

**MINUTES OF THE CITY COUNCIL
ON SERVICE RESTORATION AND REVENUE MEASURES**

SAN JOSE, CALIFORNIA

TUESDAY, SEPTEMBER 03, 2013

The Council of the City of San José convened in Regular Study Session at 1:32 p.m. in the Council Chambers at City Hall.

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

Absent: Council Members - All Present.

Staff Present: City Attorney Richard Doyle, City Manager Debra Figone, Assistant City Manager Edward K. Shikada, Budget Director Jennifer A. Maguire, Director of Economic Development/Chief Strategist Kim Walesh, Director of Finance Julia H. Cooper, Acting City Clerk Lee Price and Deputy City Clerk Susan M. Davis.

Documents Filed: (1) Memorandum from Mayor Reed and Council Member Liccardo, dated August 28, 2013, with direction to the City Manager and adoption of a guideline for planning purposes as described in “Action”. (2) Memorandum from Council Members Kalra and Campos, dated August 30, 2013, recommending amending the recommendations and directions to the City Manager contained in the memorandum from Mayor Reed and Council Member Liccardo, dated August 30, 2013. (3) Memorandum from Council Member Constant, dated August 30, 2013, regarding recommendations for San José Police Department Rehire and Lateral Officer Hire Incentive Program as described in “Action”. (4) Memorandum from Council Member Rocha, dated August 29, 2013, regarding the Library Parcel Tax as described in “Action”. (5) Memorandum from Assistant City Manager Edward K. Shikada, dated August 27, 2013, describing the purpose of the City Service Restorations and Revenue Measures Study Session and providing background information. (6) Staff presentation dated September 3, 2013 summarizing the City Service Restorations and Revenue Measures. (7) Letter from Leslee Hamilton, Executive Director, Guadalupe River Park Conservancy, dated August 30, 2013, urging the Council to add park maintenance and safety to the list of restoration priorities.

INTRODUCTION

Mayor Reed offered introductory comments and outlined a review of a Measure on the ballot. Mayor Reed pointed out that this is an opportunity for the Council to continue the discussion about the City's strategies and priorities for restoring service levels.

City Manager Debra Figone presented introductory remarks.

CONTEXT FOR CURRENT SERVICE LEVELS

Budget Director Jennifer Maguire and Director of Economic Development/Chief Strategist Kim Walesh presented the Report on the Context for Current Service Levels and responded to Council questions and concerns.

Council discussion ensued.

POTENTIAL REVENUE MEASURES

Assistant City Manager Edward K. Shikada continued with the Report on the Potential Revenue Measures.

CITY SERVICE RESTORATION PRIORITIES

Assistant City Manager Edward K. Shikada presented the Report on City Service Restoration Priorities.

Council Member Khamis suggested that Staff combine the Federated and Police/Fire pension plans into one pension plan and save revenue.

Motion: Council Member Liccardo moved approval of the memorandum from Council Member Rocha, dated August 29, 2013, the memorandum from Council Member Constant, dated August 30, 2013 and the memorandum he cosigned with Mayor Reed, dated August 28, 2013 (see "Action" on Pages 3 and 4 for the full description). Council Member Constant seconded the motion.

Council Member Liccardo requested to amend his motion to add restoring "net" wages to the memorandum he cosigned with Mayor Reed. The amendment was accepted by Council Member Constant.

City Attorney Richard Doyle, City Manager Debra Figone and Assistant City Manager Edward K. Shikada responded to Council questions and concerns.

(Cont'd.)

Council Member Campos requested to amend the motion to include Item (3) from the memorandum he cosigned with Council Member Kalra, dated August 30, 2013: To develop a detailed, structured plan for restoring the 10% pay cuts to all City employees. The amendment was accepted by Council Members Liccardo and Constant.

Vice Mayor Nguyen and Council Members Constant and Khamis concurred that roadway infrastructure should be included in the polling.

