



MINUTES OF THE CITY COUNCIL

SAN JOSE, CALIFORNIA

TUESDAY, JUNE 29, 2010

The Council of the City of San José convened in regular session at 1:33 p.m. in the Council Chambers at City Hall.

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

Absent: Council Members - None.

STRATEGIC SUPPORT SERVICES

- 3.3 (a) Adopt the Annual Appropriation Ordinance, including transfers and loans for Fiscal Year 2010-2011 and the Manager's Final Budget Addendum.**
- (b) Adopt the Annual Funding Sources Resolution for Fiscal Year 2010-2011 and the Manager's Final Budget Addendum.**
- (c) Adopt a resolution in compliance with Article XIIB of the Constitution of the State of California and as modified by Proposition 111 and SB 88 electing the population and inflation factors and establishing the Fiscal Year 2010-2011 Appropriation Limit.**

CEQA: Not a Project. (City Manager's Office)
Deferred from June 22, 2010.

Documents Filed: See Appendix A on Pages 4 through 9.

Budget Director Jennifer Maguire summarized the Manager's Budget Addendum (MBA) Number 50.

Council Member Nguyen recused herself from voting on Fire Station 33 and the Indian Health Center, Santa Clara County.

Vice Mayor Chirco recused herself from voting on the Healthy Neighborhood Venture Fund, Children's Health Initiative.

3.3 (Cont'd.)

Public Comments: Expressing concern and speaking on behalf of the custodial workers being laid off, citing opposition to outsourcing jobs in General Services, voicing concerns about the impacts of poverty and urging the Council to support continued negotiations with the labor unions were, Josh Lee, Betsy Arroyo, Poncho Guevara (Sacred Heart), Reverend Jerry Fox (St. Paul's United Methodist Church), Jo Kenny, Reymundo Espinoza, Linda Dittes, Paul Prange, Omar Torres (AFSCME Local 101), Dina Miranda, Reverend Bea Chun (Good Shephard Lutheran), David Wall, Diane Fisher (Jewish Community Relations Council), Fred Hirsch, Adán, Lisa Feldberg, Zelica Rodriguez, Tony Alexander and Sam Grimaldo.

Motion: Vice Mayor Chirco moved approval of the Staff recommendations. Council Member Liccardo seconded the motion.

Council discussion followed.

Council Member Chu expressed opposition to the motion on the floor because he was not convinced that Staff had systematically analyzed this situation and completed a thorough process of contracting out.

Council Member Kalra expressed concern that this budget does not adequately protect the public safety and pointed out that the Competition Policy, which the City Council recently approved, was not being considered.

Council Member Campos voiced opposition to the laying off of custodians and not considering the competition policy. She observed that the City could have done a better job from the beginning by being completely open and fair to the community and asking them to be a part of solving the budget crisis.

Action: On a call for the question, the motion carried, Ordinance No. 28765, entitled: "An Annual Ordinance of the City of San José for City's Fiscal Year Beginning July 1, 2010 and Ending June 30, 2011, Appropriating and Authorizing the Expenditure of Monies for the Operation of Each of the Offices, Departments and Agencies of the City During Said Fiscal Year and For Various Other Purposes and Objects for Said Fiscal Year; and Providing for Transfers from Various City Funds to Other City Funds as May be Necessary During Said Fiscal Year"; Resolution No. 75447, entitled: "A Resolution of the Council of the City of San José Adopting the Estimated Sources of Funds for Fiscal Year 2010-2011" and Resolution No. 75448, entitled: "A Resolution of the Council of the City of San José Electing the Population and Inflation Adjustment Factors and Establishing the 2010-2011 Appropriations Limit of the City of San José Pursuant to California Constitution Article X111B and Section 790 Et. Seq. of the California Government Code", were adopted. (8-3. Noes: Campos, Chu, Kalra.)

ADJOURNMENT

The Council of the City of San José was adjourned at 2:38 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Lee Price, MMC
City Clerk

smd/06-29-10 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.

