CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

MINUTES OF THE CITY COUNCIL

PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2010-2011
2010-2015 PROPOSED CAPITAL IMPROVEMENT PROGRAM
2010-2011 PROPOSED FEES & CHARGES
STUDY SESSIONS

May 10, 2010 – May 14, 2010

The Council of the City of San José convened in regular budget study session on Monday, May 10, 2010 at 1:35 p.m. in Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - None.

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, Chief Deputy City Manager Edward Shikada, Principal Budget Analyst Margaret McCahan, City Clerk Lee Price, Assistant City Clerk Dennis Hawkins and Legislative Secretary Ruth Krantz.

Opening Comments

Mayor Reed presented opening comments and addressed the $116 million shortfall projected during the upcoming fiscal year. Mayor Reed outlined the study session and public hearing schedules, the June 15, 2010 Council Meeting to consider the Mayor's June Budget Message and announced June 22, 2010 as the last day for adoption of the Budget.

Introduction of Proposed Operating Budget

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

Overview Presentation

Budget Director Jennifer Maguire presented an overview of the 2010-2011 Proposed Operating Budget, proposed strategies in resolving the $116 million General Fund shortfall and outlined budget balancing actions in other City funds.

Chief Development Officer Paul Krutko provided an overview of the current national and global economy and its effect on the local economy.

Extensive discussion followed regarding the proposed operating budget. Staff responded to questions from Council.

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.

Director of Planning, Building and Code Enforcement Joseph Horwedel provided an overview of Development Service Initiatives for 2010-2011, including impacts of budget actions on housing programs and opportunities provided through development stimulus programs.

Chief Development Officer Paul Krutko stated that Staff will prepare a Manager's Budget Addendum (MBA) regarding the allocation of American Recovery and Reinvestment Act funds. He noted that the operating agreement with Team San José and the reduction of the Convention Center staffing was included.

Council Member Liccardo offered input on the use of Transient Occupancy Tax revenue.

Mayor Reed urged the importance of using whatever funding the City of San José can afford for incentives to companies that will generate tax revenues and jobs.

Extensive Council discussion followed regarding the Community and Economic Development CSA Operating Budget.

Mayor Reed adjourned the Budget Study Session at 4:40 p.m.

RECESS/RECONVENE

The City Council recessed at 4:40 p.m. from the budget study session on Monday, May 10, 2010 and reconvened on Wednesday, May 12, 2010 at 9:03 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Campos. (Excused)

Environmental and Utility Services

Director of Environmental Services John Stufflebean provided a brief overview of the Environmental and Utility Services CSA Operating Budget, offered an overview of basic infrastructure requirements and responded to questions from Council.

Council Member Kalra arrived at 9:12 a.m. and Council Member Liccardo arrived at 9:15 a.m. to the budget study session.

Neighborhood Services

Director of Parks, Recreation and Neighborhood Services Albert Balagso provided the Neighborhood Services CSA Core Services Operating Budget and outlined impacts of budget actions on City Service Area key services and priorities.

Budget Director Jennifer Maguire responded to Council questions and concerns.

Council Member Oliverio spoke in opposition to spending money from the Healthy Neighborhood Venture Fund (HNVF) for projects and services that are not in the City Charter. Council Member Oliverio recommended changing the policy to drain the HNVF fund and put the money into the General Fund for libraries, community centers and keeping City workers employed.

Library Director Jane Light responded to questions regarding library services.

Extensive discussion followed regarding impacts of budget actions on library services.

Council Member Liccardo questioned animal licensing compliance and the possibility of streamlining the process. Deputy Director Jon Cicirelli responded to questions regarding the role of Animal Care and Services in the licensing process.

Public Comments

(1) Brian Miller expressed concern about the importance of early intervention to address the problem of autism and thanked the City for maintaining the Office of Therapeutic Services.

(2) Tony Rodriguez, Washington Youth Center, expressed concern that the "hub" model may not work and stressed that a lack of safe places for youth could have catastrophic consequences.

(3) Keith R. Fish voiced concerns against cuts to library services.

(4) David Wall urged Council to consider the need for a complete rebuild of sewer and septic systems, and argued that environmental regulations should be under the complete control of the Office of the City Attorney. He also offered his opinion that the Municipal Water System should not be leased or sold.

Mayor Reed adjourned the Budget Study Session at 11:40 a.m.

