

CITY COUNCIL AGENDA

2011-2012 ORGANIZATION AND BUDGET PLANNING

Special Meeting SYNOPSIS

NOVEMBER 18, 2010

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

The City of San José is committed to open and honest government and strives to consistently meet the community's expectations by providing excellent service, in a positive and timely manner, and in the full view of the public.

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 during Open Forum on items that are not on the agenda and are within the subject matter jurisdiction of the City Council or Redevelopment Agency Board. 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**
9:07 a.m. - Special Session, Council Chambers, City Hall
Absent Council Member: Campos, Chu. (Excused)

3. STRATEGIC SUPPORT SERVICES

3.1 Organizational Downsizing/Aligning Workload to Capacity.

- (a) Challenges of Organizational Downsizing.
- (b) Importance of Aligning Expectations to Capacity.
- (c) Major Drivers of Workload.
- (d) San José's Framework for Aligning Expectations.
- (e) Program Prioritization Resource.

3.2 2011-2012 Economic Outlook & Preliminary General Fund Forecast.

3.3 Potential Strategies to Address the Preliminary 2011-2012 General Fund Shortfall and Beyond.

- (a) Control Labor Cost Escalation.
 - (1) Annual Summary of Labor Negotiations & Recommendations for Upcoming Labor Negotiations.
 - (2) Retirement Reform Report from the General Fund Structural Deficit Elimination Plan Stakeholder Group.
- (b) Organizational & Service Restructuring.

3.4 Council Discussion and Direction.

Continue prior direction of March 2010 for 10% total compensation reduction for Fiscal Year 2011-2012 with modifications: (1) Entire 10% Ongoing; (2) Roll back any general wage increases received in FY 10-11; (3) Include City Auditor's recommendations for healthcare cost containment: Increase Cost Sharing, Increase Co-Pays, Reduce Health and Dental In Lieu; Eliminate Dual Coverage. (4) In addition to 10% total compensation reduction, achieve **additional** reforms: Retirement (Pension and Retiree Healthcare); Sick Leave Payout; and Compensation Structure (Eliminate Automatic Step Increases, Modify Step Structure, and Modify Overtime Eligibility).

Guiding Principles: (1) Commence Negotiations In January 2011; (2) Continue Using a Total Compensation Approach; (3) Savings Must be Achievable and Verifiable; (4) Reductions in City Jobs Does Not Reduce Per Employee Costs; (5) Avoid Adverse Impact to Retirement Systems; (6) Consider Inter-Relationship of Variations by Bargaining Unit; (7) Transparency in Negotiations; (8) Availability of Information Requests and Responses to be public; and (9) Inclusion of Operational and Other Contractual Issues.

Further, to direct Staff to continue analysis of options for a 2nd Tier retirement program and return to the Council with recommendations in early 2011. Options should include the input from the General Fund Structural Deficit Elimination Plan (GFSDEP) Stakeholder Group and the City Auditor's recommendations already approved by the Council.

Additionally, Staff was directed to ensure that all options have been addressed as they relate to potential savings from current employees.

(8-1-2. Noes: Kalra. Absent: Campos, Chu)

- **Public Comments**

Offering opinions and comments as they relate to the General Fund Forecast and labor negotiations, were: Michael Dodson, Lorie Bird, Greg Miller, Nancy Ostrowski, Elizabeth Brierly, Roger Storz, Linda Dittes, Ben Field, Cay Denise MacKenzie, Bob Brownstein, Dan Rodriguez, Yolanda Cruz and Ed Rast.

- **Adjournment**

The Council of the City of San José was adjourned at 3:57 p.m.