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--AUDIO DIFFICULTIES – JOINED IN-PROGRESS--

>> Alex Gurza: Tentative agreement is before you. We received notice yesterday from the bargaining units that they have been overwhelmingly ratified by the membership of those bargaining units. And we will be putting it on a council agenda. We anticipate it will be on the April 19th council agenda for your formal consideration and approval. We'll have an opportunity at that point to acknowledge the work done, but I wanted to take a moment to recognize and thank Nancy Ostrowsky, senior represent of IFPTE local 21, members of her team that are partially here today. They work very hard and collaboratively with our team to reach these very significant agreements and we're going to be continuing to work together with them because as we did with the firefighters, we have commitments to continue to work on the very significant issues, of retirement reform, sick leave payout, and others that we'll be looking forward to working with them. ABMEI and IBEW, the building inspectors and electricians as you recall, were originally part of the coalition, we're now meeting with them separately, and since last week you'll notice there has been some exchange of proposals. OE 3 K operating engineers, also some proposals exchanged and the proposals made by the bargaining units are in your packet. Also the association of legal professionals, there's a package and proposal in your packet. With AFSCME, we met most recently with them our team did yesterday. There's no new additional proposals from them at this time. And lastly, the Police Officers Association we have not received any proposals either single-issue proposals or package of proposals from the POA since the inception of bargaining. They did cancel the negotiations session that we have scheduled for this week. They indicate they are working on a package proposal, and anticipate having that for us when we meet next which is on April 7th. So that's the end of our presentation. I'd be happy to answer any questions you may have.

>> Mayor Reed: Thank you. Couples of requests to speak, we'll take that now, Nancy Ostrowsky and Brian Doyle.

>> Good morning everyone. We want to thank you for standing by us, as we celebrated our removing the tentative agreement last week. Besides all of of you we want to thank you and the city team led by Aracely Rodriguez and Gina Donnelly. The whole team. They were always professional to us, they always provided us the

information we needed in order to make our professional, correct assessment, and they never hesitated to be there in that high, very high road, in these very difficult times. So we know that you have a process, we look forward to it coming to a close really quickly for us. Because as Alex said we do have a lot of work ahead of us. So thank you. And we'll talk to you soon!

>> Mayor Reed: Brian Doyle.

>> Good morning, honorable mayor, councilmembers. You have our package proposal before you. We think it's a very reasonable proposal that was given in good faith. It gives the city what it has requested, a continued 10% cut in total compensation. The dollar value of this cut is approximately \$900,000 which is more than enough to cover the \$800,000 total unfunded liability for anything that could possibly be attributable to our unit members. It also covers the 60% of the \$800,000 that is attributable to pension plan members who have already left the system and are being paid out and no longer paying in. It would bring to our level of contribution, to all these pension liabilities, to approximately 24% of our pay. We believe that this level of contribution is above and beyond virtually every other workforce in this state. We hope that you will give our proposal favorable consideration. Thank you.

>> Mayor Reed: That concludes the public testimony. Anything to add Alex?

>> Alex Gurza: No, thank you mayor.

>> Mayor Reed: We're going to adjourn into closed session. We'll be back here at 1:30.

>> Mayor Reed: (gavel strike) Good afternoon. I want to call the San José city council meeting to order for March 29th, 2011. We'll start with the invocation. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. We're honored today to have reverend Dana Bainbridge with us today. She comes from a church right here in the shadow of City Hall. First Christian church, it's a remarkable place, it was founded in 1868. As part of the Christian church disciples of Christ. They've been committed for this well over a century now to get Christians to play well together, Dana says. Over the past two decades, though, First Christian has had a remarkable ministry in its commitment to our residents who are living on the streets. And the transformative work that they've been a part of, we'll see very soon. One manifestation, and I think in about a week, they're going to be moving forward the workforce supportive housing, in collaboration with the downtown streets team, helping people get off the street and into jobs. Phase 2 which will be rolled out shortly thereafter, I'm told, recovery cafe is a day center for people recovering from addiction where volunteers will be leading recovery circles, teaching all kinds of classes relating to wellness and recovery and relapse prevention. Reverend Bainbridge comes to us from Omaha, Nebraska. She's been here now for two and a half years, has hit the ground running and doing extraordinary things here in our downtown. We're very grateful for her leadership. The motto that she often lives by, a quotation I know many of us love, from Margaret Meade, never doubt that a small group of thoughtful, committed people can change the world, for indeed it's the only thing that ever has. Welcome, Dana.

>> Thank you. I invite to you pray with me. I admit, in sitting there just now, I thought, I'm used to standing in a circle and holding hands when I do this. But please do know I sense we're closer than we appear. Pray with me, will you? Beautiful God, known by many names. Inner light, still, small voice, we pause here in this chamber to find our center. To open to the love that grounds us. As we listen to clamoring voices and competing claims, give us the vision to truly comprehend the common good. Grant us the ability to hear those who have not yet found their voice. We know that we face strained resources. Decisions that are not for the feint of heart. We pray that hard times will not make us hard. Give us hearts of flesh and not of stone. So we pray. Let us not raise our hands to vote without bowing our hearts to search for your wisdom. This we pray through the love that heals and transforms our world. Amen.

>> Mayor Reed: Thank you. We'll now do the pledge of allegiance. Everybody please stand. [pledge of allegiance]

>> Mayor Reed: Are there any changes to the printed agenda that we need to make under orders of the day? Motion is to approve orders of the day. All in favor, opposed, none opposed, that's approved. We will adjourn this meeting In memory of Betty Howard, a life long dedicated community activist, whose positive impact on the East San José community will always be remembered. For her work. Councilmember Campos has a few additional words.

>> Councilmember Campos: Thank you, mayor. Also wanted to acknowledge and thank Betty's family and extended family for being here. Betty opened a daycare in District 5 in East San José, going on two decades ago. And it has flourished and has raised a number of our kids that grew up in East San José. Betty Ann Howard was born in Pensacola Florida often January 6th, 1940. As a young age Betty and her family moved to San José and she made East San José her home for over 40 years. Betty had a great passion for children and started her career in child care as a recreational program director and preschool teacher. Shortly thereafter she returned to school and obtained her early childhood development credential from Diaz Anza College in 1982. Then in 1984 Betty started Betty Howard's Quality Daycare. Betty had an immense passion for the Eastside community, and her devotion to education made her an active member in variation organizations. Betty was a founding member of the Alum Rock educational foundation and a founding member of the concerned parents and community of Alum Rock. She was the chairperson of the parent advisory board of the Eastside boys and girls club and a founding member of the City of San José's strong neighborhood initiative. In 2004 Betty became involved with the small schools in the Alum Rock district, first with Lucia and then with the Renaissance academy. Betty -- the lives Betty touched are endless. And we are forever grateful for all that she has done and it will never be forgotten. My thoughts and prayers go out to Betty's family who have also joined us here today. Thank you.

>> Mayor Reed: Thank you, Councilmember Campos and thank you to Betty Howard's family for joining us. We appreciate your presence. Our next item is the closed session report. City Attorney.

>> City Attorney Doyle: The council met in closed session this morning. And there is a report out with regard to the appointment of director of transportation.

>> Mayor Reed: City Manager.

