**Millbrae NOW**

**Questions from the Public and**

**Responses from Staff as of**

**February 6, 2009**

1. **Have we considered mandatory work furlough like the State is doing?**

Yes, with approximately 81% of the General Fund Personnel costs coming from the Police and Fire Department, and the majority of funding for all other employees coming from funds other than the General Fund, (Sewer, Water, Redevelopment), the amount of savings obtained would be very small. Such a move would also hurt our lowest paid employees the most. It would also result in a need to reduce services such as closing City Hall during each furlough day. Many of these employees also work in jobs the costs of which are in part from fees charged for their services. Even though there would be some savings, there would also be some revenue reduction due to lost fee revenue.

1. **How much do we pay for Council Retirement Cost? How much do Council retiree health benefits cost?**

The City of Millbrae does not participate in Social Security and does not pay Social Security taxes on Councilmembers. The City, in the absence of not providing Social Security, is required to provide another retirement program. In the early 1970’s, the City contracted with the California Public Employees Retirement System (CalPERS). City Council Members, like all non-sworn public safety personnel, pay 13.5% of their monthly pay towards the CalPERS system. In addition to what the employee contributes towards retirement, the City of Millbrae contributes approximately 11% of the employee’s monthly pay of non-public safety employees, including Council Members, to the CalPERS system. Council Members are paid $345 per month and are paid $60 per month as Redevelopment Agency Board Members.

If a Council Member served two terms (8 years) and if a Council Member retired from the City at age 55, the monthly retirement benefit would be $87.48. If a Council Member served only one term, they would not be eligible for retirement, and all costs paid by the City would eventually be returned to the City.

Council Members also receive medical and dental benefits similar to all full-time employees. If a Council Member leaves office, the Council Member will be eligible to have a monthly contribution of $807.50 toward a medical retiree benefit if they meet the following conditions:

1. The Council Member must be vested in the CalPERS system (must have served two four-year terms); and
2. The Council Member must be at least 50 years of age when leaving office; and
3. The Council Member must file for a retirement benefit when leaving office; and
4. The Council Member must enroll in the retiree medical program and contribute the portion of the medical premium not paid by the City (this coverage must continue without interruption for life or the Council Member will no longer be eligible to be in the CalPERS retiree medical program) when leaving office.

If all of these circumstances are not in place, the Council Member will not be eligible to receive a medical retirement benefit.

1. **How much does it cost the City to have the Public Works Department work on Sundays?**

There are generally two reasons you may see Public Works personnel working on weekends. One is to respond to an emergency such as a water main break or sewer main clog. Another reason is to manage Sheriff Worker’s Program (SWP) personnel.

The City works hard to minimize Department of Public Works overtime hours. For example, most of the City’s around the clock operations such as water pumping and waste water treatment have intricate alarm systems which can call out stand-by personnel when needed. Our labor contract requires the payment of 3 hours of minimum overtime whenever a stand-by person is called out for an emergency.

The City takes advantage of about 80 free SWP person-hours on some weekend days. This program requires at least one trained and certified (by the Sheriff’s worker program) person to manage and supervise these personnel. This person is paid overtime for this work per our labor contract. We have only one person to clear and keep clean our canals, and stream and creek beds to ensure adequate storm drainage. Without the SWP program we could not keep these clear each year which could lead to flooding, property damage, and liability for the City. The value of this free labor about is $120,000 per year and costs the City about $20,000 per year to supervise.

1. **What does it cost the City for the Art & Wine Festival?**

It costs $7,000 in overtime to staff the Art & Wine Festival with police officers and parking enforcement personnel.

1. **Has City looked into a Restaurant Tax?**

State law allows only certain kinds of taxes to be used by cities as a revenue source. There is no restaurant tax per se. However, restaurants are subject to the City of Millbrae’s business license tax. The City is consulting with the Millbrae Chamber of Commerce in developing a new license schedule for businesses, including restaurants that may bring approximately $150,000 of additional revenues to the City of Millbrae’s General Fund through the business license tax.

