

**MEETING MINUTES  
CITY OF MILPITAS**

**Minutes of:** Special Meeting of Milpitas City Council  
**Date:** Tuesday, April 13, 2010  
**Time:** 6:30 PM  
**Location:** Council Chambers, Milpitas City Hall,  
455 East Calaveras Blvd., Milpitas

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**ROLL CALL**

Mayor Livengood called the meeting to order at 6:30 PM.

**PRESENT:** Mayor Livengood, Vice Mayor McHugh, and Councilmember Polanski

**ABSENT:** Councilmembers Gomez and Giordano were absent at roll call. They arrived at 6:34 PM and 6:35 PM.

**PUBLIC FORUM**

None.

**APPROVAL OF AGENDA**

Motion: to approve the agenda, as submitted

Motion/Second: Councilmember Polanski/Vice Mayor McHugh

Motion carried by a vote of:

AYES: 3

NOES: 0

ABSENT: 2 (Giordano, Gomez)

**BUDGET PLANNING FOR  
FISCAL YEAR 2010-11**

Mayor Livengood offered his personal thanks to City employees for concessions they offered to the City Manager. Those actions were quite commendable.

City Manager Tom Williams introduced the purpose for the meeting: to discuss how to balance the upcoming fiscal year's budget. He offered to Council to consider holding the budget hearing on a regularly scheduled City Council meeting date in May, and it was declined.

Mr. Williams then introduced Finance Director Emma Karlen, who described the budget as proposed and the basic situation with a continuing deficit, with revenues lower than expenditures over the past several years. Staff predicted flat or no growth in General Fund revenues expected for FY 2010-11. The City Manager reported a savings amount that could be realized with 7% cut in compensation from five employee groups (with IAFF unknown), including \$1.865 million in savings to the next year's budget.

Councilmember Polanski asked about the effect on the percent of reserves, if the Council accepted staff's recommendation to use \$1.99 million in this budget. It would maintain 19.3% of budget in reserve.

Future policy considerations were defined by the City Manager, as reported in his memo to the City Council. He sought policy direction from City Council.

Vice Mayor McHugh asked about the method for possibly indexing future salary increases. City Manager said it would be a lagging index on past year's revenue growth.

Mayor Livengood suggested staff look at future increases in medical costs. At his job, he must pay half of the cost of the increase each year. On the concept of tiered benefits, where he works there were five tiers, so there could be more than two tiers.

Councilmember Polanski asked for explanation about step increases and how those were implemented. She agreed that some items on the City Manager's list were worth looking at for the long term, including discussion on medical costs.

Vice Mayor McHugh was interested in discussing ideas, but he was not favorable specifically on any one item. He felt there could be merit in considering a cap on the amount the City would pay for medical plans, and then employees paid the rest.

Mayor Livengood looked at the expense for medical insurance for a single individual, then for a family with children. The difference was huge now, when it used to be small. He agreed that a cafeteria plan was worth looking at.

Councilmember Gomez wanted to look at sick leave payouts for employees, and take a look at overtime and FLSA.

Councilmember Giordano was going to meet with the Task Force again on April 28 and would discuss the medical plan costs at that meeting.

City Manager explained the furlough plan: 18 days for employees with no pay would be implemented in the next fiscal year, in order to save 7% in the FY budget. Vice Mayor McHugh felt the Council should participate the same as employees with a reduction.

Councilmember Giordano agreed with Council participation in the reduction plan. She inquired why firefighters had not voted to participate yet. The City Manager noted IAFF had a change in leadership, and based on provisions in by-laws for timing of the vote of all members, it could not be done until later in April.

Ms. Giordano commented that balancing budgets was ongoing for governments all around. Since IAFF had not voted yet on how to solve the problem, she asked why it was the only union extending their MOU to December 31, 2012. She commented on IAFF request for deferral of 3% pay increase scheduled - she did not agree. She was proud of prior work done to reduce costs for Fire Department overtime expense.

