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Contact:
Michelle McGurk, PIO
Office of Mayor Chuck Reed
(408) 535-4840 or (408) 655-7332 cell

Statement from Mayor Chuck Reed on Updated San José Budget Projections

SAN JOSE, CALIF. – At today’s afternoon session of the San José City Council, Mayor Chuck Reed called for a discussion next week of the City’s budget challenges and released the following statement:

In the past few days, the County Assessor has delivered dire news to cities, school districts, and Santa Clara County: property assessments have dropped in a manner not seen since the Great Depression. The City of San José’s projected shortfall for the fiscal year beginning July 1 immediately increased by \$14.3 million to a total of \$77 million.

In addition, the City Manager has released projections of additional contributions that the City of San José will be required to make to our two pension funds in 2010. These requirements add an additional expense of around \$50 million to our budget gap in 2010-2011.

San José has had eight straight years of budget deficits. We have worked with our community and employee groups and made significant cuts, but the state and national economy have undermined any progress we have made.

I am calling on everyone in the City to work together to address this problem. I want to thank the employee groups and the managers – more than 2,600 so far – who have stepped forward and offered to forego general wage increases in the year ahead. It is now clear that a general wage freeze will not be enough to save us from major layoffs. I want to encourage every employee to increase their efforts to work collaboratively to solve our deficit.

Given these new difficulties, I am calling on the City Manager and Council to hold an immediate discussion on April 14 to discuss the two years ahead and the impact of these problems on our budget options going forward. We must re-examine how we operate, reviewing every aspect of our budget. Unfortunately, many hard decisions will have to be made, and we need to discuss them now.

I also want to thank the people of San José who approved Measures J&K to preserve funding for vital city services. Without these vital measures, the City of San José would be in significantly worse circumstances.

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