	**100,959**	**44,934**	**145,893**
Total FY 2021-22 Budget	**29.50**	**$4,384,364**	**$1,957,014**	**$6,341,378**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1	**Risk Management Staffing**	**1.00**	**$100,959**	**$44,934**	**$145,893**

This action funds 1 Financial Analyst in the risk management section. The Financial Analyst position will be tasked primarily with the development and operation of a robust citywide Risk Management Program including but not limited to analysis of historical claims data, identification of training and policies to minimize reoccurrence of historical claims experience in the future, and liaison with PLAN JPA for integration of risk management best practices into City operations and with Beazley Risk Management, the City's Cybersecurity Insurance provider, for continuously strengthening the City's cybersecurity practices.

Performance Results

The restoration of Financial Analyst position is expected to result in reduced claims occurrence and cost savings. Additionally, it will provide for the appropriate skill set to manage the City's Risk, Debt, and Investment programs.

Impact if funding is not approved

The minimally prudent oversight of the City's Risk, Debt, and Investment programs will fall to existing management positions; however, improvements to these programs will not take place.

Total Service Level Changes	**1.00**	**$100,959**	**$44,934**	**$145,893**

Fire

Fire Chief: **Brian Sherrard**

Mission Statement

The Milpitas Fire Department is driven by the vision to provide outstanding service to the community through the core values of our mission statement. "The preservation of life, property, and the environment within the community is the reason for our existence".

The core elements of the Fire Department's budget support growth within the organization to ensure mission, succession planning for organizational stability, and the ability to be flexible with emergency response in the community.

Description

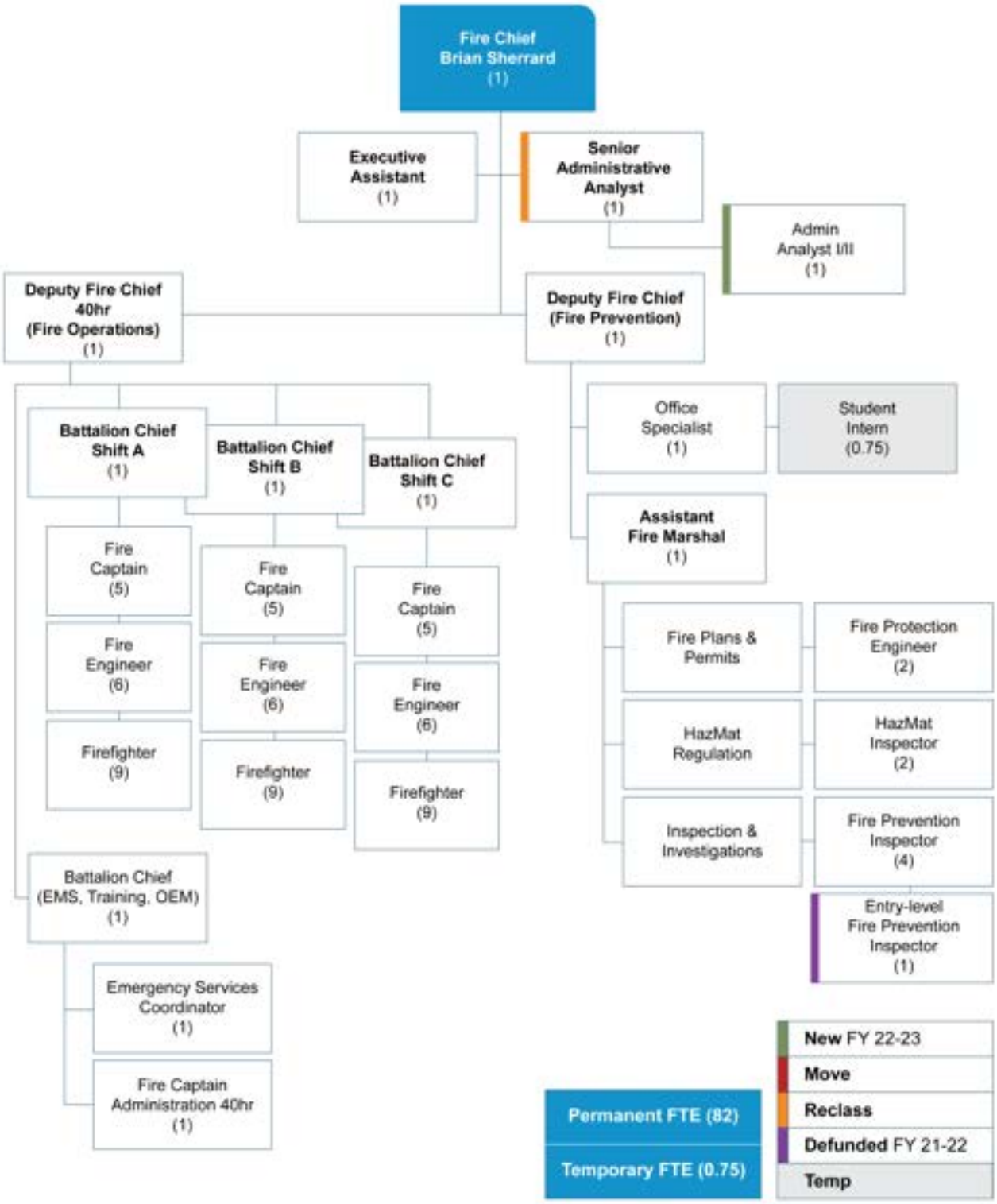
The Milpitas Fire Department is committed to providing fast and effective emergency response, fire prevention, emergency medical services, disaster preparedness, public education, community risk reduction, and other related services to the Milpitas community. The Fire Department is organized into six functions as follows: Fire Administration; Operations Division, EMS and Training, Office of Emergency Management, Fire Prevention, and Fire Prevention Administration.

Services

- Fire Department Administration: Directs the department in field operations, budget and fiscal policy, administrative systems and procedures, employee development/succession planning, and labor and management relations. Fire Administration is tasked with strategic planning for the implementation of fire service best practices and ensuring response readiness for the community.
- Fire Department Operations Division: Responds to emergency incidents involving fires, medical emergencies, vehicle accidents, specialized rescues, hazardous material releases, and other risks affecting the health and welfare of the community. Personnel staff six apparatus at four stations strategically located for quick response throughout the City. Specialized actions within the division include urban search and rescue, hazardous materials response, high density-high rise housing response, and specialized response to the transit area. The Operations Division is focused on emergency response.

- Fire Department Training, Emergency Medical Services, and Safety Division: Directs ongoing firefighter training and annual mandatory compliance training. Operates drill grounds and training curricula to ensure readiness for all-risk emergency response. Oversees compliance with paramedic and emergency medical technician licenses and certifications, State and local reporting and quality assurance requirements, and cooperative contracts with the ambulance service provider. Ensures the readiness of the patient transport ambulance. Provides safety programs to reduce the firefighter injury rate and risks.
- The Office of Emergency Management (OEM) implements disaster preparedness and response programs, outreach and education, and regional collaboration planning. Ensures citywide disaster readiness by performing Emergency Operations Center training and maintenance, coordination of the City Emergency operations Plan (EOP) and continuity of operations plans (COOP),community volunteer training, and care-and-shelter cache maintenance. Provides risk reduction efforts for the community by coordinating with allied agencies and non-governmental organizations.
- Fire Prevention Division: The Fire Prevention Division plans, organizes and implements all Fire Department prevention and inspection programs, including fire and arson investigations, vegetation management, hazard abatement, code enforcement, public fire safety education, plan checking, and evaluation and development of codes and ordinances. Provides fire cause and origin investigations. Conducts inspections related to fire code compliance for new construction and high-risk occupancies e.g., hazardous material-occupancies.

Fire Department



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Enhanced employee safety, mental and physical health/wellness programs	✓					✓	
2.	Completed implementation of forty-four new Lexipol Fire Department policies		✓		✓	✓	✓	✓
3.	Emergency Operations Plan completed and adopted	✓	✓		✓	✓	✓	✓
4.	Initiated succession planning gap analysis		✓		✓		✓	
5.	Implementation of Multi-Year Training and Exercise Plan (MYTEP)	✓	✓		✓	✓	✓	✓
6.	Worked collaboratively with internal and external stakeholders to ensure Fire Station #2 construction remains on schedule and on budget	✓	✓	✓	✓	✓	✓	✓
7.	Developed methods to streamline plan review and inspection processes in order to address heavy workload demands during Covid-19	✓	✓	✓			✓	✓
8.	Completed hiring and promotional processes to fill key positions heavy workload		✓		✓		✓	
9.	All required staff completed ambulance implementation task book and inspection processes in order to address heavy workload	✓	✓			✓	✓	✓
10.	Continued to support EOC and Covid-19, monitoring, testing, and vaccination initiatives heavy workload	✓	✓			✓	✓	✓

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Improve employee safety, mental and physical health/wellness programs	✓					✓	
2.	Hire and train authorized personnel for vacancies to ensure service levels are maintained		✓		✓		✓	
3.	Complete training / succession plan for key positions		✓		✓		✓	
4.	Complete Fire Station #2 construction and place into operation	✓	✓	✓	✓	✓	✓	✓
5.	Support Emergency Management initiatives including MYTEP and EOP Annexes	✓	✓			✓	✓	✓
6.	Deploy ambulance as allowed by financial and operational limitations	✓	✓			✓	✓	✓
7.	Develop remaining Lexipol Fire Department policies				✓		✓	
8.	Complete migration to Intterra to enhance Fire Department analytic/GIS capabilities		✓		✓	✓	✓	✓
9.	Support the deployment of two new Type 5 apparatus and build of one new Type 1 apparatus			✓			✓	
10.	Enhance community engagement opportunities through increased social media presence				✓		✓	

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Total response time (call to arrival) to emergency calls (minutes)*		7:24	8:20	7:30	8:20	7:30
State mandated fire occupancy inspections completed annually		1,138	1,228	100%	1,240	1,240
Effective Response Force (First Alarm) for assembling a complete response on all structure fires (minutes)		11:15	11:16	11:30	11:16	11:30

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Fire service calls		5,253	5,390	5,400	6,000	5,500
Training Hours / Certifications to serve in higher rank		13,556 / 23	8,755 / 20*	14,400 / 22	9,000 / 24*	14,400 / 24
Total Engine Company Inspections		2,084	0**	0**	0**	2,000
Total Plan Review / Inspections		1,644 / 7,592	1,884 / 2,949	100%	1,200 / 1,800**	100%
Public Education Events (attendees)		2,385	0*	2,500	2,000	4,000
Apparatus Response Summary (incidents)		7,822	7,736	8,000	8,600	8,500

*Number due to COVID-19 conditions/school closures

**Due to COVID-19 Engine Company Inspections not conducted

Budget Summary

DOLLARS BY FUNCTION	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
EMS Transport Services	$27,597	$27,309	$68,627	$106,355	$37,728	55.0%
Fire Administration	2,135,682	2,165,576	1,972,718	1,891,480	(81,238)	(4.1)%
Fire Prevention	1,733,256	2,027,931	2,914,138	2,651,914	(262,224)	(9.0)%
Fire Prevention Administration	1,386,571	1,319,488	744,956	1,054,974	310,018	41.6%
Office of Emergency Management	259,221	246,993	244,243	252,173	7,930	3.2%
Operations Division	20,873,268	22,431,263	20,664,289	22,404,850	1,740,561	8.4%
TOTAL	**$26,415,595**	**$28,218,560**	**$26,608,971**	**$28,361,746**	**$1,752,775**	**6.6%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$11,922,767	$12,574,849	$12,712,106	$13,548,107	$836,001	6.6%
4112	Temporary Salaries	150,369	265,038	25,000	25,000	0	0.0%
4113	Overtime	1,744,426	2,029,606	1,615,257	1,615,257	0	0.0%
4114	Reimbursable Overtime	104,903	1,241,700	0	0	0	0.0%
4121	Allowances	71,136	72,175	73,512	77,964	4,452	6.1%
4124	Leave Cashout	725,429	423,522	0	0	0	0.0%
4131	PERS	5,959,271	6,312,594	6,515,130	6,973,640	458,510	7.0%
4132	Group Insurance	1,731,056	1,799,022	1,920,625	2,116,273	195,648	10.2%
4133	Medicare	206,218	231,591	186,285	198,266	11,981	6.4%
4135	Worker's Compensation	240,337	610,866	560,732	624,882	64,150	11.4%
4138	Deferred Comp-Employer	47,230	48,367	50,978	51,900	922	1.8%
4139	PARS	0	0	924	699	(225)	(24.4)%
4146	Short Term Disability	0	0	726	2,482	1,756	241.9%
4161	Retiree Medical Reserve	568,505	135,380	135,052	148,592	13,540	10.0%
	sub-total	**23,471,647**	**25,744,710**	**23,796,327**	**25,047,062**	**1,250,735**	**5.3%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
SUPPLIES AND CONTRACTUAL SERVICES							
4210	Department Allocations	1,660,850	1,542,518	1,524,064	1,485,915	(38,149)	(2.5)%
4220	Supplies	643,959	338,808	599,100	623,460	24,360	4.1%
4230	Services	181,204	263,205	456,405	522,866	66,461	14.6%
4240	Repair & Maintenance	31	24,319	0	0	0	0.0%
4500	Training, Travel, & Memberships	127,920	106,009	233,075	236,075	3,000	1.3%
	sub-total	**2,613,964**	**2,274,859**	**2,812,644**	**2,868,316**	**55,672**	**2.0%**
CAPITAL OUTLAY							
4850	Vehicles	269,488	0	0	220,000	220,000	0.0%
4870	Machinery and Equipment	59,428	198,991	0	226,368	226,368	0.0%
4920	Machinery, Tools & Equipment	1,068	0	0	0	0	0.0%
	sub-total	329,984	198,991	0	446,368	446,368	0.0%
	TOTAL	**$26,415,595**	**$28,218,560**	**$26,608,971**	**$28,361,746**	**$1,752,775**	**6.6%**

Staffing

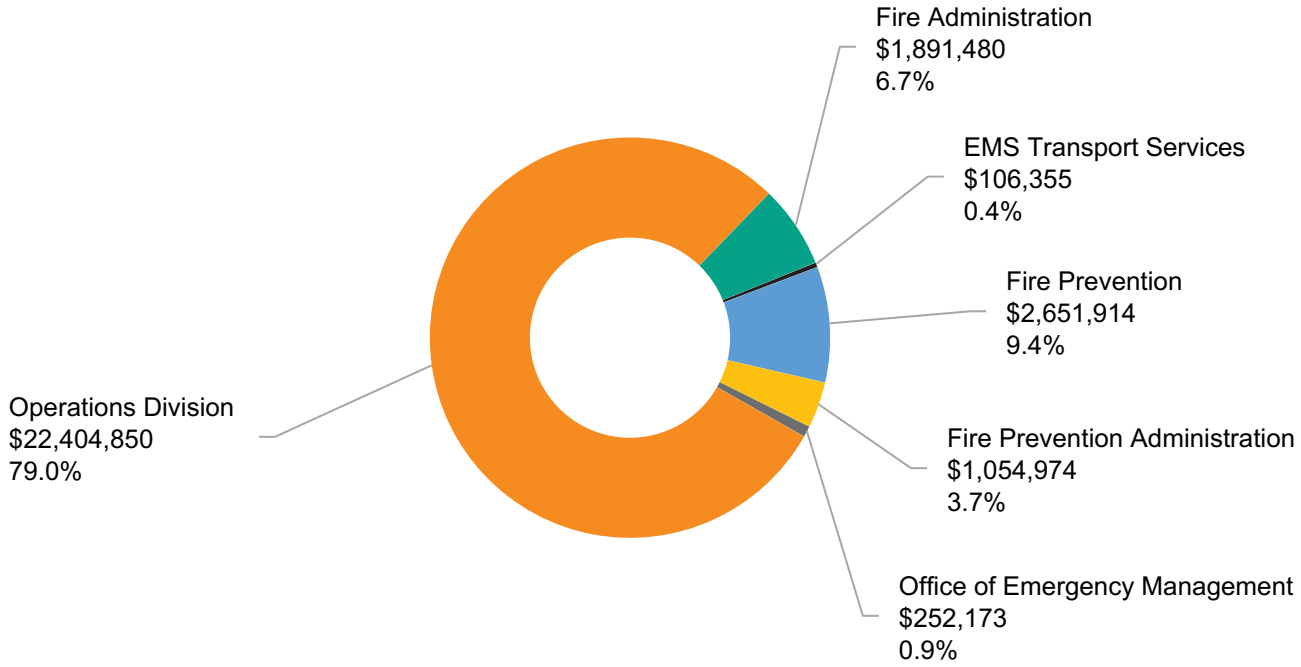
POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Fire Administration	6.00	6.00	6.00	7.00	1.00
Fire Prevention*	9.00	9.00	7.00	7.00	0.00
Fire Prevention Administration	4.00	4.00	4.00	4.00	0.00
Office of Emergency Management	1.00	1.00	1.00	1.00	0.00
Operations Division	57.00	63.00	59.00	63.00	4.00
TOTAL	**77.00**	**83.00**	**77.00**	**82.00**	**5.00**

*1.0 Entry Level Fire Prevention Inspector defunded.

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Administrative Analyst II	1.00	1.00	1.00	1.00	0.00
Assistant Fire Marshal	1.00	1.00	1.00	1.00	0.00
Chief Fire Enforcement Offcr	1.00	1.00	0.00	0.00	0.00
Deputy Fire Chief	2.00	2.00	2.00	2.00	0.00
Emergency Svcs Coordinator	1.00	1.00	1.00	1.00	0.00
Entry Level Fire Inspector	1.00	1.00	0.00	0.00	0.00
Executive Assistant	1.00	1.00	1.00	1.00	0.00

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Fire Battalion Chief	3.00	3.00	3.00	3.00	0.00
Fire Battalion Chief-40 hr	1.00	1.00	1.00	1.00	0.00
Fire Captain	15.00	15.00	15.00	15.00	0.00
Fire Captain - 40	1.00	1.00	1.00	1.00	0.00
Fire Chief	1.00	1.00	1.00	1.00	0.00
Fire Engineer	6.00	6.00	6.00	8.00	2.00
Fire Engineer-Paramedic	12.00	12.00	12.00	10.00	(2.00)
Fire Prevention Inspector	4.00	4.00	4.00	4.00	0.00
Fire Protection Engineer	2.00	2.00	2.00	2.00	0.00
Firefighter	14.00	15.00	15.00	16.00	1.00
Firefighter/Paramedic	7.00	12.00	8.00	11.00	3.00
Hazardous Materials Inspector	2.00	2.00	2.00	2.00	0.00
Office Specialist	1.00	1.00	1.00	1.00	0.00
Senior Administrative Analyst	0.00	0.00	0.00	1.00	1.00
Total Positions	**77.00**	**83.00**	**77.00**	**82.00**	**5.00**

Expenditures by Function



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**77.00**	**$26,592,971**	**$16,000**	**$26,608,971**
One-Time Prior Year Budget Adjustments				
Restore 4.0 Firefighters/Paramedics (8/9/2021)	4.00	610,188	0	610,188
One-Time Prior Year Budget Adjustments	**4.00**	**610,188**	**0**	**610,188**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		498,735	0	498,735
Lifepak Replacement		31,763	156,877	188,640
Equipment Replacement Amortization		(38,149)	0	(38,149)
Increase in Supplies Cost		16,260	0	16,260
Increase in Contractual Costs (Lexipol, Hargis, Image Trend, Stanford, etc.)		33,461	0	33,461
Adjustments to Costs of Ongoing Activities	**0.00**	**542,070**	**156,877**	**698,947**
Total FY2022-23 Base Budget	**81.00**	**27,745,229**	**172,877**	**27,918,106**
Service Level Changes				
Interra Operations Modules Enhancement (One-Time)		33,000		33,000
Lifepak for Ambulance Program (One-Time)		37,728		37,728
Fire Administrative Support Staffing (1 FTE)	1.00	152,913		152,913
Fire Fleet Enhancement (One-Time)		220,000		220,000
Total Service Level Changes	**1.00**	**443,641**	**0**	**443,641**
Total FY 2022-23 Budget	**82.00**	**$28,188,870**	**$172,877**	**$28,361,747**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1.	**Interra Operations Module Enhancement**		**$33,000**	**$0**	**$33,000**

This action funds the Regional Interra Operations, Preplan and Incident Management Milpitas bridge invoices for the current regional system agencies for one full calendar year. Interra is National Fire Protection Agency (NFPA) 950/951 Compliant, which covers the standard for data development and exchange for the Fire Service. This sole source is also based on interoperability with other governmental agencies within Santa Clara County (SCC) as Interra is the only provider of the regional Operations, Preplanning and Incident Management to Santa Clara County Fire as well as the City of Santa Clara Fire Department - no other system provides this functionality to the region and interoperability is required for sharing of information and reporting.

Performance Impact

Continued funding of this service will enhance inter-agency collaboration through information sharing and reporting as more Cities are planning to implement this system in the future. The County is expected to fund this service starting in FY2023-24.

Impact If Not Funded

If this action is not funded, the Department will not be able to use a system that allows interoperability with other partners in the County.

2.	**Lifepak for Ambulance Program**		**$37,728**	**$0**	**$37,728**

This action funds an additional Lifepak 15 Monitor and Defibrillator, primarily used for emergency response and resuscitation of patients and it will be placed on the new ambulance. Defibrillators are devices that restore a normal heartbeat by sending an electric pulse or shock to the heart. They are effective in preventing or correcting an arrhythmia and temporarily restoring cardiac function.

Performance Results:

This equipment is expected to save patients' lives and enhance emergency medical services provided by the Milpitas Fire Department.

Impact if funding is not approved

If this action is not funded, ambulance staff would not be adequately equipped to save lives in the event the patient needs resuscitation. It would negatively impact service level provided by the Department.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
3.	**Fire Administrative Support Staffing**	**1.00**	**$152,913**	**$0**	**$152,913**

This action adds 1.0 Administrative Analyst to assist with multiple programs/projects across multiple divisions in the Fire Department. This position will relieve critical workload gaps and support critical business services in Fire Administration, Suppression, Training, EMS, and the Office of Emergency Management (OEM). Insufficient administrative capacity has significantly impacted the Fire Department's ability to accomplish required operations, program management, personnel development, data analysis, and service enhancements to the City. The department currently has a single point of failure without redundant capacity for critical department level business processes and services, including accounts payable/receivable, payroll, human resources, contract administration, and policy management. Additionally, there has been significant service enhancements and program development within the Fire Department over the past year which require additional analyst level capacity. The addition of an ambulance service delivery program as well as the expansion of the OEM program require the addition of additional workload capacity. This position will be able to manage projects currently being managed by Battalion Chiefs. The Battalion Chiefs are working a 48/96 shift schedule which creates difficulties coordinating and communicating with internal and external stakeholders which work traditional 40 hour schedule. The shift schedule causes delays in project implementation and coordination and ultimately creates frustration with the project managers in other departments supporting the Fire Department. Approximately 60-70% of the BC's work time is spent coordinating/managing department level programs/projects and performing administrative tasks.

Performance Results:

Insufficient administrative support capacity has significantly impacted the fire department's ability to efficiently and effectively accomplish their mission. Operations, program/projects, ambulance operations, and personnel management workloads have surpassed the current staff's ability to be effective. The addition of this position will help alleviate the administrative burden on current staff.

Impact if funding is not approved

If this action is not funded, it has a negative impact on internal and external operations. The Battalion Chiefs will be required to continue working on multiple special projects as assigned instead of supervising, training, scheduling and evaluating firefighters. This has an immediate negative impact on operations as well as a long-term impact on employee development and succession planning.

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
4. Fire Fleet Enhancement		**$220,000**	**$0**	**$220,000**

This action funds 2 command/deployment vehicles (model F250s) to replace part of an aging fleet. Fire department (Department) currently utilizes repurposed retired Police patrol vehicles. These repurposed vehicles are approaching 20 years of useful life and the vehicles are no longer reliable. This funding will start the gradual process of modernizing the Department's command vehicle fleet.

Performance Results:

The two command vehicles are expected to improve reliability of the command fleet when transporting personal protection equipment (PPE) and command staff to sites of emergency calls.

Impact if funding is not approved

If this action is not funded, Department will not be able to replace part of the aging fleet. Services can be negatively impacted.

Total Service Level Changes	**1.00**	**$443,641**	**$0**	**$443,641**

Milpitas

Human Resources

HR Director: Jeannine Seher

Mission Statement

Through strategic partnerships and collaboration, the Human Resources Department recruits, develops, and retains a high-performing, innovative and diverse workforce and fosters a healthy, safe, and productive work environment to support individual potential and organizational objectives.

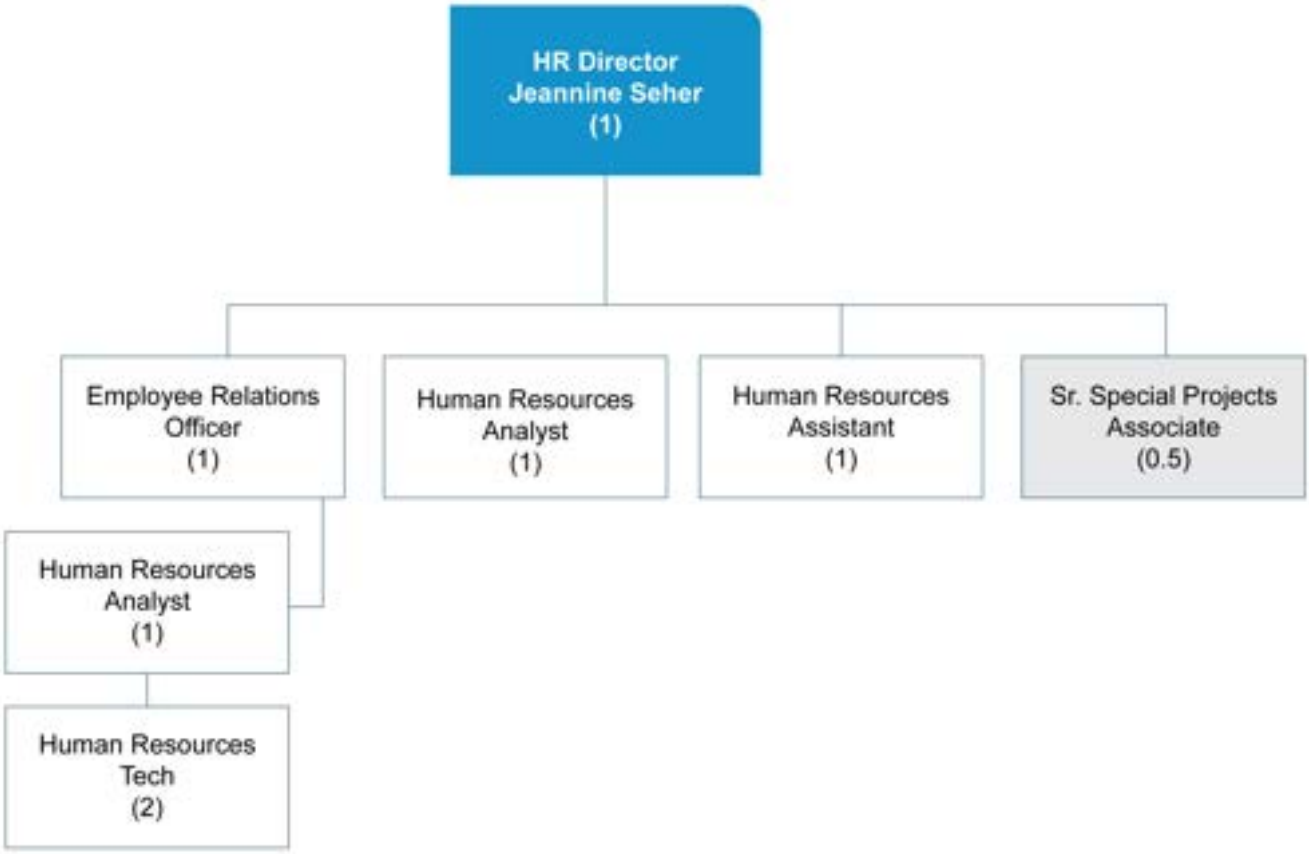
Description

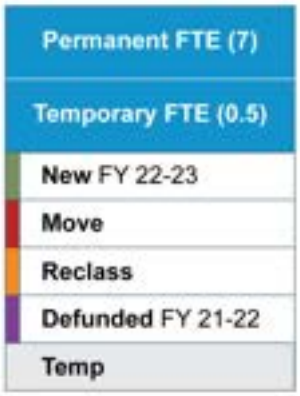
The Human Resources (HR) Department is a centralized full-service department that provides citywide services related to recruitment, benefits administration, safety (including a self-funded workers' compensation program and DOT Drug and Alcohol Testing), employee relations including compliance with State and Federal employment laws, performance management, training, and maintenance of personnel systems and files, and labor relations, including negotiations and administration of labor agreements with the various employee groups.

Services

- Recruitment - The HR Department is committed to finding high-quality candidates promptly. The HR department takes an aggressive approach in identifying and recruiting the most qualified candidates for City positions.
- Benefits Administration - The HR Department provides benefits administration to approximately 437.5 (FTE) positions with an excellent benefits package that includes medical coverage through CalPERS Health. Additional benefits include Dental, Vision, Life Insurance, Flexible Spending Accounts, Long Term Disability, Short Term Disability, Deferred Compensation (457 or 401A plan depending on bargaining unit), and the Employee Assistance Program (EAP).
- Workers' Compensation - The City is self-insured for workers' compensation contracted through a Third Party Administrator (TPA). The staff works closely with our TPA to ensure that all injured employees receive proper care for their work-related injuries and/or illnesses.
- Labor Relations - The HR Department negotiates on behalf of the City and oversees five separate bargaining units by administering, implementing, and interpreting labor contracts and assisting in the resolution of grievances.
- Employee Relations and Customer Service - The HR Department treats all applicants, employees, retirees, and residents with dignity and respect. We strive to ensure equal employment opportunities and a workplace free of discrimination and harassment. We assist managers and supervisors with performance management matters. We encourage positive employer-employee relations and maintain a high level of service to those we serve.
- Training - The HR Department manages and maintains training programs including mandatory training such as Harassment Prevention Training and Professional Development Opportunities in accordance with the organization's needs.

Human Resources Department





Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	As of March 1st, updated and/or completed meet and confer process on 10 policy revisions				✓			
2.	Completed Training needs assessment and provided 9 professional development training courses via Zoom, including implicit bias training				✓			
3.	Maintained 85% compliance with mandated sexual harassment prevention training program				✓			
4.	Implemented Wellness Initiative; including Worldwide Wellness challenge, Health Check App to comply with COVID regulations; held online health and benefits enrollment fair; Offered CalPERS retirement sessions, Mission Square/Financial Planning sessions, offered Employee Assistance Program sessions; and information in a monthly newsletter				✓			
5.	Conducted new hire orientations for 85 employees, processed 1034 personnel transactions				✓			
6.	Processed 2003 applications				✓			
7.	Piloted LinkedIn Learning Portal in which 255 courses were completed within 35-day Pilot				✓			
8.	Transitioned to an online process for transactional onboard functions, and redesigned in-person orientation to focus on City's Vision/Mission, and Values				✓			
9.	Completed assessment of employee physical and background process				✓			
10.	Developed training on hiring and interviewing best practices				✓			

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Continued implementation of NEOGOV Performance Management Software				✓			
2.	Continue to maintain compliance with Sexual Harassment Prevention Training				✓			
3.	Review and Revise Personnel Rules and City Policies				✓			
4.	Assess advantages and identify challenges to moving to a paperless personnel file system and recommend implementation plan, if feasible				✓			
5.	Complete Request for Information Process on HRIS and Financial system to determine feasibility for systems upgrade				✓			
6.	Develop and implement training on leave administration, and ADA processes				✓			
7.	Revitalize Employee Mentorship Program				✓			

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Average time to fill a vacancy (in days)		70	95	90	86	80
Percentage of recruitments completed within established timelines*		40%	70%	75%	69%	75%
Percentage of employees attended Harassment Prevention Training*		N/A	90%	100%	85%	100%

*Percentage of recruitments completed within established timelines was affected due to the difficulty recruiting during the COVID-19 Shelter in Place.

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Number of positions filled		70	67	65	60	65
Number of workers compensation claims processed		55	58	58	70	60
Number of transactions processed		3,820	3,000	3,500	1,034	1,000
Number of new hires onboarded		144	100	75	85	100

***Full Time Employees are all current on Harassment Prevention Training. The law changed to have Temporary Seasonal employees trained from January 2020 to January 2021.

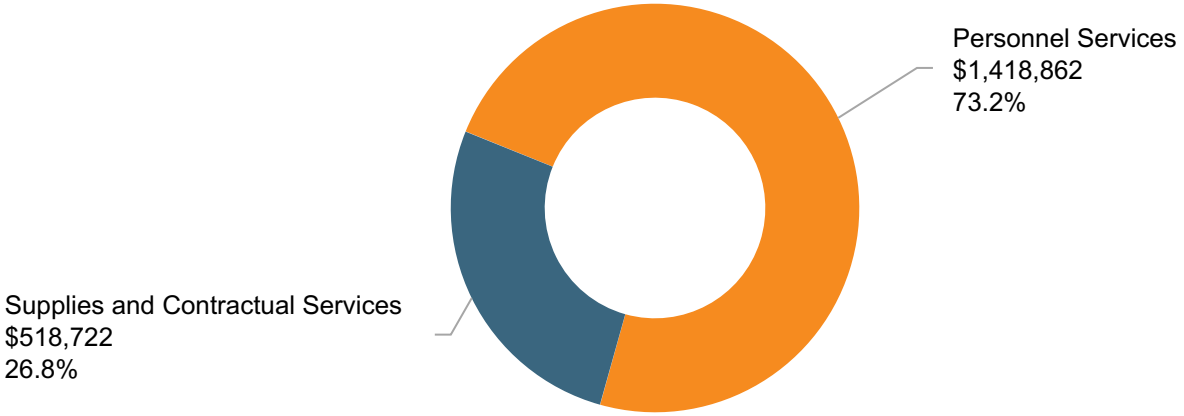
Budget Summary

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$737,627	$704,304	$842,070	$878,386	$36,316	4.3%
4112	Temporary Salaries	61,100	63,291	59,000	59,000	0	0.0%
4113	Overtime	41	3,231	1,000	1,500	500	50.0%
4121	Allowances	6,600	2,945	6,354	13,200	6,846	107.7%
4124	Leave Cashout	13,755	74,673	0	0	0	0.0%
4131	PERS	292,112	253,339	302,195	292,862	(9,333)	(3.1)%
4132	Group Insurance	84,677	98,229	142,672	140,772	(1,900)	(1.3)%
4133	Medicare	11,915	12,401	13,152	13,778	626	4.8%
4135	Worker's Compensation	522	2,494	4,498	4,723	225	5.0%
4138	Deferred Comp-Employer	6,146	4,890	6,006	6,300	294	4.9%
4139	PARS	54	0	60	60	0	0.0%
4146	Short Term Disability	0	0	557	2,100	1,543	277.0%
4161	Retiree Medical Reserve	38,920	6,264	5,535	6,181	646	11.7%
	sub-total	**1,253,469**	**1,226,061**	**1,383,099**	**1,418,862**	**35,763**	**2.6%**
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	208	0	8,500	8,500	0	0.0%
4220	Supplies	4,725	679	7,000	7,000	0	0.0%
4230	Services	527,323	551,456	395,608	433,958	38,350	9.7%
4500	Training, Travel, & Memberships	37,599	28,783	71,064	69,264	(1,800)	(2.5)%
	sub-total	**569,855**	**580,918**	**482,172**	**518,722**	**36,550**	**7.6%**
	TOTAL	**$1,823,324**	**$1,806,979**	**$1,865,271**	**$1,937,584**	**$72,313**	**3.9%**

Staffing

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Employee Relations Officer	1.00	1.00	1.00	1.00	0.00
Human Resource Analyst II	1.00	1.00	1.00	1.00	0.00
Human Resources Analyst I	1.00	1.00	1.00	1.00	0.00
Human Resources Assistant	1.00	1.00	1.00	1.00	0.00
Human Resources Director	1.00	1.00	1.00	1.00	0.00
Human Resources Technician	2.00	2.00	1.00	2.00	1.00
Total Positions	**7.00**	**7.00**	**6.00**	**7.00**	**1.00**

Expenditures by Category



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**6.00**	**$1,865,271**	**$0**	**$1,865,271**
One-Time Prior Year Budget Adjustments				
Restored Human Resource Technician (1/1/2022)	1.00	61,134		61,134
One-Time Prior Year Budget Adjustments	**1.00**	**61,134**	**—**	**61,134**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		(23,821)	0	(23,821)
Adjustments to Costs of Ongoing Activities	**0.00**	**(23,821)**	**0**	**(23,821)**
Total FY2021-22 Base Budget	**7.00**	**$1,902,584**	**—**	**$1,902,584**
Service Level Changes				
Labor Negotiations Survey		35,000		35,000
Total Service Level Changes	**0**	**35,000**	**—**	**35,000**
Total FY 2022-23 Budget	**7.00**	**$1,937,584**	**$0**	**$1,937,584**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1	**Labor Negotiations Survey**		**$35,000**	**$0**	**$35,000**

This action funds professional services to conduct a survey of its comparative cities to benchmark classifications in Milpitas Professional and Technical Group (PROTECH) and Milpitas Employee Association (MEA). The contracts for these two bargaining units expire in June 2023, the survey is needed to prepare for labor negotiations.