1. **Please give us Personnel numbers by department from 2001 – 2008**

The last page of this document provides a summary of personnel by department over the past 7 years and reflects all full-time employees, regardless of their funding source (General Fund, Sewer Fund, Water Fund, etc.).

1. **Community should take a more active role in volunteering in the community.**

The City will evaluate different ways to recruit and incorporate the use of volunteers. Volunteers are currently heavily used in the Police and Recreation Departments. Volunteers cannot be used in some situations which require specific training or State required certifications or certain safety precaution expertise in order to minimize the City’s risk of liability.

1. **Can the City levy Internet Taxes?**

State law does not authorize California cities to levy internet taxes. Current federal law prohibits the states from levying internet taxes.

1. **The City should look at 911 fees.**

The City of Millbrae at one time reviewed this as a potential revenue source. The California courts have rejected fees imposed on persons who use the 911 system. The County-wide contract for emergency response services in which Millbrae participates does not permit a 911 fee.

1. **How much revenue will new Condominium Development bring in?**

The new condominium developments will bring increased property taxes only to the Redevelopment Agency. The Millbrae Redevelopment Agency is prohibited by State law from using their revenues to fund normal city operations. The developments will not increase General Fund revenues for the most part, although some retail stores in the development could bring in new tax revenues. New business sales tax increases have been included in our projections.

1. **Can we get any funds from Airport or BART?**

No. The City of Millbrae at one time had an Airport Noise Insulation Program, but the program ended approximately 10 years ago. The San Francisco Airport is outside of the City of Millbrae city limits. The City of Millbrae has no jurisdiction to levy taxes or fees on BART, which is a regional governmental agency.

1. **Can we tax transit agencies?**

No, the City has no authority to tax regional governmental agencies.

1. **Do small out of city businesses pay for a license (gardeners, ice cream trucks etc)?**

Millbrae’s Business License Tax Ordinance requires all businesses that conduct business within the corporate limits of the city to pay a Business License Tax. Some examples are real estate agents and brokers, gardeners, and mobile food vendors. The Police Department assists in the enforcement of business license tax through on-site surveys and their regular patrol activities. For instance, gardeners and mobile food vendors are required to display a sticker on the rear bumper of their vehicle validating that they are licensed to operate in the City of Millbrae. An image of this sticker is below.



1. **What percentage of 911 calls are from the retirement homes?**

The total number of 911 calls in 2008 was 12,775. The breakdown in number and percentage from each senior care center and nursing facility is:

a.   Magnolia of Millbrae                150 calls = 1.2%

b.   Green Hills                                142 calls = 1.1%

c.   Serra Convalescent                    87 calls = .68%

d.   Emmanuel Convalescent           112 calls = .88%

e.   Emmanuel Assisted Living          35 calls = .27%

                                                          Total: 4.13% of all calls

1. **What were the general fund expenditures from 2000-2008?**

General Fund expenditures are listed below:

|  |  |
| --- | --- |
| FY 2008 | 16,477,284 |
| FY 2007 | 13,577,690 |
| FY 2006 | 13,004,354 |
| FY 2005 | 11,462,665 |
| FY 2004 | 11,303,809 |
| FY 2003 | 11,803,163 |
| FY 2002 | 12,651,857 |
| FY 2001 | 12,447,075 |
| FY 2000 | 11,761,943 |

Extraordinary increases of $2,764,000 in FY 2008 expenditures over the FY 2007 expenditures occurred due to the following reasons:

1. Personnel expenditures were higher due to: Public Safety overtime by $706,000; and health insurance was up by $164,000.
2. Bond principal and interest payment expenditures were up $740,000 due to the beginning of the payments for the Pension Obligation Bonds.
3. Operating transfer out expenditures were up by $1,154,000. This was to take care of negative cash balances in the Storm Drain and the Developer Project Funds.

If these extraordinary expenditures were not included, expenditures would have increase by 1% from FY 2007 and FY 2008.

