CITY OF MILPITAS
CITIZENS BUDGET TASK FORCE
MILPITAS CITY HALL COMMITTEE MEETING ROOM
APPROVED MINUTES
October 4, 2010

I. Call to Order / Roll Call

Task Force Chair Joseph Weinstein called the meeting to order at 2:00 PM

Present: Task Force Chair Joseph Weinstein; Task Force Vice Chair Anjula Nigam; Task Force Members Alan David, Deepka Lalwani, Dan Manassau, and Ami Shah; City Attorney Mike Ogaz; Human Resources Director Carmen Valdez; Finance Director Emma Karlen, Parks and Recreation Services Director Bonnie Greiner, Economic Development Manager Diana Barnhart and Recording Secretary Veronica Bejines
Absent: None

II. Approval of Agenda

Motion: to approve the agenda, as submitted

Motion/Second: Task Force Member Manassau/Task Force Member David

Motion carried by a vote of: Ayes: 4
Noes: 0

III. Approval of Unapproved Minutes

Motion: to approve the unapproved Minutes, as submitted

Motion/Second: Task Force Member Nigam/Task Force Member Manassau

Motion carried by a vote of: Ayes: 4
Noes: 0

IV. Public Forum

None.

V. Chairperson's Remarks

Task Force Member Deepka Lalwani arrived at 2:12 p.m. and Task Force Member Ami Shah arrived at 2:15 p.m.

Chair Weinstein announced there was a good turnout at the September 30th Budget Task Force Public meeting and went over citizen concerns. One of the questions raised was why the City Attorney's office has to hire outside legal counsel. City Attorney Ogaz stated that the City's ABAG insurance covers outside legal counsel when necessary.

Chair Weinstein reiterated that the City Council is looking for creative ideas from the Task Force and he would like the final set of recommendations by the Task Forces' first meeting in November. The City Council would like the report for the second City Council meeting in November.

Task Force Member Manassau felt that the Task Force does not have enough resources to come up with a final report by the second Council meeting in November. Chair Weinstein felt that the Task Force could come up with some ideas about outsourcing and felt that the Task force is free to make policy recommendations that the City could use as a negotiation tool to keep costs down.

When making recommendations to City Council, Task Force Member Manassau felt that it should not be a research paper and Task Force Member Nigam said she would prefer bullet points.

Chair Weinstein pointed out by the next meeting, Recording Secretary Bejines will provide a copy of all the documents that have been passed out and e-mailed. He also said that each member is responsible for reading all of the data brought

forward.

VI. Discussion

Chair Weinstein introduced Diana Barnhart, Economic Development Manager, who will provide an update on the proposed conference center and the Redevelopment Agency.

Ms. Barnhart provided an update on the conference center in regards to increasing revenue and the Redevelopment Agency in regards to paying for employee's salary.

Chair Weinstein asked how the conference center would affect the general fund. Ms. Barnhart said they would propose to increase the transient occupancy tax (TOT) which would be able to cover all of the operating expenses and create revenue flow for the General Fund. Part of the operating expenses would go to pay debt, and the other part would be used to operate the center. Finance Director Karlen indicated that the 8% TOT generates $4 million dollars and 1% of TOT is half a million dollars.

Task Force Member David added that the conference center will spin off TOT because the hotels would be the beneficiary because of the convention center. He asked if this would happen in the next three years and Ms. Barnhart said she did not think it would happen that soon.

Chair Weinstein asked if salaries could be transferred to the Redevelopment Agency. Ms. Barnhart pointed out that her benefits and salary is under the RDA.

Chair Weinstein asked if this is legal and City Attorney Ogaz said yes.

Task Force Member David said this is just an allocation formula. City Auditors buy into specific assigning of hours and time and it brings more revenue to the general fund.

Ms. Karlen said without further study, she does not see if the City was to form an individual Agency, whether that would offset the General fund cost. Right now, the City has an allocation formula of how much activities and time staff spend on RDA activities. If the Agency has their own staff, she would be concerned about duplication of effort, but without further data, she cannot answer if that will save the City more money.

The Task Force Members continued with their discussion about allocation and revenue generation through the RDA.

Chair Weinstein asked if there are any credible numbers that can be looked at which would be a savings to the general fund. Ms. Barnhart said she thinks it would come down to people doing more work for redevelopment to stimulate economic development.

