City of Milpitas
Measure F Oversight Committee

AGENDA
Monday, April 26, 2021
5:30 P.M. - 6:45 P.M.

Measure F Oversight Committee meeting is held via teleconference/ Zoom webinar only (no physical meeting space). You may watch the meeting without providing public comments by accessing it via links below.

Meeting shall be livestreamed – Go to:

Facebook: https://www.facebook.com/CityofMilpitas/
YouTube: https://www.ci.milpitas.ca.gov/youtube
Web Streaming : https://www.ci.milpitas.ca.gov/webstreaming
Public Comments: https://www.ci.milpitas.ca.gov/publiccomment/

PUBLIC COMMENT INSTRUCTIONS

Oral public comments may be provided live during the Measure F Oversight Committee meeting by first registering for the zoom meeting in advance by: providing email address (not disclosed) and a name. Here is the link to register for this meeting only:

https://ci-milpitas-ca-gov.zoom.us/webinar/register/WN__AYdk8wcQZeos2h284K9Ag

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

All comments provided shall be limited to three minutes or less as determined by the Chair. All members of the public will be limited to one comment per agenda item, and one comment for non-agenda items. Online written comment form previously used is no longer available for public comment. Any submitted comments that contain profanity or vulgar language will not be read.

I. **Call to Order**
II. **Pledge of Allegiance**
III. **Roll Call**
IV. **Seating of Alternates**
V. **Approval of Agenda**
VI. **Approval of Minutes**
VII. **Public Forum- Please limit remarks to three minutes or less**

Those interested are invited to address Measure F Oversight Committee on any subject not on tonight's agenda, orally via zoom webinar (instructions on page 1). Speakers may provide their name and city of residence for the Staff's record, and comments may be limited to three minutes or less. As an item not listed on the agenda, no response is required from the City staff or Committee and no action can be taken. The Committee may instruct the City staff to place the item on a future meeting agenda.

VIII. Business Items

a. Selection of Chair and Vice Chair
b. Receive Milpitas Measure F Oversight Committee Bylaws and Responsibilities
c. Review and confirm that the services recommended to be maintained with Measure F funding are an allowable expenditure consistent with Measure F
d. Proposed Quarterly Meeting Dates and Time

IX. Staff and/or Liaison Reports

X. Adjournment at 6:45pm

KNOW YOUR RIGHTS UNDER THE OPEN GOVERNEMENT ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and the City operations are open to the people's review.

Materials related to an item on this agenda submitted to the Measure F Oversight Committee after initial distribution of the agenda packet are available for public inspection on the City website. The committee agendas and related materials can be viewed online at: https://www.ci.milpitas.ca.gov/milpitas/departments/finance/measure-f-oversight/ (select meeting date).

JaFor more information on your rights under the Open Government Ordinance or to report a violation of the ordinance, contact the City Attorney's office at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, CA 95035 Phone: 408-586-3040.

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

If you need assistance, per the Americans with Disabilities Act, for any City of Milpitas public meeting, call Rosanne Yamashita at 408-586-3162 or send an email to ryamashita@ci.milpitas.ca.gov prior to the meeting. You may request a larger font agenda.

CITY OF MILPITAS
MEASURE F OVERSIGHT COMMITTEE
AGENDA REPORT (AR)

Item Title:	**Selection of Chair and Vice Chair**
Meeting Date:	4/26/2021
Staff Contact:	**Lauren Lai, 408-586-3111**
Recommendation:	Selection of Chair and Vice Chair

Background:
The City of Milpitas commissions are advisory to the Ctiy Council and their roles and responsibilities are summarized in each commission's respective bylaws. The by-laws determine the number of commissioners (seven plus two alternates) for each commission; provide that commissioners are appointed by the Mayor and approved by the City Council; set commissioners' term; and establish general requirements for advisory commissions such as the election of officers, structure and scheduling of meetings, and determination of a quorum. The City of Milpitas Commissions By-Laws and addendum thereof for Measure F Oversight Committee are provided via this link.

The bylaws state the officers roles and responsibilities as follows:

> **Section 5 – Officers**
> A Chair and Vice Chair will be selected annually at the first meeting of the calendar year from the appointed members for a term of one year. The Chair will call for meetings and preside over all sessions. In the absence of the Chair and Vice Chair, the member with longest continuous service on the Commission will preside.

Analysis:

As April 26, 2021 will be the Committee's first meeting, the appointed members will select the Chair and Vice Chair. Finance Staff Liaison will conduct a verbal roll call vote for the selection of Chair and Vice Chair. The member with the highest nomination for each role shall be selected accordingly. The duties and terms are as described in the by-law section 5 above.

Committee Members (alpha order)	Occupation
Daniel John David Sullivan	Chemist / Sales
Harsh Patel	Associate Director
Joyita Ghose	Self Employed
Neal A. Osborn	Patent Engineer
Nicholas Dold	Professor
Siok Hall (Jade)	Former System Engineer
Tanmay Patel	Technical Program Manager

At the conclusion of this item, the Chair will assume the duty to preside over the remainder of this meeting.

Importantly, this Committee is required to conduct meetings in accordance with the Brown Act. The City of Milpitas prepared a Brown Act training video that is available online.

Recommendation: Select Chair and Vice Chair

CITY OF MILPITAS
MEASURE F OVERSIGHT COMMITTEE
AGENDA REPORT
(AR)

Item Title:	**Measure F Oversight Committee Bylaws and Responsibilities**
Meeting Date:	4/26/2021
Staff Contact:	**Lauren Lai, 408-586-3111**
Recommendation:	Review Measure F Oversight Committee Bylaws and Responsibilities

Background:
The City of Milpitas commissions are advisory to the City Council and their roles and responsibilities are summarized in each commission's respective bylaws. The by-laws determine the number of commissioners (seven plus two alternates) for each commission; provide that commissioners are appointed by the Mayor and approved by the City Council; set commissioners' term; and establish general requirements for advisory commissions such as the election of officers, structure and scheduling of meetings, and determination of a quorum.

In response to the financial impact on the City's finances caused by the Pandemic, on August 4, 2020, the City Council placed Measure F, a ¼ cent sales tax measure, on the November 3, 2020 ballot for voter consideration in order to provide funding to maintain important City services with a sunset of the tax in eight years and requiring independent audits and a citizens' oversight committee.

On October 6, 2020, the City Council established the Measure F Oversight Committee ("MFOC" or "Committee") pending approval of the ballot measure, consistent with the City Council approved Standardized City of Milpitas Commission By-Laws and approved the roles and responsibilities of the Committee as outlined in the addendum to the standardized by-laws specific to the Measure F Oversight Committee (Addendum to Bylaws).

On November 3, 2020, 60.4% of Milpitas' voters approved Measure F, which the City Council certified on December 10, 2020. The City of Milpitas Public Services Measure provides funding to maintain the City's finances and services, including: police and fire protection, 9-1-1 emergency response, and natural disaster preparation; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and attracting and retaining local businesses.

On March 16, 2021, the City Council appointed the members Measure F Oversight Committee with seven members and two alternate members serving on the Committee for one 3-year term set to expire in March 2024.

Analysis:
Per the addendum to the Standardized City of Milpitas Commission By-Laws, the roles and responsibilities of the Committee are outlined for the Measure F Oversight Committee (Addendum to Bylaws). The Committee will advise the Council on an annual basis on the following items:

- Annually, as part of the development of the budget, review the projected revenues and recommended expenditures for the funds generated by Measure F
- Annually, after the end of the Fiscal Year review status of programs and services, funded wholly or

partially with proceeds from Measure F
- Receive annual presentations from the City' s sales and use tax consultant and the City's independent financial auditor.

The Committee is scheduled to meet four times per year to advise the Council, and the following action is proposed for each respective meeting. Please note that Staff proposes adjusting the months to January, April, August and October to better align with availability of information.

Action	Annual Schedule for Consideration
As part of the development of the budget, review the projected revenues and recommended expenditures for the funds generated by Measure F	April
Towards the end of the Fiscal Year, review the status of programs and services, funded wholly or partially with proceeds from Measure F.	August
Receive presentation from the City's independent financial auditor.	October
Receive presentation from the City's sales and use tax consultant.	January

As the April 26, 2021 meeting is the first meeting of this Committee, the recommended action is to review the projected revenues and expenditures for the funds generated by Measure F. To reduce the burden on this volunteer Committee, the Committee will not be required to prepare an independent report. Hence, the Committee is tasked with receiving and approving the Committee Agenda Report which summarizes the projected Measure F revenues and appropriation or expenditures for services maintained.

Furthermore, staff does not recommend for the Committee to make budget recommendations because per Municipal Code Section VI-1- 2.05 titled "Preparation and Administration of the Budget," the City Manager shall prepare the budget annually and submit it to the City Council.

Importantly, this Committee is required to conduct meetings in accordance with the Brown Act. The City of Milpitas prepared a Brown Act training video that is available online.

Recommendation:
Review MFOC Bylaws and Responsibilities Report

CITY OF MILPITAS
MEASURE F OVERSIGHT COMMITTEE
AGENDA REPORT
(AR)

Item Title:	**Review the Projected Revenues and Confirm that the Services Recommended to be Maintained with Measure F Funding are an Allowable Expenditure Consistent with Measure F**
Meeting Date:	4/26/2021
Staff Contact:	**Lauren Lai, 408-586-3111**
Recommendation:	Review and confirm that the services recommended to be maintained with Measure F funding are an allowable expenditure consistent with Measure F

Background:
In response to the financial impact on the City's finances caused by the Pandemic, on August 4, 2020, the City Council placed Measure F, a ¼ cent sales tax measure, on the November 3, 2020 ballot for voter consideration in order to provide funding to maintain important City services with a sunset of the tax in eight years and requiring independent audits and a citizens' oversight committee.

On October 6, 2020, the City Council established the Measure F Oversight Committee (Committee) pending approval of the ballot measure, consistent with the City Council approved Standardized City of Milpitas Commission By-Laws and approved the roles and responsibilities of the Committee as outlined in the addendum to the standardized by-laws specific to the Measure F Oversight Committee (Addendum to Bylaws). Per the addendum, the Committee will advise the Council on an annual basis on the following items:

- Annually, as part of the development of the budget, review the projected revenues and recommended expenditures for the funds generated by Measure F
- Annually, after the end of the Fiscal Year review status of programs and services, funded wholly or partially with proceeds from Measure F
- Receive annual presentations from the City' s sales and use tax consultant and the City's independent financial auditor.