Performance Results

This labor survey is expected to benchmark existing classifications in those two labor groups and make labor negotiations more efficient and effective.

Impact if funding is not approved

If this action is not funded, the City cannot establish a good benchmark for labor negotiations.

Total Service Level Changes		**$35,000**	**$0**	**$35,000**

Information Technology

IT Director: **Daniel Nam**

Mission Statement

The Information Technology Department supports the mission of the City by providing innovative, reliable, secure, and cost-effective technology services in the areas of telecommunications, data processing, desktop support, Geographic Information System (GIS) and technology systems management.

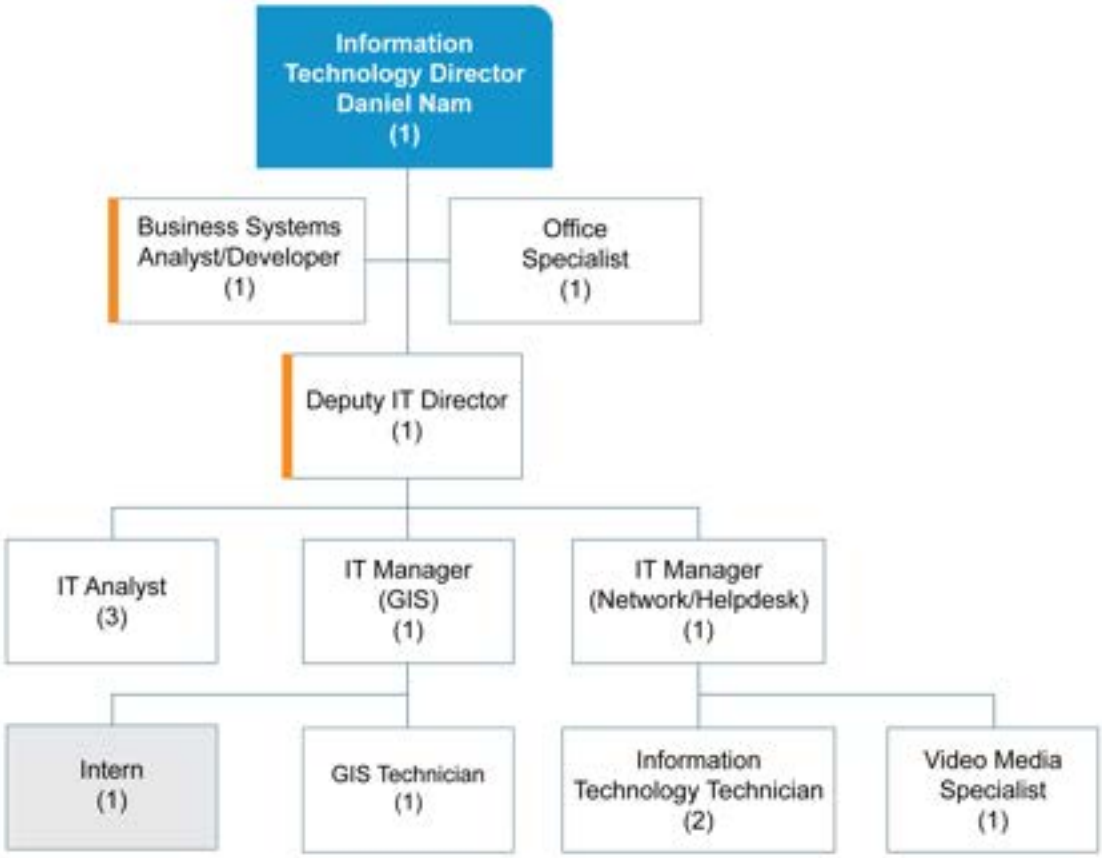
Description

This department provides automation planning, coordination of system procurement and implementation, administration of the City's cyber security program, management of technology projects to fulfill customer-defined functional requirements, development and maintenance of the City's technical architecture and infrastructure, partnering with key product and service providers, ensuring customer satisfaction, providing automation support and training development, support of the City's web site, implementation and support of security access systems and all automated data systems.

Services

- IT Strategic Planning – Administer and continuously monitor multi-year technology initiatives to ensure the smart and effective use of technology across the City's departments and aligned with the City's overall mission.
- IT Project Management – Provide effective project management services for technology projects of varying scope from short-term department projects to multi-year implementations that bring new solutions to users across the organization.
- Technology Contract Management – Provide management and coordination of technology system contracts.
- Development Services – Support the development of highly effective, secure, and reliable customized software and technology solutions to enhance service delivery.
- Servers and Application Support – Provide management and support of the City's datacenter. This includes the management of City's computer and storage resources, public-safety systems, primary computer directory services, e-mail, teleconference, system automation, administration of cloud technologies, system implementation and integrations, security and disaster recovery.
- Infrastructure Support – Develop and support the technology systems architecture and infrastructure, including implementation and support of City's Internet connectivity, IP telephone systems, mobile phones and data services, metro-area fiber optic network and wireless enterprise network.
- Public Information – Develop and support the City's website and provide support for virtual and hybrid public meetings.
- Security Access and Control – Enhance safety and protect the City's assets by supporting the city facility security access and control system.
- GIS – Provide various GIS services and enable coordination between various departments across the organization. This service includes software development, data acquisition, aerial imagery, and map services. The data collected serves various enterprise systems including the Computer Aided Dispatch System, Computerized Maintenance Management System, Land Records & Permitting Application, and systems used by the Community Development Services CSA.
- Helpdesk – Provide centralized support channel for City staff. Helpdesk service provides technical resources, including software and hardware troubleshooting assistance, as well as managing the City's technology assets. IT department procures, implements and maintains all technology resources used for the City's operation, including 700 computers, 400 mobile devices and 100 printers.

Information Technology Department



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Network Threat Detection System Implementation	✓	✓	✓	✓	✓	✓	✓
2.	Hybrid meeting support and technology implementation	✓	✓	✓	✓	✓	✓	✓
3.	City Hall Technology Refresh				✓			
4.	Asset Management System Implementation				✓			
5.	Office 365 Enhancement	✓	✓	✓	✓	✓	✓	✓

Initiatives

1.	Police Records Management System				✓		✓	
2.	Cybersecurity Training Program	✓	✓	✓	✓	✓	✓	✓
3.	City Website Redesign	✓	✓	✓	✓	✓	✓	✓
4.	PRA Management System				✓			
5.	Development Services Software Implementation	✓	✓		✓	✓		✓

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
City Council meetings supported		100%	100%	100%	100%	100%
Network Availability*		99.99%	99.93%	99.99%	100%	99.99%
Critical Server Availability*		99.99%	99.99%	99.99%	99.99%	99.99%
Website Availability*		99.99%	99.54%	99.99%	98%	99.99%
Customer surveys received with a score of 4 or better (out of 5)		96%	96%	97%	96%	97%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Help Desk tickets closed		3,330	4,153	4,000	5,053	5,000
Website visitors		1,900,000	216,000**	222,000	608,000	600,000
GIS Asset updates		44,097	48,401	32,000	43,000	40,000
Number of City Council and Planning Committee meetings supported					52	52
Physical servers converted to virtual servers		90%	91%	98%	97%	98%

*Scheduled down time for maintenance is excluded

**Previously included bots and other countries. FY21 and forward counts actual visitors.

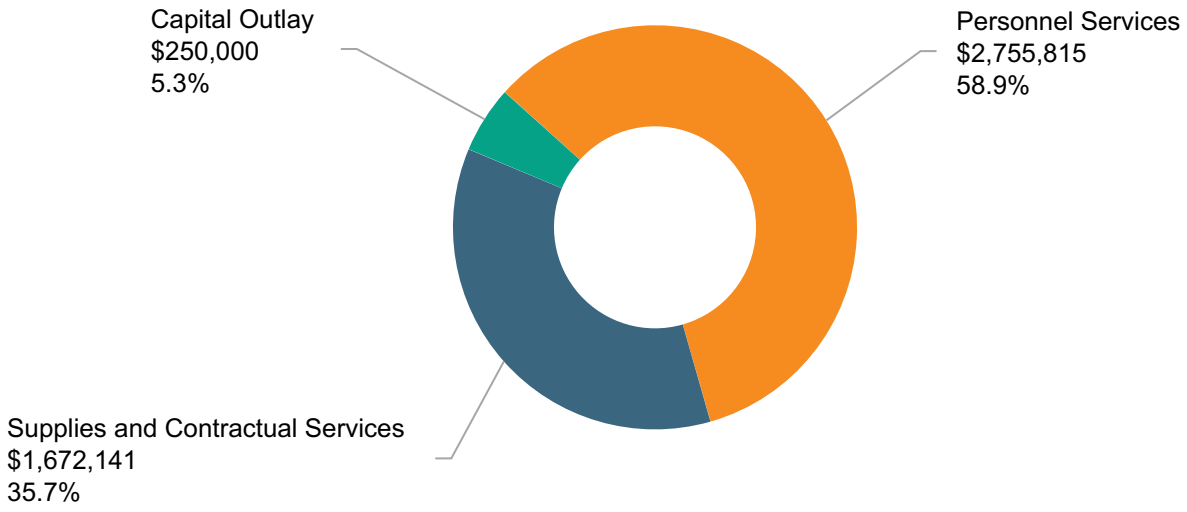
Budget Summary

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$1,066,571	$1,547,673	$1,637,205	$1,803,077	$165,872	10.1%
4112	Temporary Salaries	8,980	0	35,000	35,000	0	0.0%
4113	Overtime	1,720	2,032	0	0	0	0.0%
4121	Allowances	6,694	3,554	5,899	6,600	701	11.9%
4124	Leave Cashout	63,169	91,886	0	0	0	0.0%
4131	PERS	420,272	517,260	551,232	551,929	697	0.1%
4132	Group Insurance	144,559	216,307	246,565	293,184	46,619	18.9%
4133	Medicare	16,513	23,896	24,333	26,749	2,416	9.9%
4135	Worker's Compensation	317	4,623	8,185	9,120	935	11.4%
4138	Deferred Comp-Employer	6,974	10,209	10,861	11,700	839	7.7%
4139	PARS	145	(11)	526	526	0	0.0%
4146	Short Term Disability	0	0	1,003	3,900	2,897	288.8%
4161	Retiree Medical Reserve	68,705	13,184	11,693	14,030	2,337	20.0%
	sub-total	**1,804,619**	**2,431,362**	**2,532,502**	**2,755,815**	**223,313**	**8.8%**
SUPPLIES AND CONTRACTUAL SERVICES							
4210	Department Allocations	6,841	1,966	1,782	1,704	(78)	(4.4)%
4220	Supplies	34,863	16,287	10,000	11,000	1,000	10.0%
4230	Services	163,291	117,608	15,000	15,000	0	0.0%
4240	Repair & Maintenance	731,481	1,031,959	1,107,890	1,268,937	161,047	14.5%
4410	Communications	249,148	293,006	265,000	302,000	37,000	14.0%
4500	Training, Travel, & Memberships	19,341	9,610	61,500	73,500	12,000	19.5%
	sub-total	**1,204,965**	**1,470,436**	**1,461,172**	**1,672,141**	**210,969**	**14.4%**
CAPITAL OUTLAY							
4870	Machinery and Equipment	0	71,395	0	0	0	0.0%
4920	Machinery, Tools & Equipment	38,610	209,452	250,000	250,000	0	0.0%
	sub-total	38,610	280,847	250,000	250,000	0	0.0%
	TOTAL	**$3,048,194**	**$4,182,645**	**$4,243,674**	**$4,677,957**	**$434,283**	**10.2%**

Staffing

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Deputy IT Director	0.00	0.00	0.00	1.00	1.00
GIS Technician	0.00	1.00	1.00	1.00	0.00
Information System Analyst	3.00	3.00	2.00	3.00	1.00
Information Technology Director	1.00	1.00	1.00	1.00	0.00
Information Technology Manager	3.00	3.00	3.00	2.00	(1.00)
Information Technology Technician	2.00	2.00	2.00	2.00	0.00
Office Specialist	1.00	1.00	1.00	1.00	0.00
Sr. Information Analyst/Dev	1.00	1.00	1.00	1.00	0.00
Video Media Specialist	1.00	1.00	1.00	1.00	0.00
Total Positions	**12.00**	**13.00**	**12.00**	**13.00**	**1.00**

Expenditures by Category



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**12.00**	**$3,659,099**	**$584,576**	**$4,243,675**
One-Time Prior Year Budget Adjustments				
Restore Information System Analyst (7/1/2022)	1.00	197,089		197,089
One-Time Prior Year Budget Adjustments	**1.00**	**197,089**	**0**	**197,089**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		(3,964)	1,436	(2,528)
Police RMS Maintenance Cost		86,000		86,000
Vectra Cybersecurity Cost		40,000		40,000
Non-Personnel Expenditure Alignment to Historical Trend		1,014		1,014
Equipment Amortization		(78)		(78)
Adjustments to Costs of Ongoing Activities	**0.00**	**122,972**	**1,436**	**124,408**
Total FY2022-23 Base Budget	**13.00**	**3,979,160**	**586,012**	**4,565,172**
Service Level Changes				
Reclass Information Technology Manager to Deputy Director of Information Technology		28,752		28,752
Additional Cellular Phones for Staff		37,000		37,000
PRA (Public Records Act) Request Management Software		9,500		9,500
Microsoft Office 365 Service Enhancement		37,533		37,533
Total Service Level Changes	**0.00**	**112,785**	**0**	**112,785**
Total FY 2022-23 Budget	**13.00**	**$4,091,945**	**$586,012**	**$4,677,957**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1	**Reclassification of Information Technology Manager**		**$28,752**	**$0**	**$28,752**

This action funds the reclassification of Information Technology Manager to Deputy Director of Information Technology. The Information Technology (IT) Department has grown from 10 positions to 13 positions since FY 17-18. This growth reflects the increased technology needs of the City and the critical role IT plays in supporting all departments to deliver services to the community in an efficient and effective manner. Currently, the IT Director directly oversees 50% of his staff. So as to more effectively distribute the work and supervisory responsibilities, a reclassification of an existing vacant IT Manager (1 of 3 IT Managers) position is proposed.

Performance Results

The proposed reclassification will provide balanced supervisory oversight of each IT division. With the proposed re-classification, the organizational structure will be able to serve the needs of the department and the City more efficiently and will enable the IT Director to focus more on strategy, vision, and City priorities. The reclassification will also be more closely aligned with the organizational structure in other City departments, allowing for better succession planning.

Impact if funding is not approved

If this action is not funded, the Department will need to fill the current vacant IT Manager position and may not be able to change the structure for several years. Although some limited re-organization may be feasible without the reclassification, the department will not be well-positioned for succession planning nor will it be able to maximize efficiency and workload distribution. The department will also not be aligned with the organizational structure of other City departments.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
2	**Enhanced Cellular Service**		**$37,000**	**$0**	**$37,000**

This action funds additional cellphones to deploy to the Milpitas Police Department. Police Department continuously performs market research for technology products that will improve efficiency and help enhance the law enforcement services delivered to our community. Many products are becoming increasingly mobile and web-centric, and to enable officers' remote access to these services, the Police Department is looking to deploy approximately 70 smartphones to its officers. The City procured late-model smartphones at discounted pricing which was covered by the IT operating budget. The cellular service cost associated with the citywide cellular services is also in IT's operating budget. To cover the substantial increase in the service cost for the newly procured devices, funding is requested for the increased annual service cost of approximately $37,000.

Performance Results

Continuing research effort resulted in the implementation of several key technology products that directly impact the productivity of our officers and response times. This includes web-based reports, Record Management System, Electronic Citation Software, Body-Worn Cameras, License Plate Readers, Photo Evidence Collection, and more. Deploying mobile phones to the officers will enable remote access to these systems and other city-wide services such as electronic timesheet, email access, remote meeting and collaboration tools. Verizon Wireless has been the cellular service of choice for over 15 years. The staff has recently completed the paperwork and agreements necessary to benefit from the discounted pricing plans specific to law enforcement and government organizations.

Impact if funding is not approved

If this action is not funded, the Police Department cannot deploy the smartphones and the latest law enforcement technology products will not be available to the officers in the field.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
3	**Office 365 Feature Enhancement**		**$37,533**	**$0**	**$37,533**

This action funds additional features in Office 365 to improve connectivity and efficiency. On January 25, 2019, Council approved the purchase of Office 365 subscription for a 3-year period. Office 365 subscription includes a suite of essential Office software, as well as the City's email, online collaboration, communication, and virtual meeting services. IT staff has evaluated various add-on features that will improve productivity and efficiency and determined that the following three new features be added for the next renewal period. The Audio Conferencing feature allows meeting attendees to use traditional phones to dial into the meeting. This allows in-field staff with unreliable or no internet connectivity, and staff without a smartphone to join virtual meetings by dialing a number assigned to a meeting. Mobile Device Management (MDM) feature allows IT staff a centralized oversight of mobile devices, including software license assignments, device configurations, and critical security features necessary to deploy mobile devices for law enforcement. Azure AD Premium is an advanced set of tools that will help IT Staff to better manage the interface between Microsoft services and the City systems. This feature will greatly impact the management efficiency for essential tasks such as remote management of Multi-factor Authentication (MFA).

Performance Result

The added conferencing features directly impact the ability of a certain group of the workforce without smartphones to join virtual meetings. Without centralized and remote management features such as MDM, the IT staff resources required to manage and support the increasing number of mobile devices will be significantly higher. IT will not have the ability to remote lock or wipe lost devices which is critical to maintaining the security of the City's data. Without MDM, the Police Department will not be able to meet the compliance requirements for the use of mobile devices for law enforcement purposes.

Impact if funding is not approved

If this action is not funded, the City cannot benefit from the various essential features, such as improved security of the mobile data access, better utilization of the latest cloud services, meeting compliance requirements of the California Department of Justice for law enforcement use of the mobile devices. Employees in the field without smartphones will not be able to join the virtual meetings without being in front of a computer, and IT Department cannot streamline the security and asset management of mobile devices.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
4	**Public Records Act Management Software**		**$9,500**	**$0**	**$9,500**

This action funds a software platform to manage requests related to the Public Records Act (PRA). As part of the budget strategy in July of 2021, the City Clerk's office took over the PRA request program from the City's Attorney's office. The California PRA was created to foster transparency, accountability, and greater public access. When a PRA is received, the City must provide all requested records unless there is a legal basis not to do so. Request for public records can be very broad and the legal exceptions to producing those are very limited. Many requests ask for an expansive range of communications that must be identified by individual employees and then reviewed in detail for responsiveness. As a result of the volume and complexity of these requests, the Clerk's Office has identified the need to implement an automated Public Records Request system. The automated system will increase efficiency in tracking and managing the workflow of requests from receipt to production. It will centralize all requests allowing staff to respond easier and take action. The system also includes functions that help staff review responsive documents for privileged or confidential information, resulting in a cost savings of staff time and making responsive documents available to the requestor more quickly.

Performance Result

A new records request system will provide a centralized, secure public records portal allowing residents to track their requests online and standardizes workflows for city employees. The functions of this system will make it easy to share information, improve the intake of requests, and improve production timelines. The new system will also provide an accurate and efficient process to securely review and release records, protecting personally identifiable information (PII) and other sensitive data.

Impact if funding is not approved

If this action is not funded, staff will continue to manage the limited resources available by manually tracking requests, due dates, records, and responses on spreadsheets. Staff will also continue to review and redaction each individual responsive document for privileged or confidential information which can total into the thousands. If this action is not approved and the PRA requests continue to increase in volume and complexity the result will be longer production timelines and a larger workload for staff.

Total Service Level Changes		**$112,785**	**$0**	**$112,785**

Planning

Planning Director: Ned Thomas, AICP

Mission Statement

The Planning Department develops and implements policies to guide the physical and economic development of the City. We seek to create and maintain a high quality of life for Milpitas residents through enforcement of land use, architectural design, and environmental regulations. We also strive to provide excellent customer service in support of an efficient development review process and fair and inclusive community engagement activities.

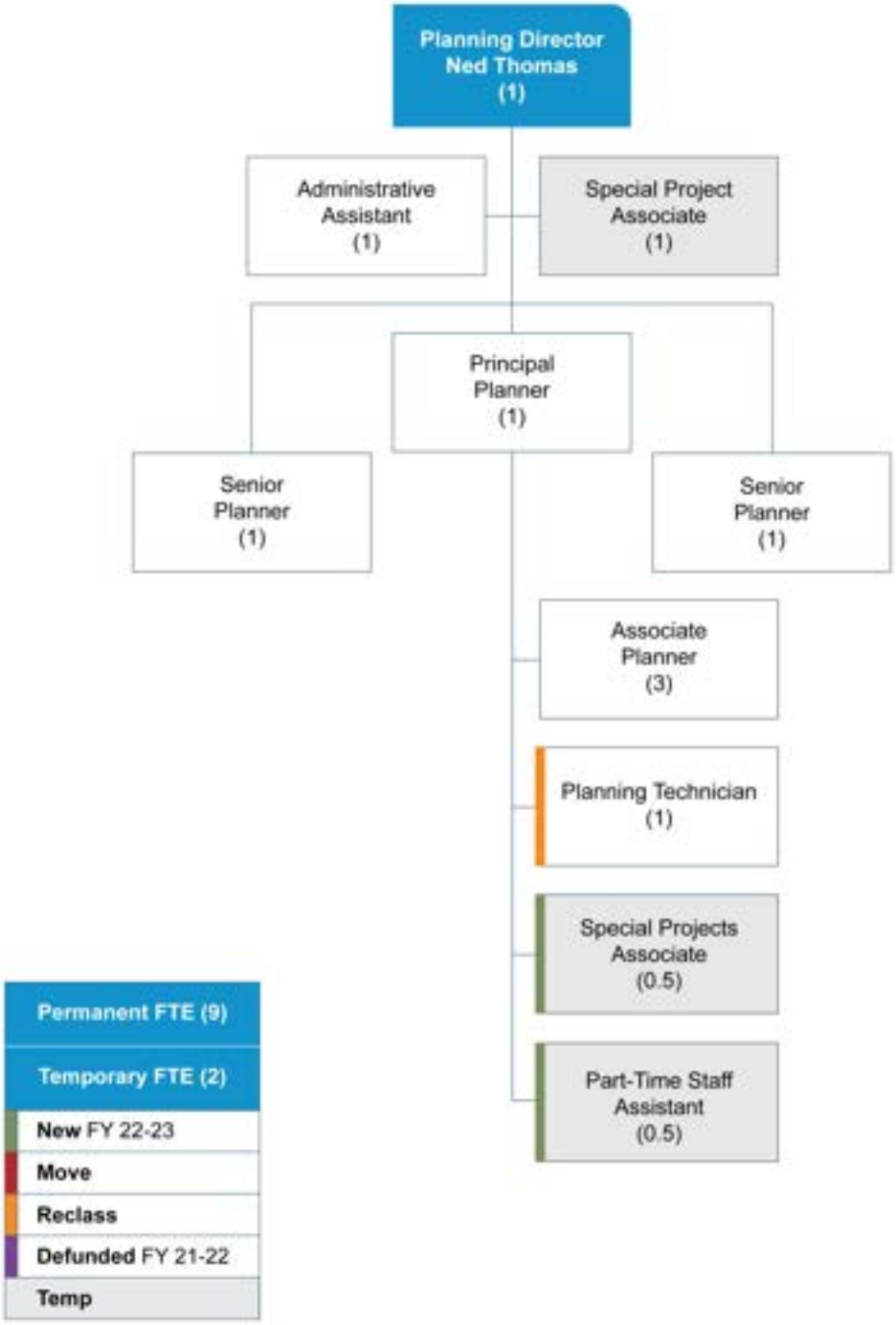
Description

The Planning Department prepares, maintains, and implements the City's General Plan, associated Specific Plans, and other planning and policy documents to positively influence the physical development of the community. Department staff assist residents, businesses, designers, developers, and architects to understand and follow the City's policies and regulations for development, including the General Plan, two Specific Plans, and the Zoning Ordinance. The Department collaborates with other City departments to administer various policies and regulations related to the physical development of the City, including the California Environmental Quality Act (CEQA). The Department provides professional and administrative support to the Planning Commission and promotes informed decision-making by conducting analysis, making findings and recommendations, and facilitating community and neighborhood meetings.

Services

- Prepares, maintains, and implements the City's General Plan and associated Specific Plans.
- Conducts research, prepares long-range planning documents, and assists other departments in preparing special-purpose long-range plans.
- Administers the City's Zoning Ordinance and collaborates with other departments to administer other development policies and regulations, including the California Environmental Quality Act (CEQA).
- Performs and coordinates review of land development applications and provides information to the public regarding land development regulations and processes.
- Assists developers in obtaining planning entitlements and coordinates the development review process from conceptual design and preapplication consultation to application submittal and formal review.
- Implements the Milpitas Metro Specific Plan and Main Street/Gateway Specific Plan and coordinates with other departments to ensure timely review of development proposals.
- Provides and updates planning permit fees, submittal requirements, checklists, design guidelines, and publications to support a streamlined permit application and development review process.
- Reviews building plans for conformance with zoning regulations and conditions of approval.
- Administers the City’s short-term rental program.
- Provides staff support to the Planning Commission and other planning-related advisory groups.
- Coordinates with the City Manager's office in working with outside agencies, regional organizations, and local businesses.
- Coordinates with the City Manager's office in working with outside agencies, regional organizations, and local businesses.
- Coordinates with outside agencies on regional planning, transportation, and environmental issues.
- Maintains City demographics and geographic based information.
- Promotes the City of Milpitas as a vibrant community to live, work, shop, learn, and play.

Planning Department



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Continued work on the Milpitas Metro Specific Plan	✓	✓	✓		✓		✓
2.	Initiated work on the Gateway/Main St. Specific Plan, including three Community Conversations for Community Engagement		✓			✓		✓
3.	Prepared and published Development Review Handbook		✓		✓	✓		
4.	Prepared and published an Accessory Dwelling Units (ADU) Toolkit and online resources to promote ADUs				✓	✓		
5.	Accepted $1.2 million grant from VTA and partnered with RideCo to develop and implement a local on-demand transit program		✓	✓	✓			✓
6.	Developed a set of Objective Design Standards to streamline the review process for multi-family residential and and mixed-use development				✓	✓		
7.	Initiated a grant-funded project to create Housing Opportunity Zones to streamline residential development at specific sites across the City.				✓	✓		
8.	Partnered with Symbium to pilot innovative online tools that empowers residents and business owners to access and understand zoning information.		✓		✓			

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Complete the Milpitas Metro Specific Plan and Environmental Impact Report (EIR)	✓	✓	✓		✓		✓
2.	Initiate an update of the Metro Area Development Impact Fee	✓	✓		✓	✓		✓
3.	Complete the Gateway/Main St. Specific Plan and EIR	✓	✓	✓		✓		✓
4.	Initiate a comprehensive update of the City's Zoning Ordinance		✓		✓	✓		✓
5.	Implement and evaluate the Milpitas OnDemand local transit program		✓	✓	✓			✓
6.	Develop and implement a citywide policy for micro-mobility			✓	✓			✓
7.	Support implementation of the Economic Development Strategy		✓		✓			
8.	Continue to support efforts to revitalize Main Street.	✓	✓		✓	✓		✓
9.	Adopt ad hoc Zoning Ordinance Amendments to regulate food trucks, building heights, and personal services				✓			

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Administrative Approvals/Permits:						
1) First review completed within 21 calendar days		N/A	80%	90%	70%	90%
2) Average cumulative staff review time		N/A	9 calendar days	7 calendar days	7 calendar days	7 calendar days
3) Average total processing time from complete application to disposition		N/A	9 calendar days	14 calendar days	10 calendar days	10 calendar days
Zoning Administrator Applications:						
1) First review completed within 30 calendar days		N/A	100%	90%	90%	90%
2) Average cumulative staff review time		N/A	49 calendar days	45 calendar days	70 calendar days	45 calendar days
3) Average total processing time from complete application to disposition		N/A	59 calendar days	60 calendar days	75 calendar days	60 calendar days
Planning Commission Applications:						
1) First review completed within 45 calendar days		N/A	100%	90%	90%	90%
2) Average cumulative staff review time		N/A	314 calendar days	75 calendar days	75 calendar days	75 calendar days
3) Average total processing time from complete application to disposition: *a.* Projects with Exemption *b.* Projects with Mitigated Negative Declaration *c.* Projects with Environmental Impact Report		N/A	300 calendar days 260 days 213 days 276 days	150 days 180 days 360 days	280 calendar days 180 days 180 days 677 days	75 calendar days 150 days 180 days 360 days

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 21-22 Target
Total planning permits/zoning approvals issued		N/A	332	400	350	400
Total planning applications with public hearing		N/A	52	60	45	60
Total long-range planning projects (policy and zoning updates) in progress or completed		N/A	9	9	9	9

Budget Summary

DOLLARS BY FUNCTION	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
Long Range Planning	$43,689	$229,187	$238,961	$265,713	$26,752	11.2%
Planning	2,072,244	2,064,077	1,743,197	2,085,775	342,578	19.7%
TOTAL	**$2,115,933**	**$2,293,264**	**$1,982,158**	**$2,351,488**	**$369,330**	**18.6%**

	DOLLARS BY CATEGORY	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$1,265,110	$1,356,667	$1,317,224	$1,385,487	$68,263	5.2%
4112	Temporary Salaries	12,612	2,268	105,600	79,557	(26,043)	(24.7)%
4113	Overtime	1,148	(230)	12,000	12,000	0	0.0%
4121	Allowances	6,600	3,553	5,666	6,600	934	16.5%
4124	Leave Cashout	14,373	40,454	0	0	0	0.0%
4131	PERS	470,142	423,608	409,081	419,331	10,250	2.5%
4132	Group Insurance	170,364	184,316	159,458	273,109	113,651	71.3%
4133	Medicare	18,810	20,812	19,182	22,936	3,754	19.6%
4138	Deferred Comp-Employer	8,100	7,405	7,883	9,000	1,117	14.2%
4139	PARS	167	35	0	1,584	1,584	0.0%
4141	Adjustments-Payroll	0	0	0	0	0	0.0%
4146	Short Term Disability	0	0	721	2,782	2,061	285.9%
4161	Retiree Medical Reserve	63,947	11,137	9,793	11,435	1,642	16.8%
	sub-total	**2,037,946**	**2,057,380**	**2,052,958**	**2,292,288**	**239,330**	**11.7%**
SUPPLIES AND CONTRACTUAL SERVICES							
4210	Department Allocations	2,473	0	0	0	0	0.0%
4220	Supplies	3,915	1,720	6,000	12,000	6,000	100.0%
4230	Services	52,582	219,202	15,000	25,000	10,000	66.7%
4500	Training, Travel, & Memberships	19,017	14,962	13,800	22,200	8,400	60.9%
	sub-total	**77,987**	**235,884**	**34,800**	**59,200**	**24,400**	**70.1%**
	TOTAL	**$2,115,933**	**$2,293,264**	**$2,087,758**	**$2,351,488**	**$263,730**	**12.6%**

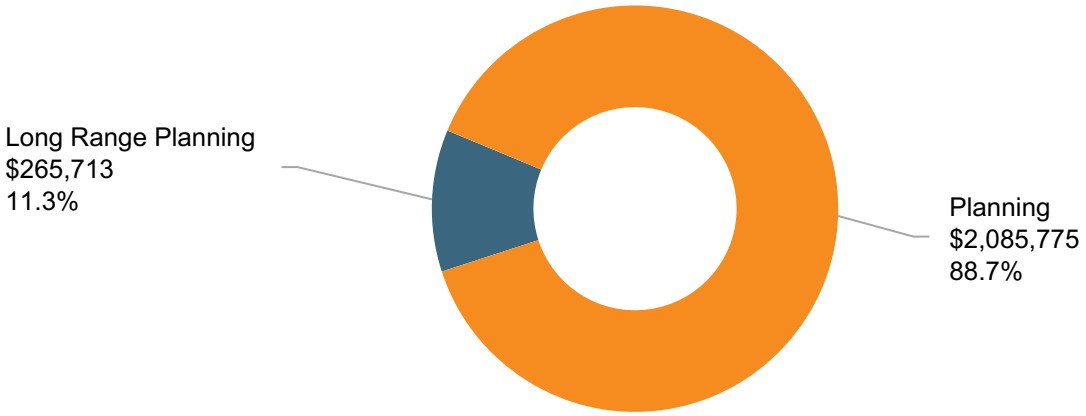
Staffing

POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Planning	9.00	9.00	8.00	8.00	0.00
Long Range Planning	1.00	1.00	1.00	1.00	0.00
TOTAL	**10.00**	**10.00**	**9.00**	**9.00**	**0.00**

*1.0 Planning Manager has been eliminated.

