

RESOLUTION NO. _____

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS AND THE MILPITAS HOUSING AUTHORITY OF THE CITY OF MILPITAS APPROVING THE FY 2021-22 OPERATING BUDGET FOR THE CITY OF MILPITAS AND THE MILPITAS HOUSING AUTHORITY, THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-22, FISCAL POLICIES, AND BUDGET GUIDELINES, AND AUTHORIZING VARIOUS FINANCIAL ACTIONS BY THE CITY MANAGER, INCLUDING APPROVING AND AUTHORIZING THE EXECUTION OF VARIOUS CONTRACTS AND PAYMENTS OVER \$100,000

WHEREAS, the City Manager has submitted a FY 2021-22 Proposed Budget and Financial Plan; and

WHEREAS, on June 1, 2021, a public hearing on the Proposed Budget and Financial Plan was opened where all interested persons were heard; and

WHEREAS, the City Council and Milpitas Housing Authority Commission (“Authority”) reviewed the City Manager’s FY 2021-22 Proposed Budget and Financial Plan; and

WHEREAS, the first year, or FY 2021-22, of the CIP is a part of the 2021-22 Proposed Budget and Financial Plan; and

WHEREAS, Article XIII B, Section 1, of the Constitution of the State of California requires that total annual appropriations subject to limitation of the City of Milpitas shall not exceed the appropriations limit of the City for the prior year adjusted for changes in the cost of living and population except as otherwise provided, also referred to as the Gann Appropriations Limit; and

WHEREAS, this Article became effective July 1, 1980, as amended, which requires the City to establish its appropriations limit by resolution each year at a regularly scheduled meeting or a noticed special meeting, commencing after the beginning of each fiscal year; and

WHEREAS, the appropriations base for 1978-79 had been determined and since adjusted by the changes in population, cost of living, and transfers of financial responsibility, establishing an appropriations limit for fiscal year 2021-22 of \$119,175,291; and

WHEREAS, the calculations for the appropriations limit are included as part of the budget document materials being considered and approved by the City Council as part of this Resolution; and

WHEREAS, documentation used in determining the appropriations limit has been made available to the public for a period of not less than fifteen (15) days prior to City Council consideration of this Resolution consistent with Government Code Section 7910; and

WHEREAS, the budget document contains fiscal policies that the City Council has reviewed and approved and which are updated from time to time, as follows: General Financial Goals, Operating Budget Policies, Revenue and Expenditure Policies, Utility Rates and Fees, Capital Budget Policies, Debt Policies, Reserve Policies, Investment Policies, and Accounting/Auditing and Financial Reporting Policies; and

WHEREAS, the budget document contains budget guidelines that the City Council has reviewed and approved and which are updated from time to time, as follows: Basis of Budgeting; Budget Calendar requirements; form and content of the City Manager's Proposed Budget; adoption of the Budget by June 30th; the City Manager’s budget authority; requirement that budget amendments be approved by the City Council; budget transfers and modification procedures; automatic adjustments and re-appropriations; budget monitoring and reporting; and reserve requirements for all funds.

NOW, THEREFORE, the City Council of the City of Milpitas and the Milpitas Housing Authority Commission hereby find, determine, and resolve as follows:

1. The City Council and Authority have considered the full record before them, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to them. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. The annual Budget and Financial Plan, as attached in the City Council meeting packet, inclusive of capital improvement appropriations, for the City of Milpitas for fiscal year 2021-22 is hereby affirmed and adopted totaling \$195,169,140 for all appropriated funds.
3. The amounts shown as “Appropriations” and estimated fund balances are hereby approved for the various purposes designated in the 2021-2022 Adopted Budget.
4. The budgets for all departments for the period July 1, 2021 through June 30, 2022, inclusive, contained in this 2021-22 Adopted Budget, are approved as the operating budget for those departments for fiscal 2021-22.
5. The appropriations limit for fiscal year 2021-2022 shall be \$119,175,291 as shown in **Exhibit 1**.
6. Pursuant to Government Code Section 7910, no judicial action or proceeding to attack, review, set aside, void, or annul the action of the City Council in establishing the appropriations limit for fiscal year 2021-2022 shall be brought unless such action or proceeding shall have been commenced within forty-five (45) days of the date of adoption of this Resolution.
7. Any unused non-salary and benefits-related appropriations at the end of fiscal 2020-2021 may be re-appropriated for continued use in fiscal year 2021-22 subject to the approval of the City Manager. Furthermore, any outstanding contract and/or purchase order obligations (or encumbrances) remaining at the end of FY 2020-2021 are subject to carry-over into FY 2021-22.
8. Subject to any grant restrictions, unspent appropriations that are authorized and funded by grant revenues from prior fiscal year will automatically be carried over to current year’s budgets. Unspent City funded grant appropriations from prior fiscal year will automatically be carried over to the current year’s budgets.
9. As part of year-end closing of the budget, previously appropriated capital project funds will be automatically carried forward to the next fiscal year for the same capital project until the project is closed out.
10. No office, department, or agency shall expend any amount or incur any liability or enter into any contract, which by its terms involves expenditures of money for any purpose in excess of the amounts appropriated for the particular departments, and funds set forth herein.
11. The City Manager may authorize, when in his or her judgment such action is consistent with the purposes and intent of the 2021-2022 Adopted Budget as approved, budget revisions subject to the following conditions:

