

CITY OF MILPITAS

FY 2019-2020 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 Adjustment	Alignment of building fee revenues based on 6 months of actuals data			\$ (1,314,000)	
2	Building Safety and Housing	Adjustments to the General Fund Unassigned Reserve	This corresponding action decreases the General Fund Unassigned Reserve balance to offset the decrease in Building revenues.	\$ (1,314,000)			
3	Building Safety and Housing	Affordable Housing Fund Revenue Adjustment	Recognizing Developer contributions in accordance with the Affordable Housing Ordinance				\$ 2,000,000
4	Building Safety and Housing	Adjustment to the Affordable Housing Fund Ending Fund Balance	This corresponding action increases the Affordable Housing Fund Ending Fund Balance.		\$ 2,000,000		
5	City Attorney	Reimbursable City Attorney fees from Developers	This action recognizes the revenue from developers and related reimbursable City Attorney expenditures.	\$ 125,000		\$ 125,000	
6	Engineering	Landscape Maintenance Reimbursement	The City has an agreement with Irvine Community Development to provide annual landscape maintenance at 660 North McCarthy Boulevard funded by the Landscape Maintenance District 95-1. Irvine invoices the City on an annual basis, and the City provides reimbursement to Irvine from the Landscape Maintenance District fund. Due to staff change at Irvine, Irvine has not been invoiced the City of Milpitas for the FY 2018-19 costs. To pay Irvine's invoices for the services provided in FY 2018-19, staff recommends appropriating \$80,000 from the Landscape District's Fund fund balance.		\$ 80,000		
7	Engineering	Landscape Maintenance District 95-1 Fund Ending Fund Balance Adjustment	This corresponding action recommends to reduce the Landscape Maintenance District 95-1 Fund Ending Fund Balance to reimburse Irvine Community Development expenses incurred in FY 2018-19.		\$ (80,000)		
8	Finance	Property Tax Revenue Adjustments	Based on year to date tax proceeds revenue estimates are adjusted upward.			\$ 1,073,000	
9	Finance	Redevelopment Property Tax Trust Fund) (RPTTF) Distribution Revenue Adjustment	Based on year to date tax proceeds revenue estimates are adjusted upward.			\$ 699,000	
10	Finance	Sales Tax Revenue Adjustment	Based on year to date tax proceeds revenue estimates are adjusted upward.			\$ 525,000	
11	Finance	Transient Occupancy Tax Revenue Adjustment	Based on year to date tax proceeds revenue estimates are adjusted downward due to reduced tax proceeds from hotels undergoing renovations and short-term rentals (STRs). The TOT tax revenue estimate related to STRs was assumed at \$260,000. However, the Voluntary Collection Agreement with AirBnB will not go into effect until March 1, 2020.			\$ (983,000)	
12	Finance	Adjustments to the General Fund Unassigned Reserve	This corresponding action increases the General Fund Unassigned Reserve due to higher than anticipated tax proceeds revenue.	\$ 1,314,000			

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13	Finance	IT Phone and Networking Equipment Lease Purchase Annual Debt Payment	The City entered into a loan purchase agreement with Key Government Finance on 12/18/18 for a 5 year term to purchase IT phone and networking equipment. However, inadvertently, the funding for the debt service payment for the second year of the lease was not included in the FY 2019-20 Adopted Budget. This recommended action corrects the oversight and ensures that the City complies with the agreed debt service schedule.		\$ 202,222		
14	Finance	IT Phone and Networking Equipment Lease Purchase Remaining Debt Early Payoff	The City entered into a loan purchase agreement with Key Government Finance on 12/18/18 for a 5 year term to purchase IT phone and networking equipment. The loan is scheduled to be paid off in 2023 after 3 more annual payments of \$202,222. Total payments would equal \$606,666 over the next three years. The City has a pre-payment option that would cost a total of \$576,813 if paid by March 31st, 2020 (\$557,608 principal balance; \$2,436 interest; \$16,729 pre-payment penalty). Based on the current interest earnings of approximately 2%, it is estimated that approximately \$24,000 in interest earnings would be generated by not paying of the debt early. Therefore, total cost of the pre-payment comes to \$600,813. Exercising the pre-payment option would save the City nearly \$6,000 in total cost over the three year period and would allow staff to focus on more value added activities.		\$ 576,813		
15	Finance	General Government Fund Ending Fund Balance Adjustment	This corresponding action recommends to reduce the General Government Fund Ending Fund Balance to pay for the debt service for the lease revenue financing used for the LAN/WAN Network Upgrade.		\$ (779,035)		
16	Fire	Fire Command Vehicles Upfitting	On March 19, 2019, the City Council authorized the purchase of three Chevy Tahoes SUVs. In the staff report that recommended the purchase of the vehicles, it stated that once the vehicles are		\$ 34,399		
17	Fire	Adjustment to the Equipment Replacement Fund Ending Fund Balance	This corresponding action funds the installation of radios, sirens and emergency lights from the Equipment Replacement Fund ending fund balance.		\$ (34,399)		
18	Non-Departmental	Net Zero Vacancy Savings Allocation	The FY 2019-20 General Fund Budget includes assumed Vacancy Savings in the amount of \$2,732,255 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 as follows: Building \$ 498,256 Engineering \$ 225,574 Finance \$ 137,700 Human Resources \$ 51,637 Information Technology \$ 263,623 Planning \$ 8,153 Police \$ 1,187,661 Public Works \$ 246,411 Recreation \$ 113,240	\$ -			