This and more detailed information are available on the City of Millbrae’s website, by viewing the City’s [Comprehensive Annual Financial Reports (CAFR)](http://www.ci.millbrae.ca.us/index.aspx?page=59).

1. **The El Rancho offers free parking to those that stay at least one night. There is a value to this free parking. Does the City get any tax revenue from this and if not, can it?**

The City of Millbrae receives approximately $60,000 annually when a hotel or other business is involved in commercial parking activities, and the parking is not affiliated with the rental of a hotel room. The parking activities at the El Rancho Hotel are affiliated with the rental of a hotel room and are thereby not taxable. But the City receives hotel tax revenues on the room rental.

1. **Can the amount of assessment in a Fire Assessment be based on size of the house or property?**

State law requires that the assessment be based on the amount of benefit received, and in the case of a Fire Assessment, the amount of benefit from fire suppression activities. This benefit is determined per State law by an engineering firm which specializes in these kinds of assessments. State law in this area is very specific as to how to assess the valued of special benefit and the City must comply with the applicable requirements.

1. **Can a sunset be placed on the Fire Suppression Assessment District?**

A Fire Assessment District can be given a sunset. The current Fire Assessment District was given a 5-year term and will sunset on June 30, 2009.

1. **The City of Millbrae should have some sort of volunteer link on the web site.**

Staff will continue to look into ways to encourage and facilitate the use of volunteers and post this information on the website. [Click here](http://www.ci.millbrae.ca.us/index.aspx?page=91) to access information regarding the Police Department’s Volunteer Program.

Off-line users go to http://www.ci.millbrae.ca.us/index.aspx?page=91

The City’s website currently has a link to local and regional volunteer opportunities through the California Volunteer organization; from the home page Quick Links menu, click on “Volunteer Opportunities.”

The City’s website address is [www.ci.millbrae.ca.us](http://www.ci.millbrae.ca.us).

**CITY OF MILLBRAE**

**Staffing Level History by Department**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   |  |  |  |  |
| **Department** | **1992-93** | **2001-02** | **2004-05** | **2008-09** |
|   |  |  |  |  |
| **Administration** | **4** | **6** | **5** | **5** |
|   |  |  |  |  |
| **Finance** | **5** | **9.5** | **7.5** | **8** |
|   |  |  |  |  |
| **Comm. Dev./Parks** | **11** | **21.25** | **14** | **15.5** |
|   |  |  |  |  |
| **Fire** | **23** | **28** | **28** | **26.5** |
|   |  |  |  |  |
| **Public Works\*\*** | **32** | **50** | **44** | **49.6** |
|   |  |  |  |  |
| **Police** | **32** | **44.5** | **31.5** | **26.5** |
|   |  |  |  |   |
| **Recreation** | **4** | **5** | **5** | **6.5** |
|   |  |  |  |   |
|   |  |  |  |  |
| **City Wide Total** | **111** | **164.25** | **135** | **137.6** |
|  |  |  |  |  |
|  |  |  |  |  |
| \*\* Note: The staffing growth from 2004-05 to 2008-09 was due to increased workload in order to comply with new environmental laws. All increases were not in the General Fund. |

**Millbrae NOW Questions & Suggestions**

**From Sessions on February 5 and February 7, 2009**

* *What is the cost of the K-9 program?* The annual costs are about $6,000. This covers monthly maintenance training, food and vet bills. The monthly maintenance trainings are conducted by professional trainers and the K-9 team is certified annually by the State of California in obedience, protection, searching and narcotics. The K-9 program is funded using monies within the existing Police Department budget. The City Council makes determinations when approving the budget as to the amount of funding to support various activities. This program has also received support from private donations in the past.