On November 3, 2020, 60.4% of Milpitas' voters approved Measure F, which the City Council certified on December 10, 2020. The City of Milpitas Public Services Measure provides funding to maintain the City's finances and services, including: police and fire protection, 9-1-1 emergency response, and natural disaster preparation; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and attracting and retaining local businesses.

On December 15, the City Council adopted various resolutions as required by the California Department of Taxes and Fee Administration to ensure that the local sales tax is levied on allowable purchases effective April 1, 2021.

On March 16, 2021, the City Council appointed the members Measure F Oversight Committee with seven members and two alternate members serving on the Committee for one 3-year term set to expire in March 2024.

Analysis:
As stated above, the City Council tasked the Committee to review Measure F projected revenues and recommended expenditures and advise the Council whether the recommended expenditures are consistent with Measure F. The Measure F ballot language, as approved by the voters, is as follows:

> "City of Milpitas Public Services Measure. To provide funding to maintain the City's finances and services, including: police and fire protection, 9-1-1 emergency response, and natural disaster preparation; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and attracting and retaining local businesses; shall the measure, establishing a 1/4¢ sales tax, providing approximately $6,500,000 annually for 8 years, requiring independent audits, citizens' oversight committee, all funds spent locally, be adopted?"

Measure F sales tax revenue estimated to be received in FY 2020-21 amounts to $1.2 million and in FY 2021-22 to $6.3 million. As provided in the attachment, as part of the rebalancing actions of the General Fund approved by Council on February 16, Council approved the use of the Measure F funds to offset loss in revenue and maintain the City's finances.

The estimated Measure F revenues in the amount of $6.3 million are equivalent to 5.7% of the $110.7 million General Fund revenues estimated for Fiscal Year 2021-2022. With this additional tax revenue, the City is able to maintain the services as summarized in the table below:

Description of Services Maintained with Measure F Funds	Department	FY 2021-22 Budgeted Cost
Respond to 911 calls within established parameters, resolve crime, dedicate staff to traffic safety and practice community-oriented policing	Police	$1,600,000
Fire Stations to ensure 24/7 coverage across the City	Fire	$1,500,000
Services for aquatic, senior, and youth services	Recreation and Community Services	$400,000
Services for parks, tree and facility maintenance	Public Works	$900,000
Internal functions to effectively support other City Departments	Finance, Human Resources, Information Technology	$900,000
Support local businesses in their economic recovery, retain existing business and attract new businesses	Economic Development	$150,000
Neighborhood preservation and code enforcement	Building Safety and Housing	$150,000
Long-range planning and special projects	Planning	$400,000
Additional library hours which keep the Library open on weekday evenings and weekends		$300,000
Total Services Funding		**$6,300,000**

In order to provide the Committee relevant information regarding services provided to our residents and businesses, please refer to the FY2020-2021 Budget in Brief and FY2020-2021 Adopted Budget (via these links or on the City website).

Recommendation:
Review and confirm that the services recommended to be maintained with Measure F funding are an allowable expenditure consistent with Measure F.

Attachment: Feb 16, 2021 Council Agenda Report: FY2021 Mid-Year Budget Rebalancing

CITY OF MILPITAS
AGENDA REPORT
(AR)

Item Title:	FY 2020-21 Second Quarter Financial Status Report and Mid-Year Budget Amendments
Category:	Leadership and Support Services
Meeting Date:	2/16/2020
Staff Contact:	Walter C. Rossmann, 408-586-3111
Recommendation:	1. Review the FY 2020-21 Quarterly Financial Status Report for the Quarter Ending December 31, 2020; 2. Approve FY 2020-2021 Mid-Year Budget Amendments; and 3. Establish the "Public Art" Capital Improvement Project

Executive Summary:

This staff report provides a mid-year update on budget versus actual expenditures and revenues of the General, Water and Sewer Funds, the City's major operating funds, based on unaudited financial reports for FY 2020-21 as of December 31, 2020, and COVID-19 related expenditure update.

The General Fund is projected to incur a net revenue loss of $13.8 million. Therefore, staff is bringing forward for Council approval budget amendment recommendations which will rebalance the FY 2020-21 budget without the use of the Budget Stabilization Reserve and establish a FY 2021-22 Future Deficit Reserve of approx. $1.5 million. The major recommended actions include the repayment of a 2014 General Fund loan to the TASP fund in the amount of $5.4 million; a reversal of FY 2019-20 General Fund Contribution for Infrastructure Improvements in the amount of $4 million, which is currently not needed due to deferral of infrastructure projects; net decrease expenditures by approx. $6.2 million through personnel and non-personnel reductions including the defunding of 13.75 permanent FTEs and $0.7 million in funding for temporary positions. The reductions in permanent and temporary positions are only possible due to the managed hiring and expenditure freeze implemented as directed by Council. The reductions in positions and the funding of the FY 2021-22 Future Deficit Reserve are the first steps toward balancing the next year's deficit of $7.5 million.

Between mid-March 2020 and end of December, the City incurred $4.2 million of budgeted and unbudgeted personnel ($3.7 million) and non-personnel ($0.5 million) costs in response to the pandemic. Of the $4.2 million, $962,595 was reimbursed from federal Corona Virus Relief Funds and up to $675,000 may be reimbursed by FEMA based on potentially eligible expenditures of $845,000. The federal government is working on another $1.9 trillion stimulus package, which includes support for local governments at this time. With a similar sized federal stimulus package approved by Congress in Spring 2020, the City received $962,595. Even a commensurate amount will not cover the $1.6 million of COVID-19 related expenditures incurred during the first six months of the current fiscal year and in the foreseeable future the City will continue to incur costs.

Background:

On June 2, 2020, the City Council approved the Fiscal Year (FY) 2020-21 Adopted Operating Budget in the amount of $220.3 million and the General Fund Budget in the amount of $117.1 million. After adoption of the budget, staff monitors and tracks revenues and expenditures for all funds with an emphasis on the General Fund and Enterprise Funds. Consistent with the Council adopted Fiscal Policies, staff is bringing forward budget amendment recommendations at mid-year.

On November 17, 2020, as part of the FY 2020-21 Quarterly Financial Status Report for the Quarter Ending September 30, 2020 staff presented an update to the FY 2020-21 revenue estimates with downward adjustments of $12.8 million and Operating Transfers-In reduction by $0.4 million offset with reductions in expenditures in the amount of $2.6 million resulting in a shortfall of $10.6 million. With the receipt of actual revenues for the quarter ending December 31, 2020, staff updated revenue projections. With the updated revenue estimates, staff projects a net decline of approximately $13.8 million of revenues versus adopted budget for Fiscal Year 2020-21. This decline in revenues is primarily attributable to economically sources such as Transient Occupancy Tax, Sales Tax and Charges for Services partially offset with Sales Tax Measure F and Intergovernmental Revenue.

With the guidance of the City Council, staff has actively been managing the worst economic downturn since the Great Depression with the implementation of several major budget strategies such as non-personnel expenditure reductions, deferral of capital projects, a managed hiring freeze, position reduction analysis, and working with the City's bargaining units to achieve wage and benefits cost reductions. Further, the voters approved Measure F, a ¼ Cent local Sales Tax and in past years, the City Council has set aside reserves to help mitigate the fiscal impact of the inevitable recession.

Analysis:

This staff report provides a mid-year update on budget versus actual expenditures and revenues of the General, Water and Sewer Funds, the City's major operating funds, based on unaudited financial reports for FY 2020-21 as of December 31, 2020, and COVID-19 related expenditure update. Additionally, staff is bringing forward updated General Fund revenue estimates for FY 2020-21 based on revenues received as of 12/31/2020 as well as mid-year budget amendment and position defunding recommendations for Council consideration. The majority of budget amendment recommendations are brought forward in an effort to re-balance the General Fund due to the significant revenue loss caused by the enduring pandemic as well as to reduce ongoing expenditures, which will positively impact the currently projected FY 2021-22 deficit of $7.5 million.

Quarterly Financial Status Report for the Quarter Ending December 31, 2020

The summary information below as well as the attachments comprise the FY 2020-21 Quarterly Financial Status Report for the Quarter ending December 31, 2020 for the General Fund and Enterprise Funds. Major revenue sources and expenditures for these funds are discussed below. The attachments provide a variance analysis of budget versus actual expenditures and revenues for the second quarter of FY 2020-21 as well as prior year actual expenditures and revenues for the second quarter of FY 2019-20 for comparison purposes.

General Fund

On June 2, 2020, the City Council approved the FY 2020-21 Adopted Operating General Fund Budget in the amount of $117.1 million. The budget comprised of $112.6 million of ongoing revenues with $4.48 million from reserves offsetting ongoing expenditures of $117.1 million. With the estimated net revenue reductions of $13.8 million due to COVID-19, staff is recommending various budget amendments to rebalance the General Fund budget.

Revenues (Attachment 1)

For the six months ending December 31, 2020, the General Fund has received $28.1 million, or 24.89%, of the FY 20-21 amended operating budget of $113.2 million. The amended budget is comprised of $112.6 millions of the adopted budget and various budget amendments totaling $623,905 (e.g.: state grants of $621,405, Youth Advisory Commission Community Service Scholarships of $2,500). An update on major revenue sources is provided below.

- Property Taxes and Redevelopment Property Tax Trust Fund (RPTTF): For the six months ending December 31, 2020, $6.9 million, or 18.68%, of the $36.9 million budget has been received. Revenues are 6% higher than last year at the same time. Current revenue projections from the County of Santa Clara estimate $36.9 million in total revenue for the City, which is the same as budgeted revenues. The County does not anticipate disbursing ERAF (Educational Revenue Augmentation Fund), which results in $2 million in lost property tax revenue for the City.

