



CITY COUNCIL AGENDA

NOVEMBER 5, 2009

SPECIAL MEETING

SYNOPSIS

PETE CONSTANT
ASH KALRA
SAM LICCARDO
KANSEN CHU
NORA CAMPOS

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5

CHUCK REED MAYOR

PIERLUIGI OLIVERIO
MADISON P. NGUYEN
ROSE HERRERA
JUDY CHIRCO, VICE MAYOR
NANCY PYLE

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT 10

Welcome to the San José City Council meeting!

This Agenda contains both a Consent Calendar section for routine business items that require Council approval, and general business items arranged to correspond with San José's City Service Areas (CSAs). City Service Areas represent the policy-making level for strategic planning, policy setting, and investment decisions in the critical functions the City provides to the community. They are:

- **Strategic Support Services** — The internal functions that enable the CSAs to provide direct services to the community in an effective and efficient manner.
- **Community & Economic Development** — Manage the growth and change of the community in order to create and preserve healthy neighborhoods and ensure a diverse range of employment and housing opportunities.
- **Neighborhood Services** — Serve, foster, and strengthen community by providing access to lifelong learning and opportunities to enjoy life.
- **Transportation & Aviation Services** — A safe and efficient transportation system that contributes to the livability and economic health of the City; and provide for the air transportation needs of the community and the region at levels that is acceptable to the community.
- **Environment and Utility Services** — Manage environmental services and utility systems to ensure a sustainable environment for the community.
- **Public Safety Services** — Commitment to excellence in public safety by investing in neighborhood partnerships as well as prevention, enforcement, and emergency preparedness services.

Items listed in Section 9 require approval of both the City Council and the San José Redevelopment Agency Board.

You may speak to the City Council about any item that is on the agenda, and you may also speak on items that are not on the agenda during Open Forum. If you wish to speak to the City Council, please refer to the following guidelines:

- **Fill out a Yellow Speaker's Card and submit it to the City Clerk seated at the front table. Do this before the meeting or before the item is heard.** This will ensure that your name is called for the item(s) that you wish to address, and it will help ensure the meeting runs smoothly for all participants.
- When the Council reaches your item on the agenda, Mayor Reed will open the public hearing and call your name. Please address the Council from the podium, which is located to the left of the City Clerk's table.
- Each speaker generally has two minutes to speak per item. The amount of time allotted to speakers may vary at the Mayor's discretion, depending on the number of speakers or the length of the agenda.
- To assist you in tracking your speaking time, there is a display on the podium. The green light turns on when you begin speaking; the yellow light turns on when you have 30 seconds left; and the red light turns on when your speaking time is up.

Please be advised that, by law, the City Council is unable to discuss or take action on issues presented during Open Forum. According to State Law (the Brown Act) items must first be noticed on the agenda before any discussion or action.

The San José City Council meets every Tuesday at 1:30 p.m. and every first and third Tuesday at 7 p.m., unless otherwise noted. If you have any questions, please direct them to the City Clerk's staff seated at the tables just below the dais. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.

Agendas, Staff Reports and some associated documents for City Council items may be viewed on the Internet at www.sanjoseca.gov/clerk/agenda.asp. Council Meetings are televised live and rebroadcast on Channel 26.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the City Clerk at San José City Hall, 200 E. Santa Clara Street, Council Wing, 2nd Floor, San José, CA 95113 at the same time that the public records are distributed or made available to the legislative body. Any draft contracts, ordinances and resolutions posted on the Internet site or distributed in advance of the Council meeting may not be the final documents approved by the City Council. Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for the final document.

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call (408) 535-1260 or (408) 294-9337 as soon as possible, but at least three business days before the meeting.

On occasion the City Council may consider agenda items out of order.

- **Call to Order and Roll Call**
1:35 p.m. - Special Meeting, Council Chambers, City Hall
Absent Council Members: None.

3. STRATEGIC SUPPORT SERVICES

3.1 2010-11 Budget Planning.