Millbrae’s K-9 program was designed for two K-9 teams (one on each night shift). We currently have one team in place and the other position is vacant. The purchase of an additional K-9 which includes a four week training class is $9,500. The additional annual cost for adding a team would increase by about $2,000 (maintenance training, food & vet bills). Having a K-9 team does not pull an officer away from a patrol team, because it actually gives the PD an additional tool/resource to use out in the field when dealing with a variety of situations. K-9 teams are diverse in their application and used on a variety of calls/incidents such as tracking fleeing suspects & prowlers, searching open areas and houses/ buildings on alarm calls, controlling barricaded and/or physically combative or dangerous subjects. K-9 teams are invaluable as they are able to search faster, safer, and more concisely then officers alone, resulting in increased overall officer safety in the field. Our K-9 is trained and certified by the state in narcotics detection. This ability allows us to get drugs off our streets resulting in decreased criminal activity which makes our community a safer place for all.

* *How are retiree costs paid for?* The City of Millbrae participates in the State of California Public Employees Retirement program (CalPERS), as do over 95% of the 479 cities within the State. The retirement costs are prefunded by paying a percentage of each individual employee’s salary toward that retirement program each pay period. The employer pays a portion of this cost and the employee also is required to contribute toward this retirement program. These contributions are reviewed annually by actuary experts to ensure sufficient funds will be available to cover future benefit costs.
* *Can we refinance any bonds?* The current market in municipal bonds does not offer interest rates and financing terms that are better than the financing terms that the City now has. The City does make a periodic review of market conditions to determine if the refinancing of bonds is justified. Very recently, the City of Millbrae was able to obtain a 20-year State-subsidized loan with an interest rate less than 2% to fund the renovation of the City's Water Pollution Control Plant. This will be of significant assistance in keeping the City’s sewer rates lower. We continue to monitor the changing marketplace.
* *The City should explore and promote the Police Department’s residential alarm service.* The City of Millbrae currently charges $28 per month for this service. This fee was increased from $26 to $28 in July 2008. ADT/Bay Alarm charges $1 per day for monitoring a residential alarm, or about $30-$31 per month. In order to stay competitive, staff recommends the City's rate for this service continue at the current level.

The alarm monitoring system doesn’t require additional operating funds from the City. The alarm system is operated at the County’s dispatch center in Redwood City. This arrangement is part of the Police Communications Contract with the San Mateo County Sheriff’s office. The Millbrae Police Department has 77 users/ accounts on its system.

* *What are the county bail amounts?* *Can we raise these amounts?* The City establishes bail fines for violations of the Millbrae Municipal Code. However, the county court system encourages all the cities to follow a standard bail schedule for violations of city code requirements. Such a standard bail schedule has been in place for many years. The City has more flexibility with establishing and adjusting fines for parking violations. These violations bring more revenue to the City than other violations of the Municipal Code which are far less frequent. The City will consider increasing the fines for parking violations.

The City of Burlingame recently raised parking fines to $35. The cities of San Bruno and San Mateo are investigating raising parking fines to $35. The Police Department will be also investigating increasing parking fines from $26 to $35 and present their recommendation to the City Council within 60 days. The most recent increase in parking fines was in 2002; parking fines increased from $16 to $26.