Prior Council Approval Not Required. Prior approval of the City Council is not required under the following circumstances:

- i. When revisions involve transfers from the Unanticipated Expenditure Reserve less than or equal to the aggregate amount adopted within the budget in any one fiscal year (\$1,100,000 in FY 2021-22), provided that the Council is notified in writing of the revision, giving the reason, the amount of the revision and the year-to-date total amount of revisions as part of the quarterly financial reports.

ii. When revisions involve transfers from the appropriated leave cash-out account less than or equal to the aggregate amount adopted within the budget in any one fiscal year (\$700,000 in FY 2021-22) to the various departments for cash-outs when employees leave City service.

iii. When revisions involve transfers, or reallocations, within any one fund among the various departments or projects, provided that the amount of transfer in any single instance does not exceed \$100,000.

iv. When revisions involve reasonable deviation from the budgeted personnel allocation schedule, provided that at no time the number of permanent funded positions authorized by the City Council is exceeded.

v. When revisions involve hiring full-time employees in overstrength positions for no more than one year as long as appropriations are not exceeded to ensure adequate staffing levels for sworn positions, facilitate training of new employees by the outgoing incumbent or respond to urgent staffing needs.

vi. When revisions involve adding/deleting positions or moving positions between departments to respond to organizational needs, as long as the number of permanent funded positions and the approved personnel cost appropriations remain the same.

vii. When revisions involve allocating, redistributing and/or appropriating monies between department and non-department divisions so as to reflect budgetary savings in one or more departments.

viii. For Police goods and services to be purchased from Asset Seizure funds, the City Manager or his/her designee, has the authority to purchase such goods or services if the expenditures of such goods and services do not exceed the amount designated from Asset Seizure funds as approved by the City Council during the Budget hearing.

ix. To use judgment to modify citywide administrative financial policies and procedures from time to time that are consistent with municipal government best practices unless those policies would otherwise be in conflict with the budget provisions incorporated in this Resolution or the City's Municipal Code.

x. **Exhibit 2** lists contracts and payments that are specifically identified in the budget document and materials enclosed herein. None of these contracts require a formal, public bidding process. The list of contracts and payments is hereby approved and the City Manager is authorized to execute and enter into these contracts and make these payments during fiscal year 2021-22 up to the amounts listed by contract or payment in **Exhibit 2**.

12. Prior Council Approval Required. Prior approval of the City Council is required for revisions to the 2021-2022 Final Budget as adopted if any of the following are involved:

i. An increase in overall appropriation level within any one Fund.

ii. The transfers or reallocation of appropriations greater than \$100,000 between different Funds, except not for reallocations between subfunds within one Fund.

iii. Changes providing for increases or decreases in funded permanent personnel counts in the adopted Budget.

iv. Contract change orders which would cause the aggregate contract amount to exceed \$100,000 and/or exceed prior approved appropriation levels for the subject contract.

- v. Transfers from Unanticipated Expenditure Reserve, which would cause the aggregate amount of \$1,100,000 during fiscal year 2021-22, to be exceeded.
- vi. Result in changes not consistent with the purpose and intent of the Budget as adopted.
- vii. Require an appropriation action from any unassigned fund balances or reserves.

13. Information establishing the current budget situation and steps to be taken to present balanced City Budgets have been presented during the public hearing on this meeting June 1, 2021, and in prior budget presentations.

14. The approval of the 2021-22 Adopted Budget, including the authority to enter into any contract, make payments, or undertake other actions, does not commit the City to any action that may have significant effect on the environment. This is because the actions are financial or administrative and do not directly impact the environment or the environmental impacts of any action would be speculative to analyze at this time. As a result, there is no potential impact on the environment from this action per Section 15061(b) (3) of the California Environmental Quality Act (“CEQA”) Guidelines and this action does not constitute a project under CEQA per CEQA Guidelines Section 15378(b)(4). Although the budget does authorize certain types of contracts to be entered into, none are anticipated to have any environmental impact at the time of entering into the contract, and if ultimately leading to a project that could impact the environment, the impacts of that action will be analyzed once the project is designed and the analysis is no longer speculative.

PASSED AND ADOPTED this _____ day of _____, 2021, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

ATTEST:

APPROVED:

Wendy Wood, City Clerk

Rich Tran, Mayor

APPROVED AS TO FORM:

Christopher J. Diaz, City Attorney