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11-30-09 SAN JOSE

>> WE WILL BEGIN THE MEETING AND WELCOME TO YOU ALL. AND BEGIN WITH THE REVIEW OF THE WORK PLAN AND WE HAVE KIM WALSH TO LEAD US.

>> GOOD AFTERNOON, MADAM CHAIR, I WANT TO POINT OUT WE HAVE ONE MORE MEETING ON DECEMBER 14, AND WE ARE NOW IN THE PROCESS OF DEVELOPING THE WORK PLAN FOR THE PERIOD FROM JANUARY THROUGH JUNE THROUGH NEXT YEAR. OTHER THAN NO ACTION.

>> I SEE. OK. OK, SO WE ARE GOING TO GO TO PART "C" UNDER THE AGENDA. AND YES, ALL THE ITEMS ON THEM HAVE BEEN DEFERRED. AND NO. 2 IS ON REPORTS TO COMMITTEE COULD NOT BE REMOVED. WE WILL SKIP OVER THAT AT THE TIME WE ARE THERE. AND KIM, YOU ARE FINISHED WITH YOUR MONTHLY REPORT?

>> YES. THANK YOU, SO THIS IS THE PART OF THE AGENDA WHERE WE HIT ON SOME HIGHLIGHTS OF ACTIVITIES IN THE ECONOMIC DEVELOPMENT AREA IN THE LAST MONTH, AND THIS WILL BE FOLLOWED BY A WRITTEN REPORT. THERE ARE TWO PROJECTS THAT ARE BOTH STRATEGIC PROJECTS THAT STAFF AND REDEVELOPMENT STAFF ARE MAKING PROGRESS ON. THE FIRST IS SAN PEDRO URBAN MARKET, THAT'S THE RENOVATION OF TWO BUILDINGS AND THE UPGRADE OF THE PLAZA NEAR THE ADOBE FOR AN INDOOR/OUTDOOR URBAN MARKET AND THAT WILL BE TODAY PROJECT COMMISSION THIS WEEK AND MOVE ON TO PLANNING COMMISSION NEXT WEEK FOR REVIEW OF A PERMISSONAL USE PERMIT. AND ONCE THAT'S DONE, THEN THE OPENING OF THE FIRST PHASE IN THE SUMMER. THAT'S A STRATEGIC PROJECT FOR THE DOWNTOWN. AND THE SECOND EFFORT IS AIRPORT WEST LAND, AND EIR AND ZONING WILL COMING FORWARD TO THE PLANNING COMMISSION IN JANUARY AND SCHEDULED FOR COUNCIL REVIEW IN FEBRUARY. AND ONCE THAT APPROVAL OF EIR AND ZONING IS DONE, ALL ENTITLEMENTS WILL BE IN PLACE FROM A LAND USE PERSPECTIVE FOR THAT TO MOVE FORWARD AS A SOCCER STADIUM. ONE UPDATE ON THE STIMULUS FRONT, THE CITY OF SAN JOSE RECEIVED A FEDERAL STIMULUS ALLOCATION THROUGH THE FEDERAL GRANT BLOCK PROGRAM FOR 1.2 MILLION, AND WE KEYED IN ON PROVIDING THREE OR FOUR COMPANIES IN THE CLEAN-TECH AND HIGH-TECH AREA FOR SUPPORT OF FUNDING FOR THE PURCHASE OF EQUIPMENT THEY NEED. AND THAT EQUIPMENT GOES ON THE PROPERTY TAX ROLES AND BENEFITS THE CITY. AND THE COMPANIES WILL BE HIRING LOW TO MODERATE INCOME RESIDENTS. 51% OF THE PEOPLE THEY WILL HIRE AS A RESULT OF HAVING THIS EQUIPMENT AND BEING ABLE TO INCREASE THEIR PRODUCTION WILL BE LOWER TO MODERATE RESIDENTS. THAT'S A TERRIFIC PROGRAM. AND I WANT TO POINT OUT BEFORE THE THANKSGIVING HOLIDAY, WE SUBMITTED OUR ALLOCATION TO BE AN I-HUB, A REGIONAL INNOVATION HUB, AND MR. RENTWORTH OF THE DRIVING FORWARD OF THIS STATE APPLICATION. WE TALKED ABOUT THIS LAST TIME, IT DOESN'T GUARANTEE ANY RESOURCES OR SPECIAL TREATMENT AT THE MOMENT, BUT BY BEING DESIGNATED AS AN I-HUB WE ARE IN LINE FOR FUTURE SUPPORT. AND ABLE TO SUPPORT A LIST OF INDUSTRIAL LIST OF PARTNERS THAT ARE PART OF THAT APPLICATION. AND WE SHOULD HEAR BY MID-DECEMBER. THAT WAS A SIGNIFICANT ACCOMPLISHMENT. ALSO IN THE GREEN AREA, I THINK YOU KNOW WE ARE MOVING FORWARD WITH THE CONCEPT AT LOS PLUMOS OF A SAN JOSE ENVIRONMENTAL CENTER, AND IT WOULD BE COMPLIMENTARY AND PROVIDE DEMONSTRATION SPACE FOR CLEAN-TECHNOLOGY COMPANIES. AND PROVIDE WORKFORCE TRAINING SPACE AND A PLACE WHERE CONSTRUCTION MATERIALS COULD BE USED. PAUL AND SCOTT GREEN LEAD A SUCCESSFUL VISIT TO OUR OFFICE IN SEATTLE TO PRESENT OUR ASK FOR \$4 MILLION CONTRIBUTION ON THAT, AND THAT MEETING WENT WELL. AND IT WAS A GOOD OPPORTUNITY TO EDUCATE THE LEADERS OF EDA ABOUT SILICON VALLEY. THERE STILL REMAINS THAT THEY ARE NOT SUFFERING FROM THIS DOWNTURN AND THAT EVERYTHING IS GOING WELL. AND IT WAS A LEARNING OPPORTUNITY THAT PEOPLE IN HIGH-LEVEL GOVERNMENT DECISION MAKING, THEY DON'T KNOW ABOUT SILICON VALLEY OR OUR UNEMPLOYMENT RATE AND VACANCYIES HERE. SO NEXT MEETING THE ECONOMIC DEVELOPMENT STRATEGY UPDATE THAT WE HAVE BEEN WORKING ON, SO THIS IS AN UPDATE TO 2003 STRATEGY, AND WILL BE RELEASED FOR PUBLIC REVIEW AND SHARED AT THE DECEMBER 14 MEETING AND AVAILABLE FOR PUBLIC COMMENT FOR SEVERAL MONTHS BEFORE MOVED FORWARD TO COUNCIL. I WANT YOU TO KNOW THAT'S HAPPENING. AND TWO

MORE ITEMS, ONE, I WANT YOU TO BE AWARE ON FRIDAY, NOVEMBER 6, IN THIS ROOM WE HAD AN INCREDIBLE GATHERING FOR CLEAN-TECH COMPANIES IN SILICON VALLEY WHO ARE INTERESTED IN TAPPING THROUGH GREEN MARKETS IN EUROPE. THERE WAS A FOREIGN SERVICE THAT WOULD HOST THE EVENT IN SAN FRANCISCO AND DID NOT LEARN THAT THE CENTER IN THE AREA IS CENTERED AROUND SAN JOSE AND CHOSE TO HAVE AN EVENT WHERE THEY HAD THE OFFICERS FROM FRANCE, GERMANY AND ITALY AND SWEDEN, WE HAD 60 PEOPLE TURN OUT. THERE WERE PRESENTATIONS IN THE MORNING AND IN THE AFTERNOON THEY WERE ONE-ON-ONE BUSINESS ADVISING GOING ON. ALL OF THOSE SLOTS WERE SOLD OUT AND IT WAS A VERY SUCCESSFUL EVENT. AN EXAMPLE OF CITY GOVERNMENT MAKING ASSUMPTIONS THAT WON'T MAKE ON THEIR OWN. AND LAST TO KEEP THE ARTS AND CULTURE ON YOUR RADAR SCREEN, THE ZERO-1 BIENNIAL IS COMING UP, AND THEY HAVE MADE GREAT PROGRESS ON TWO EXCITING ART WORKS. ONE YOU MAY KNOW THE ARTIST, SHEPHERD FERRY, THAT DID THE OBAMA HOPE POSTER, HE HAS A HISTORY OF DOING WORK IN SAN JOSE EARLIER HIS CAREER. AND HE WILL DO A MURAL THAT WILL BE INSTALLED DOWNTOWN IN JUNE, 2010. AND THEY HAVE ENGAGED THE ROCKWELL GROUP THAT IS THE WORLD PREMIER FOR DOING THE WORK FOR ACADEMY AWARDS AT KODAK THEATER AND THEY ARE ENGAGED TO DO THE ROTUNDA LIGHTING AND SPECTACLE LIGHTING, THEY WILL KICK IT UP A NOTCH AND THEY WERE OUT HERE TWO WEEKS AGO. AND EXCITED TO USE OUR CITY HALL AS AN ARCHITECTURAL LANDSCAPE, AND THOSE WILL REQUIRE A LOT OF GOOD SERVICES FROM THE DEPARTMENTS, AND PUT THAT TO YOUR RADAR SCREEN. AND WE HOPE TO KEEP THE ROCKWELL GROUPS WORK UP THROUGH SEPTEMBER AS THE WORLD CONFERENCE WILL BE HERE. AND THOSE ARE HIGHLIGHTS IN THE WRITTEN REPORT.

>> FANTASTIC, I HEAR COMMENTS ABOUT YOU ALL THE TIME AND NOW PART 3. YES, GOOD IDEA. ON THE CONSENT CALENDAR WE HAD FOUR ITEMS THAT NEEDED TO BE DEFERRED AND ONE DROPPED.

>> MOVE TO DEFER.

>> SECOND.

>> ALL IN FAVOR.

>> AYE.

>> THANK YOU VERY MUCH. AND READY TO MOVE ON TO NO. 3, THE AIR SERVICE DEVELOPMENT AND INTERNATIONAL STRATEGY. YOU TWO HAVE BEEN DOING SOME CORPORATE OUTREACH.

>> I CAN TELL YOU ABOUT A BUNCH OF THINGS. BUT FIRST OF ALL, I WOULD LIKE TO START WITH WHAT IS HAPPENING IN THE AVIATION INDUSTRY. DO A QUICK ONE-PAGER HERE. AND THE FIRST PAGE WE COME TO, EVERYTHING ON THIS PAGE REFERS TO WHAT HAS HAPPENED JANUARY THROUGH OCTOBER. SO IF YOU LOOK AT THE INDUSTRY, THE AIRLINE INDUSTRY AND THE LEGACY CARRIERS, THE BIG GUYS LIKE AMERICAN AND CONTINENTAL, THEY ARE HAVING A FAIRLY ROUGH YEAR, PROBABLY THE WORSE IN THE LAST 20 YEARS. TRAFFIC DOWN ABOUT 7.5% AND THEY HAVE CUT OUT 7.5% CAPACITY, THAT'S WHAT HAPPENED LAST SEPTEMBER AS AIRLINES DECIDED TO GROUND AIRLINES AND AMERICAN AND UNITED AND DELTA ABOUT 50, IT WAS LIKE SOMETHING LIKE 400 WENT OUT OF THE LEGACY FLEETS. AND ON THE OTHER SIDE, LOW-COST CARRIERS LIKE SOUTHWEST AND JETBLUE, THESE ARE THE AIRLINES THAT HAVE GROWN STEADILY. THIS YEAR THEY ARE ALL FLAT. EVEN THEY TOO HAVE BEEN AFFECTED BY WHAT IS HAPPENING. OVER ALL THE THREE BAY AIRPORTS WITH TRAFFIC DOWN, AND SAN FRANCISCO IS OFF LESS THAN 1% AND OAKLAND IS DOWN 1% AND SAN JOSE IS DOWN 16.1 RIGHT NOW. THE NEXT PAGE, THE NEXT CHART I HAVE THERE, IT'S A MONTHLY COMPARISON OF THE, EVERY SINGLE MONTH IS A DECLINE FROM JANUARY, 08, THROUGH OCTOBER, 09, BUT THE KEY THING IS THAT THE WORLD STARTED TO FALL AFTER WE CUT THE FLIGHTS AND THOSE ARE VERY KEY MARKETS FOR THE AIRPORT. AND WHAT IS MOST CONCERNING IS IF YOU HAD OTHER FLIGHTS TO PUT THEM ON, THAT WOULD BE FANTASTIC. BUT WHEN YOU LOSE ONE OF YOUR TWO NEW YORK FLIGHTS, YOU DON'T KEEP MUCH THE BUSINESS. BUT LOSE YOUR ONLY BOSTON FLIGHT THEY GO TO SAN FRANCISCO AND HAVE CHOICE OF 10 TIMES TO FLY. AND IF THEY HAVE TO GO TO DALLAS, THEY FLY OUT OF SAN FRANCISCO. AND THIS IS WHAT WE HEARD FROM THE CORPORATE FOLKS WE WILL TALK WITH LATER ON. THE GOOD INDICATION IS THAT WE HAVE

FINALLY ANNUALIZED OUT AND HIT UNDER THE DECLINE AND OCTOBER IS OF 8%. AND THE DECLINES ARE SHORTER FLIGHTS, WE LOST SERVICE TO SAN DIEGO ON AMERICAN EAGLE, BUT WE STILL HAVE SERVICE BY SOUTHWEST AIRLINES. AND THE ODDS OF US LOSING TRAFFIC UP TO SAN FRANCISCO SO THEY CAN KEEP THEIR 350 MILES OF AMERICAN AIRLINES ADVANTAGE, MAY NOT BE AS ATTRACTIVE, WHY DON'T I GET ON THE PLANE AT SAN JOSE, I CAN GET THERE QUICKER. WE WON'T LOSE AS MUCH THE NEXT FEW MONTHS, AND HOPE BY SOME TIME TOWARDS THE END OF THE YEAR, WE WILL BE BACK TO 0% OR SO. SORRY.

>> OUR FORECAST FOR THE FISCAL YEAR IS 7.5% DOWN FOR THE ENTIRE YEAR. SINCE WE STARTED THE YEAR, RUNNING 16-17% UNDER, WE HOPE TO SEE THIS DECLINE LESS AND FORECASTING NEXT YEAR A SLIGHT GROWTH. THAT WOULD BE WONDERFUL TO SEE. WE ARE PROBABLY BOTTOMING OUT ON TRAFFIC PROJECTIONS AND HOPE THAT'S THE CASE.

>> ON THE NEXT SLIDE TALK A LITTLE ABOUT THE CORPORATE OUTREACH. WHEN WE LAST MET WE SAID WE WERE GOING TO BE OUT THERE TALKING TO THE COMMUNITY AS MUCH AS POSSIBLE TO THE BUSINESS FOLKS. AND ONE OF THE FIRST THINGS WE WERE ABLE TO ACCOMPLISH THANKS TO COUNCILMEMBER LICCARDO, HELPED US GET OUR FOOT IN THE DOOR WITH LEADERSHIP GROUP. AND WE OPENED UP THE SERVICE WITH THE MAYOR'S OFFICE AND THE ECONOMIC DEVELOPMENT GROUP AND OTHERS. WE ENDED UP IN ONE MONTH WITH MORE RESPONSES WITH THAT GROUP THAN THE PREVIOUS EIGHT MONTHS COMBINED. VERY PROMISING. WHAT IS INTERESTING WE FOUND THAT FIVE OF THE COUNTRIES WERE VERY STRONG WITH TRAVEL TO EUROPE, AND THAT WAS KAYLA AND APPLE AND ADOBE AND JUNIPER, AND CHINA IS A KEY DESTINATION TO MANY OF THE FOLKS. AND WE STILL HAVE THAT BUSINESS GOING OUT OF SAN FRANCISCO, AND THAT'S SOMETHING THAT WE HOPE TO REACH OUT IN THE NEXT COUPLE OF YEARS AS THE INDUSTRY TURNS AROUND AND ECONOMY IMPROVES. THANK YOU FOR YOUR HELP ON THAT ONE. AND JIM WEBB HAS BEEN DOING SOME GOVERNMENT AFFAIRS MEETINGS.

>> WE ARE ANXIOUS TO GET CORPORATE SUPPORT. AND WE KNOW THERE ARE MANY LEVELS AND DOORS INTO OUR SILICON VALLEY CORPORATIONS. WE ARE TALKING TO CORPORATE TRAVEL MANAGERS, AND OUR STAFF IS DOING THAT. AND JIM WEBB IS TALKING TO HIS COUNTERPARTS AND COMPANIES. AND WE'RE BRINGING IN BUSINESSES INTO THE AIRPORT OVER THE NEXT SIX MONTHS. THIS IS A COMBINATION OF ONE-ON-ONE MEETINGS TO MAKE INTRODUCTIONS OF THE AIRPLANE TRANSFORMATION, AND THE ADVANTAGES FOR SUPPORTING AIR SERVICE IN SAN JOSE. AND WE ARE BRINGING IN INREACH MEETINGS, STARTING THIS WEEK WITH THE SILICON VALLEY LEADERSHIP GROUP, WORKING COUNCIL HOLDING A REGULAR MEETING ON THURSDAY MORNING. WE HAVE SEVEN MEETINGS SCHEDULED OVER THE NEXT SIX MONTHS. THIS INCLUDES THE BOARD AND CHAMBER OF COMMERCE AND VISITOR'S BUREAU AND THE TRAVEL ASSOCIATION WILL HAVE THEIR REGULAR MONTHLY MEETING AT THE INTERNATIONAL RIVALS SPACE INSIDE THE AIRPLANE, WHERE WE WILL HAVE TOURS OF THE FACILITY AND A SHORT PRESENTATION ABOUT OUR ISSUES AND OPPORTUNITIES. ALL OF THIS IS PART OF OUR OUTREACH AND INREACH TO BUILD AWARENESS AND PARTNERSHIPS WITH THE BUSINESS LEADERS. AND ONE THING WE HAVE LEARNED IS THAT THE AIRPORT AND THE SERVICE IS REALLY NOT A PRIORITY IN TERMS OF ATTENTION LEVELS FOR THE C.E.O.'S OF OUR WORLD IN SILICON VALLEY. THEY ARE FOCUSED ON SHIPPING PRODUCT AND BEING PROFITABLE. AND THE AIRPORT FROM THEIR POINT OF VIEW IS NOT AN ISSUE, AND FROM TRAVEL PERSPECTIVE AND THE BIGGER PLAYERS RELY ON LEGACY AND EAST COAST TRAVEL, WE CAN'T MEET THEIR NEEDS UNTIL WE HAVE MORE DEMAND AND USERS TO MAKE THE CASE INSIDE TO THE TRAVEL MANAGERS AND THE C.E.O.'S. AND THIS GOES BACK TO OUR EFFORTS TO REACH DIFFERENT LEVELS INSIDE OF THE COMPANIES, AND TO REMIND THEM THAT THE AIRPORT IS HERE. AND IT'S NOT THE SAME AIRPORT THAT MANY HAVE REMEMBERED FROM THE PAST. THIS IS TRULY A NEW FACILITY, TERMINAL "A" IS TRANSFORMED AND TERMINAL "B" IS ABOUT TO OPEN IN SIX MONTHS. AND BY TOUCHING IT AND SEEING IT AND WALKING THROUGH IT, WE ARE HOPEFUL AND OPTIMISTIC THAT WILL CARRY THROUGH TO MORE INTEREST AND DEMAND IN AIRLINE ENGAGEMENT.