>> City Manager Figone: Thank you, Mr. Mayor and City Attorney. It's my pleasure to announce that the council has confirmed my appointment for the director of transportation which is Hans Larsen. And as Hans is coming down to the council I just wanted to highlight a few things that I think you all should know about Hans. Hans is a 26-year city employee. He's been acting director since 2009, which is I guess the ultimate test, Hans. Those of you who know Hans know that he has been just an outstanding employee over the 26 years that he has served this city. More recently and over his career he's just developed a real skill and expertise for both leading directly and then providing leadership as an acting director for big projects and small, regional and local. And as you all know, the Department of Transportation has an outstanding reputation for customer service as well as great technical expertise and I think Hans embodies that culture and will continue to lead us along those lines. He has many, many challenges ahead but also a great team to support him. They are all here today and so I would like you all to join me in congratulating Hans Larsen. [applause]

>> Hans Larsen: Thank you so very, very much, Mr. Mayor and members of the council. I want to express my deepest appreciation to you for your confidence in me to lead the San José Department of Transportation. I started to work for the city, my first job out of engineering school out of San José State University, and at that time I never imagined I would be in this position here today. But the city organization has really nurtured and motivated my professional growth, through inspired leadership, supportive training, and challenging work opportunities. And I stand here ready today to serve the organization and community in a greater capacity. I have to give thanks to some of the leaders that have guided my development over the years, and these include our recent San José D.O.T. directors Jim Helmer and Wayne Tonda. I also wanted to acknowledge the wonderful support that I received as acting director from the city administration, other department directors, our awesome workforce, and especially my management team including our assistant director Jim Ortbal, along with Kevin O'Connor, Laura

Wells, Manuel Pineda, Stephanie Belgian, and Rebecca Rodriguez. Also have to give thanks to my wonderful family, my wife Maria, my two boys, Hendrick and Steffen. They provide me with a very happy home life and important sense of balance. Our mission in D.O.T. is to provide the San José community with a safe and efficient surface transportation system and related facilities that support San José's livability and economic development. We are in times of great challenges where the City's overall fiscal stability may hamper our efforts to keep our system safe, reliable and in good condition. But I'm committed to work as part of a team to help overcome these city financial challenges and support all of the City's important services. At the same time, as Deb acknowledged, we have an incredible vision for the future that you've adopted. And that is guided by the Green Vision, our economic development strategy, and our proposed new general plan. Our transportation agenda is one of the boldest in the nation and has us working on things like BART and high speed rail, low energy street lights, planting more trees and a focus on active and healthy mobility with getting more people to walk and bike. It's with great pride to have the opportunity to serve San José as the new director of transportation and I thank you once again, Mr. Mayor, members of council, City Manager Deb Figone and I look forwards to continuing to work together as we solve the challenges of our time and continue to move San José forward as one of the great cities of the 21st century. Thank you again. [applause]

>> Mayor Reed: I'll take up the ceremonial items. I'd like to vital Councilmember Campos and the members of the Chavez family vision to join me at the podium. For those of you who have not been watching the calendars, Thursday is the birthday of Cesar Chavez. Cesar Chavez is an international figure who is beloved around the world. Everybody else admires Cesar Chavez, we do too, but we got local claim because Cesar started his work here, the international workers union was born here. And we're proud of a local son who has gone on to change the world. The group here behind me are part of the local effort to keep Cesar Chavez, not just his name but his vision alive. Councilmember Campos I think has some additional words to say about the Chavez family vision.

>> Councilmember Campos: Thank you, mayor. I'm very proud to honor the Chavez Medina family today. There was a march on Saturday, and as I was reflecting on that, I go back to childhood when my father and mother brought the work of Cesar alive to myself and my sister. I was talking to some people there and was addressing the group, I remember how much my father cherished and appreciated Cesar's friendship. He really appreciated

that and he brought back the values that Cesar instilled in many people and the lives that he touched. I think there's one thing we need to remember, not just the extraordinary work that Cesar did throughout his life but first and foremost Cesar was a labor leader. He was a labor leader when it was very, very unpopular to be a labor leader. He did it because he knew it was the right thing to do. And the correlation between being a labor leader and civil rights were intertwined. And that was the movement that Cesar led and he did that to his last days on earth. Even to this day Cesar Chavez's principles remaining relevant and sí se puede, knowing that we can always overcome everything if we can put our minds to it. He embodies the invaluable legacy he left for the world's benefit. In 1993, Rudy Chavez Medina organized San José's first Cesar Chavez commemorative march and rally, to promote the vision of equity, justice and dignity for all Americans. In 1998, Rudy and his family established the Chavez family vision. This advocates for the principles of nonviolence, utilizing volunteerism and encouraging public action in order to bring about positive actions to our society. I want to present the commendation to the Chavez family vision for the extraordinary efforts in keeping the legacy of Cesar Chavez alive and encouraging public action in order to bring about positive changes to our society. Thank you.

>> Mayor, Councilmember Campos and other councilmembers, I really appreciate the accommodation to the Chavez family vision. And you know all things that Xavier said are true and one of the other things that Cesar believed in was diversity. If you look at our board members, we have Bill Clydon, Melinda Chacon, Lynette -- excuse me -- Loretta Eberhart, we have Rita Chavez Medina, Abraham Andrade, Barbara Arranda and Leslie Rubacaba. Very diverse, very unique. We want to reflect the community, because Cesar's efforts were in the community. And the mayor is correct: This is where Cesar started his organizing, in the community in East San José. And we continue to work in East San José but throughout the entire city and we will continue to support city programs along with our programs. We appreciate the support this council has given us. We appreciate the support that you, community members, have given you us. And with that, never forget these three powerful words: Sí se puede. Thank you very much. [Clapping]

>> Thank you very much.

>> Mayor Reed: Like to invite Vice Mayor Nguyen, Councilmember Pyle and Fezbac of Persia as we welcome the Iranian new year nowruz in the City of San José.

>> Councilmember Nguyen: Thank you, mayor. Joining us today and recognizing and celebrating the Iranian new year. As a city we are fortunate to have such a diverse population of residents with many different traditions and celebrations, all of it which makes our city very unique and provide us with an appreciation and understanding of our neighbors and their cultures. The Iranian new year, called nowruz, meaning day, is celebrated on the first day of Spring by people from Iran and many parts of Asia. On the very last day of the New Year's celebration known as Sadab Hadar, the Iranian people show their appreciation for nature by leaving their homes to spend time outdoors with the family. Ophilia Pardizad, publisher and owner of Peshwak of Persia, is here today to accept the proclamation. Serving the Persian community for over 20 years, with over 100,000 readers, Peshwak of Persia is the longest-running print publication serving the Iranian community in the Bay Area and is considered one of the most popular Iranian American publications in the United States. Today we are proud and honored to proclaim March 20th, 2011 as the Iranian New Year, and I would like Mayor Chuck Reed to present this proclamation to Ophelia and have her say a few words. Thank you. [applause]

>> Thank you. I must say that I am greatly thrilled to receive this award. The fact that this award is presented to me by Ms. Madison Nguyen, during her term as Vice Mayor of San José, is an added honor. I have read your biography and I'm very proud of you for all the contribution we should have done for the City of San José. I also would like to thank mayor Chuck Reed and all the councilmembers, in particular Councilwoman Nancy Pyle, and Rose Herrera, for recognizing the Iranian New Year, Nowruz, for the past two years, and also for recognizing the publication Peshwak of Persia. I would like to thank you for supporting Peshwak and trusting our professional quality. Your support means a lots to me. It is the recognition of a hard work, dealing more than 20 years. The publication, Peshwak, which means echo in the Persian language, was founded by the current editor Shahud Tahiri in 1991. Peshwak of Persia provides Iranian Americans with vital link to their language and culture to youth and discussion of Iranian literature, and films, current coverage of Iran and the rest of the world. After almost 20 years of publishing Peshwak of Persia we will continue to provide our readership with a means of staying in touch with their Iranian identity while living in the United States as well as staying up to date with issues that affect our

community and the world we live in. For the Iranian this is a great time of the year. We just celebrated our new year nowruz. Iran considers this to be the biggest celebration of the year. Nowruz means new day, it is the day that starts the new year, it is the beginning of spring. It is a great honor for all the Iranians living in the United States and most of all in the Bay Area to know that the City of San José has recognized nowruz. In conclusion I'm going back to Peshwak of Persia. It has been a lot of fun to work in this field and it has been very rewarding for me to be part of this publication and be able to contribute to the community and to meet so many interesting people. Now with your permission I would like to dedicate this award to the green movement in Iran and to all the freedom fighters all over the world. I am Ophelia Pardizad the CEO and the publisher of Peshwak of Persia, and I thank you very much. [applause]

>> Mayor Reed: We're going to have Vice Mayor Nguyen, Councilmember Pyle and Councilmember Herrera stay down here for the Assyrian new year association, as we recognize the Assyrian new year, Akitu in the City of San José. Councilmember Pyle.

>> Councilmember Pyle: Hello everyone. We all know that San José's greatest strength is its diversity of residents. They come from around the world and bring them with them, their celebrations of traditions and festivities. San José as you know has a very large and vibrant population that celebrates the Assyrian new year also known as Akitu. Celebrations start on the first day of spring equinox, this year, celebrating the year 6761. The Assyrian new year and the host of festivities that take place throughout the Assyrian new year provide an opportunity to experience the richness of Assyrian culture and foster an appreciation for ancient traditions. Accepting today's proclamation for the Assyrian new year is Alphonse Adishu, president of the Assyrian American association of San José. He is accepting on behalf of the Assyrian American association's children's programming committee, and the committee is dedicated to the preservation of Assyrian culture, language and heritage. The tireless volunteers spent Saturday morning teaching children Assyrian songs, history, dance and poetry. For the Assyrian new year they performed for an audience of over 800. So now, Alphonse Adishu, would you like to say a few words?

