



MINUTES OF THE CITY COUNCIL

**FISCAL YEAR 2009-2010 PROPOSED OPERATING
AND CAPITAL BUDGET
2010-2014 CAPITAL IMPROVEMENT PROGRAM
2009-2010 FEES & CHARGES
STUDY SESSIONS**

May 6, 2009 – May 14, 2009

The Council of the City of San José convened in regular budget study session on Wednesday, May 6, 2009 at 9:07 a.m. in Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Chirco. (Excused)

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

Opening Comments

Mayor Reed presented opening comments, provided the dates of the Public Budget Hearings scheduled on May 12, June 15, and June 16, 2009 and added that the final budget will be adopted on June 23, 2009. Mayor Reed suggested that the City Manager, City Staff, City employees and the public be creative and think “out of the box” to come up with ideas to help in the current budget crisis.

Introduction of Proposed Operating Budget

City Manager Debra Figone presented an introduction of the Proposed Operating Budget.

Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanoseca.gov/clerk/agenda.asp> or <http://www.sanoseca.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

Council Members Pyle and Herrera arrived at 9:11 a.m. and Council Member Oliverio arrived at 9:15 a.m. to the budget study session.

Budget Director Jennifer Maguire presented an overview of the 2009-2010 Proposed Operating Budget.

Chief Development Officer Paul Krutko provided highlights of the economic overview and the current budget crisis.

Council Member Liccardo arrived at 9:58 a.m. to the budget study session.

Council Member Oliverio pointed out that creative solutions are needed in order to save money and avoid City employee layoffs. He recommended that Staff reduce library hours and set aside monies from the General Fund for core services, i.e. Police and Fire Departments, including ensuring that all fire stations remain open.

Council Member Pyle suggested that Staff continue to explore options to promote travel and tourism to the City of San José.

Council Member Campos requested that the City Manager's Office explore opportunities and options such as assessing consultant contracts and renegotiating the contracts for savings. City Manager Debra Figone and City Attorney Richard Doyle agreed that contracts under \$250,000 are opportunities to be considered and the City Manager's Office will return to Council with an assessment.

Community and Economic Development

Director of Planning, Building and Code Enforcement Joseph Horwedel, Director of Housing Leslye Krutko, Chief Development Officer Paul Krutko and Director of Public Works Katy Allen provided the overview on the Community and Economic Development CSA Operating Budget.

Council Member Constant requested an update on Team San José's budget and the parking revenue.

Council Member Constant expressed concern about how the overhead rate applies to the City of San José and Team San José. The City Manager offered to provide Council with the key elements of overhead for Team San José.

Council Member Kalra suggested that Staff consider wide-ranging opportunities to market the City of San José and improve business growth.

Council Member Herrera requested a specific sector analysis of job loss across all categories of the City of San José showing what types of jobs are being lost, retained and beginning to return.

Community and Economic Development (Cont'd.)

Council Members Pyle and Campos recommended that Staff consider new trends of shopping, such as various high bulk stores or prime retail such as “Netflix” and take into account the different aspects and scenarios of how various cultures shop. Council Member Campos proposed that Staff consider creating incubators with a short-term lease to enable a small start-up business to produce innovative ways to fill spaces and provide opportunities for people to shop differently.

Referring to Section VII, Page 29, Council Member Liccardo noted that because of the decline in sponsorships and the reduction of City money, Filco will not be going forward with the San José America Festival and Fireworks Show. Council Member Liccardo requested that Staff waive the \$5,100.00 cancellation fee that Filco is being required to pay.

Public Comments

- (1) Bruce Labadie, Director of San José Jazz Festival and various events, suggested that City Staff create solutions to develop a more thorough plan to enable events to receive adequate funding and sponsors.
- (2) Geoff Roach, San José Jazz, urged the Council to use festivals as a revenue source, waive the park fees and take a realistic look at the incremental fees.
- (3) Anjee Helstrup-Alvarez, San José Arts Alliance and MACLA (Movimiento de Arte y Cultura Latino Americana) urged the Council to consider arts funding a priority.
- (4) Roy Hirabayashi, San José Taiko, urged the Council to think “out of the box” as Mayor Reed suggested and to allow the arts groups to be of assistance.

Mayor Reed adjourned the Budget Study Session at 11:58 p.m.

RECESS/RECONVENE

The City Council recessed at 11:58 a.m. from the budget study session on Wednesday, May 6, 2009 and reconvened on Thursday, May 7, 2009 at 9:04 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Chirco. (Excused)

Environmental and Utility Services

Director of Environmental Services John Stufflebean provided a brief overview of the Environmental and Utility Services CSA Operating Budget and responded to Council questions.

