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>> Mayor Reed: (gavel strike) good afternoon. I'd like to call the San José city council meeting to order for April 13th, 2010. We will start with the invocation. Councilmember Chu will introduce the invocator.

>> Councilmember Chu: Thank you, mayor. It is my honor to introduce Honorable Dr. Shen Du, chairman of Wy Yen lotus association. Wy Yen lotus association serve many San José residents. Wy Yen lotus association offer Buddhist sutra teaching, Buddhist classes, group cultivation and workshop design with community best interest, including citizenship, Chinese arts and craft, free clinic of Chinese medicine. Dr. Shen Du holds a Ph.D. degree from India, Dali University. She was appointed as a chairperson of the ABLIS group in 2009. Currently, she is teaching Buddhism, philosophy in regular universities and Buddhism in colleges in Taiwan. Southeast Asia, mainland China, Europe and North America. Other than teaching, she is also directing or sitting at the boards for several temples and teaching focus organizations within those areas. She is the author of 13 publications, some of them are written in Chinese and some of them are in English. All of them are chosen as the textbook for Buddhism and philosophy majors in colleges and universities. Please join me, to welcome Dr. Shen Du. [applause]

>> Good afternoon, mayor, councilmembers and the people San José city. I'm very happy to hear the hold the placing ceremony for the city and the people. If anyone would like to join, please close your hand and follow. So now we going to placing. Now, we show the Buddha and then we can pray to the Buddha. Now, we recite the Buddha name and the mendera. [ Chanting ] [ Singing ] [ Chanting ] [ Singing ]

>> Now, I play for the city. Buddha, Dama, sanga, blazing forth the believers. For those who delight and make offerings, good fortune, and wisdom may increase and extend. Today, for the good fortune and peace, we come to hold these Buddhist reciting ceremonies to pray for the mayor, councilmembers, and the all people in San José. We pray for the Buddha's placing on the and the hope these may lead us to the place of citizens under the city government in America. May the Buddha praise you. Thank you. [ Bells ]

>> This is for mayor.

>> Mayor Reed: Thank you very much for the invocation. We'll now do the pledge of allegiance. All, please rise for the pledge. [ pledge of allegiance ]

>> Mayor Reed: First order of business are the orders of the day. I have one change from the printed agenda. The Rules and Open Government Committee report of March 24th will be deferred one week. Any other changes? No, is there a motion? Motion is to approve the orders of the day. All in favor? Opposed none opposed, those are approved. We will adjourn today's meeting in memory of San José arts commissioner Tim Shannon. Councilmember Liccardo has some additional words.

>> Councilmember Liccardo: Thank you mayor. Tim Shannon served on our arts commission for two years and he has been a San José resident and certainly a passionate advocate for arts here in the South Bay. He left us far too early, dying at the age of 49, and what he's far more known for is his incredible passion and dedication to the students of Fremont high school where he taught for 25 years. He was a drama teacher there and he served as more than a teacher, in fact a mentor of friends to hundreds, hundreds of students. When he died 1200 members joined his tribute page in Facebook, sort of a testament of how much people cared for Tim. I just wanted to read one statement a student made that was recited in the media that I thought was really compelling that helps bring Tim's life to light. The student, Travis Warman said, I was that weird kid, the outcast student, and because of the drama and theater program he gave me a voice. Tim Shannon's leadership as a drama teacher and his work as a drama teacher and his work here in the San José community, as a San José State university student as well added enormously to our cultural life here in San José and we're grateful for his service.

>> Mayor Reed: Thank you, Councilmember Liccardo. Next item of business is the closed session report. The council did not complete the entire closed session agenda so we will be going back into closed session and we will complete the items of business on this afternoon's agenda and I am pleased to report out of closed session that the council has decided to appoint -- will offer the appointment of independent police officer to La Doris Cordell, and I think it's a good sign that she is willing to accept it and she's here with us. [applause]

>> Mayor Reed: The vote was 8 to 3 with Reed, Oliverio and constant voting no. I want to say on behalf of the entire council we're very excited having Judge cordell take this job. There is a lot of work to be done, and we're really looking forward to working with her. She brings tremendous talent, expertise and experience and enthusiasm to the job and I think I'm going to give her a chance to say a few words. For those of you who haven't met her you can look forward to working with her and getting to know her in the community.

>> Mayor Reed and city council members, I thank you for your confidence in me in appointing me the independent police auditor for the San José. It is a position for which -- to which I look forward, with excitement. I am no stranger to the San José community, and I look forward to actually physically being back here in the city, and working as hard as I can, and as diligently as I can. To see that the office of the independent police auditor is the best that it can be. I was reminded by your Chief staff, mayor, Pete furman that today is a important day, April 13th, 2010, and I'm appointed the independent police auditor of the city. 20 years ago, April 13th, 1982 I received a phone call from the governor of the State of California was appointed a judge. So I find it very significant that here we're again, and I'm back here in the city. I thank you all for your confidence in me, and I just want to assure you that I will ensure that the office will continue to be independent, to operate with integrity, and to work collaboratively with all of the stakeholders in the community. Thank you.

>> Mayor Reed: Thank you. [applause]

>> City Attorney additional report out of closed session?

>> City Attorney Doyle: Yes, thank you Mayor. We were given authority in one -- in two matters actually to initiate litigation. The name of the actions and the defendants as well as the substance of the litigation shall be disclosed to any person upon inquiry once the actions are formally commenced and the vote was unanimous.

>> Mayor Reed: As I mentioned earlier, we will be going back into closed session. If we take additional action, that report would come at the next council meeting, the next time we're in open session, I believe, that's correct. We will now turn to ceremonial items. I'd like to invite Vice Mayor Chirco and the D-9 stars to join me at the podium.

>> Councilmember Chirco: I just take it away. I'm excited to recognize the following people that are lined up behind me because you all know Mayor Reed. To achieve our District 9 star awards. Hilary Eden, Patty Linder Dodd, and Jim Zeiderquest. Over the years through service on the Cambrian School Board, and now on the San José city council, community members have shared stories about the talents and heroes in Cambrian park and surrounding areas. These stars and their stories helped fuel my desire to serve in public office. This program recognizes people who live, work, and play, and learn in District 9. I feel that they are doubly honored since they are nominated by their fellow community members and some of them have very close fellow community members, as in Ms. Dodd Linder. Her husband nominated her. The intent of the stars program is to learn more about the extraordinary teachers, students, employees, employers, athletes, musicians, activists and parents, who add courage, compassion and comfort to our community. I look forward to honoring more District 9 stars throughout the year. I am proud to recognize these volunteers as stars that make District 9 shine so bright. I ask that the family co-workers and friends of Hilary Eden -- wait a minute, there are Kiwanians that promised to be here. They're there, stand up while we recognize Hilary Eden. Hilary is an active member of the Cambrian Park Kiwanis club who got more active when she organized free family movie nights. Last summer, at the Camdem Community Center, with the support of the Cambrian Park Kiwanis and the Camden Community Center, Hilary produced eight movie nights for nearly 1,000 community members, a great turnout for a first-time event. This was a great access to our families many of whom have been hard hit by these tough economic times. A unique aspect of our movie night is that local talent performs before each movie. Thus she is also giving our local performers a venue to showcase their talents. Her idea of free Friday night movies will continue this summer starting June 25th with Michael Jackson's this is it movie, proceeded by a moon walk and thriller dance contest. Please tell me you haven't had Ed volunteer! Ed is my husband. Oh, thank goodness. And Hilary we are thrilled to have you as a District 9 star. Hilary was nominated by fellow Kiwanian Jim Cogan. Congratulations Hilary for being a District 9 star. Yay! Now we'll ask family, co-workers or friends stand while we acknowledge Patty Linder Dodd. I see her support group. Patty Linder Dodd is honored as coordinator of the swan day events of Silicon Valley for the last two years. Doug, my hat's off to you. This woman works tirelessly which means you do too. Swan is the acronym for support women artists now. And is a new international holiday that celebrates women artists during women's

history month in March. This year, over 30 women artists showcase their work in San José. The goal of swan day is to inspire communities around the world to find new ways to recognize and support women artists as a basic element of civic planning. There were more than 170 swan day events in 12 countries. Patty is an artist who works in painting and mixed media as well as jewelry design. We congratulate Patty Linder Dodd for being a D-9 star and Patty was gnome nominated by her husband, Doug Dodd, which is also a great compliment to both of you. Okay, so thank you very much, because I got to attend the show and it was fabulous! [applause]

>> Councilmember Chirco: And now we want to honor Jim Zeiderquest. If he has any friends, family --

>> Nobody like me.

>> Councilmember Chirco: All right, the mayor stands with Jim. Jim has generously given to the city as a Planning Commissioner and having served on historic landmarks commission but today we're honoring him with his work, we and our neighbors. We and our neighbors women's club began in 1892. And I really like to emphasize the year because we forget how long the history runs in this valley. We and our neighbors met in the homes of the individual members, until the clubhouse was built in 1910. So if you take 1910, add 100 -- oh, this is their 100th anniversary year and they will be have a celebration. A few years ago, Jim came to the rescue of the building and the club and assisted in needed renovations and maintenance of the building. According to the president of we and our neighbors Jim went above and beyond what they expected as well as increasing the vision of the future for this organization. His expertise in history, building clubs and membership made the 100th anniversary of this history landmark something to celebrate with pride and renewed energy. Carolyn was nominated by Carolyn Newett, co-president of we and our neighbors, with a hearty second by all the members of we and our neighbors. Another jewel in our community. I would like to thank all of the three for the work they do, all the people that love and support them and the richness they've brought to their community. We do have a little something extra for them because being a district 9 star is just a little bit sweeter than an average day, we give them a chocolate star that says just how wonderful they are and we hope they enjoy that is as much as we enjoy all the work that they do so thank you for helping us honor these wonderful people. [applause]

>> Mayor Reed: Thank you. Now I'd like to invite Cameron Smith, Joy McDonald, Teresa Reed and Doreen Hargrave to join me at the podium. As they come down, we explain what we're doing, we're declaring April 11th to 17th as national Public Safety dispatchers week in the City of San José. This is an opportunity for all of us to pause for a moment to recognize the hard work and dedication displayed by our Public Safety dispatchers, public safety dispatchers are the critical communications link between our residents and our people in the time of need and our city's front-line emergency service personnel. They work through very long hours, very stressful conditions, and as public safety dispatchers they continue to provide timely and professional service to those in need. With this proclamation we're doing a day, we're going to celebrate the critical role that they play and thank them, all the men and women who serve as dispatchers for their hard work. And I have a proclamation, yes, I do.

>> I'd like to just say thank you very much to the council and to the mayor for recognizing the hard work that the dispatchers in both the San José fire department and San José police department do on a daily basis. They continue to serve this community with the utmost excellence and I thank you for that. Thank you. [applause]

>> Mayor Reed: Like to invite Councilmember Campos and the representatives of the national association of Latino arts and culture to join us at the podium. As we recognize the national association of Latino arts and culture as a great organization on their 20th year. Councilmember Campos has a few more words.

