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>> Mayor Reed: (gavel strike) Good afternoon. I'd like to call the San José city council meeting to order for February 1st. We'll start with the invocation and we have Ash Kalra has got the invocator.

>> Councilmember Kalra: Thank you, mayor. Today we'll have father Jon Pedigo, no stranger to any of us here on the dais or those that work in the community. Father Pedigo is the pastor at St. Julie Billiard parish. St. Julie Billiard was the founder of Sisters of Notre Dame which came to California during the gold rush and founded Notre Dame de Namur, the first women's college in California. In addition to his parish duties Father Jon works for immigrant rights and reform advocacy, rights for low-wage workers, poverty reduction, faith-based community organizing through pact, and he is a member of the board of directors of Sacred Heart Community Service. In addition to having an M.E. in theology, and a graduate sacred theology degree, he also has a master's degree in music for the clarinet. And so thank you, Father Jon, so much for joining us today and for blessing us with the invocation.

>> My councilmember Ash Kalra this opportunity to share with you guys again also belated happy birthday to Ash. Faith leaders from the time of Nathan the prophet confronted often the status quo. The presumptions of the status quo. One of our contemporary heros to the faith community is Don Heller Camera. Dom Heller Camera was a Brazilian church leader whose clergy and lay leaders were targeted for harassment and assassination because they chose to work among and for the poor. They organized the poor in their struggle for labor and human rights. Dom Heller Camera stood up to those who wielded power in the most courageous way. He stood up to them with love. His prayer I believe was written in loving defiance to a society that was racked with violence. Perhaps hits words might stir something within ourselves as we grapple with the tragedy of the race and spate of murders in our city, the tension between our immigrant community and the police and the rising level of foreclosures and bankruptcies. I will not believe in the law of the strongest. In the language of guns. In the power of the powerful. I want to believe in the rights of all. In the open hand, in the strength of the nonviolent. I will not believe in race, or riches, in privileges, in the established order. I want to believe that all human beings are human beings, and that the order of force and of injustice is a disorder. I will not believe that I don't have to concern myself with what happens far from here. I want to believe that the whole world is my home. The field that I sow and that all reap what they have sown. I don't believe that I will combat oppression out there if I tolerate injustice

here. I want to believe that what is right is the same here and there and that I will not be free while even one human being is excluded. I will not believe that war and hunger are inevitable and that peace is inaccessible. I want to believe in the love of bare hands in peace on earth. I will not believe that any effort is in vain. I will not believe that the dream of human beings continues being only a dream, and that death is the end. But I dare to believe in the dream of God, a new heaven, a new earth, where justice reigns. The inspires word of Don camera. Amen.

>> Mayor Reed: Thank you, father. We have some folks here from de Vargas elementary school who are going to lead us in the pledge. [pledge of allegiance]

>> Mayor Reed: Thank you, de Vargas school from District 1. First item of business would be the orders of the day. I have a couple of changes to the printed agenda. Want to take the appeals hearing board interviews immediately after the consent calendar. And item 3.1, report of the City Manager will take up immediately after the closed session report-out. And item 3.6 our labor negotiations update, we will not take up until 2:00, and I'll try to take it up as close to 2:00 as we can. Item 8.2 which is an authorization for the executive director and the City Manager to negotiate and execute a cooperation agreement should be dropped. Any other changes to the order? 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 Cynthia Filarca, committed teacher in the Evergreen elementary school district for over 30 years and a long time resident of San José, who was dedicated to serving beyond the classroom through her volunteer work in the community. Councilmember Herrera has some additional words.

>> Councilmember Herrera: Thank you, mayor. I'm honored to adjourn today's council meeting in memory of Cynthia Filarca, who passed away on October 23rd at the age of 57. Cynthia was built in the Philippines but built her roots in San José as a long-time resident for over 30 years. I want to thank Cynthia's close friends and family and colleagues that are here with us today. Her husband, Joe Ocane, her mother, Ms. Tess Filarca, Josie Filarca, and Julie Ann Brown, her sisters, and Teresa Ocane, sister-in-law. She also has colleagues that are here, Mr. Cliff Black, our Evergreen school superintendent, Ms. Dolores Garcia, former dove hill principal, and current Leva Junior High School Principal, Ms. Charlene Mellow, Dove Hill drama director, Mr. Mike Cobeas, fifth grade

teacher at dove hill and Ms. Tina Chong Choy, Cynthia's former Dove Hill principal and current principal of Cadwallader elementary. I first met Cynthia at junior high school at Fisher Junior High where we both attended school, and she was a great student then. She loved school, and it was probably clear right then that she'd maybe end up in the classroom. She drained evergreen elementary school district faculty in 1978 and spent more than 32 years teaching at Laurelwood and dove hill elementary schools as a kindergarten teacher. She's one of the heroes in our classrooms. She was dedicated to serving the community beyond her classroom working with the San Francisco AIDS foundation and lots of other organizations a variety of nonprofit-os participating in fund raisers to support several causes. Now Cynthia was like a lot of other teachers. She struggled for money to pay for simple things in her classroom for those supplies but she came up with a creative way to make sure that she had enough paper in her classroom. She asked all of her commitment for birthday and Christmases each year to just give her boxes of paper for her classroom. And so she was able to have a nice supply of paper and she used many boxes of paper she received over the years in her classroom. As a school's budget cuts made it difficult to supply paper to its students and teachers. Paper is currency in the classroom. Cynthia Filarca's life will be forever be defined by her loyalty to her students, the lives she personally touched over the years and her passion to serve the community through her volunteer work and her tireless desire to help those in need.

>> Mayor Reed: Thank you, Councilmember Herrera. Our next item is the closed session report. City Attorney.

>> City Attorney Doyle: Mr. Mayor, the city council met in closed session this morning, there's one item to report-out and that is the city council concurrence with the City Manager's appointment of Chris as police chief. And the vote was unanimous.

>> Mayor Reed: City Manager your report.

>> City Manager Figone: Thank you, Mr. Mayor, members of the council. We just had a lengthy press conference but I would like to take a moment to formally introduce to you and to the community, as your next police chief, in a moment, Chris will make a few brief comments. But let me just say that he brings an extraordinary combination of education, and training and experience to the position, more importantly, he brings

tremendous character, integrity, intellect, great hard, and a long time commitment to the City of San José. As you all know, we've been engaged in a significant outreach with our community and our workforce, in preparation for this decision. We took that outreach and that feedback to heart. We heard that our community values our department but there are things that must change. The concerns that were aired are real. And we will take them to heart. I know the chief will, and I will, as we move the change forward. The chief understands the need for change. And he also understands the significant challenges ahead of us. We are working through one of the worst fiscal crises our city has ever known. And so while we're talking about change and embracing change, it's important that our leaders have people who will follow them. And so the deep respect that chief Moore has from his workforce will really enable the change to become well-rooted and be meaningful. I know that he will be a wonderful chief. He will move our department in service to our community from good to great, very, very quickly. And he has many, many people there to support him. I also want to note, in introducing Chris and Chris, if you could come to the podium, that it is really a source of pride for me, personally, that the candidate who rose to the top, after so much time and effort, is one of San José's own. And so I do present to you chief Chris. [applause]

>> Thank you, all. Thank you. Thank you all very, very much Mayor Reed. City Manager, thank you. I think it's a great day for me personally but also for the workforce and the community. I'm looking forward to this challenge. It is quite a challenge that we face as a city together and we are only going to do if we do it together. So to the members of the community that may have had doubts of me being the best candidate I hope to prove you wrong. I hope you will work with me. I am quite convinced we will establish a strong working relationship, a strong working partnership, and that this city will thrive, even in one of the most toughest economic times we have seen, we will thrive. And I promise you, I will do my best to make that happen. Thank you very, very much.

>> Mayor Reed: Thank you, Chief. [applause]

>> Mayor Reed: We'll now turn to the ceremonial item on the agenda. I'd like to invite Councilmember Kalra, Councilmember Pyle and Kerry Jansen, executive director of the American Heart Association, to join me at the

podium. Today we're recognizing the month of February as American heart month in the City of San José. Councilmember Kalra has some additional information.

>> Councilmember Kalra: Thank you, mayor. And we do have here with us Carey Jansen the executive director of the Silicon Valley American heart association and other members of the Silicon Valley office, including Sang Me Ok, Mickie Masuda, Maria Papas, Neil McNair, and Ariel Bakshe, I want to thank all of them for being here, and Mayor, thank you and Councilmember Pyle and all the councilmembers for joining in recognizing American heart month. Cardiovascular disease including stroke are our nation's number one killer for both men and women with nearly 2300 Americans dying of cardiovascular disease each day. Cardiovascular diseases affect people of all backgrounds and ethnicities in all regions of our country. One thing many may not know is that of the major health issues facing our country, cardiovascular disease is among one of the most preventible. The American Heart Association's goal is to raise funds for research and education, and pass long information about heart disease and stroke. And by 2020, the American heart association hopes to improve the cardiovascular health of all Americans by 20% while reducing deaths from cardiovascular diseases and stroke by 20%. To accomplish this worthy goal the American heart association is urging all Americans to make better choices with respect to nutrition, physical activity and other lifestyle choices that are essential to living a heart-healthy life. I want to thank the Silicon Valley chapter of the American heart association for their tireless work in this important effort for folks in our community and mayor with that I would ask that we can please present the commendation to Ms. Carrie Jansen the executive director of the Silicon Valley American heart association.

>> On behalf of the American heart association I'd like to thank the City of San José for their continued support. Thank you. [applause]

>> Mayor Reed: Next item is the consent calendar. I have some requests from the public to speak on the consent calendar. David Wall.

>> David Wall: Two uses. Good afternoon, all, Your Honors. It is a pleasure to be in your presence. 2.3 the Rules committee reports, referenced only I referenced the city charter during the meeting. Mr. Mayor, with all your

due diligence for trying to solve the budget in all your phone calls in which it looks like city employees are constantly being vilified for their benefits and salaries that are justifiedly paid to them, you have failed miserably in my opinion to look at the main structural aspects that the city has with reference to operating efficient like a business. And that is, the city charter. With reference to the offices of City Manager. We'll discuss this at another time period. The other item, is the let's move campaign which is a good idea but it should have been home-grown. I look at this more along the line of political pandering and I'm concerned that money from the county or from the city will go into administrative costs instead of going to schools where it should belong. Without addressing anything further I am not an agent or receive any remuneration for these seed catalogs. I'm giving them to Councilmember Liccardo with the express purpose of helping. There's one from the cook's garden. One from Burpee and one most farmers use is Johnny's seeds because can you buy them in bulk. Please share them with your brother and sister councilmembers. This is a very good tool to help out the schools start growing vegetables at school and hopefully, people will tear up their front yards and plant a victory garden to stave off poverty because the cost of food is going nowhere but up. Thank you very much.

>> Mayor Reed: Any other cards to speak on consent calendar items? Are there items councilmembers would like to pull for further discussion? Item 2.5, league of cities committee report for Councilmember Constant. Anybody else? Is there a motion on the balance? We have a motion to approve the rest of the consent calendar. All in favor? Opposed? None opposed, that's approved. Item 2.5, Councilmember Constant.

>> Councilmember Constant: Thank you mayor. I just wanted to make a brief report on my trip to the league of California cities Public Safety committee meeting. On Thursday, the 20th of January, this year. This is my first meeting and an opportunity to get a viewpoint of what the committee is going to be working on this year. It was nice to see that with my representation on there we'll finally have a large city perspective because they have been lacking the large city perspective on that committee. I think it's also going to be beneficial, since I serve on the national league of cities crime prevention and public safety committee, to start getting some synchronization between the efforts at the state and national level. With that a motion to approve.

>> Mayor Reed: Motion is to approve item 2.5. All in favor, opposed none opposed, that's approved. That concludes the consent calendar. We'll now take up item 3.4 which is the appeals hearing interviews I believe we have two candidates to be interviewed. Looks like Mr. Parker won the coin-toss, he's going to go first. Mr. Parker thank you for being interested in this position. As we usually do we'll give you a couple of minutes to explain why we should appoint you and then we'll do some questions and answers.

>> Thank you very much Mr. Mayor. Good afternoon Mr. Mayor, members of the council, I'm David Parker and I'm an applicant for the appeals board. First I want to thank Vice Mayor Nguyen, Councilmembers Campos, Chu and Liccardo for expressing interest in my application, for today's interview. While most of you may be familiar with my background there are some recent days to the council and I'd like to introduce myself and explain why I am applying for this specific body. Currently I'm the vice chair and commissioner for the human rights commission for the city. In 2006 I was appointed and then reappointed in 2008. I am currently in my final term. As a member of the HRC I have committed myself to working with my colleagues to resolved the issues brought to us by the community. These issues range from extraordinary rendition on a national level to police and community relations on a local level to equal marriage on a state level. My attendance is unmatched with over 75 commission meetings, committee meetings of citizens police academy and community events requiring my attendance, I have two absences. It is my opinion that each case should be reviewed individually, and fines, administrative fees should be applied fairly with stiffer fines and penalties being sanctioned against the most egregious and repeat offenders. I gained this experience in a quasi-judicial capacity as a member of San Francisco sunshine ordinance task force. Our body heard complaints from members of the public which addressed violations of the city's local sunshine ordinance, Ralph M. Brown Act, and California public records act. I along with my colleagues heard evidence and questioned the complainants and the city departments and the officials named in the complaint. We worked to resolve complaints at the lowest level and most unobtrusive level possible. This is experience I bring to this body. Additional examples of my public service include my tenure on the delinquency prevention commission, for the city of San Francisco, and an outreach volunteer for the stop AIDS project in which I provided HIV prevention and education to LGBT youth. As a resident of downtown I believe district 3 is a great example of why we need balance on the appeals hearing board as it includes the need to review and private residences. Councilmembers you have an opportunity today to maintain and increase the divest of this body. As a

member of the LGBT community and resident of District 3 I believe I would enhance the current makeup of the appeals hearing board. I have had the privilege of serving our city for four years and I hope to continue the experience in this capacity. I will commit myself to stewardship of this seat for the remainder of this term and you can decide in November if I have upheld your standards of service for continued three years. Thank you.

>> Mayor Reed: Thank you Mr. Parker. Thank you for your interest in this commission. I want to see if there are some councilmembers who have questions on this. I have one question, to start with and that is, could you talk about what experience you have either attending this particular commission's meetings or participating or representing people or any other connection you have to this board?

>> I have attended the appeals hearing board as a member of the audience just to observe its inner workings.

>> Mayor Reed: Do you have any comments or things that you think should be handled differently or changed about the way the board operates?

>> As a proponent of open government and public access, I believe in and someone who has studied criminal justice and the justice system I believe in due process and making sure the process is as fair for both sides. We are a neutral third party in which appellants and the city can bring issues to us to make decisions regarding fines and fees that are levied and permit denials. So I just believe that making the process more fair, I believe there is one experience a couple years ago that I noticed on this board where there is a miscommunication because an appellate didn't speak English and really didn't have an understanding of the process. So that was my only experience as far as something that could be improved is making sure that people who are nonnative English speakers understand the process to the best way possible.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you. Can you give me your viewpoint on when you have cases that come in front of the appeals board often time there is an issue that has gone on for a protracted period of time. And the

commission or the board has the ability to institute fines, both administrative penalties and paying of the administrative fees for work that's already been done. Can you explain to me how you feel the board should mete out those penalties and how you view those penalties as far as are they disciplinary type penalties or what do you view those penalties are?