- Sales & Use Tax: For the six months ending December 31, 2020, $7.6 million, or 26.84%, of the $28.4 million budget has been received. Revenues are 16.65% less than last year at the same time, due to the effects of COVID-19 and shelter-in-place orders, which resulted in less consumption overall. Therefore, staff has adjusted the revenue estimates downward by $5.1 million, or 18%, to $23.3 million based on the latest projection from the City's sales tax consultant and tax receipts received in the first quarter of the current fiscal year. With this revenue adjustment, for the six months ending December 31, 2020, approx. 33% of revenue has been received, which is on par with previous fiscal years.

  As part of the November 3rd General Election, voters approved Measure F with 60.36% of ballots cast supporting the local sales tax. Staff submitted all required documents to the California Department of Tax and Fee Administration for the implementation of the ¼ cent sales tax by April 1, 2021. Therefore, staff recommends recognizing receipt of the first quarter of Measure F estimated at $1.2 million.

- Franchise Fees: For the six months ending December 31, 2020, $1.3 million, or 23.75%, of the $5.5 million budget has been received. Revenues are 10.2% less than last year at the same time which is due to the timing of receipt as franchise fees are typically received a month in arrears. Further, the franchise fees from PG&E are received annually in the final quarter of the fiscal year. By including December sanitation fees in amount of $0.22 million and CATV (Cable Television) for the second quarter in amount of $0.11 million, both received in January 2021, then total fees received for the second quarter period is $1.6 million, or 29.63% of the $5.5 million budget.

- Transient Occupancy Tax: For the six months ending December 31, 2020, five months of revenue in the amount of $1.6 million, or 12.21%, of the $13.5 million budget has been received. Revenues are 76.61% less than last year at the same time, due to the effects of COVID-19 and shelter-in-place orders which restricted travel. Revenues for TOT have been trending below budgeted estimates due to continuous reduction of activity at hotels. Therefore, staff has adjusted the revenue estimate downward by $9.4 million, or 69.52%, to $4.1 million. With this revenue adjustment, for the six months ending December 31, 2020, approx. 40% of revenue has been received.

- License and Permits: For the six months ending December 31, 2020, $3.9 million, or 39.65%, of the $9.9 million budget has been received. Revenues are 39.48% less than last year at the same time which is due to the effects of COVID-19 that greatly affected Building permits and Plan Check fee revenues. Therefore, staff has adjusted the revenue estimate downward by $0.5 million, or 5%, to $9.4 million. With this revenue adjustment, for the six months ending December 31, 2020, approx. 42% of revenue has been received.

- Charges for Services: For the six months ending December 31, 2020, $1.7 million, or 21.67%, of the $7.8 million budget has been received. Revenues are 49.02% lower than last year due to the effects of COVID-19. Therefore, staff has adjusted the revenue estimate downward by $2.9 million, or 37%, to $4.9 million. With this revenue adjustment, for the six months ending December 31, 2020, approx. 34% of revenue has been received.

Expenditures (Attachment 2)

For the six months ending December 31, 2020, the General Fund has utilized $60.4 million, or 50.10%, of the FY 20-21 amended operating budget of $120.5 million. The amended budget is comprised of $117.1 million of the adopted budget, $2.8 million of carryover encumbrances from the previous fiscal year for goods and services as well as approximately $619,140 of net increased department appropriations as approved by Council during the first half of the fiscal year (e.g. LEAP Grant of $300,000, Non-competitive Planning Grant $310,000, and Bulletproof Vest Partnership Grants of $9,405, Youth Advisory Commission Community Service Scholarships of $2,500; contractual services reduction of $20,499). At the end of the second quarter, total expenditures plus encumbrances are above the par of 50% by 0.10% or $0.1 million primarily due to purchases of goods and contractual services related to carryover encumbrances, along with $0.3 million completed transfers-out to the Information Technology Replacement Fund. Total expenditures without encumbrances is at 45.4% at the end of the second quarter primarily due to the instituted managed hiring and expenditure freeze.

COVID-19 Related Expenditures

It has been nearly one year that the former President declared the national emergency related to COVID-19. Staff activated the Emergency Operations Center to monitor the impact on our City and respond to the pandemic including the launch of a mobile testing facility, providing staff support to County testing sites, implementing a small business grant program, and keeping our facility and staff safe.

Between mid-March and end of December 2020, the City incurred $4.2 million of budgeted and unbudgeted personnel ($3.7 million) and non-personnel ($0.5 million) costs in response to the pandemic. of the $4.2 million, less than $1.0 million was reimbursed from federal Corona Virus Relief Funds and up to $675,000 may be reimbursed by FEMA based on potentially eligible expenditures of $845,000. Staff has been engaged with FEMA since June 2020 and actively sought reimbursements since September 2020. However, the City has not received approval for any reimbursement requests yet.

The federal government is working on another $1.9 trillion stimulus package, which includes support for local governments. With a similar sized federal stimulus package approved by Congress in Spring 2020, the City received $962,595. Even a similar amount will not cover the $1.6 million of COVID-19 related expenditures incurred during the first six months of the current fiscal year including the unanticipated expenditures (for the second quarter of FY 2020-21) of $242,125 detailed in the next section.

Unanticipated Expenditure Reserve

In accordance with the City Council approved Budget Guidelines, as part of the quarterly financial status reports, staff is reporting on the use of the Unanticipated Expenditure Reserve for the second quarter. All expenditures are related to COVID-19.

Table 1: Unanticipated Expenditure Reserve Uses

Description	Amount
Additional Cleaning Services and Supplies	$82,793
Communication and Outreach	4,488
Personal Protective Equipment (Isolation Suits/Face Shields, Nitrile Gloves and Masks, Sanitizing Wipes, Disinfectants)	43,476
First Responder UV Sterilizer	14,680
Legal Services (Best, Best and Krieger)	28,362
Mobile and County Testing Sites	19,762
Employee Quarantine Housing and Testing	7,856
Emergency Operations Center (EOC) Staffing	20,159
Miscellaneous COVID-19 Expenditures	20,549
TOTAL for the Quarter Ending December 31, 2020	**$ 242,125**

Water Maintenance & Operation (M&O) Fund (Attachment 3)

Revenues: For the six months ending December 31, 2020, $16.9 million of charges for services, or 54.2%, of the $31.2 million budget has been received. Total revenue received amounts to $17.0 million, or 53.3%, of the $31.9 million budget.

Expenditures: For the six months ending December 31, 2020, $14.1 million, or 49.5%, of the $28.6 million amended budget has been spent.

Sewer Maintenance & Operation (M&O) Fund (Attachment 3)

Revenues: For the six months ending December 31, 2020, $9.9 million of revenue received amounts to $9.9 million, or 47.6%, of the $20.9 million budget.

Expenditures: For the six months ending December 31, 2020, $8.5 million, or 46.3%, of the $18.3 million amended budget has been spent.

FY 2020-21 Mid-Year General Fund Rebalancing

Table 2 below summarizes staff's recommendations to rebalance the current year General Fund budget with the line item detail provided in Attachment 4. As mentioned above, the estimated net revenue loss is $13.8 million, which includes $1.6 million for Fire Mutual Aid Reimbursements (offset by expenditures), $1.2 million in Measure F funds, and approximately $1 million of the Corona Virus Relief funds reimbursement. With Council approval of the budget amendment recommendations summarized in the table below and described in the following sections of this report, the FY 2020-21 budget will be rebalanced without the use of the Budget Stabilization Reserve and the surplus used to establish a FY 2021-22 Future Deficit Reserve of approx. $1.5 million.

Specifically, staff recommends repayment of a 2014 General Fund loan to the TASP fund in the amount of $5.4 million and a reversal of FY 2019-20 General Fund Contribution for Infrastructure Improvements in the amount of $4 million. This contribution benefitted the General Government CIP Fund, which has an estimated fund balance of $13 million by the end of FY 2020-21. The reversal of the contribution will leave about $9 million to pay for the recommended FY 2021-22 and future capital needs in the amount of $3.1 million. With a decrease of the CFD 2008 transfers-in of $0.4 million, these actions result in a net increase of transfers-in in the amount of $9.0 million and a net remaining shortfall of all sources to the General Fund in the amount of $4.7 million.

In order to offset this shortfall, staff recommends to net decrease expenditures by approx. $6.2 million through personnel and non-personnel reductions including the defunding of 13.75 permanent FTEs and $0.7 million in funding for temporary positions. The increase to expenditures is fully covered by revenue.

With these recommended actions, the excess funds in the amount of $1.5 million is recommended to be placed in the FY 2021-22 Future Deficit Reserve. The ongoing reductions in permanent and temporary positions and the funding of the FY 2021-22 Future Deficit Reserve are the first steps toward balancing the next year's deficit of $7.5 million.

Table 2: FY 2020-21 Mid-Year Rebalancing Budget Adjustment Recommendations

Description	Recommended Adjustment
Revenue Estimates Adjustments for Decreases (e.g.: Hotel/Motel Tax, Sales Tax, Charges for Services)	($18.16)
Revenue Estimate Adjustments for Increases (e.g.: Sales Tax – Measure F, Coronavirus Relief Fund, Fire Mutual Aid Administrative Reimbursement, Delta Dental Benefit Reserve Realignment)	2.80
Revenue Increases Offset by Expenditure (e.g.: Fire Mutual Aid Reimbursement, Lease Revenue Capitalized Interest)	1.58
Net Revenue Decrease	*($13.78)*
Net Transfers-In (e.g.: (CFD 2008, TASP Loan Repayment, Reversal of FY 2019-20 General Fund Contribution for Infrastructure Improvements)	9.04
Total Sources Adjustment (Revenues and Transfers-In)	**($ 4.74)**
Expenditure Increases Offset by Revenue (e.g.: Fire Mutual Aid Reimbursement, Lease Revenue Capitalized Interest)	$ 1.58
Personnel Expenditure (e.g.: Retiree Medical, MPOA Wage Concession, Recreation Temporary Salaries)	(3.83)
Non-Personnel Expenditure (e.g.: Recreation Service Savings, Decrease Library Funding, Housing Element Consultant)	(1.03)
Ongoing Position and other Personnel Cost Reductions	(1.49)
Departments' Budgets Anticipated Personnel Cost Savings	(1.40)
Total Net Expenditure Adjustment	**($6.19)**

Remaining (Shortfall)/Surplus Recommended to be Allocated to the FY 2021-22 Future Deficit Reserve	$ 1.45

The information below itemizes by categories the recommended budget adjustments with the dollar amount and item number related to the recommended budget amendment. The item number references detailed explanations which can be found in the attachment titled "FY 2020-21 Mid-Year Budget Adjustment Recommendations" (Attachment 5). In this attachment, the recommended budget amendments are grouped by departments and further described. Information on the ongoing position reductions can be found in Attachment 6.