>> Councilmember Campos: It's a great day to be honoring people and recognizing organizations that do wonderful work beyond the City of San José. As the mayor mentioned, we have the national association of arts and culture here visiting the City of San José. They have chosen the City of San José to host their seventh annual conference, and it starts tomorrow, April 14th, and runs through Sunday, April 18th. They are celebrating their 20th anniversary. The association will convene Latino artists, art administrators, scholars, and performers to participate in this year's conference. We're excited about having them on many levels. What they provide is a venue for the Latino community, as well as others, to embrace and learn about the diversity within the Latino community and what they have to offer. I want to congratulate and also acknowledge the efforts of many of the host committee members, including the Teatro vision, MACLA, and 1stAct Silicon Valley, and Hispanic Foundation of Silicon Valley, as well. And with that let's give them a round of applause before -- [applause]

>> Councilmember Campos: Before Maria de Leon comes up, the mayor will present to her a commendation recognizing the conference and their efforts, and we will allow her to say a few words and she can tell you more about this conversation, and what it offers. And the exciting opportunities beyond the City of San José.

>> Thank you so much. On behalf of the national association of Latino arts and culture, NALAC, I want to thank the mayor, the city council, for having us here for this wonderful commendation. I especially want to thank Mayor Reed, Nora Campos, Sam Liccardo, for their tremendous support. Also Kim Walesh, from the Office of Economic Development, and the Office of Cultural Affairs, Kerry Adams Harper, who we've been working with for a while to bring this conference here, and I want to thank the city for the support that really helped the local host committee be able to leverage other funds to bring the conference here to San José. With me today are Angie Helstrop from MACLA, the executive director of MACLA, who is part of the host committee, and Jeff Morales, executive director of Teatro vision. And they were instrumental in bringing the conference here. And the reason that we came to San José is specifically because we understand that the mayor and the city council really value the arts not only for the intrinsic value that it brings to our everyday life but the impact that it has on the education of our children and the impact it has on revitalizing and rebuilding the community. We want to thank you for your dedication to the arts. Our conference will bring Latino artists, administrators, scholars from many parts of the country here to San José and we will be able to experience the vitality of Latino culture here in San José, and here the citizens as many others will be able to participate in many performances who will be at the Marriott hotel and we will be at many venues across the community with exciting international performers, Susana Abaca and other performers highlighting the work and the artists here in San José. So again I thank you again for the support of the arts and specifically your support of Latino arts.

>> Mayor Reed: Thank you for coming to San José, we appreciate it.

>>> Now I'd like to invite Councilmember Herrera and Mrs. Ulleseit to join us at the podium. Come on down, we're going to recognize these young folks for being writers in a work that they did collectively to wry novel for the national novel writing month. We'll let them get on down leer and Councilmember Herrera will have a few more words to say.

>> Councilmember Herrera: So as Mrs. Ulleseit's fifth grade class is coming to join us if they'll just come all the way around and fill this all in behind me that would be great. I also want to acknowledge Keith Hodgein who is the principal and they are all from James F. Smith elementary school. They have also had a chance to tour City Hall today and they learned some good information hopefully, and I think they're all holding, they're holding winners' certificates so everyone can see. I imagine parents are in the audience and if they are, stand up. Wonderful! Give them a hand! [applause]

>> Councilmember Herrera: I'm very excited to welcome this fifth grade class and their teacher, Mrs. Linda Ulleseit, and their principal. Also we have the superintendent in the audience, as well, Cliff Black, and so we're honored to have him. I'm so proud to acknowledge these students today for accomplishing their goal of collectively writing a novel for national novel writing month, the largest writing event in the world. Mrs. Ulleseit and her 34 students participated in the young writers program of this event, and Mrs. Ulleseit challenged her students to match her word goal of writing a novel of 50,000 words in a month. These students went beyond that goal and reached an extraordinary 168,733 words. There were over 9,000 student participants worldwide in the national novel-writing month and Mrs. Ulleseit and her students were amongst the winners of the 2009 young writers program. Congratulations students and teacher on this wonderful accomplishment and at this time I would like to invite Mrs. Ulleseit to say a few words before Mayor Reed presents the commendation.

>> Thank you. It's important to know that young people can amaze us, if we inspire and encourage them to greatness. This award will encourage them to keep work hard, and keep doing the wonderful things that they are capable of. And I'd like to invite one of our students elected to represent them to speak to you, bring a presentation to Councilmember Herrera. And her name is Michelle Dong.

>> Good afternoon, everybody. I present an autographed copy of our novel to Councilmember Herrera on behalf of my class.

>> Councilmember Herrera: Thank you so much! [applause]

>> Councilmember Herrera: And we have presented the commendation to Mrs. Ulleseit.

>> Mayor Reed: One last photo op. It is okay if the parents want to come down here. Okay, thank you all very much. [applause]

>> Mayor Reed: I'll take up the consent calendar. I have a couple of requests to pull items for discussion. Items 2.5 and 2.6. Any others, councilmembers would like to pull for discussion? Councilmember Liccardo.

>> Councilmember Liccardo: 2.9.

>> Mayor Reed: 2.9. Councilmember Nguyen.

>> Councilmember Nguyen: 2.9.

>> Mayor Reed: Okay, there's a motion to approve the balance. I don't know who got the second, there was a second, okay. Motion is to approve the balance of the consent calendar. All in favor, opposed none opposed, that's approved. First item is 2.5. I believe that's trip reports. Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I just wanted to report out on my trip, as part of the NLC, the national league of cities, public safety and crime prevention steering committee. And also their advocacy committee. We met in Washington, D.C, to set the agenda for focus for the upcoming year. The committee sets the national municipal policy for the national league of cities. This year they'll be concentrating on emergency response which includes changes to the Stafford act, catastrophic acts and national security dissemination, municipal fire issues, including urban wildland interface and wellness programs, and issues surrounding incarceration, including prisoner reentry and diversion from prison via drug courts and other mechanisms, and I'm happy to say we've also added this year a review of the domestic violence protocols and policies and issues concerns at a national level. I'm also happy to report that the steering committee voted unanimously to select San José as their meeting place for this fall so they'll be joining us from September 30th to October 2nd this year. Thank you.

>> Mayor Reed: That concludes item 2.5. Is there a motion? Motion is to approve item 2.5. All in favor? Opposed none opposed, that's approved. Item 2.6, that has to do with foreign trade zone. Mr. Wall you wanted to speak on that one?

>> David Wall: This is a momentous day. I appreciated the chocolate stars and the book, that I hope we get a report on later. And also to see Councilmember Constant in a tie, I'm almost overwhelmed and at a loss for words. However, I do have a few concerns about this foreign trade zone. These have been around since the '30s and are a good thing to stimulate the zones that they're in specifically San José. However modernly, it permits and encourages foreign manufactured goods into the country, to be incorporated into American products. That kind of diminishes made in U.S.A. as a product. It certainly diminishes our ability to manufacture items to be incorporated in these projects. In other words, jobs, American jobs. And in this sense it doesn't really serve the interest of the American worker, or our way of life here in San José. In particular, the memorandum put forth to you only mentions San José residents. Well, we know the operation's controlled by the board of customs, which anybody from any country can come here that's fine, keeping in our traditions. But City of San José's specific involvement in this regard, United States citizenship should be considered a requirement. Also, another requirement, even though it does state vaguely and ambiguously, that there are local jurisdictional issues control to a degree, does the prevailing wage or the living wage attach to the separate business entities that will assert protection under these foreign trade zones? And also, does the public art tax -- and I use the word tax as -- just because I don't know the right name at this time --

>> Mayor Reed: Sorry,, your time is up.

>> David Wall: Thank you.

>> Mayor Reed: That concludes the public testimony on this item. I'd just like to thank Lam research for the more than couple hundred San José citizens they employ, and another thousand from other cities at their facility. I think this is a good thing. I would urge council support. Is there a motion on this? Motion is to approve the item. All in favor, opposed, none opposed that's approved. Thank you very much. Item 2.9, Councilmember Liccardo and Councilmember Nguyen I think both wanted to speak on that. Councilmember Nguyen.

>> Councilmember Nguyen: Thank you, mayor. Councilmember Rose Herrera and I attended the opening of the San José giants opening season last night and I want to thank the RDA for stepping up to provide funding for the transformers over at San José stadium. Apparently when I was there I got a chance to look around and there were a couple of items that I thought could pose a hazard to the fans. And also, the players, because of the recent rains, there were puddles, water everywhere. There was a little bit of leaks in the ceilings, and a little bit of the bad sewage smell. So you know when we have a very sort of an age stadium that we have currently, I just think that it's great that the RDA is willing to step up and provide funding so that we can make sure that fans and players feel safe when they're attending games at the stadium so for that I just wanted to take this opportunity to thank RDA for stepping up and providing funding for the San José giants stadium.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I don't intend to speak. I just wanted to register a no vote.

>> Mayor Reed: Okay, is there a motion? Motion is to approve this item. All in favor? Opposed? One opposed, Councilmember Liccardo. That is -- item is approved. That concludes the consent calendar. We will now turn to item 3.1, report of the City Manager.

>> City Manager Figone: Thank you, Mr. Mayor, members of the council. I did want to provide you with an update on labor negotiations with our bargaining units and just remind us about the relationship between these conversations and the adopted budget process that we're going to be going through over the next couple of months. First of all, we continue to seek the 10% concessions as directed by council, the first 5 ongoing, and the second 5 one-time or ongoing. And to date we have not reached any agreements. I would like to point out that we recently did receive two proposals from our firefighters union local 230 in response to the City's package proposal. Those are posted on the City's Website. And currently based on our evaluation there's little if any ongoing reduction in personnel cost at this time with these proposals. However we continue to meet and confer in good faith and hope to get closer to the goal. I'd also like to advise you that this afternoon we will be releasing two memorandums in your early packet for April 27th. The first will bring forward compensation changes for our building inspectors unit, ABMEI. The second will bring forward compensation changes for the first 5% for our unrepresented unit, 99. Again, these are unrepresented employees, many of them managers but not all managers. And it is the first 5% which will mirror what we're bringing forwards for ABMEI. The second 5% will still be under discussion and will be brought to council at a later date. And I do want to thank unit 99, again they are not represented. But we have met with them, we have a forum and we have met with them on multiple occasions and have had some very thoughtful discussions and I do appreciate their understanding of our having to bring this forward. Also, I'd like to report that our proposed budget development is on track for reason May the 3rd, and again, due to the significance of the impact of employees that are currently assumed in our budget reduction proposals as you saw in the preliminary document I issued a couple of weeks ago now, layoff notices will begin to be issued beginning next week, and will continue over the next couple of weeks. All questions which surface during this period of time, which will be a very difficult one as you can expect for the workforce, should be directed to our human resources department or the City Manager's office. And in closure, I just want to remind us all that the procedural requirements for securing concessions as we've been directed to secure must be met by June the 3rd in order to be considered in your budget adoption which will conclude on June 22nd. And that does conclude my report.