Council Member Kalra arrived at 9:12 a.m. and Council Member Liccardo arrived at 9:20 a.m. to the budget study session.

Council Members Pyle and Herrera requested that the Environmental Staff explain to the residents why the Recycle Plus charges are being increased.

Neighborhood Services

Director of Parks, Recreation and Neighborhood Services Albert Balagso provided the Neighborhood Services CSA Core Services Operating Budget and responded to Council questions and concerns.

Council Members Nguyen, Liccardo and Campos expressed concern about the closure of the six community centers, Los Paseos Youth and Family Center, Northside Community Center, St. James Senior Center, Hank Lopez Community Center, Capital Park/Goss Neighborhood Center and Alma Community Center.

Council Member Campos voiced concern about the elimination of the Park Rangers and the homework centers.

Council Member Campos pointed out the need to maintain the most vital services to the community, such as public safety and to provide a good quality of life for seniors and low income families. She noted it was equally important to keep the community centers, libraries and parks open to the residents of San José.

Council Member Kalra requested that Staff look for creative options and solutions to keep the libraries open.

Neighborhood Services (Cont'd.)

Council Member Herrera expressed concern about the elimination of the Park Rangers and requested that Staff look at other options or augment the program with volunteer assistance. Director of Parks, Recreation and Neighborhood Services Albert Balagso offered to discuss the idea of using volunteer assistance with Police Chief Robert Davis.

Public Comments

- (1) Patricia Gardner, Executive Director, Silicon Valley Council of Nonprofits, expressed concern about the community centers closing.
- (2) Chris Cruz, Park Management Chair, West Valley College, and Troy Jamal Butler, Future Interest, expressed concern about the elimination of the Park Rangers.
- (3) Steve Barrientos, Washington NAC/Alma, and Adan, WACC, expressed opposition to the closing of the Alma Community Center, and added that the seniors and the youth depend on this center.
- (4) Maria Noel Fernandez, Sacred Heart Community Service, urged the Council to be creative and innovative to protect the community centers and asked how the nonprofits can help the City.

Mayor Reed adjourned the Budget Study Session at 11:48 a.m.

RECESS/RECONVENE

The City Council recessed at 11:48 a.m. from the budget study session on Thursday, May 7, 2009 and reconvened on Friday, May 8, 2009 at 1:33 p.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Chirco. (Excused)

Public Safety

Mayor Reed provided opening comments and stated that the City Council and the City of San José considers public safety the highest priority.

City Manager Debra Figone provided opening comments.

Police Chief Robert Davis and Fire Chief Darryl Von Raesfeld summarized the Public Safety CSA Operating Budget and responded to Council questions and concerns.

Council Member Pyle expressed concern about the loss of the Challenges and Choices Program.

Council Member Nguyen expressed concern about the closure of Fire Station 33 on Communications Hill and the elimination of the Horse Mounted Units.

Council Members Constant and Herrera expressed strong concern about the elimination of the Park Rangers and the Horse Mounted Units.

Council Member Liccardo expressed concern about the closure of Fire Station 30, as they provide an essential service to residents, and its closure will adversely affect current response times and service levels.

Council Member Campos voiced strong opposition to the elimination of Fire Stations 30 and 33.

Mayor Reed and Council Member Chu encouraged Police Chief Robert Davis to look for creative ways to continue the crime prevention programs.

Council Members Oliverio and Kalra also voiced concerns about the Public Safety CSA eliminations.

Public Comments

- (1) Ed Rast urged the Council to avoid cutting basic public services and expressed concern about the Police and Fire response times.
- (2) Randy Sekany, San José Firefighters, expressed concern about cutting the Fire Chief's staff.
- (3) Ross Signorino observed that the City of San José should have additional Police Officers.
- (4) Jeff Weber pointed out that arson is tied in with other crimes and noted that the San José Police Department is the greatest asset of the Fire Department.
- (5) Jean Dresden and Dustin DeRollo urged the Council to ensure that Fire Stations 30 and 33 remain open.

Transportation and Aviation Services

Director of Transportation James Helmer and Director of Aviation William Sherry summarized the Transportation and Aviation Services CSA Operating Budget.

Responding to a question from Council Member Pyle, Deputy Director of Transportation Jim Ortball replied that Staff will work with the Neighborhood Associations who are interested in volunteering to help with the roadside landscaping and maintenance.

Council Member Constant suggested that Staff explore options to use an automatic parking validation system in the parking garage under City Hall.

Council Member Herrera also suggested that Staff use a proactive approach to landscaping and to work with the Neighborhood Associations.

Public Comments

Ross Signorino noted that the new lighting throughout the City of San José will help with law enforcement.

Mayor Reed adjourned the Budget Study Session at 5:14 p.m.