1. Revenue estimate and Transfers-In adjustments: The itemized revenue and Transfers-In adjustments net total a decrease to the budget of $4.7 million.
   - Decrease in Building Revenues (-$364,000) (Item #1)
   - Decrease Fire Prevention Revenues (-$144,000) (Item #17)
   - Decrease in Sales tax Revenues (-$3,865,734) (Item #26)
   - Decrease in Transient Occupancy Tax Revenues (-$9,352,683) (Item #27)
   - Decrease in Recreation Revenues ($-2,775,000) (Item #61)
   - Decrease in Passport Program Revenues ($-90,000) (Item #11)
   - Decrease in Use of Money and Property Revenue ($-364,000) (Item #47)
   - Increase in Intergovernmental Revenue Related to (Mutual Fire Aid Reimbursement, Coronavirus Relief, Employment Development Department, Regional Auto Theft Task Force) ($2,544,515) (Item #19, 20, 24, 39 and 41)
   - Increase in revenue related to capitalized interest Lease Revenue Bond payment ($411,938) (Item #44)
   - Increase in Other Revenues related to Delta Dental Refund ($220,000) (Item #55)
   - Adjustment to CFD 2008 Transfer-in (-$395,000) (Item #49)
   - TASP Loan Repayment ($5,431,671) (Item #29)
   - FY 2019-20 General Fund Contribution for Infrastructure Improvements Reversal ($4,000,000) (Item #58)

2. Personnel Expenditure Adjustments: The personnel expenditure adjustments amount to $4.2 million in savings.
   - Retiree Medical Plan Contribution Savings (-$2,544,141) (Item #35)
   - MPOA MOU 5% Adjustment (-$537,377) (Item #23)
   - Executive Staff Car Allowance Suspension (-$39,600) (Item #51)
   - Recreation Temporary Salaries (-$731,952) (Item #61)
   - Advancing FY21-22 Position and Temporary Salary Reduction (-$1,490,424) (Item #63)
   - Fire Reimbursement for COVID-19 and Fire Season Mutual Aid ($1,164,957) (Item #21)

3. Non-personnel Expenditure Adjustments: The one-time net non-personnel adjustments net total $0.62 million in savings. The Lease Revenue Interest payment is offset with receipt of corresponding revenue. The increase in Fire personnel expenditure is offset with receipt of Fire mutual aid reimbursement.
   - Housing Element Consultant (-$80,000) (Item #3)
   - Recreation Community Services Department Adjustments (-$679,071) (Item #63)
   - Lease Revenue Interest Payment ($411,938) (Item #45)
   - Additional Library Hours Funding Adjustment (-$160,624) (Item #61)
   - Net Zero Vacancy Savings Allocation to Departments - The FY 2020-21 General Fund Budget includes assumed Vacancy Savings in the amount of $3,057,627 budgeted in the Non-Departmental budget. This net-zero action allocates the assumed Vacancy Savings to departments based on current year-to-date personnel expenditure trends. (Item #39)
   - Coffee Service Elimination (-$9,900) (Item #55)
   - Façade Pilot Program (-$50,000) (Item #15)
   - Employee Recognition Program (-$23,675) (Item #11)

- Community Promotions Program (-$25,000) (Item #7)

4. Ongoing Position and other Personnel Cost Reductions: Due to the current year and next year's budget shortfall, staff is recommending reducing expenditures by defunding 13.75 FTE, reducing funding for temporary staff and funding shifts. The reductions in permanent and temporary positions are only possible due to the managed hiring and expenditure freeze implemented as directed by Council. With the recommended defunding of 13.75 vacant positions, there will still be over 30 vacant positions across all departments. With the defunding of these positions, the Administration may continue filling a limited number of positions to minimize service level impacts. As part of the FY 2021-22 Proposed Budget, staff will bring forward recommendations to defund for a to-be-determined period these 13.75 FTEs.

   The current year savings are approx. $1,490,424 and ongoing savings are approx. $2.6 million. Below are the titles of position reductions including an item number. The FY 2020-21 Mid-Year Position and other Personnel Cost Reduction Recommendations (Attachment 6) provides a detailed description, impact and mitigation for each budget proposal by the referenced item number.

   a. Defunding of vacant positions to offset budget shortfall
      - Plan Review Staffing Reduction (-$60,167) (Item #P2)
      - Building Inspector Staffing Reduction (-$65,827) (Item #P3)
      - Land Development Staffing Reduction (-$67,347) (Item #P7)
      - Risk, Debt and Investment Oversight Staffing Reduction (-$54,709) (Item #P8)
      - Fire Prevention Staff Reduction (-$58,500) (Item #P10)
      - Human Resources Staff Reduction (-$45,851) (Item #P11)
      - Information Technology Staff Reduction (-$64,689) (Item #P12)
      - Facility Maintenance Staffing Reduction (-$49,507) (Item #P13)
      - Storm Maintenance Staffing Reduction (-$52,031) (Item #P14)
      - Sports Center Office Assistant Defunding (-$29,359) (Item #P16)
      - Community Center Public Services Assistant Defunding (-$40,428) (Item #P17)
      - Program Coordinator Defunding (-$48,232) (Item #P18)
      - Recreation Services Assistant III Defunding (-$33,790) (Item #P19)
      - Recreation Services Assistant IV Defunding (-$37,748) (Item #P20)

   b. Defunding of temporary positions and funding shifts
      - Building Safety Career Entry Program Defunding (-$634,948) (Item #P1)
      - City Council Intern Defunding (-$73,700) (Item #P4)
      - City Manager Intern Defunding (-$18,602) (Item #P5)
      - Economic Development Intern Defunding (-$15,600) (Item #P6)
      - Finance Staff Funding Alignment (-$26,625) (Item #P9)
      - Seasonal Maintenance Worker (-$12,767) (Item #P15)

5. Department Budget Anticipated Savings Adjustments: due to the managed hiring and expenditure freeze, departments are generating expenditure savings. Departments' budgets are recommended to be reduced by $1.4 million to realize a portion of these savings primarily to fund the FY 2021-22 Future Deficit Reserve.
   - Police Department position vacancy savings (-$734,765)
   - Building Safety and Housing Department position vacancy savings (-$182,440)
   - Recreation and Community Services Department position vacancy savings (-$147,244)
   - Engineering Department position vacancy savings (-$135,551)
   - Fire Department non-personnel expenditure savings (-$100,000)

FY 2020-21 Mid-Year Other Funds Capital Budget Adjustment Recommendations (Attachment 5)

Staff recommends various adjustment to other funds which are mostly related to adjustments in the General Fund such as retiree medical plan contribution savings or elimination of the coffee service. The capital budget recommended adjustments including funding reductions, a funding request to upgrade the reporting software in the utility billing system, and various reimbursements and funding reallocations. Additionally, staff recommends establishing the Public Art Capital Project (CP 3489) for all public art related work including staff time funded by the Public Art Fund.

1. Other Funds Budget Adjustments
    - Housing Element Consultant (-$80,000) (Item #5)
    - Hetch Hetchy lease ($500) (Item #47)
    - Irvine Purchase Order Increase ($6,756) (Item #15)
    - Retiree Medical Plan Contribution Savings Other Funds ($289,899) (Item #35)
    - TASP Fund Balance Adjustment due to Loan Repayment (-$5,431,671) (Item #31)
    - Public Art Fund Balance Adjustment ($97,500) (Item #34)
    - Coffee Service Elimination ($1,100) (Item #53)

2. Capital Budget Adjustments
    a. Funding reductions
        - CP 3438 – Annual Tree Replacement Program (-$60,000) (Item #C1)
        - CP 3416 – General Plan Update (-$750,000) (Item #C16)

    b. Funding Increase
        - CP 3435 – Finance System Upgrade ($100,000) (Item #C4)

    c. Reimbursements and Funding Reallocations
        - CP 3411 – Sinclair LLMD Improvement 98-1 ($41,125) (Item #C3)
        - CP 2019 – TASP Recycled Water Distribution Reimbursement Correction (-$599,609) (Item #C6)
        - CP 7076 – Well Upgrade Project (-$1,500,000) (Item #C8)
        - CP 7121 – Automated Water Meter Replacement ($2,600,000) (Item #C12)
        - CP 3416 – General Plan Update (-$750,000) (Item #C16)
        - CP 3489 – Establish Public Arts Project (-$97,000) (Item #C18)

Policy Alternatives:

Alternative 1: Do not approve FY 2020-21 Mid-Year Budget Amendment Recommendations

Pros: None.
Cons: The recommended budget amendment recommendations include adjustments to revenue and expenditure estimates based on current trends.

Reason not recommended: Not approving the FY 2020-21 Mid-Year budget amendment recommendations will require other budget reductions or the use of the Budget Stabilization Reserve.

Alternative 2: Do not approve defunding of 13.75 FTEs

Pros: None.
Cons: The defunding of positions aligns position levels to current operational needs and service levels provided.
Reason not recommended: The defunding of positions is required to rebalance the FY 2020-21 budget and start balancing the next year’s deficit of $7.5 million.

Fiscal Impact:
The recommended budget amendments will rebalance the FY 2020-21 budget without the use of the Budget Stabilization Reserve and establish a FY 2021-22 Future Deficit Reserve of approx. $1.5 million. The major recommended actions include the repayment of a 2014 General Fund loan to the TASP fund in the amount of $5.4 million; a reversal of FY 2019-20 General Fund Contribution for Infrastructure Improvements in the amount of $4 million, which is currently not need due to deferral of infrastructure projects; net decrease expenditures by approx. $6.2 million through personnel and non-personnel reductions including the defunding of 13.75 permanent FTEs and $0.7 million in funding for temporary positions.

The ongoing reductions in permanent and temporary positions and the funding of the FY 2021-22 Future Deficit Reserve are the first steps toward balancing the next year's deficit of $7.5 million.

California Environmental Quality Act:
Not applicable.