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Administrative Assistant	1.00	1.00	1.00	1.00	0.00
Assistant Planner	2.00	2.00	0.00	0.00	0.00
Associate Planner	2.00	2.00	3.00	3.00	0.00
Junior Planner	0.00	0.00	1.00	0.00	(1.00)
Planning Technician	0.00	0.00	0.00	1.00	1.00
Planning Director	1.00	1.00	1.00	1.00	0.00
Planning Manager	1.00	1.00	0.00	0.00	0.00
Principal Planner	1.00	1.00	1.00	1.00	0.00
Secretary	0.00	0.00	0.00	0.00	0.00
Senior Planner	2.00	2.00	2.00	2.00	0.00
Total Positions	**10.00**	**10.00**	**9.00**	**9.00**	0.00

Expenditures by Function



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**9.00**	**$1,712,347**	**$269,811**	**$1,982,158**
One-Time Prior Year Budget Adjustments				
Non-Personnel Expenditure Reduction		14,400		14,400
One-Time Prior Year Budget Adjustments	**0.00**	**14,400**	**0**	**14,400**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		118,918	60,721	179,639
Adjustments to Costs of Ongoing Activities	**0.00**	**118,918**	**60,721**	**179,639**
Total FY2022-23 Base Budget	**9.00**	**1,845,665**	**330,532**	**2,176,197**
Service Level Changes				
Special Projects Associate for Zoning Ordinance Update			93,143	93,143
Part-time Staff Assistant		72,147		72,147
Granicus Annual Renewal Subscription Fees		10,000		10,000
Total Service Level Changes	**0.00**	**82,147**	**93,143**	**175,290**
Total FY 2022-23 Budget	**9.00**	**$1,927,812**	**$423,675**	**$2,351,487**

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Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1.	**Part-time Staff Assistant**		**$72,147**	**$0**	**$72,147**

This action funds a part-time Staff Assistant for one fiscal year to mitigate increased administrative workload. During the closure of City Hall due to the COVID-19 pandemic, the department experienced a significant increase in incoming phone calls and email inquiries from residents, developers, and business owners. Many customers, either for convenience or to avoid contact with other people, want to continue conducting business remotely rather than coming to City Hall. This has resulted in significant added workload and increased response times because of the need to juggle increased phone calls and email messages with other work such as meetings, staff report preparation, and project coordination.

Performance Impact

This position will support the entire department by alleviating administrative burden and increasing capacity in other function areas. Consequently, operations will be more efficient and effective. Other staff can focus more time on development review projects and staff reports, conduct research on more complex issues, and administer various special projects as outlined above.

Mitigation

If this action is not funded, administrative burden will continue to fall on current staff and capacity to focus on other function areas will be reduced.

2.	**Special Project Associate for Zoning Ordinance Update**		**$0**	**$93,142**	**$93,142**

This action funds a limited term Senior Planner to help with the update of the Zoning Ordinance to align with the new General Plan adopted in March 2021. The Zoning Ordinance is the primary implementation tool of the General Plan, impacting housing, transportation, economic development, public safety and general well-being of the residents in this community. State Law requires land use classifications and regulations in the Zoning Ordinance to be consistent with the Land Use designations established in the General Plan. Currently, the City's Zoning Ordinance is not consistent with the new General Plan. Parts of the City's current Zoning Ordinance date back to 1955, and the document has been amended multiple times over the past several decades and is need of a comprehensive update.

Performance Impact

Funding for a Comprehensive Zoning Ordinance Update is included in the City's CIP (Project No. 3460). Consultants will be hired to advise the City, conduct public outreach, and prepare the comprehensive update. The limited term Senior Planner will help prepare an RFP for consultants and manage the overall project from kick-off to completion, including the required environmental review under CEQA.

Mitigation

If this action is not funded, then an Associate Planner has to be promoted to limited term Senior Planner for three years and that position will be reassigned to work on long-range and special projects under the supervision of the Principal Planner. This would require other adjustments to staffing in the department such as creating and funding a part-time staff person to cover phones and email during peak hours.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
3.	**Granicus Annual Renewal Subscription Fees**		**$10,000**	**$0**	**$10,000**

This action funds the City's annual subscription renewal fee with Granicus Host Compliance to identify and monitor STRs operating in Milpitas. On March 3, 2020, the Milpitas City Council adopted Ordinance 38.835 to regulate short-term rentals (STRs) within the City of Milpitas. The new Ordinance established a Short-term Rental program that includes a fee as well as a clear and simple process for new and existing STRs to come into conformance with the new operating standards, registration requirements, and record-keeping obligations. The City will continue its contract with Granicus Host Compliance to identify and monitor STRs operating in Milpitas. Based on the information provided, the Planning Department will continue to notify non-compliant STR operators of their obligations under the City's STR Ordinance.

Performance Impact

Renewing the subscription will help the City to continue identifying non-compliant STRs to improve compliance and collect outstanding STR fees owed to the City. Currently, 31 non-compliant STRs have been identified, which translates into approximately $19,344 in outstanding revenue that will be used to support the STR pilot program. Granicus has also identified 38 additional STRs within Milpitas, for which it has the general locations and images of the rental but has not yet matched with an APN or mailing address. These additional 38 STRs can potentially generate an estimated $23,712 in fee revenues for the City.

Mitigation

If this action is not funded, the subscription will be terminated and the services the department relies on will no longer be available. Compliance will most likely decrease, resulting in lower STR fee revenues for the City.

Total Service Level Changes		**$82,147**	**$93,142**	**$175,289**

Milpitas

Police

Police Chief: Jared Hernandez

Mission Statement

The Milpitas Police Department is committed to the protection of lives and property by working with our community and providing professional and responsive police services.

Description

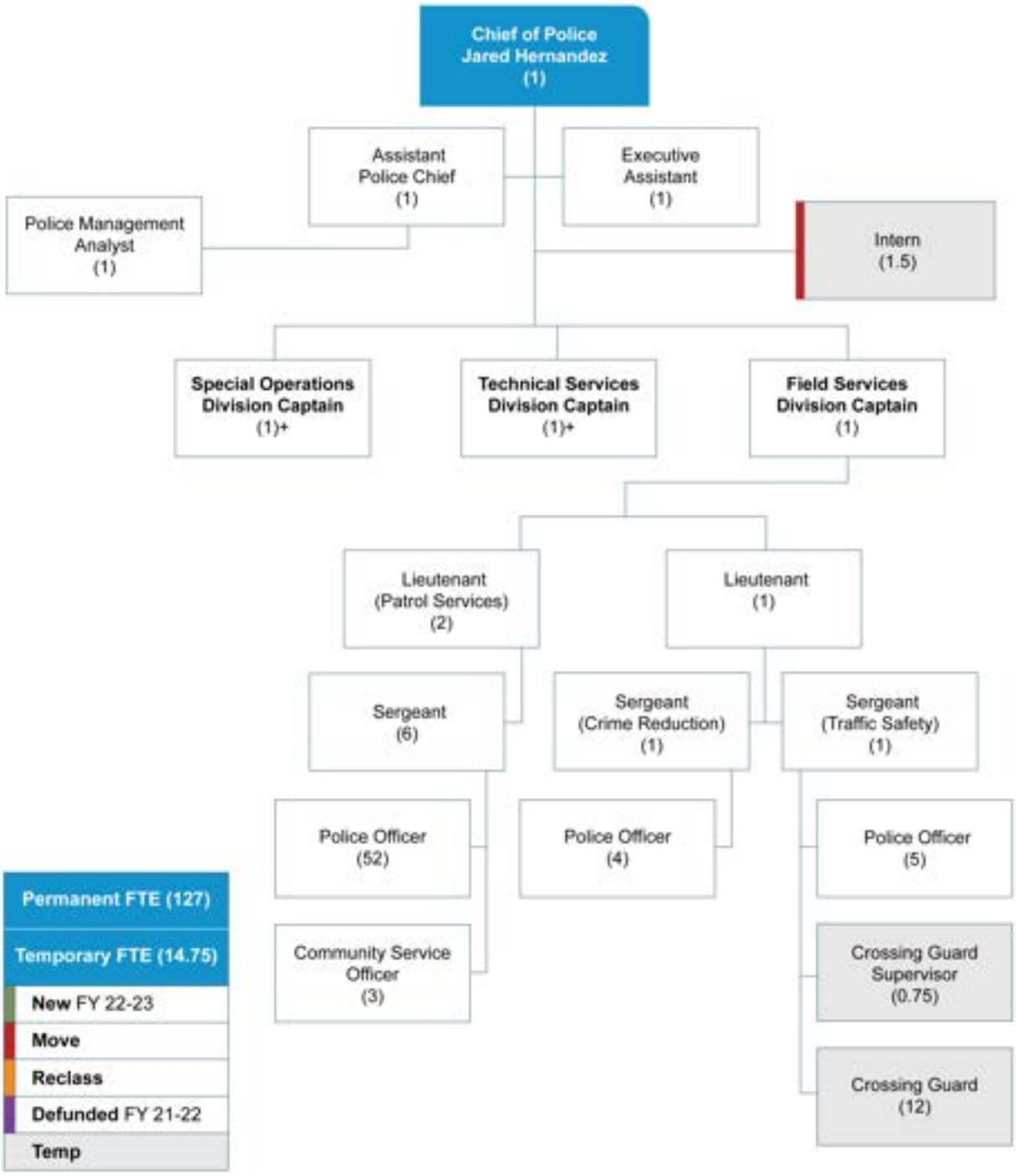
This department provides 24 hours-a-day, 365 days-a-year policing services to the City, keeps the peace, and prevents & controls crime. The Department's nine functions include: Administration, Patrol Services, Traffic Safety Unit, Crossing Guards, Police Community Relations Unit, Investigations Unit, Communications Unit, Records Unit, and Personnel & Training.

Services

- Provides 24 hours-a-day, 365 days-a-year response to calls for police services. Safeguards the community from crime through deterrence, prevention, and arrest of offenders. Preserves the public peace, protects life & property, and appropriately enforces laws & ordinances.

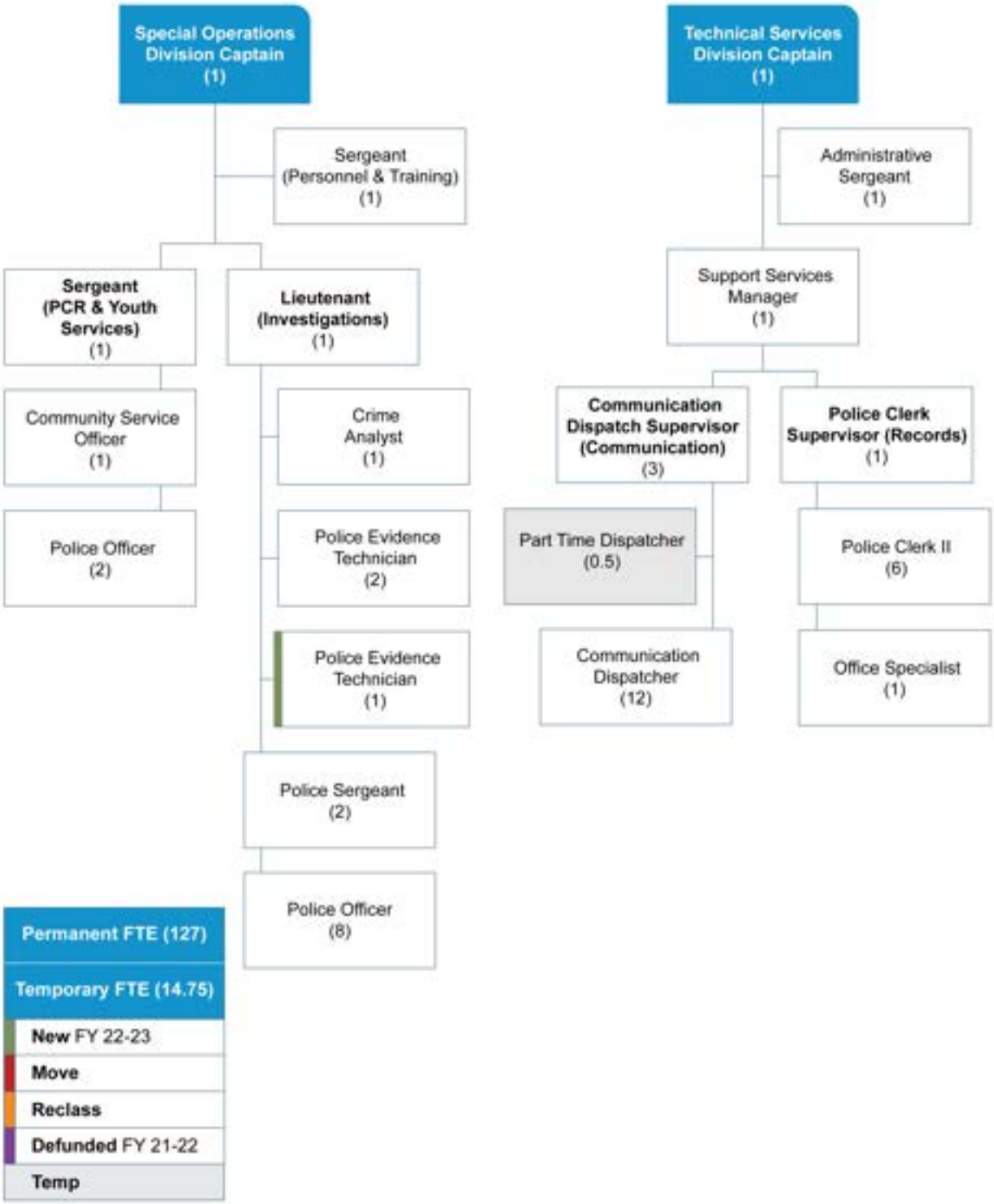
- Investigates automobile thefts, hit-and- runs collisions, and traffic accidents; conducts accident reconstruction for major injury & fatal collisions; provides traffic control at major events and enforces traffic laws.
- Manages the Crossing Guard program, which staffs critical intersections within the City to ensure the safety of children walking to and from schools.
- Facilitates PAL activities & programs and conducts Neighborhood Watch, Police Explorer, Citizen Volunteer, and other crime prevention & education programs.
- Works closely with the school district and county agencies to divert first time offenders from the juvenile justice system through parent counseling and other innovative programs. The School Resource Officer in the Police Community Relations Unit serves Milpitas High School and Calaveras Hills High School.
- Provides follow-up investigation of crimes against persons, fraud, high technology crimes, missing persons, and property crimes.
- Conducts gang prevention, intervention, and investigation programs; tracks sex registrants; and conducts proactive narcotic investigations.
- Provides 24 hours-a-day, 365 days-a-year 9-1-1 emergency telephone answering and emergency dispatching for the police department, fire department, and other City Departments.
- Provides public counter service, filing of criminal complaints, and evidence management. Processes, maintains, and distributes police reports and fire reports, prepares statistical data required by law, and responds to report requests and telephone inquiries from citizens and other authorized entities.
- Maintains a Community Service Officer (CSO) Program to expand services. The CSOs have absorbed many non-hazardous tasks previously assigned to police officers and police officers will remain dedicated to higher priority items. The CSOs provide the community with responsive services at a cost far less than that of a police officer.

Police Department



*Detailed org chart
on following pages

Police Department



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Maintained an average response time to emergency calls of 2:44 (calendar year 2021).	✓	✓			✓	✓	
2.	Answered 95.18% of 911 calls within ten (10) seconds (calendar year 2021).		✓				✓	
3.	Participated in over 75 community outreach events (calendar year 2021).	✓				✓	✓	
4.	Implemented a process to collect and report data in compliance with the Racial and Identity Profiling Act (RIPA).						✓	
5.	Deployed remote restraint devices.	✓					✓	
6.	Implemented a program to redirect youth offenders away from the juvenile justice system.	✓					✓	
7.	Developed a department policy to ensure compliance with Assembly Bill 481 (Military Equipment Funding, Acquisition and Use).						✓	
8.	Implemented a traffic diversion program for juveniles and seniors.	✓					✓	

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Ensure average response times to emergency calls remains under three (3) minutes.	✓	✓			✓	✓	
2.	Reduce Part 1 Uniform Crime Reporting and Index crimes* through prevention, deterrence, and enforcement efforts.						✓	
3.	Ensure 95% of 911 calls are answered by a dispatcher within ten (10) seconds/ The state standard is 95% within fifteen (15) seconds.		✓				✓	
4.	Host Community Engagement events (in-person, virtual) such as coffee with a cop, HOA community presentations, citizen academies, virtual book readings, and faith-based community meetings.	✓				✓	✓	
5.	Ensure 100% registration verification of known sex offenders.					✓	✓	
6.	Conduct 15 directed enforcement events to improve traffic safety.	✓				✓	✓	✓
7.	Transition to the National Incident-Based Reporting System.						✓	

*Part 1 Uniform Crime Reporting and index crimes: murder, sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, and arson.

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Average response time to emergency calls (minutes)		2:37	2:43	2:45	2:56	2:50
Part 1 Uniform Crime Reporting Index crimes (2% annual reduction target)		2,286	2,146	2,129	2,777	2,721
Community Events: Coffee with a cop, HOA presentations, Citizen academies, faith-based community meetings		14	11	11	11	11
9-1-1 calls answered by a dispatcher within ten (10) seconds*		96%	96%	96%	96%	96%
Verification of known sex offenders		100%	100%	100%	100%	100%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 21-22 Target
Computer Aided Dispatch (CAD) system generated events		72,650	73,813	74,500	73,724	77,289
Arrests reported to FBI (all crimes)		1,807	1,893	2,100	1,887	1,884
Citations issued		4,660	3,370	4,200	3,791	3,375
Community presentations		64	81	80	61	67
Number of unhoused/homeless persons contacted		999	1,676	1,550	2,547	3,126
Total hours spent on calls related to unhoused/homeless persons		569	1,255	1,033	1,746	2,318

*State standard is 95% within 15 seconds

Budget Summary

DOLLARS BY FUNCTION	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
Communications	$3,420,887	$3,921,419	$4,093,208	$4,827,647	$734,439	17.9%
Community Relations	697,122	719,892	878,718	1,055,901	177,183	20.2%
Crossing Guards	358,278	65,082	513,444	512,946	(498)	(0.1)%
Investigations	4,419,179	4,143,464	4,902,514	5,165,725	263,211	5.4%
Patrol Services	19,807,169	20,526,802	19,210,118	21,543,922	2,333,804	12.1%
Personnel & Training	641,674	650,221	546,825	602,806	55,981	10.2%
Police Administration	1,601,175	1,548,846	1,691,187	1,238,154	(453,033)	(26.8)%
Records	1,747,344	1,346,700	1,559,043	1,501,086	(57,957)	(3.7)%
Traffic	1,608,523	1,862,656	2,271,848	1,780,020	(491,828)	(21.6)%
TOTAL	**$34,301,351**	**$34,785,082**	**$35,666,905**	**$38,228,206**	**$2,561,301**	**7.2%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$17,106,838	$17,451,886	$18,538,251	$19,910,663	$1,372,412	7.4%
4112	Temporary Salaries	551,812	170,244	585,873	585,873	0	0.0%
4113	Overtime	719,723	587,898	767,643	778,732	11,089	1.4%
4121	Allowances	145,544	141,478	139,250	143,532	4,282	3.1%
4124	Leave Cashout	496,058	1,351,629	0	0	0	0.0%
4131	PERS	8,725,809	8,656,246	9,333,231	10,092,630	759,399	8.1%
4132	Group Insurance	2,324,032	2,392,107	2,716,944	2,926,554	209,610	7.7%
4133	Medicare	267,668	285,723	279,253	299,276	20,023	7.2%
4135	Worker's Compensation	580,977	727,947	946,854	1,020,193	73,339	7.7%
4138	Deferred Comp-Employer	7,816	12,556	11,590	12,600	1,010	8.7%
4139	PARS	5,586	1,114	8,297	7,666	(631)	(7.6)%
4141	Adjustments-Payroll	0	0	0	(160,000)	(160,000)	0.0%
4146	Short Term Disability	0	0	1,082	4,282	3,200	295.7%
4161	Retiree Medical Reserve	825,915	276,532	320,047	327,370	7,323	2.3%
	sub-total	**31,757,778**	**32,055,360**	**33,648,315**	**35,709,371**	**2,061,056**	**6.1%**
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	0	150	500	500	0	0.0%
4210	Department Allocations	617,268	660,966	614,780	681,999	67,219	10.9%
4220	Supplies	400,600	615,576	175,579	193,579	18,000	10.3%

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
4230	Services	1,152,086	940,764	972,060	1,066,549	94,489	9.7%
4240	Repair & Maintenance	34,911	20,406	33,769	34,950	1,181	3.5%
4410	Communications	16,896	17,753	18,000	18,000	0	0.0%
4500	Training, Travel, & Memberships	179,247	121,021	143,901	156,091	12,190	8.5%
	sub-total	**2,401,008**	**2,376,636**	**1,958,589**	**2,151,668**	**193,079**	**9.9%**
CAPITAL OUTLAY							
4850	Vehicles	73,349	235,877	0	307,168	307,168	0.0%
4870	Machinery and Equipment	0	0	0	0	0	0.0%
4910	Office Furniture & Fixtures	68,426	111,611	0	0	0	0.0%
4920	Machinery, Tools & Equipment	790	5,598	60,000	60,000	0	0.0%
	sub-total	142,565	353,086	60,000	367,168	307,168	511.9%
	TOTAL	**$34,301,351**	**$34,785,082**	**$35,666,904**	**$38,228,207**	**$2,561,303**	**7.2%**

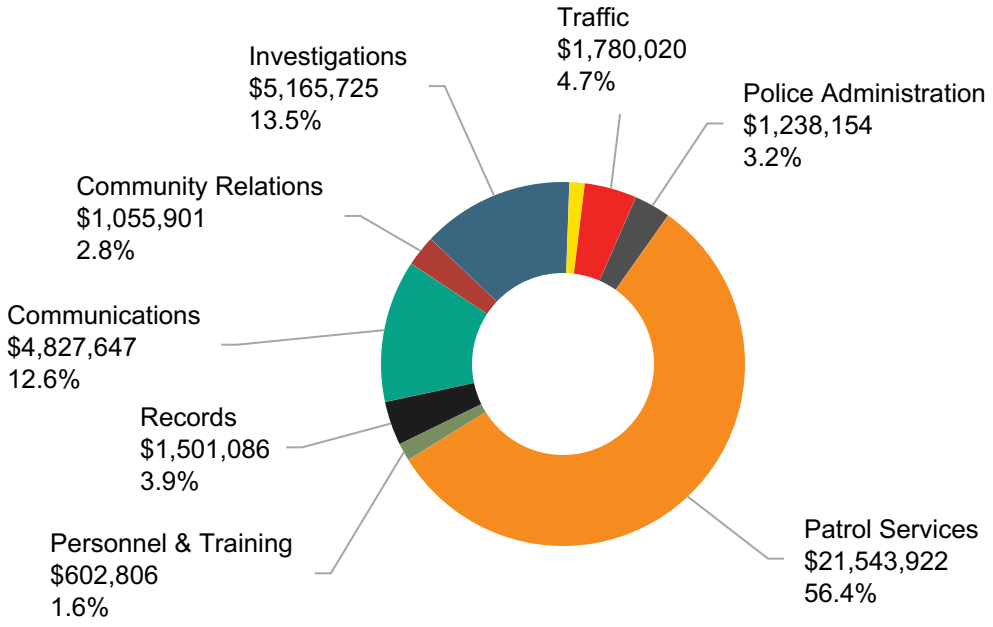
Staffing

POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Communications	17.00	17.00	17.00	17.00	0.00
Community Relations	2.00	3.00	3.00	3.00	0.00
Crossing Guards	0.00	0.00	0.00	0.00	0.00
Investigations	13.00	15.00	15.00	16.00	1.00
Patrol Services	72.00	71.00	69.00	71.00	2.00
Personnel & Training	1.00	1.00	1.00	1.00	0.00
Police Administration	5.00	5.00	5.00	5.00	0.00
Records	10.00	8.00	8.00	8.00	0.00
Traffic	6.00	6.00	6.00	6.00	0.00
TOTAL	**126.00**	**126.00**	**124.00**	**127.00**	**3.00**

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Assistant Police Chief	1.00	1.00	1.00	1.00	0.00
Chief of Police	1.00	1.00	1.00	1.00	0.00
Communications Dispatch Supervisor	3.00	3.00	3.00	3.00	0.00
Communications Dispatcher	12.00	12.00	12.00	12.00	0.00
Community Service Officer	4.00	4.00	4.00	4.00	0.00

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Crime Analyst	1.00	1.00	1.00	1.00	0.00
Executive Assistant	1.00	1.00	1.00	1.00	0.00
Executive Secretary	0.00	0.00	0.00	0.00	0.00
Office Specialist	1.00	1.00	1.00	1.00	0.00
Patrol Officer	3.00	0.00	0.00	0.00	0.00
Police Captain	3.00	3.00	3.00	3.00	0.00
Police Clerk II	6.00	6.00	6.00	6.00	0.00
Police Clerk Supervisor	1.00	1.00	1.00	1.00	0.00
Police Evidence Technician	2.00	2.00	2.00	3.00	1.00
Police Lieutenant	4.00	4.00	4.00	4.00	0.00
Police Management Analyst	1.00	1.00	1.00	1.00	0.00
Police Officer	68.00	71.00	69.00	71.00	2.00
Police Sergeant	13.00	13.00	13.00	13.00	0.00
Police Support Services Mgr	1.00	1.00	1.00	1.00	0.00
Total Positions	**126.00**	**126.00**	**124.00**	**127.00**	**3.00**

Expenditures by Function



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**124.00**	**$35,606,904**	**$60,000**	**$35,666,904**
One-Time Prior Year Budget Adjustments				
Restore 2.0 Police Officers (8/9/2021)	2.00	109,568		109,568
4th of July, 2021 Savings - Police		11,089		11,089
One-Time Prior Year Budget Adjustments	**2.00**	**120,657**	**0**	**120,657**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		1,793,597		1,793,597
Equipment Replacement Amortization		67,219		67,219
Silicon Valley Regional Interoperability Authhority (SVRIA) Operation Maintenance		17,173		17,173
Ammunition Cost Increase		13,000		13,000
Non-Personnel Expenditure Alignment to Historical Trend		36,399	233,003	269,402
Police Vehicle Replacement		74,165		74,165
Adjustments to Costs of Ongoing Activities	**0.00**	**2,001,553**	**233,003**	**2,234,556**
Total FY2022-23 Base Budget	**126.00**	**37,729,114**	**293,003**	**38,022,117**
Service Level Changes				
Police Property Evidence Unit Staffing (1 FTE)	1.00	136,855		136,855
Wellness Services Enhancement		30,000		30,000
Axon Taser Upgrade		39,235		39,235
Total Service Level Changes	**1.00**	**206,090**	**0**	**206,090**
Total FY 2022-23 Budget	**127.00**	**$37,935,204**	**$293,003**	**$38,228,207**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1.	**Police Property Evidence Unit Staffing**	**1.00**	**$136,855**	**$0**	**$136,855**

This action adds 1.0 Police Evidence Technician in response to increasing workload in the Property Evidence Unit (PEU). The PEU is responsible for receiving, documenting, storing, managing, and maintaining the integrity and security of the property and evidence retained by the Milpitas Police Department. The primary job functions include but are not limited to: intake, custody/control, disposition, discovery requests, property returns, report processing, crime lab submissions, and purging evidence/property. As the City grew, new residential and business developments have led to increases in call volume and evidence collection. In addition, technological advances have also led to an increase in discovery requests since more digital, audio, and Body Worn Camera footage is available. As a short-term solution, additional staff have been temporarily assigned to the PEU to mitigate the increased workload. However, best practices suggest physical access to property and evidence storage areas should be limited to Police Evidence Technicians and supervisors only. As such, an additional Police Evidence Technician is necessary to ensure performance of the department.

Performance Impact

The addition of 1.0 Police Evidence Technician is expected to result in reduced processing time, increased capacity in volume of evidence processed and contribution to the efficient function of the department.

Mitigation

If not funded, the PEU would not function as efficiently; there would be a delay in the processing of evidence items internally (intake, cataloging, safe storage, purging, etc.), externally (prepping evidence items for forensic analysis, releasing of property to owners, etc.), and for judicial proceedings (discovery requests). Without the additional Police Evidence Technician, other staff may need to be temporarily reassigned to assist solely with the weekly demand of discovery requests, conflicting with best practices. In addition, one of the two current Police Evidence Technicians would spend the majority, if not all, of their work week processing discovery requests, thereby leaving the remaining Police Evidence Technician to handle the day-to-day operations of the unit which will hamper the efficiency of the unit as well.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
2.	**Wellness Services Enhancement**	**0.00**	**$30,000**	**$0**	**$30,000**

This action funds additional wellness services for the Police Department staff. The Milpitas Police Department is a full-service police department that consists of 93 sworn and 33 non-sworn positions, serving a population of over 80,000 residents. In addition, officers respond to almost 20,000 emergency calls for service per calendar year, including several critical and traumatic incidents (such as recent homicide and child death cases, for example). Law enforcement personnel, both sworn and non-sworn, experience a range of daily stressors within the course of their work, highlighting the need for direct and continuous support for their mental and physical well-being. Research indicates that mental and physical health directly impacts job performance, thus dedicated wellness funding will impact our employees' ability to effectively serve the community. This proposal enhances our existing Peer Support and Employee Wellness Program by implementing additional wellness resources for staff, such as attending Post-Traumatic Stress Retreats and providing an on-call mental health clinician for those seeking help and for post-critical incident debriefs.

Performance Impact

This funding will contribute to a more proactive approach to employee wellness, thus helping to ensure our staff can continue providing a high level of service to the community. This proposed increase aims not to only enhance our current wellness services provided to employees, such as peer support and Cordico, but is also intended to promote a wellness culture throughout the entire department. Funding is requested for mental health wellness retreats and a dedicated clinician, upon employee request and for post-critical incident debriefs, to provide those in need with an educational experience designed to help staff recognize signs and symptoms of work related stress and to build the skills necessary to cope with stressors, establish better social support, increase self-understanding and improve overall quality of life through wellness based approaches.

Mitigation

If this action is not funded, the department will not have dedicated funding to support the ongoing need for the aforementioned wellness services.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
3.	**Axon Taser Upgrade**	**0.00**	**$39,235**	**$0**	**$39,235**

This action adds additional funding to Axon Enterprises contractual services to upgrade the current Taser X26P to Taser 7 model. The department currently issues Axon Enterprise, Inc. body worn cameras and conducted energy weapons to sworn personnel and subscribes to their cloud-based digital evidence management system for data storage, items critical to operations. Conducted energy weapons have been part of Milpitas Police officers' daily equipment for 25+ years and are an integral tool that provide officers with a less than lethal force option, reducing risk of injury to officers and suspects. The Department has issued the Taser X26P model to all sworn officers for 10+ years. Due to advancing technology, Axon Enterprise, Inc. developed the Taser 7 model and will not support the currently issued model, anymore. The Taser 7 model offers enhancements including close-range optimization, more effective connection, enhanced inventory and data management, daylight laser, improved ergonomic design, and more.

Performance Results:

The upgrade to Taser 7 model will give officers the confidence to de-escalate dangerous situations due to the noted enhancements thereby potentially reducing the risk of injury to suspects and officers. Consequently, this action can yield cost savings for the City in injury claims and litigation.

Impact if funding is not approved

If this action is not funded, the department would continue to use the Taser X26P model, which will no longer be supported by Axon Enterprises in the next five years. This would leave the department with an aging less than lethal tool for which replacement parts will become difficult to acquire. As a result, the new Taser 7 conducted energy weapons would need to be purchased as replacements as needed, therefore creating a familiarity issue with officers as there would be two different models of conducted energy weapons issued to sworn personnel. The purchase of Taser 7 conducted energy weapons out of contract will incur a price increase in the per unit cost, as the intent of the bundled pricing model from Axon Enterprises, Inc. is to provide one set price. Purchasing hardware out of contract will cause additional staff work as there will be new items purchased on a different billing and warranty cycle than the original contract purchase. The police department's continued use of outdated technology may increase the likelihood of device failure during a critical incident, which may result in injury to suspects and/or officers and the City's exposure to potential litigation.

Total Service Level Changes	**1.00**	**$206,090**	**$0**	**$206,090**

Public Works

Director: **Tony Ndah**

Mission Statement

The Public Works Department is committed to enhancing the quality of life and ensuring public health and safety in the community. We are defined by our responsiveness to the public and our commitment to provide excellent customer service, which includes quality and responsive service and resources to operate and maintain the City's infrastructure in a safe, timely, and efficient manner.

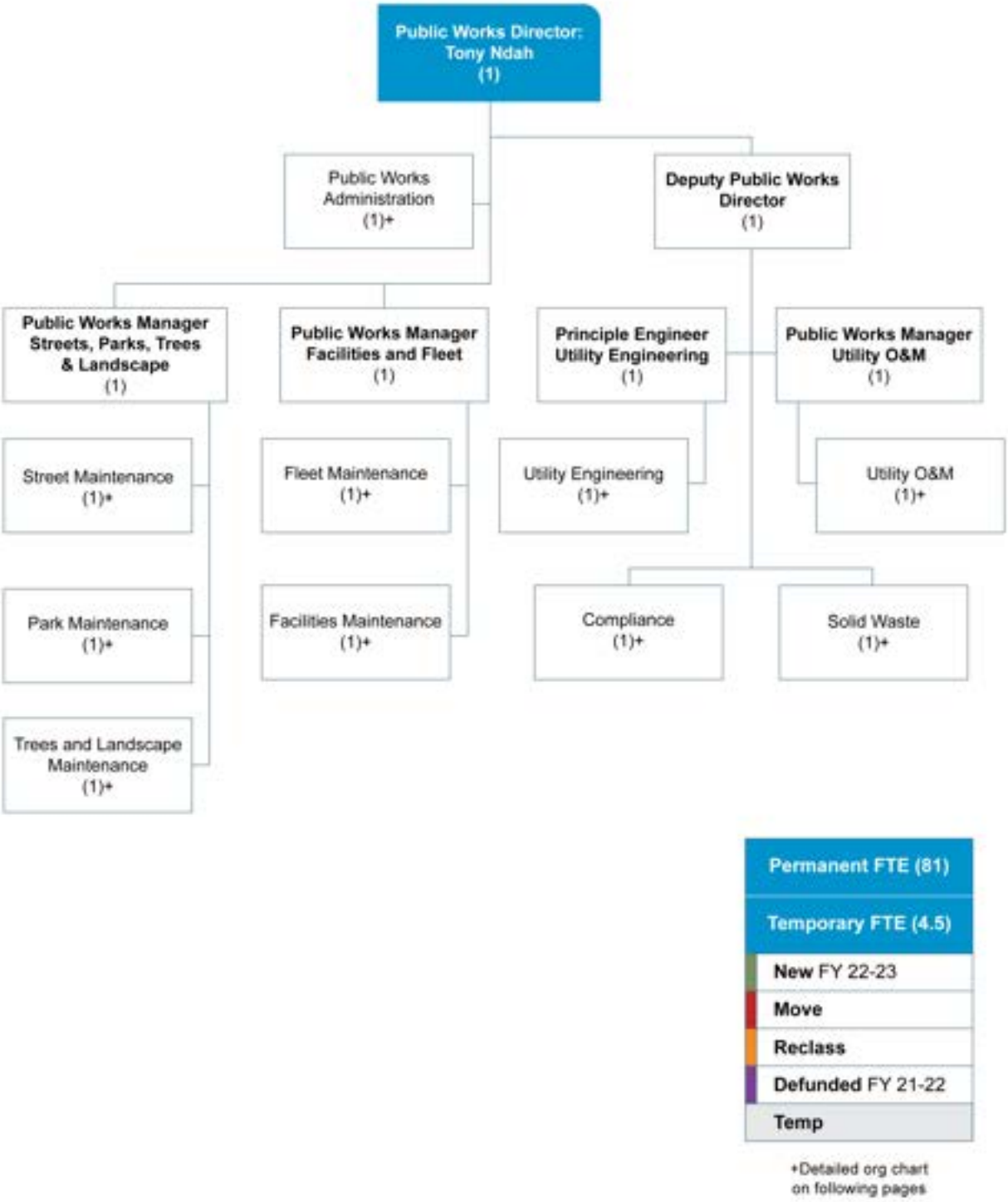
Description

The Public Works Department operates and maintains the City's infrastructure and facilities, including public streets, utilities, parks, street landscaping, City vehicles, and City buildings. The Department also oversees and implements key environmental services and sustainability programs, including the Climate Action Plan, solid waste program and regulatory compliance. The ten functional areas of the Department are Administration, Streets Maintenance, Utility Engineering, Utility Operations and Maintenance, Park Maintenance, Trees and Landscape Maintenance, Fleet Maintenance, Facilities Maintenance, Environmental Compliance and Sustainability, and Solid Waste.