>> Honorable mayor Chuck Reed, Vice Mayor Madison Nguyen, councilmember, district 10, my councilmember, Nancy Pyle. Councilmember Rose Herrera. Respected members of city council of something. On behalf of the Assyrian American association of San José, I would like to express my deepest gratitude and sincere, heart felt thanks to the City of San José for recognizing the Assyrian new year. The akitu festival. The festival of spring and revival of nature and life on earth. We are celebrating the year 6761. Assyrians of today are the proud descendants of ancient Assyrians who contributed so much to the civilization of mankind. If you were to say creation of first alphabet, first written law, first library, mathematical concepts, astronomy and so many other things. Assyrians are scattered in 35 different countries, and hundreds of cities outside of their ancestral home land. Some 4,000 of us chose the beautiful City of San José as our home. Our young and educated Assyrians are a part of the workforce, for the high-tech industry in Silicon Valley. We have very successful businesses. And some of us work in public sector. We are trying to keep our heritage, culture, language and traditions, and that is so hard without a country and being scattered all over the world. We're trying to keep this culture, and added to the beautiful multicultural tapestry of San José. Assyrian American association of San José, with different committees, and exceptionally with children's programming committee, are teaching our youth and children our heritage, culture, and they're trying to teach them so they can pass the torch to the next generation. The members of this committee are very dedicated individuals, as Arbella Isabey, Alina Sergus, Selona Odishu, Jonte Duvone, Rachelle Vadal-Dornish, Yolanda Bebla. They work along with the executive board to accomplish their goal. Once again, thank you so much for the honor and formal recognition of the Assyrian new year. Thank you, honorable mayor, city council. Ms. Nancy Pyle. Thank you San José, and God bless America. [applause]

>> Mayor Reed: Next item to take up is the consent calendar. We have some requests to speak on the consent calendar. I'll take that now. David Wall.

>> David Wall: Sorry for the delay, folks. Transitional period and all what it is. There are quite a few items but I'm only going to focus on until we rectify being able to speak on different items on the consent calendar, I'm going to take 2.10, San José environmental innovation center project. Mr. Mayor, I don't think very many people have paid attention to Councilmember Constant's great contribution to the city. The budgeted funds guide, so if you would all -- if you carry it with you would you hold it up so that I can see that I know what you're talking about? Saying none,

I'm in the presence of people who have memorized it. Fund 423, all moneys received from residential solid waste generators as payments for services under the Recycle Plus! integrated waste management program, this is just one quote. This is where some of the moneys come from. This program before you, if you subtract out moneys you can't transfer to the General Fund, will net \$3.835 million to the General Fund if you obey what's called the fund restriction part. Quote, the city council may at any time transfer moneys in the integrated waste management fund to the General Fund, or to such fund of city -- of the city as determined by the city council; except from small balances from late fees, blah blah blah. In other words, you can transfer 13.833 million from this bogus environmental project back to the general fund to preserve San José police officers' jobs, San José firefighter jobs, the attorneys' jobs, auditors' jobs', code enforcement jobs, and a whole bunch of other city employees. This is a better use of this money until you get in such a financial situation you can invest further. But the bigger issue is, this 423 fund is a money maker, because later today, on today's agenda, under the prop 218, 7.1 on the agenda, you're actually going to raise rates. So we ask the question why do we raise rates if we have such a great fund balance to begin with? Thank you.

>> Mayor Reed: That concludes the public testimony on the consent calendar. Are there any items councilmembers would like to pull for discussion? We have -- I have request to discuss item 2.6 report from council liaison to the retirement boards, 2.9, the audit semi annual audit recommendations follow-up. We have a motion to approve the balance. All in favor, opposed, none opposed, that's approved. 2.6. Councilmember Constant, the liaison to the retirement boards.

>> Councilmember Constant: Thank you, mayor. I just wanted to advise the council that the Police and Fire retirement board has set a date to appoint the final member to the board. They have interviews scheduled for Wednesday, April 6th, in the morning, and it's anticipated that by the end of the meeting they will have the final board member recommendation for us to review at a future council meeting. Thank you.

>> Mayor Reed: Okay, just information no action. Item 2.9, semi annual audit recommendations follow-up report. I have some questions about that item. First to note that there are a lot of recommendation necessary there with financial impacts, there's 37 of them that have impacts of somewhere in excess of \$60 million. So that's

a good thing. There's some opportunities there to save some money. But for the auditor, I notice that some of the recommendations haven't had an update since the last report and does that indicate that nothing has happened on them?

>> Sharon Erickson: Frequently -- Sharon Erickson City Auditor. It may just mean that there was no reportable update since the last update. So since June of 2010, there wasn't any change in status that we needed to report to you. It doesn't mean that the recommendations aren't in process.

>> Mayor Reed: And some of them are meet-and-confer so there's that element.

>> Sharon Erickson: Exactly. So probably a quarter of all the recommendations or up to half the recommendations with budgetary impacts have meet-and-confer implications.

>> Mayor Reed: Two in particular I notice a police civilianization and a police department span of control, issues that have had some conversations but I'm guessing those are in the middle of conversations with the police union.

>> Sharon Erickson: I would assume so. Under the police MOA up to 15 positions can be civilianized. Any more than that would be subject to meet-and-confer. And I'm certain that we're meeting and conferring with the bargaining unit on any such positions.

>> Mayor Reed: And then for the City Manager, is it safe to assume that you'll be looking at these recommendations as part of putting together the budget where there are opportunities to save money?

>> City Manager Figone: Yes, it is.

>> Mayor Reed: And one final one that's the card rooms in terms of the title 16 changes that we have to do in order to implement all the things we've already agreed to do. The status of that, Rick's not there but maybe Ed Moran has a further report on that.

>> Yes, our staff has been meeting with the police and with the card room officers here in the city to try to come up with modifications to them. Carr Mitchell in our office and Nora Freeman have been working with others to try to get those as expedited as possible and we are working on changes.

>> Mayor Reed: I know you had previous recommendations on card rooms dealing with licensing and the speed of that. I don't know if you have had a chance to go back and look at the current status of that, or if that's on your work plan.

>> Sharon Erickson: We were not planning to go back in and look at it. I can tell you that the work permit process is dramatically faster now than it was at the time we reviewed it. Employee licenses are moving slower than we had hoped, but the Title 16 review is expected to be done sometime later this summer. And the department, I can assure you, has this on the top of the priority list. Part of what happens was in the course of us issuing the audit, we had a transition in leadership in the police department. They have a draft business plan on the chief's desk, it is my understanding, and he will be addressing those recommendations as soon as we can get title 16 changed.

>> Mayor Reed: Okay, thank you. Any other questions for the auditor or the City Manager on these audit recommendations? Okay, that concludes item 2.9. Motion to approve the two items we pulled for discussion, all in favor, opposed, none opposed, that's approved. Item 3.1. Report of the City Manager.

>> City Manager Figone: Thank you, Mr. Mayor. Members of the council I have two items to report on. First of all our bond sale associated with the convention center expansion. The bonds did go to market today. And early indications are positive. The underwriters are making today's release available only to retail or individual investors, a strategy to encourage the lowest interest rate for the city. The underwriters will begin accepting

orders from institutional investors starting tomorrow. And so by close of business tomorrow we will have a clear picture for the city's cost for these bonds and will begin work on closing the transaction, which we expect to be within the next few weeks. And the bond proceeds will be available on April the 12th. So we will provide an update on the results of the bond sale in Friday's weekly report. And then the second report is about one of our very special senior executives who is, today's last council meeting. And Albert Balagso, our long time and well respected director of Parks, Recreation, and Neighborhood Services is retiring this week. Albert began his career with the city in 1976 as a part time recreation leader. And he has been here ever since, devoting his life to both the department and the community. His career with the city includes a number of noteworthy accomplishments, probably chief among these is his role in developing the mayor's gang prevention task force, a nationally recognized model, being highlighted this week in Washington, D.C. at a Justice department meeting on youth violence. Over the past decade, Albert also oversaw the development of more than 35 parks, 25 miles of urban trails, and 11 new or expanded community centers. More recently, he's been advancing innovative new strategies to help the department move to higher cost recovery levels for their services. Albert's commitment to the community involvement and his special ability to connect with people has made him an unparalleled advocate for parks, youth and recreational services for residents of all ages. His dedication to engaging the community in decisions about park and recreational services has built strong bonds with the city that carry on with the San José park foundation. As he retires he leaves behind a well-respected department that is highly engaged in ensuring that all residents have opportunities to receive the services that they provide. Albert's departure will be a significant loss for the city, the department and for his senior staff colleagues and I will certainly miss him greatly. He has taught us all a lot about the importance and power of relationships and community-building and as I noted when I first announced his retirement I will have an announcement shortly on an interim director for the department but for now, please join me in thanking Albert for his 35 years of service with the city and wishing him the very best for a very well earned retirement. [applause]

