

MEETING MINUTES CITY OF MILPITAS

Minutes of: Special Meeting of Milpitas City Council
Date: Tuesday, April 30, 2013
Time: 6:00 PM
Location: Committee Room 1st floor, Milpitas City Hall,
455 East Calaveras Blvd., Milpitas

ROLL CALL

Mayor Esteves called the budget workshop meeting to order at 6:00 PM.

PRESENT: Mayor Esteves, Vice Mayor Polanski, and Councilmembers Giordano and Montano

ABSENT: Councilmember Gomez was absent at roll call and arrived 6:02 PM.

This meeting would be adjourned in memory of Mrs. Mareile Ogle, Mayor Esteves announced.

PUBLIC FORUM

Resident Jackie Romero asked the Council to add money into the budget for one program, and Mayor asked her to address the Council later at the time of public comments on that topic.

APPROVAL OF AGENDA

Motion: to approve the meeting agenda

Motion/Second: Councilmember Giordano/Vice Mayor Polanski

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

OVERVIEW OF STRATEGIC PLANNING

City Manager Tom Williams gave a brief overview of the process planned for the City's Strategic Plan and announced he had hired Dr. Shawn Spano of San Jose State University. Four Phases of the process were planned starting with Phase I Vision, to be followed by establishing mission and values next.

Vice Mayor Polanski inquired if there were any sample from another city, as an example of what to expect. The City Manager replied yes.

Councilmember Giordano asked about costs for this process. Mr. Williams reported Phase I would cost close to \$20,000 and, later, it could cost up to \$150,000 for all four phases total for the Strategic Planning process.

Councilmember Gomez wondered why the strategic plan was worth spending \$150,000. He had input and a vote, if this would be worth the investment. The City Manager would work with City Council after Phase I, with input from Council. He knew there was a lot of value in the strategic planning process. Mr. Gomez responded that was why there was City staff to figure this out while the City Manager felt it was good to have the outsider, one consultant with knowledge of other municipalities, new perspective, credibility, new face, while ultimately the plan and its expense would be up to City Council.

Councilmember Montano thought this was a good idea, especially to include the community in planning, in order to find out what the community wanted as a benchmark.

Mayor Esteves commented that there were a lot of uncertainties. There could be lots of changes, with an election every two years, redevelopment now gone, state law changes, etc. He asked if the plan would be dynamic and the City Manager said yes, it would be flexible. The Mayor referred to risk in the plan. Mr. Williams replied there was risk tolerance built into any decision and it was of course necessary to manage risk.

**BUDGET PLANNING FOR
FISCAL YEAR 2013-14**

City Manager Williams introduced the upcoming fiscal year's budget, by providing several major accomplishments over the last five years. The structural budget deficit had been improving. He highlighted especially the building activity in the Transit Area Specific Plan area in the south end of City.

Councilmember Giordano inquired about how the auto dealers were doing, with regard to business in Milpitas. Mr. Williams said the two car dealers were on county property, and he had not heard any new activity of the dealers' area next to freeway.

Mayor Esteves knew that some areas (of City government) were not accomplished; for example, there was always a need for an Economic Development Director but that was vacant. Were there others, he asked. Mr. Williams said there were other successes with businesses in the City, and noted that with a city-wide staff reduction from a high of 530 to currently 330 full-time city employees, it had been tough times. Employees were continuing to deliver services without a lot of impact to the community.

Vice Mayor Polanski stated that the Capital Improvement Program (CIP) and infrastructure were the items she prioritized. She asked the City Manager what was the timeline for the buildout of the Transit Area Specific Plan and fee/income from the new Community Facilities District (CFD) in that neighborhood. Mr. Williams replied it was market driven. Over the next 12-15 years would likely be the buildout of that neighborhood. As rooftops were added, funds in the CFD would be incoming, and then the City could look at adding Fire and Police staff and other resources needed.

Vice Mayor Polanski commented on the Strategic Plan, that when milestones were reached, one could figure out how many more firefighters or police could be added.

Councilmember Gomez identified elements of economic development that could be addressed by the City, including improvements in efforts to bring businesses to the City. He asked many questions about condition of roadways and the need to improve the Pavement Condition Index (PCI) overall.

Mayor Esteves also sought ways to continue to maintain PCI at 69 or 70, while he emphasized the importance of funding roadway maintenance and repair. Council needed to create a realistic budget figure each year for this important task.

