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>> Councilmember Herrera: I'd like to call the meeting to order for October 24th. And we will do a roll call. Councilmember Oliverio, here. Councilmember Chirco, here. Councilmember Liccardo, who is absent and in China on travel on business. So our first item of business is review of the work plan. And we have a request to defer item 1, that's the development tax fee and cost. I think that's been a request from the City Manager.

>> That's correct.

>> Councilmember Herrera: Is that right for deferral, to have the plan come back a little more.

>> Fleshed out.

>> Councilmember Herrera: Fleshed out.

>> Yes, Madam Chair.

>> Councilmember Herrera: And under review of work plan/orders of the day we've had a request to move item 4 to item 2. I think Leslye Corsiglia needs to have that moved so we'll do housing --

>> Councilmember Oliverio: So moved.

>> Second.

>> Councilmember Herrera: All those in favor? Aye, okay. And that takes us to -- that takes us to the verbal report. I just want to say, I thank everybody for joining us today and wanted to say that I'm very happy that we're moving forward after having some clear direction from council on some prioritization. And I think that's really important that we keep that in mind, as we move forward that we have some priorities in front of us and those are working at the speed of business on major development projects with attention to recruitment and attention to small and driving industry companies. Adopting a sign code ordinance within 90 days, completing the airport

competitiveness plan, pursuing plans to develop soccer and baseball stadiums and developing an implementation plan to facilitate the goals of envision 2040. So I think this is great and I'm really happy that we have this direction, look forward to working with this committee and staff to achieve these things. And we will as it states in the memo that was approved, we will be getting a verbal progress report on item A-1 to the Community and Economic Development Committee every month. And there will be a more thorough report coming back, later in December, in December a more thorough written report but we will be getting updates on that, so that's great. And now I would like to turn it over to Nancy Kline to give us a verbal update.

>> Thank you, Madam Chair, members of the committee. In light of the chair's comments, I want to begin by saying that the information that you'll see laid out today is very much in keeping with the conversation that council had last week, on the economic development strategy plan. The focus that we're moving forward with as a team and I want to highlight that our CSA, community service area, includes very many departments who are represented here. Planning, Public Works, police, fire, Redevelopment Agency, we all work together as a team to drive jobs and revenues. And the additional goals that were listed in the memo that the chair just referenced. So what you will see in -- reflected in this report is a lot of work for what is relatively small amount of people. And again the focus is very much on jobs and revenue. And before you next Tuesday evening you will have the new general plan, GP 2040 which is also a jobs first plan and also to highlight that many of these projects take as you well know quite -- take quite a long process. And so you hear about them at different points as they move through the process, and to reference that later you will hear in the agenda from development services from Joe Horwedel and Lee butler to give you specification moving through the development process. Let me give you first this, this is an interesting map and a quote from the Atlantic monthly in September of this year, 2011 and what the quote was referring to, what the map is referring to is an interesting quote that I'm going to read to you. It indicates that San José is number 1 in skills needed for economic growth. And how they characterize that is by the following. Human progress to a large degree has depended on the continual expansion of social networks, which enable faster sharing and shaping of ideas and humanity's greatest social innovation remains the city. As our cities grow larger, the synapses that connect them, people with exceptional social skills are becoming ever more essential to economic growth. These are quintessential leadership skills needed to innovate, mobilize, build effective organizations and launch new firms. They are highly complementary to analytical skills and indeed the very most

high paying jobs and robust economies usually require exceptional skills in both of these realms. You see San José called out in other nodes, San José Silicon Valley, as well as other nodes how we will continue to move innovation forward in the country. Next. The report is organized into five different areas. The first is business outreach, second retail, support of retail and small business growth, third, enhancing the downtown core, four manage real estate and five, manage cultural and sports amenities. Staff has been working in collaboration across the building as referenced earlier and with private-side individuals and representatives. So you see represented some really exciting companies doing exact -- very exciting things in our community. And this is just a small representation of the companies that are included in the last month's outreach. There is a report that was handed to the councilmember, there's a draft on the table, and in at least -- lists additional A1Js Adobe, Airtronics, Qualcomm, digital reality, Sony and yet more that staff has been meeting with to make sure we're addressing company needs and also looking to amplify their business here in San José. Next week we talk about pipeline projects or sorry, the projects in progress, and you see the projects that, again, development services will touch on. But IBM, polycom, the matrix casino, Maxim, very exciting projects that are moving forward and coming to fruition. IBM taking additional space at 4400 North First Street, polycom will be on the agenda tomorrow, officially announcing their headquarters move to San José, Maxim is moving through almost through with the process in their building permits which will allow them to fully occupy 430,000 square feet again in North San José. So there is a tremendous amount going on in San José that's very exciting. Next quick reference is to openings and completions. Auxin solar opened their pilot processing plant on October 5th on Rue Ferrari and there again are doing excellent R&D in the solar industry. Supermicro, after not very long actually is moving forward with an expansion of their facility on the East side of San José and their sales are approaching billion dollars annually. Oracle moving into an additional 65,000 square feet at 488 Almaden. The next slide talks about several initiatives that are very important for small business in particular. The shopsanJosé initiative was launched on October 12th, and more than 2500 small business owners attended as well as the partner who help in the development of company requests. The SBA was very complimentary and supportive of Work2Future in providing a \$200,000 grant award that will provide -- assist the city with developing a Website tool to streamline permitting and licensing processes. And then the recent Work2Future regional job fair had 3700 job seekers from a wide range of companies, Cisco, Solyndra, NUMMI and others, that was also on October 12th at the San José convention center. Next. Creativity marks what staff is working on. And the relationship with PWC and Ilead which

is a project several of you already know about where PWC is a major company within the downtown, is taking a leadership role and having their young leaders get to know downtown, get to know how they can help make downtown a better place. And it's an event, series of events that will be happening through November 8th through November 12th, that will, again, invigorate not only downtown but PWC's lasting relationship and commitment to the city and downtown. Also wanted to mention of note here that OED has now developed and is facilitating a team that is specifically focused on downtown that includes six departments in the downtown and additional partners alike, @ First, 1stAct excuse me and the downtown association. On the real estate front, since January of this year, over 75,000 square feet of properties have been sold, equaling \$2 million in proceeds, and there are 12 more properties that are listed for sale. These are properties that had been previously listed as surplus properties and now are out for sale with signs on them and calls are being taken for pricing for sale. In addition just wanted to highlight two additional things that remain. One is that on the rock 'n' roll marathon over 12,000 registrants took to the street for San José in San José to participate in this year's rock 'n' roll marathon, was very successful on October 2nd. And secondly, that you will see more now happening with event and staff ramping up for the holidays, downtown ice, winter wonder land and Christmas in the park. So we do have several staff in the audience who can answer any questions you may have on any things or items that were covered in the report and we'd be happy to provide any additional information you might need.

>> Just to be clear, since this is a verbal report and it wasn't agendized individually, you can ask clarifying questions but no discussion of the individual items is allowed.

>> Councilmember Oliverio: Any --

>> Discussion of the particular items is allowed because the public wasn't aware of any particular item that was going to be presented during the report.

>> Councilmember Herrera: We'll confine ourselves to asking questions hopefully asking appropriate questions and you will correct us as we go astray. Thank you, Nancy. It's really important work and I will be the first to acknowledge we have a very small team doing a very big job. One thing I can speak confidently from my

colleagues up here we're here to help you, we want to work with you. Every council office and even the council offices that are not on this committee are committed to working with your office and making this happen. The goals that we have focused ourselves on will help clarify where we need to be putting the effort. I was pleased to hear the focus on the retention or the stay and grow goal. And I was wondering if you had any stay and grow success story you could talk about.

>> IBM is definitely a stay and grow. IBM is represented here and has brought now, they had made a purchase of another company and so brought them from another city neighboring into the 4400 building, in North San José in particular. Maxim had been here previously and determined they would have a major expansion. SVTC with their work focusing on a major grant that they have been working with DOE is doing work here. Matrix the casino could have chosen other locations, polycom had operations here, as well as in Sunnyvale and Pleasanton and so chose San José. So a good bulk of the properties that you see here are success stories about we know that 80% or more of our growth will come from those companies that are already here.

>> In addition, Madam Chair, C 8 medicines doubled its size has projected when we both the city and the agency put cash incentive into the program. We were hoping they would do that and they did.

>> Councilmember Herrera: Great, that's great. The other piece of this that I'm understanding that's very, very important in our quest for retaining companies as well as recruiting new companies, I understand the staff has been each assigned to work with seven to nine real estate protection. Can you explain to the committee how that works and how that's helped your department? Is that out of the scope?

>> Yes, Madam Chair.

>> Councilmember Herrera: Okay.

>> Because the verbal report doesn't outline what was being discussed, there are people in the public who could come in and also have comments on it. As I said, clarifying questions as to the presentation itself, not a discussion of any particular item.

>> Councilmember Herrera: I guess broker, that wasn't in the report then?

>> We can bring it back.

>> Councilmember Herrera: Okay. And was -- was there anything in this about how we coordinate outreach working with the council offices on that? That might not have been in there either, right?

>> There is a reference to outreach and you can discuss how the council board meets on outreach.

>> Councilmember Herrera: Okay, so can you help me understand how you conduct outreach and what is an effective way we funnel leads to your department and how can we all become a little more coordinated when we're out there talking to business and property owners?

