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CITY OF SAN JOSÉ TRANSPORTATION AND ENVIRONMENT COMMITTEE.

>> COUNCILMEMBER LICCARDO: I KNOW WE'LL BE JOINED SHORTLY AND I SUSPECT WE WILL GET THE QUORUM AT THAT TIME. BUT MAYBE WE CAN START IN AT LEAST ON THE AGENDA AND OTHER ITEMS. SO MADAM CLERK, WOULD YOU PLEASE CALL THE ORDER. [ROLL CALL]

>> COUNCILMEMBER LICCARDO: YES, AND SHE'S INDICATED I THINK SHE'LL BE HERE SHORTLY. SO GREAT. SO WE HAVE ITEM B IS THE REVIEW OF THE WORK PLAN. I ASSUME, SINCE WE DON'T HAVE A QUORUM, WE MOVE BEYOND IT.

>> YES.

>> COUNCILMEMBER LICCARDO: OKAY.

>> ED SHIKADA: THAT WITH WOULD BE FINE. I ALSO WOULD NOTE FOR THE COMMITTEE'S INFORMATION, THERE WILL BE ITEMS ADDED TO THE WOULD BE PLAN, THE AIRPORT MASTER PLAN AND EFFORTS AGAINST POLYSTYRENE FOAM.

>> COUNCILMEMBER LICCARDO: THANKS ED. DO YOU WANT TO PULL EITHER ONE OF THOSE OFF CONSENT?

>> COUNCILMEMBER CHIRCO: NO.

>> COUNCILMEMBER LICCARDO: KEY LEGISLATIVE ITEMS I SEE BETSY SHOTWELL IS HERE. I HAVE A FEW QUICK QUESTIONS WHEN BOTH YOU AND HANS ARE IN THE ROOM. WHAT I DIDN'T SEE IN THE LEGISLATIVE AGENDA, AND I KNOW THAT IT'S NOT QUITE FORMULATED, WHAT OUR STRATEGY IS AT THIS POINT, BUT ANY CHANGE IN STATE LEGISLATION THAT WOULD ENABLE SAN JOSÉ TO GAIN A SEAT ON THAT METROPOLITAN TRANSPORTATION COMMISSION, IS THAT SOMETHING THAT'S LIKELY TO BE ON OUR LEGISLATIVE AGENDA IN THE NEXT 12 MONTHS?

>> BETSY SHOTWELL: WELL, IT IS A PRIORITY AS YOU MENTIONED BUT HANS YOU PROBABLY WANT TO GIVE THE LATEST AS FAR AS WHERE THINGS ARE IN WASHINGTON WITH THAT FEDERAL BILL.

>> HANS LARSEN: YES, WE ARE INTERESTED IN IMPROVING OUR REPRESENTATION ON MTC AND PROBABLY THE FOCUS OF OUR EFFORTS HAS BEEN AT THE FEDERAL LEVEL AND ACTUALLY THE FIRST DRAFT OF THE NEW FEDERAL TRANSPORTATION BILL HAS LANGUAGE IN THERE THAT REQUIRES METROPOLITAN TRANSPORTATION ORGANIZATIONS TO ADJUST THEIR REPRESENTATION SO THAT IT'S REFLECTIVE OF THE COMMUNITIES THEY SERVE. THE BILL'S BEEN DRAFTED BUT NOT LIKELY TO GO FORWARD UNTIL AFTER NOVEMBER OF THIS YEAR. SO THAT'S ONE EFFORT WE HAVE. I KNOW THERE'S BEEN TALK ABOUT PERHAPS STATE LEGISLATION OR OTHER METHODS BUT WE'RE LOOKING AT THE FEDERAL OPPORTUNITY AS MAYBE OUR SORT OF BEST CHANCE WE HAVE CURRENTLY IN PLAY.

>> COUNCILMEMBER LICCARDO: OKAY, WELL, THANK YOU FOR THAT. THE REASON WHY I RAISED IT IS I KNOW THERE'S A LOT OF SKEPTICISM ABOUT HOW SOON WE ARE GOING TO GET A SAFETY LU REAUTHORIZATION. AND I KNOW THAT'S SOMETHING WELL BEYOND ALL OF OUR CONTROL, BUT MAYBE WE'LL RESUME THIS CONVERSATION OFFLINE TO SEE WHAT OPPORTUNITIES THERE MIGHT BE. I KNOW WE ARE GETTING SUPPORT RIGHT NOW AT LEAST INFORMALLY FROM THE STAFF AT ABAG AND SOME OTHER FOLKS AND IT WOULD BE GREAT TO SEE IF THERE ARE ANY OPPORTUNITIES AT ALL IN SACRAMENTO. BUT ANYWAY, THANK YOU VERY MUCH FOR THE INFORMATION.

>> BETSY SHOTWELL: THANK YOU.

>> COUNCILMEMBER LICCARDO: WE NOW HAVE A QUORUM SO PERHAPS WE COULD SHOULD WE START WITH THE WORK PLAN FIRST? WE CAN ENTERTAIN A MOTION ON THE WORK PLAN. UNLESS THERE ARE ANY QUESTIONS.

>> COUNCILMEMBER CHIRCO: THAT'S I'M SORRY, THAT'S THE DEFERRAL OF 1 AND 2 UNTIL AS I NOTED ON THE --

>> SO MOVED.

>> COUNCILMEMBER CHIRCO: SECOND.

>> COUNCILMEMBER LICCARDO: OKAY, ALL IN FAVOR. THAT PASSES UNANIMOUSLY. AND ON CONSENT, DO YOU HAVE ANY QUESTIONS ROSE ON ANY OF THOSE ITEMS?

>> COUNCILMEMBER LICCARDO: NO, I GUESS YOU -- HAVE YOU TAKEN OFF -- THE LEGISLATION?

>> COUNCILMEMBER LICCARDO: WE WERE -- OKAY. SO WE COULD HAVE A MOTION ON THAT ITEM, AS WELL.

>> COUNCILMEMBER CHIRCO: MOVE TO APPROVE THE CONSENT CALENDAR.

>> COUNCILMEMBER HERRERA: SECOND.

>> COUNCILMEMBER LICCARDO: ALL IN FAVOR? THAT PASSES UNANIMOUSLY. SO WE WILL MOVE ON TO REPORTS TO COMMITTEE, AND WE ARE ON TO OUR VERBAL REPORT OF ENERGY EFFICIENCY, ENERGY ACTIVITIES. WELCOME.

>> GOOD AFTERNOON, KERRIE ROMANOW, ASSISTANT DIRECTOR WITH ENVIRONMENTAL SERVICES. I'M JOINED TODAY BY MARY TUCKER, THE CITY'S ENERGY PROGRAM MANAGER, DAVE MOSS, DEPUTY DIRECTOR WITH THE AIRPORT, AND HANS LARSEN, ACTING DIRECTOR OF TRANSPORTATION. WE HAVE OF COURSE BEEN CONTINUING FORWARD IN OUR ENERGY RELATED EFFORTS AND THIS MONTH, WE WANTED TO HIGHLIGHT SOME EXCITING PROGRESS THAT THE AIRPORT HAS MADE. SO I'LL HAND IT OVER TO DAVE.

>> THANK YOU, KERRIE. WE DO HAVE A COUPLE OF PROJECTS THAT WE'VE MOVED FORWARD ON, ONE SORT OF SEGMENT OF THE PROJECT HAS TO DO WITH CONVERTING OUR EDGE LIGHTS ON THE AIR FIELD TO LED TECHNOLOGY. MAY NOT SOUND LIKE A BIG THING OR REAL EXCITING THING BUT WE WENT AHEAD AND COMPLETED A PILOT PROJECT TO CONVERT ONE OF OUR TAXI WAYS, ABOUT 128 FIXTURES FROM THE QUARTS TECHNOLOGY TO LED. THAT ACTUALLY SAVES US 88,000 WATT HOURS PER YEAR WHICH IS \$1,350 A YEAR IN SAVINGS, BUT IT'S A BIG SAVINGS IN TERMS OF LABOR, BECAUSE THOSE FIXTURES LAST MUCH, MUCH LONGER THAN THE QUARTZ FIXTURE, ABOUT \$98,000 IN LABOR SAVINGS OVER THE LIFE OF THE PROJECT. AS KIND OF A RULE, WHERE WE DO REPLACEMENT PROJECTS NOW FOR TAXI WAYS AT THE AIRPORT, WE ARE PUTTING LED FIXTURES IN, AND ON OUR TAXI WAY WHISKEY PROJECT THAT WE ARE JUST IN THE PROCESS OF COMPLETING RIGHT NOW, WE'RE PUTTING LED LIGHTS AS WELL ON THOSE. SO FOR THE FUTURE WE WILL BE PUTTING LED LIGHTS ON ALL AIR FIELD TAXI WAYS AND RAMP AREAS. ANOTHER PROJECT WE'RE VERY EXCITED ABOUT HAS TO DO WITH PUTTING SOLAR PANELS ON OUR CONSOLIDATED RENTAL CAR FACILITY AND THAT PROJECT IS IN PROCESS. IT WILL PRODUCE ABOUT A MEGAWATT OF POWER WHICH IS ANYWHERE FROM 10 TO 20% OF THE POWER OF THAT PARKING GARAGE, ABOUT A \$6 MILLION PROJECT AND WE'RE DOING IT THROUGH SAVINGS THAT ARE THAT WERE ACHIEVED UNDER THE DESIGN BUILD PROJECT UNDER OUR DESIGN BUILDER HENSEL PHELPS. THAT IS MOVING AHEAD, AND OUR GOAL IS TO HAVE IT UP AND RUNNING BY THE TIME WE OPEN THE FACILITIES IN JUNE, SO WE'RE VERY EXCITED ABOUT MOVING AHEAD WITH THAT. AND THAT PRETTY MUCH COMPLETES THE COUPLE OF AIRPORT PROJECTS, KERRIE.

>> SO SINCE WE LAST MET WE ALSO RECEIVED \$300,000 IN LOCAL ENERGY INSTANCES LEAP PLAN MONEYS FROM THE FEDERAL GOVERNMENT TO -- WELL, 43 CITIES ACROSS THE UNITED STATES, THREE IN CALIFORNIA RECEIVED THIS MONEY. WE WORKED WITH ENVIRONMENTAL SERVICES, WORKED WITH THE FIRE DEPARTMENT AND THE OFFICE EMERGENCY SERVICES TO SECURE THIS MONEY AND IT WILL HELP US ADDRESS ENERGY ISSUES SHOULD THERE BE AN EMERGENCY AND ASSOCIATED OUTAGE. SO YOU WILL HEAR MORE ABOUT THAT PROGRAM AS WE HIRE STAFF AND CONSULTANTS AS WE BEGIN TO MOVE FORWARD WITH IT. WE ALSO THIS LAST WEEKEND HOSTED ANOTHER SOLAR SCHOOLWORK SHOP AND THIS IS PICTURES FROM SATURDAY'S EVENT. IT WAS THE SECOND SUCH WORKSHOP. THERE WERE 17 PARTICIPANTS AND THEN THOSE PROJECTS WILL CONTINUE TO MOVE FORWARD IN OUR GO GREEN SCHOOLS PROGRAM IN MAY OF THIS SPRING. WE ALSO HAVE LISTED ON YOUR HANDOUT, WE'VE DONE THE CLASSES A LITTLE BIT DIFFERENTLY THIS TIME. IF YOU LOOK AT THE BACK OF YOUR ONE PAGE HANDOUT THE SHADED CLASSES WILL BE THE MOST INTERESTED TO RESIDENTS. AS YOU'RE COMMUNICATING WITH YOUR CONSTITUENTS THIS MIGHT BE A GREATLY WAY FOR FOLKS TO BEGIN TO LEARN MORE ABOUT ENERGY EFFICIENCY AND SOLAR PROJECTS AND START TO MAKE SOME DECISIONS THAT WOULD AFFECT THEIR PARTICULAR CHOICES. AND WE THINK THAT THAT'S IMPORTANT BECAUSE WE'RE CONTINUING TO GET GRANT MONEY. AND THROUGH THE SOLAR AMERICA PROGRAM WE ALSO HAD SOME PROGRAMS THAT WILL ROLL OUT TO THE COMMUNITY PRETTY SOON. SO THE MORE INFORMATION WE THINK OUR RESIDENTS GET SOONER THE BETTER POSITION THEY'LL BE ABLE TO TAKE ADVANTAGE OF THOSE PARTICULAR GRANTS.

>> COUNCILMEMBER LICCARDO: THAT'S GREAT.

>> WE ALSO HAVE A HIGHLIGHT FROM THE DEPARTMENT OF TRANSPORTATION. AS YOU KNOW HAS BEEN WORKING ON STREET LIGHTS AND I KNOW THERE WAS AN ARTICLE LAST NIGHT IN MR. ROAD SHOW ABOUT HOW MUCH THE RESIDENTS APPRECIATE THE NEW LED LIGHTS SO HANS WANTED TO TAKE A COUPLE OF MINUTES TO HIGHLIGHT THAT.

>> HANS LARSEN: YES, THANK YOU. AS THE COMMITTEE IS AWARE WE'RE REALLY BEING NATIONAL IF NOT INTERNATIONAL LEADERS ON DRIVING NEW TECHNOLOGIES FOR LOW ENERGY STREET LIGHTS. WE'RE WORKING ON A NEW STREET LIGHTING MASTER PLAN FOR SAN JOSÉ AND BE BACK LATER THIS SPRING TO THIS COMMITTEE WITH A REPORT ON THAT. BUT WE HAVE AN EXCITING EFFORT HAPPENING THIS WEEK IN THE EDENVALE INDUSTRIAL AREA. WE ARE SETTING UP A SERIES OF STREET LIGHT DEMONSTRATIONS. VICE MAYOR CHIRCO WILL BE PARTICIPATING IN LEADING THAT ALONG WITH COUNCILMEMBER KALRA AND WE'VE INVITED OR PUT OUT A REQUEST NOT TOT COMMUNITY FOR PEOPLE WHO WANT TO PARTICIPATE IN THIS EVENT. WE EXPECT TO HAVE ABOUT 140 RESIDENTS AND OFFICIALS REVIEWING DIFFERENT LIGHTING CONDITIONS IN TERMS -- GETTING THEIR FEEDBACK AND LIGHT QUALITY, DIFFERENT DIMMING LEVELS, PERCEPTION OF SAFETY, AND WE PLAN TO USE THIS FEEDBACK TO REFINE OUR POLICIES, PLANS AND STANDARDS FOR A NEW ENERGY-EFFICIENT STREET LIGHTING SYSTEM. WE ARE ALSO GOING TO HAVE A GENERAL COMMUNITY MEETING ON APRIL 7TH AT THE ROOSEVELT COMMUNITY CENTER WHERE WE'LL REPORT OUT THE RESULTS OF THE DEMONSTRATION, THE FEEDBACK WE GOT AS WELL AS PROVIDE A WIDER OPPORTUNITY FOR THE COMMUNITY TO HAVE INPUT IN THIS NEW EXCITING AREA. SO JUST WANTED TO LET YOU KNOW OF SOME EXCITING WORK IN PROGRESS WE HAVE ON ENERGY EFFICIENT STREET LIGHTING. I THINK THAT CONCLUDES OUR REPORT.

>> COUNCILMEMBER LICCARDO: THANK YOU HANS, THANKS KERRIE AND DAVE, AND WELCOME BACK MARY, GREAT TO SEE YOU AGAIN AT CITY HALL. QUESTIONS?

>> COUNCILMEMBER CHIRCO: IT'S ALL GOOD NEWS.

>> COUNCILMEMBER LICCARDO: YEAH, THANK YOU.

>> COUNCILMEMBER CHIRCO: KEEP UP THE GOOD WORK!

>> COUNCILMEMBER LICCARDO: ROSE?

>> COUNCILMEMBER HERRERA: NOTHING TO ADD.

>> COUNCILMEMBER LICCARDO: OKAY, GREAT. I JUST HAD ONE QUICK QUESTION. THE -- DAVE, THE DISPLAY AT THE AIRPORT ON THE CONRACK, WE'RE GOING TO GET ONE MEGAWATT, CORRECT?

>> CORRECT.

>> COUNCILMEMBER LICCARDO: IS THAT PRETTY MUCH THE ENTIRE AREA, THE SURFACE AREA OF THE ROOF OF THAT PARK STRUCTURE OR --

>> NO, IT'S ROUGHLY ABOUT HALF OF IT, A LITTLE OVER FOUR ACRES.

>> COUNCILMEMBER LICCARDO: I KNOW WE HAD ONGOING DISCUSSIONS IN PAST YEARS ABOUT HEY, HOW CAN WE GET SOLAR ON AT THE AIRPORT, AND THE OBSTACLE WAS ALWAYS CONCERNS ABOUT GLARE AND ITS IMPACT ON PILOTS AND AIR TRAFFIC CONTROLLERS AND OTHERS. AND I'M WONDERING HOW WE AVOIDED THAT OR GOT AROUND THAT ISSUE FROM THE CONRACK AND WHETHER OR NOT THAT MEANS WE HAVE MAYBE A GREATER OPPORTUNITY OTHER PLACES THAN THE AIRPORT.

>> YEAH, COUNCILMEMBER, WHAT WE DID IS WE SPECIFIED A -- IN THE SPECIFICATIONS BASICALLY THAT THERE COULD NOT BE GLARE, AND WHEN THE FINAL BID CAME IN WE TOOK A LOOK AT THE PANELS AND CHECKED WITH THE TOWER AND CONFIRMED THAT THE GLARE WAS NOT GOING TO BE AN ISSUE. IN GENERAL, WHEN WE DO PROJECTS, WE LOOK AT WHERE WE CAN PUT SOLAR AT THE AIRPORT. ONE OF THE THINGS WE RUN UP AGAINST ON THE ECONOMIC SIDE OF THINGS IS THAT IN ORDER FOR IT TO PENCIL OUT IN TERMS OF, YOU KNOW, PAYING FOR ITSELF IN A REASONABLE PERIOD OF TIME, IT'S REALLY HEAVILY RELIANT ON THE REBATE FROM THE STATE ON THE SOLAR INITIATIVE. THIS ACTUALLY MAXES THAT OUT, THAT'S WHY WE'RE ONLY DOING THE TOP OF THE GARAGE, ONLY HALF OF IT. BECAUSE THE OTHER HALF OF IT REALLY WOULDN'T PAY FOR ITSELF RIGHT NOW. WE'RE ANTICIPATING AS TECHNOLOGY GETS BETTER, THE PANELS GET SMALLER AND THE PRICE COMES DOWN THAT SOME DAY WE'LL BE ABLE TO DO THE REST AS WELL.

>> COUNCILMEMBER LICCARDO: OKAY, GREAT, THANKS DAVE. ROSE.

>> COUNCILMEMBER HERRERA: JUST A QUESTION ON THE GARAGE. HOW MUCH SAVINGS DO YOU ANTICIPATE HAVING THE SOLAR PANELS IN PLACE ON THE OVERALL ENERGY CONSUMPTION ON THE GARAGE?

>> OVER A 30 YEAR PERIOD IT LOOKS LIKE ANYWHERE FROM 1.3 TO ABOUT \$2 MILLION IN ENERGY SAVINGS.

>> COUNCILMEMBER HERRERA: I WAS WONDERING IF ANY OF THE SAVINGS COULD BE ACCUMULATED TO PAY FOR THE OTHER HALF OF THE SOLAR PANELS ON THE GARAGE, IS THERE ANY MECHANISM THAT WE COULD USE TO DO THAT?

>> WE HAVEN'T LOOKED THAT, AND PART OF THIS PROJECT IS A DISCUSSION WITH THE RENTAL CAR INDUSTRY, BECAUSE THEY ARE PAYING FOR THE POWER ON THE GARAGE, AND SO THAT WOULD HAVE TO BE A DISCUSSION WITH THEM. WE SORT OF STRUCTURED A DEAL WHERE WE'RE USING FUNDS THAT ARE PROJECT FUNDS THAT WHILE THEY DON'T HAVE SAY-SO OVER THEM WE DO. AT THE END OF THE DAY, THEY'RE PAYING THE FINAL BILL ON THE ELECTRIC BILL SO LONG STORY SHORT IT WOULD BE A DISCUSSION WITH THE RENTAL CAR INDUSTRY.

>> COUNCILMEMBER HERRERA: THEY WOULD BE INTERESTED SINCE IT WOULD BE OBVIOUSLY SAVING THEM EXPENSES SO --

>> COUNCILMEMBER LICCARDO: WELL THANKS FOR THE REPORT. HAVE A WONDERFUL AFTERNOON. WE DON'T NEED ANY ACTION ON THAT ITEM I ASSUME SO WE CAN MOVE ON TO ITEM 2, THE VERBAL REPORT ON COST ESTIMATING AND BIDDING CLIMATE FOR CAPITAL PROJECTS. WELCOME DAVE AND BARRY. AND KATY.

>> KATY ALLEN: GOOD AFTERNOON I'M KATY ALLEN PUBLIC WORKS DIRECTOR AND JOINING ME ARE DAVE SYKES WHO WILL BE HELPING WITH THE PRESENTATION, IT IS A VERBAL REPORT. I JUST WANTED TO PROVIDE SOME CONTEXT WITH WHAT WE'LL BE SHARING TODAY AND THAT IS SOME FACTS THAT WE HAVE NOTICED OVER THE PAST YEAR, YEAR AND A HALF OF THE BIDDING CLIMATE. WE ALL REALIZE THAT THE BIDS ARE COMING IN EXTREMELY LOW. THAT WASN'T ALWAYS THE CASE. ABOUT TWO AND A HALF YEARS AGO WE HAD GRAVE CONCERN ABOUT THE AIRPORT AND SOME OF OUR BOND PROGRAMS. ON THE ONE HAND IT WILL BE EXCITING AND GOOD THAT WE WILL BE ABLE TO COMPLETE AND BUILD OUT THOSE PROGRAMS BUT ON THE OTHER HAND WE WANTED TO SHARE WITH THE COMMITTEE SOME OF OUR STRATEGIES. BECAUSE WHAT HAPPENED IN OUR ABILITY TO PUT GOOD ESTIMATES TOGETHER, IF WE'RE TOO OFF BASE THEN WE EITHER UNDERSCOPE OR OVERSCOPE A PROJECT. SO IT'S IMPORTANT THAT WE PUT ENOUGH INFORMATION THAT WE SEE IN THE MARKETPLACE INTO OUR BID OR INTO OUR ESTIMATES BECAUSE THAT'S WHAT GENERATES OUR CAPITAL IMPROVEMENT PROGRAM BUDGET THAT YOU WILL BE LOOKING AT LATER AS WE GO THROUGH THE BUDGET CYCLE IN MAY. WE ALSO JUST WANTED TO BRIEFLY MENTION THE O&M STRATEGY. CERTAIN THERE'S A CONCERN ABOUT BUILDING TOO MUCH RIGHT NOW BECAUSE AS IT COMES ONLINE, THE COST ASSOCIATED WITH THAT WILL FACTOR INTO KEEPING A PROJECT GOING OR NOT. SO WITH THAT I'M GOING TO TURN IT OVER TO DAVE AND WE'RE GOING TO SHARE WITH YOU SOME OF THE FACTS THAT WE'VE LEARNED OVER THE LAST 18 MONTHS.