>> Councilmember Constant I believe the fees are implemented in a way that send a message. I think in some cases we have offenders which have violated the ordinances and the policies of the city to an egregious level in which case, some fines and penalties can be assessed in a way that sends a wake-up message to a property owner that says this has got to stop. In other capacities, it may be through just the economy itself where a property owner through losing their job or through foreclosure may be faced with a situation where they can't upkeep the property in which case significant fines may only hurt this individual more. But there maybe a way to remedy the situation with the city. And I believe that working with my colleagues and the city to find that remedy is ideal for all parties because basically we want compliance. And fines shouldn't be the only way to implement that.

>> Councilmember Constant: And then, I know you've been serving on the human rights commission, as you mentioned. I'm aware there has been at different times levels of controversy in the commission and the subjects and sometimes in the jurisdiction of matters that come before that board. Can you kind of explain to us maybe one or two of those situations, and how you felt your role were in each of those?

>> Councilmember Constant, in all of my capacity serving on the human rights commission, the sunshine ordinance task force and the delinquency prevention commission in San Francisco, if I could use an analogy, the way I come up with a decision is sort of like the friction point on a manual transmission vehicle. That you know that if you release it too fast, the car's going to jump forward and stall. But if you don't release it enough the car's not going to move. I may not be able to see it but I know it when it's there so I use that internal friction point that I have in determination how I'm going to proceed making a decision with any case that comes before me on which ever body I've served on. The most significant example would be when I served on the sunshine task force in San Francisco, where a complaint was filed let's say against a San Francisco supervisor that I may have supported in an election. But I feel that the evidence either warranted a remedy against that supervisor, or there wasn't enough

evidence there to uphold the complaint. And it's going in and looking at each situation and each complaint fairly, and objectively, and serving on the human rights commission for the last four years has been an amazing experience because even though I have had conflict initially with members of the commission, we're at a point now where we're moving forward and we're getting stuff done. I'm proud to say that several of our issues that have come to us, we've sent to the city council for your consideration. And it's working together in that capacity to get work done that I'm proud of.

>> Councilmember Constant: And how much time do you have left on your term on the human rights commission?

>> My term expires in December.

>> Councilmember Constant: Thank you.

>> Mayor Reed: Any other questions? Think not. Thank you very much. I do appreciate your interest. We have one other applicant. City Clerk will bring them in. Like to welcome Cynthia cob. Welcome.

>> Good evening, mayor, good evening, councilmembers.

>> Mayor Reed: We'll give you a couple of minutes to explain why you would like to be reappointed to this position. Thank you.

>> The reason I'd like to be reappointed is, it's a chance to actually do something where you're making a difference. You get to learn more about the city and you get to help people and the fact that when people come and you have differences and grievances you actually listen to them and you hear both sides before making a decision. And it's not that you are just doing what the city wants to you do, it's what's in the best interest for the city. So that would be my reason for wanting to be here.

>> Mayor Reed: Thank you, Councilmember Constant.

>> Councilmember Constant: Thank you, Cynthia for your interest in the appeals heard.

>>> Yes.

>> Where you were vice president and president I believe.

>> Yes.

>> Councilmember Constant: As well at the Lynhaven neighborhood association where you were president.

>> Yes.

>> Councilmember Constant: So for all your many years of active involvement in city issues, I thank you for that.

>> Thank you.

>> Councilmember Constant: Can you give us maybe an example, not a particular case, but an example, of how the appeals hearing board you were able to balance the disciplinary nature of stiff penalties versus gaining compliance in a code enforcement issue and why you felt it was important to handle a case in that manner?

>> When you have people that come up and there are compliance issues you have to look at which is more important. Is it more important to make money off of these people or sit more important to get them into compliance? The idea is that you want people to be in compliance. So based on the way the person presents themselves, if they come in very argumentative and they are refusing to make any type of lenience or agreement into what needs to be done the penalties must be a little bit higher open them versus someone who is willing to

say I understand I've done this wrong I want to try and go back and help what's been done. In that case you want to give that person a lenience on what they've done you don't want to be as hard on them as far as the fees are. And then what you want to do if at all possible to get the person to do this is at some times you might put the fees in abeyance if that seems to be able to get them to give them the extra money to turn around and deal with what needs to be done.

>> Councilmember Constant: Thank you. And then during your time on the appeals boards were there any times when there was significant controversy ton board? I know never when I was the chair but any potential times?

>> No. We --

>> Councilmember Constant: And how you dealt with them?

>> No we did not have any substantial controversy. I think the only time we had something that was slightly is when we had the -- I can't remember the case -- it wasn't only controversial. We all either agreed, and the one person who couldn't vote abstained, so we listened, and we all came to agreement pretty fairly and easily.

>> Councilmember Constant: Thank you and again, thanks for all your service.

>> Thank you, you're welcome.

>> Mayor Reed: How long were you on the appeals board your first tour?

>> I served the two terms.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. I'm going to go back to Councilmember Constant's question. And how you come to an amount that you feel is enough to get a violator moving or enough to you know to where it's warrant he, you know that they're absentee and so forth. But what happens if you've got someone that just genuinely feels that they've been wronged and that they tried and that there's communication that is not going back and forth and they're emotional so they start off argumentatively. I heard you say if they start off argumentatively, that is almost a trigger to levy a stronger fine.

>> Well, no. Not necessarily. You have some people who will start off very emotional. And what you do is, you turn around and you ask questions that make them get out of that state. Whereas if someone's upset because they feel that the person came in and they boarded up their home without giving up a chance you asked them, okay did you see the note that was on your house to be boarded up and this brings them back to think oh was there a note on my house? Yes, I saw that. Or the timing when we have the weed abatement, people will forget, it's is not just that one time, it's the whole season. It will be like, well I cleaned up my weeds, how can there be weeds two months later, did it rain? Yes, did the weeds grow? Yes. The people understands and you help them understand why something is. You don't go on pure emotions. You try to get them at a state of understanding the fact and once a person understands the facts they usually calm down and they're willing to be helpful and understanding and if you can get them to that point that's where you want them to be.

>> Councilmember Campos: Okay. And those individuals that come before the board, if there's a language barrier, is there -- I mean, does the board know beforehand so that they can have the translator or is that up to the person to ask?

>> It is up to the person to ask. We have had situations where we have had a person come up and we can tell they had a problem with English and we put that one to the next time to get a person a chance to get someone in to translate for them. Because we don't want someone to not have a fair chance just because they're having an issue with English. I do give everybody a fair chance, and if English is not your first language, then we do what we can to find someone to speak. We might ask the city to go back and say this person has an issue, they can't understand us we can't understand them, we need someone that speaks their language to help them.

>> Councilmember Campos: Okay, thank you.

>> You're welcome.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you mayor Thank you, in cob for your service past and present. I understand it's very difficult to give a blanket answer how you approach questions, they are all subjective and you have to take them as they are. One of the comments when you were first responding to Councilmember Constant that I think -- that I think Councilmember Campos was getting at a little bit is that if the due process rights to be able to appeal, and to argue before the board, what one's position is, and that no one is penalized or punished because they strenuously argue their position.

>> No, you can't punish someone --

>> Councilmember Kalra: I just wanted -- I think at least the first hearing it sounds like those that came in were apologetic, said that they were sorry and they didn't know, may have been treated differently than those that strenuously argue.

>> No.

>> Councilmember Kalra: And so I just want to make that clear that's not how you get --

>> You're definitely right, that is not the case.

>> Councilmember Kalra: All right, thank you.

>> You're welcome.

>> Mayor Reed: Any other questions? I think not. Thank you very much for your interest.

>> All right, thank you.

>> Mayor Reed: All right as I understand it, we have one opening. City Clerk, one opening, is that correct? How do you anticipate we'll vote on this?

>> Dennis Hawkins: We're distributing ballots.

>> Mayor Reed: Paper ballots, okay. Any comments before we take it up? Councilmember Constant you are the liaison to this committee.

>> Councilmember Constant: Yes, thank you, mayor. I serve as liaison to the appeals hearing board which I've had that role for four years and prior to that I served on the board for a number of years, two terms including a couple of years as chair. I just wanted to say that I had the opportunity to work side by side with Cynthia on the board, and she was an exemplary member of the board and I think she was able to provide a very well balanced viewpoint. And did an outstanding job on the board so I wholeheartedly recommend her for the position.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: I just want to thank both of them. They both seem like they would be excellent members of the board. I don't know Ms. Cob but clearly she demonstrated a willingness to serve. I do know Mr. Parker. I know he has served a number of capacities in the community both in volunteering and otherwise, on the human rights commission the feedback I've gotten is that he's been an effective human rights commissioner. The experience I feel we have two individuals who will have experienced commissioners.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I want to thank applicants for their willingness to serve. These commissions require a lot of time. I think both of them know because of their prior service and it's a real demonstration of their strong commitment to the city that they're here. I also -- I guess I share Councilmember Kalra's views. I know that there was quite a bit of controversy a couple of years ago about some dissent among human rights commissioners on the board. I think the same approach that we apply to a case and the appeals commission should be applied to the commissions themselves, which is we should expect that people are going to disagree and there's going to be dissent. That's okay, that's part of democratic process. I certainly recognize that both served very well. I do know Mr. Parker and will support him.

>> Mayor Reed: Thank you. While I think it's a great opportunity that somebody from Cynthia cob's experience on the board these are heavy lifting boards this is one of the few so I respect her experience and her willingness to come back. Councilmember Herrera.

>> Councilmember Herrera: I just want to say I think they're both qualified. I think we would be doing well to have either one of these candidates. I'm a little bit more persuaded by Mr. Parker's background. And I think having additional diversity doesn't hurt. And I agree with what else has been said about the controversy that we should be -- we should embrace the ability to debate and that is part of being an open process and it is getting to good resolution we should not be -- we embrace that process.

>> Mayor Reed: Do you have all the ballots, city clerk? Shouldn't take very long to tabulate them with only two candidates. It is a little simpler when we had -- what did we have the last time we did this, 29 or something like that, retirement boards. City Attorney on this one I believe six votes is what it takes?

>> City Attorney Doyle: Yes. Six votes.

>> Dennis Hawkins: Councilmember Herrera votes for Mr. Parker. Councilmember Liccardo votes for Mr. Parker. Councilmember Oliverio votes for Ms. Cob. Councilmember Kalra votes for Mr. Parker. Councilmember Chu votes for Mr. Parker. Councilmember Constant votes for Ms. Cob. Councilmember Campos votes for Mr. Parker. Mayor Reed votes for Ms. Cob. Vice Mayor Nguyen votes for Ms. Cob. Councilmember Pyle votes for Ms. Cob. And Councilmember Rocha votes for Mr. Parker.

>> Mayor Reed: It appears to be six votes for Mr. Parker, five votes for Ms. Cob. So six votes is what it takes to make the appointment. Congratulations, Mr. Parker. I think that's all we have to do.

>> Dennis Hawkins: That's correct.

>> Mayor Reed: Okay. Thank you very much. That concludes our work on that item. We will now take up item 3.6, our labor negotiations update. Following that, we'll have 3.3, the audit of police department staffing and then 3.5 the tax qualification ordinances for retirement plans.

>> Alex Gurza: Good afternoon, Mayor Reed, Alex Gurza, director of employee relations. I'm joined by members of my staff. Gina Donnelly, Aracely Rodriguez and Jennifer Schembri. This report is our first open session labor negotiations update. So first we'd like to ask you and members of the public and the audience to bear with us as we work through a very new process that the city council asked us to do to add to the transparency of lake negotiations. Part of the logistics we need to work through in the future is whether these will be weekly and at what time they are and so we will be refining that as we move along. As many people may know, much of the discussion about labor negotiations is conducted in closed session where members of the public are not allowed and where we cannot disclose the contents of or the substance of the discussion there. What the council was asking us to do is to provide the public and the council with updates in open session, items that are not confidential. Specifically the status of negotiations, proposals which have been changed at the table which have been since last year been made public and we are going to be discussing them here. We have already begun negotiations so this is sort of an update of where we are at this point in the process. So we'll provide you with an update. We'll also give you a brief status of where we are with the international association of firefighters and a

schedule of the upcoming negotiations. So we have 11 bargaining units and one of the things we realize when we start putting things like this is many members of the public may not know what the acronyms stand for in terms of our 11 bargaining units so I did want to point out again that there is a very large amount of information available on the city's intranet about the labor negotiation. If somebody wants to go to the city's home page there is a section right there that says city's labor negotiations, you can click there. Otherwise, if anybody has trouble finding that, they can go to the City Manager's site, and then click on employee relations, and then navigate there, and it has information about the bargaining unit, how many people they represent, the status of the negotiations proposals and all of that. So as we can see here on this chart, the international association of firefighters, their contract actually expired June 30th of 2009. And that we're not currently in negotiations with them but proceeding to binding interest arbitration under the amended city charter section 1111. The next one, the building inspectors, the contract actually expired in December of 2009, but they are under terms and conditions that extend through June 30th. Then can you see we have almost all of the rest of the contracts expiring on June 30th with one exception, the confidential employees organization which expires in September. One of the things also as we do this now in open session, it may be difficult because we want to try to avoid picking up sort of in the middle of a conversation because the city council may be aware of things that maybe members of the public may not. So I will take a couple of minutes to backtrack before we move forward. One of the things we talked to the city council about particularly when we're facing bargaining with all 11 contracts at the same time, in the same year, in addition, working on retirement reform, where the council last week gave us direction on a second tier, is, is there any opportunities to actually bargain at the same time with several bargaining units, and rather than doing all 11 separately. So this is something we have -- had discussed with the council late last year. For people that may not know, when you bargain with more than one bargaining unit at the same time, it's called coalition bargaining. So again it's just simply means nothing more than bargaining the city and more than one bargaining units. It does require agreement, this is very important, neither the city nor anybody else can require if other the bargain along with anybody else. And that's important. And then, the last thing, it does, in our view, elevate the importance of having ground rules. Ground rules really about how is the process going to be conducted. Because when you bargain with more than one at the same time, you have to be sort of clear on things of how that will work. What if you reach an agreement with one bargaining unit, not the other, how does ratification work? All of these issues need to be sorted out. So we starting in December actually sent letters to groups of bargaining units, offering to sit

down and talk about the possibility of coalition bargaining. We, in deciding where we were going to explore that, it really was where it made some sense to bargain together, where either sort of there were contracts that almost had exactly the same terms last year, so they're coming into this year with very similar situations, or in the case of our Federated retirement benefits. So we have not reached an agreement yet as of right now to do any coalition bargaining but sort of the ones that we're still exploring and talking to the bargaining units about, the one on the left are possible coalitions, the electricians, the building inspectors, engineers and architects, the city association of management personnel, and the association of maintenance supervisory personnel. The other coalition is MEF and CEO. As you may know, MEF and CEO are both AFSCME-affiliated bargaining units. We haven't in the past formally bargained together on a full contract, although we did have an opportunity to work with them a couple of years ago, and so they are interested in, instead of bargaining separately, as you saw, one contract expires in June and the other in September. Actually bargaining at the same time for both MEF and CEO. They expressed an interest in doing that but also doing retirement negotiations within those negotiations. So not doing it in a separate bargaining table but they expressed an interest in doing retirement along with other wages and benefits issues. And then lastly is negotiations regarding Federated retirement benefits, again based on choices that people have made. We're down to seven possible bargain units that we may do a coalition bargaining with on a second tier. Again I want to emphasize that bargaining is really only over a second tier. So on the right operating engineers chose not to participate in a coalition other than potentially the retirement one. We would be bargaining with them separately. ALP is the association of legal professionals and then the Police Officers Association and then the international association of firefighters as I mentioned before. So regarding the possible coalition bargaining with -- who represent members in the Federated city employees retirement system I want to go over a brief update on where we are in that process. So we have met twice, January 21st and 28th, where we say possible participants. These are the list of bargaining units there now. The last two, OE3 and ALP, the legal professionals, were not able to make the first meeting but they did join on the 28th. On the first meeting of the 21st we actually proposed written ground rules. There are two pages that we do have posted on the Internet. And these are the key terms of that. Now on the slide we couldn't affiliate all our language but if anybody would like to see that, it is available on the Internet. The first one is again a very important one and that is that we had to talk about and see if we can come to an agreement is how does a separate bargaining about retirement work? And how does it relate to the contract bargaining for the rest of the terms and conditions of employment? And what