APPENDIX A

Documents Filed: (1) Memorandum from Budget Director Jennifer Maguire, dated June 28, 2010, recommending adoption of the 2010-2011 Operating and Capital Budgets (MBA 50). (2) Memorandum from Budget Director Jennifer Maguire, dated June 7, 2010, recommending adoption of a resolution. (3) Notice of Adjournment executed on June 22, 2010, submitted by the City Clerk. (4) Addendum to City Council Meeting of June 29, 2010, notice of participation of Council Member Constant by teleconference, submitted by the City Clerk. (5) Proposed Operating Budget Binder for Fiscal Year 2010-2011. (6) Proposed Fiscal Year 2010-2011 Capital Budget and 2011-2015 Capital Improvement Program Binder. (7) Proposed 2010-2011 Fees and Charges Report. (8) Statement and Declaration of Conflict of Interest Forms both dated June 15, 2010, from Council Member Nguyen, declaring conflicts of interests as related to living 500 feet away from Fire Station 33 and serving as an Advisory Board Member of the Indian Health Center of Santa Clara Valley (Healthy Neighborhood Venture Fund). (9) Statement and Declaration of Conflict of Interest Form dated June 17, 2010 from Vice Mayor Chirco, declaring a conflict of interest related to the Healthy Neighborhood Venture Fund, as she currently serves on the Advisory Board.

[A] FISCAL YEAR 2010-2011 BUDGET DOCUMENTS (BD) AND DOCUMENT LOG: [1] Memorandum from Mayor's Policy Office Director Armando Gomez, dated April 29, 2010, providing information for the Budget Process for FY 2010-2011 and the Budget Document Template. [2] Memorandum from Vice Mayor Chirco and Council Members Liccardo and Nguyen, dated May 14, 2010, recommending funding for the Satellite and Neighborhood Community Centers, specifically, Alma, Alviso, Alum Rock, Gardner, Starbird and Washington. [3] Memorandum from Council Member Pyle, dated May 19, 2010, recommending funding of District Office 10 and constituent outreach budget carryover. [4] Memorandum from Council Member Constant, dated May 19, 2010, recommending Council Office expenditures/budget transparency. [5] Memorandum from Council Member Constant, dated May 19, 2010, recommending Police Officer position restorations. [6] Memorandum from Council Member Constant, dated May 19, 2010, recommending patrol Police Office position restorations. [7] Memorandum from Vice Mayor Chirco, dated May 19, 2010, recommending funding of District 9 Office rebudget. [8] Memorandum from Council Member Oliverio, dated May 20, 2010, recommending funding of District 6 Office and constituent outreach budget carryover. [9] Memorandum from Council Member Campos, dated May 21, 2010, recommending maintaining existing services at Alum Rock Youth Center, Washington United Youth Center and Alma Community Center. [10] Memorandum from Council Member Campos, dated May 21, 2010, recommending funding of District 5 Council Office rebudget. [11] Memorandum from Council Member Campos, dated May 21, 2010, recommending funding of Emma Prusch Farm Park 2010 Harvest Fair and Exposition. [12] Memorandum from Council Member Campos, dated May 21, 2010, recommending augmentation of Gang Prevention, Intervention and Suppression Services. [13] Memorandum from Council Member Campos, dated May 21, 2010, recommending funding Alum Rock School District Sports Field Partnership at Sheppard School. [14] Memorandum from Council Member Campos, dated May 21, 2010, recommending funding of the Alum Rock Cultural History Corridor project. [15] Memorandum from

3.3 (Cont'd.)

