

**MINUTES OF THE CITY COUNCIL  
GENERAL FUND STRUCTURAL BUDGET DEFICIT HISTORY AND SERVICE  
RESTORATION PRIORITIES AND STRATEGIES  
STUDY SESSION**

**SAN JOSE, CALIFORNIA**

**TUESDAY, JANUARY 20, 2015**

The Council of the City of San José convened in Regular Study Session at 1:31 p.m. in the Council Chambers at City Hall.

Present: Council Members - Carrasco, Herrera, Jones, Kalra, Khamis, Nguyen, Oliverio, Peralez, Rocha; Liccardo.

Absent: Council Members - All Present.

Staff: Interim City Manager Norberto Dueñas, Interim Senior Deputy City Manager Jennifer Maguire, City Clerk Toni J. Taber, CMC and Deputy City Ruth Krantz.

Documents Filed: (1) Supplemental memorandum from Interim City Manager Norberto Dueñas, dated January 15, 2015, serving as a transmittal document for the presentation. (2) Staff presentation dated January 2015 regarding the General Fund Structural Budget Deficit History and Service Restoration Priorities and Strategies.

**INTRODUCTION**

Mayor Liccardo offered that the purpose of the study session is to provide historic context about the budget deficit, resolving the budget deficit and with the goal that the Council may have the facts needed to help restore services.

**GENERAL FUND: STRUCTURAL BUDGET DEFICIT HISTORY**

Interim Senior Deputy City Manager Jennifer Maguire provided an introduction to the study session, indicating its intent to provide a historical context regarding the City's General Fund and to review the City Council's previously reviewed service restoration priorities as well as the fiscal reform plan and other funding strategies.

City Auditor Sharon Erickson reported on drivers that have impacted retirement costs and the challenges of pension sustainability, indicating that rising pension costs threaten the City's ability to maintain service levels. Interim Senior Deputy City Manager Jennifer Maguire continued the presentation discussing service reductions and eliminations and budget actions taken.

Director of Economic Development/Chief Strategist Kim Welsh outlined some factors constraining revenue growth in San José.

## **SERVICE RESTORATION PRIORITIES**

Interim Senior Deputy City Manager Jennifer Maguire outlined the City's service restoration direction and service delivery goals for Police, Fire, Libraries, Community Centers and Street Maintenance. Director of Transportation Hans Larsen provided the status of the pavement maintenance program, indicating that its overall condition is declining.

## **SERVICE RESTORATION FUNDING STRATEGIES**

Interim Senior Deputy City Manager Jennifer Maguire discussed potential revenue measures and cost saving strategies. Interim Director of the Office of Employee Relations, Jennifer Schembri, provided an overview of pension reform, and Jennifer Maguire discussed the police staffing restoration strategy. She highlighted the Mayor's June Budget Message for FY 2014-2015 and summarized funding needs and some potential solutions.

Director of Finance Julia H. Cooper provided a summary of lease revenue bonds that are outstanding and highlighted key areas of the annual debt report. Council discussion ensued.

## **DISCUSSION ON THE GENERAL FUND STRUCTURAL BUDGET DEFICIT HISTORY AND SERVICE RESTORATION PRIORITIES AND STRATEGIES**

Assistant Director of Finance, Arn Andrews responded to questions regarding retirement costs and the trajectory of future actuarial projects.

Extensive Council discussion followed.

Interim Senior Deputy City Manager Jennifer Maguire responded to questions regarding budget stabilization, and Director of Transportation Hans Larsen gave insight on potential transportation funding. Police Department Division Fiscal Manager Lisa Perez provided input and responded to questions regarding the Police Department budget.

Mayor Liccardo acknowledged that Council will continue this discussion during the Council Meeting scheduled for January 27, 2015.

Mayor Liccardo adjourned the Study Session at 5:06 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Toni J. Taber, CMC  
City Clerk

rmk/01-20-15 GENERAL FUND SS MIN

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