we'd want to do is have a written agreement about that up front to avoid misunderstandings or disagreements down the road about what happens if we reach agreement at one bargaining table but not on the other. And so what we propose is that the coalition process would be for pension and retiree health care benefits for new hires, and they'd be separate and apart from the contract negotiations. So they'd simply run at the same time but separately and independently from the other. The other elements on the slide are the parts that we put in. The ground rules that are standard things we put in, the ground rules that are standard things that we put in ground rules, that each bargaining unit would designate a chief spokesperson, that each bargaining unit would -- member -- representatives would attend every bargaining session. And then last thing is because coalition bargaining is something that is what's called a permissive subject, we also didn't want to have people feel like they started and they would have to stay in it the whole time. So we said either the city or the union could withdraw from the coalition at any point if it wasn't working. And what would happen then is the negotiation of retirement would then go back to the contract negotiations table. Other part of our ground rules is to give paid release time away from normal duties for representatives, and also, talk about what the impasse procedures would be. For example, do we go if we were to reach impasse which we hope not to, if we went to mediation, would we go to mediation all together, with all members of the coalition, or separately. Again, we propose to do it at the same time. These are all elements that we proposed on the 21st, and on the 28th, the bargaining units did give us an alternative ground rules, and the only thing that's missing from here, this is actually -- the actual ground rules we received with some signature lines below. But that is the sum and substance of the ground rules that we received back. Essentially it is a purpose statement. And again one of the things we had appreciated hearing from the bargaining units is that they do understand there is an issue with pensions that need to be solved and they expressed a commitment to work with the city on it. But there is no more about the process, and how it would work, in their proposed ground rules than this. So for example, in the punch statement, it talks about pension issue. So one of the questions we asked on the 28th was, was there interest only negotiating pension benefits for new hires, or -- and retiree health care, and/or. Because our interest was to negotiate retirement benefits for new hires all at the same time, both pension and retiree healthcare, so we can get a sense of what the cost would be. They indicated that they would have to get back to us on that. I also -- we also did ask them if they could please give us a response of what -- if they had any issues or concerns with any of the other provisions that we proposed. Because we did stress the importance that we place on having an understanding of how the process would work. And so we did schedule

another meeting for this Friday at which they told us they'd get back to us as to what of the other particular provisions are problematic, or if there are any changes to those provision that would made them acceptable, but that we actually, in order to engage in coalition bargaining, we would have to have, you know, some written understanding. And so we're hopeful that we can work that out. But really, it is dependent upon reaching an agreement on the process and what we said is if it doesn't work out then we would like we are with some other bargain units, MEF, CEO as an example deal with retirement benefits that is part of the overall negotiations. That's it, like to take questions on that piece of it or if I should proceed with other bargaining units.

>> Mayor Reed: Let's see if there are any questions at this point from the council. I had a question just about the time. How long can we wait before you need to decide that we can't do coalition and we've got to do to unit by unit bargain? Because we have a very short window and a very firm calendar, July 1st comes whether we like it or not.

>> Alex Gurza: We absolutely are very mindful about the short time frame that we do have so what we indicated to them is that at the meeting this Friday we would either like to come to an understanding that we are either going to be able to do it in coalition or not. So we are hopeful that at least we'll have some decision one way or the other at our meeting this Friday. And also about who is going to participate and who isn't. Like we said, it is not a one for all. If any one decides we're not going to go forward, it doesn't mean that we're not going to proceed with those that are still interest fled a coalition. We'll have to evaluate that when they have had an opportunity to consult with their membership.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: I just want to make sure that attendance has been scheduled for Friday.

>> Alex Gurza: We scheduled the meeting together when we were there last Friday to accommodate the time frame that would work.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I have general questions. Would you like me to ask them now? It is not specific to these units or should I wait until the end?

>> Mayor Reed: Whatever you think. Why don't you ask them now. If we get to it we'll get to it or Alex can just deal with them.

>> Councilmember Rocha: Outside you are your team is there city representation?

>> Alex Gurza: Which bargain unit, any of them?

>> Councilmember Rocha: Just generally speaking any of them.

>> Alex Gurza: They do vary a bit and we can bring back a list of who's on every bargaining team. Every bargaining team is led by myself or someone you see here at this table. We do use outside consultants but we try utilize them as least as possible because of the expense of it so we do have an outside consultant at the table with the association of legal professionals joining Gina Donnelly at the table there. But it's going to vary by bargaining units so we can provide a list of who's on what.

>> Councilmember Rocha: But do we have a City Attorney at our interest at each meeting or is that not something --

>> Alex Gurza: No.

>> Councilmember Rocha: Are minutes being taken?

>> Alex Gurza: We don't take -- negotiations are not necessarily as formal as that, depending on how the parties want to do notes. You know, in the way that we do it here is, each party takes their own notes, but they're not formal minutes. They are purely negotiation notes that sometimes -- well, we definitely designate on our side somebody who's going to take notes for us. And the bargaining team usually assigns somebody but they're not joint minutes of the formal sense.

>> Councilmember Rocha: Okay. And the coalition bargaining unit you've talked a little bit about I've asked you privately but if you could help me understand what's the benefit for us city side and what's the benefit on the employee's side?

>> Alex Gurza: Sure, I think the -- great question -- the best way to answer that probably is by the success we had with retiree health care. One is sort of on the city side clearly there is an efficiency standpoint. Rather than bargaining with 11 separate bargaining units, we may be able to bargain with several at the same time, so there is clearly an efficiency standpoint. One is the other benefit that I think could be seen a benefit from both sides and I clearly don't want to speak for the bargain units but one where you're more likely to achieve consistency. So it probably going to make more -- you know you're more apt to want to look at coalition bargaining on something like Federated retirement benefits. Because there may be an interest in having a consistent outcome. Whereas if you have nine separate bargaining units for example there are nine bargain units that represent employees in Federated, you may have nine different outcomes. So that's another upside, I guess. Part of the challenge I guess is to understand how the process is going to work. And how agreements happen and being able to make sure that each bargaining unit again because each bargain unit doesn't lose its status as a separate bargaining unit, how that works out. I think that's a quick off the top of my head.

>> Councilmember Rocha: That's perfect, thank you.

>> Mayor Reed: I think that's it for this point on questions. Go ahead Alex you lost your microphone for a second.

>> Alex Gurza: Sorry. The association of legal professionals in San José I'm going to be turning it over to Gina Donnelly. I did because I just wanted to mention there is the first time we've discussed sort of this what we used to do in closed session in open session. As the council is aware, this is our newest bargaining unit that was formed in 2009. When the bargaining unit was first formed, this is the bargaining unit in which I am not involved at the table, negotiating that bargaining unit. As the council may be aware, my wife, Reneë Gurza, has worked for the city attorney's office for almost 20 years, predates my employment with the city. So I am not involved at the bargaining table, do not enter into tentative agreements with the association of legal professionals. And so even in giving you the summaries, Gina Donnelly the lead negotiator this year, will be providing you with updates on that bargaining. So Gina.

>> Good afternoon. Just a brief update. We had our second meeting with ALP this morning. We are continuing discussion over our ground rules and potentially holding public negotiations. Our next meeting is scheduled for Wednesday, February 9th.

>> Alex Gurza: The next is the San José Police Officers Association. We've actually already met with the POA several times. They were again the first bargaining unit where we started negotiations with. We've had you know some very good conversations at the beginning of bargaining normally there's a lot of questions and issues that come up at the table that we discuss. For example, questions that they may have about bumping and these issues that we would all like to minimize or avoid but we spend a lot of time talking about issues making sure we are on the same page about things that are going to come up. We've actually proposed ground rules to the POA, we are very close to reaching ground rules and hopefully will do so at the next meeting. And lastly is the international association of firefighters. As I mentioned already, we are proceeding to binding interest arbitration under the revised charter section. However, even though as we're proceeding to binding arbitration it does not preclude and never does the possibility of an agreement. But that's the process that we are proceeding under and the step in the revised charter section is to see if we could reach an agreement on a neutral arbitrator. And if we can't reach an agreement, have the superior court appoint an arbitrator that would serve as the neutral panel member of the interest arbitration panel which is actually a three-person panel. We were not able to reach an

agreement as the council is aware with local 230 on the third panel member and so we will be asking the court to appoint a retired judge to serve as the neutral arbitrator. And lastly, this is the schedule of upcoming negotiations. We have the again possible contract negotiation coalition with several bargaining units. I still say possible because they are still discussing and talking about ground rules that's on February 2nd. OE3 negotiations are the 2nd, on the 4th is the retirement coalition that I mentioned on Friday. The association of legal professionals says TBD, but I think Gina mentioned they will be meeting again. The POA will be meeting on the 7th and then MEF and CEO on the 8th. So with that, I would be happy to answer any questions the council may have.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you. Alex, I received I'm sure all the council received a copy of a letter that was sent to you on the 26th from local 230 and the POA. Is that one issue of the GASB prefunding vehicle or trust vehicle is that going to be handled separately or is that going to go into each of their negotiations?

>> Alex Gurza: Councilmember Constant, yes. Thank you for raising that issue, probably so people know what you're referring to. I recently received a letter signed by the presidents of the two organizations suggesting that we get together, to work on the new trust that has to be established for retiree health care. And again as a point of background the reason we have to establish the new trust is because there are IRS limitations on how much contributions can be put into the existing trust vehicle. So they suggest that we get together to do that. Is other key element in that letter is that local 230 is stating that they are willing to start prefunding or ramping up to prefunding that the POA has been doing now for a couple of years. So I haven't had a chance to respond to that letter. But one of the things that I need to do is to talk to them to fully -- to better understand what they're proposing and then come back and give the council an update.

>> Councilmember Constant: Thank you. And just to be clear, the -- we haven't reached that funding limit within our retirement trust as of yet, have we?

>> Alex Gurza: We have not.

>> Councilmember Constant: So while we need to have that done, it is not a matter of we can't start prefunding until that decision is made?

>> Alex Gurza: Absolutely. We are prefunding as I mentioned we're prefunding on the Federated side and we're prefunding well to a smaller degree on the fire side. But -- (inaudible) [No audio] [No audio]

>> Councilmember Constant: Thank you. I look forward to hearing about that.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. And I apologize if this was covered in the mayor's question but again as we negotiate to -- for the purposes of the budget what is our lines that we'd like to have? You know, reached mutual agreement when it comes to bargaining here?

>> Mayor Reed: You mean the time lines?

>> Councilmember Oliverio: Yes I mean the budget director has to do their work, mayor you have to get your budget out. The goal here all here in public that we'd like to complete this April 1st, May 1st because we saw last year with the tremendous amount of staff workload that was created by last-minute discussion.

>> Alex Gurza: Yes, Councilmember Oliverio you know clearly we are very mindful of the City's need to have some resolution. The obligation to meet and confer is before an agency adopts a budget for the ensuing fiscal year and so we're very mindful of decision points that you'll be making regarding that. So we have to sort of backup the calendar and say okay if we were to just reach and agreement? By when does it have to happen? The earlier the better obviously that we do that but if you already then have to make decisions about the budget you may not be able to count on the results of the bargaining before you make that so we're going to do the best we

can to work together with our bargaining unit to make to reach agreements so it's in time for the council to consider those agreements as part of your budget balance.

>> Councilmember Oliverio: And then the mayor and City Manager then the best that we plan the budget based on current pay, and base our budget on that and that, should there be a for example a concession then that would buy-back the particular city service?

>> City Manager Figone: We will need to look at that closely and I think in some upcoming budget discussions can lay out what the alternatives are likely to be. I mean typically if we don't know by the time we go into production in early April we're going to have to assume the layoffs and do as you describe. My concern is that given the magnitude of the problem, the numbers could be so significant, we could be issuing pink slips and notifications and then the unraveling of that late in the process will just be unworkable so I am very concerned.

>> Councilmember Oliverio: I think it's fair to communicate that to the entire workforce and most importantly the residents that have to understand the possible impact should we not be successful in having mutual agreement.

>> City Manager Figone: Right now the budget director is planning to have cuts effective by July 1st so we get an additional month of savings instead of what we've done in the past of August 1st so that means everything really needs to be buttoned up by the end of June.

>> Mayor Reed: And by buttoned up there's a lot of work in that last few buttons if I remember last year. That you know we can't wait till June 30th. And trying to get it done earlier, also avoids more layoff notices, than we have to ultimately have to do. So the more we know, the more accurate we can be about what the consequences are.

>> Alex Gurza: Yes I think the other issue and I think in the mid year budget report about the timing of the layoff unfortunately are going to be earlier this year than they were last year. And so last year might recall, they were in

-- at the end of July and August the proposal is going to be to move those dates up to right around the end of you June or July, July 1st. So that really, again, makes the timeliness of tall decisions even more important.

>> Mayor Reed: Any other questions for Alex on this topic? I have one request from the public to speak on this, Nancy Ostrowsky. And I just wanted to -- while Nancy is coming down remind the council that we're doing this meeting pursuant to the council policy we adopted last week or the week before I've forgotten, it is an opportunity for the union or the representatives to speak, but it's not an opportunity for us to engage in a dialogue, discussions or negotiations.

>> Okay, thank you. Thank you for the opportunity that we have to clarify a few items that have been brought to you. First what's really important for us for all the bargaining units in this new process is that we understand, is it weekly can, if you can define as quickly as possible because we all had scheduled meetings. And when we were reminded about today it was really to get here just not to miss the opportunity to speak with you. So I don't know if it's on the City Manager's direction or how you get this update weekly. Or if it's bimonthly let us know please as quickly as you can. And just in -- with regard to ground rules, IFPTE Local 21 AEA and CAMP are in the coalition for both units. We do not have ground rules traditionally in the City of San José. We have effectively and with great -- really great relationships with our members, and with former city council members. And especially working with OER, to move through negotiations without ground rules. So to have ground rules presented to us takes time to look at. Of course time we know we're in a short window of time. So when you understand that it's been two sessions, that is as clearly as it is. It's only been two. We -- and we reiterated our commitment to work through these negotiations. And as Alex even said just a few moments ago, that we had great success with the retiree health care coalition which by the way, IFPTE local 21 AEA at the time moved forth for the first time and the city agreed to and we didn't have ground rules and we had seven unions effectively in a short period of time work through an agreement with the City to address all the GASB issues. The other is for you folks to understand that we really, when it came to us as ground rules we asked for status, just as it was supplied to you today. Status of other bargaining units, other non-sworn units, who's had ground rules? Is it just us? So in keeping mindful with that, as we move through that, and the status that not everyone was given ground rules during the time that we

had met, it's only been two sessions and we're moving through. So we do expect fair and equal, fair and the same just so you know we're really here to do the right thing. Thank you.

>> Mayor Reed: Alex, anything to add to your status update? I've got a question from Councilmember Rocha.

>> Councilmember Rocha: Nancy.

>> Mayor Reed: Councilmember Rocha has a question for Nancy, Nancy Ostrowsky, come back.

>> Councilmember Rocha: When you say grounds rules, can you give me a sense of how many? I don't want to put you on the spot with an exact number but can you given me a sense?