>> WE HAVE ONE OF THE FELLAS FROM THE OFFICE, STEVE IS THE ONE THAT DOES THE SIT-DOWN SESSIONS WITH THE TRAVEL MANAGERS. THEY ARE USUALLY 30-45 MINUTE SESSIONS. AND THE KEY THING FROM THEM THAT THE STATISTICS THEY CAN'T SHARE

ACTUAL DATA THAT THERE ARE 750 PEOPLE THAT NEED TO GO TO NEW YORK AND FLY OUT OF SAN FRANCISCO. WE DON'T KNOW THE EXACT NUMBERS BECAUSE THAT'S CONFIDENTIAL. BUT THEY TELL US WE NEED MORE LEGACY CARRIER SERVICE OUT OF SAN JOSE, AND ONE THING I WOULD LIKE TO SHARE WITH YOU. WHILE TRAFFIC IS DOWN IN THE AIRPORT FOR THE LAST BUNCH OF MONTHS. LOOKING AT AMERICAN AIRLINES, ABOUT FIVE OF THE LAST SIX MONTHS THEIR LOAD FACTORS OUT OF SAN JOSE HAS BEEN 90% OR BETTER. CONTINENTAL ABOUT SIX MONTHS IN A ROW, AND DELTA FOUR OUT OF FIVE, AND NORTHWEST 12 MONTHS IN A ROW IT'S ABOVE 90%. SO THOSE CARRIERS ARE FLYING HEAVY AND WE WANT TO FOCUS ON THAT GROWTH. SINCE WE GOT TOGETHER IN MAY, WE HAVE HAD QUITE A FEW DIFFERENT MEETINGS HERE AND THERE AND EVERYWHERE. WE HAD A VISIT FROM AN ALASKA AIRLINE VICE PRESIDENT AND ONE OF THEIR DIRECTORS BACK IN JUNE. AND THEY CAME DOWN TO TAKE A LOOK AT THE FACILITIES. AND THEY WERE SO EXCITED ABOUT THE FACILITIES THEY WILL BE MOVING INTO, WE SAT DOWN WITH THEM AND STARTED A GOOD BUSINESS RELATIONSHIP. AND WHEN AMERICAN HAD CANCELED THE SERVICE OF THE NERD BIRDS TO AUSTIN, THEY STEPPED UP AND DECIDE TO DO THE SERVICE AND LAUNCHED THAT FLIGHT IN SEPTEMBER. AND THEY ANNOUNCED TO DO SERVICE TO MAUI AND KONA AND FLIGHTS TO SPOKANE, WASHINGTON, ALL HAPPENING IN MARCH. THEY ARE GOING FROM 13 FLIGHTS AND A SEASONAL SERVICE FROM MAMOUTH, I AM FROM THE EAST COAST, I THINK MAMOUTH MOUNTAIN SERVICE STARTING. SO THAT'S WHAT IS HAPPENING IN ALASKA AND HORIZONS. THOSE ARE PROMISING AND GOOD RELATIONSHIPS GOING THERE. AND WEST JET WE HAVE MET IN THE LAST YEARS AND I MET WITH THEM IN JUNE, AND WE CONVINCED THEM TO VISIT IN OCTOBER. AND THEY TOOK A TOUR OF THE FACILITIES AND THEY ARE PARTNERING WITH SOUTHWEST AIRLINES IN THE NEXT YEAR OR SO. AND WE HAD THE SOUTHWEST MANAGER JOIN US FOR THE TOUR. AND HE WAS ONE OF THE BEST SALESMEN WE HAD, HE WAS TELLING THEM HOW WONDERFUL THE FACILITIES ARE AND THE STAFF ARE SO GOOD TO WORK WITH. I KEPT SAYING I DIDN'T PAY THIS FELLA TO DO IT. AND WE ARE DISCUSSING THEM AND TRYING TO DECIDE WHAT CITY IN THE BAY AREA THEY WANT TO LAUNCH FROM. THERE IS A LOT OF COMPETITION IN SAN FRANCISCO, IT'S AIR CANADA AND UNITED AIRLINES AND EIGHT FLIGHTS A DAY TO VANCOUVER. IF THEY GO OUT OF SAN FRANCISCO, THEY HAVE TO LAUNCH MORE FLIGHTS. UNITED AIRLINES, I WAS IN THEIR OFFICES EARLIER THIS WEEK, BEGGING FOR DALLAS AND CHICAGO FLIGHTS, ETC. TODAY THEY ARE STILL NOT READY TO RESUME THE FLIGHTS, THEY CLAIM THE FARES ARE TOO LOW, AND THINK THAT SOUTHWEST IN THE BAY AREA IS TRASHING THE MARKET. IT'S HARD TO PROVE THAT. WE HAVE ONE FLIGHT A DAY TO SOUTHWEST AND TWO TO O'HARE, AND I DON'T SEE THAT FARE THAT LOW COMPARED TO SAN FRANCISCO. WE WILL CONTINUE TO BE ON THEIR DOOR OF COURSE. WE HAVE HAD A VISIT FROM THE FOLKS OF VIRGIN AMERICA, ALSO EARLIER THIS MONTH. AND I HAD A MEETING WITH THEM. AND WE ARE CONTINUING TO CHASE THOSE FOLKS. PROBABLY IN THE NEXT MONTH WE WILL BE IN TEXAS MEETING WITH AMERICAN, CONTINENTAL AND SOUTHWEST, AND ANOTHER MEETING WITH JETBLUE. FOR THOSE WHO FOLLOW THE AIRLINE INDUSTRY, JETBLUE MADE A DECISION TO PULL THE LONG BEACH FLIGHTS OUT OF SAN JOSE COME JANUARY, AND DOING THAT TO ADD MORE FLIGHT IN SAN FRANCISCO. BECAUSE THEY ARE COMPETING HEAVILY WITH VIRGIN AMERICA, AND THEY HAVE FIVE FLIGHTS A DAY TO LAX. AND JETBLUE FELT THEY NEEDED FIVE FLIGHTS A DAY, AND TAKING FLIGHTS OUT OF OUR AIRPORT. OUT OF THE FLIGHTS THAT JETBLUE FLIES, THEY WILL GO HEAD-TO-HEAD WITH VIRGIN, THAT'S A SERIOUS COMPETITION WITH THE TWO OF THEM. NEXT WE HAVE GONE TO THE CITY COUNCIL A COUPLE OF TIMES IN THE PAST YEARS ABOUT THE INCENTIVE PROGRAM. MORE AND MORE AIRPORTS ARE TURNING TO INCENTIVES TO HELP AIRLINES SHARE RISKS. OUR CURRENT PROGRAM WE HAVE IS A GREAT PROGRAM, IT'S VERY DIVERSE AND CAN BE EASILY USED BY ANY AIRLINE, WHETHER SHORT HAUL OR LONG HAUL, WE HAVE IT ALL COVERED BUT GEARED TO ONE AT A TIME. WE SAT DOWN AND WORKED ON AND COMING TO THE COUNCIL TOMORROW FOR APPROVAL, IS A NEW THINGS CALLED FOCUS CITY INCENTIVE. IT'S AN AGREEMENT THAT A CITY WOULD SIGN WITH AN AIRLINE THAT WOULD COMMIT TO ADDING EIGHT FLIGHTS OVER TWO YEARS. AND WE WOULD GET THEM EIGHT AT A TIME INSTEAD OF ONE AT A TIME. WE WILL BE UP IN FRONT OF YOU TOMORROW FOR YOUR VOTE. OVERALL WHAT IS OUR STRATEGY? WE WANT TO CONTINUE TALKING TO

THE LEGACY CARRIERS. IT'S IMPORTANT TO THE BUSINESS FOLKS, WE NEED SOMEONE FLYING TO NEW YORK, AND IT NEEDS TO BE AMERICAN OR UNITED OR DELTA, SOMEONE OF THE MAJOR ALLIANCE PARTNERS. THERE ARE CURRENTLY FEW OF THEM DOING POINT-TO-POINT FLYING. WHAT WOULD BE BENEFICIAL, IF FLIGHTS WENT TO NEW YORK, AND WE HAD DISCUSSIONS WITH CONTINENTAL, THEY HAVE A HUB IN NEWARK TO EUROPE, WE HAVE BEEN TALKING TO THEM ABOUT THE POTENTIAL TO RESUME NEWARK SERVICE AND GIVE US SAN JOSE BETTER ACCESS TO EUROPE. BECAUSE IT'S DIFFICULT TO GET THERE TODAY. THERE IS LIMITED SERVICE FROM HOUSTON AND NO SERVICE OUT OF DENVER. YOU CAN'T FLY UNITED TO EUROPE. AMERICAN YOU CAN GET SOME FLIGHTS THROUGH CHICAGO OR DALLAS. BUT AMERICAN'S FLOAT FACTOR IS 97%. WE ARE CHALLENGED BY THAT, AND WE NEED MORE GATEWAYS AND A FEW MORE AIRLINES HUBS. AND WE ARE ACTIVELY PURSUING CONTINENTAL, AND REACH OUT TO VALOROS, AND SEE THAT OUR FACILITY WILL BE THE BEST IN THE BAY AREA, AND THAT WILL BE THE BEST PLACE IF THEY DO A PARTNER WITH TWO INTERNATIONAL CARRIERS, IT SHOULD BE DONE HERE. AND WHILE THE ASIAN MARKET HAS HAD SOME ROUGH TIMES AND JAPAN AIRLINES IS ON THE BRINK OF BANKRUPTCY. AND BA HAS HAD LOTS OF LAYOFFS. THE LONG-HAUL IS NOT SOMETHING THAT IS HIGH ON THE LIST NOW, BUT IT'S NOT OFF THE LIST. IT'S SOMETHING THAT WE ARE STILL DOING, FOR EXAMPLE WE JUST REACHED OUT AND HAD A DISCUSSION WITH A FELLA FROM CHINA AIR ABOUT SERVICE TO TAIWAN. AND IN PARTICULAR BECAUSE HE SAW THE POTENTIAL THAT HE HAS TWO FLIGHTS IN LOS ANGELES TODAY, ONE IN THE DAY TIME AND ONE IN THE EVENING. HE SAID WE WOULD HAVE THE SAME THING HERE IN THE BAY AREA, AND DO THE NIGHT FLIGHT OUT OF SAN FRANCISCO AT MIDNIGHT AND DO THE MIDDLE OF THE DAY OUT OF SAN JOSE WITH A SMALLER AIRLINE, WITH THE 787'S, AND SAID THAT'S WHAT WE WOULD LIKE TO SEE. THAT'S THE STORY AND I AM READY FOR QUESTIONS.

>> THANK YOU FOR THAT PRESENTATION, THAT'S HELPFUL. THE FOCUS ON THE LEGACY CARRIERS IS THAT DRIVEN BY WHAT YOU ARE HEARING FROM THE COMPANIES? OR IS THERE OTHER DATA THERE TO FOCUS ON THE LEGACY CARRIERS?

>> WE ARE FOCUSING ON THE LEGACY CARRIERS BECAUSE WE HEAR THAT FROM THE BUSINESS. THEY TELL US THEY DON'T CONCERN THEMSELVES WITH THE VIRGIN AMERICAS OR THE JETBLUES. BUT ON THE OTHER HAND THERE ARE OTHER SMALLER COMPANIES THAT WOULD BE AND ARE CURRENTLY FLYING ON THE VIRGINS AND JETBLUES AND MAY HAVE CONTRACTS. AND AMERICAN AND UNITED HAVE THE LARGEST SHARES BECAUSE OF THEIR PRESENCE. THE BIG COMPANIES ARE DRIVING THE NEED FOR LEGACY. IF WE WANT TO FLY THEM OUT OF SAN JOSE, WE HAVE TO GET AN AMERICAN FLYING HERE TO KENNEDY. AND THAT WOULD WORK FINE BECAUSE THEY HAVE KENNEDY EUROPE AS WELL. AND EUROPE TO BOSTON WOULD BE DEAD END, POINT-TO-POINT, THAT IS PROBABLY NOT GOING TO HAPPEN. GETTING UNITED TO DALLAS WOULD BE GREAT, THEY HAVE 10 FLIGHTS A DAY. AND THAT'S SOMETHING THAT WE WANT TO CONNECT TO, AND IF WE GET BEYOND SERVICE WE HAVE CONTRIBUTORY REVENUE. BUT WE ARE STILL TALKING TO THE VIRGIN AMERICAS AND JETBLUES BECAUSE WE DON'T WANT TO PUT ALL OF OUR EGGS IN ONE BASKET. AND ALASKA.

>> PARTICULARLY BECAUSE THEY ARE GROWING. IT SEEMS THERE IS SO MUCH TURBULENCE IN THAT INDUSTRY, WHO IS THE BIG PLAYERS TODAY AND IN A FEW YEARS COULD BE DIFFERENT. YOU ARE SHOOTING AT A MOVING TARGET. THE OTHER QUESTION WHAT YOU NOTICE IN INTERNATIONAL TRAVEL, KNOWING WHAT WE KNOW ABOUT THE FACT THAT CHINA AND INDIA SEEM A LITTLE SLOW PERHAPS BY THE RECESSION, BUT I HEAR THEY ARE STORMING AHEAD WITH GROWTH IS UP. ARE THOSE CHINESE CARRIERS GROWING? ARE THERE OPPORTUNITIES THERE?

>> WHAT IS INTERESTING IF YOU FOLLOW THE INDUSTRY, THE CHINESE CARRIERS HAD A GOOD YEAR, LAST YEAR IT WAS BAD BECAUSE OF THE OLYMPICS AND RESTRICTIONS OF TRAVEL TO CHINA. THIS YEAR THEY HAVE SEEN A SURGE IN BUSINESS, AND A LOT OF DOMESTIC TRAVEL INSIDE OF CHINA. AND THE U.S. CARRIERS HAVE CUT BACK BUT THE CHINESE CARRIERS HAVE NOT, AND FLYING TO THE U.S. AND DOING QUITE WELL. YOU HAVE YOUR CHOICE OF AIRCHINA FROM BEIJING, AND AIR CHINA SOUTHERN AND CHINA EASTERN, THOSE THREE LARGE HUBS IN CHINA. AND I THINK SHANGHAI WOULD BE A WONDERFUL CITY,

IF WE COULD GET ACCESS THAT WOULD BE OUTSTANDING. IT PROBABLY WON'T BE U.S. CARRIER, BUT A FOREIGN FLYER.

>> YES, I KNOW WE HAVE TALKED ABOUT TRIPS BEFORE. AND KIM WAS GOING.

>> THAT GAVE ME A CHANCE TO FOLLOW UP WITH CHINA EASTERN.

>> THAT WOULD BE THE BEST ONE, AND IF YOU HAVE CONTACTS THERE, WE COULD TRY TO WORK TOGETHER ON THAT, THERE IS A TREMENDOUS INTEREST IN SHANGHAI.

>> THANK YOU, ED, FOR THAT REPORT, IT CONTINUES TO BE IMPORTANT IN TERMS OF ALL OF OUR GOALS FOR SAN JOSE AND IN THE FUTURE. YOU STARTED TO TALK ABOUT ALASKA AIRLINES AND HOW MANY FLIGHTS THEY HAVE NOW AND HOW MANY YOU EXPECT THEM TO HAVE. I THINK YOU DIDN'T QUITE FINISH THAT THOUGHT.

>> THEY ARE CURRENTLY RUNNING ABOUT 13 A DAY, AND PROBABLY HAVE ABOUT 18 COME MARCH.

>> OK. AND I WANTED TO GO BACK TO WHAT SAM WAS TALKING ABOUT IN TERMS OF SOME MID OR NEW UP AND COMING AIRLINES, VIRGIN AND JETBLUE, AND IT SEEMS THEY ARE LOOKING AT DECOMODITIZING AIRLINE TRAVEL, AND WE KNOW IT'S BEEN A VERY COMODITIZED THING, I THINK THEY ARE BETTING THAT THE PUBLIC IS TIRED OF IT, AND LOOKING AT DIFFERENT KINDS OF SERVICE LEVELS. THAT'S WHAT VIRGIN IS BETTING ON. DO YOU SEE THAT AS MAYBE SOMETHING WE COULD FOCUS IN ON IN TERMS OF ATTRACTING VIRGIN AND JETBLUE AS A DIFFERENT MARKET NICHE, AND WOULD THE C.E.O.'S AND OTHERS IN THE CORPORATE WORLD, WOULD THEY SEE ONLY PRICE OR INTERESTED IN CONVENIENCE OR OTHER THINGS THAT WE MIGHT BE ABLE TO VALUE-ADD IN TERMS OF THOSE OTHER CARRIERS?

>> IN OTHER DISCUSSIONS I HAVE HEARD THAT PRICE IS VERY IMPORTANT, IF YOU BOOK YOUR TRIP, THEY ARE TO GET THE LOWEST PRICE POSSIBLE. IN THE CASE OF VIRGIN AMERICA AND JETBLUE, THE ODDS ARE THAT THEIR PRICES ARE PROBABLY LOWER THAN AMERICAN AND UNITED AIRPLANE PRICES. JETBLUE DIDN'T HAVE A FIRST-CLASS CABIN AND VIRGIN HAS A SMALL FIRST-CLASS CABIN. WE FOUND THAT THE LOSS OF THE LONG BEACH SERVICE, WE HAVE TALKED TO JETBLUE FOR THE LAST THREE YEARS AS SIGNING AS A SIGNATURORY CARRIER, AND TOLD US THEY WOULD BE IN JANUARY. THAT'S A MESSAGE TO US, THAT NEW YORK WILL NOT GO AWAY AND THEY WILL CONTINUE TO SERVE SAN JOSE. AND I HAD A TELEPHONE CONVERSATION WITH THE ROUTE PLANNER BEFORE THE HOLIDAYS, AND SAID THAT WE COULD TALK ABOUT BOSTON, THEY WOULD BE THE LOGICAL CANDIDATE TO PUT THAT FLIGHT BACK INTO BOSTON. THE NON-LEGACY CARRIERS ARE STILL IMPORTANT. THEY OFFER A PRODUCT, AND A SURVEY SAID THAT MID-WEST AND JETBLUE WERE THE TOP CARRIERS, AND THE LEGACY CARRIERS WERE DOWN HERE. CUSTOMER SATISFACTION, IT'S NOT THE INDUSTRY IT USED TO BE. AND ALL CHARGING \$50 EXTRA IF YOU WANT TO COME HOME AFTER SUPERBOWL. WHERE DID THAT COME FROM?

>> I HEARD THAT THE C.E.O. OF VIRGIN ARE LOOKING FOR A DIFFERENT BENEFIT FOR THE CUSTOMER, BETTING THAT THE PEOPLE ARE LOOKING FOR MORE TRAVEL. AND THEY ARE GOING AGAINST THIS, AND I THINK IT'S ONE THING TO THINK ABOUT IN TERMS OF BEING A HOME BASE IF THAT IS MAYBE NOT MEET ALL THE NEEDS BUT IF THEY ARE THE WINNERS, THEY MAY BE THE BEST OPPORTUNIST, WE WILL WORK WITH THEM.

>> WHEN YOU FIGURE IN LOW-COST TRAVEL, YOU SHOULD FIGURE IN THE STAFF, IF THEY TRAVEL FROM A NEARBY AIRPORT SOONER AND YOU CAN BE PRODUCTIVE IN THE ROUTE IS HERE, AND NOT IF THE ROUTE IS NOT. AND YOU ARE RIGHT, WE HAVE LARGE CORPORATE AND SMALL CORPORATE AND BUSINESS AND LEISURE AND OCCASIONAL FAMILY TRAVEL. AND EACH MARKET HAS A DIFFERENT PRIORITY OF HOW THEY SHOP. SOME ARE VERY PRICE SENSITIVE, AND OTHERS ARE MORE FLEXIBLE AND SOME WORK THROUGH TRAVEL AGENTS AND SOME DOING IT THEMSELVES. ALL OF RESPONDING TO DIFFERENT PRESSURES. WE AS AN AIRPORT DON'T MAKE THOSE DECISIONS, BUT WE NEED TO REMIND THEM OF ADVANTAGES OF TRAVELING TO SAN JOSE BECAUSE OF PROXIMITY AND COMFORT AND ACCESS, AND TRY TO MAKE THOSE FACTORS.

>> MAYBE TOTAL COST OF TRAVEL SIMILAR TO TOTAL COST OF OWNERSHIP. WHEN DO WE THINK WE WILL HAVE 787'S IN SERVICE?

>> GOD WILLING IT WILL TAKE OFF IN SEPTEMBER FOR THE FIRST TIME?

>> WHICH YEAR.

>> HOW MUCH DIFFERENCE IS THAT?

>> IT'S THE PERFECT AIRPLANE FOR SAN JOSE. THE AIRLINES THAT HAVE ORDERED IT, AND WE WERE TOLD THAT THE AIRPLANE WHEN IT'S DELIVERED AND FLYING, THEY ARE LOOKING TO SEE, THERE IS A CHANGE IN WHAT IS HAPPENING IN INTERNATIONAL TRAVEL. THAT THE COMPANIES THAT USED TO FLY FIRST-CLASS ARE NOT FLYING FIRST-CLASS. THEY ARE FLYING BUSINESS. AND THE PEOPLE IN BUSINESS ARE FLYING ECONOMY OR ECONOMY PLUS. THEY SEE THE 787 AS THE FIRST OF THE MID-RANGE AIRCRAFT WITHOUT A FIRST-CLASS CABIN. THOSE ARE BECOMING A PLACE WHERE YOU BUMP PEOPLE UP FROM BUSINESS. AND FEW PEOPLE ARE PAYING THE \$10,000, ETC. SO THE 787'S WOULD BE THE PRIME AIRCRAFT WITH THE CABIN. I SEE IT PERFECT FOR SAN JOSE. IT WILL TAKE OFF IN DECEMBER, ACCORDING TO BOEING AND DUE FOR SERVICE 2011.