>> THANKS KATY. SO STARTING OFF WITH SOME OF THE STATS ON REALLY OUR ESTIMATING ACCURACY. IN THIS WHAT WE CALL REALLY AN ULTRACOMPETITIVE ENVIRONMENT. SO SINCE JULY 1ST WE'VE BID 19 PROJECTS. WE'VE AVERAGED ABOUT TEN BIDS PER PROJECT. TWO YEARS AGO, WE WOULD HAVE BEEN HAPPY TO GET THREE AND FOUR WOULD HAVE BEEN GREAT. SO WE WERE GETTING A LOT MORE BIDS PER PROJECT, WE'VE HAD QUITE A FEW PROJECTS THAT HAVE HAD IN EXCESS OF 20 BIDDERS ON A PROJECT. ALL OF THE LOW BIDS THAT HAVE BEEN SUBMITTED HAVE BEEN BELOW OUR ENGINEER'S ESTIMATE. AND IF YOU LOOK AT HOW MUCH THEY'RE BELOW, THEY'RE AVERAGING ABOUT 28% BELOW OUR ENGINEER'S ESTIMATE. SO WE'RE NO LONGER CLOSE TO OUR GOAL WHICH IS 10% PLUS OR MINUS. A FEW YEARS AGO, WE AVERAGED ABOUT 3% FROM THE LOW BID. SO WE WERE RIGHT ON, PREVIOUSLY AND WE ARE WAY OFF RIGHT NOW. 28% BELOW AS I MENTIONED, LAST YEAR WE WERE ABOUT 20% BELOW. ACTUALLY THE GAP IS GETTING WIDER DESPITE OUR EFFORTS TO KEEP ESTIMATING LOWER AND LOWER AND LOWER. I THINK THAT WE'RE HAPPY ABOUT THE LOW BID ENVIRONMENT BUT AS KATY MENTIONED IT'S IMPORTANT THAT OUR ESTIMATES ARE ACCURATE SO THAT WE'RE NOT LEAVING A LOT OF SCOPE ON THE

TABLE AND UNDERSCOPIING PROJECTS. AND I THINK THE REAL ISSUE FOR US IS THAT WHEN WE'RE DOING OUR ESTIMATES IT'S BASED ON WHAT WE BELIEVE IT SHOULD TAKE TO DO THE JOB, HOURS, LABOR, MATERIALS, THOSE SORTS OF THINGS BUT THE BIDS THAT WE'RE GETTING IN ARE REALLY BELOW MARKET RATE. OFTEN, THE BIDDING SPREAD IS HUGE AND OUR ESTIMATE'S IN THERE SOMEWHERE BUT THE LOW BIDS ARE WELL BELOW AND THERE'S NORMALLY A FEW HIGH BIDS THAT ARE ABOVE OUR ESTIMATES. SO IT'S NOT THAT WE'RE OFF THE SPREAD, WE'RE JUST OFF THE LOW CORNER OF THE TARGET. NEXT SLIDE. THE OTHER ISSUE WE WANTED TO INTRODUCE IS, IN THIS ULTRABIDDING ENVIRONMENT, COMPETITIVE ENVIRONMENT IS THE BID PROTEST. SO BID PROTESTS ARE DEFINITELY ON THE RISE. IT USED TO BE WE WOULD AVERAGE ONE OR TWO A YEAR, NOW WE'RE GETTING BIDS ON OVER A THIRD OF OUR PROJECTS. MANY OF THEM WE TRY TO RESOLVE BEFORE THEY GET TO THE COUNCIL, BUT THE COUNCIL HAS SEEN AN INCREASE IN BID PROTESTS THAT MAKE THEIR WAY UP TO THE COUNCIL. THIS IS ONCE AGAIN DRIVEN BY THE COMPETITIVE MARKET. MOST OF THE PROTESTS ARE REALLY RELATED TO THE CONTRACTOR PROPOSALS. WE'VE SEEN A FEW WHERE THE PROTEST HAS BEEN ABOUT OUR SPECS OR CONFUSION ABOUT OUR SPECS. BUT THE PROTESTS ARE PROTESTING EACH OTHER'S PROPOSALS. OFTEN SUBCONTRACTOR LIST IS THE BIG ISSUE THAT COMES UP FREQUENTLY. SO THERE IS NO DOUBT AN INCREASED SCRUTINY ON OUR DOCUMENTS BUT I THINK OUR DOCUMENTS ARE HOLDING UP PRETTY GOOD, IT'S JUST THAT THEY'RE GOING AFTER EACH OTHER IN THIS ENVIRONMENT TO TRY TO GET GET THE I DON'T KNOW. SO IN TERMS OF KIND OF WHAT WE'RE LOOKING TO DO ON EACH ONE OF THESE THINGS, FIRST, ON THE ESTIMATING. I THINK WE'RE AT THE POINT WHERE WE NEED TO DO SOMETHING DIFFERENT SO THAT WE COME CLOSER TO THE TARGET. SO WHAT WE'RE PROPOSING TO DO IS REALLY DEVELOP OUR STANDARD ESTIMATE BASED ON WHAT WE THINK THE TIME AND MATERIALS AND ALL THAT WOULD COST. BUT THEN INTRODUCE A MARKET RATE ADJUSTMENT FACTOR OF ABOUT 20% THAT WOULD REALLY PROVIDE A RANGE OF OUR ESTIMATE. SO THE MARKET RATE WOULD LOOK LIKE THIS, BUT THE BELOW MARKET RATE ESTIMATE WOULD LOOK SAN JOSÉ LIKE 20% LESS. THAT WAY, WE'RE NOT IN A SITUATION OF GOING THROUGH THE PROJECT, ESTIMATING IT OUT, AND AT THE END OF THE DAY, THINKING THAT WE NEED TO ADD MORE PROJECT -- MORE MONEY TO A PROJECT WHEN REALITY THE MARKET IS PROBABLY GOING TO RESOLVE WHATEVER MINOR GAP THERE MIGHT BE BETWEEN OUR ESTIMATE AND THE PROJECT SCOPE. ONE THING THAT WE'VE DONE A LOT OF BUT WE'RE PUSHING MORE TOWARD IS INCLUDING MORE ADD ALTERNATES IN THE PROJECT SO WHEN THE ESTIMATE DOES COME IN LOW WE'RE ABLE TO ADD SOME SCOPE BACK IN SO THAT THAT'S NOT LOST. AS FAR AS THE BID PROTESTS, WE ARE LOOKING AT INTRODUCING A BID PROTEST FEE. MANY OF THE PROTESTS THAT WE'RE GETTING, I DON'T KNOW IF I WOULD TERM THEM FRIVOLOUS. BUT THEY'RE OVER THE SAME ISSUES. AND EVEN IF WE'RE TRYING TO EDUCATE THE BIDDING COMMUNITY THEY'RE STILL LOOKING FOR OPPORTUNITIES TO PROTEST THAT NEXT BID. FOR EXAMPLE, THE ISSUE OF THE SUBCONTRACTOR LIST, A COMMON PROTEST WE SEE IS THAT JOE DIDN'T LIST A SUB. AND OUR NORMAL RESPONSE IS, JOE DOESN'T HAVE TO LIST THE SUB IF HE'S GOING TO SELF PERFORM OR IF THE WORK IS BELOW A HALF PERCENT, WE STILL HAVE TO GO THROUGH THAT PROCESS. AND CERTAINLY RESOLVING THESE PROTESTS IS INTENSIVE WHEN IT COMES TO STAFF TIME. IT NORMALLY WILL ADD THREE, FOUR, FIVE, SIX WEEKS TO A PROJECT, GIVEN THE COMPLEXITY, AND WE'RE OFTEN SEEING MORE THAN ONE PROTEST ON A PROJECT, THREE FOUR FIVE PROTESTS AS WELL. SO I THINK A FEE WOULD RESOLVE SOME OF THAT IN THAT THEY WOULD PAY A FEE. IF THEIR PROTEST WOULD BE FOUND WITH MERIT WE WOULD RETURN IT, IF NOT, WE'D KEEP IT. WE'RE ALSO LOOKING ON -- AND WE'VE DONE IT IN A CASE-BY-CASE BASIS, INTRODUCING A DELEGATED AUTHORITY SO WE COULD RESOLVE THE PROTEST AT A STAFF LEVEL RATHER THAN HAVING THEM COME UP TO THE COUNCIL BECAUSE IT'S NOT ALWAYS A STRAIGHTFORWARD PROCESS. SO THAT'S SOMETHING THAT WE'RE LOOKING AT IN THE FUTURE. AND CERTAINLY IN THIS TYPE BIDDING CLIMATE MAKING SURE THAT OUR PROCESS IS CENTRALIZED WITHIN THE CITY, AS AN IMPORTANT FACTOR. THE VAST MAJORITY OF THE CONSTRUCTION CONTRACTS DO COME FROM PUBLIC WORKS BUT NOT ALL. WE'RE LOOKING AT MAKING SURE THAT WE'RE ALL CONSISTENT IN NOT ONLY HOW WE PUT THE PROJECTS OUT BUT HOW WE RESOLVE THE

PROTESTS AND ISSUES THAT COME UP. SO THAT'S IT FOR OUR PRESENTATION AND WE'RE AVAILABLE FOR QUESTIONS.

>> COUNCILMEMBER LICCARDO: GREAT, THANKS DAVE. OKAY, QUESTIONS, JUDY.

>> COUNCILMEMBER CHIRCO: ON YOUR LAST ISSUE WITH THE CENTRALIZED BIDDING WHAT PERCENTAGE OF PROJECTS DON'T GO THROUGH PUBLIC WORKS? I GUESS IT WOULD BE FAIRLY SMALL.

>> IT IS VERY SMALL. I'D SAY IT'S PROBABLY 5% THAT DON'T GO.

>> COUNCILMEMBER CHIRCO: AND COULD YOU HELP ME UNDERSTAND LIKE WHEN YOU PUT OUT THE ENGINEER'S ESTIMATE, AND YOU SAY THAT IF YOU'RE TOO LOW OR TOO HIGH IT AFFECTS THE SCOPE. COULD YOU EXPLAIN THAT TO ME?

>> YEAH. IT'S NOT SO MUCH AT THAT POINT, IT'S AS WE'RE WORKING TOWARDS OUR ESTIMATE, WE'RE USING OUR ESTIMATE TO REALLY DRIVE HOW MUCH SCOPE WE'RE WILLING TO PUT INTO THE DESIGN THAT GOES OUT. SO IF WE HAVE A PLAYGROUND AND THERE'S A LOT THAT WE WANT TO PUT INTO IT BUT OUR ESTIMATE SAYS IT'S 500,000 AND THAT WOULD DRIVE THAT AMOUNT OF SCOPE. BUT IF THE BIDS COME IN AT 400, WE COULD HAVE PUT MORE INTO THAT PROJECT. AND IT'S REALLY HOW WE DEVELOP THAT SCOPE ALL THE WAY THROUGH. IT'S NOT JUST THE END PRODUCT OF THE ESTIMATE.

>> COUNCILMEMBER CHIRCO: AND BY USING YOUR ADD ALTERNATE LIST THAT WOULD ALLOW FOR 500,000 WORTH OF PRODUCT ON THE GROUND?

>> RIGHT. SOMETIMES THE PROJECT DOESN'T ALLOW THIS. BUT OFTEN WE CAN USE ANOTHER ADD ALTERNATE TO ADD ANOTHER ELEMENT IN. IF THE BIDS COME IN LOW WE COULD ADD ALTERNATE 1 AND PUT THAT ALTERNATE IN.

>> COUNCILMEMBER CHIRCO: AND I REALIZE THIS IS AN INEXACT SCIENCE BUT I KNOW I WAS HERE WHEN THE BIDDING CLIMATE WAS EXTREMELY HIGH AND WE DID GET ONE, TWO OR IF WE WERE LUCKY THREE BIDS. DO YOU HAVE ANY SENSE OF HOW LONG THIS WILL -- IT SEEMS THAT A LOT OF OUR BIDDERS ARE -- THEY'RE TAKING NONE OR EVEN A NEGATIVE MARK DOWN, TO GET THE WORK TO KEEP THEIR CREWS WORKING.

>> KATY ALLEN: VICE MAYOR CHIRCO YOU'RE ABSOLUTELY CORRECT. WHAT WE'RE NOTICING THOUGH IS WE'RE GETTING REALLY GOOD CONTRACTORS. THESE AREN'T CONTRACTORS FLY BY NIGHT THAT CAME FROM SOMEWHERE. THEY'RE MANY TIMES CONTRACTORS THAT ARE COMING FROM THE PRIVATE SECTOR BECAUSE CONSTRUCTION IS SO LOW. SO YOU'RE RIGHT THAT WHEN THEY PUT OUT A PROJECT, OR A BID IF YOU WILL, AT NO COST, WE'RE HEARING THAT IT'S JUST TO KEEP THEIR COMPANY EMPLOYED, SO ON AND SO FORTH. SO WHAT'S DIFFICULT IS, IF WE HAVE TO NEGOTIATE A CHANGE ORDER, WE'RE PROBABLY GOING TO HAVE TO DO THAT NOT A COMPETITIVE BIDDING ENVIRONMENT. WE'RE GOING TO HAVE TO DO THAT WITH WHAT THE CHANGE ORDER ACTUALLY COSTS. AND SO THAT'S WHY IT'S IMPORTANT THAT WE TRY GET AS MUCH SCOPE AS WE CAN PRICED DURING THE COMPETITIVE -- THE COMPETITIVE PROCESS. SO ADDING THE ADD ALTERNATES ALLOWS US TO PUT THINGS BACK INTO THE PROJECT AT A COMPETITIVE BID RATE.

>> COUNCILMEMBER CHIRCO: THANK YOU, THAT WAS VERY HELPFUL IN MY UNDERSTANDING.

>> JUST ADD A COUPLE OF THINGS TO THAT. YOU KNOW WHAT WE'RE SEEING IS NOT JUST FOR HERE. WE JUST -- BARRY AND I JUST MET WITH OUR PARTNERS IN THE BENCHMARKING EFFORT ACROSS THE STATE. ALL CITIES ARE SEEING THE SAME AND FOR MANY, MANY YEARS WE WENT THROUGH AN ENVIRONMENT WHERE WE HAD KIND OF AN EVEN ESCALATION OF THREE TO 5% THEN WE WENT TO THE UNPRECEDENTED ESCALATION THAT YOU MENTIONED, AND NOW WE'RE IN THIS UNPRECEDENTED BIDDING ENVIRONMENT. SO IT'S KIND OF HARD TO PREDICT WHEN IT'S TOTALLY GOING TO LEVEL OFF.

>> COUNCILMEMBER CHIRCO: THE GOOD NEWS AND THE BAD NEWS.

>> YES.

>> COUNCILMEMBER CHIRCO: THANK YOU.

>> MAYOR REED: COUNCILMEMBER HERRERA.

>> COUNCILMEMBER HERRERA: THANK YOU, CHAIR. THANK YOU FOR THE REPORT KATY. WHAT PERCENTAGE, I WAS JUST CURIOUS WHAT PERCENTAGE OF THE CONTRACTORS ARE LOCAL CONTRACTORS OR ARE HIRING LOCAL PEOPLE? ONE OF MY CONCERNS IS THAT WE PUT LOCAL PEOPLE TO WORK. BUT I ALSO WANT TO KNOW WHAT -- REMIND ME AGAIN OF

WHAT CAN THE CITY DO IN TERMS OF GETTING ANY SUPPORT TO LOCAL COMPANIES, ANY PRIORITY, ANY PREFERENCE IN?

>> KATY ALLEN: THAT'S AN EXCELLENT QUESTION. RELATED TO WHETHER OR NOT WE CAN USE LOCAL PREFERENCE IT'S REALLY AGAINST OUR CITY CHARTER IN A LOW BID ENVIRONMENT WE HAVE TO GIVE IT TO THE LOW RESPONSIVE BID. SO WE CAN'T FACTOR IN THE LOCAL ASPECT OF IT BUT I WANT TO ASK DAVE. HE ACTUALLY PUT THE REPORT TOGETHER TO THE SMALL BUSINESS COMMISSION.

>> AND THEN WE COME THROUGH HERE I THINK IT'S THROUGH HERE ANNUALLY I DON'T KNOW THE NUMBERS OFFHAND, PROBABLY IN EXCESS OF 50% OF CONSTRUCTION CONTRACTORS, CONSTRUCTION CONTRACTS GO THROUGH LOCAL BIDDERS. HAVE TO CONFIRM THAT. BUT WE DON'T GO THROUGH A PROCESS, AS KATY MENTIONED, WE TRACK THAT. NOT THAT THERE'S ANY PREFERENCE GIVEN, IT'S JUST THE LUCK OF THE DRAW, BUT I THINK IT'S ABOUT 50%.

>> COUNCILMEMBER HERRERA: AND I GUESS OUR CHARTER FORBIDS US FROM DOING ANYTHING TO GIVE THEM PREFERENCE BUT IS THERE ANY WAY THAT WE CAN DO ANYTHING THAT WOULD ENCOURAGE THE HIRING OF LOCAL PEOPLE? AS I UNDERSTAND, THE CONSTRUCTION INDUSTRY'S SEEING A 30% UNEMPLOYMENT RATE. AT LEAST IN THIS AREA THAT MAY BE TRUE ACROSS THE STATE AS WELL. AND I'M CONCERNED ABOUT PUTTING PEOPLE TO WORK HERE. SO I'M JUST RAISING IT IF THERE'S ANY WAY THAT WE CAN ENCOURAGE THAT, EVEN IF IT'S AN OUT OF TOWN CONTRACTOR IF THEY HIRE LOCAL PEOPLE I'D BE HAPPIER ABOUT THAT THAN IF WE'RE BRINGING IN PEOPLE OUTSIDE.

>> I DON'T KNOW IF THERE'S -- THERE'S NOT REALLY, I THINK WE HAVE GOT LIMITATIONS ON WHAT WE CAN DO. AND TO BE FRANK EVEN HIRING A LOCAL CONTRACTOR DOESN'T NECESSARILY TRANSLATE INTO USING A LOCAL WORKFORCE. A LOT OF THE WORKFORCE COMES FROM OUTSIDE THE AREA. SO THERE'S A LOT OF CHALLENGES AND LIMITATIONS THERE.

>> COUNCILMEMBER HERRERA: OKAY, JUST NOTING THE CONCERN AND I HAD A SIMILAR CONCERN TO VICE MAYOR CHIRCO ABOUT HOW LONG WE SEE THIS ENVIRONMENT CONTINUING. AND I KNOW WE DON'T HAVE A CRYSTAL BALL. BUT WHAT EVIDENCE WOULD YOU BE LOOKING FOR IN TERMS OF A CHANGE IN THE TIDE THAT WOULD BE CONCERNING US, BECAUSE MY CONCERN WOULD BE THAT WE GET SOMEBODY WHO BIDS SOMETHING AND THEY REALLY CAN'T DO IT, THEY'RE JUST SO DESPERATE FOR THE WORK THAT THEY PUT IN A BID THAT MIGHT NOT -- MIGHT BE NOT SUSTAINABLE IN TERMS OF THE PROJECT. ARE WE CONCERNED ABOUT THAT OR HOW ARE WE ADDRESSING THAT?

>> KATY ALLEN: THE CONTRACTORS THAT BID OUR PROJECTS ARE REQUIRED TO SUBMIT A BID BOND. AND SO WHAT SOME OF THE CITIES ARE DOING IS CONFIRMING THE SECURITIES THAT ARE IN PLACE TO PUT THAT BOND FORWARD. SO WE'RE NOT SEEING OUR GENERAL CONTRACTORS IN FINANCIAL PROBLEMS AT LEAST THE ONES THAT ARE BIDDING OUR WORK. THERE HAS BEEN TALK, AND THAT'S KIND OF WHAT IT IS AMONGST THE GENERAL CONTRACTING COMMUNITY THAT SUBS ARE REALLY IN DIRE SITUATIONS RIGHT NOW, AND SO WHEN THEY GET A BID FROM -- A PRICE FROM A SUB AND THEY INCLUDE IT IN THEIR BID, SOME GENERALS HAVE INDICATED THEIR CONCERN THAT THAT SUB IS STILL GOING TO BE AROUND AND SO THEY WOULD HAVE TO GO THROUGH A SUBSTITUTION. SO WE HAVE SOME SAFEGUARDS IN PLACE. WE HAVE A BID BOND AND WE ALSO HAVE A WARRANTY ON THE PRODUCT AND THEN WE HAVE YOU KNOW A CONTRACT SO WE'RE ABLE TO CALL BIDS IF YOU WILL IF THERE WAS SOMETHING FINANCIALLY CHALLENGING THAT A GENERAL CONTRACTOR WAS GOING THROUGH.

>> COUNCILMEMBER HERRERA: BUT IF THE GENERAL CONTRACTOR HAS A SUB, THEY'RE NOT ABLE TO PERFORM, IT'S STILL THE RESPONSIBILITY OF THE GENERAL CONTRACTOR TO PERFORM. SO THAT COULD BE -- THAT MIGHT PRESENT A PROBLEM BUT THEY'D HAVE TO BASICALLY HAND IT?

>> WE'LL ADD IN TERMS OF THE MARKET IN THE FUTURE, WE DID -- WE ARE PROJECTING 0% ESCALATION FOR NEXT YEAR. WE GO THROUGH THAT PROCESS WITH THE BUDGET OFFICE TO SEE WHAT LEVEL WE'RE GOING TO ESCALATE OUR PROJECTS. THAT'S PRETTY CONSISTENT WITH OTHER JURISDICTIONS ARE DOING. I DID NOTICE THAT THE WATER

DISTRICT IS ESCALATING THEIR PROJECTS 3% BUT IT CERTAINLY IF IT'S NOT ZERO IT'S NOT MUCH MORE THAN ZERO.

>> COUNCILMEMBER HERRERA: AND I WANT TO SUPPORT YOUR IDEA OF ESTABLISHING A FEE. IT SOUNDS LIKE IT'S COSTING US IN TERMS OF MANAGING THESE PROTESTS, SO HAVING THEM GET FEEDBACK IF IT HAS MERIT IT SOUNDS REASONABLE TO ME. THANK YOU.

>> COUNCILMEMBER LICCARDO: GREAT. I JUST HAD ONE QUESTION WHICH WAS, TO WHAT EXTENT HAVE WE BEEN CONSCIOUSLY UTILIZING THIS OPPORTUNITY WITH ADD ALTERNATES TO REALLY REDUCE LIFE CYCLE COST OF THESE PROJECTS IN TERMS OF WHETHER IT MEANS USING YOU KNOW, HAVING AN ADD ALTERNATE THAT WOULD INCLUDE SOLAR, OR, YOU KNOW, GOING WITH THE ARTIFICIAL TURF AS AN ADD ALTERNATE THOSE KINDS OF THINGS THAT REALLY ARE GOING TO REDUCE OUR OPERATIONS MAINTENANCE EXPENSES ONGOING?

>> I THINK WE'VE JUST KIND OF STARTED SCRATCHING THE SURFACE IN THAT REGARD. WE'VE USED ADD ALTERNATES IN OTHER REGARDS BUT AS FAR AS O&M WE'RE STARTING OFF WITH THAT STRATEGY.

>> COUNCILMEMBER LICCARDO: I KNOW OBVIOUSLY IT'S A TOUGH TIME FOR A LOT OF FOLKS IN THE PRIVATE SECTOR BUT SOUNDS LIKE IT'S A GREAT OPPORTUNITY FOR US TO REALLY REDUCE THE IMPACT TON TAXPAYER.

>> KATY ALLEN: A GOOD EXAMPLE OF THAT PERHAPS IS OUR HAPPY HOLLOW PROJECT WHICH AS YOU ALL KNOW IS GOING TO OPEN THIS PAST MONTH. AS WE LOOKED CLOSELY WITH ALBERT HOW COULD WE USE OUR CAPITAL DOLLARS TO OFFSET SOME O&M ON HIS SIDE, THOSE WERE THE TYPES OF THING WE WERE LOOKING TO PUT BACK INTO THE PROJECT. SO OUT THERE, I THINK WE NEED TO FINE TUNE THAT. WE DID ADD ALTERNATES IN THE ESCALATING MARKET SO THAT WE COULD BID A BASE PROJECT AND NOT HAVE TO BE SHORT-FUNDED IF YOU WILL TO PUT THINGS BACK IF THE BIDS CAME IN LOW ENOUGH TO DO SO.

>> COUNCILMEMBER LICCARDO: WELL, THANK YOU. APPRECIATE THE UPDATE. BY THE WAY I THINK THE BID PROTEST FEE IDEA IS A GREAT ONE. I REALLY HOPE WE PURSUE THAT ONE, BECAUSE I KNOW THAT'S A HUGE DRAIN ON YOUR TIME AND EVERYBODY ELSE'S ASSUMING THERE'S NO DUE PROCESS PROBLEMS WITH IT. ANYWAY, WITH THAT, I DON'T THINK WE NEED ANY VOTE, DO WE? OKAY, SO WE'LL MOVE ON, THEN. THANK YOU VERY MUCH KATY AND DAVID AND BARRY. I THINK WE NEED TO TAKE ONE THING OUT OF TURN. HANS ARE YOU OKAY ON TIME? THEN WE'LL KEEP GOING. SANITARY SEWERS TO PROPOSE THE GENERAL PLAN. WELCOME TIM. SHALL WE TAKE 3 AND 4 TOGETHER OR JUST SEPARATELY?

>> ED SHIKADA: I THINK THE PRESENTATION IS GEARED AROUND CONCURRENT HEARING OF BOTH ITEMS.

>> KATY ALLEN: ACTUALLY WE PUT 4 FIRST BUT WE'LL GO BACK TO 3 BUT IT'S ALL THINGS SEWER AND STORM REPORT. TODAY WE WANTED TO PROVIDE THE COMMITTEE WITH A FIRST ANNUAL REPORT OF OUR SANITARY AND STORM PROGRAM. WE HAVEN'T DONE THIS IN THE PAST AND I KNOW OVER THE YEARS YOU'VE SEEN D.O.T.'S REPORT OF HOW MANY LIGHTS AND HOW MANY STOP SIGNS AND HOW MANY MILES OF PAVEMENT. SO WE'VE DONE A SIMILAR APPROACH TO OUR SANITARY AND STORM PROGRAM. AND WE WANT TO SHARE WITH THE COMMITTEE OUR STRATEGY PLANNING AND PROGRAMMING. WHAT IT'S GOING TO TAKE FOR OUR SYSTEM TO SERVE OUR COMMUNITY FOR MANY, MANY YEARS, ESPECIALLY AS IT RELATES TO THE BUILDOUT OF THE GENERAL PLAN. WE ALSO WANT TO TALK ABOUT THE ACTIVE -- THE ACTIVITY WE HAVE UNDERWAY REGARDING MANAGING AND IDENTIFYING THE CONDITION AND CAPACITY OF OUR SYSTEM. AND THEN TALK ABOUT SOME FUNDING STRATEGIES. BECAUSE BUILDING THESE SYSTEMS TAKES A LOT OF PLANNING, TAKES A LOT OF MONEY AND WE WANT TO MAKE SURE THAT WE HAVE A RATE STRUCTURE AND A FEE STRUCTURE THAT WILL CONTINUE TO KEEP THE SYSTEM RUNNING AND OUR GOAL, I THINK TIM PUT IT UP THERE, THERE IT IS, RELIABILITY UTILITY THAT IS OUT OF SIGHT AND OUT OF MIND IS SOMETIMES THE WAY WE REFER TO OUR SANITARY PROGRAM. SO EVERYTHING THAT WE'RE GOING TO BE COVERING IN THIS REPORT IS UPSTREAM FROM THE PLANT. AND WITH THAT I'LL TURN IT OVER TO TIM.

