

**MEETING MINUTES
CITY OF MILPITAS**

Minutes of: Special Joint Meeting of Milpitas City Council and Redevelopment Agency
Date: Tuesday, May 14, 2013
Time: 6:00 PM
Location: Council Chambers, Milpitas City Hall, 455 East Calaveras Blvd.

ROLL CALL

Mayor Esteves called the meeting to order at 6:03 PM.

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

ABSENT: None

PLEDGE OF ALLEGIANCE

Mayor Esteves led all present in the Pledge of Allegiance to the flag.

PUBLIC FORUM

None.

ANNOUNCEMENT OF CONFLICT OF INTEREST

None.

APPROVAL OF AGENDA

Motion: to approve the meeting agenda, as submitted

Vice Mayor Polanski asked the Mayor to open the Public Hearing first, in order to hear from children (from the theatre program), then have discussion and other speakers later on.

Motion/Second: Vice Mayor Polanski/Councilmember Giordano

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

PUBLIC HEARING

Mayor Esteves opened the public hearing, to hear from young speakers in the audience.

Logan, a young girl, participated in and sought support for the Rainbow Theatre program, seeking funding returned to that program. She quoted from text of past ballot Measures H and I.

Michaela Parish, Milpitas resident and a girl participating in the theatre, also read from the text of past ballot measures, adopted with 74% yes vote.

Jackie Romero, 30 year resident of Milpitas, asked for City Council to stand by the vote of the people on the funding measures. She had researched how funds were spent and were supposed to be allocated. Her view was the Transient Occupancy Tax funds were to have been spent on Rainbow Theater.

Lisa Baker, Milpitas resident and mother, distributed a proposed budget for the theatre program to the Council. She talked about Measures H and I, on the ballot in the year 2000.

Mayor Esteves said after the budget presentation from staff, he would welcome more speakers for the continued public hearing part of this meeting.

Councilmember Giordano asked City Attorney Ogaz about the ballot measure and where the funds were to go once the Transient Occupancy Tax increase had been approved. The City Attorney explained the measure was an advisory one only, with multiple areas of City government where the increased revenue was to be spent, including on the Milpitas Public Library, the arts, and other areas of municipal government.

Proposed Fiscal Year 2013-14 Financial Plan and Budget

City Manager and Finance Director Overview

City Manager Tom Williams reviewed recent history of the City's financial status, stating that would be followed by department head presentations, the Capital Improvement Program, with time for Council discussion and a vote to adopt the budget. He identified several major accomplishments over the past FY 2012-13.

Vice Mayor Polanski commented on the City Manager's bullet points, especially one emphasizing the reduction in the General Fund budget deficit, going from \$12 million to \$1.5 million for the next year. The City was still spending more than it was taking in over the last decade. Elimination of the Redevelopment Agency had a great impact, and she commended her colleagues and city staff for steps taken to date to deal with the significant loss.

Mr. Williams explained the difference between the initial \$2.4 million expected deficit reduced to newer amount of \$1.5 million, due to removing one Fire apparatus out of service very recently. He reviewed objectives in balancing the annual budget and follow-up topics from the Council's Budget Study Session the previous month. For the City's Crossing Guards, research revealed they were paid \$5-\$6 per hour less than most crossing guards in the County. To bring their salary to the average would require 50% increase in their hourly rate, at a cost of \$117,300 to the General Fund. For the Police Department's former DARE/Character Counts programs: DARE for 12 weeks with two police officer instructors would cost \$451,000. For Character Counts, preferred by the City Manager, it would require one police officer at a total cost of \$227,000 for that program. For the former Rainbow Theatre program: \$108,000 was provided as in-kind service to the program with no-cost use of the Community Center rooms and costs paid for the play licensing fees.

For a potential future Tutoring Center: much more due diligence was needed, and it could range from \$50,000 to \$300,000 without a building to host such a new program. The City Manager offered consideration of adding a tutoring course as a class through Recreation Services, by contract at an existing City facility. Councilmember Gomez inquired further about \$50,000 cost and scope of services. Councilmember Montano said maybe it was something that federal Community Development Block Grant funds could go towards. She felt it was not a priority now, and perhaps she could seek private funds or talk to the school district about a future tutoring center.

Mayor Esteves reported that recently the Community Advisory Commission was looking into a trees program. He wanted to know the status and what department would handle that. City Manager Williams replied the Public Works would take care of any trees or tree planting. Mr. Williams then introduced the City's newly hired City Engineer/ Public Works Director Jeff Moneda.

Vice Mayor Polanski said the only one on the list from the City Manager that she wanted to deal with was the inequity of crossing guards' pay.