>> I APPRECIATE THE REPORT AND I WOULD LIKE SOME THINGS THAT ARE BEING DONE. AND IT'S A TOUGH MARKET WE HAVE VERY STRONG COMPETITION, FROM OAKLAND AND THE VALUE AIRLINES. AND A COUPLE OF COMMENTS, ALTHOUGH VIRGIN AND JETBLUE ARE STILL VALUE AIRLINES, THAT'S WHAT THEY FOCUS ON, BEING CHEAP. YOU STILL GET THE BEST RATES. I THINK THAT VIRGIN HAS THE BETTER OPPORTUNITY TO EXPAND BECAUSE OF THE INTERNATIONAL TRAVEL. OF THE TIME THIS YEAR I HAVE SPOKEN TO FOLKS FROM ALL LEVELS FROM EXECUTIVES TO ENGINEERS, REALLY IT'S PRICE. AND IF YOU CAN SHOW WHAT THE COMPLETE PACKAGE IS, THAT MAY BE HELPFUL. BUT NOW WE DON'T HAVE THE ROUTES, AND THAT'S WHERE I APPRECIATE THE COMMENTS ON THE HUB CITIES. AND THE LEGACY IS IMPORTANT, ALTHOUGH WE MAY SEE U.S. AIR TRAFFIC GOING TO JETBLUES AND VIRGINS AND SOUTHWEST. LEGACY IS RELEVANT BECAUSE THEY HAVE THE INTERNATIONAL CONNECTIONS AND STAR ALLIANCE AND SOON. -SO ON. THOSE REGULAR TRAVELERS WANT TO STAY IN THAT ALLIANCE, WHATEVER THE NETWORK IS, AND THE LEGACIES HAVE THOSE NETWORKS. AND IT'S IMPORTANT AS WE ANTICIPATE INCREASE IN TRAVEL, POSSIBLY TO EUROPE AND CERTAINLY TO ASIA, IT'S IMPORTANT TO FOCUS ON THOSE LEGACY AIRLINES. AND MENTIONING CHINA TRAVEL, I DON'T THINK WE SHOULD WAIT FOR A YEAR OR TWO AFTER RECESSION. NOW I THINK THAT AIRLINES AND CITIES ARE POSITIONING THEMSELVES NOW. I KNOW WHEN SAN FRANCISCO GOT EMERITS, THERE WERE THREE DELEGATIONS TO GET IT. WE WOULDN'T HAVE GOTTEN EMERITS. BUT THOSE WITH THE RESOURCES ARE CHOOSING THAT. AND NOW THEY HAVE THE AIR TRAFFIC FROM SFO TO INDIA, AND WE CAN FOCUS ON A CITY AND ON THE APPROPRIATE AIRLINE. AND DO THE SAME NATIONALLY. THE PREVIOUS REPORT WHEN THEY WENT UP TO SEATTLE AND PEOPLE IN SEATTLE DIDN'T KNOW WHAT WAS HAPPENING ECONOMICALLY IN SILICON VALLEY. WE CAN'T EXPECT OTHERS OR AIRLINES TO UNDERSTAND THE MAKE-UP IN SILICON VALLEY. WHEN I TALKED TO FOLKS THEY DON'T UNDERSTAND THE HIGH PERCENTAGE OF ASIA TRAVEL THAT OCCURS OF THE COMPANIES IN 10 MILES, YET THEY CONTINUE TO FLY IN SFO, BECAUSE THAT'S WHAT THEY KNOW. SO IT'S THE CHICKEN AND EGG SITUATION, AND WHEN YOU START THAT CONVERSATION AND REEDUCATE PEOPLE, NOT JUST OVERSEAS BUT IN THE MIDWEST AND EAST COAST, AND TO REACH OUT TO THE CITIES AND BUY THE LARGEST CORPORATIONS AND MAKE THAT PRESENTATION, AND WE FOCUS ON THE END USER. IT WILL BE HARD BUT AS THE ECONOMY IS TURNING AROUND, WE NEED TO BE AS MUCH AS POSSIBLE IN FRONT OF IT. AND ANY OPPORTUNITY YOU HAVE FOR US ON THE COMMITTEE, I AM SURE THAT THE MAYOR IS ALWAYS AVAILABLE. BUT THE DISCUSSIONS FROM CHINA AIR TO TAIWAN, AND TO SIT IN WITH AN EXECUTIVE FROM TAIWAN. SOMETIMES THOSE LOGICAL CONNECTIONS WE CAN TAKE ADVANTAGE OF, SOMETIMES IT'S JUST THAT PERSONAL TOUCH TO GET THAT STARTED. AND SAMSUNG WE DON'T KNOW WHERE THAT IS GOING, AND WE CAN'T RELY ON ONE STRATEGY. I APPRECIATE THE REPORT AND WILL SUPPORT THE FOCUS CITY THAT WILL BE BEFORE THE COUNCIL TOMORROW.

>> I WANTED TO BRING UP A COUPLE OF ITEMS. ONE OF WHICH IS, ISN'T SAN FRANCISCO GOING TO MAX OUT FAIRLY SOON? THERE ARE JUST SO MANY FLIGHTS THAT CAN COME OUT OF THAT AIRPORT?

>> YOU MAY BE REFERRING TO A REPORT THAT CAME OUT, WITH AN UPDATE OF REGIONAL AIR PLAN, AND A NEWS STORY CAME OUT OF THE LONG-TERM CONGESTION THAT WILL OCCUR AT SFO. IT'S IMPORTANT TO REMEMBER THAT REPORT IS BASED ON INFRASTRUCTURE, NEEDS AND PLANS. AND AN ATTEMPT TO HAVE A REGIONAL APPROACH

OF INVESTING IN INFRASTRUCTURE OR NOT, IF THERE ARE OTHER SOLUTIONS POSSIBLE. HERE IN SAN JOSE WE HAVE PLENTY OF AIR FIELD CAPACITY. AND WE HAVE PLENTY OF TERMINAL CAPACITY. IN SAN FRANCISCO THEY ARE APPROACHING THE END OF THEIR AIR FIELD CAPACITY. OAKLAND DOESN'T HAVE THE SAME TERMINAL CAPACITY, BUT THEY HAVE AIR FIELD CAPACITY. OVER THE LONGRUN, SAN JOSE IS POSITIONED FOR THIS GROWTH, AND OUR PLAN IS TO HAVE THIS SOONER, NOT 25 YEARS FROM NOW. AND IT EXPLAINS TO HAVE OUR CARRIERS HERE AND ADD ON TO WHO WE HAVE. BECAUSE OF THE IMPROVEMENTS IN THE TERMINAL, THOSE WILL COMING TO AN END NEXT YEAR, BECAUSE OF THE INVESTMENTS. WE ARE WELL POSITIONED. THAT REPORT ALSO NOTED THAT DECISIONS FOR ADDING SERVICE AND LOCATING SERVICE RESTS WITH THE CARRIERS THEMSELVES. NOT THE AIRPORTS. THAT'S SOMETHING THAT HAS BEEN TRUE ALWAYS, THERE IS NO LOCAL MECHANISM THAT TELLS UNITED THAT YOU MUST FLY OUT OF SAN JOSE, IT'S A MARKET-BASED DECISION. BUT IT'S KNOWING THAT THE FACILITIES ARE HERE AND THE MARKET IS HERE TODAY. AND BY ALL RATIONAL COUNTS THEY SHOULD BE HERE NOW. THEY ARE MAKING DECISIONS THAT ARE NON-RATIONAL. BECAUSE OF DEFENSE AND BECAUSE OF LACK OF KNOWLEDGE AND UNDERSTANDING OF THE ADVANTAGES OF ADDING SERVICE HERE. THAT REPORT IS OLD INFORMATION, THAT SAN FRANCISCO WILL BE CONGESTED AND WON'T BE CONGESTED. THE OPPORTUNITIES FOR OUR IMPROVEMENTS EXIST TODAY AND FOR THE NEXT 25 YEARS.

>> I WANT TO ASK A QUESTION, YOU MENTIONED THAT ALASKA IS PROLIFIC WITH THEIR FLIGHTS AND IS THERE A WAY TO PUT A PACKAGE TOGETHER FOR THE TRAVEL TO VANCOUVER.

>> THEY USED TO FLY SAN FRANCISCO-VANCOUVER, AND WE TALKED ABOUT THEM MOVING IT HERE, AND THEY CANCELED THE FLIGHT. WE ARE STILL TALKING ABOUT IT, BUT NOT IN TIME FOR THE OLYMPICS. AND TALKING ABOUT MEXICO ROUTES, SO IT'S ENCOURAGING TO HAVE SOMEONE LISTEN TO YOU AND SEE SOME POTENTIAL. AND WE WERE QUITE BLESSED WE FOUND OUT THE VICE PRESIDENT, HIS WIFE WAS BORN AND RAISED IN THE VALLEY. AND HIS NEPHEW WENT TO SCHOOL IN STANFORD, AND WE HAVE TWO PEOPLE KNOW THE DIFFERENCE BETWEEN SAN JOSE AND OAKLAND. THAT HELPS.

>> YOU MENTIONED THE HURTING, AND THAT IS OUR OBSTACLE. AND IT'S RATIONAL FOR AIRLINES TO HURT. IT SEEMS THAT IT'S THE NICHE CARRIERS THAT ARE LEAST LIKELY TO FOLLOW THE HERD. AND I CAN'T HELP BUT WONDER IF THAT'S WHERE OUR OPPORTUNITY IS.

>> IF YOU TALKED ABOUT WHAT HAPPENED SINCE 2007, THERE WAS NO VIRGIN AMERICA IN 2007. THEY LAUNCHED IN AUGUST. JETBLUE DECIDED THEY WERE GOING INTO SAN FRANCISCO AFTER EIGHT YEARS OF SERVING OAKLAND. AND WENT INTO SAN FRANCISCO THREE MONTHS BEFORE VIRGIN. AND THEY ARE NOW COMPETING HEAD-TO-HEAD ON 10-11 FLIGHTS. SOUTHWEST WENT BACK INTO SAN FRANCISCO AND PULLED FLIGHTS OUT OF OAKLAND AND PUT 32 IN SAN FRANCISCO, AND THEY ARE COMPETING WITH VIRGIN AND AMERICA. THERE ARE 83 FLIGHTS A DAY, AND THAT'S 4 MILLION A YEAR IN AND OUT. YOU KNOW, IS THERE THAT MANY PEOPLE WAITING TO GO TO ORANGE COUNTY FOR EXAMPLE? THE ORANGE COUNTY NUMBER OF SEATS WENT FROM 800 A DAY TO 2,010. A DAY. ONE AIRLINE ANNOUNCED IT AND THE OTHER SAID, WE NEED TO MATCH IT. THAT'S WHAT IS GOING ON, IT'S A US TOO. AND WE SAW THE SAME THING WHEN VIRGIN ANNOUNCED THEY WERE GOING TO FORT LAUDERDALE, AND SAID WE ARE GOING ON START ON APRIL 18. AND THEN JETBLUE SAID WE ARE GOING TO START THE DAY BEFORE. THERE ARE STRANGE THINGS THAT GO ON IN THE AIRLINE INDUSTRY.

>> WE ARE OPTIMISTIC THIS VIRGIN EFFECT AND TO RUN VIRGIN AMERICA OUT OF TOWN WILL NOT BE FOREVER. THAT THESE THREE CARRIERS IN PARTICULAR ARE LOSING MONEY BY THIS HERDING ON THIS DECISION TO FLOOD SAN FRANCISCO. AND WE KEEP REMINDING THEM THEY CAN MAKE MONEY BY MOVING THAT EQUIPMENT BACK TO SAN JOSE, BECAUSE THE COMPETITION IS NOT HERE, AND WE HAVE A MARKET. SO THIS IS THE RATIONALE DECISION AND WE ARE GRATIFIED BY ALASKA MAKING RATIONAL DECISIONS AND WE ARE HOPEFUL THAT OTHERS WILL SEE THE LIGHT. AND AS WE SEE THE RETURN OF BUSINESS TRAVEL AND LEISURE TRAVEL AND RETURN OF THE PROSPERITY AND RECESSION WINDING DOWN.

>> SUCCESS IS THE GREATEST REVENGE.

>> WE HAVE A BEAUTIFUL AIRPORT. AND OVER THE NEXT HALF YEAR OR THE NEXT COMING YEAR, A HALF YEAR UNTIL WE OPEN TERMINAL "B," A UNIQUE OPPORTUNITY TO TAKE ADVANTAGE OF THE MOST WONDERFUL AIRPORT IN THE NATION. THE OPPORTUNITIES FOR SUCCESS ARE TREMENDOUS. IT'S EFFICIENT AND COMFORTABLE AND COMPETITIVE. THESE ARE THE VIRTUES OF THE NEW AIRPORT IN SAN JOSE. AND BY INTRODUCING PEOPLE TO THE NEW AIRPORT, FACE-TO-FACE, THAT WILL BE HELPFUL IN HELPING US GET PAST SOME NON-RATIONALE CONSIDERATIONS, TO THE RATIONALE.

>> THANK YOU, I THINK WE ALL ARE READY AND WILLING TO ABLE TO JOIN YOU, IF YOU WOULD LIKE A COUNCILMEMBER TO SIT IN OR HELP IN ANY WAY. WOULD I BE CORRECT?

>> AS WE HAVE OUR MEETINGS, I WILL BE IN TOUCH WITH THE MEMBERS OF THE COUNCIL AND COMMITTEE, TO SEE IF THERE ARE OPPORTUNITIES TO HAVE A COUNCIL REPRESENTATIVE TO WAVE A FLAG AT APPROPRIATE SESSIONS.

>> SOUNDS WONDERFUL, AND WITH THAT, THAT WAS A TOUGH REPORT TO DELIVER, BUT YOU DID A MAGNIFICENT JOB. WE HAVE A MOTION AND SECOND, AND TO VOTE.

>> AYE.

>> WE ARE MOVING ON TO FOURTH ITEM, LOCAL AND SMALL BUSINESS PARTICIPATION, WE HAVE DAVID SYKES AND MARK JUVANETI. DID I SAY THAT RIGHT? WELCOME.

>> BY THE WAY, INSTEAD OF DAVID SYKES, I WILL BE BARRY FROM PUBLIC WORKS TODAY.

>> YOU ARE HERE ON TWICE TODAY, ARE YOU GOING TO BE HERE ON ITEM 8?

>> IF I AM INVITED, MAYBE.

>> THANK YOU, BARRY.

>> GOOD AFTERNOON, I WILL LEAD OFF THE PRESENTATION. IT'S PROBABLY PRUDENT WE ARE TALKING ABOUT LOCAL AND SMALL BUSINESS PARTICIPATION, AND START WITH A REFRESHER ON THE POLICY AND HOW IT WORKS. TO START WITH IN ORDER TO QUALIFY FOR THE LOCAL AND/OR SMALL BUSINESS PREFERENCE POLICY, THE VENDOR MUST HAVE A VALID SAN JOSE LICENSE. AND THE POLICY IS FOR THE PARTICIPATION. FOR THE BIDS THAT ARE PRODUCT PURCHASES WHERE THE AWARD IS BASED ON THE LOW PRICE SUBMITTER OF THE BID, THE PREFERENCE THAT'S APPLIED IS 2.5% OF THEIR PRICE IF THEY QUALIFY AS A LOCAL SUPPLIER, AND TO QUALIFY YOU HAVE TO HAVE AN OFFICE WITH ONE EMPLOYEE LOCATED IN SANTA CLARA COUNTY. AND IF THEY QUALIFY AS A LOCAL SUPPLIER, THEY WILL GET ANOTHER 2.5% PREFERENCE, IT'S CLEAR IF THEY SUBMIT A BID FOR \$100 AND ARE WITH A SMALL PREFERENCE, THEIR BID IS \$95, IF THEY ARE AWARDED, IT'S \$100, BUT FOR THE CONSIDERATION OF THE PROCESS, IT'S \$95.

FOR THE PROPOSAL, THOSE ARE SERVICES FOR THE BEST VALUE. THERE IS A SERIES OF CRITERIA AND WE CLOSE WHEN WE RELEASE THE SOLICITATION. ON A 100 POINT SCALE IF THEY CALL QUALIFY AS A LOCAL SUPPLIER WITH THE SAME CONDITIONS, THEY RECEIVE 5 POINTS AND THEY CAN RECEIVE AN ADDITIONAL 5 POINTS. AND AS YOU RECALL IN JUNE OF THIS YEAR, THE POLICY WAS EXPANDED TO INCLUDE SOLICITATIONS OF THE PLANTS, AND ON THE PROCESS OF CLOSING ON THE FIRST SOLICITATION, FIRST RFP, WE ARE BRINGING THAT TO THE COUNTY, THE SELECTION IS MADE AND THE COUNCILMEMBER IS IN PROCESS.

>> IF I CAN ADD, FOR CONSTRUCTION CONTRACTS THE LOCAL POLICY DOESN'T APPLY.

>> AND THEN THESE NUMBERS, THERE IS A LOT OF UP, AND I WILL DISSECT IN A MINUTE. TO MAKE SURE IT IS UNDERSTOOD WHAT THESE NUMBERS REPRESENT, THESE REPRESENT FOR SUPPLIES, MATERIALS AND TECHNOLOGY, THAT'S WHAT THE FINANCING PURCHASING ORGANIZATION BUYS. REFERRED TO AS MRO, REPAIR AND MAINTENANCE OPERATION, GOODS AND SERVICES. IF WE GO ABOVE THE HORIZONTAL GRAY LINE, TO THE FAR RIGHT. YOU SEE THE ACTIVITY FOR THE LAST FISCAL YEAR, AND THE AWARDS FOR THE LOCAL SUPPLIERS. AND THEN THE ACTUAL NUMBER OF AWARDS, THE TRANSACTIONS ARE BELOW THE HORIZONTAL GRAY BAR, KEEPING TO THE FAR RIGHT, YOU SEE 32% OF THE TRANSACTIONS WERE AWARDED TO LOCAL AND 13% TO SMALL. THERE ARE A FEW CURIOUS THINGS, THE NUMBERS ARE NOT DROPPING OFF YEAR OVER YEAR. AND TWO REASONS, ONE SUPPLIES AND MATERIALS AND PURCHASES TO SUPPORT THE INFRASTRUCTURE, THE CITY CAN'T FALL OFF TOO MUCH, ROOFS LEAK AND SERVICES DON'T GET PROVIDED. AND ALSO A LOT OF IT IS INFORMATION TECHNOLOGY. THERE IS A STEADY STREAM OF I.T. RELATED PROCUREMENTS AS PEOPLE, A LOT OF IT IS GRANT MONEY, BUT THEY ARE LOOKING FOR WAYS TO DO MORE WITH LESS. AND THEN THE NUMBERS, THE PERCENTAGES. AT 25% LOCAL

PARTICIPATION, THE BUSINESS WE DO ESPECIALLY FOR SERVICES LENDS ITSELF TO LOCAL PARTICIPATION. AUTOMOTIVE MAINTENANCE AND JANITORIAL, THOSE SERVICES HAVE TO BE PERFORMED BY SOMEONE WITH A LOCAL PRESENCE. THEIR HEADQUARTERS CAN BE SOMEWHERE FAR AWAY. BUT AGAIN TO QUALIFY FOR LOCAL IT'S EASY WITH JUST AN OFFICE WITH ONE EMPLOYEE IN THE COUNTY. AND I THINK THESE NUMBERS REPRESENT A GOOD SEGWAY IN THE SUPPLIERS SURVEY, AND MY COLLEAGUE HAD AN ONLINE SUPPLIER SURVEY THAT HAD BEEN OUT THERE FOR BETTER PART OF A YEAR, AND CLOSED TWO MONTHS AGO. AND I COMPILED THE RESULTS, MADAM CHAIR I CAN LEAVE THE FULL SURVEY WITH ALL THE RESULTS WITH YOU. BUT I HAVE SUMMARIZED THE KEY RESULTS THAT I FELT WERE PERTINENT TO THIS PRESENTATION. A REFRESHER ON THE SURVEY, A PRIMER. AS I SAID IT ENDED IN OCTOBER. AFTER BEING POSTED FOR ONE YEAR. WE DID, MY PREDECESSOR, WALTER, WORKED CLOSELY WITH THE SMALL BUSINESS NETWORK TO BE SURE THEY WERE REPRESENTED. AND WE BROADCASTED SURVEY ON THE BID SYNC, INSTEAD OF ON AN [INAUDIBLE] WEBSITE, WE SAID THERE IS A SURVEY THAT YOU CAN PARTICIPATE IN ON THE LINK. IT WENT TO 2,000 SUPPLIERS WITHIN 400 MILES. AND RECEIVED 25% RESPONSE RATE WHICH IS PRETTY GOOD GIVEN WHAT IT IS. 65% OF THE RESPONDENTS WERE CITY OF SAN JOSE LOCAL AND 64% WERE SMALL. BUT THEY HAD 35 OR FEWER EMPLOYEES. THE QUESTION WAS STRUCTURED AND REFLECTED THE FACT THEY WERE LOCAL AS WELL SMALL. IF WE CAN EXTRAPOLATE THE 65% LOCAL OR THAT THE 65% OF THE VENDORS ARE LOCAL, THESE VENDORS ARE IN THE SAME GEOGRAPHICAL AREA, THAT'S A PRETTY GOOD RESPONSE RATE. IF WE CAN MAKE THAT ASSUMPTION. AND THIS WAS VERY SURPRISING. 75% OF SAN JOSE NEIGHBORING AGENCIES. I GUESS THAT SURPRISED ME, I AM NOT SURE IF THAT'S A SAD COMMENTARY OF SOLICITATIONS OR WHAT WE ARE DOING RIGHT. AN ECDOTALLY, WE HAVE EXPANDED THE BID SYNC TO ONLINE RESPONSES, WE NOT ONLY BROADCAST THE SOLICITATION BUT THEY CAN RESPOND ON THE SYSTEM, THEY CAN PUT IN THEIR PASSWORD AND A KIND OF ENCRYPTED THING AND HIT SUBMIT. AND WE RECEIVE THEIR RESPONSES ELECTRONICALLY, AND AS SOON AS THE BIDDING IS DISCLOSED. THE PRICING IS DISCLOSED AND THE AWARDS. AND I THINK THAT'S POSSIBLY A REASON WHY WE HAVE RECEIVED THAT RATING. I DON'T THINK THAT PUBLIC SECTOR PROCUREMENTS WILL BE AS STRAIGHTFORWARD AS EASY AS PRIVATE SECTOR, THERE ARE PRO'S AND CON'S. I HAVE COMPARED OURS WITH OTHER CITIES, AND SAN FRANCISCO ARE MORE ONEROUS THAN OURS ARE. WE NEED TO LISTEN AND TO THE DEGREE THAT WE CAN SIMPLIFY THEM, WE NEED TO SIMPLIFY THEM, TO MAKE IT EASIER AND LESS CUMBERSOME FOR FOLKS TO RESPOND. THE SATISFACTION OF THE RESPONSIVENESS. AND THE CHALLENGE IS TO MAINTAIN THAT BUT TO IMPROVE WITH THAT WITH REDUCED STAFFING. THAT WE ENCOUNTERED LAST YEAR AND LIKELY TO ENCOUNTER WITH THIS NEXT BUDGET CYCLE. AND THEN VIRTUALLY ALL PARTICIPANTS HAD E-MAIL. AND PREFER THOSE NOTIFICATIONS. I WOULD LIKE TO TALK ABOUT THIS BID SYNC AND BECAUSE WE TALK ABOUT IT, I ASSUME THAT EVERYONE KNOWS WHAT IT DOES AND HOW IT WORKS. BUT BRIEFLY I WILL CONDENSE THIS. IT'S A SERVICE THAT WE SUBSCRIBE TO, AND ONE KEY FEATURE IS TO PROCURE THE OUTREACH TO THE VENDOR COMMUNITY. IT'S NO COST TO THE SUPPLIERS, THIS BID SYNC IS AVAILABLE NATIONALLY, WITH OVER 200 AGENCIES THAT SUPPLY TO IT. SUPPLIERS REGISTER FOR FREE. AND DEPENDING ON THE PROFILE THEY FILL OUT, THEY CAN SELECT THEIR GEOGRAPHY. SO WHAT GEOGRAPHY THEY WANT TO GET NOTIFIED FROM OTHER PARTS OF THE COUNTRY. AND THEY FILL OUT THEIR COMMODITY CODES THAT ARE REPRESENT OF THEIR SERVICES. THERE ARE PROBABLY A THOUSAND OUT THERE, YOU THINK THERE WOULDN'T BE ONE THAT YOU ARE SOLICITING FOR AND SURE ENOUGH THERE. WHEN PURCHASING RELEASES ON THAT SYSTEM, BASED ON A COMMODITY CODE MATCH, IT BROADCASTS OUT AN ANNOUNCEMENT ON EVERYONE REGISTERED. SO BASED ON THE GEOGRAPHY, AND COMMODITY CODE MATCH. WE IMPLEMENTED IN THE FALL, 2007, AND WE HAVE SEEN COMPETITION GO UP. IT'S A WELL-RECEIVED SYSTEM. AND THAT'S REALLY WHERE WE ARE FOCUSING OUR OUTREACH EFFORTS. THE SMALL BUSINESS COMMISSION AND THE VARIOUS OUTREACH BUSINESS SESSIONS IS HOW WE ENCOURAGE ABOUT OUR SOLICITATIONS.