Recommendation:
1. Review the FY 2020-21 Quarterly Financial Status Report for the Quarter Ending December 31, 2020;
2. Approve FY 2020-2021 Mid-Year Budget Amendments; and
3. Establish the "Public Art" Capital Improvement Project.

Attachments:
1. FY 2020-2021 Revenue Report for Fiscal Year-To-Date December 31, 2020
2. FY 2020-2021 General Fund Expenditures by Department December 31, 2020
3. FY 2020-2021 Water and Sewer Funds Financial Status for Fiscal Year-To-Date December 31, 2020
4. FY 2020-21 Mid-Year Budget Balancing Detail
5. FY 2020-21 FY 2020-21 Mid-Year Budget Adjustment Recommendations
6. FY 2020-21 Mid-Year Position and Other Personnel Cost Reduction Recommendation

Attachment 1

CITY OF MILPITAS

General Fund Revenues
For Fiscal Year-To-Date December 31, 2020

General Fund Revenues	FY21 Adopted Budget	FY21 Budget Amendments As of 12/31/20	FY21 Amended Budget as of 12/31/2020	FY21 Revenue As of 12/31/20		FY21 Percentage of Mid-Year Budget	FY20 Revenue As of 12/31/19	Percentage Inc (Dec) FY21 / FY20
Property Taxes	$ 36,872,241	$ -	$ 36,872,241	$ 6,889,059		18.68%	$ 6,500,270	5.98%
Sales & Use Tax	28,371,951	-	$ 28,371,951	7,616,230	(a)	26.84%	9,137,212	-16.65%
Sales Tax- Measure F			$ -					
Transient Occupancy Tax	13,452,683	-	$ 13,452,683	1,641,923	(b)	12.21%	7,018,940	-76.61%
License, Permits & Fines	9,907,120	-	$ 9,907,120	3,927,972	(c)	39.65%	6,490,776	-39.48%
Charges for Services	7,814,500	-	$ 7,814,500	1,693,790	(d)	21.67%	3,322,403	-49.02%
Franchise Fees	5,514,787	-	$ 5,514,787	1,309,561		23.75%	1,458,307	-10.20%
Use of Money and Property	1,364,000	-	$ 1,364,000	527,073		38.64%	1,505,504	-64.99%
Other Taxes	1,196,860	-	$ 1,196,860	488,104		40.78%	563,438	-13.37%
Intergovernmental	808,597	621,405	$ 1,430,002	1,702,486		119.05%	218,654	678.62%
Other Revenue	258,000	2,500	$ 260,500	118,677		45.56%	199,272	-40.44%
Operating Transfers In	7,013,990	-	$ 7,013,990	2,221,994		31.68%	2,223,065	-0.05%
Total General Fund Revenue	**$112,574,729**	**$623,905**	**$113,198,634**	**$28,136,869**		**24.86%**	**$38,637,841**	**-27.18%**

(a) Due to the restrictive opening requirements related to COVID-19, consumption has been significantly lower.
(b) Due to the restrictive travel guidelines related to COVID-19, hotel occupancy rates were significantly lower.
(c) Due to the effects of COVID-19, there were less Building permits and Plan check fee revenues received.
(d) Due to the effects of COVID-19, the Recreation department lost revenues on programs that could not be held due to social distancing requirements.

Attachment 2

General Fund Expenditures by Department

Percent of Year: 50% **For Fiscal Year-To-Date December 31, 2020**

Department/Division	FY 2020-21 Adopted Budget	FY 2020-21 Budget Amend. As of 12/31/2020	FY 2020-21 Carryover Grants	FY 2020-21 Carryover Encumbrances	FY 2020-21 Amended Budget	FY 2020-21 Exp. incl. Encumbr. As of 12/31/2020	FY 2020-21 Percent of Amended Budget		FY 2019-20 Exp. incl. Encumbr. As of 12/31/2019	Percent Exp & Enc Inc (dec.) FY21/FY20
City Council	546,979		-		546,979	212,725	38.89%	(a)	166,607	27.68%
City Manager	2,436,753		-	59,935	2,496,688	1,026,599	41.12%		967,027	6.16%
City Clerk	615,270		-		615,270	295,427	48.02%		303,309	-2.60%
Economic Development	914,119		50,000	47,127	1,011,246	435,154	43.03%		480,246	-9.39%
Policy Planning	**4,513,121**	**-**	**50,000**	**107,062**	**4,670,183**	**1,969,905**	**42.18%**		**1,917,189**	**2.75%**
Building, Safety, and Housing	**6,948,858**	**734**		**213,810**	**7,163,402**	**2,960,395**	**41.33%**	(b)	**3,019,749**	**-1.97%**
City Attorney	**1,340,303**	**-**		**16,611**	**1,356,914**	**546,926**	**40.31%**	(c)	**1,196,538**	**-54.29%**
Finance	**4,377,990**	**15,000**		**167,508**	**4,560,498**	**2,339,355**	**51.30%**		**2,220,123**	**5.37%**
Public Works	**9,155,208**	**(20,499)**		**572,586**	**9,707,295**	**6,314,980**	**65.05%**	(d)	**5,858,709**	**7.79%**
Engineering	**4,154,817**	**-**		**177,600**	**4,332,417**	**1,929,658**	**44.54%**		**1,814,076**	**6.37%**
Planning	**1,931,383**	**610,000**		**40,919**	**2,582,302**	**1,224,837**	**47.43%**		**992,688**	**23.39%**
Police	**38,296,018**	**9,405**	**17,979**	**298,483**	**38,621,885**	**17,723,117**	**45.89%**		**16,871,269**	**5.05%**
Fire	**28,280,291**	**-**		**272,430**	**28,552,721**	**14,982,400**	**52.47%**		**13,160,150**	**13.85%**
Information Technology	**3,721,547**	**-**		**28,054**	**3,749,601**	**2,039,789**	**54.40%**		**1,735,565**	**17.53%**
Human Resources	**2,101,658**	**-**		**107,020**	**2,208,678**	**1,139,623**	**51.60%**		**1,089,246**	**4.62%**
Recreation	**6,304,108**	**4,500**		**9,845**	**6,318,453**	**1,747,745**	**27.66%**	(e)	**3,381,710**	**-48.32%**
Non-Departmental	**5,624,683**	**-**		**775,912**	**6,400,595**	**5,170,072**	**80.77%**	(f)	**4,696,884**	**10.07%**
Transfers Out	**300,000**				**300,000**	**300,000**	**100.00%**		**6,800,000**	**4.41%**
Total	**117,049,985**	**619,140**	**67,979**	**2,787,840**	**120,524,944**	**60,388,802**	**50.10%**		**64,753,896**	**-6.74%**

(a) Vacancy Savings from Intern positions.
(b) Vacancy Savings from vacant positions
(c) BBK invoices are two months in arrear
(d) Contractual Services encumbered $2.1M.
(e) Services have been reduced due to COVID related restrictions, which resulted in salary and contractual savings.
(f) Full year prepayment of liability and cyber insurance; unemployment insurance benefit payments; and use of Unanticipated Expenditure Reserve for COVID-19 related expenditures.

Attachment 3

City of Milpitas
Water and Sewer Financial Status
For Fiscal Year-To-Date December 31, 2020

Percent of Year 50%

Revenue Water Fund	FY 2020-21 Adopted Budget	FY 2020-21 Budget Amendments As of 12/31/2020		FY 2020-21 Amended Budget	FY 2020-21 Revenue As of 12/31/2020	FY 2020-21 Percent of Amended Budget	FY 2019-20 Revenue As of 12/31/2019	Percent Revenue (dec.) FY21/FY20
Revenue:								
Revenue from Investments	473,000			473,000	92,216	19.50%	180,994	-49.05%
Intergovernmental Revenue	0			0	0			
Charges for Services	31,192,091			31,192,091	16,913,115	54.22%	18,309,098	-7.62%
Miscellaneous Revenue	250,000			250,000	0	0.00%	12,952	-100.00%
Operating Transfer In	0			0	0	0.00%	3,089	-100.00%
Total Water Fund Revenue	31,915,091	0	0	31,915,091	17,005,331	53.28%	18,506,133	-8.11%

Expense Water Fund	FY 2020-21 Adopted Budget	FY 2020-21 Budget Amendments As of 12/31/2020	FY 2019-20 Carryover Encumbrances	FY 2020-21 Amended Budget	FY 2020-21 Exp. incl. Encumbr. As of 12/31/2020	FY 2020-21 Percent of Amended Budget	FY 2019-20 Exp. incl. Encumbr. As of 12/31/2019	Percent Exp & Enc Inc (dec.) FY21/FY20
Expenses:								
Personnel Services	3,789,646		0	3,789,646	1,995,599	52.66%	2,021,716	-1.29%
Services and Supplies	2,390,086	-7,778	458,263	2,840,571	1,734,421	61.06%	1,317,971	31.60%
Wholesale Water Purchase	18,424,037		214,395	18,638,432	8,521,474 (a)	45.72%	8,680,733	-1.83%
Debt Service							-	
Capital Outlay	540,000		282	540,282	504,816	93.44%	509,581	-0.94%
Operating Transfer Out	2,748,779		0	2,748,779	1,374,390	50.00%	1,370,926	0.25%
Total Water Fund Expenses	27,892,548	-7,778	672,940	28,557,710	14,130,700	49.48%	13,900,927	1.65%

Percent of Year 50%

Revenue Sewer Fund	FY 2020-21 Adopted Budget	FY 2020-21 Budget Amendments As of 12/31/2020		FY 2020-21 Amended Budget	FY 2020-21 Revenue As of 12/31/2020	FY 2020-21 Percent of Amended Budget	FY 2019-20 Revenue As of 12/31/2019	Percent Revenue (dec.) FY21/FY20
Revenue:								
Revenue from Investments	202,000			202,000	50,799	25.15%	50,194	1.21%
Charges for Services	20,691,985			20,691,985	9,887,456	47.78%	9,795,902	0.93%
Miscellaneous Revenue	0			0	0	0.00%	-	0.00%
Operating Transfer In	0			0	0	0.00%	119,878	-100.00%
Total Sewer Fund Revenue	20,893,985	0	0	20,893,985	9,938,255	47.57%	9,965,974	-0.28%

Expense Sewer Fund	FY 2020-21 Adopted Budget	FY 2020-21 Budget Amendments As of 12/31/2020	FY 2019-20 Carryover Encumbrances	FY 2020-21 Amended Budget	FY 2020-21 Exp. incl. Encumbr. As of 12/31/2020	FY 2020-21 Percent of Amended Budget	FY 2019-20 Exp. incl. Encumbr. As of 12/31/2019	Percent Exp & Enc Inc (dec.) FY21/FY20
Expenses:								
Personnel Services	2,711,569		0	2,711,569	1,108,458	40.88%	1,099,199	0.84%
Services and Supplies	1,587,387	-3,053	325,849	1,910,183	1,245,412	65.20%	1,270,601	-1.98%
Treatment Plant	9,429,908		0	9,429,908	3,510,662	37.23%	3,446,730	1.85%
Debt Service	2,447,400		0	2,447,400	1,679,575	68.63%	428,750	391.74%
Capital Outlay	200,000		282	200,282	129,178	64.50%	47,292	273.15%
Operating Transfer Out	1,585,433		0	1,585,433	792,717	50.00%	784,243	101.08%
Total Sewer Fund Expenses	17,961,697	-3,053	326,131	18,284,775	8,466,002	46.30%	7,076,815	19.63%

(a) Year to date expenditure only includes 5 out of 12 payments.

