



# Memorandum

**TO:** CITY COUNCIL

**FROM:** Vice Mayor Dave Cortese,  
Councilmember Sam Liccardo,  
Councilmember Nancy Pyle,  
Councilmember Forrest Williams

**SUBJECT:** Pilot Program for Cost/Benefit  
Analysis

**DATE:** March 29, 2007

Approved

*Dave Cortese*  
ee

*Forrest Williams*  
*Sam Liccardo*  
*Nancy Pyle*

Date

*03/29/07*

**RECOMMENDATION**

It is recommended that the City Council:

- 1) Approve staff's proposed methodology to implement a Pilot Program for a cost benefit analysis for projects, activities and events seeking public funding.
- 2) Direct staff to work expeditiously with the Sunshine Reform Task Force to receive and analyze the Task Force's recommendations. This analysis shall be presented to the City Council within three weeks of the SRTF's submission of said recommendations along with any further referrals and recommendations.

**BACKGROUND**

The Mayor's Transition Team, Government Reforms and Ethics Subcommittee recommended several policies to promote transparency, efficiency and accessibility to government processes. One specific proposal, a recommended cost/benefit analysis of public subsidies, was proposed to underscore the City's fiduciary responsibility and affirm the City Council's commitment to a financial investment strategy that benefits the depth and breadth of the segments of our local economy. The pilot program for such an analysis is designed to study a few projects in the next fiscal year to understand their impacts on our city. As with any pilot, it is expected that the parameters for the analysis will be iteratively refined by staff and the council.

Meanwhile, the Sunshine Reform Task Force, unanimously impaneled by the San Jose City Council in spring 2006, has shown great interest in cost/benefit analysis of public subsidies in the context of public input, public review (opportunity costs, energy conservation, etc) and accountability measures. Members of the City Council can read further of the Task Force's discussion in the minutes of their March 1<sup>st</sup> meeting, wherein the Task Force adopted a set of principles with respect to such analysis. The Task Force is poised to work further with staff on this issue at their April 19<sup>th</sup> meeting.

The City Council should approve the pilot program as described by staff so we can take steps toward implementing this important analysis. Staff should also be directed that upon the SRTF's submission of a formal recommendation on this matter, staff should immediately analyze the recommendations and bring

this analysis before the City Council for public discussion. This will ensure the City Council's ability to swiftly move on important policy decisions while also allowing for community input.