



Mr. Williams provided highlights of the budget cost reductions, labor concessions, and restructuring of programs to save money. The City proposed to work with the Milpitas Chamber of Commerce on a quarterly basis, and to fund the contribution to the Chamber from the Redevelopment Agency. City Councilmembers commented favorably on the proposed agreement between the City and the Chamber, as related to the \$20,000 amount recommended for the first quarter initially. Performance measures would be needed, and the goal of business retention was an excellent one, Councilmembers agreed. Mayor Esteves thanked the Chamber of Commerce, with its new leadership and staff, and a great plan to improve its work with local businesses.

Councilmember Polanski asked if the Proposed Program Restructuring net cost savings (on page 14 of handout) were from the General Fund and staff confirmed they were. Mr. Williams reviewed the reserve funds amounts, as well as amounts recommended for use in the next fiscal year from the PERS Rate Stabilization fund.

### **Police Department**

Police Chief Dennis Graham addressed the Council about restructuring the Drug Abuse Resistance Education (DARE) program. DARE would no longer be offered to school children, but Police would offer instead the “Character Counts” program in the Milpitas elementary schools. It could be offered by one officer, not two, for a shorter timeframe, and thus, he proposed to de-fund one police officer previously teaching DARE.

Councilmember Polanski asked the current cost for DARE and Chief Graham responded roughly \$400,000 for the two officers and program supplies.

Mayor Esteves asked about effectiveness of “Character Counts” compared to DARE. Chief Graham responded that he could look at statistics when young children get to high school, with regard to drug use. The Mayor asked if the change was acceptable to the School District, and the Chief said MUSD was ready to accommodate the program.

Councilmember Polanski responded that residents wanted to see more police officers on the street, and so this change would accomplish that goal without taking away education for school children. Another patrol officer on the street was crucial.

### **Parks and Recreation Services**

Parks and Recreation Director Bonnie Greiner outlined a restructuring plan for the department to achieve significant savings, without cutting most programs (except pre-school). She explained how Rainbow Theatre would continue, with parents forming a “Friends of Rainbow” organization to raise \$40,000 or more for supplies and production costs, while the City continued to fund theatre staff at the cost of \$149,174 for two positions.

Mayor Esteves asked about the response of the parents and Rainbow Theatre community, if there would be enough money to fund the next two productions. The Mayor received a request from a parent for \$3,000 more toward the next two theatre productions.

Ms. Greiner next discussed the recommendation to eliminate the child care coordinator position and the City’s recreational pre-school program which served 128 children at this time. Primarily, this was due to the costs versus revenue received, and competition in the private sector for the pre-school.

Councilmember Polanski asked some detail questions on the program, its history and families served. Mayor Esteves felt the savings was not much, and that maybe the City should simply increase the fees to make it cost neutral. Staff provided information on 33 other pre-school and child care program options offered in the Milpitas community.

Vice Mayor McHugh noted the Council was trying to address a \$12 million deficit, trying to focus on priorities, and not to compete with local businesses. He discussed goals to reduce costs.

Ms. Greiner next discussed the Milpitas Tidal Waves swim program. Staff recommended elimination of the full time head coach position for the program, while continuing with part-time coaches to keep the program operating for young swimmers. Staff reported an average of 89 swimmers per month, in the year-round program.

Park maintenance performance measures via goals and measurements were identified. Mayor Esteves inquired about quantitative measures in addition to qualitative ones, on the costs described.

### **Budget Presentation by the City Finance Director**

Finance Director Emma Karlen reported a detailed summary of the proposed FY 2011-12 budget for all funds, first describing the General Fund in the amount of \$65.8 million, a 0.2% increase over the FY 2010-11 adopted budget.

There would be an expected state budget impact on services and supplies, in order to pay the County next year for the booking fees (previously those were reimbursed by the state to the county).

Mayor Esteves commented on the small increase in the total salary and benefits for employees. He requested a five year projection about proposed budget General Fund costs.

Ms. Karlen discussed the total City budget for all funds in the amount of \$140,787,115. She identified capital outlay increase for land purchases, Capital Improvement Program for street projects, and a decrease in debt service for the unanticipated Supplemental ERAF amount, as paid in the current fiscal year.

The Redevelopment Agency's budget was \$41.7 million for next year, with most revenue from accrued tax increment. That represented a decrease of \$5.2 million in the RDA fund balance at the end of next year. Ms. Karlen completed her presentation at this point and invited the City Engineer to the podium.

### **Capital Improvement Program**

City Engineer/Public Works Director Greg Armendariz reviewed the CIP for fiscal year 2011-12, noting that it had previously been reviewed by appropriate Commissions and Subcommittees. He listed summaries of the Five-Year CIP, broken out into six categories: Community Improvements, Park Improvements, Streets, Water, Sewer Improvements, and Storm Drain Improvements.

Major accomplishments in the past year included the completed construction and opening of the Barbara Lee Senior Center, improvements at Cardoza Park, and Gibraltar Pump Station improvements. For the first year of the 5-year CIP presented, the major increase requested was primarily for street improvements planned in the coming year.

