SPECIAL MEETING OF THE MILPITAS CITY COUNCIL

AGENDA

TUESDAY, MAY 13, 2025
BARBARA LEE SENIOR CENTER, 40 N MILPITAS BLVD, ROOM 140/141, MILPITAS, CA
5:30 PM (STUDY SESSION)

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

** To access written translation during the meeting, scan the QR Code.*

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, unless the City Council approves remote public comment. 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 unless the City Council approves remote public comment. To watch via Zoom, please register at:

https://ci-milpitas-ca-gov.zoom.us/webinar/register/WN__t-_D8unR5Sz1O5jpkeBSg

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

Members of the public are invited to address the City Council on the agenda item listed below only. 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.

ANNOUNCEMENT OF CONFLICT OF INTEREST AND CAMPAIGN CONTRIBUTIONS

READING OF THE CITY COUNCIL CODE OF CONDUCT

APPROVAL OF AGENDA

AGENDA ITEMS

1. **Receive a Presentation on the FY 2025-26 Proposed City of Milpitas Operating Budget and Provide Direction Approving the FY 2025-26 Proposed Operating Budget and Proposed Fiscal Strategy Framework (Staff Contact: Luz Cofresi-Howe, Finance Director, 408-586-3111)**

   Recommendation: Receive a presentation on the FY 2024-25 Proposed City of Milpitas Operating Budget and provide direction (1) approving the FY 2025-26 Operating Budget as proposed, including deficit reductions and FY 2025-26 new proposals and (2) approve Fiscal Strategy Framework as proposed to address multi-year budget deficit.

ANNOUNCEMENTS AND FUTURE AGENDA ITEMS

Members of the City Council or City Manager may make brief announcements at this time. Members of the City Council may also suggest future agenda items. For future agenda items, the City Council shall not debate the topic or engage in discussion but shall simply state a "yes" or "no" as whether to move the item forward. If a majority of the City Council agrees to move the item forward, the City Manager shall place the item on a future agenda.

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: ccreech@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 Presentation on the FY 2025-26 Proposed City of Milpitas Operating Budget, and Provide Direction Approving the FY 2025-26 Proposed Operating Budget and Proposed Fiscal Strategy Framework (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111)**
Category:	Leadership and Support Services
Meeting Date:	5/13/2025
Recommendation:	(1) Receive a presentation on the FY 2024-25 Proposed City of Milpitas Operating Budget, (2) Provide direction approving the FY 2025-26 Proposed Operating Budget, including deficit reductions and new proposals; and (3) Approve the Proposed Fiscal Strategy Framework to address the multi-year budget deficit.

BACKGROUND:

The City of Milpitas conducts an annual review of its operating and capital improvement program budgets to ensure alignment with City Council priorities, fiscal policies, and community needs, and appropriates the forthcoming fiscal year of the proposed operating budget and the first fiscal year of the five-year capital improvement program (CIP). The proposed FY 2026-30 Proposed Capital Improvement Program was presented at the February 11, 2025 City Council Study Session, and the Preliminary FY 2026-35 Ten-Year General Fund Financial Forecast was presented at the City Council Study Session held on February 18, 2025.

During both February study sessions, City Councilmembers expressed interest in holding additional study sessions for both the Operating Budget and the CIP to allow more time for review and consideration of proposed projects and funding strategies. The City Council specifically directed staff to return to the City Council with an FY 2025-26 Proposed Operating Budget that integrated community feedback and aligned spending with community priorities, provided a strengthened marketing strategy and revenue enhancement initiatives, and balanced the FY 2025-26 Proposed Operating Budget deficit without additional reserves. As will be discussed further in the analysis section and in the May 13, 2025 presentation, additional community feedback will be gathered over the next several months as staff works towards solving the City's structural budget deficit.

