

MEETING MINUTES CITY OF MILPITAS

Minutes of: Special Meeting of Milpitas City Council
Date: Monday, April 25, 2016
Time: 4:00 PM
Location: Council Chambers, Milpitas City Hall,
455 East Calaveras Blvd., Milpitas

CALL TO ORDER

Mayor Esteves called the meeting to order at 4:00 PM. The City Clerk noted the roll.

PRESENT: Mayor Esteves, Vice Mayor Montano, Councilmembers Barbadillo, Giordano and Grilli

ABSENT: None

PUBLIC FORUM

None

ANNOUNCEMENT OF CONFLICT OF INTEREST AND CAMPAIGN CONTRIBUTIONS

City Attorney Diaz asked the Mayor and Councilmembers if they had any personal conflicts of interest or reportable campaign contributions. No conflicts or contributions were reported.

STUDY SESSION – FY 2016-17 BUDGET

City Manager Tom Williams provided brief recent history of City of Milpitas budgets, the current status of the city's finances and the economic environment. Budget goals were given, exercising caution surrounding the budget and economic climate in Milpitas. The City's Finance Director Russ Morreale followed with a discussion of the process to date, arriving at this study session with the City Council, including the primary purpose to allow Councilmember to provide input and direction to staff for FY 2016-17.

Mayor Esteves requested information showing, as the City pie chart did, the percentage in comparable cities of the amount of General Funds allocated to public safety departments versus all others.

Mr. Morreale provided General Fund highlights which include a balanced General Fund overall, salary and pension costs alone have the main impact on the budget, while the remainder was mostly status quo. Development activity in Milpitas was significant (noted especially in the Building, Planning and Engineering department). Strengthening pension reserves was recommended in the coming year's budget. Property Tax, Sales Tax and Hotel Tax revenues provide the large majority of general fund revenue in Milpitas. Only 16% of property taxes came to the City, while the majority (remainder) was disbursed to other government entities.

Vice Mayor Montano asked about commercial/industrial property and its percentage contribution to revenue. She asked the Finance Director to provide her with a breakdown of that.

Sales tax trends were good, with \$22.02 million anticipated for FY 17, representing an increase of 10.9% over the prior year. Some questions were asked about sales tax revenue versus what was came in to other cities and whether or not a tax measure could be considered by voters. Mr. Morreale described hotel tax trends, which had experienced a banner year with the recent Superbowl and other events. He showed a chart with neighboring cities' hotel tax rate versus Milpitas' 10%, rates between 10% – 14%.

Mayor Esteves asked for a comparison to other cities in percentage of General Fund budget going to salaries and benefits, with the smallest amount allocated to contractual services and supplies.

The Finance Director pointed out that the City had a lower number of staff (FTEs) over the last five years versus 2009 when there were 413.25 Full Time Equivalent employees, and would anticipate 331.25 FTEs in FY 2016-17. Three new employees were requested and included in the draft budget: for Public Works (2 FTEs) and Engineering (1) funded by Utility operations. Six FTE

changes were requested, related to title changes or reclassifications in Police, Public Works and Engineering. Equipment requests for next year were also reviewed.

Staff explained public safety department requests that were deferred or based on alternative funding (from developer or from grants applied for). The Mayor questioned costs for the training toward the tiller truck, a new vehicle. Vice Mayor Montano asked about funds given to the city to date for "community benefit" and how that was tracked. Finance staff responded it would be listed under "other revenue."

General Fund, Water Fund and Sewer Fund reserves were maintained at a very healthy level, above the required percent stated in City policies.

Three new public safety positions were proposed, to be funded in the near future by the established Communities Facilities District. Councilmember Giordano asked why only one new police officer was requested (not more).

Councilmember Grilli inquired about the Fire Inspector position. Mr. Morreale explained it would be funded at 75%, due to start in October, not at the start of the fiscal year.

Councilmember Barbadillo asked about police officers at Great Mall and the costs borne by the Mall. Police Chief Pangelinan confirmed that the Great Mall was paying for two of four police officers dedicated there.

