



CITY COUNCIL FINANCE SUBCOMMITTEE Meeting Minutes

Date/Time: Wednesday, January 10, 2018 at 4:34 pm,
Milpitas City Hall, Committee Conference Room

Attendees: Vice Mayor Grilli, Councilmember Bob Nuñez, Interim City Manager/Chief Steve Pangelinan, Finance Director Will Fuentes, Assistant Finance Director Jane Corpus; and Recording Secretary Rachele Currie

- I. **Flag Salute:** Vice Mayor Grilli led the Pledge of Allegiance.
- II. **Call to Order:** Vice Mayor Grilli called the meeting to order at 4:34pm.
- III. **Approval of Agenda:** Councilmember Nuñez motioned and seconded by Vice Mayor Grilli to approve the agenda as submitted. Approved unanimously.
- IV. **Approval of Minutes:** Councilmember Nuñez motioned and seconded by Vice Mayor Grilli to approve the minutes of August 28, 2017 as submitted. Approved unanimously.
- V. **Public Forum (Please *limit comments to 3 minutes*)** – None

VI. **Item for Discussion**

a) *Annual Review of City Cal-Card Holders List as of December 31, 2017*

Finance Director Will Fuentes offered information that City Department Directors get CalCard because they typically go to conferences and they also purchase needs for their respective department. Other staff have CalCard based upon the department's request, needs and roles. All requests are reviewed and approved by Finance Director and City Manager. All CalCard holders are subject to City's credit card policy and manual. As of December 31, 2017 there are a total of 90 CalCard holders.

Councilmember Nuñez asked what does having CalCard (for support staff) do with the centralized supply storage. Assistant Finance Director replied that we used to have supply storage but that was eliminated and currently the City has a contract with OffieMax; however departments that have field staff like Fire, Police, Public Works, and Recreation use other stores such as OSH, Home Depot, and others for "at the moment" or may often have urgent and emergency needs. Department Head must sign each of his/her staff's credit card statement.

b) *Monthly Review of City Manager Cal-Card Statements*

Mr. Fuentes mentioned that today's report reflects periods from July 1 – December 31, 2017 to do a catch up but in the upcoming meetings report will be monthly. Director Fuentes did not see any irregularities or deviations from policy or credit card manual. He summarized that the CalCard was used three times for a total of \$230.97.

Councilmember Nuñez asked Mr. Fuentes what the next step is if he found an irregularity. Director Fuentes responded that he will ask the City Manager for additional documentation and will try to obtain the purpose of using the CalCard. He will then determine if the new documentation approves the procedure; if it doesn't fall within the policy, he will ask for reimbursement and/or send it back to City Attorney's Office. Councilmember Nuñez added that the subcommittee might want to look at that situation instead of just having the Finance Director and City Manager discuss it between them. Vice Mayor Grilli agreed that if there are any irregularities, Director Fuentes should bring the matter to the subcommittee. Mr. Fuentes replied that if there are any deviation from the policy, he will try to bring it to the subcommittee.

Vice Mayor asked how will staff train the incoming City Manager as to what City Council expect in using CalCard. Mr. Fuentes responded that the Purchasing Agent do an extensive training with the new CalCard holder. Vice Mayor inquired what can a City Manager use their CalCard for (meals) when the City Manager has a budget to comply with; is there budget limit on a monthly basis? Director Fuentes replied that each card holder has a limit of \$5,000 monthly. They can purchase food but no alcohol and the purchase is for meetings only.

- c) *Monthly Review of Contracts Approved under City Manager Authority – Ordinance No. 289.1*
Finance Director Will Fuentes mentioned that the report before the subcommittee reflects the periods from July 1 – December 31, 2017. He reminded the Subcommittee the prior to December 7, 2017 the City Manager Authority is up to \$100,000 and it was revised to \$50,000 after December 7, 2017. He summarized that there are no irregularities or deviations from City's Municipal Code and that all contracts have received internal review. There are 121 contracts signed totaling \$2.9 million and averaging \$24,130. Of those contracts, \$1.2 million is spent to date and \$1.7 million remaining balance.

Councilmember Nuñez inquired about contracts approved for the Recreation Department. Assistant Finance Director responded that the report is only for contracts within City Manager Authority (and not going through City Council approval). The contract still go through a process – such as bidding process, RFP process, Purchasing ordinance, and CUPCCA. She explained further that less than \$10,000, the department can get 3 quotes from vendors. But usually for services and above \$10,000, staff go out for RFP unless it is under CUPCCA process where limit is up to \$45,000 and a much more detailed process. For other services over \$45,000, that's when staff get to a different process. Councilmember Nuñez asked about sole source and what distinguishes it; Mr. Fuentes will provide the information to the Councilmember.