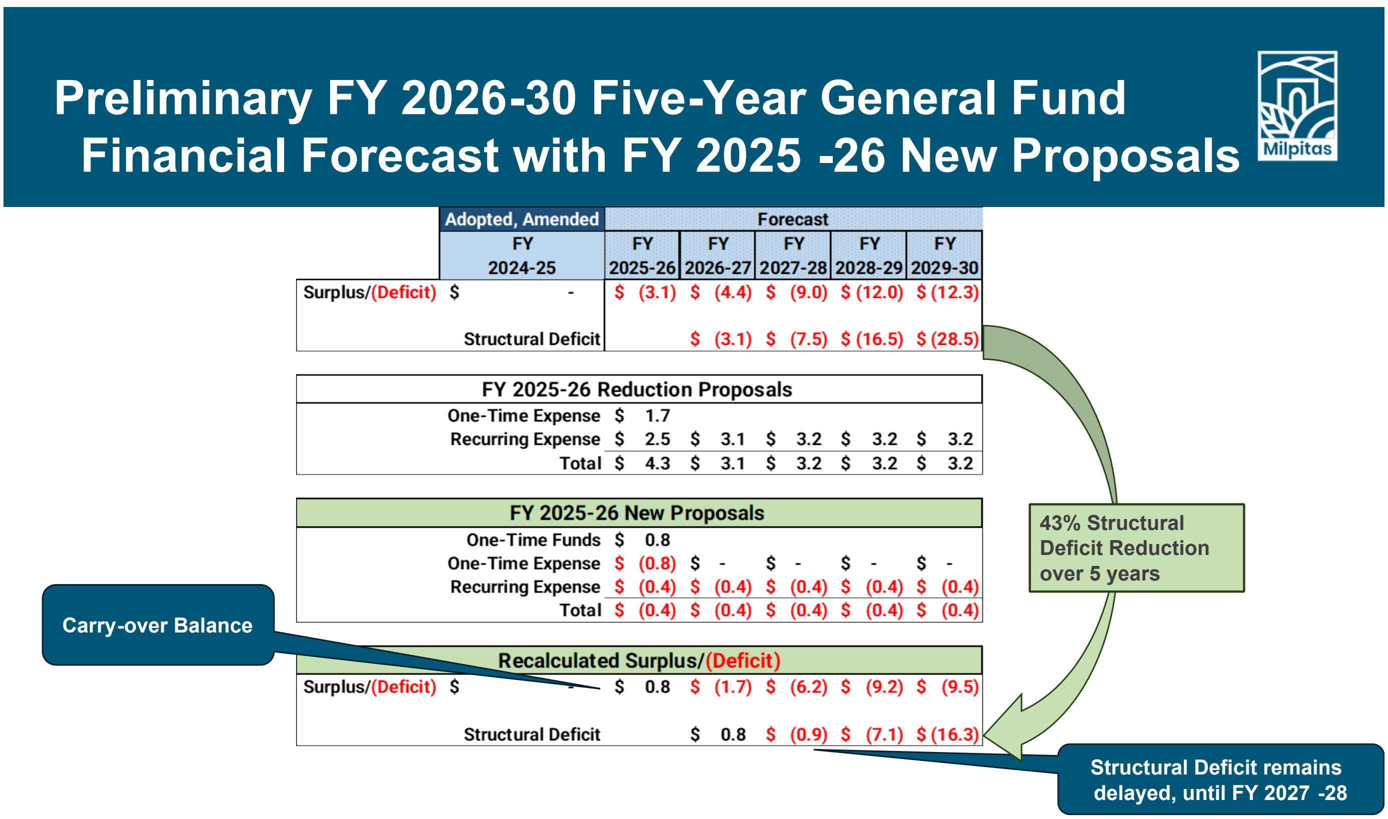
Both proposed budgets returned to the City Council for an April 2, 2025 combined Study Session. At that study session, the City Council provided further guidance to staff regarding its preferred options for proposed deficit reductions. This feedback has been incorporated into the proposals included as attachments to this report.

ANALYSIS:

The FY 2025-26 Proposed Operating Budget presented in this Agenda Report has been developed to align with City Council direction and address identified priorities and service levels. Informed by feedback from all prior City Council Study Sessions, the budget incorporates insights from the Preliminary General Fund Financial Forecast. The staff presentation aims to provide the City Council with an overview of the FY 2024-25 Proposed City of Milpitas Operating Budget and seek direction on two key items: (1) approving the FY 2025-26 Operating Budget as proposed, which includes deficit reductions and limited new proposals, and (2) approving the Fiscal Strategy Framework to address the multi-year budget deficit. At the April 2, 2025 budget study session, the Mayor and Council provided guidance to remove a number of budget reduction proposals that had a more immediate impact on community services. This feedback from the City Council is reflected in the proposals shown in Attachments A and B of this report.

The City of Milpitas' comprehensive Fiscal Strategy Framework seeks to resolve the long-term structural deficit caused by expenditures exceeding revenues. It promotes various fiscal initiatives aimed at increasing revenue, such as the ongoing Citywide fee study and the potential for a future ballot measure to gain voter support for modernizing the City's business tax system. Furthermore, the Fiscal Strategy Framework contemplates the creation of a debt and grants revenue toolkit to address deferred maintenance and enhance infrastructure. An organizational assessment will also be undertaken to improve service delivery and ensure the City effectively meets the needs of its community. Additionally, a cost containment strategy has already been implemented. A primary purpose of the cost containment strategy is to reduce expenditures on activities such as travel and overtime while the fiscal strategy is being implemented. Community engagement will continue to occur throughout the process to ensure community feedback on any future budget reduction proposals that may directly impact levels of service.

