

CITY OF MILPITAS
CITIZENS BUDGET TASK FORCE
MILPITAS CITY HALL COMMITTEE MEETING ROOM
APPROVED MINUTES
June 7, 2010

I. Call to Order

City Manager Tom Williams called the meeting to order at 2:15 p.m. Present were Task Force Members Alan David, Anjula Nigam, Dan Manassau, Deepka Lalwani, Jimmy Chamoures and Recording Secretary Veronica Bejines. Joseph Weinstein was absent.

II. Approval of the Agenda

City Manager Williams asked if the Task Force wishes to add anything or make changes to the agenda. There were no changes to the agenda.

III. Public Forum

Mayor Livengood thanked the Task Force for their willingness to serve on the Committee and noted that he will not be attending future meetings or partaking in discussions. He said the City is operating under a structural deficit of ten million dollars a year and felt that the business model of the City is no longer sustainable and envisions the Task Force looking at ways of doing things differently that are sustainable over the next 20 years. Examples of ideas that have not been received favorably are outsourcing City services and having employees pay for some of their benefits. Not every idea is a good idea when it comes to outsourcing and changing the paradigm but a lot of them are good ideas. He is looking to the Task Force for advice because they are not involved in City Government or part of a union but would provide an outside point of view. He cannot guarantee that the City Council will adopt their proposal but can guarantee that the City Council is anxious to hear from them. In summary, the Task Force has free reign and staff is available to provide information only. His hope is that by October, the Task Force will be able to provide a report with short and long term strategies to the City Council on how to provide City services that are sustainable over the next 20 years.

Task Force Member Lalwani asked if the Task Force is able to speak to other cities and gather information from them and Mayor Livengood said yes.

City Manager Williams clarified that at the next meeting, the Task Force will elect their Chair and Vice Chair and for future meetings, he and department heads will be readily available as resources to gather and research information as necessary.

Task Force Member Manassau asked if the City Attorney would be available as well and City Manager Williams said yes.

Task Force Member Chamoures said he would like to recommend Frank DeSmidt to fill the remaining seat on the Task Force and City Manager Williams said the Mayor makes the recommendation to City Council.

Task Force Member Chamoures said he was not sure if he has a conflict of interest serving on the Task Force since he sells products to the City. City Manager Williams said the Task Force is a recommending body and will not take any formal action and will be recommending policies for the City Council to consider.. If Mr. Chamoures is uncomfortable, he can abstain from voting or he can talk to the City Attorney.

IV. Introductions

City Manager Williams introduced himself to the Task Force. He has been City Manager for four years and prior to that, he was Planning and Neighborhood Services Director. His background is in City Planning and Economics. He was with a Private Consulting Firm for ten years and prior to that, he was with the City of San Diego a little less than ten years. His goal is for the Task Force to make recommendations to the City Council by Fall of this year. He is an open book and values community and public input and wants to hear from the Task Force. He pointed out that each Task Force Member was given a Budget binder as well as a binder with an agenda, roster, Discussion Presentation and copies of all of the Labor Union Contracts know as Memorandum's of Understanding's (MOU's). He said there is a lot of information in each of the MOU's that is cost driven and suggested that the Task Force familiarize themselves with them.

City Manager Williams introduces his Executive Assistant, Veronica Bejines, who will be attending all of the meetings to take notes and assist the Task Force with any information or copies of information.

Task Force Member Jimmy Chamoures, President and CEO of Milpitas Publishing Corporation, noted his company publishes the City's directory and guidebook and Milpitasinfo.com. He stays in touch with the City by participating in City events. He pointed out that the City's changing demographics make it very challenging and chooses to embrace it. He also felt that the Task Force would provide transparency.

Task Force Member Anjula Nigam, was the Branch Manager for Union Bank for the last 2 ½ years, before that, was a Branch Manager for Citibank for 14 years, moved to Milpitas 3 years ago and now lives and works in Milpitas. She is a very active member of the India Community Center and meets a lot of people in Milpitas and volunteers for Junior Achievements. In her earlier years, she used to be a teacher in India. This is her first time serving on a City Task Force.

Task Force Member Dan Manassau is a retired Milpitas resident who started his career with a CPA firm, got his license, and moved to private industry. For the last 30 years he worked with Lockheed as a Senior Analyst and did a lot of multi-million proposals and budget work. There used to be 30,000 Lockheed employees working in the Bay Area and now it is approximately 6,000 employees because most of the jobs have been moved to Colorado. He has been a Director with the Starone Credit Union Board for over 3 years and was on the credit union Supervisory Committee (audit committee) for about 27 years before that.

Task Force Member Deepka Lalwani, Realtor Professional, was a Financial Analyst and Financial Planner for New York Life for ten years. Has a MBA in Finance from San Jose State University and is a Certified Accountant from Canada. She is very involved in the community and was a former Chair of the Planning Commission, Community Advisory Commission and is a Government Liaison for the India Community Center.