* *Does the City review fees to make sure enough is being charged to cover the costs of the service?* Yes, the City reviews fees annually. Automatic Consumer Price Index (CPI) increases to many of the fees are instituted each July to cover standard inflationary increases. Staff also annually reviews the fees to determine if any fee has significantly increased in cost over-and-above what is provided by a CPI increase. In the General Fund, the building and planning fees generate a large majority of the fee revenue received. These fees have been thoroughly reviewed and increased during the past two years.
* *Can we brown out fire stations?* Brown-outs are typically temporary closures of a fire station or piece of equipment. In Millbrae’s situation, we would have only two choices, Station 37 or Station 38. Since E-37 is a much busier engine company, E-38 is the likely choice for a brown out. Our policy is to allow only one employee off per shift, so if a second employee was to be off on that day, we could close the station and not back fill that position with overtime. The closure would lengthen response times into that district, especially if E-37 was not available. Neighboring agencies may have to respond which could lead to reciprocity issues.
* *At what level are the Redevelopment Agency (RDA) reserves?* The RDA reserves cannot be utilized for General Fund purposes. The RDA reserves on June 30, 2008 were $9,871,174 and consist of the following: Outstanding Purchase Orders $17,396; Construction and Equipment $1,359,880; Amount due from Loans to other Funds and Housing Loans $647,600; and future principle and interest payments $7,846,298. The [Comprehensive Annual Financial Report (CAFR)](http://www.ci.millbrae.ca.us/index.aspx?page=59) is available on our website and provides the complete detail of all reserves.
* *Can we use any RDA funds for Police and Fire?* This same question was raised during the 2003-04 Millbrae NOW meetings. At that time, the City obtained an independent legal opinion from the leading law firm for Redevelopment Law, McDonough, Holland, and Allen. The answer given in this opinion is no.
* *What is the cost of Police Department Vehicles?* The most recent purchase of police patrol cars was in 2007. The cost of a new black/white patrol vehicle was $22,212. These vehicles were purchased using the purchasing process conducted by Los Angeles County (which is allowed by State Law). This has been a past practice for the City of Millbrae as well as many other cities for over 20 years, and it has often proven to be more competitive than purchasing vehicles through the State of California’s General Services Procurement Program. Such was the case in 2007, when the State’s bid for a new patrol vehicle was about $23,770.00 for a vehicle that met Millbrae specifications.
* *How many homes have been reassessed?* This information is only available from the County’s Assessor’s Office and we are attempting to gather this information and it will be added here as soon as it is available.
* *Residential Parking Tax.* City streets are public rights of way for open and free use by everyone. Such use cannot be taxed. The City does charge for parking permits for both residents and businesses in and around the downtown. This charge is not a tax, but rather a fee. The fee is for cover the cost of administering the parking permit program only. This permit program brings in some revenue, but it is less than $5,000 per year, and this revenue is needed to cover the costs of administering the program.
* *The City of Millbrae should promote City issues and events on City’s utility bill.* The City recently changed to using self-mailing utility bills to save money for ratepayers on the costs of printing and stuffing bills. A self-mailing utility bill is a mailer constructed to seal by the use of a pressure seal, and eliminates the need for envelopes. These bills do not allow for adding flyers and the amount of space on each bill is limited to about 240 characters. This space is currently used for getting out conservation information. The City will review placing information that would assist residents in this area, such as announcing a certain event and referring to the City’s website, [www.ci.millbrae.ca.us](http://www.ci.millbrae.ca.us) for more information. The City will also continue using utility bills to promulgate conservation and pollution prevention information.
* *What is the total cost for infrastructure needs and can we use bonding?* Historically, the City has chosen to complete capital projects and repairs on a pay as you go basis. It could be possible to bond for some items, but the current credit market would make this too expensive and is not viable. The other disadvantage is that the payments on bonds typically take 20 or 30 years to pay off. During the payoff period, funds for other work would be reduced by the amount of the payments. Also, the debt payments could be significant. For example, the payments on a $2.5M loan to repair the tide gates would be about $160,000 per year for 20 years. Over the life of this loan, the City would pay nearly $2 Million in interest. Even if this amount was currently affordable in the General Fund, which it is not, such payment commitments would take away funding for necessary repair and maintenance of streets and City facilities.
* *Naming rights for facilities.* The City has historically resisted allowing city buildings or our website to be used for advertising because it is difficult to be fair to all potential vendors. In reality though, there is no market for naming the city’s facilities. Moreover, city facilities are limited in number. The amount of advertising revenue for these purposes is considered very nominal thereby making the advertising not viable.
* *Can we assess a 911 non Transport Fee?* The California courts have struck down most of the 911 fees that have been imposed by cities in this state. Typically, 911 fees have been levied on all residents in a particular city through their phone bills for the privilege of gaining access to the 911 system. The courts have held that such a 911 fee is actually a special tax requiring a 2/3rds voter approval before it can become effective. The California courts have held open the possibility that a true 911 user fee may be legally acceptable. Such a 911 fee would have to be carefully crafted to cover the cost of using the 911 system (rather than accessing it), and be imposed on users of the 911 system only. A 911 fee may also run afoul of the restrictions in the City's contract use arrangement with the County and American Medical Response (AMR) for emergency medical and transport services. This Agreement precludes the City from establishing a charge for any services rendered under the existing medical emergency response and transport arrangement. In sum, a 911 user fee may be feasible, but it would confront both legal and contractual challenges.
* *Can we have a water system tax instead of a fee and take advantage of a tax write off?* Even though some cities do place water and sewer charges on the property tax bill, these charges are not tax deductible because they are not taxes. According to State Law, such fees are considered consumption or user charges, not taxes. Placing these fees on the property tax bill does not change what they are.
* *Instead of a restaurant tax, how about a downtown benefit assessment district?* We have looked into a Downtown Business Improvement District (BID) in the past. Essentially, at the levels of assessment that the property and business owners found to be acceptable, there was not enough potential revenue. In the 1990’s the City and some downtown merchants attempted to establish a BID, but were defeated in an acrimonious fight. Also, monies raised in a BID must be spent for the specific purposes of the District and cannot be used in the General Fund for general governmental expenses.
* *You should minimize overtime.* The Police Department has minimum staffing requirements in the labor agreement for sworn officers. Currently, the department has three officers out on disability, two recruits in the police academy and one officer assigned to the REACT (County Drug Enforcement) Task Force. We do our best to be flexible in scheduling officers to cover for an overtime vacancy, but with five officers not available for patrol, unfortunately overtime must be used to fill in for current vacancies.

