



**FISCAL YEAR 2008-2009 PROPOSED OPERATING AND CAPITAL BUDGET  
2009-2013 CAPITAL IMPROVEMENT PROGRAM  
THREE YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN  
STUDY SESSION MEETING MINUTES**

**May 7, 2008 – May 16, 2008**

The Council of the City of San José convened in Budget Study Session on Wednesday, May 7, 2008 at 9:05 a.m. in Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chirco, Chu, Constant, Cortese, Liccardo, Nguyen, Oliverio, Pyle, Williams; Reed.

Absent: Council Members - None.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Chief Development Officer Paul Krutko, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Larry Lisenbee Acting Budget Director Jennifer Maguire, Principal Budget Analyst Margaret McCahan, Redevelopment Agency Director Harry Mavrogenes, Redevelopment Agency Chief Financial Officer David Baum, Deputy Director Redevelopment Agency John Weis, Director of Planning, Building and Code Enforcement Joseph Horwedel, Director of Housing Leslye Krutko, City Clerk Lee Price, Interim Assistant City Clerk Dennis Hawkins and Legislative Secretary Susan Davis.

### **Opening Comments**

Mayor Reed presented opening comments.

### **Introduction of Proposed Operating Budget**

City Manager Debra Figone introduced the Proposed Operating Budget.

### **Overview Presentation**

Acting Budget Director Jennifer Maguire provided an overview of the 2008-2009 Proposed Operating Budget.

Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanjoseca.gov/clerk/agenda.asp> or <http://www.sanjoseca.gov/clerk/MeetingArchive.asp>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.

## **Overview Presentation (Cont'd.)**

Chief Development Officer Paul Krutko presented the economic outlook and local economic development strategy.

Vice Mayor Cortese arrived at the meeting at 9:36 a.m.

Council questions and discussion followed.

Council Member Liccardo suggested eliminating color paper copies of presentations and reducing paper copy distributions.

## **Community and Economic Development**

Redevelopment Agency Executive Director Harry S. Mavrogenes and Redevelopment Agency Chief Financial Officer David Baum presented the San José Redevelopment Agency Proposed FY 2008-2009 Budget.

Chief Development Officer Paul Krutko provided an overview of the Community and Economic Development CSA Operating Budget. Director of Planning, Building and Code Enforcement Joseph Horwedel provided an overview of a safe, healthy, attractive and vital community. Director of Housing Leslye Krutko presented the diverse range of housing options. Chief Development Officer Paul Krutko summarized the range of quality events, cultural offerings, public artworks and the Green Vision implementation.

Council questions and discussion followed.

Council Member Constant left the meeting at 11:27 a.m. and Vice Mayor Cortese left the meeting at 11:50 a.m.

Mayor Reed adjourned the meeting at 11:59 a.m.

## **RECESS/RECONVENE**

The City Council recessed at 11:59 a.m. from the Budget Study Session on Wednesday, May 7, 2008 and reconvened on Thursday, May 8, 2008 at 9:05 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Chirco, Chu, Constant, Cortese, Liccardo, Oliverio, Nguyen, Pyle; Reed.

Absent: Council Members - Campos, Williams. (Excused)

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Chief Development Officer Paul Krutko, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Larry Lisenbee Acting Budget Director Jennifer Maguire, Principal Budget Analyst Margaret McCahan, Redevelopment Agency Director Harry Mavrogenes, Redevelopment Agency Chief Financial Officer David Baum, Deputy Director Redevelopment Agency John Weis, Director of Planning, Building and Code Enforcement Joseph Horwedel, Director of Housing Leslye Krutko, City Clerk Lee Price, Interim Assistant City Clerk Dennis Hawkins and Legislative Secretary Susan Davis.

### **Community and Economic Development (Continued from May 7, 2008.)**

Council questions and discussion followed.

Council Member Nguyen requested information about revenue from small businesses.

Vice Mayor Cortese and Council Member Liccardo arrived at 9:14 a.m. Council Member Constant arrived at 9:45 a.m.

Mayor Reed stated that feedback he received from auto dealers and shopping centers was that they would like simple tenant permits to be compressed by about one month, make the tenant improvement program faster, and for City policies to allow better signage to increase gross sales.

### **Environmental and Utility Services**

Director of Environmental Services John Stufflebean presented the Environmental and Utility Services 2008-2009 Operating Budget.

Council questions and discussion followed.