>> THANKS, I WILL TAKE YOU THROUGH THE EXCITING PUBLIC WORKS. THE SAME FOR THE SUPPLIERS AND VENDORS, THIS IS A CONSTRUCTION CONTRACT AREA, FOR FISCAL YEAR

2008-09, BUSINESS DROPPED TO \$84 MILLION AWARDED LAST FISCAL YEAR. HOWEVER AT THE BOTTOM RIGHT-HAND CORNER OF TABLE, THE NUMBER OF CONTRACTS WENT UP, 78 CONTRACTS AWARDED ABOUT \$1 MILLION ON THE AVERAGE. SO A LARGER NUMBER OF SMALLER CONTRACTS. AS FAR AS LOCAL AND SMALLER PARTICIPATION, IT WENT UP. I DON'T THINK YOU CAN SEE IT WELL HERE. I WILL SHOW YOU A CHART WHERE THE BLUE IS THE TOTAL DOLLARS AWARDED. THE BLUE DOLLARS HAVE GONE DOWN, THIS IS INDICATIVE OF A DECLINE IN OUR CAPITAL PROGRAM WITH THE MAJOR BONDS COMPLETING. AND THE GENERAL CAPITAL WORKLOAD IS GOING DOWN. BUT THE PURPLE BARS FOR PARTICIPATION FOR THE LAST FISCAL YEAR WENT UP. HALF OF THE CONSTRUCTION DOLLARS WENT TO LOCAL CONTRACTORS. THIS CHART SHOWS THE CONTRACT AWARDS, SO WE WENT UP TO 73. AND AGAIN YOU CAN SEE THE PROPORTION OF THE MAROON AND YELLOW AWARDS, BETTER THAN HALF WENT TO LOCAL. HOW DO WE EXPLAIN THIS? IT'S VERY COMPETITIVE OUT THERE. YOU PROBABLY HAVE SEEN WHEN AWARDS GO TO COUNCIL, THERE ARE A NUMBER OF BIDDERS AND PROTESTS. AND THERE IS A LOT OF ACTIVITY GOING ON. LOCAL CONTRACTORS SEEM TO HAVE A COMPETITIVE EDGE, THEY ARE HERE AND THEIR EQUIPMENT IS MOBILIZED AND THEY ARE DEVERSEIFIED AND BIDDING ON THINGS THEY CAN. AND THAT'S PROBABLY WHY LOCAL CONTRACTORS ARE FARING BETTER. WHEN WE GET TO THE PUBLIC WORK TYPES AND ENGINEERING CONSULTANTS. THE WORKLOAD STAYED THE SAME, AND ABOUT 13 MILLION. THE NUMBER OF CONTRACTS THAT WE PUT OUT CUT DOWN 60%, FROM 48 TO 20 IN FISCAL YEAR 08-09. WE ARE NOT USING CONSULTANTS AS MUCH, AND THE VISUALIZATION, AND THE PUBLIC WORK DOLLARS STAYED ABOUT THE SAME AS \$13 MILLION. BUT THE LOCAL AND SMALL PORTION OF THE DOLLARS WENT DOWN SIGNIFICANTLY. YOU CAN ALSO SEE IN THE NEXT SLIDE AGAIN CONSULTANT CONTRACT AWARDS, CUT DOWN FROM 48 TO 20. BUT ALSO THE LOCAL AND SMALL PARTICIPATION DROPPED OFF. YOU MAY BE WONDERING WHY. WE FEEL THAT IT'S ALSO COMPETITIVE IN THE CONSULTING WORLD. WHAT IS HAPPENING WITH THE FEWER CONTRACTS THAT WE HAVE TO OFFER, A LOT MORE COMPETITION IS ENSUING. AND IT SEEMS THAT THE OUT-OF-AREA FIRMS, THE NATIONWIDE FIRMS ARE DOING BETTER IF PUTTING TOGETHER PROPOSALS AND HAVE THE CAPACITY TO HANDLE THE WORK IF THEY SHOULD LAND THE CONTRACT, AND LOCAL AND SMALL FIRMS ARE NOT DOING AS WELL. BUT THE DATA REFLECTS THAT WE HAVE VERY SPECIALIZED CONTRACTS, AND THE LOCAL FIRMS DIDN'T HAVE THE EXPERTISE TO KEEP UP. IN SUMMARY IT WAS NOT THE BEST OF YEARS FOR LOCAL AND SMALL CONSULTANTS, BUT IT WAS A PRETTY DARN GOOD LAST YEAR FOR LOCAL CONTRACTORS. AND MARK TALKED ABOUT BID SYNC, AND IN PUBLIC WORKS WE HAVE ALL THE OUTREACH DONE THROUGH THE HOT LINE, AND THEY CAN SUBSCRIBE AND HEAR ABOUT THE PUBLIC WORKS AND OPPORTUNITIES. IT'S A SUCCESSFUL SYSTEM, BUT WE DO WANT TO SPEAK WITH ONE VOICE. AND WE HAVE WORKED WITH FINANCE TO LOOK AT MIGRATING OUR SYSTEM TO BID SYNC SO WE HAVE A ONE-STOP SHOPPING FOR PUBLIC WORKS CONTRACTS. WITH THAT WE WILL FINISH AND OPEN UP TO QUESTIONS.

>> GREAT.

>> THANK YOU FOR THAT PRESENTATION, ON THE BID SYNC I AM GLAD YOU WENT OVER IT. I KIND OF KNEW IT BUT FEEL I KNOW IT BETTER. SO I FEEL LIKE THAT'S SOMETHING THAT IS A NATIONWIDE DATABASE?

>> YES.

>> HOW IS IT FREE TO FOLKS THAT WANT TO ENTER THEIR DATA TO BE CONTACTED. DOES EVERYONE MUNICIPALITY PAY THROUGH IT?

>> YES THEY HAVE COMPETITION, AND OUR SOLICITATIONS ARE RELEASED ON THE WEBSITE OF THE CITY, AT THE SAME TIME THAT THEY ARE RELEASED BID SYNC, SO THE COMPETITION GETS IN AND RATES THEM. THERE IS A LOT OF EXPOSURE. AND I FORGOT TO MENTION THAT COSTA COUNTY SUBSCRIBES AND SANTA CLARA COUNTY AND THE STATE OF CALIFORNIA CAME UP. SO WHEN A SUPPLIER REGISTERS ON BEHALF OF ANY OF THESE AGENCIES, THEY WILL GET NOTIFIED.

>> SINCE CALIFORNIA IS SIGNED UP FOR IT, IF A CONTRACTOR SIGNS UP FOR BID SYNC STATEWIDE, THEY WILL BE REGISTERED FOR CALIFORNIA AND ABOUT LOCAL AS WELL?

>> YES.

>> IT SEEMS LIKE IT'S A VERY EFFECTIVE PROGRAM AND GLAD TO SEE A CONSENSUS OF THE PROJECT. AND PEOPLE CAN GO ONE PLACE. AS FAR AS OUR END, ALL THE DATA THAT YOU GOT -- THAT SURVEY WAS IT DONE THROUGH BID SYNC OR SEPARATE?

>> THE SURVEY WE RELEASED AS A NOTIFICATION TOOL. YOU CAN SELECT GEOGRAPHY AND BID SYNC AND BROADCAST THAT THERE IS A SUPPLIER SURVEY, AND PLEASE PARTICIPATION AND THERE WAS A LINK THAT TOOK THEM.

>> THERE IS A HIGH NUMBER RESPONSE RATE. FROM OUR END DO WE HAVE ACCESS OR USE DATA THAT WE GET FROM THE BIDS TO KIND OF EVALUATE WHERE OUR BIDS ARE COMING FROM AND WHAT KINDS OF COMPANIES? CAN WE USE BID SYNC AS WELL AS A TOOL TO COLLECT DATA AND TO AMEND THE RFP PROCESS OR WRITE THEM IN A TARGETED MANNER?

>> IF I AM UNDERSTANDING THE QUESTION, SUPPLIER INFORMATION IS IN BID SYNC. WHAT I WANT TO TRY TO DO NOW IS TO WRITE AN AD HOC REPORT THAT QUERIES WHO RESPONDED, AND THAT WAY I DON'T HAVE TO EXTRAPOLATE THE DATA AND THE PARTICIPATION.

>> I WAS GOING TO SAY THAT BID SYNC DOESN'T PROVIDE, YOU CAN'T GO IN BID SYNC AND DO A QUERY, AND SAY ON THIS BID CAN WE GET IT BROKEN DOWN BY THESE DATA POINTS?

>> I THINK, WHAT WOULD BE AN EXAMPLE OF A DATA POINT. YOU CAN GET IN THERE AND LOOK AT ALL SOLICITATION ACTIVITY. BUT NO REPORTS, THAT WOULD BE ADMINISTRATIVE RIGHTS, AND THEN THEY COULD RUN THE APPROPRIATE REPORTS. DOES THAT ANSWER YOUR QUESTION?

>> YES, AT THIS POINT YOU WILL COLLECT THE DATA AND CREATE YOUR OWN DATABASE.

>> THE DATA IS COLLECTED AS THE ACTIVITY, AS MORE PEOPLE REGISTER AND VENDORS RESPOND TO OUR SOLICITATIONS. SO THE DATA IS THERE AND GROWING EVERYDAY. IT'S A MATTER OF TAPPING INTO IT TO GET MORE PRECISE RESULTS.

>> THANK YOU.

>> WITH THAT, MARK AND BARRY, THANK YOU FOR THE REPORT. WE ARE READY FOR APPROVAL OF THE REPORT.

>> MOTION.

>> SECOND.

>> ALL IN FAVOR?

>> AYE.

>> AND WOULD YOU LIKE ME TO LEAVE?

>> YES, THANK YOU VERY MUCH. WE'RE READY NOW TO TALK TO JEFF AND HIS TEAM REGARDING WORK2FUTURE. WELCOME JEFF. WE HAVE AN ACTION PACKED AGENDA.

>> THANK YOU, IT'S BEEN A LITTLE OVER A YEAR SINCE WE LAST REPORTED TO DO COMMITTEE. AND WHAT A YEAR, WE HAVE GONE THROUGH UNPRECEDENTED ECONOMIC TIMES AND WHAT HAS HAPPENED WITH OUR UNEMPLOYMENT RATE. ALL THE JOBS CREATED IN POST-DOT-COM RECOVERY HAS BEEN LOST. AND EVEN BEFORE THE FINANCIAL MELTDOWN HAPPENED IN SEPTEMBER OF LAST YEAR, WE HAD GONE THROUGH OTHER KEY CHANGES, OUR FOURTH CONSECUTIVE YEAR BUDGET CUTS, THERE WAS A NATIONAL DECISION AND OUR IMPACT WAS ABOUT \$1 MILLION THAT WE HAD ALREADY SPENT. AND YET THEY WERE STILL TAKING THE MONEY BACK. AND THROUGH OUR DIRECTION WE RECEIVE FROM OUR BOARD OF DIRECTORS AND KEY PARTNERS, DECIDED TO BE A LEARNING LAB, AND WE WENT FROM 500 ENROLLED CLIENTS TO 10,000. AND WE SAW AN INCREASE OF CLIENTS AND SAW A HIGHER-SCALED CLIENT THAN THE TRADITIONAL INDIVIDUAL THAT MULTIPLE BARRIERS TO EMPLOYMENT. IT'S BEEN A VERY INTERESTING YEAR. THE AMERICAN RECOVERY AND REINVESTMENT ACT WE RECEIVED A SUBSTANTIAL AMOUNT OF MONEY, AND WE DIDN'T START TO SPEND THAT UNTIL MAY. AND I WANT TO GIVE CREDIT TO THE STAFF WHO HAVE DONE A TERRIFIC JOB TO SERVE THE CLIENTS AND REALLY HAVE A SERVICE. IF YOU LOOK AT THE UNEMPLOYMENT RATE, AND I KNOW YOU HAVE SEEN THESE NUMBERS BEFORE. TO HIGHLIGHT A FEW THINGS, BEGINNING AT MARCH, THE CITY OF SAN JOSE'S UNEMPLOYMENT RATE AND OUR WORKFORCE AREA UNEMPLOYMENT RATE, WE BEGAN TO OUTPACE WHAT WAS HAPPENING IN THE REST OF CALIFORNIA. AND ALONG THIS TIME OF RECESSION, WE HAVE BEEN FAR ABOVE WHAT IS GOING ON IN THE UNITED STATES. THE KEY THING I WANT TO HIGHLIGHT IS THAT THE UNEMPLOYMENT RATE IS A NUMBER AND GIVES A

TREND OF WHAT IS GOING ON, AND IT UNDERIMPACTS WHAT IS GOING ON IN OUR LOCAL ECONOMY. IT DOESN'T CAPTURE PEOPLE THAT WEREN'T ELIGIBLE FOR UNEMPLOYMENT INSURANCE OR THOSE WHO HAVE EXHAUSTED IT OR STOPPED LOOKING. AND ANOTHER KEY THING, IN OUR AREA OF PEOPLE THAT ARE UNDEREMPLOYED. PEOPLE THAT TOOK THAT SURVIVAL JOB TO MEET THEIR OBLIGATIONS, THEY ARE CONSIDERED EMPLOYED EVEN THOUGH THEIR SIGNIFICANT HAS DROPPED. SO THAT NUMBER IS HIGH. IF YOU LOOK AT THE NUMBERS, AND WE ARE ABOUT 83% OF THE LOCAL LABOR FORCE. AND IN OUR LOCAL WORKFORCE INVESTMENT AREA THAT COVERS EIGHT CITIES, AND THAT'S ABOUT 83%.

>> JEFF, IF WE ARE THIRD, WHO IS SECOND AND FIRST?

>> I KNEW YOU WOULD ASK THAT, DETROIT AND -- I CAN'T THINK OF THE SECOND.

>> DETROIT IS THE FIRST?

>> YES.

>> AND THE SECOND WE WILL WORK ON.

>> YEAH.

>> THANK YOU.

>> IN TERMS OF OUR BUDGET, I MENTIONED THE ARA FUNDS, WE RECEIVED 11.8 MILLION, AND THAT WAS IN COMPLIMENT TO OUR PREVIOUS FUNDS, SO WE HAD 12.4 MILLION, AND THESE FUNDS ARE DISTRIBUTED THROUGH FOUR MAIN CATEGORIES OF ADULT. DISLOCATED WORKERS THAT ARE ADULTS BUT HAD SOME ASSOCIATION WITH THE WORK PROGRAMS. AND FOR THE YOUTH PROGRAM, THAT ELIGIBILITY CRITERIA THAT THESE YOUTH ARE UNDER THE AGE OF 14 AND HAVE A BARRIER, AND RAPID RESPONSE MONEY, TO REACH TO BUSINESSES WHEN THEY GIVE US A WARN NOTICE THAT THEY WILL LAYOFF 50 OR MORE PEOPLE. SO HIGHLIGHTS FROM THE ARA PROGRAM, THIS IS A WORK-EXPERIENCE PROGRAM. WE HAVE TALKED ABOUT THIS WITH CITY COUNCIL IN THE PAST. WITH THE MONEY WE RECEIVED, WE SERVED 908 LOW-INCOME AT RISK YOUTH, THEY WORKED FROM 20-40 HOURS A WEEK AND EARNED BETWEEN 9-13 DOLLARS AN HOUR. A LOT OF MONEY WE RECEIVED PAID FOR THE SALARIES OF THE YOUTH. THEY WORKED AT 160 WORK SITES AROUND THE COUNTY. ABOUT 140 YOUTH WERE EMPLOYED WITH THE CITY OF THE SAN JOSE AND WORKED IN CLERICAL AND RIVER BASE CLEAN-UP AND ANTIGRAFFITI, AND WORKED WITH OTHER SECTOR ENTITIES. AND THE OTHER PART OF THE MONEY WILL ALLOW US TO SERVE 1500-2,000 ADDITIONAL CLIENTS. ANYONE WHO WANTS TO ENROLL IN OUR PROGRAM AND HAS A RIGHT TO WORK, WE ARE NOW ENROLLING IN THE PROGRAM. WHAT THE ARA MONEY ALLOWED US TO PROVIDE MUCH MORE SERVICE TO THE CLIENTS WE ENROLL. WHICH INCLUDES PRINCIPALLY TRAINING, AND WE HAD VERY LITTLE MONEY AVAILABLE TO TRAIN PEOPLE. AND NOW WE HAVE MORE MONEY FOR THAT AND FOR COUNSELORS AND WE ARE PROVIDING THAT TRAINING ONLINE ALSO. AND THE WORK IN THE FUTURE CREATED A ROLE TO CREATE VISITORS.PAGE.COM, THAT PROVIDES LOW-COST SERVICES TO BUSINESSES. AND IT INCLUDES THE FULL GAMIT, IN TERMS OF HUMAN RESOURCE, TECHNICAL ASSISTANCE AND ACCESS TO CAPITAL. WE HAVE SERVED OVER 1019 BUSINESSES, AND MANY OF THAT IS THROUGH AN ONLINE ASSESSMENT TOOL. AND WE'LL BE ADDING IN THE NEXT MONTH, HOW GREEN IS YOUR BUSINESS. WHERE A BUSINESS CAN DO A SELF-DIAGNOSTIC AND LOOK AT WAYS TO IMPROVE THEIR BOTTOM LINE. AND THIS SITE IS AVAILABLE IN SPANISH AND VIETNAMESE. AND TO LOOK AHEAD, THE FIRST IS WORKFORCE INVESTMENT ACT REAUTHORIZATION. I FEEL LIKE THE PERSON THAT CRIED WOLF A LOT, BUT THIS HAS BEEN ON THE RADAR SCREEN. THE OBAMA ADMINISTRATION HAS PUT A LOT OF EMPHASIS ON THIS REAUTHORIZATION AND AFTER THE HEALTH CARE PORTION MOVES ON. AND WE HAVE BEEN IN CONTACT WITH FEDERAL LOBBYISTS TO CREATE INVESTMENT WORK BOARDS AND THERE IS THE THOUGHT OF CONSOLIDATION FOR A LARGE REGIONAL BOARD. AND THERE ARE OTHER THOUGHTS OF TAKING WILL TRAINING DOLLARS AND APPLY TO COMMUNITY COLLEGES. AS THIS HEATS UP, WE WILL RETURN TO PROVIDE AN UPDATE. IF YOU LOOK AT PERFORMANCE OUTCOMES, EVEN WITH A DIFFICULT SITUATION, WE MET EIGHT OUT OF NINE. AND AS WE LOOK AT THIS YEAR AND CONTINUATION OF JOB LOSSES, WE ARE STILL HOPEFUL TO MEET EIGHT OUT OF NINE. WE ARE SUCCESSFUL IN STAYING IN THE JOB BUT WE DON'T CREATE THE JOB. THAT'S THE CHALLENGE IN THE MONTHS AND YEARS TO COME. AND WE DID RECEIVE A LARGE SUM OF ARA FUNDING, BUT WE HAVE A CLEAR REVOLUTIONARY STRATEGY, TO GO AFTER ARA GRANTS AND OTHERS. AND ONE THING WE

HAVE IS A TOOL CALLED GEOMAPPER, IT'S AN ONLINE WEB BASE TOOL. IT CAPTURES 90% OF THE BUSINESSES OUT THERE IN SANTA CLARA COUNTY AND SAN MATEO COUNTY, WE WILL SOON HAVE THIS AVAILABLE FOR ALL OF CALIFORNIA. YOU CAN DO A QUERY, AND THIS A GOOGLE MAP, AND IN THREE SECONDS YOU CAN FIND ALL THE BUSINESSES IN TERMS OF SIZE AND SECTOR AND AMOUNT OF REVENUE. AND YOU CAN DO QUERIES BY COUNTY, CITY, AND STREET ADDRESS, BY A VARIETY OF MECHANISMS. WHERE YOU SEE A RED LINE, THAT'S A DOT ON THE GOOGLE MAP, YOU CAN CLICK ON THAT DOT AND FIND OUT A LOT OF INFORMATION ABOUT THAT COMPANY. THIS IS JUST ONE EXAMPLE, MY STAFF WANTED ME TO DO A LIVE DEMONSTRATION. BUT YOU WILL SEE WHERE YOU SEE A RED LINE, THAT'S A DOT THAT REPRESENTS A SOFTWARE COMPANY, IF YOU CLICKED ON THAT DOT, YOU FIND OUT MORE. WE RECEIVED A LOT OF INTEREST FROM ECONOMIC BOARDS AND PRIVATE AND SECTOR AND NONPROFITS, AND WE MAY OFFER THIS ON A SUBSCRIPTION BASIS. I WANT TO THANK THE CITY COUNCIL AND MAYOR FOR THEIR SUPPORT OF THE WORK2FUTURE.