Council Member Campos, dated May 21, 2010, recommending funding of the Tobacco Retailer Permit Program. [16] Memorandum from Council Member Constant, dated May 19, 2010, recommending restoring four, full time Patrol Officer Positions and eliminating one Day Detective staffing. [17] Memorandum from Council Member Constant, dated May 19, 2010, recommending restoring three, full time Patrol Officer Positions and eliminating Day Detective staffing. [18] Memorandum from Council Member Constant, dated May 19, 2010, recommending restoring forty nine, full time Patrol Officer Positions and restructuring Patrol to three Divisions. [19] Memorandum from Council Member Constant, dated May 19, 2010, recommending restoring Police Officer Positions reallocation by converting the MERGE Unit to a collateral assignment and reassigning officers to patrol functions. [20] Memorandum from Council Member Nguyen, dated May 21, 2010, recommending funding the Council District 7 Office budget carryover. [21] Memorandum from Council Member Nguyen, dated May 21, 2010, recommending funding Tully Community Branch Library hours. [22] Memorandum from Council Member Liccardo, dated May 21, 2010, recommending restoring Strong Neighborhoods Initiative Staff. [23] Memorandum from Council Member Liccardo, dated May 21, 2010, recommending funding Council District 3 Office and constituent outreach carryover. [24] Memorandum from Council Member Liccardo, dated May 21, 2010, recommending funding for weekend summer aquatics programs for Alviso and Biebrach Pools. [25] Memorandum from Council Member Oliverio, dated May 21, 2010, recommending keeping Police Officers and Core services as listed in his memorandum. [26] Memorandum from Council Member Kalra, dated May 20, 2010, recommending funding District 2 Office Rebudget. [27] Memorandum from Council Member Pyle, dated May 21, 2010, providing various recommendations in her memorandum. [28] Memorandum from Council Member Chu, dated May 21, 2010, recommending funding the Alviso Senior Nutrition Program. [29] Memorandum from Council Member Chu, dated May 21, 2010, recommending funding the District 4 Office Rebudget. [30] Memorandum from Council Member Herrera, dated May 19, 2010, recommending funding the Council District 8 office budget and constituent outreach budget carryover. [31] Memorandum from Council Members Herrera, Liccardo and Pyle, dated May 20, 2010, recommending to repurpose the Catalyst Fund to be used solely for the recruitment of corporate headquarters to San José. [32] Memorandum from Council Member Herrera, dated May 20, 2010, recommending funding of the Lake Cunningham marina. [33] Memorandum from Council Member Herrera, dated May 21, 2010, recommending funding the Evergreen Innovation Corridor. [34] Memorandum from Council Member Herrera, dated May 21, 2010, recommending directing the City Manager and City Attorney to research the feasibility of imposing a fee on stores that sell spray paint and other instruments to commit graffiti to fund a regulatory program to abate graffiti. [35] Memorandum from Vice Mayor Chirco and Council Member Liccardo, dated May 21, 2010, recommending the restoration of one day of service to Libraries to ensure that every library in the City remains open for at least 4 days a week. [36] Memorandum from Council Member Liccardo, dated May 21, 2010, recommending preserving Arts Express Program and Restore Arts Transient Occupancy Tax Grant for Arts Nonprofits. [37] Memorandum from Council Member Herrera, dated May 21, 2010, recommending exploring a potential O&M Agreement with San José Stage Company.

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[B] FISCAL YEAR 2010-2011 MANAGER'S BUDGET ADDENDA (MBA) AND DOCUMENT LOG: [1] (a) Memorandum from Budget Director Jennifer Maguire, dated May 4, 2010, transmitting detailed agendas for the 2010-2011 Budget Study Sessions for the City's Operating and Capital Budgets, scheduled to begin on May 10, 2010. (b) Memorandum from City Manager Debra Figone, dated May 4, 2010, regarding the 2010-2011 Budget Documents – Cost Estimate Requests. [2] Memorandum from Library Director Jane Light, dated May 11, 2010, providing background on the branch library days of service. [3] Memorandum from Fire Chief Darryl Von Raesfeld, dated May 10, 2010, transmitting the Dynamic Deployment fact sheet. [4] Memorandum from Director of Parks, Recreation and Neighborhood Services Albert Balagso and Budget Director Jennifer Maguire, dated May 11, 2010, recommending adoption of appropriation ordinance amendments. [5] Memorandum from Chief Deputy City Manager Edward Shikada and Budget Director Jennifer Maguire, dated May 7, 2010, recommending adoption of amendments to the Ice Centre Revenue Fund 432. [6] Memorandum from Planning Commission Secretary Joe Horwedel, dated May 10, 2010, transmitting the Planning Commission recommendation of adoption of the proposed 2011-2015 Capital Improvement Program. [7] Memorandum from Director of Housing Leslye Krutko, dated May 12, 2010, recommending holding a priority study session on Housing Department programs in Fall 2010. [8] Memorandum from Chief Deputy City Manager Edward Shikada, dated May 13, 2010, recommending approval of the HP Pavilion at San José Capital Repairs and Replacement Budgets. [9] Memorandum from City Manager Debra Figone, dated May 20, 2010, providing a preliminary analysis of alternative budget balancing proposals. [10] Memorandum from Director of Human Resources Mark Danaj, dated May 20, 2010, clarifying the impact of the Administration's proposed elimination of four positions in the City's Workers' Compensation program. [11] Memorandum from Director of Parks, Recreation and Neighborhood Services Albert Balagso, dated May 19, 2010, recommending approval for the Parks, Recreation and Neighborhood Services reuse recommendations for 2010-2011. [12] Memorandum from Director of Finance Scott P. Johnson, dated May 21, 2010, providing information on the Encumbrance Policy Implementation. [13] Memorandum from Police Chief Robert L. Davis, dated May 21, 2010, providing comparisons for the Police sworn and civilian staffing levels as proposed for 2010-2011 with the five year staffing plan as presented to the City Council in 2006-2007. [14] Memorandum from Police Chief Robert L. Davis, dated May 21, 2010, providing the cost of extending sworn Police staff through January 31, 2011 in order to minimize layoffs of sworn personnel. [15] Memorandum from Police Chief Robert L. Davis, dated May 21, 2010, providing information regarding the increases in bingo fees and the percent of gross payments in the proposed 2010-2011 Fees and Charges Report and whether senior centers are required to pay the permit fees. [16] Memorandum from Director of Housing Leslye Krutko, City Clerk Lee Price, MMC and Deputy City Manager Norberto Dueñas, dated May 26, 2010, recommending endorsing the number of Boards/Commission meetings per year and incorporate standard work plan and annual report templates for each Board/Commission. [17] Memorandum from Police Chief Robert L. Davis, dated May 21, 2010, responding to the 2010 Mayor's March Budget Message, as approved by Council, regarding the Adult Crossing Guard Program.