>> Thank you, Mr. Chair and Richard may also want to comment here. We've been getting I believe better and better at cooperating knowing that the council are our best sales force. And so when the council greets folks and have leads, we respond quickly with details meeting, e-mail, whatever the appropriate response is and we're working more the other way of where OED and the agency in particular who are mostly taking on planning to some extent, those initial meetings, will include council offices. So that there's a high level of coordination as we move forward on targets in driving industry, clean tech, et cetera.

>> Councilmember Herrera: And of the companies you mentioned how many were manufacturing?

>> Our office --

>> Councilmember Herrera: And the ones that are -- how are we strengthening, next? I know that's part of one of our important economic development goals. Manufacturing related activity.

>> Let me just begin by saying that Chris Burton who is here in the office has a particular passion as does the agency, and the city side, for fostering manufacturing. We have a great deal of manufacturing in relative terms in the City of San José and in Santa Clara County. So a lot of that focuses on contract manufacturers, as well as the manufacturing of larger or smaller on the spectrum companies that are moving forward with new product introductions or NPI as they're referred to. So we want to make sure we're aware, very aware of what those manufacturing companies need, how we can knit them together and or linking new technology companies with these existing resources, so we are tightening the value and making even easier the access to those manufacturing networks, because it is a critical strength that San José and Silicon Valley has.

>> Councilmember Herrera: I agree. I think it's very important. As we saw on our recent trip to Oregon, those on the city to city trip last week, those have been very successful in keeping Intel is an example as a manufacturing base there. And certainly Intel's concern because manufacturing involves intellectual property and especially early stage manufacturing, it's important that it's a great target for us to keep that early stage manufacturing in San José. So I really appreciate that and now I will open up to my colleagues, if they have questions.

>> Councilmember Oliverio: This one's not on the agenda. Nancy, every time we get the verbal update at the economic committee my guess is there are companies whose names would be sensitive if you put that in the public record that perhaps you're having discussions, early on, that could be of good potential that are not mentioned.

>> That's correct.

>> Councilmember Oliverio: And I think that's good, because I think there's a strategic need there, because I think for whatever reason, whether it's a broker community, other cities, et cetera, I definitely look forward to any and all discussions you have on any of that we can bring here so thanks.

>> Councilmember Herrera: Okay. And do we need a motion for this or not?

>> Just to accept the report.

>> Councilmember Herrera: Do I hear?

>> Councilmember Oliverio: Motion to accept the report.

>> Councilmember Herrera: All those in favor, okay. I think we're moving on now to Leslye Corsiglia and a report on housing. Five-year housing investment plan.

>> Leslye Corsiglia: Thank you, Leslye Corsiglia director of housing and I have with me Kristin Clements our policy director. What we wanted to spend a little bit of time talking to you today, about the five year housing investment plan but what I'll be changing as the three year housing investment plan as we go through presentation. Just giving a little bit of background on what the five year investment plan has been. The housing department was created in 1988. And shortly thereafter, developed its first five year plan. We do a lot of different plans. We do a consolidated plan that's required by HUD for receipt of all of our federal funds. We do a housing element which is a state required plan that talks about how we're going to meet our housing need. And then we do a five year plan which is more of a local plan that goes into more detail, what our local policies are related to housing and affordable housing. Discusses in more detail what our needs are, and it links really our -- those policies to the needs that we've developed. And it just includes a statement of the City's values relating to housing and equity in ensuring that we have housing of all different types to meet all types of housing needs. It is distinct in this, we will often reference the housing plan when we put forward the other two plans so that we know we have this more local plan that is in more detail. We also have more engagement when we do this plan, and one of the things that we've done in the past is, we bring together a group of housing professionals. So we bring people from all different parts, from labor, from the business community, Realtors, from the rental community, advocates, everyone to talk about the housing needs and to develop the plan. One of the things that came out of the last five

year plan that came out of the engagement process was the need for an inclusionary program. And you know over the last five years that we went through that process and the council did approve two years ago an inclusionary ordinance. Which will go into effect in another little over a year. So why I mention that we're going to go to a three year plan is even though this is a distinct different plan, it does end in June of 2012. What we'd like to do is to, for sake of staff resources, to make it consistent with the housing element and the consolidated plan as far as time frame. And so we're going to make this one a three-year plan. With all of the -- all three of the plans then starting in 2015. So the chart there just explains how we'll be aligning those. Since we did the last plan, the world has changed a lot. You know the fight that we have right now with redevelopment which has been our primary source of city funding for affordable housing. The whole housing market itself has changed. We're dealing with foreclosures which really was not a problem five years ago at all and now is a huge problem in our community. We have a lot of households that have -- their income has changed because of the economy and so their housing needs have changed. And we have a lot of different challenges at all different levels of government as far as funding for our housing program. But that hasn't changed our need, in fact our need has grown because of the economy and we're going to start seeing a lot of the problems that we were starting to see in the early 2000s before we had more of the recent problems where we're going to start seeing more overcrowding as families cannot afford to rent. The rents have gone up 12% over the last year alone and we're going to see issues because we do not have the housing stock that we need that is affordable to many of our residents including our - - many of our workers who earn what would be considered pretty good wages in other parts of the country. But in the Silicon Valley, just doesn't pay for the rents that we have here. So what the plan will do, the first thing that we do with the plan is look back over the last five years. Look at all the council policies and we determine how well we've met those policies. An example of a policy that we have, the city has a policy of dispersion which is disperse affordable housing throughout the community and not have pockets of -- where we finance lots of units in one area, and that's why you'll see units in the Almaden valley across from Almaden lake, and you'll see projects that are in as far North as in North San José, Tasman corridor and everywhere in between. What we'll do is we'll come back to you and say here's your policy and here's how we've done in meeting that policy and we'll make any recommendations on meeting those policies as far as whether or not we need to make changes based on the current environment. So I mentioned the public engagement process and stakeholder process. So we'll first have what will be a fairly lengthy process with this group that we'll pull together and go out to the community

and get community outreach. We will look at housing needs. That's going to be a little easier for us. We just did go through that with the consolidated plan. We had some new census data that's out and we'll be able to use that census data as well and then we'll look at the other policies. The process will run from November to June. The majority in November and December we'll be going over how we've done. We'll need to wait until January to see what's happening with redevelopment before we completely know what the tools are going forward and we'll need the federal government to make its decisions on the HUD budget and get a sense there as well. On the slide it lists the significant stakeholders we'll reach out to. And just the whole community that works with us on our housing issues. We are preparing for a council study session in May. And then final approval of the investment plan in June. And then it would be ready for the beginning of the three-year period starting July 1 of 2012. And so with that I just -- today was really an effort to let you know that this is coming. And we will pulling together folks who we want to be on this committee. If you do have recommendations, of experts that you think would help us in framing this we would appreciate hearing from you on that.

>> Councilmember Herrera: Thank you very much, Leslye. Yes, I think the leadership group has conducted studies every year and every year housing comes up in one of the top requirements for businesses to go forward. So in our city and in Silicon Valley, it's a very critical need. And you've highlighted a lot of the conditions around what we're going to struggle even more. Is how to fund this going to be part of the task of this effort?

>> Leslye Corsiglia: How to fund --

>> Councilmember Herrera: How to fund going forward? Is there going to be a plan B formed?

>> Leslye Corsiglia: Absolutely.

>> Councilmember Herrera: If we don't see things happening the way we would like to be with RDA?

>> Leslye Corsiglia: Absolutely. We have a lot of funding sources but a lot of them are one-time. The redevelopment funding, the beauty of it was an ongoing source that was continuous over the years. With our

other lending sources they are less stable so we definitely need to work on how we're going to meet our needs given this new economic reality.

>> Councilmember Herrera: One interesting thing we saw going back to Portland, which is I like these city to city trips because they make you think and they show you how other people are doing things. Of course they have an interesting system in terms of their entire state has a very -- they have an agreed plan where they have drawn urban boundaries throughout the whole state. So it's a very different playing field. But it's interesting that they've done a lot of housing there and they've utilized transit as an enabler. I found that very interesting that they actually not just have transit oriented development but have used transit in working with development to create development, to spur development by having transit, having a proposed transit line and they use light rail and street cars and all kinds of manner of transit. But it's very much used and helps spur development. In fact they had developers put in \$1 billion to fund their light rail system. So it just -- it's kind of interesting. I think we're going to have to look at a lot of creative things but I had a question in terms of outreach. There are going to be opportunities in every district for input on this or how would the outreach be conducted?

>> Leslye Corsiglia: We -- I don't know Kristin if you have more detail on that at this point.

>> Madam Chair, we are still devising the outreach plan. I know the last time that we did this process, we used all of the council district listservs as a way to let the public know there will be outreach meetings. But also meetings in which we bring the ideas in front of the public.

>> Leslye Corsiglia: We also now have a constant contact system in place with all of those addresses that Kristin mentioned on that so we have the ability to send out fliers to everybody telling them about this. And we're using your newsletters as well.

>> Councilmember Herrera: Great, thank you. I think Pierluigi you had a question.

>> Councilmember Oliverio: So prior to the May study session in what venues will this come back to council committee?

>> Leslye Corsiglia: Do you know if it's scheduled at council committee at this point?

>> I believe that the May study session was the first milestone. But we had talked about also coming out to committee. What we'd like to do is to have some advice from our subject matter experts as to what they think we should focus on before we come forward and ask for opinions as to what you think about their ideas.

>> Councilmember Oliverio: Well I would say though that having some input from council or having some understanding what's happening prior to May and then having a June calendar which is filled with a lot of things on the agenda for approval, I would suggest visiting one of the council committees to give some type of update because it would be nice to have some public record on some status prior to a May study session.