Overall, Ms. Giordano was not willing to go down the path of the firefighters' plan. She not willing to have potential of less police officers on the street, since police agreed to reductions. She asked employees to see what other cities were doing, such as salary cuts.

Councilmember Polanski noted the Task Force recommendation to discuss cost recovery, at 100% for some programs. The City Manager did respond that work furloughs were one item from the Task Force to implement in the next FY budget.

Ms. Polanski remarked that the DARE program in Police Department was dear to many. Since it took police officers off the street, review the need for 100% cost recovery, as citizens discussed with her. On the Fire union, she wasn't surprised they needed time to vote on their participation in the 7% compensation reduction plan. She also thanked employee groups coming together to come up with solutions to the budget deficit.

Vice Mayor McHugh knew minimum staffing was required for Fire that Council adopted back in 1995, based on CalOSHA. He asked interim Fire Chief Clet to explain the rationale, so Mr. Clet stated minimum staffing was a contract term. There were per company staffing levels and on-duty staffing levels; the latter was under discussion.

Mayor Livengood next asked for any comment from the public.

**Dan Manassau**, a 30-year Milpitas resident, was surprised that no mention was made of pension costs. Down the line, it was a big iceberg in terms of costs to the budget. Residents would pay for many years, so he wanted Council to address this issue.

Mayor Livengood repeated that it was a big step that employees gave a 7% concession,

since that had not ever happened before in this City.

Councilmember Giordano stated one part that could be solved now was the use of General Fund reserves, suggested at \$1.99 million. She did not agree to use those funds and to take directly from the Redevelopment Agency funds, to balance the budget.

Councilmember Gomez felt the unions and City Manager were taking a step in the right direction. It was not a permanent solution to use redevelopment money to balance the City's budget, he stated. Vice Mayor was proud of what was accomplished and noted it was only for one year. He wanted to come up with solutions together with employees.

City Manager Williams requested consensus on direction on these items:

- 1) 100% cost recovery for programs (swim program, pre-school program, Rainbow Theatre, and DARE perhaps).
- 2) Return to the firefighters union (IAFF) and request additional steps from that group, beyond deferring 3% raise for six months
- 3) the City Council would plan to also give up 7% on salary and car allowance

Councilmember Giordano asked about her desire to go to the Redevelopment Agency, instead of the General Fund reserves, for balancing the budget.

Councilmember Polanski said clarification was needed on the firefighters' side letter with the City. A 3% salary increase was to be deferred and agreed that the City would not fill four contractually obligated positions (leave vacant), the City Manager confirmed. Fire overtime costs would need to be kept fairly low, too.

Mayor Livengood expressed those were not really "concessions" for the IAFF, however, it would still yield 7% cost reduction. He wished it was more like the other groups, but such a plan did provide \$600,000 in cost savings for the budget. Councilmember Gomez concurred with the Mayor since there was significant savings.

Councilmember Giordano spoke of equality and that it was not equal for the Fire Department as it was for the rest of the city unions, who would be feeling the cuts.

Vice Mayor McHugh stated all jobs were important performed by City workers, and noted the element of danger in jobs performed by public safety employees.

Mayor Livengood asked to confirm Councilmember Giordano's request about Redevelopment Agency funds, that she did not want reserves to be spent out of the General Fund and she agreed.

Motion: to support the City Manager's proposal to balance the FY 2010-11 budget, consisting of employee concessions of 7% each, Redevelopment Agency loan repayment of \$5.4 million to the City, and allocate \$1.99 million from General Fund reserves

Motion/Second: Councilmember Polanski/Vice Mayor McHugh

Motion carried by a vote of: AYES: 4  
NOES: 1 (Giordano)

City Council agreed to hold a separate Budget Hearing on Tuesday, May 11, as planned.

## ADJOURNMENT

Mayor Livengood adjourned the City Council meeting at 7:54 PM.

**The foregoing minutes were approved by the Milpitas City Council as submitted on May 4, 2010.**

  
Mary Lavelle, City Clerk