Councilmember Giordano asked about street paving work planned, including resurfacing. The City Engineer said street work was determined by surveys done by staff, and partly in response to citizen comments. He discussed the coordination of Engineering with Public Works maintenance division.

### **Parks and Recreation Services - fees**

Ms. Bonnie Greiner addressed the City Council with proposed fee adjustments for a variety of programs. She identified fee increases for Rainbow Theatre, special events, youth programs, sports programs, and Milpitas Senior Center activities.

Councilmember Polanski asked if there was a senior price for Rainbow Theatre tickets and staff replied no. She suggested a \$10 rate for fixed income seniors. Ms. Polanski felt children ages 0 – 2 should be no cost.

Mayor Esteves asked if the fee increases for Rainbow Theatre were acceptable to the Rainbow Theatre participants and parents. Staff replied that the parents of the theatre students did agree fees needed to be raised.

For the annual 4<sup>th</sup> of July celebration, staff recommended a \$2.00 fee per person for the fireworks program, as was done one year previously, with no negative feedback. Councilmember Giordano asked if there was any way to know how many of the participants were from Milpitas. Ms. Greiner replied that it was hard to determine, when there were often up to 20,000 in attendance.

Councilmember Polanski remarked that the 4<sup>th</sup> of July was not a core service of the City. For this year, it is already budgeted but the Council should take a look at this going into the future for the non-essential event. Councilmember Gomez stated that he completely agreed. Vice Mayor McHugh agreed it was not a core service, though it's hurtful to consider cutting it out of the budget.

Additional fee increases were discussed including those for programs at the Senior Center. Staff estimated \$229,742 in total estimated program revenues increase, if all the proposed fee adjustments were implemented. Ms. Greiner then went on to identify park rental fee increases recommended.

Next, Mayor Esteves opened the public hearing at 9:02 PM. He asked speakers to address the Council by program, as they came to the podium in the following order: Pre-School program, Rainbow Theatre, Tidal Waves, Chamber of Commerce, DARE and all other topics.

The City Council agreed to reduce the speaking time to two minutes each.

### **Speakers:**

Shaista Saroya, Milpitas resident and child care professional, spoke in favor of the child care coordinator position.

Hong Shu, resident of Milpitas, spoke in support of the Milpitas pre-school program which her son attended.

Araceli Tapia, Milpitas resident and child care provider, spoke in favor of the child care coordinator position.

Diane Pham, 399 Capella Way resident, supported pre-school recreational service for the children.

Angelo Onalfo, Milpitas resident, had three daughters in the pre-school program with one more child on the way, spoke in support of pre-school and said the cost increase would be too much for his family to afford.

Jeffrey Chou, Milpitas resident, spoke in support of the pre-school program.

Elizabeth Hoehnle, 1120 Starlite Dr. resident and child care provider, spoke supporting one child care coordinator.

Rachel, a student participant in Rainbow Theatre, along with her mother Susan, a San Jose resident, and both were very supportive of Rainbow Theatre.

Courtney, 15 year old Milpitas High School student, spoke in support of Rainbow Theatre.

A young student at high school, read aloud a letter from another student who was unable to attend.

Steve Balsbaugh, Seacliff Drive resident, spoke as a parent supportive of Milpitas Tidal Waves swim program.

Holly Nguyen, Milpitas resident and swimmer in Milpitas Tidal Waves, spoke in support of the program.

C.J., a girl swimmer in Tidal Waves, felt safe in the swim program and supported its continuation.

A mother of two sons in the Tidal Waves program fully supported the program.

Carol Kassab, Chamber of Commerce executive, discussed economic development, creating job opportunities, and business retention as the major elements of the Chamber's plan. She wanted to work with the Council's Economic Development Subcommittee for quarterly reporting, outreach and the plan with the City for funds requested.

Robert Paedon, President of the Board of Directors of the Milpitas Chamber of Commerce, thanked City staff who worked with the Chamber to discuss the programs planned: BRIM (business retention in Milpitas) and more. These would be complimentary to City activity with businesses.

Leslie Stobbe, city employee and representative of the Mid-Management and Confidential group, spoke about recent media attitude toward government employees. She requested to meet and confer before any layoff notices would go out to any employees.

A woman spoke in favor of Rainbow Theatre and did what she felt necessary asking for \$3,000 needed at this time to keep it successful. Parents were ready to accept whatever level funding the City Council could support.

## **COUNCIL ACTIONS**

Motion: to close the public hearing

Motion/Second: Vice Mayor McHugh/Councilmember Giordano

Motion carried unanimously by a vote of:

AYES: 5

NOES: 0

Vice Mayor McHugh asked the City Manager when the report would be available about the effects of VTA's BART expansion plan on property owners in Milpitas. City Engineer Armendariz responded that City staff had met recently with VTA staff on these issues with another planned this month, so staff could report back in June.

Councilmember Giordano commented that this was historic budget work by staff with excellent effort reducing costs. For the program restructuring, it was valuable to keep four of five programs. She favored the staff recommendation.



*The foregoing minutes were approved by the Milpitas City Council as submitted on June 7, 2011.*

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**Mary Lavelle, City Clerk**