Attachment #4: FY 2020-21 Mid-Year Budget Balancing Detail

Description	Recommended Adjustment
Revenue Increases Offset by Expenditure	
Fire Mutual Aid Overtime Reimbursement	1,164,957
Lease Bond Capitalized Interest	411,938
Subtotal	**1,576,895**
Revenue Estimate Adjustments	
Sales Tax	(5,068,851)
Sales Tax - Measure F	1,203,117
Hotel/Motel Tax	(9,352,683)
Charges for Services	
Recreation Services Revenue	(2,775,000)
Passport Program Revenue	(90,000)
Licenses and Permits	
Building Permit	(364,000)
Fire Prevention Revenue	(144,000)
Use of Money and Property	(364,000)
Intergovernmental Revenue	
Coronavirus Relief Fund	962,595
Fire Mutual Aid Administrative Reimbursement	203,653
Employment Development Department Reimbursement	174,009
Regional Auto-Theft Task Force Grant	39,301
Other Revenue	
Dental Benefit Reserve Balance Realignment	220,000
Subtotal	**(15,355,859)**
Net Revenue Adjustments	**(13,778,964)**
Transfers-In Adjustments	
Transfers-In (CFD-2008)	(395,000)
General Government Fund Transfer (Reversal of FY 2019-20 Contribution	4,000,000
Transfers-In (TASP Loan Repayment)	5,431,671
Subtotal	**9,036,671**
Total Sources Adjustment (Revenues and Transfers-In)	**(4,742,293)**
Expenditure Increases Offset by Revenue	
Non-Personnel Expenditure	
Fire Mutual Aid Overtime Cost	1,164,957
Lease Bond Capitalized Interest	411,938
Subtotal	**1,576,895**
Expenditure Adjustments	
Personnel Expenditure	
Retiree Medical Savings	(2,544,141)

Attachment #4: FY 2020-21 Mid-Year Budget Balancing Detail

Description	Recommended Adjustment
Departments’ Budgets Anticipated Savings	(1,300,000)
Advancing FY 2021-22 Position and Temp. Salary Reductions	(1,490,424)
Recreation Temporary Salaries Savings	(731,952)
MPOA Salary and Related Benefits Savings	(537,377)
Executive Car Allowance Savings	(39,600)
Subtotal Personnel Expenditure Savings	**(6,643,494)**
Non-Personnel Expenditure	
Recreation Services Savings	(679,071)
Decrease Library Funding	(160,624)
Departments’ Budgets Anticipated Savings	(100,000)
Housing Element Consultant	(80,000)
Façade Pilot Program	(50,000)
City Council Community Promotions	(25,000)
Elimination of Employee Recognition Program	(23,675)
Coffee Service Elimination	(9,900)
Subtotal Non-Personnel Expenditure Savings	**(1,128,270)**
Total Net Expenditure Adjustment	**(6,194,869)**
Remaining Savings Recommended to be Allocated to the FY 2021-22 Future Deficit Reserve	**1,452,576**

	CITY OF MILPITAS						
	FY 2020-2021 Mid-Year Budget Funding Requests						
	Operating Budget						
Item #	Department	Title	Description	Expenditure General Fund	Expenditure Other Funds	Revenue General Fund	Revenue Other Funds
1	Building Safety and Housing	Building Revenue Reduction	Building activities have slowed down due to COVID, revenues related to building activities need to be reduced.			(364,000)	
2	Building Safety and Housing	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action decreases the General Fund FY21-22 Future Deficit Reserve.	(364,000)			
3	Building Safety and Housing	Housing Element Consultant	After adoption of the FY 2020-21 Budget, staff identified an alternative funding source for the Housing Element Update as required by the state. The funding for the consultant study is moved from the General Fund to the Affordable Housinig Fund.	(80,000)			
4	Building Safety and Housing	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	80,000			
5	Building Safety and Housing	Housing Element Consultant	Consultant fees for Housing Element Update as required by the state is moved to Fund 216 from Fund 100.		80,000		
6	Building Safety and Housing	Adjustment to the Affordable Housing Fund fund balance	This corresponding action decreases the Fund 216 Budget Stabilization Reserve.		(80,000)		
7	City Council	Community Promotions	This program is currently suspended due to CCOVID-19.	(25,000)			
8	City Council	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	25,000			
9	City Manager	Employee Recognition Program Event	This program is currently suspended due to COVID-19.	(23,675)			
10	City Manager	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	23,675			
11	City Clerk	Passport Program	Due to COVID, City Hall has not been open and is not expected to open for operations this fiscal year. Consequently, the passport program has been suspended.			(90,000)	
12	City Clerk	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action decreases the General Fund FY21-22 Future Deficit Reserve.	(90,000)			
13	Economic Development	Façade Pilot Program	This program is currently sufficiently funded through other funds.	(50,000)			
14	Economic Development	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	50,000			
15	Engineering	Increased Funding for LLMD 95-1 Landscape Maintenance	There was an increase in contractual costs due to payment of invoices that were incurred in the previous fiscal year.		6,756		
16	Engineering	Adjustment to LLMD 95-1 Fund Balance	This corresponding action decreases the LLMD 95-1 Fund Balance.		(6,756)		
17	Fire	Fire Prevention Revenue Reduction	Due to the effects of COVID-19, Annual Fire Permit fees needs to be adjusted based on an estimated 20% reduction.			(144,000)	
18	Fire	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action decreases the General Fund FY21-22 Future Deficit Reserve.	(144,000)			
19	Fire	Fire Reimbursements for Covid-19 and Fire Season Mutual Aid	This action recognizes revenue for reimbursable overtime and medicare costs related to fire mutual aid provided in response to the extensive wildfire season.	1,164,957		1,164,957	
20	Fire	Fire Reimbursements for Covid-19 and Fire Season Mutual Aid	This action recognizes revenue for reimbursable administrative costs related to fire mutual aid provided in response to the extensive wildfire season.			203,653	
21	Fire	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	203,653			
22	Planning	Contractual Services | Granicus-Host Compliance	This action funds a new contractual agreement with Granicus - Host Compliance for management of the City's short-term rental program offset with fee revenue.	20,000		20,000	

Attachment #5: FY 2020-21 Mid-Year Budget Adjustment Recommendations

Item #	Department	Title	Description	Expenditure General Fund	Expenditure Other Funds	Revenue General Fund	Revenue Other Funds
23	Police	MPOA MOU 5% Adjustment	On Dec. 15, 2020, the City Council approved a side letter with the Milpitas Police Officer Association to forgo a 5% wage increase effective Jan. 1, 2021. This action reduces the Police Department's budget with a corresponding increase to the General Fund Budgdet Stabilization Reserve.	(537,377)			
24	Police	RATTF (Regional Auto-theft Task Force) Grant	This action recognizes the Regional Auto Theft Task Force grant revenue.			39,301	
25	Police	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	576,678			
26	Non-Departmental	Sales Tax Decrease	Revenue estimate is adjusted downward, due to lower expected sales tax revenue related to COVID-19 pandemic.			(3,865,734)	
27	Non-Departmental	Transient Occupancy Tax Decrease	Revenue estimate is adjusted downward, due to lower expected hotel activity related to COVID-19 pandemic.			(9,352,683)	
28	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action decreases the General Fund FY21-22 Future Deficit Reserve.	(13,218,417)			
29	Non-Departmental	Transit Area Specific Plan (TASP) Advance Repayment	In 2014, the City Council approved a loan in the amount of $5 million from the General Fund to the TASP Fund. This action is repaying the loan with accrued interest.			5,431,671	
30	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	5,431,671			
31	Non-Departmental	Transit Area Specific Plan (TASP) Advance Repayment	In 2014, the City Council approved a loan in the amount of $5 million from the General Fund to the TASP Fund. This action is repaying the loan with accrued interest.		5,431,671		
32	Non-Departmental	Adjustment to the TASP Fund Balance	This corresponding action decreases the TASP Fund fund balance.		(5,431,671)		
33	Non-Departmental	Public Art	This action allocates funding related to Public Art from the Non-Departmental Operating Budget to the Public Art Project CP 3489.		(97,500)		
34	Non-Departmental	Increase of Public Art Fund Balance	This corresponding action increases the Public Art Fund Balance.		97,500		
35	Non-Departmental	Retiree Medical Plan Contribution Savings	The City provides two retiree medical benefits (Retiree Medical Plan and Dependent Care Funds), which were previously actuarially analyzed as one plan. Due to establishing a seperate valuation for each plan, the annual determined contribution as calculated by the City's actuary for the Retiree medical plan was adjusted down significantly.	(2,544,141)	(289,899)		
36	Non-Departmental	Utility Fund Reserve Adjustments	This adjust utility fund reserve balances consistent with Council approved Reserve Policies.	2,544,141	289,899		
37	Non-Departmental	Vacancy Savings Adjustment	General Fund Vacancy savings as anticipated in the FY 2020-21 are allocated to various departments from non-departmental based on vacancy savings generated during the first six months of the current fiscal year.	3,057,627			
38	Various Departments	Vacancy Savings Adjustment - Departments	Vacancy savings is re-allocated to various departments from non-department.	(3,057,627)			
39	Non-Departmental	Coronavirus Relief Act	This action recognizes revenue from the Coronavirus Relief Act.			962,595	
40	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	962,595			
41	Non-Departmental	Reimbursement from Employment Development Department	This action recognizes unemployment expenditure reimbursements from the State of California provided as part of the CARES Act.			174,009	
42	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	174,009			
43	Non-Departmental	Lease Revenue Interest Payment	Payment for the General Fund Lease Revenue Bonds.	411,938			
44	Non-Departmental	Bond Proceeds	This action recognizes bond proceeds for debt service payment.			411,938	
45	Non-Departmental	Hetch Hetch Lease	Based on the current expenditure trend, the Hetch Hetch Lease budget needs to be increased to match expenditure.		500		
46	Non-Departmental	Adjustments to the Hetch Hetch Fund Unassigned Reserve	This corresponding action decreases the Hetch Hetch Fund unassigned Reserve.		(500)		