>> Mayor Reed: Congratulations, and thank you Albert for your service. I just want you to know we expect to you take over one of the parks as part of an adopt a park program just for a little something to do in your retirement. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you. I just wanted to add to the praise. You know I know that everybody is there to take photos at the ribbon cuttings and you've had plenty of those, Albert. But what I think has been most extraordinary is during this incredibly difficult time, I can think of a couple of pools and four community centers that serve my residents that we would have had to shut down unless you and your team hadn't come up with very creative strategies to help bring nonprofits and other organizations in to help run these facilities which would otherwise be sources of blight in the community and now are serving thousands of residents every year. And I just want to express my gratitude from my community towards your ability to be creative in these very tough times. Thank you.

>> Councilmember Constant: Mayor, if I can add, too.

>> Mayor Reed: Yes, Councilmember Constant.

>> Councilmember Constant: Don't worry, Albert, I'm not going to give away any secrets. But Albert and I go way back to almost 20 years ago in project crack down where we used to work together mostly in Roosevelt park. It's been great to work with you at that level and then also get the opportunity to work with you at this level. Good luck in retirement, and we have those parks in District 1 for you to adopt. We'll expect to see you there, thanks.

>> Mayor Reed: That it, City Manager on your report?

>> City Manager Figone: Yes, mayor, thank you.

>> Mayor Reed: Okay. Let's move on to item 4.1, actions related to the installation of fuel cell based energy saver system for the ice center.

>> (inaudible).

>> Mayor Reed: Motion to approve. I think we're going to have a brief staff presentation.

>> Good afternoon. Nancy Kline, office of economic development. Great pleasure to be here today to tell you about a private partnership project with San José sharks ice, as well as with bloom energy. And in order to first speak about what exactly a solid oxide fuel cell is I want to introduce John Ruder who is the vice president of sales for bloom energy.

>> Thank you Nancy. Mayor, council, my name is John Ruder, and I'm an Almaden resident and also an employee of Bloom Energy. For those of you who aren't familiar with fuel cells, very simply, they're a way to make electricity chemically instead of from combustion. And a solid oxide fuel cell, a unique attribute is that it's made out of a metallic oxide that comes from sand, so it is very common. And we can put it in this flat form factor. As I'm sure you're well aware, Silicon Valley has done just fine figuring out ways to put flat bits of sand and put them on top of each other to make the cell phones and PCs that we all use today. Sharks ice is very well suited for this type of energy generation system, because to keep the ice at all the rinks at the appropriate levels for the hockey players and kids and families, it has a very solid around the clock 24 hour base load that is well suited to this type of technology. And in doing so the sharks organization would join a number of other prominent San José companies like Adobe, eBay, cypress semiconductor and some other lesser known companies like Walmart and google and FedEx. Thank you. If you have any other questions after Nancy goes, I'm happy to answer them.

>> Bloom energy is headquartered, does its R&D, and yes, manufactures its fuel cells just over our border. And as already noted, many employees for Bloom work and live -- or rather live in San José. Fuel cell technology as you just heard from John reduces the use of energy. And also provides cleaner energy. Both items are very important in terms of San José's Green Vision. Bloom's technology will also make sure that we reduce our carbon footprint. Also very important to our energy utilization and climate control plans. The technology calls for us to reduce and use wisely and since this is a city facility this becomes that much more important. The economic development strategy also calls for San José to be a leader in driving innovation, job growth and revenue. We also have a commitment to innovate, that and clearly show that we, in San José, use our own technology that is invented and developed here in our very own backyard. As you can see in the images above, the sharks ice facility is not only well loved, it's heavily used. Working with the -- our partner, the sharks, what we can do through

this project is allow us to strengthen ongoing operations at the facility, ensuring future use by yet tens of thousands more. And with that, John and I are both here to answer any questions you might have.

>> Mayor Reed: Thank you. I want to thank bloom energy and all the folks there for making this technology possible but really I want to thank most the sharks ice folks, Don Grelnick is here to speak in a little bit. I love talking about the ice center and the HP pavilion. As far as I know those are the only city owned buildings two of them that have a positive cash flow. And the reason we have funds to be able to do a fuel cell is because of the positive cash flow that's been generated by the operation at the ice center, thanks to the management of Silicon Valley Sports and Entertainment or San José sharks management, I don't know. It's the sharks, those folks, doing a great job. And the fact that we set aside money for maintenance in those two buildings is obviously when you walk into them and see the condition they're in compared to the condition of other buildings that we have, where we didn't have this public-private partnership and relationship. The fact that we have funds available, capital dollars to invest on operating dollars, is a very great thing and that's a big plus on this because while it will certainly help us on our Green Vision it will help save money immediately off of the cost of operating the ice center. And that's good for the city and it's good for the folks who like to use the ice center and it is very heavily used and I'm sure we'll hear something about it from Don Grelnick when he speaks about the level of use that happens there. So I'm going to be enthusiastic about supporting this. This is a good opportunity to use capital dollars to save money, something we have to do whenever we get the opportunity. I do want to note that in preparation for this meeting my staff did have conversation west Don Grelnick who will speak in a minute. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you, mayor Reed. I want to briefly thank Kim Walesh and Nancy Kline and your team for bringing this matter forward. The mayor's right I agree with him this is definitely one of the few centers or companies in our city that actually have a positive cash flow and which is a really good thing, especially in these difficult economic times. But you know, this fuel-based energy system is not only there to reduce our carbon footprint but also to improve the operation of the center. My understanding is that your utility cost right now are \$65,000 a month, so this is going to greatly reduce the energy bill. Which is a positive thing. And also various companies are trying out this technology that John actually mentioned, google, eBay and some of the other

corporations which is great and I think that we should be definitely one of the first cities to be the leader of this. But I also wanted to put a plug in for the ice center because it's in my council district which I'm very proud to have. This week the sharks ice and the City of San José is hosting the U.S.A. hockey boys tier 2 national championships where we have 34 teams from throughout the United States coming here to compete. So this will really attract a lot of visitors to the city and of course it's going to boost our economy here in the City of San José.

>> Great T.O.T. generator.

>> Councilmember Nguyen: Yes, all in all it's a great project, thank you for bringing this forward and I'm enthusiastically supporting it. Thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I too want to join in saying this is a very great thing. I think any time we have a chance you know there's a saying, you got to eat your own dog food, and so we are promoting high tech and then we're able to have an operation that's going to be using this to save energy cost. I think that's fantastic. The other great thing is this is not going to have an impact on the General Fund. Even though you are seeing here an allocation of 2 million, coming from RDA sources, even though we know RDA has been dealing with some troubled times, I really like the creative way this has been done, so that in the event it can't, that there's a backstop and the money would be paid back. So there's not a threat, it's been totally taken care of in the way this is worked. And I even understand that in the event there is some great savings in terms of energy cost that there's some cost-sharing that will come back to the City of San José. So I really like the way this agreement has been structured and congratulations.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you. And John I want to tell you I bought a Prius since I have seen you last. I tried out his before that. I would like to ask a question but I hope I'm not embarrassing anyone. I just wanted to

know what kind of an ROI would this be? It's got to be substantial. In other words, it will go from how much per month? 31 -- \$32,000 a month to what would be the difference? On a monthly basis?

>> Just -- part of that, let me just -- Nancy Kline, economic development. The bills monthly are a minimum of \$65,000. And the energy savings through the fuel cell will immediately recognize about 12% on a monthly basis. The other fact that you might be thinking of is 85% will in effect come off the grid. That is that statistic and differential. So there will be 85% that they'll be energy independent off PG&E. But it will result in a 12% monthly or overall annual savings.

>> Councilmember Pyle: I just want to say we just put in a new whole foods in District 10. Nancy I think I was with you and we went in the back and looked at the fuel Cell there. I wonder -- John -- you have had a chance to see that?

