



SPECIAL MEETING OF THE MILPITAS CITY COUNCIL

AGENDA

TUESDAY, JANUARY 30, 2024

BARBARA LEE SENIOR CENTER, 40 N MILPITAS BLVD, ROOM 140/141,
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

The City Council meeting is held 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.milpitas.gov/youtube>

Web Streaming: <https://www.milpitas.gov/webstreaming>

PUBLIC COMMENT INSTRUCTIONS

Oral public comments may only be provided live during the City Council meeting in person. 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. Members of the public may submit written comments by email to CityClerk@milpitas.gov.

The meeting will be streamed via Zoom for viewing purposes only. To watch via Zoom, please register at:

https://ci-milpitas-ca-gov.zoom.us/webinar/register/WN_L8aH4oV3SKqeZ4ijPX9tlw

NOTE: If a member of the public wishes to share any presentation materials for Council consideration, they must be submitted to the Clerk's Office by email to CityClerk@milpitas.gov by 12:00 p.m. on the day of the meeting. No presentations will be accepted in person in the Council Chambers.

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 (5:30 PM)

PLEDGE OF ALLEGIANCE

PUBLIC FORUM (5:35 PM)

Members of the public are invited to speak on any item that does not appear on today's agenda. Comments will be limited to three minutes or less at the Mayor's discretion. When called to speak, you are encouraged to state your name for the record. As an item not listed on the agenda, no action can be taken, however the City Council may instruct the City Manager to place the item on a future meeting agenda.

ANNOUNCEMENT OF CONFLICT OF INTEREST AND CAMPAIGN CONTRIBUTIONS

READING OF THE CITY COUNCIL CODE OF CONDUCT

APPROVAL OF AGENDA

AGENDA ITEMS

1. **Receive a Staff Presentation on the Preliminary FY 2025-34 Ten-Year General Fund Financial Forecast and Current Prioritization of Council Referrals, and Provide Feedback on Desired Service Levels to Inform Development of the FY 2024-25 Budget (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012; and Lauren Lai, Finance Director, 408-586-3111)**

Recommendation: Receive a staff presentation on the Preliminary FY 2025-34 Ten-Year General Fund Financial Forecast and current prioritization of Council referrals, and provide feedback to staff on desired service levels to inform development of the FY 2024-25 Budget.

ANNOUNCEMENTS

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@milpitas.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.milpitas.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.milpitas.gov/government/council/agenda_minutes.asp (select meeting date)

APPLY TO SERVE ON A CITY COMMISSION

Commission application forms are available online at www.milpitas.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@milpitas.gov prior to the meeting. You may request a larger font agenda.



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Receive a Staff Presentation on the Preliminary FY 2025-34 Ten-Year General Fund Financial Forecast and Current Prioritization of Council Referrals and Provide Feedback on Desired Service Levels to Inform the FY 2024-25 Budget Development (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012 and Lauren Lai, Finance Director, 408-586-3111)
Category:	Leadership and Support Services
Meeting Date:	1/30/2024
Recommendation:	Receive a staff presentation on the Preliminary FY 2025-34 Ten-Year General Fund Financial Forecast and current prioritization of Council referrals and provide feedback on desired service levels to inform the FY 2024-25 Budget development.

BACKGROUND:

In January, the City Council kicks off the annual budget process with the preliminary budget study session. At the study session, staff presents the preliminary ten-year General Fund Financial Forecast, the budget community engagement plan and reports on current prioritization of Council referrals.

ANALYSIS:

Consistent with past years, staff will set the stage of the Preliminary FY 2023-24 Budget Study Session with the Preliminary FY 2025-34 Ten-Year General Fund Financial Forecast (see attached). Based on new revenue information, labor contracts, and various funding and expenditure strategies, Staff projects a balanced budget for FY2024-25 and does not foresee a reduction in the current service levels. However, consistent with last year's ten-year forecast, General Fund deficits are forecast starting in FY2026-27 prior to the sunset expiration of the Measure F sale tax revenue, which expires on March 31, 2029. This forecast reiterates the importance of economic development, fiscal management, and extension of Measure F to provide long-term fiscal stability and preserve essential City services. Below is a summary of the FY2025-34 Ten-Year General Fund Financial Forecast (\$ million):