>> THANKS KATY. SO YEAH, WELL, THE REPORTS THAT WE'VE SUBMITTED ARE VERY THOROUGH, WE'RE GOING TO JUST DO A REALLY QUICK OVERVIEW OF WHAT'S IN THOSE

REPORTS TODAY. HERE A FEW SYSTEM FACTS FOR A STORM SYSTEM AND THE SANITARY SEWER SYSTEM. THEY'RE BOTH EXTENSIVE. THEY'RE BOTH OVER 100 YEARS OLD. BUILT CONTINUOUSLY, BUT BOTH OF THEM OVER A HUNDRED YEARS OLD. SO LIKE KATY SAID, WE HAD THE ISSUE OF STAYING AHEAD OF CAPACITY FOR THE BUILDOUT OF THE GENERAL PLAN BUT ALSO WE HAVE THE AGING INFRASTRUCTURE AND DEFERRED MAINTENANCE RESPONSIBILITIES THAT WE'RE ALSO DEVELOPING A STRATEGY AROUND AS WELL, TO CONTINUE TO HAVE THAT RELIABLE UTILITY SERVICE. SO WE'LL START WITH THE STORM SEWER SYSTEM. SYSTEM GOALS IS REALLY THE PROTECTION OF PROPERTY AND THE AND THE QUALITY OF LIFE. THOSE ARE -- THAT'S DIFFERENT THAN IN LOTS OF AREAS OF THE COUNTRY. HERE AS YOU KNOW WE DON'T REALLY HAVE ANY OF THE EXTREME CATASTROPHIC FLOODING. AT LEAST WE HAVEN'T IN THE RECENT PAST WHERE PEOPLE ARE, YOU KNOW, BROUGHT WITH HELICOPTERS OFF THE ROOFTOPS OR ANYTHING LIKE THAT. IT'S REALLY PEOPLE GETTING THEIR CARPETS DAMAGED. IT'S NOT BEING ABLE TO TRAVERSE THROUGH OUR CITY STREETS. SO IT IS -- THAT IS A MAJOR QUALITY OF LIFE ISSUE. SO WE TRY AND HAVE A STORM DRAIN SYSTEM THAT CONVEYS THAT WATER AWAY AND DOES PROTECT OUR PROPERTY. WATER QUALITY IS ALSO BECOME A VERY INTEGRAL PART OF OUR DESIGN SYSTEM FOR STORM SEWERS. WE HAVE A REGULATORY PERMIT THAT SAFEGUARD THAT TO MAKE SURE THAT OUR DESIGNS FOLLOW WATER QUALITY STANDARDS BUT IT ALSO IS TO PROTECT THE ENVIRONMENT AND MAKE SURE THAT OUR CREEKS AND THE BAY ARE KEPT CLEAN. SYSTEM CAPACITY, OUR DESIGN STANDARD FOR THE CITY OF SAN JOSÉ IS CURRENTLY A TEN-YEAR SYSTEM. WHAT THAT MEANS IS YOU HAVE THE POTENTIAL OF OVERTAXING THAT SYSTEM ONCE EVERY TEN YEARS. COULD BE THREE YEARS IN A ROW BUT STATISTICALLY IT'S ABOUT ONCE EVERY TEN YEARS. BUT 93% OF OUR SYSTEM, BUILT EARLIER OVER THE LAST 100 YEARS IS A THREE YEAR DESIGN OR LESS. THAT DOESN'T MEAN WE HAVE FLOODING EVERYWHERE BUT WHAT THIS SAYS IS IT JUST GETS OUT OF THE PIPES. IT OVERTAXES THE PIPES. USUALLY WHAT THAT RESULTS IN IS THE STREETS FLOODING, PONDING FOR A WHILE, UNTIL THE DRAINAGE IS ABLE TO MAKE IT DOWN INTO THE SYSTEM AND OUT TO THE CREEKS. JUST REALLY OUTSIDE OF THE OVERVIEW OF THIS PROGRAM BUT I THINK IT'S JUST IMPORTANT BECAUSE IT COMES UP WHEN YOU TALK ABOUT STORM WATER IS THE RIVERS AND THE CREEKS AND WHEN THEY OVERFLOW. THAT IS THE RESPONSE -- THE FLOOD MANAGEMENT IS THE RESPONSIBILITY OF THE SANTA CLARA VALLEY WATER DISTRICT, BUT WE WORK EXTREMELY CLOSELY WITH THEM. WHEN THEIR CREEKS START RISING, OUR OUTFALLS AND OUR STORM DRAINAGE SYSTEM CANNOT GET INTO THEM, SO THAT'S WHEN WE HAVE MORE STREETS FLOODING. SO WE WORK VERY CLOSELY WITH THE WATER DISTRICT ON THE CREEKS AND THE CONVEYANCE SYSTEMS ASSOCIATED WITH THAT. AND THEN WE DO ALSO IN PUBLIC WORKS RUN A FLOOD PLANE MANAGEMENT PROGRAM, A SMALL PROGRAM BUT VERY CRITICAL IN THAT IT PROVIDES ASSISTANCE TO PROPERTIES IN FLOOD PLANES, PROBABLY ABOUT 20,000 PROPERTIES IN SAN JOSÉ WITHIN FEMA'S FLOOD INSURANCE MAPS BOUNDARIES, AND WE WORK WITH THE PROPERTY OWNERS, THEIR INSURANCE CARRIERS, THEIR LENDERS TO MAKE SURE THAT THEY HAVE ADEQUATE PROTECTION, ADEQUATE INSURANCE OR IF THERE ISN'T THE NEED FOR INSURANCE MAKING SURE THAT THEY'RE NOT HAVING TO PAY INSURANCE IN THOSE AREAS. AGAIN, STORM WATER QUALITY HAS BECOME A VERY INTEGRAL PART OF THE SYSTEM AND IT'S KEEPING TRASH AND DEBRIS OUT OF THE CREEKS AND RIVERS. IT'S KEEPING TOXINS AGAIN OUT OF THE CREEKS, RIVERS AND THE BAY, AND ALSO SEDIMENT. SO WE ARE LOOKING AT, IN OUR CAPITAL IMPROVEMENT PROGRAM, ACTUALLY HAVING SOME PROJECTS THAT DEAL WITH TRASH RACKS AND MAKING SURE THAT WE ARE CONTAINING THE TRASH. AND WE'RE LOOKING AT THE STAGNANT WATER THAT SITS IN A PUMP STATION OVER THE SUMMER, INSTEAD OF WHEN THE RAINS COME, PUMPING THAT OUT TO THE RIVER, ACTUALLY BRINGING THAT BACK INTO THE SANITARY SEWER. SO WATER QUALITY'S BECOME A BIG PART OF THE SYSTEM. IN WORKING WITH THE GENERAL PLAN INTO THE FUTURE TO MAKE SURE THAT STORM WATER IS CONVEYED AWAY FROM PROPERTY BUT WE ARE ENSURING WATER QUALITY IMPACT. SO WHAT WE'RE FOCUSED ON CURRENTLY IN OUR CAPITAL IMPROVEMENT PROGRAM IS WORKING ON A MASTER PLAN. CURRENTLY WE STAY ON TOP OF THE DEFERRED MAINTENANCE NEEDS BY WORKING WITH THE DEPARTMENT OF TRANSPORTATION, ON THEIR HOT SPOTS, WHERE WE KNOW THAT WE'VE HAD

CONTINUOUS FLOODING OR DRAINAGE PROBLEMS. SO THAT KIND OF DRIVES A LARGE PART OF THE CAPITAL PROGRAM NOW. WE'D LIKE TO BE MORE STRATEGIC ABOUT THAT. SO WE'D LOOK AT VARIOUS AREAS WITHIN THE CITY TO MASTER PLAN THOSE AREAS. WE ALSO ALWAYS FOCUSED ON CHIPPING AWAY AT IMPROVING THE DRAINAGE SYSTEMS IN ALVISO WHERE A LOT OF THAT AREA IS BELOW SEA LEVEL. WE'RE LOOKING AT OUR PUMP STATIONS. AGAIN THIS IS MORE OF THE AGING INFRASTRUCTURE. OUR PUMP STATIONS ARE OLD, SO GOING IN AND MAKING SURE THAT THOSE ARE RELIABLE AND EFFICIENT IS CRITICAL. AND THEN ALSO, AS I MENTIONED, SOME OF THE WATER QUALITY PROJECTS. LOOK AT THE SANITARY SEWER SYSTEM. THIS ONE, FIRST SANITARY SEWERS CONSTRUCTED BACK IN 1867, ACTUALLY WAS A REDWOOD BOX. AND THEN CONTINUOUSLY HAVE BUILT UP FROM THERE. IT WAS VERY FORTUNATE ABOUT THE HISTORY OF OUR SANITARY SEWER SYSTEMS, IN THE 1800S WHEN THE VALLEY WAS FULL OF ORCHARDS WE HAD CANNERIES COME. AND BUILDING THE SYSTEM WHERE THE TRUNK AND THE INTERCEPTORS THE LARGE SEWERS WERE LARGE ENOUGH TO CARRY THE WASTE FROM THE CANNERIES, REALLY ALLOWED US TO CONTINUE TO GET BY WITHOUT ANY OBSTRUCTIONS TO NEW DEVELOPMENT OR MORATORIUMS OR LARGE CAPITAL INVESTMENT LIKE LOTS OF COMMUNITIES HAVE HAD. SO THAT WAS VERY BENEFICIAL LOOKING BACK AT THE HISTORY. ABOUT 72% OF THE SYSTEM WAS BUILT BETWEEN 1956 AND 1980. SO REBUILDING SOME OF THAT SYSTEM IS CRITICAL. LIKE I SAID, WE FOCUSED ON SOME OF THE LARGEST PARTS OF THE SYSTEM, THE INTERCEPTORS AND TRUNKS. BUT YOU ALSO HAVE SEEN PROBABLY IN YOUR DISTRICT SOME OF YOUR NEIGHBORHOOD SEWERS, WE'VE DONE REHABILITATIONS ON AREAS WHERE DEPARTMENT OF TRANSPORTATION IS HAVING REPETITIVE MAINTENANCE CALLS. RECENT TRENDS, THAT WE'VE BEEN PUSHING FORWARD IN THE CAPITAL IMPROVEMENT PROGRAM IS CONTINUING TO REHABILITATE OUR TRUNK LINES. BUILDING OUR FOURTH MAJOR INTERCEPTOR, WHICH IS ONE OF THE LARGEST SEWERS IN THE CITY UNDER ZANKER ROAD, AND I'LL SHOW YOU WHAT ZANKER ROAD LOOKS LIKE HERE IN A SECOND. CAPACITY MANAGEMENT AND THAT'S REALLY THE FOCUS OF THE NEXT PRESENTATION RELATED TO THE GENERAL PLAN, MAKING SURE THAT WE DO STAY AHEAD OF GROWTH AND DON'T GET IN THE WAY OF THE GROWTH THAT WE'RE LOOKING FOR. AND THEN CONDITION ASSESSMENT. AND THAT'S VIDEOTAPING OUR SYSTEM, FINDING THE NEEDS AHEAD OF THEM BECOMING CRITICAL PROBLEMS. AND HAVING A SYSTEM AND A STRATEGY FOR STAYING ON TOP OF THAT MAINTENANCE. THIS IS JUST A DEPICTION OF WHAT ZANKER ROAD IS. ZANKER ROAD HAS -- THAT'S WHERE ALL OF THE SEWERS IN THE CITY COME TOGETHER BEFORE THEY GO UNDER 237 TO THE TREATMENT PLANT. THERE ARE FOUR INTERCEPTER SEWERS THERE, ALL SEVEN FEET IN DIAMETER. SO IF YOU WILL, WHAT WE LIKE TO SAY IS THAT THIS IS THE LARGEST RIVER IN SANTA CLARA COUNTY, EASILY. SO THAT LEADS US REALLY INTO THE NEXT PART OF OUR PRESENTATION WHICH IS SANITARY SEWER CAPACITY TO SERVE THE PROPOSED GENERAL PLAN. SO THIS IS LIKE KATY SAID, THE PREVIOUS REPORTS ARE REALLY SOMETHING THAT WE WANT TO DOCUMENT TRENDS OF THOSE SYSTEMS GOING FORWARD ON AN ANNUAL BASIS. THIS IS REALLY GOING BACK REFLECTING BACK TO A PRESENTATION THAT WE MADE TO THIS COMMITTEE BACK IN OCTOBER, WHEN WE WERE LOOKING AT BRINGING THE SANITARY SEWER RATES UP TO DATE, SO THAT THEY COULD STAY AHEAD OF THE CAPACITY, AND THE INFRASTRUCTURE NEEDS. WE WENT OUT AND STARTED THE OUTREACH WITH THAT PROGRAM, AND REALLY, WHAT THE DEVELOPMENT COMMUNITY SAID IS, WE UNDERSTAND THE ISSUE, WE DON'T WANT TO BE HAMPERED BY CAPACITY IN THE SANITARY SEWER SYSTEM. BUT WE WANT TO MAKE SURE THAT YOU'RE MASTER PLANNING IS LOCK-STEP WITH THE NEW GENERAL PLAN. AND SO THAT THE PROJECTS THAT ARE REQUIRED ARE REALLY ONES THAT ARE GOING TO SUPPORT OUR PROJECTS. SO COMPLETE -- MADE COMPLETE SENSE. SO WE'VE DOUBLED BACK AND THAT'S REALLY WHAT WE'RE IN THE PROCESS OF DOING RIGHT NOW IS FINE-TUNING OUR MASTER PLANNING, WORK WITH THE GENERAL PLAN AS THEY'RE COMING FORWARD WITH THE PREFERRED ALTERNATIVE, NEXT MONTH, I BELIEVE, AGAIN WE'LL TRY AND BE GETTING INTO LOCK-STEP WITH THAT PROCESS. THIS JUST KIND OF SHOWS AN ILLUSTRATION OF HOW THE NETWORK WORKS. A REVERSE UPSIDE DOWN TREE HERE, WHERE ALL THE NEIGHBORHOOD SEWERS GO INTO YOUR TRUNKS AND EVERYTHING GOES INTO THOSE FOUR ARROWS GOING UP ZANKER ROAD AND INTO THE TREATMENT PLANT. GENERAL PLAN POLICIES THAT WE

CURRENTLY HAVE IS REALLY THE -- LARGELY REGARDING URBAN SERVICE, DELIVERY PRIORITIES, REALLY THAT'S NOT SO MUCH OF A DRIVER RIGHT NOW, AS MOST OF OUR DEVELOPMENT IS INFILL AND HIGHER DENSITY. SO THE URBAN SERVICE BOUNDARY PRIORITIES ARE NOT AS CRITICAL TODAY. BUT THE PLACE FOR GROWTH, THAT IS THAT THE CAPACITY OF GROWTH IS PUT INTO THE RATE STRUCTURE. REGULATORY CHANGES ALSO IN SANITARY SEWER IS BECOMING MORE AND MORE PART OF OUR EVERYDAY POLICIES. SO WE HAVE A SANITARY SEWER MANAGEMENT PLAN OR SSMP SO MAKE SURE THAT WE ARE LOOKING AT OUR SYSTEM IN A VERY STRATEGIC AND LOGICAL MANNER. OUR NONPOINT SOURCE PERMIT IS ALSO MAKE SURE THAT WE DON'T HAVE OVERFLOWS FROM THE SANITARY SEWER THAT MAKE THEIR WAY INTO THE CREEKS AND THE BAY. AND THEN, THE CAPACITY NEEDS TO SUPPORT FUTURE GROWTH, THAT'S REALLY WHAT I'VE JUST INDICATED AS, WE'VE BEEN ABLE TO HAVE THE CAPACITY WITH THE CANNERIES, THAT WAS CREATED, THAT'S BEEN SUFFICIENT UP 'TIL TODAY, BUT NOW WE ARE SEEING THAT THE NEW GENERAL PLAN WILL HAVE CAPACITY CONSTRAINTS. SO REALLY, WE'RE DEVELOPING THE STRATEGIES TO STAY AHEAD OF THAT. NORTH SAN JOSÉ AND THE MIDTOWN AREA ARE REALLY AREAS WHERE WE'VE SEEN THAT WE ARE GOING TO HAVE STRATEGIES TO STAY AHEAD OF THAT. WE ARE WORKING TO PUT IN PLACE IN THE NEW GENERAL PLAN A NEW LEVEL OF SERVICE POLICY THAT REALLY TAKES SOME OF THE REGULATORY CONSTRAINTS AND THE RISK THAT COME WITH SANITARY SEWER OVERFLOWS, MAKE IT SO THAT IS NOT AS MUCH OF A RISK AS WHAT OUR CURRENT POLICY GIVES US TODAY. ALSO, PROVIDING MORE -- SOME EXCESS CAPACITY IN OUR SYSTEM, MINIMIZES ODORS IN THE SYSTEM AND MAINTENANCE PROBLEMS. SO THIS -- THE NEW LEVEL OF SERVICE POLICY WILL GIVE US A BETTER, I GUESS, INSURANCE POLICY FOR OVERFLOWS AND MAINTENANCE GOING FORWARD. AND THEN THIS IS JUST REALLY SHOWING EVERYTHING THAT GOES INTO OUR PROGRAM STRATEGY. SO IT'S THE NEIGHBORHOOD REHABILITATIONS, IT'S WORKING WITH OUR HOT LIST, WITH DEPARTMENT OF TRANSPORTATION, ELIMINATING OVERFLOWS, THE FINANCING MODEL, ALL THOSE, THIS CRITICAL PART OF HOW WE DEVELOPED THIS PROGRAM. SO WITH THAT, OPEN TO ANY QUESTIONS.

>> COUNCILMEMBER LICCARDO: THANKS, TIM. JUDY.

>> COUNCILMEMBER CHIRCO: WHEN DO YOU ANTICIPATE THE MASTER PLAN BEING COMPLETED?

>> SO WE'VE COMPLETED THE NORTH, CENTRAL, AND SOUTH. AND REALLY WHAT THAT REALLY TAKES IS THE FINE TUNING WITH THE NEW GENERAL PLAN NOW. WE ARE AT THE SAME TIME, WHAT WE'RE GOING TO BE DOING IS COMPLETING THE EAST AND THE WEST AREAS. AND THEN FINE-TUNING THE CENTRAL, SOUTH AND NORTH, AND THEN HOPEFULLY HAVE THOSE COMPLETE BY ABOUT THE END OF THIS CALENDAR YEAR.

>> COUNCILMEMBER CHIRCO: BECAUSE I KNOW IN THE GENERAL PLAN ONE OF THE THINGS THAT'S COMING UP IS SCENARIO SELECTION. AND I'M GETTING THAT'S KEY COMPONENT TO THE MASTER PLAN.

>> CORRECT, SO THE VILLAGE STRATEGIES THAT ARE IN A LOT OF THOSE ALTERNATIVES RIGHT NOW WE ARE GETTING VERY CLOSE TO THAT AND THEN WHEN A PREFERRED ALTERNATIVE IS SELECTED IN APRIL THAT'S WHEN WE'LL REALLY START CRUNCHING OUR WORK TO BE LOOKING AT THAT ON A VERY DETAILED BASIS FOR SEWERS.

>> COUNCILMEMBER CHIRCO: THANK YOU. I KNOW THERE'S -- IT'S BEEN A LONG ARDUOUS EFFORT. CO-CHAIR.

>> COUNCILMEMBER LICCARDO: WE'RE ALMOST DONE.

>> COUNCILMEMBER CHIRCO: SWEAR?

>> COUNCILMEMBER LICCARDO: PROMISE!

>> COUNCILMEMBER CHIRCO: I LOOK FORWARD TO THE CONCLUSION OF THE MASTER PLAN.

>> COUNCILMEMBER LICCARDO: COUNCILMEMBER HERRERA.

>> COUNCILMEMBER HERRERA: THANK YOU. THANKS FOR THE SLIDES, THE VISUALS ARE GREAT. I WANT THIS SYSTEM TO CONTINUE TO STAY OUT OF SIGHT. I DON'T THINK WE CAN KEEP IT OUT OF MIND BUT WE DEFINITELY DON'T WANT TO BE SEEING THAT RIVER. THAT WAS -- THAT'S UNDER THERE. I'M GLAD TO KNOW THAT'S HOW IT WORKS, THAT WAS VERY, VERY INTERESTING. IN TERMS OF THE INFRASTRUCTURE COST, YOU KNOW IN TERMS OF REALLY

MAKING THIS PROGRAM GO FORWARD, IS THIS PART OF THE HALF A BILLION, \$500 MILLION INFRASTRUCTURE BACKLOG WE HAVE, WHEN WE HEAR THAT NUMBER IS THIS INCLUDED IN IT?

>> YES, IT IS, COUNCILMEMBER. IT IS, ONE OF THE LARGER PARTS BESIDES THE PAVEMENT REHABILITATION, THIS IS ONE OF THE LARGER AREAS. THAT REPORT WILL BE COMING FORWARD IN MAY TO THIS COMMITTEE AND YOU WILL SEE THESE SANITARY SEWERS AND STORM SEWERS AS PART OF THAT NUMBER.

>> COUNCILMEMBER HERRERA: AND SO IN GENERAL HOW ARE WE PROPOSING TO PAY FOR THIS CAN YOU RUN ME THROUGH THAT?

>> THERE'S TWO MAJOR ELEMENTS OF OUR FUNDING STRATEGY. ONE IS THE SEWER CONNECTION FEES WHICH ARE PAID BY NEW DEVELOPMENT, DEVELOPER PAID MEANS TO PAY FOR NEW GROWTH. BUT THERE'S ALSO THE SEWER SERVICE AND USE FEES WHICH WE ALL PAY WITH OUR PROPERTY TAXES THAT GO FOR THE CONTINUOUS OPERATION AND MAINTENANCE OF THE SYSTEM. SO BOTH OF THOSE HAVE BEEN ADEQUATE TO, YOU KNOW, THE INVESTMENT THAT THE COUNCIL HAVE MADE IN THE PAST HAVE KEPT OUR SYSTEM IN VERY GOOD OPERATING CONDITION. VERY FEW SANITARY SEWER OVERFLOWS. BUT GOING FORWARD, IT'S THE CONNECTION FEES AND BEING ABLE TO PAY FOR THAT GROWTH THAT WE REALLY SEE AS THE POTENTIAL CONSTRAINT.

>> COUNCILMEMBER HERRERA: BUT THAT'S THE STRATEGY GOING FORWARD IS TO READJUST THOSE FEES AND WE BELIEVE THAT'S GOING TO BE -- THAT WILL GET US THROUGH TO BE ABLE TO PAY FOR THE BACKLOG AS WELL AS WHAT WE'RE GOING TO NEED TO DO GOING FORWARD?

>> THAT IS -- THAT IS THE DESIRE. SO WE WILL BE GOING FORWARD BACK OUT TO THE DEVELOPMENT COMMUNITY WITH DOING OUTREACH PROBABLY IN THE FALL WITH A NEW RATE STRUCTURE THAT WOULD BE ABLE TO SUPPORT THE MASTER PLAN AND THE GENERAL PLAN AND HAVE THAT ALL LINKED TOGETHER.

>> COUNCILMEMBER HERRERA: AND THE OTHER QUESTION I HAD WAS, YOU MENTIONED THAT, AND I DON'T REMEMBER WHICH SLIDE IT WAS, YOU WERE TALKING ABOUT THE NEIGHBORHOODS AND THAT THERE WASN'T A REAL SERIOUS ISSUE AT THIS POINT WITH INFRASTRUCTURE OR IN TERMS OF NEIGHBORHOODS BUT I WAS LOOKING AT ONE OF THE PAGES IN THE REPORT AND IT TALKED ABOUT 80%.

>> COUNCILMEMBER LICCARDO: UH-HUH. PAGE 4.

>> COUNCILMEMBER HERRERA: 80% OF THE ISSUES, YES, ON PAGE 5 I GUESS. THEY'RE PRIMARY GENERATORS OF THE OVERFLOW AT THE NEIGHBORHOODS.

>> RIGHT SO OUR CONDITION ASSESSMENT PROGRAM THAT WE'RE WORKING ON WITH THE DEPARTMENT OF TRANSPORTATION IS REALLY FOCUSED ON THAT 80% NUMBER. THAT'S WHAT WE CALL OUR SMALL DIAMETER SEWERS. SO WE WORK WITH THE DEPARTMENT OF TRANSPORTATION ON THEIR HOT LIST OF WHERE THEY ARE HAVING CONTINUOUS MAINTENANCE CALLS, WHETHER THEY'RE FROM ROOT INTRUSION OR GREASE. SO WE'RE WORKING TO GO OUT AND BRING THAT LIST OF MAINTENANCE PROBLEMS DOWN. BUT HAVING A MORE PROACTIVE SYSTEM WITH A PROACTIVE VIDEOTAPING SYSTEM IS WHERE WE'RE GOING TO BE IN THE NEAR FUTURE.

>> COUNCILMEMBER HERRERA: AND SO THAT'S ALL CONTEMPLATED IN YOUR PLAN AND THE NEIGHBORHOOD, THE IMPROVEMENTS IN THE NEIGHBORHOOD BECAUSE I GUESS THE SMALLER SIX AND EIGHT-INCH DIAMETER SEWERS WOULD BE -- WE'RE TALKING ABOUT INCREASING THOSE THEN RIGHT, AND WHAT WOULD BE -- HOW MUCH WOULD WE WANT TO INCREASE THOSE OR AIM READING IN --

>> WE WON'T BE INCREASING THEM BUT WE'LL BE LINING THEM SO THEY FLOW MORE EFFICIENTLY. WHAT'S HAPPENING NOW IS A LOT OF THEM ARE VERY, VERY FLAT AND THEN THEY'VE GOTTEN ROOTS THAT HAVE COME INTO THE JOINTS TO SEPARATE THEM. THERE'S BLOCKAGES IN THE SYSTEM. TO DEPARTMENT OF TRANSPORTATION'S CONTINUOUSLY HAVING TO CLEAR OUT THOSE LINES.

>> COUNCILMEMBER HERRERA: RIGHT.

>> SO WHAT WE DO IS WE COME IN WITH A LINING SYSTEM THAT REALLY -- IT GETS RID OF THOSE JOINTS, THAT LINES THE ENTIRE SYSTEM THEN COMES IN, WE CUT OUT THE SERVICE

LATERALS TO PEOPLE'S HOMES AFTER THAT. SO IT'S NOT REALLY UPSIZING THEM BUT IT'S MAKING THEM FLOW MORE EFFICIENTLY AGAIN.

>> COUNCILMEMBER HERRERA: THAT'S GREAT THANK YOU. THE TREES THAT ARE A CONTINUING PROBLEM, ESPECIALLY IN SOME OF THE OLDER NEIGHBORHOODS WHERE THE TREE ROOTS HAVE GROWN INTO THE SEWER SYSTEM, IS THERE A SUSTAINABILITY OR LONG TERM THOUGHT ON THIS IS THERE GOING TO BE A RECOMMENDATION ON OTHER TYPES OF TREES OR IS THERE SOMETHING DIFFERENTLY THAT WE'RE GOING TO BE DOING WITH THE TREES IN REGARDS TO THE SEWERS?

>> I'LL LOOK AT JIM HERE AND MAYBE SEE IF HE HAS AN ANSWER HERE.

>> JIM ORTBAL FROM THE DEPARTMENT OF TRANSPORTATION. COUNCILMEMBER, WOULD I SAY THE EFFORTS THAT WE HAVE RELATED TO OUR STREET TREE MASTER PLAN AND THE TREE SELECTION THAT WE HAVE CERTAINLY ARE DESIGNED TO REDUCE IMPACTS ON SIDEWALKS, PLACEMENT IN TERMS OF WHERE SEWER LINES ARE, THAT'S A KEY PART OF IT AND CERTAINLY THE SPECIES, WE'RE TRYING TO IDENTIFY ONES THAT HAVE ROOT SYSTEMS THAT ARE NOT AS INTRUSIVE BUT THE REALITY IS ROOT SYSTEMS WILL HEAD TOWARDS THESE TYPES OF MATERIALS. BUT WE'RE ABSOLUTELY WORKING TO FIND TREES THAT CAUSE THE LEAST AMOUNT OF DAMAGE TO ANY OF OUR INFRASTRUCTURE.

>> COUNCILMEMBER HERRERA: OKAY, THANK YOU.