In summary, the image below shows the projected impacts of the Fiscal Year 2025-2026 proposals (Attachments A and B to this report) on the five-year structural budget deficit, resulting in a cumulative reduction of 43% over the next five years. However, as noted below, the City continues to face a structural budget deficit which will be managed through the abovementioned Fiscal Strategy Framework.



	Adopted, Amended FY 2024-25	Forecast FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Surplus/(Deficit)	$ -	$ (3.1)	$ (4.4)	$ (9.0)	$ (12.0)	$ (12.3)
Structural Deficit			$ (3.1)	$ (7.5)	$ (16.5)	$ (28.5)

FY 2025-26 Reduction Proposals					
One-Time Expense	$ 1.7				
Recurring Expense	$ 2.5	$ 3.1	$ 3.2	$ 3.2	$ 3.2
Total	$ 4.3	$ 3.1	$ 3.2	$ 3.2	$ 3.2

FY 2025-26 New Proposals					
One-Time Funds	$ 0.8				
One-Time Expense	$ (0.8)	$ -	$ -	$ -	$ -
Recurring Expense	$ (0.4)	$ (0.4)	$ (0.4)	$ (0.4)	$ (0.4)
Total	$ (0.4)	$ (0.4)	$ (0.4)	$ (0.4)	$ (0.4)

Recalculated Surplus/(Deficit)						
Surplus/(Deficit)	$ -	$ 0.8	$ (1.7)	$ (6.2)	$ (9.2)	$ (9.5)
Structural Deficit			$ 0.8	$ (0.9)	$ (7.1)	$ (16.3)

POLICY ALTERNATIVE(S):
Not applicable (N/A).

FISCAL IMPACT:
Feedback from the Council will guide the finalization of the Proposed FY 2025-26 Operating Budget. No direct fiscal impact will result from receiving the presentations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):
The action has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and is not a project pursuant to Pub. Resources Code, § 21065 and Cal. Code Regs., tit. 14, § 15378. Even if a project, the action is exempt from further CEQA review pursuant to Cal. Code Regs., tit. 14, § 15061(b)(3) as it can be seen with certainty that there is no

possibility that the activity in question may have a significant effect on the environment. The action is an organizational or administrative activity of the City government that will not result in direct or indirect physical changes in the environment and is not a project pursuant to Cal. Code of Regs., tit. 14, § 15378. The budget and fiscal strategy are a fiscal activity of the City government 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:

(1) Receive a presentation on the FY 2024-25 Proposed City of Milpitas Operating Budget.
(2) Provide direction approving the FY 2025-26 Proposed Operating Budget, including deficit reductions and new proposals.
(3) Approve the Proposed Fiscal Strategy Framework to address the multi-year budget deficit.

ATTACHMENT(S):

(a) FY 2025-26 Reduction Proposals
(b) FY 2025-26 New Proposals

Attachment A

FY 2025-26 Proposed Operating Budget
FY 2025-26 Reduction Proposals

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
ECONOMIC DEVELOPMENT & JOB GROWTH			
Building Inspector (VACANT 1.0 FTE)			
This proposal recommends the defunding of one vacant full-time equivalent (1.0 FTE) Building Inspector/NP position within the Office of Building Safety's Building Inspection section. This position is responsible for conducting essential building inspections and ensuring code compliance, which supports homeowners, landlords, builders, and developers while safeguarding community health and safety. Analysis of inspection services indicates that existing staff can manage the current volume of inspection activity effectively, as the current level of inspection services have consistently received positive feedback from homeowners. Consequently, eliminating this position is anticipated to have little to no impact on service delivery, service quality or customer satisfaction, especially given the decline in inspection activity and the capacity of existing staff to absorb the duties of the defunded position. Should demand for service increase, and the related revenue to fully fund this position, this position will be restored.		$ 224,909	$ 224,909
Economic Development Special Projects (Ltd)			
This proposal recommends a one-time reduction from the $330,000 allocated for the Limited Term Economic Development Specialist position in the Economic Development Department. This role, currently costing $307,352, manages grant programs that support economic vitality and job growth. Allowing this adjustment will enable a reallocation of resources while permitting existing staff to integrate the City Council's Main Street Revitalization efforts into their responsibilities, potentially requiring a reprioritization of initiatives such as the Downtown Business Association and Storefront Improvement Grant Program.	$ 45,744		$ 45,744