Vice Mayor Cortese requested that Staff ensure the transfers from the San José Municipal Water Service are not in excess of Proposition 218 Limits. He also requested that Staff ensure that the funding of the rate stabilization reserve to the San José Municipal Water Service is annual and not one time.

## **Environmental and Utility Services (Cont'd.)**

Vice Mayor Cortese requested Staff circulate an information memorandum to Council regarding the distribution of the CUSP costs relative to City Departments.

Council Member Chirco requested that Staff ensure that a report regarding the franchise fees for waste collection for the school districts be distributed to the City School Collaborative.

Mayor Reed adjourned the meeting at 11:21 a.m.

## **RECESS/RECONVENE**

The City Council recessed at 11:21 a.m. from the Budget Study Session on Thursday, May 8, 2008 and reconvened on Friday, May 9, 2008 at 1:04 p.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chirco, Chu, Constant, Cortese, Liccardo, Oliverio, Nguyen, Pyle, Williams; Reed.

Absent: Council Members - None.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Chief Development Officer Paul Krutko, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Larry Lisenbee Acting Budget Director Jennifer Maguire, Principal Budget Analyst Margaret McCahan, City Clerk Lee Price, Interim Assistant City Clerk Dennis Hawkins and Legislative Secretary Susan Davis.

## **Neighborhood Services**

Director of Parks, Recreation and Neighborhood Services Albert Balagso provided an overview of Neighborhood Services CSA Operating Budget. Director of Library Department Jane Light outlined vibrant cultural, learning and leisure opportunities. Deputy Director of Planning, Building and Code Enforcement Mike Hannon provided a summary of healthy neighborhoods and capable communities. Strong Neighborhoods Manager Laura Lam outlined the Strong Neighborhood Initiatives and civic engagement.

Council Member Liccardo arrived at 1:16 p.m.

Council questions and discussion followed.

Council Member Campos referring to VII, Page 228, 5 Year Goal to Establish San José as a “Graffiti Free and Litter Free City”, requested Staff to provide separate performance measures for each program.

## **Neighborhood Services (Cont'd.)**

Mayor Reed suggested that Code Enforcement work with Police Chief Robert Davis to deal with the level of code compliance regarding handling downtown and nightclub issues currently dealing with complaints. He added there are ways to communicate with the Police Offices to code and identify the clubs not following the rules.

## **Public Safety**

Police Chief Robert Davis introduced the Public Safety Operating Budget. Director of Office of Emergency Services Kimberly Shunk provided an overview of emergency preparedness and planning, emergency response and recovery. Independent Police Auditor Barbara Attard presented the Independent Police Oversight Program. Fire Chief Darryl Von Raesfeld summarized emergency response and fire prevention program.

Council questions and discussion followed.

Council Member Chirco left the meeting at 4:00 p.m.

Council Member Oliverio expressed concern about selling Fire Station No. 6 at this time because of the continued population growth, annexations, increase of infill development and the need to respond to medical calls.

Council Member Campos stated that public safety is a priority and expressed concern about meeting the demand of the growing population.

Council Member Constant stated that there is an urgent need to have a crossing guard at the intersection of Winchester and Williams.

Council Member Nguyen expressed concern about eliminating crossing guards which impacts the community and the schools. She added that the Office of the Independent Police Auditor will have a huge impact upon her ability to provide services because of the loss of the full time receptionist. Council Member Nguyen requested that Staff be creative and keep the reception position filled for the Independent Police Auditor.

Council Members Campos and Nguyen left the meeting at 4:30 p.m.

Vice Mayor Cortese requested that Staff provide an information memorandum about the improvement of the overall emergency response time, with baseline and goals converted to percentages. Mayor Reed added that in the September 25, 2007 Council Meeting, Item 8.2, there was a report from Police Chief Robert Davis which summarized some of the data requested by Vice Mayor Cortese.

Mayor Reed adjourned the meeting at 5:18 p.m.

## **RECESS/RECONVENE**

The City Council recessed at 5:18 p.m. from the Budget Study Session on Friday, May 8, 2008 and reconvened on Monday, May 12, 2008 at 1:04 p.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chirco, Chu, Constant, Cortese, Liccardo, Oliverio, Nguyen, Pyle, Williams; Reed.

Absent: Council Members - None.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Chief Development Officer Paul Krutko, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Larry Lisenbee Acting Budget Director Jennifer Maguire, Principal Budget Analyst Margaret McCahan, City Clerk Lee Price, Interim Assistant City Clerk Dennis Hawkins and Legislative Secretary Ruth Krantz.