>> It's his competitor.

>> Councilmember Pyle: But it doesn't take up that much room, does it?

>> No.

>> Councilmember Pyle: So it would be on the back side of the building?

>> Uh-huh. If you see them on eBay, these are five different cells and they look artful and they are bloom boxes.

>> Councilmember Pyle: I'm delightful that we have this technology to put to good use. Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, I'm going to again follow up and say thank you for your work on this a great partnership, this is fantastic. Always great seeing an investment in our facilities where we aren't fitting the entire bill. I do have a couple of questions in terms of the arrangement, forgive me if I missed it, the utility costs are paid by the --

>> Sharks, Sjam, San Jose arena management authority.

>> Councilmember Rocha: And the remaining, the \$2 million is coming from the revenue fund for the remaining 2.5 is coming from them, as well, the entirety, no grant or nothing?

>> Yes.

>> Councilmember Rocha: I noticed here that it said in the outcome will allow the arena management to purchase, but I also saw that it's already been purchased.

>> Yes, sir. Quick response there. The for certain -- to be eligible for certain of the energy incentives they had to be -- the sharks had to be in line by March 15th.

>> Councilmember Rocha: Okay.

>> So the sharks went ahead and purchased the facility, the fuel project, got in line and that later, are then asking us to participate. They could if we decided to not move forward determine that they too wouldn't move forward with the project, and they pay a penalty but that would be at the sharks management's decision point.

>> Councilmember Rocha: So they've entered into an agreement to purchase it.

>> From bloom energy.

>> Councilmember Rocha: If they change their mind there would be a penalty.

>> Just a tiny bit more information. They will take delivery of the system in the fall. If in the fall they determined, they could decide to use a capital lease structure. That was referred to in the information, in the memo.

>> Councilmember Rocha: Thank you very much for the clarification.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks Mayor. I just want to thank Don and his team for their extraordinary management of the great facility. I was there just a few weeks ago, the boys facility, collegiate national tournament, it wasn't division 1 but it was a fantastic gathering of colleges throughout the country and it was great to see the place packed, and it's always packed, New Hampshire credible bee hive of activity. I want to mention to Bloom, I know you guys, I keep hearing about Kleiner Perkins and all these folks who are throwing all this money at you. So you must be growing like crazy. And when you're ready to expand, I know you can be just a chip shot away from the sharks arena, just in time for the playoffs. And we've got some great office space for you. So just to let you know, in case you are sharks fans, I'm sure you are.

>> You're preaching to the choir. I want to (inaudible).

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. First of all I second that sentiment from Councilmember Liccardo, we'd love to have you. Great partnership, great idea --

>> Mayor Reed: But you want them in District 2, right?

>> Councilmember Kalra: Honestly, any district, 1 through 10, bring them to San José.

>> Mayor Reed: Great, I like that spirit of team, team.

>> Councilmember Kalra: We're in this together, and great idea, great partnership, appropriate facility to demonstrate this project, and to you know this cavernous facility with heavy use, every time I've been there it's always been heavily used and I appreciate that there's a partnership with Bloom which is of the highest quality but also bar none the most attractive looking fuel cell components in the business as well.

>> Mayor Reed: Thank you. Those are the questions I think for staff presentation. We'll take a little public testimony now starting with Don Grelnick.

>> Thank you, Mr. Mayor and members of the council. Dan Grelnick general manager for arena management. Tonight's comments John Gustavson who is our general manager, is in the audience, John, will you stand up for a second? John deserves the credit for making the ice center a success. He's there 24-7 and arranges all the booking, so thank you John. We want to thank the city staff, particularly Nancy Kline from economic development and Patty Degnan, from the City Attorney's office. We believe the memo answers all the questions. If there are any remaining questions I'm happy to answer them. This is a nice situation because it's a win win win, win for the city to promote local business. It's a win for us as operator because it improves our operating efficiency and it enables us to look forward to expansion and it's a win for environment because as noted the fuel cells are an environmentally superior method of producing electricity. I'd like to divert, for two seconds and express our congratulations to Hans Larsen for his appointment to director of transportation. We've worked for many years with Hans, he's a good fellow, good relationship, and we look forward to working with him. I'd be happy to answer any questions you might have with respect to this.

>> Mayor Reed: I don't see any requests from questions. Just congratulations and thank you.

>> Thank you.

>> Mayor Reed: Anything else? I think we have a motion. Already on the floor. All in favor? Opposed? None opposed, that's approved. Thank you. Congratulations. Next item is 4.2, tax exempt multifamily revenue bonds for Elena gardens apartments, this is a TEFRA hearing we're required to have. Anybody wish to speak on this item? Any cards? I have none. If you do come on down right now. All right, so we're holding the hearing, and it looks like no one's going to testify so I think we can close the hearing and then take up the resolution that we need to adopt. There's no staff presentation, is there a motion on the resolution? Motion to accept the resolution for the tax exempt bonds. One thing I want to add on the motion, we're not issuing the bonds, we're just having the hearing and the resolution in support. The bonds will be issued by the California municipal finance authority, not the City of San José. It's something we're required to do under the tax law in order to have these bonds qualify for tax exempt status. Councilmember Rocha.

>> Councilmember Rocha: Thank you. Is there anyone from housing that can answer a question?

>> Mayor Reed: Oh, we certainly have --

>> Councilmember Rocha: There we go, sorry. It's a very simple question on how we categorize rehab units. We already have accounted for these as affordable units in our pool of San José's affordable housing production. So when we rehab them, the numbers don't change, they just stay in the pool I'm assuming basic curious question, nothing --

>> Jackie Morales brand, housing department. Yes, they will stay in the pool and what this does is help them extends their life and rehabilitate them and bring them back into shape.

>> Councilmember Rocha: So we don't get to count them a second time --

>> No.

>> Councilmember Rocha: Just thought I'd ask.

>> Mayor Reed: So we have a motion to approve, all in favor, opposed, none opposed, that's approved. Item 4.3, public hearing and actions related to the Ford and Monterey special needs apartments and family apartments. Again, this is a public hearing, I have no one who wishes to speak on it so we have actions to take. Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Just very briefly, I think that it's a great opportunity to take advantage of these federal funds, the project has been heavily vetted both in the community and I think is ultimately going to make for a better project. The final thing I want to say is Eden Housing. I know that oftentimes Hayes Mansion is oftentimes referred to as Edenvale, but if you go to the other side of Monterey, to Edenvale there are a lot of challenges, can you call Eden palms there the gem of Edenvale, just as well the way they manage their properties. Both in terms of the affordable housing component as well as the newer housing that's for development of the disabled, where I had an opportunity in visiting the Eden palms and Eden housing to talk to some of the daylights that are there, that without that type of facility, we'd have zero independence, and some of them are working and the ones that aren't working have a much greater sense of independence. And so I look forward to this project moving forward with continued community dialogue to ensure that we have the best quality product but I do appreciate both the program, NSP program that allows for the funding as well as the partnership with Eden housing. Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you. The question on the ground lease. I notice the 75 year ground lease. Is that a standard one? 55 came to mind, I was trying to understand if there's a difference between -- or why this project would be any different than those?

>> Jackie Morales from the housing department and yes, recently, I would say over the last two years, we have moved into this ground lease program, so that the housing department and the city continue to own the land, and then we lease the development back to the nonprofit or for-profit entity. So 75 years is our standard term.

>> Councilmember Rocha: Is there a state requirement that's different, shorter, 55 years?

>> There is an affordable requirement when we use redevelopment funds, that is a 55-year requirement. So we are exceeding that requirement.

>> Councilmember Rocha: And how much has been allocated to date on the NFP 2 do you know?

>> To date we have allocated officially through the system close to \$1 million and by the end of this calendar year we anticipate that we would have allocated 13 million.

>> Councilmember Rocha: Okay and we expect that Eden is going to receive the affordable housing program forgivable loan, I guess there, and if not, it's likely I'm assuming?

>> Yes, if they're unable to receive the affordable housing loan through the federal loan bank. We came to council earlier in the year and asked for funds on the 20% housing fund to back stop that so that the project can continue to move forward.

>> Councilmember Rocha: Thank you very much.

>> You're welcome.