>> Leslye Corsiglia: Sure, we can do that. We start working on our agendas for the next six months, when -- we'll start working on that soon so we can put that on. And usually this is typically the committee that the housing department comes to, although occasionally we also go to NSE.

>> Councilmember Oliverio: That's what I figured, let you decide there. And then Joe, I see you're in the audience. Does this take time from your staff time to facilitate or assist in this process?

>> Joe Horwedel: Councilmember, no. We really utilize the housing department staff. We work on a technical level on the housing department staff. We are not out in the community (inaudible).

>> Councilmember Oliverio: So at the end give me some kind of guesstimate. You have X amount of the staff time that's on this project, 90% of that staff is coming from housing development funded by housing RDA dollars or federal funds and then a small portion is utilizing general plan staff?

>> Leslye Corsiglia: The main thing is we'd like to have various department staff at our meetings so they can provide technical advice as questions come up. That's the main piece that we'll have other staff being involved in.

>> Joe Horwedel: And we have, in planning, have had funding from housing department to fund staff to help with those types of things, so it's not always general plan.

>> Councilmember Oliverio: Well, I think That's good. Because Joe, I think this committee and the council often calls upon Planning to do things that are job creation or things of that matter that can affect General Fund revenue, and obviously any time spent on something else takes you away from that other meeting. As you know can you get pulled in all different directions as you know, different planners and people make it happen. I just want to mention there's a water fall of effect any time there's a initiative in any department in the city.

>> Joe Horwedel: Always appreciate it.

>> Councilmember Oliverio: Okay.

>> I would add that Wayne in our staff has been working regularly with the GP 2040 update. So he's always available to answer planning questions if someone's not.

>> Councilmember Herrera: Okay, so before we have a most on this a member of the public wants to speak, David Wall.

>> David Wall: Good afternoon, Your Honors and assorted guests in the galleries. We've heard about the tenuous nature of housing that may not be with us much longer. So first and foremost, I think five year plan or three year plan should be deferred to February 2012 to see if they're going to be around. We've heard about the unstable funding which is probably the impetus of the housing department demise in January, if it is so desired by the governor. I'd like to know why and how much the housing spends on the foreclosure issue. I'd like to see a comprehensive and how much it costs really through staff time. I'd also like to see in the reports the percentages

of foreclosed housing, the availability of housing stocks that are already here. The housing stocks that are being built as we speak. And these are uninhabited housing projects. So I do not see any five-year or three-year or two-year plan as being very viable when one deals with reality. What I see is an organization trying to gather funding for their own desires. I would also like to know the cost of this database management. And these newsletters and to whom? I would also like to know if veterans of the United States armed forces are given preferential treatment which I hope they do, in housing programs from the housing department. Would I also like to see the housing department run a record as how many illegal aliens are afforded public housing on our taxpayer dollars. That should do for now, thank you.

>> Leslye Corsiglia: Madam Chair, if I could mention one thing, because I want to make sure that folks know that regardless of what the governor decides in January you're going to have a housing function. We have a very, very large loan portfolio, \$750 million in loans that we will need to continue managing. We have a lot of federal dollars that we manage and we have a lot of programs, I mentioned we have 27 different funding sources. So where the redevelopment funding will clearly impact what the city is able to do, we will continue on, and we'll try to do what we can to bring in money to continue our efforts. And so it will be what you said, which is we will just have to get creative.

>> Councilmember Herrera: Leslie, what percentage impact would RDA make on the whole program?

>> Leslye Corsiglia: Our budget this year was a little under \$100 million and about 10 million of that was 20% funds that were not -- that were for program. The rest of our 20% funds is committed to debt. So we had about \$10 million that was available for programs and the rest was from other sources.

>> Councilmember Herrera: 10%.

>> Leslye Corsiglia: It's still a big deal for us. I don't want to make it sound less so. It is a big deal. We will be working to continue to have a housing program.

>> Councilmember Herrera: Okay so we'll need a motion. I'm thinking, in light of what you said Pierluigi, maybe we should suggest that it come back, then, part of the motion be coming back to this committee.

>> Leslye Corsiglia: I'm thinking maybe March or so after we've had some meetings and we have something to report and before we're at a point, sort of a midpoint check.

>> Councilmember Oliverio: Touch base check in.

>> Councilmember Herrera: Is that your motion?

>> Councilmember Oliverio: That will be a motion to accept the report, check back with this committee in the March time frame. And then Leslye, you had mentioned real quickly on Councilmember Herrera's question, 10 million being the balance of debt, the operating budget what's that ratio? Because if it's all towards debt services that doesn't really say what's your annual to employ and move forward with initiatives.

>> Leslye Corsiglia: So that's an interesting question because we just had changes in our operating budget and we're -- we charge it to all these different funds. And so I think it's somewhere around \$9 million is our operating, that includes paying rent and overhead and other things like that. And for other departments.

>> Councilmember Oliverio: So then with RDA 20% funds you're at 19 million?

>> Leslye Corsiglia: No that's -- it's getting a little bit too complicated. I would have to show you what our budget was like. No, our increment that we get from the 20% fund is about \$40 million.

>> Councilmember Oliverio: Right.

>> Leslye Corsiglia: About 30 million or so goes to pay debt service and the other 10 is available for programs. We have other revenue sources such as our loan repayments and interest, and that pays for our administration. So --

>> Councilmember Oliverio: So your budget has your team operate on an annual basis that employs them. That's approximately 9 million. And then that's -- and that's really independent of the 20% funds?

>> Leslye Corsiglia: Yes. It's all -- it's in a big pot of money, yes. It can be -- you can consider it independent of that.

>> Councilmember Oliverio: So given the day whatever federal money or state money you received your whole department could change any given year because it's not like it's a stable source.

>> Leslye Corsiglia: If the 20% were to go away -- it would be -- the ongoing absorbs we'll have as loan repayments we'll have an ongoing amount that comes in that we know we get every year and that will help manage the staff that we have to manage our portfolio which is good. Because otherwise we're going to have those requirements and the General Fund money to do that. But we have sufficient money that's coming off of our portfolio to cover the staff costs. And then -- but then as far as other programs that we have, we have CDBG and home and some of the other federal programs that are ongoing but the other things like the neighborhood stabilization program that's a three-year grant. When it's gone, it's gone unless the president gets his new economic package and it has more money or we apply for that or we get it as an entitlement or whatever. Yeah, we'll be much more potentially much more of a volatile funding base for us in the future.

>> Councilmember Oliverio: Thank you.

>> Councilmember Herrera: Okay so we have a motion on the floor. All those in favor? Opposed? Motion carries. Now we're going to have a report on clean tech demonstration center business plan from I think Nancy Kline, and then from the Clean tech regional policy office, Scott Green, and I want to welcome Doug Davenport,

we're really happy to have you here, Doug, senior program manager of partnerships from Lawrence Berkeley national laboratory, we really want to welcome you today to San José and to our committee.

>> Thank you, madam chair. We wanted to come back to you to describe more detail of how the clean tech demonstration center is being received in the community and as the chair mentioned we're very happy that that Doug davenport from national labs is here. There's a tremendous amount of work that's been done to build the strategic partnership between the lab and the city in conjunction with other critical partners that Scott and Doug will talk about, and I also wanted to mention that Jennifer Simmons who is the executive director of habitat Silicon Valley is also with us today and we're very excited. Scott.

>> Good afternoon, Madam Chair, committee. Slides. So CTDC what is it? It's a good place to start we think. A place where innovators can utilize the shared use flexible space to demonstrate, develop and display emerging clean technologies. A place where clean tech companies and their funders can connect to San José and its strategic partners. Place that supports environmental workshops, job trainings, educational programs, workforce development programs and conferences. A place to demonstrate new technologies, advance building energy efficiency technologies, electric vehicle infrastructure, renewable energy solutions, among others, using the building and the surrounding property. The next slide. Staff conducted validation conversations with a range of businesses, financiers workforce and educational partners to determine interest in the facility. There was strong enthusiasm from moving San José's leadership from demonstration policy to place. The clear message we continue to hear is that field trials and connections to strategic partners are essential for emerging technology companies. This came through over and over in our conversations. Some of the things we heard are test bed city, living laboratory, and a real appreciation from the companies that we have been able to do demonstration work with thus far. LED lighting companies, electric vehicle infrastructure companies, solar and of course some of the companies across the street from City Hall in the clean energy showcase. And finally we hear that multiple building uses creates really a unique opportunity to sell the entire center and we'll have a chance to talk about that in a little bit further. At this point I want to turn it over to Doug and I want to say a good work about Doug before I hand it over to him. Nancy mentioned he's the strategic program manager for LBNL, Lawrence Berkeley national lab. I had the opportunity to work with LBNL on the energy regional innovation cluster application over a year

ago. It was a \$130 million effort on behalf of the region. And since then we've been able to partner on a number of grant applications and do technology referrals to the labs in both directions as well as technical assistance efforts. It's interesting connecting the lab activities to the marketplace and specifically aligning and leveraging resources to effect urban infrastructure and practical scale application technologies as knowledgeable. There's the intro. There you go Doug.