Attachment A

FY 2025-26 Proposed Operating Budget
FY 2025-26 Reduction Proposals

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
International Trade & Commerce Program			
This proposal recommends an ongoing budget reduction in the Economic Development Department for the International Trade & Commerce Program, which supports local business globalization and Foreign Direct Investment (FDI), by eliminating approximately $6,000 in direct international trade and foreign delegation funding and reducing participation in national conferences from two staff to one, saving roughly $4,000. Given the current uncertainties at the federal level and their consequent effect on international trade and commerce, an alternative suggests maintaining one staff member's attendance at national events to leverage opportunities if the economic environment changes.		$ 10,000	$ 10,000
Storefront Improvement Grant			
This proposal recommends a one-time reduction of $50,000 from the Storefront Improvement Grant Program, which is currently funded at $365,000 through the General Fund Community Investment Fund. This adjustment would streamline the program's operations and reduce staff workload, while still allowing for ongoing support of exterior commercial storefront improvements that enhance downtown economic vitality. By implementing this reduction, the City can effectively allocate resources while continuing to foster revitalization efforts in the downtown area.	$ 50,000		$ 50,000
Economic Development & Job Growth Total	**$ 95,744**	**$ 234,909**	**$ 330,653**
GOVERNANCE AND ADMINISTRATION			
Cost Allocation & Expenditure Efficiencies			
This proposal recommends realigning funding according to the City Central Services Cost Allocation Plan (CAP), thereby promoting financial accountability and transparency. This proactive measure facilitates systemic, accurate budgeting and reflects the effective use of administrative resources across departments and initiative, ensuring indirect costs are not solely covered by the City General Fund.		$ 1,047,319	$ 1,047,319

Attachment A

FY 2025-26 Proposed Operating Budget
FY 2025-26 Reduction Proposals

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
Day Porter Service			
This proposal recommends the elimination of the day porter service contract as a cost-saving measure given current budget constraints. Following the City Council's approval of a five-year agreement for janitorial and porter services, ending day porter services, which are scheduled from 6:30 AM to 3:00 PM, will result in reduced maintenance during regular building operations. While this decision may lead to a noticeable decrease in cleanliness across City facilities and potentially delayed response times to janitorial requests during those hours, it is necessary to align with the City's financial limitations.		$ 99,333	$ 99,333
Legislative Support			
This proposal recommends implementing an ongoing budget reduction of $100,000 for the City's legislative support program. This program currently funds a government relations consultant responsible for monitoring legislation, identifying possible earmark requests, and assisting in interactions with federal and state agencies to secure funding for City initiatives that benefit residents, businesses, and stakeholders. To continue advancing its funding efforts, the City will leverage its existing resources and memberships in organizations such as the League of California Cities, the National League of Cities, and the Government Finance Officers Association to effectively support its objectives in obtaining financial assistance from state and federal agencies.		$ 100,000	$ 100,000
GOVERNANCE AND ADMINISTRATION TOTAL		**$ 1,246,652**	**$ 1,246,652**

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
NEIGHBORHOODS & HOUSING			
Cost Allocation & Expenditure Efficiencies			
This proposal recommends a cost allocation adjustment for the Office of Housing, which involves reallocating the salaries and benefits of 1.0 FTE Administrative Analyst II, ancillary non-personnel expenditures, and a portion of the Housing Official's compensation. This action will reduce general fund expenditures by 91%, with funding sourced from Fund 250 (CDBG) and Fund 216 (Affordable Housing). Service levels will remain unchanged as the essential functions of administering the City's Affordable Housing Ordinance and Community Development Block Grant programs will continue without interruption and be appropriately funded by Housing funds.		$ 274,372	$ 274,372
NEIGHBORHOODS & HOUSING TOTAL		**$ 274,372**	**$ 274,372**
PUBLIC SAFETY			
Fire Prevention Inspector (VACANT 1.0 FTE)			
This proposal recommends the defunding of one vacant full-time equivalent (1.0 FTE) Fire Prevention Inspector position within the Fire Department. Similar to the Office of Building Safety building inspector proposed reduction, this position is responsible for conducting essential building inspections and ensuring code compliance as these inspections specifically relate to fire regulations and safety. Also as with the building inspector position, eliminating this position is anticipated to have little to no impact on service delivery, service quality or customer satisfaction, given the decline in inspection activity and the capacity of existing staff to absorb the duties of the defunded position. Should demand for service increase, and the related revenue to fully fund this position, this position will be restored.		$ 354,992	$ 354,992
Miscellaneous Expenses			
This proposal recommends miscellaneous expenses across all Fire Department operations by trimming various budget areas without fully eliminating any. Public safety will remain unaffected. To offset decreased spending on fire supplies, the department will actively seek grant opportunities. Although training cuts may limit future staff development, they will not impact current service levels.		$ 77,000	$ 77,000