## **Transportation and Aviation Services**

Director of Transportation James R. Helmer presented an overview of the Transportation and Aviation Services CSA Operating Budget. Director of Aviation William F. Sherry and Assistant Director of Transportation Jim Ortbal discussed current position and trends and highlighted Outcome 1: provide safe and secure transportation systems; Outcome 2: provide viable transportation choices that promote a strong economy; Outcome 3: travelers have a positive, reliable and efficient experience; Outcome 4: preserve and improve transportation assets and facilities; and Outcome 5: provide a transportation system that enhances community livability.

Council questions and discussion followed.

Director of Air Services Development Edward Nelson discussed the process of attracting foreign airlines. Deputy Director Department of Transportation Kevin O'Connor answered questions on airport construction. Deputy Chief Bureau of Administration Dave Cavallaro outlined the plan for providing safe and secure transportation systems.

Council Member Oliverio requested clarification on the phasing plan for annexation. Director of Transportation Jim Helmer outlined planning and code enforcement structure.

## **Strategic Support**

Director of Human Resources Mark Danaj, Director of Public Works Katy Allen, Director of General Services Peter Jensen and Director of Finance Scott P. Johnson summarized the 16 core services provided to the organization and discussed the Outcomes of the Strategic Support CSA.

## **Strategic Support (Cont'd.)**

Council Member Chirco recommended the formation of a municipal model wellness program. Director of Human Resources Mark Danaj presented an overview of wellness programs to focus on the individual, including assessments and incentive programs.

In response to Council Member Nguyen, Director of Human Resources Mark Danaj explained how applicant pools are currently used Citywide.

## **Mayor, City Council and Appointees**

### **City Attorney's Office**

City Attorney Doyle presented an overview of CSA business plans, core services and performance measures and discouraged the elimination of workers' compensation legal services. He reported that he would be submitting a budget amendment to recommend an alternative.

Council Member Liccardo left the meeting at 2:30 p.m.

### **Office of the City Auditor**

City Auditor Sharon Winslow-Erickson outlined the Office of the City Auditor proposed budget.

### **Office of the City Clerk**

City Clerk Lee Price summarized the budget of the Office of the City Clerk.

### **Office of the City Manager**

City Manager Debra Figone presented the Core Services, Outcomes and Business Plan for the Office of the City Manager.

Staff responded to questions from Council, and further discussion ensued.

Supervising Workers' Compensation Attorney William Clark reported on the compensation case workload compared to other cities. Council Member Williams recommended that the Attorney's Office put in a request for additional legal assistance. Council Member Pyle and Council Member Williams voiced opposition to further cuts in the Attorney's Office.

## **City Auditor's Recommendations**

City Auditor Sharon Winslow-Erickson summarized recommendations from the City Auditor's Recommendations and responded to Council questions.

## **Fees and Charges**

Budget Analyst Margaret McCahan presented an overview of the 2008-2009 Proposed Fees and Charges and responded to Council questions.

Deputy Director Animal Care and Services, Jon Cicirelli responded to questions regarding raising adoption fees for older animals. Council Member Campos requested an information memorandum addressing the impact of increased fees on adoption rates.

Director of Finance Scott P. Johnson, Director, Planning, Building and Code Enforcement, Joseph Horwedel, Deputy Director of Planning, Building and Code Enforcement Mike Hannon and Deputy Chief Bureau of Administration Dave Cavallaro responded to questions on code enforcement fees.

Mayor Reed requested that Staff research recovery of costs to respond to false alarms.

## **RECESS/RECONVENE**

The City Council recessed at 4:52 p.m. from the Budget Study Session on Monday, May 12, 2008 and reconvened on Wednesday, May 14, 2008 at 9:04 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chirco, Chu, Constant, Liccardo, Oliverio, Nguyen, Pyle, Williams; Reed.

Absent: Council Members - Cortese.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Chief Development Officer Paul Krutko, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Larry Lisenbee, Library Director Jane Light, Director of Parks, Recreation and Neighborhood Services Albert Balagso, Director of Public Works Katy Allen, Chief of Police Robert L. Davis, Fire Chief Darryl Von Raesfeld, Assistant City Clerk Dennis Hawkins and Legislative Secretary Ruth Krantz.

## **Overview of the Proposed Capital Budget**

Deputy City Manager Ed Shikada presented an overview of the 2008-2009 Capital Budget.

Director of Public Works Katy Allen responded to questions from Council.