The Fire Department does all it can to control overtime and budget accordingly. Our minimum staffing requirement is one Fire Captain and two firefighters per engine company. We only allow one employee off per shift on scheduled leaves, which does not create overtime. Unscheduled leaves, such as sick leave and/or disability leave, can create situations where we have to back fill a position with overtime to staff our engine companies
* *You should consider spreading out the life cycles of vehicle replacements.* This is possible to do and the City did this post 9-11. However, in the long run this does not save money because life cycles cannot be stretched out indefinitely and maintenance costs increase significantly. In addition, vehicles are a prime productivity resource for our staff. Should a vehicle fail because it is beyond its useful life, productivity and services would be adversely impacted.
* *Why don’t you use reserves? Isn’t this an appropriate time to do so?* By Council policy, most of our reserves are for physical emergencies such as dealing with the damage to City infrastructure and facilities after an earthquake or a collapse of a storm drain. To use reserves in cases of an economic downturn has not been deemed financially prudent in the long term, unless the imbalance between revenues and expenditures is short-lived. One of the City’s goals is to achieve an economic stability reserve in addition to its emergency reserves to provide flexibility to ride out swings in our revenues which are heavily dependent on the health of the economy, but as of this date, revenues have not been sufficient to achieve such a reserve. Use of reserves would only defer the problem. At our current reserve level we would have this same conversation in the very near future.
* *Have you looked at how some of the prospering cities are doing so?*The City of Millbrae’s tax base is one of the lowest in San Mateo County. Although some cities are facing fewer challenges than the City of Millbrae, almost all cities are facing severe financial issues. Although the City of Millbrae would like to improve its tax base (and it is making efforts to do so through economic development and redevelopment tools), many, if not most of the factors that improve the tax base of a city are outside of the control of the City (such as location of high sales tax generators, such as a car dealership or big-box retail outlet).

City staff and the City Council are heavily involved in and attend many regional meetings, committees, commissions, and professional technical advisory groups. These venues enable the City to constantly monitor the challenges and actions taken by other cities to address these issues throughout the region and State. In addition, there are a variety of professional organizations which distribute information via the Internet which staff and Council review daily to keep abreast of the latest developments. Collectively, these means give the City the ability to learn and take advantage of those actions and lessons learned by other cities and counties that make sense for Millbrae.