>> Mayor Reed: Thank you. We'll move now to item 4.1, special event services and costs. I do have some people who want to speak on this. We'll get to the public testimony in a moment but first we're going to have I think a brief staff presentation.

>> City Manager Figone: Mr. Mayor, while the staff is assembling, I would like to open this up. We are very pleased to bring forward a set of strategies to help ensure the continued viability and vitality of our outdoor special

events. This issue was brought to my attention actually last year by the major event producers, and I did ask at that time that our Office of Economic Development, specifically the cultural affairs section, to lead an effort to define specific problems and identify potential solutions working with multiple city departments and the event producers. This work has been reviewed through your Community and Economic Development committee. In these challenging economic times special events are important for city revenue generation and for community economic impact. In addition to their value for community building and with that I'll turn the presentation over to Paul Krutko.

>> Paul Krutko: Thank you, manager. Paul Krutko, chief development officer. We're pleased to be here today. This has been a significant body of work that cuts across multiple departments. We all know how important these events are, to building cohesive communities, creating excitement for our residents and are a key driver in attracting people to come and live and work in San José. So with me today is our director of OCA, Kerry Adams Hafner, and Tammy Turnipseed, who leads your event program, across the entire city more than 400 events on an annual basis. So Kerry is going to take you through the presentation, and then we'll be happy to answer questions about our recommendation and the proposals put forward by the mayor and various councilmembers.

>> Thank you, Paul. Good afternoon, mayor, members of the council. My name is Kerry Adams Hafner. I'm the director of the office of cultural affairs. We're here today to present a set of strategies aimed at controlling city service cost for outdoor special events. This item has been brought forward through the economic -- the Community and Economic Development Committee includes recommendations by that committee, the full council. Over the past year, the office of cultural affairs has been working in partnership with various city departments and also the organizers of San José's largest outdoor special events. The issue we've been working on is, that of high rising city service and permit costs. With a handful of exceptions, outdoor special events are organized by nonprofit organizations. And as such they have a low threshold for financial risk. What we've seen is that cost for events have risen from year to year. And this is linked chiefly to rising staff costs and fee increases. So staff has developed a set of strategies to advance in time for the 2010 event season. The strategies fall in two categories. Revenue generation and cost reduction. It is our goal to link these strategies appropriately to the 2010-11 budget process. Four guiding principles were part of our conversations over the past year and these reflect how the city has approached special events. The first is that outdoor special events are valued by the City of San José. They contribute to our community development goals, they promote social capital, they promote civic pride. They foster cross cultural understanding. They also advance our economic development goals. They generate sales tax T.O.T. and less stimulate the local economy. Secondly, the second guiding principle has been that of actual cost recovery. Events should be charged for the actual direct cost incurred by the city. The intent of council policy 5-2 was for the city to recover the actual additional cost to service an event. This is not the same as full cost recovery. Which an event organizer can be charged for the regular on-duty cost and city overhead. The third guiding principle is that minimizing service cost is a shared responsibility. It is incumbent upon the event organizer to plan for a safe event. It is also the City's responsibility to provide the appropriate level and mix of city services. And finally, transparent fair treatment should be given to all event organizers. The in approaching this initiative our challenge has been to balance interest. On one hand we want events to be viable. We know that the fiscal impact of events is very high. Five events alone generated \$1.4 million in sales tax, parking revenues and TOT. This is the rock 'n roll half marathon, the San José jazz festival, tapestry arts, ZeroOne, and also the AmGen Tour of California. On the other hand we know that the city has a General Fund crisis and that we need to meet our revenue needs as well. However, we've been seeing mounting signs of pain on the part of our event organizers. Some of those signs are unpaid invoices, event cancellations and growing complaints. So what are the fees? I'm not going to list all these fees or detail them out but generally they are for staff hourly costs and also for permits. The fees are guided by council policies, labor agreements, the municipal code, and city regulations. Multiple departments are involved in these fees and permits. However, the largest component of city service costs is generally public safety. The fees and -- for police and fire. The city requires events to contract with a secondary employment unit police officers, we call them SEU, for traffic management and ABC monitoring. Also this fiscal year there was a new fee approved by council that called for duty traffic enforcement officers, that's what we call TEU. So as I mentioned earlier, we've developed a set of strategies in two categories. Revenue generation, and cost reduction. We've identified these strategies working in concert with our partner departments and also, the event organizations, and we've identified strategies that were aimed to be implemented immediately. We wanted to get these approved by council in time for the 2010 event season. Also, they were identified as being the most meaningful to improving the bottom line for our event organizers. So here are three in the area of event revenue generation. These three are aimed primarily at events that are held in

public parks. I won't go into detail on each one as they are outlined in the staff memo. But in the area of event cost reduction I want to hone in on two. For event cost reduction we've identified the city service cost for staff time as being some of the largest areas to work on. So the one program I want to focus on is the use of the Department of Transportation's parking traffic and control officers as a complement to the police department's SEU or secondary employment unit staff. This model is currently being applied to flagging at construction sites. So currently PTCOs are flagging construction sites. Other cities in the Bay Area also apply this model to special events. And we recommend that the City of San José adopt this model for special events. This is why the recommendation to ask the council to change the municipal code to allow the City Manager, the authority to appoint PTCOs to work at special events. That is why that is part of our recommendation. The second strategy I want to hone in on is for the fire hourly rate. The work that the fire department does for inspections is done chiefly on evenings and weekends. The recommendation is to create a new, lower rate, that blends the hourly rate for regular workday hours which includes salary, fringe and overhead cost with the lower overtime rates of 1.5 times the hourly rate. So this is what we're calling a new blended fire rate for outdoor special events. It is our goal about collectively these strategies will help the bottom event for event organizers so that events remain viability within the City of San José, advancing both our cultural and economic development goals. We recommend that the council accept this set of strategies and I also want to point out that we have our staff from the various partners that we've collaborated with here today in the audience, in the case of if there are any questions directed at those departments. And at this time, this concludes the staff report. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I wanted to thank Kerry Adams Hafner and Tammy Turnipseed and the folks working under the leadership of Paul Krutko and Kim Walesh and the office of economic development for their extensive work on this issue. I know that this has been an ongoing challenge certainly for them, as well as for the event producers. I also want to thank Nancy Pyle and the Mayor and Councilmembers Herrera and Kalra for their support at the committee level of moving forward with an approach that takes another look about how we make way to accommodate events in our city. We have I think by somewhat mechanical application of the city's policy on full cost recovery created a situation and I say we, obviously this work that's taken many work to get here, council and everyone else, we've got a situation where we're creating cost structures that make it difficult for events to be there even when those events add significantly to our bottom line fiscally. And by imposing fees that may in fact cause some events simply to cancel, we are leaving ourselves worse off than we would have otherwise. So we've created a system in which the tail is wagging the dog. Certainly, when we need to think outside the box, I know the mayor has made reference to previously, we are the ones that created the box in the first place so this is our opportunity to change it. We've had a system in which I think rational behavior by individual departments in charging those fees does not result in a rational decision for the city as a whole. And when we look at the costs we've generated from fees from event producers is about \$508,000. That pales in comparison to the amount of revenues that we generate from those events. And so what I'd like to do is offer a modified version of the recommendation on the memorandum that was dated on April 9th. What I'd like to do is describe some of the changes in that modified recommendation after extensive consultation with the city attorney's office we recognize that there are First Amendment and 14th amendment issues that need to be hashed out here to ensure that whatever we do is done in a content neutral way, to ensure that whatever we do is done in a nondiscriminatory way, or at least whatever differentiation that we apply is using very very universal, nondiscriminatory principles. So I'd like to offer the following motion, and I'll read through it and pardon me for the duration of this but I just want to be sure that everybody is clear about what we're doing. Approve the staff recommendations as to each of the memoranda that have been submitted by staff with the following additions: First, return to council during the fees and charges discussion in May and June, with the proposal to grant the City Manager the immediate authority to deviate from the council policy on full cost recovery based on content neutral fiscally based criteria. Certainly staff should consider such options as city sponsorship and predetermined rebates of city fees. Second, return to council, and in that period also with the revised fee schedule that eliminates ash elements and fees that do not appear directly related to service costs, as suggested by some of the examples cited in the San José downtown association's memorandum dated March 22nd. And then third, that paragraph is largely the same as what's currently in paragraph 2 of the April 9th memorandum regarding returning to a period in the longer term future, in terms of what kinds of criteria as a council we might adopt for deciding whether or not discretion could deviate from full cost recovery should be applied in particular circumstances. Obviously again we want to have that conversation with the City Attorney and the community. That would be the motion.

>> Mayor Reed: Okay, we have a motion on the floor and a second, before we get started I want to disclose that in preparation of this meeting that my staff spoke with Phil Moreska and Blage Zelevich of the downtown association about this matter. And I had a question on the motion. At the very end of the motion, Councilmember Liccardo, it wasn't clear to me if the last clause of the item 2 in the memorandum is included, which is to return with recommendations how we might apply a scaled city service costs for these events or method of recovering costs from revenues received.

>> Councilmember Liccardo: Yes, the entire sentence would be included I think the City Clerk has what we've -- what all the members of the council hopefully have, which is the document with the header draft on it.

>> Mayor Reed: I wasn't listening very well I think probably. Anyway, I just want to make sure that's clear. Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor and I also want to thank staff and I know there's been a lot of work done with Councilmember Liccardo and others and downtown association and I think it's important that we recognize the current state of what's happening downtown, a lot of great things are happening and I think that we want to make sure that we have the opportunity to be as flexible as possible in making sure that some of the events that really have added so much character to downtown for many years, but certainly, more recently, we've definitely seen in conjunction with other things we've been doing downtown, that it really has added some vibrancy and it would really be sad to see any of the events cancelled because of a lack of action. So I think that taking action is appropriate as soon as possible but also as Councilmember Liccardo indicated taking a thoughtful view going forward in how we can continue to analyze these types of events and our policies towards them. And wanted to bring special attention, certainly I'm in continuous support for what we are trying to do downtown, trying to create a flexible approach to create some vibrancy. But just a quick reference to some in the staff report regarding some of the neighborhood, the reference to neighborhood events. I appreciate that being in there. I think that oftentimes a lot of our focus is on some of the bigger events downtown which we should be talking about. But I've heard a lot from my community, and I'm sure all the other councilmembers would agree, at the district level, in the neighborhood events and you have neighborhood associations, just volunteers coming together, trying to put events together and so on. So I appreciate looking into that as well because it's certainly a citywide issue, these fees, and the economic downturn has affected everyone and I think that the neighborhood event adds just as much to our city as some of the larger downtown events. And to that end I notice, in regards to a couple of the items here, which I agree with and I'm supporting, in regards to the downtown, including the creating a series permit for commercially zoned private property in the downtown core. And then creating the turnkey event requirement. And actually the turnkey one actually is a broader discussion, on the series permit for private property, I agree right now to focus on downtowns. But if the opportunity presents itself as we go through this to see other parts of the city whether it be Willow Glen or certain parts of Berryessa or what have you that oftentimes do have events if there's a private property owner that would like to have some kind of series, I think that maybe we can start with the downtown conversation and see where that goes in terms of creating some kind of system where that could be adopted in other parts of the city as well. In terms of the other turnkey event coordination and so on, a further discussion of that could be some of the events that are ongoing events in some of the districts, I think some of the districts have annual events and so on so we know the people involved, they have a track record and so on and to whatever extent possible that could be used as a factor, and also either reducing costs and or bureaucracy because every year they have to go through the same process, over and over again, I know some of that is recognized and referred to in the report, I appreciate that but just as an ongoing discussion, when we know some of the events have been going on for ten, 15, 20 years, what we can do just to make it such a streamlined process, as inexpensively as possible, and allow their groups themselves to do a lot of the work. And again, some of it's referred to, but I think that will require an ongoing discussion, as well. But thank you very much for your work, and I will be supporting the motion.