## **Community and Economic Development CSA Capital Budget**

Deputy Director Public Works Timm Borden summarized the Developer Assisted Projects Program.

Council Member Pyle and Council Member Oliverio urged aesthetic enhancement of large utility boxes to deter tagging. City Manager Debra Figone responded to questions on how utilities could use boxes to display public safety messages or artwork. Council Member Williams and Council Member Chirco requested that Staff work with the utilities regarding viability of placing utility boxes underground.

Director of Public Works Katy Allen cited a 48-hour turnaround requirement for Utilities to respond to tagged utility boxes. Deputy Director Public Works Timm Borden agreed to work with utilities for repair and replacement of boxes that have fallen is disrepair.

## **Environmental and Utility Services CSA Capital Budget**

Director of Environmental Services John Stufflebean presented the Capital Programs and Environmental Services CSA.

Director of Public Works Katy Allen summarized the Storm Sewer and Sanitary Sewer Programs. Environmental Services Division Manager Bhavani Yerrapotu offered an overview of the Water Pollution Control Program, and Deputy Director of Water Resources Mansour Nasser presented the Water Utility Capital Program.

Council Member Chu asked that priority be placed on extending purple pipes for recycled water and on reduction of energy dependency by the water pollution control plant. Staff outlined work they are doing with developers, the Water District and water utilities in expanding the water recycling system. Director of Environmental Services John Stufflebean spoke on the success of their energy reduction initiatives.

## **Neighborhood Services CSA Capital Budget**

Library Director Jane Light summarized the Library Capital Program. Director of Parks, Recreation and Neighborhood Services Albert Balagso presented an overview of the Community Facilities Development Capital Program.

Council Member Campos questioned allocation of monies for arts. PRNS Division Manager Matt Cano offered to provide an analysis of public art spending for District 5. Director of Parks, Recreation and Neighborhood Services Albert Balagso clarified that the difference in how data was calculated from last year to the present may account for perceived discrepancies.

Council Member Campos questioned the source of funding for Emma Prusch Park and the status of the eight-year master plan. Director of Parks, Recreation and Neighborhood Services Albert Balagso offered to provide documentation outlining the funding strategy and provided plan status.

## **Neighborhood Services CSA Capital Budget (Cont'd.)**

Council Member Campos and Council Member Liccardo congratulated Library Director Jane Light on her hard work and contributions to the library system.

Council Member Campos recommended the designation of additional dog parks within the regional park system.

## **Public Safety**

Chief of Police Robert L. Davis and Fire Chief Darryl Von Raesfeld provided an overview of the Public Safety Operating Budget.

In response to questions from Mayor Reed, Assistant Director of Public Works David Sykes offered a progress report on the South San José Police substation project. Chief of Police Robert L. Davis estimated its completion by November, 2009.

## **RECESS/RECONVENE**

The City Council recessed at 11:32 a.m. from the Budget Study Session on Wednesday, May 14 2008 and reconvened on Thursday, May 15, 2008 at 9:06 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chirco, Chu, Constant, Cortese, Liccardo, Oliverio, Nguyen, Pyle, Williams; Reed.

Absent: Council Members - None.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Chief Development Officer Paul Krutko, Director of Transportation James R. Helmer, Deputy Director Department of Transportation Kevin O'Connor, Director of Public Works Katy Allen, Deputy Director of Transportation Hans Larsen, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Larry Lisenbee Acting Budget Director Jennifer Maguire, Principal Budget Analyst Margaret McCahan, Director of Aviation William F. Sherry, Interim Assistant City Clerk Dennis Hawkins and Legislative Secretary Ruth Krantz.

## **Transportation and Aviation Services**

Director of Transportation, James R. Helmer summarized the Traffic Capital and Parking Capital Programs, and Director of Public Works Katy Allen presented the performance measures for the Combined Capital Programs. Director of Aviation William F. Sherry outlined the Air Transportation Capital Projects.

## **Transportation and Aviation Services (Cont'd.)**

Vice Mayor Cortese suggested updating the 1998 economic analysis plan. Director of Aviation William F. Sherry responded to questions from Council.

Deputy Director Department of Transportation Kevin O'Connor responded to questions on airport resurfacing. In response to questions from Mayor Reed, Director of Aviation William F. Sherry advised that he is currently pulling together a report on past, present and future green initiatives undertaken by the Airport. Deputy Director Facilities & Engineering Patrick Toner spoke on reduction of power consumption at the airport.