* *Why can’t you merge police departments like you are doing for Fire?* Merging police departments is possible, but it is a very difficult process. Police Departments have their individual unions, agreements, salary schedules, benefit packages, specialty incentives, rules, regulations, policies and procedures. Finding two police departments/communities that are a fit is a significant challenge requiring tremendous time and resources. If a fit is established, the merger/creation of one department must be crafted and managed carefully to accomplish any actual money savings. The savings may not accrue for several years and most of the time it is through the attrition of personnel that any savings result, if at all.
* *What have you done to communicate this problem to the community?* City Staff and City Council always strive to be entirely transparent about the City's finances. During budget hearings at least twice a year, the fiscal condition of the City is discussed by the Council in noticed public hearings which are televised on Millbrae Community Television (MCTV). We have developed a two-year budget process during which we look to the future and make our best projections of revenues and expenses available for scrutiny by the public. The [Comprehensive Annual Financial Report (CAFR)](http://www.ci.millbrae.ca.us/index.aspx?page=59) and the budget are available to the public either online or in hard copy. The City has reached out three times, in difficult times and in a better time, to the community in the Millbrae NOW meetings that have been held in 2004, 2005 and 2009. Since adoption of the FY 08-09 budget, the pending fiscal shortfall has been discussed with the Council at publicly noticed meetings on at least two occasions, which meetings are televised and replayed on MCTV. In addition, individual postcards advertising the Millbrae NOW meetings were distributed to every address in the City and we posted flyers and sent flyers home via the schools. We also posted a sign at City Hall and ran ads on MCTV which advertised the Millbrae NOW meetings.
* *Are we mortgaging the future of our children?* The City has always followed a pay as you go policy – pay now for the services rendered now. The City is exploring financial avenues that will help maintain the Millbrae quality of life for the present and for our children.
* *Can you better educate the community on the impact on residents of a hotel tax and* *business license tax?* When guests stay at a Millbrae hotel, they are charged 10% of their room rate as a tax. Nearly every city is the nation has a similar charge although the amount of the rate may differ. Millbrae is considering increasing this rate to 12% similar to actions taken by other cities in the San Francisco Peninsula. The increase would have little or no impact on residents because the hotel tax is paid by temporary hotel transients.

Millbrae has not increased its business license tax for a number of years and it may be time to update this tax in most part to deal with inflationary cost increases. A business license tax increase would have a slight impact on residents in that the cost of increased business licenses may be passed on to the customer. It is convenient that people other than residents have to pay these taxes (business owners and guests at our hotels), but it is somewhat of a trap and unrealistic in the long term to expect non-residents to cover all or extraordinary amounts of the City’s general expenses.

* *Retirement provisions for all were improved increasing the City’s burden*. This is untrue. For all non-public safety personnel; the employee pays 13.5% of their salary to their pension. The amount of this contribution is higher than it has ever been in the past. Employees are paying the increase in employer costs for the retirement plan enhancements made during the past five years. This is not the case in any other San Mateo city; those cities pay all of the employer cost and some pay the employer and employee costs. Here the employees pay a portion of the city’s costs and the employee costs.

Public Safety employees (police officers and fire fighters) pay all of the employee cost of their pension contribution: 9%. The city pays all employer costs. The plan provided is a 3% at 55 plan, which is a lower benefit that what a large majority of San Mateo cities provide to their police officers and fire fighters (the 3% at 50 plan).

These details have been openly and repeatedly discussed during the Millbrae NOW presentations.
* *The City Manager package of $220,000 includes a $600 a month car allowance*. This is patently false. The City Manager does not have a car allowance. The City Manager has an annual salary of $193,000 plus a standard benefit packet, which is the same as benefits provided to other Department Heads and supervisors. The City of Millbrae’s City Manager salary, as are the salaries of Department Heads, is among the lowest when compared to comparable positions in other San Mateo County cities.
* *Overtime was paid to managers under the guise of management leave.* Management employees are not paid overtime. They receive 40 hours per year of management leave, unless the employee is a department head; department heads receive 80 hours of management leave. This level of management leave is commonplace in other San Mateo Cities and cities throughout California.

