

**MEETING MINUTES
CITY OF MILPITAS**

Minutes of: **Special Meeting of Milpitas City Council
 – Budget Strategic Planning**
Date: **Saturday, February 3, 2018**
Time: **9:00 AM**
Location: **Barbara Lee Senior Center, Rooms 140/141
 40 N. Milpitas Blvd., Milpitas**

CALL TO ORDER

Mayor Tran called the meeting to order at 9:27 AM. City Clerk Mary Lavelle called the roll.

PRESENT: Mayor Tran, Vice Mayor Grilli, Councilmembers Barbadillo, Nuñez and Phan

ABSENT: None

Consultants Greg Larson and Steve Toller from Management Partners, Finance Director Will Fuentes, Interim City Manager Dianne Thompson along with City Department Heads were also present.

PUBLIC FORUM

Voltaire Montemayor, Milpitas resident, spoke to City Council favoring the format of this meeting and opportunity for comment from the community.

BUDGET WORKSHOP

Interim City Manager Dianne Thompson welcomed all present and introduced the lead partner for this project, Mr. Greg Larson of Management Partners - a former City Manager of Milpitas.

Management Partners consultant Steve Toller reviewed the actions taken since his firm’s initial meeting with the City Council and staff held on November 3, 2017.

Mr. Larson reviewed the agenda for the day’s activities, with the conclusion planned for 2:00 PM.

Mr. Toller gave a brief overview of the City’s financial status, going over the five-year financial forecast, trends, and budget policies of the City Council.

Councilmember Barbadillo asked if the budget summary included the \$10 million one-time revenues in the General Fund and staff responded no, it would be accounted for in other discussions. Councilmember Nuñez sought more clarification. Finance Director Will Fuentes said the \$10 million was in the currently adopted budget for FY 2016-17, and thus was not part of the discussion for the new FY 2018-19 budget.

For the five-year forecast, Mr. Toller described Opportunities and Threats to the city’s budget. He noted the concern by all cities of rising CalPERS costs. Cities should always consider the potential for the next economic recession, too, he emphasized.

Councilmember Nuñez would like to learn more about CalPERS costs and what was driving those. He wished to be more knowledgeable about the increase to the required contributions. Mr. Toller said he had material to send to the Finance Director on that for the Council. Mr. Toller also mentioned a League of California Cities response to a recent survey of cities on PERS costs.

Fiscal Policies and Reserve Policies were noted. Councilmember Phan asked about some of the history in Milpitas when the retirement formulas were changed by Council. Mr. Fuentes defined the changes that occurred around the year 2000, as occurred across the state of California. There was more discussion on PERS formulas, the retroactive approach, changing those long term and costs.

Councilmember Nuñez asked if these were policies blessed by City Council. He commented on reserve policies and the approach to calculation. He asked total costs and felt there was no consistency. Staff and consultants explained, for reserve funds, a two-months' operating budget amount was good practice and policy, and Milpitas did meet that policy.

Councilmember Barbadillo said he understood the crossroad of expenditures and revenues, and that the group was working to address those factors that the City Council could address, while not worrying about economic factors that the City could not manage.

SURVEY RESULTS & DISCUSSION

Greg Larson presented results of the community and employee engagement process done over the past few months. Three community values were emphasized from workshops held last week: transportation access, safe & peaceful community, and responsibility were highlighted. In addition, the City Council emphasized: family focus and cultural/ethnic diversity.

Mayor Tran asked if more workshops across the city in all neighborhoods could be held. Mr. Larson replied that it could be discussed at Next Steps, later on.

Vice Mayor Grilli was very pleased that the consultant followed the instructions that were given back in November. A lot of outreach was done, as needed. There was not enough time to go out to every neighborhood in time for budget adoption, while all residents were offered the chance to give input.

Mr. Larson explained the overview in general of the data received in surveys from community members and employees. Mr. Toller drilled down on responses and what was revealed, and implications for budget planning. He pointed out where there were differences in priorities between employees and community.

Mr. Larson reviewed Council's responses on the same ranked issues. He described a fun community exercise about how to best allocate \$1 million in play money, over the 12 identified priority areas, in which a group participated successfully at one of the workshops.

At 11:32 AM, the Council, staff and consultants took a break, and at 11:47 AM resumed the meeting over lunch. Consultant was next seeking direction from Councilmembers.

