

increase costs. She then highlighted personnel cost increases, due to negotiated wage increases. The cost of medical insurance premium increases was reported also, anticipated at 10% in January 2011.

The City did not anticipate any significant increase in projected revenues next year. Property tax revenues would be reduced, due to lower assessed value of properties in Milpitas, per County Assessor actions. The Transfer Occupancy (hotel) Tax revenue was expected to be flat.

As discussed at the budget workshop in April, three strategies were planned to close the anticipated \$10.6 million budget gap: (1) demand an RDA loan payment, (2) accept concessions from employees (7% salary reduction), and (3) use a portion of undesignated reserves. With that, \$65.7 million was the total General Fund budget requested. This was the amount after cuts were made in the initial budget requests from all City departments. The total City budget request for all funds would be \$130 million.

Councilmember Giordano asked about the balancing strategy and what if some elements of it change (i.e. revenues higher). Then she wondered which of three strategies would then be adjusted. The Finance Director indicated the recommendation would be not to use the general fund reserve, as much as possible.

2. Operating Departments/Divisions Presentations

Next, the senior management staff presented brief budget summaries on their departments, indicating each unit's total budget requested for FY 2010-11.

City Manager Tom Williams presented City Council and City Manager's office budget. City Clerk Mary Lavelle presented the City Clerk's division budget. Economic Development Manager Diana Barnhart presented Redevelopment and Economic Development budgets. Chief Building Official Keyvan Irannejad presented the Building and Safety office's budget. Information Services Director Bill Marion presented his budget. Human Resources Director Carmen Valdez presented Human Resources budget. City Attorney Mike Ogaz presented his unit's budget. Finance Director Emma Karlen presented the Finance budget. City Engineer/Public Works Director Greg Armendariz presented both of his departments' budgets. Planning and Neighborhood Services Director James Lindsay presented the budget for that department. Parks and Recreation Director Bonnie Greiner presented her overall department budget. Police Chief Dennis Graham gave a summary of police department budget. Interim Fire Chief Clet discussed the Fire Department budget.

The City Clerk's office was complimented on passport services. Councilmember Gomez asked Ms. Lavelle about costs related to the upcoming election, and whether savings would be realized if fewer candidates filed for office.

Questions were posed to staff about Chamber of Commerce funding. Mr. Gomez wanted to learn what were the deliverables for funding provided to the Chamber.

Councilmember Gomez asked the Building Official if building activity increases rapidly, what would happen? Mr. Irannejad stated his group had been cross training, with a plan checker out in the field. If additional staffing were necessary, he would come to the Council to request support.

Vice Mayor McHugh asked the City Attorney about signs, the sign ordinance and an update for freeway signs. Mr. Ogaz said his office was working on the draft ordinance, meeting with affected parties for comments.

Councilmember Giordano asked the Finance Director about outreach to unlicensed businesses in the City. She explained the various ways staff performs that task including use of software related to tax information.

Vice Mayor McHugh asked Ms. Greiner about the school district's "Raising a Reader" program. He had received compliments on the program and was committed to evaluating the program, along with the Milpitas Unified School District. Ms. Greiner responded that the district staff had updated Council on the program last fall.

Councilmember Giordano inquired about Cardoza Park renovations. Staff reported that the updates had already started and were due to be completed at the end of May. The summer concert series would open at Cardoza Park.

Vice Mayor McHugh wanted a report on adequate funding for the "Raising a Reader" program. He inquired about Printing Services with the outside vendor. Staff responded vendor services were adequate.

Councilmember Giordano asked for additional explanation of savings achieved by the Fire Department. Interim Chief Jeff Clet responded, there would be significant savings with concessions from the IAFF union and not hiring to fill four vacancies, while there would be some increase in overtime.

Vice Mayor McHugh commented on a total compensation study previously authorized, and reported from that, as he recalled, firefighters came out poorly. That was justification for the 3% increase for firefighters voted by Council. Mr. McHugh had a copy of the study and would address specifics in the future.

On the non-departmental expenses, Mr. McHugh asked about the loan amount and if a part was related to the Sun Power loan, and staff responded yes. He next asked about a \$4 million payment to the County and whether it was related to the purchase and sale of property around Elmwood, and staff replied yes. The City Manager commented several years in future, there will be payments on that agreement.

Councilmember Polanski was pleased with the budget document and information. The goals for next year with the performance indicators were very helpful. She thanked employees for stepping up to the plate to assist with the budget deficit. She was not interested in outsourcing City services and had appreciation for fast response times for all services, and was grateful.

Vice Mayor McHugh made a motion to approve the budget & financial plan for FY 2010-11, with no consideration for outsourcing services in the coming years. Councilmember Polanski seconded the motion.

Councilmember Giordano wanted to (1) to remove the comment about outsourcing from the motion, and (2) she dissented on the extension of the IAFF contract extension, not favoring any salary increase for firefighters in 2012.

Mayor Livengood responded to Ms. Giordano, regarding the motion already stated. Ms. Giordano requested to amend the motion. There was no second to her amendment offered.

Councilmember Gomez stated his intention to take firefighting off the table forever, as it was not a long term strategy. Mayor Livengood responded that it was separate from the motion, and the budget considered tonight and he felt it was a policy issue. He requested in the future to agendize this topic, on June 1.

(2) Motion: to approve the FY 2010-11 City Proposed Budget & Financial Plan

Motion/Second: Vice Mayor McHugh/Councilmember Polanski

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

Ms. Giordano stated that she objected to the contract extension signed with IAFF, and felt that the 3% increase should be forgiven - not deferred.

(3) Motion: to approve the FY 2010-11 Capital Improvement Program

Motion/Second: Vice Mayor McHugh/Councilmember Polanski

Motion carried unanimously by a vote of: AYES: 5
NOES: 0

(4) Motion: to approve the Proposed Five-Year (2010-2015) Capital Improvement Program

Motion/Second: Vice Mayor McHugh/Councilmember Polanski

Motion carried unanimously by a vote of: AYES: 5
NOES: 0

(5) Motion: to approve the reclassification of Human Resources staff

Motion/Second: Councilmember Giordano/Councilmember Polanski

Motion carried unanimously by a vote of: AYES: 5
NOES: 0