- d) *Monthly Budget Process Update*
Finance Director informed the Subcommittee that staff is working with Management Partners to implement new process. To date, seven various meetings and interviews were completed and three more meetings (includes the City Council Special Meeting on February 3rd) are to be held in the next few weeks.

Councilmember Nuñez suggested to conduct community budget workshops utilizing other areas within the City that is more accessible to those people living on the east side (School District Office area); residents near Great Mall (Fire Station 1); or virtual meeting in order for people over the BART area attend or watch the meeting.

Vice Mayor mentioned that the survey platform is not what was discussed at a previous meeting. Mr. Fuentes responded that staff couldn't get the contract in time (scheduled for Tuesday night's Council meeting) and after the approval they will be utilized.

- e) *Review of City Budget Policies*
Assistant Finance Director Jane Corpus briefly reviewed current budget policies and proposed changes to increase efficiencies. Proposed budget policies are as follow:

1) *Out of State Travel*

Currently, all out of state travel requests go to City Council for approval. Staff is proposing to shift approval to City Manager.

Vice Mayor Grilli said to keep it at City Council approval and Councilmember Nuñez agreed with the Vice Mayor.

2) *Budget Appropriations for Grants/Donations not requiring matching funds*

Currently, it goes to City Council for approval. Staff is proposing to allow Finance Director to authorize when there is no matching of City funds (but we could place a dollar amount limit).

Vice Mayor Grilli (Councilmember Nuñez agreed) to set a limit, and bring it to Finance Subcommittee for perusal.

- 3) **City Manager Approved Transfers between Departments within the Same Fund**
Currently, City Manager has authority up to \$20,000 limit for appropriation transfers between departments within the same funding source (general fund from one department to general fund of another department). Staff is proposing to increase the amount from \$20,000 to \$50,000 to match the City Manager Contract Authority. Vice Mayor Grilli and Councilmember Nuñez agreed to keep the same dollar limit amount and to show the subcommittee how often it happens.

Lastly, staff is seeking further direction on how Council wishes to develop its own City Council budget. Both Vice Mayor Grilli and Councilmember Nuñez would like to see the Council budget as a whole including benefits. Vice Mayor Grilli had clarifying question for Recording Secretary Currie about Commissions budget. Councilmember Nuñez asked about the cell tower revenue and where in kind services are captured. He would like to know if there's a report where it shows the City provided personnel time for special event. What is the difference between partnership and sponsorship.

VII. Other Business – None

VIII. Next Meeting – February 14, 2018

IX. Adjournment – Meeting was adjourned at 6:02pm.

**City of Milpitas - Approved Contracts \$50,000 And below
January 2018**

Summary

Note: CM Authority at <\$100,000 until 12/06/17; <\$50,000 12/07/17 and after

Total \$ All Contracts:		<u>Total \$ Amount</u>	<u>\$ Spent To Date</u>	<u>Remaining \$ Balance</u>
Total Qty All Contracts:	9	\$ 241,285	\$ 40,225	\$ 201,060
Average Contract \$:	\$ 26,809			

Department	Contract Date	Contract #	Vendor #	Vendor Name	Full Description	Total \$ Amount	\$ Spent To Date	Remaining \$ Balance
<i>City Manager Sub-Total</i>	1					\$ 30,756	\$ 11,243	\$ 19,513
<i>IS Sub-Total</i>	1					\$ 12,000	\$ -	\$ 12,000
<i>Police Sub-Total</i>	2					\$ 33,531	\$ -	\$ 33,531
<i>Public Works Sub-Total</i>	3					\$ 129,999	\$ 21,936	\$ 108,063
<i>RCS Sub-Total</i>	2					\$ 34,999	\$ 7,046	\$ 27,953