>> The city provided to us a two-page documents of ground rules to include as Alex had said, not to allow us the opportunity, similar to the retiree health care, but to say that our retirement negotiations and coalition is not going to be linked at all to our regular negotiations. It was my understanding. So that has posed, because we know the city to have one pot, right?

>> Mayor Reed: I'm sorry.

>> Okay. Sorry.

>> Mayor Reed: You got your clarifying question. You don't need to get into other areas.

>> Councilmember Rocha: That was one, how many --

>> 13.

>> Councilmember Rocha: Alex are these uniform throughout the bargaining units or are they tailored specifically to specific ones, thank you Nancy.

>> Leslye Corsiglia: They are tailored depending on the bargaining unit. For example, the POA we specifically mention city charter 1111 wouldn't apply elsewhere. These ground rules have even more unique provisions in that they're coalition ground rules. Nancy is correct, that in the retiree health care negotiations, very successful we did not have written ground rules. I think it's important to point out why are they important now? Couple things. The retiree health care negotiations, those negotiations were a product of reopener language that already had the details worked out about what those negotiation were going to be. That's number one. Number 2, even more important, we weren't at the same time having contract negotiations and that simultaneously with this number of bargaining units. So again it's very important to have written understanding of how one impacts the oat. And again if the issue really is to rather to link them together that is something that's possible within the regular contract negotiations. So there are some differences within ground rules as well as I communicate with every bargaining unit including the coalition. We have 13 items on our proposal, on our ground rules. Some of them if they said eliminate that one we'd have no problem with it because it's otherwise stated somewhere else or not that important. So I would not say the number of ground rules or the length or number of rules is really makes that much of a difference. So give you an example that we say, either party may caucus at any time, that sort of goes without saying in bargaining. But it's a standard rule you put in there. I wouldn't put that in a level of importance of number 1, where we talk about the coalition bargaining be separate and distinct from contract bargaining.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Then the follow-up to that, again, get free of my negativity on this. Ground rules, is that something you present to the council in the previous world of doing this in closed session, where they get a sense of what those ground rules that are being presented, or is that something generally done by staff level?

>> Alex Gurza: It depends on the nature of the grounds. I'd say my experience over the 15, 16 years, the council doesn't necessarily get into wanting to know every ground rule we approach unless there's a disagreement about

something or a significant item we think we need to bring before the council on the ground rules on what we think they might be. Again, without disclosing anything that was in closed session, there have been times, even at the beginning of these negotiations, where we have discussed ground rules that it was before we were in front of the council.

>> Councilmember Rocha: Okay.

>> Mayor Reed: All right, Alex, anything else? All right we're done with this item which is 3.6. That takes us to item 3.3, the audit of police department staffing. We'll stay a minute to change staffing. This is an audit by City Auditor Sharon Erickson who is here along with Assistant Chief Diane urban and others.

>> Sharon Erickson: Good afternoon, Sharon Erickson. We're here to present today our audit of police department staffing. We found that there are opportunities to maximize the number of police officers on patrol and we have a number of suggestions for the department. Let me just take a moment to remind you how we got here. So in June of 2010, the City of San José narrowly escaped having to lay off patrol officers. Faced with \$118 million citywide budget shortfall the police department had proposed cuts to services that were highly important to the community. In a search for alternatives, the city council received at least four budget documents that proposed restructuring specific aspects of the police department, and using those savings to increase patrol staffing. Due to the challenging budgetary choices and the proposed cuts to patrol, the City Auditor's office was asked to review those four budget proposals and to identify additional efficiencies that helped maximize the number of officers on patrol. So I'd like to run through those quickly. The police department's September 2010 reorganization first off of the special operations division, already has returned 40 positions to patrol. So this addresses two of the budget documents that were proposed the previous June. I think I'll just keep going with that. Although potentially worthy of reconsideration in the future, the proposals to convert, merge, or the city's swat team to a collateral duty and to combine gang enforcement with gang investigations, it seems only logical to us to allow the current reorganization, so the September 10 reorganization and those reductions to settle in before considering additional changes. However we did recommend that to promote transparency, and provide the public with information on how resources were allocated, in the police department, we recommended that the police

department report changes in staffing to the Public Safety, Finance and Strategic Support committee of the city council at each shift change or at least every six months. The second major issue that we identified is that there are additional opportunities for efficiencies to mitigate budget reductions and to better match staffing to workload. In doing this we reviewed documents from the police department, previous audit reports and new work that we did. We outlined several options that are possible. First is increasing the number of shift start times that could potentially provide this same level of service with fewer officers. Potentially decreasing the number of divisions, currently at four, that could reduce supervisory cost by up to \$2.9 million. And when we talk about reducing cost it really would be a question of relating those costs potentially or potentially reducing costs. But in some cases in the report we do talk about conversion of the number of patrol officers with those dollars. And then the third item that we proposed in in section was potentially changing patrol schedules to more efficient schedule than the four ten. In addition we did recommend that the department consider changes to investigative schedules that would provide coverage on weekend days for investigations and potentially free the day detectives, subject of one of the budget proposals, for redeployment. In addition we looked because we were asked to look at overall efficiencies in the department, we did look at the San José police department span of control and did find that our low span of control does have a profound impact on cost. The span of control again refers to the number of employees per supervisor. Now there are many factors that influence those kind of decisions about what the appropriate span is within an organization. There is no definitive correct span and there's no correct span that would extend to all areas of the organization. We calculated data related to the police departments, then span of control as well as related costs and provided that information to show the potential impact. As of November 2010, San José police department had an overall ratio of one sergeant to every 4.5 officers. We estimated the cost of the level of supervision, the cost of captains, lieutenants, and sergeants to be about \$54 million a year. That's the full cost of that supervision. We further estimated that with a shift to a higher span of control those costs would instead range from about 21 million to about 39 million. If the span of control were as high as one to ten, or if it were one to six. Finally, we recommended that the police department look at their staffing and resource allocation and provide a new framework that reflects today's economic realities. The police department's current five-year staffing plan which was issued in November of 2006, how long ago it seems, called for an additional 598 positions in the police department. At the time of our report, the police department's authorized -- at the time of that report the police department's authorized staffing was 1805, and they were requesting to add 598. Today, the police

department staffing is 623, if you include the one-time buy-back, it was 692 at the time of our report. The economic reality today is that hiring more staff is not likely. Given this, we recommend the department provide a framework for the future that focuses on a more efficient use of existing staff and measures success in ways other than simply the number of police officers per thousand residents. We recommend that in addition to recommendations in this report, in our report, the new framework include a plan to deploy patrol -- two patrol street-ready officers who are in positions that could be filled by civilians, one of our previous audit recommendations. I would really like to thank the police department staff for their time and insight during this process. The administration has reviewed the information in the report. Their response was shown in the yellow pages. It was signed by acting, and I'm pleased to say now police chief, and if -- that we look -- my department looks forward to any future discussions as appropriate with the department about the eight recommendations in this report. Thank you.

>> Mayor Reed: Chief urban.

>> Thank you, mayor and members of city council. The police department is working diligently, in fact we have already implemented several of the recommendations from the auditor's office. Our hope is moving forward with the economic times to allow resources to stabilize and once some of those numbers come to fruition and we work out things with the budget I think we'll be able to more aggressively implement a lot of those. We have already worked diligently the last three months the chief and I and staff to put together those efficiencies, both in our bureau of investigations as well as in patrol and we're actually looking forward to moving a lot of those forward. Some of them now, others are meet-and-confer and we're working collaboratively with the union to move some of those forward and we'll see how it ought to come out this June. The police department is in agreement with most of that.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. And thank you, for the great work, Sharon, as always. To give us some context here, I know that the department's already been doing extraordinary amount of work with a very,

very thin staff. And on pages 43 to 44, you talk a little bit about staffing ratios per population. And certainly, you see numbers like New York City's where you see five per thousand, and it makes us all pretty jealous. Did you see any cities out there that had anything near to a 1.0 per thousand ratio? I know we're not there yet but it seems as though we are inching very perilously close to that. Is there anything among the big cities you looked at?

>> Sharon Erickson: You know we -- I would have to ask staff. San José was usually the most thinly staffed, in most of the graphics that we did and the analysis that we did. Realizing, though, our current budget -- and that's why we focused on other things, like can we do different you know shift schedules can we look at span of control, in order to free up the maximum amount of that thin staffing to be out on the streets. At the same time, we are recommending that we -- we are going to have to move away from beating ourselves up about our thin staffing. And we're going to have to change the conversation to what do we do with less.

>> Councilmember Liccardo: Right, right, fair enough. Well then on that point, looking now at pages 3 and 4 of the report and focusing on 3 first, I was surprised to see the number of sworn staff we have both in administration and office of the chief. I don't pretend to know how to run a department or how many functions are performed in all those roles and I would imagine there is a lot going on there. But I was simply surprised to see the number was as large as it was. I guess the question I had was, was there any desire from the auditor's office to look at whether or not some of those folks should be out on parole or not, how do we compare, we as a administration comparing to other departments?

>> Sharon Erickson: We didn't do a comparison to other departments. What we pointed out was the high cost of that and span of control. For example I won't be able to find the page right now but we did look at in the bureau of investigations, some upper level personnel are serving not in supervisory positions but working sergeant. So we did remove that when we calculated the span of control. We didn't attempt to reorganize the department. We simply pointed out that there is a cost and asked that the department relook at that.

>> Councilmember Liccardo: Right. Chief urban, did you want to --

>> And we actually have, for example, like in the homicide unit, traditionally that's been teams of two persons, you know two sergeants at a time. And that's one of the efficiencies that we've already moved forward with is to make them a sergeant and an officer team, rather than just them be two sergeants. In addition, some of the other -- like when you're talking about internal affairs, we use more of a supervisory role, those report directly to the office of the chief, same as our research and development unit. So a lot of those are as the auditor said working positions where we're looking for a higher altitude more experience sort of a broader view if you will from a management perspective. But over the course of the last three months we have noted efficiencies and we have reworked that. And so that is actually being implemented. Right now.

>> Councilmember Liccardo: Okay, great. Thank you.

>> You're welcome.

>> Councilmember Liccardo: And I guess looking on the following page on page 4 I know we're -- I think we all recognize we're starved for officers on patrol. We'd love to have more. Again not knowing how to run any of these units or manage any of them I was surprised we had 19 officers in preprocessing and 15 in the main lobby. I imagine there are some security issues there in the main lobby but I guess I know you've done a study in the past of civilianization of these officers Sharon. I wonder if you would like to comment about whether or not any of these roles that could have otherwise been satisfied and had those officers out on patrol.

>> Sharon Erickson: Well again we didn't look at the amount of staffing by unit. We were looking at opportunities to -- well, let me start over. In our report on civilianization, we didn't look at the absolute numbers. We looked at whether or not 19 were needed in the lobby. We looked at whether or not that position could be filled by a civilian. So yes, those recommendations still stand. And the last recommendation in this report is to incorporate, we hope, those civilianization recommendations into any future plans. The idea being again to maximize sworn capabilities out on the street.

>> Mayor Reed: Before you move on City Manager has a comment.

>> City Manager Figone: Just a question Sharon if I may. Whether it be sworn or non-sworn, the number factors in 24-seven coverage, is that correct?

>> Sharon Erickson: That's correct.

>> Councilmember Liccardo: Three shifts we're covering there.

>> Sharon Erickson: Three shifts, yes.

>> Councilmember Liccardo: Thank you.

>> Mayor Reed: Speaking of shifts, as a rule of thumb I have been using for everywhere position, 3.3 people it takes to nil it full time, 24-seven is that still a good rule of thumb?

>> Sharon Erickson: Yes, it is.

>> Mayor Reed: All right, councilmember Pyle, were you done? Okay, councilmember Constant.

>> Councilmember Constant: Thank you. First, my thanks to the City Auditor's office and the police department for the work on this audit. This audit came to be mainly because of my budget documents that I put forward last year and my observations that as we were reducing staffing last year in the budget, that it all came from the officer rank, and not as much from the supervisory rank. So I want to thank you for the good work. Sam kind of touched on the points I was going to make in a round about way and that is that there really has to be taken hand in hand with the civilianization audit and the problem that we've had ongoing with non-sworn staff being reduced and sworn staff being spread over both non-sworn and sworn duties. And I think that that's something that we have to then drag in, the five year staffing plan and look at all three of those documents together as we find the solutions going forward. And I know it's a complex issue but given where we're at with the numbers we're seeing

in the budgets not only this fiscal year but several fiscal years in the future it's going to become increasingly more important. I asked all my questions at public safety committee meeting, I don't really have any questions but those comments and a thank you to both sides for a job well done.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Getting back to the consolidation of VSET into metro and the recent spike in violence, and perhaps this is a question to assistant chief urban, how do you see -- I mean, the recent spike in violence, could that be attributed to not only was the unit consolidated, but it looks like it's lost some officers.

>> I don't think the spike in violence the is directly tied to the consolidation. I mean certainly we're concerned about what's going on out in the community. The consolidation you know it's working through the bumps in the road as far as you know a reconfiguration. The role has been defined that the metro unit does in fact do gang enforcement, and there is cohesion between the metro unit and our gang vehicles unit which is actually run out of the bureau of investigations. So moving forward with our efficiencies, we also -- we are actually making a lot of changes and it's all very intertwined and so I will tell you that that consolidation and the spike are not directly -- are not directly related. However, there are fewer resources available. As the auditor mentioned, we put people back in the patrol capacity, and so there are fewer people specifically assigned to doing gang enforcement. That's the reality of the times that we are facing councilmember.

>> Councilmember Campos: Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Let me also say thank you. It's a great report and it also makes councilmembers job a lot easier when you're both sitting there supporting the report coming forward. So thank you very much. I just have one question, and it was more curiosity question. Looking at the memo from now police chief, I noticed that

the CMO's office was the signator on that. Is that standard practice where you prepare the memo or was it just because he may have been in D.C?

>> Sharon Erickson: If I could answer that, yes, that's standard practice.

>> Councilmember Rocha: Okay, thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I just wanted to refer to exhibit number 5, and I think probably most of the questions would be mentioned by chief urban. In reference to school safety, the third bar down, would I interpret this as one officer in charge of 38 volunteers?

>> That's specifically in regards to the crossing guards. Not the school safety officers. Not the school resource officers that are out in the field at the schools. So that specifically refers to the one sergeant overseeing our crossing guard program.

>> Councilmember Pyle: Okay. And then the other question had to do with crime prevention, four officers or four civilians actually.

>> Right, that's a tremendous reduction and so in order to maximize efficiency what we decided to do was to take each of those crime prevention specialists who are truly the meat and potatoes of our success. Those analysts are so helpful and we assign each one to a police captain, to a specific division. And so that's very helpful because they're intimately familiar with that division's issues and what they're facing and then they're also intricately involved in the community meetings and providing that information. Those crime prevention programs where thing are at and what he this can do.

>> Councilmember Pyle: Can you give me an example of some of the crime prevention? I'm thinking crime prevention, what does that look like?

>> Okay, neighborhoods watch. Getting the community come together to report on suspicious activity, how to strengthen against mail fraud, why we use locked mailboxes, why we put our mail at the post office instead of at the mailbox.

>> Councilmember Pyle: Thank you. You only had four if I read it right again four civilians running the whole show.

>> They report to a division captain so I would look at them as more partly of a team. The patrol officers, special operations, the captain, they work cohesively as a team to address the community -- to address specific issues that each captain faces. Certain areas have unique needs. Every part of the city has a different -- has a different need.

>> Councilmember Pyle: Thank you.