Attachment A

FY 2025-26 Proposed Operating Budget
FY 2025-26 Reduction Proposals

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
Office Assistant			
This proposal recommends eliminates funding for a part-time Office Assistant position in the Fire Operations division. The role currently supports administrative staff; however, ongoing cross-training efforts have prepared current personnel to absorb these duties. The reduction is expected to have minimal impact on service levels.		$ 15,000	$ 15,000
Police Officer (VACANT 1.0 FTE)			
This proposal recommends defunding of one vacant full-time equivalent (1.0 FTE) Police Officer position within the Police Department. The Police Department currently anticipates approximately two (2) or more additional sworn vacancies in FY 2025-26 due to impending retirements. While recruiting efforts for sworn positions are ongoing and continuous, with the current vacancies and anticipated upcoming vacancies, it is unlikely the City would be able to fill all vacant Police Officer positions within FY 2025-26.		$ 343,256	$ 343,256
PUBLIC SAFETY TOTAL		**$ 790,249**	**$ 790,249**
GRAND TOTAL	**$ 95,744**	**$ 2,546,182**	**$ 2,641,926**

Attachment B

FY 2025-26 Proposed Operating Budget
FY 2025-26 New Proposals – General Fund

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
COMMUNITY WELLNESS & OPEN SPACE			
Minnis Circle Storage Lease			
This proposal recommends continuing funding the lease of two commercial spaces on Minnis Circle to address the pressing space limitations faced by multiple City departments. The Police Department requires 5,400 to 10,000 square feet of replacement space due to the impending demolition of its current warehouse, which is essential for managing evidence vehicles and equipment. The Recreation and Community Services Department currently stores program materials across various disconnected locations, including a rented storage unit, and consolidating these supplies would enhance access and inventory control. Additionally, Public Works would benefit from a new location to securely store surplus City furniture and high-value maintenance equipment. By securing these leased spaces, the City can improve operational efficiency, ensure the security of assets, and accommodate the needs of its departments more effectively. As multiple departments are collaborating on this storage, this proposal can be found in three places in this document to account for the funded added for each department. In total the leases add up to $114,320 annually between the Police, Public Works and Recreation & Community services departments.		$10,320	$10,320
Mobile Stage Rental			
This proposal recommends allocating an additional $15,000 to fund renting a mobile stage essential for the City's special event program. A mobile stage is crucial for hosting a variety of community events, accommodating nearly 19,000 spectators each year and enhancing engagement and inclusivity across neighborhoods. The stage supports various activities, including concerts and cultural celebrations, while generating sponsorship revenue through logo placements on stage banners. Without this funding, the City will be forced to reduce the number of events utilizing a mobile stage and resort to smaller alternatives, which would negatively impact resident experiences, event activities, and potential sponsorship opportunities.		$15,000	$15,000

FY 2025-26 Proposed Operating Budget
FY 2025-26 New Proposals – General Fund

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
Private Swim Lessons			
This proposal recommends the expansion of the Aquatic Program to include year-round private swim lessons, responding to significant community interest in personalized aquatic instruction. By offering tailored lessons, the City can better meet resident needs, enhance accessibility, and promote inclusivity for individuals of all abilities. Failing to implement this initiative may lead to residents seeking alternative providers, resulting in lost revenue and dissatisfaction. The proposed plan aims to net approximately $6,550 in revenue while utilizing existing staff during non-peak hours and ensuring quality instruction through additional training.		$(6,548)	$(6,548)
Recreation Administrative Assistants			
This proposal recommends funding for additional part-time administrative assistant hours at the Milpitas Community Center during the evening shift, specifically from 2 p.m. to 6 p.m. on Monday through Thursday. The increase in customer traffic, particularly after work hours, necessitates additional front desk support to maintain high levels of customer service. Without this staffing enhancement, full-time staff will continue to be diverted from their primary tasks to address front desk demands, resulting in delays and increased comp-time or overtime costs. By adding these hours, the Department can ensure prompt and effective service for customers, allowing full-time staff to focus on their critical responsibilities.		$16,640	$16,640