>> Mayor Reed: We have a motion to approve the resolutions. I think there are four of them. All in favor? Opposed? One opposed, Councilmember Oliverio. That passes on a 10-1 vote. Our next item would be 5.1, trail safety enhancement. I don't see -- I don't think so we're going to have a staff presentation but I know that Councilmember Pyle has some comments on this. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. In September of 2009, Beverly head, a district 10 resident, was involved in a tragic accident on the Los Alamitos creek trail. And following this tragedy, my office and park staff conducted community meetings in district 10 to gather input from residents. We wanted to hear what improvements could be made to make all trail users safer. What we soon realized is that while the tragedy occurred in my district, the issue of trail safety could not and should not be restricted to one area. Staff has worked with the citywide community and parks and recreation commission to develop a set of recommendations that include rule modifications and installation of new infrastructure to enhance public safety for everyone. The City of San José is a leader in trail development, and utilization. Our trails are intended to serve both commuter and recreational users, walkers, bikers, and joggers included. I would like to thank staff, particularly Yves Zsutty, for taking the appropriate time to analyze the issues and suggest policies that are respectful of everyone. I understand that the family is -- and I am, as well, anxious to get some kind of a memorial for Beverly head, so I would like to direct staff to work with Mr. Head to determine what kind of memorial would be appropriate. So with that, Mr. Head is in the audience. And I don't know if you wanted to say something, or if you put in a card, or -- you don't have to put one in, if you -- okay. Well, while you're coming -- sure. Thank you for being here, Mr. Head.

>> I just like to thank Nancy Pyle and her committee for her efforts in this regard. And I think the change in the law is important. I guess it's a clarification really, but I certainly appreciate it and also, the enforcement provisions that have been put in. I think are very important. I'd also like to say that I don't know how many read the article in the paper this morning, but I was misquoted several times in that article. I'd like to apologize on behalf of the Mercury News for that article and I understand that there will be a retraction tomorrow. I am very avid cyclist myself. I support cycles, bicycles on trails, so that was an issue, that was misquoted. Among several other issues. So again, thank you very much for what you've done and I think this is certainly going to enhance safety.

>> Councilmember Pyle: Thank you, Mr. Head, we really appreciate that. I can't believe it's been two years, almost. One and a half, yeah, right. And is there anyone from parks and rec that would like to say anything? Yves?

>> Mayor Reed: I have a request from Martin Delsum to speak, why don't we take that now.

>> My name is Martin Delsum. I support the staff report on trail safety and development. As far as it goes. I don't think it goes far enough. I've already sent you my suggestions, I hope you have a chance to review them. I hope to use my two minutes here to illustrate some of the points I made there. Sorry. I'm missing a slide. Here we are, sorry. My letter argued that if trails have to cross city streets it's just common sense to have a crosswalk painted at the trail crossing. City staff saw this, by the way I don't mean to detract from Mr. Balagso's celebration of his retirement. But the response I thought was very bureaucratic, just the sort of thing that gets very frustrating to a citizen. Basically he said this isn't our department. I think if there's a report on enhancing trail safety should cover all issues, and not just the issues relating to parks and recreation. The second slide illustrates a ramp on a trail, where it's very, I would say practically impossible if I'm going down this ramp I won't see a pedestrian or a cyclist coming around. I suggested that mirrors be installed. The third illustration is one of these posts. They're all over at the trail entrances. They can be hard to see. This is in the middle of the day. But at dusk or at night, they're very -- well it's easy to overlook them. It's a potential hazard. There have been other accidents in other areas. I'd like to avoid an accident in San José. The solution is to paint them brightly. I didn't suggest this in the memo. These posts suggest if you hit them in the accident they're flexible and they'll give way. Fourth here's a city trail that looks like a park but it's the trail goes right through middle of the park. I think this is a place for a sign that warns cyclists of the congestion and asks them to slow down. So in summary, I think it's a good report. I support it. But I think it should be enhanced, it should cover other areas. I ask that city council send it back to staff for those enhancements. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, I also want to commend Yves and the team for their very good work but I did read Martin Delsum's letter and I thought it was very thoughtful in some of the suggestions it offered. Particularly the first and the third seemed very compelling that was about requiring the crosswalks as well as the bright colors on obstacles. I'm a cyclist who uses those trails and I certainly appreciate the value that. It

would be helpful to have some staff responses as to why we wouldn't want to incorporate something like that in this effort.

>> Thank you, Yves Zsutty with parks and recreation. We do look at painted crosswalks at intersections. The distinction there, and it is bureaucratic, but when we leave the back of sidewalk within parks and rec jurisdiction and enter into the Department of Transportation's realm, we bring the Department of Transportation to the table to determine where crosswalks are appropriate. In some instances it is not safe to put a crosswalk, it could be sight distance, it could be a number of issues. For that reason we continue to have the freedom to look at it but we can't commit as a policy to drop them in in all locations because it just may not be prudent.

>> Councilmember Liccardo: Can certain arises -- you know, the suggestion was that there be crosswalk painted in traffic signs in both directions warning motorists of the trail crossing. I recognize you may not want to put a crosswalk in every location, but at the very least having signs warning motorists that a trail is coming out onto the street here and going off that way, that seems to be something we would all want, right?

>> Yes, there is nothing in the memo from preventing us to do that. And we look at those decisions when we bring in the Department of Transportation look at the design of the trails. So we can certainly look at that. We are updating our specifications to add reflective striping to bollards on all the new trails, and then having the reflective striping added to existing bollards as we go through and update the signage. So we've got a full set of tools that we can apply. The concern would be if we made a blanket policy that didn't look at the realities of the street geometrics, we could be creating a dangerous situation.

>> Councilmember Liccardo: Okay, I appreciate that Yves. Is it the case that with this memo, I recognize there are some enhancements you are focusing on, et cetera. This wasn't intended to be a comprehensive design of all the City's trail design standards, is that right?

>> The trails in San José are designed according to the CalTrans highway design manual and consistent with the County of Santa Clara design standards. So I think we're following a good design template. The purpose of this

memo was to talk about some safety-enhancing tools we're using and changing the ordinance so it's very clear that trails are narrow like sidewalks and not like open space, which they were considered as.

>> Councilmember Liccardo: Right, okay. Is there an opportunity, generally when the county I assume through the VTA, and all the cities, when they review the countywide trail design standards, to be raising these issues? I assume those are reviewed periodically every few years is that right?

>> In terms of the county design standards I don't know if they're working on an update but I can certainly forward our report and we did talk to the county quite a bit in putting together the reports. I can make them aware of your decisions today, produce the final set of recommendations and share them with them.

>> Councilmember Liccardo: Okay, it just seems as though some of these recommendations from Mr. Delsum are certainly self -- they seem very reasonable to include in some manner and I understand you're not engaged in a comprehensive review but I think it would be helpful perhaps if they're forwarded to the county.

>> Certainly, we can talk to the county. And Mr. Delsum's proposals are reasonable and we can look at them on a case-by-case basis. The concern would be that we make a blanket policy.

>> Councilmember Liccardo: Okay. Thank you Yves.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. First of all I want to congratulate Councilmember Pyle for the excellent leadership on this issue. And Yves and the staff. And also my deepest sympathy to Mr. Head. It's unfortunate that a tragedy spurs action but that often is the case. And so I'm glad that these changes are going to be made. I'm also compelled by Mr. Delsum's input. I think that was very important. He brought up a lot of really good points. It sounds like it's in a broader context, though, but yeah, hopefully some of those comments can be

forwarded to the county. We're not exactly dealing with those today but I think it's good input. Congratulations to Councilmember Pyle.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. I also want to thank Yves you and your staff for your work on this and I also had read the letter from Mr. Delsum and glad that Councilmember Liccardo as our resident cyclist had an opportunity to chime in on that and these are all things that we can continue to work on but some of the suggestions look reasonable from a noncyclist perspective. And I really want to thank Councilmember Pyle and her staff who I know worked tremendously hard on this who responded to the tragedy of Mr. Head and his family in a proactive manner, in a reasonable manner and I think that although I have received a couple e-mails where folks have said, well, it's a tragedy to kind of one in a million kind of incident. Well you never know when that next incident is going to occur so whatever we can do to reduce those chances we certainly should and these are reasonable measures. Particularly not the leash length but not allowing a pet to go across the median line. If you have a six foot, if you are careless that can cause the same kind of incident. I'm thankful for the park staff for their thoughtfulness in approaching this issue and condolences to Mr. Head for his loss. And one last question of city management is has any money been set aside for enforcement of this?

