

MINUTES OF THE CITY COUNCIL

PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2011-2012 PROPOSED 2011-2012 CAPITAL BUDGET AND 2012-2016 CAPITAL IMPROVEMENT PROGRAM PROPOSED 2011-2012 FEES & CHARGES STUDY SESSIONS

May 11, 2011 – May 19, 2011

The Council of the City of San José convened in Regular Budget Study Session on Monday, May 11, 2011 at 9:00 a.m. in Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Liccardo. (Excused)

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Assistant City Manager Edward K. Shikada, City Clerk Dennis D. Hawkins, CMC and Legislative Secretary Ruth Krantz.

Opening Comments

Mayor Reed presented opening comments and addressed the budget shortfall projection for the upcoming year. Mayor Reed further outlined the study session and public hearing schedules, and announced the final adoption of the budget would be June 21, 2011.

Introduction of Proposed Operating Budget

City Manager Debra Figone offered opening comments.

Overview Presentation

Budget Director Jennifer Maguire outlined the City Manager's proposed operating budget for 2011-2012, proposed strategies for resolving the \$115 million General Fund shortfall projection and outlined potential budget balancing actions in other City funds.

2011-2012 Operating Budget

Director of Economic Development/Chief Strategist Kim Walesh provided an overview of the current economy and the potential for a slow fiscal recovery.

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

Budget Director Jennifer Maguire outlined general fund uses by category and 2011-2012 budget balancing strategy changes in general fund uses.

Community and Economic Development

Director of Planning, Building and Code Enforcement Joseph Horwedel, Director of Housing Leslye Corsiglia and Acting Director of Public Works David Sykes provided the overview on the Community and Economic Development CSA Operating Budget.

Director of Economic Development/Chief Strategist Kim Walesh provided an overview on the Cultural Development area, expected service delivery and impacts of these actions.

Council discussion followed re preservation of essential services

City Attorney Doyle discussed the role of the Redevelopment Agency to eliminate blight and the necessity of focusing on this through the Strong Neighborhood Initiative or through other means with the possible dissolution of the Redevelopment Agency.

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 11, 2011 and reconvened on Thursday, May 12, 2011 at 9:06 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chu, Constant, Herrera, Kalra, Liccardo (9:20 a.m.), Nguyen, Oliverio (9:18 a.m.), Pyle, Rocha; Reed.

Absent: Council Members - All Present.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Assistant City Manager Edward K. Shikada, City Clerk Dennis D. Hawkins, CMC and Legislative Secretary Ruth Krantz.

Community and Economic Development (Cont'd.)

Economic Development Deputy Director Nanci Klein responded to extensive questions from Council.

Environmental and Utility Services CSA

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, goals to provide efficient services, meet regulatory requirements and advance the Green Vision goals. He discussed impacts of budget actions and responded to questions from Council.

Strategic Support

Acting Director of Human Resources Kay Winer provided the opening presentation on the Strategic Support Operating Budget. She summarized that reductions to staffing have eliminated redundancies in strategic support, and services have reached a bare minimum level.

Budget Director Jennifer Maguire responded to questions from Council.

Public Comments

Elena Backman, Han Van, Rachelle Tagud, Charie Chan and David Oki urged the Council to avoid further cuts to Worker's Comp staffing and addressed the high caseload they are experiencing.

Council discussion followed.

Mayor Reed adjourned the morning budget study session at 12:00 p.m.

RECESS/RECONVENE

The City Council recessed from the budget study session at 12:00 p.m. and reconvened at 1:37 p.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - All Present.

Mayor, Council and Council Appointees

City Attorney Richard Doyle summarized the Office of the City Attorney's proposed 2011-2012 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 2011-2012 Operating Budget.

City Clerk Dennis D. Hawkins presented the Office of the City Clerk's proposed 2011-2012 Operating Budget.

City Manager Debra Figone provided an overview of the Office of the City Manager's proposed 2011-2012 Operating Budget.