Mr. Morreale recommended strengthening the PERS rate stabilization reserve. \$2.8 million in one time funds were expected from a state sales tax adjustment income. Staff recommended those funds be put into the PERS reserve. That fund then could go from \$5.4 million to \$8.2 million to help offset increased PERS pension rates the City must pay.

Upon presentation of a list of "Decision Points" for the City Council to consider, the Mayor went to the item "City Council Health Plan Restoration" as displayed by Finance Director. He proposed that this be restored, after it had been cut from the budget a few years ago, and along with City Council Commission Attendance Stipends (compensation sought as happened in other cities at \$100 stipend per meeting). He also proposed the Planning Commission stipend go from \$25 up to \$75 per meeting. Councilmember Giordano recommended that the Planning Commission go up to \$100 per meeting and she supported restoration of health benefit for Councilmembers.

Councilmember Grilli disagreed on all points by the Mayor. Going to Commission meetings was part of the job, so she felt it was not appropriate to pay Councilmembers for that. She was not in favor of the health benefits being restored nor the Planning Commission going up with all the other needs in the City.

Fiscal challengers were identified, with the highest one as rising pension (PERS) rates and increased health care costs for employees.

Vice Mayor Montano felt the increasing stormwater mandates and infrastructure was the most critical item on the Finance Director's list, especially due to all residents living in an earthquake area and the need to keep up all aspects of the city.

The Council and Finance Director discussed historical PERS contribution rates and the unfunded liability for City of Milpitas in the coming years. Also noted were costs for medical insurance premiums which continued to escalate. Charts were displayed of both costs over ten years or longer.

Mayor Esteves wanted a more detailed comparison of total compensation of benefits as a percent of salary, for the County, the courts, and nearby similar sized cities. City Manager Williams responded that he would get the total compensation information and report back to the Council.

The Finance Director listed "Opportunity Areas" in terms of potentially enhancing City revenues. He also provided a five year forecast through 2021-22, along with its assumptions. He described the amount of \$400,000 likely to be available for the ten items listed (Decision Points list). He requested the Council make decisions about funding items on that list. Councilmember Giordano asked the City Manager to prioritize the items on the list. Then, Councilmember Giordano wanted to offer motions on a few items.

She moved to go with the staff recommendation, change the Planning Commission amount to \$100 per meeting stipend (up from \$75), agreed with the bottom six items on the list. She suggested to later go back and review the top four. Her motion was seconded by Councilmember Barbadillo.

Mayor Esteves said he supported this motion to fund the items noted.

Councilmember Grilli responded that with three funding items that benefit the City Council along with the Planning Commission stipend increase, she did not support the motion. While three other items she did want to support (maintenance workers and CDBG augmentation), and she could not support all six.

Vice Mayor Montano commented about janitors' wages, and past information she had requested and discussed. It bothered her if janitors did not get an increase in their pay. She was not going to vote for any of the motion, unless that was included in there.

Councilmember Giordano's motion was adopted by a vote of 3 Ayes (Esteves, Barbadillo and Giordano) and 2 Noes (Grilli and Montano).

City Manager agreed to generate a memo with recommendation on the three positions recommended for funding and one other item.

Councilmember Grilli asked if the minimum wage study would be brought back along with the issue of janitors wages soon. The Mayor replied. She thought discussion should be held before June.

Two more points, staff brought forward. Staff was seeking Council agreement of the use of funds in the Community Facilities District in future years towards the new police office, dispatcher, and one 75% Fire Inspector with costs totaling \$430,000. Mr. Morreale stated these were the most immediate needs in terms of growth in the new areas of the City, to be funded by the established CFD. Also immediate was the need for increasing the PERS reserve.

Upon a motion by Councilmember Grilli, seconded by Councilmember Giordano, the City Council voted unanimously to support the two positions described above.

Discussion on the draft FY 2016-17 budget was concluded at 6:15 PM.

The Mayor announced that the City Council would take a short break prior to the CIP discussion. The Council then reconvened at 6:31 PM and Councilmember Giordano was absent for the second half of the meeting.