RECESS/RECONVENE

The City Council recessed at 5:14 p.m. from the budget study session on Friday, May 8, 2009 and reconvened on Monday, May 11, 2009 at 1:35 p.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Chirco. (Excused)

Strategic Support

Director of Human Resources Mark Danaj presented an overview of the Strategic Support CSA Operating Budget.

Director of Finance Scott Johnson, Director of General Services Peter Jensen and Director of Public Works Katy Allen responded to Council questions.

Council Members Nguyen, Pyle, Liccardo, Chu and Herrera expressed concern about the elimination of seven custodial staff positions which would reduce the City's capacity to preserve a basic level of maintenance service quality for the residents, community groups and businesses who utilize City Hall facilities.

Public Comments

- (1) Gay Gale, City Association of Management Personnel (CAMP) and Trish Glassey, Confidential Employees' Organization (CEO), voiced concerns about the creation of a new classification which may have negative effects, including the circumvention of the Seniority Rules.
- (2) Terri Sonta, Airport Communications, expressed concern about the operations at the Airport once the four people are laid off at the Airport due to budget cuts.

Mayor, Council and Council Appointees

City Attorney Richard Doyle summarized the Office of the City Attorney's proposed 2009-2010 Operating Budget.

City Auditor Sharon Erickson outlined the Office of the City Auditor's proposed 2009-2010 Operating Budget.

City Clerk Lee Price presented the Office of the City Clerk's proposed 2009-2010 Operating Budget.

City Manager Debra Figone provided an overview of the Office of the City Manager's proposed 2009-2010 Operating Budget.

A short discussion followed.

Public Comments

Urging the City Council to support the essential Healthy Neighborhood Venture Fund (HNVF) Program which helps to fund senior and youth programs, adult day care services, services to low income families, ethnic organizations, safety net organizations that provide food, shelter and emergency items and free legal services were:

- (1) Patricia Gardner, Executive Director, Silicon Valley Council of Nonprofits
- (2) Greg Kepferle, Catholic Charities
- (3) Steve Mahan, Santa Clara Valley Blind Center
- (4) Kathleen Krenek, Next Door Solutions
- (5) Naomi Nakano-Matsumo, representing safety net organizations
- (6) Quyen Vuong, I Can Too Learning Center (I-CAN)
- (7) Georgia Bacil, Senior Adults Legal Assistance (SALA)
- (8) Colleen Hudgen, Live Oak Adult Day Services
- (9) Anne Im, Asian Americans for Community Involvement (AACI)
- (10) Demone Carter and Andre Chapman, Unity Care Group
- (11) Jeff Bornefeld, California Community Partners for Youth (CCPY)

Urging the City Council to retain the seven custodial staff positions and not use outsourced vendors were:

- (1) Tony Martinez, City of San José employee, maintained that outsourcing is not the best solution.
- (2) Michael Fitzpatrick stated that the outsourced vendors may not be trained in health services and may be less competent or knowledgeable than the City Custodial Staff.
- (3) Felocitas Santos, City of San José employee, expressed concern because she is the sole provider for her family and may be potentially laid-off.

Mayor Reed adjourned the Budget Study Session at 4:11 p.m.

RECESS/RECONVENE

The City Council recessed at 4:11 p.m. from the budget study session on Monday, May 11, 2009 and reconvened on Wednesday, May 13, 2009 at 9:08 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Chirco. (Excused)

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Office of the Mayor Budget and Policy Director Armando Gomez, Deputy City Manager Ed Shikada, Budget Director Jennifer Maguire, Principal Budget Analyst Margaret McCahan, City Clerk Lee Price, City Clerk Dennis Hawkins and Legislative Secretary Ruth Krantz.

Proposed 2009-2010 Fees and Charges

Principal Budget Analyst Margaret McCahan presented an overview of the 2009-2010 Proposed Fees and Charges and highlighted various departmental changes.

Council Member Oliverio recommended raising fees for public use of the Rose Garden.

City Clerk Lee Price responded to Council questions on the number of complaints filed regarding the \$100.00 Election Commission fee.

Council Member Liccardo arrived at 10:13 a.m. to the budget study session.

Director of Finance Scott Johnson and Director of Planning, Building and Code Enforcement Joseph Horwedel responded to Council questions on code enforcement fees.

Retirement System Projections

City Manager Debra Figone introduced a discussion on the City of San José's Retirement and Pension Projections.

Deputy Director of Retirement Services Carmen Racy summarized the Retirement Fund Investment Performance and Projections.

Mayor Reed suggested that Staff begin to assess the various actions that the City has the power to control for next year's budget cycle.

