



REGULAR MEETING OF THE MILPITAS CITY COUNCIL



AGENDA

TUESDAY, DECEMBER 16, 2025

CITY COUNCIL CHAMBER, 455 E. CALAVERAS BLVD, MILPITAS, CA

6:00 PM (CLOSED SESSION)

7:00 PM (PUBLIC BUSINESS)

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_9n36sb9fTPW3CSHFYhiWRA

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.
- Use electronic devices appropriately 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 (6:00 PM)

ADJOURN TO CLOSED SESSION

(a) PUBLIC EMPLOYEE APPOINTMENT AND HIRING

Pursuant to Government Code Section 54957(b)(1)
Employee Position: City Manager

(b) PUBLIC EMPLOYEE APPOINTMENT AND HIRING

Pursuant to Government Code Section 54957(b)(1)
Employee Position: City Attorney

CLOSED SESSION ANNOUNCEMENT:

Report on action taken in Closed Session, if required per Government Code Section 54957.1, including the vote or abstention of each member present.

PLEDGE OF ALLEGIANCE

INVOCATION (Mayor Montano)

PRESENTATIONS

PUBLIC FORUM

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

CONSENT CALENDAR

Consent calendar items are considered to be routine and will be considered for adoption by one motion. There will be no separate discussion of these items unless a City Councilmember, member of the audience or staff requests the Council to remove an item from (or be added to) the consent calendar. Any person desiring to speak on any item on the consent calendar should ask to have that item removed from the consent calendar.

C1. Receive City Council Calendar of Meetings (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Receive City Council Calendar of Meetings for December 2025 and January 2026.

C2. Approve City Council Meeting Minutes (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Approve City Council Meeting minutes of November 18 and December 2, 2025

C3. Receive the Preview List of Anticipated Items for the Next Regular City Council Meeting (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Receive the list of anticipated agenda items for the next regular City Council meeting.

C4. Receive and Review the List of Agenda Items Requested by City Councilmembers (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Receive the list of items that have been requested by City Councilmembers and received consensus in previous meetings to date.

C5. Consider Recommendations from Mayor Montano for Appointments to Rent Review Board (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Receive Mayor Montano's recommendations and approve and confirm recommendations for appointments to the Rent Review Board

C6. Authorize and Approve Request from Mayor Carmen Montano to Present a Key to the City to the Mayor of Mexico City, Alcaldesa/Mayor Clara Brugada (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)

Recommendation: Authorize and approve request from Mayor Carmen Montano to present a Key to the City to the Mayor of Mexico City, Alcaldesa/Mayor Clara Brugada.

C7. Authorize and Approve Travel Request for Councilmember Lam to Sacramento, CA for the League of California Cities Mayors and Council Members Academy (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)

Recommendation: Authorize and approve the travel to Sacramento, CA, for Councilmember William Lam to attend the League of California Cities Mayors and Council Members Academy to be held on January 21–23, 2026, for a combined estimated total not-to-exceed amount of \$1,600 budgeted under the Individual Elected Official allocation for Conferences/Meetings/Trainings.

C8. Authorize the City Manager, or Designee, to Execute a Purchase Order with CDW Government LLC for Desktops and Laptops (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111; and Daniel Nam, Information Technology Director, 408-586-2712)

Recommendation: Authorize the City Manager, or designee, to execute a purchase order with CDW Government LLC for the purchase of desktops and laptops for a total amount not to exceed \$292,866, inclusive of applicable sales tax and recycling fees.

C9. Adopt a Resolution Delegating Authority to the City's Personnel Officer or Designee to Notify Recognized Employee Organizations of Specified Procurements and Contracts as Required by California Assembly Bill 339 (Staff Contact: Kelli Parmley, Human Resources Director, 408-586-3086; Luz Cofresí-Howe, Finance Director, 408-586-3111)

Recommendation: Adopt a resolution delegating authority to the City's Personnel Officer, or their designee, to notify recognized employee organizations of specific procurements and contracts that may materially affect represented positions pursuant to California Assembly Bill 339 beginning January 1, 2026.

C10. Adopt a Resolution Authorizing the City Manager, or Designee, to Accept Grant Funds from Santa Clara Valley Transportation Authority, Negotiate and Execute Necessary Agreements, and Appropriate Related Funds for the Continuation and Expansion of the Milpitas SMART Program (Staff Contact: Jay Lee, Planning Director, 408-586-3077; and Luz Cofresí-Howe, Finance Director, 408-586-3111)

Recommendation: Adopt a resolution authorizing the City Manager, or designee, to: (1) Accept \$2,766,144 in grant funds from the Santa Clara Valley Transportation Authority (VTA) for the continuation and expansion of the Milpitas SMART (Simple, Mobile, Access to Reliable Transit) program; (2) Negotiate and execute all necessary instruments, including a grant funding agreement with VTA, for disbursement and/or expenditure of these grant funds; (3) Approve the related budget appropriation actions in the amount of \$2,856,144 in the General Fund to the Intergovernmental Revenue and the Planning Department budgets; and \$243,486 in the General Government Fund to the Planning Department; and to the Intergovernmental Revenue estimate and Planning Department budget; and (4) Negotiate and execute a related amendment to the Agreement with RideCo US Inc. to add \$3,099,630, extend the term through June 30, 2027, and add scope of services as required by this grant, including for trip planning and data sharing features.

PUBLIC HEARINGS

Members of the public may be allotted up to three (3) minutes or less at the Mayor's discretion, to comment on any public hearing item. Applicants/Appellants and their representatives may be allotted up to a total of ten (10) minutes for opening statements and up to a total of five (5) minutes maximum for closing statements. Items requested/recommended for continuance are subject to Council's consent at the meeting.

- 11. Adopt a Resolution Reviewing and Accepting the Annual Development Impact Fee Report for the Calaveras Boulevard Widening Traffic Impact Fee, the Transit Area Specific Plan (TASP) Impact Fee, and the Storm Drainage Improvement Fee for the Fiscal Year Ended June 30, 2025 (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111)**

Recommendation: (1) Review and accept the Development Impact Fee Annual consistent with the Mitigation Fee Act for the Calaveras Boulevard Widening Traffic Impact Fee, Transit Area Specific Plan (TASP) Impact Fee, and Storm Drainage Improvement Fee for the fiscal year ended June 30, 2025; (2) Adopt a Resolution making all findings required by the Mitigation Fee Act.

- 12. Accept the City's Annual Comprehensive Financial Report and Other Related Annual Audited Reports for the Fiscal Year Ended June 30, 2025 (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111)**

Recommendation: Review and accept the City's Annual Comprehensive Financial Report and other related Annual Audited Reports for the Fiscal Year Ended June 30, 2025.

- 13. Adopt a Resolution Approving the Fiscal Year 2025-26 User and Regulatory Fee Schedule (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111)**

Recommendation: Adopt a resolution approving the Fiscal Year 2025-26 User and Regulatory Fee Schedule.

COMMUNITY DEVELOPMENT

- 14. Receive a Presentation on the Work Completed on the Innovation District Parks and Trails Master Plan and Provide Feedback (Staff Contact: Jay Lee, Planning Director, 408-586-3077)**

Recommendation: Receive progress report on the work completed regarding the Innovation District Parks and Trails Master Plan and provide comments on the preferred park and trail design.

LEADERSHIP AND SUPPORT SERVICES

- 15. Consider Appropriating Unassigned Fund Balances or Reserves Based on the November 4, 2025 Prioritization Vote (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)**

Recommendation: Adopt a resolution to appropriate unassigned fund balances or reserves for approved one-time funded priorities based on the November 4, 2025 prioritization vote.

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.

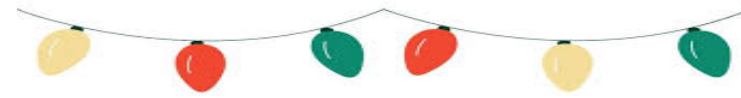
If you need assistance, per the Americans with Disabilities Act, for any City of Milpitas public meeting, please call the City Clerk at 408-586-3001 or send an e-mail to CityClerk@milpitas.gov prior to the meeting. You may request a larger font agenda.

November 2025						
S	M	T	W	T	F	S
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30						

Milpitas City Council Calendar

December 2025

January 2026						
S	M	T	W	T	F	S
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4	5	6	7	8	9	10
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 7:00 PM -Parks, Recreation & Cultural Resources Commission (EC)	2 5:00 PM -Closed Session 7:00 PM -City Council	3 2:00 PM -Santa Clara VTA Monthly Briefing - Northeast Group (CM) (Santa Clara) 5:30 PM -Veterans Commission (GB) 7:00 PM -Community Housing Commission (EC)	4 5:30 PM -Milpitas Chamber of Commerce Board (GB) 5:30 PM -Santa Clara VTA Board of Directors (CM)	5	6
7	8	9	10 4:30 PM -City Council Finance Subcommittee (CM/EC) 7:00 PM -Silicon Valley Clean Energy Board of Directors (GB) (Cupertino) 7:00 PM -Planning Commission - CANCELLED	11 4:00 PM -Treatment Plant Advisory Committee (CM) (San Jose) 4:00 PM -Santa Clara VTA Policy Advisory Committee (EC) 6:00 PM -Youth Advisory Commission (HL) 7:00 PM -Cities Assoc of SCC (CM)	12	13
14	15 7:00 PM -Science, Technology, and Innovation Commission (WL) - CANCELLED	16 6:00 PM -Closed Session 7:00 PM -City Council	17 6:00 PM -Energy and Environmental Sustainability Commission (EC)	18	19	20
21	22	23	 City Hall and City Facilities Closed (Fire and Police are not affected)			
28	29	30	31			
 City Hall and City Facilities Closed (Fire and Police are not affected)						

December 2025						
S	M	T	W	T	F	S
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21	22	23	24	25	26	27
28	29	30	31			

Milpitas City Council Calendar

January 2026

February 2026						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1  CITY OBSERVED HOLIDAY CITY OFFICES CLOSED	2	3
4	5 7:00 PM -Parks, Recreation & Cultural Resources Commission (EC)	6	7 2:00 PM -Santa Clara VTA Monthly Briefing - Northeast Group (CM) (Santa Clara) 7:00 PM -Community Housing Commission (EC)	8 4:00 PM -Santa Clara VTA Policy Advisory Committee (EC) 4:00 PM -Treatment Plant Advisory Committee (CM) (San Jose) 6:00 PM -Youth Advisory Commission (HL) 7:00 PM -Cities Assoc of SCC (CM)	9	10
11	12 7:00 PM - Library and Education Advisory Commission (HL)	13 5:30 PM -Special City Council	14 4:30 PM -City Council Finance Subcommittee (CM/EC) 4:30 PM -Economic Development and Trade Commission (WL) 7:00 PM -Planning Commission 7:00 PM -Silicon Valley Clean Energy Board of Directors (GB) (Sunnyvale)	15 6:30 PM -Bay Area Water Supply Conserv Agency (CM) (Oak Room - San Mateo Main Library)	16	17
18	19  MARTIN LUTHER KING JR. BIRTHDAY CITY OFFICES CLOSED	20 6:00 PM -Closed Session 7:00 PM -City Council	21 6:00 PM -Energy and Environmental Sustainability Commission (EC) 7:30 PM -Science, Technology and Innovation Commission (WL)	22 4:00 PM -Silicon Valley Regional Interoperability Authority (SVRIA) (GB)	23	24
25	26 7:00 PM -Arts Commission (CM)	27	28 7:00 PM -Planning Commission	29 12:00 PM -Santa Clara County Library JPA Board Meeting (CM) (Campbell, CA)	30	31



REGULAR MEETING OF THE MILPITAS CITY COUNCIL

MINUTES

TUESDAY, NOVEMBER 18, 2025

The City Council of the City of Milpitas convened in a Regular Meeting of the Milpitas City Council on November 18, 2025, in the City Council Chamber, 455 E. Calaveras Blvd, Milpitas, CA, and via teleconference/Zoom webinar.

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

Mayor Montano called the Regular City Council meeting to order at 6:00 PM. Roll Call was taken by City Clerk Guzzetta.

PRESENT: Mayor Montano, Councilmember Chua, Councilmember Lam, Councilmember Lien

ABSENT: Vice Mayor Barbadillo

ADJOURN TO CLOSED SESSION

Acting City Attorney Creech briefed the public on the closed session item. No public comment was received. The Council adjourned to closed session at 6:02 PM.

(a) PUBLIC EMPLOYEE APPOINTMENT AND HIRING

Pursuant to Government Code Section 54957(b)(1)

Employee Position: City Attorney

CLOSED SESSION ANNOUNCEMENT:

Upon reconvening at 7:15 PM, Acting City Attorney Creech reported that there was nothing to report out of closed session.

PLEDGE OF ALLEGIANCE

Councilmember Chua led the Pledge of Allegiance.

INVOCATION

Mayor Montano provided the invocation.

PRESENTATIONS

Mayor Montano, joined by the Milpitas City Council, presented the Key to the City and Proclamation to the Dagupan, Philippines Sister City delegation.

PUBLIC FORUM

There were the following public speakers:

1. Alex Li
2. Sergio Jimenez
3. Gwan Alisantosa
4. Kevin Sandhu

5. Govinda Karempudi
6. Andres Minlo
7. Loreto Quevedo Damaandal
8. Kaveri Rangaraj
9. Nikunj Vaidya
10. Hllary Davidson
11. Priti
12. Manoj
13. Voltaire Montemayor
14. Member of the public

ANNOUNCEMENT OF CONFLICT OF INTEREST AND CAMPAIGN CONTRIBUTIONS

Acting City Attorney Creech asked the Mayor and City Councilmembers if they had any personal conflicts of interest. By roll call, there were no conflicts of interest (Absent: Barbadillo). Acting City Attorney Creech asked the Mayor and City Councilmembers if they had any reportable campaign contributions. By roll call, there were no reportable campaign contributions (Absent: Barbadillo).

READING OF THE CITY COUNCIL CODE OF CONDUCT

Councilmember Chua read the City Council Code of Conduct.

APPROVAL OF AGENDA

Councilmember Lien made a motion: to approve the agenda. Councilmember Chua seconded the motion amending it by adding a proposal to reschedule Item 11. Councilmember Lien did not accept the amendment to the motion. With no second, the motion failed.

After discussion, motion: to approve the agenda, rescheduling Item 11 to a later date.

Motion/Second: Councilmember Chua / Councilmember Lam

Motion carried by the following:

AYES: Mayor Montano, Councilmember Chua, Councilmember Lam, Councilmember Lien

NOES: None

ABSENT: Vice Mayor Barbadillo

CONSENT CALENDAR

There were the following public speakers:

1. Marvin Serber

After discussion, motion: to approve the Consent Calendar.

Motion/Second: Councilmember Lien / Councilmember Chua

Motion carried by the following:

AYES: Mayor Montano, Councilmember Chua, Councilmember Lam, Councilmember Lien

NOES: None

ABSENT: Vice Mayor Barbadillo

1. **Receive City Council Calendar of Meetings (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)**

Received City Council Calendar of Meetings for November and December 2025.

2. Approve City Council Meeting Minutes (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Approved City Council Meeting minutes of October 28 and November 4, 2025.

3. Receive the Preview List of Anticipated Items for the Next Regular City Council Meeting (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Received the list of anticipated agenda items for the next regular City Council meeting.

4. Receive and Review the List of Agenda Items Requested by City Councilmembers (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Received the list of items that have been requested by City Councilmembers and received consensus in previous meetings to date.

5. Adopt Ordinance No. 38.859 Approving Zoning Text and Zoning Map Amendment ZA25-0002 for the Gateway-Main Street Specific Plan (Staff Contact: Jay Lee, Planning Director, 408-586-3077)

(1) Determined that the Subsequent Environmental Impact Report (EIR) adequately analyzes the potential environmental impacts associated with the proposed Zoning Amendments and is in compliance pursuant to CEQA Guidelines Section 15162; and (2) Waived the second reading and adopted **Ordinance No. 38.859** approving Zoning Text and Map Amendment No. ZA25-0002 for the Gateway-Main Street Specific Plan.

6. Approve and Authorize the City Manager, or Designee, to Execute a Fee Reimbursement Agreement with Toll West Coast, LLC for the City's Share Cost of Sango Court Road Extension (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602; Michael Silveira, City Engineer, 408-586-3303)

Approved and authorized the City Manager, or designee, to execute a Fee Reimbursement Agreement with Toll West Coast, LLC, in an amount not to exceed \$1,110,530, for the City's share of the cost of the Sango Court Road extension.

7. Approve and Authorize the City Manager, or Designee, to Execute the Improvement Agreement with Duke Realty Limited Partnership for a New Industrial Building at 475-525 Sycamore Drive (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602; and Michael Silveira, City Engineer, 408-586-3303)

Approved and authorized the City Manager, or designee, to execute the Improvement Agreement between the City of Milpitas and Duke Realty Limited Partnership with a value of \$929,000 for a new industrial building at 475-525 Sycamore Drive to be completed within one (1) year from the date of the Improvement Agreement.

8. Authorize the City Manager, or Designee, to Negotiate and Execute an Agreement with Paladin Drones, Inc., for the Purchase of an Additional Drone Docking Station and Renew the Annual Subscription Fee (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111; and Jared Hernandez, Chief of Police, 408-586-2406)

(1) Authorized the City Manager, or designee, to negotiate and execute a purchase order agreement with Paladin Drones Inc. for the purchase of an additional drone docking station and renew annual subscription fee for a 1-year term for a not-to-exceed amount of \$91,875, subject to the appropriation

of funds; and (2) Authorized the City Manager, or designee, to amend the agreement to extend it for up to one (1) additional twelve (12) month term and add additional compensation as required, subject to the appropriation of funds.

9. Consider Donation Request from Knights of Columbus St. John Council (Staff Contact: Renée Lorentzen, Recreation and Community Services Director, 408-586-3409)

Approved a Donation request of \$500 for the Knights of Columbus St. John Council Annual Free Thanksgiving Dinner.

10. Approve Milpitas Arts and Culture Grant Request for a Cultural Menorah Lighting Event (Staff Contact: Renee Lorentzen, Recreation and Community Services Director, 408-586-3409)

Approved a Milpitas Arts and Culture in-kind grant request from Dina and Marvin Serber for a Cultural Menorah Lighting Event on December 21, 2025.

COMMUNITY DEVELOPMENT

11. Adopt a Resolution Accepting Metropolitan Transportation Commission's Transit-Oriented Communities Planning and Implementation Projects Grants (Staff Contact: Jay Lee, Planning Director, 408-586-3077)

The item was rescheduled.

COMMUNITY SERVICES AND SUSTAINABLE INFRASTRUCTURE

12. Receive Presentation on Considering an Increase to Milpitas Assistance Program Water Utilities Bill Subsidy Amount (Staff Contact: Renee Lorentzen, Recreation and Community Services Director, 408-586-3409)

Due to technical issues, the Council took a short recess at 8:15 PM. Reconvened at 8:28 PM.

Received presentation on Increasing the Milpitas Assistance MAP Water Utilities Bill Subsidy and provided feedback to staff. Direction was provided to staff to prepare a full MAP program update that:

1. Includes tiered subsidy increase options, including Tier 3.
2. Provides multiple scenarios (flat vs. tiered vs. hybrid).
3. Shows financial impacts across participation levels.
4. Addresses fund sustainability and admin cost recovery.
5. Presents an outreach and communications plan tied to increased participation.
6. Returns to Council at a future meeting with clear, actionable recommendations.

Councilmember Lam requested clarification about sewer fee variations and tier-structure logic. Director Lorentzen explained the differences between single-family, multifamily, duplex, and mobile-home billing structures, and noted that Tier 3 receives a temporary hardship benefit because their need is acute but time-limited.

There were the following public speakers:

1. Voltaire Montemayor

Following public comment, Councilmember Lam introduced a detailed subsidy proposal. He recommended a three-tier structure he described as the "50/30/20 plan," consisting of:

- Tier 1: 50% discount on meter fee, 50% on sewer fee, plus \$50 off water consumption (estimated \$139.82 per bimonthly bill).
- Tier 2: 30% discount on meter fee, 30% on sewer fee, plus \$30 off water consumption (estimated \$83.89 per bimonthly bill).
- Tier 3: 20% discount on meter fee, 20% on sewer fee, plus \$20 off water consumption under temporary hardship (estimated \$55.93 per bimonthly bill).

He stated that using estimated MAP participation levels, the proposal would cost roughly \$165,000 annually and emphasized that MAP participants make up only 1.6% of the city's population.

Mayor Montano then asked Lam clarifying questions about the total discount amounts and how the tiers aligned with income designations (very low, low, and temporary hardship). Director Lorentzen explained how HUD income thresholds determine tier assignment and provided examples using family-size A MI limits.

Councilmember Lien spoke next, asking how Lam's plan would support Tier 3 households given that the temporary hardship category represents residents in their most vulnerable period. She also asked how residents become aware of the program and whether current participation reflects full community need. Director Lorentzen described the City's outreach efforts, including PG&E CARE bill inserts, water bill inserts, e-mail lists, social media, the Resource Center, and event tabling. She noted there is no way to know precisely how many eligible households are not enrolled, but increased subsidies would likely increase participation.

The City Manager added that additional discussion would occur after receiving full council direction and stressed that staff would need to evaluate how to implement the proposed structure within the City's billing software prior to returning to council with a final recommended program.

ANNOUNCEMENTS AND FUTURE AGENDA ITEMS

Council Member Chua commended the Recreation team for the Milpitas Community Choir, which held its first session and is preparing for a performance at the December tree lighting.

Council Member Lien proposed revising the Council policy to require members to state reasons when abstaining from votes. The proposal did not receive consensus (Noes: Chua, Lam. Absent: Barbadillo)

Mayor Montano requested a community forum on the Crown Castle small cell towers within the next couple weeks, which received consensus. (Absent Barbadillo)

Mayor Montano also requested staff to research how public funds could be used to advertise local restaurants during the upcoming Super Bowl, which received consensus. Interim City Manager Santana noted that funds for Super Bowl and FIFA promotion had been deferred since October, limiting the timeframe for Super Bowl promotion. (Absent: Barbadillo)

Mayor Montano requested staff look into establishing a Friendship City relationship, which received consensus. (Absent: Barbadillo)

Council Member Chua proposed reviewing the Council prioritization process, which received consensus (Noes: Lien. Absent: Barbadillo)

Mayor Montano requested a review of commission names, particularly considering renaming the Science and Technology Commission to better reflect its telecommunications focus, which received consensus. (Absent: Barbadillo)

ADJOURNMENT

Mayor Montano adjourned the meeting at 9:35 PM.

Draft meeting minutes submitted by City Clerk, Suzanne Guzzetta



JOINT MEETING OF THE MILPITAS CITY COUNCIL AND HOUSING AUTHORITY

MINUTES

TUESDAY, DECEMBER 2, 2025

The City Council of the City of Milpitas convened in a Joint Meeting of the Milpitas City Council and Housing Authority on December 2, 2025, in the City Council Chamber, 455 E. Calaveras Blvd, Milpitas, CA, and via teleconference/Zoom webinar.

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

Mayor Montano called the Regular City Council meeting to order at 5:00 PM. Roll Call was taken by City Clerk Guzzetta.

PRESENT: Mayor Montano, Vice Mayor Barbadillo, Councilmember Chua, Councilmember Lam, Councilmember Lien

ABSENT: None

ADJOURN TO CLOSED SESSION

Acting City Attorney Creech briefed the City Council on the Closed Session items.

There were no public comments.

The City Council adjourned to Closed Session at 5:02 PM.

(a) CONFERENCE WITH LABOR NEGOTIATOR

Pursuant to Government Code Section 54957.6
Agency's Designated Representative(s): Rick Bolanos, Liebert Cassidy Whitmore
Employee Organization(s): Professional and Technical Employees, Mid-Management and Confidential Employees, Milpitas Employees Association, Unrepresented Employees

(b) PUBLIC EMPLOYEE APPOINTMENT AND HIRING

Pursuant to Government Code Section 54957(b)(1)
Employee Position: City Manager

(c) PUBLIC EMPLOYEE APPOINTMENT AND HIRING

Pursuant to Government Code Section 54957(b)(1)
Employee Position: City Attorney

CLOSED SESSION ANNOUNCEMENT:

The City Council reconvened at 7:15 PM.

Acting City Attorney Creech had nothing to report from Closed Session.

PLEDGE OF ALLEGIANCE

Milpitas Rotary Club Scout Troop 163 presented the colors and led the Pledge of Allegiance.

INVOCATION

Mayor Montano provided the invocation.

PRESENTATIONS

Economic Development Coordinator Thomas spoke about Manufacturing Day and presented a video from the event. Mayor Montano and the City Council presented commendations in recognition of Manufacturing Day participants.

PUBLIC FORUM

There were the following public speakers:

1. Dale Scott
2. Lili
3. Chwinn Cosgrove
4. Adele Wang
5. Ed Ackerman
6. Jay West
7. Ju Young
8. Alex
9. Voltaire Montemayor

ANNOUNCEMENT OF CONFLICT OF INTEREST AND CAMPAIGN CONTRIBUTIONS

Acting City Attorney Creech asked the Mayor and City Councilmembers if they had any personal conflicts of interest. By roll call, there were no conflicts of interest. Acting City Attorney Creech asked the Mayor and City Councilmembers if they had any reportable campaign contributions. By roll call, there were no reportable campaign contributions.

READING OF THE CITY COUNCIL CODE OF CONDUCT

Vice Mayor Barbadillo read the City Council Code of Conduct.

APPROVAL OF AGENDA

Interim City Manager Santana requested that item C6 regarding the Rent Review Board be deferred until December 16th

After discussion, motion: to approve the agenda with Item C6 deferred to December 16..

Motion/Second: Vice Mayor Barbadillo / Councilmember Chua
by the following:

AYES: Mayor Montano, Vice Mayor Barbadillo, Councilmember Chua, Councilmember Lam,
Councilmember Lien

NOES: None

CONSENT CALENDAR

Councilmember Chua requested to pull item C9 (Hammond Way Streetlight Project), and Councilmember Lien requested to pull item C10 (Kiwanis Crab Feed).

There were no public speakers.

After discussion, motion: to pull Items C9 and C10 and approve the Consent Calendar.

Motion/Second: Councilmember Chua / Councilmember Lien

Motion carried by the following:

AYES: Mayor Montano, Vice Mayor Barbadillo, Councilmember Chua, Councilmember Lam,
Councilmember Lien

NOES: None

1. Receive City Council Calendar of Meetings (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Received City Council Calendar of Meetings for December 2025.

2. Approve City Council Meeting Minutes (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Approved City Council Meeting minutes of October 21 and 24, 2025.

3. Receive the Preview List of Anticipated Items for the Next Regular City Council Meeting (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Received the list of anticipated agenda items for the next regular City Council meeting.

4. Receive and Review the List of Agenda Items Requested by City Councilmembers (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Received the list of items that have been requested by City Councilmembers and received consensus in previous meetings to date.

5. Approve City Council Meeting Schedule for 2026 (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Approved the 2026 Milpitas City Council meeting schedule, with any changes requested at the City Council meeting.

6. Consider Recommendations from Mayor Montano for Appointments to Rent Review Board (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Deferred to December 16, 2025 City Council Meeting.

7. Adopt a Resolution Delegating Authority to the City Manager or Designee to Approve and Execute Project-Related Documents and Urgent Administrative Items during the City Council Winter Recess (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)

Adopted **Resolution No. 9458** delegating authority to the City Manager, or their designee, to approve and execute project-related documents, including contract documents, and urgent administrative items during the City Council and City of Milpitas Housing Authority winter recess from after the last City Council meeting held on December 16, 2025 through January 13, 2026.

8. Adopt a Resolution Approving the Extension of the Memorandum of Understanding between the City of Milpitas and the Milpitas Mid-Management and Confidential Unit (Mid-Con) Covering the Period of July 1, 2025 through June 30, 2026 (Staff Contact: Kelli Parmley, Human Resources Director, 408-586-3086; Luz Cofresí-Howe, Finance Director, 408-586-3111)

Adopted **Resolution No. 9459** to: (1) approve the extension of the Memorandum of Understanding between the City of Milpitas and the Milpitas Mid-Management and Confidential Unit (Mid-Con) covering the period of July 1, 2025 through June 30, 2026; (2) amend the Classification Plan; and (3) amend the adopted, amended FY 2025-26 Operating Budget by authorizing necessary financial and personnel actions to implement the Mid-Con Memorandum of Understanding extension.

9. **Adopt a Resolution to Conduct a Solar Streetlight Pilot Project, Approve a Cooperative Purchase Agreement with Fonroche Lighting America, and Approve Budget Appropriation for Hammond Way Streetlight Project, CIP No. 4301 (Staff: Christian Di Renzo, Public Works Director, 408-586-2602; and Michael Silveira, City Engineer, 408-586-3303)**

Item Pulled from Consent Calendar.

10. **Consider Fee Waiver Request from Kiwanis Club of Milpitas for the 22nd Annual Crab Feed (Staff Contact: Renee Lorentzen, Recreation and Community Services Director, 408-586-3409)**

Item pulled from Consent Calendar.

11. **Approve the Parks and Recreation and Community Services Programs Donation for a Memorial Bench in Honor of Segundo Cacao (Staff Contact: Renee Lorentzen, Recreation and Community Services Director, 408-586-3409)**

Approved the Parks and Recreation Donation for a Memorial Bench for Segundo Cacao at Strickroth Park.

PUBLIC HEARINGS

12. **Hold a Public Hearing on an Appeal of the Planning Commission's Decision to Approve Associated Planning Entitlements for a New Industrial Building at 1000 Gibraltar Drive (Staff Contact: Jay Lee, Planning Department, 408-586-3077)**

Planning Director Lee introduced the item and Senior Planner Phung presented the staff report.

Mayor Montano opened the public hearing.

Grace Holbrook, representing the appellant, provided a presentation detailing the basis of the appeal.

There was the following public speakers:

1. Doug Chesshire
2. Luis Arguello
3. Alejandro Martinez
4. Jose Mexicano
5. Bryan Shields
6. Manny Zendejas
7. Estevan Ornelas
8. Anthony Cao
9. Danny Mangan
10. Frank Austin
11. Doug Bloch
12. Matthew Martinez
13. Jose Arriaga
14. Voltaire Montemayor
15. Enrique Arguello
16. Oscar Jimenez

Alex Merritt and Liz Class spoke on behalf of the applicant, along with Steve Beauchamp from Panattoni Development Company, applicant, responded to the appeal.

Both the appellant and applicant presented closing remarks.

Mayor Montano closed the public hearing.

Councilmember Chua disclosed meeting with the applicant then asked for clarification about the impervious surface increase and stormwater management plans. Staff confirmed that modern requirements would result in better site conditions than currently exist.

Mayor Montano expressed support for the project, emphasizing the benefits of job creation, the reduction of homelessness in the area, and potential sales tax revenue that could enhance public infrastructure.

Vice Mayor Barbadillo raised questions about the concerns of the appeal.

After discussion, motion: to (1) Determine that the Addendum to the 1000 Gibraltar Drive Final Environmental Impact Report (State Clearinghouse No. 2020069024) adequately analyzes the potential environmental impacts associated with the amended project, and that the Addendum is in compliance pursuant to CEQA Guidelines §15162 and §15164; and (2) Adopt **Resolution No. 9461** denying the appeal and upholding the Planning Commission's decision to approve Site Development Permit No. SD24-0006, Environmental Assessment No. EA24-0002, and Tree Removal Permit No. TR25-0021 to remove and replace 25-ordinance sized trees, demolish all existing structures on the site including four industrial/office buildings, surface parking lots, and associated improvements, and develop a new, one-story, 487,564-square foot tilt-up concrete industrial building with office space and associated site improvements on an approximately 28.96-acre site in the M2 (Heavy Industrial) Zoning District located at 1000 Gibraltar Drive (also known as 1001 S. Milpitas Blvd).

Motion/Second: Vice Mayor Barbadillo / Mayor Montano

Motion carried by the following:

AYES: Mayor Montano, Vice Mayor Barbadillo, Councilmember Chua, Councilmember Lam, Councilmember Lien

NOES: None

LEADERSHIP AND SUPPORT SERVICES

13. Consider Appropriating Unassigned Fund Balances or Reserves Based on the November 4, 2025 Prioritization Vote (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)

Interim City Manager Santana introduced the item and Assistant City Manager Cano presented the report.

Councilmember Lam began by raising the Council Special Events Fund, supporting the idea and asking why it appeared on the list. After brief comment by Mayor Montano, Councilmember Lam attempted to make a motion. Acting City Attorney Creech advised that since multiple funding decisions were expected, the Council should avoid several separate motions and instead take one consolidated motion after determining which items had Council support. Assistant City Manager Cano added that he was tracking all Councilmember recommendations for later summary.

To facilitate this process, City Clerk Guzzetta suggested the Council take consensus votes on each individual item, followed by one final consolidated motion. The Council agreed, and the City Clerk conducted a consensus roll call on the \$10,000 Council Special Events Fund with unanimous support.

Discussion moved to the SMART shuttle expansion request, with Councilmember Chua clarifying the two suggested directions for expansion and explaining that the cost would depend on which route the Council selected. Councilmember Lam added additional context about mileage. Staff confirmed that

the actual cost would depend on the route and operational details and noted that Council could return to the matter at mid-year if preferred.

Councilmember Lam suggested modifying the Ring Doorbell Neighborhood Initiative to be brand-neutral and structured as a reimbursement model rather than a citywide giveaway. Councilmember Chua agreed the initiative need not be limited to specific branded products. Acting City Attorney Creech clarified that while program design changes could be explored later, the Council's action at this meeting was limited to deciding whether to allocate one-time funding and in what amount. Interim City Manager Santana cautioned that a reimbursement program would create significant administrative workload and that staff would need to return with updated cost estimates and staffing impacts if the scope were changed. Councilmember Barbadillo added that device standards may be needed to ensure usefulness for investigative purposes, and staff indicated they would bring back a revised proposal for further Council consideration if directed.

With unanimous consensus votes, the City Council allocated funding as follows:

- \$10,000 to the Council Special Event Fund
- \$60,000 to the Doorbell Camera Initiative (reduced from \$120,000)
- \$310,000 for the Main Street Police Substation
- \$200,000 to the Strategic Land Acquisition Reserve
- \$100,000 for the Storefront Crime Prevention Business Assistance (without funds from the Storefront Initiative Program)
- \$65,000 for FIFA Special Events (removing \$10,000 for Super Bowl)
- \$100,000 for Main Street Revitalization
- \$100,000 to expand the Emergency Motel Stay Program

There were the following public speakers:

1. Voltaire Montemayor

After discussion, motion: to Adopt **Resolution No. 9462** to appropriate unassigned fund balances or reserves for approved one-time funded priorities based on the November 4, 2025 prioritization vote.

Motion/Second: Councilmember Chua / Councilmember Lien

Motion carried by the following:

AYES: Mayor Montano, Vice Mayor Barbadillo, Councilmember Chua, Councilmember Lam, Councilmember Lien

NOES: None

The City Council also directed staff to bring the item back at the next City Council meeting to discuss and allocate the remaining funds.

ITEMS PULLED FROM CONSENT CALENDAR

9. **Adopt a Resolution to Conduct a Solar Streetlight Pilot Project, Approve a Cooperative Purchase Agreement with Fonroche Lighting America, and Approve Budget Appropriation for Hammond Way Streetlight Project, CIP No. 4301 (Staff: Christian Di Renzo, Public Works Director, 408-586-2602; and Michael Silveira, City Engineer, 408-586-3303)**

Councilmember Chua expressed support for the solar streetlight pilot project. Mayor Montano added that residents in the area will benefit.

There were the following public speakers:

1. Voltaire Montemayor

After discussion, motion: to Adopt **Resolution No. 9460** to (1) Conduct a solar streetlight pilot project; (2) Approve and authorize the City Manager, or designee, to execute a cooperative purchase agreement with Fonroche Lighting America through a cooperative procurement contract solicited by Sourcewell, in an amount not-to-exceed \$100,712; (3) Approve a budget appropriation in the amount of \$110,000 from the Streetlight, Signage, Traffic Signal Improvements, CIP No. 3440; and (4) Authorize the Public Works Director, or designee, to negotiate and execute contract change order(s) in an aggregate amount not-to-exceed \$25,000 for Hammond Way Streetlight Project, CIP No. 4301.

Motion/Second: Councilmember Chua / Councilmember Lien

Motion carried by the following:

AYES: Mayor Montano, Vice Mayor Barbadillo, Councilmember Chua, Councilmember Lam, Councilmember Lien

NOES: None

10. Consider Fee Waiver Request from Kiwanis Club of Milpitas for the 22nd Annual Crab Feed (Staff Contact: Renee Lorentzen, Recreation and Community Services Director, 408-586-3409)

Councilmember Lien, noting her membership in Kiwanis for transparency, recused herself and left the room during this item's discussion. She explained that this is the 22nd annual Kiwanis and MUSD crab feed, where football players serve crabs, and encouraged council members to buy tickets.

There were the following public speakers:

1. Voltaire Montemayor

After discussion, motion: to approve a Fee Waiver of \$763 for the 22nd Annual Kiwanis MUSD Crab Feed and Auction at the Milpitas Community Center Auditorium on February 6, 2026.

Motion/Second: Councilmember Chua / Vice Mayor Barbadillo

Motion carried by the following:

AYES: Mayor Montano, Vice Mayor Barbadillo, Councilmember Chua, Councilmember Lam

NOES: None

ABSTAIN: Councilmember Lien

ANNOUNCEMENTS AND FUTURE AGENDA ITEMS

Interim City Manager Santana provided a reminder about the City Council requested Town Hall meeting for Small Cell Antennas scheduled on December 9th from 6-8 PM at the Milpitas Community Center.

Councilmember Chua invited the public to the tree lighting ceremony on December 5th, featuring the first performance by the Milpitas Community Choir.

ADJOURNMENT

Mayor Montano adjourned the meeting at 10:32 PM.

Draft meeting minutes submitted by City Clerk, Suzanne Guzzetta

TENTATIVE CITY COUNCIL AGENDA ITEM LIST

as of 12/12/2025

January 13, 2026 – Special Meeting (5:30 PM)

CLOSED SESSION

INVOCATION (Mayor Montano)

PRESENTATION

- Martin Luther King, Jr. Day (Proclamation)

CONSENT CALENDAR

1. Receive City Council calendar for January 2026 (City Clerk)
2. Approve City Council Meeting minutes of December 9 and 16, 2025 (City Clerk)
3. Preview list of items for January 20, 2026 (City Clerk)
4. Councilmember Request List (City Clerk)
5. Commission Appointments (City Clerk)
6. KB Homes BMR Unit Purchase (Housing)
7. Authority to Proceed with State Disability Insurance for ProTech Members (Human Resources)
8. Initial Acceptance for the Holiday Inn and Springhill Suites Project (Public Works / Engineering)

**MILPITAS CITY COUNCIL
AGENDA ITEM REQUESTS**

OPEN ITEMS				
Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
1	Conduct a review of commission names to better reflect their focus	Montano	11/18/2025	An update on this item will be included in the next quarterly prioritization update.
2	Review the Council prioritization process	Chua	11/18/2025	An update on this item will be included in the next quarterly prioritization update.
3	Look into the process of establishing a Friendship City relationship	Montano	11/18/2025	An update on this item will be included in the next quarterly prioritization update.
4	Research how public funds could be used to advertise local restaurants during the upcoming Super Bowl	Montano	11/18/2025	An update on this item will be included in the next quarterly prioritization update.
5	Have a community forum on the Crown Castle Small Cell towers.	Montano	11/18/2025	An update on this item will be included in the next quarterly prioritization update.
6	Install debrillators on city properties	Barbadillo	10/28/2025	An update will be provided to the City Council on this item in November 2025
7	Place a billboard at the Sport Center to inform the community about events and activities	Montano	10/21/2025	An update on this item will be included in the next quarterly prioritization update.
8	Explore the creation of small parks in neighborhoods without them	Montano	10/21/2025	An update on this item will be included in the next quarterly prioritization update.

ACTIVE ITEMS				
Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
9	Increase the amount of funding for the ADU Permit Subsidy	Council	11/4/2025	An update on this item will be included in the next quarterly prioritization update.
10	Council Special Events Fund to provide funding for City Councilmembers to attend local, non-political, events where their attendance is beneficial for the City of Milpitas	Montano/Chua	11/4/2025	An update on this item will be included in the next quarterly prioritization update.
11	Add to the existing Strategic Land Acquisition Revenue Reserve	Council	11/4/2025	An update on this item will be included in the next quarterly prioritization update.
12	Storefront and Crime Prevention Initiative by making funding available for businesses to focus on public safety related physical improvements to their storefronts.	Montano	11/4/2025	An update on this item will be included in the next quarterly prioritization update.
13	Revisit the mural selection committee process to make it more inclusive by involving all commissioners in the Arts Commission	Montano	8/19/2025	An update on this item will be included in the next quarterly prioritization update.
14	Expand the Milpitas SMART program to include service to the San Jose Airport	Lam	8/12/2025	An update on this item will be included in the next quarterly prioritization update.
15	Staff explore a program similar to San Leandro's, which provides Ring doorbell cameras to residents	Chua	8/12/2025	An update on this item will be included in the next quarterly prioritization update.
16	Develop a project management informational memo.	Barbadillo	4/1/2025	An update on this item will be included in the next quarterly prioritization update.
17	Look into adding an entertainment zone to Main Street.	Montano	3/4/2025	An update on this item will be included in the next quarterly prioritization update.
18	Staff provide a detailed analysis of overtime expenditures by department.	Barbadillo	3/4/2025	An update on this item will be included in the next quarterly prioritization update.
19	Look into a policy to require a Super Majority vote by Council for any deductions to budget reserves.	Chua	2/18/2025	An update on this item will be included in the next quarterly prioritization update.
20	Bring back a discussion regarding fentanyl-related issues	Barbadillo	2/18/2025	An update on this item will be included in the next quarterly prioritization update.
21	Feasibility study regarding a police satellite office.	Montano	2/18/2025	An update on this item will be included in the next quarterly prioritization update.
22	Staff organize a job fair for City job openings	Chua	11/19/2024	An update on this item will be included in the next quarterly prioritization update.
23	Bring back a study or analysis of the permit process	Chua	11/19/2024	An update on this item will be included in the next quarterly prioritization update.

NOTE: Deferred and Completed Items are not listed

**MILPITAS CITY COUNCIL
AGENDA ITEM REQUESTS**

ACTIVE ITEMS				
Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
24	Explore updating the city's business tax rate schedule	Chua	10/1/2024	An update on this item will be included in the next quarterly prioritization update.
25	Explore funding options for new signage following the decision to rename the Milpitas Library to the Milpitas Jose Esteves Library	Barbadillo	9/3/2024	An update on this item will be included in the next quarterly prioritization update.
26	Look into adopting an ordinance similar to San Jose allowing ADUs (Accessory Dwelling Units) to have a separate title and be sold separately.	Chua	8/13/2024	An update on this item will be included in the next quarterly prioritization update.
27	Conduct a traffic study on Escuela Parkway to address circulation concerns	Montano	5/7/2024	An update on this item will be included in the next quarterly prioritization update.
28	Explore the possibility of augmenting the Planning Commission stipend	Barbadillo	4/16/2024	An update on this item will be included in the next quarterly prioritization update.
29	Consideration of the 20% Low Income Below Market Rate Housing	Montano	12/5/2023	An update on this item will be included in the next quarterly prioritization update.
30	Referral for utility infrastructure cost on Main Street from Carlo to Corning Streets	Montano	10/17/2023	An update on this item will be included in the next quarterly prioritization update.
31	Main Street International Festival	Lien	10/3/2023	An update on this item will be included in the next quarterly prioritization update.
32	Pickleball Pilot Project	Chua	2/28/2023	An update on this item will be included in the next quarterly prioritization update.
33	Main Street Infrastructure Projects	Montano	2/28/2023	An update on this item will be included in the next quarterly prioritization update.
34	Main Street Flooding at Library	Chua	2/28/2023	An update on this item will be included in the next quarterly prioritization update.
35	Have the City look into the possibility of a Citywide Senior Discount	Barbadillo	2/7/2023	An update on this item will be included in the next quarterly prioritization update.
36	Quarterly or Monthly crime statistics on Homekey Project	Chua	6/7/2022	An update on this item will be included in the next quarterly prioritization update.
37	Evaluate reopening the childcare center with a non-profit organization running the center	Montano	2/1/2022	An update on this item will be included in the next quarterly prioritization update.
38	Staff to look into mural Art on Great Mall Parkway on the VTA owned Light rail pillars	Montano	11/16/2021	An update on this item will be included in the next quarterly prioritization update.
39	Consider Community Museum and Park on Main St.	Phan	8/20/2019	Discussions with the property owner of this site are ongoing and staff is tracking returning to council by June 2025 with an update.

NOTE: Deferred and Completed Items are not listed



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Consider Recommendations from Mayor Montano for Appointments to Rent Review Board (Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	Receive Mayor Montano's recommendations and approve and confirm recommendations for appointments to the Rent Review Board

BACKGROUND:

On [October 15, 2019](#), the City of Milpitas adopted Chapters [2](#) and [3](#) of Title XII of the Milpitas Municipal Code related to the adoption of a rent review program and tenant protections. In particular, the ordinance outlines a process for landlords to notify tenants of rent increases and the establishment of a Rent Review Board that would hold a hearing on the potential rent increase, upon request, if the mediation process between the tenant and the landlord is not successful, per [Section XII-2-9.01](#) of the Municipal Code,

The Rent Review Board's decision is non-binding on the parties and the rent increase shall be effective as provided in the notice of rent increase but subject to subsection [XII-2-7.06](#) (a landlord's failure to appear renders the increase void), unless the parties enter into an agreement pursuant to subsection [XII-2-9.00](#) of this Chapter.

On November 3, 2025, the City received a request for a Rent Review Board hearing from a tenant. Per the Municipal Code, a Rent Review Board hearing must be held within 45 days of this request (by December 19, 2025). Since the adoption of the rent review program ordinance in 2019, staff is not aware of a prior request for review that has been made to the Rent Review Board, and the seats of the Rent Review Board are not currently filled.

Per Section [XII-2-5.00](#) of the Milpitas Municipal Code, the Board must consist of five (5) members and one (1) alternative as follows:

- Two members shall be landlord representatives who own rental units in the City of Milpitas;
- Two members shall be tenant representatives who are residents of the City of Milpitas; and
- One member and one alternate shall be a neutral third party who is a resident of the City of Milpitas and is neither a landlord nor a tenant;
- The Rent Review Board members shall have a demonstrated interest in the issues considered by the Rent Review Board and will be selected based on their relevant experience.

Per [Section XII-2-5.01](#) of the Municipal Code, the Rent Review Board is intended to evaluate the reasonableness of proposed rent increases at the request of either a landlord or tenant pursuant to the rent review program set forth in the Municipal Code.

Per [Section XII-2-5.02](#) of the Municipal Code, members of the Rent Review Board generally serve four (4) year terms, with one of the landlord seats and one of the tenant seats serving an original two (2) year term such that term of appointment for members are staggered.

Per Government Code 40605, in a general law city where the office of Mayor is an elective office, the Mayor, with the approval of the City Council, shall make all appointments to boards, commissions, and committees unless otherwise specifically provided by statute.

The Milpitas Commissioner Handbook states that all Commissioners are expected to attend all regular meetings. Commissioners absent from three or more meetings in a year may be subject to removal from the Commission.

ANALYSIS:

The Mayor is expected to transmit their recommended appointments to the Rental Review Board prior to the City Council meeting. Due to timing, final names may not be available by the distribution of this agenda packet. If not, they will be distributed separately prior to the meeting. Appointments will include:

- Landlord Representatives:
- Tenant Representatives:
- Neutral Third Party Representative:
- Neutral Third Party Representative (alternate):

FISCAL IMPACT:

There is no fiscal impact associated with this item.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

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.

ATTACHMENTS:

None



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Authorize and Approve Request from Mayor Carmen Montano to Present a Key to the City to the Mayor of Mexico City, Alcaldesa/Mayor Clara Brugada (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	Authorize and Approve Request from Mayor Carmen Montano to present a Key to the City to the Mayor of Mexico City, Alcaldesa/Mayor Clara Brugada.

BACKGROUND:

Mayor Carmen Montano is requesting approval to present a Key to the City to the Mayor of Mexico City, Alcaldesa/Mayor Clara Brugada.

ANALYSIS:

The Milpitas City Council Handbook states that,

Keys to the City of Milpitas are only to be issued upon majority approval by the Mayor and City Council. ... Any City Councilmember may request that consideration for issuance of a key to the City be added to a future City Council agenda. The request must define the significant and/or extraordinary achievement or contribution that the recipient (person, group or organization) has made to the City of Milpitas to justify the presentation of the key to the City.

The key is being proposed to be presented to the Mayor of Mexico City due to the extraordinary impact that the relationship between Mexico and the United States has had on the history of our City of Milpitas.

POLICY ALTERNATIVE(S):

Not Applicable

FISCAL IMPACT:

The City Council Community Promotions budget line item is sufficient to cover the estimated not-to-exceed cost of \$60, which includes shipping, to produce a Key to the City, leaving a balance of \$6,880 if this action is taken by City Council.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

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.

ATTACHMENT(S):

None



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Authorize and Approve Travel Request for Councilmember Lam to Sacramento, CA for the League of California Cities Mayors and Council Members Academy (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	Authorize and approve the travel to Sacramento, CA, for Councilmember William Lam to attend the League of California Cities <i>Mayors and Council Members Academy</i> to be held on January 21–23, 2026, for a combined estimated total amount of \$1,600 budgeted under the Individual Elected Official allocation for Conferences/Meetings/Trainings.

BACKGROUND:

The League of California Cities holds its Annual Mayors and Council Members Academy (Academy) in various California cities. This year, the Academy will be held in Sacramento and is scheduled for January 21–23, 2026. This academy covers the legal, financial, and practical fundamentals of the mayor and councilmembers roles as an elected city official. Additionally, Councilmember Lam’s attendance at this academy will foster relationships with his peers. The sessions include an update on key legislative issues and an overview of the League of California Cities services. Included in this agenda packet is the preliminary agenda for this academy as Attachment A.

ANALYSIS:

The City of Milpitas Travel and Expense Policy requires the City Council to approve travel for the elected officials and City Manager. Council approval of the Sacramento travel request will allow Councilmember William Lam to gain additional knowledge from other California policymakers and bring it back to share with his colleagues. Continued conference participation and attendance also ensure that the Milpitas community is fully represented at the regional, state, and national levels.

POLICY ALTERNATIVE(S):

Not Applicable

FISCAL IMPACT:

The estimated individual expense for the Sacramento, CA League of CA Cities *Mayors and Council Members Academy*, including the registration fee, lodging, meals, mileage, and incidental reimbursements, are \$1,600.

Fiscal year to date, Councilmember William Lam has spent \$2,803.25 from his Individual Elected Official allocation of \$10,000 for Conferences/Meetings/Memberships. With the additional estimated \$1,600 expenses, he will have an estimated remaining balance of \$5,596.75 for the fiscal year.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

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.

ATTACHMENT(S):

- (a) League of California Cities Mayors and Council Members Academy Draft Agenda
- (b) Council Conferences Budget Tracking

Attachment A

▼ WEDNESDAY

8:00 a.m. - 5:30 p.m. Registration Open

9:00 - 11:00 a.m. Harassment Prevention Training for Supervisors and Officials (AB 1661) [show details](#)

11:30 a.m. - 12:30 p.m. Your Cal Cities and How To Use It

12:30 - 1:30 p.m. Networking Luncheon with your Divisions

1:45 - 3:15 p.m. Effective Advocacy and Key City Issues [show details](#)

3:15 - 3:45 p.m. Dessert Break

3:45 - 5:15 p.m. Your Legal Powers and Obligations; Open Government and Conflicts of Interest [show details](#)

5:15 - 6:30 p.m. Networking Reception

▼ THURSDAY

7:30 a.m. - 4:00 p.m. Registration Open

8:00 a.m. - 9:00 a.m. Networking Breakfast

9:00 - 10:15 a.m. Policy Role in Land Use Planning

10:30 a.m. - 12:00 p.m. Developing an Effective City Council and City Manager Team: The Key to Good Governance and City Success [show details](#)

12:00 - 1:00 p.m. Networking Luncheon

1:15 - 2:45 p.m. Social Media / Digital Communications and Civic Engagement [show details](#)

2:45 - 3:15 p.m. Dessert Break

3:15 - 4:45 p.m. Financial Responsibilities, City Revenues Workshop (Part 1) [show details](#)

▼ FRIDAY

7:15 - 11:00 a.m. Registration Open

7:15 - 8:15 a.m. Networking Breakfast

8:15 - 9:45 a.m. Financial Responsibilities, City Revenues Workshop (Part 2) [show details](#)

10:15 a.m. - 12:15 p.m. Understanding Public Service Ethics Laws and Principles (AB 1234) [show details](#)

Council Conferences/Trainings FY 25-26 Budget Tracking Sheet

Mayor Montano

	Training/Travel Event	FY25-26 Amount Expended/Estimates	Total \$5,800.52	Remaining Balance \$4,199.48
1	Mission College Gala	\$150.00		
2	Cal Cities 2025 Annual Conference Long Beach – Oct 7 –10, 2025	\$2,593.32		
3	2025 NALEO Conference July 20-24, 2025	\$2,687.20		

Vice Mayor Barbadillo

	Training/Travel Event	FY25-26 Amount Expended/Estimates	Total \$2,537.89	Remaining Balance \$7,462.11
1	Cal Cities 2025 Annual Conference Long Beach – Oct 7-10,2025	\$2,537.89		

Councilmember Chua

	Training/Travel Event	FY25-26 Amount Expended/Estimates	Total \$0	Remaining Balance \$10,000.00
1				

Councilmember Lien

	Training/Travel Event	FY25-26 Amount Expended/Estimates	Total \$2,662.33	Remaining Balance \$7,337.67
1	Cal Cities 2025 Annual Conference Long Beach Oct 7-10, 2025	\$2,662.33		

Councilmember Lam

	Training/Travel Event	FY25-26 Amount Expended/Estimates	Total \$4,403.35	Remaining Balance after January 2026 travel \$5,596.75
1	Cal Cities 2025 Annual Conference Long Beach Oct 7-10, 2025	\$2,803.25		
2	Mayor and Councilmember Academy – Jan 21-23, 2026	\$1,600	Estimate only	



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Authorize the City Manager, or Designee, to Execute a Purchase Order with CDW Government LLC for Desktops and Laptops (Staff Contact: Luz Cofresi-Howe, Finance Director, 408-586-3111; and Daniel Nam, Information Technology Director, 408-586-2712)
Category:	Consent Calendar-Public Safety
Meeting Date:	12/16/2025
Recommendation:	Authorize the City Manager, or designee, to execute a purchase order with CDW Government LLC for the purchase of desktops and laptops for a total amount not to exceed \$292,866, inclusive of applicable sales tax and recycling fees.

BACKGROUND:

Technology is powers and supports every aspect of City operations, enabling staff to deliver essential services to the community efficiently and effectively. Historically, the City has replaced computers on an ad-hoc, as-needed basis, many times after the computer has stopped functioning properly, thereby hindering the employee's ability to perform their job. Over the past five years, the number of laptops deployed to support hybrid work and leverage technological advancements has increased, replacing desktops for most City employees. Laptop computers typically experience higher levels of wear and tear and require more frequent replacement than desktop computers. The recommended asset life for laptops is three to five years, and desktops are recommended for replacement every four to six years.

To proactively replace computers and ensure City employees have modern technology to perform their work, while also improving accessibility, reliability, and security for the City, the Information Technology Department requested, and City Council approved, a Fiscal Year 2025-26 budget through CIP 3473 for the purchase of 191 replacement laptops and desktops. As part of ongoing efforts to optimize City technology systems and achieve best value, staff evaluated current usage, identified opportunities to reduce the total number of devices, and refined performance specifications to better align with needs. Through this analysis, staff reduced the number of desktop computers scheduled for replacement in the current year from 191 to 170 by consolidating workstations where appropriate and eliminating underutilized devices. Additional funding requests over the next four fiscal years, if approved by the City Council, will replace approximately 141 computers per year. Staff will continue to evaluate and reduce overall device count where operationally feasible.

Staff estimated computer replacements using the upper end of the recommended replacement lifecycles, i.e., laptop replacements on a five-year cycle and desktop replacements on a six-year cycle. Currently, average cost for a desktop computer is \$1,200, and a laptop computer is \$1,600 on average. Ruggedized laptop devices supporting field operations cost approximately \$3,500.

ANALYSIS:

For this initial purchase under CIP 3473, staff obtained quotes from three separate vendors through available cooperative purchasing programs in accordance with [City Municipal Code Section I-2-3.07](#). Quotes were obtained for 110 laptops and 60 desktops, as well as any required accessories such as docking stations. The lowest priced quote was submitted by CDW Government LLC based on [Sourcewell Contract 121923-CDWG](#). The total not to exceed is \$292,866, which includes recycling fees and applicable sales tax.

Pursuant to [City Municipal Code Section I-4-2.01](#), contracts over \$100,000 must be approved by the City Council.

POLICY ALTERNATIVE(S):

Alternative 1: Do not authorize the City Manager, or designee, to execute a purchase order with CDW Government LLC for this purchase.

Pros: The City would not incur the costs.

Cons: Many City employees will most likely experience problems with their current City-issued computers over the next year, thereby hindering productivity and ability to deliver services.

Reason for Not Recommending: Replacement of dated laptops and desktops is imperative to ensure City employees have optimal technology to perform their work and continue to deliver services to the community.

FISCAL IMPACT:

Funding in the amount of \$290,000 is included in the Fiscal Year 2025-26 which was appropriated through the City Council action adopting the [Proposed Operating Budget](#) and [Proposed Capital Improvement Program Budget](#) on June 3, 2025. The remaining balance of \$2,866 will be covered by the Information Technology Operating Budget which has sufficient funds. Funding for future fiscal years will be submitted to Council through the annual budget process.

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 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.

ATTACHMENT(S):

None.



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Resolution Delegating Authority to the City's Personnel Officer or Designee to Notify Recognized Employee Organizations of Specified Procurements and Contracts as Required by California Assembly Bill 339 (Staff Contact: Kelli Parmley, Human Resources Director, 408-586-3086; Luz Cofresí-Howe, Finance Director, 408-586-3111)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	Adopt a resolution delegating authority to the City's Personnel Officer, or their designee, to notify recognized employee organizations of specific procurements and contracts that may materially affect represented positions pursuant to California Assembly Bill 339 beginning January 1, 2026.

BACKGROUND:

[California Assembly Bill 339](#) (AB 339) was signed into law on October 13, 2025, and takes effect on January 1, 2026. AB 339 requires the governing body of a public agency provide 45-days written notification to affected employee organizations before issuing solicitations, such as requests for proposals, requests for quotes, or executing contract renewals and extensions for services, that fall within the scope of work of job classifications represented by those organizations.

The written notice must identify the anticipated contract term, scope of work, estimated cost, the draft solicitation (or if not drafted, the information that would normally be included in the solicitation), and the reason for the contract. The Bill exempts Public Works projects and related services. Purchases made under exigent and emergency circumstances are also exempt from the 45-day notification requirement, but public agencies are required to provide as much advanced notice as is practicable in these instances.

ANALYSIS:

Under [California Government Code Section 3504.5](#), the governing body must provide notice to recognized employee organizations when adopting ordinances, resolutions, rules, and regulations affecting terms and conditions of employment. AB 339 applies the same definition of "governing body." The City Council has long delegated the administrative responsibility for providing labor-related notices through [City Municipal Code Section VI-101-2.01](#) and [Personnel Rules](#), which authorizes the City Manager as the ex-officio Personnel Officer, or their designee, to administer all provisions of the Personnel Rules "not specifically reserved to the Council." Delegating AB 339 notification authority to the Personnel Officer is therefore consistent with the City's established framework and practices. Although a formal resolution is not strictly required, adopting one provides clear documentation of the City's intention to comply with the law and helps ensure that noticing is made to employee organizations as expediently as possible.

POLICY ALTERNATIVE(S):

Alternative 1: Do not adopt a resolution to authorize the City's Personnel Officer, or designee, to provide required notices under AB 339.

Pros: None.

Cons: Notifications will have to be provided by City Council for each applicable solicitation or contract for the City comply with AB 339.

Reason for Not Recommending: Given the additional 45-day noticing period now required for certain procurements, waiting for City Council to approve each notification will add several more weeks to an already increased timeline before the Purchasing Division of Finance can complete customer requests.

FISCAL IMPACT:

While there is no fiscal impact for the recommended delegation of authority approval in this Agenda Report, the extra procedural steps AB 339 imposes will require staff resources in the originating Department, Finance and Human Resources to collaborate on the notification process. The implementation of AB 339 will almost certainly extend procurement timelines, which may result in undefined opportunity costs.

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 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.

ATTACHMENT(S):

(a) Resolution Designating Personnel Officer Authority

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS
AUTHORIZING THE PERSONNEL OFFICER, OR DESIGNEE, TO PROVIDE
NOTICE AS SPECIFIED BY ASSEMBLY BILL 339**

WHEREAS, effective January 1, 2026, the California Legislature enacted Assembly Bill 339 (2025) (“AB 339”), which adds Section 3504.1 to the California Government Code and requires the governing body of a public agency to give employee organizations recognized under the Meyers-Milias-Brown Act no less than 45 days’ written notice before issuing a request for proposals, request for quotes, or renewing or extending an existing contract to perform services that are within the scope of work of the job classifications represented by a recognized employee organization; and

WHEREAS, pursuant to Section VI-101-2.01 of the Milpitas Municipal Code (“MMC”), the City Manager is the ex-officio Personnel Officer for the City of Milpitas and has authority, among other things, to administer all personnel rules not specifically reserved to the Milpitas City Council; and

WHEREAS, the notice newly required by AB 339 is not a function specifically reserved to the Milpitas City Council; and

WHEREAS, pursuant to Section VI-101-2.01 of the MMC, the City Manager has delegated Personnel Officer duties not specifically reserved to the City Council or the City Manager to the Human Resources Director, including authority to provide similar notices to employee organizations as required by Section 3504.5 of the California Government Code for any ordinance, rule, resolution, or regulation directly relating to matters within the scope of representation; and

WHEREAS, for the avoidance of doubt, the City Council wishes to confirm the authority of the Personnel Officer to provide notices as required by AB 339, which similar to Section 3504.5 of the Government Code shall be provided as currently delegated by the Human Resources Director.

NOW, THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The City Council has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. The City Council confirms the authority of the Personnel Officer, or designee, to provide notice to employee organizations recognized under the Meyers-Milias-Brown Act as required beginning January 1, 2026, by AB 339 and as codified in Section 3504.1 of the California Government Code, including as may be amended hereafter from time to time.

PASSED AND ADOPTED this _____ day of _____ 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Suzanne Guzzetta, City Clerk

APPROVED:

Carmen Montano, Mayor

APPROVED AS TO FORM:

Christopher Creech, Acting City Attorney



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Resolution Authorizing the City Manager, or Designee, to Accept Grant Funds from Santa Clara Valley Transportation Authority, Negotiate and Execute Necessary Agreements, and Appropriate Related Funds for the Continuation and Expansion of the Milpitas SMART Program (Staff Contact: Jay Lee, Planning Director, 408-586-3077; and Luz Cofresí-Howe, Finance Director, 408-586-3111)
Category:	Consent Calendar-Community Development
Meeting Date:	12/16/2025
Recommendation:	Adopt a resolution authorizing the City Manager, or designee, to: (1) Accept \$2,766,114 in grant funds from the Santa Clara Valley Transportation Authority for the continuation and expansion of the Milpitas SMART (Simple, Mobile, Access to Reliable Transit) program; (2) Negotiate and execute all necessary instruments, including a grant funding agreement with Santa Clara Valley Transportation Authority, for disbursement and expenditure of these grant funds; (3) Approve the related budget appropriation actions as follows: in the General Fund, \$2,766,114 to Intergovernmental Revenue, \$90,000 to Other Revenue, and \$2,856,114 to Planning Department Contractual Services; and in the General Government Fund, \$243,486 to Planning Department Contractual Services funded by a draw from Fund Balance – Restricted for CIP; and (4) Negotiate and execute an amendment to the agreement with RideCo US Inc. to add \$3,099,600 for a revised not-to-exceed of \$6,355,516; extend the term through June 30, 2027; and expand the scope of services as required by this grant, including trip planning and data sharing features

BACKGROUND:

In November 2016, Santa Clara County voters approved Measure B, a 30-year half-cent sales tax for transit improvements. The Santa Clara Valley Transportation Authority (VTA) launched the Innovative Transit Service Models Program for grant funding. The City of Milpitas partnered with RideCo US Inc. (RideCo) to apply for a grant to develop Milpitas SMART, a 12-month pilot program for first/last-mile transit solutions. On March 4, 2022, the VTA Board approved the program and awarded Milpitas a grant of \$1,084,732. On [April 5, 2022](#), City Council authorized a funding agreement with VTA and a subscription and services agreement with RideCo to provide SMART transit services for \$1,355,916. The Agreement with RideCo was executed May 26, 2022.

Milpitas SMART began on September 12, 2022, but ridership was low. In response to community feedback, the service model shifted from hub-and-spoke to point-to-point in February 2023. City Council approved amendments to the agreements with VTA and RideCo on [August 8, 2023](#), and accepted \$1,600,000 in State funding on [September 5, 2023](#). On June 11, 2024, the subscription agreement with RideCo was amended to reflect the State funding, followed by further amendments to update various aspects of the program related to the service provider and operational requirements.

Since Milpitas SMART launched in September 2022, updates have included allowing rides between virtual stops (i.e., unmarked stops where users can enter and exit vehicles), changing service providers, extending service hours, and converting to hybrid vehicles. These efforts, along with collaborative outreach with VTA, have significantly increased ridership. In 2024, monthly ridership ranged between 3,242 to 4,258 passengers, peaking at 7,807 in March 2025 during a VTA workers' strike. The average monthly ridership for 2025, excluding March, is 5,282, a 33% increase over 2024 and a 180% increase over 2023. SMART serves a significant portion of Milpitas disadvantaged and transit-dependent populations. In October 2025, 75% of

SMART rides (4,258 out of 5,875) were used by disadvantaged and transit-dependent populations, including youth, seniors, low-income individuals, and disabled persons.

On December 16, 2024, VTA announced the 2016 Measure B Innovative Transit Service Models Competitive Grant Program Cycle 2 call-for-projects. On [February 4, 2025](#), City Council adopted a resolution expressing support for the City 2016 Measure B grant application to VTA to continue operating Milpitas SMART. On February 24, 2025, the City submitted its 2016 Measure B grant application to VTA. On [June 17, 2025](#), City Council approved bridge funds of \$300,000 to continue SMART until grant awards were made by VTA in the fall of 2025. The Agreement with RideCo was subsequently amended to add the bridge funds and extend the term of the Agreement through December 31, 2025.

The current contract amendment retains the \$300,000 bridge funds within the agreement scope, and staff will bring forward a comprehensive discussion of the SMART program and funding structure during the FY 2026-27 budget process.

ANALYSIS:

On September 4, 2025, the City was awarded a \$2.77 million grant from VTA to support the continuation and expansion of the Milpitas SMART program. With this additional funding, SMART will incorporate multimodal trip planning into its mobile app, enabling users to view various transit options, including those from VTA and other agencies. This feature will improve connections to destinations both within Milpitas and beyond, positioning SMART as a viable first/last-mile solution. Additionally, the City, through RideCo and its subconsultant, plans to add autonomous vehicles (AVs) to increase service capacity and reduce operational costs. These AVs, powered by Artificial Intelligence (AI) for navigation, will serve high-demand areas, decrease wait times, and minimize long-term expenses by eliminating the need for human drivers. Last, staff will enhance outreach efforts targeting local employers and businesses and collaborate with the Milpitas Unified School District (MUSD) to develop strategies for improving services for students to boost ridership. To optimize the grant application score, the City included a provision for a 20 percent local match (\$691,529), to be achieved through a combination of cash and in-kind contributions from staff.

With acceptance of the additional grant funds, staff requests to amend the current Agreement with RideCo to extend it through June 30, 2027, add \$3,099,600 for a revised not-to-exceed of \$6,355,516, and update the scope of services to add trip planning and data sharing features. Additionally, staff requests authority to execute an amendment to the current Agreement or execute a new agreement to add AV services to SMART once more complete implementation details are determined.

POLICY ALTERNATIVE(S):

Alternative 1: Do not adopt a resolution to acceptance of the funds and amendment to the RideCo Agreement.

Pros: The City would not continue operating SMART so would thereby save staff resources currently deployed to operate SMART beyond the current contract end date of December 31, 2025. The City would also not have to pay the local match required to receive 2016 Measure B funds from VTA. These funds could be used for other City services.

Cons: In not accepting the 2016 Measure B grant and failing to amend the Agreement with RideCo, the City would be unable to continue operating SMART, which would lead to an interruption or termination in service. If the City then seeks to restart service, additional staff time and resources would be required to procure a new funding source and a new provider. If service is terminated, many of the Milpitas' disadvantaged and transit-dependent population who rely on the service would lose an important transportation option and be negatively affected.

Reason for Not Recommending: Accepting VTA's 2016 Measure B grant would provide an opportunity for the City to continue operating Milpitas SMART, which provides a valuable and much-needed service to Milpitas'

residents, employees, and visitors. Furthermore, the General Plan includes several policies to promote alternative modes of transportation, first/last-mile solutions, and public transit improvements to support the City's circulation goals. The continuation of Milpitas SMART supports these General Plan policies and goals. The amendment to the Agreement is also necessary to continue operating Milpitas SMART with a provider that has been efficiently and effectively operating SMART.

BUDGET REFERENCE:

The table below identifies the fund and appropriation accounts to fund the actions recommended in this Agenda Report.

Fund	Function	Appropriations Account	Revenue/Reserve	Expense
100 – General Fund	512 - Planning	Intergovernmental Revenue	\$2,766,114	
		Other Revenue (Fares)	\$90,000	
		Planning – Contractual Services		\$2,856,114
			<u>\$2,856,114</u>	<u>\$2,856,114</u>
330 – General Government	512 - Planning	Fund Balance – Restricted for CIP	(\$243,486)	
		Planning – Contractual Services		\$243,486
			<u>(\$243,486)</u>	<u>\$243,486</u>

FISCAL IMPACT:

If the City accepts the grant, the City would have to commit to a local match of \$691,529, which can be achieved through a combination of cash and in-kind services. Based on the estimated in-kind staff time of \$358,043 and fare revenue of \$90,000 over the 18-month program duration to be funded by the grant, approximately \$243,486 is expected to come from the General Government Fund.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The acceptance of grant funding for an existing public transportation service previously determined to be exempt, and the associated update of contractual programmatic terms that do not materially change the environmental effects of the original program, do not constitute a project requiring further environmental review in accordance with Pub. Resources Code, § 21065 and Cal. Code Regs., tit. 14, § 15378. 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 program, which proposes no physical changes and would support transit ridership, thereby reducing greenhouse gas emissions, would have no or only a de minimis impact on the environment. In the alternative, the selection and contractual arrangement of consultant services is exempt from further review under CEQA Guidelines Sections 15301 and 15308 as 1) it could indirectly result in the operation or permitting of existing public facilities involving negligible or no expansion of existing or former use and 2) consists of actions taken by the City to assure the maintenance, restoration, enhancement, or protection of the environment.

ATTACHMENT(S):

- (a) Resolution for Acceptance of VTA Grant, Execution of Funding Agreement with VTA, and Amendments to (or new) Agreement with RideCo.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS AUTHORIZING THE CITY MANAGER, OR DESIGNEE, TO ACCEPT \$2,766,144 IN GRANT FUNDS FROM AND NEGOTIATE AND EXECUTE AGREEMENTS WITH SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA) FOR THE CONTINUATION AND EXPANSION OF THE MILPITAS SMART PROGRAM; AMEND THE AGREEMENT WITH RIDECO US INC. TO ADD \$3,099,600, EXTEND THE TERM THROUGH JUNE 30, 2027, AND ADD SCOPE OF SERVICES; AND APPROVE A RELATED BUDGET APPROPRIATION

WHEREAS, the City of Milpitas, California (the “City”) is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, in November 2016, Santa Clara County voters approved the 2016 Measure B ballot measure, a 30-year half-cent countywide sales tax to enhance transit, highways, expressways and active transportation programs for bicycles and pedestrians; and

WHEREAS, the Valley Transportation Authority (VTA) established the 2016 Measure B Program and adopted Program categories and guidelines for Innovative Transit Service Models; and

WHEREAS, the goal of the Innovative Transit Service Models Program is to support affordable new innovative transit service models to address first/last-mile connections to transit, serving the vulnerable, underserved, and transit-dependent population; and

WHEREAS, the Innovative Transit Service Models Program provides funding to eligible cities through a competitive grant application process; and

WHEREAS, City staff focused on partnering with a transportation consulting firm that could deliver a transit service model that meets the grant program guidelines and requirements for an innovative service model; and

WHEREAS, City staff, in partnership with RideCo US Inc. (“RideCo”), a transportation consulting firm that provides on-demand transit solutions, submitted a grant application for funding through the Innovative Transit Service Models Program to develop and implement Milpitas OnDemand, an 18-month pilot program to provide a flexible, convenient first/last-mile transit solution with connections to VTA light rail and the Milpitas Transit Center; and

WHEREAS, on March 4th, 2021, the VTA Board of Directors approved the recommended projects, including Milpitas OnDemand, and authorized the General Manager to execute the necessary agreements; and

WHEREAS, after conducting a good faith review of the available sources and pursuant to Milpitas Municipal Code section I-2-3.06 (Sole Source Procurement), the City’s Purchasing Agent determined that RideCo is the only source for the implementation and operation of Milpitas OnDemand; and

WHEREAS, Milpitas Municipal Code section I-2-3.03(d) authorizes the City to make procurements without a formal competitive process when authorized by the City Council to be in the best interests of the City; and

WHEREAS, on April 5, 2022, the City Council authorized the City Manager to execute a funding agreement with VTA for the 2016 Measure B Innovative Transit Service Models Program and a professional services agreement with RideCo for consultant services related to Milpitas SMART; and

WHEREAS, Milpitas SMART has been an important service for the Milpitas community, especially for youth, seniors, and low-income persons; and

WHEREAS, the ridership for Milpitas SMART has continued to increase since program launch; and

WHEREAS, on December 16, 2024, VTA announced the Call-for-Projects for the 2016 Measure B Innovative Transit Service Models Competitive Grant Program for the funding cycle fiscal year 2025; and

WHEREAS, on February 24, 2025, the City submitted an application to VTA for the 2016 Measure B Innovative Transit Service Models Competitive Grant Program; and

WHEREAS, Milpitas SMART implements the following 2040 General Plan policies and actions:

- **Policy CIR 1-4:** Coordinate development of safe, inclusive and health-promoting transportation infrastructure with local, county, regional, and state agencies to optimize efficiency of the transportation network for all users, and increase opportunities for physical activity for all types of users.
- **Policy CIR 3-2:** Coordinate transit planning and provision of transit-supportive infrastructure with Caltrans, VTA, BART, and other service providers to provide seamless service for users across transit modes and to facilitate transfers.
- **Action CIR-3c:** Coordinate with transit agencies and local stakeholders to pursue development of feeder services and/or a local circulator to carry commuters to transit stations, such as shuttle connections from businesses, residences, attractions, and schools to bus and rail services.
- **Policy CIR 4-3:** Encourage walking, biking and transit use by prioritizing and implementing “first-mile/last mile” improvements, wayfinding and educational efforts in the vicinity of the Great mall transit center, light rail stations, the BART station, and heavily used bus stops.
- **Policy CIR 5-3:** Encourage existing employers to adopt strategies to implement programs to reduce employee vehicle trips, including purchasing passes through VTA’s annual transit pass program; providing facilities such as secure bike parking, lockers, changing rooms, and showers; telework, and flexible work schedules.
- **Policy CIR 6-2:** Support development of healthier communities through the use of lower- or non-polluting modes of transportation to reduce GHG vehicle emissions and local air pollution levels.
- **Policy CIR 6-4:** Prioritize transportation improvements in part based on consideration of benefits to disadvantaged communities.
- **Policy CIR 7-1:** Proactively position the City to be competitive in pursuing grant funding for planning, design, and construction of transportation improvements.
- **Policy CIR 7-3:** Seek opportunities to develop public/private partnerships to provide transportation infrastructure services.
- **Policy CIR 7-5:** Monitor the development of new and emerging transportation technologies – such as autonomous vehicles – to enable the City to prepare for their incorporation into the transportation system if safe and appropriate.
- **Action CIR-7f:** Actively pursue grant funds for planning, design, and construction of transportation-related capital improvement projects.
- **Policy LU 3-1:** Support regional efforts that promote higher densities near major transit and travel facilities and reduce regional vehicle miles traveled by supporting active modes of transportation including walking, biking, and public transit. Support local and regional land use decisions that promote safe access to and the use of alternatives to auto transit.
- **Policy CON 7-12:** Encourage and prioritize infrastructure investments and improvements that promote safe walking, bicycling and increased transit ridership.
- **Policy UCS 8-22:** Encourage services and programs that meet the unique needs of seniors within Milpitas, including the establishment of medical facilities, transportation options for seniors and people with mobility disabilities, senior centers, and programs that provide for in-home care and aging-in-place.