>> Thank you very well for the welcome. I'll let everybody know how I was received so I really appreciate it. A little bit about the lab, so we're about 4200 employees up on a hill just above Berkeley campus. We're actually the nation's first national lab so we've been around for around 80 years at this point. I think something like that. About \$750 million in federally funded R&D, a portion of that R&D is actually funded through participates with industry, or in the tens of millions of dollars a year through our user facilities. We've got seven user facilities that is dedicated to topics such genomics, biofuels, materials development and others. We are building one for energy efficient buildings we'll be talking about later today. We've got you know 40 years under our belt in energy efficiency. It was really started at Berkeley with Art Rosenfeld. We've been responsible for innovations such as the electronic ballast for fluorescent lights that became the CFL that started in a collaboration with Phillips at Berkeley labs. We've had advancements in gas-filled double paned windows and smart windows, including ones that were recently put on the empire state building in New York with serious materials. That was innovations that came from Berkeley lab. We've also been an innovator in cool roofs which was responsible for reducing the energy consumption in buildings and keeping them cooler from entrapped heat and sunlight, as well as great advancements in the field of electric chemistry and the development of Lithium ion batteries. Certain other things we've been responsible for with many different companies that have spun off from the lab, this gives you a feel for some of the innovations that we've been doing in the space of green energy and in clean tech. Things that we're working on now that I thought might be of interest to you, you know two major areas. One linking our R&D to Silicon Valley technology and our infrastructure here in the Bay Area. That's something that we're really proud of and something we want to do a lot of in that we've had tens of millions of dollars a year in innovation and work with the 45th sector, we want to have similarly impactful situations with cities that are taking a visionary approach to their infrastructure and to sustainability. We're working as I mentioned a user facility for low energy buildings we're in design right now we should have it under construction within the next six months and it will be open in

early 2013. That facility will be driving really you know quick advancements in low energy building technologies as well as integrated controls of building systems. And that's all meant to really drive us a lot closer to the net zero energy or ultralow energy proposition that we would like to have with our infrastructure. We're also working to accelerate the development of advanced Lithium ion batteries, with our laboratory facilities and our expertise which is world class to help develop the next generation of batteries here in the Bay Area. You know in termination of really bringing all of this kind of technical horsepower and facilities in these relationships toward an impact on society we take that very seriously. We have been working for quite some time with San José looking at various projects together and really developing this long term relationship. We are really interested in developing a heat island mitigation project in the city. A heat island is where the city's infrastructure traps or continues to reflect heat within that infrastructure and not only does that cost a lot of energy for cooling of buildings but it also is a Public Health issue in that not all buildings have air conditioning and especially multifamily housing with black roofs can become a major problem in heat waves. It also becomes an issue for air quality down the road, trapped heat and above that, that dome of a city can create the air quality issue. So this is actually a very real problem across the world and an area where San José can exude some leadership as we start to look at the effects of various cooling technology within the city infrastructure. Last comment here is you know we're looking at an institute to bring low carbon technology even simple things such as water treatment, advanced stoves and micro-grids and other technology to the developing world, and we take that -- again we think that's a great responsibility and that there's over 2 billion people in the world that live on less than \$1.50 a day and we have an opportunity to bring our technology not just to major infrastructure projects in San José, but around the world. Next slide. A little bit about the clean technical -- not the clean tech demonstration, sorry, that's your project. About the building's user facility. So this is a user facility that's really going to be a 5,000 square foot set of paired interchangeable rooms. So you think of a two-room facility about the size of this table area, that would be split in half. It's fully reconfigurable, that you can change the facade, you can change the floor system or ceiling still, lighting and other structures as well as HVAC. This is the way for companies to have a controlled testing environment, not just to look at the perform of their low energy development they're look at whether it's in windows, HVAC, lighting, et cetera, but also look at the integration of those technologies, on how you can use lighting systems and shading systems and advance windows together to minimize energy consumption and deliver light, deliver comfort, deliver heat where you need it. We've got I think an opportunity here with our user facility to link to the clean tech

demonstration center or the environmental innovation center. In terms of pursuing joint projects whereas our focus is really up stream in development and integration of technology San José's facility is really going to be looking at the application side and looking at workforce training. We also think that there's a way that we can coordinate message and coordinate strategy and we'd really like to have that interchange with your people here. Finally, I'd like to think that we have an opportunity here to bring what we see in the lab and bring what we see in early stage technology development into real application in this city. And we'd like the work in partnership to do that. So I believe that's about where I'm going to leave it.

>> Thanks Doug. The facility the partners to this facility will make the CTDC attractive to emerging technology companies and their funders. The household hazardous waste program is also located here, a project of the county, habitat for humanity. Department of commerce funded into this project \$2.5 million, Berkeley and the national labs major universities, the Governor's Office through the innovation hub is aware of this project as well. And so we feel that national labs, universities, county, local, state, federal government, alignment will create enormous leverage for the facility. Funding sources appear viable. CTDC is in a unique position. The city owns the building. There are two committed anchor tenancies in the facility. The facility will have solar to drop down on operating cost. There is a full time staff person that will handle facility maintenance as well at the facility. Grants and demonstration projects, the EIC can demonstrate match to foundation and government grant proposals. Government economic development administration which is a grantee unto this facility routinely has money to support commercialization efforts to emerging technologies with a keen focus on local job creation and regional partnership. Assembly bill 118 money granted by the California Energy Commission for clean transportation is a \$100 million pot of money annually to support commercialization of new clean transportation technologies. A range of SBA grants and DOE grants focused on commercialization efforts. We've also been contacted by what I would call market accelerator partners that are interested in applying to foundations to site demonstration type projects here as well. And sponsorships, there's a strong opportunity for sponsorships, sponsorships and display revenues, primarily based on co-brand, lead generation and corporate social responsibility. And unique mix of uses here we think creates an opportunity for sponsors across a number of those interests and Jennifer can I invite you up to the mic to say a word about that?

>> Thank you, I'm Jennifer Simmons and I'm the executive director for habitat for humanity Silicon Valley. We started looking around in all of Santa Clara County for the opportunity to open a restore, which is a re-use center of construction materials. Goodwill meets Home Depot. It's a very popular way for habitats throughout the country to raise money to support our building efforts. And we looked at probably 15 sites throughout Santa Clara County, and this being a retail venture, one of the key things is, you know, anything a retail store would normally need. Good traffic patterns, blah blah blah. So EIC actually was not the logical choice for us. But when we started looking into what the entire vision of EIC was, who all was going to be participating, and the goal as they met San José's Green Vision goals, we really, this is where we wanted to be. And as we have been out in the community talking about once we signed the lease we were so excited to talk to everyone we knew not only about restore but EIC in general. Can I not tell you the overwhelming support that we received from our donor base and when I say donor base, we work with almost every corporation here in Santa Clara County, through our regular habitat building programs. And we're seeing a great opportunity to fund raise, I think the sponsorships were very excited, we've been talking with the city staff about creating a comprehensive sponsorship program for the whole site. And I would just say lastly as a green builder, we are a Build It Green certified builder. We are also excited about the technology coming out of this. We use the products that will be demonstrated, and some of the products that we're interested in we get an opportunity to look at as a builder. So I think both from the how are we looking at it from opening a retail store it is just going to be amazing. We can't wait. If we could have it open tomorrow we would be there. We have started a mini store in anticipation. I think overall for us what's most exciting is what the whole site has to offer and working with the city. So thank you so much for your support, and we look forward to working with you guys.

>> Thank you, Jennifer. And finally the workforce development training and education, you've seen a number of the logos earlier but enormous potential there with partners, center for employment training, workforce institute, Evergreen community college, Stanford university is a target of ours, the precourt institute and their office of technology licensing, and of course Work2Future, our local workforce investment board here. Next slide. Next steps, continued targeted outreach. I think this is going to be an ongoing pursuit of your staff into the facility. Explore MOU with Lawrence Berkeley national lab. Tying our environmental innovation center and their test bed facility and a number of the bunch of the work that we're doing so far. Develop grant modules and

comprehensive sponsorship program. Develop process for obtaining facility commitments and develop the management structure. And we look forward to coming back in the spring with a lot of those materials.

>> Councilmember Herrera: Thank you very much, Scott, and once again, we really appreciate the relationship that's been established with the labs and look forward to seeing this coming to fruition. So in terms of the innovation center, and our clean tech demonstration plan, can you allay any concerns that this is not coming from a General Fund perspective, this is not going to be impacting General Fund at all? Good that's correct. Nancy do you want to --

>> Councilmember Herrera: I think in these budget times I think we always need to talk about that and have folks understand where the funding would be coming from.

>> Yes. There -- having two anchor tenants in the facility is -- it's a critical step in sort of being the underlying owner of the facility and having a substantial renewable energy generation component on the facility. All of those things factor into enormous protection for the General Fund. Jo Zientek is here with the ESD. Did you want to chime in with the financials?

>> Councilmember Herrera: Let me further elaborate in my question. We've had issues in the past for other projects we've embarked on where we heard things where project didn't necessarily -- could come back to the General Fund or there could be some potential things. So in the worst case scenario how could that impact, could that impact the General Fund?

>> Jo Zientek, acting deputy director environmental services department or acting assistant director. The funding model for the environmental innovation center as Scott mentioned involves the two anchor tenants which are utility funded operations, restore and the hazardous waste dropoff facility, will not -- will be our intention and plan is to deliver the building debt free. So we will be able to -- we already have maintenance and a full time maintenance work budgeted in the environmental services budget for the facility. So the way it works some the

funding works is we do not need any funding from the CDBC to make the basic operation and maintenance funds we need to operate the facility.

>> Councilmember Herrera: Thank you. And can you guys talk a little bit about, it's very exciting this idea of actually having an R&D partner, and then having a test bed situation where we can actually demonstrate things in the city. And how will that -- talk a little bit about how that commercialization will help bring jobs and create companies which will eventually result in jobs for people living in San José?

