



ECONOMIC DEVELOPMENT COMMISSION Meeting Minutes

Date/Time: Monday, June 6, 2016 at 4:14 pm

Where: Milpitas City Hall, 4th Floor Conference Room (election poll workers were setting up for June 7th Primary in the Committee Conference Room)

Attendees: Chair Ablaza; Commissioners C. Nguyen, M. Nguyen, Nunez, Owens, Peoples, Tsao, Wang, Wettenstein; Economic Development Manager Edesa Bitbadal, and Recording Secretary Rachele Currie

Excused Absence: Vice Chair Brahmbhatt; and Commissioner Strle

Unexcused Absence: Vice Mayor Montano, and Alternate

I. Flag Salute

Chair Ablaza called the meeting to order at 4:14pm and led the Pledge of Allegiance.

II. Roll Call and Seating of Alternates

Chair Ablaza called for Roll. Vice Mayor Montano, Vice Chair Brahmbhatt, Alternate Commissioners Holthaus and Reddy were not present.

III. Public Forum (Please *limit comments to 3 minutes*) – None.

IV. Approval of Agenda

Motion: to approve the agenda as submitted.

Motion/Second: Commissioner Nunez / Commissioner Wettenstein

Motion carried by a vote of:

Ayes: 9
Noes: 0
Absent: Brahmbhatt, Holthaus, Reddy
Abstain: 0

V. Approval of Minutes – April 18, 2016 Commission minutes

Motion: to approve the April 18, 2016 Economic Development Commission Minutes as submitted.

Motion/Second: Commissioner Nunez / Commissioner Tsao

Motion carried by a vote of:

Ayes: 7
Noes: 0
Absent: Brahmbhatt, Holthaus, Reddy
Abstain: C. Nguyen, M. Nguyen

VI. Announcements

A. Council Liaison Update – Vice Mayor Montano is not present at the meeting

B. Commissioner Updates:

Commissioner Wettenstein provided a brief update on the Milpitas International BBQ event.

Commissioner Owens announced that this is her last Commission meeting as she accepted a position at the Monterey Embassy Suites Hotel. Commissioner Tsao reported that the May 21st Cupertino Chamber of Commerce Mandarin Workshop is successful.

C. Staff Report – Economic Development Manager Bitbadal introduced the new Planning Director Bradley Misner. She also announced the Grand Opening of Tea Society, located in the Shapell Center, on June 4th.

VII. New Business

A. Staff Presentation on Comparative Building Permit Fees

This agenda item was requested for information purposes only. Economic Development Manager Bitbadal introduced Keyvan Irannejad, Director of Building Department. The City of Milpitas' fees are based on cost recovery compared to other Bay Area cities' which are based on construction valuation.

We use the actual cost for doing the job based on the actual time used by the staff. The last time the fees were updated was in July 2014 and every two years, fee adjustments are reviewed based on fully-loaded cost effective on July 18, 2016, the new fees will take in effect. And will carry a very minimal 1.6% increase. Fee comparison between Bay Area cities was shown to the Commission.

Director Irannejad added that this department is now accepting drawing submittals electronically. With the use of technology, our staff is now utilizing automated system and makes it more time-efficient compared to the past years, when inspectors come back to the office and type their report. Now, they type and update the report on site because of the iPad use.

B. Staff Presentation on Minimum Wage Study

Economic Development Manager Bitbadal informed the Commission that in September 2015, Cities Association of Santa Clara County had a meeting about minimum wage and they all agreed that they want to do a study on it, to see if we should have a uniform minimum wage throughout the cities in Santa Clara County. How it started is that a City of San Jose student started a petition that the voters passed. Subsequent to that before the state raised the minimum wage – Mtn. View passed it; Santa Clara City passed an \$11/hour minimum wage. UC Berkeley associated firm named Center on Wage and Employment Dynamics – CWED, and opinion research were hired to study economic impacts of minimum wage to \$15 by 2019.

The State of California passed minimum wage to \$15 by 2022 for larger businesses and \$15 by 2023 for smaller businesses. Incremental increase to get to \$15 rather than a very aggressive schedule of \$15 by 2019.

Commissioner C. Nguyen asked what the cut-off number is for large and small businesses; Edesa responded that for our state 25 and more employees for larger businesses. State of CA is the minimum, you can't go lower than California. Commissioner Wettenstein asked if the number 25 comprise of full time equivalent or employees full plus part-time? Ms. Bitbadal believes it's 25 full time employees. Commissioner Wettenstein asked for clarification if it's full time equivalent. Ms. Bitbadal said that normally when they talk about 25 and then number of employees, the term 25 is used it's usually full time. Commissioner Wettenstein followed up with a question if he can have part time that counts half?

Commissioner Wettenstein mentioned 2 points in reviewing the attachment sent to them; a) a small business owner is going to tell a survey person one thing and in reality they may do something different because they don't want to come across like they're discriminating or whatever but I think a lot of small businesses are going to keep their payroll about the same and if the wages go up they will just cut back hours or employees they will not tell you that 20% of people or restaurant will leave they will not admit that. Everybody all employees will say we want to raise but the employers will down play that.