>> We have rangers deployed on trails who enforce the rules. We -- the rangers as I understand it are something that the council is looking at as part of the budget. But currently, the rangers are folks who would enforce the rules.

>> Councilmember Kalra: So it would be in addition to their already-existing enforcement duties?

>> Yes. And it's not an additional duty, it's just enforcement of a set of rules. We're adding to that set.

>> Councilmember Kalra: Okay, thank you.

>> Mayor Reed: I have some reservations about the cost of the mileage markers. I know that we've got grant funding but I understand that the quarter-mile mileage markers are going to be in the range of \$1,000 to \$1500 each. And if so, I wonder why they're so expensive.

>> We have looked at a lot of examples around the country and around the world for how to do a marker. And we had some design parameters that we're trying to accomplish. One of the primary was, we wanted something very solid, very long-term. So we're looking at some hefty structures that are not unlike things you see on trails like bollards. They're steel structures. So they can't be stolen or easily damaged. We also found that other agencies don't have markers in place. And a lot of them don't take into account the serpentine nature of our trails where sight distance is an issue. So these markers are not just to convey the distance you traveled, they create an address in the trail. If you've been injured you can see a quarter mile in either direction a marker that identifies your direction and then folks in the 911 center will have a set of data about those particular locations to know how to get onto and out of the trail as quickly as possible. So the frequency of the markers is important in our situation because we follow rivers. And the construction is for durability. It's not something we're going to be replacing.

>> Mayor Reed: How do these compare with the markers that are in use today on the Coyote creek trail which I ride at least once a month if not twice a month, those are county trail markers, I think they're every half mile, they're pretty simple, pretty basic, they just tell you where you are at some starting point.

>> That's where our project is different. Those serve the recreational user and provide data for that user in that space and how far they've traveled. Our markers are safety improvements that are tied to 911. There's a unique data set for each unit. And so frequency is important in our situation.

>> Mayor Reed: I just don't see how you get to \$1,000 apiece. \$1500 bucks a piece that would be somewhere from 500 to \$600,000 cost to do this for the 100 mile trail system that we contemplate. So I don't understand why it would cost \$1,000, with the data you're talking about having on that unless you create kind of a massive structure which then in itself isn't that an obstacle that you've now created on the trail?

>> It's the procurement of the object. It's the field installation. It's the drilling, the pouring of the concrete, and then the after -- the post-installation data collection. So it's -- we looked at other opportunities. We looked at posting signs but signs can be stolen. And so we looked at something that was really much heartier. We can continue to explore the price, as our attempt to come up with a system that hasn't been replicated elsewhere and so we definitely are going to learn lessons as we go along.

>> Mayor Reed: Well I hope we learned from the first installation so we're not committed to 100 miles of this just because we did it once when it's really expensive and maybe doesn't work as well as we had hoped.

>> I think functionally it's going to work but I understand your concern about the cost. So we can look at delivering the product for less money. But in terms of the logic behind recording data against markers that will work. We've been working with 911 to make sure that works.

>> Mayor Reed: Well I think that's a good thing. It's certainly an enhancement to the safety on the trail. Because I've been out there many, many times and a long ways from anywhere and I don't usually know exactly where I am, even though I'm carrying my cell phone. It's not going to be very helpful at vectoring somebody in to where I am if I get hurt. I think that's a good thing, but the cost is pretty steep. These aren't like solar powered, fuel cell powered or anything like that, just concrete and steel.

>> No. For your purposes I'll follow up with our Public Works department and find out what the installation of a pole, a standard sign and the concrete footing would cost so we can comparatively look at that cost with the installation of these bollards.

>> Mayor Reed: I'm going to support the motion because I think the work is important and the safety concerns are real and this is useful. But I would like to have it include an effort to look at the cost. Because \$6,000 a mile is pretty expensive when you start spreading out to the whole system. If we can cut that in half, that would be great, or even less than that, if we can do it on economies of scale or something like that. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you. Thanks, Mayor Reed and thanks for asking those questions the same as Councilmember Liccardo, so I won't repeat them. But to the question you said the scenario where you might be stranded in the trail and you're looking between two of these markers, are you going to paint one green and one blue, so the person can say I'm between the green and the blue one, and then someone knows or --

>> No, each marker has a unique distance on it. So as you begin in the bay, you're at point zero. And as you travel South in San José you're picking up quarter-mile increments. The -- each marker in the trail system has a unique icon. So on the Coyote creek it's a Coyote. Fisher creek it's a fish. And then either a green or a brown color. And so we've provided that information and the distance information so there's tools for someone to explain where they were.

>> Councilmember Oliverio: Okay, so being equidistance, if you're an eighth of a mile each it should be something recognizable, I see this animal, come get me.

>> Or if you're watching as you're traveling you'd have this information. You knew you had past 2.5 and you are approaching 2.75.

>> Councilmember Oliverio: Thank you and thank you for Mr. Delsum for the PowerPoint to follow the e-mails.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: This is possibly an issue for people who want to donate for a loved one, that they want to keep extra-safe, someone in the family so I think there's always a possibility for naming rights for each of those. Which would certainly help us to decrease the amount of money that we need to put into the entire project. And I'd also like to say, every single minute counts when you've been injured, particularly anything having to do with the brain. So these markers will be tremendously helpful, in decreasing deaths caused by brain injuries. And -- or any other injury as well. So with that I'd like to move to approve the motion.

>> Councilmember Herrera: Second.

>> Mayor Reed: Motion is to approve the staff recommendations. Further discussion on the motion? All in favor, opposed, none opposed, that's approved. Thank you, thank you for your work. We'll now take up item 7.1, proposition 218 noticing process for utility rate charges.

>> John Stufflebean: No presentation, I'm just here to answer questions.

>> Mayor Reed: Any questions for Mr. Stufflebean? I have one request to speak, anybody else that wants to speak, now's the time to talk about these matters. We'll take the public testimony, Martha O'Connell.

>> Martha O'Connell, homeowners organized to maintain equity, representing folks who live in mobile home parks. I think there's been an oversight, an unintentional oversight because 10,929 homeowners in San José are not going to get this notice. And that's because they live in mobile homes. We own the mobile home but we do not own the land. And I have been engaged in a series of e-mails back and forth with Laura Burke of environmental services and she has confirmed that this notice only goes to the park owner. I've lived in a mobile home park since 2004 and I've never seen a notice. In other words the park owner gets one notice and nobody in the park gets a notice to come and protest or give their input. So I'm asking that the council make sure that these notices go out to the folks who actually live in the park and housing has the addresses in its -- not a burdensome challenge to do that. So I just am -- and I'd also like to point out one last thing that 17% of these folks are seniors. So 17% of the folks who live in mobile home parks live in senior parks and they're not getting notices of the rate increases, which by the way are not included in our rent. They're not included in our rent. We pay them as separate line items. So please help the folks get the notice, thanks.

>> Mayor Reed: Anyone else wish to speak on this item? That concludes the public testimony. Staff did you want to respond to the noticing issue? City Attorney or somebody on the requirements of notice? This is prop 218 so there's all kinds of rules.

>> Under prop 218, sorry. Under prop 218 any property-related fees only need to go to the property owners and for those renters who actually pay the assessment. So in my understanding this particular situation, the property owner is the mobile home park owner who is the only property owner who will be paying the fees for that particular park.

>> Mayor Reed: The property owner. This is a property-related fee so the property owner is the one that gets the notice and we just follow the rules under prop 218. Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I have a question for Mr. Stufflebean if he's available. There he is, I was looking in the audience. Looking just as the memo's designed, I notice there's four different rates that we're speaking about here. And in terms of the recommendation I was curious why you wouldn't include in the front page of the recommendation what those rate levels were.

>> John Stufflebean: Okay, it is included I think in each -- we could have --

>> Councilmember Rocha: Under the recommendation just so it's maybe clear to folks who are reading this with us online, right in front of the recommendation and the proposal are what the rate levels are. And again, I was just asking in terms of how you designed the memo, is there a reason for that or just a matter of how it's written?

>> John Stufflebean: No reason at all.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. John, I have -- I understand the concern is there are mobile home owners who aren't getting this notice. There are nine parks in my district, I know they're all over the city, District 7, and 4 I think have the most. But that is a concern if the ownership is only one that's obligated to get the notice. And so

how can we -- how can we rectify that? I'm assuming the ownership has continual contact for different purposes, with the -- those that are renting spaces at the mobile home parks. So is there a way to get -- to communicate with the mobile home ownership to make sure that they pass on this information?