>> You bet.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. I want to thank the City Auditor for the work as well as the police department during this transition period in work closely with the City Auditor as well. And as we go forward with some of these -- at least go forward with these recommendations in hand, you know, there is going to be a point where there's some tension in that and I think it's been raised just through different questions, ability to really make sure that we're able to really fully staff all the different bureaus appropriately. With these cut-backs that we have and I know that this is part of why we have to do this, is because of the lack of resources is there, we have to deal with that in some way that's responsible and efficient. And as we do that, I hope that we can find ways to,

as Councilmember Liccardo alluded to some of the things that kinds of stick out, and certainly if we can get folks back on the street. And my worry I think it's shared by all of us up here is we lose the capacity to do some targeting community policing. And I know that that's something that our new chief has already discussed and is going to be highlighting. But I just wanted to make that a point as we go forward, that I think that's going to be invaluable even with the increase the spike in gang activity that seems to have occurred over the past few weeks that certainly the community policing aspect of it will be critical. I have one question regarding the bureau of field operations versus investigations. I notice the enormous amount of patrol officers and traffic enforcement, which makes sense, and oftentimes those enforcements may lead to other types of investigations. But the investigations side, I see there's nine sworn officers under traffic investigations. Now, is that a follow-up to that or is that accidents? You know, accident reports things of that nature?

>> Yes, and no. So the traffic investigations unit is comprised of follow-up that's done on felony and misdemeanor hit and run accidents as well as a fatal traffic team that goes out and investigates all fatal traffic accidents. So that's an investigative, actually unrelated to our traffic enforcement. They actually do the investigative function.

>> Councilmember Kalra: That is separate but can be in follow-up of something a traffic officer may have been on the scenes for something along those lines?

>> More likely what a patrol officer was assigned to as far as a hit and run. Actually, our traffic enforcement team doesn't specialize in doing traffic accidents. We utilize them more for traffic enforcement to reduce traffic collisions. They work the major arterial arteries, they do very proactive enforcement, whereas the traffic investigations unit comes in on the back side from what patrol does or they get called out because we've experienced either a major injury accident, but looks like it's going to result in a fatality or it's actually confirmed a fatality.

>> Councilmember Kalra: Traffic enforcement strictly is for intersections that maybe heavy hot spots for speeding or people running stop signs or just general, traffic calming in general?

>> That's right, that's their primary function and they are very responsive to the community in targeting traffic concerns.

>> Councilmember Kalra: Okay, thank you.

>> Mayor Reed: Councilmember Nguyen. Vice Mayor Nguyen, sorry.

>> Councilmember Nguyen: Thank you, assistant chief, Sharon, thank you for the collaboration that has gone into producing this audit. Apparently we had this extensive discussion at the public safety committee meeting. I have one question regarding the graffiti related arrest. Under 14 it says that metro will no longer be conducting these graffiti related arrests. I was wondering if the assistant chief can share which unit or which department will be taking over that and how proactive is enforcement as it relates to graffiti related arrests because obviously we've seen an increase, a huge increase in graffiti throughout our city, especially on the east side and what are we doing to address that?

>> It's not that the graffiti team, there's always been two officers assigned to graffiti and three were moved out of metro over to the bureau of investigations. It seems more appropriate to have them in an investigative capacity. As we move forward with the budget cuts we're facing this year it is yet to be determined whether we would still be able to maintain both of those officers or not. But certainly you know when you have competing priorities we are definitely working diligently to maximize our efforts yet we have to be very realistic with what the priorities are to serve the community. And so we have made our first stab at it with our budget proposals last week and you know we're looking forward to input and where that goes from here. But it's not that those two graffiti officers are gone. They've actually just been moved over to the bureau of investigation.

>> Councilmember Nguyen: Thank you. I'd like to move for approval of the audit of the police department staffing audit.

>> Mayor Reed: We have a motion to approve. Further discussion. Councilmember Campos.

>> Councilmember Campos: Thank you mayor. Just one last comment and again I forgot to thank you all for the great work that you did in this audit. But just a last comment. And I do see the benefits of combining VSET gang investigative unit. However as we creep closer to that 1 to 1,000 ratio you know at some point you can't do it anymore. I mean, it just makes it that much harder for you know officers to be able to you know get intel after an unfortunate situation such as we had last week to prevent retaliation. So as we proceed into our budget discussions, I think we need to take that into account. You know because you can't put dollar signs on a life, on you know having to tell a parent you know unfortunately your child was killed in a drive-by. I don't think we should put dollar amounts to that. So you know we need to take that into consideration. Especially as we creep closer to that 1 to 1,000 ratio. Thank you.

>> Mayor Reed: City Manager.

>> City Manager Figone: Yes, thank you, councilmember, for the comments. I do believe we are monitoring the effectiveness of the merger through the monthly reports that go to the Public Safety, Finance and Strategic Support committee so we'll make sure you are aware of this and we are keeping our eye on this so thank you.

>> Mayor Reed: Had a couple of questions before we finish up. First, I just wanted to point out I'm sure we haven't forgotten that the officers that we almost laid off last year, with last year's budget approval for this fiscal year, 72 of them, we were able to avoid laying them off thanks to concessions from the police union in negotiations. But the concessions were one-time. So we saved those 72 jobs only for this fiscal year. And we still have to worry about them for next fiscal year. Second thing is if you look at the budget for the last decade for the department the budget is up \$100 million, plus or minus a few million yet we have less officers. Clearly, costs are a big driver. I know all the auditor's recommendation will be taken seriously by the chief and the department. But there is not enough here in this set of recommendations to save us from the problems we face in the budget. But good management can do some things but ultimately, the chief, the new chief, Chris Despite knowing that we have a huge budget problem has taken the job so I'm optimistic that he will do the best that he can with what we give him. But unfortunately we can't give him additional money. And the police department budget probably best

case scenario is that it's flat for next year. Even though costs are going to go up by 30 or \$40 million. So that is the huge problem we face and I want to thank the auditor and the chief for being creative about what we can do with the resources we have. And I had two questions that I couldn't find answered in here. It's probably because I missed them. You didn't talk about officers on disability, that are working in the department, and whether or not we're getting full use out of those positions and then the Brady list, which we have officers who apparently are not going to be put on the witness stand by the District Attorney and have less than 100% of the duty capacity that we have for other officers. And I don't know how that fits into the staffing model. I'm not even sure how many officers are in the Brady list category and how many are in the disabled category. So if we could -- I don't know if -- I don't think it's covered by this report, is it? Okay well that's why I didn't find it in here but I would like to know what the relative size of those numbers are.

>> For the consent decree we have 30 exempted positions. And I can tell you there has been vigorous discussion in the department with these unprecedented economic times on whether that's something that we want to continue with. We are allowed via the consent decree and we are working closely with the City Attorney's office. We are revisiting that. We are allowed to revisit that by consent every five years. And so we have been working both with the union and with the city attorney's office. There is consensus that there is time to address it. There has never been a time where we need every able body on the street more than we do now. In regards to the Brady issue and the Brady officers -- I'm sorry, let me finish up with the exempt officers. All of those officers, those 30 positions are deployed and doing a lot of good work. The question just becomes what is the competing priority? We'd like to have able bodied positions often the street, just to finish up with that. With the Brady list, the District Attorney puts them on that list and it is the chief's decision whether or not he feels it is appropriate for them to work in a capacity where they would possibly be put on a witness stand. We're talking about integrity and ethics. That is something that we've discussed as well. That's a little bit more complicated than the exempt employees and would require future litigation and working relationships with the city attorney's office to pursue what we want to do with that in the future.

>> Mayor Reed: Okay but that Brady list is one that essentially the District Attorney creates.

>> That is correct.

>> Mayor Reed: They tell us.

>> That's correct. We review it with them and we just had the opportunity to do that. Sometimes a person is put on there because perhaps they've been arrested for like a drunk driving and they're finishing up probation, and so it is not something down the road that they are left on that Brady list. But for a certain period of time they are.

There are people that have been on there for a long period of time, the chief has determined he does not want them on the street, he doesn't want them in a capacity where they would be on the witness stand.

>> Mayor Reed: What is the average size of that list?

>> It fluctuates between about 15 and 24.

>> Mayor Reed: Okay. Thank you. Any other questions before we get to the motion? We have a motion to approve the report. All in favor? Opposed? None opposed, that's approved. Taking us to our next item which would be 3.5 tax qualification ordinance for retirement plans. There was on the agenda last week, and I asked to have it deferred to this week, because I had a question about the impact of the changed languages on the vested rights issue. That comes into play when we're talking about changing for second tier or for existing employees. And I just wanted to make sure that we're not changing anything in the way of making this consistent with IRS regulations that somehow precludes us from something that we play want to do or can do. As we go through a second tier or first tier negotiations. So I think we have solved that problem. Have some language I would suggest that we add in both the Federated plan and Police and Fire plans. There's a section called vesting and I'll just let the City Attorney comment on this but the language is nothing contained in this section shall be construed or interpreted to limit modifications of benefits, to the extent that such modification is otherwise allowed under federal and state law. And I just want to make sure the City Attorney is okay with that aimed at both sections under vesting.

>> City Attorney Doyle: That language works. As you mentioned mayor, this is to -- and we're working with the retirement board's outside tax counsel to assure that the -- both plans meet the tax qualification requirements under the internal revenue code. But with that language it doesn't preclude the council from further changes to the extent otherwise allowed by law.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. Just as a perspective from being on the retirement boards, this is an important issue for the retirement boards and very important step for the council to take. So I'd like to make a motion to approve this with the amended language that you just read off.

>> Second.

>> Mayor Reed: Motion is to approve with the amended rang and vesting section on both plans. All in favor, opposed, none opposed, that's approved. Our next item is 4.1, the cultural connection, San José cultural plan for 2011-2020. I think we will have a presentation from our staff.

>> Good afternoon, we are very pleased to be with you this afternoon, as city council considers adoption of San José's ten-year cultural strategy which is called courage connections. I'm Kim Walesh acting director of economic development and chief strategist and I'm here with Kerrie Adams Hafner, Director of cultural affairs and Bobby Yont who is a financial investment manager during the day and chair of our arts commission during the night. We are joined in the audience by a group of people who have participated in this strategy's creation and who will participate in its implementation. The last time San José adopted a cultural strategy was 1997. Susan Hammer was mayor and the city and the arts council collaborated to set an agenda for the future of arts and culture for San José and Santa Clara County. This strategy actually made a difference. It paved the way for a number of successful initiatives including the emphasis on digital arts through ZeroOne, the creation of the Artsopolis marketing initiative, the leadership of K-12 arts education at Cultural Initiatives Silicon Valley and later the county office of education, and the restoration of the California theater, among other initiatives. This strategy was

intended to last for the first ten years of the 21st century. So about two years ago, in light of the downturn, the continued downsizing of city government, and the many challenges facing arts nonprofits in San José, we really thought long and hard about whether it made any sense at all for San José to embark on creating a new cultural strategy. We ultimately decided it was very important to do this. For three main reasons. The first reason is that cultural development has become an important part of economic development. That economic strategy that you adopted last April includes a strategic goal that says, "develop a distinctive set of sports, arts and entertainment offerings, aligned with San José's diverse growing population." So it's very important that we develop a distinctive cultural scene here that resonates with the kind of talent that we want to attract and root in San José. I know I am very concerned that San José is slipping in our ability to attract the 20 to 34-year-old demographic. I just saw the most recent data on that. Our city is not even in the top 20. And I know I am very personally committed to this work, for many of the young arts leaders in our community who have stipulated up and are excited about this strategy. San José was a national leader five years ago. Integrating cultural development into the economic development office and function, and other cities have followed suit. So we really believe that this cultural strategy dovetails nicely with our economic goals. The second reason we thought this was important is that we know that the creative economy is becoming an important economic engine in its own right, in San José and elsewhere. We have focused a lot of attention, rightly so, on our nonprofit organizations who collectively employ more than 2300 people in our city. But this new strategy also acknowledges the important private sector component of the creative economy. We have technology companies like Adobe, Nvidia, Apple, Electronic Arts in our region that truly value art and design skills. We have artists who are creative entrepreneurs who earn their living using art creative new media skills. So this private commercial component of the Silicon Valley economy that values art, design, and creativity is growing in the future. The last reason and my final point, why we thought it was important to create a strategy. Is that a community that conveys a clear, compelling direction will attract new investment. Staff and arts community are very well aware that San José city governmental has very limited financial ability to support implementation of this strategy. That is why we want to be very clear, that this strategy is not chiefly about what city government should do or fund. Rather, it is about what the San José community will do together, to create a better San José through arts and culture. We believe that, especially in times of limited resources, having a clear strategy will help us coordinate and leverage our scarce existing resources. So those are the three reasons why we concluded it was important to have a strategy. Now Kerrie is going to share the vision and the ten goals.

>> Thank you, Kim. An extensive community process informs the vision for cultural connections. It involves over 3,000 people over two years. It included the arts commission, a local advisory team, discussion groups and interviews, two town hall meetings, two online surveys and input from five national issue experts, city departments and the Redevelopment Agency. Cultural connection presents a vision, what we want San José's cultural life to become. The vision statement is, arts and culture in San José connect people. Provide rich opportunities for participation. And foster creativity. This statement is also integrated into the draft envision San José 2040 our general plan update. And lifted from this vision, the themes for the plan are participate, create, connect. Participate means more opportunities for people to learn. Practice. Share and celebrate their own cultural interest. Create means that through their participation, San Joséans own personal creativity and expression will be heightened. Connect means through the arts our residents can connect to each other across diverse ethnic, generational and other backgrounds, fostering deeper community connections and civic pride. Cultural connection has ten interrelated goals for the next ten years. The first goal is to support residents active personal participation in arts and culture. This is emphasizing the personal and everyday amateur creative activities in addition to experiencing professional work and settings such as theaters and museums. Goal 2 is to support the availability of diverse cultural spaces and places throughout the city, in neighborhoods and community settings. San José is a collection of key cultural facilities primarily in the downtown. Now cultural development can also focus on better utilizing existing diverse and smaller scaled spaces without significant investment. Goal 3 is to strengthen downtown San José as the creative and cultural center of Silicon Valley, building on our accomplishments of developing a density of art opportunities in the downtown. A great city is a city of great places. And goal number 4 integrates high-impact public art and urban design throughout the community essential to this idea. In 2007, the city council adopted a public art strategy that emphasized integrating public art in high-traffic, high-visibility locations. And that public art strategy is woven into cultural connections. Goal 5 is to expand access to arts and cultural learning opportunity. This goal emphasizes both K-12 and lifelong learning. Goal 6 is to foster destination quality events in San José that attract residents and visitors. Goal 7 is to strengthen community-wide marketing and audience engagement. San José can now become an effective draw as a cultural destination in Northern California and beyond. San José has an estimated 1700 arts-related businesses. And about 5,000 artists in this metropolitan area. That as Kim mentioned are becoming increasingly

important to our economy. Therefore, strategic goal number 8 is to enhance support for creative entrepreneurs and the commercial creative sector supporting their small business needs. Goal 9 is to strengthen the cultural community's infrastructure. This goal speaks to sustaining a healthy arts community of diverse leadership and organization. And finally, goal 10 is to increase funding for cultural development. Local government has been the key supporter for arts in San José for decades. It is important now to focus on increasing private and philanthropic investment. Over the past year, the office cultural affairs has raised approximately \$400,000 in cash grants and sponsorships for city arts and event initiatives. This number sets the baseline for increasing outside support. Our office will now become more increasingly aggressive in soliciting funds from outside sources to realize the goals of this plan. Cultural connection balances short term pragmatism with long term vision by recommending tactics to support the ten strategic goals. The recommended tactics reflect ideas that were frequently heard from the community during the process, and they're illustrative how to achieve the ten strategic goals. They will be approached in a reflectable manner as circumstances and opportunities will change during implementation. There's also an implementation table at the back of the plan in the appendix that outlines first steps. Also resources and partners. At this time it is now my honor to introduce Bobby Yont, the chair of the San José arts commission that will discuss the role of the commission as part of the development and stewardship of cultural connections.