>> Mayor Reed: Thank you. I think it was nine years ago when I was on the city council we had a similar conversation about fees and charges. The question I had is, how do we make sure we maintain control over this as the council has pushed the departments to maximize cost recovery, people have done a very good job in that in some areas. But that's not the same thing as maximizing the amount of money that you can squeeze out of a special event. And I do know that nine years ago, we decided that we were maybe a little over the top on some of the fees and charges and we dialed it back. And here we are nine years later having the same conversation. So

part of what I'm interested in when we do the fees and charges discussion is how do we sort of build into this on an annual basis a check-in to see if we're charging the right fees and charges. I don't know how we'll figure that out, but I think it's something that, you know, at least once a year we ought to think about, how are we doing this? So we don't just have these problems that build up and then once every nine or ten years we try to fix them. The other thing I'm quite concerned that we may lose revenues from some of these festivals, it's not that we want the General Fund to subsidize them, but in fact we are getting money for the General Fund and the parking fund, and that's a good thing for us. And I'm very much interested in trying to figure out if we can get our cost recovery, whatever that number is after the revenues are generated instead of up front. Because if we know an event like the jazz festival is going to throw out \$300,000 more or less to the City of San José, I view that as an asset. And if we can figure out a way to do the cost-recover out of the money that we get, and keep the jazz festival and some of these other major fund generating events I think that would be good for us. And I do want to thanks the arts groups and the cultural groups, and all the community groups that do put up the money, put on the events. And they're a great thing for our community. We love them. I think you can describe San José as the city of the endless festival. It's a very popular thing for folks to do. But we don't want the general fund to subsidize it. We already have our system of awarding grants based on T.O.T. funds. I think that's good but I don't want to overcharge these folks and I think what Councilmember Liccardo has proposed here is a good way to approach it. So I'm going to be supportive of that. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I would like to praise the group, as well. It's very well deserved. That's not an easy thing to take a situation and when we're in the middle of an economic downturn and to figure out the way that it could happen. So I appreciate that tremendously. I'm very happy too about the sense of pride that these events bring to the city, bring to everyone that participates, and also to the city. This is part of what we're all about. You're right, mayor, it is an asset and speak of assets I'd like to focus, too, on the fact that there could be more events at Almaden lake or some of the natural assets that we have in the city. And so I can imagine that this would eventually turn into something that would incorporate that as well. So thank you very much for a great job.

>> Mayor Reed: At this time I would like to take the public testimony. I have a few people who would like to testify. Please come down so you're close to the microphone. Blage Zelovich, Chris (saying names).

>> Good afternoon. Mayor Reed, city council members, thank you for the opportunity to speak this afternoon. Blage Zelovich, deputy director with the San José downtown association. Just a couple of comments and one invitation for all of you. First of all, our comment is first and foremost, thank you. Thank you to the staff, the special event staff, thank you to the city council and the leadership of the folks in the CEDc on making it a little bit easier to produce outdoor special events. These recommendations before you will do that and we are very appreciative of that. Secondly, I would like to express SJDA's support for the continued conversation. I cannot express with enough sincerity the importance of coming back sooner rather than later to have the discussion about city fees and permits as they relate to outdoor event costs. It's really important for the nonprofits and hopefully we've got kind of a bridge for the 2010 season and we'll have even more changes for the 2011 event season. The last thing is an invitation. The downtown association produces over 125 days of outdoor programming. We've got free movies, free concerts, outdoor farmers market at San Pedro square and of course the ice rink and that is all scheduled to begin in May. So I hope you will come out. We draw over 100,000 people. That's not to mention what folks like the jazz festival and Christmas in the park draw. As Nancy Pyle said, it really really contributes to the vibrancy and community spirit and certainly the economic development and economic impact. So thank you for your work. We look forward to continued collaboration and participation, to make the entire events, not just the downtown but the entire city more fun. Thank you.

>> Mayor Reed: Chris wilder, Kevin Cotilla, David Wall.

>> Thank you very much. I'm Chris wilder and I'm proud to say as board chair for San José jazz. And among the thanks that many of you gave to staff and others for this important change I'd also like to thank the sponsors who do come out and support these events and make sure that they're possible. One of the problems we're facing that those sponsorship dollars are few and far between. I think one of the reasons that happens is because our community looks very different than it did just two generations ago. Let's face it San José is a very, very different place and most of the companies that are real leaders in this town and around us in Silicon Valley weren't here that long ago. And to populate those companies, people have come from all over the country. And when you

come from another part of the country to take a job in a vibrant, high tech Silicon Valley or San José company, you very often have a hard time getting involved in the community and it takes some time and so I'd submit that these changes you're making today are not necessarily needed, in perpetuity. I look forward to a day when Silicon Valley companies are lining up to sponsor events like the San José jazz festival and tapestry arts and others. But it's going to take some sometime. I talk to folks every year who I meet at the jazz festival who say I never used to go but somebody brought me five years ago and I haven't missed it since. It takes time for people to become integrated in the community. And for a family who either began here ten or 11 years ago or moved here from somewhere else, it's too easy to be married to your work and on the weekends you turn on the TV and you root for the Pittsburgh Steelers, because your heart is still in Pittsburgh. Well, this will change over time. It may not take another couple of generations, and if the folks who are working on these organizations have anything to say about it, it won't take another couple of generations. But it does require some assistance now, and I thank you very, very much for the proposal of these changes. Thank you so much.

>> Mayor Reed: Kevin Cotilla, David Wall Jeff roach.

>> Good afternoon, Mr. Mayor, and the city council. Basically, I -- I wanted to tell you to encourage you to please, we need to be funding these events, special events that are going on downtown. And you need to support them with city funding for such things as the San José jazz festival, and the tapestry arts, and I want to make one pitch to you. We -- we need to bring back the 4th of July festival. The San José America festival. We need to bring it back. Because we have nothing -- there is nothing right now for people to do on the 4th of July. We need to bring that back. And you need to start funding the -- keep funding these things such as the tapestry arts festival, because if you're not funding them, what's going to -- I understand that it's -- that we're in tough economic times. But we need to have something, also, to bring people downtown. That encourages people to come to downtown. And if you don't have events such as this going on downtown, that are funded by the city, you're not going to have -- you're not going to be able to encourage people to come downtown. And it's also going to affect how much money the city is able to -- the city makes a lot of money off of these -- off of these --

>> Mayor Reed: Sorry your time is up.

>> -- things too. Thank you.

>> Mayor Reed: David Wall, Jeff roach.

>> David Wall: Good afternoon. Not presented today, in our fee structure up there, is the cost per event, as a function of subsidy from the downtown business association. How much the city is paying them per event. Or the cost structure for keeping the Office of Economic Development on the payroll in this particular allocation of taxpayer money. With reference to your own individual staffs, and how your own individual staffs, which are quite well educated and outstanding administrators, in my own opinion, are not utilized in this fashion. I'm vehemently opposed to any watering down of public safety, in particular to subsection B listed up there about changing the way traffic is dealt with in this city. This has prolonged material aspects for all aspects of traffic control, not just for events but throughout the city. And I bear notice on this. Basically, I'd like this revolution too to be renamed, the additional perks and privileges for the downtown business association and for a former mayor's perpetual money making machine. Thank you.

>> Mayor Reed: Jeff Roach, Ross Signorino.

>> Thank you, Mayor Reed, I'm Jeff roach, CEO, San José jazz. I'd like to echo Blage's and Chris's thoughts, too. I mean, thank you, all of you, for the kind of work you're facing and the kind of issues the city is facing right now, the fact that we're talking about this at all is amazing. Certainly Sam's leadership we really needed his work to get this through as well as Kerri, Tammy is the only person smiling, by the way about 15 minutes before the jazz festival starts I don't know what that means. So just this kind of great help from the city staff makes these kind of events pull off. The fees may seem insignificant and a grand scheme of thing to the city, but to an organization like ours, with very thin margins, these fees are very big deal to us. And as Blage said they're great first steps. What we're really trying to do with San José jazz is get San José the kind of international recognition it deserves. And when I get calls from people like two of the members of the Manhattan transfer and David Sanborn and other international artists want to come back to San José because they keep talking about what a great time

it was, it tells us we're doing something right. And so the only thing for me, the next step is maybe Tammy and Kerry, we could get these implemented by August 13th. Because what happens on August the 13th? 5:00, the jazz festival opens, so all of you have to be there, thanks.

>> Mayor Reed: Ross Signorino is our last speaker.

>> Ross Signorino: Thank you, Mr. Mayor, members of the council. I see the -- okay we're back to the green light here. I'm not against festivals, I'm not against your jazz festivals, whatever that entails, and all the different things you want to do for downtown. But I am against the idea that we're not sure about the financing of this, and then after things happen, we say, oh, well we shouldn't have done that. It's like the grand prix, how great that thing was supposed to be. Bring so many people here from all over, they're going to watch the grand prix and then we saw the attendance fall off for the grand prix. And this is the thing we're talking about. I don't think anybody in their right mind is against any of these things for downtown for people's entertainment and for people's welfare. But we're talking about the idea that we're going to have to police this, public safety is involved here, whether it's fire or otherwise, all these things do cost. And this is something we have to take into consideration, and you shouldn't be there nodding your heads saying oh, this is such a good idea, let's do it, let's do it, let's do it. Think of the cost. We are in difficult times right now. I know you're responsible people. You want to be responsible people. And I know you love the City of San José. And you want it to be very popular, 10th largest city in the United States. But at the same time, the cost benefit of what we're doing, as opposed to what we're getting out of this, in regards to finance, is this is something you really have to consider. Thank you.

>> Mayor Reed: That concludes the public testimony. Councilmember Liccardo.