Council discussion ensued.

Neighborhood Services

Deputy City Manager/Acting Director of Parks, Recreation and Neighborhood Services Norberto Dueñas provided the Neighborhood Services CSA Core Services Operating Budget and outlined impacts of budget actions on City Service Area key services and priorities.

Neighborhood Services (Cont'd.)

Assistant Director of Parks, Recreation and Neighborhood Services Julie Edmonds-Mares, Deputy Director of Planning, Building and Code Enforcement Mike Hannon, Acting Director of Public Works David Sykes and Library Director Jane Light provided service delivery expectations of their respective areas.

Extensive Council discussion ensued.

Public Comments

The following speakers expressed opposition to the proposed cuts in public services, stressing the importance of youth service advocacy programs, senior nutrition programs and the needs of the community.

Elena Backman, Han Van, Rachelle Tagud, Charie Chan, David Oki, Alexis Adali; Teresa Garcia, Raul Sanchez, Celia Avalez, Sacred Heart, Martha O'Connell, Senior Nutrition Services; George Beattie, San José Police Officers' Association; Jenny Tran, Kenny Dinh, Dalena Tran, Han Tang, Le Tang, Darlene Luu, Nhu Pham, Crisanta Raras, Patrick Ngo, Asian Americans for Community Involvement (AACI), Mario Campos, East Senior Center, Audrey Andrews-Little, Senior Nutrition Program for Iola Williams Senior Program; Bill Clark, Norma Acosta, City Attorney's Office; Richard Brennen, Dana Bunnnett, Kids in Common; Mirian Loria, Lakisha Thomas, Carmela Trillo, Maylin Nelson, Maliyah Droubi, Jenny Nguyen, Lucio Rojas, Vanessa Garcia, Jessica Hoy, Maribel Andonian, Elsie Fan, Yu Zhong Zhang, Catholic Charities; Lauri Wheeler, Mt. Pleasant High School, Lauro Centeno, Family Children Services, Collen Hudgen, Live Oak Adult Day Services, Liset Morales, Erick Reyes, Iuette Camacho, Carlos Ortiz, David Mendoza, Jeff Bornefeld, CCPY; Evette Ybarra, Family and Children Services; Sarah Gonzales, Rosemary Baez, Third Street Community Center; Wesley Mukoyama, Cheyleen Jones, Francisco Chavez; Tith Chan, AARS, Kathleen Koenek, Next Door Solutions; Mariah Cortez, Jesus Ruelas, Susie Rivera, FLY; Angelina Hernandez, Virginia Pulido, James White, Angelica Facundo, Aleksander Fox, Alicia Thomas, Lou Arcarese, Michael Pritchard, Pathway; Stephen Kline, Burbank Del Monte NAC; Van Nguyen, John XXIII Multi Service Center; Dennis Acha, Breathe California, Lori Anderson, Aging Services Collaborative; Nima Shahidinia; Beatrice Lopez, Fawn Reed, Georgia Bacil, Senior Adults Legal Assistance; Renee Kellythorne, The Health Trust; Ramir Naderi, Dan Renteria, Indian Health Center; Patricia Gardner, Mary Anne, Toni Sanseverino, Augustine Millan, Alma Community Center; Blanca Felwarz, Rita Mora, Eastside Neighborhood Center; David W. Sanders, Sr., Connie Langford, Richard Zappelli, Willow Glen Neighborhood Association; Hoe Tran, Margaret Young, Marian Johnson, John XXIII Multi-Services Center; Robert Lindley, Federation of Retired Union Workers; April De Hoyos, Family Children Services and Tony Nguyen.

Council discussion continued.

Mayor Reed adjourned the Budget Study Session at 5:00 p.m.