WHEREAS, on September 4, 2025, the VTA Board of Directors authorized the funding of the project at its Board of Directors meeting; and

WHEREAS, staff recommended the City Council (1) accept \$2,766,144 in grant funds from and negotiate and execute agreements with VTA for the continuation and expansion of the Milpitas SMART program, (2) amend the agreement with RideCo US Inc. to add \$3,099,600, extend the term through June 30, 2027, and add scope of services as required by the grant, and (3) appropriate the amount of \$2,856,144 in the General Fund to the Intergovernmental revenue estimate Other Revenue estimate, and the Planning Department budget; and \$243,486 in the General Government Fund to the Planning Department budget.

NOW, THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

SECTION 1. Recitals

The City Council has duly considered the full record before it, which may include but is not limited to such things as the City staff report, testimony by staff and the publish, and other materials and evidence submitted or provided to the City Council. Furthermore, the recitals set forth above are found to be true and correct and incorporated herein by reference.

SECTION 2. City Council Approval

The City Council hereby accepts \$2,766,144 in grant funds from the Santa Clara Valley Transportation Authority for the continuation and expansion of the Milpitas SMART program; and authorizes the City Manager, or designee to, negotiate and execute all necessary instruments, including a grant funding agreement with Santa Clara Valley Transportation Authority, for disbursement and expenditure of these grant funds; approves the related budget appropriation actions as follows: in the General Fund, \$2,766,144 to Intergovernmental Revenue, \$90,000 to Other Revenue, and \$2,856,144 to Planning Department Contractual Services; and in the General Government Fund, \$243,486 to Planning Department Contractual Services funded by a draw from Fund Balance – Restricted for CIP; and; negotiate and execute an amendment to the agreement with RideCo US Inc. to add \$3,099,630 for a revised not-to-exceed of \$6,355,546; extend the term through June 30, 2027; and expand the scope of services as required by this grant, including trip planning and data sharing features.

PASSED AND ADOPTED this 16th day of December 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Christopher Creech, Acting City Attorney



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Review and Accept the Development Impact Fee Annual and Five-Year Reports for the Calaveras Boulevard Widening Traffic Impact Fee, Transit Area Specific Plan Impact Fee, and Storm Drainage Improvement Fee (Staff Contact: Luz Cofresi-Howe, Finance Director, 408-586-3111)
Category:	Public Hearings-Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	(1) Review and accept the Development Impact Fee Annual consistent with the Mitigation Fee Act for the Calaveras Boulevard Widening Traffic Impact Fee, Transit Area Specific Plan (TASP) Impact Fee, and Storm Drainage Improvement Fee for the fiscal year ended June 30, 2025; (2) Adopt a Resolution making all findings required by the Mitigation Fee Act.

BACKGROUND:

California Government Code Section 66000 et seq. (Mitigation Fee Act) requires local agencies to provide an accounting of fees charged for development projects. The City has an accounting and reporting responsibility under Government Code Section 66006(b)(1) which provides that each local agency is required on an annual basis, within 180 days after fiscal year end, for each separate account, to make available to the public the following information:

1. Brief description of the type of fee in the account;
2. The amount of the fee;
3. The account's beginning and ending balance;
4. The amount of fees collected, and the interest earned;
5. A description of the improvements on which the funds were expended and the amount expended on each improvement including the percentage of the improvement funded with development fees;
6. An approximate date by which the construction of a public improvement will begin if the local agency determines that sufficient funds have been collected to complete financing on the incomplete improvement;
 - a. For any financed public improvement identified in a previous report, identification of if construction began on the date previously reported and, if it did not, an explanation for the delay together with a revised commencement of construction approximation.
7. A description of each inter-fund transfer or loan made from the account; and
8. The amount of any refunds or allocations made pursuant to Code Section 66001.

The City deposits impact fees subject to the above disclosure in the Calaveras Boulevard Widening Traffic Impact Fee Fund, Transit Area Specific Plan (TASP) Impact Fee Fund, and Storm Drain Development Fund to track these development related fees. Interest income is allocated to these funds based on their respective monthly cash balances. Expenditures from these funds were in the form of capital improvement projects to either renovate existing facilities or maintain the existing level of service, consistent with the General Plan and approved Capital Improvement Plan, due to increased demand related to the development projects.

ANALYSIS:

Annual reports summarize the Fiscal Year 2024-2025 fund activity for Calaveras Boulevard Widening Traffic Impact Fee (Exhibit 1); Transit Area Specific Plan (TASP) Impact Fee (Exhibit 2); and Storm Drainage Improvement Fee (Exhibit 3). The reports show the amount of fees collected in FY 2024-2025, interest income, a brief description of the projects funded, the percentage of the projects funded by the development fees, and the beginning and ending balance of the funds. The table below shows the beginning fund balance, revenues

received, expenditures and ending fund balance for each impact fee for FY 2024-2025. The plan to expend the funds available in ending fund balances for the various fees is outlined in the attached reports.

FY 2024-25	Calaveras Blvd Widening Traffic Impact Fee	TASP Impact Fee	Storm Drainage Improvement Fee¹
Beginning Fund Balance	\$ 86,653	\$ 49,576,379	\$ 1,799,843
Revenues	52,120	7,760,080	284,035
Expenditures	0	(930,348)	(500,000)
Ending Fund Balance	\$ 138,773	\$ 56,406,111	\$ 1,583,878

¹ Annual reporting for the Storm Drainage Improvement Fee is subject to Government Code Section 66013; however, those reporting requirements are substantially similar to the annual reporting requirements under Government Code Section 66006 and are referred to collectively here for convenience.

POLICY ALTERNATIVE(S):

Alternative 1: Do not adopt the resolution and accept the annual development impact fee disclosure information.

Pros: None.

Cons: Not adopting the resolution and accepting the annual development impact fee disclosure information will place the City in violation of the Mitigation Fee Act, which will require that those fees are refunded to the property owners.

Reason not recommended: None

FISCAL IMPACT:

Not applicable.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

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 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 consists of annual reporting and accounting that does not involve the commitment to any new project that may have a potentially significant impact upon the environment. Environmental review for public improvements to be financed by these fees will be considered prior to approval of those projects once sufficient information is available to adequately consider and study those impacts.

ATTACHMENT(S):

- (a) Annual Report (Exhibits 1-3)
- (b) Resolution

**CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025**

**EXHIBIT 1
CALAVERAS BOULEVARD WIDENING TRAFFIC IMPACT FEE**

Description:

To implement the goals and objectives of the City of Milpitas General Plan and to mitigate the traffic impacts caused by new development in the City of Milpitas, certain roadways such as Calaveras Boulevard must be widened.

Fee:

The amount of the fee as of June 30, 2025 was as follows:

Activity Description	FY 24/25 Fee	Unit
1. Residential 5 or more units	\$ 287.97	Per unit
2. Retail Development of 1,000 or more square fee	\$ 1,226.45	Per square Foot
3. Office Development of 1,000 or more square feet	\$ 609.08	Per square Foot
4. Other Uses	To Be Determined	

CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025

EXHIBIT 1
CALAVERAS BOULEVARD WIDENING TRAFFIC IMPACT FEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Fees Collected And Interest Earned:

Revenues	
Traffic Fee	\$ 48,316
Interest	\$ 3,804
Total Revenues	\$ 52,120
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	\$ 52,120
Beginning and Ending Balance:	
Fund Balance, Beginning Of Year	\$ 86,653
Fund Balance, End Of Year	\$ 138,773
Inter-Fund Transfer Or Loan Made Description	None
Refunds Made From Surplus Fees And Amount Of Any Allocations Made	None

CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025
EXHIBIT 2
TRANSIT AREA SPECIFIC PLAN (TASP) IMPACT FEE

Description:

Based on Resolution No. 8344, Transit Area Development Impact Fee Update Report Exhibit A prepared by Economic & Planning Systems, Inc., dated February 2014, the purpose of the Transit Area Specific Plan (TASP) Impact fee is to fund the planning and development (as described in the Report) of an approximately 437-acre area in the southern portion of the City near the Great Mall shopping center to support more residents and workers with appropriately scaled utilities, parks, community facilities, and roadways.

Fee:

The amount of the fee as of June 30, 2025 was as follows:

Activity Description	FY 24/25 Fee	Unit
1. Residential	\$ 51,850.84	Per unit
2. Commercial	\$ 33.92	Per square Foot
3. Office	\$ 58.30	Per square Foot
4. Hotel	\$ -	per room
5. Other Uses	To Be Determined	

* Fee applies Citywide except TASP Fees for Calaveras Boulevard Widening

CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025

EXHIBIT 2
TRANSIT AREA SPECIFIC PLAN (TASP) IMPACT FEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Fees Collected And Interest Earned:

Revenues	
TASP Impact Fees	\$ 5,574,477
Interest	2,185,603
Total Revenues	<u>\$ 7,760,080</u>

Fees expended on public improvement (See table for % of cost funded with fees)

CP 2005 – Delano Manongs Pedestrian Bridge	\$ 600,000
CP 2010 – Land/Right-of-Way Value Determination	9,000
CP 3490 – Capital Improvement Program Administration	144,000
Recycled Water Distribution System (DB21)	172,854
TASP Plan Administration Expenses	4,494
Total Expenditures	<u>\$ 930,348</u>

Excess/(Deficiency) Of Revenues Over/(Under) Expenditures \$ 6,829,732

Beginning and Ending Balance:

Fund Balance, Beginning Of Year	<u>\$ 49,576,379</u>
Fund Balance, End Of Year	<u><u>\$ 56,406,111</u></u>

Inter-Fund Transfer Or Loan Made Description	None
Refunds Made From Surplus Fees And Amount Of Any Allocations Made	<u><u>None</u></u>

CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025

EXHIBIT 2
TRANSIT AREA SPECIFIC PLAN (TASP) IMPACT FEE

CIP Item Number and Title	Project Description	% Funded with Development Fees	Construction Commencement Date	Project Status
CP 2005 – Delano Manongs Pedestrian Bridge	This project provides for the design and construction of a new pedestrian bridge over Lower Penitencia Channel. The bridge will connect Santa Clara Valley Water District's (SCVWD) multi-use trail along Centre Pointe residential development to the Delano Manongs Park.	65%	Project is anticipated to start in spring of 2026, pending permitting and joint use agreement with Valley Water	Nearing the end of Design Phase
CP 2010 - Land/Right-of-Way Value Determination	This project provides for the annual evaluation and determination of land and right-of-way fair market values within the City for the purpose of updating development fee calculations such as the park-in-lieu fee.	100%	No Construction	Completed; Report is provided in May, annually
CP 3490 - Capital Improvement Program Administration	This project provides for the annual preparation and administration of the Capital Improvement Program. Work includes program administration, printing, and software programming assistance.	20%	No Construction	Completed; Annual administration of CIP budget related to TASP projects
Recycled Water Distribution System (DB21)	Reimbursement to the Developer on 2001 Tarob Ct. For the water main replacement located in the TASP area	100%	Completed in 2023	Completed
	TASP Plan Administration Expense	100%	No Construction	Completed

CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025
EXHIBIT 3
STORM DRAINAGE IMPROVEMENT IMPACT FEE

Description:

Each Developer shall install all storm drains necessary to serve his development, sized in accordance with the City's current Storm Master Plan. In addition, the Developer is required to pay all storm-related fees including connection fees as set forth in ordinance 239.8.

Fee:

The amount of the fee as of June 30, 2025 was as follows:

Activity Description	FY 24/25 Fee	Unit
1. Milpitas Metro Specific Plan Area		per runoff acre
Milpitas Metro Specific Plan Area		Per 100 sf of runoff surface
2. Gateway-Main Street Specific Plan Area	\$ 50,517.00	per runoff acre
Gateway-Main Street Specific Plan Area	\$ 116.00	Per 100 sf of runoff surface
3. Remaining Urban Service Area	\$ 248,606.00	per runoff acre
Remaining Urban Service Area	\$ 571.00	Per 100 sf of runoff surface

CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025

EXHIBIT 3
STORM DRAINAGE IMPROVEMENT IMPACT FEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Fees Collected And Interest Earned:

Revenues	
Connection Fees	\$ 139,439
Interest	144,596
Total Revenues	<u>\$ 284,035</u>

Fees expended on public improvement (See table for % of cost funded with fees)

CP 3724 – Main Street Flood Study	\$ 500,000
Total Expenditures	<u>\$ 500,000</u>

Excess/(Deficiency) Of Revenues Over/(Under) Expenditures \$ (215,965)

Beginning and Ending Balance:

Fund Balance, Beginning Of Year	\$ 1,799,843
Fund Balance, End Of Year	<u><u>\$ 1,583,878</u></u>

Inter-Fund Transfer Or Loan Made Description	None
Refunds Made From Surplus Fees And Amount Of Any Allocations Made	None

CITY OF MILPITAS
ANNUAL REPORT OF DEVELOPMENT FEES AND EXPENDITURES FOR THE
FISCAL YEAR ENDED JUNE 30, 2025

EXHIBIT 3
STORM DRAINAGE IMPROVEMENT IMPACT FEE

CIP Item Number and Title	Project Description	% Funded with Development Fees	Construction Commencement Date	Project Status
CP 3724-Main Street Flood Study	The project provides for assessment of the flooding that occurs on main Street under 237 overpass due to Wrigley Ford Creek.	100%	No construction	Completed

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS REVIEWING AND ACCEPTING ANNUAL DEVELOPMENT IMPACT FEE DISCLOSURE INFORMATION FOR THE CALAVERAS BOULEVARD WIDENING TRAFFIC IMPACT FEE, THE TRANSIT AREA SPECIFIC PLAN IMPACT FEE AND THE STORM DRAIN FEE PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 66006 AND 66013

WHEREAS, the Mitigation Fee Act, Government Code Section 66000 *et seq.*, authorizes the City of Milpitas (“City”) to impose, collect, and expend mitigation fees to offset the impacts of development within the City; and

WHEREAS, pursuant to its authority under the Mitigation Fee Act (Government Code §§ 66000 *et seq.*) the City Council established, adopted, and imposed a Calaveras Boulevard Traffic Impact Fee, a Transit Area Specific Plan (“TASP”) Impact Fee and a Storm Drain Fee (collectively, the “Fees”); and

WHEREAS, the City has deposited all Fees in separate non-commingled funds (“Funds”) established for such a purpose; and

WHEREAS, the City has made available to the public within one hundred eighty (180) days following the last day of the fiscal year the annual accounting information (“Annual Report”) required by the Mitigation Fee Act related to each of the Fees; and

WHEREAS, the City has mailed notice at least fifteen (15) days prior to this meeting to all interested parties who have requested notice of any meeting relative to the City’s imposition of the Fees and has held a duly noticed, regularly scheduled public meeting at which oral and written testimony was received regarding the Annual Reports at least fifteen (15) days after the City made this information publicly available.

NOW, THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The City Council has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. In accordance with Government Code Section 66006(b) and Section 66013, the City Council has reviewed and approves the Annual Reports for each of the Fees, which are attached to this Resolution as **Exhibits 1-3**, and are also placed on file with the City Clerk. The Council, based upon the information contained in the Annual Report and the remaining need for the unexpended funds, finds as follows:
 - a. That each of the Annual Reports describe the types of Fees contained in each of the Funds, including the amount of the fees, the beginning and ending balance of the Funds, as well as the amount of fees collected, and the interest earned thereon.
 - b. That each of the Annual Reports identifies each public improvement on which the Fees were expended, the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with the Fees.
 - c. That there were interfund transfers or loans made from the Funds, as noted.
 - d. That sufficient funds have not been collected to complete the financing of any incomplete public improvement, unless identified in Exhibits 1-3, and that there were no refunds or allocations made of the Fees.

3. Pursuant to these findings, and at this time, there shall not be a refund of any unexpended Fees.

PASSED AND ADOPTED this _____ day of _____, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Christopher Creech, Acting City Attorney



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Accept the City's Annual Comprehensive Financial Report and Other Related Annual Audited Reports for the Fiscal Year Ended June 30, 2025 (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111)
Category:	Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	Review and accept the City's Annual Comprehensive Financial Report and other related Annual Audited Reports for the Fiscal Year Ended June 30, 2025.

BACKGROUND:

Annually, the City independent external financial auditor audits the City books and staff prepares the Annual Comprehensive Financial Report (ACFR) of the City of Milpitas. The ACFR presents the operations and financial activity of all City funds, including the General Fund. In conjunction with the ACFR for the fiscal year ended June 30, 2025, this Agenda Report presents a Memorandum on Internal Control (MOIC), Required Communications Letter, and an Agreed Upon Procedures Report on Compliance with the Appropriations Limit Increment for the City Council for review and accept.

In summary, the City of Milpitas achieved strong financial results in FY 2024-25, with total net position increasing \$31.2 million to \$716.4 million. The General Fund added \$4.2 million to reserves, ending the year with \$89.5 million in fund balance. Both Water and Sewer utilities maintained healthy operating margins. The independent audit resulted in an unqualified ("clean") opinion from Maze and Associates, the City independent external financial auditor, with no material weaknesses in internal controls.

ANALYSIS:

As noted above, Maze & Associates issued an unqualified opinion on the City's financial statements, dated November 17, 2025. An unqualified audit opinion is the highest level of assurance an independent auditor can provide. The unqualified opinion certifies the City financial statements are accurate, complete, comply with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) rules, fairly present the City's true financial position, and are free from material misstatements or undisclosed problems.

The audited ACFR satisfies the City debt-related reporting obligations under [California Government Code §53891](#) debt transparency requirements, fulfills continuing disclosure requirements to bondholders and investors under outstanding bond covenants, and ensures comprehensive transparency regarding all long-term liabilities.

The City also received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Award for its FY 2023-24 ACFR. The City has won this GFOA award for 36 years and has already submitted its FY 2024-25 ACFR for GFOA award consideration.

Highlights and items to note from the ACFR for the fiscal year ended June 30, 2025 are detailed below:

- In Fiscal Year 2025, City revenues continued recovering gradually since the onset of the COVID-19 Pandemic (Pandemic) over five years ago. The unemployment rate in the San José-Sunnyvale-Santa Clara metropolitan area rose to 4.7%, up slightly from 4.2% in Fiscal Year 2024. General Fund revenues had a slight increase compared to the previous year. There are revenue increases in Fiscal Year 2025 particularly in property tax, sales tax, Hotel/Motel taxes, and Licenses/Permits revenues; however, the

increases are offset by a decrease in other taxes and intergovernmental revenue due to the reallocation of the American Rescue Plan Act Fund in FY 2023-24.

- Property tax revenue increased \$2.5M to \$51.2M in FY 2024-25, driven by ongoing growth in secured and supplemental property tax from higher valuations, supplemented by non-recurring receipts that are not expected to continue into future assessment periods. Hotel and motel tax revenues continued their post-Pandemic recovery, though they have not yet reached pre-Pandemic levels.
- While the local economy continues to recover from COVID-19 impacts, several factors create uncertainty for future revenue projections, including tech sector volatility, evolving commercial real estate dynamics, and structural changes in consumer behavior such as increased remote work and online shopping. Encouragingly, FY 2024-25 demonstrated strong revenue performance with property tax growing 5.1%, sales tax increasing 6.7%, and hotel tax revenues continuing their recovery trajectory. The City maintains conservative revenue projections and prudent reserves to address potential economic volatility.

Financial Position Overview

Net Position Growth:

Category	FY 2024-25	FY 2023-24	Change
Governmental Activities	\$457.6M	\$439.0M	+\$18.6M
Business-type Activities	\$258.9M	\$246.3M	+\$12.6M
Total Net Position	\$716.4M	\$685.2M	+\$31.2M

The \$31.2 million increase reflects strong operational performance, revenue growth across major tax categories, positive investment returns of \$3.2 million and improved actuarial positions for pension and other post-employment benefits (OPEB) liabilities. Cash and investments grew \$23.4 million to \$450.8 million, demonstrating strong liquidity. Capital assets increased \$6.1 million through continued infrastructure investment, while the net pension liability decreased \$7.5 million due to strong CalPERS investment returns.

General Fund Performance, Waterfall and Balances

The General Fund ended FY 2024-25 with a fund balance of \$89.5 million, an increase of \$4.2 million from FY 2023-24. Following the City’s established reserve policy waterfall methodology (Resolution No. 9333, dated June 4, 2024), the FY 2024-25 net surplus of \$6.2 million, after recognizing \$0.1 million in net surplus and \$6.1 million in use of reserves, was allocated across the first three policy tiers of the waterfall. The allocation prioritized Part I reserves, with \$2.8 million allocated to the General Fund Contingency Reserve (increasing it from \$20.6 million to \$23.4 million) and \$2.8 million to the General Fund Budget Stabilization Reserve (increasing it from \$20.6 million to \$23.4 million). The remaining \$0.6 million was allocated to the Part II PERS Rate Stabilization Reserve, increasing it from \$6.7 million to \$7.3 million. This allocation ensures all policy-required reserves are fully funded, with both Part I reserves reaching their respective individual City-Council approved target levels of at least 16.67% of General Fund operating expenditures, and the PERS Rate Stabilization Reserve strengthened to address potential future pension contribution volatility.

Classification	FY 2024-25	Purpose
Nonspendable	\$5.2M	Prepaid items, property held for resale
Committed	\$12.7M	PERS stabilization (\$7.3M), facilities, technology, turf replacement
Assigned	\$7.5M	Uninsured claims, encumbrances
Unassigned	\$64.1M	Contingency Reserve (\$23.4M), Budget Stabilization (\$23.4M), other

The Contingency Reserve and Budget Stabilization Reserve in the Unassigned Classification total \$46.8 million, representing four months of operating expenditures – twice what is recommended by the GFOA. This reserve level provides fiscal flexibility to address economic uncertainties, fund strategic initiatives, and maintain service levels during revenue fluctuations.

Revenue Analysis

Total governmental revenues increased \$14.3 million (9.0%) to \$173.3 million, driven by growth in major tax categories:

Major Revenue Sources:

Revenue Source	FY 2024-25	Change from FY 2023-24	% Change
Property Taxes	\$51.2M	+\$2.5M	+5.1%
Sales & Use Taxes	\$38.1M	+\$2.4M	+6.7%
Hotel/Motel Taxes	\$13.4M	+\$0.6M	+4.7%

Property tax growth was driven by ongoing increases in secured and supplemental property tax from higher valuations, supplemented by non-recurring receipts that are not expected to continue in future years. Sales tax revenue demonstrated strong post-pandemic recovery, though future growth may be tempered by tech sector volatility and continued shifts to online shopping. Hotel and motel tax revenues continued their recovery trajectory as business travel resumed, though they remain below pre-pandemic levels. A \$2.3 million decrease in intergovernmental revenue reflects the sunset of American Rescue Plan Act (ARPA) federal pandemic relief funds that were recognized from deferred revenue in FY 2023-24. This represents a return to normalized baseline revenue rather than a negative trend.

Enterprise Fund Performance

Both Water and Sewer utilities maintained strong financial positions with healthy operating margins:

Water Utility:

- Operating revenues of \$39.5 million (up \$3.4M from 6% rate increase)
- Operating expenses of \$35.2 million (up \$5.8M due to wholesale water cost increases)
- Net position of \$108.5 million (up \$3.6M)
- Rate stabilization reserves cushioning wholesale cost impacts

Sewer Utility:

- Operating revenues of \$26.5 million (up \$1.4M from 4% rate increase)
- Operating expenses of \$17.6 million (up \$0.9M)
- Net position of \$150.4 million (up \$9.1M)
- Healthy 33.6% operating margin

Both utilities demonstrate excellent debt service coverage ratios and maintain restricted reserves per City Council policy. Wholesale water cost pressures may necessitate future rate adjustments for the Water Fund, while the Sewer Fund strong margins support continued capital investment.

Long-Term Liabilities

Pension Liability (CalPERS): The net pension liability decreased \$7.5 million to \$247.4 million, reflecting strong CalPERS investment returns and the City's ongoing contribution strategy. This positive trend demonstrates improved funded status, though the liability remains substantial at 92% of General Fund revenues. The City maintains a \$7.3 million PERS Rate Stabilization Reserve to cushion against potential future contribution rate volatility, as well as the Section 115 Trust (Pension) investment portfolio with a balance of approximately \$40.2 million as of June 30, 2025.

OPEB Liability: The net OPEB liability decreased \$1.4 million to \$13.0 million, a positive trend indicating effective management of these obligations.

Long-Term Debt: Total outstanding debt decreased \$1.8 million to \$70.4 million, with governmental debt at \$19.4 million and business-type debt at \$51.0 million. Enterprise funds demonstrate excellent debt service coverage ratios exceeding 10:1. The City low debt burden (9.8% of net position) provides substantial additional borrowing capacity if needed for future capital projects.

Capital Assets & Infrastructure

Total net capital assets across governmental and business-type activities reached \$580.4 million. The City added \$18.7 million in governmental capital assets (primarily street improvements) and \$7.2 million in business-type assets during FY 2024-25. Construction in progress totals \$126.6 million, reflecting an active capital improvement program. The continued investment in the City's \$580 million infrastructure asset base remains essential to prevent deferred maintenance accumulation.

Cash & Investments

The City's investment portfolios are professionally managed by Chandler Asset Management (General Portfolio) and PFM Asset Management, LLC (Section 115 Trust Portfolio). Investment earnings totaled \$3.2 million with an unrealized gain of \$1.8 million, demonstrating market recovery from prior year losses. Portfolio diversification and quality positioning provides both safety and adequate returns, meeting the requirements of the City Council-approved Investment Policy.

Memorandum on Internal Control (MOIC)

This memorandum presents the auditor's assessment of the City's internal control over financial reporting. The report explicitly states that no material weaknesses or significant deficiencies were identified during the audit. Two minor operational findings are presented as "other matters" for management consideration: (1) the quarterly investment report for December 31, 2024 was submitted beyond the 45-day requirement due to coordination of new Section 115 Pension Trust reporting, and (2) a short-term rental permit fee was charged at an incorrect rate. Both findings have been satisfactorily addressed by management and do not indicate systemic control weaknesses.

The memorandum also includes information on new GASB pronouncements effective for FY26, including GASB 103 (Financial Reporting Model Improvements) and GASB 104 (Disclosure of Certain Capital Assets).

Required Communications Letter

This letter fulfills professional auditing standards requiring auditors to communicate specific matters to those charged with governance. The letter confirms the audit was conducted without difficulties, disagreements with management, or significant issues. It describes the auditors' responsibilities, discusses qualitative aspects of the City accounting practices, and confirms that management has corrected all identified misstatements. The letter also discusses the City's significant accounting estimates including fair value of investments, pension liabilities, and OPEB obligations. The auditors confirm they received all requested management representations and that no consultations with other accountants occurred during the audit period.

Agreed Upon Procedures Report on Compliance with the Appropriations Limit Increment

This agreed-upon procedures report confirms City compliance with State of California constitutional appropriations limit under Proposition 111. Maze & Associates verified that the City FY 2024-25 Appropriations Limit of \$140,254,073 was properly calculated and adopted by City Council resolution, and that the population and inflation adjustment factors were correctly applied per California State Department of Finance data. The report confirms all required procedures were completed with no exceptions. This annual compliance report is required by California Government Code and demonstrates the City's adherence to state constitutional spending limitations.

POLICY ALTERNATIVE(S):

N/A

FISCAL IMPACT:

There is no fiscal impact by the City Council accepting the Agenda Report.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The action is a fiscal, organizational, and/or administrative 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.

ATTACHMENT(S):

- (a) Annual Comprehensive Financial Report for FY 2024-25
- (b) Memorandum on Internal Control for FY 2024-25
- (c) Required Communications for FY 2024-25
- (d) Agreed Upon Procedures Report on Compliance with the Appropriations Limit Increment FY 2024-25

2024-2025



City of Milpitas • California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR
ENDED JUNE 30, 2025





CITY OF MILPITAS, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

Prepared by
THE CITY OF MILPITAS



INTRODUCTORY SECTION



CITY OF MILPITAS
Annual Comprehensive Financial Report
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CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479

PHONE: 408-586-3000, WWW.MILPITAS.GOV

November 17, 2025

Honorable Mayor, Members of the City Council, and Residents of the City of Milpitas:

Submitted herewith is the Annual Comprehensive Financial Report (ACFR) of the City of Milpitas (City) for the fiscal year ended June 30, 2025 as prepared by the City Finance Department with support from other City departments. This report is consistent with generally accepted accounting principles. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The data, as presented, is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City financial affairs have been included. The organization of the financial report follows the guidelines set forth by the Government Finance Officers' Association of the United States and Canada.

The Reporting Entity and its Services

This report combines the financial statements of the City, the Milpitas Public Financing Authority (MPFA), Milpitas Housing Authority (Housing Authority), the Milpitas Municipal Financing Authority (MMFA) and the Terrace Gardens Inc. (Terrace Gardens) to constitute a single reporting entity. The MPFA, Housing Authority, MMFA and Terrace Gardens are individual legal entities separate from the City and controlled by the City. The MPFA, Housing Authority and MMFA have the same governing board as the City and the City also has control of the Terrace Gardens' governing board. However, Terrace Gardens issues its own component unit financial statements. The purpose and authority of the MPFA, Housing Authority, the MMFA and Terrace Gardens are described in Note 1 of this ACFR.

Milpitas is a general law city of the State of California. The City was incorporated in 1954 and operates under a Council-Manager form of government. The City's political and legislative body is the City Council and is empowered by the general laws of the State of California to formulate Citywide policy, including a fiscal program, City services, and appointment of the City Manager and City Attorney. There are four City Council members who are elected at-large for staggered four-year terms, and the Mayor is selected every two years in a separate citywide election.

The City provides a full range of municipal services to the community through its departments such as Building Safety and Housing, Planning, Fire, Police, Public Works, and Recreation and Community Services. These departments are supported by internal service departments which include the City Manager's Office, City Attorney's Office, Finance, Human Resources, and Information Technology.

Community members of the City desiring to assist the City Council in forming government policy may do so by serving on a City commission or committee (commissions). The commissions act in an advisory capacity to the City Council. They are the Arts Commission; Community Housing Commission; Economic Development and Trade Commission; Energy and Environmental Sustainability Commission; Library and Education Advisory Commission; Parks, Recreation and Cultural Resources Commission; Planning Commission; Public Safety and Emergency Preparedness Commission; Science, Technology, and Innovation Commission; Senior Advisory Commission; Veterans Commission; Youth Advisory Commission, and Measure F Oversight Committee.

Economic Condition, Outlook and Activity

Milpitas is situated within the Silicon Valley region, known throughout the world as the home of high technology, innovation and research. Milpitas is considered the “Crossroads of Silicon Valley,” with most of its 13.6 square miles of land situated between two major freeways, I-680 and I-880. Milpitas has experienced tremendous growth since its incorporation in 1954. Over the past 70 years, population has increased from 26,561 in 1970 to nearly 81,915 based on the latest Department of Finance data in 2025. The economy has experienced a slightly higher unemployment in August at the state and federal levels with State of California unemployment at 5.5% and national unemployment rate at 4.3% compared to 5.3% and 4.1% in the prior fiscal year, respectively. The California Employment Development Department (EDD) reported that between August 2024 and August 2025 for San José-Sunnyvale-Santa Clara metropolitan statistical area, in which Milpitas is included, employment decreased by 200 jobs. At the City level, the unemployment rate remained at 4.8% as compared to the prior year’s unemployment in the same month of August.

Several global and national factors are contributing to economic uncertainty, including the war in Ukraine, Middle East tensions, high interest rates, inflation, rising housing costs, income inequality, and unclear federal policies. U.S. credit rating downgrades and budget cuts from the HR-1 bill, which are affecting services like public health and housing, further complicate the landscape. Locally, Milpitas is affected by tech sector layoffs in Silicon Valley, which followed a pandemic-era hiring boom. From 2023 – 2024, the Bay Area lost 80,000 tech jobs. Companies are now prioritizing efficiency and investing in artificial intelligence (AI) and automation. General inflation remains above the Fed’s 2% target rate (2.9% as of August 2025), and certain sectors like healthcare and education continue to see increases at an even higher inflation rate. Ecommerce now makes up 22.7% of U.S. retail sales, reflecting a lasting shift in consumer behavior since the pandemic. Remote work and reduced in-person commerce continue to affect local revenues, particularly from sales and hotel taxes. While there are signs of recovery, hotel tax revenue may take years to fully rebound.

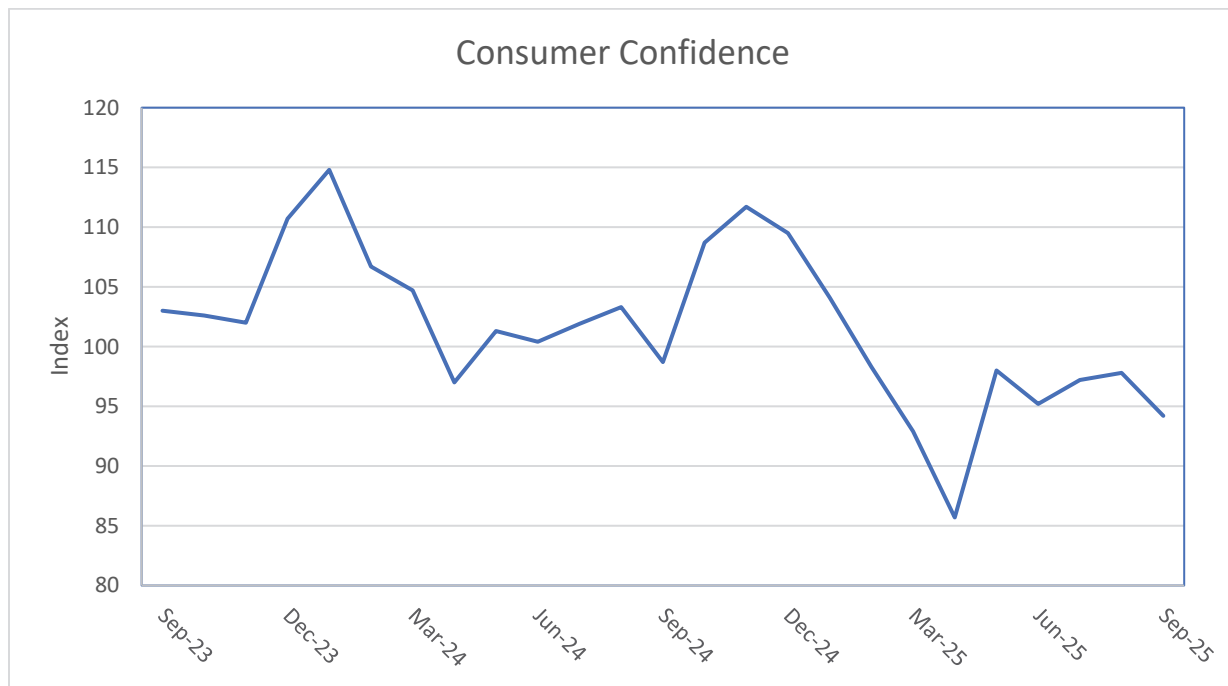
The national GDP (Gross Domestic Product, the value of goods and services less the value of the goods and services used up in production, the most popular indicator of the nation’s overall economic health) increased at an annual rate of 3.8 percent in the second quarter of 2025 from the previous quarter according to the Bureau of Economic Analysis (BEA) advance estimate. As of September 2025, the Federal Reserve Board projected change in median GDP growth is positive 1.8 percent for 2026 and positive 1.9 percent for 2027.

The CPI (Consumer Price Index) is used by the U.S. Bureau of Labor Statistics to measure inflation. The August 2025 CPI-U (Consumer Price index for all Urban Consumers) increased 2.9 percent over the last 12 months. Core CPI (CPI less food and energy) is 3.1 percent in August 2025 compared to 3.3 percent in September 2024. Core CPI represents a more accurate picture of underlying inflation trends since volatile food and energy products are excluded. When compared to San Francisco area, the August 2025 CPI-U increased 2.5 percent over the last 12 months and the Core CPI increased 2.4 percent. While the global economic activity remains uncertain, the U.S. Bureau of Labor Statistics Employment Projections for 2024-2025 shows a projected growth from 174.6 million to 175.2 million over the 2024-34 decade.

Although median home prices have risen year over year, the slowdown in development activity and the downturn in the commercial real estate market are troubling trends that could soon impact residential valuations negatively. Single family residential construction starts decreased 10% year-over-year while multi-family construction (5 units or more) starts increased 51% year-over-year. The median sale price of a single-family residential home in Milpitas was \$1.8 million as of August 2025, up approximately 5.9 percent from last year. Year-over-year price increases have ramped up in Santa Clara County. Santa Clara County had a 1.6 percent decrease in median sale price compared to 11.2 percent increase last year. The section below entitled “Major Development Activities in the City” will discuss some of the development activities occurring in Milpitas.

Consumer Confidence Level

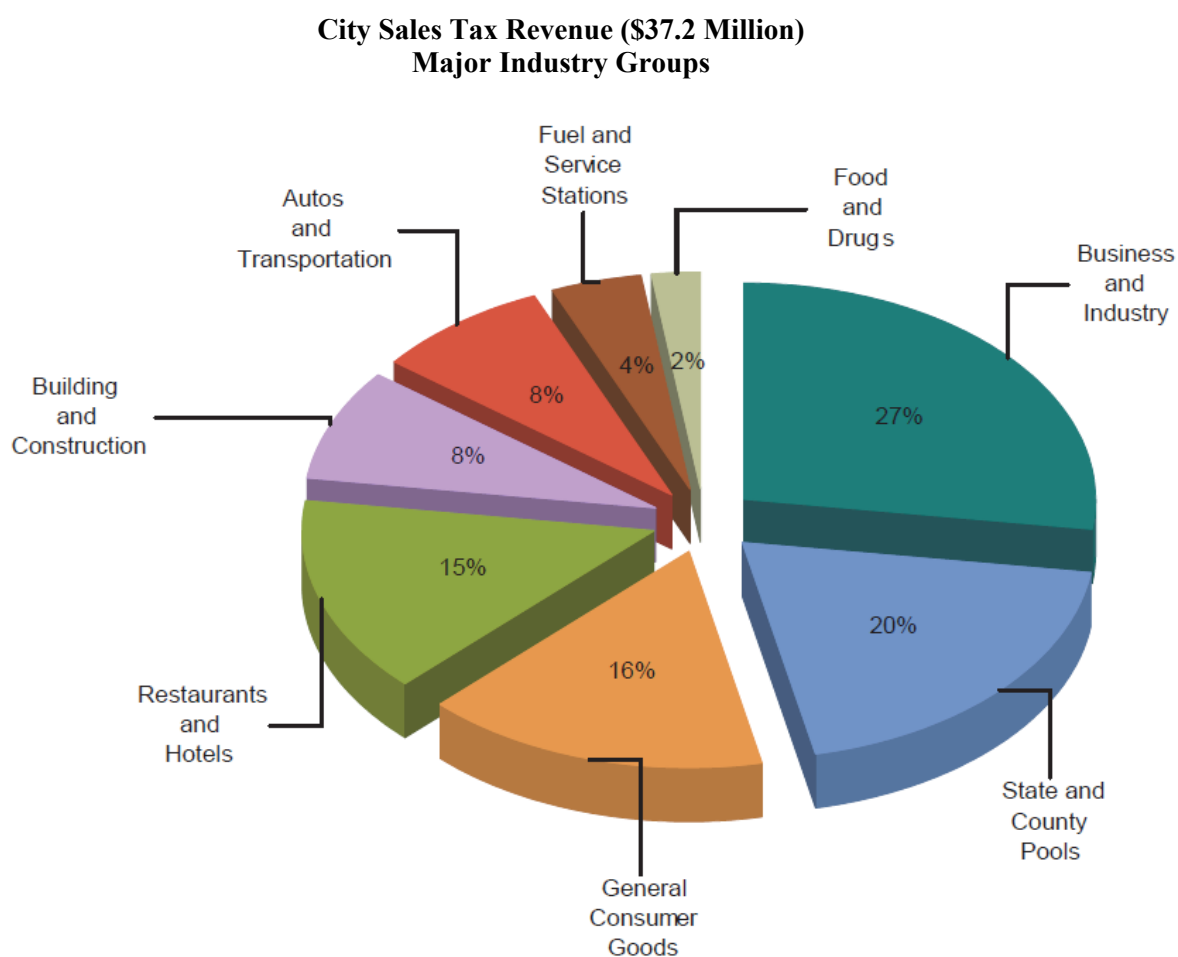
Consumer confidence is an indicator designed to measure the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. The Conference Board Consumer Confidence Index decreased to 94.2 in September 2025 from 97.8 in August 2025 and has continued to decline since then. Since consumer spending accounts for more than two-thirds of the U.S. Gross Domestic Product, this index is a good indicator that when consumers' confidence is on a potential downward trend, consumers would be less likely to make purchases, thus lowering overall consumption. Employment drives consumer spending, which in turn affects the economy. Nonfarm payroll employment increased by 22,000 in August 2025, and the national unemployment rate increased slightly to 4.3 percent in August 2025 compared to August 2024.



Source: The Conference Board

Top Eight Sales Tax Generators by Economic Segment

Financial markets continue to remain volatile and inflationary trends in the economy remain high. According to Urban-Brookings Tax Policy Center, total state tax revenue collections rose 3.7 percent in nominal terms in the first three quarters of 2025, compared to the year prior. The chart below provides a snapshot of the City sales tax revenue by major industry groups. Total amount of sales tax revenue for the major industry groups generated about \$37.2 million. By and large, the sales tax revenue generated from major industry groups such as Fuel and Service Stations, Restaurants and Hotels, General Consumer Goods, Food and Drugs, and Autos and Transportation did not change significantly compared to the composition over a year ago.



Source: HDL FY2025 Major Business Categories

Major Development Activities in the City

General Plan Update – Considered the blueprint for future development, the General Plan (Plan) defines a long-term vision for future growth, traffic circulation, economic development, health, housing and resource conservation. The Milpitas 2040 General Plan was unanimously adopted by the City Council on March 9, 2021; this policy document will guide City decision-making and priorities over the next 20 years. The Plan identifies opportunity sites where changes to land use and development patterns are likely to occur and prioritizes housing and economic growth in areas served by high-quality transit. The Plan also includes policies aimed at preserving the character of existing neighborhoods and protecting the City’s hillsides and other natural resources. The City continues to implement General Plan policies and actions, which are summarized in annual progress reports to the California Department of Housing and Community Development.

Milpitas Metro Specific Plan – The City adopted the Milpitas Metro Specific Plan (and the associated Environmental Impact Report) in February 2023 with updated policies and programs to further enhance existing neighborhoods and provide new opportunities for future housing, retail, office, and hotel uses in the planning area. The new Metro Plan envisions a network of landscaped open space, parks, and trails that connect housing and jobs to high-quality transit and provide opportunities for active and passive recreation as well as social interaction. The new Plan also envisions development of an employment-oriented Innovation District near the Milpitas Transit Center to foster economic development based on the City’s excellent access to regional bus, light rail, and BART connections. The Office of Economic Development is currently partnering with a local public relations firm on the Innovation District Branding Initiative. The City is currently updating the Transit Area Development Impact Fee to fund the new public improvements identified in the new Plan.

Residential Development – The City continues to leverage public and private resources to support planning and development of new affordable housing. The City is recognized for its award-winning online resources and interactive tools that help residents navigate the development review process and find ADU designs that fit their property and needs. The City won an American Planning Association award at the regional and state levels in 2022 for Best Practices. For more information, visit www.milpitas.gov/adu/. The City also continues to host the popular Accessory Dwelling Units (ADU) “ADU Mondays” program which unites staff from various departments to provide direct assistance to residents who wish to pursue an ADU on their property. City staff has presented information about these programs in regional and statewide forums.

In FY 2024-25, the Planning Commission and City Council approved permits for new housing developments, including a 75-unit affordable apartment building within the previously approved multifamily residential project at 1355 California Circle, 38 new apartment units within a previously approved mixed-use apartment building, and a new hillside home. The City adopted Housing Opportunity to streamlining the review process for affordable housing, create new by-right housing regulations, and incentivize mixed-use redevelopment in Milpitas’ aging shopping centers. In addition, the City received a \$500,000 Priority Development Area (PDA) grant from Association of Bay Area Governments (ABAG) to help fund the preparation of the Gateway/Main Street Specific Plan. The City also received \$142,700 from ABAG’s Regional Early Action Planning (REAP) grant program to help fund the preparation of the 2023-2031 Housing Element. Most recently, the City received an additional \$600,000 in funding through ABAG’s PDA grant program to prepare the Main Street Sense of Place Plan and Innovation District Parks and Trails Master Plan.

Non-residential Development – FY2024-25 was another busy year for commercial redevelopment and expansion. The Planning Commission approved a time extension for a preschool at 1000 Jacklin Road and a new banquet facility and food truck park at 200 Serra Way. In addition, conditional use permits have been granted for Altitude Trampoline Park, an indoor recreational facility, at the Great Mall, and The Little Gym, a children’s gymnastics facility, at 139 Ranch Drive. Furthermore, the City Zoning Administrator approved several commercial and industrial building remodels, alcohol sales at several existing businesses, and a new massage establishment.

Accounting System and Budgetary Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The Finance Department staff remains committed to improving the City accounting system; to maintain the City's internal accounting controls to adequately safeguard assets; and to provide reasonable assurances of proper recording of financial transactions. Budgetary control is directed by the City Council by resolution when the budget is adopted each year. Expenditures may not legally exceed appropriations at the department level by fund. The City utilizes the encumbrance system as a management control technique to assist in controlling expenditures. The City Manager has limited budget appropriation authority to transfer appropriations among departments and projects within any one fund, provided that the amount of the amended appropriation is \$100,000 or less. Quarterly reports of revenue and expense are prepared and distributed to the City Council and City departments to monitor spending in relation to the adopted budget. At fiscal year-end, open encumbrances are reported under the "Assigned" fund balance classification. The City accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. Each fund is classified by category and fund type:

<u>Category and Fund Type</u>	
Governmental Funds:	General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds
Proprietary Funds:	Enterprise Funds and Internal Service Fund
Fiduciary Funds:	Private-Purpose Trust Fund and Agency Funds

Governmental Funds: The basic financial statements necessary to fairly present the financial position and operating results from major governmental funds are the balance sheet, and the statement of revenues, expenditures and changes in fund balance. These funds are maintained using the modified accrual basis of accounting, which is more thoroughly explained in the Notes to the Financial Statements.

Proprietary Funds: Generally accepted accounting principles applicable to private commercial business are applicable to proprietary funds of a government agency. The basic financial statements required to present the financial position and operating results from major proprietary funds are the statement of net position, statement of revenues, expenses, and changes in fund net position, and the statement of cash flows. The accrual basis of accounting is utilized as explained in the Notes to the Financial Statements.

Fiduciary Funds: Fiduciary funds are used to account for assets held by a government agency acting as a trustee or agent for individuals, assessment districts, organizations, other governmental units or other funds of the same entity. These funds are also identified in this report as a Private-Purpose Trust Fund and Custodial Funds. The full accrual basis of accounting is used as explained in the Notes to the Financial Statements.

Financial Analysis

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Long Term Financial Planning

Each year the City adopts a balanced budget by June 30. The City has fiscal policies that include the use of one-time revenues for one-time expenditures, including capital outlay and reserves. The City also has adopted reserve policies that requires unassigned fund balance which is made up of the Contingency

Reserve to be at least 16.67% of the annual operating expenditures and the Budget Stabilization Reserve with a reserve target of 16.67% of the annual operating expenditures in the General Fund. Additional reserves are included in Note 12.

The City developed a five-year Capital Improvement Plan detailing specific budgeted capital projects. Each of the projects is consistent with the budget priorities of the City. The fiscal year 2024-25 Adopted Capital Improvement Program (CIP) Budget totaled \$33.2 million. The CIP included improvements to City infrastructure which includes community improvements, parks, streets, water, sewer and storm drain utilities.

In addition, the City produces an annual ten-year General Fund Forecast. The General Fund Forecast allows the City Council and the community to assess the financial sustainability of City services in the long term. The projection also identifies the type of commitments and resource demands in the next ten years as known and points out areas of both opportunity and risk as the City navigates through fiscal cycles. This long-term forecast provides an invaluable planning tool and is an indication of sound fiscal planning and strategy.

Independent Audit

Each year the City requires an independent annual audit of the City's financial records, the results of its operations, and cash flows. This report includes the opinion of the City's independent auditors, Maze & Associates, for the basic financial statements of the City. In addition, the ACFR report also contains the auditors' report on Internal Control over Financial Reporting and on compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

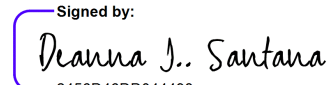
Awards

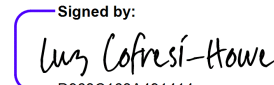
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The City has received this award for the last thirty-six years.

Acknowledgments

We extend our appreciation to the entire staff of the Finance Department and other City departments who assisted in the process of compiling the information for this report. In addition, we extend a special "thank you" to our external auditors who contributed to make this document possible. Their efforts and continued dedication are greatly appreciated. We sincerely thank the Mayor and members of the City Council for their support, interest, and integrity in directing the financial affairs of the City in a responsible and prudent manner.

Respectfully submitted,

Signed by:

 2456D46DD044498...
 Deanna J. Santana
 Interim City Manager

Signed by:

 D963C163A491414...
 Luz Cofresi-Howe
 Finance Director

DIRECTORY OF OFFICIALS

June 30, 2025

City Council

Mayor

Carmen Montano

Vice-Mayor

Garry Barbadillo

Councilmember

William Lam

Councilmember

Hon Lien

Councilmember

Evelyn Chua

Interim City Manager

Deanna Santana

Assistant City Manager

Matt Cano

Acting City Attorney

Christopher Creech

City Clerk

Suzanne Guzzetta

Public Information Officer

Charmaine Angelo

Building Official

Bill Tott

Housing Official

Vacant

Finance Director

Luz Cofresí-Howe

Human Resources Director

Kelli Parmley

Economic Development & Strategic Initiatives Director

Alex Andrade

Recreation & Community Services Director

Renee Lorentzen

Fire Chief

Jason Schoonover

Police Chief

Jared Hernandez

Public Works Director

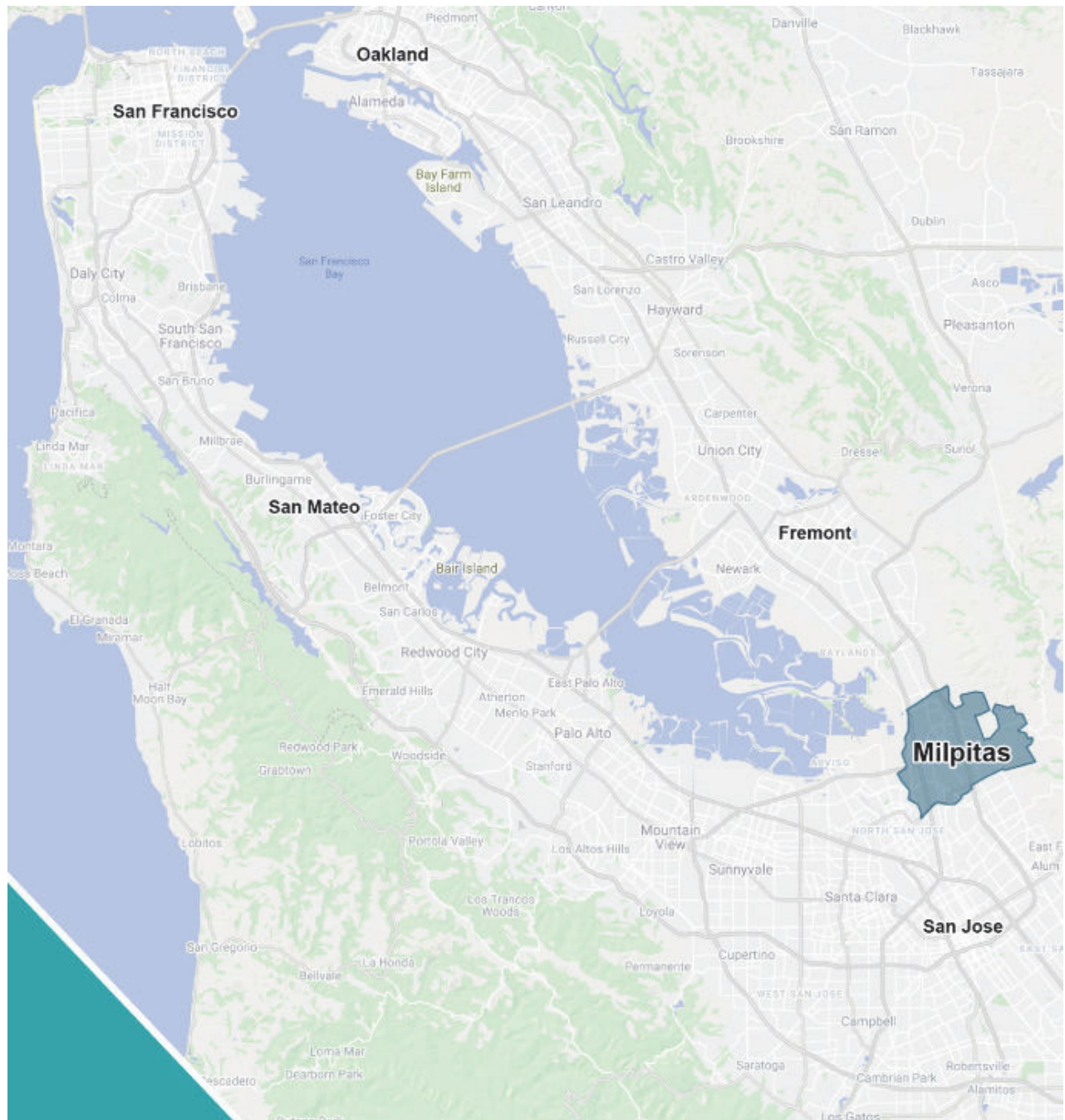
Christian Di Renzo

Information Technology Director

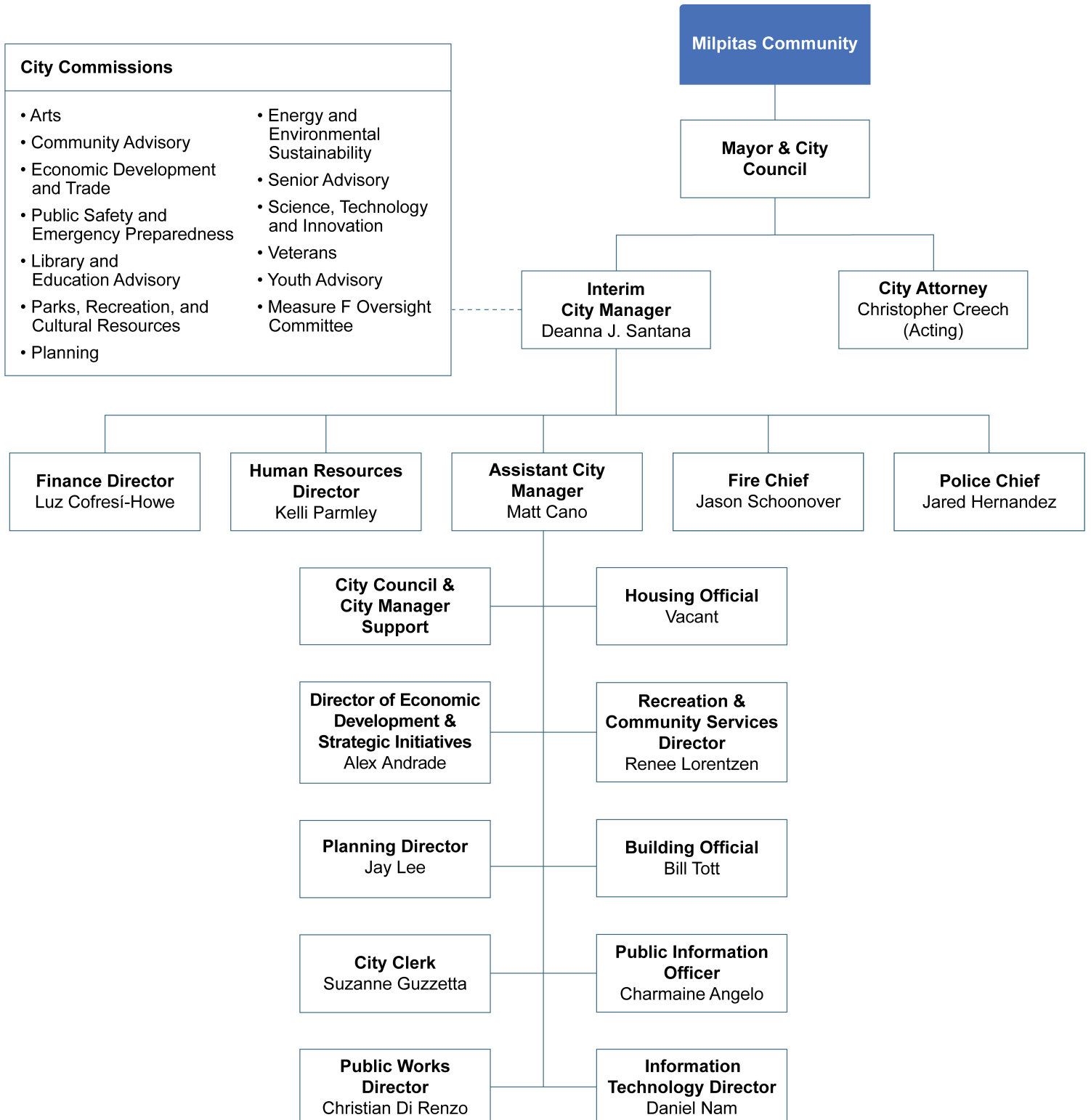
Daniel Nam

Planning Director

Jay Lee



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 13.6 square miles of land situated between two major freeways (I-880 and I-680), State Route 237, and a county expressway. The light rail line opened for service in 2004 and an extension of BART, with a major multi-modal station, is in the planning stages.





Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**City of Milpitas
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Milpitas, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milpitas (City), California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit financial statements of Terrace Gardens, Inc. as of and for the year ended December 31, 2024, which represent 0.98%, 1.43%, and 2.12% of the assets, net position, and revenues, respectively, of the primary government. The financial statements of the Terrace Gardens, Inc. were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 17, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion provides readers of the City of Milpitas (City) financial statements with a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FISCAL YEAR 2025 FINANCIAL HIGHLIGHTS

During Fiscal Year 2025, City revenues continued recovering gradually since the onset of the COVID-19 Pandemic (Pandemic) over five years ago. The unemployment rate in the San José-Sunnyvale-Santa Clara metropolitan area rose to 4.7%, up slightly from 4.2% in Fiscal Year 2024. General Fund revenues have slight increases compared to the previous year. There are revenue increases in Fiscal Year 2025 particularly in property tax, sales tax, Hotel/Motel taxes, and Licenses/Permits revenues. However, the increases are offset by a decrease in other taxes and intergovernmental revenue due to the reallocation of American Rescue Plan Act Fund in Fiscal Year 2024.

The rise in property taxes can be attributed to ongoing increases in secured and supplemental property tax, driven by higher property valuations. As travel has resumed following the Pandemic, hotel and motel tax revenues have shown signs of recovery, though they have not yet reached pre-Pandemic levels.

The economic impact of the COVID-19 pandemic remains uncertain and is influenced by factors such as the ongoing war in Ukraine, escalating conflict in the Middle East, a challenging real estate market, political uncertainty after the recent national elections, increasing income inequality, and continued layoffs in the tech sector. The pandemic's lasting effects on society continue to be felt, including reduced in-person commerce, a rise in online shopping, the normalization of remote work, and fewer conferences and leisure services. Although there are encouraging signs in the recovery of sales tax and transient occupancy (hotel) tax, we acknowledge that full recovery of these two sources of tax revenue may take several years.

Fiscal 2025 financial highlights include the following:

City-wide:

- The City's total net position was \$716.4 million on June 30, 2025. Of this total, \$457.6 million was Governmental and \$258.9 million was business-type, a net increase of total \$31.2 million from the prior year total of \$685.2 million primarily due to an increase in cash and investments of \$23.4 million.
- City-wide revenues include program revenues of \$125.40 million, general revenues and transfers of \$121.7 million, totaling \$247.1 million, an increase of \$19.4 million from the prior year total of \$227.7 million, primarily due to an increase in Capital Grants and Contributions, and general revenues.
- Total City-wide expenses were \$215.9 million, an increase of \$10 million from the prior year's \$205.9 million, primarily due to increases in governmental expenditures related to public safety and public works personnel costs and adjustments and business-type expenses related to water utility.

Fund Level:

- Governmental Fund balances were \$283.3 million, a net increase of \$18.9 million from Fiscal Year 2023-24, primarily due to revenues exceeding expenditures by \$6.6 million in the Other Government Funds, \$5.8 million in the Transit Area Impact Fee fund and \$4.3 million in General Fund.

- Governmental Fund revenues were \$173.3 million in FY 2024-25, up \$14.3 million from the prior year's \$159 million, primarily due increase collection in impact fee in Transit Area Impact Fee and developer contributions in Other Governmental Funds.
- Governmental Fund expenditures were \$162.4 million compared to \$145.7 million in Fiscal Year 2023-24 primarily due to an increase in General Fund expenditures in personnel and cost adjustments, which is aligned with budget projections.
- General Fund revenues of \$134.5 million represented an increase of \$0.4 million from Fiscal Year 2023-24 revenues of \$134.1 million. This increase in property taxes, sales and use tax, Hotel taxes are offset by the decrease in intergovernmental revenue with the one time revenue recognition of American Rescue Plan Act (ARPA) from deferred revenue in Fiscal Year 2023-24.
- Net other financing uses of the General Fund were \$4.5 million in Fiscal Year 2024-25 while Fiscal Year 2023-24 had a total of other financing uses of \$(0.4) million. The variance was primarily due to less transfers out activities in General Fund when compared between Fiscal Year 2024-25 and Fiscal Year 2023-24.
- The General Fund balance of \$89.5 million at Fiscal Year 2024-25 was \$4.2 million more than the fund balance at Fiscal Year 2023-24.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report consists of eight parts:

- 1) Introductory section, which includes the Transmittal Letter and general information;
- 2) Management's Discussion and Analysis (this part);
- 3) The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the Notes to these financial statements;
- 4) Required Supplementary Information;
- 5) Supplementary Information;
- 6) Combining statements for Non-major Governmental Funds and Fiduciary Funds;
- 7) Statistical information; and
- 8) Other report.

The Basic Financial Statements

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position – long- and short-term.

The City-wide Financial Statements provide a longer-term view of City activities as a whole and are comprised of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City, including all its capital assets and long-term liabilities on a full accrual basis like that used by corporations. The Statement of Activities provides information about all City revenues and expenses, also on a full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City programs. The Statement of Activities explains in detail the change in net position for the year.

The Fund Financial Statements report City operations in more detail than the City-wide statements and focus primarily on the short-term activities of the City General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures, current assets, liabilities, deferred inflows/outflows of resources and fund balances, but exclude capital assets, long-term debt, and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these Non-major funds. Major Funds are explained further below.

The City is the Successor Agency of the Milpitas Redevelopment Agency. It holds funds to make payments according to the enforceable obligations schedules and eventually dispose of other assets and properties of the former Redevelopment Agency for the benefits of the taxing agencies. The City is also the depository agent for Local Improvement Districts and certain other entities. The fiduciary statements provide information about the cash balances and activities of the Successor Agency, Local Improvement Districts, and other entities. These statements are separate from City financial statements and their balances are excluded from City fund balances.

Together, all these statements are called the Basic Financial Statements.

The City-wide Financial Statements

All of the City's basic services are considered to be governmental activities, including general government, building safety and inspection, public safety, public works maintenance, recreation, public improvements, planning and zoning, and general administration services. These services are supported by general City revenues such as taxes, and by specific program revenues such as fees. The City-wide financial statements can be found on pages 25-26 of this report.

All of the City's business-type activities include water and sewer, which are also reported in the basic financial statements. Unlike governmental services, these activities are supported by charges paid by users based on the amount of their service consumption.

The City's financial statements include the activities of four other separate legal entities, the Milpitas Public Financing Authority (MPFA), the Milpitas Housing Authority (Housing Authority), the Milpitas Municipal Financing Authority (MMFA) and Terrace Gardens, Inc., because the City is either financially accountable for these entities or has control of these entities' governing boards.

Citywide financial statements are prepared on an accrual basis, which means revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fund Financial Statements

Governmental Fund financial statements are prepared on a modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the Citywide financial statements.

Enterprise and internal service fund financial statements are prepared on a full accrual basis and include all these funds' assets and liabilities, both current and long-term.

The Fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually, with all Non-major Funds summarized and presented in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other funds may change categorization of "Major Fund" from year to year, depending on City's activities.

The City has four other Major Governmental Funds in fiscal 2025 in addition to the General Fund. These are the Housing Authority Fund, the Street Improvement Fund, the Transit Area Impact Fee Fund, and the General Government Capital Projects Fund, each of which is discussed in detail below.

Both of the City's Enterprise Funds (Water Fund and Sewer Fund) are reported as Major Funds.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other major governmental funds that are Special Revenue Funds. The City has one major Special Revenue Fund, the Housing Authority Fund.

Fiduciary Statements

The City is the Successor Agency of the former Redevelopment Agency and the agent for certain local improvement districts (Districts). The City holds property tax revenue distributed from the Redevelopment Property Tax Trust Fund (RPTTF) to pay outstanding recognized obligations for the Successor Agency. The City also holds amounts collected from property owners which await transfer to the Districts' bond trustees. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position and the custodial Funds Statement of Changes in Assets and Liabilities.

CITYWIDE FINANCIAL ANALYSIS

This analysis focuses on the net position and changes in net position of the City as a whole. Comparisons of the current year's net position and activities with fiscal year 2024 are presented in table form. Any significant changes are analyzed and discussed.

Governmental Activities

Table 1
Governmental Net Position at June 30
(in Millions)

	Governmental Activities	
	2025	2024
Cash and investments	\$299.8	\$276.4
Restricted cash and investments	0.1	0.1
Other assets	73.5	75.0
Capital assets	390.7	387.4
Total assets	\$764.1	\$738.9
Deferred Outflows of Resources		
–Related to pensions and OPEB	64.7	82.4
Net Pension liabilities	247.4	254.9
Net OPEB liability	13.0	14.4
Total OPEB liability	30.9	29.3
Long-term debt outstanding	19.4	20.1
Other liabilities ¹	40.3	39.4
Total liabilities	351.0	358.1
Deferred Inflows of Resources		
–Related to leases	12.0	12.5
–Related to pensions and OPEB²	8.3	11.7
Net position:		
Net investment in capital assets	370.0	367.0
Restricted	205.8	188.0
Unrestricted	(118.2)	(116.0)
Total net position	\$ 457.6	\$ 439.0

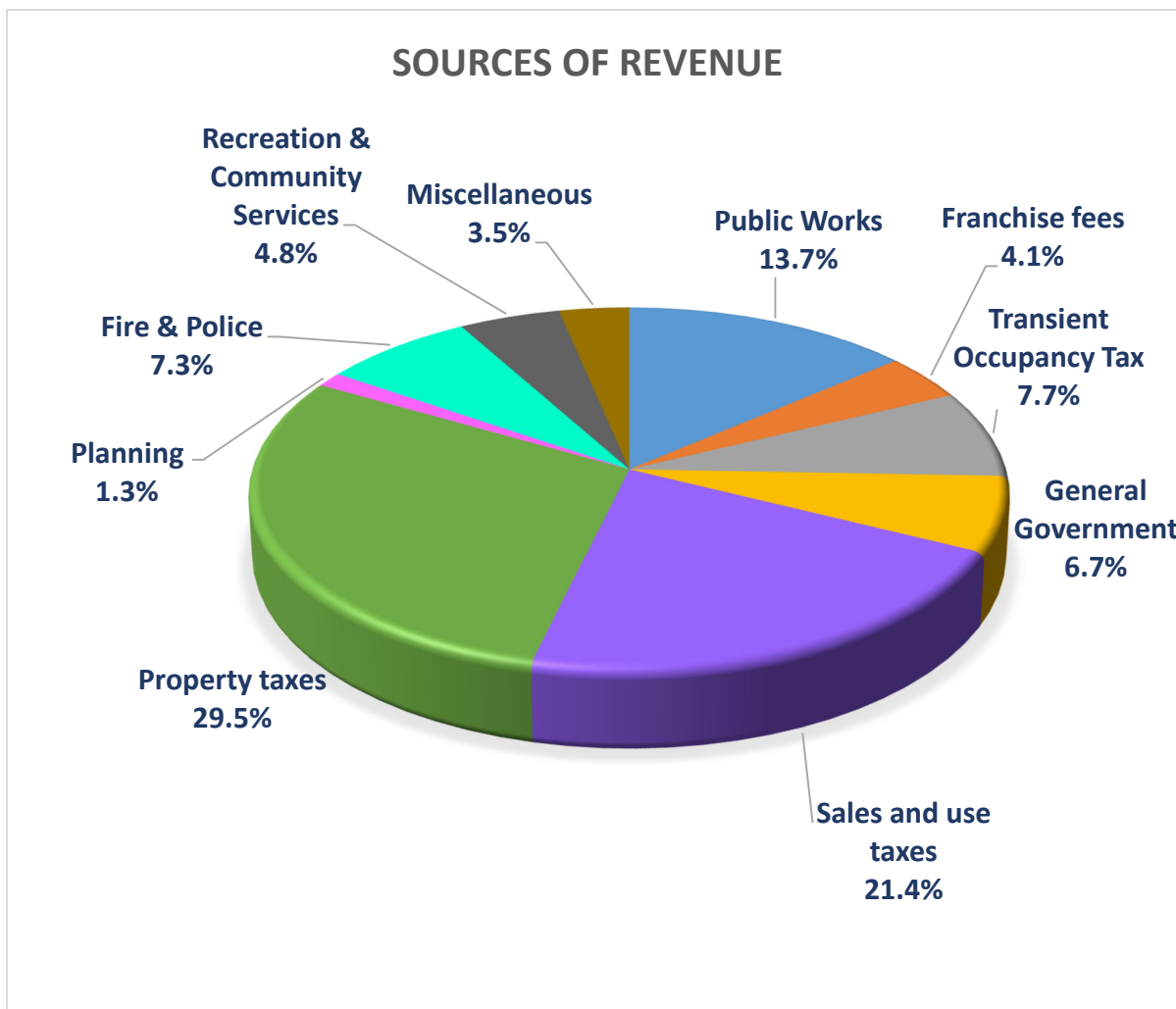
¹ Other liabilities include Accounts Payable, Accrued Payroll, Unearned Revenues and Compensated Absences incurred as of June 30, 2025

² Deferred Inflows of Resources – Related to pensions and OPEB refers to unrecognized liability changes due to plan experience which differs from what was assumed in the prior measurement period.

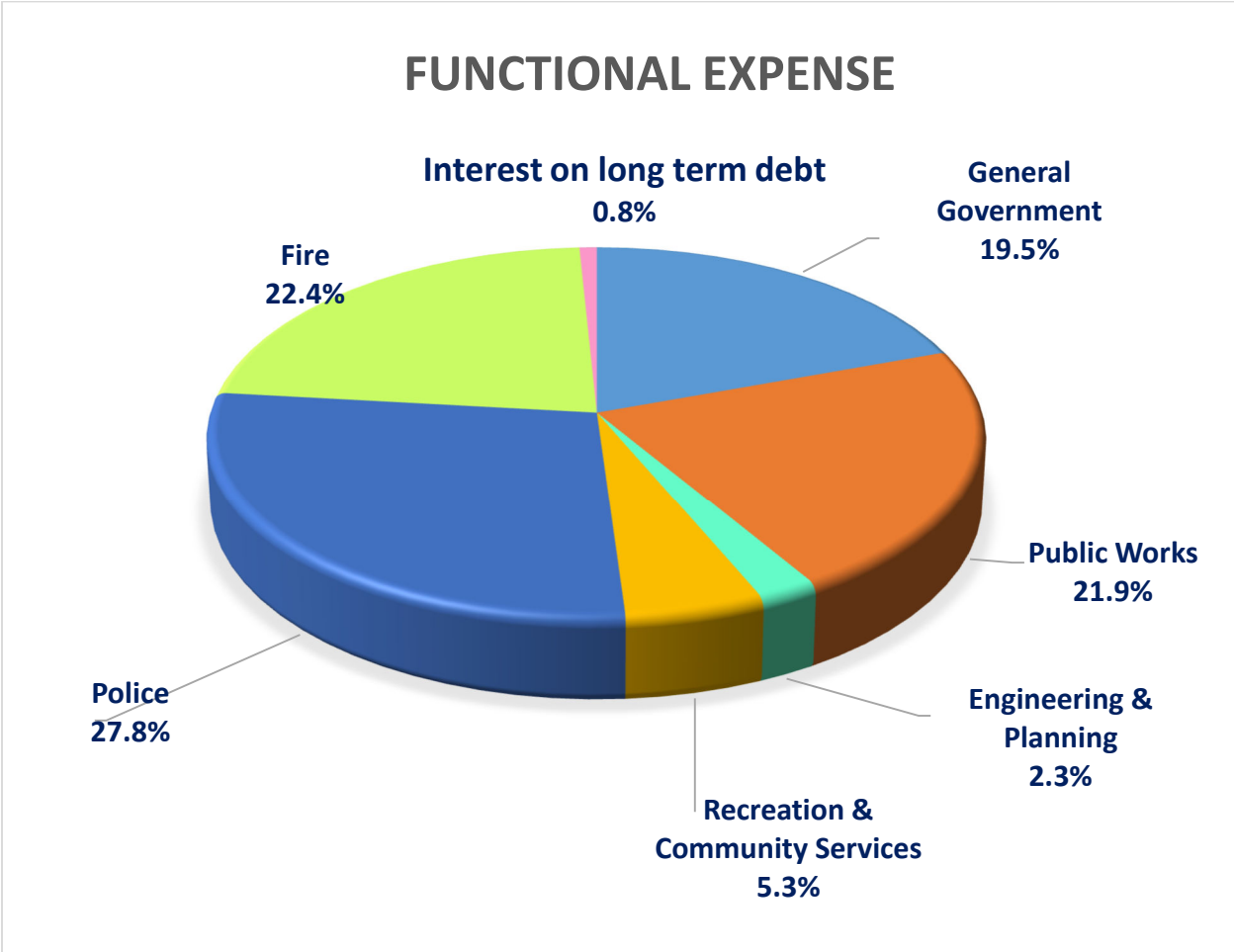
The City's governmental net position was \$457.6 million on June 30, 2025, an increase of \$18.6 million from 2024. This increase is reflected as Change in Net Position in the Governmental Activities column of the Statement of Activities and is also shown in Table 2 of this analysis:

- Cash and investments increased \$23.4 million principally due to the positive net operating result and net market gains from the City's investment portfolio.
- Other assets decreased \$1.5 million from last year due to the net activity between receivables and decrease in prepaids, materials, supplies and deposits.
- Capital assets increased \$3.3 million from last year, resulting from \$14.7 million of depreciation ,offset by \$18.7 million in asset additions, net of retirements in fiscal 2025. The most significant increases were from street improvement projects.
- Deferred outflows of resources related to pension and Other Post-Employment Benefits (OPEB)decreased \$17.7 million from last year due to changes in actuarial results.

**Fiscal Year 2025
Governmental Activities**



As the Sources of Revenue Chart above shows, \$51.1 million or 29.5% came from property taxes, while \$37.0 million or 21.4% came from sales and use taxes. The remainder came from a variety of sources, including charges for services, grants and contributions, franchise fees, transient occupancy taxes, and building fees.



The Functional Expenses Chart above includes only current year expenses, which are discussed in detail below. It does not include capital outlays, which are added to the City’s capital assets. The composition of fiscal 2025 capital assets is shown in detail in Table 8.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All these are elements in the Changes in Governmental Net Position as summarized below.