City of Milpitas - Approved Contracts \$50,000 and Below

January 2018

Detailed Listing

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Department	Contract Date	Contract #	Vendor #	Vendor Name	Full Description	Total \$ Amount	\$ Spent To Date	Remaining \$ Balance
City Manager Sub-Total	1					\$ 30,756	\$ 11,243	\$ 19,513
City Manager	01/19/18	DP18103	15647	Applied Development Economics	Land Conversion Study and Presentations	\$ 30,756	\$ 11,243	\$ 19,513
IS Sub-Total	1					\$ 12,000	\$ -	\$ 12,000
IS	01/12/18	DP18906	18459	Superion, LLC	TRAKIT API for ProjectDox	\$ 12,000	\$ -	\$ 12,000
Police Sub-Total	2					\$ 33,531	\$ -	\$ 33,531
Police	01/19/18	DP18704	11645	San Diego Police Equipment	Training and Duty Ammunition	\$ 24,823	\$ -	\$ 24,823
Police	01/19/18	DP18705	17613	Special Services Group LLC	Covert Track Stealth III GPS Tracker	\$ 8,708	\$ -	\$ 8,708
Public Works Sub-Total	3					\$ 129,999	\$ 21,936	\$ 108,063
Public Works	01/12/18	C344000	15990	Cal-West	Traffic Light and Signal Maintenance	\$ 44,999	\$ -	\$ 44,999
Public Works	01/12/18	FY18427	10622	State of California (Trans)	FY2017-2018 Traffic Signal Light Maintenance	\$ 40,000	\$ 21,936	\$ 18,064
Public Works	01/12/18	FY18428	14760	Bartle Wells Associates	Water Rate Study	\$ 45,000	\$ -	\$ 45,000
RCS Sub-Total	2					\$ 34,999	\$ 7,046	\$ 27,953
RCS	01/31/18	FY18635	17648	Mei-Wan Chai	FY2017-2018 Independent Contractor	\$ 25,000	\$ 4,095	\$ 20,905
RCS	01/31/18	FY18636	18367	Rebound Basketball Academy Inc	FY2017-2018 Independent Contractor	\$ 9,999	\$ 2,951	\$ 7,048

Number of Milpitas Veterans per US Census

1,904

City of Milpitas Population per US Census

77,528

Senior Center Membership Breakdown

Annual Membership

# Veterans/# Residents	%		Total Registered Seniors	# of Veteran Participants	Package Cost	Cost for Veterans	Annual Cost to City
1904/77528	2.46%	x	1235	30.381	\$12.00	\$364.57	\$364.57

Total Cost
\$364.57

Senior Center Fitness Room Breakdown

Per Visit Membership

# Veterans/# Residents	%		Total number of visits	# of Veteran Visits	Per Visit Cost	Cost for Veterans	Annual Cost to City
1904/77528	2.46%	x	2750	67.65	\$1.50	\$101.48	\$101.48

\$101.48

Sports Center Fitness Room Breakdown

Non-Senior Monthly Membership

# Veterans/# Residents	%		Total Sports Center Membership	# of Veteran Participants	Package Cost	Cost for Veterans	Annual Cost to City
1904/77528	2.46%	x	108	2.66	\$50 (1 month)	\$133.00	\$1,596.00
1904/77528	2.46%	x	10	0.25	\$150 (3 month)	\$36.90	\$1,734.30
1904/77528	2.46%	x	9	0.22	\$250 (6 month)	\$55.00	\$110.00

\$3,440.30

Senior Monthly Membership

# Veterans/# Residents	%		Total Sports Center Membership	# of Veteran Participants	Package Cost	Cost for Veterans	Annual Cost to City
1904/77528	2.46%	x	175	4.31	\$25 (1 month)	\$107.63	\$1,291.56
1904/77528	2.46%	x	37	0.91	\$75 (3 month)	\$68.27	\$273.08
1904/77528	2.46%	x	23	0.57	\$125 (6 month)	\$71.25	\$142.50

\$1,707.14

Non-Senior Annual Membership

# Veterans/# Residents	%		Total Sports Center Membership	# of Veteran Participants	Package Cost	Cost for Veterans	Annual Cost to City
1904/77528	2.46%	x	6	0.15	\$450.00	\$66.42	\$66.42

Senior Annual Membership

# Veterans/# Residents	%		Total Sports Center Membership	# of Veteran Participants	Package Cost	Cost for Veterans	Annual Cost to City
1904/77528	2.46%	x	35	0.86	\$225.00	\$193.73	\$193.73

\$260.15

Sports Center Fitness Room Breakdown Per Visit Package

Non-Senior Monthly Membership

5 Visit Package	%		Total Sports Center Membership	Total Membership	Percentage of	Percentage of	Cost of Visit
Non-Senior	2.46%		488	5395	65.42%	3,529	\$4.00
Senior	2.46%		258	5395	34.58%	1,865	\$2.00

\$347.25
\$91.76

\$439.01

10 Visit Package	%		Total Sports Center Membership	Total Membership	Percentage of	Percentage of	Cost of Visit
Non-Senior	2.46%		284	5395	44.31	3,529	\$4.00
Senior	2.46%		357	5395	55.69	1,865	\$2.00