## **Strategic Support CSA Capital Budget**

Director of General Services Peter Jensen outlined the Strategic Support CSA Capital Budget, including Communications, Municipal Improvements and Service Yard Capital Programs.

## **RECESS/RECONVENE**

The City Council recessed at 10:14 a.m. from the Budget Study Session on Thursday, May 15, 2008 and reconvened on Friday, May 16, 2008 at 9:09 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chirco, Chu, Constant, Liccardo, Oliverio, Nguyen, Pyle, Williams; Reed.

Absent: Council Members - Cortese.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Larry Lisenbee Acting Budget Director Jennifer Maguire, Principal Budget Analyst Margaret McCahan, Director of Finance Scott P. Johnson, Library Director Jane Light, Director of Public Works Katy Allen, Director of Transportation, James R. Helmer, Deputy Director of Transportation Hans Larsen, Deputy Director Department of Transportation Kevin O'Connor, Interim Assistant City Clerk Dennis Hawkins and Legislative Secretary Ruth Krantz.

## **Three Year General Fund Structural Deficit Elimination Plan**

Mayor Reed outlined the Three-Year Plan and outreach efforts to solicit input from the public, consultants, advisory groups and staff.

City Manager Debra Figone outlined recommendations of Manager's Budget Addendum #4 and reviewed strategies discussed with newly-formed stakeholder groups.

Andy Belknap of Management Partners discussed recommendations for further research, polling and stakeholder outreach for the November 2008 ballot.

### **Three Year General Fund Structural Deficit Elimination Plan (Cont'd.)**

Library Director Jane Light gave an overview of the ten Stakeholder Group Strategies for potential implementation or for Council consideration for the November ballot.

#### **Stakeholder Presentations**

Bob Brownstein offered recommendations for the decentralization of revenues and services. Laurie Byrd offered recommendations for landscaping and lighting options in districts and discussed conveyance tax as a source of income.

Deputy City Manager Ed Shikada offered input on parking tax implementation. Director of Transportation Jim Helmer discussed the restructuring of a utility user tax to keep up with current technology.

Council comments and questions continued.

City Manager Debra Figone identified additional priority strategies outlined in the MBA dated May 9, 2008.

Mayor Reed adjourned the study session at 10:53 a.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Lee Price, MMC  
City Clerk

FY2008-09 BUDGET MIN

Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanjoseca.gov/clerk/agenda.asp> or <http://www.sanjoseca.gov/clerk/MeetingArchive.asp>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.

## ATTACHMENT A

### Documents Filed:

- (1) 2008 – 2009 Proposed Operating Budget Overview Staff Presentation dated May 7, 2008.
- (2) Community and Economic Development CSA Operating Budget Presentation dated May 7, 2008.
- (3) San José Redevelopment Agency Proposed Fiscal Year 2008 – 2009 Budget Staff Presentation dated May 7, 2008
- (4) Public Safety Operating Budget Presentation dated May 8, 2008.
- (5) Neighborhood Services CSA Operating Budget Presentation dated May 8, 2008.
- (6) Environmental and Utility Services 2008 – 2009 Operating Budget Presentation dated May 9, 2008.
- (7) City Manager Debra Figone’s memorandum of May 9, 2008, recommending Three-Year Structural Budget Deficit Elimination Plan – Top Priority Strategies.
- (8) City of San José Office of the City Attorney 2008-2009 Operating Budget Presentation dated May 12, 2008.
- (9) 2008 – 2009 Proposed Fees and Charges Overview Presentation dated May 12, 2008.
- (10) Public Safety Capital Program Presentation dated May 14, 2008.
- (11) Proposed 2008 – 2009 Capital Budget, 2009 – 2013 Capital Improvement Program Presentation dated May 14, 2008.
- (12) Community and Economic Development Capital Program Presentation dated May 14, 2008.
- (13) Neighborhood Services CSA Presentation dated May 14, 2008.
- (14) Environmental and Utility Services Presentation dated May 14, 2008.
- (15) Transportation and Aviation Services CSA Presentation dated May 15, 2008.
- (16) Transportation and Aviation Services Operating budget Presentation dated May 15, 2008.
- (17) Strategic Support Capital Budget Presentation dated May 15, 2008.
- (18) Strategic Support CSA Operating Budget Presentation dated May 15, 2008.
- (19) Three Year General Fund Structural Deficit Elimination Plan Top Priority Strategy Recommendations dated May 16, 2008.