Table 2
Changes in Governmental Net Position
(in Millions)

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Expenses		
General Government	\$31.3	\$28.3
Building, Safety and Housing		8.4
Recreation and Community Services	8.6	8.5
Public Works	35.2	31.7
Planning	3.6	2.5
Police	44.7	46.1
Fire	36.1	31.8
Interest on long term debt	1.3	0.7
Total expenses	<u>160.8</u>	<u>158.0</u>
Revenues		
Program revenues:		
Charges for services	20.5	17.7
Operating contributions and grants	16.2	21.6
Capital Grants	22.0	12.3
Total Program Revenues	<u>58.7</u>	<u>51.6</u>
General revenues:		
Taxes:		
Property taxes	51.1	48.6
Sales and use taxes	37.0	34.6
Transient Occupancy taxes	13.4	11.5
Other taxes	0.6	0.8
Franchise fees	7.1	7.1
Investment earnings	4.8	5.6
Miscellaneous	0.8	1.4
Total General Revenues	<u>114.9</u>	<u>109.6</u>
Total Revenues	<u>173.6</u>	<u>161.2</u>
Surplus (Deficit) before transfers	<u>12.8</u>	<u>3.2</u>
Transfers in/(out), net	6.0	5.4
Gain (loss) on sale of Capital Assets	(0.2)	0.0
Changes in net position	<u>18.6</u>	<u>8.7</u>
Beginning net position	<u>439.0</u>	<u>430.3</u>
Ending net position	<u>\$457.6</u>	<u>\$439.0</u>

Table 2 compares fiscal 2025 expenses and revenues with those of fiscal 2024. Expenses increased by \$2.8 million in fiscal 2025 due to increased personal cost and contractual cost in Fire and Public Works.

Table 2 shows total governmental revenues increased \$12.4 million in fiscal 2025. Program revenues increased \$7.1 million, and general revenues increased \$5.3 million. The increase in program revenues was primarily due to increase in property taxes, sales and use taxes, and capital grants.

General revenue increased \$5.3 million from fiscal 2024, primarily due to an increase in property taxes and sales and use taxes. Property taxes increased \$2.5 million and sales and use taxes increased \$2.4 million.

Table 3 presents the net cost of each of the City's largest programs – general government, recreation and community services, public works, planning, police, and fire. Net cost is defined as total program cost less the revenues generated by those specific activities. The net cost of providing such programs in Fiscal Year 2024-25 was \$102.1 million.

Table 3
Governmental Activities
(in Millions)

	Net (Expenses) Revenue From Services	
	2025	2024
General Government	\$(19.7)	\$(16.8)
Recreation and Community Services	(0.2)	(5.4)
Public Works	(11.4)	(14.7)
Planning	(1.4)	(0.9)
Police	(37.2)	(38.7)
Fire	(30.9)	(29.2)
Interest on long term debt	(1.3)	(0.7)
Totals	\$(102.1)	\$(106.4)

Business-type Activities

Table 4
Business-Type Net Position at June 30
(in Millions)

	Business-Type Activities	
	2025	2024
Cash and investments	\$128.1	\$118.8
Other assets	6.2	6.0
Capital assets	189.6	186.9
Total assets	323.9	311.7
Deferred Outflows of Resources – Related to Pensions and OPEB	2.0	2.5
Other liabilities	6.2	5.0
Net pension liabilities	4.8	4.9
Net OPEB liability	4.2	4.2
Long-term Debt	51.0	52.8
Total liabilities	66.2	66.9
Deferred Inflows of Resources – Related to Pensions and OPEB	0.8	1.0
Net position:		
Net investment in capital assets	138.6	135.0
Restricted	100.1	83.6
Unrestricted	20.2	27.6
Total net position	\$258.9	\$246.2

The net position of business-type activities was \$258.9 million in fiscal 2025, an increase of \$12.7 million from fiscal 2024. The increase in net position was due to an increase in total assets of \$12.2 million. The increase in total assets is primarily comprised of an increase of \$2.7 million in capital assets and \$9.3 million in cash & investments.

Table 5
Changes in Business-Type Net Position
(in Millions)

	Business-Type Activities	
	2025	2024
Expenses		
Water Utility	\$36.0	\$30.0
Sewer Utility	19.1	17.8
Total expenses	55.1	47.8
Revenues		
Program revenues:		
Charges for services	66.0	61.2
Operating grants	0.1	0.1
Capital grants	0.7	0.2
Total program revenues	66.7	61.4
General revenues:		
Investment earnings	7.1	5.1
Total general revenues	7.1	5.1
Total Revenues	73.8	66.5
Excess before transfers	18.7	18.7
Net Transfers	(6.0)	(5.4)
Changes in net position	12.7	13.3
Beginning net position	246.2	232.9
Ending net position	\$258.9	\$246.2

Table 5 compares fiscal 2025 expenses and revenues with those of fiscal year 2024. Total expenses increased by \$7.3 million in fiscal 2025 primarily due to an increase in water service and supplies. Total program revenues increased by \$5.3 million primarily due to an increase in charges for services. Total general revenue increased \$2.0 million from interest earnings primarily due to positive market returns on investment as of June 30, 2025. The net transfers represent reimbursements of administration costs to the General Fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Table 6 below summarizes activities and balances of the governmental funds at the fund level:

Table 6
Financial Highlights of Governmental Funds at Fund Level at June 30
(in Millions)

	2025	2024
Total assets	\$316.9	\$298.9
Total liabilities	21.6	22.0
Total deferred inflow of resources	12	12.5
Total fund balances	283.3	264.4
Total revenues	173.3	159.0
Total expenditures	162.4	145.7
Total other financing sources	7.9	5.1

At June 30, 2025, the City governmental funds reported combined fund balances of \$283.3 million, an increase of \$18.9 million from last year. The fund balances of Housing Authority, Street Improvement, Transit Area Impact Fee, and General Government, and other governmental funds increased \$0.7 million, \$0.7 million, \$5.8 million, \$0.8 million and \$6.6 million respectively. The General Fund increased \$4.3 million due to increase in cash and investment due to positive result in investment market and City's portfolio.

Revenues at the fund level totaled \$173.3 million, a net increase of \$14.3 million. Revenues received in Other Governmental Funds, Transit Area Impact Fee Fund, General Government Capital Project Fund, Street Improvement Fund, and General Fund increased \$6.4 million, \$4.7 million, \$1.7 million, \$1.1 million and \$0.4 million respectively.

Expenditures net increased \$16.7 million this year to \$162.4 million from last year's \$145.7 million. The expenditures of the General Fund, Transit Area Impact Fee Fund, Street Improvement Fund, Other Government Funds, and Housing Authority Fund increased \$12.8 million, \$3.4 million, \$0.9 million, \$0.4 million and \$0.1 million respectively, while General Government Capital projects fund decreased \$0.9 million.

Analyses of Major Governmental Funds

General Fund

General Fund revenues (excluding transfers) increased to \$134.5 million this fiscal year, up \$0.4 million from the prior fiscal year. Intergovernmental Revenues were decreased by \$7.8 million from \$10.8 million in fiscal year 2024 to \$3.0 million in fiscal year 2025 due to revenue recognition of American Rescue Plan Act (ARPA) from deferred revenue in fiscal year 2024. Property tax revenue was increased by \$2.5 million from \$48.7 million in fiscal year 2024 to \$51.2 million in fiscal year 2025. Sales tax revenue was increased by \$2.3 million from \$35.8 million in fiscal year 2024 to \$38.1 million in fiscal year 2025.

General Fund expenditures (excluding transfers) increased to \$134.8 million without encumbrance this fiscal year, up \$12.8 million from the prior fiscal year. The increase is due primarily to anticipated increases in personnel cost and contractual services.

Total Other Financing Sources is 4.5 million net in fiscal 2025. Net Other Financing Sources increased by \$4.9 million compared to fiscal year 2024 Net Other Financing Sources of (0.4) million. Transfers out were approximately \$4 million in fiscal year 2025, as compared to Transfers out of \$8.6 million in fiscal 2024.

For the City's General Fund, actual revenues of \$134.5 million were \$6.3 million more than the final budgeted revenues of \$128.2 million. Use of money and property, Sales taxes and Property taxes exceeded budget by \$3.5 million, \$1.2 million and \$1.1 million respectively, primarily due to higher investment yield and property tax related to Educational Revenue Augmentation Fund (ERAF) which is subject to audit and litigation and may be adjusted in future periods. At the end of the year, actual General Fund expenditures were \$136.6 million including encumbrance, \$3.5 million less than the final budget of \$140.1 million.

In summary, the General Fund's fiscal year 2025 results showed strong budget performance, with revenues exceeding budget by \$6.3 million (4.9%) and expenditures coming in \$3.5 million (2.5%) under budget. This combined favorable variance of \$9.8 million was a key driver of the fund balance increase during the year.

Housing Authority

This Fund accounts for the housing activities, assumed from the former Redevelopment Agency, designed to increase the amount of low and moderate-income housing available in the City. Total revenues were \$1 million in fiscal 2025, comprised of interest, rental income, and repayment of housing loans. Total expenditures were \$0.3 million for administration and management of commercial property with eight tenants.

Street Improvement Capital Project

This Street Improvement Capital Project Fund accounts for the majority of the street capital projects activity in the City. The Fund's revenues were \$3.1 million in fiscal 2025, an increase of \$1.1 million from fiscal 2024. Fund expenditures were \$5.4 million in fiscal 2025, an increase of \$0.9 million from fiscal 2024, due to increase in public works and capital outlay. Net transfers were \$3.1 million in fiscal 2025, an increase of \$0.8 million from fiscal 2024 due to no monies transfers out activities in fiscal 2025.

Transit Area Impact Fee

The Transit Area Impact Fee Fund was established in fiscal 2009 to account for impact fees revenue collected from developers and related capital expenditures in the Transit Area. In fiscal 2025, fund revenues were \$9.5 million, primarily from fees collected from developers. Expenditures were \$3.5 million, primarily consisting of capital improvement projects. The Fund also transferred out \$0.1 million in fiscal year 2025 to the General Government Fund for Capital Improvement Program (CIP) projects.

General Government Capital Projects

The General Government Capital Projects Fund accounts for construction and maintenance of general government projects and assets in the City. In fiscal 2025, CIP project expenditures totaled \$11.3 million. The transfers in of \$9.9 million were primarily from the General Fund, Equipment Management International Service Fund, Gas Tax Fund. General Government Capital Projects funds also received funding from Public Art Fund, Transit Area Fund, Light & Landscape Maintenance Fund, Water Utility Enterprise Fund, Sewer Utility Enterprise Fund and Park Improvement Fund in an amount of approximately \$1.8 million. The transfers out of \$1.7 million were to the Street Improvement Capital Project Fund and Storm Drain Development Capital Projects Fund.

Other Governmental Funds

These funds are not presented separately in the Basic Financial Statements but are individually presented as Supplemental Information.

Fund Balance Classifications

Fund balances are classified in five categories: nonspendable, restricted, committed, assigned and unassigned based on a hierarchy of constraints. Further details on fund balance classifications can be found in Note 12.

Table 7 shows the classification of the fund balances of the major governmental funds.

Table 7
Fund Balances at June 30 – Major Governmental Funds
(in Millions)

	2025	2024
General Fund		
Non-spendable	\$5.2	\$5.0
Committed	12.7	16.5
Assigned	7.5	7.5
Unassigned	64.1	56.3
Total	<u>\$89.5</u>	<u>\$85.3</u>
Housing Authority Fund		
Restricted	<u>\$41.5</u>	<u>\$40.8</u>
Street Improvement Fund		
Restricted	<u>\$5.5</u>	<u>\$4.8</u>
Transit Area Impact Fee Fund		
Restricted	<u>\$71.6</u>	<u>\$65.8</u>
General Government Project Fund		
Assigned	\$28.3	\$27.5
Restricted	\$0.0	\$0.0
	<u>\$28.3</u>	<u>\$27.5</u>

On June 30, 2025, the fund balance of the General Fund was \$89.5 million. \$5.2 million was classified as nonspendable, comprised of \$1.0 million for prepaid materials and supplies, and \$4.2 million of property held for resale. \$12.7 million was classified as committed, comprised of \$7.3 million for PERS Rate Stabilization, \$1.9 million for Artificial turf replacement, \$0.4 million for Technology replacement and \$3.2 million for Facilities replacement. \$7.5 million was classified as Assigned, comprised of \$3.4 million for uninsured claims, \$2.3 million for other assigned and \$1.8 million for encumbrances. \$64.1 million was classified as unassigned, comprised of \$23.4 million of contingency reserve, \$23.4 million of budget stabilization reserve, \$0.9 million of future deficit reserve, \$3.6 million in ERAF reserve, \$0.7 million in Strategic Property Acquisition Revenue, \$2.0 million in Community Investment Programs and \$10.1 million of unassigned.

The fund balance of the General Government Capital Project Fund was \$28.3 million, classified as assigned due to Council's reserve policy.

Fund balances of the Housing Authority Fund, Street Improvement Fund and the Transit Area Impact Fee Fund were also classified as restricted because the amounts are restricted for specific purposes.

Analyses of Major Proprietary Funds

Total operating revenues of major proprietary funds increased \$4.8 million from last year, while operating expenses increased \$6.7 million. Total operating revenues and total operating expenses were \$66.0 million and \$52.8 million, respectively. Total non-operating revenues were \$4.8 million in fiscal 2025, an increase of \$1.4 million from the prior year. Capital contributions increased by \$0.5 million and net transfers out decreased by \$0.6 million.

Water Utility

Water Utility Fund revenues were \$39.5 million in fiscal 2025, an increase of \$3.4 million from prior year. The increase in revenues was primarily due to a 6% rate increase. Expenses were \$35.2 million in fiscal 2025, an increase of \$5.8 million from prior year, primarily due to an increase in wholesale water purchase rate. Net position of the Water Utility Fund increased \$3.6 million in the current year to a total of \$108.5 million. The increase is comprised of \$39.5 million of operating revenues and \$25.2 million of operating expenses, which resulted in \$4.2 million operating income before accounting for unrealized market loss and transfer out expenses. The Water Utility Fund also received \$0.1 million of grants, \$0.2 million of capital contributions, net of interest income of \$2.8 million and transfers of (\$3.7) million, resulting in an increase in net position of \$3.6 million. The net increase has been allocated per policy to infrastructure funding, rate stabilization, pension reserves and operating reserves.

The Water Utility Fund's Net Position includes \$53.1 million invested in capital assets, \$41.0 million in restricted net position, and \$14.4 million in unrestricted net position allocated per Council policy.

Sewer Utility

Sewer Utility Fund revenues were \$26.5 million in fiscal 2025, up \$1.4 million from the prior year. The increase in revenues was primarily due to a 4% rate increase. Expenses were \$17.6 million in fiscal 2025, an increase of \$0.9 million from the prior year. Non-operating revenues and expenses in fiscal year 2025 consisted of \$2.0 million interest income. There was \$26.5 million of operating revenues for the current year, \$17.6 million of operating expenses, which resulted in \$8.9 million operating income before accounting for unrealized market loss and transfer out expenses. The Sewer Utility Fund also received \$3.5 million in interest income, net of interest expense of \$1.5 million, \$0.5 million of capital contributions and net of transfers of (\$2.3) million.

The Sewer Utility Fund's Net Position includes \$85.5 million invested in capital assets, \$59.1 million in restricted net position, and \$5.8 million in unrestricted net position, totaling \$150.4 million in fiscal year 2025, allocated per Council policy.

CAPITAL ASSETS

The City records the cost of all its infrastructure assets such as roads, bridges, signals, and similar assets used by the general population, and computes the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal 2025, the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 8 below:

Table 8
Capital Assets at Year-end
(in Millions)

	2025	2024
<i>Governmental Activities:</i>		
Land	\$97.4	\$97.4
Construction in progress	83.2	77.4
Buildings and improvements	174.7	173.4
Other improvements	39.7	39.7
Machinery and equipment	52.9	53.2
Landscape system	31.4	31.3
Storm system	75.8	75.6
Street system	340.8	335.4
Traffic system	23.2	22.2
Intangible Right-to-use subscription asset	1.9	0.8
Less accumulated depreciation	(531.1)	(518.9)
Totals	\$390.7	\$387.4
<i>Business-type Activities:</i>		
Land	\$1.1	\$1.1
Construction in progress	43.4	36.6
Distribution facilities	81.2	81.2
Water Service lines	18.4	18.4
Sewer lines	88.5	88.5
Capacity rights	129.3	126.6
Intangible Right-To use subscription assets	0.2	0.0
Less accumulated depreciation	(172.4)	(165.5)
Totals	\$189.7	\$186.9

The primary additions in fiscal 2025 were due to land and street improvement projects.

The City depreciates all its capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so an allocable portion of the cost of the

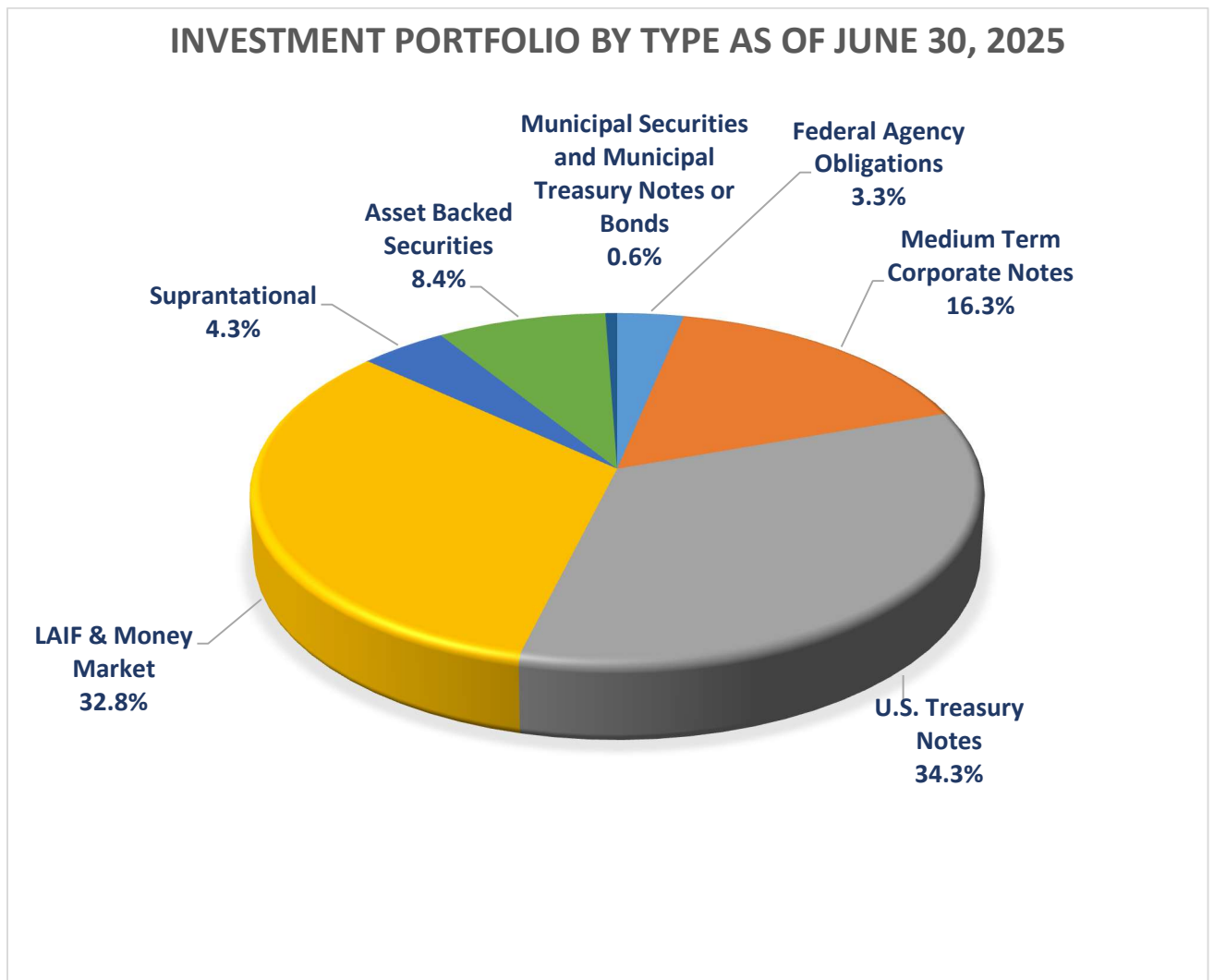
asset is borne by all users. Additional information on depreciable lives and current year activities may be found in Note 8.

CASH AND INVESTMENTS

The City outsourced the management of the City's general investment pools to Chandler Asset Management effective June 1, 2020, and held in a custodial account with The Bank of New York. The City also established a Section 115 trust managed by PFM Asset Management. The managed portfolio consists of securities invested in accordance with respective City investment policies and California Government Code. Total cash and investments increased \$33.5 million from \$394.4 million to \$427.9 million. This increase was due to positive investment returns compared to the prior year's unrealized market loss.

Total investment earnings for fiscal year 2025 was \$3.2 million. The change in fair value for the portfolio for the fiscal year ending June 30, 2025 was an unrealized gain on investments of \$1.8 million.

The following graphs depict the investment portfolio of \$377.6 million cash and investments at June 30, 2025.



DEBT ADMINISTRATION

The City has issued debt in prior fiscal periods to finance several City CIP projects include Sewer infrastructure, Water infrastructure, energy improvement projects and the replacement of Fire Station No. 2.

In fiscal 2018, the City refunded the 2006 Sewer Bonds with the 2017 Wastewater Revenue Refunding Bonds to reduce all-in interest costs over the life of the bonds. The 2017 Bonds are supported by pledges of net revenues from the City sewer system. In fiscal 2020, the Milpitas Municipal Financing Authority issued Wastewater Revenue Bonds, Series 2019 in an amount of \$29.8 million to fund certain improvements to the City wastewater system. The City also issued Water Revenue Bonds, Series 2019 in an amount of \$17.1 million fund for Water system improvement projects.

In fiscal 2021, Milpitas Municipal Financing Authority issued a Lease Revenue Bonds in an amount of \$18.4 million to provide funds to finance a portion of Fire Station No. 2 Replacement project and variety of energy improvement projects. Each of the City's debt issues are discussed in detail in Note 9 to the financial statements. At June 30, 2025 the City's debt is comprised of:

Table 9
Outstanding Debt
(in Millions)

	Balance June 30, 2025	Balance June 30, 2024
Governmental Activity Debt:		
2020 General Fund Lease Revenue Bond		
4.0% due June 1, 2041	16.6	17.1
Plus: Unamortized bond premium	2.8	3.0
Total Governmental-type Activity Debt	\$19.4	\$20.1
Business-type Activity Debt:		
Wastewater Revenue Refunding Bonds, 2017 Series		
2.0% - 5.0%, due November 1, 2026	1.2	1.8
Plus: Unamortized bond premium	0.1	0.2
Wastewater Revenue Bonds, 2019 Series		
4.0% - 5.0%, due November 1, 2049	27.3	27.9
Plus: Unamortized bond premium	4.4	4.6
Water Revenue, 2019 Series		
4.0% - 5.0%, due June 1, 2049	15.5	15.8
Plus: Unamortized bond premium	2.5	2.5
Total Business-type Activity Debt	\$51.0	\$52.8

LONG-TERM OBLIGATIONS

In addition to bonded debt, the City has significant long-term obligations for pension and other post-employment benefits. Pension Obligations: The City participates in the California Public Employees' Retirement System (CalPERS). As of June 30, 2024 (measurement date), the City's net pension liability was \$252.2 million. The City made pension contributions of \$16.7 million during fiscal year 2025. The funded status of the pension plans is approximately 67%, and the City continues to make its full actuarially determined contribution each year. OPEB Obligations: The City provides post-employment health benefits to eligible retirees. As of June 30, 2025, the City's net OPEB liability was \$14.5 million, with an additional total OPEB liability of \$33.5 million for dependents. The City has established a Section 115 trust to pre-fund a portion of this obligation. Further information on the City's long-term obligations can be found in Notes 9, 13, and 14 to the financial statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Department, at 455 East Calaveras Boulevard, Milpitas, CA 95035-5479, email us at financecustomerservice@milpitas.gov or at the City's website at www.milpitas.gov.



STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of the City's Governmental Activities in a single column, and the financial position of all the City's Business-type Activities in a single column; these columns are followed by a Total column that presents the financial position of the primary government. This column is followed by a column that displays the discretely presented component unit.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred inflows/outflows of resources, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by the program, and follows these with the expenses of its Business-type Activities. Program revenues – that is, revenues which are generated directly by these programs – are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities, Business-type Activities or discretely presented component unit column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both of these Statements include the financial activities of the City and the blended component units: the Milpitas Public Financing Authority (MPFA), the Milpitas Economic Development Corporation (EDC), the City of Milpitas Housing Authority (Housing Authority) and the Milpitas Municipal Financing Authority (MMFA). The Financing Authorities and Housing Authority are legally separate component units of the City, because they are controlled by the City and the City is financially accountable for their activities. The EDC is a California nonprofit public benefit Corporation that is also a legally separate component unit of the City because it is governed by a board consisting of the members of the City Council. The EDC became inactive as of June 30, 2015. The balances and the activities of the discretely presented component unit of Terrace Gardens, Inc. are included in these statements as separate columns.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.



CITY OF MILPITAS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Terrace Gardens Inc. (As of December 31, 2024)
ASSETS				
Cash and investments available for operations (Note 3)	\$299,831,054	\$128,027,915	\$427,858,969	\$66,170
Restricted cash and investments (Note 3)	101,523	73,242	174,765	3,656,956
Receivables:				
Accounts	2,191,918	4,889,349	7,081,267	200,341
Due from other governments	9,569,373	131,986	9,701,359	
Interest	1,758,199	871,478	2,629,677	
Loans receivable (Note 5)	39,858,064		39,858,064	
Prepays, materials, supplies and deposits (Note 1E)	1,092,224	266,247	1,358,471	112,919
Property held for resale (Note 6)	6,000,000		6,000,000	
Leases receivable (Note 10)	13,037,476		13,037,476	
Capital assets and capacity rights (Note 8):				
Land and construction in progress	180,665,741	44,498,058	225,163,799	1,565,277
Depreciable capital assets, net	209,989,967	145,143,031	355,132,998	5,035,458
Total assets	764,095,539	323,901,306	1,087,996,845	10,637,121
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions (Note 13D)	50,827,866	926,328	51,754,194	
Related to OPEB (Note 14E)	13,914,310	1,072,186	14,986,496	
Total deferred outflows of resources	64,742,176	1,998,514	66,740,690	
LIABILITIES				
Accounts payable	4,360,160	4,582,897	8,943,057	289,774
Accrued payroll	6,041,215	408,223	6,449,438	21,308
Accrued expenses				
Interest payable	55,367	552,058	607,425	
Refundable deposits	4,454,444	131,804	4,586,248	76,200
Unearned revenue	7,150,315	6,922	7,157,237	5,694
Uninsured claims payable (Note 15):				
Due within one year	1,949,115		1,949,115	
Due in more than one year	5,379,775		5,379,775	
Accrued vacation (Note 14F):				
Due within one year	3,193,367	303,110	3,496,477	17,743
Due in more than one year	4,249,923	62,031	4,311,954	
Sick leave payable (Note 14F):				
Due within one year	1,947,678		1,947,678	
Due in more than one year	71,364	112,482	183,846	
Leases payable (Note 10):				
Due within one year	110,860		110,860	
Due in more than one year	481,032		481,032	
Subscription liability (Note 11):				
Due within one year	518,467	89,856	608,323	
Due in more than one year	321,717		321,717	
Net pension liabilities (Note 13C):				
Due in more than one year	247,379,750	4,806,598	252,186,348	
Net OPEB liability (Note 14C):				
Due in more than one year	13,020,543	1,542,351	14,562,894	
Total OPEB liability (Note 14D)				
Due within one year	1,186,118	79,198	1,265,316	
Due in more than one year	29,691,253	2,568,281	32,259,534	
Long term debt (Note 9):				
Due within one year	625,000	1,530,000	2,155,000	
Due in more than one year	18,763,813	49,457,788	68,221,601	
Total liabilities	350,951,276	66,233,599	417,184,875	410,719
DEFERRED INFLOWS OF RESOURCES				
Related to leases (Note 10)	11,986,496		11,986,496	
Related to OPEB (Note 14E)	8,349,406	815,673	9,165,079	
Total deferred inflows of resources	20,335,902	815,673	21,151,575	
NET POSITION (Note 12)				
Net investment in capital assets and capacity rights	369,936,342	138,636,687	508,573,029	6,600,735
Restricted for:				
Capital projects	110,521,913	100,062,614	210,584,527	
Redevelopment and community development activities	53,403,751		53,403,751	
Pension expenses	40,230,585		40,230,585	
Other programs	1,636,999		1,636,999	
Total restricted net position	205,793,248	100,062,614	305,855,862	
Unrestricted	(118,179,053)	20,151,247	(98,027,806)	3,625,667
Total net position	\$457,550,537	\$258,850,548	\$716,401,085	\$10,226,402

See accompanying notes to financial statements

CITY OF MILPITAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary Government:						
Governmental Activities:						
General Government	\$31,295,637	\$8,054,237	\$3,366,995	\$212,507	(\$19,661,898)	
Recreation and Community Services	8,554,613	3,909,576	516,285	3,921,520	(207,232)	
Public Works	35,183,475	3,708,364	2,501,627	17,600,340	(11,373,144)	
Planning	3,628,302	488,766	1,448,886	298,230	(1,392,420)	
Police	44,724,903	1,596,100	5,944,991		(37,183,812)	
Fire	36,077,028	2,737,391	2,374,047		(30,965,590)	
Interest on long term debt	1,292,755				(1,292,755)	
Total Governmental Activities	160,756,713	20,494,434	16,152,831	22,032,597	(102,076,851)	
Business-type Activities:						
Water Utility	35,999,290	39,541,125	52,465	201,903		\$3,796,203
Sewer Utility	19,113,198	26,475,246		470,034		7,832,082
Total Business-type Activities	55,112,488	66,016,371	52,465	671,937		11,628,285
Total Primary Government	\$215,869,201	\$86,510,805	\$16,205,296	\$22,704,534	(102,076,851)	11,628,285
Component Unit:						
Terrace Gardens Inc.	\$2,629,733	\$2,434,528	\$199,939			
General revenues:						
Taxes:						
Property taxes					51,076,492	
Sales and use taxes					36,992,273	
Hotel/Motel taxes					13,398,674	
Other taxes					622,671	
Franchise fees, unrestricted					7,102,298	
Motor vehicle in-lieu, unrestricted					128,932	
Investment earnings					4,751,986	7,024,119
Miscellaneous					826,519	
Gain(loss) on sale of Capital Assets					(231,758)	
Transfers (Note 4)					5,995,656	(5,995,656)
Total general revenues and transfers					120,663,743	1,028,463
Change in Net Position					18,586,892	12,656,748
Net position-Beginning					438,963,645	246,193,800
Net position-Ending					\$457,550,537	\$258,850,548

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
	Terrace Gardens Inc. (year ended December 31, 2024)
Total	
(\$19,661,898)	
(207,232)	
(11,373,144)	
(1,392,420)	
(37,183,812)	
(30,965,590)	
(1,292,755)	
(102,076,851)	
3,796,203	
7,832,082	
11,628,285	
(90,448,566)	
	\$4,734
51,076,492	
36,992,273	
13,398,674	
622,671	
7,102,298	
128,932	
11,776,105	128,423
826,519	
(231,758)	
121,692,206	128,423
31,243,640	133,157
685,157,445	10,093,245
\$716,401,085	\$10,226,402



FUND FINANCIAL STATEMENTS

The Fund Financial Statements present individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit, which are not accounted for in another fund.

HOUSING AUTHORITY FUND

Established to plan and address the housing needs of the City and to act as the Housing Successor Agency for the former Redevelopment Agency. The main source of the revenue for this fund is the repayment of loans restricted for housing activities.

STREET IMPROVEMENT FUND

Established to account for the construction and maintenance of the street system in Milpitas. Financing may be provided through state and federal grants.

TRANSIT AREA IMPACT FEE FUND

Established to account for capital projects in the transit area. A special transit area impact fee is imposed on developments to provide financing.

GENERAL GOVERNMENT CAPITAL PROJECT FUND

Established to account for the construction and maintenance of general government projects. Financing provided by the General Fund.





CITY OF MILPITAS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General	Housing Authority	Street Improvement	Transit Area Impact Fee
ASSETS				
Cash and investments available for operations (Note 3)	\$89,270,767	\$3,058,388	\$5,846,335	\$71,404,398
Restricted cash and investments (Note 3)	101,523			
Receivables:				
Accounts	2,185,131			
Due from other governments	7,722,972		63,262	89,333
Interest	588,389	20,463	36,296	481,708
Loans receivable, net (Note 5)		36,686,320		
Prepays, materials, supplies and deposits (Note 1E)	950,516			
Property held for resale (Note 6)	4,200,000	1,800,000		
Leases receivable (Note 10)	13,037,476			
Total Assets	<u>\$118,056,774</u>	<u>\$41,565,171</u>	<u>\$5,945,893</u>	<u>\$71,975,439</u>
LIABILITIES				
Accounts payable	\$1,882,588	\$19,711	\$434,614	\$321,747
Accrued payroll	5,671,634		9,495	35,009
Refundable deposits	4,424,473	11,100		
Unearned revenue	4,640,197	18		
Total Liabilities	<u>16,618,892</u>	<u>30,829</u>	<u>444,109</u>	<u>356,756</u>
DEFERRED INFLOWS OF RESOURCES				
Leases related (Note 10)	11,986,496			
Total Deferred Inflows of Resources	<u>11,986,496</u>			
FUND BALANCES				
Fund balances (Note 12):				
Nonspendable	5,150,516			
Restricted		41,534,342	5,501,784	71,618,683
Committed	12,730,974			
Assigned	7,478,213			
Unassigned	64,091,683			
TOTAL FUND BALANCES	<u>89,451,386</u>	<u>41,534,342</u>	<u>5,501,784</u>	<u>71,618,683</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$118,056,774</u>	<u>\$41,565,171</u>	<u>\$5,945,893</u>	<u>\$71,975,439</u>

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the Statement of Net Position.

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

- Long-term debt
- Leases liability
- Subscription liability
- Net pension liability and pension-related deferred outflows/inflows of resources
- OPEB liability and related deferred outflows/inflows of resources
- Non-current portion of accrued vacation and sick leave
- Non-current portion of uninsured claims payable

NET POSITION OF GOVERNMENTAL ACTIVITIES

See accompanying notes to financial statements

General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
\$28,805,246	\$45,158,922	\$243,544,056 101,523
6,787		2,191,918
304,075	1,389,731	9,569,373
191,568	330,987	1,649,411
	3,171,744	39,858,064
	30,615	981,131
		6,000,000
		13,037,476
<u>\$29,307,676</u>	<u>\$50,081,999</u>	<u>\$316,932,952</u>
\$976,489	\$454,521	\$4,089,670
68,994	190,665	5,975,797
	18,859	4,454,432
	2,510,100	7,150,315
<u>1,045,483</u>	<u>3,174,145</u>	<u>21,670,214</u>
		11,986,496
		11,986,496
	30,615	5,181,131
	45,564,728	164,219,537
		12,730,974
28,262,193	1,312,511	37,052,917
		64,091,683
<u>28,262,193</u>	<u>46,907,854</u>	283,276,242
<u>\$29,307,676</u>	<u>\$50,081,999</u>	
		379,801,701
		66,941,922
		(19,444,180)
		(591,892)
		(840,184)
		(196,551,884)
		(38,333,010)
		(9,379,288)
		(7,328,890)
		<u>\$457,550,537</u>

CITY OF MILPITAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General	Housing Authority	Street Improvement	Transit Area Impact Fee
REVENUES				
Property taxes	\$51,181,370			
Sales taxes	38,101,357			
Hotel /Motel taxes	13,379,253			
Franchise fees	6,179,373			
Other taxes	1,007,266			
Licenses and fines	8,920,936			
Use of money and property	4,632,616	\$1,006,013	\$284,683	\$3,800,242
Intergovernmental	3,032,608		2,779,529	89,333
Charges for services	7,450,514			
Developer contributions			48,316	5,574,477
Other	574,362			
Total Revenues	134,459,655	1,006,013	3,112,528	9,464,052
EXPENDITURES				
Current:				
General Government	30,108,077	290,385		221
Recreation and Community Services	7,125,959			
Public Works	15,446,619		411,572	4,274
Planning	3,094,214			
Police	41,971,325			
Fire	35,223,955			
Capital outlay			5,028,676	3,475,536
Debt service:				
Principal	1,069,560			
Interest and fees	710,771			
Total Expenditures	134,750,480	290,385	5,440,248	3,480,031
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(290,825)	715,628	(2,327,720)	5,984,021
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	5,135			
Transfers in (Note 4A)	8,478,722		3,072,724	
Transfers (out) (Note 4A)	(3,991,706)			(144,000)
Total Other Financing Sources (Uses)	4,492,151		3,072,724	(144,000)
NET CHANGE IN FUND BALANCES	4,201,326	715,628	745,004	5,840,021
Fund balances at beginning of year	85,250,060	40,818,714	4,756,780	65,778,662
FUND BALANCES AT END OF YEAR	\$89,451,386	\$41,534,342	\$5,501,784	\$71,618,683

See accompanying notes to financial statements

General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
		\$51,181,370
		38,101,357
		13,379,253
	\$922,925	7,102,298
	6,240,381	7,247,647
		8,920,936
\$2,380,926	1,836,330	13,940,810
1,333,179	6,981,771	14,216,420
71,198	295,121	7,816,833
	4,850,337	10,473,130
	343,066	917,428
<u>3,785,303</u>	<u>21,469,931</u>	<u>173,297,482</u>
	2,598,013	32,996,696
	20,346	7,146,305
4,668,805	3,000,674	23,531,944
	462,551	3,556,765
	464,435	42,435,760
		35,223,955
6,389,085	577,428	15,470,725
		1,069,560
<u>258,000</u>	<u></u>	<u>968,771</u>
<u>11,315,890</u>	<u>7,123,447</u>	<u>162,400,481</u>
<u>(7,530,587)</u>	<u>14,346,484</u>	<u>10,897,001</u>
		5,135
9,957,886	895,645	22,404,977
<u>(1,699,565)</u>	<u>(8,628,475)</u>	<u>(14,463,746)</u>
<u>8,258,321</u>	<u>(7,732,830)</u>	<u>7,946,366</u>
727,734	6,613,654	18,843,367
<u>27,534,459</u>	<u>40,294,200</u>	<u>264,432,875</u>
<u>\$28,262,193</u>	<u>\$46,907,854</u>	<u>\$283,276,242</u>

CITY OF MILPITAS
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$18,843,367
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The capital expenditures are therefore added back to fund balance (Internal service fund additions of \$2,139,230 have already been added to capital assets)	16,483,057
Retirements of capital assets are deducted from fund balance (Internal service fund retirements of \$365,582 have already been deducted from capital assets)	(236,893)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,289,220 which has already been allocated to serviced funds.)"	(13,245,841)

LONG-TERM DEBT PROCEED AND PAYMENTS

Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of lease principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities. Proceeds from issuance of capital lease repayment of debt principal and SBITA liabilities are added back to fund balance	743,676
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Interest payable	1,900
Non-current portion of accrued vacation and sick leave	(907,805)
Non-current portion of uninsured claims payable	831,330
Lease payable	(591,892)
Subscription liability	(427,058)
Net pension liabilities and pension-related deferred outflows/inflows of resources	(7,539,912)
Net OPEB liabilities and OPEB-related deferred outflows/inflows of resources	645,887

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities. Change in Net Position - All Internal Service Funds	3,987,076
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$18,586,892
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See accompanying notes to financial statements

CITY OF MILPITAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Budget Final Positive (Negative)
Revenues				
Property taxes	\$50,091,338	\$50,091,338	\$51,181,370	\$1,090,032
Sales taxes	36,902,855	36,902,855	38,101,357	1,198,502
Hotel /Motel taxes	13,032,550	13,032,550	13,379,253	346,703
Franchise fees	5,990,422	5,990,422	6,179,373	188,951
Other taxes	1,135,518	1,135,518	1,007,266	(128,252)
Licenses and fines	9,231,118	9,231,118	8,920,936	(310,182)
Use of money and property	1,179,198	1,179,198	4,632,616	3,453,418
Intergovernmental	399,201	2,280,961	3,032,608	751,647
Charges for services	7,957,721	8,053,571	7,450,514	(603,057)
Other	288,309	288,309	574,362	286,053
Total Revenues	126,208,230	128,185,840	134,459,655	6,273,815
Expenditures				
Current:				
General Government:				
City Manager	10,217,614	10,407,078	10,098,172	308,906
City Attorney	1,214,142	1,192,719	1,193,199	(480)
Finance	5,205,109	5,242,914	5,017,861	225,053
Human Resources	2,348,798	2,351,123	2,214,939	136,184
Information Services	5,135,405	5,266,266	4,263,436	1,002,830
Non-departmental	5,714,306	9,509,944	8,557,986	951,958
Recreation and Community Services	6,981,057	7,054,105	7,219,197	(165,092)
Public Works	16,430,917	16,589,196	15,840,252	748,944
Planning	3,346,853	3,377,605	3,100,327	277,278
Police	45,836,039	42,564,425	41,996,039	568,386
Fire	31,442,612	35,289,923	35,289,153	770
Debt service:				
Principal	570,000	570,000	1,069,560	(499,560)
Interest	687,200	687,200	710,771	(23,571)
Total Expenditures	135,130,052	140,102,498	136,570,892	3,531,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,921,822)	(11,916,658)	(2,111,237)	9,805,421
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property			5,135	5,135
Proceeds from issuance of long term debt				
Transfers in	8,478,722	8,478,722	8,478,722	
Transfers (out)	(3,345,645)	(3,991,706)	(3,991,706)	
Total Other Financing Sources (Uses)	5,133,077	4,487,016	4,492,151	5,135
NET CHANGE IN FUND BALANCE	(\$3,788,745)	(\$7,429,642)	2,380,914	\$9,810,556
Adjustments to budgetary basis:				
Encumbrance expenditures			1,820,412	
Fund balance at beginning of year			85,250,060	
FUND BALANCE AT END OF YEAR			\$89,451,386	

See accompanying notes to financial statements

CITY OF MILPITAS
HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$117,241	\$117,241	\$1,006,013	\$888,772
Total Revenues	117,241	117,241	1,006,013	888,772
Expenditures				
Current:				
General Government:				
General Government	233,100	389,698	248,971	140,727
City Attorney	8,240	8,240		8,240
Non-departmental	83,447	124,447	41,414	83,033
Total Expenditures	324,787	522,385	290,385	232,000
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property				
NET CHANGE IN FUND BALANCE	<u>(\$207,546)</u>	<u>(\$405,144)</u>	715,628	<u>\$1,120,772</u>
Fund balances at beginning of year			40,818,714	
FUND BALANCE AT END OF YEAR			<u>\$41,534,342</u>	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of *major funds* extends to Proprietary Funds. The City has identified the funds below as major proprietary funds.

Financial reporting standards do not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

WATER UTILITY FUND

Accounts for the provision of water services to residents and businesses 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, billing and collection.

SEWER UTILITY FUND

Accounts for the provision of sewer services to residents and businesses 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, billing and collection.



CITY OF MILPITAS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Totals	
ASSETS				
Current Assets				
Cash and investments				
available for operations (Note 3)	\$60,884,886	\$67,143,029	\$128,027,915	\$56,286,998
Restricted cash and investments (Note 3)	2,161	71,081	73,242	
Receivables:				
Accounts	2,942,979	1,946,370	4,889,349	
Due from other governments	77,639	54,347	131,986	
Interest	412,470	459,008	871,478	108,788
Prepays, materials, supplies and deposits (Note 1E)	230,152	36,095	266,247	111,093
Total current assets	64,550,287	69,709,930	134,260,217	56,506,879
Noncurrent assets:				
Capital assets and capacity rights (Note 8):				
Land and construction in progress	40,369,256	4,128,802	44,498,058	
Depreciable capital assets, net	30,737,840	114,405,191	145,143,031	10,854,007
Total noncurrent assets	71,107,096	118,533,993	189,641,089	10,854,007
Total assets	135,657,383	188,243,923	323,901,306	67,360,886
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions (Note 13D)	538,525	387,803	926,328	
Related to OPEB (Note 14E)	594,833	477,353	1,072,186	
Total deferred outflows of resources	1,133,358	865,156	1,998,514	
LIABILITIES				
Current liabilities:				
Accounts payable	4,175,017	407,880	4,582,897	270,490
Accrued payroll	257,431	150,792	408,223	65,418
Interest payable	116,325	435,733	552,058	
Refundable deposits	131,804		131,804	12
Unearned revenue	3,461	3,461	6,922	
Accrued vacation (Note 14F)	151,555	151,555	303,110	24,235
Sick leave payable (Note 14F)				
SBITA liability (Note 11)	44,926	44,930	89,856	
Total OPEB liability (Note 14D)	47,072	32,126	79,198	
Revenue Bonds (Note 9)	355,000	1,175,000	1,530,000	
Total current liabilities	5,282,591	2,401,477	7,684,068	360,155
Non-current liabilities:				
Accrued vacation (Note 14F)	42,349	19,682	62,031	33,863
Sick leave payable (Note 14F)	56,602	55,880	112,482	24,946
Net pension liabilities (Note 13C)	2,794,337	2,012,261	4,806,598	
Net OPEB liability (Note 14C)	766,741	775,610	1,542,351	
Total OPEB liability (Note 14D)	1,380,927	1,187,354	2,568,281	
Revenue Bonds (Note 9)	17,579,706	31,878,082	49,457,788	
Total non-current liabilities	22,620,662	35,928,869	58,549,531	58,809
Total liabilities	27,903,253	38,330,346	66,233,599	418,964
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB (Note 14E)	425,892	389,781	815,673	
Total deferred inflows of resources	425,892	389,781	815,673	
NET POSITION (Note 12)				
Net investment in capital assets and capacity rights	53,129,625	85,507,062	138,636,687	10,854,007
Restricted for capital projects	40,974,930	59,087,684	100,062,614	
Restricted for pension expenses				40,230,585
Unrestricted	14,357,041	5,794,206	20,151,247	15,857,330
Total net position	\$108,461,596	\$150,388,952	\$258,850,548	\$66,941,922

See accompanying notes to financial statements

CITY OF MILPITAS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Totals	
OPERATING REVENUES				
Charges for services	\$39,237,728	\$26,221,208	\$65,458,936	\$4,993,125
Other operating revenue	303,397	254,038	557,435	3,213,822
Total Operating Revenues	39,541,125	26,475,246	66,016,371	8,206,947
OPERATING EXPENSES				
Purchased water	25,356,752		25,356,752	
Sewer treatment services		7,363,556	7,363,556	
Personnel services	4,676,174	2,823,386	7,499,560	1,179,078
Services and supplies	3,377,315	1,966,834	5,344,149	1,649,231
Depreciation	1,624,411	5,277,544	6,901,955	1,415,133
Repairs and maintenance	200,734	159,970	360,704	665,837
Total Operating Expenses	35,235,386	17,591,290	52,826,676	4,909,279
Operating Income (Loss)	4,305,739	8,883,956	13,189,695	3,297,668
NONOPERATING REVENUES (EXPENSES)				
Interest income(loss)	3,494,680	3,529,439	7,024,119	2,019,686
Interest expense	(763,904)	(1,521,908)	(2,285,812)	
Subventions and grants	52,465		52,465	
Gain (Loss) on disposal of property				126,150
Total Nonoperating Revenues (Expenses)	2,783,241	2,007,531	4,790,772	2,145,836
Income (Loss) Before Contributions and Transfers	7,088,980	10,891,487	17,980,467	5,443,504
Capital contributions				489,147
Capital contributions - connection fees	201,903	470,034	671,937	
Transfers in (Note 4A)				929,850
Transfers (out) (Note 4A)	(3,725,508)	(2,270,148)	(5,995,656)	(2,875,425)
Change in net position	3,565,375	9,091,373	12,656,748	3,987,076
Net position-beginning	104,896,221	141,297,579	246,193,800	62,954,846
Net position-ending	\$108,461,596	\$150,388,952	\$258,850,548	\$66,941,922

See accompanying notes to financial statements

CITY OF MILPITAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$39,402,906	\$26,537,088	\$65,939,994	\$8,206,947
Payments to suppliers	(28,442,739)	(9,309,598)	(37,752,337)	(1,198,771)
Payments to employees for salaries and benefits	(4,408,664)	(2,765,804)	(7,174,468)	(1,128,295)
Net cash provided by operating activities	6,551,503	14,461,686	21,013,189	5,879,881
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Subventions and grants	52,465		52,465	
Transfers in				929,850
Transfers (out)	(3,725,508)	(2,270,148)	(5,995,656)	(2,875,425)
Cash Flows from Noncapital Financing Activities	(3,673,043)	(2,270,148)	(5,943,191)	(1,945,575)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Principal paid on long-term debt	(340,000)	(1,120,000)	(1,460,000)	
Interest paid	(808,521)	(1,472,890)	(2,281,411)	
Acquisition of capital assets	(5,494,668)	(4,108,230)	(9,602,898)	(1,160,176)
Proceeds from sale of assets				126,150
Capital contributions - connection fees	201,903	470,034	671,937	
Cash Flows from Capital and Related Financing Activities	(6,441,286)	(6,231,086)	(12,672,372)	(1,034,026)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3,450,096	3,423,915	6,874,011	2,002,407
Cash Flows from Investing Activities	3,450,096	3,423,915	6,874,011	2,002,407
Net increase (decrease) in cash and cash equivalents	(112,730)	9,384,367	9,271,637	4,902,687
Cash and investments at beginning of period	60,999,777	57,829,743	118,829,520	51,384,311
Cash and investments at end of period	\$60,887,047	\$67,214,110	\$128,101,157	\$56,286,998
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$4,305,739	\$8,883,956	\$13,189,695	\$3,297,668
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,624,411	5,277,544	6,901,955	1,415,133
Change in assets and liabilities:				
Receivables, net	(138,375)	61,842	(76,533)	
Materials, supplies and deposits	13,912	(11,533)	2,379	970,749
Accrued payroll	150,807	80,321	231,128	
Accounts and other payables	432,870	124,554	557,424	196,331
Due to retirement system	187,771	62,495	250,266	
Due to OPEB	(25,632)	(17,493)	(43,125)	
Net cash provided by operating activities	\$6,551,503	\$14,461,686	\$21,013,189	\$5,879,881
NONCASH TRANSACTIONS:				
Contributions and transfers of capital assets				\$489,147

See accompanying notes to financial statements



FIDUCIARY FUNDS

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

SUCCESSOR AGENCY TO THE MILPITAS REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND

The Successor Agency to the Milpitas Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used to make payments that are on the Recognized Obligation Payment Schedule and to dispose of assets and property of the former Redevelopment Agency for the benefit of the taxing agencies.



CITY OF MILPITAS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Successor Agency to the Milpitas Redevelopment Agency Private-purpose Trust Fund
ASSETS	
Cash and investments (Note 3)	\$19,046,473
Restricted cash and investments (Note 3)	<u>1,684</u>
Total Assets	<u>19,048,157</u>
LIABILITIES	
Accounts payable	10,672
Interest payable	2,005,250
Long-term obligations (Note 17C):	
Due in one year	9,025,000
Due in more than one year	<u>55,965,708</u>
Total Liabilities	<u>67,006,630</u>
NET POSITION (DEFICIT)	
Restricted for:	
Held in trust for other governments	<u><u>(\$47,958,473)</u></u>

See accompanying notes to financial statements

CITY OF MILPITAS
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Successor Agency to the Milpitas Redevelopment Agency Private-purpose Trust Fund
Additions:	
Property taxes	\$14,846,033
Use of money and property	<u>510,183</u>
Total additions	<u>15,356,216</u>
Deductions:	
General and administrative	2,021,028
Debt service:	
Interest and fees	<u>2,747,913</u>
Total deductions	<u>4,768,941</u>
Net change in net position	10,587,275
Net position (deficit) - beginning	<u>(58,545,748)</u>
Net position (deficit) - ending	<u><u>(\$47,958,473)</u></u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS



CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Milpitas was incorporated as a general law city on January 26, 1954. The City operates under the Council-Manager form of government and provides the following services: public safety; fire and building inspection; engineering; public works; water; sewer; sanitation; recreation services; building and safety; planning and zoning; general administration services and economic development.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. *Reporting Entity*

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

PRIMARY GOVERNMENT

The financial statements of the primary government of the City of Milpitas include the activities of the City as well as the Milpitas Public Financing Authority, the Milpitas Economic Development Corporation, the City of Milpitas Housing Authority and the Milpitas Municipal Financing Authority, all of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blended") with those of the primary government of the City in the accompanying financial statements.

Blended Component Units

The Milpitas Public Financing Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital improvements within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Sewer Utility Enterprise Fund.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Milpitas Economic Development Corporation, (Corporation) formed in February 2011, is a California nonprofit public benefit Corporation formed by the City and the former Milpitas Redevelopment Agency under the laws of the State of California. As discussed in Note 17, the Redevelopment Agency was dissolved effective January 31, 2012. The Corporation was organized for the purpose of encouraging and facilitating the City's economic development, affordable housing and other community programs. The Corporation is governed by a board of directors consisting of the members of the City Council. Under an operating agreement with the Redevelopment Agency, the Corporation received funding from the Agency and will use the funds for redevelopment purposes consistent with the California Community Redevelopment Law, Health and Safety Code Section 33000 and to implement and carry out the Redevelopment Plans. The Corporation also entered into a Service Agreement with the City under which the City will perform the necessary services on an independent contractor basis to eliminate blight, provide affordable housing, improve the public realm, facilitate public and private developments, stimulate economic development, and create jobs. The Corporation is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Corporation. The Corporation became inactive as of June 30, 2015.

The City of Milpitas Housing Authority, formed in February 2011, is a separate government entity whose purpose is to assist with housing City low and moderate income residents. The Housing Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Housing Authority. The Financial activities of the Housing Authority are included in the Housing Authority Special Revenue Fund.

The Milpitas Municipal Financing Authority, formed in March 2016, is a separate government entity whose purpose is to assist with the financing and refinancing of public programs, projects and capital improvements for the benefit of the City and the Housing Authority. The Municipal Financing Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Municipal Financing Authority is controlled by the City and the Housing Authority and has the same governing body as the City, which also performs all accounting and administrative functions for the Municipal Financing Authority. The Financial activities of the Municipal Financing Authority are included in the General Government Capital Projects Fund.

Separate financial statements are not issued for the Milpitas Public Financing Authority, Milpitas Economic Development Corporation, City of Milpitas Housing Authority and Milpitas Municipal Financing Authority.

Discretely Presented Component Unit

Terrace Gardens, Inc. is a non-profit public benefit corporation organized in September 1986 for the purpose of developing and managing the operations of a residential complex known as Terrace Gardens, which is located in the City of Milpitas and dedicated to the needs of elderly persons. The former Milpitas Redevelopment Agency funded the construction of Terrace Gardens. City Council can appoint a voting majority of the governing board and approves the annual budget. The City Council exercises control over the Board of Terrace Gardens. Therefore, the financial activities of Terrace Gardens, Inc. as of and for the year ended December 31, 2023, are discretely presented in the Terrace Gardens Inc. Component Unit column of the Statement of Net Position and the Statement of Activities.

Financial statements for Terrace Gardens, Inc. may be obtained from Terrace Gardens, Inc., 186 Beresford Court, Milpitas, CA 95035.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the City and its blended and discretely presented component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for interfund services provided and used, which are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including franchise fees that are based on gross receipts and all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues and expenses, such as charges for services and the related costs, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues and expenses, such as subsidies, investment earnings and any related costs, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reported the following major governmental funds in the accompanying financial statements:

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, hotel taxes, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are incurred for public safety, public works, recreation services and the other governmental services described above.

Housing Authority Fund – Established to plan and address the housing needs of the City and to act as the Housing Successor of the former Redevelopment Agency. The main source of the revenue for this fund is the repayment of loans restricted for housing activities.

Street Improvement Fund – Established to account for the construction and maintenance of the street system in Milpitas. Financing is provided through State and Federal grants.

Transit Area Impact Fee Fund – Established to account for the capital projects in the transit area. A special transit area impact fee is imposed on developments to provide financing.

General Government Capital Projects Fund – Established to account for the construction and maintenance of general government projects. Financing is provided by the General Fund.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Water Utility Fund – Accounts for the provision of water services to residents and businesses 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, billing and collection.

Sewer Utility Fund – Accounts for the provision of sewer services to residents and businesses 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 billing and collection.

The City also reports the following fund types:

Internal Service Funds – The Equipment Management Internal Service Fund is used to finance and account for the replacement of equipment used by City departments and the maintenance of the online permit development system on a cost reimbursement basis. The Pension Section 115 Internal Service Fund is used to accumulate funds to pay down the City CalPERS Unfunded Accrued Liability.

Fiduciary Funds – Trust funds account for assets held by the City as an agent for various functions. The Successor Agency to the Milpitas Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. This fund accounts for winding down the affairs of the former Milpitas Redevelopment Agency and makes payments on the Enforceable Obligation Schedule and disposes of assets and property of the former Redevelopment Agency for the benefit of taxing agencies. The financial activities of this fund are excluded from the City-wide financial statements but is presented in separate Fiduciary Fund financial statements.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, including lease liabilities, 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. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as *expenditures* in governmental funds. Proceeds of general long-term debt, financing through leases and acquisitions under leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual are sales taxes, significant building permit fees, and interest revenue. Forfeitures, licenses, other permits and miscellaneous revenue are not susceptible to accrual because they are not measurable until received in cash. Grant funding received in advance of the related expenditure is accounted for as unearned revenue.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by unrestricted resources if necessary.

E. Prepaids, Materials, Supplies and Deposits

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

Materials and supplies are valued at cost on a first-in first-out basis. Supplies in the enterprise and internal funds consist principally of materials and supplies for utility and internal operations. Materials and supplies of the governmental funds consist of expendable supplies and materials held for consumption. The cost is recorded as an expense or expenditure in the funds at the time individual inventory items are consumed.

Prepaids, materials, supplies and deposits in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate net statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension-related deferred outflows of resources arising from certain changes in the collective net pension liability.

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources arising from certain changes in the collective net pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

G. Property Tax

Santa Clara County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

H. Revenue Recognition for Water Utility and Sewer Utility

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Subscription-Based Information Technology Arrangements (SBITAs) Accounting

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$500,000 or more for all funds, except for Capital Project Funds which the threshold is set lower at \$300,000, based on the future SBITA payments remaining at the start of the contract.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgets and Budgetary Accounting*

The City adopts an annual operating budget on or before June 30 of the previous fiscal year, except for the General Government Projects, the Street Improvement, the Park Improvement, the Transit Area Impact Fee and Storm Drain Capital Projects Funds which are budgeted on a project basis. The operating budget takes the form of a one-year financial plan which is adopted in its entirety by the City Council by resolution. As Milpitas is a general law city, it is not subject to a budgetary process prescribed by statute or charter.

The operating budget is subject to supplemental appropriations throughout its term to provide flexibility to meet changing needs and conditions. The City Manager's budget control remains at the level of department and/or project within any one fund. The City Manager may approve supplemental appropriations in the General Fund providing the total increase does not exceed 1% of the original total General Fund expenditure budget subject to the following: All additional appropriations that require the use of reserves must be approved by City Council. Expenditures cannot exceed the appropriated budget at the department level within each fund without City Council approval.

The City Manager is authorized to amend appropriations within the various departments and projects within a fund, provided that the amount of the amended appropriation is \$100,000 or less. Interfund transfers or transfers of an appropriation amount within a fund in which any single instance exceeds \$100,000 require prior approval of the City Council.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Adjustments to GAAP Basis from Budgetary Basis

The City Manager budget control remains at the level of department and/or project within any one fund. The City Manager has discretion over an unanticipated reserve (approximately 1% of the General Fund operating budget), adopted by Council during the budget process. All additional appropriations that require the use of reserves must be approved by City Council. Expenditures cannot exceed the appropriated budget at the department level within each fund without City Council approval.

The City Manager is authorized to amend appropriations within the various departments and projects within a fund, provided the amount of the amended appropriation is \$100,000 or less and does not affect the overall appropriations of a fund. Interfund transfers or transfers of an appropriation amount within a fund in which any single instance exceeds \$100,000 require prior approval of the City Council.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds except Cash and Investments held by Trustees, so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

The City invests in individual investments, money market mutual funds, and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. To increase security, the City employs the Trust and Custody Department of a bank as the custodian of certain City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a fair value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether their use is restricted under the terms of City debt instruments or other agreements.

Cash and investments available for operations	\$427,858,969
Restricted Cash and Investments	174,765
Total Primary Government cash and investments	<u>428,033,734</u>
Cash and investments available for operations	66,170
Restricted Cash	3,656,956
Total Component Unit cash and investments	<u>3,723,126</u>
Cash and investments in Fiduciary Funds (separate statement)	19,046,473
Restricted Cash and Investments in Fiduciary Funds (separate account)	1,684
Total Fiduciary cash and investments	<u>19,048,157</u>
Total cash and investments	<u><u>\$450,805,017</u></u>

Cash and Investments Available for Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The California Government Code and the City's Investment Policy, adopted in September 2024 and updated on an annual basis, and the California allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality*	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	5 Years		100%	No Limit
Federal Agency Obligations	5 Years		100%	30%
Bankers Acceptances	180 Days		40%	5%
Commercial Paper – Pooled Funds	270 Days	A	40%	(A)
Commercial Paper – Non-Pooled Funds	270 Days	A	25%	(A)
Negotiable Certificates of Deposit	5 Years		30%	5%
Repurchase Agreements	1 Year		100%	No Limit
Time Certificates of Deposit – Banks				
or Savings and Loans (Non- negotiable)	5 Years		100%	No Limit
Medium-Term Corporate Notes	5 Years	A	30%	5%
State of California Local Agency	Upon		100%	No Limit
Investment Fund (LAIF Pool)	Demand			
Money Market Funds of	Upon	Top		
Government Securities	Demand	Rating	20%	10%
		Category		
Municipal Securities and Municipal	5 Years	A	30%	5%
Treasury Notes or Bonds				
Mortgage Pass-Through and Asset	5 Years	AA	20%	5%
Backed Securities				
Collateralized Bank Deposits	Upon		100%	No Limit
	Demand			
Supranational Securities	5 Years	AA	30%	10%

(A) Eligible Commercial Paper may not represent more than 5% of outstanding paper of an issuing corporation.

*At time of purchase

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements and Trust Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality*	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	5 Years		100%	No Limit
Federal Agency Obligations	5 Years		100%	30%
Time Certificates of Deposit – Banks or Savings and Loans	5 Years		100%	No Limit
Bankers Acceptances	180 Days	A	20%	5%
Commercial Paper – Pooled Funds	270 Days	A	40%	(A)
Commercial Paper – Non-Pooled Funds	270 Days	A	25%	(A)
Negotiable Certificates of Deposit	5 Years		30%	No Limit
Repurchase Agreements	1 Year		100%	No Limit
Medium-Term Corporate Notes	5 Years	AA	30%	5%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand		No Limit	No Limit
Money Market and Mutual Funds	Upon Demand	Aaa/AAm	20%	10%

(A) The combined total of commercial paper may not represent more than 10% of the outstanding paper and notes of an issuing corporation.

*At time of purchase

During the fiscal year ended June 30, 2022, the City also implemented investment guidelines for its Section 115 Pension Trust, which authorize investments in a diversified portfolio, including equities and mutual funds, to achieve a 3% to 6% investment earnings goal during the next 5 to 10 years.

E. Investments Authorized for Terrace Gardens Inc.

Terrace Gardens, Inc. investments conform with the California Government Code.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the City's investments (including investments held by trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 36 Months	36 to 60 Months	Total	Percentage of Portfolio
City and Successor Agency:					
Federal Agency Obligations		\$5,350,370	\$7,013,242	\$12,363,612	2.74%
Medium-Term Corporate Notes	\$4,618,775	25,861,059	31,217,146	61,696,980	13.69%
U.S. Treasury Notes	2,955,396	53,633,398	72,917,539	129,506,333	28.73%
California Local Agency Investment Fund	85,170,243			85,170,243	18.89%
Supranationals			16,419,023	16,419,023	3.64%
Mutual Funds (U.S. Securities)	38,597,477			38,597,477	8.56%
Asset Backed Securities	3,658,077	7,954,207	20,052,780	31,665,064	7.02%
Municipal Securities and Municipal Treasury Notes or Bonds			2,186,571	2,186,571	0.49%
Terrace Gardens, Inc.:					
Nonnegotiable Certificates of Deposit	3,416,525			3,416,525	0.76%
Total Investments	<u>\$138,416,493</u>	<u>\$92,799,034</u>	<u>\$149,806,301</u>	381,021,828	
Demand Deposits - City of Milpitas				69,476,588	15.41%
Demand Deposits - Terrace Gardens				306,601	0.07%
Total Cash and Investments				<u>\$450,805,017</u>	<u>100.00%</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, no maximum transaction amount, and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2025 these investments matured in an average of 248 days.

Mutual funds are available for withdrawal on demand and at June 30, 2025 matured in an average of 47 days.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2025 for each of the Primary Government's investment types as provided by Standard and Poor's investment rating system:

Investment Type	AAA/AAAm	AA+/AA/AA-	A+/A/A-	BBB+/BBB	Total
Federal Agency Obligations	\$1,982,438	\$10,381,173			\$12,363,611
Medium-Term Corporate Notes		16,300,327	\$41,037,656	\$4,358,997	61,696,980
Asset Backed Securities	31,665,065				31,665,065
Supranational	16,419,023				16,419,023
Mutual Funds (U.S. Securities)	38,597,477				38,597,477
Municipal Securities and Municipal Treasury Notes or Bonds		2,186,571			2,186,571
Totals	<u>\$88,664,003</u>	<u>\$28,868,071</u>	<u>\$41,037,656</u>	<u>\$4,358,997</u>	<u>\$162,928,727</u>
Not rated:					
California Local Agency Investment Fund				\$85,170,243	\$85,170,243
Terrace Gardens, Inc.:					
Nonnegotiable Certificates of Deposit					3,416,525
Exempt from credit rate disclosure:					
U.S. Treasury Notes				129,506,333	129,506,333
Total Investments				<u>\$214,676,576</u>	<u>\$381,021,828</u>

Terrace Gardens, Inc. invests only in Nonnegotiable Certificates of Deposit. At December 31, 2024, all of Terrace Gardens' Nonnegotiable Certificates of Deposit totaling \$3,416,525 were fully insured by Federal Deposit Insurance.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the City's investments as of June 30, 2025:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
Federal Agency Obligations	\$12,363,612	\$12,363,612
Medium-Term Corporate Notes	61,696,980	61,696,980
U.S. Treasury Notes	129,506,333	129,506,333
Supranational	16,419,023	16,419,023
Asset Backed Securites	31,665,064	31,665,064
Municipal Securities and Municipal Treasury Notes or Bonds	2,186,571	2,186,571
Subtotal	<u>\$253,837,583</u>	253,837,583
<i>Investments Measured at Amortized Cost:</i>		
Mutual Funds (U.S. Securities)		38,597,477
<i>Investments Measured at Cost:</i>		
<i>Terrace Gardens, Inc.</i>		
Nonnegotiable Certificates of Deposit		3,416,525
<i>Investments Exempt from Fair Value Hierarchy:</i>		
California Local Agency Investment Fund		<u>85,170,243</u>
Total Investments		<u>\$381,021,828</u>

Federal Agency Obligations totaling \$12.4 million, Medium Term Corporate Notes of \$61.7 million, U.S. Treasury Notes totaling \$129.5 million, Supranational totaling \$16.4 million, and Asset Backed Securities of \$31.7 million, classified in Level 2 of the fair value hierarchy, are valued using pricing techniques of matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. These prices are obtained from various pricing sources by our custodian bank.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

I. Significant Investments

Investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds and the California Local Agency Investment Fund, that represent 5% or more of total entity-wide investments are as follows at June 30, 2025:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Obligations	\$5,350,370

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to move resources from one fund to another. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2025 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
Governmental Funds:		
General Fund	Community Facilities District Special Revenue Fund	\$3,675,000 (A)
General Fund	Solid Waste Reduction and Services Special Revenue Fund	182,066 (A)
General Fund	Water Utility Enterprise Fund	3,038,508 (A)
General Fund	Sewer Utility Enterprise Fund	1,583,148 (A)
Street Improvement Capital Projects Fund	General Government Capital Projects Fund	719,715 (A) (B) (C)
Street Improvement Capital Projects Fund	Gas Tax Special Revenue Fund	2,353,009 (B)
General Government Capital Projects Fund	General Fund	3,146,061 (B)
General Government Capital Projects Fund	Transit Area Impact Fee Fund	144,000 (B)
General Government Capital Projects Fund	Water Utility Enterprise Fund	687,000 (B)
General Government Capital Projects Fund	Sewer Utility Enterprise Fund	687,000 (B)
General Government Capital Projects Fund	Gas Tax Special Revenue Fund	2,110,000 (B)
General Government Capital Projects Fund	Lighting & Landscape Maintenance District Special Revenue Fund	98,400 (B)
General Government Capital Projects Fund	Public Art Capital Projects Fund	60,000 (B)
General Government Capital Projects Fund	Park Improvement Capital Projects Fund	150,000 (B)
General Government Capital Projects Fund	Equipment Management Internal Service Fund	2,875,425 (B)
Lighting & Landscape Maintenance District Special Revenue Fund	General Fund	45,645 (A)
Storm Drain Development Capital Projects Fund	General Fund	500,000 (A)
Storm Drain Development Capital Projects Fund	General Government Capital Projects Fund	350,000 (B)
	Governmental Funds Subtotal	22,404,977
Internal Service Funds:		
Equipment Management Internal Service Fund	General Fund	300,000 (A)
Equipment Management Internal Service Fund	General Government Capital Projects Fund	629,850 (C)
	Internal Service Funds Subtotal	929,850
	Total Interfund Transfers	\$23,334,827

(A) To Transfer for Operating Cost

(B) To Fund Capital Project

(C) To Return Unexpended Project Funds

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 5 – LOANS RECEIVABLE

The City and former Redevelopment Agency entered into the loan programs below to improve the quality of housing and to increase the availability of affordable housing, and for other purposes. With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities. As a result, the City of Milpitas Housing Authority assumed the loans receivable of the Redevelopment Agency's Housing Reserve Special Revenue Fund as of February 1, 2012.

These loans were comprised of the following at June 30, 2025:

Housing and Community Development Loans:

Rehabilitation Loans	\$3,171,744
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Housing Authority Loans:

Milpitas Housing Associates	3,326,640
Parc Metropolitan Housing Development	45,256
Parc North Associates LLC	483,381
Mid-Peninsula Milpitas Affordable Housing Associates	18,402,495
KB Home South Bay Inc.	1,222,900
Western Pacific Housing Inc.	1,778,529
Shapell Industries	750,000
MIL Aspen Associates, Ltd.	3,512,516
Sango Court, L.P.	7,164,603
Total Housing Authority Loans Receivable	36,686,320
Total Loans Receivable	\$39,858,064

A. Rehabilitation Loans

The City administers a housing rehabilitation program using Housing and Community Development Act funds. Under the Program, individuals with incomes below a certain level are eligible to receive low- or no-interest loans, secured by deeds of trust, for construction work on their homes. On June 30, 2025, the City had outstanding rehabilitation loans of \$3,171,744 in its Housing and Community Development Special Revenue Fund. During the year ended June 30, 2025, the City did not receive any principal payment from all participants and accrued interest of \$8,972.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 5 – LOANS RECEIVABLE (Continued)

B. Milpitas Housing Associates Loan

In fiscal 1997, the former Redevelopment Agency loaned the Milpitas Housing Associates, a partnership of Bridge Housing and a developer, \$3,000,000 to assist in the financing of the construction of a 306-unit apartment complex. Fifty percent of the units were made available to very low and low income tenants. The Loan bore interest at the rate of 5.45% per year, compounded annually and is repayable in 2040, subject to certain conditions. The loan is secured by a subordinated deed of trust in the third position on the property. In January 2020, the City Council and the Housing Authority Commission approved a restructuring of the loan, which, 1) lowered the interest rate from 5.45% to a simple interest of 3.05% effective July 1, 2017, 2) forgave accrued interest of \$1,541,074 through fiscal year 2017, and 3) approved the foregoing of residual receipts totaling \$200,000 annually. As a result, fiscal year 2018 interest was recalculated to be \$91,500 and accrued and the prior fiscal year 2018 accrued interest of \$247,489 was written off. During fiscal year 2025, interest of \$91,500 was accrued, and as of June 30, 2025, principal and accrued interest outstanding totaled \$3,326,640.

C. Parc Metropolitan Housing Development Loans

The Housing Authority provides loans to eligible low-income families for the purchase of townhome units at the Parc Metropolitan Housing Development. During the year ended June 30, 2025, the Housing Authority received principal payments of \$2,426 and as of June 30, 2025, there were \$45,256 in loans outstanding.

D. Parc North Associates LLC Loan

In September 2003, the former Redevelopment Agency entered into an Owner Participation Agreement with Parc North Associates LLC for the development of 285 town homes and condominiums. Eighteen of the units were made available to very low income households, six of the units were made available to low income households, and thirty-four units were made available to moderate income households. In exchange, the Agency provided a grant of \$1,823,480 to the Developer for permits, fees, and infrastructure, along with silent-second loans to eligible low-income families for the purchase of these town homes and condominium. Interest of 5% begins on the 61st month after the recordation of the deeds of trust and continues until the loans are paid in full. During fiscal year 2025, principal of \$11,303 was paid and as of June 30, 2025, there were \$483,381 of such loans outstanding.

E. Mid-Peninsula Milpitas Affordable Housing Associates

In December 2005, the former Redevelopment Agency entered into a Disposition and Development Agreement with Mid-Peninsula Milpitas Affordable Housing Associates for the development of a 103-unit senior housing project with long-term affordability to extremely low and very low income seniors. Under the terms of the Agreement, the Agency provided a grant of \$1 million to the Developer and will provide a development loan up to \$14.6 million to the Developer. No interest is accrued on the first \$5 million of loan proceeds. The remaining \$9.6 million bears simple interest of 3.00% annually. Repayment of interest and principal is payable from surplus operating cash subject to certain conditions as defined in the Agreement, and unpaid principal and accrued interest is due in December 2062. The loan is secured by a second deed of trust on the property. Construction began in fiscal year 2006 and was completed in December 2008. During fiscal year 2025, \$288,000 was accrued, respectively, and as of June 30, 2025, principal and accrued interest outstanding totaled \$18,402,495.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 5 – LOANS RECEIVABLE (Continued)

F. *KB Home South Bay Inc. Loans*

In January 2005, the former Redevelopment Agency entered into a Disposition and Development Agreement with KB Home South Bay Inc. for the development of a public park and approximately 700 housing units on two parcels (Parcels C and D). In addition, the former Redevelopment Agency would provide a total of \$4,250,000 of silent-second mortgages to eighty-five moderate income households on Parcel C, approximately \$5,000,000 of subsidies to twenty-five moderate income households on Parcel D. The silent-second mortgages are not due for 45 years or upon the sale, renting or leasing of the property. Interest begins on the 37th month after the recordation of the Deed of Trust and continues until the loans are paid in full.

Due to changes in the housing market and stricter lending requirements which had created unforeseen challenges in finding qualified buyers for the affordable units, the former Redevelopment Agency amended the Agreement in February 2009 to establish an in-lieu housing payment of \$1,702,000 to remove the affordable restrictions on 46 of the 67 remaining unsold affordable units (\$37,000 for each unit). This amount was paid in equal parts to the Agency and to the County. In addition, the commitment for silent-second mortgages was reduced \$2,300,000 to \$1,950,000, and the total number of affordable units was reduced from 110 to 64.

As of June 30, 2025, there were \$954,900 of loans to Parcel C households outstanding. As of June 30, 2025 subsidies totaling \$1,222,900 had been provided.

G. *Western Pacific Housing Inc., Loans*

In August 2005, the former Redevelopment Agency entered into an Owner Participation Agreement with Fairfield Development, LLC for the development of a 464- unit residential apartment project called Centria, of which 93 units will be deed-restricted for very low- to moderate- income households. In November 2005, the project was purchased by Western Pacific Housing Inc. and obligations of the Owner Participation Agreement were assigned to Western Pacific Housing Inc. The former Redevelopment Agency will provide a grant of \$379,480 for permits, fees, and infrastructure. The former Redevelopment Agency also will provide a total of \$770,000 for silent-second down payment assistance loans for the 22 very-low income units. The loans are not due for 25 years or upon the sale, renting or leasing of the property. Interest will begin on the 61st month after the recordation of the Deed of Trust and continues until the loans are paid in full. Principal of \$1,476 was repaid in fiscal year 2025 and as of June 30, 2025 there were \$581,529 such loans outstanding.

In August 2008 the Owner Participation Agreement was amended to reduce the number of units to be constructed by Western Pacific Housing Inc. to 137 and provide for the conversion of 7 of the moderate-income units to low-income units. In addition, in August 2008, the 327 unconstructed units of the project were sold to Lyon Milpitas LLC and the Agency entered into a new Owner Participation Agreement with Lyon Milpitas LLC to complete the construction of the affordable housing units.

