

July 5, 2012

Senate Pro Tem Darrell Steinberg
State Capitol Room 305
Sacramento, CA 95814

Assembly Speaker John A. Perez
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0046

Senate Republican Leader Bob Huff
State Capitol, Room 305
Sacramento, CA 95814

Assembly Republican Leader Connie Conway
State Capitol
Sacramento, CA 95814

Dear Senate and Assembly Leadership,

Skyrocketing pension costs are draining money from services provided by cities through out the state. In San Jose, retirement costs now consume more than 20% of our general fund. As a result, we have had to eliminate 2000 jobs and cut services drastically, closing libraries and community centers and laying off police officers and firefighters.

The Governor has correctly identified pension reform as a critical issue that the Legislature needs to address immediately. As a charter city, San Jose has plenary authority granted by the State Constitution over employee compensation. In exercise of our rights guaranteed by the Constitution, and specifically allowed by our Charter, San Jose voters approved significant pension reform by nearly 70% of the vote on June 5th. Any legislative effort to override the reforms approved by our voters would be a travesty of the democratic process and a violation of the voters' Constitutional rights.

The legislature should enact substantive reforms that will help cities throughout the state address their pension debt, ensure the long-term sustainability of their pension systems, and make sure employees get paid what they have earned and accrued.

Cities must retain the authority to modify future pension accruals and to give their employees an option to choose a lower-cost benefit. Enhancing cities' abilities to use these tools, subject to the meet and confer requirements of state law, is one of the most important things the state legislature can do this year.

Pension reform legislation should not mandate that cities follow one specific approach to pension reform, nor encroach on cities' authority to determine compensation for their employees. Cities need the flexibility to craft solutions that address their own unique set of circumstances and align with their communities' values and priorities.

The people of San Jose have decided that reducing the cost of pensions is far better than continuing to reduce services and employee pay. The Legislature should respect that decision, and a similar decision in San Diego, as it attempts to deal with the statewide issues. San José must be able to reduce pension costs as an alternative to service level insolvency or bankruptcy. I ask that you respect the will of our voters and allow us to implement their will.

Sincerely,



Chuck Reed
Mayor

C: Governor Jerry Brown
State Senator Elaine Alquist
State Senator Sam Blakeslee
State Senator Ellen Corbett
State Senator Joe Simitian
Assembly Member Luis Alejo
Assembly Member Jim Beall
Assembly Member Nora Campos
Assembly Member Paul Fong
Assembly Member Richard Gordon
Assembly Member Bill Monning
Assembly Member Bob Wieckowski