>> GREAT REPORT, DO YOU HAVE A QUESTION?

>> I WAS WONDERING WHAT KIND OF TRAINING YOU PROVIDED? AND TALK ABOUT THAT?

>> THAT'S A GOOD QUESTION. YES IN THE PAST OUR TRAINING HAS BEEN LIMITED BECAUSE OF THE BUDGET. WITH THE ARA FUND WE DID A REQUEST FOR INFORMATION TO GET MORE TRAINING PROVIDERS ON OUR LIST AND INDUSTRIES THAT ARE HIGH GROWTH, THAT IS GREEN AND HEALTH CARE SECTOR. WE OFFER A WIDE VARIETY OF TRAINING IN CAREERS AND CLEAN-TECH SECTOR AND ACCOUNTING AND ENGLISH AS SECOND LANGUAGE, IT'S A BROAD GAMIT OF TRAINING THAT IS INDUSTRY SPECIFIC TO MORE FOUNDATIONAL SKILLS AND PROJECT MANAGEMENT.

>> AND I MANAGE IT LEADS TO JOBS IN THOSE SPECIFIC FIELDS. AND GOING TO ASK WHAT KIND OF JOBS DO YOU SEE PEOPLE LAND AND WHAT KIND OF RETENTION, DO YOU HAVE STATISTICS ON THAT?

>> YEAH, THAT'S IN THE REPORT. WITH THE RETENTION, THAT THEY ARE IN THAT JOB SIX MONTHS AFTER THEY EXIT FROM OUR PROGRAM. THAT'S INFORMATION THAT WE GIVE BACK TO THE STATE THAT ENABLES US TO COMPILE OUR PERFORMANCE OUTCOMES. WE ARE TRACKING PEOPLE IN TRAINING AND AS THEY EXIT FROM TRAINING THAT IF WE TRAIN THEM AS ACCOUNTANTS AND THEY ARE GETTING JOBS IN THOSE AREAS. WE ARE SO EARLY IN THAT TRAINING WE DON'T HAVE ENOUGH DATA TO ANSWER THAT QUESTION.

>> DO YOU SEE WHERE YOU COULD DO TO HELP WITH OUR UNEMPLOYMENT RATE?

>> I THINK FIRST OF ALL, IT'S A CONTINUED EFFORT IN TERMS OF AWARENESS OF SERVICES. WORK2FUTURE WE DO A LOT OF OUTREACH AND TO THE SCHOOLS, BUT IF YOU CAN HELP US IN MAKING SURE THAT PEOPLE ARE AWARE OF OUR SERVICES AND COME TO OUR OFFICES. AND TAKE ADVANTAGE OF OUR SERVICES, THEY ARE AT NO COST. THERE ARE OTHER PROGRAMS, THERE IS THE EMPLOYMENT TRAINING PROGRAM THAT'S A STATE OF CALIFORNIA FUNDING PROGRAM, ONE-TENTH OF FUNDS GO TO PAY THAT, AND WE CAN'T USE [INAUDIBLE] DOLLARS TO RUN THE PROGRAM. BUT IT'S A LARGE SUM OF MONEY AT THE STATE LEVEL TO WORK WITH EMPLOYERS TO DO INCUMBENT-CUSTOMIZED TRAINING, AND WE ARE LOOKING TO PLAN THAT AND THAT'S SOMETHING WE ARE STRUGGLING WITH.

>> I WANT TO ASK ABOUT YOUR GEOEFFORT, THIS SOMETHING THAT YOU AND YOUR STAFF PUT TOGETHER?

>> IT'S SOMETHING THAT WE FUNDED, AND IT'S TAKEN A COUPLE OF YEARS. IT'S A TOOL THAT IS NOW AVAILABLE TO OUR CLIENTS, THAT ANYONE WHO WALKS IN HAS ACCESS TO THE GEOMAPPER, AND IT'S AN EASY TOOL. IT'S MOUSE-BASED.

>> YOU MENTIONED A SUBSCRIPTION?

>> TO GAIN ACCESS FROM THE OUTSIDE, THERE IS A SMALL SUBSCRIPTION FEE FOR INVESTMENT WORK BOARDS.

>> THAT'S GOOD, GENIUS PREVAILED.

>> HARD WORK.

>> THANK YOU TO YOU AND YOUR STAFF. I WENT TO A SUMMER JOB'S GRADUATION, THAT'S GREAT FOR THE YOUNG PEOPLE, AND TO BE SURROUNDED BY PEOPLE THAT GO TO WORK EVERYDAY. AND PUT IN THEIR HARD'S DAY WORK AND GET PAID FOR IT AND COME BACK THE NEXT DAY. THAT'S PART OF THE MATURING PROCESS. JUST EXPOSING YOUNG PEOPLE TO THAT IS SO IMPORTANT. AND I WANT TO THANK YOU AND THE WORK YOU DO FOR THE MANY

YEARS I WAS IN THE PUBLIC DEFENDERS OFFICE AND I WAS IN THE JUDGE COURT. AND THAT JUDGE WAS BIG FAN OF PROMOTING FOLKS TO WORK2FUTURE AND THAT HELPED TURNED PEOPLE'S LIVES AROUND. I AM DEFINITELY A BIG FAN AND HAVE SEEN REAL RESULTS FROM THAT.

>> I WOULD LIKE TO ADD TO THE GEOMAPPER TOOL. IT WAS EXTRAORDINARILY INNOVATIVE, AND HELPED US SEE THE GEOGRAPHY OF OUR COMMUNITY. AND SOFTWARE IS THE LARGEST DRIVING INDUSTRY IN SILICON VALLEY. AND HAS THE SMALLEST AVERAGE SIZE OF ANY INDUSTRY. WHEN YOU SEE THE SOFTWARE, IT'S EVERYWHERE. IF YOU MAPPED A DIFFERENT INDUSTRY LIKE SEMICONDUCTORS, YOU WOULD FIND IT MORE CONCENTRATED IN CERTAIN AREAS. BUT THIS IS OUR LARGEST INDUSTRY HERE, AND LOOK AT THE SPATIAL OF THE GEOGRAPHICAL DISTRIBUTION, IT'S FASCINATING AND NOT UNRELATED TO THE PLAN FOR OUR CITY.

>> COMING BACK TO THE PREVIOUS QUESTION, THERE IS ONE OTHER THING IN TERMS OF SUPPORT FROM THE CITY COUNCIL, WHEN YOU HAVE AN OPPORTUNITY, THE SUMMER WORK EXPERIENCE PROGRAM HAD A LARGE IMPACT ON THE LIVES OF THE YOUTH. THE ONLY REASON WE WERE ABLE TO DO THAT IS BECAUSE IT'S ARA-FUNDED. WITH OUR NORMAL FUNDING WE ARE NOT ALLOWED TO DO. SO FROM A POLICY PERSPECTIVE, THAT'S AN IMPORTANT THING FROM THE BOARD, TO GET THE SUPPORT OF CITY COUNCIL TO ALLOW THAT TO HAPPEN, THAT WOULD BE GREAT. AND ANOTHER THING ON THE YOUTH PROGRAM, YOU HAVE TO BE LOW-INCOME AND HAVE ONE ADDITIONAL BARRIER. WE RECEIVED 2500 APPLICATION SAYS BUT ONLY ABLE TO HIRE 908. AND BECAUSE MAYBE THEY WERE A GANG MEMBER OR HAD A RUN-IN WITH THE LAW, THEY WEREN'T ELIGIBLE FOR THE PROGRAM. THERE ARE TWO POLICY THINGS, TO MAKE SURE IT'S RENEWED AND LOWERING THE CRITERIA SO THAT IT'S JUST FOCUSED ON LOW-INCOME YOUTH.

>> I KNOW PART OF THAT PROGRAM IS EXTENDED TO MARCH, 2010. IT'S A FANTASTIC PROGRAM AND I ATTENDED A GRADUATION. DOES THAT BURN THROUGH THE 4.7 MILLION OF ARA MONEY? THERE IS ALSO A GREEN PROGRAM THAT WILL TARGET THE SAME AGE RANGE OF YOUTH THAT OUR SUMMER WORK EXPERIENCE DID. THAT PROGRAM WILL RUN FROM JANUARY THROUGH AUGUST, SO 100% OF OUR MONEY WILL BE UTILIZED BY AUGUST.

>> I RECOGNIZE WE PROBABLY WON'T SEE A SECOND STIMULUS BILL OUT OF CONGRESS, BUT DO YOU HEAR FROM WASHINGTON THAT THERE IS LIKELIHOOD OF CONTINUING THAT FUNDING?

>> I THINK IT WOULD HAVE TO BE DONE FROM FORMULA, AND IT PROBABLY BE THE STRAIGHT LINED AND 1-2%, SO IT'S A POLICY PUSH AND TO TAKE THAT MONEY TO RUN A SUMMER WORK EXPERIENCE PROGRAM. BUT IF THERE ARE OTHER DISCRETIONARY RESOURCES, WE ARE TRYING TO TRACK THOSE DOWN.

>> PLEASE LET US KNOW, JEFF, TO BE ADVOCATES IN WASHINGTON.

>> JEFF, YOU SAID THERE WERE 2200 APPLICATIONS AND ONLY 908 WERE ALLOWED TO DO THE TRAINING. DOES THAT MEAN WE LEFT MONEY ON THE TABLE?

>> WE PROBABLY HAD ENOUGH MONEY, WE WERE ABLE TO TAKE 160 OF THAT 908 TO CONTINUE TO WORK WITH THEM. BUT WE HAD MONEY AT THE TIME TO ENROLL 300 MORE, BUT BECAUSE OF THE ELIGIBILITY WE COULDN'T.

>> BUT WE USED THE MONEY SOMEWHERE ELSE?

>> ABSOLUTELY.

>> YOU HAVE DONE AN EXCELLENT JOB. WITH THAT WE HAVE APPROVAL TO APPROVE THE REPORT?

>> MOTION.

>> SECOND.

>> ALL IN FAVOR?

>> AYE.

>> THANK YOU. YOU ARE UNANIMOUSLY APPROVED. AND READY TO MOVE ON WITH Nanci Klein that will give us an economic stimulus plan. and actions.

>> GOOD AFTERNOON, MADAM CHAIR AND MEMBERS OF THE COMMISSION. JUST A BRIEF UPDATE WHERE WE ARE ON WITH RF SPENDING RECEIPT OF GRANTS AS WELL AS THE MAYOR'S ECONOMIC STIMULUS. JUST A QUICK RECAP THROUGH SEPTEMBER 30, 2009, WE WERE AWARDED COMPETITIVELY AND THROUGH FORMULA, APPROXIMATELY 78 MILLION IN

FUNDS. 6.1 HAS BEEN SPENT AND 3.2 HAS BEEN REIMBURSED OR ADVANCED TO THE CITY, AND THAT'S [INAUDIBLE] FULL-TIME POSITIONS. AND MORE IS FORTH COMING, AND OVERALL LESS THAN A QUARTER IS EXPENDED. AND LOOKING FORWARD TO RECEIVE MORE THE GRANTS AS THEY ARE AVAILABLE THROUGH NOTICE OF FUNDING. THE CITY USED THOSE DOLLARS TO INVEST IN ENERGY EFFICIENCY AND WORK TOWARDS RENEWABLE ENERGY, FIGHT CRIME, EXPANDED RECYCLED WATER AND AFFORDABLE HOUSING AND OFFERED JOB TRAINING AS YOU HEARD FROM JEFF. IN MOVING ON TO HOW WE USE THOSE DOLLARS AND/OR HOW WE CONTINUE TO STRIVE FOR THOSE DOLLARS. THERE IS OVER A BILLION DOLLARS AND INCREASING WORTH OF APPLICATIONS WE HAVE. THE DEPARTMENT OF TRANSPORTATION SEEKING FUNDS FOR THE HIGH-SPEED RAIL IS ALMOST A BILLION ITSELF. AND 50 MILLION FOR THE BART, AND 25 MILLION FROM HOUSING, REVITALIZATION PHASE 2, THERE IS A LOT OF WORK TO BE DONE IN THE CITY TO BE PROACTIVE IN GOING AFTER THOSE DOLLARS. OUTSIDE THERE ARE ARA DOLLARS AND MORE APPLICATIONS FROM THE CITY IN TERMS OF THE EDA, 4 MILLION FOR THE LOS ALAMOS CLEAN TECHNICIANIVE, AND BAQUED, WHERE THE CITY IS LEADING THE TECHNOLOGY. YOU ARE AWARE THAT THE ENVIRONMENTAL SERVICES WILL HAVE A NEW COMMERCIAL WASTE REDESIGN THAT WILL PUT US OVER 70% OF RECYCLING. AND WE WILL LEAD THE MARKET IN TRUCKS, WE WILL REQUIRE FOR THE BID FOR THAT WORK THAT THE TRUCKS BE COMPLETELY ALTERNATIVE FUEL AND HAVE A PORTION OF THEM THAT WILL BE ALTERNATIVE ENERGY, EITHER HYBRID OR ELECTRIC. SO IF YOU CAN TAKE A MARKET FOR THE LARGER MARKET AND YOU WILL HAVE POSITIVE EFFECTS. THERE IS NO WHERE ELSE IN THE WORLD THAT IS DOING THAT, AND PEOPLE ARE SURPRISED THAT WE ARE BEING SO BOLD. BUT THAT'S KIND OF THE NOTION OF HOW WE USE OUR 10TH LARGEST CITY IN THE NATION. TO DRIVE JOBS AND INNOVATION. AND HOPEFULLY GET ATTENTION FROM THE STATE AND NATIONAL LEVEL. IN ADDITION TO THAT, THE CORE AND FUNDAMENTAL WORK, AND THE MAYOR HAS SPOKEN ABOUT THIS ON HIS OWN EFFORTS. THE COMBINATION OF ECONOMIC DEVELOPMENT AND THE AGENCY HAS GONE WELL OVER 300 VISITS. I KNOW MANY OF THE COUNCILMEMBERS HAVE BEEN ON THESE VISITS. THOSE ARE IMPORTANT TO HAVE GOOD RELATIONSHIPS WITH THE FOLKS AND THE BROKERAGE COMMITTEE. THAT'S CRITICAL, BECAUSE THOSE FOLKS ARE OFTEN MOST CLOSER IN THE MOMENT THAT SOMETHING IS HAPPENING, SO WE CAN GO AFTER THAT BUSINESS IN A PRO-ACTIVE WAY. YOU HEAR A LOT ABOUT THE CITY SIDE OR THE ECONOMIC DEVELOPMENT STIMULUS EFFORT THAT WAS IN THE CHIEF DEVELOPMENT OFFICER REPORT, THESE THINGS WILL BE CONSISTENT WITH THE ITEMS YOU HAVE HEARD. THE ECONOMIC DEVELOPMENT STRATEGY LOOKING FOR A KEY UPDATE THAT KIM IS LEADING, AND HOW THAT DOVETAILS IN VISION 23, AND WE ARE SMART IN HOW WE PLAN FOR THE FUTURE. AND THERE ARE STELLAR, SPECIFIC ACTIVITIES THAT TOUCH EVERY DEPARTMENT. AND ONE IS INFINITI, AND THEY ARE IN HOT COMPETITION TO HAVE A NEW MERCEDES VAN, AND IF WE CAN HELP PUSH THAT FORWARD, THAT'S SOMETHING NEW FOR THE SOUTH BAY. STEPHEN'S CREEK AUTO AND TOYOTA LOOKING AT AN EXPANSION. WE ARE DOING A TREMENDOUS AMOUNT OF WORK WITH THE MASTER PLAN, AND THAT'S A HUGE AMOUNT OF WORK THAT YOU WILL SEE MORE FROM ENVIRONMENTAL SERVICES, AND A WHOLE CITY TEAM THAT WILL LEAD IN TERMS OF CLEAN TECH AND WASTE ENERGY AND ECONOMIC DEVELOPMENT, AS TENTATIVELY LOOKING AT SOMETHING FROM 400-600 ACRES FOR NEW ECONOMIC DEVELOPMENT. THAT MAY BE IN CLEAN TECH OR R & D TYPE ACTIVITIES, TO KEEP DRIVING OUR INITIATIVES FORWARD. AND YOU WILL HEAR A REPORT ON DIRIDON. AND OTHER AREAS THAT THE CITY IS PROACTIVE ON, THANKS TO HOUSING, WE ARE WORKING ON A PROPOSAL THROUGH ARA FUNDING THAT WILL FUND EQUIPMENT AND JOBS, ABOUT 100 JOBS THAT COME OUT OF THAT FROM THREE TO FOUR COMPANIES. WORKING WITH COUNCILMEMBER HERRERA OF 80 ACRES AND RETAIL COMING FORWARD TO COUNCIL TOMORROW. SO THAT'S VERY EXCITING GETTING RETAIL READY SO WE CAN START PROVIDING SERVICES, MUCH NEEDED SERVICES TO THE AREA. AND ALSO THE SALES TAX. LOOKING FORWARD TO MOVE ARCADIA ARMADEN IN THE SAME FASHION, AND OTHER LARGE FACILITIES, NAMELY EXPO THAT IS LOOKING TO HAVE A LARGE TENANT TO REPLACE THAT FACILITY. AND THERE ARE A NUMBER OF OTHER INTERESTING ACTIVITIES LIKE THE URBAN MARKET, SAN PEDRO THAT IS MAKING GREAT HEADWAY THAT COMES TO PLANNING COMMISSION THIS WEEK. AND SORRY ABOUT THAT, HISTORIC PLANNING THIS

WEEK AND PLANNING NEXT WEEK, AND THEN THEY WOULD BE READY TO GO, AND THE FIRST PHASE BY THIS SUMMER. AND WE ARE WORKING IN NEW AND INNOVATIVE WAYS WITH VENTURE CAPITAL FIRMS TO SEE WHAT LINKAGES THEY CAN MAKE INTO SAN JOSE THROUGH THE DEMONSTRATION POLICY OR BEING MORE AWARE OF THE RESOURCES IN SAN JOSE. THAT'S A REAL SAMPLING BUT THERE ARE AGAIN EFFORTS THROUGHOUT THE CITY TO MAKE SURE WE ARE PROACTIVE AND NOT COMPLETELY REACTIVE. BECAUSE ECONOMIC CHALLENGES ARE SO GREAT. THANK YOU, IF YOU HAVE THOUGHTS OR QUESTIONS ON ANY SPECIFIC ITEMS.

>> I KNOW SOMEONE WHO IS READY WITH A QUESTION.

>> THANK YOU, NANCI, THANK YOU FOR A WONDERFUL REPORT. THE QUESTION WITH 13% UNEMPLOYMENT RATE, ARE WE SEEING A SIGNIFICANT NEXT IN THE NUMBER OF FOLKS TO GET THEIR OWN BUSINESS LICENSES?

>> THERE IS AN UPTICK OF NUMBERS, WHICH IS NOT UNUSUAL AS PEOPLE LOOK TO SUPPLEMENT OR TO GO INTO NEW LINES OF EMPLOYMENT.

>> THANKS.

>> THANK YOU, I WANT TO SAY THANK YOU FOR ALL OF YOUR HARD WORK IN THIS REPORT. AND I APPRECIATE THE OPPORTUNITY TO WORK WITH YOUR DEPARTMENT ON ECONOMIC DEVELOPMENT PROJECTS.

>> THANK YOU.

>> I JUST APPRECIATE THE FACT THAT YOU KEEP GOING NO MATTER, YOU ARE LIKE THE ENERGIZER BUNNY, AND YOU DO MAKE THINGS WORK. THAT'S FANTASTIC.

>> MOVE.

>> SECOND.

>> ALL IN FAVOR?

>> AYE.

>> THANK YOU. YOU ARE APPROVED UNANIMOUSLY. WELL, NEARLY. READY WITH THE DIRIDON STATION PROGRESS.

>> WE HAVE MANUAL FROM DOT AND DENNIS FROM THE AGENCY THAT'S INVOLVED.

>> DENNIS AND MANUEL.

>> THANK YOU.