>> I'll take a stab and then you may want to. A lot of times you hear it the continuum defined as research development demonstration and scaled deployment so RDD and D. We review this site as being more on the back ends of demonstration and deployment. I think that something that we routinely hear from the emerging technology companies is that the field trials are tremendous opportunities to identify marketplace gaps. Get data feedback. But also to connect to real facility managers who can help on install, and the sooner they get that feedback, the more rapidly they can scale in the marketplace. And so there's a -- a strong link between that process and job creation and siting in San José.

>> Councilmember Herrera: And those companies in the area, not all of them will be in San José but hopefully we'll get a few of them in San José that will actually produce jobs in San José. Doug --

>> I can say two things. The fact that our lab is here in the heart of some of the greatest innovation that the country or the world has seen is a huge benefit for us. And likely a major reason why we were awarded the facility that we were. We received this grant just about two years ago, we've been working very hard to develop the overall business model for this facility. And we've included two major groups that we need to work with to be successful. One, our technology and academic partners around research and development, technology development and product development and then technology integration. The other part is taking this good technology development and technology integration and turning it into actionable projects. Turning it into a developable workforce, making projects installable and all the risks along the line of construction from design all

the way to implementation so the projects are actually put into place in the future. So I think there's a great link here for the kind of activity that you're going to do.

>> I would just add that there have been -- we reference technology referrals that we've done for San José companies and Silicon Valley companies, the labs enjoy contracts with global reach into countries all over the world. We've been able to technology introductions through our companies into that environment. And so the partnership as it relates to the facility and job creation is one aspect. But also the continued work with the labs creates enormous channels for our companies in many, many different forms.

>> Councilmember Herrera: Absolutely and I want to make sure I'm not trying to minimize that at all. I think people hearing this folks out in the public would be happy to know that on the end of this pipeline there could be some opportunity to create economic development which we're for most people out there means jobs.

>> Absolutely.

>> Councilmember Herrera: So I appreciate that and Doug thank you so much, we're very, very excited about this partnership. Look forward I guess to February this coming back and an MOU and a business plan and wish all success in putting this thing together. And also, Jennifer, thank you very much for being here also. Comments or questions?

>> Councilmember Kalra: Yes, thank you. First of all Doug welcome and thank you for your partnership with our city on this. I think it's an important project and I know that whenever you -- as our city embarks on this project there will also be a lot of unknowns going forward. And I just want to hope that to the best of our ability we're prepared for those unknowns including some of the cost estimates and what have you. Because oftentimes, as was mentioned, that can sometimes get us in a bind where there's an estimate that it will cost us this much and we have anchor tenants and, you know, going forward, if some of those things don't shape up the way we do including cost estimates, then we have to make sure we have a plan in place. And I know some of it's there in terms of seeking out of sponsorships, seems like there's a pretty good marketing plan being out there but I think

that needs to be very aggressive. And I guess the point being that just because we feel that okay, we're going to have operating costs covered, I don't think that we should in any way relax in terms of opportunities that might be there and making sure that we're as aggressive as possible in marketing facility. I really like habitat being there, I think habitat is a great organization of volunteers numerous times, and have a restore there, for a number of reasons, it serves obviously, you know, the useful purpose of being able to reuse products and also to have I think also to have habitat in a place that's going to be an innovative forward thinking place. I think not only does that allow habitat to kind of stay fresh and up you know offer opportunities for them to access more funding or more volunteers and kind of keep habitat on the forefront of one of the premier nonprofit organizations but it's also good for us as we consider all these new technologies and demonstration sites, we know what it's for and at the end of the day it is for real families and that's a good waive of connecting both of them together. And the last point I want to bring up has to do kind of with the -- it goes kind of sort of in the class because I know although we're not putting cost into it, it's a city site, it's a city property. So that by itself at we have heard a lot recently about different city properties, that by itself is a cost, because it could be used for something else or could be sold. But I do think this would be a greater use than simply gaining the money that we need but I think that that does need in some way to be monetized. But we need to know what are we really getting out of this and if it's a demonstration, deployment, how is it -- if it cannot be connected directly to jobs how can it be connected maybe to investment? How can it be connected certainly if there's an opportunity to highlight or to have kind of some preference for San José companies to be display products, I don't know if that's something that was considered. I know it's been done before where we can highlight some companies we have and some innovation that they're creating so that we're helping our companies market themselves before any others. Although I understand the nature of this -- of technology and the nature of business doesn't really follow along city borders. But as far as our self interest that might be something that we might want to consider as highlighting San José as the center for innovation. And then finally with the March 2013 opening, what kind of flexibility is built in? Doug mentioned in terms of the facility, his portion that he was talking about in terms of having kind of a very flexible type use, is that something that's considered for the entire property, given the fact that even as soon as March 2013 the reality is that technology moves so quickly that by that date there's probably some things that I don't even know yet that could be at a point where they're ready to be demonstrated or developed.

>> The building is envisioned to be very flexible, and not just the building itself but the surrounding area to host demonstration projects. So the space is highly configurable. But also allows the opportunity to integrate technologies into the facility itself. And so we've been able to do that in a number of instances already but to have a facility dedicated to that, that could ultimately as I mentioned provide a match for young companies, creates a unique space. And one of the things that -- and I bring this up because it's come to me from a number of council office, but also, from outside council office. And when it comes at the rate that it is coming to Office of Economic Development, I think it's really, really notable. And that's -- regions around the world are very interested in this center. They're interested in technology demonstration. You know, and I mentioned in the staff report, you know, whether it's Vancouver, Auckland, Osaka, all over the world, people are saying looking to connect to Silicon Valley, Silicon Valley companies strategic partners that have a keen interest in cities. And I'm going to put Doug on the spot real quick because he gave me city statistic about population. So I'm going to put you on the spot.

>> Okay, sure. Let me tell you we're to hit 7 billion people on earth, that's what you're talking about Scott right? We're about to hit 7 billion people on earth. As I was born three and a half decades ago, there were 3.5 billion. Now there's 7. I'm not responsible. By 2040 we'll be in excess of 9 billion people on earth according to experts. By that time 80% of us will be living in urban centers, in cities. If you do the math in 2040 there will be more people living in cities than there are on earth today. And about as many as if you add everybody on earth today plus the United States one more time. That gives you the idea what kind of pressure that the cities face as they look toward new infrastructure development and how to comment that number of people on earth. It's a huge problem. About.

>> Councilmember Kalra: Thank you, that's a good perspective to have, and Scott, thank you for your leadership on this. And I look forward to future reports as this moves forward, with some of the thoughts I had in mind kind of as a follow-up to how it's progressing.

>> John, will you go back to the partnership slide? Yeah, one more back. There you go. So the beauty of this is what we have always thought to be, is a place where the best of the best gather and move forward and innovate, so yes, look at this slide. And John if you go to the other which came before it, one more, there. So Scott didn't

have a chance to mention but Kliner, redwood systems, Sanmina, Sony, these are very hard core business partners that have expressed an early interest and avid support. So the idea of bringing a place which actually is effectuated in many spots throughout the city and probably in Silicon Valley, to your point, it won't necessarily all be in one locale, but the more demonstrations, the more innovations, and the more advancements happening, then will draw money in grants and will draw money in additional dollars. And to your point, the dollars that we're very much intending to come out of the sponsorships, the displays and grants are the dollars that go into moving the facilities around to accommodate the new technology as it's resident there for six months, 18 months.

>> Councilmember Kalra: I just hope when the facility goes online that there's a permanent presence from OED to the City of San José, that we could market ourselves to anyone who comes to use the facility, this is an opportunity if we are going to be that hub I think that we should demonstrate for companies to come here as well.

>> Got to promote.

>> Councilmember Herrera: Any other comments? We have David Wall wants to make a comment then entertain a motion maybe some of those thoughts expressed in that motion when we come back.

>> David Wall: I've seen and heard today a lot of illusory type comments, you're going to do this, you're going to do that. But one thing that's not been talked about and should scare you very thoroughly is this new markets tax credit, and the financial structure with the quick call. This is a very, very sophisticated structure. As a citizen I can't trust Nebraska this room outside the attorney's office to make cogent decisions. We've revenue'd this with the incubator program. This whole innovation center that you want to go forward, is powers of components worse than the incubator program. You have to have so much layers of oversight to keep this thing from collapsing it's not viable. And then we have the diatribe and the commentary from special interest groups will profit. At taxpayers' expense. And when I say taxpayers' expense you have to have a very thorough discussion of prop 218 with reference to the sewer service and use charge, storm drain fund, integrated waste fund, to support the actual structure in its creation. This is another boondoggle. The incubator program brought you a lot of deserved headaches. Not because of redevelopment, because of you the council folks. There's no way anybody in their

right minds would support the new market tax credits. And let me say lastly. Any error in this financial structure that takes away your insulation from the Internal Revenue services it then pierces directly to the General Fund. So there is a very defendable threat to city operations for this whole project.

>> Councilmember Herrera: All right we need to have a motion to accept the report.

>> Councilmember Kalra: So moved.

>> Councilmember Herrera: Is that coming back to this committee? It will come back to this committee, right? I would like to hear when you come back a better understanding of the funding and of some of the expected kind of results in terms of job creation or investment, that kind of thing, that we can -- whatever we can you can deliver on that that would help us understand how that would work. And I think I'm very concerned about how San José would benefit. But I also really do understand this is Silicon Valley and we do need to be open to companies that are not going to be in San José but if they're going to be in -- they're going to be at this demonstration center how that can help San José whether it's a company that's here or a company that's coming in from somewhere else, how that can benefit our census, that's going to be here. We need a second.

>> Councilmember Oliverio: I'll be happy to second it.