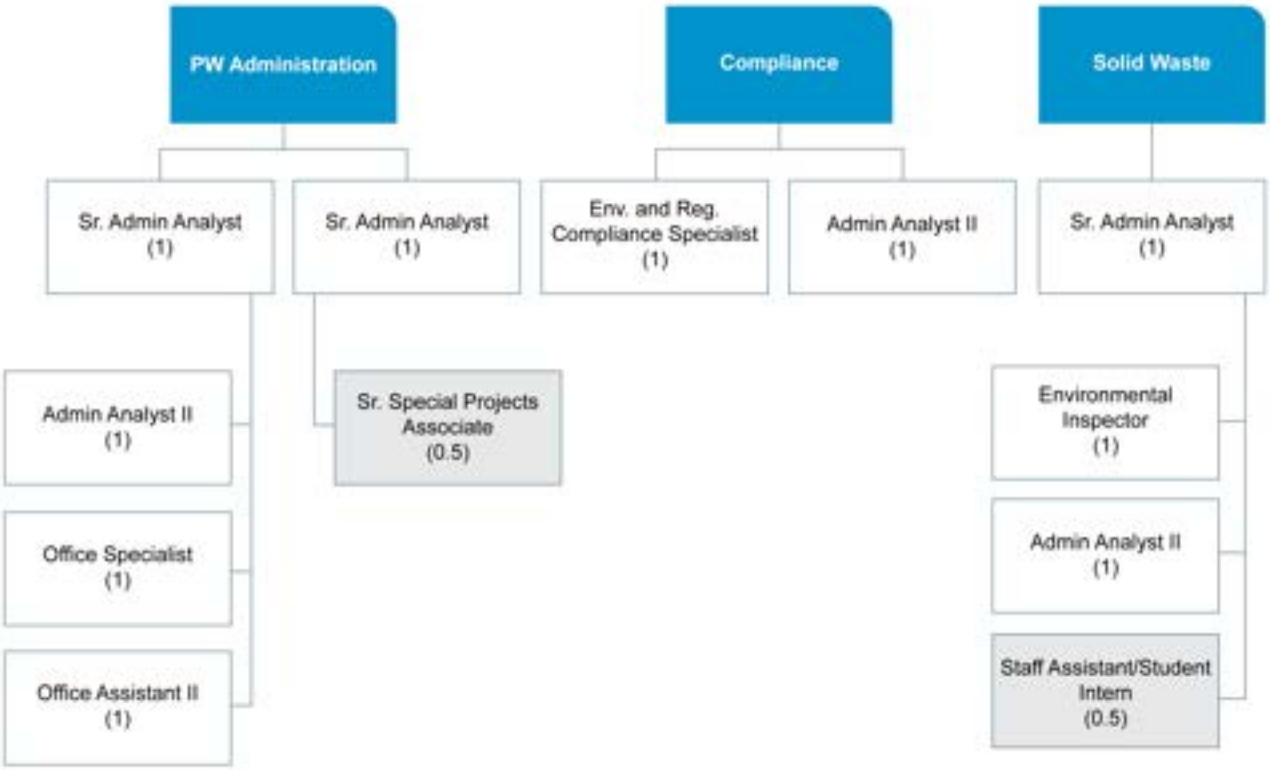
Services

- Provides management, direction and coordination for the operation, maintenance, and repair of City infrastructure and equipment assets.
- Controls and manages department budgets, including large/complex projects and contracts; implements improvements to operations of department functions and formulates policies and procedures; and administers department training and safety programs.
- Maintains the City's traffic signal system, street signs, street lights, paved roadways, and pavement markings in accordance with the Clean & Safe Streets program and State Code requirements.
- Provides sidewalk repair, right-of-way weed abatement, and debris and graffiti removal.
- Operates and maintains the water distribution system, including 206 miles of water lines, 4 pumping stations, 5 storage reservoirs, and numerous pressure valves regulating 7 pressure zones, to deliver 11 million gallons per day of potable water to approximately 15,688 accounts.
- Provides asset management and engineering support to ensure compliance with regulatory permits for the City's water, sewer, and stormwater systems.
- Operates and maintains the sewer collection system, including 175 miles of sewer lines and 2 pumping stations to discharge 14.25 million gallons per day to the San Jose/Santa Clara Regional Wastewater Facility.
- Operates and maintains the stormwater collection system, including 105 miles of storm pipe and 13 pump stations to convey storm water to local creeks.
- Manages the City's sustainability and environmental programs including climate action, solid waste, stormwater management, and compliance with state, federal and local environmental regulations.
- Provides park maintenance for more than 190 acres of parkland, including playgrounds, picnic areas, athletic fields, pathways, landscaping, park restrooms, park trees, lagoons, and parking lots.
- Maintains more than 17,500 trees and 130 acres of median landscaping, including City tree planting and pruning, trails, and litter control.
- Maintains and repairs City vehicles and motorized equipment, including police vehicles, fire apparatus, construction equipment, mowers, and communication radios.
- Maintains 368,150 square feet of City buildings and grounds, including building systems (plumbing, electrical, heating, air conditioning, ventilation, and backup power); sets up rooms for rental groups and meetings; and provides custodial services.

Public Works Department

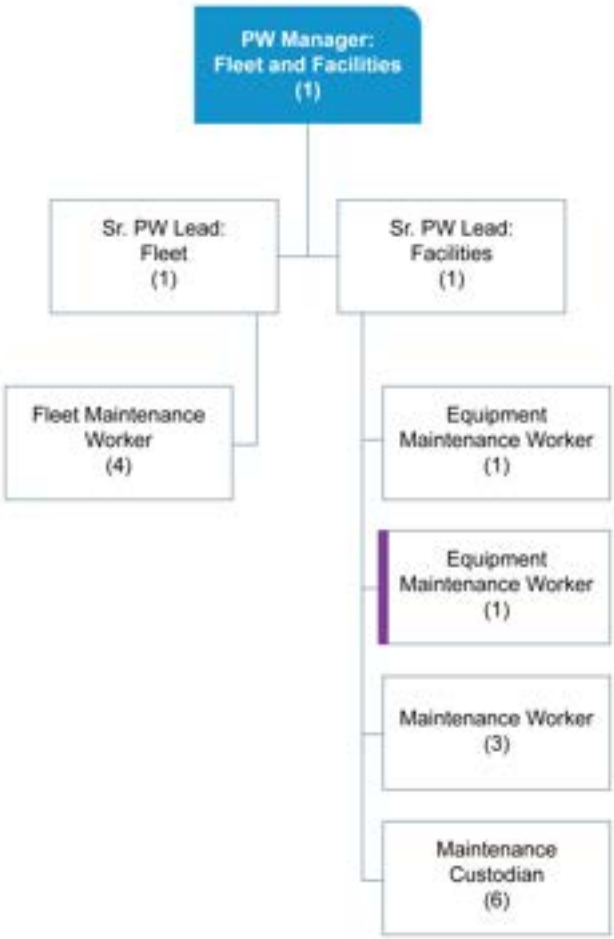


Public Works Department

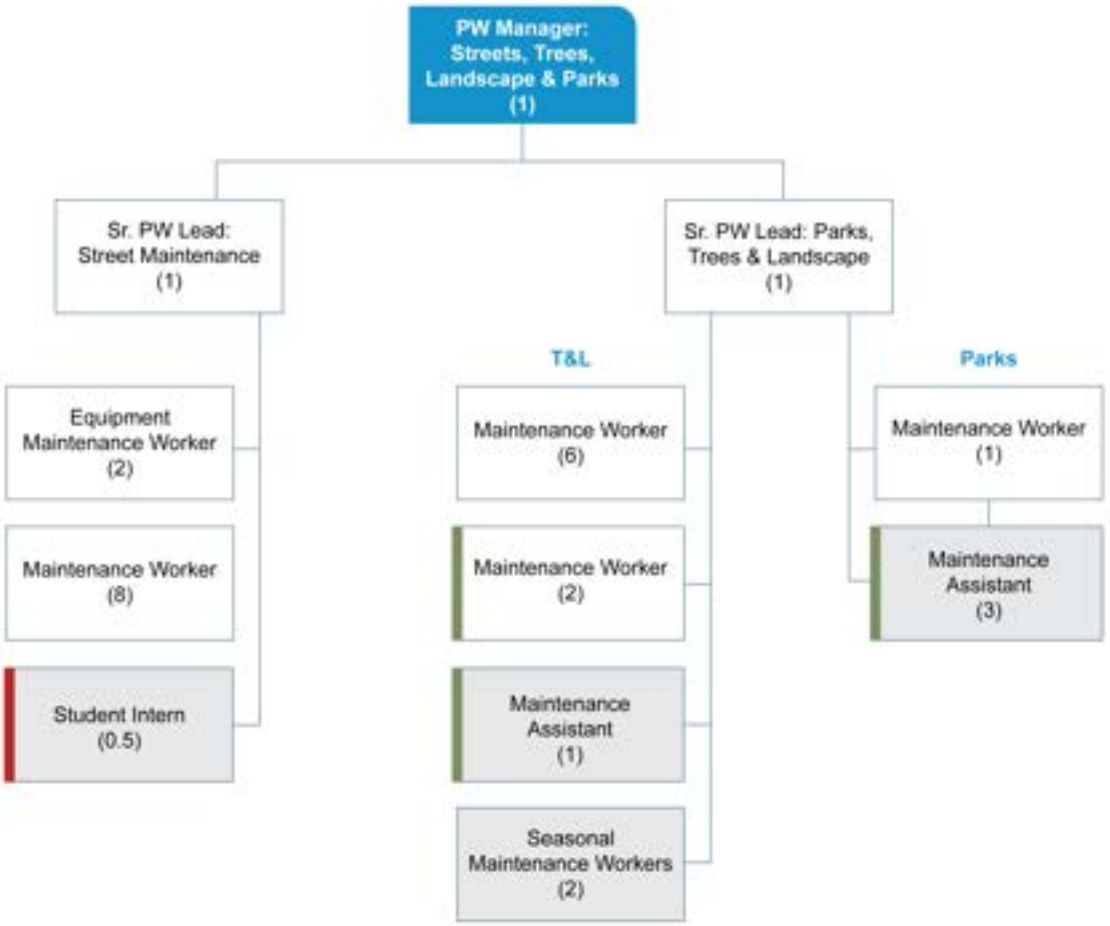


Permanent FTE (81)
Temporary FTE (4.5)
New FY 22-23
Move
Reclass
Defunded FY 21-22
Temp

Public Works Department



Public Works Department



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Implemented Council approved Energy and Water Savings program measures for water meter, water fixtures, lighting, and solar resiliency at Senior Center and Community Center.	✓		✓	✓		✓	
2.	Started construction of Main Lift Odor Emissions Control Project at the Main Lift Pump Station.	✓		✓	✓			
3.	Implemented Council approved water conservation measures and programs to meet conservation targets per State and City Ordinance.	✓		✓	✓			
4.	Implemented Council approved dumpster days and pilot voucher program for solid waste.	✓		✓				
5.	Implemented Council approved Street Sweeping Pilot Program.	✓		✓				
6.	Completed upgrades to Advanced Traffic Management System facility.						✓	✓
7.	Completed leak detection of 25 miles of underground waterlines in the City and performed non-destructive condition assessment of 2 miles of high-risk water pipelines.	✓		✓	✓			
8.	Launched citywide motor pool service.				✓			✓
9.	Completed park renovations at Dixon Landing sports field and snack shack.	✓						

	Initiatives	Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Finalize Financial Utility Master Plan and Adopt Final Master Plans for Water, Sewer, and Storm for Council consideration, implement capital projects and programs based on recommendations of the Utility Master Plans, and complete construction of the emissions odor control project at Main Lift Sewer Pump Station.	✓		✓			✓	
2.	Finalize SCADA portion of Council approved energy and water savings projects and transition to measurement and verification of savings achieved.	✓		✓	✓			
3.	Complete update of the Climate Action Plan and begin implementation strategies and measures to meet the City's sustainability goals.	✓		✓	✓			
4.	Sequence and schedule maintenance activities to achieve 70% completion rate of preventive maintenance versus reactive maintenance. Refine asset management programs to ensure the City's assets and infrastructure are updated and well maintained.				✓		✓	
5.	Conduct route inspection and outreach to businesses and multi-family properties to add organics collection services in compliance with SB 1383.	✓		✓	✓			
6.	Execute design services contract to convert city medians to low water and low maintenance landscapes.	✓		✓				
7.	Implement improvements to City's traffic control systems to improve mobility and communication with City's Advanced Traffic Management System.				✓		✓	✓
8.	Implement capital projects based on Parks Master Plan.	✓						
9.	Right sizing of City fleet to ensure efficient use and implementation of green fleet in support of the climate action plan.			✓	✓			
10.	Implement Facilities CIPs for HVAC to replace aging infrastructure and improve comfort of staff working in City buildings.				✓			

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Customers surveyed that are satisfied with facility maintenance services		N/A	90%	90%	90%	90%
Up-time for City vehicles and equipment		N/A	98%	95%	95%	95%
Graffiti incidents removed in 10 days		19%	52%	90%	90%	90%
Water samples meeting or surpassing State and Federal water quality standards		100%	100%	100%	100%	100%
Utility capital projects completed on schedule and within budget in accordance with work plan milestone		N/A	N/A	80%	100%	80%
Reduction in community-wide greenhouse gas (GHG) emissions below baseline		19%	15%	15%	20%	22%
Users rating parks in good or better condition		N/A	N/A	80%	85%	80%
Regulatory compliance items completed on-time		N/A	N/A	100%	100%	100%
Stormwater permit requirements completed on-time		N/A	N/A	100%	100%	100%
Total work orders closed out within one month or less		N/A	N/A	80%	80%	80%

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Signs repaired		279	812	600	600	600
Acreage of Weed Abatement*		N/A	N/A	N/A	N/A	N/A
Number of fleet work orders received for service		1,486	N/A	1,200	1,800	1,800
Number of Facilities work orders received for service*		N/A	N/A	N/A	N/A	N/A
Water distribution pipelines cleaned (linear feet)		N/A	N/A	208,000	106,000	165,000
Sanitary sewer pipelines cleaned (linear feet)		528,051	549,693	360,000	360,000	260,000
Number of calls received by DPW Customer Service		12,500	8,209	10,000	10,000	10,000
Number of large item pick-ups completed		N/A	N/A	2,735	2,735	2,735
Number of solid waste customer service calls		N/A	N/A	15,900	15,900	15,900
Number of participants who submitted rebates and attended water conservation workshops		N/A	N/A	610	460	500

*New performance measures added for FY22-23.

Budget Summary

DOLLARS BY FUNCTION	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
Compliance	$455,473	$734,121	$778,664	$811,752	$33,088	4.2%
Facilities Maintenance	2,827,880	2,692,318	2,625,111	2,789,838	164,727	6.3%
Fleet Maintenance	1,759,771	1,867,295	1,858,936	2,071,181	212,245	11.4%
Park Maintenance	1,460,124	1,447,147	1,789,492	1,742,849	(46,643)	(2.6)%
Public Works Administration	2,462,239	2,361,014	2,637,517	3,672,063	1,034,546	39.2%
Solid Waste	143,745	503,090	895,969	848,393	(47,576)	(5.3)%
Street Maintenance	1,660,372	2,040,701	2,062,846	2,334,159	271,313	13.2%
Trees & Landscape Maintenance	1,751,260	2,011,098	2,176,008	2,656,952	480,944	22.1%
Utility Engineering	1,286,140	1,123,341	1,310,693	1,326,930	16,237	1.2%
Utility Maintenance	5,024,844	5,387,131	4,266,369	4,990,587	724,218	17.0%
TOTAL	**$18,831,848**	**$20,167,256**	**$20,401,605**	**$23,244,699**	**$2,843,094**	**13.9%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$6,164,918	$7,138,713	$7,853,825	$8,780,885	$927,060	11.8%
4112	Temporary Salaries	261,651	138,322	277,554	277,554	0	0.0%
4113	Overtime	259,622	297,404	288,950	307,300	18,350	6.4%
4119	Adjustments-Payroll	0	0	0	0	0	0.0%
4121	Allowances	124,728	128,389	30,284	29,424	(860)	(2.8)%
4122	Standby Pay MEA	0	0	123,682	123,682	0	0.0%
4124	Leave Cashout	208,850	198,304	0	0	0	0.0%
4125	Accrued Leave	(6,266)	211,699	0	0	0	0.0%
4126	Stipend MEA	995	350	0	0	0	0.0%
4131	PERS	2,420,301	2,378,507	2,644,682	2,677,328	32,646	1.2%
4132	Group Insurance	1,190,711	1,357,738	1,553,759	1,731,990	178,231	11.5%
4133	Medicare	101,090	115,417	118,544	128,740	10,196	8.6%
4135	Worker's Compensation	37,610	58,366	65,331	182,619	117,288	179.5%
4138	Deferred Comp-Employer	14,945	15,480	17,222	18,001	779	4.5%
4139	PARS	3,838	2,072	4,674	4,674	0	0.0%
4146	Short Term Disability	0	0	6,219	22,132	15,913	255.9%
4161	Retiree Medical Reserve	347,224	87,273	93,189	98,937	5,748	6.2%
	sub-total	**11,130,217**	**12,128,034**	**13,077,915**	**14,414,567**	**1,336,652**	**10.2%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	8,806	24,268	236,500	155,840	(80,660)	(34.1)%
4210	Department Allocations	936,272	990,101	962,543	875,091	(87,452)	(9.1)%
4220	Supplies	1,219,674	1,625,084	1,288,294	1,521,255	232,961	18.1%
4230	Services	3,969,752	4,094,884	4,053,289	5,186,276	1,132,987	28.0%
4240	Repair & Maintenance	534,346	250,160	261,100	276,196	15,096	5.8%
4410	Communications	7,769	9,963	21,120	21,120	0	0.0%
4420	Utilities	168,410	232,988	239,527	247,945	8,418	3.5%
4500	Training, Travel, & Memberships	87,570	43,218	221,315	226,865	5,550	2.5%
	sub-total	**6,932,599**	**7,270,666**	**7,283,688**	**8,510,588**	**1,226,900**	**16.8%**
CAPITAL OUTLAY							
4850	Vehicles	574,816	62,543	0	259,532	259,532	0.0%
4870	Machinery and Equipment	32,743	680,645	0	20,017	20,017	0.0%
4920	Machinery, Tools & Equipment	0	10,047	0	0	0	0.0%
4930	Hydrants and Meters	161,473	15,321	40,000	40,000	0	0.0%
	sub-total	**769,032**	**768,556**	**40,000**	**319,549**	**279,549**	**698.9%**
	TOTAL	**$18,831,848**	**$20,167,256**	**$20,401,603**	**$23,244,699**	**$2,843,102**	**13.9%**

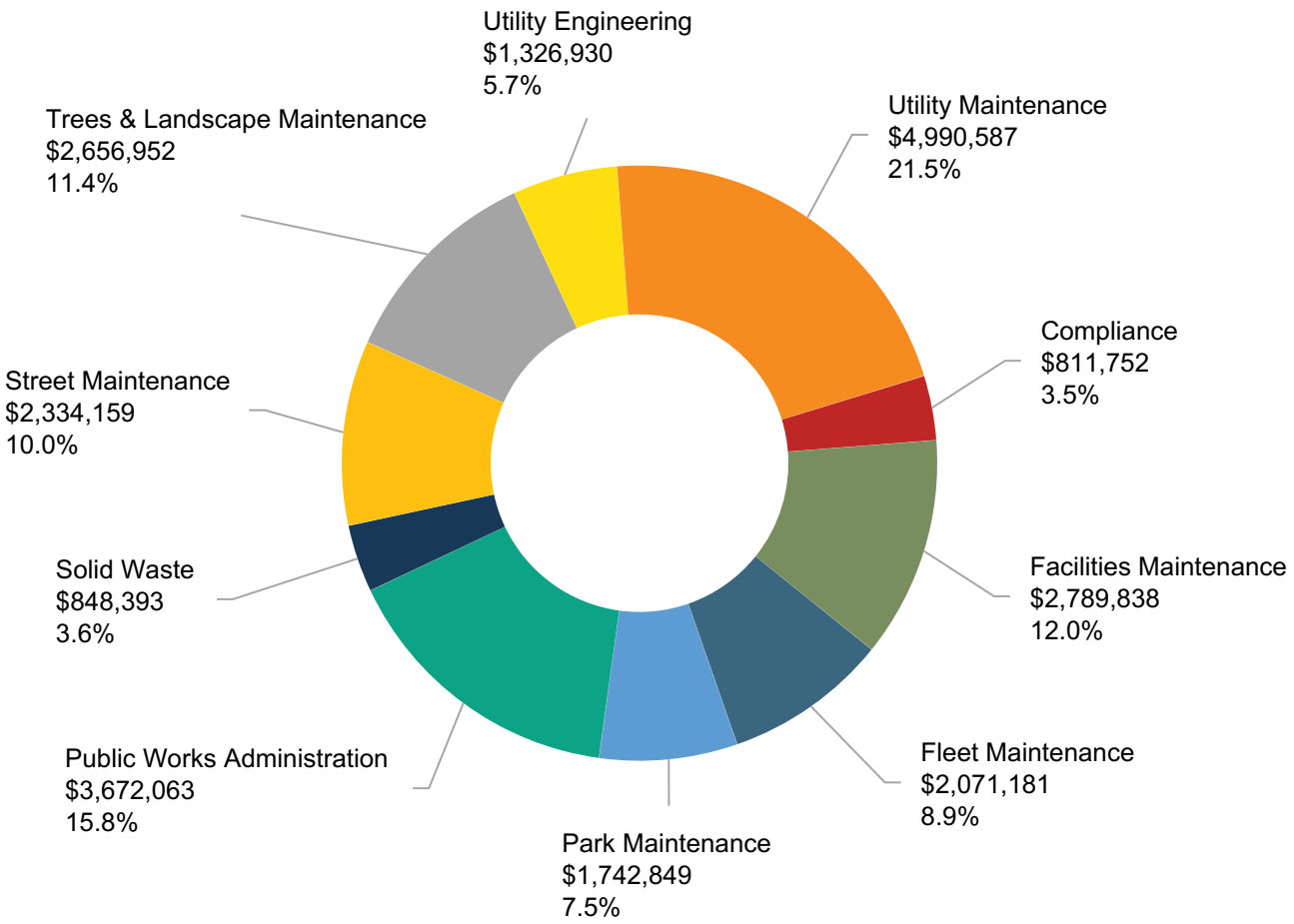
Staffing

POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Compliance	2.00	2.00	2.00	2.00	0.00
Facilities Maintenance	10.00	12.00	11.00	11.00	0.00
Fleet Maintenance	5.00	5.00	5.00	5.00	0.00
Public Works Administration	10.00	10.00	10.00	10.00	0.00
Solid Waste	3.00	3.00	3.00	3.00	0.00
Street Maintenance	10.00	10.00	11.00	14.00	3.00
Trees & Landscape Maintenance	8.00	8.00	8.00	11.00	3.00
Utility Engineering	5.00	5.00	5.00	5.00	0.00
Utility Maintenance	20.00	20.00	19.00	20.00	1.00
TOTAL	**73.00**	**75.00**	**74.00**	**81.00**	**7.00**

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Administrative Analyst I	1.00	1.00	1.00	1.00	0.00
Administrative Analyst II	2.00	2.00	2.00	2.00	0.00
Assistant Civil Engineer	1.00	1.00	1.00	1.00	0.00
Assistant Water Operator	1.00	1.00	1.00	1.00	0.00
Associate Civil Engineer	2.00	2.00	2.00	2.00	0.00
Deputy Public Works Director	1.00	1.00	1.00	1.00	0.00
Engineering Aide	1.00	1.00	1.00	1.00	0.00
Envir & Regulatory Compliance Spec	1.00	1.00	1.00	1.00	0.00
Environmental Inspector	1.00	1.00	1.00	1.00	0.00
Equipment Maint Worker II*	4.00	4.00	3.00	3.00	0.00
Equipment Maint Worker III	5.00	5.00	4.00	5.00	1.00
Fleet Maintenance Worker II	3.00	3.00	3.00	3.00	0.00
Fleet Maintenance Worker III	1.00	1.00	1.00	1.00	0.00
Maintenance Custodian II	3.00	4.00	4.00	4.00	0.00
Maintenance Custodian III	1.00	2.00	2.00	2.00	0.00
Maintenance Worker I	3.00	3.00	3.00	5.00	2.00
Maintenance Worker II	16.00	16.00	16.00	16.00	0.00
Maintenance Worker III	9.00	9.00	10.00	10.00	0.00
Maintenance Assistant	0.00	0.00	0.00	4.00	4.00
Office Assistant II	1.00	1.00	1.00	1.00	0.00
Office Specialist	1.00	1.00	1.00	1.00	0.00
Principal Civil Engineer	1.00	1.00	1.00	1.00	0.00
Public Works Director	1.00	1.00	1.00	1.00	0.00
Public Works Manager	3.00	3.00	3.00	3.00	0.00
Senior Administrative Analyst	3.00	3.00	3.00	3.00	0.00
Senior Public Works Lead	6.00	6.00	6.00	6.00	0.00
Water System Operator	1.00	1.00	1.00	1.00	0.00
Total Positions	**73.00**	**75.00**	**74.00**	**81.00**	**7.00**

*1.0 Equipment Maintenance Worker II is defunded.

Expenditures by Function



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**74.00**	**$8,789,057**	**$11,612,547**	**$20,401,604**
One-Time Prior Year Budget Adjustments				
Wet Well Cleaning Deferral (One-Time)		62,440		62,440
4th of July 2021 Savings - Public Works (One-Time)		21,000		21,000
Water Quality Dechlorination (One-Time)			(54,000)	(54,000)
One-Time Prior Year Budget Adjustments	**0.00**	**83,440**	**(54,000)**	**29,440**

Adjustments to Costs of Ongoing Activities				
Salary and Benefits		317,361	305,811	623,172
Nova Contractual Service Increase		71,528		71,528
Battery Maintenance Increase		28,284		28,284
Encampment Clean Up		100,000		100,000
Other Contractual Service Increase (Brightview, Central Square, SeeClickFix, etc.)		45,287	214,073	259,360
Equipment Amortization		(79,444)	(8,008)	(87,452)
Equipment Replacement (Concrete Saw and Flatbed Crane)			136,531	136,531
Fuel Cost			65,666	65,666
Police Car Upfitting Cost			98,000	98,000
Adjustments to Costs of Ongoing Activities	**0.00**	**483,016**	**812,073**	**1,295,089**
Total FY2022-23 Base Budget	**74.00**	**9,355,513**	**12,370,620**	**21,726,133**
Service Level Changes				
Supervisory Control and Data Acquisition (SCADA) Contract Service		67,500	82,500	150,000
Common Interest Group Legal Services			1,000,000	1,000,000
Storm Water Maintenance Staffing (Equipment Maintenance Worker III 1 FTE)	1.00	140,290	24,512	164,802
Utility Maintenance Fleet Addition (One-Time)			37,356	37,356
Landscape Maintenance Staffing (3 FTE)	3.00	143,964	156,135	300,099
Organic Waste Diversion Program Funding and Phase I of Eliminating the Structural Deficit in the Solid Waste Fund				0
Park Maintenance Staffing (3 FTE)	3.00	(40,107)	(93,583)	(133,690)
Total Service Level Changes	**7.00**	**311,647**	**1,206,920**	**1,518,567**
Total FY 2022-23 Budget	**81.00**	**$9,667,160**	**$13,577,540**	**$23,244,699**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1.	**Supervisory Control and Data Acquisition (SCADA) Contract Services**	**0.00**	**$67,500**	**$82,500**	**$150,000**

This action funds Supervisory Control and Data Acquisition (SCADA) contract service. In October 2020, Council approved a contract with ENGIE to implement energy and water savings measures for the City. One of the Council approved measures is the implementation of SCADA, a remote utility infrastructure monitoring and operation system. SCADA will require ongoing monitoring of network, equipment and systems troubleshooting and maintenance, programming, user upkeep, security maintenance and integration with existing CMMS and GIS systems.

Performance Results:

With the funding, the City can procure services to maintain, operate and monitor the newly implemented SCADA instruments.

Impact if funding is not approved

If this action is not funded, the Public Works Department will not be able to efficiently maintain and operate the new SCADA instrumentation.

2.	**Common Interest Group Legal Services Contribution**	**0.00**	**$0**	**$1,000,000**	**$1,000,000**

This action funds legal costs incurred as part of the cost sharing agreement entered into by the City and Common Interest Group (CIG) formed by various sanitation districts in the region. In 2018, due to failed efforts to resolve contractual disputes in the Master Agreements with San Jose Santa Clara Regional Wastewater Facility (RWF), CIG filed lawsuits against the cities of San Jose and Santa Clara.

Performance Results:

Funding legal service fees will allow the City to fulfil its obligations with the CIG and continue the litigation against San Jose and Santa Clara to resolve existing contractual disputes.

Impact if funding is not approved

If this action is not funded, the City can be exposed to potential litigation and will not allow the City to fund ongoing associated legal costs.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
3.	**Storm Water Maintenance Staffing**	**1.00**	**$140,290**	**$24,512**	**$164,802**

This action restores the previously defunded 1.0 Equipment Maintenance Worker III (EMWIII). On February 16, 2021, Council approved to defund multiple vacant positions to offset the budget shortfall, including a vacant EMWIII leadership position in the Utility Maintenance Division. This EMWIII position is responsible for ensuring ongoing operations of mechanical equipment at the City's 13 storm water pump stations; provides Standby coverage and leads storm water pump station emergency response during storms; assists Sewer and Water Pump Station crews when additional staff are needed for large repair and maintenance jobs; and is responsible for building and ground maintenance at the 13 pump station facilities.

This position provides Standby coverage and leads storm water pump station emergency response during storms. This position assists Sewer and Water Pump Station crews when additional staff are needed for large repair and maintenance jobs.

Additionally, the position is also responsible for building and ground maintenance at the 13 pump station facilities. This includes repairing to building doors and gates, painting bollards, rail, trim, and floors, and graffiti removal. Due to the location of the pump stations by creeks, these facilities are targets for vandalism.

Performance Impact

Currently, reduction in staff has restricted the department's maintenance capacity. Staff can only perform limited preventative maintenance on storm pump station mechanical and electrical equipment. This bare minimum level of preventative maintenance focuses on checking for engine performance, checking engine belts for damage and replacement only when damaged, and oil changes only when oil analysis warrants change. While the level of limited preventative maintenance is passible for one year, it is not sustainable and especially due to the age of our equipment, restoration of this position is needed so that more complete preventative maintenance can be conducted to ensure that these engines, pumps, and electrical equipment are operational during storm events. The restoration of EMWIII will complete preventative maintenance on all equipment, ensures early detection and repair of equipment, and will minimize surprise engine and pump breakdowns during storm events.

Mitigation

If this action is not funded, only minimum level preventative maintenance service can be provided for the water pump stations, electric engines, right angle drive engines and other mechanical equipment part of the utility system. This will eventually cause a significant breakdown in the system due to inadequate maintenance and can result in flooding.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
4.	**Utility Maintenance Fleet Addition**		**$0**	**$37,356**	**$37,356**

This action funds one F250 with tommy lift gate for the Storm/Sewer Senior Lead. As part of the FY 2018-19 Adopted Budget, the City Council approved the addition of 1.0 Senior Lead position in the Utility Maintenance Division. The Senior Lead is currently using the truck that is assigned to the defunded Equipment Maintenance Worker III (EMWIII) (Storm) position, which is proposed to be restored as part of this budget.

Performance Results:

The new vehicle will provide the necessary equipment for staff to perform their work efficiently.

Impact if funding is not approved

If this action is not funded, there will not be enough vehicles in utility maintenance fleet for staff.

5.	**Landscape Maintenance Staffing**	**3.00**	**$153,654**	**$146,445**	**$300,099**

This action funds the addition of 2.0 Maintenance Worker I positions, and one limited term 1.0 Maintenance Assistant to provide enhanced landscape maintenance services. On October 19, 2021, the City Council received a report on the status of Citywide Landscape and Park Maintenance and expressed to enhance the service levels for landscape maintenance. The 1.0 Maintenance Worker I and 1.0 Maintenance Assistant will be deployed to address work requests that are submitted to Public Works which must be completed within established time frames. The second Maintenance Worker I position will provide additional work support when the Maintenance Worker III position is supervising the Parks Maintenance Division.

Performance Impact

Additional Maintenance Worker (I) positions and Maintenance Assistant will enhance existing landscape maintenance services.

Mitigation

If this action is not funded, staff will not be able to provide enhanced landscape maintenance services for the community.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
6.	**Organic Waste Diversion Program Funding and Phase I of Eliminating the Structural Deficit in the Solid Waste Fund**		**$0**	**$0**	**$0**

This action funds ongoing existing programs required to ensure compliance with new regulations from the passing of Senate Bill 1383 (SB1383). Senate Bill 1383 (SB 1383), which became effective on January 1, 2022, mandates jurisdictions to divert organic waste from the landfill by requiring all residents and businesses to collect organic waste, such as food scraps. The staff cost related to the one-time implementation of SB 1383 has been charged to the Solid Waste Fund; however, there is no identified ongoing revenue source for the ongoing compliance work such as compliance inspections, route reviews, education and outreach, recordkeeping/documentation. Further, this action is the first phase of eliminating the structural deficit in the Solid Waste Fund, which is projected to have insufficient resources by the end of fiscal year 2022-23 to support solid waste programs. Therefore, to fund these programs, consistent with the Franchise Agreement with MSI, the City's waste hauler, an administrative solid waste increase of 2% effective July 1, 2022 will be implemented. A 2% rate increase equates to a $0.87 additional per month charge for the average residential household or $10.50 annually.

Performance Results:

Funding of the implementation program will allow the City to be in compliance with new SB1383 regulations and begin to eliminate structural deficit in the Solid Waste Fund.

Impact if funding is not approved

If not funded, the structural deficit will not be addressed. Additionally, City may not be able to meet compliance requirements, and may be fined by the State anywhere from $500 - $10,000 a day.

7.	**Park Maintenance Staffing**	**3.00**	**$(49,797)**	**$(83,894)**	**$(133,691)**

This action funds the addition of 3.0 limited term Maintenance Assistants and shifts 1.0 Maintenance Worker III position from the Trees and Landscape Maintenance Function to the Parks Maintenance Function in-lieu of contracting out park maintenance for 10 parks and skate park. New total programmatic cost for the four positions as well as equipment and supplies (ongoing and one-time) for enhanced services is $459,153 in comparison with the prior contract service appropriation of $446,791.

Performance Results:

The maintenance level of the 10 City parks and skate park is expected to be equivalent to the remaining 26 parks in the City.

Impact if funding is not approved

If this action is not approved, the maintenance for those 10 parks and skate park will not be maintained at the same service level as the parks under the Brightview contract.

Total Service Level Changes	**7.00**	**$311,647**	**$1,206,919**	**$1,518,566**

Recreation and Community Services

Recreation and Community Services Director: Renee Lorentzen

Mission Statement

The City of Milpitas Recreation and Community Services Department's mission is to enrich our community through exceptional programs and services. Our vision is a Milpitas where all residents have access to excellent, affordable, innovative and well-run recreation activities, programs, facilities and community services. Our work encourages cultural unity and hometown pride, creates a sense of place, supports economic development, promotes health and wellness, fosters human development, addresses important social service needs and adds fun to the lives of those who live and work in Milpitas.