>> Councilmember Liccardo: I just wanted to respond to a couple of concerns I know that were expressed. One was about the timing of this. Obviously, we know that these concerns are raised well over a year ago. I think in February of '09 is when they were formally brought to the city's attention. We know these concerns existed well before that. With regard to when this all gets implemented, if council takes action through the fees and charges then for the fiscal year beginning July 1st the new fee structure will be in place. In addition to what we're approving today. So I want to make sure folks are clear about that. And secondly I know there's obviously widespread concern about what we're doing with the budget. The important thing I think to keep in mind here is this is not about making the General Fund swallow costs. This is first about asking the question, are some these costs necessary to begin with? Do all of our departments have the incentives, the appropriate incentives to use staff efficiently if they believe they can simply pass the costs along to an event producer rather than having to think hard about whether or not staff is being allocated in the most efficient way possible? And in fact are there ways in which we should be maximizing the revenue creating potential of these events, and in fact, ensuring that we don't forgo these revenues by being penny wise and pound foolish.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor I just wanted to go on record saying I'm supporting this motion, and these events are -- they're critical to the success of San José long term, short term and long term. I read in the downtown association referring to San José as a festival city of wanting us to be that. I think those are exactly the kinds of brandings that we need to really move San José forward. And as has already been pointed out, many of these festivals are generating more revenue than they're incurring costs. But truly I think that as we move forward in some of these really unique and great festivals like jazz festival, ZeroOne and others, it creates the right kind of cultural kind of innovation, soup, mix that is going to attract companies and creative individuals to our city and that's what we really want. So there's a bigger thick here happening in terms of the innovation environment that it participates in, that goes even further than just the obvious revenue that's generating so I just think it's so important that we keep this and I highly support this memo. The other thing I wanted to say is the neighborhood events are really important too because they create a sense of community and especially, in these hard times, it's very, very important to make sure that the events that are happening in the neighborhoods continue. I just had one question, and there was many questions brought up in the memo from the -- that came from the San José downtown association and I'm sure a lot of these things will be discussed. But one of these -- one of the questions I had that was raised here was the fact that some of these festivals are actually participating in creating park infrastructure, when they are being produced. And are we going to take that into account as we charge them fees? I think there's one event that talked about the trust at plaza park, and also, St. James park lack

infrastructure so that they -- the event sites shouldn't all be treated equally if in fact some of the sites are requiring more costs to the producer when they're putting these on.

>> Thanks for the question. Mark Barney, deputy director from the parks division. You know, it's hard to categorize events and standardize them. We have standard fees and looking how we might modify them we're open to looking at how infrastructure may impact the fee structure. So if somebody's bringing an improvement that's going to help the park or help the facility, that offsets some costs we would be willing to look at that as we go forward in our analysis.

>> Councilmember Herrera: And is that included in the motion that we're looking at now, could that be contemplated or is that sort of assumed as part of it? I don't mean to --

>> I believe it is. You indicated that we'd look at the items in the letter, and that's one of the items that's been identified, yes.

>> Councilmember Herrera: Great, thank you.

>> Mayor Reed: I believe that concludes the council discussion on this item. We have a motion on the floor made by Councilmember Liccardo. All in favor? Opposed, none opposed that's approved. Our next item, item 5.1, schedule of park land fees.

>> Albert Balagso: Good afternoon, mayor and members of the council, Albert Balagso, director of Parks, Recreation, and Neighborhood Services and I'm here with Matt Cano division manager in our parks division today. Annually we bring forward the adjustment of the park PDO PIO fees to the city council. This year there is a slight variation on how we're approaching it and recommendations on how we would do it in the future. So we have a brief presentation that will be presented by Matt cano on clarifying that.

>> Thank you, Albert. As Albert mentioned today we're here to update the fees that we annually -- that we charge to developers who, as typically our park for per our park land dedication ordinance we want developers to dedicate land for future parks. But when that isn't possible in lieu of that they pay fees and we base those fees on an annual land value study and we update that every year based on the prior year's land values. We started doing that per council direction in January 2007 and we've updated twice since then. In those two updates we've done since January 2007 we've actually waited 13 months after the calendar year has ended which has kind of allowed a pipeline or time for developers to deal with the increase in fees that were coming. When we were moving forward with the update of the fees based on the 2008 land values, and we had a memo in front of council in March that got deferred because we received the 2009 land values, and this showed that fees were dramatically decreasing in a lot of the areas in the city. And so because of that we issued a replacement memo for today that bases the fees on the 2009 land values. And that will allow the fees to more closely match the current economic climate that the developers are working in. And it will allow the fee to change six months after the fiscal year ends. The chart on the graph in front of you shows our park trust fund in lieu fee collections are for the past four and a half years. And if you look way over to the right, that's how many fees we've collected so far in this fiscal year, through March 16th, that's about nine months. We've had 11 total collections in the city of about \$200,000. That's compared to last fiscal year '08-09 where we had 42 projects at \$10.3 million. That's obviously reflecting the current economic decline with little movement in the new housing front. For a proposal in front of you today as I mentioned is to update the park in lieu fees based on the 2009 land value study. This will mean that fees in 12 of the 14 areas in the city, MLS areas in the city, will go down, 11 of which will go down by more than 25%, and seven by more than 40%. Fees in two areas, downtown north San José, will actually go slightly up, based on the 2009 land value, only by 7% in each of those areas. And these fee changes will take effect on January 14th. We'd be happy to answer any questions you may have.

>> Mayor Reed: I have a question about the current flow going through the system. I know the number of building permits issued in the last year is down dramatically. I assume that's reflected in the fees that we've received for PIO fees as well as -- I assume that's right?

>> Correct, we typically receive our fees at building permit.

>> Mayor Reed: If we're not issuing building permits we're not getting PIO fees. Councilmember Constant.

>> Councilmember Constant: I wanted to bring something up I brought up last time we talked about this and that's the inclusion of district 1 in the West San José MLS area. Wherein most of the area that's in that MLS area is outside of the city limits of San José, and particularly, in the areas of Cupertino, portion of northern Saratoga and Campbell. And what that does is that skews the land values for District 1 and it creates the parkland fees to be much higher than other districts. And I think that when we do this -- I know I read the consultant's report. Albert and I talked extensively after the last time we did this. And it's true, that the land values represent significantly higher because of those inclusion of the areas of Cupertino and others, and unfortunately I don't have -- it's hard to see on this map here, but when you look at it, if you look at Section 18, you know, that's still part of council district 1, but it's a whole lot more of Cupertino. And when you look at section 15, it's almost all of Campbell and only a part of District 1. And when you look at the comps, compared in those cities to District 1, they're not as much parity as they are in comparing District 1 to other council districts. So I think it just ends up in being fees in my district as you can see are significantly higher. In fact they are higher than the Almaden district and I know my residents would probably much rather be having the home values that Almaden has versus the home values that we have in District 1 but yet they're paying park fees that are significantly more. So I want to know what we can do to mitigate that disparity, and correct it, because I don't feel like we've made any progress since the last time.

>> I'd like to let Neil Stone from general services respond to that question.

>> Councilmember, you're correct that MLS, the MLS area includes areas outside the city but the statistical analysis only includes sales within the city. So it is not to create the skewing that you've referred to.

>> Councilmember Constant: Well then I don't understand how the disparity is still there. Because I went through the numbers last time and it didn't add up. I'm hesitant to vote once again to have the park land fees in my district be so much significantly higher. And I think you could grab a cross-section of ten homes, in Almaden, if you look at the MSA area for Almaden valley, which is, what, basically MLS 13, you'd be hard pressed to find many homes in my district that are comparable to that. But when you look at the chart on the proposed fees, you see Almaden valley, the cost per square foot comes out to \$25. But in West San José it comes out to \$35, which is a 50% increase. So I just -- and I've talked to a number of Realtors since we did this last time and it just doesn't seem to compute to anyone.

>> We understand that the statistics may be counterintuitive and as a result, in response to that, what we do as staff is to verify this analysis against appraisals the city commissions itself, and to check these numbers for specific sales in consultation with brokers in the area, and the six appraisal firms with which the city has master agreements. So offline we'd be happy to review specific statistics at your convenience.

>> Councilmember Constant: Well, do we have time to defer this so we can do that? Because I think once these are implemented we're stuck for another year or two long period, and it makes a tremendous difference when fees are 50% higher in one district versus another.

>> I just mention that the new fees take effect 60 days following the council action, and so any deferral would defer the June 14th back by the same amount of days. But it is at council's discretion.

>> Councilmember Constant: Do we have time if we take action on this to amend it prior to those -- that date?

>> I want to make sure I understand what you mean by to amend the council memo and the fees.

>> Councilmember Constant: Well, I really would like to sit down and go over more in depth with this. Because I've been out looking at the homes in my district that have recently sold. And I've gone online and compare them to homes that have sold in the Almaden MSA and I don't see the correlation you're seeing here and the Realtors I've talked to also can't see the correlation. I want to be sure before we vote and impose a fee that's 50% higher in my district that we can really justify it because I don't see the equality. So my question is, if the council takes action today and it's voted in and these fees are set, and we are able to do more analysis, if we see a disparity,

can there be an amendment brought forward before these are in stone and enacted for people who are pulling permits and doing projects?

>> City Attorney Doyle: The short answer's yes. But I think the whole point of coming forward with the public hearing and the analysis is that there is sufficient basis to levy the fees at this level. I think it's maybe just administratively easier to kick it a week, and we can come back to answer your questions. But -- because otherwise, you're reopening the whole thing and going through the notice procedure just to do a process and amendment. It really is up to the council, but I don't know if one week is a problem.

>> That's fine.

>> City Attorney Doyle: I think it might be better to have us come back with some answers.

>> Mayor Reed: City Manager.

>> City Manager Figone: In that regard, staff, just so I'm doing the time line correctly, you were shooting for the 14th of June, one week would be the following council meeting which would be the council's last meeting. So that's the last time we could take action.

>> Albert Balagso: That's correct.

>> I do want to clarify that there's no council action necessary on the 14th. It's just 60 days following the action that we take, if it is next week, the fees would change.

>> Councilmember Constant: Okay, well, I would respectfully ask for a deferral for one week. Because I really -- I feel we need to drill down on this more. Because the disparity is just too high, and I know many of you just know off the top of your head you can think of the homes in that MLS versus the West San José MLS, they're just not comparable. So I would make that motion for the one week deferral and direction to have staff meet with me and we'll go over some of the details so I can be more convinced.

>> Mayor Reed: Okay, we have a motion on the floor. Councilmember Liccardo.

>> Councilmember Liccardo: Just to understand, one week deferral won't prevent us from being able to get this in place in time? I just -- I'm sorry, I know this discussion has been going back and forth. I want to make sure I'm clear.

>> Mayor Reed: It will be effective 60 days from the date we make a decision.

>> Councilmember Liccardo: Okay, I guess we're -- you know as I looked more carefully at the fee schedule, I understand why downtown and North San José stay high because of our focus on multifamily developments and high rises and so forth which tend to elevate prices compared to what I think we all know is going on with single family homes in the same districts, prices are dropping, my house is worth about half of what it was when I bought it. What's I think puzzling is we look at this, and when you see areas like West San José or Willow Glen drop by 50% or more in fees, it makes me wonder whether or not we ought to be using some kind of smoothing method here to account for these wild fluctuations in prices that I think are going to have distorting impacts on development incentives in terms of, you know, we don't necessarily want to promote development in the outlying areas of the city. We want to promote them along transit corridors and the downtown, and I am concerned about these fees being so driven by the fluctuations that I'm hopeful that staff will be starting to see a little bit how we can smooth those fluctuations over time as we routinely see in the financial markets those kinds of smoothing methods are used with for instance pension funds.