Task Force Member Alan David, until recently, was a 30 year resident of Milpitas with his accounting practice in Milpitas. He is currently residing in San Jose and is hoping to make a comeback. He has been very involved with Milpitas serving on the Rotary Club and Chamber of Commerce and is a founding member of the Milpitas/Berryessa YMCA. His forte in accounting and tax is audits and he did the audit for Terrace Gardens in Milpitas for many years. He is very interested in business planning, budgeting and solutions.

V. Discussion

Task Force Member Manassau asked if IS can set up a website blog where Members can post and exchange comments and think about things in advance. He felt that this might speed things up. City Manager Williams said he would look into it.

Task Force Member Chamoures asked when would be a good time for the Task Force to meet. Most of the Members agreed that Monday's after Rotary Club work well however Task Force Member Manassau said that he is a conflict with the third Monday of the month. City Manager Williams suggested meeting every other week and see how the Task Force is progressing because there might be a time when the Task Force will have to meet once a week.

After further discussion, the next Task Force meeting was scheduled on Monday, June 28th at 1:45 p.m.

Commissioner Manassau suggested that the Task Force read the Santa Clara County Grand Jury Report and offered to e-mail it to the Members.

City Manager Williams said that San Mateo County issued a Grand Jury Report on contracting out and that he would e-mail it to the Members as well.

City Manager Williams reiterated that he will be attending every meeting along with the City Attorney, Finance Director, and HR Director to provide support. He also suggested that the Task Force could have access to the computer screen to make notes, flip charts, Presentations, whatever tools the Task Force needs.

Task Force Member Lalwani asked Mr. Williams what is the best way to communicate with him when seeking an answer and City Manager Williams said a Member could e-mail him a question and in his response he will distribute it to the whole Task Force.

Task Force Member David asked what the thought of communicating with City Council is. City Manager Williams said the Task Force is free to speak to each individual Councilmember without violating the Brown Act. The Brown Act states you cannot talk to more than two Councilmembers and provide them with the thoughts of a third Councilmember.

VI. Goals & Objectives City Manager presented his PowerPoint presentation to the Task Force and said that his goals are for the Task Force to: 1) Brainstorm and collaborate on ideas to solve the City's on-going structural deficit; 2) Present to the City Council in Fall, 2010, a plan to balance cost/revenue by 2013; and 3) Work together in a spirit of cooperation to succeed in the mission.

Commissioner Manassau felt that they should go beyond the plan to balance the cost/revenue by 2013 on a reasonable basis going forward, and not just say it is good for two years but put it on a market basis, not based on money that is available.

City Manager Williams agreed and said the goal would be a plan to balance cost/revenue by 2013 that is sustainable for the next 20 years.

Task Force Member Nigam agreed and said the Task Force should look for a long term vision than short term vision.

Task Force Member Manassau asked what constraints exist with Union contracts. City Manager Williams said one MOU expires at the end of this year, and all of the other contracts expire at the end of 2011 and everything can be renegotiated.

Task Force Member Lalwani said she would like to compare what other cities are doing and Task Force Member Manassau suggested that Task Force Member Lalwani read the Grand Jury Report.

City Manager Williams said the City did a Total Compensation Report by job classification compared to eight other cities a year ago and that he would provide that to the Task Force.

City Manager Williams noted that there are three major revenue sources - property tax, sales tax and hotel tax. For every dollar in property tax, the City collects 16 cents. For every dollar in sales tax, the City gets 1%, for hotel tax, the City gets 10%, and for Redevelopment, the City gets 65 cents for every dollar. Water and sewer are under separate enterprise funds and the only revenue received is through utility bills. The ten million dollar deficit is with the general fund and does not include water, sewer or redevelopment.

Task Force Member Manassau asked if the Finance Director can brief the Task Force at the next meeting about how the cost allocations work and City Manager Williams said yes and that he could brief the Task Force on redevelopment funds.

Task Force Member David asked for clarification on the PERS contribution graph. City Manager Williams said PERS stands for Public Employee Retirement System and when you hear 3% at 50, you take the highest salary that the employee made times 3% times the number of years employees. Regarding the graph, that is the percentage rate increase the City pays. When PERS invests, anything over 8%, the City does not get charged, any less than 8%, they charge back to the City. For example, for Public Safety next year, the City will pay 52% of their salary next year because of PERS Investment losses. He did note that four years ago, the City started putting money away into a PERS Stabilization fund and does not want to use reserves for the general fund.

Task Force Member Chamoures asked if the City can borrow from the redevelopment agency and City Manager Williams said yes. He also pointed out that the Redevelopment Agency owns the Police and Fire Stations and some parks.

Task Force Member David requested a copy of last year's audit report and City Manager Williams said yes.

VII. Future Items

The following items will be agendized at the next meeting: 1) Election of Chair and Vice Chair, 2) Briefing by Finance Director on Cost Allocation Report, and 3) Briefing by City Manager on Redevelopment Funds.

VIII. Adjournment Meeting was adjourned at 3:35 p.m. to the next meeting on Monday, June 28, 2010 at 1:45 p.m.

Respectfully submitted,

Veronica Bejines, Recording Secretary