	FY23-24 Adopted Budget	FY24-25 Prelim Base Budget	FY25-26 Forecast	FY26-27 Forecast	FY27-28 Forecast	FY28-29 Forecast
General Fund (\$ million)						
Revenues and other Sources	\$ 129.5	\$ 135.5	\$ 139.0	\$ 143.4	\$ 148.1	\$ 151.8
Expenditures	(129.5)	(135.5)	(138.0)	(143.9)	(149.7)	(157.5)
Annual Surplus / (Deficit)	(0.0)	-	1.0	(0.4)	(1.6)	(5.7)
		FY29-30 Forecast	FY30-31 Forecast	FY31-32 Forecast	FY32-33 Forecast	FY33-34 Forecast
General Fund (\$ million)						
Revenues and other Sources		\$ 150.8	\$ 156.0	\$ 159.2	\$ 164.2	\$ 170.1
Expenditures		(163.9)	(171.2)	(176.7)	(184.8)	(191.5)
Annual Surplus / (Deficit)		(13.1)	(15.2)	(17.5)	(20.6)	(21.4)

This is considered a "preliminary base budget" as it incorporates guidance, methodologies, policies, and service levels that are consistent with current fiscal year (FY2023-24). Primary revenue forecasts are guided by subject matter experts, trend analysis and/or operational analysis. Within expenditures forecasts, the staffing costs are based upon current fiscal year authorized staffing levels, current contracts, and estimates for

future medical, pension and cost of living adjustments. The forecast methodologies and fiscal policies are consistent with FY2023-24; however, these may be refined through the budget development and/or through Council direction. The forecast presentation will also include discussion of economist outlooks and broad factors such as monetary policy, economic growth, inflation, labor markets and consumer spending.

Public engagement is an essential component to budget development. The City just completed the statistically valid community survey by the City's survey consultant, Fairbank, Maslin, Maulin, Metz and Associates (FM3). FM3 provided a presentation on the findings of this survey to the City Council on January 23, 2024. There are more opportunities for public engagement as outlined in the following table during this upcoming operating budget development cycle.

Dates/Timeframe	Major Milestones and Events
December 2023	Statistically valid community survey
January 30, 2024	Budget Study Session – long-term forecast
March and April 2024	Open Town Hall Budget Survey
April 2024	Community Engagement Meeting
April 18, 2024	User and Regulatory Fee Update – Public Hearing
May 14, 2024	FY 23-24 Operating Budget Study Session
June 4, 2024	FY23-24 Operating Budget Adoption – Public Hearing

Also, through the Federal government, the City received \$16.7 million of ARPA funding. In 2024, staff is proactively partnering the City's Federal cost recovery and funding consultant, AG Witt, to research the development Treasury regulations to ensure compliance and to mitigate forfeiting any Federal funds that may be utilized locally by the City. During the presentation, Staff will brief the Council on the current status of the research, the approach on bringing it back to the Council for further policy direction and funding appropriation authorization. Similar to the launch of ARPA, Treasury is releasing incremental guidance and Staff will communicate what we are able to ascertain at each engagement with the Council.

Per the City Council policy titled Prioritization of Additional Workplan items, "The City Council shall refer all prioritized workplan items, which require a City Council budget appropriation action, to the annual operating or capital program (CIP) budget process." The last City Council prioritization processes were held on June 20, 2023 and November 14, 2023. Items which have been prioritized by the City Council which need additional funding resources to move forward are listed below and will be discussed further in the staff presentation on the study session:

<u>Item</u>	<u>Date Prioritized</u>	<u>Potential Ongoing Costs</u>		<u>Potential One Time Costs</u>	
		<u>Low Range</u>	<u>High Range</u>	<u>Low Range</u>	<u>High Range</u>
Charter City Evaluation	11/14/2023	\$0	\$0	\$70,000*	\$70,000
International Festival on Main Street	11/14.2023	\$4,000	\$48,000	\$0	\$0
Senior Discount	11/14/2023	\$0	\$500,000	\$30,000*	\$70,000

*Estimated one time Costs for Charter City Evaluation and Senior Discount are for Phase I community outreach and a community survey

As part of the staff presentation additional items which have been raised since the November 14, 2023 City Council meeting but not yet prioritized will be shared for discussion purposes. Staff will also share a list of previously prioritized items that are currently being worked on that may require additional financial resources in the future.

POLICY ALTERNATIVE(S):

Not applicable

FISCAL IMPACT:

Feedback from the Council on priorities and service levels will be used to develop the Proposed FY 2023-24 Budget, however, there is no direct fiscal impact in receiving the staff presentation.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The action is a fiscal activity of the City government or an action to create a City government funding mechanism that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and is not a project pursuant to Cal. Code of Regs., tit. 14, § 15378.

RECOMMENDATION:

Receive a staff presentation on the Preliminary FY 2025-34 Ten-Year General Fund Financial Forecast and current prioritization of Council referrals and provide feedback on desired service levels to inform the FY 2024-25 Budget development.

ATTACHMENT(S):

Preliminary FY 2025-34 Ten-Year General Fund Financial Forecast