>> Mayor and members of the city council, my neighbor is Bobby Yont, I'm chair of the arts commission of the City of San José and I'm here on behalf of the arts commission for the city in our role as key advisors for the city council on all matters pertaining to art in this city. The arts commission is proud to have been the leader in the development of the cultural connection plan and we urge the council to approve this plan as it has been presented. Cultural connection will provide the arts commission with a framework for our annual planning and for those strategic prioritizations that we need to make throughout each year. Furthermore, the arts commission can better advise the council on the future development of our vibrant art city in -- of our vibrant arts scene in this city, as well as speak to the public and to the arts community, about the City's vision for arts and culture. Adoption of the cultural connection does not and I repeat does not come with an additional request for funding over and above those commitments we currently have. The arts commission realizes how important it is that we all strive to respect the current fiscal parameters of the city and we certainly want to be a part of that solution. Finally, the arts

-- the cultural connection plan identifies ways for the city to partner with arts groups, to provide this city with those activities designed to artistically enrich our lives. We appreciate everything that the council has done for us in the past and we ask you to adopt this cultural connection plan. Thank you.

>> Kim Walesh: That concludes our formal presentation.

>> Mayor Reed: Thank you. Councilmember Liccardo.

>> Councilmember Liccardo: Mayor, I see that there are several arts leaders in the audience. I know they are busy people running organizations. Perhaps could we hear from the public first?

>> Mayor Reed: We could do that. Why don't we call down a few and see what they have to say. Nick Nichols, Josh Russell, Connie Martinez.

>> Mr. Mayor, members of city council, good afternoon, I'm Nick Nichols. Managing director of San José rep and I'm here to strongly support and urge you to adopt cultural connection, San José's cultural plan for 2011 and 2020. I served on the local plan advancement team for cultural connection and saw firsthand the excellent and thorough work that the arts commission, Kim Walesh Kerrie Adams Hafner, the OCA staff, and many others did in the formation of this plan. The plan is well thought out, comprehensive, and realistic, both in terms of goals and in terms of economics. Cultural connection requires a very inclusive and holistic view of arts and a very diverse San José and will be vital in informing the envision San José 2040 plan. As someone who manages a large performing arts organization and a city owned downtown performing arts facility two of the plan's strategic goals particularly resonate with me. First the strategic goal to strengthen downtown San José as the creative and cultural center of Silicon Valley and second the goal to foster destination quality events in San José are I believe vital to downtown arts and culture and a vibrant and economically healthy downtown hub. Adoption of this plan signals that the council values the arts and they very meaningful and important when nonprofits can go out and use that to raise funds from corporations, foundations and individuals. The adoption of this plan shows that even in this deep recession, the city council is ready to lead in promoting a healthy arts scene and understands the important

contribution including economic contributions that the arts make to San José. In the short term, this plan does not require the immediate appropriation of any new resources or funding. It's a good plan. And a good deal. And I hope you will adopt it.

>> Mayor Reed: Josh Russell. Connie Martinez and then Angie Helstrop Alvarez.

>> Hello, my name is Joshua Russell. I'm the director of communications and emerging initiatives for 1stAct Silicon Valley, and I'm also the immediate past chair of Gen arts Silicon Valley, which is a local network of emerging arts and cultural leaders. As you will hear from Judy Klineberg, the Knight foundation recently published a report on the soul of the community which is focused on what attracts people to where they live. To me the results were very revealing. Across 26 different communities, feeling connected to where you live has nothing to do with the jobs or housing but rather the aesthetics of the area, the openness to diverse people and social offerings. Every community faces the same challenges of attracting and retaining young professionals and emerging leaders. Why would I choose to live and raise my family here instead of going to Seattle, Portland or San Diego? My wife and I have asked ourselves this very question at different times over the past ten years. Of course there's never one answer but reading the cultural connection plan reminded me of why we choose to live here and why we plan on staying here. It is important to us to have access to the distinct cultural life here. We want our children growing up among diverse people. We want them to be tolerate and open to new people. To have outlets to express their unique creativity and to feel connected themselves so they choose to raise their own families close to us. Congratulations to the City of San José and the office of cultural affairs for recognizing how important this cultural plan is to me, my family and my friends. Thank you.

>> Mayor Reed: Connie Martinez then Angie Helstrop Alvarez and Brad Erickson.

>> Connie Martinez, also with 1stAct Silicon Valley. I love this strategy, I really do. And congratulations to Kerrie and your team. Nationally if we look across the nation I think every large city is grappling with the investment strategies and the creative and cultural sectors. I think what this strategy does, it positions San José as a leader in innovative strategies for the future. Aligned with the reality of our economy, at the same time, the authenticity of

who we are as a community. A valley of immigrants, innovators, technologists and folks who want to be engaged in their community in a way that's meaningful to them. I think we're in a great position moving forward. The guiding principles is aligned with everything that 1stAct is taking on. A lot of us have been working on these issues for many, many years. I think putting a statement or a stake in the ground is a very important thing to do. And as has been mentioned the community needs to step into the leadership role in partnership with the city. And that's definitely in our plans. So the framework that you've provided, I believe, will help all of us in our work and we look forward to being one of those key partners in the implementation. Thank you.

>> Mayor Reed: Angie Helstrop Alvarez, Brad Erickson, and then Judith Klineberg.

>> Good afternoon, I'm Angie Helstrop Alvarez, and I'm the executive director of MACLA, the Latino arts center in downtown San José. I'm also a proud participant of the advancement team for the cultural plan. I'm excited about this plan for many different reasons. Running an arts organization that supports the next generation of artists and in particular very importantly the next generation of artists of color we need to continue our cultural investment in San José. So that we attract and retain a talented workforce that's reflective of the diversity in our community. Young professionals and artists create a vibrant urban center is that attractive to businesses and others who want to live downtown. Also, in a separate note much of MACLA's work addresses the social and community issues that bring people together through the arts. Another theme that's echoed through this plan. I'm really looking forward to seeing this plan implemented here in San José. With strategic partnerships we'll have a creative community that is dynamic, reflects diverse perspectives, innovative and economically viable, also a key point during these times. You can count on MACLA's efforts in this endeavor. Thank you.

>> Mayor Reed: Brad Erickson and then Judith Klineberg.

>> Thank you, mayor and members of the council. I'm Brad Erickson the executive director of theater Bay Area which is a theater organization with 400 theater and dance members throughout the Bay Area. Nearly 3,000 national members, many of our members you will recognize such as San José Rep and City Lights and San José stage. I'm also the president of California Arts Advocates which is the statewide advocacy organization for the

arts. And I want to speak on behalf of both of those organizations to commend you and commend your leadership for putting this plan together. There are not many cities that I know of that have a plan that is this thoughtful and has this kind of vision that clearly points to the future of what San José can be, and so clearly brings together both your office of economic development, and your office of cultural affairs, to create a better San José for all of your citizens. There are three ideas that really stick out to me in this plan. The first is about personal engagement of the individuals citizens of San José. To not only be attendees of our events and not just be sort of marketed-Tao to, but actually be creating and participating in the arts themselves. And I love the way that this plan talks about the way that the arts and culture bring our diverse communities together, both celebrating diversity, and creating bridges between the people, knitting together a real social fabric and creating one city. And I'm also very excited about the way that it talks about economic -- the way that the arts and culture spur economic activity both in terms of cultural tourism creating a cultural destination in San José but more deeply perhaps the way the arts and culture spur creativity and help individual people exercise their imagination, create innovation which is clearly the engine that is driving San José and all of Silicon Valley. So I commend you and I commend everyone who has created this plan. I urge you to adopt it, on behalf of San José and really on behalf of all Californians as you said a leadership example for all of us, thank you.

>> Mayor Reed: Judith Klineberg.

>> Good afternoon, I'm Judy Klineberg. I know a few of you here. Nice to see you. Nice to be on this side of the microphone. I'm the director of the John S. and James L. Knight Foundation and in charge of philanthropy for Silicon Valley and San José. As you know for many, many decades the Knight Foundation has worked to create informed and engaged communities and has focused especially on San José. As you've heard previous from Josh the Knight Foundation and the Gallup Foundation -- Gallup Organization just completed a three-year study of San José and 25 other United States cities that found that people's love and passion for their community may be a leading indicator of economic vitality and growth over time. The soul of the community study found that three main qualities attach people to place: Social offerings such as entertainment venues and places to meet, of openness which is the welcoming quality of a city, and the area aesthetics, its physical beauty and green spaces. Surprisingly, these three drivers are far more important to residents including San José residents than I their

perception of the economy, jobs housing or any of the other drivers that create an emotional bond. Most important cities with the highest level of resident attachment also had the highest rate of GDP growth over time. In the three year study of San José these three community qualities, social offerings, openness and esthetics consistently emerged as a the leading drivers for community attachment and beat out all the other possible drivers such as local economy and safety and leadership. In San José, the availability of social community events and offerings emerged as the highest aspect, the highest rated aspect of emotional attachment among San José residents. But the study also revealed that residents feel that the city needs to improve its social offerings such as community events, entertainment venues and arts and culture opportunities. The soul of the community survey offers San José a new approach to attract business, I see the red light, keep residents and improve the local economy. A critical step in that direction would be to adopt this, cultural connection plan, each of your offices received a copy of the soul of the community report and can you find more data on www.soulofthecommunity.org. Thank you very much.

>> Mayor Reed: Thank you, that concludes the public testimony. 20 years ago that I joined the board of the San José rep, then the San José repertory company and I was really excited about the prospects of having a full time theater company in the downtown San José because I knew what impact it had had. Since then we have had great success with arts and cultural organizations in large part because we've had a plan, whether it's 2020 or the 21 plan, that we've had a cultural plan that has helped strengthen our efforts and we also know that we need to have creative talented people come to Silicon Valley. And that creative and talented engineers also like art, and they like to hang out with other creative and talented people. And that's an important part of the future of downtown as we've already laid that out as an element of how to have a successful downtown. So I want to thank our staff, our Office of Economic Development, office of cultural affairs, our arts commissioners, our arts groups and everybody that's got engaged in this process to prepare this cultural connection, because we do need a plan, even though we don't have money. We will some day have money, and we will have some day opportunities perhaps for other people to spend money and other things to happen, and we need this plan to guide us when those opportunities come along. And so that's why I'm really pleased to see this work, the plan's goals and the guiding principles are things that I can fully support. And there's a memorandum out that I signed, along with Vice Mayor Nguyen, Councilmember Herrera and Liccardo, that recommends we adoptive the guiding principles and

the goals, and asks the staff to develop a priority, the top 10 list of the 82, I think, long term recommendations and actions that are in the plan. And so I just want to be clear about why I'm framing it that way. First I support the goals and the guiding principles, I'm not sure all 82 of the recommendations and there are some in there that are excellent and some that I couldn't support in the current economic environment. And might never be able to support. But I don't want to have that discussion today because it's not necessary to look at all the details and I would like to have the staff and the arts commission focus on the top priorities and bring those back to us, and that's why we framed it up that way. To give you a couple of examples there are some recommendations for revenue sources, taxes of one form or fee or another. And while it's wonderful to contemplate having a dedicated revenue source for arts and culture we have to get in line behind the tax for the libraries, the transportation tax, the general revenue tax and this, that and the other thing. And increasing revenues by any kinds of a strategy is a very complicated difficult thing that has to be considered with all the other priorities of the city. So I'm just not ready to make that decision. And what I don't want to have is two years or three years from now, for people to come back and say that when we approved this arts and cultural plan that we approved every recommendation in there. That's not what I'm intending to do. I just want to make it clear that I'm not going to go through it and say yes or no on all of the individual items because I think that is something the council will work out over time when we have opportunities. But there's some great individual action items in there and some things that I think would take a lot of resources, or new revenues that we don't have. And I just don't want to raise expectations in the arts and cultural community that somehow by approving this plan that we're all on board with going out and getting a new tax to support arts or setting up a task force. Because the people who do that kinds of work are all busy right now. And with the budget that we're facing next year, \$110 million gap we're going to end up with less resources and less people to do things. So great plan. High-level goals and guiding principles. Great and good with all of that but I think the top priorities are the specific implementation needs some work, and I'm sure the arts commission will be happy to help us with that. With that, councilmember Liccardo, let's go back to you.

>> Councilmember Liccardo: Thank you, mayor. I'd like to make a motion first enthusiastically adopt the plan.

>> Councilmember Herrera: Second.

>> Councilmember Liccardo: With the recommendations outlined in the memorandum that the mayor referred to. Thank you for the second. I personally think this is a fantastic plan. And I am really excited about the idea of focusing on what we can do in the near term and I think that's a good approach to start with. I think we all know we have very limited resources. Everybody that was involved in this plan I think was very realistic about it and there is no pie in the sky here. I think folks who got engaged are sophisticated leaders of our arts organizations, members of our arts commission, subject matter experts and I think there's a recognition that we have to try to be creative about supporting creativity. Certainly, there are times for bold initiatives, but in tough times it's time to plan and to think about how we're going to come out of the box, as things improve and we're starting to see some improvements in different areas, certainly, T.O.T. revenues and other areas. And I think there's a lot of things to look forward to. I know 1stAct has a lot of great initiatives that we're excited to hear about in the coming months. I know tech shop is coming downtown, I think that's going to be exciting for a lot of artists who are of an industrial bent, those tech shops always end up being wonderful incubators for artists. We are seeing a lot of momentum gained around first street around first Fridays, civic center renovation reopening, there is a lot to celebrate here as we come out of this very difficult time. I want to thank the many folks who have been deeply involved, many folks who spoke certainly among them also want to thank certainly Kim and Kerrie for your leadership and your whole team's work. Barbara Goldstein of course Lynn Rogers, Michael Brio in the planning department, and Bobby, thank you for all your leadership on the arts Commission. I know you have a few commissioners here. I see Patty McDonald and Ben Miagi, and I'm sure there's some others, so forgive me if I'm missing a few. But -- and I think I see Jessie Morales also here. I just want to thank those folks who have been deeply invested in this effort, because these are the same folks that have been deeply invested in this city for a couple of decades in creating a great cultural center here. I think we've got a lot of work to do but I think we're well on our way, thanks.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you. When I visited Austin I was attracted to the fact that it was a real sense of place. They had a university that they could work with but I think that we can top that big time. And I just wanted to mention some of the things that I like about your plan. One, it's ten goals. Everybody can remember how many that would be. And each one has a set of recommended actions. They're prioritized, categorized, short term long