>> Councilmember Herrera: Okay. Further discussion, all those in favor, aye, thank you very much again. And we now have Joe Horwedel and is it Lee Butler here also with the development services update.

>> Joe Horwedel: Lee will kick it off.

>> Thank you, madam chair and committee members. I'm Lee butler with development services and want to share with you today a couple of success stories from the development services project manager position and also from the coordinated exerciser review for planning applications, the pilot project that we're running and in planning division right now. Construction is underway in each of the five cites in the memo that went out to you

and you will see there's some overlap with Nancy Kline's original development services update. Those include matrix casino, Maxim, Brokaw Commons, Supermicro and the @ First retail project. Between those five locations we're creating approximately 1800 jobs and Maxim is generating the most jobs on that list. They're bringing over approximately 900 employees from Sunnyvale to their headquarters relocation at 160 Rio Robles. There's also approximately \$3.8 million in annual city revenue associated with those five businesses with matrix casino bringing in the lion's share of that retail revenue or excuse me that city revenue. On the coordinated expedited review for planning applications the program has been very successful thus far and there's been a high demand for that service from a variety of industrial and commercial applicants. We have consistently been able to bring projects to public hearing within six weeks time. And oftentimes we've been able to get applicants to hearing even faster. Couple of examples of those, downtown offices both next space on San Fernando and sect and black arrow on San Pedro street we got those special use applications from project submittal to director's hearing in approximately three weeks time. Similar time line occurred for monolithic power systems, they're relocating their semiconductor business to he Edenvale and they submitted a site development permit on October 11th, we have them scheduled on November 2nd again just three weeks later. In each of these instances we've worked with the businesses in advance of their submittal. We've set the project for hearing essentially the day it comes in the door and we've worked through the project issues during the lag time between the noticing and the actual public hearing. So we're taking advantage of all the time that we have available. The speed at which we can deliver this service has proven to be valuable resource in attracting and retaining businesses in San José. And we hope to expand the service in the future. That was the case for monolithic power systems. They were relocating and their lease was running up on the -- their existing site. So the time that we were able to turn that permitting around was a significant factor in their choosing to remain in San José. So at this point I'm going to turn it over to Joe Horwedel who is going to speak to our staffing needs in regards to retaining and expanding the expedited services and other development services.

>> Joe Horwedel: Thank you Lee. Last week at council we talked as part of the economic development strategy staffing and just capacity of development services to meet our customers' needs, I had asked my staff to go back and look at what we have done this year in just filling positions and since July 1st we've just in planning and building and in the development part of our business, we have filled 35 positions. This is out of a department 210

positions. So there's been a tremendous amount of change of staff and going and bringing people back, thankfully we've been able to bring people off the layoff list that we have laid off over the past two to three years. Inspectors, planners, plan checkers, permit specialists who work in our permit center, staff that work in our call center. So we continue to move aggressively with filling those positions. A little bit about what I talked about Tuesday at council we do have the challenges of that turnover that's gone on and we're anticipating another big turnover of staff the ends of this year. We now have four staff that have served retirements at that point. We are starting to ramp up now recognizing that we need to not only keep one vacancies that are occurring but of really boosting our capacity, as workload has been increasing. Since July we've added ten new inspector positions. That's not filling existing ones which we also expect we added ten positions since July 1 through today, and we are asking for several additional overstrength positions because the workload is picking up in the building part of our business. We've also added two plan check engineers to try and catch up with the backlog of plan checks, people going through the plan review process. We just got approved for an overstrength position for a planner in our development program. Again, that seeing the activity has been sustaining itself, it's not roaring like it is in the building world but we do have projects that we haven't been able to get to as fast as we wanted so we've asked for that position and that just got approved recently. So we are working through our overall staffing. One of the things that we are now realizing, and experiencing and what we talked about on Tuesday is that having gone through the reinstatement process we actually are now in the position of hiring new staff into the city. We hired three electrical inspectors, this last month, that are now out in the field and serving our customers. We would have liked to have hired several more. But in going through the recruitment process, we think we hired everybody out of there that really fit the culture that we are trying to create about development services, technical experiences and also the goal of helping our customers move through the process. So we're anonymity at a dilemma of how do we fill those next vacancies that are going to be coming up in December. So as we talked about on Tuesday we are now moving forward with some contractual capacity within development services so we will be working through that process, at least to dole with peak load capacity. We know from a recruitment standpoint we would be looking at early next year to be able to be bringing people on board. It's just as I pointed out last week that as we have shrunk the organization in the strategic support side of the city operations such as human resources it makes it harder to do the recruitment processes for all that need to happen. So we're going to be doing a combination of ramping up for some new recruitments but doing contractual work in the mean time. And our goal is to have staff

on board by the end of December that are there as we will need them for retirements that are coming up with staff. It is one that we are looking at really every month, that assessment of should we bring staff back, or should we add positions. And so that is a part of those numbers, like the ten inspectors, most of those are what we call overstrength positions, meaning they don't officially show up in the budget, but allows to go through and add a position until we come back and go back through the budget process next July for next fiscal year and my sense is we'll be asking to put those into our base budget. Because we think there is enough sustained work that's going on. We look at that in all parts of our operation so that's building, planning, fire and Public Works. And moving people between the different parts of the organization. But optimistically we're seeing we think the sustained progress that's going on, the programs that we've done, especially in the building and fire parts of our world with the special tenant improvement program. We are booking ourselves out several weeks in advance. It's longer than we would like to be so I've asked my managers to look at adding another essentially service line for our special tenant program, our coordinated review. Because we think we can fill that capacity again with that expansion. So that's something that we'll go and ask for budget approval to do through the manager's office and then come back next year through the formal budget to formally approve that and reconcile the revenue adjustments that will happen with that. Our goal is to not wait for the process to happen but to keep trying to run as much in front of it as possible recognizing we are going to be usually a couple of months behind where we would like to be. But our goal is trying to be on the crest of the wave and not kind of behind the wave. And with that staff's available for questions.

>> Councilmember Herrera: Thank you Joe. Is there -- are we at a point where we're losing opportunities because we can't react quickly enough to -- I know we're getting a second line going and everything. Away do you need from us I guess urgently?

>> Joe Horwedel: I think one is, just the discussion we had on Tuesday about aligning the organization of all 5,000, 5500 employees around economic development and helping us succeed. And that was a great discussion on Tuesday that kind of helped recognize to the rest of the world that if we need contracts, that means we need a number of people that aren't sitting at the table today to actually make that happen. And I felt that that was very clear from the council, that was a very consistent message is, every part of this organization needs to make that

happen. I think from a budgetary standpoint we have the revenues that are coming in, especially in the building program, to pay for this staff. So it's a matter of us kind of getting that workload on a sustained basis to bring people on board. I think one of the real advantages of having some amount of contractual staff is that will reduce some of our risk because really our goal is not to bring somebody on board and lay them off in nine months. So having been through that, you know we really don't want to be in that position, so contractual will give us that stretch capacity. So it is something I think the council's discussion on Tuesday gives us as staff confidence about going through what will be a time consuming process. That there's at least support to achieve that goal. That has not always been the case in the past.

>> Councilmember Herrera: And you see the contractual idea as a temporary kind of a fill-in so that you can -- be more flexible in terms of adding and subtracting?

>> Joe Horwedel: I see that as an augmentation, our staff should not be to staff to the peak, but essentially staff to the midpoint and then use contractual or used retired employees to come back to deal with the peaks. And I think having been through roller coaster ride we've been through is an appropriate way to staff that. It is going to take some conversations with our staff about how we really deliver that, and certainly the questions the council asked on Tuesday about who would contractual staff really work for, for the developer or the city, they would be working for the city and my goal is sitting in the building helping us like most cities, you know that's how they use contractual staff.

>> Councilmember Herrera: And the other part of that memo that talked about developers possibly contributing, has that been -- what kind of feedback are we hearing about that idea?

>> Joe Horwedel: We haven't talked with anybody since Tuesday.

>> Councilmember Herrera: Okay.

>> Joe Horwedel: Around that piece of it. I can tell you that we did have a meeting today with Hitachi which I talked about at Tuesday at council about a similar type initiative. We met today with an architect that Hitachi has contracted with that we select they'd will be reviewing development applications in for the Hitachi campus so they are essentially working as design review capacity for my staff so that we don't have to spend as much time and we can work through those issues faster and they can work off line with the developers to fix the plans. So I would say it fits in with what the council is looking at, big projects, enhanced level of service that is beneficial for both the city to resolve issues quickly as well as for the developer to solve issues quickly. We will go in and explore how that would work, the other piece of this, I think this is what we saw with the Intel project up in Oregon was where they have dedicated staff that work on the project at site and they were essentially guaranteed availability even if there's not necessarily a -- it allows the city to staff that, to ensure there's always an inspector available for when it's needed on that job site that ordinarily in how we budget and allocate staff, we probably wouldn't say, they're out on that job site. You know, five days a week. So it loud them through that essentially supplemental funding to always guarantee that there was a staff person there that we wouldn't have to worry about whether we could sell an inspection spot on that given day, it was always guaranteed available. So there are things like that that we work with major projects already to offer that. But this is a more formalized way of doing it that would eliminate any other potential risk of other developers funding or subsidizing that level of service. So it's something that I think we're going to go pursue.

>> Councilmember Herrera: And again we're talking about folks that will be hired to augment but they will be reporting to the city not reporting to the developer.

>> Joe Horwedel: They will be reporting to the city working for our managers just like all the other staff.

>> Councilmember Herrera: Questions.

