



**CITY COUNCIL STUDY SESSION ON  
CITY'S BUDGET PROJECTIONS & PRIORITIES  
JANUARY 31, 2005**

Present: Council Members - Campos, Chavez, Chirco, Cortese, LeZotte, Pyle, Reed, Williams, Yeager; Gonzales.

Absent: Council Members - None.

Staff: City Manager Del Borgsdorf, City Attorney Richard Doyle, Assistant City Manager Mark Linder, Director of Economic Development Paul Krutko, Budget Director Larry Lisenbee, Director of Finance Scott Johnson, City Clerk Lee Price, Assistant City Clerk Nancy Alford, Legislative Secretary Susan Davis.

Documents Filed: (1) Memorandum from Mayor Gonzales, dated January 26, 2005, transmitting information regarding the Study Session of January 31, 2005. (2) Memorandum from City Manager Del Borgsdorf, dated January 27, 2005, transmitting the current economic outlook and the current fiscal situation presentations. (3) Memorandum from Assistant City Manager Mark Linder, dated January 28, 2005, transmitting information of the proposed FY2005-2006 State Budget Impacts to Local Government Statewide and San José. (4) Staff presentation of the City's Budget Projections and Priorities, dated January 31, 2005. (5) Replacement copy of Slide Q, dated January 31, 2005.

Mayor Gonzales called the meeting to order at 1:07 p.m.

**I. Current Economic Outlook**

Director of Economic Development Paul Krutko presented the Current Economic Outlook, highlighting certain signs of economic vitality but noting job growth remains elusive. He predicted slow job recovery in the near term but noted San José's share of jobs is expected to increase in the long-term.

Council questions and comments followed.

## **II. Current Budget Condition**

Budget Director Larry Lisenbee presented the Current Budget Condition, which included a summary of total operations, staffing and per capita comparisons, General Fund revenues, property tax history, major State budget action and other important information, including the preliminary General Fund Forecast.

Brief questions followed.

The Study Session recessed at 2:35 p.m. and reconvened at 2:45 p.m.

Roxanne Miller, City Contract Lobbyist, presented an update about the State's Budget, stating the Governor is adhering to the will of the people regarding Proposition 1A, and has produced a balanced budget. She stated that the Governor will support BART to San José and added that it is anticipated that a half-cent local sales tax measure will be on the ballot in the near future for transportation purposes.

## **III. Strategies to Resolve Current Budget Condition**

Assistant City Manager Mark Linder introduced the City Service Area (CSA) Reduction Target approach. The CSA Team Leaders presented an outline for each of the City Service Areas by describing current situations and major issues, outlining revenues, expenditures, fund balances and rate histories, where appropriate, and summarizing budget balancing strategies and options.

## **IV. Council Budget Discussion**

Brief Council discussion followed. No action taken.

The meeting was adjourned at 4:33 p.m.

**RON GONZALES, MAYOR**

**ATTEST:**

**LEE PRICE, CMC, CITY CLERK**

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