Chair Weinstein introduced Bonnie Greiner, Parks and Recreation Services Director, who will provide an update on Recreation Programs.

Ms. Greiner gave an update on the Swim Program, Senior Center, After the Bell program and Adult Sports.

Chair Weinstein pointed out that the league at Twin Creeks charges way more for non residents and asked why the City is not doing the same. Ms. Greiner said that Twin Creeks has a higher caliber of play and the City is more for recreational play and is not as competitive. When comparing fees, the City compares them with benchmark cities and municipalities and not with the private sector.

Chair Weinstein asked if the City has ever raised prices where the number of residents and revenue have gone down and Ms. Greiner said the number of teams have gone down in the past few years which affects revenue.

Task Force Member Shah asked how much it costs to run adult sports. Ms. Greiner said the direct staffing cost for adult sports is under $20,000. Ms. Karlen said the full blown cost is $120,000. Task Force Member Shah pointed out that revenue is only $15,000 dollars.

Task Force Member Shah asked if the City is doing any promotions for Adult Sports and Ms. Greiner said no.

Task Force Member Manassau said 156 residents participated in adult sports in 2009 and asked how many teams would that be. Ms. Greiner said it depends on which sport. For example, for the softball team, you could have twelve people to a team or for basketball, you could have ten people to a team.

Task Force Member Manassau said based on the net cost of $105,000, it would cost the City $675.00 per person to provide Adult Sports in addition to whatever they are paying.

Ms. Greiner said that often times, residents who participate in Adult Sports are introduced to the Sports Center and become members.

Chair Weinstein asked if the City hired a full time swim coach and Ms. Greiner said yes.

Chair Weinstein asked what is the percentage of non residents and costs of residents versus non residents. Chair Weinstein asked if costs are allocated to the swim team. Ms. Karlen said the facilities are there to offset the costs. Every year the City has to resurface the pool, chemicals and provide heating and is pretty much subsidized. The more people that use the pool the more you have to maintain it.

Chair Weinstein also asked if the City should be competing with other private groups.

Ms. Greiner gave an update of the City's swim team program.

Chair Weinstein asked what the swim coach does when not coaching students. Ms. Greiner said when she is not on the pool deck, she oversees the Teen Center, public relations and marketing for Recreation, and helps out with special events. She is paid as a Recreation Supervisor and does not get paid over time.

Chair Weinstein asked before the swim coach came, who did her duties. Ms. Greiner said the duties were rotated among staff. She said that the position is $120,000 with benefits and pretty compatible with other cities.

Chair Weinstein asked if the City got rid of the swim team, where would they go. Ms. Greiner said they could go to Fremont, Santa Clara, San Jose, or Campbell.

Task Force Member Manassau asked if the Tidal Waves swim club and aquatics is the same thing and Ms. Greiner said no. The Tidal Waves are the swim club and the aquatics consist of swim lessons.

Task Force Member Manassau asked if Ms. Greiner could break out the costs between the Tidal Waves and aquatics and she said yes.

Chair Weinstein called for a ten minute break at 3:20 p.m.

The meeting resumed at 3:30 p.m.

Task Force Member Shah asked how many residents/non residents benefit from the Senior Center. Ms. Greiner said that last year, 1,070 residents signed up and 581 non residents sign up. This year, the Senior Center had over 600 new enrollees.

Task Force Member Shah asked if the City is spending about $1,000 per seniors and Ms. Greiner said she does not have the exact figures in front of her but it is quite expensive and they subsidize many programs.

Task Force Member Shah asked how someone can make a voluntary contribution. Ms. Greiner pointed out that the lunch program is a voluntary fee where the City and County both pay for the program. You have to be a member to participate and members pay about $20.00 per year.

Chair Weinstein asked what is the financial projection for costs for the senior center and asked if Ms. Karlen could provide some figures.

Task Force Member Nigam asked what are the qualifications for seniors to get everything for free. Ms. Greiner said that the City Council set a policy for qualifications for seniors that they have to be 50 years and above. Ms. Karlen said that there is a City Ordinance for the fees for most recreation programs. Very few programs are 100% cost recovery and thinks that seniors are 25% cost recovery.

Task Force Member Nigam asked if the age limit can be changed and City Attorney Ogaz said the City has no limitations.

Chair Weinstein asked if staff could provide a City Ordinance that sets the fees for all Programs for cost recovery and City Attorney Ogaz said yes.

