



# ECONOMIC DEVELOPMENT COMMISSION Meeting Minutes

**Date/Time:** Monday, September 12, 2016 at 4:01 pm

**Where:** Milpitas City Hall, Committee Conference Room

**Attendees:** Vice Mayor Montano (at 4:20pm; Chair Ablaza; Vice Chair Brahmbhatt (at 4:15pm), Commissioners Holthaus, C. Nguyen, M. Nguyen, Nuñez, Reddy, Strle, Tsao (at 4:10pm), Wang, Wettenstein; Economic Development Manager Edesa Bitbadal.

**Excused Absence:** Commissioner Peoples

**Unexcused Absence:** None

## I. Flag Salute

Chair Ablaza called the meeting to order at 4:01pm and led the Pledge of Allegiance.

## II. Roll Call and Seating of Alternates

Chair Ablaza called for Roll. Vice Mayor Montano came in at 4:20pm; Vice Chair Brahmbhatt came in at 4:15pm and Commissioner Tsao came in at 4:10pm; Alternate Commissioners Holthaus and Reddy were seated.

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

## IV. Approval of Agenda

Motion: to approve the agenda as amended with the addition of New Business item stated above.

Motion/Second: Commissioner Nuñez / Commissioner Wettenstein

Motion carried by a vote of:

Ayes: 9  
Noes: 0  
Absent: Brahmbhatt, Peoples, Tsao  
Abstain: 0

## V. Approval of Minutes – August 8, 2016 Commission minutes

Motion: to approve the August 8, 2016 Economic Development Commission Minutes as submitted.

Motion/Second: Commissioner Strle / Commissioner Holthaus

Motion carried by a vote of:

Ayes: 10  
Noes: 0  
Absent: Brahmbhatt, Peoples  
Abstain: 0

## VI. Announcements

**A. Council Liaison Update** – Vice Mayor Montano not present.

**B. Commissioner Updates:** Various announcements from Commissioners.

**C. Staff Report** – Economic Development Manager announced her attendance to the ICSC conference in San Diego last month. Commission will be updated today of sales tax information. Ms. Bitbadal also mentioned that she will be going to a conference to receive an award this month.

## VII. New Business

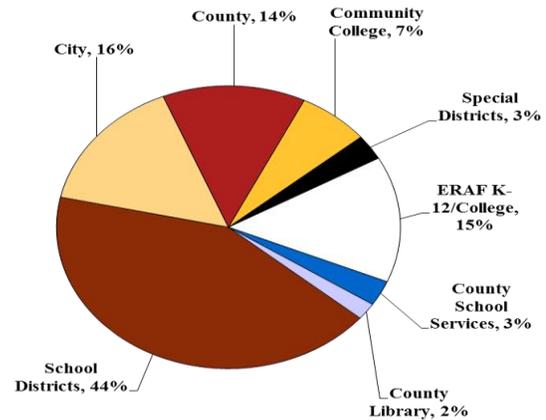
### A. Sales Tax / Property Tax / Transient Occupancy Tax Staff Presentation

Economic Development Manager Bitbadal introduced Director of Financial Services Russell Morreale.

Mr. Morreale gave a presentation on City finances focusing on three major components of the budget: a) sales tax; b) property tax; and c) hotel tax – known as transient occupancy tax. He mentioned that the City currently has \$82.7 million budget; and we have three major sources that make up 70% of the budget - \$27 million from property tax; \$22 million from sales tax; and \$8.7 million from TOT. Building and Planning fees also drive the City revenues.

Director Morreale informed the Commissioners about the allocation of 1% base property tax for a home with assessed value of \$500,000 (see table and chart below.)

1% base property tax for a home with assessed value of \$500,000:	
Assessed value	1% Tax
\$500,000	\$5,000
Homeowner exemption	
(\$7,000)	(\$70)
Net Property Tax	\$4,930
City's Share at 16%	\$789

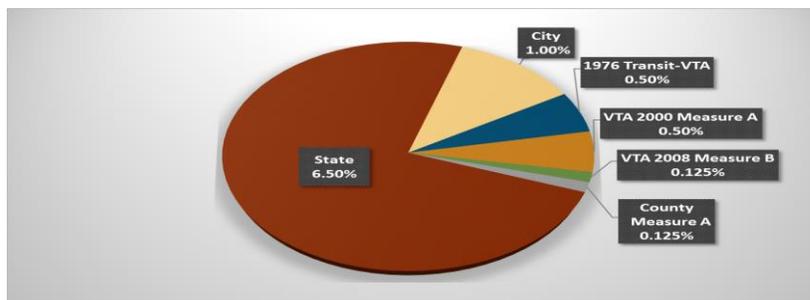


Mr. Morreale briefly mentioned the various taxing agency that has special assessment taxes – City of Milpitas does not have any special tax (see tables below.)