GENERAL FUND	**ONE-TIME**	**RECURRING**	**GRAND TOTAL**
Storage Tank Condition Assessment			
This proposal recommends allocating $150,000 for one-time inspections of the City of Milpitas' 27 fuel tanks, essential for maintaining safety, environmental protection, and operational efficiency. The requested funding will support comprehensive condition assessments and integrity inspections of the aging diesel fuel storage tanks, which are critical for backup power at emergency generators across various City facilities. Most of these tanks are over 15-20 years old and have experienced significant issues, including fuel line leaks and corrosion, posing risks of failures that could lead to environmental contamination and operational disruptions. By investing in these proactive inspections, the City can extend the lifespan of the fuel tanks, minimize long-term repair costs, and ensure uninterrupted fuel operations. This proposal is paired with two additional proposals, for $37,500 each, in the sewer and water funds, for a total of $150,000 between the three funds.	$75,000		$75,000
COMMUNITY WELLNESS & OPEN SPACE TOTAL	**$75,000**	**$35,412**	**$110,412**
GOVERNANCE AND ADMINISTRATION			
Business Tax Modernization			
This proposal recommends the City modernize its business license tax structure to increase annual revenue significantly, currently estimated at approximately $330,000, to between $900,000 and $3 million based on different tax models. By shifting to a gross receipts or square footage tax structure, the City can capitalize on existing non-residential property data to better reflect the economic activity of local businesses. To move forward, it is recommended the City Council direct staff to refresh the previous 2023 analysis with potential tax increase options, present this analysis for Council consideration and approval, conduct a community poll and engage communications and/or other contractual services, with the intention to placing a respective voter measure on the November 3, 2026 ballot.	$294,000		$294,000

Attachment B

FY 2025-26 Proposed Operating Budget
FY 2025-26 New Proposals – General Fund

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
Enhanced Revenue Strategy			
This proposal recommends the City adopt and fund a comprehensive fiscal strategy framework to effectively address its long-term structural deficit resulting from expenditures outpacing revenues. The proposal advocates for fiscal initiatives designed to enhance revenue including, but not limited to, an already ongoing Citywide fee study and a potential future ballot measure aimed at receiving voter support to modernize the City business tax system, along with developing a debt and grants revenue toolkit for addressing deferred maintenance and improving infrastructure. An organizational assessment will further optimize service delivery, ensuring the City continues to meet community needs efficiently. Securing funding to engage specialized expertise for the successful implementation of these strategies is essential.	$400,000		$400,000
Internship Program			
This proposal recommends funding a summer Law Clerk Internship to support the Office of the City Attorney. The intern will conduct essential research and provide recommendations on document templates and municipal code updates, facilitating the timely completion of important long-term projects. By investing in this position, the City can not only ensure the efficient progression of these initiatives but also strengthen the Milpitas brand within the municipal law community.	$17,510		$17,510

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
Minnis Circle Storage Lease			
This proposal recommends continuing funding the lease of two commercial spaces on Minnis Circle to address the pressing space limitations faced by multiple City departments. The Police Department requires 5,400 to 10,000 square feet of replacement space due to the impending demolition of its current warehouse, which is essential for managing evidence vehicles and equipment. The Recreation and Community Services Department currently stores program materials across various disconnected locations, including a rented storage unit, and consolidating these supplies would enhance access and inventory control. Additionally, Public Works would benefit from a new location to securely store surplus City furniture and high-value maintenance equipment. By securing these leased spaces, the City can improve operational efficiency, ensure the security of assets, and accommodate the needs of its departments more effectively. As multiple departments are collaborating on this storage, this proposal can be found in three places in this document to account for the funded added for each department. In total the leases add up to $114,320 annually between the Police, Public Works and Recreation & Community services departments.		$10,000	$10,000
Technology Systems			
This proposal recommends funding for the ongoing software and maintenance renewal essential for the City's operational continuity and disaster recovery preparedness. These systems, currently supported through previously approved multi-year agreements, include secure offsite storage solutions, infrastructure enhancements for improved IT management and performance, automated backup solutions to ensure the recoverability of critical information, and web filtering for enhanced online safety. Continued funding for these vital services through the operating budget is crucial for maintaining the City's strategic objectives in data integrity and service reliability.		$158,000	$158,000
GOVERNANCE AND ADMINISTRATION TOTAL	**$711,510**	**$168,000**	**$879,510**