>> COUNCILMEMBER LICCARDO: OKAY, THANKS TIM FOR THE REPORT. I JUST HAD ONE QUESTION WHICH FOLLOWS UP ON VICE MAYOR CHIRCO'S. AS WE LOOK AT THE GENERAL PLAN I KNOW YOU'VE BY NOW UNDOUBTEDLY SEEN QUITE A BIT OF THE WORK OF THE STAFF AND THE TASK FORCE AND I'M SURE YOU'RE WELL VERSED OF SORT OF THE HUBS CORRIDORS AND VILLAGES NOTION WE'VE GOT GOING. I THINK WHAT'S GOING THROUGH THE MIND OF US, VICE MAYOR CHIRCO AND MYSELF, IS HOW REALISTIC IS IT THAT WE BE LOOKING SERIOUSLY AT THOSE VILLAGES AS OPPORTUNITIES, KNOWING THAT WE'VE GOT A SIGNIFICANT INFRASTRUCTURE ISSUE HERE, AND AT THOSE POINTS WHERE YOU SEE ALL THOSE RED BLOTCHES WHICH WE'VE IDENTIFIED AS FUTURE VILLAGES, ARE THOSE AREAS WHERE WE ARE GOING TO NEED TO UPGRADE THE SIX INCH TO EIGHT INCH DIAMETER SEWER MAINS TO SOMETHING LARGER, OR ARE THOSE SUFFICIENT CAPACITY TO BE ABLE TO HANDLE THE VILLAGES?

>> I THINK YOU KNOW THAT'S A VERY GOOD POINT. THERE IS -- THERE PROBABLY WILL BE SOME INFRASTRUCTURE NEEDS IN A LOT OF THE VILLAGES. SO AS YOU GET DENSITY OUT INTO THE AREAS WHERE THERE ISN'T CURRENTLY THAT DENSITY, IT MAY CAUSE THE NEED TO UPSIZE A TRUNK LINE COMING OUT OF THAT AREA. AND THAT'S WHAT OUR MASTER PLAN WILL BE LOOKING AT. SO I THINK A GOOD EXAMPLE IS LIKE THE MIDTOWN AREA RIGHT NOW. WITH THE DENSITIES THAT WE'RE CURRENTLY -- THAT ONE'S KIND OF ON US RIGHT NOW, WITH THOSE DENSITIES THERE ARE A COUPLE OF SYSTEM IMPROVEMENTS THAT NEED TO COME AND THOSE IMPROVEMENTS ARE EXPENSIVE. SO THAT'S WHY IT'S IMPORTANT TO GET THOSE ROLLED INTO THE RATE STRUCTURE, SO THAT WE CAN HAVE THE FUNDING SO THAT WE CAN PROVIDE THE CAPACITY AHEAD OF THE BUILDOUT.

>> COUNCILMEMBER LICCARDO: OKAY, THANKS TIM. ALL RIGHT. UNLESS THERE ARE OTHER QUESTIONS.

>> COUNCILMEMBER CHIRCO: I WOULD MAKE A MOTION TO ACCEPT THE REPORT.

>> COUNCILMEMBER HERRERA: SECOND.

>> COUNCILMEMBER LICCARDO: ALL IN FAVOR? THAT PASSES UNANIMOUSLY. THANK YOU VERY MUCH, GENTLEMEN, THANKS KATY. HANS LARSEN IS HERE, ON ITEM, WE'RE GOING TO SKIP AHEAD VERY QUICKLY TO ITEM NUMBER 6 I BELIEVE. WHICH IS THE REGIONAL TRANSPORTATION ACTIVITIES REPORT AND THEN WE'LL COME BACK.

>> HANS LARSEN: MR. CHAIR, MEMBERS OF THE COMMITTEE, AGAIN HANS LARSEN ACTING DIRECTOR DEPARTMENT OF TRANSPORTATION. AND WE HAVE OUR QUARTERLY REPORT TO YOU ON REGIONAL TRANSPORTATION ACTIVITIES. AND GO AHEAD AND START WITH THAT. FIRST PROJECT WE'D LIKE TO HIGHLIGHT IS THE SAN JOSÉ'S AUTOMATED TRANSIT NETWORK PROJECT. THIS IS THE PROJECT TO BUILD IN A NEW TYPE OF TECHNOLOGY, TRANSIT TECHNOLOGY THAT WOULD CONNECT THE AIRPORT WITH ADJACENT TRANSIT SYSTEMS. THIS KINDS OF TECHNOLOGY IS ALSO REFERRED TO AS POD CARS OR PERSONAL RAPID TRANSIT. VERY EXCITING THE KIND OF INTERNATIONAL ATTENTION WE'VE GENERATED

WITH THIS EFFORT. JUST TO HIGHLIGHT SOME OF THE CURRENT WORK IS WE HAVE COMPLETED SELECTION OF A CONSULTANT TEAM THAT WILL HELP US IN THE CONTINUED DEVELOPMENT OF THE PROJECT. WE'RE VERY PLEASED TO HAVE SELECTED ARAB WHO IS AN INTERNATIONAL TRANSPORTATION ORGANIZATION THAT HAS ACTUALLY WORKED ON THE FIRST TWO PROJECTS THAT ARE BEING IMPLEMENTED IN THE WORLD. THEY'VE BEEN ON THE CONSULT TEAM FOR THE HEATHROW PROJECT WHICH WILL OPEN LATER THIS SPRING. THEY'VE ALSO BEEN INVOLVED WITH THE AMAZDAR CITY PROJECT WHICH IS BEEN DEVELOPED IN ABU DHABI. WE ALSO HAVE SELECTED AEROSPACE CORPORATION AND THEY ARE A DESIGNATED FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTER THAT HELPS THE FEDERAL GOVERNMENT WITH NEW TECHNOLOGIES RELATED TO AEROSPACE AND DEFENSE INDUSTRY. THEY DO HAVE SOME EXPERTISE AND INTEREST IN POD CAR SYSTEMS SO WE'RE VERY PLEASED TO BRING THEM ON BOARD TO OUR TEAM AND WE WILL LITERALLY HAVE ROCKET SCIENTISTS WORKING ON THIS PROJECT. SO WE ARE IN NEGOTIATIONS WITH THEM RIGHT NOW AND WE WOULD HAVE THE CONSULTANT CONTRACTS SCHEDULED TO COME TO COUNCIL IN APRIL. THE OTHER AGREEMENT WE'RE WORKING ON IS A FUNDING AGREEMENT WITH VTA. THEY HAVE KINDLY OFFERED MONEY TO CONTINUE THE DEVELOPMENT OF THIS EFFORT AND SO WE WILL TAKE THE COUNCIL ALSO IN APRIL AGREEMENT WITH THE VTA. THE OTHER PIECE OF EXCITING NEWS IS THAT SAN JOSÉ HAS BEEN SELECTED AS THE SITE FOR THE 2010 INTERNATIONAL POD CAR CONFERENCE. THAT WILL BE LATE OCTOBER. AND THIS IS A PARTNERSHIP WITH SWEDEN'S INSTITUTE OF SUSTAINABLE TRANSPORTATION, AND THE MINETA TRANSPORTATION TO SAN JOSÉ STATE UNIVERSITY, WE'RE ALSO HAVING DISCUSSIONS WITH THE TECH MUSEUM ABOUT HAVING AN EXHIBIT ON THIS KIND OF TECHNOLOGY AT THE TIME THAT THE CONFERENCE IS HERE IN OCTOBER. SOME OTHER THINGS TO NOTE IS THERE IS A LOT OF MOMENTUM BUILDING AROUND THIS TECHNOLOGY. THERE ARE FOUR OTHER CITIES, PLACES IN THE WORLD THAT ARE IMPLEMENTING THIS. I MENTIONED TWO, HEATHROW AIRPORT, MAZDAR CITY IN THE MIDDLE EAST. THERE ARE PROJECTS UNDERWAY IN KOREA AND IN SWEDEN. AND WE'RE HOPING TO POSITION OURSELVES AS THE FIFTH DEPLOYMENT OF THIS TECHNOLOGY INTERNATIONALLY AND THE FIRST ONE IN THE UNITED STATES. THERE HAS BEEN RECENTLY A LOT OF OTHER NATIONAL INTEREST IN THIS TECHNOLOGY WITH THE STATES OF NEW JERSEY, NEW YORK AND MINNESOTA, ACTUALLY, TAKING STEPS TO TRY TO BECOME THE NATIONAL LEADER IN DEVELOPING THIS TECHNOLOGY. THERE'S ALSO SOME RECENT INTEREST FROM SOUTHERN CALIFORNIA. SO WE'RE VERY MUCH INTERESTED IN STAYING AT THE NATIONAL LEADERSHIP DIVISION OF THIS, CERTAINLY FITS WITH THE GREEN VISION THAT CITY COUNCIL HAS ADOPTED. AND PART OF GOALS THERE ARE, WE REALLY SEE THIS AS AN OPPORTUNITY FOR SILICON VALLEY TO BE THE CLEAN TECH CENTER FOR JOBS, PARTICULARLY RELATED TO WHAT WE HOPE TO BE A NEW INDUSTRY OF INNOVATIVE TRANSPORTATION, NEW KIND OF GREEN MOBILITY, AND AS PART OF THE EFFORT AS WE DEVELOP THIS PROJECT AND HOST THE CONFERENCE WE REALLY WANT TO ENGAGE THE COMPANIES WITHIN SILICON VALLEY TO ACTIVELY BE PARTICIPANTS IN WHAT WE HOPE TO BE A NEW GROWTH INDUSTRY. LIBERAL MORE ON THE TIME LINE. SO IF EVERYTHING GOES WELL WITH OUR CONSULTANT TEAM, WE WILL DO AN EVALUATION OF THE WORLDWIDE TECHNOLOGIES. WE'LL ALSO PRESENT A BUSINESS CASE, IN TERMS OF HOW THIS SYSTEM GETS IMPLEMENTED, BOTH IN TERMS OF CAPITAL COST AND OPERATIONS. AND WE'LL BE PUTTING TOGETHER A REQUEST FOR PROPOSALS TO SEEK A PUBLIC-PRIVATE PARTNERSHIP TO WORK WITH US AS WE ACTUALLY DEVELOP A PROJECT AROUND THE AIRPORT AREA. IF THINGS GO WELL IN TERMS OF FINANCING, WE HOPE TO BE UNDER CONSTRUCTION IN 2013, AND HAVE THE SYSTEM UP AND RUNNING BY 2015. BIG CAVEAT THERE IS THAT CERTAINLY ON THE FUNDING SIDE. AND WE ARE ACTIVE PARTICULARLY AT THE NATIONAL LEVEL TO TRY TO SECURE FUNDING FOR A NEW INNOVATIVE FORMS OF TRANSPORTATION AND TRANSIT. MOVE ON TO SORT OF THE OTHER -- WE'VE GOT MANY EXCITING TRANSIT PROJECTS. CALIFORNIA HIGH SPEED RAIL CERTAINLY FITS INTO THAT CATEGORY. THE KEY ISSUE FOR THE SAN JOSÉ COMMUNITY IS REALLY TO EVALUATE HOW HIGH SPEED RAIL COMES INTO THE DOWNTOWN AREA. THE KEY OPTIONS ARE WHETHER IT'S ELEVATED OR BELOW GROUND. OUR GOAL IS TO DEFINE WORK WITH THE HIGH SPEED RAIL AUTHORITY AND THE COMMUNITY. THE BEST ELEVATED OPTION AND THE BEST UNDERGROUND OPTION

AND THEN TO BE ABLE TO DO AN APPLES TO APPLES COMPARISON BETWEEN THE TWO, MOST LIKELY RUNNING BOTH OPTIONS ALL THE WAY THROUGH THE FULL ENVIRONMENTAL PROCESS WHEREBY A DECISION ON THIS WOULDN'T BE MADE UNTIL ABOUT A YEAR FROM NOW OR PERHAPS IN EARLY 2011. LOTS OF COMMUNITY INTEREST IN THE TOPIC. WE HAVE SOME MEETINGS COMING UP, LAST MONTH THERE WAS A MEETING IN THE EDENVALE AREA. THERE'S A MARCH 2ND MEETING, ACTUALLY TOMORROW WITH THE GARTNER NEIGHBORHOOD AREA, AND THEN MARCH 24TH A MEETING WITH COLLEGE PARK SORT OF NORTH OF THE DOWNTOWN PORTION OF THE PROJECT. THE OTHER THING THAT'S HAPPENING IS THAT WE'RE FORMING A POLICY ADVISORY BOARD WITH THE DIRIDON STATION AREA THAT WOULD HELP PROVIDE POLICY INPUT IN BOTH THE DEVELOPMENT AND FINANCING OF THE NEW GRAND DIRIDON STATION THAT WOULD SUPPORT HIGH SPEED RAIL, BART AND ALL THE OTHER SERVICES THERE. THIS IS BEING LED BY MAYOR REED AND ASSEMBLY MEMBER BEALL, ALONG WITH ELECTED OFFICIALS IN VTA, CALTRAIN, HIGH SPEED RAIL AND BART. IN TERMS OF FUNDING, AS YOU'RE AWARE, CALIFORNIA WAS AWARDED \$2.25 BILLION IN FEDERAL STIMULUS FUNDS FOR THE CALIFORNIA HIGH SPEED RAIL PROJECT. THIS IS GOING TO BE MATCHED BY AN EQUAL AMOUNT OF STATE BOND FUNDS. SO THAT GIVES US A POOL OF FUNDS OF \$4.5 BILLION TO BEGIN THE DEVELOPMENT OF THE CALIFORNIA SYSTEM. WORKING WITH SAN FRANCISCO AND MTC AND OTHERS WE'RE STRIVING TO GET \$1 BILLION ALLOCATED TO EARLY DEVELOPMENT OF HIGH SPEED RAIL IMPROVEMENTS BETWEEN SAN JOSÉ AND SAN FRANCISCO, AND PARTICULARLY, WE'RE LOOKING FOR MONEY FOR THE DEVELOPMENT OF THE DIRIDON STATION. ULTIMATELY OUR GOAL IS TO HAVE THE SAN FRANCISCO-TO-SAN JOSÉ SEGMENT UP AND RUNNING BY 2017 AND HAVE A FULL HIGH SPEED RAIL CONNECTION FROM THE BAY AREA TO SOUTHERN CALIFORNIA BY 2020. THIS IS CONSISTENT WITH THE POLICY GOALS THAT THE CITY COUNCIL ADOPTED AS PART OF THE BAY AREA'S HIGH SPEED RAIL STRATEGY. SOME OF THE OTHER MILESTONES IN TERMS OF THE ENVIRONMENTAL CLEARANCE ARE TO HAVE THE DRAFT ENVIRONMENTAL DOCUMENT OUT FOR RELEASE IN JANUARY 2011, AND HAVE FULL ENVIRONMENTAL CLEARANCE BY 2012. THE THIRD BIG TRANSIT PROJECT IS BART. AND AS THE COMMITTEE IS AWARE WORK IS MOVING AHEAD FOR THE CONSTRUCTION OF THE SIX MILE EXTENSION FROM WARM SPRINGS TO -- OR FROM FREMONT TO WARM SPRINGS. THE NEXT PIECE IS FROM WARM SPRINGS TO BERRYESSA. AND VTA IS MAKING PROGRESS IN SEEKING \$900 MILLION OF FEDERAL FUNDS TO SUPPORT THAT. AND THE GOAL IS TO BE ABLE TO GET THAT PROJECT INTO CONSTRUCTION WITHIN THE NEXT YEAR OR TWO AND HAVE THAT COMPLETE BY 2018. THAT WILL ALLOW US TO THEN FOCUS ON CLOSING THE GAP IN THE BART SYSTEM, GETTING IT FROM BERRYESSA TO DOWNTOWN SAN JOSÉ AND TO SANTA CLARA AND THE AIRPORT. ONE OF THE KEY ITEMS TO HELP US BE SUCCESSFUL IN GETTING FEDERAL MONEY FOR THE EXTENSION TO BERRYESSA IS TO DEMONSTRATE TO THE FEDERAL GOVERNMENT THAT THE VTA AND THE CITY OF SAN JOSÉ ARE WORKING IN CLOSE COOPERATION TOWARDS THE DEVELOPMENT OF THE PROJECT. AND WE ARE WORKING WITH THE VTA ON A MASTER AGREEMENT, THE BERRYESSA EXTENSION, THAT WOULD SET FORTH A PROCESS FOR RESOLVING ANY DESIGN ISSUES, SET FORTH GUIDELINES FOR CONSTRUCTION, WOULD CONSIDER VTA FUNDING FOR CITY STAFF SUPPORT AND POSSIBLY HAVING THE CITY IMPLEMENT PARTS OF THE BART PROJECT, NAMELY FACILITIES THAT INCLUDE LOCAL STREETS, STORM DRAINS, SANITARY SEWERS FACILITIES THAT ULTIMATELY WE WOULD BE THE OWNER AND OPERATOR OF. AND IT WOULD ALSO THEN SET FORTH A PROCESS FOR FUTURE MORE DETAILED AGREEMENTS. SO WE'RE WORKING TO HAVE THIS READY TO COME TO THE VTA BOARD AND THE CITY COUNCIL IN APRIL. SO WANTED TO GIVE YOU A HEADS-UP THAT THIS IS SOMETHING THAT WE'D BE BRINGING FORT IN THE NEXT MONTH OR TWO. GOING TO CLOSE WITH JUST A HIGHLIGHT ON SOME OF THE FREEWAY PROJECTS. WE ARE KEEPING OUR FINGERS CROSSED THAT THE STATE CAN BE ABLE TO ISSUE BONDS TO SUPPORT THE CONSTRUCTION OF THE 101-TULLY PROJECT. EVERYTHING IS READY TO GO WITH THAT. IT'S A \$63 MILLION PROJECT, MUCH NEEDED IMPROVEMENT AND CERTAINLY CREATES SOME GOOD JOBS. WITH RECENT FUNDING ALLOCATIONS FROM MTC WE'RE ABLE TO MOVE FORWARD WITH DESIGN OF THE PHASE 2 PROJECT WHICH IS THE UPGRADE OF THE CAPITAL EXPRESSWAY ENTERTAINING AND YERBA BUENA AND THEN WE ALSO RECENTLY RECEIVED A FUNDING ALLOCATION FOR THE 280-880 STEVENS CREEK PROJECT WHICH WE

HOPE TO BEGIN A PHASE 1 CONSTRUCTION PROJECT IN 2012. WANT TO CLOSE WITH JUST SOME HIGHLIGHTS ON SOME PAVEMENT MAINTENANCE WORK. AS THE COMMITTEE MEMBERS ARE AWARE, THAT THE SAN JOSÉ METRO AREA IS RATED SECOND WORST IN THE NATION IN TERMS OF PAVEMENT CONDITIONS. A BIG PART OF THAT IS THE CONDITIONS OF OUR FREEWAY SYSTEM. AND BECAUSE THE PAVEMENT IS BAD, I GUESS ON THE GOOD SIDE IS THAT WE'RE ABLE TO DRAW OUT MORE STATE FUNDS TO RESURFACE THE FREEWAYS IN THE SAN JOSÉ AREA. AND SO WE ARE PLEASED THAT CALTRANS RECENTLY COMPLETED A \$15 MILLION PROJECT TO RESURFACE OR TO IMPROVE THE PAVEMENT ON 280 FROM WINCHESTER TO LAWRENCE. THAT PROJECT WAS RECENTLY COMPLETE. AND COMING UP LATER THIS YEAR ARE TWO PROJECTS, RESURFACING OF 101 FROM 87 YEAR THE AIRPORT TO COYOTE CREEK WHICH IS IN THE EVERGREEN AREA. THAT PLAN STARTS IN SPRING OF THIS YEAR AND THEN WE'RE ALSO HOPEFUL THAT WE'LL GET SOME MONEY FOR RESURFACING 880 FROM 280 TO 101. SO ALL OF THESE ARE KIND OF VERY CENTRAL FREEWAY SEGMENTS WITHIN SAN JOSÉ AND SILICON VALLEY AND WE'RE PLEASED TO SEE THESE INVESTMENTS. IF YOU TOTAL THEM UP IT'S \$50 MILLION WORTH OF PAVEMENT MAINTENANCE WORK ON OUR FREEWAY SYSTEMS SO WE'RE PLEASED TO BE RECEIVING THAT. THAT CONCLUDES MY REPORT. I'LL TAKE ANY QUESTIONS THAT YOU HAVE.

>> COUNCILMEMBER LICCARDO: THANKS HANS. COUNCILMEMBER HERRERA.

>> COUNCILMEMBER HERRERA: GREAT REPORT, THANK YOU VERY MUCH. IN TERMS OF THE HIGHWAY 101 TULLY PROJECT AND BOND ISSUANCE, WHEN WOULD WE EXPECT THAT TO HAPPEN, WHAT'S THE TIME FRAME, MOST RECENT TIME FRAME ESTIMATE?

>> HANS LARSEN: WELL, I THINK WE WOULD HAVE EXPECTED IT WAS GOING TO HAPPEN SEVERAL MONTHS AGO. WE LITERALLY JUST DONE ON A WEEK BY WEEK BASIS IN TERMS OF MOVING THAT ALONG. BUT OUR EXPECTATION IS THAT THEY'LL BE ABLE TO PUT THAT PROJECT INTO CONSTRUCTION THIS SPRING.

>> COUNCILMEMBER HERRERA: AND I GUESS, AND DIFFERENT COMMITTEES WE TALK ABOUT THE SAME PROJECTS AND WE TALK ABOUT IT IN VTA TOO, THAT THE FEDERAL GOVERNMENT IF THEY RELEASE THIS JOBS BILL THAT THAT MIGHT END UP AGAIN STARTING THIS PROJECT OR BEING USED FOR THIS PORTION OF THE CONSTRUCTION. ANY NEWS ON THAT?

>> HANS LARSEN: YES, THAT IS A STRATEGY THAT WE LOOK AT, THAT IF WE GET NEW FEDERAL MONEY THAT COMES WITH THE STRINGS, IN THAT IT NEEDS TO BE PUT OUT TO CONSTRUCTION VERY QUICKLY, SHOVEL-READY SO TO SPEAK, AND SO ONE STRATEGY IS THAT IF THE FEDERAL MONEY COMES IN THAT IT WOULD BE PUT ON THE 101-TULLY PROJECT. BUT YOU CAN'T -- YOU HAVE TO THEN REINVEST THE STATE MONEY THAT WAS ON THAT AND PUT IT INTO ANOTHER ONE. I MEAN THAT CERTAINLY WOULD BE GOOD NEWS IN THAT WE HAVE SEVERAL PROJECTS, 101, CAPITOL, YERBA BUENA THAT WOULD LOVE TO TAKE SOME EXTRA DOLLARS.

>> COUNCILMEMBER HERRERA: NOW THE DESIGN PORTION OF CAPITOL YERBA BUENA, COULD THAT JUST MOVE FORWARD BECAUSE THERE'S NO BONDING ATTACHED TO THAT ONE OR -- HMM THAT'S CORRECT, YES.

>> COUNCILMEMBER HERRERA: SO WHEN WILL THAT START ACTUALLY THE DESIGN OF PHASE 2?

>> HANS LARSEN: YOU GOT OUR REGIONAL PROJECTS MANAGER, RAY SALVANO MAY BE A BETTER ANSWER THAN I BUT SHOULD BE PRETTY SOON.

>> RIGHT, ACTUALLY ONE OF THE ITEMS THAT DEPENDS ON -- WILL START THE DESIGN FOR PHASE 2, WILL BE THE BID SAVINGS FROM PHASE 1. SO WE'RE WAITING ACTUALLY FOR CALTRANS TO ADVERTISE THE PROJECT AND THEN WHEN WE FIGURE OUT HOW MUCH MONEY WE SAVE ON THAT BID THEN THAT WILL MOVE INTO PHASE 2.

>> COUNCILMEMBER HERRERA: SO DOES THAT -- THAT ISN'T NECESSARILY -- THAT DOESN'T MEAN IT HAS TO WAIT UNTIL THE CONSTRUCTION IS DONE THAT MEANS INITIALLY WHEN WE GET THE AMOUNT WE CAN GO AHEAD AND TAKE THE MONEY AND MOVE IT INTO THE PROJECT IMMEDIATELY?

>> YES.

>> COUNCILMEMBER HERRERA: THAT'S GREAT, THANK YOU. ONE MORE QUESTION ON HIGH SPEED RAIL, I'M A BIG SUPPORTER OF MULTIMODAL TRANSPORTATION. I LIKE BART, I LIKE

LIGHT RAIL, BRT AND HIGH-SPEED RAIL. I'M CONCERNED ABOUT THE QUESTIONS THAT ARE BEING ASKED, BEING MENTIONED ABOUT HIGH-SPEED RAIL IN TERMS OF THE FUNDING FOR IT OR LACK OF. I GUESS TWO QUESTIONS ARE, ARE YOU CONCERNED AT ALL OR IS THERE -- ARE WE CONCERNED ABOUT THE TOTAL AMOUNT THAT I'M HEARING IS REALLY NEEDED? FOR EXAMPLE THE FOUR -- WE WERE EXPECTING I GUESS INITIALLY \$4 BILLION TO BE ALLOCATED TO HIGH-SPEED RAIL AND NOW WE'RE ONLY SEEING HALF OF THAT BEING ALLOCATED TO OUR PROJECT IN CALIFORNIA. I'M CONCERNED I GUESS ABOUT WHERE THAT TOTAL WILL EVENTUALLY COME FROM AND MY OTHER CONCERN IS, WHAT'S GOING TO BE THE MATCHING REQUIREMENT OF MONEY FROM OUR LOCAL AREA TO COMPLETE THE PROJECT? BECAUSE IT'S MY UNDERSTANDING THAT WE'RE GOING TO HAVE TO COME UP WITH A BILLION, I MEAN I DON'T KNOW WHAT THE NUMBER WAS, BUT IT JUST -- I WOULD LIKE TO JUST HEAR WHAT THAT IS. AND HOW WE'RE GOING TO DO THAT.