RECESS/RECONVENE

The City Council recessed at 5:00 p.m. from the budget study session on Wednesday, May 12, 2011 and reconvened on Thursday, May 13, 2011 at 9:04 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

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

Absent: Council Members - Liccardo, Pyle. (Excused)

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Assistant City Manager Edward K. Shikada, City Clerk Dennis D. Hawkins, CMC and Legislative Secretary Ruth Krantz.

Neighborhood Services (Continued from Wednesday, May 12, 2011)

Deputy City Manager Norberto Duenas continued the presentation of the Neighborhood Services CSA Core Services. Assistant Library Director Mary Nacu responded to questions regarding library services.

Financing Staff and Parks, Recreation and Neighborhood Services Division Manager Matt Cano discussed oversight of contractors and key structural changes. City Attorney Richard Doyle provided clarification of the process.

Deputy Director of Planning, Building and Code Enforcement Mike Hannon discussed the City's efforts to deal with vacant foreclosed properties.

Council discussion ensued.

Parks, Recreation and Neighborhood Services Division Manager Matt Cano discussed the graffiti abatement program and residents' parks usage. He offered to follow up with a Manager's Budget Addendum on the landscape custodial maintenance service delivery model change. Assistant City Manager Edward K. Shikada offered further insight into the process based on the graffiti abatement proposal.

Budget Director Jennifer Maguire responded to questions regarding retirement funding.

Public Safety

Mayor Reed provided introductory remarks to the Public Safety Operating Budget.

Police Chief Christopher Moore, Independent Police Auditor La Doris Cordell and Fire Chief William McDonald presented an overview of the Public Safety CSA Operating Budget.

Public Safety (Cont'd.)

Staff discussed providing a consistent level of services throughout the community as well as maintaining response time to the greatest extent possible. Fire Chief William McDonald discussed the proposition of a flexible brown-out plan which would allow the City to keep fire stations open. He further discussed a model change for public safety services at the Norman Y. Mineta San José International Airport.

Police Chief Christopher Moore outlined the affect of budget cuts to his department, predicting significant impact to service levels and response times, but noting that service levels will be monitored to make adjustments in order to maintain the integrity of priority services.

Public Comments

Celia Avalez, Raul Sanchez, Teresa Garcia and Alexis Adali, Sacred Heart Community Services, protested the elimination of the crime prevention specialists and pointed out their importance to improve the relations between the community and the police.

George Beattie, San José Police Officers' Association, asked that the Council work with the labor negotiation team to avoid lay-offs.

Council responded to the Public Safety 2011-2012 proposed operating budget presentation and posed questions to Staff regarding development of a Request for Proposal in selecting a new provider for securing the Airport. City Manager Debra Figone and Assistant City Manager Edward K. Shikada provided input regarding secondary impacts and drill-down proposals as related airport staff reduction. Police Chief Christopher Moore and Fire Chief William McDonald further responded to Council's questions.

Mayor Reed adjourned the morning budget study session at 11:58 a.m.

RECESS/RECONVENE

The City Council recessed at 11:58 a.m. from the budget study session and reconvened 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, Rocha; Reed.

Absent: Council Members - Pyle. (Excused)

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Assistant City Manager Edward K. Shikada, City Clerk Dennis D. Hawkins, CMC and Legislative Secretary Ruth Krantz.

Public Safety (Cont'd.)

San José Police Chief Christopher Moore, Independent Police Auditor La Doris Cordell and Fire Chief William McDonald responded to further questions from Council.

Deputy City Manager Deanna J. Santana discussed the preparation of a Manager's Budget Addendum to provide crossing guard services in as many intersections as possible at the lowest cost.

Extensive discussion followed regarding public safety services.

Director of Aviation William F. Sherry responded to questions regarding cost issues and the issue of privatized fire services. Budget Director Jennifer Maguire followed up with additional cost-savings information.

Public Comments

Martha O'Connell addressed the cost factor of staffing boards and commissions meetings with staff from the City Attorney's office.