RECESS/RECONVENE

The City Council recessed at 11:40 a.m. from the budget study session on Wednesday, May 12, 2010 and reconvened on Thursday, May 13, 2010 at 9:04 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - None.

Strategic Support

Director of Human Resources Mark Danaj provided the opening presentation on the Strategic Support Operating Budget. Chief Information Officer Stephen Ferguson highlighted areas for consolidation of application development.

Chief Deputy City Manager Ed Shikada and Director of Environmental Services John Stufflebean responded to questions regarding the Municipal Water leasing issue. Council Member Nguyen suggested that a work plan be provided within 90 days. City Manager Debra Figone agreed that initial scoping of the proposal could be accomplished within that timeline.

Additional discussion regarding the Municipal Water leasing issue followed.

Mayor, Council and Council Appointees

City Attorney Richard Doyle summarized the Office of the City Attorney's proposed 2010-2011 Operating Budget, including impacts of reductions to the City Attorney's office staff.

City Auditor Sharon Erickson outlined the Office of the City Auditor's proposed 2010-2011 Operating Budget.

City Clerk Lee Price presented the Office of the City Clerk's proposed 2010-2011 Operating Budget.

City Manager Debra Figone provided an overview of the Office of the City Manager's proposed 2010-2011 Operating Budget.

Director of Finance Scott P. Johnson and the Finance Staff responded to questions and Council discussion followed.

Public Comments

(1) David Wall offered compliments to the City Attorney's and Auditor's offices, but suggested Section 4.1 of the City Charter be modified, and the Office of Employee Relations, Office and Economic Development and a portion of the Mayor's senior staff be eliminated.

(2) Robert Sapien voiced concern regarding proposed cuts, specific staffing reductions and the dynamic deployment model.

(3) Jim Stunkel and Kevin Conant expressed concern regarding the dynamic deployment model and recommended upholding National Fire Protection Association standards.

(4) Mark DeCastro expressed disappointment with the City's labor negotiation process.

(5) Martha O'Connell voiced concern regarding elimination of the senior nutrition program and emphasized its importance to the City's senior community.

(6) Christy Ngo, Rachelle Tagart and Charlie Chan stressed the importance of comp adjustor positions and asked that they not be eliminated.

Public Safety

Police Chief Robert Davis, Fire Chief Darryl Von Raesfeld and Acting Independent Police Auditor Shivaun Nurre provided an overview of the Public Safety CSA Operating Budget and outlined implementation of the dynamic deployment program.

Mayor Reed adjourned the Budget Study Session at 12:00 p.m.

RECESS/RECONVENE

The City Council recessed at 12:00 p.m. from the budget study session on Thursday, May 13, 2010 and reconvened on Friday, May 14, 2010 at 9:05 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - None.

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, Chief Deputy City Manager Edward Shikada, Principal Budget Analyst Margaret McCahan, Assistant City Clerk Dennis Hawkins and Legislative Secretary Susan M. Davis.

Public Safety (Continued from Thursday, May 13, 2010)

Mayor Reed provided opening comments.

Police Chief Robert Davis responded to Council questions and concerns.

Council Member Kalra arrived to the budget study session at 9:08 a.m. Council Member Herrera arrived to the budget study session at 9:12 a.m. Council Member Oliverio arrived to the budget study session at 9:15 a.m.

Council Member Constant expressed concern about reduction of Police patrol units, especially the first responders to emergencies.

Council Member Nguyen disclosed that she is disqualified from the discussion relating to Fire Station 33 and Communication Hill, and noted that she lives within 500 feet of the facility.

Council discussion followed concerning Communication Hill and Fire Station 33.

Council Member Liccardo arrived to the meeting at 11:10 a.m.

Public Comments

(1) David Wall reiterated that six senior staff in the Mayor's Office should be eliminated in order to save Police Officer jobs.

(2) Speaking in opposition to the safety cuts and the dynamic deployment model for the Fire Department which will have a dire effect on all the districts in City of San José were Jeff Welch, Kevin Conant, Paul Schuller, Jim Stunkel, David Churchill, Keith Keesling and Gaudenz Panholler.

Public Comments (Cont'd.)

(3) Denell Fedor, Friends of the San José Mounted Unit, advised the Council that this organization will be raising money for the Mounted Units.

(4) George Beattie, San José Police Officers Association, expressed opposition to the proposed cuts in the Public Safety CSA.