>> HANS LARSEN: WELL, ULTIMATELY THE HIGH SPEED RAIL PROJECT FROM SAN FRANCISCO, SAN JOSÉ, FRESNO L.A. ANAHEIM IS ABOUT A \$45 BILLION PROJECT. I THINK THERE IS A BIG COMMITMENT TO MOVE FORWARD WITH THIS, THERE IS ALSO VERY POSITIVE INDICATIONS FROM THE FEDERAL LEVEL FOR CONTINUED INVESTMENT IN HIGH SPEED REMAIN SO EXPECT TO SEE NEW FEDERAL TRANSPORTATION BILL IS GOING TO HAVE A HEALTHY INVESTMENT FOR THIS. ALMOST ALL BULLET TRAIN SYSTEMS BUILT AROUND THE WORLD ALSO GENERATE PRIVATE INVESTMENT BECAUSE IT IS A TRANSIT SYSTEM THAT RUNS AT A PROFIT. SO THAT THERE IS INTEREST FROM THE PRIVATE SECTOR, BOTH TO PARTICIPATE IN THE FINANCING AS WELL AS THE OPERATIONS OF THE SYSTEM. YOU KNOW, WE HAVEN'T BEEN ABLE TO PUT OUR FINGER ON ALL THE DOLLARS. BUT I THINK ANY MAJOR PUBLIC INVESTMENT PARTICULARLY IN TRANSPORTATION, INCLUDING THE BART PROJECT FOR EXAMPLE OR ANY OTHER FREEWAY PROJECT, YOU START WITH A GOAL, A VISION, THIS IS IMPORTANT TO TO. YOU MAKE THE BUSINESS CASE FOR IT. AND THEN YOU WORK OVER TIME TO ACCUMULATE THE MONEY TO BUILD IT. I THINK YOU KNOW THE BUSINESS CASE FOR HIGH-SPEED RAIL IS VERY STRONG IN TERMS OF SUPPORTING ECONOMIC DEVELOPMENT OF THE STATE, THE MOBILITY, THE ENVIRONMENT CREATING JOBS. THERE'S CERTAINLY A LOT OF MOMENTUM IN AND JUSTIFICATION FOR THE PROJECT. SO IT WILL BE ONE OF YOU KNOW CONTINUING TO WORK A VARIETY OF DIFFERENT SOURCES TO BE ABLE TO FULLY FUND IT. THE OTHER STRATEGY IS, IS THAT YOU CAN BUILD USABLE SEGMENTS OF IT, FOR EXAMPLE, SAN JOSÉ TO SAN FRANCISCO, AND GET SOME NEAR TERM BENEFIT OF MAKING THOSE INVESTMENTS, AS YOU GO FORWARD IN THE FUTURE. THERE HAS BEEN, YOU KNOW, SOME EXPECTATION THAT THERE WILL BE LOCAL PARTICIPATION FOR THE PROJECT. I FORGET THE NUMBER BUT IT'S CERTAINLY I THINK LESS THAN 10%, MAYBE FOUR OR \$5 MILLION OR BILLION OUT OF THE TOTAL PACKAGE. AND THAT IS THE -- PRIMARILY AN EXPECTATION THAT THE STATION AND THE PARKING AND SOME OF THE OTHER SUPPORT FACILITIES AROUND THE STATION MAY HAVE A LOCAL COMPONENT WHETHER IT'S THE LOCAL JURISDICTION OR WHETHER IT'S DEVELOPMENT OR OTHER PRIVATE INTERESTS AND THE STATION AREA. SO THAT'S SOMETHING THAT'S STILL TO BE WORKED ON. I KNOW FOR SAN JOSÉ'S DIRIDON STATION AS PART OF OUR PLANNING STRATEGY, IT DOES INCLUDE A FINANCIAL COMPONENT OF THAT LOOKING AT HOW WE GO ABOUT BUILDING THE EXPANDED DIRIDON STATION THAT SUPPORTS HIGH-SPEED RAIL.

>> COUNCILMEMBER HERRERA: YEAH AND AGAIN I'M VERY SUPPORTIVE OF IT. I THINK WE JUST NEED TO BE REALLY CLEAR ABOUT AS WE MOVE FORWARD WHERE THE MONEY'S GOING TO COME FROM AND IF THERE'S A LOCAL REQUIREMENT UNDERSTAND HOW THAT'S GOING TO HAPPEN. AND OTHER PROJECTS THAT WE STARTED OUT VERY EXCITED ABOUT, AND VOTERS ACTUALLY VOTED FOR AND WE MOVED FORWARD ON, SOMEHOW THE ENTHUSIASM STALLED AFTER A FEW YEARS AND WE DIDN'T COMPLETE THEM LIKE THE LIGHT RAIL PROJECT. SO I DON'T WANT TO SEE THAT HAPPEN TO THIS PROJECT AND I STILL THINK WE NEED TO -- WE NEED TO MAKE SURE THAT WE COMPLETE THE PROJECTS THAT WE'VE ALREADY -- WE HAVE IN THE PIPELINE THAT ARE GOING TO HELP TRANSPORTATION LOCALLY. LIGHT OUR LIGHT RAIL PROJECT TO MAKE SURE THAT WE DON'T TAKE OUR EYE OFF THE BALL AND LOSE SIGHT OF THAT. AND THAT'S JUST MORE OF MY EDITORIAL COMMENT ON THIS. THANK YOU VERY MUCH HANS FOR THIS.

>> MAYOR REED: VICE MAYOR.

>> COUNCILMEMBER CHIRCO: I ALSO ON THE HIGH SPEED RAIL I CONTINUE TO BE CONCERNED ABOUT WHERE IT WILL GO. ABOVE GROUND, IN THE TRENCH, UNDERGROUND. I JUST REMEMBER WHEN 85 WAS BUILT AND COMMUNITIES THAT REFUSED TO HAVE IT ABOVE GROUND EVEN AS TO COMPLETE FREEWAY INTERCHANGES. AND IT ALL KIND OF DUMPED INTO SAN JOSÉ. I WANT THE PLAYING FIELD TO BE LEVEL, THAT OUR VOICE BE AS CLEARLY ARTICULATED AS THE PALO ALTOS, THE MENLO PARKS, THAT WE DON'T GET THE CHEAPER VERSION WHICH I THINK IS NOT FAIR TO OUR CONSTITUENTS. I KNOW IT IS IN THE -- 85 IS IN THE TRENCH OVER IN MY DISTRICT BUT AT CAMDEN IT GOES UP AND IT'S ELEVATED AND IT DOES CREATE DIVISIONS. I BELIEVE SAM, PIERLUIGI AND THE MAYOR GOT AT LEAST IT BACK ON THE DISCUSSION TABLE. BUT I WANT US TO CONTINUE TO KEEP THAT ON THE DISCUSSION TABLE. I KNOW WHAT OTHER COMMUNITIES WILL SAY.

>> HANS LARSEN: I THINK JUST TO COMMENT ON THAT I THINK THERE'S INITIALLY A RUSH TO TRY TO DEVELOP THE PROJECT. AND I THINK THERE'S CERTAINLY BEEN A FEW STEPS TAKEN BACK IN ORDER TO THOROUGHLY EVALUATE ALL THE OPTIONS. AND HAVE AN OPEN COLLABORATIVE PROCESS WITH THE COMMUNITY SO THAT THEY UNDERSTAND BOTH THE TECHNICAL ISSUE, EQUITY ISSUES, AND EVERYBODY HAS AN INTEREST IN RAISING THEIR VOICE ABOUT THE PROJECT, HAVE THE CHANCE TO BE HEARD AND FULLY CONSIDERED. SO THE PROCESS WE'VE PUT OUT THERE IN TERMS OF SAN JOSÉ, LET'S REALLY DEFINE THE BEST OPTIONS AND THEN GO THROUGH A FULL EVALUATION OF THOSE INCLUDING FULL PARTICIPATION FROM THE COMMUNITY AND MAKE A DECISION AT A TIME WHEN PEOPLE ARE COMFORTABLE THAT THEY'VE RECEIVED THE INFORMATION AND HAD ADEQUATE INPUT OPPORTUNITIES.

>> COUNCILMEMBER CHIRCO: THAT'S JUST REALLY IMPORTANT TO ME. I MEAN, SARATOGA AND LOS GATOS BOTH REFUSED TO ACCEPT FULL INTERCHANGES. SO THEN IT WINDS UP BASCOM IS THE FIRST FULL INTERCHANGE. SO I THINK WE NEED TO KEEP THAT -- WE HAVE EVIDENCE OF WHAT HAPPENS IF WE'RE NOT AT THE TABLE WITH A STRONG VOICE. THANK YOU.

>> COUNCILMEMBER LICCARDO: I WANTED TO THANK HANS, YOU AND YOUR TEAM BECAUSE I KNOW THAT YOU'VE BEEN VERY ACTIVE IN MAKING SURE THAT SAN JOSÉ'S VOICE IS HEARD WITH THE RAIL AUTHORITY SO I APPRECIATE THAT. AND I KNOW THAT IN ANY ONE OF THESE BIG PROJECTS WHILE THE PUBLIC HEARS ABOUT THE ONE BIG DECISION THAT'S MADE BY THE COUNCIL OR THE PUBLIC BODY, THERE ARE A THOUSAND MICRODECISIONS THAT ARE MADE ALL ALONG BY STAFF THAT REALLY DRIVE A PROJECT IN A POSITIVE WAY AND I KNOW YOU'VE BEEN PUSHING HARD IN TERMS OF MAKING SURE THEY'RE FULLY COGNIZANT OF THE PUBLIC'S DECISION. I HAD A QUESTION FOR THE ATM, I HAVE HEARD FIVE DIFFERENT NAMES FOR THIS DEVICE. AUTOMATED PERSONAL, ARE WE GOING TO ADOPT A AN OFFICIAL SAN JOSÉ NAME FOR THIS AT SOME POINT.

>> HANS LARSEN: GOOD QUESTION. WE'VE BEEN CALLING IT AN AUTOMATED TRANSIT NETWORK. THAT'S A UNIQUELY SAN JOSÉ TERM. SO THERE WASN'T A CONFUSION ABOUT THE DIFFERENT NAMES. BUT I THINK WHAT WE'RE FINDING IS INTERNATIONALLY THE TERM POD CAR SEEMS TO BE THE TERM THAT'S PROBABLY MOST WIDELY EMBRACED. AND SO THE CONFERENCE, THE ANNUAL CONFERENCE ON SUSTAINABLE TRANSPORTATION, THEY CALL IT THE POD CAR CONFERENCE AND THEY'VE HAD THREE OF THOSE INTERNATIONALLY. AND WE WILL BE HAVING THE SAN JOSÉ POD CAR CONFERENCE. BUT I THINK WE'RE KIND OF MOVING TOWARDS THAT BUT YEAH THERE ARE A LOT OF DIFFERENT NAMES OUT THERE.

>> COUNCILMEMBER LICCARDO: ALL RIGHT, FOR NOW, WE'RE CALLING IT AUTOMATED TRANSIT NETWORK.

>> HANS LARSEN: THAT'S SORT OF OFFICIALLY WHEN WE PUT OUT REQUEST FOR INTEREST AND REQUEST FOR PROPOSALS THAT'S THE TERM WE'VE USED.

>> COUNCILMEMBER LICCARDO: OKAY, GREAT.

>> HANS LARSEN: BUT NOBODY ELSE SEEMS TO UNDERSTAND THAT.

>> COUNCILMEMBER LICCARDO: AS LONG AS WE DO, THAT'S THE IMPORTANT THING. I WANT TO COMMENT, I KNOW THIS IS ALWAYS DISCUSSED IN CONTEXT TO THE AIRPORT. BUT I THINK THIS IS GOING TO BE VITALLY IMPORTANT FOR DIRIDON AS WELL PARTICULARLY WHEN WE LOOK AT HIGH SPEED RAIL AND RENTAL CAR CAPACITY AND EVERYTHING ELSE WHICH WE'RE NOT GOING TO BE ABLE TO FILL OUT AT DIRIDON, REALLY CONNECTING DIRIDON IN A

SIGNIFICANT WAY WITH THE AIRPORT WITH ITS ATN, IT'S GOING TO BE SO VITALLY IMPORTANT FOR THAT DEVELOPMENT TO WORK WELL. AND THE QUESTION I HAD ON STEVENS CREEK WAS JUST WITH REGARD TO PHASE ONE. I KNOW I SHOULD KNOW THIS BUT I DON'T. AT THE CONCLUSION OF PHASE ONE WITH THE MONEY THAT MTC'S KEN YEAGER AND ALL THOSE FOLKS MANAGED TO GET FOR THAT STEVENS CREEK INTERCHANGE IMPROVEMENT ARE WE GOING TO BE ABLE TO SAY THAT THAT DREADFUL LONG LINE THAT'S NORTHBOUND ON 280 THAT JUST COMES TO A COMPLETE STOP IN THE AFTERNOON WHEN CARS ARE WHIZZING BY AT 70 MILES AN HOUR IN THE LEFT LANES AND THEY'RE STOPPED ON THE LANES THAT ARE GOING ON THE INTERCHANGE IS THAT GOING TO DISAPPEAR IS AFTER PHASE 1 OR IS THAT A SUBSEQUENT PHASE?

>> HANS LARSEN: WELL, WE SEE THE COMPLETE SOLUTION IN THAT AREA IS A \$150 MILLION PROJECT.

>> COUNCILMEMBER LICCARDO: RIGHT.

>> HANS LARSEN: SO IT DEALS WITH THREE THINGS, IMPROVEMENTS TO THE OPERATION OF THE CONNECTION BETWEEN 280 AND 880, THERE'S A NEW FLY-OVER RAMP THAT'S BEING PLANNED THERE. IT'S UPGRADING THE 880 STEVENS CREEK INTERCHANGE AND THEN IT'S ALSO ADDING A NEW INTERCHANGE RAMPS AT 280 AND WINCHESTER. AND IF YOU DO ALL THREE OF THOSE THEN YOU'VE GOT A COMPLETE SOLUTION. THAT'S \$150 MILLION THOUGH. AND SO THE FOCUS IS TRYING TO, WITH THE MONEYS THAT WE HAVE, TO DO A FIRST-PHASE IMPROVEMENT THAT'S PRIMARILY FOCUSED AT 880 AND STEVENS CREEK.

>> COUNCILMEMBER LICCARDO: OKAY.

>> HANS LARSEN: SO IT'S KIND OF SIMILAR TO YOU KNOW, 101 TULLY, CAPITOL, YERBA BUENA, YOU DON'T REALLY GET THE FULL FIX UNTIL YOU DO ALL PHASES BUT IT'S DIFFICULT TO GET ALL THE MONEY LINED UP AT ONE POINT SO WE HAVE A BACKING IN PHASING STRATEGY.

>> COUNCILMEMBER LICCARDO: I SEE RAY LURKING.

>> JUST A QUICK UPDATE TO THAT ONE TOO. ONE OF THE INITIAL PHASES THAT WAS ORIGINALLY PLANNED FOR THAT PARTICULAR INTERCHANGE WERE IMPROVEMENTS TO THE WEST SIDE OF THE INTERCHANGE, THE VALLEY FAIR SANTANA ROW, WITH THE CMIA MONEY WE ARE NOW LOOKING AT BEING ABLE TO TAKE AND MOVE THE FLY-OVER, THE DIRECT CONNECTOR FROM NORTHBOUND 280 TO NORTHBOUND 880 AS THE INITIAL PHASE OF THAT PROJECT. AND THEN LOOK WHAT WE CAN DO THEN ON THE WEST SIDE IS POSSIBLY A PHASE 2 PROJECT. SO TO ANSWER THE QUESTION DIRECTLY CONCERNING THE BACKUP ON NORTHBOUND 280 THAT WOULD GO A LONG WAYS TOWARD ALLEVIATING THAT BACKUP BY PROVIDING THAT DIRECT CONNECTOR FROM NORTHBOUND 280 TO NORTHBOUND 880 AND SEPARATING OUT THE TRAFFIC DESTINED FOR STEVENS CREEK.

>> COUNCILMEMBER LICCARDO: RIGHT AND WE'LL SEE SIGNIFICANT IMPROVEMENT AFTER PHASE 1?

>> THAT'S THE PROCESS.

>> COUNCILMEMBER LICCARDO: THAT'S A TERRIFYING --

>> HANS LARSEN: WE WILL BE LOOKING AT PERHAPS FOUR PHASES OF WORK AS WE PROCEED INCREMENTALLY.

>> COUNCILMEMBER LICCARDO: AND THAT DOESN'T INCLUDE THE BRT?

>> HANS LARSEN: RIGHT.

>> COUNCILMEMBER LICCARDO: ANY OTHER QUESTIONS ABOUT THE REPORT?

>> COUNCILMEMBER CHIRCO: MOVE TO ACCEPT THE REPORT.

>> COUNCILMEMBER HERRERA: SECOND.

>> COUNCILMEMBER LICCARDO: ALL IN FAVOR? THAT PASSES UNANIMOUSLY. THANK YOU, HANS, THANK YOU RAY. LET'S GO BACK TO ITEM 5, LET'S TALK TAXIS. WELCOME GENTLEMEN. HI, JIM.

>> GOOD AFTERNOON. BOB LOCKHART, AIRPORT OPERATIONS MANAGER. JUST TO BRING YOU A REPORT THAT WAS REQUESTED AT THE DECEMBER 8TH, 2009, COUNCILMEETING REGARDING THE REALLOCATION PROCESS FOR THE COMPANY'S AIRPORT ACCESS PERMITS. JUST TO LET YOU KNOW WE'RE NOT GOING TO DO A SLIDE PRESENTATION, WE JUST WANT TO KEEP THIS AS A BRIEF VERBAL PRESENTATION. WE FEEL THE PROCESS HAS PROCEEDED ON AS WE EXPECTED IT WOULD. IT'S ACTUALLY GONE WELL TO THE POINT THAT

WE HAVE TWO COMPANIES WHO WERE NOT IN THE REALLOCATION PROCESS PREVIOUSLY THAT NOW ARE GETTING PERMITS. FOUR OTHER COMPANIES ARE GAINING PERMITS OVER WHAT THEY HAD LAST YEAR AND THE TWO LARGEST COMPANIES WHICH WAS THE CONCERN IN THE PAST OF LARGE COMPANIES HAVING TOO MANY PERMITS HAVE ACTUALLY DROPPED DOWN BECAUSE OF THAT. SO IN FACT YELLOW CAB WHICH IS OUR LARGEST COMPANY ACTUALLY HAVE A DROP OF ABOUT 23% OF THEIR COMPANY ALLOCATION PERMITS BASED ON THIS REALLOCATION THIS YEAR. SO JUST WANT TO STATE THAT IT LOOKS LIKE THE PROCESS IS GOING PROPERLY IN TRYING TO GIVE MORE COMPANIES MORE ACCESS. IT'S ACTUALLY ALLOWING US TO DEVELOP THE PROCESS OF SERVING THE DOWNTOWN AS WELL AS THE AIRPORT. AND PROVIDING BETTER CUSTOMER SERVICE FOR THOSE CUSTOMERS. SO I'M OPEN FOR QUESTIONS AT THIS POINT.

>> COUNCILMEMBER LICCARDO: THANKS BOB. WOULD BE APPROPRIATE MAYBE TO GO TO PUBLIC COMMENT FIRST AND THEN WE COULD HAVE DISCUSSION ON COMMUNITY MEMBERS. OKAY, GREAT. WE HAVE -- THANK YOU, I HAVE ONE CARD, I'M SURPRISED BECAUSE I SEE A LOT OF FOLKS HERE. SO AS YOU FILL OUT THE CARDS BRING THEM ON UP AND WE'LL CALL YOUR NAME. FIRST, DAVE LOGAN.

>> GOOD AFTERNOON EVERYBODY.

>> COUNCILMEMBER LICCARDO: DAVE, LET ME INTERRUPT YOU A MOMENT, I'M SORRY, WE'RE GOING TO ASK EVERYBODY TO KEEP THEIR COMMENTS TO TWO MINUTES.

>> FIRST OFF I WANT TO ASK STAFF FOR THE HARD WORK THEY PUT INTO THIS AND ALSO TO COMMEND THEM FOR CREATING A PROGRAM THAT'S PLANNED EVEN THOUGH WE'VE HAD A ROUGH ECONOMY TO GET THROUGH. BACK IN 2004 FOR THOSE OF YOU WHO WERE HERE AT THAT TIME, IF YOU REMEMBER BIKRAM SINGH, WHO IS HERE TODAY, LED A LOT OF OTHER CAB COMPANIES ASKING CITY COUNCIL TO IMPROVE THIS PARTICULAR SYSTEM THAT WE HAVE RIGHT NOW. THEY STATED AT THAT TIME THAT UNDER THE SYSTEM THEY HAD PLENTY OF OPPORTUNITIES, THEY WERE GOING TO FLOURISH, THEY WERE GOING TO PARTICIPATE AND THEY WOULD PERFORM. SO 2005 CAME AND THE NEW SYSTEM WAS PUT INTO PLACE. IN 2009, YOU HAD A COUPLE EXTRA CAB COMPANIES THAT QUALIFIED BECAUSE THEY DECIDED TO PARTICIPATE AND WITH THE GUIDELINES WERE AND THEY WERE ALSO CAB COMPANIES THAT GOT TO PARTICIPATE IN 2008. NOW AS WE GO INTO 2010, BOB IS RIGHT, YELLOW AND CHECKER CAB WE'RE GOING TO LOSE 15 OF OUR PERMITS AND THESE PERMITS ARE GOING TO THE OTHER COMPANIES THAT FINALLY CHOSEN TO COME INTO COMPLIANCE AND THEY'RE ACTUALLY GOING TO BENEFIT BY ASKING TO PARTICIPATE IN THE SYSTEM THAT THEY ASKED TO PUT INTO PLACE. WE LIKE THE SYSTEM AND WOULD LIKE TO HAVE THE SYSTEM MOVE FORWARD. THANK YOU.

>> COUNCILMEMBER LICCARDO: THANKS. JESSE SINGH AND AFTER JESSE WILL BE BIKRAM SINGH.

>> MY NAME IS JESSE SINGH, I REPRESENT U.S. DEPRESS CAB. JUST TO BE FAIR AND EQUAL TO ALL THE SMALL BUSINESS CAB COMPANIES, THE MAJORITY OF THEM ARE SMALL BUSINESSES, TO HAVE AN EQUAL AND FAIR DISPERSEMENT OF THE AIRPORT PERMITS. AND SMALL BUSINESSES MEAN SO MUCH TO LOCAL AND STATE, AND YOU KNOW WHAT THEY CONTRIBUTE OVERALL PICTURE. THANK YOU.

>> COUNCILMEMBER LICCARDO: THANK YOU, BIKRAM SINGH, FOLLOWED BY SHERRY SINGH.

>> MY NAME IS BIKRAM SINGH REPRESENTING ALPHA CAB AND CALIFORNIA CAB. BACK WHEN THE SYSTEM STARTED, YES, WE DID SUPPORT THIS CHANGE, BUT WE WERE NOT SUPPORTING THE LAST PART WHICH IS THE ALLOCATION BASED ON THE TRIP VOLUME BECAUSE WE KNEW THAT WITH WHERE IT'S GOING TO HEAD AND IT'S GOING TO END UP EVERY SMALLER COMPANY LOSE ALMOST 80, 90% OF THEIR PERMITS. SO WE WERE AGAINST IT. WE REQUESTED IN THE T&E COMMITTEE, TECH ADVISORY TEAM, EVERY MEETING WE WENT TO WE BROUGHT THIS UP AND WE REQUESTED THE STAFF TO FIX THAT COMPLEMENT BECAUSE WE KNEW THAT IT WAS GOING TO HAUNT US DOWN THE ROAD. SYSTEM WORKED VERY WELL, WHEN ALL THE PERMITS WERE DISTRIBUTED EQUALLY, EVEN THOUGH THERE WERE A CERTAIN PERCENTAGE DID WENT TO ONE OR TWO ENTITIES. BUT WE STILL TRIED TO WORK WITH THE SYSTEM. WE WENT INTO EVERYTHING WHAT WE COULD TO BE IN COMPLIANCE. MY COMPANY, EVEN THIS ROUGH ECONOMY, I SPENT LAST YEAR CLOSE TO \$100,000 TO UPGRADE MY COMPUTER SYSTEM BECAUSE STAFF WANTS TO SEE CERTAIN

CHANGES IN THE SYSTEM THE WAY WE WERE REPORTING OUR REPORTS. THEN INVOICES, THE CASH CHECKS TO MY COMPANY, THE DESIGNATE CASH SYSTEM, WHERE I CAN PAY TO YOU GUYS, 100,000 IS NOT A LITTLE MONEY, IT IS A LOT OF MONEY. AND THIS YEAR WHAT I GOT FOR ALLOCATION, THREE PERMITS FOR EACH COMPANY. IF I CAN THINK OF RECOVERING THAT MONEY IT'S GOING TO TAKE ME NEXT TEN YEARS TO RECOVER THAT MONEY BASED ON THREE PERMITS FOR EVERY COMPANY. WE ARE IN AMERICA. THIS COUNTRY IS A LAND OF OPPORTUNITY. WE TALK ABOUT ALL KINDS OF FAIRNESS, EQUALITY, NO RACISM, NO DISCRIMINATION AND NOW I WANT TO KNOW ONLY ONE THING IF MY COMPANY IS IN COMPLIANCE, IF I CAN -- IF I AM IN COMPLIANCE WITH THREE PERMITS WHY NOT FOR EQUAL DISTRIBUTION? IF THERE ARE 105 COMPANY PERMITS AND IF THERE ARE 10, 15 OR FIVE OR SIX WHATEVER THE QUALIFIED CAB COMPANIES ARE, WHAT IS THE REASON BEHIND IT? WHAT'S THE RATIONALE THAT WE CANNOT DISTRIBUTE THOSE PERMITS EQUALLY AMONG ALL THOSE CAB COMPANIES? I WOULD STRONGLY ENCOURAGE AND REQUEST THIS TEAM TO PUT THIS BACK AND ASK THE STAFF TO COME BACK WITH EQUAL DISTRIBUTION FOR THOSE PERMITS, COMPANIES WORKED VERY, VERY HARD, WE HAD GONE THROUGH SO MUCH BECAUSE OF THIS STAFF TOLD US TO BUY CNG ALTERNATE FUEL VEHICLES --

>> COUNCILMEMBER LICCARDO: TWO MINUTES.

>> I HAVE TO STOP?

>> COUNCILMEMBER LICCARDO: YES.

>> I'M OPEN FOR ANY QUESTION OR COMMENT OR ANYTHING YOU WANT TO ASK ME.

>> COUNCILMEMBER LICCARDO: THANK YOU. SHERI SINGH FOLLOWED BY KEBETE TABA.

>> GOOD AFTERNOON, MY NAME IS SHERI SINGH FROM AMERICAN CAB. BACK IN 2005 WHEN THIS SYSTEM WAS PUT IN WE SUPPORTED IT, DISTRIBUTED TO THE COMPANY --

>> COUNCILMEMBER LICCARDO: COULD YOU SPEAK UP A LITTLE BIT?