>> Mayor Reed: Are you looking for an answer now, Councilmember Liccardo?

>> Councilmember Liccardo: Submit it for consideration.

>> Mayor Reed: These fees are different than other fees, these are in lieu of giving us land. And land is cheaper out there in the hinterlands than it is downtown.

>> Councilmember Liccardo: I certainly recognize that, but the fact that fees in one part of the city can drop by 50%, and go up in other parts of the city, tells me I think given what we know for instance about land prices and single family homes you wouldn't be seeing those kinds of disparities. You might see them for select locations for instance in the downtown core that are where you can build high rise. And so what I simply suggest for staff consideration as we go through this process again next year, is perhaps we ought to be taking a broader view about these prices. Because the fluctuations we're seeing here I think are going to create real distortions in development patterns.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. On the point of the land values, I think that I'd like the -- I feel comfortable relying on the data that's been provided and if we come back in a week I'll be supportive of what's laid out in front of us looking at the -- rather than our own individual tales or anecdotal evidence. I mean the reality is that we see a dramatic cost reduction in West San José of almost 50% across the board of all different housing types while the dries in a number of different neighborhoods is much less than that in terms of the fee cost adjustment. So to whatever extent -- to whatever extent there are adjustments it does show a dramatic downturn in the cost in West San José. More than happy to have Councilmember Constant have an opportunity to discuss some of those numbers in greater detail, but I would hate to -- each one of us could sit and look at different neighborhoods and make an analysis and I can make an argument that Boston Valley and Alamo Valley shouldn't be the exact same amount, but I do trust the scientific and database nature of coming up with these numbers and if not, if there is something that's more based on kind of expert opinion as opposed to fact or database, that would be something helpful to know as well in terms of how the numbers were arrived. I don't disagree with Councilmember Liccardo that these dramatic shifts can cause some discomfort and irregularities, and so going forward seeing a way that -- if there's any way possible to change that or to at least look at it that I would be supportive of at least looking into that. And then the last question I have is in regards to the dates, it indicates that any projects that have not fully paid park land fees on or before June 14th, 2010, will go to attachment B. Is it intentional or is it just a practical outcome or both that people are just going to wait until after June knowing that their cost are going to go down 50%, is that part of the process where it's understood it's going to happen?

>> We have not heard from any developer specifically that are waiting for these fees to drop at this time. But that could be a case. We haven't heard anything regarding that from developers.

>> Councilmember Kalra: It indicates that any project which have not fully paid parking fees on or before June 13th, 2010, so I imagine there may be some outstanding fees from some of these projects. And so it encourages them to wait until June 13th, which we're for all practical purposes we're almost there anyway, but I'm just curious if that was taken into account in terms of the outcome?

>> It was, and that is one of the reasons that we wanted to advance this a little quicker. Usually we wait 13 months after the fiscal year, but since some of those are dropping, we knew that some developers may be waiting, so that's why we wanted the fees to change six months after the calendar year as opposed to 13 months.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I'll be supporting the motion as long as the week delay is not going to make any material difference in this. And my other question was already answered, so thank you.

>> Mayor Reed: Vice Mayor Chirco.

>> Councilmember Chirco: Probably revealing my age here but I'm always glad that Councilmember Campos and Mayor Reed have been here longer than I have. But I remember when I got on council what a disarray the PDO and PIO were in, everybody was glad to give the money because it was so much cheaper than land

because we had not kept up our land values in accordance to the real cost of land. And if anything, I certainly can support the motion for the week. But I would just tell Councilmember Constant that to have a higher value based on the multiple listing, I consider to be a real asset because there's an incentive to give the land which the city is never in a position to purchase. But the developer sometimes has that ability where they could give the land in lieu of cash and then we just spent years and years trying to straighten out the PIO, and attach it to the developments that had actually contributed. So I think this is a much better process. I think we've got to keep our land value in accordance to the realities of the market. And so I can certainly support the deferral for a week. But unless there's something dramatic that changes I will be supporting it when it comes back. Thank you.

>> Mayor Reed: All right. We have a motion on the floor to defer this for a week. Further discussion on the motion? All in favor? Opposed, none opposed, we'll take it up again next week, perhaps not so long but we'll see. We will move to item 6.1, amendments to the on-airport rental car operations and lease agreements. We have a motion to approve. All in favor? Opposed? None opposed, those are approved. Item 6.2, streets resurfacing and rehabilitation projects.

>> Hans Larsen: Good afternoon, Mr. Mayor, members of council. I'm Hans Larsen, acting director of transportation. Joining me is Kevin O'Connor, deputy director for infrastructure maintenance. It is springtime in San José, and for many in the department of transportation, this is the season where we enjoy the smell of asphalt in the air. We have the start of our 2010 pavement maintenance program and wanted to provide to council an overview of the program that we have. Today on the council agenda is the first of several construction contracts that the council will be awarding and we thought this would be a good time to get you an overall perspective of the program. I might add that we have submitted today to the county an information memo that provides a comprehensive overview of the 2010 pavement maintenance program. Included is a 17-page attachment with a list of over 700 street segments, that these are the location in which we'll be doing pavement maintenance work this season. Just to highlight the key contracts that we have, either already underway or coming up, we have a very robust program this year, primarily because of one-time moneys that we received from federal and state sources. Our federal pavement maintenance program will be very active, this summer, as well as the last phase of the state prop 1B funds. So already into construction, based on an award in August of 2009, was the tier 1 federal stimulus funds that was \$9.3 million. That started last fall, and then when the rains hit, we couldn't continue that work, so we did the prep work. But starting this spring, we'll see the actual finish of that first phase of federal stimulus pavement maintenance. On the council agenda today is the tier 2 project, that \$6.1 million, so we're asking to you award that contract. Next week we're recommending the city council approve contracts for our residential sealing and arterial collector sealing. So that's almost another \$10 million worth of work covering nearly 150 miles of streets. And then on May 11th will be the fifth contract on the list there, that's a residential resurfacing program for \$6.2 million. In all total, it's over \$30 million worth of work that's done contractually. We have other work that we do with our in-house crews, so we have a total program almost \$40 million for this year. Wanted to point out how we select streets. And this is highlighted further in our information memo. But because most of the money that we are using are one-time state and federal dollars we're picking streets that comply with the grant requirements of those programs. For other discretionary moneys that we have, we use our pavement management system, which determines where the most cost effective use of our available funds should be applied. And that's the primary tool that we use, it's a standardized tool that's used across the Bay Area and really, across the country. We do make some special considerations, where we have opportunities to coordinate with other public projects or other jurisdictions. And that eighth point there, we make a concerted effort to assure that there is a fair and equitable distribution of pavement maintenance work throughout the city. I wanted to highlight where we are overall, this is something that we have been focused on as a policy issue, is this is the pavements condition curve or pavement deterioration curve. You can see the point on the chart there at a rating of 64 pavement condition index. That is the sort of we are here point on that exhibit. And overall our street condition is rated in a fair condition. And what is concerning to us is that as with limited resources to fund pavement maintenance, and we are operating with a \$249 million backlog of deferred maintenance, and this year, fortunately, we're able to fully fund our program to a large degree, primarily because we have one-time moneys. And so we'll probably hold at around that 64 PCI level. But in future years without new moneys we'll be starting what would be a fairly steep descent down the slide so to speak into the poor very poor condition. So that's a key policy issue that we've been working with the council on addressing and certainly there's more work to do. The concern with this is our condition goes down. As you can see, the number -- the dollars there, it becomes a lot more expensive to repair our roads once they get into worse condition. This is a complex issue and we have been working to identify the scope of the problem and opportunities for improving our overall pavement

condition. We did a major report at council direction in 2007. Called our transportation maintenance master plan. And the good thing, though, is we're not alone in this issue. Is that taking care of our basic infrastructure is of concern at the federal level, the state level and the regional level and there's a lot of attention being given to increasing revenue sources at those levels, and certainly we have more to do at a local level. Next month with the transportation and environment committee, they're meeting on May 3rd. There's a report from Public Works and transportation and others that will look at the issue of infrastructure maintenance and next steps. And that concludes our overall presentation. We'd be happy to take any questions. Again, we're pleased to have a very robust program for 2010. Fortunate to have the state and federal funds. 2010 I think is also an important year as we look at trying to solve the structural backlog we have in taking care of our infrastructure, particularly pavement maintenance. Looking forward to working with the T&E committee and council as we further address this challenge. Be happy to take any questions or comments you have.

>> Mayor Reed: First let me just thank or federal delegation for the federal funds, the ARRA or the federal stimulus money. This is the first year I think since I've been here that we're not going to lose ground, just because we have enough funding to hang onto what we've got. That's a very important thing to do. Unfortunately we can't look forward to the same funding them year but we're grateful to get the one time funding and we'll happily spend it on our streets thanks to the federal government that's a good thing. Just in case they're listening and they want to do it next year we'll be ready. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you. And I want to express my appreciation to our team, Hans and the whole department. I know that your advocacy at the regional level has been very important for pushing the Metropolitan Transportation Commission to a fix it first approach something we badly need both for our roads as well as our transit. I wanted to ask a real quick question about small detail but I know it's a big part of our resurfacing in tier 2 which relates Julian between Market and 21st. My understanding is we already had a \$500,000 allocation through VTA, I thought the resurfacing was going to come from within that allocation. And I'm wondering why we would -- you know my hope would be that we would be able to spend resurfacing money somewhere else in the district rather than on that road.

>> Good question. Kevin O'Connor, deputy director of Department of Transportation. The allocation received to do the conversion effort was not enough funding to do a full resurfacing. It was simply to do some pavement repair and essentially provide a suitable treatment to aesthetically make the street look well and restripe it for the new conversion. Upon further review of the street we realized that it did need to be fully resurfaced and were able to leverage the ARRA money and make that occur.

>> Councilmember Liccardo: Thanks Kevin. I move to approve.

>> Mayor Reed: We have a motion to approve. Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Just want to thank Hans and your team for all the work you've done, and congresswoman Lofgren, Congressman Honda, for their support of our city and their support in terms of our request for the federal funding, and of course thank President Obama for this program because without his leadership we wouldn't be doing this at all. Thank you.

>> Mayor Reed: I have no cards from the public to speak on this. We have a motion to approve. All in favor? Opposed, none opposed, thank you very much. We are now going to convene the redevelopment agency board portion of our meeting today. Take a minute to allow the staff to swap out. Our first item will be the redevelopment agency consent calendar. Any items anyone would like to pull off the consent calendar for discussion? We have a motion by Councilmember Campos to approve. Seconded by Vice Mayor to approve the consent calendar. All in favor? Opposed? None opposed, the consent calendar is approved. Item 7.1, amendment to the OMA with the CIM Tway, LLC. Staff will explain what all that means, subordination agreement on the tway building.

