



Councilmember Gomez left the dais prior to 7:00 PM and did not return to the meeting.

Mayor Esteves asked Councilmembers if they had any questions.

Vice Mayor McHugh inquired about outsourcing. Some cities try outsourcing (e.g. in public works) and found it not as effective as they had hoped for, and then go back to in-house services. Mr. Newfarmer responded that was not common, though he was aware of that. A City cannot outsource everything but some segments of government operations could be outsourced successfully, and it was becoming more common in California cities.

Mayor Esteves asked why would a City choose not to outsource a service, if/when it saved money? Mr. Newfarmer replied only when the service was intrinsic to City functioning would the City not consider outsourcing. He gave the example of the City Clerk's office.

Councilmember Polanski asked when considering fees and possible increases, whether it would be reasonable to first take a look at costs for benefits and salaries. Mr. Newfarmer replied that user fees were directly linked to specific users, not the general taxpayers. It was important to reduce overhead costs of support for the work that needed to be done, e.g. on projects or special activities.

Councilmember Polanski pointed out that the City had been contracting out some services already, some successfully for many years. City Manager Williams confirmed that was done in select park maintenance and streets work.

Councilmember Giordano talked about the zero-based budgeting technique, used in the past at the City. Outsourcing seemed to be a newer, more common phenomenon. She wondered if there could be then greater cost savings for cities as they do this more often.

Vice Mayor McHugh asked the City Manager to comment on the report from the consulting firm, and also asked for a monthly status report on recommendations provided, in order to get the maximum benefit from the report. Council member Polanski remarked that Mr. McHugh's idea for status reports was good, but maybe they could be quarterly.

Mayor Esteves remarked on employee compensation and wanted to know how much could the City keep reducing. Mr. Newfarmer replied that pay and benefits were based on the current market, and that would nearly always answer the Mayor's question. Long ago, public employees were rather underpaid, and got good pensions and benefits to compensate for the pay rates, but that model had changed in the last few decades.

The Mayor invited speakers from the audience.

Rob Means, 1421 Yellowstone Ave., noted the difference in benefits was the difference in outsourcing certain functions. He was not sure if the City wanted to move to employment practices in the direction of companies, for example, WalMart. He mentioned the reduced percentage of a unionized labor force in the U.S.

### **COUNCIL ACTION**

**Motion:** to receive the presentation by Management Partners on its findings of the assessment on the City of Milpitas, as presented at the Council meeting, and ask the City Manager to report back on a quarterly basis

Motion/Second: Councilmember Giordano/Councilmember Polanski

Motion carried unanimously by a vote of:

AYES: 4  
NOES: 0  
ABSENT: 1 (Gomez)

### **ADJOURNMENT**

Mayor Esteves adjourned the meeting at 7:48 PM.

*Meeting minutes respectfully submitted by  
Mary Lavelle, City Clerk*