CAPITAL IMPROVEMENT PROGRAM

The presentation on the Capital Improvement Program was given by the City Engineer Steven Machida. He provided highlights of the FY 2015-16 CIP accomplishments, highlights of the proposed FY 2016-17 CIP program, and plans for the next four years' projects.

Reflecting on completion of one of the current year's major projects, Mr. Machida asked for an announcement from Renee Lorentzen, Recreation Services Manager. She invited everyone on Wednesday, May 4 at 6:30 PM to the grand re-opening of the Milpitas Swimming Pools at the Milpitas Sports Center. Next, Mr. Machida displayed work being completed presently for Milpitas Sports Center playing fields renovation project, due for completion June 1. This was well in advance of the anticipated events the City holds each year on July 4.

Fifteen new CIP projects were added into the FY 2016-17 CIP. He distinguished "new" versus "planned" or previously identified or planned but not funded projects. \$43,643,256 was the total funding needed for FY 2016-17 in projects in the six types of project areas: Parks, Street, Water, Sewer, Storm Drain, and Community Improvements.

\$25 million in water bonds was one of the major cost items over the next five years of the CIP. \$64 million worth of projects had unidentified funding. The majority of CIP went to projects for the City's utilities – water, sewer, and storm drain. The remainder was allocated to parks, streets and community improvements.

Vice Mayor Montano asked about the storm category. Staff replied that for storm drain: when it rained, water that ran in streets and from hills would flow into drains, and ultimately to the bay. Water was treated after traveling underground. He explained some of that flow and process.

The City Engineer gave information in response to the meetings of the City Council Finance Subcommittee and at the Planning Commission. He displayed a City Maintained Concrete Soundwall list. Mayor Esteves mentioned that he advocated to Caltrans that I-680 needed additional soundwalls in Milpitas on the east side of the freeway, next to residential neighborhoods.

Mr. Machida listed the projects for FY 2016-17 for each of the six categories.

Vice Mayor Montano asked questions about Planning Commission comments listed regarding City gateways, and a new shuttle service around the City. Economic Development Manager Edesa Bitbadal responded that the city would work with businesses on development of a shuttle program to move employees around the city and to their workplaces.

Councilmember Barbadillo asked about a new CIP, for City Standard Details, Guidelines and Specs. He wondered if the possible shuttle service was in reply to comments from the Planning Commission. Staff had been investigating this idea since the Superbowl. Ms. Bitbadal discussed recent experience with a small transportation shuttle in Milpitas during the time of the Superbowl last February and anticipated a study on a possible shuttle service in Milpitas. Vice Mayor Montano asked who gave priority of a shuttle service over the Skate Park. Planning Director Bill Ekern explained that staff was only presenting comments from Planning Commissioners, not any recommendation from staff per se. Councilmember Grilli fully supported a comprehensive study for a shuttle service but she did not want to re-prioritize it over a skate park. The need for a shuttle service would stand on its own.

The City Manager commented on potential funding sources for a future shuttle service, which was unknown, and could be identified in the study. A skate park would be funded by Park Improvement fees. He remarked the City would not consider any shuttle or a future project until at least one year from now, closer to when the BART station was planned to open in October 2017. Vice Mayor Montano felt the shuttle idea was a very good one, a grand idea, such as Union City and Palo Alto, and some cities in the central valley too. A partnership with VTA would be useful for a shuttle service.

Next, Mr. Machida continued to identify projects in the CIP.

Mayor Esteves gave his own opinions about a skate park CIP, which some opposed in the City. He was concerned about safety and insurance required for this type of facility. He was totally opposed due to accident potential, maintenance, and community opposition. It was high cost versus limited benefit with a low number of users. The Mayor wanted new lighting for Main Street prioritized and funded sooner than the Midtown Street Light Project was proposed, which was not until 2020-21. He felt that new lighting should be installed sooner. City Manager Williams mentioned a potential Business Improvement District for that area, once property owner Mr. Cracolice came on board with the idea recently.

Mayor Esteves reported that two ideas came up at a recent meeting to discuss the International Park idea. Along Main St. was likely too small. The new idea was to have corners identified along Main St. to highlight international countries along Main St (not necessarily at one park location).