Item #	Department	Title	Description	Expenditure General Fund	Expenditure Other Funds	Revenue General Fund	Revenue Other Funds
47	Non-Departmental	Interest Income Reduction	Interest income is reduced to match the current trend in interest earnings.			(364,000)	
48	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action decreases the General Fund FY21-22 Future Deficit Reserve.	(364,000)			
49	Non-Departmental	Reduction of CFD-2008 Transfer-In	After the adoption of the budget, the City's consultant adjusted the transfer amount by $0.4 million based on the assessed valuation for FY 2020-21.			(395,000)	
50	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action decreases the General Fund FY21-22 Future Deficit Reserve.	(395,000)			
51	Non-Departmental	Executive Staff Car Allowance Suspension	On January 5, 2021 the City Council suspended the car allowance for executive staff for the remainder of FY20-21.	(39,600)			
52	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	39,600			
53	Non-Departmental	Coffee Service Elimination	Due to Public Health Order, coffee service is not recommended as it encourages gathering of employees.	(9,900)	(1,100)		
54	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve, Water Fund Balance and Sewer Fund Balance	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve, Water Fund Balance and Sewer Fund Balance.	9,900	1,100		
55	Non-Departmental	Delta Dental Balance Refund	Delta Dental is refunding overfunded portion of the City's balance that exceeded the minimum recommended reserve.			220,000	
56	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	220,000			
57	Non-Departmental	Reversal of FY2019-20 General Fund Contribution for Infrastructure Improvements	This action reverses the transfer from General Fund to General Government CIP fund that occurred in FY2019-20 and will decrease General Government CIP fund balance.	(4,000,000)			
58	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	4,000,000			
59	Non-Departmental	Additional Library Hours Funding Adjustment	Library hours have been significantly reduced due to effects of COVID, which resulted in a decrease in Library funding.	(160,624)			
60	Non-Departmental	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	160,624			
61	Recreation	Recreation Community Services Department Adjustments	Due to COVID-19 related restrictions, staff has not been able to provide certain services to residents including seniors and youth and has not been able to provide certain programs related to sports and fitness, performing arts, and aquatics and hold community events. This action reduces the expenditures and revenues related to these activities.	(1,411,023)		(2,775,000)	
62	Recreation	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action decreases the General Fund FY21-22 Future Deficit Reserve.	(1,363,977)			
63	Various Departments	Mid-Year Defunding of Positions and Other Personnel Cost Reductions	14.0 positions and other personnel costs are defunded one-time or ongoing or eliminated as detailed in Attachment 6 of this staff report.	(1,490,424)			
66	Various Departments	Departmental Anticipated Budget Savings	Various Departments' budgets are reduced based on projection for anticipated savings to fund the FY 2021-22 Future Deficit Reserve.	(1,400,000)			
67	Various Departments	Adjustment to the General Fund FY21-22 Future Deficit Reserve	This corresponding action increases the General Fund FY21-22 Future Deficit Reserve.	2,890,424			
			Total	**(8,722,293)**	**-**	**(8,722,293)**	**-**
			FY 2021-22 Future Deficit Reserve	**1,452,576**			

Capital Budget Adjustments

Item #	Department	Title	Description	Expenditure General Fund	Expenditure Other Funds	Revenue General Fund	Revenue Other Funds
C1	Public Works	CP 3438 - Annual Tree Replacement Program	Funding is no longer needed for this project.		(60,000)		
C2	Public Works	Adjustment to General Government CIP Fund Balance	This corresponding action increases General Government CIP Fund Balance.		60,000		
C3	Engineering	CP 3411 - Sinclair LLMD Improvement 98-1	Santa Clara Valley Water District provided reimbursement for settlement of expenditures.		41,125		41,125

Attachment #5: FY 2020-21 Mid-Year Budget Adjustment Recommendations

Item #	Department	Title	Description	Expenditure General Fund	Expenditure Other Funds	Revenue General Fund	Revenue Other Funds
C4	**Finance**	CP 3435 - Finance System Upgrade	Appropriation needed for Cayenta contract to convert the Actuate reports to Cognos report for the utility billing module. Actuate reports are not supported, anymore.		100,000		
C5	**Finance**	Adjustments to the Water and Sewer Fund Balance	This corresponding action decreases the Water and Sewer Fund Balance by 50k each.		(100,000)		
C6	**Engineering**	CP 2019 - TASP Recycled Water Distribution Reimbursement Correction	Accounting correction of developer reimbursements from Capital Projects vs TASP fund.		(599,609)		
C7	**Engineering**	Adjustments to the TASP Fund Balance	This corresponding action increases TASP fund balance.		599,609		
C8	**Engineering**	CP 7076 - Well Upgrade Project	Reduce water bond funding		(1,500,000)		
C9	**Engineering**	CP 7076 - Well Upgrade Project	This corresponding action increases the Water Bond Fund		1,500,000		
C10	**Engineering**	CP 7076 - Well Upgrade Project	Replace water bond funding with capital surcharge		1,500,000		
C11	**Engineering**	CP 7076 - Well Upgrade Project	This corresponding action decreases the Water Capital Surcharge Fund		(1,500,000)		
C12	**Engineering**	CP 7121 - Automated Water Meter Replacement	Increase water bond funding		2,600,000		
C13	**Engineering**	CP 7121 - Automated Water Meter Replacement	This corresponding action will increase the Water Capital Surcharge Fund		(2,600,000)		
C14	**Engineering**	CP 7121 - Automated Water Meter Replacement	Appropriation of 200k for CP 7121 to ensure sufficient funding of project.		200,000		
C15	**Engineering**	CP 7121 - Automated Water Meter Replacement	This corresponding action decrease the capital surcharge		(200,000)		
C16	**Planning**	CP 3416 - General Plan Update	Return funds to community planning fee fund due to receipt of developer contributions.		(750,000)		
C17	**Planning**	Adjustments to the Community Planning Fee Fund Unassigned Reserve	This corresponding action increases Community Planning Fee Fund Balance.		750,000		
C18	**Recreation**	Reduction in Public Art Fund Balance	This corresponding action decreases the Public Art Fund Balance.		(97,500)		
C19	**Recreation**	CP 3489 – Establish Public Arts Project	This corresponding action appropriates the funding into CP 3489.		97,500		
				-	41,125	-	41,125

Attachment #6: FY 2020-21 Mid-Year Position and Other Personnel Cost Reduction Recommendation