Mayor Reed adjourned the budget study session at 4:05 p.m.

RECESS/RECONVENE

The City Council adjourned at 4:05 p.m. from the budget study session on Thursday, May 13, 2011 and reconvened on Monday, May 16, 2011 at 1:32 p.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chu, Constant, Herrera (1:37 p.m.), Kalra (1:36 p.m.), Liccardo (4:08 p.m.), Nguyen, Oliverio, Pyle, Rocha; Reed.

Absent: Council Members - All Present.

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Chief Deputy City Manager Edward K. Shikada, City Clerk Dennis D. Hawkins, CMC and Legislative Secretary Susan M. Davis.

Transportation and Aviation Services

Director of Aviation William Sherry and Acting Director of Transportation Hans Larsen presented the Transportation and Aviation Services 2011-2012 Proposed Operating Budget and responded to Council questions and comments.

Council discussion ensued.

Fees and Charges

Director of Planning, Building and Code Enforcement Joseph Horwedel, City Clerk Dennis D. Hawkins, CMC, City Attorney Richard Doyle, Budget Director Jennifer Maguire, Director of Economic Development/Chief Strategist Kim Walesh and Director of Finance Scott Johnson responded to Council questions and concerns.

2011-2012 Capital Budget and 2012-2016 Capital Improvement Program

Budget Director Jennifer Maguire presented introductory remarks.

Acting Director of Public Works David Sykes and Budget Assistant Claudia Chang presented the overview of the Proposed 2011-2012 Capital Budget and 2012-2016 Capital Improvement Program.

Extensive Council discussion ensued.

Mayor Reed adjourned the budget study session at 4:14 p.m.

RECESS/RECONVENE

The City Council adjourned at 4:14 p.m. from the budget study session on Monday, May 16, 2011 and reconvened on Wednesday, May 18, 2011 at 9:08 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chu (9:14 a.m.), Constant, Herrera (9:20 a.m.), Kalra (9:16 a.m.), Oliverio (9:11 a.m.), Pyle, Rocha; Reed.

Absent: Council Members - Liccardo, Nguyen. (Excused)

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Chief Deputy City Manager Edward K. Shikada, City Clerk Dennis D. Hawkins, CMC and Legislative Secretary Susan M. Davis.

City Retirement Reform

Mayor Reed presented opening comments.

City Manager Debra Figone presented introductory remarks.

Director of Employee Relations Alex Gurza, City Auditor Sharon W. Erickson and Director of Retirement Services Russell Crosby presented an overview of City Retirement Reform.

City Manager Debra Figone highlighted the fiscal reform plan considerations.

Extensive Council discussion ensued.

Director of Employee Relations Alex Gurza, City Manager Debra Figone, City Attorney Richard Doyle, City Auditor Sharon W. Erickson and Director of Retirement Services Russell Crosby responded to Council questions and concerns.

Council Member Pyle left the meeting at 10:28 a.m.

Council Member Campos expressed concern that there were not enough options. City Attorney Richard Doyle clarified that retirement reform will be discussed today at Rules and Open Government Committee and will return to Council on May 24, 2011 for further Council discussion.

Public Comments

Nancy Ostrowski, AEA/CAMP/IFPTE Local 21, pointed out that the team submitted a proposal to Staff but had not received a response back.

Public Comments (Cont'd.)

Cay Denise MacKenzie, CAMP/IFPTE Local 21, complained that the City has not worked with the unions on retirement reform.

Roger Storz, AEA/IFPTE Local 21, pointed out the unions are ready to work with Staff.

Yolanda Cruz, AFSCME/MEF, complained about the lack of response and the unwillingness from Staff to work with the Bargaining Units.

Paul Salerno, Retired Police and Firefighters, stated that all the unions are willing to work with Staff and Bob Leininger, Federated Retired Employees Association, pointed out that retirees do not have meet and confer rights but was willing to work with Staff.