Public Comments

- (1) Susan Bailey suggested the elimination of labor union representatives and asked about the current balance of the retirement plan.
- (2) Jerry Mungai provided suggestions for changes in the existing labor contracts and for new City employees.
- (3) Ross Signorino recommended offering buyouts to City employees and discouraged the use of the private sector as a model.

Mayor Reed recommended more transparency in the operations of the Boards and requested that Staff determine actions to be taken and create a viable timetable to reduce the City's retirement/pension contributions.

Mayor Reed requested that Staff align a decision-making process prior to the actuaries' evaluation reports and return to the Council for a decision on a reasonable timetable.

Mayor Reed requested that Staff address the memorandum from Council Members Kalra and Nguyen, dated April 13, 2009, regarding the evaluation of past recessions, the recovery periods immediately following those recessions and the affects of the average return on the plan assets.

Mayor Reed adjourned the Budget Study Session at 11:55 a.m.

RECESS/RECONVENE

The City Council recessed at 11:55 a.m. from the budget study session on Wednesday, May 13, 2009 and reconvened on Thursday, May 14, 2009 at 9:08 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chu, Herrera, Kalra, Liccardo, Oliverio, Nguyen, Pyle; Reed.

Absent: Council Members - Chirco, Constant. (Excused)

City 2009-2010 Capital Budget and 2010-2014 Capital Improvement Program

Deputy City Manager Ed Shikada, Budget Director Jennifer Maguire and Budget Analyst Kenn Lee provided an overview of the Proposed 2009-2010 Capital Budget and the 2010-2014 Capital Improvement Program and responded to Council questions.

Council Member Liccardo arrived at 10:00 a.m. to the budget study session.

Deputy Director Public Works Timm Borden responded to Council questions about Neighborhood Services.

Deputy City Manager Ed Shikada summarized the allocation of block grants for green initiatives and federal recovery funds currently being pursued.

Director of Parks, Recreation and Neighborhood Services Albert Balagso and Division Manager Matt Cano responded to Council questions about Parks and Community Facilities Development Capital Program.

Director of Environmental Services John Stufflebean and Director of Public Works Katy Allen highlighted areas and projects where improvements are being made.

Public Works Division Manager Michael O'Connell responded to questions about trail erosion and City trail usage.

Council Member Oliverio suggested the possibility of a ballot measure to increase trail usage and develop greater erosion control.

Deputy City Manager Ed Shikada provided closing comments on the Capital Improvement Program.

Mayor Reed commented on the success of the Capital Improvement Program over the last eight years.

Public Comments

- (1) Dave Truslow expressed dissatisfaction with the improvement efforts by the City of San José.
- (2) Former Council Member Forrest Williams offered his support to the Mayor and the City Council during these challenging times.
- (3) Martin Delson urged the allocation of funds for the Willow Glen Spur/Three Creeks Trail.

Mayor Reed adjourned the Budget Study Session at 10:19 a.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Lee Price, MMC

City Clerk

May 6-14, 2009 BUDGET MIN. doc

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ATTACHMENT A

Documents Filed:

- (1) Staff PowerPoint presentation of the 2009-2010 Proposed Operating Budget Overview dated May 6, 2009.
- (2) Staff PowerPoint presentation of the Economic Overview dated May 6, 2009.
- (3) Staff PowerPoint presentation of the Community & Economic Development CSA Operating Budget dated May 6, 2009.
- (4) Memorandum from Council Member Nguyen, dated May 7, 2009, requesting information about the closure of Alma Community Center.
- (5) Staff PowerPoint presentation of the Neighborhood Services CSA Operating Budget dated May 7, 2009.
- (6) Memorandum from Director of Library Department Jane Light, dated April 29, 2009, regarding the reduction of the branch library days of service.
- (7) Staff PowerPoint presentation of the Environmental & Utility Services CSA Operating Budget dated May 7, 2009.
- (8) Staff PowerPoint presentation of the Neighborhood Services CSA Operating Budget dated May 7, 2009.
- (9) Staff PowerPoint presentation of the Public Safety CSA Operating Budget dated May 8, 2009.
- (10) Staff PowerPoint presentation of the Transportation & Aviation CSA Operating Budget dated May 8, 2009.
- (11) Staff PowerPoint presentation of the Strategic Support CSA Operating Budget dated May 11, 2009.
- (12) Staff PowerPoint presentation of the 2009-2010 Proposed Fees and Charges Overview, dated May 13, 2009.
- (13) Staff PowerPoint presentation of the City of San José Retirement - Pension program, dated May 13, 2009.
- (14) Staff PowerPoint presentation of the Proposed 2009-2010 Capital Budget 2010-2014 Capital Improvement Program, dated May 14, 2009.