In September 2006, the former Redevelopment Agency entered into an Owner Participation Agreement with Western Pacific Housing, Inc. for the development of a 147-unit townhome project called Paragon that includes nine units deed-restricted to very low-income residents and twenty units deed-restricted to moderate income residents. The Agency will provide silent-second loans of \$133,333 to each of the very low income households. Interest will begin on the date of the promissory note but will be forgiven on the fourth anniversary of the date the Deed of Trust recorded at a rate of 20% per year, and principal is due 45 years from the date the Deed of Trust was recorded. As of June 30, 2025, there were \$1,197,000 of silent second loans outstanding.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 5 – LOANS RECEIVABLE (Continued)

H. *Shapell Industries*

In June 2004, the former Redevelopment Agency entered into an Agreement with Shapell Industries of Northern California for the development of a 65-unit townhome development, which will include twenty deed-restricted affordable housing units for very low- and moderate-income units. In August 2005 the Agency entered into an Owner Participation Agreement with the Developer that, in exchange for the development of housing units, the Agency will provide a total of \$800,000 silent-second mortgages to sixteen moderate-income households. In addition, under the terms of the Agreement, the Agency assisted in the rehabilitation of four existing very low-income units in fiscal 2006. Interest will begin on the date of the promissory note, but will be forgiven on the fourth anniversary of the date the Deed of Trust recorded at a rate of 20% per year, and principal is due 45 years from the date the Deed of Trust was recorded. As of June 30, 2025, there were \$750,000 of silent second loans outstanding.

I. *MIL Aspen Associates, Ltd.*

In April 2007, the former Redevelopment Agency entered into an Owner Participation Agreement with MIL Aspen Associates, Ltd. for the development of a 101-unit multi-family project, of which 100 units will be deed-restricted for very low-income households. Under the terms of the Agreement, during fiscal year 2011 the Agency provided a \$2,300,000 loan to the Developer. The loan bears 5% interest compounded annually on outstanding principal balance, and is repayable in April 17, 2037. Upon June 1 of the year following the issuance of the final certificate of occupancy of the project and the first day of each June during the term of the loan, the Developer shall pay 50% of Surplus Cash generated by the Project, as defined in the Agreement, during the previous calendar year. During the year ended June 30, 2025, interest of \$152,548 and \$174,527 was paid and accrued, and as of June 30, 2025, principal and accrued interest totaled \$3,512,516.

J. *Sango Court, L.P.*

In May 2019, the Housing Authority entered into a development loan agreement with Sango Court, L.P. for construction of affordable housing at 355 Sango Court Apartments of which 101 will be affordable and 1 will be an above moderate income (AMI) managers unit. Under the terms of the Agreement, during fiscal year 2022 the Agency provided a \$6,500,000 loan to the Developer. The loan bears 3% interest compounded annually on outstanding principal balance and must be paid on the earlier of: (a) fifty-five (55) years from the date of conversion, or (b) December 31, 2079, or (c) by acceleration of the loan following a default. During the year ended June 30, 2025, interest of \$664,603 was accrued, and as of June 30, 2025, principal and accrued interest totaled \$7,164,603.

NOTE 6 – PROPERTY HELD FOR RESALE OR REDEVELOPMENT

A. *General Fund*

Pursuant to the terms of a settlement agreement between the City, Economic Development Corporation, Housing Authority, Santa Clara County Auditor-Controller, State Controller and other parties, a land parcel was transferred from the Successor Agency to the Housing Authority in June 2014. However, that parcel was not subject to housing-related provisions and was transferred to the City from the Housing Authority in June 2014.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 6 – PROPERTY HELD FOR RESALE OR REDEVELOPMENT (Continued)

The land parcel is accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

As of June 30, 2025, property totaling \$4,200,000 is held by the General Fund.

B. Housing Authority

The former Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer. The City agreed to become the successor to the Redevelopment Agency's housing activities. As a result, the City of Milpitas Housing Authority assumed the property held for resale of the Redevelopment Agency's Housing Reserve Fund as of February 1, 2012.

In fiscal year 2010 the Agency purchased five housing units for \$1,503,718 in the Parc Metro Subdivision. During fiscal year 2011, the Agency purchased one additional Parc Metro Subdivision unit for \$305,095, one Centria Subdivision housing unit for \$248,056, and four KB Home Subdivision housing units for \$1,273,892. One of the KB Home Subdivision units with a book value of \$374,253 was sold in August 2011. Two of the KB Home Subdivision units with a book value of \$376,795 and \$294,921 were sold in December 2012 and February 2013, respectively. Four of the Parc Metro Subdivision units were sold in fiscal year 2013, with a total book value of \$1,245,559, and one unit with a book value of \$258,160 was sold in fiscal year 2019. The Centria unit was sold in fiscal year 2017 for \$296,000. In fiscal year 2023, two units were sold with a book value of \$305,095 and \$227,924. The units were purchased to retain them as affordable housing units and are being held for future resale.

In February 2011, the Agency purchased additional property along South Main Street in the amount of \$1,800,000 which is intended to be incorporated into the Midtown Specific Plan for housing development. The purchase of this property had been funded by a loan from the Housing Reserve Special Revenue Fund to the Redevelopment Capital Projects Fund, and with the dissolution of the Agency as of February 1, 2012, the State Department of Finance approved the property as a housing asset and the property was transferred to the Housing Authority as the successor housing agency.

As of June 30, 2025, property totaling \$1,800,000 is held by the Housing Authority. The Housing Authority is required to develop or sell the properties on or before August 31, 2022.

As of the end of 2022, the Housing Authority has completed a Phase II Environmental Site Assessment Study, Asbestos, and Lead-based-Paint Analysis, a property appraisal, and retained broker representation to prepare Parcel 1 for sale. In June 2023, the City Council directed the Office of Economic Development to pause the potential sale of Parcel 1 to explore the potential development of Parcels 1-3. The City will be issuing a Request for Proposals in the spring of 2026 for high-density residential opportunities for Parcels 1-3.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 7 – DEVELOPMENT AND TAX SHARING AGREEMENTS

The City and former Redevelopment Agency have entered into the development agreements below to provide incentives to develop new businesses, new tax revenues and affordable housing.

A. *South Main Senior Lifestyles, LLC.*

In August 2009, the former Redevelopment Agency entered into a Disposition and Development Agreement with the South Main Senior Lifestyles, LLC (SMSL) to develop 180 units of “Continuum of Care Senior Housing” (Phase 1 Parcel), of which 63 units will be for very low and low-income households, and 207 units of family housing (Phase 2 Parcel) which will be market rate units. In accordance with the terms of the Agreement, the Agency will acquire the properties and resell them in two phases to the developer prior to construction, subject to certain conditions in the Agreement. In November 2009, the Agency purchased the properties along South Main Street in the amount of \$12,443,137. The sales price for the Phase 1 Parcel will be \$5,022,129, and the sales price for the Phase 2 Parcel will equal the greater of the fair market value of the Phase 2 Parcel as defined in the Agreement or \$7,377,871. In addition, the former Agency’s Housing Reserve Special Revenue Fund was to provide a grant in the amount of \$7.7 million to support the development and operation of the Phase 1 Parcel project.

In March 2011, the Economic Development Corporation assumed the obligations of the Disposition and Development Agreement and on October 18, 2011, a two-year extension to the Agreement was approved to include a more extensive high density residential development plan of sixty-three residential units available at affordable housing cost to income-qualified very low and low income households.

In November 2013, the Housing Authority amended the Disposition and Development Agreement. The amendment states the Authority will convey the properties with a carrying value of \$12,443,137 to the developer as a grant after certain requirements are fulfilled. In addition, the amendment also eliminates the \$7.7 million grant obligation included in the initial agreement. It further amended the number of affordable units from 63 to 48, all at the very low income level for seniors.

In June 2015, the Housing Authority amended the Disposition and Development Agreement to extend the deadline to convey the properties to the developer from November 19, 2015, to June 30, 2017. In April 2017, the Housing Authority amended the Disposition and Development Agreement to extend the deadline from June 30, 2017, to December 31, 2017. On April 5, 2018, the agreement was again amended to extend the deadline to the date on which the grant deed conveying the Phase 1 Parcel to the developer is recorded. In April 2018, the terms of the agreement were fulfilled and the properties were transferred to the developer.

In February 2018, the City entered into a reimbursement agreement with the developer to reimburse the developer for the full actual cost of the design and improvement to replace an existing 8-inch sanitary sewer pipe with a 12-inch pipe. As of June 30, 2025, the City has issued \$702,252 in reimbursements.

B. *Sales Tax Sharing Agreement*

In June 2009, the City entered into a Sales Tax Sharing Agreement with a corporation that provides process control for the semiconductor and related industries. Under the terms of the Agreement, the City agreed to pay the corporation 50% of the calendar year sales and use tax revenues paid by the corporation and collected by the State Board of Equalization for the City that exceed the tax base. The tax base is defined in the Agreement as the average amount of annual sales tax increment received by the City from the corporation for calendar years 2006, 2007 and 2008. The agreement terminates at the end of calendar year 2025. During the year ended June 30, 2025, the City issued \$200,257 of sales tax to the corporation during fiscal year 2025.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 7 – DEVELOPMENT AND TAX SHARING AGREEMENTS (Continued)

C. *Piper Montague Infrastructure Payment Cost Sharing Agreement*

In August 2009, the City entered into a four-party agreement with three developers in the Piper/Montague Subdistrict in which the developers agreed to share in the costs of infrastructure improvements, including street improvements, storm drain installation and a traffic signal, and certain storm water management facilities. Under the terms of the agreement, when one of the developers undertakes a project related to the shared infrastructure improvements or storm water facilities project, that developer receives TASP fee credits equal to the other two developers pro-rata share of the improvements. The other two developers are then to reimburse the City for those TASP fee credits through the payment of the Piper Montague Infrastructure Fee Payment (PMIP), when building permits are issued, as a surcharge to the TASP fee. In the event the developers do not pay the PMIP fees within seven years of the completion date of the improvements, then the City may levy assessments or collect Mello-Roos special taxes from the applicable properties for the applicable share of the improvements. The cost of the shared infrastructure improvements and storm water facilities project is estimated to total \$9.8 million. If a developer's TASP fee credits resulting from the installation of the shared infrastructure exceed its aggregate TASP Fee obligations, the developer is not entitled to a cash payment from the City, but they may be entitled to a credit against other development fees.

The developers completed the shared infrastructure of \$8,690,752 as of June 30, 2025.

D. *Milpitas Station (San Jose) Venture, LLLP*

In June 2014, the City entered into a Fee Credit Agreement with Milpitas Station (San Jose) Venture, LLLP, which requires the developer to pay TASP fees of \$9,932,643 to defray all or a portion of the improvements and facilities costs associated with the Milpitas Station Project. Under the terms of the agreement, the developer will be entitled to reimbursements totaling \$1,500,000 for construction costs for roadway improvements, pole relocation improvements, and railroad crossing improvements and a park land fee credit totaling \$4,244,486 for the park land dedication to be applied against projected TASP fees. During the year ended June 30, 2025, total reimbursements of \$5,986,485 have been issued to date.

E. *Anton Milpitas 730 LLC and 750 LLC*

In April 2018, the City entered into a Fee Reimbursement Agreement with Anton Milpitas 750 LLC and Anton Milpitas 730 LLC, which requires the developer to pay TASP fees of \$19,351,735 to defray all or a portion of the improvements and facilities costs associated with the 730 E. Capitol and 750 E. Capitol apartment complexes. Under the terms of the agreement, the developer will be entitled to reimbursements totaling \$7,443,619 for construction costs for parking and a variety of site improvements, including a public park. During the year ended June 30, 2025, the City did not issue park improvement credits; total fee credits of \$7,220,719 have been issued to date.

F. *LMC Milpitas Holdings I, LLC and Lennar Homes of California*

In July 2017, the City entered into a Fee Reimbursement Agreement with LMC Milpitas Holdings I LLC and Lennar Homes of California, which requires the developer to pay TASP fees of \$16,029,909 to defray all or a portion of the costs of public parks and public recycled water system. Under the terms of the agreement, the developer will be entitled to reimbursements totaling \$4,689,574 for construction and design costs for Montague Expressway and East Penitencia Creek. During the year ended June 30, 2025, no reimbursements were issued, and total reimbursements of \$4,030,688 have been issued to date.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 8 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for intangible right to use lease assets, the measurement of which is discussed in **Note 10** below. Contributed capital assets are valued at their estimated acquisition value on the date contributed. The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

The City has recorded all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems.

All capital assets with limited useful lives and the right to use leased assets are required to be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years is reported on the statement of net position as a reduction in the book value of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The general capitalization threshold is \$5,000. The City has assigned the useful lives below to capital assets:

	Useful Lives Years
Buildings and improvements	30
Other improvements	20
Machinery and equipment	10
Landscape system	50
Storm system	15-25
Street system	25
Traffic system	20
Water system	30-61
Sewer system	50
Capacity rights	32

Terrace Gardens, Inc. has assigned the following useful lives to its capital assets: Buildings, 50 years; Building improvements, 10-50 years; and Equipment, 5-7 years.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 8 – CAPITAL ASSETS (Continued)

A. Governmental Capital Asset Additions, Retirements and Balances

	Balance at June 30, 2024	Additions	Retirements/ Adjustments	Transfers	Balance at June 30, 2025
Capital assets not being depreciated:					
Land	\$97,439,105				\$97,439,105
Construction in progress	77,357,235	\$7,979,005	(\$572,372)	(\$1,537,232)	83,226,636
Total capital assets not being depreciated	174,796,340	7,979,005	(572,372)	(1,537,232)	180,665,741
Capital assets being depreciated:					
Buildings and improvements	173,371,133			1,278,692	174,649,825
Other improvements	39,689,988				39,689,988
Machinery and equipment	53,224,672	1,750,580	(2,141,385)		52,833,867
Landscape system	31,270,018	94,351			31,364,369
Storm system	75,570,189			258,540	75,828,729
Street system	335,407,887	5,419,271			340,827,158
Traffic system	22,204,595	1,140,472	(130,500)		23,214,567
Intangible Right-to-use subscription asset	823,502	1,484,231	(426,508)		1,881,225
Intangible Right-to-use lease asset		831,707			831,707
Total capital assets being depreciated	731,561,984	10,720,612	(2,271,885)	1,537,232	741,121,435
Less accumulated depreciation for:					
Buildings and improvements	(108,831,020)	(3,656,484)			(112,487,504)
Other improvements	(26,576,943)	(965,745)			(27,542,688)
Machinery and equipment	(40,299,465)	(1,681,092)	2,040,127		(39,940,430)
Landscape system	(18,301,264)	(630,781)			(18,932,045)
Storm system	(73,585,978)	(170,716)			(73,756,694)
Street system	(233,495,803)	(6,001,160)			(239,496,963)
Traffic system	(17,556,008)	(507,333)			(18,063,341)
Intangible Right-to-use subscription asset	(290,648)	(881,322)	426,508		(745,462)
Intangible Right-to-use leased asset		(166,341)			(166,341)
Total accumulated depreciation	(518,937,129)	(14,660,974)	2,040,127		(531,131,468)
Net capital assets being depreciated	212,624,855	(3,940,362)	(231,758)	1,537,232	209,989,967
Governmental activities capital assets, net	\$387,421,195	\$4,038,643	(\$804,130)		\$390,655,708

In fiscal year 2023, the City implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which required the City to record an intangible right-to-use subscription asset. As a result, a right-to-use subscription asset was recorded in the amount of \$1,881,225. As of June 30, 2025, the City has recorded a net intangible right-to use subscription asset amounting to \$1,135,763 with accumulated amortization of \$745,461. The subscription asset is offset with a subscription liability as discussed in Note 11.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 8 – CAPITAL ASSETS (Continued)

Governmental activities construction in progress comprised the following at June 30, 2025:

Project	Total Budget	Actual Costs	Unexpended Budget
Light Rail Median Landscaping	\$5,996,000	\$3,946,346	\$2,049,654
Second SCVWD Water Reservoir & Pump Station	200,000	2,165	197,835
Lower Penitencia Creek	2,425,000	635,639	1,789,361
Montague Pedestrian Overcrossing at Piper Drive	8,750,000	6,189,979	2,560,021
SCVWD Second Water Supply Turnout #2	100,000	689	99,311
Metro Area Police Substation	310,000	47,398	262,602
(Rmb) TASP Linear Trails	3,270,000	499,261	2,770,739
S. Milpitas Blvd. Veh. Bridge at Penitencia	6,400,000	2,816,817	3,583,183
Montague Ped. Overcrossing at Penitencia	3,500,000	2,699,930	800,070
(Rmb) Metro Recycled Water Distribution	605,000	605,000	
SCVWD Zone 1 Pressure Red. Valve	100,000	47	99,953
Trade Zone/Montague Park - Central	600,000	294,136	305,864
McCarthy Blvd Landscape	1,173,756	813,337	360,419
Fire Station Improvements	1,850,000	1,284,229	565,771
City Building Improvement	6,951,061	4,383,035	2,568,026
Sinclair LMD Improvements	276,625	154,234	122,391
City Building, Exterior Painting	600,000	239,992	360,008
PD Communications	3,001,000	2,955,072	45,928
City Building Roofing	1,250,000	900,298	349,702
Police Records Management	988,777	564,425	424,352
Citywide Park Playground	2,703,497	2,041,038	662,459
Annual Sidewalk, Curb & Gutter Repair	4,301,840	3,227,556	1,074,284
Technology Projects	2,015,000	1,683,123	331,877
Midtown Street Light	300,000	264,037	35,963
2017-19 Finance System Upgrade	1,250,000	1,100,549	149,451
Annual Tree Replacement Program	544,000	349,160	194,840
Fire Station #2 Replacement	13,302,800	13,300,328	2,472
Fire Station No. 1 Modular Building	1,120,000	466,398	653,602
Median Conversion Project	600,000	43,015	556,985
Citywide Electronic Record Management System	150,000		150,000
Community Center Roof Renovation	500,000	78	499,922
Community and Senior Center Energy Resilience Project	5,107,597	4,421,115	686,482
Cardoza Park Softball Fields Improvement	800,000	253,835	546,165
City Hall Air Handlers Replacement	2,500,000		2,500,000
Council Chamber AV System Replacement	800,000	799,876	124
Land Management System Replacement	1,500,000		1,500,000
Sport Center Football Bleacher Replacement	200,000	174,213	25,787
Gateway Signage	250,000	40,726	209,274
Bart Project-Storm Improvement	33,000	31,497	1,503
Flap Gate Replacement	500,000	29,132	470,868
Storm Drain System Rehab 17-19	2,616,410	1,237,134	1,379,276
Storm Supervisory Control & Data Acquisition	2,416,590	2,400,000	16,590
Alviso Adobe Renovation	8,359,272	8,307,847	51,425
McCandless Park	12,154,820	11,103,115	1,051,705
Sports Fields Turf Rehabilitation Program	776,000	170,892	605,108
Sandalwood Park Renovation	475,000	417,899	57,101
Minor Sports Courts Rehabilitation	1,200,000	808,558	391,442
Pickleball Improvement	100,000	27,208	72,792
Tyler Implementaion Stage (SBITA)	5,360,500	1,496,278	3,864,222
Total construction in progress	<u>\$120,283,545</u>	<u>\$83,226,636</u>	<u>\$37,056,909</u>

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 8 – CAPITAL ASSETS (Continued)

B. Business-Type Capital Asset Additions, Retirements and Balances

	Balance at June 30, 2024	Additions	Balance at June 30, 2025
Capital assets not being depreciated:			
Land	\$1,133,079		\$1,133,079
Construction in progress	36,600,390	\$6,764,589	43,364,979
Total capital assets not being depreciated	37,733,469	6,764,589	44,498,058
Capital assets being depreciated:			
Distribution facilities	81,197,041		81,197,041
Water Service lines	18,427,501		18,427,501
Sewer lines	88,483,504		88,483,504
Capacity rights	126,645,826	2,661,657	129,307,483
Intangible Right to use subscription asset		176,652	176,652
Total capital assets being depreciated	314,753,872	2,838,309	317,592,181
Less accumulated depreciation for:			
Distribution facilities	(58,631,516)	(1,192,283)	(59,823,799)
Water Service lines	(8,719,101)	(387,965)	(9,107,066)
Sewer lines	(56,629,563)	(1,259,877)	(57,889,440)
Capacity rights	(41,567,015)	(3,973,504)	(45,540,519)
Intangible Right to use subscription asset		(88,326)	(88,326)
Total accumulated depreciation	(165,547,195)	(6,901,955)	(172,449,150)
Net capital assets being depreciated	149,206,677	(4,063,646)	145,143,031
Business-type activities capital assets, net	\$186,940,146	\$2,700,943	\$189,641,089

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 8 – CAPITAL ASSETS (Continued)

Business-type activities construction in progress comprised the following at June 30, 2025:

Project	Total Budget	Actual Costs	Unexpended Budget
Bart Project-Sewer Improvement	\$243,323	\$242,704	\$619
Sewr Pump Station Rehab. Prgm	2,052,000	775,790	1,276,210
Minor Sewer Projects	313,000	144,501	168,499
Sanitary Supervisory Control & Data	316,600	300,000	16,600
Main Lift Station Odor Emmissions Control	2,450,000	2,415,808	34,192
Sanitary Sewer CCTV Inspections & Improvements	1,517,996	8,451	1,509,545
Forcemain "A" Project	2,940,000	240,048	2,699,952
Well Upgrade Program	15,990,000	7,129,441	8,860,559
Water Syst Seismic Im	4,382,781	2,056,048	2,326,733
Hydrant Replacement	836,360	658,248	178,112
Demsey Rd Water Line	7,857,772	3,340,981	4,516,791
Automated Water Meter Replace	14,380,661	14,379,467	1,194
BART Project-Water Improvement	2,503,920	2,319,357	184,563
Supervisory Control & Data Acquisition	6,516,600	6,425,785	90,815
Minor Water Projects	3,446,000	2,541,972	904,028
Water Leak Detection & Condition Assessment Program	600,000	386,378	213,622
Asset Renewal and Replacement Program	500,000		500,000
Pinewood Well Facility Rehabilitation Project	500,000		500,000
Pressure Reducing Valve Station Relocation Project	465,000		465,000
Sunnyhills Turnout Rehabilitation Project	1,165,000		1,165,000
	<u>\$68,977,013</u>	<u>\$43,364,979</u>	<u>\$25,612,034</u>

C. Terrace Gardens, Inc.'s Capital Assets

The following is a summary of Terrace Gardens Inc.'s changes in capital assets for the fiscal year ended December 31, 2024:

	Balance December 31, 2023	Additions	Retirement	Balance December 31, 2024
Capital assets not being depreciated:				
Land	\$1,565,277			\$1,565,277
Total capital assets not being depreciated	<u>1,565,277</u>			<u>1,565,277</u>
Capital assets being depreciated:				
Buildings	12,107,935			12,107,935
Furniture	793,080		(\$351,991)	441,089
Office equipment	72,216			72,216
Improvements	2,803,128	\$719,191		3,522,319
Total capital assets being depreciated	<u>15,776,359</u>	<u>719,191</u>	<u>(351,991)</u>	<u>16,143,559</u>
Less accumulated depreciation	<u>(10,744,262)</u>	<u>(363,839)</u>		<u>(11,108,101)</u>
Net capital assets being depreciated	<u>5,032,097</u>	<u>355,352</u>	<u>(351,991)</u>	<u>5,035,458</u>
Total capital assets, net	<u>\$6,597,374</u>	<u>\$355,352</u>	<u>(351,991)</u>	<u>\$6,600,735</u>

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 8 – CAPITAL ASSETS (Continued)

D. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

General Government	\$593,256
Public Works	7,692,248
Engineering	2,282,149
Recreation and Community Services	1,271,472
Police	31,948
Fire	327,106
Internal Service Fund	1,415,133
Intangible Right-to-use subscription asset	881,321
Intangible Right-to-use leased asset	166,341
Total Governmental Activities	\$14,660,974
Business-Type Activities:	
Water Utility	\$1,624,411
Sewer Utility	5,189,218
Intangible Right-to-use subscription asset	88,326
Total Business-Type Activities	\$6,901,955
Discretely Presented Component Unit:	
Terrace Gardens, Inc.	\$355,968

E. Sewer Treatment Capacity Rights

The City has a contract with the San Jose/Santa Clara Wastewater Treatment Plant, known as the Regional Wastewater Facility (RWF), which gives Milpitas and other tributary agencies rights to a percentage of the capacity of their sewage treatment facilities. The contract terminates in 2031 and requires the City to pay its share of operations, capital expenses and debt service on the treatment plant. The City also pays capital costs based on allocated flow capacity rights of 14.25 million gallons per day or about 8.53% of the total plant capacity, 167 million gallons per day. The City has capitalized its share in the amount of \$129,307,484. The operation and maintenance costs are calculated based upon actual sewage flow and strengths. In fiscal year 2025, the City's operation and maintenance share was approximately 5.745% of the total RWF operations.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 9 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

A. Current Year Transactions and Balances

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

	Original Issue Amount	Balance June 30, 2024	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities Debt - Direct Borrowing:					
2020 General Fund Lease Revenue Bonds					
4.0%, due June 1, 2041	\$18,445,000	\$17,180,000	\$570,000	\$16,610,000	\$625,000
Plus: Unamortized bond premium		2,952,489	173,676	2,778,813	
	<u>\$18,445,000</u>	<u>\$20,132,489</u>	<u>\$743,676</u>	<u>\$19,388,813</u>	<u>\$625,000</u>
Business-type Activities Debt					
Wastewater Revenue Refunding Bonds, 2017 Series					
2.0% - 5.0%, due November 1, 2026	\$4,725,000	\$1,765,000	\$560,000	\$1,205,000	\$590,000
Plus: Unamortized bond premium		212,567	70,855	141,712	
Wastewater Revenue Bonds, 2019 Series					
4.0% - 5.0%, due November 1, 2049	29,840,000	27,870,000	560,000	27,310,000	585,000
Plus: Unamortized bond premium		4,579,553	183,182	4,396,371	
Water Revenue Bonds, 2019 Series					
4.0% - 5.0%, due June 1, 2049	17,210,000	15,825,000	340,000	15,485,000	355,000
Plus: Unamortized bond premium		2,551,777	102,071	2,449,706	
Total Business-Type Activities	<u>\$51,775,000</u>	<u>\$52,803,897</u>	<u>\$1,816,108</u>	<u>\$50,987,788</u>	<u>\$1,530,000</u>

B. 2020 General Fund Lease Revenue Bonds

On November 10, 2020, the Milpitas Municipal Financing Authority issued the 2020 Lease Revenue Bonds (Capital Projects) in the original principal amount of \$18,445,000 to provide funds to finance a portion of the Fire Station No. 2 Replacement project and variety of energy improvement projects. The Bonds bear interest rates of 4.0 %. Interest is payable every June 1 and December 1 beginning on June 1, 2021. Principal on the bonds will be payable on June 1 beginning on June 1, 2022 through 2037, followed by a term bond which will be due June 1, 2041. The Bonds were structured with a par optional redemption date of June 1, 2030. Bonds maturing on June 1, 2041 are subject to mandatory redemption.

C. Wastewater Revenue Refunding Bonds, Series 2017

On December 4, 2017, the City issued Wastewater Revenue Refunding Bonds, Series 2017, in the original principal amount of \$4,725,000 to provide funds to prepay an Installment Sale Agreement between the City and the Milpitas Public Financing Authority, thereby defeasing and prepaying all the Certificates of Participation (COP) 2006 Series A and to pay the cost of issuing the 2017 Bonds. The 2006 COPs were called in January 2018. Principal on the 2017 Bonds is payable annually and interest is payable semi-annually through 2027. The 2017 Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the City all payments due on the 2017 Bonds, and the City will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

The 2017 Bonds are pledged by net revenues from the City Sewer System.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 9 – LONG-TERM DEBT (Continued)

D. Wastewater Revenue Bonds, Series 2019

On October 22, 2019, the Milpitas Municipal Financing Authority issued Wastewater Revenue Bonds, Series 2019, in the original principal amount of \$29,840,000 to provide funds for certain improvements to the City's wastewater system. The Bonds bear interest rates of 4.0% to 5.0%. Interest is payable every May 1 and November 1 beginning on May 1, 2020. Principal on the bonds will be payable on November 1 beginning on November 1, 2020 through 2039, followed by a term bond which will be due on November 1, 2049. The Bonds were structured with a par optional redemption date of May 1, 2029. Bonds maturing on May 1, 2049 are subject to mandatory redemption. The Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the City all payments due on the Bonds, and the City will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

The 2019 Bonds are pledged by net revenues from the City's Wastewater System and are on parity with the 2017 Bonds. For the fiscal year 2025, net revenues amounted to \$17,680,137 which represented coverage of 7.27 over the \$2,427,200 debt service of both bond issues.

E. Water Revenue Bonds, Series 2019

On October 24, 2019, the Milpitas Municipal Financing Authority issued Water Revenue Bonds, Series 2019, in the original principal amount of \$17,210,000 to provide funds to the City for certain improvements to the City's water system. The Bonds bear interest of 4.0% to 5.0% and interest is payable every June 1 and December 1 beginning on June 1, 2020. Principal on the bonds will be payable on June 1 beginning on June 1, 2020 through 2039, followed by term bonds that are due June 1, 2044 and June 1, 2049 respectively. The Bonds were structured with a par optional redemption date of June 1, 2029. Bonds maturing on June 1, 2044 and June 1, 2049 are subject to mandatory redemption.

The Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the City all payments due on the Bonds, and the City will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

The Bonds are collateralized by net revenues from the City's Water System. For fiscal year 2025, net revenues amounted to \$9,433,132 which represented coverage of 9.04 over the \$1,046,450 debt service.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 9 – LONG-TERM DEBT (Continued)

F. Debt Service Requirements

Annual debt service requirements are shown below:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Revenue Bonds		Revenue Bonds	
	Total Principal	Total Interest	Total Principal	Total Interest
2026	\$625,000	\$664,400	\$1,530,000	\$1,939,275
2027	735,000	639,400	1,605,000	1,861,400
2028	830,000	610,000	1,040,000	1,795,775
2029	870,000	576,800	1,095,000	1,742,900
2030	900,000	542,000	1,150,000	1,687,275
2031-2035	5,075,000	2,139,600	6,660,000	7,501,375
2036-2040	6,190,000	1,038,800	8,490,000	5,633,500
2041-2045	1,385,000	55,400	10,595,000	3,539,500
2046-2050			11,835,000	1,215,800
	16,610,000	<u>\$6,266,400</u>	44,000,000	<u>\$26,916,800</u>
Plus: Unamortized bond premium	<u>2,778,813</u>		<u>6,987,788</u>	
	<u>\$19,388,813</u>		<u>\$50,987,788</u>	

NOTE 10 – LEASES

A. Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of \$500,000 or more for all funds, except for Capital Project Funds which the threshold is set lower at \$300,000, based on the future lease payments remaining at the start of the lease.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 10 – LEASES (Continued)

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

The City is a lessee for miscellaneous leases. If the lease is over the threshold, the City will recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, City generally uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that City is reasonably certain to exercise.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 10 – LEASES (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

As of June 30, 2025, the City has one lease for an Automated License Plate Reader (ALPR) Camera subject to GASB 87 as a lessee.

B. Leases Receivable (City as Lessor)

The summary for the leases details and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2025 were:

Property Location	Original Lease Date	Original Term (Years)	Extension (Years)	Expiration Date Including Options	Monthly Revenue as of June 30,	Lease Receivable Balance at June 30, 2025	Deferred Inflow of Resources at June 30, 2025
Fire Station No. 1 Grounds, 777 So. Main Street, Milpitas, CA 95035	6/6/2012	15	25	6/6/2052	\$2,190	\$837,392	\$751,770
HWY680 on CALAVERAS	2/1/2019	5	20	2/1/2044	2,893	702,073	633,438
Freeway Sign on 950	8/17/2010	10	30	8/17/2050	8,827	2,062,104	2,015,037
Advertising display on the property	7/30/2013	30	30	7/30/2073	15,090	9,435,907	8,586,251
Total					<u>\$29,000</u>	<u>\$13,037,476</u>	<u>\$11,986,496</u>

The future principal and interest lease receivables as of June 30, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2026	\$74,208	\$276,992	\$351,200
2027	82,442	275,332	357,774
2028	91,034	273,493	364,527
2029	99,997	271,467	371,464
2030	109,343	269,246	378,589
2031 - 2035	701,294	1,305,517	2,006,811
2036 - 2040	1,000,611	1,215,693	2,216,304
2041 - 2045	1,276,734	1,091,897	2,368,631
2046 - 2050	1,439,797	950,749	2,390,546
2051– 2055	1,116,867	808,922	1,925,789
2056 – 2060	1,337,678	683,783	2,021,461
2061 – 2065	1,767,585	519,511	2,287,096
2066 – 2070	2,282,518	305,121	2,587,639
2071 - 2074	1,657,368	55,699	1,713,067
Totals	<u>\$13,037,476</u>	<u>\$8,303,422</u>	<u>\$21,340,898</u>

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 10 – LEASES (Continued)

Fire Station No. 1 Grounds

As shown in the summary table, the City leases a portion of the Tower Leases Area at 777 South Main Street to Capital Telecom Acquisition LLC. The original lease terms were 15 years with a 25-year extension. As of June 30, 2025, the leases had 27 years remaining. The City recognized \$7,613 in lease revenue and \$17,926 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

HWY 680 on CALAVERAS

As shown in the summary table, the City leases a portion of the parcel at 1325 E. Calaveras Blvd. to American Tower. The original lease terms were five years with a 20-year extension. As of June 30, 2025, the leases had 19 years remaining. The City recognized \$19,287 in lease revenue and \$15,179 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

Freeway Sign on 950 Thompson

As shown in the summary table, the City leases the Piercey Toyota dealership site at 950 Thompson Street to Milpitas Auto Properties LLC. The original lease terms were 10 years with a 30-year extension. As of June 30, 2025, the leases had 25 years remaining. The City recognized \$61,291 in lease revenue and \$44,632 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

Advertising display on the property

As shown in the summary table, the City leases parcels for purpose of advertising to be visible from the US interstate 880 to Clear Channel. The original lease terms were 30 years with a 30 year extension. As of June 30, 2025, the leases had 48 years remaining. The City recognized \$178,872 in rental revenue related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

C. Leases Payable (City as Lessee)

A summary of the lease payable transactions for the fiscal year ended June 30, 2025, are as follows:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities					
Automated License Plate Readers (ALPR)	\$0	\$831,707	\$239,815	\$591,892	\$110,860
Total Leases Payable	\$0	\$831,707	\$239,815	\$591,892	\$110,860

Automated License Plate Readers (ALPR)

The City entered into a five-year lease agreement as lessee for the use of automated license plate reader cameras that commenced in July 2024. An initial lease liability was recorded in the amount of \$831,707. As of June 30, 2025, the value of the lease liability was \$591,892. The City is required to make annual principal and interest payments of \$127,500. The lease bears the City's incremental borrowing rate of 3.043%. The value of the right-to-use asset as of the end of the current fiscal year was \$665,366, which is net of accumulated amortization of \$166,341.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 10 – LEASES (Continued)

The future principal and interest lease payments as of June 30, 2025, were as follows:

For the Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$110,860	\$16,640	\$127,500
2027	114,281	13,219	127,500
2028	117,808	9,692	127,500
2029	248,943	6,057	255,000
Total	<u>\$591,892</u>	<u>\$45,608</u>	<u>\$637,500</u>

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A summary of subscription-based information technology arrangements (SBITA) transactions for the fiscal year ended June 30, 2025, are as follows:

	Balance June 30, 2024	Remeasurement / Adjustment	Additions	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities						
Subscription Liabilities						
Microsoft 365 - CDW Government LLC	\$413,126	(\$269,842)		(\$143,284)		
Microsoft 365 - SHI International Corp.			\$501,820	(168,815)	\$333,005	\$164,244
Cayenta			392,656	(186,810)	205,846	205,846
Mark 43			986,749	(685,416)	301,333	148,377
Subtotal	<u>\$413,126</u>	<u>(\$269,842)</u>	<u>\$1,881,225</u>	<u>(\$1,184,325)</u>	<u>\$840,184</u>	<u>\$518,467</u>
Business Activities						
Subscription Liabilities						
Cayenta			\$176,653	(\$86,797)	\$89,856	\$89,856
Total	<u>\$413,126</u>	<u>(\$269,842)</u>	<u>\$2,057,878</u>	<u>(\$1,271,122)</u>	<u>\$930,040</u>	<u>\$608,323</u>

In March 2022, the City entered into a three-year SBITA for the purchases of software and software services for Microsoft 365. An initial subscription liability was recorded in the amount of \$842,113 during fiscal year 2023, at the time the subscription was placed into service. Implementation costs and prepayments made on the subscription were included in the measurement of the liability during the year ended June 30, 2023. The contract with CDW Government, LLC ended in February 2025, and the City decided not to renew.

In March 2025, the City entered into a three-year SBITA agreement with SHI International Corporation for the purchase of software and related services for Microsoft 365. An initial subscription liability of \$501,820 was recorded. Implementation costs and prepayments made on the subscription were included in the measurement of the liability during fiscal year 2025.

In July 2020, the City entered into a six-year agreement for Cayenta support and maintenance services with N. Harris Computer Corporation. The first amendment took place in November 2023, extending the contract for another year. The second and current amendment was entered into as of October 2024, extending the contract for an additional two years. An initial subscription liability was recorded in the amount of \$569,309, with \$392,656 in governmental fund and \$176,653 in proprietary fund.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (Continued)

In June 2021, the City entered into a six-year agreement for software license and services with Mark 43, Incorporated. The first amendment took place on June 2022, and the second and current amendment was entered into as of October 2022 to add additional software services. An initial subscription liability was recorded in the amount of \$986,749.

As of June 30, 2025, the value of the subscription liability was \$930,043, with \$840,184 in governmental fund and \$89,856 in proprietary fund. The City is required to make annual principal and interest payments throughout the life of the subscription. The subscription has an interest rate of 2.72%. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 8.

The future subscription and interest subscription payments as of June 30, 2025 follows:

Governmental Activities:

For the Year Ended June 30	Principal	Interest	Total
2026	\$518,467	\$17,829	\$536,296
2027	321,717	7,800	329,517
Subtotal	<u>\$840,184</u>	<u>\$25,629</u>	<u>\$865,813</u>

Business Activities:

For the Year Ended June 30	Principal	Interest	Total
2026	\$89,856	\$407	\$90,263
Totals	<u>\$930,040</u>	<u>\$26,036</u>	<u>\$956,076</u>

NOTE 12 – NET POSITION AND FUND BALANCES

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash, receivables and deferred outflows of resources, less its liabilities and deferred inflows of resources. Portions of a fund's balance may be restricted, committed or assigned for future expenditure.

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis, as explained in Note 1D.

A. Net Position

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only for proprietary funds and at the Government-wide level, and are described below:

Net Investment in Capital Assets and Capacity Rights, describes the portion of Net Position which is represented by the current net book value of the City's capital assets and capacity rights, less the outstanding balance of any debt issued to finance these assets.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects and redevelopment funds restricted for community development activities.

Unrestricted describes the portion of Net Position which is not restricted as to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash, receivables and deferred outflows of resources, less its liabilities and deferred inflows of resources.

The City fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Assets not expected to be converted to cash, such as prepaids, notes receivable, and property held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Intent is expressed by the City Council and may be changed at the discretion of the City Council. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose; and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2025, are below:

Fund Balance Classifications	General Fund	Major Special	Major Capital Projects		General Government Projects Fund	Other Governmental Funds	Total
		Revenue Fund Housing Authority	Street Improvement Fund	Transit Area Impact Fee Fund			
Nonspendable:							
Loans receivable							
Prepays, materials, supplies and deposits	\$950,516					\$30,615	\$981,131
Property held for resale	4,200,000						4,200,000
Subtotal Nonspendable	5,150,516					30,615	5,181,131
Restricted for:							
Programs and Maintenance			\$5,501,784			8,733,382	14,235,166
Housing and community development		\$41,534,342				3,824,563	45,358,905
Law enforcement services						99,421	99,421
Solid waste reduction and services						2,474,794	2,474,794
Assessment district services						3,926,092	3,926,092
Hetch-Hetchy ground lease						1,537,578	1,537,578
Community planning						218,820	218,820
Community benefits						450,566	450,566
Affordable housing						4,063,295	4,063,295
Affordable housing unrestricted						3,305,287	3,305,287
Park improvement projects						8,978,783	8,978,783
Storm drain projects						7,952,147	7,952,147
General government projects							
Transit area capital projects				\$71,618,683			71,618,683
Subtotal Restricted		41,534,342	5,501,784	71,618,683		45,564,728	164,219,537
Committed to:							
PERS stabilization	7,252,035						7,252,035
Artificial turf replacement	1,900,000						1,900,000
Technology replacement	400,000						400,000
Facilities replacement	3,178,939						3,178,939
Subtotal Committed	12,730,974						12,730,974
Assigned to:							
Change in investment market values							
Uninsured claims payable	3,408,154						3,408,154
Public art projects						1,312,511	1,312,511
Contracts	1,820,411						1,820,411
General government capital projects					\$28,262,193		28,262,193
Other assigned	2,249,648						2,249,648
Subtotal Assigned	7,478,213				28,262,193	1,312,511	37,052,917
Unassigned:							
General Fund							
Contingency reserve	23,431,786						23,431,786
Budget stabilization	23,431,786						23,431,786
Future deficit	920,172						920,172
ERAF reserve	2,764,788						2,764,788
Strategic Property Acquisition Revenue	710,248						710,248
Community Investment Program	1,970,801						1,970,801
Unassigned	10,862,102						10,862,102
Subtotal Unassigned	64,091,683						64,091,683
Total fund balances	\$89,451,386	\$41,534,342	\$5,501,784	\$71,618,683	\$28,262,193	\$46,907,854	\$283,276,242

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

C. Fund Balance Policies

The City's Fiscal Policies, which are annually approved as part of the adoption of the budget, prescribes the City's fund balance requirements and targets.

- 1) 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)**
 - Pension budgetary surplus allocated to the 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)**
 - 30% General Government Capital Improvement Fund
 - 20% Storm Drain Fund
 - 10% Affordable Housing
 - 10% Transportation/transit
 - 15% Technology Replacement
 - 10% SPAR (Strategic Property Acquisition Revenue) (Policy #57)
 - 5% Unassigned
- 2) 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. The City Council will set the reserve amount annually after the results of the prior fiscal year's Annual Comprehensive Financial Report (ACFR) are known. For the year ended June 30, 2025, the reserve is set at \$20,809,168 and classified in the unassigned fund balance.
- 3) 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. The City Council will set the reserve amount annually after the results of the prior fiscal year's Annual Comprehensive Financial Report (ACFR) are known. For the year ended June 30, 2025, the reserve is set at \$20,809,168 and classified in the unassigned fund balance.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

- 4) 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 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 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 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.
- 5) 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 to eliminate large spikes in capital expenses and normalize annual costs.
- 6) 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.
- 7) 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.
- 8) The City will maintain a Storm Drain replacement reserve to replace and repair storm drain pump stations. The City will endeavor to transfer \$500,000 annually from the General Fund to the Storm Drain Fund for this purpose.
- 9) The City will maintain a General Liability and Workers' Compensation Claims Reserve of \$2 million in the General Fund, which will be reviewed for adjustments annually.
- 10) Other reserves designated in the General Fund for investment portfolio market gain and uninsured claims payable will be calculated adjusted annually at appropriate levels.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

- 11) 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 Annual Comprehensive Financial Report (ACFR) are known. For the year ended June 30, 2025, the capital reserve for the Water Operating Fund is set at \$8,638,318 and for the Sewer Operating Fund at \$4,794,755.
- 12) 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 re-balanced 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 Annual Comprehensive Financial Report (ACFR) 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.
- 13) The City will maintain \$2 million infrastructure replacement funds in both the Water and Sewer Utility Enterprise Funds. 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.
- 14) The City will maintain a capital reserve in the Equipment Management 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.

D. Net Investment In Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2025:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, Net of Accumulated Depreciation	\$390,655,708	\$189,641,089	\$580,296,797
Less Capital Debt	(20,820,889)	(50,987,788)	(71,808,677)
Plus Unspent Bond Proceeds	101,523	73,242	174,765
	<u>\$369,936,342</u>	<u>\$138,726,543</u>	<u>\$508,662,885</u>

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 13 – PENSION PLANS

A. General Information

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous		
	Classic Tier I	Classic Tier II	PEPRA
	Prior to October 9, 2011	After October 9, 2011	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.092% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.0%	7.0%	7.5%
Required employer contribution rates	10.37%	10.37%	10.37%
Required Unfunded Actuarial Liability Contribution		\$7,893,441	

	Safety		
	Classic Tier I	Classic Tier II	PEPRA
	Prior to April 8, 2012	After April 8, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% - 3%	2.0% - 2.7%
Required employee contribution rates	9%	9%	11.75%
Required employer contribution rates	20.19%	20.19%	20.19%
Required Unfunded Actuarial Liability Contribution		\$12,643,155	

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 13 – PENSION PLANS (Continued)

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis, or the City can elect a lump sum payment option. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans for the year ended June 30, 2025, were \$7,893,441 and \$12,643,155, respectively, which were made under the lump sum payment option.

Employees Covered – The following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2023 and measurement date of June 30, 2024:

	Miscellaneous			Safety		
	Classic Tier I	Classic Tier II	PEPRA Tier	Classic Tier I	Classic Tier II	PEPRA Tier
Inactive employees or beneficiaries currently receiving benefits	474			270		
Inactive employees entitled to but not yet receiving benefits	386			29		
Active employees	74	10	167	63	9	79
Total	934	10	167	362	9	79

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. If the City made additional UAL payments in FY21, FY22 or FY23, CalPERS may have issued letters subsequent to the FY21 Actuarial Valuation to revise the required UAL payment amounts.

In May 2021, the City established a Section 115 irrevocable trust to set aside funds to meet the City's future pension contributions or unfunded liabilities. The Trust is owned and monitored by the City but externally managed by investment professionals. In June 2021, the City transferred \$35.4 million to the Trust, and as of June 30, 2025, the City reported the account balance of the trust of \$40,247,522. This amount has been reported as cash and investments in the Pension Section 115 Internal Service Fund.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 13 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities as of the June 30, 2024 measurement date were determined using the following actuarial assumptions:

	Miscellaneous and Safety (1)
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(2)
Investment Rate of Return	6.90% (3)
Mortality	Derived using CalPERS Membership Data for all Funds (4)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

- (1) Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II, and PEPRA)
(2) Varies by entry age and service
(3) Net of pension plan investment expenses, including inflation
(4) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2023 valuation was based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website at www.calpers.ca.gov.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 13 – PENSION PLANS (Continued)

The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return (1), (2)
Global Equity-Cap Weighted	30.0%	4.54%
Global Equity-Non-Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2023 (Measurement Date)	\$299,465,454	\$204,941,414	\$94,524,040
Changes in the year:			
Service cost	4,906,642		4,906,642
Interest on the total pension liability	20,495,673		20,495,673
Differences between actual and expected experience	3,449,920		3,449,920
Changes of assumptions			
Changes in benefit terms			
Contribution - employer		10,021,582	(10,021,582)
Contribution - employee		2,380,561	(2,380,561)
Net Plan to Plan Resource Movement			
Net investment income		19,635,969	(19,635,969)
Administrative expenses		(166,761)	166,761
Other Miscellaneous Income/(Expense)			
Benefit payments, including refunds of employee contributions	(16,659,881)	(16,659,881)	
Net changes	12,192,354	15,211,470	(3,019,116)
Balance at June 30, 2024 (Measurement Date)	\$311,657,808	\$220,152,884	\$91,504,924

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 13 – PENSION PLANS (Continued)

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2023 (Measurement Date)	\$442,473,974	\$277,199,543	\$165,274,431
Changes in the year:			
Service cost	7,878,824		7,878,824
Interest on the total pension liability	30,227,860		30,227,860
Differences between actual and expected experience	3,842,917		3,842,917
Changes of assumptions			
Changes in benefit terms			
Contribution - employer		16,708,481	(16,708,481)
Contribution - employee		3,369,456	(3,369,456)
Net Plan to Plan Resource Movement			
Net investment income		26,690,229	(26,690,229)
Administrative expenses		(225,558)	225,558
Other Miscellaneous Income/(Expense)			
Benefit payments, including refunds of employee contributions	(24,342,730)	(24,342,730)	
Net changes	17,606,871	22,199,878	(4,593,007)
Balance at June 30, 2024 (Measurement Date)	\$460,080,845	\$299,399,421	\$160,681,424
Grand Totals - Both Plans	\$771,738,653	\$519,552,305	\$252,186,348

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$131,591,499	\$221,681,328
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$91,504,924	\$160,681,424
1% Increase	7.90%	7.90%
Net Pension Liability	\$58,395,776	\$110,525,732

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 13 – PENSION PLANS (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the City recognized pension expense of \$14,683,606 for the Miscellaneous Plan and \$22,764,745 for the Safety Plan, for total pension expense of \$37,448,351. On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions after the measurement date	\$11,363,676	
Differences between actual and expected experience	3,223,746	
Changes of assumptions		
Net differences between projected and actual earnings on plan investments	3,047,405	
Total	\$17,634,827	\$0

General Fund typically has been used in prior years to liquidate pension liabilities.

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions after the measurement date	\$18,294,494	
Differences between actual and expected experience	6,957,695	
Changes of assumptions	4,811,261	
Net differences between projected and actual earnings on plan investments	4,055,917	
Total	\$34,119,367	\$0
Grand Totals - Both Plans	\$51,754,194	\$0

\$29,658,170 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization	
	Miscellaneous	Safety
2025	\$2,086,099	\$5,458,776
2026	6,219,237	11,041,329
2027	(903,105)	442,128
2028	(1,131,080)	(1,117,360)
	\$6,271,151	\$15,824,873

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 13 – PENSION PLANS (Continued)

E. Public Agency Retirement System

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan.

The City part-time, seasonal and temporary employees are covered under the Public Agency Retirement System (PARS), a defined contribution plan, which requires these employees to contribute 6% and the City to contribute 1.5% of the employees pay plus administration costs.

The City required contributions of \$28,018 and the employee's required contributions of \$18,458 were made during the fiscal year ending June 30, 2025.

NOTE 14 – EMPLOYEE BENEFITS

A. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not City property and not subject to City control, they are excluded from these financial statements.

B. Retiree Medical Benefits

The liability for explicit subsidy benefits for the dependents of City retirees were previously included together with other City plan OPEB liabilities. However, the City was also contributing directly toward the cost of these dependent benefits by making negotiated contributions determined as a percentage of payroll for active employees in each bargaining group, effectively contributing twice. Beginning with fiscal year 2020, the total OPEB liability for these dependent fund benefits is now being determined and reported separately. Further discussion is included in Note 13C and 13D.

The City provides postretirement health care benefits through its defined benefit Retiree Medical Benefits Agent Multiple-employers Plan to employees who retire in good standing from the City after attaining the age of 50 and to certain employees who retire due to disability. As of June 30, 2025, there were 347 participants receiving these health care benefits.

The City joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

To qualify for postemployment medical and dental benefits an employee must retire from the City and maintain enrollment in one of the City eligible health plans. In addition, there are eligibility rules and contribution requirements defined in the Memorandum of Understanding (MOU) with each employee group. In the MOUs, the Benefit Cap is defined as not more than the single medical premium rate paid by the City for active employees, and the Retiree Cap is 15% above the single Kaiser medical premium rate. The eligibility rules for each MOU are summarized below, starting with benefits for retirees, followed by benefits for dependents.

Medical Benefit for Retirees:

	Hire/Retirement Date	Date of Retirement	Eligibility Rule (Continuous Years of Service)	City Contribution Requirement
Professional / Technical (PROTECH)	Before July 1, 1995	Before June 30, 1989	n/a	PEMHCA Minimum Only
		After July 1, 1990 but before September 1, 2002	Less than 5	PEMHCA Minimum Only
			At least 5	Any employee only medical premium rate
		After August 31, 2002	Less than 5	PEMHCA Minimum Only
			At least 5	Benefit Cap
	After June 30, 1995	Any	Less than 5	PEMHCA Minimum Only
			5 but less than 9	Up to 25% of the Benefit cap
			9 but less than 14	Up to 50% of the Benefit Cap
			14 but less than 19	Up to 75% of the Benefit Cap
			At least 19	Up to 100% of the Benefit Cap
Mid-Management and Confidential (LIUNA) (Began 9/2003)	Before July 1, 1995	Any	Less than 5	PEMHCA Minimum Only
			At least 5	Benefit cap
	After June 30, 1995	Any	Less than 5	PEMHCA Minimum Only
			5 but less than 9	Up to 25% of the Benefit Cap
			9 but less than 14	Up to 50% of the Benefit Cap
			14 but less than 19	Up to 75% of the Benefit Cap
Unrepresented Miscellaneous and Fire*	Before July 1, 1995	Before January 1, 1989	n/a	PEMHCA Minimum Only
		After July 1, 1990 but before September 1, 2002	Less than 5	PEMHCA Minimum Only
			At least 5	Any employee only medical premium rate
		After August 31, 2002	Less than 5	PEMHCA Minimum Only
			At least 5	Benefit cap
	After June 30, 1995	Any	Less than 5	PEMHCA Minimum Only
			5 but less than 10	Up to 25% of the Benefit Cap
			10 but less than 15	Up to 50% of the Benefit Cap
			15 but less than 20	Up to 75% of the Benefit Cap
			At least 20	Up to 100% of the Benefit Cap

- In the grid above and on the following pages, “Benefit Cap” refers to the single medical premium rate paid by the City for active employees, currently Kaiser.
- “Retiree Cap” refers to 115% of the Benefit Cap.
- Upon reaching Medicare, the City contributes up to 100% of the employee only Medicare rates. “Vesting” percentages still apply.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Medical benefits for retirees (continued):

Hire/Retirement Date		Date of Retirement		Eligibility Rule (Continuous Years of Service)	City Contribution Requirement
Unrepresented Police ONLY*	Before July 1, 1995	Before January 1, 1989	n/a		PEMHCA Minimum Only
		After December 31, 1988 but before July 1, 2003	Less than 5		PEMHCA Minimum Only
			At least 5		Any employee only medical premium rate
		After June 30, 2003	Less than 5		PEMHCA Minimum Only
			At least 5		Retiree Cap
	After June 30, 1995	Any	Less than 5		PEMHCA Minimum Only
			5 but less than 10		Up to 25% of the Retiree Cap
			10 but less than 15		Up to 50% of the Retiree Cap
			15 but less than 20		Up to 75% of the Retiree Cap
			At least 20		Up to 100% of the Retiree Cap
Fire Safety (IAFF)	Before January 1, 1995	Before January 1, 1990	n/a		PEMHCA Minimum Only
		After December 31, 1989 but before January 1, 1995	Less than 1		PEMHCA Minimum Only
			At least 1		Any employee only premium
			Less than 1		PEMHCA Minimum Only
		After December 31, 1994 but before February 21, 2007	1 but less than 10		50% of any employee only premium
			At least 10		100% of any employee only premium
			Less than 1		PEMHCA Minimum Only
		After February 20, 2007	1 but less than 10		Up to 50% of the lesser of the Retiree Cap and the premium rate
			At least 10		Up to 100% of the lesser of the Retiree Cap and the premium rate
	After December 31, 1994	Before February 21, 2007	Less than 1		PEMHCA Minimum Only
			1 but less than 10		Up to 25% of the Benefit Cap
			10 but less than 15		Up to 50% of the Benefit Cap
			15 but less than 20		Up to 75% of the Benefit Cap
			At least 20		Up to 100% of the Benefit Cap
		After February 20, 2007	Less than 1		PEMHCA Minimum Only
			1 but less than 10		25% of the lesser of the Retiree Cap and the premium rate
			10 but less than 15		50% of the lesser of the Retiree Cap and the premium rate
			15 but less than 20		75% of the lesser of the Retiree Cap and the premium rate
			At least 20		100% of the lesser of the Retiree Cap and the premium rate

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Medical benefits for retirees (continued):

	Hire/Retirement Date	Date of Retirement	Eligibility Rule	City Contribution Requirement
			(Continuous Years of Service)	
Police (MPOA)	Before January 1, 1996	Before January 1, 1989	n/a	PEMHCA Minimum Only
		After December 31, 1988 but before July 1, 2003	Less than 5	PEMHCA Minimum Only
			At least 5	Any employee only medical premium rate
		After June 30, 2003	Less than 5	PEMHCA Minimum Only
			At least 5	Up to the Retiree Cap
	After December 31, 1995	Before July 1, 2003	Less than 1	PEMHCA Minimum Only
			1 but less than 9	25% of any employee only premium
			9 but less than 14	50% of any employee only premium
			14 but less than 19	75% of any employee only premium
			At least 19	100% of any employee only premium
		After June 30, 2003	Less than 1	PEMHCA Minimum Only
			1 but less than 9	Up to 25% of the Retiree Cap
			9 but less than 14	Up to 50% of the Retiree Cap
			14 but less than 19	Up to 75% of the Retiree Cap
			At least 19	Up to 100% of the Retiree Cap
Employee Association (MEA)	Before July 1, 1996	Before July 16, 1989	n/a	PEMHCA Minimum Only
		After July 17, 1989 but before March 19, 2003	Less than 5	PEMHCA Minimum Only
			At least 5	Any employee only medical premium rate
		After March 18, 2003	Less than 5	PEMHCA Minimum Only
			At least 5	Benefit Cap
	After June 30, 1996	Any	Less than 1	PEMHCA Minimum Only
			1 but less than 10	Up to 25% of the Benefit Cap
			10 but less than 15	Up to 50% of the Benefit Cap
			15 but less than 20	Up to 75% of the Benefit Cap
			At least 20	Up to 100% of the Benefit Cap
Supervisors (MSA) (Ended June, 30, 2012)	Before June 30, 1995	Before July 1, 1996	n/a	PEMHCA Minimum Only
		After June 30, 1996 and before November 27, 2007	Less than 5	PEMHCA Minimum Only
			At least 5	Any employee only medical premium rate
		After November 26, 2007	Less than 5	PEMHCA Minimum Only
			At least 5	Benefit Cap
	After June 29, 1995	After November 27, 2007	Less than 5	PEMHCA Minimum Only
			5 but less than 9	Up to 25% of the Benefit Cap
			9 but less than 14	Up to 50% of the Benefit Cap
			14 but less than 19	Up to 75% of the Benefit Cap
			At least 19	Up to 100% of the Benefit Cap

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Medical benefits for dependents:

Group	Date of Hire	Date of Retirement	Minimum Years of Continuous Service	City Contribution for Dependent Medical Premiums ¹
Professional / Technical (PROTECH)	Before July 1, 1995	After December 4, 2006	At least 5	Up to 100% of family/dependent premium
	After June 30, 1995	After December 4, 2006	5 but less than 9	Up to 25% of the family/dependent premium
			9 but less than 14	Up to 50% of the family/dependent premium
			14 but less than 19	Up to 75% of the family/dependent premium
			At least 19	Up to 100% of the family/dependent premium
Mid-Management and Confidential (LIUNA)	Before July 1, 1995	After January 1, 2007	At least 5	Up to 100% of family/dependent premium
	After June 30, 1995	After January 1, 2007	5 but less than 9	Up to 25% of the family/dependent premium
			9 but less than 14	Up to 50% of the family/dependent premium
			14 but less than 19	Up to 75% of the family/dependent premium
			At least 19	Up to 100% of the family/dependent premium
Unrepresented (UNREP-Police) ²	Before January 1, 1996	After June 30, 2003	At least 5	100% of family/dependent premiums
	After December 31, 1995	After June 30, 2003	5 but less than 9	Up to 25% of the family/dependent premium
			9 but less than 14	Up to 50% of the family/dependent premium
			14 but less than 19	Up to 75% of the family/dependent premium
			At least 19	Up to 100% of the family/dependent premium
Unrepresented (UNREP-Fire) ³	Before January 1, 1996	After September 4, 2007	At least 5	100% of family/dependent premiums
	After December 31, 1995	After September 4, 2007	5 but less than 9	Up to 25% of the family/dependent premium
			9 but less than 14	Up to 50% of the family/dependent premium
			14 but less than 19	Up to 75% of the family/dependent premium
			At least 19	Up to 100% of the family/dependent premium

¹ Family/Dependent Medical Premium is active employee Single OR Family medical premium rate less retiree's Single medical reimbursement.

² If the UNREP-Police fund is depleted, MPOA will provide funding for the dependent benefits. Effective September 1, 2019, MPOA will Administer dependent medical benefits for Unrep Police.

³ The Fire Chief is ineligible for dependent fund benefits.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Medical benefits for dependents (continued):

Group	Date of Hire	Date of Retirement	Minimum Years of Continuous Service	City Contribution for Dependent Medical Premiums ¹
Unrepresented (UNREP-Misc) ⁵	Before January 1, 1996	After June 30, 2018	At least 5	100% of family/dependent premiums
	After December 31, 1995	After June 30, 2018	5 but less than 9	Up to 25% of the family/dependent premium
			9 but less than 14	Up to 50% of the family/dependent premium
			14 but less than 19	Up to 75% of the family/dependent premium
			At least 19	Up to 100% of the family/dependent premium
Fire Safety (IAFF) ⁴	Before January 1, 1995	After February 19, 2007	5 but less than 9	50% of family/dependent medical premiums
	After December 31, 1994	After February 19, 2007	At least 10	100% of family/dependent medical premiums
			5 but less than 9	Up to 25% of the family/dependent premium
			9 but less than 14	Up to 50% of the family/dependent premium
			14 but less than 19	Up to 75% of the family/dependent premium
			At least 19	Up to 100% of the family/dependent premium
	Police (MPOA)	Before January 1, 1996	After June 30, 2003	At least 5
After December 31, 1995		After June 30, 2003	5 but less than 9	Up to 25% of the family/dependent premium
			9 but less than 14	Up to 50% of the family/dependent premium
			14 but less than 19	Up to 75% of the family/dependent premium
			At least 19	Up to 100% of the family/dependent premium
Employee Association (MEA)	Before June 30, 1996	After June 30, 2003	At least 5	100% of any family/dependent medical premiums
	After June 29, 1996		5 but less than 10	Up to 25% of the lowest family/dependent premium
			10 but less than 15	Up to 50% of the lowest family/dependent premium
			15 but less than 20	Up to 75% of the lowest family/dependent premium
			At least 20	Up to 100% of the lowest family/dependent premium

¹ Family/Dependent Medical Premium is active employee Single+1 OR Family medical premium rate less retiree's Single medical reimbursement.

⁴ The amounts paid for dependents are adjusted to keep the fund viable. Currently, the IAFF dependent fund pays the following amounts:

- \$300 per month for 1 dependent
- \$500 per month for two or more dependents

⁵ The Fire Chief is eligible for dependent fund benefits in Unrep Misc group.

C. Net OPEB Liability

Funding Policy and Contributions – The City policy is to prefund these benefits by accumulating assets with CERBT discussed above pursuant to the City's annual budget approved by Council. For the year ended June 30, 2025, the City's contributions to the Plan were \$2,795,021.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2024:

Active employees	393
Inactive employees or beneficiaries currently receiving benefit payments	336
Inactive employees entitled to but not yet receiving benefit payments	102
Total	831

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Actuarial Methods and Assumptions – The City net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2024, that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2025, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increase	3.00%
Investment Rate of Return	6.25%
Mortality Rate	MacLeod Watts Scale of 2022 applied generationally
Healthcare Trend Rate	6.5 in 2025, fluctuates until ultimate rate of 3.9% in 2075

The underlying mortality assumptions were based on the Macleod Watts Scale 2022, which is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments: (1) historical improvement rates for the period 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions obtained from Scale MP-2015. The Macleod Watts scale then transitions from the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2021-2030. After this transition period, the Macleod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2028-2042. The SSA's Intermediate Scale has a final step down in 2045 which is reflected in the Macleod Watts scale for years 2045 and thereafter. Over the ages 95 to 117, the SSA improvement rate is graded to zero.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The City's accumulated assets are allocated using one of three diversified allocation strategies offered by CERBT. The target allocation for each major asset class using Strategy 2 is summarized in the following table:

Asset Class	Target Allocation
Global Equities	49.0%
Fixed Income	23.0%
Global Real Estate (REITs)	20.0%
Treasury Inflation Protected Securities	5.0%
Commodities	3.0%
Total	100.0%

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Discount Rate

Explicit Subsidy Liability – The City expects the trust assets to yield 6.15 over the long term, based on information published by CalPERS as of the June 30, 2025 valuation date. Net contributions to the trust in recent years have been set at a level to prefund the explicit portion of benefits, with no advance funding of the implicit subsidy liability. Accordingly, the discount rate used for the City’s explicit OPEB liability is 6.15%.

Implicit Subsidy Liability – The City expects to continue to fund the implicit subsidy liability on a pay-as-you-go basis. Therefore, the Fidelity 20 year AA General Obligation Municipal Bond Index was used in determining the discount rates used to calculate the implicit subsidy liability. As of the end of the Measurement Period, the discount rates for the Fidelity index were 3.86%.

Changes in Net OPEB Liability – The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2024	\$71,999,930	\$55,933,812	\$16,066,118
Changes Recognized for the Measurement Period:			
Service Cost	2,122,257		2,122,257
Interest on the total OPEB liability	4,439,933		4,439,933
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions	(881,178)		(881,178)
Contributions from the employer		2,123,941	(2,123,941)
Net investment income		6,079,033	(6,079,033)
Plan Experience	1,000,491		1,000,491
Administrative expenses		(18,247)	18,247
Benefit payments	(3,856,305)	(3,856,305)	
Net changes	2,825,198	4,328,422	(1,503,224)
Balance at June 30, 2025 (Measurement Date 6/30/24)	\$74,825,128	\$60,262,234	\$14,562,894

The benefit payments and refunds include implied subsidy benefit payments in the amount of \$2,618,349.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

– The following presents the net OPEB liability of the City, as well as what the City net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability/(Asset)		
	Discount Rate	
Discount Rate -1%	(6.25%)	Discount Rate +1%
\$24,187,423	\$14,562,894	\$661,400

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
	Healthcare Cost	
	Trend Rates	
1% Decrease	(5.40%-4.00%)	1% Increase
\$5,844,717	\$14,562,894	\$25,304,054

D. Dependent Fund Post Employment Benefit (OPEB) Plan (Total OPEB Liability)

Plan Description – The City provides continuation of medical coverage to its retiring employees and their eligible dependents, through its defined benefit Retiree Medical Benefits Agent Multiple-employers plan. Pursuant to various bargaining agreements with different employee groups, the City contributes a percent of total payroll toward the cost of medical coverage for the eligible dependents of retirees. The City does not define the eligibility for or amount of any such benefits paid, nor is it legally obligated to make any payments to these dependents. The extent of the City's obligation is to make the negotiated contributions to the funds. However, the City has determined that a liability for the projected cost of these benefits must be reported in its financial statements in accordance with current accounting standards. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2024:

Active employees	393
Inactive dependents of retirees currently receiving benefit payments	137
Inactive employees entitled to but not yet receiving benefit payments	31
Total	561

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Actuarial Methods and Assumptions – The Union Dependent Funds’ total OPEB liability was measured as of June 30, 2024 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2024, that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2024 based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	3.86% as of June 30, 2024
Inflation	2.50%
Salary Increase	3.00%
Investment Rate of Return	3.86%
Mortality Rate	MacLeod Watts Scale of 2022 applied generationally from 2015
Healthcare Trend Rate	6.0% in 2026 fluctuating to 3.9% for years 2076 and thereafter

Changes in Total OPEB Liability – The changes in the total OPEB liability follows:

	Increase (Decrease) Total OPEB Liability (a)
Balance at June 30, 2023	\$31,841,662
Changes Recognized for the Measurement Period:	
Service Cost	1,079,540
Interest on the total OPEB liability	1,248,402
Changes in benefit terms	
Differences between expected and actual experience	809,405
Changes of assumptions	(295,776)
Contributions from the employer	
Net investment income	
Other Expenses	
Plan Experience	
Administrative expenses	
Benefit payments	(1,158,383)
Net changes	1,683,188
Balance at June 30, 2024 (Measurement Date)	\$33,524,850

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86%) or 1-percentage point higher (4.86%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate		
Discount Rate -1%	3.93%	Discount Rate +1%
\$38,157,413	\$33,524,850	\$29,704,768

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Healthcare Cost		
Trend Rates		
1% Decrease	(6.00% - 3.90%)	1% Increase
\$29,440,369	\$33,524,850	\$38,618,358

E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized Retiree Medical Benefits OPEB Plan and Dependent Fund OPEB Plan recognized expense of \$1,089,558 and \$2,281,767 respectively, for total OPEB expense of \$3,371,325. At June 30, 2025, the Retiree Medical Benefits OPEB plan and Union Dependent Funds reported deferred outflows and inflows of resources related to OPEB from the following sources:

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

Retiree Medical Benefits OPEB Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$2,795,021	
Differences between actual and expected experience	2,921,861	(\$1,382,139)
Changes of assumptions	2,434,015	(1,704,987)
Net differences between projected and actual earnings on plan investments	579,652	
Total	<u>\$8,730,549</u>	<u>(\$3,087,126)</u>
Dependent Fund OPEB Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$1,265,316	
Differences between actual and expected experience	2,611,740	(\$778,027)
Changes of assumptions	2,378,891	(5,299,926)
Net differences between projected and actual earnings on plan investments		
Total	<u>\$6,255,947</u>	<u>(\$6,077,953)</u>
Grand Total, Both Plans	<u>\$14,986,496</u>	<u>(\$9,165,079)</u>

Deferred outflows of resources related to contributions after the measurement date, amounting to \$4,060,337 will be recognized as a reduction of the OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization	
	Retiree Medical Benefits Plan	Dependent Fund
2026	(\$482,439)	(\$46,175)
2027	2,706,560	(46,175)
2028	137,947	(302,098)
2029	6,006	(465,716)
2030	465,523	(527,777)
Thereafter	14,805	300,619
Total	<u>\$2,848,402</u>	<u>(\$1,087,322)</u>

General Fund has been primarily used in prior years to liquidate OPEB liabilities.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 14 – EMPLOYEE BENEFITS (Continued)

F. Accrued Vacation and Sick Leave Liabilities

Employees accrue vacation up to certain maximums, based on employee classification. Employees may elect to be paid a portion of their vacation at various times according to the applicable memorandum of understanding. Sick leave may be accumulated without limit. Vested sick leave may be paid upon separation from service in good standing and is based on a vesting schedule determined by years of service.

The City measures and adjusts the liability for vacation and sick leave annually at its fiscal year end. During the year ended June 30, 2025, sick leave benefits payable increased by \$848,065 and vacation benefits payable increased by \$125,751. For all governmental funds, amounts expected to be paid out for permanent liquidation are recorded as fund liability; the long-term portion is recorded in the Statement of Net Position.

The changes of the Accrued Vacation and Sick Leave Liabilities and the allocation of each liability among the departments are as follows:

	Accrued Vacation		Sick Leave	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Balance as of June 30, 2024	\$7,199,906	\$482,774	\$1,343,593	\$108,026
Additions	3,907,643	243,191	3,688,567	162,305
Payments and adjustments	(3,664,259)	(360,824)	(2,844,958)	(157,849)
Balance as of June 30, 2025	<u>\$7,443,290</u>	<u>\$365,141</u>	<u>\$2,187,202</u>	<u>\$112,482</u>
General Government	\$733,833		\$246,429	
Building	221,305		58,693	
Public Works	507,166		112,942	
Engineering	284,202		81,953	
Planning	112,509		47,490	
Recreation	277,810		103,826	
Police	3,726,143		776,982	
Fire	1,522,223		733,941	
Water Utility		\$193,904		\$56,602
Sewer Utility		171,237		55,880
Internal Service	58,099		24,946	
Total	<u>\$7,443,290</u>	<u>\$365,141</u>	<u>\$2,187,202</u>	<u>\$112,482</u>
Long-Term Portion:				
Governmental activities	\$4,249,923		\$239,524	
Business-type activities		\$303,110		\$112,482
Total long term portions	<u>\$4,249,923</u>	<u>\$303,110</u>	<u>\$239,524</u>	<u>\$112,482</u>
Current Portion:				
Governmental activities	\$3,193,367		\$1,947,678	
Business-type activities		\$62,031		
Total current portions	<u>\$3,193,367</u>	<u>\$62,031</u>	<u>\$1,947,678</u>	

Accrued Vacation and Sick Leave are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 15 – RISK MANAGEMENT

A. Risk Pool

The City participates in the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers authority established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. PLAN JPA provides \$5,000,000 of self-funded general liability and auto coverage and \$30,000,000 excess liability coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 deductible. PLAN JPA also provides \$2,000,000 employee theft coverage in excess of the City's \$10,000 deductible, and \$2,000,000 of government crime coverage (with various sub-limits depending on the type of crime) in excess of the City's \$10,000 deductible. PLAN JPA provides coverage for property damage up to \$1 billion. The City retains a self-insured amount of \$5,000 for each property and \$5,000 for each vehicle per occurrence.

PLAN JPA is governed by a Board of Directors consisting of representatives from member municipalities. The Board controls the operations of PLAN JPA, consisting of funding policies and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's annual contributions to PLAN JPA are calculated based on the ratio of the City's payroll to the total payrolls of all entities participating in the program and the City's loss experience. Actual surpluses or losses are shared according to a formula developed from overall costs and spread to member entities on a percentage basis.

Financial statements may be obtained from PLAN JPA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

B. Workers Compensation

The City has a commercial insurance policy which provides workers compensation coverage up to a maximum of \$20,000,000. The City has a deductible or uninsured liability of up to \$750,000 per claim for miscellaneous employees and \$1,000,000 for public safety employees.

C. Dental

The City is self-insured for dental care for miscellaneous employees up to a maximum of \$14,000 per family, based on years of service. Claims are funded on a pay-as-you-go basis. During the year ended June 30, 2025 the City paid \$1,162,534 in dental claims and administrative fees. Public safety employees are insured under various dental care insurance plans.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 15 – RISK MANAGEMENT (Continued)

D. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments, including a provision for claims incurred but not reported when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

The City's liability for uninsured claims is limited to worker's compensation and general liability claims, as discussed above, and was computed as follows based on claims experience:

	2025			2024
	Worker's Compensation	General Liability	Total	
Beginning balance	\$7,310,017	\$850,204	\$8,160,221	\$6,352,745
Liability for current fiscal year claims	1,688,149	237,051	1,925,200	2,355,003
Increase (decrease) in estimated liability for prior fiscal year claims and claims incurred but not reported (IBNR)	(223,930)	(310,954)	(534,884)	1,303,985
Claims paid	(2,114,530)	(107,117)	(2,221,647)	(1,851,512)
Ending balance	<u>\$6,659,706</u>	<u>\$669,184</u>	<u>\$7,328,890</u>	<u>\$8,160,221</u>
Due in one year	<u>\$1,695,709</u>	<u>\$253,406</u>	<u>\$1,949,115</u>	<u>\$1,748,408</u>

Settlements have not exceeded insurance coverage in the past three fiscal years.

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES

A. Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

B. Federal and State Grant Programs

The City participates in several Federal and State grant programs. These programs are subject to audit by the City's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances have been proposed as a result of audits completed to date; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

C. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as assigned fund balance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding by fund as of June 30, 2025 were as follows:

Major Governmental Funds:	
General Fund	\$1,820,411
Housing Authority Fund	100,500
Non-Major Governmental Funds	<u>323,269</u>
Total Encumbrances	<u><u>\$2,244,180</u></u>

D. South Bay Water Recycling System Facility Replacement

As required by the Water Pollution Control Plant's National Pollutant Discharge Elimination System (NPDES) permit, the regional partner agencies are responsible for maintenance and operation of the South Bay Water Recycling System. The regional partner agencies, which includes the City of Milpitas, are also responsible for the planned \$2 billion rehabilitation/replacement of the facility over the next thirty years. The City's share of the project is approximately 6.196% as discussed in Note 8E.

E. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009 the City entered into a new 25-year agreement with the SFPUC that includes a minimum water delivery level of 5.341MGD. One of the ways that the new agreement differs from the old is in how facilities constructed by the SFPUC that benefit the regional customers are treated from a rate and financial perspective. Under the old agreement, facilities were built, capitalized, and added to the rate base with a rate of return (interest), and then paid for over their useful lives through wholesale rates. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

During the transition from the old to the new contracts, one of the issues addressed was the \$370 million in assets still being paid for by the wholesale customers under the old agreement. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provided a better interest rate given the favorable rate environment.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

BAWSCA issued Revenue Bonds in the principal amount of \$335,780,000 in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a Resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

The annual debt service surcharges are a fixed amount for each participant and calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One-twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$791,844 during fiscal year 2025, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2026 is estimated to be \$1,077,492.