The fundamental fact regarding management and employee compensation throughout the City of Millbrae is that most employees in the City are paid less than prevailing salaries and benefits provided by other cities in San Mateo County. This scenario is a two-edged sword since lower compensation has led to higher turnover and increased recruitment and training costs.
* *Some management leave was converted to salary – a clever way to hide a salary increase.* Two years ago, a portion of the compensation for management leave was converted to salary, about 3.75%. This was a cost-neutral transaction to the City in that the increase in salary was offset by an equivalent reduction in benefits. This action was taken in open and noticed meetings. There was no intent to hide or disguise this reasonable decision.
* *Increases in employee salaries should be made public. Staff should develop a matrix showing salary increase and a detailed list of benefits provided.* Employee salaries are available on-line at the City of Millbrae’s website, [www.ci.millbrae.ca.us](http://www.ci.millbrae.ca.us). Employees’ salaries have been posted on the website for more than 8 years. Along with the published salaries are the labor agreements with each bargaining group, which outline the benefits provided. For unrepresented management employees, a summary of benefits is provided on-line.
* *The City should address how it can reduce these employment costs in the short term such as unpaid days off (furlough) and reduce employment and retirement costs in the long term.* As discussed at length in the Millbrae NOW meetings, the use of furloughs will not result in meaningful cost savings given that the vast majority of Millbrae personnel costs relate to public safety, yet there is an insufficient number of public safety personnel to institute furloughs in the Police and Fire Departments.The City of Millbrae is investigating how to reduce costs by potentially providing two-tier benefit levels. This is a matter which is required by State law to be negotiated. This may prove to be difficult or unwise to pursue with police officers and fire fighters as the City is competing to obtain good qualified candidates against the offers of higher pay and retirement benefits found in our neighboring cities.
* *Solid Waste Contractual Issues with South City Scavenger*. This does not significantly impact the financial status of the General Fund.
* *There needs to be some accountability during the last 5 years as to efficiency and cost effectiveness, contingency reserve, browning out parks and use of water-demanding landscaping*. The City’s General Fund Reserve has grown to $2.9 million during the past five years. The City has adopted a policy for reserves and has allocated the use of the reserves to address specific unfunded liabilities, an accounting practice encouraged by the Governmental Standards Accounting Board. The City is proud of the beautification accomplishments made during the past 5 years with the minimal resources available.
* *Increase in water rates – more money has been collected than is needed.* This allegation is not supported by the record. Nor is this a General Fund matter. Revenues for the Water Fund are more than justified to cover the operational and capital expenses of the water system. Water rates are never increased without noticing to the public and convening of full and open public meetings wherein the uses of revenues are justified. Afterwards, the City Council reviews all capital projects as part of the budget process during each 2 year budget development process. Moreover, water revenues are separate from the General Fund, which confronts the shortfall we are attempting to address.
* *Water rates are high because of the use of consultants*. This allegation is neither true nor accurate. Nor is this a General Fund matter. Millbrae’s public works staff is very small compared to other local agencies. Consultants are only used to design projects as they have been used historically in Millbrae. Consultants may also be used to help provide onsite inspections during actual construction to ensure that construction activities are completed in accordance with City requirements. City staff can not be onsite around the clock during construction activities due to other operational requirements and this has led to projects not getting completed as desired. It is less costly in the long run and more prudent to closely monitor construction activities as they occur. Staff is very sensitive to the use of consultants and only uses them when it is most cost beneficial to the long term interests of the City.
* *The City should have collected $100,000 from the So. S.F. Scavenger Company and should assess the Company liquidated damages*. The allegations pertaining to administration and negotiation of the garbage franchise agreement are being addressed appropriately.
* *How many Millbrae homes have been reassessed*? According to information from the County Assessor’s Office, they have received 151 requests for reassessment and have completed 143 reassessment reviews. Of these 143 reviews, 59 properties have received a reduced assessment.