Description

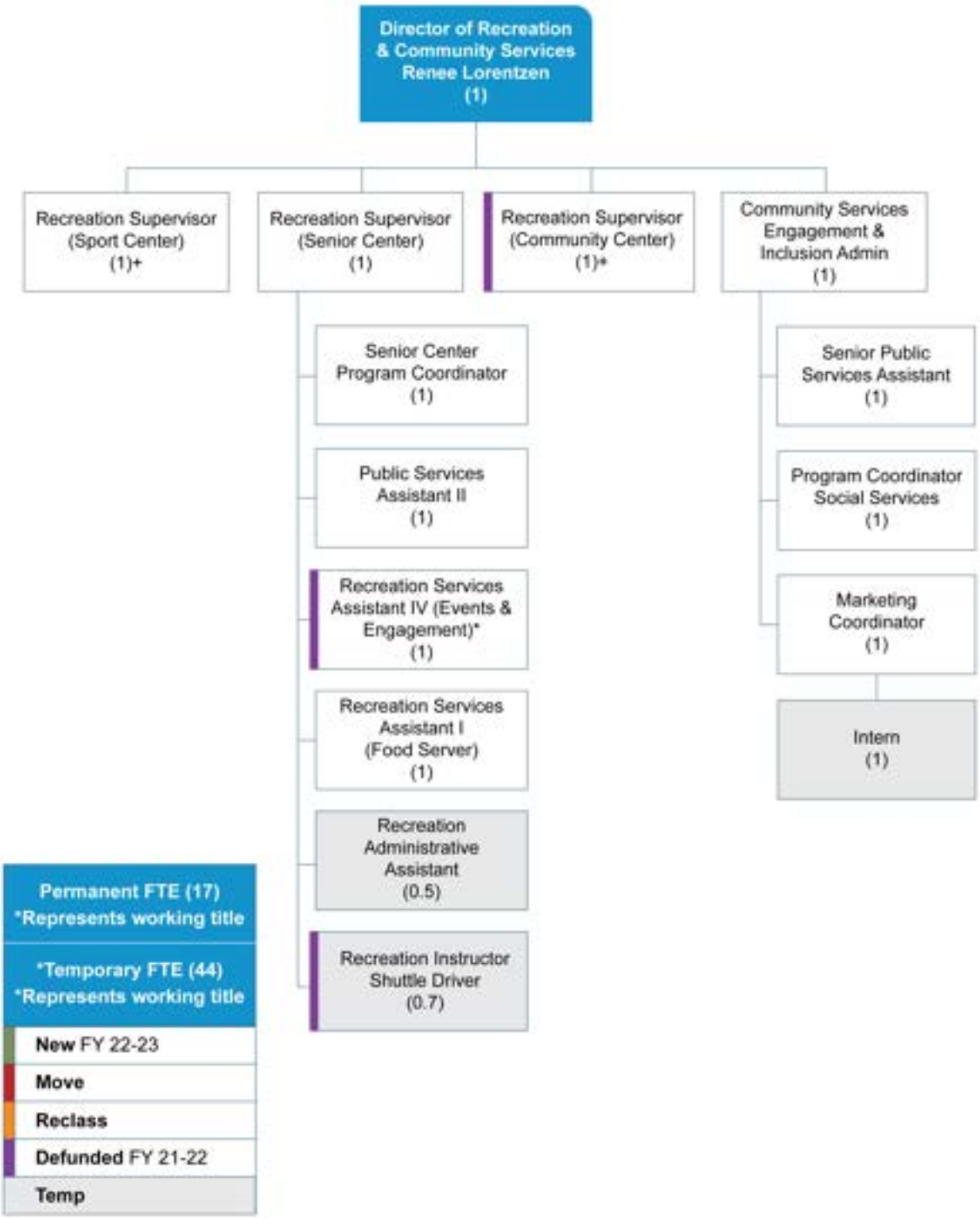
The department provides recreational opportunities and experiences, community and social services, and park and facility rentals for all residents and visitors of Milpitas. The department is committed to providing the highest standard of excellence in public service through our programs, events, and interactions with the community. The department strives to create a sense of community, support economic development, promote health and wellness, increase cultural awareness and facilitate solutions to community needs. The department monitors daily operation at three full-service Recreation Centers and three satellite centers. It also oversees and offers financial assistance program providing discounts on fee-based City Services for low income residents.

Services

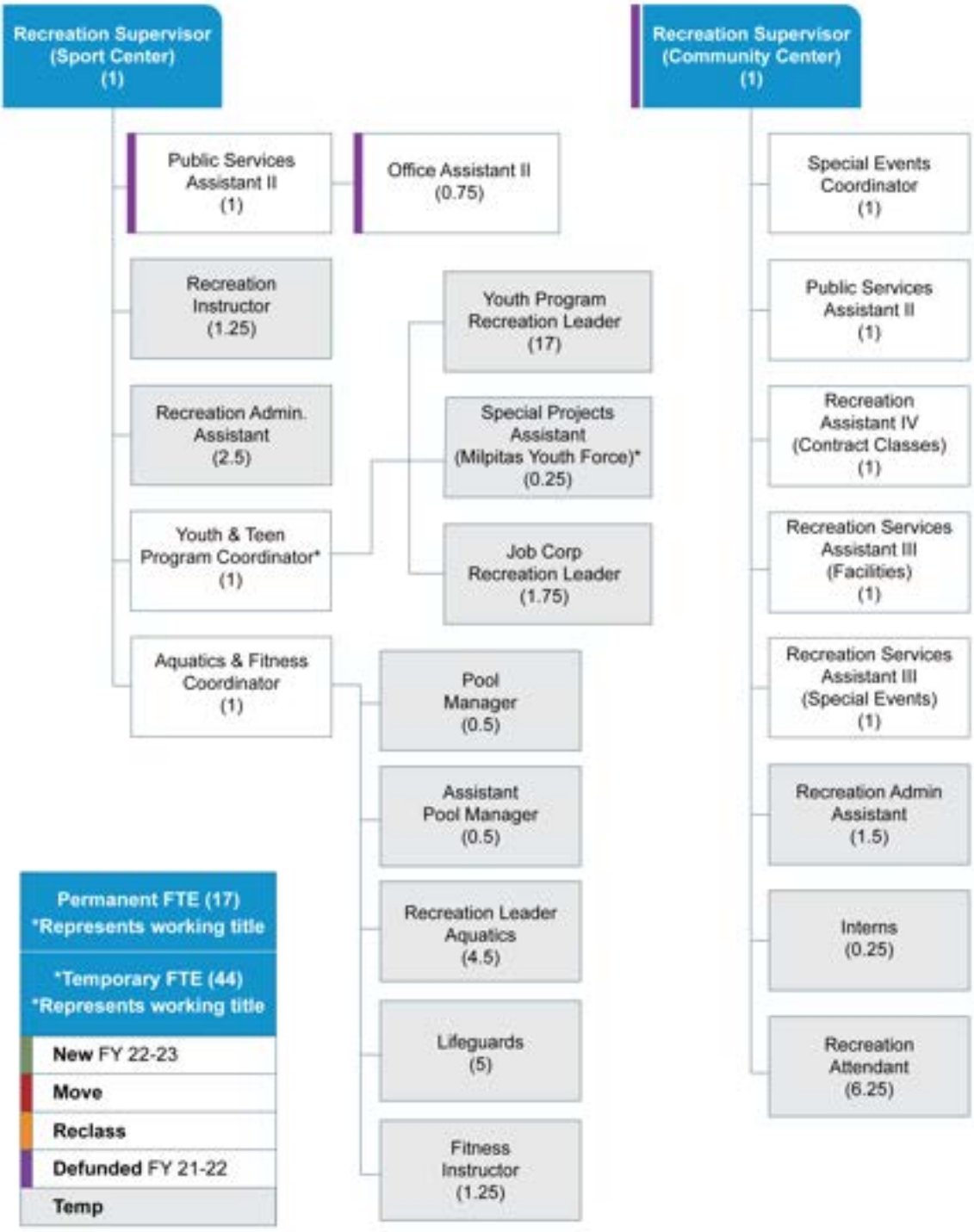
- Oversees Community Center operations, including facility and park rentals, contract classes, registration, sponsorships, and marketing. Staffs six City Commissions, a City Council subcommittee and a City Task Force. Manages volunteer program, Beautify Milpitas and the Adopt a Spot Program.
- Oversees Senior Center operations, including a daily lunch program in partnership with Santa Clara County, drop-in programs, recreation classes, events, community resources, digital literacy and lap top loaner program, onsite well-being services such as HICAP and legal and tax assistance.
- Oversees Sports Center operations and wellness programs, including Fitness Center and outdoor Pools, exercise classes, drop-in gym, lap swim, adult and youth sports programs, swim lessons, sports facility and field usage and coordination with local sports organizations.

- Oversees Community Services operations, including needs assessments and referrals for seniors, low-income, disabled, mentally ill and others in need. Administers the Milpitas Assistance Program (MAP), which provides discounts on recreation programs, utility services and residential building permit fees. Administers two American Recovery Program Act (ARPA) Coronavirus Local Fiscal Recovery Fund (CLFRF) programs: childcare subsidy for median and low-income families, and mental health programs for underserved populations. Manages community service partnerships, including pandemic-related efforts and care and shelter during local emergencies.
- Provides youth programs, including daily after school programming at seven elementary schools and both Milpitas middle schools; Teen Center; daily pre-K enrichment program; summer and school break camps; and a summer youth workforce program.
- Offers Special Events, including outdoor concerts and movies; patriotic, cultural events, and seasonal family events; ground breakings, park openings and revitalization events.
- Offers Cultural Arts, including Milpitas Community Theatre, Milpitas Community Concert Band, Phantom Art Gallery, and the Milpitas Art and Cultural Grant Program.
- Manages Public Art collection maintenance and developer compliance with the Public Art ordinance.

Recreation and Community Services Department



Recreation and Community Services Department



Accomplishments

		Community Wellness and Open Space	Economic Development and Job Growth	Environment	Governance & Administration	Neighborhoods and Housing	Public Safety	Transportation and Transit
1.	Completed Park and Recreation Master Plan	✓		✓		✓		
2.	Established intern partnerships with local universities in social services and senior services.	✓	✓					
3.	Developed and produced 16-day Holiday Magic event to activate a section of Main Street	✓	✓			✓		
4.	Developed and launched Milpitas Civic Leadership Program to train, recruit potential commissioners				✓			
5.	Developed and launched Mural program	✓				✓		
6.	Launched monthly Beautify Milpitas Program	✓		✓		✓		

Initiatives

1.	Complete and report on first full year of ARPA grant programs (childcare subsidy and nonprofit grants, and new community events).	✓	✓		✓			
2.	Open renovated Alviso Adobe House and launch public access schedule, docent and field trip program.	✓						
3.	Assess current cost recovery by program/ service and develop/implement strategic plan to reach cost recovery targets within five years.	✓			✓			
4.	Complete update to the City's Historic and Cultural Resources Plan and develop new marker program.	✓	✓		✓			
5.	Develop and launch new programming to active park spaces, in line with Parks & Recreation Master Plan recommendation.	✓				✓		
5.	Complete Public Art Master Plan, and collection maintenance plan.	✓			✓			

Performance and Workload Measures

PERFORMANCE MEASURES	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Customer Service satisfaction surveys rating Good or Excellent		93%	98%	95%	95%	95%
Resident Transactions‡		4,688	4,898	6,656	6,656	7,000
Number of Park Acres per 1,000 Residents**		1.95	1.95	1.95	1.95	1.95

ACTIVITY AND WORKLOAD DATA	Strategic Goals	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Target	FY 21-22 Estimate	FY 22-23 Target
Recreation Program and Class Fees Revenue		$1,093.964	$233,189	$1,206,916	$1,893,400	$1,893,400
Number of Social Media Engagements***		9,863	33,790	8,000	8,000	10,000
Facility and Park Rental Revenue		$72,811	$37,630	$91,690	$135,000	$183,381
Number of Community Events Offered****		37	10	16	16	29
Number of Social Services Calls		N/A	767	1,560	1,480	1,480

‡Proposed new measure to replace percentage increase of residents served. Actual count of resident transactions is more accurate, and provides a better, easier-to-calculate performance measure. An increase in transactions reflects both the relevance of services being offered and customer satisfaction as this may include repeat customers. This combines resident Senior Center and Sports center memberships, resident rentals, and resident enrollments in classes and ticketed events. All data can easily be exported from the Recreation registration system.

**3 acres per 1,000 residents - Quimby Act Standards (above acreage does not include Ed Levin Park County Park)

***Social media analytic tools for Recreation channels, plus manual counts for Recreation posts on Citywide channels. Beginning with FY 2018-19 Actual, Recreation and Community Services is counting only its own department post engagements. Prior to hire of Public Information Officer, Recreation handled all social media for City, so counts were based on social media posts by Recreation on behalf of all City Departments.

****Due to Public Health Orders, events from March 2020-present have been cancelled, or shifted to virtual or drive-thru format. Due to expected continuing capacity limits through 2021 and budget reductions, number of community events is sharply reduced from pre-pandemic numbers.

Budget Summary

DOLLARS BY FUNCTION	2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
Aquatics	$236,988	$145,321	$399,081	$408,340	$9,259	2.3%
General Classes	388,478	155,435	372,465	378,712	6,247	1.7%
Marketing	227,396	191,224	255,818	258,311	2,493	1.0%
Performing Arts	48,692	19,234	79,900	79,900	0	0.0%
Recreation Administration	1,801,524	1,559,741	1,767,830	1,826,566	58,736	3.3%
Senior Services	750,630	713,818	623,431	690,909	67,478	10.8%
Social Services	0	86,019	168,505	172,288	3,783	2.2%
Special Events	481,850	85,820	223,631	429,395	205,764	92.0%
Sports & Fitness	516,234	386,573	444,567	576,099	131,532	29.6%
Youth Program	774,915	318,269	999,446	1,044,928	45,482	4.6%
TOTAL	**$5,226,707**	**$3,661,454**	**$5,334,674**	**$5,865,447**	**$530,773**	**9.9%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
PERSONNEL SERVICES							
4111	Permanent Salaries	$1,563,494	$1,603,199	$1,534,660	$1,804,307	$269,647	17.6%
4112	Temporary Salaries	1,228,379	494,509	1,609,512	1,661,649	52,137	3.2%
4113	Overtime	4,453	1,019	25,000	35,000	10,000	40.0%
4121	Allowances	6,600	3,554	3,802	13,200	9,398	247.2%
4124	Leave Cashout	69,709	95,295	0	0	0	0.0%
4131	PERS	624,356	539,214	517,917	560,072	42,155	8.1%
4132	Group Insurance	325,569	304,177	359,661	358,275	(1,386)	(0.4)%
4133	Medicare	41,424	31,858	46,494	51,435	4,941	10.6%
4135	Worker's Compensation	7,078	16,685	28,301	26,317	(1,984)	(7.0)%
4138	Deferred Comp-Employer	12,353	12,058	15,327	15,150	(177)	(1.2)%
4139	PARS	17,870	7,396	25,022	25,795	773	3.1%
4141	Adjustments-Payroll	0	0	0	0	0	0.0%
4143	Charged to CIPs	0	0	(3,000)	(3,000)	0	0.0%
4146	Short Term Disability	0	0	1,386	4,869	3,483	251.3%
4161	Retiree Medical Reserve	88,360	16,386	12,358	15,853	3,495	28.3%
	sub-total	**3,989,645**	**3,125,350**	**4,176,440**	**4,568,922**	**392,482**	**9.4%**

DOLLARS BY CATEGORY		2019-20 Actual	2020-21 Actual	2021-22 Adopted	2022-23 Proposed	FY 2023 Change $	FY 2023 Change %
SUPPLIES AND CONTRACTUAL SERVICES							
4200	Community Promotion,Grant/ Loan	23,542	7,833	51,200	51,200	0	0.0%
4210	Department Allocations	100,314	97,174	67,381	56,129	(11,252)	(16.7)%
4220	Supplies	283,421	227,805	437,146	508,516	71,370	16.3%
4230	Services	630,644	196,229	582,402	660,176	77,774	13.4%
4240	Repair & Maintenance	0	0	1,600	1,600	0	0.0%
4500	Training, Travel, & Memberships	8,630	6,823	16,525	16,925	400	2.4%
4600	Insurance,Settlemts& Contingcy	1,560	240	1,980	1,980	0	0.0%
	sub-total	**1,048,111**	**536,104**	**1,158,234**	**1,296,526**	**138,292**	**11.9%**
	TOTAL	**$5,226,707**	**$3,661,454**	**$5,334,674**	**$5,865,447**	**$530,774**	**9.9%**

Staffing

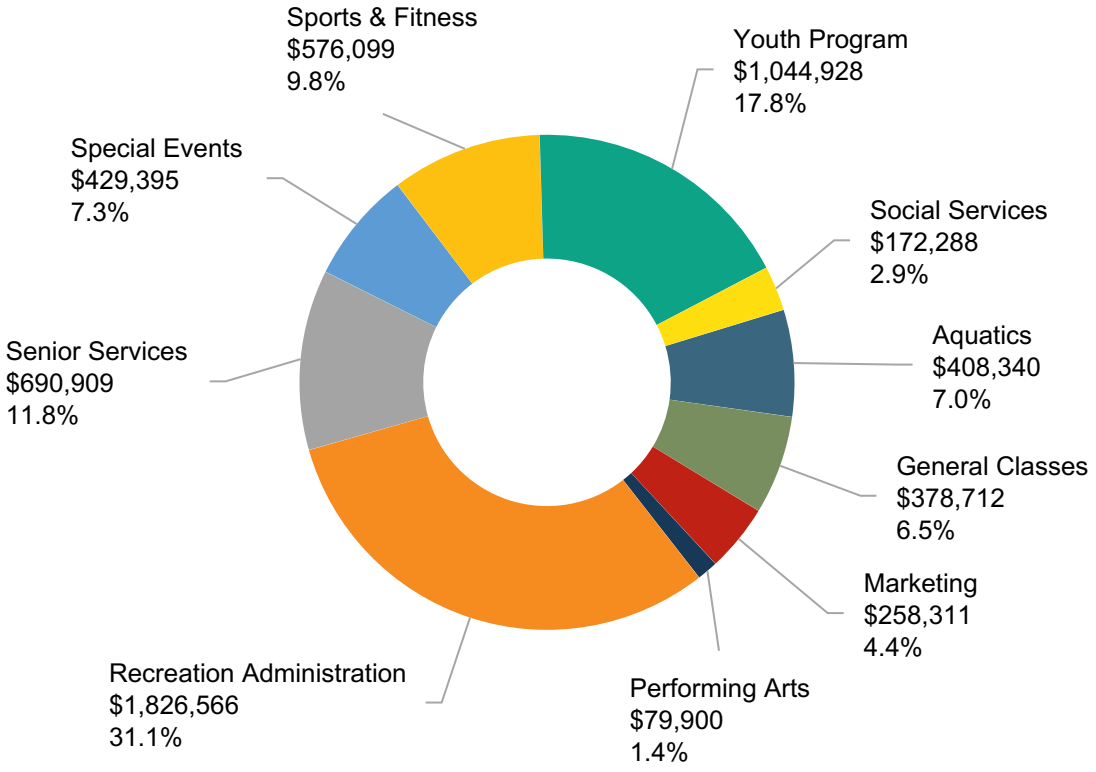
POSITIONS BY FUNCTION	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Adult Sports	0.00	0.00	0.00	0.00	0.00
General Classes	1.00	1.00	1.00	1.00	0.00
Marketing	1.00	1.00	1.00	1.00	0.00
Performing Arts	0.00	0.00	0.00	0.00	0.00
Recreation Administration	8.00	8.00	7.00	7.00	0.00
Senior Services	4.00	4.00	3.00	3.00	0.00
Social Services	1.00	1.00	1.00	1.00	0.00
Special Events	2.00	2.00	0.00	2.00	2.00
Sports & Fitness	2.75	2.75	1.00	1.00	0.00
Youth Program	1.00	1.00	1.00	1.00	0.00
TOTAL	**20.75**	**20.75**	**15.00**	**17.00**	**2.00**

*3.75 FTEs are defunded (Public Service Assistant I/II, Recreation Services Asst IV, Office Assistant II, Recreation Services Supervisor)

POSITIONS	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY 2023 Change
Community Svc Eng & Inc Admin	1.00	1.00	1.00	1.00	0.00
Director of Rec & Comm Svcs	1.00	1.00	1.00	1.00	0.00
Marketing Coordinator	1.00	1.00	1.00	1.00	0.00
Office Assistant II*	0.75	0.75	0.00	0.00	0.00
Program Coordinator	5.00	5.00	4.00	5.00	1.00
Public Services Assistant I/II*	3.00	3.00	2.00	2.00	0.00
Recreation Services Asst I/II	1.00	1.00	1.00	1.00	0.00
Recreation Services Asst III	2.00	2.00	1.00	2.00	1.00
Recreation Services Asst IV*	2.00	2.00	1.00	1.00	0.00
Recreation Services Supervisor*	3.00	3.00	2.00	2.00	0.00
Sr Public Services Assistant	1.00	1.00	1.00	1.00	0.00
Total Positions	**20.75**	**20.75**	**15.00**	**17.00**	**2.00**

*3.75 FTEs are defunded (Public Service Assistant I/II, Recreation Services Asst IV, Office Assistant II, Recreation Services Supervisor)

Expenditures by Function



Budget Reconciliation

	Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
PRIOR YEAR BUDGET	**15.00**	**$5,334,674**	**$0**	**$5,334,674**
One-Time Prior Year Budget Adjustments				
4th of July, 2021 Savings - Recreation		74,000		74,000
Restore Overtime and Non-Personnel Expenditure Reduction Related to COVID-19		36,900		36,900
One-Time Prior Year Budget Adjustments	**0.00**	**110,900**	**0**	**110,900**
Adjustments to Costs of Ongoing Activities				
Salary and Benefits		75,955		75,955
Senior Nutrition Meals Increase		46,870		46,870
Restore Program Coordinator (1/1/2022)	1.00	124,751		124,751
Temporary Staff Minimum Wage Increase		28,575		28,575
Equipment Replacement Amortization		(11,252)		(11,252)
Adjustments to Costs of Ongoing Activities	**1.00**	**264,899**	**0**	**264,899**
Total FY2022-23 Base Budget	**16.00**	**$5,710,473**	**$0**	**$5,710,473**
Service Level Changes				
Community Engagement Program Staffing	1.00	62,085	15,466	77,551
Recreation and Community Services Organizational Study		50,000		50,000
Part-time Staff Salary Enhancement		27,423		27,423
Total Service Level Changes	**1.00**	**139,508**	**15,466**	**154,974**
Total FY 2022-23 Budget	**17.00**	**$5,849,981**	**$15,466**	**$5,865,447**

Service Level Changes

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
1.	**Community Engagement Program Staffing**	**1.00**	**$62,085**	**$15,466**	**$77,551**

This action restores the previously defunded Recreation Assistant III with a modified list of duties in response to changes in service demands. As the pandemic continues to dissipate, Council has provided more referrals in the function area of engagement and inclusion such as the forthcoming opening of the Alviso Adobe Building this year, which necessitates the development and oversight of a Docent Program, community-collaborative programs like the Children's Memorial Garden, Park Champions, and mural programs as well as the development of the cultural/historical program.

Performance Results

With the restoration of Recreation Assistant III, it will allow the department to timely execute plans for opening Alviso Adobe, implementing the new mural program and other Arts, Heritage and Cultural and Community Engagement-related events.

Impact if funding is not approved

If this action is not funded, some of these planning tasks would be distributed among other coordinators/ or continued by the Community Engagement and Inclusion Administrator as time allows. Consequently, high profile and Council referred projects would likely be delayed or eliminated.

2.	**Part-time Staff Salary Alignment**		**$27,423**	**$0**	**$27,423**

This action provides funding for temporary Recreation and Community Services (RCS) staff salary increases in response to minimum wage increases to retain experienced PT employees. RCS is increasingly unable to hire and retain part-time staff at the salary rates budgeted. Frequent staff turn-over and lengthy vacancies are making it difficult for the department to maintain its expected outstanding customer service.

Performance Results

The department will have additional funds available to provide merit increases needed to retain its most experienced staff and raise hiring salaries to be competitive in the market.

Impact if funding is not approved

If this action is not funded, the department can expect continued difficulty hiring and retaining qualified individuals for positions such as Building Attendants and Community Center Front Desk staff.

		Positions	General Fund Expenditures	Other Fund Expenditures	All Fund Expenditures
3.	**Recreation and Community Services Organizational Study**		**$50,000**	**$0**	**$50,000**

This action provides for one-time funding of an organizational study for the Department of Recreation and Community Services (Department). The Council approved Parks Master Plan Update included a Department cost-recovery policy, which set the cost-recovery goals for certain services provided by the Department. This organizational study will focus on the effective and efficient delivery of these services and the current structure and staff complement.

Performance Results

The outcome of the Study is to develop a set of recommendations that will set up the Department for the successful delivery of these services.

Impact if funding is not approved

If this action is not funded, the Department will not be able to conduct an organizational study.

Total Service Level Changes	**1.00**	**$139,508**	**$15,466**	**$154,974**

Non-Departmental

Description

This category funds a variety of activities that are not specific to any one department. Personnel Services include expenditures not budgeted in the individual departments such as vacation and leave cashouts, benefit administration fees, and self-funded unemployment insurance. Supplies and Contractual Services include centralized copier costs for City Hall, utility payments and citywide tuition reimbursement. Sewer treatment plant maintenance and operation are funded in this category, as are all water purchases for the water fund. This category also funds debt service as well as equipment and vehicle expenditures.

Expenditure Analysis

Personnel Services

$0.7 million will fund vacation and leave cashouts, MOU contractual obligations, retiree medical benefits and unemployment benefits, and also incorporate a 2.7% vacancy factor in the General Fund.

Debt Services

$1,196,800 scheduled to pay the Lease Revenue Bonds $629,950 scheduled to pay the principal and interest due on the 2017 Wastewater Revenue Refunding Bonds for the sewer system and interfund loan. $1,047,050 is the payment for the principal and interest due on the 2019 Water Bonds, and $1,791,325 is for the 2019 Wastewater Bond.

Services and Supplies

$6,882,265 is for Treatment Plant fees; $3,900,893 is for gas, electric, and water utilities; $20,139,597 is for water purchases; $1,699,496 is for recycled water purchase. A total of $30,000 is reflected in this function for citywide tuition reimbursement. $2,265,662 is budget based on preliminary estimate of the City's insurance premium with PLAN JPA for the 2022-23 fiscal year. $200,000 is also included for costs related to a green vehicle lease program for 43 vehicles in FY 2022-23 that do not currently have replacement funding. All of these vehicles are 10 years and older and are proposed to be replaced with hybrid and electric vehicles. $446,700 is also included for the Citywide Rate Assistance Program for Building and Planning fees and Water and Sewer Utility bills.

Equipment Replacement

$560,406 is for equipment replacement from monies that are available in the Equipment Replacement Fund.

		Grand Total	General Fund[1]
Personnel Services			
4119	Adjustments-Payroll	$0	$0
4124	Leave Cashout	$700,000	$650,000
4131	PERS	33,500	30,000
4132	Group Insurance	23,000	20,000
4136	Unemployment	203,000	200,000
4137	MOU Contractual Agreements	1,109,000	1,019,330
4141	Adjustments-Payroll	(2,385,205)	(2,385,205)
4161	Retiree Medical Reserve	—	—
	sub-total	**(316,705)**	**(465,875)**
Supplies & Contractual Services			
4209	Rate Assistance Program	446,700	446,700
4212	Vehicle Lease Charges	200,000	200,000
4237	Contractual Services	190,900	84,900
4239	Audit Fees	98,000	66,000
4241	Repair & Maintenance	5,000	—
4242	Rents & Leases	339,000	300,000
4253	Plan JPA Attorney's Fees	220,000	80,000
4254	Plan JPA Settlements	171,500	76,500
4280	Elections	127,200	120,000
4421	Utilities-Gas	220,000	200,000
4422	Utilities-Electric	2,197,876	1,167,871
4423	Utilities-Water	1,477,517	1,304,000
4424	SFWD, Wholesale Water Purchase	14,576,248	—
4425	SCVWD, Wholesale Water Purchase	5,563,349	—
4426	Utilities - Solid Waste	5,500	—
4427	Recycled Water Purchase	1,699,496	—
4429	Treatment Plant, M&O	6,882,265	—
4509	Tuition Reimbursement	30,000	24,000
4602	Cybersecurity, Liability, Property Insurance	2,615,374	1,810,225
4610	Uncollectible Accounts	150,000	50,000
4611	Collection Fees	22,000	7,500
4640	Unanticipated Expenditures Reserve	1,140,000	1,140,000
	sub-total	**38,377,925**	**7,084,896**
Debt Service			
4701	Retirement of Principal	1,805,000	470,000
4711	Interest Expense	2,870,125	726,800
	sub-total	**4,675,125**	**1,196,800**
Capital Outlay			
4851	Vehicles	560,406	—
4873	Machinery & Equipment	130,541	—
	sub-total	**690,947**	—
	TOTAL	**$43,427,292**	**$7,815,821**

(1) General Fund, Abandon Vehicle Abatement Fund, 1452 S. Main St Fund and administration funds of the former Redevelopment Agency.
(2) Other Funds include Community Benefit Fund, Community Facility District Funds, Community Planning Fee Fund, Gas Tax Fund, Equipment Replacement Fund, Housing and Community Development Fund, Information Technology Replacement Fund, Law Enforcement Grant Funds, Light & Landscape Maintenance District Funds, Measure B Fund, Permit Automation Fund, Public Art Fund, and Solid Waste Services Fund.

Housing Authority	Other Funds[2]	Capital Projects[3]	Water Fund[4]	Sewer Fund[5]
$0	$0	$0	$25,000	$25,000
—	—	—	1,750	1,750
—	—	—	1,500	1,500
—	—	—	1,500	1,500
—	—	—	44,835	44,835
—	—	—	—	—
—	—	—	—	—
—	**—**	**—**	**74,585**	**74,585**
—	—	—	—	—
—	—	—	—	—
73,050	9,700	—	7,350	15,900
—	7,000	—	12,500	12,500
5,000	—	—	—	—
—	39,000	—	—	—
—	—	—	40,000	100,000
—	—	—	25,000	70,000
—	—	—	—	—
—	—	—	10,000	10,000
—	—	—	720,005	310,000
6,000	—	—	136,517	31,000
—	—	—	14,576,248	—
—	—	—	5,563,349	—
5,500	—	—	—	—
—	—	—	1,699,496	—
—	—	—	—	6,882,265
—	—	—	3,000	3,000
1,862	214,964	—	147,081	441,242
—	—	—	50,000	50,000
—	—	—	8,500	6,000
—	—	—	—	—
91,412	**270,664**	**—**	**22,999,046**	**7,931,907**
—	—	—	315,000	1,020,000
—	—	—	732,050	1,411,275
—	**—**	**—**	**1,047,050**	**2,431,275**
—	560,406	—	—	—
—	130,541	—	—	—
—	**690,947**	**—**	**—**	**—**
$91,412	**$961,611**	**$0**	**$24,120,681**	**$10,437,767**

(3) Capital Projects include Street Improvement Fund, Park Improvement Funds, General Government Capital Improvement Fund, Storm Drain Capital Improvement Fund and Transit Area Impact Fee Fund.
(4) Water Fund includes Water Maintenance & Operations Fund, 2019 Water Bond Fund, Water CIP Fund, Water Line Extension Fund, and Water Infrastructure Replacement Fund.
(5) Sewer Fund includes Sewer Operations Fund, 2019 Sewer Bonds Fund, Sewer Fund CIP, Treatment Plant Construction Fund, 2017 Sewer Refunding Bonds, and Sewer Infrastructure Replacement Fund.

Milpitas

Capital Improvement Program Overview

On May 3, the City Council will hold a Public Hearing and consider adoption of the FY 2023-2027 Capital Improvement Program (CIP) for a total amount of $23,976,000. This summary section of the CIP by project category describes the Adopted Operating Budget.

The FY 2022-23 Capital Improvement Program funding in the amount of $23.9 million is $1.6 million more than the FY 2021-22 Adopted CIP of $22.3 million. Due to limited General Government funding, staff evaluated projects that had General Government funding and strategically funded projects in the current plan. The estimated 2021-22 Ending Fund Balance / 2022-23 Beginning Fund Balance for the General Government Fund is $10 million, of which $4.6 million is being used in the current plan. These funds will continue to be analyzed each year to maximize the public benefit for use of these funds.

The Capital Improvement Budget funding for FY 2022-23 by Project Category is as follows:

Project Category	FY 2022-23 Adopted Budget	Percentage of Total
Community Improvement	$5,094,000	21.2%
Park Improvement	$1,580,000	6.6%
Street Improvement	$8,540,000	35.6%
Water Improvement	$1,815,000	7.6%
Sewer Improvement	$6,947,000	29%
Storm Drain Improvement	$0	0%
TOTAL	**$23,976,000**	

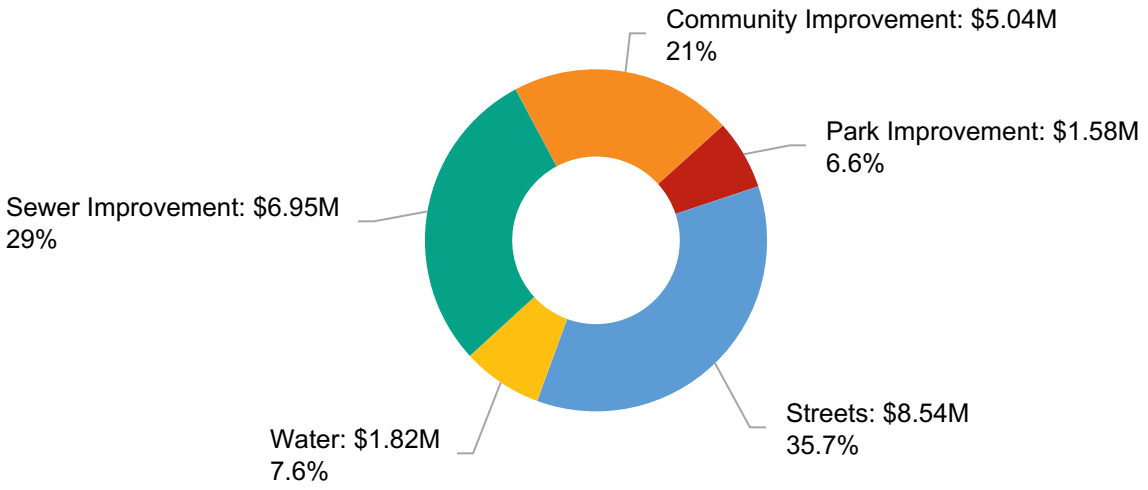
Noteworthy projects recommended for funding in FY 2022-23 includes Cardoza Park Softball Field Improvement; Street Resurfacing Project 2022-23; S. Milpitas Blvd. Vehicle Bridge at Penitencia Creek; Well Upgrade Project; and Montague Pedestrian Overcrossing at Penitencia Creek.

The Capital Improvement Budget was reviewed by the Planning Commission on March 23 to determine its conformance with the City's General Plan. The Parks, Recreation and Cultural Resources Commission met on March 7 to review the park improvement projects for FY 2022-23.

The City is pleased to report the significant progress and completion of some major improvements this past year, including Alviso Adobe Media and Exhibits, Citywide LED Lighting Retrofit project; Facilities Water Fixtures Retrofit project; Fire Station 2 Replacement, General Plan 2040; McCandless Park Phase 1, Park and Recreation Master Plan Update; Radar Speed Feedback Signage and Beacon project and also keeping pace with the Annual Street Resurfacing and Minor Sewer System Improvements projects.