F. Housing Successor Excess Surplus

Health and Safety Code (HSC) Section 34176.1(d) defines an excess surplus as an unencumbered balance held by the housing successor that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the housing successor fund during the housing successor's preceding four fiscal years, whichever is greater. If a housing successor has an excess surplus, the HSC Section requires that the housing successor encumber the excess surplus for eligible purposes described in the HSC Section 34176.1(a)(3) or transfer the funds to another local housing successor within three fiscal years. If the housing successor fails to comply with this provision, the housing successor, within 90 days of the end of the third fiscal year, is required to transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES

A. *Redevelopment Dissolution*

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Housing Reserve Fund were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency. The Successor Agency received a finding of completion on June 27, 2014.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City's Housing Authority elected to become the Housing Successor and on February 1, 2012 and certain housing assets were transferred to the City's Housing Authority Special Revenue Fund.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on March 26, 2012. The activities of the Successor Agency were subject to review and approval of the Oversight Board, which was comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

On July 1, 2018, the duties of the Milpitas Oversight Board transferred to a new Santa Clara Countywide Consolidated Oversight Board, which is now responsible for overseeing the winddown affairs of all Successor Agencies in Santa Clara County, including the Successor Agency to the Milpitas Redevelopment Agency.

The activities of the Housing Successor are reported in the Housing Authority Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the County Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Cash and investments of the Successor Agency as of June 30, 2024 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2025.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

B. Development Agreements

The Successor Agency assumed the obligations of the former Redevelopment Agency's Disposition and Development Agreements as follows:

Installment Purchase Agreement

The Redevelopment Agency agreed to purchase two parcels of land comprising thirty-five acres surrounding the County Correctional Facility for \$57,750,000 in cash and \$135,000,000 payable over eighteen years at no interest.

The Agency also agreed to re-sell this land to developers for a total of \$57,750,000, of which \$40,000,000 was received in fiscal 2005 and the remainder was received on the close of escrow on the second parcel in fiscal 2006. The Agency's intent in purchasing this land was to simultaneously re-sell it for development.

In addition, starting in 2025 the Agency is required to pay the County the greater of \$2,000,000 or 50% of the sales tax revenue arising out of sales originating on certain properties that are in the Midtown Area, but not to exceed \$5,000,000 annually, until the earlier of either June 30, 2038, the date that tax increment revenue allocated to the Agency has reached its limit or the termination of the Redevelopment Plan.

C. Long-Term Obligations

1. Current Year Transactions and Balances

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

	Balance June 30, 2024	Retirements	Balance June 30, 2025	Current Portion
2015 Tax Allocation Bonds				
2%-5%, due September 1, 2032	\$64,455,000	\$8,595,000	\$55,860,000	\$9,025,000
Plus: Unamortized bond premium	10,321,670	1,190,962	9,130,708	
Total	<u>\$74,776,670</u>	<u>\$9,785,962</u>	<u>\$64,990,708</u>	<u>\$9,025,000</u>

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2. 2015 Tax Allocation Refunding Bonds

In March 2015, the Successor Agency issued Tax Allocation Refunding Bonds in the original principal amount of \$127,790,000. The proceeds of the Bonds were used to advance refund and defease the outstanding balance of the 2003 Tax Allocation Bonds, which were redeemed on March 23, 2015. The Bonds are secured by Redevelopment Property Tax Trust Fund (RPTTF) revenues. In lieu of a reserve fund, the 2015 Bonds are secured by a reserve insurance policy in the amount of \$11,822,000, issued by Assured Guaranty Municipal Corp. Principal is payable annually and the interest is payable semi-annually through 2032. The 2015 Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or (b) exercise any and all rights and remedies available to it under applicable law, including right to enforce from the Successor Agency all payments due on the Bonds, and the Successor Agency will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys. On August 27, 2021, S&P Global Ratings (formerly Standard & Poor's Financial Services, LLC) upgraded its Local Currency Long-Term Ratings on the Bonds from 'AA- to AA'.

3. Debt Service Requirements

Debt service requirements are shown below for all long-term debt:

Year Ending June 30	2015 Tax Allocation Bonds	
	Total Principal	Total Interest
2026	\$9,025,000	\$2,567,375
2027	9,475,000	2,104,875
2028	9,950,000	1,619,250
2029	6,255,000	1,214,125
2030	6,565,000	893,625
2030-2033	14,590,000	946,500
	55,860,000	\$9,345,750
Plus: Unamortized bond premium	9,130,708	
	<u>\$64,990,708</u>	

4. Defeased Bonds

During fiscal year 2023-24, the Agency paid off the debt in full for the Redevelopment Agency 1997 Tax Allocation Bonds.

CITY OF MILPITAS
Notes to Basic Financial Statements
for the Year Ended June 30, 2025

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

D. Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the County Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.



REQUIRED SUPPLEMENTARY INFORMATION



City of Milpitas

Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Agent Multiple-Employer Retiree Medical Benefits (OPEB) Plan
Last 10 fiscal years*

Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/22	6/30/23	6/30/24
Total OPEB Liability								
Service Cost	\$2,386,392	\$2,356,491	\$2,423,566	\$1,958,563	\$1,503,917	\$2,077,984	\$2,140,324	\$2,122,257
Interest	4,794,071	5,155,080	5,462,138	3,581,088	4,100,155	3,916,381	4,070,218	4,439,933
Changes in benefit terms			(17,098,878)					
Differences between expected and actual experience			(11,594,216)		(3,161,213)			
Changes of assumptions	(1,263,847)	(113,934)	(1,624,371)	(5,621,298)	4,971,305		691,182	(881,178)
Plan experience							2,919,973	1,000,491
Benefit payments	(3,325,081)	(2,994,247)	(3,183,858)	(3,122,284)	(3,221,642)	(3,382,910)	(3,727,690)	(3,856,305)
Net change in total OPEB liability	2,591,535	4,403,390	(25,615,619)	(3,203,931)	4,192,522	2,611,455	6,094,007	2,825,198
Total OPEB liability - beginning	80,926,571	83,518,106	87,921,496	62,305,877	59,101,946	63,294,468	65,905,923	71,999,930
Total OPEB liability - ending (a)	\$83,518,106	\$87,921,496	\$62,305,877	\$59,101,946	\$63,294,468	\$65,905,923	\$71,999,930	\$74,825,128
Plan fiduciary net position								
Contributions - employer	\$4,959,756	\$4,803,893	\$4,651,743	\$4,528,174	\$1,743,593	\$1,757,265	\$2,267,207	\$2,123,941
Contributions - employee								
Net investment income	3,708,342	3,175,844	2,834,217	1,745,028	14,164,474	(8,452,324)	3,401,636	6,079,033
Administrative expense	(18,732)	(21,490)	(9,742)	(24,292)	(19,480)	(16,234)	(15,681)	(18,247)
Benefit payments	(3,325,081)	(2,994,247)	(3,183,858)	(3,122,284)	(3,221,642)	(3,382,910)	(3,727,690)	(3,856,305)
Other Expenses		(51,721)						
Net change in plan fiduciary net position	5,324,285	4,912,279	4,292,360	3,126,626	12,666,945	(10,094,203)	1,925,472	4,328,422
Plan fiduciary net position - beginning	33,780,048	39,104,333	44,016,612	48,308,972	51,435,598	64,102,543	54,008,340	55,933,812
Plan fiduciary net position - ending (b)	\$39,104,333	\$44,016,612	\$48,308,972	\$51,435,598	\$64,102,543	\$54,008,340	\$55,933,812	\$60,262,234
Net OPEB liability (asset) - ending (a)-(b)	\$44,413,773	\$43,904,884	\$13,996,905	\$7,666,348	(\$808,075)	\$11,897,583	\$16,066,118	\$14,562,894
Plan fiduciary net position as a percentage of the total OPEB liability	46.82%	50.06%	77.54%	87.03%	101.28%	81.95%	77.69%	80.54%
Covered-employee payroll	\$42,017,236	\$43,375,678	\$48,788,854	\$52,202,907	\$59,134,552	\$59,298,425	\$63,840,691	\$70,982,435
Net OPEB liability as a percentage of covered-employee payroll	105.70%	101.22%	28.69%	14.69%	-1.36%	20.06%	25.17%	20.52%

* Fiscal year 2018 was the first year of implementation.

City of Milpitas

Required Supplementary Information

SCHEDULE OF CONTRIBUTIONS

Agent Multiple-Employer Retiree Medical Benefits (OPEB) Plan
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018			2019			2020		
	Explicit	Implicit	Total	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarially determined contribution	\$3,387,020	(\$219,104)	\$3,167,916	\$3,492,808	(\$546,593)	\$2,946,215	\$788,831	\$1,545,113	\$2,333,944
Contributions in relation to the actuarially determined contribution	3,387,020	1,416,873	4,803,893	3,492,808	1,158,935	4,651,743	3,478,018	1,050,156	4,528,174
Contribution deficiency (excess)	<u>\$0</u>	<u>(\$1,635,977)</u>	<u>(\$1,635,977)</u>	<u>\$0</u>	<u>(\$1,705,528)</u>	<u>(\$1,705,528)</u>	<u>(\$2,689,187)</u>	<u>\$494,957</u>	<u>(\$2,194,230)</u>
Covered-employee payroll	<u>\$43,375,678</u>	<u>\$43,375,678</u>	<u>\$43,375,678</u>	<u>\$48,788,854</u>	<u>\$48,788,854</u>	<u>\$48,788,854</u>	<u>\$52,202,907</u>	<u>\$52,202,907</u>	<u>\$52,202,907</u>
Contributions as a percentage of covered-employee payroll	7.81%	3.27%	11.08%	7.16%	2.38%	9.53%	6.66%	2.01%	8.67%

Fiscal Year Ended June 30,	2021			2022			2023		
	Explicit	Implicit	Total	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarially determined contribution	\$655,377	\$1,552,190	\$2,207,567	\$655,377	\$1,611,861	\$2,267,238	\$1,723,519	\$1,232,729	\$2,956,248
Contributions in relation to the actuarially determined contribution	655,377	1,088,216	1,743,593	682,866	1,074,399	1,757,265	1,034,478	1,232,729	2,267,207
Contribution deficiency (excess)	<u>\$0</u>	<u>\$463,974</u>	<u>\$463,974</u>	<u>(\$27,489)</u>	<u>\$537,462</u>	<u>\$509,973</u>	<u>\$689,041</u>	<u>\$0</u>	<u>\$689,041</u>
Covered-employee payroll	<u>\$59,134,552</u>	<u>\$59,134,552</u>	<u>\$59,134,552</u>	<u>\$59,298,425</u>	<u>\$59,298,425</u>	<u>\$59,298,425</u>	<u>\$59,298,425</u>	<u>\$59,298,425</u>	<u>\$59,298,425</u>
Contributions as a percentage of covered-employee payroll	1.11%	1.84%	2.95%	1.15%	1.81%	2.96%	1.74%	2.08%	3.82%

Fiscal Year Ended June 30,	2024			2025		
	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarially determined contribution	\$1,660,923	\$1,208,956	\$2,869,879	\$2,361,754	\$1,236,710	\$3,598,464
Contributions in relation to the actuarially determined contribution	885,985	1,237,956	2,123,941	1,557,898	1,237,123	2,795,021
Contribution deficiency (excess)	<u>\$774,938</u>	<u>(\$29,000)</u>	<u>\$745,938</u>	<u>\$803,856</u>	<u>(\$413)</u>	<u>\$803,443</u>
Covered-employee payroll	<u>\$63,840,691</u>	<u>\$63,840,691</u>	<u>\$63,840,691</u>	<u>\$70,982,435</u>	<u>\$70,982,435</u>	<u>\$70,982,435</u>
Contributions as a percentage of covered-employee payroll	1.39%	1.94%	3.33%	2.19%	1.74%	3.94%

Notes to Schedule

Valuation date:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2025
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increase	3.00%
Investment Rate of Return	6.25%
Mortality Rate	MacLeod Watts Scale of 2022 applied generationally
Healthcare Trend Rate	5.8% grading down to 3.9% for years 2076 and thereafter

* Fiscal year 2018 was the first year of implementation.

City of Milpitas
Required Supplementary Information

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Dependent Fund (OPEB) Plan
Last 10 fiscal years*

Measurement Date	6/30/2019	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24
Total OPEB Liability						
Service Cost		\$1,139,508	\$1,402,597	\$1,767,339	\$1,183,959	\$1,079,540
Interest		905,377	810,987	687,094	1,069,943	1,248,402
Changes in benefit terms	\$28,504,872					
Differences between expected and actual experience			(1,465,027)		2,397,223	809,405
Changes of assumptions		3,100,405	2,591,371	(7,639,426)	(105,254)	(295,776)
Benefit payments		(1,437,201)	(1,028,064)	(1,012,052)	(1,031,989)	(1,158,383)
Net change in total OPEB liability	<u>28,504,872</u>	<u>3,708,089</u>	<u>2,311,864</u>	<u>(6,197,045)</u>	<u>3,513,882</u>	<u>1,683,188</u>
Total OPEB liability - beginning	<u>28,504,872</u>	<u>28,504,872</u>	<u>32,212,961</u>	<u>34,524,825</u>	<u>28,327,780</u>	<u>31,841,662</u>
Total OPEB liability - ending (a)	<u><u>\$28,504,872</u></u>	<u><u>\$32,212,961</u></u>	<u><u>\$34,524,825</u></u>	<u><u>\$28,327,780</u></u>	<u><u>\$31,841,662</u></u>	<u><u>\$33,524,850</u></u>
Plan fiduciary net position						
Contributions - employer		\$1,437,201		\$1,012,052	\$1,031,989	\$1,158,383
Contributions - employee						
Net investment income						
Administrative expense						
Benefit payments		(1,437,201)		(1,012,052)	(1,031,989)	(1,158,383)
Other Expenses						
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Plan fiduciary net position - ending (b)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$28,504,872</u></u>	<u><u>\$32,212,961</u></u>	<u><u>\$34,524,825</u></u>	<u><u>\$28,327,780</u></u>	<u><u>\$31,841,662</u></u>	<u><u>\$33,524,850</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	<u>\$48,788,854</u>	<u>\$52,202,907</u>	<u>\$59,134,552</u>	<u>\$59,298,425</u>	<u>\$62,201,383</u>	<u>\$63,793,790</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>58.42%</u>	<u>61.71%</u>	<u>58.38%</u>	<u>47.77%</u>	<u>51.19%</u>	<u>52.55%</u>

*The liability of this Plan had been previously included together with other City plan OPEB Liabilities. Beginning with fiscal year 2020, the City began to report the liability of this plan separately. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

City of Milpitas
Required Supplementary Information

SCHEDULE OF CONTRIBUTIONS

Dependent Fund (OPEB) Plan

Last 10 fiscal years*

Fiscal Year Ended June 30,	2020	2021	2022	2023	2024	2025
	<u>Explicit</u>	<u>Explicit</u>	<u>Explicit</u>	<u>Explicit</u>	<u>Explicit</u>	<u>Explicit</u>
Actuarially required contribution	N/A (a)	N/A (a)	N/A (a)	N/A (a)	N/A (a)	N/A (a)
Contributions in relation to the actuarially required contributions	<u>\$1,028,064</u>	<u>\$0</u>	<u>\$1,012,052</u>	<u>\$1,158,383</u>	<u>\$0</u>	<u>\$0</u>
Contribution deficiency (excess)	<u>N/A (a)</u>	<u>N/A (a)</u>	<u>N/A (a)</u>	<u>N/A (a)</u>	<u>N/A (a)</u>	<u>N/A (a)</u>
Covered-employee payroll	<u>\$48,788,854</u>	<u>\$52,202,907</u>	<u>\$59,298,425</u>	<u>\$59,298,425</u>	<u>\$62,201,383</u>	<u>\$63,793,790</u>
Contributions as a percentage of covered-employee payroll	N/A (a)	N/A (a)	N/A (a)	N/A (a)	N/A (a)	N/A (a)

*No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

(a) Due to the nature of the Plan, actuarially required contribution is not available.

See Note 12D for contribution requirements.



City of Milpitas
Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan

Last 10 Years

Measurement Period	2014-15	2015-16	2016-17	2017-18
Total Pension Liability				
Service Cost	\$2,664,628	\$2,666,665	\$3,008,973	\$3,042,853
Interest	14,114,152	14,689,192	15,078,047	15,647,110
Differences between expected and actual experience	(982,598)	(18,301)	(1,238,427)	1,831,444
Changes of assumptions	(3,463,459)		12,475,424	(1,404,854)
Changes in benefits				
Benefit payments, including refunds of employee contributions	(8,930,516)	(9,558,779)	(10,236,837)	(10,906,398)
Net change in total pension liability	3,402,207	7,778,777	19,087,180	8,210,155
Total pension liability - beginning	192,077,728	195,479,935	203,258,712	222,345,892
Total pension liability - ending (a)	\$195,479,935	\$203,258,712	\$222,345,892	\$230,556,047
Plan fiduciary net position				
Contributions - employer	\$4,076,975	\$4,519,744	\$5,048,143	\$5,762,448
Contributions - employee	1,326,989	1,333,019	1,266,956	1,473,732
Net investment income	3,281,429	775,183	16,109,364	13,123,448
Administrative expense	(164,523)	(89,109)	(211,414)	(241,795)
Benefit payments, including refunds of employee contributions	(8,930,516)	(9,558,779)	(10,236,837)	(10,906,398)
Other Miscellaneous Income/Expense				(459,172)
Net Plan to Plan Resource Movement		(370)	(370)	(381)
Net change in plan fiduciary net position	(409,646)	(3,020,312)	11,975,842	8,751,882
Plan fiduciary net position - beginning	146,622,149	146,212,503	143,192,191	155,168,033
Plan fiduciary net position - ending (b)	\$146,212,503	\$143,192,191	\$155,168,033	\$163,919,915
Net pension liability - ending (a)-(b)	\$49,267,432	\$60,066,521	\$67,177,859	\$66,636,132
Plan fiduciary net position as a percentage of the total pension liability	74.80%	70.45%	69.79%	71.10%
Covered payroll	\$16,009,660	\$16,161,589	\$16,418,123	\$18,846,066
Net pension liability as percentage of covered payroll	307.74%	371.66%	409.17%	382.47%

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2016, 2018, 2019, 2020, 2021, 2023, 2024 and 2025, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate.

2018-19	2019-20	2021-22	2022-23	2023-24	2024-25
\$3,361,140	\$3,777,335	\$4,262,309	\$4,859,903	\$4,745,953	\$4,906,642
16,517,342	17,295,222	18,046,275	18,711,899	19,679,002	20,595,673
4,569,776	2,592,349	1,466,976	1,596,580	5,257,874	3,449,920
			8,099,828		
				272,125	
(11,589,225)	(12,009,750)	(12,545,846)	(14,478,741)	(15,578,919)	(16,659,881)
12,859,033	11,655,156	11,229,714	18,789,469	14,376,035	12,292,354
230,556,047	243,415,080	255,070,236	266,299,950	285,089,419	299,465,454
\$243,415,080	\$255,070,236	\$266,299,950	\$285,089,419	\$299,465,454	\$311,757,808
\$6,864,376	\$7,965,270	\$8,925,250	\$9,800,794	\$9,432,683	\$10,021,582
1,569,027	1,772,996	1,998,174	1,861,769	2,143,742	2,380,561
10,774,536	8,527,794	40,453,566	(16,338,954)	12,287,794	19,635,969
(116,977)	(241,663)	(177,248)	(134,612)	(144,718)	(166,761)
(11,589,225)	(12,009,750)	(12,545,846)	(14,478,741)	(15,578,919)	(16,659,881)
381					
7,502,118	6,014,647	38,653,896	(19,289,744)	8,140,582	15,211,470
163,919,915	171,422,033	177,436,680	216,090,576	196,800,832	204,941,414
\$171,422,033	\$177,436,680	\$216,090,576	\$196,800,832	\$204,941,414	\$220,152,884
\$71,993,047	\$77,633,556	\$50,209,374	\$88,288,587	\$94,524,040	\$91,604,924
71.10%	69.56%	81.15%	69.03%	68.44%	70.62%
\$22,079,190	\$19,463,309	\$25,754,131	\$27,165,471	\$27,088,772	\$29,033,384
382.47%	398.87%	194.96%	325.00%	348.94%	315.52%

City of Milpitas
Required Supplementary Information

SCHEDULE OF CONTRIBUTIONS

Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years

Fiscal Year Ended June 30	2016	2017	2018	2019
Actuarially determined contribution	\$4,236,931	\$5,082,638	\$6,243,904	\$6,863,508
Contributions in relation to the actuarially determined contributions	4,236,931	5,082,638	6,243,904	6,863,508
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$16,161,589	\$16,418,123	\$18,846,066	\$22,079,190
Contributions as a percentage of covered payroll	26.22%	30.96%	33.13%	31.09%

Notes to Schedule

Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair Value of Assets.
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, 2.50% for 2021 and 2022, and 2.30% for 2023, 2024 and 2025.
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, 7.00% for 2021 and 2022, and 6.80% for 2023, 2024 and 2025, net of administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are base on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, 2021 and 2022, pre-retirement and post-retirement mortality rates include 15 years of projected mortality using 90% of Scale MP-2016 published by the Society of Actuaries. For 2023, 2024 and 2025, pre-retirement and post-retirement mortality rates include generational mortality using 80% of Scale MP-2020 published by the Society of Actuaries.

2020	2021	2022	2023	2024	2025
\$8,337,504	\$8,916,157	\$9,799,723	\$9,421,792	\$10,017,840	\$11,363,676
8,337,504	8,916,157	9,799,723	9,421,792	10,017,840	11,363,676
\$0	\$0	\$0	\$0	\$0	\$0
\$19,463,309	\$21,793,252	\$25,754,131	\$27,165,471	\$27,088,772	\$29,033,384
42.84%	40.91%	38.05%	34.68%	36.98%	39.14%
6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023

City of Milpitas
Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Safety Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years

Measurement Period	2014-15	2015-16	2016-17	2017-18
Total Pension Liability				
Service Cost	\$4,808,751	\$5,094,318	\$5,934,642	\$5,975,378
Interest	20,535,893	21,663,378	22,434,283	23,331,989
Differences between expected and actual experience	(2,363,470)	3,274,330	(690,685)	626,935
Changes of assumptions	(5,052,089)		18,725,315	(986,630)
Changes in benefits				
Benefit payments, including refunds of employee contributions	(13,656,196)	(14,390,575)	(14,864,837)	(16,083,729)
Net change in total pension liability	4,272,889	15,641,451	31,538,718	12,863,943
Total pension liability - beginning	280,282,332	284,555,221	300,196,672	331,735,390
Total pension liability - ending (a)	\$284,555,221	\$300,196,672	\$331,735,390	\$344,599,333
Plan fiduciary net position				
Contributions - employer	\$6,604,951	\$7,230,399	\$7,887,539	\$8,866,550
Contributions - employee	1,887,408	2,064,277	2,233,341	2,240,962
Net investment income	4,420,615	1,031,136	22,090,936	17,931,642
Administrative expense	(224,227)	(121,445)	(288,028)	(330,577)
Net Plan to Plan Resource Movement				(521)
Other Miscellaneous Income/Expense				(627,771)
Benefit payments, including refunds of employee contributions	(13,656,196)	(14,390,575)	(14,864,837)	(16,083,729)
Net change in plan fiduciary net position	(967,449)	(4,186,208)	17,058,951	11,996,556
Plan fiduciary net position - beginning	200,237,534	199,270,085	195,083,877	212,142,828
Plan fiduciary net position - ending (b)	\$199,270,085	\$195,083,877	\$212,142,828	\$224,139,384
Net pension liability - ending (a)-(b)	\$85,285,136	\$105,112,795	\$119,592,562	\$120,459,949
Plan fiduciary net position as a percentage of the total pension liability	70.03%	64.99%	63.95%	65.04%
Covered payroll	\$18,810,920	\$20,170,400	\$21,078,669	\$20,840,464
Net pension liability as percentage of covered payroll	453.38%	521.12%	567.36%	578.01%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020, 2021, 2023, 2024, and 2025, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate.

2018-19	2019-20	2021-22	2022-23	2023-24	2024-25
\$6,211,449	\$6,711,730	\$7,266,789	\$7,801,769	\$7,938,634	\$7,878,824
24,560,414	25,568,359	26,671,979	27,775,910	29,060,359	30,227,860
4,563,968	981,131	2,106,663	1,878,012	5,485,493	3,842,917
			14,433,785		
				117,478	
(17,533,455)	(18,278,539)	(20,179,552)	(21,827,081)	(23,440,654)	(24,342,730)
17,802,376	14,982,681	15,865,879	30,062,395	19,161,310	17,606,871
344,599,333	362,401,709	377,384,390	393,250,269	423,312,664	442,473,974
\$362,401,709	\$377,384,390	\$393,250,269	\$423,312,664	\$442,473,974	\$460,080,845
\$10,288,856	\$12,104,306	\$13,294,083	\$14,258,505	\$15,458,966	\$16,708,481
2,441,763	2,748,961	2,834,054	2,853,307	3,246,156	3,369,456
14,733,700	11,689,024	55,066,837	(22,163,861)	16,573,120	26,690,229
(159,951)	(329,757)	(241,588)	(182,284)	(195,278)	(225,558)
521					
(17,533,455)	(18,278,539)	(20,179,552)	(21,827,081)	(23,440,654)	(24,342,730)
9,771,434	7,933,995	50,773,834	(27,061,414)	11,642,310	22,199,878
224,139,384	233,910,818	241,844,813	292,618,647	265,557,233	277,199,543
\$233,910,818	\$241,844,813	\$292,618,647	\$265,557,233	\$277,199,543	\$299,399,421
\$128,490,891	\$135,539,577	\$100,631,622	\$157,755,431	\$165,274,431	\$160,681,424
64.54%	64.08%	74.41%	62.73%	62.65%	65.08%
\$21,681,207	\$23,703,982	\$26,167,767	\$26,110,338	\$26,756,435	\$26,890,185
592.64%	571.80%	384.56%	604.19%	617.70%	597.55%

City of Milpitas
Required Supplementary Information

SCHEDULE OF CONTRIBUTIONS

Safety Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years

Fiscal Year Ended June 30	2016	2017	2018	2019
Actuarially determined contribution	\$7,230,399	\$7,887,539	\$8,866,550	\$10,288,856
Contributions in relation to the actuarially determined contributions	7,346,983	7,887,539	8,866,550	10,288,856
Contribution deficiency (excess)	<u>(\$116,584)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$20,170,400	\$21,078,669	\$21,698,152	\$20,840,464
Contributions as a percentage of covered payroll	36.42%	37.42%	40.86%	49.37%

Notes to Schedule

Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair Value of Assets.
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, 2.50% for 2021 and 2022, and 2.30% for 2023, 2024 and 2025.
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, 7.00% for 2021 and 2022, and 6.80% for 2023, 2024 and 2025, net of administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are base on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, 2021 and 2022, pre-retirement and post-retirement mortality rates include 15 years of projected mortality using 90% of Scale MP-2016 published by the Society of Actuaries. For 2023, 2024 and 2025, pre-retirement and post-retirement mortality rates include generational mortality using 80% of Scale MP-2020 published by the Society of Actuaries.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$12,104,306	\$13,294,083	\$14,258,505	\$15,469,857	\$16,708,481	\$18,294,494
<u>12,104,306</u>	<u>13,294,083</u>	<u>14,258,505</u>	<u>15,469,857</u>	<u>16,708,481</u>	<u>18,294,494</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$21,681,207	\$23,707,982	\$26,167,767	\$26,110,338	\$26,756,435	\$26,890,185
55.83%	56.07%	54.49%	59.25%	62.45%	68.03%
6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

GAS TAX FUND

Established to account for the City's share of state gasoline taxes which are restricted for use on construction and maintenance of the street system in Milpitas.

HOUSING AND COMMUNITY DEVELOPMENT FUND

Established to account for community development block grants and expenditures.

LAW ENFORCEMENT SERVICES FUND

Established to account for the proceeds from Federal and State asset seizures. This fund also accounts for the Supplemental Law Enforcement Services grant, Local Law Enforcement Block grant, Justice Assistance grant and expenditures. These funds must be used only for specified law enforcement purposes.

SOLID WASTE REDUCTION AND SERVICES FUND

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 waste reduction programs to meet the 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.

LIGHTING AND LANDSCAPE MAINTENANCE DISTRICT FUND

Established to account for assessments collected within the district. Revenue is used for servicing and maintaining the public landscaping and additional lighting for the district.

COMMUNITY FACILITIES DISTRICT FUND

Established to account for assessments collected within the district. Revenue is used for providing City services for the district.

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.

COMMUNITY PLANNING FUND

Established to account for fees collected to fund the General Plan update, zoning ordinance update and other long range planning documents.

COMMUNITY BENEFITS FUND

Established to account for fees collected from developers to fund Public Benefits for the Community.

AFFORDABLE HOUSING FUND

Established to account for fees collected from developers to fund Affordable Housing activities.

AFFORDABLE HOUSING UNRESTRICTED FUND

Established to account for Affordable Housing unrestricted activities funded by General Fund Surplus.

CAPITAL PROJECTS FUNDS:

PUBLIC ART FUND

Established to account for the acquisition and installation of public art. Financing provided by a percentage of eligible project expenditures within the City's Annual Capital Improvement Program.

PARK IMPROVEMENT FUND

Established to account for the construction and maintenance of City parks. A special park improvement fee is imposed on developments to provide financing.

STORM DRAIN DEVELOPMENT FUND

Established to account for the construction and maintenance of storm drain projects. A special storm drain fee is imposed on developments to provide financing.





CITY OF MILPITAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	SPECIAL REVENUE FUNDS					
	Gas Tax	Housing and Community Development	Law Enforcement Services	Solid Waste Reduction and Services	Lighting and Landscape Maintenance District	Community Facilities District
ASSETS						
Cash and investments available for operations	\$8,087,769	\$297,023	\$603,600	\$2,831,225	\$503,473	\$3,442,959
Receivables:						
Accounts						
Due from other governments	587,580	616,746	147,332	21,079		16,994
Interest	58,033		295	19,577	4,167	49,822
Loans receivable		3,171,744				
Prepays, materials, supplies and deposits		1,115		4,014	3,087	16,059
Total Assets	<u>\$8,733,382</u>	<u>\$4,086,628</u>	<u>\$751,227</u>	<u>\$2,875,895</u>	<u>\$510,727</u>	<u>\$3,525,834</u>
LIABILITIES						
Accounts payable		\$260,950	\$31,555	\$101,642	\$498	
Accrued payroll				41,198	13,716	\$77,109
Unearned revenue			620,251	235,404		
Refundable deposits				18,843		
Total Liabilities		<u>260,950</u>	<u>651,806</u>	<u>397,087</u>	<u>14,214</u>	<u>77,109</u>
FUND BALANCE						
Fund Balances:						
Nonspendable		1,115		4,014	3,087	16,059
Restricted	\$8,733,382	3,824,563	99,421	2,474,794	493,426	3,432,666
Assigned						
Total Fund Balances	<u>8,733,382</u>	<u>3,825,678</u>	<u>99,421</u>	<u>2,478,808</u>	<u>496,513</u>	<u>3,448,725</u>
Total Liabilities and Fund Balances	<u>\$8,733,382</u>	<u>\$4,086,628</u>	<u>\$751,227</u>	<u>\$2,875,895</u>	<u>\$510,727</u>	<u>\$3,525,834</u>

SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
Hetch-Hetchy Ground Lease	Community Planning	Community Benefits	Affordable Housing	Affordable Housing Unrestricted	Public Art	Park Improvement	Storm Drain Development	
\$1,527,353	\$225,343	\$1,450,566	\$4,739,317	\$3,282,703	\$1,304,506	\$8,936,969	\$7,926,116	\$45,158,922
10,225	11,655		31,572	22,584	8,900	59,899	54,258	1,389,731
	3,159		2,604		577			330,987
\$1,537,578	\$240,157	\$1,450,566	\$4,773,493	\$3,305,287	\$1,313,983	\$8,996,868	\$7,980,374	3,171,744
								30,615
	\$50		\$21,518			\$11,240	\$27,068	\$454,521
	18,112		31,631		\$895	6,845	1,159	190,665
		\$1,000,000	654,445					2,510,100
	16							18,859
	18,178	1,000,000	707,594		895	18,085	28,227	3,174,145
	3,159		2,604		577			30,615
\$1,537,578	218,820	450,566	4,063,295	\$3,305,287		8,978,783	7,952,147	45,564,728
					1,312,511			1,312,511
1,537,578	221,979	450,566	4,065,899	3,305,287	1,313,088	8,978,783	7,952,147	46,907,854
\$1,537,578	\$240,157	\$1,450,566	\$4,773,493	\$3,305,287	\$1,313,983	\$8,996,868	\$7,980,374	\$50,081,999

CITY OF MILPITAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE FUNDS					
	Gas Tax	Housing & Community Development	Law Enforcement Services	Solid Waste Reduction and Services	Lighting and Landscape Maintenance District	Community Facilities District
REVENUES:						
Other taxes					\$499,884	\$5,740,497
Franchise Fees				\$922,925		
Use of money and property	\$256,315	\$8,971	\$26,085	89,557	15,402	139,562
Intergovernmental	4,510,336	1,087,006	458,677	129,175		
Charges for services				871		
Developer contributions						
Other						
Total Revenues	4,766,651	1,095,977	484,762	1,142,528	515,286	5,880,059
EXPENDITURES:						
Current:						
General Government		1,105,550		8,250		10,861
Recreation and Community Services						
Public Works				918,154	377,150	1,594,505
Planning						
Police			464,435			
Fire						
Capital outlay			4,794			
Total Expenditures		1,105,550	469,229	926,404	377,150	1,605,366
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,766,651	(9,573)	15,533	216,124	138,136	4,274,693
OTHER FINANCING SOURCES (USES)						
Transfers in					45,645	
Transfers (out)	(4,463,009)			(182,066)	(98,400)	(3,675,000)
Total Other Financing Sources (Uses)	(4,463,009)			(182,066)	(52,755)	(3,675,000)
NET CHANGE IN FUND BALANCES	303,642	(9,573)	15,533	34,058	85,381	599,693
Fund balances at beginning of year	8,429,740	3,835,251	83,888	2,444,750	411,132	2,849,032
FUND BALANCES AT END OF YEAR	\$8,733,382	\$3,825,678	\$99,421	\$2,478,808	\$496,513	\$3,448,725

SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
Hetch-Hetchy Ground Lease	Community Planning	Community Benefits	Affordable Housing	Affordable Housing Unrestricted	Public Art	Park Improvement	Storm Drain Development	
								\$6,240,381
\$85,055	\$14,978	\$19,556	\$176,002	\$107,930	\$62,618	\$405,143	\$429,156	922,925
	294,250		796,577					1,836,330
						4,710,898	139,439	6,981,771
					343,066			295,121
								4,850,337
								343,066
85,055	309,228	19,556	972,579	107,930	405,684	5,116,041	568,595	21,469,931
41,764			1,406,236	25,352	20,346			2,598,013
							110,865	20,346
	325,183		137,368					3,000,674
						368,744	203,890	462,551
								464,435
								577,428
41,764	325,183		1,543,604	25,352	20,346	368,744	314,755	7,123,447
43,291	(15,955)	19,556	(571,025)	82,578	385,338	4,747,297	253,840	14,346,484
							850,000	895,645
					(60,000)	(150,000)		(8,628,475)
					(60,000)	(150,000)	850,000	(7,732,830)
43,291	(15,955)	19,556	(571,025)	82,578	325,338	4,597,297	1,103,840	6,613,654
1,494,287	237,934	431,010	4,636,924	3,222,709	987,750	4,381,486	6,848,307	40,294,200
\$1,537,578	\$221,979	\$450,566	\$4,065,899	\$3,305,287	\$1,313,088	\$8,978,783	\$7,952,147	\$46,907,854

CITY OF MILPITAS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

	GAS TAX			HOUSING AND COMMUNITY DEVELOPMENT		
	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES						
Other taxes						
Franchise Fees						
Use of money and property	\$77,586	\$256,315	\$178,729		\$8,971	\$8,971
Intergovernmental	4,399,881	4,510,336	110,455	\$862,507	1,087,006	224,499
Charges for services						
Developer contributions						
Other						
Total Revenues	4,477,467	4,766,651	289,184	862,507	1,095,977	233,470
EXPENDITURES						
Current:						
General Government:						
City Manager					1,093,757	(1,093,757)
City Attorney						
Finance					11,793	(11,793)
Non-departmental				19,172		19,172
Recreation and Community Services						
Public Works						
Engineering						
Planning						
Police						
Fire						
Total Expenditures				19,172	1,105,550	(1,086,378)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,477,467	4,766,651	289,184	843,335	(9,573)	(852,908)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(4,938,372)	(4,463,009)	475,363			
Total Other Financing Sources (Uses)	(4,938,372)	(4,463,009)	475,363			
NET CHANGE IN FUND BALANCES	(\$460,905)	303,642	\$764,547	\$843,335	(9,573)	(\$852,908)
ADJUSTMENT TO BUDGETARY BASIS:						
Expenditures capitalized for GAAP purposes						
Capital Outlay						
Encumbrance adjustments						
Fund balances at beginning of year		8,429,740			3,835,251	
Fund balances at end of year		\$8,733,382			\$3,825,678	

LAW ENFORCEMENT SERVICES			SOLID WASTE REDUCTION AND SERVICES			LIGHTING AND LANDSCAPING MAINTENANCE DISTRICT		
Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
						\$526,840	\$499,884	(\$26,956)
\$11,926	\$26,085	\$14,159	\$889,931	\$922,925	\$32,994			
484,680	458,677	(26,003)	15,041	89,557	74,516	12,728	15,402	2,674
			183,687	129,175	(54,512)			
				871	871			
			275,344		(275,344)			
496,606	484,762	(11,844)	1,364,003	1,142,528	(221,475)	539,568	515,286	(24,282)
			9,166	8,250	916			
			1,243,324	918,154	325,170	491,710	377,150	114,560
573,020	464,435	108,585						
573,020	464,435	108,585	1,252,490	926,404	326,086	491,710	377,150	114,560
(76,414)	20,327	96,741	111,513	216,124	104,611	47,858	138,136	90,278
			(182,066)	(182,066)		45,645	45,645	
						(98,400)	(98,400)	
			(182,066)	(182,066)		(52,755)	(52,755)	
(\$76,414)	20,327	\$96,741	(\$70,553)	34,058	\$104,611	(\$4,897)	85,381	\$90,278
	(4,794)							
	83,888			2,444,750			411,132	
	\$99,421			\$2,478,808			\$496,513	

(Continued)

CITY OF MILPITAS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

	COMMUNITY FACILITIES DISTRICT			HETCH-HETCHY GROUND LEASE		
	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES						
Other taxes	\$5,448,531	\$5,740,497	\$291,966			
Franchise Fees						
Use of money and property	25,335	139,562	114,227	\$23,668	\$85,055	\$61,387
Intergovernmental						
Charges for services						
Developer contributions						
Other						
Total Revenues	5,473,866	5,880,059	406,193	23,668	85,055	61,387
EXPENDITURES						
Current:						
General Government:						
City Manager						
City Attorney						
Finance						
Non-departmental	13,748	10,861	2,887	43,100	41,764	1,336
Recreation and Community Services						
Public Works	2,102,942	1,734,505	368,437			
Engineering						
Planning						
Police						
Total Expenditures	2,116,690	1,745,366	371,324	43,100	41,764	1,336
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,357,176	4,134,693	777,517	(19,432)	43,291	62,723
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(3,675,000)	(3,675,000)				
Total Other Financing Sources (Uses)	(3,675,000)	(3,675,000)				
NET CHANGE IN FUND BALANCES	(\$317,824)	459,693	\$777,517	(\$19,432)	43,291	\$62,723
ADJUSTMENT TO BUDGETARY BASIS:						
Expenditures capitalized for GAAP purposes						
Capital Outlay						
Encumbrance adjustments		140,000				
Fund balances at beginning of year		2,849,032			1,494,287	
Fund balances at end of year		\$3,448,725			\$1,537,578	

(Continued)

CITY OF MILPITAS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

	AFFORDABLE HOUSING UNRESTRICTED			PUBLIC ART		
	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES						
Other taxes						
Franchise Fees						
Use of money and property	\$39,155	\$107,930	\$68,775	\$17,599	\$62,618	\$45,019
Intergovernmental						
Charges for services						
Developer contributions					270,657	270,657
Other					72,409	72,409
Total Revenues	39,155	107,930	68,775	17,599	405,684	388,085
EXPENDITURES						
Current:						
General Government:						
City Manager		25,352	(25,352)			
City Attorney						
Finance						
Non-departmental						
Recreation and Community Services					20,346	(20,346)
Public Works						
Engineering						
Planning						
Police						
Total Expenditures		25,352	(25,352)		20,346	(20,346)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,155	82,578	43,423	17,599	385,338	367,739
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(60,000)	(60,000)	
Total Other Financing Sources (Uses)				(60,000)	(60,000)	
NET CHANGE IN FUND BALANCES	\$39,155	82,578	\$43,423	(\$42,401)	325,338	\$367,739
ADJUSTMENT TO BUDGETARY BASIS:						
Expenditures capitalized for GAAP purposes						
Capital Outlay						
Encumbrance adjustments						
Fund balances at beginning of year		3,222,709			987,750	
Fund balances at end of year		\$3,305,287			\$1,313,088	

TOTALS		
Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
\$5,975,371	\$6,240,381	\$265,010
889,931	922,925	32,994
320,336	1,002,031	681,695
6,727,332	6,981,771	254,439
200,000	295,121	95,121
2	270,657	270,655
275,344	72,409	(202,935)
14,388,316	15,785,295	1,396,979
1,653,899	2,463,763	(809,864)
21,630		21,630
	11,793	(11,793)
244,974	122,457	122,517
	20,346	(20,346)
3,837,976	3,029,809	808,167
480,764	462,551	18,213
573,020	464,435	108,585
6,812,263	6,575,154	237,109
7,576,053	9,210,141	1,634,088
45,645	45,645	
(8,953,838)	(8,478,475)	475,363
(8,908,193)	(8,432,830)	475,363
(\$1,332,140)	777,311	\$2,109,451
	(4,794)	
	140,000	
	29,064,407	
	\$29,976,924	



INTERNAL SERVICE FUNDS

Internal Service Funds report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its components units, or to other governments, on a cost reimbursement basis. These funds include the following:

EQUIPMENT MANAGEMENT INTERNAL SERVICE FUND

The Equipment Management Internal Service Fund is used to finance and account for the replacement of equipment used by City departments and the maintenance of computer systems on a cost reimbursement basis.

PENSION SECTION 115 INTERNAL SERVICE FUND

The Pension Section 115 Internal Service Fund is used to accumulate funds which may be used 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.



CITY OF MILPITAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2025

	Equipment Management	Pension Section 115	Totals
ASSETS			
Current Assets			
Cash and investments	\$16,039,476	\$40,247,522	\$56,286,998
Interest receivable	108,788		108,788
Materials, supplies and deposits	111,093		111,093
	<u>16,259,357</u>	<u>40,247,522</u>	<u>56,506,879</u>
Total current assets			
Noncurrent Assets			
Capital assets (net of accumulated depreciation)	10,854,007		10,854,007
	<u>10,854,007</u>		<u>10,854,007</u>
Total noncurrent assets			
	<u>10,854,007</u>		<u>10,854,007</u>
Total Assets	<u>27,113,364</u>	<u>40,247,522</u>	<u>67,360,886</u>
LIABILITIES			
Current Liabilities			
Accounts payable	253,553	16,937	270,490
Refundable deposit	12		12
Accrued payroll	65,418		65,418
Accrued vacation	24,235		24,235
Noncurrent Liabilities			
Accrued vacation	33,863		33,863
Sick leave payable	24,946		24,946
	<u>402,027</u>	<u>16,937</u>	<u>418,964</u>
Total Liabilities			
	<u>402,027</u>	<u>16,937</u>	<u>418,964</u>
NET POSITION			
Invested in capital assets	10,854,007		10,854,007
Restricted for pension expenses		40,230,585	40,230,585
Unrestricted	15,857,330		15,857,330
	<u>15,857,330</u>	<u>40,230,585</u>	<u>15,857,330</u>
Total Net Position	<u>\$26,711,337</u>	<u>\$40,230,585</u>	<u>\$66,941,922</u>

CITY OF MILPITAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Equipment Management	Pension Section 115	Totals
OPERATING REVENUES			
Charges for services	\$4,993,125		\$4,993,125
Other	396,318	\$2,817,504	3,213,822
Total Operating Revenues	5,389,443	2,817,504	8,206,947
OPERATING EXPENSES			
Personal services	1,179,078		1,179,078
Services and supplies	1,545,988	103,243	1,649,231
Depreciation and amortization	1,415,133		1,415,133
Maintenance and repairs	665,837		665,837
Total Operating Expenses	4,806,036	103,243	4,909,279
Operating Income (Loss)	583,407	2,714,261	3,297,668
NONOPERATING REVENUES (EXPENSES)			
Interest income(loss)	872,536	1,147,150	2,019,686
Gain (Loss) on disposal of property	126,150		126,150
Total Nonoperating Revenues (Expenses)	998,686	1,147,150	2,145,836
Income (Loss) Before Contributions and Transfers	1,582,093	3,861,411	5,443,504
Contributions	489,147		489,147
Transfer in	929,850		929,850
Transfer out	(2,875,425)		(2,875,425)
Change in net position	125,665	3,861,411	3,987,076
Net position-beginning	26,585,672	36,369,174	62,954,846
Net position-ending	\$26,711,337	\$40,230,585	\$66,941,922

CITY OF MILPITAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Equipment Management	Pension Section 115	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$5,389,443	\$2,817,504	\$8,206,947
Payments to suppliers	(1,096,479)	(102,292)	(1,198,771)
Payments to employees	(1,128,295)		(1,128,295)
	<u>3,164,669</u>	<u>2,715,212</u>	<u>5,879,881</u>
Net cash provided by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	929,850		929,850
Transfers out	(2,875,425)		(2,875,425)
	<u>(1,945,575)</u>		<u>(1,945,575)</u>
Cash Flows from Noncapital Financing Activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,160,176)		(1,160,176)
Proceeds from sale of assets	126,150		126,150
	<u>(1,034,026)</u>		<u>(1,034,026)</u>
Cash Flows from Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	855,257	1,147,150	2,002,407
	<u>855,257</u>	<u>1,147,150</u>	<u>2,002,407</u>
Cash Flows from Investing Activities			
Net increase (decrease) in cash and cash equivalents	1,040,325	3,862,362	4,902,687
Cash and investments at beginning of period	14,999,151	36,385,160	51,384,311
Cash and investments at end of period	<u>\$16,039,476</u>	<u>\$40,247,522</u>	<u>\$56,286,998</u>
NONCASH TRANSACTIONS:			
Contributions and transfers of capital assets, net	\$489,147		\$489,147
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	583,407	\$2,714,261	3,297,668
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,415,133		1,415,133
Change in assets and liabilities:			
Materials, supplies and deposits	970,749		970,749
Accounts and other payables	195,380	951	196,331
	<u>\$3,164,669</u>	<u>\$2,715,212</u>	<u>\$5,879,881</u>
Net cash provided by operating activities			



STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

- Net Position – Schedule 1
- Changes in Net Position – Schedule 2
- Fund Balances, Governmental Funds – Schedule 3
- Changes in Fund Balance, Governmental Funds – Schedule 4

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

- Assessed Value and Actual Value of Taxable Property – Schedule 5
- Direct and Overlapping Property Taxes Rates – Schedule 6
- Principal Property Taxpayers – Schedule 7
- Property Tax Levies and Collections – Schedule 8
- Taxable Sales by Category – Schedule 9
- Direct and Overlapping Sales Tax Rates – Schedule 10
- Principal Sales Tax Payers – Schedule 11

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

- Ratios of Outstanding Debt by Type – Schedule 12
- Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds – Schedule 13
- Computation of Direct and Overlapping Debt – Schedule 14
- Legal Debt Margin Information – Schedule 15
- Installment Payment Coverage, Sewer Certificates of Participation and Waste Water Revenue Refunding Bonds – Schedule 16
- Installment Payment Coverage, Water Revenue Bonds – Schedule 17

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

- Bimonthly Sewer Rates by Customer Class – Schedule 18
- Bimonthly Water Rates by Customer Class – Schedule 19
- Demographic and Economic Statistics – Schedule 20
- Principal Employers – Schedule 21

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

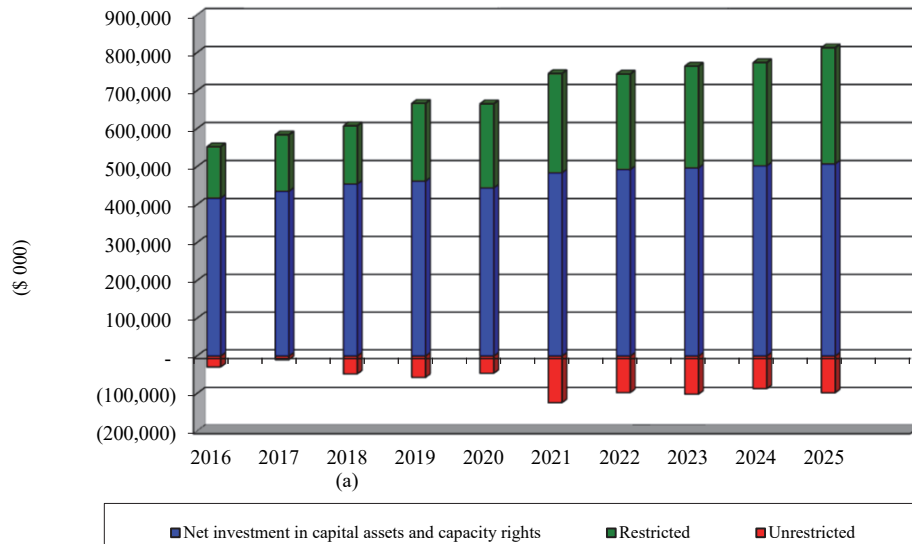
- Authorized Full-Time Equivalent Employees by Function/Program – Schedule 22
- Operating Indicators by Function/Program – Schedule 23
- Capital Asset Statistics by Function/Program – Schedule 24

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.



CITY OF MILPITAS
NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)
(Dollars in Thousands)



	Fiscal Year Ended June 30,				
	2016	2017	2018 (a)	2019	2020
Governmental activities					
Net investment in capital assets and capacity rights	\$298,321	\$312,138	\$323,239	\$326,564	\$344,471
Restricted	100,327	108,630	109,726	145,983	158,716
Unrestricted	(44,368)	(30,091)	(63,405)	(65,799)	(93,911)
Total governmental activities net position	<u>\$354,280</u>	<u>\$390,677</u>	<u>\$369,560</u>	<u>\$406,748</u>	<u>\$409,276</u>
Business-type activities					
Net investment in capital assets and capacity rights	\$118,588	\$122,937	\$130,736	\$135,048	\$99,331
Restricted	35,130	40,311	43,834	59,191	63,084
Unrestricted	15,261	20,254	15,784	8,930	47,967
Total business-type activities net position	<u>\$168,979</u>	<u>\$183,502</u>	<u>\$190,354</u>	<u>\$203,169</u>	<u>\$210,382</u>
Primary government					
Net investment in capital assets and capacity rights	\$416,909	\$435,075	\$453,975	\$461,612	\$443,802
Restricted	135,457	148,941	153,560	205,174	221,800
Unrestricted	(29,107)	(9,837)	(47,621)	(56,869)	(45,944)
Total primary government net position	<u>\$523,259</u>	<u>\$574,179</u>	<u>\$559,914</u>	<u>\$609,917</u>	<u>\$619,658</u>
	Fiscal Year Ended June 30				
	2021	2022	2023	2024	2025
Governmental activities					
Net investment in capital assets and capacity rights	\$358,445	\$365,009	\$365,509	\$366,987	\$369,936
Restricted	189,030	176,451	179,036	188,018	205,793
Unrestricted	(142,708)	(118,570)	(114,218)	(116,040)	(118,179)
Total governmental activities net position	<u>\$404,767</u>	<u>\$422,890</u>	<u>\$430,327</u>	<u>\$438,965</u>	<u>\$457,550</u>
Business-type activities					
Net investment in capital assets and capacity rights	\$125,206	\$127,204	\$130,978	\$135,007	\$138,637
Restricted	72,629	75,083	89,091	83,642	100,063
Unrestricted	18,483	21,208	12,857	27,545	20,151
Total business-type activities net position	<u>\$216,318</u>	<u>\$223,495</u>	<u>\$232,926</u>	<u>\$246,194</u>	<u>\$258,851</u>
Primary government					
Net investment in capital assets and capacity rights	\$483,651	\$492,213	\$496,487	\$501,994	\$508,573
Restricted	261,659	251,534	268,127	271,660	305,856
Unrestricted	(124,225)	(97,362)	(101,361)	(88,495)	(98,028)
Total primary government net position	<u>\$621,085</u>	<u>\$646,385</u>	<u>\$663,253</u>	<u>\$685,159</u>	<u>\$716,401</u>

(a) The City implemented the provisions of GASB Statement 75 in fiscal year 2018 that required the restatement of net position. Amounts prior to 2018 have not been restated.

CITY OF MILPITAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
Expenses				
Governmental activities				
General Government	\$18,614	\$21,174	\$19,111	\$25,281
Building and Safety	2,513	3,389	4,148	(b)
Building, Housing and Safety			(b)	5,449
Recreation and Community Services			5,890	7,020
Public Works	12,761	16,266	15,903	20,053
Engineering	5,790 (a)	6,249 (a)	5,712 (a)	6,459 (a)
Planning and Neighborhood Services	2,649 (a)	3,103 (a)	3,586 (a)	(b)
Planning				1,851
Parks and Recreation	4,090	4,949		
Police	24,556	30,270	33,840	35,868
Fire	16,400	20,499	24,194	26,535
Interest on Long Term Debt	56	48		17
Total governmental activities expenses	87,429	105,947	112,384	128,533
Business-type activities				
Water Utility	19,743	20,666	23,742	25,232
Sewer Utility	10,872	9,969	12,715	12,231
Total business-type activities expenses	30,615	30,635	36,457	37,463
Total primary government expenses	\$118,044	\$136,582	\$148,841	\$165,996
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$2,065	\$1,970	\$2,088	\$2,347
Building and Safety	5,963	7,814	10,093	(b)
Building, Housing and Safety				9,718
Recreation and Community Services			2,559	2,655
Public Works	(a)	(a)	(a)	(a)
Engineering	2,863 (a)	2,720 (a)	2,465 (a)	2,379 (a)
Planning and Neighborhood Services	747	292	418	(b)
Planning				226
Parks and Recreation	1,981	2,301		
Police	1,138	1,184	1,089	1,130
Fire	2,440	3,224	3,326	2,172
Operating grants and contributions	7,320	7,880	6,521	8,277
Capital grants and contributions	35,195	32,256	34,003	47,194
Total government activities program revenues	59,712	59,641	62,562	76,098
Business-type activities				
Charges for services:				
Water Utility	18,709	26,318	29,667	29,355
Sewer Utility	15,964	16,803	17,139	17,830
Operating grants and contributions	63	89	124	114
Capital grants and contributions	1,103	4,937	2,507	2,755
Total business-type activities program revenue	35,839	48,147	49,437	50,054
Total primary government program revenues	\$95,551	\$107,788	\$111,999	\$126,152
Net (Expense)/Revenue				
Governmental activities	(\$27,717)	(\$46,306)	(\$49,822)	(\$52,435)
Business-type activities	5,224	17,512	12,980	12,591
Total primary government net expense	(\$22,493)	(\$28,794)	(\$36,842)	(\$39,844)

- (a) Public Works and Engineering are separate departments beginning in fiscal year 2016.
- (b) Neighborhood Services is a component of Building, Housing and Safety, and Planning is a separate department beginning in fiscal year 2019.
- (c) Under the terms of a settlement agreement with the County Auditor - Controller, Successor Agency to the Milpitas Redevelopment Agency and other parties, the City and Economic Development Corporation transferred cash and certain capital assets to the Successor Agency and received certain capital assets from the Successor Agency.
- (d) Beginning in fiscal year 2025, the Building, Housing and Safety Department was realigned to be separate component under City Manager Office. Code Enforcement is a component of Planning Department.

2020	2021	2022	2023	2024	2025
\$24,050	\$25,247	\$25,213	\$25,711	\$28,302	\$31,296
(b)	(b)	(b)	(b)	(b)	(b)
7,418	6,705	4,943	7,940	8,376	(d)
7,095	5,174	6,114	8,410	8,514	8,555
20,342	20,219	22,063	23,657	31,702	35,183
7,314 (a)	6,826 (a)	5,047 (a)	6,006	(a)	(a)
(b)	(b)	(b)	(b)	(b)	(b)
2,741	2,489	1,851	2,638	2,545	3,628
43,505	38,919	29,468	39,545	46,096	44,727
31,472	31,859	29,040	31,799	31,777	36,077
37	785	838	565	676	1,293
143,974	138,223	124,577	146,271	157,988	160,759
28,750	28,959	26,898	28,070	30,029	35,999
15,240	15,982	15,622	20,226	17,839	19,113
43,990	44,941	42,520	48,296	47,868	55,112
\$187,964	\$183,164	\$167,097	\$194,567	\$205,856	\$215,871
\$1,809	\$1,710	\$1,931	\$1,400	\$1,299	\$8,054
(b)	(b)	(b)	(b)	(b)	(b)
6,621	8,629	8,815	7,815	5,358	(d)
1,145	762	2,360	3,328	2,910	3,910
(a)	(a)	(a)	81	3,678 (a)	3,708 (a)
2,132 (a)	1,792 (a)	1,096 (a)	2,960	(a)	(a)
(b)	(b)	(b)	(b)	(b)	(b)
452	408	474	505	566	489
1,087	1,055	1,421	1,565	1,513	1,596
2,402	2,553	2,582	2,498	2,396	2,737
10,643	14,986	15,335	16,230	21,580	16,153
33,423	18,997	19,924	7,901	12,270	22,033
59,714	50,892	53,938	44,283	51,570	58,680
32,792	34,658	34,374	34,242	36,065	39,541
19,566	20,152	21,593	24,953	25,110	26,476
171	125	306	59	61	52
601	1,434	1,026	2,509	174	672
53,130	56,369	57,299	61,763	61,410	66,741
\$112,844	\$107,261	\$111,237	\$106,046	\$112,980	\$125,421
(\$84,260)	(\$87,331)	(\$70,639)	(\$101,988)	(\$106,418)	(\$102,079)
9,140	11,428	14,779	13,467	13,542	11,629
(\$75,120)	(\$75,903)	(\$55,860)	(\$88,521)	(\$92,876)	(\$90,450)

(Continued)

CITY OF MILPITAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Dollars in Thousands)

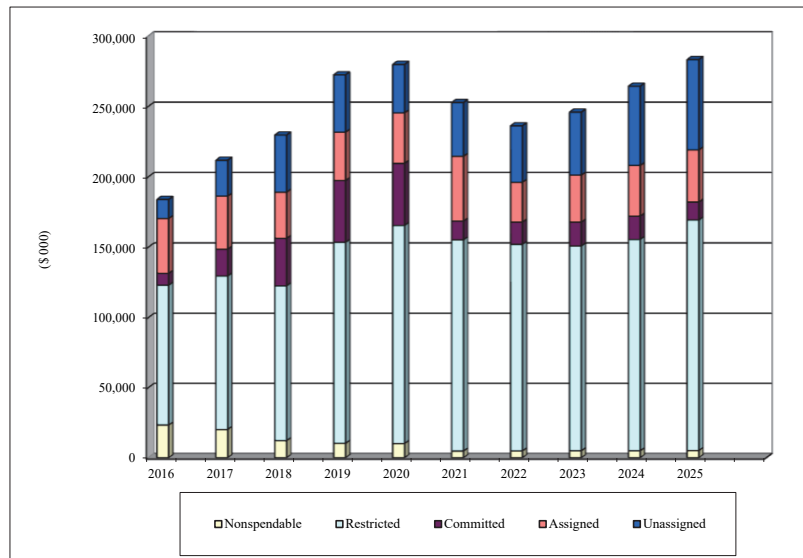
	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes:				
Property taxes	\$27,068	\$30,262	\$31,893	\$33,811
Sales and use taxes	23,924	25,392	26,991	27,983
Hotel/Motel taxes	11,757	11,858	12,122	14,503
Other taxes	822	803	814	808
Franchise fees	3,841	3,871	4,678	5,127
Motor vehicle in lieu	29	34	39	36
Investment earnings	913	118	301	4,474
Gain on sale of capital assets/property		7,324		4
Miscellaneous	287	118	186	390
Transfers	2,625	2,923	2,511	2,489
Extraordinary item				
Special Item			(12,432) (c)	
Total government activities	71,266	82,703	67,103	89,625
Business-type activities				
Investment earnings	695	(65)	171	2,712
Transfers	(2,625)	(2,923)	(2,511)	(2,489)
Total business-type activities	(1,930)	(2,988)	(2,340)	223
Total primary government	\$69,336	\$79,715	\$64,763	\$89,848
Change in net position				
Governmental activities	\$43,549	\$36,397	\$17,281	\$37,190
Business-type activities	3,294	14,524	10,640	12,814
Total primary government	\$46,843	\$50,921	\$27,921	\$50,004

- (a) Public Works and Engineering are separate departments beginning in fiscal year 2016.
- (b) Neighborhood Services is a component of Building, Housing and Safety, and Planning is a separate department beginning in fiscal year 2019.
- (c) Under the terms of a settlement agreement with the County Auditor - Controller, Successor Agency to the Milpitas Redevelopment Agency and other parties, the City and Economic Development Corporation transferred cash and certain capital assets to the Successor Agency and received certain capital assets from the Successor Agency.

2020	2021	2022	2023	2024	2025
\$37,684	\$40,979	\$42,646	\$47,100	\$48,613	\$51,076
24,173	24,170	33,210	37,344	34,617	36,992
11,377	4,213	8,013	11,190	11,537	13,399
836	791	1,070	737	819	623
5,173	5,036	5,188	5,690	7,075	7,102
60	57	87	84	101	129
2,808	965	(7,560)	1,864	5,594	4,752
43	28	198	34		(232)
446	503	1,554	765	1,272	827
4,187	6,079	4,357	4,616	5,428	5,995
86,787	82,821	88,763	109,424	115,056	120,663
2,261	588	(3,246)	580	5,154	7,024
(4,187)	(6,079)	(4,357)	(4,616)	(5,428)	(5,996)
(1,926)	(5,491)	(7,603)	(4,036)	(274)	1,028
\$84,861	\$77,330	\$81,160	\$105,388	\$114,782	\$121,691
\$2,527	(\$4,510)	\$18,124	\$7,436	\$8,638	\$18,584
7,214	5,937	7,176	9,431	13,268	12,657
\$9,741	\$1,427	\$25,300	\$16,867	\$21,906	\$31,241



CITY OF MILPITAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(Dollars in Thousands)



	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$23,387	\$20,209	\$10,043	\$10,234	\$10,189	\$4,783	\$4,866	\$4,924	\$4,970	\$5,151
Restricted										
Committed	8,440	19,026	33,643	43,852	44,082	13,266	15,766	16,972	16,495	12,730
Assigned	9,052	8,067	8,629	5,916	6,118	6,543	6,114	6,921	7,478	7,478
Unassigned	13,410	25,440	40,496	40,655	34,387	38,128	40,038	44,685	56,307	64,092
Total General Fund	<u>\$54,289</u>	<u>\$72,742</u>	<u>\$92,811</u>	<u>\$100,657</u>	<u>\$94,776</u>	<u>\$62,720</u>	<u>\$66,784</u>	<u>\$73,502</u>	<u>\$85,250</u>	<u>\$89,451</u> (a)
All Other Governmental Funds										
Nonspendable	\$13	\$15	\$2,229	\$85	\$20	\$28	\$27	\$150	\$32	\$30
Restricted	99,701	109,416	110,418	143,232	155,359	150,544	147,231	145,894	150,629	164,220
Assigned	29,956	29,635	24,284	28,532	29,768	39,508	22,250	26,485	28,522	29,575
Unassigned										
Total all other governmental funds	<u>\$129,670</u>	<u>\$139,066</u>	<u>\$136,931</u>	<u>\$171,849</u>	<u>\$185,147</u>	<u>\$190,080</u>	<u>\$169,508</u>	<u>\$172,529</u>	<u>\$179,183</u>	<u>\$193,825</u> (a)

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

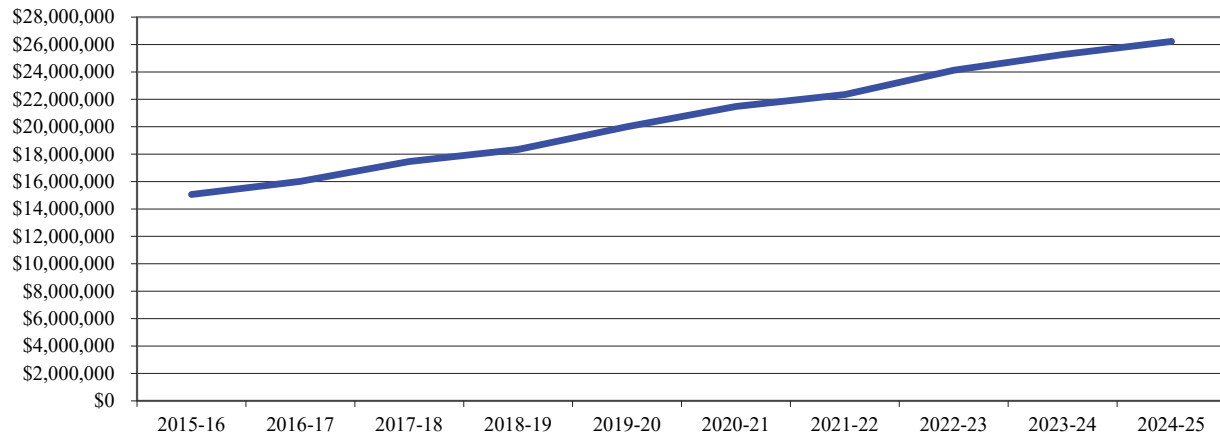
CITY OF MILPITAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Revenues					
Property taxes	\$27,068	\$30,261	\$31,893	\$33,811	\$37,799
Sales taxes	24,719	26,214	27,854	28,890	25,058
Hotel/Motel taxes					11,377 (d)
Franchise fees					5,173 (d)
Other taxes	18,737	19,349	20,429	23,386	4,632 (d)
Licenses and fines	8,051	10,497	12,758	11,757	9,039
Use of money and property	3,037	2,180	2,719	8,452	8,092
Intergovernmental	6,104	4,696	6,228	6,019	9,089
Charges for services	7,196	7,238	6,981	6,969	5,228
Developer contributions	29,410	25,637	29,065	41,153	24,684
Other	113	310	568	926	983
Total Revenues	124,435	126,382	138,495	161,363	141,154
Expenditures					
Current:					
General Government	13,771	17,089	15,397	21,352	19,146
Building and Safety	2,885	3,148	3,633	(c)	(c)
Building, Housing and Safety				5,038	5,784
Recreation and Community Services	3,383	3,876	4,497	5,144	5,227
Human Resources and Recreation	(b)	(b)	(b)	(b)	(b)
Parks and Recreation	(a)	(a)	(a)	(a)	(a)
Public Works	6,020	6,839	6,983	8,151	9,588
Engineering	3,257	3,527	3,103	3,201	3,559
Planning and Neighborhood Services	2,805	2,978	3,153	(c)	(c)
Planning				1,648	2,116
Police	26,124	27,247	27,880	30,389	34,301
Fire	17,470	18,456	21,034	23,225	26,416
Capital outlay	24,811	26,151	27,243	23,435	32,106
Debt service:					
Principal				199	728
Interest and fees	54	48	69	104	155
Total Expenditures	100,580	109,359	112,992	121,886	139,126
Excess (deficiency) of revenues over (under) expenditures	23,855	17,023	25,503	39,477	2,028
Other Financing Sources (Uses)					
Proceeds from debt issuance				952	
Payments to refunded debt escrow agent					
Proceeds/gain from sale of properties	160	7,324		1	
Loss from sale/conveyance of property			(12,437)	(152)	
Transfers in	23,001	18,405	19,505	37,936	27,164
Transfers (out)	(19,864)	(14,903)	(14,637)	(35,449)	(21,777)
Total other financing sources (uses)	3,297	10,826	(7,569)	3,288	5,387
Extraordinary Items					
Assets transferred to Housing Successor					
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor					
Special Item					
Assets transferred to/from Successor Agency and County					
Net Change in fund balances	<u>\$27,152</u>	<u>\$27,849</u>	<u>\$17,934</u>	<u>\$42,765</u>	<u>\$7,415</u>
Debt service as a percentage of noncapital expenditures	0.1%	0.1%	0.1%	0.3%	0.7%

- (a) Beginning in fiscal year 2013, parks maintenance division is part of the public works department and the recreation division is part of human resources department. However starting in fiscal year 2016, the recreation was separated out from Human Resources as an individual department
- (b) Human Resources is a component of General Government and Recreation is a separate department beginning in fiscal year 2016.
- (c) Neighborhood Services is a component of Building, Housing and Safety, and Planning is a separate department beginning in fiscal year 2019.
- (d) Transient occupancy taxes and Franchise fees were reported separately from Other taxes beginning in fiscal year 2020.
- (e) Beginning in fiscal year 2025, the Building, Housing and Safety Department was realigned to be separate component under City Manager Office. Code Enforcement is a component of Planning Department.

Fiscal Year Ended June 30,				
2021	2022	2023	2024	2025
\$41,093	\$42,759	\$47,210	\$48,724	\$51,181
25,114	34,364	38,476	35,836	38,101
4,213 (d)	8,012 (d)	11,189 (d)	11,529 (d)	13,379 (d)
5,036 (d)	5,188 (d)	5,690 (d)	7,075 (d)	7,102 (d)
4,889 (d)	5,940 (d)	6,154 (d)	7,141 (d)	7,248 (d)
10,993	11,287	10,147	7,663	8,921
1,505	(5,980)	3,432	9,937	13,941
12,576	15,403	16,062	20,079	14,217
4,816	6,114	6,908	7,418	7,817
15,880	9,331	2,399	2,288	10,473
642	621	935	1,315	917
126,757	133,039	148,602	159,005	173,297
22,902	24,657	22,390	25,212	32,997
(c)				
6,088	5,853	7,635	7,601	(e)
3,662	5,041	6,640	6,967	7,146
(b)				
(a)				
10,671	10,850	12,053	16,977	23,532
3,846	3,474	3,539		
(c)				
2,293	2,142	2,484	2,295	3,557
34,803	35,023	37,656	39,273	42,434
28,200	29,483	29,227	28,401	35,224
33,648	33,828	21,196	17,638	15,471
	275	748	652	1,070
449	737	740	719	969
146,562	151,363	144,308	145,735	162,400
(19,805)	(18,324)	4,294	13,270	10,897
21,919				
3	118	65	5	5
21,486	16,902	23,531	24,441	22,405
(50,724)	(13,225)	(20,131)	(19,313)	(14,464)
(7,316)	3,795	3,465	5,133	7,946
(\$27,121)	(\$14,529)	\$7,759	\$18,403	\$18,843
0.3%	0.7%	1.16%	1.08%	1.41%

CITY OF MILPITAS
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Dollars in Thousands)



Fiscal Year	Real Property				Unsecured	Less: Tax-Exempt Property (c)	Total Taxable Assessed Value (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other (c)				
2015-16	\$8,629,667	\$1,445,665	\$2,788,984	\$649,712	\$1,844,591	(\$299,860)	\$15,058,759	1%
2016-17	9,386,926	1,493,922	3,248,012	675,017	1,529,223	(314,291)	16,018,809	1%
2017-18	10,143,815	1,581,140	3,563,327	782,718	1,710,357	(315,999)	17,465,358	1%
2018-19	10,997,080	1,619,668	3,504,633	790,143	1,761,094	(328,719)	18,343,899	1%
2019-20	12,311,913	1,684,889	3,752,681	665,325	1,917,745	(333,527)	19,999,026	1%
2020-21	13,398,580	1,792,792	4,048,447	534,924	1,890,212	(186,858)	21,478,097	1%
2021-22	14,045,849	1,861,634	4,231,585	463,153	1,922,357	(178,163)	22,346,415	1%
2022-23	15,166,680	1,890,500	4,568,761	496,705	2,196,227	(193,979)	24,124,894	1%
2023-24	15,901,041	1,986,166	5,068,816	548,661	2,072,285	(307,593)	25,269,376	1%
2024-25	16,609,743	2,053,553	5,379,908	509,272	1,981,849	(308,707)	26,225,618	1%

Source: Hdl Coren & Cone, Santa Clara County Assessor Combined Tax Rolls

Notes:

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.
- (c) Corrections were made for Fiscal Years 2013-14 through 2018-19 to correct the amounts for Other and Tax-Exempt Property. Total assessed value was unchanged.

CITY OF MILPITAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates (a)		
	Basic Rate (b)	Total Direct	County of Santa Clara (c)	School Districts	Special Districts
2015-16	1.00	1.00	0.0503	0.0817	0.0057
2016-17	1.00	1.00	0.0498	0.0734	0.0086
2017-18	1.00	1.00	0.0621	0.0880	0.0062
2018-19	1.00	1.00	0.0589	0.0850	0.0042
2019-20	1.00	1.00	0.0581	0.1245	0.0410
2020-21	1.00	1.00	0.0412	0.1255	0.0037
2021-22	1.00	1.00	0.0412	0.1210	0.0051
2022-23	1.00	1.00	0.0412	0.1172	0.0044
2023-24	1.00	1.00	0.0412	0.1017	0.0041
2024-25	1.00	1.00	0.0412	0.0875	0.0041

Source: County of Santa Clara, Tax Rates & Information

Notes:

- (a) Overlapping rates are those of local and county governments that apply to property owners within the City of Milpitas. Not all overlapping rates apply to all Milpitas property owners. These are voter approved levies in addition to the 1% State levy.
- (b) The City's basic property tax rate can only be increased by a 2/3 vote of the City's residents.
- (c) The overlapping rates for the County of Santa Clara were corrected in prior years to include amounts that were previously omitted by mistake.

CITY OF MILPITAS
PRINCIPAL PROPERTY TAX PAYERS
FISCAL YEARS 2024-25 and 2015-16

Taxpayer	2024-2025			2015-2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Cisco Systems Inc.	\$862,834,650	1	3.29%	\$901,953,758	1	5.99%
KLA Tencor Corporation	693,736,044	2	2.65%	379,480,551	2	2.52%
Headway Technologies Inc	616,714,687	3	2.35%	114,487,120	10	0.76%
Milpitas-District 1 Owner LLC	450,768,179	4	1.72%			
Milpitas Mills LP	367,457,455	5	1.40%	310,981,136	3	2.07%
McCarthy Center Holding LLC	222,454,965	6	0.85%			
MG Eleanor Apartments LLC	196,900,473	7	0.75%			
WH Silicon Valley VI LP	193,282,324	8	0.74%			
WDMICA001 LP	192,450,000	9	0.73%			
Amalfi Milpitas LLC	183,060,160	10	0.70%			
Sandbox Expansion LLC				191,556,360	4	1.27%
California Diversified LLC				163,399,376	5	1.09%
Essex Portfolio LP				149,865,177	6	1.00%
Hudson Campus Center LLC				124,123,113	7	0.82%
Linear Technology Corporation				117,010,507	8	0.78%
Regency Tasman Holdings LLC				115,775,000	9	0.77%
Subtotal	<u>\$3,979,658,937</u>		<u>15.17%</u>	<u>\$2,568,632,098</u>		<u>17.06%</u>
Fiscal Year 2024-2025 Total Net Assessed Valuation			\$26,225,617,897			
Fiscal Year 2015-2016 Total Net Assessed Valuation			\$15,058,758,945			

Source: Hdl, Coren & Cone, Santa Clara County Assessor 2024/25 Combined Tax Rolls and the SBE Non Unitary Tax Roll

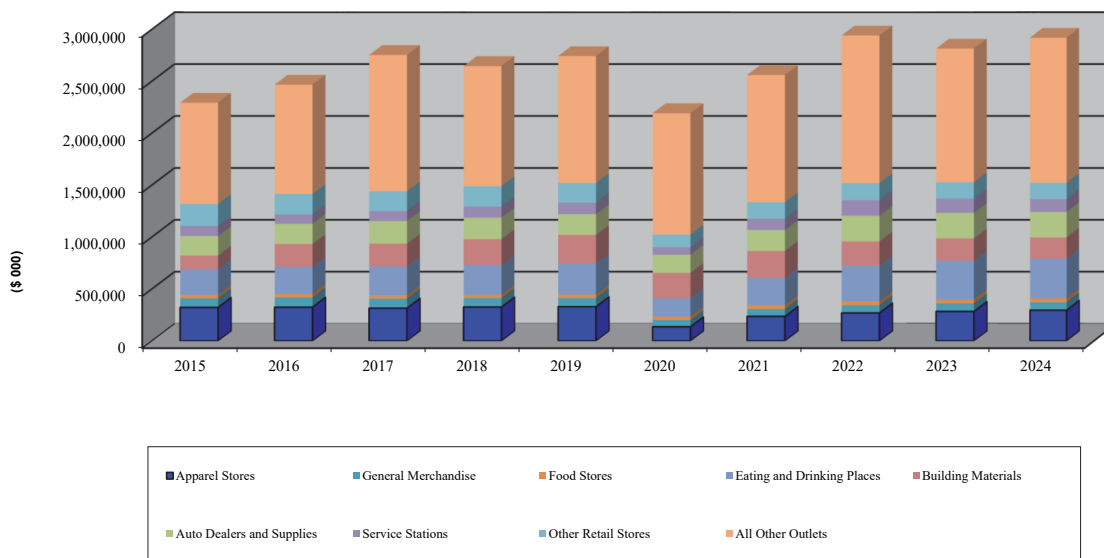
CITY OF MILPITAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollars in thousands)

<u>Fiscal Year</u>	<u>Taxes Levied (a)</u>	<u>Current Collections (a)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Taxes Collected (a)</u>	<u>Percent of Levy</u>
2015-16	27,068	27,068	100.00%	0	27,068	100.00%
2016-17	30,262	30,262	100.00%	0	30,262	100.00%
2017-18	31,893	31,893	100.00%	0	31,893	100.00%
2018-19	33,811	33,811	100.00%	0	33,811	100.00%
2019-20	37,684	37,684	100.00%	0	37,684	100.00%
2020-21	41,093	41,093	100.00%	0	41,093	100.00%
2021-22	42,759	42,759	100.00%	0	42,759	100.00%
2022-23	47,210	47,210	100.00%	0	47,210	100.00%
2023-24	48,578	48,578	100.00%	0	48,578	100.00%
2024-25	51,065	51,065	100.00%	0	51,065	100.00%

(a) The City elected to participate in the "Teeter" plan offered by the County whereby cities receive 100% of the taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

Source: City of Milpitas Annual Comprehensive Financial Report

CITY OF MILPITAS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(Dollars in Thousands)
Adjusted for Economic Data (a)



	CALENDAR YEARS									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Apparel Stores	321,992	324,777	314,476	325,503	328,797	135,961	235,722	268,617	283,426	294,453
General Merchandise	86,475	92,857	90,725	86,646	83,422	63,773	70,819	73,747	77,462	76,432
Food Stores	32,178	32,093	32,541	31,109	31,569	33,193	35,305	37,525	36,134	36,760
Eating and Drinking Places	246,653	262,563	278,418	285,895	299,737	176,589	261,703	344,196	374,480	381,958
Building Materials	134,128	220,330	219,627	249,678	275,936	244,481	261,419	232,726	215,277	206,624
Auto Dealers and Supplies	185,769	193,977	216,532	206,111	198,918	173,853	200,670	246,783	244,645	244,277
Service Stations	98,981	90,355	97,579	107,423	110,708	73,176	109,650	149,625	137,297	123,886
Other Retail Stores	211,504	197,511	189,900	196,586	189,972	121,752	158,734	164,914	157,910	157,132
All Other Outlets	974,998	1,052,073	1,312,460	1,156,074	1,222,433	1,168,815	1,224,812	1,421,514	1,286,677	1,396,783
Total	\$2,292,678	\$2,466,536	\$2,752,258	\$2,645,025	\$2,741,492	\$2,191,593	\$2,558,834	\$2,939,647	\$2,813,308	\$2,918,305

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

(a) Adjusted for Economic Data - reflects adjustments for prior periods taxable sales in the appropriate quarters.