Attachment B

FY 2025-26 Proposed Operating Budget
FY 2025-26 New Proposals – General Fund

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
PUBLIC SAFETY			
Incident & Disaster Management Software			
This proposal recommends funding two essential public safety technology platforms to enhance the City of Milpitas' emergency management capabilities. The first platform improves evacuation management by providing residents with real-time, location-specific information, supporting first responders and the Office of Emergency Management in executing effective evacuations. The second platform enhances incident response and management within the Fire Department by improving situational awareness and resource management through integration with the City's existing dispatch system. Securing funding for these technologies is vital for maintaining effective emergency operations and modernizing response capabilities		$44,750	$44,750
Minnis Circle Storage Lease			
This proposal recommends continuing funding the lease of two commercial spaces on Minnis Circle to address the pressing space limitations faced by multiple City departments. The Police Department requires 5,400 to 10,000 square feet of replacement space due to the impending demolition of its current warehouse, which is essential for managing evidence vehicles and equipment. The Recreation and Community Services Department currently stores program materials across various disconnected locations, including a rented storage unit, and consolidating these supplies would enhance access and inventory control. Additionally, Public Works would benefit from a new location to securely store surplus City furniture and high-value maintenance equipment. By securing these leased spaces, the City can improve operational efficiency, ensure the security of assets, and accommodate the needs of its departments more effectively. As multiple departments are collaborating on this storage, this proposal can be found in three places in this document to account for the funded added for each department. In total the leases add up to $114,320 annually between the Police, Public Works and Recreation & Community services departments.		$94,000	$94,000

GENERAL FUND	ONE-TIME	RECURRING	GRAND TOTAL
Miscellaneous Insurance			
This proposal recommends securing funding for essential liability insurance coverage for the City of Milpitas' Recreation and Community Services Department, which involves numerous staff, contractors, and volunteers working with youth, seniors, and vulnerable adults. Recent guidance indicates that this coverage is necessary to mitigate potential risks associated with the Department's activities, ensuring the City is financially safeguarded. If the insurance is not obtained, the City risks losing vital service providers who may be unable to afford their own coverage, leading to significant reductions in programs and potential revenue losses exceeding $200,000.		$35,000	$35,000
PUBLIC SAFETY TOTAL		**$173,750**	**$173,750**
GENERAL FUND TOTAL	**$786,510**	**$377,162**	**$1,163,672**

Attachment B

FY 2025-26 Proposed Operating Budget
FY 2025-26 New Proposals – Non-General Fund

AFFORDABLE HOUSING COMMUNITY BENEFIT FUND	ONE-TIME	RECURRING	GRAND TOTAL
NEIGHBORHOODS & HOUSING			
Rent Relief Program Management			
This proposal recommends converting the existing limited-term Analyst II position within the Office of Housing into a permanent, ongoing role to effectively administer the rent and mortgage relief program, homeless response services, and other vital initiatives aligned with the City's priorities. The Office of Housing is currently managing multiple critical functions, including compliance for federal grant programs, analyzing data related to unhoused services, and implementing various housing policies. With existing staff fully committed to these responsibilities, making the Analyst II position permanent is essential for sustaining the City's commitment to addressing housing challenges and enhancing community support services. This position will be fully supported through the Affordable Housing Unrestricted fund.		$177,255	$177,255
NEIGHBORHOODS & HOUSING TOTAL		**$177,255**	**$177,255**
AFFORDABLE HOUSING COMMUNITY BENEFIT FUND TOTAL		**$177,255**	**$177,255**

Attachment B

FY 2025-26 Proposed Operating Budget
FY 2025-26 New Proposals – Non-General Fund

CAPITAL IMPROVEMENT PROGRAM	ONE-TIME	RECURRING	GRAND TOTAL
GOVERNANCE AND ADMINISTRATION			
Financials Systems Management			
This proposal recommends establishing a permanent, benefitted position for the Senior Special Project Associate within the Finance Department of the City of Milpitas. This role has proven essential, as the incumbent has contributed significantly to the accounting functions and has exhibited exemplary leadership during the transition from the Cayenta legacy financial software to the Tyler cloud-based ERP system. By making this position permanent, the City will ensure continued progress on critical initiatives, such as transitioning over 3,300 vendors to electronic payment systems and overseeing integration testing and end-user training. Establishing this permanent position will not only facilitate a smoother transition to the new ERP system, leading up to the planned Financial Systems ERP Go-Live date of July 1, 2025, but will also provide necessary support to the City Finance Manager of Accounting Services and enhance the overall capacity of the Finance Department.		$40,698	$40,698
GOVERNANCE AND ADMINISTRATION TOTAL		**$40,698**	**$40,698**
CAPITAL IMPROVEMENT PROGRAM TOTAL		**$40,698**	**$40,698**

