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Statement from Mayor Reed on Retirement Reform Proposals from Five San José Unions

San José, Calif. – Following is a statement from San José Mayor Chuck Reed in response to a proposal received by the City’s labor negotiation team from the unions representing police officers, firefighters, architects and engineers, middle managers, and maintenance supervisors.

I want to thank the leadership of San Jose Firefighters, Local 230, the San Jose Police Officers’ Association, and IFPTE, Local 21 for taking seriously the depth of San José’s pension problems. I look forward to seeing these proposals discussed at the bargaining table, as well as having our actuaries and financial experts analyze the fiscal implications and potential savings contained in the proposals presented today.

Skyrocketing retirement costs are destroying our ability to provide basic services. Reforms are needed to break the never-ending cycle of budget cuts and restore essential services like police patrol, fire response, street maintenance, libraries and community centers. The most recent budget projections are bleak – without fiscal reform, the City faces having to close all of its branch libraries and community centers, and make further cuts to public safety in the next fiscal year. That’s because we are facing our eleventh straight budget shortfall, and this time it is projected to reach \$78 million to \$115 million or more absent significant fiscal reform.

San José’s employees work hard for our community, and they deserve the security of stable pension system in their senior years. I want to thank these five bargaining units for their willingness to work together. I look forward to reviewing their proposals and determining how they will impact the sustainability of the pension system, the security of our current and future retirees, the fiscal health of the City, and our ability to deliver quality services to the residents and taxpayers of San José.

All retirement reform proposals and related documents are available on our Office of Employee Relations website.

SJPOA & IAFF, Local 230 Proposal:

<http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/POA.IAFF/POAandIAFFProposalToCity-RetirementReformTierIIIDated09.27.11.pdf>

IFPTE Local 21 Proposal:

<http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/AEA.AMSP.CAMP/AEAAMSPAndCAMPProposalToCity-PensionReformProposalTier3Dated09.28.11.pdf>

Background Info:

Fiscal Year	Retirement Costs
2002-2003	\$73 million
2011-2012	\$245 million
2015-2016	\$430 million (projected)

Current General Fund Revenues: \$801 million per year

Additional graphs/visuals related to retirement costs are available online at:

http://www.sanjoseca.gov/mayor/goals/budget/PDF/2011_GraphRetirement.pdf

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