

CITY OF MILPITAS

MINUTES of: CITY COUNCIL (FINANCE) SUBCOMMITTEE

Date/Time: Wednesday, November 18, 2009 – 4:00 p.m.

- I. CALL TO ORDER:** Council Member Debbie Giordano called the meeting to order at 4:12 pm

Attendance:

City Manager: Thomas C. Williams

City Council: Council Member Debbie Giordano, Council Member Armando Gomez

Staff: Emma Karlen, Jane Corpus-Takahashi, Greg Armendariz, Kathleen Phalen, Diana Barnhart, Dennis Graham, Patricia Joki, Albert Zamora, James Lindsay, Keyvan Irannejad, Bonnie Greiner, Bryan Otake

- II. CITIZENS FORUM:** No Comments

- III. APPROVAL of MINUTES:** The October 28, 2009 meeting minutes were approved.

IV. ITEMS FOR DISCUSSION

A. South Bay Honda Fee Deferral

Diana Barnhart, Economic Development Manager – South Bay Honda originally approached the City this past February to request a fee deferral. The City was able to issue a temporary certificate of occupancy and defer the fee, but the fee would be due at completion. South Bay Honda is now requesting a continuation of the fee deferral in the amount of approximately \$138,000 in order to assist South Bay Honda to get through this flat sales timeframe. South Bay Honda offered to place the City in second position on their loan to acquire automobiles as a guarantee of payment. Staff is recommending consideration of the fee deferral with monthly payments to be paid over the next three years. Currently there is no criteria established in order to evaluate this type of request.

Council Members Debbie Giordano and Armando Gomez – This agenda item was not approved.

B. Biennial Rate Adjustments for Recycling and Solid Waste Services

Kathleen Phalen, Principal Civil Engineer – This agenda item was continued from the October 28, 2009 Finance Subcommittee Meeting in order to further review the calculation rate for “roll off customers”. The City has met with Allied Waste and obtained updated recommended rates. In Allied Waste’s agreement there is a provision for a biennial service rate adjustment, based on a calculated formula. The City had a consultant review Allied’s rate application to determine which costs are reimbursable and then the rates were set based on the calculation. The next biennial rate adjustment is due January 1, 2010.

The rate calculation shows that there is a small increase for residential accounts and a reasonable increase for multi-family and commercial accounts over the next two-year period. By the formula the extraordinary costs are allocated to the customer classes based on tonnage or yardage and this affects the largest class, the “Roll-off” customer, quite hard. Since there has been a decrease in “Roll-off” customers, the “Roll off” category is bearing a larger cost. The formula will need to be reexamined for future rate increases.

Staff is proposing to set up the increase for the “Roll off” customer in two-steps. The first would be January 1, 2010 and the second increase would be in January, 2011. This will reduce the first year rate impact and allows the City to look at the formula and how the cost should be appropriately allocated. Looking at comparable cities, Milpitas is very low on single-family residential rates. However, Milpitas is second from the highest in rates for the “Roll-off” customer. There would need to be a public hearing and adoption of an ordinance.

Gil Cheso, Allied Waste – The contract dates back to 1986. With the changes in recycling, it may be time to change the contract. In the past commercial used to subsidize residential. As services have grown, such as going from one cart to three carts, going from one truck to three types of trucks, residential has taken up more of the expense. Allied Waste has worked with staff and the consultant to establish a workable contract.

Council Members Debbie Giordano and Armando Gomez – **Approved the agenda item. The recommendation will go before the City Council for final approval.**

C. Proposed Fee Increase / Adjustments from Various Departments: Police, Fire, Engineering, Building, Planning, Parks & Recreation

Emma Karlen, Director of Financial Services – The City’s Municipal Code and fiscal policy require the City to regularly review the program fees and charges are current to ensure the recovering of full costs. The various departments gave an overview of fee increase proposals:

Dennis Graham, Chief of Police – The administrative tow fee has not been adjusted since April 2000. At the Finance Subcommittee meeting of March, 2009, it was recommended that the fee should be increased to recover 75% of cost. This comes to \$346.00. Staff is recommending a three-tier fee schedule: The first tier of \$346.00 would be for suspended license tows, driving without license, using a vehicle to commit a crime. The second tier for illegally parked vehicles because the associated cost is much lower. Third tier would be for those cases that it is beyond the control of the owner of the car such as a stolen car left on the street. There are other fees charged by the tow company for impound and daily storage that are not controlled by the City and are not part of this fee increase.

Patricia Joki, Fire Marshal – The Fire Department is proposing a new permit automation fee to recover costs associated with changes to the Fire Department’s permit and inspection records management system. This includes costs for database conversion, software programming, hardware and maintenance. This would streamline the inspection and plan check process providing customers the ability to review historical inspections and schedule inspections online. This will bring the Fire Department closer to the state mandated requirement of providing hazardous materials and emergency response information to our fire fighters 24 hrs/day, 7 days/wk.