Priority Brainstorming – first Council identified items (later vote on with color dots):

1. **Public Safety** – top of list: increase Police and Fire presence and patrols (staffing); ensure appropriate response to address growth in city and public safety needs; consider police & fire station needs; consider equipment needs; strategic programs for crime prevention (e.g. homelessness); smart safety tech solutions

2. **Transportation and Transit:** improve safety of roads, walkways, etc; work with VTA & Caltrans to improve roads, ways, 237 (not within City purview) – regional; road safety – including traffic calming program; comprehensive circulation study; consider shuttle linkage; consider sharing solutions
3. **Infrastructure & Facilities Maintenance:** address fund deficiencies; treatment plant expansion funding; street trees and landscaping, ramp it up, address deficiencies of those; re-assess CFD fees; restrooms at parks needed and other parks improvements; snack shack Sports Center
4. **Community Wellness and Open Space:** [high/low discrepancy noted between Community and Council on this one] consider comprehensive odor control strategies; possibly consider youth “City Corps” program; other teen program ideas in play.

The team discussed the need for a deeper review of the annual and the five year Capital Improvement Program and its projects, and potentially making changes to it at budget time.

5. **Economic Development** - six concepts were suggested: tax rebates to companies; planning to increase Mixed Use Zones in MidTown; planning economic development and job growth; encourage support and revitalize shopping centers and Main Street; permit streamlining; and City branding and marketing such as Visit Milpitas
6. **Fiscal Responsibility** - new revenue sources; launch and aggressively use OpenGov software; revenue sharing opportunities
7. **Recreation, Senior and Youth Programs:** use of senior facility in daytime, while youth use it at night; senior shuttle self-driving vehicle; additional programs; partner to provide a child development center; multi-cultural program plan; accredited municipal staff (like police & fire) programs
8. **Neighborhoods and Housing:** improve housing affordability; all levels of affordable housing (in the four income categories); improve, identify housing; help first-time home buyers, incentivize home ownership in the City

Four areas were not reviewed for input: environment; technology and telecommunications; customer service; arts and culture. Councilmember Nuñez wanted to emphasize smart technology for city systems.

Consultants asked for additional, other priorities from the Council.

Mayor Tran: water conservation & drought resistant landscaping to avoid constant weed abatement
 Councilmember Phan: look at investments & portfolio – financially and to have a realistic strategy
 Councilmember Nuñez: consider a land bank (mentioned at VTA) for public asset acquisition. Also consider renewable energy and invest in sources of that.

Mr. Larson noted one topic raised by Council at interview times in the past, not mentioned at this meeting, was to improve City staffing by development and coordination, with some in-house services moved out, if appropriate.

On the City Council specific line item budget, the Finance Director had sought comment and input.

Councilmember Phan: wanted dedicated Council staffing.
 Councilmember Nuñez: asked why library hours funding was currently in the Council’s budget
 Mayor Tran: wanted an increase for Councilmember line item on training
 Vice Mayor Grilli: on PERS for Councilmembers, she asked detailed question on what was budgeted for Council versus the amounts spent; wanted information on health care costs
 Councilmember Phan: sought compensation as per diem, for meetings beyond regular twice per month

Next was the interactive exercise the City Council was asked to conduct with guidance from consultants, to use blue dot stickers on the easel papers to identify its overall priority items for each of the eight major budget planning categories.

Following the conclusion of the exercise, next steps that were identified in this planning process were:

Management Partners: write a summary of this meeting and prepare a final project report by February 28 to present to the City of Milpitas

City Staff:

- mid-year FY 2017-18 Budget adjustments at an upcoming City Council meeting
- begin development of FY 2018-19 budget and financial forecast
- review the preliminary FY 2018-19 annual budget and 5 Year CIP on Tuesday, April 10, 2018 (and if needed continue to Thursday, April 12, 2018)
- hold annual budget public hearing on Tuesday, May 8, 2018 (and if needed, on May 10)

Future budget priority setting sessions could be scheduled for annual or biennial budget priority sessions.

Finally, Mr. Larson reported aloud which priority items were noted with the stickers by the City Council, which he would report out in the final consultant report to the City.

The budget planning session was concluded and the meeting adjourned at the Senior Center at 1:57 PM.

The foregoing minutes were approved by Milpitas City Council on February 20, 2018.

**Mary Lavelle
Milpitas City Clerk**