Councilmember Montano felt that from Highway 237 to local streets, some were in poor to failing condition. The backlog was in the millions to bring the roads all up to date.

Vice Mayor Polanski had seen reports with these needs over the years, sitting on the former CIP subcommittee with the Mayor. In the budget, the Council needed to look at core needs where a percent of revenues must go to infrastructure, such as streets.

City Manager Williams stated one of the major recommendations for the next year's budget was to revise current policy to direct the funds from the (former) Redevelopment Agency area's property tax distribution and the 2% Transfer Occupancy Tax funds for capital improvements.

Mayor Esteves asked if the current \$2.4 million RDA property tax redistribution would go to the CIP in the current fiscal year. The City Manager said no, it would close the gap at the end of the year. Meantime, there remained long term financial challenges, including the benefits as percent of base salary which remained high in this City.

Councilmember Polanski said the Council had not discussed longevity (one type of pay for some employee groups), which was still available for employees, even with PERS and salary "give backs." She asked the City Manager what were some of the raises given over the last years, before the 7% and other cuts were made. Mr. Williams described step increases for those newer in the organization. He discussed employee costs, with a chart

that displayed the percent of benefit costs to salary amounts for City of Milpitas employees, both public safety and miscellaneous groups.

Councilmember Gomez wanted to know if staff would discuss details such as how many officers would be needed in the Police Department, and how many firefighters needed in Fire etc. He wished to address these topics later at this meeting.

Vice Mayor Polanski wanted a more general overview on the budget and to educate the newest Councilmember.

Mr. Williams then introduced Finance Director Emma Karlen, who went over the 2013-14 budget as proposed and the basic situation with a continuing deficit, and revenues coming in lower than expenditures over the past several years. The City would start with a \$2.4 million anticipated budget shortfall for next FY 2013-14. An amount each year was identified for RDA property tax redistributions, with \$2.4 million anticipated in the current and next fiscal years. She reviewed various categories of tax revenues as well as PERS rates going up over a dozen years. Ms. Karlen noted that some PERS assumptions would change, on the expected rate of return. As usual, medical premium costs did go up every year, more than the rate of inflation.

Staff recommended revised fiscal policies and those would be presented at the budget hearing. One of the changes, for instance, was that there were no available funds for storm drain improvements, so there was no reason to list it as a type of replacement reserve fund any longer.

In reply to Mr. Gomez, City Manager Williams agreed to send the number of employee positions per department to Councilmembers the following day.

This year, a solution was planned for a fairly simple manner of balancing the budget, while staff would need input from the Council, the City Manager explained.

Finance Director Karlen said that each year, she set aside some funds for employee leave cashouts, but often it was not enough in total. The amount expended depended each year on which employees leave or retire from the City. Typically, the budgeted amount was \$600,000 with the remaining need covered by individual departments' savings. Mayor Esteves wanted to see the five-year General Fund projection at the hearing on May 14.

Next, the Mayor invited public speakers to the podium, although the meeting was not a public hearing.

Lisa, a Hamilton Ave. resident and mother, asked how the community could get involved in this budget. Parents of children in the theater program were working hard on \$5,000 goal for fundraising and they were seeking more support. They needed contacts to reach out to large companies for support.

The City Manager replied to her and all residents that they were welcome at this meeting and the upcoming budget hearing. There was no plan to have other solicitation meetings on the budget this year, while staff was still implementing the City's Budget Task Force recommendations from a few years ago. All citizens were welcome to contact him.

Mayor Esteves commented on the recently approved art piece for the front of City Hall. The City needed a display of history, and people voted on Measure H and I several years ago which raised millions for a variety of purposes. Only \$175,000 was for art out of that fund created by a 2% increase in the City's transfer occupancy (hotel) tax (TOT).

Councilmember Giordano noted that the Council voted as a majority to support that TOT increase. There was input and recommendation from Public Art Committee members, and the list was long for art work in Milpitas compared to other cities. The new art piece was needed, she felt.

Lisa Baker asked where she could find information about those measures and funding for the art. She spoke about her daughter and hard work of the Milpitas Police Department to protect her child. There was a strong need for Rainbow Theatre as one outlet for children in Milpitas and a need to give back to the community.