>> BACK IN 2005 WE SUPPORTED THIS SYSTEM. SEVEN PERMITS WERE GIVEN TO EVERY COMPANY, SYSTEM WORKED PRETTY GOOD THEN LATER ON 2006 OR 7 I THINK, THEY TOLD TO PUT COMPUTER.DISPATCH SYSTEM, WHICH COST MORE THAN 100, \$150,000. IF I'M NOT WRONG, SIX OR SEVEN COMPANIES, HALF OF THE SMALLER TAXI COMPANIES, WE CAN'T PUT THOSE UNDER \$150,000 TO BRING THAT NEW COMPUTER DISPATCH SYSTEM AND WE WERE KICKED OUT. WE ENTERED AGAINST THE SYSTEM, OKAY, IT WAS WORKING PRETTY GOOD, SEVEN PERMITS WERE GIVEN TO EVERYONE, AND I THINK THERE WAS NO PROBLEM AT THE AIRPORT. WE WERE PROVIDING GOOD SERVICE, I DIDN'T HEAR ANY COMPLAINTS. BUT WITH THESE NEW GUIDELINES THAT IS PUT IN THERE WE CAN'T AFFORD IT, SO WE'RE OUT OF IT. WE HAVE 15 CABS WORKING OUTSIDE IN DOWNTOWN, BUT WE DO NOT HAVE ANY AIRPORT PERMITS, AND MY DRIVERS OUT THERE, THEY ARE WORKING HARD BUT THEY CAN'T GO TO AIRPORT. SO WHY DON'T WE, WHATEVER THE SYSTEM WAS PUT EARLIER IN 2005 WHY DON'T WE BRING THAT BACK? IT DID WORK PRETTY GOOD. SO IT WAS NO PROBLEM AT ALL AT THAT TIME BUT WITH THIS TRIP VOLUME ALLOCATION NO SMALL COMPANIES CAN'T BEAT, CAN'T BEATING PART IS FAR AWAY CAN'T EVEN COME CLOSE THERE EVER EVER TO GET THESE PERMITS THAT'S WHAT I WANTED TO SAY, THANK YOU.

>> COUNCILMEMBER LICCARDO: THANK YOU SIR. KABETI KAVA FOLLOWED BY MOHAMMED LEE FOLLOWED BY MR. BOUZANEH.

>> THANK YOU VERY MUCH. I WOULD LIKE TO THANK YOU ONCE AGAIN FOR THE SUPPORT YOU GAVE US TIME. WE ARE VERY MUCH ENCOURAGED SINCE THIS AND WE ARE ALSO THANKFUL FOR THE AIRPORT GROUND TRANSPORTATION AND THE AIRPORT VIOLATION FOR RELIEVING THE DRIVER'S PERMITS THAT'S ALSO A GREAT BOOST FOR US. SO TODAY WE ARE HERE ON OUR COMMENTS ON THE 105 COMPANY PERMITS. WE ARE HIGHLY SUPPORTIVE OF THE SYSTEM BECAUSE THE SIMPLE -- THE SYSTEM THAT IS IMPLEMENTED IN 2005 IS VERY MUCH WORKING FOR THE DRIVERS. ESPECIALLY FOR THE 195 DRIVERS IT IS VERY RELIEF. THERE ARE 105 COMPANY PERMITS HAVE A LITTLE PROBLEM THAT I THINK COULD BE SOLVED IF THE CITY WOULD GIVE MORE ATTENTION TO IT BECAUSE THE 105 DRIVERS HAVE GREATER EXPENSES DUE TO THIS COMPANY'S PERMITS. THE COMPANIES ARE CHARGING A LOT, MORE THAN THE 195 DRIVERS AND SO THERE IS A DISCREPANCY OVER THERE. AND ALSO THE 105 DRIVERS WHO ARE WORKING WITH THE COMPANY PERMITS HAVE NO STABILITY FOR THEIR WORK BECAUSE ANY TIME THE COMPANY CAN TAKE THAT PERMIT FROM THE DRIVERS AND CAN INCREASE ALSO THEIR GATE FEES OVER THE PERMITS. SO

THIS HAVE TO BE TAKEN INTO CONSIDERATION. WE HAVE PREPARED A LETTER TO THE COMMITTEE, TO LOOK TO IT, WE HAVE CONCERNS ABOUT IT. WE HAVE RECOMMENDATION ABOUT IT. I'M SORRY, I WOULD HAVE HANDED OVER BEFORE BUT --

>> COUNCILMEMBER LICCARDO: THAT'S OKAY.

>> IF I'M ALLOWED I CAN --

>> COUNCILMEMBER LICCARDO: PERHAPS YOU CAN PROVIDE IT TO THE CLERK AND SHE CAN MAKE COPIES FOR ALL OF US.

>> I HAVE THE COPIES ALREADY.

>> COUNCILMEMBER LICCARDO: OH, GREAT, THANK YOU MR. KAVA. OKAY, MR. ALI. YOU HAVE A FEW SECONDS LEFT, I'M SORRY.

>> OKAY SO WE ARE VERY HAPPY TO WORK WITH THE SYSTEM. IF EVERYTHING IS CONSIDERED AS WE HAVE MENTIONED IN OUR LETTERS, DRIVERS WILL BE HAPPY, AND THEY ARE ENCOURAGED TO WORK VERY SUCCESSFULLY. THANK YOU.

>> COUNCILMEMBER LICCARDO: THANK YOU, SIR. OKAY, MR. ALI. FOLLOWED BY MR. BOUZANEH.

>> GOOD AFTERNOON, EVERYBODY. THANK YOU, COUNCILMAN. THANK YOU EVERYBODY FOR THE TRANSPORTATION DEPARTMENT AND THANK YOU FOR ALSO AIRPORT MANAGERS. I'VE BEEN DRIVING FOR THE TAXI ALMOST 20 PLUS YEARS. AND TELL YOU WHAT, THE CITY OF SAN JOSÉ GOING THROUGH SO MANY CHANGES. THE SYSTEM THAT COME UP IN 2005, I AM HAPPY WITH THAT SYSTEM, AND I'M STILL HAPPY, THE SYSTEM -- THE SYSTEM, NO SYSTEM IS 100% CORRUPT. BUT THIS SYSTEM, THE MORE THEY COME UP WITH 2005 AFTER SERIES SPEND 80 PLUS THOUSAND DOLLARS TO STUDY IN 2002, 2001, 2003, THIS SYSTEM IS WORKING. I'M PLEASED, THE DRIVERS ARE HAPPY, OUT THERE AND DO NOT EVEN SCRATCH, DO NOT CHANGE IT. THANK YOU.

>> COUNCILMEMBER LICCARDO: THANK YOU, SIR. MR. BOUSANNEH, FOLLOWED BY BOUNI SHAKUD.

>> GOOD AFTERNOON, MY NAME IS BOUSANNEH. CONSIDERING THE TIME, THE SYSTEM IS -- THE SYSTEM IS VERY GOOD. WE LIKE IT. THE PROBLEM IS WITH THIS 105 UNFAIR AND UNEQUAL AIRPORT PERMITS DISTRIBUTION, THOSE ARE NOT FAIR. THERE IS ONE PROBLEM IN MY LANGUAGE BUT LET ME TRANSLATE FOR YOU, FIGHT TO IT SHEEP, SHEEP THE OTHER THAN OF SHEEP IS FARMER, RIGHT? THIS COMPANY, TAXICAB COMPANY, TRYING TO TAKE MONEY FROM US. THIS IS NOT FAIR. WE WORK 16 HOURS. 20 HOURS. JUST TO PAY BILLS FOR THEM. THERE IS A DIFFERENCE OF EVERY WEEK MORE THAN \$FINED, AND MANY WEEKS MORE THAN \$2,000 NECESSARY WE PAY FOR COMPANY OWNERS. THIS IS NOT EQUAL DISTRIBUTION. THIS TOTALLY, THIS SYSTEM, I CANNOT SAY, IT IS FREE MARKET SYSTEM, CAPITALISM, IT IS A SYSTEM WHICH ENFORCES BY LAW TO TAKE SOME AMOUNT OF MONEY AND TO GIVE FOR OTHER PARTS. PLEASE, WE DRIVERS GAVE AND STRONGLY REQUEST YOU TO SOLVE THESE PROBLEMS, THE SYSTEM IS OKAY, DRIVERS HAVE BEEN WORKING, THANK YOU FOR YOUR USUAL COOPERATION, THANK YOU.

>> COUNCILMEMBER LICCARDO: THANK YOU SIR. BOUNI, WELCOME.

>> GOOD AFTERNOON, EVERYBODY. MY NAME IS SHAKUR BOUNI, MEMBER OF THE DRIVERS ASSOCIATION. MOST OF THE DRIVERS BEHIND ME THEY'RE ALL HERE TO TELL THEIR LEADERS OF THE CITY THEY ARE HAPPY WITH THE SYSTEM. THE CITY DESIGNED IT FIVE YEARS AGO. YOU KNOW, IN LIFE, NOTHING IS PERFECT. EVERYTHING NEED IMPROVEMENT. THIS SYSTEM PERFECT? NO. BUT IS THIS GOOD? EXCELLENT. CAN WE DO BETTER? YES. BUT ALL THESE DRIVERS WHO I REPRESENT, THEY ALL AGREE WITH ME, THEY ARE HAPPY WITH THE SYSTEM, THE CITY COUNCIL APPROVED IT FIVE YEARS AGO. WE LIKE TO PLAY WITH THE RULE OF THE GAME. IF IT IS, YOU KNOW, WHATEVER THE RULE, THE CITY DESIGN FOR ANY OPERATION, IF THE STAKEHOLDERS ARE HAPPY, I DON'T SEE ANYTHING TO CHANGE OR TO DO ANYTHING ELSE. SO MOST OF HERE, THEY ALL CAME FROM THEIR WORK, AND THEIR FAMILY TO TELL THE MEMBERS OF THE T&E AND THE OTHER MEMBERS OF THE COUNCIL THAT THEY ARE HAPPY WITH THE SYSTEM, OVERALL, THEY ARE APPRECIATIVE WITH THE SYSTEM. THANK YOU.

>> COUNCILMEMBER LICCARDO: THANK YOU, MR. BOUNI. I HAVE A NAME WHICH I CANNOT READ BUT IT BEGINS WITH MACO. SIR COULD YOU PLEASE APPROACH? SORRY, I'M -- YOU WRITE LIKE A DOCTOR. AND THEN AFTER MACO WILL BE -- ABRAHAM JAMATI.

>> THANK YOU COUNCIL, MEMBERS OF THE COUNCIL. I'M -- THIS SYSTEM, OF COURSE, SOME DRIVERS, IT IS OKAY FOR THE DRIVERS WHO GOT 95 PERMIT, THEY'RE OKAY. THE OTHER DRIVERS WHO DRIVE FOR THE SMALL COMPANY, THEY DON'T HAVE PERMIT. MAJORITY OF THE DRIVERS IF YOU HEAR THEY WILL SAY, THEY WILL CRY. BUT ANYWAY, THE 105 PERMITS FOR ME, IF YOU GIVE TO THE DRIVER, THE DRIVERS ARE THE SUPPORTER OF THE CAB COMPANIES. CAB COMPANIES CANNOT SURVIVE WITHOUT A DRIVER. DRIVERS CANNOT SURVIVE WITHOUT A COMPANY. BUT IF YOU GIVE THE 105 DRIVERS TOTALLY TO THE DRIVER, THE CAB COMPANIES CAN INFLUENCE THEM, CAN TAKE THEM, CAN GIVE THEM A GOOD DEED, AND THEY CAN COME. I DON'T HAVE ANY PROBLEM WITH THE DRIVER. MY QUESTION IS NOW, THE DISTRIBUTION OF THE PERMITS. WE SPOKE, IN THIS STATE I SPEAK A LOT OF TIMES BUT I NEVER GET ANY SOLUTION. NOBODY GET ANY SOLUTION, SOME COMPANIES THEY GOT 85 PERMITS, OUT OF 105. SOME COMPANIES THEY GOT 3 PERMITS OUT OF 105. SOME COMPANIES THEY DON'T GET ANY PERMITS OUT OF 105. THE AIRPORT IS LIKE EXCLUDED OR A DIFFERENT INSTITUTE. IT DOESN'T LOOK LIKE THE CITY OF SAN JOSÉ, IT LOOKS TO ME LIKE OAKLAND OR SAN FRANCISCO. PLEASE, PLEASE, WE ARE THE RESIDENTS OF THE SAN JOSÉ CITY. PLEASE BE FAIR. YOU HAVE SELECTED, I KNOW, I VOTE FOR YOU GUYS. PLEASE BE FAIR. THE DISTRIBUTION BE EQUALLY DISTRIBUTED. DON'T DISCRIMINATE US. I'M NOT AGAINST YELLOW BECAUSE THEY GET 85. HE IS TRYING TO --

>> COUNCILMEMBER LICCARDO: TWO MINUTES, I'M SORRY TO INTERRUPT YOU. THANK YOU VERY MUCH FOR COMING TODAY. AND FINALLY, MR. JAMATI, I HOPE I HAVEN'T MISPRONOUNCED YOUR NAME. I'M SORRY, SIR? THANK YOU, MY APOLOGIES.

>> GOOD AFTERNOON EVERYBODY, MY NAME IS JOMAY STEFANOS, AND I HAVE A PRESENT GREEN CAB. I DON'T HAVE A PROBLEM WITH THE DISTRIBUTION OF 195, BUT WITH ONE OF HIGH, THE SYSTEM THE WAY THEY DISTRIBUTE THIS 105 PERMITS IS BASICALLY DESIGNED NOT TO GIVE A PERMIT TO GREEN CAB BUT THIS IS ONLY FOR YELLOW AND UNITED. THOSE ARE THE ONLY TWO COMPANIES HAPPY THE WAY THEY DISTRIBUTE THESE PERMITS. WHAT IS THE PROBLEM THAT -- WHAT IS THE PROBLEM THAT THEY NOT DISTRIBUTING BY THE SCIENTIFIC WAY, METHOD OF DISTRIBUTION OF PERMITS? WHAT IS THE REASON THAT THEY ARE CHOOSING A PRIMITIVE WAY OF DISTRIBUTION OF PERMITS OVER THE SCIENTIFIC? THIS IS -- THE AIRPORT WAY IS THE SCIENTIFIC WAY. AND WE'RE LIVING IN THE FIRST WORLD. WHAT IS THE REASON THAT THEY'RE CHOOSING A THIRD WORLD WAY OF DISTRIBUTION OF PERMITS? AND THIS IS DESIGNED BASICALLY TO GIVE THOSE PERMITS TO YELLOW AND UNITED AND TO AVOID GREEN CAB. SO I WANT THE COUNCILMEMBERS TO REVISE AND TO CORRECT THIS METHOD OF DISTRIBUTION OF PERMITS. THANK YOU.

>> COUNCILMEMBER LICCARDO: SIR, FORGIVE ME FOR A MOMENT. I WANT TO MAKE SURE I CALLED THE RIGHT PERSON. IS YOUR FIRST NAME ABDIRAHIM?

>> NO.

>> COUNCILMEMBER LICCARDO: IT'S NOT. THAT EXPLAINS WHY I THOUGHT I WAS GIVING IT TO THE WRONG ONE. OKAY, ALL RIGHT, THANK YOU. IS IT ABDIRAHIM, I WANT TO SAY JAMALI. THANK YOU.

>> GOOD AFTERNOON ALL OF YOU, ESPECIALLY THE COUNCIL. MY NAME IS ABDIRAHIM JAMALI. I'VE BEEN DRIVING CABS HERE ABOUT THREE YEARS IN SAN JOSÉ. I HAVE BEEN LIVING THREE YEARS IN SAN JOSÉ. SO I'M VERY SORRY TO TAKE YOUR TIME EVERY DAY TO TALK ABOUT LIKE I MEAN THE PERMIT ON TAXI. BECAUSE OF YOUR TIME IS MORE THAN LIKE THE JOB THAT WE IN HERE RIGHT NOW MORE THAN TEN TIMES SINCE I'VE BEEN THE TAXI DRIVER. SO WHAT I WANT TO SAY LIKE THIS, THE SYSTEM THAT YOU CREATE IN 2004, IT'S PERFECT AND IT'S WORKING AND THE DRIVERS HAVE A RIGHT TO CHOOSE WHICH COMPANIES THAT THEY WANT TO DRIVE SO I WANT TO JUST SUPPORT WITH THE SYSTEM THAT YOU CREATED IN 2004, PLUS ANY PERMIT ISSUES THAT COME OUT IF THE DRIVER IS NOT THE COMPANY. THANK YOU.

>> COUNCILMEMBER LICCARDO: THANK YOU SIR. OKAY, THOSE ARE ALL THE CARDS THAT I HAVE AT THIS TIME. SO I'D LIKE TO OPEN UP FOR THE COMMITTEE BUT ONE QUESTION I WAS HOPING I COULD JUST THROW IN FIRST, AND THEN BEFORE WE MOVE ON. IS, JUST FOR SOME CLARIFICATION SO WE KNOW WHAT WE'RE LOOKING AT, AT THE -- AT THE ATTACHMENT, TO THE STAFF REPORT ON THE BACK PAGE DESCRIBES THE REALLOCATION. AND IT'S NOT

CLEAR TO ME WHAT THE NUMBERS WERE BEFORE. AND IS IT POSSIBLE, BOB, YOU COULD DESCRIBE FOR US WHERE THE NUMBERS HAVE MOVED?

>> YEAH, LET ME GO AHEAD AND READ DOWN THE COMPANIES AND WHAT THEY HAD LAST YEAR AND AWAY THEY HAVE THIS YEAR.

>> COUNCILMEMBER LICCARDO: THANK YOU.

>> ALPHA CAB DIDN'T HAVE ANY LAST YEAR, THEY GET THREE THIS YEAR. CALIFORNIA IS ZERO, THREE THIS YEAR CITY CAB THREE THIS YEAR SIX THIS YEAR. GREEN, EIGHT LAST YEAR, TEN THIS YEAR. MILPITAS THREE LAST YEAR, FIVE THIS YEARS. SILICON VALLEY CHECKER, 27 LAST YEAR 25 THIS YEAR. UNITED SEVEN LAST YEAR NINE THIS YEAR AND YELLOW CAB 57 LAST YEAR 44 THIS YEAR.

>> COUNCILMEMBER LICCARDO: OKAY, THANK YOU BOB, THAT'S HELPFUL FOR CONTEXT. BECAUSE AS I UNDERSTAND IT EVERY ONE OF THE SMALLER COMPANIES GAINED IN ALLOCATION THIS YEAR AND THE TWO LARGEST COMPANIES BOTH LOST.

>> CORRECT.

>> COUNCILMEMBER LICCARDO: AND THE VERY LARGEST COMPANY JUST HAD THE INDIVIDUAL REPRESENTING THEM SPEAK IN FAVOR OF THIS ALLOCATION.

>> THAT'S CORRECT.

>> COUNCILMEMBER LICCARDO: THANK YOU. VICE MAYOR CHIRCO.

>> COUNCILMEMBER LICCARDO: I WANT TO THANK ALL THE SPEAKERS FOR COMING. THAT IS WHAT THE SYSTEM'S ABOUT. BUT I REALLY WANT TO DEFER TO WHAT I HEARD MR. BRUNI SAY THAT IS IT PERFECT? NO. BUT I REMEMBER WHAT IT WAS LIKE BEFORE THIS SYSTEM WAS IN PLACE. AND THIS IS A MUCH BETTER SYSTEM. IT DOES ALLOW FOR COMPANIES WITH THE RIGHT DATA TO BECOME PART OF THE PERMITTED CAB COMPANIES. SO I THINK THE -- THE AIRPORT AND SAN JOSÉ CITY HAVE PUT TOGETHER A GOOD, SOUND AND FAIR MODEL. WHILE IT DOESN'T ADDRESS ALL THE CONCERNS I HEARD OUTLINED HERE IT DOES ALLOW AND, AS COUNCILMEMBER LICCARDO JUST SAID, YELLOW CAB WHO IS ONE OF THE MOST SIGNIFICANT LOSERS OF PERMITS, THAT WENT TO SMALL COMPANIES, THEY SUPPORT IT. AND I SEE SMALL COMPANIES THAT IN THE PAST DID NOT HAVE ANY PERMITS AND NOW THEY EACH HAVE A MINIMUM OF THREE. SO IT IS A WAY TO GROW YOUR BUSINESS. AND AS MR. BRUNI SAID COULD IT STAND IMPROVEMENT? YES. IS IT PERFECT, NO, BUT IS IT A GOOD SYSTEM, YES. SO I WOULD LIKE TO MAKE A MOTION TO ACCEPT THIS. I REALIZE THERE'S OTHERS TO SPEAK. BUT I THINK THAT'S IMPORTANT FOR US TO LET OUR CAB DRIVERS KNOW WE VALUE THEIR WORK. AND THIS SYSTEM DOUSE PERMIT GROWTH. AND AS I SAID, IT'S NOT PERFECT. BUT THE DIALOGUE NEEDS TO CONTINUE, AND MR. BRUNI I THANK YOU FOR YOUR THOUGHTFUL STATEMENTS.

>> COUNCILMEMBER LICCARDO: OKAY. THERE'S BEEN A MOTION.

>> COUNCILMEMBER HERRERA: I'LL SECOND THAT.

>> COUNCILMEMBER LICCARDO: OKAY, THANK YOU, COUNCILMEMBER HERRERA. WOULD YOU LIKE TO SPEAK?

>> COUNCILMEMBER HERRERA: YES. I THINK AS VICE MAYOR CHIRCO JUST SAID, THAT THERE'S NO PERFECT SYSTEM AND IT WAS ALSO EXPRESSED BY SOME OF THE SPEAKERS. I HAVE HEARD IN THE PAST CONCERNS FROM THE CAB COMMUNITY, FROM THE SMALLER COMPANIES AND I TAKE THOSE VERY SERIOUSLY. I THINK THAT ALL OF US KNOW WHAT A STRUGGLE IT IS OUT IN OUR ECONOMY HAVE BUSINESSES SUCCEED, ALMOST EVERY KIND OF COMPANY. I APPRECIATE EVERYONE COMING HERE TODAY, EXPRESSING WHAT THEY THINK ABOUT THE SYSTEM, WHETHER IT WORKS WHETHER IT DOESN'T WORK AND I THINK IT'S IMPORTANT TO HEAR FROM YOU ALL. I DON'T KNOW WHAT OTHER KIND OF SYSTEM WE'D PUT INTO PLACE RIGHT NOW. I HEARD COMPLAINTS FROM -- I HEARD PEOPLE EXPRESSING DISSATISFACTION FROM VIRTUALLY EVERY GROUP HERE, SOME SAYING THAT THE SMALLER COMPANIES YOU KNOW THERE'S A DISADVANTAGE FOR SMALLER COMPANIES, THAT THE COMPANIES THAT THE SMALLER COMPANIES THAT ARE HIRING DRIVERS, THAT THERE'S UNEQUAL SITUATION THERE. SOME OF THE DRIVERS EXPRESSING CONCERN ABOUT THAT THAT THE PERMITS SHOULD JUST GO TO DRIVERS. SO I DON'T SEE ANY KIND OF A -- I'M CERTAINLY NOT INSPIRED WITH SOME IDEA TO REMAKE THIS ENTIRE SYSTEM AND MAKE IT PERFECT. HOWEVER, I DO HAVE A COUPLE OF QUESTIONS. AND ONE OF THOSE WOULD BE, I KNOW THAT WE'RE LOOKING AT 300 AIRPORT ACCESS PERMITS, AND THAT CAME BACK FROM

2005. WHAT'S OUR PROCESS FOR, AS WE GO FORWARD, WHEN WOULD WE LOOK TO EXPAND THAT OR HOW OFTEN DO WE REVIEW JUST THE TOTAL NUMBER? NOT THAT WE NEED TO NOW BUT JUST IN TERMS OF THE PROCESS FOR THE FUTURE? HOW DO WE LOOK AT THAT OR WHEN DO WE LOOK AT THAT?

>> WE DON'T HAVE A FORMAL PROCESS THAT LOOKS AT IT IN A SPECIFIC TIME BASIS. WE HAVE AN ABILITY IF WE FELT THAT WE'RE NOT BEING SERVED PROPERLY WE COULD GO TO THE DIRECTOR OF D.O.T. AND ASK FOR AN INCREASE AND AT THAT POINT THEY WOULD ASK ALL THE STAKEHOLDERS, THE COMPANIES THE DRIVERS AND SO FORTH TO BRING FORTH THEIR COMMENTS AS TO WHETHER THEY AGREED OR DISAGREED. AT THIS POINT WE ARE FEELING THAT 300 IS MORE THAN WE NEED BUT WE ALSO DON'T WANT TO TAKE JOBS AWAY FROM PEOPLE, WE WANT TO GIVE THEM THE OPPORTUNITY TO WORK. THAT WOULD BE THE PROCESS AS WE SEE THE BUSINESS COME BACK AND AS WE SEE THE NEED FOR ADDITIONAL ONES, WE COULD MAKE RECOMMENDATIONS AS COULD ANY OTHER STAINING HOLDER IN THE GROUP IF THE COMPANIES OR THE DRIVERS WOULD WANT TO MOVE, LET'S GET MORE PERMITS, IT'S NOT ENOUGH FOR WHAT WE NEED TO SERVICE OUR CUSTOMERS, ALL THE STAKEHOLDERS WOULD HAVE THE OPPORTUNITY TO COMMENT BACK ON THAT.

>> COUNCILMEMBER HERRERA: I GUESS MY CONCERN IS, THANK YOU FOR THAT. IS THERE A LITTLE MORE SCIENTIFIC, IS THERE ANY WAY TO PUT SOME SORT OF APPROACH HERE WHERE WE'D SAY A BUSINESS ABOVE A CERTAIN LEVEL OR JUST SO WE COULD HAVE SOME ANTICIPATION THAT WHEN THINGS CHANGE, WHEN ECONOMIC INDICATORS CHANGE OR REACH A POINT THAT WE WOULD BE, YOU KNOW, LOOKING AT THIS NUMBER AND SEEING IF THERE'S ANY NEED TO INCREASE IT? IT WOULD GIVE ME MORE OF A COMFORT LEVEL IF I THOUGHT THERE WAS SOME SORT OF YOU KNOW PARAMETERS THAT WE'RE LOOKING AT HERE.