CITY OF MILPITAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	Santa Clara County (b)	State of California
2015-16	1.00	1.50	6.25
2016-17	1.00	2.00	6.00
2017-18	1.00	2.00	6.00 (a)
2018-19	1.00	2.00	6.00
2019-20	1.00	2.00	6.00
2020-21	1.25	2.00	6.00
2021-22	1.25	2.13	6.00
2022-23	1.25	2.13	6.00
2023-24	1.25	2.13	6.00
2024-25	1.25	2.13	6.00

Source: California State Board of Equalization

(a) On April 1, 2017, the County increased the rate 0.50% and on January 1, 2017 the State decreased the rate 0.25%.

(b) Corrections were made to the County and State rates in all years. 0.25% that is part of the County Transportation Fund was being counted as State rate by mistake.

Note: The City's sales tax rate may be changed only with approval of the State Legislature.

CITY OF MILPITAS
 PRINCIPAL SALES TAX PAYERS
 FISCAL YEARS 2024-25 and 2015-16
 IN ALPHABETICAL ORDER

Fiscal Year 2024-2025	Fiscal Year 2015-2016
Arco	Acme Construction Supply Co
Best Buy	Best Buy
Burlington	Burlington
Cisco Systems	Chevron
Coach	Cisco Systems
Consolidated Electrical Distributors	Coach
Envision Honda of Milpitas	Consolidated Electrical Distributors
Envision Toyota of Milpitas	Dave & Busters
Flextronics	Eplus Technology
Floor & Decor	Fireeye
Headway Technologies	Flextronics
Home Depot	Home Depot
Hoya Corporation Usa	Hoya Corporation Usa
Inspur Systems	Jacklin Shell
Jacklin Shell	KLA Tencor
KLA Tencor	Kohls
Kz Kitchen Cabinet & Stone	Marshalls
Lennox Industries	Mazak Corporation
Marshalls	Michael Kors
Milpitas Materials Company	Milpitas Materials Company
Nike Factory Store	Nike Factory Store
Teledyne Lecroy	Piercey Toyota
Uniqlo	South Bay Honda
Veeco Process Equipment Inc	Tommy Hilfiger
Walmart Supercenter	Walmart Supercenter

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's

CITY OF MILPITAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Lease Revenue Bonds	Purchase Agreement	Capital Lease	Certificates of Participation	Revenue Bonds (c)			
2015-16	0	0	94	6,055	0	6,149	0.26%	81
2016-17	0	0	0	5,605	0	5,605	0.22%	74
2017-18	0	0	0	0	5,363	5,363	0.20%	71
2018-19	0	0	728	0	4,812	5,540	0.19% (b)	73
2019-20	0	0	0	0	59,448	59,448	1.76%	763
2020-21	21,919	0	0	0	57,882	79,801	2.11%	1,262
2021-22	21,470	0	0	0	56,246	77,716	1.47%	949
2022-23	20,826	0	0	0	54,555	75,381	1.76%	930
2023-24	20,132	0	0	0	52,804	72,936	1.49%	892
2024-25	19,389	0	0	0	50,988	70,377	1.33%	859

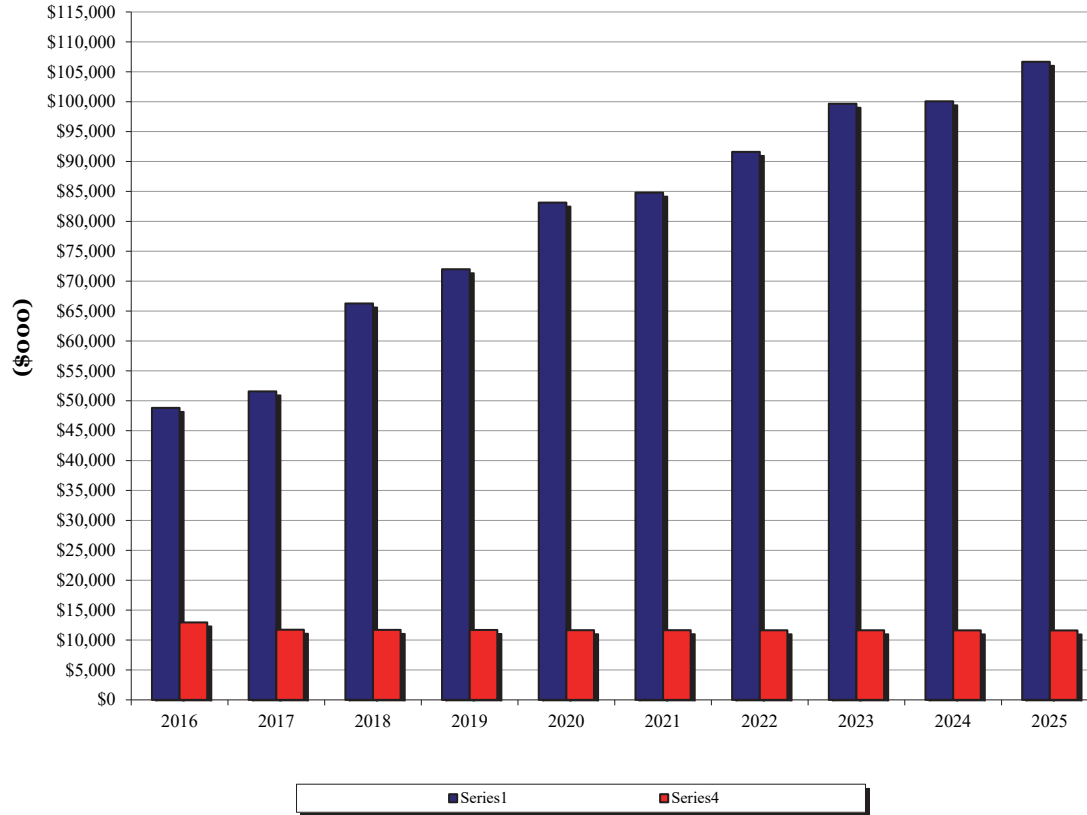
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(a) See Schedule 20 for personal income and population data.

(b) The Redevelopment Agency was dissolved as of January 31, 2012 and its debt was assumed by a Successor Agency.

(c) Balance of Revenue Bonds includes unamortized Bond Premium

CITY OF MILPITAS
BONDED DEBT PLEDGED REVENUE COVERAGE
REDEVELOPMENT AGENCY TAX ALLOCATION BONDS
LAST TEN FISCAL YEARS



Fiscal Year Ended June 30	Redevelopment Agency Property Tax Increments (a)	Less Housing Reserve Fund	Net Tax Increment Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	48,810,216 (d)	0 (b)	48,810,216	7,375,000 (d)	5,567,028 (d)	12,942,028	3.77
2017	51,563,292 (d)	0 (b)	51,563,292	6,045,000 (d)	5,682,175 (d)	11,727,175	4.40
2018	66,266,187 (d)	0 (b)	66,266,187	6,225,000 (d)	5,467,000 (d)	11,692,000	5.67
2019	71,988,412 (d)	0 (b)	71,988,412	6,475,000 (d)	5,213,000 (d)	11,688,000	6.16
2020	83,139,471	0 (b)	83,139,471	6,735,000 (d)	4,915,125 (d)	11,650,125	7.14
2021	84,805,793	0 (b)	84,805,793	7,070,000 (d)	4,570,000 (d)	11,640,000	7.29
2022	91,606,749	0 (b)	91,606,749	7,425,000 (d)	4,207,625 (d)	11,632,625	7.87
2023	99,657,121	0 (b)	99,657,121	7,800,000 (d)	3,827,000 (d)	11,627,000	8.57
2024	100,075,599	0 (b)	100,075,599	8,185,000 (d)	3,427,375 (d)	11,612,375	8.62
2025	106,669,005	0 (b)	106,669,005	8,595,000 (d)	3,007,875 (d)	11,602,875	9.19

- (a) Tax increments are net of pass-through payments and administrative fees withheld by the County prior to distribution to the Agency.
- (b) The Redevelopment Agency was dissolved as of January 31, 2012 and its debt was assumed by a Successor Agency. The Successor Agency collects Property Taxes, with no distinction between housing and non-housing revenues, which are used for the repayment of the former Redevelopment Agency's Bonds.
- (c) Includes debt service paid by the Redevelopment Agency prior to the dissolution and by the Successor Agency after the dissolution.
- (d) Tax increment reported in this table after the dissolution date is the amount calculated by the County Auditor-Controller as available for payment of enforceable obligations. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Debt service reported was paid by the Successor Agency.

CITY OF MILPITAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2025

JURISDICTION	PERCENTAGE APPLICABLE TO CITY OF MILPITAS (1)	AMOUNT APPLICABLE TO CITY OF MILPITAS
2024-25 Assessed Valuation, Direct and Overlapping Debt		\$26,227,211,781
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Santa Clara County		\$45,927,198
San Jose- Evergreen Community College District		115,161,058
Milpitas Unified School District		293,629,507
East Side Union High School District		7,672,603
Berryessa Union School District		10,501,949
Santa Clara Valley Water District Benefits Assessment District		940,487
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		473,832,802
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>		
Santa Clara County General Fund Obligations		\$37,802,726
Santa Clara County Pension Obligation Bonds		11,978,770
Santa Clara County Board of Education Certificates of Participation		455,251
San Jose-Evergreen Community College District OPEB Bonds		5,701,712
Milpitas Unified School District General Fund Obligations		7,090,100
East Side Union High School District OPEB Bonds		232,737
Berryessa Union School District General Fund Obligations		97,747
City of Milpitas General Fund Obligations	100%	16,610,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		79,969,043
Less: Santa Clara County supported obligations		91,258
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$79,877,785
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</u>	100%	\$55,860,000
TOTAL DIRECT DEBT		\$16,610,000
TOTAL GROSS OVERLAPPING DEBT		\$593,051,845
TOTAL NET OVERLAPPING DEBT		\$592,960,587
GROSS COMBINED TOTAL DEBT		\$609,661,845 (2)
NET COMBINED TOTAL DEBT		\$609,570,587

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

<u>Ratios to 2024-25 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.81%
<u>Ratios to Assessed Valuation:</u>	
Direct Debt %	0.06%
Total Gross Debt %	2.32%

Source: Avenu Insights & Analytics, California Municipal Statistics, Inc.

CITY OF MILPITAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Legal Debt Margin Calculation for Fiscal Year 2024-25

Assessed value (net) - June 30, 2025	<u>\$26,227,211,781</u>	
Debt limit: 3.75% of assessed value (a)		\$983,520,442
Debt applicable to limit		
Total Bonded Debt		
Less: Tax Allocation Bonds		
not subject to limit		
Amount of Debt subject to limit		<u>0</u>
Legal debt margin		<u>\$983,520,442</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a percentage of Debt Limit
2015-16	564,703	0	\$564,703	0.0%
2016-17	600,705	0	\$600,705	0.0%
2017-18	654,951	0	\$654,951	0.0%
2018-19	687,896	0	\$687,896	0.0%
2019-20	749,963	0	\$749,963	0.0%
2020-21	805,429	0	\$805,429	0.0%
2021-22	837,991	0	\$837,991	0.0%
2022-23	904,669	0	\$904,669	0.0%
2023-24	947,601	0	\$947,601	0.0%
2024-25	983,520	0	\$983,520	0.0%

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in being assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

Source: City of Milpitas Finance Department
Santa Clara County Tax Assessor's Office

CITY OF MILPITAS
 INSTALLMENT PAYMENT COVERAGE
 SEWER CERTIFICATES OF PARTICIPATION AND
 WASTEWATER REVENUE REFUNDING BONDS
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Installment Payments			Coverage
				Principal	Interest	Total	
2015-16	16,408,718	7,687,848	8,720,870	435,000	249,348	684,348	12.74
2016-17	16,803,344	6,657,757	10,145,587	450,000	233,193	683,193	14.85
2017-18	17,245,001	9,031,729	8,213,272	470,000	216,055	686,055	11.97
2018-19	19,163,495	8,427,888	10,735,607	480,000	170,273	650,273	16.51
2019-20	20,664,951	10,235,463	10,429,488	460,000	808,477	1,268,477	8.22
2020-21	20,499,033	11,425,234	9,073,799	920,000	1,498,525	2,418,525	3.75
2021-22	21,592,843	9,373,484	12,219,359	980,000	1,455,875	2,435,875	5.02
2022-23	25,221,023	15,137,480	10,083,543	1,020,000	1,411,275	2,431,275	4.15
2023-24	27,580,979	12,562,514	15,018,465	1,070,000	1,361,950	2,431,950	6.18
2024-25	30,004,685	13,835,654	16,169,031	1,120,000	1,307,200	2,427,200	6.66

NOTE: The Certificates of Participation were issued on November 28, 2006 and called on January 5, 2018.
 The 2017 Wastewater Revenue Refunding Bonds were issued on December 4, 2017.
 The 2019 Wastewater Revenue Bonds were issued on October 22, 2019.

- (1) Gross Revenues include sewer service charges, other operating revenues, and interest income.
 Gross Revenues exclude connection fees and capital contributions.
- (2) Operating Expenses include sewer treatment services, personnel services, services and supplies,
 and repairs and maintenance expenses.
 Operating Expenses exclude depreciation and amortization expenses.

CITY OF MILPITAS
 INSTALLMENT PAYMENT COVERAGE
 WATER REVENUE FUNDS
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Installment Payments			Coverage
				Principal	Interest	Total	
2015-16							
2016-17							
2017-18							
2018-19							
2019-20	\$33,954,254	\$26,919,455	\$7,034,799	\$155,000	\$419,018	\$574,018	12.26
2020-21	35,023,092	27,314,613	7,708,479	290,000	755,650	1,045,650	7.37
2021-22	32,732,692	24,593,074	8,139,618	300,000	744,050	1,044,050	7.80
2022-23	34,613,267	26,504,394	8,108,873	315,000	732,050	1,047,050	7.74
2023-24	38,808,876	28,449,404	10,359,472	325,000	719,450	1,044,450	9.92
2024-25	43,035,805	34,374,879	8,660,926	340,000	706,450	1,046,450	8.28

NOTE: The Water Revenue Bonds were issued on October 24, 2019.

- (1) Gross Revenues include water service charges, other operating revenues, and interest income.
Gross Revenues exclude connection fees and capital contributions.
- (2) Operating Expenses include wholesale water purchases, personnel services, services and supplies, and repairs and maintenance expenses.
Operating Expenses exclude depreciation and amortization expenses.

CITY OF MILPITAS
BIMONTHLY SEWER RATES BY CUSTOMER CLASS
LAST TEN FISCAL YEARS

Fiscal Year	Residential			Commercial	
	Single Family Per Dwelling Unit	Multi-Family Per Dwelling Unit	Mobile Home Parks Per Dwelling Unit	Flat Rate	Quantity Charges (a)
2015-16	90.27	69.32	56.97	14.97	3.94 - 8.34
2016-17	90.27	69.32	56.97	14.97	3.94 - 8.34
2017-18	90.27	69.32	56.97	14.97	3.94 - 8.34
2018-19	102.52	78.73	64.70	24.30	4.21 - 9.63
2019-20	111.07	85.30	70.08	25.78	4.54 - 10.65
2020-21	118.34	90.88	74.66	26.55	4.91 - 11.48
2021-22	124.14	95.34	78.28	27.35	5.31-12.09
2022-23	128.44	97.96	84.42	29.25	4.95 - 11.58
2023-24	133.58	101.88	91.05	30.43	5.15 - 12.04
2024-25	138.93	105.96	98.20	31.65	5.36 - 12.53

Source: City of Milpitas, Ordinance 208.53

(a) For each one hundred cubic feet of water used. Charge varies depending on the business or type of business.

CITY OF MILPITAS
BIMONTHLY WATER RATES BY CUSTOMER CLASS
LAST TEN FISCAL YEARS

Fiscal Year	Single Family Residential			Commercial	
	Potable Residential	Capital Surcharge	5/8 inch Meter Charge	Potable Commercial Industrial Institutional Construction	5/8 to 10 inch Meter Charge
2015-16	4.75		18.00	4.75	18.00 - 900.00
2016-17	5.13	1.30	19.44	5.13	19.44 - 972.00
2017-18	5.13	1.30	19.44	5.13	19.44 - 972.00
2018-19*	5.13 - 5.31	1.30 - 1.08	19.44 - 27.01	5.13 - 5.31	19.44 - 1,350.33
2019-20	5.63	1.08	28.63	5.63	26.83 - 1,431.35
2020-21	6.32	1.08	32.17	6.32	32.17-1608.26
2021-22	6.70	1.08	34.10	6.70	34.10-1704.76
2022-23	7.17	1.14	35.87	7.17	35.87-4700.56
2023-24	7.64	1.20	38.21	7.64	38.21-5006.10
2024-25	8.14	1.26	40.70	8.14	40.70-5331.50

Source: City of Milpitas, Ordinance 120.50

*Rate effective Service Period April 1, 2019 to June 30, 2019 implemented on bill dated June 17, 2019. July 2018 rate listed first, and April rate listed second.

(a) For each one hundred cubic feet of water used. Charge varies depending on the business or type of business.

CITY OF MILPITAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS
 (Personal Income in Thousands)

<u>Calendar Year</u>	<u>Population</u>	<u>Population Density (Sq. Mile)</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate (%)</u>	<u>Land Area (Sq. Mile)</u>
2015	75,521	5,529	2,374,221	31,437	10,291	3.90%	13.66
2016	75,410	5,520	2,528,663	33,532	10,260	3.50%	13.66
2017	75,410	5,520	2,721,275	36,086	10,318	3.60%	13.66
2018	76,231	5,581	2,966,362	38,912	10,172	2.80%	13.66
2019	77,961	5,707	3,373,340	43,269	10,308	2.70%	13.66
2020	75,663	5,539	3,787,034	50,051	10,413	7.50%	13.66
2021	80,839	5,918	3,744,971	46,326	10,072	5.30%	13.66
2022	81,067	5,935	4,289,458	52,912	9,967	2.70%	13.66
2023	81,773	5,986	4,889,914	59,798	10,199	3.90%	13.66
2024	81,915	5,997	5,275,493	64,402	10,086	4.30%	13.66

Sources: HdL, Coren & Cone
 City of Milpitas Annual Budget

CITY OF MILPITAS
PRINCIPAL EMPLOYERS
FISCAL YEARS 2024-25 and 2015-16

Employer	2024-25			2015-16		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Cisco Systems, Inc. (a)	3,600	1	8.29%	3,816	1	9.81%
KLA-Tencor Corporation	2,917	2	6.72%	1,922	2	4.94%
Western Digital Tech (SanDisk Corporation)	1,219	3	2.81%	1,876	3	4.82%
Flextronics International (aka Vista Point Technologies)	1,160	4	2.67%	1,400	4	3.60%
Milpitas Unified School District	959	5	2.21%	900	6	2.31%
Headway Technologies Inc. (2 Locations)	792	6	1.82%	600	8	1.54%
City of Milpitas	420	7	0.97%			
Amazon - Delivery & Corporate Office	311	8	0.72%			
Kaiser Permanente Medical Offices	245	9	0.56%	375	9	0.96%
Nanometrics, Inc.	243	10	0.56%			
Analog Devices (Linear Technology Corporation)				1,200	5	3.08%
FireEye, Inc				778	7	2.00%
Walmart Supercenter				350	10	0.90%
Total Top 10 Employers	11,866		27.34%	13,217		33.98%
Total City Labor Force (1)	43,400			38,900		

Source: MuniServices, LLC / Neumo

Source: City of Milpitas - ACFR FY2016 Publication

Report

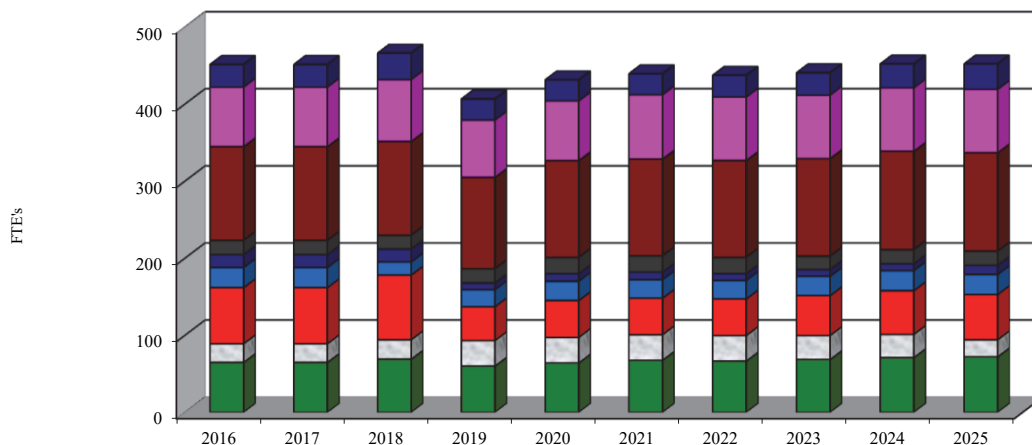
(1) Total City Labor Force provided by EDD Labor Force Data.

Notes:

Results based on direct correspondence with city's local businesses.

(a) Employer has not responded to our employee count inquires. Prior year count has been applied.

CITY OF MILPITAS
 AUTHORIZED FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS



General Government	Building	Public Works	Engineering and Planning
Planning and Neighborhood Services	Recreation	Parks and Recreation	Police
Fire	Utilities		

	Fiscal Year Ended June 30									
Function	2016	2017	2018	2019 (d)	2020	2021	2022	2023	2024	2025
General Government	64.8	64.8	69.0	60.0	64.0	67.5	66.5	68.5	71.0	72.0
Building, Safety	24.0	24.0	25.0	33.0 (b)	33.0	33.0	33.0	31.0	30.0	22.0 (f)
Housing										3.0 (f)
Public Works	73.0 (a)	73.0	84.0	44.0	48.0	47.5	47.6	51.8	56.8	58.8 (e)
Engineering	26.0 (a)	26.0	17.0	22.0	25.0	24.0	24.0	25.0	26.0	26.0 (e)
Planning	17.0	17.0	17.0	9.0 (b)	10.0	10.0	9.0	9.0	9.0	12.0 (f)
Recreation	18.0	18.0	17.5	18.0	20.75	20.75	20.75	17.00	18.00	18.00
Parks and Recreation										
Police:										
Sworn Police	92.0	93.0	93.0	90.0	93.0	93.0	93.0	93.0	94.0	94.0
Civilians	30.0	29.0	29.0	29.0	33.0	33.0	33.0	34.0	34.0	34.0
Fire:										
Firefighters and Safety										
Officers	66.0	66.0	68.0	71.0	73.0	79.0	78.0	78.0	78.0	78.0
Civilians	11.0	11.0	12.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Utilities (c)	29.5	29.5	34.5	27.5	27.5	27.5	28.4	29.2	31.2	33.2
Total	451.3	451.3	466.0	406.5	431.3	439.3	437.3	440.5	452.0	455.0

(a) Beginning in fiscal year 2016, Public Works and Engineering are separate departments.

(b) Neighborhood Services is a component of Building, Housing and Safety, and Planning is a separate department beginning in fiscal year 2019.

(c) Utilities is comprised of employees from Public Works and Finance.

(d) In Fiscal Year 2019, the City removed unfunded authorized positions.

(e) As of December 2023, the Engineering and Public Works Departments were realigned into one department named Public Works Department.

(f) Beginning in fiscal year 2025, the Building, Housing and Safety Department was realigned to be separate component under City Manager office. Code Enforcement is a component of Planning Department.

Source: City of Milpitas, final budget

CITY OF MILPITAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

		Fiscal Year Ended June 30				
		2016	2017	2018	2019	2020
Function/Program						
Building Safety & Housing						
	Building permits issued	4,200	4,090	4,200	4,300	4,000
	Plan review performed	1,500	1,610	1,700	1,600	4,800
	Code Customer Service Requests /					
	Violations abated	755	800	714	784	600
Public Works						
	Street miles maintained	139	139	298	298	298
	Customer Service Requests	2,794	2,800	3,000	2,384	4,468
	Development projects reviewed	178	158	160	225	134
Planning						
	Applications to Planning Commission	92	92	100	419	37
Recreation						
	Sports Center members	1,600	1,325	1,450	1,575	1,877
	Senior nutrition meals served	20,158	18,678	17,206	18,322	20,145
Police						
	Avg response time to emergency calls (minutes)	2:40	2:44	2:57	2:41	2:36
	Number of anti-terrorist patrol checks	2,400	2,200	2,200	1,949	1,479
	Crime prevention presentations	125	70	56	104	110
	Number of vehicle citations issued	5,900	5,720	5,900	5,895	6,000
Fire						
	Emergency calls for service	5,000	5,000	5,200	5,640	5,600
	Public education events	100	112	200	223	134
	Permits Inspections	7,600	7,322	7,577	7,824	7,772
	Plan Review	1,200	1,550	1,700	1,600	1,575
Utility						
	Clean sewer lines (feet)	500,000	500,000	491,244	528,051	432,022
	Repair, replace or set water meters	189	152	115	147	219
	Average daily consumption (thousands of gallons)	7,800	5,800	6,590	8,394	8,410

Source: City of Milpitas, final budget

Footnote: Statistic for DARE presentations: schools/students is removed from this schedule in 2022 due to no activity since 2013

	Fiscal Year Ended June 30			
2021	2022	2023	2024	2025
3,000	3,000	3,800	4,300	3,800
4,900	4,900	5,200	5,700	5,200
600	600	600	1,054	709
303	303	308	308	308
3,353	4,652	5,176	6,000	6,586
48	24	15	10	16
31	60	60	50	50
506	1,024	1,104	1,104	1,666
39,783	28,699	21,112	21,112	21,723
2:40	2:49	2:55	2:49	3:05
958	490	233	544	249
105	47	28	45	29
6,300	4,230	3,829	3,838	3,254
5,390	6,164	6,782	6,782	6,891
0	2,082	5,079	5,079	6,336
2,949	1,652	1,668	1,668	939
1,884	1,401	1,448	1,448	1,261
636,681	331,232	234,040	234,040	260,602
113	25	18	18	15
7,440	6,895	6,490	6,490	6,769

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CITY OF MILPITAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
Public Works					
Miles of streets	298	298	298	298	298
Street lights	4,577	4,581	5,119	5,141	4,418
Square feet of buildings maintained (in thousands)	376	376	322	473	473
City vehicles	264	264	269	271	258
Signs	5,700	6,000	10,000	10,000	6,000
Signal lights	71	72	72	74	78
City Parks	33	32	32	32	36
Acres of Parkland	180	195	195	195	154
Playgrounds	34	33	30	33	33
Parks and recreation					
Community centers	1	1	1	1	1
Senior centers	1	1	1	1	1
Sports centers	1	1	1	1	1
Satellite centers	0	2	2	1	2
Swimming pools	3	3	3	3	3
Tennis courts	21	21	21	21	21
Football field	1	1	1	1	1
Baseball/softball fields	9	7	7	9	9
Soccer fields	13	13	13	8	8
Basketball courts	9	10	10	10	10
Volleyball courts / Horse Shoe Pits / Bocce Ball / Cricket Field / Par Course	10	13	12	10	10
Handball courts	5	6	6	6	6
Skate Park					
Joint use:					
Russell Bobbysocks Fields	0	3	3	3	3
Soccer fields	0	2	2	8	2
Open Space - Number of School Sites	0	0	0	0	0
Police					
Police stations	2	2	2	2	2
Police patrol vehicles	34	29	29	29	29
Fire					
Fire stations	4	4	4	4	4
Fire Apparatus	13	11	11	12	13
Fire hydrants	2,033	2,039	2,039	2,039	2,308
Utility					
Miles of water mains	203	203	206	206	206
Water Tank Storage capacity (million of gallons)	16	16	16	16	16
Miles of sanitary sewers	173	173	175	173	173
Miles of storm drain	99	99	105	99	99
Miles of recycled water main	23	21	23	26	26

Source: City of Milpitas, final budget

	Fiscal Year Ended June 30			
2021	2022	2023	2024	2025
303	303	308	308	308
4,494	4,494	4,516	4,584	4,647
473	455	455	455	465
268	256	302	302	209
6,000	6,000	6,000	6,100	6,200
83	83	83	79	79
36	36	36	37	40
154	154	154	165	192
33	33	33	35	42
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
21	21	21	25	25
1	1	1	1	1
9	11	11	11	11
8	8	8	8	8
10	10	10	18	18
10	10	10	21	21
6	6	6	2	2
	1	1	1	1
3	0	0	0	0
2	0	0	0	0
0	13	13	13	13
2	2	2	2	2
30	30	30	30	30
4	4	4	4	4
13	13	13	13	13
2,308	2,308	2,308	2,308	2,308
206	206	206	183	183
16	16	16	16	16
173	173	160	160	160
99	99	99	112	112
26	24	24	24	24



OTHER AUDIT REPORT



**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council
City of Milpitas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Milpitas, California, as of and for the year ended June 30, 2025, and have issued our report thereon dated November 17, 2025. Our report includes a reference to other auditors who audited the financial statements of Terrace Gardens, Inc., as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 17, 2025 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
November 17, 2025

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
COMPLIANCE WITH THE PROPOSITION 111
2024-2025 APPROPRIATIONS LIMIT INCREMENT**

Honorable Mayor and Members of the City Council
City of Milpitas, California

We have performed the procedures enumerated below on the Appropriations Limit Worksheet (Worksheet) of the City of Milpitas, California, for the year ended June 30, 2025. The City's management is responsible for the Worksheet.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of these procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- A. We obtained the Worksheet and determined that the 2024-2025 Appropriations Limit of \$140,254,073 and annual adjustment factors were adopted by Resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
- B. We recomputed the 2024-2025 Appropriations Limit by multiplying the 2023-2024 Prior Year Appropriations Limit by the Total Growth Factor. We recomputed the Total Growth Factor by multiplying the population option by the inflation option.
- C. For the Worksheet, we agreed the Per Capita Income Factor, City Population Factor and County Population Factor to California State Department of Finance Worksheets.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management and the City Council and is not intended to be and should not be used by anyone other than those specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Maze & Associates

Pleasant Hill, California
November 17, 2025

**CITY OF MILPITAS
MEMORANDUM ON INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2025**

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**CITY OF MILPITAS
MEMORANDUM ON INTERNAL CONTROL**

For the Year Ended June 30, 2025

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of Milpitas, California

We have audited the basic financial statements of the City of Milpitas for the year ended June 30, 2025, and have issued our report thereon dated November 12, 2025. Our opinions on the basic financial statements and this report, as far as they relate to Terrace Gardens, Inc, are based solely on the report of other auditors. In planning and performing our audit of the basic financial statements of the City of Milpitas as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Other Matters. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads 'Maze & Associates' in a cursive, flowing script.

Pleasant Hill, California
November 17, 2025

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2025-01 Timeliness Submission of the Quarterly Treasurer Report

Criteria: Investment account reconciliation is an important element of the Department's internal control structure. Effective internal controls require reconciliations to be completed as soon as reasonably possible after each month-end, typically within thirty days of receiving the statements, and reviewed for accuracy. Errors and unreconciled differences should be researched and corrected immediately to prevent additional errors and a decrease in efficiency.

Condition: We noted that the Quarterly Treasurer report for the quarter ended December 31, 2024, was not submitted to Council review as of March 12, 2025, which is not within 45 days after the quarter ended.

Cause: According to the Finance Manager, the delay is due to the City's implementation of the new financial system and reporting structure.

Potential Effect: The late submission of the Quarterly Treasurer Reports to the City Council may subject the reporting to a higher risk of undetected errors or misstatements.

Recommendation: We recommend that the City submit the Quarterly Treasurer Reports to City Council no later than 45 days to avoid any undetected errors

Management Responses:

The Finance Department consistently reconciles quarterly investment reports received from its external investment advisors in a timely manner and did so for the quarter ended December 31, 2024. However, previous quarterly investment reports submitted to the City Council did not include the City's Section 115 Pension Trust investment report provided by external investment advisor PFM Asset Management LLC (PFM).

The inclusion of the Section 115 Pension Trust investment report requires analytical review and integration as part of a comprehensive quarterly investment report package. The timely provision of this analysis by PFM to support consolidated reporting to the City Council represented a new reporting requirement that required coordination with the external advisor. The Finance Department elected to delay submission until the complete quarterly investment report package, including the Section 115 component, could be presented to the City Council at its subsequent Finance Subcommittee meeting on March 12, 2025.

The required reporting cadence and submission timeline have been clearly communicated to both external investment advisors, and the necessary external reports are now being provided with sufficient lead time to ensure timely submission to the City Council within the 45-day timeframe.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2025-02: Host Compliance System Inaccurate Permit Fees

Criteria: The City should ensure that all fees are accurately calculated in accordance with the approved Fee Schedule for the current fiscal year.

Condition: During our cash receipt testing, we noted a receipt for Host compliance included a base permit fee using an old rate of \$520, instead of the new FY25 base fee of \$533.

We retrieved the general ledger details for the entire fiscal year of 2025 for Account number 100-3178, which records host compliance receipts. We noted that the total revenue collected from Host compliance during fiscal year 2025 was \$19,421.01.

Cause: The City contracted a third-party vendor to process the short-term rental permit. Due to staff turnover, the user and regulatory fee adopted in Fiscal year 24-25 was not communicated to the third-party vendor. This reason has caused the City to collect the wrong fee.

Potential Effect: The City could have undercharged the base permit fee for the Host compliance.

Recommendation: We recommend that the City:

- A. Coordinate with relevant City Staff and/or Host Compliance System Team to identify the cause of the wrong rate/calculation to ensure the correct charges are input and properly reviewed.
- B. Ensure all Master Fee schedules effective for the current fiscal year have been updated in the financial system and properly reviewed and approved.

Management Responses:

This receipt that was listed above is related to a short-term rental permit fee. As of June 30, 2025, the City has discontinued using the third party to process short-term rental permits. The short-term rental permit process has been brought in-house. The City also ensured the short-term rental permit fee listed in the existing building permit system complies with the user and regulatory fee adopted for the Fiscal year 2025.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2026:

GASB 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis - This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items - This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 103 – Financial Reporting Model Improvements (Continued)

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position - This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information - This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information - This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

How the Changes in This Statement Will Improve Financial Reporting

The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 103 – Financial Reporting Model Improvements (Continued)

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. If a primary government chooses early implementation of this Statement, all component units also should implement this Statement in the same year, subject to the provisions of paragraph 59 of Statement 14.

GASB 104 – Disclosure of Certain Capital Assets

State and local governments are required to provide detailed information about capital assets in notes to financial statements. GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with GASB Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR OTHER MATTERS

2024-01 Timeliness of Journal Entries

Criteria: For the general ledger to be accurate and effective, journal entries should be prepared, reviewed, and posted timely, ideally within 30 days of the journal entries' transaction date.

Condition:

- a. During our testing of journal entries, we noted that one entry was prepared and reviewed more than one year after the date the activity occurred.
- b. We also noted six journal entries were reviewed more than 30 days past the prepared date.

Cause: According to the Finance Manager, the delays are due to the City taking time to research and communicate with other departments and the customer.

Potential Effect: When journal entries are not posted timely, there is an increased risk that transactions are not posted in the correct period and that accounting errors, misstatements, or unauthorized transactions may not be identified or corrected in a timely manner.

Recommendation: We recommend Finance prioritize journal entry processing and establish procedures to ensure monthly journal entries are prepared, reviewed, and posted timely.

Current Year Status: During our journal entry testing in the fiscal year 2025, we still noted that five out of forty journal entries tested were reviewed more than 45 days after the effective date.

Management Responses to Current Year Status:

We acknowledge the finding and will continue to improve our timeliness on journal entry approval to meet the approval timeline which is 45 days within the effective date. In addition to the reasons listed in the Cause section, the delay is also due to the City not having a comprehensive monthly checklist to capture all journal entries from various functional group that are posted across all general ledger periods. The checklist must be revisited to ensure completeness.

In addition, on July 1, 2025, the City launched a new Enterprise Resource Planning (ERP) system. The new ERP has workflow capability to improve the efficiency of the approval process. The system notifies the approvers when a journal entry is ready for approval to help ensure timely posting of entries.

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CITY OF MILPITAS
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED
JUNE 30, 2025

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CITY OF MILPITAS
REQUIRED COMMUNICATIONS
For the Year Ended June 30, 2025

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REQUIRED COMMUNICATIONS

To the City Council of
the City of Milpitas, California

We have audited the basic financial statements of the City of Milpitas (City) for the year ended June 30, 2025. We did not audit the financial statements of Terrace Gardens, Inc. as of and for the year ended December 31, 2024, which represent 0.98%, 1.43%, and 2.12% of the assets, net position and revenues, respectively, of the primary government. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of the other auditors.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated April 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except the followings:

GASB 101 – Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

GASB 102 – Certain Risk Disclosures

GASB 102 requires governments to disclose information about certain risks related to resource concentrations (e.g., reliance on a few large employers) and constraints (e.g., legal limits on taxes) that could substantially impact their ability to provide services or meet obligations. These disclosures are effective for fiscal years beginning after June 15, 2024. The standard requires that a triggering event (or events) that could cause a substantial impact have occurred, are beginning to occur, or are more likely than not to occur within 12 months of the financial statement issuance date to necessitate disclosure.

Both pronouncements became effective, but did not have a material effect on the financial statements.

Unusual Transactions, Controversial or Emerging Areas - We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates - Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Estimated Fair Value of Investments: As of June 30, 2025, the City held approximately \$450.8 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2025. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2025.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 8 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation and sick leave is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 14F to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Claims Liabilities: Management's estimate of the claims liabilities payable is disclosed in Note 15 to the financial statements and is based on estimates determined by the City's risk pool and third party claims administrator, which are based on the claims experience of the City. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 13 to the financial statements and are based on accounting valuations determined by the California Public Employees Retirement System, which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability, and deferred outflows/inflows, are disclosed in Note 14 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures - The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 17, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information that accompanies the financial statements, but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

This information is intended solely for the use of City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
November 17, 2025



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Resolution Approving the Fiscal Year 2025-26 User and Regulatory Fee Schedule (Staff Contact: Luz Cofresí-Howe, Finance Director, 408-586-3111)
Category:	Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	Adopt a resolution approving the Fiscal Year 2025-26 User and Regulatory Fee Schedule.

BACKGROUND:

Consistent with City Council adopted fiscal policy regarding user fees, staff is presenting the attached User and Regulatory Fee Schedule for Fiscal Year 2025-26 for City Council consideration and adoption. Per City of Milpitas fiscal policies, all fees were reviewed for potential adjustments to recover the full cost of services provided.

The City user and regulatory fee schedule identifies fees for services and activities provided at the request of, or on behalf of, a single party as opposed to the public at large. Examples of user and regulatory fees collected by the City of Milpitas and municipalities throughout California include, but are not limited to:

- **Planning Fees**, such as entitlement review and review for compliance with the zoning code
- **Building Fees**, such as permitting of new construction or modifications to existing structures
- **Engineering Fees**, such as map review, encroachment permitting, and public improvement review
- **Utility Fees**, such as requests for sewer lateral inspections, and restoration of discontinued service
- **Police Fees**, such as vehicle impound and false alarm response
- **Animal Regulation Fees**, such as licensing and impound fees
- **Fire Fees**, such as annual inspections and construction review to ensure compliance with the fire code
- **Recreation Fees**, such as program participation fees, and facility rental fees
- **Administrative Fees**, such as license application review fees

User and regulatory fees specifically exclude:

- Taxes
- Assessments
- Franchise Fees
- Development Impact Fees
- Fines or Penalties
- Utility Rates and Services Charges

User and regulatory fees are established by the City Council. The fee schedule was most recently comprehensively updated on [June 18, 2024](#).

The fee schedule is reviewed annually by City staff as part of the normal course of operations. A comprehensive cost of service study is typically conducted every three to five years, with incremental updates made during intervening years. This Agenda Report presents an interim update that applies inflationary adjustments to the current FY 2024-25 fee schedule, calculated based on increases in total compensation for City employees in two categories: safety personnel (Fire and Police) and miscellaneous employees (all other

City staff). Consistent with the established study cycle, the City is currently conducting a comprehensive Citywide user and regulatory fee study that will inform the FY 2026-27 User and Regulatory Fee Schedule.

ANALYSIS:

During interim years (i.e., during years in between comprehensive fee studies) the City Council has authorized inflationary adjustments to fees. The inflationary adjustments are based on the estimated average annual increase in total employee compensation costs, with distinct averages calculated for employees commonly classified as miscellaneous employees and employees commonly classified as safety employees. If the estimated average employee compensation costs do not change, no change shall be made to the fee schedule for that year unless an adjustment is made to targeted cost recovery levels or fee study findings indicate that an adjustment is appropriate. The City's annual budgeting process includes forecast adjustments to City operating costs. For FY 2025-26, wages for each employee category increased as follows:

- Miscellaneous Employee Compensation increased by 2.86%
- Safety Employee Compensation increased by 15.17%

Based on these changes to compensation costs:

- Non-safety related fees are proposed to increase by 2.86%, except for Recreation and Community Services related fees for which no increase is proposed, as those fees are governed by a separate fee schedule
- Safety related fees are proposed to increase by 15.17%

Attachment A provides a listing of all fees and shows the current fee as well as the adjusted fees. It is important to note the following:

- No new fees are proposed as part of this update
- No changes to recreation fees are proposed as part of this update
- No adjustments beyond previously approved City Council directed inflationary adjustments are applied as part of this update.

Included below are some examples of how specific fees will change with these adjustments.

Building Permits (subject to 2.86% non-safety fee adjustment):

- A B-Business Occupancy 10,000 square foot tenant improvement would see total plan review and inspection fees increase from \$25,450.90 to \$26,178.79, an increase of \$727.89.

Fire Safety Systems (subject to 15.17% safety fee adjustment):

- Plan review and inspection base fees for a sprinkler system on a building up to 2,000 square feet would increase from \$930 to \$1,071.08, an increase of \$141.08.
- Plan review and inspection base fees for an alarm system on a building up to 5,000 square feet would increase from \$1,281 to \$1,475.33, an increase of \$194.33.

Planning Permits (subject to 2.86% non-safety fee adjustment):

- An over-the-counter Minor Site Development Permit would increase from \$267 to \$275, an increase of \$8.
- A permanent sign permit would increase from \$616 to \$634, an increase of \$18.

Police Alarm Permits and False Alarm Response (subject to 15.17% safety fee adjustment):

- New alarm permit (annual) would increase from \$45 to \$52, an increase of \$7.
- Renewal of existing alarm permit (annual) would increase from \$23 to \$26, an increase of \$3.
- Third false alarm response for a residence or business with a registered alarm permit would increase from \$85 to \$98, an increase of \$13.
- Third false alarm response for a residence or business without a registered alarm permit would increase from \$113 to \$131, an increase of \$18.

POLICY ALTERNATIVE(S):

Alternative 1: The City Council could recommend fee adjustments at an amount less than previously authorized. For example, the City Council could direct a fee adjustment that corresponds to the respective year change in regional cost inflation of 2.76%¹.

Pros: The fees for users of certain City services will remain lower.

Cons: These fees are based on the costs of delivering specific services to Milpitas customers. If these fees are not raised to match the increasing cost of service delivery, then residents of Milpitas who are not utilizing these services will be subsidizing those who do use the services.

Reason for Not Recommending: To ensure the residents of Milpitas are not subsidizing services that are used specifically for private use, it is important to ensure those that are using the services are paying for the full costs of delivering those services.

FISCAL IMPACT:

The anticipated revenue increase of the proposed changes is \$790,000 per fiscal year.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The fees (charges) authorized by this Resolution are statutorily exempt from environmental review under Guideline 15273 of the California Environmental Quality Act (CEQA), which provides an exemption for the establishment or modification of charges by public agencies, which the public agency finds are for the purpose of meeting operating expenses.

ATTACHMENT(S):

- (a) FY 2025-26 User and Regulatory Fee Schedule
- (b) Resolution

¹ U.S. Bureau of Labor Statistics, San Francisco-Oakland-Hayward, CA Consumer Price Index (CPI)



User and Regulatory Fee Illustration of Fee Adjustments

Effective Fiscal Year 2025-26

City of Milpitas

USER AND REGULATORY FEE SCHEDULE

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City of Milpitas

BUILDING SAFETY - CONSTRUCTION

New Construction, Tenant Improvements, Remodels

			FY 24/25 Plan Review Fee		FY 24/25 Inspection Fee		FY 25/26 Plan Review Fee		FY 25/26 Inspection Fee		Percent Change	Y'rly Infl'tr
Occupancy Classification		Threshold SqFt	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof		
1	Single-Family, Two-Family, Additional Dwelling Units / Remodels	100	\$ 288.86		\$ 472.94		\$ 297.13		\$ 486.46		2.86%	Y
		200	\$ 413.87		\$ 709.40		\$ 425.71		\$ 729.69		2.86%	Y
		300	\$ 601.38		\$ 945.87		\$ 618.58		\$ 972.92		2.86%	Y
		400	\$ 1,101.42		\$ 1,300.57		\$ 1,132.92		\$ 1,337.77		2.86%	Y
		500	\$ 1,351.43	\$ 170.28	\$ 1,891.74	\$ 189.17	\$ 1,390.08	\$ 175.15	\$ 1,945.85	\$ 194.58	2.86%	Y
		1,000	\$ 2,202.83	\$ 200.01	\$ 2,837.62	\$ 189.17	\$ 2,265.84	\$ 205.73	\$ 2,918.77	\$ 194.58	2.86%	Y
		1,500	\$ 3,202.90	\$ 200.01	\$ 3,783.49	\$ 283.76	\$ 3,294.50	\$ 205.73	\$ 3,891.69	\$ 291.88	2.86%	Y
		2,000	\$ 4,202.97	\$ 170.28	\$ 5,202.29	\$ 378.35	\$ 4,323.17	\$ 175.15	\$ 5,351.08	\$ 389.17	2.86%	Y
		2,500	\$ 5,054.37	\$ 150.01	\$ 7,094.04	\$ 378.35	\$ 5,198.92	\$ 154.30	\$ 7,296.93	\$ 389.17	2.86%	Y
		3,000	\$ 5,804.42	\$ 85.14	\$ 8,985.78	\$ 165.53	\$ 5,970.42	\$ 87.58	\$ 9,242.78	\$ 170.26	2.86%	Y
		4,000	\$ 6,655.82	\$ 100.01	\$ 10,641.06	\$ 236.47	\$ 6,846.17	\$ 102.87	\$ 10,945.39	\$ 243.23	2.86%	Y
		5,000	\$ 7,655.88	\$ 50.00	\$ 13,005.74	\$ 118.23	\$ 7,874.84	\$ 51.43	\$ 13,377.70	\$ 121.62	2.86%	Y
		Tract or Repetitive Fees:	25% of Original		Same as regular		25% of Original		Same as regular			N
		Commercial / Multi-Family / Non-Residential - New Construction, Tenant Improvement, and Shell										
2	A-Assembly - New Construction	1,500	\$ 4,658.76	\$ 67.94	\$ 11,897.29	\$ 84.98	\$ 4,792.00	\$ 69.88	\$ 12,237.56	\$ 87.41	2.86%	Y
		7,500	\$ 8,735.18	\$ 97.06	\$ 16,996.13	\$ 135.97	\$ 8,985.01	\$ 99.83	\$ 17,482.22	\$ 139.86	2.86%	Y
		15,000	\$ 16,014.50	\$ 87.35	\$ 27,193.81	\$ 145.03	\$ 16,472.52	\$ 89.85	\$ 27,971.56	\$ 149.18	2.86%	Y
		30,000	\$ 29,117.28	\$ 16.18	\$ 48,948.86	\$ 61.19	\$ 29,950.03	\$ 16.64	\$ 50,348.80	\$ 62.94	2.86%	Y
		75,000	\$ 36,396.59	\$ 21.35	\$ 76,482.60	\$ 24.93	\$ 37,437.54	\$ 21.96	\$ 78,670.00	\$ 25.64	2.86%	Y
		150,000	\$ 52,411.10	\$ 34.94	\$ 95,178.35	\$ 63.68	\$ 53,910.05	\$ 35.94	\$ 97,900.45	\$ 65.50	2.86%	Y
3	A-Assembly - Tenant Improvement	500	\$ 1,747.53	\$ 76.45	\$ 3,310.55	\$ 70.94	\$ 1,797.50	\$ 78.64	\$ 3,405.23	\$ 72.97	2.86%	Y
		2,500	\$ 3,276.61	\$ 109.22	\$ 4,729.36	\$ 113.50	\$ 3,370.32	\$ 112.34	\$ 4,864.62	\$ 116.75	2.86%	Y
		5,000	\$ 6,007.12	\$ 98.30	\$ 7,566.97	\$ 121.07	\$ 6,178.92	\$ 101.11	\$ 7,783.39	\$ 124.53	2.86%	Y
		10,000	\$ 10,922.03	\$ 24.49	\$ 13,620.55	\$ 51.08	\$ 11,234.40	\$ 25.19	\$ 14,010.10	\$ 52.54	2.86%	Y
		25,000	\$ 14,594.86	\$ 41.04	\$ 21,282.11	\$ 20.81	\$ 15,012.27	\$ 42.21	\$ 21,890.78	\$ 21.40	2.86%	Y
		50,000	\$ 24,854.39	\$ 49.71	\$ 26,484.41	\$ 52.97	\$ 25,565.23	\$ 51.13	\$ 27,241.86	\$ 54.49	2.86%	Y
4	B - Business - New Construction:	1,000	\$ 4,405.67	\$ 95.11	\$ 8,276.38	\$ 88.68	\$ 4,531.67	\$ 97.83	\$ 8,513.08	\$ 91.21	2.86%	Y
		5,000	\$ 8,209.95	\$ 131.09	\$ 11,823.40	\$ 141.88	\$ 8,444.76	\$ 134.84	\$ 12,161.55	\$ 145.94	2.86%	Y
		10,000	\$ 14,764.42	\$ 116.56	\$ 18,917.44	\$ 151.34	\$ 15,186.68	\$ 119.90	\$ 19,458.47	\$ 155.67	2.86%	Y
		20,000	\$ 26,420.57	\$ 21.51	\$ 34,051.38	\$ 63.85	\$ 27,176.19	\$ 22.13	\$ 35,025.25	\$ 65.67	2.86%	Y
		50,000	\$ 32,873.68	\$ 33.81	\$ 53,205.29	\$ 31.21	\$ 33,813.87	\$ 34.78	\$ 54,726.96	\$ 32.11	2.86%	Y
		100,000	\$ 49,780.17	\$ 49.78	\$ 68,812.17	\$ 68.81	\$ 51,203.89	\$ 51.20	\$ 70,780.20	\$ 70.78	2.86%	Y

City of Milpitas

BUILDING SAFETY - CONSTRUCTION

New Construction, Tenant Improvements, Remodels

			FY 24/25 Plan Review Fee		FY 24/25 Inspection Fee		FY 25/26 Plan Review Fee		FY 25/26 Inspection Fee		Percent Change	Y'rly Infl'tr
Occupancy Classification		Threshold SqFt	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof		
5	B - Business - Tenant Improvement:	500	\$ 1,688.56	\$ 73.87	\$ 3,620.92	\$ 77.59	\$ 1,736.85	\$ 75.99	\$ 3,724.47	\$ 79.81	2.86%	Y
		2,500	\$ 3,166.05	\$ 105.53	\$ 5,172.74	\$ 124.15	\$ 3,256.59	\$ 108.55	\$ 5,320.68	\$ 127.70	2.86%	Y
		5,000	\$ 5,804.42	\$ 94.98	\$ 8,276.38	\$ 132.42	\$ 5,970.42	\$ 97.70	\$ 8,513.08	\$ 136.21	2.86%	Y
		10,000	\$ 10,553.48	\$ 17.59	\$ 14,897.48	\$ 55.87	\$ 10,855.31	\$ 18.09	\$ 15,323.55	\$ 57.46	2.86%	Y
		25,000	\$ 13,191.86	\$ 23.22	\$ 23,277.31	\$ 22.76	\$ 13,569.14	\$ 23.88	\$ 23,943.04	\$ 23.41	2.86%	Y
		50,000	\$ 18,996.27	\$ 37.99	\$ 28,967.32	\$ 57.94	\$ 19,539.57	\$ 39.08	\$ 29,795.79	\$ 59.59	2.86%	Y
6	E - Education - New Construction:	500	\$ 1,981.44	\$ 86.69	\$ 4,552.01	\$ 97.54	\$ 2,038.11	\$ 89.17	\$ 4,682.20	\$ 100.33	2.86%	Y
		2,500	\$ 3,715.20	\$ 123.84	\$ 6,502.87	\$ 156.07	\$ 3,821.46	\$ 127.38	\$ 6,688.85	\$ 160.53	2.86%	Y
		5,000	\$ 6,811.21	\$ 111.46	\$ 10,404.59	\$ 166.47	\$ 7,006.01	\$ 114.64	\$ 10,702.16	\$ 171.23	2.86%	Y
		10,000	\$ 12,384.01	\$ 20.64	\$ 18,728.26	\$ 70.23	\$ 12,738.19	\$ 21.23	\$ 19,263.89	\$ 72.24	2.86%	Y
		25,000	\$ 15,480.01	\$ 27.24	\$ 29,262.91	\$ 28.61	\$ 15,922.74	\$ 28.02	\$ 30,099.83	\$ 29.43	2.86%	Y
		50,000	\$ 22,291.22	\$ 44.59	\$ 36,416.06	\$ 72.83	\$ 22,928.75	\$ 45.86	\$ 37,457.56	\$ 74.91	2.86%	Y
7	E - Education - Tenant Improvement:	100	\$ 931.75	\$ 203.82	\$ 1,655.28	\$ 177.35	\$ 958.40	\$ 209.65	\$ 1,702.62	\$ 182.42	2.86%	Y
		500	\$ 1,747.04	\$ 291.17	\$ 2,364.68	\$ 283.76	\$ 1,797.00	\$ 299.50	\$ 2,432.31	\$ 291.88	2.86%	Y
		1,000	\$ 3,202.90	\$ 262.06	\$ 3,783.49	\$ 302.68	\$ 3,294.50	\$ 269.55	\$ 3,891.69	\$ 311.34	2.86%	Y
		2,000	\$ 5,823.46	\$ 48.53	\$ 6,810.28	\$ 127.69	\$ 5,990.01	\$ 49.92	\$ 7,005.05	\$ 131.34	2.86%	Y
		5,000	\$ 7,279.32	\$ 64.06	\$ 10,641.06	\$ 52.02	\$ 7,487.51	\$ 65.89	\$ 10,945.39	\$ 53.51	2.86%	Y
		10,000	\$ 10,482.22	\$ 104.82	\$ 13,242.20	\$ 132.42	\$ 10,782.01	\$ 107.82	\$ 13,620.93	\$ 136.21	2.86%	Y
8	F - Factory - New Construction:	5,000	\$ 6,405.80	\$ 22.03	\$ 9,458.72	\$ 47.29	\$ 6,589.01	\$ 22.66	\$ 9,729.24	\$ 48.65	2.86%	Y
		25,000	\$ 10,811.47	\$ 49.62	\$ 18,917.44	\$ 113.50	\$ 11,120.68	\$ 51.04	\$ 19,458.47	\$ 116.75	2.86%	Y
		50,000	\$ 23,217.67	\$ 16.00	\$ 47,293.59	\$ 33.11	\$ 23,881.69	\$ 16.46	\$ 48,646.18	\$ 34.05	2.86%	Y
		100,000	\$ 31,218.19	\$ 9.23	\$ 63,846.34	\$ 8.67	\$ 32,111.03	\$ 9.50	\$ 65,672.35	\$ 8.92	2.86%	Y
		250,000	\$ 45,070.45	\$ 5.12	\$ 76,852.08	\$ 16.55	\$ 46,359.47	\$ 5.27	\$ 79,050.05	\$ 17.03	2.86%	Y
		500,000	\$ 57,875.33	\$ 11.57	\$ 118,233.97	\$ 23.65	\$ 59,530.56	\$ 11.90	\$ 121,615.46	\$ 24.32	2.86%	Y
9	F - Factory - Tenant Improvement:	2,000	\$ 2,467.60	\$ 20.90	\$ 2,579.65	\$ 21.50	\$ 2,538.18	\$ 21.50	\$ 2,653.43	\$ 22.11	2.86%	Y
		10,000	\$ 4,139.70	\$ 50.16	\$ 4,299.42	\$ 51.59	\$ 4,258.09	\$ 51.60	\$ 4,422.38	\$ 53.07	2.86%	Y
		20,000	\$ 9,155.98	\$ 16.62	\$ 9,458.72	\$ 17.20	\$ 9,417.84	\$ 17.09	\$ 9,729.24	\$ 17.69	2.86%	Y
		40,000	\$ 12,479.90	\$ 9.30	\$ 12,898.25	\$ 9.85	\$ 12,836.83	\$ 9.57	\$ 13,267.14	\$ 10.13	2.86%	Y
		100,000	\$ 18,060.50	\$ 5.33	\$ 18,809.95	\$ 5.37	\$ 18,577.03	\$ 5.48	\$ 19,347.91	\$ 5.53	2.86%	Y
		200,000	\$ 23,387.15	\$ 11.70	\$ 24,184.22	\$ 12.09	\$ 24,056.02	\$ 12.03	\$ 24,875.89	\$ 12.43	2.86%	Y
10	H - Hazardous Materials - New Construction:	1,000	\$ 5,036.19	\$ 110.17	\$ 9,310.93	\$ 99.76	\$ 5,180.22	\$ 113.32	\$ 9,577.22	\$ 102.61	2.86%	Y
		5,000	\$ 9,442.85	\$ 157.38	\$ 13,301.32	\$ 159.62	\$ 9,712.92	\$ 161.88	\$ 13,681.74	\$ 164.18	2.86%	Y
		10,000	\$ 17,311.90	\$ 141.64	\$ 21,282.11	\$ 170.26	\$ 17,807.02	\$ 145.69	\$ 21,890.78	\$ 175.13	2.86%	Y
		20,000	\$ 31,476.18	\$ 26.23	\$ 38,307.81	\$ 71.83	\$ 32,376.40	\$ 26.98	\$ 39,403.41	\$ 73.88	2.86%	Y
		50,000	\$ 39,345.22	\$ 34.62	\$ 59,855.95	\$ 29.26	\$ 40,470.50	\$ 35.61	\$ 61,567.83	\$ 30.10	2.86%	Y
		100,000	\$ 56,657.12	\$ 56.66	\$ 74,487.40	\$ 74.48	\$ 58,277.51	\$ 58.28	\$ 76,617.74	\$ 76.62	2.86%	Y

City of Milpitas

BUILDING SAFETY - CONSTRUCTION

New Construction, Tenant Improvements, Remodels

			FY 24/25 Plan Review Fee		FY 24/25 Inspection Fee		FY 25/26 Plan Review Fee		FY 25/26 Inspection Fee		Percent Change	Y'rly Infl'tr
Occupancy Classification	Threshold SqFt		Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof		
11	H - Hazardous Materials - Tenant Improvement:	1,000	\$ 2,518.09	\$ 55.08	\$ 4,965.83	\$ 53.21	\$ 2,590.11	\$ 56.66	\$ 5,107.85	\$ 54.73	2.86%	Y
		5,000	\$ 4,721.43	\$ 78.69	\$ 7,094.04	\$ 85.13	\$ 4,856.46	\$ 80.94	\$ 7,296.93	\$ 87.56	2.86%	Y
		10,000	\$ 8,655.95	\$ 70.82	\$ 11,350.46	\$ 90.80	\$ 8,903.51	\$ 72.85	\$ 11,675.08	\$ 93.40	2.86%	Y
		20,000	\$ 15,738.09	\$ 13.12	\$ 20,430.83	\$ 38.31	\$ 16,188.20	\$ 13.49	\$ 21,015.15	\$ 39.40	2.86%	Y
		50,000	\$ 19,672.61	\$ 17.31	\$ 31,923.17	\$ 15.61	\$ 20,235.25	\$ 17.81	\$ 32,836.17	\$ 16.05	2.86%	Y
		100,000	\$ 28,328.56	\$ 28.33	\$ 39,726.61	\$ 39.72	\$ 29,138.76	\$ 29.14	\$ 40,862.80	\$ 40.86	2.86%	Y
12	I - Licensed Clinics - New Construction:	2,000	\$ 3,027.22	\$ 33.11	\$ 6,207.28	\$ 33.25	\$ 3,113.80	\$ 34.06	\$ 6,384.81	\$ 34.20	2.86%	Y
		10,000	\$ 5,676.04	\$ 47.30	\$ 8,867.55	\$ 53.21	\$ 5,838.37	\$ 48.65	\$ 9,121.16	\$ 54.73	2.86%	Y
		20,000	\$ 10,406.06	\$ 42.57	\$ 14,188.08	\$ 56.75	\$ 10,703.68	\$ 43.79	\$ 14,593.86	\$ 58.38	2.86%	Y
		40,000	\$ 18,920.12	\$ 7.88	\$ 25,538.54	\$ 23.94	\$ 19,461.23	\$ 8.11	\$ 26,268.94	\$ 24.63	2.86%	Y
		100,000	\$ 23,650.15	\$ 10.41	\$ 39,903.97	\$ 9.75	\$ 24,326.54	\$ 10.70	\$ 41,045.22	\$ 10.03	2.86%	Y
		200,000	\$ 34,056.21	\$ 17.03	\$ 49,658.27	\$ 24.83	\$ 35,030.22	\$ 17.52	\$ 51,078.49	\$ 25.54	2.86%	Y
13	I - Licensed Clinics - Tenant Improvement:	1,000	\$ 1,222.68	\$ 26.75	\$ 2,586.37	\$ 27.71	\$ 1,257.65	\$ 27.51	\$ 2,660.34	\$ 28.50	2.86%	Y
		5,000	\$ 2,292.53	\$ 38.21	\$ 3,694.81	\$ 44.34	\$ 2,358.09	\$ 39.30	\$ 3,800.48	\$ 45.61	2.86%	Y
		10,000	\$ 4,202.97	\$ 34.39	\$ 5,911.70	\$ 47.29	\$ 4,323.17	\$ 35.37	\$ 6,080.77	\$ 48.65	2.86%	Y
		20,000	\$ 7,641.76	\$ 6.37	\$ 10,641.06	\$ 19.95	\$ 7,860.31	\$ 6.55	\$ 10,945.39	\$ 20.52	2.86%	Y
		50,000	\$ 9,552.20	\$ 8.41	\$ 16,626.65	\$ 8.13	\$ 9,825.39	\$ 8.65	\$ 17,102.17	\$ 8.36	2.86%	Y
		100,000	\$ 13,755.16	\$ 13.75	\$ 20,690.94	\$ 20.70	\$ 14,148.56	\$ 14.15	\$ 21,282.71	\$ 21.29	2.86%	Y
14	M - Mercantile - New Construction:	500	\$ 2,504.33	\$ 109.56	\$ 5,172.74	\$ 110.84	\$ 2,575.95	\$ 112.70	\$ 5,320.68	\$ 114.01	2.86%	Y
		2,500	\$ 4,695.62	\$ 156.52	\$ 7,389.62	\$ 177.35	\$ 4,829.91	\$ 161.00	\$ 7,600.97	\$ 182.42	2.86%	Y
		5,000	\$ 8,608.64	\$ 140.87	\$ 11,823.40	\$ 189.17	\$ 8,854.84	\$ 144.90	\$ 12,161.55	\$ 194.58	2.86%	Y
		10,000	\$ 15,652.06	\$ 26.09	\$ 21,282.11	\$ 79.81	\$ 16,099.71	\$ 26.83	\$ 21,890.78	\$ 82.09	2.86%	Y
		25,000	\$ 19,565.08	\$ 34.43	\$ 33,253.30	\$ 32.51	\$ 20,124.64	\$ 35.42	\$ 34,204.35	\$ 33.44	2.86%	Y
		50,000	\$ 28,173.71	\$ 56.35	\$ 41,381.89	\$ 82.76	\$ 28,979.48	\$ 57.96	\$ 42,565.41	\$ 85.13	2.86%	Y
15	M - Mercantile - Tenant Improvement:	250	\$ 1,149.95	\$ 100.62	\$ 2,069.09	\$ 88.68	\$ 1,182.84	\$ 103.50	\$ 2,128.27	\$ 91.21	2.86%	Y
		1,250	\$ 2,156.15	\$ 143.74	\$ 2,955.85	\$ 141.88	\$ 2,217.82	\$ 147.85	\$ 3,040.39	\$ 145.94	2.86%	Y
		2,500	\$ 3,952.95	\$ 129.37	\$ 4,729.36	\$ 151.34	\$ 4,066.00	\$ 133.07	\$ 4,864.62	\$ 155.67	2.86%	Y
		5,000	\$ 7,187.18	\$ 23.96	\$ 8,512.85	\$ 63.85	\$ 7,392.73	\$ 24.64	\$ 8,756.31	\$ 65.67	2.86%	Y
		12,500	\$ 8,983.98	\$ 31.62	\$ 13,301.32	\$ 26.01	\$ 9,240.92	\$ 32.53	\$ 13,681.74	\$ 26.76	2.86%	Y
		25,000	\$ 12,936.93	\$ 51.74	\$ 16,552.76	\$ 66.21	\$ 13,306.92	\$ 53.22	\$ 17,026.16	\$ 68.10	2.86%	Y
16	R-1 - Residential Hotels - New Construction:	2,000	\$ 11,204.65	\$ 122.55	\$ 28,450.05	\$ 152.41	\$ 11,525.10	\$ 126.06	\$ 29,263.72	\$ 156.77	2.86%	Y
		10,000	\$ 21,008.72	\$ 175.07	\$ 40,642.93	\$ 243.86	\$ 21,609.57	\$ 180.08	\$ 41,805.32	\$ 250.83	2.86%	Y
		20,000	\$ 38,515.99	\$ 157.57	\$ 65,028.68	\$ 260.11	\$ 39,617.54	\$ 162.07	\$ 66,888.50	\$ 267.55	2.86%	Y
		40,000	\$ 70,029.06	\$ 29.18	\$ 117,051.63	\$ 109.74	\$ 72,031.90	\$ 30.01	\$ 120,399.31	\$ 112.87	2.86%	Y
		100,000	\$ 87,536.33	\$ 38.52	\$ 182,893.17	\$ 44.71	\$ 90,039.87	\$ 39.62	\$ 188,123.92	\$ 45.99	2.86%	Y
		200,000	\$ 126,052.32	\$ 63.03	\$ 227,600.39	\$ 113.80	\$ 129,657.41	\$ 64.83	\$ 234,109.76	\$ 117.05	2.86%	Y

City of Milpitas

BUILDING SAFETY - CONSTRUCTION

New Construction, Tenant Improvements, Remodels

			FY 24/25 Plan Review Fee		FY 24/25 Inspection Fee		FY 25/26 Plan Review Fee		FY 25/26 Inspection Fee		Percent Change	Y'rly Infl'tr
Occupancy Classification		Threshold SqFt	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof		
17	R-1 - Residential Hotels - Tenant Improvement:	500	\$ 2,663.56	\$ 116.53	\$ 6,621.10	\$ 141.88	\$ 2,739.74	\$ 119.86	\$ 6,810.47	\$ 145.94	2.86%	Y
		2,500	\$ 4,994.17	\$ 166.47	\$ 9,458.72	\$ 227.01	\$ 5,137.01	\$ 171.23	\$ 9,729.24	\$ 233.50	2.86%	Y
		5,000	\$ 9,155.98	\$ 149.83	\$ 15,133.95	\$ 242.14	\$ 9,417.84	\$ 154.11	\$ 15,566.78	\$ 249.07	2.86%	Y
		10,000	\$ 16,647.24	\$ 27.75	\$ 27,241.11	\$ 102.15	\$ 17,123.35	\$ 28.54	\$ 28,020.20	\$ 105.08	2.86%	Y
		25,000	\$ 20,809.05	\$ 36.62	\$ 42,564.23	\$ 41.62	\$ 21,404.19	\$ 37.67	\$ 43,781.57	\$ 42.81	2.86%	Y
		50,000	\$ 29,965.03	\$ 59.93	\$ 52,968.82	\$ 105.94	\$ 30,822.03	\$ 61.64	\$ 54,483.73	\$ 108.97	2.86%	Y
18	R-2 - Residential Multi-Family - New Construction:	2,000	\$ 23,436.86	\$ 12.26	\$ 36,209.15	\$ 193.98	\$ 24,107.16	\$ 12.62	\$ 37,244.74	\$ 199.53	2.86%	Y
		10,000	\$ 24,418.03	\$ 203.48	\$ 51,727.36	\$ 310.36	\$ 25,116.39	\$ 209.30	\$ 53,206.76	\$ 319.24	2.86%	Y
		20,000	\$ 44,766.40	\$ 183.14	\$ 82,763.78	\$ 331.06	\$ 46,046.72	\$ 188.37	\$ 85,130.82	\$ 340.52	2.86%	Y
		40,000	\$ 81,393.45	\$ 33.91	\$ 148,974.80	\$ 139.66	\$ 83,721.30	\$ 34.88	\$ 153,235.48	\$ 143.66	2.86%	Y
		100,000	\$ 101,741.81	\$ 44.77	\$ 232,773.13	\$ 56.90	\$ 104,651.63	\$ 46.05	\$ 239,430.44	\$ 58.53	2.86%	Y
		200,000	\$ 146,508.21	\$ 73.26	\$ 289,673.23	\$ 144.83	\$ 150,698.34	\$ 75.35	\$ 297,957.88	\$ 148.98	2.86%	Y
19	R-2 - Residential Multi-Family - Tenant Improvement:	500	\$ 3,390.88	\$ 148.35	\$ 7,241.83	\$ 155.18	\$ 3,487.86	\$ 152.59	\$ 7,448.95	\$ 159.62	2.86%	Y
		2,500	\$ 6,357.90	\$ 211.93	\$ 10,345.47	\$ 248.29	\$ 6,539.73	\$ 217.99	\$ 10,641.35	\$ 255.39	2.86%	Y
		5,000	\$ 11,656.15	\$ 190.74	\$ 16,552.76	\$ 264.84	\$ 11,989.51	\$ 196.19	\$ 17,026.16	\$ 272.42	2.86%	Y
		10,000	\$ 21,192.99	\$ 35.32	\$ 29,794.96	\$ 111.73	\$ 21,799.11	\$ 36.33	\$ 30,647.10	\$ 114.93	2.86%	Y
		25,000	\$ 26,491.24	\$ 46.62	\$ 46,554.63	\$ 45.52	\$ 27,248.89	\$ 47.96	\$ 47,886.09	\$ 46.82	2.86%	Y
		50,000	\$ 38,147.39	\$ 76.30	\$ 57,934.65	\$ 115.86	\$ 39,238.41	\$ 78.48	\$ 59,591.58	\$ 119.18	2.86%	Y
20	R-4 - Care / Assisted Living - New Construction:	2,000	\$ 6,840.73	\$ 74.82	\$ 15,518.21	\$ 83.13	\$ 7,036.37	\$ 76.96	\$ 15,962.03	\$ 85.51	2.86%	Y
		10,000	\$ 12,826.36	\$ 106.89	\$ 22,168.87	\$ 133.01	\$ 13,193.20	\$ 109.94	\$ 22,802.90	\$ 136.82	2.86%	Y
		20,000	\$ 23,515.00	\$ 96.20	\$ 35,470.19	\$ 141.88	\$ 24,187.53	\$ 98.95	\$ 36,484.64	\$ 145.94	2.86%	Y
		40,000	\$ 42,754.54	\$ 17.81	\$ 63,846.34	\$ 59.86	\$ 43,977.32	\$ 18.32	\$ 65,672.35	\$ 61.57	2.86%	Y
		100,000	\$ 53,443.17	\$ 23.51	\$ 99,759.91	\$ 24.39	\$ 54,971.65	\$ 24.19	\$ 102,613.05	\$ 25.08	2.86%	Y
		200,000	\$ 76,958.17	\$ 38.48	\$ 124,145.67	\$ 62.07	\$ 79,159.17	\$ 39.58	\$ 127,696.24	\$ 63.85	2.86%	Y
21	R-4 - Care / Assisted Living - Tenant Improvement:	1,000	\$ 3,331.91	\$ 72.89	\$ 8,276.38	\$ 88.68	\$ 3,427.20	\$ 74.97	\$ 8,513.08	\$ 91.21	2.86%	Y
		5,000	\$ 6,247.33	\$ 104.12	\$ 11,823.40	\$ 141.88	\$ 6,426.01	\$ 107.10	\$ 12,161.55	\$ 145.94	2.86%	Y
		10,000	\$ 11,453.44	\$ 93.71	\$ 18,917.44	\$ 151.34	\$ 11,781.01	\$ 96.39	\$ 19,458.47	\$ 155.67	2.86%	Y
		20,000	\$ 20,824.44	\$ 17.35	\$ 34,051.38	\$ 63.85	\$ 21,420.02	\$ 17.85	\$ 35,025.25	\$ 65.67	2.86%	Y
		50,000	\$ 26,030.56	\$ 22.91	\$ 53,205.29	\$ 26.01	\$ 26,775.03	\$ 23.56	\$ 54,726.96	\$ 26.76	2.86%	Y
		100,000	\$ 37,484.00	\$ 37.48	\$ 66,211.02	\$ 66.21	\$ 38,556.04	\$ 38.56	\$ 68,104.66	\$ 68.10	2.86%	Y
22	S-1 - Storage Moderate Hazard - New Construction:	1,000	\$ 4,074.95	\$ 89.14	\$ 7,759.10	\$ 83.13	\$ 4,191.50	\$ 91.69	\$ 7,981.01	\$ 85.51	2.86%	Y
		5,000	\$ 7,640.53	\$ 127.34	\$ 11,084.43	\$ 133.01	\$ 7,859.05	\$ 130.98	\$ 11,401.45	\$ 136.82	2.86%	Y
		10,000	\$ 14,007.65	\$ 114.61	\$ 17,735.10	\$ 141.88	\$ 14,408.27	\$ 117.89	\$ 18,242.32	\$ 145.94	2.86%	Y
		20,000	\$ 25,468.45	\$ 21.22	\$ 31,923.17	\$ 59.86	\$ 26,196.85	\$ 21.83	\$ 32,836.17	\$ 61.57	2.86%	Y
		50,000	\$ 31,835.56	\$ 28.02	\$ 49,879.96	\$ 24.39	\$ 32,746.06	\$ 28.82	\$ 51,306.52	\$ 25.08	2.86%	Y
		100,000	\$ 45,843.21	\$ 45.84	\$ 62,072.83	\$ 62.07	\$ 47,154.32	\$ 47.15	\$ 63,848.12	\$ 63.85	2.86%	Y

City of Milpitas

BUILDING SAFETY - CONSTRUCTION

New Construction, Tenant Improvements, Remodels

			FY 24/25 Plan Review Fee		FY 24/25 Inspection Fee		FY 25/26 Plan Review Fee		FY 25/26 Inspection Fee		Percent Change	Y'rly Infl'tr
Occupancy Classification		Threshold SqFt	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof	Base Fee	Fee Per Add'l 100 SF or Fraction Thereof		
23	S-2 - Storage Low Hazard - New Construction:	1,000	\$ 2,240.93	\$ 49.02	\$ 4,552.01	\$ 48.77	\$ 2,305.02	\$ 50.42	\$ 4,682.20	\$ 50.17	2.86%	Y
		5,000	\$ 4,201.74	\$ 70.03	\$ 6,502.87	\$ 78.03	\$ 4,321.91	\$ 72.03	\$ 6,688.85	\$ 80.27	2.86%	Y
		10,000	\$ 7,703.20	\$ 63.03	\$ 10,404.59	\$ 83.24	\$ 7,923.51	\$ 64.83	\$ 10,702.16	\$ 85.62	2.86%	Y
		20,000	\$ 14,005.81	\$ 11.67	\$ 18,728.26	\$ 35.12	\$ 14,406.38	\$ 12.01	\$ 19,263.89	\$ 36.12	2.86%	Y
		50,000	\$ 17,507.27	\$ 15.41	\$ 29,262.91	\$ 14.31	\$ 18,007.97	\$ 15.85	\$ 30,099.83	\$ 14.72	2.86%	Y
		100,000	\$ 25,210.46	\$ 25.21	\$ 36,416.06	\$ 36.42	\$ 25,931.48	\$ 25.93	\$ 37,457.56	\$ 37.46	2.86%	Y
24	S - Storage - Tenant Improvement:	500	\$ 1,659.07	\$ 72.58	\$ 2,845.00	\$ 60.96	\$ 1,706.52	\$ 74.66	\$ 2,926.37	\$ 62.71	2.86%	Y
		2,500	\$ 3,110.76	\$ 103.69	\$ 4,064.29	\$ 97.54	\$ 3,199.73	\$ 106.66	\$ 4,180.53	\$ 100.33	2.86%	Y
		5,000	\$ 5,703.07	\$ 93.32	\$ 6,502.87	\$ 104.05	\$ 5,866.17	\$ 95.99	\$ 6,688.85	\$ 107.02	2.86%	Y
		10,000	\$ 10,369.21	\$ 17.28	\$ 11,705.16	\$ 43.89	\$ 10,665.77	\$ 17.78	\$ 12,039.93	\$ 45.15	2.86%	Y
		25,000	\$ 12,961.51	\$ 22.81	\$ 18,289.32	\$ 17.88	\$ 13,332.21	\$ 23.46	\$ 18,812.39	\$ 18.39	2.86%	Y
		50,000	\$ 18,664.58	\$ 37.33	\$ 22,760.04	\$ 45.52	\$ 19,198.38	\$ 38.40	\$ 23,410.98	\$ 46.82	2.86%	Y
25	U - Utility - Misc - New Construction:	150	\$ 961.24	\$ 140.18	\$ 1,758.73	\$ 125.62	\$ 988.73	\$ 144.19	\$ 1,809.03	\$ 129.22	2.86%	Y
		750	\$ 1,802.32	\$ 200.26	\$ 2,512.47	\$ 201.00	\$ 1,853.87	\$ 205.99	\$ 2,584.33	\$ 206.75	2.86%	Y
		1,500	\$ 3,304.25	\$ 180.23	\$ 4,019.96	\$ 214.40	\$ 3,398.75	\$ 185.39	\$ 4,134.93	\$ 220.53	2.86%	Y
		3,000	\$ 6,007.73	\$ 33.38	\$ 7,235.92	\$ 90.45	\$ 6,179.55	\$ 34.33	\$ 7,442.87	\$ 93.04	2.86%	Y
		7,500	\$ 7,509.66	\$ 44.06	\$ 11,306.12	\$ 36.85	\$ 7,724.44	\$ 45.32	\$ 11,629.48	\$ 37.90	2.86%	Y
		15,000	\$ 10,813.91	\$ 72.09	\$ 14,069.84	\$ 93.80	\$ 11,123.19	\$ 74.16	\$ 14,472.24	\$ 96.48	2.86%	Y
26	U - Utility - Misc - Tenant Improvement:	100	\$ 640.82	\$ 140.18	\$ 1,241.46	\$ 133.01	\$ 659.15	\$ 144.19	\$ 1,276.96	\$ 136.82	2.86%	Y
		500	\$ 1,201.55	\$ 200.26	\$ 1,773.51	\$ 212.82	\$ 1,235.91	\$ 205.99	\$ 1,824.23	\$ 218.91	2.86%	Y
		1,000	\$ 2,202.83	\$ 180.23	\$ 2,837.62	\$ 227.01	\$ 2,265.84	\$ 185.39	\$ 2,918.77	\$ 233.50	2.86%	Y
		2,000	\$ 4,005.15	\$ 33.38	\$ 5,107.71	\$ 95.77	\$ 4,119.70	\$ 34.33	\$ 5,253.79	\$ 98.51	2.86%	Y
		5,000	\$ 5,006.44	\$ 44.06	\$ 7,980.79	\$ 39.02	\$ 5,149.63	\$ 45.32	\$ 8,209.04	\$ 40.13	2.86%	Y
		10,000	\$ 7,209.28	\$ 72.09	\$ 9,931.65	\$ 99.32	\$ 7,415.46	\$ 74.16	\$ 10,215.70	\$ 102.16	2.86%	Y
27	Shell Building:	5,000	\$ 6,054.44	\$ 26.49	\$ 11,380.02	\$ 24.39	\$ 6,227.59	\$ 27.25	\$ 11,705.49	\$ 25.08	2.86%	Y
		25,000	\$ 11,352.07	\$ 37.84	\$ 16,257.17	\$ 39.02	\$ 11,676.74	\$ 38.92	\$ 16,722.13	\$ 40.13	2.86%	Y
		50,000	\$ 20,812.13	\$ 34.06	\$ 26,011.47	\$ 41.62	\$ 21,407.36	\$ 35.03	\$ 26,755.40	\$ 42.81	2.86%	Y
		100,000	\$ 37,840.23	\$ 6.31	\$ 46,820.65	\$ 17.56	\$ 38,922.46	\$ 6.49	\$ 48,159.72	\$ 18.06	2.86%	Y
		250,000	\$ 47,300.29	\$ 8.32	\$ 73,157.27	\$ 7.15	\$ 48,653.08	\$ 8.56	\$ 75,249.57	\$ 7.36	2.86%	Y
		500,000	\$ 68,112.42	\$ 13.62	\$ 91,040.16	\$ 18.21	\$ 70,060.44	\$ 14.01	\$ 93,643.91	\$ 18.73	2.86%	Y

* Amounts exclude City of Milpitas standard permitting fees and State of California fees.