Lisa Moran, a mother of theatre participants, sought support for the children's theatre program seeking funding help. It was amazing what it did for children who participate and it was "arts" with a lack of funds. She felt children were the priority.

Mayor Esteves replied to her, with information including the support from the City by allowing use of the Community Center auditorium for no fee. Councilmember Giordano suggested the parents' present something specific, as to the needs the group had and she said that a concrete plan was sought.

Carol Kassab, CEO of Chamber, wished for her organization to be more involved with economic development of the City. She recommended having a paid, outsourced Economic Development staff.

City Manager Williams requested to be clear on what the Council's expectations and desire were for the budget presentation at the budget hearing.

Councilmember Gomez wanted to have detailed information in writing, including the number of employee positions per department with the services offered. Councilmember Montano wanted a detailed presentation by department so she could be an effective decision maker. Councilmember Giordano agreed that would be helpful for the public.

The City Manager replied that department heads could each speak for about five minutes or so, stating their goals. Vice Mayor Polanski expected to get the budget document, which usually listed each department with those details which she would review prior to the meeting and then ask questions of City Manager or Department Heads. The interactive part of the meeting was most helpful.

Councilmember Montano asked about the pay rates for the City's crossing guards, stating they have not had a raise in ten years so she sought more for that group. She felt there should be more money for crossing guards pay, and more for streets.

Councilmember Giordano commented that on page 19 list, she would move street improvement needs as a higher priority, up to No. 1. She also agreed with the Mayor on leaving storm drain reserve fund needs on the CIP list.

Mayor Esteves stated that if the City was serious in observing the PCI rating on streets, then it was necessary to fund it to meet a specific number. He wanted to have more discussion on decision points, with alternatives to let Council decide.

There was further discussion on crossing guards, and their hourly pay rate. Mr. Gomez asked for an analysis from City staff, including a salary survey.

Mayor Esteves was interested in re-visiting the DARE program, a Police Department program offered in the past in the elementary schools.

Councilmember Montano made a motion for staff to do an analysis on salary versus other cities on crossing guards' pay. It was seconded by Councilmember Gomez.

Vice Mayor Polanski was unsure about crossing guard pay. She wanted the City Manager or City Attorney to explain state law, the Education Code versus transportation requirements of the City. The School District had recently passed a parcel tax, and gave pay raises at MUSD. She felt after-school tutoring could be taken up by the School District. The City had supported schools in the millions with various programs.

Councilmember Montano wanted the proof about the legal requirement of who was responsible for crossing guards in the City. City Attorney Ogaz said he would provide that to Council.

Councilmember Giordano was opposed to the motion. She loved attending the previous DARE graduations at the Milpitas schools, but she did not support reviewing cut programs at this time.

Motion/Second: Councilmember Montano/Councilmember Gomez

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

Next, Councilmember Gomez requested information on an after-school homework tutoring center at a school site, and also information on the DARE program costs. Mayor Esteves seconded these ideas, if that was the motion.

Vice Mayor Polanski stated she would rather have “boots on the ground” than the programs noted by Mr. Gomez.

Motion/Second: Councilmember Gomez/Mayor Esteves

Motion carried by a vote of: AYES: 3
NOES: 2 (Giordano, Polanski)

There was a definite need to plan for a reserve for street maintenance, long-term in the future. Vice Mayor Polanski pointed out the long term \$10 million needs, as noted on one slide of the presentation. She felt there should be a set aside amount toward streets maintenance, each year toward the identified gap. For instance, when extra revenue existed, it should go toward streets and storm drain maintenance.

Mayor Esteves repeated that he wanted to maintain the PCI each year.

Councilmember Giordano said the Council could go one step further, and move street improvements up to No. 1 on the priority list.

Motion: if there were any revenues above what was needed to balance the City budget, a percentage of it would go to streets maintenance and improvement, take a look at funding needs that do not have a funding source, and prioritize streets as No. 1 on list

Motion/Second: Vice Mayor Polanski/Councilmember Giordano

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

ADJOURNMENT

Mayor Esteves adjourned the City Council meeting at 8:45 PM in memory of Mrs. Mareile Ogile, longtime resident of Milpitas and former Arts Commissioner.

The foregoing minutes were approved by the Milpitas City Council as submitted on May 21, 2013.

Mary Lavelle
Milpitas City Clerk