\$334.51
\$210.21

\$544.72

15 Visit Package	%		Total Sports Center Membership	Total Membership	Percentage of	Percentage of	Cost of Visit
Non-Senior	2.46%		26	5395	26.53	3,529	\$4.00
Senior	2.46%		72	5395	73.47	1,865	\$2.00

\$28.87
\$39.98

\$68.85

20 Visit Package	%		Total Sports Center Membership	Total Membership	Percentage of	Percentage of	Cost of Visit
Non-Senior	2.46%		73	5395	19.36	3,529	\$4.00
Senior	2.46%		304	5395	80.64	1,865	\$2.00

\$118.19
\$246.14

\$364.33

25 Visit Package	%		Total Sports Center Membership	Total Membership	Percentage of	Percentage of	Cost of Visit
Non-Senior	2.46%		9	5395	5.92%	3,529	\$4.00
Senior	2.46%		143	5395	94.08%	1,865	\$2.00

\$20.58
\$163.58

\$184.16

Grand Total \$7,474.71

MEMORANDUM

Department of Recreation and Community Services



To: City Council Finance Subcommittee

From: Renee Lorentzen, Acting Assistant City Manager/Director and Recreation and Community Services

A handwritten signature in blue ink, appearing to be "RL", is written over the name Renee Lorentzen.

Subject: Free Senior Center and Sports Center Memberships for Veterans

Date: February 14, 2018

On August 2, 2017, the Veterans Commission voted to recommend free memberships for Milpitas Veterans to the Milpitas Sports Center and Milpitas Senior Center, for Milpitas City Council final approval. As the recommendation, if approved, will be a cost to the City, this item is being brought to the City Council Finance Subcommittee for review and recommendation as well.

As reported in the U.S. census, approximately 2.5% of Milpitas residents are Veterans. Staff has prepared a spreadsheet of current Senior and Sports Center membership use revenue that reflects an average 2.5% veteran participation. The revenue shown in the spreadsheet is the anticipated loss or cost to the City that would require an identified funding source during the 2018.19 FY Budget process.

Some unknowns for staff at this time are 1) actual number of veterans in Milpitas (some may not report their status to the census) and 2) increased use of center memberships by veterans due to the new opportunity for free use. If the City Council approves free Senior Center and Sports Center Memberships for Veterans, staff would monitor the level of usage and return to City Council with updates and any needed adjustments.



MEMORANDUM

Finance Department

To: Finance Subcommittee
From: Will Fuentes, Director of Financial Services
Subject: Highlights of 2017 Wastewater Revenue Refunding Bonds
Date: February 14, 2018

On November 21, 2017, the City Council authorized the issuance of the 2017 Wastewater Revenue Refunding Bonds. The 2017 Bonds replaced similar 2006 Bonds for a lower interest rate and overall debt cost. Below, please find a summary of the issuance:

- Par Value of 2017 Wastewater Revenue Refunding Bonds \$4,725,000
- Sale Date 12/04/2017
- Rating AA+
- Final Maturity 11/01/2026 (9 years)
- True Interest Cost (TIC) 1.92%
- All-In True Interest Cost (including Cost of Issuance) 2.59%
- Cost of Issuance* \$162,664
- NPV \$ Savings of Refunding (after Cost of Issuance) \$369,478
- NPV % Savings of Refunding (after Cost of Issuance) 7.20%
- GFOA Best Practice for NPV Savings >3.00%
- Variance from GFOA NPV Best Practice +4.20%
- Average NPV Savings per Year until Maturity \$41,053

**Note: Cost of Issuance paid from bond proceeds and not a direct cost to the City of Milpitas. Reflected in All-In True Interest Costs.*

When Council approved the issuance in November 2017, staff projected that total NPV savings would be \$379,129 and 7.38%. Thus, actual savings were very close to initial projections and any variances reflect bond market fluctuations from when the bonds were approved to when they were actually sold.

In summary, the savings presented will be a benefit to the City's Sewer Fund and can be repurposed for operating or capital needs in the Sewer Fund per Council discretion. Nevertheless, please note that the City of Milpitas has a sizeable \$68.7 million commitment to the fiscal years 2018-2022 capital improvement program at the San José-Santa Clara Regional Wastewater Facility and any money saved by this refunding could be used to offset that obligation. Additional wastewater bond issuances will likely be needed to meet the full obligation and those will be brought before Council at a later date after a Sewer Rate Study is performed in the first half of 2018. Any debt issued will need to be supported by sufficient rates and revenue to pay the debt service costs and this will be discussed in more detail once the results of the Sewer Rate Study are presented to City Council.