** A - Assembly New Construction per 100 SF amounts adjusted in order to reflect proper scaling from tier to tier. No change proposed to base fee.

*** S-1 - Storage Moderate Hazard - New Construction: per 100 SF amounts adjusted in order to reflect proper scaling from tier to tier. No change proposed to base fee.

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
MISCELLANEOUS FEES - RESIDENTIAL							
Combination Permits							
1	Attached Garage - 1 to 3 cars	\$1,426	\$1,466		2.86%	Y	[a]
2	Detached Garage or Accessory Structure	\$1,225	\$1,260		2.86%	Y	[a]
3	Bathroom Remodel (1 or more if inspected at same time)	\$1,044	\$1,074		2.86%	Y	[a]
4	Kitchen Remodel	\$1,044	\$1,074		2.86%	Y	[a]
5	Kitchen and Bathroom Remodel	\$1,517	\$1,560		2.86%	Y	[a]
6	Patio Enclosure / Sunroom	\$1,405	\$1,446		2.86%	Y	[a]
7	Garage conversion	\$1,343	\$1,381		2.86%	Y	[a]
8	Green House	\$1,106	\$1,138		2.86%	Y	[a]
9	Patio Cover	\$1,106	\$1,138		2.86%	Y	[a]
10	Window, Skylight or Exterior Door	\$926	\$952		2.86%	Y	[a]
Miscellaneous Construction							
11	Wood Fences over 7' high, concrete / masonry over 4' high	\$824	\$847		2.86%	Y	[a]
12	Sound Wall	\$1,429	\$1,470		2.86%	Y	[a]
13	Structural Roof Conversions	\$2.20	\$2.26	per sq ft	2.86%	Y	[a]
14	AC Condenser Replacement	\$296	\$304		2.86%	Y	
15	Furnace Replacement	\$355	\$365		2.86%	Y	
16	Water Heater Replacement	\$355	\$365		2.86%	Y	
17	Solar Permit						
	a) 15kW or less	\$450	\$450		0.00%	N	
	b) Above 15kW – base	\$450	\$450	base	0.00%	N	
	c) Above 15kW – per kW	\$15	\$15	per kw	0.00%	N	
18	Solar Thermal						
	a) 10kWth or less	\$450	\$450		0.00%	N	
	b) 10kWth or more - base	\$450	\$450	base	0.00%	N	
	c) 10kWth or more – per kWth	\$15	\$15	per kWth	0.00%	N	
19	Fireplace reconstruction	\$699	\$719		2.86%	Y	[a]
20	Siding/stucco replacement	\$591	\$608		2.86%	Y	
21	Seismic Strengthening	\$699	\$719		2.86%	Y	[a]
22	Miscellaneous Construction Not Listed	See hourly rates for Plan Review and Inspection	See hourly rates for Plan Review and Inspection			N	

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
MISCELLANEOUS FEES - COMMERCIAL							
Miscellaneous Construction							
23	Permit Issuance Fee	\$203	\$208		2.86%	Y	
24	Equipment Installation						
	a) Each Type - Plan Review	\$500	\$514		2.86%	Y	
	b) Each 2 pieces or fraction thereof - Inspection	\$473	\$486		2.86%	Y	
25	Racks, each type						
	a) Each Rack Type	\$855	\$879		2.86%	Y	
	b) Each 5 racks or fraction thereof	\$236	\$243		2.86%	Y	
26	Roof Screen	\$1,091	\$1,122		2.86%	Y	[a]
27	Fences	\$1,091	\$1,122		2.86%	Y	[a]
28	Monument Sign						
	a) Each Piece - Not Electrical	\$723	\$744		2.86%	Y	[a]
	b) Each Piece - Including Electrical	\$904	\$930		2.86%	Y	[a]
29	Wall Mounted Sign						
	a) Not Electrical	\$486	\$500		2.86%	Y	[a]
	b) Including Electrical	\$667	\$686		2.86%	Y	[a]
30	Solar Permit						
	a) 50kW or less	\$1,000	\$1,000		0.00%	N	
	b) 50kW – 250kW – Base	\$1,000	\$1,000	base	0.00%	N	
	c) 50kW – 250kW – per kW above 50kW	\$7	\$7	per kW	0.00%	N	
	b) Above 250kW – base	\$2,400	\$2,400	base	0.00%	N	
	c) Above 250kW – per kW	\$5	\$5	per kW	0.00%	N	
31	Solar Thermal						
	a) 30kWth or less	\$1,000	\$1,000		0.00%	N	
	b) 30kWth – 260kWth – Base	\$1,000	\$1,000	base	0.00%	N	
	c) 30kWth – 260kWth – per kWth above 30kWth	\$7	\$7	per kWth	0.00%	N	
	d) 260+ kWth – Base	\$2,610	\$2,610	base	0.00%	N	
	e) 260+ kWth – per kWth above 260kWth	\$5	\$5	per kWth	0.00%	N	
32	Miscellaneous Construction Not Listed	See hourly rates for Plan Review and Inspection	See hourly rates for Plan Review and Inspection			N	

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Other Plan Check, Inspection and Permit Fees							
33	Certificate of Occupancy (inspection, record review, printing)						
	a) Tenant space up to 400 sq ft	\$245	\$252		2.86%	Y	
	b) Tenant space over 400 sq ft	\$735	\$756		2.86%	Y	
34	Temporary Building Permit Issuance *****	\$453	\$466		2.86%	Y	
35	Accessibility Exception Request	\$601	\$619		2.86%	Y	
36	Christmas Tree Lot	\$338	\$347		2.86%	Y	
37	Faithful Performance Bond Execution	\$351	\$361		2.86%	Y	
38	Inspection Investigation Fee (Construction w/o Permits, Per MMC)	100% of insp. Fee	100% of insp. Fee			N	
RESIDENTIAL, COMMERCIAL, AND MEP FEES							
Grading							
39	Permit Issuance Fee	\$203	\$208		2.86%	Y	
40	Plan Check:						
	a) 0 - 10,000 Cubic Yards	\$500	\$514		2.86%	Y	
	b) Add for each additional 10,000 CY or fraction thereof	\$125	\$129		2.86%	Y	
	c) Over 100,000 Cubic Yards	\$1,625	\$1,672		2.86%	Y	
	d) Over 100,000 Cubic Yards – add for each additional 10,000 CY or fraction thereof	\$63	\$64		2.86%	Y	
41	Inspection:						
	a) 0 - 10,000 Cubic Yards	\$828	\$851		2.86%	Y	
	b) Add for each additional 10,000 CY or fraction thereof	\$118	\$122		2.86%	Y	
	c) Over 100,000 Cubic Yards	\$1,892	\$1,946		2.86%	Y	
	d) Over 100,000 Cubic Yards – add for each additional 10,000 CY or fraction thereof	\$59	\$61		2.86%	Y	
Site Improvement							
42	Permit Issuance	\$203	\$208		2.86%	Y	
43	Plan Check						
	a) 0-50,000 SF	\$2,500	\$2,572		2.86%	Y	
	b) 50,001-100,000 SF	\$3,500	\$3,600		2.86%	Y	
	c) 100,001-500,000 SF	\$10,001	\$10,287		2.86%	Y	
	d) 500,001+ SF	\$1.50	\$1.54	per 100 SF	2.86%	Y	

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
44	Inspection						
	a) 0-50,000 SF	\$3,783	\$3,892		2.86%	Y	
	b) 50,001-100,000 SF	\$5,675	\$5,838		2.86%	Y	
	c) 100,001-500,000 SF	\$11,823	\$12,162		2.86%	Y	
	d) 500,001+ SF	\$1.97	\$2.03	per 100 SF	2.86%	Y	
	Pools or Spas						
45	Swimming Pool or Spa						[a]
	a) Private	\$1,074	\$1,105		2.86%	Y	[a]
	b) Public	\$1,693	\$1,741		2.86%	Y	[a]
46	Swimming Pool and Spa Together						[a]
	a) Private	\$1,797	\$1,849		2.86%	Y	[a]
	b) Public	\$2,833	\$2,914		2.86%	Y	[a]
47	Existing Pools / Spas – Repair or Renovation	\$588	\$605		2.86%	Y	[a]
	Re-Roofing						
48	Single-Family and Two-Family	\$693	\$712		2.86%	Y	
49	Multi-Family, Residential, each building	\$1,113	\$1,145		2.86%	Y	
50	Commercial/Industrial, each building **	\$1,409	\$1,449		2.86%	Y	
	Miscellaneous Fee						
51	Change of Address	\$689	\$709	per request	2.86%	Y	
52	Extension of Plan Check	\$101	\$104		2.86%	Y	
53	Extension of Permit	\$101	\$104		2.86%	Y	
54	Records Research	\$101	\$104		2.86%	Y	
55	Records Research with Documentation, per Address	\$152	\$156	per address	2.86%	Y	
56	Report of Monthly or Yrly Bldg Permit Activity (no charge to public agencies)	\$101	\$104		2.86%	Y	
57	Reprinting of Building Permit Cards	\$68	\$69		2.86%	Y	
58	Alternative Materials or Methods of Construction	\$750	\$772		2.86%	Y	
	Other Plan Check and Inspection Permit Fees						
59	Inspection Investigation Fee (Construction w/o Permits, Per MMC)	100% of insp. Fee	100% of insp. Fee			N	
60	Reinspection Fee - per reinspection	\$355	\$365	per reinspection	2.86%	Y	
61	Demolition Permit	\$581	\$598		2.86%	Y	[a]
62	Revision / Deferred Submittal Plan Check - per hour	\$250	\$257	per hour	2.86%	Y	

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
63	Digitizing						
	a) Document Size up to 11"x17"						
	i) 1st 10 pages	\$1	\$1	each	0.00%	N	
	ii) Each additional page	\$0.50	\$0.50	each	0.00%	N	
	b) Document Size Larger than 11"x17"	\$4	\$4	per page	0.00%	N	
	Hourly Rates						
64	Hourly Rates - Normal Business Hours						
	a) Plan Check	\$250	\$257		2.86%	Y	
	b) Inspection	\$236	\$243		2.86%	Y	
65	Afterhours (Overtime) Hourly Rates						
	a) Plan Check	\$299	\$308		2.86%	Y	
	b) Inspection	\$281	\$289		2.86%	Y	
	Standard Permitting Fees						
66	Community Planning Fee - % of Building Permit	5.00%	5.00%		0.00%	N	
67	Technology Fee - % of Building Permit	3.80%	3.80%		0.00%	N	
	STATE FEES						
	Strong Motion Instrumentation and Seismic Hazard Mapping Fees: ***						
68	Category 1 - Residential - Min Fee = \$0.50	Val. x 0.00013	Val. x 0.00013			N	
69	Category 2 - All Other Buildings - Min Fee = \$0.50	Val. x 0.00028	Val. x 0.00028			N	
	Building Standards Administration Special Revolving Fund: ***						
70	Permit Valuation						
	a) \$1-\$25,000	\$1	\$1		0.00%	N	
	b) \$25,001 - \$50,000	\$2	\$2		0.00%	N	
	c) \$50,001 - \$75,000	\$3	\$3		0.00%	N	
	d) \$75,001 - \$100,000	\$4	\$4		0.00%	N	
	e) Every \$25,000 or fraction thereof above \$100,000	\$1	\$1		0.00%	N	
	ELECTRICAL						
71	Electrical Permit Issuance ****	\$203	\$208		2.86%	Y	
72	Plan Check Fee - (min. 1 hr) - per hour	\$250	\$257	per hour	2.86%	Y	
73	Receptacle Outlets, multiple on one circuit						
	a) First 20	\$118	\$122		2.86%	Y	
	b) Each additional 20	\$99	\$101		2.86%	Y	
74	Receptacles or Junction box, fed from dedicated circuit - each	\$59	\$61	each	2.86%	Y	

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
75	Switches, Dimmers, Occupancy sensors, Sensor Power Packs, etc.						
	a) First 20	\$118	\$122		2.86%	Y	
	b) Each additional 20	\$99	\$101		2.86%	Y	
76	Lighting Fixtures, Sockets						
	a) First 20	\$118	\$122		2.86%	Y	
	b) Each additional 20	\$99	\$101		2.86%	Y	
77	Track lighting with fixtures - per linear feet	\$1.18	\$1.22		2.86%	Y	
78	Pole/Platform-Mounted/Theatrical Fixtures - each	\$59	\$61	each	2.86%	Y	
79	Circuit Breaker Panel/Subpanel, Lighting Control Panel – each	\$99	\$101	each	2.86%	Y	
80	Residential Equipment, hardwired from dedicated circuit – each	\$59	\$61	each	2.86%	Y	
81	Commercial Equipment, hardwired from dedicated circuit – each	\$99	\$101	each	2.86%	Y	
82	Power pole for cubicles	\$59	\$61	each	2.86%	Y	
83	Generator						
	a) Portable	\$118	\$122	each	2.86%	Y	
	b) 10 kW or less	\$118	\$122	each	2.86%	Y	
	c) More than 10 kW	\$177	\$182	each	2.86%	Y	
84	Electrical vehicle charging station						
	a) Residential	\$59	\$61		2.86%	Y	
	b) Commercial	\$99	\$101		2.86%	Y	
85	HEPA filter						
	a) First 20	\$118	\$122		2.86%	Y	
	b) Each additional 20	\$99	\$101		2.86%	Y	
86	Time Clock	\$59	\$61	each	2.86%	Y	
87	Sign, lighting systems from one branch circuit						
	a) First one	\$236	\$243		2.86%	Y	
	b) Each additional	\$118	\$122		2.86%	Y	
88	Services						
	a) Not over 200 amps (new or change) – each	\$118	\$122	each	2.86%	Y	
	b) 201 amps - 1000 amps (new or change)	\$236	\$243	each	2.86%	Y	
	c) Over 1000 amperes (new or change)	\$296	\$304	each	2.86%	Y	
89	Power Apparatus (UPS) or Transformer	\$99	\$101	each	2.86%	Y	
90	Miscellaneous Apparatus, Conduits & Conductors	\$99	\$101	each	2.86%	Y	
91	Construction Temporary Power Pole with service panel, each pole	\$118	\$122		2.86%	Y	
92	Elevator	\$236	\$243	each	2.86%	Y	
93	Special Circuitry, per circuit	\$99	\$101	per circuit	2.86%	Y	

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
MECHANICAL							
94	Mechanical Permit Issuance ****	\$203	\$208		2.86%	Y	
95	Plan Check Fee (min.1 hr)	\$250	\$257	per hour	2.86%	Y	
96	Install Furnace or Heater, Residential (not including duct work)	\$158	\$162		2.86%	Y	
97	Install, Relocate, Replace Flue Vent (not including with appliance)	\$118	\$122		2.86%	Y	
98	Install Hood with Mechanical Exhaust						
	a) Residential	\$99	\$101		2.86%	Y	
	b) Commercial	\$236	\$243		2.86%	Y	
99	Duct Work per VAV or Single Zone System	\$99	\$101		2.86%	Y	
100	Install Industrial-type Incinerator	\$177	\$182		2.86%	Y	
101	Install						
	a) Boiler (each)	\$118	\$122	each	2.86%	Y	
	b) Condenser, VAV or Fan Coil 0-5 ton <2000 CFM (each)	\$118	\$122	each	2.86%	Y	
	c) Condenser, VAV or Fan Coil Over 5 ton >2000 CFM (each)	\$236	\$243	each	2.86%	Y	
102	Roof-top HVAC package unit including duct work	\$236	\$243		2.86%	Y	
103	Dryer vent						
	a) Dryer vent, residential	\$99	\$101	each	2.86%	Y	
	b) Dryer vent, commercial	\$236	\$243	each	2.86%	Y	
104	Pump	\$177	\$182	each	2.86%	Y	
105	Install/Replace Fire or Fire/Smoke Dampers - 5 (or portion of)	\$118	\$122		2.86%	Y	
106	Non-portable Evaporative Cooler	\$177	\$182		2.86%	Y	
107	Single Bathroom Ventilation Fan and Duct	\$99	\$101		2.86%	Y	
108	Ventilation System, not HVAC	\$118	\$122		2.86%	Y	
109	Other Regulated Appliance	\$177	\$182		2.86%	Y	
110	Process Piping						
	a) Hazardous process piping system						
	i) First 4 outlets	\$177	\$182		2.86%	Y	
	ii) Over 4 outlets - per outlet	\$99	\$101	per outlet	2.86%	Y	
	b) Non-Hazardous process piping system						
	i) First 4 outlets	\$177	\$182		2.86%	Y	
	ii) Over 4 outlets - per outlet	\$99	\$101	per outlet	2.86%	Y	

City of Milpitas

BUILDING SAFETY - MISCELLANEOUS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
PLUMBING							
111	Plumbing Permit Issuance ****	\$203	\$208		2.86%	Y	
112	Plan Check Fee (min. 1 hr) - per hour	\$250	\$257	per hour	2.86%	Y	
113	Plumbing Fixtures						
	a) First 5 traps (or portion of)	\$177	\$182		2.86%	Y	
	b) Each Additional trap	\$99	\$101		2.86%	Y	
114	Building Drain or Sewer (New or Replacement)	\$177	\$182		2.86%	Y	
115	Rain Water Drainage System	\$118	\$122		2.86%	Y	
116	Water Heater and Vent	\$177	\$182		2.86%	Y	
117	Gas Piping System - (each appliance)	\$118	\$122		2.86%	Y	
118	Automatic Gas Shut-off Device (Seismic or Excess Flow) if not part of new gas piping system	\$118	\$122		2.86%	Y	
119	Industrial Waste Pre-Treatment System	\$236	\$243		2.86%	Y	
120	Grease Trap	\$177	\$182		2.86%	Y	
121	Grease Interceptor	\$236	\$243		2.86%	Y	
122	Water System Installation						
	a) New	\$355	\$365		2.86%	Y	
	b) Re-pipe	\$236	\$243		2.86%	Y	
123	Pump	\$177	\$182	each	2.86%	Y	
124	Repair/Alteration of Drain/Vent	\$177	\$182		2.86%	Y	
125	Landscape Sprinkler System	\$177	\$182		2.86%	Y	
126	Landscape Reclaim Water	\$296	\$304	per valve	2.86%	Y	
127	Backflow Protection						
	a) first 5	\$177	\$182		2.86%	Y	
	b) each additional 5 (or portion of)	\$99	\$101		2.86%	Y	
128	Reclaim Water System, No Irrigation	\$355	\$365		2.86%	Y	
129	Private Sewage Disposal System	\$118	\$122		2.86%	Y	

** Additional fees may be charged for roof penetrations and/or equipment installation.

*** Fees set by the State of California and are subject to change.

**** Permit issuance fee. When more than one specialty permit (electrical, mechanical, plumbing) is concurrently issued to one applicant, only one permit issuance fee will be charged.

***** Full permit fees of the main building permit shall be paid prior to issuance of the temporary building permit.

[a] 60% of the permit fee is considered inspection fee for the purpose of processing refund request and applying inspection investigation fee.

City of Milpitas

BUILDING SAFETY - MOBILEHOME PERMIT

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Mobilehome Permit Fees							
1	Permit Issuance Fee	\$203	\$209	each	2.86%	Y	
2	Permits with HCD Standard Plan Approval:	See Item A	See Item A	each	0.00%	N	
	a) Mobile Home (MH) Unit Installation (each)	\$196 min.	\$196 min.	each	0.00%	N	
	b) MH Unit Foundation System (each)	Table B	Table B	each	0.00%	N	
	c) Accessory building and structure, and building component (each)	Table B	Table B	each	0.00%	N	[a]
	d) Plumbing	Table C	Table C	each	0.00%	N	
	e) Mechanical	Table D	Table D	each	0.00%	N	
	f) Electrical	Table E	Table E	each	0.00%	N	
	g) Plan Review	N/A	N/A	each	0.00%	N	
3	Permits without HCD Standard Plan Approval:	See Item A	See Item A	each	0.00%	N	
	a) Accessory building and structure, and building component (each)	Table B	Table B	each	0.00%	N	[a]
	b) Plumbing	Table C	Table C	each	0.00%	N	
	c) Mechanical	Table D	Table D	each	0.00%	N	
	d) Electrical	Table E	Table E	each	0.00%	N	
	e) Plan Review						
	i) First submittal	1/2 of total permit fees 1/2 of total permit fees		each	0.00%	N	[b]
	ii) Each resubmittal						
	a) First Hour	\$203	\$203	each	0.00%	N	[b]
	b) Second and subsequent whole hour	\$92	\$92	each	0.00%	N	[b]
	c) Each 1/2 hour, or fractional part thereof	\$46	\$46	each	0.00%	N	[b]
Item A							
4	Permit Fees						
	a) First Inspection:						
	i) First Hour	Sum of all categories (\$196 min.)	Sum of all categories (\$196 min.)	each	0.00%	N	
	ii) Second and subsequent whole hour	\$82	\$82	each	0.00%	N	
	iii) Each 1/2 hour, or fractional part thereof	\$41	\$41	each	0.00%	N	
	b) Re-Inspection (Each subsequent inspection)						
	i) First Hour	\$178	\$178	each	0.00%	N	
	ii) Second and subsequent whole hour	\$82	\$82	each	0.00%	N	
	iii) Each 1/2 hour, or fractional part thereof	\$41	\$41	each	0.00%	N	

City of Milpitas

BUILDING SAFETY - MOBILEHOME PERMIT

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Table B: Construction Permit Fee							
5	Total Valuation						
	a) Up to \$2,000	\$45.00	\$45.00	each	0.00%	N	
	b) \$2,001 - \$25,000						
	i) Base fee for first \$2,000	\$45.00	\$45.00	each	0.00%	N	
	ii) Fee for each additional \$1,000 or fraction thereof, up to \$25,000	\$9.00	\$9.00	each	0.00%	N	
	c) \$25,001 - \$50,000						
	i) Base fee for first \$25,000	\$252.00	\$252.00	each	0.00%	N	
	ii) Fee for each additional \$1,000 or fraction thereof, up to \$50,000	\$6.50	\$6.50	each	0.00%	N	
	d) \$50,001 - \$100,000						
	i) Base fee for first \$50,000	\$414.50	\$414.50	each	0.00%	N	
	ii) Fee for each additional \$1,000 or fraction thereof, up to \$100,000	\$4.50	\$4.50	each	0.00%	N	
	e) \$100,001 - \$500,000						
	i) Base fee for first \$100,000	\$639.50	\$639.50	each	0.00%	N	
	ii) Fee for each additional \$1,000 or fraction thereof, up to \$500,000	\$3.50	\$3.50	each	0.00%	N	
	f) \$500,001 - \$1,000,000						
	i) Base fee for first \$500,000	\$2,039.50	\$2,039.50	each	0.00%	N	
	ii) Fee for each additional \$1,000 or fraction thereof, up to \$1,000,000	\$3.00	\$3.00	each	0.00%	N	
	g) \$1,000,001 and Greater						
	i) Base fee for first \$1,000,000	\$3,539.50	\$3,539.50	each	0.00%	N	
	ii) Fee for each additional \$1,000 or fraction thereof	\$2.00	\$2.00	each	0.00%	N	
Table C: Plumbing Permit Fee							
6	Each plumbing fixture, trap, set of fixtures on one trap, including water, drainage piping and backflow protection thereof	\$3.00	\$3.00	each	0.00%	N	
7	Each building sewer	\$14.00	\$14.00	each	0.00%	N	
8	Each private sewage disposal system	\$14.00	\$14.00	each	0.00%	N	
9	Each water heater and/or vent	\$7.00	\$7.00	each	0.00%	N	
10	Each gas piping system for one to five outlets	\$7.00	\$7.00	each	0.00%	N	
11	Each gas piping system for six or more outlets, per outlet	\$1.50	\$1.50	each	0.00%	N	
12	Each gas regulator	\$1.50	\$1.50	each	0.00%	N	
13	Each water branch service outlet or outlets at the same location, or each fixture supply	\$1.00	\$1.00	each	0.00%	N	
14	Each installation of water treating equipment	\$7.00	\$7.00	each	0.00%	N	
15	Alteration or repair of water piping or water treating equipment	\$7.00	\$7.00	each	0.00%	N	

City of Milpitas

BUILDING SAFETY - MOBILEHOME PERMIT

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
16	Alteration or repair of drainage or vent piping	\$7.00	\$7.00	each	0.00%	N	
17	Each lawn sprinkler system on any one meter, including backflow protection devices	\$7.00	\$7.00	each	0.00%	N	
18	Vacuum breakers or backflow protective devices on tanks, vats, etc., or for installation on unprotected plumbing fixtures:						
	a) One to five	\$7.00	\$7.00	each	0.00%	N	
	b) Over five, each additional	\$3.00	\$3.00	each	0.00%	N	
Table D: Mechanical Permit Fee							
19	The installation or relocation of each forced-air or gravity-type furnace or burner, including ducts and vents attached to such appliance, up to and including 100,000 Btu	\$14.00	\$14.00	each	0.00%	N	
20	The installation or relocation of each forced-air or gravity-type furnace or burner, including ducts and vents attached to such appliance over 100,000 Btu	\$21.00	\$21.00	each	0.00%	N	
21	The installation or relocation of each floor furnace, including vent	\$7.00	\$7.00	each	0.00%	N	
22	The installation or relocation of each suspended heater, recessed wall heater or floor-mounted unit heater	\$7.00	\$7.00	each	0.00%	N	
23	The installation, relocation or replacement of each appliance vent installed and not included in an appliance permit	\$7.00	\$7.00	each	0.00%	N	
24	The repair of, alteration of, or addition to each heating appliance, refrigeration unit, comfort cooling unit, absorption unit, or each comfort heating, cooling, absorption, or evaporative cooling system, including installation of controls	\$14.00	\$14.00	each	0.00%	N	
25	The installation or relocation of each boiler or compressor to and including three horsepower or each absorption system to and including 100,000 Btu	\$14.00	\$14.00	each	0.00%	N	
26	The installation or relocation of each boiler or compressor over three horsepower or each absorption system over 100,000 Btu	\$21.00	\$21.00	each	0.00%	N	
27	Each air handling unit, including ducts attached thereto	\$7.00	\$7.00	each	0.00%	N	
28	For each evaporative cooler other than portable type	\$7.00	\$7.00	each	0.00%	N	
29	For each vent fan connected to a single duct	\$3.00	\$3.00	each	0.00%	N	
30	For each vent ventilation system which is not a portion of any heating or air conditioning system authorized by a permit	\$7.00	\$7.00	each	0.00%	N	
31	Each installation of equipment regulated by this chapter for which no other fee is listed	\$7.00	\$7.00	each	0.00%	N	

City of Milpitas

BUILDING SAFETY - MOBILEHOME PERMIT

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Table E: Electrical Permit Fee							
32	Each wiring outlet where current is used or controlled, except services, sub-feeders and meter outlets	\$0.35	\$0.35	each	0.00%	N	
33	Each fixture, socket or other lamp holding device	\$0.35	\$0.35	each	0.00%	N	
34	Each motor of not more than 50 h.p.	\$4.25	\$4.25	each	0.00%	N	
35	Each motor of more than 50 h.p.	\$10.50	\$10.50	each	0.00%	N	
36	Each mercury arc lamp and equipment	\$1.00	\$1.00	each	0.00%	N	
37	Each range, water heater or clothes dryer installation	\$7.00	\$7.00	each	0.00%	N	
38	Each space heater or infrared heat installation	\$1.50	\$1.50	each	0.00%	N	
39	Each stationary cooking unit, oven, or space heater	\$1.50	\$1.50	each	0.00%	N	
40	Each garbage disposer, dishwasher, or fixed motor-operated appliance not exceeding ½ h.p.	\$1.50	\$1.50	each	0.00%	N	
41	Working light in buildings in course of construction or undergoing repairs, or where temporary lighting is to be used	\$3.00	\$3.00	each	0.00%	N	
42	Each incandescent electric sign	\$1.50	\$1.50	each	0.00%	N	
43	Electric signs or outline lighting, luminous gas type with: 1 to 4 transformers	\$3.00	\$3.00	each	0.00%	N	
44	Additional transformers, each	\$0.35	\$0.35	each	0.00%	N	
45	Each rectifier and synchronous converter, per kw.	\$0.35	\$0.35	each	0.00%	N	
46	Each additional circuit for a mobile home accessory building or structure or other electrical equipment	\$1.50	\$1.50	each	0.00%	N	
47	Each service:						
	a) 600 volts or less, not over 200-amperes	\$7.00	\$7.00	each	0.00%	N	
	b) 600 volts or less, over 200-amperes	\$10.00	\$10.00	each	0.00%	N	
	c) Over 600 volts	\$14.00	\$14.00	each	0.00%	N	
48	Each installation of equipment regulated by this chapter for which no other fee is listed	\$7.00	\$7.00	each	0.00%	N	

[a] Accessory buildings and structures, and building components includes but not limited to: awning; deck larger than 12 SF, cabana, ramada, private garage, fence over 6 ft. in height, windbreak over 6 ft. in height.

[b] Only one plan review fee will be charged for identical structures submitted in the same permit application.

City of Milpitas

ANIMAL REGULATION

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
1	Animal Bites Penalty	\$200	\$200		0.00%	N	
2	Animal Impoundment Hearing	\$50	\$50		0.00%	N	
3	Animal Nuisance (e.g. barking)	\$100	\$100		0.00%	N	
4	Animals in Excess of Maximum Allowed Penalty	\$50	\$50		0.00%	N	
5	Failure to Apply for Annual Animal Facility Permit	\$20	\$20		0.00%	N	
6	Inadequate Control or Confinement of Potentially Dangerous Animal Penalty	\$100	\$100		0.00%	N	
7	Late Payments for Animal Fees	10%	10%	7 days	0.00%	N	
8	Unlicensed dog or cat penalty	\$50	\$50		0.00%	N	
9	Violation of Leash Law	\$25	\$25		0.00%	N	
10	Dog License						
	a) Altered	\$25	\$25		0.00%	N	
	b) Late Fee	\$20	\$20		0.00%	N	
	c) Unaltered	\$65	\$65		0.00%	N	
11	Cat License						
	a) Altered	\$15	\$15		0.00%	N	
	b) Late Fee	\$20	\$20		0.00%	N	
	c) Unaltered	\$35	\$35		0.00%	N	
12	Dog Seller Fee						
	a) 1st Permit within Calendar Year	\$86	\$89		2.86%	Y	
	b) 2nd Permit within Calendar Year	\$172	\$177		2.86%	Y	
13	Cat Seller Fee						
	a) 1st Permit within Calendar Year	\$57	\$59		2.86%	Y	
	b) 2nd Permit within Calendar Year	\$115	\$118		2.86%	Y	
14	Animal Disposal Fee	Actual Cost	Actual Cost			N	
15	Quarantining Animal Fee	Actual Cost	Actual Cost			N	
16	Redemption of Impounded Animal Fee	Actual Cost	Actual Cost			N	
17	Annual Animal Adoption Permit Fee	\$57	\$59		2.86%	Y	
18	Annual Animal Facility Permit Application Fee	\$57	\$59		2.86%	Y	
19	Dangerous Animal Annual Permit Fee	\$172	\$177		2.86%	Y	
20	Permit for Exception to Number or Type of Animals Allowed, Application Fee	\$23	\$24		2.86%	Y	
21	Other Requested/Required Services - See City of San Jose (The City of Milpitas contracts with the City of San Jose for various Animal Regulation services)	See City of San Jose fee schedule	See City of San Jose fee schedule			N	

City of Milpitas

PLANNING

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Percent Change	Y'rly Infl'tr	Note
Special Events:						
1	Application Type					
	a) Minor Events	\$268	\$276	2.86%	Y	[a]
	b) Regular Events	\$1,044	\$1,074	2.86%	Y	[a]
	c) Major Events	\$6,520	\$6,706	2.86%	Y	[a]
2	Conceptual Review - Planning Staff Only - per meeting	\$400	\$412	2.86%	Y	
Pre-Application Review:						
3	Single Family Districts	\$3,121	\$3,211	2.86%	Y	
4	Multi-Family / Non-Residential	\$9,946	\$10,230	2.86%	Y	
Tentative Maps:						
5	Parcel Map	\$14,778	\$15,200	2.86%	Y	
6	Tract Map	\$21,431	\$22,044	2.86%	Y	
Minor Site Development:						
7	Over the Counter Review	\$267	\$275	2.86%	Y	
8	Zoning Administrator					
	a) Staff Review - Zoning Administrator	\$3,508	\$3,608	2.86%	Y	
	b) Staff Review Hill Side - Zoning Administrator	\$4,877	\$5,017	2.86%	Y	
9	Planning Commission / City Council	\$10,244	\$10,537	2.86%	Y	
Site Development:						
10	Requiring PC / CC Approval	\$19,621	\$20,182	2.86%	Y	
11	Zoning Administrator	\$15,173	\$15,607	2.86%	Y	
12	SB35 Housing Project	\$11,446	\$11,773	2.86%	Y	
Minor Conditional Use Permit:						
13	Staff Review - Zoning Administrator	\$1,484	\$1,526	2.86%	Y	
14	Planning Commission / City Council	\$3,351	\$3,447	2.86%	Y	
15	Telecommunications	\$1,045	\$1,074	2.86%	Y	
Conditional Use Permit:						
16	Single Family Districts	\$721	\$742	2.86%	Y	
17	Temporary Use Permit	\$930	\$956	2.86%	Y	
18	Multi-Family / Non-Residential	\$16,667	\$17,144	2.86%	Y	
Signs:						
19	Temporary (Including Banners)	\$126	\$130	2.86%	Y	
20	Permanent (Including Wall Signs)	\$364	\$375	2.86%	Y	
21	Freestanding signs over 6ft in height	\$616	\$634	2.86%	Y	

City of Milpitas

PLANNING

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Percent Change	Y'rly Infl'tr	Note
Variance:						
22	Single Family Districts	\$1,097	\$1,128	2.86%	Y	
23	Signs	\$1,077	\$1,107	2.86%	Y	
24	Multi-Family / Non-Residential	\$3,377	\$3,474	2.86%	Y	
Short-Term Rental						
25	Short-Term Rental - Initial	\$539	\$555	2.86%	Y	
26	Short-Term Rental - Renewal	\$539	\$555	2.86%	Y	
Deposit-Based Fees:						
27	Amendments, General Plan, Zoning, or Specific Plan (Map or Text)	\$20,000	\$20,000	0.00%	N	
28	Development Agreements	\$20,000	\$20,000	0.00%	N	
29	Environmental Review/CEQA clearance	\$35,000	\$35,000	0.00%	N	
30	Planned Unit Development	\$20,000	\$20,000	0.00%	N	
31	Billboards	\$2,500	\$2,500	0.00%	N	
32	Initial Deposit to Offset Costs of Legal Review, Peer Review, Other Agency Review, etc.	\$5,000	\$5,000	0.00%	N	[b]
Miscellaneous:						
33	Amendments/Modifications to an Existing Permit					
	a) Permit Adjustment	25% of permit fee	25% of permit fee		N	
	b) Permit Amendment	50% of permit fee	50% of permit fee		N	
34	Appeal To Planning Commission/City Council	\$2,135	\$2,196	2.86%	Y	
35	Time Extensions	\$881	\$906	2.86%	Y	
36	Public Noticing	\$615	\$633	2.86%	Y	
37	Copies - per page	\$0.10	\$0.10	0.00%	N	
38	Planning Research - per hour	\$267	\$275	2.86%	Y	
39	Zoning Conformance Letter	\$252	\$259	2.86%	Y	
40	Home Occupation Permit / Business License Review	\$63	\$65	2.86%	Y	
41	Tree Removal	\$256	\$263	2.86%	Y	
42	Building Plan Check	\$267	\$275	2.86%	Y	
43	Building Inspection	\$267	\$275	2.86%	Y	
44	Certificate of Occupancy Review	\$134	\$138	2.86%	Y	
45	Permit Compliance Review	\$533	\$548	2.86%	Y	
46	Letter of Determination / Interpretation	\$1,066	\$1,097	2.86%	Y	
47	Pass Through for Legal Fees	Pass - Through	Pass - Through		N	
48	Vendor Payment Processing Fees	Pass - Through	Pass - Through		N	[c]
49	Technology Fee - % of Permit	3.80%	3.80%	0.00%	N	

City of Milpitas
PLANNING

Activity Description	FY 24/25 Fee	FY 25/26 Fee	Percent Change	Y'rly Infl'tr	Note
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[a] Minor events are for permits issued over-the-counter for small private events. Regular events permits are typically issued for events less than four consecutive days, including block parties, or that require review by multiple departments. Major event permits are typically issued for events that exceed four consecutive days and/or anticipate crowds exceeding 1,000 people.

[b] This deposit will be collected in addition to any other deposits or fixed fees. Any unused deposit amounts will be returned to applicant.

[c] For payments made using vendor portal services, applicant shall be responsible for processing fees charged by vendor, as applicable.

* Applicants for full cost (deposit-based) submittals shall pay for all City staff and contract service provider time and materials required to process the application. Hourly rates for City staff time vary by position, as outlined in the City's full cost allocation plan.

City of Milpitas
PLANNING - NEIGHBORHOOD BEAUTIFICATION

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Percent Change	Y'rly Infl'tr	Note
1	1st Violation to Neighborhood Beautification Ordinance	\$100	\$100	0.00%	N	
2	2nd Violation to Neighborhood Beautification Ordinance	\$200	\$200	0.00%	N	
3	3rd or More Violations to Neighborhood Beautification Ordinance	\$500	\$500	0.00%	N	
4	Delinquency Penalty on Neighborhood Beautification Ordinance	\$25	\$25	0.00%	N	
5	Graffiti Abatement	Actual Cost	Actual Cost		N	
6	Public Nuisance Abatement	As defined in Municipal Code Sections	As defined in Municipal Code Sections		N	

City of Milpitas

ENGINEERING

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Percent Change	Y'rly Infl'tr	Note
1	Minor Encroachment Permit	\$1,230	\$1,265	2.86%	Y	[a]
2	Lot Line / Merger Adjustment	\$3,629	\$3,732	2.86%	Y	
3	Street / Alley Easement Vacation	\$2,636	\$2,711	2.86%	Y	
Bldg Permit Reviews:						
4	Single Family New Building / Addition	\$675	\$694	2.86%	Y	
5	Commercial / Industrial New Building	\$2,250	\$2,314	2.86%	Y	
6	Commercial / Industrial Tenant Improvement	\$225	\$231	2.86%	Y	
7	Commercial / Industrial Site Improvement (including Grading)	\$2,025	\$2,082	2.86%	Y	
8	All Other Permit Application Reviews (per hour)	\$225	\$231	2.86%	Y	
Engineering Plan Review: (Construction Cost Estimate)						
9	Up to \$50,000	\$5,746	\$5,910	2.86%	Y	
10	\$50,001-\$200,000	\$11,491	\$11,820	2.86%	Y	
11	\$200,001-\$500,000	\$17,237	\$17,730	2.86%	Y	
12	Over \$500,001	\$22,982	\$23,639	2.86%	Y	
Engineering Inspection: (Construction Cost Estimate)						
13	Up to \$50,000	\$5,746	\$5,910	2.86%	Y	
14	Greater than \$50,000 - % of Construction Cost Estimate	10%	10%	0.00%	N	
15	Technology Fee - % of Permit	3.80%	3.80%	0.00%	N	

[a] Fee includes Planning and Engineering review.

City of Milpitas

PUBLIC WORKS

Activity Description		FY 24/25 Fee / Rate	FY 25/26 Fee / Rate	Percent Change	Y'rly Infl'tr	Note
Utilities						
1	Service Request and Basic Inspection	\$141	\$145	2.86%	Y	
2	Discontinuance of Service	\$141	\$145	2.86%	Y	
3	Meter Removal / Installation					
	a) Less than 2"	\$114	\$117	2.86%	Y	
	b) Greater than or Equal to 2"	\$336	\$345	2.86%	Y	
4	Water Meter Testing					
	a) Residential Deposit	\$110	\$110	0.00%	N	[a]
	b) Commercial Deposit	\$300	\$300	0.00%	N	[a]
5	Hydrant Flow Test					
	a) Two or Fewer Hydrants	\$702	\$722	2.86%	Y	
	b) Three Hydrants	\$728	\$749	2.86%	Y	
	c) Four Hydrants	\$758	\$780	2.86%	Y	
6	Sewer Lateral Inspection					
	a) Visual Inspection	\$114	\$117	2.86%	Y	
	b) Video Inspection - Residential	\$495	\$509	2.86%	Y	
	c) Video Inspection - Commercial	\$740	\$761	2.86%	Y	
7	Backflow Testing Fee	Actual Cost; per hour				
8	Late Payment Penalty Fee (% of amount due)	5%	5%	0.00%	N	
9	Final Notice Penalty	5%	5%	0.00%	N	
10	Discontinuance of Service Warning Notice	\$10	\$10	0.00%	N	
11	Restoration Fee - During Normal Operating Hours					
	a) Low Income	\$56	\$58	2.76%	CPI	[b]
	b) All Others	\$136	\$139	2.86%	Y	
12	Restoration Fee - During Non-Operational Hours					
	a) Low Income	\$169	\$174	2.76%	CPI	[b]
	b) All Others	\$357	\$367	2.86%	Y	

Notes

- [a] If meter is not accurate, deposit is refunded. If meter has been tampered with, the resident or business is charged for the repair.
- [b] For residential customers who demonstrate to the City a household income below 200 percent of the federal poverty line, the City will limit any service restoration charges during normal operating hours to fifty dollars (\$50), and during nonoperational hours to one hundred fifty dollars (\$150) for 2020. The limits will only apply if the City's service restoration charges actually exceed these amounts. These limits are subject to an annual adjustment for changes in the Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U) beginning January 1, 2021.

* The City's utility rate schedule is adopted separately. Beginning in Fiscal Year 2023/24 the City will consolidate the listing of utility rates into a separate schedule.

City of Milpitas

PUBLIC WORKS

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Percent Change	Y'rly Infl'tr	Note
Public Sewers						
1	Delinquent Fees	varies	varies		N	[a]
2	Civil Penalties	varies	varies		N	[b]
3	Unmetered Wastes	varies	varies		N	[c]
4	Authority to Disconnect	varies	varies		N	[d]
5	Payment for Sewage Services	varies	varies		N	[e]
6	Inspection Fees	varies	varies		N	[f]
7	House Lateral Fee	varies	varies		N	[g]
8	Disbursements of Short Side Charges	varies	varies		N	[h]
FOG and Stormwater Industrial/Commercial Violation						
9	First Citation	\$500	\$500	0.00%	N	[i]
10	Second Citation	\$625	\$625	0.00%	N	[i]
11	Third Citation	\$750	\$750	0.00%	N	[i]
Water Service Charges						
12	Construction Water	\$2,000	\$2,000	0.00%	N	
13	Deposits for service	\$150	\$150	0.00%	N	

Notes

- [a] See City of Milpitas Municipal Code Section VIII-2-5.33. Permit applications are due ninety (90) days prior to commencing discharge to the sanitary system or expiration of existing discharge permit. Any person who fails to file an application for a discharge permit prior to discharge shall be assessed a penalty for delinquent filing as follows: (1) Up to and including thirty (30) days delinquency, the penalty shall be fifty percent (50%) of the permit fee. More than thirty (30) days but less than one year delinquency, the penalty shall be one hundred percent (100%) of the permit fee. (3) More than one (1) year delinquency, the penalty shall be one thousand percent (1,000%) of the permit fee. (b) Such penalties shall be in addition to any other penalties or fines that may be levied, and in addition to any other remedies that the City may have with respect to the discharge.
- [b] See City of Milpitas Municipal Code Section VIII-2-5.50. Any person who intentionally, accidentally, or negligently violates any provisions of this Chapter, any provision of any permit issued pursuant to this Chapter, or who intentionally, accidentally, or negligently discharges waste or wastewater which causes pollution, or violates any effluent limitation, national standard of performance, or national pretreatment or toxicity standard, shall be civilly liable to the City in a sum up to ten thousand dollars (\$10,000) for the first day in which such violation occurs, up to twenty-five thousand dollars (\$25,000) for the second day in which such violation occurs, and fifty thousand dollars (\$50,000) for each additional day.
- [c] See City of Milpitas Municipal Code Section VIII-2-6.02. Where rates are herein specified to be in accordance with the use of water, all such premises shall be separately metered. Where such metering is not provided, or for newly constructed units, the City shall make a reasonable estimate of the volume of water consumed to be used as a basis for sewer service charges.
- [d] See City of Milpitas Municipal Code Section VIII-2-6.03. In the event of a failure to pay the charges as provided for sewage service, the City is authorized to disconnect sewer or water service, or both.
- [e] See City of Milpitas Municipal Code Section VIII-2-6.04. All accounts are due and payable within fifteen (15) days of the date of the bill. Accounts shall become delinquent and a late fee equal to five percent (5%) of the amount due shall be imposed if a payment has not been received by 5:00 p.m. on the due date.
- [f] See City of Milpitas Municipal Code Section VIII-2-7.01. Each connector shall pay a fee to City for issuing of each permit, for the inspection of each house lateral, house sewer or side sewer, the sum of five dollars (\$5). Where connector has on file with the City cash deposit for inspection of work, no inspection fee shall be required. In such case, all cost and expenses incurred by City in inspection of the connection shall be made from said deposit.

City of Milpitas

PUBLIC WORKS

Activity Description	FY 24/25 Fee	FY 25/26 Fee	Percent Change	Y'rly Infl'tr	Note
[g] See City of Milpitas Municipal Code Section VIII-2-7.02. Before the issuance of a permit for the installation of a house lateral, connector shall pay City a fee which shall include the following: (A) An engineering charge to defray the cost of processing the permit application, which shall be an amount equal to forty cents (\$0.40) times one-half the width of the street expressed in feet in which the house lateral is being constructed. (B) A short side charge shall be collected in all cases where the main or trunk to which connection is being made is located between the center line of the street and the property to be served. Said short side charge shall be an amount equal to four dollars and fifty cents (\$4.50) times the distance in feet between the center line of the street and the main or trunk sewer to which the connection is being made. The purpose of this charge is to equalize connection cost for property on both sides of the street.					
[h] See City of Milpitas Municipal Code Section VIII-2-7.03. The City Council may disburse to connectors whose house laterals connect to a main or trunk sewer at a point beyond the center line of the street an amount equal to \$4.50 times the distance in feet between the center of the street and the main or trunk sewer to which said connection was made.					
[i] See City of Milpitas Municipal Code Section XI-16-14. Any person who intentionally or negligently violates any provision of this Chapter or any provision of any permit or certificate issued pursuant to this Chapter shall be civilly liable to the city in a sum not to exceed \$25,000.00 per day for each day in which such violation occurs.					

City of Milpitas

FIRE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
FIRE INVESTIGATION/ENFORCEMENT/RESPONSE							
1	Emergency Response – Haz Mat Calls, Minimum 1-hr	HR(s) * hourly rate	HR(s) * hourly rate			N	
2	Response to DUI	HR(s) * hourly rate	HR(s) * hourly rate			N	
3	Non-Milpitas Response	HR(s) * hourly rate	HR(s) * hourly rate			N	
4	Response/Investigation Fee	HR(s) * hourly rate	HR(s) * hourly rate			N	
5	Referral Inspection (Life/Safety) 2 hrs minimum charge	HR(s) * hourly rate	HR(s) * hourly rate			N	
6	Referral Inspection (Haz Mat) 2 hrs minimum charge	HR(s) * hourly rate	HR(s) * hourly rate			N	
7	Fire Code Chapter 50 (Haz Mat) - Release Cleanup 2hrs minimum charge	HR(s) * hourly rate	HR(s) * hourly rate			N	
8	Enforcement Cost Recovery	HR(s) * hourly rate	HR(s) * hourly rate			N	
FALSE ALARM							
9	False Alarm						
	a) First two in 12 month time-frame	no charge	no charge			N	
	b) 3rd occurrence	\$300	\$300		0.00%	N	
	c) 4th occurrence	\$600	\$600		0.00%	N	
	d) 5th or more	\$900	\$900		0.00%	N	
MISCELLANEOUS							
10	Data input (HMBP/HMIS), Minimum of 2 hours	HR(s) * hourly rate	HR(s) * hourly rate			N	
11	Late fee – over 60 days	Collection Cost	Collection Cost			N	
12	Failure to obtain a permit	Double permit fee	Double permit fee			N	
13	Weed Abatement. Fee = (hrs * \$/HR), minimum 1-hr	HR(s) * hourly rate	HR(s) * hourly rate			N	
14	Fire Watch, Fee = (hrs * hourly rate). Std. or OT rate	HR(s) * hourly rate	HR(s) * hourly rate			N	[a]
15	Pre-inspection (residential care facilities)	Per Code	Per Code			N	
16	Confined Space permits	HR(s) * hourly rate	HR(s) * hourly rate			N	
17	Electronic Archive, per permit	\$25	\$25		0.00%	N	
18	Use of Trailer	\$60	\$60	per hour	0.00%	N	
19	Administrative Fee	\$70	\$70	per hour	0.00%	N	
20	Instructor	Actual Cost	Actual Cost			N	
21	Fire Reports	\$13	\$13		0.00%	N	
22	Other Services Not Listed	HR(s) * hourly rate	HR(s) * hourly rate			N	
FIRE PREVENTION							
ANNUAL OPERATIONAL PERMITS							
23	A-1 Occupancy (theaters and other small viewing halls)	\$1,310	\$1,509		15.17%	Y	
24	A-2 Occupancy (Food & Drink Establishment)	\$991	\$1,141		15.17%	Y	

City of Milpitas

FIRE

Activity Description	FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
25 A-3 Occupancy (Worship, recreation, or amusement)	\$991	\$1,141		15.17%	Y	
26 A-4 & A-5 Occupancy (indoors or outdoors sport event structures)	\$2,270	\$2,614		15.17%	Y	
27 High Piled Storage	\$1,310	\$1,509		15.17%	Y	
28 Malls						
a) Small (0 to 50,000 s.f.)	\$975	\$1,123		15.17%	Y	
b) Medium (50,001 to 100,000 s.f.)	\$1,630	\$1,877		15.17%	Y	
c) Large (over 100,000 s.f.)	\$2,270	\$2,614		15.17%	Y	
29 Combustible Dust Producing Facility	\$655	\$755		15.17%	Y	
30 Motels	\$991	\$1,141		15.17%	Y	
31 Hotels & Multi-Story Structures						
a) <5 stories	\$1,950	\$2,246		15.17%	Y	
b) 5+ stories - per floor	\$328	\$377		15.17%	Y	
32 Commercial Daycare						
a) Small (<100 children or elderly)	\$640	\$737		15.17%	Y	
b) Large (100+ children or elderly)	\$1,279	\$1,473		15.17%	Y	
33 Residential Daycare						
a) Small Family Daycare (8 or fewer children)	\$0	\$0			N	
b) Large Family Daycare (9-14 children)	\$0	\$0			N	
c) Elderly Care (6 or fewer people)	\$0	\$0			N	
34 Small Apartments (3-4 units)	\$321	\$370		15.17%	Y	
35 Medium Apartments (5-15 units)	\$1,279	\$1,473		15.17%	Y	
36 Large Apartments (more than 15 units)	\$1,919	\$2,210		15.17%	Y	
37 Small Chemical User (Example: doctor/dentist, dry cleaner, photo shop, graphic design, print shop, automobile engine repair, propane, CO2 beverage dispensing system, battery systems, emergency generators, pools, etc.)	\$671	\$772		15.17%	Y	
38 Medium Chemical User (Example: automobile body shop, research and design, analytical labs, pool supplies, big-box retail stores)	\$1,661	\$1,913		15.17%	Y	
39 Large Chemical User (Semiconductor or similar facilities)	\$2,621	\$3,018		15.17%	Y	
40 Plating Shops	\$1,981	\$2,282		15.17%	Y	
41 Toxic Gas						
a) Small Toxic Gas - Annual Monitoring Certification	\$1,279	\$1,473		15.17%	Y	
b) Large Toxic Gas - Annual Monitoring Certification	\$2,559	\$2,947		15.17%	Y	

City of Milpitas

FIRE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
42	Mobile Fueling						
	a) Vendor	\$1,661	\$1,913		15.17%	Y	
	b) Site	\$1,661	\$1,913		15.17%	Y	
43	Underground Tanks	\$1,007	\$1,160		15.17%	Y	
44	Urban Runoff Inspections						
	a) Industrial	\$671	\$772		15.17%	Y	
	b) Restaurants (once every 2 years)	\$671	\$772		15.17%	Y	
45	Other Miscellaneous Annual Inspections Fee - per hour	HR(s) * hourly rate	HR(s) * hourly rate			N	
CONSTRUCTION REVIEW / PERMIT / INSPECTION							
Building Life / Safety:							
Demolition Fees:							
46	Interior or Partial Building or Misc. Demolition	\$641	\$738		15.17%	Y	
47	Complete Building with or without Site Demolition	\$962	\$1,107		15.17%	Y	
48	Grading Fees: These are only assessed if permits are submitted separately to Building Department from new construction or remodel permits.						
	a) Less than 1 acre	\$641	\$738		15.17%	Y	
	b) 1-5 acres	\$962	\$1,107		15.17%	Y	
	c) Greater than 5 acres	\$1,282	\$1,477		15.17%	Y	
49	Site Improvement Fees: These are only assessed if permits are submitted separately to Building Department from new construction or remodel permits.						
	a) Less than 1 acre	\$962	\$1,107		15.17%	Y	
	b) 1-5 acres	\$1,923	\$2,215		15.17%	Y	
	c) Greater than 5 acres	\$321	\$370	per acre	15.17%	Y	
50	New Building – Shell:						
	a) Less than 5,000 sq. ft.	\$962	\$1,107		15.17%	Y	
	b) 5,000-25,000 sq. ft.	\$1,923	\$2,215		15.17%	Y	
	c) 25,000-50,000 sq. ft.	\$2,885	\$3,322		15.17%	Y	
	d) 50,000+ sq. ft. – per sq. ft.	\$0.07	\$0.08	per sq ft	15.17%	Y	
51	New Building – New Construction:						
	a) Less than 5,000 sq. ft.	\$962	\$1,107		15.17%	Y	
	b) 5,000-25,000 sq. ft.	\$2,564	\$2,953		15.17%	Y	
	c) 25,000-50,000 sq. ft.	\$4,808	\$5,537		15.17%	Y	
	d) 50,000+ sq. ft. – per sq. ft.	\$0.10	\$0.12	per sq ft	15.17%	Y	

City of Milpitas

FIRE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
52	Additions, Alterations, and Tenant Improvements:						
	a) Less than 5,000 sq. ft.	\$611	\$703		15.17%	Y	
	b) 5,000-25,000 sq. ft.	\$2,414	\$2,780		15.17%	Y	
	c) 25,000-50,000 sq. ft.	\$4,507	\$5,191		15.17%	Y	
	d) 50,000+ sq. ft. – per sq. ft.	\$0.10	\$0.12	per sq ft	15.17%	Y	
53	Missed Plan Check by Appointment	\$321	\$370		15.17%	Y	
54	Revision to Project Fee - per hour (min 1 hr)	HR(s) * hourly rate	HR(s) * hourly rate			N	
55	Tents, Canopies, or Membrane Structures:						
	a) 4 or less	\$961	\$1,106		15.17%	Y	
	b) 5+	\$1,281	\$1,476		15.17%	Y	
56	Temporary Assembly (Indoors or outdoors), with or w/out tent						
	a) Occupancy 50-299	\$961	\$1,106		15.17%	Y	
	b) Occupancy 300-999	\$1,601	\$1,844		15.17%	Y	
	c) Occupancy 1000+	\$2,563	\$2,951		15.17%	Y	
	Fire Extinguishing Systems: These are typically deferred submittals and reviewed and inspected after building plan submittals.						
57	Fire Service Underground:						
	a) New or Replace - each	\$1,601	\$1,844		15.17%	Y	
	b) Repairs	\$641	\$738		15.17%	Y	
58	Fire Sprinkler Systems:						
	a) Less than 2,000 sq. ft	\$930	\$1,072		15.17%	Y	
	b) 2,000+ sq. ft. – per sq. ft., fee = Base Fee + [(project sq. ft. - 2,000 sq. ft.) * per sq. ft. fee]	\$0.24	\$0.27		15.17%	Y	
59	Hood & Duct Systems – Each	\$1,281	\$1,476		15.17%	Y	
60	FM 2000 (under floor systems, etc.) each	\$1,281	\$1,476		15.17%	Y	
61	Other (deluge, foam, preaction, etc.) each	\$1,281	\$1,476		15.17%	Y	
	Fire Alarm Systems:						
62	Additions, Alterations, or Repairs: If more than 10 devices then the New Fire Alarm fee applies.						
	a) 1-5 Devices	\$641	\$738		15.17%	Y	
	b) 6-10 Devices	\$1,281	\$1,476		15.17%	Y	

City of Milpitas

FIRE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
63	New Fire Alarm:						
	a) Less than 5,000 sq. ft.	\$1,281	\$1,476		15.17%	Y	
	b) 5,000+ sq. ft. – per sq. ft., fee = Base Fee + [(project sq. ft. - 5,000 sq. ft.) * per sq. ft. fee]	\$0.21	\$0.25		15.17%	Y	
64	Hazardous Materials - Building Construction:						
	a) Small TI without process piping or tools. (Example: registration form, inert compressed gas system installations, CO2 for beverage, small auto repair or retail).	\$649	\$748		15.17%	Y	
	b) Facility TI with process piping or tanks < 4,000 sq. ft. (Example: H or F Occupancy, Plating Facility, chemical bunker). Does not include tools (tool fee is extra).	\$1,285	\$1,480		15.17%	Y	
	c) Facility TI with process piping or tanks > 4,000 sq. ft. (Example: H or F Occupancy, Plating Facility, chemical bunker). Does not include tools (tool fee is extra).	\$0.33	\$0.38	per sq ft	15.17%	Y	
65	Tools with Hazardous Materials (Example: emergency generator, lift stations, aboveground tanks, treatment systems, battery module per 50KWh, propane system, large tank installations).						
	a) Up to Two Tools	\$1,285	\$1,480	up to 2 tools	15.17%	Y	
	b) Each Additional Tool	\$482	\$555	per tool	15.17%	Y	
66	Closure - process / tools	\$977	\$1,126	each	15.17%	Y	
67	Closure - Facility						
	a) Small TI without process piping or tools. (Example: registration form, inert compressed gas system installations, CO2 for beverage, small auto repair or retail).	\$649	\$748		15.17%	Y	
	b) Facility TI with process piping or tanks < 4,000 sq. ft. (Example: H or F Occupancy, Plating Facility, chemical bunker). Tools included.	\$1,285	\$1,480		15.17%	Y	
	c) Facility TI with process piping or tanks > 4,000 sq. ft. (Example: H or F Occupancy, Plating Facility, chemical bunker). Tools included.	\$0.33	\$0.38	per sq ft	15.17%	Y	
68	Underground Tank Installation:						
	a) 4 Tank System or less	\$5,849	\$6,737		15.17%	Y	
	b) Each additional tank	\$656	\$756		15.17%	Y	
69	Underground Tank Removal:						
	a) 2 Tank System or Less	\$2,611	\$3,007		15.17%	Y	
	b) Each additional tank	\$328	\$378		15.17%	Y	
70	CERS & APSA - Fee no longer applicable						
	a) CERS - Fee no longer applicable	\$0	\$0			N	
	b) APSA - Fee no longer applicable	\$0	\$0			N	
	MISCELLANEOUS FEES:						
71	After Hours or Fast-Track Plan Check, Inspection - 3 hrs min at OT Rate	\$1,129	\$1,300		15.17%	Y	[a]
72	Alternate Materials & Methods Review	\$1,163	\$1,340		15.17%	Y	

City of Milpitas
FIRE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
73	New Occupancy (new business)						
	a) No Hazardous Materials	\$321	\$370		15.17%	Y	
	b) With Hazardous Materials	\$640	\$737		15.17%	Y	
74	Smoke Detectors Verifications (new owner)	\$321	\$370		15.17%	Y	
75	Title 19 5-year automatic fire sprinkler certification						
	a) Commercial, Industrial, Mixed Use, Hotel/Motel, Apartments, Condominiums, etc.						
	i. Building less than or equal to 50,000 sq. ft.	\$642	\$739		15.17%	Y	
	ii. Building over 50,000 sq. ft.						
	a) First 50,000 sq. ft.	\$642	\$739		15.17%	Y	
	b) Each additional 50,000 sq. ft. or fraction thereof	\$321	\$370		15.17%	Y	
	b) Townhome Buildings						
	i. Building less than or equal to 25,000 sq. ft.	\$321	\$370		15.17%	Y	
	ii. Building over 25,000 sq. ft.						
	a) First 25,000 sq. ft.	\$321	\$370		15.17%	Y	
	b) Each additional 25,000 sq. ft. or fraction thereof	\$321	\$370		15.17%	Y	
76	Failure to cancel a scheduled inspection 24 hrs. prior	\$321	\$370		15.17%	Y	
77	Temporary Certificate of Occupancy	\$160	\$184		15.17%	Y	
78	Standard Hourly Rate - per hour	\$321	\$370		15.17%	Y	
79	Overtime Hourly Fee - per hour	\$377	\$434		15.17%	Y	
80	Other activities not listed - per hour	\$321	\$370		15.17%	Y	
81	Additional Plan Review Time - Std. or OT per hr.	HR(s) * hourly rate	HR(s) * hourly rate			N	
82	Additional Inspection Time - Std. or OT per hr.	HR(s) * hourly rate	HR(s) * hourly rate			N	
83	Fire Department Technology Fee - % of permit	3.80%	3.80%		0.00%	N	
84	Emergency Response Mapping - new projects - per hour	\$291	\$335		15.17%	Y	

[a] Minimum 3 hours.

City of Milpitas

AMBULANCE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
SERVICE FEES							
1	ALS-1 (Advanced Life Support)	\$2,055.53	\$2,055.53		0.00%	N	
2	ALS-2 (Advanced Life Support)	\$2,055.53	\$2,055.53		0.00%	N	
3	BLS	\$1,644.43	\$1,644.43		0.00%	N	
4	Mileage	\$69.79	\$69.79		0.00%	N	
5	Hourly Ambulance Standby	\$260.13	\$260.13		0.00%	N	
6	Hourly Paramedic – Individual	\$130.06	\$130.06		0.00%	N	
7	Hourly EMT – Individual	\$86.71	\$86.71		0.00%	N	
EQUIPMENT/SUPPLIES							
8	Airway/Nasal	\$39.97	\$39.97		0.00%	N	
9	Airway/Oral	\$21.80	\$21.80		0.00%	N	
10	Bag Valve Mask	\$132.62	\$132.62		0.00%	N	
11	Bandage, Elastic	\$10.72	\$10.72		0.00%	N	
12	Bandages Triangular	\$18.17	\$18.17		0.00%	N	
13	Bed Pan	\$18.17	\$18.17		0.00%	N	
14	Blanket, Disposable	\$43.60	\$43.60		0.00%	N	
15	Blood Glucose Test	\$36.34	\$36.34		0.00%	N	
16	Burn Sheet	\$67.22	\$67.22		0.00%	N	
17	Cervical Collar	\$130.81	\$130.81		0.00%	N	
18	Cold/Hot Pack	\$27.25	\$27.25		0.00%	N	
19	Cpap Procedure	\$563.19	\$563.19		0.00%	N	
20	Defib Pads	\$79.94	\$79.94		0.00%	N	
21	Dressing - Major	\$18.17	\$18.17		0.00%	N	
22	Dressing - Minor	\$18.17	\$18.17		0.00%	N	
23	Ekg Electrodes	\$34.52	\$34.52		0.00%	N	
24	Ekg Monitor 12 Lead	\$172.59	\$172.59		0.00%	N	
25	Emesis Basin/Bag	\$14.16	\$14.16		0.00%	N	
26	Endotracheal Tube Introducer/Gum Elastic Bougie	\$121.36	\$121.36		0.00%	N	
27	Headbed Immobilizer	\$30.88	\$30.88		0.00%	N	
28	Hepa Mask	\$45.42	\$45.42		0.00%	N	
29	Hood, Spit Sock	\$29.91	\$29.91		0.00%	N	
30	Intravenous Saline Lock	\$95.65	\$95.65		0.00%	N	
31	Intravenous Infusion Set	\$161.69	\$161.69		0.00%	N	
32	Intravenous Start Kit	\$72.69	\$72.69		0.00%	N	
33	Intubation Supplies	\$81.75	\$81.75		0.00%	N	

City of Milpitas

AMBULANCE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
34	IO Supplies	\$541.39	\$541.39		0.00%	N	
35	King Vision Video Larynoscope Channel Blade	\$30.05	\$30.05		0.00%	N	
36	Lma Supreme - Supraglottic Airway	\$36.06	\$36.06		0.00%	N	
37	Meconium Aspirator	\$16.15	\$16.15		0.00%	N	
38	Nebulizer	\$85.39	\$85.39		0.00%	N	
39	Non-Rebreather Mask	\$19.98	\$19.98		0.00%	N	
40	O2 Cannula With End-Tidal	\$61.72	\$61.72		0.00%	N	
41	O2 Mask/Cannula	\$41.79	\$41.79		0.00%	N	
42	OB Pack	\$145.34	\$145.34		0.00%	N	
43	Patient Mover	\$58.31	\$58.31		0.00%	N	
44	Plueral Decompression	\$123.62	\$123.62		0.00%	N	
45	Pulse Oximetry	\$76.30	\$76.30		0.00%	N	
46	Razor, Disposable	\$1.51	\$1.51		0.00%	N	
47	Splint Arm	\$27.25	\$27.25		0.00%	N	
48	Splint Leg	\$27.25	\$27.25		0.00%	N	
49	Splinting (Extremity)	\$130.81	\$130.81		0.00%	N	
50	Strap, 5 Foot Immobilization	\$20.10	\$20.10		0.00%	N	
51	Suction Tube	\$56.32	\$56.32		0.00%	N	
52	Suctioning	\$114.46	\$114.46		0.00%	N	
53	Temperature Measurement	\$30.67	\$30.67		0.00%	N	
54	Tourniquet, Combat	\$109.23	\$109.23		0.00%	N	
55	Universal Precautions	\$50.87	\$50.87		0.00%	N	
56	Urinal	\$18.17	\$18.17		0.00%	N	
MEDICATIONS							
57	Acetaminophen (Ofirmev)	\$219.96	\$219.96		0.00%	N	
58	Activated Charcoal	\$36.92	\$36.92		0.00%	N	
59	Adenosine	\$105.37	\$105.37		0.00%	N	
60	Albuterol	\$43.60	\$43.60		0.00%	N	
61	Amiodarone	\$70.08	\$70.08		0.00%	N	
62	Asprin	\$10.90	\$10.90		0.00%	N	
63	Atrophine	\$30.88	\$30.88		0.00%	N	
64	Atrophine High Dose	\$145.69	\$145.69		0.00%	N	
65	Benadryl	\$30.88	\$30.88		0.00%	N	
66	Calcium Chloride	\$30.88	\$30.88		0.00%	N	
67	Dextrose 10% 25G In 250ml Bag	\$44.03	\$44.03		0.00%	N	

City of Milpitas

AMBULANCE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
68	Dopamine Drip	\$98.10	\$98.10		0.00%	N	
69	Duodote Autoinjector	\$91.29	\$91.29		0.00%	N	
70	Epi 1:1,000 1Mg/1Cc	\$50.87	\$50.87		0.00%	N	
71	Epi 1:10,000	\$50.87	\$50.87		0.00%	N	
72	Glucagon	\$517.78	\$517.78		0.00%	N	
73	Glucose Paste	\$15.82	\$15.82		0.00%	N	
74	Lidocaine 2%	\$39.97	\$39.97		0.00%	N	
75	Midazolam	\$2.89	\$2.89		0.00%	N	
76	Morphine	\$30.88	\$30.88		0.00%	N	
77	Narcan	\$58.14	\$58.14		0.00%	N	
78	Nitroglycerin Tablet	\$1.55	\$1.55		0.00%	N	
79	Nitropaste	\$14.15	\$14.15		0.00%	N	
80	Normal Saline Flush Pls 10Cc	\$27.16	\$27.16		0.00%	N	
81	Normal Saline 1000Cc	\$176.23	\$176.23		0.00%	N	
82	Ondansetron Injectable	\$63.22	\$63.22		0.00%	N	
83	Ondansetron Oral Dissolving Tablet	\$52.21	\$52.21		0.00%	N	
84	Sodium Bicarb	\$54.50	\$54.50		0.00%	N	
85	Sterile Water	\$43.60	\$43.60		0.00%	N	
86	Tranexamic Acid 1,000mg	\$10.37	\$10.37		0.00%	N	

* These fees are intended to mirror fees authorized by the Santa Clara County Emergency Services Agency. If Santa Clara County EMS updates fees subsequent to the adoption of this schedule, this schedule shall be presumed to reflect updated amounts. In the case of discrepancies, fee amounts authorized by Santa Clara County EMS shall supersede the amounts listed above. The City will periodically examine costs to ensure that fees collected do not exceed the City's program costs of service.