>> THERE ISN'T A ESTABLISHED NUMBER HOWEVER WHEN WE DID THE ORIGINAL MODEL WE WERE LOOKING AT PER-TRIP, TRIPS PER DAY AVERAGE FOR THE DRIVERS AND THAT'S WHAT WE BASED THE MODEL ON. AND AT THAT POINT WE WERE THE THREE TRIP PER DRIVER AT SOME COMPANIES AND SOME OF THE DRIVERS AT THE AIRPORT. WE WANTED TO GET IT UP INTO THE HIGHER RANGE, WE ACTUALLY GOT IT UP INTO THE SIX OR SEVEN TRIP PER DRIVER RANGE, IN THE 2005, 2006, 2007 RANGE BUT AS THE ECONOMY HAS DROPPED OFF WE'RE CLOSER TO THAT 2005 RANGE AGAIN, THAT WAS THE REASON WE WERE WITHHOLDING CERTAIN DRIVER PERMITS BECAUSE WE DIDN'T FEEL IT WAS APPROPRIATE TO GIVE THEM OUT. THE DRIVERS FEEL DIFFERENTLY AND THEY'RE THE ONES WHO KNOW THEIR BUSINESS AND HOW IT WILL AFFECT THEIR DRIVERS AND WE HAVE GONE AHEAD AND ISSUING THOSE 15 ADDITIONAL PERMITS WITHIN THE NEXT THREE WEEKS. SO I GUESS THE BOTTOM LINE IS WE CAN EASILY ESTABLISH A NUMBER WE ARE TRYING TO AIM FOR, AND WHEN WE HIT THAT THRESHHOLD, THEN GO BACK AND SAY WE NEED TO ADD MORE PERMITS TO D.O.T. AS WE GO FORWARD.

>> COUNCILMEMBER HERRERA: YEAH I'D JUST LIKE TO SEE SOME SORT OF YOU KNOW NUMERICAL CALCULATION DONE OF SOME SORT OF INDICATOR, AND WHERE WE'D LOOK AT THE 300 AGAIN AND THAT DOESN'T CHANGE THE FACT THAT ANY STAKEHOLDER COULD BRING FORTH A CONCERN ABOUT IT BUT I WOULD LIKE SINCE THE AIRPORT IS SORT OF MONITORING IT, IT WOULD GIVE ME A BETTER COMFORT LEVEL IF YOU COULD DO THAT I WOULD APPRECIATE APPRECIATE THAT. I GUESS THE OTHER QUESTION IS THE MORATORIUM, HOW DOES THAT AFFECT COMPANIES HE NEXT YEAR? I KNOW YOU TOOK THAT INTO ACCOUNT THIS YEAR FOR NEW COMPANIES. HOW WILL THAT AFFECT COMPANIES NEXT YEAR?

>> SO COUNCILMEMBER, THE COUNCIL DID APPROVE THE CRITERIA TO ESTABLISH A MORATORIUM, ONE WENT INTO EFFECT ON JANUARY 25TH, KIND OF THE TWO KEY ECONOMIC INDICATORS THERE ARE HOTEL OCCUPANCY AND AIRPORT TAXICAB TRIPS FROM THE END OF 2009 DATA COMPARED TO 2008 DATA, IT WAS ALL DOWN. SO THE MORATORIUM DID GO IN EFFECT JANUARY 25TH. THE NEXT EVALUATION OF THAT WILL HAPPEN IN THE MID APRIL TIME FRAME AND IF THE INDICATORS ARE STILL DOWN, WE'LL CONTINUE WITH THE MORATORIUM FOR THE NEXT THREE-MONTH PERIOD WHICH WILL BE APRIL 25TH THROUGH JULY 25TH. SO THE DATA RIGHT NOW GIVEN WE'VE YOU KNOW SEEN SOME BOTTOMING OUT OF THE ECONOMY IT'S VERY CLOSE IN TERMS OF ACTIVITY. BUT THAT WOULD BE THE NEXT TIME

FRAME, IN TERMS OF HOW IT AFFECTS THIS, THAT REALLY DOESN'T. THAT'S REALLY LOOKING AT HOW THE POLICE DEPARTMENT AND ON A CITYWIDE BASIS DRIVER PERMITS ARE ISSUES. WHAT WE'VE BEEN MOSTLY FOCUSED ON THIS AFTERNOON ARE AIRPORT TAXICAB COMPANY PERMITS, A SUBSET OF AIRPORT PERMITS. SO THEY'RE INTERRELATED IN THE RESPECT THAT YOU HAVE TO HAVE A DRIVER PERMIT TO BE ABLE TO OPERATE AT THE AIRPORT BUT THEY'RE SEPARATE IN TERMS OF THIS IS A SUBSET OF THE SYSTEM.

>> JUST TO ADD TO THAT, THOUGH, WE HAVE MADE THE COMMITMENT IF ANY OF THESE COMPANIES WHO HAVE MET THE QUALIFICATIONS FOR THIS YEAR WHICH IS 15 DRIVERS OR 15 VEHICLES DROPS DOWN BELOW THAT NUMBER BECAUSE OF THE MORATORIUM WE WILL NOT HOLD THAT AGAINST THEM GOING FORWARD IN FUTURE ALLOCATIONS.

>> COUNCILMEMBER HERRERA: AND THAT INCLUDES NEXT YEAR'S AS WELL? THAT'S MY QUESTION. YOU APPLIED IT TO THIS YEAR I WANTED TO KNOW IF YOU WOULD CONTINUE THAT POLICY FOR NEXT YEAR. THAT'S A BASELINE, THEY NEED THE 15 DRIVERS TO OBVIOUSLY TO EVEN MAKE THE MINIMUM QUALIFICATION.

>> RIGHT, IF ANY OF THESE COMPANIES DO NOT MEET IT BECAUSE OF THE MORATORIUM WE WILL ALLOW THEM TO CONTINUE TO GET PERMITS.

>> COUNCILMEMBER HERRERA: AND FINALLY, YOU KNOW, THE AIRPORT COMMISSION HEARD THIS, I THINK IT WAS THE AIRPORT COMMISSION, AND THESE SAME QUESTIONS CAME UP BEFORE THE AIRPORT COMMISSION, AND THEY DIDN'T FORWARD A DIFFERENT RESULT TO US. SO THAT'S ANOTHER THING WE HAVE TO LOOK AT IS WHAT DID THEY DO, THEY SUPPORTED THESE RECOMMENDATIONS TO CONTINUE. SO I'M REALLY SUPPORTIVE AND I'M CONCERNED ABOUT BUSINESS IN GENERAL HERE FOR EVERYONE. AND AS THINGS MOVE FORWARD IF THERE'S OTHER WAYS TO DO IT I'M OPEN TO IT. BUT RIGHT NOW I HAVE TO SUPPORT WHAT I'M SEEING IN FRONT OF ME RIGHT NOW. WITH THE CAVEAT THAT WE WANT TO CONTINUE TO LOOK FOR WAYS TO ALWAYS IMPROVE IT AND MAKE IT MORE FAIR TO SMALLER COMPANIES.

>> COUNCILMEMBER LICCARDO: THANK YOU. I JUST HAD A QUESTION. I KNOW A COUPLE OF SMALLER COMPANY OWNERS AND I BELIEVE THEY'RE FROM AMERICAN AND U.S.A. EXPRESS IF I'M NOT MISTAKEN, BOTH CAME FORWARD EXPRESSING OPPOSITION TO THE CURRENT SYSTEM AND THEY'VE NOT BEEN ALLOCATED A MINIMUM NUMBER OF PERMITS. PRESUMABLY THEY DIDN'T QUALIFY. COULD YOU EXPLAIN WHAT IT IS THAT PRECLUDED THEM FROM QUALIFYING?

>> THERE ARE A COUPLE OF COMPANIES DID NOT QUALIFY BECAUSE THEY'VE NOT KEPT UP AND PAID THEIR BILLS. WE'VE ACTUALLY CANCELLED THEIR SYSTEMS AT THE AIRPORT. THERE ARE A COUPLE OF COMPANIES THAT DO NOT HAVE DISPATCH SYSTEMS THAT ARE APPROPRIATE FOR THE AIRPORT. I BELIEVE THEY WERE TOO LOW OF THE NUMBER OF DRIVERS OR VEHICLES AT THAT POINT ALSO.

>> COUNCILMEMBER LICCARDO: OKAY SO THEY EITHER DIDN'T HAVE THE DISPATCH SYSTEM THEY WERE REQUIRED TO INVEST IN OR THEY DIDN'T MEET THE MINIMUM NUMBER OF CABS OR DRIVERS?

>> RIGHT.

>> COUNCILMEMBER LICCARDO: THAT SYSTEM COSTS SOMEWHERE ON THE ORDER OF \$100,000 OR MORE IS THAT RIGHT?

>> I THINK IT DEPENDS. WE HAVE HEARD FROM ONE COMPANY THAT INDICATED THAT WAS THE COST. IN SOME OF THE RESEARCH WE'VE DONE, WE'VE IDENTIFIED SYSTEMS THAT WOULD MEET OUR REQUIREMENTS THAT ARE LESS THAN THAT. I'M SURE THERE ARE SYSTEMS THAT WOULD MEET OUR REQUIREMENTS THAT WOULD COST MORE THAN THAT. SO IT'S A LITTLE BIT OF THE MARKETPLACE INVOLVED IN THAT.

>> COUNCILMEMBER LICCARDO: SURE, WELL THANK YOU BOTH.

>> COUNCILMEMBER HERRERA: I HAVE ANOTHER QUESTION.

>> COUNCILMEMBER LICCARDO: YES, ROSE.

>> COUNCILMEMBER HERRERA: IN TERMS OF THE DISPATCH SYSTEM AND THE SOFTWARE AND HARDWARE THAT YOU'RE REQUIRING THE COMPANY TO PURCHASE, IS THAT GOING TO ALLOW THEM TO PROVE THAT THEY ARE HAVING TRIPS THAT ORIGINATE FROM OUTSIDE THE AIRPORT, THAT'S PART OF THE THINKING THERE?

>> YES, AND IT ALSO --

>> COUNCILMEMBER HERRERA: WITH GPS AND WITH THE SYSTEM YOU'LL BE ABLE TO SHOW THAT YOU'RE GENERATING BUSINESS THROUGHOUT SAN JOSÉ AND NOT JUST RESPONDING TO THE AIRPORT?

>> EXACTLY, COUNCIL. ENSURES THAT WE GET ACCURATE DATA THAT THERE ARE NOT DOUBLE COUNTING OF TRIPS AND ACCURATE DATA FOR TRIP REPORTING WHICH IS A VERY IMPORTANT ELEMENT OF WHEN YOU'RE ALLOCATING PERMITS BASED ON TRIP COUNTS YOU WANT TO ENSURE THAT THEY'RE ACCURATE, THE DATA CAN'T BE MANIPULATED AND THAT'S A CRITICAL ELEMENT IN ENSURING THAT CURSE.

>> COUNCILMEMBER HERRERA: IN TERMS OF WHY YOU WANT TO DO THAT AND AGAIN THIS ALL PRECEDED THE DECISION ON THIS THANKFUL I WASN'T THERE TO HAVE TO MAKE TO FIGURE THE SOLUTION TO THIS THING, IT SOUNDS LIKE YOU KNOW IT'S IMPORTANT AGAIN TO HAVE, WE WANT TO SEE BUSINESS AND COMPANIES THAT SUPPORT ALL OF SAN JOSÉ AND NOT JUST EVERYONE ZEROING IN ON THE AIRPORT. SO THAT'S ONE OF THE REASONS WE HAVE INCLUDED THIS TRIP GENERATION OUTSIDE THE AIRPORT AS A MAJOR FACTOR.

>> THAT IS ONE OF THE MAIN REASONS. SERVICE TO THE NEIGHBORHOODS AND THE FARTHER-OUT AREAS OF SAN JOSÉ WERE NOT GETTING THE LEVEL OF SERVICE THE AIRPORT WAS. OR THAT EVEN DOWNTOWN WAS. THIS IS THE WAY TO ENCOURAGE BUSINESSES TO TRY AND DEVELOP THAT NEIGHBORHOOD BUSINESS TO DEVELOP THEIR DISPATCH SYSTEMS WHERE MOST OF THE TRIPS IN SAN JOSÉ ARE GENERATED. SO YES, YOU'RE RIGHT ON POINT WITH THAT.

>> COUNCILMEMBER HERRERA: SO ONE LAST QUESTION I PROMISE IT'S MY LAST ONE. THE SMALL BUSINESSES, LET'S SAY THEY'VE INVESTED THE 101,000 OR THE 75,000 OR WHATEVER COST TO DO THE COMPUTER, THEY'VE GOT 15 EMPLOYEES BUT BY THEIR NATURE THEY'RE SMALLER. SO HOW WOULD THEY EVER GENERATE ENOUGH -- WOULD THEY BE ABLE TO IN YOUR MIND GENERATE ENOUGH TRIPS GIVEN THAT THEY'RE SMALLER THAN A MUCH LARGER COMPANY TO BE ABLE TO REALLY EFFECTIVELY COMPETE? I JUST WANT TO BRING THAT BECAUSE I THINK THAT'S THE QUESTION THAT PEOPLE HAVE.

>> IN THE SHORT TERM I DON'T BELIEVE THEY'RE GOING TO GENERATE THE LEVEL OF TRIP ACTIVITY AND BUSINESS THAT THE LARGER MORE ESTABLISHED COMPANIES HAVE. I DON'T SEE THAT AS REALISTIC. VERY FEW SMALL BUSINESSES REQUEST GET TO THAT POINT IN TIME BUT OVER TIME AS WE WERE DEVELOPING THIS MODEL WE DID SEE A NUMBER OF SMALL COMPANIES THAT WERE ABLE TO GROW FROM VERY SMALL ORIGINATION TO BECOME SOMEWHAT LARGER COMPANIES. AND TO DEVELOP THAT BUSINESS OVER TIME. SO CERTAINLY, CAN MAYBE COMPETITIVE, THEIR COST STRUCTURE CAN BE LOWER IN SOME INSTANCES AND THEIR ABILITY TO ATTRACT DRIVERS WITH THAT COST STRUCTURE CAN ALSO BE AWAY TO HELP THEM GROW. IT IS A SYSTEM THAT WILL TRY AND HELP COMPANIES DEVELOP OVER THE LONG TERM TO TRY AND COMPETE AND BE REWARDED TO THAT SERVICE THAT THEY'RE PROVIDING TO SAN JOSÉ. THERE ARE A NUMBER OF FEATURES IN THE SYSTEM, THERE'S THE CITY MARKET, THERE'S THE AIRPORT MARKET THAT DRIVERS WERE ALLOCATED A CERTAIN NUMBER OF PERMITS SO WE'VE TRIED TO PROVIDE A NUMBER OF DIFFERENT WAYS WHERE BUSINESS CAN BE GENERATED AND WHERE DIFFERENT STAKEHOLDERS IN THE SYSTEM CAN RECEIVE, YOU KNOW, A REASONABLE OPPORTUNITY TO TRY AND GENERATE BUSINESS.

>> COUNCILMEMBER HERRERA: I HAVE ONE MORE QUESTION. AND SO OF ALL THE -- AND THIS SOUNDS GREAT. SO WHICH COMPANY OUT OF THE SMALL ONES HAS SHOWN THE MOST IMPROVEMENT OR HAVE, YOU KNOW, GENERATED INCREASED ABILITY TO GO TO THE AIRPORT IN THE WAY THAT YOU'RE DESCRIBING?

>> RAINBOW CAB WHO HAS NOT -- DECIDED NOT TO DEVELOP THEIR DISPATCH SYSTEM IS COMPLETELY OPERATING OFF AIRPORT AND THEY ARE THE ONES THAT SHOWED THE MOST GROWTH AS WE DEVELOPED THE SYSTEM. SO THEY DID THAT COMPLETELY THROUGH THEIR DISPATCH BUSINESS AND SYSTEM AND REALLY LARGELY AVOIDED PARTICIPATING IN THE AIRPORT SYSTEM. THEY DIDN'T WANT THE EXTRA PERMIT REQUIREMENTS ASSOCIATED WITH THAT BUT THEY'VE DEMONSTRATED THAT ABILITY TO DO THAT, SO THEY'VE DONE FAIRLY WELL IN THAT RESPECT.

>> COUNCILMEMBER HERRERA: DO WE KNOW THE TRIP GENERATION IN THAT RESPECT OR?

>> WHEN THEY WERE PREVIOUSLY REPORTING I DON'T KNOW THE EXACT NUMBERS BUT IN COMPARISON THEY WERE PART OF THE ORIGINAL ALLOCATIONS OF COMPANY PERMITS AND THEY WERE NOT AT THE LEVEL THAT YELLOW WAS BUT CERTAINLY ONE OF THE LARGER COMPANY ALLOCATIONS. FROM WHAT YOU SEE HERE.

>> COUNCILMEMBER HERRERA: AND THEY STARTED OFF WHAT LEVEL?

>> STARTED OFF A VERY SMALL COMPANY, I THINK A MINIMUM WHEN THEY STARTED OFF.

>> COUNCILMEMBER HERRERA: THANK YOU VERY MUCH.

>> COUNCILMEMBER LICCARDO: NOW THAT THAT QUESTION WAS ASKED I'M SORRY TO GO BACK. RAINBOW HAS ZERO COMPANY ALLOCATIONS. IS THAT RIGHT?

>> THIS TIME?

>> COUNCILMEMBER LICCARDO: YES.

>> YES.

>> COUNCILMEMBER LICCARDO: AND THEY HAD ZERO BEFORE OR HOW DID IT WORK?

>> THEY WERE -- WHEN WE IMPLEMENTED THE SYSTEM BACK IN 2004-2005 THEY WOULD HAVE RECEIVED THE STANDARD NUMBER OF SEVEN LIKE EVERY OTHER COMPANY.

>> COUNCILMEMBER LICCARDO: RIGHT.

>> WHEN WE MOVED FROM THE POINT OF EVERYBODY GETTING THE EQUAL DISTRIBUTION NUMBER, TO THEN HAVING TO EARN THEM BY HAVING THE MINIMUM 15 CABS AND THE DISPATCH SYSTEM, THEY CHOSE NOT TO ESTABLISH THAT DISPATCH SYSTEM. THEY FELT THE ONE THAT THEY HAD WAS FINE AND THEY COMPLETELY WENT TO JUST OPERATING IN THE CITY.

>> COUNCILMEMBER LICCARDO: AND THEY'RE STILL GROWING, RIGHT?

>> I WOULD IMAGINE THEY'RE STILL DOING WELL THEY HAVE WIDE A NUMBER OF CABS OPERATING.

>> COUNCILMEMBER LICCARDO: RIGHT. AND I THINK THE FACT THAT SIX SMALL COMPANIES HAVE ALL GROWN IN ALLOCATION I THINK THAT'S A REAL TESTAMENT TO THE FACT THAT THERE'S SOME COMPETITION HERE SO ANYWAY THANK YOU GENTLEMEN. OKAY THE MOTION IS ON THE TABLE. ALL IN FAVOR? NONE OPPOSED, THAT PASSES UNANIMOUSLY. THANK YOU. WE'LL MOVE ON TO ITEM NUMBER 7, STREET LANDSCAPE MAINTENANCE STATUS REPORT.

>> COUNCILMEMBER LICCARDO: WELCOME.

>> GOOD AFTERNOON MEMBERS OF THE COMMITTEE. I'M KEVIN O'CONNOR, DEPUTY DIRECTOR OF OUR CONSTRUCTION AND MAINTENANCE DIVISION IN TRANSPORTATION. WITH ME TODAY IS DIANE MILOWICKI, OUR DIVISION MANAGER FOR TRAFFIC MAINTENANCE AND LANDSCAPE SERVICES PROGRAMS. TODAY WE'RE GOING TO BE PRESENTING A STATUS REPORT ON OUR LANDSCAPE SERVICES PROGRAM. AS YOU ALL ARE ACUTELY AWARE WE'VE EXPERIENCED SIGNIFICANT REDUCTION NECESSARY OUR LANDSCAPE MAINTENANCE PROGRAM OVER THE YEARS. LAST MARCH WE PRESENTED TO THE COMMITTEE AND THEN FOLLOWING TO THE COUNCIL SEVERAL STRATEGIES THAT WE ARE IMPLEMENTING TO REDUCE OUR MITIGATE THE IMPACTS OF OUR REDUCTIONS IN LANDSCAPE MAINTENANCE. TODAY WE'D LIKE TO GO OVER THOSE WITH YOU AND JUST LET YOU KNOW WHERE WE ARE AND I'D ASK DIANE TO START THAT PRESENTATION.

>> GOOD AFTERNOON. SO TODAY, WE WILL BE PRESENTING YOU WITH A STATUS UPDATE ON THE THREE PRIMARY STRATEGIES THAT WE HAVE BEEN IMPLEMENTING TO TRY MITIGATE THE NEGATIVE IMPACTS OF THE ONGOING BUDGET REDUCTIONS IN THE LANDSCAPE PROGRAM. AND THE THREE STRATEGIES THAT ARE THE FOCUS OF THE STATUS REPORT THAT YOU HAVE ARE CONVERSION EFFORT FROM TYPE 2 DESIGNS TO TYPE 1. THE EXPANSION OF OUR NETWORK OF SPECIAL FINANCING DISTRICTS. AND REVAMPING, EXPANDING AND BUILDING MORE COMMUNITY AWARENESS OF OUR ADOPT A STREET PROGRAM, AS WELL AS THE CREATION OF A VOLUNTEER POLICY, AND EXPANDING OPPORTUNITIES FOR PEOPLE TO VOLUNTEER TO HELP US WITH LANDSCAPE MAINTENANCE. SO AS YOU ARE AWARE, WE CURRENTLY HAVE APPROXIMATELY 234 ACRES OF MEDIAN ISLANDS AND ROAD SIDES THAT ARE MAINTAINED WITH CITY FUNDS. AND WE ALSO HAVE A CURRENT NETWORK OF 18 SPECIAL FINANCING DISTRICTS THAT MAINTAIN 317 ACRES OF LANDSCAPE THROUGH PROPERTY ASSESSMENTS. A NUMBER OF FACTORS HAVE COME TOGETHER TO RESULT IN WHAT WE'RE CURRENTLY EXPERIENCING AS A DRAMATIC

OVERALL DECLINE IN THE CONDITION OF CITY FUNDED LANDSCAPE. AND SOME OF THOSE FACTORS INCLUDE A SYSTEM EXPANSION THAT HAS TAKEN PLACE OVER THE LAST 15 YEARS WHILE WE'VE BEEN EXPERIENCING THE RESOURCE REDUCTIONS. AND AGAIN, NINE CONSECUTIVE YEARS OF BUDGET REDUCTIONS. ULTIMATELY RESULTING IN A PROGRAM THAT IS SERIOUSLY UNDERFUNDED. WE ARE CURRENTLY FUNDED AT APPROXIMATELY \$1.3 MILLION WHICH INCLUDES AROUND -- JUST AROUND \$400,000 FOR WATER AND ELECTRICITY. SO WHEN YOU REALLY LOOK AT THE MONEY THAT'S GOING INTO CITY STAFF RESOURCES AND WE'RE AT -- SITTING AT AROUND \$900,000. OUR CONDITION OF CITY FUNDED LANDSCAPE PEAKED IN 2001 AT 87% GOOD CONDITION, THE MOST RECENT SURVEY THAT WE'VE DONE INDICATES THAT WE'RE CURRENTLY AT 35% IN GOOD CONDITION ACROSS THE CITY. SO THE -- ONE OF THE PRIMARY STRATEGIES THAT WE HAVE IMPLEMENTED IS A CONVERSION EFFORT THAT CONVERTS TYPE 2 DESIGNS TO TYPE 1. SO AS YOU'RE AWARE, THE CITY CURRENTLY HAS TWO DESIGN STANDARDS. WHAT WE REFER TO AS TYPE 1 IS THE CITY-MAINTAINED STANDARD THAT INCLUDES TREES AND THINGS LIKE DIRT, ROCKS, MULCH, NONLIVING, NONORGANIC GROUND COVER. AND THEN TYPE 2 IS REALLY MEANT TO BE THE DISTRICT-MAINTAINED STANDARD, TREES, SHRUBS, OTHER FLOWERS, OTHER SORTS OF ORGANIC MATERIAL, PAVERS, OTHER KINDS OF AMENITIES. AND BECAUSE THE TYPE 2 DESIGNS, THERE HAS BEEN AN EXPANSION IN THE NUMBER OF ACRES OF TYPE 2 DESIGNS AT THE SAME TIME THAT WE'RE REDUCING OUR RESOURCES THAT ARE AVAILABLE TO MAINTAIN THEM. IT HAS MADE SENSE TO BEGIN THE CONVERSION EFFORT TO MOVE THOSE TYPE 2 DESIGNS DOWN TO TYPE 1. AND THAT IS BEING DONE, NUMBER ONE, TO LOWER MAINTENANCE REQUIREMENTS AND TO PROVIDE LANDSCAPE DESIGNS THAT ALLOW FOR MORE EFFICIENT WEED ABATEMENT, MORE EFFICIENT LITTER AND TRASH AND DEBRIS REMOVAL FROM THOSE AREAS, AND ALSO, PROVIDE FOR SOME DIRECT SAVINGS IN WATER -- IN THE COST FOR WATER CONSUMPTION. BECAUSE AS WE ARE CONVERTING THESE AREAS, WE ARE TURNING OFF THE IRRIGATION SYSTEMS IN THOSE AREAS BECAUSE THEY ARE NO LONGER NEEDED TO SUPPORT PLANT MATERIAL. SO YOU SEE PICTURES THERE OF WHAT WE WOULD SAY WOULD BE A TYPICAL TYPE 1 DESIGN, THE COLEMAN AREA AND ONE IS WHAT A TYPE 2 DESIGN COULD LOOK LIKE. AND HERE YOU SEE MORE RECENT EXAMPLES DURING THIS CONVERSION EFFORT THAT WE HAVE BEEN UNDERTAKING. YOU SEE TWO EXAMPLES OF HOW THAT CONVERSION ULTIMATELY RESULTS IN A LOCATION THAT BECOMES EASIER TO MAINTAIN. THE TOP SET OF PICTURES SHOWS AN AREA WHERE WE HAD OVERGROWN PLANT MATERIAL THAT REQUIRED FREQUENT MAINTENANCE TO KEEP IT TRIMMED BACK AND OUT OF THE PUBLIC RIGHT-OF-WAY. AND THE BOTTOM SET OF PICTURES SHOWS A LOCATION WHERE THE PLANT MATERIAL HAD COMPLETELY DIED AND WAS JUST SITTING THERE. SO IN BOTH CASES, PLANT MATERIAL WAS REMOVED AND REDUCED BACK TO A LEVEL THAT JUST INCLUDES TREES AND DIRT, I THINK, IN BOTH CASES. THE SECOND STRATEGY THAT WE HAD IDENTIFIED IN OUR PRESENTATION IN MARCH WAS THE EXPANSION OF OUR SPECIAL FINANCING DISTRICT NETWORK. AND WE, AS I MENTIONED CURRENTLY, HAVE A NETWORK OF 18 OF THESE DISTRICTS. AND THIS YEAR WE IDENTIFIED EIGHT PRIORITY LOCATIONS THAT WE ARE GOING TO EXPLORE FOR POSSIBLE LOCATION OF NEW DISTRICTS. WE'VE TARGETED FOUR FOR THIS FISCAL YEAR, FOUR FOR NEXT FISCAL YEAR. AND WE ARE CURRENTLY IN THE PROCESS OF THE OUTREACH WORK THAT IS NECESSARY TO CONNECT WITH THE MAJOR PROPERTY OWNERS IN EACH OF THOSE EIGHT LOCATIONS TO DETERMINE THEIR SUPPORT AND INTEREST LEVEL IN ACTUALLY FORMING NEW DISTRICTS IN THOSE LOCATIONS. AND OUR THIRD STRATEGY IS AGAIN THE EXPANSION OF VOLUNTEER SUPPORT AND PARTICIPATION, AT SOME LEVEL, IN HELPING US TO MAINTAIN AND PRESERVE SOME LEVEL OF LANDSCAPING THROUGHOUT THE CITY. WE COMMUNICATED WITH ALL THE COUNCIL OFFICES THE INFORMATION THAT IS AVAILABLE TO US ON LANDSCAPE PARCELS IN EACH OF THOSE DISTRICTS AND THROUGH THAT COMMUNICATION AND COORDINATION WITH THE COUNCIL OFFICES THROUGH SOME PRETTY FOCUSED COMMUNITY OUTREACH THAT HAD RESULTED FROM THAT COMMUNICATION WITH THE COUNCIL OFFICES, AND ALSO, THROUGH THE IMPLEMENTATION OF A NOTIFICATION PROCESS THAT WE BEGAN THIS YEAR WHEN WE IDENTIFY A CONVERSION LOCATION THAT WE INTEND TO CONVERT BACK TO TYPE 1, WE ARE NOW POSTING THOSE LOCATIONS FOR A PERIOD OF TIME PRIOR TO DOING THE WORK. AND SO THE COMBINATION OF ALL THREE OF THOSE THINGS HAS RESULTED IN INCREASED