Task Force Member Manassau asked when new members join the Senior Center, does that increase the City's cost. Ms. Greiner said right now, costs are status quo and the lunch program numbers are set which are a maximum of 94 seniors for lunch. The lunch is served on a first come, first serve basis and if they can afford it they pay for it. For those sixty and over, the County suggests a donation of $2.50 and for the rest is $5.00.

Chair Weinstein asked if Ms. Greiner could provide a cost estimate of the cost of the lunch program and revenue and Ms. Greiner said yes.

Task Force Member Lalwani asked for the history of the preschool program such as how much does it cost to the City, cost per child, and why is the City competing with other preschools. Ms. Greiner said when the City started the program, it was not a certified/licensed program and there were not a lot of preschools. A few years ago, the City looked at cutting the preschool and people were very upset because it is a popular program. People stand in line at 3 a.m. to get their kids in. Last year, the program brought in $150,000 in revenue and the direct cost is $190,000.

Task Force Member Nigam asked if the City can add income qualifications and Ms. Greiner said you can but you there would be more paper trail needed.

Task Force Member Lalwani asked how much does it cost to play Bingo and Ms. Greiner said it is $5.00 for the whole night.

Task Force Member David asked about raising prices for the preschool and Ms. Greiner said the sensitivity level for raising prices is very high.

Task Force Member David asked about the After the Bell program. Ms. Greiner said that the Stay and Play program is at four school sites and City staff keep the children after school until 6 p.m. The cost of the program is cost neutral.

Chair Weinstein said that one year, the City charged for Fireworks and then stopped. He asked for the reason why. Ms. Greiner said that the City Council made a decision not to charge anymore.

Ms. Greiner said that for the After the Bell program, last year, they brought in $237,000 in revenue, and the cost for staffing and program supplies was $231,000. Ms. Greiner said it costs $1,080 per kid for the whole year.

Ms. Greiner said for the program, there is limited for space and enrollment because each school gives the City a different amount of space.

Chair Weinstein asked if the City can do this at every school site and Ms. Greiner said that the City would have to hire more staff.

Task Force Member Lalwani asked if you can make some of the programs income based and the City Attorney said he does not see anything that would suggest the City could not do an income based revenue scale.

Chair Weinstein introduced Mike Ogaz, City Attorney, who will provide an update on Mobile Home Inspections.

City Attorney Ogaz said that the Building Department operates mobile home programs which are a State function. The City gets a lot of complaints from mobile home parks and the fees are set by the State. The State administers the whole program but it does not meet the Task Force's 50k threshold.

VII. Task Force Subcommittee Reports

a. Income or Revenue
b. Benefits and Salaries
c. Programs
d. Departments

a. There was no update on Income and Revenue.

b. Ms. Valdez passed out information regarding available Calpers retirement formulas. To date, the formula for safety (police and fire) is 3% at 50 and 2.7% for miscellaneous (all other groups).

Task Force Member David asked about the 1.5% at 65 and Ms. Karlen said she thinks it is for first time Calpers members and Ms. Valdez added that the City does not contribute to Social Security.

Task Force Member David asked if a new employee was hired, could he be offered a different retirement formula. Ms. Valdez said a second tiered formula could be offered to new employees. Ms. Valdez said the 1.5% at 65 does not apply to the City.

Task Force Member David asked if the City contributes to Medicare. Ms. Karlen said yes and that the employee contributes 1.45% and the City contributes 1.45%.

Task Force Member David asked once an employee is eligible for Medicare, does that decrease their medical insurance premium. Ms. Valdez said it decreases the premium by a small amount but the City is still responsible for paying the premium for retirees when they are Medicare eligible.

c. There was no update on Programs.

d. There was no update on Departments.

VIII. Future Agenda Items / Next Meeting

Task Force Member Manassau announced that he will not be at the next meeting because he will be on vacation.

Chair Weinstein reiterated that the Task Force needs to bring a summary of recommendations for the next meeting. He is recommending that the group look at ten million dollars in savings. He would like the Task Force to bring specific recommendations/ideas about how to cut the budget and then he will ask City staff to check the figures. He also said the Mayor and Council would like the final report by the end of October/early November.

IX. Adjournment

Meeting was adjourned at 4:42 PM to the next meeting on Monday, October 18, 2010 at 2:00 PM.

Respectfully submitted,

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Veronica Bejines, Recording Secretary