Vice Mayor Montano agreed that Main Street needed continued improvement. She agreed with the idea of a business association along the street. She had received complaints from older neighbors about streets being too dark in some areas of the city. City Engineer Mr. Machida replied that he could get back to her after conferring with the Transportation Engineer, about the status of installation of newer LED street lights on particular streets in the city.

Mayor Esteves wanted to know if Engineering did the street projects with assuming a Pavement Condition Index of 70. Staff said yes. He asked about the Alviso Adobe structure and timeline for its improvement. He wanted to know when it would open to the public, after all the studies and plans. Mr. Machida could talk to the design team, find out the schedule, and get back to him.

Mayor Esteves said he had heard of the need for renovation of caretaker house at Higuera Adobe. He asked for the status of that. City Manager pointed to page 42 for the park improvements. Public Works Director Nina Hawk reported that the caretaker cottage needed a lot of assessment for work, with extra care especially if it was deemed historical. There were disrepair issues, with a plan to work on the roof in the next five months. Mayor Esteves urged the structure's saving and to be preserved.

The Mayor suggested the City could help preserve the Weller estate, now empty. That could be explored for the City acquiring it as a future park. City Manager Williams said it could be added that to the CIP and respond to Council later on. It may be in the county area, while timeline were needed, the Mayor said.

Vice Mayor Montano reported that the play structures at Sunnyhills Park were corroded and needed attention. She felt it should be replaced. Mr. Machida replied stating that if there was any safety issue, it would certainly be taken care of.

Mayor Esteves asked where to find cricket fields in the CIP. City Manager said those were not appropriate to be in CIP. One was part of the fields almost done at Sports Center, and the other would be in the TASP area, with funding from those fees.

Mr. Williams could bring back a capital plan for the TASP area, for all the planned improvements in that area of the City, where they were not competing for funds in the CIP.

Vice Mayor Montano asked how staff did prioritize parks for funding. Mr. Machida replied with safety issues first. Then, segregate the projects those across the city. She wanted a list of parks that had been worked on, what was finished and she sought equity. She still wanted that list on what parks were funded when. City Manager Williams replied that the Parks Master Plan would have all of that laid out. Recreation Services Manager Renee Lorentzen commented that staff had worked on what needed attention most and soonest, when determining the CIP projects for the next year.

Mr. Machida reported that on the temporary cricket fields, that went out to bid the previous Friday for what would be built at Dixon Landing Park and at the Milpitas Sports Center.

The Mayor commented that with regard to Community Improvements, he had an e-mail from the Arts Commission Chair about a performing arts center. He asked if that would be part of Community Improvements section of CIP and staff said yes.

City Manager Williams responded on a past study, under Economic Development Corporation, done in the past to renovate the Community Center. There was no funding from Redevelopment any longer to even consider funding it. Another study was on the SW corner of Tasman and Barber Lane buildings, as possibility but it was too expensive, with no identifiable funding.

Vice Mayor Montano felt the old Mervyn's site would be ideal for a performing arts theatre and the City should look into that. City Manager replied that Shappell would not want to sell it, as they had plans for that site.

Councilmember Grilli commented that with regard to a community theatre (performing arts space), she noted that the Mayor was on a Subcommittee on facilities with the school district, so maybe a joint use could be had at the old site, a former theatre that the school district used in the past but was not in use presently.

Next Utilities CIPs were discussed. Vice Mayor Montano asked if the was system on high pressure during an earthquake and did the Fire Department have infrastructure in place to handle a large earthquake. Staff explained there were many grids or loops as possible, for secondary sources and for different directions of travel, in preparation of a major disaster. The Public Works Director replied that water was under pressure and would be affected after an earthquake, with water main breaks. Public Works and Fire planned for that.

Mr. Machida said pipes typically have age of about 50 years, same as the city's age. Infrastructure pipes – all around the bay area this was an issue to work toward replacement or improvements of underground pipes for water.