term action you've done a lot of work on this and it really shows. The current priorities and projects and initiatives are reflected in the short term actions that are recommended. You also take into account the current recession and the City's financial position. They're factored in and we can move as we go. We can be very flexible. The plan will use culture to promote San José as a destination. This is music to my heart because we don't have is an active tourism quotient in this city and this will help to bring that forward. And to uses culture to enliven many places, especially downtown but you can't have it all. I just don't want to alarm you Mr. Liccardo, but we're going to have our share as well out in the burbs. And it will also help strengthen the creative economy of nonprofits, commercial and entrepreneurial enterprises. I'm amazed that since 2009 over 800 people have contributed to the development of this plan. Through interviews, focus groups, town hall meetings, public -- did I miss anything? Public surveys and special study sessions on the arts commissions. Did I miss anything and I wholeheartedly support this. This is great.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I want to join my colleagues in really voicing my strong support for this plan. I want to thank Kim Walesh and Kerrie Adams Hafner and also Bobby Yont and all the folks that came out here today. Councilmember Liccardo did a very great, thorough job in acknowledging all of you and I just want to add my thanks to you also. I think that this is much like a business plan. That a Silicon Valley company would put together. And in these tough times a lot of companies out there are retooling. And even if they're not out hiring folks this is the time to go back and plan. How do -- what are we going to accomplish? And in these times when you plan and when you put together a good strategic plan, it really positions you then to go out and accomplish those goals. I'm impressed because this builds on what's done before. It is not just pulled out of the air. It's building on what's already worked, it's building on all of the input from the community and from all of the subject matter experts that are here. So I'm just very impressed with it. I saw in the plan somewhere it was quoted arts equals jobs. And as being part of Community and Economic Development, chairing it this year, I'm very focused on job creation and as you've already talked about, the arts is an integral part of this. Because people want to be in a community where they can enjoy all the wonderful things associated with arts. And we have a very young population in here that's growing. As has been pointed out many times, Kim's pointed this out,

both ends of the spectrum are growing, young people and the elderly. And so that is part of our demographic. We are lucky to have that young population, so we need to continue to engage them. Also want to talk a little bit about participation. Since I've been on the council I've had the fortune to participate more in events downtown. I always was down here participating but I find myself down here a lot more. But I also wonder where are some of the other people that I don't see down here. So I think one of the things I'll be looking at this year is how -- and I'll take responsibility for my district, how can we get participation in some of these fantastic events? Some I see very well attended others I would like better attendance. I think that's part of it. The other is accessibility. I love the fact that San José is saying the arts are accessible to everyone. It's not a stuffy, we only know about it and you can't have access to it certain kind of opera cloud that I see in some -- crowd that I see in some cities. We say arts are accessible to everyone. You can all come and you can participate and are artists too. I think that's the strategic advantage that we can showcase. I also think that having this plan will attract investment. Yes, the city doesn't have the money right now to go out and the do this but I think having this plan just like a great business plan will attract investment. I'm very supportive of this motion and this plan, thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. And I want to join in on the thanks of everyone that's been part of this, and you know, I had the pleasure of meeting with Bobby and Kerrie to talk about some of the great steps moving forward, as well as some of the challenges that we have in trying to bring in our entire community as part of the arts community or at least part of taking advantage of it including I think I completely agree with Councilmember Herrera, and I certainly try to encourage people to attend events downtown and some of the great cultural assets we have downtown but also have it extended out into the neighborhoods too and out into the suburban areas of our city because I think that there's certainly an opportunity there at the very least for us to engage in the community if not to have the resources to maybe do big events, what have you, there is still definitely the opportunity to get people interested. The more you do that, the more they'll be interested in coming downtown to some of the events so I think it kind of works both ways. And I'm very impressed by the local plan and advancement team, clearly, they have been dedicated to San José for a long time and the arts community also the arts commission. To a point that was made regarding I think Kim you made a point about how to get

more young people engaged and I think that we definitely, that's always going to be a challenge to get young people engaged in the conversation of arts and of cultural affairs as a whole. And I certainly think that we should - that's something that is always going to be a work in progress that we have to continue to work together on. I know that that goes the same with trying to get the more diverse population involved as well in looking at a number of great -- I mean I see dozens and dozens of people here many of whom I know that are very knowledgeable of the arts. But I think we can stand to get a lot more diversity in there as well as a lot more young people, as I look at the individual interviewees, I think that -- I don't know that any of them are under 30. I may not recognize a couple of the names. But that is something we have to do together. I know the commitment is there so I need the discussion needs to occur about how do we do that and how do we -- we as councilmembers probably can identify people in our own districts it's our own fault if we don't bring them to you as well. So I think that we can certainly stand to do more proactive outreach, I'm certainly willing to do that as well, more ethnically diverse groups, dance groups or other types of artists that maybe aren't linked in with the greater art community, very vibrant art community that we have here, and they can add to it and also that they can get a lot out of it and then again, bring in a more diverse population to some of the events. And as we know art is so organic you can't force it all the time, but I think with the plan you can certainly guide it. And I think going forward, with this plan I look forward to working with all of you and certainly the folks in the arts community to engage some of the communities that haven't -- that are always -- that have maybe been traditionally challenging to engage with and I think that that's something that I would like to see be a focus going forward as well in addition to some of the -- I know generally it's a focus but it's something we can do as number one of these goals we can always be an element in there to think in the back of our minds how do we continue to engage everyone in our city. Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: I'm going to echo the thanks and thanks to the folks who also volunteer their time in doing this. I'm going to say it again and again and again. San José is lucky to have folks like you that dedicate your personal time to improving San José. Let me also thank my colleagues for putting together this direction in that memo. Thank you very much. I do have one question, and that's, how this sets us up for grants in terms of national endowment of the arts and can you expand a little bit on that please?

>> Kim Walesh: We are very well connected now to national philanthropic players, including the national endowment of the arts the Ford foundation and others as well as our local players, like the Hewlett foundation, Irvine foundation and Packard foundation. They have all told us that having a strategy is impressive context for them to think about funding individual projects and organizations in our community.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I wanted to, as well, thanks arts commission, thanks OED, thank everyone who served on the committee, and thank all the artists for what they do, whether it be creative or any of the other categories of art, to the Mayor's point and to others, we certainly are in a time of limited resources. But to have the vision and to the last question by Councilmember Rocha to get those grants and line ourselves up for the knight foundation to sort of prove the point of creativity and arts and how it's an economic thing. We look around the world we have great cities and great cities have great art. And great cities have great economies and great cities attract creative people and great cities are expensive and people still go there. So you know we have a lot of -- things we tried to manage on the council but in the end this is a component and we'll do what we can, where we're able to do and the discussion will come what's the return. Sometimes it's a soft ROI but in other times it's -- it will be very participate. We'll know it when we see it, look forward to the prioritizing that will come back and again thanks for all the hard work.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you mayor. Again kudos to the hard work you all did and I mean this sets a framework for the future. My comments are very similar to Councilmember Kalra. You know we'll do our end to try to get our you know, our local arts groups based in our council districts. But I think a message you all need to send is to reach out to them yourselves. Because it can't come from the council office to tell them get involved if

you're not reaching out. Because then you know how genuine is that? And I think it's very important that if you really want people from the neighborhoods to come in, and spend time in downtown, they have to feel genuinely that downtown wants them. Thank you.

>> Mayor Reed: One last question. I think how much money, since a lot of this is about money, how much money do we have available from our T.O.T. revenues that is dedicated for arts this year? And it goes up and down and I can never remember how much it is because it fluctuates with the economy.

>> We are still looking at what the projections will be for the next fiscal year which we'll be basing our grants on. However we did get to our last budget adoption, the final cleanup we had a spike in the T.O.T. Also, I should let you know that the commission has set aside \$100,000 for the implementation of this plan so that we can seed specific projects. So that is something that they have identified as part of our arts budget for several years now.

>> Mayor Reed: Dollar amount.

>> Excuse me. Stand grant pool is approximately \$3 million annually.

>> Mayor Reed: Okay, so \$3 million that we put in out of our T.O.T. funds. All right. I 30 the most important thing we can do despite all of the wonderful things in this plan is to get more money. And the way we get more money is a growing economy. And the good news is those T.O.T. numbers are going back up. They've been going back down for some time so the fact it's moving in the right direction is really good news. But a healthy economy. Successful Silicon Valley companies not only generates more hotel taxes, they also generate the ability to write checks. So the corporate contributions that have shrunk so much over the last few years hopefully will begin to come back because we have great companies here that are having profits, hiring people and growing. I think our task is to implement our economic comment strategy of which this is a part because if we can get the T.O.T. revenues to double, there you are, \$3 million so that should be our goal. Let's get 3 million more dollars for art by growing the economy and getting those T.O.T. revenues up. You know that's a goal we all can I think share. Because that would be good for a lot of people if we could get those revenues back up, not just the

arts. So with that I want to thank everybody. I think we have a motion on the floor. We do by Councilmember Liccardo, based on the memorandum, further consultation? All in favor? Opposed? None opposed, that's approved. Thank you very much, congratulations. Next item is 7.1, hearing on the 9th amendment to the county wide non-disposal facility element. Motion by Councilmember Nguyen to -- Vice Mayor Nguyen to approve. All in favor, opposed, none opposed, that's approved. Now we'll take up a joint matter, City of San José Redevelopment Agency board, that is a discussion of proposed state budget actions and impacts on the agency. This has been on the agenda continued a couple of times. We're not proposing to take any action today. But I think we want to bring the council up to date with the status of what we're doing and what's happening. And I'd like to start out just by talking about the trip to Sacramento that I took last week with the mayors of California's ten largest cities. We had nine out of ten on the trip because one of the mayors was out of the country. But all ten mayors are working in common on this. We met with the governor. We met with the speaker of the assembly and the president pro tem of the senate. And then I had a side meeting with the chair of the democratic cause of action and the senate, to talk about redevelopment. I would say the conversations were pretty straightforward, professional, and one of our objectives was to make sure that the big ten mayors participated in the negotiations over the budget and not just be left to what they call the big five process. So I would say the governor and the speaker and the president pro tem were amenable to that, invited our participation. But the message was fairly clear. It's 1.7 billion dollars, that's how the governor is scoring the money that is available to take from redevelopment agencies across the state. I don't think anybody in the redevelopment business scores it that way but that's the number that they're working on and the governor invited proposals and other ideas but it's still \$1.7 billion in his view. So we had a working group that the governor invited us to put together, which we have among the mayors. They had their first meeting on Friday, I think David Baum was physically in the room along with Roxann Miller, our Sacramento staff and lots of others around the state were listening in on the conference call. We will continue to work together as the big 10 mayors but it's clear that we have to work on all fronts. There are serious legal issues about what the governor has proposed. You recall back in November only two, three months ago the people voted to prohibit the state of California from taking redevelopment revenues. Nevertheless that's the proposal that's on the table. So there are constitution issues, there are of course political issues and we need to be working with our representatives in the assembly and the senate because ultimately the budget has to be put together in those bodies. So we will proceed on that but at the same time, the mayors will continue to work together. We'll need to

work in alliance with the California redevelopment association, as well as league of California cities, as this is something that affects practically, not every city in the state, but hundreds of cities in the state. And it is money that's coming right out of our pocket. Right out of the service we provide to our people. And is, as I told the governor, a really bad idea, because it's one of the few tools that we have to keep jobs in California. It's one of the few tools we have to get people to locate jobs in some of the most difficult neighborhoods in the state. And every mayor in the meeting has an excellent story to talk about the positive impact of redevelopment in their cities. And I'll just add that one of those mayors was an ex-mayor and that was governor Brown who used redevelopment to great effect in Oakland. And I have to admit we were shameless of reminding him of that and Mayor Quan brought the sack of brochures just in case he wanted to look through them. The governor was receptive to talking to us, meeting with us, negotiating with us, so we are working on that. There are some cities that are moving ahead to do a cooperative agreement. We have taken that off the agenda, it could be put back on the agenda that the cities are moving heat because they are concerned about what the state may do. It is quite clear the cities are allied on this, in working together is very high but individually each of us has relationships with assembly members and senators and they represent us. Along with other parts of this county. But they all have Redevelopment Agencies I think that are of some concern. So I think working together with the other cities, not just in the county but around the state, is a way to go. This is not a done-deal but there's no doubt that the state has got deep budget problems. And a \$1.7 billion is a significant number that the governor is trying to come up with. So with that I'd like to turn over to staff to add anything else from the conversations on Friday or anything else that's come out.

>> Harry Mavrogenes: Mr. Mayor, members of the board, thank you mayor for your strong support and leadership in this area. We have also been working through the California redevelopment association of which I am a board member on different aspects that would fight this battle. CRA of course is focusing on convincing members of the legislature that this is not a good idea. And the league of cities is joining with them on that. In addition, we are looking at redevelopment reforms statewide. There are some issues about some agencies that have not performed, in fact, you may note that the state controller is looking at a number of agencies. We are one of those. There's 18 agencies that are being looked at and a representative of the state controller's office was in our office yesterday. He'll be here for a week and a half. I've invited the City Auditor as part of this process. We've

opened our books to them. And we are fully cooperating with this effort. The 18 agencies include all sizes, urban, rural, large and small statistician. And we're working with the housing department as well on the city finance staff and our staff on this effort. So all in all, I think the fight needs to continue. And we will keep you apprised as we move had added.

>> Mayor Reed: Thank you, Harry. Anybody else that had anything to add from the last couple of days of events? All right, couple of questions I think Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I'd just had like to say that we're going to be taking another trip to Sacramento, to continue the messages that you've already delivered. We will be meeting with assembly members and senators who represent our city. And at this point, we have myself, councilmembers Kalra and Rocha, and let's see who am I missing?

>> Mayor Reed: Vice Mayor.

>> Councilmember Pyle: Vice Mayor Nguyen, of course. We could take another person and if anyone's interested, and we will be accompanied about our dear Harry Mavrogenes from our Redevelopment Agency. So hopefully we'll be able to have some influence, as well. We'll do our best.

>> Mayor Reed: Thank you. Thanks for taking the lead on that again, Councilmember Pyle. I think it is a worthwhile trip. It is good to have them hear from us early and often. Any other questions? I had one question about our agenda today. There is an item A which is acceptance of the agency's financial progress report. We need to take some action.

>> Harry Mavrogenes: Yes, because this was presented at the last meeting, you did not take any action. But this is our monthly report that we do. We will be back next week of course with our midyear budget report, but this reflects the snapshot in December. The assessor's roll was again down about 3%, adding of course the prop 13 inflation factor, not being as high, it's tracking at about 4.3% negative. And we're watching that again this month,

and we'll next week report to you on the progress of that. But we would ask that you accept the interim report and we'll have a full report next week.

>> Councilmember Herrera: Motion to approve.

>> Councilmember Nguyen: Second.

>> Mayor Reed: Motion is to approve the interim report. Further discussion? Councilmember Liccardo.

>> Councilmember Liccardo: The motion includes both 8.1A as well as B and C, is that right?

>> Harry Mavrogenes: B and C I was going to address separately.

>> Councilmember Liccardo: I'll wait until we discuss that issue. Thank you.

>> Mayor Reed: On the motion on the financial report. All in favor? Opposed? None opposed, that's approved Councilmember Liccardo. The other items.

>> Councilmember Liccardo: Oh, on the other items, I believe Harry was about to make a presentation.

>> Harry Mavrogenes: Mr. Mayor, members of the board, we have a report in your packet that we added. This was jointly signed by the City Manager and myself that is a compilation of all the potential negatives should this Redevelopment Agency go dark. We have significant amount of existing debt as we've outlined here in this report, that needs to be paid. Whereas, a few weeks ago in the paper an article said cities may benefit from agencies going dark, in fact, the opposite is true. And there's a very real potential that there may be General Fund impacts for a number of years, should the agency go dark due to the debt level we have and the double whammy of the agency's tax increments reducing this year and very possibly next year another 5%. So this is all compiled for you in the report. Again, we're going to continue to work together with the city to bring you more information on

this. Hopefully, as early as next week with the budget process. Today, we're asking you to officially take a firm position against the governor's budget proposal to eliminate the Redevelopment Agencies in the state, to direct the City Manager and myself to continue to develop advocacy principles for the protection of Redevelopment Agencies, affordable housing and economic development initiatives and to continue to assess the potential impacts on the agency and City's programs and debt obligations in the event agencies are eliminated. Now I will point out that, unlike some of the other funds the way we have issues, the -- even if we go dark, the way that this is structured or proposed to be structured is that existing debt would be serviced and paid off. And over time, the \$4 billion in debt service is -- will be paid through the tax increment, whatever successor agency there is. There will be impacts in the short term we believe but long term there is a stream of revenue so the General Fund is not long term impact. That includes my report right now.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I'll be happy to make the motion. As reflected in the recommendations on page 1. If there's a second.