3.3 (Cont'd.)

[18] Memorandum from Acting Director of Transportation Hans F. Larsen, dated May 25, 2010, clarifying the revenue breakdown in the proposal to increase the meter rate for meters outside of the downtown core from \$0.50 to \$1.00 per hour and to extend meter operations from 5:00 p.m. to 6:00 p.m. in Japantown. [19] Memorandum from Director of Parks, Recreation and Neighborhood Services Albert Balagso, dated May 27, 2010, recommending acceptance of the report on stakeholder feedback for the Healthy Neighborhood Venture Fund budget reduction proposals to nonprofit agencies. [20] Memorandum from Police Chief Robert L. Davis and Director of Parks, Recreation and Neighborhood Services Albert Balagso, dated May 26, 2010, transmitting recommendations for consolidation of gang services. [21] Memorandum from Director of Planning, Building and Code Enforcement Joseph Horwedel and Budget Director Jennifer Maguire, dated May 24, 2010, recommending approval of the addition of two positions to the Planning, Building and Code Enforcement Department. [22] Memorandum from Director of Planning, Building and Code Enforcement Joseph Horwedel, dated May 26, 2010, outlining the minimum level of historic preservation activities which would continue if the proposed reductions take effect. [23] Memorandum from Library Director Jane Light, dated May 24, 2010, providing background on the Dr. Martin Luther King Jr. Library hours of operation. [24] Memorandum from Director of General Services Peter Jensen, dated May 27, 2010, recommending direction to Staff to proceed with work plan items for the Dolce Hayes Mansion, Muni Water and the E-lot, as described in his memorandum. [25] Memorandum from Chief Development Officer Paul Krutko, dated May 27, 2010, providing an analysis of small business support activities. [26] Memorandum from City Manager Debra Figone, dated May 28, 2010, providing preliminary analysis of Bargaining Unit proposals. [27] Memorandum from Budget Director Jennifer Maguire, dated May 28, 2010, providing an analysis of General Fund Earmarked Reserves, Contingency Reserve and Emergency Reserve Fund. [28] Memorandum from Chief Deputy City Manager Edward Shikada, dated May 27, 2010, providing alternative service delivery proposals. [29] Memorandum from Chief Deputy City Manager Edward Shikada, dated May 27, 2010, transmitting a policy and process review. [30] Memorandum from Chief Deputy City Manager Edward Shikada, dated May 27, 2010, providing analysis on a potential sales tax ballot and providing cost estimates. [31] Memorandum from Chief Development Officer Paul Krutko, dated May 28, 2010, recommending adoption of a resolution. [32] Memorandum from Chief Deputy City Manager Edward Shikada, dated May 27, 2010, responding to overtime expenditures. [33] Memorandum from Chief Development Officer Paul Krutko, dated May 28, 2010, responding to special events fees and services costs. [34] Memorandum from Director of Public Works Katy Allen and Budget Director Jennifer Maguire, dated May 21, 2010, recommending adjustments to the Public Works 2010-2011 Staffing Plan. [35] Memorandum from Director of Parks, Recreation and Neighborhood Services Albert Balagso, dated May 28, 2010, providing recommendations for the aquatics program. [36] Memorandum from Chief Development Officer Paul Krutko, dated May 26, 2010, recommending acceptance of Team San José Performance Measures for 2010-2011. [37] Memorandum from Chief Development Officer Paul Krutko, dated May 28, 2010, providing special events listing. [38] (a) Memorandum from Director of General Services Peter Jensen, dated May 27, 2010, providing an assessment of Rancho del Pueblo Golf

