

March 11, 2025

Krista De La Torre
4 North 2nd St. #595
San Jose, CA 95113

RE: IFPTE's New Information Request (February 24, 2025)

Dear Ms. De La Torre:

We are in receipt of your letter dated February 24, 2025, though we take exception to your characterization of newly propounded requests for information as a "renew[al]" of IFPTE's previous request for information. As the City has indicated previously, the City has met, and will continue to meet, its obligations with respect to the numerous information requests that IFPTE has submitted.

Response to IFPTE's New Information Request

1. **The City provided budget instructions provided to departments as part of the budget process of FY 25-26. The 2025-2026 Operating Budget Development Planning memorandum refers to various budget proposal submittals required by departments. Please provide the following reports submitted by departments:**
 - a. **Department Memorandum.**
 - b. **Department Budget Proposal Submittal.**
 - c. **City Service Area (CSA) Memorandum.**

Please be advised that your request seeks draft reports from City Departments. The City is unable to provide these draft reports, as such reports show the City's deliberative process as it works toward developing a final overall budget proposal recommendation to the Mayor and City Council that would then be considered, debated, and potentially modified in open session during the City Council's formal approval process for the City's budget. To the extent that there is a belief that the City is required to produce such reports, please provide any legal authority to support such belief for our review.

However, we could certainly meet in the coming weeks to discuss the approaches we are considering for inclusion in the City Manager's Proposed Operating Budget. If interested, I will coordinate this meeting with the City Manager's Budget Office.

- **Please provide a definition for the "write-offs" referenced above and under what circumstances they would occur.**
- **How much in uncollectable revenue needed to be included in FY 23-24 and why were they considered uncollectable revenues?**
- **How many write-offs are there per year typically?**
- **How is the budget assumption for the Business License Penalties determined?**

For context, IFPTE requested the information above in response to the information that the [City provided to IFPTE on February 20, 2025](#), regarding Business License Penalties.

The Business License Penalties budget is an estimate based on historical annual collections coupled with information that may be known regarding upcoming write-offs, though the actual amount will vary.

A write-off for a business tax account eliminates the principal business tax plus penalties and interest. Due to their compounding nature, penalties and interest are significant and can surpass the principal amount owed. A delinquent business tax account becomes eligible for write-off based on three criteria: (1) the total delinquent balance is below \$5,000, (2) no payments have been made within the past four years, and (3) collections efforts by City staff and/or collections agencies have been unsuccessful.

The number of business tax write-offs varies from year to year. In Fiscal Year 2023-2024, approximately \$5 million in "uncollectable" business tax revenue was identified, based upon two criteria: (1) a delinquent balance greater than 180 days and (2) assignment to the City's collections agency. Over the past two write-off cycles, the businesses whose business tax accounts have met the criteria for being written off have had an average of three employees per business. In Fiscal Year 2023-2024 write-offs decreased principal by \$2.1 million and penalties and interest by \$2.5 million. As the City previously provided to IFPTE, there were no write-offs in Fiscal Year 2022-2023, and some of the Fiscal Year 2023-2024 amount could be attributed to the lack of write-offs in the previous year.

- **Can the City confirm that there are infrastructure backlogs due to insufficient developer fees?**

The City has a significant infrastructure backlog due to a lack of funding across many funding sources. The status of this backlog is updated every two years and presented to the Transportation and Environment Committee. The City's Adopted Capital Budget includes the status of backlog each year as an [appendix](#).

- **We believe that the following would be responsive to this request: How many positions have been vacated since December 2024 and what is the cost associated with those positions?**

For context, this request is related [IFPTE's earlier request, dated January 30, 2025](#), which asked the following of the City, "*The City of San Jose implemented a hiring freeze in December 2024, how much has each department saved as result of the hiring freeze.*" On February 20, 2025, the City responded: "*There is no information responsive to this request. The City does not track which of the positions affected by the hiring freeze would otherwise have been recruited for during the relevant time period.*"

In response to the updated question, attached please find a list of positions that have been vacated. IFPTE can cross-reference these positions to the Excel spreadsheet attachment, which was provided to IFPTE on January 21, 2025 in response to its initial request dated December 26, 2024 and which contains annual budgeted rates for positions.

However, vacated positions do not necessarily signify savings, for a number of reasons, among them (1) nearly three dozen classifications are automatically exempted from the hiring slowdown; and (2)

departments can request to unfreeze specific positions. As detailed in the City's response to IFPTE's initial information request on this topic (dated January 21, 2025),

In accordance with the City Manager's Cost Control memorandum, the following classifications are exempted from the hiring freeze:

Animal Care Attendant, Animal Health Assistant, Animal Health Technician, Animal Services Officer, Animal Shelter Coordinator, Animal Shelter Veterinarian, Arson Investigator, Battalion Chief, Deputy Fire Chief, Fire Captain, Fire Engineer, Fire Fighter, Fire Prevention Inspector, Firefighter Recruit, Deputy Chief of Police, Police Captain, Police Lieutenant, Police Officer, Police Recruit, Police Sergeant, Public Safety Radio Dispatcher, Police Communication Specialist, Public Safety Communications Specialist, Police Radio Dispatcher, Electrician, Senior Electrician, Park Ranger, Park Ranger Assistant, Park Ranger Trainee, Zoo Keeper, Senior Zoo Keeper, and Parking and Traffic Control Officer.

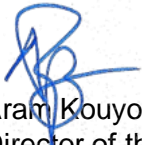
Departments may also make specific requests to unfreeze positions that directly support a very limited set of services within City Council Focus Areas and Administration priorities, have a direct and immediate impact on critical service delivery, or would otherwise result in significant organizational risk, including certain enterprise, utility, and development-fee funded positions required to maintain rate-payer services.

Given that IFPTE's new request does not account for any of the numerous automatic exceptions, as well as any other requested and approved exceptions, the requested data would not be suitable to produce an approximate savings figure attributable to the hiring slowdown.

- **Given that our bargaining unit is currently impacted by a hiring freeze we are trying to understand how much of vacancy savings is currently being used for overtime and how much will be recognized as additional savings. What is the dollar amount in vacancy savings currently projected for the FY?**

For 2023-2024, personal services savings as a percentage of the City's total personal services budget in the General Fund was 0.5%, or approximately \$5 million. Absent the hiring slowdown, we would expect a similar savings amount by the end of 2024-2025. The City will be reporting its updated current year savings projections as part of the Bi-Monthly Financial Report for January/February 2025 that is scheduled to be heard by the Public Safety, Finance and Strategic Support Committee at its meeting on April 17, 2025.

Very best regards,



Aram Kouyoumdjian
Director of the City Manager's Office of Employee Relations
Director of Human Resources

Attachment