Commissioners Owen and Wettenstein commented that some restaurants like McDonald's, etc. go the robotics route. Economic Development Manager Bitbadal remarked that wages are different from county to county and city to city. Commissioner Wettenstein added that what they pay in Gilroy is different from what they pay in Palo Alto.

Commissioner Peoplesaid that he would really like to see some kind of exemption or something for part time, internships, summer jobs for say people with less than 3 years experience or within 3 years of high school because these kids some of them really need that money whether it's going to junior college or what are their options. At one time you'd be able to have interns and not pay them. If you make a decision to hire someone, normally you're gonna make money on it and my point is there are a lot of tasks that would really benefit these kids that will help you not necessarily to help you on a financial standpoint but it does help you and possibly gives you a chance to find the future employee. We have pretty good luck of getting people that go through and come back and work for us.

Commissioner Tsao thanks Edesa and Liz Ainsworth of Milpitas Chamber of Commerce in putting a lot of thoughts and time into this minimum wage presentation, if we wait a little bit later part of the presentation that they pulled is so creative was able to opt out scenario. She said that she spoke to many restaurant reps/operators and they want her to make sure that they address this to both the Chamber, Economic Development Commission and City Council that restaurants are going to be the big hit. We know that we are gonna go there, it is a State law and nobody can change it. But it's the same thing with the similar plastic bag issue. Milpitas doesn't have to be the first one in line, okay, we are there but we are the last pretty much the last two or three and everybody was really happy. Once people are get trained to this with the recycled bag that's fine, but the first one, people are not ready so when CSJ started \$0.10/bag all the business, you know, Lyons Supermarket told her Milpitas gets all the business and that's what we want. So we don't want to be the first one and decide, in Santa Clara County we are the only one right now proposing this I don't think Alameda is doing this yet so we are in this triangle so we have to compare ourselves not just to Santa Clara County but also have to think of our

neighbor cities in Alameda, keep that in mind and I think Edesa did a very good job with the Chamber to come up with four options to opt out and Economic Development Commission will support that recommendation.

Ms. Bitbadal said that any job loss here is job gain somewhere else but it was phrased in the study as no impacts because 9 of the counties are getting jobs and we're part of 10 counties. The way she sees it is that in her world, she is part of City of Milpitas and they rephrase it to make it sound much more rosier than it is. In general, we are all for minimum wage or else we would not be able to live here but we need to do cost benefit analysis to make that the impacts are not going to hurt business and/or close businesses in our city.

Commissioner Wettenstein stated that his understanding on minimum wage is minimum wage was not supposed to be minimum/living wage it was supposed to be minimum wage that two separate but they've been merged together.

Commissioner Peoples indicated that in our society, you're in education, how hard is it for a kid to get in college everything is pushed into college so easy to get into Junior College and it's kind of expectation and we want people to be more productive and we do not want them to be dishwashers. If we push education but we also raise minimum wage we're kinda working against. Commissioner Wettenstein added that it's counter-productive. If we're dedicated to educating people and getting them good jobs maybe we're not helping by increasing minimum wage. He shared his high school story with the commission as an example of his point being that the young people who will be thinking about these things, whether it's going to cost more going to college vs I can make money doing some job.

Commissioner Owens knows a lot of people who left the area because they can't afford to live here and minimum wage in other counties or state are better so they're only choice is to leave the area.

Commissioner Tsao said that for restaurants, please keep in mind that for every dollar that we raise, it doesn't say \$10.50 right now, but as restaurant owner we still have to pay payroll tax, worker's comp on top of that, so it does translate more costs for us. So two things, either we cut down our labor and use those auto robot to replace, a lot of tenants calling her and come up with the robot concept and she asked what they mean about that, it was explained to her that with \$15 minimum wage they could not afford and punch onto computer or high tech ordering we only have the chef in the back working; or they are going to raise the price on the menu. Commissioner Peoples said raising the menu price is not really a solution because there are a lot of restaurant choices for the consumer to choose from thus restaurants have to compete.

Commissioner Nunez commented that If he is in Orange County it would be the same impact as this county but in Fresno it's really different -- county by county is different but a statewide minimum wage doesn't make sense; minimum wage is the wrong term for me anyway, it's more of a living wage I get that here but if I'm making \$15/hour in Fresno it's really quite different. Commissioner Wettenstein added you can afford to live (on Nunez comment about Fresno). He asked if Ms. Bitbadal is looking for this committee to do something some type of recommendation to City Council. Ms. Bitbadal responded that this agenda item is only just informational but I can bring it back if you wish, it's going to City Council tomorrow and would like to bring it to this commission before City Council to keep them informed but there's a possibility that tomorrow night, the Council will give direction to staff.

Edesa finished her presentation; Commissioner C. Nguyen asked if the study received feedback from San Francisco to which Ms. Bitbadal answered "No" because San Francisco's economy is so different as it's based on tourism.

VIII. Unfinished Business – None

IX. Adjourn – Commissioner Nunez motioned, and seconded by Commissioner M. Nguyen to adjourn the meeting at 5:59pm to the regularly-scheduled commission meeting on Monday, August 8, 2016, at 4:00pm. The motion carried unanimously.