Councilmember Barbadillo asked which part of the costs (water) for pipes was in the CIP. The City Manager responded with information found on page 100 for the Well Upgrade project, and revenue partly comes from increased water rates. He asked further details on funding of CIP infrastructure projects and water revenues.

Councilmember Barbadillo inquired with further detailed questions about water pipes, fees collected and allocated for replacement.

Mayor Esteves asked about storm drain projects and unfunded storm drain projects (page 149). He pointed out on page 13 on the Summary the amount of \$21 million in unfunded total storm drain improvements that were needed.

The following items were summarized by the City Manager, as identified priorities of the City Council for the CIP, based on discussions:

1. Look at the possible future acquisition of the Weller house
2. Prioritize the concept of a shuttle transportation service
3. Prioritize bringing Main Street landscape, lighting and street trees improvements soon
4. Bring forward the Alviso Adobe renovations for occupancy and a possible museum
5. Prioritize the Higuera Adobe caretaker's cottage renovation
6. Consider concept of performing arts center, its funding, and approach MUSD about joint use of former theatre space

Mayor Esteves inquired about entryways or gateways to the City. The City Manager replied that a study was already underway about that including trees. Mr. Ekern replied that a study was done, but needed to identify funding. Mr. Williams said that could be funded by community benefit funds.

Councilmember Barbadillo inquired about having charging stations for electric vehicles in the City. Mr. Machida said the CIP streets section would move ahead, for City Hall and the Library, in particular. The Councilmember asked about a water storage tank. Mr. Machida noted a project in the CIP was identified and another for wells (depends on the water bonds).

Mr. Ekern commented that identifying a site for a reservoir within the city was the biggest issue. The Planning Department was working with Engineering trying to identify where land might be available.

Mayor Esteves always heard traffic complaints from resident. He wondered if the City could have a study realistically. Mr. Ekern – remarked most CIPs on streets issues did address traffic matters. With new development projects, improvements helped traffic too. Mr. Williams noted that the General Plan update would include a Traffic and Circulation Element addressing traffic issues.

The Mayor asked about costs for Elections and whether that included ballot measures. City Clerk Mary Lavelle replied the budget did include funds for two ballot measures (extension of Urban Growth Boundary and Hillside ordinances). More could go on the ballot so the City Manager recommended taking the needed funds for those from reserves, for one time costs.

Councilmember Grill announced she needed to depart the meeting at 8:41 PM due to an emergency, and did so.

Mayor Esteves invited comments from the audience.

Robert Marini, Milpitas resident, said in the draft CIP and in the budget, Council transferred costs of irrigation fees as part of a \$25 million bond with \$10 million for irrigation that did not go to residents of Milpitas. The City reduced fees for people who use the irrigation water, so the public was subsidizing those who used that water. Costs for the service should be on those who use it. He felt that was a violation of the law with no clear notice to the public about a bond measure.

City Manager Williams summarized prioritized the CIP items anew, as noted above numbers 1 – 6. He then added:

- 7. Funding for gateway projects as designed
- 8. International park or an amenity

Mayor Esteves asked about funding for the International Park. Staff referred page 210. The Mayor wanted to know about implementation of that project. \$500,000 was the initial funding approved for the study of such a park. He wanted to know the augmented funding for a park in the near future. City Manager replied the site needed to be identified and then plans developed.

Vice Mayor Montano urged looking around to find a different site along Main Street, have an international site, but Main St. was not fixed so why put it in before the street was done. Mr. Williams said staff could integrate it in with improvements getting done. Mayor Esteves said it could be either a park or an amenity for international cultures celebrated, with funds needed.

Mayor Esteves thanked the staff for working as a team successfully, for the common good of the city and its residents.

Upon motion by Councilmember Barbadillo, seconded by Vice Mayor Montano, the City Council approved moving the eight items as discussed for the next year's CIP. The motion was adopted on a vote of 3 Ayes and 2 Absent (Giordano and Grilli).

ADJOURNMENT

Mayor Esteves adjourned the Special City Council meeting at 8:50 PM.

The foregoing minutes were approved, as amended, by the Milpitas City Council on May 17, 2016.

Mary Lavelle
Milpitas City Clerk