

# Opinion: How does fiscal responsibility group size up Mayor Sam Liccardo's budget proposal?

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Each year, Citizens for Fiscal Responsibility reviews the Mayor's March budget message from the perspective that San Jose should focus on:

- Identifying key services considered essential by a preponderance of San Jose residents and businesses.
- Dedicating funds to improving those services.
- Decreasing or eliminating funding for nonessential services until all essential services are fully funded, based on national performance measures.
- Driving cost savings through consolidation, reorganization and outsourcing.
- Ensuring that San Jose can fulfill its long-term financial obligations.

After spending his first two years committing significant taxpayer dollars to preserving and restoring San Jose city services, Mayor Sam Liccardo's third budget message is a good news/bad news document, warning us of the "challenging years ahead."

The bad news is San Jose's current General Fund forecast projects budget shortfalls through 2021-2022. The good news is that the projections do not include the upcoming sales of the Hayes Mansion, savings from bond refinancing or a \$36 million judgment against the federal Housing & Urban Development Department.

On the flip side, neither does the baseline forecast include the full amortization cost of the city's unfunded retiree obligations.

This year's message reflects a "steady as she goes" attitude, focused on "sustaining recently-restored services." Liccardo correctly emphasizes residents' highest priorities: public safety, long-term financial stability, homelessness, and road repair ranking high among the priorities identified by city polling.

Most of his specific requests of the City Manager direct one-time spending. Notable is a directive increasing the 2017-2018 street repair budget to about \$50 million using "the portion of Construction Excise Tax that exceeded revenue targets this year." Expect about 200 miles of road repairs next year, including some neighborhood surface streets.

CFR is concerned about the Mayor urging that the City Manager fill budgeted but vacant positions quickly. Liccardo writes that "the most immediate way to improve service delivery lies in filling the City's 850 vacant positions."

That's true, especially in the area of public safety, but CFR believes that adding staffing while facing future budget deficits would be a mistake.

We are staunch supporters of smarter government, as is the Mayor; he has established an Office of Innovation and Digital Strategy and provided funding for Civic Innovation/Strategic Partnerships.

San Jose should not go backward to the old service delivery models. Let's continue creatively innovating ways of delivering the services residents deserve. It's unlikely that our City and its employees have exhausted their creativity in finding better, more efficient ways to deliver core services.

Last year CFR suggested that the Council direct funding to an analysis of the City's organizational structure and expanding the manager's span of control. We still believe this exercise is the best way to figure out ways of efficiently and sustainably expanding services and encourage the Council to request that the City Manager do so.

Additionally, there are many City Auditor recommendations (upwards of \$13 million in savings), items from the IBM Operations Efficiency Diagnostic Report (in excess of \$145 million) and CFR analyses (over \$140 million) that can help the city restore services without further tax increases, while retaining the ability to fulfill our long-term financial obligations.

Finally, CFR commends Councilman Don Rocha for his March 27 memo calling for zero-based budgeting: "We've entered an era of renewed fiscal constraint: even after passing two tax measures we still cannot meet our core obligations. This situation demands that [we] justify to our residents the value of every dollar spent."

CFR has been beating that drum since our inception; it is heartening to see the message getting through to our elected officials.

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<http://www.mercurynews.com/2017/04/11/opinion-how-does-fiscal-responsibility-group-size-up-mayor-sam-liccardos-budget-proposal/>