>> GET OUR SLIDES LOADED. WE ARE HERE JUST TO BRING A QUICK STATUS REPORT ON THE DIRIDON STATION PROGRESS, THERE IS A REPORT IN YOUR PACKET. TO BEGIN WITH BACKGROUND, THE MOST RECENT EFFORTS IN DIRIDON IS FOR A GRANT OF A PLANNING STUDY, AND APPROVED BACK IN FEBRUARY, AND THE MONEY WAS MATCHED, AND BACK IN JUNE THE COUNCIL ACCEPTED THAT GRANT AND STARTED THE STUDY AREA PROCESS. THIS STUDY BUILDS ON EFFORTS SINCE THE 1990S, WITH THAT IN 2005 TO EXPAND THE DOWNTOWN CORE TO INCLUDE THE DIRIDON AREA. THE STUDY AREA INCLUDES 240 ACRES, THAT'S ALL THE SHADED AREA ON THE MAP. AND THAT'S RUNNING NORTH TO THE RIGHT OF THE SCREEN. IT DOES INCLUDE THE PROPOSED BALLPARK SITE, IN THE PURPLE AREA, THAT'S THE AREA MOST PRIMED FOR REDEVELOPMENT THAT MAY INCORPORATE ENTERTAINMENT USES THAT COULD WORK TOGETHER WITH THE BALLPARK IF IT GOES FORWARD AT THAT LOCATION. THAT'S A KEY 25-40 ACRES IN THAT PURPLE AREA THAT IS QUITE IMPORTANT HOW THAT GETS DESIGNED. WE GOT A TWO-YEAR PROCESS UNDERWAY. THE FIRST YEAR IS LOOKING AT LAND USES AND ALTERNATIVES AND LOOKING AT THE BALLPARK STUDY PROCESS, AND LOOKING AT HIGH-SPEED RAIL, AND MANUEL WILL TALK ABOUT THAT PROCESS. AND THEN THE SECOND YEAR AFTER AN APPROVED ALTERNATIVE, THE SECOND YEAR WOULD BE TO FACILITATE ENVIRONMENTAL REVIEW, SO WE ARE POISED WHEN THEY WANT TO FOLLOW UP ON THAT PROCESS. WE ARE IN DEVELOPMENT WITH MANY TRANSIT AGENCIES. THE GOAL IS TO IMAGINE DIRIDON AS A REDESTINATION AND TO BUILD THAT THE EXPANSION OF HIGH-SPEED RAIL IS COMING TO DIRIDON, TO MAINTAIN THE HIGH-SPEED RAIL AND TO WORK WITH THE PROPOSED BART AT THIS LOCATION. WE ARE WORKING TO ESTABLISH A LAND USE PLAN. WE HAVE A TEAM THAT IS GUIDING PRINCIPLES SO WE ALL SPEAK WITH THE SAME VOICE TO CAPITALIZE ON THE OPPORTUNITY OF THE HIGH-SPEED RAIL STATION. WE ARE LOOKING FOR A 24 HOUR, 7 DAY A WEEK ADVENTURE. WE WANT EXCITING STREETS AND COORDINATE WITH THE BALLPARK WITH SERVICES AT THAT ARENA. THE DIRIDON STATION WE WANT TO BE A FUNCTIONALITY,

SIGNIFICANT, ARCHITECTURAL SPACE, AND WE WANT GREEN DESIGN. WE HAVE STUDENTS THAT HAVE DONE A LITTLE BRAIN STORMING ON THAT KIND OF ARCHITECTURE. WE WOULD LIKE TO PRODUCE A MODEL PLAN, TO FOCUS ON THE LINKAGES OF HIGH-SPEED RAIL AND BART AND TRAIN, AND HAVE HEARD FROM THE NEIGHBORS TO MAKE IT EASY FOR THE EXISTING NEIGHBORS TO GET TO THE STATION AND TO MAKE USE OF THE TRANSIT OPPORTUNITIES. WE HAVE EXISTING NEIGHBORHOODS THAT USE THE DIRIDON STATION AND WE WANT TO LOOK AT THOSE AREAS AND LOOK AT KEY STREETS IN HOW TO PROVIDE KIND OF A BRIDGE FROM THE EXISTING NEIGHBORHOODS AND EXISTING SINGLE-FAMILY, TO GET SOME MULTIUSE AND OTHER COMMERCIAL ACTIVITY NEAR THOSE SITES THAT MAY WANT LEAD THEM INTO THE EXPANDED DIRIDON. AND HOPING THAT DIRIDON WILL ENHANCE THE CONNECTIVITY TO OUR DOWNTOWN. AND HOPE THAT WILL HELP TO BRANCH OUT IN THOSE DIRECTIONS. AND WE WANT TO COMPLETE THE ENVIRONMENTAL IMPACT SUPPORT THAT WILL FACILITATE FUTURE DEVELOPMENT UNDER THE PARAMETERS OF A LAND USE PLAN. AND MANUEL WILL GIVE US MORE ON THE CURRENT STEPS.

>> YEAH, CURRENTLY THE PROCESS HAS STARTED TO MOVE FORWARD. AND A KEY THING IS THAT WE HAVE A WORKING GROUP TO WORK OUT SOME ISSUES ASSOCIATED WITH THE PROJECT AND OUTSIDE AGENCIES THAT WILL BE OPERATORS OF THE FUTURE FACILITY. WE ARE DEVELOPING GUIDING PRINCIPLES BECAUSE WE KNOW THERE WILL BE QUESTIONS THAT COME UP AND WE WANT TO ANSWER THOSE QUESTIONS AND MAKE DECISIONS FOR THE PROCESS. WE HAVE STARTED OUR OUTREACH PROCESS, WE HELD STAKE MEETING GROUPS, WITH DOWNTOWN BUSINESS ASSOCIATION. AND HELD THE FIRST COMMUNITY WORKSHOP, THAT WAS HELD ON SEPTEMBER 26, THAT HAD ABOUT 100 COMMUNITY MEMBERS THAT SHOWED UP. AND THEY PROVIDED A LOT OF POSITIVE FEEDBACK AND INPUT INTO THE PROCESS. AND PIGGYBACKED ON KIM'S HARD WORK AND GOOD-NEIGHBOR COMMUNITY, TO SHOW PEOPLE MORE OF WHAT WE ARE DOING AND TO KEEP EVERYONE UPDATED ON THE PROCESS. ONE THE KEY THINGS ABOUT DIRIDON IS THE OPPORTUNITY, AND AS SUCH WE HAD A HARVARD DESIGN STUDIO, THAT WANTED TO COME TO SAN JOSE AND DEVELOP PLANS OF WHAT DIRIDON WOULD LOOK LIKE. THEY HAD SIX TEAMS AND DEVELOPED SIX LAND USE PLANS. AND YOU SEE ONE ON THE BOTTOM, VERY CREATIVE AND SOMETHING WE CAN INCORPORATE AS WE MOVE FORWARD. AND THE PLAN FOR DIRIDON'S MARKETPLACE, AND THEY SEE THAT GREAT OPPORTUNITY, AND WE HOPE THAT A NUMBER OF IDEAS CAN BE A PART OF PLAN. AND WE HAVE EXISTING CONDITION REPORTS AND THAT'S THE FIRST KEY STEP IN THE PROCESS. MOVING FORWARD WE ARE THINK ONE OF THE BIGGEST QUESTIONS IS TO HIGH-SPEED RAIL AND THOSE REQUIREMENTS. HIGH-SPEED RAIL IS LOOKING AT SEVEN ALIGNMENT THAT IS COME THROUGH DIFFERENT LOCATIONS THAT PLACE THE STATION IN DIFFERENT LOCATIONS, WHICH ELEVATED OR BELOW GRADE. THAT'S A KEY QUESTION BECAUSE WE NEED TO KNOW THAT ANSWER TO MOVE FORWARD. HIGH SPEED WILL LOOK AT THE SEVEN ALIGNMENTS AND DETERMINE WHICH MAKES SENSE TO MOVE FORWARD IN THE ENVIRONMENTAL CLEARANCE PROCESS. FROM OUR PERSPECTIVE, ONCE THOSE ARE NARROWED DOWN, WE CAN TAKE THAT INTO COORDINATION. AND WE HOPE TO BRING THAT ON DECEMBER 7 WITH PRELIMINARY RESULTS AS WHETHER THEY SEE THE ALIGNMENTS THAT MAKE THE MOST SENSE. STAFF WILL TAKE THAT FORWARD INTO T & E COMMITTEE IN JANUARY AND FEBRUARY, AND HOPE TO MAKE GUIDANCE FOR MOVING FORWARD IN THAT PROCESS. ONCE THAT'S DETERMINED WE CAN LOOK AT DEVELOPING THE LAND USE AND STATION ALTERNATIVES. WE WILL INCLUDE THE BASE BALL STADIUM, AND WE ARE HOPEFUL TO HAVE A COMMUNITY WORKSHOP IN MARCH OR APRIL OF NEXT YEAR. AND TO GIVE WHAT HIGH SPEED INCORPORATES IN THAT, AND SHOW THE COMMUNITY WHAT WE THINK CAN OCCUR FROM AN ALTERNATIVE STANDPOINT. IN A GOAL TO COME BACK IN THE SUMMER WITH A FINAL WORKSHOP WITH THE LAND USE PLAN. AND THAT PROCESS WOULD TAKE A YEAR AND HAVE A PROJECT BY JUNE, 2011.

>> ANY QUESTIONS?

>> MANUEL, THANK YOU FOR THE PRESENTATION. AND SUSAN, THANK YOU. ON THE HIGH-SPEED RAIL, I KNOW THIS IS VERY PRELIMINARY AT THIS POINT, AND LOOKING AT SIX AND A SEVENTH ALIGNMENT?

>> THAT'S CORRECT, IF YOU LOOK AT ALIGNMENT 1, THAT'S BOTH AS A TUNNEL AND ABOVE GRADE ALIGNMENT.

>> A LOT ARE ROOTING FOR NO. 1, AND YOU HAVE HEARD THAT SAN FRANCISCO HAS SPENT HUNDREDS OF MILLIONS OF DOLLARS TO GET RID OF ELEVATED HIGHWAYS. AND I WOULD HATE TO SEE US REPEAT THE MISTAKES TO BUILD ELEVATED THROUGH URBAN AREAS. I UNDERSTAND THAT WE CAN'T HOLD HOSTAGE TO A COMMUNITY THAT WANTS TO SEE EVERYTHING UNDERGROUND. BUT WHEN WE LOOK AT DENSE AREAS I HOPE WE LOOK AT HOW TO GET THIS RAIL SYSTEM UNDERGROUND. I DON'T KNOW HOW TO DO IT IN AN ELEVATED FASHION WITHOUT PROBLEMS. AND I KNOW WE ARE LOOKING AT THAT AND I HOPE THAT WE FIND A WAY THAT DOESN'T BREAK THE BANK. AND I WANT TO COMMEND ALL THE HARD WORK WITH THE GOOD NEIGHBOR COMMITTEE, EVERYTHING I HEARD IS POSITIVE, AND THE TOURS ARE HARDER THAN THE CIRCUE CE LAE.

>> I THINK WE HAVE BEEN PRESENTED WITH DIFFERENT OPTIONS FROM HARVARD, AND THEY LEFT US WITH WHAT A FANTASTIC OPPORTUNITY WITH DIRIDON, AND IT'S ONE OF THE MOST EXCITING PROJECTS. AND I COMMEND ALL OF YOU FOR YOUR WORK IN IT. I AM CURIOUS ABOUT WHAT SITE STAFF WILL PREFER IN TERMS OF THE LOCATIONS WE ARE TALKING ABOUT UP HERE FOR THE STATION. BUT I GUESS THAT'S NOT REALLY, THERE IS NO INPUT FROM STAFF.

>> THAT'S CORRECT, AT THIS POINT WE EXPECT TO HAVE RESPONSE FROM HIGH-SPEED RAIL ON THIRD OF DECEMBER AND PRESENTED ON THE 7TH OF DECEMBER. AND WE ARE WAITING FOR THE REPORT WITH FEASIBILITY AND COST AND PROVIDE GUIDANCE OF WHAT WORKS AND DOESN'T WORK. AND WE ARE LOOKING AT AN ALTERNATIVE TERMINAL THAT IS UNDERGROUND, SO THAT PUTS IT UNDER THE EXISTING STATION.

>> I WANT TO SAY AS PART OF THE BOSTON TOUR, WE LOOKED AT A PROJECT CALLED THE BIG DIG, WHERE THEY HAD TO TAKE DOWN THE OVERHEAD FREEWAY AND SAW THAT IN SAN FRANCISCO, AND WE CERTAINLY WOULD NEVER WANT TO GO LIKE THAT IN THE FUTURE. I HOPE WE CAN FIND AN ACCOMMODATION THAT WORKS FOR THE NEIGHBORS AND WHAT WE CAN AFFORD. AND I WANT TO HEAR, DO WE REALLY HAVE ROOM AT THIS SITE FOR ALL THINGS? DO WE FEEL LIMITATION IN TERMS OF THE SITE ITSELF?

>> THAT'S REALLY THE REASON THAT WE THOUGHT THIS NCT GRANT PROPOSAL WAS KEY FOR US. EVERYTHING THAT HAPPENING, NUMBER ONE IS MASTER PLANNING THE STATION ITSELF TO BE SURE WE HAVE ENOUGH ROOM FOR EVERYTHING WE WANT TO FIT, BART AND HIGH-SPEED RAIL AND LOOKING AT WHAT LAND USES MAKE THE MOST SENSE. THERE IS DEFINITELY ROOM TO DO A LOT OF WORK, AND EXCITED TO FIGURE OUT WHAT THAT WILL BE. IT'S REALLY FITTING THE RIGHT PIECES AND HOW EVERYTHING WILL WORK IS A KEY COMPONENT. THANK YOU.

>> THANK YOU VERY MUCH FOR A WONDERFUL REPORT, WITH THAT.

>> MOTION.

>> SECOND.

>> ALL IN FAVOR?

>> AYE.

>> THANK YOU VERY MUCH. MOVING ON NOW. OUR PUBLIC WORKS DEVELOPMENT SERVICES. NEW SERVICE MODEL WITH TIM BORDEN, AND ARE YOU [INAUDIBLE]?

>> THANK YOU, I AM TIM BORDEN, DEPUTY DIRECTOR OF PUBLIC WORKS. I WANT TO BUILD HISTORY, WE CAME TO THIS COMMITTEE LAST OCTOBER DESCRIBING WHERE WE HAD BEEN FOR SEVERAL YEARS. EVEN IN GOOD ECONOMIC TIMES WE HAD STRUGGLED TO CONTINUE TO PROVIDE OUR DEVELOPMENT SERVICES IN A COST-EFFICIENT BASIS AND TO ACHIEVE THE TARGETS. EVER SINCE THE TREND FOR INFILL DEVELOPMENT OUR FEE MODEL DID NOT EQUATE TO THE WORKLOAD AND DID NOT TRACK WELL WITH THE WORKLOAD. SO WE DISCOVERED WITH THAT COST-RECOVERY BUSINESS MODEL. WE CAME TO THIS COMMITTEE LAST OCTOBER TO TALK ABOUT GOING FORWARD WITH A STUDY ABOUT PALO ALTO, AND INSTEAD OF RACHETING UP THE FEES, THEY SAID WE CAN'T CONTINUALLY PUT UP WITH THIS. TIME IS MONEY, AND WE DO UNDERSTAND THAT. BUT ON THE OTHER HAND WE WANT TO KNOW YOU ARE DELIVERING YOUR SERVICES IN THE MOST EFFICIENT WAY POSSIBLE. BEFORE WE CAN SUPPORT RACHETING OF FEES. AND WE SAID LET'S GO BACK AND GET AN UNBIASED VIEW. AND THE LAST YEAR THAT'S WHERE WE HAVE BEEN. WE DID A MANAGEMENT STUDY AND THEN FOLLOWING THAT, AFTER FINDING OUT WHAT OUR EFFICIENCIES CAN BE AND WHAT OUR PROCESSES SHOULD BE. CAME UP WITH A USER-FEE

STUDY TO SUPPORT THAT. IN DOING THE OUTREACH FOR OUR MANAGEMENT STUDY, WE DID HEAVILY WEIGHTED ON OUTREACH, WE MET WITH DEVELOPMENT INDUSTRY AND BENCHMARKING TO GET BEST PRACTICES FOR NEIGHBORS AND OTHER BIG CITIES IN CALIFORNIA. AND DID A LOT OF INTERNAL WORK WITHIN THE DEVELOPMENT AND WITH OTHER DEVELOPMENT GROUPS WE WORK WITH IN THE CITY. WHAT WE REALLY GOT TO AFTER THAT, WE ALSO -- I THINK ONE OTHER POINT ON OUT REACH, WE DEVELOPED A STEERING COMMITTEE COMPRISED OF INTERNAL AND EXTERNAL WORK EFFORTS. AND THAT WAS KEY TO MAKE SURE THAT PEOPLE WERE REVIEWING THE DRAFT AND WERE COMFORTABLE WITH THE RECOMMENDATIONS AS WE MOVED ALONG. WE DIDN'T GET TO THE END AND END UP WITH A SURPRISE REPORT WITH A LOT OF RECOMMENDATIONS THAT WE KNEW COULDN'T BE IMPLEMENTED. WHERE WE ENDED UP WITH IS IMPROVEMENT IN PROCESSES AND FEASIBILITY AND CONSISTENCY AND EARLY DECISION MAKING. OF THE RECOMMENDATIONS IN THE REPORT, WE HAVE ABOUT 40% UNDERWAY. SOME OF THE KEY THINGS, MORE EXPERIENCE ON OUR DEVELOPMENT TEAMS WHERE DECISIONS ARE MADE AT A HIGHER LEVEL AND QUICKER, RATHER THAN THROUGH GOING THROUGH A PROCESS, THINGS OF IMPORTANCE ARE BROUGHT UP TO A HIGHER LEVEL QUICKER. AND THERE IS ONE POINT OF CONTACT FROM THE BEGINNING OF THE PROCESSES TO THE END. THE FEES DO NOW REFLECT THE INDUSTRY TREND, SO AGAIN I CAN'T EMPHASIZE ENOUGH THAT FEES ARE EQUAL IN WORKLOAD. SO WE ARE VERY SCALEABLE AT THIS POINT, IN TOUGH TIMES LIKE THESE WE ARE SCALING DOWN, BUT THAT'S BECAUSE THE WORKLOAD IS SCALING DOWN. AND WE ARE COMFORTABLE AS THINGS PICK UP, WE ARE SCALEABLE AND WILL HAVE THE PROCESSES TO DEAL WITH THE UPTURN. THINGS THAT ARE UNDERWAY NOW, SOME MAJOR PARTS OF THE PROCESSES, TO COMPLETE MAJOR EFFORTS BY SMALL COMMITTEES, AND TO REDUCE THOSE WHO COME IN AND GETTING THE BEST OUT OF THE PLANS AS THEY FIRST COME IN OVER THE COUNTER. THERE ISN'T THE REITERATIONS BACK AND FORTH. AND LOOKING AT OTHER WAYS TO SAVE THE INDUSTRY MONEY, LOOKING AT HAVE PRIVATE MATERIALS LABORATORIES, CERTIFIED TESTS THAN JUST HAVING THE CITY DO IT. AND LOOKING AT PIPE MATERIALS FOR THE SEWERS, AND SEE WHAT OTHER THINGS THAT THE INDUSTRY IS DOING TO SAVE THEM MONEY. SO LOOKING AT PROCESSES AND STREAMLINING AND THINGS THAT WILL SAVE THEM MONEY ALONG THE WAY. BUT TODAY IS TO BRING CLOSURE TO THAT PROCESS. WE ARE VERY SATISFIED AND HAPPY WITH THE REPORT WE GOT OUT OF THIS. AND THE FEES THAT HAVE BEEN SUPPORTED TO IMPLEMENT ALL OF THESE STREAMLINING. WE WANTED TO TAKE TIME-OUT TODAY TO THANK THE INDUSTRY, IN THE AUDIENCE WE HAVE JERRY YOUNG, AND AGAIN THAT STEERING COMMITTEE AND MAKING SURE THEY ARE REVIEWING EARLY DRAFTS. AND PARTICIPATING AND TO LOOK AT WHAT THINGS CAUGHT THEM TIME AND MONEY. AND THEY ARE WORKING WITH US. AND I WANT TO TAKE TIME-OUT TO THANK PREMO, AND HIS STAFF AND DEVELOPMENT. WHILE THEY HAVE BEEN STRUGGLING TO TURN AROUND PLANS AND CONTINUE TO MEET OUR PERFORMANCE TARGETS. THIS WAS A MAJOR WORK EFFORT TO DO THIS MONUMENTAL. AND AGAIN IT'S PUTTING US IN A PLACE WHERE WE WILL BE WELL SITUATED ONCE THE ECONOMY PICKS BACK UP. WITH THAT I AM OPEN TO ANY QUESTIONS. I DON'T KNOW IF JERRY WANTS TO SAY ANYTHING.

>> I HAVE NEVER KNOWN JERRY NOT TO WANT TO PARTICIPATE. YOU HAVE A LOT OF FANS HERE.