Recommendation:

- (a) Accept presentations and discuss:
 - (1) 2010-2011 Preliminary General Fund Forecast;
 - (2) Outlook for Economic Recovery;
 - (3) Strategies for addressing the projected 2010-2011 General Fund shortfall and beyond, which are:
 - (a) Reduce per Employee Cost
 - (b) Service Reduction and Eliminations
 - (c) New/Increased Revenue Sources
 - (4) Approach to Prioritizing City Services.

Presentations accepted.

- (b) Direct City Manager on 2010-2011 General Fund shortfall solution strategies.
CEQA: Not a Project. (City Manager's Office)

Directions to Staff outlined in memorandums from Mayor Reed, dated October 30, 2009, and Council Member Pyle, dated November 4, 2009, approved as modified:

- (1) **Develop strategies to resolve the current projected General Fund shortfall in 2010-11 targeted equally in the following three areas:**
 - **One-third from employee wage and benefit concessions;**
 - **One-third from revenues; and**
 - **One-third from one-time revenues, alternative service delivery proposals and efficiencies in operations. (This includes a request to refrain from using one-time revenues for budget balancing but instead for one-time needs; and to consider renegotiating existing service contracts to reduce costs).**

If the shortfall cannot be covered with these three categories, the default is service reductions and eliminations.

- (2) **Direct Staff to start negotiations to change retirement benefits for new employees to allow the City to control future increases in retirement costs. Negotiations should be guided by the policy statement on Local Government Retirement Benefits issued by the Santa Clara County City Managers Association and the San Mateo County City Managers Association.**

(Cont'd.)

- (2) (Cont'd.)
During negotiations to change retirement benefits for new employees, provide the City Council with information about:
 - Different strategies for implementing a two tier system and the cost savings anticipated for each strategy;
 - Other options for addressing loss of value in the City retirement funds.
 - New investment strategies from qualified professional investors with different opinions.
- (3) Provide the following information about the shortage in funding for the City retirement accounts.
 - Given the immense City deficit, what is the effect of delaying full funding until better financial times?
 - How can the use of one-time funds help to address the current shortage in funding for the retirement accounts?
 - What strategies are other cities, counties and experts discussing to address retirement funding issues?
- (4) Include in the annual community budget poll questions to evaluate potential public support for new revenues.
- (5) Direct Staff to not agree to any ground rules with a bargaining unit that prevents disclosure of proposals. All offers made by the City and bargaining unit shall be made public at the time they are made. Clarify that disclosed information does not include internal discussions or proposals and counterproposals still in the development stage.
- (6) Include in the ground rules for labor negotiations that any presentations to the City Council in open session or any presentations to the membership of the bargaining units related to a Tentative Agreement on a new contract or the City's Last, Best and Final Offer include equal time for presentations by the City negotiating team and the bargaining units negotiating team.
- (7) Explore options to allow for presentations to the City Council in open session and to the bargaining unit membership regarding proposals made during contract negotiations.
- (8) Work with the League of California Cities to outreach to State Legislators regarding the impacts of State policy and budget decisions on cities in the region.

(Cont'd.)

The City Council also: (a) Referred to the Rules and Open Government Committee on November 18, 2009 the appointment of a temporary Ad Hoc Committee of the City Council to work with interested stakeholders to discuss San Jose's projected financial outlook; and to make recommendations that will address the General Fund projected shortfalls on both a near-term and long-term basis to ensure the continued stability of services to the residents and businesses of the City of San Jose, with direction to return to Council for action on December 1, 2009; and (b) Directed the City Manager to have Staff take to the Rules and Open Government Committee and Council a recommended City position on the pending ballot measure sponsored by the League of California Cities.

Noes: Oliverio

- **Public Comments**
Twenty nine speakers provided comments about various proposals and made recommendations regarding the 2010-11 budget planning process.

- **Adjournment**
The Council of the City of San José was adjourned at 5:57 p.m.