

'Emergency' sets the proper tone for San Jose

The sweeping fiscal reform ballot measure San Jose Mayor Chuck Reed proposed Friday was widely perceived as going nuclear in the struggle with city unions over compensation and pensions. But the preface to the plan contained an olive branch: He invited alternative ideas that achieve the goal of stabilizing the budget and then rebuilding city services. And he called for unions to help find solutions.

The inclusive gesture alone could help the tone of union negotiations for next year. And if agreement can be reached on elements of pension reform and other strategies to be placed in the final version

of the ballot measure three months from now, it will be far better than the kind of pitched battle with city employees that accompanied the passage of Measures V and W last fall. Many workers still are bitter from that fight over arbitration and pension reform.

Reed wants the City Council to declare a fiscal and public safety emergency. It is time. Even if all employees accept 10 percent pay cuts next year, services such as library hours and police protection will dip below acceptable levels. If the pay cuts are not achieved, then the police department will be cut to levels that Chief Chris Moore views as unsafe. And more cuts will be inevitable next year. The emergency declaration allows the city to look at entitlements and contractual obligations that otherwise would be off the table.

Reed proposes a second-tier pension plan for new hires as well as changes in compensation for existing employees. He builds on City Manager Deb

Flgone's fiscal reform proposal outlined on the city's home page (www.sanjoseca.gov). For Reed's Friday memo, click on the Mayor link on the right.

The case for declaring an emergency is compelling. Today there are about 4,200 employees paid from the general fund, far fewer than what's expected for a city of nearly 1 million people. By 2016,

if retirement costs are \$400 million, as actuaries have predicted, the workforce will go down to 3,000, Reed says. But some believe retirement costs could be as high as \$650 million by 2016, which would take San Jose down to 1,600 employees. Today

there are more police officers and firefighters than that. San Jose would be a very different place.

The call for collaboration won't help with bargaining units like AFSCME MEF, whose president, Yolanda Cruz, declares the city's pension problems "imaginary." But others get it — particularly the Police Officers' Association, which commissioned an independent analysis. Its vice president, Jim Unland, is conducting town-hall meetings with officers to fill them in. The POA now is launching a series of meetings with other unions to see who else is willing to work on a solution. It's hard to overstate what's at stake.

Unland sums up the city's challenge well: "There's a lot of money going to pensions," he said Friday, "and not enough to services."

San Jose has to get this back in balance. If it doesn't, insolvency will put every employee's pension in peril.