Item #	Department	Title	Description	Expenditure General Fund	Expenditure Other Funds	Revenue General Fund	Revenue Other Funds
19	Police	Police Motorcycle Replacement Funding	The current fleet of 7 Honda ST1300Ps and 1 Kawasaki KZ1000 have reached the end of its useful life. The motorcycles are 9 to 16 years old. The outdated equipment has reduced reliability of service and does not meet the Police Department's requirement for extreme performance and safety measures for our officers. The estimated total funding need is \$161,000 of which \$82,000 is available in the Equipment Replacement Fund. Therefore, staff recommends to appropriate the remaining balance of \$79,000. Once the funding is approved, staff will issue a bid to replace 5 out of 7 motorcycles in the fleet with BMW 2360RT-P or equivalent.	\$ 79,000			
20	Police	Adjustments to the General Fund Unassigned Reserve	This corresponding action reduces the General Fund Unassigned Reserve Balance to fund the replacement of Police motorcycles which reached the end of their useful life.	\$ (79,000)			
21	Recreation	Tournament Fees Revenue Adjustment	Revenues from tournament events are adjusted downward as less sport tournaments have been booked than anticipated. With an increased marketing effort, staff expects to increase revenues related to tournaments for FY 2020-21.	\$ -		\$ (12,000)	
22	Recreation	Milpitas Assistance Program	On August 20, 2019, the City Council approved the Milpitas Assistance Program (MAP) with \$27,000 in initial funding for recreation programs. After approval of the program, staff established the administrative processes including the communication to potential eligible residents. Based on MAP's initial application period, which closed December 4, submitted applications are expected to require \$47,750 of funding for the program. Therefore, staff recommends allocating an additional \$30,000 of funding bringing the total amount available for MAP dedicated to recreation programs to \$57,000. The additional funding of approximately \$9,000 will be allocated to additional funding requests.	\$ 30,000		-	
23	Recreation	Adjustments to the General Fund Unassigned Reserve	This corresponding action reduces the General Fund Unassigned Reserve Balance to offset the reduction in Tournament Fees Revenue and to provide additional funding for MAP related to recreation programs.	\$ (42,000)			
				\$ 113,000	\$ 2,000,000	\$ 113,000	\$ 2,000,000

Capital Budget Adjustments

Item #	Department	Title	Description	Expenditure General Fund	Expenditure Other Funds	Revenue General Fund	Revenue Other Funds	
C1	Finance	LAN/WAN Project Accounting Correction	The City entered into a loan purchase agreement with Key Government Finance on 12/18/18 for a 5 year term to purchase IT phone and networking equipment. The funding from the General Government fund and equipment fund was supposed to pay for the Debt Service and should have been budgeted in the General Government Fund. To replace the funding source from General Government Fund (\$854,245) and Equipment Replacement Fund of (\$98,000) for a total of \$952,245 with Lease Revenue Financing of \$780,000.				\$ (952,245)	
							\$ 952,245	
C2	Engineering	Street Resurfacing 2018	To replace the funding source from General Government Fund (\$991,917) and Gas Tax Fund of (\$390,068) for a total of \$1,381,985 with Measure B Funds. Measure B funds are more restrictive and this funding source should be used first.				\$ (991,917)	
							\$ (390,068)	
							\$ 1,381,985	
C3	Engineering	Street Resurfacing Project 2018-19	Replace Gas Tax Funding of \$1,985 with Measure B funds of \$1,985. Measure B funds are more restrictive and this funding source should be used first.				\$ 1,985	
							\$ (1,985)	
			In FY19, inadvertently, \$1.6 M was transferred in error from this project to the General fund. This action returns the General Fund money to the project in order to be in compliance with the State Maintenance of Effort requirements related to SB1 - RMRA. Senate Bill (SB) 1 created the Road Maintenance and Rehabilitation Program to address deferred maintenance on the local street and road system.			\$ 1,600,000		
				This corresponding action reduces the General Fund Unassigned Reserve Balance to offset the transfer to the Street Resurfacing Project 2018-19.	\$ (1,600,000)			
			In FY19, inadvertently, \$1.6 M was transferred in error from this project to the Gas Tax Fund. The Gas Tax Fund money needs to be returned to the project which was originally budgeted for this project.					\$ 1,600,000
				This corresponding action reduces the Gas Tax Ending Fund Balance to offset the transfer to the Street Resurfacing Project 2018-19.		\$ (1,600,000)		
C4	Engineering	Street Resurfacing Project 2019-20	Replace Gas Tax funds with Measure B funds to reflect eligible amount for reimbursement. Measure B funds are more restrictive and this funding source should be used first.				\$ 23,431	
							\$ (23,431)	
C5	Engineering	Montague Expwy Widening at Great Mall Pkwy	Replace TASP fee with Milpitas Business Park Traffic Impact Fee. Traffic Impact fees are more restrictive and this funding source should be used first.				\$ (380,000)	
							\$ 380,000	
				\$ (1,600,000)	\$ (1,600,000)	\$ 1,600,000	\$ 1,600,000	