Taxing Agency	Rate
1% Base Levy	1.0000%
Unified School District	0.0570%
County Retirement Levy	0.0388%
County Library	0.0024%
Community College	0.0247%
2008 County Hospital	0.0088%
SCVWD	0.0057%
<b>City of Milpitas</b>	<b>None</b>
Total Assessed Value Rate	1.1374%

Taxing Agency-Special Assessment Taxes	Amount
MUSD Parcel Tax	\$84.00
SCVWD	\$80.16
Vector Control/Mosquito Assmt	\$13.44
Library	\$33.66
<b>City of Milpitas</b>	<b>None</b>
Total Special Assessment Taxes	\$211.26

He then turned to Ms. Bitbadal to continue the presentation on sales tax. Ms. Bitbadal explained that sales tax come from different sources such as retail, restaurants, and other segments. She also mentioned the allocation of 8.75% sales tax divided as follows:



Economic Development Manager talked about top sales tax generators within the City; and briefly discussed the differences nearby cities in annual per-capita sales tax, regional differences in taxable sales, and comparison of buying income between Milpitas and the Bay Area.

Mr. Morreale continued with the presentation on TOT – hotel tax. Every bit of the tax collected it all goes to the City. It is a great revenue source for the City. Mr. Morreale showed them the comparison table with other cities. Related to the hotel conversation, Ms. Bitbadal informed the commission that she has worked very hard on getting a hotel to the City but could not reveal the name as of yet until we get a green light from the owners. She added that all 10% of the hotel tax comes to the City and the Council has the authority to allocate those funds for other projects as they have in the past.

## **B. 749 E. Calaveras Blvd. Conditional Use Permit Application**

Economic Development Manager Bitbadal provided a brief history on the vacant (former) Mervyn's building then introduced Senior Planner Michael Fossati. Mr. Fossati shared with the entire Commission an item for discussion in tomorrow's Planning Commission meeting regarding a use permit within the Town Center – vacant (former) Mervyn's building.

The following questions and answers portion ensued:

Vice Chair Dhaval Brahmhatt said that Park Victoria and Landess there are health centers, one has the pools and we're not getting any sales tax revenue from these centers so we have health clubs and top of the line health club like what Edesa has said.

Charlene Tsao said that on Brokaw and Milpitas Blvd there is this retail shopping center and do so well, surrounded by high-tech, people don't want to be stuck in traffic so they go fitness center during lunch hour or after hours, it has really promote just by those people coming in that's a guaranteed 100% shared-traffic (to pick up dinner) to restaurant owners and retail owners, so definitely will come in as support to those retail business in the Town Center. Vice Chair Brahmhatt asked if it's secondary benefit. Commissioner Tsao answered that it is right, so it's not a direct benefit and then I noticed that the new trend right now for retail, fitness is one of the mandatory lifestyles for the young people, and it's more than just fitness it's also social...people go there for social, so she does see the potential benefit of giving a good positive of the retail of the neighborhood and we're all surrounded by all the cities and people don't want to be caught in the traffic so why not get your things done and exercise instead of sitting in traffic for two hours and still go to exercise.

Michael Strle added that we also support ancillary businesses and thinks is what Commissioner Tsao is saying, all the businesses around it like the fast food place, the pet store, and all that stuff. And then you're going to get your property tax, right now your property tax is probably at the absolute bottom of the barrel because they're building vacant so once you get some occupancy going your property tax would probably go back up. Commissioner Tsao thinks that all Town Center needs is dry clean center.