>> Councilmember Oliverio: On the topic of contractual I also think of what happened during the building inspectors walkout and you contractually hired people to do inspections. Would that not be an option for you here if you don't want to hire someone for X amount a month and lay them off but have the ability to be responsive?

>> Joe Horwedel: And that's exactly the models that you'd work with, firms that actually provide contractual staffing which is what we did when that event happened. And it's one that how we've talked with our staff is those are employees, those firms that made a decision they wanted to work a number of different agencies versus working at one agency. We had the same expectations about quality of work and where those individuals -- if there was an individual employee that we contracted with that did not do a good job to what we expected, we did not invite them back the next day.

>> Councilmember Oliverio: The flexibility that comes with that type of stuff?

>> Joe Horwedel: Yes.

>> Councilmember Oliverio: You get a lot of responses from council or anybody else that, I need to be part of that program, I'm strategic but they're not. How are you able to filter strategic versus nonstrategic?

>> Joe Horwedel: That's -- we do that when we have to. As capacity becomes constrained, we have done that and I think that's been part of the complaints the council has gotten from some of the our customers that previously we allowed them into service lines that were expedited that, as when we had extra seats available and as the economy has picked up those seats are no longer available for doing plan review. And so we had residential projects that we were moving through that process, that we stopped accepting them into that program. Because we had economic development projects that filled every spot available. So I think that's one that we do gate keep that way to make sure that we're focused on the highest priority objectives of the city.

>> Councilmember Oliverio: Do you have enough direction from the council to be a good gate keeper to filter?

>> Joe Horwedel: I know how to say no and staff take advantage of that.

>> Councilmember Oliverio: Scheduled for director's hearing do they technically need the director's hearing or could the director just approve it day 4?

>> Joe Horwedel: That is one -- one of the things that we're looking at as a part of the new general plan update code changes that we're going to talk to council about is that we do have the ability for certain types of approvals for the council to say that it is an administrative decision and does not trigger a public hearing. We do that already in our code for a number of things. We allow expansions of existing buildings of up to 5,000 feet I think is the number without a public hearing. Before it used to be 500 square feet. We asked the council and talked about it and we made that code change. Some cities allow development by right. And we heard some of that as a part of the Hillsboro, Oregon how they dealt with the Intel campus. Big chumps of the industrial commercial development they allow by right, that is probably a big jump to go there but I think there are a number of things that today, we do public hearings for, that there really is a low value to. The favorite one from my staff is tree removals. It just -- we do a public hearing for tree removals to take out a single tree on a single family lot and we did a proposal a couple of years ago to eliminate that. The community was concerned so we've worked through that a bit. That's one we would like to bring back, because it doesn't sound a lot but when you do hundreds of tree removal permits a year, our director's hearing every Wednesday is predominantly tree removal hearings with nobody showing up. So it's a lot of process with very little outcome that there's things like that, that we do want to come back and talk to council and the community and say, what's our risk tolerance on these issues and which are these things best left as administrative and where is the value of the community in these decisions and let's make sure we focus in those areas.

>> Councilmember Oliverio: Thank you Joe.

>> Mayor Reed: Any questions?

>> Councilmember Kalra: Thanks, I know we have about half our agenda left so I'll be very quick. I really appreciate the work that's being done Joe and team and Lee you're doing a fantastic job. I think that it's clearly something that the companies really appreciate. I mean some of these companies are making millions of dollars

of investment. They don't want a \$50,000 loan. They want to be able to open up when they need to open up. Monolith example, Councilmember Oliverio was concerned rightfully so when the company had to move out because of the residential zoning that occurred, the fact that we're able to keep them and work with them and have the permitting done so quickly which I know is a hopeful target and to see we will actually meet that target, I see most other cities if someone came in and gave them that time line they'd say no way. The fact that we're able to do it is remarkable and certainly I'm certainly supportive of allowing extra staffing for those types of projects because those are the ones that are so critical because at some point as was mentioned during the public meeting if we could find a way to allow that -- allow staffing to have for staffing available in such a manner to allow for smaller businesses, which I know is much more challenging and would require a much more challenging infrastructure when you're talking about smaller businesses need very minor things and some of them need something done but particularly for small businesses that are opening, and that we don't have the number of inspections, I'm glad to hear that we have more now, it could delay their opening a considerable amount of time. That certainly has an impact on their ability to survive the first year and actually be in business and provide us a tax revenue. Last thing is in terms of taking up your time, I'm more than happy getting info memos that are public, like this one although it's very valuable information I'd much rather have you Lee Laurel all of you out there with your teams working on these projects. I see you on our 1 on 1s which is a personal opportunity to update on this but also I'd rather see much of you or all of you when it comes to talk become projects in my district in the city that our office don't at least get out of the way or help you with trying to get accomplished. So I definitely agree with that point freeing up your point during there time in particular is critical.

>> Joe Horwedel: Thank you.

>> Councilmember Herrera: Okay, and we do have David Wall who wishes to speak on this item.

>> David Wall: On the residential side, I think it's time the city giving a notice to compel residential property owners to upgrade their electrical panels, their sewer lines, with reference to a back flow preventer, and you water mains to their house. This is in keeping with standardization of the entire city, especially the electrical grid. There's fire prevention issues here. The sewer backup flow preventer, although with water conservation, sewage backups

is not probably high on anybody's list. But it can and has happened in the past. This would stimulate the economy on many fronts and provide the necessary funding stream for Public Works and PBCE to do what they need to do. Changes in pocket zonings is always a tenuous issue. There are several commercial properties I know of that have been incorporated into residential neighborhoods that are no longer viable as commercial properties but blight neighborhoods. The other issue is flexibility in the workforce, needs to be discussed as you deal with the unions, all 11 unions, to be able to cross over different-funded areas with the proper accounting to the funds. I'd like to thank PBCE and Public Works for all the great work that they do. But the change is thousand coming to where the city has to compel residents and owners of properties to bring forward their electrical panels and other issues already discussed into this century. Especially district 3 which is rampant with shacks, with electrical panels that are a fire hazard all unto themselves. Thank you.

>> Councilmember Herrera: Okay so I need a motion to accept the report.

>> Councilmember Oliverio: So moved.

>> Councilmember Kalra: Second.

>> Councilmember Herrera: All those in favor, aye. I think we're on now to our arrive of relevant 2012 legislative guiding principles. Betsy Shotwell is here. From our governmental relations.

>> Betsy Shotwell: Okay. So you want to have me -- you'd like me to do the relevant 2012 legislative guiding principles first?

>> Councilmember Herrera: Yes, right.

>> Betsy Shotwell: Thank you, Madam Chair, members of the committee, Betsy Shotwell, Director of Intergovernmental Relations. This is part of the annual review of our legislative guiding principles that go to the committees and rules and full council. This is the 30,000 foot approach to looking at policy that are critical to the

city and also helps us in carrying out the expedited bill process now, which we've been using where if we have an issue and the council isn't meeting or we need to have our lobbyist act quickly with the consultation with the mayor the City Manager and the city attorney's office we can move forward with the legislation because you have given us the advocacy direction and then of course we report back to rules and council in that activity. And I should add I mentioned that these are new items in italics. These are actually I think more than anything revisions and updates of those policies that we already have. I also streamline and I've collaborated some of these and worked extensively with the housing department and Richard with RDA and of course the city attorney's office and our lobbyists in Sacramento and Washington. So I'd be happy to answer any questions. I should say when we go to Sacramento and do drop offs with our delegation. They get what I call the Cliff Notes version I'm holding, so it's not lengthy item but a more shortened version because clearly next year as this year's was advocating against legislation that preempts local control will be critical and also legislation that -- well and actually to Leslye's point earlier, advocating in Washington, D.C, to maintain adequate level of fundings for the various programs that she talked about that the housing department is dependent upon. And conversely at the same time we are working ton legislative priorities which is real specific to issues and that will be coming to council as well with this document and that's more specific to the issues we see 2012 we'll be engaged in as well as issues that we see come up spontaneously.

>> Councilmember Herrera: Betsy we are all waiting with baited breath for January on some kind of result from the state Supreme Court to overturn AB 2627. Can you give us a brief update on other legislation that --

>> Betsy Shotwell: Well, thank you, I appreciate the question. We did learn late last week that they will be doing oral arguments November 10th, I understand ton Cal channel pretty popular watching that. To your point a lot of these bills are two-year bills, so they are in play, the California redevelopment act bill that are highlighted. So it really remains to be seen dependent on what the actions are by the court in January what vehicles we may have to move forward again depending on what takes place. And I don't know if Richard has any further feedback or thoughts. It's kind of a crystal ball situation right now.

>> Councilmember Herrera: I was curious about SB 286 authored by senator Rod Wright and Allejos's AB 1250.

>> Betsy Shotwell: Right which are two year bills. They didn't get out. Depending on what happens at the Supreme Court.

>> Councilmember Herrera: And that's all around whether our Redevelopment Agency will continue or not. Anybody else have any questions? I need a motion to accept the report. Second? Before we vote, David Wall would like to speak on the item.

>> Madam Chair, are you accepting a motion for both of the legislative items or just one of the two items?

>> Councilmember Herrera: Both. Is it --

>> Motion for both items.

>> David Wall: I would like to integrate both comments. I'm really interested in the cost of this entire intergovernment program, not with Betsy's group per se, but the costs of these lobbyists. It's been my contention with Patton, Boggs and our California people that we should be getting this information for free from our legislative people, such as Jim Beall or Nora Campos. This is costing the taxpayers a lot of money to be given and I think it's been bought and paid for so to speak with our representatives that represent San José at the state house. I'm not sympathetic to Patton, Boggs and/or our Sacramento people whatever, and I'm also concerned about the list or the tailored list of assembly bills and senate bills that come forward before these different committees. Because I think there's not that citizens are being properly represented as far as what type of bills that you as councilmembers should be pursuing. So there's a lot of other discussions that have to go there. But primarily I'd like to see this costed out. This goes for both issues 5 and 6. Thank you.