Jean Leonard, Jerry Mungai, Steve O'Steen, Aurelia Sanchez spoke in favor of pension reform, presented options to resolve the problem and suggested that the City Auditor should take a look at subsidized businesses downtown.

Mayor Reed adjourned the budget study session at 12:26 p.m.

RECESS/RECONVENE

The City Council adjourned at 12:26 p.m. from the budget study session on Wednesday, May 18, 2011 and reconvened on Thursday, May 19, 2011 at 9:10 a.m. in the Council Chambers, City Hall Council Wing, San José, California.

Present: Council Members - Campos, Chu, Constant, Herrera, Liccardo (9:26 a.m.), Oliverio (9:31 a.m.), Pyle, Rocha; Reed.

Absent: Council Members - Kalra, Nguyen. (Excused)

Staff: City Attorney Richard Doyle, City Manager Debra Figone, Budget Director Jennifer Maguire, Chief Deputy City Manager Edward K. Shikada, City Clerk Dennis D. Hawkins, CMC and Legislative Secretary Susan M. Davis.

San José Redevelopment Agency 2011-2012 Operating and Capital Budgets

Mayor Reed presented introductory remarks.

Executive Director of the Redevelopment Agency Harry Mavrogenes presented opening comments.

Executive Director of the Redevelopment Agency Harry Mavrogenes, Redevelopment Agency Director Richard Keit and Redevelopment Agency Chief Financial Officer David Baum presented the report.

Mayor Reed requested that the Chairs of Community and Economic Development Committee and Public Safety, Finance and Strategic Support Committee work together to put forth one Redevelopment Agency report.

Executive Director of the Redevelopment Agency Harry Mavrogenes, City Attorney Richard Doyle, Senior Deputy City Attorney Tom Murtha and Redevelopment Agency Director Richard Keit responded to Council questions and concerns.

Council Member Pyle suggested that the City make more use of the Redevelopment Agency new retail pictures in order to promote the wonderful City of San José.

Mayor Reed adjourned the budget study session at 10:39 a.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Dennis D. Hawkins, CMC
City Clerk

ATTACHMENT A

Documents Filed:

- (1) Memorandum from Council Member Liccardo, dated May 10, 2011, requesting excused absences or late arrivals from Budget Study Sessions on May 11, 2011, May 13, 2011, May 18, 2011 and May 19, 2011.
- (2) Copy of MBA 5: Memorandum from Library Director Jane Light, dated May 10, 2011, providing background about the reduction of branch library hours.
- (3) Staff presentation dated May 11, 2011 presenting the 2011-2012 Proposed Operating Budget Overview.
- (4) Staff presentation dated May 11, 2011 summarizing the Community & Economic Development CSA Operating Budget.
- (5) Staff presentation dated May 12, 2011 summarizing the Neighborhood Services CSA Operating Budget.
- (6) Staff presentation dated May 12, 2011 summarizing the Environmental & Utility Services CSA Operating Budget.
- (7) Staff presentation dated May 12, 2011 presenting an overview of the City Manager's Office role and initiatives for 2011-2012.
- (8) Staff presentation dated May 13, 2010 summarizing the Strategic Support CSA Operating Budget.
- (9) Staff presentation dated May 13, 2010 describing the Public Safety CSA Operating Budget.
- (10) Staff presentation dated May 16, 2010 presenting a summary of the Transportation and Aviation Services 2011-2012 Proposed Operating Budget.
- (11) Staff presentation dated May 16, 2011 summarizing the Proposed 2011-2012 Capital Budget and 2012-2016 Capital Improvement Program.
- (12) Staff presentation dated May 18, 2011 presenting an overview of Retirement Reform.
- (13) Staff presentation dated May 19, 2011 highlighting the San José Redevelopment Agency FY 2011-2012 Work Program, Assumptions on Tax Increment and Revenue Sources, One Year Capital and Operating Budget and Moving Forward.