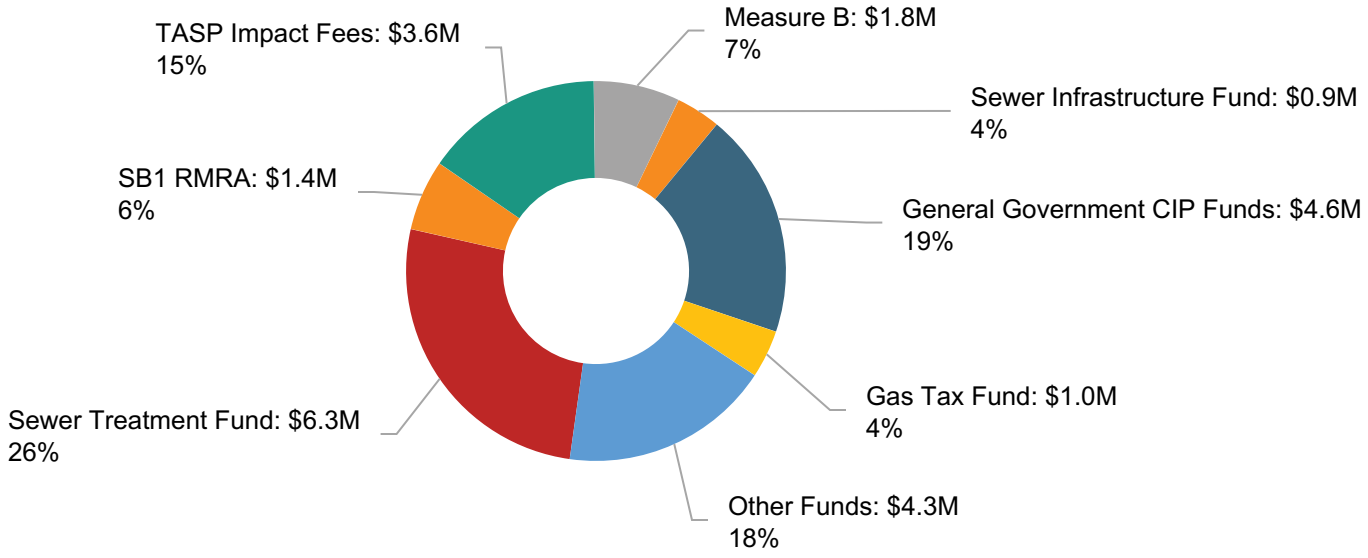
The chart below provides an overview of the City's anticipated capital improvement projects by category in FY 2022-23:

CIP Expenditures by Category (in Millions $23.9)



The funding for FY 2022-23 capital improvement projects, as shown by the chart below, is primarily from Sewer Treatment Fund, TASP Impact Fees, General Government CIP, Gas Tax Fund, SB1 RMRA, Meaure B, and Sewer Infrastructure Fund:

Funding Sources for 2022-23 CIP Projects (in Millions $23.9)



Since the City's budget is an annual budget, the Budget only incorporates funding for FY 2022-23 capital improvement projects. It should also be noted that while staff prioritizes and anticipates the longer-term funding needs for the next four years in the five-year CIP, years 2023 through 2027 are shown only for planning purposes and are not funded at this time.

The Capital Budget section of this document provides a summary of each project description grouped by project category and a 2023-2027 Capital Improvement Program Grand Summary of project expenses and funding sources. For further details on the capital improvement projects, a separate Five-Year FY 2023-2027 Capital Improvement Program prepared by the Engineering Department may be obtained at the Milpitas City Hall or the City's website.

Capital Improvement Program Grand Summary

Project Expenses	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Community Improvement	5,094,000	3,335,000	2,460,000	2,235,000	3,050,000	16,174,000
Park Improvement	1,580,000	975,000	9,800,000	600,000	5,850,000	18,805,000
Street Improvement	8,540,000	34,856,000	9,756,000	26,541,000	7,641,000	87,334,000
Water Improvement	1,815,000	4,090,000	2,790,000	530,000	34,735,000	43,960,000
Sewer Improvement	6,947,000	7,060,000	11,590,000	6,535,000	3,230,000	35,362,000
Storm Drain Improvement	0	825,000	0	850,000	1,430,000	3,105,000
Total	**$23,976,000**	**$51,141,000**	**$36,396,000**	**$37,291,000**	**$55,936,000**	**$204,740,000**

Funding Sources	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Community Facilities District	50,000	0	0	0	0	50,000
Community Planning Fees	200,000	0	0	0	0	200,000
Gas Tax Fund	973,026	900,000	700,000	700,000	600,000	3,873,026
General Government CIP Fund	4,597,000	0	0	0	0	4,597,000
LLMD	11,000	11,000	11,000	11,000	11,000	55,000
Measure B	1,761,560	1,700,000	1,700,000	1,700,000	1,700,000	8,561,560
Midtown Park Fund	575,000	225,000	0	0	0	800,000
Park Fund	655,000	0	0	0	0	655,000
Permit Automation Fund	150,000	0	0	0	0	150,000
Public Art Fund	130,000	50,000	50,000	50,000	50,000	330,000
SB1 RMRA	1,444,414	1,500,000	1,500,000	1,500,000	1,500,000	7,444,414
Sewer Infrastructure Fund	909,000	7,060,000	11,590,000	1,150,000	250,000	20,959,000
Sewer Treatment Fund	6,300,000	0	0	0	0	6,300,000
Street Improvement Fund	300,000	0	0	0	0	300,000
TASP Impact Fees	3,643,000	15,410,000	10,000	1,410,000	33,480,000	53,953,000
Vehicle Registration Fee	500,000	500,000	500,000	500,000	500,000	2,500,000
Water Capital Surcharge	1,777,000	4,090,000	2,790,000	530,000	1,905,000	11,092,000
Sub Total	**$23,976,000**	**$31,446,000**	**$18,851,000**	**$7,551,000**	**$39,996,000**	**$121,820,000**

External Financing	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Grants/Reimb./Developer Fees	0	0	0	0	0	0
Wastewater Revenue Bonds	0	0	0	0	0	0
Water Bonds	0	0	0	0	0	0
Revenue Bond	0	0	0	0	0	0
Sub Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
No Funding Source	0	19,695,000	17,545,000	29,740,000	15,940,000	82,920,000
Total	**$23,976,000**	**$51,141,000**	**$36,396,000**	**$37,291,000**	**$55,936,000**	**$204,740,000**

Fund Descriptions

The basic accounting and reporting entity for a City is a fund. A fund is "an independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created". Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funds used in government are classified into three broad categories: governmental, proprietary and fiduciary. Governmental funds include activities usually associated with a typical state or local government's operations (public safety, general government activities, etc.). Proprietary funds are used in governments to account for activities often found in the private sector (utilities, stadiums, and golf courses are prime examples). Trust and Agency funds are utilized in situations where the government is acting in a fiduciary capacity as a trustee or agent. The various funds are grouped in fund types and categories as follows:

Governmental Funds

Government Funds include activities usually associated with the governmental entities' operations (police, fire and general government functions).

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are sales taxes, property taxes, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for general government activities, public safety, most street work and the other services described above.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

- **Public Art Fund –** was established to account for construction or acquisition of public art to expand opportunities for the City of Milpitas' citizens to experience public art and enhance the quality of life in the community. The city dedicates 1.5% of eligible projects within the annual Capital Improvement Project expenditures to the acquisition and installation of public art. The expenditures will include, but not limited to, the cost of public art, its installation, maintenance and repair of artwork funded by this fund.
- **Gas Tax Fund –** was established to account for the construction and maintenance of the street system in Milpitas. Financing is provided by the City's share of state gasoline taxes.
- **Lighting and Landscape Maintenance District Fund –** was established to account for assessments within a district. Revenue is used for servicing and maintaining the public landscaping and additional lighting for the district.
- **Community Facility District Fund –** was established to account for special taxes collected within the district to provide park maintenance and street landscape maintenance services, public safety.
- **Housing and Community Development Fund –** was established to account for community development block grants and expenditures.
- **Law Enforcement Services Fund –** was established to account for the proceeds from the sale of assets which were seized in connection with drug related arrests made by the Allied Agency Narcotic Enforcement Team (AANET) of Santa Clara County and federal asset forfeiture funds received through the Equitable Sharing program. Shared funds must be used only for specified law enforcement purposes; funds are to be used to augment law enforcement budgets, not supplant them. This fund also accounts for the Supplemental Law Enforcement Services grant and expenditures.
- **Solid Waste Services Fund –** was established to account for landfill tipping fees allocated by Santa Clara County. The County allocates a fee of $1 per ton to each City to be used in relation to the State of California Waste Reduction Act. Revenue is used for the implementation of future waste reduction programs to meet the

future State required landfill deposits percentage reduction. The fund also accounts for special charges built into garbage rates specifically for community promotions and household hazardous waste activities. These activities support the City's ongoing efforts to meet State mandates to reduce waste.

- **Hetch-Hetchy Ground Lease Fund –** Established to account for the lease payment to the City and County of San Francisco for the permitted use of the Hetch-Hetchy land.
- **Housing Authority Fund –** was established to allow the City to aggressively plan and address aging of the Milpitas housing stock, limited amount of land, high costs of housing, continuous overcrowding and potential increase in unsanitary conditions. The establishment of a Housing Authority allows the City to improve the quality of life and standard of living for a substantial number of its residents.

Debt Service Funds – Debt Service Funds are used to account for financial resources to be used for the payment of principal and interest on governmental fund long-term debt. The City has the following outstanding bonds: 2015 Tax Allocation Bond and 2017 Wastewater Revenue Refunding Bonds.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

- **Redevelopment Project –** was established to account for the financing and construction activities in the redevelopment project areas. This fund is inactive as of 1/31/2012 due to Assembly Bill 1X26.
- **Street Improvement Fund –** was established to account for the construction and maintenance of the street system in Milpitas. Financing is provided through State and federal grants.
- **General Government Fund –** was established to account for the construction and maintenance of community improvements. Capital projects previously accounted for in the General Fund has been incorporated in this fund.
- **Park Improvement Fund –** was established to account for the construction and maintenance of City parks. Financing is provided by a special parks improvement fee imposed on developments.
- **Transit Area Impact Fee Fund –** was established to account for the financing and construction activities of infrastructure in the Transit Area Specific Plan.
- **Storm Drain Improvement Fund –** was established to account for the construction and maintenance of City storm drains. Financing is partially provided by fees imposed on developments

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates the Water Utility and Sewer Utility enterprise funds.

- **Water Utility Fund –** was established to provide water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, and billing and collection.
- **Sewer Utility Fund –** was established to provide sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

- **Equipment Management Fund –** was established to finance and account for the replacement of equipment used by City departments on a cost reimbursement basis.
- **Information Technology Replacement Fund –** was established to finance and account for the replacement of information technology equipment used by City departments.
- **Permit Automation Fund –** was established to finance and maintain the online permit development system.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

- **Employee Deferred Compensation Plan –** was established to account for accumulated employee funds withheld and invested as provided by the Plan.
- **Employee Benefit Fund –** was established to account for self-insured employee dental plan, short term disability plan and MOU contractual agreements.
- **Senior Advisory Commission Fund –** was established to account for the fund raising activities of the Commission.

Revenue Descriptions

The City of Milpitas provides many services to its residents such as Police, Fire, Parks, Recreation, etc. These services are not without cost to the taxpayer. It is the task of City Officials to produce the necessary revenue to satisfy the ever-growing demand for local services.

The City of Milpitas receives revenue from many sources to offset the costs of its operations. Revenue is received from sales taxes, property taxes, and many other sources. For each fiscal year, the City's revenues are estimated conservatively and, therefore, actual revenues received often exceed the estimated projections. This section will describe the major revenue sources available to the City. The Summary of Current Revenues by Fund will provide a more detailed breakdown of all revenues. The major revenue sources are as follows:

Property Taxes

Property Taxes – Property tax is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property located within the City. The tax comprises one percent of the assessed value of the property. The assessed value of real property appraised by the County Assessor in the 1975-76 assessment role value adjusted after 1975 by a two percent inflation factor per year. When property changes hands or new construction occurs, it is reassessed at its current market value. Included in Property tax revenue is Excess Educational Revenue Augmentation Fund (ERAF), which is the mechanism that moves state funds through the County system. The California Legislature created ERAF in 1991 to reduce state general fund spending on schools, in which a portion of property tax revenue goes to ERAF to support local school districts. When the amount contributed to ERAF is more than the minimum cost of funding local schools, excess funds are returned to the County, Cities, and Special Districts. Redevelopment Property Tax Trust Fund (RPTTF) is property tax revenue which had previously been paid to each Redevelopment Agencies (RDA), but is now required to be transferred to a new trust fund, RPTTF, as all RDAs were dissolved.

Sales Taxes

Sales and Use Tax – Sales and use tax is imposed on retailers for the privilege of selling, at retail, within the City limits. This tax is based on the sales price of any taxable transaction of tangible personal property. The Bradley-Burns Uniform Local Sales and Use Tax Law, adopted in 1955, extends the authority to impose local tax to counties. One percentage point of the sales tax collected by the State Board of Equalization is allocated back to the City for general purposes. This revenue is placed in the General Fund for unrestricted uses. Operative April 2021, Measure F, a Transaction and Use tax, will enact a ¼ cent local sales tax for eight years, with locally-controlled funding that cannot be taken by the state.

Transient Occupancy Tax

Transient Occupancy Tax – The Transient Occupancy Tax in Milpitas is a fourteen percent (14%) tax on the cost of a hotel room and imposed on "transients" who occupy a room or rooms in a hotel, inn, motel, tourist home or other lodging facility within the City's limits.

Franchise Fees

Franchise Fees – A Franchise Fee is imposed on various utilities and organizations which permits them to use and operate those facilities within the City. In Milpitas, franchise fees are charged for Electric, Gas, Garbage, Nitrogen Gas and Cable Television franchises.

Other Taxes

Business License Tax – A Business License Tax is imposed on businesses for the privilege of conducting business within the City. Fees are based on bracketed structures according to the type of business. The fee

structures are as follows: average number of employees, number of units or rooms, number of vehicles or a flat fee.

Motor Vehicle In-Lieu Tax – The Motor Vehicle In-Lieu Tax is collected by the State Department of Motor Vehicles through its vehicle registration program in-lieu of a City personal property tax on motor vehicles.

Gas Tax – The State Gas Tax is derived from State of California taxes on gasoline purchases and is allocated, on a share basis, to cities. The Gas Tax revenues are broken down into Sections 2106, 2107 and 2107.5. Sections 2106 and 2107 funds are restricted to the construction, improvements and maintenance of public streets. Section 2107.5 funds are restricted to engineering costs and administrative expenses with respect to City streets.

Licenses, Permits & Fines

Building Permits – The City requires that building permits be obtained to ensure that structures meet specific standards as identified in the Municipal Code. The City requires various construction permits for activities such as the installation of electrical and plumbing. The City charges a fee for issuing these permits in order to recover the costs incurred.

Fire Permits – The Milpitas Municipal code requires permits be obtained and inspections conducted to ensure activities regulated by the fire code meet specific standards for the protection of life, property and the environment. Activities include: high piled combustible storage, hazardous materials, assembly, and life safety inspections of licensed facilities, apartments, and hotels and motels.

Vehicle Code and Other Court Fines – The City receives a portion of all fines assessed, in Milpitas, for infractions of the State of California Vehicle Code and may receive other court fines as directed by the County, State or Federal Courts.

False Alarm Fees – Currently the Milpitas Municipal Code provides that a property may have two false alarms in a one-year period. Subsequent false alarms, within that period, are assessed a service charge that can increase from $300 to $900 depending on the number of alarms.

Booking Fees – Counties within California are authorized to charge a "criminal justice administrative fee" intended to cover the "reimbursement of County expenses incurred" for booking and processing of arrested persons who are brought to the County jail for booking or detention. In return, Judges may pass along the City's costs to the offender as part of their court-ordered restitution.

Use of Money and Property

Interest on Pooled Investments – Interest income is earned as the City invests its idle funds in various investment instruments. The goal of the City regarding investments is to ensure the safety of each investment and maintain liquidity while achieving a fair rate of return - safety, liquidity and yield - in that particular order.

Intergovernmental

Federal, State and County Contributions – Senior Nutrition fees are one example of a County contribution that is reimbursed to the City from the County of Santa Clara for lunches provided to senior citizens.

Miscellaneous Grants –

- Community Development Block Grant –The Housing and Community Development Block Grant (CDBG or HCD) program was designed by the Department of Housing and Urban Development (HUD) to revitalize low and moderate income areas within a city. The use of CDBG funds is restricted by specific provisions and is managed by the Housing function.
- Public Safety Grants - The City is currently receiving multiple public safety grants including: Supplemental Law Enforcement Services Grant, Local Law Enforcement Block Grant, and Justice Assistance Grant. Future grant spending will be designated for vehicles, equipment and technology improvements.

- SB90 - The law in the State of California provides for the reimbursement of costs incurred by local agencies for costs mandated by the State. Costs mandated by the State means any increased costs which a local agency is required to incur after July 1, 1990, as a result of any new statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service in an existing program.

Charges for Services

Charges for Current Services – All City's basic service charges are recorded at the department or division levels that are associated with specific governmental and enterprise activities. These service levels are: General Government, Planning, Fire, Police, Recreation, Building and Public Works. This is a GASB 34 requirement.

Planning Fees and Sale of Maps and Documents – Included in these fees are a range of service charges for staff responses to inquiries from the public to review and interpretation of complicated planning and zoning ordinances. Also included are reproduction costs associated with maps and documents from all functions within the organization.

Recreation Fees – Recreation fees include user program fees for preschool, after-school, teen and summer camp programs; swimming lessons; special events and youth and adult recreational classes.

Rents and Concessions – Rental fees are charged for the private use of City facilities. Rental facilities include the Community Center, Sports Center, Senior Center, the Jose Higuera Adobe and parks throughout the City.

Utility Charges – Utility service charges for water and sewer, based on volume and flat meter charges.

Other Revenues

Development –

- Park Development Fees - The Park Development Fee is paid by a developer or subdivider for park or recreation purposes, in-lieu of the dedication of the land.
- Treatment Plant Fees - Treatment Plant fees are payment for the purchase of waste water treatment capacity rights. The fee is measured in gallons per day, and the higher the usage, the higher the fee. All fees collected are used for Capital Improvement Projects or for Capital Operating Costs at the San Jose/Santa Clara Water Pollution Control Plant or within the City.
- Traffic Impact Fees - A Traffic Impact Fee is an exaction from a developer to mitigate traffic impacts associated with the development of the subject property. These fees can be dictated by ordinance or by documentation in a Traffic Impact Analysis (TIA) and are then conditions of approval for the development.
- Transit Area Specific Plan (TASP) Impact Fees - TASP impact fee is an exaction from a developer to mitigate impacts associated with the development of the TASP area. There are four different rate structures based on the development type: residential, office, hotel and retail. The fee is calculated using a blended rate, which on average consists of 16% street improvement, 12% sewer, 13% water, 40% community and park improvement, 12% traffic mitigation and 7% for other miscellaneous categories.

Reimbursements -

- AVASA - Beginning in 1996, the State of California, through the Abandoned Vehicle Abatement Service Authority, began reimbursing cities for vehicle abatement activities based on a per vehicle cost. The State reimbursement varies from year to year based on the number of vehicles claimed by all participating cities.

Miscellaneous -

- Solid Waste - Currently the Solid Waste function has two very different revenue streams. The first AB939 is collected by the County as a Tipping Fee at the Landfill and reimbursed to the City on a quarterly basis. The purpose of this fee is to encourage achievement of the State's landfill reduction goal. The second fee is paid by the solid waste customers, incorporated in user rates, and is specifically earmarked for community education and the Household Hazardous Waste programs.

Expenditure Descriptions

Personnel Services

Salaries and Wages

Permanent – Salaries for full time and part time permanent employees.

Temporary – Salaries full time and part time employees who are hired in temporary or substitute basis.

Overtime – Amounts paid to employees for work performed in addition to the normal work period. Hours work in excess of 40 hours per week.

Charged to CIPs – Budget amount to account for payroll costs that will be charged to the Capital Improvement Projects.

Allowances / Leaves

Allowances – Amounts paid to employees who are entitled to allowances such as car, telephone, uniform, special licenses, canine, motorcycle, SWAT, pager and bilingual pay.

Leave CashOut – Amounts paid to employees for hours cashed out from sick or vacation time banks.

Accrued Leave – To record year-end adjustments of accrued vacation according to the Generally Accepted Accounting Principles (GAAP).

Benefits

PERS – Amounts contributed to the Public Employees' Retirement System (PERS) plan for its employees.

Group Insurance – City of Milpitas' share of any insurance coverage for its employees such as Medical, Dental, Vision, Life Insurance, Long Term Disability and Short Term Disability.

Medicare-Employer's Contribution – City of Milpitas' share of the Federal Medicare contributions for its employees.

Worker's Compensation – Amount allocated to pay for worker's compensation claims made by employees.

MOU Contractual Agreements – Amounts paid according to negotiated MOU agreements.

Deferred Compensation – Employer Contribution - Contributions made to the employees' deferred compensation plan.

PARS – Amounts contributed to the Public Agency Retirement System-Alternate Retirement System (PARS-ARS) plan for temporary employees not in the PERS system. This is an alternative to the Social Security System.

Adjustments - Payroll

Adjustments – Payroll - To record year-end payroll adjustments in accordance to the Generally Accepted Accounting Principles (GAAP), i.e., Accrued Payroll which reflects salaries and wages earned by employees as of June 30 but not paid until July.

Vacancy Factor – Budget amount to account for vacant positions.

Overhead – Private Jobs (PJs) contractual Labor and Payroll - A charge made to a developer account to defray the direct and indirect overhead costs associated with an employee performing duties or providing services to the fund or account charged.

Salary Reduction – Budget amount to account for reduced funding.

Retiree Benefits

Retiree Medical Reserve – Amount allocated to fund a portion of the outstanding retiree medical benefits liability.

Retiree Medical Payment – Payment of the outstanding retiree medical benefits liability.

Retiree Medical Reimbursement – Reimbursement from California Employer Benefit Trust fund for retiree medical payment.

Supplies and Contractual Services

Community Promotions, Grants and Loans

Community Promotions – Public relations activities that are aimed to contribute to the progress or growth of the community.

Community Promotions CC Allocated – Public relations activities for progress or growth of the community allocated by the CITY COUNCIL.

Community Promotions CC Unallocated – Public relations activities for progress or growth of the community not yet allocated by the CITY COUNCIL.

Cultural Arts Grants – Financial assistance provided for Cultural Arts programs or activities.

Miscellaneous Grants – Financial assistance provided for miscellaneous grant programs.

Sports Grants – Financial assistance provided for Sports programs or activities.

Housing Rehab Loans – Amount loaned to homeowners for housing rehabilitation purposes under the Community Development Block Grant (CDBG) program.

CDBG Grants – Payment to subrecipients of CDBG Grants.

Miscellaneous Loans – Loans other than for housing rehabilitation purposes under the CDBG program.

Department Allocations

Equipment Replacement Amortization – Department's share of the fund being set aside for the purpose of replacing equipment in the Equipment Replacement Program.

Supplies

Generally, these are items that are consumed.

Office Supplies – Purchased for office use. Examples are pen, folders, drinking water, and coffee.

Departmental Supplies – Items that are used for the programs of the department. Examples are food for the Senior Center, sports supplies for the Recreation Department, target supplies for the Police Department, and tools for Public Works.

Maintenance Supplies – Used for repairs and maintenance of equipment or building. Examples are bolts, screws, nails, janitorial supplies, etc.

Health & Safety Supplies – Used for health and safety purposes. Examples are goggles, safety shoes, hard hats, gloves, first-aid kits, VDT glasses, etc.

Services

Generally, amount paid for services rendered by organization or personnel not on the payroll of the City of Milpitas. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

Advertising – Costs of media services and associated costs. Media advertising includes magazines, newspapers, radio and television programs, direct mail, exhibits, and the like. Examples are advertising for such purposes as personnel recruitment, legal ads, new and used equipment and sale of property, and City Clerk notices of meetings.

Blueprinting – Usually are services provided to blueprint the engineering plans.

Contractual Services – Services rendered by organizations or personnel not on the payroll of the City of Milpitas under a contract or an agreement. Payment of fees to contractors to acquire license or permits for the City of Milpitas should be recorded in this account. NOTE: Copier charges should be paid from this account.

Contractual Services-PJ's Labor – Rendered by organizations or personnel not on the payroll of the City of Milpitas under a contract or an agreement for its Private Jobs (PJ). Examples are carpentry, painting, and other labor for the City's Private Jobs.

Audit Fees – Professional services provided by Certified Public Accountants (CPA) firms for the purpose of auditing the City's financial statements. Example is the Comprehensive Annual Financial Report.

Street Sweeping – Includes sweeping and washing streets, flushing gutters and underpasses and collecting and disposing of debris from streets and public roadways.

Repair & Maintenance

Repair & Maintenance – Repair and maintenance services provided by personnel not on the payroll of the City of Milpitas. This includes repair and maintenance of the City's buildings and equipment. Examples are vehicular, equipment, and/or facilities repair and maintenance. Cost of warranty obtained after the original equipment warranty expired or any warranties obtained after the purchase of the equipment should be recorded to this account. Annual maintenance agreement or contract on equipment should be recorded here.

Rents and Leases – Costs for renting or leasing land, buildings, equipment and vehicles for either temporary or long range use by the City of Milpitas. Agreement should not have an option to buy or to acquire ownership at the end of the lease term. (Please see Capitalized Leases, also).

Contributions to Non-City owned Capital Assets – Costs incurred in capital improvement projects that the City does not have the ownership of the property. These costs generally incurred by the City for the benefits of the residents in Milpitas but the property is owned by another government agency. For example, the City spent money to improve the I880/237 intersection to improve the quality of life for local residents, but the City does not own the intersection. CalTrain owns the intersection. GASB 34

Legal Services

Retainers and Fees – Fees paid to engage the services of a professional adviser such as an attorney.

Pooled Liability Assurance Network Joint Powers Authority (Plan JPA) Attorney's Fees – Fees paid to Plan JPA attorney.

Pooled Liability Assurance Network Joint Powers Authority (Plan JPA) Settlements – Costs paid to Plan JPA for settling insurance claims.

Litigation – Costs incurred to settling litigation or lawsuits. This should include costs incurred during legal proceedings.

Elections

Elections – Includes expenditures for holding general primary and special elections.

Communications

Communications – Except the categories below, any services provided by persons or businesses to assist in transmitting and receiving messages or information.

Phone-Local – Basic monthly telephone charges. Computer Data Lines - Charges for computer data lines services such as Internet user's fees and charges, T1 line monthly charges, and web site charges, if any.

Phone-Long Distance – Long distance telephone charges.

FAX – Fax line fees and charges.

Pagers – Pagers monthly fees.

Cellular Phones – Fees and charges associated with cellular telephones.

Fire Alarms – Fees and charges for usage and maintenance of fire alarm lines.

Police Alarms – Fees and charges for usage and maintenance of police alarm lines.

Utilities

Utilities – Expenditures for energy except gas, electric and water. Examples are bulk oil normally used for heating, and bulk gasoline or diesel purchase for non-transportation use. Gasoline or diesel purchased for transportation purposes should be charged to account 4223 departmental supplies.

Utilities-Gas – Gas purchased from a public or private utility company for the City of Milpitas facilities consumption.

Utilities-Electric – Electricity purchased from a public or private utility company for the City of Milpitas facilities consumption.

Utilities-Water – Water purchased for the City of Milpitas facilities consumption. Drinking water bottles purchased should be charged to account 4221 Office Supplies.

Utilities - Water Purchase

SFWD, Wholesale Water Purchase – Water purchased from San Francisco Water Department (SFWD) for resale to the residence and businesses being served by the City of Milpitas.

SCVWD, Wholesale Water Purchase – Water purchased from Santa Clara Valley Water District (SCVWD) for resale to the residence and businesses being served by the City of Milpitas.

Recycled Water Purchase – Purchased for resale to the businesses being served by the City of Milpitas. For irrigation use only.

Treatment Plant

Treatment Plant, M & O – City of Milpitas waste water treatment fees paid to City of San Jose -Maintenance and Operation.

Training, Travel & Memberships

Membership and Dues – Amount paid for an employee or group of employees of the City of Milpitas to be a member of an organization.

Professional Licensing – Fees paid for an employee of the City of Milpitas to acquire or renew a license or permit in order for him/her to exercise his/her profession. Examples are CPA and Civil Engineer licenses.

Training/Registration – Fees paid for a City of Milpitas employee to enroll or attend a seminar, workshop, and/or training class.

Lodging/Travel – This is the actual amount paid for a place to stay while a City of Milpitas employee is conducting out-of-the-office business (e.g. hotel accommodation). Airfare and other transportation expenses, except use of own vehicle, such as shuttle to airport and hotel, and car rental are recorded in this account. This is associated with approved travel request.

Meals for Meetings – Expenses incurred to provide food in conducting department and/or business meetings. Restaurant meals eaten off site must be approved in advance according to the SOP 8-1.

Per Diem – Specified daily meals, incidental expenses, and/or lodging allowance in lieu of actual meal(s), and/or lodging expenses incurred while conducting out-of-the-office business. This is associated with approved travel request. Per Diem rates vary according to your business destination. City of Milpitas' per diem rates are according to the Maximum Federal Per Diem Rates for Travel in Continental United States (CONUS). Please call the Finance Department or refer to the current IRS Publication 1542 for the appropriate per diem rates of your business destination.

Mileage Reimbursement and Parking – Payment to an employee for the use of his/her vehicle to conduct out-of-the-office business including parking costs. According to the City of Milpitas SOP 6-1, Section 2d, "Mileage reimbursement shall be at the rate as set by the Internal Revenue Code and shall be reimbursed for the distance between home and destination or work and destination, whichever is less." Please call the Finance Department or refer to the current IRS Publication 535 for the mileage rate.

Tuition Reimbursement – Amount reimbursed by the City of Milpitas to any employee qualifying for tuition reimbursement, based upon the City's policy. Please refer to the Memorandum of Understanding of each bargaining unit.

Commissions & Boards

Conference Expenses – For COMMISSIONS and BOARDS USE ONLY. This is for conference related expenses.

Non-Conference Expenses – For COMMISSIONS and BOARDS USE ONLY. This is for nonconference related expenses.

Insurance, Settlements & Miscellaneous

Liability – Payments of insurance premiums for general liability coverage, public official bond, administrative and property coverage.

Uncollectible Accounts – Portion of a receivable not expected to be collected.

Collection Fees – Fees paid to a collection agent (bureau) for collecting monies owed the City from unpaid receivables. The fees are usually based on a percentage of the collected total amount.

Unanticipated Expenditures Reserve – Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, unsettled disputed claims. Includes reserve 1% of the General Fund Budget per the budget resolution, adjusted annually.

Loss on Sale – Records the loss incurred on sale of property or equipment.

Depreciation and Amortization

Depreciation & Amortization – Depreciation is the portion of the cost of a fixed asset charged as an expense during a particular period. Amortization is the portion of the cost of a limited-life or intangible asset charged as an expense during a particular period.

Adjustment - Service and Supplies

Reduced Funding – Budget amount to account for reduced funding.

Debt Service

Principal

Expenditures for periodic principal maturities of general obligation bonds or payments of principal on general long-term debt other than bonds.

Retirement of Principal – Payments of Bond Principal.

Principal – COP – Payments of Bond Principal - Certificate of Participation.

Principal – Advance – Payments of other debt principal - Advanced fund.

Interest

Periodic interest on general obligation bonds or interest payments on general long-term debt other than bonds.

Interest Expense – Bond interest payments.

Interest – COP – Bond interest payments - Certificate of Participation

Interest – Advance – Other debt interest payments-Advanced fund.

Contractual Obligation

Fiscal Agent's fees are payments made to financial institutions for services rendered in paying interest and redeeming debt at maturity.

Cost of Issuance – Payments to bond underwriters, legal fees and other costs associated with bond issuance.

Premium-Bond Prepayment

Premium-Bond Prepayment – Fees (redemption premium) paid for early bond call (bond or any portion of its principal redeemed and paid in advance of maturity).

Capital Improvements

Capital Improvements

Capital Improvements – Expenditures for the acquisition or construction of major capital facilities that do not fall under any of the Capital Outlay > $5,000 categories. This is usually the accumulation of the Capital Improvement Project's (CIP) expenditures by phase. Though CIPs expenditures are coded in detail, the result rolls up to this account by phase.

Capital Outlay > $5,000

Capital Outlay > $5,000

Items to be recorded to the object and detail codes under this category should have acquisition cost of $5,000 or more per unit and have a useful life of two or more years. Acquisition cost means the net invoice unit price of an item including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges such as taxes, duty, protective in-transit insurance, freight, and installation; and, extended warranties when purchased at the time of the equipment can be included in the acquisition cost. Please see FIXED ASSETS INVENTORY CONTROL and CAPITALIZATION POLICY, also.

Land

Land – Purchase price plus legal and title fees, professional fees, surveying fees, site preparation cost, and/or any cost incurred to place land in condition for its intended use.

Land Improvements

Land Improvements – Permanent improvements, other than buildings, that add value or useful life to land. Examples are parking lot, fence and gates, retaining walls, fountains, swimming pools, tennis courts, trails and paths.

Buildings and Improvements

Buildings and Improvements – Permanent structures purchased or otherwise acquired by the City. Includes the principal amount of capital lease payments resulting in the acquisition of the building. Payments to building authorities or similar agencies are not to be included in the acquisition cost. The category includes improvements to buildings owned by the City of Milpitas. Examples are additional installation of heating and ventilating systems, and installation of fire protection system.

Infrastructure

Infrastructure – Public domain capital assets includes roads, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, landscape systems, storm systems and traffic systems.

Vehicles

Vehicles – Equipment used to transport persons or objects. Cost includes transportation charges, sales tax, installation costs and extended maintenance or warranty contracts, if purchased at the same time of the equipment. Examples are police cars, fire trucks, and maintenance trucks. Accessories and installation costs can be included if done during the purchase or within 30 days after the purchase of the vehicle.

Capitalized Leases

Capitalized Leases – Principal lease payments for land, building, and/or equipment that will be acquired or subject for ownership within the term of the lease or at the end of the lease. Once acquired, it will be reclassified as land, building, or equipment. Lease contract usually has a clause indicating the option to buy.

Machinery and Equipment

Machinery and Equipment – Any single machinery or equipment except vehicles and computer hardware and software, with an acquisition cost of $5,000 or more per unit and have a useful life of two or more years. Examples of machinery and equipment are printing press, lathe machines, drill presses and movable generators.

Computer Hardware – Example is a server.

Computer Software – Examples are the Accounting Software being utilized by the City of Milpitas Finance Department and the Best Fixed Assets system.

Furniture and Fixtures

Furniture and Fixtures – Office furniture and building fixtures.

Adjustments - Capital Improvement Program (CIP)

Adjustments - CIP – Account being used to record year-end CIP adjustments in accordance to the Generally Accepted Accounting Principles (GAAP) to reclassify CIP capital expenditures to the Fixed Assets.

Capital Outlay < $5,000

Capital Outlay < $5,000

In addition to the fixed asset categories above, the City of Milpitas performs a risk assessment on City assets to identify those at risk or vulnerable to loss. Items that have a unit acquisition cost of less than $5,000 but are vulnerable to loss is to be recorded to the following detail codes. Items that are not falling under the categories below should be charged to supplies categories.