>> Harry Mavrogenes: Mr. Mayor, members of the board, this is actually a very good item for us as well. The developer is seeing a refinance and will actually reduce the balance. We have participation provision in the project and I believe this will enhance our ability in the future to get participation, whereas we don't get it now because the loan is high, so we recommend your approval. This preserves our position in the project.

>> Mayor Reed: Motion is to approve. All in favor? Opposed, none opposed, that's approved. We will consider items 8.3 and -- from 8.3 to 8.7 in a joint city-agency session. 8.3 is approval of purchase and sale agreement for acquisition of a portion of 111 West St. John street for the North San Pedro housing project.

>> Harry Mavrogenes: Mr. Mayor, members of the board, again, this is a series of acquisitions, now, to -- which will effectuate the widening of St. James which will allow the conversion of Julian and the restoration of the grid for the north San Pedro residential area. We have agreements with the owners for these slivers of property. The funding is coming from a grant source from the state that we have been awarded and we are conditioning this to not spend the money until we are absolutely sure we have the grant reimbursement available. So this will be from grant funds, and we're very grateful for that from the state, as well. So we recommend your approval of these. There will be other property actions in the coming weeks as well to continue this effort to build this improvement area out. Thank you.

>> Mayor Reed: Thank you. What I'd like to do is take all three of these at one time for any public comment so we'll consider 8.3, 8.4, 8.5. 111 West St. John, 210 West St. James street and 180 West St. James street. Any who want to make comment, we'll get those in and approve in one motion I believe. We have a motion to approve all three items. Request from the public to speak? I have no cards. Further council discussion? Seeing none, the motion, all in favor, opposed, none opposed, those three items are approved. Item 8.6. It's an amendment to the inclusionary housing policy.

>> Harry Mavrogenes: Yes, Mr. Mayor, members of the board. This is being done to coordinate with the recent city action, John Weis may have a few words to follow up on this.

>> John Weis: Members of the board, this is in response to the so-called palmer case in Southern California which invalidated rental housing inclusionary so we need to make our policy in accordance with that, that's what we're doing, a legal change that we're doing.

>> Mayor Reed: We have a motion to approve. I'm curious if there are developers who are going to move forward. We've had so few units move forward over the last year, but today we discussed a probable reduction in the park land in lieu fee, which should be a substantial incentive to somebody and then conforming with the state law, and inclusionary housing ought to be a substantial incentive to somebody. So I think we ought to see some activity. I'm hoping we'll see some activity because it's been flat, close to flat line over the last year and I wondered if John you have any comments on that.

>> John Weis: Yes, Mr. Mayor, we've had discussions even prior to this item coming forward, with the number of developers who hearing that we might do it have said they might dust off their plans in north San José. There are at least three of them who are considering it and they have had discussions with the Planning Department, perhaps 7 to 800 units so that would be a very positive thing in the terms of the number ever money that was invested and the number of jobs that would be created.

>> Mayor Reed: We could use more jobs that's for sure. Councilmember Kalra.

>> Councilmember Kalra: Yes, can I get a further discussion on the opinion as to why legally this has to be done?

>> City Attorney Doyle: Let me try to address that councilmember. The palmer decision was interpreting state law specifically, the Costa Hawkins act which is state rent control law and determined that the inclusionary housing requirements in L.A. or involved in this case contravened the restrictions set forth in that law. So as a result it's called into question any inclusionary housing policy within the state of California, insofar as it affects multifamily, new multifamily rental housing. The Supreme Court denied review of that case, and so it sort of set right now as to law. We understand that there has been talk about proposed legislation to try lift it outside, because there is some question as to whether this is what the legislature intended. But no bills have been introduced as of this date. So we're monitoring it, that's why we've couched it in the way of it's suspended until such time as either the courts grapple with it further and/or the legislature proposes a legislative change.

>> Councilmember Kalra: Now, the -- I received an e-mail from an attorney, a local attorney that works on fair housing issues, and the concern was that this came out, I think it was just released, or this was released publicly very recently. And they don't necessarily agree with the opinion, and wanted more time to have an opportunity to respond.

>> City Attorney Doyle: Yes, this isn't that time-sensitive. I think we could come back if the council or the board desires. I'm certainly willing to speak with anyone. I think this is our view of the law, I think it's the consensus around the state. I'd be surprised but I'm always willing to have a conversation. The other thing is we could adopt it today and always come back if there's some change.

>> Councilmember Kalra: I think it's always easier prior to adoption to have that full discussion and I don't think it requires a lot of time to allow for us to have further analysis while those in the community that have an interest in this to at least have a chance to respond. And offer up other opinions at the end of the day where we may very well agree with your opinion and the opinion of other public jurisdictions around the state but I would prefer if we would come back to allow the opportunity for those stakeholders in the community to at least have a chance to give their own opinion whether they agree or not, with the City's opinion, and so we have more information as to -- as to the different thoughts out there on the palmer case and its implications on our program.

>> City Attorney Doyle: It's not time sensitive. If you share the e-mail with me, we'll be happy to address it.

>> Councilmember Kalra: I'd like to make a motion that we continue, essentially continue this it why for final resolution to a future council meeting. And I don't anticipate it would take much time for those in the community to have a chance to evaluate it and come up with their -- with their personal thoughts and have a chance to come address us if they feel differently. And so it could be 30 days or so. I mean not -- as you say it's not time sensitive so I don't know what date to propose specifically.

>> City Attorney Doyle: Well we'll bring it back as soon as we can. That would be the guidance we take. I think we could address it in a day perhaps a little more.

>> Councilmember Kalra: I'd be happy to contact you with the individual e-mail, you could hash out or explain to them where your logic is and the logic of other agencies as well.

>> Councilmember Liccardo: Is that a request for a friendly amendment? There's a motion on the floor.

>> Councilmember Kalra: Oh, it's -- I'm sorry, it would be a substitute motion.

>> Councilmember Liccardo: I'm happy to take a friendly amendment if you just want to --

>> Councilmember Kalra: No, wasn't the motion to approve the recommendation?

>> Councilmember Liccardo: That's fine if we want to defer it for a couple of weeks so we can look at it that's fine.

>> Councilmember Kalra: The reason I didn't offer it as friendly is it's completely different. If you want to do that however as long as we have some time give some time if Councilmember Liccardo is willing to do that then we can go ahead and I'll just support his motion to delay the item.

>> Mayor Reed: All right. How long and when? I don't know if this is a -- City Attorney says it's not time sensitive, but we don't want to just leave it out there. What about we send this to Rules Committee, and if we can get the report from the city attorney about any conversation, the Rules Committee can put it on whether it's two weeks or three weeks or four weeks.

>> City Attorney Doyle: We'll bring it back to Rules Committee next week with a status report, and we've issued an opinion on palmer.

>> John Weis: The city's policy acknowledges paper which was adopted in December I think. So acknowledging palmer the existing policy of the city ordinance admits that or recognizes that the paper case has validity and in fact is written into the city ordinance. What we're doing here is making the redevelopment agency's ordinance in accordance with the city's ordinance.

>> Councilmember Kalra: That's where there's disagreement from folks that it necessarily speaks to the redevelopment agency. And so that -- it may not be something we agree with but ultimately just to give the opportunity for folks to make that argument and then we can come back and make the final decision.

>> Mayor Reed: Well I think Councilmember Liccardo has the motion, correct?

>> Councilmember Liccardo: Yeah, I'm fine to come back and with a period no more than four weeks. Because I can tell you, I've looked at this case up down and side ways, I'd love to be able to find a way around it. It is what it is, it is already city policy and I suspect we'll be coming back and approving what's before us today.

>> Mayor Reed: Just would also like to note, we have other litigation over our inclusionary housing policy. And I don't know how this would play into that, but better to have this conversation in closed session as we discuss this litigation which is on the agenda later this afternoon perhaps if not it will be soon. Councilmember Liccardo do you have anything else to add? Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I just wanted to disclose in preparation for this meeting my staff has talked to Alyssa Ginsberg.

>> Mayor Reed: Thank you. Take some public testimony at this point. Kerri Hamilton and then James Zaretka.

>> Good afternoon, Mayor Reed and councilmembers, I just wanted to ask staff a question. I know that the report said that the inclusionary percentage will continue on projects that are receiving financial assistance and density bonuses. And I was wondering if you could tell us approximately what percentage of the projects that are coming through roughly --

>> John Weis: That would be zero.

>> I know there's not much going on right now.

>> John Weis: There's nothing coming through. What that's meant to address is if the agency or housing department invests any financial amount into a project that invalidates, would invalidate our proposal and also, if it gets a density bonus and then finally all for-sale projects still would be inclusionary.

>> Right. In good times, do you have any sense of what percentage of our projects, I mean when people are actually building?

>> Mayor Reed: I don't want to do question-and-answer here.

>> I'm sorry.

>> Mayor Reed: Give us your questions and we'll get done to public testimony and I'll get answers to any questions that might have been raised. James Zaretka.

>> Good afternoon, Mr. Mayor members of the council, I just rise to support the idea of delaying the consideration of this event. We didn't find out about it until yesterday afternoon and I think Councilmember Liccardo's right and palmer's clearly a problematic case but the redevelopment law is quite different than the police power law under which you're doing the citywide inclusionary so there's some really smart people out there looking at this. We'd like some time to incorporate what they're working on in consideration of this so I just support the idea of getting a bit more time for us to get the stakeholders at the table and talk about this a bit more. Thank you.

>> Mayor Reed: That concludes the public testimony. There was another question I think that was posed. If you've got anything further to add.

>> John Weis: We rarely get density bonuses because we already build very high density projects. And we haven't put -- the agency has not put money into a housing project in over six or seven years.

>> Mayor Reed: Well except for the 20% that goes to the housing --

>> John Weis: That's correct. But direct 80% funds has not happened for quite some time.

>> Mayor Reed: Okay. We have a motion, Councilmember Liccardo's motion is to defer it for not longer than four weeks. And we'll get the City Attorney to report on -- at the Rules Committee and we can pick a date once he's had a chance to do the work. Further discussion on it? All in favor? Opposed, none opposed, that's approved. Back in four weeks or less. Item 8.7, actions related to installation of new fixed seats for the civic auditorium. Motion to approve. I think the executive director wants to explain where the money is coming from.

>> Harry Mavrogenes: Mr. Mayor, members of the board, thank you. When we approved the bids for the civic remodeling you Mr. Mayor had asked us to find another source to help finish the seating. We have done so with the help of Team San José. The historic theater preservation fund has funding available, we've gone to them, and they've approved the allocation, so we will now have the fixed seating done and it will allow us to complete the project. So we're very pleased with the grant of this money, and moving forward with the project, thank you.

>> Mayor Reed: All right, I have one card from the public, couple of councilmembers, take councilmembers first, Councilmember Constant.