>> MADAM CHAIR, MEMBERS OF THE COMMISSION. I KNOW HOW TO DO THIS, THAT'S OK, I HAVE A BOOMING VOICE. I WANTED TO TAKE THIS OPPORTUNITY, I CHAIR THE CHAMBER'S DEVELOPMENT VIEW COMMITTEE, AND TIM WAS REFERRING TO OUR QUARTERLY MEETING. HAVING SAT ON THE COMMITTEE, THIS IS ONE THAT I PARTICIPATED TO THE DEGREE THAT THE DRAFT REPORT WAS GIVEN TO MYSELF AND BRAD AT THE HDA, AND YOU DON'T SEE THAT HAPPEN A LOT IN GOVERNMENT. YOU HAVEN'T SEEN THAT HAPPEN A LOT IN THE CITY OF SAN JOSE. I WANT TO COMMEND TIM AND KATY AND OTHERS TO HAVE THE GUTS TO LAY IT OUT THERE, AND TALK ABOUT IT AND DEBATE IT. I THINK UNFORTUNATELY AS THE PROCESS CAME TO A CLOSE AND THE ISSUE OF FEES CAME UP. THEY CAME UP LATE IN THE PROCESS BECAUSE IT GETS INTO THAT TIME OF THE YEAR WHERE THEY HAVE TO BRING FEES FORWARD. AND UNFORTUNATELY THE CHAMBER WAS NOT ABLE TO SUPPORT THE LEVEL OF FEES THAT STAFF WAS LOOKING FOR. WE UNDERSTAND THAT FEES IS

IMPORTANT. I WOULD CLOSE ASKING YOU AS COUNCILMEMBERS, WHEN YOU LOOK AT FEE INCREASES NEXT YEAR, THAT YOU DO SO WITH A PERSPECTIVE ON THE ECONOMY AND HOW IMPORTANT IT IS FOR BUILDERS AND SMALL BUSINESSES TO COME FORWARD. I KNOW THAT THE MAYOR HAS TALKED ABOUT DEFERRING FEES AS LATE AS POSSIBLE. AND I WOULD ENCOURAGE YOU TO CONSIDER THAT PROCESS AS WELL. IN TODAY'S ENVIRONMENT THAT'S WHAT IT WILL TAKE TO GET JOBS. AND AS NANJI TALKED ABOUT ECONOMIC DEVELOPMENT, I SUGGEST THAT'S ONE COMPONENT OF ECONOMIC DEVELOPMENT HERE IN SAN JOSE. THANK YOU TO TIM AND STAFF TO LET US PARTICIPATE.

>> THANK YOU. I DID IT AGAIN.

>> THANK YOU FOR THAT REPORT AND APPRECIATE YOUR SOLICITATION FROM THE CHAMBER. THAT'S SOMETHING THAT WE HEAR A LOT ABOUT TO IMPROVE THE PROCESS, AND YOU NEED TO FIND OUT FROM THOSE WHO PARTICIPATE IN THE PROCESS. I APPRECIATE THE WORK IN THIS AND HOPE TO END UP WITH GOOD LONG-TERM RESULTS.

>> THANK YOU FOR THE REPORT AND JERRY THANK YOU FOR EXPRESSING THE FEELINGS AND THOUGHTS OF THE BUSINESS COMMUNITY. AND I WILL LOOK FOR ANY WAY WE CAN TO TRY TO SUPPORT MORE ECONOMIC DEVELOPMENT AND THE DEFERRAL OF FEES IDEA SOUNDS LIKE A GOOD ONE TO ME.

>> I WOULD LIKE TO ECHO THE THANKS, AND JERRY, I WANT TO ASK A QUESTION, AS YOU MENTIONED THE FEES. IT'S SOMETHING THAT I GRAPPLE WITH, AS YOU TRY TO DEAL WITH BUDGET SHORT FALLS AND TO GET TO FULL COST RECOVERY AND AT THE SAME TIME DON'T WANT TO PUT THE BURDEN ON THOSE DRIVING THE JOBS IN THE COMMUNITY. HAS THE CHAMBER COME UP WITH A BETTER WAY? I THINK THAT THE ALTERNATIVE TO HIGHER FEES IS THAT WE HIT THE GENERAL FUND AND THAT MEANS FEWER COPS AND FIREFIGHTERS. IS THERE ANY ALTERNATIVE THAT WE HAVE SEEN FROM OTHER CITIES?

>> I THINK WHAT THE CHAMBER AND WHAT THE DEVELOPMENT REVIEW COMMITTEE HAS BEEN TALKING ABOUT THE STAFF ABOUT, ON QUARTERLY BASIS, AND STAFF BEING PUBLIC WORKS AND PLANNING IS TO CONTINUE TO LOOK FOR WAYS TO STREAMLINE THE PROCESS. IF IT COSTS THEM AND THEY SPEND 100 HOURS PROCESSING SOMETHING AT X DOLLARS AN HOUR VERSUS 50, THEN THE FEE GOES DOWN. IF WE GET TO THE POINT THAT FEES ARE MATCHED TO THE TIME SPENT AND THE TIME SPENT IS EFFICIENT. THEY ARE STILL CHARGING THE SAME HOURLY RATE AND SAME OVERHEAD, IT'S DONE MORE EFFICIENTLY AND THEREFORE LESS EXPENSIVELY. AND THAT'S WHERE WE HAVE TRIED TO FOCUS. IN TERMS OF EFFICIENCY, AND BOTH BRAD AND I VOLUNTEERED OF SORTS TO PARTICIPATE IN THIS SO WE COULD LEND SOME PRIVATE SECTOR EXPERIENCE IN TERMS OF HOW THEY MIGHT BE ABLE TO STREAMLINE SOME THINGS. THERE ARE NO SILVER BULLETS AND NO THING THAT WILL MAKE IT BETTER RIGHT AWAY. BUT THERE ARE A COMBINATION OF THINGS THAT CAN HELP THE PRIVATE SECTOR TO WORK AND CREATE JOBS AND DO THINGS EFFICIENTLY ON OUR SIDE AS WELL.

>> THANKS JERRY, I AM SURE THAT SINCE THE FIRST MAYOR IN SAN JOSE, THEY WERE PROBABLY TALKING ABOUT STREAMLINING IN PLANNING, AND I APPRECIATE THIS AS AN ONGOING CHALLENGE.

>> THANK YOU ALL FOR THAT WONDERFUL REPORT. WITH THAT.

>> MOTION APPROVE.

>> SECOND.

>> ALL IF FAVOR?

>> AYE.

>> THAT IS APPROVED. DAVID, I OWE YOU WORK2FUTURE, DO YOU WANT TO DO THAT NOW?

>> I APOLOGIZE.

>> YOU CAN DO NO WRONG.

>> I AM SORRY ABOUT THAT. WE WILL MOVE ON TO THE SECOND OF THE LAST, THE CATALYST FUND WITH JEFF RUSTER. WE ARE KEEPING YOU ON ROLLER SKATES TODAY. AND THEN DAVID YOUR COMMENTS AFTER THIS. RIGHT? YEAH.

>> GOOD AFTERNOON, COMMITTEE MEMBERS. THIS IS THE SECOND TIME WE HAVE BROUGHT BACK AN UPDATE ON THE ECONOMIC DEVELOPMENT CATALYST PROGRAM. I AM JOINED BY EDUARDO THAT IS THE FUND MANAGER AND JESSE FROM PACIFIC COMMUNITY MANAGEMENT AS WELL. AS WE CREATED THIS FUND WAS TO SUPPORT HIGH GROWTH

COMPANIES HERE IN THE CITY OF SAN JOSE. WE UNDERTOOK THIS VENTURE WITH THE INTENT TO LEVERAGE OUR OWN RESOURCES AND TO HAVE A RETURN ON OUR INVESTMENT. THE ULTIMATE GOAL IS ONE OF QUALITY JOB CREATION AND ENHANCING THE CITY'S TAX BASE. WE WERE FORTUNATE THROUGH A COMPETITIVE BIDDING PROCESS TO ENTER INTO AN AGREEMENT WITH PACIFIC CITY MANAGEMENT, THEY HAVE BEEN AROUND FOR YEARS AND MAKE INVESTMENTS IN HIGH GROWTH COMPANIES IN NONTRADITIONAL SECTORS, VERY DIFFERENT FROM THE CAPITOL FUND.

AND THEY ARE A BOTTOM-LINE INVESTOR AND LOOKING FOR A FINANCIAL RETURN AND SOCIAL RATE RETURN. THEY PROVIDE INTENSIVE COMPETITIVE ASSISTANCE TO THE COMPANIES AND THROUGH THE COURSE OF THE PERIOD. WE FEEL THAT COMPONENT IS CRITICAL TO THIS PERIOD. ONE EXAMPLE IS THE ARA PROGRAMS UNDER THIS PROGRAM. THERE IS A BUSINESS WEEK ARTICLE THAT SAYS THOSE ARE EXPERIENCING A DEFAULT RATE, AND MANY TIMES IT'S THE ENTREPRENEUR AND THE SMALL BUSINESS OWNER, AND PUTTING THEIR HOME UP BECAUSE OF DEFAULT. SO HAVING A PARTNER LIKE THAT PACIFIC COMMUNITY MANAGEMENT TO PROVIDE THE THIS EXPERIENCE IS CRITICAL TO THE SUCCESS OF THIS PROGRAM. TO DATE WE MADE TWO INVESTMENTS, ONE COMPANY IS BENTEK, AND EDUARDO WILL TALK ABOUT HOW THEY TRANSITIONED INTO THE SOLAR ENERGY SECTOR. WE MADE AN INVESTMENT OF \$350,000 OF PREFERRED STOCK. PCM WAS ABLE TO BRING 8.5 DOLLARS AS ADDITIONAL RESOURCES. AND THE SECOND COMPANY IS KEMOMIX, IT'S A HISPANIC THEMED GROCERY STORE, THEY HAVE TWO LOCATIONS HERE IN SAN JOSE, ONCE ACROSS THE STREET FROM CITY HALL AND ONE ON WHITE ROAD. WE MADE A 500,000 INVESTMENT IN PREFERRED STOCK AND WE ACHIEVED LEVERAGING OF 17-1. AND OVER TO EDUARDO TO TALK ABOUT THE INVESTMENT.

>> THANK YOU AND TO EVERYONE FOR HAVING US HERE AGAIN. AS JEFF DESCRIBED IN HIS LAST PRESENTATION, THIS HAS BEEN AN INTERESTING YEAR FOR SMALL BUSINESSES AND FOR PACIFIC COMMUNITY MANAGEMENT, WE HAVE FOCUSED A TREMENDOUS AMOUNT OF TIME TO MAKE SURE THAT THE COMPANIES ARE SET FOR SUCCESS BY NOT ONLY HELPING THEIR EXISTING BUSINESS BUT GOING DEEP IN TERMS OF HELPING THE COMPANIES UNDERSTAND THE IMPORTANCE OF THEIR WORKFORCE AND HOW TO KEEP IT ALIVE AND THRIVING. WITH THAT SAID, WHEN THE INVESTMENTS WERE DONE IN THESE TWO COMPANIES WITH BENTEK, WE HAD APPROXIMATELY 103 JOBS AND WITH THE OTHER COMPANY WE HAD 119 JOBS, SO A TOTAL OF 220 JOBS. IN BENTEK WE LOST ABOUT 32 JOBS, BUT IN THE OTHER COMPANY WE GAINED 35. SO EVEN IN THIS MARKET CONDITION WE HAVE MAINTAINED THE BASE AND WE ARE EXCITED ABOUT THE FUTURE OUTLOOK OF BENTEK. THEY WERE IN A VERY SPECIALIZED SEMI CONDUCTOR BUSINESS, AS YOU KNOW BEING HERE IN THE MIDDLE OF SILICON VALLEY, THERE HAS BEEN A TREMENDOUS AMOUNT OF REVENUE LOSS. MOST OF THE CLIENTS SUPPLYING WERE 20-30%, AND THE GOOD NEWS WAS THAT BENTEK UNDERSTOOD THEY HAD TO REINVENT THEMSELVES AND FIND A WAY TO BE RELEVANT. AND AN AREA WHERE IT CAME UP WAS IN THE SOLAR INDUSTRY, THEY HAVE CREATED A COMBINER THAT HAS OPPORTUNITY TO MOVE FORWARD, AND THEY HAVE A SIGNIFICANT HIGHER GROSS MARGIN THAN THEIR PRIOR LINE OF BUSINESS. THEY ARE CURRENTLY STARTING TO HIRE BACK, THEY HAD SPENT TIME TO FIND CREATIVE WAYS TO MAKE SURE THIS WORKFORCE THAT THEY HAD TO BE LESS ACTIVE AND TO STAY CLOSE BY. SO THE GOOD NEWS IS THAT A LOT OF PEOPLE THEY ARE REHIRING ARE PEOPLE THAT ARE TRAINED AND READY TO START PRODUCING. AND WE ARE EXCITED OVER THE POTENTIAL FOR THAT. WE HAVE WORKED TO FIND AND UNDERSTAND THIS IS AN INTERESTING AREA AND TO FIND WAYS TO SEND MORE CLIENTS THEIR WAY. AND A SIGNIFICANT AMOUNT OF OUR TIME WAS TO MAKE SURE THAT THE COMPANY UNDERSTOOD HOW TO MANAGE CASH. THE COMPANY HAD 5.6 MILLION I BELIEVE LINE OF CREDIT THAT HAD TO BE RENEGOTIATED. FORTUNATELY WE WERE SUCCESSFUL AND REPLACED WITH 800 MILLION. SO I PRAISED THE MANAGEMENT TEAM THERE QUITE A BIT BECAUSE OF THEIR HARD WORK. AND HOW EXCITED WE ARE OF THE POTENTIAL FUTURE. AND ON KIMOMIX, WE HAD CHALLENGES OPENING OF THE SECOND STORE OVERBUDGET AND ETC., I THINK I SHARED SOME INSIGHTS. THE COMPANY IS CURRENTLY IN SOME STRATEGIC PARTNERSHIP DISCUSSIONS THAT WE ARE EXCITED ABOUT THE POTENTIAL. IF THEY DO HAPPEN, THAT POTENTIAL IS NOT ONLY TO CONTINUE GROWING THOSE EXISTING STORES AND RETAINING

THE JOBS, BUT IT'S ALSO POTENTIALLY BRINGING SOME GROWTH OPPORTUNITIES TO THE AREA OF SAN JOSE. AGAIN THIS IS IN THE MIDDLE OF CONVERSATIONS, AND WE HOPE THIS IS A POSITIVE OUTLOOK, THE COMPANY NEEDS CAPITAL AND TRYING TO FIND WAYS TO HELP THE COMPANY SURVIVE THESE ECONOMIC TIMES. AND WITH THE TERMS OF PIPELINE, WE HAVE SPENT TIME WITH CITY OF SAN JOSE AND DUN & BRADSTREET LISTS AND HAVE IDENTIFIED COMPANIES, AND HAVE REDUCED TO THREE, AND TO JEFF'S POINT EARLIER. WE HAVE SPENT A LOT OF TIME THROUGH ROUNDTABLES AND A NUMBER OF SERVICES THAT SISTER COMPANIES PROVIDE TO HELP THESE COMPANIES READY FOR INVESTMENT. AND HOPE BY EARLY NEXT YEAR WE WILL BE READY FOR OUR THIRD INVESTMENT.

>> IN CLOSING WE FEEL THAT THE CATALYST PROGRAM IS IMPORTANT TO THIS CITY. AND WE ARE FORTUNATE TO HAVE THIS PARTNERSHIP WITH THE MANAGEMENT COMPANY. AND THEY WILL DO A WORKSHOP THAT IS OPEN TO ALL ENTREPRENEURS AND SMALL BUSINESSES IN THE CITY OF SAN JOSE.

>> THANK YOU FOR THE REPORT, IT'S VERY INTERESTING AND I AM EXCITED THAT WE HAVE THESE COMPANIES YOU ARE TALKING ABOUT IN SAN JOSE. I DON'T KNOW HOW EXCITED I AM ABOUT US BEING VENTURE PARTNERS IN THIS, AND I HAVE QUESTIONS ABOUT THAT. WHAT IS THE EXIT STRATEGY ON THE COMPANIES WE HAVE EQUITY IN ?

>> WHEN WE MAKE INVESTMENTS WE LOOK AT EXIT OPPORTUNITY OF THREE TO SEVEN YEAR TIME FRAME. THE SMALLER AND EARLIER THE COMPANIES, THE LONGER THE TIME FOR EXIT. AND WE LOOK AT COMPANIES WITH POTENTIAL TO GROWTH AND EXIT OPPORTUNITY. IN EXITS WE ARE LOOKING AT STRATEGIC INVESTORS AND PARTNERS TO TAKE OVER THESE INTERESTING COMPANIES. TO HIRE A MARKET SHARE OR COME INTO A NEW MARKET?

>> ACQUISITION? IN THE CASE OF SECOND COMPANY THAT LOST EMPLOYEES AND LOOKING FOR SOME STRATEGY OPPORTUNITY.

>> THE FIRST ONE IS THE ONE THAT LOST EMPLOYMENT, BENTEK.

>> ONE YOU SAID WAS LACKING CAPITAL AND NEEDING ASSISTANCE. WHAT HAPPENS IF THEY DON'T GET IT?

>> IT'S AN EQUITY INVESTMENT, AND THERE IS A PROCESS OF HOW SECURE WE ARE IN THE EQUITY. WHEN YOU DO EQUITY INVESTMENTS, THE DEBT IS THE LOSS.

>> I AM CONCERNED ABOUT IN THESE BUDGET TIMES WE ARE IN, I AM CONCERNED ABOUT US BEING IN A VENTURE CAPITAL ROLE AND HAVING THAT RISK. I HAVE TO SAY I AM CONCERNED ABOUT IT, IT'S GREAT BUT FOR A CITY TO PUT \$3 MILLION ON SOMETHING THAT IS RISKY, AND THAT'S WHY VENTURE CAPITALISTS TYPICALLY LOSE. SO I AM CONCERNED ABOUT IT. I HAVE TO SAY THAT TODAY.

>> IN THE CASE OF THIS GROCERY STORE, THEY HAVE TWO STORES AND THEY HAVE A SECOND STORE THAT IS FAR AHEAD OF INVESTMENT PROJECTIONS. WHEN WE BROUGHT THIS TO CITY COUNCIL, THE BROUGHT CONTEXT OF THE PROGRAM IS BROUGHT AS A DIFFERENT WAY TO PROVIDE CAPITOL TO SMALL BUSINESSES. AND HISTORICALLY WE HAD DONE THAT IN AN ENHANCEMENT LOANS AND IT WAS NOT DOING WELL. IT DID RELATIVE TO WHAT THE EXPECTATIONS TO THIS PROGRAM. IT WAS AN ALTERNATIVE METHOD TO PROVIDE CAPITAL AND CREATE JOBS, THE TOTAL AMOUNT IS \$3 MILLION AND WE HAVE PUT TOGETHER 855,000.

>> I SUPPORT THESE COMPANIES AND GETTING CAPITOL AND JOBS. I AM QUESTIONING THE POLICY OF SAN JOSE BEING IN THE VENTURE CAPITAL BUSINESS.

>> THANKS. YEAH, I CERTAINLY TAKE COUNCILMEMBER HERRERA'S COMMENTS TO HEART, AND I WAS ONLY THE DESCENDING VOTE WHEN THIS CAME TO COUNCIL. NOW THAT WE ARE IN IT, I WANT TO MAKE SURE WE DO WELL. I WAS CONCERNED IN KALIHIX WHERE YOU SEE EMPTY SHELVES AND THAT'S A SIGN OF DISTRESS. AND KNOWING THERE ARE CONCERNS THERE, I AM WONDERING WHETHER OR NOT THERE ARE EXIT STRATEGIES SHORT OF SIMPLY LOSING ALL OF OUR EQUITY AT THIS POINT. IN OTHER WORDS ARE IN ANY POSITION TO LEVERAGE OR NEGOTIATE OF WAYS TO EXTRACT PORTION OF THE CAPITAL?

>> TWO THINGS TO ADDRESS THAT QUESTION, AS JEFF DESCRIBED, IF THE CAPITAL IS NOT OBTAINED IT DOESN'T MEAN THAT THE WHOLE COMPANY CLOSES OR GOES OUT OF BUSINESS. THERE MAY BE NEEDS TO BE ABLE TO REDUCE THE OPERATION TO ONE STORE IF THAT'S NECESSARY. THE ONE STORE WAS A VERY PROFITABLE STORE. THERE ARE DIFFERENT WAYS TO MAKE SURE WE MITIGATE THE POTENTIAL LOSS OF CAPITAL, AND

THAT'S OUR JOB. AND WITH THAT SAID WE HAVE DONE MANY THINGS TO BE CREATIVE. AND IT'S A CRITICAL TIME FOR THIS PARTNERSHIP TO HAPPEN, THEY ARE INTERESTED IN MORE THAN ONE SITE. THAT'S WHY THIS IS VALUE WE ARE STILL RETAINING THAT THEY CAN SHOW A BIGGER PRESENCE AND MAXIMIZE THE INVESTMENT THAT'S BEEN DONE ALREADY. THIS INVESTOR IS LOOKING AT THAT AS VALUE. IF THOSE CONVERSATIONS DON'T WORK AND WE GO AFTER A FEW OTHER OPTIONS WE ARE LOOKING AT. THAT STILL DOESN'T MEAN WE ARE LOSING ALL OF OUR EQUITY INVESTMENT DUE TO THE FACT THERE IS AN EXISTING STORE THAT WE KNOW WE CAN RUN PROFITABLE AND FIND OTHER WAYS TO GROW AFTER THAT. SO THERE IS DIFFERENT SCENARIOS WE ARE LOOKING AT NOW TO BE SURE WE ARE PROTECTING. NOT ONLY THE CITY OF SAN JOSE'S CAPITOL, AND THIS IS LEVERAGE AGAINST OTHER MONIES AS WELL.

