



SENT TO COUNCIL:

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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: 2012-2013 PRELIMINARY
GENERAL FUND QUESTIONS

DATE: November 18, 2011

Approved

Date

11/20/11

INFORMATION

This memorandum provides answers and clarification to questions asked during the discussion of the 2012-2013 Preliminary Forecast (Item 3.6) at the November 15th, 2011 City Council Meeting.

Council Member Constant asked what the City Contribution retirement rates were in 2000-2001 for comparison purposes to the forecasted 2012-2013 contribution rates as a percent of payroll. On a budgetary basis the rates were as follows:

City Contribution Retirement Rates		
(as a % of payroll)		
	2000-2001	2012-2013
Federated	16.09%	52.09%
Police	15.70%	96.44%
Fire	15.70%	98.62%

Council Member Herrera asked if there was a San José specific unemployment rate. The State of California Employment Development Department does provide an estimated unemployment rate for specific jurisdictions, including San José, on a monthly basis. The most recent estimate for San José is 10.7% for September 2011 versus the 9.6% reported in the presentation which represented the San Jose/Sunnyvale/Santa Clara Metropolitan Statistical Area (MSA). It should be noted that the methods to obtain the San José only rate rely on a sampling from the County unemployment statistics with census ratios applied to obtain the estimated unemployment percentage. The Administration typically does not use this data as it is a mathematical calculation rather than hard data.

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The Mayor and Council Member Constant also asked what the approximate equivalent in Police sworn position reductions would be necessary should the outcome of the Police Officers' Association arbitration determine that the 10% total compensation reduction was one-time and the estimated \$25 million in additional costs be realized. Unfortunately there was a calculation error in the answer that was provided that evening. Using the 2012-2013 average cost per sworn position in Police, adjusting for mandatory retirement contributions, it is estimated that approximately 205 sworn positions would need to be eliminated to offset the \$25 million in additional costs. In addition, if this was to occur, additional position reductions would likely be necessary to cover unbudgeted vacation, comp-time payouts, and unemployment insurance costs associated with the separation of so many employees.



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