The fee is based on a five-year amortization of computer equipment, software and maintenance and is based on the same methodology used to determine the automation fee to support the CRW permitting system currently used by Building. The proposed fee would be \$6.77 per activity conducted and would require Council approval to extend beyond five years.

Kathleen Phalen, Principal Civil Engineer – The water meter fee is to set a new water meter. This generally applies to new development or to change a commercial meter size. Typically this does not apply to replacement of existing or defective residential meters. Fees were last adjusted in 2006. Meters come in a number of sizes and types and the actual meter acquisition cost from the vendor is passed through. The meter installation fee is \$184 and is based on one hour of Public Works Maintenance to install the meter and ½ hr of clerical support.

Keyvan Irannejad, Chief Building Official – The current fee schedule was adopted in August 2004, and fees are based on the average time required for plan check and inspection for various sizes of projects. The proposed average overall permit fee increase is 12% (15% for building inspector and 9.4% for plan check engineer). There is no proposed fee increase to residential permits for replacing a water heater, furnace or air conditioning unit. Also, we are not proposing fee increase for solar panel installation. The results of a survey of the neighboring cities indicate that even with the proposed fees the City of Milpitas would be lower than average in fees. Examples: Residential addition up to 100 sq ft, Milpitas would be 95% below average. For a Residential project up to 400 sq. ft, the proposed fee would be 7.2% below average. Tenant Improvement of 2,000 sq ft, \$700,000 construction, Milpitas would be 23.2% below average. Commercial building 3,000 sq ft. new construction, Milpitas would be 12.9% below average.

James Lindsay, Planning & Neighborhood Services Director – Staff is proposing minor changes to application types to convert some flat fees in the fee schedule to private jobs (PJ) in order to achieve 100% of cost recovery. Additionally, staff is requesting some flexibility in private job deposit amounts to reduce the amount of continual billing in order to collect more cost recovery up front. Some of the application types that would be affected by the proposed conversion are building additions, minor site modifications, building signs, lot line adjustments and right-of-way vacations. Rates have historically been flat fees and have not been adjusted since the 1990’s.

Council members Debbie Giordano and Armando Gomez approved the proposed fee increases as requested by Police, Fire, Engineering, Building and Planning & Neighborhood Services. The recommendations will go to the City Council for final approval.

Bonnie Greiner, Parks and Recreation Services Director – Staff is requesting fee adjustment to many facility use and program fees which have not been adjusted since the mid 1990’s. The fee adjustments will reflect rising costs to the City and the proposed fees are within and/or below neighboring cities. Recommendations:

- **Milpitas Tidal Wave Swim Team.** The direct program cost to the City is \$212,000. Current revenue is \$57,000. The direct cost does not include overhead costs. Going forward with the proposed fee increase would increase the City’s revenue to \$83,000 and we would still be within the average of other cities.

Council members Debbie Giordano directed staff to double the fees. By doubling the fees the City would be closer to cost recovery. Staff will submit an updated fee increase proposal to the City Council.

- **The Community Garden.** The City is significantly lower in fees for their garden plots and the plots are larger than surrounding cities. Staff proposes to increase the yearly fee to \$60.00 for residents and increase seniors to \$30.

Council members Debbie Giordano and Armando Gomez made the following recommendations: The fee for senior residents should remain at \$15.00, increase the fee for resident to \$60.00 and increase non-resident to \$100.

D. Spring Valley Fire Department Partnership Program

Councilmember Gomez is requesting staff to put together all the Spring Valley programs that are offered into one comprehensive policy. In the past the City has donated surplus fire equipment to Spring Valley Fire. Staff needs to discuss whether or not anyone who works for another organization who volunteers for Spring Valley Fire Department needs to use their vacation time and any other topics.

E. Road Map for Service Improvements Update

Keyvan Irannejad, Chief Building Official – On June 16, 2009 the City of Milpitas implemented residential on-line permitting. Following this, the City implemented commercial on-line permitting. Staff proceeded to show a Power point presentation on the service improvements update. The presentation will be shown to City Council at the next meeting.

F. Park Master Plan Financing

Bonnie Greiner, Parks and Recreation Services Director – There was limited time for adequate review of the Executive Summary. Council members Giordano and Gomez will review the Executive Summary on their own and forward any questions or comments to the Parks and Recreation Services Director prior to the presentation at the City Council meeting. Council member Gomez asked staff to provide the numbers on what potential bonds would look like.

V. OTHER BUSINESS

VI. NEXT MEETING – The next meeting will be scheduled **January 20, 2010**

VII. ADJOURNMENT