Mr. Williams next introduced City Finance Director Emma Karlen, who gave a budget summary for FY 2013-14. \$114,400,000 was the total City budget proposed for next year, covering the General Fund, Water and Sewer Funds, the Capital Improvement Program and other revenues. \$8.1 million of fund balances would be used toward costs for next year's CIP. There was a \$9.3 million or 8.8% increase over the current fiscal year budget. She explained why some categories would increase next year with vehicle replacements, benefit cost increases, and some new hiring (fully cost recovered). \$1.5 million was anticipated as the General Fund shortfall next year. Staff proposed to use a portion of the tax income from the Redevelopment Agency-area tax distribution to take care of that shortfall. Ms. Karlen displayed a General Fund Five Year Projection, yielding a \$2.5 million deficit in FY 2014-15 going down to \$0.7 million deficit by FY 2018-19.

Councilmember Giordano asked about how projected revenues were determined, and the Finance Director explained.

Department Budgets:

City Manager Tom Williams presented the City Council and City Manager's office budget. City Clerk Mary Lavelle reviewed the City Clerk division's budget. City Attorney Mike Ogaz next presented his unit's budget. During the past year, he operated with a 2/3 staff level and then introduced Johnny Phan, the new Assistant City Attorney. Chief Building Official Keyvan Irannejad explained the Building and Safety office's budget. Acting Information Services Director Mike Luu displayed the Information Services budget. Human Resources Director Carmen Valdez presented Human Resources and Recreation Services budgets. Finance Director Emma Karlen discussed the Finance Department budget. For City Engineering and Public Works, the City Manager presented both departments' budgets for the next year. Planning and Neighborhood Services Director Steve McHarris went over the budget for that department. Police Chief Steve Pangelinan gave a summary of Police Department budget, followed by Fire Chief Brian Sturdivant for the Fire Department.

Mayor Esteves inquired about the City's collection of use tax, paid by companies. He wanted to make sure that revenue was a goal, to be sure to obtain that revenue in economic development efforts of the City.

Councilmember Montano asked for an explanation of Association of Bay Area Governments PLAN, the self insurance pool that the City was a part of. She noticed liability cases where the City was represented by ABAG, rather than the City Attorney. Mr. Ogaz explained the insurance pool in which Milpitas participated with other cities.

Mayor Esteves commented to the Building staff, on the report on customer service, via a survey by Google. The Mayor suggested to the City Manager that it could be used by all departments city-wide.

Next, Mayor Esteves asked the City Manager about street trees. Mr. Williams replied, there was a hiatus on tree planting around the City, but meantime many more trees were planted with many new developments going in the Transit Area. Resources were needed to put back into the urban tree program in the older neighborhoods. The Mayor asked about the possible Community Advisory Commission program, seeking to match the costs of installing new trees. He urged attention to planting more trees and to consider cost-sharing with residents, for the future, as was done nearby in San Jose and Palo Alto.

Vice Mayor Polanski noted that in some neighborhoods, where trees were required in earlier decades. Residents who moved here more recently had no city trees, while some did not want a tree even if the City was to offer it. She felt a need to emphasize street landscaping and in the medians throughout the city.

Councilmember Gomez commented on the Community Advisory Commission, which was only going to form a subcommittee to study a trees program and get back to the City Council on a possible recommendation.

Mayor Esteves suggested a review of all City operations for possible cost savings to Information Services. Mr. Mike Luu responded that staff was always looking at alternatives, and he gave example of past purchase of "off the shelf" products, while current I.S. staff sought to use open-source technology available. One example was online time card data entry, where staff created a new program in-house rather than purchase an expensive copyrighted product. Mr. Luu responded to the Mayor also about a new application his office was working on, to allow residents to report by an electronic device issues like potholes or others needing quick attention from City staff.

Human Resources & Recreation Director Carmen Valdez responded to questions from Councilmember Montano about any overlap of class offerings with any offered by the School District. Ms. Valdez also responded to Council member Gomez about satisfaction of internal customers by conducting a survey of employees. Mayor Esteves received information from Ms. Valdez on salary and benefits, and current second-tier benefits.

Chief Pangelinan reported figures on police staffing, with 105 employees in the department, where 83 were sworn officers. Mr. Gomez asked why the crime rate was not one of his performance measurements. He asked for detailed numbers on staffing, which the Chief could provide later. The Police Chief remarked that 83 officers were adequate to patrol the city and keep residents safe. In the future, with anticipated population growth in the City, his office would likely need to add more officers.