EQUIPMENT REPLACEMENT FUND			
COMMUNITY WELLNESS & OPEN SPACE			
Smoke Opacity Testing			
This proposal recommends approving funding to ensure that the City of Milpitas' fleet remains compliant with the California Air Resources Board's mandated smoke opacity testing for heavy-duty trucks with a gross vehicle weight rating of over 14,000 pounds, which applies to 23 diesel-engine vehicles in the City's fleet. Compliance with these regulations is essential to minimize pollutants from diesel exhaust and protect air quality. By securing this funding, the City will uphold its commitment to environmental standards and avoid potential non-compliance consequences.		$11,000	$11,000
Stump Grinder Purchase			
This proposal recommends approving funding for the replacement of the current non-operational stump grinder used by the City of Milpitas for tree operations, as it is essential for removing tree stumps and mitigating potential public hazards. With $22,935 already available in the replacement fund, acquiring a new stump grinder will enhance operational efficiency by eliminating the need to rent equipment at a weekly cost of $2,700, which is subject to availability and can delay necessary work. Additionally, securing a permanent grinder will reduce the City's reliance on contractor support, which incurs costs of $1,749 per stump removal.	$84,000		$84,000
COMMUNITY WELLNESS & OPEN SPACE TOTAL	**$84,000**	**$11,000**	**$95,000**
EQUIPMENT REPLACEMENT FUND TOTAL	**$84,000**	**$11,000**	**$95,000**

SEWER MAINTENANCE & OPERATIONS FUND			
COMMUNITY WELLNESS & OPEN SPACE			
Storage Tank Condition Assessment			
This proposal recommends allocating $150,000 for one-time inspections of the City of Milpitas' 27 fuel tanks, essential for maintaining safety, environmental protection, and operational efficiency. The requested funding will support comprehensive condition assessments and integrity inspections of the aging diesel fuel storage tanks, which are critical for backup power at emergency generators across various City facilities. Most of these tanks are over 15-20 years old and have experienced significant issues, including fuel line leaks and corrosion, posing risks of failures that could lead to environmental contamination and operational disruptions. By investing in these proactive inspections, the City can extend the lifespan of the fuel tanks, minimize long-term repair costs, and ensure uninterrupted fuel operations. This proposal is paired with two additional proposals, one for $37,500 in the water fund and one for $75,000 in the General Fund, for a total of $150,000 between the three funds.	$37,500		$37,500
Utility Maintenance Repair Supplies			
This proposal recommends that the City Council approve an allocation of $100,000, with $50,000 designated for the water enterprise and $50,000 for the sewer enterprise, to fund dedicated repair supply line items. This repair supplies are critical for preserving the operational integrity and regulatory compliance of the City's water and sewer systems. Without these funds, the Division may be unable to procure necessary supplies, leading to delays in essential repairs and potential service disruptions. The approval of this request will ensure that both systems remain efficient, reliable, and compliant with applicable standards.	$50,000		$50,000
COMMUNITY WELLNESS & OPEN SPACE TOTAL	**$87,500**		**$87,500**
SEWER MAINTENANCE & OPERATIONS FUND TOTAL	**$87,500**		**$87,500**

WATER MAINTENANCE & OPERATIONS FUND			
COMMUNITY WELLNESS & OPEN SPACE			
Storage Tank Condition Assessment			
This proposal recommends allocating $150,000 for one-time inspections of the City of Milpitas' 27 fuel tanks, essential for maintaining safety, environmental protection, and operational efficiency. The requested funding will support comprehensive condition assessments and integrity inspections of the aging diesel fuel storage tanks, which are critical for backup power at emergency generators across various City facilities. Most of these tanks are over 15-20 years old and have experienced significant issues, including fuel line leaks and corrosion, posing risks of failures that could lead to environmental contamination and operational disruptions. By investing in these proactive inspections, the City can extend the lifespan of the fuel tanks, minimize long-term repair costs, and ensure uninterrupted fuel operations. This proposal is paired with two additional proposals, one for $37,500 in the sewer fund and one for $75,000 in the General Fund, for a total of $150,000 between the three funds.	$37,500		$37,500
Utility Maintenance Repair Supplies			
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COMMUNITY WELLNESS & OPEN SPACE TOTAL	**$87,500**		**$87,500**
WATER MAINTENANCE & OPERATIONS FUND TOTAL	**$87,500**		**$87,500**
GRAND TOTAL	**$259,000**	**$228,953**	**$487,953**