Office Furniture and Fixtures

Office Furniture and Fixtures – Examples are chair, table, dividers and workstations.

Machinery and Equipment

Machinery and Equipment – Examples are fax machines, firearms, weapons, and defibrillators.

Computer Hardware – Examples are desktop computers, laptops, printers, and scanners.

Computer Software – Examples are application and utility programs such as Microsoft Windows programs.

Electronic Equipment – Examples are cell phones, radios, PDAs, digital cameras, and televisions.

Hydrants and Meters

Hydrants and Meters – Cost of fire hydrants and water meters.

List of Funds

100 General Fund

100 General Fund
103 1452 S. Main
104 Cable Rebate
105 Abandon Vehicle Abatement
106 Short Term Disability
109 Utility Rate Assistance
130 Private Jobs Developer Deposit
150 Redevelopment Administration
180 American Rescue Plan Act
199 Allocation Fund

200 Special Revenue Funds

211 Hetch Hetchy Ground Lease
213 Public Art Fund-Nonrestricted
214 Community Planning Fund
215 Community Benefit Fund
216 Affordable Hsng Community Benefit
217 Affordable Hsng Unrestricted Fund
221 Gas Tax Fund
222 Measure B
225 SB1 Road Maintenance & Rehabilitation
235 95-1 Light & Landscape Maint Dist.
236 98-1 Light & Landscape Maint Dist.
237 2005 Community Facility Dist
238 2008 Community Facility Dist
250 HCD Fund
251 HCD Loan
261 Supplemental Law Enforcement S
262 State Asset Seizure
263 Federal Asset Seizure
267 Federal Grant Police
268 State Grant Police
269 Fire Grant
280 Solid Waste Services
295 Housing Authority Fund

300 Capital Projects Funds

310 Street Improvement Fund
311 Street CIP
312 Traffic Impact Fees
313 Traffic Congestion Relief

300 Capital Projects Funds (cont)

314 Vehicle Registration Fee
315 Calaveras Widening Impact Fee
316 Montague Widening Impact Fee
317 Milpitas Business Pk Impact Fe
320 Park Improvement Fund
321 Park Improvement CIP
322 Midtown Park Fund
330 General Government
331 General Government CIP
334 2020 Fire Station Bonds
340 Storm Drain Development CIP
341 Storm Drain Project Fund
342 Storm Drain General Fund
350 Transit Area Impact Fee Fund
351 Transit Area CIP
352 Piper Montague Infrastructure

400 Enterprise Funds

400 Water M & O Fund
401 Water CIP
402 Water Line Extension Fund
403 2019 Water Bonds
405 Water Infrastructure Replacement
406 Recycled Water Fund
450 Sewer M & O Fund
451 Sewer CIP
452 Treatment Plant Construction Fund
453 2017 Sewer Refunding Bonds
454 2019 Sewer Bonds
455 Sewer Infrastructure Replacement

500 Internal Service Funds

500 Equipment Replacement Fund
505 Information Technology Replacement
506 Permit Automation Fund

930 Successor Agency

930 Successor Agency

List of Departments / Divisions / Functions

1 City Manager
- 10 City Council
  - 100 City Council
- 11 City Manager
  - 111 City Manager
  - 114 City Clerk
  - 116 Economic Development

2 City Attorney
- 12 City Attorney
  - 120 City Attorney

3 Finance
- 30 Finance Administration
  - 300 Finance Administration
- 31 Finance Operations
  - 310 Finance Operations
  - 323 Fiscal Services

4 Public Works
- 42 Public Works
  - 400 Public Works Administration
  - 421 Street Maintenance
  - 422 Utility Engineering
  - 423 Utility Maintenance
  - 424 Park Maintenance
  - 425 Trees & Landscape Maintenance
  - 426 Fleet Maintenance
  - 427 Facilities Maintenance
  - 428 Compliance
  - 430 Solid Waste

5 Planning
- 51 Planning
  - 512 Planning
  - 513 Long Range Planning

6 Recreation and Community Services
- 45 Recreation and Community Services
  - 161 Recreation Administration
  - 162 Senior Services
  - 164 Youth Program
  - 167 Special Events
  - 168 Marketing
  - 169 Performing Arts
  - 170 General Classes
  - 171 Aquatics
  - 172 Sports & Fitness
  - 175 Social Services

7 Police
- 70 Police Administration
  - 700 Police Administration
- 71 Technical Services
  - 711 Records
  - 712 Personnel & Training
  - 713 Communications
- 72 Field Services
  - 721 Patrol Services
  - 722 Traffic
  - 723 Crossing Guards
- 73 Special Operations
  - 714 Community Relations
  - 724 Investigations

8 Fire
- 80 Fire Administration
  - 801 Fire Administration
- 81 Operations Division
  - 812 Operations
- 82 Prevention Division
  - 821 Fire Prevention Administration
  - 822 Fire Prevention
- 83 Training, Emergency Medical Services, & Safety
  - 801 Fire Administration
  - 814 EMS Transport Services
- 84 Office of Emergency Services
  - 840 Office of Emergency Management

List of Departments / Divisions / Functions

11 Information Technology
- 14 Information Technology
  - 112 Information Technology

12 Human Resources
- 15 Human Resources
  - 115 Human Resources

13 Building Safety and Housing
- 53 Building Safety and Housing
  - 531 Building Inspection
  - 532 Plan Review
  - 533 Building Safety and Housing Administration
  - 534 Permit Center
  - 536 Housing and Neighborhood Svcs
  - 551 Housing

14 Engineering
- 41 Engineering
  - 411 Engineering Administration
  - 412 Design & Construction
  - 413 Land Development
  - 415 Traffic Engineering

9 Non-Departmental
- 91 Non-Departmental
  - 910 Non-Departmental
- 92 Debt Service
  - 920 Debt Service
- 93 Equipment to be Depreciated
  - 930 Equipment to be Depreciated
- 94 Properties Management
  - 941 1432 S. Main
  - 942 1452 S. Main
- 95 Other Functions
  - 951 Capital Improvement Projects
- 99 Transfers
  - 991 Transfers
  - 992 Transfers (Intrafund)

List of Revenues

300 Property Taxes

- 3010 Secured & Unsecured
  - 3011 Current- Secured Property Taxes
  - 3012 Current-Unsecured Property Tax
  - 3020 Property Taxes-Prior
  - 3021 Prior-Secured Property Taxes
  - 3022 Prior-Unsecured Property Taxes
  - 3521 Homeowners Property Tax Relief
  - 3531 Property Tax, Supplemental
- 3013 Property Tax-VLF
  - 3013 Property Tax-VLF
- 3014 Property Tax-ERAF
  - 3014 Property Tax-ERAF
- 3051 RPTTF Distribution
  - 3051 RPTTF Distribution

305 Sales Taxes

- 3110 Sales and Use Tax
  - 3110 Sales and Use Tax
  - 3111 Public Safety Sales and Use Tax
  - 3113 Sales Tax - Measure F

310 Transient Occupancy Tax

- 3150 Transient Occupancy Tax
  - 3151 Holiday Inn & Suite
  - 3152 Embassy Suites
  - 3153 Crowne Plaza
  - 3154 Sheraton
  - 3155 Best Western Brookside
  - 3156 Larkspur Landing
  - 3157 Park Inn
  - 3158 Audited T O T
  - 3160 Executive Inn
  - 3161 Days Inn
  - 3162 Extended Stay of America
  - 3163 Hampton Inn - Milpitas
  - 3164 Hilton Garden Inn
  - 3165 Homestead Village
  - 3166 Marriott Courtyard
  - 3167 Milpitas Travelodge
- 3150 Transient Occupancy Tax (cont)
  - 3168 Sonesta Silicon Valley
  - 3169 Residence Inn by Marriott
  - 3170 Best Value Inn
  - 3171 Towneplace
  - 3172 Stay Bridge Suites
  - 3173 Synergy Corporate Housing
  - 3174 Holiday Inn
  - 3175 Short Term Rentals (STRs)
  - 3176 Spring Hill Milpitas
  - 3177 Element Milpitas

313 Franchise Fees

- 3131 Electric Franchise
  - 3131 Electric
- 3132 Gas Franchise
  - 3132 Gas
  - 3137 Nitrogen Gas
- 3133 Garbage Franchise
  - 3133 Garbage - Commercial
  - 3134 Garbage - NonComm - Resi
  - 3135 Garbage - Multi Family
  - 3136 Garbage - Debris Box
  - 3139 County-wide AB 939 Fee
- 3138 Cable TV Franchise
  - 3138 Cable TV

315 Other Taxes

- 3120 Other Taxes
  - 3120 Real Estate Transfer Tax
  - 3140 Business License Tax
  - 3511 Motor Vehicle in-Lieu
  - 3549 Sec 2032 - RM&R
- 3540 Gas Tax
  - 3543 Sec 2103-Gas Tax
  - 3545 Sec 2105-Gas Tax
  - 3547 Sec 2107-Gas Tax
  - 3548 Sec 2107.5-Gas Tax

List of Revenues

320 Licenses, Permits & Fines

- 3210 Building Permit & Inspection Fees
  - 3210 Building Permits
  - 3213 After Hours Inspection
  - 3214 Re-Inspection
  - 3215 Dedicated Building Services
  - 3216 Mobile Home Inspections
  - 3218 Building Investigation
  - 3219 Building Misc Fees & Permits
- 3217 Building Plan Review Fees
  - 3211 Plan Review Revisions
  - 3212 After Hours Plan Review
  - 3217 Plan Review
- 3220 Fire Permit & Inspection Fees
  - 3220 Haz. Materials Const Permit/In
  - 3221 Life Safety Const. Permit/Insp
  - 3250 Fire Inspections
  - 3251 Building Standards/Life Safety
  - 3252 Fire Expedited PC/Inspections
- 3240 Fire Annual Permit & Inspection Fees
  - 3222 Haz. Materials Annual Permit/I
  - 3223 Fire Penalties
  - 3240 Life Safety Annual Permits/Ins
- 3260 Other Licenses & Permits
  - 3261 Animal Licenses
- 3300 Fines & Forfeits
  - 3301 Vehicle Code Fines
  - 3302 Other Court Fines
  - 3304 Hazardous Materials Fines
  - 3305 Booking Fees
  - 3306 NBO Violation Fees
  - 3307 Impound Fees
  - 3308 Animal Violations
  - 3309 False Alarm Fee
  - 3310 Fire Administrative Citation
  - 3311 Building Admin Citation
  - 3312 Planning Admin Citation
  - 3313 PW Municipal Code Fines
  - 3321 Urban Runoff Fines

340 Use of Money & Property

- 3430 Investment Interest
  - 3431 Pooled Interest (nonallocation)
  - 3432 Cash with Fiscal Agents
  - 3433 Other Interest Income
  - 3434 Pooled Interest (allocation)
- 3435 Gain/Loss on Investments
  - 3435 Gain/Loss on Sale of Investments
  - 3437 Gain on Bond Refunding
- 3436 Year End Market Value Adj
  - 3436 Market Value Gain/Loss on Inv
- 3770 Sale of Property, Plant and Equipment
  - 3770 Sale of Property, Plant and Equip.
  - 3771 Fire Safe Program
  - 3772 Police Abandon Properties

350 Intergovernmental Revenue

- 3550 Federal Contributions
  - 3551 Federal Contri-General Gov
  - 3553 Federal Contri-Building
  - 3554 Federal Contri-Public Works
  - 3555 Federal Contri-Engineering
  - 3556 Federal Contri-Recreation
  - 3557 Federal Contributions-Police
  - 3558 Federal Contributions-Fire
  - 3559 Federal Contri - Planning
- 3560 State Contributions
  - 3561 State Contr-General Government
  - 3562 POST Grant
  - 3563 State Contributions-Building
  - 3564 State Contri-Public Works
  - 3565 State Contri-Engineering
  - 3566 State Contribution-Recreation
  - 3567 State Contribution-Police
  - 3568 State Contribution-Fire
  - 3569 State Contributions - Planning
- 3570 County Contributions
  - 3571 County Con-General Government
  - 3572 South Bay Water Recycling Prog

List of Revenues

3570 County Contributions (cont)
- 3573 County Contribution-Building
- 3574 County Contribution-PW
- 3575 County Cont-Engineering
- 3576 County Contribution-Recreation
- 3577 County Contribution-Police
- 3578 County Contribution-Fire
- 3579 County Contributions-Planning

3580 Other Restricted Grants
- 3581 Other Res Grants-General Govt.
- 3582 SB90 Grant
- 3583 Other Res Grants-Building
- 3584 Other Res Grant -PW
- 3585 Other Res Grant-Engineering
- 3586 Other Restri Grants-Recreation
- 3587 Other Restri Grants-Police
- 3588 Other Restri Grants-Fire
- 3589 Other Restri Grants-Planning

3590 Misc. Unrestricted Intergovernmental
- 3591 Mis Unrestricted Intergovernmental

360 Charges For Services

3600 General Government
- 3601 General Govern Service Charges
- 3602 Sale of Maps and Documents-GG
- 3603 Rent, Lease & Concession-GG
- 3604 Business License Procng Fee
- 3608 PJ Legal Overhead Charges
- 3609 PJ Legal Reimbursement

3610 Engineering Services
- 3611 PJ Overhead Charges-Eng
- 3612 PJ Labor Reimbursement-Eng
- 3613 PJ Vendor Reimbursement-Eng
- 3615 Engineering Fees
- 3616 Engr Plan Check Fees
- 3618 Sales of Maps and Doc-Engr
- 3619 Rent,Lease & Concession-Engr

3620 Public Works Services
- 3621 Public Works Service Charges
- 3622 Public Works Cost Recovery

3630 Fire Services
- 3631 PJ Overhead Charges - Fire
- 3632 PJ Labor Reimb - Fire
- 3633 Fire Cost Recovery
- 3634 Fire Unwanted Alarms
- 3635 Fire Enforcement Penalties
- 3636 Fire Enforcement-Training
- 3637 Fire Service Charges
- 3638 Fire Sales of Maps & Document
- 3639 Fire Electronic Archive Chg
- 3691 Fire GIS Mapping
- 3692 Fire Automation Fee
- 3693 Fire-Rent, Lease & Concess
- 3694 Ambulance Services

3640 Police Services
- 3641 Police Service Charges
- 3643 Fingerprints
- 3644 Sales of Maps and Document-Pol
- 3645 Police Cost Recovery
- 3646 Rent, Lease and Concession-Pol
- 3647 DUI-Police Cost Recovery
- 3648 PJ Overhead Charges - Police
- 3649 PJ Labor Reimb - Police

3650 Recreation Services
- 3651 Rent,Lease and Concession-Recr
- 3652 Recreation Fees
- 3653 Senior Nutrition Fees
- 3654 Contract Classes
- 3655 Sales of Merchandise Rec
- 3656 Recreation Transaction Fee
- 3657 Special Event Fees
- 3658 Sale of Food

3660 Building Services
- 3661 Sales of Documents-Building
- 3662 Records Retention Fee-Building
- 3663 Building Service Charges
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485 Capital Outlay > $5,000

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490 Capital Outlay < $5,000

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Abbreviations and Acronyms

AB	Assembly Bill
ABAG	Association of Bay Area Governments
ADA	Americans with Disabilities Act
ALS	Advanced Life Support
AMR	American Medical Response
AP	Accounts Payable
AR	Accounts Receivable
ARRA	American Recovery and Reinvestment Act
AuthFTE	Authorized Full-Time Equivalent positions
AVASA	Abandoned Vehicle Abatement Service Authority
A / V	Audio/Visual Equipment
BAAQMD	Bay Area Air Quality Management District
BART	Bay Area Rapid Transit
CAD	Computer Aided Dispatch
CSA	City Service Area
Caltrans	California Department of Transportation
CAPER	Consolidated Annual Plan & Performance Eval Rpt
CATV	Cable Television
CCPI	California Consumer Price Index
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CERBT	California Employers' Retiree Benefit Trust
CIP	Capital Improvement Program
CIT	Counselor in Training Program
CMAS	California Multiple Awards Schedule
CMO	City Manager's Office
CO	Certificate of Occupancy
COBRA	Consolidated Omnibus Budget Reconciliation Act
COMPST	Computerized Statistics
COPs	Certificates of Participation
COPS	Community Oriented Policing Services
CPI	Consumer Price Index
CPR	Cardio-Pulmonary Resuscitation
CRS	Community Rating System
CSA	City Service Area
EMD	Emergency Medical Dispatch
EMS	Emergency Medical Service
EMT	Emergency Medical Technician
EOC	Emergency Operations Center
EPA	Environmental Protection Agency
EPC	Emergency Preparedness Commission
ERAF	Educational Revenue Augmentation Fund
FBI	Federal Bureau of Investigation
FEHA	Fair Employment and Housing Act
FEMA	Federal Emergency Management Admin
FICA	Federal Insurance Contributions Act
FMLA	Family Medical Leave Act
FPPC	Fair Political Practices Commission
FTA	Federal Transit Authority
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GPS	Global Positioning System
Haz Mat	Hazardous Materials
HCD	Housing and Community Development
HMO	Health Maintenance Organization
HR	Human Resources
HUD	U.S. Housing and Urban Development
HVAC	Heating8 Ventilating and Air Conditioning
I	Interstate
ICMA	Intern'l City/County Mgmt Association
IT	Information Technology
IVR	Integrated Voice Recognition
JPA	Joint Power Authority

LAFCO	Local Agency Formation Commission
LED	Light-Emitting Diode
LIUNA	Laborers' International Union of N. America
LID	Local Improvement District
LLEBG	Local Law Enforcement Block Grant
LLMD	Light & Landscape Maintenance District
M & O	Maintenance and Operation
MEA	Milpitas Employees Association
MLS	Major League Soccer
MOU	Memorandum of Understanding
MUSD	Milpitas Unified School District
MVP	Milpitas Volunteer Program
NAIOP	Nat Assoc of Industrial & Office Properties
MLS	Major League Soccer
MOU	Memorandum of Understanding
MUSD	Milpitas Unified School District
MVP	Milpitas Volunteer Program
NAIOP	Nat Assoc of Industrial & Office Properties
NBO	Neighborhood Beautification Ordinance
NOVA	North Valley Private Industry Council
O&M	Operating and Maintenance
OES	Office of Environmental Services
OPA	Owner Participation Agreement
OPEB	Other Post-Employment Benefits
OSHA	Occupational Safety and Health Admin
PAL	Police Athletic League
PAR	Performance Appraisal Report
PC	Planning Commission
PCR	Police Community Relations
PERS	Public Employees Retirement System
PLAN	Pooled Liability Assurance Network
POST	Peace Officers Standards and Training
PPO	Preferred Provider Organization
PRV	Pressure Reducing Valves
PUC	Public Utility Commission
RAP	Recreation Assistance Program

R & D	Research and Development
RDA	Redevelopment Agency
RFP	Request for Proposal
RPTT	Redevelopment Property Tax Trust Fund
RMS	Records Management System
RWQCB	Regional Water Quality Control Board
SB	Senate Bill
SBDC	Small Business Development Center
SBWRP	South Bay Water Recycling Program
SAFE	Strategic Actions For Emergencies
SCVWD	Santa Clara Valley Water District
SEMS	Standardized Emergency Management
SERAF	Supplmntl Educ. Rev. Augmentation Fund
SFPUC	San Francisco Public Utilities Commission
SLETS	Sheriff's Law Enforcement Telecom System
SOP	Standard Operating Procedure
SV-ITS	Silicon Valley Intelligent Transportation
SVU	Silicon Valley Unwired
SWAT	Special Weapons and Tactics
TABs	Tax Allocation Bonds
TAG	Technology Application Group
TIA	Traffic Impact Analysis
TDM	Transportation Demand Management
TOT	Transient Occupancy Tax
UBC	Uniform Building Code
UCR	Uniform Crime Reports
UFC	Uniform Fire Code
VLF	Vehicle License Fee
VTA	Santa Clara Valley Transportation Authority
WMD	Weapons of Mass Destruction
WPCP	Water Pollution Control Plant
YBA	Youth Basketball Association
YSB	Youth Services Bureau
YTD	Year to Date

Glossary of Terms

Accrual Basis – A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received and spent.

Accomplishment – Programs and activities successfully completed in the prior fiscal year.

Agency Funds – One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Appropriation – An authorization made by the City Council that permits officials to incur obligations against and to make expenditures of resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Appropriations Limit – Proposition 4 approved by the voters in 1980 limits the amount of money that cities may spend each year. This limit is set each year based on the amount that was appropriated in 1978-79 and adjusted each year for population growth and a cost-of-living factor.

Assessed Valuation – The value of real property and improvements, as determined by the County Assessor, against which the property tax levy is assessed.

Asset – Resources owned or held by a government that have a monetary value.

Balanced Budget – A balanced budget is defined as a budget where the anticipated operating revenues and other financing resources including carryover of outstanding encumbrances from prior year are equal to or exceed operating expenditures.

Bond – A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Budget – A plan of financial operation embodying an estimate of proposed expenditures for a given period of time and the proposed means of financing them.

Budgetary Basis – This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budget Calendar – The schedule of key dates which government follows in preparation and adoption of the budget.

Budgetary Integration – The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of the available appropriations and resources. A system of controls to ensure and demonstrate budgetary compliance with uncommitted balance of appropriations (avoid overspending or over committing budget) and unrealized revenues (monitor on an ongoing basis to determine whether spending reductions are needed to keep the budget in balance).

Building Permit Fee – Fee required for new construction or for any alteration or addition to a residence or commercial building. The fee is based on valuation. Electrical or plumbing/mechanical work also requires a similar permit with an itemized fee schedule.

Business License Tax – A tax imposed upon businesses in the community. The fee is a flat rate plus a minimal charge per employee.

California Employers' Retiree Benefit Trust (CERBT) – A Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits (OPEB) for all eligible California public agencies.

Capital Assets – Assets of significant value and having a useful life of several years (the term fixed assets is also used).

Capital Budget – A plan of proposed capital expenditures and the appropriations to finance them. The capital budget is usually enacted as part of the complete annual budget that includes both an operating component and a capital component. The capital budget should be based on a capital improvement program (CIP) and is typically the first year of a multi-year CIP.

Capital Improvement – Projects which purchase or construct capital assets. Typically capital improvements include new street improvements, park development, the acquisition of land, major construction of public facilities, and major maintenance/repair projects such as street resurfacing or modifications to public facilities.

Capital Improvement Program – A comprehensive five-year plan of implementing proposed capital projects which identifies priorities as to need, cost, and method of financing during the next five years. The first year of the CIP is typically adopted as the current capital budget.

Capital Projects Fund – Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Capital Outlay – Expenditure for the acquisition of equipment for direct services with a useful life of two or more years and an acquisition cost of $5,000 or more per unit (i.e. police vehicles, riding mowers, etc.). Capital Outlay is budgeted in the operating budget.

Comprehensive Annual Financial Report – The official annual financial report for the City. A Comprehensive Annual Financial Report is compiled by a state, municipal or other governmental accounting staff and audited by an external American Institute of Certified Public Accountants (AICPA) certified accounting firm utilizing Governmental Accounting Standards Board (GASB) requirements. It is composed of three sections: Introductory, Financial and Statistical. It combines the financial information of fund accounting and Enterprise Authorities accounting.

Contractual Services – Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements and professional consulting services.

Debt Service – Payment of interest and repayment of principal to holders of the City's debt instruments.

Defeasance – The legal release of a debtor from being the primary obligor under the debt, either by the courts or by the creditor.

Department – An organizational unit of government which is functionally unique in its delivery of services.

Discount – The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Effectiveness – The degree to which an entity, program or procedure is successful at achieving its goals and objectives.

Efficiency – The degree to which an entity, program or procedure is successful at achieving its goals and objectives with the least use of scarce resources. Efficiency necessarily presupposes effectiveness.

Encumbrances – Commitments against an approved budget for unperformed (executed) contracts for goods and services. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Enterprise Fund – Used to account for specific services, i.e. water and sewer, which are funded directly by fees and charges to external users.

Equipment Charges – Charges or "rental fees" charged to user departments to defray the cost of maintaining the equipment used and to replace the equipment when it exceeds its useful life.

Expenditure – The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expense – Charges incurred for operations, maintenance, interest or other charges.

Fiduciary Fund – The term is used when a governmental unit acts in a fiduciary capacity such as a trustee or agent. The government unit is responsible for handling the assets placed under its control.

Final Budget – The budget document adopted by resolution following the budget hearings in June of each year. The document formally incorporates any Council changes to the preliminary budget, resulting from the budget hearings.

Fiscal Year – The financial year for the City of Milpitas is July 1 through June 30 of the subsequent year.

Fixed Assets – Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture or other equipment.

Franchise Fee – A regulatory fee charged to utility companies for the privilege of doing business in the City of Milpitas, i.e. garbage franchise fee, gas and electric franchise fee, and nitrogen gas franchise fee.

Function – A discrete entity such as an organizational unit or groupings of interrelated programs within a department or division whose appropriations for salaries, services and supplies, and capital outlay can easily be subjected to analysis in the budget process.

Fund – An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created.

Fund Balance – Also know as financial position, fund balance is the excess of current assets over current liabilities, and represents the cumulative effect of revenues and other financing sources over expenditures and other uses.

Gas Tax – Share of revenue derived from the State taxes on gasoline.

Generally Accepted Accounting Principles (GAAP) – The standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as Accounting Standards. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing, and in the preparation of financial statement.

General Fund – The main operating fund of the City.

Government Accounting Standards Board (GASB) – A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

Governmental Funds – Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

Hotel/Motel Tax – A transient occupancy (less than 30 days at a hotel or motel) tax imposed for general purposes. The tax is currently 14% of receipts.

Infrastructure – The physical assets of a government (i.e. streets, water and sewer systems, public buildings and parks).

Interest – Income resulting from the prudent investment of idle cash. The types of investments are controlled by the City's Investment Policy in accordance with the California Government Code.

Internal Service Funds – Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary government and its component units or to other governments on a cost-reimbursement basis.

Legal Level of Budgetary Control – The lowest level at which a government's management may not reallocate resources without special approval from the legislative body.

Level of Service – A description of the services provided, or activities performed, and the cost and personnel requirements.

Line Item – The description of an object of expenditure, i.e. salaries, supplies, contract services, etc.

Materiality – The magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstance, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement. The objective of accountability in governmental financial reporting requires materiality to be judged in both a quantitative and qualitative manner (involves such issues as legal and contractual compliance).

Modified Accrual Basis – A basis of accounting in which revenues are recognized when measurable and available and expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and accumulated unpaid vacation, sick pay and other employee benefit amounts, which are recognized as expenditures to the extent they have matured.

Motor Vehicle In Lieu – A share of the revenue derived from registration fees charged by the State.

Objective – Program or activity intended to be implemented in the ensuing fiscal year.

Operating Budget – A financial plan for the provision of direct services and support functions.

Overhead Charges – A charge made to a developer account or the Redevelopment Agency to defray the

direct and indirect overhead costs associated with an employee performing duties or providing services to the fund or account.

Park Development Fee – The fee paid by a developer or sub-developer for park or recreation purposes in lieu of the dedication of land.

Performance Indicators – Quantitative measures of accomplishments and objectives, sometimes known as workload/performance measures.

Personnel Services – Expenditures for salaries, wages and fringe benefits of a government's employees.

Personnel Allotment – List of full-time and part-time employees required to support a division or function, listed by their classification or title.

Personnel Analysis - Changes to personnel allotment from the previous fiscal year. Reorganizations, reclassifications and reallocation of resources are highlighted in this section.

Prior-Year Encumbrances – Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be an encumbrance when the obligations are paid or otherwise terminated.

Property Tax – A tax imposed on real property (land and permanently attached improvements) based upon the assessed value of the property. The tax rate may not exceed 1% of assessed value.

Proposed Budget – The budget document recommended by the City Manager that is approved as may be amended by the City Council during budget hearings. The hearings are held in May or June, and the approval of the Preliminary Budget gives spending authority effective each July 1st for the subsequent fiscal year.

Proprietary Funds – Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Recreation Fees – Charges for services provided to participants of Community and Recreation Services' classes, activities, and recreational sports.

Redevelopment – The planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation of real property, and the provision of such residential, commercial, industrial, public, or other structures appropriate to the general welfare of the City.

Redevelopment Property Tax Trust Fund – residual distributions of property tax revenue from dissolved Redevelopment Agency. The Redevelopment Agency is dissolved on 1/31/2012 due to ABX126.

Rents and Concessions – Charges for group rentals of City facilities.

Reserves – A savings account maintained for restricted use, i.e. self-insurance programs, capital improvement projects, or for unrestricted use to protect the City from emergencies or unanticipated expenditures.

Revenue Analysis – Departmental revenue sources are described. Revenue increases, decreases and strategies are highlighted in this section.

Sales Tax – The City receives one percent of the County's nine percent sales tax, and a ¼ cent Transaction & Use Tax (Measure F). Sales tax is one of the City's major general fund revenue sources.

Section 115 Trust – A grantor trust established by a governmental unit to set aside funds for paying future employee benefits such as pensions and Other Post-Employment Benefits (OPEB).

Supplies and Contractual Services – The category of line items that describe non-salary and non-capital outlay expenditures.

Special Revenue Fund – Used to account for revenue that is set aside for restricted use, e.g. gas tax receipts are set aside in such a fund to be used solely for street improvements.

Supplemental Appropriation – An additional appropriation made by the governing body after the budget year has started.

Taxes – Compulsory charges levied by a government for the purposes of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers In/Out – Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Unanticipated Expenditures Reserve – A specific line item appropriation from which to distribute additional funds to decision units for salary increases resulting from employee contract negotiations and to pay for emergencies or unanticipated expenditures that from time to time arise during the course of a fiscal year.

Unassigned Unrestricted Fund Balance – Available expendable financial resources in a governmental fund that are not the object of tentative management plans.

Working Capital – Working Capital is a financial metric which represents operating liquidity available to a business, organization, or other entity, including governmental entity. Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital.

Workload/Performance Measures – Quantitative measures of services provided, or activities performed, by an organizational unit.

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Milpitas

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Fiscal Policies

General Financial Goals

1. To maintain a financially viable City that can maintain an adequate level of municipal services.
2. To maintain financial flexibility in order to be able to continually adapt to local, regional, and national economic change.
3. To maintain and enhance long-term the sound fiscal condition of the City.

Operating Budget Policies

4. The City will adopt a balanced budget by June 30th of each year.
5. An annual base operating budget will be developed by accurately and realistically projecting revenues and expenditures for the current and forthcoming fiscal year.
6. During the annual budget development process, the existing base budget will be thoroughly examined to assure cost effectiveness and need of the services or programs provided.
7. Once the City Council has adopted the budget, the Administration will track revenues and expenditures closely and will bring forward budget adjustment recommendations at Mid-Year, as needed.
8. Annual operating budgets will include the cost of operations of capital projects.
9. The City will avoid balancing the current budget at the expense of future budgets, unless the use of reserves is expressly authorized by the City Council.
10. The City's operating budget will be prepared on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase and capital project expenditures are budgeted on a project length basis.

Revenue Policies

11. The City will try to maintain a diversified and stable revenue system to avoid over-reliance on any one revenue source.
12. Revenue estimates are to be accurate and realistic, sensitive to local, regional, and national economic conditions.
13. The City will estimate its annual revenues by an objective, analytical process utilizing trend, judgmental, and statistical analysis, as appropriate.
14. User fees will be reviewed annually for potential adjustments to recover the full cost of services provided, except when the City Council determines that a subsidy is in the public interest. To maintain cost recovery, annually, staff shall bring forward the Master Fee Schedule as part of the budget process with an escalation to reflect increases in staff cost.
15. The City will actively pursue federal, state, and other grant opportunities when deemed appropriate. Before accepting any grant, the City will thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.

16. One-time revenues will be used for one-time expenditures only including capital outlay and reserves.

Expenditures Policies

17. The City will maintain levels of service, as approved by the City Council, to provide for the public well-being and safety of the residents of the community.
18. Employee benefits and salaries will be maintained at competitive levels.
19. Fixed assets will be maintained and replaced as necessary, minimizing deferred maintenance.
20. The City will develop and use technology and productivity enhancements that are cost effective in reducing or avoiding increased personnel costs.

Utility Rates and Fees

21. Water and sewer utility customer rates and fees will be reviewed annually as part of the budget process and adjusted as needed to ensure full cost recovery.
22. All utility enterprise funds will be operated in a manner similar to private enterprise. As such, the City will set fees and user charges for each utility fund at a level that fully supports the total direct and indirect cost of the activity, including depreciation of assets, overhead charges, and reserves for unanticipated expenses and capital projects.

Capital Budget Policies

23. The City will develop an annual Five-Year Capital Improvement Program (CIP) with the goal to develop and maintain infrastructure in support of existing residences and businesses and future anticipated development.
24. The CIP will identify the estimated full cost of each project which includes administration, design, development and implementation, and operating costs once the projects are completed.
25. The CIP will identify potential funding sources for each proposed capital project, prior to submitting proposed projects to the City Council for approval. When appropriate, the CIP will seek other funding sources such as State and Federal funds, private funds and leverage these funding sources with public money to help meet the highest priority community needs.
26. The City Council will provide funding for the first year of the Five-Year CIP as a component of the annual operating budget and appropriate funding at the project level. Funding for future projects identified in the Five-Year CIP may not have been secured and/or legally authorized and is therefore subject to change.
27. Each CIP project will be assigned to a project manager whose responsibilities are to monitor all phases of the project to ensure timely completion of the project and compliance with the project budget and all regulations and laws.

Debt Policies

28. The City will limit long-term debt to only those capital improvements or long-term liabilities that cannot be financed from current revenue sources.

29. The City will utilize debt financing for projects which have a useful life that can reasonably be expected to exceed the period of debt service for the project.
30. The City will utilize conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.
31. The City may utilize inter-fund loans rather than outside debt to meet short-term cash flow needs.
32. The City will not issue long-term debt to finance operating expenses and routine maintenance expenses.

Investment Policies

33. The Finance Director/City Treasurer will annually render an investment policy for the City's cash pool for City Council's review no later than the beginning of the Fiscal Year and recommend modifications as appropriate. The review will take place at a public meeting and the policy shall be adopted by resolution of the City Council.
34. City funds and investment portfolio will be managed in a prudent and diligent manner with emphasis on safety, liquidity, and yield, in that order.
35. Reports on the City's investment portfolio and cash position shall be developed by the Finance Director/City Treasurer and reviewed by the City Council quarterly.
36. Generally Accepted Accounting Principles require that differences between the costs of the investment portfolio and the fair value of the securities be recognized as income or losses in a government's annual financial report. These variances shall not be considered as budgetary resources or uses of resources unless the securities are sold before maturity or the values of the investments are permanently impaired.
37. The City has set up an Other Post Employment Benefits (OPEB) Trust Fund to prefund its retiree medical benefit to eligible former employees with the California Employers' Retiree Benefit Trust (CERBT). Bi-annually, the City shall engage an actuary to provide the City with an actuarial valuation. Working with the actuary, staff shall review the assumed interest earnings, investment strategy, and other factors to ensure the long-term health of the fund.
38. Per the pension valuation provided by the City's actuary, the City's pension costs will continue to rise during the next ten plus years. The City set aside and invested the CalPERS Rate Stabilization Reserve funds in the City of Milpitas Section 115 Pension Trust Fund in order to invest funds with moderate risk achieving a 3% to 6% investment earnings goal during the next 5 to 10 years to mitigate the rising pension costs. The City may use the trust funds to fund either the annual actuarially determined pension contribution amounts, pay down unfunded pension liabilities with CalPERS, or reduce the length of pension cost amortization schedules with CalPERS.