>> Councilmember Herrera: Second.

>> Mayor Reed: There is a second, have a motion top the floor.

>> Councilmember Liccardo: Had a question. I understand, perhaps I know City Manager is in the distance there. I could address this to her or somebody on her team, Scott or someone. I'm looking at page 3 right now. I know everybody's concerned about Sacramento but frankly I'm more concerned about regardless of what Sacramento does we've got some serious issues just getting out of this year. And I'm looking at category 1A, category 1B and category 2 of the existing agency debt obligations. That's the agency-issued bonds that have been set aside and the agency debt secured by the city. Now, assuming the current projections, from the current numbers from the city assessor, we'll be down maybe 4% or so in tax increment. I'm guessing that number is going to be quite a bit lower, we usually see a nose dive at the end of the year as the prop 8 appeals come in. As

you add up those three paragraphs you come to \$189 million I believe in total obligations. Unless we've got a significant ending fund balance of some sort, to add to whatever tax increment we collect this year from the agency we're going to end up short and the city's going to end up open the short end. And so the questions at this point, are we -- are our deficit estimates of \$110 million accounting for some significant amount that the city is going to have to absorb, or is there some commitment around using those ending fund reserves whatever the agency may or 98 not have, I know we're selling land we're doing lots of things to cover that. I'm concerned over the \$189 million nut to crack prospect.

>> Harry Mavrogenes: Well, if I can start the response on that, councilmember, you're correct, that the numbers here are reflected, could be in excess of the tax increment collected. In fact, we with the city are estimating \$175 million, total tax increment. In the current budget that we have, we have a year-end balance proposed of somewhere in the range of between 13 and \$17 million. That's part of the coverage. Other things we could do, assuming we're left alone by the state is look at other asset sales. In fact I have a report on some asset sales that we are in the process of working on now. So our intention is to certainly not impact the General Fund and I think for the short term we're covered. We are going to have to look very carefully again next year what we do. We're projecting reductions in operating as well as our capital program significantly next year as well. So our goal is to manage this through the downturn. I think long term, again I keep saying this, and I truly believe it, looking at things that are happening, in the private sector now, we will be fine. Short term, we need to try to cover our service of our debt as well as make sure we minimize the impact to the General Fund. So we'll both be watching that very carefully and as we indicated here we'll be continuing to report to you on that jointly.

>> Councilmember Liccardo: Okay, thanks Harry. And so your understanding is there will be between 13 and \$17 million of ending fund balance committed to cover the gap?

>> Harry Mavrogenes: Yes, and we'll work to make sure that there isn't a problem on that.

>> Councilmember Liccardo: Okay, all right, thank you. Scott did you have any --

>> Scott Johnson: Thank you, Mr. Mayor, members of the council, Scott Johnson director of finance for the city. And I just want to reiterate that we are working realtime on working at the impacts both on the redevelopment agency and the city, as well as how this governor's proposal would impact programs of the Redevelopment Agency, economic development, and housing. To point in regards to the budget estimate, the \$110 million it does not anticipate any further impacts from redevelopment. So if there wasn't sufficient funding for redevelopment to cover their obligations, that would then again add on an additional impact to the General Fund. And I do want to ask the council to turn to the attachment category 5A, that particular attachment for our current forecast assumes that these programs would get reimbursement or repayment from the Redevelopment Agency to the city to the extent that there was not sufficient funding for those programs and costs, and clearly, there would be a further impact on the General Fund. So just want to reiterate that we're working realtime, very cooperatively between the city and the agency staff. And we're planning to bring a detailed report to the council for February 8th, and we'll be looking at not only the impact with the governor's proposal but we'll also be looking at the existing analysis with and without the governor's proposal if we continued to go business as usual as we have been, how these numbers would be impacted and the risk to the city and to the agency and to the housing fund.

>> Councilmember Liccardo: Okay, Scott just so I try to understand you correctly, I'm along looking at category 5 A and I see about 9.4 million in the November preliminary forecast of essentially city related obligations that are -- well I say city in very broad sense. City attorney's office, whatever it may be that are being assumed in the RDA budget. Is that right?

>> Scott Johnson: We're assuming in the November forecast, the City Manager's November forecast, that we would receive this \$9.4 million.

>> Councilmember Liccardo: So essentially I should be adding that to the \$189 million about -- in other words we've got to get to about 198 million or so, to prevent any additional damage to the General Fund.

>> Scott Johnson: Well just want to reiterate. So the agency hasn't completed their budget in regards to these particular programs.

>> Councilmember Liccardo: Okay.

>> Scott Johnson: So to the extent the agency does not have sufficient funding to cover that 9.4 million then there would have to be some further adjustments on the city side, budget adjustments or other actions to be taken.

>> Councilmember Liccardo: Okay and that 9.4 would come on top of the 189 that I just calculate on page 3.

>> Scott Johnson: Right.

>> Councilmember Liccardo: I think I'm clear.

>> If I could just add from the agency's budget standpoint you did adopt a three year budget spending plan for the agency last fall. And that \$9.4 million is not in the agency budget, in fact we do take one year at a time look at funding for city support, clearly we've been working collaboratively with the city to make it happen every year. But in terms of what the agency is obligated to pay in its three year spending plan it is the debt service that Scott alluded to in categories 1 and 3.

>> Councilmember Liccardo: So David of that 9.4 million that I'm looking at in the attachment are you saying that the none you believe from the RDA budget was approved is zero or something between zero and 9.4?

>> In the different year we clearly have those kinds of numbers committed for the city and the city support but we do a zero-base budget so we take a fresh look each year to determine how much we can fund each year.

>> Councilmember Liccardo: So obviously we haven't passed the budget for 2011/2012 but it sounds as though there is a difference of opinion right now about whether that 9.4 is ever going to be picked up by the agency or by

the city, is that fair? Okay. I think I understand a little more clearly and certainly, is not a positive development for General Fund. But helps me understand. Thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you. I'm having a sick feeling now. Anyway. The 13 to \$17 million gap that Councilmember Liccardo was identifying which sounds like it might be bigger, and I understand there's every commitment to make sure we close that gap, Harry. What scenario could you envision when that would not happen?

>> Harry Mavrogenes: Well, we -- as we'll show you next week in our mid year budget review, we have been carefully monitoring our spending so that there is still cash available, if you will, in our -- and David maybe could jump in and explain it a little better. But we're not -- you know we're monitoring our spending month by month. And in that, the approved budget this year, there is to be a balance remaining at the end. And we're confident there will be a balance at the end and we're going to look at other expenditures to make sure that we do not create a problem for the General Fund at year end this year.

>> Councilmember Herrera: And so in that regard, then, which of the categories would be included in that that would be covered?

>> Harry Mavrogenes: In this year, all these categories I believe are covered. In other words, we're paying the city services in 2010-11, I believe David is the column to the left is the numbers we're paying this year 2010-11.

>> Yes, that we're paying this year.

>> Harry Mavrogenes: We're paying the overhead, San José B.E.S.T, all those bigger numbers for a total of \$15 million.

>> Councilmember Herrera: For next year we had better find something or some way --

>> Harry Mavrogenes: We're working with the city to see how much of it we can do.

>> Councilmember Herrera: In terms of the real estate that's being sold and marketed right now to be able to leverage that money, can you help me understand? I know that I read something about property coming in at lesser value. Is that impacting this or is that separate or can you just eliminate that?

>> Harry Mavrogenes: The -- again the report in the paper was confusing and I'm sorry for that but I didn't write the article. We did give you a memo last night, which was the basis of that article. We had offered six parcels to the private sector. We received responses on all six. The total amount that -- the value of the highest offers if you will is in excess of 19 million which is an excellent showing. But we may not sell all the parcels because we do beef that in the case of several, there is higher value. So we're not doing any fire sales. We're not -- we're going to hold on those. We may look at other parcels later on in the budget year as part of our strategy to make sure that the -- we're covering all the other expenses. But for now, we're very pleased that we did get a very strong response on a number of parcels. And we were targeting these primarily for the payable acquisition.

>> Councilmember Herrera: Thank you for that. I'm glad we're holding off because I think that's true that there -- we don't want to be in any kind of a fire sale situation. And last, I was a bit concerned that we're not moving forward on trying to do what we can to protect the funds in redevelopment. And I just wanted to hear reassurance again from you Harry or the mayor that we don't need to do that that there's going to be some -- is there some sense that the goal to close redevelopment, that there might be some ability to negotiate that? And so that's not going to be their position? Feel pretty strongly about that?

>> Mayor Reed: I think there's clearly an opportunity to negotiate that. Where that will come out, it's hard to tell. But in my conversations with the governor, the speaker and the president pro tem there was clearly a willingness to negotiate over that issue. The governor obviously made great use of redevelopment when he was mayor of Oakland. Speaker Paras used to sit on the boards of the California redevelopment agency. He was very

experienced in the area. In fact he was specifically complimentary of San José's Redevelopment Agency as doing high quality redevelopment work. And senator Steinberg of course has experience with some redevelopment as well. So they understand the importance of redevelopment. But it's still \$1.7 billion. And so I think whether or not they should be eliminated is something that we collectively as mayors have delivered the message that is unacceptable or as mayor Villaraigosa said, it's a nonstarter. We are willing to negotiate and say what we can do. But it's not okay to kill the agencies so you can take the money in violation to prop 22. But it is subject to some kind of negotiation, so where that comes out, I don't know. I think what is important is we continue to move ahead with projects and that getting the deals done that we have, in the works, is important. Making sure that we fully document the contractual relationships between the agency and the city and our other people whom we have obligations is important. I have no doubt that whatever the legislature does will be back-dated to some date. Whether or not that's -- can be legally enforceable or not, remains to be seen. But I think it's important to focus our efforts on the contracts and getting them documented so that we can -- whatever the state plans to do that our obligations are taken care of in an orderly fashion. Whether or not we can be effective with the kind of cooperation agreements that other agencies have done, I'm not certain whether any of them have finished that cooperation effort. So in Los Angeles, they, at the agency, took action but it went to the city council and the city council has not yet taken action. Although mayor Villaraigosa said they needed to push ahead with it and others, as well. In some cases councils have taken actions but not agency boards. So that is all in a state of flux. And I think as part of their closed session discussion next week, that would be probably a better place to have the conversation about what we might or might not do in response to the statement. Pretty sure it will be on the agenda for closed session next week to talk about this, as well as some others. Councilmember Liccardo.

>> Councilmember Liccardo: I'm sorry mayor, just one further comment. Seems to me I know that everyone's playing a game of chicken here with Sacramento and I understand there's a lot of strategy and challenges involved but at some point I think we ought to think about if in fact we have ending fund balance in the account about whether or not perhaps we prepay, for instance, on convention center, in order to tie up funds that may otherwise be seen as worth sweeping up in Sacramento. I think, you know, we ought to be considering those kinds of options. I understand there may be some retroactive application on whatever the legislature does but it

seems to me if it's encumbered as part of a financing payments it should be we would hope it would be more protected. That's something I suggest.

>> Mayor Reed: Other questions or comments? We do have a motion, Tom Murtha.

>> Just to let you know the a little more comfort. We did talk to the Governor's Office on Friday. They weren't as concerned with existing assets. They told us the assets for example the fund balance you're talking about they said would probably flow into the successor entity and in there so far they had -- so far they had drafted the language but they thought that would probably be the City's. So I think that was some good news in talking to them about those. So we're trying to document all those but we're not as worried about protecting those. They were going more after the tax increment.

>> Mayor Reed: I think it was pretty clear that the legislation has not yet been drafted, but it is likely to be drafted very soon, and they're going to have a series in a lot of different committees, and some of this is going to be worked out. But our Sacramento staff, Roxann Miller as well as our San José staff, are going to have to watch very closely the drafting of whatever comes out of the legislature, it will be really important for us to be involved in the drafting and the negotiations. And that was one of the reasons the big ten mayors went to Sacramento is to make sure that we don't get left out of that consideration. Anything else on that? We have a motion on the floor. All in favor, opposed, none opposed, that's approved. I think that's all we needed to do on item 8.1 although we do have a report of the executive director. Next item on the agenda.

>> Harry Mavrogenes: Thank you, Mr. Mayor, members of the board. I again on the property solicitation, I wanted to report-out on our successful solicitation. We opened bids yesterday at 4:00 and by 5:30 we had an informational memo out to you. I was very pleased and heartened by the strong and positive response, and for the most part the bids exceeded or met our expectations. I had said prior to the bid process that we are not doing a fire sale. I will reiterate that again and that I would not recommend to you that we take any fire sale prices so there may be several that will not be sold. Nonetheless tomorrow we will review the proposals with Keyser, Marston the consultant that we and J.P. Morgan jointly selected to help us manage our assets. From that review

we will select successful bidders and again we may reject some. Although this board gave me authority to enter into contracts for these parcels my desire is to bring these back to you for your approval as soon as possible. I want to thank our Real Estate professionals, Peter Larco, Allen Ishibashi and Bob Stedler for this remarkable turnaround, and excellent outreach and showing. We started this process less than four weeks ago and we received a number of successful bids, so I want to thank the staff for that effort. I also want to take this opportunity to introduce Jim Forsberg who is joining us as chief operating officer. Jim is no stranger to this agency and has been able to hit the ground running. Jim will help me with the day-to-day operations of the agency, as I'm out struggling with the governor's proposal with the state, negotiations with the county, baseball, and he and I will be looking at adjusting the agency and our budget as we enter this era of major change. So I welcome Jim.

>> Mayor Reed: Thank you. I think that concludes the agenda for the agency. Except for open forum, we'll take the open forum at this time. Shirley Vargas, José Orta. José. Shirley. Looks like Shirley is coming down. Come on down. And then José Palacios, Eva Torres, Celia Alvarez, Consuelo can't read the last name or Allison Lasser. Any of these folks here, okay, looks like we have Sylvia. Come on down.

>> Good evening, mayor and councilmembers. I'm Shirley Vargas and I'm a new resident in the City of San José. I'm here because I disagree with your agreement with the Redevelopment Agency. I believe that what governor Brown has stated I listened to his speech last night and I totally agree with him. The Redevelopment Agency needs to be eliminated. So other financing -- so other financing can be used for services within the city, can continue. I heard his speech as I said about governor Brown last night, and as I said I agree with his recommendations. We need to place more money into our educational system. So we can have more high school and college graduates to pursue higher goals in life and that's what the city needs. And this will eliminate crime. It will also eliminate a lot of the crime. The kids need to have the students in the high school and the colleges need to know that there is better opportunities within the city, in the City of San José, and so they will continue a higher goal in life and also, as I said, there would be less crime, and less -- and they won't be moving to different areas and they'll stay within the city. The important thing is, as I said, educational system. And also, there are social programs which are being eliminated. Because of this Redevelopment Agency, we're fighting so much for the Redevelopment Agency, and yet there are social programs especially for foster children. There are nurses who

will no longer be looking into the households of children from zero to five years old, because they're being eliminated. And that's ridiculous. I mean these kids need -- they need to have support. And they need the service. Also, the disabled. As well as programs for the elderly. Like myself, a senior citizen. And we also need the police force. We need --

>> Mayor Reed: I'm sorry your time is up.

>> I'm sorry for the prevention of gangs in the area.

>> Mayor Reed: Thank you. That concludes the open forum. That concludes our meeting. We're adjourned.