Councilmember Montano suggested video cameras placed in strategic places around the city to help the Police catch criminals. Vice Mayor Polanski thanked the Chief for press releases, and the tips that go out to residents.

Mayor Esteves asked about the burglary rate and the goal to reduce it. He suggested more Neighborhood Alert groups to assist with reducing crime. The Mayor wondered about revenue from traffic violations and if it generated very much for the City. Both the City Manager and the Finance Director explained why the answer was no.

Next, Mayor Esteves inquired whose duty it was to provide crossing guards. City Attorney Ogaz commented there was no actual requirement in the law. The City and School District could provide those, via the City for traffic safety purposes. Councilmember Gomez thought there was inequity which should be fixed. Vice Mayor Polanski agreed with Mr. Gomez and felt the School District should assist paying for an increase in the crossing guards' hourly pay.

Councilmember Montano agreed with the Vice Mayor about the school district, which could pay 20% of the increase. She made a motion to give a pay raise for crossing guards, and the motion was seconded by Vice Mayor Polanski. Councilmember Gomez sought to get them to the average hourly rate of pay, and that could be phased in. Mayor Esteves suggested a 20% increase now and seek the rest later. Councilmember Gomez repeated his goal to

have crossing guards at the average pay now (50% increase), and if that was a motion, Councilmember Giordano seconded that. \$117,300 was identified as the cost for the increase.

City Manager Williams responded to the Mayor as to the funding source and mechanism for crossing guards pay raise, if it was approved. Finance Director Emma Karlen explained that a budget adjustment later, once adopted, could be brought to the Council to accomplish the increase in crossing guards' pay.

Mayor Esteves wanted to know if a reduced cost "Character Counts" program could be added. The Police Chief said \$227,000 would be the cost if it was brought back.

Fire Chief Sturdivant reported there were 53 sworn firefighter positions and 7 support staff in the Fire Department.

Councilmember Giordano suggested to move to the Capital Improvement Program, having already discussed it at the last Council meeting and to get to the voting at this time.

Mayor Esteves wanted to know if the staff included a doubling in donations, under the new fee waiver/donation program, in the City Council's budget. Ms. Karlen replied that staff included \$20,000 as the Unallocated Community Promotions Donation total amount.

Vice Mayor Polanski reminded her colleagues that they previously said Council wanted a priority where any funds available would go to future projects. City Manager Williams agreed that any excess revenue not allocated elsewhere would be moved to the CIP for streets, as the highest priority.

Mayor Esteves asked if the CIP was funded in an amount for streets work to maintain the goal of a Pavement Condition Index (PCI) rating of 70. CIP Manager Steve Erickson replied that street improvements were fully funded for FY 2013-14, but not fully funded for the following years 2 – 5 in the five-year CIP.

Capital Improvement Program budget

CIP Manager Erickson skipped the detailed review of the five year CIP for Fiscal Years 2013-2018, with the consensus of the City Council, per suggestion by Councilmember Giordano.

Councilmember Montano asked questions about streets work in her neighborhood, and specifically asked for staff to take a look at specific streets in the Pines, where condition of the roadways needed improvement.

Next, Mayor Esteves re-opened the public hearing at 10:35 PM, while no speakers came forward.

COUNCIL ACTIONS

(1) Motion: move to close the Public Hearing

Motion/Second: Vice Mayor Polanski/Councilmember Giordano

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

(2) Motion: to adopt the Joint Resolution No. 8258 /HA 9 of the City of Milpitas and the Housing Authority Commission of the City of Milpitas approving the final FY 2013-14 City Budget (\$114,428,775 total)

Motion/Second: Councilmember Giordano/Councilmember Gomez

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

City Attorney Ogaz recommended a separate motion about the specific pay increase desired for Crossing Guards.

(3) Motion: to provide a 50% increase in compensation for Milpitas Crossing Guards, to be brought back in a future amendment to the adopted Final Budget

Motion/Second: Councilmember Giordano/Vice Mayor Polanski

Motion carried unanimously by a vote of: AYES: 5

(4) Motion: to adopt Resolution No. 8259 amending the Classification Plan (for various department changes)

Motion/Second: Councilmember Giordano/Vice Mayor Polanski

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

(5) Motion: to adopt Resolution No. 8260 approving the Amended Budget Guidelines and Fiscal Policies (as proposed by staff and attached as Exhibit to the Resolution)

Motion/Second: Councilmember Giordano/Vice Mayor Polanski

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

ADJOURNMENT

Mayor Esteves adjourned the meeting at 10:40 PM.

The foregoing minutes were approved by the Milpitas City Council as amended on June 18, 2013.



Mary Lavelle
Milpitas City Clerk