>> Councilmember Herrera: Okay. We have a motion. I guess then could you just comment just briefly, we didn't talk about the guiding principles too much on the other items, just a couple of comments on that before we leave.

>> Betsy Shotwell: Right. This is the foundation for our efforts next year with our lobbyist and with the city council's direction and with the council and the mayor as well of course, as you participate with the advocacy at Sacramento and Washington and with our regional partners. It's again what I call a 30,000 foot document, we'll be coming to the council with more specific issues related to particular legislation but again reflecting the tenets of this document which I think the foundation is really protect local control.

>> Councilmember Herrera: Protect local control and ensure local competitiveness, protecting and increasing local funding, no local mandates, and pursue or retain federal and state funding for key efforts, and then preserve redevelopment, promote livability, sustainable development and environmental protection. Support efforts to keep San José safe and promote investment and infrastructure maintenance and rehabilitation those are the headers of that.

>> Betsy Shotwell: Right.

>> Councilmember Herrera: Great. We have a motion on the floor. All those in favor? Aye. Motion carries.

>> Betsy Shotwell: Thank you all very much.

>> Councilmember Herrera: We have our final item which is foreign trade zone application.

>> Madam Chair, this is bringing this item back to you on very positive news about an expansion capability of the full foreign trade zone and Joe Hedges will be providing you that information.

>> Councilmember Herrera: Welcome Joe.

>> Thank you, Madam Chair, committee members, I'm Joe Hedges of the office of economic development. At the August 22nd community and Economic Development committee meeting, the office of economic development

submitted a report recommending that the city council authorize the City Manager to submit an alternative site, framework application to the U.S. foreign trade zone's board. This action if approved would change the designation of San José's foreign trade zone from a traditional foreign trade zone site to an alternative site framework designation. Currently, the foreign trade zone designation is 330,000 square feet. The alternative site framework application allows the city to designate a third of its area which is much larger than that figure. In the August report to the committee it was recommended that the application designate nearly 2,000 acres in North San José as the city service area. The committee accepted the report with direction to staff to affirm the best possible boundaries for the city. Following that meeting in a discussion with the foreign trade zone's board it was clarified that the city is able to designate a much larger service area in the application but that 2,000 acres is the maximum amount of the designation for the foreign trade zone. The report to the committee today recommends that the alternative site framework application designate the entire City of San José as the service area. And changing the designation from a traditional site to the alternative site framework would bring foreign trade zone benefits to all companies located in the City of San José.

>> Councilmember Herrera: I think that's great. Thank you Joe. What kind of benefit since we are possibly not going to have RDA as a tool. And I know we have the enterprise zone still, that's still on the book, the governor decided not to oppose that, how will that help us, can you talk about those?

>> Well the foreign trade zone will allow companies to delay, defer or reduce customs duty payments. And it will allow companies to be more competitive in the global marketplace. The benefit of the alternative site framework designation is that companies that are located within our service areas are able to apply to the foreign trade zone's board and the city to have their site activated within a 30 day period. For sites that include manufacturing, the time frame for the application is approximately 75 days. Currently, companies that submit an application for a foreign trade subzone, that application process is approximately eight months. So the foreign trade zone designation we believe will enhance properties in San José for developers, and all companies that are located in San José that are involved in importing and exporting will benefit by the foreign trade zone designation. Currently, it has been limited to the companies either seeking a foreign trade subzone designation, or companies that utilize the general purpose zone in San José, which it currently is designated at 330,000 square feet. The new

designation would allow the entire city to have the ability to activate sites. Now, this would be limited to industrial sites. So housing, for example, would not qualify nor would commercial properties.

>> Councilmember Herrera: Thank you. It sounds like that gives us some additional tools, then. And what other cities have this classification besides San José, is this common?

>> Well, the foreign trade zone's board embarked on the alternative site framework approximately three years ago. So there are about 40 or 50 foreign trade zones throughout the United States that have submitted an application to change the designation of their foreign trade zone. There are about 256 foreign trade zones grantees nationwide. San José was the 18th grantee established 50 federal government.

>> Councilmember Herrera: And how long will this process take now for approval?

>> The application for review the alternative site framework application will be approximately eight months.

>> Councilmember Herrera: Great. Any questions from anyone?

>> Councilmember Kalra: I think this is great. I've already just in my introduction I was given to what foreign trade zone means for our city, in the last few weeks, have talked to companies about it, and mentioned to people, it's a great incentive. The fact that our entire city will be one I think is one more marketing tool we have to companies which is a very effective one and the best part about it, it really encourages manufacturing. And for a further benefit, talking about customs is they can bring in all the items they want from overseas, custom free, duty free as long as those components are put into something that is being exported, manufactured and exported. Which is huge. Allows our companies to bring in products and turn them around and market them to the rest of the world. And so I think it's such a boon for our manufacturing here and I know it's not all for manufacturing specifically but if there's any way we can carve out some of that 2,000 acres, it seems like a lot of acreage but I know -- I want to hope that we have some kind of emphasis on manufacturing in marketing it and

ensuring that we can help boost our manufacturing here in San José. And the last -- the other thing I was going to say about it is -- it's escaped me but if I think about it I'll come back to it. Thank you.

>> One point I would make is I believe the new designation would help small and mid size companies. Because currently, with the traditional designation, small and mid size companies do not have the capability to seek a subzone designation, whereas this new alternative site framework designation would allow smaller and mid size firms to better compete.

>> Councilmember Kalra: Also I was going to mention with regard to time line, any company within any city can apply to become a foreign trade zone and our city is the grantee. However this gives our companies we're trying to attract here that are in San José depending on what kind of company they are a five and a half to seven month time advantage in having the process which is huge so that's an additional benefit that we can offer our companies that nobody else in this region can offer.

>> Councilmember Herrera: And hopefully we will be touting that loudly from our economic development marketing. Did you have anything? Great, thank you very much for that good news. And we need a motion to approve.

>> Councilmember Kalra: So moved.

>> Councilmember Herrera: Oh, that's right Before we vote thank you very much. David Wall would like to speak on this.

>> Madam Chair this will also be a cross reference.

>> Councilmember Herrera: We'll need that in the motion but we'll clean that up in just a second.

>> David Wall: I just wanted to read something into the public record. Quote: The subzone is a foreign trade zone designation for a single company. Space systems Loral and Lam research became subzones under the city's foreign trade zone jurisdiction. And the city council on June 14th, 2011, approved a resolution authorizing the City Manager to submit a subzone application on behalf of Tesla motors. Period close quote. I was just curious about the extent of how the subzone applications, the procedures, how they're done. Is there a fee required, in other words, can the company pay a large fee to the City of San José to be a subzone. And the actual cost associated with this foreign trade zone business which is a good idea. It's been around since the '30s I believe when San José was given this foreign trade zone but it hasn't been used too often. As a matter of fact in history I don't think it's been used at all. This is a very good thing but I think as a program as it moves forward the costs have to be identified to date in some form or structure as far as their staffing needs and how they're going to proceed is important to proceed further. This Tesla business as me questioning. Thank you.

>> Councilmember Herrera: So I think we have a -- do we have a motion to approve? And you're including cross-reference to council.

>> Councilmember Oliverio: Second.

>> Councilmember Herrera: Okay, and Joe, Ash brought up a point about are we concerned about using up, you know, our -- the companies running out of the ability to do this, foreign trade zone is there some sense that we would want to incent manufacturing or some other factor? Or is that -- we have an idea what the outcome will be?

>> No foreign trade zone in the United States has activated close to 2,000 acres.

>> Councilmember Herrera: Pretty good capability.

>> We should be fine. Plus, the foreign trade zone's board did indicate if any foreign trade zone approached that amount they would work to increase the capability to expand the foreign trade zone.

>> Councilmember Herrera: It should be a good problem to have.

>> Yes.

>> Councilmember Herrera: Wonderful. No other questions. All those in favor, opposed, motion carries and we are now at open forum. And David Wall.

>> David Wall: Each month, always interesting question is how much tax revenue has this committee actually made for the city? I think it's fair, we have a variety of entities, funded 50 city, city operations, specifically that say the Office of Economic Development, do they make enough money to cover their program? And this doesn't mean selling off city properties at a fire sale and counting those as profits. Okay. The other issue that we've seen here today, we see all over the place. Something that really bothers me is that the office of City Attorney doesn't get a required compensation to keep qualified people here, attorneys, to do the City's business. All this today is going to require an enormous attorney work and yet the council feeds them crumbs. Treats attorneys, our City Attorneys as equal to other department heads where clearly they are above them. As a citizen taxpayer I don't want to see the city attorney's office to have to go out and contract for attorneys at five to ten times their rate just because of some unique formula decided by someone that says no we're going to make our attorneys take a pay cut and knock down their retirement benefits and treat them like every other employee when clearly they are not. And I don't want to hurt anybody's feelings that sit before me but they're better than you guys and gals, they make a lot better decisions, so I want that stopped. Now also, there's the economic thing that you should think about. Creating a deep-water port to get rid of the brine associated with the advanced water treatment facility. Because you're not going to be able to blend it in final effluent at current levels. Thank you.

>> Councilmember Herrera: Okay our meeting is at an end and adjourning the meeting.