Mayor Reed adjourned the Budget Study Session at 12:10 p.m.

RECESS/RECONVENE

The City Council recessed at 12:10 p.m. from the morning study session and reconvened at 1:36 p.m. in the Council Chambers, City Hall.

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

Absent: Council Members - None.

Transportation and Aviation Services

Acting Director of Transportation Hans Larsen outlined the impacts of budget actions to the Department of Transportation. Director of Aviation William Sherry summarized the impacts of the budget actions to Aviation.

Acting Director of Transportation Hans Larsen and Director of Aviation William Sherry responded to Council questions and concerns. Extensive discussion followed.

Council Member Constant arrived at 1:42 p.m., Council Member Herrera arrived at 1:51 and Council Member Oliverio arrived at 2:17 p.m. to the budget study session.

Mayor Reed noted that he has been collaborating with various Chief Executive Officers who are doing the most traveling, and stated that they are eager to help the City of San José and provide support for the addition of more flights at the Norman Y. Mineta San José International Airport.

Vice Mayor Chirco requested that Staff provide to the Council Offices the total amount of public usage of the compressed natural gas that is available for purchase at the Norman Y. Mineta San José International Airport.

Vice Mayor Chirco requested that Staff approach the streetlight shut off proposal cautiously and to advise the Council Offices when and where the streetlights will be shut off.

Council Member Liccardo requested a breakdown of the new parking rates in Japantown.

Proposed Fees and Charges

Council Member Constant requested that Staff incorporate in the next budget year an appendix of deleted and new fees and perhaps a way to identify which changes and fees are due to increases in internal costs versus which increases and fees are ramped up in order to achieve a full cost recovery.

Council Member Chu suggested that Staff charge fees for using the picnic areas in the City parks.

Proposed Fees and Charges (Cont'd.)

Council Member Oliverio asked about charging for reservations in the parks for picnics. Director of Parks, Recreation and Neighborhood Services Albert Balagso replied that Staff is working on that issue and will advise the Council with an update.

2011-2011 Capital Budget and 2011-2015 Capital Improvement Program

Assistant Director of Public Works David Sykes and Budget Coordinator Kenn Lee summarized the proposed 2010-2011 Capital Budget and 2011-2015 Capital Improvement Program.

Council discussion followed.

Council Member Nguyen, referring to the Highway 101 and Tully Road Improvement project, requested information from the Department of Transportation about the impact of traffic and transportation issues affecting the community and how the Council Offices can assist with outreach to the districts affected.

Mayor Reed requested that Staff issue an information memorandum to the City Council about the Construction and Conveyance tax revenues, including whether or not some of the money that is currently allocated to Capital projects can be shifted into maintenance operations; and whether there was a reason to borrow against the Construction and Conveyance tax flow.

Adjournment

Mayor Reed adjourned the final Budget Study Session at 3:16 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Lee Price, MMC
City Clerk

May 10-14 2010 BUDGET MIN

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ATTACHMENT A

Documents Filed:

(1) Staff presentation dated May 10, 2010 summarizing the 2010-2011 Proposed Operating Budget Overview.
(2) Staff presentation dated May 10, 2010 outlining the Community & Economic Development.
(3) Staff presentation dated May 10, 2010 presenting an overview of the current economy.
(4) Staff presentation dated May 12, 2010 summarizing of the Neighborhood Services CSA Operating Budget.
(5) Staff presentation dated May 12, 2010 summarizing the Environmental & Utility Services CSA Operating Budget.
(6) Memorandum from Council Member Campos, dated May 10, 2010, requesting an excused absence from the Budget Study Session on Wednesday, May 12, 2010.
(7) Staff presentation dated May 12, 2010 presenting an overview of the Office of the City Attorney 2010-2011 Proposed Operating Budget.
(8) Staff presentation dated May 13, 2010 describing the Public Safety CSA Operating Budget.
(9) Staff presentation dated May 13, 2010 summarizing the Strategic Support CSA Operating Budget.
(11) Handout provided to Council outlining Fire Services Dynamic Deployment Implementation statistics.
(12) NIST Report on Residential Fire Ground Field Experiments dated April 2010.
(13) Staff presentation dated May 14, 2010 summarizing the Transportation and Aviation Services CSA Operating Budget.
(14) Staff presentation dated May 14, 2010 outlining the Proposed 2010-2011 Capital Budget and 2011-2015 Capital Improvement Program.