>> John Stufflebean: I'm sure I would be -- you know, I guess -- we certainly not -- we certainly can go beyond the 218 notice requirement. So if, at the council's direction, we can certainly look into whether it's possible to get noticing to additional home owners -- to people in the mobile home parks.

>> Councilmember Kalra: Reading this April is when, so in April is when you will be sending it out.

>> John Stufflebean: That's correct.

>> Councilmember Kalra: I don't know I certainly don't want to give a directive on the fly that's going to put you under the obligation that will cost money and resources. However I'm wondering if in the short next couple of weeks that you're going through this process if there can at least be an effort to contact the mobile home ownership and say how can you help get the information out, maybe they already have a mechanism, maybe they have billing they give to their residents, that they slip in here, something a little less onerous of paying the postage to mail it. How onerous that might be.

>> John Stufflebean: We can certainly look into this.

>> Councilmember Kalra: And update us even if it's through e-mail notification, so we can know what the process is.

>> John Stufflebean: Yes.

>> Councilmember Kalra: Thank you mayor.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I was wondering even if we were able to get them notice, could they come and protest if they're not actual ratepayers, owners of the property?

>> Under prop 218 the property owner is the only owner who will be able to object to it. You could give additional notices if you are asking for other direction to get comments from people. But when you tally owners? This particular fee is not a prop 218 fee that requires an affirmative vote of the majority of the property owners. This is one of the fees that simply is a notice that unless you get a protest of over 50% the fee will be imposed. So the protest has to be from the property owners who actually are obligated to get the notice under prop 218. But again you can give notices to anyone you want or you can ask for notices to be given but the protests will only be counted from property owners.

>> Councilmember Herrera: I certainly heard the concerns of the mobile home representative and the owners of mobile home -- folks who live there and I know a lot of them are seniors and I have some parks in my district too. It's not that I'm not sensitive to that but I think we need to make sure we're not setting a wrong expectation, that even if they get the notice, that they're going to be able to be tallied up and have some kinds of effect on this. So there has to be other I guess other ways to address their management about those kinds of issues but I guess this one it's kind of not that may not be able to change the outcome.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Right now taking on any additional expense is not something that any of us are looking forward to. But I would like to make a suggestion that the president of homeowner associations in mobile home parks be notified. It really doesn't have to go to every single person in the park but if there's one person times how many other parks there are, that would seem much more reasonable. So I was wondering if Martha could help in that matter, to get the names of the presidents for the associations. I'll find out.

>> Mayor Reed: We can refer that to the staff because our staff obviously has relationships with all the mobile home parks and their officers at some level.

>> Councilmember Pyle: Thank you.

>> Mayor Reed: Other questions or comments for the staff? I don't think we got a motion yet. Am I wrong? We have a motion and a second, someone down here, a second, okay we have a motion to approve. Now this is prop 218 notices for recycle plus!, storm sewer service, municipal water, three of them?

>> John Stufflebean: Just three, yes, sir.

>> Mayor Reed: Okay, on the motion, all in favor, opposed, none opposed, those are approved. And this is the beginning of the process as I understand it. Get notices out, we'll have to have another hearing after the time period has run but the idea is, we'll have another hearing on June 14th is the expected date for the public hearing to approve or disapprove rate increases.

>> John Stufflebean: Rate increases which could be as much as but not more than the amount in the notice.

>> Mayor Reed: That concludes our work for the day, we'll be back in June to tie this off. We move to 7.2, approval of the tier 2 drought implementation plan. We have a motion to approve. I just like to note, everybody expects the governor's going to withdraw the declaration of drought, now that the water level is high, but the time to plan for a drought is when you don't need to. Right now is a good time to do this, and this affects our ability to do when bad times come again, and there will be another drought, we just don't know when. Councilmember Herrera.

>> Councilmember Herrera: I just had a question on this and this is only when water shortage ask up to 20%, I understand that and they're looking at all wholesale water customers in terms of the Hetch-Hetchy water. Does this, and I was looking through the formulas and the formulas were written in longhand and not in math. So it's a

little hard to figure out all these formulas, they could have found an easier way to look at it. But my question is, are they incenting people to save or disincenting? Are they calculating based on what a city used if they were conserving, is there a penalty for that conservation in terms of calculating what they would get in a drought, 20% less of a city's conserving, or is it compared to a city who would be using their full utilization, or using more than that, am I making my question clear? Would we be penalized for conserving?

>> Good afternoon. Mansour Nasser, deputy director, environmental services department. No. We will not be penalized for conserving. Conservation is taking into account even if Hetch-Hetchy reduces, the allocation to the North San José Alviso area, that doesn't mean our customers will see the same reduction. If they do such by about 46%, our customers will only see about 20%. Because we'll be using our wells from the valley Water District.

>> Councilmember Herrera: Right, but my question is, when they are making the contribution, from the San Francisco PUC or public utilities district, is the allocation, the 20% allocation, is that going to be based on just their total utilization for the prior year? In other words, that would mean cities who used more would end up having more, when they good that reduction of 46%?

>> That's correct. But each city too is showing what conservation measures we have in place. And we also take credit for those conservation measures and also recycled water for example.

>> Councilmember Herrera: Okay, thank you.

>> Mayor Reed: I have no cards on this. Was there a motion? Losing track on this. We have a motion, that's right, Vice Mayor. Further discussion, on the motion, all in favor, opposed, none opposed, that's approved. Taking us to open forum as the last item on the afternoon agenda. There is no meeting tonight. Good news. Michael McDaphy and Martha O'Connell. If you want to speak, now's the time. Come on.

>> Mr. Mayor, city council, I wanted to restate a complaint I made previously, and also, to the City Manager's office, and also to the code enforcement, police department, almost constantly every night for the past year, of disturbance that occurs, disturbing the peace at a strip mall located at center and Monterey which is called Seven Trees shopping center. Owned by or operated by a company called goldfine, incorporated who seems to be unwilling and recalcitrant in all respects. I've tried to contact them before I ever contacted the city council, or anybody else, is my first line of trying to rectify a situation that has been intolerable. Now, I've been without sleep all last night and today, and I stand here and had this conversation, I'm a school student, I just happen to be on spring break right now. I haven't been able to attend any meetings, and there hasn't been any problems in the last couple of months. Since I was last here. And the problem is that night before last, I saw evidence ever, I was getting ready to go to the shower room there at the trailer park where I live, the shady hollow which is right across from this said street or strip mall. And as it turns out I saw and heard the operation of this vacuum truck, which is a street sweeping device that they use to clean their parking lot. They also use it in conjunction with a high -- I mean a very loud weed blower to blow the debris off the sidewalks. Onto the --

>> Mayor Reed: Sir I'm going to have to ask you to stop because your time is up. But after the meeting is over, I would like you to talk to this gentleman, over here, Ed Shikada, to see if there's anything the staff can do to follow up on this.

>> Thank you.

>> Mayor Reed: Martha O'Connell.

>> Yeah, now I have even bigger concerns, I'll be contacting Councilmember Pyle and Councilmember Nguyen. There's some confusion. I pay storm drain, sanitary -- I pay those fees. That are in the letter. Okay? The park owner doesn't pay them. They're on my monthly bill. They're on the monthly bill of everyone that lives in the park. So what I'm hearing is we can't protest because we don't own the property but we're paying the fees. So either there's some confusion, on the part of whatever due respect of someone on the council whoever said that or there's something illegal going on in the City of San José. We either have the right to protest because we do

pay the fees or we shouldn't be paying the fees in the first place. It's right in your paperwork. In your paperwork you'll see, mobile home is listed on each one of these charges and I pay it every month. So could somebody maybe give me the name of a staff member to talk to and see if this is against the law or what's going on. Thank you.

>> Mayor Reed: I would ask the City Attorney to comment on that I think there's a difference between --

>> Right, under prop 218, anybody who has been assessed those fees has the right to protest. So if the landlord simply charges a renter under their lease they wouldn't qualify as a person getting the notice. It's if you're assessed it as a renter by the county.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: My years in real estate told me that those fees, some of them get handed down to the renters. And so they would be on your bill. And actually, your landlord is being very good to print it out. However, once again the 218 rule predominates. And in that case you are getting a notice of what that is, but all of those costs get -- I shouldn't say all, I'm hoping not all -- many of those costs get passed on to the renter.

>> Mayor Reed: Okay, that concludes the open forum, that concludes our meeting. We're adjourned.