PUBLIC AWARENESS OF OUR LANDSCAPE PROGRAM, LANDSCAPE SERVICES, AND THE FACT THAT WE ARE NOT CURRENTLY FUNDED AT A LEVEL THAT IS NECESSARY TO PROVIDE PROPER MAINTENANCE FOR ALL OF THE CITY'S LANDSCAPE. AND BECAUSE OF THAT WE HAVE HAD QUITE A NUMBER OF LOCATIONS AN INCREASE IN THE AMOUNT OF INTEREST AND THE NUMBER OF LOCATIONS WHERE PEOPLE HAVE EXPRESSED THEIR INTEREST IN LOOKING AT ADOPTING SOME OF THESE PARCELS OR PARTICIPATING IN WHAT WE HOPED TO PROVIDE AS EVENT BASED CLEANUP ACTIVITIES THROUGHOUT THE CITY, RATHER THAN HAVING PEOPLE HAVE TO ENGAGE IN A LONG TERM COMMITMENT FOR MAINTENANCE, THEY COULD OPT TO PARTICIPATE IN A ONE-DAY EVENT WHERE WE CLEAN UP A LARGE AREA. SO ALL OF THIS ACTIVITY HAS INCREASED THIS YEAR, AND WE ARE WELL ON OUR WAY TO HAVING A VOLUNTEER POLICY FORMULATED THAT REALLY PROVIDES FOR THE SAFETY OF OUR VOLUNTEER PARTICIPANTS AND ENSURING THAT THEY ARE ABLE TO PROVIDE WORK THAT CONTRIBUTES TO OUR CORE SERVICES OBJECTIVES IN THE LANDSCAPE PROGRAM AS WELL. THERE ARE SOME CHALLENGES WITH THE VOLUNTEER, EXPANDING THE VOLUNTEER PROGRAM. AS YOU CAN IMAGINE, WE CURRENTLY DON'T HAVE A BUDGET TO DO THAT. WE CAN'T PROVIDE TOOLS AND MATERIALS TO THE VOLUNTEERS. AND WE'RE REALLY SORT OF COBBLING TOGETHER A COORDINATION EFFORT THAT IS UTILIZING CURRENT IN-HOUSE STAFF TO TRY TO MAKE ALL OF THAT WORK. BUT WE ARE SEEING POSITIVE RESULTS FROM THOSE EFFORTS AND PLAN TO CONTINUE TO GO DOWN THAT PATH. AND WITH THAT, WE WOULD BE HAPPY TO TAKE ANY QUESTIONS THAT YOU HAVE REGARDING THE CURRENT STATUS OF OUR LANDSCAPE PROGRAM.

>> COUNCILMEMBER LICCARDO: GREAT, THANK YOU, DIANE. COUNCILMEMBER HERRERA.

>> COUNCILMEMBER HERRERA: THANK YOU, CHAIR. THANK YOU FOR THE REPORT. AND I KNOW THAT THERE'S A LOT OF DISCUSSION I KNOW IF DISTRICT 8 ABOUT VARIOUS AREAS THAT HAVE BEEN DESIGNATED TO HAVE THE TYPE 2 CONVERTED TO TYPE 1. AND SOME PEOPLE HAVE ACTUALLY COME FORWARD I GUESS IT'S ON YOUR REPORT THERE ARE A COUPLE OF INSTANCES I THINK THE COMMUNITY'S BEEN WANTING TO COME FORWARD. HOW DO YOU DETERMINE WHETHER AN AREA WOULD BE A SPECIAL FINANCING DISTRICT VERSUS AN AREA WHERE YOU'D LOOK AT VOLUNTEER SUPPORT, OR HOW -- CAN YOU WALK ME THROUGH THAT?

>> WE LOOK AT A NUMBER OF FACTORS, IN TERMS OF THE SPECIAL FINANCING DISTRICTS, THE EIGHT PRIORITY AREAS THAT WE HAVE TARGETED AT LEAST INITIALLY, ARE AREAS WHERE WE WANT TO PROTECT THE CITY'S INVESTMENT, MOST OF THOSE AREAS HAVE BEEN RECENTLY DEVELOPED AND LANDSCAPED AT A HIGHER LEVEL THAN TYPE 1 WAS INSTALLED AT THE TIME OF THAT DEVELOPMENT. SO WE BELIEVE THERE IS INTEREST BY THE PROPERTY OWNERS NEAR THOSE LOCATIONS OR ADJACENT TO THOSE LOCATIONS TO KEEP THAT LANDSCAPE IN GOOD SHAPE AND TO PRESERVE SOME HIGHER LEVEL OF MAINTENANCE. SO WE'VE DONE AN ASSESSMENT ON WHERE THOSE LOCATIONS ARE, AND WHERE THERE WOULD APPEAR TO BE A LARGE ENOUGH AREA THAT COULD SUPPORT THE UP-FRONT COSTS AND THE ONGOING ADMINISTRATIVE WORK THAT IS REQUIRED TO ACTUALLY FORM AND THEN IMPLEMENT THE DISTRICT. THE VOLUNTEER AREAS ARE TYPICALLY MORE ISOLATED, SMALLER MORE IN RESIDENTIAL AREAS WHERE VERY MUCH ADJACENT TO PEOPLE'S HOMES, WHERE THEY HAVE A VERY SPECIFIC INTEREST IN KEEPING THINGS LOOKING VERY NICE. AND WE LOOK AT SAFETY CONCERNS THERE, WE LOOK AT TRAFFIC CONDITIONS IN THE ROADWAY, WHERE THAT LOCATION IS, WE LOOK AT WHETHER OR NOT PEOPLE ARE REALLY ABLE TO SUSTAIN A LONG TERM COMMITMENT TO THE VOLUNTEER EFFORT. REALLY WHAT WE FIND IN THOSE LOCATIONS IS PEOPLE WOULD LIKE TO PLANT NEW MATERIAL, THEY WOULD LIKE TO PLANT NEW FLOWERS OR NEW INFRASTRUCTURE AND THAT DOES PRESENT A CHALLENGE IN A LOT OF CASES BECAUSE THERE ARE TIMES WHEN THE PEOPLE WHO INITIALLY EXPRESS INTEREST DECIDE THAT THEY NO LONGER WANT TO CONTINUE TO MAINTAIN THAT LANDSCAPE. SO THEN WE HAVE INCREASED INVENTORY AND NO WAY TO KEEP IT GOING. SO WE HAVE A NUMBER OF THINGS THAT WE LOOK AT AND WORK INDIVIDUALLY WITH THOSE PEOPLE OR NEIGHBORHOOD GROUPS THAT COME FORWARD AND EXPRESS INTEREST.

>> COUNCILMEMBER HERRERA: SO THE ONES THAT ARE IN THE DISTRICT IT SOUNDS LIKE THEY'RE TYPICALLY AROUND BUSINESS AREAS TO NOT -- NOT JUST RESIDENTIAL.

>> TYPICALLY, YES.

>> COUNCILMEMBER HERRERA: SO THE THOUGHT IS THAT YEAH, THE BUSINESS OWNERS, THERE WOULD BE MORE OF A SUPPORT BASE TO ACTUALLY FUND THESE ON A BALLOT MEASURE?

>> YES.

>> COUNCILMEMBER HERRERA: WHAT ABOUT SOME OF THE RESIDENTIAL AREAS?

BECAUSE I'VE OFTEN WONDERED, IN DISTRICT 8, FOR EXAMPLE, THERE IS SOME SPECIAL ASSESSMENT DISTRICTS THAT EXIST FOR SEVERAL OF THEM, AND YOU KNOW, THERE ARE FOLKS THAT LIVE ADJACENT TO THOSE, THAT QUESTION HOW COME IT LOOKS BETTER A COUPLE OF BLOCKS YOU KNOW OVER, YOU KNOW WHY IS THERE LANDSCAPING KEPT SO NICE AND WHEN THEY FIND OUT THAT THE RESIDENTS ARE PAYING MORE TAXES, THERE'S ACTUALLY SOME POSITIVE REACTION THAT YOU KNOW HEY I'D PAY A LITTLE BIT MORE, IF MY STREET COULD LOOK LIKE THAT. IF THERE'S ANY THOUGHT TO LOOKING AT NEIGHBORHOODS WHO ARE ADJACENT TO THESE SPECIAL ASSESSMENT DISTRICTS? THEY MIGHT BE MORE IN LINE OR MORE APT TO SUPPORT A BALLOT MEASURE BECAUSE THEY ACTUALLY CAN SEE WHAT THEIR NEIGHBORS HAVE, NEXT DOOR.

>> WE HAVE A FEW CASES THAT CAN COME FORWARD EVEN THIS YEAR WHERE PEOPLE WHO EXPRESS INTEREST IN MAINTAINING A SPECIFIC LOCATION OR PAYING FOR THAT. AND WE ARE ABLE TO LOOK AT THE POSSIBILITY OF EXPANDING THE EXISTING DISTRICT TO INCORPORATE THAT AREA INTO THE EXISTING DISTRICT. IT INVOLVES SOME ENGINEERING WORK TO DETERMINE IF THAT'S REALLY POSSIBLE AND IF IT FITS WITHIN, WITHIN THE PARAMETERS OF THE DISTRICT AS IT WAS ORIGINALLY FORMED. BUT THAT IS A POSSIBILITY THAT WE CAN LOOK AT AS THOSE LOCATIONS BECOME KNOWN TO US.

>> COUNCILMEMBER HERRERA: IS THERE A CERTAIN DISTANCE FROM THAT, THAT YOU'D HAVE TO LOOK AT? BECAUSE I KNOW THAT SOME OF THEM HAVE -- IN THE AREAS I'M THINKING OF THEY HAVE THE RECYCLING PURPLE PIPE INFRASTRUCTURE FOR EXAMPLE. I MEAN I DON'T KNOW IF THAT -- THAT WOULD BE A LIMITATION I THINK, BECAUSE YOU WOULDN'T -- YOU'D HAVE TO EXPAND THAT I GUESS IF YOU WERE GOING TO KEEP IT IN THE SAME TYPE OF MAINTENANCE.

>> SO LET ME SEE IF I CAN HELP OUT HERE. THERE ARE A NUMBER OF DIFFERENT TYPES OF DISTRICTS THAT CAN BE INSTALLED IN AREAS DEPENDING ON WHAT THE COMMUNITY'S LOOKING FOR. THE APPROACH THAT WE'RE TAKING HERE WITH IDENTIFIED LANDSCAPING PARCEL IS THE MAINTENANCE DISTRICT TYPE FORMAT WHERE, BECAUSE OF THE PROPOSITION 218 REQUIREMENTS, THE PROPERTIES NEED TO BE DIRECTLY ADJACENT TO OR FACING THE PROPERTY, AND WHEN THAT'S THE CASE, WE GOT TO VOTE, THE VOTE IS WEIGHTED BASED ON THE ASSESSMENT VALUE OF THAT PARCEL, AND THEN IT'S A 50 PLUS 1% APPROVAL RATING. IN A LOT OF THE DISTRICTS WE HAVE AROUND OUR CITY ARE COMMUNITY FACILITY DISTRICTS WHICH ENCOMPASS A LARGE VARIETY OF SERVICES, MANY TIMES LANDSCAPING, OTHER AMENITIES. THOSE DISTRICTS ARE ESTABLISHED WITH TWO-THIRDS VOTE AND THEY'RE ESSENTIALLY A TAX. SO YOU DON'T HAVE TO BE EXACTLY ADJACENT TO THE LANDSCAPING PROPERTY BUT YOU'RE A VOTING AND IT'S A TWO-THIRDS REQUIREMENT TO TAX YOURSELF TO PROVIDE VARIOUS ENHANCED SERVICES THROUGHOUT THE AREA. SO PRESENTS DIFFERENT CHALLENGES FOR A NEIGHBOR THAT ISN'T BACKED UP TO OR ACROSS THE STREET FROM A MEDIAN ISLAND BUT WANTS THEIR AREA TO LOOK AS GOOD AS ANOTHER DISTRICT IT WOULD REQUIRE THAT COMMUNITY FACILITIES DISTRICT SET UP AND A TWO-THIRDS VOTE WHICH IS MUCH MORE HARDER TO ESTABLISH. AND MORE OUTREACH AND WORK WITH THE COMMUNITY VERSUS A BUSINESS OR A HOME OTHER THAN THAT IS LOOKING ACROSS THE STREET AT A MEDIAN ISLAND AND IT'S JUST THEIR ASSESSMENT VOTE. SO THERE ARE DIFFERENT NUANCES AND DIFFERENT ISSUES YOU HAVE TO FACE WHEN DOING THAT.

>> COUNCILMEMBER HERRERA: THANK YOU FOR CLARIFYING THAT. YEAH. THE LAST THING IS, IS WHAT'S COMING FROM NEIGHBORS THAT ARE TALKING ABOUT THIS ONLINE GROUPS AND THAT ARE DISCUSSING THIS WHOLE ISSUE OF THE LANDSCAPING AND MAINTENANCE, IS THEY'RE WONDERING CAN WE HAVE SOME MIDDLE GROUND BETWEEN REALLY YOU KNOW WONDERFUL PLANT LEAVE AND FLOWERS AND BARE GROUND? IS THERE SOMETHING THAT COULD BE SUGGESTED THAT WOULD PROVIDE DROUGHT RESISTANT YOU KNOW LOW

WATER USING KIND OF LANDSCAPING? I GUESS THAT WOULD BE AN IDEA FOR VOLUNTEERS, TOO, JUST TO KIND OF GET AWAY FROM THE PROBLEM. YOU WERE TALKING ABOUT WHERE MAKE WELL MEANING FOLKS WOULD PLANT THINGS THAT COULD CAUSE ISSUES GOING FORWARD. ARE WE SUGGESTING A PARTICULAR TYPE OF PLANT MATERIAL THAT MIGHT BE PLANTED OR CAN WE EVEN PROMOTE THAT IN SOME OF THESE AREAS WHERE WE'RE LOOKING AT TYPE 2 AND TYPE 1? BECAUSE I KNOW SOME OF THE INPUT HAS BEEN THAT YOU KNOW, GO AHEAD AND TAKE THIS STUFF DOWN BECAUSE IT'S A PAIN TO MAINTAIN ANYWAY AND IT'S YOU KNOW USES A LOT OF WATER AND IT'S DIFFICULT TO KEEP THE DEBRIS AWAY FROM IT SO IN SOME CASES, THE PLANTS THAT WERE THERE WERE NOT NECESSARILY THE BEST TO BEGIN WITH IF YOU WANT TO COMMENT ON THAT.

>> WELL, I THINK TWO QUESTIONS THERE, THE FIRST ONE, ARE WE LOOKING WHEN WE'RE PLANTING, DOING ANY LANDSCAPE DESIGN OR INSTALLATION, CERTAINLY WE'RE LOOKING AT LOW MAINTENANCE TYPE INFRASTRUCTURE AND THAT'S BEEN THE PRACTICE IN OUR PROGRAM FOR MANY YEARS.

PLANTING INFRASTRUCTURE THAT REQUIRES MINIMAL WATER, MINIMAL TRIMMING. UNFORTUNATELY, AND TO THE SECOND PART OF YOUR QUESTION, UNFORTUNATELY WITH TODAY'S RESOURCES WE'RE NOT EVEN ABLE TO MAINTAIN THAT. WE'RE LOOKING AT DOING TRUCK MOUNTED TYPE WEED SPRAYING WHERE WE CAN'T GO AROUND PLANTS. WE'RE LOOKING AT SHUTTING OFF IRRIGATION BECAUSE WE CAN'T AFFORD THE WATER EVEN THOUGH IT'S A MINIMUM AMOUNT AND THAT'S BEEN THE STANDARD FOR MANY YEARS. SO UNFORTUNATELY OUR CHOICES ARE TYPE ONE WHICH WE DESCRIBED AND TYPE 2 WHICH IS THE HIGHER END EVEN THOUGH IT'S LOW MAINTENANCE INFRASTRUCTURE LOW WATER CONSUMING INFRASTRUCTURE IT'S STILL TYPE 2, IT STILL DOES REQUIRE TRIMMING, FERTILIZATION, TRIMMING, AND WORK AROUND IT TO ABATE WEEDS AND LITTER THAT ACCUMULATES. SO THAT'S THE UNFORTUNATE REALITY THERE.

>> COUNCILMEMBER HERRERA: THANK YOU. MY LAST QUESTION IS IF ON THE VOLUNTEER SIDE THAT THEY VOLUNTEER TO TAKE CARE OF THIS WHAT ABOUT THE WATER, ARE WE WORRIED ABOUT THE USE OF WATER THEN? I IMAGINE THE SPRINKLERS OR THE IRRIGATION STILL STAYS ON, IN THAT CASE BUT HOW CONCERNED ARE WE ABOUT WATER USAGE GIVEN OUR BUDGET SITUATION?

>> IF WE HAVE LOCATIONS WHERE WE HAVE IDENTIFIED COMMUNITY SUPPORT WHERE THEY'RE WILLING TO KIND OF GO THROUGH THE FORMAL ADOPTION PROCESS, THEN WE ARE KEEPING THE IRRIGATION ON IN THOSE AREAS WHERE THEY ARE GOING TO BE MAINTAINING THEM. IN THE AREAS WHERE WE ARE HAVING CITY STAFF GO OUT THERE AND DO THE CONVERSION WORK, AND TAKE IT BACK TO TYPE 1, THOSE ARE THE LOCATIONS WHERE WE ARE SHUTTING DOWN THOSE IRRIGATION SYSTEMS AND SHUTTING OFF THE WATER ACCOUNTS.

>> COUNCILMEMBER HERRERA: AND THEY COULD BE RESTARTED AT A LATER DATE IF AND WHEN THINGS CHANGE AND FIND ANOTHER FUNDING SOURCE?

>> THEY CAN BE.

>> COUNCILMEMBER LICCARDO: VICE MAYOR? I HAD A QUESTION ABOUT PAGE 5, THE LIST OF LOCATION WHERE THERE SEEMS TO BE VOLUNTEER SUPPORT OR AN EXPRESSION OF DESIRE OF VOLUNTEER SUPPORT. I BELIEVE I'VE GOT A COUPLE OF STREETS THAT AREN'T ON THERE SO I'M A LITTLE CONCERNED. AND SO -- AND THE ONE THAT COMES TO MIND IMMEDIATELY IS NORTH SAN PEDRO, BUT I DON'T KNOW IF THERE MAY BE OTHERS, AS WELL, I HAVEN'T REALLY CHECKED IN WITH MY STAFF. I'M A LITTLE CONCERNED ABOUT THE FALLOUT OF WHAT HAPPENED TO OUR TREES WHEN WE GET THE CALL. I'M HOPING THAT BEFORE THE DECISION IS MADE TO SORT OF PULL THE PLUG SO TO SPEAK IF POSSIBLE YOU GUYS COULD CHECK IN ONE MORE TIME WITH THE COUNCIL DISTRICT OFFICES AND GIVE US THE LIST OF WHERE YOU'RE GOING AND THAT WAY AT LEAST WE CAN WARN YOU IF WE'VE HEARD RECENTLY THAT THERE'S A COALITION OF NEIGHBORS READY TO DIG IN.

>> SURE. AND WE DID MEET WITH STAFF FROM YOUR OFFICE A COUPLE OF MONTHS AGO. AND I THINK PERHAPS AS A RESULT OF THAT MEETING, WE'VE HAD SOME INTEREST SURFACE FROM SOME OF THESE AREAS. YOU MENTIONED THE SAN PEDRO AREA, THE HAWTHORNE AREA, ALSO THE OLINDER NEIGHBORHOOD. SO WE ACTUALLY DID HAVE A MEETING WITH THE VENDOME NEIGHBORHOOD ASSOCIATION ON THURSDAY EVENING AND

LOOKS LIKE WE'RE MOVING TOWARDS A SUCCESSFUL ADOPTION AGREEMENT WITH THEM PARTICULARLY IN THE HAWTHORNE AREA AND WE'RE LOOKING AT THE CHALLENGES PRESENTED BY THE SAN PEDRO AREA AS WELL AND WE ARE AWARE OF THAT AND WORKING THROUGH THAT AND WE WILL BE MEETING WITH THE OLINDER GROUP ON WEDNESDAY EVENING OF THIS WEEK JUST TO DETERMINE THEIR LEVEL OF INTEREST AND WHAT WE CAN DO TO SUPPORT THAT.

>> COUNCILMEMBER LICCARDO: OKAY, GREAT, I APPRECIATE THAT AND THANK YOU FOR TAKING THE TIME. I'D HEARD THAT YOU HAD GOTTEN OUT TO THE NEIGHBORHOOD SO THANK YOU FOR THAT. I GUESS MY PERSONAL BIAS IN ALL OF THIS IS THAT WE SHOULDN'T BE TOO RISK AVERSE WHEN DEALING WITH ADOPTIVE PARENTS. IF IN FACT THEY GO OUT THERE AND PLANT STUFF THAT MAYBE HARD TO MAINTAIN OR WHATEVER, IT SEEMS TO ME WE'RE NO WORSE OFF THAN WHERE WE STARTED AND THAT WE SHOULDN'T BE TOO CONCERNED ABOUT GETTING VOLUNTEERS OUT THERE IF THEY EXPRESS A DESIRE TO REALLY TO DO IT. AM I MISSING SOMETHING? IS THERE SOME DOWN SIDE RISK HERE THAT I'M IGNORING?

>> THE RISK THAT WE HAVE ACTUALLY EXPERIENCED IN THE PAST IS AS I DESCRIBED BEFORE, WHERE THERE IS A INITIAL INTEREST IN MAINTAINING THE LOCATION BUT PROPERTY OWNERS LEAVE THE AREA, THEY SELL THAT HOME TO SOMEONE ELSE WHO DOESN'T HAVE THAT SAME LEVEL OF INTEREST. OR IT JUST KIND OF, INTEREST WANES FROM THE GROUP.

>> COUNCILMEMBER LICCARDO: SURE.

>> AND THEN WE ARE LEFT WITH INVENTORY THAT HAS TO BE MAINTAINED BY OUR VERY, VERY MINIMAL STAFF. SO THAT'S THE ONLY RISK IS THAT WE'RE THEN FACED WITH THE PROSPECT OF INCREASED INVENTORY THAT CAN'T BE PROPERLY MAINTAINED.

>> COUNCILMEMBER LICCARDO: WELL, MORE SPECIFICALLY YOU ARE FACED WITH THE DECISION TO GO CHANGE THE TYPE AT THAT POINT, RIGHT? YOU THEN MOVE TO THE ROCKS AWAY FROM THE PLANTS.

>> AND WE ARE ABSOLUTELY WORKING WITH PEOPLE WHO ARE EXPRESSING THAT INTEREST AND IF WE CAN MAKE THAT WORK WE WILL.

>> COUNCILMEMBER LICCARDO: WHAT WORRIES ME IS THAT WE WOULD BE TOO RELUCTANT TO HAND OVER THE KEY SO TO SPEAK, KNOWING THAT YES, INTEREST MAY WANE BUT THEN WE'RE JUST GOING TO BE FACED WITH THE SAME DECISION ANYWAY. I JUST DON'T THINK WE'RE WORSE OFF BY TAKING THE RISK. BUT ANYWAY THANK YOU VERY MUCH, I APPRECIATE THE PRESENTATION ALL THE TIME YOU SPENT WITH THE COMMUNITY. WE DON'T NEED A MOTION DO WE? JUST --

>> ED SHIKADA: NO ACTION NEEDED.

>> COUNCILMEMBER LICCARDO: OKAY, GREAT. OH, THERE IS A RECOMMENDATION.

>> ED SHIKADA: TO ACCEPT THE REPORT.

>> COUNCILMEMBER HERRERA: MOVE APPROVAL OF THE RECOMMENDATION.

>> COUNCILMEMBER CHIRCO: SECOND.

>> COUNCILMEMBER LICCARDO: OKAY, ALL IN FAVOR, NEWSPAPER OPPOSED, THAT PASSES UNANIMOUSLY, THANK YOU VERY MUCH. HAVE A WONDERFUL DAY. WE HAVE TIME NOW FOR PUBLIC COMMENT. AND I SEE NOBODY JUMPING TO THEIR FEET. OTHER THAN RICHARD KEITH WHO IS TRYING TO LEAVE. BYE RICHARD. THIS MEETING'S ADJOURNED.