Reserve Policies

39. The City will fund the following reserves as follows with any General Fund audited year end operating surplus after the General Fund Contingency Reserve and General Fund Budget Stabilization Reserve requirements are met and pension budgetary surplus are allocated to the PERS Rate Stabilization Reserve.
    - **Part I**
        - Contingency Reserve (Policy Statement #41)
        - General Fund Budget Stabilization Reserve (Policy Statement #42)
    - **Part II (any remaining balance)**

    - If confirmed by actuary, 20% to PERS Rate Stabilization Reserve (Policy Statement #43)
    - If not confirmed by actuary, 0% to PERS Rate Stabilization Reserve (Policy Statement #43);
- **Part III (any remaining balance)**
    - Artificial Turf Replacement ($230,000) (Policy Statement #54)
- **Part IV (any remaining balance)**
    - 20% to the General Government Capital Improvement Fund (Policy Statement #56);
    - 30% to Storm Drain Fund
    - 10% to the Affordable Housing Community Benefit Fund (Fund 216);
    - 10% to Transportation/Transit (Fund 310)
    - 20% to Technology Replacement Fund; and
    - 10% Unassigned

40. The City will periodically review and update reserve guidelines, to ensure that the City has sufficient reserve balances to adequately provide for emergencies, economic uncertainties, unforeseen operating or capital needs, economic development opportunities, and cash flow requirements.

41. The City will maintain a Contingency Reserve of at least 16.67% or two months of the annual operating expenditures in the General Fund to be used only in the case of dire need as a result of physical or financial emergencies and disasters as determined by the City Council. Any use of the General Fund Contingency Reserve shall require a majority vote by the City Council through the adoption of the Operating Budget or by appropriation action during the fiscal year. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserve.

42. The City will maintain a General Fund Budget Stabilization Reserve with a target of 16.67%, or two months, of annual operating expenditures. The purpose of this reserve is to provide budget stability when there are fluctuations that result in lower than projected revenues and/or higher than projected expenditures that cannot be rebalanced within existing budget resources in any given fiscal year. This reserve is intended to provide a buffer, or bridge funding, to protect against reducing service levels when these fluctuations occur. This reserve will be funded only after General Fund Contingency Reserve requirements have been met. Any use of the General Fund Budget Stabilization Reserve shall require a majority vote by the City Council through the adoption of the Operating Budget or by appropriation action during the fiscal year. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserve.

43. The City will maintain in the General Fund and the Water and Sewer Utility Enterprise Funds or in a Section 115 Trust a Public Employees Retirement (PERS) Rate Stabilization Reserve. The City's actuary has determined that the General Fund portion of the Unfunded Actuarial Liability for the Miscellaneous Retirement Plan is 84.9% and for the Water and Sewer Utility Enterprise Funds portion of the Unfunded Actuarial Liability for the Miscellaneous Retirement Plan is 8.5% and 6.6%, respectively. The contributions to the PERS Rate Stabilization Reserve from the Utility Funds shall be consistent with the General Fund contributions. If confirmed by City's actuary that contributions are advised for that respective year, then any

savings resulting from the pension budgeting methodologies shall be contributed to the PERS Rate Stabilization Reserve. However, the General Fund portion of any pension savings shall only be allocated to the PERS Rate Stabilization Reserve after the General Fund Contingency Reserve and the General Fund Budget Stabilization Reserve requirements have been met. The Utility Funds' portion of any pension savings shall only be allocated to the PERS Rate Stabilization Reserve after the Capital Reserve and Rate Stabilization Reserve (RSR) requirements in the Water and Sewer utility funds have been met. If confirmed by City's actuary that contributions are advised for that respective year, then additionally, 20% of any General Fund or Enterprise Funds annual operating surpluses shall be allocated to the PERS Rate Stabilization Reserve.

44. Annually, the City will endeavor to transfer $500,000 from the General Fund to the Storm Drain Fund to replace and repair storm drain infrastructure.

45. The City will maintain a retiree medical benefits account established by an irrevocable trust and fund the annual actuarially determined contribution. Any savings resulting from the budgeting methodologies shall be used to pay off the actuarial unfunded liability.

46. The City will maintain a General Liability and Workers' Compensation Claims Reserve of at least $2 million in the General Fund, which will be reviewed for adjustments annually. As part of closing out a fiscal year, any Workers' Compensation savings in the General Fund may be allocated to this General Fund reserve and any Workers' Compensation savings in the Utility Funds may be allocated to a Workers' Compensation Claims Reserve established for each utility fund.

47. The City will maintain a Rate Stabilization Reserve (RSR) in the Water and Sewer utility enterprise funds with a goal of at least 16.67% or two months of the respective annual operating expenditures after the Capital Reserve requirements have been met. The RSR shall be used to mitigate the effects of occasional shortfalls in revenue or unanticipated expenditures that cannot be rebalanced within existing budgeted resources in any given fiscal year. Revenue shortfalls may result from a number of events such as weather factors (wet weather or drought events and natural disasters), increased water conservation, and poor regional economic conditions. The Rate Stabilization Reserves should be used to assist in smoothing out revenue variability resulting from these factors and ensure that adequate resources are available during such times that might otherwise require large rate increases to utility customers. The City Council will set the reserve amounts annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The RSR funding will be phased within five years, or sooner, as part of the fiscal year-end closing process. Thereafter, the replenishment of these reserves may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserves.

48. The City will maintain capital reserves in the Water and Sewer utility enterprise funds to provide for future capital projects and unanticipated emergencies, such as water main break repairs, pump station repairs. The City will attempt to maintain a capital reserve of approximately 30% of the annual operating and maintenance expenses for the Water utility fund and 25% of the annual operating and maintenance expenses for the Sewer utility fund. The City Council will set the reserve amounts annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known.

49. In addition, the City will maintain Infrastructure Replacement Funds for both water and sewer utilities. The goal is to accumulate at least $2 million a year from each utility fund to set-aside for replacement of infrastructure as the infrastructure reaches the end of its useful life after Capital Reserve, the Rate Stabilization Reserve, and CalPERS Rate Stabilization Reserve requirements have been met.

50. Reserve levels for Debt Service Funds will be established and maintained as prescribed by the bond covenants authorized at the time of debt issuance.

51. The City will maintain a capital reserve in an Equipment Replacement Fund, set up as an internal service fund, to enable the timely replacement of vehicles and depreciable equipment as cost. The City will maintain a minimum fund balance of at least 30% of the replacement costs for equipment accounted for in this fund.

52. Annually, the City will endeavor to transfer $300,000 from the General Fund to the Technology Replacement Fund set aside in a reserve with a target of $5 million. This reserve shall be used to accrue funding for technology projects such as the major rehabilitation or replacement of the City's technology infrastructure or new technology initiatives.

53. The City will maintain a capital reserve for Facilities Replacement with a target of $10 million. This reserve shall be used to accrue funding for major rehabilitation or replacement of City facilities (buildings/structures). Eligible uses of this reserve may include both the direct funding of public facility improvements and the servicing of related debt. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget as resources are available to replenish the reserve.

54. The City will maintain a capital reserve for Artificial Turf Replacement with a target of $2 million and an annual set-aside amount of at least $230,000 until the target is reached. This reserve shall be used to accrue funding for the normal depreciation expense of the City's artificial turf fields over their useful life. Eligible uses of this reserve may include the replacement of the City's artificial turf fields so as to eliminate large spikes in capital expenses and normalize annual costs. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget as resources are available to replenish the reserve.

55. The City may direct any loan repayments from the former Redevelopment Agency and residual property tax distributions from the Redevelopment Property Tax Trust Fund to a General Government Capital Improvement Fund to address the funding needs of capital improvement projects.

56. The City may direct 20% of any General Fund audited year end operating surplus after General Fund Contingency and General Fund Budget Stabilization reserve requirements have been met to a General Government Capital Improvement Fund to address the funding needs of capital improvement projects.

Accounting, Auditing, and Financial Reporting Policies

57. The City's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles as they apply to governmental accounting.

58. An annual audit will be performed by an independent public accounting firm with the subsequent issuance of a Comprehensive Annual Financial Report, within six months of the close of the previous fiscal year.

59. Quarterly financial reports and status reports will be submitted to the City Council within six weeks after the end of each Quarter and be made available to the public. The report will provide an analysis of budgeted versus actual revenues and expenditures, on a year-to-date basis. At the minimum, the report shall include the status of the General Fund and Water and Sewer utility fund revenues and expenditures.

Fiscal Policies

General Financial Goals

1. To maintain a financially viable City that can maintain an adequate level of municipal services.
2. To maintain financial flexibility in order to be able to continually adapt to local, regional, and national economic change.
3. To maintain and enhance long-term the sound fiscal condition of the City.

Operating Budget Policies

4. The City will adopt a balanced budget by June 30th of each year.
5. An annual base operating budget will be developed by accurately and realistically projecting revenues and expenditures for the current and forthcoming fiscal year.
6. During the annual budget development process, the existing base budget will be thoroughly examined to assure cost effectiveness and need of the services or programs provided.
7. Once the City Council has adopted the budget, the Administration will track revenues and expenditures closely and will bring forward budget adjustment recommendations at Mid-Year, as needed.
8. Annual operating budgets will include the cost of operations of capital projects.
9. The City will avoid balancing the current budget at the expense of future budgets, unless the use of reserves is expressly authorized by the City Council.
10. The City's operating budget will be prepared on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase and capital project expenditures are budgeted on a project length basis.

Revenue Policies

11. The City will try to maintain a diversified and stable revenue system to avoid over-reliance on any one revenue source.
12. Revenue estimates are to be accurate and realistic, sensitive to local, regional, and national economic conditions.
13. The City will estimate its annual revenues by an objective, analytical process utilizing trend, judgmental, and statistical analysis, as appropriate.
14. User fees will be reviewed annually for potential adjustments to recover the full cost of services provided, except when the City Council determines that a subsidy is in the public interest. To maintain cost recovery, annually, staff shall bring forward the Master Fee Schedule as part of the budget process with an escalation to reflect increases in staff cost.
15. The City will actively pursue federal, state, and other grant opportunities when deemed appropriate. Before accepting any grant, the City will thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.

16. One-time revenues will be used for one-time expenditures only including capital outlay and reserves.

Expenditures Policies

17. The City will maintain levels of service, as approved by the City Council, to provide for the public well-being and safety of the residents of the community.
18. Employee benefits and salaries will be maintained at competitive levels.
19. Fixed assets will be maintained and replaced as necessary, minimizing deferred maintenance.
20. The City will develop and use technology and productivity enhancements that are cost effective in reducing or avoiding increased personnel costs.

Utility Rates and Fees

21. Water and sewer utility customer rates and fees will be reviewed annually as part of the budget process and adjusted as needed to ensure full cost recovery.
22. All utility enterprise funds will be operated in a manner similar to private enterprise. As such, the City will set fees and user charges for each utility fund at a level that fully supports the total direct and indirect cost of the activity, including depreciation of assets, overhead charges, and reserves for unanticipated expenses and capital projects.

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23. The City will develop an annual Five-Year Capital Improvement Program (CIP) with the goal to develop and maintain infrastructure in support of existing residences and businesses and future anticipated development.
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26. The City Council will provide funding for the first year of the Five-Year CIP as a component of the annual operating budget and appropriate funding at the project level. Funding for future projects identified in the Five-Year CIP may not have been secured and/or legally authorized and is therefore subject to change.
27. Each CIP project will be assigned to a project manager whose responsibilities are to monitor all phases of the project to ensure timely completion of the project and compliance with the project budget and all regulations and laws.

Debt Policies

28. The City will limit long-term debt to only those capital improvements or long-term liabilities that cannot be financed from current revenue sources.

29. The City will utilize debt financing for projects which have a useful life that can reasonably be expected to exceed the period of debt service for the project.
30. The City will utilize conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.
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32. The City will not issue long-term debt to finance operating expenses and routine maintenance expenses.

Investment Policies

33. The Finance Director/City Treasurer will annually render an investment policy for the City's cash pool for City Council's review no later than the beginning of the Fiscal Year and recommend modifications as appropriate. The review will take place at a public meeting and the policy shall be adopted by resolution of the City Council.
34. City funds and investment portfolio will be managed in a prudent and diligent manner with emphasis on safety, liquidity, and yield, in that order.
35. Reports on the City's investment portfolio and cash position shall be developed by the Finance Director/City Treasurer and reviewed by the City Council quarterly.
36. Generally Accepted Accounting Principles require that differences between the costs of the investment portfolio and the fair value of the securities be recognized as income or losses in a government's annual financial report. These variances shall not be considered as budgetary resources or uses of resources unless the securities are sold before maturity or the values of the investments are permanently impaired.
37. The City has set up an Other Post Employment Benefits (OPEB) Trust Fund to prefund its retiree medical benefit to eligible former employees with the California Employers' Retiree Benefit Trust (CERBT). Bi-annually, the City shall engage an actuary to provide the City with an actuarial valuation. Working with the actuary, staff shall review the assumed interest earnings, investment strategy, and other factors to ensure the long-term health of the fund.
38. Per the pension valuation provided by the City's actuary, the City's pension costs will continue to rise during the next ten plus years. The City set aside and invested the CalPERS Rate Stabilization Reserve funds in the City of Milpitas Section 115 Pension Trust Fund in order to invest funds with moderate risk achieving a 3% to 6% investment earnings goal during the next 5 to 10 years to mitigate the rising pension costs. The City may use the trust funds to fund either the annual actuarially determined pension contribution amounts, pay down unfunded pension liabilities with CalPERS, or reduce the length of pension cost amortization schedules with CalPERS.

Reserve Policies

39. The City will fund the following reserves as follows with any General Fund audited year end operating surplus after the General Fund Contingency Reserve and General Fund Budget Stabilization Reserve requirements are met and pension budgetary surplus are allocated to the PERS Rate Stabilization Reserve.
    - **Part I**
        - Contingency Reserve (Policy Statement #41)
        - General Fund Budget Stabilization Reserve (Policy Statement #42)
    - **Part II (any remaining balance)**

- If confirmed by actuary, 20% to ~~the~~ PERS Rate Stabilization Reserve (~~see~~ Policy Statement #43~~);~~)
- If not confirmed by actuary, 0% to PERS Rate Stabilization Reserve (Policy Statement #43);

- **Part III (any remaining balance)**
  - Artificial Turf Replacement ($230,000) (Policy Statement #54)
- **Part IV (any remaining balance)**
  - 20% to the General Government Capital Improvement Fund (~~see~~ Policy Statement #56);
  - 30% to Storm Drain Fund
  - 10% to the Affordable Housing Community Benefit Fund (Fund 216);
  - 10% to Transportation/Transit (Fund 310~~); and~~)
  - ~~40~~20% to ~~the~~Technology Replacement Fund; and
  - 10% Unassigned ~~General Fund Reserve.~~

40. The City will periodically review and update reserve guidelines, to ensure that the City has sufficient reserve balances to adequately provide for emergencies, economic uncertainties, unforeseen operating or capital needs, economic development opportunities, and cash flow requirements.

41. The City will maintain a Contingency Reserve of at least 16.67% or two months of the annual operating expenditures in the General Fund to be used only in the case of dire need as a result of physical or financial emergencies and disasters as determined by the City Council. Any use of the General Fund Contingency Reserve shall require a majority vote by the City Council through the adoption of the Operating Budget or by appropriation action during the fiscal year. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserve.

42. The City will maintain a General Fund Budget Stabilization Reserve with a target of 16.67%, or two months, of annual operating expenditures. The purpose of this reserve is to provide budget stability when there are fluctuations that result in lower than projected revenues and/or higher than projected expenditures that cannot be rebalanced within existing budget resources in any given fiscal year. This reserve is intended to provide a buffer, or bridge funding, to protect against reducing service levels when these fluctuations occur. This reserve will be funded only after General Fund Contingency Reserve requirements have been met. Any use of the General Fund Budget Stabilization Reserve shall require a majority vote by the City Council through the adoption of the Operating Budget or by appropriation action during the fiscal year. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserve.

43. The City will maintain in the General Fund and the Water and Sewer Utility Enterprise Funds or in a Section 115 Trust a Public Employees Retirement (PERS) Rate Stabilization Reserve. The City's actuary has determined that the General Fund portion of the Unfunded Actuarial Liability for the Miscellaneous Retirement Plan is 84.9% and for the Water and Sewer Utility Enterprise Funds portion of the Unfunded Actuarial Liability for the Miscellaneous Retirement Plan is 8.5% and 6.6%, respectively. The contributions to the PERS Rate Stabilization Reserve from the Utility Funds shall be consistent with the General Fund contributions. ~~Any~~If confirmed by City's actuary that contributions are advised for that respective year, then

any savings ~~or additional costs~~ resulting from the pension budgeting methodologies shall ~~benefit or be adjusted from~~be contributed to the PERS Rate Stabilization Reserve. However, the General Fund portion of any pension savings shall only be allocated to the PERS Rate Stabilization Reserve after the General Fund Contingency Reserve and the General Fund Budget Stabilization Reserve requirements have been met. The Utility Funds' portion of any pension savings shall only be allocated to the PERS Rate Stabilization Reserve after the Capital Reserve and Rate Stabilization Reserve (RSR) requirements in the Water and Sewer utility funds have been met. ~~Additionally~~If confirmed by City's actuary that contributions are advised for that respective year, then additionally, 20% of any General Fund or Enterprise Funds annual operating surpluses shall be allocated to the PERS Rate Stabilization Reserve.

44. Annually, the City will endeavor to transfer $500,000 from the General Fund to the Storm Drain Fund to replace and repair storm drain infrastructure.

45. The City will maintain a retiree medical benefits account established by an irrevocable trust and fund the annual actuarially determined contribution. Any savings resulting from the budgeting methodologies shall be used to pay off the actuarial unfunded liability.

46. The City will maintain a General Liability and Workers' Compensation Claims Reserve of at least $2 million in the General Fund, which will be reviewed for adjustments annually. As part of closing out a fiscal year, any Workers' Compensation savings in the General Fund may be allocated to this General Fund reserve and any Workers' Compensation savings in the Utility Funds may be allocated to a Workers' Compensation Claims Reserve established for each utility fund.

47. The City will maintain a Rate Stabilization Reserve (RSR) in the Water and Sewer utility enterprise funds with a goal of at least 16.67% or two months of the respective annual operating expenditures after the Capital Reserve requirements have been met. The RSR shall be used to mitigate the effects of occasional shortfalls in revenue or unanticipated expenditures that cannot be rebalanced within existing budgeted resources in any given fiscal year. Revenue shortfalls may result from a number of events such as weather factors (wet weather or drought events and natural disasters), increased water conservation, and poor regional economic conditions. The Rate Stabilization Reserves should be used to assist in smoothing out revenue variability resulting from these factors and ensure that adequate resources are available during such times that might otherwise require large rate increases to utility customers. The City Council will set the reserve amounts annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The RSR funding will be phased within five years, or sooner, as part of the fiscal year-end closing process. Thereafter, the replenishment of these reserves may also be incorporated into the annual Adopted Operating Budget if resources are available to replenish the reserves.

48. The City will maintain capital reserves in the Water and Sewer utility enterprise funds to provide for future capital projects and unanticipated emergencies, such as water main break repairs, pump station repairs. The City will attempt to maintain a capital reserve of approximately 30% of the annual operating and maintenance expenses for the Water utility fund and 25% of the annual operating and maintenance expenses for the Sewer utility fund. The City Council will set the reserve amounts annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known.

49. In addition, the City will maintain Infrastructure Replacement Funds for both water and sewer utilities. The goal is to accumulate at least $2 million a year from each utility fund to set-aside for replacement of infrastructure as the infrastructure reaches the end of its useful life after Capital Reserve, the Rate Stabilization Reserve, and CalPERS Rate Stabilization Reserve requirements have been met.

50. Reserve levels for Debt Service Funds will be established and maintained as prescribed by the bond covenants authorized at the time of debt issuance.

51. The City will maintain a capital reserve in an Equipment Replacement Fund, set up as an internal service fund, to enable the timely replacement of vehicles and depreciable equipment as cost. The City will maintain a minimum fund balance of at least 30% of the replacement costs for equipment accounted for in this fund.

52. Annually, the City will endeavor to transfer $300,000 from the General Fund to the Technology Replacement Fund set aside in a reserve with a target of $5 million. This reserve shall be used to accrue funding for technology projects such as the major rehabilitation or replacement of the City's technology infrastructure or new technology initiatives.

53. The City will maintain a capital reserve for Facilities Replacement with a target of $10 million. This reserve shall be used to accrue funding for major rehabilitation or replacement of City facilities (buildings/structures). Eligible uses of this reserve may include both the direct funding of public facility improvements and the servicing of related debt. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget as resources are available to replenish the reserve.

54. The City will maintain a capital reserve for Artificial Turf Replacement with a target of $2 million and an annual set-aside amount of at least $230,000 until the target is reached. This reserve shall be used to accrue funding for the normal depreciation expense of the City's artificial turf fields over their useful life. Eligible uses of this reserve may include the replacement of the City's artificial turf fields so as to eliminate large spikes in capital expenses and normalize annual costs. The City Council will set the reserve amount annually after the results of the prior fiscal year's Comprehensive Annual Financial Report are known. The replenishment of this reserve may also be incorporated into the annual Adopted Operating Budget as resources are available to replenish the reserve.

55. The City may direct any loan repayments from the former Redevelopment Agency and residual property tax distributions from the Redevelopment Property Tax Trust Fund to a General Government Capital Improvement Fund to address the funding needs of capital improvement projects.

56. The City may direct 20% of any General Fund audited year end operating surplus after General Fund Contingency and General Fund Budget Stabilization reserve requirements have been met to a General Government Capital Improvement Fund to address the funding needs of capital improvement projects.

Accounting, Auditing, and Financial Reporting Policies

57. The City's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles as they apply to governmental accounting.

58. An annual audit will be performed by an independent public accounting firm with the subsequent issuance of a Comprehensive Annual Financial Report, within six months of the close of the previous fiscal year.

59. Quarterly financial reports and status reports will be submitted to the City Council within six weeks after the end of each Quarter and be made available to the public. The report will provide an analysis of budgeted versus actual revenues and expenditures, on a year-to-date basis. At the minimum, the report shall include the status of the General Fund and Water and Sewer utility fund revenues and expenditures.

Summary of Budget Guidelines

1. Basis of Budgeting

City budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital project expenditures are budgeted on a project length basis rather than a fiscal year. For all governmental funds, revenues and expenditures are budgeted on a modified accrual basis. For all proprietary funds, revenues and expenditures are budgeted on an accrual basis.

2. Budget Calendar

The Finance Director publishes a budget preparation calendar to the Department Heads and to the City Council at the beginning of the budget process each year. The calendar sets forth, at a minimum, dates for the following:

- Review of service level priorities by the City Council at an annual Planning Session.
- Review and update of the Master Fee Schedule.
- Community Engagement and Outreach.
- Engagement and Outreach for City employees.
- Capital Improvement Projects Budget.
- Presentation of the City Manager's Proposed Budget to the City Council, which shall be no later than the second week in May.

3. Form and Content of the City Manager's Proposed Budget

The Ten-Year General Fund Financial Forecast and the City Manager's Proposed Budget shall be presented in a form which facilitates the City Council to determine and review, as applicable:

- Alignment of the proposed service level changes to City Council priorities as established at the annual Planning Session.
- Projected revenues by major category; based on an updated Master Fee Schedule.
- Operating expenditures by major category.
- Historical and proposed authorized staffing levels.
- Department and Office Proposed budgets as follows:
    - Service level descriptions.
    - Summary of accomplishments and initiatives.
    - Performance and workload measures.
    - Expenditure comparison with the preceding year's budget and two years of actual results.
    - Authorized staffing comparison with the preceding three years.
    - Budget reconciliation from the prior fiscal year to the Proposed Budget.
    - Recommendations for service level changes with a detailed description, performance outcome, and impact statement if the recommendation is not funded.
- Capital improvement appropriations by project.
- A schedule showing General Fund Revenue and Expenditure projection for the next nine years.

4. Adoption of the Budget

The City Council will adopt the budget by resolution no later than June 30th of the previous fiscal year, setting forth the amount of appropriations and authority of the City Manager to administer the adopted budget. Unless otherwise directed, all funds that are presented in the operating budget document are subject to Council approval of appropriations.

5. Budget Authority of the City Manager

The City Manager shall have the authority to make revisions involving transfers from the appropriated Unanticipated Expenditure Reserve account less than or equal to the aggregate amount of amount adopted within the budget in any one fiscal year ($1,140,000 in FY 2022-23, or 1% of total General Fund appropriations), provided that the Council is notified in writing of the revision, giving the reason, the amount of the revision and the year-to-date total amount of revisions as part of the quarterly financial reports.

Additionally, the City Manager shall have the authority to:

- Amend and/or transfer appropriations among departments and projects within any one fund, provided that the amount of the amended appropriation is $100,000 or less;
- Accept grants or donations up to $100,000 or less, increase department revenues and appropriations accordingly and execute related agreements as long as no matching funds are required, and/or departments do not require additional funding for ongoing maintenance costs or future replacement costs.
- Reasonably deviate from the budgeted personnel allocation schedule provided that at no time the number of permanent funded positions or personnel cost appropriations authorized by the City Council is exceeded;
- Hire full-time employees in overstrength positions for no more than one year as long as appropriations are not exceeded to ensure adequate staffing levels for sworn positions, to facilitate training of new employees in critical positions by the outgoing incumbents, or to respond to urgent staffing needs; and
- Add/delete positions or to move positions between departments to respond to organizational needs, as long as the number of permanent funded positions and the approved personnel cost appropriations remain the same.

Prior approval of the City Council is required for changes that:

- Increase the overall appropriation level within any one Fund.
- Transfer or reallocate appropriations between different Funds.
- Cause an increase or decrease in funded authorized position counts in the Adopted Budget.
- Cause the aggregate amount of contract change orders to exceed 15 percent of the contract amount and/or exceed prior approved appropriation levels for the subject contract.
- Cause transfers from unanticipated expenditure reserve to exceed the aggregate amount of $1,140,000 during the fiscal year.
- Result in changes not consistent with the purpose and intent of the Budget as adopted.
- Require an appropriation action from any unassigned fund balances or reserves.

Pertaining to ARPA:

- On August 9, 2021 wherein for ARPA funding, the City Council delegated authority to the City Manager including appropriation and contract approval authority up to the approved amount for each program

approved by Council, once compliance with ARPA procurement, contracting and reporting requirements. For budget monitoring and reporting, it includes a quarterly ARPA report for program updates to the City Council.

6. Budget Amendments by the City Council

At City Council meetings, the City Council may from time to time approve expenditures and identify funding sources not provided for in the adopted budget including those expenditures funded through unassigned fund balances or reserves.

7. Budget Transfers and Modification Procedures

Procedures to implement budget transfers or budget modifications are detailed in Standard Operating Procedure No. 21-1, subject to any changes by the Budget Resolution.

8. Automatic Adjustments and Reappropriations

Outstanding encumbrances at prior fiscal year-end will automatically be carried over to current year's budgets.

Unspent appropriations that are authorized and funded by grant revenues or donations from prior fiscal year will automatically be carried over to current year's budgets. Unspent City funded grant appropriations from prior fiscal year will automatically be carried over to the current year's budgets.

Incomplete multiple year project (capital improvement project) balances will automatically be appropriated.

Any unused non-salary and benefits-related appropriations, subject to the approval of the City Manager, at the end of the fiscal year may be re-appropriated for continued use in the subsequent fiscal year. Furthermore, any outstanding contract and/or purchase order obligations (or encumbrances) remaining at the end of FY 2021-22 are subject to carry over into FY 2022-23.

9. Budget Monitoring and Reporting

Monthly Financial Reports - The Director of Finance will prepare and make available a monthly budget report including actual expenditures and encumbrances for distribution to the City Manager and Department Heads, to facilitate monitoring of the budget.

Quarterly Financial Status Reports - The Director of Finance will periodically prepare financial status reports for presentation to the City Council. At the minimum, the report shall include the status of the General Fund revenues and expenditures; Water and Sewer utility fund revenues and expenditures; and document any use of the appropriated Unanticipated Expenditure Reserve; and report the acceptance of any grants and donations as authorized in these budget guidelines.

Annually, as part of the 4th Quarter Financial Status Report, the Director of Finance shall report on all active grants and grants closed out during the fiscal year including the purpose of the grant, the granting agency, the grant amount awarded, remaining grant funds, and grant activities completed or underway.

10. Reserves

Various unallocated reserves are desired in each of the City's funds to protect the City in emergencies, economic uncertainties, and to finance unforeseen opportunities and/or requirements. Key reserve policies for various funds are described in detail in the document entitled "City of Milpitas Fiscal Policies".

Summary of Budget Guidelines

1. Basis of Budgeting

City budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital project expenditures are budgeted on a project length basis rather than a fiscal year. For all governmental funds, revenues and expenditures are budgeted on a modified accrual basis. For all proprietary funds, revenues and expenditures are budgeted on an accrual basis.

2. Budget Calendar

The Finance Director publishes a budget preparation calendar to the Department Heads and to the City Council at the beginning of the budget process each year. The calendar sets forth, at a minimum, dates for the following:

- Review of service level priorities by the City Council at an annual Planning Session.
- Review and update of the Master Fee Schedule.
- Community Engagement and Outreach.
- Engagement and Outreach for City employees.
- Capital Improvement Projects Budget.
- Presentation of the City Manager's Proposed Budget to the City Council, which shall be no later than the second week in May.

3. Form and Content of the City Manager's Proposed Budget

The Ten-Year General Fund Financial Forecast and the City Manager's Proposed Budget shall be presented in a form which facilitates the City Council to determine and review, as applicable:

- Alignment of the proposed service level changes to City Council priorities as established at the annual Planning Session.
- Projected revenues by major category; based on an updated Master Fee Schedule.
- Operating expenditures by major category.
- Historical and proposed authorized staffing levels.
- Department and Office Proposed budgets as follows:
    - Service level descriptions.
    - Summary of accomplishments and initiatives.
    - Performance and workload measures.
    - Expenditure comparison with the preceding year's budget and two years of actual results.
    - Authorized staffing comparison with the preceding three years.
    - Budget reconciliation from the prior fiscal year to the Proposed Budget.
    - Recommendations for service level changes with a detailed description, performance outcome, and impact statement if the recommendation is not funded.
- Capital improvement appropriations by project.

- A schedule showing General Fund Revenue and Expenditure projection for the next nine years.

4. Adoption of the Budget

The City Council will adopt the budget by resolution no later than June 30th of the previous fiscal year, setting forth the amount of appropriations and authority of the City Manager to administer the adopted budget. Unless otherwise directed, all funds that are presented in the operating budget document are subject to Council approval of appropriations.

5. Budget Authority of the City Manager

The City Manager shall have the authority to make revisions involving transfers from the appropriated Unanticipated Expenditure Reserve account less than or equal to the aggregate amount of amount adopted within the budget in any one fiscal year ($1,~~100~~140,000 in FY ~~2021-22~~2022-23, or 1% of total General Fund appropriations), provided that the Council is notified in writing of the revision, giving the reason, the amount of the revision and the year-to-date total amount of revisions as part of the quarterly financial reports.

Additionally, the City Manager shall have the authority to:

- Amend and/or transfer appropriations among departments and projects within any one fund, provided that the amount of the amended appropriation is $100,000 or less;
- Accept grants or donations up to $100,000 or less, increase department revenues and appropriations accordingly and execute related agreements as long as no matching funds are required, and/or departments do not require additional funding for ongoing maintenance costs or future replacement costs.
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City of Milpitas

Open Townhall Online Survey – Written Responses (2022)

Is there anything else that you would want the City to consider in the development of the FY 2022-2023 budget?

- Please put in a traffic light at Kennedy and North Park Victoria. That has been a dangerous intersecton for years! The VTA bus hit my van there years ago. We live near there and see many people run the stop sign on North Park Victoria. About nine months ago, I was stopped at Kennedy wanting to make a right hand turn onto North Park Victora. A car came barreling southbound down North Park Victoria, I thought I better wait to see if she was going to run the stop sign or not. She ran the stop sign! If I had pulled out, after stopping, she would have hit my car for sure and probably killed me. Please help us!!!
- Paint the corners red in the pines.
  Help our unhoused residents obtain housing. Build parking so Main Street can become a true downtown
- Cleaning up run down parts of the city and prioritizing improving the "Milpitas smell" or whatever it actually is that causes it. It's been a problem for too long with no action.
- No Smoking within City Limits. Reduce speed limits. Cite noisy vehicles and reckless drivers doing donuts. Cite speeders & tailgaters! Moritorium on new building construction. More park restrooms with daily upkeep. Cite shopping cart theft. Cite trespassers, panhandlers, public intoxication and illegal camping. Increase parking lot patrols to hinder car break-ins. Require businesses to clear their properties of litter and graffiti. Restore green-space by not renewing superfluous business permits and building expansion. Reduce BART noise. Restore natural hillsides to undeveloped state. Reverse asphalt areas back to indigenous flora. More community Gardens! Go Big on 4thFireworks!!
- Remarking streets. Can barely see lines etc on busy streets.
- Put more lights in the parks. They are dark in the night and shady characters lurk when it is dark.

- Traffic light needed in Kennedy and Park Victoria, and a4 way stop sign at Kennedy and Fanyon.
- I am a strong advocate of Public Safety. That however does not mean inflated salaries and benefits. It seems every PS union bargains to be in the top X% when compared to other cities. This is a never-ending spiral that is out of control. I would hope that elected officials would get the best bang for the taxpayers' dollars.
- Upgrade and make useable the community TV station that’s in City Hall already.
- Reducing the number of high level administrators at City Hall.
- Yes , please consider a traffic light at the intersection of Kennedy and Park Victoria , it is a very dangerous intersection. The length from calaveras to jacklin is too long. Also a 4 way stop sign on Kennedy and Fanyon. It’s a school crossing and vehicles don’t stop
- Please Allocate 2 milluon to Milpitas Humane Society of Silicone Valley for Milpitas TNR program for Non-profit Organization in Milpitas For Milpitas Citizens.
- Speed bumps in the streets of high parent/child traffic to and from 2 schools. Example: Randall ES/Rose ES, Carnegie to Roswell on Edsel Drive. Stop sign to stop sign- cars are driving so fast to be able to avoid hitting ANY pedestrian.
- Please do something effective to get rid of bad smell in Milpitas. It’s really bad for health. This is due to landfill site and Milpitas should hire some attorneys to get rid of it.
- It’s not a safe neighborhood any more. One of my cars were parked on the street parking and it got broken in multiple times. The last time it was broken in the thief cut the wires and took lots of parts away, and we had to donate it since it’s not drivable any more. My Prius was parked on the street too. The transmitter was repeatedly stolen. And after I installed a steel pad to present it from happening again, my car window was smashed. It’s becoming more and more scary to live here.

- Increase staffing!
- Provide more discount for seniors on water utility bill, and incentive for homeowners to build tiny home in their backyard for very low income and section 8 people.
- Not just affordable housing. ALL HOUSING PROJECTS. LET COMPANIES BUILD.
- Schools need to be more skilled and willed to be inclusive of marginalized community especially special needs children. Right now, there is much more lip service than actually benefiting programs and actions for children. Inclusivity in action should be a top mandate.
- Concentrate on affordable housing, and facilities for our homeless community
- Do not keep converting hotels into homeless shelters.
- More Parks and green areas for natural Living with good security system
- Housing unhoused people must be a priority. If you can't solve this our city ends up looking like a slum.
- No more housing. Preserve space for gardens. Get rid off biohazards in our community. Clean railroad ave and many other encampments like the city if santa barbara
- Invest in our education system, pay our teachers and improve our schools.