Chair Ablaza asked if the building is going to be re-purpose or rehab; Ms. Bitbadal said yes. Chair Ablaza added if we could take another fitness center for the remaining 11,000 sq ft. Ms. Bitbadal replied "I don't think that's what they're (Shapell) looking into, in fact when I was talking to him (Farouk), he said a furniture store would be great so we were brainstorming on furniture stores and/or dividing it and exploring restaurants." She added, that personally, she would like to see another retail there, it's a large space, the larger the space it is the fewer players are out in the field, so going to those conferences and talking to the brokers of those companies are very important because this is such a successful center and another thing I want to use is the phrase "anchor". Every center has an anchor, you bring in an anchor first and then you bring other people. For example, we're working very hard in bringing the anchor for the District development, the Lyon's development, the anchor is the grocery store, just like this one, and then you bring other people to fit that anchor and the anchor you make sure they don't put too many clauses so you can bring some good uses. This is going to be a cool anchor (and that's the phrase we use often in retail with grocery), because when someone comes in to workout they're going to hang around and they're going to do their grocery shopping and also it is environmental - you don't have people drive over there and come back here for their grocery shopping you want to make it (the center) as walkable as possible. Another good thing about centers versus downtowns, downtowns nobody says "Oh, this is a good match for that" but with the center, the owner has total control to do a good match of what is a good fit for that center and balance.

Warren Wettenstein asked since the 24 hour fitness is going to the building, is Safeway going to be opened for 24 hours? All of a sudden, you're going to have a 24-hour shopping center. I mean, public safety police will patrol some more but the idea of two anchors open 24-7 is to bring in more help in Safeway.

Ms. Bitbadal said that Planning Commission will hear the parking usage. Commissioner Strle asked staff to explain the parking requirements for this project. Commissioner Tsao asked how many sq. ft. is the existing building how many sq ft do we have? Commissioner Strle said that the existing is at least 80,000. Commissioner Tsao asked staff if the existing building will stay at its current location and be fixed up for 24-Hour Fitness; Commissioner Wettenstein interjected "divided." Senior Planner Fossati replied that the fitness center will only take 48,000 sq ft, the pet store will take 15,000 sq ft, and there will be 13,000 sq ft remaining. Commissioner Tsao said, "So, the structure will remain and only the inside will have the facelift?" Senior Planner Fossati responded correct. Commissioner Strle asked if the uses will be more intense than that of a department store; Mr. Fossati replied correct and because of those uses, they triggered the shared parking agreement. Commissioner Strle commented that shared parking agreement is an acceptable concept that has been around for long time. Commissioner has a clarification question about shared parking, if it means sharing with the town center merchants. Mr. Fossati said no.

Commissioner Wettenstein commented 48K sq ft is like 17 tennis courts, that's large and he assumes that this will be one of the largest 24-Hour Fitness facilities. Senior Planner Fossati said yes; 24-Hour Fitness now has tiers and is referred to as super sport where it will have a pool and amenities. Commissioner Wang asked how many parking spaces vs total people in the building. Both Mr Fossati and Commissioner Wettenstein responded that the answer is in the planning report.

Commissioner Wettenstein asked how long the project is going to take before it opens to public. Vice Mayor mentioned about the cracked and old parking lot and asked if it is going to be repaved. Mr. Fossati responded that unlike the residential development that Council currently reviews, he is not sure if we have the same type of request to repave the parking lot. Commissioner Tsao added that it must be more a Shapell issue because that's private property. Ms. Bitbadal said she will follow up with Shapell. Vice Mayor mentioned that Hetch Hetchy is underneath the parking lot, is it allowed, because you can't have too much tonnage in certain areas. Senior Planner Fossati reiterated that the parking lot has already been established to allow it, they are not adding anymore, the building itself is existing facility and is going to remain so it's parked out and built out to allow it and is not going to change that. Vice Mayor Montano said that she is concerned about big trucks; Mr. Fossati said they will have some delivery trucks just like when Mervyn's had years ago. Both Ms. Bitbadal and Mr. Fossati said that the new tenants are doing multiple improvements, on the side, changing the signage, and landscaping. However, the most important is the partnership the new tenants want to make it higher quality shopping center. Commissioner Wang asked about completion timeline; Ms. Bitbadal said about a year and Vice Mayor Montano added that they are only remodeling not building.

### **C. Town Hall Meeting Discussion**

Economic Development Manager Bitbadal added this item to ask who from the Commission would like to participate with a Commission table at the first-ever Town Hall Meeting scheduled on Wednesday, September 28, 2016. Commissioners Strle, Tsao and Holthaus signed up to have a table at the City event.

- VI –A Vice Mayor's Update** – Vice Mayor wanted to briefly update the Commission regarding the tiered water rates proposed ballot; she announced that the City Council at its last meeting voted not to put the issue on the November ballot.
- VIII. Unfinished Business** – None
- IX. Adjourn** – Vice Chair Brahmbhatt motioned, and seconded by Commissioner M. Nguyen to adjourn the meeting at 5:42pm to the regularly-scheduled commission meeting on Monday, September 12, 2016, at 4:00pm. The motion carried unanimously.