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Course. (b) Supplemental memorandum from Director of General Services Peter Jensen, dated June 11, 2010, correcting an error discovered in the calculation of prepayment requirements related to the debt services for Rancho del Pueblo and Las Lagos Golf Courses. [39] (a) Memorandum from Fire Chief Darryl Von Raesfeld and Budget Director Jennifer Maguire, dated May 28, 2010, recommending approval of the delay of the elimination of the 5th Engine Company as well as the thirteen associated positions. (b) Supplemental memorandum from Fire Chief Darryl Von Raesfeld, dated June 11, 2010, providing additional analysis and background for the phasing in of Dynamic Deployment and elimination of the 5th Engineer Company. [40] Memorandum from Director of Finance Scott P. Johnson, dated May 28, 2010, transmitting the analysis of bonding against future Construction and Conveyance Tax revenue as a source for a potential balancing strategy for the 2010-2011 budget shortfall. [41] Memorandum from Budget Director Jennifer Maguire, dated May 28, 2010, transmitting replacement pages to correct errors in the 2010-2011 Proposed Operating Budget, 2010-2011 Proposed Capital Budget and 2011-2015 Capital Improvement Program and 2010-2011 Proposed Fees and Charges. [42] Memorandum from Chief Development Officer Paul Krutko, dated May 24, 2010, providing information on nonprofit strategic engagement platform. [43] Memorandum from Chief Deputy City Manager Edward Shikada and Budget Director Jennifer Maguire, dated June 1, 2010, recommending approving for 2010-2011 only, the lease of the City's suite at HP Pavilion at San José for 10 San José Sharks games, and adoption of appropriation ordinance and funding sources resolution amendments. [44] Memorandum from Police Chief Robert L. Davis and Budget Director Jennifer Maguire, dated June 1, 2010, recommending approval of actions for the Cardroom Work Permits. [45] Memorandum from Chief Development Officer Paul Krutko and Budget Director Jennifer Maguire, dated June 3, 2010, recommending amending the proposed budget for the Workforce Investment Fund Act 290. [46] Memorandum from City Attorney/General Counsel Richard Doyle and Executive Director of the Redevelopment Agency Harry S. Mavrogenes, dated June 2, 2010, recommending approval of the 2010-2011 Redevelopment Agency budget plan as proposed in this memorandum. [47] Memorandum from Budget Director Jennifer Maguire, dated June 4, 2010, recommending approval of recommended amendments to the 2010-2011 proposed Operating and Capital Budgets. [48] Memorandum from City Manager Debra Figone, dated June 11, 2010, providing recommendations for additional adjustments to the 2010-2011 proposed budget for the General Fund. [49] Memorandum from Fire Chief Darryl Von Raesfeld, dated June 14, 2010, clarifying information on the Fire Department's call volume data.

[C] BUDGET CORRESPONDENCE FROM THE PUBLIC: [1] Letter from Keith Uriarte, Organizing Director, AFSCME District Council 57, dated June 25, 2010, regarding the City's Recollection of AFSCME (MEF and CEO) discussions. [2] Approximately 3,159 cards from the public urging Council to keep the all the branch libraries open and not to reduce open hours to three day a week. [3] Approximately 130 cards from the public urging Council to continue to fund West Valley Community Services. [4] Petition to Save Washington United Youth Center dated June 17, 2010, signed by three thousand eight hundred twenty six (3,826) members of the public.

3.3 (Cont'd.)

[5] Seventy (70) members of the public urging the Council to support City funding for the Senior Nutrition Program. [6] Petition signed by fifty (50) members of the public urging Council to keep Grace Community Center open. [7] Six hundred Fifty (650) emails from the public all dated June 17, 2010, urging Council to “Please Save Our Services”. [8] Petition from five hundred (500) members of the public expressing opposition to the City of San José’s doubling of parking meter rates and increased hours of enforcement in Japantown. [9] CD of “Wheelchair Sports” dated June 17, 2010.