City of Milpitas

POLICE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Citations							
1	Citation Sign off for Non Milpitas Residents	\$20	\$20		0.00%	N	
2	Parking Citations	\$65 - \$280	\$65 - \$280			N	[a]
3	Copy of Traffic & Parking citations	\$5	\$5		0.00%	N	
Alarm Fees and Fines							
4	Alarm Permit						
	a) Alarm Permit - Initial	\$45	\$52	per year	15.17%	Y	[b]
	b) Alarm Permit - Renewal	\$23	\$26	per year	15.17%	Y	[b]
	c) Alarm Permit - Late Filing Fee	50% of permit fee	50% of permit fee			N	
5	False Alarm Response (per calendar year)						
	a) First	No Charge	No Charge			N	
	b) Second	No Charge	No Charge			N	
	c) Third	\$85	\$98		15.17%	Y	
	d) Fourth	\$141	\$163		15.17%	Y	
	e) Fifth	\$282	\$325		15.17%	Y	
	f) Sixth or More	\$282	\$325	per response	15.17%	Y	
6	False Alarm Response - Additional Fee for Unregistered Alarm	\$28	\$33	per response	15.17%	Y	
Concealed Weapon Permit							
7	Concealed Weapon Permit						
	a) Initial Application	\$330	\$330		0.00%	N	[c]
	b) Renewal Application	\$25	\$25		0.00%	N	[c]
	c) Psychological Testing	Actual Cost	Actual Cost			N	[c]
	d) Modification of Permit	\$10	\$10		0.00%	N	[c]
Miscellaneous							
8	Fingerprints						
	a) Ink Card Up to (2) Cards	\$25	\$25		0.00%	N	
	b) Ink Card Over (2) Cards	\$5	\$5	Each Additional Card	0.00%	N	
	c) Live Scan plus DOJ and FBI fees	\$25	\$25		0.00%	N	
9	Subpoenas						
	a) Officer	\$275	\$275		0.00%	N	
	b) Records	\$15	\$15		0.00%	N	
10	Administrative Tow Fees						
	a) Impound	\$346	\$346		0.00%	N	
	b) Stored	\$50	\$50		0.00%	N	

City of Milpitas

POLICE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
11	Repossession Fee	\$15	\$15		0.00%	N	
12	Incident (Log Event) Reports	\$5	\$5		0.00%	N	
13	Photos on CD / Digital Media	\$15	\$15		0.00%	N	
14	Police Reports						
	a) Up to (10) Pages	\$13	\$13		0.00%	N	
	b) Police Reports Over (10) Pages	\$1	\$1	per page	0.00%	N	
15	US Investigative Request for Law Enforcement Data	\$15	\$15		0.00%	N	
16	Videos / Digital Reproduction	Actual Cost billed in 15 minute increments; \$50 minimum	Actual Cost billed in 15 minute increments; \$50 minimum			N	[d]
17	Massage Permits	\$1,000	\$1,000		0.00%	N	

[a] Amounts vary depending on citation type.

[b] Alarm permits are issued per calendar year. Permits will expire annually on December 31st.

[c] Additional fees may apply (e.g., other agency fees, fingerprinting, background testing, firearm training, etc.).

[d] For requests requiring special programming or formatting the City will recover actual costs, including a pass-through of any vendor costs incurred.

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
ADULT RECREATION							
Adult Sports Enrichment Fees							
1	Sports League (full season)						
	a) per team	\$545 - \$775	\$545 - \$775	per season	0.00%	N	
	b) Additional fee per non-resident player	\$11	\$11	per season	0.00%	N	
AQUATICS							
2	Recreational Swim	\$3 - \$8	\$3 - \$8	per person	0.00%	N	
3	Swimming Lessons Group						
	a) Residents	\$85 - \$116	\$85 - \$116	per session	0.00%	N	
4	Private Swimming Lessons						
	a) Residents	\$40 - \$50	\$40 - \$50	per half hour lesson	0.00%	N	
ARTS & CULTURE PROGRAMS							
5	Cultural Facilities Entrance Fee	\$0 - \$20	\$0 - \$20	per person	0.00%	N	
6	Cultural Event Activity Fee	\$0 - \$20	\$0 - \$20	per person	0.00%	N	
7	Busker Fee	\$0 - \$20	\$0 - \$20	per event	0.00%	N	
8	Artisan/Cottage Vendor Fee	\$25 - \$105	\$25 - \$105	per event	0.00%	N	
9	Theatre Audition/Cast Fee						
	a) Residents	\$0 - \$143	\$0 - \$143	per production	0.00%	N	
10	Theatre Entrance Fees						
	a) General Production	\$0 - \$20	\$0 - \$20	per person	0.00%	N	
	b) Special Production	\$0 - \$50	\$0 - \$50	per person	0.00%	N	
11	CONTRACT CLASSES / PROGRAMS	Instructor: Negotiated Rate	Instructor: Negotiated Rate				
MEMBERSHIP							
12	Senior Center Membership						
	a) Residents	\$14 - \$18	\$14 - \$18	per year	0.00%	N	
	b) Non-Resident	\$34 - \$38	\$34 - \$38	per year	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Sports Center Membership							
13	Fitness Passes- Per Visit Packages						
	a) 5 visits	\$27	\$27	per package	0.00%	N	
	b) 10 visits	\$54	\$54	per package	0.00%	N	
	c) 15 visits	\$81	\$81	per package	0.00%	N	
	d) 20 visits	\$108	\$108	per package	0.00%	N	
14	Fitness Passes Senior (50+)- Per Visit Packages						
	a) 5 visits	\$17	\$17	per package	0.00%	N	
	b) 10 visits	\$34	\$34	per package	0.00%	N	
	c) 15 visits	\$51	\$51	per package	0.00%	N	
	d) 20 visits	\$68	\$68	per package	0.00%	N	
15	Drop-In Fee	\$8 - \$14	\$8 - \$14	per package	0.00%	N	
16	Sports Center Unlimited Packages						
	a) Monthly	\$70	\$70	per package	0.00%	N	
	b) 3 Months	\$210	\$210	per package	0.00%	N	
	c) 6 Months	\$310	\$310	per package	0.00%	N	
	d) 12 Months	\$510	\$510	per package	0.00%	N	
17	Sports Center Unlimited Packages - Senior (50+)						
	a) Monthly	\$40	\$40	per package	0.00%	N	
	b) 3 Months	\$95	\$95	per package	0.00%	N	
	c) 6 Months	\$145	\$145	per package	0.00%	N	
	d) 12 Months	\$255	\$255	per package	0.00%	N	
18	Fitness Passes-Per Visit Packages - Non Resident						
	a) 5 visits - Non Resident	\$32	\$32	per package	0.00%	N	
	b) 10 visits - Non Resident	\$64	\$64	per package	0.00%	N	
	c) 15 visits - Non Resident	\$96	\$96	per package	0.00%	N	
	d) 20 visits - Non Resident	\$128	\$128	per package	0.00%	N	
19	Fitness Passes Senior (50+)-Per Visit Packages						
	a) 5 visits - Non Resident	\$22	\$22	per package	0.00%	N	
	b) 10 visits - Non Resident	\$44	\$44	per package	0.00%	N	
	c) 15 visits - Non Resident	\$66	\$66	per package	0.00%	N	
	d) 20 visits - Non Resident	\$88	\$88	per package	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
20	Sports Center Unlimited Packages						
	Monthly - Non Resident	\$80	\$80	per package	0.00%	N	
	a) 3 Months - Non Resident	\$238	\$238	per package	0.00%	N	
	b) 6 Months - Non Resident	\$362	\$362	per package	0.00%	N	
	c) 12 Months - Non Resident	\$611	\$611	per package	0.00%	N	
21	Sports Center Unlimited Packages-Senior (50+)						
22	Monthly - Non Resident	\$49	\$49	per package	0.00%	N	
	a) 3 Months - Non Resident	\$119	\$119	per package	0.00%	N	
	b) 6 Months - Non Resident	\$191	\$191	per package	0.00%	N	
	c) 12 Months - Non Resident	\$347	\$347	per package	0.00%	N	
	Artificial Turf Field						
23	Deposit (Football/Soccer)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV & V	\$1,000	\$1,000		0.00%	N	
24	Deposit (Soccer/Volleyball)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV & V	\$750	\$750		0.00%	N	
25	Artificial Turf Football/Soccer w/o lights						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$160	\$160	per hour	0.00%	N	
	c) Priority V	\$321	\$321	per hour	0.00%	N	
26	Artificial Turf Football/Soccer w/ lights						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$171	\$171	per hour	0.00%	N	
	c) Priority V	\$342	\$342	per hour	0.00%	N	
27	Artificial Turf Volleyball/Soccer w/o lights						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$109	\$109	per hour	0.00%	N	
	c) Priority V	\$217	\$217	per hour	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
28	Artificial Turf Volleyball/Soccer w/ lights						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$119	\$119	per hour	0.00%	N	
	c) Priority V	\$238	\$238	per hour	0.00%	N	
29	Tournament: Field w/o lights (Football)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$228	\$228	per hour	0.00%	N	
	c) Priority V	\$342	\$342	per hour	0.00%	N	
30	Tournament: Field w/ lights (Football)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$238	\$238	per hour	0.00%	N	
	c) Priority V	\$357	\$357	per hour	0.00%	N	
31	Tournament: Field w/o lights (Small)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$171	\$171	per hour	0.00%	N	
	c) Priority V	\$256	\$256	per hour	0.00%	N	
32	Tournament: Field w/ lights (Small)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$181	\$181	per hour	0.00%	N	
	c) Priority V	\$272	\$272	per hour	0.00%	N	
Community Center Rentals							
33	Application Fee (non-refundable)	\$21 - \$31	\$21 - \$31	per rental	0.00%	N	
34	Rental Deposits: Classroom/Conference Room	\$200	\$200	per rental	0.00%	N	
35	Rental Deposits: Auditorium	\$500	\$500	per rental	0.00%	N	
36	Rental Deposits: Auditorium Screen	\$250	\$250	per rental	0.00%	N	
37	Auditorium (3 hr. minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$109	\$109	per hour	0.00%	N	
	c) Priority IV	\$217	\$217	per hour	0.00%	N	
	d) Priority V	\$279	\$279	per hour	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
38	Conference Room (2 hr. minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$38	\$38	per hour	0.00%	N	
	c) Priority IV	\$77	\$77	per hour	0.00%	N	
	d) Priority V	\$139	\$139	per hour	0.00%	N	
39	Dance Studio. Craft Classroom (2 hr. minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$22	\$22	per hour	0.00%	N	
	c) Priority IV	\$43	\$43	per hour	0.00%	N	
	d) Priority V	\$106	\$106	per hour	0.00%	N	
40	Facility Attendant Fees						
	a) Priority II,III, IV	\$32	\$32	per hour	0.00%	N	
	b) Priority V	\$64	\$64	per hour	0.00%	N	
41	Piano						
	a) Priority III, IV	\$22	\$22	per day	0.00%	N	
	b) Priority V	\$87	\$87	per day	0.00%	N	
42	Auditorium Sound System (includes staff time)	\$54	\$54	per hour	0.00%	N	
	Field Rentals						
43	Application Fee (non-refundable)	\$21 - \$31	\$21 - \$31		0.00%	N	[a]
44	Rental Deposits						
	a) Priority II & III	n/a	n/a				
	b) Priority IV & V	\$750	\$750		0.00%	N	
45	Cricket Pitch						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$32	\$32	per hour	0.00%	N	
	c) Priority V	\$64	\$64	per hour	0.00%	N	
46	Soccer Field w/o lights (2hr. Minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$32	\$32	per hour	0.00%	N	
	c) Priority V	\$64	\$64	per hour	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
47	Soccer Field w/ lights (2hr. Minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$43	\$43	per hour	0.00%	N	
	c) Priority V	\$87	\$87	per hour	0.00%	N	
48	Softball/ Baseball Field w/o lights (2hr minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$22	\$22	per hour	0.00%	N	
	c) Priority V	\$43	\$43	per hour	0.00%	N	
49	Softball/ Baseball Field w/ lights (2hr minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$32	\$32	per hour	0.00%	N	
	c) Priority V	\$64	\$64	per hour	0.00%	N	
50	Tournaments: Field w/o lights						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$65	\$65	per hour	0.00%	N	
	c) Priority V	\$130	\$130	per hour	0.00%	N	
51	Tournaments: Field w/ lights						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$86	\$86	per hour	0.00%	N	
	c) Priority V	\$172	\$172	per hour	0.00%	N	
Gym, Courts & Pool Rentals							
52	Application Fee (non-refundable)	\$21 - \$31	\$21 - \$31		0.00%	N	
53	Rental Deposit						
	a) Priority II & III	n/a	n/a				
	b) Priority IV & V	\$750	\$750		0.00%	N	
54	Large Gymnasium (3 hr. minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$88	\$88		0.00%	N	
	c) Priority V	\$176	\$176		0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
55	MSC Dance Studio (2 hr. minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$21	\$21	per hour	0.00%	N	
	c) Priority IV	\$42	\$42	per hour	0.00%	N	
	d) Priority V	\$102	\$102	per hour	0.00%	N	
56	Tournaments: Large Gymnasium (3 hr. Minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$150	\$150		0.00%	N	
	c) Priority V	\$233	\$233		0.00%	N	
57	Training Pool (2hr. minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$54 - \$74	\$54 - \$74	per hr + 2 guards	0.00%	N	
	c) Priority V	\$108 - \$128	\$108 - \$128	per hr + 2 guards	0.00%	N	
58	Yard Pool (2 hr. minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$67 - \$87	\$67 - \$87	per hr + 2 guards	0.00%	N	
	c) Priority V	\$135 - \$155	\$135 - \$155	per hr + 2 guards	0.00%	N	
59	Meter Pool (2 hr. minimum)						
	a) Priority II & III	n/a	n/a				
	b) Priority IV	\$78 - \$98	\$78 - \$98	per hr + 2 guards	0.00%	N	
	c) Priority V	\$155 - \$175	\$155 - \$175	per hr + 2 guards	0.00%	N	
60	Facility Attendant/Scorekeeper (per attendant)						[a]
	a) Priority II & IV	\$32	\$32	per hour	0.00%	N	
	b) Priority V	\$64	\$64	per hour	0.00%	N	
61	Lifeguard Fees (per Lifeguard)						[a]
	a) Priority II & IV	\$21	\$21	per hour	0.00%	N	
	b) Priority V	\$41	\$41	per hour	0.00%	N	
	Higuera Adobe						
62	Application Fee (non-refundable)	\$21 - \$31	\$21 - \$31		0.00%	N	[b]
63	Rental Deposit	\$500	\$500		0.00%	N	[b]

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
64	Auditorium (3hr. Minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$54	\$54	per hour	0.00%	N	
	c) Priority IV	\$108	\$108	per hour	0.00%	N	
	d) Priority V	\$170	\$170	per hour	0.00%	N	
65	Facility Attendant Fees (per attendant)						
	a) Priority II, III, & IV	\$32	\$32	per hour	0.00%	N	
	b) Priority V	\$64	\$64	per hour	0.00%	N	
	City Hall						
66	Application Fee (non-refundable)	\$30	\$30	per rental	0.00%	N	
67	Rental Deposit	\$500	\$500		0.00%	N	[b]
68	City Hall Rotunda (2 hr. minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$41	\$41	per hour	0.00%	N	
	c) Priority IV	\$83	\$83	per hour	0.00%	N	
	d) Priority V	\$166	\$166	per hour	0.00%	N	
69	City Hall City Council Chambers (2 hr. minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$81	\$81	per hour	0.00%	N	
	c) Priority IV	\$269	\$269	per hour	0.00%	N	
	d) Priority V	\$538	\$538	per hour	0.00%	N	
70	City Hall Veterans Plaza (2 hr. minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$41	\$41	per hour	0.00%	N	
	c) Priority IV	\$83	\$83	per hour	0.00%	N	
	d) Priority V	\$166	\$166	per hour	0.00%	N	
71	Staff/hour - Maintenance and/or IT (per attendant / per staff member)	\$52	\$52	per hour	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Special Event Venue/Open Space							
72	Application Fee (non-refundable)	\$31	\$31	per application	0.00%	N	
73	Rental Deposits	\$1,000	\$1,000	per day	0.00%	N	
74	Rental Fee						
	a) Priority II & III	\$1,069	\$1,069	per day	0.00%	N	
	b) Priority IV	\$2,138	\$2,138	per day	0.00%	N	
	c) Priority V	\$3,207	\$3,207	per day	0.00%	N	
75	Facility Attendant Fees (per attendant)	\$32	\$32	per hour	0.00%	N	
Mobile Stage Rental							
76	Deposit (All Priorities)	\$1,000	\$1,000		0.00%	N	
77	Rental (All Priorities)	\$1,370 - \$2,740	\$1,370 - \$2,740	per day	0.00%	N	
78	Light Package	\$110 - \$1,100	\$110 - \$1,100	per rental	0.00%	N	[c]
79	Light Mixer	\$110 - \$440	\$110 - \$440	per rental	0.00%	N	[d]
80	Light Tech	\$33 - \$110	\$33 - \$110	per hour	0.00%	N	[e]
81	Staff Fee	\$110 - \$2,750	\$110 - \$2,750	per hour	0.00%	N	[f]
82	Mileage	\$0.50 - \$3.50	\$0.50 - \$3.50	per mile	0.00%	N	[g]
83	ADA Ramp	\$270	\$270		0.00%	N	
84	Truss Roof Cover/ Banner Support	\$110 - \$440	\$110 - \$440	per rental	0.00%	N	[c]
Picnic Area Rentals							
85	Application Fee (non-refundable)	\$21 - \$31	\$21 - \$31		0.00%	N	
86	Rental Deposit: Large Picnic Area	\$250	\$250		0.00%	N	
87	Small Parks with Restrooms (50 or less capacity)						
	a) Priority III & IV	\$88	\$88	per day per area	0.00%	N	[b]
	b) Priority V	\$155	\$155	per day per area	0.00%	N	[b]
88	Small Parks without Restrooms (50 or less capacity)						
	a) Priority III & IV	\$67	\$67	per day per area	0.00%	N	[b]
	b) Priority V	\$135	\$135	per day per area	0.00%	N	[b]
89	Medium Parks 50 to 100 or less capacity						
	a) Priority III & IV	\$150	\$150	per day per area	0.00%	N	[b]
	b) Priority V	\$212	\$212	per day per area	0.00%	N	[b]

City of Milpitas

RECREATION

Legend for Recreation Fees:

Priority II= Milpitas Public Schools, Chamber, and Gov. Agencies; Priority III= Resident Non-Profits; Priority IV= Milpitas Residents; Priority V= Non-Resident

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
90	Large Parks More than 100+ capacity						
	a) Priority III & IV	\$342	\$342	per day per area	0.00%	N	[b]
	b) Priority V	\$404	\$404	per day per area	0.00%	N	[b]
Sal Cracolice Facility Rental							
91	Application Fee (non-refundable)	\$22 - \$34	\$22 - \$34		0.00%	N	
92	Rental Deposit Meeting Room	\$200	\$200	per rental	0.00%	N	
93	Rental Deposit Amphitheater	\$500	\$500	per rental	0.00%	N	
94	Rental Deposit Auditorium	\$500	\$500		0.00%	N	
95	Auditorium w/kitchenette (3hr. Minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$88	\$88	per hour	0.00%	N	
	c) Priority IV	\$176	\$176	per hour	0.00%	N	
	d) Priority V	\$238	\$238	per hour	0.00%	N	
96	Facility Attendant Fees (per attendant)						
	a) Priority II, III, & IV	\$32	\$32	per hour	0.00%	N	
	b) Priority V	\$64	\$64	per hour	0.00%	N	
97	Amphitheatre						
	a) Priority II, III, & IV	\$135	\$135	per hour	0.00%	N	
	b) Priority V	\$197	\$197	per hour	0.00%	N	
98	Meeting Room (2 hr Minimum)						
	a) Priority II	no fee	no fee				
	b) Priority III	\$49	\$49	per hour	0.00%	N	
	c) Priority IV	\$97	\$97	per hour	0.00%	N	
	d) Priority V	\$159	\$159	per hour	0.00%	N	
Senior Center Rentals							
99	Application Fee (non-refundable)	\$22 - \$34	\$22 - \$34		0.00%	N	
100	Rental Deposits: Auditorium	\$500	\$500		0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

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Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
101	Rental Deposits: Classrooms						
	a) Priority II	no fee	no fee				
	b) Priority III	\$200	\$200		0.00%	N	
	c) Priority IV	\$200	\$200		0.00%	N	
	d) Priority V	\$200	\$200		0.00%	N	
102	Community Room Auditorium (3hr. Minimum)						
	a) Priority II	no fee	no fee	per hour			
	b) Priority III	\$98	\$98	per hour	0.00%	N	
	c) Priority IV	\$197	\$197	per hour	0.00%	N	
	d) Priority V	\$259	\$259	per hour	0.00%	N	
103	Classroom 140 and 141 (Full) (2 hr. Minimum)						
	a) Priority II	no fee	no fee	per hour			
	b) Priority III	\$49	\$49	per hour	0.00%	N	
	c) Priority IV	\$97	\$97	per hour	0.00%	N	
	d) Priority V	\$159	\$159	per hour	0.00%	N	
104	Classroom 140 and 141 (Half)						
	a) Priority II	no fee	no fee	per hour			
	b) Priority III	\$27	\$27	per hour	0.00%	N	
	c) Priority IV	\$54	\$54	per hour	0.00%	N	
	d) Priority V	\$116	\$116	per hour	0.00%	N	
105	Facility Attendant Fees (per attendant)						
	a) Priority II, III, & IV	\$32	\$32	per hour	0.00%	N	
	b) Priority V	\$64	\$64	per hour	0.00%	N	
106	Dance Studio						
	a) Priority II	no fee	no fee	per hour			
	b) Priority III	\$22	\$22	per hour	0.00%	N	
	c) Priority IV	\$43	\$43	per hour	0.00%	N	
	d) Priority V	\$106	\$106	per hour	0.00%	N	
Community Garden							
107	Garden Plots (Residents Only)						
	a) Potable Water Community Gardens	\$0.75 - \$ 1.15	\$0.75 - \$ 1.15	per sq. foot	0.00%	N	
	b) Recycled Water Community Gardens	\$0.15 - \$.55	\$0.15 - \$.55	per sq. foot	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

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Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
Pickleball / Tennis Court Rentals							
108	Deposit	\$250	\$250		0.00%	N	
109	Courts w/o lights (per court)						
	a) Priority II & III	n/a	n/a	per hour / per court			
	b) Priority IV	\$9	\$9	per hour / per court	0.00%	N	
	c) Priority V	\$11	\$11	per hour / per court	0.00%	N	
110	Courts w/ lights (per court)						
	a) Priority II & III	n/a	n/a	per hour / per court			
	b) Priority IV	\$11	\$11	per hour / per court	0.00%	N	
	c) Priority V	\$13	\$13	per hour / per court	0.00%	N	
111	Tournament: Courts w/o lights (per court)						
	a) Priority II & III	n/a	n/a	per hour / per court			
	b) Priority IV	\$28	\$28	per hour / per court	0.00%	N	
	c) Priority V	\$56	\$56	per hour / per court	0.00%	N	
112	Tournament: Courts w/ lights (per court)						
	a) Priority II & III	n/a	n/a	per hour / per court			
	b) Priority IV	\$32	\$32	per hour / per court	0.00%	N	
	c) Priority V	\$65	\$65	per hour / per court	0.00%	N	
Senior Enrichment Fees(50+ years of age)							
113	Senior Center Programs-Classes	\$5 - \$8	\$5 - \$8	per hour instruction	0.00%	N	
114	Senior Center Citizen Trip Admin Fee	Actual cost to City + Trip Admission Fee	Actual cost to City + Trip Admission Fee	per activity			[h]
115	Senior Center Events	\$0 - \$20	\$0 - \$20	per day/ticket	0.00%	N	
116	Senior Center Event Non-Member Fee	\$5 - \$10	\$5 - \$10	per day/ticket	0.00%	N	
117	Senior Center Program/Class Non-Resident Fee	\$11	\$11	per class	0.00%	N	
SPECIAL EVENTS							
Special Event Fees							
118	Special Event Entrance Fee	\$0 - \$150	\$0 - \$150	per event	0.00%	N	
119	Special Events Activity Fee	\$0 - \$40	\$0 - \$40	per activity	0.00%	N	
120	Special Event Vendor Fees	\$105 - \$545	\$105 - \$545	per space OR 5% - 20% net sales	0.00%	N	

City of Milpitas

RECREATION

Legend for Recreation Fees:

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Activity Description	FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
121 Special Event Non-Profit Vendor Fees	\$0 - \$275	\$0 - \$275	per space OR 0% - 10% net sales	0.00%	N	
YOUTH						
Youth Enrichment Fees						
122 Youth Sports User Fee						
a) Outdoor	\$10	\$10	per player per season	0.00%	N	
b) Indoor	\$21	\$21	per player per season	0.00%	N	
123 After School Program						
a) Residents	\$8 - \$15	\$8 - \$15	per day for residents	0.00%	N	
124 Late fee for After-School/Day Camp Programs						
a) 1st offense & 2nd offense	\$12	\$12	per each 10 minutes	0.00%	N	
b) 3rd offense or more	\$28	\$28	per each 10 minutes	0.00%	N	
125 Day Camp (Regular Day) – Internal Staff Run	\$202 - \$223	\$202 - \$223	per week	0.00%	N	
126 Day Camp Extended Care – Internal Staff Run	\$46	\$46	per week	0.00%	N	
Department General Fees						
127 General Internal Class Program Fees	Staff time + Materials	Staff time + Materials				
128 Membership Card replacement fee	\$5	\$5		0.00%	N	
129 Transaction Fee	\$4 - \$7	\$4 - \$7	per receipt	0.00%	N	
130 Trips	Actual cost to City + Trip Admission Fee	Actual cost to City + Trip Admission Fee				
131 General Non-Resident Fees	\$22 - \$33	\$22 - \$33	per person/class/ month/program or trip	0.00%	N	
132 Rental Deposits: All other rooms	\$200	\$200		0.00%	N	
133 Recreation Services Merchandise	actual cost + % mark- up	actual cost + % mark- up				
134 Milpitas Resident Senior Citizen Discount (50 years+)	25% off any non- senior center based class	25% off any non- senior center based class				

City of Milpitas
RECREATION

Legend for Recreation Fees:

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Activity Description	FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly Infl'tr	Note
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Notes:

- [a] No fee for Priority III.
- [b] No fee for Priority II.
- [c] Based on needs and packages.
- [d] Based on needs and days.
- [e] Based on cost of tech.
- [f] Based on needs, actual costs of staff used in rental, time for load in/out and transportation.
- [g] Based on current gas prices.
- [h] Depending on trip costs.

Additional Notes:

* Recreation Fees recovery goals may be adjusted/balanced based on market factors.

City of Milpitas

FINANCE

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly In'fltr	Note
1	Bond Payoff Calculation	\$182	\$187		2.86%	Y	
2	Business License						
	a) New Application Processing Fee	\$50	\$50	per year	0.00%	N	
	b) Processing Fee (renewal)	\$25	\$25	per year	0.00%	N	
3	Phone Check Fee (User Fee - Finance)	\$15	\$15		0.00%	N	
4	Property Damage Invoice Processing Fee	\$30	\$30	plus replacement cost	0.00%	N	
5	Credit Card Transaction Processing Fee	2.4%	2.4%	% of amount paid by credit card	0.00%	N	

City of Milpitas
CITY CLERK

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly In'fltr	Note
Miscellaneous							
1	Late Fine for Political Reform Act Filings	\$10	\$10	per day; up to \$100 maximum fine	0.00%	N	[a]
2	Retrieval Fee for Political Reform Act Statements (5 or more years old)	\$5 per search plus \$0.10 per page	\$5 per search plus \$0.10 per page			N	[b]
3	Bingo License Renewals (Municipal Code)	\$50	\$50		0.00%	N	
4	Public Records Requests						
	a) Copies	\$0.10	\$0.10	per page	0.00%	N	
	b) Requests Requiring Special Programming or Formatting	Actual Cost	Actual Cost	per hour / T&M		N	
5	Lobbyist Annual Registration Fee	\$50	\$50	per registration	0.00%		
	a) For each client with compensation in excess of \$500	\$15	\$15		0.00%	N	
6	City Council Meeting Agenda Subscription	\$20 plus postage	\$20 plus postage	per mailed hard copy		N	

[a] Set by California Government Code Section 91013.

[b] Set by California Government Code Section 81008.

City of Milpitas
INFORMATION SERVICES

Activity Description		FY 24/25 Fee	FY 25/26 Fee	Charge Basis	Percent Change	Y'rly In'fltr	Note
1	Digital Media Reproduction	\$20	\$20	per flash drive/DVD, etc.	0.00%	N	
2	Requests Requiring Special Programming or Formatting	Actual Cost	Actual Cost	per hour / T&M		N	

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS APPROVING
THE USER AND REGULATORY FEE SCHEDULE FOR FISCAL YEAR 2025-26**

WHEREAS, the City of Milpitas (the “City”) charges fees for licenses, permits, and various services provided by the City (collectively, the “Fees”); and

WHEREAS, the Fees are established to offset all, or portions of, the costs of providing the various services for which the Fees are collected; and

WHEREAS, certain of the Fees are subject to the adoption procedures set forth under Government Code section 66016, and others are subject to the procedures of Government Code section 66018; and

WHEREAS, in addition to Fees, the City’s User and Regulatory Fee Schedule also identifies various fines and penalties (the “Penalties”) for violations of applicable State or local law, including violation of a provision of any ordinance or the City’s Municipal Code; and

WHEREAS, historically the City has consolidated various fees, rates, and charges in a Master Fee Schedule including water and sewer service fees and charges adopted pursuant to the procedural and substantive requirements of article XIII D, section 6 of the California Constitution (also known as “Proposition 218”) and development impact fees adopted pursuant to the procedural and substantive requirements of Government Code Section 66000 et seq. (“Mitigation Fee Act”); and

WHEREAS, to increase clarity regarding the user and regulatory fees governed by this resolution and ensure that water and sewer service fees and charges and development impact fees adopted and governed by separate actions are not inadvertently reviewed along with user and regulatory fees, these items will be identified in distinct schedules moving forward; and

WHEREAS, water and sewer service fees and charges and development impact fees are not being considered, modified, or increased as part of this resolution; and

WHEREAS, staff recommends authorizing the Finance Director to make annual inflationary adjustments for various fees identified in the User and Regulatory Fee Schedule; and

WHEREAS, inflationary adjustments will be based on the estimated average annual increase in total employee compensation costs, with distinct averages calculated for employees commonly classified as miscellaneous employees and employees commonly classified as safety employees; and

WHEREAS, if the estimated average employee compensation costs do not change or go down, no change shall be made to the fee schedule for that year unless an adjustment is made to targeted cost recovery levels or fee study findings indicate that an adjustment is appropriate; and

WHEREAS, the City Council now wishes to adopt the updated User and Regulatory Fee Schedule set forth in Exhibit 1 hereto; and

NOW, THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The above Recitals are true and correct and by this reference incorporated herein.
2. The City Council hereby approves the User and Regulatory Fee Schedule included herewith as **Attachment (a)**. The fees and penalties adopted pursuant to this Resolution shall supersede any prior fees, charges, penalties, or other exactions imposed by resolution or otherwise by the City Council,

to the extent such prior fees, charges, penalties, or other exactions conflict with the Fees and Penalties set forth in Exhibit 1 hereto.

3. The City Council has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Based upon such consideration, the City Council finds and determines that:
 - (a) The Fees established by this Resolution:
 - (1) are imposed for a specific government service provided directly to the payor, or for reasonable regulatory costs of the City for issuing licenses and permits, performing investigations, inspections, and administrative enforcements of the City's Municipal Code or other rules or ordinances;
 - (2) are no more than necessary to cover the reasonable costs of the governmental activity for which the Fee is imposed; and
 - (3) the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity for which the Fee is imposed.
 - (b) The Penalties established by this resolution are imposed for a violation of applicable State or local law, including violation of an ordinance of the City or the Municipal Code, and persons upon whom the Penalty is imposed have adequate rights to appeal such penalty under the Municipal Code.
 - (c) The Fees and Penalties are not taxes within the meaning of California Constitution article XIII C, section 1(e).
4. The Finance Director has authority to make annual inflationary adjustments for various fees identified in the Master Fee Schedule based on the estimated average annual increase in total employee compensation costs, with distinct averages calculated for employees commonly classified as miscellaneous employees and employees commonly classified as safety employees. If the estimated average employee compensation costs do not change or go down, no change shall be made to the fee schedule for that year unless an adjustment is made to targeted cost recovery levels or fee study findings indicate that an adjustment is appropriate.
5. The inflationary changes authorized by this Resolution do not apply to the rates for water and sewer service fees and charges. These rates and charges are established pursuant to the procedural and substantive requirements of article XIII D, section 6 of the California Constitution (also known as "Proposition 218"). Any reference to rates for water and sewer service fees and charges are included in the User and Regulatory Fee Schedule for information purposes only and are not considered, modified, or "increased" as such term is defined under Government Code section 53750 as part of the City's fee schedule update.
6. The inflationary changes authorized by this Resolution do not apply to development impact fees. These fees are established pursuant to the procedural and substantive requirements of Government Code Section 66000 et seq. ("Mitigation Fee Act"). Any reference to the development impact fees included in the User and Regulatory Fee Schedule are for information purposes only and are not considered, modified, or "increased" as part of the City's fee schedule update.

7. The updated User and Regulatory Fee Schedule will become effective sixty (60) days after adoption.

PASSED AND ADOPTED this _____ day of _____ 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Christopher Creech, Acting City Attorney



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Receive a Presentation on the Work Completed on the Innovation District Parks and Trails Master Plan and Provide Feedback (Staff Contact: Jay Lee, Planning Director, 408-586-3077)
Category:	Community Development
Meeting Date:	12/16/2025
Recommendation:	Receive progress report on the work completed regarding the Innovation District Parks and Trails Master Plan and provide comments on the preferred park and trail design.

BACKGROUND:

Following a robust, multi-year planning process, the City of Milpitas adopted the Milpitas Metro Specific Plan (MMSP or Metro Plan) on [February 7, 2023](#). The Metro Plan is an update to the Transit Area Specific Plan (TASP), adopted in 2008, and builds upon the original vision and strategy for transforming older industrial areas around the new Milpitas Transit Center into new high-density, mixed-use neighborhoods with direct access to transit. One of the key strategies is to establish an employment-focused Innovation District to accommodate and facilitate approximately 3 million square feet of new office, research and development, and advanced manufacturing development.

The Metro Plan establishes an Innovation District to leverage the opportunity to receive and support higher-intensity employment opportunities following the opening of the Milpitas BART Station in June 2020. The Metro Plan envisions several public improvements east of South Milpitas Boulevard to enhance the recreational amenities and connections in the Innovation District and attract businesses. These improvements include two new parks and a multi-use trail adjacent to Berryessa Creek. The Metro Plan identifies these proposed amenities on a map, but conceptual designs and programming are needed to lay the foundation for constructing these open space facilities in the future.

To meet the San Francisco Bay Area's long-range goals of reduced greenhouse gas emissions and more affordable housing for all, the Metropolitan Transportation Commission (MTC) has been offering funding and technical assistance to local jurisdictions through its Priority Development Area (PDA) Planning Program since 2007. On February 23, 2023, the City applied for grant funding to prepare the Milpitas Innovation District Parks and Trails Master Plan and was awarded \$200,000 in funding for this work. The City Council allocated this funding as part of the 2025-2029 Capital Improvement Program¹.

On May 8, 2024, the City released Request for Proposal (RFP) 24-126 for the Innovation District Parks and Trails Master Plan project. The scope of work includes conducting an existing conditions analysis, various forms of public engagement, preparation of conceptual park designs and trail, and preliminary estimate of construction costs for each concept.

On [August 13, 2024](#), the City Council adopted a resolution to accept the grant award from MTC and approved and authorized the City Manager to execute a Professional Services Agreement with O'Dell Engineering, Inc., for the Innovation District Parks and Trails Master Plan in an amount not to exceed \$198,178.

ANALYSIS:

¹ CIP Project No. 2024, Innovation District Parks and Trails Master Plan

Open space is both a highly desired amenity and a limited resource in the Metro Area. Parks and other shared public spaces provide residents, workers, and visitors with recreation and can improve overall community health. The City's Parks and Recreation Master Plan (2021) establishes a long-term vision and strategy for the provision and programming of parkland and other public spaces across the City. The Metro Plan's vision of providing a greater variety of shared public spaces is consistent with the Parks and Recreation Master Plan's overall vision, goals and policies.

Within the Innovation District, a publicly accessible park is planned adjacent to Berryessa Creek and the new roadway connection to South Milpitas Boulevard Extension. The proposed park is designed to provide recreational opportunities for workers and provide open space in a district that currently lacks park space. Although the Innovation District prioritizes office and R&D development, it allows residential development adjacent to the proposed parks to create a campus-like setting that serves employees and visitors to the area.

The Innovation District sites east of South Milpitas Blvd. are difficult to access from the Milpitas Transit Center by walking and bicycling. The MMSP identifies a pedestrian and bicycle overcrossing on South Milpitas Blvd. over Berryessa Creek to improve access to this future employment area. However, the MMSP will consider trail improvements along Berryessa Creek to provide access further into the area for future employees who desire to use public transit.

Work Completed Thus Far

The City kicked off the Project in November 2024. Thus far, the consultant prepared a site investigations report, held two community meetings and published two surveys, preliminary park concepts and trail designs. The final design and cost estimates will be developed in winter 2026, and final adoption in spring 2026.

To determine opportunities and constraints of the existing sites identified for development of the Innovation District parks and trail, several existing conditions were inventoried and assessed. The site investigations report examined the existing pedestrian, bicycle, and vehicular routes for potential connectivity, adjacent land uses, the existing PG&E easement, environmental influences such as wind direction and sun angles, and proximity to residential areas. Overall, access to the sites remains limited due to the land owned by a public agency and two private operators. Views around the sites remain unobstructed and open, providing views of the hills on the east and clear visibility of the trail. Additionally, the proposed location of the park and trail improvements is in the Special Flood Hazard Area (SFHA). Adherence to the Federal Emergency Management Agency (FEMA)'s floodplain regulations and requirements will be considered during the preliminary design phase. Additionally, a site inventory was also performed at nine existing nearby parks to understand the existing park amenities within the area prior to the development of preliminary concept park and trail design.

On May 29, 2025, the City held an open house community meeting to gather input regarding the future Innovation District Parks and Trail at the Milpitas Community Center. Members of the public had the opportunity to learn more about the project, select preferred park and trail amenities, and design their version of the proposed parks. The community meeting also coincided with an online survey that was open from May 3 through June 20, 2025. The survey was advertised in the City's social media, as well as physical handouts distributed at the outreach meeting for in-person participation. A total of 23 responses were received.

Survey results show the community is most interested in active recreational opportunities for the future park, including playgrounds and sport courts. Respondents also expressed interest in hosting community events like farmers markets, music festivals, and food events. There was also strong support for incorporating natural areas for relaxation and walking, highlighting the importance of trails and benches. Participants also noted the need for shaded seating, especially to provide relief from the summer heat.

Following the first phase of community outreach, the consultant analyzed community input, future planning efforts for the Innovation District, the City Parks Master Plan, and developed three different park concept plans for the north and south parcels of the park and two different trail concept plans. On September 9, 2025, the City held a second open house community meeting to share the various developed concept designs at the Sal Cracolice Community Center. Roughly 20 members of the community, ranging from adults to young children attended. A second online survey complementing the community meeting was available from September 8 through October 13, 2025. The survey was advertised in the City's social media, email distribution lists, and

physical handouts at the outreach meeting. The survey was broken up into questions that specifically pertained to each park parcel and the trail. A total of 68 people participated.

Survey participants voted for Option 3 as their preferred overall south parcel design, favoring the more circular shapes with larger open space. However, when asked about the number and type of programming in each design, survey participants preferred Option 2 which included a small dog park, playground, basketball, and multi-generational courts. Survey respondents also overwhelmingly voted for the playground to be more centrally located in the park as shown in Option 2. When asked about the north parcel, survey participants also preferred Option 3 with its mix of different recreation opportunities. Lastly, participants unanimously voted to have a trail with gentle winding curves as shown in Option 1. They preferred the trail to be fully shaded with trees on both sides of the trail and to have more seating.

Staff and the consultant presented an overview of the project, the survey results, and park and trail concepts at the [November 3, 2025](#) Parks, Recreation, and Cultural Resources Commission meeting.

Next Steps:

The next steps for the project are outlined below.

- Prepare of cost estimates of all designs
- Final preparation of preferred parks and trail concept designs
 - Update imagery/renderings
 - Update final cost estimate
- Present final plan to Parks, Recreation and Cultural Resources Commission
- Present final plan to City Council for adoption

Questions:

Southern Park

- What is your preference between the three park design options in Attachment A (Prepared Parks and Trail Concepts)?

Northern Park

- What is your preference between the three park design options in Attachment A (Prepared Parks and Trail Concepts)?

Trail

- What is your preference between the two trail design options in Attachment A (prepared Parks and Trail Concepts)?

POLICY ALTERNATIVE(S):

This is an informational item for Council feedback and direction.

FISCAL IMPACT:

This is an information item. As such, there is no fiscal impact.

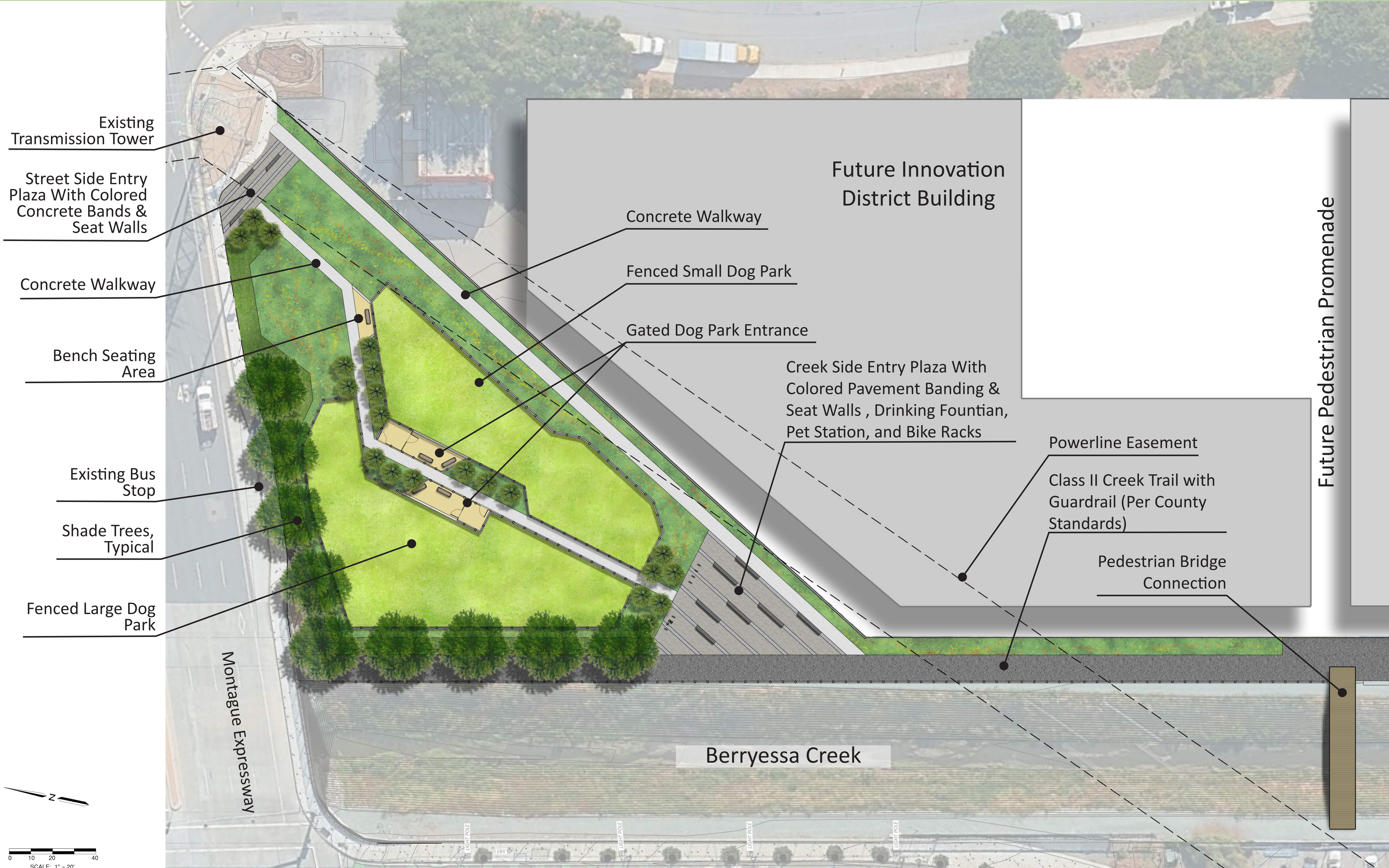
CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The project involves only feasibility or planning studies for possible future actions which the City has not approved, adopted, or funded and does not require the preparation of an EIR or negative declaration but does require consideration of environmental factors pursuant to Cal. Code Regs., tit. 14, § 15262. Such factors have been duly considered and will be fully addressed when and if further CEQA review is required.

ATTACHMENT(S):

(a) Prepared Parks and Trails Concepts











← To Northern Park

Berryessa Creek

Basketball Court

Picnic Area With Picnic Tables and Benches

Picnic Area With Concrete Pavement & Circular Shade Structure

Corn Hole Court With Wavy Bench Seating

2 - 5 Playground Area With Rubber Surfacing

5-12 Playground Area With Rubber Surfacing

Bocce Ball Courts

Picnic Area With Picnic Tables and Benches

Powerline Easement

Entry Plaza with Food Truck Access & Circular Shade Structure for Picnic Area

Existing Residential Area

South Milpitas Boulevard

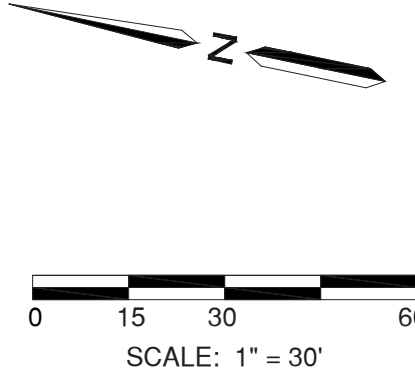
Drop-Off Area With Safety Bollards

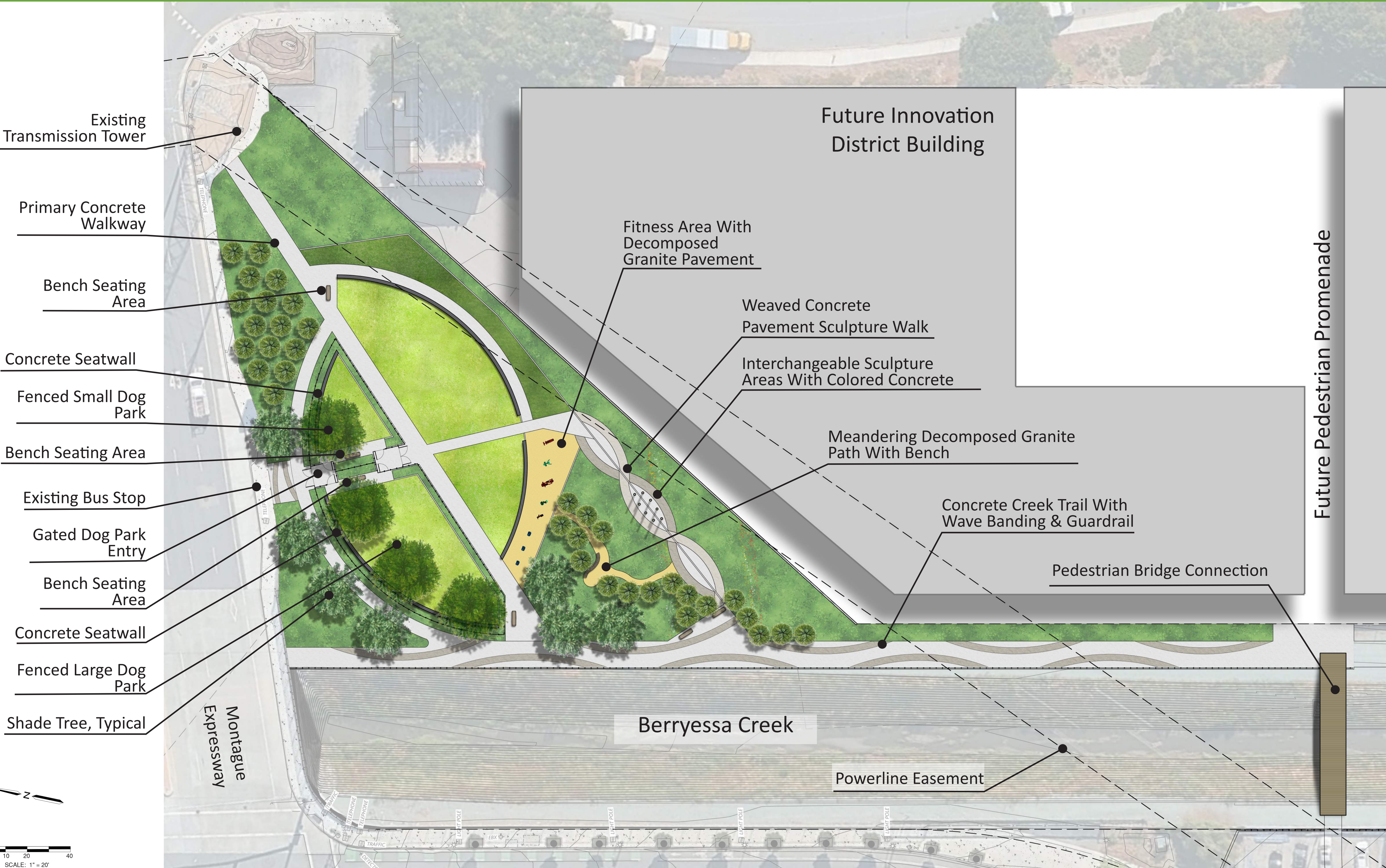
Parking Lot With 2 ADA Stalls and 10 Standard Stalls

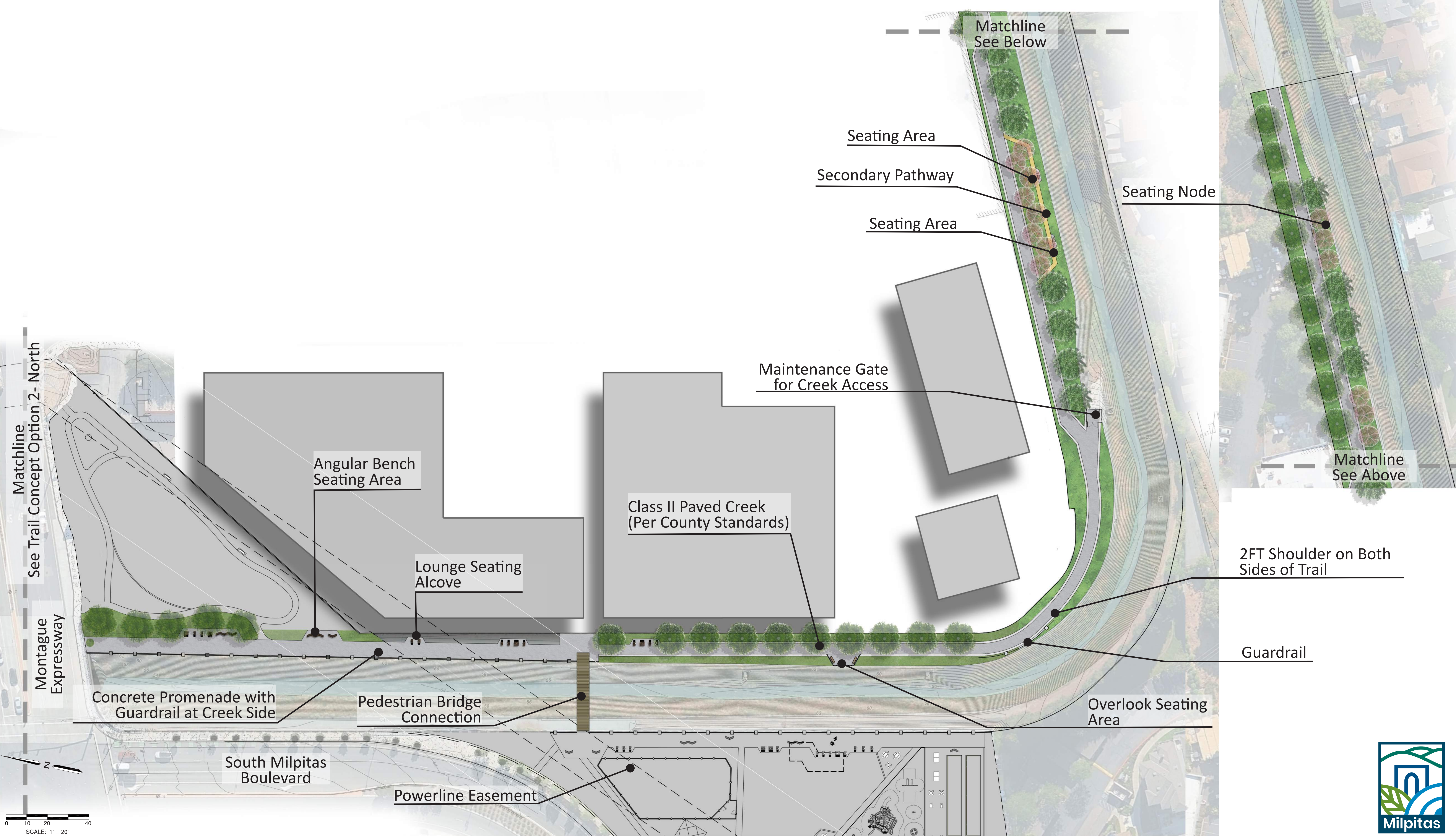
One Way Vehicular Entry

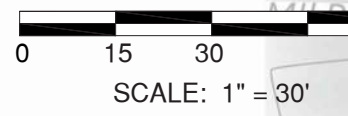
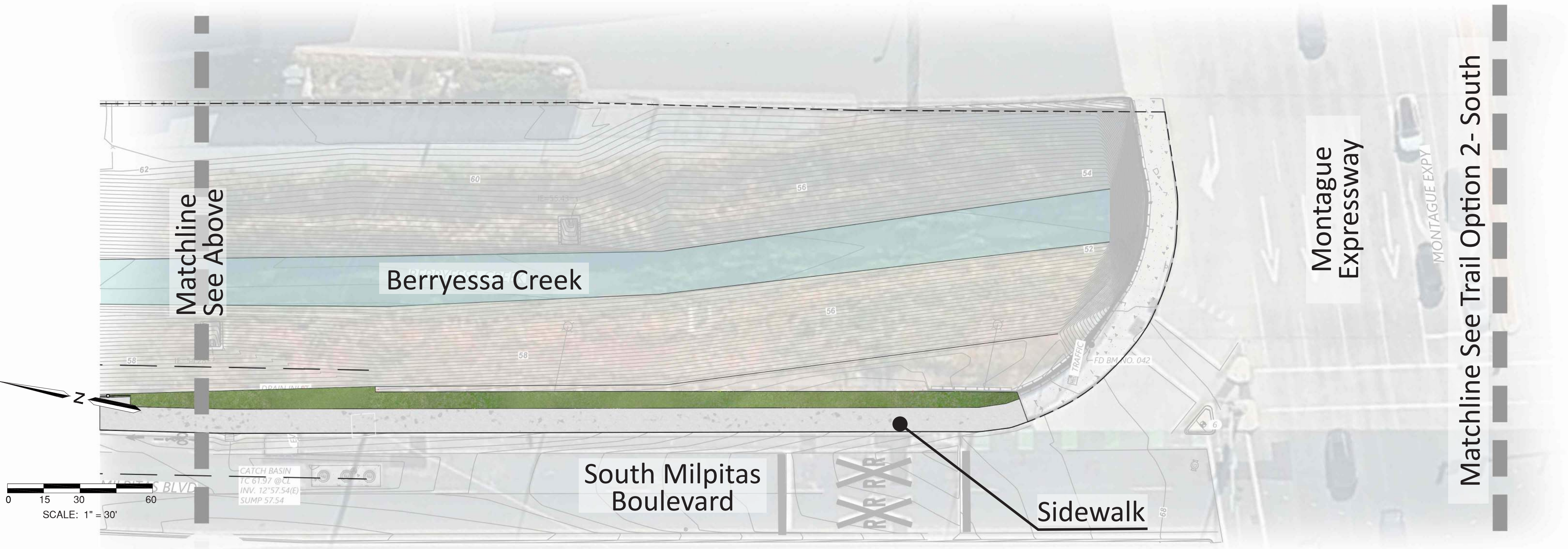
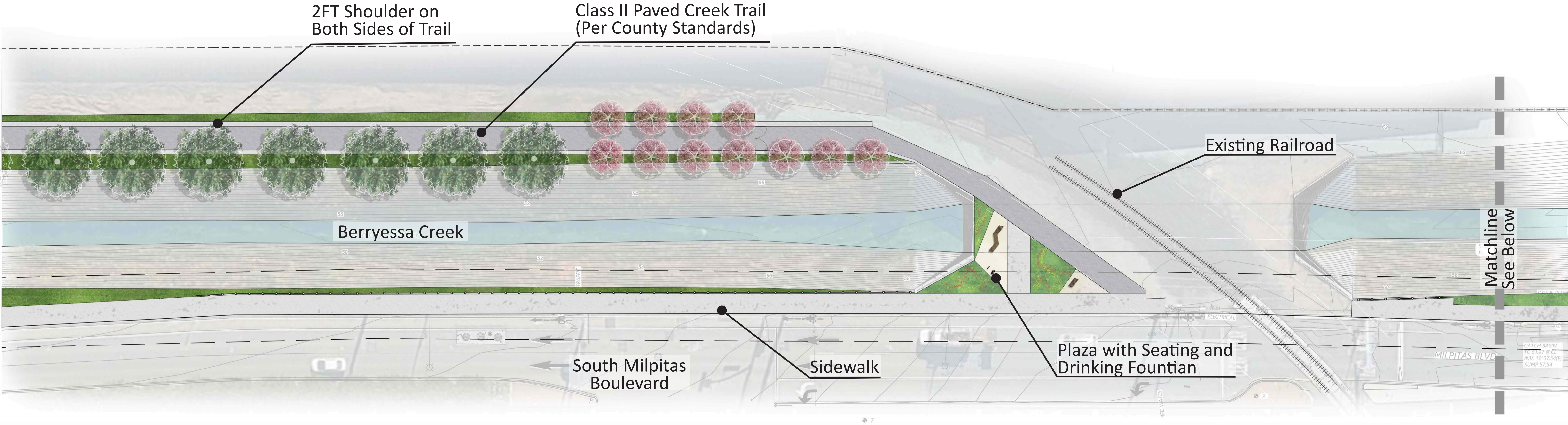
Restroom Building

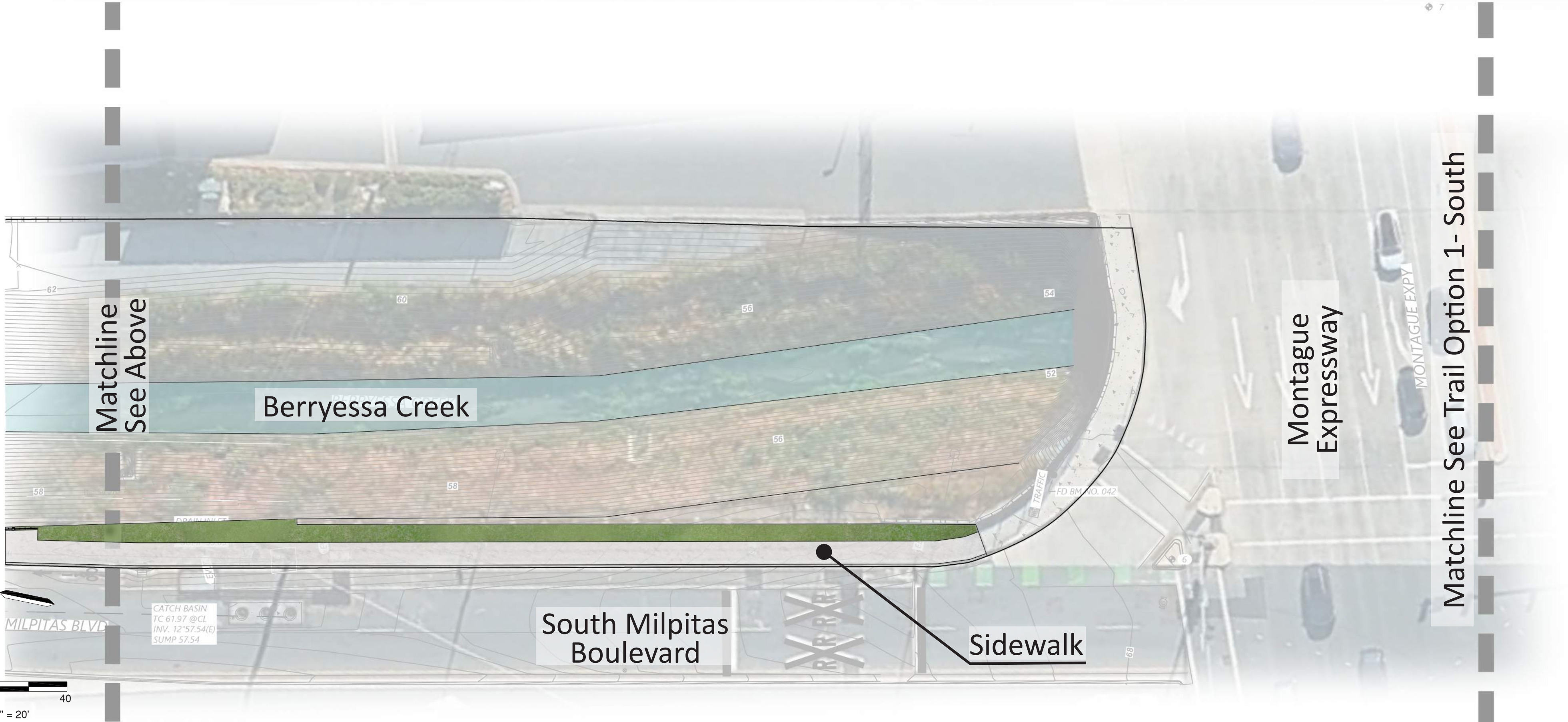
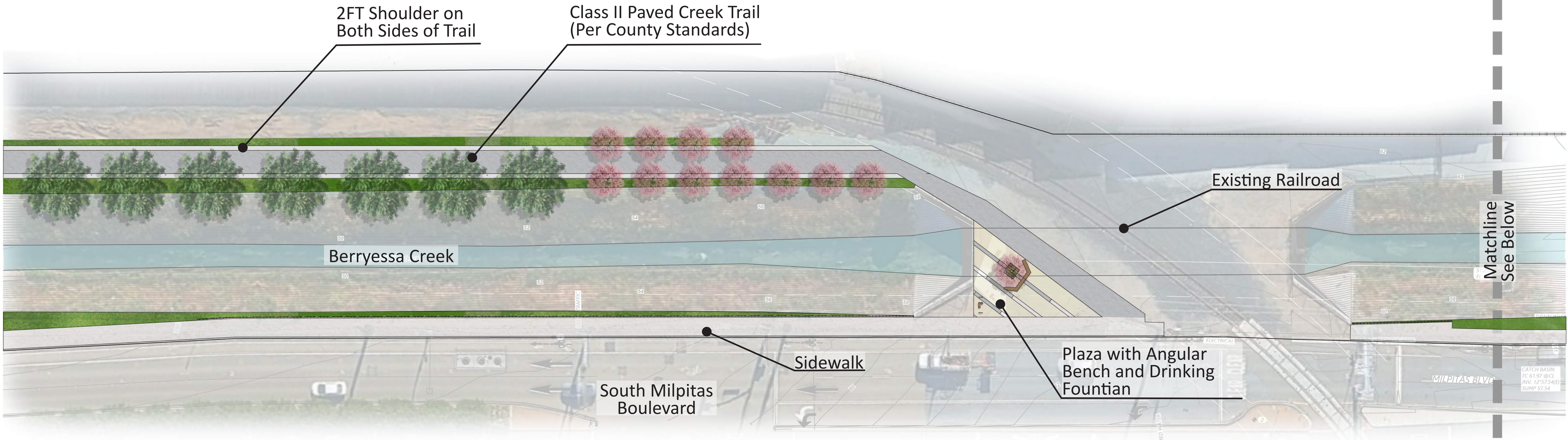
Existing Transmission Tower

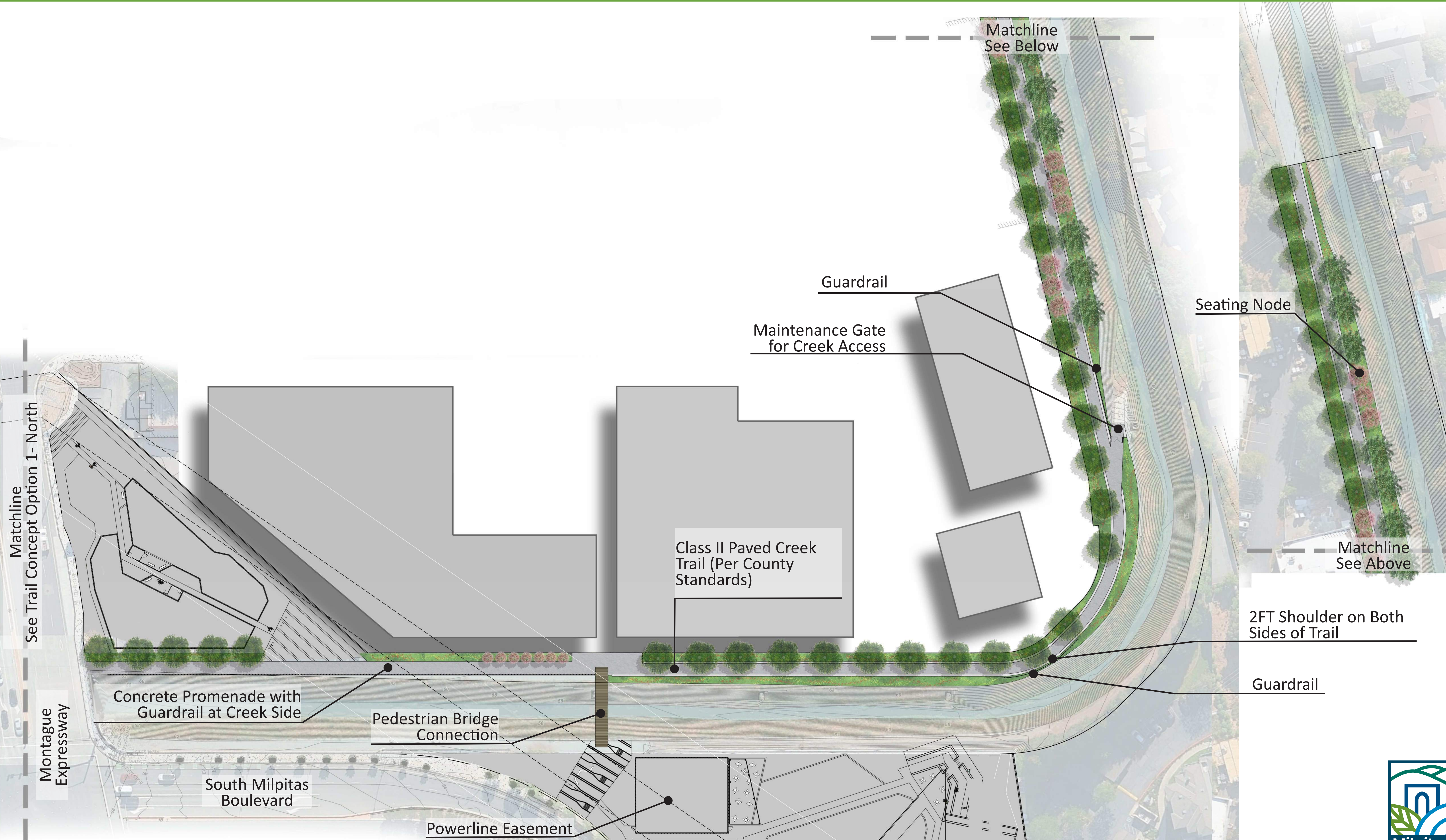














CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Consider Appropriating Unassigned Fund Balances or Reserves based on the November 4, 2025 Prioritization Vote (Staff Contact: Matt Cano, Assistant City Manager, 408-586-3012)
Category:	Leadership and Support Services
Meeting Date:	12/16/2025
Recommendation:	Adopt a resolution to appropriate unassigned fund balances or reserves for approved one-time funded priorities based on the November 4, 2025 prioritization vote.

BACKGROUND:

On [October 2, 2025](#), the Milpitas City Council (Council) attended a City Council Priority Setting Workshop during which staff delivered a presentation on the City's fiscal condition, strategy, and work plan efforts, and provided an overview of completed, existing, and new Council referrals. Additionally, staff presented a two-step process to prioritize and rank referrals and requested Council to adopt a resolution to appropriate unassigned fund balances or reserves for prioritized referrals. Council engaged in discussion and started the voting process but then directed staff to bring the prioritization vote and ranking back to the November 4, 2025 City Council meeting. On [November 4, 2025](#), the Council voted and ranked the referrals, which resulted in a final list of priorities. Council subsequently voted to defer the adoption of the resolution on funding appropriation to a December Council meeting.

On [December 2, 2025](#), the Council approved the allocation of \$945,000 to eight (8) one-time funded priorities and continued the discussion to the December 16th Council meeting to make a final funding decision. An overview of the source of one-time funds and one-time funded priorities is set forth as an exhibit to this agenda report as Attachment A.

ANALYSIS:

Staff requests that Council continue its discussion of one-time funded priorities to fund and adopt the resolution to appropriate unassigned fund balances or reserves for referrals ranked and prioritized for funding. The resolution is set forth as an exhibit to this agenda report as Attachment B.

POLICY ALTERNATIVE:

Alternative 1: Postpone the adoption of funding resolution to a later date.

Pros: Postponing may allow Council additional time to decide on the priorities to fund using one-time funds.

Cons: Postponing the allocation of one-time funds would impact referrals that have a target completion or implementation date.

PROJECT SCHEDULE/KEY MILESTONES

Staff will report back on the progress of prioritized referrals and related work plans at future prioritization sessions and/or through other channels.

FISCAL IMPACT:

The fiscal impact will be determined by the City Council approval and adoption of a resolution to appropriate unassigned fund balances or reserves for referrals ranked and prioritized by the City Council for funding.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

This item is not a project under the California Environmental Quality Act (CEQA) Guideline 15378(b).

ATTACHMENT(S):

(a) One-Time Funding Overview

(b) Resolution to Increase Appropriation for Priorities

Item 15: One-Time Funding Options for Council Priorities - continued

December 16, 2025

- 1. Continue discussion of Use of One-Time Funding Options and approve list of priorities to fund**
- 2. Adopt resolution to appropriate fund balances or reserves for approved one-time funded priorities**

Use of One-Time Funds

Source of One-Time Funds & Recommendations



#	Source	Amount	Detail
1	Community Investment Fund	\$472,419	June 30, 2025, balance from unallocated and completed program fund balance
2	Stratford School	\$1,000,000	\$1.0 million has been provided to the city as part of the Development Agreement.
3	VTA Reimbursement	\$840,200	City received the VTA reimbursement in June 2025, for BART Extension pavement and structural street repairs. <i>Note: Funds may be used differently.</i>
4	Fiscal Strategy – Contract Review	\$1,000,000	As of now, staff has identified over \$1,000,000 that can be liquidated due to expired contracts.
	TOTAL	\$3,312,419	One-Time Funds Only

Remaining balance in One-Time funding sources after December 2, 2025 allocation is **\$2,367,419**

Type	Amount
One Time Funds	\$3,312,419
Staff Recommendations Funded on 12.2.25	(\$265,000)
New Priorities Funded on 12.2.25	(\$680,000)
One Time Fund Balance	\$2,367,419

One-Time Funded Priorities from November 4, 2025 Prioritization

	Priority	Est. One-Time Cost	Detail
1	Temporary Police Office on Main Street	\$310,000	Staff worked with various contractors to determine the current condition of the building and identified 5 key building systems that need to be addressed for the building to be occupied by Police personnel. A total of \$301,760 would be needed for the building improvements. \$310,000 requested for contingency.
2	Strategic Land Acquisition Revenue Fund	\$200,000	The Council has long expressed the need to build up funding for strategic land acquisition that enables revenue generating opportunities for the City. A contribution of any sort builds on that goal. This would add to the current reserve of \$710,248.
3	Storefront & Crime Prevention Business Assistance	\$100,000	This initiative would refocus the City's existing storefront rehabilitation fund with crime prevention improvements, enabling businesses to take proactive measures to address safety needs for patrons and business facilities. The Storefront fund has \$87,000 available for re-distribution to this initiative, if desired. (Council directed to leave these funds in the Storefront fund.)
4	Ring Doorbell Neighborhood Initiative	\$60,000	The average Ring doorbell costs \$115 and this reflects the purchase of 1000 doorbells, with a \$5,000 contingency.
5	Council Special Events Fund	\$10,000	Establishes a pilot program for two years allowing \$1,000/yr for each Councilmember to attend non-political events where it is deemed beneficial for the City of Milpitas to be represented. This would begin following completion of a new council approved policy for funding distribution.
6	ADU Permit Subsidy	\$60,000	Subsidize approximately 10 permit fees for each new ADU; average building permit and plan check fees per ADU is \$6,000. Additional funding would be added to approximately \$130,000 remaining in current program.
TOTAL Funded on 12.2.25		\$680,000	

Highlighted items were funded on December 2, 2025

Staff Recommendation* - Proposed Use of One-Time Funds

#	Proposal	Est. One-Time Cost	Detail
1	Library: Improved security and maintenance (Montano)	\$300,000	Library security enhancement for 24 months: this includes security guard presence at the Library to address on-going vandalism and security needs (\$100k/yr). Library improved maintenance includes an extra \$50,000/year to provide for quicker clean up and proactive maintenance.
2	Park Improvements Grant Matching Funds (Montano)	\$200,000	Matching funds for potential future grant applications for a city park project.
3	Main Street Revitalization (Main St. Subcommittee)	\$100,000	Funds streetscape beautification, marketing/branding, or a financial incentive program to attract retail and restaurants into vacant buildings. A funding plan would be presented to Council before implemented, but it includes Street Eats 209 event (\$7,500/event)
4	Milpitas Youth Force Summer Job Program (Montano)	\$80,000	Funds appx. 20 youth to participate each summer (@ approximately \$2000 per student).
5	Expand Emergency Motel Stay (Chua)	\$100,000	Funds motel stays for the unhoused during emergencies for 2 - 4 years.
6	FIFA events and small business promotion (Full Council)	\$65,000	Fund events promoting Milpitas businesses during FIFA.
7	Economic Development Strategy (Full Council)	\$150,000	To fund the development of a citywide Economic Development Strategy.
TOTAL Funded on 12.2.25		\$265,000	

* Staff recommended based on Council requests and feedback
Highlighted items were funded on December 2, 2025

1. Complete discussion of priorities to fund using One-Time funds
2. Direct staff to appropriate one-time funding to the Council Priorities from the sources listed on the “Source of One Time Funds” slide
3. Adopt Resolution to Increase Appropriation for Priorities



Discussion & Closing Remarks



High Priority	Important	Nice to Have
• Explore expansion of SMART transportation services (to San Jose International Airport and Valley Medical Center SJ [one-way]) • Storefront & Crime Prevention Business Initiative/provide grants to victims (\$100,000) • Strategic Land Acquisition Revenue Reserve Fund (\$200,000)	• Temporary Police Office on Main Street (\$310,000) • Develop Fentanyl Policy • Ring Doorbell Neighborhood Initiative (\$60,000)	• Update Mural Program Policy • ADU Permit Subsidy (\$60,000) • Council Special Events Fund (\$10,000)

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS
AUTHORIZING AN INCREASE TO THE APPROPRIATION OF UNASSIGNED FUND
BALANCES OR RESERVES FOR REFERRALS RANKED AND PRIORITIZED BY THE
CITY COUNCIL OF MILPITAS**

WHEREAS, on October 2, 2025, the City Council of the City of Milpitas received and discussed a presentation on the City of Milpitas fiscal condition, strategy, and work plan efforts; and

WHEREAS, on November 4, 2025, the City Council reviewed, prioritized, and approved City Council Referrals using a two-step prioritization process, with direction to City staff to return at a future meeting with additional analysis and costing that may be required; and

WHEREAS, the City Council adopted Resolution No. 9462 on December 2, 2025, appropriating \$945,000 of one-time funds to eight (8) priorities and directed staff to return on December 16, 2025, to consider further allocations; and

WHEREAS, the City Council wishes to appropriate unassigned fund balances or reserves for additional one-time funded priorities;

NOW, THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The City Council has duly considered the full record before it, which may include but is not limited to such things as the City staff presentation, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. 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.
3. The City Council hereby authorizes a budget increase of \$[XXXXXX] of unassigned fund balances or reserves for the current fiscal year for certain referrals ranked and prioritized by the City Council at its November 4, 2025 meeting as identified by the City Council at its December 16, 2025 meeting.

PASSED AND ADOPTED this 16th day of December 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Christopher Creech, Acting City Attorney