>> THANK YOU, AND JEFF, AT THIS POINT HAVE WE TOTALLY DISCONTINUED THE REVOLVING ROLL FUND?

>> THERE WERE TWO FUNDS AND THERE WAS THE SMALL BUSINESS LENDING PROGRAM THAT TRANSFERRED OVER TO RDA.

>> OK, THAT'S NO LONGER RUN? AND I KNOW SOMEWHAT ABOUT THE STATUS OF THAT.

>> AND ONE LAST COMMENT ABOUT PRIVATE EQUITY, OBVIOUSLY IT TAKES TIME TO CREATE A PORTFOLIO COMPANY AND BE ABLE TO GET THE RETURNS. BUT WE BELIEVE WITH TIME THE VENTURE CAPITAL INDUSTRY HAS PROVED WE CAN PROVIDE RETURNS. WE HAVE INVESTMENTS THAT CAN BE LEVERAGED TO OTHER THINGS, AND I UNDERSTAND WHERE YOU ARE COMING FROM AND THIS IS LONG-TERM STRATEGY.

>> I APPRECIATE WHAT YOU ARE SAYING, AND WHEN WE TALK ABOUT LONG-TERM, IT'S UNTIL THE SIGNIFICANT INVESTMENT AND THAT'S HARD TO DO AS WE RIDE TWO HORSES, AND WE CAN'T DIVERSIFY BECAUSE WE HAVE SMALL MONEY, AND THAT MEANS WE ARE EXPOSED TO CONSIDERABLE AMOUNTS OF RISK.

>> DAVID.

>> SORRY, SAM, JUST KIDDING. I FIRST WANT TO TALK ABOUT D-5, THE WORK2FUTURE BUSINESS. THIS HAS DIRECT APPLICATIONS. ALL OF THESE FEDERAL TYPE PROGRAMS AS FAR AS WORK2FUTURE HAS AN ADMINISTRATIVE FEE AND IT WOULD BE WISE TO BREAK OFF A PART OF THAT TO THE AUDITOR'S OFFICE. BY ENTITIES THAT HAVE INHERENT FEATHER BEDDING AS TO THEIR RELIANCE. HAVING THE AUDITOR TO DEAL WITH THIS, YOU WOULD HAVE REPORTS AS TO THIS PROGRAM. REMEMBERING ALL ALONG THAT SOMEWHERE DOWN THE LINE A FEDERAL AUDITOR COULD STEP IN, AND IF ANY SHENANIGANS BY THIRD OR FOURTH PARTIES, AND THAT WOULD CAST SAN JOSE IN A VERY BAD LIGHT. IT WOULD BE PRUDENT TO HAVE THE AUDITOR AS A FUNCTION AS MANDATORY AUDIT, ONGOING. CONSTRUCT A FUND THAT FUNDS THE AUDITORS. SO YOU HAVE ONGOING FLY BY NIGHT STATISTICS OR THE WARM AND FUZZY FEELINGS BY THE NONPROFITS. YOUR REPUTATIONS ARE ON THE LINE, NOT MINE. IN REGARDS TO THIS OTHER PROGRAM, I HAVE DEEP CONCERNS OF ECONOMIC DEVELOPMENT, I AM NOT THEIR SUPPORTER. BUT TO ALLOW THEM TO BECOME A QUASI BANK IS JUST -- NO. THIS IS A FAR FIELD FROM THEIR EXPERTISE. IF THERE WAS SOMEONE FROM FINANCE DOING THIS WITH THE AUDITORS, I COULD CLEANUP A LITTLE BETTER AT NIGHT. BUT ANYTHING THAT ODP TOUCHES IN MY OPINION RANKS MANEUR. BUT LET'S TALK ABOUT THIS INVESTMENT, THIS ONE IS FAILING AND PUEBLO IS TAKING OVER MARKET SHARE. AND ANOTHER INDICATOR THAT WAS MENTIONED ABOUT SHELVES, AND SHOPPING CARTS. THIS SUENDA NEXT DOOR, I TRACKED OVER THE SUMMER, THEY PAY A SERVICE TO PICK UP SHOPPING CARTS, NOT THEIRS BUT OTHER STORES. AND THE LEVEL OF CLEANLINESS IS ANOTHER ISSUE THAT I HAVE WRITTEN ABOUT CONTINUALLY. AS FAR AS THIS INVESTMENT BUSINESS IN RELATION TO THE PREVAILING WAGE, WE TALK ABOUT WHAT TYPE OF JOBS? ARE THEY PREVAILING WAGE JOBS AS A FUNCTION OF THE CITY, THAT'S NOT BEEN DISCUSSED. AND I COULD TALK TO PEOPLE AND I THINK THEY WOULD LIKE PREVAILING WAGE. AND THE BIG AND LAST THING, CITY OF SAN JOSE SHOULD STAY AWAY FROM DOING BUSINESS FROM GROCERY STORES. YOU HAVE A BAD TRACK RECORD, THOSE FOLKS I SEE AT BASLY AND OTHERS SHOW YOU, BUT WHATEVER, THEY ARE LOSING MONEY BECAUSE OF THE SAFEWAY BUSINESS. AND IT LOOKS BAD FROM THE REDEVELOPMENT FRIENDS THAT ARE NOT HERE TODAY WITH THESE DUEL TRACK LOANS. ONE IS FOR [INAUDIBLE] AND ONE FOR SAFEWAY. ONE WILL GO BELLY

UP IN THEORY, WHO LOSES? EVERYONE LOSES. BUT SPECIFICALLY CREDIBILITY OF SAN JOSE CITY COUNCIL, WHO IS THE REDEVELOPMENT AGENCY? I WOULD GET AWAY FROM THIS GROCERY STORE BUSINESS, BUT AS FAR AS SUDENO GOES, I WOULDN'T INVEST IN THAT. AND TRUST ME, I LOVE MEXICAN FOOD BUT PUEBLO HAS A BETTER STRUCTURE.

>> WITH THAT I NEED APPROVAL OF THE REPORT?

>> MOTION.

>> SECOND.

>> ALL IN FAVOR?

>> AYE.

>> THAT'S APPROVED.

>> THANK YOU FOR YOUR REPORT. NOW FOR BETSY SHOTWELL, WITH THE LAST ITEM OF THE DAY. HOW DID YOU GET SO LUCKY?

>> IT'S KIND OF IRONIC, SO MANY OF THE PREVIOUS ITEMS COVERED WHAT MY WORLD WOULD BE NEXT YEAR. YOU GOT A MAJOR PREVIEW OF OUR LEGISLATIVE PRIORITIES. BETSY SHOTWELL, YOU HAVE BEFORE YOU DRAFT 2010 LEGISLATIVE GUIDING PRINCIPLES. YOU HAVE THE FULL-TRACK CHANGE DOCUMENT IN FRONT OF YOU THAT WENT TO ALL COMMITTEES. THE MEMO HIGHLIGHTS THE REVISIONS AND UPDATES RELEVANT TO THE ITEMS ON THIS COMMITTEE. STAFF IS HERE TO ANSWER QUESTIONS. JUST TO GIVE YOU A SENSE OF NEXT STEPS. THIS WILL GO ALONG WITH PRIORITIES AND THAT WILL REFLECT A NUMBER OF PROJECTS AND PRIORITIES YOU HAVE HEARD FROM OTHER SPEAKERS THIS AFTERNOON. THAT WAS A BIG PREVIEW OF WHAT TO EXPECT. THESE ARE THE GUIDING PRINCIPLES, THE FOUNDATION OF OUR ADVOCACY WORK, GIVING US OUR LOBBYISTS DIRECTION IN WASHINGTON, AND THOSE WHO ACCOMPANY THEM NEXT MONTH, THE COUNCIL, THAT'S MORE SPECIFIC TO THE PROJECTS YOU HEARD AND THE PROJECTS IN THE OTHER COMMITTEES. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS, STAFF IS HERE TO HELP.

>> ROSE.

>> I WAS LOOKING THROUGH THE LEGISLATIVE PRIORITIES TO SEE EMPHASIS OF PREVENTING RAISED FROM STATE AGENCIES, THAT'S VERY IMPORTANT.

>> RIGHT, AND UNDER PROTECT LOCAL CONTROL, WE HAVE THAT AND IT'S NEW TO THE REDEVELOPMENT SECTION AND A STRONGER STATEMENT AS THE RATING OF THE 20% FUNDS.

>> I WAS LOOKING AT THE INITIAL PRIORITIES, AND THE FIVE PRIORITIES, I DIDN'T SEE IT ON THERE.

>> THIS IS THE 30,000, AND YOU SEE THE PRIORITIES ARE THERE FRONT AND CENTER AND THE OPPORTUNITIES WE MAY HAVE IN WASHINGTON NOT WITH ANOTHER STIMULUS PACKAGE PER SE, BUT OTHER OPPORTUNITIES IN THE ECONOMIC DEVELOPMENT AREA TO HIGHLIGHT AND CREATION THE JOBS. WITH THE MONEY GOING STRAIGHT TO THE LOCAL AREAS.

>> I DIDN'T ASK THAT QUESTION, AND THE LAST THING, I HAVE BEEN HEARING A LOT FROM RESIDENTS, I HAVE BEEN MEETING WITH PAC ABOUT CERTAIN BANKS RELUCTANT TO MODIFY LOANS AND RELUCTANT TO WORK. WHEN I LOOK AT THE ISSUE OF BANKS, I LOOK AT THE FEDERAL LEVEL AND TO DO A LOT OF THINGS ON THE FEDERAL LEVEL, AND DOWN HERE WHEN PEOPLE TALK ABOUT DERIVATIVE TRADING AND THEIR EYES ROLLOVER. WHAT CAN WE DO TO A BANK SUCH AS BANK OF AMERICA, THAT HAS THE WORSE TRACK RECORD OF REFUSING TO MODIFY LOANS. IS THERE SOMETHING THAT THE CITY CAN DO TO SEND A MESSAGE, BECAUSE IT'S AFFECTING ON A LOCAL LEVEL. IN TERMS OF BUSINESSES NOT ABLE TO GET CREDIT, AND THAT'S HOW THEY HIRE. I AM JUST CONCERNED, I KNOW WE ARE LOCAL AND IT'S A FEDERAL THING, BUT WHAT CAN WE DO?

>> THAT'S SOMEWHAT UPDATED, I GUESS I WOULD HAVE TO DEFER, I DON'T KNOW IF JACKIE HAS A RESPONSE, THIS HAS COME UP AS DISCUSSION ITEM. I HAVE NOT BEEN AS INVOLVED INTO SPECIFICITY THAN THE FINANCE DEPARTMENT, THEY HAD THEIR ITEMS WITH QUESTIONS REGARDING BANKS AND OUR INVOLVEMENT WITH BANKS AND DEALING WITH FORECLOSURES, AND HAD RESPONSE WITH THE COUNCIL THEY WERE COMING FORWARD WITH STRATEGYS TO DEAL WITH THAT. SO THERE COULD BE A WIN-WIN SITUATION, AND NO ONE IS HERE FROM FINANCE. THEY WERE LOOKING AT THAT DIRECTION IN JUNE.

>> FROM THE HOUSING DEPARTMENT, THE FINANCE DEVELOPMENT CAME FORWARD AND WE WERE GOING TO DO REVISIONS OF THE INVESTMENT POLICY OF HOW BANKS WERE PERFORMING ON A NATIONAL LEVEL AND IN ADDITION ADD CRA TO SEE HOW THEY ARE PERFORMING WITH THEIR CRA ACCOMPLISHMENTS. IN THIS LEGISLATIVE PRIORITY WE INCLUDED DOLLARS AND PROGRAMS THAT CAN COME DOWN TO THE LOCAL LEVEL TO HELP PEOPLE IN FORECLOSURES. AS YOU MAY REMEMBER THE MONEY WE GOT FROM THE FEDERAL GOVERNMENT DEALT WITH DEALING WITH FORECLOSURES ONCE THEY HAPPENED. AND IT DIDN'T ALLOW US TO DO THINGS MORE INNOVATIVE TO PREVENT FORECLOSURES OR TO KEEP PEOPLE IN THEIR HOMES. WE ARE LOOKING AT OPPORTUNITIES TO LOOK AT BROADER SCALE PROGRAMS TO BE MORE PREEMPTIVE.

>> I WOULD LIKE TO MAKE A SUGGESTION. FIRST OF ALL WE NEED TO WRITE LETTERS TO OUR WHOLE DELEGATION. IF YOU WRITE IT TO SOMEONE WHO IS NOT IN YOUR DISTRICT OR WHATEVER, THEY CAN THROW IT OUT. ALTHOUGH YOU MAY THINK YOU ARE DOING SOME WONDERFUL THING. IF YOU DON'T HAVE SOME AFFILIATION WITH THAT PERSON, IT DOESN'T WORK. TO ASK THEM TO PUT THE PRESSURE ON TO CONTINUE THE EFFORTS ON PART OF THE WHITE HOUSE TO GET THE BANKS TO GO BACK AND TAKE ANOTHER LOOK AT THE LOANS THEY HAVE BEEN REJECTING. THAT'S HAPPENING IN THE LAST COUPLE OF WEEKS. THE MORE PUSH FOR THAT EFFORT, THE BETTER OFF WE ALL WILL BE. SOME OF THOSE PEOPLE REJECTED WILL HAVE TO COME UP WITH MORE MONEY OR SOMETHING. BUT THEY WERE REJECTED WITHOUT GOOD SOUND REASONS. THAT WAS NOT ACCEPTABLE TO THE ADMINISTRATION AND I AM GLAD THEY ARE TRYING TO DO SOMETHING ABOUT. BUT WRITING A LETTER, I WOULD BE HAPPY TO TAKE A LEAD ON AND TO SEND THE SAME LETTER TO EVERYONE IN OUR LEGISLATIVE VALLEY THAT WE ARE FRIENDS WITH AND GO FROM THERE. SOMETIMES JUST SHOWING THAT EXTRA SUPPORT AND LETTING THEM KNOW THIS IS IMPORTANT TO US, AND AFFECTS THE VITALITY OF OUR EFFORT AND ETC., MAKES A BIG DIFFERENCE.

>> I WANT TO POINT OUT THAT THE REVISION OF THE INVESTMENT POLICY IS ON DECEMBER 8, AND THAT'S GREAT NEWS. I SPENT A LOT OF TIME ON THIS ISSUE, AND I KNOW A LOT OF FOLKS FROM BANKS AND HOUSING DEPARTMENT, IT'S NOT AN EASY ONE. ON PARAGRAPH 4 ON PAGE 3, REPORTING LEGISLATION, THERE IS HIGH DEMAND FOR THE HELP PROVIDED BY FOLKS LIKE -- I AM TRYING TO REMEMBER THE NAME OF THE ORGANIZATION, MONCRIEF'S OF THE LOAN CONSULTING AND ADVISING. WHAT I AM CONCERNED THAT I RECOGNIZE THE MONEY FROM THE PAST IN THE 2008 BILL REALLY DIDN'T DO ANYTHING TO HELP US PREVENT FORECLOSURES AS IT WAS INVOLVED IN HELPING AFTER THE FACT. AND I AM NOT CONVINCED THAT SPENDING A LOT OF MONEY TO PREVENT FORECLOSURES WILL HAVE A HUGE IMPACT IN AN ENVIRONMENT WHERE ONE OUT OF SEVEN ADULTS IS OUT OF A JOB. I DON'T KNOW A MAGIC LEGISLATION THAT WILL ENABLE PEOPLE TO STAY CURRENT ON AN OBLIGATION WHEN THEY DON'T HAVE ANYTHING TO PAY TO MORTGAGE. WHAT I AM TRYING TO FOCUS ON IS TRYING TO SEE IF THERE ARE WAYS TO KEEP HOME BUYERS IN THEIR HOMES AFTER FORECLOSURE. TO KEEP FAMILIES IN THE HOMES AND STABILITY IN THE COMMUNITY AND KIDS IN THE SCHOOLS AND SO FORTH. WE HAVE HAD VERY LIMITED SUCCESS IN GETTING BANKS TO BITE IN TERMS OF GETTING ENGAGED. BUT IT APPEARS THAT JP MORGAN IS LOOKING INTO IT AND OUT IN MASSACHUSETTS IN A PILOT LEVEL. AND I WOULD LIKE TO SEE IF THERE IS FEDERAL MONEY TO HELP CITIES LIKE OURS ENGAGE PROPERTY MANAGERS TO MANAGE PROPERTIES THAT ARE BANK HELD AND TO KEEP FAMILIES IN AS PAYING RENTERS. AND I UNDERSTAND THE LAST CLAUSE OF KEEPING HOME BUYERS IN THEIR HOMES AND PREVENTING FORECLOSURES AND I WONDER IF THAT'S TOO BIG OF SOMETHING TO BITE. I WANT TO KEEP THIS FORWARD.

>> ABSOLUTELY, THIS IS THE OVERVIEW AND IT SHOWS WHAT WE ARE FOLLOWING AND MORE THAN MONITORING AND WE HAVE THAT OPPORTUNITY. AND IF JACKIE HAS SOMETHING ELSE TO ADD. OF OTHER ITEMS THIS AFTERNOON, WE ARE SO CAUGHT UP IN THE HEALTH CARE DEBATE NOW, IT'S ALMOST LIKE ALL OTHER ISSUES ARE PUT ASIDE. I AM NOT CRITICIZING THAT BUT IT'S A FACT. AND WE ARE LENDING OURSELVES TO BE OPEN, AND WE WON'T BE ABLE TO HAVE A GRASP OF SOME OF THESE NEXT STEPS UNTIL THE HEALTH CARE DEBATE, WHATEVER HAPPENS TO IT THIS YEAR. IF THE COMMITTEE IS COMFORTABLE WITH

THIS WORDING, WITH YOUR OBVIOUSLY HIGH INTEREST, WE WILL OBVIOUSLY TAKE THAT INTO FULL CONSIDERATION.

>> GREAT, THANK YOU.

>> THANK YOU, ANY OTHER QUESTIONS?

>> THANK YOU, AND MADAM CHAIR, I WOULD REQUEST BECAUSE THIS IS ALL GOING TO THE RULES COMMITTEE AND COUNCIL IF THIS CAN BE CROSS-REFERENCED TO THE DECEMBER 8 MEETING. AND THIS WILL NOT GO UNTIL AFTER IT GOES TO RULES IF IT CAN GO NEXT TUESDAY.

>> OK, I WILL BRING IT UP AT RULES.

>> MOTION TO ACCEPT.

>> SECOND.

>> ALL IN FAVOR?

>> YOU CAN DO IT IN THE ACTION TO CROSS-REFERENCE IT.

>> ALL RIGHT, I WILL ADD THAT IN MY MOTION.

>> THAT THIS COME TO RULE SS DECEMBER 8.

>> THANK YOU. DAVID, YOU WANTED TO -- PUBLIC FORUM.

>> FIRST THING IS MONEY, ALMOST ALL YEAR I HAVE BEEN SUSTAINABLE AGRICULTURE. YOU MAY WONDER WHY I HAVE THIS PAPER, IT SHOWS YOU WANT TO MAKE MONEY BUT YOU SHY AWAY FROM SUSTAINABLE AGRICULTURE, FOOD GROWN LOCALLY, AND BACK IN THE 60'S THEY HAD A FARM, AND GOT THEIR SECONDS. YOU HAD 90 ACRES THIS YEAR. OFFICE AND ECONOMIC DEVELOPMENT DIDN'T WANT TO HEAR THIS. THIS NEWSPAPER HERE WAS PART OF DOMESTIC RELATIONS WITH THE WIFE. I HAD TO GET RID OF NEWSPAPERS BECAUSE I SAVE THEM IN BOX. THIS JUNE 24, 2009, WHILE YOU FOLKS I GUESS WERE ON VACATION. YOU MISSED IT. TESTLESS SUCCESS IS OUR SUCCESS. SAYS NANCI KLEIN OF ECONOMIC DEVELOPMENT, AND TESTLESS TO SPEND THAT MONEY TO OPEN AN ADVANCED POWER AND MANUFACTURING FACILITY IN THE BAY AREA WHOSE LOCATION WILL BE ANNOUNCED NEXT MONTH WILL ALLOW OUR LOCAL COMPANIES TO ENGAGE MORE AS THEY RAMP UP. WE ARE ECSTATIC. OED IS AN INCOMPETENT FAILURE, HAS BEEN AND WILL ALWAYS BE. THIS INVESTMENT BUSINESS SHOULD PROD YOU TO STRIP THEM TO THE GENERAL FUND. PERSONALLY I WOULD THROW THEM TO THE DOGS. BUT BACK TO MAKING MONEY, ALMOST AN ENTIRE YEAR HAS GONE BY, YOU COULD HAVE MADE FOOD AS AN ENTICEMENT AS REINVESTMENT PROJECTS AND THROW THEM A BONE, AND SECOND HARVEST OR WHAT SAM WILL GET THE BENEFIT FROM, FROM THAT HEALTH CARE BUSINESS DOWNTOWN. THE DOCTOR THE UNINTENDED CONSEQUENCES, ALL SORTS OF GROW UP BECAUSE OF THESE THINGS. BUT HERE WE GO FOR ANOTHER YEAR, VACANT FARMLAND. IT'S NOT MY FAULT, I COME AND TELL YOU ABOUT IT, I EVEN LOOK LIKE THE FARMER. THANK YOU.