Item #	Department	Proposal	FTEs	Frequency	General Fund	Description	Performance Impact	Mitigation
P1	**Building Safety & Housing**	Building Safety Career Entry Program Elimination	N/A	Recurring	(634,948)	This action eliminates the building safety career entry program which funds temporary/career-entry temporary positions (Assistant Building Inspector/Career-Entry, Temporary Building Inspector, and Temporary Assistant Plan Checker/Career-Entry). The funding these positions was added in FY2019-20 to establish a model program to develop the next generation of Building Inspectors and Plan Checkers as significant retirements continue to occur across the building industry. Due to the need to fill senior staff positions first in order to train new staff, senior staff positions were filled in FY2019-20, the program was not utilized. Further, as the pandemic occurred, recruitments stopped and these temporary/career-entry positions remain unfilled.	No performance impact is anticipated since these positions were never filled.	No mitigation measures identified because service level is not reduced.
P2	**Building Safety & Housing**	Plan Review Staffing Reduction	1.0	Recurring	(60,167)	This action defunds 1.0 vacant Plan Checker position, which has been vacant since February 2020.	Since the position has been vacant for 12 months, the impact is expected to be minimal. Permit activities will continue to be monitored for the remainder of FY 2020-21 to assess the impact on service delivery and staffing level.	To address temporary peak demand and minimize service level impacts, staff intends to supplement remaining budgeted resources with contractual services.
P3	**Building Safety & Housing**	Building Inspector Staffing Reduction	1.0	Recurring	(65,827)	This action defunds a 1.0 vacant Building Inspector position, which has been vacant since November 2019.	Since the position has been vacant for over one year, the impact is expected to be minimal. Permit activities will continue to be monitored for the remainder of FY 2020-21 to assess the impact on service delivery and staffing level.	To address temporary peak demand and minimize service level impacts, staff intends to supplement remaining budgeted resources with contractual services.
P4	**City Council**	Intern Funding Reduction	N/A	One-Time	(73,700)	This action defunds unused temporary salary funding (July 1, 2020 to January 31, 2021)	None.	No mitigation measures identified because service level is not reduced.
P5	**City Manager**	Intern Funding Reduction	N/A	Recurring	(18,602)	This action eliminates temporary salary funding for one intern position.	The impact is expected to be minimal since the Intern position has remained vacant during the current fiscal year.	No mitigation measures identified because service level is not reduced.
P6	**Economic Development**	Intern Funding Reduction	N/A	Recurring	(15,600)	This action eliminates temporary salary funding for one intern position (February 15 to June 30, 2021) and authorizes the elimination of ongoing funding in the amount of $17,500.	The impact is expected to be minimal since interns are mostly hired for specific projects.	No mitigation measures identified because service level is not reduced.
P7	**Engineering**	Land Development Staffing Reduction	1.0	Recurring	(67,347)	This action defunds a 1.0 Vacant Associate Civil Engineer Position. This Position was approved in FY17-18 budget. Primary Managing Land Development Projects. Position became vacant on March 2020, and due to the Covid-19 lockdown position remained vacant.	No performance impacts are anticipated because the economy has slowed and private development project construction has shrunk correspondingly.	No mitigation measures identified because service level is not reduced.
P8	**Finance**	Risk, Debt and Investment Oversight Staffing Reduction	1.0	Recurring	(54,709)	This action defunds a 1.0 vacant Financial Analyst position. This position was added in the FY 2020-21 Adopted Budget to establish a citywide Risk Management Program primarily focusing on loss prevention and be responsible for the City's investment and debt management function. Due to the hiring freeze for non-essential positions, this position has been vacant for seven months.	No performance impact are anticipated because this position was never filled. However, potential savings related to proactive loss prevention will not be realized.	The City will continue to rely on loss prevention efforts initiated by departments and Finance will focus remaining staff working with consultants to ensure compliance of the City's investment and debt management program with applicable rules and regulations.
P9	**Finance**	Finance Staff Funding Alignment	N/A	Recurring	(26,625)	This action reallocates 25% of a Senior Accountant position and 9% of the Assistant Finance Director position total personnel cost to CIP funding. The reallocation aligns the duties performed by these positions with the funding source as a portion of these positions' time is spent on CIP related projects.	No performance impact is anticipated because it is only shifting the funding source.	No mitigation measures identified because service level is not reduced.
P10	**Fire**	Fire Prevention Staff Reduction	1.0	Recurring	(58,500)	This action defunds 1.0 vacant Entry Level Fire Prevention Inspector, which has been vacant since July 2019. This position was added in the FY 2019-20 Adopted Budget to establish succession planning within the Fire Prevention Bureau, create a potential for Fire Operations personnel to have a pathway into the Fire Prevention Division, and address the increased construction/major development inspection demands anticipated two years ago.	No immediate performance impact is anticipated because this position was never filled.	No mitigation measures identified because service level is not reduced.
P11	**Human Resources**	Human Resources Staff Reduction	1.0	Recurring	(45,851)	This action defunds 1.0 vacant Human Resources Technician position until January 1, 2022. Due to the hiring freeze for non-essential positions, the position has remained vacant since August 2020.	By defunding this position, the implementation of Human Resources technology solutions that impact Citywide operations will be delayed, including employee onboarding and automated employee performance evaluation systems. Additionally, it reduces staff capacity to streamline processes, slows progress on updating City policies and procedures and reduces program redundancy, making the department vulnerable in times of staff turnover.	No mitigation measures identified because service level is not reduced.
P12	**Information Technology**	Information Technology Staff Reduction	1.0	Recurring	(64,689)	This action defunds 1.0 vacant IT Analyst Position until June 30, 2022. The position was added as part of the adoption of the FY 2021-22 Budget.	Defunding the IT Analyst will not have negative impact to the department. The department implemented better infrastructure and has converted physical servers to virtual servers which reduces staff resources to maintain current level of support. Staff has also introduced automation to system backup and cybersecurity protection which used to be managed by 1 dedicated staff.	No mitigation measures identified because service level is not reduced.
P13	**Public Works**	Facility Maintenance Staffing Reduction	1.0	Recurring	(49,507)	This action defunds 1.0 Equipment Maintenance Worker II, which has been vacant since July 2019. The position was approved in FY2019-20 to support mechanical, electrical, and plumbing maintenance and repair at City facilities. The position recruitment was initially postponed in part in order to accelerate other Citywide recruitments and subsequently frozen due to COVID-19 and related forced shut-down of City facilities.	With the continued closure of City facilities, the impact this action is minimal. However, once the City returns to pre-pandemic operation, preventative maintenance of facilities may be delayed.	Staff will focus on preventative maintenance tasks in order of criticality.
P14	**Public Works**	Storm Maintenance Staffing Reduction	1.0	Recurring	(52,031)	This action defunds 1.0 vacant Equipment Maintenance Worker III, which has been vacant since July 2020. The position performs O&M all of the Cities 13 storm water pump stations.	By defunding this position some ground maintenance and pump station facility maintenance may be deferred since staff would be focused on preventative maintenance work on the storm system.	Existing staff will continue splitting the duties among existing staff.

Item #	Department	Proposal	FTEs	Frequency	General Fund	Description	Performance Impact	Mitigation
P15	**Public Works**	Trees and Landscape Seasonal Maintenance Worker Reduction	N/A	Recurring	(12,767)	This action eliminates funding for one temporary staff out of five temporary staff. The temporary staff performs a variety of entry-level and unskilled maintenance and repair duties in landscape maintenance from March through October each calendar year.	The impact of this proposal would be the reduction of 1 seasonal Maintenance Worker from the Landscape maintenance division.	Critical tasks which cannot be completed by the remaining four temporary staff, if any, will be assumed by staff from within and other divisions for landscape maintenance and utilize budgeted overtime.
P16	**Recreation & Community Services**	Sports Center Office Assistant Defunding	0.75	One-Time	(29,359)	This action defunds 0.75 vacant Office Assistant position which has been vacant sine July 1, 2019. It was added as part of the FY 2019-20 Adopted Budget to support the Sports Center. This position was created to provide support evening operating hours at the site, and provide a increased level of responsible staff for high traffic periods of program use, until closing. Site hours have been greatly reduced due to pandemic restrictions.	There is no significant public impact at this time, because the workload for Community Center customer service is greatly reduced and can be handled via phone and email by existing staff.	Office assistant duties are being covered by the other sites' PSAs and the Senior PSA and there are currently no evening hours offered at the Sports Center. Because most sites have limited in-person activity, the workload is manageable. If the position is not filled by full return to service, we may need to reduce site hours or pull staff from other duties.
P17	**Recreation & Community Services**	Community Center Public Services Assistant Defunding	1.0	One-Time	(40,428)	This action defunds 1.0 vacant Public Services Assistant (PSA) position which has been vacant sine July 1, 2019. It was added as part of the FY 2019-20 Adopted Budget to support the Community Center. The position was funded to allow the Senior PSA, who is currently covering the PSA level duties, to focus on higher level assignments, supporting the Director and Assistant Director. The Community Center is closed due to pandemic restrictions.	There is no significant public impact at this time, because the workload for Community Center customer service is greatly reduced and can be handled via phone and email by existing staff.	Community Center PSA duties are being covered by the other sites' PSAs and the Senior PSA. Because the other sites have limited in-person activity , the workload is manageable. If the position is not filled by full return to service, we may need to reduce counter hours or pull staff from other duties.
P18	**Recreation & Community Services**	Program Coordinator Defunding	1.0	One-Time	(48,232)	This action defunds 1.0 Program Coordinator position which has been vacant since January 2020. This position is responsible for Special Events and Arts programming and the areas it oversees are operating at a greatly reduced level (virtual and drive-thru only) due to pandemic restrictions.	There is no significant public impact at this time, because the workload in the Events unit is greatly reduced and is being handled by existing staff.	Events program coordinator responsibilities planning and executing virtual and drive-thru are being handled by a supervisor and other full and part-time staff. As those staff have other responsibilities and are not able to devote their full attention to it, virtual and drive-thru events are necessarily modest in scale.
P19	**Recreation & Community Services**	Rec Serv Asst III Defunding	1.0	Recurring	(33,790)	This action defunds 1.0 vacant Recreation Services Assistant III position which has been vacant sine July 1, 2019. It was added as part of the FY 2019-20 Adopted Budget. This position was created to provide support to Recreation Coordinator for Events, due to the heavy workload. Events have been operating at reduced level (virtual and drive-thru only) due to pandemic restrictions.	There is no significant public impact at this time, because the workload in the Events unit is greatly reduced and can be handled by existing staff.	No mitigation is needed because the workload has reduced so greatly. This will only impact performance if events return to pre-pandemic scale before this position is funded and filled.
P20	**Recreation & Community Services**	Rec Serv Asst IV Defunding	1.0	Recurring	(37,748)	This action defunds 1.0 vacant Recreation Services Assistant IV position which has been vacant since January 2020. Senior Programs have been operating at reduced level (virtual and drive-thru only) due to pandemic restrictions.	There is no significant public impact at this time, because the workload in the Seniors unit is greatly reduced and can be handled by existing staff.	No mitigation is needed now because the workload has reduced so greatly. If and when Senior Services returns to pre-pandemic level, this will be mitigated by splitting responsibilities among existing staff and relying more heavily on volunteers.
		Total	**13.75**		**(1,490,424)**			

CITY OF MILPITAS
MEASURE F OVERSIGHT COMMITTEE
AGENDA REPORT
(AR)

Item Title:	**Measure F Oversight Committee Proposed Quarterly Meetings**
Meeting Date:	4/26/2021
Staff Contact:	**Lauren Lai, 408-586-3111**
Recommendation:	Approve Measure F Oversight Committee Proposed Quarterly Meetings

Background:

On October 6, 2020, the City Council established the Measure F Oversight Committee (“MFOC” or “Committee”) pending approval of the ballot measure. Council approved the Standardized City of Milpitas Commission By-Laws and approved the roles, responsibilities, and meeting requirements of the Committee as outlined in the addendum thereof (Addendum to Bylaws).

Analysis:

The Committee bylaw states:

> **Meetings:** “The Measure F Oversight Committee shall hold quarterly meetings the 3rd Wednesdays of March, June, September, and December at 7:00 PM at the Committee Conference Room in City Hall, or at another designated location.

However, after further review of the Committee’s advisory areas (e.g. Measure F within the budget and audited report), Staff proposes to modify the quarterly meetings to months that would better align availability of the information relative to the Committee’s responsibilities. Staff proposes the following:

> **Meetings:** “The Measure F Oversight Committee shall hold quarterly meetings the 3rd Thursday of January, April, August, and October at 6:00 PM at the Committee Conference Room in City Hall, or at another designated location.

Should the Committee approve of this amendment, Council would need to approve an amendment to the Committee bylaw Addendum.

Recommendation:
Approve Measure F Oversight Committee Proposed Quarterly Meetings