>> Councilmember Kalra: Thank you, mayor. I just wanted to publicly acknowledge the theater preservation group, the work that they're doing, the nonprofit group that's been put together has really been instrumental in gathering the money for this and I think it's important to recognize that this is kinds of like the ultimate cost recovery program because the people who are using the venues are paying for the improvement to the venues. I think it's a very good model, and it's due to the dedication of the board of this nonprofit, which I know it mentions is part of Team San José but a completely separate entity that might have been hatched through the Team San José process, but they're an independent board and they've been doing really good job and I wanted to be sure on the record we acknowledge their work, and it's a great way to deal with a vast amount of issues for which we have no money.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I wanted to share in Councilmember Constant's thanks. The theater preservation fund obviously fills an enormous gap that we have when we created many of these facilities, which is we have no sinking fund to care for them. And so I just wanted to add a general note of hurray, with regard to the demise of the orange seats, I thought it might be an interesting fund raiser to see if we could auction those things off. I would like one in my office. Thanks.

>> Mayor Reed: I'll take the public testimony at this time. Ann Hearst.

>> Thank you, Mr. Mayor. Members of the council. I'm delighted to be here, giving rather than asking. As president of the theater preservation fund, I am very happy to tell you that our board of directors has decided to contribute \$386,027.70 for the purchase and installation of fixed seats for the renovation at the civic theater. The theater preservation fund has been generated by patrons of the CPA, the Montgomery and the California theaters. Patrons of the San José opera, children's musical theater, symphony Silicon Valley, the San José ballet and others who use these venues pay a \$1 per ticket facility fee which goes directly to the theater preservation fund. My colleagues on the board, Irene Dallas of San José opera, Andrew Bales of symphony Silicon Valley, and I are delighted that our first allocation from this fund will connect the city's theater patrons, past and present, and contribute to continued enhancement and enjoyment of downtown arts and cultural offerings. Despite the very difficult economics environment, the important renovation of the civic can be finished in a timely fashion. We think

it's a wonderful investment. We hope the new seats fill up again and again with new patrons enjoying expanded entertainment offerings, generating more life and livelihood for our downtown. Thank you very much.

>> Mayor Reed: That includes the public testimony on this item. Councilmember Oliverio.

>> Councilmember Oliverio: Mayor, may I ask Ann a question? Ann, first of all, thank you so much. We're obviously going to get good use out of it in reviving the civic with great seating. But I just wanted to touch base, since you also represent children's musical theater and the civic auditorium is a revamping and there is that elevator topic, I just want to understand while you're here and Harry Mavrogenes and everyone else, have we resolved the discussion on the elevator?

>> I think we're still talking about it. We understand that it needs to go in for reasons that are very understandable. It is a very challenging situation. Originally this amount of money was proposed as a loan with the hope that we would be able to reit and complete some of the work at the Montgomery. The board decided to give the money outright, as a statement of all of us work together. And we know we will all keep working together with you on that.

>> Councilmember Oliverio: If you would CMT, I know it's been some that said it's resolved but sometimes not resolved so that's why I asked the question while we're all here in public. Thank you.

>> Thank you, grateful to you for that.

>> Harry Mavrogenes: We are working closely with them on the remodeling as well to minimize the impact so we'll keep that in mind.

>> Mayor Reed: That concludes the public testimony. Any further council discussion? I don't think so. We have a motion. All in favor? Opposed? None opposed, that's approved. Take the money. That's good! We have the open forum, and then we're going to go back into closed session to finish the rest of that closed session agenda. Open forum I'll call several names. Please come on down to the front when I call your name so you're close to the microphone. Ross Signorino, Christian Avendano, Mario Mendez.

>> Ross Signorino: Thank you, Mr. Mayor, I was going to bring up the subject open be the issue of the airport, the taxis and all that sort of thing but I didn't think I would get away with it so I could do this during the open forum. I was at the meeting of the high speed rail last Thursday at the county building and the chambers were loaded with all kinds of people, people that were interested in this. And it stood in my mind what was going on is this, we're all enthusiastic about this high speed rail, but I wonder, what competition is this going to give to our financially strapped airport right now, when we're losing airlines through there, we're trying to make ends meet, we're incurring a great, great debt that's going to last 30, 40 years, in regards servicing the bonds and everything there. And this high speed rail that we're praising so much, I know the rationale, what you're saying, it's going to bring economic development, it's going to bring jobs here and stimulate the economy. But I wonder what it's going to do to our airport in regards to its passengers load going down to the Los Angeles area and so on. So I know there's not much you can do about it because you're going to say well, the voters approved it, on 1A and which they did. And -- but I'm just wondering if there's some way you can revamp that, not put in the line from here to San Francisco, and just run it from here down to L.A., where I don't think that would affect our airport so much. And I think you have to consider that the airport may be damaged quite a bit by this. So maybe that's a way to curtail the line just a little bit, because we have CalTrans going in that direction anyway. I don't realize, I don't know how important, and of great value that would be, to hook that up from here to San Francisco. But go from here down South to protect our airport passengers. Thank you.

>> Mayor Reed: Sorry your time is up. Christian Avendano, Mario Mendez, Crystal Sanchez.

>> Good afternoon, everybody, my name is Christian Avendano. I attend San José community, I come from Washington Community. I am here to propose you to not close the center because it keeps people out on the streets, without it what are they going to do. Also because the center has many programs that everybody can go, people also, mostly because the center is like my second home. So please don't close the center, thank you.

>> Mayor Reed: Mario Mendez, Crystal Sanchez, Vanessa Romo.

>> Good afternoon, Mayor Reed and city council. My name is Mario Mendez, and I have participated in this service, the Washington United youth center, for more than nine years with my daughter. They participate for glory dance with Brenda Lopez group and my daughters are happy and have grown up in the center. Through this program, they have become more motivated to be excellent students. I would like other children to have this opportunity and not to be in the street doing bad things. Without the center, there will be more bandalismo and more robberies. Please do not close our center because we request your support and healthy community.

>> Mayor Reed: (saying names).

>> Good afternoon, good afternoon everyone. My name is Crystal Sanchez and I've just turned 18. I've heard hundreds of news reporting describing the economic situation we're currently facing and it's truly sad how many things in our states have to be either closed or reduced their funds. Managing the city and the monetary matters is among the best things that you do hands down but community -- but our community centers such as the Washington United center will affect us greatly, if it is closed. In a way that it could be viewed as a domino theory. If the center closes, the young youth will be affected. Many of us find refuge in this establishment. If it is closed for many of those currently attending the center will not find ways to be helped academically or personally. People will be going back to the cities and they will be -- will -- yeah, they'd be involved in like drugs and all that type stuff. When I first went to the center I went there because I had to do my community service hours. But as I continued attending I've found -- I felt welcomed and I felt like I truly belonged. The staff taught us that if we do not like something in our community it is our responsibility to take initiative and to change our situation. Thank you, mayor and city council members.

>> Mayor Reed: Vanessa Romo, Janet Mercado, Michelle Wheeler.

>> Good afternoon, Mayor Reed and councilmembers. My name is Vanessa Romo, I'm 17 years old, I attend Willow Glen high school, as a senior, and I live in the Washington community. The center has helped me in many ways like by helping me write recommendation letters completing my resume and empowering me by joining the young women's empowerment program, the tech leadership and self defense classes all offered at the center. The staff has also encouraged me to be part of the youth advisory commission for district 3 for Sam Liccardo. I can say now because of Washington United center's help I have a scholarship to go to UCLA and I'm an active member of my community. Hopefully the Washington center is still around for my younger sisters, ages 13 and six, to take advantage of all of its great opportunities. Thank you.

>> Mayor Reed: Janet Mercado, Michelle Wheeler, Brincy Carrera.

>> Hello, good afternoon, I'm Janet, I'm 14, and I attend Lincoln High School. And I've been coming to the Willow Glen center for nearly three weeks and since then it has impacted my life. It has kept me off the streets and kept me more involved in the community. Here at the center I plan on keeping it open and plan on helping out in any way so the center doesn't close down. I know the center has gotten people involved with the community, made them make better decisions with their lives, given friendships, given opportunities for the teens to join different programs and much more. The reason why I come to the Washington United youth center are for causes that have made me more confident about the decisions I make and about myself has made me gain more friendships, got me more involved with the community, and has made me realize that everyone is open to be involved with anything as long as they put their mind into it. Thank you for your time.

>> Mayor Reed: Michelle wheeler, Brincy Carrera, Ruby Reyes.

>> Hi, I'm Michelle wheeler, I'm 16 years old, and I'm currently a student at Willow Glen high school. I've been coming to the Washington Youth Center for a few years now making it a part of my weekly routine. Since I've been here I've been getting involved into different program that provide me that is provided for the pierce such as leadership young women's empowerment program and MMA. I have built a relationship with all the members, staff members which give me opportunity to have an adult role model that I can go to if I need help with advice. I do not always have Internet access at my house but I am given the opportunity to be able to do my homework in the computer lab where I could have an adult help me if it's necessary. I look at all the young children that come

to the center and realize that I'm good to be 18 soon, and I just hope that the young kids that come to the program is given the same opportunity as me because it impacted my life tremendously making me wiser and make me have better choices in life.

>> Mayor Reed: Brincy Carerra, Ruby Reyes.

>> My name is Brincy carerra, I'm 16 years old and I live in the Washington neighborhood. I've been attending the Washington United youth center since I was 7. My mom used to volunteer, and my two brothers go there every day. At the Washington United youth center I met a lot of great people that have changed my life. They are not only my friends, they are like my family. The staff there are amazing people who help me with anything I need. The Washington United youth center has not only given me friendship and support but it has also given me great programs such as leadership class, tech class, mixed martial arts, young women's empowerment class and great community events that help me get the community service hours I need for school. What I'm trying let you guys know is that if you guys decide to close the center you will not only be closing the building, but you will be ending my support system. So please, don't close our youth center. Thank you, councilmembers, and mayor.

>> Mayor Reed: Ruby Reyes is our last speaker.

>> Good afternoon, ladies and gentlemen, my name is Ruby Reyes, I'm 16 years old and I attend Willow Glen high school. I have lived in the Washington community for approximately four years. And for the past three years I have been a member of the Washington United youth center. In the times that I have lived in this neighborhood, the youth center is the only plagues that my parents allow me to go because they have met and talked with the staff members. The staff members in the Washington youth center are friendly and dedicated to what they do in our safety. They take the time to help us and listen to what we have to say even though they have a pile of work due the next day. My parents know that the center is an educational and safe place for me. Through the young women's empowerment program leadership and tech lab I learn about more values, hidden messages and I even learned how to build my own computer. I have learned how to become a better person and help those who are in need. Thanks to the young women's empowerment program I feel knowledgeable and informed about what I can do to help friends family members and myself about issues such as domestic violence and teen pregnancy. Through tech lab I set goals for my future and what I must do in order to achieve them. I also did this through the leadership class in which I participated and in every activity we did I learned of a hidden message I never would have known. I learned to be a leader, be a team member and trust others in order to get things done. This is my story, and it is why I persuade you to keep funding the Washington youth center, thank you.

>> Mayor Reed: Thank you all for coming. We appreciate your comments on our difficult budget decisions. That concludes the open forum. We are now going to go back into closed session to complete the closed session agenda. We will not be coming back into public session. So we are going to adjourn back into our meeting with our City Attorney.