Council Member Khamis pointed out that a tax measure to pay for roadway infrastructure should be shared by all residents who use the road, not just the homeowners. Council Member Khamis added that he would support a dedicated sales tax which would point out to the public exactly where the money would be spent.

Acting Chief of Police Larry Esquivel responded to Council Member Kalra about the Staffing levels and retention in the Police Department.

Council Member Liccardo requested that the City Attorney report back to Council with more information and legal analysis regarding the San Francisco Bond Street and Sidewalk Repair Measure passed by voters in 2011 and options for ongoing annual fees for road maintenance.

Mayor Reed opened the floor for public testimony.

Public Comments: David Wall expressed concern about the loss of revenue from the Mexican Heritage Plaza. Martha O'Connell suggested that Council carefully relook at the budget and cut spending.

Bob Brownstein requested more clarification about partial taxes for street maintenance and more information regarding the list of historical shortfalls that the City has experienced. Dave Fadness expressed deep concerns about a General Tax.

Action: On a call for the question, the motion carried, the memorandum from Mayor Reed and Council Member Liccardo, dated August 28, 2013, as amended, was approved: (1) The City Manager was directed to: (a) Present for Council consideration a four-year Police Staffing Restoration Strategy (Strategy) to reach a level of 1,250 officers – a net increase of approximately 200 sworn San José Police Department (SJPD) street-ready officers within that period. The Strategy should consist of: (1) Filling all current vacancies. (2) Stemming the flow of departures from the Department, by restoring net wages by at least 10% within four years. (3) Adding 141 new sworn positions from the current budgeted level of 1,109 to 1,250 officers within the four-year period. (b) Consider the funding sources presented below as proposed options for reaching that goal and identify the amount of any shortfall that would require a voter-approved revenue measure to address. (2) Adopt the following guideline for planning purposes: Assume additional funding will be allocated in a balanced approach toward two goals: (a) restoring services

(Action Cont'd.)

to January 2011 levels and (b) restoring the 10% pay cuts to City employees. Within those goals, the City's top priority for restoring services and restoring pay cuts should be in the Police Department. (b) The memorandum from Council Member Rocha, dated August 29, 2013, was approved adding the following direction: Staff to include questions in the upcoming revenue polling that will gauge the community's desire for extending the Library Parcel Tax for fifteen and twenty years instead of the current proposal of ten years, as well as a question that would provide Council a sense of whether the residents would be willing to support two separate revenue measures. (c) The memorandum from Council Member Constant, dated August 30, 2013, was approved adding the following direction: (1) The City Manager was directed to present a Police Officer Rehire and Lateral Hiring Incentive Program that would: (a) Provide a Rehire Signing Bonus for any former San José Police Officer who left the SJPD between January 1, 2012 and August 30, 2013 and would like to return to employment with the SJPD. (1) The signing bonus should be substantial, reflecting up to 50% of the savings realized by not putting a new hire through training i.e., police academy, in-house academy and the full field training program. (2) The signing bonus should allow a choice for the rehired officer to accept the bonus immediately upon rehire or defer a portion of the incentive subject to IRS limitations into a City sponsored deferred compensation program. (b) Provide a Lateral Hire signing bonus for any applicant who meets the lateral officer hiring requirements, as indicated above, modified if necessary due to a difference in cost savings. (d) Recommendation (3) from the memorandum from Council Members Kalra and Campos, dated August 30, 2013, was approved adding the following direction: Staff to develop a detailed, structured plan for restoring the 10% pay cuts to all City employees. (e) The City Attorney was directed to report back to Council with more information and legal analysis regarding: (1) The San Francisco Bond Street and Sidewalk Repair Measure passed by voters in 2011. (2) Options for ongoing annual fees for road maintenance. (10-1. Noes: Kalra.)

ADJOURNMENT

Mayor Reed adjourned the meeting at 4:51 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Toni J. Taber, CMC
Acting City Clerk

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Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanjoseca.gov/city> or <http://www.sanjoseca.gov/civiccentertv>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.